

## HOUSING MATTERS

# Boston's Inclusionary Development Program Is Not a Panacea

But It Is an Effective Tool for Meeting Our Housing Challenge

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SPECIAL TO BANKER & TRADESMAN



Everyone wants Boston to be an inclusive place to live. The city thrives when it is a place where people from all walks of life have a place to call home.

And Boston is experiencing an amazing renaissance. In recent decades it has had the good fortune of having a diverse economic base that has allowed the city to rebound after the 1960s. The population is growing again, but the price of housing has skyrocketed.

Young professionals and families are being priced out of the promise of homeownership or find that they are facing ridiculous transportation burdens. Older folks are reluctant to sell their homes because there are not housing options in their own neighborhoods that meet their needs. Renters are probably the most stressed because there are so few options that are not a luxury level.

## Thousands of Units Built

The city of Boston has marshaled a variety of tools – financial, regulatory and others – to create or preserve precious housing resources. One program that has been particularly productive, especially over the last five years, is IDP – the Inclusionary Development Program.

Since the creation of the IDP in 2000, developers, who are required to build affordable housing along with their permitted market-rate homes, have directly created 2,843 units of housing for affordable to moderate- and middle-income families. And 21 percent of those were during 2018 alone. In 2019, an additional 840 af-

fordable housing units were in the pipeline.

According to city records, about 32,000 housing units have been built since 2011 in total. About 6,000 of those have been affordable, using a variety of sources, including direct and indirect support from public and private sources as well as tools like IDP. Most recently, over the last six years almost half of all of the affordable units built in Boston have been made possible by IDP.

In some cases, under IDP developers make cash contributions that the city awards affordable housing developments sponsored by others. With the help of the IDP financial contributions, more than 1,700 additional affordable housing units have been built since 2000.

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Almost 20 percent of those units serve extremely low individuals and families, with an income below 30 percent of area median income, or AMI. And 70 percent of these units serve low and moderated individuals or families with an income of 60 percent of AMI or below.

## Does IDP Do Enough?

While IDP in Boston has been hugely effective, there are those who believe that it hasn't done enough. They argue that the current IDP requirement of private developers for 13 percent affordable units in new buildings is inadequate and the rents and prices of units created should be much lower to meet local need.

In a sense these advocates are right. IDP does not successfully address the more systemic, underlying issues of destabilized neighborhoods suffering from displacement, rising homelessness and the dearth of homeownership opportunities for middle income and working families. But what it can do and has done is create housing that is needed, that would not otherwise be created.

Boston has seen a rush of new luxury or otherwise relatively expensive housing built since the end of the Great Recession in 2009. This is in the context of a major demographic shift, described most recently by Harvard's Joint Center for Housing Studies, of a new overwhelming surge of demand from middle- and high-income households for rental housing.

The city continues to monitor the effectiveness of IDP. Maybe IDP can do more, but there is an underlying economic reality. New development has a great deal of risk as land is extremely expensive, and construction costs rise faster than inflation annually. Market investors are not able to invest if the financial returns are too low relative to risks. And there is evidence over the last couple of years, if not longer, that even if the city offers modest incentives such as more density in exchange for a larger percentage of affordable units, the numbers don't seem to pencil out.

There is urgency to the housing problems that we face ensuring the future of Boston as an inclusive place. Together and carefully we should assess the tools that we need like IDP and others in combination to ensure that there is a place in Boston for all. ◀

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