

Neighborhood Housing Trust 2020 Report



City of Boston
Mayor Kim Janey

INTRODUCTION

Large-scale commercial development brings many benefits to Boston including new jobs and public improvements, as well as additional property taxes that support infrastructure from Boston's streets to its schools and emergency services. Those new jobs, and the households needed to support them, also drive a need for more housing in Boston's housing market. In 1983 the City of Boston instituted development impact fees, known as Linkage Fees, to address this need. The Neighborhood Housing Trust was formed in 1986 to manage these funds and disburse them to increase Boston's supply of income restricted housing, and preserve what already exists.

In 24 years, the Neighborhood Housing Trust has committed more than \$222 million in linkage funds. These funds have supported the creation or preservation of 14,116 income restricted housing units, spread throughout the City of Boston. The projects funded or completed in 2020 range in scope from the renovation and income-restriction of a five-unit row house in the South End, to the acquisition and income-restriction of the 207 unit Morton Village Apartments in Mattapan.

This report outlines the housing outcomes of the Housing Linkage program, both over the life of the program, and for 2020.



THE HISTORY OF LINKAGE FEES AND THE NEIGHBORHOOD HOUSING TRUST

As previously stated, the City of Boston's linkage program began in 1983 with the approval of Article 26 of the Boston Zoning Code, which sought to balance large-scale commercial development with needed residential construction. In 1986, the Neighborhood Housing Trust ("NHT") was created to manage housing linkage funds.

Also in 1986, Article 26 was expanded to include job training as an element of the linkage program, and the following year the Neighborhood Jobs Trust (NJT) was created to manage jobs linkage funds. This report only addresses the housing funds.

In response to a legal challenge, in 1987 the City of Boston sought and secured state legislative approval to ensure the full legal authority of the Linkage program. While the state authorization allowed for inflation based increases in the linkage fees every three years, any other changes required a Home Rule Petition to be passed by the Boston City Council, signed by the Mayor of Boston, and then passed by the state legislature. From 1987 to 2018, the City only used this Home Rule Petition process once, in 2001, for a one time, 30.8 percent increase in the housing linkage rate.

In 2019, then Mayor Martin J. Walsh and the Boston City Council collaborated with housing and jobs advocates to create a Home Rule Petition, which if passed by the state legislature, would empower the City of Boston to alter the Linkage requirements without going to the state for each substantial change. The state legislature and Governor Baker approved the legislation in early 2021, providing Boston the opportunity to update the requirements to reflect both the market realities for developers, but also Boston's need for additional income restricted housing and job training opportunities.



In March 2021, the City of Boston employed this new authority to increase the Linkage Rate for housing by 44 percent, largely to account for change in construction costs over the life of the Linkage program. Given the current uncertainty in the commercial real estate market due to the COVID-19 pandemic, the market feasibility will be reevaluated after the economy begins to recover, at which time additional adjustments to the requirements may be made.

LINKAGE PAYMENT REQUIREMENTS

Linkage fees are exacted from all new large-scale commercial real estate developments exceeding 100,000 square feet and requiring zoning relief, including expansion and rehabilitation projects. The linkage requirement can be fulfilled through either a cash payment or direct creation of housing or a job-training program. All cash payments are received by either the NHT or the NJT for distribution. As mentioned above, the Linkage rates have changed over time, and are outlined in **Table 1**.

TABLE 1: LINKAGE RATE PER SQUARE FOOT		
YEAR RATE SET	HOUSING	JOB TRAINING
1984	\$5.00	N/A
1986*	\$5.00	\$1.00
2000	\$5.49	\$1.09
2002	\$7.18	\$1.44
2006	\$7.87	\$1.57
2013	\$8.34	\$1.67
2018	\$9.03	\$1.78
2021	\$13.03	\$2.36

* Job training rate was set for the first time, with no change to the housing rate.



This rate is multiplied times the square footage greater than 100,000 square feet of a particular development project, except for Planned Development Areas or Institutional Master Plans (the ten-year plans for universities and medical institutions), where there is a one-time 100,000 square foot exemption. For example:

Building Square Footage	250,000
<u>Minus the 100,000 SF Exemption</u>	<u>-100,000</u>
Square Footage Paid Upon	150,000
<u>Times the Housing Linkage Rate</u>	<u>x \$13.03</u>
Equals the Linkage Fees	\$1,954,500

Developers may make their housing payments through two methods. The most common is to make seven equal annual installment payments (the “Housing Payment Option”), to the Neighborhood Housing Trust. Projects in “neighborhood” areas make housing payments over a seven year period beginning with the earlier of either the issuance of an occupancy permit or two years from issuance of a building permit. Projects in “downtown” areas make payments over a seven-year period, beginning upon issuance of the building permit.

The second method is called the Housing Creation Option. Under this option, the developer may meet all or a portion of their Linkage obligation by making a financial contribution to a specific income restricted housing project, typically near to the commercial project. Under this option, the funds still must go through the Neighborhood Housing Trust and be approved by the NHT.



FUNDING INCOME RESTRICTED HOUSING PROJECTS

Neighborhood Housing Trust funds may be used to assist with the creation of new income restricted units, whether through construction or the purchase and income restriction of existing buildings, or for the preservation of existing income restricted units. Projects can be either rentals (including transitional housing), cooperatives, or homeownership projects, and units must be affordable to households with an income of less than 80 percent of Area Median Income (\$95,200 for a family of four).

Annually, the City of Boston Department of Neighborhood Development (DND) releases a Request for Proposals, through which potential developers can apply for a range of City resources, including the NHT funds. Throughout this process, the City takes a coordinated approach to the distribution of these affordable housing funds. DND staff assist the NHT with project review. The Trust meets monthly, so projects may be funded by the NHT outside of this annual funding round. Typically, however, this annual process is how the vast majority of funds are committed.

2020 NEIGHBORHOOD HOUSING TRUST MEMBERS

The NHT consists of seven trustees: the president of the City Council (ex officio) or his or her designee, the City of Boston's Collector-Treasurer (ex officio), and five mayoral appointees. The Collector-Treasurer serves as managing trustee and is responsible for maintaining the financial records and administering the trust.

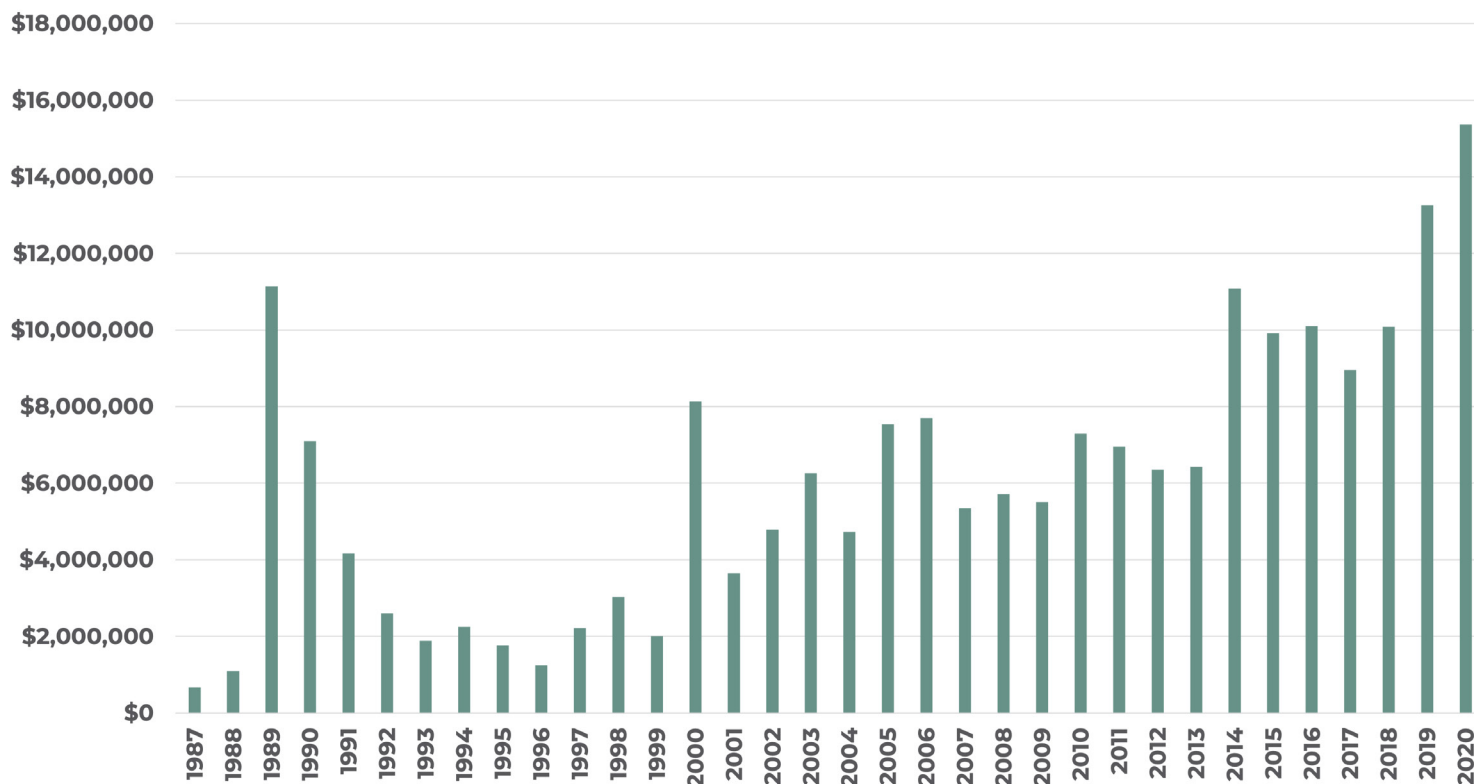
- Catherine Hardaway, Chair
- Mossik Hacobian
- Mark Liu
- Sister Margaret Leonard
- Harry Smith
- City Councilor Lydia Edwards (City Council President designee, ex officio)
- Drew Smith, City of Boston Collector-Treasurer (ex officio)



NEIGHBORHOOD HOUSING TRUST: FUNDS COLLECTED

From 1987 to 2020, the NHT collected \$206.3 million in funds; \$98 million was collected in the last ten years. 2020 was a record year, with \$15.4 million in receipts.

CHART 1: ANNUAL NHT COLLECTIONS, 1987 TO 2020



The NHT expects \$76.8 million in future payments from commercial projects that have started construction and/or have additional payments to make. In addition, the Boston Planning & Development Agency (BPDA) has approved commercial projects that could yield up to an additional \$97.2 million in NHT funds.



The largest source of funds have been from Downtown, with \$49.2 million in receipts, followed by the South Boston Waterfront (\$33.2 million), and the Longwood Medical Area (\$22.0 million). No large-scale commercial developments that would have paid into the Trust have been built in Bay Village, Beacon Hill, Hyde Park, Mattapan, Roslindale, South Boston, or West Roxbury.

TABLE 2: NHT FUNDS COLLECTED, BY NEIGHBORHOOD

NEIGHBORHOOD	NHT COLLECTIONS
ALLSTON	\$11,932,316
BACK BAY	\$15,145,895
BRIGHTON	\$3,275,898
CHARLESTOWN	\$4,358,964
CHINATOWN	\$2,243,024
DORCHESTER	\$2,092,712
DOWNTOWN	\$49,187,789
EAST BOSTON	\$542,855
FENWAY	\$17,630,613
JAMAICA PLAIN	\$93,408
LEATHER DISTRICT	\$948,865
LONGWOOD MEDICAL AREA	\$22,038,908
MISSION HILL	\$442,283
NORTH END	\$256,065
ROXBURY	\$1,754,293
SOUTH BOSTON WATERFRONT	\$33,239,689
SOUTH END	\$7,410,747
WEST END	\$18,534,646
UNDETERMINED*	\$15,196,790
TOTAL	\$206,325,760

* Project location undetermined, and miscellaneous revenue such as recaptured cost savings



NEIGHBORHOOD HOUSING TRUST: OUTCOMES

\$222.3 million in housing linkage funds were awarded to projects between 1987 and 2020. This figure is higher than the receipts as there were some early housing creation projects where the funds did not pass through the NHT. These funds supported the creation and/or preservation of 14,116 units of housing, and every \$1 in NHT Funds leveraged an additional \$18.07 in other subsidies and private capital.

Table 3 outlines the awards by project status. Almost 12,000 units have already been completed, and 870 were in construction at the end of 2020.

TABLE 3: FUNDING AWARDED AND UNITS CREATED/PRESERVED, BY PROJECT STATUS, 1987-2020		
PROJECT STATUS	NHT FUNDING*	INCOME RESTRICTED UNITS
COMPLETE	\$169,601,269	11,993
IN CONSTRUCTION	\$21,442,372	870
AWARDED	\$31,226,091	1,253
TOTAL	\$222,269,732	14,116

NHT funds have been awarded to projects in every neighborhood of the city, except the Leather District (see **Table 4** and **Map 1**). By neighborhood, the largest funds have flowed to Roxbury (\$44.9 million), Dorchester (\$33.6 million), and Jamaica Plain (\$26.5 million). The fact that the neighborhoods where the most resources are generated is not the same as where the most funds were spent speaks to the power of the Linkage Policy, as development in the city's business, academic, and medical districts provides resources to Boston's neighborhoods.



TABLE 4: NHT AWARDS TO PROJECTS, BY NEIGHBORHOOD

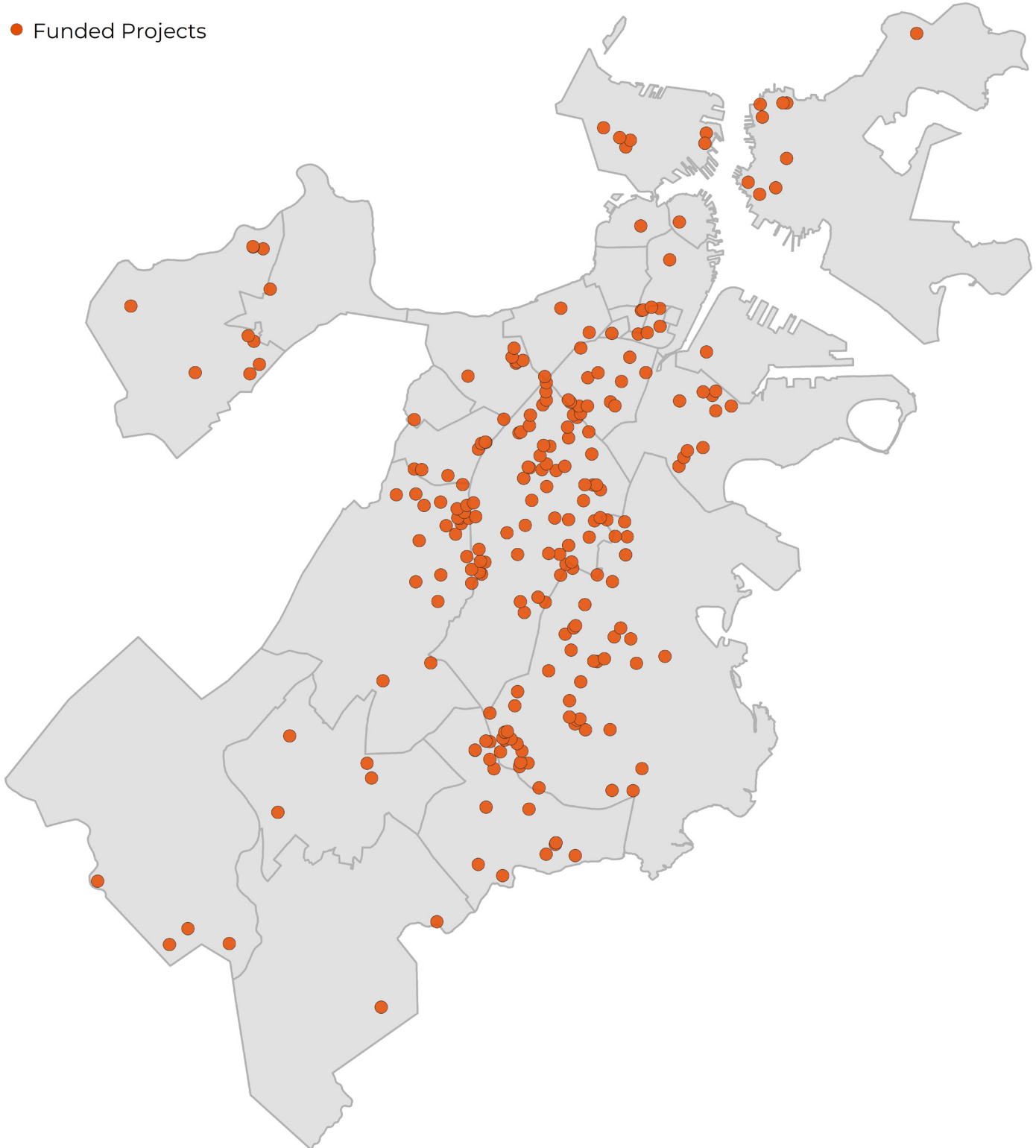
NEIGHBORHOOD	NHT FUNDED UNITS	NHT FUNDS AWARDED
ALLSTON	64	\$1,882,150
BACK BAY	305	\$3,920,000
BAY VILLAGE	85	\$1,365,000
BEACON HILL	87	\$850,805
BRIGHTON	338	\$6,519,820
CHARLESTOWN	541	\$3,987,309
CHINATOWN	589	\$7,636,159
DORCHESTER	1,635	\$33,602,906
DOWNTOWN	292	\$3,720,000
EAST BOSTON	546	\$11,616,721
FENWAY	276	\$7,494,058
HYDE PARK	906	\$1,750,000
JAMAICA PLAIN	1,530	\$26,494,706
LONGWOOD MEDICAL AREA	82	\$3,078,302
MATTAPAN	944	\$16,303,679
MISSION HILL	324	\$8,948,324
NORTH END	23	\$5,640,372
ROSLINDALE	193	\$4,406,423
ROXBURY	2,814	\$44,910,556
SOUTH BOSTON	477	\$8,861,527
SOUTH BOSTON WATERFRONT	30	\$1,000,000
SOUTH END	910	\$13,152,963
WEST END	66	\$340,000
WEST ROXBURY	141	\$1,450,000
CITYWIDE*	938	\$3,337,951
TOTAL	14,136	\$222,269,732

*Multi-neighborhood Boston Housing Partnership project



MAP 1: NEIGHBORHOOD HOUSING TRUST, PROJECTS FUNDED, 1987-2020

● Funded Projects



Source: Linkage data through 2.8.21, DND



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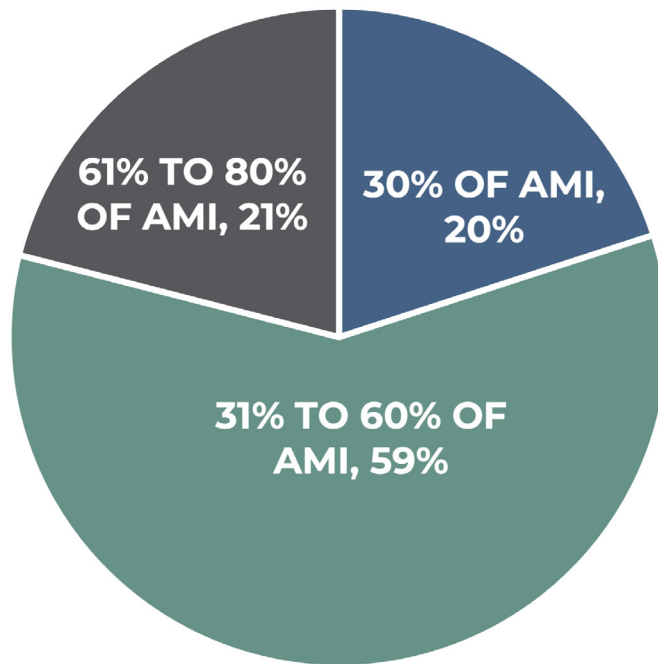


NEIGHBORHOOD
DEVELOPMENT

INCOMES SERVED

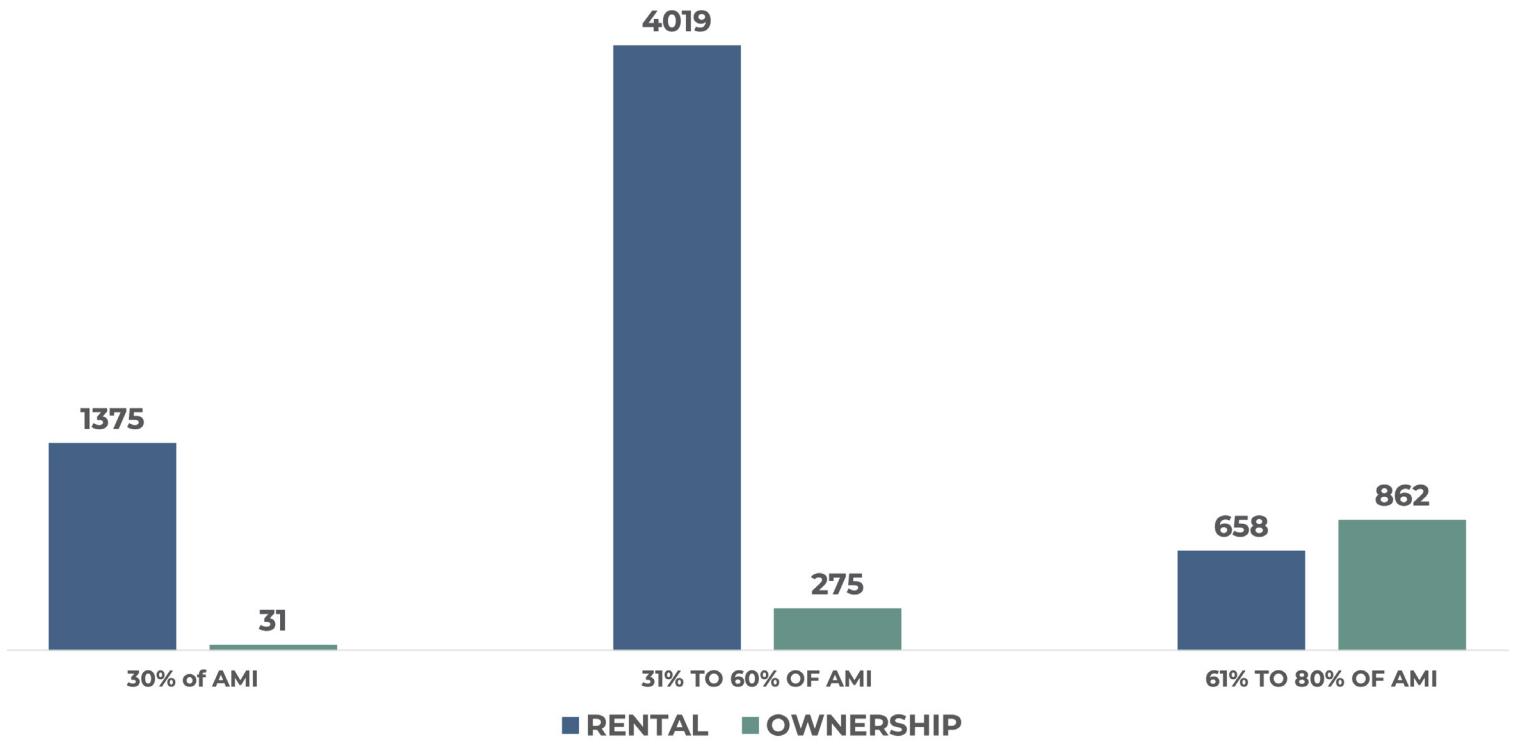
Linkage funds may be only be used to fund the preservation or creation of income restricted units affordable to households with incomes of less than 80 percent of Area Median Income (AMI). While this is the maximum allowed under the linkage ordinance, the NHT largely funds units that are more affordable. Of all the units funded by NHT that have been permitted or completed, 20 percent were income restricted to households making less than 30 percent of AMI, and 59 percent had income restricted between 30 percent and 60 percent of AMI, while the remaining 21 percent had income restrictions up to 80 percent of AMI.

CHART 2: INCOME RESTRICTED UNITS FUNDED BY NHT, BY AREA MEDIAN INCOME (AMI)



When looking specifically at the tenure, it becomes clear that the NHT largely supports rental units targeted to lower-income households, and homeownership units to moderate-income households.

CHART 3: NHT FUNDED UNITS, BY TENURE AND INCOME RESTRICTION (PERCENTAGE OF AMI), UNITS COMPLETED OR PERMITTED



2020 NHT ACTIVITIES

The rest of this report outlines the NHT activities for 2020 by project. In 2020, three NHT funded projects were completed, containing 375 income-restricted units, and included the construction of 80 new, income-restricted units, the rebuild of 88 Boston Housing Authority units, and the acquisition and income-restriction of 207 units at Morton Village Apartments. Morton Village represents an important achievement in the City's goal to convert 1,000 units of market rate housing into income-restricted housing, protecting the long-term tenancies of low- and moderate-income residents.



Morton Village: The City assisted Avanath Capital with the purchase and income restriction of this 207 unit rental building. It was the largest Acquisition Opportunity Program purchase to date, and is located in the Fairmount Commuter Rail corridor.

TABLE 5: NHT FUNDED PROJECTS COMPLETED IN 2020

PROJECT NAME <i>NEIGHBORHOOD</i>	PROJECT DESCRIPTION	PURCHASE, PRESERVATION, OR NEW CONSTRUCTION	INCOME- RESTRICTED UNITS	CITY FUND- ING
Residences at Brighton Marine <i>Brighton</i>	The Winn Companies completed this unique project, serving veterans. Of the 102 rental units, 80 are income restricted, with 11 for veterans who have experienced homelessness.	New Construction	80	\$1,000,000
BHA Orient Heights (Phase 2) <i>East Boston</i>	Trinity Development rebuilt all 331 units of the Boston Housing Authority's Orient Heights public housing project. Phase 2 included 88 of those units.	Preservation	88	\$1,830,000
Morton Village Apartments <i>Mattapan</i>	The City assisted Avanath Capital with the purchase and income restriction of this 207 unit rental. It was the largest Acquisition Opportunity Program purchase to date, and is located in the Fairmount Commuter Rail corridor.	Purchase/Income Restriction	207	\$3,000,000
TOTAL			375	\$5,830,000



In 2020, construction began on ten projects, containing 598 income restricted units, of these, 177 units are in preservation projects and 421 units are in new construction projects. The largest of these projects is Mattapan Station, where a partnership between Preservation of Affordable Housing (POAH) and Nuestra Comunidad Development Corporation are building a 135 unit mixed-income rental development on an MBTA owned parking lot adjacent to the Mattapan Square trolley and bus station. This project will not only add additional income restricted housing to Mattapan Square, it will invigorate a forlorn stretch of River Street.



Mattapan Station: POAH and Nuestra CDC have partnered to develop 135 rental units on MBTA owned land adjacent to the Mattapan Square MBTA stop.



TABLE 6: NHT FUNDED PROJECTS PERMITTED FOR CONSTRUCTION, 2020

PROJECT NAME <i>NEIGHBORHOOD</i>	PROJECT DESCRIPTION	NEW CONSTRUCTION OR PRESERVATION	INCOME-RESTRICTED UNITS	NHT FUNDING
Grace Apartments <i>East Boston</i>	This East Boston CDC project will bring 42 units of low-income elderly housing to Maverick Square.	New Construction	42	\$750,000
Holtzer Park - 125 Amory St <i>Jamaica Plain</i>	Through a partnership between the Boston Housing Authority and The Community Builders, JPND, and Urban Edge, an existing public housing/elderly building will be renovated and new buildings built on the surrounding land. Holtzer Park is the first of these new buildings, and will be completed by Urban Edge.	New Construction	62	\$750,000
Mattapan Station <i>Mattapan</i>	POAH and Nuestra CDC have partnered to develop 135 rental units on MBTA owned land adjacent to the Mattapan Square MBTA stop.	New Construction	135	\$750,000
Parcel 25, Phase 2 <i>Mission Hill</i>	Mission Hill NHS is proceeding with the second of a three-phase development on MBTA owned land near the Ruggles MBTA stop. This project received NHT funds from the Children's Hospital expansion.	New Construction	46	\$1,250,000
191 Bowdoin Street <i>Dorchester</i>	Viet-AID is transforming this City owned parcel into 41 units of low-income housing and a home for the Dorchester Food Cooperative, bringing a new fresh food option to the Bowdoin/Geneva section of Dorchester.	New Construction	41	\$750,000
25 Amory Street <i>Jamaica Plain</i>	Jamaica Plain NDC is building this 44 unit project on state owned land near the Jackson Square MBTA stop that is part of the larger Jackson Square Master Plan.	New Construction	44	\$750,000



TABLE 6: NHT FUNDED PROJECTS PERMITTED FOR CONSTRUCTION, 2020

41 North Margin Street North End	East Boston CDC is converting a 100 year-old, underutilized Knights of Columbus Hall into the North End's first new senior and income-restricted housing in years. The Knights will maintain use of a portion of the building. This project received NHT funds tied to the nearby Hub on Causeway office project.	New Construction/ Adaptive Re-Use	23	\$5,640,372
Dudley Terrace Apartments Roxbury	Dorchester Bay EDC is completing a renovation of 56 income-restricted units, scattered along Dudley Street in Roxbury.	Preservation	56	\$402,000
Newcastle/Saranac Apartments Roxbury	Fenway CDC is using a combination of IDP off-site unit commitments and public funding to preserve 97 income-restricted units on the Roxbury border with the South End. The purchase was completed in 2019, but renovations began in 2020.	Preservation	97	\$1,550,000
Whittier Street Phase 2 Roxbury	POAH is the lead on the Whittier Choice Neighborhood project, which is rebuilding 200 public housing units and adding an additional 187 units of mixed-income housing. This phase includes the rebuild of 24 public housing units and the addition of 28 new income-restricted units.	Preservation/New Construction	52	\$1,000,000
TOTAL			598	\$13,592,372



In 2020, the Neighborhood Housing Trust awarded funds to 11 projects, with a total of 867 income-restricted units, including 77 homeownership units and 790 rental units. With these awards, the NHT is making some important investments including the income-restriction of formerly market rate apartments (the aforementioned Morton Village Apartments), the rebuilding of public housing (Mildred C. Hailey Apartments), and the provision of supportive housing for formerly unhoused individuals in households. The Community Builders and Pine Street Inn will be building 140 units of supportive housing, as well as 62 additional income-restricted rental units at 3368 Washington Street in Jamaica Plain.



The Community Builders and Pine Street Inn have teamed up to develop a building that will include 140 supportive housing units for extremely low-income individuals who have experienced homelessness, 62 rental units for low- and moderate-income households, and operations space for Pine Street. NHT funds from the One Congress office project are being directed to this project.

TABLE 7: PROJECTS AWARDED NHT FUNDS, 2020

PROJECT NAME <i>NEIGHBORHOOD</i>	PROJECT DESCRIPTION	NEW CONSTRUCTION OR PRESERVATION	INCOME-RESTRICTED UNITS	NHT FUNDING
3368 Washington Street <i>Jamaica Plain</i>	The Community Builders and Pine Street Inn have teamed up to develop a building that will include 140 supportive housing units for extremely low-income individuals who have experienced homelessness, 62 rental units for low- and moderate-income households, and operations space for Pine Street. NHT funds from the One Congress office project are being directed to this project.	New Construction	202	\$5,000,000
3371 Washington Street Elderly <i>Jamaica Plain</i>	Jamaica Plain NDC and New Atlantic Development are building 38 senior housing rental units in a prime location near the Green Street subway stop.	New Construction	38	\$1,200,000
34 East Springfield Street <i>South End</i>	The Boston Housing Authority is disposing of a vacant South End rowhouse, which MPZ Development will turn into five rental units.	Renovation/ Income Restriction	5	\$621,510
37 Wales Street <i>Dorchester</i>	Heading Home will create 23 rental units of permanent housing for extremely low-income families who have experienced homelessness.	New Construction	23	\$1,350,000
405 Washington Street <i>Dorchester</i>	Urbanica is building a 13 unit deed-restricted condominium on a City owned parcel.	New Construction	13	\$482,150
6 Quint Avenue <i>Allston</i>	Allston/Brighton CDC is renovating an existing lodging house, providing 14 rental units for extremely low-income individuals.	Renovation/ Income Restriction	14	\$1,382,150
BHA Mildred Hailey Apts - Phase 1A/1B <i>Jamaica Plain</i>	The Community Builders, Urban Edge and JPNDC are working together to rebuild the Boston's Housing Authority's Mildred C. Hailey Apartments. In total, 253 rental units will be rebuilt, and 453 new units of mixed-income, rental housing will be added. There are 177 units in this, the first phase.	Preservation/ New Construction	177	\$2,500,000



TABLE 7: PROJECTS AWARDED NHT FUNDS, 2020

Burbank Terrace <i>Fenway</i>	Fenway CDC is taking a unique opportunity to build 27 rental units on a parking lot in one of Boston's most dense neighborhoods.	New Construction	27	\$1,800,000
Morton Village Apartments <i>Mattapan</i>	The City is assisting Avanath Capital with the purchase and income restriction of this 207 unit rental building. It is the largest Acquisition Opportunity Program purchase to date, and is located in the Fairmount Commuter Rail corridor.	Purchase/ Income Restriction	207	\$3,000,000
Newcastle/Saranac Apartments <i>Roxbury</i>	Fenway CDC is using a combination of IDP off-site unit commitments and public funding to preserve 97 rental units on the Roxbury border with the South End. The purchase was completed in 2019, but renovations began in 2020.	Preservation	97	\$1,550,000
Olmsted Green Homeownership II <i>Mattapan</i>	Lena Park CDC and the New Boston Fund are initiating the final phase of development at Olmsted Green, adding 64 deed-restricted homeownership units to Mattapan.	New Construction	64	\$750,000
TOTAL			867	\$19,635,819

