

Citizens' Petitions on Housing and Jobs Linkage

1. What is linkage?

Housing Linkage: Housing linkage is a payment made to the City by developers of new commercial property -- office, lab, and retail space -- to mitigate the impact of that development on the affordable housing crisis. The money goes to the City's Affordable Housing Trust Fund and is used to help fund projects that create or preserve affordable housing, like the City's 100 Homes program or rental assistance vouchers.

The housing linkage program has been in place since 1990. Currently, the fee is \$5.15 per square foot, excluding the first 30,000 square feet of the development.

Jobs Linkage: Jobs linkage is a payment made to the City by developers of new commercial property to help address the gap between job opportunities created by new development and the skills of existing residents who could benefit from those jobs. Somerville is beginning to invest more in workforce development, but the City doesn't have enough resources to fund the necessary employment assistance for residents at risk of displacement. The jobs linkage fee will help fund training and employment services that would give Somerville residents the skills and help they need to compete for the jobs created by new development.

A jobs linkage fee was approved in 2016 by the State Legislature but has not been implemented by the City.

2. What is the right amount for the linkage fee?

The fee amount is set by the Board of Aldermen, based on a Nexus Study that assesses the impact of commercial development and the cost of creating the affordable housing needed to mitigate that impact.

The [2017 Nexus Study](#) recommended that the **housing linkage rate** be increased to between \$8 and 10 per square foot, and that developers be required to complete payments within three years. The Nexus Study also recommended an initial **jobs linkage rate** of between \$2 and 2.50 per square foot, applied to new commercial development, excluding the first 15,000 square feet, and recommended that developers be required to make their full payment at the time their building permit is issued. **The Nexus Study analysis shows that developers can bear these costs.**

3. What did the Mayor propose, and what did the Citizens' Petition propose?

The Mayor's proposed legislation is at the low end of the Nexus Study recommendation -- \$8.15 for housing and \$2 for jobs -- with a five-year payment schedule for housing and a two-year payment schedule for jobs.

The Citizens' Petition submitted by Somerville residents proposes an amount at the higher end of the Nexus Study recommendation: \$10 for housing and \$2.46 for jobs. The Citizens' Petition also supports the Nexus Study's recommendations that the timeframe for paying housing linkage be reduced to three years, and that the jobs linkage fee be paid when the developer gets the building permit, so that residents can get training in time to be prepared for the jobs that come with the new development.

For every 100,000 square feet of commercial development subject to linkage:

- The higher jobs linkage rate proposed in the Citizens' Petition would fund job training for ten more residents than the rate proposed by the Mayor, based on Nexus Study data. Given development projected for the next ten years, the higher rate could fund training for an extra 200 residents.
- Depending on the income range of targeted households and the depth of the subsidy, the higher housing linkage rate proposed in the Citizens' Petition could fund one more unit of affordable housing than the rate proposed by the Mayor. Over a 10-year timeframe, that would mean 15-20 extra units.

We all know Somerville is in the middle of an affordability crisis, and the City needs to do everything it can to help residents get affordable housing and good-paying jobs. The Mayor's proposal is inadequate because it doesn't do the maximum recommended by the Nexus Study to address this crisis.

(comparison chart on the next page)

	Mayor's Proposal	Citizens' Petitions
Overall:	<ul style="list-style-type: none"> Adopts low end of Nexus study recommendations for fee amounts. Ignores Nexus study recommendation for compressing payment timeframe. 	<ul style="list-style-type: none"> Adopts high end of Nexus study recommendations for fee amounts. Adopts Nexus study recommendation for compressing payment timeframe.
Housing Linkage:		
Rate/Threshold	• \$8.15 /square foot above 30,000 s.f.	• \$10 /square foot above 30,000 s.f.
COLA Adjustment	• Annual	• Annual
Payment Schedule	• Five equal payments : first payment at Certificate of Occupancy, then on 1-, 2-, 3-, and 4-year anniversaries.	• Three equal payments : first payment at Certificate of Occupancy, then on one- and two-year anniversaries of first payment.
Jobs Linkage:		
Rate/Threshold	• \$2.00 /square foot above 15,000 s.f.	• \$2.46 /square foot above 15,000 s.f.
COLA Adjustment	• None	• Annual
Payment Schedule	• Two equal payments: first payment at Certificate of Occupancy , second payment one year later.	• Full payment at issuance of Building Permit (so employment assistance can begin before hiring process triggered by building completion)

4. Why is it urgent to pass the linkage increases quickly?

Article 29 of the development covenant between the mayor and US2 (the Union Square master developer) allows US2 to deduct the cost of increased linkage fees from their other financial obligations, including contributions to GLX costs, infrastructure, and community benefits, or from the purchase price of the development parcels.

US2's special permit application is now being reviewed by the Planning Board. Although residents have identified important areas where it should be strengthened, there is no knowing when and how the process will conclude. If the special permit is passed before the linkage fee is increased, **taxpayers will end up having to cover the contributions the developer was supposed to make.**