



# Regional Housing Services Office

Serving Acton, Bedford, Concord, Lexington, Lincoln, Maynard, Sudbury, Wayland, and Weston

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## AFFORDABLE HOUSING GLOSSARY

**Affordable Housing – Housing targeted to and affordable by households that meet specific income eligibility levels, often households earning below 80% of the metropolitan area’s median income (or AMI). “Affordable housing” does not refer to the design, type, or method of construction of a housing unit or development, but to the cost of the housing to the consumer. Housing is generally considered affordable if the household pays less than 30 percent of its monthly income to secure the housing.**

The below list of terms is not inclusive and represents only the first layer or two of the subject of “Affordable Housing.” For ease of reading, italicized-underlined items are words, terms, or acronyms defined elsewhere in this glossary.

***10%*** – The required percentage of year round housing stock that must be *Affordable*, per MGL *Chapter 40B*. A community’s percentage is monitored by *DHCD* and published as the *SHI*.

***Affordable*** – As defined by *DHCD*, affordable actually means that the unit qualifies for inclusion on the *Subsidized Housing Inventory*.

***Affordable Housing Restriction*** - There are many forms of restrictions and often the restriction is attached to the property deed and referred to as a ***Deed Restriction***. Restrictions define the income levels of the resident, the rent/sale price methodology to remain restricted, the term of the restriction, the *Monitoring Agent* and other important legal aspects. The restriction must have language that it an affordable housing restriction as that term is defined in G.L. c. 184, § 31 and as that term is used in G.L. c.184, § 26, 31, 32 and 33.

***Chapter 40B*** – Massachusetts General Law Chapter 40B was enacted in 1969 to address the shortage of affordable housing statewide by eliminating barriers created by local zoning and approval processes. If a community has yet to obtain the *10%*, *Ch. 40B* allows the project to bypass local zoning bylaws. The 40B regulations are promulgated under 760 CMR 56, and DHCD has published guidelines for further details, found on their website.

***Cost Burden*** – The percentage of household income spent on mortgage costs or gross rent. According to *HUD*, households spending more than 30% of income on housing costs are considered “cost-burdened,” while those spending more than 50% are “severely cost-burdened.”

***CPA*** – The Community Preservation Act (MGL Ch. 44B) helps communities preserve open space, historic resources, and create affordable housing by creating a dedicated funding stream through a property tax surcharge. Housing units created with CPA funds must be available to households under 100% AMI, and secured with a deed restriction.

***DHCD*** – The Massachusetts Department of Housing and Community Development (DHCD) is the state agency responsible for promulgating housing regulations, overseeing completed developments and units, and administering offering programs and funding targeted at *income eligible* households.

***HOME Program*** – Administered by *HUD*, the HOME Investment Partnerships Program is the largest Federal block grant program for State and local communities to use, to fund the construction, purchase, and/or rehabilitation of affordable housing units, or direct rental assistance to low-income households.

**HUD** – The United States Department of Housing and Urban Development’s (HUD) mission is to increase homeownership, support community development, and increase access to affordable housing free from discrimination.

**Income Eligibility Levels / Limits** – Various programs use different income levels, or limits, to both qualify the household and to set the rent/sales price, usually tied to some percentage of AMI, adjusted for family size. The income limits are published by HUD on an annual basis. The most common classifications relating to income limits are 80% AMI, 50% AMI, 100% AMI.

Agencies and programs use different definitions for the terms ‘low income’ and ‘moderate income’. In general, low income refers to households under 80% of the Area Median Income, and moderate income above the Area Median Income. The percentages, however, are less subject to interpretation and can be used to clearly identify the target population. Note that the 80% AMI is not arithmetically in sync with the 100% AMI.

Boston-Cambridge-Quincy, 2020 Income Limit	1 Person	2 Person	3 Person	4 Person
50% Of AMI (published by HUD)	\$44,800	\$51,200	\$57,600	\$63,950
80% Of AMI (published by HUD)	\$67,400	\$77,000	\$86,650	\$96,250
100% Of AMI (4 person published by HUD, Limit for CPA funds)	\$83,300	\$95,200	\$107,100	\$119,000

**Local Preference** - Local Preference is the term used to denote a local selection preference when offering housing to applicants. This can be rental or ownership housing, initial housing lotteries or waiting lists. Local preference is granted by the Monitoring Agent, or Subsidizing Agency.

**Monitoring Agent** - The party responsible for ensuring the property remains in compliance with its affordable deed restrictions.

**Safe Harbor** - The term ‘safe harbor’ means that the decision of the ZBA to deny a Comprehensive Permit (or grant with conditions) would be upheld if the community has met any of the ‘safe harbor’ conditions. A municipality may achieve safe harbor in a number of ways, with the most common are to achieve the 10% threshold, or to have a certified Housing Production Plan.

**SHI** – The Subsidized Housing Inventory (SHI) is the official measure a community’s stock of affordable housing for the purposes of Chapter 40B as maintained by DHCD. The numerator is the number of qualifying affordable units, and the denominator is the year-round housing units in the community, updated with the Census every 10 years. While housing developed under Chapter 40B is eligible for inclusion in the numerator of the SHI, units created in other ways also qualify for the SHI.

There are five requirements to be eligible for units to count on the SHI:

- Occupancy limited to households earning up to 80% of AMI
- Housing units created under an approved housing subsidy program
- Property has a recorded use restriction, restricting occupancy and specifying other details
- Housing units are subject to an Affirmative Fair Marketing and Resident Selection Plan
- Maximum housing cost parameters are met.

Units may ‘lapse’ off the SHI, if the building permit has not been issued within 12 month after the zoning permit, or if the occupancy permit is not issued within 18 months of the building permit.

**Subsidy** – means assistance provided by a Subsidizing Agency to assist the construction of Low or Moderate Income Housing (ex. LIHTC), including tenant-based rental assistance (ex. Section 8), or housing allowance program.

**Subsidizing Agency** - A state agency authorized to subsidize and regulate affordable housing developments, such as DHCD, Mass Development, Mass Housing, or Mass Housing Partnership.