



# TOWN OF CONCORD

## Planning Division

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### AFFORDABLE HOUSING GLOSSARY

The environment in which affordable housing is created is not always readily transparent to those not immersed in it. Confounding matters are that the Federal and State agencies often use slightly different terms and definitions, essentially to accomplish different goals. To that end, the Planning Division has compiled a short list of the key terms needed to talk about “Affordable Housing.” This list is not inclusive and represents only the first layer or two of the subject. For ease of reading, italicized-underlined items are words, terms, or acronyms defined elsewhere in this glossary.

In an attempt to define what affordable housing means the following definition is offered:

**Affordable Housing – Housing targeted to and affordable by households that meet specific income eligibility levels, typically 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.**

**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*.

**Area Median Income (AMI)** – *HUD* annually publishes the area median income limits nationally, and these are used for eligibility in most housing programs. *HUD* estimates the median family income for an area in the current year at various levels (30% AMI, 50% AMI, 80% AMI and 100% AMI), adjusted household sizes so that incomes may be expressed as a percentage of the area median income. For example, a household's income must be less than the 80 percent area median income, to be eligible for inclusion on the *SHI* or in affordable housing programs.

**Affordable Housing Restriction** - There are many forms of restrictions, but they must contain some language to document the income levels of the resident selection, the rent/sale price methodology, the *Monitoring Agent* and identify on-going compliance requirements: This Restriction and all of the covenants, agreements and restrictions will be deemed to be 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 mandated *10%* and at least 20-25% of the units have a long-term affordability restriction *Ch. 40B* requires the Board of Appeals to approve the project.

**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 (passive or active), historic resources, and create affordable housing by creating a dedicated funding stream. A minimum of 10% of the annual fund revenues must be used for each of the three categories, while the remaining 70% may be allocated to any one of, or any combination of, the allowed uses. Concord enacted the law in 2004. 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 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 to State and local communities to use, often in partnership with local nonprofit groups, to fund the construction, purchase, and/or rehabilitation of affordable housing units, or direct rental assistance to low-income households. Since 2009, Concord has participated in the HOME program through its membership in the WestMetro HOME Consortium.

**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 most important classifications relating to income limits are 80% AMI, 50% AMI, and 30% AMI. Unfortunately there is not always perfect symmetry between *HUD* and *DHCD* on the terminology used to describe the levels of income, that is, the terms used to describe the percentage, like “low income,” “moderate income,” or even “low-mod.” The percentages, however, are consistent and can be used to clearly identify the target population. In addition to the above income limits, the Town of Concord Zoning Bylaw has provision Planned Residential Developments for housing serving income eligible households up to 150% AMI. Note that the 80% AMI is not arithmetically in sync with the 100% AMI.

Boston-Cambridge-Quincy, MA-NH HMFA FY 2018 Area Median Income	1 Person	2 Person	3 Person	4 Person	5 Person
30% Of AMI	\$22,650	\$25,900	\$29,150	\$32,350	\$34,950
50% Of AMI	\$37,750	\$43,150	\$48,550	\$53,900	\$58,250
80% Of AMI	\$56,800	\$64,900	\$73,000	\$81,100	\$87,600
100% Of AMI	\$75,500	\$86,300	\$97,100	\$107,800	\$116,500
110% Of AMI	\$83,050	\$94,930	\$106,810	\$118,580	\$128,150
150% Of AMI	\$113,250	\$129,450	\$145,650	\$161,700	\$174,750

**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.

***Qualified Unit*** – In general an ownership unit created by Chapter 40B (or another accepted program) are counted as qualified units on the SHI. In rental developments however, the rules are different. Per guidelines published by DHCD in 2008, in a rental development, if at least 25% of units are occupied by eligible households earning 80% or less than the area median income (or alternatively, if at least 20% of units are to be occupied by households earning 50% or less of area median income), then all of the units in the rental development shall be eligible for inclusion on the SHI.

***SHI*** – The Subsidized Housing Inventory (SHI) is the official measure a community's stock of low-or moderate-income housing for the purposes of Chapter 40B. While housing developed under Chapter 40B is eligible for inclusion on the SHI, many other types of housing also qualify to count toward a community's affordable housing stock. Concord currently stands at 10.52%.

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