

AFFORDABLE HOUSING TERMS & CRITERIA

Board of Selectmen & Affordable Housing Committee Meeting - April 24, 2007

What is Affordable Housing?

There are a number of definitions of affordable housing as federal and state programs offer various criteria. For example, HUD generally identifies units as affordable if gross rent (including costs of utilities borne by the tenant) is no more than 30% of a household's net adjusted income (with a small deduction for each dependent, for child care, for extraordinary medical expenses, etc.) or if the carrying costs of purchasing a home (mortgage, homeowners association fees, property taxes and insurance) is not more than typically 30% of net adjusted income. If households are paying more than these amounts, they are described as experiencing housing affordability problems; and if they are paying 50% or more for housing, they have severe housing affordability problems and heavy cost burdens.

Affordable housing can also be defined according to percentages of median income for the area. Housing subsidy programs can be targeted to particular income ranges depending upon programmatic goals. Extremely low-income housing is directed to households with incomes at or below 30% of area median income as defined by the U.S. Department of Housing and Urban Development (\$21,500 for a family of four for the Barnstable area) and very low-income is defined as households with incomes less than 50% of area median income (\$35,850 for a family of four). Low- and moderate-income generally refers to the range between 51% and 80% of area median income (\$57,350 for a family of four at the 80% level). These income levels are summarized in the table below.

**2006 TARGETED INCOME LEVELS FOR
AFFORDABLE HOUSING IN THE BARNSTABLE AREA**

# Persons in Household	30% of Median Income	50% of Median Income	80% of Median Income
1	\$15,050	\$25,100	\$40,150
2	17,200	28,700	45,900
3	19,350	32,250	51,600
4	21,500	35,850	57,350
5	23,200	38,700	61,950
6	24,950	41,600	66,550
7	26,650	44,450	71,100
8+	28,400	47,300	75,700

2006 Median Household Income for the Barnstable Metropolitan Statistical Area (MSA) = \$66,800

The state established legislation for promoting affordable housing under Chapter 774 of the Acts of 1969, creating the Massachusetts Comprehensive Permit Law (Massachusetts General Laws Chapter 40B).¹

¹ Chapter 774 of the Acts of 1969 established the Massachusetts Comprehensive Permit Law (Massachusetts General Laws Chapter 40B) to facilitate the development of affordable housing for low- and moderate-income households (defined as any housing subsidized by the federal or state government under any program to assist in the construction of low- or moderate-income housing for those earning less than 80% of median income) by permitting the state to override local zoning and other restrictions in communities where less than 10% of the year-round housing is subsidized for low- and moderate-income households.

This legislation allows developers to override local zoning if the project meets certain requirements and the municipality has less than 10% of its year-round housing stock defined as affordable under 40B. In calculating a community's progress toward the 10% Chapter 40B goal, the state counts a housing unit as affordable if it is created by state or federal programs that support low- and moderate-income households earning at or below 80% of area median income under.

CHAPTER 40B: WHAT IS AFFORDABLE HOUSING?

1. Must be part of a "subsidized" development built by a public agency, non-profit, or limited dividend corporation.
2. At least 25% of the units in the development must be income restricted to households with incomes at or below 80% of area median income and have rents or sales prices restricted to affordable levels. Restrictions must run at least 15 years for housing rehabilitation and at least 30 years for new construction.
3. Development must be subject to a regulatory agreement and monitored by a public agency or non-profit organization.
4. Project sponsors must meet affirmative marketing requirements.

Source: CHAPA, February 2001

Chatham currently has 175 units defined as affordable under Chapter 40B, part of its Subsidized Housing Inventory, representing 4.9% of the town's year-round housing stock.

What is Planned Production?

The Massachusetts Department of Housing and Community Development (DHCD) is administering the Planned Production Program in accordance with regulations that enable cities and towns to do the following:

- Prepare and adopt an affordable housing plan that demonstrates production of an increase of .75% over one year or 1.5% over two-years of its year-round housing stock eligible for inclusion in the Subsidized Housing Inventory (27 units and 54 units, respectively, for Chatham until the new census figures are available in 2011) for *approval* by DHCD.²
- Request *certification* of compliance with the plan by demonstrating production of at least the number of units indicated above.
- Through local ZBA action, deny a comprehensive permit application during the period of certified compliance, which is 12 months following submission of the production documentation to DHCD, or 24 months if the 1.5% threshold is met.

² Massachusetts General Law Chapter 40B, 760 CMR 31.07 (1)(i).

For the plan to be acceptable to DHCD it must meet the following requirements:

- Include a comprehensive housing needs assessment to establish the context for municipal action.
- Address a mix of housing consistent with identified needs and market conditions.
- Include a description of use restrictions.
- Address at least one of the following strategies including -
 - Identification of geographic areas in which land use regulations will be modified to accomplish affordable housing production goals.
 - Identification of specific sites on which comprehensive permit applications will be encouraged.
 - Preferable characteristics of residential development such as infill housing, clustered areas, and compact development.
 - Municipally owned parcels for which development proposals will be sought.