

# TOWN OF ORLEANS



## Affordable Housing Committee and Affordable Housing Trust Guiding Principles

*Discussion Draft, prepared September 2019, for and by:*

**Affordable Housing Committee:**

Katherine Wibby, Chair  
Mefford Runyon, Selectman Liaison  
Tom Johnson  
Richard Kendall  
Fran McClennen  
Nancy Renn  
Shelly Reynolds  
Bill Stoeckert

**Affordable Housing Trust:**

Alan McClennen, Chair  
Henry Brehm  
Matt Cole  
Greg Delory  
Ward Ghory  
Duane Landreth  
Alexis Mathison  
Mefford Runyon  
Katherine Wibby

George Meservey, Director of Planning and Community Development

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## **Affordable Housing Committee and Affordable Housing Trust**

### **History**

2019 is a critical year in the history of Orleans' work to create and preserve affordable housing. In 2019 a new Orleans Affordable Housing Trust (AHT) was established with the ability to authorize funds for affordable housing with the approval of the Select Board, rather than having to wait for Town Meeting action. The new Trust will now work in collaboration with the Affordable Housing Committee (AHC) which, for many years, took the lead in promoting affordable housing. This document aims to define guidelines on how these two committees will work together.

In the 1990's Orleans formed a Housing Task Force, which morphed into an Affordable Housing Committee. An affordable housing trust was established in 2001, and, along with the Community Preservation Committee (CPC), was a source of funding for affordable housing. But the process was cumbersome. Still, Orleans was able create a significant inventory of affordable housing units. (See Appendix 1 an inventory of subsidized housing in Orleans.)

In 2017 the AHC engaged a consultant to complete a comprehensive Community Housing Study. This study analyzed existing conditions and proposed specific goals and strategies for future actions.

Meanwhile, other activities in Orleans were paving the way for additional housing that would be affordable for working families and seniors wanting to downsize. Affordable housing is a priority in the Town's Local Comprehensive Plan (LCP). Zoning bylaws have been approved and refined over the years to allow for increased density in Orleans' downtown areas. Plans for sewers in the downtown, approved in 2019, will make it more possible to finance affordable housing.

Historically the Community Preservation Committee has been the primary source of funds for affordable housing. However, in 2018 the voters approved a \$275,000 tax over-ride, which now goes annually to the new Trust.

With so much now in place, the AHC and AHT are poised to work together to facilitate the creation of much needed diverse housing that year-round, income-eligible residents can afford.

## Synopsis of the Orleans Affordable Housing Challenge

(Excerpted from the "Town of Orleans Community Housing Study," August 2017)

Orleans is losing population aged younger than 45 years old. A shortage of affordable housing is a major contributor to this trend. (Quality schools, economic opportunity, and social amenities are also important variables for retaining young families.)

	1990 Census	2000 Census	2015 Census
Under 18 years	923 (15.9%)	873 (13.8%)	609 (10.4%)
18 – 24 years	293 (5.0%)	222 (3.5%)	292 (5.0%)
25-45 years	1,452 (24.8%)	1,096 (17.3%)	732 (12.5%)
45 -64 years	1,351 (23.2%)	1,866 (29.5%)	1,827 (31.2%)
65 + years	1,819 (31.2%)	2,284 (36.0%)	2,402 (41.0%)

The housing market is shifting toward more expensive, seasonal housing. Fewer affordable single-family-owned and rental properties are available. Without a coordinated response, these trends are likely to continue.

	2000 % of Orleans market	2015 % of Orleans market
Owner-occupied, year-round housing under \$200,000	25%	6%
Owner-occupied, year-round housing above \$500,000	18%	60%

- In 2008 it was projected that 23% of the Lower Cape's seasonal homeowners planned to become year-round residents by 2024.
- 88% of vacancies are for seasonal or occasional housing.
- 82% of all new unit creation in Orleans since 1990 has involved single-family detached homes.
- 45% of renters pay more than 30% of their income for rent; 14% pay more than 50% of income. Median renter household income was \$19,858.

The Affordable Housing Committee and the Affordable Housing Trust are charged by Town Meeting and the Board of Selectmen to increase the housing stock for families and individuals earning less than the Average Median Income in Barnstable County.

- See Appendix 2 for a description of income standards for "affordable housing."
- Many families and individuals who do not qualify for "affordable housing" also cannot find housing in Orleans at prices they can manage. The Committee and Trust will collaborate to develop housing solutions for these groups, as well.

## **Mission**

The shared mission of the Affordable Housing Committee and the Affordable Housing Trust is to:

- create and preserve housing in Orleans for individuals and families who meet defined income requirements (see Appendix 2 for information on income requirements);
- understand local housing needs and build support for affordable housing initiatives through community collaboration and engagement;
- explore and recommend incentives to encourage private sector creation of housing that is affordable for individuals and families who do not meet current income requirements.

See Appendix 3 for a summary of the Charges from the Board of Selectmen to the Affordable Housing Committee and the Affordable Housing Trust.

## Priorities

### **Create affordable housing sooner rather than later. The need is now.**

Pursue the housing goals and strategies specified in the Orleans Community Housing Study, 2017. (See Appendix 4 for a summary of Goals and Strategies from this study.)

Seek out and develop cost-effective initiatives in a creative and timely way.

Consider multiple opportunities for affordable housing initiatives simultaneously, not sequentially.

### **Protect and build upon Orleans' existing housing resources.**

Acquire existing housing or buildings for rehabilitation or conversion when economically feasible, instead of developing vacant land.

Protect Orleans' moderately priced housing stock from investors seeking to take advantage of the short-term rental market.

Foster a welcoming environment throughout Orleans where people of many ages, skills, and backgrounds can thrive.

### **Evaluate affordable housing opportunities against criteria adopted by the Affordable Housing Committee and Trust.**

Encourage design and housing type that blend with the local neighborhood.

Promote affordable rental properties in the higher density zoned downtown areas and home ownership in the lower density residential areas.

### **Responsibly manage the Affordable Housing Trust's financial resources.**

Partner with private or non-profit entities, whenever possible. Find the "sweet spot" of density and financial feasibility that attracts funders and partners.

Leverage financial resources by borrowing when sufficient collateral is available.

Seek "local preference" to the extent allowed by law. (See Appendix 5 for further information about "local preference.")

Pursue local, regional, state, federal, and private funding options, when appropriate.

### **Promote community collaboration and engagement by being transparent.**

Communicate pro-actively to address community concerns and build support for affordable housing.

## **Roles and Responsibilities**

1. The Affordable Housing Committee and the Affordable Housing Trust mutually agree to collaborate on a shared mission and action plan, assigning one committee to take the lead and the other to consult and support on identified goals and tasks. The Committee and Trust will retain distinct charges. (See Appendix 3 for a summary of charges.) Responsibilities charged uniquely to the Committee are generally educational and community outreach in nature. Responsibilities charged uniquely to the Trust are generally financial and strategic.
2. Potential options for affordable housing projects may originate with any member of either committee. The option should first be communicated to the Director of Planning and the two committee Chairs for determination of next steps. Both committees will share in the discussion and evaluation of each affordable housing project option. The Trust retains the sole authority to authorize expenditures. The Trust's financial report will be distributed and reviewed at least quarterly.
3. AHC and AHT will meet jointly when discussing affordable housing developments and other mutual agenda items. They will meet separately when addressing each committee's unique charges. The Chair of the Trust or the Chair of the Committee may lead the joint meetings.
4. The Chairs of both committees will together prepare agendas for joint meetings in coordination with the Orleans Planning Director. Agendas for both committee meetings will be properly posted for the public and distributed for members of both committees prior to meetings. Housing Trust and joint meetings are recorded through cable television to provide public access.
5. All minutes for each committee's meetings will be shared with members of both committees. The Administrative Assistant and the Planning Director will coordinate periodic updates of the Town's website regarding our activities and progress.

## **Review Process for Expenditures of >\$25,000**

1. To manage the budget allocated to the Affordable Housing Trust, and to assure due diligence and full consideration of individual initiatives, a written "business case statement" will normally be prepared before the authorization of expenditures >\$25,000. The Trust may decide at its discretion to waive the preparation of such a case statement.
2. The AHT Chair will assign responsibility for preparing the business case to the Planning Director and one or more Trust members.
3. The elements of the case statement will vary by project, but any evaluation to undertake affordable housing should include, as appropriate, the following.

### Proposal Purpose

Match with Trust Goals  
 Compliance with Town and State regulations  
 Environmental and Neighborhood Considerations  
 Condition / Buildability of Property

### Proposed Cost

Purchase Price  
 Method of Financing  
 Known and Unknown Costs  
 Carrying Costs  
 Ongoing Management Responsibilities  
 Timeline for Implementation

### Available AHT Assets and Sources of Funding:

Encumbered and Earmarked  
 Availability of Funds by Source  
 Additional Funds Expected by Source

### Proposal Partners

### Communication Plan

Key Messages  
 Identified Spokesperson for Project  
 Public Relations

### Next Steps and Approvals Required

## Appendix 1. Orleans Subsidized Housing Inventory (SHI)

(Source: Massachusetts Department of Housing and Community Development, 2016)

Project Name	# Affordable Units	Project Type/ Financing	Use of a Comp Permit	Affordability Expiration Date
Tonset Woods I Town Parcel	40	Rental (elderly or disabled)/DHCD	No	Perpetuity
Tonset Woods II Town Parcel	60	Rental (elderly or disabled)/DHCD	No	Perpetuity
181 Main Street	8	Rental (elderly or disabled)/DHCD	Yes	Perpetuity
53 Meetinghouse Rd.	8	Rental (elderly or disabled)/DHCD	Yes	Perpetuity
John Avellar Circle Town Parcel (above) /Oak Ridge	11	Rental (families) /DHCD	Yes	Perpetuity
Bakers Pond Rd./ Opa's Way Former Town Parcel	12	Ownership (families) /DHCD	No	2098
Canal House	9	Rental (special needs/substance abuse)/DHCD, HUD	No	2037
Emmaus House	6	Rental (special needs) /DHCD	No	Perpetuity
Rock Harbor Village	100	Rental (elderly or disabled)/ Mass Housing	No	2019/2032
Wise Living in Orleans	11	Ownership (elderly)/ Mass Housing	Yes	Perpetuity
DDS Group Homes	13	Rental/DDS	No	NA
DMH Group Homes	6	Rental/DMH	No	NA
Housing Rehab Program	9	Ownership/DHCD	No	11-28-16 through 10-25-19
Finlay Rd. Condos Former Town Parcel	3	Ownership (families)/DHCD	Yes	Perpetuity
Habitat/Nickerson Rd.	1	Ownership/DHCD	No	Perpetuity
John P. Hinckley Affordable Homes Former Town Parcel	4	Ownership/DHCD	Yes	Perpetuity
Habitat/Bevan Way Town supplied CPC \$ to Habitat	6	Ownership/DHCD	Yes	Perpetuity
<b>Total</b>	<b>307</b>	<b>257 (84.8%) rentals inc. 19 group home units; 37 (12.2%) ownership; 9 (3%) Housing Rehab</b>	<b>51 (16.8%) 40B units</b>	

## Appendix 2 Definitions of Affordable Housing

(Adapted from: Town of Orleans Community Housing Study, 2017)

**Affordable housing**, sometimes referred to as subsidized housing or community housing, is generally defined by the **income of the household in comparison to housing costs**. For example, HUD generally identifies units as **affordable if gross rent and the carrying costs of owning a home (mortgage, homeowner association fees, property taxes and insurance) is not more than 30% of total income**.

**Affordable housing** can also be defined according to **percentages of median income for the area**. Housing subsidy programs are typically targeted to particular income ranges depending upon programmatic goals. For example:

**Table II-1: 2016/2017 Income Levels for Affordable Housing in Barnstable County**

# in Househo	30% AMI/extremely Low-income	50% AMI/ Very Low-income	60% AMI	80% Median Income Low-income
1	\$17,850/\$18,950	\$29,750/\$31,600	\$35,700/\$37,920	\$47,550/\$47,600
2	20,400/21,650	34,000/36,100	40,800/43,320	54,350/54,400
3	22,950/24,350	38,250/40,600	45,900/48,720	61,150/61,200
4	25,450/27,050	42,450/45,100	50,940/54,120	67,900/68,000
5	27,500/29,250	45,850/48,750	55,020/58,500	73,350/73,450
6	29,550/31,400	49,250/52,350	59,100/62,820	78,800/78,900
7	31,600/33,550	52,650/55,950	63,180/67,140	84,200/84,350
8+	33,600/35,750	56,050/59,550	67,260/71,460	89,650/89,800

2017 median household income for the Barnstable County Metropolitan Statistical Area (MSA) = \$90,200 (for 4-person household), up significantly from \$77,100 in 2016 although there was very little change in the 80% AMI levels.

### Massachusetts General Laws Chapter 40B:

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 the 40B Subsidized Housing Inventory.

Most Commonwealth housing assistance programs are targeted to households earning  $\leq$  80% of area median income (AMI). However, others, particularly rental programs, are directed to those earning at lower income thresholds.

### In Chapter 40B, Affordable Housing is defined as housing units that are:

1. Subsidized by an eligible state or federal program or a subsidizing agency
2. Subject to a long-term deed restriction limiting occupancy to income eligible households for a specified period of time
3. Subject to an Affirmative Fair Housing Marketing Plan.

**Appendix 3.  
Summary of Board of Selectmen Charges  
to the Affordable Housing Committee  
and the Affordable Housing Trust**

Affordable Housing Committee Charge (draft revision, September 2019)

An Affordable Housing Committee is hereby charged to create and maintain an affordable housing stock which is equal to at least 10% of the Orleans' year-round occupied dwelling units. Affordable housing should be encouraged in all areas of town, including areas of mixed-use residential and business development. A special emphasis should be placed upon creating affordable housing for working families.

The Affordable Housing Committee shall be appointed by the Board of Selectmen and shall be comprised of seven members appointed to overlapping terms, plus a liaison member from the Board of Selectmen. The Committee shall act as an agency of the Town in the pursuit of affordable housing goals as expressed in the Orleans Comprehensive Plan and the Orleans Community Housing Study. Within its charge, the Committee shall coordinate with the Orleans Affordable Housing Trust, report to the Board of Selectmen, and make recommendations to carry out programs that will result in housing for low- and moderate-income households.

Objectives (not prioritized)

1. Preserve existing affordable housing stock.
2. Review and recommend zoning bylaw amendments that encourage construction of affordable housing, consistent with other Town goals.
3. Address concerns about wastewater treatment, green space preservation, environmental protection, and community character when developing affordable units.
4. Utilize existing housing or unused commercial space to create affordable housing, where appropriate, as a cost-effective alternative to new construction.
5. Encourage new development to make provision for employee housing / workforce housing.
6. Review Comprehensive Permit applications (40B) and make recommendations to the Zoning Board of Appeals.
7. Provide for public outreach and community engagement about the need for affordable housing.
8. Maintain statistical indicators of housing needs.
9. Explore and recommend incentives to encourage private sector creation of affordable housing for individuals and families who do not meet income requirements.
10. Collaborate with other housing agencies and groups in pursuit of these goals.

(continued)

Affordable Housing Trust (AHT) Charge

(approved, January 30, 2019)

The purpose of this Trust is to provide for the creation and preservation of affordable housing in Orleans for the benefit of low- and moderate-income households, and for the funding of community housing (cf. M.G.L. c.44, 55C).

The Affordable Housing Trust Board shall be appointed by the Board of Selectmen and shall be comprised of *seven to nine members appointed to overlapping terms, including a liaison member from the Board of Selectmen (confirm)*. The Trust shall act as an agency of the Town in the pursuit of affordable housing goals as expressed in the Orleans Comprehensive Plan and the Orleans Community Housing Study. Within its charge, the Committee shall coordinate with the Orleans Affordable Housing Committee, report to the Board of Selectmen, and make recommendations to carry out programs that will result in housing for low- and moderate-income households. Citing state law, the Selectmen enumerated powers of the AHT Board.

Powers of the Board of Trustees

1. With the approval of the Board of Selectmen,
  - a. accept, receive, or abandon real property, personal property, or money
  - b. purchase and retain real or personal property, including investments
  - c. sell, lease, exchange, transfer, or convey property; and make contracts and agreements relative to Trust property
  - d. participate in reorganization, recapitalization, merger, or similar transactions; and give proxies or powers of attorney, as needed
  - e. deposit any security with any protective reorganization committee
  - f. borrow money, and mortgage or pledge Trust assets as collateral, provided no such borrowing shall be backed by the full faith and credit of the Town of Orleans.
2. Execute, acknowledge, and deliver deeds, assignments, transfers, pledges, leases, covenants, contracts, promissory notes, grant agreements, and other instruments for the accomplishment of the purposes of the Trust.
3. Employ and pay reasonable compensation to advisors and agents, such as accountants, appraisers and lawyers.

See Appendix 6, Status Report, for an annual progress report as of August 2019.

**Appendix 4.  
Goals and Strategies  
from the Orleans Community Housing Study (2017)**

**Add 100 units of affordable housing in ten years (by December 2028)**

1. Aim for approximately 85 rental units – sample guidelines.
  - 1 bedroom (seniors / individuals) 42 units
  - 2 bedroom (small families) 35 units
  - 3+ bedrooms (large families) 8 units
  
2. Aim for approximately 15 home ownership units (condos and starter homes). Concentrate valuation at most affordable level (<\$250K).
  
3. Promote handicapped access and support for seniors and children with disabilities.
  
4. Fund community housing, as permitted by law, and support efforts to address housing needs of middle-income individuals and families in Orleans who do not qualify for “affordable housing” yet remain unable to find or afford housing that meets their needs.

**Capacity-building Strategies**

Make community education on housing issues a priority

Comment: This is a priority of the AHC.

Provide sustainable funding sources and incentives for affordable housing

Comment: So far, CPC funds and the \$275,000 tax over-ride are the Primary funding sources.

Consider adopting a Municipal Affordable Housing Trust Fund

Comment: This has been completed in 2019.

Fund a Part-time Housing Coordinator

Comment: At this time the decision has been made to use Trust funds to contract with experts in the field for specific needs.

**Zoning Strategies**

Better promote accessory dwelling units

Comment: This is the responsibility of the Planning Board. The Original ADU bylaw was passed in 1991 and continues to be refined over the years.

(continued)

Explore inclusionary zoning

Comment: Orleans has an inclusionary zoning bylaw which provides an incentive for 10% of units to be affordable in a given development.

Allow dormitory-type housing for seasonal workers under proper controls.

Comment: Responsibility of the Planning Board

### **Development Strategies**

Partner with private developers on private property

Comment: These could be non-profit or for-profit entities, for example, Habitat for Humanity.

Further explore regional partnerships

Comment: Members of AHC, AHT, Planning Board, Architectural Review Committee, and Board of Selectmen have participated in the Housing Institute and meetings sponsored by Community Development Partnership.

Identify suitable Town-owned property for development

Comment: Orleans has created an inventory of Town-owned property, which the AHC reviews on an ongoing basis. Orleans has relatively little town-owned property compared with neighboring towns.

### **Housing Preservation and Assistance Strategies**

Continue to support housing rehab initiatives

Comment: The Community Preservation Committee has had a program of housing rehab, which has now been passed to the Trust.

Create greater community connections for seniors

Comment: Responsibility of AHC and Orleans Council on Aging

Support agencies that address emergency housing needs to reduce homelessness

Comment: Homeless Prevention Council is such an agency.

Promote tenant self sufficiency

Comment: Responsibility of AHC and Orleans Housing Authority

See Appendix 6, Status Report, for an annual progress report as of August 2019.

## **Appendix 5. Notes on Local Preference**

“Local preference” occurs when priority for obtaining affordable housing is given to families or individuals affiliated with the town where the housing is located.

### **DHCD Guidelines: Affirmative Fair Housing Marketing Plans (AFHMP)\***

Resident selection must be based on a lottery, or other fair and equitable procedures approved by the subsidizing or funding agency.

Local preferences must not be advertised, as they may discourage non-local potential applicants.

In no event may a local preference exceed more than 70% of the affordable units in a Project.

If a community wishes to implement a local selection preference, it must demonstrate in the AFHMP the need for the local preference.

The AFHMP should demonstrate what efforts will be taken to prevent discriminatory effects.

### **Allowable Preference Categories:**

**Current residents:** A household in which one or more members is living in the city or town at the time of application.

**Municipal Employees:** Employees of the municipality, such as teachers, janitors, firefighters, police officers, librarians, or town hall employees.

**Employees of Local Businesses:** Employees of businesses located in the municipality.

Households with children attending the locality’s schools.

\* Massachusetts Department of Housing and Community Development (DHCD)  
“Affirmative Fair Housing Marketing and Resident Selection Plan Guidelines”  
(AFHMP)

Appendix 6. Affordable Housing Committee and Affordable Housing Trust

**Status Report for 2019**

(as of August 27, 2019)

Goals and Tasks	Responsibility					Status	Comments
	AHC	AHT	PD	BOS	TM		
<b>Organize Affordable Housing Trust</b>							
Appoint membership				x		Completed	
Increase membership to 9 members					x	Completed	
Adopt planning documents:							
a) mission / values / goals / strategies	x	x				In Process	Delegated for initial development to one member from AHC and AHT, with input from committee chairs and Planning Director.
b) AHC / AHT roles and responsibilities;							
c) review process; d) status report							
Expand AHT charge to include moderately-priced housing (>80% AMI )						Under discussion.	Responsibility not assigned
<b>Preserve affordable housing</b>							
Preserve one affordable unit at 18 West	x	x				Completed	Housing Assistance Corporation was able to find a buyer
Authorize funds for roof at 10 Opa's Way		x				Completed	
<b>Redevelop existing properties for affordable rental or ownership</b>							
Implement preliminary development agreement with Cape Cod Five for conversion of operations building	x			x		In process	Phase I report to BOS August 28. Complete Phase I by October 31.
Negotiate agreement w/ Cape Cod 5 for disposition of operations building		x				In process	

Goals and Tasks	AHC	AHT	PD	BOS	TM	Status	Comments
Implement pre-development agreement with Cape Abilities to assess affordable options at 107 Main Street	x	x				In process	Phase I of agreement to be completed by October 31
Subsidize Habitat for Humanity's purchase of 15 Quanset Road and contract with them for construction and occupancy of new 2 bedroom home within 4 years	x	x				Completed	Agreement completed and property purchased
Evaluate purchase of 2 bedroom condo on Old Colony Way		x	x	x		AHT voted to pursue purchase	Needs further discussion about whether to sell or rent unit
<b>Promote collaboration, education, and community engagement</b>							
Partner with Mass Housing Partnership, and possibly others, to evaluate projects and advise about RFP process.		x	x			In process	Relationship established with MHP and others are being identified for consideration.
Develop community engagement plan (newspaper, film, Town committees, neighbor communication).	x	x	x			In process	Planning filed CHAPA Municipal Engagement Initiative grant to build public consensus.
Recommend to Board of Selectmen that our two committees jointly report quarterly to them.	x	x		x		Under discussion.	
<b>Increase financial capability for affordable housing development</b>							
Conduct RFP review process with local banks to secure \$2M line of credit.		x	x	x		In process	AHT voted to recommend a \$1.0 line of credit with Cape Cod Cooperative Bank to BOS.
Secure FY20 funding from Town Meeting					x	Completed	

## GLOSSARY OF AFFORDABLE HOUSING TERMS

### **Accessory Apartment**

A secondary dwelling unit created within or as an extension of an existing dwelling that contains separate bath and kitchen facilities.

### **Adaptive Reuse**

The conversion of nonresidential properties such as mills, schools, hospitals, military bases, motels, warehouses, office buildings, etc. into residential or mixed uses.

### **Area Median Income (AMI)**

The estimated median income, adjusted for family size, by metropolitan area (or county, in non-metropolitan areas). AMI is updated annually by the US Department of Housing and Urban Development (HUD) and used as the basis of eligibility for most housing assistance programs.

[www.huduser.org](http://www.huduser.org)

### **Brownfields**

An abandoned, idled, or underused property where expansion or redevelopment is complicated by real or perceived contamination. Brownfield sites include abandoned factories and other industrial facilities, gasoline stations, oil storage facilities, dry cleaning stores, and other businesses that formerly dealt with polluting substances. Information about the state's brownfields redevelopment fund can be found at:

[www.massdevelopment.com](http://www.massdevelopment.com)

### **Citizens' Housing & Planning Association (CHAPA)**

Established in 1967, CHAPA is a statewide non-profit umbrella organization for affordable housing and community development activities. CHAPA's mission is to encourage the production and preservation of housing affordable to low-income families and individuals.

[www.CHAPA.org](http://www.CHAPA.org)

### **Chapter 40B**

The state's Comprehensive Permit law, enacted in 1969, established an affordable housing goal of 10% for every community. In communities below the 10% goal, developers of low and moderate income housing can seek an expedited local review under the comprehensive permit process and can request a limited waiver of local zoning and other restrictions which hamper construction of affordable housing. Developers can appeal to the state if their application is denied or approved with conditions that render it uneconomic and the state can overturn the local decision if it finds it unreasonable in light of the need for affordable housing. (Chapter 774 of the Acts of 1969; M.G.L.c.40B§20-23).

[www.mass.gov/hed/community/40b-plan](http://www.mass.gov/hed/community/40b-plan)

### **Chapter 40R**

Also known as the Smart Growth Zoning Overlay District Act (Chapter 149 of the Acts of 2004), M.G.L. Chapter 40R encourages communities through financial incentives to create dense residential or mixed-use smart growth zoning districts which include a high percentage of affordable housing units, located near transit stations and/or in areas of concentrated development such as existing city and town centers.

<http://www.mass.gov/hed/community/planning/chapter-40-r.html>

### **Community Development Block Grant (CDBG)**

The Community Development Block Grant (CDBG) program is a federal program that provides communities with resources to address a wide range of unique community development needs. The Department of Housing and Urban Development (HUD) provides funding either directly to larger municipalities designated as entitlement communities or through the Massachusetts Department of Housing and Community Development's CDBG program. [www.mass.gov/hed/community/funding/community-development-block-grant](http://www.mass.gov/hed/community/funding/community-development-block-grant)

### **Community Economic Development Assistance Corporation (CEDAC)**

A quasi-public agency created by the Legislature in 1978 to provide development assistance to nonprofit developers in order to increase the supply of affordable housing and help revitalize chronically distressed areas. By statute, it can only provide services to nonprofit corporations. CEDAC maintains a database on their website of over 1,400 properties statewide at risk of losing their affordability. [www.cedac.org](http://www.cedac.org)

### **Community Preservation Act (CPA)/ Chapter 44B**

The Community Preservation Act Enabling Legislation (Chapter 267 of the Acts of 2000). Allows communities, at local option, to establish a Community Preservation Fund to preserve open space, historic resources and community housing, by imposing a surcharge of up to 3% on local property taxes. The state provides matching funds from its own Community Preservation Trust Fund, generated from an increase in certain Registry of Deed's fees. The Community Preservation Coalition (CPC) works with communities, and advocates and supports the passage of CPA. [www.communitypreservation.org](http://www.communitypreservation.org)

### **Congregate Housing**

Housing accommodation that offers separate rooms or apartments but provides shared activities of daily living with other residents.

### **Conservation Easement**

A legal agreement, often used to preserve rural areas or greenfields, in which a government or nonprofit can purchase a property in return for the guarantee of preserving it from development.

### **Co-operative (co-op)**

A form of shared ownership housing where all residents own stock in the corporation that owns the property. They do not own their units, but co-op share ownership entitles a resident to a long-term lease on a unit and a vote in the governance of the property. Limited equity cooperatives are a form of affordable, resident-controlled homeownership in which the individual share purchase prices are very low so that the resident does not need mortgage financing to buy in. Like rental properties, co-ops may be syndicated to raise money for the construction.

### **Cottage Housing**

Cottage Housing is generally defined as a grouping of small, single family dwelling units clustered around a common area and developed with a coherent plan for the entire site. They have gained popularity in recent years as a type of infill development on small sites, within existing developed areas. The cottage units may have other shared amenities. The shared common area and coordinated design allow densities that are higher than typical single family neighborhoods, while minimizing impacts on adjacent residential areas.

**Deferred loan (a.k.a. deferred payment second mortgage or soft debt)**

Debt (borrowed money), often from a public or charitable source, repayment of which may be postponed for a specified period of time, indefinitely, or forgiven entirely, if the property maintains certain levels of affordability for a defined time period. Most deeply affordable housing needs some type of deferred loan in order to be feasible.

**Department of Housing and Community Development (DHCD)**

Massachusetts DHCD is the state's lead agency for housing and community development programs and policy. It oversees the state-funded public housing, administers rental assistance programs, including tax credits, provides funds for municipal assistance, and funds a variety of programs to stimulate the development of affordable housing.

[www.mass.gov/hed](http://www.mass.gov/hed)

**Department of Housing and Urban Development (HUD)**

The U.S. Department of Housing and Urban Development's mission is to create strong, sustainable communities and quality affordable homes. HUD administers hundreds of programs targeting communities from urban to rural.

[www.hud.gov](http://www.hud.gov)

**Entitlement Community**

A city or urban county of at least 50,000 in population making it eligible for Community Development Block Grant (CDBG) funds directly from HUD.

**Expiring Use Restrictions**

Refers to affordable housing where the restrictions on rents and/or incomes of occupants could or will expire in the near future if owners prepay their publicly assisted mortgages and convert the units to market rate housing. The units were built with federal and/or state subsidies (such as low cost mortgages, interest subsidies, rent subsidies and loan guarantees). While mortgages and other assistance often had terms as long as 30-40 years, many gave owners the option to prepay the mortgage after 20 years and thus remove use restrictions on the property. *Also see CEDAC.*

**Fair Housing Act/MA Fair Housing Act**

Federal legislation, first enacted in 1968 and expanded by amendments in 1974 and 1988, that provides the Secretary of HUD with investigation and enforcement responsibilities for fair housing practices. The law prohibits discrimination in housing and lending based on race, color, religion, sex, national origin, handicap, of familial status. There is also a Massachusetts Fair Housing Act, which extends the prohibition against discrimination to sexual orientation, marital status, ancestry, veteran status, children, and age. The state law also prohibits discrimination against families receiving public assistance or rental subsidies, or because of any requirement of these programs.

**Fair Market Rents (FMRs)**

Maximum rents allowed by HUD in the Section 8 rental assistance program. Updated and published annually, FMRs represent HUD's estimate of the actual market rent for an apartment in the conventional marketplace. HUD sets FMRs by unit size (0 bedroom, 1 bedroom, etc.) and regions within each state. The current FMRs are posted on HUD's website:

<http://www.huduser.org/portal/datasets/fmr.html>.

**Federal Home Loan Bank of Boston (FHLBB)**

One of the 12 district banks, the FHLBB covers the 6 New England states and is owned by more than 460 New England financial institutions. A wholesale bank (a bank for banks), it provides access to credit for its members and administers several grant and loan programs to promote community development and expand affordable housing.

**Federal Home Loan Mortgage Corporation (FHLMC) or Freddie Mac**

Congressionally chartered agency established in 1970 (and privatized in 1989) to buy qualifying residential mortgages from originating lenders. The loans are either kept in portfolio or packaged and sold as securities. Freddie Mac also offers programs with more flexible underwriting guidelines for lower income homebuyers. With Fannie Mae, the corporation's activity has helped to create an enormous secondary mortgage market.

**Federal National Mortgage Association (FNMA of Fannie Mae)**

Created in 1938 to purchase FHA, and later VA and conventional mortgages, Fannie Mae is now privately owned and managed, federally chartered corporation, the largest source of home mortgage funds in the United States. It buys qualifying residential mortgages from originating lenders and either keeps them in portfolio or packages and sells them as securities. Fannie Mae also offers programs with more flexible underwriting guidelines for lower income homebuyers.

**501(c)(3)**

Section of the Internal Revenue Code that grants status as a nonprofit corporation and entitles organizations to receive tax-exempt status and tax-deductible donations.

**Geographic Information Systems (GIS)**

A computerized system that stores and links spatially defined data in a way that allows information display and processing and production of maps and models. GIS is a powerful planning and analytical tool.

**Green Building**

A whole-building and systems approach to design and construction that employs building techniques that minimize environmental impacts and reduce the energy consumption of buildings while contributing to the health and productivity of its occupants.

**Green Development**

Development that uses environmentally friendly building practices and energy efficiency. There are a number of public and private incentives for green development, and increasingly, nonprofit developers use green construction as a way of increasing the expendable resources of lower income persons.

**Greenfields** Undeveloped land. Smart growth principles dictate that new development be steered away from greenfields to the maximum extent possible and toward sites where infrastructure and public transportation already exist, or to contaminated and/or underutilized sites that can be reclaimed to accommodate new development.

**HOME Investment Partnership Program (HOME)**

A federal program run by HUD which provides annual grants on an entitlement basis to states, large cities and consortia of smaller communities for affordable housing activities, including homeownership, rent subsidies, housing development and rehabilitation. Similar to CDBG funds, some communities are part of a consortium and receive HOME funds directly from HUD and distribute in their communities. DHCD administers HOME funds at the state level.

**Housing Appeals Committee (HAC)**

A quasi-judicial body within DHCD, which hears appeals by developers, local zoning boards on comprehensive permit (Chapter 40B) decisions by local Zoning Boards of Appeal.

**Housing Consumer Education Centers**

A statewide information and referral network that assists tenants, landlords, current and prospective homeowners with their housing problems. The Centers are located at agencies that provide a variety of housing services throughout Massachusetts.

[www.masshousinginfo.org](http://www.masshousinginfo.org)

**Housing Stabilization Fund**

The Housing Stabilization Fund (HSF) is a program available through DHCD to support comprehensive neighborhood redevelopment efforts and to help developers and municipalities acquire, preserve and rehabilitate affordable housing. The state legislature placed a special emphasis on reusing foreclosed and distressed properties and on creating affordable homeownership opportunities.

**Housing Toolbox/Welcome Home Massachusetts**

MHP and the Citizens Housing and Planning Association (CHAPA) created an online affordable housing strategy web site that is designed to be a one-stop resource for local housing officials and volunteers. Called the Massachusetts Toolbox, the site features content designed to help local officials and volunteers move locally-initiated affordable housing developments forward.

The toolbox provides easy access to strategies and best practices related to the preservation and production of all varieties of affordable housing.

[http://housingpolicy.org/index\\_MA.html](http://housingpolicy.org/index_MA.html)

**Inclusionary Zoning**

A local zoning ordinance that either requires or encourages a developer to include affordable housing as part of a development, or contribute to a fund for such housing. The bylaw may provide incentives such as increased density, reduced parking requirements, or expedited permitting in exchange for the affordable housing.

**Infill Development**

The practice of building on vacant or undeveloped parcels in dense areas, especially urban and inner suburban neighborhoods. Promotes compact development.

**Limited Equity Homeownership**

Ownership housing where resale values are restricted in order to maintain the long-term affordability of the units. A technique often used for housing developed with public assistance in order to reduce development costs (e.g. funding, relaxed zoning regulations, discounted sale of public land). Can take the form of a cooperative, a condominium or fee simple ownership.

**Local and Regional Housing Authorities (LHAs)**

A housing authority set up by a city or town, or group of towns, in accordance with state law, M.G.L. Ch. 149 to provide low-income family or elderly housing.

**Local Housing Partnership**

A local housing committee appointed by the municipality with the purpose of promoting opportunities to produce and preserve affordable housing.

**Local Initiative Program (LIP)**

A state program under which communities may use local resources and DHCD technical assistance to develop affordable housing that is eligible for inclusion on the State Housing Inventory (SHI). LIP is not a financing program, but the DHCD technical assistance qualifies as a subsidy and enables locally supported developments, that do not require other financial subsidies, to qualify for inclusion on the Subsidized Housing Inventory.

**Low-Income Housing Tax Credit (LIHTC)**

Federal tax credit for developers of affordable housing. States receive an annual dollar value of credits which they then allocate to qualifying projects based on priorities established in a state allocation plan. DHCD is the allocating agency for Massachusetts.

**Manufactured Homes**

A home built entirely in the factory to a federal building code administered by HUD. The Federal Manufactured Home Construction and Safety Standards (commonly known as the HUD code) went into effect June 15, 1976. Manufactured homes may be single- or multi- section and are transported to the site and installed. The Federal standards regulate manufactured housing design and construction, strength and durability, transportability, fire resistance, energy efficiency, and quality.

**Massachusetts Affordable Housing Trust Fund (AHTF)**

A revolving trust fund established by the Massachusetts Legislature as Section 227 of Chapter 159 of the Acts of 2000, and now known as Chapter 121D. Administered by MassHousing, AHTF functions as a gap filler, the last funding piece necessary to make an affordable housing development financially feasible and sustainable for the long term. Funding is typically in the form of deferred loans.

**MassDevelopment**

A quasi-public agency created in 1998 by the merger of the Government Land Bank of the Massachusetts Industrial Finance Agency. MassDevelopment offers a variety of programs in support of economic development, large scale real-estate development projects and brownfield clean-up including pre-development assistance, loans, loan guarantees, mortgage insurance and taxable and tax-exempt bond financing. Its programs can also be used for mixed commercial and residential projects.

[www.massdevelopment.com](http://www.massdevelopment.com)

**MassHousing (formerly the Massachusetts Housing Finance Agency, MHFA)**

A quasi-public agency created in 1966 to help finance affordable housing programs. MassHousing sells both tax-exempt and taxable bonds to finance its many single-family and multi-family financing programs. The Agency oversees and regulates the properties it has assisted, and runs a number of other programs, some on behalf of HUD and DHCD.

[www.masshousing.com](http://www.masshousing.com)

**Massachusetts Housing Investment Corporation (MHIC)**

A private, non-profit corporation that provides loans for affordable housing, equity funds for low-income housing tax credit (LIHTC) developments and loan guarantees for lead paint abatement loans. Created in 1991 by a consortium of banks, MHIC also administers a bridge financing program for tax credit projects in conjunction with the Massachusetts Housing Partnership Fund.

[www.mhic.com](http://www.mhic.com)

**Massachusetts Housing Partnership (MHP)**

A quasi-public agency created by the state legislature in 1985 to support affordable housing and neighborhood development. It is funded by state-mandated contributions from interstate banks and has received state funds as well. It is governed by a seven-member board appointed by the governor and the state's banking industry. MHP provides, below-market financing and bridge loans for affordable rental housing, runs the "One Mortgage" program for first time homebuyers and provides technical assistance to communities to support affordable housing.

[www.mhp.net](http://www.mhp.net)

**Massachusetts Rental Voucher Program (MRVP)**

A state-funded rental assistance program begun in November 1992, as a revised version of the state's previous rental assistance program (Chapter 707). It has both a project-based component and a tenant-based component.

**Mixed Income Housing Development**

Development that includes housing affordable to various income levels.

**Mixed Use Development**

Projects that combine different types of development such as residential, commercial, office, industrial and institutional into one project.

**Municipal Affordable Housing Trust**

Passed into law in Massachusetts in 2005, allows for the creation of a trust created as part of local government for the purpose to administering funds and managing a range of real estate activities related to affordable housing.

**Neighborhood Revitalization Strategy Area (NRSA)**

Communities with HUD-approved NRSA's are offered enhanced flexibility in undertaking economic development, housing and public service activities with their CDBG funds. This flexibility is designed to promote innovative programs in economically disadvantaged areas of the community.

[www.hud.gov](http://www.hud.gov)

**New England Fund (NEF)**

An affordable housing program run by the Federal Home Loan Bank of Boston (FHLBB) NEF provides loans to member financial institutions to finance affordable housing. NEF is a widely used program for the development of mixed income housing under the Ch. 40B Comprehensive Permit.

**OneStop Application**

A detailed application for public funding sources submitted to DHCD by affordable housing developers. This comprehensive funding application ensures that funders are reviewing the same information and have complete financial information for a development project. Most public financing for affordable housing is obtained through DHCD which holds public funding rounds once or twice a year.

**Regional Planning Agencies (RPA)**

There are twelve Massachusetts regional planning agencies. They are public organizations that serve the local governments by dealing with issues and needs that cross city, town and county boundaries, through planning, policymaking, advocacy and technical assistance. Different RPAs have different strengths and focuses.

[www.apa-ma.org](http://www.apa-ma.org)

**Request for Proposal (RFP)**

A process for soliciting applications for technical or consulting services or for project developers when funds are awarded competitively. In Massachusetts, public bodies securing goods and services and/or acquiring or disposing of real property are subject to M.G.L. Ch. 30B and should consult the Office of the Inspector General for required procedures and information about RFP's.

**Section 8**

A HUD program (officially called the Housing Choice Voucher Program) providing funding for rental assistance to low-income households. Participating tenants typically pay 30% of their income for housing (rent and utilities) and the federal subsidy pays the balance of the rent.

**Single Room Occupancy (SRO)**

Efficiency units which may or may not include separate bathroom or kitchen facilities.

**Smart Growth**

An approach to planning and development that promote a more efficient use of land to reduce sprawl using compact development patterns that are less dependent on the automobile and include a range of housing options and improve the balance of jobs and housing within the community or the region.

**OneMortgage Program (formerly Soft Second Program)**

The State's first time homebuyer mortgage program operated by the Massachusetts Housing Partnership. ONE Mortgage features low, fixed-rate financing and as state-backed reserve that relieves homebuyers from the cost of private mortgage insurance. Eligible buyers obtain a bank mortgage from participating banks.

[www.mhp.net/homeownership](http://www.mhp.net/homeownership)

**Subsidy**

Typically refers to financial assistance that fills the gap between the cost of affordable housing development/operations and the mortgage or sales income supported by income restricted rentals or homeownership sales. Affordable rents and home sales prices are determined by financing program eligibility requirements. Often, multiple subsidies from various sources are needed, referred to as the "layering" of subsidies, in order to make a project feasible. In the state's Local Initiative Program (LIP), DHCD's technical assistance qualifies as a subsidy and enables locally supported developments that do not require other financial subsidies to use the comprehensive permit process. Also, "internal subsidies"

refers to those developments that do not have an external source(s) of funding for affordable housing, but use the value of the market units to “cross subsidize” the affordable ones.

**Transit Oriented Development (TOD)**

Mixed-use higher density development centered on existing or new transportation facilities including bus, rail, bicycle and pedestrian pathways.

**Transitional Housing**

A short term housing option for families or individuals that do not have permanent housing but benefit from more stability than that of an emergency shelter.

**Universal Design**

Building design that creates accessible and usable space for everyone, including people with disabilities.