

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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.

