

AFFORDABLE HOUSING GLOSSARY

Massachusetts Housing Institute 2013

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 HUD and used as the basis of eligibility for most housing assistance programs.

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.

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.

Chapter 40B

The State's Comprehensive Permit law, enacted in 1969, which 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); see also Comprehensive Permit)

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. HUD provides funding either directly to municipalities or through the Massachusetts Department of Housing and Community Development.

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.

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.

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 may allow densities that are somewhat higher than typical in single family neighborhoods possible while minimizing impacts on adjacent residential areas. As a result, cottage housing can offer its owners a quality living experience that is less expensive than traditional single family housing. It also offers a degree of privacy and some of the benefits of single family housing combined with the lower cost and maintenance of attached housing. The clustered arrangement can contribute to a sense of community. Even so, its departure from existing patterns and its higher density have encountered resistance in some communities.

Deferred loan (or "deferred payment second mortgage")

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. A commonly used financing mechanism to support affordable housing.

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, provides funds for municipal assistance, and funds a variety of programs to stimulate the development of affordable housing. Until July 1996, DHCD was known as the Executive Office of Communities and Development. Prior to that, it was also called the Department of Community Affairs.

Entitlement Community

A city or urban county of at least 50,000 in population and which therefore becomes eligible for, or entitled to, Community Development Block Grant (CDBG) funds directly from the federal government.

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.

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. 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.

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 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. 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. 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.

HOPE VI

A federal program (aka the Urban Revitalization Program) that provided funding for the revitalization of severely distressed or obsolete public housing sites. Funds can be used for demolition or rehabilitation of units; construction of replacement units; rental assistance to tenants who are displaced; provision of self-sufficiency services for tenants; and for programs designed to improve management. No longer active, this federal program did create guidelines for using mixed-financing on federal public housing land.

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.

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.

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 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, which in turn allows undeveloped land to remain open and green.

Limited Equity Homeownership

Ownership housing in which 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 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. 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 use the comprehensive permit process, and allows units created locally without the use of a comprehensive permit 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 (MAHT)

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 payment 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.

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 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.

Massachusetts Housing Investment Corporation (MHIC)

A private, non-profit corporation which 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.

Massachusetts Housing Partnership (MHP)

A quasi-public agency created by the 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 technical assistance and below-market financing and bridge loans for affordable rental housing, runs the "Soft Second" program for first time homebuyers together with DHCD.

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 for various income levels. In urban neighborhoods, it is a tool to deconcentrate poverty. In suburban neighborhoods, it is a design principle that designates a percentage of housing to different price ranges and may include persons with very low-income.

Mixed Use Development

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

Modular Homes

A factory built home, built to applicable State and local codes. Modules are transported to the site and installed.

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 NRSAs 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.

Neighborhood Stabilization Program (NSP)

A part of the 2008 Housing and Economic Recovery Act (HERA), the NSP provides \$3.9 billion to state and local governments for dealing with foreclosed properties. This new program has expanded the boundaries of what local actors might be able to do to reclaim vacant, foreclosed properties. NSP funds have gone directly to four cities in Massachusetts: Boston, Springfield, Worcester, and Brockton. DHCD is also administering NSP funds.

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 used by Massachusetts public funding sources for developments. This comprehensive funding application ensures that funders are reviewing the same information and have complete financial information for a development project.

Regional Planning Agencies (RPA)

Public agencies that coordinate planning in each of thirteen regions of the state. They provide professional planning services to communities that include master planning, needs assessments, affordable housing plans, and traffic impact studies.

Request for Proposal (RFP)

A process for soliciting applications for technical or consulting services or for project developers when funds are awarded competitively.

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.

Soft Second Mortgage Program

The State's first time homebuyer mortgage program operated by the Massachusetts Housing Partnership. Eligible buyers obtain a bank mortgage from participating banks and combine that with a second mortgage for a portion of the purchase price. The second mortgage may be subsidized for 10 years.

Subsidy

Typically refers to financial assistance that fills the gap between the costs of any affordable housing development and what the occupants can afford based on program eligibility requirements. Many times multiple subsidies from various funding sources are required, often 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).

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.

U.S. Department of Housing and Urban Development (HUD)

The lead federal agency for regulating housing, including fair housing and housing finance. It is also the major federal funding source for affordable housing programs.

Universal Design

Products and buildings that are accessible and usable by everyone, including people with disabilities.