



Affordable Accessory Apartment Program

What is Chapter 40B?

Chapter 40B, the Massachusetts' affordable housing production law, addresses the systemic roots of economic and social inequity by requiring that 10% of a municipality's housing qualifies as affordable. In any municipality that does not meet the 10% requirement, a developer can override local building permit approval processes, local zoning and other restrictions without Town Meeting approval. This means that the town and neighbors would have no recourse or control over the density or design of the project.

Lincoln's Subsidized Housing Inventory (SHI) Projection identifies the need for Lincoln to create 10 to 20 units of affordable housing before the 2020 census is conducted. The Housing Commission estimates that Lincoln's SHI will fall from 10.9% to 9.75%.

How will Warrant Article 12 help?

Lincoln is one of the few communities in Massachusetts that has never issued a Chapter 40B comprehensive permit. For over 45 years, Lincoln has provided affordable housing entirely through its own local initiatives: by adopting zoning incentives, granting special permits, investing local revenues and Community Preservation Act (CPA) funds.

Every new housing unit creates the need for more affordable housing to maintain the 10% affordability ratio. The Town of Lincoln currently has about 70 known (permitted) accessory apartments, and an unknown number of unpermitted apartments. If some homeowners converted their existing apartments to meet state guidelines, Lincoln would increase its Subsidized Housing Inventory without building new housing units.

Warrant Article 12 creates the foundation for the Affordable Accessory Apartment Program, by revising the current by-law to conform to Department of Housing and Community Development regulations (DHCD).

What is the Affordable Accessory Apartment Program?

The program is a public/private partnership, a collaboration between the Town of Lincoln and individual homeowners to create affordable housing eligible for Lincoln's affordable housing inventory. The Commonwealth's Department of Housing and Community Development (DHCD) has updated its guidelines to make it easier for homeowners to comply with regulations, so this is a good time for Lincoln to move forward.

Why Affordable Accessory Apartments?

Affordable Accessory Apartments are compatible with Lincoln's character and vision while providing new housing choices by:

- Providing affordable housing to families and individuals whose income is between 60% and 80% of area median income.
- Providing housing opportunities to young families, single parents, veterans, seniors, town employees and employees of small local businesses.
- Providing income to residents, especially those with modest incomes, to remain in their homes.
- Adding units to the Subsidized Housing Inventory (SHI) at little cost to the Town.
- Scattering affordable housing throughout the town.
- Contributing to the efficient use of land and structures.
- Adding a unit of housing without increasing a home's footprint, which means less environmental impact.

What is required by Department of Housing and Community Development (DHCD)?

- A Special Permit from the town's Zoning Board of Appeals (ZBA).
- A Deed Restriction recorded at the South Middlesex Registry of Deeds.
- An Affirmative Fair Marketing Plan.

How does a homeowner get a Special Permit?

By filing a Special Permit Application with the ZBA. **Some** of the requirements are as follows:

- The house will retain the appearance of a single-family residence.
- The apartment will have a separate entrance.

- There is off street parking.
- The changes are not detrimental to the neighborhood.
- The apartment does not exceed 1200 square feet or more than 35% of the home's square footage.
- There is an adequate septic system.
- Provide certified architectural plans.

How does the Deed Restriction work?

- DHCD requires a 15-year Deed Restriction recorded at the South Middlesex Registry of Deeds.
- The Deed Restriction terminates upon sale of the property.
- DHCD allows a Deed Restriction to be voluntarily terminated with 60 days' notice at the end of a tenant's lease term.

What does Affirmative Fair Marketing mean?

This is the process of selecting tenants to affirmatively advance fair housing and promote equity. To meet this requirement, the Affordable Accessory Apartment Program will have a lottery that will create a waiting list. Homeowners will be required to select tenants from the waiting list created by the lottery. The tenant for an Affordable Accessory Apartment cannot be a family member or employee of the homeowner.

Department of Housing and Community Development (DHCD) regulations require that an Affordable Accessory Apartment be rented to income qualified tenants only. Family income must be between 60% and 80% of Area Median Income. In addition, the monthly rent shall not exceed the maximum affordable rent for a household of appropriate size, as prescribed in the Affordable Accessory Apartment guidelines.

What is the Area Median Income (AMI)?

HUD calculates Area Median Income for every region in the United States. Lincoln is part of the Boston-Cambridge-Quincy MA Region. The Affordable Accessory Apartment Program is designed to help families with income between 60% and 80% of AMI.

FY 2016 Income Limits Summary				
Persons	1	2	3	4
60% of AMI	\$38,363	\$43,838	\$49,313	\$54,788
80% of AMI	\$51,150	\$58,450	\$65,750	\$73,050

What is Fair Market Rent (FMR)?

HUD calculates Fair Market Rent for every region in the United States. Rents vary depending on size of unit and whether or not utilities are included. Approximate Fair Market Rent for Lincoln’s region is as follows:

FY 2017 Fair Market Rents			
Number of Bedrooms	One Bedroom	Two Bedroom	Three Bedroom
At 60% of AMI	\$1,029	\$1,268	\$1,587
At 80% of AMI	\$1,372	\$1,691	\$2,116

What are the incentives for homeowners?

- Homeowners will qualify for a real estate tax exemption on the portion of the property that is dedicated to an Affordable Accessory Apartment.
- The Affordable Housing Trust will grant 10 year, \$25,000 loans to homeowners. The loans are interest free and will be forgiven if the accessory apartment remains on the Subsidized Housing Inventory for 10 years.

How does the Property Tax Exemption work?

No property tax will be charged for the portion of the property used for affordable housing purposes. For example:

- If the house is 3500 square feet and the apartment is 700 square feet. The exemption applies to 700 square feet. The affordable accessory apartment is 20% of the house.
- Tax on the entire 3500 square foot house (land not included): \$5,022 per year.
- Tax on the land: \$7,570
- Total real estate tax: \$12,592
- Exemption on the 700 square feet apartment would be \$1,004 per year, so the homeowner would pay \$11,588 in property tax on the home.

Warrant Article 13: In order to provide a tax exemption, Town Meeting must first vote yes on Article 12. After the passage of Warrant Article 12 Town Meeting will have the opportunity to pass special legislation to permit a property tax exemption on affordable accessory apartments.

What are the terms of the Loan Program?

- \$25,000 loan for 10 years
- Interest free and will be forgiven after 10 years
- If homeowner should opt out of Affordable Accessory Apartment Program prior to 10 years, the homeowner may keep \$2,500 per year for each year the unit remains on the Subsidized Housing Inventory. The balance of the loan is due upon withdrawal from the Affordable Accessory Apartment Program.

While the Affordable Accessory Apartment Program is an exciting opportunity to create Affordable Housing that will count toward our affordable housing inventory, being a landlord is not for everyone. We recommend that you seek the advice of legal and financial professionals before entering into the Affordable Accessory Apartment Program.

For information on Lincoln's Affordable Accessory Apartment Program contact:

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From the Lincoln Housing Commission