Affordable Accessory Apartments

March 2017

Sponsored by the
Lincoln Affordable Housing Coalition
“Our mission is to foster economic, racial, ethnic, and age diversity among Lincoln’s citizenry through the creation of affordable housing.”

- From the Lincoln Vision Statement
Why do we need Affordable Housing?

Massachusetts has 4th highest housing costs in the country

From MHP Affirmative Fair Marketing materials
Lincoln’s Housing Costs

Lincoln has the 2nd highest housing costs in Region

In the Town of Lincoln, 40% of households have income greater than $200,000

5% of Lincoln Households earn less than $35,000 per year

Median Home Price: $1,108,422
Is it just Massachusetts? NO!

12 million homeowners pay more than 50% of their annual income for housing.

One full-time worker making minimum wage cannot afford a two bedroom apartment anywhere in the United States.
Who needs Affordable Housing?
Everyone!

- Aging population
- Baby boomers need options to downsize
- State is losing young workers and families
How much should housing cost?

No more than 30% of household’s annual income
What is Chapter 40B?

Massachusetts’ affordable housing production law

Requiring that 10% of a municipality’s housing qualifies as low-moderate income housing

OR

Developer can override local building permit approval processes
Subsidized Housing Inventory (SHI)

Lincoln SHI is 10.96%
Estimate for 2020 9.83%

<table>
<thead>
<tr>
<th>Type of Unit</th>
<th>Number of Units</th>
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<tbody>
<tr>
<td>Home Ownership Units</td>
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<tr>
<td>Group Home Bedrooms</td>
<td>14</td>
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<tr>
<td>Rentals</td>
<td>165</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>238</strong></td>
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</table>
40B: 350 units on 30 acres of land
Affordable Accessory Apartment Program
Our Goal is to Create 10 - 20 Affordable Accessory Apartments before 2020
Why Accessory Apartments?

Provides a diverse housing stock and a solution to an impending economic challenge for the state.

Multi-family housing in every community increases access to housing and helps to solve our housing crisis.

From MHP Affirmative Fair Marketing materials.
Affordable Accessory Apartments
What is the Accessory Apartment Program?

A collaboration between the Town of Lincoln and an individual homeowner to create affordable housing eligible for Lincoln’s affordable housing inventory.
Partnership

Home-Owner

• Comply with DHCD Guidelines
• Deed Restriction
• Choose from Ready Renter’s list
• Collect Rent
• Maintain Accessory Apartment

Housing Commission

• Provide Ready Renter’s List
• Compliance Monitoring (verify eligibility once per year)
• Establish Monthly Rent
• Provide Credit Report
• Provide Criminal Background Report
DHCD REQUIREMENTS

- Special Permit
- Deed Restriction
- Affirmative Fair Marketing
Special Permit

Some of the Requirements:

- Retain the appearance of single family residence
- Lot size: 40,000+ square feet
- Off street parking
- Not detrimental to the neighborhood
Deed Restriction

- Minimum term of 15 years
- Terminates upon sale of property
- Voluntary termination requires a minimum of 60 days notice
How does Affirmative Fair Marketing work?

- The Town has a Lottery to create a Ready-Renters list
- Town refers the 3 top eligible families from Ready Renter List
- Home-owner may select any of the referred applicants or request additional referrals
- Homeowner cannot rent to family or employees
What is Fair Market Rent?

The total cost is no more than 30% of annual income

Up to

1 bedroom $1,261
2 bedroom $1,567
3 bedroom $1,945
4 bedroom $2,148
Home-Owner Incentives

• Tax Exemption

• Up to $25,000 Loan
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.
Affordable Accessory Apartment Loan Program

The Lincoln Affordable Housing Trust established a fund for the purpose of granting 10 year, $25,000 loans to homeowners who participate in the Affordable Accessory Apartment Program. The loans are interest free and will be forgiven after the accessory apartment has been on the Subsidized Housing Inventory (SHI) for 10 years.

If the homeowner should elect to opt out of the 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.
Accessory Apartment Process
Overview

Board of Health

Planning Board

Conservation

ZBA

Building Inspector
Board of Health

A written report certifying that adequate provisions have been made for the disposal of sewage and waste.

If your septic systems is near wetlands you may be required to receive permission from Conservation Commission.
Planning Board

- Lot Determination
- Statement of how the project effects the neighborhood
- Planning Board makes a recommendation for conditions and restrictions to the ZBA
- Planning Board decides if site plan review is required
Zoning Board of Appeals

- Accessory to principal residence
- Does not exceed 1200 square feet or less than 35%
- Lot size: 40,000 square feet
- Off street parking
- Ingress and egress
- Building 10 years old (some exceptions)
Certified Plans
Existing Accessory Apartment?

Interested in converting to a deed restricted affordable accessory apartment?

Meet with Housing Commission

Deed Restriction & LIP Application
Meet with Housing Commission

Will this unit qualify for Lincoln’s Subsidized Housing Inventory?
Building Inspector
2017 Town Meeting

Warrant Article 12: Vote yes to modify the Accessory Apartment By-Law

Warrant Article 13: Vote yes to allow a property tax exemption on Affordable Accessory Units
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.
Any Questions or Comments?

Call or email:

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