

The general definition of affordable housing is when a household spends no more than 30% of their gross monthly income on housing costs. Housing costs for homeowners includes mortgage, insurance, real estate taxes, utilities, and any condo or homeowner association fees. Housing costs for renters includes rent and utilities. Households spending more than 30% of income on housing are considered to be “cost-burdened” by housing.

MGL Ch. 40B definition of “Affordable” housing is more specific. Units must be affordable to households earning up to 80% of Area Median Income (AMI), and must be restricted as affordable for a period of time through a regulatory agreement and in the case of homeownership units, with a deed restriction. Units must be sold or rented to income-eligible households according to a State-approved marketing and tenant selection plan. Units must be subsidized, but a subsidy can come in many forms (land, money, density bonus, etc.). Many State and Federal subsidy programs require greater levels of affordability below the 80% AMI threshold.

Units meeting the Ch. 40B definition may be listed on the State’s Subsidized Housing Inventory (SHI) and count towards a town’s goal of 10% Affordable housing units.

The Community Preservation Act (CPA) defines “community housing” as housing affordable to households earning up to 100% of Area Median Income. Communities may further restrict CPA-funded units to meet the Ch. 40B definition.

“affordable” vs. “Affordable”



Naturally occurring affordability, with no restrictions on income or rent – vulnerable to market forces that could increase prices beyond what is affordable

Anyone can live in the housing as long as they make it past landlord’s review (for rental) or bank approval for a mortgage (for ownership)

Often there are reasons for the affordability, such as poor physical condition or less desirable location

Sale price or rents are kept affordable over time – will increase based on median incomes in the area, not due to swings in the market

Must be sold or rented to households earning below a certain income – requires fair marketing of units and a vetting process to determine income qualification

Often built or preserved with local, state, or federal funds, or uses these funds to operate

APPROXIMATE Maximum Affordable Rents and Sale Prices for Franklin County in 2019

Household (HH) Size	SHI Maximum HH Income (80% AMI)	CPA Maximum HH Income (100% AMI)	SHI Maximum Monthly Housing Costs*	CPA Maximum Monthly Housing Costs*	SHI Maximum Sales Price**	CPA Maximum Sales Price**
1	\$49,700	\$59,570	\$1,243	\$1,489	\$144,000	\$172,000
2	\$56,800	\$68,080	\$1,420	\$1,702	\$165,000	\$197,000
3	\$63,900	\$76,590	\$1,598	\$1,915	\$185,000	\$222,000
4	\$70,950	\$85,100	\$1,774	\$2,128	\$205,000	\$246,000
5	\$76,650	\$91,908	\$1,916	\$2,298	\$222,000	\$266,000
6	\$82,350	\$98,716	\$2,059	\$2,468	\$239,000	\$285,000

* Includes utilities or a utility allowance.

** Based on a 30-year mortgage with a 5% down payment, at 4.5% interest rate, and a property tax rate of 17.5 (median for Franklin County towns, will vary by town). Sale prices include a 10% window of affordability to allow for more income-eligible households to potentially qualify for a unit.

Table Definitions:

AMI	Area Median Income	Set by the U.S. Department of Housing and Urban Development (HUD) each year
SHI	Subsidized Housing Inventory	This is the State's official count of Affordable units in each town, according to the definition in MGL Ch. 40B
CPA	Community Preservation Act	Adopted at the town level, CPA provides funds for "community housing" for households earning up to 100% of AMI