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Town of Lexington
Moderate Income Units Guidelines

Voted January 5, 2022

The Moderate Income Guidelines apply to moderate income ownership units created through Special Permit conditions. For this purpose, moderate income households are defined as households earning between eighty (80) and one-hundred and fifty (150) percent of the Area Median Income (AMI) for the Boston Metropolitan Statistical Area. The Planning Board will define the specific target income (AMI) for the development in the special permit depending on the specifics of the proposed project.

Item	Description	Lexington Criteria
Affordable Housing Restriction	<p>An affordable housing restriction is required as defined in MGL. Chapter 184 sections 31 and 32.</p> <p>Department of Housing and Community Development (DHCD) and the state agencies endorse the Universal Deed Rider for homeownership restrictions. This form survive foreclosure and has other beneficial features.</p> <p>Lexington uses the Universal Deed Rider as its standard deed rider to use for moderate income restrictions.</p>	<p>The Lexington moderate income deed restriction requires:</p> <p>Runs with the land for perpetuity</p> <p>Restricts occupancy to Income Eligible Households.</p> <p>Requires that residents occupy the units as their principal residence.</p> <p>Provides for effective administration, monitoring, and enforcement of the restriction with the Town as Monitoring Agent, or third party monitor as appointed by the Town.</p> <p>Contains terms and conditions for the resale of a homeownership unit, including definition of the maximum permissible resale price, and for the subsequent rental of a rental unit, including definition of the maximum permissible rent.</p> <p>Subjects the units to an Affirmative Fair Housing Marketing and Resident Selection Plan for approval by the Town and consistent with the Department of Housing and Community Development (DHCD) guidelines, as may be amended from time to time.</p>

Item	Description	Lexington Criteria
Resident Selection	<p>Department of Housing and Community Development (DHCD) has substantial requirements for Affirmative Fair Housing Marketing and resident selection, including drafting the plan, marketing and outreach activities, administering the lottery process and/or determining eligibility under applicable subsidy programs and/or qualifying buyers with mortgage lenders.</p>	<p>Lexington's Moderate Income program follows the Department of Housing and Community Development (DHCD) standards.</p>
Area Median Income	<p>HUD publishes the different Area Median Income limits annually, for household sizes. Lexington is included in the Boston-Cambridge-Quincy Metropolitan Statistical Area (MSA).</p> <p>The particular income limit for the development is included in the zoning permit.</p> <p>Sales prices for the units will consider the household income using the Bedroom+1 method – for example, 2 bedroom units use a household income limit for a three person household, with a 10% affordability window, meaning that the sales price is calculated using income levels 10% less than the income eligibility of the buyer.</p> <p>Income determination will follow the CFR 5.609 standards, similar to the Department of Housing and Community Development (DHCD) 40B guidelines, and Section 8 program</p>	<p>The particular income limit for the development is included in the zoning permit.</p> <p>Otherwise Lexington follows the Department of Housing and Community Development (DHCD) standards.</p>
Asset Limits	<p>The Department of Housing and Community Development (DHCD) standard includes retirement assets, and limit non-seniors to \$75k, and allow purchasers in a senior development an additional \$200k.</p> <p>Excluding the down payment (or some portion thereof) allows greater assets as long as they are applied to the property.</p>	<p>Calculate the asset limit based on the Department of Housing and Community Development (DHCD) standard limit (currently \$75,000) and the AMI percentage. Exclude \$200,000 of retirement assets and allow seniors an additional \$200,000 in assets.</p>

First Time Home Buyer	<p>The Department of Housing and Community Development (DHCD) affordable housing program is designed for first-time homebuyers with some allowable exceptions. An eligible First-Time Home Buyer is a household that has not owned a home within three years, with the exception of displaced homemaker, single parents and senior households (at least one household member is 55 or over).</p> <p>Those with exceptions must sell their home prior to purchase of this unit.</p>	<p>Do not require buyer to be a First-Time Home Buyer. Buyer cannot own other residential property (primary or secondary) at purchase.</p> <p>They must sell their primary residence, and cannot own a secondary unit (either vacation or investment property).</p>
Local Preference Definition	<p>Department of Housing and Community Development (DHCD) allowable categories include current resident, town/municipal employee, family of student in the Town, employee in the Town, and the pool is balanced for minorities. The categories comply with Fair Housing and constitutional law.</p>	<p>Adopt Department of Housing and Community Development (DHCD) Local Preference categories using all categories.</p>
Mortgage Terms	<p>Department of Housing and Community Development (DHCD) does not allow mortgage co-signers, and requires mortgages from institutional lenders</p> <p>DHCD does not allow variable rate mortgages to purchase, refinance, or as home equity lines of credit, and requires fixed rate fully amortizing loans.</p> <p>DHCD requires interest rates within 2% of a similar MassHousing mortgage.*</p> <p>DHCD limits loans to 2 points or less.*</p> <p>DHCD limits the maximum payment toward principal, interest, taxes and insurance to 38% on purchase loans.</p> <p>DHCD allows up to 97% loan to value on purchases and refinancing.*</p>	<p>Adopt Department of Housing and Community Development (DHCD) guidelines for all mortgage terms.</p>
Household Size preference	<p>DHCD requires that units awarded to larger households first</p>	<p>Adopt DHCD guideline and require household size preference.</p>
Minimum Down Payment	<p>The DHCD standard is 3% of the purchase price with 1.5% of the purchase price from the buyers' own funds.*</p>	<p>Adopt DHCD guideline</p>

