

2024 MMLA ANNUAL HALF – DAY
SEMINAR



LOCAL TAX INCENTIVES
FOR AFFORDABLE
HOUSING

MATTHEW J. THOMAS, ESQ.

AUGUST 1, 2024



LOCAL TAX INCENTIVES FOR AFFORDABLE HOUSING

The Commonwealth has a strong Public Policy Goal to encourage the development and maintenance of Affordable Housing.

There are a range of Local Tax Incentives to support the development of Affordable Housing.



LOCAL TAX INCENTIVES FOR AFFORDABLE HOUSING

Qualification for Affordable Housing varies by program:

- For Sturbridge (Worcester County):

Household Size	1	2	3	4
80% Income Limit	\$ 72,100	\$ 82,400	\$ 92,700	\$ 102,950
100% Income Limit	\$ 90,100	\$ 103,000	\$ 115,850	\$ 128,700

Traditional – 60% -
80% of AMI

UCH-TIF - either below
80% of AMI or below 110%
of AMI

C.59/§50 - below 200%
of AMI



URBAN CENTER HOUSING TIFS

- A UCH-TIF property tax exemption may be used to promote the development of affordable housing in eligible areas.

G.L. c. 40, § 60;

G.L. c. 59, § 5, Clause Fifty-first.

- Must be approved by municipality and Executive Office of Housing and Livable Communities.



URBAN CENTER HOUSING TIFS

- Generally similar to EDIP TIFs, but unlike the EDIP-TIF exemption, under the UCH-TIF exemption, inflation in real estate prices is gauged by reference to other residential properties in the community or by reference to both residential and commercial properties.
- Unlike EDIP TIFs, the UCH-TIF must be recorded.
- See 760 CMR 58 for more details.



WORKFORCE HOUSING STAs

- A WH-STA property tax exemption may be used to promote the development of middle income housing in eligible areas.

G.L. c. 40, § 60B;

G.L. c. 59, § 5, Clause Fifty-Eighth.

- Must be approved by municipality.
- No requirement for approval by the Executive Office of Housing and Livable Communities.



WORKFORCE HOUSING STAs

- Since there are no state regulations, the municipality must promulgate regulations.
- WH-STA cannot last more than 5 years.
- WH-STA plans may authorize property tax exemptions for owners of parcels of real estate from taxes corresponding to as much as 100% of fair cash value during two years of construction.



GENERAL LAWS CHAPTER 59, SECTION 50

- Local Acceptance
- Municipality determines:
 - Maximum amount of the exemption;
 - Annual occupant household income limit;
 - Affordable housing rate of rent;
 - Any other restriction.



GENERAL LAWS CHAPTER 59, SECTION 50

- Property Tax Exemption for Class One, Residential
 - Maximum Amount of Tax Exemption
- Qualifications
 - Rented at an affordable rate as determined by municipality in accordance with HUD Regs.
 - Rented on Yearly Basis.
 - Occupied Year Round by person or persons whose household income does not exceed amount set by municipality – but not more than 200% of AMI.



GENERAL LAWS CHAPTER 59, SECTION 50

- Property Owner seeking the exemption shall annually submit:
 - Copy of signed leases;
 - Proof of Occupying Person/Persons' Household Income;
 - What happens if Occupying Household moves out?
 - What happens if Occupying Household income changes?



GENERAL LAWS CHAPTER 59, SECTION 50

- Amount of Exemption determined by municipality but not more than tax otherwise due on parcel based on:
 - Tax based on Full & Fair Assessed Value multiplied by
 - Square Footage of Units rented & occupied by qualified households (not more than income limit set by municipality, divided by
 - Total Square Footage of Structure located on the property.



GENERAL LAWS CHAPTER 59, SECTION 50

- Let's look at an example:
 - Tax Based on Full & Fair Assessed Value \$ 12,000
 - Square Footage of Units 2 X 1200sf
rented & occupied by 2,400 sf
qualified households
 - Total Square Footage of
Structure 3,600 sf
 - Exemption (100%) \$ 8,000
 - Adjusted Tax \$ 4,000

Thank You!

MATTHEW J. THOMAS, ESQ.
4 PARK PLACE SUITE 101
NEW BEDFORD, MA 02740
(508) 994-1500
(774) 930-2936
mjt@mjthomaslaw.com

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