

## Workforce Housing

To assist developers in providing housing to middle-income households and in return for agreeing to long-term affordability restrictions, MassHousing offers subordinate debt to borrowers seeking to create housing with rents affordable to households with incomes generally between 60-120% of Area Median Income (AMI). This debt can be used with any of MassHousing’s first mortgage lending products, including construction, permanent and tax-exempt financing.

The following general lending terms and additional requirements apply:

General Lending Terms	
<b>Project Type*</b>	New construction and adaptive reuse
<b>Loan Type</b>	Subordinate Loan
<b>Loan Amount</b>	Up to \$100,000 per workforce housing unit; \$3,000,000 per project limit
<b>Lending Terms</b>	Interest rate between 0-3%, repayment of principal (and interest, if applicable) based on established amortization schedule or through cash flow sharing mechanism
<b>Maturity</b>	15-40 years
<b>First Mortgage Requirements</b>	Financed directly by MassHousing or through a lending platform approved by MassHousing
<b>Rent and Income Limits</b>	Rents affordable to households generally between 60 and 120% AMI, with income limit based on the market in which the development is located.
<b>Affordability Restriction</b>	Minimum of 20% of units at 80% of AMI
<b>Prepayment Lockout</b>	15 years
<b>Third-Party Reports</b>	Phase I ESA, appraisal, market study
<b>Accessibility</b>	Minimum number of accessible units required by code, or at least one accessible unit
<b>Construction Wages</b>	Prevailing wages if loan is used during construction

*\*Strong preference is for new construction, but projects involving acquisition or rehabilitation of an existing development where previously unrestricted units will be restricted or preservation of affordability is at risk will be considered on a case-by-case basis.*

Additional Requirements	
<b>Limited Dividend Requirement</b>	Annual distributions of cash flow are limited to 10% of equity
<b>Asset Management Requirements</b>	MassHousing-approved Management Agent, Tenant Selection Plan and Affirmative Fair Housing Marketing Plan, along with 3% DMH/DDS set-aside**

*\*\*3% of units must be set aside for residents receiving services from the MA Department of Mental Health or MA Department of Developmental Services*

For more information, please visit [MassHousing Workforce Housing page](#) or contact a Rental Relationship Manager:

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