

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	
Project Type*	New construction and adaptive reuse
Loan Type	Subordinate Loan
Loan Amount	Up to \$100,000 per workforce housing unit; \$3,000,000 per project limit
Lending Terms	Interest rate between 0-3%, repayment of principal (and interest, if applicable) based on established amortization schedule or through cash flow sharing mechanism
Maturity	15-40 years
First Mortgage Requirements	Financed directly by MassHousing or through a lending platform approved by MassHousing
Rent and Income Limits	Rents affordable to households generally between 60 and 120% AMI, with income limit based on the market in which the development is located.
Affordability Restriction	Minimum of 20% of units at 80% of AMI
Prepayment Lockout	15 years
Third-Party Reports	Phase I ESA, appraisal, market study
Accessibility	Minimum number of accessible units required by code, or at least one accessible unit
Construction Wages	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	
Limited Dividend Requirement	Annual distributions of cash flow are limited to 10% of equity
Asset Management Requirements	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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