

LOCAL
IMPLEMENTATION

Implemented on Cape Cod

OVERVIEW

Income-based deed restrictions are legal agreements that restrict who may occupy a housing unit based on their income, only allowing households earning up to a certain amount to rent or own a deed-restricted home. They aim to create and preserve attainable housing for residents who may not be able to afford homes at the market rate. Typically deed restrictions limit to households earning up to 80% area median income (AMI) or 50% AMI, though sometimes deed restrictions are for lower or higher income levels. For homeownership units, they usually limit the terms of future sales to maintain affordability for subsequent buyers. The deed restriction can be held by a variety of entities such as local governments, housing authorities, non-profits, and state agencies. Deed restrictions are often placed on properties as a requirement of certain development projects or housing non-profits may place them on properties they develop or acquire. A financial, or other, incentive can also be offered to owners or developers to deed restrict a property.

CHALLENGES ADDRESSED

-  Not Allowed to Build Multi-family Housing
-  Too Expensive to Build New Housing
-  Too Expensive to Secure or Maintain Housing
-  Hard to Find Year-round Housing

POTENTIAL BENEFITS & CONSIDERATIONS

- Provides more attainably priced homes for households who cannot affordably secure market rate homes
- Deed restrictions can be effective on a property for a certain period of time, often a minimum of 30 years, or they may be in perpetuity
- If in perpetuity, they can mitigate the loss of existing affordable and moderate-income housing
- Requires resources and time to monitor compliance
- It may limit the resale price to keep the property affordable for others, and can limit the equity an occupying household can earn
- The funding source used to secure a deed restriction may define the income limitations

RESOURCES

Deed-restricted Homeownership - This webpage from Local Housing Solutions provides an overview of deed restrictions including examples and additional resources.

Model Deed Restriction - The Grounded Solutions Network, in collaboration with Fannie Mae and Freddie Mac, created a Model Declaration of Affordability Covenants with Refinance and Resale Restriction and Purchase Option - a template for legal agreements between shared equity homeownership programs and homeowners.

CASE STUDY: BREWSTER WOODS DEVELOPMENT, BREWSTER, MA (2023)

Brewster Woods is a new affordable housing development in Brewster built by Preservation of Affordable Housing and Housing Assistance Corporation on Brewster Housing Authority land. It provides 30 rental units (comprised of a mix of one-, two-, and three-bedroom units). All of the units are restricted to families who meet certain income eligibility requirements for affordable housing.

More information about the development is available [here](#).

