

Massachusetts Housing Partnership



Training on:

Lotteries, marketing, monitoring

March 8, 2022

Elizabeth Rust, Regional Housing Services Office

Sponsored by Mass Housing Partnership



Overview

Trust-sponsored development is regulated through the DHCD LIP Program (Local Initiative Program)

- LIP 40B (friendly 40B) for zoning purposes, or
- LIP Local Action Unit (LAU) when no zoning is needed (inclusionary units, existing units, other local zoning programs)

All units that are intended to go onto the Subsidized Housing Inventory (“SHI”) must be marketed under an approved Affirmation Fair Housing Marketing Plan

- These guidelines apply to all activities from outreach and marketing to occupancy and waiting lists

Other **IMPORTANT** requirements for Trusts include adherence to Public Procurement (MGL Chapter 30B) and Public Construction (Chapter 149)

- These influence the manner of contract selection and cost of construction



Goal of the AFHMP

The AFHMP consists of actions that provide information, maximum opportunity, and otherwise attract eligible persons protected under state and federal civil rights laws that are less likely to apply

The AFHMP demonstrates compliance with this objective, creating a solid applicant pool



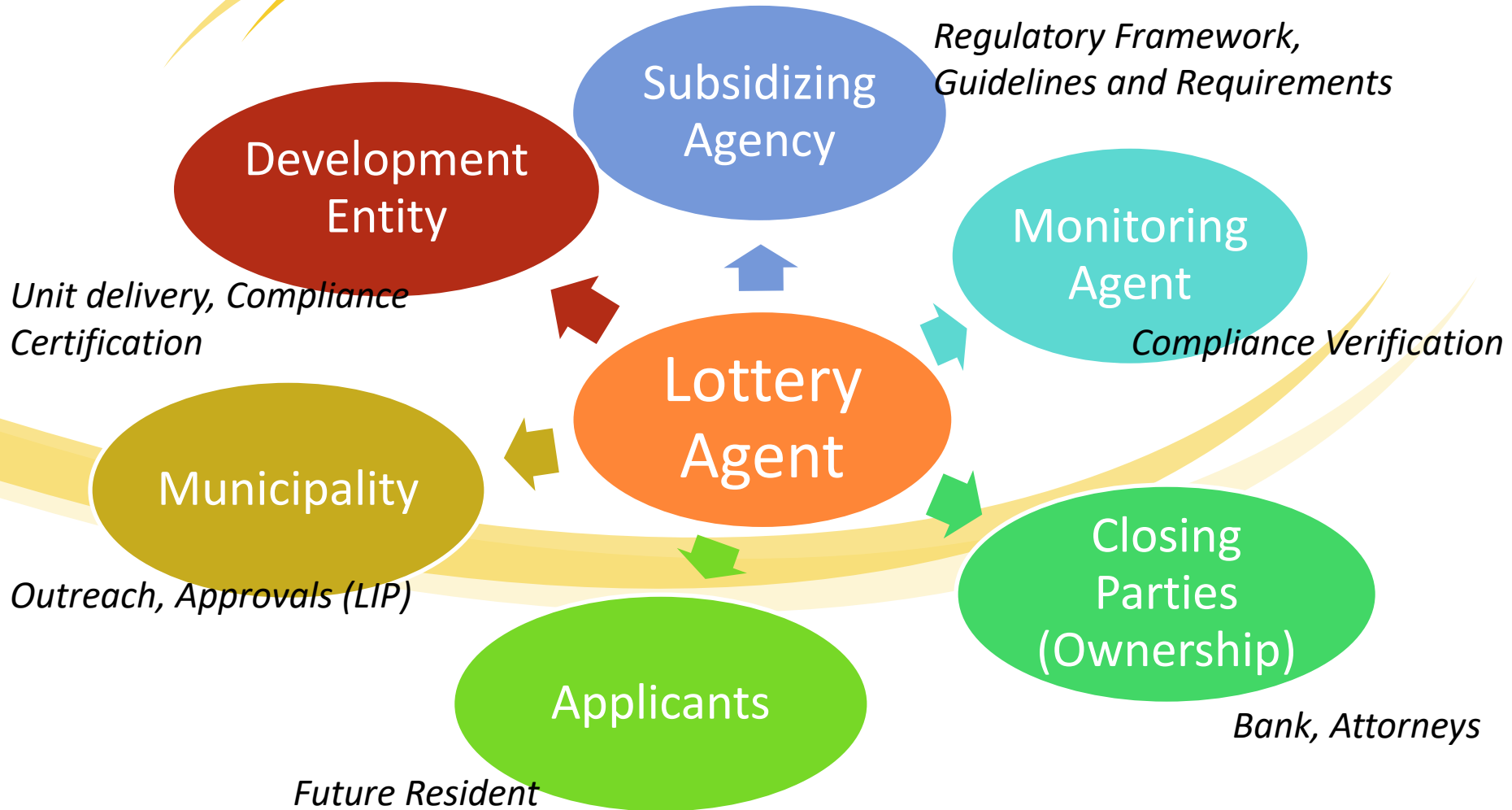
AFHMP Overview

Best Practices:

- Gain approvals from developer, municipality and subsidizing agency early
- Advertise and perform outreach widely
- Plan the schedule carefully
- Pay careful attention to the details, mistakes can be costly

A comprehensive AFHMP plan simplifies process

Players in the Lottery





AFHMP Plan Contents

Required AFHMP Content

- Overview and Marketing Plan & Developer Certification
- General Community and Unit Description
- Rents, Sales Prices, Condo Fees & Income Limits
- Reasonable Accommodation Statement
- Non-Discrimination Statement
- Limited English Proficiency (LEP)
- Eligibility Requirements
- Application process
- Lottery/resident selection
- Preference System Used
- Resident Requirements - Annual Certification

Required AFHMP Sample Documents

- Applicant Information Materials
- Sample Advertisements and other marketing materials
- Application Form (w/ authorization to consent/release info)
- Affordable Housing Deed Rider/Description (ownership)



Property Description

Community/Municipality

- Location to transit, schools, retail, services
- Development description
- Development overview / Regulatory framework

Unit Description

- What is being sold or rented?
 - Specific Unit Numbers, ADA units, unit sizes
- Costs
 - What is rent/sales price?
 - Utilities/fees – other costs in addition to price/rent
- What amenities are included
 - Level of finish, Flooring, Appliances, Parking, Laundry



Eligibility

Income Limits – For all projects

- Homeownership: At purchase only
- Rental: At initial leasing, and annually after that

Homeownership

- Asset Limits: \$75,000 maximum, additional \$200,000 for age-restricted projects
- First Time Home Owner - Definitions and Exceptions

LIP Rental

- Cannot own residential property
- No specific asset limit, but income from assets included in income



Calculating Rents

Gross Rent = 30% of the monthly Income Limits

- MassHousing: # bedrooms *1.5
- DHCD: # bedrooms +1

Subtract Utility Allowance (from local subsidized housing agency)

- Subtract from rent the amount of utilities that the tenant will pay

Rents for Units Funding by HOME, LIHTC, Other Public Subsidies May Differ

These are not Section 8 Fair Market Rents

	1BR	2BR	3BR
	2022 GROSS RENTS		
LIP Rent Income Limit	\$80,850	\$90,950	\$101,050
MH Rent Income Limit	\$75,800	\$90,950	\$105,100
80% LIP Rent	\$2,021	\$2,273	\$2,526
80% MH 40B Rent	\$1,895	\$2,273	\$2,627
Sample Utility Allowance	\$150	\$175	\$200
	2022 NET RENTS		
80% LIP Rent	\$1,871	\$2,123	\$2,376
80% MH Rent	\$1,745	\$2,123	\$2,477



Sales Prices

Condo Fees:

Percentage ownership can be determined based on either square footage or initial value of units

Affordability Window:

Price set at 70% AMI, buyer eligibility set at 80%

Condo - 2BR 80%	
Housing Cost:	
Sales Price	\$295,200
5% Down payment	\$14,760
Mortgage	\$280,440
<u>Interest rate</u>	3.26%
Amortization	30
Monthly P&I Payments	\$1,222.03
<u>Tax Rate</u>	\$14.72
monthly property tax	\$362
Hazard insurance	\$98
PMI	\$182
Condo/HOA fees (if applicable)	\$125
Monthly Housing Cost	\$1,990
Necessary Income:	\$79,593
Household Income:	
# of Bedrooms	2
Sample Household size	3
<u>HUD 80% AMI</u>	\$90,950
Target Housing Cost (80%AMI)	\$2,274
10% Window	\$79,581
Target Housing Cost (70%AMI)	\$1,990

Fee Simple 3BR 80%	
Housing Cost:	
Sales Price	\$349,800
5% Down payment	\$17,490
Mortgage	\$332,310
<u>Interest rate</u>	3.26%
Amortization	30
Monthly P&I Payments	\$1,448.06
<u>Tax Rate</u>	\$14.72
monthly property tax	\$429
Hazard insurance	\$117
PMI	\$216
Condo/HOA fees (if applicable)	
Monthly Housing Cost	\$2,210
Necessary Income:	\$88,390
Household Income:	
# of Bedrooms	3
Sample Household size	4
<u>HUD 80% AMI</u>	\$101,050
Target Housing Cost (80%AMI)	\$2,526
10% Window	\$88,419
Target Housing Cost (70%AMI)	\$2,210



Preferences

Different From Eligibility Requirements. Critical to describe this adequately in the AFHMP

1. Accessible Units
2. Household Size Preference
3. Local Preference – initial occupancy only
 - Allowable categories
 - Must be justified – at most 70%
 - Municipality generally responsible to provide justification
 - Minority Balancing (with local preference)



Outreach and Information

Advertise widely:

- Websites: Mass Access Housing Registry, Housing Navigator, Local municipal and other sites

Attendance at informational meeting is not mandatory for participation in a lottery

- Municipal attendance at information session and lottery is instructive

Applicant material should be readily available

- All materials should be available on-line



Lottery Process

Lotteries are done for the initial lease up or sale, resales of ownership units, and to refresh waiting lists

10 Steps for the Lottery Agent

1. Make arrangements for the lottery
2. Complete review of applications and determine eligibility
3. Determine local pool minority percentage, test with regional percentage, and balance if needed
4. Assign lottery numbers, and notify all applicants (eligible, ineligible)
5. Create lottery pools, with preference indicators
6. Have the lottery, pull and record all tickets for each pool
7. Re-rank pulled lists based on preferences
8. Award units
9. Assist through to contract (P&S/Lease)
10. Create the wait list from the open pool





On Going Requirements

Plan must address on-going process

- Homeownership
 - Resale, ready buyer list, first-come first-served
- Rental
 - Opening waiting lists, re-marketing or continuous marketing
- Yearly Reporting
 - Annual certification of compliance, also as indicated in the Regulatory Agreement



Summary

Have experienced agents involved in the process

Objective of the Affirmative Fair Housing Marketing Plan and subsequent Lottery is to create a solid applicant pool

Obtaining approvals from the development entity, municipality and subsidizing agency are important

Pay careful attention to the details and plan the schedule carefully

A comprehensive AFHMP plan simplifies process



Scenarios

Some development scenarios Trusts inquire about:

- Small municipal site for 2 units of new housing
- Rehab existing building into 1-4 units of housing
- Convert market rate units to restricted housing with “buy down” funds

All units require adherence to guidance

- Acquisition/construction follows public requirements
- Units meet physical adequacy requirements
- Residents selected through lottery
- DHCD approval prior to start of marketing



Resources, Q&A

Regulations are your friend!

- DHCD 40B Guidelines

- <http://www.mass.gov/hed/docs/dhcd/legal/comprehensivepermitguidelines.pdf>

- HUD Occupancy Requirements (4350.3),

- http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/handbooks/hsg/4350.3

- Fair Housing Requirements

- <http://www.mass.gov/hed/community/planning/fair-housing-and-civil-rights-information.html>