What is LIP?

- A program that encourages locally-driven efforts to create affordable housing.

- It falls under Chap. 40B, and was created in response to opposition to 40B and the development of affordable housing projects.

- LIP provides a mechanism to encourage locally supported affordable housing, where the municipality is engaged in the development of the project, prior to any application to DHCD.
Two Types of LIP Projects

- “Friendly 40B”: Projects permitted with a Comprehensive Permit (LIP 40B)
  - Municipality must support – application signed by Chief Elected Official; other support, e.g., CPA funds

- “Local Action Units” (LAU)
  - Municipal action required
  - Municipality submits application
# The Differences: LIP 40B vs. LAU

<table>
<thead>
<tr>
<th>LIP 40B</th>
<th>Local Action Unit</th>
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<tbody>
<tr>
<td>- Comprehensive Permit (ZBA)</td>
<td>- Special Permit in place (Planning Board)</td>
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<tr>
<td>- Application signed by municipality</td>
<td>- Other local action: funds, land donation, etc.</td>
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<td>- Application Fee</td>
<td>- Application submitted by municipality</td>
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<tr>
<td>- Appraisal – “as is”</td>
<td>- No application fee</td>
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<td>- Project Eligibility Letter</td>
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<td>- Cost Certification after completion</td>
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Why LIP is Appealing to Housing Partners

- Eligible units will count on the Subsidized Housing Inventory
- Locally endorsed projects - community has a say in the early stages
- Non-competitive process - is fairly simple, since no state subsidy is allocated
- Comprehensive permit a good vehicle for consolidating waivers, etc.
- Market and affordable homeownership units must be indistinguishable from the exterior.

- Affordable units must be distributed proportionately throughout the development.

- All amenities must be made available to all residents.

- Ten percent of total units in a family development must be 3 bedroom and be distributed proportionately throughout the project, both by location and income tier.
The Subsidized Housing Inventory (SHI)

- A list of the number of subsidized units in each community and the percentage of all units

- Generally units count if:
  - Developed under an eligible state or federal subsidy program
  - Affordable to households at or below 80% of area median income
  - Have long term use restrictions
  - Are subject to an Affirmative Fair Housing Marketing and Resident Selection Plan
What is Counted on the SHI?

- **Rental**: If at least 25% of the units are at 80% AMI or below, or at least 20% are at 50% AMI or below, and such units meet LIP criteria, then all units count.

- **Ownership**: Only affordable units meeting LIP criteria count.
When Are Units Counted on the SHI?

Inclusion is not automatic. Municipality has to request that the units be added.

- Rental: when municipality submits request, after projects receive LAU approval or comprehensive permit
- Ownership: when deed is recorded
- Subject to time lapses, as outlined in the Guidelines
Since its inception in the 1980’s, approximately 40,000 units of housing have been approved, of which almost 8,000 are affordable.

In 2020, 4,295 units were approved under LIP. In 2019, 2,282 units were approved.

- Of those units, 3,134 were Local Action Units and 1,161 were LIP 40B units.
  - 692 of these units were affordable

Projects are developed across the State.
Local Action Units Approved in 2020

[Map showing locations of Local Action Units approved in 2020]
Application Process

- Contact DHCD before submitting
- Requirements - in application
  - Application signed by municipality; submitted by developer along with application fee
  - Return to municipality for 30-day review
  - Appraisal – commissioned by DHCD
  - Site visit with DHCD, sponsor, and local officials
- Issuance of Project Eligibility Letter to obtain Comprehensive Permit
PEL to ZBA for comprehensive permit
  - Municipality and developer

Approval of Affirmative Marketing Plan and Tenant Selection Plan

Regulatory Agreement
  - Municipality, developer, and DHCD
  - Can take several months – iterative process
  - Serves as the “Final Approval”
Local Action Unit
Application Process

Key Requirements:

- Application submitted by municipality
- Evidence of Local Action
- Affirmative Marketing Plan and Lottery Agent
- Regulatory Agreement
LIP/Local Action Units
Project Types

- New construction
- Building conversion
- Substantial rehabilitation
Examples of LIP Projects

- Large and small rental projects
- Homeownership – both single family and condo
- First Time Homebuyer Buydown Programs
- Non-profit sponsored projects
LIP Project Types

Reuse/New Construction

- 24 total units, 12 affordable, 2 and 3 bedroom homes
- Town re-zoned land; Housing Trust and HOME funds

Mixed-Use

- First floor commercial; 60 1 Bedroom apartments on 2\textsuperscript{nd} and 3\textsuperscript{rd} floor
- Special permit
LIP Project Types

Transit Oriented
- 264 units/26 affordable
- 80% of AMI

Mixed Reuse
Former courthouse, with commercial on first floor
LIP Project Types

Habitat / Sweat Equity

- Single Family Homes – Serving 30-60% AMI
- Town CPA Funds

Housing Trust / Donated Labor

- 3 Bedroom House
- Housing Trust Funds and Local Vocational School built
Marketing Plan Contents

1. A description of marketing and outreach
2. Sample ads/publications, social media
3. Application materials
4. Informational materials
5. Eligibility requirements
6. Lottery and resident selection procedures
7. If there is a local preference include a clear description of the preference used
Marketing process should start about 6 months prior to occupancy of new construction projects.

Application period has to be at least 60 days.

Two months prior, start outreach and place advertisements.

Advertisements must run twice during the application period.

An information session is required.
Obligation to affirmatively further fair housing

- maximum opportunities for persons protected under fair housing laws through marketing, application process, and selection polices and procedures
Marketing Must be Affirmative

Required listings of available units with:

- The Boston Fair Housing Commission’s Metrolist, for units located in the Boston Metro Area (Boston-Cambridge-Quincy MSA)
- Massachusetts Accessible Housing Registry
- CHAPA and MAHA lottery websites
A local preference may be allowed for up to 70% of the units for initial occupancy in a Project IF:

- Town provides a demonstration of need for local preference.
- Need to demonstrate how the proposed preference will not have a discriminatory effect on protected classes.
After the project is built

- Monitoring – Municipality or Contracted 3rd Party
- Resale, Refinance – Contact DHCD & Municipality
- Legal documents/regulations
  - Will provide guidance for you and the homeowner
Helpful Hints

- Contact DHCD prior to submitting application for either LIP 40B or LAU
- Review requirements in 40B guidelines
- Hire an experienced development team, including a lottery agent
- Submit an application that provides a complete picture: site plan, unit locations, rehab specifications, and a clear explanation of the project.
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https://www.mass.gov/service-details/local-initiative-program

https://www.mass.gov/service-details/subsidized-housing-inventory-shi