

**May 9, 2017  
Massachusetts Housing Partnership**



**Workshop on:  
Affirmative Fair Marketing &  
Resident Selection Plans**  
**Presentation By:  
Elizabeth Rust  
Regional Housing Services Office**



**Presentation Outline**

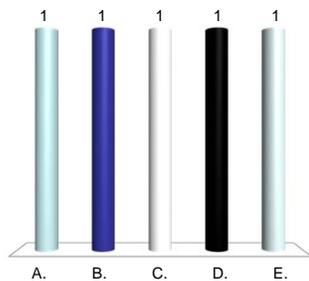
- \* AFHMP Overview - Purpose/Requirements, Timing
- \* AFHMP Framework/Content
- \* Lottery Administration
- \* Resources & Questions & Answers

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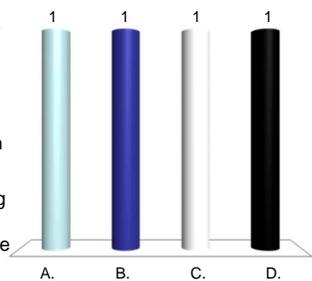
**Introductions- Who's here?**

- A. Who's here?**
- A. Work for a Private Company
  - B. Work at a Non-Profit
  - C. Independent Consultant
  - D. Municipal Employee or Board member



**I have:**

- A. Written a Marketing Plan and/or administered a lottery
- B. Followed a Marketing Plan and/or helped with a lottery
- C. Not been part of a Marketing Plan or Lottery yet – but plan to in the next 6 months
- D. Not been part of a Marketing Plan or Lottery yet – and am interested for future reference





## RHSO Introduction



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## Background

- \* Experience
  - ♦ 35 lotteries, 180 units, 1200 applicants
  - ♦ New construction, resales, ownership, rental
- \* LIP 40B, MassHousing NEF, LIP LAU
- \* Monitoring Agents
  - ♦ DHCD, Town, 3<sup>rd</sup> Party
- \* Clients
  - ♦ Towns, non-Profit, Developers

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## Goal of the AFHMP

*The Affirmative Fair Housing Marketing Plan 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**

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## Overall Requirements

- \* All units that are intended to go onto the **Subsidized Housing Inventory ("SHI")** must be marketed under an approved Affirmation Fair Housing Marketing Plan
- \* The plan requirements are detailed in the DHCD 40B Guidelines, Section 3.
- \* These guidelines apply to all activities from outreach and marketing to occupancy.
- \* It is the Developers responsibility to follow guidelines.

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## Timeline

Action	When	Duration
For a Comprehensive Permit: Draft AFH plan with Site Eligibility Application	At submission of Site Eligibility Application to subsidizing agency	In place until final AFH plan is drafted.
All SHI Eligible Units: Submit final AFH plan to Subsidizing Agency or Monitoring Agent	Post issuance of all permits and/or at final certification by subsidizing agency. In no event, less than 90 days before marketing start.	Allow time for approval by Subsidizing Agency and/or Monitoring Agent.
Begin advertising affordable housing opportunity/lottery	Ownership: 180 days prior to certificate of occupancy Rental: ~ 120 + days prior to occupancy (need time to review multiple applications)	60 day minimum requirement for advertising lottery – two times in print media over 60 days
Information session(s)	Early part of advertising period	Must offer one or more during marketing period
Lottery	When lottery advertising period ends. Applications are reviewed.	~ 30 - 45 days after close of advertising period
Review Plan & Update	Every 5 years at a minimum	-

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## Plan Framework

- \* Guiding requirements
  - ◆ DHCD 40B Guidelines, HUD Occupancy Requirements (4350.3), Fair Housing Requirements
- \* Know your subsidizing agency
  - ◆ Differences between DHCD, MHP, MassDevelopment, and MassHousing or HUD
- \* Qualifications of Lottery Agent
  - ◆ Experienced, Proficient, Compliant
- \* Developer is Responsible for all associated costs
  - ◆ Preparing plan, advertising, lottery & monitoring.

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## Plan Contents

Required AFH Plan Content

Required AFH Plan Documents

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

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

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## Developer Certification

*As authorized representatives of [Developer] and [contractor], respectively, each of us has reviewed this plan and agrees to implement this AFHMP, which shall be made effective as of the approval date. Further, by signing this form, [Developer] agrees to review and update its AFHMP as necessary in order to comply with all applicable statutes, regulations, executive orders and other binding DHCD requirements pertaining to affirmative fair housing marketing and resident selection plans reasonably related to such statutes, regulations, executive orders, as same may be amended from time to time. We hereby certify that all the information stated herein, as well as any information provided herewith, is true and accurate.*

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## 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
  - ◆ What amenities are included in?
    - Appliances, Parking, Laundry
  - ◆ What costs are on top of Purchase Price or Rent?

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## Eligibility

- \* Income Limits – For all projects
- \* Asset Limits - Homeownership Projects
  - ◆ \$75,000 maximum, *plus \$200,000 for age-restricted projects*
- \* First Time Homeowner
  - ◆ Homeownership - Definitions and Exceptions
  - ◆ LIP Rental – Cannot own residential property
- \* Other Developer Specific eligibility
  - ◆ Minimum income, credit/leasing standards, criminal check

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## Income Limits

- \* Based on MSA Area:  
[http://www.huduser.gov/portal/datasets/il/il15/area\\_definitions.pdf](http://www.huduser.gov/portal/datasets/il/il15/area_definitions.pdf)
- \* Based on the number of persons per household
- \* Income Definitions
  - ◆ 30% Extremely low income
  - ◆ 50% Very low income
  - ◆ 80% Low income (is not arithmetically determined from the others)

#persons, AMI%	2017							
	1	2	3	4	5	6	7	8
Extremely Low Income 30%	\$21,700	\$24,800	\$27,900	\$31,000	\$33,500	\$36,000	\$38,450	\$41,320
Very Low Income 50%	\$36,200	\$41,400	\$46,550	\$51,700	\$55,850	\$60,000	\$64,150	\$68,250
HOME/LIHTC 60%	\$43,440	\$49,680	\$55,860	\$62,040	\$67,020	\$72,000	\$76,980	\$81,900
Low Income 80%	\$54,750	\$62,550	\$70,350	\$78,150	\$84,450	\$90,700	\$96,950	\$103,200
Area Median Income 100%	\$72,400	\$82,800	\$93,100	\$103,400	\$111,700	\$120,000	\$128,300	\$136,500
Rent Renewal Limits (140% of 80%)	\$76,650	\$87,570	\$98,490	\$109,410	\$118,230	\$126,960	\$135,730	\$144,480

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## Calculating Rents

- \* Subsidizing Agency, Monitoring Agent is responsible
- \* 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 utilities that the tenant will pay
- \* Rents for Units Funding by HOME and CPA May Differ

	LIP Rent	MH Rent	FMR
1-BR	\$1,564	\$1,466	\$1,372
2-BR	\$1,759	\$1,759	\$1,691
3-BR	\$1,954	\$2,033	\$2,116

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## Sales Prices

80% AMI 2 BR (HH3)		80% AMI 3 BR (HH4)	
Housing Cost:		Housing Cost:	
Sales Price	\$175,000	Sales Price	\$187,600
5% Down payment	\$8,750	5% Down payment	\$9,380
Mortgage	\$184,250	Mortgage	\$177,220
Interest rate	4.89%	Interest rate	4.69%
Amortization	30	Amortization	30
Monthly PMI Payments	\$632.74	Monthly PMI Payments	\$650.19
Fee Code	\$14.89	Fee Code	\$14.89
Monthly property tax	\$74.4	Monthly property tax	\$74.4
Hazard insurance	\$58	Hazard insurance	\$66
PMI	\$101	PMI	\$122
Condo/HOA fees (if applicable)	\$328	Condo/HOA fees (if applicable)	\$328
Monthly Housing Cost	\$1,539	Monthly Housing Cost	\$1,710
Necessary Income:	\$61,550	Necessary Income:	\$69,380
Household Income:		Household Income:	
# of Bedrooms	2	# of Bedrooms	3
Sample Household size	3	Sample Household size	4
80% AMI	\$70,350	80% AMI	\$78,150
Target Housing Cost (80%AMI)	\$1,210	Target Housing Cost (80%AMI)	\$1,375
10% Window	\$61,550	10% Window	\$69,380
Target Housing Cost (70%AMI)	\$1,839	Target Housing Cost (70%AMI)	\$1,710

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- ## Sample Statements
- \* Applicants with disabilities may request (i) modifications to the apartment or development or, (ii) accommodations to our rules, policies, practices or services, if such modifications and accommodations are necessary to afford an equal opportunity to use and enjoy the housing.
  - \* ... will not discriminate in the selection of applicants on the basis of race, color, national origin, disability, age, ancestry, children, familial status, genetic information, marital status, public assistance recipient, religion, sex, sexual orientation, gender identity, veteran/military status, or any other basis prohibited by law.
  - \* ... encourages applicants with diverse backgrounds to apply for housing at our communities. For those with Limited English Proficiency, the owner will utilize a Language Line Service, which provides translation services in a multitude of languages.
  - \* "These income limits are subject to change upon HUD release of updated income limits."
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- 
- ## Nondiscrimination and Reasonable Accommodations
- \* Hold informational meeting at an accessible location and time - Evening or weekend
  - \* Do not convey unlawful preferences
  - \* Applications available in hardcopy in after hours locations
  - \* Advertisements in minority, non-English papers
  - \* Advertising should not indicate any preference or limitation
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- 
- ## Criminal Background Checks
- \* The plan must indicate whether they are required or not.
  - \* Subsidizing Agency must approve this requirement, if applicable
  - \* Cannot be a pre-condition for the lottery
  - \* Model Policy for reference  
<http://www.mass.gov/hed/economic/eohed/dhcd/legal/fair-housing-and-civil-rights-information.html>
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## Advertising and Outreach Plan

- \* AFHMP Lists of where you are placing newspaper (paid) advertising:
  - Minority/Foreign Language Newspapers
  - Local Newspapers
  - Ads must run twice
- \* And where you are posting/sending notices:
  - MassAccess Housing Registry, MAHA
  - Metropolitan Housing Opportunity Clearing Center (rental)
  - Town website
  - Local/Regional Housing Organizations
  - Local/Regional Employers
  - Local Housing Rental Developments
  - Faith Based Organizations, Civic Groups

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## Advertisements and Notices

- \* Community Name, location, and availability
- \* Rents, Prices, Income Limits
- \* Contact information
- \* Informational Meeting(s) Details
- \* Application Contact
- \* Lottery Date
- \* Fair Housing, Accessible Logo
- \* Free Translation Services

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## Application Package

- \* Application form:
  - Household composition, Income, Assets,
  - Non-discrimination, Reasonable Accommodations Statement, Certification and Authorization
  - FAQ/Process Information:
    - Property and Unit information, Eligibility and Preferences
    - Required and Optional Documents – 2 years taxes, 3 months bank statement, 5 paychecks, mortgage pre-approval (Homeownership), No Income, No Child Support, Minority
    - Drawing and selection process
    - Contact process – fees, timetable
    - Other leasing/purchasing info: minimum income, credit
    - Lease and Deed Rider information

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## Preferences

- Different From Eligibility Requirements
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 - within 3 months of permit
    - Minority Balancing (with local preference)

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## Lottery Process

- \* Describe the lottery process in detail
  - ◆ All scenarios
- \* Minority pre-lottery
- \* How units will be awarded
  - ◆ Local Preference
  - ◆ Household Size Preference
  - ◆ Accessible Unit Preference
  - ◆ General Pool
- \* Line up the event

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## 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

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## 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](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>

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## After the Plan....

- \* This session picks up after the Affirmative Fair Housing Marketing Plan has been written and **approved**
- \* **Key: Clarity in the application materials contributes greatly to success!**



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## Lottery Objective

- \* Objective is to create a solid applicant pool
- \* Approvals from developer, municipality and subsidizing agency are important
- \* Plan the schedule carefully
- \* Requires careful attention to the details
- \* A comprehensive plan simplifies process

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## Reaffirm Sales Price/Rents

### \* **Timeline**

- Established at time of initial marketing or Final Approval
- No earlier than 6 months before occupancy
- **Reviewed** by Monitoring Agent (ownership), **approved** by Subsidizing Agency



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## Designate affordable units

- \* The **developer** should provide the lottery agent with a listing or plan of which units are affordable, at what target income – as approved by subsidizing agency.
- \* If there is a local preference approved, the **developer**, agent and municipality should indicate which units will be initially local preference.



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## Open Application Period

1. Finalize the details
  - Information session and lottery: date and location
  - Application end date
2. Post application on-line
3. Execute Outreach Plan
  - Advertisements, web postings, mail flyers
  - Hardcopies in a public place with off-business hours
4. Distribute applications
  - Mail, email, fax as requested
5. Accept submitted applications
  - In person, by mail

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## Information Session

- \* Advertise
- \* Objective is to answer questions and introduce potential applicants to the project
- \* Attendance at a meeting is not mandatory for participation in a lottery
- \* Review application material
  - ◆ All materials should also be available on-line

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## Review Applications

- \* **“Only applicants who meet the applicable eligibility requirements shall be entered into a lottery”**
- \* DHCD Guidelines 40B Sec. III F(2)(a)(1)
- \* **Preliminary eligibility must be determined prior to admittance to lottery**



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## Determine Eligibility

- \* Must meet eligibility of housing program and funding as specified in the AFHMP
  - Review program guidelines including income targets
    - HUD Handbook 4350.3, Occupancy Requirements, DHCD guidelines
    - Establish minimum incomes, if applicable
  - Determine household size
    - Whose income to count?
  - Determine annual income
    - Paychecks, SSI, other: review deposits on bank statements
    - Applicant is eligible for highest income tier based on minimum income levels
  - Determine asset values
    - Impute income
    - Compare to limit (ownership)
  - Determine first-time homeowner (ownership)

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## Assign Preferences: Household Size

- Occupancy standards cannot violate fair housing, zoning or other restrictions and laws
- Household size should be appropriate for the number of bedrooms in a unit.
  - First preference: Households requiring the total number of bedrooms in a unit
  - Second Preference: Households requiring the total number of bedrooms minus one



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## Preferences – Household Size

### Criteria for determining # of required bedrooms:

1. There is at least one occupant per bedroom and maximum two (if specified)
2. A husband and wife, or those in similar living arrangement, shall share a bedroom
3. A person described in (2) above shall not be required to share if medical documentation
4. Children are not required to share a bedroom, but may
5. A household may count an unborn child.
6. If applicant is in process of divorce or separation, verification is needed

\* **Public Housing occupancy standards may differ**

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## Preferences – Household Size

### \* 2BR Examples:

1. Husband, wife, and 2 children
2. Mother and child
3. Husband, wife, 1 child
4. Husband and wife (disabled)
5. Disabled adult and live-in aide
6. Husband, wife and child at college, returning on recesses
7. Father and 2 children (50% custody)

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## Preferences – Local

- Must be approved by the Subsidizing Agency in the AFHMP
- Not to exceed of 70.0%

1 unit – 0 local	2 units – 1 local
3 units – 2 local	4 units – 2 local

- Can never have durational requirement
- Required Categories:
  - Current resident
  - Employee of the town
  - Employee of a business based in the town
  - Household with children in the school system

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## Accessible Units

\* For projects with mobility accessible and/or communications accessible units or adaptable units, **first preference for those units always goes to households with a member that needs the features of the unit, regardless of local preference.**



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## Lottery Pools

- \* The number and type of pools will depend on the project.
- \* For projects with approved local preference, there will be two pools: local and open.
- \* Local applicants will be placed in both pools.



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## Assign Registration Numbers

- \* Qualified applicants are given a lottery number
  - **Example:** assign numbers to indicate household size preference, rent limit target, accessibility need, etc. Example 1001-2-80-A)
    - \* (2 bedroom, 80% AMI, Accessible)
  - Ballots are put in **all** pools that they are eligible for. Example: local preference applicant will be in both local and open pool



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## Inform Applicants

- \* Once lottery numbers have been assigned, send a letter to all applicants with either:
  1. Eligibility Letter: their lottery number/s and time and place of lottery, and preferences (#bedrooms, local) or,
  2. Ineligibility Letter: with the reason they did not qualify for the lottery, and timeframe if they want to dispute (if one hasn't been sent earlier)



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## Minority Balancing

- \* If Local Preference has been approved by the Subsidizing Agency, the Lottery Agent must determine whether the Local Pool contains **at least** the percentage of minority applicants as the region as a whole. If not, the minority applicant ballots from the open pool are drawn in a pre-lottery and placed in the local pool until the regional percentage is obtained.
- \* Applicants chosen for local pool will also be in open pool.

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## Minority Balancing

\* The minority percentage by MSA can be found at:  
<http://www.mass.gov/hed/docs/dhcd/hd/fair/percentracialethicminority.pdf>

* Barnstable County-----	08.6%
* Boston-Cambridge-Quincy MSA-----	27.0%
* Pittsfield MSA-----	09.4%
* Providence-New Bedford- Fall River--	14.4%
* Springfield MSA-----	25.5%
* Worcester MSA-----	19.3%
* Dukes County-----	13.7%
* Nantucket County-----	19.5%

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## Hold Lottery

- Summarize lottery applicants for developer and town
  - #applied, #eligible in each pool
- Hold in public, accessible place
- Neutral third party pulls ballots. Typically a town official is willing.



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## Lottery

- Draw all ballots by pool and list in order
- Award accessible applicants/units first
- Award largest units next, beginning with the first ballot needing that size unit for that income level
- If local pool, draw local ballots first, then draw all ballots from open pool

Award Sequence	
1.	Accessible
2.	3BR 80%
3.	3BR 50%
4.	2BR 80%
5.	2BR 50%
6.	1BR 80%
7.	1BR 50%



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## Summary

- Review requirements
- Verify eligibility thoroughly
- Regulations and regulators are helpful
- Communicate explicitly with applicants
- Award units carefully



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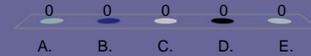
## Fair Housing Framework

Laura Shufelt, MHP



You are a...

- A. Lottery agent
- B. Monitoring agent
- C. Rental Mgmt staff
- D. Municipal staff
- E. Others



Are you familiar with Fair Housing laws?

- A. Very familiar
- B. Familiar
- C. Somewhat familiar
- D. Not at all familiar



## Goals of This Session:

- Provide a framework of the applicable laws for AFHM&RSP
- Provide practical applications of AFFH and disparate impact

## Affirmative Fair Housing Framework

- Key Fair Housing Laws
- AFHMP Guidelines



## Key Fair Housing Laws

### Key Federal statutes:

- ☑ Fair Housing Act (Title VIII of the Civil Rights Act of 1968, as amended)
- ☑ Title VI of the Civil Rights Act of 1964, as amended
- ☑ Section 504 of the Rehabilitation Act of 1973, as amended
- ☑ Americans with Disabilities Act of 1990, as amended

### Key State statutes:

- ☑ Massachusetts fair housing law (M.G.L. Chapter 151B)
- ☑ Massachusetts public accommodation law (M.G.L. Chapter 272, section 98)
- ☑ Massachusetts lead paint law (Chapter 111, section 199A)

## Protected Classes of Persons

### Federal Fair Housing Act

- Race
- Color
- National Origin
- Religion
- Sex
- Disability/Handicap
- Familial Status; Children

### M.G.L. 151B

- Marital Status
- Age
- Sexual Orientation
- Gender Identity
- Military Status
- Public Assistance/  
Housing Subsidy
- Genetic Information
- Ancestry

## Obligation to Affirmatively Further Fair Housing

### The concept of furthering fair housing includes:

- The Fair Housing Act's purposes of ending residential segregation, promoting housing choice and eradicating discrimination.
- Addressing disparities in housing needs and access to opportunity

### Obligation to Affirmatively Further Fair Housing

The duty to affirmatively further fair housing extends to all of a program participant's (town, state, housing authority) activities and programs relating to housing and community development.



### Obligation to Affirmatively Further Fair Housing

Affirmative fair marketing and resident selection is necessary and integral to affirmatively furthering fair housing efforts.



### Practical Applications of AFFH

- Follow AFHM&RSP Guidelines, in writing and in practice
- Market to all those least likely to apply. Who is that in your community?
- Develop affordable housing on town-owned land
- Include family-sized units in all developments

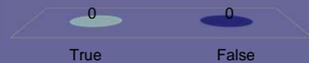
A private apartment complex can refuse to rent to a household with a Section 8 voucher.

- A. True
- B. False



A town would like to use town-owned land to build homes for teachers. Allowable under Fair Housing laws?

- A. True
- B. False



### Local Preference

- Must be approved by Subsidizing Agency
- If a condition of 40B permit, must state “or as allowed by law”
- Maximum 70% of units
- Only categories allowed:
  - *Current residents*
  - *Employees of the town or a business based in town*
  - *Have children in school system*

### Local Preference

- Town must supply Subsidizing Agency with documentation of the need – per Guidelines within 3 months of permit
- ***Documentation must be relevant to the proposed housing***

Helpful website to document need:  
[www.housing.ma](http://www.housing.ma) (MAPC )

### Local Preference

- Local preference is only applicable at initial pull at lottery
- If initial “winner” does not go forward, replacement is from **open pool**
- Wait list is from **open pool**

## Local Preference – Minority Balancing

The Lottery Guidelines explain in detail the process for minimizing the potential discriminatory effect of Local Preference.



## Accessible and Adaptable Units

- First preference (regardless of applicant pool) for persons with disabilities who need such units, *including single person households*
- When a person with a disability is waiting for an accessible unit and a unit with adaptable features becomes available, owner/mgmt. must offer to adapt the unit



## Accessible and Adaptable Units

- In addition, owners have an obligation to make modifications to units/premises and make other accommodations (e.g. grant request for a first-floor unit) in accordance with the law.
- <http://www.mass.gov/ago/consumer-resources/your-rights/civil-rights/disability-rights/fair-housing.html>
- [http://www.hud.gov/offices/ftheo/library/huddojs\\_tatement.pdf](http://www.hud.gov/offices/ftheo/library/huddojs_tatement.pdf)

A 2-bedroom accessible apartment is becoming vacant, which household has 1st preference?

- A. The Smith's, the first household on the list
- B. The Jones', who needs 2 bedrooms
- C. Mary Sullivan who has a disability
- D. The Jackson's who have a Section 8 voucher



A new development in Anytown is advertising a lottery for homes. My son who grew up in Anytown would love to move back here. Does he qualify for a local preference?

- A. Yes
- B. No



A new 40B development has been approved for 28 units, with 7 affordable. The town has required 5 have local preference and have provided MassHousing with sufficient documentation of need.

- A. Yes
- B. No



### Disparate Impact / Discriminatory Effect

#### Supreme Court Ruling – What does it mean?

A policy, action, or practice can have a discriminatory effect *even if* there is no discriminatory intent.

### Disparate Impact / Discriminatory Effect

#### Three Part Burden Shifting Test:

1. Is it likely that policy or practice will negatively impact members of a protected class?
2. Does the policy or practice have a necessary relationship to legitimate, non-discriminatory interests, **and**
3. Is there a less discriminatory alternative that would meet the same interests?

## Disparate Impact

### Examples:

- Municipal plans or zoning bylaws that prioritize 1-bedroom units or strictly limit number of bedrooms by unit rather than by development or lot
- Single-family or large lot size requirements
- Requirements for unlimited local residency preferences in communities with limited racial/ethnic diversity
- Plans to fund senior affordable housing only
- Planning or zoning that mandates or prioritizes townhouses

A community releases a RFP for town-owned land for a developer to build affordable housing for veterans. Disparate impact?

A. Yes

B. No



A community releases a RFP for town-owned land for a developer to build affordable housing for households with at least one member over 55 years of age. Disparate impact?

A. Yes

B. No



A developer proposes to build a 40B development with a 70% local preference. Disparate impact?

A. Yes

B. No



A developer proposes to build a 40B development with some public subsidy for his son and others with the same disability as his son. Disparate impact?

- A. Yes
- B. No



## Concluding Thoughts

- Remember the AFH framework and the goal of inclusive housing
- Read the AFHMP guidelines carefully *prior to* drafting a plan and appropriately tailor the AFHMP to the project
- Review for consistency with all applicable program requirements *prior to* submitting an AFHMP
- Make the AFHMP consistent and clear so that it can be actively used by staff/agents and interpreted correctly by potential applicants or other interested parties

## MHP's Community Assistance Team

*Our Mission: To increase the supply of affordable housing by fostering local leadership and providing technical support to municipalities, non-profits and local housing authorities*

### Contact Us

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**May 9, 2017  
Massachusetts Housing Partnership**



**Workshop on:  
Lotteries – Homeownership Demonstration**  
**Presentation By:  
Elizabeth Rust**

AFHMP and Lottery, May 9 2017, Elizabeth Rust



**The Application Period has Closed..**

- \* **Setting the Stage – Pleasantville Homes**
  - ♦ 12 New Construction Detached Homes with HOA
  - ♦ 3 Affordable 2 Bedroom Homes
  - ♦ 2 Local Preference Units
  - ♦ 1 Open Unit
  - ♦ 8 Qualified Applications have been received
  
- \* It is after the application period has closed and before the lottery is to take place, finalize the details

AFHMP and Lottery, May 9 2017, Elizabeth Rust



**Lottery Next Steps**

- \* Review application for completeness and eligibility
  - ♦ Income documentation, asset statements, taxes, household information, mortgage pre-approval
- \* Confirm location is available, check out logistics to ensure enough chairs/accessibility/parking
- \* Secure a local official to draw names
- \* Assign a number and letters to each applicant
  - ♦ 1-8 following by:
  - ♦ Number of bedrooms needed by the HH
  - ♦ L= Local preference
  - ♦ A= Accessible

AFHMP and Lottery, May 9 2017, Elizabeth Rust



**Assign Numbers & Preferences**

#	# Bedrooms needed?	Local Preference?	Accessibility Requirement?	Minority?
1	2		N	
2	2	L	N	M
3	2	L	N	
4	1		N	M
5	2		N	
6	2		N	M
7	1	L	N	
8	2	L	N	

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 **Then What?**

- ◆ If the local preference pool has less than the required % of minority representation, before the tickets are finalized, do a blind draw of all non-local minority applicants.
- ◆ Be sure there is a witness to the draw.



AFHMP and Lottery, May 9 2017, Elizabeth Rust

 **Minority Balancing**

#	# Bedrooms needed?	Local Preference?	Accessibility Requirement?	Minority?
1	2		N	
2	2	L	N	M
3	2	L	N	
4	1	L	N	M
5	2		N	
6	2		N	M
7	1	L	N	
8	2	L	N	

The local preference pool has less than 27% minority representation:

- ◆ There is 1 minority (#2) of the 4 local applicants (25%)
- ◆ Before the tickets are finalized, do a blind draw of all non-local minority applicants (#4 and #6)
  - Add top ranked applicants til percentage is reached (let's use #4)

AFHMP and Lottery, May 9 2017, Elizabeth Rust

 **Lottery Preparation**

- \* The local preference pool will therefore have five applicants:

Applicants in Pool
2-2-L
3-2-L
4-1-L
7-1-L
8-2-L

- \* Units will be assigned as follows:  
**Unit 1: Local , Unit 2: Open, Unit 3: Local**
- \* All Applicants will go into the Open Pool

AFHMP and Lottery, May 9 2017, Elizabeth Rust

 **The Night of the Lottery**

- \* Once everyone is settled in their seats:
  - ◆ Greet everyone and thank them for coming
  - ◆ Explain the purpose and procedure of the event
  - ◆ Ask if everyone in the room eligible for the lottery has received a lottery number
  - ◆ Introduce participants, town official
  - ◆ Provide an overview
    - Stress confidentiality
- \* Have two different colored hats/baskets
  - ◆ One for local and one for open, mix up the tickets

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## Setting up the Lottery List

### Starting List

Master List		Pulled List		Ranked List		Unit Award	
Order Drawn	Ticket#	Order Drawn	Ticket#	Ranking	Ticket#	Unit #	Ticket#
	2-2-L	1		1		Unit 1	
	3-2-L	2		2		Unit 3	
	4-1-L	3		3			
	7-1-L	4		4			
	8-2-L	5		5			

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## Drawing of the Local Units

### Pulled List

Master List		Pulled List		Ranked List		Unit Award	
Order Drawn	Ticket#	Order Drawn	Ticket#	Ranked Order	Ticket#	Unit #	Ticket#
5	2-2-L	1	4-1-L	1		Unit 1	
3	3-2-L	2	8-2-L	2		Unit 3	
1	4-1-L	3	3-2-L	3			
4	7-1-L	4	7-1-L	4			
2	8-2-L	5	2-2-L	5			

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## Ranking of the Local Units

### Ranked List

Master List		Pulled List		Ranked List		Unit Award	
Order Drawn	Ticket#	Order Drawn	Ticket#	Ranked Order	Ticket#	Unit #	Ticket#
5	2-2-L	1	4-1-L	1	8-2-L	Unit 1	
3	3-2-L	2	8-2-L	2	3-2-L	Unit 3	
1	4-1-L	3	3-2-L	3	2-2-L		
4	7-1-L	4	7-1-L	4	4-1-L		
2	8-2-L	5	2-2-L	5	7-1-L		

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## Award of Local Units

### Final List

Master List		Pulled List		Ranked List		Unit Award	
Order Drawn	Ticket#	Order Drawn	Ticket#	Ranked Order	Ticket#	Unit #	Ticket#
5	2-2-L	1	4-1-L	1	8-2-L	Unit 1	8-2-L
3	3-2-L	2	8-2-L	2	3-2-L	Unit 3	3-2-L
1	4-1-L	3	3-2-L	3	2-2-L		
4	7-1-L	4	7-1-L	4	4-1-L		
2	8-2-L	5	2-2-L	5	7-1-L		

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## Open Unit: Setting up the List

### Starting List

Master List		Pulled List		Ranked List		Ranked List	
Order Drawn	Ticket#	Order Drawn	Ticket#	Ranked Order	Ticket#	Unit #	Ticket#
	1-2	1		1		Unit 2	
	2-2-L	2		2			
	3-2-L	3		3			
	4-1-L	4		4			
	5-2	5		5			
	6-2	6		6			
	7-1-L	7		7			
	8-2-L	8		8			

AFHMP and Lottery, May 9 2017, Elizabeth Rust



## Drawing for the Open Units

### Pulled List

Master List		Pulled List		Ranked List		Ranked List	
Order Drawn	Ticket#	Order Drawn	Ticket#	Ranked Order	Ticket#	Unit #	Ticket#
5	1-2	1	7-1-L	1		Unit 2	
6	2-2-L	2	5-2	2			
4	3-2-L	3	4-1-L	3			
3	4-1-L	4	3-2-L	4			
2	5-2	5	1-2	5			
8	6-2	6	2-2-L	6			
1	7-1-L	7	8-2-L	7			
7	8-2-L	8	6-2	8			

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## Ranking the Open Units

### Ranking List

Master List		Pulled List		Ranked List		Ranked List	
Order Drawn	Ticket#	Order Drawn	Ticket#	Ranked Order	Ticket#	Unit #	Ticket#
5	1-2	1	7-1-L	1	5-2	Unit 2	
6	2-2-L	2	5-2	2	3-2-L		
4	3-2-L	3	4-1-L	3	1-2		
3	4-1-L	4	3-2-L	4	2-2-L		
2	5-2	5	1-2	5	8-2-L		
8	6-2	6	2-2-L	6	6-2		
1	7-1-L	7	8-2-L	7	7-1-L		
7	8-2-L	8	6-2	8	4-1-L		

AFHMP and Lottery, May 9 2017, Elizabeth Rust



## The Award of Open Unit

### Final List

Master List		Pulled List		Ranked List		Ranked List	
Order Drawn	Ticket#	Order Drawn	Ticket#	Ranked Order	Ticket#	Unit #	Ticket#
5	1-2	1	7-1-L	1	5-2	Unit 2	5-2
6	2-2-L	2	5-2	2	3-2-L		
4	3-2-L	3	4-1-L	3	1-2		
3	4-1-L	4	3-2-L	4	2-2-L		
2	5-2	5	1-2	5	8-2-L		
8	6-2	6	2-2-L	6	6-2		
1	7-1-L	7	8-2-L	7	7-1-L		
7	8-2-L	8	6-2	8	4-1-L		

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## After the Lottery

- \* Inform applicants of their ranking
- \* Inform developer, monitoring agent and municipality of results
- \* Obtain interest level from top applicant
  - ◆ Set up showing as needed
- \* Provide monitoring agent with applicant materials for approval, within 60 days of contract
- \* Transition to developer for contract
  - ◆ Ownership: P&S, Rental: Lease
- \* Record Keeping:
  - ◆ **Secure application materials for five years**



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## Establish the Wait List

- \* The wait list is established from the open pool lottery draw list (**III.F.2.d.(1) wait lists**):
  - ◆ If any of the initial buyers/renters do not buy/rent a unit, the unit is awarded to the highest ranking household on the open pool list.
  - ◆ The local preference is only applicable at the initial lottery drawing.
- \* First come first serve

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## Closing: Ownership

- \* Obtain buyer information
  - ◆ Executed P&S
    - Verify price
  - ◆ Loan Commitment
    - Verify amount and term
  - ◆ Closing Attorney contact information
- \* Request closing documents from monitoring agent
  - ◆ Deed Restriction (DHCD LIP)
  - ◆ Resale Price Certificate
  - ◆ Compliance Certificate (resales)
  - ◆ Non-Financial Mortgage



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## Leasing: Rental

- \* **Offer leases for a specific unit**
  - ◆ Deposits amounts can not exceed the amount of a security deposit.
- \* **Perform final income verification**



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## Leasing: Rental

\* **Annually update resident income:** *“Documents required to determine that a household is an Income Eligible Household and to determine continuing eligibility upon lease renewal, should be current within 60 days of the request for such documentation, and need not be current within 60 days of lease date or lease renewal date (VI-5.a.(1)).”*

\* **Update tenant rents:** After HUD issues new income and rent limits and/or new utility allowances are available:

***Request subsidizing agency approve new rents, if required***

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## Updating the Rental Waitlist

\* **Annually:**

- ♦ Send out a letter to wait list households to verify their status
- ♦ Determine number of expected vacancies
- ♦ If wait list size drops to too few households:
  - Open the wait list
  - Advertise for 10 days
  - Perform a new lottery
  - All existing wait list tenants have preference over newly picked lottery winners.

\* **Update AFHMP every 5 years or before**

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## Thank you

### Contact Information:

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[www.RHSOHousing.org](http://www.RHSOHousing.org)

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## Rental Lottery Walk-through

May 9, 2017



## Mock Rental Lottery

Fairtown Green Apartments is a 16-unit 40B rental project with 4 affordable units. The project is located in Quincy (Boston MSA).

The designated affordable units are:

1BR : 1 @ 50% AMI

1 @ 80% AMI – mobility accessible

2BR: 1 @ 80% AMI

3BR 1 @ 80% AMI

Local Preference has been approved for up to 70% of the affordable units

The minority percentage of the region is 27.0%.

## Affordable Units

- The Developer has designated the following units as affordable:

Unit 102	Unit 105	Unit 110	Unit 112
<ul style="list-style-type: none"> <li>1 bedroom</li> <li>80% AMI</li> <li>Mobility Accessible</li> </ul>	<ul style="list-style-type: none"> <li>1 bedroom</li> <li>50% AMI</li> <li>Local Preference</li> </ul>	<ul style="list-style-type: none"> <li>3 bedroom</li> <li>80% AMI</li> <li>Local Preference</li> </ul>	<ul style="list-style-type: none"> <li>2 bedroom</li> <li>80% AMI</li> </ul>

## MHP

### 2016 INCOME LIMITS FOR AFFORDABLE UNITS

Boston – Quincy MSA	1 Person	2 Person	3 Person	4 Person
50% AMI	\$ 36,250	\$ 41,400	\$ 46,550	\$ 51,700
80% AMI	\$ 54,750	\$ 62,550	\$ 70,350	\$ 78,150

**MHP**  
**Ballot Number Assignment Method**

- Assign Ballot Numbers:
  - Unique identifier
  - Bedroom Size Preference
  - Income Target
  - Local (L)
  - Minority (M)
  - Accessible Unit (A)

Applicant	HH Size/BR	Income	50% or 80% AMI	Local	Minority	Accessible	Ballot Number
A	4/2	\$55,333		Y			
B	2/2	\$47,600		Y	Y		
C	1/1	\$31,750			Y		
D	3/3	\$55,200		Y			
E	4/3	\$59,800			Y		
F	3/2	\$49,800					
G	2/1	\$56,100		Y			
H	2/2	\$53,650		Y			
I	2/1	\$31,340		Y			
J	1/1	\$44,400			Y	Y	

**Lottery Pools**

Local Pool	Open Pool

**Minority Balancing?**

# of Local Preference Applicants: 6

# of Minority Applicants with Local Preference: 1

% of Minorities in Local Pool: 16.7%

Regional % of Minorities: 27.0%

Minority Balancing Needed? Yes

If yes, how many? 1

### Minority Draw Results

<u>Open Pool</u>	<u>Local Pool</u>

### Lottery Pools

<u>Local Pool</u>	<u>Open Pool</u>

### Lottery Drawing Results

<u>Open Pool</u>	<u>Local Pool</u>
1.	1.
2.	2.
3.	3.
4.	4.
5.	5.
6.	6.
7.	7.
8.	8.
9.	9.
10.	10.

### Assigning Units

- Start with any accessible units, identify any applicant that needs an accessible unit. If designated for local preference but no local preference applicants that need features, then go to open pool.

### Assigning Units

- Next assign the Local preference units, largest unit with lowest income target first.
- Find the first number on the Local Pool list that needs a 3 bedroom @ 80% AMI
- Take the next largest unit with local preference
- When all local preference units have been assigned, switch to open units, again beginning with the largest

### Unit Assignments

Unit 102	Unit 105	Unit 110	Unit 112
<ul style="list-style-type: none"><li>• 1 bedroom</li><li>• 80% AMI</li><li>• Mobility Accessible</li></ul>	<ul style="list-style-type: none"><li>• 1 bedroom</li><li>• 50% AMI</li><li>• Local Preference</li></ul>	<ul style="list-style-type: none"><li>• 3 bedroom</li><li>• 80% AMI</li><li>• Local Preference</li></ul>	<ul style="list-style-type: none"><li>• 2 bedroom</li><li>• 80% AMI</li></ul>
_____	_____	_____	_____