

**Affirmative Fair Housing Marketing &
Resident Selection Plan Workshop**

March 21, 2017

AGENDA

- 8:30 – 8:45 **Registration**
- 9:00 – 9:15 **Welcome and Introduction**
Laura Shufelt, MHP
- 9:15 – 10:00 **Fair Housing Framework**
Laura Shufelt
- 10:00 – 10:15 **Break**
- 10:15 – 11:45 **AFHM & RSP Training**
Elizabeth Rust, Regional Housing Services Office
- 11:45 – 12:00 **Q and A with Instructors**
- 12:00 – 12:45 **Networking Lunch**
- 12:45 – 1:45 **Affordable Unit Locator Exercise**
Katy Lacy, MassHousing
- 1:45 – 2:00 **Wrap up and Q & A**



Massachusetts Housing Partnership

MISSION: Use private investment to bring more affordable housing to Massachusetts

- Privately-funded public non-profit organization
- Work with communities, non-profit, for-profit developers
- Falls under the umbrella of the State Department of Housing and Community Development (DHCD)

Lending

- From MHP's privately-funded loan pool, Long-term loans to create, preserve affordable rental housing, provided over \$640 million for the financing of 15,000 rental units

ONE Mortgage

- First time homebuyer program combines fixed-rate mortgage from banks and credit unions with one-time state subsidy.

MHP's Community Assistance

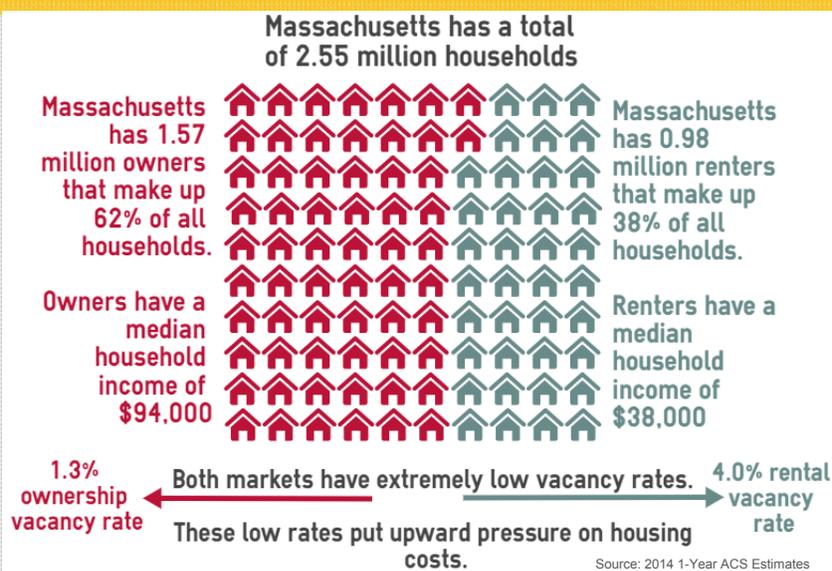
OUR MISSION: To increase the supply of affordable housing by fostering local leadership and providing technical support to municipalities, non-profits and local housing authorities

OUR WORK:

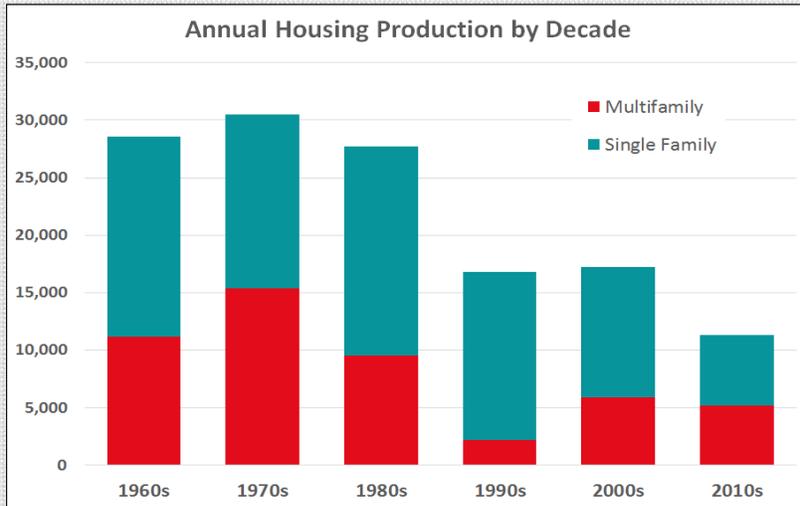
- Direct Technical Assistance to municipalities, housing authorities and non-profits
- Grant Programs to support trainings, 3rd party technical assistance & non-profit collaboration
- Workshops & Trainings
- 40B Technical Assistance Grants
- Publications
- Special Initiatives & Policy



The State of the MA Housing Market

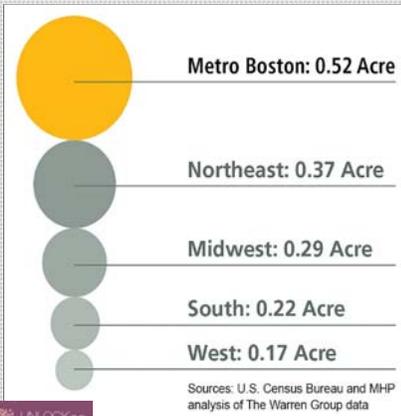


We are allowing less housing production now than at almost any point in recent history.



Zoning rules and local approval process often make it difficult to build the housing we need.

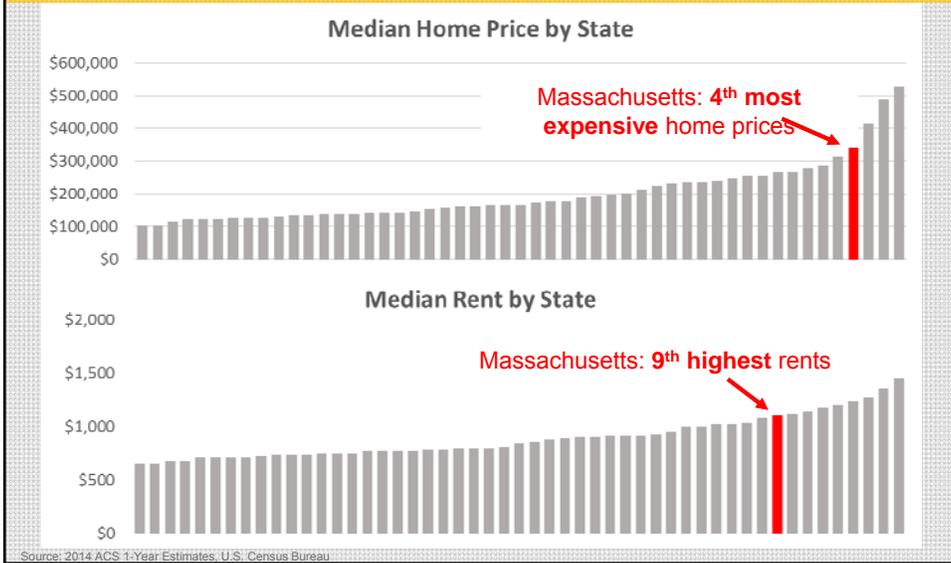
Greater Boston **median** lot size:



Greater Boston **average** lot size:



Housing Costs Among Highest in Nation



The Importance of Diverse Housing

Housing is crucial to the economic vitality of our local communities, regions and state.



Local workforce

↓ Traffic/↑ air quality



↑ Jobs/econ development

Fair Housing Framework

Laura Shufelt, MHP



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

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.gov) (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/fheo/library/huddojs_tatement.pdf

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

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

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March 21, 2017
Massachusetts Housing Partnership



Workshop on:
**Affirmative Fair Marketing &
Resident Selection Plans**

Presentation By:
Elizabeth Rust
Regional Housing Services Office



Presentation Outline

- * Overview
 - ◆ Purpose/Requirements
 - ◆ Timing
- * Plan Framework/Content
 - ◆ Certification
 - ◆ Description of Property
 - ◆ Eligibility Requirements
 - ◆ Marketing and Outreach
 - ◆ Application Materials
 - ◆ Lottery Process Overview
 - ◆ On Going Requirements
- * Resources & Questions & Answers



Introductions

Who's here?

- A. Work for a Private Company
- B. Work at a Non-Profit
- C. Independent Consultant
- D. Municipal Employee or Board member



Background

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

REGIONAL HOUSING SERVICES OFFICE, ESTABLISHED 2011

Member Towns receive housing services for an annual fee per Inter-Municipal Agreement:

- Monitoring
- Inventory Management
- Program Administration
- Assessment Valuations
- Local Support, Website
- Regional Collaboration

Town of Concord
Lead Community

RHSO Personnel deliver services through Lead Community.

Membership Fee covers all staffing, and administrative expenses, such as accounting, office support, mail, technology, etc

	Housing Units	Restricted Units	Restricted Ownership	SHI%
Acton	8,475	552	55	6.51%
Bedford	5,322	974	52	18.30%
Burlington	9,627	1008	59	10.47%
Concord	6,852	718	69	10.48%
Lexington	11,946	1337	13	11.19%
Sudbury	5,921	357	36	6.03%
Weston	3,952	149	27	3.77%
	52,095	5,095	311	9.78%



Background

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



Overview

- * What is the goal of a plan and who requires a plan?
- * At what point in the process should a plan be prepared?
- * Who are the parties to the plan and who should prepare the plan?
- * Who is in charge of implementing the plan and what are their qualifications?
- * What costs are associated with the plan and when are they incurred?



Goal of the AFHM & RSP

Consist 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



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.
- * Developers responsibility to follow guidelines.



Timeline

Action	When	Duration
<i>For a Comprehensive Permit:</i> Draft AFH plan with Site Eligibility Application	At submission of Site Eligibility Application to subsidizing agency	In place until final AFH plan is drafted.
<i>All SHI Eligible Units:</i> 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	<i>Ownership:</i> 180 days prior to certificate of occupancy <i>Rental:</i> ~ 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	-



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

* Qualifications of Lottery Agent

- ◆ Experienced, Proficient, Compliant

* Developer is Responsible for all associated costs

- ◆ Preparing plan, advertising, lottery & monitoring.



Plan Contents

Required
AFH Plan
Content

- 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

Required
AFH Plan
Documents

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



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.



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?



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



Income Limits

- * Based on Area:
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%	2016 Income Limits							
	1	2	3	4	5	6	7	8
30% Published	\$20,650	\$23,600	\$26,550	\$29,450	\$31,850	\$34,200	\$36,730	\$40,890
Very Low Income (50%) Published	\$34,340	\$39,250	\$44,150	\$49,050	\$53,000	\$56,900	\$60,850	\$64,750
Low Income (80%) Published	\$51,150	\$58,450	\$65,750	\$73,050	\$78,900	\$84,750	\$90,600	\$96,450
Rent Renewal Limits (140%)	\$71,610	\$81,830	\$92,050	\$102,270	\$110,460	\$118,650	\$126,840	\$135,030
100% (2x 50%)	\$68,680	\$78,500	\$88,300	\$98,100	\$106,000	\$113,800	\$121,700	\$129,500



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 and CPA May Differ
- * These are not Section 8 Fair Market Rents

	1BR	2BR	3BR
Extremely Low Income (30%)	\$590	\$664	\$736
HOME/LIHTC (60%)	\$1,104	\$1,324	\$1,530
SHI Affordable (MH 80%)	\$1,370	\$1,644	\$1,899
SHI Affordable (LIP 80%)	\$1,461	\$1,644	\$1,826
FMR (Boston Area)	\$1,372	\$1,691	\$2,116
Area Median Income/CPA (100%)	\$1,963	\$2,208	\$2,453



Sales Prices

Affordable Condo 2BR MA2 (2016)		Affordable Condo 3BR MA2 (2016)	
Housing Cost:		Housing Cost:	
Sales Price	\$183,400	Sales Price	\$203,500
5% Down payment	\$9,170	5% Down payment	\$10,175
Mortgage	\$174,230	Mortgage	\$193,325
Interest rate	4.50%	Interest rate	4.50%
Amortization	30	Amortization	30
Monthly P&I Payments	\$882.80	Monthly P&I Payments	\$979.55
Tax Rate	\$17.38	Tax Rate	\$17.38
monthly property tax	\$266	monthly property tax	\$295
Hazard insurance	\$61	Hazard insurance	\$68
PMI	\$113	PMI	\$126
Condo/HOA fees (if applicable)	\$115	Condo/HOA fees (if applicable)	\$130
Monthly Housing Cost	\$1,438	Monthly Housing Cost	\$1,598
Necessary Income:	\$57,512	Necessary Income:	\$63,911
Household Income:		Household Income:	
# of Bedrooms	2	# of Bedrooms	3
Sample Household size	3	Sample Household size	4
HUD 80% AMI	\$65,750	HUD 80% AMI	\$73,050
Target Housing Cost (80%AMI)	\$1,644	Target Housing Cost (80%AMI)	\$1,826
10% Window	\$57,531	10% Window	\$63,919
Target Housing Cost (70%AMI)	\$1,438	Target Housing Cost (70%AMI)	\$1,598



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."



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



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>



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
 - ◆ Metropolitan Housing Opportunity Clearing Center (rental)
 - ◆ MAHA
 - ◆ Town website
 - ◆ Local/Regional Housing Organizations
 - ◆ Local/Regional Employers
 - ◆ Local Housing Developments
 - ◆ Faith Based Organizations, Civic Groups



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



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



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)



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



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



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



Homeownership Resales

- * Check the AFHMP for requirements
- * Monitoring Agent leads the process
 - ◆ Establishes Sales Price, Identifies Resale Agent, Communicates timeline with Owner
- * Open application period
 - ◆ Prepare Application, advertise and post notice
- * Lottery versus First-Come First-Served
 - ◆ Considerations: Demand, time frame, restriction



Summary

- * 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



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>



Thank you

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 **MassHousing** Affordable Unit Design and Siting



March 21, 2017
Katy Lacy
MassHousing

 **MassHousing**

The Rules

40B Guidelines Section V:
Housing Programs in Which Funding is Provided by Other than
a State Agency

40B Guidelines Section VI:
Local Initiative Program (LIP)

40B Regulatory Agreement
Construction Lender Monitoring Certificate



40B Guidelines Section V (D)

“In the case of a Project with detached single-family units, as a general rule, the affordable units should have the same external appearance as various types of market units, and should be reasonably interspersed through the project.”

“Where units are clustered, the external appearances should have a uniform quality for both affordable and market units, and the affordable units should be reasonably interspersed with the market units”



40B Guidelines Section VI (LIP)

“All low and moderate income housing units developed through LIP shall be indistinguishable from market rate units as viewed from the exterior...”



40B Guidelines Section VI (LIP)

“Affordable units must be proportionately distributed throughout the project, in terms of both **location and unit type...**”

	Total Units	Affordable Units	Market Rate Units
Project A	16	Two 2BRs @ 950 s.f. Two 3BRs @ 1200 s.f. Total Affordable Units: 4	Six 2BRs @ 950 s.f. Six 3BRs @ 1200 s.f. Total market Rate Units: 12
Project B	50	Five 1BRs @ 750 s.f. Five 2BRs @ 900 s.f. Three 2BRs @ 1100 s.f. Total Affordable Units: 13	Fifteen 1BRs @ 750 s.f. Fifteen 2BRs @ 900 s.f. Seven 2BRs @ 1100 s.f. Total Market Rate Units: 37



**Uniform Regulatory Agreement
(Signed by Developer)**

“Construction Obligations. (a) All Affordable Units to be constructed as part of the Project must be similar in exterior appearance to other units in the Project and shall be evenly dispersed throughout the Project”



Construction Lender Monitoring Certificate
(Signed by Bank)

“The Construction Lender acknowledges that ...the Affordable Units are not readily identifiable as such; the Affordable Units are reasonably interspersed throughout the Development, and blended into the Development so that they are an integral part of the overall design; ...the external appearance of the Affordable Units and Market Units have a uniform quality”



Interiors are Different

40B Guidelines Section V (D)

“ While the low and moderate income units need not be given the same interior finishes and amenities as the market rate units, the interiors shall be of good quality...”



Interiors

LIP Guidelines

“Units shall contain complete living facilities including a stove, kitchen cabinets, plumbing fixtures, a refrigerator and access to laundry facilities..”



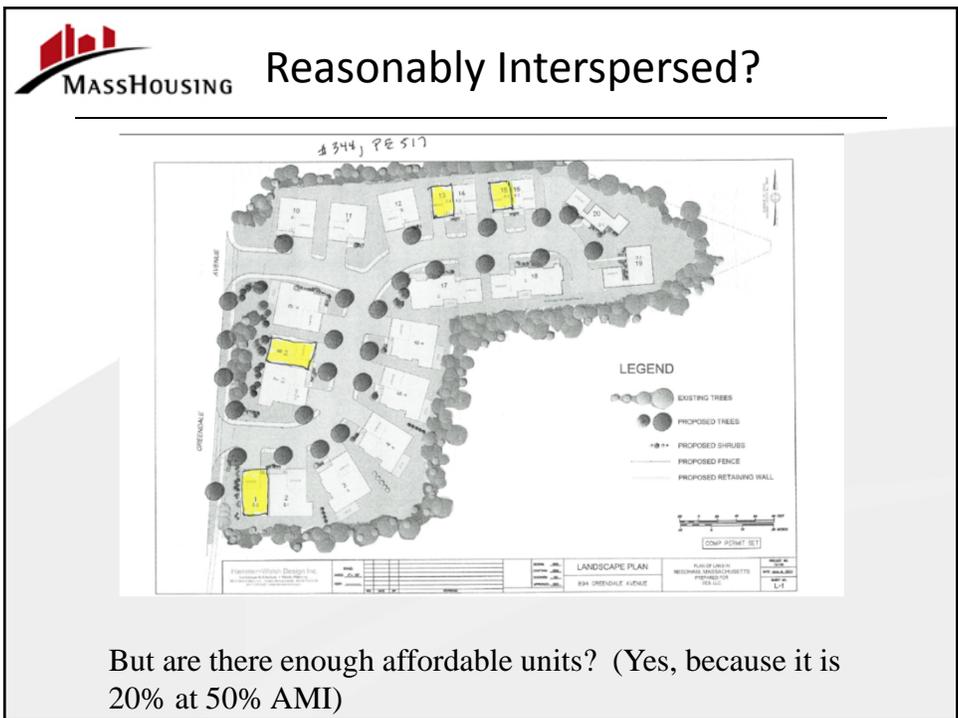
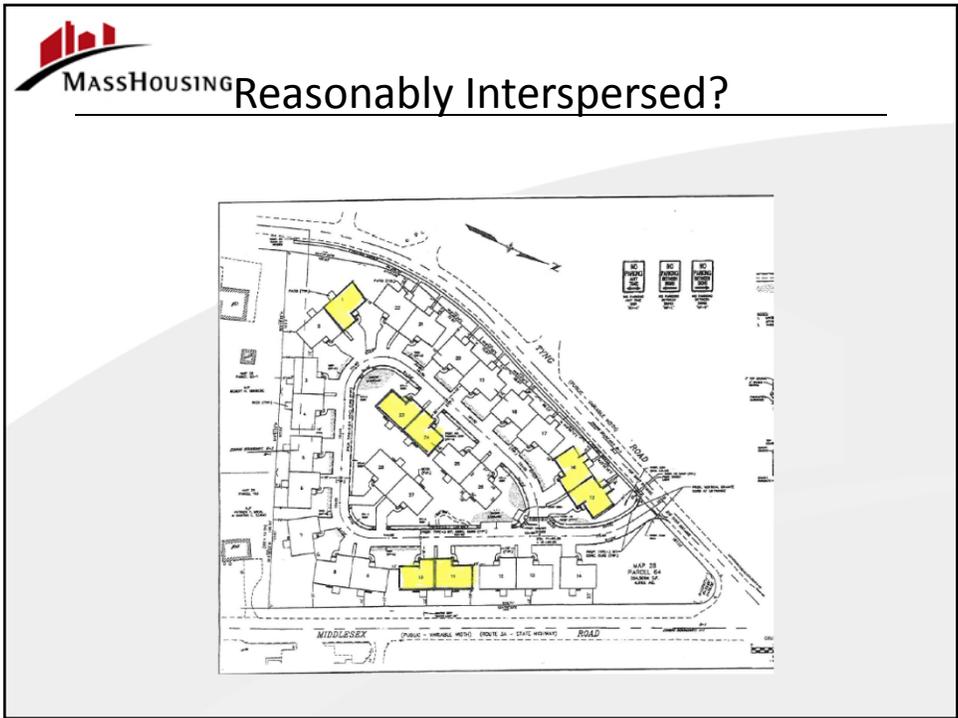
Rental vs. Homeownership

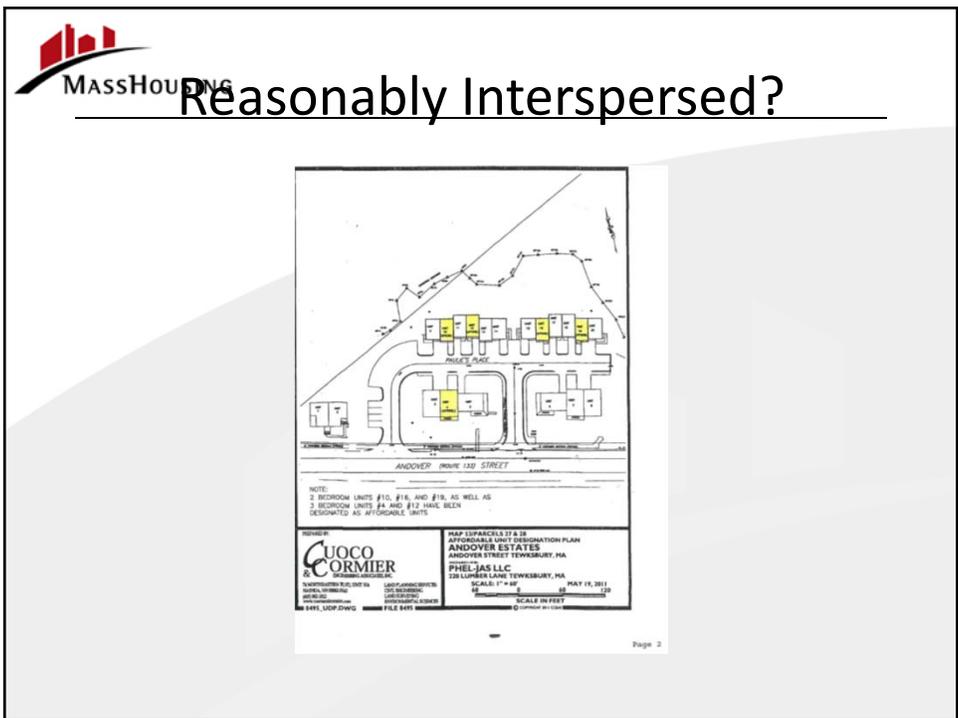
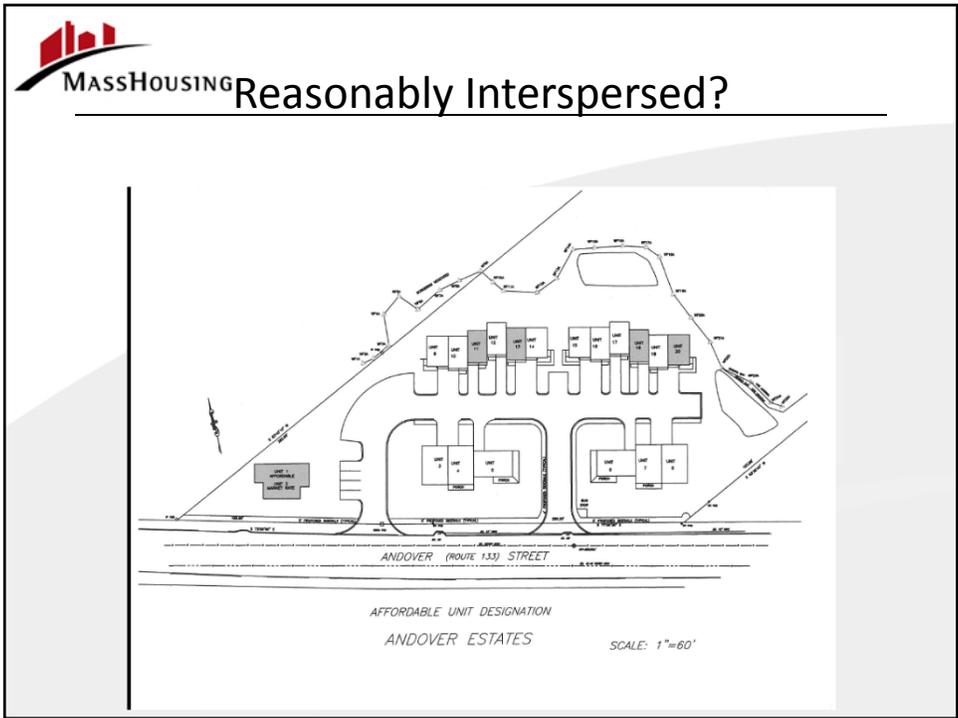
Affordable units in Homeownership Projects are forever!

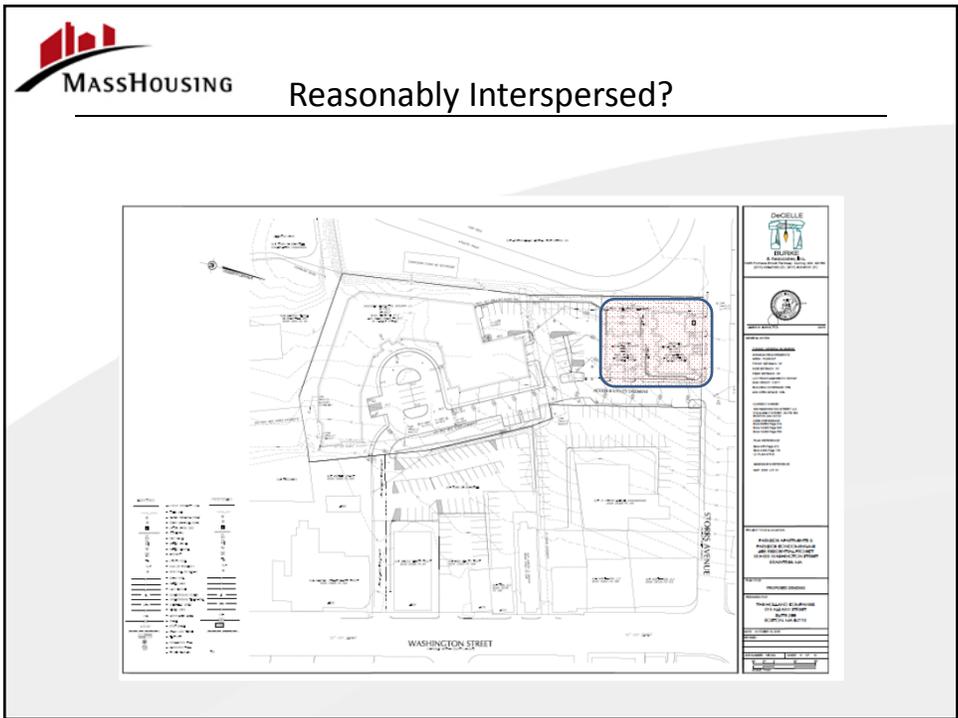
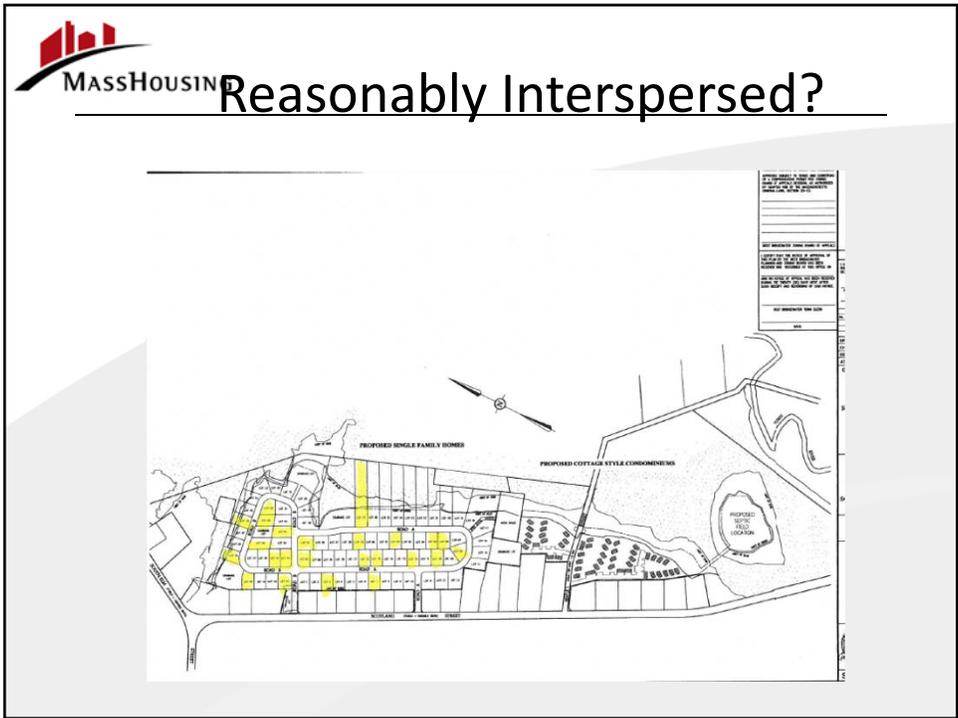
Affordable units in Rental projects can and will change as resident income changes, and units are vacated and re-leased.

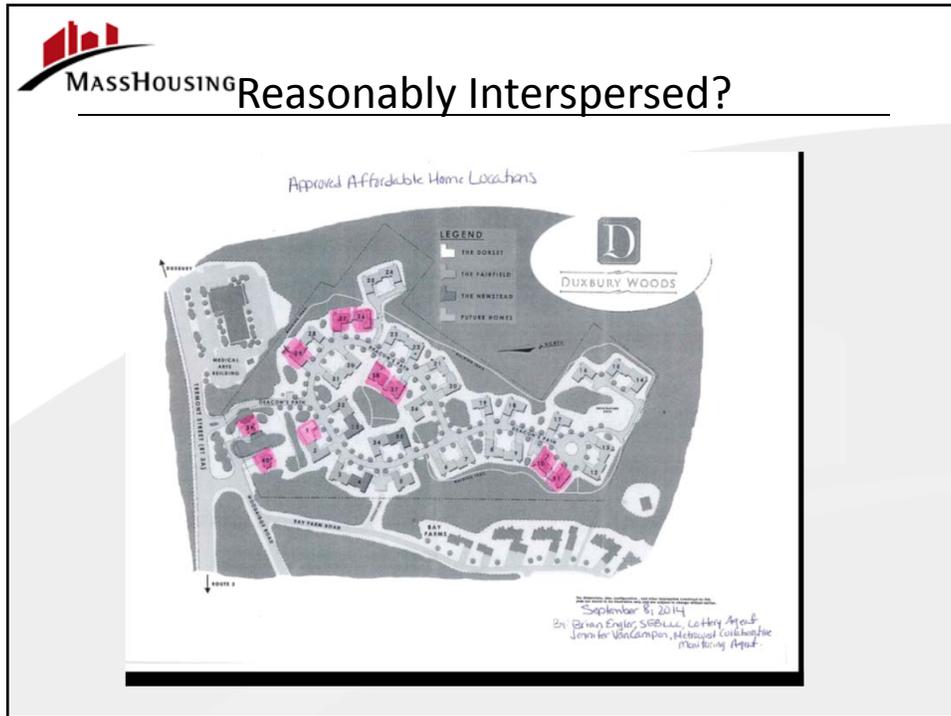
 **MassHousing** Reasonably Interspersed?

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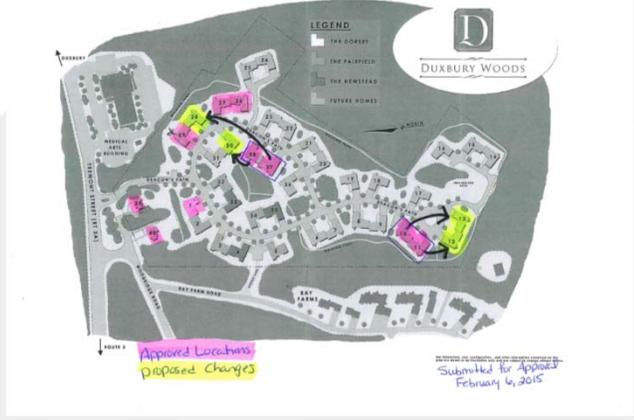


MASSHOUSING It is Case by Case.....

“Right now we have an approved buyer (Wentworth) who has reserved unit 1. She is having a ton of difficulty getting a mortgage commitment because a lender will not allow her to close until unit 2 (the adjoining unit) is under agreement and almost all lenders now require more than 50% of the units in a phase to be under agreement. She has gone to multiple lenders and the developer is now trying to use their own connections to get a lender to portfolio the loan. We hope that we can make it work soon, and while these requested unit swaps won’t help with the closing of unit 1, they are being made to try to avoid this issue for future closings.

We have a new buyer (the Aucotts) who have just sold their current home and really want to close by the end of this year in Duxbury Woods. The developer has been great working with them and is making all sorts of reasonable modifications to the unit to accommodate the buyer. The only available affordable home at this time that will close by the end of this year is unit 29, which the Aucotts are now in the process of reserving. If no units are swapped, the Aucotts will run into the same issues as Wentworth in unit 1.”

 **Reasonably Interspersed?**



The map shows a residential development with a legend for 'THE COMMONS', 'THE FAIRFIELD', 'THE NEWSTEAD', and 'FUTURE HOMES'. Handwritten notes in pink and yellow highlight specific units, with one note stating 'Approved Locations Proposed Changes'. Another note at the bottom right says 'Submitted for Approval February 6, 2015'. The MassHousing logo and the title 'Reasonably Interspersed?' are at the top left.

 **"Indistinguishable from Market Rate Units?"**



TAYLOR COVE - ANDOVER, MA

The image features a detailed architectural drawing of a large, two-story house with multiple gables and a central entrance. The drawing is framed by a double-line border. Below the drawing, the text 'TAYLOR COVE - ANDOVER, MA' is centered. The MassHousing logo and the title '"Indistinguishable from Market Rate Units?"' are at the top left.

MassHOUSING Indistinguishable? Rear Elevation

PROPOSED REAR ELEVATION
SCALE: 1/8" = 1'-0"

PROPOSED LEFT ELEVATION
SCALE: 1/8" = 1'-0"

PHOENIX COLLABORATIVE ARCHITECTS

NO.	DESCRIPTION	DATE
1	ISSUED FOR PERMITS	05/11/16
2	ISSUED FOR PERMITS	05/11/16
3	ISSUED FOR PERMITS	05/11/16
4	ISSUED FOR PERMITS	05/11/16

MassHOUSING Indistinguishable?

ANDOVER (ROUTE 120) STREET

NOTE:
2 BEDROOM UNITS #10, #16, AND #19, AS WELL AS
3 BEDROOM UNITS #4 AND #12 HAVE BEEN
DESIGNATED AS AFFORDABLE UNITS

PREPARED BY:
CUOCO CORMIER
ARCHITECTS

PROJECT:
MAP 13 PARCELS 17 & 18
AFFORDABLE UNIT DESIGNATION PLAN
ANDOVER ESTATES
ANDOVER STREET TOWNSHIPS, MA

DATE: MAY 11, 2011
SCALE: 1/4" = 1'-0"
SCALE IN FEET

MASSHOUSING Indistinguishable?

Architectural drawings for Lakeland Hills Townhouses. The drawings include a site plan, a 1st Floor Plan (1,128 sq ft), a 2nd Floor Plan (1,128 sq ft), and a Garage Floor Plan (1,128 sq ft). The site plan shows the layout of the townhouses on a lot. The floor plans show the interior layout, including bedrooms, bathrooms, and living areas. The elevations show the exterior of the townhouses, including the front, left, right, and rear elevations. The drawings are labeled with dimensions and scale (1/8" = 1'-0").

Green Unit
Lakeland Hills Townhouses
Northfield, Massachusetts

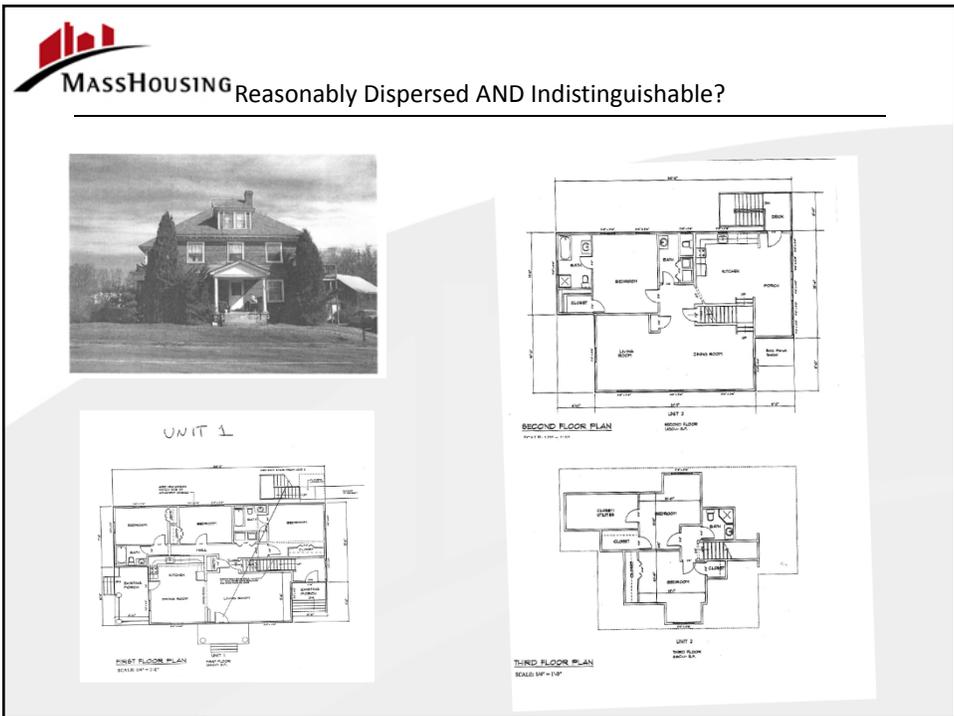
MASSHOUSING Indistinguishable?

Two first floor plans for the Mayapple Patty Cake Duplex (816,224 sq ft). The left plan is labeled "Market Rate" and the right plan is labeled "Affordable Slab on Grade". Both plans show a similar layout with a living area, kitchen, dining area, and bedrooms. The "Affordable Slab on Grade" plan shows a slightly different layout for the living area and kitchen. The drawings are labeled with dimensions and scale (1/8" = 1'-0").

Mayapple Patty Cake Duplex
816,224 sq ft
Scale: 1/8" = 1'-0"

Market Rate

Affordable Slab on Grade





Interiors

“ While the low and moderate income units need not be given the same interior finishes and amenities as the market rate units, the interiors shall be of good quality...”



Interiors Quiz

- Granite Countertops
- Finished Basement
- Double Sinks in Master Bathroom
- Deadbolt Locks on Doors Finished Second Floor
- Central ac
- Washer
- Dryer
- Washer & Dryer Hook Up
- Wood Molding
- Type and Appearance of Windows
- Interior Lighting Fixtures
- Kitchen Cabinets Stove
- Stove Hood

MassHOUSING Rental Affordable Unit Locations

Village Green Apartments—13 Great Road Littleton MA

MassHOUSING Rental-Reasonably Dispersed?

Village Green Littleton Affordable Unit List – May 29 2014

Unit	Type	Building	Floor	Handicap	Beds
1103	DH	1	1	Y	1
1104	F	1	1		3
1109	D	1	1		1
1110	D	1	1		1
1203	D	1	2		1
1207	A	1	2		2
1209	D	1	2		1
1210	D	1	2		1
1303	D	1	3		1
1307	A	1	3		2
1407	A	1	4		2
2103	DH	2	1	Y	1
2104	F	2	1		3
2109	D	2	1		1
2110	D	2	1		1
2203	D	2	2		1
2207	A	2	2		2
2209	D	2	2		1
2210	D	2	2		1
2303	D	2	3		1
2307	A	2	3		2
2407	A	2	4		2
3103	D	3	1		1
3104	FH	3	1	Y	3
3108	A	3	1		2
3109	A	3	1	Y	2
3110	AH	3	1		2
3203	D	3	2		1
3208	A	3	2		2
3209	A	3	2		2
3210	A	3	2		2
3303	D	3	3		1
3308	A	3	3		2
3309	A	3	3		2
3310	A	3	3		2
3410	A	3	4		2

Totals: 1 Bed 17 (2 of which are HC) A & AH Unit 1122 SF
 2 Bed 16 (1 of which is HC) D & DH Unit 806 SF
 3 Bed 3 (1 of which is HC) F 1292 SF
 Total: 36 FH 1284 SF

Square Footage by Unit type:

III. Affirmative Fair Housing Marketing and Resident Selection Plan

A. Introduction

The Commonwealth of Massachusetts has a compelling interest in creating fair and open access to affordable housing and promoting compliance with state and federal civil rights obligations. Therefore, all housing with state subsidy or housing for inclusion on the Subsidized Housing Inventory (SHI) shall have an Affirmative Fair Housing Marketing and Resident Selection Plan (AFHMP). With respect to rental housing and Assisted Living Facilities, *the affordable Use Restriction documents of said housing must require that the AFHMP, subject to the approval of the subsidizing or funding agency, shall be implemented for the term of the affordability restriction.*

Affirmative Fair Housing requirements apply to the full spectrum of activities that culminate with occupancy, including but not limited to means and methods of outreach and marketing through to the qualification and selection of residents. All AFHMP plans must, at a minimum, meet the standards set forth by the Department of Housing and Community Development (DHCD), as may be amended from time to time. In the case of M.G.L. c.40B projects and other projects subsidized by a Subsidizing Agency, the AFHMP must be approved by the Subsidizing Agency.

The developer (Developer) is responsible for resident selection, including but not limited to drafting the resident selection plan, marketing, administering the initial lottery process, and determining the qualification of potential buyers and/or tenants. The Developer is responsible for paying for all of the costs of affirmative fair marketing and administering the lottery and may use in-house staff, provided that such staff meets the qualifications described below. The Developer may contract for such services provided that any such contractor must be experienced and qualified under the following standards.

Note: As used in these AFHMP Guidelines, "Developer" refers to the Project Owner and/or the entity with which the Developer has contracted to carry out any or all of the tasks associated with an AFHMP.

B. Developer Staff and Contractor Qualifications

The entity as well as the individual with primary responsibility for resident selection, whether in-house staff or a third-party contractor, must have substantial, successful prior experience in each component of the AFHMP for which the party will be responsible, e.g. drafting the plan, marketing and outreach activities, administering the lottery process and/or determining eligibility under applicable subsidy programs and/or qualifying buyers with mortgage lenders.

Subsidizing Agencies reserve the right to reject the qualifications of any Developer or contractor. However, generally, Developers or contractors that meet the following criteria *for each component*, as applicable, will be considered to be qualified to carry out the component(s) for which they are responsible:

1. The entity has successfully carried out similar AFHMP responsibilities for a minimum of three (3) projects in Massachusetts *or* the individual with primary responsibility for the resident selection process has successfully carried out similar AFHMP responsibilities for a minimum of five (5) projects in Massachusetts.
2. The entity has the capacity to address matters relating to limited English language proficiency. This shall include language access planning and providing reasonable language assistance, at no cost to the applicant, so that applicants with Limited English Proficiency ("LEP") may meaningfully apply and access

the housing opportunity.⁹ Marketing informational materials must therefore provide notice of free language assistance to applicants, translated into the languages of LEP populations anticipated to apply.

3. "Successfully" for the purposes of these Guidelines means that, with respect to both the entity and the relevant staff, (a) the prior experience has not required intervention by a Subsidizing Agency to address fair housing complaints or concerns; and (b) that within the past five (5) years, there has not been a finding or final determination against the entity or staff for violation of any state or federal fair housing law.

C. Affirmative Fair Housing Marketing Plan

1. Duration

The Developer and contractor, if any, or other delegated entity, shall review and update the AFHMP at least every five years, or more frequently if relevant demographics change, or as otherwise needed in order to ensure compliance with applicable law and DHCD's AFHMP guidelines, as may be amended from time to time (or any successor guidelines or directives).

(May 2013 Update: Addition of language on duration; no change in policy.)

2. Contents

The Developer shall prepare the following materials which shall comprise an AFHMP:

- a. Informational materials for applicants including a general description of the overall project that provides key information such as the number of market/affordable units, amenities, number of parking/garage spaces per unit, distribution of bedrooms by market and affordable units, accessibility, etc.
- b. A description of the eligibility requirements.
- c. A description of the rules for applying and the order in which applications will be processed.
- d. Lottery and resident selection procedures.
- e. A clear description of the preference system being used (if applicable).
- f. A description of the measures that will be used to ensure affirmative fair marketing will be achieved including a description of the affirmative fair marketing and outreach methods that will be used, sample advertisements to be used, and a list of publications where ads will be placed.
- g. Application materials including:
 - (1) The application form.

⁹ See DHCD's Language Access Plan at <http://www.mass.gov/hed/docs/dhcd/hd/fair/languageaccessplan.pdf> for information about language access planning obligations and requirements.

- (2) A statement regarding the housing provider's¹⁰ obligation not to 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 reciprocity, religion, sex, sexual orientation, gender identity, veteran/military status, or any other basis prohibited by law, and such a statement must also be included in the application materials.
 - (3) Information indicating that persons with disabilities are entitled to request a reasonable accommodation in rules, policies, practices, or services, or to request a reasonable modification in the housing, when such accommodations or modifications may be necessary to afford persons with disabilities an equal opportunity to use and enjoy the housing.¹¹
 - (4) An authorization for consent to release information.
- h. For homeownership transactions, a description of the use restriction and/or deed rider.
 - i. The Developer and contractor, if any, shall sign the AFHMP document as follows:

"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.

Note: The Developer shall *not* utilize the HUD AFHMP form unless required to submit an AFHMP to HUD for review and approval.

3. Approval

The Subsidizing Agency must approve the AFHMP before the marketing and application process commences.

4. Applicability

Aside from the advertising component of the AFHMP, which applies to all units, the AFHMP shall be applied to affordable units upon availability for the term of affordability and must consist 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*.

¹⁰ Note: housing providers include owners of accessory apartments and their agents.

¹¹ It is important to remember that legal obligations with respect to accessibility and modifications in housing extend beyond the Massachusetts Architectural Access Board requirements, including federal requirements imposed by the Fair Housing Act, the Americans with Disabilities Act, and the Rehabilitation Act. Under state law, in the case of publicly assisted housing, multiple dwelling housing consisting of ten or more units, or contiguously located housing consisting of ten or more units (see M.G.L. c. 151B, § 1 for definitions), reasonable modification of existing premises shall *be at the expense of the owner* or other person having the right of ownership if necessary for the person with a disability to fully enjoy the premises. M.G.L. c. 151B, § 4(7A). See also 24 C.F.R. part 8 for Rehabilitation Act requirements of housing providers that receive federal financial assistance.

5. Criminal Background Checks

Criminal background checks are not required under these AFMHP guidelines. However, if criminal background inquiries and checks will be utilized during the application process, the use of such inquiries and checks are subject to the approval of the Subsidizing Agency. Criminal background screening shall not be conducted as a precondition for applicant participation in the lottery. For further guidance on criminal background screening, see the Model Policy Regarding Applicant Screening on the Basis of Criminal Records, available at <http://www.mass.gov/hed/economic/eohed/dhcd/legal/fair-housing-and-civil-rights-information.html>

(May 2013 Update: New requirement for signature/certification of AFHMP submissions; advice on use of HUD form; and new language on CORIs but no change in policy.)

6. Outreach and Marketing

Marketing should attract residents outside the community by extending to the regional statistical area as well as the state and must meet the following requirements:

- a. Advertisements should be placed in local and regional newspapers, and newspapers that serve minority groups and other groups protected under fair housing laws. Notices should also be sent to local fair housing commissions, area churches, local and regional housing agencies, local housing authorities, civic groups, lending institutions, social service agencies, and other non-profit organizations.
- b. Affordable units in the Boston Metropolitan Statistical Area (MSA) must be reported to the Boston Fair Housing Commission's Metrolist (Metropolitan Housing Opportunity Clearing House). Such units shall be reported whenever they become available (including upon turnover).
- c. Accessible¹² units must be listed with MassAccess (see <http://www.chapa.org> or <http://www.massaccesshousingregistry.org>) whenever they become available (including upon turnover).
- d. Affordable rental and affordable ownership units, whether or not they are accessible, must also be listed with MassAccess whenever they become available (including upon turnover). Where applicable, all MassAccess data input fields relating to accessible and adaptable status and accessibility features must be completed. Available affordable ownership units must also be listed with the Massachusetts Affordable Housing Alliance website (see <http://www.mahahome.org> or <http://www.massaffordablehomes.org>).
- e. Marketing should also be included in non-English publications based on the prevalence of particular language groups in the regional area. To determine the prevalence of a particular language by geographical area, see for example http://www.lep.gov/demog_data/demog_data.html.

¹² Note: The owner or other person having the right of ownership shall, in accordance with M.G.L. c. 151B, §4(7A), give at least fifteen days' notice of the vacancy of a wheelchair accessible unit to the Massachusetts Rehabilitation Commission. Said statute also requires the owner or other person having the right of ownership to give timely notice that a wheelchair accessible unit is vacant or will become vacant to a person who has, within the past 12 months, notified the owner or person or person having the right of ownership that such person is in need of a wheelchair accessible unit.

- f. All marketing should be comparable in terms of the description of the opportunity available, regardless of the marketing type (e.g., local newspaper vs. minority newspaper). The size of the advertisements, including the content of the advertisement, as well as the dates of the advertising unless affirmative advertising occurs first, should be comparable across regional, local, and minority newspapers.
- g. All advertising and marketing materials should indicate resident selection by lottery or other random selection procedure, where applicable.
- h. All advertising should offer reasonable accommodations in the application process.
- i. Advertisements should run a minimum of two times over a sixty day period and be designed to attract attention. Marketing of ownership units should begin approximately six months before the expected date of project occupancy.
- j. Pursuant to fair housing laws,¹³ advertising/marketing must not indicate any preference or limitation, or otherwise discriminate based on race, color, disability, religion, sex, familial status, sexual orientation, gender identity, national origin, genetic information, ancestry, children, marital status, or public assistance reciprocity. This prohibition includes phrases such as "active adult community" and "empty nesters". Exceptions may apply if the preference or limitation is pursuant to a lawful eligibility requirement.
- k. All advertising and marketing materials portraying persons should depict members of classes of persons protected under fair housing laws, including majority and minority groups as well as persons with disabilities.
- l. The Fair Housing logo () and slogan ("Equal Housing Opportunity") should be included in all marketing materials. The logo may be obtained at HUD's website at: <http://www.hud.gov/library/bookshelf11/hudgraphics/fheologo.cfm> .

(May 2013 Update: Clarification on MassAccess requirements; the specific references to examples of prohibited phrases in 6.j; no change in policy.)

7. Availability of Applications

Advertising and outreach efforts shall identify locations where the application can be obtained. **Applications shall be available at public, wheelchair accessible locations, including one that has some night hours; usually, a public library will meet this need.** The advertisements and other marketing materials shall include a telephone number, as well as the TTY/TTD telephone number, that persons can call to request an application by mail. Advertisements and other marketing materials cannot indicate that applicants must appear in person in order to receive or submit applications or that they will have an advantage over applicants who do not appear in person.

8. Informational Meeting

At the time of initial marketing, the lottery administrator must offer one or more informational meetings for potential applicants to educate them about the lottery process and the housing development. These meetings may include local officials, developers, and local bankers. The date, time, and location of these meetings shall be published in ads and flyers that publicize the availability of lottery applications. The

¹³ 42 U.S.C. § 3604(c); M.G.L. c. 151B, § 4(7B).

workshops shall be held in a municipal building, school, library, public meeting room or other accessible space. Meetings shall be held in the evening or on weekend days in order to reach as many potential applicants as possible. However, attendance at a meeting shall not be mandatory for participation in a lottery.

The purpose of the meeting is to answer questions that are commonly asked by lottery applicants. Usually a municipal official will welcome the participants and describe the municipality's role in the affordable housing development. The lottery administrator will then explain the information requested on the application and answer questions about the lottery drawing process. The Developer should be present to describe the development and to answer specific questions about the affordable units. It is helpful to have representatives of local banks present to answer questions about qualifications for the financing of affordable units. At the meeting, the lottery administrator should provide complete application materials to potential applicants.

9. Homeownership – Establishing Sales Prices

Sale prices shall be established at the time of the initial marketing of the affordable units. Thereafter, the prices of homes cannot be increased for lottery winners, even if interest rates and HUD income guidelines change.

For large, phased developments maximum sale prices of units sold in subsequent phases will be calculated prior to the start of marketing for each phase, or approximately 6 months prior to expected occupancy of the units. In such cases, each phase will require its own affirmative fair marketing efforts and lottery.

D. Local Preferences

1. Threshold Requirements

a. Required Supporting Documentation

If a municipality wishes to implement a local selection preference, it must:

- (1) Demonstrate in the AFHMP the need for the local preference. For instance, a community that has a subsidized rental housing or public housing waiting list with local applicants likely to apply for the project (whether or not the project provides rental assistance will be considered) *may* support a local preference for a rental development.
- (2) Justify the extent of the local preference (the percentage of units proposed to be set aside for local preference). That is, how does the documented local need, in the context of the size of the community, the size of the project and the regional need, justify the proposed size of the local preference for a given project? *Note, however, that in no event may a local preference exceed 70% of the (affordable) units in a Project.*
- (3) Demonstrate that the proposed local preference will not have a disparate impact on protected classes (see e.g., the "Avoiding Potential Discriminatory Effects" section below).

b. Failure to Provide Supporting Documentation

A municipality must provide to the Developer the documentation required to support a local preference within 3 months of final issuance of the Comprehensive Permit. Failure to comply with

this requirement shall be deemed to demonstrate that there is not a need for a local preference and a local preference shall not be approved as part of any AFHMP or use restriction.

2. Approval

The Subsidizing Agency, and in the case of LAUs, DHCD as well as the municipality, must approve a local preference scheme as part of the AFHMP. Therefore, the nature and extent of local preferences should be approved by the Subsidizing Agency (or DHCD in the case of LAUs) prior to including such language in any zoning mechanism. Furthermore, a comprehensive permit shall only contain requirements or conditions relating to local preferences to the extent permitted by applicable law and this AFHMP policy.

(May 2013 Update: Clarification on what is required to establish the local preference set-aside.)

3. Local Preferences

a. Allowable Preference Categories

- (1) Current residents: A household in which one or more members is living in the city or town at the time of application. Documentation of residency should be provided, such as rent receipts, utility bills, street listing or voter registration listing.
- (2) Municipal Employees: Employees of the municipality, such as teachers, janitors, firefighters, police officers, librarians, or town hall employees.
- (3) Employees of Local Businesses: Employees of businesses located in the municipality.
- (4) Households with children attending the locality's schools, such as METCO students.

b. When determining the preference categories, the geographic boundaries of the local resident preference area may not be smaller than municipal boundaries.

c. Durational requirements related to local preferences, that is, how long an applicant has lived in or worked in the residency preference area, are not permitted in any case.

d. Preferences extended to local residents should also be made available not only to applicants who work in the preference area, but also to applicants who have been hired to work in the preference area, applicants who demonstrate that they expect to live in the preference area because of a bona fide offer of employment, and applicant households with children attending the locality's schools, such as METCO students.

e. A preference for households that work in the community must not discriminate (including have a disproportionate effect of exclusion) against persons with disabilities and elderly households in violation of fair housing laws.

f. Advertising should not have a discouraging effect on eligible applicants. As such, local residency preferences must not be advertised as they may discourage non-local potential applicants.

4. Avoiding Potential Discriminatory Effects

a. General.

The local selection preferences must not disproportionately delay or otherwise deny admission of non-local residents that are protected under state and federal civil rights laws. The AFHMP should demonstrate what efforts will be taken to prevent a disparate impact or discriminatory effect. For example, the community may move minority applicants into the local selection pool to ensure it reflects the racial/ethnic balance of the HUD defined Metropolitan Statistical Area ("MSA") as described below.¹⁴ However, such a protective measure may not be sufficient as it is race/ethnicity specific; the AFHMP must address other classes of persons protected under fair housing laws who may be negatively affected by the local preference. For instance, a preference solely based on employment in the municipality may have a disparate impact on the elderly or some persons with disabilities. In such instance, an applicant residing in the community who is age 62 or older or is a person with a disability must be given the benefit of the employment preference.

b. Lottery Process

- (1) To avoid discriminatory effects in violation of applicable fair housing laws, the following procedure should be followed unless an alternative method for avoiding disparate impact (such as lowering the original percentage for local preference as needed to reflect demographic statistics of the MSA) is approved by the Subsidizing Agency. If the project receives HUD financing, HUD standards must be followed.
- (2) A lottery for projects including a local preference should have two applicant pools: a local preference pool and an open pool. After the application deadline has passed, the Developer should determine the number of local resident minority households there are in the municipality and the percentage of minorities in the local preference pool. If the percentage of minority local resident households in the local preference pool is less than the percentage of minorities in the surrounding HUD-defined area, the Developer should make the following adjustments to the local preference pool:
 - (a) The Developer should hold a preliminary lottery comprised of all minority applicants who did not qualify for the local preference pool, and rank the applicants in order of drawing.
 - (b) Minority applicants should then be added to the local preference pool in order of their rankings until the percentage of minority applicants in the local preference pool is equal to the percentage of minorities in the surrounding HUD-defined area.
 - (c) Applicants should be entered into all pools for which they qualify. For example, a local resident should be included in the local preference pool and the open pool.
 - (d) Minorities should be identified in accordance with the classifications established by HUD and the U.S. Census Bureau, which are the racial classifications: Black or African American; Asian; Native American or Alaska Native; Native Hawaiian or Pacific Islander; or other (not White); and the ethnic classification Hispanic or Latino.

¹⁴ Note: This protective measure may not be dispositive with respect to discriminatory effects. For example, the non-local applicant pool may contain a disproportionately large percentage of minorities, and therefore adjusting the local preference pool to reflect demographics of the regional area may not sufficiently address the discriminatory effect that the local preference has on minority applicants. Therefore, characteristics of the non-local applicant pool should continually be evaluated.

E. Household Size Requirements

In order to make the best use of limited affordable housing resources, household size should be appropriate for the number of bedrooms in the home. Minimum household standards shall be established and shall conform with the following requirements. A "household" shall mean two or more persons who will live regularly in the unit as their principal residence and who are related by blood, marriage, law or who have otherwise evidenced a stable inter-dependent relationship, or an individual.

1. Preferences.

Lottery drawings shall result in each applicant being given a ranking among other applicants with households receiving preference for units based on the above criteria below.

a. First Preference

Within an applicant pool first preference shall be given to households requiring the total number of bedrooms in the unit based on the following criteria:

- (1) There is at least one occupant per bedroom.¹⁵
- (2) A husband and wife, or those in a similar living arrangement, shall be required to share a bedroom. Other household members may share but shall not be required to share a bedroom.
- (3) A person described in the first sentence of (b) shall not be required to share a bedroom if a consequence of sharing would be a severe adverse impact on his or her mental or physical health and the lottery agent receives reliable medical documentation as to such impact of sharing.
- (4) A household may count an unborn child as a household member. The household must submit proof of pregnancy with the application.
- (5) If the applicant is in the process of a divorce or separation, the applicant must provide proof that the divorce or separation has begun or has been finalized, as set forth in the application.

b. Second Preference

Within an applicant pool second preference shall be given to households requiring the number of bedrooms in the unit minus one, based on the above criteria.

c. Third Preference

Within an applicant pool third preference shall be given to households requiring the number of bedrooms in the unit minus two, based on the above criteria.

2. Maximum Household Size

Household size shall not exceed, nor may maximum allowable household size be more restrictive than, State Sanitary Code requirements for occupancy of a unit (See 105 CMR 400).¹⁶

¹⁵ Households with disabilities must not be excluded from a preference for a larger unit based on household size if such larger unit is needed as a reasonable accommodation.

F. Lotteries and Application Process

1. Lottery Application

a. "First Come, First Served"

Resident selection for affordable units must generally be based on a lottery, although in some cases it may be based on another fair and equitable procedure approved by the Subsidizing Agency.¹⁷ A "first-come, first-serve procedure," generally is not permissible as it is likely to disadvantage non-local applicants or may otherwise present an impediment to equal housing opportunity for some applicants, including some applicants with disabilities. However, first-come, first-serve may be permissible in circumstances for which a lottery or other random selection procedure would be unduly burdensome or impracticable, including for individual homeownership units after the initial lottery.

b. Application Period.

The application period should be at least 60 days. To ensure the fairness of the application process, applicants must not be required to deliver application materials and instead must be permitted to mail them or submit by alternative means such as fax or e-mail.

c. Application Contents and Verification

- (1) The lottery application must address a household's income, assets, size and composition, minority status (optional disclosure by the household), eligibility as a first-time buyer (for ownership units), and eligibility for local preference
- (2) The lottery administrator shall request verification to verify eligibility; e.g., for homeownership units, three prior year tax returns with the W2 form and for rental housing, one year prior tax return with the W2 form; 5 most recent pay stubs for all members of the household who are working, three most recent bank statements and other materials necessary to verify income or assets. **Only applicants who meet the applicable eligibility requirements shall be entered into a lottery.**

(May 2013 update: clarification that "first come, first serve" generally is not permitted as a selection process.)

2. Lottery Procedure

a. General

- (1) Once all required information has been received, qualified applicants should be assigned a registration number. **Only applicants who meet the applicable eligibility requirements shall be entered into a lottery.**¹⁸ **The lottery shall be conducted after**

¹⁶ Note, however, that fair housing exceptions may apply: see HUD Fair Housing Enforcement—Occupancy Standards Notice of Statement of Policy, Docket No. FR-4405-N-01 (1998).

¹⁷ In the case of project based Section 8 properties where resident selection is to be performed by the housing authority pursuant to a Section 8 waiting list, a lottery procedure is not required.

¹⁸ Only applicants who are eligible for a local preference, where applicable, shall be entered into a local preference lottery pool.

any appeals related to the project have been completed and all permits or approvals related to the project have received final action.

(2) Ballots with the registration number for applicant households are placed in **all** lottery pools for which they qualify. The ballots are randomly drawn and listed in the order drawn, by pool. If a project has units with different numbers of bedrooms, units are then awarded (largest units first) by proceeding down the list to the first household on the list that is of appropriate size for the largest unit available according to the appropriate-unit-size criteria established for the lottery. Once all larger units have been assigned to appropriately sized households in this manner, the lottery administrator returns to the top of the list and selects appropriately sized households for smaller units. This process continues until all available units have been assigned to appropriately sized applicant households.

(3) The lottery should ordinarily be held at a public, wheelchair accessible location.

b. Deposits/Fees

(1) Prohibited - Successful lottery participants cannot be required to pay any fee or deposit to hold a unit pending construction completion nor can applicants be required to pay any form of fee or deposit to be placed on a wait list.

(2) Permitted – The foregoing language shall not prevent an Owner from requiring a deposit from a home buyer upon signing an offer and/or purchase and sales agreement, nor at the time that the Owner is offering to lease a specific rental unit to the applicant household. In the latter instance, the deposit shall not exceed the amount that the Owner would otherwise be permitted to require as a security deposit.

c. Accessible Units/Units with Adaptive Features; Reasonable Accommodations

(1) If the project includes units that are fully accessible, or units that have adaptive features (also commonly referred to as “adaptable” units), for occupancy by persons with mobility impairments or hearing, vision or other sensory impairments, first preference (regardless of applicant pool) for those units shall be given to persons with disabilities who need such units, including single person households, in conformity with state and federal civil rights laws. This preference applies to fully accessible units (e.g., in projects in which 5% of the total units are to be wheelchair accessible and 2% are to be communications accessible in accordance with applicable accessibility standards).¹⁹ In projects that do not have such units but that have units with adaptive features²⁰ for persons with mobility impairments and/or hearing, vision or other sensory impairments, this preference also applies to the units with adaptive features; however, such a preference is not required to exceed 5% (mobility) or 2% (sensory) of the total units under these guidelines.

(2) Fulfilling the obligation for a providing a first preference, as described above, does not limit an owner’s fair housing obligations with respect to persons with disabilities. When a person with a disability is the next eligible applicant and the development contains available units with adaptive features, the applicant must be made aware of such availability and of the owner’s obligation to adapt the unit as needed.

¹⁹ e.g., Massachusetts Architectural Access Board (MAAB) (“Group 2 units”), Uniform Federal Accessibility Standards (UFAS), and 2010 ADA Standards.

²⁰ e.g., in accordance with the Fair Housing Act Guidelines and MAAB (“Group 1 units”) standards.

- (3) The owner also has obligations to make reasonable accommodations such as granting the request for an appropriately sized first floor unit.

d. Wait Lists

- (1) General - The lottery administrator should retain a list of households who are not awarded a unit, in the order that they were drawn from the general (non-local) pool. If any of the initial renters/buyers do not rent/purchase a unit, the unit shall be offered to the highest ranked household on that retained list.
- (2) Units with Adaptive Features - Where a person with a disability is awaiting an accessible unit and a unit with adaptive features becomes available, the owner/management agent must offer to adapt the unit.
- (3) Term of Wait List - The wait list generally may be retained and used to fill units for up to one year. However, other factors such as the number of households remaining on the list, the likelihood of the continuing eligibility of such households, and the demographic diversity of such households may inform the retention time of the list, subject to the approval of the Subsidizing Agency.
- (4) Updating - After the initial lottery, waiting lists should be analyzed, maintained, and updated (through additional marketing) so that they remain consistent with the objectives of the housing program and are adequately representative of the racial, ethnic, and other characteristics of potential applicants in the housing market region.

(May 2013 Update: Clarification on deposit policy and fair housing requirements with respect to accessible and/or adaptive units; no change in policy.)

3. Lottery Example

This theoretical lottery has an OPEN pool that includes all applicants and a LOCAL PREFERENCE pool with only applicants from the local area.

- Total applicants in lottery: 100
 - Total minority applicants: 20
 - The community in which the lottery takes place falls within the HUD Boston-Cambridge-Quincy Metropolitan Statistical Area which has a minority population of 27.0%.
- a. Determine the number of applicants who claim a LOCAL preference according to approved criteria.
 - b. Determine the number of minority applicants in the LOCAL preference pool.
 - c. Determine the percentage of minority applicants in the LOCAL preference pool.

Total Applicants in Local Preference Pool	Total Minority Applicants in Local Preference Pool	% Minority Applicants in Local Preference Pool
60	10	16.7%

Since the percentage of minority applicants in the LOCAL preference pool is below the percentage of minority residents in the HUD defined metropolitan statistical area (16.7% as opposed to 27.0%), a preliminary lottery is required.

d. The 10 minority applicants who do not have LOCAL preference are entered into a preliminary drawing and assigned a rank based on the order of their draw. Minority applicants are added to the LOCAL preference pool in order of their rank until the LOCAL preference pool has at least as great a percentage of minority applicants as the larger statistical area. In this example, 9 applicants will be added to the LOCAL preference pool to bring the percentage of minority applicants up to 21.827.5%.

Total Applicants in Supplemented Local Preference Pool	Total Minority Applicants in Supplemented Local Preference Pool	% Minority Applicants in Supplemented Local Preference Pool
69	19	27.5%

e. Draw all ballots from the adjusted LOCAL pool and assign rankings to each household. Preference for appropriately sized households will still apply and all efforts should be made to match the size of the affordable units to the legitimate need for bedrooms of each household.

f. Once all units for LOCAL residents have been allocated, the OPEN pool should proceed in a similar manner. All LOCAL residents should have ballots in both pools, and all minority applicants that were put in the LOCAL pool should remain in the OPEN pool as well.

4. Rental: Opening Waiting Lists, Re-Marketing or Continuous Marketing

Although owner/management agent standards for opening waiting lists or re-marketing to generate sufficient applications after the initial rent-up stage may vary, the following are generally applicable: the waiting list is re-opened when it contains less than the number of applicants anticipated to be placed in the next 12 months, or, if the waiting list has not closed, additional marketing is ~~needed~~ undertaken to generate at least enough applicants as was needed to fill the previous year’s vacancies.

a. Minimum Application Period

At such or similar points in time, consistent with a Developer or management agent’s policies and practices with respect to marketing and wait lists, when a wait list (whether for a project or a particular unit type) is re-opened or units are remarketed, a minimum application period during which applicants may receive and submit applications is required. The appropriate length of the application period may vary depending on the number of units that are or will become available. In some instances 20 or more business days will be appropriate, but in no event shall the application period be less than 10 business days.

b. “First Come, First Served”

A “first-come, first-serve” method of generating the waiting list order of new applicants that apply during said application period shall not be permitted as it may present an impediment to equal housing opportunity for some applicants, including some applicants with disabilities. Therefore, a random selection or other fair and equitable procedure for purposes of adding persons to a wait list upon opening the wait list or remarketing the units must be utilized, subject to the approval of the

Subsidizing Agency.²¹ This does not require any changes to the wait list as it exists prior to adding the new applicants.

c. Continuous Marketing/Persons with Disabilities

If the wait list is not closed and marketing is ongoing continuously in order to generate sufficient applicants, then, so as to avoid a disparate impact on persons with disabilities who require a reasonable accommodation with the application process, including additional time to receive, complete and/or submit an application, and who therefore may be disadvantaged by wait list placement based upon the date/time of receipt of the application, the application will be date/time stamped prior to being mailed or otherwise provided to such applicants and upon submission of a complete application the household shall be placed on the wait list based upon such date/time stamp, *provided that* the application is returned or postmarked not more than 30 days of such date/time stamp. The ongoing affirmative and general marketing/outreach materials will contain language that explicitly gives notice of the availability of reasonable accommodations with respect to the application process and a telephone number for applicants who may want to request a reasonable accommodation and/or assistance with the application process.

For marketing requirements, see "Outreach and Marketing" and "Availability of Applications" under Sections B.6 and B.7, above.

(May 2013 Update: Explicit standards for re-opening rental housing waiting lists or re-marketing rental units.)

G. Homeownership

1. Household Eligibility

A Subsidizing Agency housing program may establish eligibility requirements for homebuyers. In the absence of such provisions, the following requirements shall apply.

In addition to meeting the requirements for qualifying a Project or dwelling unit for the SHI (see Section II.A), the household shall not have owned a home within three years preceding the application, with the exception of:

- a. displaced homemakers, where the displaced homemaker (an adult who has not worked full-time, full-year in the labor force for a number of years but has, during such years, worked primarily without remuneration to care for the home and family), while a homemaker, owned a home with his or her partner or resided in a home owned by the partner;
- b. single parents, where the individual owned a home with his or her partner or resided in a home owned by the partner and is a single parent (is unmarried or legally separated from a spouse and either has 1 or more children of whom the individual has custody or joint custody, or is pregnant);
- c. households where at least one household member is 55 or over;
- d. households that owned a principal residence not permanently affixed to a permanent foundation in accordance with applicable regulations; and

²¹ Note: the random selection procedure requirement does not preclude the application of the larger household size and accessible/adaptable preferences described herein.

- e. households that owned a property that was not in compliance with State, local or model building codes and that cannot be brought into compliance for less than the cost of constructing a permanent structure.

2. Final Qualification and Closing

a. Securing Financing.

- (1) Once the lottery has been completed, applicants selected to purchase units must be given a reasonable pre-specified time period in which they must secure financing.
- (2) The Developer should invite the lottery winners to a loan application workshop.
- (3) The Developer should make prior arrangements with local financial institutions with respect to financing qualified purchasers. Often such institutions will give preliminary approvals of loans, which make the remainder of the process more efficient for all parties. However, **applicants cannot be required to use a specific lender for their pre-approval letter or their mortgage.**
- (4) Applicants should be made aware that they should confirm that their lender accepts the "Universal Deed Rider" employed by the Subsidizing Agencies.
- (5) Non-household members should not be permitted as co-signers of the mortgage.

b. Approval by Subsidizing Agency

Before a Purchase and Sale Agreement is signed, the lottery agent should submit income and asset documentation of the applicant to the Subsidizing Agency. Income verification should include tax returns and W-2s from the past three years, five most recent pay stubs, three months recent bank statements and 401 K reports, reliable documentation as to other sources of income and assets. The Subsidizing Agency will then verify that the household's annual income does not exceed 80% of the area median income, or such lower income limit as may have been established for the particular project. The Subsidizing Agency also will verify that household assets do not exceed the maximum allowed. **Closing of the sale will also be contingent on the Subsidizing Agency's approval of the buyer's financing.**

3. Resales

a. Ongoing AFHMP Requirements

AFHMP requirements apply to the housing for its duration. The AFHMP must include a plan, satisfactory to the Subsidizing Agency, to address AFHMP requirements upon resale. The proposal must, at a minimum, require that units for re-sale to eligible purchasers be listed with CHAPA's MassAccess site and MAHA's homeownership lottery sites as described above and establish minimum public advertising requirements. The proposal cannot impose the AFHMP requirements upon a homeowner other than requiring compliance with requirements of a Use Restriction, reasonable public advertising, and listing with CHAPA and MAHA.

b. "Ready-Buyer" List

A "ready-buyer" list of eligible buyers maintained by the municipality or other local entity is encouraged. This list may be created through local, regional, and statewide lists and resources. As stated above, the list should continually be analyzed, maintained, and updated (through additional marketing) so that it remains consistent with the objectives of the housing program and is adequately representative of the racial, ethnic, and other characteristics of potential applicants in the housing market region.