

Affordable Housing Lottery Training

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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!



Getting Started

Review Approved Affirmative Fair Housing Marketing & Resident Selection Plan

Timeline: Begin marketing 4-6 months prior to occupancy



Establish/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



Parameters

Income limits, plus:

- Ownership: interest rate, tax rate, insurance rate, condo fee (*with budget and ownership schedule*)
- Rental: Utility schedule



Designate affordable units

The **developer** should provide the lottery agent with a listing or plan of which units are affordable, at what target income.

If there is a local preference approved, the **developer and agent** should indicate which units will be initially local preference.



Open Application Period

1. Finalize the details

- Information session and lottery: date and location
- Application end date
- Final review of application for clarity

2. Post application on-line

3. Execute Outreach Plan

- Place advertisements, web postings, mail flyers
- Place 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
- Check for completeness

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



Determine Eligibility

Must meet eligibility of housing program and funding as specified in the AFHMP, Monitoring and subsidizing agents can assist

- 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)

Assign Preferences – Household Size

- Owners have discretion in developing occupancy standards for a property
 - 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



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

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)

Preferences – Local

- Must be approved by the Subsidizing Agency in the AFHMP
- Maximum of 70%, rounded down

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

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

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.**



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.



Assign Registration Numbers

Qualified applicants are given a lottery number

- **Best Practice:** assign numbers to indicate household size preference, rent limit target, accessibility need, etc. Example 1001-2-50-A) (2 bedroom, 50% 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



Inform Applicants

Once lottery numbers have been assigned, send a letter/e-mail 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)



Local Preference & 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.

Local Preference & 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%

Hold Lottery

- Summarize lottery applicants for developer and town
 - #applied, #eligible in each pool
- Hold in public, accessible place
- Best Practice: have a disinterested party chose ballots. Typically a town official is willing.



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%



Summary

- Review requirements
- Verify eligibility thoroughly
- Communicate explicitly with applicants
- Award units carefully

