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Massachusetts Housing Partnership



Workshop on:
Lotteries – Homeownership Demonstration

Presentation By:
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So the Application Period has Closed..

✳ Setting the Stage – Pleasantville Homes

- ◆ 20 New Construction Detached Homes with HOA
- ◆ 5 Affordable 2 Bedroom Homes
- ◆ 3 Local Preference Units
- ◆ 2 OpenUnits
- ◆ 20 Qualified Applications have been processed

✳ It is after the application period has closed and before the lottery is to take place, what are your next steps?

Lottery Next Steps

- * Ensure that you have approval of local preference from subsidizing agency
- * Review all application materials and qualify residents by income and preferences
- * 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
 - ◆ 1-20 following by:
 - ◆ L= Local preference
 - ◆ A= Accessible
 - ◆ M = Minority

Assign Numbers & Preferences

#	Numbers of persons in household	Local Preference?	Accessibility Requirement?	Minority Preference?
1	2	N/A	N	N/A
2	2	L	N	M
3	2	N/A	N	N/A
4	1	N/A	N	N/A
5	2	N/A	N	N/A
6	2	N/A	N	N/A
7	1	L	N	N/A
8	2	N/A	N	N/A
9	2	N/A	N	M
10	2	N/A	N	N/A
11	2	N/A	N	N/A
12	2	L	N	N/A
13	1	N/A	N	N/A
14	1	N/A	N	M
15	1	N/A	N	N/A
16	3	N/A	N	N/A
17	2	L	N	N/A
18	2	N/A	N	N/A
19	2	N/A	N	M
20	1	L	N	N/A

Then What?

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

Minority Balancing

#	Numbers of persons in household	Local Preference?	Accessibility Requirement?	Minority Preference?	Minority Balancing
1	2	N/A	N	N/A	
2	2	L	N	M	
3	2	N/A	N	N/A	
4	1	N/A	N	N/A	
5	2	N/A	N	N/A	
6	2	N/A	N	N/A	
7	1	L	N	N/A	
8	2	N/A	N	N/A	
9	2	N/A	N	M	
10	2	N/A	N	N/A	
11	2	N/A	N	N/A	
12	2	L	N	N/A	
13	1	N/A	N	N/A	
14	1	N/A	N	M	Picked: L
15	1	N/A	N	N/A	
16	3	N/A	N	N/A	
17	2	L	N	N/A	
18	2	N/A	N	N/A	
19	2	N/A	N	M	
20	1	L	N	N/A	

Lottery Preparation

✳ The local preference pool will therefore have six applicants:

Applicants in Pool
2-2-L-M
7-1-L
12-2-L
14-1-M
17-2-L
20-1-L

✳ Units will be assigned as follows:

Unit 1: Local , Unit 2: Open, Unit 3: Open, Unit 4: Open, Unit 5: Local

✳ All Applicants will go into the Open Pool

✳ I like to use a different color paper for the local pool from the open pool

The Night of the Lottery

- ✳ Once everyone is settled in their seats, what do you do?
 - ◆ 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
 - ◆ Ask Mr. Housing Guru of Pleasantville to come to the front of the room
 - ◆ Then what?

Preparing for the Draw

- ✳ Have two different colored hats/baskets
 - ◆ One for local and one for open
- ✳ Ask Mr. Guru to confirm that they are not aware of any personal relationships which would cause a bias for the task at hand.
- ✳ Announce: “ Mr. Guru, I am going to read what is on each card, and show it to you before you put it into each hat.”
- ✳ Have Mr. Guru confirm what you have done then mix up the cards in the hat.

The Drawing of the Local Units

✳ So this is what Mr. Guru drew from the local preference pool:

✳ Now what?

✳ Adjust for household
Size

Applicants in Pool	Applicants Picked
2-2-L-M	14-1-M
7-1-L	17-2-L
12-2-L	20-1-L
14-1-M	12-2-L
17-2-L	2-2-L-M
20-1-L	7-1-L

Applicants in Pool	Applicants Picked	Housing Size Adjustment	Order of Local Preference Unit Households
2-2-L-M	14-1-M	17-2-L	1
7-1-L	17-2-L	12-2-L	2
12-2-L	20-1-L	2-2-L-M	3
14-1-M	12-2-L	14-1-M	4
17-2-L	2-2-L-M	20-1-L	5
20-1-L	7-1-L	7-1-L	6

Drawing for the Open Units

Lottery Number	Open Draw
1-2	10-2
2-2-L-M	4-1
3-2	3-2
4-1	5-1
5-1	15-1
6-2	12-2
7-1-L	9-2-M
8-2	14-1-M
9-2-M	6-2
10-2	11-2
11-2	7-1-L
12-2	19-2-M
13-1	8-2
14-1-M	16-3
15-1	20-1-L
16-3	17-2-L
17-2-L	13-1
18-2	1-2
19-2-M	18-2
20-1-L	2-2-L-M

Now What?

Adjust for Household Size

Lottery Number	Open Draw	Adjust By Household Size	Order of Open Units
1-2	10-2	16-3	1
2-2-L-M	4-1	10-2	2
3-2	3-2	3-2	3
4-1	5-1	12-2	4
5-1	15-1	9-2-M	5
6-2	12-2	6-2	6
7-1-L	9-2-M	11-2	7
8-2	14-1-M	19-2-M	8
9-2-M	6-2	8-2	9
10-2	11-2	17-2-L	10
11-2	7-1-L	1-2	11
12-2	19-2-M	18-2	12
13-1	8-2	2-2-L-M	13
14-1-M	16-3	4-1	14
15-1	20-1-L	5-1	15
16-3	17-2-L	15-1	16
17-2-L	13-1	14-1-M	17
18-2	1-2	7-1-L	18
19-2- M	18-2	20-1-L	19



After the Lottery - Generally

- ✱ Prepare a document describing the lottery process and results. Provide document to:
 - Subsidizing agency
 - Monitoring agent
 - Municipality
- ✱ Provide monitoring agent with application materials for lottery winners
 - ◆ Monitoring agent will issue income eligibility letters (notify applicant, subsidizing agency)
- ✱ Record Keeping:
 - ◆ Secure application materials for five years

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

After the Lottery: Ownership (Short-Term)

- ✱ Documents required to determine that a household is an Income Eligible Household....*shall be updated to be current within 60 days of the purchase closing date (VI-5.a.(2)).*
- ✱ Some subsidizing agencies also act as monitors
- ✱ Provide monitoring agent with:
 - ◆ Purchase and Sale Agreement for each home (must mention affordability)
 - ◆ Obtain resale certificate from subsidizing agency (to be recorded)
 - ◆ Provide draft deed and rider (to be recorded)
 - ◆ Monitoring agent will then issue an income certification (to be recorded)



Post Lottery Ownership Cont'd

* Post closing

- ◆ Provide recorded documents to monitoring agent and/or DHCD for inclusion on SHI.

* What do you need when all units are sold?

- ◆ Initial Sales Compliance Report (MassHousing)



After the Lottery: Rental

- ✳ Offer leases for a specific unit
 - ◆ Deposits amounts can not exceed the amount of a security deposit.
- ✳ Perform more in depth income verification
- ✳ 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



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

Thank You and Good Luck

How to reach us for help with:

40B Applications and Permitting

Monitoring Services

Feasibility/Market Studies

Housing Production Plans

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