

## **Q: How do lotteries work?**

Step 1: A city or town, project developer and project administrator collectively agree to hold a lottery.

Step 2: Basic qualifications are agreed upon.

Step 3: Application materials are prepared. These will include eligibility requirements, description of the preference system being used, and details about how lottery winners will be chosen.

Step 4: Affirmative fair marketing of the units is directed at low- and moderate-income households, including minority households. Sales prices are also "locked-in" at this time.

Step 5: Applicants for the lottery must submit all required materials by a specified deadline. The documentation required varies from lottery to lottery. Only income and asset eligible applicants who submit all required information are entered.

Step 6: Each qualified applicant is assigned a registration number. Ballots with those numbers are placed in lottery pools. There are different pools for one-, two-, and three-bedroom units, etc. Based on size of household, applicants might qualify for more than one pool. Ballots are then drawn randomly for each pool with an applicant's rank differing from pool to pool in which they qualify. There are usually more ballots than homes, so not every applicant ends up being a winner.

Step 7: Once the lottery is complete, applicants are given a reasonable period in which to secure financing approval. They enter into a Purchase and Sale Agreement with the developer, and then use the P&S Agreement to get a firm financial commitment from a lender.

Step 8: Once a Purchase and Sale Agreement has been signed, the developer or lender submits income and asset documentation to the Project Administrator to verify the household's income does not exceed the limit for that property.

For more details on any specific lottery, contact the lottery agent or realtor listed for the property that interests you.

## **Q: What are local preferences in lotteries?**

Cities and towns may specify local preferences for up to 70% of the affordable units. The local Zoning Board of Appeals, in consultation with other town boards, determines those preferences. Specification of local preferences does not mean that households who do not fall into the preferred categories are excluded from the lottery. A minimum of 30% of the affordable homes must be sold without local preferences. In addition, there are many cases where there are not enough households in the preferred categories who make it

through the financing process. In these cases, other households may be chosen to purchase the homes that originally had local preference pools.

Typical preference categories include:

- 1) Current Residents. A household in which one or more members is living in the city or town at the time of application. Proof of residency is required.
- 2) Family of Current Residents. Close relatives, including children or parents of a current resident.
- 3) Municipal/School Department Employees. Local employees such as teachers, firefighters, police officers, librarians or town hall workers.
- 4) Employees of Local Businesses. Employees of businesses located in the municipality.
- 5) Age Restrictions. Some homes are restricted to households with at least one member who is 55 years of age or older.
- 6) Persons With Disabilities. If the project includes units accessible or adaptable for occupancy by physically disabled persons, preference will be given to those applicants.

The developer and the municipality may negotiate other preference categories or variations of the above categories so long as they do not violate fair housing laws.