

RENTING TO OWN

Boston's Newest Model of Affordable Homeownership



JUNE 13, 2023 APPLICANT CONFERENCE

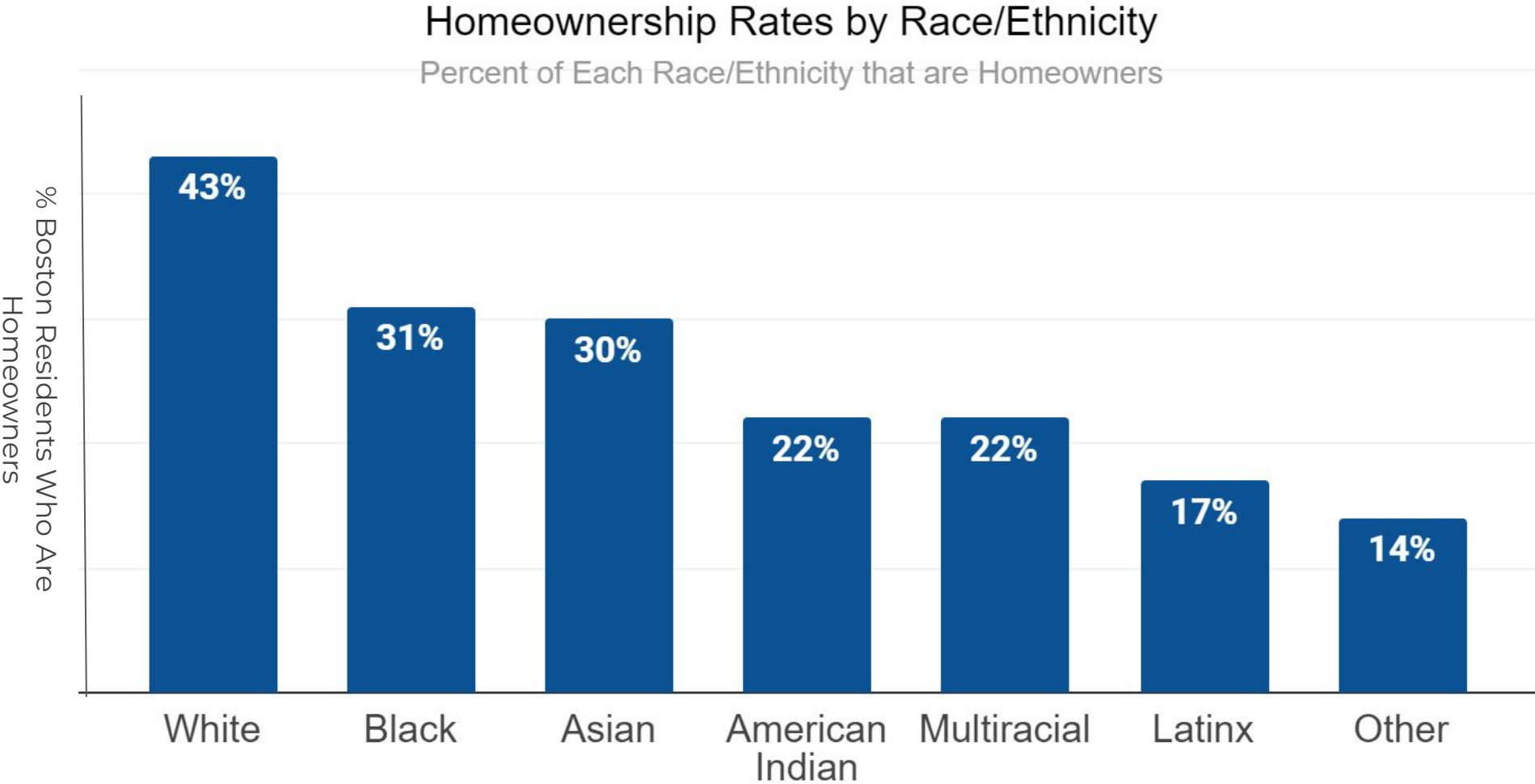


CITY OF BOSTON

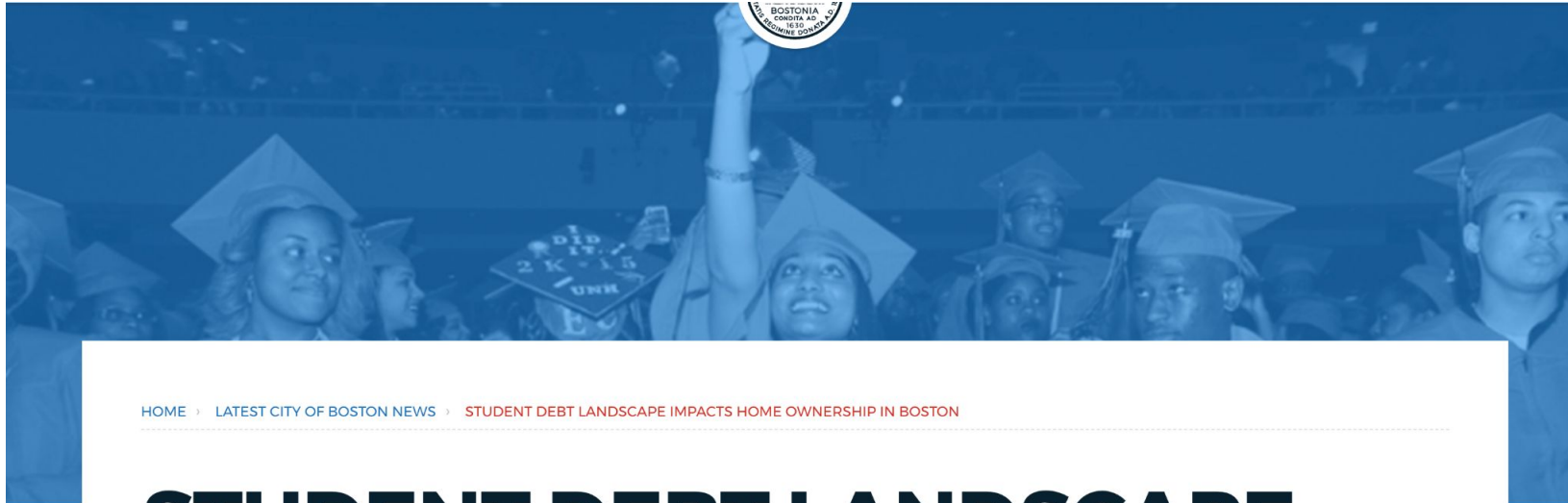
- 1. Why We're Doing This**
- 2. What We're Looking For**
- 3. How to Submit a Proposal**
- 4. How Proposals Will Be Evaluated**
- 5. Q&A Session**

- 1. Who are you?**
- 2. What brings you here today?**
- 3. What are you looking to get out of today?**

RATES OF HOMEOWNERSHIP IN BOSTON BY RACE



Source: American Community Survey 2017-2021 5-Year Estimates, Tables B25003B-1



[HOME](#) › [LATEST CITY OF BOSTON NEWS](#) › [STUDENT DEBT LANDSCAPE IMPACTS HOME OWNERSHIP IN BOSTON](#)

STUDENT DEBT LANDSCAPE IMPACTS HOME OWNERSHIP IN BOSTON

Learn about findings from the 2021 Living and Learning Debt Survey.

Last updated: May 10, 2022



PUBLISHED BY:

Equity and Inclusion Cabinet

<https://www.boston.gov/news/student-debt-landscape-impacts-home-ownership-boston>

THE CENTRAL QUESTION



How might we develop a new model of affordable homeownership that allows aspiring homeowners to start building equity through renting an affordable unit that they can eventually purchase?



Develop affordable rental-to-homeownership housing units and/or pilot the use of new financing tools that create clear pathways for low and/or moderate income Boston renters to start building equity in year one and transition to affordable homeownership in Boston within a defined and reasonable time frame (e.g. 5 years)

Successful proposals will be eligible for MOH funding based on demonstrated need and availability of funds

- **Mechanism for savings through on-time rent payments**
- **Financial planning and credit building support**
- **Homeownership counseling**
- **Assurance of an affordable transition to homeownership**

DEFINING “AFFORDABLE HOMEOWNERSHIP”



Mortgage payments (including PITI) don't exceed 45% of income

Household Size	Target Income Range (Lower - Upper Limit)	
	50%	80%
1 person	\$49,100	\$78,550
2 persons	\$56,100	\$89,750
3 persons	\$63,100	\$100,950
4 persons	\$70,100	\$112,150
5 persons	\$75,750	\$121,150
6 persons	\$81,350	\$130,100

For a family of four, this equates to a maximum monthly housing payment of between \$2,629 - \$4,206, depending on AMI tier.

SOURCES OF INSPIRATION



FAST COMPANY
Most Innovative Companies 2023

ENTERPRISE COMMUNITY PARTNERS' RENTER WEALTH CREATION FUND, POWERED BY STAKE

WELLS FARGO | BILT

FINALLY. A CARD THAT LETS YOU EARN POINTS ON RENT. AND MORE.

THEO MASON

1X POINTS ON RENT PAYMENTS WITHOUT THE TRANSACTION FEE¹
UP TO 50,000 POINTS EACH CALENDAR YEAR

2X POINTS TRAVEL¹

3X POINTS ON DINING¹
& 1x points on other purchases.²

\$0 ANNUAL FEE¹

APPLY NOW

¹ Important Credit Terms
² Rewards & Benefit Terms

CDCLI
COMMUNITY DEVELOPMENT CORPORATION OF LONG ISLAND

ONLINE MAKING MOVES WORKSHOP

May 9th, 2023

12:00PM or 6:00PM

REGISTER NOW

Call to find out more
631-471-1215

Visit Our Website
www.cdcli.org



Family Self-Sufficiency (FSS) PROGRAM



The Rent to Own Programmatic Summary should address:

- Objectives of the Proposed Program
- Financial Structure and Mechanisms for Savings/Equity Growth
- Terms of the Option to Purchase
- Financial Counseling Components
- Homeownership and Maintenance Reserve Components
- Ownership Structure and Elements
- Participant Identification Strategy
- Timing of Transition to Homeownership

EXAMPLE DEVELOPMENT BUDGET



Accessible on page 9 of the RFP













Housing iLab Rent to Own Illustrative Budget .xlsx

Unit Description-Rental		# of Units	Rent/Mo	Utility Allowance	Unit/Mo	Annual	Unit Description-Ownership		# of Units	Sale Price	Annual	Rents in 2022		
0 Bedroom	30% AMI- Section 8		\$1,803	\$0	\$1,803	\$0	0 Bedroom	30% AMI- Section 8		\$0	\$0	0 Bedroom	30% AMI- Section 8	1,803
	30% AMI		\$736	\$0	\$736	\$0		30% AMI		\$0	\$0		30% AMI	736
	50% AMI		\$1,227	\$0	\$1,227	\$0		50% AMI		89,100	\$0		50% AMI	1,227
	60% AMI		\$1,473	\$0	\$1,473	\$0		60% AMI		117,900	\$0		60% AMI	1,473
	80% AMI		\$0	\$0	\$0	\$0		80% AMI		175,300	\$0		80%	1,964
	Market		\$0	\$0	\$0	\$0		Market		\$0	\$0		Market	
1 Bedroom	30% AMI- Section 8		\$1,986	\$0	\$1,986	\$0	1 Bedroom	30% AMI- Section 8		\$1,801	\$0	1 Bedroom	30% AMI- Section 8	1,986
	30% AMI		\$789	\$0	\$789	\$0		30% AMI-MRVP		\$1,333	\$0		30% AMI	789
	50% AMI		\$1,315	\$0	\$1,315	\$0		50% AMI		113,100	\$0		50% AMI	1,315
	60% AMI	4	\$1,578	\$0	\$1,578	\$75,744		60% AMI	4	\$146,600	\$586,400		60% AMI	1,578
	80% AMI	3	\$2,104	\$0	\$2,104	\$75,744		80% AMI	3	213,700	\$641,100		80%	2,104
	Market		\$0	\$0	\$0	\$0		Market		\$0	\$0		Market	
2 Bedroom	30% AMI- Section 8		\$2,399	\$0	\$2,399	\$0	2 Bedroom	30% AMI- Section 8		\$0	\$0	2 Bedroom	30% AMI- Section 8	2,399
	30% AMI		\$946	\$0	\$946	\$0		30% AMI		\$0	\$0		30% AMI	946
	50% AMI		\$1,577	\$0	\$1,577	\$0		50% AMI		137,000	\$0		50% AMI	1,577
	60% AMI	3	\$1,893	\$0	\$1,893	\$68,148		60% AMI	3	175,300	\$525,900		60% AMI	1,893
	80% AMI	4	\$2,524	\$0	\$2,524	\$121,152		80% AMI	4	252,000	\$1,008,000		80%	2,524
	Market		\$0	\$0	\$0	\$0		Market		\$0	\$0		Market	
3 Bedroom	30% AMI- Section 8		\$2,966	\$0	\$2,966	\$0	3 Bedroom	30% AMI- Section 8		\$0	\$0	3 Bedroom	30% AMI- Section 8	2,966
	30% AMI		\$1,093	\$0	\$1,093	\$0		30% AMI		\$0	\$0		30% AMI	1,093
	50% AMI	0	\$1,823	\$0	\$1,823	\$0		50% AMI	0	160,900	\$0		50% AMI	1,823
	60% AMI	1	\$2,187	\$0	\$2,187	\$26,244		60% AMI	1	204,000	\$204,000		60% AMI	2,187
	80% AMI		\$2,917	\$0	\$2,917	\$0		80% AMI		290,300	\$0		80%	2,917
	Market		\$0	\$0	\$0	\$0		Market		\$0	\$0		Market	
		15				\$ 367,032			15		\$2,965,400			
							Other Income							
														367,032
														2,965,400
Assumption Toggle		# units												
0 Bedroom	30% AMI- Section 8													
	30% AMI													
	50% AMI													
	60% AMI													
	80%													
	Market													
1 Bedroom	30% AMI- Section 8													
	30% AMI													
	50% AMI													
	60% AMI													
	80%													
	Market													

PLEASE REVIEW OUR POLICIES



HOUSING POLICIES

1. ACQUISITION COSTS 	2. ARCHITECTURAL & ENGINEERING POLICY 	3. AFFIRMATIVE FAIR HOUSING 
4. AFFORDABLE CONDOMINIUM FEES STRUCTURE 	5. BID PACKAGE LIST 	6. BID SUBMISSIONS 
7. BIDDING 	8. CHANGE ORDER 	9. COMMUNITY PROCESS NOTIFICATION 
10. CONSTRUCTION COSTS 	11. CONSTRUCTION RETAINAGE 	12. CONTINGENCIES COST SAVING 

<https://www.boston.gov/departments/housing/policies>

TIMELINE



TIPS:

-Double check the Application Checklist (Appendix A) to make sure your application is complete

-Use Google Chrome

-A Gmail account is required to submit an application

<https://bit.ly/Boston-MoH-RFP>



City of Boston
Mayor Michelle Wu

Office of Housing RFP Submission Form

Please use this form to upload RFP submissions for all development-related RFPs issued by the City of Boston's Office of Housing. For a full list of active RFPs, please visit: <https://www.boston.gov/departments/housing/requests-proposals>.

NOTE: RFP submission requires a G-Suite or Gmail account. If you do not have access to a G-Suite or Gmail account, visit <https://accounts.google.com/signup> to create your own account.

ALL PROJECTS:

- Complete Application
- Site Control
- Community Support
- No Displacement
- Readiness to Proceed

PRESERVATION PROJECTS:

- Tenant Participation
- Capital Needs Assessment
- Rehabilitation Strategy

- **Alignment with Objectives**
- **Strength of the Proposed Program**
- **Team Qualifications**
- **Underwriting and Financial Feasibility**
- **Project Costs and Budget**
- **Alignment with Equity & Inclusion Goals**

DOWNLOAD THE REQUEST FOR PROPOSALS



You must scroll down within the box under the “RFP List” heading!

<https://www.boston.gov/departments/housing/requests-proposals>

RFP LIST

RENTING TO OWN

PUBLISHED ON: 05/30/2023

DEADLINE: 8/4/2023 4:00:00 PM

Through this request for proposals, the Mayor's Housing Innovation Lab is soliciting proposals from creative teams of developers, lenders and service providers interested in partnering with the City to develop affordable rental-to-homeownership housing units and/or pilot the use of new financing tools that create clear pathways for low and/or moderate income Boston renters to start building wealth in year one and transition to affordable homeownership in Boston within a defined and reasonable time frame (e.g. 5 years). Successful proposals will be eligible for MOH funding based on the demonstrated need for gap financing and availability of funds, and multiple proposals may be selected for funding.

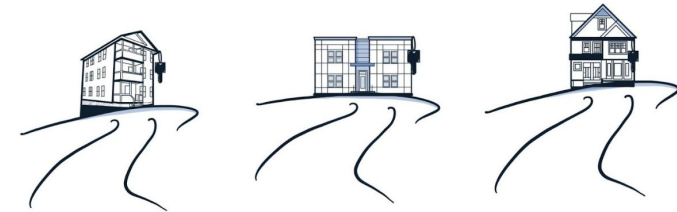
In this RFP, production proposals are defined as newly constructed buildings, adaptive re-use of vacant commercial buildings, and renovation of vacant residential buildings or occupied properties that are not currently subject to any restriction. Preservation proposals are defined as occupied properties that are currently subject to restricted financing, have use restrictions, or receive operating support or project-based rent subsidies.

Programmatic elements of a development project and/or new financing tool are anticipated to include the following components. Please refer to Appendix C for detailed guidance on what to include in the narrative portion of your proposal.

1. *Mechanism for accumulation of savings and/or financial returns for rent payments:* A mechanism that allows for a portion of rent payments to be placed into a savings account and/or generate financial returns to support the costs of home purchase and continued maintenance to support long-term, sustainable homeownership
2. *Financial planning and credit building support:* Financial counseling and reporting of on-time monthly payments to credit bureaus

REQUEST FOR [INNOVATIVE] PROPOSALS

Renting to Own
Boston's Newest Model of Affordable
Homeownership



CITY OF BOSTON
HOUSING INNOVATION LAB

ISSUE DATE: May 30, 2023
RESPONSE DEADLINE: AUGUST 4, 2023



THANK YOU



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