

# RENTING TO OWN

*Boston's Newest Model of Affordable Homeownership*



**JUNE 15, 2023 APPLICANT CONFERENCE**

Connolly Center  
Boston Federal Reserve  
600 Atlantic Avenue, Boston, MA 02210



**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 / Networking**

## 1. Who are you?

*Pink: Developer / Architect*

*Green: Lender*

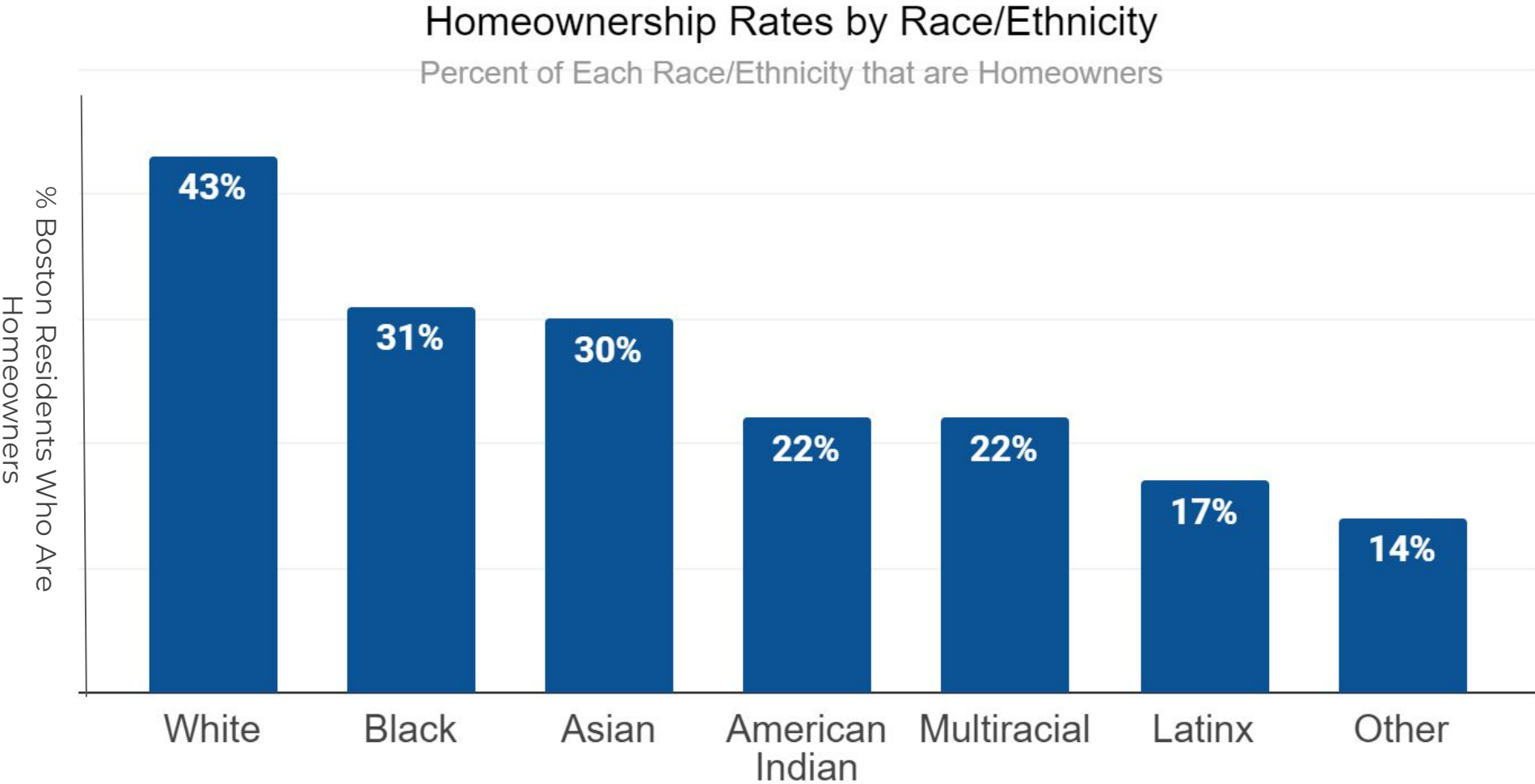
*Orange: Service Provider / Non-Profit Organization*

*Yellow: Community Member / Other Stakeholder / Staff*

## 2. What brings you here today?

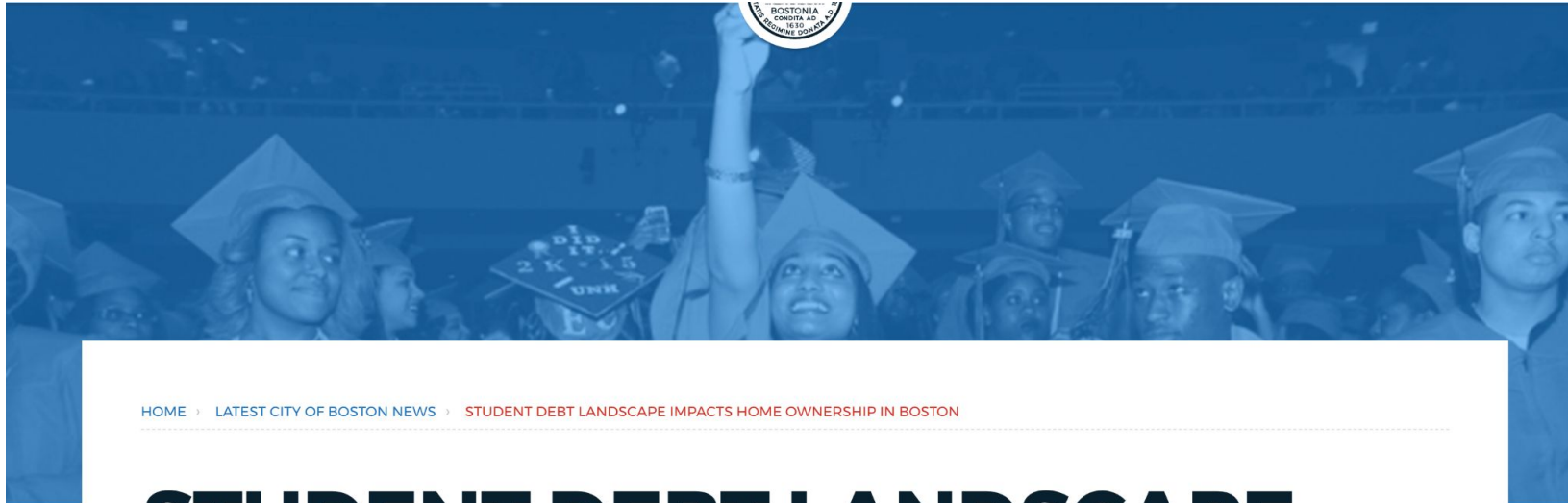
## 3. What are you looking to get out of today?

# 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:

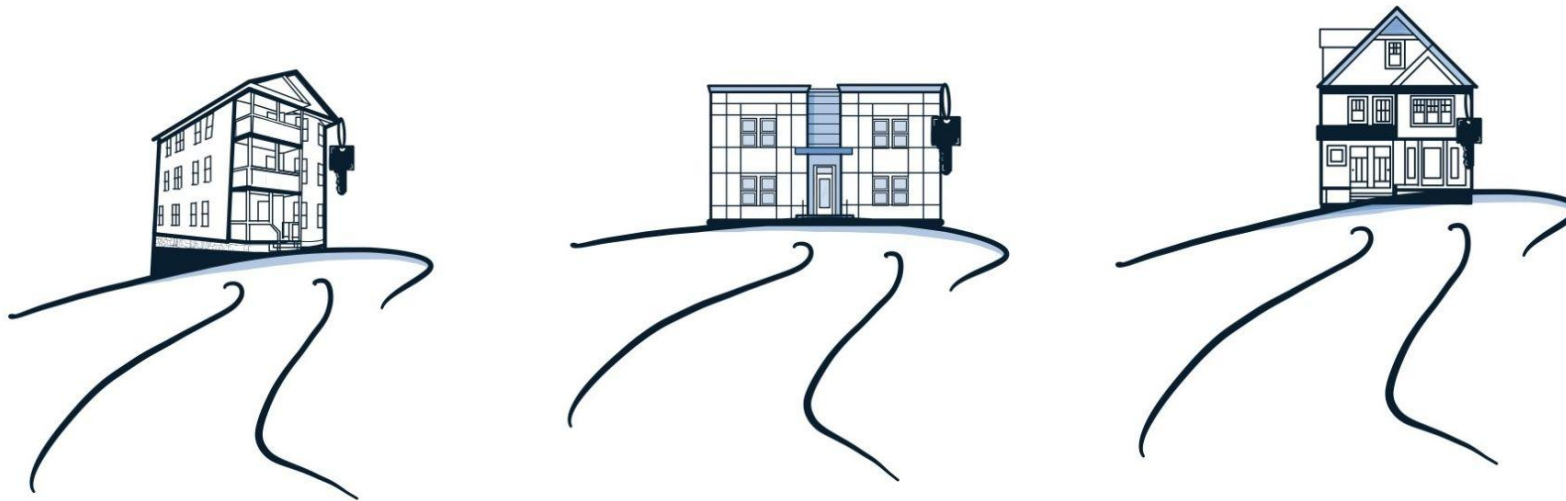
Equity and Inclusion Cabinet

<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**

BILT | WELLS FARGO | BILT

REWARDS CARD APP EDITORIAL SIGN UP / LOG IN

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

**1X** POINTS ON RENT PAYMENTS WITHOUT THE TRANSACTION FEE<sup>1</sup>  
UP TO 50,000 POINTS EACH CALENDAR YEAR

**2X** POINTS TRAVEL<sup>1</sup>

**3X** POINTS ON DINING<sup>1</sup>

**\$0** ANNUAL FEE<sup>1</sup>

& 1x points on other purchases.<sup>1</sup>

Earn points when you make 5 transactions that post each statement period.

**APPLY NOW**

<sup>1</sup> Important Credit Terms  
<sup>1</sup> 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

File Edit View Insert Format Data Tools Help

100% 123 Default... 10













Unit Description-Rental							Unit Description-Ownership							Rents in 2022	
Unit Description	Rental	# of Units	Rent/Mo	Utility Allowance	Unit/Mo	Annual	Unit Description	Ownership	# of Units	Sale Price	Annual				
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		\$1,823	\$0	\$1,823	\$0		50% AMI		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														

# PLEASE REVIEW OUR POLICIES



## HOUSING POLICIES

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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

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## 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.

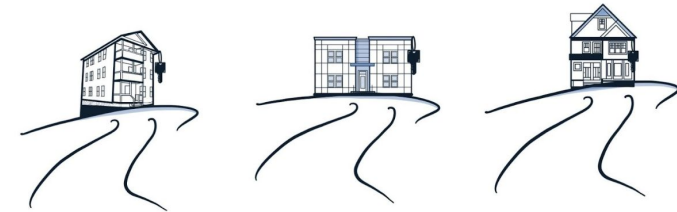
In this RFP, production proposals are defined as newly constructed buildings, adaptive re-use of vacant commercial buildings, and renovation of vacant residential buildings or occupied properties that are not currently subject to any restriction. Preservation proposals are defined as occupied properties 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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