

Smart Move Phase II: Aligning with Local Affordable Housing Goals

High Level Summary

Proposed Phase II changes that enable developers to create applicant (“homebuyer”) referral pools aligned with local affordable housing requirements. Process retains the prioritization of buyout participants but adds flexibility to further prioritize homebuyers meeting specific income limits below 80% AMI. These changes aim to better support affordable housing needs while maintaining adherence to National Objectives and minimizing substantial changes to Smart Move Program policy.

Local Affordable Housing Needs

- **A4 Legislation:** Recent A4 bill requires municipalities to meet specific local affordable housing needs.
- **Land Use Restrictions:** At least one potential Smart Move project has affordable housing requirements outlined in a settlement agreement with the developer. The developer cannot develop the project site without meeting these requirements.
- **Nonprofit Preferences:** Nonprofit developers have expressed a preference to specifically serve lower income populations within the LMI National Objective.

Current Smart Move Policy

- Targets 70% of grant funds for LMI households; no policy addressing specific income ranges within the LMI limit.
- Prioritizes local buyout participants first, and non-local buyout participants/Ida-impacted first-time homebuyers or renters second.
- Defines “LMI” as income below 80% AMI; there is no lower limit mentioned.

Proposed Additions

- **Developer Referrals:** Allow developers to evaluate Phase II applicants (“homebuyers”) that meet specific income limits (i.e. 30% AMI) and refer them to Smart Move.
- **Revised Homebuyer Prioritization:** Revise Phase II prioritization to consider the developer referral pools.
- **Equal Opportunity for Referral:** Provide every Phase II applicant (“homebuyer”) with an opportunity to be evaluated by participating developers for referral to Smart Move.
 - Applicants (“homebuyers”) will be advised that completing the developer evaluation process and being referred to Smart Move will provide the greatest likelihood of being selected for a unit in their preferred development.
- **Deed Restriction:** The properties identified in the developer pool will be subject to the more stringent deed restriction.

Homebuyer Application Process

- **Homebuyer Application Submission:** Homebuyer applications are completed online where applicants (“homebuyers”) will rank their preferred developments. Applicants will then indicate if they would like to be contacted and evaluated by a developer for priority placement based on local affordable housing requirements.
- **Program Notification:** The Program will notify developers of Phase II applicants (“homebuyers”) who have both agreed to the developer evaluation process and selected the developer’s project as their top choice.

- **Developer Evaluation:** Once the homebuyer applications are closed, developers will complete the evaluation process. Once complete, developers will send Smart Move their referral pools.
- **Homebuyer Applicant Selection:** Smart Move will select homebuyers based on a slightly revised prioritization process, which still maintains local buyout participants as priority 1, but further prioritizes homebuyers who are referred by a developer.

Revised Prioritization

General priorities are the same, with preference given to referral pools:

Priority Level	Category	Sub-Category
Priority 1	Buyout program participants within the jurisdiction.	1A: Developer Referral Pool
		1B: Anyone else
Priority 2	Buyout program participants outside the jurisdiction.	2A: Developer Referral Pool
		2B: Anyone else
Priority 3	Ida-impacted renters or first-time homebuyers within the jurisdiction.	3A: Developer Referral Pool
		3B: Anyone else
Priority 4	Ida-impacted renters or first-time homebuyers outside the jurisdiction.	4A: Developer Referral Pool
		4B: Anyone else
Priority 5	Any affordable housing-eligible applicant.	5A: Developer Referral Pool
		5B: Anyone else

Anticipated Outcomes

- **Increase opportunity for A4 compliance:** Developers seeking municipal support could help municipalities in meeting A4 requirements.
- **Address land use restrictions:** Developers faced with specific affordability restrictions can refer homebuyers who meet their requirements.
- **Accommodate preference to serve low-income families:** Municipalities and nonprofit developers with preferences surrounding specific income demographics can target those demographics within the developers’ referral pools.

Developer and Program Responsibilities

General Program responsibilities are unchanged. If the developer chooses to submit an application which requires a referral pool, compliance with any local affordable housing requirements related to that decision is outside of the Program’s purview. The developer alone is responsible for honoring any agreements with the municipality relating to the written letter of support required for the developer application.