2012 Action Plan

for

CDBG, HOME, ESG, HOPWA

Massachusetts

COMMONWEALTH OF MASSACHUSETTS
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EXECUTIVE SUMMARY

2012 Action Plan Overview

The 2010 – 2014 Consolidated Plan ("the five year plan"), submitted to U.S. Department of Housing and Urban Development (HUD) in May 2010, identifies the housing and community development needs of Massachusetts and provides the framework for how Massachusetts intends to address and prioritize those needs over the next five years. The five year plan and the 2012 Action Plan pertain to the activities of the following programs:

- Community Development Block Grant Program (CDBG)
- HOME Investment Partnerships Program (HOME)
- Housing Opportunities for Persons with AIDS (HOPWA), and;
- Emergency Solutions Grant (ESG)

The 2012 Action Plan is the one-year implementation plan for federal fiscal year 2012 and the program year that begins on April 1, 2012. It outlines the specific activities and goals for how the programs listed above will address the prioritized needs identified in the five year plan, as well as the method of distribution of funds for each of the four programs. It partially fulfills the requirements of Section 91.320 of the Consolidated Plan regulations. *The bulk of the requirements of Section 91.320, however – available resources and program specific requirements – are found in Tables 4 and 5 and* ***Appendix B*** *(Program Specific Requirements, including the Massachusetts FY 2012 CDBG Action Plan in its entirety).* State required certifications are located in **Appendix D.**

In Massachusetts, the Department of Housing and Community Development, within the Executive Office of Housing and Economic Development, administers the CDBG, HOME, and ESG programs and is the lead agency in the preparation and submission of the HUD Plans for all programs covered by the Consolidated Plan. The Massachusetts Department of Public Health, under the Executive Office of Health and Human Services, administers and monitors the HOPWA program.

Guiding Principles and Objectives

Six objectives were established in the 2010-2014 Consolidated Plan.* These objectives support the Commonwealth's overarching goal for all its housing and community development efforts: to provide broad economic opportunity and a high quality of life for all Massachusetts residents. They also support HUD's complementary goals of providing decent housing, a suitable living environment and expanded economic opportunities. The six objectives of the 2010-1014 Massachusetts plan are:

1. Promote *strong communities* throughout the Commonwealth.
2. Preserve and create *affordable rental housing options* for low and moderate income residents.

3a. *Reduce* chronic and family *homelessness through a housing-based approach*, with a long-term goal of ending homelessness.

3b. Help low-income households develop *economic self-sufficiency*.

4. Ensure *full and fair access to housing* for all residents of the Commonwealth.
5. Promote *sustainable homeownership* opportunities for low, moderate and middle income families.
6. Ensure MA residents with disabilities have access to *affordable, accessible community housing options* that support *consumer choice* and access to mainstream resources, including employment and long term supports as needed.

In its execution of the plan, DHCD and its partner agencies will be guided by the following fundamental principles:

- Build upon the existing assets of the state's diverse regions;
- Promote sustainable development;
- Improve the capacity of community based organizations and local government;
- Remove barriers to affordable housing development; and,
- Forge partnerships with municipalities and regional institutions.

* http://www.mass.gov/hed/community/planning/consolidated-and-action-plans.html.

FY 2012 Annual Action Plan Funding

Table 1 shows the estimated amount of funding the Commonwealth expects to receive for federal fiscal year 2012 from the U.S. Department of Housing and Urban Development. The use of funds from these four sources contributes to a coordinated and comprehensive state response to the listed goals.

Table 1: FY 2012 Consolidated Plan Federal Funding

Program	Lead Agency	Allocation
CDBG	DHCD	$27,783,930
HOME (including any FY 2011 American Dream Down-payment Initiative)	DHCD	$ 7,169,302
ESG	DHCD	$ 4,637,743
HOPWA	DPH (within EOHHS)	$ 197,288
TOTAL		$39,743,263

Evaluation of Past Performance

This Annual Action Plan represents the third year of implementation of the objectives set forth in the 2010-2014 Consolidated Plan. Ninety days after the close of the state's HUD program year (April 1 through March 31), the Commonwealth submits the annual Performance Evaluation Reports (PER) for the programs covered by the Consolidated Plan; the PERs for 2011 are due June 30, 2012.

Public Participation

Appendix A presents a detailed record of the public hearings, as well as a summary of comments from those hearings. DHCD held a month-long comment period, posted the Draft Plan online at DHCD's website, and made printed copies available. The most recent Consolidate Plan (2010-2014) was also available on DHCD's website. There were two public hearings that were publicized through newspaper announcements in every region of the state, website posting, and email notification to a wide network of housing and community development providers, municipalities, elected officials, and other interested parties throughout the Commonwealth. Responders could comment via e-mail, by post, or in person.

Summary of One Year Action Plan and Five Year Goals for Consolidated Plan

The state's one-year Action Plan and Five-Year Goals are presented in **Table 2**. It includes only the programs that are funded by the four covered HUD grants and presents the number of households or individuals, or other measurable variables, to be assisted with the amount expected to be available during FY 2012. An estimate of the level of assistance projected for the full five years covered by the Consolidated Plan is also included. (Resources are listed more than once if they are being used to meet more than one objective, e.g. CDBG).

Because of the significant cuts to the FY12 budgets for the CDBG and HOME programs, the goals that were laid out in the 2010-2014 Consolidated Plan have been adjusted to reflect the decreased funding available. The ESG program is now undergoing review and revision to accommodate the requirements of the HEARTH Act. A further substantial amendment to the Consolidated Plan will be submitted to ensure that the Emergency Solutions Grant program is in compliance with the most recent version of the Rule; at the time of this writing, HUD has issued an Interim Rule, but has yet to publish a Final Rule.

The Commonwealth's 2010-2014 HUD Consolidated Plan provides a complete description and discussion of the rationale for determining the goals and objectives for the five years covered by the plan. The Consolidated Plan is available at: http://www.mass.gov/hed/community/planning/consolidated-and-action-plans.html.

Table 2: Five Year Objectives and FY2012 Funding Levels for All Covered Programs							
		FY 2012				**FY 2010 - 2014**	
#	**Objective/Consolidated Plan Resources**	**Funding Level**	**Activity Level**	**Target Population**		**Funding Level**	**Activity Level**
1.	***Promote strong, sustainable communities throughout the commonwealth***						
	CDBG - CDF I and II	$10,391,206		Min 51% Low Income		$44,853,000	
	CDBG - Mini Entitlement	$2,110,000		Min 51% Low Income		$8,756,000	
	CDBG - Economic Development Fund	$1,000,000 (including $200,000 from program income)	n/a	Min. 51% Low Income		$4,565,000	n/a
2.	***Preserve and create affordable rental housing options for low and moderate income residents***						
	HOME - MF Rental Housing	$6,452,372	159	100% <60%, 20% VLI		$43,900,000	1,082
3.	***Reduce chronic and family homelessness through a housing-based approach***						
	ESG (Balance of State)	$2,588,744	6,000	Homeless Priority Pop.		$12,900,000	30,000
	HUD Balance of State Continuum of Care	$8,505,582	3,368	Homeless Priority Pop.		$42,500,000	16,900
	HOME – Multi-Family Rental Housing Loans	<$1,000,000	<20	Homeless families and individuals		<6,500,000	<130
4.	***Ensure full and fair access to housing for all residents***						
	This objective is embedded within all of the Commonwealth's policies and initiatives.						
5.	***Promote sustainable homeownership for low, moderate, and middle income families***						
	HOME - Homebuyer Assistance: Rehab/New Construction for FTHB	-0-	-0-	100% at/below 80% AMI		750,000	12
	HOME - Homebuyer Assistance: Down Payment & Closing Costs (HOME ADDI)	-0-	-0-	100% at/below 80% AMI		<$200,000	10
	CDBG – CDF and Mini-Entitlement	$11,095,572	430	Low/moderate Income		$55,000,000	2,000
6.	***Ensure MA residents with disabilities have access to affordable, accessible community housing options that support consumer choice and access to mainstream resources, including employment and long-term supports, as needed.***						
	HOPWA	$197,288	n/a	100% Low income, 50% ELI		$975,000	n/a

2012 Objectives and Strategies

Objectives and Strategies from 2010-2014 Consolidated Plan

As outlined in the 2010-2014 Consolidated Plan, the key strategies through which the Commonwealth of Massachusetts intends to achieve its objectives include the following:

Objective #1: Promote strong, sustainable communities throughout the Commonwealth.

Strategies:
- Support Smart Growth/Transit-Oriented Development and encourage housing near jobs
- Provide comprehensive foreclosure prevention and mitigation assistance
- Support municipalities with planning (for sustainable economic/community development and land use decisions) and technical assistance
- Support local business development and retention strategies and leverage resources from the Executive Office of Housing and Economic Development to support this goal

Objective #2: Preserve and create affordable rental housing options for low and moderate income residents.

Strategies:
- Preserve the physical and financial viability of existing affordable housing (both publicly assisted and private)
- Maintain a system of public housing and rental assistance that serves those with extremely low incomes, including those with disabilities, the homeless and those at risk of homelessness
- Increase the supply of rental housing
- Aggressively implement the Massachusetts Lead Paint Law, targeting high risk communities
- Improve the energy efficiency of the existing inventory, both publicly assisted and privately owned

Objective #3a: Reduce chronic and family homelessness through a housing-based approach, with a long-term goal of ending homelessness.

Strategies:
- Implement HEARTH Act provisions to maximize DHCD's new Architecture for preventing homelessness and diverting households from emergency shelter with more appropriate housing options
- Provide housing first opportunities for homeless families and individuals
- Use new resources for rapid rehousing and shelter diversion activities
- Get chronically homeless people into permanent supportive housing as quickly as possible
- Develop a range of housing options and services for homeless families and individuals
- Continue to provide emergency shelters as a back-up for situations where a household cannot be prevented or diverted from becoming homeless
- Reconfigure existing shelter beds where possible toward permanent housing
- Improve access to and coordination across mainstream services and public benefit sources

In addition, DHCD intends to ensure that the strategies that preserve and expand the supply of affordable housing, and the programs that enable low income residents to pay for housing (e.g., rental assistance) also support the objective of reducing homelessness.

Objective #3b: Help low-income households develop economic self-sufficiency.

Strategies:

- Expand job readiness through asset development, personal financial education, etc.
- Invest in programs for low-skilled residents that build their market competitiveness
- Align state policies to facilitate asset building and economic mobility for lower income residents

Objective #4:
Ensure full and fair access to housing for all residents of the Commonwealth.

This objective applies to all populations and all program areas, and the primary strategies reflect this:

- Embed fair housing principles and priorities throughout all programs
- Reduce barriers to affordability in all communities
- Vigorously enforce all fair housing laws
- Reduce barriers to accessibility

Objective #5: Promote sustainable homeownership opportunities for low, moderate and middle income families.

Strategies:

- Provide homebuyer counseling and education to prepare owners for a successful application and ownership experience
- Support a continuum of options for properties in foreclosure and owners at risk of foreclosure
- Facilitate the purchase (and rehabilitation) of existing units for resale to or re-occupancy by low and moderate income families
- Increase the supply of housing affordable to a range of incomes, particularly "workforce housing" serving moderate and middle income employees
- Increase the supply of affordable housing in areas of opportunity
- Provide technical assistance and incentives to build and expand the capacity of municipalities and developers, particularly non-profit developers, to increase and expand affordable housing options

Objective #6: Ensure MA residents with disabilities have access to affordable, accessible community housing options that support consumer choice and access to mainstream resources, including employment and long term supports as needed.

Strategies:

- Include community-based options for households with a disability in supportive housing and other subsidized developments
- Encourage sensitive rehab (i.e. rehab that includes increased accessibility) of disability units in expiring use redevelopment

Homelessness

Homeless Needs

As a result of the significant expansion of its emergency shelter system over the past two decades and its current focus on ending, rather than managing, homelessness, the Commonwealth's unmet homeless needs – for both families and individuals – are for transitional and permanent supportive housing. DHCD currently provides 3,093 shelter beds for homeless individuals and approximately 3,700 emergency shelter placements units, including motels and hotels, for homeless families.

DHCD has identified the need for 3,200 units of permanent supportive housing for homeless individuals and units for approximately 5,000 persons in families with children. (HUD requires participating jurisdictions to estimate the number of *individuals*, including children, in need of supportive housing, rather than the number of *households.*) These numbers reflect DHCD's goal of gradually moving the emergency assistance system away from a shelter-based model and towards a permanent housing-based model. While the agency recognizes that, in the short term, homeless families and individuals will continue to use shelters and transitional housing, its end goal is a system where all households have access to permanent housing.

According to the most recent annual Point in Time Counts completed by the 20 Massachusetts Continuums of Care, there were approximately 3,531 family households sheltered in Massachusetts.

The "Housing and Homeless Needs Assessment" is included in the Consolidated Plan, along with a list of shelter facilities.

Table 3: (HUD Table 1): Homeless Needs Based on all 20 Massachusetts CoC's Homeless Point in Time Counts

Continuum of Care: Homeless Population and Sub-population Chart 2010					
	Sheltered		Safe	Unsheltered	Total
Part 1. Homeless Population	Emergency	Transitional	Havens		
# of Family Households with Child(ren)	**2,803**	**718**		**10**	**3,531**
1. # Persons in Families w/Children	8,487	1,802		31	10,320
2. # Unaccompanied Adults w/o Children	**3,102**	**2,570**	**36**	**672**	**6,344**
Add lines 1 & 2 for Total Persons	11,589	4,372	36	703	16,664
	Sheltered		Safe	Unsheltered	Total
Part 2. Homeless Subpopulations	Chronically Homeless		Havens		
Chronically Homeless in Emergency Shelter or Unsheltered	1,352		22	517	1,666
Severely Mentally Ill	2052			153	2205
Chronic Substance Abuse	3093			189	3282
Veterans	1210			58	1268
Persons with HIV/AIDs	152			-0-	152
Victims of DV	1426			13	1439
Unaccompanied Youth Under 18	38			30	68

Source: 2011 State Continuum of Care Data. Note that these numbers only refer to shelter specifically set aside for homeless households.

Strategy

Beginning with the release of the Massachusetts Commission's Plan to End Homelessness in 2007, the Commonwealth has undertaken a number of initiatives to transform the homelessness system to focus more heavily on housing. Among other initiatives, this plan resulted in the reconstitution of the Commonwealth's Interagency Council on Housing and Homeless (ICHH) as a vehicle for coordinating agencies and organizations that deliver homeless and housing programs throughout Massachusetts. This was accomplished initially through the Regional Networks, which tested prevention, diversion, and rehousing strategies, in combination with federal Homelessness Prevention and Rapid Rehousing resources. Through the Regional Networks, nearly 12,000 at-risk families received prevention services, 952 homeless families were diverted from shelter in favor of housing, and 476 chronically homeless individuals were rehoused. In addition to the Regional Network efforts, DHCD implemented a major rehousing effort in fiscal year 2010 that resulted in 1,500 families exiting the shelter system with 12 months of rental support and stabilization services.

In July, 2009, the Patrick/Murray Administration transferred the emergency shelter program and services (EA) to the Department of Housing and Community Development (DHCD), from the Department of Transitional Assistance. This transfer reflected the emerging consensus that embedding homelessness services within a housing agency would facilitate prevention and re-housing for homeless and at-risk households. The ARRA Homelessness Prevention and Rapid Rehousing program supported this approach.

Even though DHCD funds emergency shelter capacity sufficient for over 2,000 homeless families, the current need exceeds the capacity. Approximately 1,500 homeless families are now temporarily sheltered in hotels and motels across the Commonwealth, using Emergency Assistance funding. The Patrick/Murray Administration is committed to moving the Commonwealth's response to homelessness from a shelter program to a housing program through a two-pronged effort: rapidly rehouse homeless families currently in shelters; and, implement prevention and diversion activities to reduce the need for shelter by providing suitable housing alternatives.

In August 2011, DHCD launched HomeBASE, a rapid and flexible housing assistance response that offered either up to three years of rental assistance for families in shelter (with guidelines and certain limits), or up to $4,000 in household financial assistance to either enable a family to remain in their current housing situation or to look for other housing opportunities.

Lessons learned from the Interagency Council on Housing and Homelessness (ICHH) Regional Networks to End Homelessness and reforms to date, including the transfer of funding for homelessness services and shelter from the Department of Transitional Assistance (DTA) to the Department of Housing and Community Development (DHCD) in 2010 and the fiscal year 2012 launch of the Massachusetts Short Term Housing Transition Program (HomeBASE), have provided critical data and information on best practices. This accumulated knowledge has facilitated advancement in the Administration's effort to reduce the reliance on the shelter system as the primary response to housing instability and focus on reallocating resources to a housing support system that offers the types of assistance that families have demonstrated they need.

The underlying design of the reform is based on the following principles:

- Continue to pursue the Administration's goals to advance *housing first;*
- Provide cost predictability and cost containment;
- Provide a responsible emergency shelter safety net;
- Expand prevention programs and ELI housing resources across DHCD by building out its existing infrastructure;
- Align with new federal housing strategies implemented through the HEARTH Act;
- Eliminate use of motels;
- Coordinate resources across DHCD Divisions; and
- Strengthen ICHH Regional Networks

In this chapter of reform, in his FY13 budget submission to the Legislature, the Governor has proposed an even more targeted emergency shelter system and cost efficient investments in community based prevention and ELI housing programs. These programs will be available to ELI families experiencing housing instability, a cohort that includes income-eligible families who do not qualify for Emergency Shelter. These resources will support prevention, diversion and rehousing efforts to provide a more appropriate and cost effective housing response.

In order to help low-income people, especially families, avoid homelessness, the Patrick-Murray administration has proposed to the legislature an $8.5 million increase in the state FY2013 budget for homelessness prevention. Under the administration's proposal, the Residential Assistance to Families in Transition program (RAFT), which provides short-term financial assistance to families who are homeless or at risk of becoming homeless. The assistance can cover expenses such as rent or utility arrearages, or moving expenses, including first and last months' rent and security deposits. This investment is expected to help 2,000 additional families avoid homelessness.

The state-funded HomeBASE program also provides financial assistance to families as an alternative to entering the emergency shelter system. Up to $4,000 can be used to assist a household to locate a housing alternative prior to having to enter a shelter.

The Tenancy Preservation Program (TPP) would also be expanded under the administration's proposed budget, allowing for an additional 180 households to be served and provide consultation services for an additional 540 cases. The TPP works with tenants facing eviction as a result of behavior relating to a disability. In consultation with the Housing Court Department, TPP works with the property owner and tenant to determine whether the disability can be reasonably accommodated and the tenancy preserved.

The ICHH includes an Advisory Board and several subcommittees focusing on specific populations at high risk or becoming homeless. The Youth Working Group has been focusing on single, unaccompanied youth, and expects to release recommendations by August, 2012, on the definitions relative to youth homelessness, including aging out of public assistance systems, and on the methodology for conducting a homeless youth census. The ICHH Advisory Board works closely with the Re-entry Unit of the Department of Corrections on the issue of inmate release, and with the Department of Veterans' Services on all aspects of homeless and at-risk veterans. Finally, an outside section of the FY2013 budget, which has not yet been passed, would establish a Special Commission on Youth Homelessness.

More information on homelessness in Massachusetts and the Patrick Administration's efforts to eradicate it can be found in the 2010-2014 HUD Consolidated Plan; on the Massachusetts ICHH website, (http://www.mass.gov/governor/administration/ltgov/lgcommittee/housingcouncil/), and on the DHCD Division of Housing Stabilization website (http://www.mass.gov/hed/economic/eohed/dhcd/housing-stabilization.html).

Actions to Reduce the Number of Poverty-Level Families

DHCD employs a multi-faceted approach to reducing the number of families living in poverty. The first is providing affordable, stable housing for low-income families. The Rental Assistance component of HomeBASE will provide stabilization services for families moving out of shelter; those services include programs such as job readiness and training, and financial education. DHCD is a Moving to Work agency. The FY2013 MTW Plan has been submitted to HUD, with final comments and responses due in June, 2012. Through MTW, DHCD has begun to pilot elements of self-sufficiency programs, and intends to expand those in the coming months. Finally, DHCD has begun a concerted effort to encourage the Community Action Agencies that receive Community Services Block Grant (CSBG) funds to offer financial self-sufficiency programs, including working with community colleges to ensure that participants in CSBG job training programs are prepared to take advantage of the training offered by the community colleges.

Fair Housing

The mission of DHCD through its programs and partnerships is to be a leader in creating housing choice and providing opportunities for inclusive patterns of housing occupancy to all residents of the Commonwealth, regardless of income, race, religious creed, color, national origin, sex, sexual orientation, gender identity, age, ancestry, familial status, veteran status, or physical or mental impairment.

Fair housing is embedded in all the commonwealth's housing programs and activities. In 2007, DHCD completed *The Analysis of Impediments to Fair Housing Choice* (AI), which is available at: http://www.mass.gov/hed/economic/eohed/dhcd/legal/fair-housing-and-civil-rights-information.html. DHCD's Fair Housing Advisory Committee, comprising fair housing advocates, representatives of quasi-public state agencies, and state and local enforcement agencies continues to provide input to DHCD. The committee is now focusing on methods for furthering fair housing education and outreach; evaluating local selection practices; promoting universal design and visitability; increasing community accountability for exclusionary practices; and improving housing access for residents with limited English proficiency.

With the committee's input, DHCD released its comprehensive Affirmative Fair Housing and Civil Rights Policy in 2009, available at: http://www.mass.gov/hed/docs/dhcd/hd/fair/ affirmativefairhousingp.pdf. Full implementation of the policies is expected to take several years, but current initiatives and key objectives for the period covered by the 2010-2014 are described in the Consolidated Plan. The Fair Housing Mission Statement and Principles is in Exhibit 7 of the 2012 CDBG Annual Plan; an update on those initiatives can be found in Appendix C of this document.

Lead Based Paint

The Massachusetts Department of Public Health Childhood Lead Poisoning Prevention Program (MACLPPP) is the lead agency for educating the public about the risks of lead and for ensuring that affected children receive appropriate intervention. DHCD manages the Massachusetts Lead Paint Abatement Program, which provides HUD funds to municipalities and non-profit agencies for programs that pay for lead paint testing and abatement in privately-owned housing occupied by low-income families. The program's actions closely follow or exceed requirements in the HUD Lead-Safe Rule.

During the period covered by this plan, the Commonwealth intends to continue its vigorous implementation of the Massachusetts Lead Law and the HUD Lead-Safe Rule, targeting high-risk communities. The Commonwealth's Lead Paint Abatement Program is described in detail in the 2010-2014 Consolidated Plan and on the DHCD website.

SOURCES OF FUNDS

Financial Resources Available for FY 2012

In addition to the approximately $39.7 million that will flow to the state through the federal programs covered by this Annual Action Plan and the approximately $324 million from other federal sources to support housing and community development activities, the Commonwealth expects to commit approximately $350 million to support the types of activities outlined in this plan. **Table 4** identifies the DHCD administered funds from all state and federal sources for state FY 2012. Additionally, **Table 5** presents federal and state resources devoted to housing and community development in the Commonwealth, including from the quasi-public agencies -- MassHousing Finance Agency, CEDAC, Mass. Housing Partnership, and MassDevelopment.

In Table 4, the resources available to the three programs covered by this plan and managed by DHCD are highlighted. The amounts differ from the FY2011 awards because these program lines include funds carried over from the prior fiscal year that were still in the account at the beginning of the current (2012) fiscal year. HOPWA funds are not shown on this table, because that program is administered by the Massachusetts Department of Public Health.

Table 4: FY 2010 Funding from All State and Federal Sources

Funding Sources	State Operating	State Capital	Federal	ARRA	Trust	Total
ADMINISTRATION						
MAIN ADMINISTRATION - 70040099	6,851,637					6,851,637
INDIAN AFFAIRS - 70040001	99,698					99,698
NATIVE AMERICAN STUDIES INSTITUTE - 70040011					110,254	110,254
Subtotal:	**6,951,335**	**0**	**0**	**0**	**110,254**	**7,061,589**
PUBLIC HOUSING & RENTAL ASSISTANCE						
AHVP (Alternative Housing Voucher Program) - 70049030	3,450,000					3,450,000
C.707 Rental Assistance (DMH & DPH) - 70049033	4,000,000					4,000,000
MRVP - 70049024	29,997,061					29,997,061
MRVP Trust (MassHousing Funds)					2,500,000	2,500,000
SEC 8 HOUSING CHOICE VOUCHER PROGRAM - 70049014			225,296,955			225,296,955
SEC 8 MODERATE REHABILITATION - 70049019			8,500,000			8,500,000
SEC 8 NEW CONSTRUCTION PROGRAM - 70049020			6,730,015			6,730,015
SEC 8 SUBSTANTIAL REHABILITATION - 70049009			9,400,000			9,400,000
SEC 8 ADMIN FEE HOUSING VOUCHER - 70042363			9,347,246		10,565,852	19,913,098
SEC 8 ADMIN FEE MODERATE REHAB - 70042364					191,195	191,195
SEC 8 ADMIN FEE NEW CONSTRUCTION - 70042365					261,171	261,171
SEC 8 ADMIN FEE SUBSTANTIAL REHAB - 70042361					399,364	399,364
MOVING TO ECONOMIC OPPORTUNITY - 70040013					1,750,000	1,750,000
SHELTER PLUS CARE LOWELL - 70049051			51,381			51,381
Resid. Asst for Families in Transition (RAFT) - 70049316	3,060,000					3,060,000
TENANCY PRESERVATION PROGRAM - 70043045	250,000					250,000
HOUSING SERVICES (HCEC'S) - 70043036	1,624,317					1,624,317
PUBLIC HOUSING SUBSIDIES - 70049005	62,500,000					62,500,000
PUBLIC HSG MODERNIZATION/DEVELOPMENT - 70047011		82,000,000				82,000,000
P. HSG. AFFORDABLE HOUSING TRUST FUND - 70049300		5,000,000			295,830	5,295,830
SERVICE COORDINATORS PROGRAM - 70044314	350,401					350,401
WARNER MULTI-FAMILY OIL OVERCHARGE - 34221066					304,958	304,958
HPRP - ARRA 70043051				18,433,744		18,433,744
Subtotal:	**105,231,779**	**87,000,000**	**259,325,597**	**18,433,744**	**16,268,370**	**486,259,490**
HOUSING DEVELOPMENT						
CAPITAL IMPR. & PRES. (CIPF) - 70047015		5,000,000				5,000,000
HOME - 70049028			34,108,920			34,108,920
HOME PARTNERSHIP TRUST - 70049026					951,915	951,915
HOME TECHNICAL ASSISTANCE - 70049039			75,000			75,000
FACILITIES CONSOLIDATION FUND (FCF) - 40008200		7,500,000				7,500,000
HOUSING INNOVATION FUND (HIF) - 70047013		9,000,000				9,000,000
HOUSING STABILIZATION FUND - 70047014		13,000,000				13,000,000
LEAD-BASED PAINT HAZARD CONTROL PROG. - 70040304						0
LOW INCOME HOUSING TAX CREDIT - 70049315	2,329,213					2,329,213

Table 4 (continued)

Funding Sources	State Operating	State Capital	Federal	ARRA	Trust	Total
TCAP TAX CREDIT - ARRA				59,605,630		59,605,630
TAX CREDIT EXCHANGE - ARRA				106,035,450		106,035,450
ARRA - LEAD HAZARD CONTROL - 70040305				2,207,656		2,207,656
COMMERCIAL AREA TRANSIT NODE HOUSING		1,000,000				1,000,000
TRANSIT ORIENTED DEVELOPMENT (ISA w/EOT)		1,000,000				1,000,000
MASS REHAB HOME MODIFICATION LOANS		4,000,000				4,000,000
COMMUNITY BASED HOUSING INITIATIVE		5,000,000				5,000,000
TECH ASST/EMPLOYER ASSISTED TRUST 7004-0006					2,666,454	2,666,454
Subtotal:	**2,329,213**	**45,500,000**	**34,183,920**	**167,848,736**	**3,618,369**	**253,480,238**
COMMUNITY SERVICES						
CDAG - 70047012		5,400,000				5,400,000
COMMUNITY DEVELOPMENT GRANTS - 70040098		5,124,078				5,124,078
COMMUNITY SERVICE BLOCK GRANT/CSBG - 70042034			16,207,825			16,207,825
LOW INCOME HOME ENERGY ASST. (LIHEAP) - 70042033			214,444,143			214,444,143
HUD SOLAR ENERGY TRUST - 34221060					7,083	7,083
SMALL CITIES (CDBG) - 70043037			53,317,359			53,317,359
SMALL CITIES BLOCK GRANT EDSA TRUST - 70043041						0
SMART GROWTH TRUST FUND - 7004-4500					22,588,810	22,588,810
URDG - 70049108		3,696,306				3,696,306
WEATHERIZATION - 70042030			10,133,264			10,133,264
ARRA - WEATHERIZATION - (DOE) -70042031				122,077,457		122,077,457
ARRA - COMMUNITY SERVICE BLOCK GRANT - 7004-2032				24,922,586		24,922,586
ARRA - CDBG R - 70043041				9,103,174		9,103,174
NEIGH STABILZ PROGRAM (NSP1) 7004-3038			43,466,030			43,466,030
ARRA - NEIGH STABILZ PROGRAM (NSP2)				14,500,000		14,500,000
Subtotal:	**0**	**14,220,384**	**337,568,621**	**170,603,217**	**22,595,893**	**544,988,116**
HOUSING STABILIZATION						
OPERATION OF HOMELESS PROGRAMS - 7004-0100	4,754,159					4,754,159
FAMILY SHELTERS - 7004-0101	151,505,859					151,505,859
HOMELESS INDIVIDUALS ASST. - 7004-0102	36,281,684					36,281,684
HOME & HEALTHY FOR GOOD PROGRAM - 7004-0104	1,200,000					1,200,000
END HOMELESSNESS RESERVE - 1599-1004	7,030,801					7,030,801
EMERGENCY SHELTER GRANTS (ESG) - 4400-0705			2,900,000			2,900,000
CONTINUUM OF CARE (CoC) - 4400-0707			6,000,000			6,000,000
SHELTER PLUS CARE (SPC) - 4400-9404			3,400,000			3,400,000
Subtotal:	**200,772,503**	**0**	**12,300,000**	**0**	**0**	**213,072,503**
Total Agency:	**315,284,830**	**146,720,384**	**643,378,138**	**356,885,697**	**42,592,886**	**1,504,861,936**

Note: Consolidated Plan resources are highlighted in the table above. The amounts differ from the FY2012 awards because they include funds carried over from prior fiscal years that were still in the account at the beginning of FY2011. HOPWA funds are not shown because they are administered by the Department of Public Health.

Table 5: Summary of Projected FY 2012 Housing and Community Development Resources and Activities

Funding Source & Program	Use	Target Population	Expected Level of Funding FY 2012	Expected Level of Activity FY 2012
Federal Consolidated Plan Covered Resources				
CDBG (Total Allocation)	Housing Rehab, CD Activities, Economic Dev.	Min 51% low income	$27,783,930	
CDBG: Community Development Fund	Housing Rehab	Min 51% low income	$6,291,505	
CDBG: Community Development Fund	CD Activities	Min 51% low income	$9,437,258	
CDBG: Mini-Entitlement	Housing Rehab	Min 51% low income	$1,916,295	
CDBG: Mini-Entitlement	CD Activities	Min 51% low income	$7,083,705	
CDBG: Economic Development Fund	Support Business Development	Min 51% low income	$1,000,000	
CDBG: Bridge Financing & Section 108 Loan Guarantee Program			Not a cash allocation	
CDBG: Massachusetts Downtown Initiative	Tech Assistance, Information and Workshops	Municipalities	$80,000	30 municipalities
ESG	Shelter Operations, Services	100% low income, Homeless Ind. & Fam.	$4,044,913	7,500
HOME (Total Allocation)	Production & Homebuyer Assistance	100% low income with 60% and 50% bands	$7,169,302	159 units
HOME: Multi-Family Rental	Rental Production	100% below 60% & 50% AMI	$6,452,372	159 units
HOME: Homebuyer Assistance - rehab/new construction for FTHB	Rehab/New Const - Ownership	100% at/below 80%AMI	-0-	-0- units
HOME: Homebuyer Assistance - DP and closing costs (HOME ADDI)	Homebuyer Assistance	100% at/below 80% AMI	-0-	-0- households
HOPWA: Technical Assistance	TA to HIV/AIDS Housing Programs	N/A	$197,121	Capacity building and TA throughout Massachusetts

Table 5: Summary of Projected FY 2012 Housing and Community Development Resources and Activities

Funding Source & Program	Use	Target Population	Expected Level of Funding FY 2012	Expected Level of Activity FY 2012
Other Federal Resources				
DOE: WAP (Administered by DHCD)	Weatherization Repairs & Improvements	Low income households	Approximately $5.14 million	650 households
DOE: WAP – ARRA (Administered by DHCD)	Weatherization Repairs & Improvements	Low income households	Approximately $125 million ARRA WAP grant began 4/1/2009 and ends 3/31/2012.	17,000 households over the life of the three year ARRA WAP grant
HHS: CSBG (Administered by DHCD)	Anti-poverty & self-sufficiency programs	Low income individuals & households at or below 125% of FPL	$17,344,113	285,000 households
HHS: HEARTWAP (Administered by DHCD)	Emergency Heating Repairs and Replacements	Low income households at or below 60% of SMI	$12,000,000	12,000 households
HHS: LIHEAP (Administered by DHCD)	Fuel Assistance	Low income households at or below 60% of SMI	$184,126,585	216,000 households
HUD: NSP2 (ARRA) Administered by Mass. Housing Investment Corp.)	Rental and Ownership Preservation	Low Income households at or below 50% AMI and Low Moderate Middle Income households up to 120% AMI	$21,822,940	312 units (over the life of the NSP2 grant)
HUD: NSP3	Rental and ownership acquisition, rehabilitation and new construction	Low Income households at or below 50% AMI and Low Moderate Middle Income households up to 120% AMI	$6,190,994	Not yet available
IRS: LIHTC (annual calendar year per capita authority)	New Rental Production and Preservation	40% @ 60% AMI OR 20% @ 50% AMI & 10% @ 30% AMI	$14,662,185	1,100 units
McKinney Act Program (only state administered balance of state continuum of care funds included.	Excluding ESG	Homeless	$8,672,651	3,380
McKinney Act Program: Shelter Plus Care	Rental Assistance (Excluding ESG)	Homeless & Disabled	$3,400,000 (incl. in above)	
Section 202	Elderly Rental Production	Low Income Elderly	Not available	Not available
Section 8 Rental Assistance (S8 RA) Administered by DHCD – Housing Choice Vouchers (HCV)	Rental Assistance (See Note)	ELI/Low Income Households	$230,000,000	19,594

Table 5: Summary of Projected FY 2012 Housing and Community Development Resources and Activities

Funding Source & Program	Use	Target Population	Expected Level of Funding FY 2012	Expected Level of Activity FY 2012
S8 RA MS 5	Rental Assistance	Families with a Person with Disabilities	$780,000	75
S8 RA Special Voucher Programs	Rental Assistance	Various Special Needs (Listed Below)		
S8 New Construction/Substantial Rehab (NC/SR)	Rental Assistance	Family/Elderly	$25,800,000	1,887
S8 RA Special Voucher Program: FUP	Rental Assistance	DSS involved families in reunification	(Included in HCV)	785
S8 RA Veterans Housing Voucher Program (VHVP)	Rental Assistance	Disabled Veterans	(Included in HCV)	92
S8 RA Special Voucher Program: TBRA/AIDS	Rental Assistance	Disabled Persons with HIV/Aids	(Included in HCV)	217
S8 RA Special Voucher Program: HOP	Rental Assistance	Homeless Persons with Disabilities	(Included in HCV)	345
S8 RA Special Voucher Program: DSG	Rental Assistance	Disabled, non-Elderly Individuals	(Included in HCV)	600
S8 RA Special Voucher Program: MS	Rental Assistance	Disabled Households	(Included in HCV)	200
S8 RA Special Voucher Program: PBRA/AIDS	Rental Assistance	Persons living with HIV/AIDS	(Included in HCV)	18
S8 RA Special Voucher Program: VASH	Rental Assistance	Homeless veterans -- substance abuse or mental illness	$736,000	255
Section 8 Mod Rehab	Rental Assistance	ELI/Low Income Households	$10,000,000	1,142
Section 811	Special Needs Rental Production	Persons with Disabilities	Not yet available	Not yet available
USDA Rural Development: Sec 502 Single Family Housing	Direct Loans for Homeownership	ELI/Low Income Rural Households	$53,000,000	$53,000,000
USDA Rural Development: Sec 502 Single Family Housing	Guaranteed Loans	Low Income Rural Households	$10,000,000	$10,000,000
USDA Rural Development: Sec 504 Single Family Housing	Repair Loans	ELI Elderly Rural Households	$122.,000,000	$122,000,000

Table 5: Summary of Projected FY 2012 Housing and Community Development Resources and Activities

Funding Source & Program	Use	Target Population	Expected Level of Funding FY 2012	Expected Level of Activity FY 2012
USDA Rural Development: Sec 504 Single Family Housing	Repair Grants	Non-Profits for Admin of Rehab Programs	$134,000,000	$134,000,000
USDA Rural Development: Sec 515 Multi- Family Housing	Rental Housing	Existing Multi Family Housing	$18,000,000 available nationally; competitive process	$1,000,000 maximum/state for new Sec. 515 properties
USDA Rural Development: Sec 538 Multi- Family Housing	Rental Housing	Multi Family Guaranteed Loans in Rural Areas	$129,000,000 available nationally; competitive process	No limit/state. Goal is one loan of $2.4 million for 20-24 units
USDA Rural Development: Community Facilities Program	Essential Community Facilities	Community with a population of less than 20,000	Approximately $4,000,000	Approximately $4,000,000
USDA Rural Development: Water & Waste Disposal Program	Public water and sewer systems	Community with a population of less than 10,000	Approximately $10,000,000	Approximately $10,000,000
USDA Rural Development: Distance Learning Telemedicine Program	Telecommunications technologies	Community with a population of less than 10,000	$50,000 - $500,000	$50,000 - $500,000
USDA Rural Development Business and Cooperative programs	Improve Economic Climate	Communities with a population of less than 50,000	$7,000,000 guaranteed loans and $200,000 grant	$7,000,000
State & Other Resources				
CEDAC: Pre-development	Tech Assistance to Create & Preserve Affordable Housing	Non-profit developed housing throughout the Commonwealth		
CEDAC: Acquisition Loan Program		Non-profit developed multi-family housing throughout the Commonwealth		
DHCD: Affordable Housing Trust Fund	Production and Preservation of Rental & Ownership	Up to 110% AMI	$35,000,000	2,187 total units 1,589 affordable
DHCD: AHVP	Rental Assistance	Low income, disabled, and under the age of sixty (60)	$3,450,000	400 households
DHCD: Capital Improvement Preservation Fund	Preservation of Expiring Use Rental Developments	Households at/below 50% and 80% AMI	$5,000,000	200 units
DHCD: Commercial Area Transit Node Housing Program	Production & Rehabilitation of Rental & Ownership	Individuals & Families at/below 80% AMI	$1,000,000	36 units

Table 5: Summary of Projected FY 2012 Housing and Community Development Resources and Activities

Funding Source & Program	Use	Target Population	Expected Level of Funding FY 2012	Expected Level of Activity FY 2012
DHCD: Community Based Housing	Production & Acquisition of Rental Housing	Individuals with Disabilities and Elders	$5,000,000	36 units
DHCD: Chapter 707 - Department of Mental Health Rental Subsidy Program	Rental Assistance and Supportive Services	DMH Clients	$6,000,000	1,200
DHCD: Facilities Consolidation Fund	Production & Acquisition of Special Needs Housing	DMH/DDS clients	$7,500,000	140 units
DHCD: Housing Innovations Fund	Production & Acquisition of Special Needs Housing	Very low income persons	$8,000,000	400 units
DHCD: Housing Stabilization Fund	Rental & Ownership Production & Preservation	Low/mod households	$13,000,000	352 units
DHCD: Local Initiative Program	New Production, Ownership & Rental	Low/mod households	Technical assistance provided	272 units
DHCD: Local Housing Authority Transitional Housing Program	Transitional Housing and Services	Homeless families in DTA shelters	$1,511,894	101
DHCD: Local Housing Authority Housing First Program	Public Housing, case management and services	Homeless families in DTA shelters	$312,080	45
DHCD: LIHTC (annual authority per calendar year)	New Rental Production and Preservation	40% @ 60% AMI OR 20% @ 50% AMI & 10% @ 30% AMI	$10,000,000	575 units (see IRS:LIHTC, also)
DHCD: Mixed Pop Service Coordination Program	Service Coordination	Young Disabled and Elderly Residents of C.667 Housing	$350,000, plus PH admin	20 LHAs 29 Communities Approx. 4,500 units 500 cases/mo.
DHCD: MRVP	Rental Assistance	Low/mod households	$35,900,000	Approximately 5,000 households
DHCD: Public Housing Administration	Public Housing Operations	Very low income households	$62,500,000	Approximately 50,000 units
DHCD: Public Housing - Modernization	Public Housing Improvements & Upgrades	Very low income households	$90,000,000	550 projects
DHCD: Housing Consumer and Education Centers	Information, Education, Referral	Housing consumers and providers	$1,500,000	58,954
DHCD: Residential Assistance for Families in Transition	Homelessness Prevention	Families at risk of homelessness/50% AMI	$260,000	110
DHCD: Tenancy Preservation Program (total to TPP, incl. funds from MassHousing and other sources)	Homelessness Prevention	Persons with disabilities facing eviction	$526,016	547 full cases 2,180 consultations

Table 5: Summary of Projected FY 2012 Housing and Community Development Resources and Activities

Funding Source & Program	Use	Target Population	Expected Level of Funding FY 2012	Expected Level of Activity FY 2012
DMH: Housing (administered by DHCD)	Special Needs Housing	DMH clients	Included in Public Housing Administration	621 units
DDS: Supervised and Supportive Living Services (administered by DHCD)	Special Needs Housing	DDS Clients	Included in Public Housing Administration	Approx. 1,050 units
DOB: Regional Foreclosure Education Centers	Foreclosure Prevention	Homeowners in danger of foreclosure, prospective homebuyers	Estimate: $800,000 for actual grant distribution (funded through mortgage licensing fees)	3,000 clients
DHCD: Emergency Assistance Family Shelter	Family Shelters	Homeless Families	$151,505,859	3,000 families per night
DHCD: Individual Homeless Shelter	Individual Shelters	Homeless Individuals	$37,281,684	2,934 adults per night
DVS: Shelters	Homeless Veterans Housing	Homeless Veterans	Total DVS funding (homeless veterans programs): $5,105,000	Emergency Shelter capacity for approx. 400 adults each night
DVS: Transitional Housing	Homeless Veterans Housing	Homeless Veterans	Total DVS funding (homeless veterans programs): $5,105,000	400 Transitional units for single veterans
DVS: Permanent Housing	Homeless Veterans Housing	Homeless Veterans	Not yet available	Under review
Elder Affairs: Assisted Living	Assisted Living	Elders & Disabled Persons	N/A	13,000 certified Assisted Living units
Elder Affairs: Supportive Senior Housing	Rental Senior & Disabled Housing	Elders & Disabled in Chap. 667 Public Housing	$4,013,303	32 sites/4200 units
Elder Affairs: Congregate Housing	Rental Senior & Disabled Housing	Elders & Disabled in Ch. 667 Public Housing	$1,503,617	51 sites/1800 units
Housing & Economic Development: MassWorks	Public infrastructure supporting housing, community and economic development	Public owned or managed projects	$61,000,000 (over 2-3 fiscal years)	41 communities
ICHH: Regional Networks	Homelessness Prevention	Homeless and At Risk of Homelessness Individuals and Families	$1,00,000	Funding for 10 Regional Networks
FHLB Boston: Affordable Housing Program	Gap Financing (Usually): Rental & Ownership	Low/mod households	10% of the Bank's net earnings from the prior year. Forward looking data are not available.	Forward looking data are not available.

Table 5: Summary of Projected FY 2012 Housing and Community Development Resources and Activities

Funding Source & Program	Use	Target Population	Expected Level of Funding FY 2012	Expected Level of Activity FY 2012
FHLB Boston: New England Fund	Rental & Ownership Production	25% for Low/Mod Households	Program available, subject to market forces and demand. Forward looking data are not available.	Program available, subject to market forces and demand. Forward looking data are not available.
FHLB Boston: Community Development Advances	Rental & Ownership Production; Economic Development; Mixed-Use	Residential and Economic Development: Up to 115% of Area Median Income depending on the activity	Program remains available; subject to market forces and demand. Forward looking data are not available.	Program remains available; subject to market forces and demand. Forward looking data are not available.
MassDevelopment: Brownfields Redevelopment Fund - Site Assessment	Site assessment		$924,000	1,162 units
MassDevelopment: Brownfields Redevelopment Fund - Remediation	Remediation		$2,652,000	250 units
MassDevelopment: Tax-exempt Affordable Rental Housing Production	Rental Housing Production	20% @ 50% AMI or 40% @ 60% AMI	$86,000,000	671 units
MassDevelopment: Tax-exempt Affordable Rental Housing Preservation	Rental Housing Preservation	20% @ 50% AMI or 40% @ 60% AMI	$135,000,000	1,255 units
MassHousing: Rental Lending -- New Production	Rental Housing Production	Low/Mod/Market households	$46,746,300	510 units in 7 developments
MassHousing: Rental Lending -- Preservation	Rental Housing Preservation	Low/Mod/Market households	$315,219,245	3,051 units in 23 developments
MassHousing: Priority Development Fund	Rental Housing Development	Gap filler financing for MassHousing-financed developments	$9,217,204	414 units in 4 developments (These developments also receive production and preservation funds, and are included in the totals for those programs.)
MassHousing: Home Ownership Mortgage Products	Homeownership	Moderate income	$450,000,000	2,100 loans
MassHousing: Home Improvement Mortgage Products	Home repairs, including lead paint abatement	100% AMI and below	$1,477,000	73 loans
MassHousing: Center for Community Recovery Innovations (CCRI)	Rental Housing Production/Preservation	Creation and preservation of Sober Housing	$700,000	100 units
MassHousing: Mortgage Insurance for Non-MassHousing Financed Home Mortgages	Homeownership	Eligible buyers with less than 20% down payment	$20,000,000	100 loans insured

Table 5: Summary of Projected FY 2012 Housing and Community Development Resources and Activities

Funding Source & Program	Use	Target Population	Expected Level of Funding FY 2012	Expected Level of Activity FY 2012
MassHousing: Portfolio Management	Rental Housing Preservation	71% low-income; 12% moderate-income; 17% market		101,826 rental units and 137 homeownership units in 940 developments
MHP: Permanent Financing	Rental Housing Production & Preservation	Low/mod households	$110,000,000	1,400 housing units (new and preserved), with 785 affordable to households at 60% AMI or less
MHP: Technical Assistance	Technical Assistance	Housing Authorities and Municipalities	$150,000	15 total: communities and housing authorities
MHP: Chapter 40B Technical Assistance	Technical Assistance	Municipalities	$130,000	13 contracts
MHP: Soft Second Loan	Homeownership	Low/mod FTHB	$4,800,000	1,000 loans
MHP: Neighborhood Rental Initiative	To increase supply of affordable housing for low-income residents in high-opportunity communities	Either 40% of units eligible at 60% of area median income or 20% at 50% AMI.	$4,875,000 in subordinate debt committed plus PRFP first mortgage debt estimated at $5,000,000	Six projects totaling 78 units will either complete construction, close construction financing, or be committed for financing in FY12.
MHP: HomeFunders, Permanent Financing	To increase # of ELI units in MHP Rental Production	100% low income, 20% ELI	$2,050,000 in HomeFunders dollars committed	Est. 166 units of which about 36 for households earning <30% AMI
MHP: Neighborhood Stabilization Loan Fund	To provide financing for acquisition and rehab of foreclosed properties in distressed neighborhoods	Mixed income, both market and affordable	$7.8 million committed or expected by end of FFY; $8.5 million credit line for MHIC's NSLF.	See NSP2
MRC: Home Modification Loan Program	Home Modifications	Individuals/Families with Disabilities	$4,000,000	180 loans
Home Funders: Predevelopment & Acquisition Loans (CEDAC)	Rental Production	100% low income, 25% ELI		

Note - Includes 7 special set asides for special populations, but does not include units administered by the state's local housing authorities. In total, more than 71,000 MA households receive Section 8 Housing Choice Rental Vouchers. In addition, the rents of tenants in more than 60,000 units of subsidized housing are supported by Section 8 project based rental subsidies.

CONSOLIDATED PLAN COVERED PROGRAMS

The Role of the Consolidated Plan Resources

HOME, CDBG, ESG, and HOPWA funds are important resources for the Commonwealth in the execution of its housing and community development agenda. CDBG, in particular, is the State's major resource to address the needs of its non-entitlement communities, all of which are facing fiscal constraints. Many of these communities have also been hard hit by foreclosures and job layoffs. Fifteen non-entitlement communities are among those identified as having the highest need of assistance through the Neighborhood Stabilization Program. In addition to supporting a broad range of infrastructure, accessibility and community development projects, the Massachusetts CDBG (Small Cities) Program facilitates small business development through support of regional, revolving loan funds, and the retention or expansion of existing businesses. Its housing rehabilitation funds are being used in many communities to revitalize older housing in established neighborhoods.

HOME remains the workhorse in the State's stable of housing programs. Along with the low income housing tax credit, with which it is often paired, HOME is a major tool for preserving and expanding the state's affordable rental inventory, identified as a priority need. In the past five years, HOME has funded between 300 and 400 units annually; because of the decreased funding, DHCD projects supporting close to 318 additional units for FY 2012.

ESG and HOPWA are also important resources, each contributing to the challenge of combating homelessness and providing decent housing for at-risk populations. Under the HEARTH Act, the Emergency Shelter Grant was renamed the Emergency Solutions Grant to reflect its focus on moving people beyond homelessness, a strategy consistent with the State's new approach to combating homelessness. Both the Consolidated Plan and this FY 2012 Action Plan are consistent with the Commonwealth's Continuum of Care Plan.[1]

A description of the programmatic initiatives being proposed for FY 2012 regarding the four covered programs is provided below. Please see **Appendix B** for program specific requirements.

Community Development Block Grant (CDBG)

Administered by the Department of Housing and Community Development, the Massachusetts Community Development Block Grant program provides federal funds on a competitive basis to municipalities that have populations under 50,000 that are not designated as HUD entitlement communities. Communities may apply for funding for a variety of projects, including the rehabilitation/stabilization of housing stock, improvements to aging infrastructure, stabilization of neighborhoods, and assistance to small businesses for job creation. The Massachusetts CDBG Program allows communities to undertake the entire range of eligible activities as authorized by Title I of the Housing and Community Development Act of 1974, as amended. DHCD is requiring all applicants to target their resources in a comprehensive, integrated manner consistent with the Commonwealth's sustainable development principles. The Program is divided into three separate components, with each serving a different purpose or level of need. In federal FY 2012, the Massachusetts CDBG Program will receive $27,783,930 from HUD. Based on past demand, approximately 42 percent of this amount will be allocated to support the rehabilitation of 500 affordable housing units through the Community Development Fund (CDF) and Mini-Entitlement components of the CDBG Program.

- The Community Development Fund (CDF), representing the bulk of the state's CDBG allocation, will be distributed through an annual competitive application process. Access and competitiveness within CDF are

[1] The Commonwealth submits 22 separate Continuum of Care plans. The so-called "Balance of State Plan" summarizes the needs, objectives, priorities, and resources for the entire state. It may be obtained by contacting DHCD.

affected by an assigned Community Wide Needs score, which is calculated by DHCD for all eligible communities (non-entitlement). CDF supports revitalization efforts and addresses the needs of low and moderate income residents by supporting housing as well as community and economic development activities in Massachusetts cities and towns. The fund is divided into two parts for purposes of allocation: CDF I ($13,026,762 available) is for communities with high needs as defined by a statistical formula; CDF II ($2,700,000 available) is for communities with more moderate needs.

- Mini-Entitlement Grants are specifically targeted to municipalities that meet the three following criteria: (1) Community Wide Needs Score over 28; (2) a poverty rate higher than the state average of 6.7%; and, (3) population over 12,000. Through the Mini-Entitlement program, identified cities and towns can meet a broad range of community development needs in housing, business development, physical development, downtown revitalization, and public social services in identified target areas. The program supports all CDBG-eligible activities and encourages applicants to develop comprehensive, creative solutions to local problems. In FY 2012, 10 municipalities have been designated as Mini-Entitlements eligible to receive up to $900,000 each.

- The Economic Development Fund (EDF) provides assistance to communities focused on community economic development - retaining and creating jobs for low and moderate-income people, strengthening the local tax base, and supporting revitalization efforts that enhance the quality of life in the community. EDF gives priority to assistance for physical improvements in support of economic development and job creation/retention.

  EDF will offer assistance to directly support physical improvements to downtown or commercial center areas, particularly, rehabilitation of, or conversion to, affordable and workforce housing units located in downtown or commercial center areas. Other physical improvement projects must be located in downtown/commercial center areas, with emphasis on mixed-use development. EDF will also fund planning studies within certain limitations.

  In FY 2012, $1,200,000 (including $200,000 from program income) will be available for the Economic Development Fund.

Geographic Distribution of Funds for CDBG

CDBG resources are available to HUD non-entitlement communities. The HUD entitlement communities in Massachusetts are:

Arlington	Framingham	New Bedford	Springfield
Attleboro	Gloucester	Newton	Taunton
Barnstable	Haverhill	Northampton	Waltham
Boston	Holyoke	Peabody	Westfield
Brockton	Lawrence	Pittsfield	Weymouth
Brookline	Leominster	Plymouth	Worcester
Cambridge	Lowell	Quincy	Yarmouth
Chicopee	Lynn	Revere	
Fall River	Malden	Salem	
Fitchburg	Medford	Somerville	

HOME Investment Partnerships Act (HOME)

HOME remains a workhorse in the State's stable of housing programs. Along with the low income housing tax credit, with which it is often paired, HOME is a major tool for preserving and expanding the state's affordable rental inventory, identified as a priority need. In the past program year HOME funded approximately 375 units. Approximately 159 additional HOME units are projected for FY 2012.

DHCD will administer only one HOME program in FY 2012: a multi-family rental housing program.

- ***Multi-Family Rental Housing Loans (Expected FY 2012 Funding available to projects: $6,452,372)***
  DHCD expects to commit approximately $6.45 million to rehabilitate or newly construct a minimum of HOME-assisted housing units. Typically, DHCD awards up to $50,000 per unit in HOME assistance to projects located in HOME entitlement or consortium communities. In non-entitlement or consortium communities, DHCD awards up to $65,000 per HOME-assisted unit. Typically, a maximum of $750,000 to $1,000,000 is awarded to a project.

  DHCD may make between $1 to 2 million available on a rolling basis to organizations seeking to preserve or create housing for homeless families and/or individuals and veterans.

Geographic Distribution of Funds for HOME

DHCD will continue its past practice of seeking to competitively award HOME funds in those areas of the Commonwealth that do not receive HOME funds as a result of entitlement community or HOME consortium designation. DHCD will competitively award HOME funds for rental loan projects in entitlement communities that provide a match for DHCD administered HOME funds.

Additional information about the state's use of HOME funds is available in Appendix B. Further information can be obtained by calling DHCD's Division of Housing Development at (617) 573-1300.

HOME Entitlement and Consortia Communities and Contact Agencies, Spring 2012

HOME Entitlement Communities

Boston	Department of Neighborhood Development
Brockton	Brockton Redevelopment Authority
Cambridge	Community Development Department
Fall River	Community Development Agency
Lawrence	Planning and Community Development Dept
Lowell	Division of Planning and Development
Lynn	Community Development Department
New Bedford	Office of Community Development
Somerville	Office of Housing and Community Development
Springfield	Community Development Department
Worcester	Planning and Community Development Department

HOME Consortia Communities

Barnstable County Consortium
Cape Cod Commission

Barnstable	Bourne	Brewster	Chatham
Dennis	Eastham	Falmouth	Harwich
Mashpee	Orleans	Provincetown	Sandwich
Truro	Wellfleet	Yarmouth	

Fitchburg-Leominster Consortium
Fitchburg Office of Planning

Holyoke-Chicopee-Westfield Consortium
Holyoke Office for Community Development

North Suburban Consortium
Malden Redevelopment Authority

Arlington	Chelsea	Everett	Malden
Medford	Melrose	Revere	Winthrop

Metrowest Consortium
Newton Department of Planning and Development

Bedford	Belmont	Brookline	Concord	Framingham
Lexington	Lincoln	Natick	Needham	Newton
Sudbury	Waltham	Watertown	Wayland	

North Shore Consortium
Peabody Office of Community Development

Andover	Amesbury	Beverly	Boxford	Danvers	Essex
Georgetown	Gloucester	Hamilton	Haverhill	Ipswich	Lynnfield
Manchester	Marblehead	Merrimac	Methuen	Middleton	Newburyport
No. Andover	N. Reading	Peabody	Rockport	Rowley	Salem
Salisbury	Swampscott	Wenham	West Newbury	Wilmington	Topsfield

Quincy – Weymouth Consortium
Quincy Department of Planning and Community Development

Quincy	Weymouth	Braintree	Holbrook	Milton

Taunton Consortium
Mayor's Office of Community Development

Attleboro	Berkley	Dighton	Carver	Lakeville	Mansfield
Middleborough	N. Attleboro	Norton	Plainville	Raynham	Seekonk
Taunton	*Easton (will be withdrawing as of 7.1.12)*				

Emergency Solutions Grant (ESG)

The Emergency Solutions Grant Program (ESG) funds eligible activities designed to prevent homelessness, support basic shelter operations and provide essential supportive services for homeless individuals and families specifically geared to rehousing.

Massachusetts has used ESG funds to expand shelter capacity and enhance the availability of services for homeless individuals and families, serving approximately 6,000 individuals and families in each of the last several years. The FY 2012 ESG award of $4,637,743 is expected to serve at least 7,500 in shelter operations. Allocated through a competitive procurement, these funds support:

- homelessness prevention for families and individuals ($1,504,652);
- rapid re-housing for individuals ($2,000,000); and,
- shelter support, including shelter operations and case management ($1,949,400).

A draft Emergency Solutions Grant Substantial Amendment to the 2011 Annual Action Plan can be found in Appendix B of this document and on the DHCD website. This Substantial Amendment was drafted under HUD's Interim Rule for the Emergency Solutions Grant, and will be amended as needed when the Final Rule is issued.

Geographic Distribution of Funds for the ESG Program

ESG funds are provided directly by HUD to ESG entitlement communities in Massachusetts. These communities are:

Boston	Lynn	Somerville
Cambridge	New Bedford	Springfield
Fall River	Newton	Worcester
Lowell	Quincy	

DHCD receives non-entitlement ESG funds which it allocates to non-HUD ESG entitlement communities, as well as to high need areas, which may include ESG entitlement communities, if they are selected in accordance with the specific terms of the ESG procurement.

Housing Opportunities for Persons with AIDS (HOPWA) Program

The Massachusetts Department of Public Health (MDPH) HIV/AIDS Bureau is responsible for the administration of "balance of state" HOPWA funds. In FFY 2012, the state will receive $197,121 as a formula grantee. MDPH will fund technical assistance services for HIV/AIDS housing providers statewide and one permanent housing program in southeastern Massachusetts.

Further information regarding HOPWA is provided in Appendix B of this document. Additional information about the state's use of state HOPWA funds can also be obtained by calling the Massachusetts Department of Public Health HIV/AIDS Bureau at (617) 624-5330.

Geographic Distribution of Funds for the HOPWA Programs

Although state HOPWA funds can be used in any area of the state, MDPH prioritizes the use of these resources for programs which are geographically located outside the other six HOPWA Eligible Metropolitan Statistical

Areas (EMSAs). AIDS Housing Corporation provides technical assistance services statewide. The other funded special projects are located in Topsfield, MA and Cambridge, MA.

Outcome Performance Measurement System

HUD issued a Final Notice on March 7, 2006 on its Outcome Performance Measurement System. Through the system HUD will collect information on the activities undertaken in the following programs: HOME, CDBG, HOPWA and ESG, and aggregate the data at the national, state, and local level. The outcome measures framework contained herein will supplement the measurements contained in the HUD notice, along with any revisions adopted by HUD.

The system incorporates the following three objectives set forth in the Housing and Community Development Act of 1974: 1) create suitable living environments; 2) provide decent housing; and, 3) create economic opportunities. Beyond that, the system directs applicants/grantees to select from one of the following three outcomes to help define the intent of the activity: 1) availability/accessibility; 2) affordability; and, 3) sustainability - promoting livable or viable communities.

Based on the applicant's purpose for undertaking a project or activity, the applicant will determine and state in the application what the intent of the project is with one of the nine Outcome Statements. An applicant may select additional Outcome Statements if it believes them to be applicable to its proposed activities.

The system will not change the nature of the program or its regulations. This system creates a framework that allows for a consistent reporting to HUD on a national level.

Each outcome category can be connected to each of the overarching objectives, resulting in a total of nine groups of outcomes/objective statements under which the grantees would report the activity or project data to document the results of their activities or projects. Each activity will provide one of the following statements, although sometimes an adjective such as new, improved, or corrective may be appropriate to refine the outcome statement.

- Accessibility for the purpose of creating suitable living environments
- Accessibility for the purpose of providing decent affordable housing
- Accessibility for the purpose of creating economic opportunities
- Affordability for the purpose of creating suitable living environments
- Affordability for the purpose of providing decent affordable housing
- Affordability for the purpose of creating economic opportunities
- Sustainability for the purpose of creating suitable living environments
- Sustainability for the purpose of providing decent affordable housing
- Sustainability for the purpose of creating economic opportunities

In addition, there are certain data elements commonly reported by all programs, although each of the four programs may require different specificity or may not require each element listed below. Grantees will only report the information required for each program, as currently required. No new reporting elements have been imposed for program activities that do not currently collect these data elements. The elements include:

- Amount of money leveraged (from other federal, state, local, and private sources) per activity:
- Number of persons, households, units, or beds assisted, as appropriate;

- Income levels of persons or households by: 30 percent, 50 percent, 60 percent, or 80 percent of area median income, per applicable program requirements. However, if a CDBG activity benefits a target area, that activity will show the total number of persons served and the percentage of low/mod persons served. Note that this requirement is not applicable for economic development activities awarding funding on a "made available basis;"
- Race, ethnicity, and disability (for activities in programs that currently report these data elements)

HUD will combine the objectives, outcomes, and data reported for the indicators to produce outcome narratives that will be comprehensive and will demonstrate the benefits that result from the expenditure of these federal funds.

Finally, the applicant will report on several other indicators, required as applicable for each activity type. These will be detailed in each program application, reporting forms and/or accounting and grants management software.

Ninety days after the close of the state's HUD program year (April 1 through March 31), the Commonwealth submits the annual Performance Evaluation Reports (PERs) for the programs covered by the Consolidated Plan; the PERs for 2010 are due June 30, 2011.

Monitoring

DHCD and EOHHS/DPH recognize and fulfill the monitoring requirements of the four grant programs included in this plan. Monitoring activities are conducted in accordance with the HUD regulations for each program, and may include the following:

1. explanation of grant contract requirements and deadlines to all grantees;

2. desk reviews and/or field visits as warranted to monitor work in progress and completed projects;

3. monitoring may also provide an excellent opportunity to explore local community development strategies and possibilities and place HUD assistance in a broader context for local officials.

4. telephone, field visit, or office conference assistance to grantees upon request, or if the agency has identified concerns as a result of a field visit or other technical assistance effort;

5. detailed explanation of ways to improve grant administration procedures should a grantee be having difficulty in meeting contract conditions;

6. ongoing consultation with HUD CPD regional office regarding program status, regulatory and reporting requirements, possible changes in program design, etc.; and,

7. suspension of grant activities where warranted.

<u>CDBG</u>

The CDBG program holds yearly workshops for applicants to describe the program's aims and requirements, and will be offering additional training in CDBG-related topics. Both CDBG and HOME hold sessions with grantees each year to review all contract conditions, requirements, procedures for requesting payment, etc. CDBG also requires quarterly reports and year-end audits to track activity and progress, and has developed a

monitoring system that allows a representative CDBG staff person comprehensive knowledge of all funded activities in any one community. The aim of this effort is to assure the consistent application of program standards and requirements.

Massachusetts CDBG operational goals include: program and project monitoring for progress, program compliance, fiscal management, and fiscal compliance. This process includes ongoing planning, implementation, communication and follow-up between DHCD and its grantees.

The monitoring protocol considers internal controls and processes, use and maintenance of databases, and the grant application review cycle. Each of these procedures provides DHCD and grantees with a set of assessment tools for a compliance check.

The Massachusetts CDBG staff includes a Senior Program Representative with responsibility for monitoring coordination. Monitoring incorporates field visits and desktop reviews that consider progress indicators and submission requirements. Mass. CDBG identifies and completes a risk analysis of all active grantees. This risk analysis assigns a monitoring priority ranking to a grantee. Based upon the assigned priority, staff develops a monitoring plan. The risk rating system is as follows:

- High Priority - Change in key personnel or a change in findings, repeat findings; questioned or disallowed costs; incorrect/incomplete or late quarterly audit or status of funds reports, no subsequent year's funding, long interval since last monitoring.
- Medium Priority - Change in key personnel or incorrect/incomplete or late quarterly, audit or status of funds reports.
- Low Priority - Good/consistent management for prior 2-years; no findings; accurate, complete, timely reports.

DHCD also considers a variety of other indicators that can affect the priority score. Examples of factors that will increase a grantee's monitoring priority include status as a new grantee to Massachusetts CDBG; high risk/complex projects (such as economic development); and multiple projects/multiple grants. Following consultation with HUD, DHCD recently modified the risk assessment systems to capture all grantees that have gone unmonitored within the past two years and single-year recipients.

The tools that DHCD uses to monitor are project checklists, desktop reviews, and quarterly reports. Letters outlining findings, corrective actions and/or recommended changes are sent to a municipality's chief elected official in addition to grantee staff.

DHCD standard operating procedures include training and technical assistance to assure effective program implementation and prevent monitoring findings. Massachusetts CDBG staff makes several on-site visits during the program year to provide technical assistance and pre-monitor projects.

<u>ESG</u>

As part of DHCD's competitive procurement process, all providers are required to read the ESG desk guide. After service providers are identified through the competitive procurement process, DHCD works with HUD, if needed, to ensure that additional training is provided to all ESG contracted providers. The purpose of all training is to ensure that each non-profit organization utilizing ESG funds understands the fiscal and programmatic requirements of the program. Additional training is provided on the fiscal and programmatic contract requirements through language incorporated by DHCD in its ESG contracts. With the implementation of the HEARTH Act, DHCD has provided, and will provide additional training to make sure all providers are compliant with the new ESG rules and regulations.

DHCD requires each ESG contractor to submit two programmatic reports each year. Each report contains the demographic and performance data that HUD requires to be reported through IDIS (HUD's data collection, performance monitoring, and fiscal monitoring MIS for the ESG Program). In addition, DHCD requires each of its ESG contractors to participate in HMIS.

DHCD concurrently tracks ESG obligations and expenditures through the state's MMARS system, which is managed by the Office of the State Comptroller and records payments of state funds to ESG contractors authorized by DHCD or other state agencies. MMARS provides documentation of expenditures of state funds awarded to ESG contractors and ensures accurate reconciliation of reimbursement of expenditures with federal funds

DHCD conducts regular desk reviews of each program twice a year and, when indicated, on-site reviews at each of the contracted sites.

HOME

DHCD will continue to contract with an outside agency to provide monitoring services and technical support to the HOME Program. Under the contract, the consulting agent is required to provide an annual report summarizing its monitoring and other activities. DHCD will be posting a Request for Responses during this program year.

The primary activity under the contract is the monitoring of recipients who have received funding from DHCD's HOME Program to undertake eligible housing activities. The purpose of the monitoring is to determine if the recipient is implementing the activities in compliance with the HOME regulations and its contractual agreement with DHCD. While regulatory compliance is the primary emphasis, the monitoring also looks for sound management practices and record keeping, so we can assess and encourage the financial and physical health of the asset. Further, the visit is an opportunity for the monitor to sit with site staff and train on the program. The monitoring contractor, as well as DHCD, remains available thereafter to respond to HOME questions.

On a periodic basis, DHCD provides the list of sites for review. DHCD selects those project sites that have completed construction and are entering occupancy for a development review, as well as program administrators (local governments and not-for-profits) who are due for a review. For each recipient that is subject to an onsite monitoring review, the agent schedules and conducts an onsite interview of key program staff, reviews program files and inspects the property, including a sample of units. The results of the visit are compiled and submitted to DHCD in a draft monitoring letter, offering findings of non-compliance as well as matters of advice to the recipient. DHCD issues the letter and receives responses from the grantee. Additionally, the agent conducts onsite monitoring reviews biennially on rental projects with fewer than 26 units and annually for those with 26 or more units. For years not subject to an onsite visit, a desk review is performed to analyze rent charges, income levels, recertification dates and frequency of HQS inspections. DHCD's monitoring guide will include any additional items required by the 2012 appropriation language, as directed by HUD.

In addition, the agent supports the HOME Program through program advice on compliance questions and annual occupancy trainings. Because of state legislation, DHCD now requires HOME developers/owners to report beneficiary data on an annual basis through a web-based tool. This enhances performance measurement efforts and facilitates compliance with state fair housing legislation.

HOPWA

The HOPWA monitoring protocol includes:

1. The CMAR (Contract Monitoring and Assessment Report)
Submitted two times a year, the CMAR is a reporting mechanism required of all housing programs funded by the HIV/AIDS Bureau. It gathers various types of information including demographics on the people served, service delivery data, goals and outcomes, composition and training of the staff; and narratives about the program's work.

2. Site visits
Annual site visits are required. Site visits are frequently conducted more often than once a year. Topics covered in site visits typically include: physical inspection of the facility; meetings with the staff members; meetings with residents; random inspection and review of residents' folders, not only to ensure eligibility requirements are being met, but also that case management activities are appropriate and completed in a timely manner; and a review of items such as house rules, TB screening policy, and universal precautions.

3. Standards of Care
The AIDS Bureau has published its *Standards of Care: Supportive Housing for Persons Living with HIV/AIDS in Massachusetts*. Compliance with these standards is required of all HIV/AIDS housing programs funded by the HIV/AIDS Bureau of MDPH. Each funded agency is required to undergo a self-evaluation process that includes the participation of its residents (consumers) and a peer agency; the process is facilitated by a third agency contracted by the HIV/AIDS Bureau to provide such specialized technical assistance. The results and recommendations of this process are submitted to the HIV/AIDS Bureau and are used not only for quality assurance, but also for ongoing monitoring to improve, where needed, compliance with the standards of care.

Table 6: HUD Table 2C/3A: Summary of Specific Annual and Multi-Year Goals

Specific Obj. #	Outcome/Objective Specific Objectives	Sources of Funds	Performance Indicators	Program Year	Expected Number	Actual Number	Percent Completed
DH-1	**Decent Housing with Purpose of New or Improved Availability/Accessibility**						
DH-1.1 **DH-1.2**	Distribute funds broadly, including urban (60%), suburban (35%), and rural (5%) Provide housing for special populations: homeless (5%); special needs (3%); elderly (20%)	1. HOME	1 & 2. Units created, occupied, and reported in IDIS. HOME funds committed and expended in IDIS. 3. Units of affordable housing produced	2010	309	Not avail.	
DH-1.3	Housing production under CDBG/EDF (2010 – 9; 2011-2014 –6/yr.)			2011	381		
		2. HOME		2012	171		
				2013	171		
		3. CDBG		2014	171		
			MULTI-YEAR GOAL		**1,203**		
DH-2	**Decent Housing with Purpose of New or Improved Affordability**						
DH-2.1	Create affordable units (with 80% of expenditures – 132 units)	1. HOME	1-5: Units created, occupied, and reported in IDIS. HOME funds committed and expended in IDIS. 6 Down payment assistance and counseling to LMI households	2010	295	Not available	
DH-2.2	Preserve affordable units (with 20% of expenditures – 33 units)			2011	385		
DH-2.3	Create/preserve rental units for households at or below 30% AMI (min. 10% of units -17)	2. HOME		2012	175		
				2013	175		
DH-2.4	Create or preserve rental units for households at/below 60% AMI (95% of units created/preserved each year – 165 units)	3. HOME 4. HOME		2014	175		
DH-2.5	Create ownership opportunities for house-holds at/below 80% AMI (5% of total units – -0- units)	5. HOME					
DH-2.6	Homebuyer assistance (2010 – 12 units; 2011 – 2014 - 10 units/yr.)	6. CDBG					
			MULTI-YEAR GOAL		**1,205**		

Specific Obj. #	Outcome/Objective Specific Objectives	Sources of Funds	Performance Indicators	Program Year	Expected Number	Actual Number	Percent Completed
DH-3	**Decent Housing with Purpose of New or Improved Sustainability**						
DH-3.1	100% of newly constructed units will meet Energy Star standards	1. HOME	1. Energy Star status verified and reported in IDIS.	2010	1,170	Not Avail.	
DH-3.2	100% of new rental units (production and preservation) will incorporate green design	2. HOME	2. Program design guidelines will require completion of green design exhibits and will be reviewed/assessed prior to construction	2011	721		
DH-3.3	Housing rehabilitation	3. CDBG	3. Number of units rehabbed	2012	720		
				2013	720		
				2014	720		
			MULTI-YEAR GOAL		**4,051**		
SL-1	**Suitable Living Environment with Purpose of New or Improved Availability/Accessibility**						
SL-1.1	Architectural Barrier Removal	1. CDBG	Number of persons for whom access is improved or provided	2010	528	NA	
SL-1.2	Public Social Services	2. CDBG		2011	500		
				2012	500		
				2013	500		
				2014	500		
			MULTI-YEAR GOAL		**2,528**		
SL-3	**Suitable Living Environment with Purpose of New or Improved Sustainability**						
SL-3.1	Infrastructure and Public Facility Improvements	1. CDBG	1. Number of persons assisted	2010	50,500	NA	
SL-3.2	Public Social Services	2. CDBG	2. Number of persons with new or continuing access to a service	2011	35,000		
				2012	50,569		
				2013	35,000		
				2014	35,000		
			MULTI-YEAR GOAL		**190,500**		
EO-1	**Economic Opportunity with Purpose of New or Improved Availability/Accessibility**						
EO-1.1	Public Social Services	CDBG	Number of persons with new or continuing access to a service	2010		NA	
				2011		NA	
				2012			
				2013			
				2014			

			MULTI-YEAR GOAL				
Specific Obj. #	**Outcome/Objective** **Specific Objectives**	**Sources of Funds**	**Performance Indicators**	**Program Year**	**Expected Number**	**Actual Number**	**Percent Completed**
CR-1	**Community Revitalization**						
CR-1.1	Downtown Revitalization Assistance through the Massachusetts Downtown Initiative	CDBG	Number of communities assisted	2010	30	107	
				2011	100		
				2012	100		
				2013	100		
				2014	100		
			MULTI-YEAR GOAL		**430**		

Table 7: (HUD Table 3B): Annual Housing Completion Goals						
Grantee Name: Massachusetts **Program Year: 2012**	**Expected Annual Number of Units To Be Completed**	**Actual Annual Number of Units Completed**	***Resources used during the period***			
			CDBG	**HOME**	**ESG**	**HOPWA**
ANNUAL AFFORDABLE RENTAL HOUSING GOALS (SEC. 215)						
Acquisition of existing units			☐	☐		☐
Production of new units	129 (0 CDBG + 261 HOME)		☐	☒		☐
Rehabilitation of existing units	68 (35 CDBG+ 33 HOME)		☒	☒	☐	☐
Rental Assistance			☐	☐		☐
Total Sec. 215 Affordable Rental	194		☒	☒	☐	☐
ANNUAL AFFORDABLE OWNER HOUSING GOALS (SEC. 215)						
Acquisition of existing units			☐	☐		
Production of new units	5		☒	☐		
Rehabilitation of existing units	500		☒	☐		
Homebuyer Assistance	12 (CDBG only)		☒	☐		☐
Total Sec. 215 Affordable Owner	517		☒	☒	☐	☐
ANNUAL AFFORDABLE HOUSING GOALS (SEC. 215)						
Acquisition of existing units			☐	☐		☐
Production of new units	131 (5 CDBG + 126 HOME)		☒	☒		☐
Rehabilitation of existing units	568 (535 CDBG + 33 HOME)		☒	☒	☐	☐
Homebuyer Assistance	12 (CDBG only)		☒	☐		☐
Total Sec. 215 Affordable Housing	**711**		☒	☒	☐	☐
ANNUAL AFFORDABLE HOUSING GOALS (SEC.215)						
Homeless households	40 (20 CDBG + 20 HOME)		☒	☒	☐	☐
…Non-homeless households	641 (502 CDBG + 139 HOME)		☒	☒	☐	☐
…Special needs households	19 (15 CDBG + 4 HOME)		☒	☒	☐	☐
ANNUAL HOUSING GOALS						
Annual Rental Housing Goal	194 (35 CDBG + 159 HOME)		☒	☒	☐	☐
Annual Owner Housing Goal	517 (CDBG only)		☒	☐	☐	☐
Total Annual Housing Goal	**711**		☒	☒	☐	☐

Additional 2012 Resources, Initiatives and Expected Level of Activity

Dozens of programs and activities are carried out in addition to those covered by the FY 2012 Action Plan that support the state's six broad housing and community development objectives. Detailed program criteria and guidelines are available in DHCD's program fact sheets, available on line at www.mass.gov/dhcd, or from the administering agency. A summary of all available resources is provided in matrix form in **Table 5**, which illustrates the funding and activities the Commonwealth will marshal to create and preserve an adequate supply of housing; to expand homeownership; reduce homelessness; reduce foreclosures and ensure that foreclosures do not destabilize neighborhoods; ensure that persons with special needs have access to appropriate services and accessible housing; and to enhance the prosperity and economic competitiveness of all regions, compatible with community and environment.

Among the resources outlined in Table 5, there are two that contribute significantly to the commonwealth's affordable housing stock: the Low Income Housing Tax Credits, and the state's public housing portfolio.

Low Income Housing Tax Credit Use

In Massachusetts, DHCD is the tax credit allocating agency, through the Division of Housing Development. The Division also oversees approximately $95 million annually in other federal and state affordable housing programs, including the federal HOME program, ensuring a coordinated approach to resource allocation.

A complete description of the LIHTC program can be found in the 2010-2014 Consolidated Plan. The Qualified Allocation Plan (QAP), which establishes the priorities and policies under which the commonwealth distributes tax credit funds, is available on the DHCD website: http://www.mass.gov/Ehed/docs/dhcd/hd/lihtc/2010qap.pdf.

Public Housing

While no Massachusetts state agency administers federal public housing funds, DHCD does oversee and fund a portfolio of approximately 48,000 state-aided public housing units that are owned and operated by 242 local housing authorities (LHAs). Within DHCD, the Bureau of Housing Management provides both fiscal and management oversight of the LHAs. The bulk of the state's public housing was built between 1948 and the late 1980's, and in the 1990's to 2007, suffered from chronic underfunding and neglect. The Patrick Administration is in the process of reversing the effects of that neglect, and for FY2012 has committed approximately $90 million to improving and upgrading public housing stock.

In January, 2012, Governor Patrick signed Executive Order 539, "Establishing a Commission for Public Housing Sustainability and Reform," that is charged with "developing recommendations for the sustainability and reform of public housing authorities and the portfolio of state aided public housing that will ensure the long-term viability of public housing as an affordable housing resource, including the reform of the statutory governance structure will a goal of creating a practical, cost-effective and modern regional governance structure." The Executive Order can be found at: http://www.mass.gov/governor/legislationeexecorder/ executiveorder/executive-order-no-539.html

A complete description of the public housing initiatives, including the Moving to Work (MTW) Program undertaken by DHCD is in the 2010-2014 Consolidated Plan. The Draft FY2013 MTW plan is available at http://www.mass.gov/hed/docs/dhcd/ph/mtw/fy13movingtoworkdraftplan.pdf

Institutional Structure and Coordination

The overall institutional structure and coordination is detailed in Section 4 of the 2010-2014 Consolidated Plan. The 2012 Action Plan reflects the continuing cooperative participation of the many state agencies, municipalities, and non-profit housing and service providers whose efforts are essential to its success.

Implementation of the One Year Plan is carried out by dozens of state agencies, departments, and quasi-public entities, working in concert with a network of for-profit and non-profit service providers and developers and the 351 cities and towns of the Commonwealth of Massachusetts.

Initiatives to Overcome Gaps in the Delivery System

Some fundamental aspects of the structure of state and local government will continue to pose challenges, as discussed in the section on Barriers to Affordable Housing in the 2010-2014 Consolidated Plan. Massachusetts is a home rule state, and most government activity is localized in its 351 cities and towns, 60 percent of which have fewer than 10,000 residents, including one-third with fewer than 5,000 residents. Many small towns cannot afford to have professional community development and planning staff, and this lack of capacity makes the efficient delivery programs and services challenging. The State establishes uniform building standards and safety codes and establishes the framework for local zoning and subdivision control laws; implementation and enforcement, however, rests with the municipalities. The manner in which localities interpret and exercise them influences what gets built and where. A long and strong tradition of local autonomy also makes it difficult to plan initiatives across the political boundaries of small Massachusetts communities.

To overcome these gaps and challenges, EOHED and DHCD encourage regional cooperation among municipalities and the use of regional and other professional entities to facilitate the administration of programs and to overcome some of the limitations imposed by the small scale of some localities and their governments. DHCD and other state agencies will also continue to provide technical assistance and training for municipal officials to increase local capacity. Chapter 40B of the Massachusetts General Laws, the comprehensive permitting legislation, has historically been an important tool for building affordable housing in communities that do not have at least 10% of the housing stock on the state's Subsidized Housing Inventory. The Office of Sustainable Communities in DHCD offers workshops for municipalities on how to use the Chapter 40B affirmatively to shape affordable housing development, and recent regulatory changes have clarified and strengthened sections of the law.

Restrictive zoning is an issue in many suburban communities. Chapter 40R, the Smart Growth legislation, provides financial incentives to municipalities to zone and plan for affordable housing development. The Patrick administration has submitted a major amendment to the state's zoning legislation, Chapter 40A, that would encourage proactive planning for housing and economic development. The Priority Development Fund is a resource for the development of Housing Production Plans, which offers another incentive for incorporating affordable housing development into a municipality's overall growth plan.

Also, DHCD will continue to improve its outreach, information dissemination, and partnerships with and among all of its constituencies. The 2010-2014 consolidated planning process typified some of the improvements, for example, greater use of the internet for notices of grant availability, program descriptions, guidance and technical assistance, useful demographic and economic information in a user friendly format, and regulatory changes.

Fundamental aspects of the structure of state and local government which is composed of 351 municipalities – will continue to pose challenges, which the state will seek to address through outreach, technical assistance,

incentives, and cooperation. Making the best use of the institutional structure where it is strong and strengthening it where it is weak, the state will continue pursuing its housing and community development plan.

DHCD is in the process of updating the Analysis of Impediments, which was last done in 2007. The Fair Housing Advisory Panel has been reconvened, and expects to have recommendations by the end of this year. The section of the *Analysis of Impediments* addressing barriers to affordable housing can be found at *http://www.mass.gov/hed/docs/dhcd/hd/fair/09.pdf*.

Appendix A: Citizen Participation and Comments

Public Comment Period: April 26, 2012 – May 16, 2012

Public Hearings: Thursday, April 26, 2012, 10:30 – 11:30
West Springfield Municipal Office Building Auditorium
26 Central Street
West Springfield, MA 01089

Thursday, May 10, 2012, 3:00 – 4:00
MA Department of Housing and Community Development
100 Cambridge St., 2nd floor, Room C
Boston, MA 02114

West Springfield Public Hearing
Attendees:

Patricia Mullins, Berkshire Regional Planning Commission (BRPC)
Kevin Flynn, Montachusett Regional Planning Commission (MRPC)
Joseph LaPlante, Town of West Springfield

Boston Public Hearing
Attendees:

Wayne Darrah, Communities Opportunity Group
Carol Martinez, City of Chelsea
Aspasia Xypolia, Viet-Aid

Written Comments/Testimony Received

MA Association of Community Development Corporations (MACDC)
Pine Street Inn

Summary of Comments Received and Responses:

Economic Development Fund (EDF)

Comment:
Comments expressed concern regarding redesign of the EDF component which includes the elimination of assistance to nonprofit organizations for microenterprise training, and technical assistance programs, and business lending through capitalization of local and regional loan funds.

Response:
The Department has examined past EDF grant award activities that provide assistance for microenterprise activities (training, technical assistance and lending) and grants in support of loan funds, in light of performance outcomes, other available resources and anticipated CDBG funding levels for future program years.

DHCD has concluded that it is reasonable to restore limited availability of EDF funds for assistance to Non-profit Development Organizations. The updated language and details regarding available activities are contained in the final FY 2102 One Year Action Plan.

Appendix B: Program Specific Requirements

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CDBG (One Year Annual Plan)…… next section

Program Specific Requirements

HOME Investment Partnerships Act (HOME) Program

MASSACHUSETTS HOME PROGRAM
ONE-YEAR ACTION PLAN FOR FEDERAL FISCAL YEAR 2012

The Department of Housing and Community Development will receive an allocation of approximately $7,169,302 in HOME funds in federal fiscal year 2012. DHCD plans to reserve 10 percent of the HOME allocation for administrative purposes, and award the majority of the remaining $6,452,372 through competitive funding rounds and, in certain circumstances, readiness-based rolling submissions.

There have been several additional requirements associated with 2012 HOME allocation funds, as noted in the House Congressional Record on November 14, 2011:

- Projects funded by DHCD with HOME must be completed within 4 years of the commitment of funding date with the possibility of a one year extension. If the project is not completed within this timeframe, HOME funds invested in the project must be repaid for those units not completed.
- No 2012 funds may be committed to any project unless DHCD certifies that it has conducted an underwriting review, assessed developer capacity and fiscal soundness and examined neighborhood market conditions to ensure adequate need.
- HOME assisted first-time homeownership units that are not sold within 6 months of completion will be converted to rental units for eligible participants. DHCD does not expect to use any of its 2012 allocation for homeownership purposes.
- DHCD will also assess a Community Housing Development Organization's capacity and staff development experience before awarding HOME funds and will not provide funds to an organization whose staff does not have development experience. In addition, those funds that were previously allocated for technical assistance for CHDO's and remain available, may be used for future HOME technical assistance.

As of the date of this Action Plan preparation, HUD guidance was forthcoming; DHCD will amend this Action Plan if subsequent guidance deems it necessary.

DHCD will continue to award its rental funds through a competitive RFP process. However, DHCD reserves the option to make rental funds available on a rolling basis with clear readiness standards for projects that will serve low- and extremely low-income homeless families and individuals and low- and extremely low-income veterans. DHCD will award federal fiscal year 2012 HOME program funds to the following program type: multi-family rental loans. Eligible applicants for HOME funds are municipalities, non-profit agencies (including CHDOs as defined by HUD), and for-profit developers. Note: a minimum of 15 percent of the federal FY 2012 allocation will be reserved for CHDOs serving as owners, sponsors, or developers of rental production projects. The Undersecretary of DHCD reserves the right to consider geographic distribution in making funding decisions for the 15 percent CHDO set-aside. DHCD will continue to encourage CHDOs to participate in the HOME program and will provide HOME technical assistance that will be available to CHDO staff, as well as others.

Allocation of Funds

DHCD will continue its past practice of seeking to competitively award HOME funds in those areas of the Commonwealth that do not receive HOME funds as a result of entitlement community or HOME consortium designation. DHCD also will competitively award HOME funds for rental loan projects in entitlement communities that provide a match for DHCD administered HOME funds.

During federal FY 2012 DHCD anticipates the following approximate amounts will be awarded through a competitive RFP process, depending upon the level of demand in each program category:

- $6,452,371.80 - rental loan program
- n/a- project-based first-time homebuyer program
- n/a– purchaser-based first-time homebuyer program

Evaluation Criteria for HOME Projects

DHCD will continue to competitively award HOME funds for Rental Loan activities. Certain rental submissions may be assessed on a rolling basis. HOME entitlement communities must provide a match for projects seeking DHCD-administered HOME funds.

The following criteria are used to evaluate projects:

- strength of overall concept
- strength of development team
- demonstrated need for project in the target neighborhood
- evidence of marketability and affirmative fair marketing plan included in proposal
- adherence to sustainable development principles
- suitable site and design, including appropriateness with regard to green building standards and increased accessibility
- appropriate scopes of rehabilitation or construction
- appropriate efforts to address energy conservation
- appropriate total development costs for properties included in proposal
- financial viability of the project, including evidence of minimal utilization of HOME assistance
- degree of local support, including local funding commitments
- evidence of readiness to proceed
- evidence of satisfactory progress on previously funded projects.

The following terms and conditions apply to all HOME competitively awarded multi-family rental projects:

Terms and Conditions: Multi-Family Rental Projects	
Eligible Borrowers	For profit developers; non-profit developers; non-profit organizations designated as CHDOs; municipalities in cooperation with any of the above.
Eligible Activities	Acquisition and/or rehabilitation of existing structures for multi-family rental use, including distressed or failed properties, or the new construction of multi-family rental projects. Minimum project size of 5 HOME-assisted units.
Maximum Loan Amount	DHCD will award up to $750,000 to $1,000,000 per project and up to $50,000 per HOME-assisted unit in HOME entitlement/consortium communities. In non-entitlement or non-consortium communities, the maximum loan is up to $65,000 per HOME-assisted unit.
Match Requirement	Projects located in HOME entitlement or consortium communities

Terms and Conditions: Multi-Family Rental Projects	
	should include a commitment of local funds. If an application is submitted without a match, it may not be scored. In general, preference will be given to applications with full match commitments.
Cost/Fee Limits	Projects with Total Development Costs in excess of $165,000 per unit may not be scored. Developer Fee + overhead may not exceed 12.5% of a project's Total Development Cost (with the exception of applicants also seeking LIHTC).
Security	All HOME loans will be secured by a mortgage on the property. HOME funds are often subordinate to other loans; the subordinate position will depend upon the financial structure of the deal.
Affordability	All units receiving HOME assistance must be occupied by households earning no more than 60% of the area median income and affordable to households earning 65% of the area median income. At least 20% of the HOME units must be occupied by and affordable to households earning no more than 50% of area median income. The minimum HUD HOME period of affordability will be met, with an extended local period of affordability.
Holdback Feature	DHCD provides HOME funds through a simple requisition process and holds back a minimum of 10% of the HOME award until the project is substantially complete.
Term of Loan	Typically, loans will be for 30 years. During the final year of a loan, the owner may request an extension of up to 30 years in order to maintain the affordability of the housing. Typically, HOME funds are structured as repayable deferred loans; in some cases, DHCD may require regular payments from a project's cash flow.
Recourse	The loans will be non-recourse.
Interest Rate	Generally, DHCD HOME loans are deferred payment loans with zero percent interest rates. DHCD reserves the right to assign a higher rate of interest to any HOME loan. HOME loans to projects receiving allocations of Low Income Housing Tax Credits are typically made at the Applicable Federal Rate (or higher) as required by the Tax Credits program.
Debt Coverage Ratio	DHCD expects HOME projects to have minimum debt coverage ratios of approximately 1.15 in year one.
Environmental	An ASTM Phase One environmental site assessment must be completed and submitted for each property within the project, either with the application or as part of the loan closing.
Lead Paint Requirements	HUD Federal lead-based paint regulations at 24 CFR Part 35 apply to all projects that are awarded HOME monies.

Terms and Conditions: Multi-Family Rental Projects	
Section 3 and M/WBE Requirements	All HOME projects must meet Section 3 and M/WBE provisions, including appropriate outreach.
Energy Star, Sustainability and Other Green Measures	All new construction must meet Energy Star standards. Any rehabilitation must meet Energy Star standards to the greatest extent feasible for the project. DHCD also expects projects to consider greening and sustainability to the maximum extent possible; all proposals must follow the guidelines as outlined in the Commonwealth's Qualified Allocation Plan.
Accessibility for Persons with Disabilities	For the new construction of any units or the substantial rehabilitation of 15 or more units of multi-family housing, Section 504 requires that 5% of the units (but not less than 1 unit) be accessible to individuals with mobility impairments and an additional 2% of the units (but not less than 1 unit) be accessible to individuals with sensory impairments. For moderate rehabilitation of 15 or more units, Section 504 also requires to the maximum extent feasible that the units be accessible to and usable by individuals with disabilities.
Good Standing at DHCD	Applicants for HOME funds, including all members of their development teams, must be in good standing with DHCD with respect to other DHCD-assisted projects.
Application Fees	The application fee for non-profit developers is $450 per project; the fee for for-profit developers is $1,250 per project. For projects seeking DHCD tax credits, only the tax credit application fees apply.

While we do not anticipate accepting project-based ownership project applications, the following criteria are used to evaluate first-time homebuyer projects:

- strength of overall concept
- strength of development team
- demonstrated need for project in the target neighborhood
- adherence to sustainable development principles
- suitable site and design, including attention to green building standards and increased accessibility
- appropriate scopes of rehabilitation or construction
- appropriate efforts to address energy conservation
- appropriate total development cost for properties included in proposal, including evidence of minimal utilization of HOME assistance
- appropriate sales prices and affordability analyses included in proposal
- evidence of marketability and buyer selection plan included in proposal
- degree of local support, including local funding commitments
- evidence of readiness to proceed
- evidence of satisfactory progress on previously funded projects.

First-time Homebuyer Resale or Recapture Provisions

DHCD does not anticipate awarding new HOME project-based homebuyer funds in the coming program year, as rental projects continue to be a priority. Regardless, DHCD has availed itself of the opportunity to do a review of its homeownership loan documents. Over the past two years, DHCD formed a work group with some

of our key development partners, counsel and one of our HOME TA partners for the purpose of developing new model homeownership loan documents. We have reviewed certain HOME models and have developed a resale restriction that has been sent to HUD for approval. We also are in the final stages of developing two recapture restrictions for use in different market areas; we will ask to use a recapture model with a declining balance in more challenged areas and a recapture model with shared appreciation in opportunity areas. The resale restriction will be used in communities where the locality requests it, generally in high market areas. We also would like to use the approved resale restriction with existing resale-restricted unit sales, pending consent of any existing fellow lenders. Upon HUD approval of the resale document, we will finish work on the recapture models and submit them to HUD for review and approval. We will submit a Consolidated Plan amendment proposal when our documents are ready and approved.

Should we revisit purchaser-based homebuyer assistance, the restriction will continue to call for recapture only. "Recapture" for purchaser-based assistance has a five-year restriction and the maximum assistance amount is limited to the lesser of: 5 percent of a property's purchase price, what is necessary based on an individual needs assessment, or $10,000. The recapture provision works as follows: A homeowner wishing to sell a unit within five years of the date of the deed rider may sell the unit to a third party free of any restrictions as long as the assistance amount is paid to DHCD. The recapture amount can never be greater than the net sales proceeds.

Eligible Applicants for HOME Funding

PROGRAM COMPONENT	ELIGIBLE APPLICANTS
Rental Production	Community Housing Development Organization (CHDO) Non-Profit Developer For-Profit Developer Municipal Entity in Partnership with Non-Profit or For-Profit Developer
First-Time Homebuyer Project	Community Housing Development Organization (CHDO) Non-Profit Developer For-Profit Developer Municipal Entity in Partnership with Non-Profit or For-Profit Developer
First-Time Homebuyer Purchaser	Non-Profit Sponsor Non-Profit Sponsor in partnership with a Municipal Entity Municipal Entity that is ***not*** a HOME Entitlement or a member of a HOME Consortium

HOME Match

The resources for the HOME match continue to be the state-funded Massachusetts Rental Voucher Program and the state's Housing Stabilization Fund (both described in this section of the plan). Annual expenditures through these two programs alone are approximately $48 million. Since states are permitted to "bank" match, that expenditure level would constitute match -- calculated at 25 cents ($0.25) on the HOME dollar ($1.00) -- for many years.

HOME Technical Assistance

DHCD has successfully administered three HOME Technical Assistance grants and we are in the midst of administering our fourth, which was awarded in August 2009 based on our 2008 application with Franke Consulting Group, Mostue & Associates (now known as Davis Square Architects,) the Massachusetts Housing Partnership Fund, and FinePoint Associates. We are implementing our proposal through the provision of a

comprehensive array of technical assistance and training activities to communities, organizations and projects throughout the Commonwealth and across New England. DHCD has used some funds to work on MassDocs for Homeownership and has been delivering approved training since the first quarter of 2011, with a goal to expend the balance of the $150,000 grant over the next year.

In addition to the training described above, DHCD hopes to reignite its popular series of Peer to Peer Workshops where the participants are given control of much of the agenda, and allowed to get together in discussions with their peers and a seasoned HOME TA provider about practical program issues. Many HOME administrators are quite experienced and don't want to sit through lengthy training sessions that offer too much basic "rules" training and not enough practical information about the day-to-day administrative challenges they have in running the program, we've found that the peer session responds to the needs of the seasoned administrator and provides helpful information to the more novice HOME specialist.

The team also would continue to work closely with the local HUD office to provide technical assistance to organizations it has identified. And, the team would continue to be available to perform other activities that assist HUD in meeting its community goals. To that end, our process for selecting which organization will receive technical assistance will be flexible and will incorporate HUD's demand response model. Communities needing intensive technical support will be needs-assessed. We will be coordinating with our HUD GTR for approval of all work plans. DHCD expects to submit a proposal for OneCPD TA funds when a second NOFA is issued.

HOME Performance Measures

In accordance with CPD Notice 03-09, DHCD's HOME program has been working towards a method of quantifiable performance measurement. Representatives from Massachusetts participated with the national workgroup which developed the HUD Outcome Performance Measurement System, as outlined in the Federal Register, June 10, 2005. HOME staff project managers attended HUD-sponsored performance measurement training in the summer of 2006. Two of the Commonwealth's housing and community development objectives are the primary focus of the HOME program:

1. Develop and maintain an adequate supply of safe, decent housing that is affordable and accessible to residents with a range of income levels and household needs, and
2. Expand sustainable homeownership opportunities for low, moderate and middle income families.

DHCD's HOME activities generally fall under the HUD objective:

- Provide decent affordable housing.

In general, the HUD outcome for our activities is:

- Affordability.

To meet these objectives and generate this outcome, DHCD provides funding for rental production, rental rehabilitation, homeownership production and homebuyer assistance. DHCD has begun incorporating the following primary performance measures for each funding type:

Rental Production

- Number of affordable units produced for each income category
- Amount of money leveraged for the rental activity
- Number of units for households at or below 30% of area median income
- Number of units for elderly households
- Number of children under age 6 within HOME-assisted units

- Number that are accessible under Section 504
- Number of units that meet the IECC energy standards
- Of the units meeting IECC standards, the number meeting Energy Star standards
- Number of units for formerly homeless households and formerly chronically homeless households
- Number of units for former residents of public housing
- Number designated for persons with HIV/AIDS

Rental Rehabilitation

- Number of affordable units preserved for each income category
- Number of minority households assisted
- Number of children under age 6 within HOME-assisted units
- Amount of money leveraged for the rental activity
- Number of units for households at or below 30% of area median income
- Number of units for elderly households
- Number that are accessible under Section 504
- Number of units that meet the IECC energy standards
- Of the units meeting IECC standards, the number meeting Energy Star standards
- Number of units brought to lead safety standards
- Number of unit-years of extended affordability
- Number of units for formerly homeless households and formerly chronically homeless households
- Number of units for former residents of public housing
- Number designated for persons with HIV/AIDS

Homeownership Production

- Number of affordable units produced
- Amount of money leveraged for the homeownership production activity
- Number of units for households at or below 30% of area median income
- Number of units for elderly households
- Number that are accessible under Section 504
- Number of children under age 6 within HOME-assisted units
- Number of units that meet the IECC energy standards
- Of the units meeting IECC standards, the number meeting Energy Star standards
- Analysis of the HOME beneficiaries as described below
- Number of homebuyers completing pre and post-purchase counseling
- Number of households coming from subsidized housing
- Number of first-time homebuyers (all DHCD ownership units carry a first-time homebuyer requirement

Homebuyer Assistance

- Number of homebuyers assisted
- Of the homebuyers assisted, the number that had been residents of public housing, privately subsidized housing, or of a manufactured home community.
- Number of minority households assisted
- Number of household children under age 6 within HOME-assisted units
- Number of homebuyers moving from housing with lead-based paint
- Number of homebuyers who had been homeless
- Number of homebuyers at incomes below 60%, 50%, 30%
- Number of homebuyers that had previously been in an over-crowded or substandard housing situation
- Number of homebuyers completing pre and post-purchase counseling
- Number of first-time homebuyers (all DHCD ownership units carry a first-time homebuyer requirement

We continue to expect that DHCD's HOME Program's performance measurement standards will further evolve, as our experience with the initiative matures and HUD issues further guidance.

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Program Specific Requirements

Housing Opportunities for Persons with AIDS (HOPWA) Program

MASSACHUSETTS HOPWA PROGRAM FOR FISCAL YEAR 2012

The Massachusetts Department of Public Health (MDPH) Office of HIV/AIDS administers HOPWA funds for the "balance of state" and attempts to use these resources for programs located outside the six other HOPWA Eligible Metropolitan Statistical Areas (EMSAs) in Massachusetts. MDPH currently uses HOPWA funds to provide housing-related technical assistance (TA) services to HIV/AIDS housing providers throughout the state. This service is provided by the Technical Assistance Program (TAP) of Victory Programs, Inc. (formerly the AIDS Housing Corporation).

This program was originally awarded funds during a statewide procurement for technical assistance services in state fiscal year 2006. Vendor selection involved a comprehensive community and internal review process. Both state and HOPWA funds were allocated during this procurement process. Services funded with HOPWA dollars will include program support, needs assessment, program evaluation, staff development and the determination of training needs as well as facility operating assessments. The TA offered assists agencies to update their operational policies and procedures, assure compliance with standards of care and implement a number of new client focused initiatives related to improving self-sufficiency (such as engaging in productive activities, as well as developing skills in financial literacy and nutritional literacy).
DPH requires programs to have an active and engaged consumer presence by ensuring representation from HIV-infected persons in program activities and a consumer advisory board which meets regularly.

In federal fiscal year 2010, the state spent $146,000 of its HOPWA allocation for technical assistance services for HIV/AIDS housing providers statewide (as noted above). The Office of HIV/AIDS conducts thorough oversight of all if its contracts. Monitoring mechanisms include a submission of an annual program work plan, system-wide performance measures, client-level data collection, annual site visits, and ongoing fiscal monitoring. OHA staff provides technical assistance when necessary and offer regular program development opportunities and trainings that help enhance staff capacity and improve quality throughout the service system.

MDPH-OHA reports its annual performance through the CAPER. OHA has begun a process to review its current HOPWA spending and develop a strategy for FFY 2011 to encumber more of its HOPWA funds.

Program Specific Requirements

Emergency Solutions Grant (ESG) Program

The Emergency Solutions Grant Program (ESG) funds eligible activities designed to prevent homelessness, support basic shelter operations and provide essential supportive services for homeless individuals and families specifically geared to rehousing.

Massachusetts has used ESG funds to expand shelter capacity and enhance the availability of services for homeless individuals and families, serving approximately 6,000 individuals and families in each of the last several years. The FY 2012 ESG award of $4,637,743 is expected to serve at least 7,500 in shelter operations. Allocated through a competitive procurement, these funds support:

- homelessness prevention for families and individuals ($1,504,652);
- rapid re-housing for individuals ($2,000,000); and,
- shelter support, including shelter operations and case management ($1,949,400).

Allocation of Funds

Prior to the issuance of a competitive procurement, or Request for Responses (RFR), a notice of pending funding availability is accomplished through notification of state agencies' provider networks and through the Commonwealth's Internet Comm-PASS system. The RFR is posted in its entirety on Comm-PASS with instructions for how to submit a Response requesting funds. All responses to the ESG RFR are received at DHCD, logged, and are first reviewed to determine if they meet the minimum qualification requirements specified in the RFR. All qualified responses received which meet the minimum qualification requirements are evaluated by an ESG Selection Committee. There are generally multiple Selection Committees depending on the number of responses received. Each Selection Committee comprises state employees who work with housing programs and/or homeless individuals and/or families, a Chairperson of the ESG Selection Committee and a recorder of minutes, both of whom participate in all selection committee meetings as non-voting members.

After each Selection Committee completes an evaluation of the Responses assigned to it and ranks each response, all Selection Committees are convened as a Procurement Management Team (PMT). The PMT then conducts a final review of the programmatic and cost rankings to determine which responses received the highest rankings and should be recommended for selection to the Associate Director of the Housing Stabilization Division. The PMT recommendations are reviewed by the Associate Director. Upon approval, the Associate Director submits the Divisions recommendations to the Undersecretary of DHCD who makes the final determination of selections and awards.

The minutes of the Selection Committee meetings establish a permanent public record of the basis upon which Responses were evaluated and contracts were awarded.

DHCD announces the awards through written notification to both successful and unsuccessful bidders. DHCD then negotiates with successful bidders as needed, executes contracts, and monitors the provider's activities to assist and ensure the provider's compliance with the terms of its contract. DHCD maintains oversight responsibilities for administration of ESG grants. The Draft Substantial Amendment that follows was drafted under HUD's Interim Rule for the Emergency Solutions Grant, and will be amended as needed when the Final Rule is issued.

Massachusetts Department of Housing and Community Development
Emergency Solutions Grant
DRAFT Substantial Amendment to Consolidated Plan 2011 Action Plan

Declaration of HUD FY 2011 ESG Grant Fund Assistance

▪ Activity Type	▪ Obligated Amounts of 2011 ESG Grant
▪ Homeless Assistance	▪ **$1,690,576.52**
▪ Homelessness Prevention	▪ **$768,730.48**
▪ Administrative Activities	▪ **$129,437.00**
▪ **Total FY 2011 ESG**	▪ **$2,588,744.00**

1. SF-424

To be attached

2. Summary of Consultation Process

The Department of Housing and Community Development (DHCD) has consulted with and solicited input from each of the 20 Massachusetts Continua of Care regarding:

A. How to allocate ESG funds for eligible activities;
B. Performance standards for activities funded through ESG; and
C. Funding, policies and procedures for the operation and administration of the Homeless Management Information System (HMIS).

A. Consultation with each Continuum of Care regarding how best to allocate ESG funds for eligible activities

DHCD staff have been in regular contact with CoCs and ESG Entitlement cities since before the Interim Rule was published to lay the groundwork for statewide coordination and encourage CoCs to work with their ESG entitlement communities in an effort to coordinate the funding of ESG programs between the state and local ESG grantees to address the CoC's most critical needs. These conversations were frequent and have informed the prioritization process.

On February 3, 2012 DHCD convened a statewide meeting of Continua of Care (CoC), ESG entitlement communities, Regional Networks, the Veteran's Administration, and state funding agency representatives to identify the most critical gaps in service delivery to homeless persons. The meeting was well attended. DHCD began the meeting by presenting the larger context of furthering the move toward a housing first-focused homeless response system in Massachusetts. DHCD then reviewed each of the eligible activity components under the new Emergency Solutions

Grant and solicited commentary on funding priorities that would support but not duplicate activities already funded by the state.

DHCD and meeting participants agreed that DHCD would follow up with an ESG Implementation Questionnaire which would allow participants time to solicit additional input from CoC memberships and others. The ESG Implementation Questionnaire was distributed electronically and had a section for CoCs and Regional Networks to complete and an additional section for jurisdictions which include ESG entitlement communities. The Questionnaire specifically asked each CoC:

- Whether and how each CoC had coordinated with its membership and any ESG entitlement cities in their jurisdiction to inform this process (as well as the appropriate Interagency Council on Homelessness Regional Network);
- To identify its most critical unmet need within the new eligible ESG activities, rapid re-housing/prevention, and;
- To briefly describe the eligibility criteria each would use to prioritize participants.

In addition to the above consultations, the ESG project manager met with the HPRP manager and staff in the HomeBASE program to identify best practices and lessons learned. HomeBASE is the Commonwealth's state funded homeless diversion and rapid re-housing program for homeless families.

Ultimately, DHCD determined its planned funding allocations based on input received from all 20 CoCs balanced against the need to assist populations that are less well-served with current state homeless assistance resources. DHCD discussed with the CoCs the fact that the Commonwealth already uses state funds to fund HomeBASE which provides homeless diversion services at the shelter front door and Rapid Re-Housing for families unable to be diverted before entering shelter. Therefore it made more sense for DHCD to focus the ESG resources on Rapid Rehousing for individuals and Homeless Prevention for families.

DHCD had initially proposed using $1.3 million of its ESG grant for Rapid Re-Housing of homeless individuals. However, analysis of the CoC surveys showed that the nine CoCs requesting Rapid Re-Housing funds actually served 80 percent of the Commonwealth's homeless individuals while the ten CoCs requesting Homeless Prevention funds served about 30 percent of the family homeless population. Based on this input, DHCD increased its planned allocation for Rapid Re-Housing for individuals and decreased the allocation for Homeless Prevention for families.

Another example of the impact of consultation and collaboration was DHCD's initial plan to focus Prevention resources on at-risk families with incomes between 0 and 15% of Area Median Income (AMI). DHCD increased its focus to families up to 30% of AMI based on the needs identified by providers currently providing Homeless Prevention Services to this population. Yet another example relates to coordination with an Entitlement City; when discussing how best to coordinate the city ESG funds with the CoC's request for DHCD funds, one of the cities decided to go back out to bid again to refocus its funds on Rapid Re-Housing for individuals so the CoC could request

DHCD's ESG funds for Homeless Prevention for Families.

These allocations of ESG funds form the basis of a competitive Request for Responses (RFR) that will be the sole procurement vehicle for all activities funded under DHCD's ESG Grant. DHCD also agreed to aggregate all the input received during the consultation process and make it available to all planning partners.

B. Consultation with each CoC regarding performance measurement standards for the various eligible activities

At the February 3 meeting DHCD proposed specific measurement standards for each ESG component that would assist CoCs in using ESG funds in support of reducing shelter length of stay, reducing the number of people that would need to enter shelter and in re-housing homeless individuals more quickly. The ESG Questionnaire repeated the performance measurements discussed at the meeting and requested input and/or alternative measurements for each. The vast majority of CoCs agreed with the performance measurements discussed at the meeting.

C. Consultation with each CoC regarding funding, policies, and procedures for the operation and administration of the Homeless Management Information System (HMIS) in implementing the new Emergency Solutions Grant

There was discussion at the February 3 meeting regarding ESG participation in HMIS. DHCD, however, is currently the lead agency administering HMIS for the majority of CoCs at no cost to users or CoCs for participation. Policies, procedures, data sharing protocols, and written agreements are already in place. Two CoCs and a fairly small number of (non-domestic violence) service providers use a different HMIS software and will be required to provide monthly data uploads securely to DHCD's HMIS if they receive ESG funds as DHCD sub-recipients. ESG funded sub-recipients will for the most part be entering data into their local CoC's HMIS and DHCD's HMIS software provider has committed to establishing a functional data sync between all of the HMIS systems using its HMIS software. This will eliminate the need for most providers and CoC's to provide secure monthly uploads.

DHCD does expect to incur substantial additional HMIS costs in adding ESG sub-recipients to its HMIS, particularly in the areas of:

- Training (including new user training, administrator training, and reporting training)
- Additional staff costs in data quality monitoring and reporting
- Software licenses and system help-desk activities

3. Summary of Citizen Participation Process

A. Summary of citizen participation process used

DHCD is complying with its existing Citizen Participation Process by taking the following steps to encourage and facilitate citizen participation:

- Scheduling two Public Hearings. One to be held in Worcester in the central part of the state and one in Boston proximate to the majority of stakeholders and easily accessible by public transportation and accessible by a short walk from family and individual homeless shelters and day programs.

- Advertising the ESG Public Hearings 14 days in advance of the hearings, including information on how to access the ESG Substantial Amendment, in the following newspapers: Boston Globe, Worcester Telegram and Gazette, Springfield Republican, Lowell Sun and the New Bedford Standard Times;

- Posting the Notice of Public Hearings and the Draft Substantial Amendment on DHCD's website, and providing hard copies to city halls and libraries in major cities across the state;

- Distributing an informational notice about the availability of ESG funding, the Draft Substantial Amendment to its Consolidated Plan, and the ESG Public Hearing to well over one hundred organizations, including but not limited to:
  - Emergency shelters for families and unaccompanied adults;
  - Current and former ESG and CoC funded organizations;
  - Advocacy groups;
  - Law enforcement agencies;
  - Regional Housing Agencies;
  - ESG Entitlement Communities;
  - Local Housing Authorities;
  - 20 Continua of Care;
  - State and federal agencies providing housing and/or services to homeless and/or at-risk people for distribution to their own mailing lists; and
  - All individuals and organizations requesting information on ESG funds; and

- DHCD is providing a 30 day public comment period regarding the Draft Substantial Amendment to the Consolidated Plan 2011 Action Plan. After the public comment deadline, DHCD will incorporate into the final ESG Substantial Amendment both:
  1) A summary of the public comments received; and
  2) A summary of the public comments received but not accepted, if any, and the reasons not accepted.

B. Summary of the public comments received

C. Summary of the public comments received and not accepted and the reasons for not accepting those comments

4. Match

Describe types of cash and/or non-cash resources used as match

DHCD will provide the following state matching funds for the ESG funds. DHCD plans to retain (HMIS and Administrative Costs) and plans to award the following to successful respondents to its competitive ESG procurement: Shelter Support, Rapid Re-Housing and Homeless Prevention.

▪ **Component**	▪ **Match Amount**	▪ **Source: Use of Match**
▪ HMIS	▪ $182,817	▪ **DHCD: $98,847** in state matching funds are expected to be available July 1, 2012 through a state appropriation which funds DHCD's current contracted costs with its software vendor for DHCD funded homeless service providers operating emergency shelters for both homeless families and individuals. These contracted costs HMIS user software, software technical support, and minor programming edits; back up, recovery and repair of data and minor data field customizations for a variety of purposes; and the ESG proportionate share of contracted costs for: servers, completing data uploads, and other HMIS administrative activities. ▪ **DHCD**: **$83,970** in state matching funds will also be available July 1, 2012 through the state appropriation which funds DHCD's administrative costs, including: .75 FTE to document new and revised ESG HMIS procedures; HMIS security and other documentation requirements; obtain participation/data sharing agreements from new ESG users; convening, staffing and establishing governance for an ESG User sub-committee of the HMIS Steering Committee; DHCD will also provide in-house training for ESG HMIS staff on the use of HMIS for ESG; DHCD and HUD reporting requirements for ESG; and will provide equipment and software for existing ESG assigned staff activities.
▪ Administrative Costs	▪ $421,762	▪ **DHCD: $363,270** in state matching funds are expected to be available July 1, 2012 through the state appropriation funding DHCD's administrative costs including: the existing 3.15 FTE's assigned to handle current ESG activities. These staff include the following positions: ESG contract manager, contract specialist, budget analyst, finance manager, federal program manager and accounts payable staff, plus fringe, training, equipment (hardware and software), overhead, space, and other ESG eligible costs incurred in the administrative management of ESG. The primary functions of these staff are developing DHCD's Request for Responses, managing the competitive procurement process, executing contracts and amendments with vendors , managing provider invoicing and payments through the state accounting and payment system, MMARS, performing IDIS activities, and ensuring the accurate and timely draw down of ESG funds after reconciliation with MMARS. DHCD plans to use the $100,000 under ESG which does not need to be matched under this component. ▪ **DHCD: $58,492** in state matching funds are expected to be available July 1, 2012 through the state budget appropriation which will support **$46,661** for contracted staff (McKinney Vento

		Specialists) to assist DHCD in meeting its obligations under the ESG Interim Rule. The remaining ESG match from this account will be **$11,831** which will be used for in house training of existing staff assigned to ESG on both HMIS and the ESG Interim Rule and for equipment and software needed by these staff to access HMIS and track their activities under ESG.
▪ Shelter Support	▪ $8M	▪ **DHCD:** Funds allocated by the MA legislature on July 1, 2012 to DHCD for FY'13 are expected to be in excess of the FY'12 line item of **$34M** for Homeless Individual Emergency Shelters Account. These funds support the operating costs and shelter staffing for the 3,058 individual shelter beds which DHCD funds. DHCD's ESG Shelter Support dollars are focused on those beds primarily for homeless individuals who are not funded by DHCD or another state or federal funding source. The ESG funded beds are generally emergency beds which are needed on a nightly basis but which are beyond the shelter's funded capacity. Until the ESG competitive procurement Shelter Support award decisions identify which emergency shelters will receive ESG shelter support funds, it is impossible to specify the exact amount of state funds available to emergency shelters which become ESG sub-recipients. The state match amount provided by DHCD in support of ESG funded shelter operations and staffing is expected to exceed **$8 M in DHCD match**.
▪ Homeless Prevention ▪ For Families	▪ $94M	▪ **DHCD: HomeBase** Funds allocated by the MA legislature on July 1, 2012 are expected to be in excess of the FY'12 line item of **$43M** to prevent homeless families from needing to enter an emergency shelter. These funds plus **$8M** for the **Residential Assistance for Families in Transition (RAFT)** are expected to be available as match to ESG Homeless Prevention for Families.
▪ Rapid Re-Housing	▪ $2.2M	▪ **DHCD:** House 1, the Governor's proposed budget for July 1, 2012 includes a line item for Housing First which has been increased to **$1.9M** for Rapid Rehousing of chronically homeless individuals from emergency shelters. In addition, **$100,000** from the Individual Homeless Shelter Account state appropriation will be match in the form of the physical space needed for Rapid Rehousing staff to work in shelters. Another **$200,000** from the same account will provide match in the form of salaries paid by DHCD to existing shelter case management staff to make referrals for and maximize the income of homeless individuals in emergency shelters who are ESG participants.

ESG sub-recipients are also required to provide documentation of match from the source of match for ESG eligible activities in the following forms:

- Cash
- Value or fair rental value of any donated material or building to be used by the Respondents proposed ESG program in the proportion of the space to be used for ESG.
- Value of a building lease needed to house the ESG program can be used as match in proportion to the percent of the building used for ESG occupancy.
- Space, telephones, furniture, secretarial, clerical support, computers, HMIS costs for the program if any, supervisory time spent on specific client cases, if they are not included in the ESG funding may be used as match. In addition other direct and indirect

administrative/overhead costs not included in the budget.

- Salaries paid to staff to carry out the program for which ESG funds are requested.

5. Proposed Activities and Overall Budget

Component	Planned Allocation
Street Outreach	*None*
Emergency Shelter Renovation	*None*
Emergency Shelter Conversion	*None*
Shelter Support (Operations/Essential Services)	***$1,949,400***
Rapid Re-Housing and Stabilization	***$2,000,000***
Homelessness Prevention	***$1,704,652***
HMIS	***$182,817***
Administration	***$521,762***
Emergency Solutions Grants Subtotal	***$6,358,631****

*** Includes carry-over funds**

A. Proposed Activities. All recipients must include the following details for each proposed activity:
1) Corresponding priority needs from recipient's Annual Action Plan
2) Concise description of the activity, including the number and types of persons to be served
3) Corresponding standard objective and outcome categories
4) Start date and completion date
5) ESG and other funding amounts

All activities funded under ESG will address Objective #3 from the Commonwealth of Massachusetts 2011 Annual Action Plan: **"Reduce chronic and family homelessness through a housing-based approach."**

DHCD will shortly issue a Request for Responses (RFR) to implement the first year of ESG; it expects contracts with sub-recipients to begin on July 1, 2012 with funds from both the Second Allocation of FFY 2011 and FFY 2012 funds. These contracts will last for 12 months.

Proposed Combined Budget for FY11 Second Allocation and FY'12 ESG Allocation

<u>Activity: Homelessness prevention for families and individuals</u>

The primary target population for this activity is **families who are at risk of homelessnes**s. Specifically, ESG funding in this area will be focused on families who are currently housed but are facing eviction (as evidenced by a writ of summary process). Because additional state HomeBase resources are being provided for family prevention and diversion, the ESG funding will be targeted toward the highest-risk families who are not already eligible for state-funded Emergency Assistance (EA). In response to CoC input DHCD will also allow sub-recipients to use up to 20 percent of their sub-grant under this category to serve **individuals also at risk of losing their housing**. Please see Sections 5b and 6 for

details on how ESG funding fits into a larger continuum of resources, as well as more specific targeting criteria.

DHCD plans to allocate **$1,704,652** in funding for these activities from its Second Allocation of 2011 and 2012 ESG funds. To ensure that all of a CoC's prevention programs work together DHCD has decided to set aside up to **$200,000 of this total** for eligible housing court-based Tenancy Preservation Programs which have agreed to support the network of prevention programs within a particular CoC's Response. This funding will complement significant state resources; the state is projected to provide $51,000,000 in support in State Fiscal Year 2012 for HomeBase and RAFT homeless prevention and diversion programs. These are described further in Section 5b.

Funding provided in this area will support the following activities:

- Short/medium-term rental and utility assistance, including arrears
- Security deposits
- Mediation and legal services
- Direct staff costs related to homelessness prevention
- Other innovative homelessness prevention activities

These activities will advance the standard objective of **Decent Housing**, and the standard outcome of **Sustainability**. Given the limit on assistance of $4,000 per household (see Section 6 – Written Standards), DHCD projects serving a maximum of 376 households between its Second Allocation (2011) and 2012 ESG Prevention funds. The actual number of households served will vary because sub-recipients will have some flexibility to use their funds in the most effective and efficient way to prevent homelessness and stabilize families.

<u>Activity: Rapid re-housing for individuals</u>

The target population for this activity is **individuals who are currently residing in emergency shelter**. DHCD plans to allocate **$2,000,000** in ESG funding for these activities from its Second Allocation of 2011 and 2012 ESG funds. In the absence of HPRP funding, the main source of current funding to serve this population is the Home and Healthy for Good program, a state-funded Housing First program for chronically homeless individuals and the state funded special population set-aside for subsidies serving homeless DHCD individuals. Therefore, ESG funds will fill a critical gap. Funding provided in this area will support the following activities:

- First months' rent
- Last months' rent
- Security deposit
- Rental application fees
- Utility deposit/payments
- Moving costs
- Rental assistance through a shallow subsidy

These activities will advance the standard objective of **Decent Housing**, and the standard outcome of **Availability/Accessibility**. Given the limit on assistance of $4,000 per household (see written standards), DHCD projects serving a maximum of 500 individuals with Second Allocation (2011) and 2012 ESG rapid re-housing funds. The actual number of households served will vary because sub-recipients will have some flexibility to use their funds in the most effective and efficient way to re-house and stabilize program participants.

Activity: Shelter Supports

Funding provided in this area will focus on 1) shelter operations, and 2) housing plan related case management services for shelter residents. DHCD expects to make awards under this category for operating costs incurred providing unfunded individual or family "community beds" that are open to all people who are in need of emergency shelter. Community beds are defined as beds that are funded through local, regional and/or statewide private fund raising, charitable donations, and/or through private foundations and for which no state or federal funds are received. Community beds are primarily in individual shelters but may be in a family emergency shelter as well. Shelter Support funding will be focused toward sub-recipients who are moving to a Housing First model. It is DHCD's intent that ESG funds will support staff positions that assist shelter guests to develop a housing plan which includes increasing their income and gaining access to other benefits, with the end goal of increased success in stabilizing them in permanent housing.

DHCD plans to allocate **$1,949,400** in funding for these activities, all from its 2012 ESG allocation. These funds will complement a substantial amount of state funding; the Commonwealth of Massachusetts funds the vast majority of emergency shelters within the state. The state operates 52 family shelters statewide which serve approximately 2,023 families each night and pays for temporary accommodations in hotels and motels for an additional 1,450 families per night. Historically, the bulk of the ESG Shelter Support requests are from individual shelters who don't want to turn people away when they have reached their funded capacity. The majority of these programs are among the 39 individual shelters, with a total of 3,058 beds with projected state funds of more than $34M in SFY'13. DHCD expects, based on historical data that it will provide approximately $8M in matching shelter operations and staff support to ESG funded shelters in FY'13.

These activities will advance the standard objective of **Decent Housing**, and the standard outcome of **Availability/Accessibility**.

Local governments and territories are required, and States are encouraged, to include the following details for each proposed activity:

6) One or more performance indicators

DHCD proposes the following two performance indicators for sub-recipients funded under ESG:

- Number of households prevented from losing their housing through eviction
- Number of individuals re-housed from emergency shelter and/or places not meant for human habitation

7) Projected accomplishments, in accordance with each indicator, to be made within one year

With available resources, DHCD projects that homelessness prevention can be achieved for up to 500 households within one year; actual numbers served will depend on ESG sub-recipients' targeting strategies, the amounts of funds and/or staff they can add to the program through matching funds, as well as the unique needs of families and individuals. DHCD projects that up to 376 households can be re-housed within one year; again, actual numbers served will depend on ESG sub-recipients' targeting strategies and program designs, as well as individual needs. This number does not include individuals re-housed through the efforts of staff funded through Shelter Support funds.

8) Projected accomplishments, in accordance with each performance indicator, to be made over the period for which the grant will be used for that activity

Grants will be made to sub-recipients for 12 months; therefore, the projected accomplishments in this section should match those proposed in the previous section.

b. Discussion of Funding Priorities

Explain why the recipient chose to fund the proposed activities at the amounts specified (Recommended: if available, use locally-relevant data to support the funding priorities, and explain how the funding priorities will support the national priorities established in *Opening Doors: Federal Strategic Plan to Prevent and End Homelessness).*

DHCD chose its funding levels for different activities based on priority populations identified by each CoC (process described in Section 2 above). Because shelter services had already been procured statewide (partially supported by the first ESG FY 2011 allocation) and to reflect HUD's emphasis on prevention and re-housing, DHCD decided to direct 100 percent of its FY 2011 allocation to new activities.

Because the second allocation of FY 2011 ESG funds is available at one time only, DHCD initially chose to focus this money toward prevention and Rapid Re-Housing. DHCD had initially proposed using approximately $1.3 million of its ESG grant for Rapid Re-Housing of homeless individuals in an effort to assist individual shelters to help residents access housing through short term upfront payments. However, analysis of the CoC surveys showed that the nine CoCs prioritizing Rapid Re-Housing funds actually serve 80 percent of the Commonwealth's homeless individuals. The ten CoCs requesting Homeless Prevention funds served about 30 percent of the family homeless population. Based on this input, DHCD increased its planned allocation for Rapid Re-Housing for individuals to $2 M and decreased its allocation for Homeless Prevention for families.

Furthermore, DHCD proposed to limit Homeless Prevention funding to at risk families, but based on input from several CoCs requesting further flexibility to meet local needs, DHCD has agreed to provide the option to CoCs to use a limited amount of ESG Homeless Prevention funds (20 percent) to serve individuals at risk of homelessness.

Initially DHCD had proposed to CoCs that Homeless Prevention funds be limited to families with incomes that ranged from 0 to 15% of AMI based on data that 80% of the families currently in MA emergency shelter placements have income at these levels. Again CoCs requested that they be allowed the flexibility to determine the income range between 0 and 30% of AMI that would best serve the needs of their local jurisdiction and DHCD agreed to increase the maximum income to 30% of AMI.

These funding priorities fit within the larger context of an emerging homelessness prevention and assistance continuum in Massachusetts. DHCD funds a large network of temporary emergency shelter programs which serve approximately 2,000 homeless families each night, not including the current 1,460 families in temporary hotel/motel placements, and serves approximately 3,000 homeless individuals each night. The Commonwealth has established a myriad of Housing First initiatives throughout the state to further its efforts to move this emergency shelter system to a Housing First system. As part of this paradigm shift, DHCD has implemented a new architecture to address homelessness by placing attention on the "four doors" of the emergency shelter system. These "doors" serve as metaphors for critical program services that include: 1) diversion at the front screen door; 2) shelter entry at the front door; 3) rapid re-housing at the back door; and 4) stabilization at the back screen door.

The initiatives that support this architecture include:

- Continued state funding of the 10 Regional Networks, which were instituted through the Massachusetts Interagency Council on Housing and Homelessness (ICHH) to develop more coordinated efforts on preventing and ending homelessness;
- HomeBASE program, which acts as a diversion from shelter and provides rapid re-housing services through short-term up-front financial assistance;
- Project-based Massachusetts Rental Voucher Program (MRVP) vouchers that are targeted to families with significant barriers to housing stability and include case management services;
- Home and Healthy for Good (HHG) program, which is based upon a significant paradigm shift in addressing the costly phenomenon of individual chronic homelessness through a Housing First model, and a new pilot program for SFY 13 which will convert emergency shelter beds into housing instead;
- Residential Assistance for Families in Transition (RAFT), a state-wide homelessness prevention program that provides short-term financial assistance to low-income families who are homeless or at risk of becoming homeless.

Combined, these initiatives are helping to move the Commonwealth's Response to homelessness from a shelter focus to a housing focus. The new ESG program offers a valuable opportunity to advance a housing-oriented approach to address the crisis of homelessness – continuing some of the successful initiatives developing community-wide prevention and rapid re-housing strategies already funded by the Commonwealth. In particular, ESG prevention assistance for families and individuals will complement the above initiatives and allow DHCD to serve a larger and more widely targeted population. With regard to individuals, ESG funding will fill a critical gap in services helping homeless individuals currently residing in Emergency Shelter to move quickly into permanent housing. In this

case, the larger goal is systems change to transition the state shelter system to a housing first response model. The chart below shows the resources that are available at each stage of the homeless prevention and assistance continuum. Programs listed are state resources, while the role of ESG is highlighted in bold.

	Prevention	Diversion	Shelter	Re-Housing	Stabilization
Individuals	ICHH	ICHH	State Shelter Funding and **ESG**	HHG Public Housing DMH homeless vouchers at DHCD and **ESG**	HHG **ESG**
Families	ICHH HomeBASE RAFT **ESG**	ICHH HomeBASE	State Emergency Assistance (EA) **ESG**	HomeBASE Public Housing MRVP	HomeBASE MRVP **ESG**

DHCD's funding priorities support several objectives of the *Opening Doors* strategic plan. Clearly they advance the goal of providing affordable housing to people experiencing or most at risk of homelessness. In addition, the system-wide coordination described above also advances the goal of retooling the homeless crisis response system and moving it toward a focus on preventing homelessness and rapidly returning people who experience homelessness to stable housing. This has been a statewide policy priority for several years now, and ESG resources will provide critical support to make this type of system a reality.

Identify any obstacles to addressing underserved needs in the community.
Lack of resources remains the main obstacle in effectively serving these underserved populations.

c. Detailed Budget

Include detailed budget of planned activities and funding levels accounting for the entire second allocation and any reprogrammed funds from the first allocation

FY 2011 Detailed Budget Table, with Example Data*					
Allocation #1	$2,588,744.00	**FY 2011 Emergency Shelter Grants/Emergency Solutions Grants Program Allocations***			
Allocation #2	$1,456,169.00				
Grant Amount	$4,044,913.00				
Total Admin.	$303,368.48				
		First Allocation		**Second Allocation**	**Total Fiscal Year 2011**
	Eligible Activities	**Activity Amount**	**Reprogrammed Amount**	**Activity Amount**	**Activity Amount**
Emergency Shelter Grants Program	Homeless Assistance	**1,690,576.52**	**$0.00**		**1,690,576.52**
	Rehab/Conversion	$0.00	$0.00		$0.00
	Operations	**$948,875.94**	**$0.00**		948,875.94
	Essential Services	$741,700.58	$0.00		741,700.58

	Homelessness Prevention	**768,730.48**	**0**		**768,730.48**
	Administration	**$129,437.00**	**0**		**129,437.00**
	Emergency Shelter Grants Subtotal	**2,588,744.00**	**0**		**2,588,744.00**
Emergency Solutions Grants Program	Emergency Shelter**			**$0.00**	**$0.00**
	*Renovation***			$0.00	$0.00
	*Operation***			$0.00	$0.00
	*Essential Service***			$0.00	$0.00
	*URA Assistance***			$0.00	$0.00
	Street Outreach - Essential Services**			**$0.00**	**$0.00**
	HMIS		**$0.00**	**$0.00**	**$0.00**
	Rapid Re-housing		**$0.00**	**1,346,956.32**	**$1,346,956.32**
	Hsg Relocation and Stabilization		$0.00	1,346,956.32	$1,346,956.32
	Tenant-Based Rental Assistance		$0.00	$0.00	$0.00
	Project-Based Rental Assistance		$0.00	$0.00	$0.00
	Homelessness Prevention			**$0.00**	**0.00**
	Housing Relocation and Stabilization Services		$0.00	$0.00	$0
	Tenant-Based Rental Assistance		$0.00	$0.00	$0
	Project-Based Rental Assistance		$0.00	$0.00	$0.00
	Administration			**$109,212.68**	**$109,212.68**
	Emergency Solutions Grants Subtotal		**0.00**	**$1,456,169.00**	**$1,456,169.00**
		Total Grant Amount:			$4,044,913.00

6. Written Standards for Provision of ESG Assistance

If the recipient is a state: Include written standards for providing the proposed assistance or describe the requirements for sub-recipients to establish and implement written standards. The written standards must include:

a. Standard policies and procedures for evaluating individuals' and families' eligibility for assistance under ESG

ESG assistance is open to individuals and families in the Commonwealth who meet the definitions of homelessness or at risk of homelessness set forth in 24 CFR 576.2. All participants must also meet

income eligibility criteria, i.e., income at or below 30 percent of area median income. Family ESG assistance is reserved for households with children under 21 or headed by a pregnant woman who meet the definition of at risk of homeless in 24 CFR 576.2.

Further criteria for providing prevention and rapid re-housing assistance are detailed in Part C below. Providers are responsible for eligibility determination, documentation of eligibility, and determining level of need of each program participant through an initial eligibility intake assessment prior to providing services with ESG funds. Participants must not be receiving the same type of financial assistance (i.e. prevention, re-housing, or stabilization) during the same time period from another Federal or State source.

b. Policies and procedures for coordination among emergency shelter providers, essential service providers, homelessness prevention and rapid re-housing assistance providers, other homeless assistance providers, and mainstream service and housing providers

This coordination will be achieved in 2013 and beyond via an integrated intake/assessment and referral system under development in MA. Designed to provide housing-based solutions for eligible households using an integrated package of program options, and reserving family shelter placement for those families with literally no other place to go, the state's Extremely Low-Income [ELI] Housing Continuum will provide coordinated placement and ongoing stabilization support through the state's provider network, CoCs, and the MA Interagency Council Regional Networks. This commitment includes provision of significant state resources for both homeless prevention and diversion for families.

DHCD has determined that for ESG Homelessness Prevention Services to be successful, the program must be part of a larger network of prevention resources. As such, ESG sub-recipients must describe how they link to other homelessness prevention services programs within the sub-recipient's CoC jurisdiction and applicable ICHH Regional Network. The sub-recipient must also detail how the prevention program will work with other mainstream organizations and legal services groups to support their ESG participants. Furthermore, Homelessness Prevention Services should be provided in close coordination with the DHCD Homeless Coordinators who may identify and refer families who would become homeless but for the ESG Homelessness Prevention Services.

In addition, State ESG officials will distribute information about changing Federal or State policies relevant to homeless families and individuals to all providers, Regional Networks, and CoCs in a timely manner. State officials will also attend local and regional gatherings on occasion, and will coordinate activities as appropriate in state-wide homelessness activities carried out by public and private sector organizations.

c. Policies and procedures for determining and prioritizing which eligible families and individuals will receive homelessness prevention assistance and which eligible families and individuals will receive rapid re-housing assistance

<u>1. Homelessness Prevention Assistance – Families/Individuals</u>

Prevention assistance will be targeted to families at imminent risk of eviction. Sub-recipients will use standard intake/assessment forms intended to determine eligibility and also to highlight other strengths and/or challenges for the household. ESG Homeless Prevention funds may only be used to serve families who:

- Are currently housed and have received a writ of summary process
- Are a party to a written lease or oral lease agreement between the individual and a property owner which can be documented
- Are not eligible for Commonwealth of Massachusetts Emergency Assistance (EA). EA eligibility criteria can be found at 106 CMR: 309.020. These standards are posted at www.mass.gov/dta and may be viewed by selecting the *Program Eligibility Charts and Tables* link under Key Resources.
- Have income at or below 30% of Area Median Income (AMI); and
- Meet at least one of the following criteria:
    - Prior episode of homelessness in an emergency shelter
    - History of foster care involvement
    - History of domestic violence
    - Presence of an adult or a child or youth with a diagnosed disability including mental illness or substance use disorder

Prevention services may also be secondarily targeted toward housed individuals for the purposes of eviction prevention. These services would focus on intervention and/or financial assistance as needed to prevent an imminent episode of homelessness.

In addition to the above, priority for receiving homelessness prevention assistance will be targeted to households with characteristics associated most closely with families who indeed become homeless, based on past state experience with this population. During the operating year DHCD will analyze state-wide and local/regional data to identify more specific characteristics of households that literally become homeless, in order to target these resources more effectively in 2013 and beyond.

2. Rapid Re-Housing assistance – Individuals

Rapid Re-housing assistance will be targeted to living in an emergency shelter or a place not meant for human habitation. For purposes of these written standards, Emergency Shelter:

- Does not include Transitional Shelter Programs or Transitional Housing
- Is a shelter where the shelter guest does not have to meet specific criteria other than being homeless with no place else to go
- Is a shelter where the guests do not have to sign an occupancy agreement or program participation agreement to access the shelter
- Is a shelter where the average length of stay is less than 90 days

Priority for assistance will fall into two primary categories:

- Individuals with income, or near-term prospects for increased income, sufficient to retain

housing with security and stability, and;

- Individuals with medical/behavioral vulnerability such that re-housing assistance and associated supportive services will act as a bridge between homelessness and obtaining permanent supportive/affordable housing.

As envisioned by the Commonwealth, homelessness prevention and rapid re-housing resources will be administered through coordinated, regional/local service delivery systems. It is important to note that rapid re-housing for *families* is indeed a top priority for the Commonwealth, and as such, considerable state resources have already been dedicated for this purpose.

d. Standards for determining the share of rent and utilities costs that each program participant must pay, if any, while receiving homelessness prevention or rapid rehousing assistance

For both prevention and rapid re-housing activities, participants will be provided a fixed amount of assistance, up to a maximum of $4,000 per household per 24 months. ESG sub-recipients may be flexible within these maximum's regarding the amount of rental and utilities assistance they provide and the share that participants are required to pay.

e. Standards for determining how long a particular program participant will be provided with rental assistance and whether and how the amount of that assistance will be adjusted over time

As noted above, Massachusetts is limiting ESG assistance to $4,000 per household per 24 months, whether the assistance is for homelessness prevention or for rapid re-housing. Within that limit, sub-recipients can choose to make the assistance available in various forms, including as assistance for one-time costs such as first and last month's rent and/or security deposit or in the form of monthly rent supplements. Program participants receiving project-based rental assistance must have a lease that is for a period of one year, regardless of the length of the rental assistance, per 24 CFR 576.106 (i)(5).

f. Standards for determining the type, amount, and duration of housing stabilization and/or relocation services to provide a program participant, including the limits, if any, on the homelessness prevention or rapid re-housing assistance that each program participant may receive, such as the maximum amount of assistance, maximum number of months the program participants receives assistance; or the maximum number of times the program participants may receive assistance

Families and individuals depending on their circumstances will require different levels of assistance to help them stabilize and build economic stability. Therefore, DHCD will work with its sub-recipients, other CoCs, HomeBase providers, RAFT providers and other local state and federal organizations working with the same households in an effort to develop a standard assessment tool that will be as simple as possible, but adaptable by programs for conducting an assessment of families' needs upon program entry in order to prioritize services. This assessment can include factors such as housing history, moving options, physical and mental health/disabling conditions, length and episodes of homelessness, stability of income, and availability of family supports.

Sub-recipients, depending on the other resources available to them for prevention may have flexibility in deciding the extent and type of assistance that will best help households maintain their tenancies. However, sub-recipients when using ESG funds may not authorize any assistance to households other than immediate emergency shelter, prior to obtaining all of the required documentation specified in the interim rule,

Standards Related to Homelessness Prevention

Eligible costs for prevention include the following:

- Financial Assistance paid to a third party, such as a property owner/manager, utility company, etc., on behalf an eligible household for rent and/or a utility arrearage which would otherwise result in the loss of housing. There must be a utility bill in the name of the head of household or a family member who resides in the unit.
- Security deposit up to no more than two months' rent and/or first/last months' rent paid on behalf of a housed household whose tenancy cannot be preserved provided that the security deposit or first/last month rent for the household is not available to them through other sources.
- Mediation programs or legal services to resolve landlord/tenant disputes.
- Direct service staff costs required to prevent eligible households from losing their housing and becoming homeless.
- Other innovative programs and activities designed to prevent households from losing their housing and becoming homeless.

This "innovative" assistance could include practical items such as furniture, kitchen items, etc. It could also include payment of debts such as extraordinary medical bills if such assistance will allow a family to retain their housing. Providers may also consider requests for one time payments for items that help a family to maintain or increase their income to prevent homelessness or increase housing stability. Such items may include drivers' license renewals, and necessary car repairs, or transportation and/or childcare expenses at a licensed childcare provider – for a participant who requires these items to continue working. This may also include relocation assistance, which may be paid only once. Finally, providers may offer budget planning or related economic self-sufficiency services to help resolve housing instability. These examples are meant to be illustrative only and are not exhaustive.

The dollar amount of assistance should correspond to the specific requirement for staying in place, moving, or establishing a new tenancy, up to a maximum of $4,000 per household within 24 months. Participants must not be receiving the same type of financial assistance (i.e. prevention, re-housing, or stabilization) during the same time period from another Federal or State source. Providers must re-evaluate participants' eligibility and the types and amounts of prevention assistance needed not less than once every 3 months, in accordance with 24 CFR 576.401(b). Except as provided for housing stability case management in 24 CFR 576.105(b) (2) of the Interim Rule, no program participant may receive more than 24 months of assistance in a 3-year period.

Standards Related to Rapid Re-housing Assistance

Eligible costs for rapid re-housing include the following:

- First months' rent
- Last months' rent
- Security deposit
- Rental application fees
- Utility deposit/payments
- Moving costs
- Rental assistance through a shallow subsidy

Providers must conduct an initial eligibility intake and assessment to determine eligibility and level of need. Re-evaluations of each program participants' eligibility and the types and amounts of assistance the program participant needs must be conducted not less than annually for participants receiving rapid re-housing assistance, in accordance with 24 CFR 576.101(b).

7. Describe Process for Making Sub-awards

Summary of the RFR

On December 5, 2011, the U.S. Department of Housing and Urban Development (HUD) published the interim rule for the Emergency Solutions Grant (ESG) program, which replaces the Emergency Shelter Grant. This change comes as a result of the enactment of the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act. The interim ESG regulations add a rapid re-hosing component and a more robust homelessness prevention component to the traditional shelter support that was part of the former Emergency Shelter Grant program. The new ESG program is a combination of the shelter support component and HUD's Homelessness Prevention and Rapid Re-Housing Program (HPRP). Through this Request for Responses, DHCD seeks to fund the following three components of ESG:

- Shelter Support
- Rapid Re-housing
- Homelessness Prevention

The Commonwealth of Massachusetts, through the Department of Housing and Community Development (DHCD), funds a large network of temporary emergency shelter programs that serve approximately 2,000 homeless families and approximately 3,000 homeless individuals each night. In addition, DHCD also has an additional 1500+homeless families temporarily placed in hotels and motels until family emergency shelter space becomes available. The Commonwealth has established a myriad of Housing First initiatives throughout the state to further its efforts to move this emergency shelter system to a Housing First system. As part of this paradigm shift, DHCD has implemented a new architecture to address homelessness by placing attention o the "four doors" of the emergency shelter system. These "doors" serve as metaphors for critical program services that include: 1.) homeless diversion at the front screen door; 2.) shelter entry at the front door; 3.) rapid re-housing at the back door; and, 4.) housing stabilization at the back screen door.

The initiatives that support this architecture include:

- continued funding of the Regional Networks, which were instituted through the Massachusetts Interagency Council on Housing and Homelessness (ICHH) to develop more coordinated efforts to prevent and end homelessness;
- the HomeBASE program, which acts as a diversion from shelter and provides rapid re-housing services , through short-term up-front financial assistance;
- project-based Massachusetts Rental Voucher Program (MRVP) vouchers that are targeted to families with significant barriers to housing stability, and include case management services;
- the Home and Healthy for Good program, which is based on a significant paradigm shift in addressing the costly phenomenon of homelessness through a Housing Frist model;
- Residential Assistance for Families in Transition (RAFT), a state-wide homelessness prevention program that provides short-term financial assistance to low-income families who are homeless or at risk of becoming homeless.

DHCD also recently administered the three-year federal Homelessness Prevention and rapid rehousing Program (HPRP), funded through the American Recovery and Reinvestment Act. Combined, these initiatives are helping to move the Commonwealth's response to homelessness from a shelter focus to a housing focus. The new ESG program offers a valuable opportunity to advance a housing-oriented approach to address the crisis of homelessness – continuing some of the successful initiatives developing community-wide prevention and rapid re-housing strategies already funded by the Commonwealth.

In addition to advancing the Housing First philosophy and Rapid Re-Housing model, the Commonwealth, through this RFR, has the following goals:

- Reduce the number of people becoming homeless and needing to be sheltered
- Reduce shelter lengths of stay
- Reduce the number of homeless people in shelters; and,
- Strengthen existing Continuum of Care (CoC) and ICHH Regional Network planning and activities.

The RFR to implement the new Emergency Solutions Grant will be posted on Comm-PASS by DHCD March 27, 2012 to govern the distribution of ESG Funds. DHCD expects to award approximately $5,654,052 which includes both the HUD FFY'2011 second ESG allocation, the ESG Grant for FFY'12, and approximately $200,000 in carry-over funds. DHCD expects to award approximately $1,949,400 for Shelter Support, $1,704,652 for Homeless Prevention Services and $2,000,000 for Rapidly Rehousing homeless individuals.

DHCD plans to continue conducting periodic ESG procurements in accordance with the regulations of its oversight agencies. These regulations are designed to ensure that competitive funding requests are evaluated fairly and in accordance with common selection criteria which is provided to potential bidders within the Request for Response (RFR) issuance. If additional or unexpended funds become available during the period governed by the procurement they may be awarded on an emergency basis for shelter support, homeless prevention, or rapid re-housing when sufficient emergency shelter capacity, homeless prevention services, or rapid rehousing assistance is needed but not otherwise

available in a particular geographic area.

8. Homeless Participation Requirement

Not applicable

9. Performance Standards

The recipient must describe the performance standards for evaluating ESG activities, which must be developed in consultation with the Continuum(s) of Care

DHCD agrees with HUD that these standards will evolve over time. Therefore, we propose the standards below as a starting point for measuring success in the first year of Emergency Solutions Grant implementation:

- **Reduction in family and individual shelter entries.** This standard will primarily measure the success of prevention efforts, which are targeted toward households facing eviction. It will also capture some of the success in re-housing individuals, as fewer of them will be re-entering the shelter system. As noted above, ESG funds could provide eviction prevention services for an estimated maximum of 376 households. A lower bound of success rates proposed by CoCs is approximately 50 percent (188 households). If the shelter system houses roughly 5,000 households (families or individuals) on a given night, this figure is slightly less than 4 percent of the total. If re-housing leads to additional reductions in shelter entries, a conservative initial standard would therefore be a **4 percent overall reduction** in shelter entries during the next program year. Because there is a substantial additional commitment of state resources through programs such as HomeBASE and RAFT, DHCD believes it is reasonable to predict the actual reduction in shelter entries may be greater.

- **Reduction in shelter length of stay for individuals.** This standard will measure the success of rapid re-housing efforts funded under both new ESG activities as well as under the Shelter Supports category. Based on proposed HEARTH Act targets for high-performing CoC's, DHCD believes that a **4 percent average reduction** is a reasonable goal for the first year of this new program. Again, because of the additional commitment of VASH subsidies for homeless veterans, state resources through programs such as Home and Healthy for Good, and supportive service subsidies for specific population it is also possible to expect a larger decline.

As described previously, DHCD solicited CoC and other stakeholder input on performance measures through meetings, questionnaires, and numerous follow-up conversations. The majority of CoCs agreed to these measures. DHCD expects that they will continue to evolve over time based on ongoing consultation and policy change at the state, regional, and local level. The principal benefit of these standards is that they can measure the effectiveness of specific service providers as well as overall homeless assistance system performance. However, it is important to remember that many

other variables affect shelter entry and length of stay (for example, availability of employment and permanent housing) and any deviation from the above standards could be due to such factors.

10. Certifications

To be attached

Program Specific Requirements

Community Development Block Grant (CDBG)

The FY 2012 CDBG One Year Action Plan begins on the following page.

One Year Action Plan

FY 2012

Massachusetts
Community Development Block Grant Program

Commonwealth of Massachusetts
Deval Patrick, Governor
Timothy P. Murray, Lt. Governor

Department of Housing and Community Development
Aaron Gornstein, Undersecretary

FY 2012 One Year Action Plan - Preface

The U.S. Department of Housing and Urban Development (HUD) requires the Commonwealth of Massachusetts, and all other Formula Grantees, to prepare a Five Year Consolidated Plan. The state's Consolidated Plan sets forth long term priorities for the use of funds received from HUD's Community Development Block Grant (CDBG), HOME, Emergency Shelter Grant (ESG), and Housing Opportunities for People with AIDS (HOPWA) programs, and from other state and federal sources.

The preparation of this One Year Action Plan has considered and been informed by the development of the FY 2010-2014 Five-Year Consolidated Plan. Publication of the draft Massachusetts CDBG One-Year Action Plan takes place in advance of the Five Year Consolidated Plan/Annual Update public participation schedule that incorporates the HOME, ESG, and HOPWA programs. DHCD held informational sessions on CDBG program changes considered for FY 2012 Draft CDBG One Year Action Plan in July and September 2011, and expects to hold formal public hearings on the overall FY 2012 Annual Update, including the One Year Action Plan in December 2011.

DHCD encourages communities to approach CDBG projects in a comprehensive and integrated manner and requires communities to target their CDBG funds to particular geographic areas in order to achieve positive change within neighborhoods. This approach is in line with HUD's emphasis on coordinating funding and enhancing communities' ability to engage in comprehensive revitalization strategies. DHCD is seeking to assess the impact of CDBG investment in distressed areas through the focused targeting of financial and technical assistance resources. DHCD is encouraging communities in their planning processes to think comprehensively about community development – to consider planning and implementing projects that promote compact development, expand housing opportunities, and demonstrate measurable change in an area.

DHCD's intent is to provide for a number of activities that concentrate investments making measurable improvements in distressed neighborhoods. Comprehensive approaches to meeting the needs of these areas should be designed to improve the physical, social and economic conditions of low- and moderate- income families and neighborhoods.

Communities are encouraged to submit applications that include activities that are integrated with one another and targeted to a particular neighborhood or geographic area. For example, we are seeking applications that include a housing rehabilitation program that is targeted to a particular area, an infrastructure or playground improvement project to be undertaken in that same area, and perhaps also social service programs that will serve the residents of that same area. DHCD acknowledges that establishing such a program entails comprehensive planning and envisions that the Community Development Strategy will serve to inform this process. It is DHCD's expectation that for FY 2012, applicants will report on previous years activities funded in previously identified target areas in support of their FY 2012 applications.

Changes/Continuing Requirements in FY 2012 One-Year Plan

<u>CHANGES</u>

- **Timely Expenditure** - Mass CDBG requires that all applicants – including lead applicants and joint participants – who have received grants comply with a timely expenditure threshold in order to apply for FY 2012 programs. If a joint participant has been a lead grantee in a CDBG grant, that community must meet the timely expenditure threshold in order to be included in a joint application.

For FY 2012, in order to apply for CDBG[2] funding, a community must demonstrate, using the most recent financial status report at the time of application that 100% of all grant funds awarded for fiscal year 2009 and earlier have been fully expended, 80% of funds awarded in FY 2010 have been expended and for funds awarded in FY 2011, all required procedural clearances (environmental review, special conditions and administrative services procurement(s)) have been completed at the time of an application for FY 2012 funds. On a case-by-case basis DHCD reserves the right to waive strict compliance with this threshold for communities based on award dates and/or events beyond the control of grantees.

- **Availability of Funds** – A single community may receive no more than $1.35 million from Community Development Fund I within in two successive program years. Economic Development and Reserves awards are not subject to the $1.35 million cap per community.

- **Performance** – DHCD reserves the right to incorporate the following performance criteria in its award decisions: Reduce an award to a community with an uncommitted program income balance of $100,000 or more. Program income balances must be documented through submission of bank statements. The program income account balance in DHCD's Grant Management System must be maintained to match the bank program income account statement balances. Program income commitments must be documented through submission of award or commitment letters, appropriation language or other evidence deemed suitable by DHCD including signed contracts. Making program income funds available as part of a contingency plan will not be considered a commitment of those funds. Upon award, grantees must add the committed program income funds to the cited grant activity(ies) through the grant amendment process.

- **Grant Award Amounts** – For FY 2012 maximum grant amounts for available categories are listed below.

Category - CDF I/CDF II	Minimum Grant from Competitive Round:	Maximum Grant from Competitive Round:
Single Community	$ 100,000	**$ 800,000/$700,000**
Single Community w/multiple targeted activities	$ 100,000	**$ 900,000/$800,000**
Two or Three Communities (Regional)	$ 100,000	**$ 1,000,000/$,900,000**
Four or More Communities (Regional)	$ 100,000	**$ 1,100,000/$1,000,000**
Planning- or Design-only grants	$ 20,000	------

- Evaluation and Award Criteria – Applications will be scored on a 100-point system, with the potential for bonus points, as follows:

CRITERION	POINTS
Community Wide Needs	35
Project Packets	65
Total	**100**
Regional Bonus	2 per activity
Multiple Activities/Non-CDBG	Up to 10

Regional activities – fundable activities that will serve multiple communities will receive an additional two points. Regional activities are defined as housing rehabilitation in multiple communities, social services provided to multiple communities, or shared facilities or

[2] CDBG includes CDF I and II, Mini-Entitlement, and Reserves, but for the purposes of this calculation excludes EDF, Section 108 guarantees, and Bridge Financing Program. Planning-only grants of $50,000 or less are excluded from this calculation.

planning/design activities that will be administered and bid centrally on behalf of regional participants.

- **MINI-ENTITLEMENT PROGRAM – Grant Award Amounts and Requirements:**

  The maximum grant award is up to $900,000. Mini-Entitlement applications will contain an 18-month implementation and cash flow plan. Min-Entitlement grantees must comply with standards for timely expenditure and available program income (see Applicant/Project Thresholds). FY 2012 Mini-Entitlement awards to Grantees that do not meet the required standards will be reduced by an amount necessary to bring the grantee into compliance.

- **Application due dates are expected as follows:**

  CDF: **Application due Friday, December 16, 2011**
  Mini-Entitlement: **Application due Friday, December 16, 2011**

  EDF: All program components in the Economic Development Fund have rolling applications

- For FY2013, DHCD intends to review several aspects of the MA CDBG Program. The Department will evaluate possible changes to the range of activities available for funding and the requirements for requesting and using CDBG funds, including:

  - Calculation and application of Community Wide Need scores
  - Determination of eligible Mini-Entitlement communities

CONTINUING REQUIREMENTS

- **Targeted Activities** - All FY 2012 applications must propose activities that are targeted to a geographic area. Applicants will demonstrate this through an additional narrative listing the CDBG-funded activities, the target area and anticipated measurable improvements that will result. Communities with populations under 5,000 may define their entire community as a target area. Housing Rehabilitation Programs may be designed to allow up to 20% of the funds to be used for emergency purposes outside the target area.

- **Target Area funds** - If excess funds remain from a target area activity, either due to budgetary reasons or because of less demand for the activity than projected, the community must return the funds or request DHCD approval to reprogram the awarded funds. DHCD's preference is to approve reprogramming for the following purposes and in the following order:

  - Funds will be used for eligible housing activities in the target area,
  - Funds will be used for eligible housing activities in the remainder of the community,
  - Other existing target area activities.

  If the excess funds cannot be used consistent with these preferences, DHCD will require a detailed request describing the reprogramming and may require that the funds be returned.

- **CDF I Community Eligibility** - Communities with a Community Wide Need score of 25 or 26 may choose to apply to either CDF I or CDF II, subject to the requirements of the two components. Communities can participate in only one fund for all FY12 applications. A community may not apply to separate funds in different applications.

- **Web-based grant management system** - For FY 2012, all applications will only be accepted using DHCD's web-based system. Further details and training information will be available as application materials and details are released.

- **Community Development Strategies** will continue to be evaluated to determine adequacy. The following is the list of criteria by which Community Development Strategies will be evaluated. Any grant award to municipalities with CD Strategies that do not meet the four criteria below will be subject to special conditions that address Community Development Strategy criteria.

  a. The CD Strategy must describe the manner in which a community has identified and will accomplish projects and activities which include, but are not limited to, the subject CDBG application.
  b. The CD Strategy must conclude with a list of projects and activities in order of the priority in which the community intends to undertake them.
  c. The CD strategy must identify and describe the geographic target areas, if any, that are intended as the focus of community development efforts.
  d. CDBG applications must document that a CD Strategy and its priority list were discussed at a separate public forum, meeting or hearing, held at least one (1) month prior to the submission of a CDBG application in order to allow for timely community input. Compliance with this requirement must be documented by copies of meeting announcements, attendance lists and minutes. Minutes must reflect that the CD Strategy and priority list have been presented and that discussion has occurred. Please note that, while CD Strategies are valid for a period of three (3) years, the public forum is required annually.

- **Sustainable Development Principles** - All projects must be consistent with the sustainable development principles listed in Exhibit 5. Guidance on this threshold may be found in Exhibit 6. This threshold does not apply to Public Social Services, business assistance for projects not requiring construction, or projects that eliminate a public health or safety risk (e.g., demolition of a blighted structure).

- **Bid-ready plans and specifications** - DHCD continues to require bid-ready plans and specifications for all public facilities and architectural barrier removal projects of $100,000 or more. The standard is for the total construction cost of the project. Design development drawings are required for public facilities and architectural barrier removal projects or equivalent site and landscaping plans for Playground/Park projects, with a total construction cost of more than $25,000 but less than $100,000.

- **Bid-ready Plans and Specifications** – Communities may demonstrate compliance with the existing requirement for bid-ready specifications by submitting the table of contents for the specifications and a letter signed by the project architect or engineer attesting to the fact that a complete set of specifications has been prepared and is bid-ready. Bid-ready plans must still be provided in electronic format within an application.

- **Slum and Blight Designation** - DHCD will accept documentation from communities seeking slum and blight designation for a target area on an ongoing basis, but no later than thirty (30) calendar days prior to the submission of a CDBG application for which designation is to be considered. DHCD approval of a slum and blight target area does not qualify an activity or a project proposed in the target area as meeting the national objective or other CDBG threshold criteria. Each activity or project must meet the program criteria in effect at the time of application.

- DHCD will continue to implement **HUD's Outcome Performance Measurement System**. The system incorporates the following three Objectives set forth in the Housing and Community Development Act of 1974: 1) create suitable living environments, 2) provide decent housing, and 3) create economic opportunities. The system directs applicants/grantees to select an Objective coupled with one of the following three Outcomes to help define the intent of the activity: 1) availability/accessibility, 2) affordability, and 3) sustainability - promoting livable or viable communities.

- Housing rehabilitation programs and public facilities projects are required to use **Energy Star** building performance standards in FY 2012. Those standards are found at www.energystar.gov. Streetlights installed as part of a road or streetscape improvement project must be "full cut-off" or "semi cut-off" fixtures.

- Communities seeking CDBG funds for **senior center projects** must request elderly low- and moderate-income household data from DHCD prior to submitting an application. Please contact Karen Bresnahan of the Policy and Planning Unit at (617) 573-1441 or Karen.Bresnahan@ocd.state.ma.us to request this information.

  CDF and Mini-Entitlement applications may still include certain economic development-related activities, including Public Social Services activities that support economic development and downtown/commercial target area related projects and activities, which include facade/sign programs and/or streetscape improvements. Applications for downtown/commercial target area related projects and activities will not be accepted in the EDF.

- For FY 2012, the **Economic Development Fund (EDF)** will continue to offer assistance to directly support physical improvements to downtown or commercial center areas, particularly, rehabilitation of, or conversion to, affordable and workforce housing units located in downtown or commercial center areas. Housing unit rehabilitation will be limited to a maximum per unit CDBG cost of $125,000. Such projects must be in mixed-use (residential and commercial use) buildings. The entire building façade must be appropriately addressed, regardless of the portions of the building assisted. A mixed-use project will be limited to a maximum grant of $750,000, plus administration costs. For most housing project components, all federal and state grants combined shall not exceed 75 percent of total actual project costs. Other physical improvement projects must be located in downtown/ commercial center areas, with emphasis on mixed-use development. EDF will also fund planning studies within certain limitations and limited assistance to non-profit development organizations. More detailed information is contained in the One Year Plan and EDF Application Guidance documentation.

- **Mini Entitlement Program** - DHCD has identified 10 Mini-Entitlement communities for FY2012. These communities are required to approach CDBG projects in a coordinated and integrated manner and to target their CDBG funds to a particular identified neighborhood or target area. The following communities are Mini Entitlement applicants:

Amherst	Chelsea
Everett	Gardner
Greenfield	North Adams
Southbridge	Wareham
Webster	West Springfield

  DHCD proposes a maximum annual grant award up to $900,000 for each Mini-Entitlement community to carry out eligible target area activities.

MASSACHUSETTS CDBG

ONE-YEAR ACTION PLAN FOR FEDERAL FISCAL YEAR 2012

INTRODUCTION:

This One Year Action Plan describes the proposed use of Community Development Block Grant (CDBG) funding received by the Commonwealth of Massachusetts. The CDBG Program is a significant source of federal funding administered by the Department of Housing and Community Development, supporting a variety of community development efforts to revitalize our communities, meet the housing and service needs of our low and moderate-income population, build and repair infrastructure vital to the health and safety of residents, and support business development and retention. The One Year Plan addresses the basic features of the state's CDBG program, the applicable federal regulations and requirements governing state and local administration of this program, and the state's policies, administration responsibilities, and description of the program components.

In its administration of CDBG funding, DHCD is committed to:

- Programs and funding that primarily target populations of low- and moderate-incomes, and those with special needs, in communities with the greatest level of demonstrated need;
- Coordinated, integrated and balanced agency responses to address the needs and interests of communities;
- Programs and technical assistance designed to facilitate informed decision-making about community development opportunities at the local level, and to encourage self-sufficiency of residents and communities;
- Projects that are consistent with the Commonwealth's Sustainable Development Principles; and
- Sound business practices that ensure the highest standards of public accountability and responsibility.

For FY 2012, DHCD will continue to implement HUD's Outcome Performance Measurement System. The proposed system incorporates the following three Objectives set forth in the Housing and Community Development Act of 1974: 1) create suitable living environments, 2) provide decent housing, and 3) create economic opportunities. The system directs applicants/grantees to select an Objective coupled with one of the following three Outcomes to help define the intent of the activity: 1) availability/accessibility, 2) affordability, and 3) sustainability - promoting livable or viable communities. Therefore, for each proposed activity the applicant will select one of nine Outcome Statements. The proposed system will not change the nature of the program or its regulations. The Massachusetts CDBG Program currently asks applicants to describe the need the activity addresses, as well as the anticipated impact. This system creates a framework that allows for consistent reporting to HUD on a national level.

The One Year Action Plan is organized into the following sections:

SECTION A. Massachusetts CDBG Priorities
B. Eligible Municipalities
C. Eligible Projects/Use of CDBG Program Funds
D. Applicant/Project Threshold Criteria
E. Allocation of CDBG Funds to the Commonwealth
F. Availability of CDBG Program Funds
G. Evaluation Criteria for All Program Components
H. Program Sanctions
I. Citizen Participation Requirements for Applicants and Grantees
J. CDBG Program Components (description)

A. MASSACHUSETTS CDBG PRIORITIES

The Community Development Block Grant (CDBG Program) was authorized by Congress, and is funded under Title I of the Housing and Community Development Act of 1974, as amended. The Commonwealth of Massachusetts has designated the Department of Housing and Community Development (DHCD) as the state's administering agency for CDBG funding. The primary objective of the federal statute creating the CDBG Program is: "*...to develop viable, urban communities by providing decent housing and suitable living environment and expanding economic opportunities principally for low- and moderate-income persons.*" DHCD will fund eligible projects designed to meet this objective, and that are consistent with the Commonwealth's sustainable development principles listed in Exhibit 5. DHCD encourages:

- development and preservation of affordable housing;
- proactive and coordinated planning oriented towards both resource protection and sustainable economic activity;
- coordinated, integrated community development initiatives that are targeted to neighborhoods or particular geographic areas, that meet the needs of these areas, and are designed to demonstrate measurable improvements in the physical, social, and economic conditions of the area;
- community revitalization that is integral to community development;
- public social services designed to build economic security and self-sufficiency; and
- broad local participation in meaningful community-based planning that assesses needs and identifies strategies for addressing those needs.

The Act requires that at least 70 percent of CDBG assistance shall be used to support activities that directly benefit low- and moderate-income citizens of the Commonwealth. In addition, the Massachusetts CDBG Program encourages joint or regional applications so that program funds will be used to benefit a greater number of municipalities.

B. ELIGIBLE MUNICIPALITIES

There are 351 municipalities incorporated in Massachusetts. The U.S. Department of Housing and Urban Development (HUD) has designated 37 as CDBG *entitlement* communities; in general, these communities exceed 50,000 in population and receive CDBG funds directly from HUD. Any city or town **not** designated as an entitlement community by HUD may apply for and receive Massachusetts Community Development Block Grant funds. (Refer to Exhibit 1 for a listing of Massachusetts' entitlement communities.)

C. ELIGIBLE PROJECTS

The following projects are eligible for funding under the Massachusetts Community Development Block Grant Program:

- planning;
- housing rehabilitation and creation of affordable housing;
- economic development projects which create and/or retain jobs including awards to existing regional entities for regional economic development loan funds;
- efforts directed toward rehabilitation and stabilization of existing neighborhoods, commercial areas and downtowns;
- infrastructure;
- construction and/or rehabilitation of community facilities; and
- public social services.

DHCD has designed several Massachusetts CDBG program components to fund such projects. Each program component responds to particular community development needs. The rules and program guidelines are set forth in Section J: *PROGRAM COMPONENTS*.

LIMITATIONS ON USE OF PROGRAM FUNDS

- **Buildings used for the general conduct of government** – Assistance related to buildings used for the general conduct of government is specifically excluded from the program by federal statute, except for the removal of existing architectural barriers to improve access for people with disabilities. Such work is permitted on municipal buildings such as city or town halls, public works structures, public safety buildings, etc.; **however the use of CDBG funds is limited to the relevant barrier removal work and directly related and required construction.**

- **Public Social Services**

  Public Social Services projects are not eligible as a "stand-alone" application under Community Development (CDF) I, II or Mini- Entitlement grants. Furthermore, an application will not be considered a regional application if the only activity proposed to take place in more than one of the co-applicant communities is public social service.

  Public Social Services cannot exceed 20% of a CDF I, CDF II, or Mini- Entitlement grant. DHCD encourages communities to comply with the Department's policy that fifty-percent (50%) of funding for Public Social Services support activities that build economic security and self-sufficiency. The following are Public Social Services that meet this definition:

  - ABE/GED classes
  - Domestic Violence Prevention
  - Earned Income Tax Credit (EITC) Counseling and Preparation
  - Elder Self-Sufficiency
  - English for Speakers of Other Languages (ESOL)
  - Financial Literacy
  - Homebuyer Counseling
  - Individual Development Accounts (IDAs)
  - Job Training
  - Job-Related Childcare Assistance
  - Job-Related Transportation Assistance
  - Literacy Programs and Training
  - Mortgage Foreclosure Prevention Counseling

  In describing a requested Public Social Services activity, applicants must demonstrate that the activities have been prioritized at the local level in order to determine the request for services. Such prioritizing must demonstrate an understanding of the needs assessment undertaken by the community's Community Action Agency and not be inconsistent with such Agency's assessment of service needs.

  Applicants may apply for no more than five Public Social Services activities.

  Communities must demonstrate that, in accordance with Section 105(a)(8) of the Housing and Community Development Act, proposed social service activities have not been funded by the community using municipal and/or state funds within 12 months prior to the application.

  DHCD will fund public social service projects that are not provided by other state or federal agencies, or are currently provided but are not available to CDBG-eligible residents in the applicant communities.

Planning funds may not be used to plan for public social service programs except as part of a broader community development planning project.

- **Downtown/commercial target area related projects** – Communities may apply for funds for downtown or commercial district related projects under CDF I, CDF II, and the Mini-Entitlement Program. Conditions listed below apply to CDF I, CDF II, and the Mini-Entitlement Program. Such projects may include sign/facade programs and streetscape improvements, or other infrastructure improvements located in a downtown or commercial district revitalization target area that is defined in the Community-Based Planning documents and delineated in the slums and blight documentation supporting the Community Development Strategy. Communities may also apply through EDF for funds for rehabilitation or adaptive re-use of mixed-use buildings located in downtown or commercial center areas. Funds may be used for acquisition, demolition, and building rehabilitation activities when clearly linked to economic development and jobs.

  DHCD may fund projects that support physical downtown and commercial area revitalization efforts; however, communities may apply to Mass CDBG for downtown/commercial target area related projects in their downtown or commercial target areas only if a) they have satisfactorily demonstrated to DHCD that the proposed project is located in an area meeting National Objective compliance requirements set forth in the Application Guidance, and b) their community development strategy (see page 5) contains a downtown or commercial area revitalization element.

  CDBG funds **cannot** be used to fund overhead costs or management salaries related to the operation of a downtown organization, nor can they be used for any organizational development for a downtown organization or committee.

- **15 Year Housing Affordability Term** – In an effort to increase the supply of affordable housing, all projects supporting the creation, preservation, and rehabilitation of rental and owner-occupied housing units must be affordable to low and moderate income households for at least a 15-year period. Rehabilitation assistance for owner-occupied properties must be secured by a mortgage or lien on the subject property that includes language restricting rent levels in low and moderate income units for a minimum of fifteen years – or as long as the loan is outstanding. Rehabilitation assistance for investor-owned properties must be secured by a mortgage or lien, and the affordability requirements must be secured by an **Affordable Housing Restriction** [provided by DHCD] on the subject property that runs with the land, and that includes language restricting rent levels in low and moderate income units for a minimum of fifteen years. "Owner-occupied" is defined as a property of no more than four (4) units, one of which is occupied by the owner. All other properties are considered "investor owned."

D. APPLICANT/PROJECT THRESHOLDS

It is the responsibility of the applicant to ensure adherence to the applicable threshold(s). The following standard threshold criteria (#1 through #8) apply to all applications:

1. **Eligibility** – The project must be eligible as defined in §105(a) of Title 1 of the Housing and Community Development Act, as amended.

2. **National Objective** – Each project must meet one of three federal national objectives as defined below and in federal regulations 24 CFR 570.483:

   a. benefit a majority of low- and moderate-income persons;

   b. aid in the prevention or elimination of slums or blight; or

c. meet an urgent condition posing a serious threat to the health and welfare of the community and where other financial resources are not available to meet such needs. This objective is extremely difficult to meet and is generally limited to unexpected events such as natural disasters. Prior approval from Massachusetts CDBG must be obtained to use this national objective.

3. **Timely Expenditure** – Mass CDBG requires that all applicants – including lead applicants and joint participants – who have received grants comply with a timely expenditure threshold in order to apply for FY 2012 programs. If a joint participant has been a lead grantee in a CDBG grant, that community must meet the timely expenditure threshold in order to be included in a joint application. In order to apply for CDBG[3] funding, a community must demonstrate, using the most recent financial status report at the time of application that 100% of all grant funds awarded for fiscal year 2009 and earlier have been fully expended, 80% of funds awarded in FY 2010 have been expended and for funds awarded in FY 2011 all required procedural clearances (environmental review, special conditions and administrative services procurement(s)) have been completed at the time of an application for FY 2012 funds. On a case-by-case basis DHCD reserves the right to waive strict compliance with this threshold for communities based on grant award dates and/or events beyond the control of grantees.

Active grants include those for which project activities have yet to be completed and payments are outstanding. All lead applicants and participating applicants must meet this standard. An applicant must meet this threshold requirement at the time of application for all Mass CDBG components. Communities that do not meet this threshold will be eliminated from further Mass CDBG funding consideration. *Unexpended CDBG funds* are defined as funds awarded for eligible Massachusetts CDBG program costs but not expended.

4. **Displacement of Non-CDBG Funds** – Applicants shall certify in the application that CDBG funds will not be used to displace non-CDBG funds already appropriated by or to the community for a specific project. DHCD will reduce an award, deny a grant, or impose special conditions in a grant contract with that community to assure compliance with this requirement.

5. **Targeted Activities** - All FY 2012 applications must propose activities that are targeted to a geographic area. Applicants will demonstrate this through an additional narrative listing the CDBG-funded activities, the target area and anticipated measurable improvements that will result. Communities with populations under 5,000 may define their entire community as a target area. Housing Rehabilitation Programs may be designed to allow up to 20% of the funds to be used for emergency purposes outside the target area.

6. **Sustainable Development** – In order to receive funding a project or activity must be consistent with the Sustainable Development principles. Additional guidance on this threshold may be found in Exhibit 6. **This threshold does not apply to Public Social Services, business assistance for projects not requiring construction, or projects that eliminate a public health or safety risk.**

In addition, housing rehabilitation programs and public facilities projects are required to use Energy Star building performance standards. Those standards are found at www.energystar.gov. Streetlights installed as part of a road or streetscape improvement project must be "full cut-off" or "semi cut-off" fixtures.

7. **Community-Based Planning Requirement** – The Department supports municipal efforts to engage in community-based planning, conduct needs assessments, and identify strategies for addressing those needs. DHCD seeks to fund projects identified through meaningful, public community-based planning and priority setting processes. Therefore projects must be consistent with community efforts to identify needs and engage in strategic planning for addressing those needs. *This helps to ensure that local needs have been identified and priorities*

[3] CDBG includes CDF I and II, Mini-Entitlement, CDBG-R and Reserves, but for the purposes of this calculation excludes EDF, HDSP, Section 108 guarantees. Planning-only grants of $50,000 or less are also excluded from this calculation.

determined in a comprehensive manner, and public resources are directed toward projects that address needs the community has identified as high priority. All applicants and participants[4] must have engaged in a community-based planning process and be able to demonstrate project consistency with a Community Development Strategy, (not to exceed seven [7] pages), that must be included in the application.

The Strategy serves to summarize various planning documents used by a community, and to outline a plan of action intended to accomplish specific community development goals that will have an impact on the community. Therefore, each Strategy can reference various planning documents approved by a locally elected or appointed body, or by Town Meeting, but *it is important that the Strategy reflect a comprehensive, integrated approach to the municipality's community development priorities.* The Strategy must also discuss how the community will plan for and implement projects that are consistent with the Commonwealth's Sustainable Development Principles.

Each activity included in a Massachusetts CDBG application must relate to and be reflected in the Strategy. The Strategy must explain how the community expects to address the priorities with CDBG and non-CDBG funds over a 3-5 year period.

The Community Development Strategy may reference or incorporate findings of relevant plans and analyses that have been completed and used for decision-making purposes by municipal boards, agencies and departments. Such plans may include but are not limited to EO 418 Community Development Plans, EO 418 housing strategies, Capital Improvement Plans, Master Plans, Downtown Plans, Open Space and Recreation Plans, Area Revitalization Strategies, Urban Renewal Plans, the regional Comprehensive Economic Development Strategy, and a Community Action Statement (CAS). The strategy must be discussed in a public forum, meeting, or hearing held at least two (2) months prior to the submission of a Mass CDBG application.

DHCD will evaluate the submitted Community Development Strategy to determine its adequacy. The Strategy must be determined to be adequate or the application will be subject to special conditions regarding the CD strategy. DHCD will use the following four criteria to make this determination:

a. The CD Strategy must describe the manner in which a community has identified and will accomplish projects and activities which include, but are not limited to, the subject CDBG application.
b. The CD Strategy must conclude with a list of projects and activities in order of the priority in which the community intends to undertake them, and provide specific goals and annual timelines for .accomplishing its goals.
c. The CD strategy must identify and describe the geographic target areas that are intended as the focus of community development efforts.
d. CDBG applications must document that a CD Strategy and its priority list were discussed at a separate public forum, meeting or hearing, held at least one (1) month prior to the submission of a CDBG application in order to allow for timely community input. Compliance with this requirement must be documented by copies of meeting announcements, attendance lists and minutes. Minutes must reflect that the CD Strategy and priority list have been presented and that discussion has occurred. Please note that, while CD Strategies are valid for a period of three (3) years, the public forum is required annually. This requirement will not apply to EDF.

An applicant may submit a Community Development Strategy and supporting documentation that was previously developed within the past three years. Changes in priorities or the addition of target areas may be made at any time but must be presented to the public, as above, prior to being included in a subsequent application.

8. **Outcome Performance Measurement System** – HUD issued a Final Notice on March 7, 2006 on its Outcome Performance Measurement System. Through the system HUD will collect information on activities

[4]This includes regional applicants.

undertaken in the following programs: HOME, CDBG, HOPWA and ESG, and aggregate that data at the national, state, and local level. The outcome measures framework contained herein will satisfy the requirements contained in the HUD notice, along with any revisions adopted by HUD.

The system incorporates the following three objectives set forth in the Housing and Community Development Act of 1974: 1) create suitable living environments, 2) provide decent housing, and 3) create economic opportunities. Beyond that, the system directs applicants/grantees to select from one of the following three outcomes to help define the intent of the activity: 1) availability/accessibility, 2) affordability, and 3) sustainability - promoting livable or viable communities.

Based on the applicant's purpose for undertaking a project or activity, the applicant will determine and state in the application what the intent of the project is with one of the nine Outcome Statements.

The system will not change the nature of the program or its regulations. The Massachusetts CDBG Program currently asks applicants to describe the need the activity addresses, as well as the anticipated impact. This system creates a framework that allows for a consistent reporting to HUD on a national level.

Each outcome category can be connected to each of the overarching statutory objectives, resulting in a total of nine groups of outcomes/objective statements under which the grantees would report the activity or project data to document the results of their activities or projects. Each activity will provide one of the following statements, although sometimes an adjective such as new, improved, or corrective may be appropriate to refine the outcome statement.

- Accessibility for the purpose of creating suitable living environments
- Accessibility for the purpose of providing decent affordable housing
- Accessibility for the purpose of creating economic opportunities
- Affordability for the purpose of creating suitable living environments
- Affordability for the purpose of providing decent affordable housing
- Affordability for the purpose of creating economic opportunities
- Sustainability for the purpose of creating suitable living environments
- Sustainability for the purpose of providing decent affordable housing
- Sustainability for the purpose of creating economic opportunities

In addition, there are certain data elements commonly reported by all programs, although each of the four programs may require different specificity or may not require each element listed below. Grantees will only report the information required for each program, as currently required. No new reporting elements have been imposed for program activities that do not currently collect these data elements. The elements include:

- Amount of money leveraged (from other federal, state, local, and private sources) per activity:
- Number of persons, households, units, or beds assisted, as appropriate;
- Income levels of persons or households by: 30 percent, 50 percent, 60 percent, or 80 percent of area median income, per applicable program requirements. However, if a CDBG activity benefits a target area, that activity will show the total number of persons served and the percentage of low/mod persons served. Note that this requirement is not applicable for economic development activities awarding funding on a "made available basis;"
- Race, ethnicity, and disability (for activities in programs that currently report these data elements)

Finally, grantees will report on several other indicators, required as applicable for each activity type. These will be established in each program component application, and within the grant management system.

HUD will combine the objectives, outcomes, and data reported for the indicators to produce outcome narratives that will be comprehensive and will demonstrate the benefits that result from the expenditure of these federal funds.

9. **Regional Applications** – Each community in a regional application must comply with the same requirements as individual communities in individual applications, in order to participate in a regional grant. For example, each participating community must have a Community Development Strategy that is found to be adequate, the community must have been identified and be part of the required public participation/hearing process and the community must submit all required signatures. Communities that fail to comply will be dropped from consideration as a regional participant and the application will be reviewed on the basis of those communities that have complied with the requirements. As a result, the number of participating communities and/or the dollar amount requested in a regional application may be reduced during the review process.

Additional threshold criteria #10 through #13 apply to specific program applications or types of projects.

10. **Public Benefit Standards** – Economic development projects that are eligible under Title I of the Housing and Community Development Act of 1974, Sections (14), (15) and (17) must meet CDBG standards of underwriting and public benefit. Eligible projects under 105(a)(2) may also be required to meet public benefit standards when undertaken for Economic Development purposes.

11. **Senior Center Projects** – Applicants for Senior Center projects must meet the following threshold requirements to have their applications reviewed and scored:

(i) provide evidence of site control[5] by the municipality, as attested to by the Mayor or Board of Selectmen,
(ii) provide documentation of the availability and commitment of any other funds necessary to complete the project, and
(iii) provide one copy of the bid-ready plans[6] prepared by a licensed architect or engineer, a table of contents for the bid specifications and a letter signed by the project architect or engineer attesting to the fact that a complete set of specifications has been prepared and is bid-ready (modular construction may require a lesser standard – see Project Threshold Criteria #13).

CDBG-assisted senior center projects funded in FY 2003 or later may not receive subsequent CDBG assistance for additional construction or reconstruction until five (5) years have passed since the grant closeout date. Communities seeking CDBG funds for senior center projects must request elderly low- and moderate-income household data from DHCD prior to submitting an application.

12. **Architectural Barrier Removal** – A municipality applying for assistance with an architectural barrier removal project must submit a copy of its locally approved Americans with Disabilities Act (ADA) Self Evaluation Survey and Transition Plan. The ADA was enacted in 1990 and requires local governments to evaluate for accessibility all of its programs and services that had not previously been reviewed under Section 504 of the Rehabilitation Act of 1973. The Act also required preparation of a Transition Plan for removal of programmatic and structural barriers to its programs and services, and set forth a process for involving the community in the development of the Self Evaluation Survey and Transition Plan. Programmatic removal of barriers must be fully explored before considering CDBG funding for structural barrier removal. Completion of the Transition Plan is a required threshold for Architectural Barrier Removal applications.

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[5] Evidence of site control may include but is not limited to a deed, long-term lease agreement, purchase and sale agreement, or other contract or legal document.

[6] Bid-ready plans and specifications are those construction documents that constitute a presentation of the complete concept of the work including all major elements of the building and site design. The bid documents shall set forth in detail and prescribe the work to be done by the construction specifications; the materials, workmanship, finishes and equipment required for the architectural, structural, mechanical, electrical and site work; and the necessary solicitation information. Drawings shall include the following: a) Site plan showing the location and type of building; b) Scale plans of the building; c) Wall sections, details, and elevations in sufficient detail to serve as a basis for a construction estimate; d) All other required architectural, civil, structural, mechanical and electrical documents necessary to complete the project.

It is the responsibility of each community to ensure that its Transition Plan is consistent with federal regulations. A community's request for Mass CDBG funding must be consistent with the priorities set forth in these locally developed documents. Communities may wish to contact the Massachusetts Office on Disability or the U.S. Department of Justice for specific questions regarding the ADA and the Rehabilitation Act of 1973.

Applications for Architectural Barrier Removal projects with a total construction cost of $100,000 or more require bid-ready plans and a letter signed by the project architect or engineer attesting to the fact that a complete set of specifications has been prepared and is bid-ready in each copy of the application. Projects less than $100,000 but more than $25,000, require design development drawings.

Finally, when used for Architectural Barrier Removal, CDBG funds may be used only for the relevant barrier removal work and directly related and required construction. CDBG funds cannot be used to address building code or local requirements that are not directly part of the removal of the architectural barrier.

13. **Bid-ready Plans and Specifications** - Bid-ready plans and a letter signed by the project architect or engineer attesting to the fact that a complete set of specifications has been prepared and is bid-ready are required for all public facilities and architectural barrier removal projects with a construction cost of $100,000 or more (see definition in footnote #5). Design development drawings are required for public facilities and architectural barrier removal projects or equivalent site and landscaping plans for Playground/Park projects, with a total construction cost of more than $25,000 but less than $100,000.

In addition, DHCD recognizes that this requirement may be problematic for communities considering modular construction projects. To satisfy these concerns, in order to apply for assistance to undertake modular construction a community may instead provide DHCD with a reasonable cost estimate for the project. Detailed backup for the total costs for modular construction projects must include the cost of site preparation, off-site construction of the modular unit, and the cost of delivering and assembling the modular unit including all work necessary - including but not limited to all utility work and sub-trades - to result in the issuance of an occupancy permit. To accomplish this, the community must provide the following: the program for the building; plans, specs, and prices of comparable unit(s) from a manufacturer; evidence of the manufacturer's ability to deliver the unit during the timeframe for construction identified in the grant application; and a site plan.

E. ALLOCATION OF CDBG FUNDS TO THE COMMONWEALTH

The federal Fiscal Year 2012 HUD allocation to the Commonwealth of Massachusetts is anticipated to be $27,738,930. DHCD's funds are subject to availability from the federal government, which is contingent on the federal budget and appropriations process and the HUD allocation process. In addition to the HUD allocation DHCD expects to receive approximately $200,000 in program income, for a total of $27,938,930 available for FY 2012. These funds will be distributed during the program year to eligible cities and towns in accordance with the allocation among program components outlined below.

MA CDBG PROGRAM COMPONENT	FY 2012 ALLOCATION
Community Development Fund I	$13,026,762
Community Development Fund II	$ 2,700,000
Mini-Entitlement Program	$ 9,000,000
Economic Development Fund (not including expected $200,000 in program income) **-Section 108 Loan Guarantee***	$ 1,000,000 *$ 10,000,000*
Reserves	$ 750,000
Section 108 Loan Repayments** (No. Adams, Everett)	$ 330,000
Administration and Technical Assistance	$ 932,168
TOTAL AVAILABLE (includes $27,738,930 allocation plus $200,000 in program income)	$27,938,930
*Section 108 Loan Program allocation does not impact the FY 2012 Allocation **Section 108 Loan Repayments are budgeted but not necessarily required. This is an "up to" amount. Amounts not required for repayment to HUD will be reallocated to other components.	

Reallocation of funds among program components: During the year, DHCD may have cause to recapture earlier program year funds from non-performing grantees; or there may be small amounts of program funds from prior years that have yet to be used; or there may be opportunities to recapture program income generated by communities from earlier projects; or there may be extreme demand for one program component; or there may be minimal demand for one component. Funds will be reallocated depending on the timing of other components and the apparent demand for funds or to address emergency situations during the program year. When awarding those funds DHCD will use current program guidelines as established in the most recent One Year Plan. DHCD reserves the right to increase or decrease the allocation of a program component. When these cumulative changes meet the threshold criteria of an amendment, DHCD will follow the process in accordance with the State's Consolidated Plan and regulations at 24 CFR 91.505. DHCD may also have cause to fund from any allocation or resources to respond to corrective actions after program closeouts or as a result of other administrative errors.

F. AVAILABILITY OF CDBG PROGRAM FUNDS

All CDBG program funds will be available to eligible grant recipients based on applications for Massachusetts Community Development Block Grant funds and/or Notices of Funding Availability that will be distributed on a regular basis. These documents will make communities aware of the requirements of each particular component and will be available to allow communities adequate time to prepare grant applications for each program.

A single community may receive no more than $1 million from any combination of federal FY 2012 Community Development Fund I or II, or Mini-Entitlement grant funds. Awards not subject to the $1 million cap per community include the Economic Development Fund and Reserves.

Additionally, a single community may receive no more than $1.35 million from Community Development Fund I within two successive years. Economic Development Fund and Reserves awards are not subject to the $1.35 million cap per community.

Listed below are application distribution dates for each program and the corresponding due dates. A Notice of Availability of Funds will be issued, as appropriate, prior to release of each Application subject to the availability of federal funds.

Program Components[7]	Application Issued	FY 2012 Applications Due
Community Development Funds I and II	October 2011	Friday, December 16, 2011
Mini Entitlement Program	October 2011	Friday, December 16, 2011
Economic Development Fund	February 2012	Continuous

G. EVALUATION CRITERIA APPLICABLE TO ALL CDBG PROGRAMS

DHCD reserves the right to incorporate any or all of the following Evaluation, Regulatory and Performance criteria in its award decisions:

Evaluation:

- solicit and verify information from any local, state or federal agencies and other entities, and based on that information, reduce, increase or deny an award to a community.
- conduct site visits for any proposed CDBG project or solicit additional information from applicants in order to confirm or clarify factual or procedural responses to application requirements such as copies of legal advertisements, minutes, survey instruments, letters, etc. Acceptance of these materials is subject to DHCD's satisfaction that the omitted material was in existence at the time of application and submission of the requested documents within a specified timeframe. Additional information regarding responses to competitive questions will not be accepted.
- reduce or increase an award to a community to assure that a grant budget is reasonable.
- fund, fully or partially, a project from other state resources.
- reduce or deny a grant, or place special conditions on a grant, based on the management capacity of the municipality or the current or proposed administering agency.
- Reduce an award to a community with an uncommitted program income balance of $100,000 or more. Program income balances must be documented through submission of bank statements. The program income account balance in DHCD's Grant Management System must be maintained to match the bank program income account statement balances. Program income commitments must be documented through submission of award or commitment letters, appropriation language or other evidence deemed suitable by DHCD including signed contracts. Making program income funds available as part of a contingency plan will not be considered a commitment of those funds. Upon award, grantees must add the committed program income funds to the cited grant activity(ies) through the grant amendment process.
- resolve tie scores in a competitive fund by applying the criteria below in the following order:

[7] The FY 2012 applications will be operative upon their release. Actual release of funds is contingent on HUD approval of the state's One Year Plan, and will be dictated by the date the state receives HUD approval on its Plan.

1. An application from the community or region with the higher Community-Wide Needs score will be funded;
2. Applications for projects that increase the community's supply of affordable housing units;
3. Regional applications;
4. Applications for housing and/or economic development projects that are consistent with the goals of the Administration; and
5. If scores remain tied after the application of steps #1 through 4, DHCD will conduct a lottery at which a representative from HUD will be present.

Regulatory:

- ensure that at least 70 percent of CDBG assistance, as per federal statute, is used to support projects that directly benefit low- and moderate-income persons of the Commonwealth.

- ensure that no more than 15 percent of the FY 2012 Massachusetts CDBG allocation is for public social service activities as per federal regulation.

- deny a grant, or a portion thereof, to ensure that no more than 20 percent of the FY 2012 Massachusetts CDBG allocation is for planning and administration as per federal regulation.

    - not review an application unless signed by the municipality's Chief Elected Official.

Performance:

- reduce an award to a community with an uncommitted program income balance of $100,000 or more.

- reduce an award, deny a grant, or impose special conditions on a community with prior year grants with a low rate of committed or expended dollars. This includes reductions in awards for projects funded in previous rounds for which unexpended funds remain.

- reduce an award, deny a grant, or impose special conditions on a community with outstanding, major findings that are unresolved at the time application decisions are being made; or which have otherwise had a history of significant, repeat findings. These findings could have resulted from any grant program offered by DHCD.

  Major findings means non-compliance with a statutory requirement which, if not satisfactorily resolved by the community, would require that the federal funds be repaid by the municipality, or result in other serious sanctions.

  History of significant, repeat findings means non-compliance with statutory or regulatory requirements in more than one grant cycle, where the community may have resolved those findings but with an unacceptably slow response.

- consider the past performance in the management of state grants, including but not limited to CDBG, by the applicant community and its administering agency or project sponsor, including continuing prior performance issues such as the number of program extension requests, program amendments and requests to re-program past grant funds due to inability to complete the originally awarded activities.

Awarding of Grants

Based on the scores produced through the review process, grant award recommendations are made to the Undersecretary of DHCD, whose decision is final. In the competitive programs, grants are awarded for projects to municipalities that received the highest application scores and which meet applicable thresholds until all

available funds are distributed. In the programs with rolling applications, grants are awarded for projects to municipalities with application scores that meet a minimum scoring threshold, or that meet other program criteria, or both. DHCD reserves the right to award a grant in whole or in part, or to reject any and all proposals received.

Grievance Procedure

Within forty-five (45) days of the date of the Undersecretary's written notice of grant determinations to applicant cities and towns, any municipality aggrieved by DHCD's decision may challenge the denial of its grant by submitting a letter of appeal from the Chief Elected Official of the municipality to the Undersecretary, who shall respond no later than forty-five (45) days from the date of receipt of the municipality's appeal.

H. PROGRAM SANCTIONS

DHCD reserves the right to suspend or terminate grant awards made to eligible communities should there be instances of fraud, abuse, poor performance, misrepresentation, or extreme mismanagement, or in the event a grantee is unable to carry out a project as approved in an application. Communities should be aware that in the event that a project budget is found to be inadequate to fully implement the project as approved, DHCD reserves the right to review and approve any change in project scope to make a project fundable and may opt for recapturing the funds instead of authorizing a project with a reduced scope of work. In addition, if excess funds remain from a target area activity, either due to budgetary reasons or because of less demand for the activity than projected, the community must return the funds or request DHCD approval to reprogram the awarded funds.

DHCD's preference is to approve reprogramming for the following purposes and in the following order:

- Funds will be used for eligible housing activities in the target area,
- Funds will be used for eligible housing activities in the remainder of the community,
- Other existing target area activities.

If the excess funds cannot be used consistent with these preferences, DHCD will require a detailed request describing the reprogramming and may require that the funds be returned.

The community staff and Chief Elected Officials will have the opportunity to discuss possible sanctions prior to any formal action. If formal sanctions are recommended, grantees will be provided a full opportunity to appeal such decisions to the Undersecretary of DHCD before any final action is taken.

All program funds recaptured through the sanctions process will be re-programmed consistent with the procedures in (E) *Allocation of CDBG Funds* and (J) *CDBG Program Components.* Based on the significance of the issues involved in any such determination, DHCD may suspend, for a period of up to three (3) years or until final resolution is achieved, a community's eligibility to participate in any Massachusetts CDBG component. Such action will only be taken in extreme circumstances and only after all alternatives have been exhausted.

I. CITIZEN PARTICIPATION REQUIREMENTS FOR APPLICANTS AND GRANTEES

All applicants for funding under the FY 2012 Massachusetts CDBG Program must comply with the citizen participation requirements contained in Section 508 of the Housing and Community Development Act of 1987. DHCD expects citizen involvement in the identification of community development needs, the development of applications, program assessment and evaluation. Communities must include in their Massachusetts CDBG application a local citizen participation plan detailing how the community will provide:

1. citizen participation, with particular emphasis on participation by persons of low- and moderate-income, residents of slums and blighted areas and of areas in the state where CDBG funds are proposed to be used, particularly residents of a proposed target area;

2. reasonable and timely access to local meetings, information, and records relating to the grantee's proposed use of funds, and relating to the actual use of funds;

3. information on the amount of state CDBG funds available during the year; the range of eligible CDBG activities; and how activities will benefit low- and moderate-income persons;

4. technical assistance to groups representative of persons of low- and moderate-income that request such assistance in developing proposals;

5. **a minimum of 2 public hearings,** each at a different stage of the program (development and implementation), to obtain citizen views and to respond to proposals and questions at all stages of the community development program, including at *a minimum* (a) the development of needs, (b) the review of proposed activities, and (c) review of program performance. These hearings shall be held after adequate notice, at times and accessible locations convenient to potential or actual beneficiaries, and with accommodations for persons with disabilities. In cases of joint applications, all applicant communities must be included in and participate in the public hearing. At least one public hearing must be held prior to submittal of an application; a second must be held during the course of the grant year;

6. a timely written answer to written complaints and grievances, within 15 working days of receipt where practical; and

7. the plan must also identify how all residents and beneficiaries, including minorities and non-English speaking persons, as well as persons with disabilities can be reasonably expected to participate in the program in general, and at public hearings in particular.

J. CDBG PROGRAM COMPONENTS

This section briefly describes the components of the Massachusetts CDBG Program. Each program component description includes eligible uses, grant award amounts, and evaluation and award criteria. In the event of conflicting language, this One Year Action Plan takes precedence over language in all program component applications. The program components are:

1. Community Development Fund I (CDF I)
2. Community Development Fund II (CDF II)
3. Mini-Entitlement Program
4. Economic Development Fund
5. Reserves
6. Administration and Technical Assistance by DHCD

- **All applications To MA CDBG are submitted online and** will only be accepted using DHCD's web-based system. Further details and training information will be available as application materials and details are released.

1. COMMUNITY DEVELOPMENT FUND I (CDF I)

Program Description

The Community Development Fund I (CDF I) annually awards grants to communities throughout the Commonwealth. This program helps eligible cities and towns to meet a broad range of community development needs in housing, infrastructure, downtown revitalization, and public social services. It supports CDBG-eligible activities and encourages applicants to develop coordinated, integrated and creative solutions to local problems. CDF I is targeted to communities with high Community-Wide Needs scores (ranging from 25 to 35) and very limited financial ability to address those needs with local funds. See Exhibit 3 for Community-Wide Needs Scores and Exhibit 4 for the indicators and formula used to derive the scores.

In federal FY 2012 DHCD expects to award approximately $13,000,000 in CDF I grant funds, depending upon Massachusetts' federal allocation.

Grant Award Amounts

Applicants for a CDF I grant will be eligible to receive up to the following amounts based on the type of application submitted:

Category	Minimum Grant from Competitive Round:	Maximum Grant from Competitive Round:
Single Community	$ 100,000	$ 800,000
Single Community w/multiple targeted activities	$ 100,000	$ 900,000
Two or Three Communities (Regional)	$ 100,000	$1,000,000
Four or More Communities (Regional)	$ 100,000	$1,100,000
Planning- or Design-only grants	$ 20,000	------

A single community may receive up to $900,000 for multiple, targeted physical activities. Social services, planning or design activities do not trigger the higher grant funding level. No single CDF I community in a regional application may receive more than $700,000. There is a minimum grant amount of $20,000 for planning or design-only grants.

Requirements:

1. CDF grants are **Single Year Grants** based on an 18-month implementation period. Communities should not apply for funds if the proposed project is not ready to proceed.

2. Two or more communities may apply **regionally.** *"Regional" is not limited to geographically contiguous cities and towns.* In order to comply with federal requirements governing such applications, each participating community would:
   - enter into an inter-local agreement that will allow a lead community to conduct grant activities within other communities;
   - sign the application certifications stating compliance with program regulations; and
   - demonstrate in the application how the requested funds will be allocated among all participants.

   Each participating community in a regional application must have a locally approved Community Development Strategy, and all projects in the application must be consistent with those documents.

   CDF I communities may also join with CDF II communities as regional applicants.

PLEASE NOTE: An application will not be considered a regional application if the only activity taking place in more than one of the communities is public social services.

3. An applicant is eligible to apply to Community Development Fund I if its FY 2012 Community-Wide Needs Score, rounded to the nearest integer, is 25 or greater on a scale of 35. Community Wide Needs Scores are available in Exhibit 3. Communities with a Community Wide Need score of 25 or 26 may choose to apply to either CDF I or CDF II, subject to the requirements of the two components. Communities can participate in only one fund for all FY12 applications. A community may not apply to separate funds in different applications. Communities with a CWN of 25 or 26 in a regional application must identify to which fund they are applying.

4. A community may apply in either one individual CDF application or in one regional application (including as a lead applicant), or in one of each. In addition, a municipality may not receive funds for the same activity under more than one CDF application during any one Mass CDBG federal fiscal year.

5. All CDF I applications must be received by DHCD's web-based application system by **Friday, December 16, 2011**, at 11:59 PM. However, one hard copy of the required Application Cover page, and the Joint Authorization page, with original signatures of the appropriate Chief Elected Official(s) must be received by 5:00 PM or the close of business, whichever is later, on Friday, December 16, 2011.

Evaluation and Award Criteria

Application review and awards will be governed by the criteria and procedures as described above (Sections A through I), and the following criteria, process rules and special requirements. Additional detail on evaluation criteria and the review process will be in the FY 2012 Community Development Fund Application Package.

1. Applications will be scored on a 100-point system, with the potential for bonus points, as follows:

CRITERION	POINTS
Community Wide Needs	35
Project Packets	65
Total	**100**
Regional Bonus	2 per activity
Comprehensive/Integrated	Up to 10

Each criterion is described below. Please be advised that applicants must meet a minimum threshold for **Project Feasibility -- i.e., each project must appear to be feasible to undertake and complete in the 18-month grant period, or the other criteria will not be scored.** Projects must demonstrate financial feasibility, including adequate sources available for all costs based on reasonable cost estimates and financial need. Sources and uses of funds are limited to actual documented cash/expenditures specific to the proposed project. Proposals must also demonstrate site control, major permit approval, and other information that demonstrates the project is feasible and ready to go forward upon grant award. All projects must also meet threshold consistency with the Sustainable Development Principles.

Community-Wide Needs - are scored by DHCD, based on a set of criteria including population demographics, economic conditions, the community's fiscal condition, and assorted community development need indicators. A complete list of indicators is described in Exhibit 4. Communities are encouraged to submit a written request for their need scores. A community or its designee may make the request. DHCD will notify the community's Chief Elected Official of when and to whom the score is mailed. Only the lead community of a regional application needs to submit a request for the community-wide needs score. Regional applications will receive needs scores based on a weighted average of the scores for the participating communities. (35 points)

Project Need - requires applicants to document and describe the particular needs that will be addressed by each proposed project and the severity of those needs. Project Need will be evaluated based on the documented severity of need.

Community Involvement and Support - requires applicants to describe and document project selection, outreach efforts, involvement by the community and potential beneficiaries in the planning and development of the project and a process for maintaining involvement in the project over time. Community Involvement and Support will be evaluated based on the extent to which the applicant provides greater opportunity for involvement, actual involvement and support for the activity beyond CDBG- required efforts.

Project Feasibility - requires applicants to document and describe an understanding of the permitting and project management tasks necessary for the project, the procurement processes required of the project, the status of design and site control, the availability of all necessary funds and the readiness of the project to proceed, including completeness of environmental review requirements, and completeness and reasonableness of timeline. Project Feasibility will be evaluated on the applicant's ability to demonstrate the overall readiness of the project, management capacity and the ability of the applicant to complete the project within the 18-month grant implementation period.

Project Impact - requires applicants to document and describe the impact of the proposed project on the identified needs of the target population or target area including physical and visual impacts, if applicable. Project Impact will be scored on the extent to which the project will have positive impacts on the target area or target population, the number of persons to benefit from the proposed project, quantitative and qualitative assessment measures.

To be determined fundable, a project packet must earn a score of at least 39 points out of the 65 possible for a project packet. Planning activity packets will be scored using Project Need and Impact criteria only and must receive at least half the available points for each criterion.

<u>Available Bonus Points</u>

Regional activities - fundable activities that will serve multiple communities will receive an additional two points. Regional activities are defined as housing rehabilitation in multiple communities, social services provided to multiple communities, or shared facilities or planning/design activities that will be administered and bid centrally on behalf of regional participants.

Multiple, Targeted Activities

1. Five points are available to applicants proposing multiple activities in a target area and that demonstrate that the activities are complementary, coordinated or integrated. A minimum of at least two activities must be fundable.

2. An additional five points will also be awarded if an applicant demonstrates that non CDBG-funded projects consistent with the community's Community Development Strategy and the requested CDBG activities are also targeted to the same geographic area and will also result in measurable improvements. These points will not be awarded for municipal operating budget activities, maintenance activities/projects, or activities that are an extension of a requested CDBG activity such as lead abatement funds to serve the same units as those in a proposed housing rehabilitation program. Further details are contained in the Application Guidance document for FY 2012 CDBG applications. Specific guidance regarding required documentation appears in the FY 2012 Application Guidance.

Applications with more than one project packet (component) to be considered for funding will receive a single Activity Score that is based on the average score for each project that meets the thresholds enumerated above

then rounded to the nearest whole number. Planning and Public Social Services activity scores, however, will not be included in the averaging of activity scores.
When all applications have been reviewed, each applicant's activity score, bonus points and community wide needs score are combined into a single application score. DHCD will fund proposals by ranking the scores from highest to lowest, applying the Evaluation Criteria above in (G) *Evaluation Criteria Applicable To All CDBG Programs* in the event of tie scores.

2. COMMUNITY DEVELOPMENT FUND II (CDF II)

Program Description

This program helps the state's non-entitlement cities and towns meet a broad range of community development needs in housing, physical development, downtown revitalization and public social services. In federal FY 2012, DHCD expects to award $2,700,000 under the Community Development Fund II (CDF II) to eligible applicants, depending upon the allocation of federal funds from HUD.

Grant Award Amounts and Requirements

Applicants for a CDF II grant will be eligible to receive up to the following amounts based on the type of application submitted:

Category	Minimum Grant from Competitive Round:	Maximum Grant from Competitive Round:
Single Community	$ 100,000	$ 700,000
Single Community w/multiple targeted activities	$ 100,000	$ 800,000
Two or Three Communities (Regional)	$ 100,000	$ 900,000
Four or More Communities (Regional)	$ 100,000	$1,000,000
Planning- or Design-only grants	$ 20,000	----------

A single community may receive up to $800,000 for multiple, targeted physical activities. Social services, planning or design activities do not trigger the higher grant funding level. No one single CDF II community in a regional application may receive more than $500,000 in FY 2012 funds. There is a minimum grant amount of $20,000 for planning-only grants. All requirements of CDF I apply to CDF II.

This program is available to communities with a Community-Wide Needs Score equal to or less than 26 out of 35 points for federal Fiscal Year 2012. Community Wide Needs Scores are available in Exhibit 3. A community may apply in either one individual CDF II application or in one regional application (including as a lead applicant), or in one of each.

CDF II communities may join with a CDF I or with another CDF II for regional activities. Regional applicants are not limited to geographically contiguous cities and towns. The Community Wide Needs Score of CDF II applicants will not be considered in the composite regional Community Wide Needs Score. Participation in a regional application will not prohibit an eligible CDF II applicant from applying individually to the CDF II, within the stated restrictions.

The following conditions apply to regional applications:

- Funds allocated to the CDF II communities for regional activities will not be included when calculating the $1 million cap in Mass CDBG funds that the lead CDF I communities may receive in a fiscal year.

- Funds allocated to the CDF II communities for regional activities will be included when calculating the $1 million cap in Mass CDBG funds that participating CDF II communities may receive in a fiscal year.

All CDF II applications must be received by DHCD's web-based application system by **Friday, December 16, 2011**, at 11:59 PM. However, one hard copy of the required Application Cover page, and the Joint Authorization page, with original signatures of the appropriate Chief Elected Official(s) must be received by 5:00 PM or the close of business, whichever is later, on Friday, December 16, 2011.

LIMITATIONS/CONDITIONS ON SUBSEQUENT CDF II APPLICATIONS

A Community Development Fund II community that receives an award from the Community Development Fund is precluded from applying to a Community Development Fund program for the following federal fiscal year. FY 2011 CDF II grant recipients designated as FY 2012 CDF I-eligible communities in Exhibit 3: Program Eligibility and Community-Wide Needs Scores are not subject to this prohibition. In addition, a community previously awarded funds solely for an architectural/engineering design or planning project may apply in the next federal fiscal year for funding to implement the project. However, the maximum grant award for implementation will be reduced by the amount of the previous design or planning grant.

Exhibit 2 lists communities that may not apply for CDF funds in FY 2012.

Evaluation and Award Criteria

Applications will be reviewed according to the same criteria and process for activities as detailed in the discussion above describing criteria for CDF I. However, the Community-Wide Needs Score will not be factored into the evaluation. The application will be scored on a 65-point scale.

3. MINI-ENTITLEMENT PROGRAM

Program Description

Municipalities were selected to be Mini-Entitlement communities if they met the three following criteria: (1) Community Wide Needs Score over 28; (2) a poverty rate higher than the state average of 6.7% and (3) population over 12,000. This program helps larger non-entitlement urban communities with the highest needs improve conditions for their low- and moderate-income residents through comprehensive planning and predictable funding. Through this program, identified cities and towns can meet a broad range of community development needs in housing, business development, physical development, downtown revitalization, and public social services. It supports all CDBG-eligible activities and encourages applicants to develop comprehensive, creative solutions to local problems.

DHCD expects to award up to $9,000,000 from the FY 2012 Mini-Entitlement Program allocation to 10 designated Mini-Entitlement municipalities, listed below:

Amherst	North Adams
Chelsea	Southbridge
Everett	Wareham
Gardner	Webster
Greenfield	West Springfield

DHCD requires Mini Entitlement communities to approach CDBG projects in a comprehensive and integrated manner and is directing these communities to target their CDBG funds to particular geographic areas in order

to impact and effect change within neighborhoods. Housing Rehabilitation programs may be designed to allow up to 20% of the funds to be used for emergency purposes outside the target area.

DHCD will offer technical assistance to Mini-Entitlement communities, including planning, priority setting, and project evaluation and development.

Grant Award Amounts and Requirements

The maximum grant award is up to $900,000. Mini-Entitlement applications will contain an 18-month implementation and cash flow plan. Mini-entitlement grantees must comply with standards for timely expenditure and available program income (see Applicant/Project Thresholds above). FY 2012 Mini-entitlement awards to Grantees that do not meet the required standards will be reduced by an amount necessary to bring the grantee into compliance.

Evaluation and Award Criteria

The following requirements apply to the Mini-Entitlement Program:

1. In accordance with the Massachusetts CDBG Priorities listed in Section A, DHCD seeks to fund projects identified through meaningful community-based planning and priority setting processes as described in SECTION D. 6. Each Mini-Entitlement grantee must submit a Community Development Strategy. Community Development Strategies must also include how the community will plan for and implement projects that are consistent with the Commonwealth's Sustainable Development Principles.

2. Activity packets must be completed, but will not be competitively scored. All FY 2012 Mini-Entitlement applications must describe how CDBG funds will be allocated; include goals and performance measures for each activity; demonstrate compliance with a federal national objective and all federal/state requirements; and provide a management plan. The project packets will be reviewed for compliance with these evaluation criteria.

3. Mini-Entitlement applicants may however, propose projects, subject to DHCD approval, that do not meet the plans and specifications requirements of SECTION D. 12 and 13.

4. All activities that are eligible under Section 105(a) of Title I of the Housing and Community Development Act of 1974, as amended, will be considered for funding with the exception of organizational activities of downtown partnerships.

5. Mini-Entitlement communities may not join with CDF I or CDF II communities as joint applicants.

All Mini-Entitlement applications must be received by DHCD's web-based application system by **Friday, December 16, 2011**, at 11:59 PM. However, one hard copy of the required Application Cover page, and the Joint Authorization page, with original signatures of the appropriate Chief Elected Official(s) must be received by 5:00 PM or the close of business, whichever is later, on Friday, December 16, 2011.

4. ECONOMIC DEVELOPMENT FUND

(a) Community grants

The Economic Development Fund (EDF) offers assistance to communities focused on community economic development - retaining and creating jobs for low and moderate-income people, strengthening the local tax base, and supporting revitalization efforts that enhance the quality of life in the community. EDF gives priority to assistance for physical improvements in support of economic development and job

creation/retention. Historically, EDF has funded a range of economic and community development projects. More recently, including in FY 2012, program funding is more limited and the following categories of projects will be considered, provided they can document an economic development purpose.

1. Physical Improvements Supporting Downtown and Commercial Center Economic Development

Acquisition, demolition, physical improvements and building rehabilitation or adaptive re-use activities that are clearly linked to economic development and jobs. Priority is given to mixed-use projects located in downtown or commercial center areas. Other physical improvement projects must be located in downtown/commercial center areas, with emphasis on mixed-use development.

Mixed use projects must contain a workforce housing component. The entire building façade must be appropriately addressed, regardless of the portions of the building assisted. A mixed-use project qualifying for residential or commercial and residential EDF assistance will be limited to a maximum grant of $750,000, plus administration costs. Mixed-use project receiving only commercial assistance will be limited to the general EDF project cap of $500,000. For most workforce housing project components, all federal and state grants combined shall not exceed 75 percent of total actual project costs. Housing unit rehabilitation will be limited to a maximum per unit CDBG cost of $125,000. Economic Development Funds may be used alone or in partnership with other CDBG or non-CDBG funding sources to undertake building improvements for mixed-use projects.

2. Planning Projects Supporting Economic Development

Planning studies that if implemented will lead to a project that has an economic development purpose and will meet a national objective. Planning and pre-development studies conducted in advance of site or topic specific CDBG-eligible economic development activities.

- Proposed planning projects must clearly demonstrate that they have:
    - emerged from a, local or regional planning effort (i.e., in addition to the local CDS).
    - a reasonable likelihood of resulting in an identifiable, economic development project that will likely be implemented **within three (3) to five (5) years.**
    - a reasonable likelihood that the implemented project will meet a national objective, with preference for significant LMI/jobs.
    - evidence of support by applicable state and/or regional agencies.

- <u>EDF will not consider</u> planning projects that:
    - appear to be "white elephants" lacking a convincing likelihood of moving forward following the study and of meeting a national objective.
    - might be assumed by the private sector by virtue of superior project location or characteristics.
    - might be better suited for other federal, state, local, quasi-public or private funds,
    - have known or potential, major development obstacles or other issues that could prevent project implementation or achievement of a national objective
    - include architectural or engineering costs – these are considered project costs and are not CDBG-eligible planning activities.

Communities must select consultant(s) for EDF planning activities from DHCD's procured list of eligible consultants. EDF staff reserve the right to seek any/all documentation or verification they deem appropriate to demonstrate project consistency with any of the above requirements.

3. Assistance to Non-Profit Development Organizations (NDOs)

Grant assistance to eligible NDOs to fund the capitalization of small business or microenterprise revolving loan funds (RLFs) and technical assistance or training programs. Microenterprise assistance is limited to commercial enterprises with five or fewer employees, one of whom is the owner. Small business assistance is subject to CDBG appropriate analysis, public benefit and underwriting guidelines, and EDF supplemental documentation. Assisted NDOs must demonstrate capacity, including past experience and performance, for operating small business or microenterprise assistance programs of the type and scale for which they will apply.

DHCD anticipates that $1,200,000 will be available to the Fund during FY 2012: $1,000,000 will be available from the FY 2012 CDBG allocation, which will be supplemented by an estimated $200,000 from revolving loan fund program income that DHCD expects to earn during the program year.

Grant Award Amounts and Requirements

- A community may receive no more than one EDF grant award in any fiscal year.
- In order to receive funding a project or activity must be consistent with the Sustainable Development principles. Guidance on this threshold may be found in Exhibit 6. Public Services activities are exempt from this requirement.
- Grants are based on an 18-month implementation cycle.
- Applications will be accepted on an ongoing basis throughout the year, based on funding availability.
- Grants for rehabilitation or adaptive re-use of mixed-use buildings located in downtown or commercial center areas for commercial and/or housing are limited to $100,000-$750,000 plus administration. Housing unit rehabilitation will be limited to a maximum per unit CDBG cost of $125,000.
- The exterior façade of a mixed-use project must be completed consistent with EDF Program Guidance, Appendix M. Grant assistance for commercial rehabilitation is limited to addressing such improvements, if eligible.
- Grants of up to $50,000 including administration costs, for planning studies which, if implemented, would lead to a project that has an economic development purpose and will meet a national objective.
- All other EDF community grants are limited to $100,000-$500,000 plus administration costs.

Evaluation and Award Criteria for Community Grant Applications

EDF applications will be evaluated according to a two-stage process, which consists of (1) completion of an Application Information Form (AIF) and initial meeting and (2) the application.

(1) <u>AIF/Initial Meeting</u> - The applicant must submit an Application Information Form (AIF), using DHCD's web-based application system, before DHCD will consider an EDF application. Upon receipt and review of the AIF, CDBG staff will schedule, at its discretion, an initial informational meeting between program staff and representative(s) of the municipal government. At its discretion, staff may otherwise inspect the project site, with proper notice if required, at any point in the process.

(2) <u>Application</u> - If the proposed project is considered to be consistent with program requirements, and likely to meet the threshold criteria discussed in Section D: *APPLICANT/PROJECT THRESHOLDS* above, CDBG staff will invite the community to submit an application. If the applicant does not submit an application within three (3) months of the date of the invitation letter, it may be required to submit another AIF and repeat the two-step application process in order for DHCD to further consider the

proposed project. **The three (3) month application deadline may be extended in extenuating circumstances at DHCD's discretion.**

Applications will be reviewed for completeness, documentation of application/project thresholds, and responses to assigned project packet(s) and project-specific questions and comments (project conditions) included in DHCD's letter of invitation. To be considered for funding, a proposed activity must meet all thresholds, and must address all project packet questions and conditions to the satisfaction of DHCD. In the event there are insufficient funds for all eligible applications, DHCD reserves the right to consider EDF applications out of order of receipt based upon a review of the number of jobs to be created or retained, the impact of a project on the local tax base, such as increase in tax revenues, sudden job loss, levels of matching or leveraged funds, or other compelling circumstances.

The EDF program encourages and supports Community Grants projects which, relative to similar past and prospective projects, are compelling in terms of need and impact, do not exhibit complex issues adversely affecting project costs and timelines, include evidence of financial need, and exhibit characteristics that are compatible with the project's surroundings. Additionally, the EDF program will support and encourage mixed-use projects which include evidence of marketability, exhibit a prominent location proximate to traditional downtown activities and appropriate services, and reveal no creditworthiness issues or concerns regarding the sponsor/owner.

(b) Section 108 Loan Guarantees

Description

Section 108 Loan Guarantees allow eligible communities to access federal loan funds for the purpose of aiding revenue-producing development activities. The program provides communities with a source of loan financing for a range of community and economic development activities. Funding is provided to the community to loan to a business or other entity. The Commonwealth guarantees repayment of the HUD loan, and pledges its future CDBG allocation as collateral. Actual funding will be provided through the sale of notes by the federal Department of Housing and Urban Development.

Eligible activities include:

- economic development activities eligible under CDBG (limited to real estate, vs. user projects)
- acquisition of real property;
- rehabilitation of publicly owned real property;
- housing rehabilitation eligible under CDBG;
- construction, reconstruction, or installation of public facilities (including street, sidewalk, and other site improvements);
- related relocation, clearance, and site improvements; and
- payment of interest on the guaranteed loan and issuance costs of public offerings.

As with EDF community grants, assistance to non-profit organizations for public services, capitalization of loan funds or business technical assistance, or direct assistance to individual businesses or other entities for purchase of machinery and capital equipment, working capital and credit refinancing will also not be considered in Section 108.

This year the Commonwealth will pledge up to $10 million in future CDBG allocations in support of these eligible activities.

Grant Award Amounts and Requirements

- The minimum award is $500,000 and the maximum is $5 million. The loan amount will not be included in the $1 million annual limit that grantees may receive from the Commonwealth's annual CDBG allocation.

- Interest rates on interim borrowing are priced at the 90-day London Interbank Offered Rate (LIBOR) + 20 basis points. Permanent financing is pegged to yields on U.S. treasury obligations of similar maturity to the principal amount. A small additional basis point spread, depending on maturity, will be added to the Treasury yield to determine the actual rate.

- In general, awards from the Section 108 Loan cannot exceed 40% of the total project costs. However, DHCD will consider guaranteeing public infrastructure projects to a percentage greater than 40% on a case by case basis;

- Privately owned, non-residential real estate activities where the scope exceeds exterior façade improvements consistent with EDF Program Guidance, Appendix M, must be undertaken as economic development activities and must meet CDBG underwriting criteria. These criteria limit assistance to gap financing, which may be less than the 40% program limit;

- All Section 108 applications must include evidence that the proposed project needs grant assistance to be feasible;

- DHCD is willing to consider phased projects, with the caveat that the time frame for full implementation is a maximum of five years or less;

- DHCD or HUD may disapprove applications, or approve a reduced guarantee or approve the request with conditions, such as but not limited to additional collateral and guarantees depending on the structure of the proposal; and

- Depending on the nature of the project, the community may be required to pledge its full faith and credit.

Evaluation and Award Criteria for Section 108 Applications

Applicants must contact DHCD prior to submission of an application. A two-stage process for evaluating potential applications is in effect, consisting of a preliminary screening and a formal application. Applicants also need to review the evaluation criteria and the review process information found in the Economic Development Fund Application Guidance. Applications will be reviewed on a first come, first served basis, provided that threshold criteria are met and funds are available.

Successful applicants will receive a loan from HUD, but the Commonwealth guarantees the repayment of the loan. The Commonwealth pledges its future CDBG grant funds to repay the federal government should a non-entitlement recipient of a Section 108 Loan default. DHCD will not pledge other collateral of the Commonwealth in support of proposals. Any additional security required by HUD must come from another source.

Project applications must meet all applicable criteria outlined for EDF community grants. However, the format of any final loan application will be determined by HUD.

Active Section 108 Loan Activities

Everett – $1 million Section 108 loan for roadwork (right-of-way & construction) for the Norman St./Internet Dr. intersection and entryway into the Rivers Edge (previously Telecom City) project area. The debt service for years 1-8 (FY 2007 – 2014) will be funded with a $1.2 million Brownfield's Economic Development Initiative (BEDI) grant.

In addition, DHCD and HUD approved the following Section 108 Loan Guarantee project in 2003.

North Adams - Massachusetts Museum of Contemporary Art (MASS MoCA): Approximate $4.3 million loan to partially fund real estate development by the non-profit museum foundation. The $13 million project involves rehabilitation of two buildings. This project is Phase II of the City and MASS MoCA's revitalization plan for one of North Adams' most distressed neighborhoods.

Loan Default

In the event of loan default, DHCD must be prepared to repay the Section 108 loans to HUD out of the Commonwealth's annual CDBG allocation. In addition to a pledge of future CDBG funds, collateral is provided from other sources, and the two noted above will be heavily collateralized with non-CDBG resources. The possibility exists, however, that the loans default and will need to be repaid from the annual allocation. In FY 2012 the potential liability, or repayment total, could be up **to** $330,000 in the event of loan default.

If the loans do not default, or if there is default but the collateral is sufficient to cover the loan repayment (or a portion thereof), then DHCD will reallocate the budgeted default amount among other program components.

Please note that DHCD and HUD scrutinize Section 108 projects very carefully since any loan defaults are guaranteed by future CDBG funds and therefore could significantly affect availability of funds in future years.

6. RESERVES

An initial allocation of $750,000 will be available for the Reserves component. Consistent with *Section E. ALLOCATION OF CDBG FUNDS TO THE COMMONWEALTH*, funds may be recaptured by or returned to DHCD at any time during the program year, or reallocated to and from program components including the Reserves component. This may result in an increase or decrease to the initial allocation.

On occasion applications, or portions thereof, that were not funded during the competitive process may be considered by the Undersecretary of DHCD to be particularly worthy, innovative, or address an overarching local, regional, or statewide need. Such projects may be funded through the Reserves.

Funds may also be made available for projects throughout the program year that are consistent with Massachusetts' CDBG priorities, as outlined in *Section A.*, particularly those that address the Administration's goal of developing and/or preserving affordable workforce housing opportunities.

The application materials for Reserves will provide guidance to potential grantees on how to structure their applications. The Department's interest in providing Reserves funding for projects will be determined by a review of the proposed project to determine consistency with the goals and priorities cited above and that the activity is eligible, feasible and ready to proceed. Once complete, applications will be funded in the order in which they are received.

All Projects funded under Reserves must meet, at a minimum, CDBG national objective and eligibility requirements, applicable rules and regulations, and project feasibility thresholds. Awards are generally limited to a maximum of $750,000. Please contact Leverett Wing, Associate Director of the Division of Community Services, at 617 573-1401 with any inquiries about Reserves.

7. ADMINISTRATION AND TECHNICAL ASSISTANCE BY DHCD

The Commonwealth of Massachusetts uses CDBG funds for administrative costs incurred by DHCD during the operation of the Massachusetts CDBG Program. As allowed by federal statute, this amount will equal two percent (2%) of the entire annual grant allocation, plus $100,000.

An additional one percent (1%) of the allocation will be used for direct technical assistance to eligible municipalities for guidance relating to housing, economic development, including downtown revitalization, community development strategy and plan preparation and use, technical assistance training for non-entitlement communities, fair housing training, and additional assistance determined necessary during the program year.

During this fiscal year DHCD will continue to support and upgrade its software and reporting systems. Technical assistance will be available to communities for downtown revitalization planning activities.

In addition, two percent (2%) of program income generated by state CDBG grantees shall be returned to the Mass CDBG Program on a bi-annual basis.

ONE-YEAR ACTION PLAN FOR FEDERAL FISCAL YEAR 2012

EXHIBITS

1. LIST OF ENTITLEMENT COMMUNITIES IN MASSACHUSETTS
2. MUNICIPALITIES NOT ELIGIBLE TO APPLY TO COMMUNITY DEVELOPMENT FUND (CDF) IN FY 2012
3. COMMUNITY WIDE NEEDS SCORES AND PROGRAM ELIGIBILITY
4. COMMUNITY-WIDE NEEDS INDICATORS
5. SUSTAINABLE DEVELOPMENT PRINCIPLES
6. GUIDANCE ON MEETING THE SUSTAINABLE DEVELOPMENT THRESHOLD
7. MASSACHUSETTS FAIR HOUSING MISSION STATEMENT AND PRINCIPLES

EXHIBIT 1

LIST OF ENTITLEMENT COMMUNITIES IN MASSACHUSETTS
as of Federal Fiscal Year 2012

ARLINGTON
ATTLEBORO
BARNSTABLE
BOSTON
BROCKTON
BROOKLINE
CAMBRIDGE
CHICOPEE
FALL RIVER
FITCHBURG
FRAMINGHAM
GLOUCESTER
HAVERHILL
HOLYOKE
LAWRENCE
LEOMINSTER
LOWELL
LYNN
MALDEN
MEDFORD
NEW BEDFORD
NEWTON
NORTHAMPTON
PEABODY
PITTSFIELD
PLYMOUTH
QUINCY
REVERE
SALEM
SOMERVILLE
SPRINGFIELD
TAUNTON
WALTHAM
WESTFIELD
WEYMOUTH
WORCESTER
YARMOUTH

EXHIBIT 2

MUNICIPALITIES NOT ELIGIBLE TO APPLY TO COMMUNITY DEVELOPMENT FUND (CDF) I AND II IN FY 2012

A Community Development Fund II community that receives an award from the Community Development Fund is precluded from applying to a Community Development Fund program for the following federal fiscal year, except that a community previously awarded funds **solely** for an architectural/engineering design or planning project may apply in the next federal fiscal year for funding to implement the project. However, the maximum grant award for implementation will be reduced by the amount of the previous design or planning grant.

DHCD has identified the following communities as ineligible applicants (except as noted) for Federal Fiscal Year 2012; each may apply again in the fiscal year noted in parentheses:

Ayer	(2013)
Marlborough	(2013)
Southampton	(2013)
South Hadley	(2013)

EXHIBIT 3

PROGRAM ELIGIBILITY AND COMMUNITY-WIDE NEEDS SCORES

City/Town	FY12 CWN Score	Eligible for CDF I	Eligible for CDF II	FY12 Mini-Entitlement
Abington town	26	X	X	
Acton town	16		X	
Acushnet town	24		X	
Adams town	30	X		
Agawam town	25	X	X	
Alford town	18		X	
Amesbury town	29	X		
Amherst town	29			X
Andover town	17		X	
Aquinnah	30	X		
Ashburnham town	27	X		
Ashby town	27	X		
Ashfield town	23		X	
Ashland town	20		X	
Athol town	30	X		
Auburn town	25	X	X	
Avon town	28	X		
Ayer town	28	X		
Barre town	26	X	X	
Becket town	31	X		
Bedford town	15		X	
Belchertown town	25	X	X	
Bellingham town	21		X	
Belmont town	21		X	
Berkley town	20		X	
Berlin town	28	X		
Bernardston town	29	X		
Beverly city	25	X	X	
Billerica town	22		X	
Blackstone town	27	X		
Blandford town	21		X	
Bolton town	18		X	
Bourne town	32	X		
Boxborough town	14		X	
Boxford town	12		X	

Boylston town	20		X	
Braintree town	26	X	X	
Brewster town	26	X	X	
Bridgewater town	20		X	
Brimfield town	25	X	X	
Brookfield town	26	X	X	
Buckland town	28	X		
Burlington town	19		X	
Canton town	21		X	
Carlisle town	16		X	
Carver town	25	X	X	
Charlemont town	31	X		
Charlton town	19		X	
Chatham town	27	X		
Chelmsford town	21		X	
Chelsea city	33			X
Cheshire town	28	X		
Chester town	34	X		
Chesterfield town	33	X		
Chilmark town	26	X	X	
Clarksburg town	28	X		
Clinton town	31	X		
Cohasset town	22		X	
Colrain town	32	X		
Concord town	17		X	
Conway town	21		X	
Cummington town	31	X		
Dalton town	24		X	
Danvers town	28	X		
Dartmouth town	25	X	X	
Dedham town	28	X		
Deerfield town	25	X	X	
Dennis town	30	X		
Dighton town	26	X	X	
Douglas town	21		X	
Dover town	14		X	
Dracut town	24		X	
Dudley town	24		X	
Dunstable town	16		X	
Duxbury town	17		X	
East Bridgewater town	25	X	X	

East Brookfield town	25	X	X	
East Longmeadow town	21		X	
Eastham town	30	X		
Easthampton town	28	X		
Easton town	20		X	
Edgartown town	33	X		
Egremont town	23		X	
Erving town	32	X		
Essex town	29	X		
Everett city	35			X
Fairhaven town	30	X		
Falmouth town	27	X		
Florida town	31	X		
Foxborough town	20		X	
Franklin town	20		X	
Freetown town	21		X	
Gardner city	29			X
Georgetown town	20		X	
Gill town	24		X	
Goshen town	25	X	X	
Gosnold town*	34	X		
Grafton town	25	X	X	
Granby town	24		X	
Granville town	26	X	X	
Great Barrington town	33	X		
Greenfield town	34			X
Groton town	20		X	
Groveland town	21		X	
Hadley town	26	X	X	
Halifax town	26	X	X	
Hamilton town	21		X	
Hampden town	18		X	
Hancock town	25	X	X	
Hanover town	21		X	
Hanson town	21		X	
Hardwick town	30	X		
Harvard town	14		X	
Harwich town	32	X		
Hatfield town	23		X	
Hawley town	33	X		
Heath town*	30	X		

Hingham town	17		X	
Hinsdale town	32	X		
Holbrook town	26	X	X	
Holden town	18		X	
Holland town	27	X		
Holliston town	20		X	
Hopedale town	21		X	
Hopkinton town	14		X	
Hubbardston town	18		X	
Hudson town	25	X	X	
Hull town	29	X		
Huntington town	27	X	X	
Ipswich town	25	X	X	
Kingston town	28	X		
Lakeville town	21		X	
Lancaster town	28	X		
Lanesborough town	27	X		
Lee town	32	X		
Leicester town	22		X	
Lenox town	29	X		
Leverett town	25	X	X	
Lexington town	18		X	
Leyden town	23		X	
Lincoln town	19		X	
Littleton town	21		X	
Longmeadow town	15		X	
Ludlow town	24		X	
Lunenburg town	21		X	
Lynnfield town	15		X	
Manchester town	23		X	
Mansfield town	21		X	
Marblehead town	18		X	
Marion town	25	X	X	
Marlborough city	25	X	X	
Marshfield town	20		X	
Mashpee town	27	X		
Mattapoisett town	25	X	X	
Maynard town	26	X	X	
Medfield town	14		X	
Medway town	20		X	
Melrose city	21		X	

Mendon town	21		X	
Merrimac town	25	X	X	
Methuen town	30	X		
Middleborough town	27	X		
Middlefield town	30	X		
Middleton town	23		X	
Milford town	26	X	X	
Millbury town	26	X	X	
Millis town	20		X	
Millville town	26	X		
Milton town	21		X	
Monroe town	35	X		
Monson town	26	X	X	
Montague town	32	X		
Monterey town	26	X		
Montgomery town	21		X	
Mount Washington town	20		X	
Nahant town	20		X	
Nantucket town	32	X		
Natick town	20		X	
Needham town	17		X	
New Ashford town	18		X	
New Braintree town	30	X		
New Marlborough town	28	X		
New Salem town	25	X	X	
Newbury town	20		X	
Newburyport city	26	X	X	
Norfolk town	14		X	
North Adams city	31			X
North Andover town	20		X	
North Attleborough town	24		X	
North Brookfield town	30	X		
North Reading town	21		X	
Northborough town	21		X	
Northbridge town	26	X	X	
Northfield town	26	X	X	
Norton town	21		X	
Norwell town	20		X	
Norwood town	25	X	X	
Oak Bluffs town	33	X		
Oakham town	19		X	

Orange town	29	X		
Orleans town	27	X		
Otis town	27	X		
Oxford town	25	X	X	
Palmer town	30	X		
Paxton town	18		X	
Pelham town	19		X	
Pembroke town	21		X	
Pepperell town	17		X	
Peru town	30	X		
Petersham town	28	X		
Phillipston town	32	X		
Plainfield town	33	X		
Plainville town	26	X	X	
Plympton town	22		X	
Princeton town	14		X	
Provincetown town	35	X		
Randolph town	25	X	X	
Raynham town	21		X	
Reading town	18		X	
Rehoboth town	21		X	
Richmond town	22		X	
Rochester town	21		X	
Rockland town	30	X		
Rockport town	28	X		
Rowe town	32	X		
Rowley town	21		X	
Royalston town	29	X		
Russell town	32	X		
Rutland town	20		X	
Salisbury town	32	X		
Sandisfield town	26	X	X	
Sandwich town	21		X	
Saugus town	26	X	X	
Savoy town	31	X		
Scituate town	22		X	
Seekonk town	28	X		
Sharon town	16		X	
Sheffield town	31	X		
Shelburne town	31	X		
Sherborn town	16		X	

Shirley town	24		X	
Shrewsbury town	18		X	
Shutesbury town	26	X	X	
Somerset town	26	X	X	
South Hadley town	23		X	
Southampton town	18		X	
Southborough town	16		X	
Southbridge town	30			X
Southwick town	26	X	X	
Spencer town	29	X		
Sterling town	15		X	
Stockbridge town	24		X	
Stoneham town	25	X	X	
Stoughton town	25	X	X	
Stow town	17		X	
Sturbridge town	25	X	X	
Sudbury town	15		X	
Sunderland town	29	X		
Sutton town	20		X	
Swampscott town	23		X	
Swansea town	25	X	X	
Templeton town	29	X		
Tewksbury town	20		X	
Tisbury town	34	X		
Tolland town	25	X	X	
Topsfield town	15		X	
Townsend town	20		X	
Truro town	32	X		
Tyngsborough town	19		X	
Tyringham town	20		X	
Upton town	20		X	
Uxbridge town	23		X	
Wakefield town	21		X	
Wales town	29	X		
Walpole town	20		X	
Ware town	30	X		
Wareham town	32			X
Warren town	30	X		
Warwick town	32	X		
Washington town	25	X	X	
Watertown town	25	X	X	

Wayland town	16		X	
Webster town	29			X
Wellesley town	15		X	
Wellfleet town	32	X		
Wendell town	24		X	
Wenham town	18		X	
West Boylston town	26	X	X	
West Bridgewater town	28	X		
West Brookfield town	25	X	X	
West Newbury town	16		X	
West Springfield town	33			X
West Stockbridge town	27	X		
West Tisbury town	21		X	
Westborough town	18		X	
Westford town	15		X	
Westhampton town	20		X	
Westminster town	25	X	X	
Weston town	15		X	
Westport town	25	X	X	
Westwood town	17		X	
Whately town	25	X	X	
Whitman town	26	X	X	
Wilbraham town	21		X	
Williamsburg town	27	X		
Williamstown town	24		X	
Wilmington town	22		X	
Winchendon town	30	X		
Winchester town	15		X	
Windsor town	25	X	X	
Winthrop town	25	X	X	
Woburn city	28	X		
Worthington town	25	X	X	
Wrentham town	15		X	

EXHIBIT 4

COMMUNITY-WIDE NEEDS INDICATORS

MUNICIPALITY: COUNTY:	_____ 2000(06)_____ Raw Number	Percent	Quartile	Maximum Possible Points	Score
A. INDIVIDUAL FACTORS				21.0	0.00
Low/moderate income persons (US Census, 2000 universe: 0).....	0	0.0	0	17.5	0.00
Unemployment rate (average annual 2010)	0	0.0	0	3.5	0.00
B. COMMUNITY FACTORS				14	0.00
% households w/housing cost burden>=30% of household income (US Census, 2000 universe: 0)	0	0.0	0	5.25	0.00
Total levy per capita, % of per capita income (2011 DOR, US Census estimate, 2000 US Census)	$ 0	0.0	0	5.25	0.00
Units built prior to 1940, % of total units (US Census 2000 universe: 0)	0	0.0	0	3.5	0.00
			A and B	35	

EXHIBIT 5

Sustainable Development Principles

The Commonwealth of Massachusetts shall care for the built and natural environment by promoting sustainable development through integrated energy and environment, housing and economic development, transportation and other policies, programs, investments, and regulations. The Commonwealth will encourage the coordination and cooperation of all agencies, invest public funds wisely in smart growth and equitable development, give priority to investments that will deliver good jobs and good wages, transit access, housing, and open space, in accordance with the following sustainable development principles. Furthermore, the Commonwealth shall seek to advance these principles in partnership with regional and municipal governments, non-profit organizations, business, and other stakeholders.

1. Concentrate Development and Mix Uses

Support the revitalization of city and town centers and neighborhoods by promoting development that is compact, conserves land, protects historic resources, and integrates uses. Encourage remediation and reuse of existing sites, structures, and infrastructure rather than new construction in undeveloped areas. Create pedestrian friendly districts and neighborhoods that mix commercial, civic, cultural, educational, and recreational activities with open spaces and homes.

2. Advance Equity

Promote equitable sharing of the benefits and burdens of development. Provide technical and strategic support for inclusive community planning and decision making to ensure social, economic, and environmental justice. Ensure that the interests of future generations are not compromised by today's decisions.

3. Make Efficient Decisions

Make regulatory and permitting processes for development clear, predictable, coordinated, and timely in accordance with smart growth and environmental stewardship.

4. Protect Land and Ecosystems

Protect and restore environmentally sensitive lands, natural resources, agricultural lands, critical habitats, wetlands and water resources, and cultural and historic landscapes. Increase the quantity, quality and accessibility of open spaces and recreational opportunities.

5. Use Natural Resources Wisely

Construct and promote developments, buildings, and infrastructure that conserve natural resources by reducing waste and pollution through efficient use of land, energy, water, and materials.

6. Expand Housing Opportunities

Support the construction and rehabilitation of homes to meet the needs of people of all abilities, income levels, and household types. Build homes near jobs, transit, and where services are available. Foster the development of housing, particularly multifamily and smaller single-family homes, in a way that is compatible with a community's character and vision and with providing new housing choices for people of all means.

7. Provide Transportation Choice

Maintain and expand transportation options that maximize mobility, reduce congestion, conserve fuel and improve air quality. Prioritize rail, bus, boat, rapid and surface transit, shared-vehicle and shared-ride services, bicycling, and walking. Invest strategically in existing and new passenger and freight transportation infrastructure that supports sound economic development consistent with smart growth objectives.

8. Increase Job and Business Opportunities

Attract businesses and jobs to locations near housing, infrastructure, and transportation options. Promote economic development in industry clusters. Expand access to education, training, and entrepreneurial opportunities. Support the growth of local businesses, including sustainable natural resource-based businesses, such as agriculture, forestry, clean energy technology, and fisheries.

9. Promote Clean Energy

Maximize energy efficiency and renewable energy opportunities. Support energy conservation strategies, local clean power generation, distributed generation technologies, and innovative industries. Reduce greenhouse gas emissions and consumption of fossil fuels.

10. Plan Regionally

Support the development and implementation of local and regional, state and interstate plans that have broad public support and are consistent with these principles. Foster development projects, land and water conservation, transportation and housing that have a regional or multi-community benefit. Consider the long-term costs and benefits to the Commonwealth.

EXHIBIT 6

Guidelines for Project Consistency with the Commonwealth's Sustainable Development Principles

Important choices about where and how Massachusetts will grow are made every day. These decisions have profound implications. While the Commonwealth has made progress, more needs to be done to ensure that the interests of future generations are not compromised by today's decisions.

It will take our cooperative efforts to build a greater quantity and diversity of housing, develop the businesses we need to provide jobs and increase revenue, and do a better job of acting as stewards of our natural resources for future generations. Governor Patrick's administration is interested in working in partnership with the development community and municipalities to improve our conservation and development practices. State policies, programs, and investments must encourage smart growth and development interests and municipalities must do the same. The Commonwealth has established a framework to insure a strong economic future for the state and a high quality of life for its residents by undertaking a comprehensive approach to housing and community investment in a way that respects landscape and natural resources. The administration believes that sustainable development can and should take place in all communities. To be successful, our investments must bring the housing market into equilibrium and enable the state to attract new businesses while making strategic land use choices. In order to achieve our housing and community development goals, we rely on our strategic partners to develop projects that enable us to optimize our limited natural and financial resources.

The administration has refined its 10 Principles of Sustainable Development as a way to articulate and describe this vision to our strategic partners and to guide our investment decisions. Projects seeking funding from DHCD's **Community Development Block Grant (CDBG)** programs must be consistent with the Principles of Sustainable Development in the manner described below. A community development project must adhere to Method 1, Method 2 or Method 3.

Method 1

Be consistent with **Concentrate Development and Mix Uses**. Support the revitalization of city and town centers and neighborhoods by promoting development that is compact, conserves land, protects historic resources, and integrates uses. Encourage reuse and rehabilitation of existing sites, structures, and infrastructure rather than new construction in undeveloped areas. Create pedestrian friendly districts and neighborhoods that mix commercial, civic, cultural, educational, and recreational activities with open space and homes.

In order to demonstrate consistency with this principle for Method 1, a project must:

a. Involve the rehabilitation or redevelopment of, or improvements to, vacant or occupied, existing structures or infrastructure; or

b. If new construction, contribute to the revitalization of a town center or neighborhood and/or be walkable to transit; the downtown; a village center; a school; a multiple activity retail, services or employment center; or be located in a municipally-approved growth center.

Method 2

Be consistent with at least five (5) of the Sustainable Development Principles, of which one must be either **Protect Land and Ecosystems** or **Use Natural Resources Wisely**.

Method 3

IF a housing project involving new construction is sited on municipally owned or municipally provided land, involves municipal funding or is supported by a letter from the chief elected official of the municipality at the time of Project Eligibility or an application for funding, only four (4) of the Principles must be met, of which one must be **Concentrate Development and Mix Uses, Protect Land and Ecosystems** or **Use Natural Resources Wisely**. See Further Guidance below for examples of ways in which a project can be consistent with **Concentrate Development and Mix Uses** beyond the characteristics used in Method 1.

Further Guidance

Each Principle is listed below with examples of ways projects may demonstrate consistency. Projects need to satisfy only one of the examples, not all those listed; other ways to satisfy the Principles will also be considered.

Concentrate Development and Mix Uses: Support development that is compact, conserves land, integrates uses, and fosters a sense of place. Create walkable districts mixing commercial, civic, cultural, educational and recreational activities with open space and housing for diverse communities.

Examples of ways to demonstrate consistency:
- The project creates or supports mixed use.
- The project rehabilitates or redevelops existing structures or infrastructure.
- The project involves new construction that contributes to town or center revitalization.
- The project is at a higher density than the surrounding area.
- The project mixes uses or adds new uses to an existing neighborhood.
- The project produces multi-family housing.
- The project utilizes existing water and/or sewer infrastructure.
- The project is compact and/or clustered so as to preserve undeveloped land.

Advance Equity: Promote equitable sharing of the benefits and burdens of development. Provide technical and strategic support for inclusive community planning to ensure social, economic, and environmental justice. Ensure that the interests of future generations are not compromised by today's decisions.

Examples of ways to demonstrate consistency:
 The project involves a concerted public participation effort (beyond the minimally required public hearing), including the involvement of community members, residents of the development and/or key stakeholders in the planning and design of the project.
 The project conforms to Universal Design standards and/or incorporates features that allow for "visitability".
 The project creates affordable housing in a neighborhood or community whose residents are predominantly middle to upper income and/or meets a regional need.
 The project targets a high-poverty area and makes available affordable homeownership and rental opportunities.
 The project promotes diversity and social equity and improves the neighborhood.

Make Efficient Decisions: Make regulatory and permitting processes for development clear, transparent, cost-effective, and oriented to encourage smart growth and regional equity.

 The project involves a streamlined permitting process, such as found in Ch. 40B, 40R or 43D.

Protect Land and Ecosystems: Protect and restore environmentally sensitive lands, natural resources, agricultural lands, critical habitats, wetlands and water resources, and cultural and historic landscapes. Increase the quantity, quality and accessibility of open spaces and recreational opportunities.

Examples of ways to demonstrate consistency:
 The project involves the creation or preservation of open space or passive recreational facilities.
 The project protects sensitive land, including prime agricultural land, and/or resources from development.
 The project involves environmental remediation or clean up.
 The project is part of the response to a state or federal mandate (e.g., clean drinking water, drainage).
 The project eliminates/reduces neighborhood blight.
 The project addresses a public health and safety risk.
 The project significantly enhances an existing community or neighborhood by restoring an historic landscape.

Use Natural Resources Wisely: Construct and promote developments, buildings, and infrastructure that conserve natural resources by reducing waste and pollution through efficient use of land, energy, water, and materials.

Examples of ways to demonstrate consistency:
 The project uses alternative technologies for water and/or wastewater treatment that result in land or water conservation.
 The project uses low impact development (LID) or other innovative techniques for storm water management that result in land or water conservation.
 The project repairs or rehabilitates sewer or water infrastructure to conserve resources.

Expand Housing Opportunities: Support the construction and rehabilitation of homes to meet the needs of people of all abilities, income levels, and household types. Build homes near jobs, transit, and where services are available. Foster the development of housing, particularly multifamily and smaller single-family homes, in a way that is compatible with a community's character and vision and with providing new housing choices for people of all means.

Examples of ways to demonstrate consistency:
 The project increases the number of rental units available to residents of the Commonwealth, including low- or moderate-income households.
 The project increases the number of homeownership units available to residents of the Commonwealth, including low- or moderate-income households.
 The project increases the number of housing options for special needs populations and people with disabilities.
 The project expands the term of affordability

Provide Transportation Choice: Maintain and expand transportation options that maximize mobility, reduce congestion, conserve fuel and improve air quality. Prioritize rail, bus, boat, rapid and surface transit, shared-vehicle and shared-ride services, bicycling, and walking. Invest strategically in existing and new passenger and freight transportation infrastructure that supports sound economic development consistent with smart growth objectives.

Examples of ways to demonstrate consistency:
 The project is walkable to public transportation.
 The project reduces dependence on private automobiles (e.g., provides previously unavailable shared transportation (such as Zip Car or shuttle buses).
 The project reduces dependence on automobiles by providing increased pedestrian and bicycle access.
 For rural areas, the project is located in close proximity (i.e., approximately 1 mile) to a transportation corridor that provides employment centers, retail/commercial centers, civic or cultural destinations.

Increase Job and Business Opportunities: Attract businesses and jobs to locations near housing, infrastructure, and transportation options. Promote economic development in industry clusters. Expand access to education, training, and entrepreneurial opportunities. Support the growth of local businesses, including sustainable natural resource-based businesses, such as agriculture, forestry, clean energy technology, and fisheries.

Examples of ways to demonstrate consistency:
 The project creates or retains permanent jobs.
 The project creates or retains permanent jobs for low- or moderate-income persons.
 The project locates jobs near housing, service or transit.
 The project supports natural resource-based businesses, such as farming, forestry, or aquaculture.
 The project involves the manufacture of resource-efficient materials, such as recycled or low toxicity materials.

 The project supports businesses which utilize locally produced resources such as locally harvested wood or agricultural products.

Promote Clean Energy: Maximize energy efficiency and renewable energy opportunities. Support energy conservation strategies, local clean power generation, distributed generation technologies, and innovative industries. Reduce greenhouse gas emissions and consumption of fossil fuels.

Examples of ways to demonstrate consistency:
 The project complies with EPA's Energy Star guidelines or with a similar system.
 The project uses a renewable energy source, recycled and/or non-/low-toxic materials, exceeds the state energy code, is configured to optimize solar access, and/or otherwise results in waste reduction and conservation of resources.
 The project reuses or recycles materials from a local or regional industry's waste stream.

Plan Regionally: Support the development and implementation of local and regional, state and interstate plans that have broad public support and are consistent with these principles. Foster development projects, land and water conservation, transportation and housing that have a regional or multi-community benefit. Consider the long-term costs and benefits to the Commonwealth.

Examples of ways to demonstrate consistency:
 The project is consistent with a municipally supported regional plan that identifies sub region, area or location, and the number and type of housing units or jobs needed.
 The project addresses at least one of the barriers identified in a regional Analysis of Impediments to Fair Housing.
 The project has a measurable public benefit beyond the applicant community.

NOTES:

Projects that entirely serve to eliminate a public health or safety risk (e.g., demolition of a blighted structure) are exempt from the Sustainable Development threshold. In addition, CDBG-funded Public Social Service and business assistance for projects not requiring construction are also exempt. Projects seeking funding from the state's community development programs remain subject to the specific programmatic requirements. Similarly, projects proposed under c. 40B are governed by MGL c. 40B Sections 20-23, and applicable regulations, as well as all Fair Housing Laws. Projects should also demonstrate consistency with the Commonwealth's Fair Housing Principles, attached at the end of this document.

EXHIBIT 7

Massachusetts Fair Housing Mission Statement and Principles

The mission of DHCD through its programs and partnerships is to be a leader in creating housing choice and providing opportunities for inclusive patterns of housing occupancy to all residents of the Commonwealth, regardless of income, race, religious creed, color, national origin, sex, sexual orientation, age, ancestry, familial status, veteran status, or physical or mental impairment.

It shall be our objective to ensure that new and ongoing programs and policies affirmatively advance fair housing, promote equity, and maximize choice. In order to achieve our objective, we shall be guided by the following principles:

1. **Encourage Equity.** Support public and private housing and community investment proposals that promote equality and opportunity for all residents of the Commonwealth. Increase diversity and bridge differences among residents regardless of race, disability, social, economic, educational, or cultural background, and provide integrated social, educational, and recreational experiences.

2. **Be Affirmative**. Direct resources to promote the goals of fair housing. Educate all housing partners of their responsibilities under the law and how to meet this important state and federal mandate**.**

3. **Promote Housing Choice.** Create quality affordable housing opportunities that are geographically and architecturally accessible to all residents of the commonwealth. Establish policies and mechanisms to ensure fair housing practices in all aspects of marketing.

4. **Enhance Mobility.** Enable all residents to make informed choices about the range of communities in which to live. Target high-poverty areas and provide information and assistance to residents with respect to availability of affordable homeownership and rental opportunities throughout Massachusetts and how to access them.

5. **Promote Greater Opportunity.** Utilize resources to stimulate private investment that will create diverse communities that are positive, desirable destinations. Foster neighborhoods that will improve the quality of life for existing residents. Make each community a place where any resident could choose to live, regardless of income.

6. **Reduce Concentrations of Poverty.** Ensure an equitable geographic distribution of housing and community development resources. Coordinate allocation of housing resources with employment opportunities, as well as availability of public transportation and services.

7. **Preserve and Produce Affordable Housing Choices.** Encourage and support rehabilitation of existing affordable housing while ensuring that investment in new housing promotes diversity, and economic, educational, and social opportunity. Make housing preservation and production investments that will create a path to social and economic mobility.

8. **Balance Housing Needs.** Coordinate the allocation of resources to address local and regional housing need, as identified by state and community stakeholders. Ensure that affordable housing preservation and production initiatives and investment of other housing resources promote diversity and social equity and improve neighborhoods while limiting displacement of current residents.

9. **Measure Outcomes.** Collect and analyze data on households throughout the housing delivery system, including the number of applicants and households served. Utilize data to assess the fair housing impact of housing policies and their effect over time, and to guide future housing development policies.

10. **Rigorously Enforce All Fair Housing and Anti-Discrimination Laws and Policies.** Direct resources only to projects that adhere to the spirit, intent, and letter of applicable fair housing laws, civil rights laws, disability laws, and architectural accessibility laws. Ensure that policies allow resources to be invested only in projects that are wholly compliant with such laws.

Appendix C: Fair Housing Update

Fair housing is embedded in all the state's housing programs and activities. Massachusetts' fair housing policy is expressed through the Fair Housing Mission Statement and Principles. The Analysis of Impediments to Fair Housing Choice (AI), completed in 2007 is available at http://www.mass.gov/hed/economic/eohed/dhcd/legal/fair-housing-and-civil-rights-information.html. A Fair Housing Advisory Committee, comprised of fair housing advocates, representatives of quasi-public state agencies, and state and local enforcement agencies, assisted with development of the AI and continues to provide input to DHCD. The committee has recently focused on methods for furthering fair housing education and outreach; evaluating current local selection practices; promoting universal design and visitability; increasing community accountability for exclusionary practices; and improving housing access for residents with limited English proficiency.

With the committee's input, DHCD released its Affirmative Fair Housing and Civil Rights Policy in 2009. Available at: http://www.mass.gov/hed/docs/dhcd/hd/fair/affirmativefairhousingp.pdf , the Policy consists of the following components: legal context; policy goals; implementation methods for leveraging financial resources to further fair housing, including fair housing evaluation criteria for discretionary funding of project sponsors/developers and municipalities, and promoting access through a diversity of housing types for families with children and persons with disabilities; broadening access for persons of limited English proficiency; and affirmative fair housing initiatives. Full implementation of the policies and detailed action steps is expected to take several years, but current initiatives and key objectives for the 2010-2014 period can be found in the Consolidated Plan.
During the 2012 calendar year, DHCD will be conducting an update of its Analysis of Impediments to Fair Housing Choice, which will include reconvening its Fair Housing Advisory Panel.

Key Fair Housing Activities and Initiatives Undertaken in 2010 and 2011:

- *Notices and Trainings on Reasonable Accommodations/Modifications and Program Access for Persons with Disabilities*
    - Issued public notices to Local Housing Authorities and Regional Non-Profits regarding reasonable accommodations/modifications, program access, and other disability-related issues in state-aided public housing and state rental assistance programs.
    - Conducted trainings on providing reasonable accommodations/modifications and access for persons with disabilities in state-aided public housing.
- *Accessibility Technical Assistance and Evaluation Tools for Local Housing Authorities:*
    - Engaged a consultant to provide a Self-Evaluation/Transition Guide and to assist with improving capital planning tools and materials for Local Housing Authorities in assessing barriers to accessibility. [8]

[8] *ADA/504 Self Evaluation and Transition Plan Guide*, prepared by Kessler McGuinness and Associates (October 2010).

- Updated capital planning tools and materials, as well as planning for additional technical assistance and trainings.

- *Data Collection and Opportunity Areas:*

  - Continued annual Data Collection efforts.
  - Worked collaboratively to provide data for the report by Action for Regional Equity, analyzing DHCD's 2008 data collection results in conjunction with opportunity area data identified and utilized by the Kirwan Institute. The final Action for Regional Equity report, with Nancy McArdle as its primary author, is entitled, "State Housing and rental Assistance in Massachusetts: Who Is Served and Where." (May 2010).[9]
  - Convened a fair housing roundtable to discuss "area of opportunity" indicators and policy implications.
  - In 2011, DHCD compiled 2010 data according to the "opportunity area" designations that were created for the Action for Regional Equity Report and a follow-up research project. DHCD compiled data so that racial/ethnic participation in state assisted housing in communities designated as "urban" or "non-urban" and then as "higher," "moderate," or "lower" opportunity areas could be examined at the county level. DHCD intends to discuss these results, as well as other analyses based on data reporting results, in its Analysis of Impediments to Fair Housing Choice that it will begin updating in 2012.
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- *Limited English Proficiency: Among the steps DHCD is taking are the following:*

  - Finalized Language Access Plan ("LAP") and posted online June 2010 (updated December 2010) http://www.mass.gov/hed/docs/dhcd/hd/fair/languageaccessplan.pdf
  - Completed DHCD all staff protocols for utilizing interpreter (over-the-phone interpretation ("OPI") and in-person) and translation services.
  - Translated key phrases for inclusion in notices and/or documents to notify persons with LEP of important and legal documents and the right to free language assistance.
  - Continuing translation of vital DHCD program documents.
  - Conducted initial meetings with the quasi-public housing agencies as well as advocates on implementation strategies.
  - Participated in the Commonwealth's Office of Access and Opportunity Inter-Agency Language Access Working Group consistent with the New Americans Agenda.
  - Conducting and planning further outreach on language access obligations, including for entities administering DHCD programs and other constituencies.

- *Evaluation of Local Preference*:

  - With MHP, DHCD engaged a consultant to examine the use and impact of local preference policies in Massachusetts in connection with access to affordable housing. The final report is entitled "Local Preference: Assessment of Use and Impact on Fair Housing within Massachusetts' Affordable Housing Developments" (December 2010). The study primarily examined the level of participation by racial and ethnic minority households through a sample of state-assisted affordable housing

[9] http://actionma.org/wp-content/uploads/2011/01/State-Assisted-Housing_in_Massachusetts.pdf .

developments in comparison to the racial and ethnic makeup of the community and region of such developments. The report found that minority participation was strong overall and did not conclude a disparate impact on minority groups.

Measurable Objectives for 2010-2014

Based upon the initiatives discussed above, the following is a listing of key DHCD objectives that are measurable in nature:

- The number of accessible units for persons with disabilities in state assisted housing
- The number of projects incorporating features of Universal Design or Visitability in state assisted housing
- The number of projects receiving state funding for development or substantial rehabilitation in "areas of opportunity"
- The number of "opportunity area" communities or communities undergoing significant revitalization or improvements to fair housing access that receive DHCD discretionary funding
- The number of translations of DHCD vital program documents
- The number of New Americans Agenda recommendations implemented
- The increase in representation of racial and ethnic minorities in communities with state assisted housing across the Commonwealth that are currently under-represented by minorities

It is DHCD's intention to continue to leverage all opportunities to increase awareness of, compliance with and furtherance of fair housing in the Commonwealth throughout the Con Plan period. The Agency will continue to report on its accomplishments, goals, and action steps as part of the consolidated planning process, including through the annual Action Plan and future updates to the Analysis of Impediments to Fair Housing Choice. DHCD will maintain its relationship with the Fair Housing Advisory Panel to provide progress updates, receive feedback, and to discuss potential future initiatives. Additionally, DHCD's commitment to civil rights extends beyond housing. Under its community development programs, civil rights obligations such as providing reasonable accommodations for persons with disabilities, providing access to persons with limited English proficiency, and otherwise ensuring non-discrimination against protected classes of persons also apply. Furthermore, DHCD aims to promote open and diverse communities and thereby foster equal opportunity and enjoyment of civil rights in various aspects of life for residents across the Commonwealth.

Appendix D: Methodology

The FY 2012 Action Plan is substantially based on the objectives and strategies identified in the 2010 – 2014 Consolidated Plan ("five year plan") submitted to the U.S. Department of Housing and Urban Development (HUD) in May 2010. Representatives from each of the four covered programs reviewed and updated the information from the five year plan to ensure that the FY 2012 Action Plan reflects any and all changes that have occurred during the past year. In addition, a variety of state agencies, quasi-governmental bodies and other organizations contributed to the completion of the FY 2012 Action Plan by reporting on the funding levels and program activities for both new and ongoing initiatives.

Appendix E: Action Plan Certifications

In the printed version of this document, Appendix E includes the following application and certifications, required by HUD:

- SF-424, Application for Federal Assistance
- General State Certification
- Specific CDBG Certification
- Specific HOME certification
- ESG Certification
- HOPWA Certification