



Commonwealth of Massachusetts  
**DEPARTMENT OF HOUSING &  
COMMUNITY DEVELOPMENT**

Charles D. Baker, Governor ♦ Karyn E. Polito, Lt. Governor ♦ Chrystal Kornegay, Undersecretary

## **Public Housing Notice 2015-29**

To: All Local Housing Authority Executive Directors

From: Sarah Glassman, Associate Director, Division of Public Housing & Rental Assistance

Subject: New Mixed-Income Community Demonstration Program

Date: November 13, 2015

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### **NOTICE OF FUNDING AVAILABILITY**

#### **STATE-AIDED PUBLIC HOUSING MIXED-INCOME COMMUNITY DEMONSTRATION**

##### **I. PROGRAM DESCRIPTION AND GOALS**

This Demonstration Program (the Program) will provide up to a total of \$1 million in planning and pre-development funding to Local Housing Authorities (LHAs) interested in partnering with a developer to pursue mixed-income redevelopment of their state-aided public housing portfolio. The goal of the Program is to increase the overall stock of rental housing in the Commonwealth, while leveraging the resources generated by development of new moderate- and market-rate housing to repair and preserve public housing. Priority will be given to applicants who can best demonstrate the feasibility of a proposed mixed-income redevelopment. In subsequent years, DHCD may make funds available through its bond allocation to cover a portion of design and construction costs for projects that are shown through the Demonstration grants to be financially feasible and cost-effective. The Department considers a project cost-effective that does not rely on existing affordable housing resources and has a total development cost per unit that reflects the market in which it is located.

##### **II. AWARD AMOUNT AND USE OF FUNDS**

The amount of funds awarded will be commensurate with the proposed grant activities and the anticipated impact of these activities on housing production and preservation. Grants generally will not exceed \$200,000. However, larger funding awards will be considered for projects of exceptional merit and complexity. All funding requests must be supported by a line-item budget (see attached application for details). Applicants will be required to demonstrate that all funds have been expended for their intended purpose, through submission of invoices and other supporting documentation.

DHCD will give consideration in awarding funds to geographic distribution of assistance. DHCD will also give consideration to an Applicant's prior performance on other DHCD-awarded grants.

### III. ELIGIBLE ACTIVITIES

Funding is available for a broad range of predevelopment activities leading to the development of new affordable and/or market-rate units on existing public housing sites and other LHA-owned land, as well as rehabilitation and preservation of existing public housing units (Chapter 200, 667, 705 units only). Eligible activities include, but are not limited to:

- Site assessment, including environmental and engineering evaluations.
- Site survey
- Engagement of the city/town and other municipal stakeholders in planning and permitting processes
- A comprehensive community engagement process that includes LHA residents
- Market study of units in the locality of similar size, including market rate rental cost analysis and vacancy rates
- Financing plan
- Development of design documents (only after DHCD approves initial project feasibility)
- Site preparation
- Zoning/title review

### IV. ELIGIBLE APPLICANTS

Eligible applicants are LHAs that:

- Are in compliance with their obligations under all Contracts for Financial Assistance with DHCD;
- Have procured, pursuant to a c. 30B-compliant RFP or RFQ process, a developer with demonstrated success in developing/serving mixed income communities including a significant market rate tier (see Section VI) that has entered into a written Memorandum of Understanding with the LHA and that joins in the application as a Co-Applicant.  
**Note: LHAs interested in pursuing funding should prepare to begin a procurement process for a developer if they have not already done so. A "Draft Developer RFP for Mixed Income Program" is under development by DHCD and will be released shortly (Attachment E – to come);**
- Are located in strong housing market municipalities; and
- Are proposing to improve the condition of their elderly or family state-aided public housing.

***PLEASE NOTE: In order to be considered for an award, applying LHAs must be up to date with all DHCD reporting, capital planning, and certification requirements. See Public Housing Notice 2013-11***

## V. APPLICATION EVALUATION CRITERIA

Applications will be reviewed to determine overall consistency with the goals of the program and with DHCD goals and objectives. Applications will only be scored if they meet the following criteria:

### Minimum Threshold Criteria

- Completed Application, including all supporting attachments,
- Development team includes a Co-Applicant selected using the attached Draft Developer RFP for Mixed Income Program and the criteria therein (Attachment E) or a substantially similar RFP. Developer must have at least fifteen years of experience in housing development utilizing multiple financing sources and have developed and managed at least two mixed-income housing development projects, of at least one hundred units each, which have a significant proportion of market-rate units.

### Comparative Evaluation Scoring Criteria

Applications will be evaluated to determine how well the proposed activities meet program requirements and priorities in the areas below. Please respond thoroughly to the Application Questions included in this NOFA. An application can score a maximum of 100 points, based on the following criteria:

<b>1. Overall project plan (10 points):</b> Extent to which the project demonstrates vision, reasonable scope, and alignment of non-public housing units with demonstrated local/regional housing needs. Strength of development team. Extent to which project is consistent with the Commonwealth's Sustainable Development Principles (Attachment A) and DHCD's Fair Housing Principles (Attachment B).
<b>2. Housing production impact (15 points):</b> Extent to which project demonstrates ability to increase site density and add a significant number of non-public housing units.
<b>3. Capital and/or Operating Leverage (35 points):</b> Extent to which market rate portion of the project can leverage capital and/or operating funds for the preservation and ongoing operations of public housing. Extent to which the proposal's feasibility requires relatively little or no need for state capital resources including Low Income Housing Tax Credits, and little or no need for additional state operating resources beyond those currently provided to the development.
<b>4. Project feasibility (30 points):</b> Extent to which the market analysis demonstrates that the market rents and/or sales prices exceed the estimated cost of developing and operating the market units. Extent to which the scope and cost of the improvements to the public housing units are reasonable, taking into account the available private and public resources. Likelihood that completion of Demonstration Grant-funded activities will lead to project ground-breaking within the following two years.
<b>5. Community Factors (10 points):</b> Extent of previous efforts to foster community support for multi-family housing development and/or evidence of current local financial, zoning and/or political support for the proposed project. Extent of efforts to engage existing residents in the planning for and design of the project. Would this include a plan for engagement of existing residents? If so, we should spell it out.

## VI. APPLICATION PROCESS

1. Applications are due by 4:00 PM on Friday, February 26, 2016
2. Submit an electronic copy of the application to: [paul.mcpartland@state.ma.us](mailto:paul.mcpartland@state.ma.us)
3. In addition to the electronic copy, LHAs must also submit three paper copies, including all required attachments. The paper copies must be sent via US mail or other delivery service to:

MA Department of Housing and Community Development  
100 Cambridge Street, Suite 300  
Boston, MA 02114  
Attention: Paul McPartland

An emailed application will not be considered complete until the paper copies with the original signatures is received. Fax copies of the application will not be accepted.

4. **BIDDER'S CONFERENCE:** DHCD will host a bidder's conference on Tuesday, December 1, 2015 at 11 a.m. at its offices at 100 Cambridge Street in the 3<sup>rd</sup> Floor conference room F. DHCD's chief counsel and program staff will be available to answer questions about the program, including questions on possible ownership structures. Please RSVP by email to Paul McPartland if you plan to attend (contact information above). Submission of written questions in advance of the bidder's conference is strongly encouraged, and should also be done by email to Mr. McPartland, but is not required.
5. All other inquiries regarding this RFP should be made via e-mail and directed to: Paul McPartland at [paul.mcpartland@state.ma.us](mailto:paul.mcpartland@state.ma.us) no later than 4:00 p.m., February 12, 2016. Inquiries should have a subject line entitled: "Mixed Income NOFA Inquiry". Any inquiries after such date will not be accepted. All inquiries and responses will be shared with all proposers on a regular basis during this RFP process.
6. LHAs must also submit supporting documentation to verify information set forth in the narrative application. The extent to which an application provides such verifying documentation, and its quality, will be taken into account in scoring.
7. It is the responsibility of the applicant to ensure that its application is received by DHCD. All applications will be logged as to date and time received and kept on file as public record.
8. DHCD reserves the right to request additional information from the applicant or external sources as may be necessary in order to complete the application review

9. DHCD anticipates announcing awards in April 2016

ATTACHMENTS:

Attachment A – Commonwealth’s Sustainable Development Principles

Attachment B – DHCD’s Fair Housing Principles

Attachment C – Application Cover Sheet form

Attachment D – Template Memorandum of Understanding

Attachment E – Draft Developer RFP for Mixed Income Program (**under development; to be provided shortly**)

## **Application Questions**

*Please attach thorough and concise narrative responses to each question*

1. Overall Project Plan:
  - a. Provide a summary of the proposed mixed-income redevelopment project and the capacity of the development team, including but not limited to:
    - i. What type of public housing (Chapter 200, 667, 705), and how many units currently exist at the site?
    - ii. How many units of new housing do you expect to create, and what income levels and target populations do you expect to serve?
    - iii. Do you anticipate infill development, demolition/new construction, or a combination of both?
    - iv. Provide two site plans: one illustrating the current layout of the development and one with the proposed layout of the redeveloped site.
    - v. What progress has been made to date in advancing this project - studies, designs, financial analyses, etc?
    - vi. What specific planning and pre-development activities will Demonstration grant funds support? Describe how these activities will enable the project to move to construction within two years.
    - vii. Describe the capacity of the developer Co-Applicant and its past experience and success with developing/serving mixed-finance and mixed income communities that include a state or federal public housing component, a significant affordable housing tier under 50% of AMI and a significant market rate tier.
    - viii. Describe the proposed roles for the LHA and the developer Co-Applicant in the redevelopment project and the proposed ownership structure.
  - b. Based on your experience and available data, what are the greatest unmet housing needs in your community and region?
    - i. Please analyze as feasible by type of housing, location, demographic groups served, accessibility, household size, and any other relevant factors.
    - ii. How will the proposed project meet these needs?
  - c. Description of how the proposed project is consistent with the Commonwealth's Sustainable Development Principles.
  - d. Description of how the proposed project is consistent with DHCD's Fair Housing Principles.
  - e. Description of how any proposed sale or lease of land and/or buildings and the proposed ownership structure for the new development will be consistent with any State laws applicable to disposition of real property by an LHA, including M.G.L. c. 30B and M.G.L. c. 121B.

2. Housing Production Impact:
  - a. Provide an analysis of existing and projected site density, and the factors underlying the proposed number and configuration of units.
  - b. Describe any anticipated zoning or other regulatory approvals needed to increase site density.
3. Capital and/or Operating Leverage:
  - a. Describe the capital and/or operating funding from non-public housing units expected to be available to support rehabilitation and/or ongoing operations for the public housing units.
  - b. What other resources do you anticipate will be needed to make this project a reality?
4. Project Feasibility
  - a. Provide a market analysis demonstrating that the market rents and/or sales prices exceed the estimated cost of developing and operating the market units.
  - b. Describe the scope and cost of the capital needs of the existing public housing units that you will address as part of the proposed project.
  - c. Provide a development budget for the project.
  - d. Provide a proposed operating budget for the completed project
  - e. Provide a realistic project development schedule with key development milestones that demonstrates the likelihood that completion of Demonstration Grant-funded activities will lead to project ground-breaking within the following two years.
  - f. Describe any potential barriers (community, environmental, financial, etc.) to moving the project forward, and your plans to address them.
5. Community Factors:
  - a. Is the community supportive of this project? Please attach evidence such as current local financial, zoning and/or political support for the proposed project. If available, provide evidence of community support for the development of multi-family housing development. Please describe the process you intend to undertake to engage residents in the design of and planning for the project.

### **Additional Required Attachments**

1. Executed Application Cover Sheet
2. Market Analysis
3. Site plan of the proposed site, clearly showing layout of existing units
4. Site plan showing proposed layout of redevelopment project
5. Photos of typical unit and site.
6. Project Development Budget
7. Project Development Schedule
8. Proposed Operating Budget

9. Copy of RFP used to select Developer Co-Applicant (based on Attachment E), and any addenda and attachments thereto
10. Copy of selected Developer's response to RFP
11. Memorandum of Understanding with the Developer Co-Applicant.
12. A board vote of application approval, as evidenced by a certified extract from the minutes of the board meeting.
13. A letter from the head of the tenant organization(s) or representative of tenants that demonstrates evidence of compliance with tenant participation regulations (760 CMR 11.10) If no letter can be obtained, then the LHA director may instead submit a letter certifying that tenants were involved in setting the needs and priorities of the application.





I approve submission of this application.

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Signature of LHA Executive Director

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Name (print)

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Date

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Signature of Developer Co-Applicant

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Name (print)

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Title

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Date

ATTACHMENT D

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding is entered into as of the \_\_\_ day of \_\_\_\_\_, 20\_\_ by and between \_\_\_\_\_ Housing Authority, a body politic and corporate having an address of \_\_\_\_\_, Massachusetts ( “Authority”), and \_\_\_\_\_ [developer], a \_\_\_\_\_ [state] \_\_\_\_\_ [type of entity] having an address at \_\_\_\_\_ (“Developer”) in connection with the proposed redevelopment of the \_\_\_\_\_ state-aided public housing development [and other land of the Authority] in \_\_\_\_\_, Massachusetts.

RECITALS

- A. Authority is the owner of the \_\_\_\_\_ state-aided public housing development (the “Existing Development”), and is submitting an application (the “Application”) to the Massachusetts Department of Housing and Community Development (“DHCD”) for a demonstration grant (the “Grant”) in accordance with the November, 2015 Notice of Funding Availability for DHCD’s State-Aided Public Housing Mixed-Income Community Demonstration Program (the “NOFA”).
- B. Developer is a real estate developer with expertise in developing and operating mixed-income multifamily housing communities that include a significant market rate tier.
- C. Following a procurement in accordance with M.G.L. c. 30B, Authority has selected Developer to partner with it in carrying out a comprehensive local planning process and developing a plan for a mixed-income development project involving the development of new affordable and/or market-rate units at the Existing Development and/or other Authority-owned land, as well as rehabilitation and preservation of existing public housing units at the Existing Development (collectively, the “Redevelopment Project”).
- D. Pursuant to the NOFA, Authority will serve as the Applicant for the Grant and Developer will serve as Co-Applicant for the Grant. Other parties will play additional roles as principal team members, which roles are further addressed in the Application.

AGREEMENT

- 1. Commitment to Work Collaboratively. Authority and Developer each commit to work collaboratively throughout the entirety of the Grant.
- 2. Co-Applicant Liability. Developer, as Co-Applicant, agrees that it will be jointly and severally liable with Authority, as Lead Applicant, for performance of the Grant.
- 3. Legal Contract Requirement. The parties acknowledge that, should the Application be successful under the NOFA, as a condition of funding DHCD will require a legal contract detailing specific roles and responsibilities consistent with the description of roles and

responsibilities attached as Exhibit A. Each party commits to negotiating such contract in a manner consistent with this MOU and the requirements of DHCD. The parties more particularly agree that any Master Development Agreement or Development Agreement(s) must be negotiated and executed in accordance with any applicable procurement standards and must be submitted to DHCD for its approval prior to advance of any funds under the Grant.

4. Commitment to Redevelopment. Authority and Developer acknowledge that they each:
  - a. Have reviewed the NOFA and any related guidance from DHCD;
  - b. Have participated in preparation of the Application and any related materials and submissions, and
  - c. Are fully committed to the goals and requirements of the NOFA and the Application.
  
5. Incorporation of Application. The parties agree that, in addition to the summary attached to this MOU as Exhibit A, their respective responsibilities and relationships are further detailed in the Application, which is incorporated in this MOU by reference.
  
6. Incorporation of NOFA Requirements. The parties are entering into this MOU in furtherance of the Application, and as required by the NOFA. The parties intend that this MOU shall conform to and satisfy all requirements of the NOFA. In the event of any inconsistency between any NOFA requirement and the provisions of this MOU, or in the event of a failure to include a provision necessary to satisfy such NOFA requirements, then this MOU shall be construed to incorporate a provision satisfying such NOFA requirements and (while not required) the parties agree to amend this MOU as necessary.

[signatures on next page]

IN WITNESS WHEREOF, the parties have duly executed this Memorandum of Understanding, which may be executed in multiple counterparts, on or as of the date first written above.

AUTHORITY: \_\_\_\_\_ HOUSING AUTHORITY

By: \_\_\_\_\_

Name:

Title:

Authorized by Authority Resolution No. \_\_\_\_\_  
adopted \_\_\_\_\_ (attach copy)

DEVELOPER: [\_\_\_\_\_]

By: \_\_\_\_\_

Name:

Title:

## Exhibit A

### Roles and Responsibilities

[Provide a detailed summary of the proposed roles and responsibilities of the Authority, the Developer, and any other principal team members. This summary should also describe the proposed ownership structure of any owner entity(ies) that will own and operate one or more housing developments as part of the Redevelopment Project, and the anticipated decision-making authority of team members in each such entity.]