



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

Deval L. Patrick, Governor ♦ Aaron Gornstein, Undersecretary

Public Housing Notice 2013-28

To: All Local Housing Authority Executive Directors

From: Lizbeth Heyer

Re: c. 705/c.689/c.167 Public Housing Disposition Initiative – Request for Responses

Date: November 15, 2013

DHCD is seeking applications from local housing authorities for the disposition, without replacement, of some of the most troubled units in the c. 705, c. 689 and c. 167 portfolios.

The Commonwealth's FY14 budget included, at DHCD's request, language authorizing the sale, without 1-for-1 replacement, of certain c. 705 units that have been vacant since prior to November 1, 2012 as well as vacant c. 689 and c. 167 community residences. (Note that this initiative was limited to these programs, and the sale without replacement of c. 200 and c. 667 units was not authorized).

The purpose of this bill is to permit the disposition of these programs' most troubled structures which cannot feasibly be made habitable, and for which funds are not available to build or buy the replacement unit historically required by statute.

DHCD has preliminarily identified a short list of units that may meet the qualifications of this program, which is appended to the attached Request for Responses. LHAs owning units they believe meet the criteria of the RFR which are not on the list may also submit applications.

As noted on the RFR, please direct any questions regarding this program to: Paul McPartland, Asset Management Coordinator, 617-573-1219, paul.mcpartland@state.ma.us

REQUEST FOR RESPONSES

DISPOSITION INITIATIVE – VACANT C. 689 & C. 167 UNITS AND C. 705 UNITS VACANT PRIOR TO 11/1/12

Purpose: In the 45,600-unit state public housing portfolio, there are a very small number of units that have become so seriously deteriorated that it is not financially feasible to rehabilitate them with the very limited capital funds available. However, because MGL C. 121B, Sec. 34 did not permit the sale of these units unless DHCD made a finding that there was no further need for affordable housing in the community (which has never been the case), DHCD was unable to authorize the sale of these units without replacing them, which we lacked the funds to do. As time passed, these units continued to degrade, lose resale value, and in some cases harmed the reputation of the local housing authority and DHCD. However, a recent legislative change (see Attachment A: Outside Section 104 of the FY14 state budget) now allows certain such units to be sold without replacement. The Disposition Initiative outlines the process for implementing this legislation.

1. **Funding Available:** DHCD anticipates that in most cases, LHAs will be able to reimburse their costs of disposition from the sales proceeds of the parcel. In the event that disposition costs exceed the sales proceeds, DHCD may provide funding, at its option, with either an operating budget exemption or a grant from its capital program.
2. **Eligibility:** Units eligible for consideration for disposition or demolition without replacement are limited to:
 - a) c. 705 units that were vacant prior to November 1, 2012 and have remained vacant
 - b) c. 689 and c. 167 units that are currently vacant
3. **Criteria for Selection:**
 - a) DHCD and the LHA Board must both determine that:
 - i. It is not financially feasible to bring the unit(s) up to a reasonable program standard for occupancy or permissible to convert the units to another low-rent housing program;
 - ii. The inventory of available housing units remaining in the surrounding community is not substantially diminished as a result of such demolition; and
 - b) In the case of c. 689 and c. 167 units, DHCD must receive written confirmation from both the Department of Developmental Services and the Department of Mental Health that those units are obsolete and inappropriate for housing their respective clients.
4. **Application Process:**
 - a) Attached is a list of units that DHCD believes may meet the criteria for selection (see Attachment B). LHAs owning units listed on Attachment B are specifically encouraged to either submit an application for disposition or to contact DHCD to discuss a plan to preserve and reoccupy the units.

- i. LHAs owning other units, not listed, that the LHA believes meet the above Criteria for Selection may also apply. Please note that the goal of this Initiative is to dispose of only those units for which no other solution is financially and programmatically feasible.
- b) All applications must be accompanied by:
 - i. An initial estimate of the scope of work necessary to make the unit safe and habitable;
 - ii. An LHA board vote finding that the proposed unit(s) meet the Criteria for Selection in Section 3(a) above.
- c) Application Deadline (none at this time):
 - i. **C. 705 units:** As noted above, the pool of potentially eligible c. 705 units is specifically limited by the statute to units vacated prior to 11/1/12. Since DHCD is actively working with LHAs to identify rehabilitation solutions for as many of these units as possible, DHCD will not impose an immediate application deadline for the disposition of these units, but will review applications on a first-come, first-served basis. This will allow LHAs to continue to seek out the resources needed for rehabilitation and reoccupancy of these units if feasible.
 - ii. **C. 689 and c. 167 units:** There is no application deadline for these units, since currently vacant c. 689 and c. 167 units and those that become vacant and meet criteria for selection in the future will be eligible at that time.

5. Review Process:

- a) Each unit proposed for disposition will be inspected by DHCD staff, who will determine the estimated construction cost and total development cost to bring the unit up to a reasonable program standard for occupancy, including any costs required to redesign the structure for a new program use.
- b) DHCD staff will evaluate the unit(s) for compliance with the Criteria for Selection in Section 3(a) above.
- c) In the case of c. 689 and c. 167 units, DHCD will request that the appropriate DDS and DMH staff conduct their own evaluation of the building with DHCD and LHA staff to determine "if the units are obsolete and inappropriate for housing their respective clients" and, if so, whether improvements could be made that would meet the needs of their clients. DHCD staff will use this information to help determine the estimated construction cost and total development cost to bring the structure up to current DDS/DMH standards, if possible. If the required improvements are determined not to be feasible, DHCD will seek written confirmation from DDS and DMH that the unit(s) do not meet their needs, as required by the statute.

- d) DHCD will, as required by the statute, review the inventory of available housing units remaining in the surrounding community to determine that it is not substantially diminished as a result of such demolition or disposition.
- 6. Disposition Process:** Approved properties will be disposed of in accordance with the terms of the statute.
- a) If approved for disposition the units may, with DHCD's approval, either be demolished by the LHA and land-banked or disposed of in accordance with MGL. c. 30B, provided that DHCD must review and approve any appraisal and Request for Proposals required under 30B, as well as the selection of the successful proponent. The RFP must state that:
- i. In reviewing responses to the RFP, first priority for selecting the successful respondent will be those who propose a feasible plan to provide housing on the site that is deed-restricted as permanently affordable to households under 80% AMI. Such proponents shall obtain the property for \$1, subject to an enforceable agreement to meet the requirements of their proposal.
 - ii. If no respondents meet the above standard, the property shall be sold to the highest bidder.
- b) Proceeds from the sale, after paying for the costs of the sale, shall be deposited into an expendable trust controlled by DHCD.
- i. DHCD shall ensure that the proceeds will be used to fund capital improvements at other existing developments of the same program (e.g., 689 sales proceeds to be invested in other c. 689 developments). DHCD shall determine where these proceeds are most needed. Only capital improvement projects in a DHCD-approved capital improvement plan will be eligible to receive these funds.
 - ii. If the building's sales proceeds and - in the case of c.689 and c. 167 units - its operating reserves, are not sufficient to fund the costs of sale, DHCD will provide supplemental funding to cover the approved balance.
- 7. Contact:** Paul McPartland, Asset Management Coordinator, at 617-573-1219, paul.mcpartland@state.ma.us

Attachments

Attachment A: Outside Section 104

Attachment B: List of Potentially Eligible c. 705, c. 689 and c. 167 units

Attachment C: Application Form

Attachment A

SECTION 104. Section 26 of chapter 121B of the General Laws, as appearing in the 2010 Official Edition, is hereby amended by adding the following clause:-

(p) Notwithstanding this section or section 34 to the contrary, to dispose of or demolish any part or all of an existing housing project assisted by the commonwealth pursuant to chapter 689 of the acts of 1974, chapter 167 of the acts of 1987 or chapter 705 of the acts of 1966, if: (1) the department and the housing authority have determined that it is not financially feasible to bring the units up to a reasonable program standard for occupancy or permissible to convert the units to another low-rent housing program; (2) the inventory of available housing units remaining in the surrounding community is not substantially diminished as a result of such demolition; and (3) for units financed pursuant to chapter 705 of the acts of 1966, the units were vacant as of November 1, 2012, or, for units financed by the chapter 689 of the acts of 1974 or chapter 167 of the acts of 1987, the department has received written confirmation from both the department of developmental services and the department of mental health that those units are obsolete and inappropriate for housing their respective clients.

Upon approval by the department, the authority may dispose of the property by sale, ground lease or other transfer of its interest in the property; provided, that the department shall review and approve of any appraisal and request for proposals related to the disposition, as well as the selection of the selected bidder. The request for proposals shall provide that, in reviewing responses to the request for proposals, first priority for selecting from among the responsive and responsible bidders shall be those bidders that offer a feasible plan to provide housing on the site that is permanently affordable to households under 80 per cent of area median income as defined by the department. Those bidders shall obtain the property for \$1, subject to an enforceable agreement to meet the requirements of its proposal. If no responsive and responsible bidder meets the above standard, the property shall be sold to the bidder offering the highest price for the property.

Notwithstanding anything to the contrary in this chapter, proceeds from the disposition, after paying for the costs of the disposition, shall be deposited in an expendable trust controlled by the department, the purpose of which shall be to fund capital improvements that the department determines are necessary and appropriate at existing housing developments that serve households that would have been eligible for occupancy of the units that had been sited on the property.

Attachment B

c. 705 Buildings Under Consideration for Disposition Without Replacement:				
Housing Authority	Development Number	Address	# of Units	Comments
Adams	705-1	221 East Road	2	1 2BR unit and 1 4BR unit
Fall River	705-1	271 Morgan St	3	3 3BR units
Fall River	705-1	252 5th Street	3	3 3BR units
Fall River	705-1	252 Wade Street	2	3 3BR units
Foxborough	705-C	15-17 Market Street	2	1 4BR unit and 1 1BR unit
Millbury	705-1	256 N. Main St.	1	1 5BR unit
Monson	705-1	3, 5 & 7 Lower Hampden Road	3	2 4BR unit and 1 2BR unit
Natick	705-2	6 Plain Street	2	1 2BR unit and 1 3BR unit
Northampton	705-1	18 Corticelli St.	1	1 3BR unit
Revere	705-D	168-170 Hichborn Street	6	6 2BR units
Ware	705-1	60-62 West Street	2	2 3BR units
		Total c. 705 units:	27	
		Total c. 705 buildings:	11	

c. 689/167 Buildings Under Consideration for Disposition Without Replacement:				
Housing Authority	Development Number	Address	# of Units	Comments
Lowell	689-2	Nesmith Street	1	1 6BR house
North Adams	689-2	96 East Quincy Street	2	1 2BR unit and 1 5BR unit
North Adams	689-1	149 Church Street	1	1 10BR house
		Total c. 689 Units	4	
		Total c. 689 bedrooms:	23	
		Total c. 689 buildings:	3	

10/18/2013 14:15

Attachment C

APPLICATION

Please answer all questions and submit the completed application with required attachments, either electronically (subject line: "c.705/689 Disposition Initiative – (Name of Housing Authority)", or one copy by mail to:

Paul McPartland, Asset Management Coordinator
Massachusetts Department of Housing and Community Development
100 Cambridge Street, Suite 300
Boston, MA 02114
paul.mcpartland@state.ma.us

I. Basic Information

Date: _____

Housing Authority: _____

Contact person and title: _____

Address: _____

Phone: _____

E-Mail: _____

Development name: _____

Development number (e.g., 705-1): _____

For each unit proposed, complete the chart below:

Street Address	Unit Number	# of Bedrooms

Additional Information (applicable to all units – c. 705 and c. 689/167):

1. For each unit, please attach a description of the scope of work needed to bring it to a safe and habitable condition.
2. If you are aware of any prospective purchasers of the housing who may be interested in preserving it as affordable housing, please describe below. (Note that this is not a requirement but is for informational purposes only).

For c. 689 or c. 167 units, please also respond to the following additional questions:

1. Name the state agency that most recently sponsored the site - the Department of Mental Health (DMH) or the Department of Developmental Disabilities (DDS - formerly DMR).

2. Describe the reasons provided by the previous tenant agency for vacating the premises.

Please append the following attachments to your application:

1. Description of scope of work needed to bring housing to a safe and habitable condition.
2. LHA Board vote determination that the proposed unit(s) meet the Criteria for Selection in Section 3(a) of the RFR.