



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

Charles D. Baker, Governor ◆ Karyn E. Polito, Lieutenant Governor ◆ Jennifer D. Maddox, Undersecretary

Public Housing Notice 2019-13

To: All Local Housing Authority Executive Directors

From: Ben Stone, Director, Division of Public Housing

Subject: Technical Assistance for Vacant Land Development

Date: May 15, 2019 (*updated March 30, 2023*)

Recent Updates:

- **LHAs are now allowed to retain the proceeds from disposition of vacant land provided that the LHA still has state-aided public housing units following disposition (March 30, 2023)**
- **Updated grant limit from \$25,000 to \$35,000 (September 12, 2022)**
- **New MHP and DHCD contact information (September 12, 2022)**

DHCD is pleased to announce that Massachusetts Housing Partnership (MHP) is offering technical assistance for any Local Housing Authority (LHA) interested in opening up surplus land for development. DHCD encourages LHAs to take advantage of the current strength of the Massachusetts housing market and the high demand for housing in order to develop more affordable housing while bringing in new revenue to support public housing.

Local Housing Authorities can reach out to MHP for technical assistance, valued at up to \$35,000, for pre-disposition and development activities.

1. Background

The 2014 Public Housing Reform legislation charged the then-newly created Regional Capital Assistance Teams (RCATs) with surveying all LHAs on their surplus land parcels. This survey, completed in 2017, identified about 90 parcels with 450 acres of vacant land at the 186 RCAT authorities, and there are likely more at the 48 waived and RCAT-exempt authorities.

MHP has supported several LHAs in developing vacant land, either through disposition to developers or with the LHA acting as the owner and developer. Between 2008-2010 MHP made 27 grants to LHAs for early feasibility studies for new development – at least 6 of which resulted actual construction with production of at least 106 units. MHP has engaged with 14 LHAs through the current iteration of the program, leading to so far two parcels preliminarily disposed for development of 52 units.

Please note that as of November 10, 2022, [Chapter 268 of the Acts of 2022](#) (Section 128) allows LHAs to retain the proceeds from sale or leasing of real property, provided that the LHA still has state-aided public housing following disposition. This provides an exciting opportunity for LHAs to leverage the value of their vacant land even in situations where it is not feasible to develop it into affordable housing. See PHN 2023-04 for more details.

2. Process

LHAs interested in pre-disposition or development assistance should contact Laura Shufelt at MHP (lshufelt@mhp.net), with cc to Edward Chien at DHCD (edward.chien@mass.gov). After an initial discussion, you will be asked to complete an application form detailing such information as:

- Property address
- Approximate size of parcel and any known specifics such as: access, topography (including wetlands), access to infrastructure (water and sewer), etc.
- Plot plan or survey, if available
- Information, if known, of how the parcel was obtained by the LHA and if it is currently part of a larger LHA parcel
 - Confirm if parcel was obtained through state public housing bond financing or has had any state bond-financed investment since acquisition; if so, provisions of [M.G.L Chapter 121B section 34](#) will apply.
- If abutting existing public housing, information about that property: type of public housing, number of homes, current condition of existing housing
- Have there been any conversations/outreach with the municipality regarding development of this site?
- Are there local resources such as CPA?
- What is the LHA's goals for the property? Are you trying to meet a local affordable housing need? Generate income from sale or ground lease proceeds?
- What does the LHA think the best use for the property is?

After reviewing the property information, MHP will work with the LHA to determine best next steps. MHP may fund, or provide with its own staff, pre-development technical assistance to further explore feasibility to support potential new affordable housing development. This may include items such as:

- Site engineering
- Legal work
- Creation of a Request For Proposals (RFP)
- Evaluation of RFP responses

Please note that DHCD strongly discourages LHAs from discussing proposals with developers before a formal RFP process has begun. Early conversations with developers or anything that could compromise an open and competitive process can invalidate a procurement.

3. Recommended Development Opportunities

DHCD supports housing production that promotes the Administration's housing production goal, announced in 2018, of 135,000 new units by 2025. LHAs have supported the production of new affordable housing using vacant land both through disposition to private developer/owners, and acting in their own

capacity as the developer. DHCD recognizes that developing as a public entity requires public construction (M.G.L. Ch. 149) in addition to other public requirements, increasing total development costs and thus reducing financial feasibility relative to market development. However, retaining LHA or an LHA-controlled affiliate's ownership may be of key importance locally, to maintain permanent affordability beyond the term of financing, or other reasons. DHCD recommends that the LHA carefully weigh the tradeoffs between each model when considering how to best implement a cost-effective development that addresses local needs and the LHA's identified goals.

4. Funding Availability

MHP will fund technical assistance up to a value of \$35,000 per parcel.

DHCD's Division of Public Housing does not have available capital funding for new affordable or market rate housing development on surplus land. If the LHA wishes to pursue affordable development, they should work with MHP on identifying capital and operating resources, and their requirements, including but not limited to:

- DHCD's Division of Housing Development capital subsidies
- Low Income Housing Tax Credits allocated by DHCD's Division of Housing Development
- Subsidized Loans from MassHousing or MHP
- Project Based Section 8 Vouchers
- MRVP Vouchers
- Cross subsidy from market rate production on portion of parcel
- Local funds such as Community Preservation Act funding, HOME, and CDBG