



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

Charles D. Baker, Governor ♦ Karyn E. Polito, Lt. Governor ♦ Janelle L. Chan, Undersecretary

Public Housing Notice 2019-14

To: All Local Housing Authority Executive Directors
From: Amy Stitely, Associate Director, Division of Public Housing
Subject: Public Housing Innovations (PHI) Notice of Funding Availability
Date: May 15, 2019

NOTICE OF FUNDING AVAILABILITY

PUBLIC HOUSING INNOVATIONS

- I. Purpose and Program Description**
- II. Available Funding**
- III. Application Process**
- IV. Program Details**
 - a. Partnership to Expand Housing Opportunities (PEHO) Round 2**
 - b. Gateway Cities Revitalization**

I. PURPOSE AND PROGRAM DESCRIPTIONS

The Public Housing Innovations Notice of Funding Availability (Innovations NOFA) offers two programs for Local Housing Authorities (LHAs) to request funds for the transformation of state-aided Public Housing developments. These programs are authorized by the Public Housing Innovations Demonstration Program (PHIDP) as enacted in the 2008, 2013, and 2018 Housing Bond Bills and defined by regulation in [760 CMR 63](#). The Innovations program provides for awards that fund rehabilitation and redevelopment of public housing, using innovative methods including, but not limited to, mixed-income redevelopment, new management or capital structures, and alternative techniques such as modular construction. The goal of the program is to develop and promote innovative and cost-effective means of modernizing public housing and preserving it for the long term while reducing state-funded capital and operating costs.

Two sub-programs, the Partnership to Expand Housing Opportunities Round 2 (PEHO 2) and the new Gateway Cities Neighborhood Revitalization, share the overall Innovations program goal of leveraging non-DHCD resources to transform state-aided public housing developments and their surrounding communities for the benefit of existing and future residents. The two programs do ,

however, have differing emphases that account for the lessons learned from the initial set of projects funded by PEHO Round 1.

- A) **PEHO 2 – Mixed Income Development:** Capital grants for redevelopment of a state-aided public housing development as a mixed-income development with one-for-one replacement of state-aided public housing and development of new market rate and/or affordable units. The intent of PEHO 2 is to leverage the value of LHA land in strong housing markets to attract private funds for the redevelopment of state-aided public housing, while also promoting general housing production and in-fill, transit-oriented development in the Commonwealth.
- B) **Gateway Cities Neighborhood Revitalization:** Capital grants for the redevelopment of state-aided public housing in a Massachusetts Gateway Municipality, as defined in M.G.L. c.23A §3A. Projects funded by DHCD through this program will leverage investments from other public and quasi-public sources with the goal of contributing to the economic opportunities for residents of public housing as well as the physical revitalization of a given neighborhood.

(Note: In addition to these two initiatives, a third offering under the Innovations program is the newly available technical assistance offered by the Massachusetts Housing Partnership (MHP) for helping LHA to assess opportunities for vacant land development. Please see Public Housing Notice 2019 – 13 for more information).

II. AVAILABLE FUNDING

DHCD is making up to \$25 M available from Fiscal Year (FY) 2022-23, with potentially another \$13 M available in FY24. LHAs may respond, pursuant to this NOFA, to either or both of the above funding programs, but DHCD will award no more than one application per LHA. DHCD plans to issue between one and five awards under this NOFA, from one or both of the programs, subject to funding availability and content of the applications. At this stage, DHCD does not have targets for how the \$25 M will be allocated between the two programs. See below for details and scoring criteria for each program.

	FY2022	FY2023	FY2024 (if 6 th year of program funded)
Available Funding for Innovations Program (\$M)	\$11.8	\$13.3	\$13.3

III. APPLICATION PROCESS

1. Applications are due by 4:00 PM on Wednesday, December 11, 2019
2. Email an electronic copy of the application to:

Paul McPartland
Asset Management Coordinator
Department of Housing and Community Development
100 Cambridge Street, MA 02114
paul.mcpartland@mass.gov
[617 \(573-1219\)](tel:617-573-1219)

3. **BIDDER’S CONFERENCE:** DHCD will host a bidder’s conference on the two programs in this NOFA Wednesday, July 10 at 10:00 a.m. at its offices at 100 Cambridge Street, Boston on the 2nd floor. 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). Attendance is not mandatory. 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.
4. All other inquiries regarding this NOFA should be made via e-mail and directed to Paul McPartland (contact information above). Inquiries should have a subject line entitled: “Public Housing Innovations NOFA Inquiry”. All inquiries and responses will be shared with all proposers on a regular basis during this NOFA process. DHCD may not respond to inquiries received after 5pm, Monday, October 21, 2019, so please send questions before that time to ensure a response. A final Q&A will be posted by October 28, 2019 at the latest.
5. **PLEASE NOTE: ALL FUTURE ADDENDA TO THIS NOFA WILL BE POSTED ON DHCD’S WEBSITE AS ADDENDA TO THIS ORIGINAL PUBLIC HOUSING NOTICE #2019-14, which can be found here:**

<https://www.mass.gov/service-details/public-housing-admin-notices>

Email notification of the posting on DHCD’s website of any new addenda to this NOFA, including answers to questions raised at the Bidder’s Conference, will only be sent to housing authorities, developers, and any other interested parties who request to be placed on a NOFA contact list and who provide their name, address, email and phone contact information to Paul McPartland at the email address noted above.

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 early Spring, 2020.

IV. PROGRAM DETAILS

A. PEHO 2 PROGRAM DESCRIPTION & GOALS

PEHO 2 will provide up to a maximum of \$25 million in planning, design, and construction funding to LHAs who have partnered with a developer to pursue mixed-income redevelopment of their state-aided public housing portfolio. Successful applicants will receive an initial planning grant, with full award given after project is deemed viable. The goal of PEHO 2 is to increase the overall stock of rental housing in the Commonwealth, while leveraging the private debt and equity resources generated by development of new moderate- and market-rate housing to preserve public housing.

Priority will be given to applicants who can best demonstrate the feasibility and cost-effectiveness of a proposed mixed-income redevelopment. As described below, DHCD will make funds available through its public housing bond allocation to cover a portion of predevelopment, design, and construction costs for projects that are shown through the planning grants to be financially feasible and cost-effective. The Department considers a project cost-effective if it does not negatively impact the availability of other state affordable housing resources, has a total development cost per unit that is competitive within the market in which it is located, and has a strong amount of cross-subsidy from the value of the new market rate units to support the replacement of the public housing units.

The Department will also need to ensure that the property management structure preserves public housing affordability and long-term tenant protections in perpetuity for residents in replacement units. The new property manager must have a track record for being an effective owner and manager for both market rate and extremely low-income housing.

1. PEHO 2 AWARD AMOUNT AND USE OF FUNDS; REQUESTS FOR TECHNICAL ASSISTANCE

Maximum Total Award: The amount of funds awarded to any one project will be commensurate with the proposed grant activities and the anticipated impact of these activities on housing production and preservation. Final awards will be limited by a cap of \$250,000 per state-aided public housing unit in total eligible state-controlled capital resources (inclusive of the PEHO award, as well as any Moving to Work, MassWorks, Low Income Housing Tax Credits, and/or 40R incentives); however, applications will be more competitive if they require less state capital subsidy per unit and can generate a larger cross-subsidy from market rate production.

DHCD will review each application on a case-by-case basis, but in general DHCD will award planning grants to further assess project feasibility before committing to a larger award for design and construction.

Initial Planning Grants: Planning grants generally will not exceed \$150,000 per project. 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. Awardees will be required to demonstrate that all funds have been expended for their intended purpose, through submission of invoices and other supporting documentation.

The intended uses of the PEHO 2 planning grant are for pre-development activities, including, but 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
- Ongoing resident involvement in planning process
- Market study of units in the locality of similar size, including market rate rental cost analysis and vacancy rates
- Financing plan
- Relocation plan
- Development of design documents (only after DHCD approves initial project feasibility)
- Site preparation
- Zoning/title review
- Legal costs

DHCD will make final design and construction awards only after determining project feasibility as a result of the planning process.

The DHCD grant funds, aside from pre-development grant uses noted above, will be disbursed to the LHA for the reimbursement of construction expenses by the developer, according to a funding schedule agreed to by DHCD, the LHA, and the developer.

The Department's understanding is that the project will be underwritten to minimize the cost to public resources for the redevelopment of public housing and the production of market rate housing. Additionally, applicants should propose a structure that allows for reinvestment into the authority's remaining public housing portfolio. As an example, see Housing Investment Fund promissory note¹. Models can include payment of net cash flow from the project above a certain threshold until initial grant is recouped, or housing authority sharing in an agreed upon proportion of net proceeds upon a qualifying capital event, all subject to projects ability to meet required debt service coverage ratios..

¹ Housing Investment Fund Promissory Note, https://www.massdocs.com/sample/project_1_hif_note.pdf

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.

Technical Assistance Requests: Applicants who need assistance in evaluating the appropriateness of their development for this program, in preparing the developer RFP, or evaluating the responses thereto, may request initial technical assistance by emailing Paul McPartland (contact info in Section III above) by June 14, 2019, including a description of the technical assistance needed and the reasons why it is required in order to complete the application process. Note, LHAs that require a significant amount of technical assistance may not be able to meet the Round 2 final application deadline and would therefore be using this technical assistance to perform early due-diligence for a future funding round.

2. PEHO PROGRAM PARAMETERS

Capital Funding: There is approximately \$25 M available in DHCD's FY22-23 capital budget for the Innovations Program, including PEHO 2 and the Gateway Cities. There may also be another \$13 M made available in FY24; this will be known in late May 2019 and posted as an addendum to this PHN. Scoring will be based in large part on the size of the per public housing-unit capital grant requested, with applications requesting smaller per-unit public subsidies ranked as more competitive. DHCD will award up to a maximum of \$250,000 per replacement state-aided public housing unit, but applicants are encouraged to request less than this amount.

Other Sources of Capital Funding: To receive maximum scoring under this NOFA, the application typically should not propose the use of other sources of competitive state funding for affordable housing to fund the replacement public housing units.

- However, the application may include potential MassWorks grants to fund public infrastructure related to the development as well as incentive payments available pursuant to M.G.L. Chapter 40R, and if a designated Housing Choice Community, Housing Choice Capital Grants. The application may also include Moving to Work funds for relocation costs. DHCD expects, however, that any budgeted state sources will reduce the PEHO 2 request for funding by the same amount, so that the total state-funded and controlled grants stay below the \$250,000 per public housing unit maximum.
- DHCD will consider proposals that include a limited amount of Low Income Housing Tax Credit (LIHTC) equity in the proposed development budget, particularly if these sources fund **net-new** affordable units. However, as stated, projects that rely least on public subsidy, and particularly LIHTC, will be scored most favorably. If proposing LIHTC as a source, DHCD recommends that the development team engage the quasi-public agencies and DHCD's Division of Housing Development to get an initial assessment of viability.

- Funds controlled by municipalities are also an allowable and encouraged source. These sources do not count against the \$250,000 per unit cap. However, in keeping with the goals of the program, the majority of the project sources must be private debt and/or equity.
- Relocation costs should be included in the proposed project budget, and the duration of relocation should also be noted. Relocation costs, particularly in the high-cost rental markets favored by the PEHO 2 program, can be extremely costly, so realistic estimates of the number of relocated households, the length of time each will need to be relocated, and the likely rental cost of relocation housing units should be carefully evaluated and projected.

Applicants may request under this NOFA U.S. Department of Housing and Urban Development (HUD) Moving to Work funds and administered by DHCD in order to pay for eligible relocation costs pursuant to activity 2018-01 in the [DHCD 2019 Moving to Work plan](#). Please note that Moving to Work funding will trigger the requirements of the federal Real Property Acquisition Policies Act of 1970 (the Uniform Relocation Act), in addition to the state relocation requirements pursuant to M.G.L. Chapter 79A and 760 CMR 27.00. Sponsors must follow all applicable HUD parameters and guidelines on local non-traditional activities as set forth in [PIH 2011-45](#) and or successor notices issued by HUD.

Operating Funding: DHCD will commit to maintaining the public housing operating subsidy at current levels for the replacement public housing units. The replacement public housing units will retain the same gross per-unit funding levels as are currently provided by DHCD, inflated by the same ANUEL increase (decrease) as the rest of the state public housing portfolio.

Applications may not propose to use Section 8 Housing Choice Program or MRVP rental vouchers to supplement the state public housing subsidy for replacement units. LHA may propose the project basing of its existing un-contracted vouchers for *additional*, non-public affordable housing in the proposed redevelopment without being penalized in application scoring.

Long Term State Support: The replacement state-aided public housing will no longer be eligible for continued state public housing capital Formula Funding. DHCD expects that the proposed redevelopment will support future capital needs through a sufficient replacement reserve.

Public Procurement & and Prevailing Wage Rules: Applicant should assume in its pricing and timeline that M.G.L. Chapter 149, including prevailing wage, public bidding and filed sub-bid requirements, as well as M.G.L. Chapter 30B governing disposition of public property, will apply to the entirety of the proposed project unless a Home Rule Petition is successfully passed. Applicants may seek a waiver from Chapter 7C Designer Selection requirements from DHCD, under its PHIDP waiver authority in 760 CMR 63.03(4).

Home Rule Petition: If the Applicant proposes to pursue home rule legislation the proposal timeline should take the local and state legislative approval processes into account. Applicants should specify which elements of M.G.L. Ch. 149 and 30B they will seek exemption from. **Applicants should not assume any exemption from prevailing wage requirements, and should assume that prevailing wage will apply to the entire site, including the construction of any market rate housing,** not just the replacement public housing.

Project Timeline: Applicants should put forth a realistic project timeline to begin construction by July 1, 2021. This timeline should include all necessary pre-development due diligence, resident engagement, required local and state approvals, required changes to local zoning, securing firm financing commitments, relocation, construction closing, phasing and relocation, marketing, lease up and full occupancy.

Unit Mix and Density: Public housing and market-rate units must be integrated within the development. Based on experience in the first round of the PEHO Program, applicants should plan at a minimum 2:1 ratio of market-rate to public housing replacement units to strengthen financial feasibility and potential cross-subsidy.

Economic Mobility: Projects that include a services component for current residents will be scored more competitively. The proposal should include some combination of resident hiring and apprenticeships associated with the construction project as well as ongoing service provision to residents. Services for family developments should focus on economic mobility, while those for elderly developments should promote community building and aging-in community.

Long Term Property Management and Monitoring: Applicants should propose a property management and monitoring structure to ensure that public housing regulations are followed for replacement units, including affordability levels and tenant protections. The application and operating pro-forma can include the housing authority as a monitoring agent, a 3rd party consultant for monitoring and tenant concerns, or another structure. All proposals should assume that tenant selection for the replacement public housing units will use the CHAMP system. Proposals must also include supportive documentation about experience of market rate asset and property management team, whether the same or different from above.

3. 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. The RFP or RFQ must specify that the LHA intends to dispose of the property at a cost exceeding \$35,000. The LHA will need to secure a 3rd party valuation of the parcel before final disposition.

Note: LHAs interested in pursuing PEHO 2 funding should prepare to begin a procurement process for a developer if they have not already done so. A “Draft Developer RFP for Partnership to Expand Housing Opportunities Program” has been developed by DHCD and is included as Attachment E;

- Are located in strong housing market municipalities, in which market rents are sufficiently high to generate significant cross-subsidization for the redevelopment of the replacement public housing units; and
- Are proposing to significantly improve the physical conditions at their 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.

4. APPLICATION EVALUATION CRITERIA

Applications will be reviewed to determine overall consistency with the goals of the PEHO 2 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 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:

- 1. Overall Project Plan (10 points):** 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). Extent to which project meets goals of PHIDP program ([760 CMR 63.03](#)).

<p>2. Housing Production Impact (15 points): Extent to which the project demonstrates an ability to increase site density and add a significant number of non-public housing units. More points will be awarded for creating new affordable or middle-income units.</p>
<p>3. Capital and/or Operating Leverage (35 points): Extent to which the market rate portion of the project can leverage private capital and/or operating funds for the preservation and ongoing operations of public housing. Extent to which the proposal’s feasibility requires relatively less need for PEHO grant funds per state public housing unit than other applicants, and/or little or no need for other (non-PEHO) state capital for state public housing replacement units, and no need for additional state operating resources beyond those currently provided to the development. Quality and feasibility of the proposal for long term reinvestment in public housing through development net cash flow or capital event proceeds.</p>
<p>4. Project Feasibility (25 points): 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 utilization of available private and public resources. Extent to which the duration and cost of relocation is minimized. Likelihood that development will achieve project ground-breaking within the following 18 months (by July 1, 2021). Extent to which application lays out a realistic timeline, including local approvals and permits, relocation, securing financing, construction closing, phasing, marketing, lease up and full occupancy. Project vulnerability to effects of climate change.</p>
<p>5. Community Support (15 points): Extent of recent efforts to foster community support for multi-family housing development and/or evidence of current local financial and/or zoning support for the proposed project. Extent of efforts to engage existing residents in the planning for and design of the project. Extent to which proposal includes service provisions and/or support for residents. Feasibility and completeness of proposal for long term monitoring of public housing provisions. Extent to which proposal has strategy for outreach and recruitment to maximize utilization of diverse business enterprises, including minority or women-owned enterprises. Extent to which the project has community support, as evidenced by written support from the Chief Elected Official, as well as any Local Tenant Organization, residents, and other local officials. More points will be awarded if there is a real financial commitment from the local municipality.</p>

Application Requirements

Please attach thorough and concise narrative responses to each of the following questions.

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, community outreach, etc.?
 - vi. What specific planning and pre-development activities will grant funds support? Describe how these activities will enable the project to move to construction within 18 months.
 - vii. Describe the capacity of the developer Co-Applicant and its past experience and success with developing/operating mixed-finance and mixed income communities that include a state and/or federal public housing component, a significant affordable housing tier under 60% of AMI and a significant market rate tier.
 - viii. Describe the proposed roles for the LHA and the developer Co-Applicant over the life of 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. **Note:** Applicants can draw from and reference MHP's "Datatown" website.
<https://mhpcenterforhousingdata.shinyapps.io/DataTown/>
 - ii. How will the proposed project meet these needs?
 - iii. Does your community have a Housing Production Plan?
 - iv. Does your community have a master plan that identifies the need for additional housing production?
- c. Describe how the proposed project is consistent with the Commonwealth's Sustainable Development Principles.
- d. Describe how the proposed project is consistent with DHCD's Fair Housing Principles.
- e. Describe 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.
- f. Describe the LHA's legacy costs (pension, etc.) created and an estimate of those costs, if the redevelopment plan includes conveyance to, and/or management by, a separate entity.
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 and bedroom sizes.
 - b. Describe any anticipated zoning and other regulatory approvals needed to increase site density, and the feasibility of achieving them.

- c. Describe nearby transit assets and how this development will support Transit-Oriented Development (TOD) principles and foster affordable and reliable modes of transportation options for residents.
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 the rehabilitation and/or ongoing operations for the public housing units.
 - b. Other than a grant pursuant to this NOFA, what public sources of capital, if any, are included as sources in the development budget?
 - c. Other than state public housing operating subsidy, what public sources of operating subsidy, if any, are included as sources in the operating pro-forma?
 - d. What other resources do you anticipate will be needed to make this project a reality?
 - e. Describe proposal for reinvestment in public housing through capital event and/or net cash flow.
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, using Massachusetts prevailing wage estimates.
 - c. Provide a development budget for the project.
 - d. Provide a proposed lease-up and stabilized operating budget.
 - e. Provide a 20-year operating pro forma for the completed project, with reasonable income and expense trending assumptions.
 - f. Provide a realistic project development schedule with key development milestones that demonstrates the likelihood that completion of PEHO 2-funded activities will lead to construction beginning within the following 18 months (July 1, 2021).
 - g. Describe any proposed home-rule legislation, and include realistic timeline for its enactment. Is the project feasible without this legislation?
 - h. Provide a preliminary discussion of how you plan to approach tenant relocation, and the projected cost.
 - i. Note if your project is in a 100 or 500 year flood zone, and if so, how the design will mitigate risks related to flooding and climate change.
 - j. Describe any potential barriers (community, environmental, financial, etc.) to moving the project forward, and your plans to address them.
5. Community Factors:
- a. Provide written support of the proposed project from the chief elected official of the Municipality

- b. Detail any financial commitment to project or associated infrastructure from town.
- c. Is the community supportive of this project? Please attach evidence such as current local financial, zoning and/or additional 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 of the development in the design of and planning for the project.
- d. What resident hiring preferences or apprenticeships does developer propose to offer to the residents of the existing development during the construction period?
- e. What services on an ongoing basis promoting economic mobility (for family) or aging-in-community (for elderly) to do you propose to offer to the public housing residents of the mixed-income development?
- a. What is the proposer's strategy to maximize utilization of diverse business enterprises, including women and minority-owned business enterprises, during design and construction?
- f. How will the LHA and developer structure long-term management and monitoring to ensure compliance with state public housing regulations and affordability levels?

Additional Required Attachments

1. Executed Application Cover Sheet.
2. Market Analysis (in-house or 3rd party).
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 existing unit and site.
6. Project Development Budget (Sources and Uses).
7. Project Development Schedule.
8. Proposed Lease Up and Stabilized Operating Budget.
9. Proposed 20-year Operating Pro Forma.
10. Copy of RFP used to select Developer Co-Applicant (based on Attachment E), and any addenda and attachments thereto.
11. Copy of selected Developer's response to RFP.
12. Memorandum of Understanding with the Developer Co-Applicant.
13. A housing authority board vote approving the program application, as evidenced by a certified extract from the minutes of the board meeting.
14. 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 6.00). If no letter can be obtained, then the LHA executive director may instead submit a letter certifying that tenants were involved in setting the needs and priorities of the application.
15. Letter from chief elected official expressing support for project.

B. GATEWAY CITIES NEIGHBORHOOD REVITALIZATION

1. GATEWAY CITIES NEIGHBORHOOD REVITALIZATION PROGRAM: DESCRIPTION & GOALS

The goal of the Gateway Cities Neighborhood Revitalization Program (the “Gateway Program”) is to improve chapter 200 state-aided family public housing developments within a community’s broader revitalization plans while also increasing economic mobility for public housing residents. The program focuses on coordinating and leveraging existing Gateway City funding opportunities available across multiple state agencies, as well as local commitments.

The Gateway Program will provide grants for significant modernization of state-aided public housing associated with a broader economic development and/or neighborhood revitalization strategy. The Gateway Program will coordinate with other state and local public investment programs pursuant to a neighborhood or city-wide economic development or revitalization plan in a Gateway Municipality, as defined in M.G.L. c.23A §3A. A DHCD investment through this program will ensure that the rehabilitated public housing resolves existing concerns about the physical condition of the development while contributing to a neighborhood’s physical and economic transformation through the implementation of place-making design principles. All capital needs will be eligible, but each proposal should include at a minimum:

- 1) Neighborhood-facing investment such as building envelope and windows, façade improvements, landscaping, pedestrian/vehicular circulation and connectivity to the larger neighborhood including removal of physical barrier and improvements to walkability, or community amenities; Any proposed investments in other building components or units should show that these components are at the end of their useful life and are a modernization priority for the LHA; and
- 2) A proposed economic mobility program for families living in chapter 200 public housing. This economic mobility program should show a link to a broader economic development or neighborhood revitalization plan.

2. AMOUNT AND USE OF FUNDS

Each individual project may request a maximum of \$80,000 per public housing unit up to \$10 M total. Gateway Program awards draw from the \$25M to \$38M funding sources available for the Innovations Program in Fiscal Years 2022, 2023, and 2024 (pending release of the FY20-24 Capital Plan), as described in Section II of this notice.

Funding for the program will come from state bond funds authorized in the Housing Bond Bill (Chapter 99 of the Acts of 2018) as well as from the Affordable Housing Preservation and Development Fund (AHPDF). The AHPDF is funded through DHCD’s Moving to Work (MTW) authority as outlined in Activity 2018-9 of the [DHCD FY2019 MTW plan](#). The AHPDF will provide capital funds to supplement awards made with state bond cap.

Funds provided through the AHPDF require adherence to certain guidelines and regulations. Units funded through the AHPDF must meet Section 8 Housing Quality Standards (HQS) throughout the term. This requires annual inspections as a responsibility of the project sponsor.

Sponsors must follow all applicable HUD parameters and guidelines on local non-traditional activities as set forth in PIH 2011-45 (PIH Notices) and/or successor notices issued by HUD including, but not limited to, Davis-Bacon wages, federal Fair Housing and Equal Opportunity statutes, environmental review, HUD site and neighborhood standards, subsidy layering review and regulations and HUD Section 3 requirements. Projects must also comply with cash management requirements outlined in 2 CFR §200. Recipients of AHPDF must agree to provide information requested by DHCD and/or HUD on the use of funds and compliance with the above requirements, including information required by DHCD to prepare MTW Annual Plans and Reports.

MTW funds will only be awarded to LHAs that already own and operate federally-funded public housing units, but otherwise MTW will serve as a general source for the program alongside state bond cap.

A portion (up to \$50,000) of awarded Gateway Program funds may be used for pre-development activities such as resident engagement, community engagement, and conceptual studies. The remainder will fund design and construction of the aforementioned improvements to a state-aided family public housing development. Use of Gateway Program funds for relocation activities will be reviewed on a case by case basis.

3. Eligible Projects and Activities

Funded Activities: DHCD Gateway Program capital grants will fund improvements to state-aided public housing, including but not limited to neighborhood-facing improvements and community amenities. Applications that leverage non-DHCD funds to directly subsidize the public housing construction portion of the project will receive a higher score, as will those projects that leverage economic mobility supportive services.

Co-Investment and Approved Local Plan: The proposal should include all co-investments that complement the new DHCD award for public housing modernization, including investments in nearby, non-public housing projects. Applicant should, to the greatest extent possible, coordinate its proposal to leverage another Gateway Program investment with other programs available to Gateway Municipalities. These other investments may include state grants such as MassWorks, MassDevelopment's Transformative Development Initiative, DHCD grants/loans for affordable housing construction and rehabilitation, Low Income Housing Tax Credits (LIHTC), DHCD Housing Choice Grants, DCR Parks and Recreation and MassDOT transportation improvements, as well as locally-administered federal funding such as CDBG, municipal funding and private or non-profit commitments.

Co-investments that directly support the modernization scope will not count against the \$80,000 per unit cap. DHCD will consider proposals that include a limited amount of LIHTC equity in the proposed development budget, particularly if these sources are to fund **net-new** affordable units. If proposing LIHTC as a source, DHCD recommends that the development team engage

the quasi-public agencies and DHCD's Division of Housing Development to get an initial assessment of viability.

All proposed investments should be made in order to directly and meaningfully advance a locally-approved plan (i.e., an economic development, neighborhood revitalization, comprehensive, housing production, or consolidated plan), and the application should describe how the investment in Public Housing will support that broader effort, particularly through promoting place making that includes art-influenced design to encourage pedestrian access and a diversity of uses.

Economic Mobility Efforts: Application should explain how the LHA will support economic mobility for residents, including ongoing service commitments for job training, apprenticeships, career coaching, financial planning, and/or childcare. Applications that provide an opportunity for residents in the development to participate in an economic mobility program similar to A Better Life (ABL), MassLEAP, Resident Opportunities for Self Sufficiency (ROSS), or Family Self Sufficiency (FSS) will also be scored favorably.

Local Support: The application should include evidence of project support from the municipality's chief elected official, including evidence of a submitted applications or plan to apply for the next funding round for complementary Gateway City grant funds, a project timeline for any associated capital projects (municipal, MassDOT, etc.), and any written support from local officials for zoning changes in accordance with the development plan and project. Projects with a municipal commitment of funds to either the project or resident services will be scored favorably.

Project Timeline: Applicants should put forth a realistic project timeline to begin construction by July 1, 2021. This timeline should include all necessary local approvals, permits as well as securing financing. The application should also reference the projected start dates of associated neighborhood revitalization projects funded through other sources.

4. APPLICATION EVALUATION CRITERIA

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

Minimum Threshold Criteria

- Completed Application, including all supporting attachments,
- Application references a broader economic development and/or neighborhood revitalization plan officially supported by the host Gateway Municipality.
- Applicant must be an LHA located in a Gateway Municipality, as defined in M.G.L. c.23A §3A.
- Application must be for a family development with at least 50 state public housing units. See Attachment G for eligible developments

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:

<p>1. Capital Needs, Scope, and Budget (40 points): Extent to which project scope meets demonstrated capital need of development. Demonstration of capital need through reference to CPS components as well as site visit. Extent to which project will address health/safety, building integrity, or long-term habitability risks. Extent to which project scope furthers goals of Gateway program, including neighborhood connectivity, neighborhood revitalization, and resident engagement and economic mobility opportunity. Extent to which project incorporates place-making principles. Efficiency of funding request in meeting these goals. Realistic project budget to fund proposed scope. Extent to which project budget leverages non-DHCD public housing resources.</p>
<p>2. Neighborhood Revitalization/Economic Development Goals (20 points): Extent to which project demonstrates ability to increase economic opportunity in the Gateway City. Description of how public housing investment supports broader economic goals. Extent to which public housing grant will complement other investments in neighboring area, with reference to funding amounts, programs, and approximate timelines for award & construction. Statement of need; employment rates, poverty rates, and other relevant statistics for city and neighborhood of investment. Plausibility and innovativeness of local plan, including potential jobs created, potential new employers and other temporary and permanent economic opportunities. Reference to co-investment partners, whether state and quasi-public agencies, local government, non-profits, or private businesses.</p>
<p>3. Economic Mobility for Public Housing Residents (20 points): Statement of Need for public housing residents, including statistics on income, employment, and turnover of development residents. Description of services to promote economic mobility that will be provided to residents. Level of commitment and funding source for service provider. Description of how broader city economic or neighborhood development plan will present economic opportunities for residents. Extent to which proposal includes economic mobility programs and/or employment opportunities for residents, including both permanent and construction-related jobs. Description of how authority might use ability to waive certain requirements of MGL c.121 B to further goals of program.</p>
<p>4. Community Factors (10 points): Extent of recent efforts for the economic development and/or revitalization of state-aided public housing 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. Extent to which proposal has strategy for outreach and recruitment to maximize utilization of diverse business enterprises, including minority or women-owned enterprises. Financial commitment from municipality to project.</p>

5. LHA Capacity (10 points): LHA operational and project management capacity, as demonstrated through Performance Management Review (PMR) and Agreed Upon Procedures (AUP) finding as well as compliance with reporting requirements.

Application Questions and Attachment

Project Overview: Provide a summary of the public housing capital project and how it fits into a larger economic development/neighborhood revitalization plan. This can take the form of 2-3 paragraph introduction to the specific questions in sections 1-5.

- a. What is current condition of Public housing, and how is it situated in neighborhood?
 - ii. Provide a site plan of public housing situated in the neighborhood, with points of interest for economic development (transit, major employers, commercial areas, schools, etc.) mapped in relation to the public housing development.
- b. Brief summary of proposed work on public housing development
 - b. Does the city have an active economic development/neighborhood revitalization/housing production/City Master plan, and how does the proposed public housing project support the goals of this plan?
1. Project Scope and Budget: Details on proposed capital project
 - a. Describe the most pressing capital needs of the development, including failed building systems, threats to building envelope, and health & safety risks.
 - b. Describe the proposed scope of work with specific details about the exact components which will be renovated and how these components relate to other building systems. Please also submit PROJECT SCOPE (Detailed, line-by-line scope and budget derived from CPS or developed by a consultant and submit in Excel format). In this scope, please identify any required accessibility improvements.
 - c. Identify any components of scope that address neighborhood connectivity, neighborhood amenities, increase neighborhood attractiveness through landscaping, art, or façade improvements, or otherwise promote the neighborhood revitalization goals of program.
 - d. How does the project incorporate place-making principles²? These include some or all of the following:
 - Puts community engagement and arts at forefront of project conceptualization
 - Fosters economic diversity and integration within community
 - Contributes to a diverse mix of uses
 - Encourages pedestrian connections

² American Planning Association, Knowledge Base Connection: Creative Placemaking, <https://www.planning.org/knowledgebase/creativeplacemaking/>

- e. What is the TDC of the grant-funded work per affected public housing unit?
 - f. What, if any, are the non-DHCD grant sources of funding for the capital project at the public housing development?
2. Neighborhood Revitalization/Economic Development
- a. How will this project increase economic opportunity in the Gateway city?
 - b. How does proposed investment complement broader Economic Development/Neighborhood Revitalization/Housing Production Plan?
 - c. What are the measurable goals and outcomes of this plan?
 - d. Statement of need; describe the economic need in the neighborhood and city, including poverty rates, unemployment rates, median income, rent affordability, and other relevant measures.
 - e. What are the potential improvements to economic mobility in the broader plan (jobs, companies attracted, units created, etc.)?
 - f. What are the proposed co-investments in the neighborhood? Please include award programs, values, and agencies. Please also note any notable non-profit support for economic program as well as commitments from private companies for expansion and investment in area.
3. Economic Mobility
- a. Statement of need for public housing resident of affected development, including incomes, employment levels, and turnover rates and reasons
 - b. What new services supporting economic mobility will be provided to residents? Please include service provider, description of services, numbers proposed to be served, and measurable outcomes to track.
 - c. What is funding source for ongoing service provision?
 - d. How will broader city economic development/neighborhood revitalization/housing production plan present new opportunities for public housing residents?
 - e. What, if any, resident employment and apprenticeship opportunities will be offered through project construction?
4. Community Factors
- a. Have there been any recent public, non-profit, or private investments in infrastructure or economic development near the proposed project?
 - b. In addition to the signed letter of the support from the chief elected official, how has the municipality supported the housing authority over the past 5 years? Has the municipality supported zoning changes for housing production or economic development?
 - c. How have residents been engaged in the conceptualization and scoping of the proposed project? Does authority have plan for incorporating resident feedback in planning and design?
 - d. How have neighbors been engaged in the conceptualization and scoping of the proposed project?
 - e. What is the proposer's strategy to maximize utilization of diverse business enterprises, including women and minority-owned business enterprises, during design and construction?
 - f. What, if any, financial commitment has the municipality made to the proposed project.

5. LHA Capacity (verified by DHCD staff)

- a. What were the Authority's most recent Performance Management Review (PMR) Findings?
- b. What were the Authority's most recent Agreed Upon Procedures (AUP) Findings
- c. Is the authority in compliance with DHCD reporting requirements not covered by PMR?:
 - Budget Submissions and Certifications
 - Board Training
 - Board Attendance

Additional Required Attachments

1. Executed Application Cover Sheet.
2. Detailed project budget and scope, referencing CPS components.
3. Schedule and projected value of complementary investments, such as MassDOT projects, city MassWorks applications, municipal investments.
4. Site plan of the proposed site, clearly showing layout of existing units.
5. Neighborhood and/or city map showing sites of complementary investments.
6. Economic Development /Neighborhood Revitalization/ or Housing Production Plan associated with proposed project.
7. Photos of typical existing unit and site.
8. A housing authority board vote approving the program application, as evidenced by a certified extract from the minutes of the board meeting.
9. 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 6.00). If no letter can be obtained, then the LHA executive director may instead submit a letter certifying that tenants were involved in setting the needs and priorities of the application.
10. Letter from chief elected official expressing support for project.

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 (for PEHO 2 Program only)

Attachment E – Draft Developer RFP for Partnership to Expand Housing Opportunities Program
(for PEHO 2 Program only)

Attachment F – DHCD Design Requirements and Submission Guidelines for Private Developers
(for PEHO 2 Program Only)

Attachment G – Eligible Developments (Gateway Cities Program Only)