

**September 2024 Mini Competition**  
**High Readiness Projects**  
**Notice of Funding Availability**

**I. Summary**

The need for more affordable rental housing in Massachusetts was significant prior to the beginning of the COVID-19 pandemic. Due in part to zoning constraints, the state has experienced housing production challenges for years. The COVID pandemic exacerbated the production challenges and the shortage of affordable units. The effects of the pandemic on the housing delivery system – almost four years later – still are being felt, and the shortage of affordable rental units continues to be a significant issue for the Commonwealth. Four years after the pandemic began, the challenges include ongoing supply chain disruption, labor shortages, construction schedule delays, and very high interest rates on construction and permanent loans. Despite the challenges, the Healey-Driscoll Administration is committed to increasing the supply of affordable rental housing and has identified the need for more housing as one of its top priorities.

On behalf of the Administration, the Executive Office of Housing and Livable Communities (HLC) is deeply committed to adding more affordable rental units to the existing stock. At the conclusion of its winter 2024 funding competition, HLC determined that certain family or senior housing projects that did not receive funding were in many ways highly ready to proceed. HLC believes that the sponsors of these projects can rapidly address their remaining issues and present fundable OneStop+ applications to HLC's 2024 mini competition. While HLC will give priority in the mini competition to projects that it previously has reviewed, HLC anticipates allowing a limited number of highly ready projects that have not been reviewed to be included in the September competition. However, as indicated, HLC will give priority to projects that already have been reviewed.

HLC is issuing this Notice of Funding Availability (NOFA) for rental projects not yet funded by HLC that are highly ready to proceed. In addition to creating new affordable units, HLC fully expects that all projects submitted for consideration under this NOFA will incorporate many features of green, sustainable, and climate resilient design and will help advance the Commonwealth's many climate-related goals.

While the resources are not available for a full funding competition, HLC has identified certain amounts of federal and state LIHTC and subsidy resources that can be made available competitively under this NOFA. Because the need is greatest for family housing, HLC will place priority on family projects. However, HLC is prepared to accept several applications for highly ready senior projects as well. The senior projects must be targeted to persons age 62 and over and must conform in every respect to the particular requirements for senior projects included in the current Qualified Allocation Plan, or QAP (2022-2024), as posted to HLC's website. All projects must be designed to incorporate green, sustainable, and climate resilient design characteristics.

## **II. ARPA Funds and HOME-ARP Funds**

As of the date of this NOFA, HLC has committed all rental housing funds made available through the American Rescue Plan Act (ARPA). Unless a project with an existing ARPA commitment encounters significant challenges and cannot proceed, or HLC receives an additional ARPA-1 and 2 allocation, HLC will not be able to include ARPA in this competition. Sponsors should structure their projects without ARPA funds, although sponsors may indicate to HLC that they would seek ARPA funds if any become available.

Although ARPA-1 and 2 funds are not currently available, HLC is including federal HOME-ARP funds under this NOFA. Applications for HOME-ARP must conform to the requirements set forth in then-DHCD's written HOME-ARP plan, as approved in April 2023 by the U.S. Department of Housing and Urban Development. The HOME-ARP plan is posted to HLC's website at <https://www.mass.gov/doc/draft-home-arp-written-plan>.

HOME-ARP is a valuable new resource for developers who seek to provide units for certain low- and extremely low-income populations as identified by HUD. Interested sponsors must review the approved HOME-ARP plan before contacting HLC staff and including HOME-ARP in their development pro formas.

## **III. Project Eligibility Threshold Criteria**

To be eligible for the 2024 mini-round, projects must represent affordable or affordable/mixed-income housing featuring multiple characteristics of green design. Because the need is greatest for new units, the projects typically must meet the definition of production in the 2022-2024 QAP. (Please note: HLC may consider an exception to the production criterion only in the case of an occupied affordable project at risk of conversion to market rate housing.) In addition to state resources, all projects submitted under this NOFA must be supported by significant levels of non-state resources, including but not limited to, municipal resources and/or private contributions.

HLC intends to achieve geographic distribution in the awards it makes under this NOFA. Given the particular pressure to fund new projects in rural Massachusetts, HLC will set aside up to \$5 million in subsidy funds for rural projects that meet all the criteria included in this NOFA. If the full \$5 million cannot be awarded to eligible rural projects under this NOFA, HLC will include any remaining funds, as well as additional funds, in its winter 2025 competition. Under this NOFA, sponsors of some rural projects may wish to apply for more than \$5 million. HLC will consider such requests on a case-by-case basis. Interested sponsors should contact HLC for a listing of eligible rural communities.

In addition to meeting the HLC requirements for extremely low-income (ELI) units, sponsors of mini-round projects must indicate in their applications that they will set aside a certain number of ELI units to be rented to HLC-identified homeless families.

HLC will accept pre-applications on June 27, 2024, for projects that meet the additional criteria listed in the next section of this NOFA. Full OneStop+ applications will be due on September 26, 2024.

#### **IV. Additional Project Eligibility Criteria**

As indicated, HLC will host a mini competition on September 26, 2024, and will accept modified OneStop+ funding applications on or before that date from developers whose projects meet the following criteria:

- The projects were approved during the pre-application process. (Pre-application deadline: June 27, 2024)
- The projects fall within the production set-aside in the 2022-2024 QAP (only exception noted in preceding section).
- The projects will result in affordable or affordable/mixed-income family or senior rental housing.
- The projects conform to the green, sustainable, and climate resilient standards included in the 2022-2024 QAP. Sponsors should carefully review the standards included in the QAP. Sponsors of new construction projects should note that HLC will not accept pre-applications or OneStops for projects that rely on oil or gas-fired heating systems.
- The projects are highly ready to proceed, as demonstrated by the status of zoning, permitting, and architectural materials (drawings and scopes of work) and an architect's certification (please refer to Section VI of this NOFA).
- Either the municipality in which the project will be built is providing significant funds to support the project, if it has funds of its own, and/or the project is supported by significant levels of other non-state resources.
- The projects are structured to be financially feasible without state ARPA funds. As indicated, HLC has fully committed all ARPA-1 and 2 rental funds as of the date of this NOFA, and well in advance of the federal ARPA obligation deadline in December 2024.

Under this NOFA, HLC will give preference to projects that were fully reviewed at least once during a previous HLC rental funding competition.

LIHTC sponsors must demonstrate through current letters of interest that syndicators/investors are willing to invest in the project, if credits are allocated by HLC. The letters of interest must include projections as to the net raise that could be achieved by the syndication of interests in the ownership entity, based on the credits. Further, the syndicator/investor must meet the criteria included in the 2022-2024 QAP in the section on "financial feasibility".

In addition to the criteria already listed, projects must meet all thresholds described within the 2022-2024 QAP.

#### **V. Mini Competition: Affordable Resources**

HLC has identified a package of tax credit and subsidy resources to be made available in the September 2024 mini competition, including the following:

- 9% Low-Income Housing Tax Credits: approximately \$10 million
- State Low-Income Housing Tax Credits: approximately \$30 million
- HLC subsidy funds: approximately \$70 million

Please note that the National Housing Trust Fund (HTF) also will be included in the multiple subsidy funds HLC will offer during the mini competition. However, in order to determine whether the project can satisfy federal HTF requirements, sponsors seeking HTF must contact HLC's supportive housing staff in advance of submitting a pre-application for these funds. Because new construction projects can meet federal HTF requirements more readily than adaptive re-use or rehabilitation projects, HLC will offer HTF only to new construction projects under this NOFA.

Accessibility Affordable Housing Grant (AAHG) resources also will be available under this NOFA. AAHG offers recoverable grants to improve or create accessible and affordable rental housing for persons with disabilities. The units funded by AAHG will give a tenant selection priority to voucher recipients under the Alternative Housing Voucher Program (AHVP). AHVP voucher holders are persons under 60 years of age who have a disability. A limited number of AHVP vouchers are now available to be project-based.

AAHG units must be one-bedroom Group 2A units, as defined by 521 CMR 5.00, affordable to households earning less than 80% of area median income.

Requests for AAHG funding may not exceed 50% of the total development cost of the eligible units in a larger multifamily project. Preference will be given for projects that can demonstrate overall building accessibility including visitability. Please contact Sarah McKeever at CEDAC ([smckeever@cedac.org](mailto:smckeever@cedac.org)) with any questions.

A limited number of project-based vouchers (Section 8 and MRVP) also will be available during the 2024 mini competition.

As previously noted, HLC does not have additional ARPA funds to allocate at this time. However, HLC reserves the right to substitute ARPA for other funding sources in the event that additional ARPA funds become available.

## **VI. Mini Competition: Additional Information**

HLC will accept pre-applications on or before June 27, 2024, from sponsors who believe their projects meet the basic criteria identified in this NOFA. For projects approved at pre-application, HLC will accept modified OneStop+ funding applications on or before September 26, 2024. The schedule for pre-application and application fees is set forth in the 2022-2024 QAP and applies to the mini competition. HLC will provide interested sponsors with the list of OneStop+ sections and exhibits that must be updated for a September 26, 2024, submission to HLC.

HLC anticipates selecting ten to 15 projects in the September mini competition. Sponsors whose projects do not meet the pre-application criteria or who are not selected at the conclusion of the September 2024 mini competition will be able to submit OneStop+ applications during the full funding competition in February 2025.

As indicated, HLC intends to achieve some degree of geographic distribution in its funding decisions for the high readiness mini competition. HLC generally intends to approve one or two pre-applications per region. For purposes of this mini competition, HLC will treat the city of Boston as a standalone region.

Sponsors who believe that their projects are eligible for the mini competition must carefully review the criteria contained within this NOFA and must contact HLC's housing tax credit staff at least two weeks before submitting a pre-application.

Along with the pre-application due on June 27, 2024, sponsors must submit a one-page narrative on the status of the project and several certifications described in the following section.

Sponsors who believe their projects may meet the eligibility criteria for the mini competition as well as all applicable thresholds and scoring criteria within the QAP should note the following requirements:

- Sponsors typically must be able to demonstrate that the proposed project has received conditional or full funding commitments from all sources other than HLC.
- Sponsors must be able to demonstrate that the proposed project is fully zoned. At the time of pre-application, the sponsor must provide a narrative to HLC indicating that the proposed project faces no potential delays related to zoning or permitting or any other material issues. Sponsors of historic projects must have received Parts I and II federal approvals and a substantial amount of the anticipated state historic equity.
- **Sponsors of proposed projects must provide HLC with an architect's certification that, by the end of June 2024, the construction drawings, across all trades, will have advanced to at least 70% completion and will be coordinated across all trades.** Further, the architects must indicate in writing that, in their professional opinion, full bid documents can be completed within two months of an HLC award. The certifications from the sponsors' architects must be included in the pre-application to HLC.
- Sponsors' architects also must certify to HLC that the scope of work is highly developed and well-coordinated with the construction drawings. This certification must be included in the pre-application to HLC.
- Sponsors typically must have closed financing on any HLC-assisted projects that received awards prior to 2024.

- Sponsors must formally commit to listing any project funded through this initiative on Housing Navigator. Sponsors also must be current with Housing Navigator listings on other projects in their portfolios.
- Sponsor and team must have a satisfactory history of diverse supplier contracting and a demonstrated commitment to full participation of minority and women-owned business enterprises (MBEs/WBEs), as well as other diverse businesses certified by the Massachusetts Supplier Diversity Office (SDO) in all areas of contracting, including contracts for construction, design, goods, and services. At the time of full application, sponsor must complete the MWBE forms included in the 2022-2024 QAP. Sponsor must submit with the pre-application a current plan for outreach, recruitment, and utilization of MBEs/WBEs and other diverse business enterprises.
- Sponsors must commit to selecting a syndicator and/or investor acceptable to HLC.

Please feel free to contact Rebecca Frawley Wachtel or Catherine Racer of HLC with any questions. Their email addresses, respectively, are [rebecca.frawley@mass.gov](mailto:rebecca.frawley@mass.gov) and [catherine.racer@mass.gov](mailto:catherine.racer@mass.gov).

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