



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

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

ADDENDUM #2 to Public Housing Notice 2019-14

To: All Local Housing Authority Executive Directors
 From: Amy Stitely, Associate Director, Division of Public Housing
 Subject: **ADDENDUM #2 – Public Housing Innovations (PHI) Notice of Funding Availability**
 Date: July 12, 2019

Notice of Funding Availability - Public Housing Innovations

- A. Partnership to Expand Housing Opportunities (PEHO) Round 2**
- B. Gateway Cities Revitalization**

ADDENDUM #2 – Q & A FROM JULY 10, 2019 BIDDER’S CONFERENCE

Through this notice, DHCD is issuing written answers to all questions that have been submitted to date regarding the Public Housing Innovations (PHI) Notice of Funding Availability (NOFA) which was posted on May 15th, 2019 ([PHN 2019-14](#)). Prospective applicants should review this document and the original NOFA before drafting their applications for funding. PHI funding applications are due by 5pm on Wednesday, December 11th, 2019. If there are additional questions about the NOFA, please submit them via email to ben.stone@mass.gov and paul.mcpartland@mass.gov. We are sorry, but DHCD staff cannot respond to phone inquiries.

Questions and Answers are organized by the two programs within the NOFA – Partnership to Expand Housing Opportunities (PEHO 2) and Gateway Cities Neighborhood Revitalization.

Info Session Attendees (in person & on phone)	
Name	Organization
Danya Smith	Lynn NDA
Jeff Weeden	Lynn NDA
Andrew Skoog	Fitchburg HA
Doug Bushman	Fitchburg HA
Jennifer Van Campen	Metro West Collaborative Development
Jennifer Corcoran	JJC

Sean McReynolds	JJC
Amy Tran	Boston HA
Charleen Regan	Consultant – Boston HA & Somerville HA
Laura Shufelt	MHP
Michael Lara	Watertown HA
Andrea Adams	Town of Watertown
Shaina Korman-Houston	Metro West Collaborative Development
Cynthia Spence	New Bedford HA
Cathy Hoog	North Andover HA
John Gollinger	Waltham HA
Jaclyn Martin	Belmont HA
Stephen Kergo	Everett HA

Gateway Cities Neighborhood Revitalization

1) Is a certain amount of dollar contribution from the municipality to the public housing project required to apply?

No. This program does not require direct leveraged funding for the proposed project, though additional funding alongside the DHCD capital grant is welcomed and may make the proposal more competitive. DHCD is looking for projects that complement municipal or other public and private investments in the surrounding neighborhood, with the goal of supporting a broader economic development plan while modernizing the state-funded public housing.

2) Would construction of new, accessible office or community space be an allowable use of funds?

Yes. This program allows for a variety of scope items that preserve and modernize public housing. The application, however, should have at least one major component that will either make the development more attractive and increase connections to the neighborhood or allow for the provision of economic mobility services on site. The applicant should articulate how the project will improve the economic development of the community and economic mobility for residents.

3) Does one need to include specific targets/projections of income growth or jobs created?

We understand that it will be very hard to link the proposed modernization project with any economic development metrics. Applicants should reference a city or neighborhood economic development or housing production plan and how the DHCD investment will complement it. Additionally, service commitments for economic mobility programs will make proposals more competitive.

4) Are scattered site 705s eligible for Gateway Cities Revitalization funding?

Yes. While the NOFA limited eligibility to family developments with more than 50 units, DHCD will consider, on a case-by-case basis, applications for scattered sites family developments that include a clear articulation of how investment in these scattered sites will fit program objectives of contributing to community economic development.

5) Is technical assistance available for applicants to the Gateway Cities program?

The technical assistance available for the PEHO program is not available for the Gateway Cities Revitalization Program— because the “typical” capital grant would be for a modestly sized project that could be carried out without the involvement of a private developer, DHCD’s position is that housing authorities should be able to create a proposal without funding for assistance from consultants. DHCD staff, however, are always available to answer questions. If the proposal includes creation of new units or mixed-finance development alongside DHCD-funded investment into existing public housing, DHCD may refer the applicant to MHP for assistance.

Partnership to Expand Housing Opportunities 2 (PEHO 2)

1) Does DHCD have a particular geographic area of focus?

No, with the caveat that the project must be financially feasible. In order to cover the cost of prevailing wage, both for the replacement public housing and market rate units, as well as provide cross-subsidy to fund a portion of the replacement public housing, a successful project will need to rely on relatively high market rate rents. Only certain housing markets will be able to support the levels of rent that make mixed-income redevelopment projects with cross-subsidy for public housing replacement feasible.

2) How does DHCD view zoning feasibility when evaluating projects?

Applicants do not need to have all zoning in place in order to apply, though being zoned for the proposed density is a bonus. Applicants should include zoning approvals in their project timeline. Projects that have letters of support from the municipality’s chief elected official will be more competitive.

3) How did DHCD come up with the financial conditions in the NOFA (max \$250K/unit public subsidy, at least 2:1 market rate: replacement units, lower points if using Section 8 or LIHTC, etc).

DHCD recalibrated program conditions based on the experience with the projects awarded through the 2016 NOFA and the objectives of the program. Both of the funded projects required approximately \$250K/unit of public subsidy and included \$100-150K/unit of “cross subsidy” from the market rate component of the project to the replacement public housing. DHCD is looking for projects where the primary funding sources are non-LIHTC private equity, debt, and the state PEHO grant; the department wants to avoid cannibalizing other limited sources of affordable housing public subsidy for public housing. With regards to density, one of the first two projects had a 2.4 to 1 ratio of market to public housing, while the other had a ratio of 1.7 to 1 but required significant public subsidy in addition to the DHCD capital grant.

4) What is the scale of projects from the first round of funding? Is DHCD looking for a particular scale for projects in this round?

The Chelsea project will replace 96 units of public housing and add 234 market rate and middle income units. The Somerville projects will replace 216 units of public housing and add 340-370 market rate and middle-income units. DHCD does not have a particular project scale in mind for this round, and understands that many communities cannot support the level of density of the Chelsea and Somerville projects. However,

projects will need to have sufficient scale to be financially feasible while achieving the target ratio of market rate: replacement units.

5) Are projects eligible where the Housing Authority has vacant land, sells the land and uses the sale proceeds to fund investment in the authority's off-site public housing?

DHCD encourages this type of activity by LHAs, but it is not a fit for the PEHO program, which involves the redevelopment of existing public housing. However, please note that proceeds from land disposition cannot be retained by the LHA under current law, but rather are deposited into the Commonwealth's General Fund. Legislation has been filed to allow LHAs to retain proceeds from sales, but until it is enacted into law, LHAs that wish to retain proceeds from land dispositions will need to go through the home rule legislation process.

DCHD has contracted with Mass Housing Partnership (MHP) to provide technical assistance to LHAs interested in developing their vacant land, including feasibility study, title research, and RFP drafting. DHCD counsels LHAs to avoid extensive conversations with developers before issuing an RFP, as this can invite challenges to invalidate the award.

Information on the technical assistance program for vacant land can be found here: <https://www.mass.gov/files/documents/2019/05/16/2019-13.pdf>. We encourage interested LHAs to apply.

6) Is there a deadline for procurement of a developer?

Applicants need to have a developer procured by the application deadline of December 11. Interested LHAs should be working to draft and issue an RFP in July and August. When writing the RFP, LHAs need to be mindful of the requirements of MGL Chapter 30B regarding land disposition. The RFP should note the LHA is disposing of land as well as procuring developer services through the same document, and should note that the value of land is in excess of \$35,000.

7) Will there be an extended deadline to apply for technical assistance to assess initial feasibility and prepare a response to the NOFA?

The NOFA set a deadline of June 14, 2019 to request technical assistance. This deadline will be extended until December 31st, 2019, with the strong caveat that LHAs still in the technical assistance/feasibility assessment stage at that point may not be able to procure a developer in time to respond to this NOFA by the December 11 deadline. These LHAs, however, will be better prepared for future rounds of PEHO funding. LHAs interested in applying for the 2019 round but need initial assistance should send in their requests immediately – deadline for technical assistance for 2019 application is July 31st. Interested applicants can request technical assistance by emailing ben.stone@mass.gov and paul.mcpartland@mass.gov.