

DRAFT FFY 2016 Massachusetts One-Year Action Plan

For CDBG, ESG, HOME and HOPWA Funds

Executive Summary

AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)

1. Introduction

The 2015 – 2019 Consolidated Plan identifies the housing and community development needs of Massachusetts and provides the framework for how Massachusetts intends to address and prioritize those needs over the next five years. The five year plan, submitted to HUD in 2015, and this 2016 Action Plan pertain to the activities of the following programs:

- Community Development Block Grant Program (CDBG)
- HOME Investment Partnerships Program (HOME)
- Housing Opportunities for Persons with AIDS (HOPWA)
- Emergency Solutions Grant (ESG)

These programs are called *formula programs* because HUD distributes the funds to each state based on a statutory formula that takes into account population, poverty, incidence of overcrowded housing, and age of housing stock. Consolidated Plans must be submitted every five years; more detailed action plans are required annually.

The Community Development Block Grant funds *may only be expended* in the state's "non-entitlement" communities. These are the 314 cities and towns that are not eligible to apply for community development funding directly from HUD. (Thirty-seven other communities – mostly larger cities – receive more than \$86.7 million annually, directly from HUD, for which they submit their own consolidated plans.) Funding under the other three programs may be allocated statewide, although DHCD gives priority to requests from non-entitlement communities if they have priority needs and can demonstrate the ability to address them in a manner consistent with the state's strategy.

2. Summarize the objectives and outcomes identified in the Plan

The 2015-2019 Consolidated Plan provides the framework for the Commonwealth's continuing investment to help meet the housing and community development needs of its residents and municipalities. It lays out the state's long-term objectives and the strategies by which it will achieve these objectives, using funds received from HUD under the four programs covered by the plan as well as other sources the state expects to have available. The plan identifies the state's housing and community development needs and priorities, and establishes the criteria by which projects will be selected for funding. The state's housing and community development needs were identified by citizens in a series of three public forums, a public hearing, and an analysis of socioeconomic and housing market conditions.

Four objectives were established for the Consolidated Plan. These objectives support the Commonwealth's overarching goal for all its housing and community and development efforts: to

provide broad economic opportunity and a high quality of life for all Massachusetts residents. They also support HUD's complementary goals of providing decent housing, a suitable living environment and expanded economic opportunities. The objectives of the 2015-2019 Massachusetts plan are:

- Promote strong, sustainable communities throughout the Commonwealth and address local priorities
- Preserve and create affordable rental housing options for low- and moderate-income residents.
- Reduce chronic and family homelessness through a housing-based approach, with a long-term goal of ending homelessness.
- Ensure full and fair access to housing for all residents of the Commonwealth.

3. Evaluation of past performance

This Annual Action Plan represents the second year of implementation of the objectives set forth in the 2015-2019 Consolidated Plan. Ninety days after the close of the state's HUD program year (April 1 through March 31), the Commonwealth submits the annual Performance Evaluation Reports (PER) for the programs covered by the Consolidated Plan; the PERs for 2015 are due June 30, 2016.

Massachusetts has long been a leader in providing affordable subsidized housing for its residents. Using state and federal resources, the Department of Housing and Community Development, its affiliated quasi-public agencies, more than 240 local and regional housing authorities, and a wide array of private for-profit and nonprofit housing developers engage in an exceptionally high level of publicly assisted housing activity. Each year, more than a billion dollars of federal, state, and quasi-public funds are spent to build, renovate, preserve, maintain or subsidize affordable housing in Massachusetts. Progress has been made in the past five years.

In 2013, the legislature passed an historic \$1.4 Billion housing bond bill. The bill included provisions to recapitalize DHCD's bond-funded affordable housing production and preservation programs, to invest in public housing modernization, provided options to help disabled residents remain in their homes, to support neighborhood stabilization and the development of housing units in commercial areas served by public transit. Further, the bill extended the Massachusetts Low Income Housing Tax Credit (LIHTC) at \$20 million per year. The state increased its commitment to new housing production, a challenging task in an era of high costs and shrinking subsidies, and to removing the barriers that have stifled housing production.

On the non-housing front, Massachusetts has invested heavily in its public facilities and infrastructure, including the roads, bridges, schools and libraries that are a prerequisite to sustainable housing and community development.

4. Summary of Citizen Participation Process and consultation process

To be completed after public comment period. Public comment period runs from February 22, 2016, to March 22, 2016; public hearing scheduled for Thursday, March 17, 2016, 10:00 am at 100 Cambridge Street, 2nd floor, Boston, MA.

5. Summary of public comments

To be completed after public comment period.

6. Summary of comments or views not accepted and the reasons for not accepting them

To be completed after public comment period.

PR-05 Lead & Responsible Agencies - 91.300(b)

1. Agency/entity responsible for preparing/administering the Consolidated Plan

The following are the agencies/entities responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source.

Agency Role		Name	Department/Agency
CDBG Administrator	MASSACHUSETTS		MA Dept. of Housing & Community Development
HOPWA Administrator			MA Dept. of Public Health
HOME Administrator	MASSACHUSETTS		MA Dept. of Housing & Community Development
ESG Administrator	MASSACHUSETTS		MA Dept. of Housing & Community Development

Table 1 – Responsible Agencies

AP-10 Consultation - 91.110, 91.300(b); 91.315(l)

1. Introduction

The Consolidated Planning process is a collaborative one. DHCD, the administering agency for the Commonwealth of Massachusetts, encourages broad citizen and stakeholder participation, especially from those low income residents most affected by its programs.

The implementation of the Consolidated Plan and the FY 2016 Action Plan is carried out by dozens of state agencies, departments and quasi-public entities, working in concert with a network of for-profit and nonprofit service providers and developers and the 351 cities and towns of the Commonwealth of Massachusetts. The Executive Office of Housing and Economic Development (EOHED) aligns the state's traditional housing and economic development agencies to more effectively coordinate policies and programs in these areas. DHCD consults regularly with cities and towns, and regional planning agencies, in the development and implementation of its programs.

Provide a concise summary of the state's activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health and service agencies

DHCD and 18 state agencies signed a memorandum of understanding partnering to improve existing processes, make recommendations for new, collaborative efforts and develop a long-range action plan to meet the need for supportive housing among the Commonwealth's residents. Supportive housing helps individuals and families that are homeless or facing homelessness, institutionalized or at-risk of institutionalization, people with disabilities and the elderly. Additionally, the agencies, through an Interagency Supportive Housing Working Group, continue to assess the extent of public cost-savings generated as a result of providing permanent supportive housing and will recommend strategic reinvestments.

In addition to providing housing for families, supportive housing, which is operated in conjunction with a network of non-profit agencies across the Commonwealth, includes services such as childcare, access to job training, mental-health care and other opportunities that give participants a hand up towards stability and success.

Describe coordination with the Continuum of Care and efforts to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans, and unaccompanied youth) and persons at risk of homelessness

DHCD continues to meet this requirement through a variety of methods and strives to incorporate applicable feedback from CoC's into our administration of the Emergency Solutions Grant. In fact, many of the requests made through the consultation process have been implemented and many were incorporated into our 2016 ESG procurement process. To help support this effort and to continue to encourage conversations about the best use of funding at the local level, DHCD is also requires that each subrecipient consult with their continua of care about their ESG projects.

State ESG officials distribute information about Federal and State policies relevant to homeless families and individuals to homeless services providers, Regional Networks, and CoC's on a regular basis. State officials attend and convene local and regional gatherings on occasion, and communicate with ESG Entitlement Communities to help coordinate ESG activities as appropriate throughout the Commonwealth.

Describe consultation with the Continuum(s) of Care that serves the State in determining how to allocate ESG funds, develop performance standards for and evaluate outcomes of projects and activities assisted by ESG funds, and develop funding, policies and procedures for the operation and administration of HMIS

DHCD continues to provide each CoC with detailed information about the DHCD ESG funded program within their jurisdiction including the sub-recipients success at meeting the proposed performance measurements and compliance with ESG rules and regulations.

Please see the attached Appendix for ESG-specific information pertaining to consultation.

2. Agencies, groups, organizations and others who participated in the process and consultations

Table 2 – Agencies, groups, organizations who participated

1	Agency/Group/Organization	MA Dept. of Public Health
	Agency/Group/Organization Type	Other government - State
	What section of the Plan was addressed by Consultation?	HOPWA Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	MA Dept. of Public Health is responsible for the administration of the HOPWA program.

Identify any Agency Types not consulted and provide rationale for not consulting

N/A

Other local/regional/state/federal planning efforts considered when preparing the Plan

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
Continuum of Care	DHCD	

Table 3 - Other local / regional / federal planning efforts

AP-12 Participation - 91.115, 91.300(c)

1. Summary of citizen participation process/Efforts made to broaden citizen participation Summarize citizen participation process and how it impacted goal-setting

To be completed for final submission, after the public comment period. Public comment period runs from February 22, 2016 to March 22, 2016; public hearing scheduled for Thursday, March 17, 2016, 10:00 am at 100 Cambridge Street, 2nd floor, Boston, MA.

Citizen Participation Outreach

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)

Table 4 – Citizen Participation Outreach

Expected Resources

AP-15 Expected Resources – 91.320(c)(1,2)

Anticipated Resources

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 2				Expected Amount Available Reminder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
CDBG	public - federal	Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services	29,136,025	0	0	29,136,025	87,408,075	

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 2				Expected Amount Available Reminder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
HOME	public - federal	Acquisition Homebuyer assistance Homeowner rehab Multifamily rental new construction Multifamily rental rehab New construction for ownership TBRA	6,931,844	0	0	6,931,844	20,795,532	

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 2				Expected Amount Available Reminder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
HOPWA	public - federal	Permanent housing in facilities Permanent housing placement Short term or transitional housing facilities STRMU Supportive services TBRA	213,000	0	0	213,000	639,000	

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 2				Expected Amount Available Reminder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
ESG	public - federal	Conversion and rehab for transitional housing Financial Assistance Overnight shelter Rapid re-housing (rental assistance) Rental Assistance Services Transitional housing	4,489,628	0	0	4,485,180	13,495,884	

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 2				Expected Amount Available Reminder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
HUD-VASH	public - federal	Rental Assistance	0	0	0	0	0	VASH combines an allocation of Section 8/HCVP rental vouchers from HUD with ongoing case management and clinical services provided by Veterans Administration Supportive Housing (VASH). Services include: housing search assistance; community-based management services; outpatient health services; hospitalization; and other services on a regular basis.
LIHTC	public - federal	Housing Multifamily rental new construction	15,514,438	0	0	15,514,438	46,543,314	The Low Income Housing Tax Credit Program (LIHTC) is a federally authorized program for non-profit and for-profit developers to promote the construction and rehabilitation of affordable rental housing. Often these units are within a larger mixed income development.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 2				Expected Amount Available Reminder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
Section 811	public - federal	Rental Assistance Supportive services	12,100,000	0	0	12,100,000	36,300,000	The Section 811 program is designed to provide permanent supportive housing for non-elderly people with disabilities, many of whom are transitioning out of institutional settings in order to live more independently in integrated community housing. Collectively, the two awards will fund approximately 190 Section 811 Project Rental Assistance Vouchers. Applicants for the vouchers will be screened and referred by EOHHS, and all tenants will receive coordinated supportive services through EOHHS.
Other	public - federal	Financial Assistance	148,038,946	0	0	148,038,946	444,116,838	Fuel Assistance, the Low Income Home Energy Assistance Program provides eligible households with help in paying a portion of winter heating bills.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 2				Expected Amount Available Reminder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
Other	public - federal	Homeowner rehab Multifamily rental rehab Other	6,058,804	0	0	6,058,804	18,176,412	Funded by the U.S. Dept. of Energy, the Low Income Weatherization Assistance Program (WAP) provides eligible households with full-scale home energy conservation services.
Other	public - federal	Public Services	16,584,952	0	0	16,584,952	49,754,856	Community Services Block Grant
Other	public - federal	Rental Assistance	0	0	0	0	0	Section 8 rental assistance - Housing Choice Voucher Program
Other	public - state	Financial Assistance Rental Assistance	12,500,000	0	0	12,500,000	37,500,000	RAFT provides short-term financial assistance to low-income families who are homeless or at risk of becoming homeless.
Other	public - state	Housing Multifamily rental new construction	13,600,000	0	0	13,600,000	40,800,000	State-funded Low Income Housing Tax Credit
Other	public - state	Housing Multifamily rental new construction Multifamily rental rehab	28,175,000	0	0	28,175,000	84,525,000	The Housing Stabilization Fund (HSF) is a state funded program for municipalities, non-profit, or for-profit developers to support affordable rental housing production and rehabilitation.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 2				Expected Amount Available Reminder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
Other	public - state	Housing Multifamily rental new construction Multifamily rental rehab New construction for ownership Other	35,000,000	0	0	35,000,000	105,000,000	The purpose of the Affordable Housing Trust Fund is to support the creation or preservation of housing that is affordable to people with incomes that do not exceed 110% of the area median income, as defined by HUD.
Other	public - state	Housing Multifamily rental new construction Multifamily rental rehab Other	12,438,194	0	0	12,438,194	37,314,582	The Housing Innovations Fund (HIF) is a state funded program for non-profit developers to create and preserve affordable rental housing for special needs populations.
Other	public - state	Housing Other	0	0	0	0	0	Housing Authority operating subsidies.
Other	public - state	Overnight shelter	199,883,948	0	0	199,883,948	599,651,844	Funding for overnight shelters for individuals.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 2				Expected Amount Available Reminder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
Other	public - state	Rental Assistance	0	0	0	0	0	The Massachusetts Rental Voucher Program (MRVP) provides a permanent improvement in the lives of low-income families and individuals by offering both tenant- and project-based rental subsidies.

Table 5 - Expected Resources – Priority Table

Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied

DHCD will match CDBG funding dollar for dollar, after the first \$100,000 in federal funding. Local CDBG administrators often leverage funds from other housing programs, such as federal weatherization funding, and often provide in-kind service. For the CDBG program, bonus points are available if an applicant demonstrates that non CDBG-funded projects consistent with the community's Community Development Strategy and the requested CDBG activities are also targeted to the same geographic area and will also result in measurable improvements. These points will not be awarded for municipal operating budget activities, maintenance activities/projects, or activities that are an extension of a requested CDBG activity such as lead abatement funds to serve the same units as those in a proposed housing rehabilitation program.

The resources for the HOME match continue to be the state-funded Massachusetts Rental Voucher Program and the state's Housing Stabilization Fund. Annual expenditures through these two programs alone are approximately \$48 million. Since states are permitted to "bank" match, that expenditure level would constitute match -- calculated at 25 cents (\$0.25) on the HOME dollar (\$1.00) -- for many years.

The resources for the HOME match continue to be the state-funded Massachusetts Rental Voucher Program and the state's Housing Stabilization Fund. Annual expenditures through these two programs alone are approximately \$48 million. Since states are permitted to "bank" match, that expenditure level would constitute match -- calculated at 25 cents (\$0.25) on the HOME dollar (\$1.00) -- for many years.

If appropriate, describe publically owned land or property located within the jurisdiction that may be used to address the needs identified in the plan

CDBG funds may be used for publicly held property. This is most likely in cases of infrastructure and public facility projects such as sewer, water and drainage improvements; streetscape improvements; architectural barrier removal; and senior centers. Additionally, MA is exploring the use of state-owned land for the development of housing -- the MA Open for Business Initiative.

Discussion

In Massachusetts, DHCD is the tax credit allocating agency, through its Division of Housing Development. The Division also oversees approximately \$100 million annually in other federal and state affordable housing programs, including the federal HOME program, ensuring a coordinated approach to resource allocation.

Developers have the opportunity to apply competitively for the tax credit and DHCD's other affordable rental housing resources during regularly scheduled funding competitions. In a typical year, the Department's credit allocations, in combination with DHCD subsidy awards and other funds, generate support for about 1200 to 1500 affordable rental units, both production and preservation. DHCD has emphasized to the development community the importance of structuring projects to include units for extremely low income individuals and households, and has made project-based Section 8 allocations available to support these tenants. The Department also is encouraging developers to target the extremely low income units to individuals or families making the transition from homelessness.

DHCD is the lead agency for the preparation of both the Consolidated Plan and the state's Low Income Housing Tax Credit (LIHTC) Qualified Allocation Plan. The Qualified Allocation Plan (QAP) establishes the priorities and policies under which the state will operate and distribute funds in its federal tax credit program. In much the same manner as it does when it prepares its HUD Community Planning and Development Consolidated Plan and One Year Action Plans, DHCD considers the Commonwealth's affordable housing needs and the condition of its housing markets when it prepares its LIHTC Qualified Allocation Plan. The two plans are complementary and consistent, and the QAP is incorporated by reference into this Consolidated Plan. The QAP is available in its entirety on the DHCD website.

Massachusetts received a CDBG Disaster Recovery grant under P.L. 113-2. DHDC performed a needs assessment for these funds which is available at: <http://www.mass.gov/hed/community/funding/community-development-block-grant-disaster-recovery-.html>. The majority of these funds have been obligated.

Annual Goals and Objectives

AP-20 Annual Goals and Objectives – 91.320(c)(3)&(e)

Goals Summary Information

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	Promote Strong Sustainable Communities	2015	2019	Affordable Housing Public Housing Homeless Non-Homeless Special Needs Non-Housing Community Development		Rehabilitation of existing units Production of new rental units Preservation of affordable rental housing Homelessness Prevention and Rehousing Homeownership Community development and local priorities		

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
2	Preserve and create affordable rental housing	2015	2019	Affordable Housing		Rehabilitation of existing units Production of new rental units Preservation of affordable rental housing Homelessness Prevention and Rehousing		Rental units constructed: 150 Household Housing Unit Rental units rehabilitated: 30 Household Housing Unit
3	Reduce homelessness	2015	2019	Homeless		Homelessness Prevention and Rehousing		
4	Access to housing opportunities	2015	2019	Affordable Housing		Rehabilitation of existing units Production of new rental units Preservation of affordable rental housing Homelessness Prevention and Rehousing Homeownership Community development and local priorities		

Table 6 – Goals Summary

Annual Action Plan
2016

Goal Descriptions

1	Goal Name	Promote Strong Sustainable Communities
	Goal Description	
2	Goal Name	Preserve and create affordable rental housing
	Goal Description	
3	Goal Name	Reduce homelessness
	Goal Description	
4	Goal Name	Access to housing opportunities
	Goal Description	

Table 7 – Goal Descriptions

Estimate the number of extremely low-income, low-income, and moderate-income families to whom the jurisdiction will provide affordable housing as defined by HOME 91.215(b)

The Commonwealth's annual goals are subject to change, based on funding allocations, funding award decisions, and local needs and priorities.

AP-25 Allocation Priorities – 91.320(d)

Introduction

HOME, CDBG, ESG, and HOPWA funds are important resources for the Commonwealth in the execution of its housing and community development agenda. CDBG, in particular, is the State's major resource to address the needs of its non-entitlement communities, all of which are facing fiscal constraints. In addition to supporting a broad range of infrastructure, accessibility and community development projects, the Massachusetts CDBG Program facilitates small business development through support of regional, revolving loan funds, and efforts to revitalize community centers and encourage mixed use development. Its housing rehabilitation funds are being used in many communities to revitalize older housing in established neighborhoods.

HOME remains a workhorse in the State's stable of housing programs. Along with the low income housing tax credit, with which it is often paired, HOME is a major tool for preserving and expanding the state's affordable rental inventory, identified as a priority need. With decreased HOME funding allocations over the last several years, the number of HOME units funded has also decreased.

ESG and HOPWA are also important resources, each contributing to the challenge of combating homelessness and providing decent housing for at-risk populations. The State will continue to use the Emergency Solutions Grant Program to enhance shelter capacity by renewing existing ESG contracts with shelters where the ESG funded beds were previously unfunded. ESG will also continue to focus on moving people beyond homelessness by offering rapid re-housing assistance to currently homeless individuals and families in the shelter system and providing homelessness prevention services to at-risk households that are not eligible for other prevention services in Massachusetts. This strategy has proven to be consistent with the State's new approach to combating homelessness. Both the Consolidated Plan and this FY 2016 Action Plan are consistent with the Commonwealth's Continuum of Care Plan.

Funding Allocation Priorities

	Promote Strong Sustainable Communities (%)	Preserve and create affordable rental housing (%)	Reduce homelessness (%)	Access to housing opportunities (%)	Total (%)
CDBG	60	25	10	5	100
HOME	0	80	15	5	100
HOPWA	0	0	0	100	100
ESG	0	0	80	20	100
HUD-VASH	0	0	0	0	0

LIHTC	0	0	0	0	0
Section 811	0	0	0	0	0
Other Affordable Housing Trust Fund	0	0	0	0	0
Other Alternative Housing Voucher Program	0	0	0	0	0
Other Commercial Area Transit Node Housing Program	0	0	0	0	0
Other Community Based Housing	0	0	0	0	0
Other CSBG	0	0	0	0	0
Other Facilities Consolidation Fund	0	0	0	0	0
Other Family Shelters	0	0	0	0	0
Other Housing Innovations Fund	0	0	0	0	0
Other Housing Stabilization Fund	0	0	0	0	0
Other Individual Shelters	0	0	0	0	0
Other LIHEAP	0	0	0	0	0
Other MA Rental Voucher Program	0	0	0	0	0
Other Public Housing Operating	0	0	0	0	0
Other Rental Assistance for Families in Transition	0	0	0	0	0
Other Section 8	0	0	0	0	0
Other Section 8 Moderate Rehab	0	0	0	0	0
Other State LIHTC	0	0	0	0	0
Other Weatherization Assistance Program	0	0	0	0	0

Table 8 – Funding Allocation Priorities

Reason for Allocation Priorities

Massachusetts allocates the funds it receives from HUD under the four programs covered by this Action Plan to number of specific programs.

How will the proposed distribution of funds will address the priority needs and specific objectives described in the Consolidated Plan?

The programs funded under CDBG, HOME, ESG and HOPWA enable the Commonwealth to equitably distribute funds to address its highest priority needs in each of the funding categories: affordable housing (including lead paint abatement), homelessness, special needs, and community development.

AP-30 Methods of Distribution – 91.320(d)&(k)

Distribution Methods

Table 9 - Distribution Methods by State Program

1	State Program Name:	CDBG Reserves
	Funding Sources:	CDBG
	Describe the state program addressed by the Method of Distribution.	On occasion applications, or portions thereof, that were not funded during a competitive process, including direct technical assistance to eligible communities, may be considered by the Undersecretary of DHCD to be particularly worthy, innovative, or address an overarching local, regional, or statewide need. Such projects may be funded through the Reserves. Funds may also be made available for projects throughout the program year that are consistent with Massachusetts' CDBG priorities.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	The application materials for Reserves will provide guidance to potential grantees on how to structure their applications. The Department's interest in providing Reserves funding for projects will be determined by a review of the proposed project to determine consistency with the goals and priorities cited above and that the activity is eligible, feasible and ready to proceed. Once complete, applications will be funded in the order in which they are received.

<p>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</p>	<p>The CDBG FY2016 One-Year Action Plan is attached and is also posted separately on DHCD's website.</p>
<p>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</p>	
<p>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</p>	

	Describe how resources will be allocated among funding categories.	An initial allocation of \$150,000 will be available for the Reserves component. Funds may be recaptured by or returned to DHCD at any time during the program year, or reallocated to and from program components including the Reserves component. This may result in an increase or decrease to the initial allocation.
	Describe threshold factors and grant size limits.	All projects funded under Reserves must meet, at a minimum, CDBG National Objective and eligibility requirements, applicable rules and regulations, and project feasibility thresholds.
	What are the outcome measures expected as a result of the method of distribution?	See the attached appendix for the FY 2016 CDBG Action Plan and program specifics.
2	State Program Name:	Community Development Fund
	Funding Sources:	CDBG

Describe the state program addressed by the Method of Distribution.	The Community Development Fund annually awards grants to communities throughout the Commonwealth. This program helps eligible cities and towns to meet a broad range of community development needs in housing, infrastructure, downtown revitalization, and public social services. It supports CDBG-eligible activities and encourages applicants to develop coordinated, integrated and creative solutions to local problems.
Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	The Community Development Fund (CDF), representing the bulk of the state's CDBG allocation, will be distributed through an annual competitive application process. Access and competitiveness within CDF are affected by an assigned Community Wide Needs score, which is calculated by DHCD for all eligible communities (non-entitlement). CDF supports revitalization efforts and addresses the needs of low and moderate income residents by supporting housing as well as community and economic development activities in Massachusetts cities and towns. The fund is divided into two parts for purposes of allocation: CDF I (\$14,798,762) for communities with high needs as defined by a statistical formula; CDF II (\$2,700,000 available) is for communities with more moderate needs.
If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	The CDBG FY 2016 One-Year Action Plan is attached and is posted separately on DHCD's website.

<p>Describe the process for awarding funds to state recipients and how the state will make its allocation available</p> <p>to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</p>	
<p>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</p>	

<p>Describe how resources will be allocated among funding categories.</p>	<p>All CDBG program funds will be available to eligible grant recipients based on applications for Massachusetts Community Development Block Grant funds and/or Notices of Funding Availability that will be distributed on a regular basis. These documents will make communities aware of the requirements of each particular component and will be available to allow communities adequate time to prepare grant applications for each program.</p> <p>A single community may receive no more than \$1 million from any combination of federal FY 2016 Community Development Fund I or II, or Mini-Entitlement grant funds. Awards not subject to the \$1 million cap per community include the Economic Development Fund and Reserves.</p> <p>Additionally, a single community may receive no more than \$1.35 million from Community Development Fund I within two successive years. Economic Development Fund and Reserves awards are not subject to the \$1.35 million cap per community.</p>
<p>Describe threshold factors and grant size limits.</p>	<p>See attached FY2016 CDBG One-Year Action Plan for specifics. A single community may receive up to \$900,000 for multiple, targeted physical activities. Social services, planning or design activities does not trigger higher grant funding level. No single CDF I community in a regional application may receive more than \$700,000. There is a minimum grant amount of \$10,000 for planning or design-only grants.</p>
<p>What are the outcome measures expected as a result of the method of distribution?</p>	<p>See attached appendix for the FY 2016 CDBG One-Year Action Plan and program specifics.</p>

3	State Program Name:	Economic Development Fund
	Funding Sources:	CDBG
	Describe the state program addressed by the Method of Distribution.	<p>The Economic Development Fund (EDF) provides assistance to communities focused on community economic development -- supporting revitalization efforts that enhance the quality of life in the community strengthening the local tax-base, and retaining and creating jobs for low and moderate-income people. EDF gives priority to assistance for revitalization of downtowns and commercial center areas.</p> <p>See the attached appendix for the FY2016 CDBG Action Plan and program specifics.</p>
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	<p>EDF applications will be evaluated according to a two-stage process, which consists of (1) completion of an Application Information Form (AIF) and initial meeting and (2) the application. See the attached FY2016 CDBG One-Year Action Plan for specifics.</p>
	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	<p>The FY2016 CDBG One-Year Action Plan is attached and is posted separately on DHCD's website.</p>

<p>Describe the process for awarding funds to state recipients and how the state will make its allocation available</p> <p>to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</p>	
<p>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</p>	
<p>Describe how resources will be allocated among funding categories.</p>	<p>DHCD anticipates that \$1,600,000 will be available for the Economic Development Fund during FY2016.</p>

	Describe threshold factors and grant size limits.	A community may receive no more than one EDF grant award in any fiscal year. Applications will be accepted on an ongoing basis throughout the year, based on funding availability. See the attached appendix for the FY2016 CDBG Action Plan and program specifics.
	What are the outcome measures expected as a result of the method of distribution?	See the attached appendix for the FY2016 CDBG One-Year Action Plan and program specifics.
4	State Program Name:	Emergency Solutions Grant
	Funding Sources:	ESG
	Describe the state program addressed by the Method of Distribution.	The Emergency Solutions Grant (ESG) Program funds eligible activities designed to prevent homelessness, support basic shelter operations, and provide essential rapid rehousing services for homeless individuals and families currently in the shelter system or living in a place not meant for habitation. ESG funding will be used for shelter support, rapid rehousing and stabilization, and homelessness prevention.

<p>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</p>	<p>In January 2016, DHCD released a Request for Responses (RFR) to solicit qualified, cost-effective, creative and competitive applications to develop and operate Emergency Solutions Grant (ESG) eligible projects across the Commonwealth. All awarded ESG projects must have clearly demonstrated how the projects supports HUD's overall vision for Emergency Solutions Grant, Opening Doors, the Federal strategic plan for ending homelessness, the work of DHCD and the local Continuum of Care in ending homelessness. Rather than solely utilizing ESG funding to create separate or distinct programs, subrecipients are encouraged to think strategically about how ESG funding can be leveraged with other funding sources to help support existing efforts to reduce and end homelessness within their region and the Commonwealth.</p>
<p>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</p>	
<p>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</p>	<p>After consulting with each CoC regarding their needs and priorities for ESG funding, DHCD released a request for responses (RFR), for new awards to be issued in FY16 (contract period 4/1/16-3/31/17). The RFR allows awards made through the procurement process to be renewed for up to four additional years. As part of the annual renewal process, each subrecipient contractor will be responsible for reviewing project outcomes with their CoC and negotiating necessary changes with DHCD in order to continuously meet the needs of homeless persons, and those at risk of homelessness, within their CoC.</p>

Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)	
Describe how resources will be allocated among funding categories.	See attached appendix that includes the FY 2016 ESG Program Description for specifics.
Describe threshold factors and grant size limits.	See attached appendix that includes the FY 2016 ESG Program Description for specifics.

	What are the outcome measures expected as a result of the method of distribution?	See attached appendix that includes the FY 2016 ESG Program Description for specifics.
5	State Program Name:	HOME
	Funding Sources:	HOME
	Describe the state program addressed by the Method of Distribution.	DHCD will competitively and contingently award HOME funds for multi-family rental loans.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	<p>DHCD will continue its past practice of seeking to competitively award HOME funds in those areas of the Commonwealth that do not receive HOME funds as a result of entitlement community of HOME Consortium designation. DHCD will also competitively award HOME funds for rental loan projects in entitlement communities that provide a match for DHCD-administered HOME funds.</p> <p>DHCD will continue to contingently award its rental funds through a competitive RFP process. Notices of Funding Availability (NOFA) are published on DHCD's website and DHCD's listServ notifies subscribers when the NOFA or any new pertinent program information is posted. DHCD also reserves the option to make rental funds available on a rolling basis with clear readiness standards for projects that will serve low- and extremely low-income homeless families and individuals and low- and extremely low-income veterans.</p> <p>See the attached appendix that includes the FY2016 HOME Program Description for program details.</p>

<p>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</p>	
<p>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</p>	
<p>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</p>	

Describe how resources will be allocated among funding categories.	<p>During federal FY 2016 DHCD anticipates the following approximate amounts will be awarded through a competitive RFP process, depending upon the level of demand in each program category:</p> <ul style="list-style-type: none"> • \$6,238,660 - rental loan program • n/a- project-based first-time homebuyer program • n/a– purchaser-based first-time homebuyer program
Describe threshold factors and grant size limits.	<p>Typically, DHCD will award up to \$750,000 to \$1,000,000 per project and up to \$50,000 per HOME-assisted unit in HOME entitlement/consortium communities. In non-entitlement or non-consortium communities, the maximum loan is up to \$65,000 per HOME-assisted unit. We reserve the option to increase the per unit amounts for family projects located in gateway communities or areas of opportunity.</p> <p>See attached appendix for FY2016 HOME Program details.</p>
What are the outcome measures expected as a result of the method of distribution?	<p>DHCD's HOME activities generally fall under the HUD objective: Provide decent affordable housing. In general, the HUD outcome for our activities is: Affordability.</p> <p>See the attached appendix that includes the FY 2016 HOME program specifics.</p>
State Program Name:	HOPWA

6	Funding Sources:	HOPWA
	Describe the state program addressed by the Method of Distribution.	The Massachusetts Department of Public Health (MDPH), Bureau of Infectious Disease and Laboratory Sciences (BIDLS), Office of HIV/AIDS (OHA) administers HOPWA funds for the "balance of state." MDPH will be using its HOPWA allocation in fiscal year 2016 to fund Support Services provided by AIDS Project Worcester, Commonwealth Land Trust, Community Counseling of Bristol County, and Victory Programs.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	OHA awarded all four agencies funding for Support Services during a statewide procurement in State Fiscal Year 2011. This procurement included language to support the allocation of State, Ryan White Treatment Modernization Act, and HOPWA funding to successful applicants. Vendor selection involved a comprehensive community and internal review process, and as successful applicants, these agencies initiated their new OHA contracts on July 1, 2011. The integration of HOPWA funds into the contracts began after July 1, 2015.
	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	

<p>Describe the process for awarding funds to state recipients and how the state will make its allocation available</p> <p>to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</p>	
<p>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</p>	<p>N/A</p>

<p>Describe how resources will be allocated among funding categories.</p>	<p>Both AIDS Project Worcester and Community Counseling of Bristol County will use HOPWA resources to support the provision of HIV Housing Search and Advocacy Services. These services will help enable low-income individuals with HIV to access and maintain safe, stable, and affordable housing that will support their ongoing retention in HIV medical care.</p> <p>Both Victory Programs and Commonwealth Land Trust will use HOPWA resources to provide Medical Case Management services additional individuals with HIV/AIDS who live in their wide networks of housing programs throughout Greater Boston and the Northeast region of Massachusetts. HIV/AIDS MCM services include medical care coordination, social service coordination, adherence support, substance use risk reduction, sexual health promotion, benefits counseling, and basic housing services.</p>
<p>Describe threshold factors and grant size limits.</p>	<p>N/A</p>

	What are the outcome measures expected as a result of the method of distribution?	See the attached appendix for the FY 2016 HOPWA program description.
7	State Program Name:	Mini-Entitlement Program
	Funding Sources:	CDBG
	Describe the state program addressed by the Method of Distribution.	The Mini-Entitlement Program provides funding to municipalities that meet the three following criteria: (1) Community Wide Needs Score over 28; (2) a poverty rate higher than the state average of 7.7% and (3) population over 12,000. This program helps larger non-entitlement urban communities with the highest needs improve conditions for their low- and moderate-income residents through comprehensive planning and predictable funding. Through this program, identified cities and towns can meet a broad range of community development needs in housing, business development, physical development, downtown revitalization, and public social services. It supports all CDBG-eligible activities and encourages applicants to develop comprehensive, creative solutions to local problems.

<p>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</p>	<p>DHCD expects to award up to \$9,075,000 from the FY 2016 Mini-Entitlement Program allocation to eleven (11) designated Mini-Entitlement municipalities: Amherst, Chelsea, Dennis, Everett, Gardner, Greenfield, North Adams, Southbridge, Wareham, Webster, and West Springfield.</p> <p>DHCD requires Mini Entitlement communities to approach CDBG projects in a comprehensive and integrated manner and is directing these communities to target their CDBG funds to particular geographic areas in order to impact and effect change within neighborhoods. Housing Rehabilitation programs may be designed to allow up to 20% of the funds to be used for emergency purposes outside the target area.</p>
<p>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</p>	<p>The CDBG FY 2016 One-Year Action is attached to this Consolidated Plan and is posted separately on DHCD's website.</p>
<p>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</p>	

<p>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</p>	
<p>Describe how resources will be allocated among funding categories.</p>	<p>All CDBG program funds will be available to eligible grant recipients based on applications for Massachusetts Community Development Block Grant funds and/or Notices of Funding Availability that will be distributed on a regular basis. These documents will make communities aware of the requirements of each particular component and will be available to allow communities adequate time to prepare grant applications for each program.</p> <p>A single community may receive no more than \$1 million from any combination of federal FY 2016 Community Development Fund I or II, or Mini-Entitlement grant funds. Awards not subject to the \$1 million cap per community include the Economic Development Fund and Reserves.</p> <p>Additionally, a single community may receive no more than \$1.35 million from Community Development Fund I within two successive years. Economic Development Fund and Reserves awards are not subject to the \$1.35 million cap per community.</p>
<p>Describe threshold factors and grant size limits.</p>	<p>The maximum grant award is up to \$825,000. Mini-Entitlement applications will contain an 18-month implementation and cash flow plan. Mini-entitlement grantees must comply with standards for timely expenditure and available program income. FY 2016 Mini-entitlement awards to Grantees that do not meet the required standards will be reduced by an amount necessary to bring the grantee into compliance.</p>

	<p>What are the outcome measures expected as a result of the method of distribution?</p>	<p>See attached appendix that includes the FY 2016 CDBG One-Year Action Plan and program specifics.</p>
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Discussion

See attached appendix for the FY 2016 CDBG One-Year Action Plan, and the FY 2016 ESG, HOME and HOPWA program specifics.

AP-40 Section 108 Loan Guarantee – 91.320(k)(1)(ii)

Will the state help non-entitlement units of general local government to apply for Section 108 loan funds?

No

Available Grant Amounts

Section 108 Loan Guarantees allow eligible communities to access federal loan funds for the purpose of aiding revenue-producing development activities. The Massachusetts program provides communities with a source of loan financing for a specific range of community and economic development activities. Funding is provided to the community to loan to a business or other entity. The Commonwealth guarantees repayment of the HUD loan, and pledges its future CDBG allocation as collateral. Actual funding will be provided through the sale of notes by the federal Department of Housing and Urban Development.

Loan Guarantees will be available to support the rehabilitation of, or conversion to, mixed-use or investor owner-residential buildings (5 or more units) located in downtown or commercial center areas. Residential projects should include mixed-income, affordable and market rate units. Housing unit rehabilitation will be limited to a maximum per unit CDBG cost of \$125,000. The entire building façade must be appropriately addressed, regardless of the portions of the building assisted. Section 108 loan assistance of \$1 million to \$5 million will be available for residential or mixed-use projects meeting these qualifications. For most housing project components, Section 108 loan funds plus all federal and state grants combined shall not exceed 75 percent of total actual project costs. Section 108 loans may also assist public facilities/infrastructure improvements that generate sufficient revenues and support downtown mixed-use or investor-owned, mixed-income residential projects.

This year the Commonwealth will pledge up to \$10 million in future CDBG allocations in support of these eligible activities. The minimum award is \$1,000,000 and the maximum is \$5 million. The loan amount will not be included in the \$1 million annual limit that grantees may receive from the Commonwealth's annual CDBG allocation.

Acceptance process of applications

Applicants must contact DHCD prior to submission of an application. A two-stage process for evaluating potential applications is in effect, consisting of a preliminary screening and a formal application. Applicants also need to review the evaluation criteria and the review process information found in the Economic Development Fund Application Guidance. Applications will be reviewed on a first come, first served basis, provided that threshold criteria are met and funds are available.

Successful applicants will receive a loan from HUD, but the Commonwealth guarantees the repayment of the loan. The Commonwealth pledges its future CDBG grant funds to repay the federal government should a non-entitlement recipient of a Section 108 Loan default. DHCD will not pledge other collateral of the Commonwealth in support of proposals. Any additional security required by HUD must come from another

source.

Project applications must meet all applicable criteria outlined for EDF community grants. However, the format of any final loan application will be determined by HUD.

See attached FY 2016 CDBG One-Year Action Plan for specifics.

AP-45 Community Revitalization Strategies – 91.320(k)(1)(ii)

Will the state allow units of general local government to carry out community revitalization strategies?

No

State's Process and Criteria for approving local government revitalization strategies

AP-50 Geographic Distribution – 91.320(f)

Description of the geographic areas of the state (including areas of low-income and minority concentration) where assistance will be directed

Massachusetts distributes its funding through a competitive basis that is not based on geographic priorities.

Affordable Housing

AP-55 Affordable Housing – 24 CFR 91.320(g)

Introduction

The goals included below only represent the CDBG and HOME programs.

One Year Goals for the Number of Households to be Supported	
Homeless	40
Non-Homeless	630
Special-Needs	17
Total	687

Table 10 - One Year Goals for Affordable Housing by Support Requirement

One Year Goals for the Number of Households Supported Through	
Rental Assistance	0
The Production of New Units	120
Rehab of Existing Units	500
Acquisition of Existing Units	0
Total	620

Table 11 - One Year Goals for Affordable Housing by Support Type

AP-60 Public Housing - 24 CFR 91.320(j)

Actions planned during the next year to address the needs to public housing

Within the last few years, DHCD has implemented major administrative reforms to enhance the transparency and accountability of the LHAs. These included establishing a salary cap for LHA executive directors; mandatory training for all LHA board members; a Vacant Unit Initiative which included the withholding of funds for units vacant more than 60 days and the distribution of capital funds to LHAs to bring vacant units back on line; and other financial and administrative reforms including the development of a centralized waiting list and single application process for public housing.

Chapter 235, "An Act Relative to Local Housing Authorities," was passed in 2014 and is currently being implemented by the Baker-Polito Administration. Building on recent reforms, this legislation further strengthens the governance structure of the housing authorities and significantly increases the transparency among LHAs, provides the Department with the tools necessary to monitor operations of LHAs and hold them accountable, increases efficiencies and economies of scale for delivery of services to tenants, increases staffing and assistance in the field, and provides incentives for LHAs to implement creative and innovative practices to improve the lives of residents.

Actions to encourage public housing residents to become more involved in management and participate in homeownership

The Baker-Polito administration views stable housing as a platform for working families to achieve greater prosperity. To that end, we are working with our LHA partners to pilot work requirements coupled with intensive wrap around services for residents of state-assisted public housing. The intention is to create opportunities for families to move through the public housing system more quickly so that we can serve more families. There is one program already in operation at the Worcester Housing Authority and the Senate budget includes a line item and funding for additional pilots. We look forward to testing this in other parts of the Commonwealth's public housing system.

If the PHA is designated as troubled, describe the manner in which financial assistance will be provided or other assistance

N/A

AP-65 Homeless and Other Special Needs Activities – 91.320(h)

Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including

Reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs

DHCD has been working diligently with the Balance of State CoC, and other CoC, as well as with our state agency partners to better understand the needs of communities and homeless persons across the Commonwealth as part of the process of establishing coordinated entry and improving the PIT count across the Commonwealth. Interviews and surveys were distributed to unsheltered person on the night of the PIT count to help collect demographic data. At the same time as the PIT count, DHCD worked with our CoC partners to conduct a homeless youth count, which included a survey to help DHCD and local communities better understand the needs of homeless youth, including unsheltered homeless youth. Due to reductions in HUD CoC funding, street outreach efforts have been significantly reduced across the Commonwealth, specifically within the Balance of State region. However, outreach efforts continue across the state through other CoC and state funded outreach programs. Additionally, the ESG consultation process has led to a better understanding of the needs of literally homeless persons seeking re-housing assistance.

Addressing the emergency shelter and transitional housing needs of homeless persons

As a result of the significant expansion of its emergency shelter system over the past two decades and its current focus on ending, rather than managing, homelessness, the Commonwealth's priority approaches to unmet homeless needs – for both families and individuals – are Prevention and Rapid Rehousing. DHCD currently provides 3,133 shelter beds for homeless individuals and approximately 3,300 emergency shelter placements units, including motels and hotels, for homeless families.

The Emergency Solutions Grant Program (ESG) funds eligible activities designed to prevent homelessness, support basic shelter operations and provide essential rapid re-housing services for homeless individuals and families currently in the shelter system or living in a place not meant for habitation. Massachusetts will continue to utilize FY16 ESG funding to support shelter capacity at shelters across the state, including non-EA family shelters and DV safe havens.

Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again

The Commonwealth has undertaken a number of initiatives to transform the homelessness system to focus more heavily on housing. Among other initiatives, a coordinated system of Regional Networks has tested prevention, diversion, and rehousing strategies, in combination with federal Homelessness Prevention and Rapid Rehousing resources.

The Baker-Polito Administration is committed to moving the Commonwealth's response to homelessness from

a shelter program to a housing program through a two-pronged effort: rapidly rehouse homeless families currently in shelters; and, implement prevention and diversion activities to reduce the need for shelter by providing suitable housing alternatives.

To accomplish this, DHCD will:

- Continue to pursue the goal to advance *housing first*;
- Provide cost predictability and cost containment;
- Provide a responsible emergency shelter safety net;
- Expand prevention programs and ELI housing resources across DHCD by building out its existing infrastructure;
- Align with new federal housing strategies implemented through the HEARTH Act;
- Eliminate use of motels;
- Coordinate resources across DHCD Divisions.

Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs

DHCD has adopted a comprehensive approach to family homelessness, and have engaged other state agencies in the effort: preventing homelessness; establishing a strong safety net of shelters and services; rehousing families and linking them with support services in the community; and creating more permanent affordable housing. Our first priority is to prevent homelessness and help families avoid entering the shelter system.

DHCD has also increased its investment in supportive housing which helps individuals and families that are homeless or facing homelessness, institutionalized or at-risk of institutionalization, people with disabilities and the elderly. In addition to providing housing for families, supportive housing, which is operated in conjunction with a network of non-profit agencies across the Commonwealth, includes services such as childcare, access to job training, mental-health care and other opportunities that give participants a hand up towards stability and success.

AP-70 HOPWA Goals – 91.320(k)(4)

One year goals for the number of households to be provided housing through the use of HOPWA for:	
Short-term rent, mortgage, and utility assistance to prevent homelessness of the individual or family	0
Tenant-based rental assistance	0
Units provided in permanent housing facilities developed, leased, or operated with HOPWA funds	0
Units provided in transitional short-term housing facilities developed, leased, or operated with HOPWA funds	0
Total	0

AP-75 Barriers to affordable housing – 91.320(i)

Actions it planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment

Some fundamental aspects of the structure of state and local government will continue to pose challenges, as discussed in the section on Barriers to Affordable Housing in the 2015-2019 Consolidated Plan. Massachusetts is a home rule state, and most government activity is localized in its 351 cities and towns, 60 percent of which have fewer than 10,000 residents, including one-third with fewer than 5,000 residents. Many small towns cannot afford to have professional community development and planning staff, and this lack of capacity makes the efficient delivery programs and services challenging. The State establishes uniform building standards and safety codes and establishes the framework for local zoning and subdivision control laws; implementation and enforcement, however, rests with the municipalities. The manner in which localities interpret and exercise them influences what gets built and where. A long and strong tradition of local autonomy also makes it difficult to plan initiatives across the political boundaries of small Massachusetts communities.

To overcome these gaps and challenges, EOHED and DHCD encourage regional cooperation among municipalities and the use of regional and other professional entities to facilitate the administration of programs and to overcome some of the limitations imposed by the small scale of some localities and their governments. DHCD and other state agencies will also continue to provide technical assistance and training for municipal officials to increase local capacity. Chapter 40B of the Massachusetts General Laws, the comprehensive permitting legislation, has historically been an important tool for building affordable housing in communities that do not have at least 10% of the housing stock on the state's Subsidized Housing Inventory. The Office of Sustainable Communities in DHCD offers workshops for municipalities on how to use the Chapter 40B affirmatively to shape affordable housing development, and recent regulatory changes have clarified and strengthened sections of the law.

Restrictive zoning is an issue in many suburban communities. Chapter 40R, the Smart Growth legislation, provides financial incentives to municipalities to zone and plan for affordable housing development. Recently, an Economic Development bill was filed that proposes changes to Chapter 40R, including incentivizes the creation of smaller, denser, and more affordable single-family homes by creating a new starter home option.

AP-85 Other Actions – 91.320(j)

Introduction

Dozens of programs and activities are carried out in addition to those covered by 2015-2019 Consolidated Plan and this 2016 Action Plan that support the state's broad housing and community development objectives. Through these programs, the Commonwealth will seek to create and preserve an adequate supply of housing; to expand homeownership; reduce homelessness; ensure that persons with special needs have access to appropriate services and accessible housing; and to enhance the prosperity and economic competitiveness of all regions, compatible with community and environment.

Actions planned to address obstacles to meeting underserved needs

DHCD, through its programs and partnerships, aims to be a leader in creating housing choice and providing opportunities for inclusive patterns of housing occupancy to all residents of the Commonwealth, regardless of income, race, religious creed, color, national origin, sex, sexual orientation, gender identity, age, ancestry, familial status, veteran status, or physical or mental impairment. Fair housing is embedded in all the state's housing programs and activities. Massachusetts' fair housing policy is expressed through its Fair Housing Mission Statement and Principles which are included in the Commonwealth's Analysis of Impediments to Fair Housing Choice.

Actions planned to foster and maintain affordable housing

The overarching goal of the Commonwealth's housing and community and development efforts continues to be the provision of broad economic opportunity and a high quality of life for all residents. The 2015-2015 Consolidate Plan objectives reflect that goal. Massachusetts is one of about two dozen states that regularly appropriates funds to support housing and community development activities. The State Legislature provides financing through both the capital and operating budgets. Massachusetts also has an affordable housing trust fund; a low income housing tax credit that piggy-backs onto the federal credits, enabling them to assist more units; and a state historic tax credit, which provides another funding source for affordable housing that is created through adaptive reuse of qualifying structures.

MassHousing, the state's housing development finance agency, provides funding for a variety of rental housing development, home purchase and home repair programs. Other quasi-public and private public purpose agencies that also fund the production and preservation of low and moderate income housing are MassDevelopment, the Massachusetts Housing Investment Corporation (MHIC), the Massachusetts Housing Partnership Fund (MHP), and the Community Economic Development Assistance Corporation (CEDAC). Each of these agencies contributes a specialized expertise in equity placement, lending, and/or technical assistance to support the efforts of the state's sophisticated and dedicated network of for-profit and nonprofit affordable housing developers.

Through years of collaboration with banks, insurance companies and other financial institutions doing business in the state, and bolstered by legislation, Massachusetts has been able to expand the pool of resources available to support affordable housing development and preservation. In addition, most of the state's large cities, and an increasing a number of smaller cities and towns, have dedicated resources to the creation or preservation of affordable housing. Among the mechanisms used are municipal funding, inclusionary zoning,

contributions, the Community Preservation Act, and Municipal Affordable Housing Trusts. Private foundations and nonprofit organizations also provide a significant contribution to housing assistance in Massachusetts.

Actions planned to reduce lead-based paint hazards

The Massachusetts Department of Public Health Childhood Lead Poisoning Prevention Program (MACLPPP) is the lead agency for educating the public about the risks of lead and for ensuring that affected children receive appropriate intervention. The program's actions closely follow or exceed requirements in the HUD Lead-Safe Rule. During the period covered by this plan, the Commonwealth intends to continue its vigorous implementation of the Massachusetts Lead Law and the HUD Lead-Safe Rule, targeting high-risk communities.

Actions planned to reduce the number of poverty-level families

DHCD employs a multi-faceted approach to reducing the number of families living in poverty. The first is providing affordable, stable housing for low-income families. For families leaving the shelter system with an MRVP, DHCD contracts for stabilization services. DHCD is a Moving to Work agency. Through MTW, DHCD has begun to pilot elements of self-sufficiency programs, and intends to expand those in the coming months. Finally, DHCD has begun a concerted effort to encourage the Community Action Agencies that receive Community Services Block Grant (CSBG) funds to offer financial self-sufficiency programs.

Actions planned to develop institutional structure

This Action Plan reflects the continuing cooperative participation of the many state agencies, municipalities, and non-profit housing and service providers whose efforts are essential to its success.

Actions planned to enhance coordination between public and private housing and social service agencies

Implementation of the Action Plan is carried out by dozens of state agencies, departments, and quasi-public entities, working collaboratively with a network of for-profit service providers and developers and the 351 cities and towns of the Commonwealth.

Program Specific Requirements

AP-90 Program Specific Requirements – 91.320(k)(1,2,3)

Community Development Block Grant Program (CDBG)

Reference 24 CFR 91.320(k)(1)

Projects planned with all CDBG funds expected to be available during the year are identified in the Projects Table. The following identifies program income that is available for use that is included in projects to be carried out.

- | | |
|--|----------|
| 1. The total amount of program income that will have been received before the start of the next program year and that has not yet been reprogrammed | 0 |
| 2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan. | 0 |
| 3. The amount of surplus funds from urban renewal settlements | 0 |
| 4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan | 0 |
| 5. The amount of income from float-funded activities | 0 |
| Total Program Income: | 0 |

Other CDBG Requirements

- | | |
|---|--------|
| 1. The amount of urgent need activities | 0 |
| 2. The estimated percentage of CDBG funds that will be used for activities that benefit persons of low and moderate income. Overall Benefit - A consecutive period of one, two or three years may be used to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low and moderate income. Specify the years covered that include this Annual Action Plan. | 70.00% |

HOME Investment Partnership Program (HOME)

Reference 24 CFR 91.320(k)(2)

1. A description of other forms of investment being used beyond those identified in Section 92.205 is as follows:

DHCD's forms of HOME investment fall within 92.05.
2. A description of the guidelines that will be used for resale or recapture of HOME funds when used for homebuyer activities as required in 92.254, is as follows:
DHCD does not anticipate awarding new HOME project-based homebuyer funds in the coming program year and has not awarded HOME project-based homebuyer funds for a number of years, as rental projects continue to be a priority.

3. A description of the guidelines for resale or recapture that ensures the affordability of units acquired with HOME funds? See 24 CFR 92.254(a)(4) are as follows:

N/A

4. Plans for using HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds along with a description of the refinancing guidelines required that will be used under 24 CFR 92.206(b), are as follows:

DCHD HOME funds support rehabilitation and general development costs associated with some preservation projects. HOME funds are not used to refinance other multifamily federal loans.

Emergency Solutions Grant (ESG)
Reference 24 CFR 91.320(k)(3)

1. Include written standards for providing ESG assistance (may include as attachment)

Through the procurement process, DHCD established written standards for administering the Emergency Solutions Grant Program (ESG) throughout the Commonwealth by component. These standards work in conjunction with recordkeeping and reporting requirements for each service component which are updated annually by DHCD.

DHCD intends for agencies to maximize resources and requires that all organizations receiving ESG funding, regardless of component, be part of a larger network of homeless services. Through a RFR process completed for FY 2013, organizations were required to describe how the proposed program would partner with individual homeless shelters, domestic violence shelters, and non-EA emergency shelters within the CoC to identify and assist eligible households in need of services. Additionally, organizations requesting funding under Homelessness Prevention were required to describe how the proposed program would link to other programs that may identify and refer families who would become homeless, but for ESG, within the CoC's jurisdiction, including RAFT; HomeBase; the ICHH Regional Network; legal service organizations; Tenancy Preservation Programs; and domestic violence shelters.

ESG Rapid Re-housing & Homelessness Prevention services may not be combined with any other rapid re-housing or prevention service, including RAFT, HomeBase, and other state or HUD funded rapid re-housing or homeless prevention programs. Therefore, organizations are responsible for identifying procedures for preventing households from receiving the same type of assistance through more than one public source at the same time.

Through the FY procurement process, DHCD established written standards for administering the Emergency Solutions Grant Program (ESG) throughout the Commonwealth by component. These standards work in conjunction with recordkeeping and reporting requirements for each service component which are updated annually by DHCD.

2. If the Continuum of Care has established centralized or coordinated assessment system that meets HUD requirements, describe that centralized or coordinated assessment system. The Commonwealth currently has a centralized and coordinated intake system in place for all families who are at imminent risk of becoming homeless, and/or are currently homeless in need of emergency shelter

through our Emergency Assistance and HomeBase programs.

CoC's within the Commonwealth are in various stages of establishing a centralized and coordinated assessment system for their respective CoC's. DHCD has determined that for ESG programs to be successful, the programs and services must be part of a larger network of resources. Therefore, to be eligible for ESG funding, sub-recipients are required to demonstrate how their program will work with other mainstream organizations and service providers to connect their program participants to available services across the Commonwealth. ESG services are provided in close coordination with other services funded by the Commonwealth, including Rental Assistance for Families in Transition (RAFT) & HomeBase, to ensure that no family is left without the necessary resources to prevent homelessness or receive immediate access to emergency shelter and/or rapid re-housing services. DHCD has further identified the need for connecting families experiencing Domestic Violence with emergency housing services and has made a significant effort to offer shelter and rapid re-housing services to these families.

State ESG officials distribute information about Federal and State policies relevant to homeless families and individuals to all homeless services providers, Regional Networks, and CoC's on a regular basis. State officials attend and convene local and regional gatherings on occasion, and communicate regularly with ESG Entitlement Communities to help coordinate ESG activities as appropriate throughout the Commonwealth. Through the RFR process, sub-recipients who offer services within an ESG Entitlement Community were required to communicate with and to provide written confirmation from the Entitlement Community documenting that DHCD ESG funding would not duplicate, but rather enhance existing services. ESG Entitlement Communities were also required to sign a statement showing support for the proposed DHCD ESG program.

3. Identify the process for making sub-awards and describe how the ESG allocation available to private nonprofit organizations (including community and faith-based organizations).

After consulting with CoC regarding their needs and priorities for ESG funding, DHCD released a Request for Responses (RFR) for new awards to be issued in FY16 (contract period 4/1/16 – 3/30/17). The RFR allowed awards made through the procurement process to be renewed for up to four additional years. Throughout the contract period, DHCD will continue to consult with each CoC and subrecipient about the needs of their community and their use of ESG funding.

4. If the jurisdiction is unable to meet the homeless participation requirement in 24 CFR 576.405(a), the jurisdiction must specify its plan for reaching out to and consulting with homeless or formerly homeless individuals in considering policies and funding decisions regarding facilities and services funded under ESG.

5. Describe performance standards for evaluating ESG.

In addition to advancing the Housing First philosophy and Rapid Re-Housing model, the Commonwealth has the following goals:

- Reduce the number of households becoming homeless and needing to be sheltered;
- Reduce the number of homeless households in shelters;
- Increase the number of very short term emergency shelter beds available to families fleeing domestic violence;
- Reduce the average length of stay at shelters receiving ESG funding; and
- Strengthen existing Continuum of Care (CoC) activities while increasing ESG coordination between the CoCs, the Commonwealth and state federal and local resources to reduce and homelessness. DHCD has identified the following performance indicators for sub-recipients funded under ESG.
- Number of households prevented from becoming homeless.
- Number of households rapidly re-housed into permanent housing.
- Number of emergency shelter bed nights made available to individuals and families with DHCD ESG funding.

All ESG programs are evaluated on a quarterly basis for performance and extensive technical assistance is provided to programs which have demonstrated an inability to meet their projected performance measures.

DHCD has identified performance measurements for each program requesting funding which sub-recipients are required to report on to DHCD on a quarterly basis in FY15. Programs which are under performing are provided with technical assistance as needed and funding may be de-obligated from those programs and re-allocated to more successful programs, if performance issues are not being addressed. DHCD expects to conduct at least one monitoring visit for each ESG funded program within the contract year to help ensure performance measurements are met and that each ESG program is abiding by the written standards for operating ESG funding. DHCD expects that performance standards will evolve and change over time based on ongoing consultations with CoC and Entitlement Communities and policy changes at the federal, state, regional, and local level.

Discussion

See attached appendix for program specific information.

Draft FY2016 Action Plan Appendix

- CDBG Action Plan
- ESG Program Specifics
- HOME Program Specifics
- HOPWA Program Specifics

DRAFT

One Year Action Plan

FY 2016

Massachusetts Community Development Block Grant Program



Commonwealth of Massachusetts

Charles D. Baker, Governor

Karyn E. Polito, Lt. Governor

Department of Housing and Community Development

Chrystal Kornegay, Undersecretary

FY 2016 One Year Action Plan - Preface

The U.S. Department of Housing and Urban Development (HUD) requires the Commonwealth of Massachusetts, and all other Formula Grantees, to prepare a Five Year Consolidated Plan. The state's Consolidated Plan sets forth long term priorities for the use of funds received from HUD's Community Development Block Grant (CDBG), HOME, Emergency Shelter Grant (ESG), and Housing Opportunities for People with AIDS (HOPWA) programs, and from other state and federal sources.

The preparation of this One Year Action Plan has considered and been informed by the development of the FY 2015 - 2019 Five-Year Consolidated Plan. Publication of the draft Massachusetts CDBG One-Year Action Plan takes place in advance of the Five Year Consolidated Plan/Annual Update public participation schedule that incorporates the HOME, ESG, and HOPWA programs. DHCD held informational sessions on CDBG program changes considered for FY 2016 Draft CDBG One Year Action Plan in October 2015, and expects to hold formal public hearings on the annual update to the One Year Action Plan beginning in March 2016.

DHCD encourages communities to approach CDBG projects in a comprehensive and integrated manner and requires communities to target their CDBG funds to particular geographic areas in order to achieve positive change within neighborhoods. This approach is in line with HUD's emphasis on coordinating funding and enhancing communities' ability to engage in comprehensive revitalization strategies. DHCD is seeking to assess the impact of CDBG investment in distressed areas through the focused targeting of financial and technical assistance resources. DHCD is encouraging communities in their planning processes to think comprehensively about community development – to consider planning and implementing projects that promote compact development, expand housing opportunities, and demonstrate measurable change in an area.

DHCD's intent is to provide for a number of activities that concentrate investments making measurable improvements in distressed neighborhoods. Comprehensive approaches to meeting the needs of these areas should be designed to improve the physical, social and economic conditions of low- and moderate- income families and neighborhoods.

Communities are encouraged to submit applications that include activities that are integrated with one another and targeted to a particular neighborhood or geographic area. For example, we are seeking applications that include a housing rehabilitation program that is targeted to a particular area, an infrastructure or playground improvement project to be undertaken in that same area, and perhaps also social service and microenterprise technical assistance programs that will serve the residents of that same area. DHCD acknowledges that establishing such a program entails comprehensive planning and envisions that the Community Development Strategy will serve to inform this process. It is DHCD's expectation that for FY 2016, applicants will report on previous years activities funded in previously identified target areas in support of their FY 2016 applications.

MASSACHUSETTS CDBG

ONE-YEAR ACTION PLAN FOR FEDERAL FISCAL YEAR 2016

INTRODUCTION:

This One Year Action Plan describes the proposed use of Community Development Block Grant (CDBG) funding received by the Commonwealth of Massachusetts. The CDBG Program is a significant source of federal funding administered by the Department of Housing and Community Development, supporting a variety of community development efforts to revitalize our communities, meet the housing and service needs of our low and moderate-income population, build and repair infrastructure vital to the health and safety of residents, and support business development and retention. The One Year Plan addresses the basic features of the state's CDBG program, the applicable federal regulations and requirements governing state and local administration of this program, and the state's policies, administration responsibilities, and description of the program components.

In its administration of CDBG funding, DHCD is committed to:

- Programs and funding that primarily target populations of low- and moderate-incomes, and those with special needs, in communities with the greatest level of demonstrated need;
- Coordinated, integrated and balanced agency responses to address the needs and interests of communities;
- Programs and technical assistance designed to facilitate informed decision-making about community development opportunities at the local level, and to encourage self-sufficiency of residents and communities;
- Projects that are consistent with the Commonwealth's Sustainable Development Principles; and
- Sound business practices that ensure the highest standards of public accountability and responsibility.

For FY 2016, DHCD will continue to implement HUD's Outcome Performance Measurement System. The proposed system incorporates the following three Objectives set forth in the Housing and Community Development Act of 1974: 1) create suitable living environments, 2) provide decent housing, and 3) create economic opportunities. The system directs applicants/grantees to select an Objective coupled with one of the following three Outcomes to help define the intent of the activity: 1) availability/accessibility, 2) affordability, and 3) sustainability - promoting livable or viable communities. Therefore, for each proposed activity the applicant will select one of nine Outcome Statements. The proposed system will not change the nature of the program or its regulations. The Massachusetts CDBG Program currently asks applicants to describe the need the activity addresses, as well as the anticipated impact. This system creates a framework that allows for consistent reporting to HUD on a national level.

The One Year Action Plan is organized into the following sections:

- | | | |
|---------|----|--|
| SECTION | A. | Massachusetts CDBG Priorities |
| | B. | Eligible Municipalities |
| | C. | Eligible Projects/Use of CDBG Program Funds |
| | D. | Applicant/Project Threshold Criteria |
| | E. | Allocation of CDBG Funds to the Commonwealth |
| | F. | Availability of CDBG Program Funds |
| | G. | Evaluation Criteria for All Program Components |
| | H. | Program Sanctions |
| | I. | Citizen Participation Requirements for Applicants and Grantees |
| | J. | CDBG Program Components (description) |

A. *MASSACHUSETTS CDBG PRIORITIES*

The Community Development Block Grant (CDBG Program) was authorized by Congress, and is funded under Title I of the Housing and Community Development Act of 1974, as amended. The Commonwealth of Massachusetts has designated the Department of Housing and Community Development (DHCD) as the state's administering agency for CDBG funding. The primary objective of the federal statute creating the CDBG Program is: “...to develop viable, urban communities by providing decent housing and suitable living environment and expanding economic opportunities principally for low- and moderate-income persons.” DHCD will fund eligible projects designed to meet this objective, and that are consistent with the Commonwealth’s sustainable development principles listed in Exhibit 5. DHCD encourages:

- development and preservation of affordable housing;
- proactive and coordinated planning oriented towards both resource protection and sustainable economic activity;
- coordinated, integrated community development initiatives that are targeted to neighborhoods or particular geographic areas, that meet the needs of these areas, and are designed to demonstrate measurable improvements in the physical, social, and economic conditions of the area;
- community revitalization that is integral to community development;
- public social services designed to build economic security and self-sufficiency; and
- broad local participation in meaningful community-based planning that assesses needs and identifies strategies for addressing those needs

The Act requires that at least 70 percent of CDBG assistance shall be used to support activities that directly benefit low- and moderate-income citizens of the Commonwealth. In addition, the Massachusetts CDBG Program encourages joint or regional applications so that program funds will be used to benefit a greater number of municipalities.

B. *ELIGIBLE MUNICIPALITIES*

There are 351 municipalities incorporated in Massachusetts. The U.S. Department of Housing and Urban Development (HUD) has designated 37 as CDBG *entitlement* communities; in general, these communities exceed 50,000 in population and receive CDBG funds directly from HUD. Any city or town **not** designated as an entitlement community by HUD may apply for and receive Massachusetts Community Development Block Grant funds. (Refer to Exhibit 1 for a listing of Massachusetts’ entitlement communities.)

C. *ELIGIBLE PROJECTS*

The following projects are eligible for funding under the Massachusetts Community Development Block Grant Program:

- planning;
- housing rehabilitation and creation of affordable housing;
- economic development projects which create and/or retain jobs including awards to existing regional entities for regional economic development loan funds;
- efforts directed toward rehabilitation and stabilization of existing neighborhoods, commercial areas and downtowns;
- infrastructure;
- construction and/or rehabilitation of community facilities; and
- public social services

DHCD has designed several Massachusetts CDBG program components to fund such projects. Each program component responds to particular community development needs. The rules and program guidelines are set forth in Section J: *PROGRAM COMPONENTS*.

LIMITATIONS ON USE OF PROGRAM FUNDS

❖ **Buildings used for the general conduct of government** – Assistance related to buildings used for the general conduct of government is specifically excluded from the program by federal statute, except for the removal of existing architectural barriers to improve access for people with disabilities. Such work is permitted on municipal buildings such as city or town halls, public works structures, public safety buildings, etc.; however the use of CDBG funds is limited to the relevant barrier removal work and directly related and required construction.

❖ **Public Social Services**

Public Social Services projects are not eligible as a “stand-alone” application under Community Development (CDF) I, II or Mini- Entitlement grants. Furthermore, an application will not be considered a regional application if the only activity proposed to take place in more than one of the co-applicant communities is public social service.

Public Social Services cannot exceed 20% of a CDF I, CDF II, or Mini- Entitlement grant. DHCD encourages communities to comply with the Department’s policy that fifty-percent (50%) of funding for Public Social Services support activities that build economic security and self-sufficiency. The following are Public Social Services that meet this definition:

- ABE/GED classes
- Domestic Violence Prevention
- Earned Income Tax Credit (EITC) Counseling and Preparation
- Elder Self-Sufficiency
- English for Speakers of Other Languages (ESOL)
- Financial Literacy
- Homebuyer Counseling
- Individual Development Accounts (IDAs)
- Job Training
- Job-Related Childcare Assistance
- Job-Related Transportation Assistance
- Literacy Programs and Training
- Mortgage Foreclosure Prevention Counseling

In describing a requested Public Social Services activity, applicants must demonstrate that the activities have been prioritized at the local level in order to determine the request for services. Such prioritizing must demonstrate an understanding of the needs assessment undertaken by the community’s Community Action Agency and not be inconsistent with such Agency’s assessment of service needs.

Applicants may apply for no more than five Public Social Services activities.

Communities must demonstrate that, in accordance with Section 105(a)(8) of the Housing and Community Development Act, proposed social service activities have not been funded by the community using municipal and/or state funds within 12 months prior to the application.

DHCD will fund public social service projects that are not provided by other state or federal agencies, or are currently provided but are not available to CDBG-eligible residents in the applicant communities.

Applicants proposing projects for the modernization of public housing facilities must provide evidence that the project has been reviewed and approved as it is described in the application by staff of the Bureau of Public Housing and Construction at DHCD.

Planning funds may not be used to plan for public social service programs except as part of a broader community development planning project.

- ❖ **Downtown/commercial target area related projects** – Communities may apply for funds for downtown or commercial district related projects under CDF I, CDF II, and the Mini-Entitlement Program. Conditions listed below apply to CDF I, CDF II, and the Mini-Entitlement Program. Such projects may include sign/facade programs and streetscape improvements, or other infrastructure improvements located in a downtown or commercial district revitalization target area that is defined in the Community-Based Planning documents and delineated in the slums and blight documentation supporting the Community Development Strategy. Communities may also apply through EDF for funds for rehabilitation or adaptive re-use of mixed-use buildings located in downtown or commercial center areas. Funds may be used for acquisition, demolition, and building rehabilitation activities when clearly linked to economic development and jobs.

DHCD may fund projects that support physical downtown and commercial area revitalization efforts; however, communities may apply to Mass CDBG for downtown/commercial target area related projects in their downtown or commercial target areas only if a) they have satisfactorily demonstrated to DHCD that the proposed project is located in an area meeting National Objective compliance requirements set forth in the Application Guidance, and b) their community development strategy (see page 6) contains a downtown or commercial area revitalization element.

CDBG funds **cannot** be used to fund overhead costs or management salaries related to the operation of a downtown organization, nor can they be used for any organizational development for a downtown organization or committee.

- ❖ **15 Year Housing Affordability Term** – In an effort to increase the supply of affordable housing, all projects supporting the creation, preservation, and rehabilitation of rental and owner-occupied housing units must be affordable to low and moderate income households for at least a 15-year period. Rehabilitation assistance for owner-occupied properties must be secured by a mortgage or lien on the subject property that includes language restricting rent levels in low and moderate income units for a minimum of fifteen years – or as long as the loan is outstanding. Rehabilitation assistance for investor-owned properties must be secured by a mortgage or lien, and the affordability requirements must be secured by an **Affordable Housing Restriction** [provided by DHCD] on the subject property that runs with the land, and that includes language restricting rent levels in low and moderate income units for a minimum of fifteen years. “Owner-occupied” is defined as a property of no more than four (4) units, one of which is occupied by the owner. All other properties are considered “investor owned.”

D. <i>APPLICANT/PROJECT THRESHOLDS</i>

It is the responsibility of the applicant to ensure adherence to the applicable threshold(s). The following standard threshold criteria (#1 through #8) apply to all applications:

1. **Eligibility** – The project must be eligible as defined in §105(a) of Title 1 of the Housing and Community Development Act, as amended.
2. **National Objective** – Each project must meet one of three federal national objectives as defined below and in federal regulations 24 CFR 570.483:

- a. benefit a majority of low- and moderate-income persons;
- b. aid in the prevention or elimination of slums or blight; or
- c. meet an urgent condition posing a serious threat to the health and welfare of the community and where other financial resources are not available to meet such needs. This objective is extremely difficult to meet and is generally limited to unexpected events such as natural disasters. Prior approval from Massachusetts CDBG must be obtained to use this national objective.

3. **Timely Expenditure** – Mass CDBG requires that all applicants – including lead applicants and joint participants – who have received grants comply with a timely expenditure threshold in order to apply for FY 2016 programs. If a joint participant has been a lead grantee in a CDBG grant, that community must meet the timely expenditure threshold in order to be included in a joint application. In order to apply for CDBG¹ funding, a community must demonstrate, using the most recent financial status report at the time of application that 100% of all grant funds awarded for fiscal year 2013 and earlier have been fully expended, 80% of funds awarded in FY 2014 have been expended and for funds awarded in FY 2015 all required procedural clearances (environmental review, special conditions and administrative services procurement(s)) have been completed at the time of an application for FY 2016 funds. On a case-by-case basis DHCD reserves the right to waive strict compliance with this threshold for communities based on grant award dates and/or events beyond the control of grantees.

Active grants include those for which project activities have yet to be completed and payments are outstanding. All lead applicants and participating applicants must meet this standard. An applicant must meet this threshold requirement at the time of application for all Mass CDBG components. Communities that do not meet this threshold will be eliminated from further Mass CDBG funding consideration. *Unexpended CDBG funds* are defined as funds awarded for eligible Massachusetts CDBG program costs but not expended.

4. **Displacement of Non-CDBG Funds** – Applicants shall certify in the application that CDBG funds will not be used to displace non-CDBG funds already appropriated by or to the community for a specific project. DHCD will reduce an award, deny a grant, or impose special conditions in a grant contract with that community to assure compliance with this requirement.

5. **Targeted Activities** - All FY 2016 applications must propose activities that are targeted to a geographic area. Applicants will demonstrate this through an additional narrative listing the CDBG-funded activities, the target area and anticipated measurable improvements that will result. Communities with populations under 5,000 may define their entire community as a target area. Housing Rehabilitation Programs may be designed to allow up to 20% of the funds to be used for emergency purposes outside the target area.

6. **Sustainable Development** – In order to receive funding a project or activity must be consistent with the Sustainable Development principles. Additional guidance on this threshold may be found in Exhibit 6. **This threshold does not apply to Public Social Services, business assistance for projects not requiring construction, or projects that eliminate a public health or safety risk.**

In addition, housing rehabilitation programs and public facilities projects are required to use Energy Star building performance standards. Those standards are found at www.energystar.gov. Streetlights installed as part of a road or streetscape improvement project must be “full cut-off” or “semi cut-off” fixtures.

¹ CDBG includes CDF I and II, Mini-Entitlement, and Reserves, but for the purposes of this calculation excludes CDBG-DR, EDF, HDSP, Section 108 guarantees. Planning-only grants of \$50,000 or less are also excluded from this calculation.

7. **Community-Based Planning Requirement** – The Department supports municipal efforts to engage in community-based planning, conduct needs assessments, and identify strategies for addressing those needs. DHCD seeks to fund projects identified through meaningful, public community-based planning and priority setting processes. Therefore projects must be consistent with community efforts to identify needs and engage in strategic planning for addressing those needs. *This helps to ensure that local needs have been identified and priorities determined in a comprehensive manner, and public resources are directed toward projects that address needs the community has identified as high priority.* All applicants and participants² must have engaged in a community-based planning process and be able to demonstrate project consistency with a Community Development Strategy, (not to exceed seven [7] pages), that must be included in the application.

The Strategy serves to summarize various planning documents used by a community, and to outline a plan of action intended to accomplish specific community development goals that will have an impact on the community. Therefore, each Strategy can reference various planning documents approved by a locally elected or appointed body, or by Town Meeting, but *it is important that the Strategy reflect a comprehensive, integrated approach to the municipality's community development priorities.* The Strategy must also discuss how the community will plan for and implement projects that are consistent with the Commonwealth's Sustainable Development Principles.

Each activity included in a Massachusetts CDBG application must relate to and be reflected in the Strategy. The Strategy must explain how the community expects to address the priorities with CDBG and non-CDBG funds over a 3-5 year period.

The Community Development Strategy may reference or incorporate findings of relevant plans and analyses that have been completed and used for decision-making purposes by municipal boards, agencies and departments. Such plans may include but are not limited to EO 418 Community Development Plans, EO 418 housing strategies, Capital Improvement Plans, Master Plans, Downtown Plans, Open Space and Recreation Plans, Area Revitalization Strategies, Urban Renewal Plans, the regional Comprehensive Economic Development Strategy, and a Community Action Statement (CAS). The strategy must be discussed in a public forum, meeting, or hearing held at least (1) months prior to the submission of a Mass CDBG application.

All CDBG applicants must have an approved Community Development Strategy (Strategy) on file with DHCD or must submit a Strategy to DHCD at least one month prior to the application due date for evaluation and approval. Communities that revise or update a currently approved Strategy are subject to this submission requirement. DHCD staff will evaluate the Strategy as described in the One Year Plan. If the review finds the Strategy to be adequate, it will be approved by DHCD for a period of three (3) years.

If a Strategy is found not to be adequate based on the review, DHCD will contact the community to make the necessary corrections.

- a. The CD Strategy must describe the manner in which a community has identified and will accomplish projects and activities which include, but are not limited to, the subject CDBG application.
- b. The CD Strategy must conclude with a list of projects and activities in order of the priority in which the community intends to undertake them, and provide specific goals and annual timelines for accomplishing its goals.
- c. The CD strategy must identify and describe the geographic target area(s) that are intended as the focus of community development efforts.

²This includes regional applicants.

CDBG applications must document that a CD Strategy and its priority list were discussed at a separate public forum, meeting or hearing, held at least one (1) month prior to the submission of a CDBG application in order to allow for timely community input. Compliance with this requirement must be documented by copies of meeting announcements, attendance lists and minutes. Minutes must reflect that the CD Strategy and priority list have been presented and that discussion has occurred. This requirement will not apply to EDF.

An applicant may submit a Community Development Strategy and supporting documentation that was previously developed within the past three years. Changes in priorities or the addition of target areas may be made at any time but must be presented to the public, as above, prior to being included in a subsequent application.

8. **Outcome Performance Measurement System** – HUD issued a Final Notice on March 7, 2006 on its Outcome Performance Measurement System. Through the system HUD will collect information on activities undertaken in the following programs: HOME, CDBG, HOPWA and ESG, and aggregate that data at the national, state, and local level. The outcome measures framework contained herein will satisfy the requirements contained in the HUD notice, along with any revisions adopted by HUD.

The system incorporates the following three objectives set forth in the Housing and Community Development Act of 1974: 1) create suitable living environments, 2) provide decent housing, and 3) create economic opportunities. Beyond that, the system directs applicants/grantees to select from one of the following three outcomes to help define the intent of the activity: 1) availability/accessibility, 2) affordability, and 3) sustainability - promoting livable or viable communities.

Based on the applicant's purpose for undertaking a project or activity, the applicant will determine and state in the application what the intent of the project is with one of the nine Outcome Statements.

The system will not change the nature of the program or its regulations. The Massachusetts CDBG Program currently asks applicants to describe the need the activity addresses, as well as the anticipated impact. This system creates a framework that allows for a consistent reporting to HUD on a national level.

Each outcome category can be connected to each of the overarching statutory objectives, resulting in a total of nine groups of outcomes/objective statements under which the grantees would report the activity or project data to document the results of their activities or projects. Each activity will provide one of the following statements, although sometimes an adjective such as new, improved, or corrective may be appropriate to refine the outcome statement.

- Accessibility for the purpose of creating suitable living environments
- Accessibility for the purpose of providing decent affordable housing
- Accessibility for the purpose of creating economic opportunities
- Affordability for the purpose of creating suitable living environments
- Affordability for the purpose of providing decent affordable housing
- Affordability for the purpose of creating economic opportunities
- Sustainability for the purpose of creating suitable living environments
- Sustainability for the purpose of providing decent affordable housing
- Sustainability for the purpose of creating economic opportunities

In addition, there are certain data elements commonly reported by all programs, although each of the four programs may require different specificity or may not require each element listed below. Grantees will only report the information required for each program, as currently required. No new reporting elements have been imposed for program activities that do not currently collect these data elements. The elements include:

- Amount of money leveraged (from other federal, state, local, and private sources) per activity:

- Number of persons, households, units, or beds assisted, as appropriate;
- Income levels of persons or households by: 30 percent, 50 percent, 60 percent, or 80 percent of area median income, per applicable program requirements. However, if a CDBG activity benefits a target area, that activity will show the total number of persons served and the percentage of low/mod persons served. Note that this requirement is not applicable for economic development activities awarding funding on a “made available basis;”
- Race, ethnicity, and disability (for activities in programs that currently report these data elements)

Finally, grantees will report on several other indicators, required as applicable for each activity type. These will be established in each program component application, and within the grant management system.

HUD will combine the objectives, outcomes, and data reported for the indicators to produce outcome narratives that will be comprehensive and will demonstrate the benefits that result from the expenditure of these federal funds.

9. **Regional Applications** – Each community in a regional application must comply with the same requirements as individual communities in individual applications, in order to participate in a regional grant. For example, each participating community must have a Community Development Strategy that is found to be adequate, the community must have been identified and be part of the required public participation/hearing process and the community must submit all required signatures. Communities that fail to comply will be dropped from consideration as a regional participant and the application will be reviewed on the basis of those communities that have complied with the requirements. As a result, the number of participating communities and/or the dollar amount requested in a regional application may be reduced during the review process.

Additional threshold criteria #10 through #13 apply to specific program applications or types of projects.

10. **Public Benefit Standards** – Economic development projects that are eligible under Title I of the Housing and Community Development Act of 1974, Sections (14), (15) and (17) must meet CDBG standards of underwriting and public benefit. Eligible projects under 105(a)(2) may also be required to meet public benefit standards when undertaken for Economic Development purposes.

11. **Senior Center Projects** – Applicants for Senior Center projects must meet the following threshold requirements to have their applications reviewed and scored:

- (i) provide evidence of site control³ by the municipality, as attested to by the Mayor or Board of Selectmen,
- (ii) provide documentation of the availability and commitment of any other funds necessary to complete the project, and
- (iii) provide one copy of the bid-ready plans⁴ prepared by a licensed architect or engineer, a table of contents for the bid specifications and a letter signed by the project architect or engineer attesting to the fact that a

³ Evidence of site control may include but is not limited to a deed, long-term lease agreement, purchase and sale agreement, or other contract or legal document.

⁴ Bid-ready plans and specifications are those construction documents that constitute a presentation of the complete concept of the work including all major elements of the building and site design. The bid documents shall set forth in detail and prescribe the work to be done by the construction specifications; the materials, workmanship, finishes and equipment required for the architectural, structural, mechanical, electrical and site work; and the necessary solicitation information. Drawings shall include the following: a) Site plan showing the location and type of building; b) Scale plans of the building; c) Wall sections, details, and elevations in sufficient detail to serve as a basis for a construction estimate; d) All other required architectural, civil, structural, mechanical and electrical documents necessary to complete the project.

complete set of specifications has been prepared and is bid-ready (modular construction may require a lesser standard – see Project Threshold Criteria #13).

CDBG-assisted senior center projects funded in FY 2003 or later may not receive subsequent CDBG assistance for additional construction or reconstruction until five (5) years have passed since the grant closeout date. Communities seeking CDBG funds for senior center projects must request elderly low- and moderate-income household data from DHCD prior to submitting an application.

12. **Architectural Barrier Removal** – A municipality applying for assistance with an architectural barrier removal project must submit a copy of its locally approved Americans with Disabilities Act (ADA) Self Evaluation Survey and Transition Plan. The ADA was enacted in 1990 and requires local governments to evaluate for accessibility all of its programs and services that had not previously been reviewed under Section 504 of the Rehabilitation Act of 1973. The Act also required preparation of a Transition Plan for removal of programmatic and structural barriers to its programs and services, and set forth a process for involving the community in the development of the Self Evaluation Survey and Transition Plan. Programmatic removal of barriers must be fully explored before considering CDBG funding for structural barrier removal. Completion of the Transition Plan is a required threshold for Architectural Barrier Removal applications.

It is the responsibility of each community to ensure that its Transition Plan is consistent with federal regulations. A community's request for Mass CDBG funding must be consistent with the priorities set forth in these locally developed documents. Communities may wish to contact the Massachusetts Office on Disability or the U.S. Department of Justice for specific questions regarding the ADA and the Rehabilitation Act of 1973.

Applications for Architectural Barrier Removal projects with a total construction cost of \$100,000 or more require bid-ready plans and a letter signed by the project architect or engineer attesting to the fact that a complete set of specifications has been prepared and is bid-ready in each copy of the application. Projects less than \$100,000 but more than \$25,000, require design development drawings.

Finally, when used for Architectural Barrier Removal, CDBG funds may be used only for the relevant barrier removal work and directly related and required construction. CDBG funds cannot be used to address building code or local requirements that are not directly part of the removal of the architectural barrier.

13. **Bid-ready Plans and Specifications** - Bid-ready plans and a letter signed by the project architect or engineer attesting to the fact that a complete set of specifications has been prepared and is bid-ready are required for all public facilities and architectural barrier removal projects with a construction cost of \$100,000 or more (see definition in footnote #5). Design development drawings are required for public facilities and architectural barrier removal projects or equivalent site and landscaping plans for Playground/Park projects, with a total construction cost of more than \$25,000 but less than \$100,000.

In addition, DHCD recognizes that this requirement may be problematic for communities considering modular construction projects. To satisfy these concerns, in order to apply for assistance to undertake modular construction a community may instead provide DHCD with a reasonable cost estimate for the project. Detailed backup for the total costs for modular construction projects must include the cost of site preparation, off-site construction of the modular unit, and the cost of delivering and assembling the modular unit including all work necessary - including but not limited to all utility work and sub-trades - to result in the issuance of an occupancy permit. To accomplish this, the community must provide the following: the program for the building; plans, specs, and prices of comparable unit(s) from a manufacturer; evidence of the manufacturer's ability to deliver the unit during the timeframe for construction identified in the grant application; and a site plan.

E. ALLOCATION OF CDBG FUNDS TO THE COMMONWEALTH

The federal Fiscal Year 2016 HUD allocation to the Commonwealth of Massachusetts is anticipated to be \$29,771,920. DHCD's funds are subject to availability from the federal government, which is contingent on the federal budget and appropriations process and the HUD allocation process. In addition to the HUD allocation, DHCD expects to receive approximately \$100,000 in program income, for a total of \$29,871,920 available for FY 2016. These funds will be distributed during the program year to eligible cities and towns in accordance with the allocation among program components outlined below.

MA CDBG PROGRAM COMPONENT	FY 2016 ALLOCATION
Community Development Fund I	\$14,798,762
Community Development Fund II	\$ 2,900,000
Mini-Entitlement Program	\$ 9,075,000
Economic Development Fund (not including expected \$100,000 in program income)	\$ 1,600,000
-Section 108 Loan Guarantee*	\$ 10,000,000
Reserves	\$ 150,000
Section 108 Loan Repayments** (No. Adams, Everett)	\$ 355,000
Administration and Technical Assistance	\$ 993,158
TOTAL AVAILABLE (includes \$29,771,920 allocation plus \$100,000 in program income)	\$29,871,920
*Section 108 Loan Program allocation does not impact the FY 2016 Allocation **Section 108 Loan Repayments are budgeted but not necessarily required. This is an "up to" amount. Amounts not required for repayment to HUD will be reallocated to other components.	

Reallocation of funds among program components: During the year, DHCD may have cause to recapture earlier program year funds from non-performing grantees; or there may be small amounts of program funds from prior years that have yet to be used; or there may be opportunities to recapture program income generated by communities from earlier projects; or there may be extreme demand for one program component; or there may be minimal demand for one component. Funds will be reallocated depending on the timing of other components and the apparent demand for funds or to address emergency situations during the program year. When awarding those funds DHCD will use current program guidelines as established in the most recent One Year Plan. DHCD reserves the right to increase or decrease the allocation of a program component. When these cumulative changes meet the threshold criteria of an amendment, DHCD will follow the process in accordance with the State's Consolidated Plan and regulations at 24 CFR 91.505. DHCD may also have cause to fund from any allocation or resources to respond to corrective actions after program closeouts or as a result of other administrative errors.

F. AVAILABILITY OF CDBG PROGRAM FUNDS

All CDBG program funds will be available to eligible grant recipients based on applications for Massachusetts Community Development Block Grant funds and/or Notices of Funding Availability that will be distributed on a regular basis. These documents will make communities aware of the requirements of each particular component and will be available to allow communities adequate time to prepare grant applications for each program.

A single community may receive no more than \$1 million from any combination of federal FY 2016 Community Development Fund I or II, or Mini-Entitlement grant funds. Awards not subject to the \$1 million cap per community include the Economic Development Fund and Reserves.

Additionally, a single community may receive no more than \$1.35 million from Community Development Fund I within two successive years. Economic Development Fund and Reserves awards are not subject to the \$1.35 million cap per community.

Listed below are application distribution dates for each program and the corresponding due dates. A Notice of Availability of Funds will be issued, as appropriate, prior to release of each Application subject to the availability of federal funds.

Program Components ⁵	Application Issued	FY 2016 Applications Due
Community Development Funds I and II	December 2015	Friday, February 12, 2016
Mini Entitlement Program	December 2015	Friday, February 12, 2016
Economic Development Fund	February 2016	Continuous

G. EVALUATION CRITERIA APPLICABLE TO ALL CDBG PROGRAMS

DHCD reserves the right to incorporate any or all of the following Evaluation, Regulatory and Performance criteria in its award decisions:

Evaluation:

- solicit and verify information from any local, state or federal agencies and other entities, and based on that information, reduce, increase or deny an award to a community.
- conduct site visits for any proposed CDBG project or solicit additional information from applicants in order to confirm or clarify factual or procedural responses to application requirements such as copies of legal advertisements, minutes, survey instruments, letters, etc. Acceptance of these materials is subject to DHCD's satisfaction that the omitted material was in existence at the time of application and submission of the requested documents within a specified timeframe. Additional information regarding responses to competitive questions will not be accepted.
- reduce or increase an award to a community to assure that a grant budget is reasonable.
- fund, fully or partially, a project from other state resources.
- reduce or deny a grant, or place special conditions on a grant, based on the management capacity of the municipality or the current or proposed administering agency.

⁵ The FY 2016 applications will be operative upon their release. Actual release of funds is contingent on HUD approval of the state's One Year Plan, and will be dictated by the date the state receives HUD approval on its Plan.

- Reduce an award to a community with an uncommitted program income balance of \$100,000 or more. Program income balances must be documented through submission of bank statements. The program income account balance in DHCD's Grant Management System must be maintained to match the bank program income account statement balances. Program income commitments must be documented through submission of award or commitment letters, appropriation language or other evidence deemed suitable by DHCD including signed contracts. Making program income funds available as part of a contingency plan will not be considered a commitment of those funds. Upon award, grantees must add the committed program income funds to the cited grant activity(ies) through the grant amendment process.
- resolve tie scores in a competitive fund by applying the criteria below in the following order:
 1. An application from the community or region with the higher Community-Wide Needs score will be funded;
 2. Applications for projects that increase the community's supply of affordable housing units;
 3. Regional applications;
 4. Applications for housing and/or economic development projects that are consistent with the goals of the Administration; and
 5. If scores remain tied after the application of steps #1 through 4, DHCD will conduct a lottery at which a representative from HUD will be present.

Regulatory:

- ensure that at least 70 percent of CDBG assistance, as per federal statute, is used to support projects that directly benefit low- and moderate-income persons of the Commonwealth.
- ensure that no more than 15 percent of the FY 2016 Massachusetts CDBG allocation is for public social service activities as per federal regulation.
- deny a grant, or a portion thereof, to ensure that no more than 20 percent of the FY 2016 Massachusetts CDBG allocation is for planning and administration as per federal regulation.
- not review an application unless signed by the municipality's Chief Elected Official.

Performance:

- reduce an award to a community with an uncommitted program income balance of \$100,000 or more.
- reduce an award, deny a grant, or impose special conditions on a community with prior year grants with a low rate of committed or expended dollars. This includes reductions in awards for projects funded in previous rounds for which unexpended funds remain.
- reduce an award, deny a grant, or impose special conditions on a community with outstanding, major findings that are unresolved at the time application decisions are being made; or which have otherwise had a history of significant, repeat findings. These findings could have resulted from any grant program offered by DHCD.

Major findings means non-compliance with a statutory requirement which, if not satisfactorily resolved by the community, would require that the federal funds be repaid by the municipality, or result in other serious sanctions.

History of significant, repeat findings means non-compliance with statutory or regulatory requirements in more than one grant cycle, where the community may have resolved those findings but with an unacceptably slow response.

- consider the past performance in the management of state grants, including but not limited to CDBG, by the applicant community and its administering agency or project sponsor, including continuing prior performance issues such as the number of program extension requests, program amendments and requests to re-program past grant funds due to inability to complete the originally awarded activities.

Awarding of Grants

Based on the scores produced through the review process, grant award recommendations are made to the Undersecretary of DHCD, whose decision is final. In the competitive programs, grants are awarded for projects to municipalities that received the highest application scores and which meet applicable thresholds until all available funds are distributed. In the programs with rolling applications, grants are awarded for projects to municipalities with application scores that meet a minimum scoring threshold, or that meet other program criteria, or both. DHCD reserves the right to award a grant in whole or in part, or to reject any and all proposals received.

Grievance Procedure

Within forty-five (45) days of the date of the Undersecretary's written notice of grant determinations to applicant cities and towns, any municipality aggrieved by DHCD's decision may challenge the denial of its grant by submitting a letter of appeal from the Chief Elected Official of the municipality to the Undersecretary, who shall respond no later than forty-five (45) days from the date of receipt of the municipality's appeal.

<i>H. PROGRAM SANCTIONS</i>

DHCD reserves the right to suspend or terminate grant awards made to eligible communities should there be instances of fraud, abuse, poor performance, misrepresentation, or extreme mismanagement, or in the event a grantee is unable to carry out a project as approved in an application. Communities should be aware that in the event that a project budget is found to be inadequate to fully implement the project as approved, DHCD reserves the right to review and approve any change in project scope to make a project fundable and may opt for recapturing the funds instead of authorizing a project with a reduced scope of work. In addition, if excess funds remain from a target area activity, either due to budgetary reasons or because of less demand for the activity than projected, the community must return the funds or request DHCD approval to reprogram the awarded funds.

DHCD's preference is to approve reprogramming for the following purposes and in the following order:

- Funds will be used for eligible housing activities in the target area,
- Funds will be used for eligible housing activities in the remainder of the community,
- Other existing target area activities.

If the excess funds cannot be used consistent with these preferences, DHCD will require a detailed request describing the reprogramming and may require that the funds be returned.

The community staff and Chief Elected Officials will have the opportunity to discuss possible sanctions prior to any formal action. If formal sanctions are recommended, grantees will be provided a full opportunity to appeal such decisions to the Undersecretary of DHCD before any final action is taken.

All program funds recaptured through the sanctions process will be re-programmed consistent with the procedures in (E) *Allocation of CDBG Funds* and (J) *CDBG Program Components*. Based on the significance of the issues involved in any such determination, DHCD may suspend, for a period of up to three (3) years or until final resolution is achieved, a community's eligibility to participate in any Massachusetts CDBG component. Such action will only be taken in extreme circumstances and only after all alternatives have been exhausted.

<i>I. CITIZEN PARTICIPATION REQUIREMENTS FOR APPLICANTS AND GRANTEES</i>

All applicants for funding under the FY 2016 Massachusetts CDBG Program must comply with the citizen participation requirements contained in Section 508 of the Housing and Community Development Act of 1987. DHCD expects citizen involvement in the identification of community development needs, the development of applications, program assessment and evaluation. Communities must include in their Massachusetts CDBG application a local citizen participation plan detailing how the community will provide:

1. citizen participation, with particular emphasis on participation by persons of low- and moderate-income, residents of slums and blighted areas and of areas in the state where CDBG funds are proposed to be used, particularly residents of a proposed target area;
2. reasonable and timely access to local meetings, information, and records relating to the grantee's proposed use of funds, and relating to the actual use of funds;
3. information on the amount of state CDBG funds available during the year; the range of eligible CDBG activities; and how activities will benefit low- and moderate-income persons;
4. technical assistance to groups representative of persons of low- and moderate-income that request such assistance in developing proposals;
5. **a minimum of 2 public hearings**, each at a different stage of the program (development and implementation), to obtain citizen views and to respond to proposals and questions at all stages of the community development program, including at *a minimum* (a) the development of needs, (b) the review of proposed activities, and (c) review of program performance. These hearings shall be held after adequate notice, at times and accessible locations convenient to potential or actual beneficiaries, and with accommodations for persons with disabilities. In cases of joint applications, all applicant communities must be included in and participate in the public hearing. At least one public hearing must be held prior to submittal of an application; a second must be held during the course of the grant year;
6. a timely written answer to written complaints and grievances, within 15 working days of receipt where practical; and
7. the plan must also identify how all residents and beneficiaries, including minorities and non-English speaking persons, as well as persons with disabilities can be reasonably expected to participate in the program in general, and at public hearings in particular.

J. CDBG PROGRAM COMPONENTS

This section briefly describes the components of the Massachusetts CDBG Program. Each program component description includes eligible uses, grant award amounts, and evaluation and award criteria. In the event of conflicting language, this One Year Action Plan takes precedence over language in all program component applications. The program components are:

1. Community Development Fund I (CDF I)
 2. Community Development Fund II (CDF II)
 3. Mini-Entitlement Program
 4. Economic Development Fund
 5. Reserves
 6. Administration and Technical Assistance by DHCD
- **All applications To MA CDBG are submitted online and will only be accepted using DHCD's web-based system. Further details and training information will be available as application materials and details are released.**

1. COMMUNITY DEVELOPMENT FUND I (CDF I)

Program Description

The Community Development Fund I (CDF I) annually awards grants to communities throughout the Commonwealth. This program helps eligible cities and towns to meet a broad range of community development needs in housing, infrastructure, downtown revitalization, and public social services. It supports CDBG-eligible activities and encourages applicants to develop coordinated, integrated and creative solutions to local problems. CDF I is targeted to communities with high Community-Wide Needs scores (ranging from 25 to 35) and very limited financial ability to address those needs with local funds. See Exhibit 3 for Community-Wide Needs Scores and Exhibit 4 for the indicators and formula used to derive the scores.

In federal FY 2016 DHCD expects to award approximately \$14,798,762 in CDF I grant funds, depending upon Massachusetts' federal allocation.

Grant Award Amounts

Applicants for a CDF I grant will be eligible to receive up to the following amounts based on the type of application submitted:

Category	Minimum Grant from Competitive Round:	Maximum Grant from Competitive Round:
Single Community	\$ 100,000	\$ 800,000
Single Community w/multiple targeted physical activities	\$ 100,000	\$ 900,000
Two or Three Communities (Regional)	\$ 100,000	\$1,000,000
Four or More Communities (Regional)	\$ 100,000	\$1,100,000
Planning- or Design-only grants	\$ 10,000	-----

A single community may receive up to \$900,000 for multiple, targeted physical activities. Social services, planning or design activities do not trigger the higher grant funding level. No single CDF I community in a regional

application may receive more than \$700,000. There is a minimum grant amount of \$10,000 for planning or design-only grants.

Requirements:

1. CDF grants are **Single Year Grants** based on an 18-month implementation period. Communities should not apply for funds if the proposed project is not ready to proceed.
2. Two or more communities may apply **regionally**. *"Regional" is not limited to geographically contiguous cities and towns.* In order to comply with federal requirements governing such applications, each participating community would:
 - enter into an inter-local agreement that will allow a lead community to conduct grant activities within other communities;
 - sign the application certifications stating compliance with program regulations; and
 - demonstrate in the application how the requested funds will be allocated among all participants.

Each participating community in a regional application must have a locally approved Community Development Strategy, and all projects in the application must be consistent with those documents.

CDF I communities may include CDF II communities as participating regional applicants. The percentage of funds assisting CDF II participants in a CDF I regional application may not exceed 35% of the total grant request.

PLEASE NOTE: An application will not be considered a regional application if the only activity taking place in more than one of the communities is public social services.

3. An applicant is eligible to apply to Community Development Fund I if its FY 2016 Community-Wide Needs Score, rounded to the nearest integer, is 25 or greater on a scale of 35. Community Wide Needs Scores are available in Exhibit 3. Communities with a Community Wide Need score of 25 or 26 may choose to apply to either CDF I or CDF II, subject to the requirements of the two components. Communities can participate in only one fund for all applications. A community may not apply to separate funds in different applications. **Communities with a CWN of 25 or 26 must identify to which fund they are applying at the time of application.**
4. A community may apply in either one individual CDF application or in one regional application (including as a lead applicant), or in one of each. In addition, a municipality may not receive funds for the same activity under more than one CDF application during any one Mass CDBG federal fiscal year.
5. All CDF I applications must be received by DHCD's web-based application system by **Friday, February 12, 2016, at 11:59 PM.** However, one hard copy of the required Application Cover page, and the Joint Authorization page, with original signatures of the appropriate Chief Elected Official(s) must be received by 5:00 PM or the close of business, whichever is later, on Friday, February 12, 2016.

Evaluation and Award Criteria

Application review and awards will be governed by the criteria and procedures as described above (Sections A through I), and the following criteria, process rules and special requirements. Additional detail on evaluation criteria and the review process will be in the FY 2016 Community Development Fund Application Package.

1. Applications will be scored on a 100-point system, with the potential for bonus points, as follows:

CRITERION	POINTS
Community Wide Needs	35
Project Packets	65
Total	100
Regional Bonus	2 per activity
Comprehensive/Integrated	Up to 10

Each criterion is described below. Please be advised that applicants must meet a minimum threshold for **Project Feasibility** -- i.e., **each project must appear to be feasible to undertake and complete in the 18-month grant period, or the other criteria will not be scored.** Projects must demonstrate financial feasibility, including adequate sources available for all costs based on reasonable cost estimates and financial need. Sources and uses of funds are limited to actual documented cash/expenditures specific to the proposed project. Proposals must also demonstrate site control, major permit approval, and other information that demonstrates the project is feasible and ready to go forward upon grant award. All projects must also meet threshold consistency with the Sustainable Development Principles.

Community-Wide Needs - are scored by DHCD, based on a set of criteria including population demographics, economic conditions, the community's fiscal condition, and assorted community development need indicators. A complete list of indicators is described in Exhibit 4. Communities are encouraged to submit a written request for their need scores. A community or its designee may make the request. DHCD will notify the community's Chief Elected Official of when and to whom the score is mailed. Only the lead community of a regional application needs to submit a request for the community-wide needs score. Regional applications will receive needs scores based on a weighted average of the scores for the participating communities. (35 points)

Project Need - requires applicants to document and describe the particular needs that will be addressed by each proposed project and the severity of those needs. Project Need will be evaluated based on the documented severity of need.

Community Involvement and Support - requires applicants to describe and document project selection, outreach efforts, involvement by the community and potential beneficiaries in the planning and development of the project and a process for maintaining involvement in the project over time. Community Involvement and Support will be evaluated based on the extent to which the applicant provides greater opportunity for involvement, actual involvement and support for the activity beyond CDBG-required efforts.

Project Feasibility - requires applicants to document and describe an understanding of the permitting and project management tasks necessary for the project, the procurement processes required of the project, the status of design and site control, the availability of all necessary funds and the readiness of the project to proceed, including completeness of environmental review requirements, and completeness and reasonableness of timeline. Project Feasibility will be evaluated on the applicant's ability to demonstrate the overall readiness of the project, management capacity and the ability of the applicant to complete the project within the 18-month grant implementation period.

Project Impact - requires applicants to document and describe the impact of the proposed project on the identified needs of the target population or target area including physical and visual impacts, if applicable. Project Impact will be scored on the extent to which the project will have positive impacts on the target area or target population, the number of persons to benefit from the proposed project, quantitative and qualitative assessment measures.

To be determined fundable, a project packet must earn a score of at least 39 points out of the 65 possible for a project packet. Planning activity packets will be scored using Project Need and Impact criteria only and must receive at least half the available points for each criterion.

Available Bonus Points

Regional activities - fundable activities that will serve multiple communities will receive an additional two points. Regional activities are defined as housing rehabilitation in multiple communities, social services provided to multiple communities, or shared facilities or planning/design activities that will be administered and bid centrally on behalf of regional participants.

Multiple, Targeted Activities

1. Five points are available to applicants proposing multiple activities in a target area and that demonstrate that the activities are complementary, coordinated or integrated. A minimum of at least two activities must be fundable.
2. An additional five points will also be awarded if an applicant demonstrates that non CDBG-funded projects consistent with the community's Community Development Strategy and the requested CDBG activities are also targeted to the same geographic area and will also result in measurable improvements. These points will not be awarded for municipal operating budget activities, maintenance activities/projects, or activities that are an extension of a requested CDBG activity such as lead abatement funds to serve the same units as those in a proposed housing rehabilitation program. Further details are contained in the Application Guidance document for FY 2016 CDBG applications. Specific guidance regarding required documentation appears in the FY 2016 Application Guidance.

Applications with more than one project packet (component) to be considered for funding will receive a single Activity Score that is based on the average score for each project that meets the thresholds enumerated above then rounded to the nearest whole number. Planning and Public Social Services activity scores, however, will not be included in the averaging of activity scores.

When all applications have been reviewed, each applicant's activity score, bonus points and community wide needs score are combined into a single application score. DHCD will fund proposals by ranking the scores from highest to lowest, applying the Evaluation Criteria above in (G) *Evaluation Criteria Applicable To All CDBG Programs* in the event of tie scores.

2. COMMUNITY DEVELOPMENT FUND II (CDF II)

Program Description

This program helps the state's non-entitlement cities and towns meet a broad range of community development needs in housing, physical development, downtown revitalization and public social services. In federal FY 2016, DHCD expects to award \$2,900,000 under the Community Development Fund II (CDF II) to eligible applicants, depending upon the allocation of federal funds from HUD.

Grant Award Amounts and Requirements

Applicants for a CDF II grant will be eligible to receive up to the following amounts based on the type of application submitted:

Category	Minimum Grant from Competitive Round:	Maximum Grant from Competitive Round:
Single Community	\$ 100,000	\$ 700,000
Single Community w/multiple targeted physical activities	\$ 100,000	\$ 800,000
Two or Three Communities (Regional)	\$ 100,000	\$ 900,000
Four or More Communities (Regional)	\$ 100,000	\$1,000,000
Planning- or Design-only grants	\$ 10,000	////////

A single community may receive up to \$800,000 for multiple, targeted physical activities. Social services, planning or design activities do not trigger the higher grant funding level. No one single CDF II community in a regional application may receive more than \$500,000 in FY 2016 funds. There is a minimum grant amount of \$10,000 for planning-only grants. All requirements of CDF I apply to CDF II.

This program is available to communities with a Community-Wide Needs Score equal to or less than 26 out of 35 points for federal Fiscal Year 2016. Community Wide Needs Scores are available in Exhibit 3. A community may apply in either one individual CDF II application or in one regional application (including as a lead applicant), or in one of each.

CDF II communities may join with other CDF II communities for regional activities. A CDF II community may participate in a regional application submitted by a CDF I community. Regional applicants are not limited to geographically contiguous cities and towns. The Community Wide Needs Score of CDF II applicants will not be considered in the composite regional Community Wide Needs Score. Participation in a regional application will not prohibit an eligible CDF II applicant from applying individually to the CDF II, within the stated restrictions.

Communities with a CWN of 25 or 26 must identify to which fund they are applying at the time of application.

The following conditions apply to regional applications:

- Funds allocated to the CDF II communities for regional activities will not be included when calculating the \$1 million cap in Mass CDBG funds that the lead CDF I communities may receive in a fiscal year.
- Funds allocated to the CDF II communities for regional activities will be included when calculating the \$1 million cap in Mass CDBG funds that participating CDF II communities may receive in a fiscal year.

All CDF II applications must be received by DHCD's web-based application system by **Friday, February 12, 2016**, at 11:59 PM. However, one hard copy of the required Application Cover page, and the Joint Authorization page, with original signatures of the appropriate Chief Elected Official(s) must be received by 5:00 PM or the close of business, whichever is later, on Friday, February 12, 2016.

LIMITATIONS/CONDITIONS ON SUBSEQUENT CDF II APPLICATIONS

A Community Development Fund II community that receives an award from the Community Development Fund is precluded from applying to a Community Development Fund program for the following federal fiscal year. FY 2016 CDF II grant recipients designated as FY 2015 CDF I-eligible communities in Exhibit 3: Program Eligibility and Community-Wide Needs Scores are not subject to this prohibition. In addition, a community previously awarded funds solely for an architectural/engineering design or planning project may apply in the next federal

fiscal year for funding to implement the project. However, the maximum grant award for implementation will be reduced by the amount of the previous design or planning grant.

Exhibit 2 lists communities that may not apply for CDF funds in FY 2016.

Evaluation and Award Criteria

Applications will be reviewed according to the same criteria and process for activities as detailed in the discussion above describing criteria for CDF I. However, the Community-Wide Needs Score will not be factored into the evaluation. The application will be scored on a 65-point scale.

3. MINI-ENTITLEMENT PROGRAM

Program Description

Municipalities were selected to be Mini-Entitlement communities if they met the three following criteria: (1) Community Wide Needs Score over 28; (2) a poverty rate higher than the state average of 7.7% and (3) population over 12,000. This program helps larger non-entitlement urban communities with the highest needs improve conditions for their low- and moderate-income residents through comprehensive planning and predictable funding. Through this program, identified cities and towns can meet a broad range of community development needs in housing, business development, physical development, downtown revitalization, and public social services. It supports all CDBG-eligible activities and encourages applicants to develop comprehensive, creative solutions to local problems.

DHCD expects to award up to \$9,075,000 from the FY 2016 Mini-Entitlement Program allocation to eleven (11) designated Mini-Entitlement municipalities, listed below:

Amherst	North Adams
Chelsea	Southbridge
Dennis	Wareham
Everett	Webster
Gardner	West Springfield
Greenfield	

DHCD requires Mini Entitlement communities to approach CDBG projects in a comprehensive and integrated manner and is directing these communities to target their CDBG funds to particular geographic areas in order to impact and effect change within neighborhoods. Housing Rehabilitation programs may be designed to allow up to 20% of the funds to be used for emergency purposes outside the target area.

DHCD will offer technical assistance to Mini-Entitlement communities, including planning, priority setting, and project evaluation and development.

Grant Award Amounts and Requirements

The maximum grant award is up to \$825,000. Mini-Entitlement applications will contain an 18-month implementation and cash flow plan. Mini-entitlement grantees must comply with standards for timely expenditure and available program income (see Applicant/Project Thresholds above). FY 2016 Mini-entitlement awards to Grantees that do not meet the required standards will be reduced by an amount necessary to bring the grantee into compliance.

Evaluation and Award Criteria

The following requirements apply to the Mini-Entitlement Program:

1. In accordance with the Massachusetts CDBG Priorities listed in Section A, DHCD seeks to fund projects identified through meaningful community-based planning and priority setting processes as described in SECTION D. 6. Each Mini-Entitlement grantee must submit a Community Development Strategy. Community Development Strategies must also include how the community will plan for and implement projects that are consistent with the Commonwealth's Sustainable Development Principles.
2. Activity packets must be completed, but will not be competitively scored. All FY 2016 Mini-Entitlement applications must describe how CDBG funds will be allocated; include goals and performance measures for each activity; demonstrate compliance with a federal national objective and all federal/state requirements; and provide a management plan. The project packets will be reviewed for compliance with these evaluation criteria.
3. Mini-Entitlement applicants may however, propose projects, subject to DHCD approval, that do not meet the plans and specifications requirements of SECTION D. 12 and 13.
4. All activities that are eligible under Section 105(a) of Title I of the Housing and Community Development Act of 1974, as amended, will be considered for funding with the exception of organizational activities of downtown partnerships.
5. Mini-Entitlement communities may not join with CDF I or CDF II communities as joint applicants.

All Mini-Entitlement applications must be received by DHCD's web-based application system by **Friday, February 12, 2016**, at 11:59 PM. However, one hard copy of the required Application Cover page, and the Joint Authorization page, with original signatures of the appropriate Chief Elected Official(s) must be received by 5:00 PM or the close of business, whichever is later, on Friday, February 12, 2016.

4. ECONOMIC DEVELOPMENT FUND

The Economic Development Fund (EDF) provides assistance to communities focused on community economic development -- supporting revitalization efforts that enhance the quality of life in the community strengthening the local tax-base, and retaining and creating jobs for low and moderate-income people. EDF gives priority to assistance for revitalization of downtowns and commercial center areas. In FY 2016, program funding is limited to the following categories of projects:

1. Rehabilitation of or conversion to, mixed-use buildings or investor owner-residential buildings (5 or more units) located in downtown or commercial center areas. A mixed-use or investor-owned rehabilitation project qualifying for residential or commercial and residential EDF assistance may receive up to the maximum grant of \$750,000, plus administration costs. Commercial improvements are limited to \$500,000. For residential rehabilitation, all federal and state grants combined shall not exceed 75 percent of total actual project costs. Housing unit rehabilitation is limited to a maximum per unit CDBG cost of \$125,000. EDF may be used alone or in partnership with other CDBG or non-CDBG funding sources to undertake building improvements for mixed-use or investor-owned rehabilitation projects. The entire building façade must be appropriately addressed, regardless of the portions of the building assisted.
2. Public facilities/infrastructure improvements supporting downtown mixed-use or investor owned, mixed-income residential projects located in a downtown or commercial center area.

3. Planning Projects Supporting Economic Development

Planning and pre-development studies conducted in advance of site or topic specific CDBG-eligible economic development activities.

- Proposed planning projects must clearly demonstrate that they have:
 - emerged from a, local or regional planning effort (i.e., in addition to the local CDS)
 - a reasonable likelihood of resulting in an identifiable, economic development project that will likely be implemented **within three (3) to five (5) years**
 - a reasonable likelihood that the implemented project will meet a national objective
 - evidence of support by applicable state and/or regional agencies
- EDF will not consider planning projects that:
 - appear to be “white elephants” lacking a convincing likelihood of moving forward following the study or of meeting a national objective
 - might be assumed by the private sector by virtue of superior project location or characteristics
 - might be better suited for other federal, state, local, quasi-public or private funds,
 - have known or potential, major development obstacles or other issues that could prevent project implementation or achievement of a national objective
 - include design, architectural or engineering costs (e.g. detailed engineering specifications and working drawings) which surpass the determination of economic feasibility – these are considered project costs and are not CDBG-eligible planning activities

4. Assistance to Non-Profit Development Organizations (NDOs)

Grant assistance to eligible NDOs to fund the capitalization of small business and microenterprise revolving loan funds (RLFs), technical assistance or training programs and other eligible microenterprise activities. Microenterprise assistance is limited to commercial enterprises with five or fewer employees, one of whom is the owner. Small business assistance is subject to CDBG appropriate analysis, public benefit and underwriting guidelines, and EDF supplemental documentation. Assisted NDOs must demonstrate capacity, including past experience and performance, for operating small business or microenterprise assistance programs of the type and scale for which they will apply.

DHCD anticipates that \$1,600,000 will be available for the Economic Development Fund during FY 2016.

Grant Award Amounts and Requirements

- A community may receive no more than one EDF grant award in any fiscal year.
- In order to receive funding a project or activity must be consistent with the Sustainable Development principles. Guidance on this threshold may be found in Exhibit 6. Public Services activities are exempt from this requirement.
- Grants are based on an 18-month implementation cycle.
- Applications will be accepted on an ongoing basis throughout the year, based on funding availability.
- Grants for rehabilitation or adaptive re-use of mixed-use buildings or investor-owner residential buildings located in downtown or commercial center areas for commercial use and/or housing are limited to \$100,000-\$750,000 plus administration. Housing unit rehabilitation will be limited to a maximum per unit CDBG cost of \$125,000.

- The exterior façade of a mixed-use project must be completed consistent with EDF Program Guidance, Appendix M. Grant assistance for commercial rehabilitation is limited to addressing such improvements, if eligible.
- Grants of up to \$50,000 including administration costs, for planning studies which, if implemented, would lead to a project that has an economic development purpose and will meet a national objective.
- All other EDF community grants are limited to \$100,000-\$500,000 plus administration costs.

Evaluation and Award Criteria for Community Grant Applications

EDF applications will be evaluated according to a two-stage process, which consists of (1) completion of an Application Information Form (AIF) and initial meeting and (2) the application.

- (1) AIF/Initial Meeting - The applicant must submit an Application Information Form (AIF), using DHCD's web-based application system, before DHCD will consider an EDF application. Upon receipt and review of the AIF, CDBG staff will schedule, at its discretion, an initial informational meeting between program staff and representative(s) of the municipal government. At its discretion, staff may otherwise inspect the project site at any point in the process.
- (2) Application - If the proposed project is considered to be consistent with program requirements, and likely to meet the threshold criteria discussed in Section D: *APPLICANT/PROJECT THRESHOLDS* above, CDBG staff will invite the community to submit an application. If the applicant does not submit an application within three (3) months of the date of the invitation letter, it may be required to submit another AIF and repeat the two-step application process in order for DHCD to further consider the proposed project. **The three (3) month application deadline may be extended in extenuating circumstances at DHCD's discretion.**

Applications will be reviewed for completeness, documentation of application/project thresholds, and responses to assigned project packet(s) and project-specific questions and comments (project conditions) included in DHCD's letter of invitation. Applications including housing component must also submit applicable components of the MA One Stop housing application. To be considered for funding, a proposed activity must meet all thresholds, and must address all application questions and conditions to the satisfaction of DHCD. In the event there are insufficient funds for all eligible applications, DHCD reserves the right to consider EDF applications out of order of receipt based upon a review of the number of jobs to be created or retained, the impact of a project on the local tax base, such as increase in tax revenues, sudden job loss, levels of matching or leveraged funds, or other compelling circumstances.

The EDF program encourages and supports Community Grants projects which, relative to similar past and prospective projects, are compelling in terms of need and impact, do not exhibit complex issues adversely affecting project costs and timelines, include evidence of financial need, and exhibit characteristics that are compatible with the project's surroundings. Additionally, the EDF program will support and encourage mixed-use projects which include evidence of marketability, exhibit a prominent location proximate to traditional downtown activities and appropriate services, and reveal no creditworthiness issues or concerns regarding the sponsor/owner.

5. SECTION 108 LOAN GUARANTEES

Section 108 Loan Guarantees allow eligible communities to access federal loan funds for the purpose of aiding revenue-producing development activities. The Massachusetts program provides communities with a source of

loan financing for a specific range of community and economic development activities. Funding is provided to the community to loan to a business or other entity. The Commonwealth guarantees repayment of the HUD loan, and pledges its future CDBG allocation as collateral. Actual funding will be provided through the sale of notes by the federal Department of Housing and Urban Development.

Loan Guarantees will be available to support the rehabilitation of, or conversion to, mixed-use or investor owner-residential buildings (5 or more units) located in downtown or commercial center areas. Residential projects should include mixed-income, affordable and market rate units. Housing unit rehabilitation will be limited to a maximum per unit CDBG cost of \$125,000. The entire building façade must be appropriately addressed, regardless of the portions of the building assisted. Section 108 loan assistance of \$1 million to \$5 million will be available for residential or mixed-use projects meeting these qualifications. For most housing project components, Section 108 loan funds plus all federal and state grants combined shall not exceed 75 percent of total actual project costs. Section 108 loans may also assist public facilities/infrastructure improvements that generate sufficient revenues and support downtown mixed-use or investor-owned, mixed-income residential projects.

As with EDF community grants, assistance to non-profit organizations for public services, capitalization of loan funds or business technical assistance, or direct assistance to individual businesses or other entities will also not be considered in Section 108.

This year the Commonwealth will pledge up to \$10 million in future CDBG allocations in support of these eligible activities.

Grant Award Amounts and Requirements

- The minimum award is \$1,000,000 and the maximum is \$5 million. The loan amount will not be included in the \$1 million annual limit that grantees may receive from the Commonwealth's annual CDBG allocation.
- In general, awards from the Section 108 Loan cannot exceed 40% of the total project costs. However, DHCD will consider guaranteeing public infrastructure projects to a percentage greater than 40% on a case by case basis;
- Privately owned, non-residential real estate activities where the scope exceeds exterior façade improvements consistent with EDF Program Guidance, Appendix M, must be undertaken as economic development activities and must meet CDBG underwriting criteria. These criteria limit assistance to gap financing, which may be less than the 40% program limit;
- All Section 108 applications must include evidence that the proposed project needs grant assistance to be feasible;
- DHCD is willing to consider phased projects, with the caveat that the time frame for full implementation is a maximum of five years or less;
- DHCD or HUD may disapprove applications, or approve a reduced guarantee or approve the request with conditions, such as but not limited to additional collateral and guarantees depending on the structure of the proposal; and
- Depending on the nature of the project, the community may be required to pledge its full faith and credit.

Evaluation and Award Criteria for Section 108 Applications

Applicants must contact DHCD prior to submission of an application. A two-stage process for evaluating potential applications is in effect, consisting of a preliminary screening and a formal application. Applicants also need to review the evaluation criteria and the review process information found in the Economic Development Fund Application Guidance. Applications will be reviewed on a first come, first served basis, provided that threshold criteria are met and funds are available.

Successful applicants will receive a loan from HUD, but the Commonwealth guarantees the repayment of the loan. The Commonwealth pledges its future CDBG grant funds to repay the federal government should a non-entitlement recipient of a Section 108 Loan default. DHCD will not pledge other collateral of the Commonwealth in support of proposals. Any additional security required by HUD must come from another source.

Project applications must meet all applicable criteria outlined for EDF community grants. However, the format of any final loan application will be determined by HUD.

Active Section 108 Loan Activities

Everett – \$1 million Section 108 loan for roadwork (right-of-way & construction) for the Norman St./Internet Dr. intersection and entryway into the Rivers Edge (previously Telecom City) project area. The debt service for years 1-8 (FY 2007 – 2014) is funded with a \$1.2 million Brownfield's Economic Development Initiative (BEDI) grant.

North Adams - Massachusetts Museum of Contemporary Art (MASS MoCA): Approximate \$4.3 million loan to partially fund real estate development by the non-profit museum foundation. The \$13 million project involved rehabilitation of two buildings. This project was Phase II of the City and MASS MoCA's revitalization plan for one of North Adams' most distressed neighborhoods.

Loan Default

In the event of loan default, DHCD must be prepared to repay the Section 108 loans to HUD out of the Commonwealth's annual CDBG allocation. In addition to a pledge of future CDBG funds, collateral is provided from other sources. The possibility exists, however, that the loan defaults and will need to be repaid from the annual allocation. In FY 2016 the potential liability, or repayment total, could be up to \$330,000 in the event of loan default.

If the loans do not default, or if there is default but the collateral is sufficient to cover the loan repayment (or a portion thereof), then DHCD will reallocate the budgeted default amount among other program components.

Please note that DHCD and HUD scrutinize Section 108 projects very carefully since any loan defaults are guaranteed by future CDBG funds and therefore could significantly affect availability of funds in future years.

6. RESERVES

An initial allocation of \$150,000 will be available for the Reserves component. Consistent with *Section E. ALLOCATION OF CDBG FUNDS TO THE COMMONWEALTH*, funds may be recaptured by or returned to DHCD at any time during the program year, or reallocated to and from program components including the Reserves component. This may result in an increase or decrease to the initial allocation.

On occasion applications, or portions thereof, that were not funded during a competitive process, including direct technical assistance to eligible communities, may be considered by the Undersecretary of DHCD to be particularly

worthy, innovative, or address an overarching local, regional, or statewide need. Such projects may be funded through the Reserves.

Funds may also be made available for projects throughout the program year that are consistent with Massachusetts' CDBG priorities, as outlined in *Section A.*, particularly those that address the Administration's goal of developing and/or preserving affordable workforce housing opportunities.

The application materials for Reserves will provide guidance to potential grantees on how to structure their applications. The Department's interest in providing Reserves funding for projects will be determined by a review of the proposed project to determine consistency with the goals and priorities cited above and that the activity is eligible, feasible and ready to proceed. Once complete, applications will be funded in the order in which they are received.

All Projects funded under Reserves must meet, at a minimum, CDBG national objective and eligibility requirements, applicable rules and regulations, and project feasibility thresholds. Please contact Louis Martin, Associate Director of the Division of Community Services, at 617 573-1402 with any inquiries about Reserves.

7. ADMINISTRATION AND TECHNICAL ASSISTANCE BY DHCD

The Commonwealth of Massachusetts uses CDBG funds for administrative costs incurred by DHCD during the operation of the Massachusetts CDBG Program. As allowed by federal statute, this amount will equal two percent (2%) of the entire annual grant allocation, plus \$100,000.

An additional one percent (1%) of the allocation will be used for direct technical assistance to eligible municipalities for guidance relating to housing, economic development, including downtown revitalization, community development strategy and plan preparation and use, technical assistance training for non-entitlement communities, fair housing training, and additional assistance determined necessary during the program year.

During this fiscal year DHCD will continue to support and upgrade its software and reporting systems. Technical assistance will be available to communities for downtown revitalization planning activities.

In addition, two percent (2%) of program income generated by state CDBG grantees shall be returned to the Mass CDBG Program on a bi-annual basis.

ONE-YEAR ACTION PLAN FOR FEDERAL FISCAL YEAR 2016

EXHIBITS

1. LIST OF ENTITLEMENT COMMUNITIES IN MASSACHUSETTS
2. MUNICIPALITIES NOT ELIGIBLE TO APPLY TO COMMUNITY DEVELOPMENT FUND (CDF) IN FY 2016
3. COMMUNITY WIDE NEEDS SCORES AND PROGRAM ELIGIBILITY
4. COMMUNITY-WIDE NEEDS INDICATORS
5. SUSTAINABLE DEVELOPMENT PRINCIPLES
6. GUIDANCE ON MEETING THE SUSTAINABLE DEVELOPMENT THRESHOLD
7. MASSACHUSETTS FAIR HOUSING MISSION STATEMENT AND PRINCIPLES

EXHIBIT 1

LIST OF ENTITLEMENT COMMUNITIES IN MASSACHUSETTS as of Federal Fiscal Year 2016

ARLINGTON	MALDEN
ATTLEBORO	MEDFORD
BARNSTABLE	NEW BEDFORD
BOSTON	NEWTON
BROCKTON	NORTHAMPTON
BROOKLINE	PEABODY
CAMBRIDGE	PITTSFIELD
CHICOPEE	PLYMOUTH
FALL RIVER	QUINCY
FITCHBURG	REVERE
FRAMINGHAM	SALEM
GLOUCESTER	SOMERVILLE
HAVERHILL	SPRINGFIELD
HOLYOKE	TAUNTON
LAWRENCE	WALTHAM
LEOMINSTER	WESTFIELD
LOWELL	WEYMOUTH
LYNN	WORCESTER
	YARMOUTH

EXHIBIT 2

MUNICIPAL ELIGIBILITY TO APPLY TO COMMUNITY DEVELOPMENT FUND (CDF) I AND II IN FY 2016

A single community may receive no more than \$1 million from any combination of federal FY 2016 Community Development Fund I or II, or Mini-Entitlement grant funds. Awards not subject to the \$1 million cap per community include the Economic Development Fund and Reserves.

Additionally, a single community may receive no more than \$1.35 million from Community Development Fund I within two successive years. Economic Development Fund and Reserves awards are not subject to the \$1.35 million cap per community.

As a result, FY 2016 award limits apply to the following FY 2015 grantees, in the following amounts:

Adams - \$769,272	Huntington - \$384,414
Amesbury - \$709,151	Montague - \$975,091
Athol - \$986,182	Oak Bluffs - \$925,818
Avon - \$968,608	Palmer - \$897,580
Ayer - \$450,000	Russell - \$704,321
Buckland - \$856,566	Shirley - \$738,748
Eastham - \$865,586	Tisbury - \$968,489
Great Barrington - \$507,431	Ware - \$923,255
Hardwick - \$897,944	Warren - \$709,367
Harwich - \$955,328	Wellfleet - \$978,583

A Community Development Fund II community that receives an award from the Community Development Fund is precluded from applying to a Community Development Fund program for the following federal fiscal year, except that a community previously awarded funds solely for an architectural/engineering design or planning project may apply in the next federal fiscal year for funding to implement the project. However, the maximum grant award for implementation will be reduced by the amount of the previous design or planning grant.

DHCD has identified the following communities as ineligible applicants (except as noted) for Federal Fiscal Year 2016; each may apply again in the fiscal year noted in parentheses:

Bellingham	(2017)	Lancaster	(2017)
Brimfield	(2017)	North Brookfield	(2017)
Brookfield	(2017)	Northfield	(2017)
Chilmark	(2017)	Salisbury	(2017)
Franklin	(2017)	South Hadley	(2017)
Granby	(2017)	West Bridgewater	(2017)
Holland	(2017)	Williamsburg	(2017)
Hopedale	(2017)		

EXHIBIT 3

PROGRAM ELIGIBILITY AND COMMUNITY-WIDE NEEDS SCORES

City/Town	FY16 CWN Score	Eligible for CDF1	Eligible for CDF II	FY16 Mini- Entitlement
Abington town	21		X	
Acton town	17		X	
Acushnet town	21		X	
Adams town	31	X		
Agawam town	23		X	
Alford town	15		X	
Amesbury town	25	X	X	
Amherst town	29			X
Andover town	13		X	
Aquinnah	28	X		
Ashburnham town	25	X	X	
Ashby town	25	X	X	
Ashfield town	27	X		
Ashland town	17		X	
Athol town	29	X		
Auburn town	21		X	
Avon town	28	X		
Ayer town	27	X		
Barre town	18		X	
Becket town	31	X		
Bedford town	21		X	
Belchertown town	18		X	
Bellingham town	23		X	
Belmont town	19		X	
Berkley town	20		X	
Berlin town	20		X	
Bernardston town	31	X		
Beverly city	25	X	X	
Billerica town	20		X	
Blackstone town	25	X	X	
Blandford town	19		X	
Bolton town	15		X	
Bourne town	25	X	X	
Boxborough town	15		X	
Boxford town	14		X	

Boylston town	15		X	
Braintree town	20		X	
Brewster town	25	X	X	
Bridgewater town	18		X	
Brimfield town	21		X	
Brookfield town	24		X	
Buckland town	28	X		
Burlington town	21		X	
Canton town	20		X	
Carlisle town	11		X	
Carver town	21		X	
Charlemont town	29	X		
Charlton town	16		X	
Chatham town	25	X	X	
Chelmsford town	18		X	
Chelsea city	32			X
Cheshire town	26	X	X	
Chester town	26	X	X	
Chesterfield town	29	X		
Chilmark town	24		X	
Clarksburg town	28	X		
Clinton town	26	X	X	
Cohasset town	14		X	
Colrain town	28	X		
Concord town	13		X	
Conway town	16		X	
Cummington town	32	X		
Dalton town	29	X		
Danvers town	20		X	
Dartmouth town	21		X	
Dedham town	22		X	
Deerfield town	23		X	
Dennis town	31			X
Dighton town	20		X	
Douglas town	15		X	
Dover town	12		X	
Dracut town	18		X	
Dudley town	22		X	
Dunstable town	12		X	
Duxbury town	14		X	
East Bridgewater town	21		X	

East Brookfield town	26	X	X	
East Longmeadow town	18		X	
Eastham town	27	X		
Easthampton town	21		X	
Easton town	19		X	
Edgartown town	32	X		
Egremont town	30	X		
Erving town	30	X		
Essex town	23		X	
Everett city	35			X
Fairhaven town	26	X	X	
Falmouth town	25	X	X	
Florida town	29	X		
Foxborough town	18		X	
Franklin town	18		X	
Freetown town	14		X	
Gardner city	29			X
Georgetown town	12		X	
Gill town	23		X	
Goshen town	28	X		
Gosnold town	34	X		
Grafton town	20		X	
Granby town	18		X	
Granville town	19		X	
Great Barrington town	31	X		
Greenfield town	29			X
Groton town	12		X	
Groveland town	18		X	
Hadley town	21		X	
Halifax town	24		X	
Hamilton town	23		X	
Hampden town	18		X	
Hancock town	20		X	
Hanover town	14		X	
Hanson town	18		X	
Hardwick town	28	X		
Harvard town	13		X	
Harwich town	28	X		
Hatfield town	23		X	
Hawley town	23		X	
Heath town	30	X		

Hingham town	18		X	
Hinsdale town	29	X		
Holbrook town	26	X	X	
Holden town	18		X	
Holland town	21		X	
Holliston town	13		X	
Hopedale town	18		X	
Hopkinton town	12		X	
Hubbardston town	21		X	
Hudson town	24		X	
Hull town	26	X	X	
Huntington town	30	X		
Ipswich town	20		X	
Kingston town	25	X	X	
Lakeville town	14		X	
Lancaster town	19		X	
Lanesborough town	20		X	
Lee town	31	X		
Leicester town	18		X	
Lenox town	22		X	
Leverett town	28	X		
Lexington town	14		X	
Leyden town	22		X	
Lincoln town	19		X	
Littleton town	14		X	
Longmeadow town	18		X	
Ludlow town	24		X	
Lunenburg town	18		X	
Lynnfield town	20		X	
Manchester town	18		X	
Mansfield town	18		X	
Marblehead town	20		X	
Marion town	15		X	
Marlborough city	24		X	
Marshfield town	19		X	
Mashpee town	28	X		
Mattapoisett town	22		X	
Maynard town	22		X	
Medfield town	13		X	
Medway town	14		X	
Melrose city	19		X	

Mendon town	13		X	
Merrimac town	18		X	
Methuen town	25	X	X	
Middleborough town	25	X	X	
Middlefield town	26	X	X	
Middleton town	19		X	
Milford town	25	X	X	
Millbury town	23		X	
Millis town	19		X	
Millville town	26	X	X	
Milton town	19		X	
Monroe town	32	X		
Monson town	22		X	
Montague town	32	X		
Monterey town	30	X		
Montgomery town	21		X	
Mount Washington town	20		X	
Nahant town	21		X	
Nantucket town	27	X		
Natick town	18		X	
Needham town	13		X	
New Ashford town	20		X	
New Braintree town	18		X	
New Marlborough town	32	X		
New Salem town	27	X		
Newbury town	20		X	
Newburyport city	20		X	
Norfolk town	13		X	
North Adams city	31			X
North Andover town	19		X	
North Attleborough town	19		X	
North Brookfield town	22		X	
North Reading town	16		X	
Northborough town	13		X	
Northbridge town	22		X	
Northfield town	20		X	
Norton town	19		X	
Norwell town	19		X	
Norwood town	23		X	
Oak Bluffs town	33	X		
Oakham town	18		X	

Orange town	28	X		
Orleans town	30	X		
Otis town	27	X		
Oxford town	19		X	
Palmer town	29	X		
Paxton town	16		X	
Pelham town	18		X	
Pembroke town	19		X	
Pepperell town	16		X	
Peru town	29	X		
Petersham town	27	X		
Phillipston town	24		X	
Plainfield town	33	X		
Plainville town	18		X	
Plympton town	20		X	
Princeton town	18		X	
Provincetown town	34	X		
Randolph town	25	X	X	
Raynham town	20		X	
Reading town	14		X	
Rehoboth town	16		X	
Richmond town	16		X	
Rochester town	18		X	
Rockland town	25	X	X	
Rockport town	26	X	X	
Rowe town	29	X		
Rowley town	23		X	
Royalston town	28	X		
Russell town	28	X		
Rutland town	18		X	
Salisbury town	24		X	
Sandisfield town	25	X	X	
Sandwich town	20		X	
Saugus town	24		X	
Savoy town	29	X		
Scituate town	20		X	
Seekonk town	21		X	
Sharon town	12		X	
Sheffield town	31	X		
Shelburne town	27	X		
Sherborn town	14		X	

Shirley town	30	X		
Shrewsbury town	16		X	
Shutesbury town	24		X	
Somerset town	22		X	
South Hadley town	23		X	
Southampton town	16		X	
Southborough town	12		X	
Southbridge town	32			X
Southwick town	23		X	
Spencer town	25	X	X	
Sterling town	13		X	
Stockbridge town	32	X		
Stoneham town	20		X	
Stoughton town	23		X	
Stow town	14		X	
Sturbridge town	16		X	
Sudbury town	11		X	
Sunderland town	25	X	X	
Sutton town	13		X	
Swampscott town	21		X	
Swansea town	19		X	
Templeton town	22		X	
Tewksbury town	19		X	
Tisbury town	29	X		
Tolland town	21		X	
Topsfield town	13		X	
Townsend town	22		X	
Truro town	27	X		
Tyngsborough town	18		X	
Tyringham town	17		X	
Upton town	20		X	
Uxbridge town	19		X	
Wakefield town	18		X	
Wales town	25	X	X	
Walpole town	19		X	
Ware town	30	X		
Wareham town	31			X
Warren town	28	X		
Warwick town	27	X		
Washington town	24		X	
Watertown town	25	X	X	

Wayland town	14		X	
Webster town	29			X
Wellesley town	14		X	
Wellfleet town	25	X	X	
Wendell town	31	X		
Wenham town	18		X	
West Boylston town	19		X	
West Bridgewater town	21		X	
West Brookfield town	18		X	
West Newbury town	13		X	
West Springfield town	29			X
West Stockbridge town	20		X	
West Tisbury town	26	X	X	
Westborough town	14		X	
Westford town	11		X	
Westhampton town	20		X	
Westminster town	24		X	
Weston town	13		X	
Westport town	17		X	
Westwood town	15		X	
Whately town	23		X	
Whitman town	19		X	
Wilbraham town	18		X	
Williamsburg town	21		X	
Williamstown town	24		X	
Wilmington town	19		X	
Winchendon town	27	X		
Winchester town	14		X	
Windsor town	21		X	
Winthrop town	26	X	X	
Woburn city	25	X	X	
Worthington town	27	X		
Wrentham town	19		X	

EXHIBIT 4

COMMUNITY-WIDE NEEDS INDICATORS

MUNICIPALITY: COUNTY:		2000(06)		Maximum		
		Raw Number	Percent	Quartile	Possible Points	Score

A. INDIVIDUAL FACTORS

21.0	0.00
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Low/moderate income persons (American Community Survey 2006-2010: 0).....	0	0.0	0	17.5	0.00
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Unemployment rate (average annual 2013)	0	0.0	0	3.5	0.00
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B. COMMUNITY FACTORS

14	0.00
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% households w/housing cost burden>=30% of household income (US Census, American Community Survey (ACS) 2010 five-year estimate)	0	0.0	0	5.25	0.00
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Total levy per capita, % of per capita income (MA DOR 2014, US Census, ACS 2010 five-year estimate)	\$ 0	0.0	0	5.25	0.00
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Units built prior to 1940, % of total units (US Census ACS 2010 five-year estimate)	0	0.0	0	3.5	0.00
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A and B	35
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EXHIBIT 5

Sustainable Development Principles

The Commonwealth of Massachusetts shall care for the built and natural environment by promoting sustainable development through integrated energy and environment, housing and economic development, transportation and other policies, programs, investments, and regulations. The Commonwealth will encourage the coordination and cooperation of all agencies, invest public funds wisely in smart growth and equitable development, give priority to investments that will deliver good jobs and good wages, transit access, housing, and open space, in accordance with the following sustainable development principles. Furthermore, the Commonwealth shall seek to advance these principles in partnership with regional and municipal governments, non-profit organizations, business, and other stakeholders.

1. Concentrate Development and Mix Uses

Support the revitalization of city and town centers and neighborhoods by promoting development that is compact, conserves land, protects historic resources, and integrates uses. Encourage remediation and reuse of existing sites, structures, and infrastructure rather than new construction in undeveloped areas. Create pedestrian friendly districts and neighborhoods that mix commercial, civic, cultural, educational, and recreational activities with open spaces and homes.

2. Advance Equity

Promote equitable sharing of the benefits and burdens of development. Provide technical and strategic support for inclusive community planning and decision making to ensure social, economic, and environmental justice. Ensure that the interests of future generations are not compromised by today's decisions.

3. Make Efficient Decisions

Make regulatory and permitting processes for development clear, predictable, coordinated, and timely in accordance with smart growth and environmental stewardship.

4. Protect Land and Ecosystems

Protect and restore environmentally sensitive lands, natural resources, agricultural lands, critical habitats, wetlands and water resources, and cultural and historic landscapes. Increase the quantity, quality and accessibility of open spaces and recreational opportunities.

5. Use Natural Resources Wisely

Construct and promote developments, buildings, and infrastructure that conserve natural resources by reducing waste and pollution through efficient use of land, energy, water, and materials.

6. Expand Housing Opportunities

Support the construction and rehabilitation of homes to meet the needs of people of all abilities, income levels, and household types. Build homes near jobs, transit, and where services are available. Foster the development of housing, particularly multifamily and smaller single-family homes, in a way that is compatible with a community's character and vision and with providing new housing choices for people of all means.

7. Provide Transportation Choice

Maintain and expand transportation options that maximize mobility, reduce congestion, conserve fuel and improve air quality. Prioritize rail, bus, boat, rapid and surface transit, shared-vehicle and shared-ride services, bicycling, and walking. Invest strategically in existing and new passenger and freight transportation infrastructure that supports sound economic development consistent with smart growth objectives.

8. Increase Job and Business Opportunities

Attract businesses and jobs to locations near housing, infrastructure, and transportation options. Promote economic development in industry clusters. Expand access to education, training, and entrepreneurial opportunities. Support the growth of local businesses, including sustainable natural resource-based businesses, such as agriculture, forestry, clean energy technology, and fisheries.

9. Promote Clean Energy

Maximize energy efficiency and renewable energy opportunities. Support energy conservation strategies, local clean power generation, distributed generation technologies, and innovative industries. Reduce greenhouse gas emissions and consumption of fossil fuels.

10. Plan Regionally

Support the development and implementation of local and regional, state and interstate plans that have broad public support and are consistent with these principles. Foster development projects, land and water conservation, transportation and housing that have a regional or multi-community benefit. Consider the long-term costs and benefits to the Commonwealth.

EXHIBIT 6

Guidelines for Project Consistency with the Commonwealth's Sustainable Development Principles

Important choices about where and how Massachusetts will grow are made every day. These decisions have profound implications. While the Commonwealth has made progress, more needs to be done to ensure that the interests of future generations are not compromised by today's decisions.

It will take our cooperative efforts to build a greater quantity and diversity of housing, develop the businesses we need to provide jobs and increase revenue, and do a better job of acting as stewards of our natural resources for future generations. Governor Patrick's administration is interested in working in partnership with the development community and municipalities to improve our conservation and development practices. State policies, programs, and investments must encourage smart growth and development interests and municipalities must do the same. The Commonwealth has established a framework to insure a strong economic future for the state and a high quality of life for its residents by undertaking a comprehensive approach to housing and community investment in a way that respects landscape and natural resources. The administration believes that sustainable development can and should take place in all communities. To be successful, our investments must bring the housing market into equilibrium and enable the state to attract new businesses while making strategic land use choices. In order to achieve our housing and community development goals, we rely on our strategic partners to develop projects that enable us to optimize our limited natural and financial resources.

The administration has refined its 10 Principles of Sustainable Development as a way to articulate and describe this vision to our strategic partners and to guide our investment decisions. Projects seeking funding from DHCD's **Community Development Block Grant (CDBG)** programs must be consistent with the Principles of Sustainable Development in the manner described below. A community development project must adhere to Method 1, Method 2 or Method 3.

Method 1

Be consistent with **Concentrate Development and Mix Uses**. Support the revitalization of city and town centers and neighborhoods by promoting development that is compact, conserves land, protects historic resources, and integrates uses. Encourage reuse and rehabilitation of existing sites, structures, and infrastructure rather than new construction in undeveloped areas. Create pedestrian friendly districts and neighborhoods that mix commercial, civic, cultural, educational, and recreational activities with open space and homes.

In order to demonstrate consistency with this principle for Method 1, a project must:

- a. Involve the rehabilitation or redevelopment of, or improvements to, vacant or occupied, existing structures or infrastructure; or

b. If new construction, contribute to the revitalization of a town center or neighborhood and/or be walkable to transit; the downtown; a village center; a school; a multiple activity retail, services or employment center; or be located in a municipally-approved growth center.

Method 2

Be consistent with at least five (5) of the Sustainable Development Principles, of which one must be either **Protect Land and Ecosystems** or **Use Natural Resources Wisely**.

Method 3

IF a housing project involving new construction is sited on municipally owned or municipally provided land, involves municipal funding or is supported by a letter from the chief elected official of the municipality at the time of Project Eligibility or an application for funding, only four (4) of the Principles must be met, of which one must be **Concentrate Development and Mix Uses**, **Protect Land and Ecosystems** or **Use Natural Resources Wisely**. See Further Guidance below for examples of ways in which a project can be consistent with **Concentrate Development and Mix Uses** beyond the characteristics used in Method 1.

Further Guidance

Each Principle is listed below with examples of ways projects may demonstrate consistency. Projects need to satisfy only one of the examples, not all those listed; other ways to satisfy the Principles will also be considered.

Concentrate Development and Mix Uses: Support development that is compact, conserves land, integrates uses, and fosters a sense of place. Create walkable districts mixing commercial, civic, cultural, educational and recreational activities with open space and housing for diverse communities.

Examples of ways to demonstrate consistency:

- ☐ The project creates or supports mixed use.
- ☐ The project rehabilitates or redevelops existing structures or infrastructure.
- ☐ The project involves new construction that contributes to town or center revitalization.
- ☐ The project is at a higher density than the surrounding area.
- ☐ The project mixes uses or adds new uses to an existing neighborhood.
- ☐ The project produces multi-family housing.
- ☐ The project utilizes existing water and/or sewer infrastructure.
- ☐ The project is compact and/or clustered so as to preserve undeveloped land.

Advance Equity: Promote equitable sharing of the benefits and burdens of development. Provide technical and strategic support for inclusive community planning to ensure social, economic, and environmental justice. Ensure that the interests of future generations are not compromised by today's decisions.

Examples of ways to demonstrate consistency:

- ☐ The project involves a concerted public participation effort (beyond the minimally required public hearing), including the involvement of community members, residents of the development and/or key stakeholders in the planning and design of the project.
- ☐ The project conforms to Universal Design standards and/or incorporates features that allow for “visitability”.
- ☐ The project creates affordable housing in a neighborhood or community whose residents are predominantly middle to upper income and/or meets a regional need.
- ☐ The project targets a high-poverty area and makes available affordable homeownership and rental opportunities.
- ☐ The project promotes diversity and social equity and improves the neighborhood.

Make Efficient Decisions: Make regulatory and permitting processes for development clear, transparent, cost-effective, and oriented to encourage smart growth and regional equity.

- ☐ The project involves a streamlined permitting process, such as found in Ch. 40B, 40R or 43D.

Protect Land and Ecosystems: Protect and restore environmentally sensitive lands, natural resources, agricultural lands, critical habitats, wetlands and water resources, and cultural and historic landscapes. Increase the quantity, quality and accessibility of open spaces and recreational opportunities.

Examples of ways to demonstrate consistency:

- ☐ The project involves the creation or preservation of open space or passive recreational facilities.
- ☐ The project protects sensitive land, including prime agricultural land, and/or resources from development.
- ☐ The project involves environmental remediation or clean up.
- ☐ The project is part of the response to a state or federal mandate (e.g., clean drinking water, drainage).
- ☐ The project eliminates/reduces neighborhood blight.
- ☐ The project addresses a public health and safety risk.
- ☐ The project significantly enhances an existing community or neighborhood by restoring an historic landscape.

Use Natural Resources Wisely: Construct and promote developments, buildings, and infrastructure that conserve natural resources by reducing waste and pollution through efficient use of land, energy, water, and materials.

Examples of ways to demonstrate consistency:

- ☐ The project uses alternative technologies for water and/or wastewater treatment that result in land or water conservation.
- ☐ The project uses low impact development (LID) or other innovative techniques for storm water management that result in land or water conservation.
- ☐ The project repairs or rehabilitates sewer or water infrastructure to conserve resources.

Expand Housing Opportunities: Support the construction and rehabilitation of homes to meet the needs of people of all abilities, income levels, and household types. Build homes near jobs, transit,

and where services are available. Foster the development of housing, particularly multifamily and smaller single-family homes, in a way that is compatible with a community's character and vision and with providing new housing choices for people of all means.

Examples of ways to demonstrate consistency:

- ☐ The project increases the number of rental units available to residents of the Commonwealth, including low- or moderate-income households.
- ☐ The project increases the number of homeownership units available to residents of the Commonwealth, including low- or moderate-income households.
- ☐ The project increases the number of housing options for special needs populations and people with disabilities.
- ☐ The project expands the term of affordability

Provide Transportation Choice: Maintain and expand transportation options that maximize mobility, reduce congestion, conserve fuel and improve air quality. Prioritize rail, bus, boat, rapid and surface transit, shared-vehicle and shared-ride services, bicycling, and walking. Invest strategically in existing and new passenger and freight transportation infrastructure that supports sound economic development consistent with smart growth objectives.

Examples of ways to demonstrate consistency:

- ☐ The project is walkable to public transportation.
- ☐ The project reduces dependence on private automobiles (e.g., provides previously unavailable shared transportation (such as Zip Car or shuttle buses).
- ☐ The project reduces dependence on automobiles by providing increased pedestrian and bicycle access.
- ☐ For rural areas, the project is located in close proximity (i.e., approximately 1 mile) to a transportation corridor that provides employment centers, retail/commercial centers, civic or cultural destinations.

Increase Job and Business Opportunities: Attract businesses and jobs to locations near housing, infrastructure, and transportation options. Promote economic development in industry clusters. Expand access to education, training, and entrepreneurial opportunities. Support the growth of local businesses, including sustainable natural resource-based businesses, such as agriculture, forestry, clean energy technology, and fisheries.

Examples of ways to demonstrate consistency:

- ☐ The project creates or retains permanent jobs.
- ☐ The project creates or retains permanent jobs for low- or moderate-income persons.
- ☐ The project locates jobs near housing, service or transit.
- ☐ The project supports natural resource-based businesses, such as farming, forestry, or aquaculture.
- ☐ The project involves the manufacture of resource-efficient materials, such as recycled or low toxicity materials.
- ☐ The project supports businesses which utilize locally produced resources such as locally harvested wood or agricultural products.

Promote Clean Energy: Maximize energy efficiency and renewable energy opportunities. Support energy conservation strategies, local clean power generation, distributed generation technologies, and innovative industries. Reduce greenhouse gas emissions and consumption of fossil fuels.

Examples of ways to demonstrate consistency:

- ☐ The project complies with EPA's Energy Star guidelines or with a similar system.
- ☐ The project uses a renewable energy source, recycled and/or non-/low-toxic materials, exceeds the state energy code, is configured to optimize solar access, and/or otherwise results in waste reduction and conservation of resources.
- ☐ The project reuses or recycles materials from a local or regional industry's waste stream.

Plan Regionally: Support the development and implementation of local and regional, state and interstate plans that have broad public support and are consistent with these principles. Foster development projects, land and water conservation, transportation and housing that have a regional or multi-community benefit. Consider the long-term costs and benefits to the Commonwealth.

Examples of ways to demonstrate consistency:

- ☐ The project is consistent with a municipally supported regional plan that identifies sub region, area or location, and the number and type of housing units or jobs needed.
- ☐ The project addresses at least one of the barriers identified in a regional Analysis of Impediments to Fair Housing.
- ☐ The project has a measurable public benefit beyond the applicant community.

NOTES:

Projects that entirely serve to eliminate a public health or safety risk (e.g., demolition of a blighted structure) are exempt from the Sustainable Development threshold. In addition, CDBG-funded Public Social Service and business assistance for projects not requiring construction are also exempt. Projects seeking funding from the state's community development programs remain subject to the specific programmatic requirements. Similarly, projects proposed under c. 40B are governed by MGL c. 40B Sections 20-23, and applicable regulations, as well as all Fair Housing Laws. Projects should also demonstrate consistency with the Commonwealth's Fair Housing Principles, attached at the end of this document.

EXHIBIT 7

Massachusetts Fair Housing Mission Statement and Principles

The mission of DHCD through its programs and partnerships is to be a leader in creating housing choice and providing opportunities for inclusive patterns of housing occupancy to all residents of the Commonwealth, regardless of income, race, religious creed, color, national origin, sex, sexual orientation, age, ancestry, familial status, veteran status, or physical or mental impairment.

It shall be our objective to ensure that new and ongoing programs and policies affirmatively advance fair housing, promote equity, and maximize choice. In order to achieve our objective, we shall be guided by the following principles:

1. **Encourage Equity.** Support public and private housing and community investment proposals that promote equality and opportunity for all residents of the Commonwealth. Increase diversity and bridge differences among residents regardless of race, disability, social, economic, educational, or cultural background, and provide integrated social, educational, and recreational experiences.
2. **Be Affirmative.** Direct resources to promote the goals of fair housing. Educate all housing partners of their responsibilities under the law and how to meet this important state and federal mandate.
3. **Promote Housing Choice.** Create quality affordable housing opportunities that are geographically and architecturally accessible to all residents of the commonwealth. Establish policies and mechanisms to ensure fair housing practices in all aspects of marketing.
4. **Enhance Mobility.** Enable all residents to make informed choices about the range of communities in which to live. Target high-poverty areas and provide information and assistance to residents with respect to availability of affordable homeownership and rental opportunities throughout Massachusetts and how to access them.
5. **Promote Greater Opportunity.** Utilize resources to stimulate private investment that will create diverse communities that are positive, desirable destinations. Foster neighborhoods that will improve the quality of life for existing residents. Make each community a place where any resident could choose to live, regardless of income.
6. **Reduce Concentrations of Poverty.** Ensure an equitable geographic distribution of housing and community development resources. Coordinate allocation of housing resources with employment opportunities, as well as availability of public transportation and services.
7. **Preserve and Produce Affordable Housing Choices.** Encourage and support rehabilitation of existing affordable housing while ensuring that investment in new housing promotes diversity, and economic, educational, and social opportunity. Make housing preservation and production investments that will create a path to social and economic mobility.
8. **Balance Housing Needs.** Coordinate the allocation of resources to address local and regional housing need, as identified by state and community stakeholders. Ensure that affordable housing preservation and production initiatives and investment of other housing resources promote diversity and social equity and improve neighborhoods while limiting displacement of current residents.
9. **Measure Outcomes.** Collect and analyze data on households throughout the housing delivery system, including the number of applicants and households served. Utilize data to assess the fair housing impact of housing policies and their effect over time, and to guide future housing development policies.
10. **Rigorously Enforce All Fair Housing and Anti-Discrimination Laws and Policies.** Direct resources only to projects that adhere to the spirit, intent, and letter of applicable fair housing laws, civil rights laws, disability laws, and architectural accessibility laws. Ensure that policies allow resources to be invested only in projects that are wholly compliant with such laws.

FY 2016 Emergency Solutions Grant (ESG) Program

DHCD uses our MA non-entitlement Emergency Solutions Grant to fund projects designed to support basic shelter operations, conduct street outreach, prevent homelessness, and provide essential rapid re-housing services for homeless individuals and families currently in the shelter system or living in a place not meant for habitation across the Commonwealth. DHCD's ESG federal award period for FY16 is 4/1/2016-3/31/2017. In January of 2016, DHCD released a Request for Responses (RFR) to solicit qualified, cost effective, creative, and competitive applications to develop and operate Emergency Solutions Grant (ESG) eligible projects across the Commonwealth. DHCD expects to issue contracts stemming from this RFR process for April 1st, 2016, aligning our subcontracted ESG programs with our ESG federal award period.

DHCD has allocated Massachusetts Nonentitlement funding for FY16 as indicated in chart below.

Proposed Activities and Overall Budget

Component	Planned Allocation
Street Outreach	None
Emergency Shelter Renovation	None
Emergency Shelter Conversion	None
Shelter Support (Operations/Essential Services)	\$2,699,177
Rapid Re-Housing and Stabilization	\$ 799,725.50
Homelessness Prevention	\$ 799,725.50
HMIS	\$ 50,000
Administration	\$ 150,000
Emergency Solutions Grants Subtotal	\$4,498,628

Written Standards

All awarded ESG projects must have clearly demonstrated how the project supports HUDs overall vision for the Emergency Solutions Grant, Opening Doors, the Federal strategic plan for ending homelessness, the work of DHCD, and the local Continuum of Care in ending homelessness. Rather than solely utilizing ESG funding to create separate or distinct programs, subrecipients are encouraged to think strategically about how ESG funding can be leveraged with other funding sources to help support existing efforts to reduce and end homelessness within their region and the Commonwealth.

DHCD intended for subrecipients to maximize resources and requires that all organizations receiving ESG funding, regardless of component, be part of a larger network of homeless services. To help support this effort and to continue to encourage conversations about the best use of funding at the local level, DHCD also requires that each subrecipient consult with their continua of care about their ESG project.

Rapid Re-Housing

ESG participants must meet the HUD [definition of homelessness](#) defined by the ESG Interim Rule.

Subrecipients are asked to refer to 24 CFR §576.104, §576.105, and §576.106 of the Interim Rule for a complete list of eligible program activities. Rapid Re-housing projects funded by DHCD may provide services to individuals and/or families. Additionally, Rapid Re-housing projects may supplement services received through HomeBASE or other Rapid Re-housing programs, though they may not offer the same type of service to the same household at the same time.

Subrecipients may use ESG funding to provide both financial and non-financial activities and are encouraged to carefully consider their personnel needs in their funding requests to DHCD.

All DHCD ESG sub-recipients are required to determine and document the ESG eligibility of each household prior to providing services and must comply with the record keeping requirements per 24 CFR §576.500. Eligible costs include third party payments for one or more of the activities cited in 24 CFR §576.105 and §576.106, to the extent necessary to help a household move as quickly as possible into permanent housing and achieve stability in that housing. For a detailed description of eligible costs DHCD references 24 CFR §576.105 and §576.106.

Homelessness Prevention

ESG participants must meet the HUD criteria for homelessness prevention services described in 24 CFR §576.103.

Subrecipients are asked to refer to 24 CFR §576.103, §576.105, and §576.106 of the Interim Rule for a complete list of eligible program activities. Homelessness prevention projects funded by DHCD may provide services to individuals and/or families. Subrecipients may supplement services received through others state sources including Residential Assistance for Families in Transition (RAFT), Tenancy Preservation Program (TPP), or other prevention programs, though they may not propose to offer the same type of service to the same household at the same time. For example, organizations may propose to utilize ESG funds for case management services to support households receiving RAFT financial assistance to prevent eviction.

Subrecipients may use ESG funding to provide both financial and non-financial activities and are encouraged to carefully consider their personnel needs in their funding requests to DHCD.

The costs of Homelessness Prevention services are eligible only to the extent that the assistance is necessary to help the household regain stability in their current permanent housing or move into other permanent housing and achieve stability in that housing. Per HUD regulations, no amount of ESG funded assistance shall exceed 24 months within a 3-year period.

Prior to authorizing any third party payments with ESG rental assistance funds, organizations must obtain the required documentation specified in the ESG Interim Rule and by DHCD; ensure the housing unit identified for the individual meets HUD habitability standards and verify the rent is reasonable in accordance with HUD's rent reasonableness standards (24 CFR §576.105).

ESG subrecipients must require that all households receiving Homelessness Prevention services participate in housing stability case management not less than once per month while enrolled in the program to ensure long-term housing stability. Additionally, subrecipients must re-evaluate a household's eligibility, and the types and amounts of assistance the household needs, not less than once every 3 months for households receiving homelessness prevention assistance, in accordance with 24 CFR §576.401(b).

Shelter Support

Subrecipients may request funding for emergency shelter under any or all of the three subcategories established by HUD.

Essential Services

Proposals requesting funding for emergency shelter essential services may include a variety of activities detailed in §576.102 of the interim rule. DHCD does not further limit eligible activities under ESG. However, we do prioritize applications requesting funding for services that are not, nor have historically been funded by other sources.

Renovation

Subrecipients requesting funding for renovations only, outside of minor or routine maintenance, are not a priority for DHCD under the Emergency Solutions Grant. Additionally, DHCD will not fund capital expenses. Request for one-time renovation costs necessary to create new shelter units, including family units, or to improve the quality of existing shelters, are considered.

Shelter Operations

DHCD continues to fund non-rehab, non-capital, and shelter operation expenses. Per the Interim Rule, shelter operations costs include:

- Maintenance (including minor or routine repairs);
- Rent;
- Security;
- Fuel;
- Furnishings;
- Supplies necessary for the operation of the emergency shelter.

Per HUD regulations, hotel or motel vouchers may be paid for by ESG only in the instance that no appropriate emergency shelter is available. Subrecipients may request funding to provide extremely short term hotel or motel vouchers provided that the proposal sufficiently demonstrates the need for such funding. Two possible examples of this include:

- Organizations already receiving EA diversion funding may request ESG funding to provide for very short term hotel/motel based emergency shelter services, to avoid the households being placed into traditional EA emergency shelter where they are no longer able to access diversion services.
- Temporary hotel stay for a person or household fleeing domestic violence that is not safely sheltered within an emergency shelter facility.

DHCD reserves the right to negotiate hotel/motel expenses on a per contract basis with our subrecipients.

Street Outreach

Subrecipients are asked to refer to 24 CFR §576.101 of the Interim Rule for a complete list of eligible program activities. ESG Street Outreach funding must be used to connect unsheltered, literally homeless, people to emergency shelter, housing, or critical services. Street Outreach funding may be used to serve individuals and/or families. DHCD does not wish to expand already existing street outreach programs, but does consider requests for street outreach funding in communities where there is none.

HMIS

As the ESG recipient and the HMIS lead for several of our ESG subrecipients, DHCD allocates \$50,000 of our annual ESG award to HMIS activities. This funding is used to help support the costs of contributing data to DHCD's HMIS.

Subrecipients can use a small portion of their ESG funding to support HMIS costs related to their approved ESG project. However, DHCD provides ample funding and support for HMIS related activities to many of our ESG subrecipients through other state resources. Therefore, HMIS costs paid for through ESG are minimal.

Centralized or Coordinated Intake System

DHCD is aware that Continua of Care are in various stages of implementing a coordinated entry system. Subrecipients are required to share with DHCD how their projects will be incorporated into the coordinated entry system established within their CoC upon implementation.

DHCD recognizes that CoC's are having strategic conversations about prioritizing services to residents of their continuum. DHCD, however, does not allow subrecipients to incorporate residency requirements into their eligibility criteria for ESG funded projects.

Consultation with CoC

DHCD continues to meet this requirement through a variety of methods and strives to incorporate applicable feedback from CoC's into our administration of the Emergency Solutions Grant. In fact, many of the requests made through the consultation process have been implemented and many were incorporated into our 2016 ESG procurement process. To help support this effort and to continue to encourage conversations about the best use of funding at the local level, DHCD is also requires that each subrecipient consult with their continua of care about their ESG projects.

DHCD continues to provide each CoC with detailed information about DHCD ESG funded projects within their jurisdiction including the subrecipient's success at meeting the proposed performance measurements and compliance with ESG rules and regulations.

State ESG officials distribute information about Federal and State policies relevant to homeless families and individuals to homeless services providers, Regional Networks, and CoC's on a regular basis. State officials attend and convene local and regional gatherings on occasion, and communicate with ESG Entitlement Communities to help coordinate ESG activities as appropriate throughout the Commonwealth.

Process for Allocation of Funds

After consulting with each CoC regarding their needs and priorities for ESG funding, DHCD released a request for responses (RFR), for new awards to be issued in FY16 (contract period 4/1/16-3/31/17). The RFR allows awards made through the procurement process to be renewed for up to four additional years. As part of the annual renewal process, each subrecipient contractor will be responsible for reviewing project outcomes with their CoC and negotiating necessary changes with DHCD in order to continuously meet the needs of homeless persons, and those at risk of homelessness, within their CoC.

ESG Performance Standards

In addition to advancing the Housing First philosophy and Rapid Re-Housing model, the Commonwealth has the following goals:

- Reduce the number of households becoming homeless and needing to be sheltered;
- Reduce the number of homeless households in shelters;

- Support capacity of emergency shelters; and
- Strengthen existing Continuum of Care (CoC) activities while increasing ESG coordination between the CoCs, the Commonwealth and state federal and local resources to reduce and end homelessness.

DHCD uses following performance indicators for sub-recipients funded under ESG.

Proposed Outcomes					
ES Essential Services	ES Renovations	ES Operations	Street Outreach	Rapid Re-housing	Homelessness Prevention
# of persons to receive essential services. Include a one to two sentence description of those services.	Please summarize renovation results	Total # of bed nights to be provided by the shelter (Please include all shelter beds, not just those you are requesting ESG funding to support.)	# of persons to be connected to services	# of households to be placed into permanent housing	# of households to receive prevention assistance AND # of households expected to exit program to permanent housing

All ESG programs are evaluated on a quarterly basis for performance and extensive technical assistance is provided to programs which have demonstrated an inability to meet their projected performance measures. DHCD expects to conduct at least one monitoring visit for each ESG funded program within the contract year to help ensure performance measurements are met and that each ESG program is abiding by the written standards for operating ESG funding.

DHCD expects that performance standards will evolve and change over time based on ongoing consultations with CoC and Entitlement Communities and policy changes at the federal, state, regional, and local level.

Development of Funding, Policies, and Procedures for the administration and Operation of the HMIS

DHCD is the lead agency administering HMIS for the majority of the 19 CoC's at no cost to user for participation. Policies, procedures, data sharing protocols, and written agreements are already in place. In accordance with guidance provided by HUD, DHCD encourages organizations to utilize the HMIS operated by their CoC. Organizations which are not utilizing the HMIS administered by DHCD sign legal agreements and data is either uploaded or synced to our HMIS which is expected to enable DHCD to run one aggregate APR to monitor programs and run one aggregate report to complete the ESG CAPER for HUD.

Domestic violence and legal aid agencies which receive ESG funding are required to utilize an HMIS comparable database which can produce an APR. DHCD provides guidance to DV agencies, which receive ESG funding to help guide their planning process for implementing an HMIS comparable

database. DHCD works closely with all DV and legal aid sub-recipients to help ensure that comparable HMIS systems are being utilized.

As agreed upon by each CoC, DHCD requires each ESG funded program to collect both universal and program level data on all eligible applicants receiving ESG services.

Match FFY2016

DHCD will provide the following state matching funds for the ESG program. DHCD plans to retain (HMIS and Administrative Costs) and plans to award the following to successful respondents to its competitive ESG procurement conducted for FY16: Shelter Support, Rapid Re-Housing and Homeless Prevention.

Component	Match Amount	Source: Use of Match
HMIS	\$100,000	DHCD: \$100,000 in SFY16 state matching funds are available through a state appropriation which funds DHCD's current contracted costs with its software vendor for DHCD funded homeless service providers operating emergency shelters for both homeless families and individuals. DCHD anticipates the same amount will be available for match at the start of SFY17. These contracted costs HMIS user software, software technical support, and minor programming edits; back up, recovery and repair of data and minor data field customizations for a variety of purposes; and the ESG proportionate share of contracted costs for: servers, completing data uploads, and other HMIS administrative activities.
Administrative Costs	\$100,000	DHCD: \$100,000 in SFY16 state matching funds are available through a state appropriation funding DHCD's administrative costs. DCHD anticipates the same amount will be available for match at the start of SFY17. Cost categories include: The existing FTE's assigned to handle current ESG activities. These staff include the following positions: ESG contract manager, contract specialist, budget analyst, finance manager, federal program manager and accounts payable staff, plus fringe, training, equipment (hardware and software), overhead, space, and other ESG eligible costs incurred in the administrative management of ESG. The primary functions of these staff are developing DHCD's Request for Responses, managing the competitive procurement process, executing contracts and amendments with vendors, managing provider invoicing and payments through the state accounting and payment system, MMARS, performing IDIS activities, and ensuring the accurate and timely draw down of ESG funds after reconciliation with MMARS. DHCD plans to use the \$100,000 under ESG which does not need to be matched under this component.

Shelter Support	\$3M	<p>DHCD: The MA legislature allocated \$44M on July 1, 2015 to DHCD for SFY16 for Homeless Individual Emergency Shelters programs. Gov. Baker's SFY17 budget includes a request for \$43M for this program. These funds support the operating costs and shelter staffing for the 3,210 individual shelter beds which DHCD funds. DHCD's ESG Shelter Support dollars are focused on those beds primarily for homeless individuals who are not funded by DHCD or another state or federal funding source. The ESG funded beds are generally emergency beds which are needed on a nightly basis but which are beyond the shelter's funded capacity. Until the ESG competitive procurement Shelter Support award decisions identify which emergency shelters will receive ESG shelter support funds, it is impossible to specify the exact amount of state funds available to emergency shelters which become ESG sub-recipients. The state match amount provided by DHCD in support of ESG funded shelter operations and staffing is expected to exceed \$3M in DHCD match.</p>
Homeless Prevention	\$3M	<p>DHCD: The MA legislature allocated \$44M on July 1, 2015 to DHCD for SFY16 for Homeless Individual Emergency Shelters programs. Gov. Baker's SFY17 budget includes a request for \$43M for this program. The legislature also allocated \$12.5M for SFY16 for the Family Residential Asst. (RAFT) program. Gov. Baker's SFY17 budget includes a request for \$12.5M for this program. Of these, the state match amount provided by DHCD in support of Homelessness Prevention and staffing is expected to exceed \$3M.</p>
Rapid Re-Housing	\$521,000	<p>DHCD: SFY16 state general funds allocated by the MA legislature include \$521,000 for the Rapid Rehousing of chronically homeless individuals from emergency shelters. DCHD anticipates the same amount will be available for match at the start of SFY17.</p>

HOME Investment Partnerships Act (HOME) Program

MASSACHUSETTS HOME PROGRAM

ONE-YEAR ACTION PLAN FOR FEDERAL FISCAL YEAR 2016

The Department of Housing and Community Development anticipates receiving an allocation of \$6,931,844 in HOME funds in federal fiscal year 2016. DHCD plans to reserve 10 percent of the HOME allocation for administrative purposes, and award the majority of the remaining \$6,238,660 through competitive funding rounds and, in certain circumstances, readiness-based rolling submissions.

In addition, we expect several of our HOME projects to request permission to refinance and consent to limited partnership restructuring. Upon review of project proposals, DHCD may identify an opportunity to collect either an early principal and/or early interest payment on the HOME project. Any loan payment funds collected are treated as HOME Program Income, per 24 CFR Part 92.253, and reinvested in additional HOME activities through the same round and rolling structures described above. At this time, DHCD is not apportioning any part of Program Income for administrative costs. We also receive sporadic HOME Recaptured Funds from old Homeowner Rehabilitation or other first-time homebuyer restrictions. These latter amounts are typically small. In general, it is difficult to anticipate HOME Program Income, as our rental loans are nearly all deferred payment loans.

The new HOME Final Rule was published on July 24, 2013 and includes clarification regarding improving performance and accountability, as well as updates to property standard requirements. We have updated monitoring checklists in response to the new requirements and are also updating program policies and procedures, as needed. We previously incorporated the 2012/2013 allocation requirements and these requirements are reinforced by the new HOME Final Rule. We will continue to refrain from committing HOME funds to any project unless DHCD certifies that it has conducted an underwriting review, assessed developer capacity and fiscal soundness and examined neighborhood market conditions to ensure adequate need. DHCD also assesses a Community Housing Development Organization's capacity and staff development experience before awarding HOME funds and will not provide funds to an organization whose staff does not have development experience. In addition, those funds that were previously allocated for technical assistance for CHDO's and remain available, may be used for future HOME technical assistance. We will stay mindful of commitment, completion, inspection and occupancy requirements and deadlines. Property standards requirements will continue to be updated per additional HUD guidance and in accordance with effective date requirements.

DHCD will continue to contingently award its rental funds through a competitive RFP process. Notices of Funding Availability (NOFA) are published on DHCD's website and DHCD's listServ notifies subscribers when the NOFA or any new pertinent program information is posted. To subscribe to the listServ, anyone can send a blank email to: join-dhcd-housingdevelopment@listserv.state.ma.us. DHCD also reserves the option to make rental funds available on a rolling basis with clear readiness standards for projects that will serve low- and extremely low-income homeless families and individuals and low- and extremely low-income veterans. The homeless and veterans populations have been identified as being in need of housing with supportive services. Although projects serving these populations will have a link to services, accepting services will not be a condition of HOME unit occupancy. Preferences will cover all protected classes and will not violate non-discrimination laws. DHCD will award federal fiscal year 2016 HOME program funds to the following program type: multi-family rental loans. Eligible applicants for HOME funds are municipalities, non-profit agencies (including CHDOs as defined by HUD), and for-profit developers. Note: a minimum of 15 percent of the federal FY 2016 allocation will be reserved for certified CHDOs serving as owners, sponsors, or developers of rental production projects. The Undersecretary of DHCD reserves the right to consider geographic distribution in making funding

decisions for the 15 percent CHDO set-aside. DHCD will continue to encourage CHDOs to participate in the HOME program and will provide HOME technical assistance that will be available to CHDO staff, as well as others.

Allocation of Funds

DHCD will continue its past practice of seeking to competitively award HOME funds in those areas of the Commonwealth that do not receive HOME funds as a result of entitlement community or HOME consortium designation. DHCD also will competitively award HOME funds for rental loan projects in entitlement communities that provide a match for DHCD administered HOME funds.

During federal FY 2016 DHCD anticipates the following approximate amounts will be awarded through a competitive RFP process, depending upon the level of demand in each program category:

- \$6,238,660 - rental loan program
- n/a- project-based first-time homebuyer program
- n/a- purchaser-based first-time homebuyer program

Eligible HOME rental projects may be production of newly constructed housing units or adaptive reuse of structures to create housing units. Eligible HOME rental projects also may be preservation endeavors where an occupied property may be at the end of (e.g.) a tax credits compliance period and needs rehabilitation to bring the housing units to a stronger standard to ensure sustainability for a minimum of another 15 years. In some cases, a developer might purchase an occupied property to do rehabilitation to either preserve or create affordability. Typically, a project developer will create a new single purpose entity for any financial restructuring. With preservation proposals, DHCD reviews existing project conditions and a proposed scope of work, including a review of current/proposed management practices, as well as the proposed development and operating budgets. Operating budgets must appear feasible for a 21-year period. Typically a capital needs assessment is part of an application submission and review; a capital needs assessment must be completed and reviewed with regard to the scope of work prior to any HOME commitment. Architects and/or construction professionals are under written contract or agreement to DHCD to perform an assessment of the proposed scope of work to ensure that rehabilitation/construction will meet applicable property standards for at least 15 years. Preservation projects involving the refinancing of existing debt must have rehabilitation as the primary eligible activity, with a minimum of approximately \$30,000 in rehabilitation work/unit. Preserving existing units, as well as creating additional units on the site are eligible. Preservation involving the refinancing of existing debt would follow the same HUD HOME minimum periods of affordability referenced in the chart below and state-wide projects are eligible. HOME funds cannot be used to refinance multifamily loans made or insured by any federal program, including the CDBG program.

Evaluation Criteria for HOME Projects

DHCD will continue to competitively and contingently award HOME funds for Rental Loan activities. Certain rental submissions may be assessed on a rolling basis. HOME entitlement communities must provide a match for projects seeking DHCD-administered HOME funds.

The following criteria are used to evaluate projects:

- strength of overall concept
- strength of development team, including demonstrated capacity and evidence of good standing
- demonstrated need for project in the target neighborhood
- evidence of marketability and affirmative fair marketing plan included in proposal

- adherence to sustainable development principles
- suitable site and design, including appropriateness with regard to green building standards and increased accessibility
- appropriate scopes of rehabilitation or construction
- appropriate efforts to address energy conservation
- appropriate total development costs for properties included in proposal
- financial viability and sustainability of the project, including evidence of minimal, yet sufficient, utilization of HOME assistance
- degree of local support, including local funding commitments
- evidence of readiness to proceed
- evidence of satisfactory progress on previously funded projects.
- adherence to the general requirements of DHCD's current Qualified Allocation Plan
- CHDO-sponsored projects

The following terms and conditions apply to all HOME competitively awarded multi-family rental projects:

Terms and Conditions: Multi-Family Rental Projects	
Eligible Borrowers	For profit developers; non-profit developers; non-profit organizations designated as CHDOs; municipalities in cooperation with any of the above. Development teams must demonstrate effective capacity.
Eligible Activities	Acquisition and/or rehabilitation of existing structures for multi-family rental use, including distressed or failed properties, or the new construction of multi-family rental projects. Minimum project size of 5 HOME-assisted units.
Maximum Loan Amount	Typically, DHCD will award up to \$750,000 to \$1,000,000 per project and up to \$50,000 per HOME-assisted unit in HOME entitlement/consortium communities. In non-entitlement or non-consortium communities, the maximum loan is up to \$65,000 per HOME-assisted unit. We reserve the option to increase the per unit amounts for family projects located in gateway communities or areas of opportunity.
Match Requirement	Projects located in HOME entitlement or consortium communities should include a commitment of local funds. Local match also will be anticipated in CPA communities. If an application is submitted without a match, it may not be scored. In general, preference will be given to applications with full match commitments.
Cost/Fee Limits	Projects with Total Development Costs in excess of \$165,000 per unit may not be scored. Developer Fee + overhead may not exceed 12.5% of a project's Total Development Cost (with the exception of applicants also seeking LIHTC).
Security	All HOME loans will be secured by a mortgage on the property. HOME funds are often subordinate to other loans; the subordinate position will depend upon the financial structure of the deal.

Terms and Conditions: Multi-Family Rental Projects	
Affordability	All units receiving HOME assistance must be occupied by households earning no more than 60% of the area median income and affordable to households earning 65% of the area median income. At least 20% of the HOME units must be occupied by and affordable to households earning no more than 50% of area median income. The minimum HUD HOME period of affordability will be met, with an extended local period of affordability.
Holdback Feature	DHCD provides HOME funds through a simple requisition process and holds back a minimum of 10% of the HOME award until the project is substantially complete.
Term of Loan	Typically, loans will be for 30 years. During the final year of a loan, the owner may request an extension of up to 30 years in order to maintain the affordability of the housing. Typically, HOME funds are structured as repayable deferred loans; in some cases, DHCD may require regular payments from a project's cash flow.
Recourse	The loans will be non-recourse.
Interest Rate	Generally, DHCD HOME loans are deferred payment loans with zero percent interest rates. DHCD reserves the right to assign a higher rate of interest to any HOME loan. HOME loans to projects receiving allocations of Low Income Housing Tax Credits are typically made at the Applicable Federal Rate (or higher) as required by the Tax Credits program.
Debt Coverage Ratio	DHCD expects HOME projects to have minimum debt coverage ratios of approximately 1.15 in year one.
Environmental	An ASTM Phase One environmental site assessment must be completed and submitted for each property within the project, either with the application or as part of the loan closing. All HOME projects are subject to the applicable requirements of 24CFR Part 58.
Lead Paint Requirements	HUD Federal lead-based paint regulations at 24 CFR Part 35 apply to all projects that are awarded HOME monies.
Section 3 and M/WBE Requirements	All HOME projects must meet Section 3 and M/WBE provisions, including appropriate outreach.
Energy Star, Sustainability and Other Green Measures	All new construction must meet applicable Energy Star or comparable/better standards. Any rehabilitation must meet Energy Star standards to the greatest extent feasible for the project. DHCD also expects projects to consider greening and sustainability to the maximum extent possible; all proposals must follow the guidelines as outlined in the Commonwealth's Qualified Allocation Plan.

Terms and Conditions: Multi-Family Rental Projects	
Accessibility for Persons with Disabilities	For the new construction of any units or the substantial rehabilitation of 15 or more units of multi-family housing, Section 504 requires that 5% of the units (but not less than 1 unit) be accessible to individuals with mobility impairments and an additional 2% of the units (but not less than 1 unit) be accessible to individuals with sensory impairments. For moderate rehabilitation of 15 or more units, Section 504 also requires to the maximum extent feasible that the units be accessible to and usable by individuals with disabilities.
Good Standing at DHCD	Applicants for HOME funds, including all members of their development teams, must be in good standing with DHCD with respect to other DHCD-assisted projects.
Application Fees	The application fee for non-profit developers is \$450 per project; the fee for for-profit developers is \$1,250 per project. For projects seeking DHCD tax credits, only the tax credit application fees apply.

While we do not anticipate accepting project-based ownership project applications, the following criteria are used to evaluate first-time homebuyer projects:

- strength of overall concept
- strength of development team, including demonstrated capacity and evidence of good standing
- demonstrated need for project in the target neighborhood
- adherence to sustainable development principles
- suitable site and design, including attention to green building standards and increased accessibility
- appropriate scopes of rehabilitation or construction
- appropriate efforts to address energy conservation
- appropriate total development cost for properties included in proposal, including evidence of minimal utilization of HOME assistance
- appropriate sales prices and affordability analyses included in proposal
- evidence of marketability and buyer selection plan included in proposal
- degree of local support, including local funding commitments
- evidence of readiness to proceed
- evidence of satisfactory progress on previously funded projects.

First-time Homebuyer Resale or Recapture Provisions and Resubordination Policies

DHCD does not anticipate awarding new HOME purchaser-based homebuyer funds in the coming program year, as the smaller HOME allocation has limited our ability to extend the DHCD program beyond rental housing.

We will submit a Consolidated/Action Plan amendment proposal if we pursue the use of HOME funds with any new project-based or purchaser-based ownership activity and will present proposed restriction documents for HUD approval.

In general, we will resubordinate the HOME restriction to existing HOME first-time homebuyers when a proposed loan product is conforming, at a competitive interest rate, and in an amount that is no more than

90% loan-to-value and with ratios acceptable to DHCD. DHCD also typically consents if a homeowner is looking to reduce an interest rate and is not taking cash out of the transaction, even if the LTV exceeds 90% but is less than 100%.

Eligible Applicants for HOME Funding

PROGRAM COMPONENT	ELIGIBLE APPLICANTS
Rental Production	Community Housing Development Organization (CHDO) Non-Profit Developer For-Profit Developer Municipal Entity in Partnership with Non-Profit or For-Profit Developer

HOME Match

Available resources for the HOME match continue to be the state-funded Massachusetts Rental Voucher Program (MRVP) and the state's Housing Stabilization Fund (both described in this section of the plan). Annual expenditures through these two programs alone are approximately \$71 million. Since states are permitted to "bank" match, that expenditure level would constitute match -- calculated at 25 cents (\$0.25) on the HOME dollar (\$1.00) -- for many years.

HOME Technical Assistance

DHCD successfully administered four HOME Technical Assistance grants; in 2013, we closed out the fourth, which was awarded in August 2009. DHCD does not anticipate an additional TA grant during the 2016 HOME program year.

In the coming year, we will continue to offer HOME technical assistance directly from DHCD HOME staff and through our HOME compliance monitoring contractor. Typically, we proactively share program updates and work with developers and property managers to clarify program requirements. Both the listserv and our website are effective ways to convey HOME program news, as our standard pre-HOME loan closing business meetings and pre-and post-funding round information sessions, debrief calls, memos and letters.

HOME Performance Measures

In accordance with CPD Notice 03-09, DHCD's HOME program has been collecting data for quantifiable performance measurement. Representatives from Massachusetts participated with the national workgroup which developed the HUD Outcome Performance Measurement System, as outlined in the Federal Register, June 10, 2005. HOME staff project managers attended HUD-sponsored performance measurement training in the summer of 2006. Two of the Commonwealth's housing and community development objectives are the primary focus of the HOME program:

1. Develop and maintain an adequate supply of safe, decent housing that is affordable and accessible to residents with a range of income levels and household needs, and
2. Expand sustainable homeownership opportunities for low, moderate and middle income families.

DHCD's HOME activities generally fall under the HUD objective:

- Provide decent affordable housing.

In general, the HUD outcome for our activities is:

- Affordability.

To meet these objectives and generate this outcome, DHCD provides funding for rental production, rental rehabilitation, homeownership production and homebuyer assistance. DHCD has begun incorporating the following primary performance measures for each funding type:

Rental Production

- Number of affordable units produced for each income category
- Amount of money leveraged for the rental activity
- Number of units for households at or below 30% of area median income
- Number of units for elderly households
- Number of children under age 6 within HOME-assisted units
- Number that are accessible under Section 504
- Number of units that meet the IECC energy standards
- Of the units meeting IECC standards, the number meeting Energy Star standards
- Number of units for formerly homeless households and formerly chronically homeless households
- Number of units for former residents of public housing
- Number designated for persons with HIV/AIDS

Rental Rehabilitation

- Number of affordable units preserved for each income category
- Number of minority households assisted
- Number of children under age 6 within HOME-assisted units
- Amount of money leveraged for the rental activity
- Number of units for households at or below 30% of area median income
- Number of units for elderly households
- Number that are accessible under Section 504
- Number of units that meet the IECC energy standards
- Of the units meeting IECC standards, the number meeting Energy Star standards
- Number of units brought to lead safety standards
- Number of unit-years of extended affordability
- Number of units for formerly homeless households and formerly chronically homeless households
- Number of units for former residents of public housing
- Number designated for persons with HIV/AIDS
- Number of first-time homebuyers (all DHCD ownership units carry a first-time homebuyer

We also ask for narrative data regarding HOME residents in new or older HOME projects to better learn how HOME units make an impact in the lives of low-income individuals and families. DHCD pursues ongoing data collection through compliance monitoring and via the Massachusetts legislation regarding tenant data collection. We expect that DHCD's HOME Program's performance measurement standards will further evolve, as our experience with the initiative matures.

Housing Opportunities for Persons with AIDS (HOPWA) Program

MASSACHUSETTS HOPWA PROGRAM FOR FISCAL YEAR 2016

The Massachusetts Department of Public Health (MDPH), Bureau of Infectious Disease and Laboratory Sciences (BIDLS), Office of HIV/AIDS (OHA) administers HOPWA funds for the “balance of state.” MDPH will be using its HOPWA allocation in fiscal year 2016 to fund Support Services provided by AIDS Project Worcester, Commonwealth Land Trust, Community Counseling of Bristol County, and Victory Programs.

AIDS Project Worcester, Inc. is an AIDS Service Organization (ASO) in Central Massachusetts that provides a comprehensive range of services for persons living with HIV/AIDS and those at greatest risk for the disease. Community Counseling of Bristol County, Inc. is a behavioral health provider located in Taunton, Massachusetts that offers HIV/AIDS support services to individuals in the Southeastern region of Massachusetts. Both AIDS Project Worcester and Community Counseling of Bristol County will use HOPWA resources to support the provision of HIV Housing Search and Advocacy Services. These services will help enable low-income individuals with HIV to access and maintain safe, stable, and affordable housing that will support their ongoing retention in HIV medical care.

Commonwealth Land Trust is a non-profit organization based in Boston that owns and manages affordable housing in the Greater Boston area and the city of Lawrence, Massachusetts. The agency provides on-site case management services to many of Massachusetts’ most vulnerable residents, including individuals living with HIV/AIDS. Victory Programs is a multi-service organization that provides housing and services to homeless individuals and families who may have substance use disorders and/or chronic health issues such as HIV/AIDS, hepatitis C and mental illness. Both of these agencies will use HOPWA resources to provide Medical Case Management services additional individuals with HIV/AIDS who live in their wide networks of housing programs throughout Greater Boston and the Northeast region of Massachusetts. HIV/AIDS MCM services include medical care coordination, social service coordination, adherence support, substance use risk reduction, sexual health promotion, benefits counseling, and basic housing services. These services are intended to help individuals living with HIV access and maintain engagement in ongoing HIV medical care and treatment in order to maximize health outcomes, prevent acquisition of other commonly co-occurring infectious diseases, and reduce potential transmission of HIV to others. MCM is provided in a home-based setting when it is determined that issues including, but not limited to, substance use, mental health, and medical care needs could make it more likely for clients to fully benefit from these services in their residences.

OHA awarded all four agencies funding for Support Services during a statewide procurement in State Fiscal Year 2011. This procurement included language to support the allocation of State, Ryan White Treatment Modernization Act, and HOPWA funding to successful applicants. Vendor selection involved a comprehensive community and internal review process, and as successful applicants, these agencies initiated their new OHA contracts on July 1, 2011. The integration of HOPWA funds into the contracts began after July 1, 2015.

OHA conducts thorough oversight of all of its contracts. Monitoring mechanisms include, but are not limited to, annual work plans, annual reports, routine programmatic and fiscal site visits, monthly contract management calls, monthly client data submissions, and ongoing fiscal monitoring.

Housing Opportunities for Persons with AIDS (HOPWA) Program

The Massachusetts Department of Public Health (MDPH), Bureau of Infectious Disease and Laboratory Sciences (BIDLS), Office of HIV/AIDS (OHA) is responsible for the administration of “balance of state” HOPWA funds. In FFY 2016, the state will receive \$213,000 as a formula grantee. MDPH will use these resources to fund home-based HIV/AIDS Medical Case Management services and HIV Housing Search and Advocacy Services.

Further information regarding HOPWA is provided in Appendix B of this document. Additional information about the state’s use of state HOPWA funds can also be obtained by calling the Massachusetts Department of Public Health HIV/AIDS Bureau at (617) 624-5300.

Geographic Distribution of Funds for the HOPWA Programs

MDPH utilizes its resources to support the provision of Supportive Services primarily in Greater Boston, the Central Region, and the Southeast region of Massachusetts.