

October 2019 Mini Competition

High Readiness Production Projects with Substantial Matching Funds

Notice of Funding Availability

DHCD's next full funding competition for multifamily rental housing is scheduled to begin in February 2020. Because the demand for affordable units is so great, the Department had considered moving the full funding competition forward by several months. However, given the status of current resources, the Department has concluded that it cannot advance the timetable for the full competition. In accordance with the intended schedule, DHCD will accept full OneStop+ applications for multifamily rental housing in February 2020.

While the resources are not available for a full funding competition. DHCD has identified a limited amount of federal and state LIHTC and subsidy resources that could be made available competitively to highly-ready projects before the end of 2019. Because the need is greatest for family housing, the Department will place priority on family projects. However, DHCD is prepared to accept several applications for highly-ready senior projects as well as for highly-ready family projects. The senior projects must be targeted to persons age 62 and over. Sponsors of these projects must conform to the support service requirements of the current Qualified Allocation Plan, or QAP (2018-2019).

To be eligible for the 2019 mini-round, projects must represent affordable or affordable/mixed-income housing. Because the need is greatest for new units, the projects must meet the definition of production in the 2018-2019 QAP. Because the need to spread the state resources is paramount, the projects must be supported by significant levels of non-state resources, including but not limited to municipal resources.

At the conclusion of the winter 2019 funding competition, DHCD noted that several family or senior housing projects that did not receive funding were highly ready to proceed. While denied funding for reasons other than readiness, these projects stood out. They demonstrated greater readiness to proceed than other projects that were denied, and their sponsors had achieved significant commitments of local or private funds. The Department believes that the sponsors of these projects can rapidly address their remaining issues and present fundable OneStop+ applications to DHCD. In this time of great need, the Department would prefer not to have these projects wait a full year to potentially receive awards.

Therefore, in view of the great demand for new affordable housing and affordable/mixed-income rental housing in Massachusetts, and in view of the relative strength of several projects that have been reviewed, but not funded, DHCD is amending the 2018-2019 QAP as follows:

Mini-Competition: October 2019

The Department will host a mini-competition on October 31, 2019, and will accept modified OneStop+ funding applications from developers whose projects meet the following criteria:

- The projects fall within the production set-aside in the 2018-2019 QAP.
- The projects will result in affordable or affordable/mixed-income family or senior rental housing.
- The projects either must have been reviewed at least once during a previous DHCD rental funding competition or must be located on land/property that is or was state-owned within the past three years. The Department reserves the right to make an exception to this criterion for prior review for any highly-ready project to be constructed on state-owned land.
- The projects are highly ready to proceed, as demonstrated by the status of zoning, permitting, and architectural materials (drawings and scopes of work).

The criteria listed above are thresholds in addition to the thresholds already described within the 2018-2019 QAP. With the exception of the new criteria described above, the projects are fully subject to the 2018-2019 QAP.

Mini Competition: Resources

The Department has identified a limited package of DHCD resources to be made available in the October 2019 mini-competition. DHCD intends to make the following resources available:

- 9% Low Income Housing Tax Credits: up to \$4 million
- State Low Income Housing Tax Credits: up to \$6 million
- DHCD Subsidy Funds: up to \$20 million

DHCD will accept pre-applications on September 12, 2019, for sponsors who believe their projects meet the basic criteria identified above. For projects approved at pre-application, DHCD will accept modified OneStop+ funding applications on or before October 31, 2019. The schedule for pre-application and application fees is set forth in the 2018-2019 QAP and applies to the mini-competition. Following a public hearing at 10:00 a.m. on June 20, 2019 (100 Cambridge Street, 2nd Floor, Conference Room A) to amend the QAP, DHCD will provide interested sponsors with the list of OneStop+ sections and exhibits that must be updated for an October 31 submission to the Department.

The Department anticipates selecting five to seven projects in the October mini-competition. Sponsors whose projects do not meet the pre-application criteria or who are not selected at the conclusion of the October 2019 mini-competition will be able to submit OneStop+ applications during the full competition in February 2020.

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

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

Along with the pre-application due September 12, 2019, sponsors must submit a one-page narrative on the status of the project and several certifications described in the following section.

Mini Competition: Additional Information

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

- Sponsors must be able to demonstrate that the proposed project has received conditional or full funding commitments from all sources other than DHCD. The Department reserves the right to make an exception for projects that are highly ready to proceed, but for an allocation of New Markets tax credits expected in timely fashion.
- Sponsors must be able to demonstrate that the proposed project is fully zoned. At the time of pre-application, the sponsor must provide a narrative to DHCD indicating that the proposed project faces no potential delays related to zoning or permitting or any other material issues.
- Sponsors of proposed projects must provide DHCD with an architect's certification that, as of September 12, 2019, the construction drawings, across all trades, have advanced to 70% completion. Further, the architects must indicate in writing that, in their professional opinion, full bid documents can be completed within two months of a DHCD award. The certifications from the sponsor's architect must be included in the pre-application to DHCD.
- Sponsors also must certify to DHCD that the scope of work is highly-developed and well-coordinated with the construction drawings. This certification also must be included in the pre-application to DHCD.
- Sponsors must have closed financing on any DHCD-assisted projects that received awards during 2018 or earlier in 2019.

Other than the changes noted in this section, the 2018-2019 QAP remains in full effect.

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