



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

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**ANSWERS FROM THE DEPARTMENT OF HOUSING AND
COMMUNITY DEVELOPMENT PERTAINING TO:**

705 Repositioning Program

COMMBUYS Bid # BD-23-1076-OCDDE-OCD01-79292

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Introduction

This document contains answers from the Department of Housing and Community Development (DHCD) pertaining to the Noticed of Funding Availability (NOFA) for the 705 Repositioning Program issued on October 12, 2022. All questions submitted to dhcddesignsubmission@mass.gov or posed at the bidders conference hosted virtually on October 24, 2022, have been answered herein. A recording of the bidders conference may be viewed at <https://www.youtube.com/watch?v=TlaanDsiups>.

Please note that in this document, similar questions submitted by different parties may have been grouped together, and the wording of some questions may have been changed from their submitted form in order to be clearer to a general audience.

Questions and Answers

- 1. If we have a large number of units to dispose of, do the replacement units all need to be within a single development?**

Although in most cases it will likely be more cost-effective to consolidate down to a single development, you may create more than one new, consolidated development or add the units to one or more existing developments depending on what makes the most fiscal and logistical sense for your project. As creation of developments in multiple locations would essentially constitute several subprojects within your overall proposal, DHCD will evaluate the feasibility of each replacement development proposed and potentially score/fund each at a different level.

- 2. Can we apply to replace units that are *not* scattered-site but which are obsolete and need to be disposed of?**

The project must envision disposition and replacement of scattered-site units originally acquired under c. 705 (which may include condos or individual buildings that are part of a larger development). Large groups of units that are already consolidated in a single medium to large-scale development (i.e., more than 12 consolidated units) are **not** eligible for funding under this NOFA. However, LHAs may propose to dispose of entire small c. 705 developments (e.g. several abutting town homes) if A) the project has compelling benefits, such as removing public housing units from a flood zone, B) the disposition proceeds are enough to make the project feasible within the per-unit budget cap, and C) the existing consolidated development consists of a dozen units or fewer.

Please note that this answer is more nuanced than what DHCD verbally stated at the October 24 bidders conference, where DHCD did not fully appreciate the intent of the question.

- 3. May we apply for only *some* of our scattered-site units, or must our project envision consolidating all of them?**

You may apply for however many units you believe would benefit from consolidation under this NOFA, even if that is only a portion of your scattered-site portfolio.

- 4. We have a lot of 705 condominium units that need modernizing, with kitchens and baths that are decades old. Could we buy new condominiums that have been renovated, or that we will renovate with these funds, combining the \$200k and sale price? Will the condo fees still be covered as an exemption in our budget if we buy new condominium units?**

Two of the goals of this program are to avoid the costliness of maintaining scattered-site units and to eliminate ongoing condo fees, which are an outsized drain on the overall operating subsidy available for the portfolio of state-aided units. Therefore, a proposal simply seeking to replace old condos with new condos would not be considered for funding.

5. Are projects to consolidate scattered-site c. 667 units eligible for funding under this NOFA?

Scattered-site c. 667 units are eligible for funding if their repositioning will achieve the goals of the NOFA: scale efficiencies, resolution of deferred capital needs, and reduction of ongoing operating and capital costs.

Please note that, with limited exceptions, fair housing law prevents there being an age restriction on only certain units at a development. Therefore, if an LHA's intention is to dispose of both c. 667 and c. 705 scattered-site units and consolidate them *together* in a single development, it would be necessary to remove the age restriction from the replacement c. 667 units. This would require DHCD review and approval, including review for conformity with fair housing law, including the federal Fair Housing Act's "Housing for Older Persons" exemptions (see [The Fair Housing Act: Housing for Older Persons | HUD.gov / U.S. Department of Housing and Urban Development \(HUD\)](https://www.hud.gov/program_offices/elder_housing/fair_housing_act_implementation.html)).

6. Is lead time allowed between disposition of the existing units and purchase or construction of the new ones?

Yes, DHCD understands that the disposition most likely must take place in advance of the replacement so that the proceeds can be used as a funding source for construction or purchase. DHCD's disposition approval letters will make clear that by selling the existing units, LHAs are incurring a binding obligation to replace them in accordance with the project schedule (which may be amended with approval from DHCD).

7. Will distance between properties be taken into account when reviewing existing conditions and potential efficiencies?

Distance will not be used formulaically to compute scoring, but DHCD recognizes that greater distance leads to greater administrative difficulty (and thus having properties in close proximity may lead to greater potential project benefit). DHCD will consider any benefits relating to geographic proximity of projects as part of the "other project benefits" portion of scoring (15/100 points).

8. Is there any DHCD policy prohibiting a regional LHA from consolidating scattered-site units from several different towns within its service area into a single municipality?

Such a consolidation is not categorically prohibited, but it would disadvantage residents from the original towns and could potentially present fair housing concerns. That is, if a unit in Town A (with a local preference for Town A residents) is disposed of and replaced with a unit in Town B (with a local preference for Town B residents), then individuals on the waiting list for a unit in Town A will have experienced a negative impact. If there are material demographic differences between the two communities, that could have a disparate impact on households of color or members of other protected classes. A regional LHA may pursue a Home Rule petition allowing for a *regional preference* for units in Town A, Town B, and any other towns included in the regional definition. That is, residents of all towns

in the region would be prioritized for units located in all towns in the region, with no town-by-town distinction.

In any event, if a unit in Town A is disposed of and replaced with a unit in Town B, the Subsidized Housing Inventory (SHI) for Town A would be impacted, as the SHI is based on a unit's physical location. Please note that this guidance applies to regional LHAs considering relocating units *within their portfolio*. DHCD is not accepting proposals involving transfer and consolidation of units from one LHA to another.

9. If an LHA is seeking to consolidate 705 units from multiple municipalities, DHCD has noted that legislation would need to be pursued to enable a tenant selection preference that extended beyond one municipality. Would DHCD support the pursuit of this legislation?

DHCD would support such legislation if a regional selection preference appeared beneficial to tenants in the specific case pursued, taking into account factors such as potential fair housing impacts.

10. Will DHCD make MRVP vouchers available to c. 705 tenants who need to relocate either because of the length of the anticipated construction timeline and/or their preference to live in another municipality?

All projects must comply with state relocation laws, including [M.G.L. c. 79A](#) and DHCD regulations at [760 CMR 27.00](#), which require approval by DHCD's Bureau of Relocation when an activity subject to c. 79A displaces the occupants of more than 5 dwelling units. LHAs should consult with DHCD's Bureau of Relocation early in their planning. DHCD is prepared to fund some temporary relocation for awarded projects from a non-MTW capital source, but also expects LHAs to consider alternatives, such as relocating tenants to other units in their portfolios. DHCD cannot guarantee the availability of permanent MRVP mobile vouchers, which DHCD will consider on a limited, case-by-case basis.

11. Is there a date by which all funds need to be obligated and/or expended? Will this vary depending on the availability and/or awarding of other leveraged funding sources?

The MTW funds do not have a statutory expenditure deadline in the way that ARPA funds, for example, have. However, DHCD award letters will specify milestone dates that awarded projects are expected to meet in order for the MTW awards to remain valid, and any extension would require Undersecretary approval. These milestones will be project-specific.

12. Are there any outside or other DHCD forms of funding that are not allowed to be used in conjunction with this program? E.g., can we use LIHTC and local or state ARPA?

No forms of leveraged funding have specifically been disallowed. However, please be aware that a funding source such as LIHTC may introduce an unwieldy level of complexity for relatively small development projects. Please also note that, under the Massachusetts Qualified Allocation Plan, the minimum project size for a LIHTC project is 12 units. In general, very small development projects are unlikely to score well in DHCD's competitive funding rounds for LIHTC and other non-public housing resources.

In addition, please note that if you use leveraged funding to add additional units beyond the ones needed for 1:1 replacement, the leveraged funding must fully support those units: MTW funds under

this NOFA will only support 1:1 replacement units – this NOFA cannot fund the creation of any net-new state-aided public housing units.