

RENTAL HOUSING RAPID PRODUCTION INITIATIVE

Notice of Funding Availability

March/April 2021

I. Summary

Before the COVID-19 pandemic began, the need for affordable rental housing was significant in communities throughout Massachusetts. The ongoing pandemic has notably increased the pressure on the affordable rental housing supply. To help address this issue, the Baker-Polito Administration is committed to making as many housing resources as possible available through 2021 funding competitions. The Rental Housing Rapid Production initiative is one of multiple funding competitions being offered by the Administration during this challenging time.

II. RHRP: Project Eligibility Criteria

The Department of Housing and Community Development (DHCD), working with its quasi-public agencies, will administer the RHRP competition.

The RHRP competition will feature a three-step application process for each project, as follows:

- First, each sponsor must submit a detailed written description of the project to DHCD by April 12, 2021, and must also discuss the project in a virtual meeting with DHCD before April 19, 2021.
- Second, if DHCD deems both the sponsor and the project eligible under this initiative, the sponsor must submit a pre-application through DHCD's Intelligrants system on or before the close of business on April 23, 2021.
- Third, if DHCD approves the pre-application, the sponsor must submit a full One Stop+ funding application through DHCD's Intelligrants system on or before the close of business on June 11, 2021.

Through this initiative, DHCD's intent is to fund highly ready eligible production projects, with priority on family projects. However, the Department reserves the right to consider one or two highly ready preservation projects, with substantial rehabilitation needs primarily related to health and safety issues. In general, projects must meet the following criteria in order to be eligible for consideration under the RHRP initiative:

- Projects typically must meet the production criteria set forth in DHCD's 2020-2021 Qualified Allocation Plan (QAP).
- Projects must be relatively large in scale: at least 70 total units.

- The community in which each project will be developed has committed significant local match.
- The projects will result in affordable or mixed-income rental housing for families or seniors. Given the need, DHCD's preference is for family housing, but the Department will accept a limited number of applications for senior housing projects under this initiative.
- The project must be feasible with 4% credits, state housing credits, and junior debt. 9% credit will not be available under this initiative.
- Sponsors must demonstrate through current letters of interest that syndicators/investors are willing to invest equity, if 4% credits are allocated by DHCD. The letters of interest must include projections as to the net raise that could be achieved by the allocation of credits to the project.
- The project architect must certify to the status of architectural materials as of April 23, 2021, and must further certify that all materials will be at least at 70% completion, coordinated across all trades, as of June 11, 2021.
- Sponsors typically must be able to demonstrate that the proposed project will have all necessary zoning approvals in hand by June 11, 2021, which will be the OneStop+ submission deadline, with all appeal periods having passed without an appeal by adverse parties.
- Preference will be given to sponsors who are able to demonstrate that the proposed project will have necessary environmental approvals in hand by the June 11, 2021, OneStop+ deadline, including without limitation any necessary approvals by the Massachusetts Historical Commission, the MEPA Office of the Executive Office of Energy and Environmental Affairs (EEA), the Massachusetts Department of Environmental Protection, and/or the local Conservation Commission.
- The project must be ready to close by the end of 2021 or the beginning of 2022, with construction commencing early in 2022.

In addition, sponsors must have made satisfactory progress on any housing awards previously funded by DHCD.

The criteria listed above are thresholds in addition to the thresholds for all LIHTC projects already described within the 2020-2021 QAP. With the exception of the new criteria described above, the projects are fully subject to the 2020-2021 QAP.

III. RHRP: Sponsor Eligibility Criteria

All sponsors interested in the RHRP initiative must meet the following criteria:

- Sponsor must be an experienced multi-family rental developer with a Massachusetts affordable rental portfolio, including LIHTC projects, and the demonstrated ability to rapidly develop a project of at least 70 units.
- Sponsor must be in good standing with DHCD and its quasi-public housing affiliates.
- Sponsor and team must have a satisfactory history of diverse supplier contracting and a demonstrated commitment to full participation of minority and women-owned business enterprises (MBEs/WBEs), as well as other diverse businesses certified by the Massachusetts Supplier Diversity Office (SDO) in all areas of contracting, including contracts for construction, design, goods, and services. Sponsor must submit with the pre-application a current plan for outreach, recruitment, and utilization of MBE/WBEs and other diverse business enterprises.
- Sponsor must have made satisfactory progress towards closing any DHCD-funded housing projects that received awards in 2020.
- Sponsor must formally commit to listing any project funded through this initiative on Housing Navigator.
- Sponsor must commit to selecting a syndicator and/or investor acceptable to DHCD. The syndicator/investor cannot have been involved in any “aggregator” activity, in Massachusetts or in other states, seeking to undermine the exercise of a LIHTC right of first refusal/right of first option, including, without limitation:.
 - ❖ Refusal to honor a LIHTC right of first refusal/right of first option in favor of a non-profit sponsor executed concurrent with the initial tax credit equity closing for a LIHTC project.
 - ❖ Lawsuit against general partner and/or non-profit sponsor challenging exercise of LIHTC right of first refusal/right of first option.
 - ❖ Lawsuit seeking to remove general partner/managing member of LIHTC limited partnership/LLC, absent clear evidence of fraud or serious mismanagement on the part of the general partner/managing member. For purposes of this provision, actions taken to preserve affordability of a LIHTC property and/or management in furtherance of the charitable mission of the non-profit sponsor shall not constitute “serious mismanagement.

- Sponsor must provide DHCD before April 23, 2021, with a letter from MassHousing or MassDevelopment indicating interest in the project and confirming the possible availability of volume cap in 2021 or 2022.

IV. RHRP: Resources

The Department has identified a package of DHCD resources to be made available in the June 2021 RHRP competition:

- 4% Low Income Housing Tax Credits
- State Low Income Housing Tax Credits: \$2 million to \$3 million per project (depending on size of project)
- DHCD Subsidy Funds: \$2 million per project at minimum

A limited number of project-based vouchers also will be made available.

V. RHRP: Three-Step Application Process

DHCD will accept pre-applications on or before April 23, 2021, only from sponsors who have provided a written project description and have virtually met with DHCD to obtain approval to submit a pre-application. A sponsor may submit up to three pre-applications, but DHCD will approve no more than two. For projects approved at pre-application, DHCD will accept OneStop+ funding applications through Intelligrants on or before June 11, 2021. The schedule for pre-application and application fees is set forth in the 2020-2021 QAP and applies to the RHRP initiative.

The Department anticipates selecting seven to ten projects in the RHRP competition. Sponsors whose projects do not meet the pre-application criteria or who are not selected at the conclusion of the RHRP competition will be able to submit pre-applications in October or November for the winter 2022 rental funding competition.

DHCD intends to achieve some degree of regional geographic distribution in its funding decisions for the RHRP competition. For purposes of this competition, DHCD will treat the city of Boston as a standalone region.

Sponsors who believe that their projects are eligible for the RHRP competition must carefully review the criteria contained within this NOFA and must contact DHCD's housing tax credit staff before April 19.

VI. RHRP: Additional Information

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

- Sponsors typically must be able to demonstrate that the proposed project has received conditional or full funding commitments from all sources other than DHCD.
- Other than the changes noted in this NOFA, the 2020-2021 QAP remains in full effect.

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