

Commonwealth of Massachusetts
DEPARTMENT OF HOUSING &
COMMUNITY DEVELOPMENT

Charles D. Baker, Governor ◆ Karyn E. Polito, Lt. Governor ◆ Jennifer D. Maddox, Undersecretary



DIVISION OF PUBLIC HOUSING

**Document Title: NCSR Recapitalization
Notice of Funding Availability (“NOFA”)**

Document Number: DHCD2023-13

COMMBUYS Bid Number: BD-23-1076-OCDDE-OCD01-79291

PHN 2022-19
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Please note: This is a single document associated with a complete Bid (also referred to as a Solicitation) that can be found on COMMBUYS (www.COMMBUYS.com). All Bidders are responsible for reviewing and adhering to all information, forms, and requirements for the entire Bid, which are all incorporated into the Bid. Bidders may also contact the OSD Help Desk at OSDHelpDesk@mass.gov or the OSD Helpline at 1-888-MA-STATE. The Helpline is staffed from 8:00 AM to 5:00 PM Monday through Friday, Eastern Standard or Daylight Time, as applicable, except on federal, state, and Suffolk County holidays.

THIS NOTICE OF FUNDING AVAILABILITY (“NOFA”) AND ALL RESPONSES HERETO INCLUDING THE WINNING BID SHALL BECOME PUBLIC RECORD AS OF THE DATE THE CONTRACT REFERENCED HEREIN IS AWARDED, AND CAN BE OBTAINED FROM THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT PROCUREMENT UNIT BY SENDING AN EMAIL TO HCD.RAO@state.ma.us. ANY PORTIONS OF A RESPONSE THAT ARE LABELED AS CONFIDENTIAL WILL STILL BE CONSIDERED PUBLIC RECORD.

The terms of [815 CMR 2.00](#), State Grants, Federal Grant Awards, Federal Subgrants and Subsidies are incorporated by reference into this NOFA. Contract and fiscal requirement terms used in this NOFA shall have the meanings defined in [815 CMR 2.00](#).

I. Program Description

The following is a listing of the minimum anticipated scope of services. DHCD may elect to modify or redefine the scope of services as needed to ensure compliance with federal statutes, regulations, and other policies and requirements. DHCD may also negotiate and execute contract amendments with the awarded Respondent which DHCD reasonably determines are within the scope of this NOFA and necessary to result in best value to the Commonwealth.

This NCSR Recapitalization NOFA will provide funding for Local Housing Authorities (LHAs) to address critical capital needs at New Construction/Substantial Rehab (NCSR) properties¹ that have insufficient reserves to cover those repairs and are unable to significantly increase their contract rents through the Section 8 Mark-Up-To-Market (MUTM) process.

This program is funded through a partnership with the DHCD Division of Rental Assistance utilizing federal funds that are covered under DHCD's Moving to Work (MTW) Agreement with the U.S. Department of Housing and Urban Development (HUD). This NOFA implements Activity 2018-9: Affordable Housing Preservation and Development Fund, a "local non-traditional" activity in DHCD's [Fiscal Year 2023 Moving to Work plan](#) as approved by HUD.

LHAs not eligible for NCSR Recapitalization funding are encouraged to review [PHN 2022-21](#) for a summary of other options which may be available for financing capital improvement of NCSR properties.

MassHousing, not DHCD, is now the contract administrator for most of the Section 8 NCSR portfolio and will take over contract administration of the remaining properties within the year. As DHCD no longer has direct oversight over these properties, with the exception of this NOFA, it will no longer make available any emergency Public Housing capital funding for these properties.

II. Project Eligibility

Awards will be made only for repairs needed through Fiscal Year (FY) 2027 per the Capital Planning System and/or a DHCD-reviewed Capital Needs Assessment.

Projects demonstrating a need to replace the following critical components will be prioritized:

1. Roofing
2. Electrical systems
3. HVAC
4. Health and safety systems (carbon monoxide detectors, fire alarm and suppression systems, etc.)
5. Foundation and other structural components
6. Plumbing and sewer systems
7. Siding and veneer
8. Windows
9. Adaptations necessary to meet minimum accessible unit thresholds
10. Remediation of hazardous materials (asbestos, lead)

¹ Properties originally built with state public housing capital funds but receiving operating subsidy from project-based Housing Choice Vouchers. These "hybrid" properties – 29 at 24 Housing Authorities - follow a hybrid of state public housing and federal regulations.

Awards may be made for replacement of non-prioritized components if sufficient funding is still available after awards for prioritized components.

Projects must comply with all applicable state and federal laws and regulations (including without limitation [M.G.L. c. 30B](#)), with all requirements specified in DHCD's Moving to Work Program Annual Plan, and with HUD parameters and guidelines on local non-traditional activities as set forth in [PIH Notice 2011-45](#) and/or successor notices and HUD guidance, including, but not limited to, to the extent applicable, Davis-Bacon wages, federal Fair Housing and Equal Opportunity statutes, environmental review, HUD site and neighborhood standards and regulations, subsidy layering review and regulations, and HUD Section 3 requirements. Projects must also comply with cash management requirements outlined in [2 CFR § 200](#). Projects must meet HUD Housing Quality Standards (HQS) performance requirements (as provided in [24 CFR 982.401](#)), both at commencement of occupancy and throughout the term of the time restriction on affordable units. Recipients of MTW funding must agree to provide information requested by DHCD and/or HUD on the use of funds and compliance with the above requirements, including information required by DHCD to prepare MTW Annual Plans and Reports (see Reporting Requirements section below).

LHAs using MTW funds for the purposes outlined in this NOFA must ensure that the rehabilitated units remain affordable for a specified amount of time. The time restriction may vary from project to project, given the goals of an LHA, the project economics, market conditions and other factors. The following are minimum guidelines:

- 1) Units must remain affordable for a minimum of 30 years, unless otherwise approved by HUD.
- 2) If there is a loan of MTW funds to the project, the units must remain affordable for the longer of either the term of the loan or 30 years, unless otherwise approved by HUD. For a shorter term to be considered by HUD, the loan of MTW funds to the property would need to be repaid in full by the conclusion of the shortened term.

LHAs must record a use agreement, covenant, or other document acceptable to HUD on the property where the local, non-traditional affordable units are located, which sets forth the conditions imposed on the units. If there is an existing agreement or covenant recorded on the property related to the local, non-traditional affordable units, with HUD approval, the LHA may rely on this document rather than record its own.

Please see Attachment A: Certification of Compliance with MTW Program and Other Requirements for applicable federal requirements in addition to state requirements that apply to all public housing capital projects.

III. Development Eligibility

A. Eligibility Criteria

Developments are eligible for NCSR Recapitalization award only if they meet the following criteria:

1. The development's reserves are insufficient to cover the cost of the needed repairs without falling below 70% of the full reserve level. ("Full reserve level" is defined as six months of the development's operating costs)
2. The development is most likely unable or ineligible (see Section B) to increase existing contract rents by more than 15% through the MUTM process

Please note that for any given housing development, an LHA may submit an application to only one of the three MTW-funded NOFAs that have been released simultaneously (this NCSR Recapitalization NOFA, [705 Repositioning NOFA](#), and [Federalization NOFA](#)).

B. Detailed Discussion of Eligibility Criterion #2 (MUTM)

Per DHCD analysis, all NCSR properties should be *able* to increase rents by at least 15% given the disparity between current contract rents and local fair market rents. Therefore, the key question is whether the developments would be *eligible* for MUTM per HUD criteria. According to HUD’s [Section 8 Renewal Policy](#) guidance dated July 28, 2017, projects may be eligible for MUTM under one of two options, described in simplified form below:

Option 1A (Entitlement): The project does **not** have a low-income use restriction

Option 1B (Discretionary): The project meets at least one of these three criteria:

1. The project serves one of more vulnerable populations (at least 50 percent of tenants are elderly, disabled, or families with 5+ members)
2. The project is in a low-vacancy market area (rental vacancy rate of 3 percent or less)
3. The project is a high priority for the local community (demonstrated by tax credits, tax abatements, local capital improvement grants, etc. received within the past five years)

Please note, no public housing developments qualify for MUTM under Option 1A. All projects developed pursuant to c. 667 and c. 167/c. 689 should qualify for MUTM under Option 1B.1 and would thus be ineligible for NCSR Recapitalization. In contrast, projects developed pursuant to c. 200 or c. 705 would most likely² be **ineligible** for MUTM under Option 1B.1. Therefore, if projects developed pursuant to c. 200 or c. 705 would also not qualify under Options 1B.2 or 1B.3, they would likely be eligible for NCSR Recapitalization funding.

In flowchart form, here is a summary of the eligibility criteria discussed above:

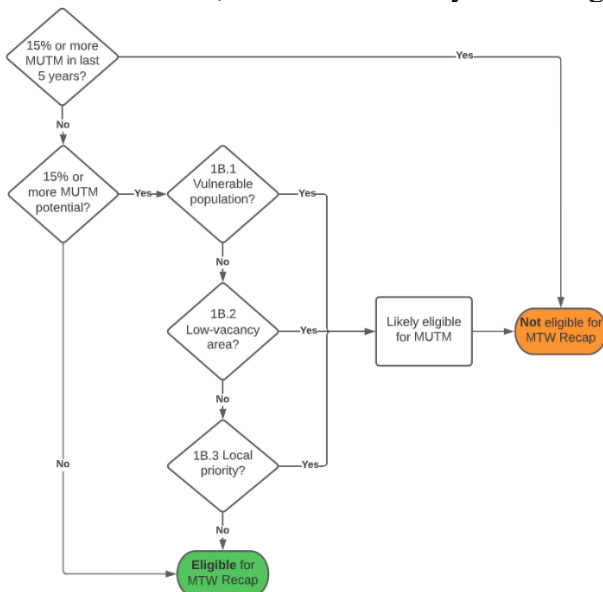


Figure 1: MTW Recapitalization eligibility

² A c. 200/705 development *could* potentially qualify for MUTM under Option 1B.1 if its tenant population happens to consist of at least 50% elderly, persons with disabilities, and/or large (5+ members) families. DHCD encourages LHAs to reach out to HUD if the LHAs believe that one of their c. 200/705 developments may be eligible for MUTM.

C. Confirming Development Eligibility

LHAs may apply to the NCSR Recapitalization program for developments which they to be ineligible for MUTM and thus eligible for NCSR Recapitalization. Prior to submitting an application under this NOFA, LHAs are encouraged to reach out to their development’s Contract Administrator (see Attachment D) to discuss potential eligibility of their development for MUTM.

IV. Available Funds

A maximum of approximately \$10 million in funds may be awarded under this NOFA. Awards will be limited to a maximum of \$100,000 per unit and \$4,000,000 per development, in no event exceeding net Total Development Cost (Net TDC). Net TDC is defined as the total development cost estimated for the project *minus* the LHA’s “expected contribution,” which consists of the amount by which the development’s reserves exceed 70% of the full reserve level (where “full reserve level” is defined as six months of the development’s operating costs). For example:

\$ 300,000	LHA’s actual reserve level
- \$ 200,000	70% of full reserve level
\$ 100,000	LHA expected contribution
\$ 1,000,000	Total development cost estimated for the project
- \$ 100,000	LHA expected contribution
\$ 900,000	Net TDC

LHAs may request waivers of the expected contribution by describing other planned uses for which they need their surplus reserves.

All awards and contracts are subject to appropriation and conditional upon the availability of funds. If applications submitted exceed total funds available under the NCSR Recapitalization Program, DHCD may withhold awards from otherwise eligible projects or make awards for an amount less than Net TDC. Applications will be prioritized according to criteria summarized in the Review Process section.

DHCD will substitute a non-MTW source to fund any relocation required by this project. This non-MTW funding will count toward the \$100,000 cap on total per-unit funding award made to the LHA.

V. Application Process

Submitting an Application

1. Upload all required application documents (itemized below) to a file-sharing site such as Dropbox and grant access to anyone with the link
2. Email the link to dhcddesignsubmission@mass.gov with the subject “NCSR Recapitalization Application (LHA name)”
3. Applications must be submitted by **February 10, 2023**

Bidders Conference

DHCD will hold a bidders conference for this program on Monday, October 24, from 10:30am-12pm (prevailing Eastern time). This conference will be an opportunity for potential bidders to receive an

overview presentation about this NOFA and ask any clarifying questions they may have. The conference will be recorded, and the link to the recording will subsequently be attached to this bid.

Preregistration is required. To register for the bidders conference and receive the Zoom link, please go to https://us06web.zoom.us/webinar/register/WN_DKu3amo5T9eT03B0d4XjIw.

Submitting Questions

In addition to attending the bidders conference, interested parties may submit questions about this NOFA to dhcddesignsubmission@mass.gov any time before the end of day on November 11, 2022. Please include “MTW NCSR Question” in subject line. DHCD will publish answers to all submitted questions by December 9, 2022.

Required Application Documents

- 1) Narrative (5 pages maximum)
 - a) Description of existing conditions, including reference to Capital Needs Assessment
 - b) Project scope and timeline, divided by priority and non-priority components
 - c) Sustainability and accessibility considerations
- 2) Capital Needs Assessment
- 3) Detailed cost estimation and budget, divided by priority and non-priority components
- 4) Discussion of financial need, including:
 - a) Insufficiency of reserves to cover needed repairs (if applicable, include justification for exemption from LHA expected contribution)
 - b) Ineligibility or inability to increase contract rents by more than 15% through MUTM (and confirmation that LHA has not already done so within the past five years)
 - c) Impracticability of raising sufficient debt to cover needed repairs (include past three years of development net operating income and 5-year projection of net operating income)
- 5) Confirmation that LHA will comply with MTW reporting and other requirements (see Attachment A)
- 6) A letter from the head of the tenant organization(s) or representative of tenants that demonstrates evidence of compliance with tenant participation regulations (760 CMR 6.00). If no letter can be obtained, then the LHA executive director may instead submit a letter certifying that tenants were involved in setting the needs and priorities of the application, including details of outreach to and meetings with the tenants.
- 7) Record of Board approval to submit application

DHCD reserves the right at any time to accept or reject any or all proposals in whole or in part, to take exception to these NOFA requirements or to waive any informality and to exclude any proposals for further consideration for failure to fully comply with the requirements of this NOFA. DHCD reserves the right to request additional information from Respondents during the review process and to use other available information as may be necessary to complete its review. Each Respondent shall provide any additional requested information to DHCD prior to execution of the contract.

Submission Deadlines and Estimated Award Timetable

NOFA posting date	10/12/22
Bidders conference	10/24/22
Deadline for question submissions	11/11/22

Answers published for all submitted questions	12/9/22
Submission deadline	2/10/23
Notification of awards (estimated)	3/13/23

All times in this NOFA are prevailing Eastern Standard Time. Responses must be received no later than the dates and times indicated above, or they may not be evaluated. The dates and times listed above may change; any changes will be posted on COMMBUYS. If there is a conflict between the dates and times in this calendar and dates and times listed on COMMBUYS, those listed on COMMBUYS shall prevail. Any changes in this calendar that are made after the NOFA has been published will not result in amendments to the NOFA. Such changes will appear only on COMMBUYS.

VI. Reporting Requirements

DHCD must submit an Annual Plan to HUD each April with goals for each MTW-funded activity for the upcoming fiscal year (July 1 – June 30). In addition, DHCD must submit an Annual Report to HUD each September reporting on actual outcomes achieved during the fiscal year for each MTW-funded activity. (See copies of previous plans and reports here: <https://www.mass.gov/service-details/moving-to-work-program-mtw>)

In preparation for these Annual MTW Plans and Reports, LHAs awarded funding through this NOFA will – in collaboration with DHCD – need to track and report on the following metrics if applicable:

- Amount of funds leveraged in dollars (meaning the amount of non-MTW funds supporting the project);
- Number of new housing units made available for households at or below 80% AMI;
- Number of housing units preserved for households at or below 80% AMI; and
- Unit Months Leased (meaning the number of units occupied each month for the 12 months of the fiscal year) - see Attachment B for sample.

Awarded applicants may be required to attend an orientation session explaining MTW reporting requirements and must comply with all such requirements, whether currently existing or established post-award.

VII. Review Process

After assessing threshold development eligibility as discussed in Section III, DHCD will score applications according to the following rubric:

Criterion	Points
Capital need (physical conditions)	35
Financial need, as measured by: <ul style="list-style-type: none"> • Reserve level • Net operating income relative to TDC (as a proxy for debt raise potential) 	35
Accuracy and completeness of costs quoted	15
DHCD discretion for other project benefits (e.g., sustainability, accessibility)	15

It is anticipated that the selected Respondent/Bidder would be required to begin the contract on or about July 1, 2023. DHCD may elect to establish an alternative contract start date as needed.

It is anticipated that the successful Respondent/Bidder will receive an award pursuant to an award letter offering to enter into a Contract for Financial Assistance, renewable at DHCD's sole option, and subject to the availability of funding and satisfactory performance. DHCD reserves the right to extend the duration of the award and/or amend the terms of the award as necessary.

Responses to this NOFA may be reviewed and evaluated by any person(s) at the discretion of DHCD including non-allied and independent consultants retained by DHCD for the sole purpose of evaluating and analyzing responses.

VIII. Environmental Review

Projects funded as a result of this NOFA are subject to the environmental review process as described in [24 CFR Part 58](#). **LHAs need not complete environmental review as part of their response to this NOFA.** However, DHCD recommends that applicants consider the environmental review requirements when preparing their proposals to ensure a smooth process upon notification of a funding award. Awarded projects may not proceed to construction until the environmental review process is complete.

Awarded LHAs will comply with the environmental review process as follows:

1. After receipt of award, the LHA or its contracted design consultant will prepare the Statutory Checklist included in Attachment C.
2. If the LHA believes the project is **not** categorically excluded from a full environmental assessment per the criteria at [24 CFR 58.35](#), check the box on page 2 of the Checklist for "This project is not a Categorically Excluded action" and prepare a full environmental assessment. Skip to step 6.
3. If the LHA believes the project **is** categorically excluded from a full environmental assessment, use the Worksheet on pp. 3-26 to fill out the Compliance Finding table on page 1 of the Checklist.
4. Depending on the "Yes" or "No" answer to each question on the Worksheet, the Statutory Checklist provides instructions on what, if any, environmental review steps must be taken for the project. The LHA must complete and document these steps in accordance with the instructions.
5. Upon completion of the Worksheet, the LHA checks either the first or second box on p. 2 of the Checklist depending on whether the Worksheet revealed any Compliance Findings.
6. The LHA or contracted design consultant signs the Checklist as the Preparer and submits it to DHCD for review. Leave the ERR File # blank.
7. DHCD, as the Responsible Entity, will review the LHA's Statutory Checklist and accompanying documentation or full environmental assessment. DHCD will approve the project to proceed or alert the LHA to environmental impact abatement that must first be undertaken to comply with 24 CFR Part 58.

IX. Additional Terms

All responses to this NOFA must remain in effect for at least 120 days from the date of submission.

Respondents must additionally be legally qualified to contract in Massachusetts and must not be currently subject to any state or federal debarment order. By submitting their NOFA Response, the Respondent affirms that they are not subject to any state or federal debarment order.

The successful Respondent will be required to enter into a contract with DHCD including the Commonwealth's Standard Contract Form, the applicable Commonwealth Terms and Conditions, and any other required state contract forms. Contracts issued under this NOFA shall include federal funding and may be subject to applicable state and federal compliance and review requirements. By submitting their NOFA Response, the Respondent agrees to the terms and requirements of the Commonwealth standard contract forms and to the terms of this NOFA, including its attachments.

All responses and information submitted in response to this NOFA are subject to the Massachusetts Public Records Law. All written correspondence and materials submitted to DHCD during this process, including as part of the response to this NOFA, become the property of DHCD upon their receipt and will not be returned to the submitting parties. Except as provided in the Public Records Law, all materials submitted to the DHCD are subject to release as public records. In no event shall DHCD, or any of their agents, representatives, consultants, directors, officers, or employees, be liable to an LHA for the disclosure of all or a portion of a response or related information submitted in connection with this NOFA.

This NOFA does not commit DHCD to pay any costs incurred in the preparation of an LHA's response to this NOFA or to enter into a contract for services. DHCD may (i) accept or reject any and all proposals received as a result of this NOFA; (ii) contract for some, all or none of the services offered by LHAs in response to this NOFA; (iii) negotiate with one or more of the qualified LHAs; or (iv) cancel, in part or in its entirety, this NOFA if it is in the best interest of the Commonwealth to do so.

DHCD reserves the right to make amendments to the NOFA after initial publication. Any such amendment will be posted to COMMBUYS. It is each LHA's responsibility to check COMMBUYS for any amendments, addenda or modifications to this NOFA, and any Q&A records related to this NOFA. DHCD accepts no responsibility and will provide no accommodation to LHAs who submit a response based on an out-of-date NOFA or on information received from a source other than COMMBUYS.

Bidders with disabilities or hardships that seek reasonable accommodation, which may include the receipt of NOFA information in an alternative format, must communicate such requests in writing to DHCD. Requests for accommodation will be addressed on a case-by-case basis. An LHA requesting accommodation must submit a written statement which describes the respondent's disability and the requested accommodation.

X. COMMBUYS Instructions

While all applications seeking funding pursuant to this NOFA should be submitted to dhcddesignsubmission@mass.gov, this NOFA will be launched and managed via COMMBUYS. Instructions for log-in and use of COMMBUYS are described in <http://www.mass.gov/anf/docs/osd/forms/instructions-for-vendors-responding-to-bids.docx> LHAs may also contact the COMMBUYS Helpdesk at COMMBUYS@mass.gov or the COMMBUYS Helpline at 1-888-MA-STATE.

LHAs are required to monitor COMMBUYS for changes to the procurement calendar for this NOFA. It is the responsibility of the prospective LHA to maintain an active registration in COMMBUYS and to keep current the email address of the LHA's contact person and prospective contract manager.

DHCD and the Commonwealth assume no responsibility if a prospective LHA's designated email address is not current, or if technical problems, including those with the prospective LHA's computer, network or internet service provider cause email communications sent to/from the LHA and DHCD to be lost or rejected by any means including email or spam filtering.