Commonwealth of Massachusetts
EXECUTIVE OFFICE OF HOUSING & LIVABLE COMMUNITIES
Maura T. Healey, Governor ◆ Kimberley Driscoll, Lieutenant Governor ◆ Edward M. Augustus Jr., Secretary

Public Housing Notice 2024-05

To: All Local Housing Authority Executive Directors

From: Ben Stone, Director, Division of Public Housing & Rental Assistance

Subject: PHN 2024-05: Mass Housing Partnership (MHP) Expanded Technical Assistance for Vacant Land Development and Public Housing Redevelopment

Date: March 11, 2024 *(updated)*

Need to Know:

- EOHLC has extended and expanded its contract with MHP to provide technical assistance to LHAs considering redevelopment of state-aided public housing properties.
  - MHP will help LHAs with feasibility analysis, site engineering, Request for Proposals drafting, and other technical assistance up to $75K per engagement.
  - MHP will *continue* technical assistance to help LHAs get surplus state-funded land into productive use, up to $35K per engagement.
- LHA's should address applications to Carsten Snow-Eikelberg at MHP and copy Matthew Martin at EOHLC.
- New simplified application process utilizing Cognito fillable forms.

EOHLC is pleased to announce that Massachusetts Housing Partnership (MHP) will expand its technical assistance to Local Housing Authorities (LHAs) interested in opening up surplus land for development OR considering feasibility and options for **redeveloping** state-aided public housing. EOHLC encourages LHAs to take advantage of the current strength of the Massachusetts housing market and the high demand for housing in order to develop more affordable housing while bringing in new revenue to support public housing. At the same time, EOHLC encourages LHAs to pursue expanded funding for major redevelopments through programs like the annual Public Housing Innovations funding, and MHP will help LHAs prepare to apply for PHI and other funding opportunities.

1. Background

LHAs own dozens of parcels of surplus or underutilized land totaling several hundred acres. EOHLC engaged MHP starting in 2019 to support several LHAs in developing vacant land, either through disposition to developers or with the LHA acting as the owner and developer. MHP has engaged with 20 LHAs since the launch of the Vacant Land Technical Assistance program, with two parcels already

preliminarily disposed for development of 54 units with several additional Requests for Proposals planned for spring 2024.

Please note that as of November 10, 2022, Chapter 268 of the Acts of 2022 (Section 128) allows LHAs to retain the proceeds from sale or leasing of real property, provided that the LHA still has state-aided public housing following disposition. This provides an exciting opportunity for LHAs to leverage the value of their land even in situations where it is not feasible to develop it into affordable housing. This law also provides an exemption from state construction law, "Chapter 149", for housing redevelopment projects where LHA transfers the property to another entity (including controlled affiliates) to complete the redevelopment. See PHN 2023-04 for more details.

2. **Available Services and funding availability**

   MHP will fund technical assistance up to a value of $35,000 per vacant parcel and $75,000 per redevelopment engagement. EOHLC may, in consultation with MHP, approve funding above that limit on a case-by-case basis.

*Vacant Land (*continued*)– up to $35K per surplus land parcel*

MHP may fund, or provide with its own staff, pre-development technical assistance to explore feasibility for affordable housing development and put the LHA on a path to getting its property into productive use. The ultimate goal will be the successful award of the property for affordable development either through a Request for Proposals process or a development partnership. This assistance may include items such as:

- Title Review
- Site Engineering
- Zoning Analysis
- Market Analysis
- Creation of a Request for Proposals (RFP)
- Evaluation of RFP responses

EOHLC's Division of Public Housing does not have available capital funding for new affordable or market rate housing development on surplus land. If the LHA wishes to pursue development of affordable housing, they should work with MHP on identifying capital and operating resources, and their requirements, including but not limited to:

- EOHLC's Division of Housing Development capital subsidies;
- Low Income Housing Tax Credits allocated by EOHLC's Division of Housing Development;
- Subsidized Loans from MassHousing or MHP;
- Project-Based Section 8 Vouchers;
- Project-Based MRVP Vouchers;
- Cross subsidy from market rate production on a portion of a parcel;
- Locally-administered funds such as Community Preservation Act funding, HOME, and CDBG;
- MassWorks or HousingWorks Funds

Note that EOHLC can only fund this predevelopment work on land subject to a state public housing Contract for Financial Assistance (CFA). MHP may assist LHAs with other properties, at their discretion.

Please also note that EOHLC strongly discourages LHAs from discussing detailed proposals with developers before a formal RFP process has begun. Early conversations with developers or anything that could compromise an open and competitive process may invalidate a procurement.

*Redevelopment Planning (***New***)– up to $75K per surplus land parcel*

MHP may fund, or provide with its own staff, redevelopment planning assistance for LHAs considering redevelopment and repositioning of its state-aided public housing. In addition to the site, legal, zoning, and marketing analysis detailed above, MHP will work with LHAs to examine the feasibility of different redevelopment models including, but not limited to:

- Faircloth to RAD federalization (if LHA has Faircloth authority or it can partner with an LHA with excess Faircloth Authority)
- Mixed-Income redevelopment with additional market units
- Mixed-Finance redevelopment with additional affordable units.

MHP will work with LHAs to develop project concepts based on available funding. This includes the sources listed above for affordable housing development as well as funding through EOHLC's Divisions of Public Housing and Housing Development. The Division of Public Housing has an annual funding cycle for comprehensive redevelopment projects, including pre-applications due in mid-Fall, full applications in January or February, and awards in late spring. See Public Housing Innovations 2024 NOFA for more details.

The ultimate goal will be a successful award to a developer through an RFP process and/or an application to EOHLC for redevelopment funding.

EOHLC and MHP may limit the number of redevelopment engagements at any one time based on an initial feasibility review of application materials.

3. Application Process

LHAs interested in pre-disposition or development assistance should contact Carsten Snow-Eikelberg at MHP (csnoweikelberg@mhp.net), with cc to Matthew Martin at EOHLC (matthew.martin3@mass.gov). After an initial discussion, you will be asked to complete an online application using Cognito forms to fill out and upload basic information including:

- Property address
- Approximate size of parcel and any known specifics such as: access, topography (including wetlands), access to infrastructure (water and sewer), etc.
- Plot plan or survey, if available
- Information, if known, of how the parcel was obtained by the LHA and if it is currently part of a larger LHA parcel.
    - Confirm if parcel was obtained through state public housing bond financing or has had any state bond-financed investment since acquisition; if so, provisions of M.G.L Chapter 121B section 34 will apply. Additionally, EOHLC may only fund MHP's technical assistance for parcels with state bond-finance investment or acquisition.
- Information about existing public housing (for redevelopment) and/or abutting (for vacant land):
- Municipality's knowledge and input on the potential development/redevelopment of the site

- Availability of local funding resources
- The LHA's goals for the property

4. Recommended Surplus Land Development Opportunities

EOHLC strongly supports expansion of housing supply for residents of all income levels. LHAs have supported the production of new affordable housing using vacant land both through disposition to private developer/owners, and by acting in their own capacity as the developer. EOHLC recognizes that developing as a public entity requires public construction procurement (M.G.L. Ch. 149) in addition to other public requirements, increasing total development costs and thus reducing financial feasibility relative to development by a private sponsor. The retaining LHA or an LHA-controlled affiliate's ownership, however, may be of key importance locally, to maintain permanent affordability beyond the term of financing, or for other reasons. EOHLC recommends that the LHA carefully weigh the tradeoffs between each model when considering how to best implement a cost-effective development that addresses local needs and the LHA's identified goals. Note that the Affordable Homes Act, filed by Governor Healey in October, 2023, includes a provision that relieves development of new housing by LHAs from c.149, while retaining prevailing wage requirements. As of this PHN, the legislature has not enacted this law.

For any questions, please contact EOHLC Real Estate, Redevelopment, and Special Projects Specialist Matt Martin at matthew.martin3@mass.gov