

October 2018 Mini-Competition

High Readiness Family Projects with Substantial Matching Funds

DHCD's next full funding competition for multifamily rental housing is scheduled to begin in February 2019. Because the demand for affordable units is so great, the Department had considered moving the 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 2019.

While 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 2018. Because the need is greatest for family housing, the projects must represent affordable or affordable/mixed-income family housing. Because the need is greatest for new units, the projects must meet the definition of production in the 2018-2019 Qualified Allocation Plan. 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 2018 funding competition, DHCD noted that several family 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 affordable housing and affordable/mixed-income family 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 2018

The Department will host a mini-competition on October 31, 2018, 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 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 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 2018 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 \$8 million
- DHCD Subsidy Funds: up to \$20 million

DHCD will accept pre-applications on September 10, 2018, 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, 2018. 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 on July 20, 2018, 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 four to six 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 2018 mini-competition will be able to submit OneStop+ applications during the full competition in February 2019.

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 indicated above and below and must contact DHCD LIHTC staff at least two weeks before submitting a pre-application.

Sponsors must submit a one-page narrative on the status of the project along with the pre-application 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 the construction drawings, as of September 10, 2018, have advanced to at least 70% completion. The certification 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 2017.

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

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