

American Rescue Plan Act (ARPA) High Readiness Round

Notice of Funding Availability

Summer 2022

I. Eligibility Criteria

Given the extreme pressure on the affordable rental housing market in Massachusetts, the Department of Housing and Community Development (DHCD) will make certain resources available on September 30, 2022, to multifamily rental projects that are highly ready to proceed. The Department is prepared to accept up to five OneStop+ applications on September 30. All applications must represent projects that have received all required zoning approvals and other major permits. All applications must create new units. All applications must represent projects with highly developed architectural materials. All applications must include local matching funds or equivalent alternative sources of non-state funding. All applications must include a significant request for American Rescue Plan Act (ARPA) funds. DHCD will give preference to applications for family housing projects. No developer may submit more than one application for funding under this NOFA, whether as a majority or minority partner or guarantor for a given project. In addition, DHCD expects to fund no more than one project per municipality.

In greater detail, the criteria for application eligibility are as follows:

- DHCD must previously have reviewed the project, either through a full OneStop+ submission or through a Chapter 40B project eligibility submission to DHCD.
- Architectural drawings must be at construction-bid levels prior to September 30, 2022. DHCD will give preference to applications whose sponsors have received construction bids prior to September 30, 2022.
- Projects must fit into one of three categories: rehabilitation of vacant buildings; adaptive re-use; new construction.
- Zoning must be in place with all appeal periods having lapsed without appeal.
- All major permits, other than building permits, must have been approved with all appeal periods having lapsed without appeal.
- Although building permits are not required by September 30, DHCD will give preference to projects whose sponsors have applied for building permits.
- Sponsors must indicate to DHCD that the proposed project faces no potential delays related to zoning, permitting, or any other material issues.
- Projects must include at least 40 total units. If all other criteria are met, DHCD will give preference to projects with 60 or more units.

- Either the municipality in which the project will be located must provide funds of its own in support of the application or the sponsor must provide substantial alternative resources, such as philanthropic or grant funding.
- Sponsors who are seeking low-income housing tax credits as well as ARPA-1 rental funds must ensure that their projects fully conform to the 2022-2023 tax credit Qualified Application Plan (QAP), as posted to DHCD’s website.
- Sponsors must be in good standing with DHCD in order to submit an application under this NOFA.
- Sponsors must commit to initiating the financial closing process within three months of receiving DHCD’s award.

II. Availability of Low Income Housing Tax Credits (LIHTC)

The Department anticipates that most, if not all, applicants for funding under this NOFA will seek federal and/or state low-income housing tax credits as well as significant ARPA-1 Rental funds. While all applications are fully subject to LIHTC requirements and allocation limits set forth in the 2022-2023 QAP, sponsors should pay particular attention to the sections of the QAP on cost limitations, green and sustainable housing requirements, and anti-aggregator requirements for syndicators and investors.

III. ARPA-1 Rental Funds

Under this NOFA, all sponsors must apply for \$4 million to \$7 million in ARPA-1 Rental subsidies. It is DHCD’s expectation that the ARPA-1 Rental funds will replace part or all of any other state subsidy funds and/or LIHTC awards which the sponsor otherwise might have requested. If a project is selected for funding under this NOFA, DHCD will provide the ARPA-1 Rental funds in a manner consistent with the Department’s understanding of U.S. Treasury guidance and other federal requirements.

Sponsors should assume that DHCD will make the ARPA-1 rental funds available as 40-year loans at zero percent interest. The loans will be “blended loans”, with approximately 75%-85% of the total requested amount supported by ARPA-1 Rental funds and the remaining portion of the loan supported by DHCD subsidy from one of three subsidy programs. The loan documents will be generated through DHCD’s MassDocs process. More details on the loan structure will be available in DHCD guidance to be issued during July 2022.

IV. DHCD Subsidy Funds and Vouchers

In addition to ARPA-1 Rental funds, a limited amount of DHCD subsidy funds will be available under this NOFA. Sponsors may consider requesting limited amounts of the following resources:

- Affordable Housing Trust Fund (AHTF)
- Housing Stabilization Fund (HSF)

- Housing Innovations Fund (HIF)

Under certain circumstances, DHCD reserves the right to provide subsidy through one of its other resources in place of subsidy from the three programs identified above. A limited number of project-based vouchers – Section 8 and/or state MRVP – also will be made available under this NOFA.

V. Application Process: Letters of Intent to Apply and Pre-Applications

During July 2022, DHCD will accept detailed letters of intent from developers who hope to submit OneStop+ funding applications through this funding round on or before September 30, 2022. Each letter of intent must include an attachment from the project architect, stating that the architectural drawings will be advanced to bid-set drawings by September 30, 2022. All letters of intent must be received by the Department by July 21, 2022. If, based on the letter of intent, DHCD determines that a given project appears to meet NOFA criteria – as well as certain additional criteria outlined in this section -- the developer immediately will be allowed to submit a pre-application, using DHCD’s standard pre-application form.

- If the sponsor is seeking LIHTC, in addition to the eligibility criteria laid out in this NOFA, the sponsor and the project must satisfy all threshold eligibility criteria for award of LIHTC under DHCD’s 2022-2023 QAP.
- Regardless of whether the sponsor is seeking LIHTC, in addition to the eligibility criteria laid out in this NOFA, the sponsor and the project must satisfy all applicable requirements of the subsidy programs to be requested by the sponsor, including statutory and regulatory requirements as well as any additional requirements set forth in program guidance issued by DHCD.

As indicated, it is DHCD’s intent to approve no more than five OneStop+ funding applications under this NOFA. Further, the Department will approve no more than seven pre-applications to proceed to the full OneStop+ funding application stage. In the event that more than seven projects appear to satisfy all applicable NOFA and other eligibility criteria as outlined above, DHCD will rank all projects meeting threshold eligibility criteria and will approve the seven most highly ranked projects to proceed to the application stage. Ranking will be based on:

- Readiness to proceed, as evidenced by the following criteria:
 - Whether the sponsor has received construction bids prior to September 30; and
 - Whether the sponsor has applied for a building permit prior to September 30
- Number of total units, with projects representing 60 total units or more ranked more highly
- In the event of a tie based on readiness to proceed and number of total units, DHCD will rank projects based on the threshold criteria described in DHCD’s QAP.

All pre-applications must be submitted through DHCD's Intelligrants system by August 15, 2022. Sponsors whose pre-applications are approved by DHCD will be allowed to submit OneStop+ funding applications on or before September 30, 2022. The Department anticipates making funding recommendations by November 15, 2022.

VI. Fees

Non-profit sponsors must submit a pre-application fee of \$500 and a full application fee of \$1,000. For-profit sponsors must submit a pre-application fee of \$1,000 and a full application fee of \$1,500.

VII. DHCD Contacts

Sponsors with questions regarding this NOFA should contact Catherine Racer or Rebecca Frawley Wachtel at DHCD. Their email addresses, respectively, are catherine.racer@mass.gov or rebecca.frawley@mass.gov.