

CITY OF BOSTON

DEPARTMENT OF NEIGHBORHOOD DEVELOPMENT

AND

COMMUNITY PRESERVATION ACT



REQUEST FOR PROPOSALS

**Rental, Cooperative and Ownership Development
Funding**

RFP Deadline: September 28, 2020

Martin J. Walsh, Mayor

Request for Proposals

**Rental, Cooperative, and Ownership
Development Funding**

City of Boston

**Department of Neighborhood Development and
Community Preservation Act**

TABLE OF CONTENTS

Contents

I. Program Overview 3

II. Application Process 7

III. Threshold (Eligibility) Criteria 9

IV. Funding Priorities for All Funding Sources 11

V. Evaluation 12

VI. Conditions of Funding Award 19

VII. Submission Requirements and Forms 23

Appendix A	Application Checklist
Appendix B	Project Narrative
Appendix C	IDP Program Guidelines
Appendix D	CPA Program Guidelines
Appendix E	Mixed Use and Mixed Income Supplement
Appendix F	Preservation Affordability/ Risk Narrative
Appendix G	Capital Needs Assessment
Appendix H	Rehabilitation Strategy
Appendix I	Additional Guidance on Resident Services
Appendix J	Federal and City Policies and Regulations
Appendix K	DND Form Links
	<ul style="list-style-type: none">• Project Summary• Affidavit of Eligibility• Applicant’s Disclosure of Property Owned• Conflict of Interest Affidavit• Notice to Beneficiaries• One Stop Care Center List• Construction Employment Statement• Beneficiary Affidavit• Beneficiaries of Assistance• DND Mixed Income Proforma

I.

Program Overview

To facilitate the goals of the **Housing a Changing City: Boston 2030 Report**, the City of Boston's Department of Neighborhood Development (DND), along with the Community Preservation Act (CPA), is issuing this Request for Proposals (RFP) to provide access to approximately \$16 million dollars of resources that will support qualified proposals from non-profit and for-profit developers of affordable rental, cooperative and homeownership developments. In addition, DND will provide up to \$4 million dollars of funding to create and preserve supportive housing to support a homeless and/or aging populations. To facilitate these efforts DND and CPA are making available approximately \$20 million dollars of CPA, HOME, CDBG, City Operating (Housing Boston 2030) and Inclusionary Development Policy (IDP) funds that may be used to fund the production and preservation of affordable housing.

In this RFP, production proposals are defined as: newly constructed buildings, adaptive re-use of vacant commercial buildings, renovations of vacant residential buildings or occupied properties that are not currently subject to any restriction. Preservation proposals are defined as occupied properties that are currently subject to restricted financing, have use restrictions, or receive operating support or project-based rent subsidies.

The Department of Neighborhood Development's programs provide opportunities for local and historically disadvantaged businesses, including minority-owned and women-owned business enterprises (MWBES) to grow and enhance their capacity. It is the intent for DND to provide a framework of inclusiveness in its related programs to ensure that these businesses may access those opportunities. This equity policy has the following goals:

- Provide fair access to economic opportunities that may arise by participation in DND program activities.
- Promote the growth of minority, women owned, and local businesses by encouraging participation in program activities.
- Promote the creation of a more inclusive workforce in businesses that participate in DND programs.

All applicants will need to design and submit a comprehensive program for achieving diversity and inclusion as is described in the evaluation section for this RFP.

Each funding source has its own set of priorities that are outlined in this RFP.

Regulatory Policies:

Requirements for HOME, CDBG and City Operating Funding

For-profit and non-profit owners or developers of affordable housing are eligible to apply for funding support. Proposals must be eligible under federal regulations governing the HOME Partnership and/ or CDBG programs for affordable housing. See:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/affordablehousing/programs/home/

http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/communitydevelopment/programs

Requirements for IDP Funding

For-profit and non-profit developers are eligible to apply for funding to support the creation of new affordable housing units. Proposals must comply with the IDP Guidelines (see Appendix C). IDP funding, and other resources available in this RFP, may not be used to support any on-site IDP units required under the Inclusionary Development Policy.

Community Preservation Act

For-profit and non-profit developers are eligible to apply for funding to support the creation of new affordable housing units. Proposals must comply with the CPA Guidelines (see Appendix D). All applicants applying for CPA funding under this RFP must follow all DND Policies.

IDP Executive Order

Funding resources available in this RFP may not be used to support any on-site IDP units required under the IDP Executive Order. Developers who are required to comply with the IDP Executive Order must provide at least 40% of the units affordable to seek other City subsidy.

DND Development and Underwriting Policies

All proposals will be expected to comply with DND's housing development and underwriting policies as listed below and on DND's website at:

<https://www.boston.gov/departments/neighborhood-development/neighborhood-development-housing-policies>

- Bidding
- General Development Costs
- Acquisition Costs
- Developer Fee and Overhead
- Homeownership Subsidy
- Rental & Cooperative Subsidy
- Homeless Units Set-Aside
- Long-Term Affordability
- Relocation
- Design Review
- Design Requirement & Guidelines
- Income Limits for HUD (includes DP)

<https://www.boston.gov/departments/neighborhood-development/housing-and-urban-development-income-limits>

The above is not a comprehensive list of all federal, State and City laws and regulations that govern affordable housing projects within the City of Boston. For further questions and guidance on the City of Boston or DND's development and construction requirements, please contact Christine O'Keefe at (617) 635-0351 or christine.okeefe@boston.gov.

Funding Limits

For Production and Preservation proposals, the total funding request for HOME, CDBG, City Operating IDP and/or CPA shall not exceed \$1 million per project. All affordable applications must meet DND's Homeless Set-Aside Policy and an additional 10% of the units must be set-aside for low income tenants not to exceed 50% of AMI. DND recognizes the tremendous demand for more units at lower levels of affordability across the City. Therefore, we encourage developers to strive for the deepest levels of affordability possible throughout a project.

Production applications that propose an additional 10% of the units to be targeted to tenants with incomes up to 30% AMI may be eligible for additional funding above the \$1 million dollar cap.

The applicant must clearly demonstrate the need for funding in writing. This funding should be considered “gap” funding, and all other reasonable funding sources should be pursued and maximized in preparing the proposal to DND. Applicants applying for funding under this RFP will only receive an award of funds from either DND or CPA. Applicants should clearly identify what funding agency they are applying for under this RFP. Applicants are also encouraged to apply to the City’s Neighborhood Housing Trust (NHT) for Linkage funding.

Note that for priority purposes, lower subsidy requests per unit will be reviewed more favorably. DND reserves the right to exceed the above project caps or source restrictions in order to ensure feasibility and maximize public benefit.

Cost Containment and Limitations

DND has participated in the Commonwealth’s working group to reduce development costs. As a result of this work, DND has adopted streamlined and simplified Design Requirements & Guidelines (found within the Design Review Policy) that should assist with cost containment. In addition, similar to DND’s existing cap on allowable developer fee, overhead and consulting line items in a development budget, DND is implementing limitations on certain other third party costs, such as architectural and legal cost. These measures are being taken to meet the State’s newly established per unit cost limits. Please see Section V for more details on the limits on individual budget line items.

Term of Affordability

DND requires that all rental and cooperative proposals receiving funds via this RFP maintain affordability in perpetuity through a recorded affordable housing restriction.

Ownership proposals must maintain affordability through affordable housing covenants for a term of up to 50 years.

Proposal Review & Evaluation

DND has established basic threshold criteria that must be achieved for a submission to be eligible for funding. These criteria are described in detail in Section III of this RFP. Proposals that meet the threshold criteria will be reviewed in accordance with the Evaluation Criteria detailed in Section V, the Funding Priorities in Section IV, and for compliance with DND housing and underwriting policies.

Zero Emissions Buildings

On January 28, 2019, in support of Mayor Walsh’s Carbon Neutral Boston 2050 commitment, the Green Ribbon Commission released the “Carbon Free Boston” report. Two key strategies identified in the report are i) electrification and deep energy retrofits of existing buildings, and ii) moving to a net-zero carbon or better standard for new construction.

Since 2008, DND, working with Boston Planning & Development Agency, Environment Department, energy providers, architects and affordable housing developers, has successfully

facilitated a number of activities in pursuit of the City's Green Building Initiatives Program. These projects, aimed at reducing the carbon footprint of our development activities, include several Solar PV, Net Zero Energy, E+ (energy positive) and Passive House residential developments. These efforts have also recognized the impact that building health has on resident health. We look forward to continuing and expanding green building practices that encourage healthy housing and positive health outcomes for residents.

DND's ZEB requirements are based on the recommendations contained with the 2020 guidebook for Zero Emission Buildings. The study team discovered that there is a total construction cost increase in the range of 2.5%. Incentives are available to offset engineering soft costs and utility rebates exist to lower total construction costs per unit. The long term operational savings means lower rents for residents and more sustainable Homeowner Association fees (repair & maintenance reserves) for homeowners. We see these requirements as an investment to make housing more economically sustainable for the future.

Co2 Target Requirements

All new DND construction must be designed based on a Co2 target budget of 0.7-1.1 tons/person/year, or 1800kWh per person annually and must use electricity and on-site photovoltaics as the sole (or primary) fuel source. This target relates to the residential portion of a mixed use and multifamily projects.

Respondents to this RFP are to review the Zero Emissions Building (ZEB) requirements outlined in the Design Standards in conjunction with the 2020 DND guidebook for Zero Emissions Buildings.

II. Application Process

Applicants Conference

There will be an applicant's conference on **Wednesday, August 26, 2020 at 10:00 am.** **Interested applicants must email Christine O'Keefe at christine.okeefe@boston.gov to register for conference.** Prospective applicants are **strongly encouraged** to attend this session so that DND may review the requirements of the RFP and answer any questions about the application process.

Letter of Intent

Applicants are **strongly encouraged** to submit a letter of intent by **Friday, August 28, 2020, by 4:00 p.m.** The letter must state the name and address of the proposed project, the total unit count of the project and the number of affordable units in the proposal. It must also state whether or not the subject real estate has been occupied by residential or non-residential occupants during the past six months, contact information for the applicant, the approximate amount of funding the applicant intends to apply for, and the funding sources that have been identified.

The letter should be emailed to the attention of **Christine O'Keefe, Acting Assistant Director for Development and Finance at christine.okeefe@boston.gov.**

Application Copies

Applicants must submit one (1) original of their application with all required exhibits, and three (3) USB Memory Sticks of the entire application and one (1) set of drawings (1/8"=1'-0 scale minimum) of at least 18" x 24" in hard copy. Each USB Memory Stick must include copies of the entire design submission, including the drawings, rendering(s), and outline specifications. Applications must be tabbed and bound in a three ring binder, labeled on the spine with the name of the project and sponsor. Clearly indicate on the cover of the Binder that you are applying for DND or CPA. Binders must be in good working order. Environmental reports may be submitted on the USB Memory Sticks only and not in the binder. USB Memory Sticks must include the project name on the outside and be attached to the original application.

For Preservation Projects, the submission should also include one (1) Capital Needs Assessment. This may be provided on the USB Memory Sticks only and not in the binder.

Application Deadline

Applications are due no later than **4:00 pm on Monday, September 28, 2020.**

Completed proposal applications must be submitted as instructed and returned directly, ***By Appointment Only**, to the DND Bid Counter, 26 Court Street – 1st Floor, Boston, MA by Monday, September 28, 2020, no later than 4:00 pm.

PLEASE NOTE:

- Due to ongoing public health precautions the City is taking in the wake of the COVID-19 pandemic the DND Bid Counter has relocated to 26 Court Street, 1st Floor, Boston, MA 02108 and is operating on a reduced schedule.
- *All visits to the DND Bid Counter **will** require an appointment to drop-off application submissions. Please use the Online Scheduler at <https://www.boston.gov/departments/public-facilities> for information regarding procedures and to request an appointment.
- Be advised that social distancing must be practiced and maintained.
- The Bid Counter’s reduced days and hours of operation are: Mondays and Wednesdays only, from 9:00 am – 12:00 noon **and** 1:00 PM - 5:00 pm (the Bid Counter closes for lunch from 12:00 Noon - 1:00 pm).
- If applications need to be dropped-off prior to the due date, please be advised that if a bid opening is in process and is being video-recorded, you will be scheduled at a time that avoids walking into the Bid Counter during the video-recording.
- Bid Room staff will document any issues with appointments per Legal (miscommunications, no-shows, etc.).

Deliver applications, in a sealed package with the label indicating the title, “**DND Funds Application**,” directly to:

Department of Neighborhood Development
26 Court Street, 1st Floor
Boston, MA 02108

Absolutely no late entries will be accepted.

PLEASE NOTE: THE DND BUILDING OPERATION HOURS ARE: MONDAY and WEDNESDAY 9:00 AM to 5:00 PM. PLEASE PLAN ACCORDINGLY.

Disclaimer

The City of Boston will attempt to communicate to applicants any changes/addenda to this application package; however, it is the responsibility of the applicant to check DND’s website regularly for any updates, corrections, or information about deadline extensions.

Site Visits

DND staff will conduct site visits within two weeks after the application deadline, unless a site visit has previously occurred. The project manager and project architect should be available for these site visits. For purposes of efficiency, it is highly recommended that prospective applicants notify DND as early as possible to enable a site visit to be scheduled prior to the application deadline. As many preservation projects involve multiple buildings, it is critical that sufficient time be allocated for these visits. Applicants are required to make sure that all COVID -19 Protective Measures are in place at the time of the site visit.

Relocation

Preservation projects may involve temporary relocation or permanent displacement of tenants. If your proposal will involve either of these, please contact DND to arrange a separate meeting at DND with an assigned Development Officer, and if appropriate, the applicant’s Relocation

Consultant. Prospective applicants are advised to schedule this meeting well in advance of the application deadline in order to meet all relocation notice requirements.

Acquisition

If you intend to apply for Federal (e.g., HOME or CDBG) funds, an environmental clearance and removal of grant condition must be obtained from DND prior to expenditure of any funds (public or private) towards acquisition costs or other choice limiting activities. In addition, acquisitions may be subject to the Uniform Relocation Act disclosure requirement. Please consult the assigned NHD Development Officer in advance of the application deadline to ensure compliance with all requirements. All applicants are strongly encouraged to begin working on these HUD processes as early as possible.

Notification of Awards

All applicants will be notified of funding decisions under this RFP by e-mail and by first class mail. DND will share all funding decisions with the DHCD. DND reserves the right to reject any and all applications.

Organizational Documents

The applicant that is awarded funding must form and finalize within 90 days of DND's Funding Award the legal entity borrowing funds. All appropriate organizational documents, including: Certificates of Organization, Operating Agreements, Articles of Organization, By-Laws, Consents, Votes, and Authorizations must be prepared, signed and filed (if necessary), and submitted to DND during this 90 day time frame. *Failure to supply these documents in a timely manner may cause delay in closing and/ or payment of the first requisition.*

Further Information.

Any questions regarding the RFP must be submitted in writing to Christine O'Keefe, Acting Assistant Director for Development and Finance at **christine.okeefe@boston.gov**.

III. Threshold (Eligibility) Criteria

Applicants must meet **ALL** of the following criteria when submitting an application to DND. If the proposal does not meet all of the threshold criteria, it will not be eligible for an award of funds.

Completeness of Submission

Applications must be complete. A checklist of required submission materials can be found in Section VII. Submission Requirements and Forms.

Eligibility Requirements of Financing Sources

Projects must meet the eligibility requirements of the funding sources available in this RFP.

Site Control

At the time of application to DND, applicants must have proof of site control that may include: an accepted offer to purchase, an executed purchase and sale agreement, or a deed. An "as is" appraisal, supporting the acquisition price, is required and must be included in the application.

Community Support

At the time of application to DND, the applicant must demonstrate that:

- The project has strategic importance to the community.
- A planning effort with the neighborhood/ community has begun. Summary documentation needs to be provided as to dates, location and attendance at meetings.
- There is substantive support from neighborhood organizations as demonstrated in support letters.
- There is support from other stake holders. These may include elected officials, CAC's, community councils, historic boards, or larger city-wide organizations.

Tenant Participation (Preservation Projects Only)

At the time of application to DND, a general tenant meeting must have been scheduled to inform current residents of the proposed rehabilitation plans. Resident input into planned improvements is encouraged. Summary documentation needs to be provided as to dates, location and attendance at meetings.

Tenant Relocation & Displacement

DND will not fund projects that displace residents or businesses from neighborhoods. Applicants must describe any temporary or permanent relocation that proposed developments could cause, either in the case of redeveloping a site or preserving existing affordable housing. A developer's first approach should always be to try to keep all tenants on-site after the project is complete. The City assumes developers will make a strong effort to avoid any displacement. In the rare occasion where relocation is unavoidable for either residential or commercial tenants, applicants must present a written narrative about measures taken to avoid displacement and explaining how the proposed development process will assist these tenants to find new homes or business locations that allow them to remain in their community in the future.

Readiness to Proceed

If City regulatory requirements for zoning apply at the time of application to DND, the project must submit an application to the Inspectional Services Division before submission of the RFP Application. If the project is "as of right", evidence should be submitted with the application. If Article 80 review and approval is required, then a Project Notification Form (PNF) must be filed with the BPDA before submission of the DND application. Evidence of submittal to ISD and BPDA must be submitted with the application. For projects that may have previous zoning in place, but the drawings/project has changed, applicants will need to submit new plans to ISD so that ISD can confirm that the approved zoning still stands. For existing buildings that are just renovations, applicants will not need to file at ISD unless something specific triggers article 80/zoning (e.g. extremely large project size)

Homeless Set Aside (Rental Projects Only)

Developments with more than 10 units must set aside a minimum of 10% of the units for homeless or formerly homeless households as defined in DND's policy. Developments must submit a detailed service plan to support all residents in addition to those with special needs.

The set-aside applies to both new production and preservation proposals. In the event a proposal anticipates applying to DHCD for Community Based Housing Funds, those units must be in addition to DND's Homeless Set Aside units.

Capital Needs Assessment (Preservation Projects Only)

A 20 year capital needs assessment must be submitted with the application (as referenced in Appendix F).

Rehabilitation Strategy Including Energy Upgrades (Preservation Projects Only)

An immediate needs and long-term strategy must be submitted (as referenced in Appendix G).

State Funding

If applicants are applying for State funding, an application must be submitted to the State's subsequent DHCD funding round. Developers are responsible for providing DND with copies of pre-application submittals. Homeownership developments may be expected to apply to DHCD when they make funds available. DND may not award funds to projects that have not been invited to submit to DHCD's funding round. DND will not support applicants that have made significant changes to their proposal after submitting an application to DND or receiving an award of funds.

IV. Funding Priorities for All Funding Sources

The City of Boston, has established Funding Priorities, based on the goals outlined in Housing A Changing City Boston 2030. Proposals are expected to fall under at least one of the priority criteria:

- Affordable housing developments that utilize City-owned land.
- Affordable housing developments targeting a mix of incomes: from units for homeless households, to units targeted and restricted to incomes representative of Boston's workforce. DND will prioritize proposals that, in addition to the homeless set-aside, provide some portion of units targeting extremely low income tenancies (less than or equal to 30% AMI).
- Affordable housing developments that have reduced the cost to build and or efficiently use subsidy (i.e. requests that do not exceed program limits, cost caps, and that maximize private debt and equity), maximizing the benefits of the LIHTC program and improving the projects ability to move into construction more quickly.
- Affordable housing developments that provide units that serve the disabled community, vulnerable or special needs populations, elders, veterans, artists, aging out youth, etc., (information on appropriate services or amenities must be provided) and that advance the City's goals of affirmatively furthering fair housing. .
- Acquisition of unrestricted housing developments in order to stabilize the tenancies, and provide long term affordability for a mix of incomes (i.e. unrestricted properties).
- Developments that are at risk of losing their affordability within 5 Years. Proposals must score in accordance with the states matrix as very high risk (Preservation Projects Only).

Additional Funding Priorities for IDP Funding

- Large projects with more than 50 units of housing, of which at least 51% will be deed-restricted affordable units.
- Projects creating new affordable units in high-cost neighborhoods where most of the IDP funds are generated.
- Projects that contain affordable units that cannot be funded from other subsidy sources available under this RFP, or through the Neighborhood Housing Trust RFP.
- Projects that can quickly acquire existing unregulated units and convert them into long-term affordable housing.

V. Evaluation

Once it has been determined that the project proposal meets the threshold requirements, DND will evaluate the development based upon the following:

Development Team

The applicant's team must demonstrate sufficient knowledge and experience to carry out the project. DND will review the experience of the team, including the sponsor, developer, architect, attorney, property manager, and service provider. For new production projects where the development staff does not have experience with projects utilizing tax credits, DND strongly encourages hiring a qualified development consultant as part of the development team.

Proposals must reflect the extent to which the Developer/Development Team plan include meaningful participation of WMBEs and/or individuals in the following activity areas: Construction, Design, Development, Financing, Operations and Ownership.

Special emphasis should be made to ensure that maximum opportunities are afforded to local, small and disadvantaged businesses, as well as people of color and women, in the areas of job creation and training, business development and the procurement of goods, services and construction services in association with construction projects.

Underwriting & Feasibility

DND will conduct an analysis of the financial elements of the development. The applicant must demonstrate that the financial strategy is sound. This includes submission of letters of interest from established financial institutions to support equity and/or debt financing. It also must be reflected in the appropriateness of funding program(s) selected, and the magnitude of subsidy loans proposed in the One Stop application. DND will examine the development program and financing in terms of reasonableness of cost (acquisition, construction, development, reserves, and fee/overhead), rental income, and long-term operating performance.

The developer must demonstrate that the project has minimized the need for public resources and complied with both DND's and the State's per project cost limits as established under the Qualified Action Plan (QAP), as amended. The project must also comply with DND's underwriting policies. DND will require that all projects meet a minimum of a Debt Service Coverage of 1.15 in Year 1.

The developer must also demonstrate that the pre-development costs associated with maintaining site control, carrying costs, and legal or architectural costs are reasonable and within stated limits, and that there are sources sufficient to cover such costs in order to advance the development while waiting for State funding to be awarded.

DND requires that Total Development Costs do not exceed \$450,000 per unit for new construction, and \$325,000 per unit for rehabilitation, to be the upper limits. Projects with lower per unit costs will be prioritized for funding awards.

Equity & Inclusion

The Department of Neighborhood Development's programs provide opportunities for local and historically disadvantaged businesses, including minority-owned and women-owned business enterprises (MWBES) to grow and enhance their capacity. It is the intent of the Mayor and DND that our RFP and procurement vehicles provide a framework of to ensure that these businesses may access those opportunities. This equity policy has the following goals:

- Provide fair access to economic opportunities that may arise by participation in DND program activities.
- Promote the growth of minority, women owned, and local businesses by encouraging participation in program activities.
- Promote the creation of a more inclusive workforce in businesses that participate in DND programs.

All applicants will need to design and propose a comprehensive program for achieving diversity and inclusion in the proposed project. This Equity and Inclusion Plan, should describe the planned approach to meeting the goals outlined in this policy as well as how the project will meet the goals outlined in the Boston Residents Jobs Policy, which can be accessed via the following link: <https://www.boston.gov/departments/economic-development/equity-and-inclusion-office/residents-jobs-policy-construction-projects>

1. The Equity and Inclusion Plan should ensure that maximum opportunities are afforded to local, small and historically disadvantaged businesses, as well as people of color and women, in the areas of job creation and training, business development, and the procurement of goods and services, in association with the delivery of services associated with DND programs for which an application if being submitted.
2. The Equity and Inclusion Plan must prescribe procedures to establish and oversee a minority outreach program to ensure the inclusion, to the maximum extent possible, of opportunities for people of color and women, and entities owned by people of color and women, in the development of the proposed project.
3. The Equity and Inclusion Plan should reflect the extent to which the applicant plans to include meaningful participation of MWBEs and/or individuals of color in the following activity areas: Construction, Design, Development, Financing, Operations, Management, and Ownership.

The Equity and Inclusion Plan will be considered as part of the overall evaluation of proposals. Any Plan will be considered and rated based on the comprehensiveness of the applicant's planned approach to achieving diversity of participation, the inclusion of specific strategies to achieve maximum participation of MWBEs in non-traditional functions, and the extent to which the Equity Plan is realistic and executable.

Budget Review and Cost

The following information must be included in the relevant One Stop Exhibits, where appropriate, or provided on a separate sheet(s).

Acquisition

Explain how the acquisition cost was derived. All debt obligations must be described in detail, particularly those that include a proposed restructure, or full or partial debt forgiveness. Please explain what parties and steps are involved in any proposed

restructure, as well as the anticipated timeline for decision-making. Note: “As-Is” appraisals must be provided to support acquisition costs.

Construction

Describe how the cost estimates in Section 3 of the One Stop were derived. Who, specifically, prepared the cost estimates? Cost estimating must be within 30 days of the DND application due date and must carry through to the DHCD funding application due date. Costs must be broken down by building (if applicable). Commercial and Residential Sources and Uses must be clearly broken out within the One-Stop (if applicable).

Site Work

Base the cost of site work and grading on all foreseeable (known) site dimensions, topography and visible ledge, including what is evidenced on site. Assume building site(s) will contain an old foundation(s) and fill debris when calculating site costs, unless there is accurate historical information that indicates there were no previous structures on the site. All such historical information must be included in the RFP submission.

Environmental Site Costs

In the proposal, the developer shall include sufficient funds to cover environmental remediation costs for typical urban sites (One Stop, Line 150). (The Environmental allowance and Hard Cost contingency should be combined on Line 165, but broken out in the Comments field.) The soft cost budget (Line 170) shall include sufficient funds to cover all expected and unforeseen environmental testing. Fundamentally, the developer is responsible for typical urban site redevelopment costs and these costs must be clearly itemized and carried in the hard and soft cost budgets.

Roads, Walks, and Utilities

Include all fees and costs associated with street and sidewalk reconstruction. It is essential to consult with the Public Works Department to determine the required scope of work for all impacted sidewalks and streets, as well as for curb-cut and street opening permits. Costs of cutting and capping existing utility lines are also the responsibility of the developer.

Contingencies

Contingencies are limited to the following in accordance with DND policy: The *hard cost contingency* amount shall be 5% of construction costs for new construction projects and 10% for rehabilitation projects.

Construction Waste Management

Diverting as much waste from landfills as possible is an important green building and environmental protection goal and, increasingly, due to the escalation in tipping fees, a financially prudent strategy as well. The development team should work with contractors to develop a construction waste management plan, and to identify end markets for construction waste and debris. While this strategy could involve higher trucking costs, tipping fees for mixed debris will be reduced.

Soft Costs

Architectural & Engineering:

DND has implemented cost containment requirements that limit costs associated with this line item for developments seeking DND funding assistance. The total amount of all architectural and engineering fees must not exceed the following:

Project Size	Percent of Estimated Construction Contract
1-35 units	6.8%
36-70 units	6.3%
71+ units	5.8%

This line item must cover all typical items architectural services, including all phases of design, plan development, and construction monitoring. This line item must include all trades subcontracted to the architectural firm and civil engineering expenses. Please provide information on how the architecture and engineering budget has been derived and what is included in the line item (i.e. does it include all necessary civil, MEP, structural, or other engineering) requirements.

Developers are advised to budget for unanticipated costs when budgeting for this line item. Except in the case of unforeseeable conditions in extremely complex renovation projects, the maximum allowable Architectural & Engineering fees will be set at the **time of the initial award of funds**.

Sustainability Consultant:

Sustainability consultants work to mitigate a building's environmental impact by incorporating sustainable solutions into the planning, design, construction, and operation of a building. As part of the Department's goal of moving to a net-zero carbon standard for new construction, the Department recognizes the growing need for this service. If sustainability consultants are being utilized, identify who (if known) will provide the services and how the budget was derived.

Survey and Permits:

Include an explanation of what costs are included in this budget item.

Construction Financing Interest:

Please provide information on how this line item was determined, including: the interest rate used, the draw on construction loan, terms and other details needed to verify the proposed amount.

Financing Fees and Costs

Bank letters of interest are required from all proposed lenders. Letters must include a term sheet that provides standard DSC requirements, fees, reserve requirements, terms, and amortization. Where terms are not available, the proposal must separately explain what assumptions were used, and how the specific line item amounts were determined.

Tax Credit Syndication Cost:

Must provide a strong letter of interest that includes the projected raise, and explains the associated costs included in the budget.

Legal:

Through Mass Docs, public lenders have worked diligently to reduce legal expenses and reviews associated with soft debt provided in affordable housing developments. In the City's continued effort to control costs, DND is implementing limitations applicable to the Borrowers legal expenses for proposals seeking DND funding. The Borrowers legal budget should be sufficient to cover all phases of the development for the Borrower and should not exceed the current legal median cost of approximately \$150,000 for the development. Proposals must include a break-out of all legal expenses. The breakout budget should include amounts for the Mass Docs lenders, Lender Legal and Borrowers Legal costs.

Other Financing:

Identify and breakout the costs associated with the various lenders, including construction, permanent, subsidy, and other third party fees. Explain how these costs were calculated.

Construction Management:

Identify who (if known) will provide clerk and management services on behalf of the owner, and how this budget item was derived.

Consultant:

If a consultant or consultants (e.g., environmental, traffic, development) are being utilized, identify who they are and what services will be provided by each. Consultant fees are included in the calculation of maximum fee and overhead for a development.

Carrying Costs:

Identify additional costs associated with the pre-development period, including pre-development loans/ interest, maintenance, insurance, taxes. Confirm the time period that these costs support.

Soft Cost Contingency:

This line item should not exceed 2.5% of the total soft cost budget.

Relocation:

If a proposal includes the acquisition, rehabilitation, or demolition of occupied residential or non-residential properties (this may include vacant properties if they were occupied within 90 days of the application date), the associated costs should be included. **Development proposals must minimize permanent displacement of tenants.**

Furniture, Fixtures and Equipment (FFE)

Developers must explain what cost are carried in this line item. City of Boston funds cannot pay to support this line item.

Reserves

Identify the amount of operating or capital reserves that have been specifically required by either equity or debt lenders. Explain how were these reserves determined and sized.

Developer Fee and Overhead

Confirm that the developer fee, overhead and consultant items in the budget reflect DND policy.

Sources

For each permanent financing source, identify the reasonableness of the request based upon program eligibility, limits, and/or per unit caps. Sources must be clearly defined for residential and commercial.

Rebates:

All projected rebates (e.g., Energy Star, utility, etc.) should be itemized and included as a source of permanent funding in the One Stop.

Market Need

DND will look for evidence that the proposed rental structure is sound and can be marketed at the proposed levels within the neighborhood market. Rents must be underwritten to 95% of the HUD income limits. The developer will need to provide sufficient market data that includes neighborhood-based comparable rents as evidenced by demand for affordable housing within similar properties and locations.

For ownership developments, DND will require market data that illustrates the demand and supports the pricing of all units in the development, and proves that prices for restricted units will be affordable to the targeted income group. Provide a summary of sales prices by unit/building type.

Risk Analysis (For Preservation Projects Only)

Given the universe of preservation projects that currently need and will require local government subsidies to recapitalize, and recognizing the financial limitations available for this purpose, DND will assess the current risk to the loss of affordability at the property (due to financial and physical issues). A risk analysis will be conducted that includes a number of factors: loss of units due to market conversion; loss of units due to physical condition; loss of units due to financial distress. It will also include an assessment of a number of factors related to

capital investment opportunities, including: operating cost savings, energy efficiency upgrades, tenancy/ unit preservation, and rehabilitation cost vs. efficiency considerations. DND will utilize analysis and guidelines created by CEDAC (QAP Preservation Matrix) to assist with this purpose. DND will prioritize those projects with the most imminent risks. Applicants are strongly encouraged to seek financial support for a Green Capital Needs Assessment through LISC Boston and MassCEC. For more information, please visit <http://www.lisc.org/boston/our-work/green-retrofit-initiative/>.

VI. Conditions of Funding Award

Applicants need to be aware that the following criteria will be part of any funding award and, if necessary, should take corrective action within 30 days of submission for funding to DND:

- **Employee Review**
Neither the proposer, nor any of the Proposer's immediate family, nor those with whom s/he has business ties, may be currently or have been within the past twelve months, an employee, agent, consultant, officer, or an elected or appointed official of the City of Boston's Department of Neighborhood Development. An "immediate family member" shall include parents, spouse, siblings or children, irrespective of their place of residence. A Proposer who does not satisfy the Employee Review requirements will be deemed ineligible and their proposal will not be considered.
- **Fair Housing Commission Review**
The Boston Fair Housing Commission will screen Applicants. Applicants must not have any unresolved housing discrimination complaints or convictions for violating fair housing laws, or their application shall be declared non-eligible.
- **Creditworthiness**
The City of Boston reserves the right to deny funding to any applicant, principal or partner, whom it determines is not creditworthy and not bankable. In general, the Applicant will be considered not creditworthy if (1) debt obligations are not current and/or (2) public filings (e.g., liens, judgments) are outstanding.
- **Homeless Set Aside Compliance**
Developers who own and/or manage properties previously subject to a homeless unit set aside restriction must be in compliance with that restriction prior to receiving an award of new funds from DND. Developers may submit a remediation plan for corrective action during the DND review period, and, if acceptable to DND, will be eligible for an award of funds. Applicants must submit a Certification from Home Start at time of application.
- **Compliance with Per Unit Cost Limitations**
Applicants must ensure that the proposed development costs are within the limits set by the DND and DHCD for the appropriate unit size and project type. To the extent that the total of all funding requests exceed the amount of funds available under this RFP, proposals with costs in excess of those per unit caps may not be prioritized for an award of funds.

Compliance with Other Policies and Regulations

The project, once submitted and funded, must comply with the following Federal and City policies and regulations, where appropriate:

Good Standing (DND Loops Review)

Applicants must be in good standing with NHT, DND, Tax Title, the Boston Water and Sewer Commission, the Fair Housing Commission and the Inspectional Services Department (ISD). The Applicant must complete and submit the Property Affidavit included in this RFP as part of their application, which shall be reviewed as follows:

- **Tax Delinquency Review**

The City of Boston's Office of the Collector-Treasurers Office will conduct a review of the Proposer's property tax history. The Proposer cannot be delinquent in the payment of taxes on any property owned within the City of Boston. A selected Proposer must cure such delinquency prior to award of a contract with the City. However, any Proposer who has been foreclosed upon by the City of Boston for failure to pay property taxes will be deemed ineligible to be awarded a contract unless such Proposer promptly causes the Decree(s) or Judgment(s) of Foreclosure to be vacated by the Land Court, and the City of Boston made whole; DND, in its sole discretion, shall determine the timeliness of the Proposer's corrective action in this regard and will disqualify the Proposer if the vacation of the tax title foreclosure is not prosecuted expeditiously and in good faith, so as to avoid undue delay in the awarding of funds.

- **Water and Sewer Review**

The City of Boston Water and Sewer Commission will conduct a review of the Proposer's water and sewer account(s). Proposers cannot be delinquent in the payment of water and sewer charges on any property owned within the City of Boston and must cure such delinquency prior to the award of funds pursuant to this Request for Proposals.

- **DND/City of Boston Prior Participation Review/Outstanding Obligations**

The City will review the Proposer's current and past participation in any DND programs; Proposers not fulfilling DND program requirements will not be awarded fund pursuant to this Request for Proposals. Further, Proposers must be current with all monies owed to DND, in order to be awarded funds.

- **Property Portfolio Review**

The City will review the Proposer's portfolio of property owned in the City of Boston to ascertain whether there are ISD code violations. No funds will be awarded to any Proposer with outstanding ISD Code Violations or outstanding fines.

- **Compliance with DND Eviction Prevention Efforts**

Data collected from Boston Housing Court in 2015 indicates that at least 67% of evicted tenants were evicted from subsidized units. Because tenants that are evicted often find themselves with no place to go and may be disqualified from future affordable housing opportunities, we are implementing eviction prevention efforts. DND's expectation is that our partners, who develop affordable housing using City resources, are doing what they can to prevent evictions. Applicants that receive an award of funds will be required to submit information on the number of evictions and terminated tenancies in their portfolio of developments during the previous 12 month period and may be asked to submit an eviction prevention plan. If the information submitted indicates a substantial issue, the award of funds may be suspended.

Other Local and Federal Policy and Regulatory Considerations:

- Boston Residents Jobs and Living Wage Ordinance and Regulations
- Federal Davis-Bacon Wage Rates
- Section 3 of the Housing and Urban Development Act of 1968
- HUD Lead Hazard Control Program Requirements
- Fair Housing and Affirmative Marketing
- Uniform Relocation Act
- Handicapped Accessibility Requirements
- HUD contractor debarred list clearance
- HUD Income Limits <https://www.boston.gov/departments/neighborhood-development/housing-and-urban-development-income-limits>

VII. Submission Requirements and Forms

The proposal binder and USB Memory Sticks should be submitted in the following order:

- A. Application Checklist - This list serves to assist both the Applicant and DND in assessing the completeness of the submission.
- B. Project Summary Form – This form summarizes the housing unit mix and tenant income mix.
- C. Developer’s Affidavit of Eligibility – Complete and sign the affidavit.
- D. Disclosure of Property Owned and Affidavit – Complete and sign the affidavit.
- E. Conflict of Interest Affidavit – Complete and sign the affidavit
- F. City of Boston Jobs & Living Wage Ordinance – Complete and sign forms B-1 and B-3.
- G. Project Narrative – Applicants must submit a narrative of the project and the specific funding request. The narrative is intended to give the Applicant an opportunity to present additional information that may not be captured either in the One Stop or in supporting submission documentation.
- H. Budget Review and Cost – Explain how each budget line item costs have been derived as outlined in the Evaluation section.
- I. Mixed Use and Mixed Income Supplement – Where projects include either commercial development, IDP on-site, or market rate housing, applicants are expected to provide documentation in support of the financial feasibility of these components of the overall project. This includes neighborhood demand and identification of tenants; marketing strategy; estimated rents; and cash flow statement. A delineated sources/uses budget(s) must be provided. Each source for residential and commercial uses, and each source for affordable vs non-affordable units, should be identified and tied to the proposed uses. A total development sources/uses budget for the overall project must be provided. Developers are strongly encouraged to utilize DND’s format.
http://dndapps.cityofboston.gov/SF/Public/RFPForms/Mixed_income_budget.xlsx
- J. Diversity and Inclusion Plan
Proposers must design and propose a comprehensive program for achieving diversity and inclusion in the proposed project. Projects must describe the planned approach to meeting the goals outlined in the Boston Residents Jobs Policy which can be accessed via the following link: <https://www.boston.gov/departments/economic-development/equity-and-inclusion-office/residents-jobs-policy-construction-projects> Applicants must prescribe a procedure to establish and oversee a minority outreach program to ensure the inclusion, to the maximum extent possible, of opportunities for people of color and women, and entities owned by people of color and women, in the development of the proposed project.
- K. Affordability/ Risk Narrative Form (For Preservation Projects Only) – Provide a narrative report that addresses the specific category of projects that this proposal falls within. The form provides the applicant with an opportunity to specifically describe in detail the current affordability and use restrictions and proposed modifications to the current debt and operating subsidy contracts. It also allows the applicant to describe the strategy and basis for refinancing provisions, including possible forgiveness, waivers, or assumption of current debt.
- L. Capital Needs Assessment (For Preservation/ Rehab Projects Only) - Submit a 20 year Assessment prepared by a firm without an identity of interest or business

association with the applicant, developer or owner of the property. Include an addendum as to existing or proposed tenant participation/ contribution to the capital needs plan. For developments with multiple buildings, include costs per building. Developer must explain how Capital Needs Assessment relates to the Direct Construction number in the budget.

- M. Rehabilitation Strategy Including Energy Efficiency (For Preservation Projects Only)
- Based upon the Capital Needs Assessment, provide a narrative summary of the owner's immediate and long term strategy to stabilize the property. Consideration of accessibility needs and green/ energy performance improvements should be included.
- N. Relocation Plan (For Preservation Projects Only) - The Relocation Plan consists of a three page project information form, applicant assurances and certifications, a master tenant list (RRMR or NRMR), a relocation budget, and evidence that General Information Notices (GIN'S) have been delivered to all tenants. All occupants must receive a GIN notice that describes the proposed project, their rights under URA, on or within 10 calendar days of submission of the proposal to DND. Please provide an extensive narrative that clearly explains the staging, sequencing, and schedule associated with temporary relocation. Development proposals must minimize permanent displacement of tenants. Failure to comply with URA at any point in the application or development process is grounds for rejection, suspension of payments or revocation of federal funds committed to the project. If you have any questions regarding relocation please contact Beverly Estes-Smargiassi at beverly.estes-smargiassi@boston.gov.
- O. Home Start Certification Developers who own and/ or manage properties previously subject to a homeless unit set aside restriction must be in compliance with that restriction prior to receiving an award of new funds from DND. Developers may submit a remediation plan for corrective action during the DND review period, and, if acceptable to DND, will be eligible for an award of funds. Applicants must submit a Certification from Home Start at time of application.

One Stop Application - Complete the following sections:

- Sections 1-7 and generated sections
- Exhibits: 1, 2, 3, 4, 5, 6, 7 (for mixed income and commercial) and 9
- Exhibit 13 (including RRMR, GIN, Occupant List, Relocation Budget)
- Exhibit 14 (preliminary resident services plan)
- Exhibit 15C (in perpetuity for rental/coop projects)
- Exhibit 16 and Exhibit 18
- Exhibit 19 (provide when completed)
- Exhibit 20, 21, 22, 23, 24, 25, 26, 27, 28
- Exhibit 30 (independent auditor's report for last fiscal year)

DND will evaluate all proposals and select those which best demonstrate the ability to meet all of the requirements for development included in this request for proposals.

DND thanks you for your interest and looks forward to working with you for the benefit of the City of Boston.

Appendix A
APPLICATION CHECKLIST

- Application Checklist**
- Project Summary Form**
- Developers Affidavit**
- Disclosure of Property Owned**
- Conflict of Interest Affidavit**
- Construction Employment Statement**
- Beneficiary Affidavit**
- Beneficiaries of Assistance**
- Project Narrative**
- Budget Review and Cost**
- Mixed Use and Mixed Income Supplemental Information**
- Diversity and Inclusion Plan**
- Affordability Risk Narrative (Preservation Projects Only)**
- Rehabilitation Strategy Including Energy Efficiency (For Preservation Projects Only) - Green Capital Needs Assessment**
- HomeStart Certification**

One Stop Application

- Sections 1-7**
 - Generated Sections**
- | <u>Exhibit</u> | <u>Description</u> | <u>Requirement</u> |
|---|----------------------------------|------------------------------------|
| <input type="checkbox"/> Exhibit 1 | Site Information | Required |
| <input type="checkbox"/> Exhibit 2 | Environmental Info. | Required (Phases 1 & 2) |
| <input type="checkbox"/> Exhibit 3 | Evidence of Zoning | Required |
| <input type="checkbox"/> Exhibit 4 | Evidence of Site Control | Required |
| <input type="checkbox"/> Exhibit 5 | Evidence of Local Support | Required * |
| <input type="checkbox"/> Exhibit 6 | Marketing and Value | Required * |
| <input type="checkbox"/> Exhibit 7 | Marketing Plan | Required* |

<input type="checkbox"/>	Exhibit 8	Affirmative Fair Housing	Not required at this time
<input type="checkbox"/>	Exhibit 9	Equal Opportunity	Required
<input type="checkbox"/>	Exhibit 10	Sales Prices/ Affordability	Required
<input type="checkbox"/>	Exhibit 11	Construction Sources/Uses	Not required at this time
<input type="checkbox"/>	Exhibit 12	Tax-Exempt Information	Not required at this time
<input type="checkbox"/>	Exhibit 13	Relocation Plan	Required
<input type="checkbox"/>	Exhibit 14	Resident Service Plan	Required
<input type="checkbox"/>	Exhibit 15	Certification- Affordability 15C (in perpetuity for rental)	
<input type="checkbox"/>	Exhibit 16	Preliminary Plans/ Specs	Required
<input type="checkbox"/>	Exhibit 17	Commitment Drawings	Not required at this time
<input type="checkbox"/>	Exhibit 18	Soil and Structural Report	Required
<input type="checkbox"/>	Exhibit 19	Energy Budget	Required*
<input type="checkbox"/>	Exhibit 20	Construction Financing	Required*
<input type="checkbox"/>	Exhibit 21	Permanent Financing	Required*
<input type="checkbox"/>	Exhibit 22	Equity Financing	Required*
<input type="checkbox"/>	Exhibit 23	Other Funding	Required*
<input type="checkbox"/>	Exhibit 24	Rental Subsidies	Required
<input type="checkbox"/>	Exhibit 25	Developer's Profile	Required
<input type="checkbox"/>	Exhibit 26	Other Real Estate	Required
<input type="checkbox"/>	Exhibit 27	Architect's Resume	Required
<input type="checkbox"/>	Exhibit 28	Management Agent	Required
<input type="checkbox"/>	Exhibit 29	General Contractor	Not required at this time
<input type="checkbox"/>	Exhibit 30	Credit Release	Required
<input type="checkbox"/>	Exhibit 31	Personal Financials	Not required at this time
<input type="checkbox"/>	Exhibit 32	Individual Financials	Not required at this time
<input type="checkbox"/>	Exhibit 33	Contractor's Financials	Not required at this time

***Information must have been updated within the last 6 months.**

APPENDIX B

PROJECT NARRATIVE

(Applicant Self-Generated Narrative)

Appendix C

IDP PROGRAM GUIDELINES

Principal: Creation of new long-term affordable housing that supports mixed income communities throughout Boston, while ensuring a transparent and consistent process.

Eligible Projects: Projects must create new affordable units. Such units can be homeownership, rental, cooperative or other forms of permanent or transitional housing.

Both for-profit and non-profit developers of affordable housing are eligible to apply for these funds.

Program Guidelines:

- Income range:
 - Rental
 - Units created using IDP funding will be affordable to household earning less than 70% of the area median income (AMI).
 - IDP funds may be used to support mixed income developments. In such developments, the majority of the units shall be affordable to households earning less than 70% of AMI. IDP funds cannot be used to support unrestricted units.
 - All affordable units will be subject to an affordable housing restriction that requires that they remain affordable in perpetuity.
 - Ownership
 - Units created using IDP funding will be affordable to household earning less than 100% of AMI, of which 50% must be affordable to 80% of AMI.
 - All affordable units will be subject to an affordable housing covenant that requires that they remain affordable for a term of 50 years.
- IDP funds should not be used for Preservation Projects unless DND has determined an immediate threat to the loss of affordability.
- IDP funds can be used for acquiring unrestricted developments to create long term affordability of units that will meet the program guidelines within a designated period of time.
- IDP cannot be used to support units required to be built on-site under the Executive Order.

Appendix D

CPA PROGRAM GUIDELINES

Community Preservation Act Affordable Housing Funds

The Community Preservation Act, a local ballot initiative passed by voters in 2016, offers a new source of funding for permanently affordable housing construction and acquisition. The Act allows Boston to collect a small surcharge on property tax and receive a state match. In total, Boston expects \$20 million annually for affordable housing, parks and open space, and historic preservation.

Decision-making for CPA projects is independent from DND, yet review of applications will be integrated. Anyone applying for CPA funds must complete the DND housing application, as well as a short set of questions from the Community Preservation Committee. The online CPA eligibility form, a prerequisite to the CPA application can be found here: www.boston.gov/cpa

If you are applying for CPA funds, please delineate your CPA request in your budget. Requests will be considered up to \$1 million and all CPA-supported units must be under 100% AMI. Pre-development applications will not be funded.

As outlined in the [2018 Community Preservation Plan](#), these priorities for affordable housing will guide decision-making for the Community Preservation Committee.

- a. More deeply affordable
- b. Home ownership
- c. Acquisition to get existing housing off the market and restricted as affordable
- d. Shovel-ready (or close)
- e. Projects that do not need other City or State funding sources

Affordable Housing – from the CPA eligibility and information form

By state law, CPA funds cannot be used for rehab or repairs to existing affordable housing. The one exception is that CPA can help existing affordable housing with capital improvements to preserve and protect the building from harm and destruction - e.g. roof, siding, and other features that prevent weather or fire damage. CPA funds are generally intended for the creation or acquisition of new affordable housing with the expectation of a deed restriction guaranteeing permanent affordability. . If you have questions about eligibility, please contact CPA staff: christine.poff@boston.gov / 617-635-0277.

Please note that all affordable housing projects must also complete a DND application. For more information go to: <https://www.boston.gov/dnd/rfps>

Appendix E

Mixed Use and Mixed Income Supplement

For Market Rate and/or Commercial Components of a Project:

- Summarize neighborhood demand and feasibility of the strategy (Market Study is required)
- Identify funding sources and uses (Submit DND Breakout of budgets)
- Provide an operating statement based upon projected rents and expenses
- Explain in detail how income and expenses were derived
- Identify the marketing strategy to be utilized
- Identify any gaps in funding

Appendix F

PRESERVATION AFFORDABILITY/RISK NARRATIVE FORM

Identify the category of preservation that represents the project and provide an extensive narrative explanation that addresses the issues/ questions listed below:

1. Tax Credits – 15 Year Projects

These properties have received funds through the LIHTC (9%) or (4%) programs between 1987 and 1990 and have a limited affordability compliance period. They often involve Section 8 contracts and HUD mortgages.

Major Risk Factors:

MARKET RISK

At the end of the 15 year compliance period, these properties face the imminent loss of affordability restrictions. Exit strategies can be varied, including the purchase of the property by the General Partner of the Limited Partner interest. This strategy may involve re-syndication of the property, some form of refinancing, and other considerations that involve most prominently the payment of exit taxes. Loss of affordability in strong market neighborhoods is always a threat. Please describe the risk to affordability due to market conditions. Provide documentation as to the market assessment in conjunction with the One Stop submission.

PHYSICAL DISTRESS RISK

Year 15 LIHTC projects often require substantial capital investment due to severe physical condition challenges. Please describe the nature of the physical condition of the property that is supported by the Capital Needs Assessment and Rehabilitation Strategy.

FINANCIAL RISK

Please describe the current state of the property's financial status that can be substantiated by financial statements, vacancy history, property management statements and other related documentation.

Additional Project Information:

- (1) Provide a narrative describing the owner's history and involvement with the property.
- (2) Describe the restructuring plan
 - a. Identify the financial strategy that will provide for the long term stability of the property
 - b. Explain the rationale for the proposed financial strategy
- (3) Projects that involve Section 8 contracts or HUD loans should review the above "Expiring Use" information requests as pertain to these federal requirements

2. Federally Financed Expiring Use Projects

These are HUD financed properties that incorporate affordability restrictions into their financing. These include:

- Section 236 and Section 221(d)(3) financed projects with mortgages that are prepayable or will soon reach their 40 year maturity;
- Projects with ELIHPA restrictions that will soon expire;
- HUD project-based assistance contracts (Section 8) that serve very low and extremely low income tenants with contracts that will soon expire.

Major Risk Factors:

The major risk factor for these properties is that the owners can terminate the affordability restrictions in the near term. Under federal law, tenants who currently receive project based Section 8 assistance would receive “enhanced vouchers” at conversion, but some non-subsidized tenants may not be eligible for these vouchers. Additionally, these vouchers are of limited value in that they expire when eligible tenants move out.

MARKET RISK

Projects that are most “at risk” for conversion to market rate housing are those located in desirable locations and in areas with strong rental or condo markets. Please describe the risk to affordability due to market conditions. Please provide documentation as to the market assessment in conjunction with requirements listed in the One Stop application.

PHYSICAL DISTRESS RISK

Federally funded properties that have not reached mortgage maturity and/or expiration of their Section 8 contracts may be under physical distress. Consequently, poor physical conditions can pose a threat to sustaining these affordable units. Please describe the nature of the physical condition of the property that is supported by the Capital Needs Assessment and Rehabilitation Strategy.

FINANCIAL RISK

Many of these properties have endured a long history of operating problems. Financial viability is in doubt and may be due to a range of causes, from current debt structure to inadequate replacement reserves to situational issues. Please describe the current state of the property’s financial status that can be substantiated by financial statements, vacancy history, property management statements and other related documentation.

Additional Project Information:

- (1) Provide a narrative that explains the owner’s history and involvement with the property.
- (2) Describe previous or current finance structure
 - a. Explain the status of the existing federal mortgage, origination date, term, and expiration date
 - b. Explain the nature and length of restrictions, notice requirements, and owner’s right to pre-pay. Include information on programs such as ELIHPA, Section 121A, Land Disposition Agreement, etc.

- c. Provide information as to the current private or public mortgages, with confirmation as to whether HUD has injured or holds a mortgage.
 - d. Describe any subsequent HUD mortgage financing (from the original structure) through a “flexible subsidy” program or “decoupling” where mortgages have been pre-paid, but the interest subsidy has been retained.
 - e. Identify whether or not the property has an MHFA financed SHARP loan. Can this loan be prepaid upon restructuring?
 - f. Describe any loan defaults and related actions where loan payments were not made
- (3) Describe proposed financial restructuring
- a. Describe requests to HUD or other parties, including other public entities, that relies upon loan forgiveness or waivers of all or some portion of current debt; include on what basis this request can be supported
 - b. Provide an explanation as to any “rollovers” that are being proposed, terms and conditions, including pre-payments or re-payments
 - c. Describe discussions that have occurred with HUD or other lenders pertaining to this restructuring plan
 - d. Explain the type and term of the Section 8 contract and what renewal options are being considered/ proposed. Describe “mark up to market”, “mark up to budget,” or other upward adjustment program proposals. In addition, explain the differential from current to future income, its terms and conditions.

3. Section 202 Refinance Projects (Originated between 1959 and 1991)

These properties are a special category of older federally financed developments that have previously been ineligible for refinancing. They typically were burdened with high interest HUD mortgages and have Section 8 contracts that are near expiration.

Major Risk Factors:

PHYSICAL DISTRESS AND FINANCIAL RISK

Older Section 202 projects will unlikely face a risk of affordability due to market conditions. These properties face the opportunity risk of not re-financing upon expiration of their Section 8 contracts and not re-capitalizing older properties in need of rehabilitation. Please describe the nature of the physical condition of the property that is supported by the Capital Needs Assessment and Rehabilitation Strategy

Additional Project Information:

- (1) Provide a narrative describing the owner’s history and involvement with the property.
- (2) Describe previous or current finance structure
 - a. Explain the status of the existing federal mortgage, origination date, term, and expiration date
- (3) Describe the restructuring plan
 - a. Identify the financial strategy that will provide for the long term stability of the property
 - b. Explain the rationale for the proposed financial strategy

- (4) Describe how the renewed Section 8 contract will be able to service debt and pay operational costs.
- (5) Describe how services will be impacted by the restructuring plan

4. General Preservation Projects

These properties represent a range of rental properties that are currently not financed by any federal or other public funding source. However, they are a potential source of affordable housing.

NHT will consider funding a proposed project if long-term affordability can be secured for a significant portion of the tenants. The proposal must have a strong financing plan and a strong capital needs/ modernization plan with provisions for energy savings and increased accessibility, if needed. NHT will assess these types of projects on their own merits, recognizing that these are not typical preservation, without the risk factors as described above.

PLEASE NOTE THAT NHT WILL BE UTILIZING THE “PRIORITIZATION MATRIX FOR PRESERVATION PROJECTS” DEVELOPED BY CEDAC TO ASSIST IN ESTABLISHING PROJECT PRIORITIES.

ADVISORY:

PROJECTS OF THIS TYPE ARE EXTREMELY COMPLICATED AND CAN INVOLVE A MYRIAD OF UNFORSEEN TECHNICAL AND LEGAL ISSUES. ACCORDINGLY, NON-PROFIT OWNERS OR DEVELOPERS ARE STRONGLY ENCOURAGED TO CONTACT THE COMMUNITY ECONOMIC DEVELOPMENT ASSISTANCE CORPORATION (CEDAC) FOR TECHNICAL ASSISTANCE. FOR-PROFIT OWNERS/ DEVELOPERS ARE STRONGLY ENCOURAGED TO CONSULT WITH A QUALIFIED CONSULTANT TO DETERMINE BEST PRACTICES IN STRUCTURING ‘EXPIRING USE’ AND OTHER PRESERVATION FINANCING.

Appendix G

Capital Needs Assessment

Applicant Generated Document

Appendix H

Rehabilitation Strategy Including Energy Efficiency (For Preservation Projects Only)

Applicant Generated Document

Preservation project development teams are to provide the City with a comprehensive rehabilitation strategy, which combines the established 20-year Capital Needs Assessment (C.N.A.) with practical green building and energy performance recommendations. Applicants are to provide a C.N.A. and the replacement reserve analysis which focuses on improving the quality of life of residents, ensuring the long-term stabilization of the building and protecting the health and safety of building occupants. Green building recommendations are to use LEED for Homes, Healthy Homes and Energy star as a basis and pay particular attention to improving poor indoor air quality, inadequate ventilation and other unhealthy interior conditions for residents. The energy performance assessment is to evaluate where improvements can be made to reduce operating costs by improving the energy and water efficiency of the building(s). Considerable improvements can be obtained by providing workshops to introduce conservation strategies and healthy homes measures to residents. Where unit layout or reconfiguration is proposed the rehabilitation strategy is to address these modifications.

Capital Needs Assessment

The C.N.A. is to project the potential capital costs over a 20-year period using a quantity inventory of building components (including the age and expected life of these components), data on their current cost, assumed rates of inflation and a schedule of replacement. The C.N.A. must have been conducted less than 2 years prior to the submission to this application for funding. Projects with multiple buildings must complete a C.N.A. for each building.

A complete C.N.A. will include a detailed 20-year capital needs worksheet. A report summarizing the existing property conditions with color photos, a description of projected needs as reflected in the C.N.A. and final replacement recommendations are to accompany the worksheet. In addition applicants are to provide the following:

- A chart or (bar) graph to summarize costs in each building system or major work category between years 1-20 as recommended by the C.N.A.
- A narrative summary of the following priority areas as reflected by the immediate replacement recommendations in the C.N.A. This narrative is also to focus on life safety upgrades required by code:
 - Building Stabilization – exterior envelope, structure, egress
 - Mechanical, Electrical, Plumbing & Fire Protection Systems
 - Hazardous Materials & De-leading
 - Ventilation, Indoor Air Quality – bath, kitchen, common area
 - Interior Quality & Finish – including healthy homes

Replacement Reserves

The replacement reserve analysis is to project the funds required for capital improvements over a 20-year period. The analysis should include the prior 3 to 5 years reserves. Each of the following documents is to include a chart or (bar) graph to illustrate the analysis. Also include capital costs with the chart or graph for comparison:

- A replacement reserve projection based on existing reserves.

- A replacement reserve projection based on the reserves proposed in the rehabilitation strategy.

Green Building/ Energy Performance

Operating expenses are to specifically include utility cost for gas, electricity and water. Maintenance costs are to be included as an operating expense, if repairs to fixtures, heating equipment, appliances, lighting, etc. can be quantified. An analysis of existing operating costs should include historical trends 3 to 5 years prior and an energy audit conducted by a qualified energy auditor or home energy rater. More extensive thermal imaging and deconstructive exploration is to be conducted when known deficiencies exist in the building envelope (roof, floors, exterior walls, etc.) Operating savings are to be determined from identifying where “energy” improvements have the greatest cost benefit (life cycle cost compared to payback period.) These operating savings are to be projected over a 20-year period based on the rehabilitation strategy.

Use LEED for Homes, Healthy Homes and Energy star as a basis for Green building and pay particular attention to improving poor indoor air quality, inadequate ventilation and other unhealthy interior conditions for residents. A complete assessment will include a summary of the “green” and “energy” improvements with a description of expected resident benefits, operating cost reductions including utility savings. In addition thermal imaging, investigative photos & reports from the energy audit and detailed spreadsheets analyzing existing operating expenses and proposed operating savings (cost benefits) are to be provided. In addition applicants are to provide the following:

- A 20-year projection of operating cost savings based on the rehabilitation strategy.

Rehabilitation Strategy Summary Chart

Please include a chart or (bar) graph, which combines operational savings, replacement reserves and capital, needs over a 20-year period in a single illustration. Capital needs improvements are to be broken into categories based on the rehabilitation strategy. This graph is to reflect an understanding of the fund allocation within the capital improvements in comparison to the funds/savings allocated to replacement reserves.

Accessibility and Relocation

Applicants are to clearly explain any need to modify the existing configuration of units for any reason including accessibility and life safety. Applicants are to determine whether the renovation scope of work (when compared to the building value) triggers compliance with accessibility regulations. A unit inventory listing the unit, unit square footage and number of bedrooms is to be provided in order to assess the impact of reconfiguration on the existing unit mix. Applicants are also to summarize temporary or permanent displacement caused by the reconfiguration of units (Note URA requirements in the Application Process). Provide the following in addition to the narrative explanation described above:

- A unit inventory organized per building listing each unit’s major rooms, their dimensions and square footages is to be provided.

Moderate Rehabilitation

Compliance with unit size and room dimensions is not required for Moderate Rehabilitation Preservation projects where the interior layout of residential units remains unchanged and systems upgrades are the focus of the proposed project.

Unit Modification - Reconfiguration

Rehabilitation strategies that minimize the reconfiguration of existing units is highly preferred and encouraged by DND. However, DND understands that there are cases where the existing residence serves a program or serves a particular target population and the existing accommodations are no longer adequate for the program. In addition the characteristics of the building (dimensions, window locations, square footage, interior layout, circulation, etc.) provide specific constraints on the configuration of units. In these cases, the developments teams are not required to meet the unit sizes listed in multifamily new construction standards (*See Section 4.B. Interior layouts & Dimensional Design Guidelines for overall Unit areas.*). The team is to schedule a site visit and meet with DND design staff to explain the need for reconfiguration and discuss the approach to reconfiguration prior to submission to a funding round. The development team should reference the new construction multifamily dimensional design guidelines (*See Section 4.B. Interior layouts & Dimensional Design Guidelines for overall Unit areas.*) and local code to access whether proposed interior rooms are adequately sized.

Adaptive Reuse

New construction standards are to be used where an existing building is being adapted from nonresidential use to a residential use and when residential units are proposed to be completely gutted.

Gut Renovation

When residential units are proposed to be completely gutted, the development team must substantiate the need for this approach. The Rehabilitation Strategy narrative is the place to explain how the development team has verified that the Capital Needs and Useful life of systems and building components have reached the point of complete overhaul.

Appendix I

Additional Guidance on Resident Services Plan

DND has been made aware of an increasing number of tenant evictions from projects that serve affordable households. While it is recognized that a Resident Services Plan may be preliminary at the initial funding application stage, applicants are encouraged to assess the general needs of all residents in addition to those with special needs. Our goal is to minimize evictions through owner/ manager/ service provider interventions.

The Resident Services Plan should, as contained within Exhibit 14 of the One Stop, identify:

- Who will manage the property
- Prior experience managing similar properties and services
- Similar properties and services list
- Staffing plan
- On-site resident services coordination
- Management responsibilities as pertains to tenancy stabilization
- Eviction Prevention Plan
- Special service needs
- Use of outside vendors and identification of potential vendors
- Specific service coordination responsibilities
- Physical plan of building(s) to enable provision of services
- Types of Services to be introduced (proposed)
- Other possible interventions, including tenant education and tenant participation

Appendix J

Federal and City Policies and Regulations

Federal URA (Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended) 42 USC §4601 et seq. , 24 CFR Part 24 and Section 104 (d) of the Housing and Community Development Act of 1974, as amended

URA: Federal law mandates adherence by the City of Boston (NHT) and therefore Applicants (sub-grantees) to the federal relocation statute and regulations, as well as policies, procedures and documentation requirements regarding temporary relocation or permanent displacement of residential or non-residential occupants in all HUD assisted programs and projects.

Section 104(d): Establishes requirements relative to the displacement of any lower income person as a result of demolition or the conversion of low/mod income housing to another use for a CDBG or HOME or certain other federally sponsored projects.

Note: Massachusetts State Relocation Act and Regulations, Mass General Law Chapter 79 A Regulations: 760 CMR 27 RELOCATION ASSISTANCE is triggered in the event a project requires acquisition or eminent domain taking of property by a government authority. Chapter 79A is triggered when a public agency causes a business and/or individuals to move as a result of state-funded real estate acquisitions or eminent domain takings. These displacing agencies are charged with providing relocation services to businesses and residential occupants who are displaced.

Boston Resident Jobs Policy as established by Chapter 30 of the Ordinance of 1983

The Boston Resident Policy requires the developer to ensure the following standards are met:

1. At least fifty-one (51) percent of the total employee worker hours in each trade shall be by bona-fide Boston Residents.
2. At least forty (40) percent of the total employee worker hours in each trade shall be by people of color; and
3. At least twelve (12) percent of the total employee worker hours in each trade shall be by women.

The Office of Boston Residents Jobs Policy can provide guidance regarding compliance and “best faith efforts.” They may be reached at 617-635-1445.

Davis-Bacon Act Requirements

Projects of twelve (12) or more HOME-assisted units are subject to the Davis-Bacon Act. Projects of (eight) 8 or more units receiving CDBG funds are subject to the Davis-Bacon Act. Projects with existing federal operating subsidies may also be subject to the Davis-Bacon Act. If applicable, Developer or Sponsor shall comply or cause its contractors and subcontractors to comply with the Federal requirements of the Davis-Bacon wage laws in connection with any construction, alterations or improvement funded under this RFP. If applicable, developers should make certain their development budgets reflect Davis-Bacon wage rates.

Section 3 of the Housing and Urban Development Act of 1968

All projects receiving federal funds in excess of \$200,000 are subject to Section 3. Section 3 requires contracting and employment opportunities, to the greatest extent feasible, are given to low and very low income persons and to businesses, which provide economic opportunities for those persons. Section 3 does not require the creation of opportunity, but rather that when opportunities do arise, they be directed to Section 3 residents or businesses.

Fair Housing and Affirmative Marketing

Projects of five (5) or more new or vacant units are required to submit an Affirmative Marketing and Buyer/Tenant Plan to the Boston Fair Housing Commission (BFHC). The plan must be approved by the BFHC prior to final designation (in the case of City-owned land or buildings) or loan closing which involves public funds. Please make note that it can take up to six months from submittal of a Plan until approval. Owners are also required to list the availability of such housing with Metrolist.

Handicapped Accessibility Requirements

The Department of Neighborhood Development seeks to enhance the access to fully accessible units by increasing the number created in new construction dwellings consisting of 4 units or more. DND requires such buildings to exceed the 5% listed in 521 CMR 9.4, by increasing the percentage of Group 2A unit from 5% to 10%, rounding up to arrive at the total number of Group 2A units.

DND sees the application of “universal design principles” as an important way to plan for the long term livability of dwellings over the lifetime of residents as well as increasing the number available to the residents of the City of Boston with specific needs. In particular DND asks developments to focus on the creation of bathroom and kitchen layouts which can be normalized across all units.

All projects will be subject to the following regulations and laws governing accessibility:

- Boston Zoning Code
- Rules and Regulations of the Architectural Access Board (Massachusetts)
- Massachusetts Fair Housing Law, Chapter 722 Massachusetts Adaptability Statute
- Section 504 of the Federal Rehabilitation Act of 1973
- Federal Fair Housing Amendments Act of 1988

Boston Living Wage Ordinance

In accordance with The Boston Jobs and Living Wage Ordinance, and the provisions of the promulgated Regulations, any direct recipient (“Beneficiary”) of at least \$100,000 of Assistance as defined by any grant, loan, tax incentive, bond financing, subsidy, debt forgiveness, or other form of Assistance of \$100,000 or more realized by or through the authority or approval of the City of Boston, including, but not limited to Industrial Development Bonds, Community Development Block Grant (CDBG) loans and federal Enhanced Enterprise Community designations awarded after effective date of this Ordinance shall comply with the “First Source Hiring Agreement” provisions of said Ordinance. The Ordinance requires that all proposal submissions must include a completed Beneficiary Affidavit (Form B-1) and First Source Hiring Agreement (Form B-3). Forms B-2 and LW10A are for the applicant’s reference.

APPENDIX K

DND Forms Links

- [Project Summary](#)
- [Affidavit of Eligibility](#)
- [Applicant's Disclosure of Property Owned](#)
- [Conflict of Interest Affidavit](#)
- [Notice to Beneficiaries](#)
- [One Stop Career Centers List](#)
- [Construction Employment Statement](#)
- [Beneficiary Affidavit](#)
- [Beneficiaries of Assistance](#)
- [DND Mixed Income Proforma](#)