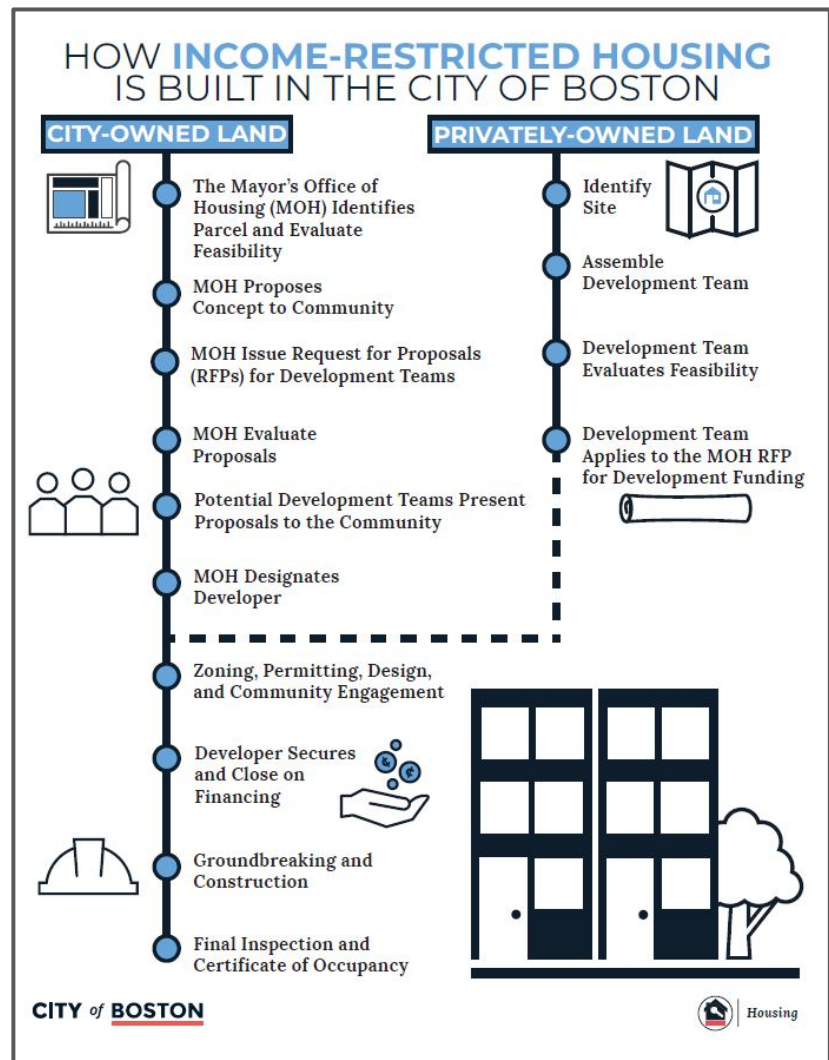




Development 101: *How Income-Restricted Housing is Built in Boston*

Key Roles in a Development Team:

- Project Manager
- Architect
- Consultant(s)
- Lenders/Financing Partners
- General Contractor/Builder
- Real Estate Attorney
- Marketing/Property Management



Key Development Stages

Acquisition and/or Predevelopment Period

- **Risks & Long Lead Items:** Permitting, financing and feasibility.
 - ❖ Securing state and local subsidy takes time.
- **Term:** 2-5 years, determined in large part by the ability to secure subsidies.
- **Repayment Event:** Typically repaid upon closing of construction financing.
- **Special Requirements:** Financing plan, Contingency plan (Plan B).



Construction Period

- **Risks & Long Lead Items:** Unexpected conditions, cost overruns and delayed lease-up or sale.
- **Term:** typically 18-30 month period
- **Repayment Event:** Typically repaid upon completion, lease-up and stabilization.
- **Special Requirements:** 10% contingency, payment and performance bonds typical.



Permanent or Occupancy Period

- **Risks & Long Lead Items:** Lease up- Limited market risk due to scarcity of affordable units.
- **Term:** 17-40 years.
- **Repayment Event:** Operating cash flow.
- **Special Requirements:** Stable occupancy.

Financing & Development Challenges

A project can stall at any stage for a variety of reasons. Here are some examples.

Community
Opposition

Changing Market
Conditions

Difficulty
Securing
Financing

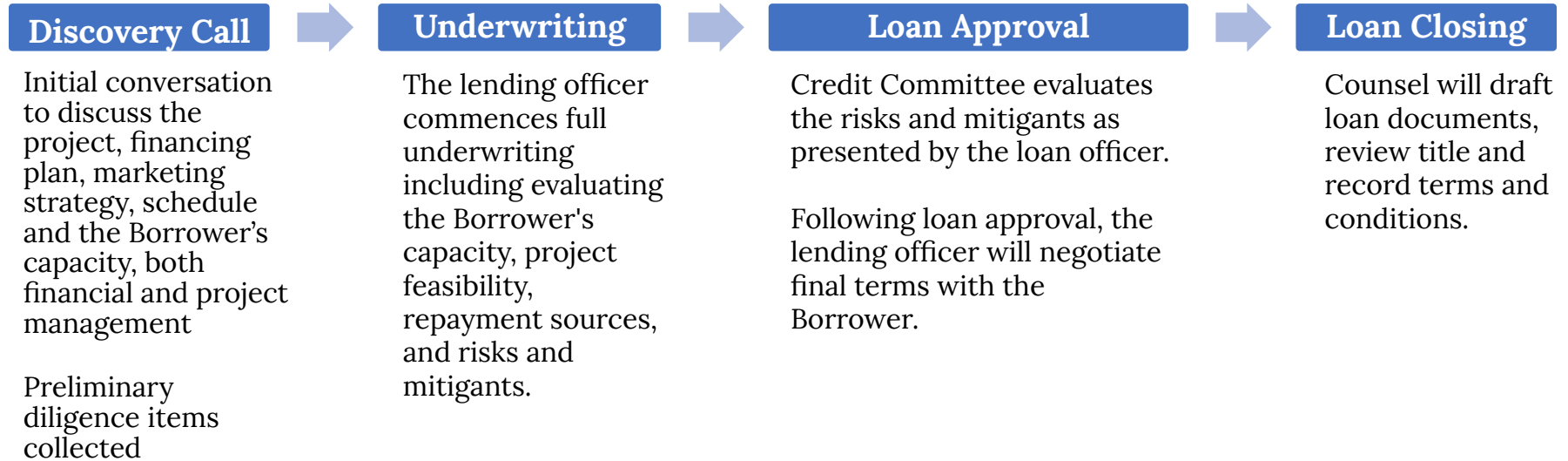
Construction
Costs Higher
Than Expected

Building Permits
Delayed

Development Teams Should Prepare

- ❑ **Project Description including building size, number of floors, tenant mix.**
- ❑ **Budget-** *Sources and Uses*
- ❑ **Operating Proforma**
 - *How reliable is the revenue?*
 - *Demonstrate marketability of the rent shown in the Proforma.*
- ❑ **Construction Cost Estimate**
 - *Contingency for increasing costs and unexpected conditions.*
- ❑ **Financials-** *tax returns, Profit & Loss, Balance Sheet for the developer/owner*
- ❑ **Development Schedule with Milestones**
- ❑ **Market assessment-** *Brokers Opinion, market study/research*
- ❑ **Third Party Reports-** *Phase 1 Environmental Site Assessment, Geotechnical Report*
- ❑ **Lease Up Plan**
- ❑ **Property Management Plan**
- ❑ **Appropriate experience across team members to execute the development plan**

Financing Approval Process & Timeline (Typical)



Financing Products

Loan Products

-  Predevelopment
-  Acquisition
-  Construction
-  Mini-Permanent
-  Permanent
-  Bridge
-  Lines of Credit
-  Working Capital

Project Categories



Community Facilities



Mixed-Use



Commercial/Industrial
Development



Affordable Housing



Charter Schools



Economic Development

Funding Options

Community Development Financial Institutions

- **Local Initiative Support Corporation**, "LISC," Margaret Keaveny mkeaveny@lisc.org
- **Local Enterprise Assistance Corporation**, "LEAF," Josh Glickenhau jglickenhau@leaffund.org
- **Massachusetts Housing Investment Corporation**, "MHIC," Deb Favreau favreau@mhic.com
- **Dorchester Bay Economic Development Corporation**, Neighborhood Business Loans <https://dorchesterbayloans.org/>

State and Quasi-State Agencies

- **MassDevelopment**, David Bancroft, dbancroft@massdevelopment.com
- **Mass. Growth Capital Corporation** <https://www.empoweringsmallbusiness.org/> Specializes in small business financing and technical assistance.
- **Summary of state real estate development-oriented assistance programs:** <https://www.mass.gov/guides/community-one-stop-for-growth>

Other Business-Oriented

- **Foundation for Business Equity**, Glynn Lloyd, g.lloyd@FBEquity.org <https://fbequity.org/> including strategy assessment, other TA, financing.
- **Boston Local Development Corporation**, Bill Nickerson, bill.nickerson@boston.gov City of Boston small business loan program <https://www.bostonbusinessloans.org/>
- **Jamaica Plain Neighborhood Development Corporation**, Small Business Services, including loan and grant assistance <https://jpndc.org/small-business/>

LISC LENDING PRODUCTS

Housing Development

Predevelopment:

- Loan Amount: \$50,000-\$2,000,000.
- Term: up to 3 years with the potential to extend
- Collateral: Flexible, potential for unsecured pre-development funding.
- Repayment: Interest only, option for interest reserve.

Loan-to-Value- 95% for non-profits and 90% for for-profits.

Special Qualifications- 20% of the units must be affordable to households earning 80% AMI and below after Stabilization.

Small Business

Leasehold Improvements:

- Loan Amount: \$100,000-\$500,000.
- Term: up to 7 years with the potential to extend.
- Collateral: UCC on business assets, guarantee.
- Repayment: Fully amortizing payments.

Working Lines of Credit:

- Loan Amount: \$100,000-\$3,000,000.
- Term: 2 years with the potential to extend.
- Collateral: Flexible, UCC on business assets, guarantee.
- Repayment: Fully amortizing payments.

Basic Eligibility- Business in operation for 2 years.

Credit Enhancement- may be available to write down interest rate.

Contact [Margaret Keaveny, Senior Loan Officer](mailto:mkeaveny@lisc.org),
mkeaveny@lisc.org, (617) 549-0494.

Housing and Mixed-Use Real Estate

Predevelopment

- Loan Amount: \$100,000-\$1,000,000
- Term: up to 3 years
- Collateral flexible; full guaranty
- Repayment: Interest only, set-aside from loan amount

Acquisition

- Loan Amount: \$100,000-\$5,000,000+
- Term: up to 3 years
- Collateral: first mortgage on real estate; guaranty
- Repayment: Interest only, set-aside from loan amount if not income-producing
- Loan-to-Value: 85%

Construction

- Loan Amount: \$500,000-\$10,000,000+
- Term: up to 3 years
- Collateral: first mortgage on real estate; guaranty
- Repayment: Interest only, set-aside from loan amount if not income-producing
- Loan-to-Value (as complete): 85%

Inquire about availability of Mini-Perm Loans

- **Inquire about FACTORING program available for small MBE general contractors and subcontractors**

Leasehold Improvements/Tenant Fit-Out

- Loan Amount: \$100,000-\$3,000,000
- Term: up to 7 years
- Collateral: Flexible; guaranty
- Repayment: Amortizing payments, potential for balloon

Contact Deb Favreau, Chief Development Officer,
favreau@mhic.com, (617) 850-1037.



Massachusetts
**Housing
Investment
Corporation**



MOH Land RFP's for Community Development Uses

B

MOH PROCUREMENT (CHAPTER 30B)

- Chapter 30B applies to the purchase, sale, lease or rental of real property (including interests in real property). **Chapter 30B establishes an advertised proposal process that you must follow in acquiring real property by purchase or rental with a cost greater than \$35,000, and in disposing of real property by sale or rental with a value greater than \$35,000.99.**
- Under Chapter 30B we are required to conduct an open and fair competitive process that places all proposers on common footing, solicit information that will allow manageable and meaningful comparisons of offers and base your decisions solely on the information you solicited. (what we've heard from the community).
- Major components of a real property disposition solicitation (RFP) are as follows: a description of the property and interest in the property you plan to sell or lease (the “property description”) and any use restrictions; evaluation criteria; rule for award; proposal submission requirements; and the contract terms and conditions.
- [M.G.L. c. 30B \(Chapter 30B\)](#).

MOH LAND DISPOSITION RFP OVERVIEW

- *Identify site.*
- *Evaluate development feasibility.*
- *Meet with the community and stakeholders to determine/refine RFP guidelines.*
- *Issue RFP Including Community Feedback.*
- *Advertise/Developer list.*
- *RFP Pre-Applicant Conference/Information Session.*

KEY ELEMENTS IN THE RFP

1. SCOPE OF PROJECT

- *RFP Objectives*
- *Properties Offered*
- *Additional Resources*

2. DEVELOPMENT GUIDELINES

- *Preferred Uses*
- *Design Guidelines*
- *Existing Site Conditions*

3. PROJECT REQUIREMENTS

- *As-Is Appraised Value*
- *Offer Price Information*
- *Applicant Guidelines*
- *Budget Review and Cost*

4. EVALUATION PROCESS

- *Evaluation Criteria*

5. COMMUNITY PARTICIPATION AND AWARD OF CONTRACT

- *Developer Designation*
- *Development Schedule*

6. SUBMISSION INSTRUCTIONS

7. RFP FORMS & APPENDICES

SUBMITTING A PROPOSAL

Successful applicants will need to ensure their proposal complies with [MOH's Housing Development and Underwriting Policies](#). Proposals must include all of the following sections as part of the minimum eligibility criteria;

- *Original Application Submitted.*
- *Proposal Summary and Narrative.*
- *Pre-Development Sources and Uses Budget (w/ proof of cash availability).*
- [One-Stop Application](#)
- *Evidence of Financing - Letter of Interest or Commitment Letter from an established Financial Institution.*
- *Evidence of Acquisition of Privately-owned Land, if applicable.*
- *Audited Financial Statement (most recent).*
- *Resumes of Development Team.*
- *Design Submittal including 1 Full Plan Set.*
- *LEED Checklist demonstrating LEED Silver “Certifiable” strategy.*
- *Green Narrative that addresses, at a minimum, Integrated Design Process, Green and LEED Silver “Certifiable” strategy and sources of green funding.*
- *Detailed Service Plan to support population served in Homeless Set Aside (required on rental housing developments with 10 units or greater).*
- *Complete and sign all forms included in the RFP.*

RFP EVALUATION CRITERIA

- **Minimum Eligibility-** Proposal received by deadline, contains all necessary forms and documents, and is compliant with development objectives.
- **Development Plan-** Applicant's development plan relative to the development guidelines & objectives set out in the RFP.
- **Community Benefit-** Proposals relative ability to provide benefits to the local community above those generated by the development itself i.e. local jobs in the end-use of the building.
- **Design Concept-** Applicant's development plan relative to the design considerations.
- **Applicant Experience and Capacity-** Applicant's experience and capacity to undertake the proposed project.
- **Applicant's Financial Capacity-** The relative strength of the Applicant's financing plan relative to other proposals.
- **Development Cost Feasibility-** Evaluation of the relative strength and completeness of the applicant's development budget relative to other proposals.
- **Diversity and Inclusion-** Applicant's comprehensive planned approach to achieve minority participation.
- **Housing Affordability-** Applicant's housing affordability plan relative to other proposals.



MOH RFP for Rental, Cooperative and Homeownership Development

B

OVERVIEW

- The majority of MOH's housing funding is allocated through our annual "funding round," a Request for Proposals to fund Rental, Cooperative and Homeownership Projects.
- Funding is released through two complementary RFPs, one for funds administered by the Mayor's Office of Housing (City funds, IDP funds, federal funds) and the Community Preservation Act funds, and one for Neighborhood Housing Trust (Linkage) funds
- Funding round is typically advertised in July/August, with a bidders conference in late August and applications due in late September
- Funding announcements are made in January/February
- Projects seeking state funding and/or 9% LIHTC from the state must receive City funds first, so timeline aligns with state allocation process

FINANCING AFFORDABLE HOUSING DEVELOPMENT

Applicants may apply for MOH funding for projects where at least 40% of the units are affordable (see below). All applicants are required to be in compliance with [MOH policies](#).

REQUEST FOR PROPOSALS

PARKER AND TERRACE STREET DEVELOPMENT

The RFP will offer eleven (11) vacant City-owned parcels located in the Mission Hill district of the City of Boston.

Sheila A. Dillon, Chief and Director
Mayor's Office of Housing

Michelle Wu, Mayor
City of Boston



Contact Information:

Julio Pillier, Development Officer
Mayor's Office of Housing
12 Channel Street, 9th Floor
Boston, MA 02210
julio.pillier@boston.gov
(617) 635-0214

How to obtain the Request for Proposals and supporting documents via the MOH website:

Go to: <https://boston.gov/dnd/rfps>. Click on "Access Documents."

Proposal Submittal Deadline:

Proposals will be received until November 7, 2022, at 4:00 P.M. (EST). Late proposal submissions will not be accepted.

CITY OF BOSTON

MAYOR'S OFFICE OF HOUSING

AND

COMMUNITY PRESERVATION ACT



REQUEST FOR PROPOSALS

Rental, Cooperative and Ownership Development
Funding

RFP Deadline: September 30, 2022

Michelle Wu, Mayor

B REQUEST FOR PROPOSALS
CITY OF BOSTON • MAYOR'S OFFICE OF HOUSING

ACQUISITION OPPORTUNITY PROGRAM
REQUEST FOR PROPOSALS



City of Boston
Mayor Michelle Wu



Housing



FINANCING AFFORDABLE HOUSING DEVELOPMENT

- To qualify for homeownership funding from MOH, proposals must be for units affordable to households earning 80%-100% of Area Median Income (AMI). Funding eligibility also requires that at least half of the affordable units included in a proposed development be affordable to households earning 80% AMI or below.
- To qualify for rental funding from MOH, proposals can be for a range between 30%-80% of AMI, with at least 60% under 60% AMI and 10% set aside for homeless households at 30% AMI. MOH prefers projects with an additional 10% at 30% AMI and 10% at 50% AMI.
- The majority of housing funding applications are accepted annually through MOH's fall funding round. Funding applications are accepted out-of-round for tenancy preservation projects, supportive housing and homeownership.

FUNDING ROUND APPLICATION STEPS

- All projects should ideally meet with MOH staff before applying to discuss project opportunity and readiness. MOH staff meet with project teams throughout the year, with many project meetings scheduled in the late Spring in preparation for the funding round.
- To be eligible, projects must have the following:
 - A complete submission (see next slide)
 - Meet funding source requirements
 - Show evidence of site control
 - Demonstrated community support
 - A plan for tenant relocation & displacement, for residents and businesses
 - Evidence of submission to ISD and BPDA (where applicable)
 - Homeless set aside requirements met
 - Readiness to apply for state funding
 - *For preservation: Tenant participation, Capital needs assessment, and rehabilitation strategy for preservation projects*

FUNDING ROUND SUBMISSION

Proposal Components:

- *Proposal cover sheet*
- *Project summary form*
- *City affidavits*
- *Project narrative*
- *Budget review and costs*
- *Mixed use and mixed-income feasibility*
- *Diversity and inclusion plan*
- *Home Start Certification*
- *Design submission*
- *One Stop Application and Exhibits*

- *For preservation: Affordability/risk narrative, capital needs assessment, rehabilitation strategy, relocation plan*

CITY OF BOSTON

MAYOR'S OFFICE OF HOUSING

AND

COMMUNITY PRESERVATION ACT



REQUEST FOR PROPOSALS

Rental, Cooperative and Ownership Development
Funding

RFP Deadline: September 30, 2022

Michelle Wu, Mayor

FUNDING ROUND SUBMISSION

Comparative Evaluation Criteria:

- *Development team*
- *Underwriting & feasibility*
- *Equity & Inclusion*
- *Budget review and cost*
- *Evidence of market need*
- *Design*

- *For preservation: Risk analysis*

CITY OF BOSTON

MAYOR'S OFFICE OF HOUSING

AND

COMMUNITY PRESERVATION ACT



REQUEST FOR PROPOSALS

**Rental, Cooperative and Ownership Development
Funding**

RFP Deadline: September 30, 2022

Michelle Wu, Mayor



Acquisition Opportunity Program (AOP)

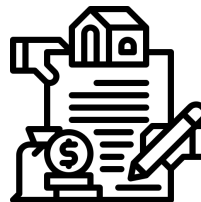
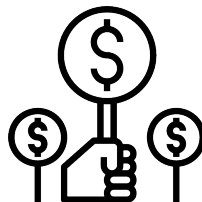
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ACQUISITION OPPORTUNITY PROGRAM (AOP)

AOP Goals:

1. To **increase the share of Boston's rental housing stock that is protected from market forces** and is affordable to households that cannot afford market-rate rents,
2. To **prevent displacement of tenants** threatened by the forces of gentrification by ensuring that their apartments will not become unaffordable over the long term, and
3. To **support and retain mixed income communities** by capturing moderately priced housing from the speculative market.

AOP PROCESS



1. Find AOP opportunities

2. MOH application

3. Bidding and due diligence

4. Timely closing

5. Displacement prevented

AOP PROPERTIES

What is a typical AOP Property?

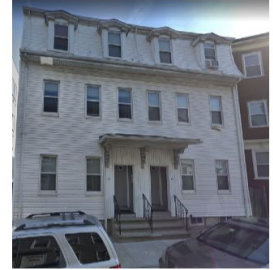
- Occupied rental property
- Safe and habitable condition
- “Naturally affordable” properties with rents below market value
- One size does not fit all



851 Saratoga St., East Boston
East Boston CDC
3 units



422 River St., Mattapan
Arx Urban LLC
23 units



14-16 Woodward St., South Boston
South Boston NDC
6 units



81-83 Fayston St., Roxbury
JPNDC
12 units



875-889 American Legion Highway,
Roslindale
Southwest CDC
8 units



218 East Eagle St., East Boston
NOAH
3 units

AOP APPLICATION STEPS

- ❖ Download Application from [MOH website](#)
- ❖ Project Intake Discussion with MOH
- ❖ Submit Proposal:
 - Proposal components:
 - *Proposal cover sheet*
 - *Proposed acquisition & development plan*
 - *Developer qualifications*
 - *Development & operating budgets*
 - Comparative evaluation criteria:
 - *Development capacity & experience*
 - *Financial capacity*
 - *Geographic distribution*
 - *Economic opportunity*
 - *Building sustainability*



56 Bowdoin Ave, Dorchester
TLee Development
31 units



Morton Village, Mattapan
Avanath
207 units



Additional MOH Programs, and Resources

B

ADDITIONAL RESOURCES

MOH Contacts:

- **New project ideas & questions on MOH development and construction requirements:** Christine O’Keefe, Associate Director, (617) 635-0351 or christine.okeefe@boston.gov.
- **Questions about City-owned parcels:** Donald Wright, Deputy Director, (617) 635-0398 or donald.wright@boston.gov.
- **GrowBoston community growing and open space programs:** Theresa Strachila, Program Manager, (617) 635-0267 or theresa.strachila@boston.gov.
- **MOH Developer Mailing List:** Visit boston.gov/builders-signup or contact Carol Owens, Director, (617) 635-0621, carol.owens@boston.gov.

ADDITIONAL RESOURCES

MOH Resources:

- MOH RFP Portal- boston.gov/departments/housing/requests-proposals
- HUD Income Limits- boston.gov/departments/housing/housing-and-urban-development-income-limits
- Active Developments & MOH-Owned Land- boston.gov/buildinghousing

HomeBuyers & Homeowners:

- Boston Home Center (BHC)- boston.gov/departments/housing/boston-home-center

Renters & Landlords:

- Office of Housing Stability (OHS)- boston.gov/departments/housing/office-housing-stability

Affordable Housing Search:

- Metrolist- boston.gov/metrolist