



Gateway Housing Rehab Program Guidelines

February 2023

MassHousing is contracting with the Department of Housing and Community Development (DHCD) to administer the Gateway Housing Rehab Program (GHRP). These Guidelines have been produced by MassHousing, in consultation with DHCD.

Despite the housing boom seen in some parts of the Commonwealth, many Massachusetts cities and towns, including Gateway cities and other similarly situated communities, continue to struggle with residential disinvestment and blight. This has been exacerbated by the on-going and ever evolving COVID-19 pandemic as well as by significant inflationary pressures. To help revive and restore troubled residential neighborhoods, MassHousing is offering approximately \$2.3M in GHRP funds for 1-4 unit residential rehabilitation projects in Gateway cities and other similarly situated municipalities as defined below.

MassHousing invites municipalities, non-profits, community development corporations (CDCs) and emerging developers to apply for GHRP grant funds, up to \$125,000 per unit, to:

- transform vacant and abandoned buildings into new 1–4-unit homeownership and rental opportunities,
- rehabilitate 1-4 unit rental properties,
- address high-cost repairs for 1-4 unit owner-occupied properties.

In support of MassHousing’s longstanding commitment to confront the housing challenges facing the Commonwealth to improve the lives of its people, we expect the organizations with which we do business to support our core principles of diversity, equity, and inclusion.

Definitions

- 1) “Activity” shall mean a Project (defined below) which shall assist a property or properties in accordance with the requirements and standards of GHRP.
- 2) “Agency” shall mean MassHousing, which has contracted with DHCD to act as administrator of GHRP.
- 3) “Affordability Restriction”, shall mean a document evidencing the affordability requirements of the Project for such period and on such terms as set forth in Section A.5 hereof, which will be recorded/filed with the appropriate registry of deeds.
- 4) “Residency Restriction” shall mean a document evidencing an owner-occupancy requirement of the Project, and may only be used for income-qualified homeowner rehab units,
- 5) “Blighted” means the condition of a property which is detrimental to the safety, health, morals, welfare of the municipality because of the existence of a building or buildings which are out of repair, physically deteriorated, unfit for human habitation, or obsolete.
- 6) “Department” and “DHCD” means the Department of Housing and Community Development, or its successor agency.

- 7) “Local Non-profit Organization” shall mean a bona-fide non-profit organization, established under MGL c. 180, with an established record of activity in the municipality and surrounding communities, or similar community profile.
- 8) “Emerging Developer” shall mean a real estate professional with a minimum of 3 years of experience, in the process of completing or having completed at least 1 and up to 20 units of housing in one or more of the following roles/capacities:
 - a. as sole developer of new or rehabbed property;
 - b. as a designer/buildler;
 - c. as participant or participating members in a joint venture partnership;
 - d. as an active owner of rental property;
 - e. as general contractor specializing in residential developments.
- 9) “Private Funds” shall mean any funds that are not public funds under M.G.L. 12A.
- 10) “Project” shall mean, in accordance with the standards and requirements of GHRP, any undertaking consisting of the repair, reconstruction, renovation, remodeling, hazardous material abatement, rehabilitation or improvement of an eligible property and such appurtenant or incidental facilities as shall be in the public interest, for the purposes of (a) bringing such property into compliance with applicable sanitary and building codes, (b) having residential units subject to an Affordability or Residency Restriction, and (c) maintaining and operating such buildings and facilities after project completion. A “Project” may include as incidental thereto any one or more of the following:— (a) acquisition and assembly of the land (and buildings and structures and other improvements thereon, if any); (b) acquisition, assembly and clearance of land, buildings or structures not in themselves Blighted or Substandard if their inclusion is necessary for the redevelopment, reconstruction or rehabilitation of a Blighted or Substandard property or areas; and (d) installation, construction, and reconstruction of public and private ways, public utilities and services, and site improvements essential to the preparation of Blighted or Substandard properties for beneficial redevelopment.
- 11) “Rehabilitation” shall include rehabilitation and reconstruction, in accordance with the guidelines provided in the US Dept of Housing and Urban Development Notice: CPD-07-08, “Rehabilitation and Reconstruction.”
- 12) “Substandard” or “Substandard Property Conditions” shall mean conditions that, by reason of dilapidation, overcrowding, faulty arrangement or design, lack of ventilation, light, or sanitation facilities, or any combination of these factors, are detrimental to safety, health, morals, welfare or sound growth of a community, including, but not limited to, a “sub-standard area” as defined in MGL c.121A §1.
- 13) “Gateway Cities and Similarly situated municipalities” include:
 - a. The 26 Cities and Towns identified by the Massachusetts Legislature as Gateway Municipalities, including Attleboro, Barnstable, Brockton, Chelsea, Chicopee, Everett, Fall River, Fitchburg, Haverhill, Holyoke, Lawrence, Leominster, Lowell, Lynn, Malden, Methuen, New Bedford, Peabody, Pittsfield, Quincy, Revere, Salem, Springfield, Taunton, Westfield, Worcester.
 - b.** Municipalities identified as “similarly-situated” include Agawam, Framingham, Gardner, Gloucester, Greenfield, Randolph, and West Springfield.

Program Requirements

1. **Entities Eligible to Apply to MassHousing.** These include (a) gateway municipalities and similarly situated municipalities, including municipal agencies, boards, commissions, authorities, departments, or instrumentalities thereof, (b) emerging developers, (c) non-profit organizations and (d) community development corporations.
2. **Eligible Use of Funds.** GHRP funds must be used for eligible Activities and Projects involving only eligible properties. Up to \$125,000 in GHRP funds is available per homeownership, homeowner, or rental unit (that will be subject to an Affordability or Residency Restriction), dependent upon the documented need. Funds will generally be provided as a grant to the awarded entities for Activities and Projects that meet GHRP requirements. MassHousing will execute a grant agreement with the awarded entity once all conditions are met for the activity to commence. Overhead and developer fees (OH/F) may be included in the total project cost in accordance with the following:
 - i. For new 1-4 homebuyer opportunities and new or existing rental rehabilitation Projects, OH/F limits mirror the Commonwealth Builder Program as follows:
 - Up to 10% Overhead
 - Up to 10% Developer Fee
 - ii. For owner-occupied rehabilitation Projects, overhead is limited to 5% of the project cost, with no developer fee allowed.

Applications that propose less than the maximum allowable OH/F are strongly encouraged.

3. **Eligible Activities or Projects.** The scope of work of an Activity or Project must include:
 - i. The demolition, repair, reconstruction, renovation, remodeling, hazardous material abatement, rehabilitation, or improvement of an eligible property, to preserve or create residential units and bring the property into compliance with state codes and laws; and/or
 - ii. Such other application of funds to capital improvements at the Project that MassHousing determines would be a reasonable mitigant to Blighted or Substandard Conditions that meets the standards and requirements of GHRP.
4. **Eligible Properties.**
 - i. **Property Conditions.** To be eligible for funding, the property must (1) have been cited for building and/or sanitary code violations or (2) is subject to loss or denial of property insurance due to Blight and/or Substandard Conditions. Additionally, projects assisting owner occupied properties must first utilize other available funds (if any) from federal, state or local funding sources if the project qualifies.
 - ii. **Project Size.** Projects must be 1-4 unit residential properties, or otherwise suitable for 1-4 unit residential redevelopment, including appropriate zoning or zoning relief.
 - iii. **Project Types:**
 - a. Rehabilitation of unoccupied residential properties for homeownership units
 - b. Rehabilitation of occupied or vacant rental properties

- c. Redevelopment of suitable non-residential properties (with appropriate zoning or zoning relief) into rental and/or homeownership units
 - d. Repair and rehabilitating of owner-occupied properties (including 2-4 unit properties with rental units) by entities currently administering housing rehabilitation programs
- 5. Affordability Requirements.** GHRP funding will be available for the development or rehab of affordable units which have or will have a recorded Affordability Restriction, or for affordable homeowner units, a Residency Restriction. The funds may be used in mixed-income developments provided the allocation of GHRP funds is limited to affordable units.
- i. Targeted Affordability.**
 - a. Affordable homebuyer units shall be restricted to the purchase by first-time homebuyers with household incomes that do not exceed the specified affordability tier which shall be no higher than 110% of AMI.
 - b. Owner-occupied properties must be owned by households with incomes that do not exceed 110% of AMI and shall be restricted by an Affordability or Residency Restriction otherwise used by the grantee's rehabilitation program.
 - c. Affordable rental units shall be restricted to tenants with household incomes that do not exceed 110% of AMI.
 - ii. Restrictions.**
 - a. Affordability Restriction.** The minimum term of Affordability Restrictions shall be fifteen (15) years and are required for all assisted homebuyer units and rental units, and may be required for homeowner units.
 - b. Residency Restriction.** A Residency Restriction, with a minimum term of fifteen (15) years, may be used in lieu of an Affordability Restriction for affordable homeowner units only. For owner-occupied multi-family properties, a fifteen-year Affordability Restriction is required for all assisted rental units.
 - iii. Maximum Sales Prices and Rents.** For homeownership units and properties, sales prices of affordable homes must be set at levels affordable to first-time homebuyers with incomes at or below the targeted income limits. For rental properties, rents of affordable units must be set at levels affordable to tenants with incomes at or below the targeted income limits.
- 6. Fair Housing and Marketing.** Grant recipients will be required to comply with all fair housing laws and to affirmatively further fair housing through appropriate marketing of all residential units aided by the program.
- 7. Preferences.** Preferences for GHRP funding will be given to:
- i. Development teams lead by or which include emerging developer(s) as defined above;
 - ii. Projects located in municipalities which previously participated in the GHRP;
 - iii. 1-4 unit new homeownership opportunities;

- iv. Development teams that include Minority Businesses Enterprises (MBE's) and/or Women Business Enterprises (WBE's)
- v. Activities and Projects that promote and support minority homeownership in accordance with Fair Housing laws.

B. Application Process

1. Application Dates

- i. A Notice of Funding Availability (NOFA) for GHRP funding shall be released on or about **February 13, 2023** and applications will be accepted on a **Rolling Basis** until all funds are committed.
- ii. Future annual funding may be added to the available funds.
- iii. Program information and the Application form may be found at www.masshousing.com/ghrp

2. Application shall include the following information:

- i. Description of Activity
- ii. Description of proposed Activity location/area
- iii. Statement of existing conditions together with evidence demonstrating presence of blight or substandard conditions
- iv. Proposed sources and uses of funds
- v. Development team members
- vi. Proposed partners and/or community support
- vii. Diversity, Equity and Inclusion Plan

C. Selection & Award of Grant Funds will take into consideration

- 1. Alignment with GHRP Preferences
- 2. Qualifications and experience of development team
- 3. Readiness to Proceed and Program Schedule
- 4. Strength of Diversity, Equity and Inclusion plan

Section 6 of the Application for GHRP funds provides specific criteria for project review.

D. Monitoring & Compliance

- 1. Awardees will be responsible for construction monitoring and shall submit reports, including the status and the percentage completion, to the Agency at least quarterly and upon project completion.
- 2. The Agency reserves the right to inspect construction progress in advance of release of grant funds.
- 3. Awardee shall submit subsequent reporting on 1st and 5th anniversaries of completion to measure program success in terms of neighborhood stabilization – metrics may include tax revenue, assessed values, code violations, or data points corresponding to “Weak Market” definitions, all as compared to the baseline established in the grant agreement.

4. Awardees will be responsible for monitoring Affordability or Residency Restriction compliance in a manner acceptable to the Agency. Monitoring reports shall be submitted to the Agency on a periodic basis as specified in the grant agreement and compliance shall be subject to audit.

Exhibit A

Chapter 99 of the Acts of 2018 (the Act), item 7004-0052

7004-0052.. For the capitalization of the Affordable Housing Trust Fund established in section 2 of chapter 121D of the General Laws, provided, that not more than \$50,000,000 shall be provided to rehabilitate 1-unit to 4-unit housing in gateway cities, and other similarly-situated municipalities as determined by the department of housing and community development, that have been cited for building or sanitary code violations or that are subject to cancellation of commercial property insurance due to substandard property conditions.