



Request for Information for Co-Investments and Capital Strategies to Scale the BILD Initiative

I. RFI Overview

MassHousing recently launched its BILD Initiative, which offers sponsors of large-scale, mixed-income multifamily developments (including projects developed pursuant to Massachusetts General Law Chapter 40B) a one-stop financial solution that combines a competitive permanent senior debt product with innovative preferred equity. More specifically, BILD offers the following:

- **FORGE Loan**, a senior permanent debt product, with a 10-year term and up-to 40-year amortization underwritten on favorable terms by Freddie Mac, where Freddie provides the A-piece and MassHousing provides a 10% top-loss subordinated loan (the B-piece).
- **Momentum Equity**, a preferred equity product on attractive terms, funded simultaneously with the senior permanent debt and due upon repayment of such debt. Momentum Equity generally aims to invest roughly 25% to 35% of total Limited Partner equity (or an estimated 10% to 15% of total development cost). All remaining project equity must be provided or raised by the developer and remain subordinate to Momentum Equity.
- MassHousing will offer forward-commitment on both the FORGE Loan and Momentum Equity at construction loan closing, to enable third-party, private construction financing.

MassHousing has experienced far more demand for these products than existing financial resources can support and is now developing a broader-scale funding and operating strategy to sustain future annual investments. To this end, MassHousing is interested in exploring the potential for securitization strategies and co-investment partnerships with private funding sources to multiply the impact of public investments.

MassHousing is asking lenders and investors with significant experience in development and financing of multifamily programs to outline approaches for sustainable financing options to scale the new BILD Initiative. The Agency intends to select one or more firms as part of this RFI process who would then assist the Agency in developing one or more programmatic strategies to sustainably scale the capital available for continuing investments in eligible projects.

RFI Schedule

RFI Issuance Date	September 8, 2025
Question & Answer Deadline	September 26, 2025 at 3:00 p.m. (EDT)
Submission Deadline	October 15, 2025 at 3:00 p.m. (EDT)
Follow-Up Meetings	Beginning October 27, 2025

II. Attachments for Review

- A. MassHousing BILD Product Guidelines and Terms (08.2025)
- B. Momentum Fund, Primer, Co-Investment Partnerships (08.2025)
- C. Momentum Fund, Compendium, Co-Investment Partnerships (08.2025b)
- D. Case Study: Residences at East Milton (the first BILD Initiative investment)

III. Background Information

The Momentum Fund is a new state revolving fund backed by \$50 million of authorization from the Healey-Driscoll administration's Affordable Homes Act to support mixed-income housing production. MassHousing committed an additional \$50 million from its Opportunity Fund to provide a comprehensive one-stop financial solution for mixed-income developments known as MassHousing BILD: Bringing Innovation to Lending and Development.

BILD combines Momentum Equity, a preferred equity product with attractive terms, with the FORGE Loan, a highly competitive senior debt product developed in partnership with Freddie Mac. For more information on BILD, see the attachments provided with this RFI as well as the BILD webpage:

<https://www.masshousing.com/en/developers/bild>

A key feature of the BILD model is to enable co-investment partners to participate in Momentum Equity investments alongside MassHousing. To date, this has included public partners such as the City of Boston (specifically for projects located within the City). MassHousing is now seeking private partners for co-investment opportunities.

MassHousing could, for example, offer co-investors joint-venture investment opportunities in selected projects under a right-of-refusal arrangement. This could be under a partnership structure with a blended rate-of-return, Class A/B form in which MassHousing discounts its equity return to accommodate higher returns to its partners. Alternatively, MassHousing could take a subordinate position so that the co-investor could reduce its own required return. In any case, the aim would be to allow MassHousing to offer borrowers the benefits of a moderate cost of equity financing, which is necessary to achieve project feasibility.

IV. Project Type

BILD is limited to mixed-income new developments of at least 50 units, where at least 20% of total units are restricted to residents earning up to 80% of area median income. Priority is given to projects that are ready to proceed, have a high impact, and can demonstrate that Momentum Equity is necessary for feasibility.

V. Scale of Current Capital Resources

The following resources are currently available to fund the BILD Initiative:

- **FORGE Loans.** MassHousing's Board has authorized \$50 million from MassHousing's Opportunity Fund, thus enabling the Agency to support \$500 million of permanent debt.
- **Momentum Equity**
 - Momentum Fund. The Momentum Fund includes \$50 million of State funds authorized under the Affordable Homes Act of 2024 for Momentum Equity investment.
 - MassHousing-Boston Partnership. The City of Boston has authorized approximately \$50 million for co-investments alongside the Momentum Fund to capitalize Momentum Equity investments in eligible developments in Boston.

VI. Scale of Initial Pipeline and Future Demand

Demand for BILD assistance is significant. To date, MassHousing has received inquiries from 33 projects totaling 7,035 units and \$4 billion of total development costs (TDC) across 7 counties. An initial

screening identified a category of high-impact projects ready to advance toward construction within the year. This Category 1 pipeline includes 10 projects totaling 1,552 units and represents \$50 million of state investment in Momentum Equity. Additional categories of developments are identified as ready to advance in 2026-2027 and represent nearly \$400 million of demand for Momentum Equity and the potential for co-investment participation.

There has been a long history of mixed-income apartment developments under Chapter 40B regulatory provisions. Since 2016, for example, more than 7,000 units at 45 projects were completed and cost certified under the Chapter 40B program. For 36 of those projects, which were administered by MassHousing, TDC exceeded \$1.6 billion. Typical permanent loan amounts have ranged from \$10 million to \$60 million, with an average of approximately \$28 million.

In terms of future 40B projects, MassHousing has issued project eligibility letters to 58 projects over the past 5 years (totaling nearly 9,000 units) which have yet to close. Indeed, the very purpose of the BILD initiative is to help finance projects which have found it difficult in the current market to raise debt and equity on terms that enable the projects to proceed. Based on historic data and initial demand for BILD, MassHousing expects TDC may average at least \$55 million, with \$35 million of permanent debt. At \$55 million of TDC, Momentum Equity may average \$8 million per project.

VII. Requested Information

Following is a description of what MassHousing is seeking and questions to be addressed by the respondent.

A. Interest in Co-Investment with Momentum Equity

Please indicate the interest of the respondent (or an affiliate entity) in being a co-investor with MassHousing in the preferred equity for eligible projects. Specifically, please address the following:

1. What would be the respondent's role or roles?

Would the respondent (or affiliate entity) propose to:

- a. Directly make preferred equity investments?
- b. Raise or deploy capital from other private sector funds and investors (either in association with MassHousing or independently)?
- c. Set up a fund of funds or facility where other investors invest capital for blended returns and the respondent invests these funds as a fund manager for the BILD deals, providing blended returns for different investors (including private investors and potentially MassHousing)?
- d. Indirectly provide credit enhancement, guarantees, or other strategies to raise funds from other investors?

Note: MassHousing cannot itself raise, or act as a registered investment advisor for, private equity capital. It can co-invest alongside other investors, in either a pari passu, senior, or subordinate position. It may be able to invest its funds in a fund established by a respondent, so long as such investment meets all of MassHousing's programmatic and legal requirements.

2. How would the respondent or other parties commit at the time of construction loan closing to such co-investment, so that the construction lender can rely on such commitment for making its construction loan?

3. **What is the expected required rate of return in today's market on the preferred equity the respondent would directly or indirectly provide under the following potential arrangements?**
 - a. Co-investment is pari passu with MassHousing/Momentum Fund equity
 - b. Co-investment is senior to that of MassHousing/Momentum Fund equity
 - c. Co-investment is subordinate to that of MassHousing/Momentum Fund equity

As context, the aim of BILD is to provide an effective overall cost of capital which can help make projects feasible. As benchmark targets for such overall cost to the developers, MassHousing seeks to limit the blended yield on Momentum Equity to approximately the 10-year Treasury plus 200 basis points. In order to significantly leverage Momentum Equity, MassHousing would consider either investing its own equity share in a subordinate position or accepting a somewhat lower return in order to accommodate a co-investment partner's capital at a higher rate that eventually blends to the agreed overall yield on Momentum Equity.

4. **Would the respondent commit to a long-term partnership and engage on a deal-by-deal basis, or would the respondent commit to a lump sum capital corpus that would be deployed across selected transactions over 5-10 years?**
5. **What would be the respondent's role in underwriting individual projects?**

Specifically, from reviewing the attachments about BILD, what would be the respondent's role and additional requirements, if any, in approving and investing in eligible BILD transactions that meet MassHousing's own requirements for Momentum Fund Equity? Does the respondent have additional criteria or underwriting requirements not included in BILD itself (e.g., related to types or sizes of projects, minimum or maximum investments, project locations, developer profiles)?

6. **Please describe the feasibility of the proposed role(s), including past experience of the respondent in playing such role, readiness to proceed, and ability to commit to at least \$50 to \$100 million of investment volume.**

B. Interest in Other Approaches

In addition to co-investment in preferred equity, please describe any other approaches and roles the respondent (or affiliated entity) would be interested in working on to help make BILD successful.

These could include, but are not limited to, the respondent proposing a role with respect to:

1. **Partial Funding of the FORGE Loan B-Piece.** We expect that the amount of B-piece debt that will ultimately be needed will exceed the \$50 million approved to date from the Opportunity Fund. Therefore, MassHousing is open to approaches that would leverage the Opportunity Fund and provide an additional \$100 million. The Opportunity Fund could serve as a loss reserve or could own the bottom tranche of B-piece debt. If interested, please indicate the structure and current estimated interest rate on the non-Opportunity Fund contribution.
2. **Permanent Senior Debt.** Beyond its current arrangement with Freddie Mac / Berkadia for permanent senior debt with MassHousing's 10% B-piece, MassHousing is open to other ideas or approaches that would make available such debt on more favorable terms or rates to the borrower, and/or raise additional capital for the B-piece beyond what's available in MassHousing's Opportunity Fund.

- 3. Construction-Phase Financing.** There may be an opportunity for respondents to support construction-phase financing for 40B projects through a formalized, state-level product (including equity, convertible notes, or debt).

Note: MassHousing is not interested in issuing debt for the above purposes or for BILD itself, if such debt is to be backed by either its indenture or general obligation. Moreover, MassHousing is not interested in participating in projects as a construction-phase lender or investor.

C. General Information

In addition to the information provided in connection with Sections VII(A) and VII(B) above, respondents should provide the following general information for MassHousing's consideration:

1. The individuals and entities that would be involved for the respondent, and their experience that is most relevant to the role proposed
2. The timeline for implementing the respondent's proposed approach (MassHousing is especially interested in being able to have any new approach in place and available for new projects by July 1, 2026, if not sooner)
3. The role(s) the respondent would or could play in developing and implementing the financing strategy
4. The long-term viability of the proposed approach and its resilience to changes in market conditions over time

VIII. RFI Process and Submissions

- A. Inquiries.** Firms may submit written questions to Paul Scola, Director of Finance and Bond Compliance, at pscola@masshousing.com, cc'ing Adam Cray, Joanie Monaghan, and Emma Slonim of CSG Advisors as Municipal Advisor (acray@csgadvisors.com, jmonaghan@csgadvisors.com, eslonim@csgadvisors.com). Such questions must be submitted prior to the Question & Answer Deadline noted above.

Prior to the Question & Answer Deadline, firms may also schedule informal discussions with the MassHousing and CSG teams via the following link:

<https://doodle.com/meeting/participate/id/bYX78VYa>

Answers to general questions will be made available to all firms.

- B. Organization and Format.** Respondents should endeavor to limit the length of their response to 15 pages (excluding exhibits). This RFI is designed to elicit all information considered essential to evaluating each response. There is no intent to limit the content of the responses. Respondents may include such additional information as may be appropriate, or offer alternate solutions, but should not exclude any information requested in this RFI.

- C. Final Submission.** The following terms and requirements apply to all responses:

1. Please submit one searchable, electronic document in PDF format via email to Paul Scola at pscola@masshousing.com, cc'ing Adam Cray, Joanie Monaghan, and Emma Slonim

(acray@csgadvisors.com, jmonaghan@csgadvisors.com, eslonim@csgadvisors.com). The electronic copy will qualify as the official submission; only responses submitted by the date and time specified will be considered. Hard-copy or facsimile responses will not be accepted.

2. Please type “[Name of your Firm] - BILD RFI Response” in the subject line of the email.
3. By responding to this RFI, respondents accept in all respects the conditions of this RFI.
4. Late responses will not be reviewed and evaluated.
5. All material submitted becomes the property of MassHousing and will not be returned. If the respondent intends to submit confidential or proprietary information as part of the proposal, any limits on the use or distribution of that material should be clearly delineated in writing. Respondents should be aware that MassHousing is a quasi-public governmental agency subject to Massachusetts General Laws, Chapter 66, sections 1-18; therefore, any information submitted to MassHousing (even if marked as confidential or proprietary) may be subject to disclosure under the Massachusetts Public Records Law. MassHousing reserves the unrestricted right to copy and disseminate the respondent bids for internal review.
6. MassHousing is soliciting responses under this RFI pursuant to a determination that such a process best serves the interests of MassHousing and not because of any legal requirement to do so. MassHousing accordingly reserves the right to accept any response; to withdraw or cancel this RFI; to modify or amend, with the consent of the applicable respondent, any response prior to acceptance; to reject any or all responses or waive any informality; and otherwise to affect any agreement that MassHousing, in its sole judgment, deems to be in its best interest.
7. All response-related costs, including but not limited to, preparation and presentation, documentation, site visits, in-depth briefing for MassHousing, and negotiation meetings are entirely the responsibility of the respondent and shall not be chargeable in any manner to MassHousing.

D. Follow-up Meetings. After reviewing RFI responses, MassHousing plans to schedule follow-up meetings with respondents whose proposed solutions appear to meet the Agency’s needs. As described in Section 1 above, these meetings are expected to begin the week of October 27, 2025.