

Appendix 6-1
FINANCIAL RESOURCES FOR AFFORDABLE HOUSING

Source	Uses	Eligible entities	Description
Part I: Housing Development			
<p><i>HOME Program</i>¹</p> <p>For further information contact: Massachusetts Department of Housing and Community Development (DHCD), Division of Housing Development, 617.573.1300</p>	<p>Rental housing (8 unit minimum) Homeownership (5 unit minimum for projects)</p> <p>Acquisition, new construction, rehabilitation, tenant- based rental assistance, first-time homebuyer assistance.</p>	<p>Municipalities, for-profit developers nonprofit developers</p> <p>15% of HOME funds are reserved for nonprofit Community Housing Development Corporations (CHDOs)</p>	<p>HOME-assisted rental units must be targeted to households earning no more than 60% of median income. Twenty percent of rental units must be targeted to households at 50% or less of median income. Homebuyer and homeownership projects are targeted to households with incomes below 80% area median. Minimum number of HOME rental units per project is 5, and Minimum number of HOME homeownership units per project is 3. Maximum per project award is \$750,000. Per unit cap is \$65,000 for non-entitlement communities. Funds are available as 30-year deferred payment loans. Applications require signature of the local chief elected official.</p>
<p><i>Housing Innovations Fund (HIF)</i></p> <p>Contact: DHCD, Division of Housing Development, 617.573.1300</p>	<p>Creation and preservation of alternative forms of affordable rental housing including single room occupancy (SRO) units; limited equity cooperative housing, transitional housing; employer assisted housing; and lease to purchase housing.</p>	<p>Nonprofit developers</p>	<p>HIF provides up to \$500,000 per project for the development of supportive housing for the homeless, individuals and families at-risk for homelessness, people with HIV/AIDS, women and their children fleeing domestic violence and individuals with physical and/or developmental disabilities. Funding, which is in the form of a deferred payment loan, cannot exceed 50% of the total development cost (TDC) of a project, except for battered women's shelters, where the limit is 80% of TDC. At least 50% of the occupants in a HIF-funded project must be persons with incomes less than 80% of the area median income (AMI); and not less than 25% of the units may be reserved for households/individuals with incomes below 30% AMI.</p>

¹ HOME Program funds for non-entitlement communities are allocated by the Massachusetts Department of Housing and Community Development. Entitlement communities apply directly to the U.S. Department of Housing and Urban Development through a competitive SuperNOFA application process.

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<p><i>Housing Stabilization Fund Program (HSF)</i></p> <p>Contact: DHCD, Division of Housing Development, 617.573.1300</p>	<p>Rental housing Homeownership</p> <p>Acquisition, rehabilitation, new construction.</p>	<p>For-profit developers, non-profit developers or municipalities partnering with for-profit or nonprofit developers;</p> <p>Rehabilitation Initiative: Municipalities or for-profit or nonprofit developers;</p>	<p>The HSF is comprised a Rental Housing Program (RHP) and a Project-Based First-time Homebuyer Program (PBFTHP). <i>RHP</i>: Production and Preservation of affordable rental units through acquisition and/or rehabilitation of existing structures or new construction. Maximum assistance per project is \$750,000; \$65,000 maximum per unit. In non-entitlement/non-consortium communities. Project must have a minimum of 5 assisted units. All assisted units must be occupied by households with incomes no greater than 80% of Area Median Income (AMI) during first 40 yrs. Yrs 41-50, no greater than 100% of AMI. <i>PBFTHP</i>: Production and Preservation of affordable first-time homebuyer units through acquisition and/or rehabilitation of existing structures or new construction. Maximum funding per project is \$750,000; \$65,000 maximum per unit in non-entitlement/non-consortium communities. Projects must have a minimum of 3 HSF assisted units. All first-time homebuyers purchasing HSF-assisted units must earn no more than 80% of AMI.</p>
<p>Community Development Block Grant Program (CDBG)</p> <p>Contact: DHCD, Division of Community Services, 617.573.1100</p>	<p>Rental housing Homeownership</p> <p>Acquisition, rehabilitation, homeownership assistance, new construction (only when undertaken by Community-Based Development Organizations)</p>	<p>Municipalities with populations under 50,000 Non-entitlement communities</p>	<p>The State receives an annual allocation of CDBG funds from HUD that it awards on a competitive basis to non-entitlement or “Small Cities” communities. Eligible housing activities must benefit a majority of low –and-moderate income households.</p>

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<p><i>Housing Development Support Program (HDSP)</i></p> <p>Contact: DHCD, Division of Community Services, 617.573.1100</p>	<p>Rental housing including SRO's, transitional housing, housing for people with special needs. Acquisition, rehabilitation, limited new construction</p>	<p>Municipalities with a population under 50,000 Non-entitlement communities</p>	<p>HDSP housing projects are limited to seven units. However, SRO's and projects that provide units for individuals with special needs are exempt from the limit. At least 51% of HDSP units must be affordable to low-and-moderate income households. Maximum grant awards are limited to \$500,000 plus administrative costs. For conversion of upper story space in downtown buildings and other adaptive reuse projects, projects are limited to 10 units and may apply for up to \$750,000 plus administrative costs.</p>
<p><i>Low Income Housing Tax Credits (LIHTC)</i></p> <p>Contact: DHCD, Division of Housing Development, 617.573-1300 and MassHousing, Multifamily Development Department, 617.854.1371</p>	<p>Rental housing Acquisition, rehabilitation, new construction</p>	<p>For-profit developers Nonprofit developers</p>	<p>The low-income housing tax credit enables developers to raise capital from investors for the development of low-income housing. Syndicators connect interested investors to development projects often pooling investor capital into equity funds. In exchange for providing funding for affordable housing development, investors are entitled to take either a 4% or 9% tax credit, depending on the project, for 10 years. At least 20% of the units must be reserved for households 50% or less than area median or 40% of the units must be affordable to households at 60% or less or area median income. Developers apply directly to DHCD for the tax credits. The Massachusetts Housing Finance Agency (MHFA) allocates the 4% credits in conjunction with MHFA tax-exempt bond financing.</p>
<p><i>MassHousing (Formerly Massachusetts Housing Finance Agency)</i></p> <p>Contact: MassHousing, 617.854.1000</p>	<p>Rental housing Homeownership Acquisition, rehabilitation, new construction</p>	<p>For-profit developers Nonprofit developers</p>	<p>MHFA provides a number of multi-family financing programs for mixed income rental housing, assisted living and housing for people with special needs. Most MHFA-financed projects must reserve at least 20% of the units for households at 50% or less of area median income (AMI). The exception is the ERA Expanding Rental Affordability Program, which offers financing for projects with no other public subsidy. This program requires that at least 20% of the units be affordable to households at 80% or less of AMI.</p>

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			51% of the units are occupied by households whose income is at or below 115% of area median income. The New England Fund targets households at 140% of area median income.
<p><i>Acquisition Loan Program (ALP)</i></p> <p>Contact: Community Economic Development Assistance Corporation, 617.727.5944</p>	<p>Rental housing Homeownership</p> <p>Acquisition only</p>	Nonprofit corporations	The Community Economic Development Assistance Corporation (CEDAC), a quasi-state agency, provides short-term financing up to 80% of building value for acquisition projects only. Eligibility is limited to time-sensitive tax credit developments, acquiring key properties in targeted neighborhoods and projects utilizing CEDAC's Facilities Consolidation Fund, which finances the development of community residents for persons with mental illness or mental retardation.
<p><i>Section 202 Supportive Housing for the Elderly Program</i></p> <p>Contact: U.S. Department of Housing and Urban Development, Boston office, 617.994.8200</p>	<p>Rental housing with supportive services for the elderly</p> <p>Acquisition, rehabilitation, new construction</p>	Nonprofit developers	Eligible applicants apply directly to HUD through a SuperNOFA application process. The program provides capital advances to finance the development of supportive housing for low-income elderly who are at least 62 years old. The capital advances do not have to be repaid if the project serves very low-income residents (30% of area median income or less) for 40 years. Project Rental Assistance is used to cover the difference between HUD-approved operating cost per unit and the resident's rent.
<p><i>Section 811 Supportive Housing for Persons with Disabilities Program</i></p> <p>Contact: U.S. Department of Housing and Community Development, Boston office, 617.994.8200</p>	<p>Rental housing with supportive services for</p> <p>Acquisition, rehabilitation, new construction</p>	Nonprofit developers	Eligible applicants apply directly to HUD through a SuperNOFA application process. The Section 811 program provides interest-free capital advances to develop rental housing with supportive services for very low-income persons with disabilities. The advance does not have to be repaid as long as the units remain affordable to very-low income residents with disabilities for at least 40 years. The 811 program also provides rental assistance (see Section 202 description above).

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<p><i>Community Preservation Act (Ayer and Harvard)</i></p> <p>Contact: Ayer Town Hall 1 Main Street Ayer, MA 01432 978-772-8220</p> <p>Harvard Town Hall 13 Ayer Road Harvard, MA 01451 978-456-4100</p>	<p>Acquisition, rehabilitation, conversion, new construction for “community housing”</p> <p>May also be used for other types of housing assistance, e.g., first-time homebuyer loans or grants</p>	<p>Subject to guidelines of local Community Preservation Committee</p>	<p>Cities and towns that adopt the Community Preservation Act (CPA) are required by law to spend at least 10% of each year’s CPA fund on housing affordable to households with incomes at or below 100% AMI. CPA expresses a statutory preference for preservation of existing housing stock, but new construction is a permissible use of CPA funds. All CPA expenditures require a favorable recommendation from the local Community Preservation Committee (CPC) and town meeting approval. Acquisition of or improvements to real property also require a deed restriction that conforms to G.L. c.184, Sections 31-32.</p>
Part II: Technical assistance			
<p><i>Local Initiative Program (LIP)</i></p> <p>Contact: DHCD, Division of Housing Development, 617.573-1300</p>	<p>Rental housing Homeownership</p>	<p>For-profit developers Nonprofit developers Municipalities</p>	<p>Through the Local initiative Program, DHCD provides pre-development technical assistance to municipalities and housing developers, from evaluating site selection to analyzing financial feasibility. The assistance is considered comparable to a financial “subsidy” under MGL Ch. 40B, enabling LIP units to be counted toward a community’s inventory of affordable units. LIP units are reserved for households below 80% median area income.</p>
<p><i>Predevelopment Seed Funding and Technical Assistance</i></p> <p>Contact: CEDAC, 617.727.5944</p>	<p>Rental housing</p>	<p>Nonprofit corporations</p>	<p>CEDAC provides technical assistance and pre-development financing for the development and preservation of affordable housing. Depending on project feasibility, CEDAC can increase its loan commitment to enable housing developers to prepare applications for financing and secure the necessary regulatory approvals.</p>