



October 2, 2013

Aaron Gornstein, Undersecretary
Massachusetts Department of Housing and Community Development
100 Cambridge Street, Suite 300
Boston, MA 02114

RE: MACDC Feedback on DHCD Project-Based Homeownership Draft Guidelines Dated 9/23/13

Dear Aaron:

I am writing with MACDC's feedback on the Draft Guidelines for DHCD Project-Based Homeownership, dated September 23, 2013. From our review of this revised draft, and from the discussion at the September 23rd Homeownership Advisory Group Meeting (attended by Don Bianchi in my absence), we offer the following feedback.

We share the enthusiasm of others with DHCD's plan to reopen the funding window for homeownership development projects. We believe this is an example of how seriously you, others in leadership at DHCD, and the Patrick Administration remain committed to responding to the spectrum of the affordable housing needs across the Commonwealth. We also appreciate how DHCD has made significant and substantive revisions to its May, 2013 draft, in response to the concerns and suggestions expressed by MACDC and others in the ensuing months.

Among the revisions, we are particularly pleased to see the following:

1. DHCD's decision to add an additional \$1.5 million to \$2 million to the \$4 million originally proposed, by adding a third category of High Impact Homeownership Projects.
2. The increase in the maximum amount of assistance per unit from \$50,000 to \$75,000.
3. The increase, in Gateway Cities, of the maximum total development cost from \$199,000 to \$250,000, in acknowledgement of the substantial rehab needs often associated with such development.
4. The broadening of eligible areas to include distressed neighborhoods in other smaller communities with well-defined neighborhood redevelopment plans.
5. The reduction in the minimum size of projects to 10 units in "areas of opportunity."
6. The allowance, in certain circumstances, of new construction in Gateway Cities.
7. The increase in the maximum developer's fee and overhead from 12% to 15%.
8. The requirement that a full market study be required to be submitted at full application instead of at pre-application

Two other provisions in the revised Guidelines, applicable to Gateway Cities and other distressed neighborhoods, are noteworthy. First, DHCD's clarification that NSP funds from MHIC can count toward the 50% match increases the likelihood that worthy projects will be able to secure the required match. Second, we appreciate DHCD's statement that the length of affordability in these

distressed neighborhoods “will conform to the least restrictive period of time permitted by the DHCD funding source or sources.”

Finally, we would like to request two clarifications:

1. During the discussion at the Homeownership Advisory Group meeting on September 23rd, DHCD noted that the rehabilitation (but not new construction) of 3-family homes in Gateway Cities and other eligible distressed neighborhoods will be permitted, yet the revised Guidelines only refer to single-family homes or duplexes. If this is DHCD’s intent (and we hope it is) we encourage DHCD to state explicitly in the guidelines that rehab of single-family, duplexes, and 3-family homes are eligible.
2. Please clarify under what conditions a project in the City of Boston would be eligible to apply.

Thank you again for creating program guidelines that are clear, equitable, framed to incentivize impactful projects, and responsive to stakeholder feedback. We look forward to the implementation of this essential program in the coming months.

As always, if you have any questions or want additional information, please contact me or MACDC’s Senior Policy Advocate Don Bianchi.

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Joe Kriesberg". The signature is fluid and cursive, with a long horizontal stroke at the end.

Joe Kriesberg, President and CEO

Cc: Kate Racer, DHCD
Jo Ann McGuirk, DHCD
Don Bianchi, MACDC