

Announcement | 2nd Application round for Neighborhood Rental Initiative Program

\$5M in subsidy for high-opportunity communities; funding rounds twice annually

BOSTON, June 16, 2010 --- The Massachusetts Housing Partnership (MHP) has committed \$5 million in zero percent, second-mortgage financing to support the development of affordable rental housing in suburban and high-opportunity communities. This new program – called the Neighborhood Rental Initiative (NRI) – is targeted toward 225 communities characterized by such factors as good schools, proximity to jobs, higher housing costs and a shortage of affordable housing. For a list of eligible communities, click [here](#).

Applicants for these funds may request up to \$75,000 per affordable unit, which for this program is defined as units serving households at or below 60 percent of area median income (AMI). The maximum amount of NRI financing per project is \$750,000. The minimum project size is five units and 50 percent of the units must have two or more bedrooms. This is the second application round this year. The deadline to apply for this round of funding is July 16, 2010.

NRI second-mortgage financing must be used in combination with at least \$250,000 in first mortgage financing from MHP, which has provided over \$643 million in loans and commitments for the financing of over 15,000 units of rental housing in Massachusetts since its bank-funded loan pool was created in 1991.

2 criteria: Threshold and Comparative

To be eligible for NRI financing, applicants must first meet all of the [Threshold Criteria](#), which includes:

1. The project must be located in an eligible community. Eligibility was determined through a review of a study by the [Kirwan Institute at Ohio State University](#), which analyzed where low income groups and ethnic populations in Massachusetts are living in relationship to geographic areas of high opportunity. The study was commissioned by the Massachusetts Law Reform Institute and funded by the Massachusetts Legal Assistance Corporation
2. The sponsor must be able to demonstrate site control via ownership, long term lease, purchase and sale (P&S), or formal developer designation
3. The project must be able to support a minimum first mortgage of \$250,000

4. The project must have a minimum of five units of which at least 50 percent of the project units are family housing (2 or more bedrooms).

Those who meet all of the initial criteria will then be competitively evaluated based on the [Comparative Criteria](#), which includes:

1. Financial feasibility as demonstrated by adequacy of proposed budgets and compliance with the underwriting criteria
2. Demonstration of readiness to proceed and ability to begin construction within six months of the state Department of Housing and Community Development (DHCD) funding round awards, if DHCD subsidy is required
3. Demonstration of strong development team capacity
4. Evidence of deep affordability in addition to the minimum program requirements that either 20 percent of the units be affordable at 50 percent AMI or 40 percent of the units be affordable at 60 percent of AMI. For example, inclusion of an additional 10 percent of the units at 30 percent of AMI will be evaluated more favorably. Only units at or below 60 percent of AMI are eligible for subsidy under the NRI program
5. Support for family housing (maximizing the number of units with two or more bedrooms). If requesting NRI subsidy for 1-bedroom units or smaller, the applicant must provide evidence of strong need within the community for non-family sized units
6. Local support, as evidenced through donated land, donated funds, zoning relief
7. Preference for new construction projects
8. Thoughtful site design and consideration of green features and sustainable principles

For more program information and requirements, read the [NRI term sheet](#).

Funding rounds and deadlines

MHP expects to review the applications for financing twice annually until all of the NRI funds have been awarded. The second round of applications is due to MHP at 160 Federal Street, Boston MA by 5 p.m. on July 16, 2010. Award announcements are expected by Aug. 13, 2010.

If awarded NRI funds, applicants should be prepared to apply for additional subsidy from the state's Affordable Housing Trust Fund, or from DHCD, either in its next funding round or by identifying other out-of-round DHCD resources. Projects requiring tax credits are not eligible for this program.

With each application round, a reservation of funds will be made according to how well the proposed project meets the program criteria. MHP expects to continue to hold semi-annual application reviews

until all subsidy funds are committed. At each six-month period, the existing reservations and new applications will be reviewed for continued feasibility. Any project unable to obtain a financing commitment from MHP by each semi -annual date is subject to review and possible withdrawal from the NRI pipeline.

Application process

Applications for NRI funds should be completed in the OneStop format, which can be made available on CD by calling the state Department of Housing and Community Development at 617-573-1300, or on-line from the Massachusetts Housing Investment Corporation at www.mhic.com. A market study is not required at the time of application to MHP but sponsors should be prepared to submit a market study to DHCD in accordance with its general practice.

Applicants applying for the NRI program are encouraged to first carefully review the NRI term sheet and to speak with a staff member from MHP's lending team prior to submission of an application. Sponsors may contact their MHP loan officer or MHP's [Megan Mulcahy](#) at 617-330-9944 x269.

Please provide MHP with three copies of the application. Applications must be received by MHP by 5 p.m. on July 16, 2010. Applications should be addressed to Megan Mulcahy, Senior Loan Officer, Massachusetts Housing Partnership, 160 Federal St., 2nd Floor, Boston, MA. 02110.