

# Manchester-by-the-Sea Affordable Housing Trust

## Notice of Funding Availability

### **Mission :**

The Manchester Affordable Housing Trust (MAHT) supports and encourages the creation of community affordable housing for rent and ownership by making funding available for the acquisition, new construction and rehabilitation of eligible residential units, as well as through programs and policies that support the development of rental and for-sale affordable units to income-eligible individuals and families.

### **Program Overview :**

To facilitate its goals, the MAHT is issuing this Notice of Funding Availability (NOFA) on a rolling admission basis to provide access to MAHT resources that will support qualified proposals from developers, property owners and individuals for the creation of affordable rental and homeownership housing. For the purposes of the NOFA, affordability is defined as housing occupied by an individual or household earning no more than eighty percent (80%) of Area Median Income (AMI) as determined by the United States Department of Housing and Urban Development (HUD) as adjusted from time to time. Affordable units must meet and comply with requirements established by the Massachusetts Department of Housing and Community development for Subsidized Housing Inventory (SHI) eligibility.

### **Funding Priorities :**

The MAHT will review and update funding priorities annually as needed in response to housing need in Manchester. The funding priorities may change or stay the same. For the current funding round MAHT will promote the following priorities:

- The production of new affordable rental or homeownership units.
- The conversion of market rate units to affordable rental or homeownership units.
- Creation of new accessory apartment units in existing owner-occupied single family homes in accordance with Zoning Bylaws.
- Affordable developments consistent with neighborhood building context.

- Affordable housing developments targeting a mix of incomes, including low income (at or below 50% of AMI), moderate income (at or below 80(% of AMI) and market rate units.

### **Eligible Activities:**

**MAHT will consider providing funding to support priorities with the following activities:**

- Development Activities- Funds will be provided to priority developments to support gap funding, where there is a shortfall of private and public funding to support affordable rental or homeownership units. Funding will support development costs including acquisition, direct construction, soft costs, reserves, developer fee and overhead, and hard and soft cost contingencies.
- Rental Buydown Program- Rental Buydown assistance is designed to help individuals, nonprofit and for-profit housing developers and property owners to preserve and increase the supply of affordable housing in Manchester by the Sea. To accomplish this goal MAHT will provide financial assistance in exchange for a permanent affordability restriction on one or more apartments. Funding recipients may construct, rehabilitate or agree to convert an existing residential unit from an unrestricted unit to an affordable, deed restricted unit.

### **Funding Limits:**

MAHT funds are targeted to projects that may require multiple sources of financing, making the MAHT contribution a fraction of eligible development costs. In these cases, the MAHT may provide provide initial (“first in”) funds that can serve as an impetus to encourage other lenders to support a project and as gap financing, as necessary, to ensure project feasibility. The funding amount will be the least amount required to make a development or unit affordability feasible.

### **Terms of Funding Assistance :**

Funds may be offered as a grant; interest-free, no payment, soft loan, or other funding mechanism.

### **Funding Requirements :**

The following items and conditions, at a minimum, must be provided prior to closing of Trust funding.

- Ownership with deed
- No liens on property
- Taxes paid
- Zoning in place, either by right or special permit
- Suitable utilities- including approved septic system
- Issuance of a building permit
- Evidence of bank financing
- Evidence of General Contractor contract

### **Term of Affordability:**

The MAHT requires that all projects receiving funds via this NOFA maintain affordability in accordance with the Massachusetts Department of Housing and Community Development Affordability Restriction at a minimum.

### **Application Process :**

Application consideration and review will be done in a two-stage process:

1) Initial Application of Intent: This is an opportunity for the applicant to outline in conceptual terms the affordable housing proposal. The applicant must provide a project narrative with summary information, including a description of the development team, if applicable: development type, unit bedroom and income mix; preliminary development budget indicating need of MAHT funding; preliminary indication of financing; initial estimate of construction costs, and a schematic site plan and building elevations as needed. The MAHT will review the proposal and either reject it as being unfeasible or inappropriate or will issue its preliminary approval with comments or conditions and invite a second and final Funding Award Application.

2) Funding Award Application: Once design, development and finance items are finalized, the applicant may submit a Funding Award Application for consideration. MAHT will require development plan and design refinements taking into consideration MAHT comments; development budget; letter of interest or commitment of bank financing, including construction, permanent and equity, as appropriate; evidence of general contractor pricing or estimating of construction costs; and a submission of required exhibits as needed and required by the MAHT in its sole discretion .

Upon MAHT approval of the funding award application, MAHT will issue a commitment letter indicating the amount of MAHT funding and conditions of funding. The Applicant will have formed and finalized the legal entity that will

receive the funds. When the applicant has finalized development design, construction costs and financing, MAHT will work with other parties, as needed, to close on funding and to start the approved development. The MAHT will generate the necessary regulatory agreement, deed restriction and covenant, if needed, for affordable housing that will outline the various restrictions on the property to preserve affordability. The closing of MAHT funds will be done simultaneously with the recording of the deed and bank financing.

## **Proposal Review and Evaluation :**

MAHT will evaluate proposals based upon the following:

### **Development Team Experience and Qualifications**

The applicant's team must demonstrate sufficient knowledge and experience to carry out the project. MAHT will review the experience of the team, including the sponsor, developer, architect, attorney, property manager, and service provider. For new production projects where the development staff does not have experience with projects utilizing special financing or tax credits, MAHT strongly encourages the hiring of a qualified development consultant as part of the development team.

### **Underwriting & Feasibility**

MAHT will conduct an analysis of the financial elements of the development. The applicant must demonstrate that the financial strategy is sound. This includes submission of letters of interest from established financial institutions to support equity and/or debt financing. It also must be reflected in the appropriateness of funding program(s) selected, and the magnitude of subsidy loans proposed in the budget application. MAHT will examine the development program and financing in terms of reasonableness of cost (acquisition, construction, development, reserves, and fee/overhead), rental income, and long-term operating performance.

The developer must demonstrate that the project has minimized the need for public resources, and if appropriate, complied with the State Department of Housing and Community Development (DHCD) project cost limits

### **Budget Review and Cost**

MAHT will review the development budget for reasonableness, including acquisition, hard costs, soft costs, reserves, contingencies, and overhead and fee.

### **Design**

For new production developments, the design submittal, including site plan, building elevation and floor plans, must reflect the character and context of the project's neighborhood and town.

## **Architectural Accessibility**

The MAHT is committed to ensuring that persons of all ages and abilities can participate in affordable housing opportunities without barriers that limit their access to this valuable resource. In its efforts to expand the stock of affordable housing and secure barrier-free use by its residents and to assure that the Town is a diverse and welcoming community, the MAHT encourages developers who seek public funds for affordable housing to exceed the minimum legal requirements for accessibility applicable to the program from which funding is sought

### **General :**

- Site Control - At Initial Application of Intent, applicants must have proof of site control that may include: an accepted offer to purchase, an executed purchase and sale agreement, option to purchase, or a deed. An “as is” appraisal, supporting the acquisition price, is required and must be included in the 2<sup>nd</sup> phase of the application.
- Readiness to Proceed - The applicant must outline a reasonable timeline for accomplishing key development tasks at application stage and is expected to have met all funding award conditions in a reasonable timeline as a condition of MAHT closing of funding.
- Compliance with MAHT funding priorities.

### **Further Information:**

For further information regarding the Notice of Funding Availability, please contact the Town Planner, Sue Brown, at 978-525-6436 or at Manchester by the Sea Town Hall. The Affordable Housing Trust website is:  
<http://www.manchester.ma.us/523/Affordable-Housing-Trust>