

MASSACHUSETTS DEPARTMENT OF
HOUSING AND COMMUNITY DEVELOPMENT

National Housing Trust Fund (HTF)

DRAFT ALLOCATION PLAN

July 6, 2016

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NATIONAL HOUSING TRUST FUND

Draft Allocation Plan

Massachusetts Department of Housing and Community Development

Revised July 2016

I. Background and Purpose of the National Housing Trust Fund (HTF)

The National Housing Trust Fund (HTF) is a newly-authorized federal program to support the development of affordable housing for low-income individuals and households. The HTF will be funded annually with certain proceeds available from two government-sponsored entities – the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac). The U.S. Department of Housing and Urban Development (HUD) will administer the HTF at the federal level and will distribute trust funds to participating states in accordance with an established formula. Each participating state must identify one qualified housing agency to allocate the funds made available through HTF. In addition, each state must prepare and submit for HUD approval an allocation plan outlining the process it intends to follow to distribute the HTF monies. The HTF allocation process must be referenced both in the state's Consolidated Plan (within the annual action plan) and in the state's Qualified Allocation Plan (QAP) governing the administration of the Low Income Housing Tax Credit Program (LIHTC).

In the Commonwealth of Massachusetts, Governor Charles D. Baker has identified the Department of Housing and Community Development (DHCD) as the allocating agency for the HTF. The U.S. Department of HUD recently has released the state-by-state allocation amounts for 2016, and Massachusetts will receive approximately \$3.4 million in HTF. It is DHCD's intent to award the new funds as rapidly and efficiently as possible. To that end, DHCD has consulted with numerous housing developers, other housing professionals, municipal officials, affordable housing advocates, and other interested parties and has prepared the following allocation plan for the distribution of the HTF monies available in 2016. As required by HUD, the DHCD plan will be posted to the Department's web site and available for public comment for at least 30 days prior to August 16, 2016 – the HUD deadline for each allocating agency to submit its plan. Given the amount of HTF currently available and the critical need in Massachusetts for housing with services, DHCD will award HTF in its first year of operation exclusively to housing with services.

II. The Need for Affordable Housing with Services

The National Housing Trust Fund was enacted by Congress to support affordable housing opportunities for individuals or households who are either very low-income (VLI) or

extremely low-income (ELI). Individuals or households are defined as VLI if their incomes are less than 50% of area median income (AMI). Individuals or households are defined as ELI if their incomes are less than 30% of AMI.

The housing burdens experienced by these income groups in all regions of the country have been well-documented. It is widely known that people who are VLI or ELI experience numerous housing challenges, including but not limited to:

- Current homelessness
- Unsafe and unsanitary living conditions
- Overcrowded living conditions
- Inability to pay for rent without assistance
- Inability to pay for heat and other utilities

In addition, VLI or ELI individuals or households often face other life challenges, including difficulty in paying for food, transportation, health care, child care, and other life necessities. Some VLI or ELI individuals or households face further special challenges. Low-income homeless veterans frequently cope with difficult medical challenges, including substance abuse, post-traumatic stress disorder, and difficulty in accessing necessary services. Frail seniors who are VLI or ELI may live in apartments or houses that are not suitable for persons with mobility issues and service needs. By one industry measure, every time a frail senior falls – and falls frequently occur in homes that are unsuitable for the frail elderly -- the cost of providing post-injury care averages almost \$90,000. Young adults who are aging out of state foster care systems often are VLI or ELI and face huge life challenges. Almost by definition, they have very limited support systems and are particularly vulnerable to substance abuse and homelessness.

These highly vulnerable populations clearly need housing they can afford, but they frequently need support services as well. No housing program – federal, state, or local – can ever address all the life challenges encountered by people with very low or extremely low incomes. But the new Housing Trust Fund offers agencies such as DHCD the opportunity to award capital dollars to produce deeply affordable units in combination with other resources to help fund services for new HTF residents. DHCD has the ability to help fund these support services through the state’s rental voucher program, known as MRVP (Massachusetts Rental Voucher Program). The Department currently plans to set aside 100 MRVP vouchers in support of newly-funded HTF units. Each voucher that DHCD awards will include up to \$1,500 annually in service funding for these units.

III. Successful Supportive Housing in Massachusetts

DHCD has a long and successful history of providing federal and state funds to service-enriched housing – typically defined as units in multifamily rental projects with appropriate services available to tenants who need them. DHCD is strongly committed to the development of housing with services for special populations, including individuals or households who are VLI or ELI and who potentially could benefit significantly from various

services. Like much of the housing advocacy community, DHCD believes that very low- and extremely low-income individuals or households may have a chance to improve their life circumstances if they are appropriately housed and also able to access services, including but not limited to:

- Job search and training
- Financial literacy and planning
- Self-sufficiency training and coaching
- Counseling
- Parenting classes
- Early education and childcare services
- Mental health and addiction treatment
- Adult education and GED
- Skills training, etc.

In 2014, DHCD piloted a supportive housing initiative with funds provided by the Massachusetts Legislature through a program called the Housing Preservation and Stabilization Trust Fund (HPSTF). Since 2014, DHCD has awarded HPSTF monies, on a competitive basis, to qualified sponsors who are using the funds to develop 500 units of supportive housing. The HPSTF model has been highly successful, and it has provided DHCD with a useful blueprint to follow as the Department allocates HTF in its first operational year. In 2016, DHCD will allocate its HTF monies through a process similar in many ways to the Department's HPSTF allocation process.

Given the cost of producing or preserving deeply affordable units in Massachusetts, HTF will not be sufficient as a standalone source for projects. To augment the new HTF monies, the Baker Polito Administration will provide DHCD with at least \$5 million per year in additional state bond funds over the next few years for the sole purpose of producing or preserving more supportive housing. This critically important commitment from the Administration will greatly enhance the efficacy of the HTF monies in 2016. The additional state funds, coupled with HTF, will permit DHCD to hold a competition in 2016 for supportive housing projects.

IV. HTF Competition in Massachusetts

Sponsors of multifamily projects with support services that include units reserved for ELI individuals or households will have the opportunity to apply for HTF, as well as certain state bond funds and MRVPs, through the special competition to be held in December 2016. DHCD intends to commit its full allocation of HTF through this competition, and, in accordance with HUD guidelines, will commit all HTF to ELI units in this initial funding cycle. DHCD further anticipates allocating at least half of its HTF to units reserved for individuals or households making the transition from homelessness, as reflected in project tenant selection plans and affordable fair housing marketing plans.

As soon as HUD has approved DHCD's HTF allocation plan, the Department will issue a Notice of Funding Availability (NOFA) for HTF and several additional DHCD resources. Consistent with DHCD's past practice, the NOFA will include the deadlines by which sponsors interested in HTF must submit their pre-applications for DHCD review. The full funding competition for HTF and other DHCD monies in December will be invitation-only. Those sponsors whose pre-applications are approved by DHCD will be invited to submit full funding applications for HTF and other DHCD resources. The deadline for invitation-only, full funding applications will be included in the NOFA. Both pre-applications and full funding applications (OneStop+ applications) must be submitted through DHCD's Intelligrants system.

It is DHCD's intent to award HTF and state resources during the December 2016 competition to projects that are highly ready to proceed. Further, it is DHCD's intent to award the funds to sponsors with extensive experience and strong track records in the development and operation of housing with support services. Sponsor experience and capacity will be critical elements in the DHCD review process. The degree of readiness of a project and its ability to move through the loan closing process to construction also will be critical review components. It is the Department's expectation that projects receiving HTF and/or state resources during the December 2016 competition will proceed to construction during 2017.

Interested sponsors should note that DHCD will award HTF as subordinate debt and will close all HTF assistance through the MassDocs process.

Sponsors of potential HTF projects for 2016 should note the following:

- In order to fund as many HTF units as possible, DHCD typically will cap the amount of HTF per eligible unit at \$50,000, although, under some circumstances, DHCD may award up to \$65,000 per unit. (These caps are consistent with the HOME program caps in Massachusetts.) However, as previously indicated, sponsors also may seek certain additional state resources to complete their financing packages. Overall, sponsors should assume that DHCD will cap all Department assistance, other than state rental assistance, at \$125,000 per HTF unit, inclusive of the \$50,000 (or \$65,000) HTF per-unit cap.
- In order to support multiple projects with HTF units, DHCD typically will cap the amount of HTF per project at \$500,000.
- During the December competition, DHCD will consider both new construction and preservation/rehabilitation projects for HTF. Design and scope of work standards apply to both types of projects. Sponsors who previously have received DHCD assistance on affordable housing projects are familiar with DHCD's various standards. The design and scope standards are delineated in the Department's annual Qualified Allocation Plan (QAP) for the Low Income Housing Tax Credit. Standards also are

delineated in the document entitled, “DHCD Construction/Rehabilitation Guidelines” and included within this document as Attachment B. DHCD’s architects will review the design and scope components of all applications for HTF and state resources during the December 2016 competition.

V. Federal Requirements for HTF

In accordance with HUD guidance, the funds available through HTF can only be used to directly support housing units for the target income groups (VLI and ELI individuals or households). HTF units can be included in projects that also serve higher income level tenants, but the HTF monies can only support the HTF-designated units. On May 20, 2016, the U.S. Department of HUD issued a notice stating that state allocating agencies may only award their initial allocations of HTF -- the 2016 allocations -- to ELI individuals or households.

In accordance with HUD guidance, HTF funds may be used for the production or preservation of affordable housing through the acquisition, new construction, reconstruction and/or rehabilitation of non-luxury housing with suitable amenities. All HTF-assisted rental housing must meet a 30-year affordability period. Funds may be used to support:

- Real property acquisition
- Site improvements and development hard costs
- Related soft costs
- Demolition
- Financing costs
- Relocation assistance

VI. Maximum Per-Unit Subsidy Limits

The U.S. Department of HUD is requiring all HTF allocating agencies to establish maximum per-unit subsidy limits for all projects that include HTF assistance. The HUD guidance on establishing per-unit limits gives allocating agencies the option of developing and implementing new per-unit subsidy limits or using per-unit limits established for other federal programs, such as the Low Income Housing Tax Credit program (LIHTC).

The Massachusetts Department of Housing and Community Development has served as the allocating agency for the LIHTC and the federal HOME program for over 24 years. In this capacity, DHCD has always used subsidy per-unit limits to allocate federal and state resources. The Department typically will allocate between \$100,000 and \$125,000 in total subsidy per unit, depending on the location of the project, its bedroom configuration, and the population to be served. In addition, DHCD typically

places a further limitation **by program** on subsidy amounts per unit. As an example, while a given project may be eligible to receive \$100,000 per unit in total DHCD subsidy (again, dependent on location, bedroom configuration, and population), the Department will cap the amount of HOME available to the project at \$50,000 to \$65,000. The project can receive the remaining amount of subsidy per–unit from a different DHCD program.

For consistency, DHCD will use the same subsidy per-unit limits it historically has used for other programs, including HOME, as it makes its initial HTF allocations. HTF sponsors may seek between \$50,000 and \$65,000 in HTF per unit, as supported by project costs. Sponsors may seek additional funds from other DHCD programs, as long as the total subsidy requested does not exceed the overall subsidy –per unit limits identified above.

For many reasons, it is expensive to develop housing, including affordable housing, in Massachusetts. The Department --working with its quasi-public affiliate, the Massachusetts Housing Partnership (MHP) – maintains an extensive database that includes development cost information on over 50,000 affordable units. The data is updated regularly, and, on an annual basis, DHCD and MHP determine whether the recommended total development cost limits per project should be modified. The total development cost limits are included every year in DHCD’s Qualified Allocation Plan (QAP) for the Low Income Housing Tax Credit program. DHCD’s annual decisions on subsidy per-unit limits are tied to its annual evaluation of total development cost limits. The subsidy per-unit limits have remained relatively constant in recent years. The Department typically will support between 25% and 35% of the total development cost of a project with its subsidy funds. The sponsor must complete the project financing from sources other than DHCD subsidy programs.

VII. Additional Information on HTF and DHCD Resources

Sponsors who are interested in seeking HTF to support eligible units within their projects should review all the following materials related to HTF or to DHCD’s recent rental rounds:

- The HUD interim rule for HTF at <https://www.gpo.gov/fdsys/pkg/FR-2015-01-30/pdf/2015-01642.pdf>
- DHCD’s Qualified Allocation Plan (QAP) for LIHTC (posted at <http://www.mass.gov/hed/docs/dhcd/hd/lihtc/2016draftqap.pdf>)
- DHCD’s NOFA for the March 2016 rental funding competition (posted at <http://www.mass.gov/hed/docs/dhcd/hd/lihtc/winter-2016-rental-funding-round-nofa.pdf>)

Interested sponsors also may benefit from reviewing DHCD’s 2015 NOFA for HPSTF, (posted at <http://www.mass.gov/hed/docs/dhcd/hd/hstf/hpstfnofa2015.pdf>). Also of

importance are the U.S. Department of HUD's National Housing Trust Fund FAQs, which are appended to this document as Attachment C.

The DHCD documents referenced above all address the Department's current priorities for affordable housing projects. DHCD is encouraging projects that:

- Provide supportive services for some or all units
- Provide units serving a mix of incomes, including market rate units as well as affordable units
- Are located near major transit
- Are located near retail opportunities and services
- Will support neighborhood revitalization
- Will conform to the Commonwealth's principles of sustainable development
- Meet DHCD's standards for cost-reasonableness
- Are highly ready to proceed
- Are consistent with the relevant principles of fair housing

Sponsors should note that DHCD has certain standards for the support services to be delivered to tenants in supportive housing units. It is the Department's expectation that sponsors of projects seeking HTF in Massachusetts will adhere to DHCD's standards and policies for services and service delivery, appended to this document as Attachment A.

Additional Information

For additional information on this draft allocation plan, please contact Catherine Racer or Ayana Gonzalez of DHCD at 617-573-1322 or 617-573-1305, respectively.

ATTACHMENT A

DHCD and Support Services

The standards and policies described below apply to services to be funded through the HTF as well as other DHCD sources.

Support services for individuals or families living in service-enriched housing units must be based on an individualized and detailed assessment of the individual or family's strengths and areas of needed support and improvement. In order for the assessments to be effective, the service provider must be experienced at individual or family outreach and engagement. As part of any application to DHCD for supportive housing (SH) funds, the sponsor is expected to describe the method to be used to prepare individual or family assessments.

DHCD will give preference in funding decisions to qualified applicants who intend to create SH units for individuals or families who face multiple barriers to securing permanent housing. Multiple barriers may include poor credit, prior evictions, past criminal offenses, poor rental history, and multiple shelter placements.

Effective stabilization and case management should assist an individual or family in maintaining a successful tenancy and increasing self-sufficiency. After an initial assessment of each tenant household, the service provider will develop an individualized service plan with measurable goals and objectives. The service plan should address the following: 1) maintaining a successful tenancy; 2) securing quality childcare, education, healthcare and recreational activities for any children in the household, 3) securing or improving adult education attainment and employment; 4) improving and maintaining behavioral and physical health; 5) improving financial and asset management skills; and 6) improving community connections.

The entity providing stabilization services and case management must document the individual or family's initial assessment and work plan and also must track and document the individual or family's engagement and progress toward the goals and measures outlined in the work plan. The services to be provided as well as the reporting requirements are subject to further DHCD guidance.

If the service provider is a different entity from the owner of the property receiving DHCD funds, the provider and the owner should have a successful record of previous collaboration and should provide DHCD with documentation (such as an MOU) of their previous work together.

Persons with disabilities will not be required to accept any medical or disability related services, although exceptions may apply to treatment for people with addictions.

ATTACHMENT B

HOME/HSF/CIPF/CATNHP/HTF

Construction/Rehabilitation Guidelines

JULY 1, 2016

Over the years, the Department of Housing and Community Development (DHCD) has developed and refined construction and rehabilitation guidelines for affordable housing projects that receive federal and state assistance from programs including the following:

- HOME Investment Partnerships Program (HOME)
- Housing Stabilization Fund (HSF)
- Capital Improvement Preservation Fund (CIPF)
- Commercial Area Transit Node Housing Program (CATNHP)
- National Housing Trust Fund (HTF)

These guidelines, along with the design guidelines contained in DHCD's Qualified Allocation Plan (QAP) for the Low Income Housing Tax Credit (LIHTC) program, are intended to promote high quality standards that are site appropriate and cost effective. They also are intended to ensure that projects will be built or rehabilitated to provide safe, decent affordable housing for many years.

All sponsors of projects seeking DHCD subsidy assistance must submit design and project scope documentation during DHCD's regularly- scheduled rental funding competitions. It is DHCD's expectation that all project sponsors will engage an architect/engineer and/or cost estimator to prepare architectural plans and estimated project costs. DHCD's reviewing architects will evaluate all design and scope documentation to determine whether the proposed project will meet various program requirements as well as all applicable local, state, and federal regulations. DHCD's architects also will review the documentation to ensure that the project conforms to these new construction and rehabilitation guidelines.

Sponsors should note that DHCD is willing to meet with development teams, including architects, by phone or in DHCD's offices, to discuss the design elements of a proposed project. However, once a funding competition begins, DHCD is no longer able to engage in project discussions. Sponsors also should note that funding agencies other than DHCD may have their own design and scope requirements. It is the sponsor's obligation to meet the various requirements of multiple lenders.

In both rehabilitation and new construction, the completed housing must meet all applicable state and local codes, ordinances, and requirements. In addition, the completed housing must meet Uniform Physical Condition Standards (UPCS) for the site, building exterior, building systems and common areas, and must comply with HUD 24 CFR Part 35 with respect to lead-based paint hazards.

The Department is concerned that all projects seeking or using DHCD funds are capable of meeting health and safety standards. Sponsors who submit rehabilitation projects must include a written description outlining any life threatening health and safety deficiencies and plans for immediately addressing such issues.

As sponsors work with their architects and engineers, they should be aware of all applicable codes and regulations, including but not limited to the following:

- Local Zoning Ordinances
- Massachusetts State Building Code
- National Electrical Code
- Massachusetts Fuel Gas and Plumbing Code
- Massachusetts Fire Regulations
- Massachusetts Elevator Regulations
- Massachusetts Sanitary Code
- Massachusetts Department of Public Health Requirements
- Massachusetts Historic Commission Recommendations
- U.S. Department of Energy Regulations
- Massachusetts Department of Environmental Protection Regulations
- HUD Rehabilitation Guidelines
- HUD Section 8 Housing Quality Standards
- Americans with Disabilities Act
- Section 504 and Fair Housing Act
- Massachusetts Architectural Access Board Regulations
- Local, State and Federal Requirements Related to Sewage/Septic Systems

The following design recommendations are intended to promote the construction or rehabilitation of quality housing that is attractive, comfortable, and marketable to prospective residents or buyers. The recommendations comply with or exceed the minimum standards required by the State Building Code, State Sanitary Code, and HUD regulations. If project sponsors determine that it is not feasible to comply with certain recommendations, they should contact DHCD to discuss their concerns.

Overall Unit Size:

New construction and rehabilitation units typically must be no smaller than the following:

- SRO: 120 square feet (sf)
- Enhanced SRO: 175 sf (includes food preparation area and bathroom)
- One-bedroom unit: 600 sf (or applicable HUD program standards; for example, for Section 202)
- Two-bedroom unit: 850 sf
- Three-bedroom unit: 950 sf
- Four or more bedroom unit: 1,100 sf

Minimum Room Size:

Rooms in new construction and rehabilitation projects must meet the following minimums (including a dimensional minimum):

- Primary bedrooms: 120 sf (10.5 ft.)
- Secondary bedrooms: 100 sf (9.5 ft.)
- Living room: 150 sf (12 ft.)
- Dining room: 100 sf (10 ft.)
- Living/dining room combo: 200 sf (12 ft.)
- Full bathroom: 40 sf (5 ft.)

If a room has a sloped ceiling, any portion of the room measuring less than 5 feet from the finished floor to the finished ceiling shall not be included in the measurements of the floor area.

Closets and storage cannot be included in the measurement of the floor area.

Kitchen:

The size of the unit should determine the amount of counter space to be provided:

	<i>counter space length</i>	<i>minimum circulation width</i>
• One bedroom unit	6 linear feet	4 feet
• Two bedroom unit	8 linear feet	4 feet
• Three or more bedroom unit	10 linear feet	4 feet

The minimum total linear feet of counter cannot include the space occupied by the sink, stove, and refrigerator.

Bathroom:

The number of bedrooms within the unit determines the number of bathrooms:

• One-bedroom unit	One bathroom
• Two-bedroom unit	One bathroom
• Three-bedroom unit	One-and-a-half bathrooms (minimum)
• Four or more bedroom units	Two bathroom

Reusable and Sustainable Material Use:

Sponsors are asked to:

- Use fewer building materials through advanced framing techniques or other systems approach to building construction.
- Use recycled content such as:

- High fly ash content concrete in foundations, wall systems and finish floors.
- Cementitious siding or stucco with high fly ash content.
- Composite framing such as engineered joists instead of dimensional lumber:
 - Light-gauge steel in whole house or interior walls. (Verify that thermal bridging is avoided if steel is used in exterior walls.)
 - Rapidly renewable resource materials for flooring and finishes such as wheat straw board and bamboo.
 - Insulation made of renewable, easily recyclable material or recycled content such as recycled newspaper (cellulose), soy-based foam, cotton fiber, or other when appropriate.
- Use locally available building materials such as:
 - Locally produced masonry.
 - Recycled lumber or locally milled timber or Forest Stewardship Council (FSC) certified lumber or other recycled materials.
 - Recycled aggregate from demolition of existing site work or structure or nearby source.

Energy Efficiency:

Sponsors are asked to:

- Use properly sized and designed sealed combustion boilers or furnaces and distribution systems or other low-energy use heating.
- Use tankless water heaters, indirect water heaters, sealed combustion water heaters, or solar hot water heaters.
- Specify compact fluorescent or LED fixtures.
- Specify insulation as required by Energy Star standards and above code where feasible.
- Avoid or minimize air-conditioning with natural ventilation or other passive cooling strategy.
- Consider renewable energy sources such as photovoltaics (or pre-wire to be added when feasible).

Indoor Environmental Quality – Healthy Buildings

Sponsors are asked to:

- Detail building envelope to shed water with adequate flashing and a continuous drainage plane (rain-screen). Design walls to be able to dry to the interior, exterior, or both as appropriate.
- Provide operable windows with screens to take advantage of natural cross-ventilation when possible.
- Provide mechanical ventilation to remove excess moisture and indoor pollutants from living spaces and to provide an adequate amount of outside air.

- Specify sealed combustion boilers, furnaces, and water heaters.
- Use only low volatile organic compound (VOC) paints, sealants, and finishes.
- Use paperless gypsum board or cement board at all damp areas.
- Install flooring with low or non off-gassing such as concrete, ceramic tile, FSC certified wood flooring, or bamboo with low urea formaldehyde content.
- If wood or bamboo flooring is finished on site, use low VOC water-based polyurethane finish.
- Minimize the use of carpeting, which can hold dirt, mold, and other allergens. If carpeting is necessary, specify carpet with low VOCs recyclable fiber and backing content. If available, install carpeting that can be recycled.
- Install carbon monoxide detectors in living areas as well as garages.
- Perform fresh air flushing before occupancy.
- Educate tenants or owners by providing user manuals on use of systems, their required maintenance such as changing of filters and batteries. Use filters that remove allergens in forced-air units.
- Protect onsite building materials from rain during construction to prevent mold growth.
- Design wall and ceiling assemblies to mitigate impact sound and air-borne sound transmission between units.

Additional Design Review Considerations

Sponsors should note:

- Rehab projects funded with federal funds must be demonstrably improved in order to mitigate the impact of potential natural disasters (e.g., earthquakes, hurricanes, floods) in accordance with applicable state and local ordinances.
- Kitchens must be designed with a pantry or broom closet.
- All applicable appliances must be Energy Star* rated.
- Range hood vented to outdoors.
- Garbage disposal, ¾ HP minimum.
- 30" range with self-cleaning oven.
- Dishwasher, if the unit includes a full kitchen.
- Refrigerator sized for maximum energy savings.
- Storage space should be provided wherever possible.
- The design should optimize the use of space. Unit size and layout should maximize efficiency and minimize circulation (hallways), provide spacious furnishable main living areas and provide adequate storage.
- For all buildings under rehabilitation, designs shall include durable, low maintenance, energy efficient systems and materials.
- All new construction must be designed to meet the National Energy Five Star Efficiency performance standards. All procedures used for this Five

Star rating must comply with National Home Energy Ratings Systems guidelines.

- Cementitious siding materials, such as Hardi-plank or Cem-plank is the preferred exterior siding to vinyl cladding for residential buildings.
- Specifications should include fiberglass/asphalt roofing shingles with a minimum of a 25-year warranty or fully adhered compounded rubber sheet elastomer (EPDM) single membrane for flat roofs. All pitched roofs must have a ridge and soffit venting system when appropriate.
- Window guards or heavyweight screening must be installed in windows of housing units where a child 6 or under may live or regularly visit, whenever appropriate.
- Painted finishes should have a one-coat primer and two finish coats.
- Bathroom floors must be tiled with a floor grade, non-slip glazed or unglazed ceramic tile or linoleum (marmoleum or equal). VCT is not approved for bathrooms. Linoleum sheet goods shall be limited to entryways, kitchens, bathrooms, and dining rooms.
- If carpeting is installed, 26 oz. minimum fabric face weight per square yard is the standard. Specify carpet with low VOCs and recyclable fiber and backing content. If available, install carpeting that can be recycled.
- Stacked plumbing is strongly recommended in order to reduce material and construction costs, and to centralize water and sewer lines.
- All mechanical equipment should be located and installed so that it cannot be seen from the surrounding street. Special attention must be given to preventing excessive noise or other kinds of annoyance from any mechanical equipment.
- If the useful life of one or more major systems (including structural support, roofing, cladding, weatherproofing, plumbing, electrical and HVAC) is less than the applicable period of affordability, the sponsor must ensure that a replacement reserve is established to replace systems as needed.

Any proposed deviations from design recommendations should include a narrative describing why an alternative approach/material is preferred.

Plan Requirement Guidelines

This section outlines the type of drawings and other information that should be submitted for new construction or rehabilitation projects that all within these guidelines. As indicated, DHCD strongly recommends that an architect and/or construction cost estimator prepare the plans and construction budgets for each project. For new construction, DHCD requires that an architect prepare the plans and specifications. The development team should address all the following:

Site Plan: Indicate the location of the building, property lines, access to the building from the street, landscape, curb cuts, driveways, orientation (north arrow). Suggested scale: 1:20 (1" = 20')

Existing Floor Plan: Include plans for each floor, including basement. Drawings should be drawn at 1/4 scale (1/4" = 1'-0"). The existing floor plans should include the following information:

- Structural elements such as existing bearing walls, columns (indicate this with a note or graphically, e.g.: shade in the structural walls).
- Direction of floor joists if structural changes are being made.
- Existing plumbing, ventilation chase, fireplaces and any other information that affects design.

Proposed Floor Plans: Drawings should address changes of layout, removal of walls or structural elements, or any other changes other than minor, non-structural repairs (for maintenance purposes).

The proposed floor plans should include the following information:

- Unit Floor Area (i.e., the total area within the unit exterior walls).
- Room Areas (i.e., the area within the perimeter wall of the room excluding storage and closet space).
- Overall and interior dimensions.
- Vertical structural elements.
- Wall thickness to scale.
- Location and size of windows, indicating the window-sill height (measured from the finished floor).
- Ceiling heights.
- Location of mechanical equipment, meters, and electric service panels.
- Location of water, gas, sewer, and electric services.
- In the case of attic renovation, drawings should be provided indicating ceiling heights, knee wall heights, dormers location, etc.
- All units should be built with internet connectivity, COAX cable for TV and CAT5e or better for phone.

Elevations: Drawings should include front, side and rear elevations.

Landscaping Guidelines

This section outlines suggestions for site improvements and landscaping for projects that all under these guidelines.

Site Design:

- Where possible and feasible, provide usable areas such as the following where the community can meet and gather:
 - Safe play areas for children in multifamily developments.
 - Community garden areas.
 - Semi-public open spaces.

- Patios, front yards, porches, or balconies to encourage community interaction and provide eyes-on-the-street surveillance.
- Provide for alternative transportation, e.g., bike paths and storage, pedestrian links, care shares.
- Provide accessible routes of travel and avoid use of stairs, wherever the terrain permits.
- Prioritize pedestrian over vehicular traffic and use traffic calming devices. Incorporate attractive well-lit pedestrian paths wherever possible.
- Consider outdoor spaces for urban agriculture community gardens; planters for vegetables, herbs, flowers.

Site Demolition and Clearing:

- Remediate all hazardous materials such as asbestos (ACMs) and lead (LCMs) carried out in accordance with all applicable state and federal regulations.
- All de-leading work must be performed in accordance with the provisions of M.G.L. c.111, 190-199B, 105 CMR 460.000, as well as all EPA requirements.
- Provide a summary and accurate estimate of the ASTM site remediation plan, if applicable, along with grading plans.

Tree/Shrub Pruning and Removal:

- Remove trees that originate at foundation wall of building or present a hazard to the structure.
- Remove dead trees.
- Trim stump to finished grade level or below.
- Prune back branches that overhang roof or brush walls of building.
- Prune branches that may threaten utility connections.
- Clean up and properly dispose of brush and wood.
- Remove shrubs that are diseased, those that obstruct walkways, drives and pathways, and those that obstruct windows.

Grading: Restore grade to include a 6" minimum deep planting bed of clean loam/topsoil. New grade should slope away from buildings and fit the existing neighboring grades, particularly at street or sidewalk. Grades for lawn areas should not exceed twenty percent. The grade across paved areas should not exceed four percent.

Paving, Fencing and Walls:

- Restore walks and driveways to good condition.
- Fences should never exceed a height of 6 feet. Material and style should be appropriate to surrounding neighborhood.

Lawns:

- Sod or seed new lawns. If seeded, pegged cloth or salt hay should be used to prevent erosion on slopes in excess of six percent. If lawn area is shady, seed or sod should include appropriate mix of fescues or other grasses, which will tolerate shade. The addition of five percent white clover to the seed mixture will produce a healthier lawn.
- Require general contractor to maintain all lawns until after the first cutting.

Plantings: Select hardy, maintainable, regional stock. All plantings should be placed in a manner that enhances the appearance of the property and is in keeping with the surrounding neighborhood.

ATTACHMENT C

National Housing Trust Fund FAQs

Last Updated: May 16, 2016

Description:

This document contains the National Housing Trust Fund FAQs posted on the HUD Exchange website (<https://www.hudexchange.info/htf>). The FAQs are organized by topic.

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Annual Action Plan

Housing Trust Fund Allocation Plans

When can States submit HTF allocation plans to HUD?

Updated: June 19, 2015

As it has in prior years, HUD will publish a Community Planning and Development (CPD) Notice for FY 2016 to instruct CDBG, HOME, ESG, HOPWA and HTF grantees on the timing of the submission of consolidated and annual action plans. HTF grantees may not submit their HTF allocation plans to HUD for review and approval until the HTF formula allocations have been published. The earliest HUD expects to publish the HTF formula allocations is April, 2016.

It is possible that formula allocations for other CPD formula programs (CDBG, HOME, HOPWA and ESG) will be available before HTF formula allocations are published. A State or State-designated entity that submits its annual action plan for these formula grant programs before the HTF formula allocations are published must submit its HTF allocation plan as a substantial amendment to its annual action plan, after the HTF formula allocations have been published.

When can subgrantees submit HTF allocation plans to HUD?

Updated: June 19, 2015

Before a subgrantee can submit its HTF allocation plan to HUD, two conditions must be satisfied. First, pursuant to 24 CFR 91.320(k)(5), the State must submit and HUD must approve an HTF allocation plan that addresses its intent to award HTF funds to subgrantees. Second, pursuant to 24 CFR 93.404(b), the State must execute a written agreement awarding funds to a subgrantee for HTF activities. The subgrantee's HTF allocation plan must address all required elements of the written agreement with the State. Depending on the timing of the agreement between the State and the subgrantee, the subgrantee's HTF allocation plan will generally be a substantial amendment to an already approved annual action plan.

How will States and subgrantees submit HTF allocation plans to HUD?

Updated: June 19, 2015

In May 2012, HUD's Office of Community Planning and Development (CPD) introduced the eCon Planning Suite, including the Consolidated Plan template in IDIS On-Line and the CPD Maps website. HUD grantees are now required to submit their consolidated plan and annual action plan using the Consolidated Plan template in IDIS On-Line. Therefore, HTF grantees and subgrantees must use the eCon Planning Suite to submit their HTF allocation plans to HUD. However, for the first year of the program, the Suite may not include fields for the HTF allocation plan. If this is the case, grantees and subgrantees will be required to upload a Word or similar file containing their plans to the eCon Planning Suite. HUD will provide a sample format for HTF grantees and subgrantees to use when uploading the HTF allocation plan to the eCon Planning Suite. Grantees and subgrantees may still use the eCon Planning Suite data and tools to identify priority housing needs and make strategic investment decisions for their HTF programs.

Can a unit of general local government which is not a direct recipient of HUD formula grant funds be an HTF subgrantee?

Updated: June 19, 2015

No. 24 CFR 93.2 defines a "subgrantee" as a unit of general local government that has an approved consolidated plan submitted in accordance with 24 CFR 91. The regulations at 24 CFR Part 91 require units of general local government which receive CDBG, HOME, ESG or HOPWA formula funds to develop and submit a consolidated plan and/or annual action plan, outlining the use of the formula funds. Therefore, by definition, an eligible HTF subgrantee must be a direct formula grantee that submits a consolidated plan and annual action plans.

Can States or State-Designated Entities (SDEs) begin their planning and citizen participation process prior to the publication of the HTF formula allocations? (UPDATED)

Updated: August 14, 2015

HUD is aware that some States have Annual Action Plan submission dates in early 2016 and would like to include HTF Allocation Plans in citizen participation hearings that they will conduct for their Action Plans. Before deciding to include HTF in Annual Action Plan hearings that take place before HTF allocations are available, States should consider that there are no 2015 baseline figures upon which to estimate 2016 HTF allocations. This may make it difficult to achieve meaningful citizen participation and meet the Consolidated Plan citizen participation requirements established at 24 CFR 91.115. In addition, HUD intends to issue guidance on maximum subsidy limits and operating cost assistance later this year, which may prove useful to States as they develop their program design. Lastly, grantees are required to conduct citizen participation before submitting a substantial amendment to the Annual Action Plan, which may negate any time or cost savings that were achieved by including the HTF Allocation Plan in Annual Action Plan hearings.

HUD encourages States and SDEs to engage with their stakeholders (e.g. community organizations, general public, housing partners, etc.) through informal meetings or planning sessions that make information available, inform design of their HTF program, and otherwise contribute to a meaningful citizen participation process.

Administrative Requirements

When must a State notify HUD which agency will administer its Housing Trust Funds (HTF) and how does a State designate the State agency or State-Designated Entity to administer the HTF program?

Updated: February 13, 2015

Per 24 CFR 93.100, each State is required to notify (the Secretary of) HUD of its intent to become a grantee for HTF funding within 30 days after HUD publishes the formula allocation amounts (these amounts are expected to be published by April 2016). The notification letter must also inform HUD of the contact information for the State department/agency or State-Designated Entity (SDE) that will administer its HTF funds. Only one State department/agency or SDE can be designated as the HTF grantee.

Please provide the following contact information:

- First Name
- Last Name
- Title
- Department
- Agency
- Phone
- Email
- Address

At the State level, selection of a State agency or designation of a SDE to administer its HTF funds will typically be made by the Governor or State Legislature in accordance with State law. The definition of a SDE for HTF can be found at 24 CFR 93.2. If a State designates a SDE to administer its HTF funds, a copy of the designation must be included in this transmittal.

States are encouraged to designate the State department/agency or SDE that will administer its HTF funds early in order to facilitate receipt of guidance and training from HUD timely. Therefore, States may submit the above referenced notification letter any time prior to the deadline.

The notification letter should be addressed/sent to:

The Honorable Julián Castro
Secretary
U.S. Department of Housing and Urban Development
451 7th Street S.W., Washington, DC 20410
Fax: (202) 619-8365

Will States be allowed to charge pre-award costs for HTF planning activities?

Updated: June 19, 2015

Yes. HUD has determined that pre-award costs for planning activities and preparation of the HTF allocation plan will be allowed. Preparation includes the cost of public hearings, consultations and publication of public notices. For the first year, pre-award costs may not exceed one half of the State's administrative funds (which is, 10% of the formula allocation).

Broadband Infrastructure

HUD continues its efforts to narrow the digital divide in low-income communities served by HUD by providing, where feasible and with HUD funding, broadband infrastructure to communities in need of such infrastructure.

Broadband is the common term used to refer to a very fast connection to the Internet. Such connections are also referred to as high-speed broadband or high-speed Internet.

Although HUD plans to issue regulations that will formalize its steps for narrowing the digital divide, Housing Trust Fund program funds can be used for broadband installation infrastructure and service delivery.

May Housing Trust Fund (HTF) grant funds be used when developing (constructing or rehabilitating) housing with these funds and what costs related to broadband internet access are eligible?

Yes. Under § 93.201(a) in the HTF rule, HTF funds may be used for the actual costs of constructing or rehabilitating (development hard costs) single family or multifamily housing, including the costs to wire the property for broadband internet. The costs to make utility connections, including off-site connections from the property line to the adjacent street are also eligible under HTF at § 93.201(a) (3) (ii). HUD includes internet connectivity in the regulatory definition of "utility connections."

For both new construction and rehabilitation of multifamily rental projects, HTF funds may be used for costs to construct or rehabilitate community facilities that are located within the same building as the housing, and which are for the use of the project residents. However, HTF funds cannot pay for a computer room located in a separate building from the assisted housing.

HTF funds also may not pay for equipment or furniture in the computer room.

If a multi-unit project does not contain 100 percent HTF-assisted units, only a portion of the cost of providing broadband internet access in the project or the cost to construct a computer room may be charged to the HTF program because only the actual HTF eligible development costs of the assisted units may be charged to the program in accordance with the HTF rule at § 93.200(c) (1).

All HTF-assisted housing must meet the minimum property standards at § 93.301 upon completion, so efforts to provide broadband internet access in existing housing must be undertaken as part of rehabilitation that brings the housing up to the property standards.

May HTF funds be used to make broadband internet connections to housing?

Yes. As part of a new construction or rehabilitation activity, the HTF rule at § 93.201(a) (3) (ii) states that HTF may pay for the development costs to make utility connections, including connections from the property line to the adjacent street. This includes broadband internet connections.

However, HTF cannot be used for any off-site improvements, including running broadband internet cable or wires to the project site. Use of HTF funds is limited to the improvements on

the project site, i.e., the land, owned by the project owner, upon which the HTF-assisted project is located.

Further, the HTF rule at § 93.200(d)(1) specifies that only the actual HTF eligible development costs of the assisted units may be charged to the program. If a multi-unit project does not contain 100 percent HTF-assisted units, then only a portion of the cost of the utility connections may be charged to the HTF program.

May HTF funds be used to provide a computer room in a multifamily rental project?

Yes. As part of new construction and rehabilitation costs of multifamily rental projects, the HTF rule at § 93.201(a) (4) states that HTF funds may be used for costs to construct or rehabilitate community facilities that are located within the same building as the housing, and which are for the use of the project residents. HTF funds cannot be used to pay for a computer room located in a separate building from the assisted housing.

While HTF funds may be used to construct a multi-purpose room that could serve as a computer room, HTF funds may not be used for the purchase of furniture or equipment.

If a multi-unit project does not contain 100 percent HTF-assisted units, then only a portion of the cost of a computer room may be charged to the HTF program because only the actual HTF eligible development costs of the assisted units may be charged to the program in accordance with the HTF rule at § 93.200(c) (1).

May HTF funds be used to provide computer equipment in a multifamily rental project?

No. HTF funds may not be used to pay for furniture or equipment for a computer room, even as part of a multifamily assisted rental property.

Cross Cutting Requirements

Do Davis-Bacon Labor Standards apply to the HTF?

Updated: June 19, 2015

No. The HTF was established under Title I of the Housing and Economic Recovery Act of 2008, Section 1131 (Public Law 110-289). This statute did not make the labor standards of Davis-Bacon applicable to the HTF. Therefore, in order to be consistent with the statute, HUD did not require Davis-Bacon labor standards on the HTF in the interim rule.

Program Requirements

Maximum Per Unit Development Subsidy

How should States establish maximum per-unit development subsidy amounts for Housing Trust Fund (HTF) projects?

Pursuant to 24 CFR 93.300(a), all HTF grantees must establish maximum limitations on the total amount of HTF funds that the grantee may invest per-unit for development of non-luxury housing. The limits must be "reasonable" and based on actual costs of developing non-luxury housing in any given geographical area. Each grantee must submit maximum per-unit development subsidy amounts and accompanying justification with its HTF Allocation Plan on an annual basis.

There are a number of factors grantees should consider when developing maximum per-unit development subsidy amounts.

First, maximum per-unit development subsidy amounts must be adjusted for number of bedrooms and for the geographic location of the project. Because actual construction and land costs vary by areas, Grantees will establish multiple limits for the State. If a Grantee determines that a single limit is appropriate for the entire State, it must submit documentation supporting its determination that there is not a significant variation in construction or land costs across the State.

Second, maximum per-unit development subsidy amounts must be based upon actual total development costs, including costs that are not eligible to be paid with HTF and costs funded from sources other than HTF. The subsidy limits should take into account the cost of meeting applicable codes and standards for rehabilitation or new construction in the area.

Finally, maximum per-unit development subsidy amounts must reflect the costs associated with meeting all applicable HTF program requirements and other federal requirements. Specifically, the limits should account for all costs associated with producing housing units for extremely low-income families and costs associated with meeting priority housing needs of the State (e.g., green building standards, accessibility for special needs populations, etc.).

If a grantee chooses to provide HTF funds as operating cost assistance or operating cost assistance reserves to an HTF-assisted rental project, that assistance does not count towards the maximum per-unit development subsidy amount. However, the operating cost subsidies are still capped at 30 percent of each annual grant.

Grantees may choose to establish new maximum per-unit development subsidy amounts for projects funded with HTF, or they may choose to use existing limits developed for other federal programs such as the Low Income Housing Tax Credit (LIHTC) per unit cost limits, HOME's maximum per-unit subsidy amounts, and/or Public Housing Development Cost Limits (TDCs). As part of its HTF Allocation Plan, each grantee must submit a description of how the HTF maximum per-unit development subsidy amounts were established or a description of how existing limits developed for another program and being adopted for HTF meet the HTF requirements. Also, grantees must maintain program files for each annual HTF grant that include documentation of how the limits were established, and reflect actual costs that are reasonable for developing non-luxury housing.

Rehabilitation Standards

What are the required elements of rehabilitation standards established by States for rental or homebuyer housing being rehabilitated with HTF funds?

States must establish rehabilitation standards that all HTF-assisted housing undergoing rehabilitation must meet at the time of project completion, pursuant to the HTF implementing regulations at 24 CFR 93.301(b). If a State intends to use its HTF funds for housing being rehabilitated, it must submit its standards to HUD as part of its HTF allocation plan. The standards submitted to HUD must contain sufficient detail to determine the rehabilitation work required in a project and the methods and materials to be used.

A State's standards may refer to applicable codes or may establish requirements that exceed the minimum requirements of the codes. At a minimum, a State's rehabilitation standards must address:

- 1) **Health and Safety** – Identify life-threatening deficiencies, which must be addressed immediately if the housing is occupied at the time of rehabilitation.
- 2) **Major Systems** – Including structural support, roofing; cladding and weatherproofing (e.g., windows, doors, siding, gutters); plumbing; electrical; and heating, ventilation, and air conditioning.
 - **Requirements for Rental Housing**
 - Standards must require an estimate (based on age and condition) of the remaining useful life of these systems, upon project completion of each major system.
 - For multifamily housing with 26 or more total units, the useful life of systems must be determined through a capital needs assessment that determines the work to be performed and identifies the long-term physical needs of the project.
 - If the remaining useful life of one or more major system is less than the applicable period of affordability, the standards must require the grantee to ensure a replacement reserve is established and adequate monthly payments are made to repair or replace the systems as needed.
 - **Requirements for Homebuyer Housing** – The standards must require that, upon completion, each of the major systems have a minimum useful life of 5 years (or a longer period, if established by the grantee) **or** the major systems must be rehabilitated or replaced as part of the rehabilitation work.
- 3) **Lead-Based Paint** – Standards must require housing to meet applicable provisions of 24 CFR part 35.
- 4) **Accessibility** – Standards must require housing to meet:

- Accessibility requirements at 24 CFR part 8 (implementing section 504 of the Rehabilitation Act of 1973) and Titles II and III of the Americans with Disabilities Act implemented at 28 CFR parts 35 and 36.
- For “covered multifamily dwellings,” as defined at 24 CFR 100.205, standards must require that the housing meets the design and construction requirements at 24 CFR 100.205. (Note that grantees may use HTF funds for other improvements that permit use by a person with disabilities, even if they are not required by statute or regulation.)

- 5) **Disaster Mitigation** – Where relevant, the standards must require the housing to be improved to mitigate the potential impact of potential disasters (e.g., earthquakes, hurricanes, floods, and wildfires) in accordance with state or local codes, ordinances, and requirements, or such other requirements that HUD may establish.
- 6) **State and Local Codes, Ordinances, and Zoning Requirements** – The standards must require the housing to meet all applicable State and local codes, ordinances, and requirements. In the absence of State or local building codes, the housing must meet the International Existing Building Code of the International Code Council.
- 7) **Uniform Physical Condition Standards (UPCS)** – Standards must ensure that the housing will be decent, safe, sanitary, and in good repair as described in 24 CFR 5.703. While States are not required to adopt the standards of criticality or use the HUD’s Real Estate Assessment Center’s (REAC) scoring protocol, each State’s standards must include the UPCS inspectable items and observable deficiencies for the Site, Building Exterior, Building Systems (multifamily housing only), Common Areas (multifamily housing only), and Units identified on the following charts. The rehabilitation standards must identify the type and degree of deficiency that must be addressed. View the HTF FAQ Appendices: Uniform Physical Condition Standards for Multifamily and Single Family Housing Rehabilitation. Appendix A applies to HTF-funded multifamily housing undergoing rehabilitation. Appendix B applies to HTF-funded single family housing undergoing rehabilitation.