

# Grantee: Massachusetts

## Grant: B-11-DN-25-0001

### October 1, 2020 thru December 31, 2020 Performance Report

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<b>Grant Number:</b> B-11-DN-25-0001	<b>Obligation Date:</b>	<b>Award Date:</b>
<b>Grantee Name:</b> Massachusetts	<b>Contract End Date:</b> 03/07/2014	<b>Review by HUD:</b> Reviewed and Approved
<b>Grant Award Amount:</b> \$6,190,994.00	<b>Grant Status:</b> Active	<b>QPR Contact:</b> No QPR Contact Found
<b>LOCCS Authorized Amount:</b> \$6,190,994.00	<b>Estimated PI/RL Funds:</b> \$508,571.00	
<b>Total Budget:</b> \$6,699,565.00		

### Disasters:

#### Declaration Number

No Disasters Found

### Narratives

#### Summary of Distribution and Uses of NSP Funds:

DHCD anticipates receiving two allocation amounts of NSP3 funding from HUD. One allocation of \$5 million will serve Massachusetts communities other than Springfield (receiving \$1.2 million directly from HUD) and outside of Worcester County. Another allocation of \$1,190,994 is for communities in Worcester County. DHCD's NSP3 program design relies on two basic steps - identification of eligible target areas and solicitation of projects to be conducted in those areas. NSP3 requires states to target their resources to a very limited number of specific areas of high foreclosure need. To identify a limited number of eligible target areas, DHCD analyzed the baseline data provided by HUD indicating, by census block group, NSP3 Need, number of housing units, percentage of Immi and Imi households, HMDA data, foreclosure start estimates and other need indicators. This census tract/block group data for the State (less the City of Springfield) and for Worcester County was sorted by NSP3 Need score. DHCD will solicit proposals for NSP3-funded activities in any of the identified target areas. Communities, non-profit and for-profit entities may propose to conduct one or more of three NSP3-eligible activities - (A) Financing Mechanisms, (B) Acquisition and Rehabilitation or (E) Redevelopment of demolished or vacant properties as housing - with the following limitations. (A) Financing Mechanisms will be limited to financing programs or loan loss reserve funds designed to stabilize neighborhoods and only in census tracts selected as the location for Acquisition and Rehabilitation or Redevelopment funded activities. (B) Acquisition and Rehabilitation projects and Redevelopment activities will be limited to projects preferably with four or more rental units but with a minimum of three units and projects that will be administered by a qualified local government or non-profit entity as a subgrantee or subrecipient to DHCD. A detailed request for proposals requesting activities and projects and describing specific limitations and selection criteria was issued in February 2011. DHCD's evaluation of proposed activities and projects will rank projects containing rental units over those that are exclusively ownership. DHCD will ensure that the majority of NSP3 grant awards assist in the development of affordable rental housing to the maximum extent feasible. To identify a limited number of eligible target areas, DHCD analyzed the baseline data provided by HUD indicating, by census block group, NSP3 Need, number of housing units, percentage of Immi and Imi households, HMDA data, foreclosure start estimates and other need indicators. This census tract/block group data was sorted by NSP3 Need score. Census tracts with needs scores of 19 and 20, were selected as eligible target areas. In addition, census tracts with a score of 18 were also included if they were located in a community not already containing tracts with scores of 19 or 20. This data sorting resulted in a list of the neediest tracts and block groups for the State program and a separate list specific to the Worcester County set-aside. Due to funding constraints, DHCD did not include the City of Springfield in its calculations. Springfield will administer its own allocation of NSP3 funds in accordance with a Plan for the City. Their NSP3 Amendment and supporting

#### Summary of Distribution and Uses of NSP Funds:

documents are available at the following link: [http://www.springfieldcityhall.com/planning/index.php?id=dept\\_cd](http://www.springfieldcityhall.com/planning/index.php?id=dept_cd). The result of DHCD's data analysis is a list of eligible census tracts/block groups in six communities outside Worcester County - Attleboro, Boston, Brockton, Fall River, Lawrence and New Bedford - and four communities in Worcester County - Fitchburg, Southbridge, Webster and Worcester. The list of eligible areas is contained in Attachment 3 (see attached). The nine target areas i

#### How Fund Use Addresses Market Conditions:

DHCD's solicitation of projects will have a preference for rental projects in buildings with four or more units. This preference is in response to the weak ownership market currently in effect in Massachusetts. There is no shortage of information regarding the housing market difficulties facing Massachusetts. The state's 2010-2014 Consolidated Plan indicates continuing issues concerning supply, demand and affordability. Nonprofit and for-profit organizations report regularly on sales, rental and foreclosure statistics affecting the viability of regional markets in the Commonwealth. There are opportunities to increase the supply of housing. For example, a review of the market analyses received under the Commonwealth's Low Income Housing Tax Credit (LIHTC) program, including recent applications for



projects in five of the ten communities identified as NSP3-eligible, reinforces the potential of the rental market versus the ownership market. Many Massachusetts communities experienced recent losses in value for ownership housing stock yet prices remain stubbornly high. In addition, it appears single family units assisted with NSP1 funds are remaining on the market longer than NSP1-assisted rental units. These factors reinforce HUD's stated preference for affordable rental housing outcomes under NSP3 and the projects selected are expected to create affordable, rental opportunities for both Immigrant and > 50% AMI households.

The specific attributes of the projects will not be known until proposals are received and evaluated. All projects will be required to address the market conditions present in the proposed activity area. All funded projects will comply with NSP3 requirements for affordability using HOME standards, Section 3 and any local hiring requirements.

### **Ensuring Continued Affordability:**

NSP-assisted housing must meet the affordability requirements for not less than the applicable period specified in the chart below, beginning upon project completion. The HOME affordability requirements apply without regard to the term of any loan or mortgage or the transfer of ownership. They must be imposed by deed restrictions, covenants running with the land, or other mechanisms approved by DHCD.

Rental Housing Activity

Minimum period of affordability in years

Rehabilitation or acquisition of existing housing per unit amount of NSP funds:

Under \$15,000

5

\$15,000 to \$40,000

10

Over \$40,000 or rehabilitation involving refinancing

15

New Construction or acquisition of newly constructed housing

20

Homeownership assistance NSP amount per-unit

Minimum period of affordability in years

Under \$15,000

5

\$15,000 to \$40,000

10

Over \$40,000

15

Recipients of NSP funds must ensure continued affordability as above or recapture all or substantially all of the NSP funds used to assist housing units consistent with the minimum standards contained in the HOME program.

### **Vicinity Hiring:**

Vicinity Hiring and Section 3:

All DHCD NSP3 grant agreements/contracts will require recipients of NSP3 funds to comply with the Vicinity Hiring and Section 3 provisions of the NSP3 Notice and the Dodd-Frank Wall Street Reform Act of 2010. This will include a requirement for submission of Vicinity Hiring and Section 3 Plans prior to commencement of grant activities.

### **Definition of Blighted Structure:**

Massachusetts General Laws (MGL) 121A and 121B provide guidance regarding the definition of blighted structures. Consistent with those statutes, DHCD defines blighted structures for purposes of NSP as a building that by reasonable determination displays physical deterioration that renders the building unfit for human habitation, obsolete or in need of major maintenance or repair or lacks ventilation, light or sanitation facilities contributing to a condition that is detrimental to safety, health or morals.

### **Definition of Affordable Rents:**

"Affordable" generally means that (1) maximum rents, less an allowance for tenant-paid utilities, will not exceed the lesser of (a) "High Home Rent", thirty percent (30%) of the monthly income of a household earning sixty-five percent (65%) of area median income adjusted for the number of bedrooms in the unit, or (b) the HUD Fair Market Rent; (2) selling prices in ownership projects will not exceed the guidelines in effect for DHCD's Local Initiative Program. Links to the HOME rent schedule and additional LIP details are:

HOME rents:

<http://www.hud.gov/offices/cpd/affordablehousing/programs/home/limits/rent/>

LIP informational links:

[http://www.mass.gov/?pageID=ehedterminal&L=3&L0=Home&L1=Community+Development&L2=Chapter+40B+Planning&sid=Ehed&b=terminalcontent&f=dhcd\\_hd\\_lip\\_lip&csid=Ehed](http://www.mass.gov/?pageID=ehedterminal&L=3&L0=Home&L1=Community+Development&L2=Chapter+40B+Planning&sid=Ehed&b=terminalcontent&f=dhcd_hd_lip_lip&csid=Ehed)

In the case of units serving households at or below 50% of area median income "affordable" means rents or selling prices that do not exceed 30% of 50% of area median income or the applicable targeted income range. In the case of units serving households at or below 120% of area median income "affordable" means rents or selling prices that do not exceed 30% of 120% of area median income or the applicable targeted income range.

The Department will continue to work with other housing-related agencies to ensure that the definitions of affordability are consistent with all NSP requirements and provide the maximum flexibility to effectively serve the intended households in light of local and regional housing market conditions.

### **Housing Rehabilitation/New Construction Standards:**

All gut rehabilitation or new construction (i.e., general replacement of the interior of a building that may or may not include changes to structural elements such as flooring systems, columns or load bearing interior or exterior walls) of residential buildings up to three stories must be designed to meet the standard for Energy Star Qualified New Homes.

All gut rehabilitation or new construction of mid -or high-rise multifamily housing must be designed to meet American Society of Heating, Refrigerating, and Air-Conditioning Engineers (ASHRAE) Standard 90.1-2004, Appendix G plus 20 percent (which is the Energy Star standard for multifamily buildings piloted by the Environmental Protection Agency and the Department of Energy).

Other rehabilitation must meet these standards to the extent applicable to the rehabilitation work undertaken, e.g., replace older obsolete products and appliances (such as windows, doors, lighting, hot water heaters, furnaces, boilers, air conditioning units, refrigerators, clothes washers and dishwashers) with Energy Star-46 labeled products.

Water efficient toilets, showers, and faucets, such as those with the Water Sense label, must be installed.

Where relevant, the housing should be improved to mitigate the impact of disasters (e.g., earthquake, hurricane, flooding, and fires).

NSP-funded housing rehabilitation must bring substandard housing units into compliance with Article II of the Massachusetts Sanitary Code, which sets minimum habitability standards for residential dwellings.



**Procedures for Preferences for Affordable Rental Dev.:**

A detailed request for proposals requesting activities and projects and describing specific limitations and selection criteria was issued in February 2011. DHCD's evaluation of proposed activities and projects will rank projects containing rental units over those that are exclusively ownership. DHCD will ensure that the majority of NSP3 grant awards assist in the development of affordable rental housing to the maximum extent feasible.

**Grantee Contact Information:**

NSP3 Program Administrator Contact Information  
 Name (Last, First)  
 Siegenthaler, Mark  
 Email Address  
 mark.siegenthaler@state.ma.us  
 Phone Number  
 617-573-1426  
 Mailing Address  
 MA DHCD, 100 Cambridge Street, Suite 300, Boston, MA 02114

<b>Overall</b>	<b>This Report Period</b>	<b>To Date</b>
<b>Total Projected Budget from All Sources</b>	\$0.00	\$6,182,961.23
<b>Total Budget</b>	\$0.00	\$6,182,961.23
<b>Total Obligated</b>	\$0.00	\$6,182,961.23
<b>Total Funds Drawdown</b>	\$0.00	\$6,154,293.23
<b>Program Funds Drawdown</b>	\$0.00	\$6,147,677.58
<b>Program Income Drawdown</b>	\$0.00	\$6,615.65
<b>Program Income Received</b>	\$0.00	\$82,590.13
<b>Total Funds Expended</b>	\$0.00	\$6,122,629.24
<b>HUD Identified Most Impacted and Distressed</b>	\$0.00	\$0.00
<b>Other Funds</b>	\$ 0.00	\$ 0.00
Match Funds	\$ 0.00	\$ 0.00
Non-Match Funds	\$ 0.00	\$ 0.00

**Funds Expended**

<b>Overall</b>	<b>This Period</b>	<b>To Date</b>
Attleboro	\$ 0.00	\$ 1,202,813.15
MA DHCD	\$ 0.00	\$ 352,701.00
Aura Mortgage Advisors	\$ 0.00	\$ 243,070.00
City of Boston	\$ 0.00	\$ 999,999.00
City of Brockton2	\$ 0.00	\$ 604,600.00
City of Fitchburg	\$ 0.00	\$ 472,500.00
City of Lawrence	\$ 0.00	\$ 933,950.00
City of New Bedford	\$ 0.00	\$ 300,945.00
City of Worcester	\$ 0.00	\$ 541,301.09
Fall River	\$ 0.00	\$ 470,750.00

**Progress Toward Required Numeric Targets**

<b>Requirement</b>	<b>Target</b>	<b>Projected</b>	<b>Actual</b>
<b>Overall Benefit Percentage</b>	99.99%	.00%	.00%
<b>Minimum Non Federal Match</b>	\$.00	\$.00	\$.00
<b>Overall Benefit Amount</b>	\$669,889,504.35	\$.00	\$.00
<b>Limit on Public Services</b>	\$928,649.10	\$.00	\$.00
<b>Limit on Admin/Planning</b>	\$619,099.40	\$619,673.64	\$591,005.64
<b>Limit on Admin</b>	\$.00	\$619,673.64	\$591,005.64



<b>Most Impacted and Distressed</b>	\$ .00	\$ .00	\$ .00
<b>Progress towards LH25 Requirement</b>	\$1,674,891.25		\$2,751,535.11

## Overall Progress Narrative:

During the October 1 to December 31, 2020 reporting period, NSP program and fiscal staff maintained basic program functions and operations during the COVID-19 pandemic through at-home telecommuting functions, including access by computer to the HUD DRGR reporting system and the State's IDIS and CGMS system, which is the repository of ongoing NSP program, reporting and budgetary data.

During this reporting period, two sub-grantees - Aura Mortgage LLC and Attleboro, reported new program income received. Aura received \$8988.30 in new NSP3 PI, and Attleboro received \$18,305.48 in new NSP3 PI.

Per NSP3 PI Plan and Agreement, Aura is required to report and return all program income received annually to DHCD for redistribution to Massachusetts communities via the State's CDBG program. In accordance with HUD regulations regarding the transfer of NSP3 PI into CDBG, DHCD has obtained required annual reporting documents from this sub-grantee and has prepared a formal request to submit to the NE HUD Field Office for approval to receive and transfer the 2020 NSP3 program income into CDBG, as well as to request HUD approval to transfer anticipated additional NSP3 program income to be received in future years.

This transfer request is expected to be submitted by DHCD to HUD by the end of January, 2021. As instructed in NSP PI transfer guidelines issued by HUD and updated in December 2019, upon receipt of HUD approval, DHCD will complete the NSP PI transfer process of these funds and deposit them into its annual CDBG program through IDIS, and also report the NSP PI transactions in the DRGR narrative sections of the Aura 4D Loan Loss Reserves line and in the DHCD General Administration line, but will not add or subtract the program income via NSP PI receipts, per instruction in the updated guidance.

Per NSP3 PI Plan and Agreement, Attleboro is required to report all program income received annually to DHCD, but has been approved by HUD to retain and transfer its annual NSP3 PI into CDBG for redistribution locally. HUD's transfer approval was given to DHCD / Attleboro last year for future years, including its 2020 NSP3 PI. Attleboro has submitted to DHCD its annual NSP3 PI report and transfer request. DHCD approval and the actual transfer of Attleboro's 2020 NSP3 PI into CDBG is expected to be completed by the end of January, 2021. Attleboro will complete the transfer process through IDIS reporting and DHCD will report the transfer in its quarterly NSP3 DRGR report in the appropriate narrative sections.

Staff also continued work on systematic budget reconciliation, reviewing activity budgets, draws, grant balances and program income recorded in CGMS and comparing this data with DRGR records, then making corrections through budgetary amendments to reconcile all records in DRGR.

## Project Summary

Project #, Project Title	This Report	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
MA NSP3 - 1, Financing Mechanisms	\$0.00	\$242,868.25	\$218,070.00
MA NSP3 - 2, Acquisition and rehabilitation	\$0.00	\$2,747,931.59	\$2,432,486.35
MA NSP3 - 3, Redevelopment	\$0.00	\$3,041,347.00	\$2,907,807.59
MA NSP3 - 4, Administration and Technical Assistance	\$0.00	\$630,890.12	\$589,313.64

## Activities

**Project # / MA NSP3 - 4 / Administration and Technical Assistance**

**Grantee Activity Number:** NSP3/00011/9 Fall River General Admin  
**Activity Title:** Administration

**Activity Type:**

Administration

**Activity Status:**

Under Way

**Project Number:**

MA NSP3 - 4

**Project Title:**

Administration and Technical Assistance

**Projected Start Date:**

07/01/2012

**Projected End Date:**

12/31/2020

**Benefit Type:**

N/A

**Completed Activity Actual End Date:**

12/30/2020

**National Objective:**

N/A

**Responsible Organization:**

Fall River

**Program Income Account:**

NSP3/00011 Fall River

Overall	Oct 1 thru Dec 31, 2020	To Date
<b>Total Projected Budget from All Sources</b>	\$0.00	\$0.00
<b>Total Budget</b>	\$0.00	\$0.00
<b>Total Obligated</b>	\$0.00	\$0.00
<b>Total Funds Drawdown</b>	\$0.00	\$0.00
<b>Program Funds Drawdown</b>	\$0.00	\$0.00
<b>Program Income Drawdown</b>	\$0.00	\$0.00
<b>Program Income Received</b>	\$0.00	\$0.00
<b>Total Funds Expended</b>	\$0.00	\$0.00
Fall River	\$0.00	\$0.00
<b>Most Impacted and Distressed Expended</b>	\$0.00	\$0.00

**Activity Description:**

**Location Description:**

**Activity Progress Narrative:**

**Accomplishments Performance Measures**

No Accomplishments Performance Measures

**Beneficiaries Performance Measures**

No Beneficiaries Performance Measures found.



## Activity Locations

No Activity Locations found.

## Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

### Other Funding Sources

Amount

No Other Funding Sources Found

Total Other Funding Sources

**Activity Supporting Documents:** None

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<b>Grantee Activity Number:</b>	<b>NSP3/9 DHCD Admin</b>
<b>Activity Title:</b>	<b>DHCD General Administration</b>

<b>Activity Type:</b> Administration	<b>Activity Status:</b> Under Way
<b>Project Number:</b> MA NSP3 - 4	<b>Project Title:</b> Administration and Technical Assistance
<b>Projected Start Date:</b> 08/01/2011	<b>Projected End Date:</b> 12/31/2020
<b>Benefit Type:</b> N/A	<b>Completed Activity Actual End Date:</b>
<b>National Objective:</b> N/A	<b>Responsible Organization:</b> MA DHCD

<b>Overall</b>	<b>Oct 1 thru Dec 31, 2020</b>	<b>To Date</b>
<b>Total Projected Budget from All Sources</b>	\$0.00	\$409,401.00
<b>Total Budget</b>	\$0.00	\$409,401.00
<b>Total Obligated</b>	\$0.00	\$409,401.00
<b>Total Funds Drawdown</b>	\$0.00	\$380,733.00
<b>Program Funds Drawdown</b>	\$0.00	\$380,733.00
<b>Program Income Drawdown</b>	\$0.00	\$0.00
<b>Program Income Received</b>	\$0.00	\$0.00
<b>Total Funds Expended</b>	\$0.00	\$352,701.00
MA DHCD	\$0.00	\$352,701.00
<b>Most Impacted and Distressed Expended</b>	\$0.00	\$0.00

**Activity Description:**

Activity budget has been increased by \$56,700.00 on 06-24-19 to \$409,401.00 to provide funding for on-going administrative costs. Overall 10% cap on grant for administration NOT exceeded.  
 The MA DHCD has received approval from the HUD NE Regional Office for one (1) DHCD and four (4) sub-grantees to transfer unexpended NSP3 Program Income (PI) balances from the DRGR account into active CDBG accounts in IDIS. The HUD transfer approval letters have been uploaded to this Action Plan as required documentation of authorization. The required information for one (1) DHCD and four (4) sub-grantees transferring NSP PI to CDBG includes:  
 DHCD: NSP PI transfer amount from Aura B-11-DN-25-00001/00007 to DHCD/CDBG B-18-DC-25-0001: \$82,585.00  
 Attleboro: B-11-DN-25-00001/00010. NSP PI transfer amount to CDBG: \$155,283.33  
 Boston: B-11-DN-25-00001/00004. NSP PI transfer amount to CDBG: \$120,809.31  
 Fall River: B-11-DN-25-00001/00011. NSP PI transfer amount to CDBG: \$92,455.05  
 New Bedford: B-11-DN-25-00001/00009. NSP PI transfer amount to CDBG: \$72,490.50

**Location Description:**

n/a

**Activity Progress Narrative:**

During this reporting period, two sub-grantees - Aura Mortgage LLC and Attleboro, reported new program



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## Accomplishments Performance Measures

**No Accomplishments Performance Measures**

## Beneficiaries Performance Measures

**No Beneficiaries Performance Measures found.**

## Activity Locations

**No Activity Locations found.**

## Other Funding Sources Budgeted - Detail

**No Other Match Funding Sources Found**

### Other Funding Sources

Amount

No Other Funding Sources Found

Total Other Funding Sources

**Activity Supporting Documents:** None