

July 18, 2024

Dear Housing Colleagues:

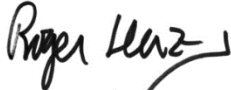
On behalf of the Executive Office of Housing and Livable Communities (EOHLC) and the Community Economic Development Assistance Corporation (CEDAC), I am pleased to announce a Request for Proposals for funding under the **Small Property State Acquisition Fund (SPAF) Pilot Program**.

This Pilot Program offers acquisition financing to eligible nonprofit housing organizations of up to \$450,000 for the purchase of existing residential properties of 1-8 units. We will begin to accept applications on August 1, 2024 with an application deadline of September 13, 2024.

Please find attached to this letter the SPAF Pilot Program guidelines and the application form. Applications should be submitted via email to spaf@cedac.org. You may also submit any questions on this Pilot Program to this same email address.

We look forward to working with you on this Pilot Program.

Sincerely,



Roger Herzog
Executive Director

Attachment

Small Property State Acquisition Fund (SPAF) Pilot Program

Overview

The Small Property Acquisition Fund (SPAF) Pilot Program provides deferred payment loans to non-profit sponsors to support the acquisition of existing residential properties of 1-8 units. The goal of the program is to prevent displacement of tenants threatened by the forces of gentrification and to create long-term affordable rental and ownership housing by facilitating the acquisition of existing small properties by nonprofit corporations. SPAF loans are intended to supplement other acquisition soft loans administered by municipal or other affordable housing acquisition lenders. CEDAC has approximately \$900,000 in ARPA funds available for this pilot round. SPAF loan amounts will be at least \$225,000 and no larger than \$450,000 per project. Loans will be for terms of 30-50 years and will not accrue interest.

Availability of Funds

Applications for SPAF funds will be accepted between August 1, 2024 and September 13, 2024. Applications should be submitted via email to spaf@cedac.org.

Evaluation

Threshold Eligibility Criteria

1. Sponsor must be a MGL Ch. 180 nonprofit corporation.
2. Property to be purchased must be an existing residential structure.
3. Projects must be between 1-8 units (can be multiple buildings totaling up to 8 units).
4. At least half the units in every project must be restricted and affordable to residents earning no more than 80% of the area median income as determined by HUD.
5. For occupied buildings, properties must meet minimum standards for health and safety (HUD Housing Quality Standards or equivalent).
6. Projects may not contribute to the displacement of existing bona-fide tenants.
7. Properties must be located within COVID-impacted communities¹
8. Funds can only be used for acquisition of properties (including for reimbursement of sponsor equity or repayment of acquisition bridge loan) and associated closing costs, including title, recording fees, legal, and appraisal.
9. The acquisition must include at least one other source of soft financing such as local HOME or CPA funding or philanthropic support.
10. Borrowers must be able to close on SPAF loan and purchase of property by 12/31/24.

¹ Attleboro, Barnstable, Boston, Brockton, Chelsea, Chicopee, Everett, Fall River, Fitchburg, Framingham, Haverhill, Holyoke, Lawrence, Leominster, Lowell, Lynn, Malden, Methuen, New Bedford, Peabody, Pittsfield, Quincy, Randolph, Revere, Salem, Springfield, Taunton, Westfield, and Worcester. ANF FFO Memorandum, Designation of Certain Communities as Disproportionately Impacted by the COVID-19 Public Health Emergency, (June 10, 2020).

Applications for SPAF funds will be evaluated for conformance with the threshold eligibility criteria outlined above. Where CEDAC receives more applications than its funds can support, CEDAC reserves the right to comparatively evaluate proposals, selecting those that align with the following comparative evaluation criteria:

Comparative Evaluation Criteria

1. Priority for:
 - Projects with at least 4 units
 - Occupied properties
 - Projects offering deeper affordability than minimum requirements
 - Projects with clear plans to involve diverse businesses and workers in all phases of the project
2. Sponsor team's development experience and capacity (including management agent if applicable)
3. Sponsor's financial capacity

Eligible Costs

SPAF funds may be used to pay for acquisition costs, as well as associated closing costs, including title, recording fees, legal costs, and appraisals. SPAF can pay for costs that have already been incurred, but will not reimburse costs incurred prior to January 1, 2024.

Appraisal

If an appraisal has been completed for another financing source, CEDAC may choose to rely upon it. CEDAC reserves the right to commission its own appraisal, the cost of which will be an eligible cost to be financed with SPAF.

Legal

To minimize costs to the borrower, CEDAC will close SPAF loans in-house, but will rely upon outside counsel for title matters. Applicant is responsible to pay for legal costs associated with closing on the SPAF loan, which are estimated to be \$1,000.

Small Property State Acquisition Fund (SPAF) Application

COVER PAGE

APPLICANT INFORMATION				
Name of Applicant Organization:				
Address:				
Contact Person:			Title:	
Phone #:		Email:		
PROJECT INFORMATION				
Property Address:				
Municipality:				
Occupied (Y/N):		Total Units:		
Occupied Units:		No./% Affordable:		TDC: \$
Form of Site Control		Date of Site Control Expiration		TDC/Unit: \$
ACQUISITION FINANCING				
Uses	<i>Amount</i>	Sources	<i>Amount</i>	Status
Purchase Price		SPAF		
Title & Recording		Other Soft Debt		
Legal		Other (please specify)		
Appraisal		Other (please specify)		
Other Closing Costs (please specify)				
Total Uses:	\$	Total Sources:	\$	
Status: P=Proposed; L=Letter of Interest; A=Application Pending; C=Commitment				

CERTIFICATION

The undersigned authorized representative of the Applicant hereby certifies that the Small Properties State Acquisition Fund Application, as submitted on the date hereof in electronic format and together with all attachments submitted in connection therewith, is complete and accurate, to the best of his/her knowledge, and that this Application contains no material misrepresentations.

IN WITNESS WHEREOF, intending to be bound hereto as to a sealed instrument, the Applicant has caused this Certification to be executed under the pains and penalties of perjury on the date first written above.

Applicant:

By: _____

Name:

Title:

PROJECT INFORMATION

Project Description:

Please provide a brief narrative project description, including populations to be served, affordability and unit mix, property management plan, and the anticipated community impact. NOTE: SPAF minimum requirement is for at least 50% of units to be restricted for households at or below 80% AMI.

Property Description:

Please describe the property, including location, existing building square footage and condition, access to transit and other amenities, etc.

→ *Please attach an amenities map if available*

Site Control:

Describe form of site control (i.e. Option to Purchase, P & S, Deed, etc.) and proposed acquisition date. Please describe status of appraisal used to determine value. Describe feasible plan to close on acquisition prior to 12/31/2024.

→ *Please attach site control agreement and justification for sale price (property listing and/or appraisal, if available)*

Environmental:

Please identify known or suspected environmental conditions at the site, including any site assessments performed to date, and/or a plan for site investigation. Please address presence of hazardous materials, including lead, asbestos, and radon testing for existing buildings. **If lead paint, asbestos, or radon hazards are present, please attach a detailed plan and budget for remediation within 30 days of acquisition.**

→ *Please attach all environmental reports available*

Proposed Unit Mix at Stabilization:

Unit Size	Below 30% AMI	Below 50% AMI	Below 60% AMI	Below 80% AMI	80-120% AMI	Market	Other* (define below)	Total
SRO								
0 Bedroom/Studio								
1 Bedroom								
2 Bedroom								
3 Bedroom								
4+ Bedroom								
Total								
*Other Income (please define):								

Property Rehab Scope:

Briefly describe the scope of any proposed rehabilitation, including green and climate-resilient improvements. Please attach any capital needs assessment or similar reports. Describe plan to comply with HUD Housing Quality Standards. **If property does not meet HQS, please attach a detailed plan and budget to address deficiencies within 30 days of acquisition.**

→ *Please attach any capital needs assessment or similar reports available*

Occupied Properties:

If property is currently occupied, please provide information on income of each household, to the extent that information can be obtained (e.g. 2 households at/below 80% AMI; 2 households at/below 50%AMI). NOTE: Please omit any Personal Identifying Information on the tenants. No later than 24 months after acquisition, the occupancy of the building shall comply with the terms of the Affordable Housing Restriction unless CEDAC provides a written waiver in order to prevent involuntary displacement.

PROJECT FEASIBILITY

Financing Plan:

Applicants must have evidence of additional soft financing to support the acquisition, for example, local HOME, CPA, philanthropic sources, or ARPA funds. Please describe financing plan for the acquisition, including the timing of commitments for any financing not yet committed. If applicable, describe financing plan for any planned rehab/renovation.

➔ *Please attach existing financing commitments/letters of interest*

DEVELOPMENT TEAM

List all applicable Development Team Members:

DEVELOPMENT CONSULTANT

Name _____
Contact Person _____

ARCHITECT

Name _____
Contact Person _____

ATTORNEY

Name _____
Contact Person _____

MANAGEMENT AGENT

Name

SERVICE PROVIDER

Name

GENERAL CONTRACTOR

Name

ENVIRONMENTAL ENGINEER

Name

OTHER: _____

Name

Contact Person

➔ *Please attach resumes for development team members*

Equitable and Inclusive Development:

Describe the process for development team selection. Provide a statement regarding goals for utilizing BIPOC- and women-owned businesses in this project and throughout your organization's work. Describe your plan to achieve these goals. Describe recent experience on other projects and how you are using BIPOC- and women-owned firms. Include information on contracts for both hard and soft cost services.

ORGANIZATIONAL EXPERIENCE & CAPACITY

Organizational Information:

- *Please attach (i) articles of organization, (ii) IRS 501(c)(3) letter, (iii) list of directors and officers, along with their agency affiliations*

Is your organization current on all financial obligations to state agencies, including MassHousing and Massachusetts Housing Partnership? (yes or no)

If no, please explain below.

Organizational Management:

Who is on your staff management team, how long have they been in this role, and have there been any significant changes to your organization’s management team during the past year? If you have a real estate department, how many staff are in the department? How many finance staff are there in total and what are their roles?

Real Estate Portfolio and Development Pipeline:

Describe your existing portfolio, including number of properties and housing units. Describe your current project pipeline and how this project fits into the pipeline.

Financials:

- *Please attach audited financial statements for the past year (Uniform Guidance Single Audit, Subpart F, formerly A-133, if applicable), as well as the organization’s most recent quarterly financial statements. If audited statements are not available, please provide CPA-prepared review of statements. Include a copy of any management letters and board responses from that time period. Attach the current year’s operating budget.*

Please complete the following chart:

Has the Executive Director served more than 2 years?	yes/no
Is there a Senior Fiscal person?	yes/no
Have they served more than 2 years?	yes/no
Are financials generated internally?	yes/no
Are financials reviewed by board?	yes/no
Frequency of financial review by board?	monthly/quarterly/other. If other, please clarify:
Does the organization monitor cash flow formally?	yes/no
Is this reviewed by board?	yes/no
Frequency of review?	monthly/quarterly/other. If other, please clarify:

VIII. PREDEVELOPMENT BUDGET & DEVELOPMENT AND OPERATING PRO FORMAS

Development and Operating Pro Formas:

- *List Acquisition Sources and Uses (including any proposed rehab costs)*
- *Provide Operating Budget for Stabilized Property, including rental income, operating expenses, and calculation of supportable debt.*

IX. ATTACHMENTS

Project Information

- Detailed Site Map/ Visuals
- Site Control Agreement
- Appraisal
- Environmental Reports
- Environmental Remediation Plan
- HQS Compliance Plan
- Construction Estimate, Rehabilitation Analysis, Trade Item Breakdown, and/or Capital Needs Study
- Plan for compliance with income restriction (for occupied properties)

Attached	Not Available	Not Applicable

Project Feasibility/Marketability

- Financing Commitments/Letters of Interest

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Development Team

- Development Team Member Resumes

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Organizational Experience & Capacity

- Articles of Organization and Bylaws
- List of Directors and Officers
- Description of Organizational History/Experience
- Audited Financial Statements or CPA-prepared Review (1 year) & YTD Financials
- Current Organizational Operating Budget

Predevelopment Budget & Development and Operating Pro Formas

- Sources & Uses Development Budget
- Stabilized Operating Budget
