

Housing Development Grant Applicant Workshop

Presented by the City of Worcester's Housing Development Division



The City of
WORCESTER

Agenda

Welcome & Introductions

Overview of Funding Opportunities and Applications

Underwriting and Financial Feasibility

Federal Requirements

- SAM.gov
- Procurement
- MWBE

Environmental Requirements

- Historic Preservation
- Floodplain
- Lead
- Asbestos
- Radon
- Section 8 Housing Quality Standards

Other Requirements and Considerations

- Fair Housing and Equal Opportunity
- Developer Capacity
- Applicant Capacity

Housing Development Division Office Hours

Q&A



Funding Opportunities

Worcester Affordable Housing Trust Fund

ARPA 1st Time Homeownership Development

CDBG Worcester Housing Now –
Investor Owned Rehab

Affordable Housing Trust Fund

Program Overview

- AHTF established to promote and finance the development of affordable rental and first-time homeownership housing.
- Grant will provide up to \$150,000 per affordable housing unit developed, or up to 25% of total development cost, whichever is less.
- Up to \$25,000 of bonus funding per eligible unit for units restricted to 30% or less of AMI and/or ADA units over the minimum required 10% threshold.
- Request for Development Proposal (RFP) is open on a rolling basis until all funding available has been committed.
- Funding is on a reimbursement basis.

Eligibility Requirements

- A property developed through new construction or substantial rehabilitation for the purpose of creating new affordable rental or homeownership housing units.
- Projects must be started by December 31, 2024, and completed with occupancy by September 30, 2026.
- Proposals will be evaluated by City staff and the AHTF Board of Trustees with respect to project feasibility, applicant capacity, and alignment with requirements outlined in the RFP.
- AHTF-supported units must have a minimum term of affordability of **30 years**.
- A minimum of **ten percent (10%)** of total project units (no less than one unit) and **100%** of the common areas must be **ADA accessible**.

1st Time Homeownership Development

Program Overview

- Supports first-time homebuyer opportunities in the City of Worcester's 16 census tracts that have less than a 30% homeownership rate.
- Grant will provide up to \$100,000 per unit developed for eligible 1st time homebuyer, or up to 25% of total development cost, whichever is less.
- Request for Development Proposal (RFP) is open on a rolling basis until all funding available has been committed.
- Funding is on a reimbursement basis.

Eligibility Requirements

- 1-4 unit property developed through either new construction or substantial rehabilitation.
- Maximum sales price not to exceed Worcester's Median Sales price minus ARPA funding provided at time of conditional commitment.
- Minimum owner-occupied term of five (5) years, secured by an affordable housing restriction and mortgage.
- Proposals will be evaluated with respect to applicant capacity and alignment with requirements outlined in the RFP.

CDBG Worcester Housing Now Investor Owned Rehab

Program Overview

- Up to 50% of the total cost of the project or, up to \$50,000.00 per each restricted affordable housing unit; whichever is less.
- Funding is on a reimbursement basis.

Eligibility Requirements

- Must own at least two (2) rental properties in the City of Worcester.
- Subject property is 2-4 units.
- At least 51% of building must meet income eligibility (80% AMI), and HUD FMR.
 - If vacant, 5% holdback of reimbursement until vacant units are leased to income eligible tenants.
- Owner agrees to a **Ten (10) Year Affordability Period.**

Underwriting & Financial Feasibility

All proposed projects are reviewed for financial feasibility.

- Applicants must demonstrate that the proposed project is financially feasible during construction and after completion.
- Staff use the Underwriting Forms to evaluate underlying assumptions regarding construction costs, revenues, operating expenses, and reserves.

Sources and Uses

- The *Sources and Uses* worksheet describes where all of the sources of funds for a project come from and where they go.
- The total sources of funds must match the total uses of funds.
- The Uses of Funds section is derived before the Sources of Funds and dictates how much funding is needed.
 - The “Total Budget” column in the *Sources and Uses* worksheet is linked to the Development Budget.
- The total for each line item must add up to the “Total Budget” for a given line item.
 - For example, if an applicant is requesting \$100,000 for hard costs only, and the total construction estimate is \$220,000:

Cost	Total Budget	AHTF Funds	Jane Doe Bank	Developer Cash Equity
ACQUISITION	\$0.00			
HARD COSTS				
Construction/Rehabilitation Cost	\$200,000.00	\$100,000.00	\$100,000.00	\$0.00
Construction Contingency (10%)	\$20,000.00	\$0.00	\$0.00	\$20,000.00
SUBTOTAL	\$220,000.00	\$100,000.00	\$100,000.00	\$20,000.00

= \$220,000

Sources and Uses							
Project Name:							
Applicant:							
# Units:							
SOURCES							
AHTF Funds	\$	-					
Source 1	\$	-					
Source 2	\$	-					
Source 3	\$	-					
Source 4	\$	-					
Source 5	\$	-					
TOTAL PROJECT SOURCES	\$	-					
Cost							
	Total Budget	AHTF Funds	Source 1	Source 2	Source 3	Source 4	Source 5
ACQUISITION	\$0.00						
HARD COSTS							
Construction/Rehabilitation Cost	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Construction Contingency (10%)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
SUBTOTAL	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
SOFT COSTS							
Application Fees	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Appraisal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Architect	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Attorney	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Bank Fees	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Cost Certification/Audit	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Engineer	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Environmental Consultant	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Inspections	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Interest/Financing Costs	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Marketing/Advertising	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Permits	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Property Insurance	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Real Estate Taxes	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Real Estate Taxes	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Relocation	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Reserves	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Soft Cost Contingency	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Soil Investigation	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Surveyor	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Title Insurance & Recording	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Sewer Connection Fee	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other: _____	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other: _____	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other: _____	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other: _____	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
SUBTOTAL	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
DEVELOPER COSTS							
Developer Overhead	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Developer Fee	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
SUBTOTAL	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL DEVELOPMENT COSTS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Overhead and Developer Fee Analysis							
	AHTF Funds	Source 1	Source 2	Source 3	Source 4	Source 5	
Developer Overhead	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Developer Fee	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Overhead/Delivery and Fee	\$0.00						
As a Percentage of TDC	#DIV/0!						
Narrative Explanation of Sources and Uses (if applicable):							

Development Budget

- Development Budget = Acquisition Cost, Construction Costs (Hard Costs), Soft Costs, and Developer Fee and Overhead
- The development budget also includes allowances to cover unplanned costs or delays, often referred to as hard and soft cost contingencies.
 - Construction Contingency = 10% of hard construction costs
 - Soft Cost Contingency = Typically 1% percent of total project costs or 10-20% of total soft costs.
- In cases where the developer and the general contractor are affiliated, a qualified but unrelated third party contractor, architect or qualified construction cost consultant must prepare the Development Budget.

Development Budget		Prepared By:	
Project Name:			
Applicant			
# Units:			
USES	Budget	Description: Basis for Estimate	Per Unit
Acquisition			
Properties	\$ -		#DIV/0!
Closing Costs	\$ -		#DIV/0!
Subtotal: Acquisition	\$ -		#DIV/0!

Construction			
Concrete	\$ -		#DIV/0!
Masonry	\$ -		#DIV/0!
Metals	\$ -		#DIV/0!
Rough Carpentry	\$ -		#DIV/0!
Finish Carpentry	\$ -		#DIV/0!
Waterproofing	\$ -		#DIV/0!
Insulation	\$ -		#DIV/0!
Roofing	\$ -		#DIV/0!
Sheet Metal and Flashing	\$ -		#DIV/0!
Exterior Siding	\$ -		#DIV/0!
Doors	\$ -		#DIV/0!
Windows	\$ -		#DIV/0!
Glass	\$ -		#DIV/0!
Lath & Plaster	\$ -		#DIV/0!
Drywall	\$ -		#DIV/0!
Tile Work	\$ -		#DIV/0!
Acoustical	\$ -		#DIV/0!
Wood Flooring	\$ -		#DIV/0!
Resilient Flooring	\$ -		#DIV/0!
Carpet	\$ -		#DIV/0!
Paint and Decorating	\$ -		#DIV/0!
Specialties	\$ -		#DIV/0!
Special Equipment	\$ -		#DIV/0!
Cabinets	\$ -		#DIV/0!
Appliances	\$ -		#DIV/0!
Blinds and Shades	\$ -		#DIV/0!
Modular/Manufactured	\$ -		#DIV/0!
Special Construction	\$ -		#DIV/0!
Elevators	\$ -		#DIV/0!
Plumbing & Hot Water	\$ -		#DIV/0!
Heat & Ventilation	\$ -		#DIV/0!
Air Conditioning	\$ -		#DIV/0!
Fire Protection	\$ -		#DIV/0!
Electrical	\$ -		#DIV/0!
Accessories	\$ -		#DIV/0!
Construction Contingency	\$ -		#DIV/0!
Construction Management	\$ -		#DIV/0!
Other _____	\$ -		#DIV/0!
Site Work			
Earth Work	\$ -		#DIV/0!
Site Utilities	\$ -		#DIV/0!

Soft Costs			
Application Fees	\$ -		#DIV/0!
Appraisal	\$ -		#DIV/0!
Architect	\$ -		#DIV/0!
Attorney	\$ -		#DIV/0!
Bank Fees	\$ -		#DIV/0!
Cost Certification/Audit	\$ -		#DIV/0!
Engineer	\$ -		#DIV/0!
Environmental Consultant	\$ -		#DIV/0!
Inspections	\$ -		#DIV/0!
Interest/Financing Costs	\$ -		#DIV/0!
Marketing/Advertising	\$ -		#DIV/0!
Permits	\$ -		#DIV/0!
Property Insurance	\$ -		#DIV/0!
Real Estate Taxes	\$ -		#DIV/0!
Relocation	\$ -		#DIV/0!
Reserves	\$ -		#DIV/0!
Soft Cost Contingency	\$ -		#DIV/0!
Soil Investigation	\$ -		#DIV/0!
Surveyor	\$ -		#DIV/0!
Title Insurance & Recording	\$ -		#DIV/0!
Sewer Connection Fee	\$ -		#DIV/0!
Other _____	\$ -		#DIV/0!
Other _____	\$ -		#DIV/0!
Other _____	\$ -		#DIV/0!
Other _____	\$ -		#DIV/0!
Subtotal: Soft Costs	\$ -		#DIV/0!
Developer Costs			
Developer Fee	\$ -		#DIV/0!
Developer Overhead	\$ -		#DIV/0!
Subtotal: Developer Costs	\$ -		#DIV/0!
TOTAL PROJECT COST	\$ -		#DIV/0!

Operating Budget = Operating Pro Forma

Operating Budget

Rental Projects Only

Operating Budget must demonstrate that the project will maintain positive cash flow for entire affordability period.

Operating Budget					
Project Name:					
Applicant:					
# Units:					
	Year 1	Year 2	Year 3	Year 4	Year 5
REVENUE					
Rents	\$ -	\$ -	\$ -	\$ -	\$ -
Vacancy rate: 7%	\$ -	\$ -	\$ -	\$ -	\$ -
Net Rent	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENSES					
Heating	\$ -	\$ -	\$ -	\$ -	\$ -
Cooking	\$ -	\$ -	\$ -	\$ -	\$ -
Electricity	\$ -	\$ -	\$ -	\$ -	\$ -
Water Heating	\$ -	\$ -	\$ -	\$ -	\$ -
Utilities	\$ -	\$ -	\$ -	\$ -	\$ -
Water and Sewer	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Landscaping/Snow Removal	\$ -	\$ -	\$ -	\$ -	\$ -
Other _____	\$ -	\$ -	\$ -	\$ -	\$ -
Other _____	\$ -	\$ -	\$ -	\$ -	\$ -
Other _____	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
FEEES					
Maintenance Fee	\$ -	\$ -	\$ -	\$ -	\$ -
Management Fee	\$ -	\$ -	\$ -	\$ -	\$ -
Replacement Reserve	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal Fees	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -
	Year 1	Year 2	Year 3	Year 4	Year 5
DEBT SERVICE	\$ -	\$ -	\$ -	\$ -	\$ -
DEBT SERVICE COVERAGE RATIO*	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

Calculating Rents

HUD Income Limits

The maximum rent for an affordable housing unit cannot exceed 30% of the gross income for the qualifying household, including the utility allowance published annually.

Worcester, MA HUD Metro FMR Area

HUD Fair Market Rents

The maximum rent also may not exceed the Fair Market Rent (FMR) published annually by HUD.

Worcester, MA HUD Metro FMR Area

Utility Allowance Schedule

If utilities are not included in the rent but are the responsibility of the tenant, a utility allowance for reasonable utility consumption must be subtracted from the rent.

Local Public Housing Authority's (PHA) Schedule of Utility Allowances

Homeownership Development

Maximum Sales Price

- Not to exceed Worcester Median Sales price at time of conditional commitment.
- Property must appraise for sale price or greater.

Marketing Plan

- An Affirmative Fair Housing Marketing and Resident Selection Plan (AFHMP) is required for homeownership development.
- The subrecipient (developer) is responsible for homebuyer selection, including but not limited to drafting the homebuyer selection plan, marketing, administering the initial lottery process, and determining the qualification of potential buyers.
- The subrecipient (developer) is responsible for paying for all of the costs of affirmative fair marketing and administering the lottery.
- The subrecipient (developer) may use in-house staff, provided that such staff are qualified, or contract for such services provided that any such contractor must be experienced and qualified.

Operating Budget

Operating Expenses

Estimates of expenses such as property taxes, water/sewer, landscaping, snow removal, and insurance.

- Vacancy rate is typically 5% - 7%.
- Annual Rent & Expense Trend Rules of Thumb:
 - Rents trend upward – 2% - 4% annual increase
 - Operating expenses trend upward – typically a 3% annual increase

Replacement Reserves

An account maintained to provide funds for anticipated future capital expenditures.

- Typically \$300 per unit per year for the first ten (10) years, and an increase per unit thereafter.
- Annual contributions are made from operating cash flow and are cumulative.

Cash Flow Analysis

Rental Projects Only

Cash Flow Analysis

Project Name:

Applicant:

Units:

		Year 1	Year 2	Year 3	Year 4	Year 5
<i>Amount</i>	Gross Potential Income (GPI)	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Amount</i>	Vacancy Loss (VL)	\$ -	\$ -	\$ -	\$ -	\$ -
Calculation	GPI - VL = Effective Gross Income (EGI)	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Amount</i>	Operating costs (OC)	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Amount</i>	Reserves (Rs)	\$ -	\$ -	\$ -	\$ -	\$ -
Calculation	EGI - OC - Rs = Net Operating Income (NOI)	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Amount</i>	Net Operating Income (NOI)	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Amount</i>	Debt Service (DS)	\$ -	\$ -	\$ -	\$ -	\$ -
Calculation	NOI - DS = Cash Available (CA)	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Amount</i>	Cash Available (CA)	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Amount</i>	Management Fee (MgF)	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Amount</i>	Maintenance Fee (MnF)	\$ -	\$ -	\$ -	\$ -	\$ -
Calculation	CA - MgF - MnF = Cash Flow	\$ -	\$ -	\$ -	\$ -	\$ -

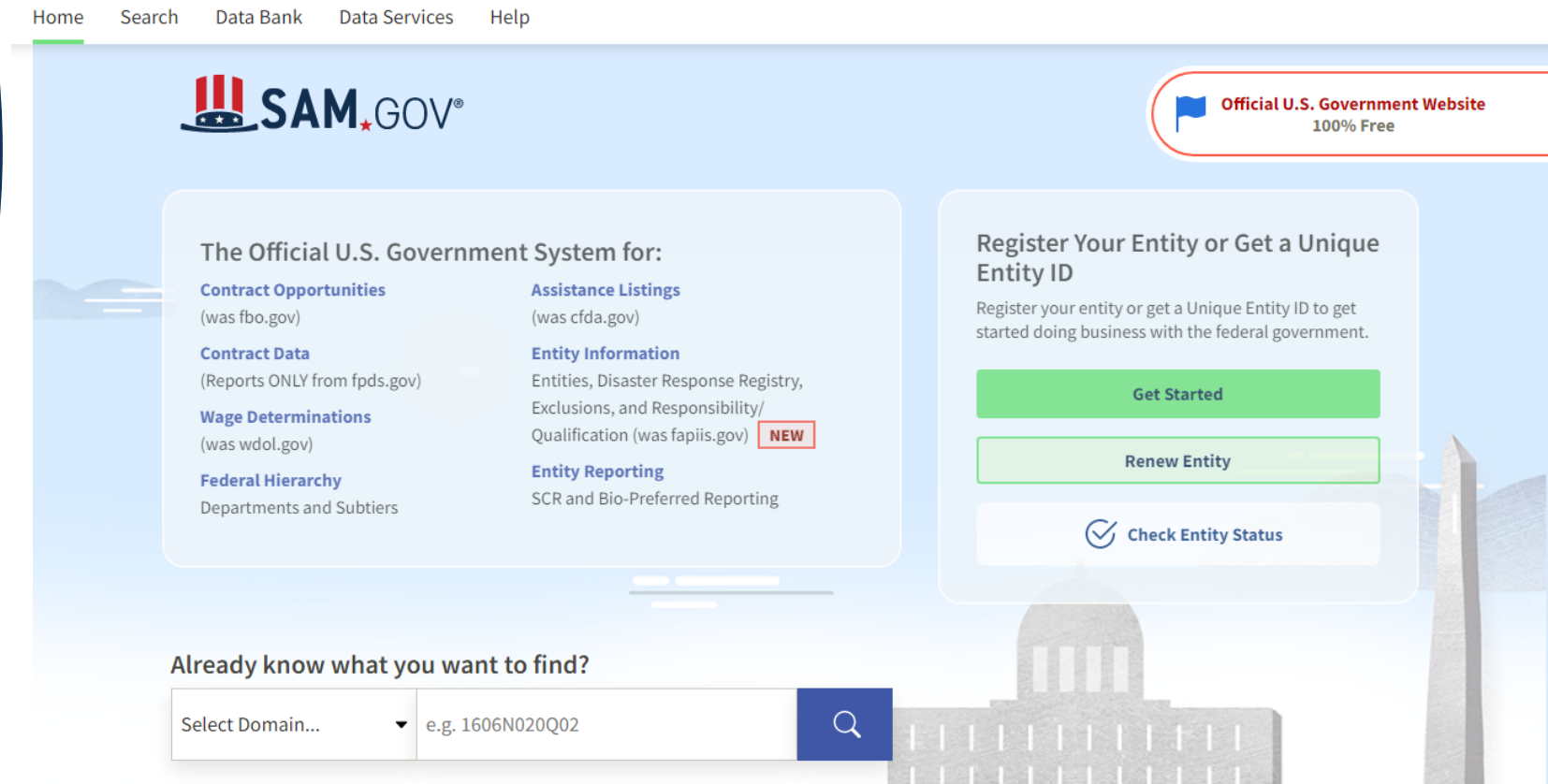
Federal Requirements

- SAM.gov Registration
- Procurement
- MWBE Utilization

SAM.gov

Applicants that receive federal funding through the City of Worcester will need to:

- Have a Unique Entity Identifier (UEI)
- Be registered with that identifier in the federal System for Award Management (SAM.gov)



The screenshot shows the SAM.gov homepage. At the top, there is a navigation bar with links for Home, Search, Data Bank, Data Services, and Help. The SAM.gov logo is prominently displayed in the center. To the right, a badge states 'Official U.S. Government Website 100% Free'. The main content area is divided into two primary sections. The left section, titled 'The Official U.S. Government System for:', lists several services: Contract Opportunities (was fbo.gov), Contract Data (Reports ONLY from fpds.gov), Wage Determinations (was wdol.gov), Federal Hierarchy (Departments and Subtiers), Assistance Listings (was cfda.gov), Entity Information (Entities, Disaster Response Registry, Exclusions, and Responsibility/Qualification (was fapiis.gov) with a 'NEW' tag), and Entity Reporting (SCR and Bio-Preferred Reporting). The right section, titled 'Register Your Entity or Get a Unique Entity ID', includes a sub-header 'Register your entity or get a Unique Entity ID to get started doing business with the federal government.' and three buttons: 'Get Started', 'Renew Entity', and 'Check Entity Status'. At the bottom, a search bar is present with the text 'Already know what you want to find?' and a dropdown menu for 'Select Domain...' with the example 'e.g. 1606N020Q02' and a search icon.

Home Search Data Bank Data Services Help

SAM.GOV®

Official U.S. Government Website
100% Free

The Official U.S. Government System for:

- Contract Opportunities**
(was fbo.gov)
- Contract Data**
(Reports ONLY from fpds.gov)
- Wage Determinations**
(was wdol.gov)
- Federal Hierarchy**
Departments and Subtiers
- Assistance Listings**
(was cfda.gov)
- Entity Information**
Entities, Disaster Response Registry, Exclusions, and Responsibility/Qualification (was fapiis.gov) **NEW**
- Entity Reporting**
SCR and Bio-Preferred Reporting

Register Your Entity or Get a Unique Entity ID

Register your entity or get a Unique Entity ID to get started doing business with the federal government.

Get Started

Renew Entity

Check Entity Status

Already know what you want to find?

Select Domain... e.g. 1606N020Q02

Procurement

Subrecipients receiving federal funding are subject to federal requirements outlined in the **Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards** (“Uniform Guidance”), found at Title 2 of the Code of Federal Regulations, Part 200 (“**2 CFR 200**”).

Procurement Methods

Method of Procurement	2 CFR 200 Citation	Process/Procedure
Micro Purchases (less than or equal to \$10,000)	2 CFR 200.320 (a)(1)	Purchase may be made without going to bid or obtaining quotes - must document determination that the price is fair and reasonable.
Small Purchases (less than or equal to the Simplified Acquisition Threshold of \$250,000)	2 CFR 200.320 (a)(2)	Must obtain price rates or quotations from an adequate number of qualified sources.
Sealed Bids (purchases greater than the Simplified Acquisition Threshold of \$250,000)	2 CFR 200.320 (b)(1)	Bids are publicly solicited and a firm fixed-price contract is awarded to a responsible bidder who has the lowest price and conforms to all the material terms and conditions of the invitation for bid.
Competitive Proposals (purchases greater than the Simplified Acquisition Threshold of \$250,000)	2 CFR 200.320 (b)(2)	This method is for purchases greater than the SAT in situations where sealed bids aren't appropriate (e.g., professional services).
Non-competitive Proposals (Sole Source)	2 CFR 200.320 (c)	Solicitation from a sole source; may be used if certain conditions apply.

MWBE Utilization

Subrecipients shall take all necessary affirmative steps to assure the use of minority businesses, women-owned business enterprises and labor-surplus area firms. **2 CFR 200.321(b)** describes the affirmative steps.

Subrecipients may use the [Massachusetts Operational Services Division \(OSD\) Supplier Diversity Office](#) for assistance in complying.

§ 200.321 Contracting with small and minority businesses, women's business enterprises, and labor surplus area firms.

- (a) The non-Federal entity must take all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible.
- (b) Affirmative steps must include:
 - 1) Placing qualified small and minority businesses and women's business enterprises on solicitation lists;
 - 2) Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;
 - 3) Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises;
 - 4) Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises;
 - 5) Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and
 - 6) Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in paragraphs (b)(1) through (5) of this section.

Environmental Requirements

All projects funded by our programs are subject to an Environmental Review and inspections which include, but are not limited to, the following:

- Historic Preservation
- Lead
- Asbestos
- Radon
- Section 8 Housing Quality Standards

Historic Preservation

All Environmental Reviews must include a Section 106 review (per 36 CFR Part 800). The goal here is to avoid, minimize or mitigate adverse effects as it relates to historic preservation.

- Mass Historic Commission review of Project Notification Form (PNF)
- 30-Day Review Period
- If the project is found to have “no adverse effects”, Section 106 review is complete
- If it’s not found to have no adverse effects, appropriate approvals are required

Please note – Any project you do in the City of Worcester is subject to local ordinances re Historic Preservation. Check in with our Preservation Planner ahead of time to see if your project is subject to review by the local historical commission.

Floodplain

The Environmental Review will determine whether the proposed project is located in the floodplain. Executive Order 11988 - Floodplain Management requires Federal activities to avoid impacts to floodplains and to avoid direct and indirect support of floodplain development to the extent practicable. HUD's regulations in 24 CFR Part 55 outline HUD's procedures for complying with EO 11988. The purpose of Part 55 is not in most cases to prohibit actions in a floodplain, but to provide the method for HUD projects to comply with EO 11988 and avoid unnecessary impacts.

At a minimum, we will ask for proof of a current flood insurance policy if the project is located within the floodplain.

Depending on the size and scope of the project, you may meet the "Substantial Improvement" criteria:

- Substantial Improvement refers to any reconstruction, rehabilitation, addition, or other improvement of a structure, the cost of which equals or exceeds 50 percent of the market value of the structure (or smaller percentage if established by the community) before the "start of construction" of the improvement.
- Additional considerations will apply for applicable projects.

Lead

The Lead Safe Housing Rule (LSHR) applies to all federally-assisted housing. Depending on the nature of work and the dollar amount of federal investment in the property, certain requirements must be complied with in handling lead-based paint. (Per 24 CFR Part 35)

Massachusetts law also requires the abatement of lead paint hazards wherever children under six years old reside.

Note - If the property was built before 1978, your project is likely subject to the lead laws and regulations!

- MA Initial Inspection
- Federal Risk Assessment

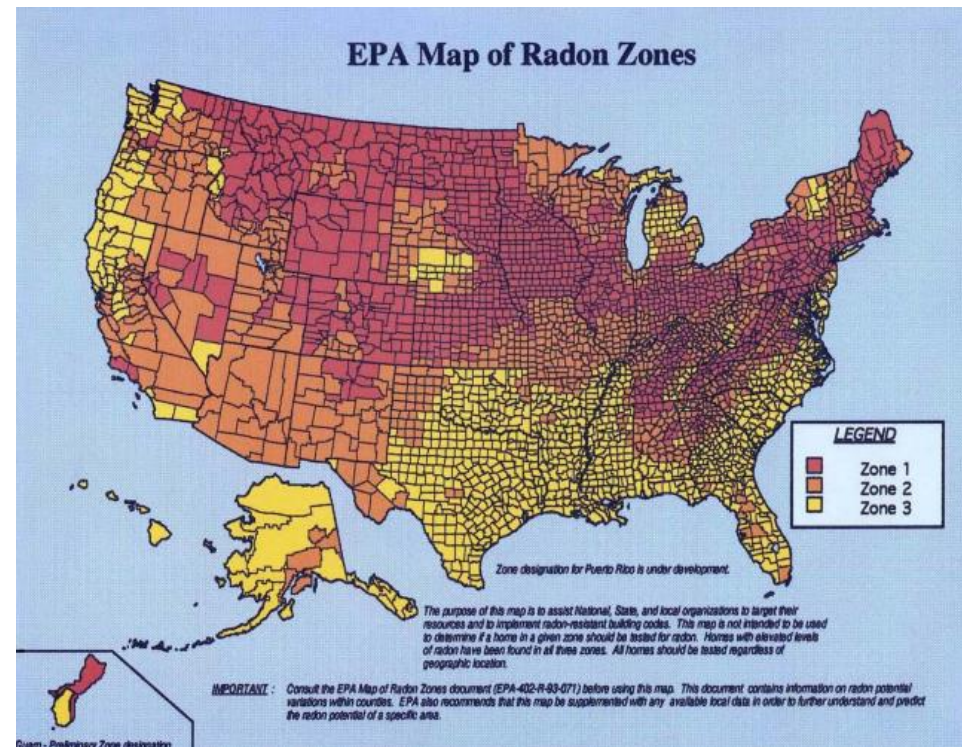
Asbestos

Rehabilitation and renovation projects will require an asbestos survey for the areas impacted by the scope of work (i.e. roof, siding, etc.).

- Requirement for opening building permits!
- If asbestos is present, final inspections will not be considered complete without an asbestos inspection to ensure proper handling and disposal of the hazardous materials.

Radon

- The City of Worcester is located in Zone 1 of the U.S. EPA map of Radon zones.
- All residential units developed utilizing public funding must contain at least a passive subsurface radon system and be tested prior to occupancy and have results showing less the U.S. EPA Action level of 4pCi/L.
- If your radon test result is **4pCi/L or higher** a radon mitigation system will need to be installed as part of the project.



Housing Quality Standards

Housing Choice Voucher program (Section 8) regulations at 24 CFR Part 982 set forth basic housing quality standards (HQS) which all units must meet before assistance can be paid on behalf of a family and at least annually throughout the term of the assisted tenancy.

The HQS Consist of the following elements:

- (A) Sanitary facilities;
- (B) Food preparation and refuse disposal;
- (C) Space and security;
- (D) Thermal environment;
- (E) Illumination and electricity;
- (F) Structure and materials;
- (G) Interior air quality;
- (H) Water supply;
- (I) Lead-based paint;
- (J) Access;
- (K) Site and neighborhood;
- (L) Sanitary condition; and
- (M) Smoke detectors.

Other Requirements & Considerations

- Fair Housing and Equal Opportunity
- Developer Capacity
- Applicant Capacity

Fair Housing and Equal Opportunity

The City of Worcester has a duty to ensure fair and open access to affordable housing and promote compliance with state and federal civil rights obligations. To promote equal access to income-restricted housing for all persons, the following requirements apply to the affordable units upon availability for the term of affordability:

- Marketing and Outreach - At a minimum, subrecipients shall market available units through the Worcester Housing Authority (WHA), RCAP, local Community Development Corporations (CDCs), and non-profit housing providers serving the surrounding neighborhood. In addition units should be publicly promoted through rental advertising channels such as online rental websites and local newspapers.
- Depending upon the type and scale of a given project, the developer may be required to draft a tenant selection plan*, administer a lottery process, and determine the qualification of potential tenants.
- Fully-accessible and adapted, move-in-ready units should be reserved for persons with mobility and/or hearing/visual disabilities. Upon initiation of the marketing period, a letter must be sent to community contacts who serve persons with disabilities of this housing opportunity.

Resources: [MA Fair Housing Marketing and Resident Selection Plan Guidelines Housing Navigator \(housingnavigator.org\)](#)
[My Mass Home \(mymasshome.org\)](#)

*The objective of a tenant selection plan is to consolidate relevant policies and procedures affecting the selection of tenants for subsidized units, pursuant to applicable federal and state laws.

Developer Capacity

The City of Worcester is responsible for ensuring that subrecipients are capable of financing and developing projects and managing the projects successfully after completion and occupancy.

- Applicants should provide evidence that they have a successful history of completing similar activities (i.e., a portfolio of similar projects).
- If you are considering applying for a project that differs from your prior experience (e.g., you have successfully managed a three-family property and are seeking funding to construct and manage a 20-unit rental project), you should consider partnering with real estate experts and service providers to increase capacity (e.g., a Certified Public Accountant).

Applicant Capacity

Applying for assistance via federally funded programs involves many requirements. It's important that you understand these requirements and pay attention to the criteria set forth in the application. Your responses indicate your capacity to complete the project, maintain the property, and remain in compliance throughout the duration of the Affordable Housing Restriction.

Your application responses are an indicator and measure of your capacity. Please be thoughtful and clear in your responses.



**Housing
Development
Division
Office Hours**

Do you have project-specific questions?

Sign up for a half-hour meeting with
Housing Development Division staff:

Tuesday, April 4th, 10:00 AM – 12:00 PM

Tuesday, April 11th, 10:00 AM – 12:00 PM

Q & A

