

Equitable Developers' Fund

MassHousing

Legislative Advocacy: State Advocacy

HFA Staff Contact

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“We take this whole notion as an administration of ‘E pluribus unum’ — Out of many, one — extremely seriously. For us to succeed as a commonwealth, it’s important that all voices believe they have a chance to be heard.” – Massachusetts Governor Charlie Baker

The summer of 2020 is regarded by many as a “racial reckoning” with global protest and calls to action against police brutality and systemic racism. Additionally, there was a true recognition of the disproportionate impact of the COVID-19 public health crisis on black and brown communities. In response, companies and organizations made public statements and donated millions to social justice movements, committed to diversifying corporate leadership and board compositions, and state and local government took policy action. MassHousing’s response involved a town hall meeting with over 100 staff participants to learn and share their thoughts on racial inequities in housing. Taking the feedback gained through this town hall, the Racial Justice Housing Agenda (RJHA) was created.

The RJHA mission, “invests in the development and implementation of strategies to address racial disparities in housing and advance wealth-generating opportunities in communities of color. The strategies will also encourage and support a racially diverse workforce within MassHousing and across the affordable housing industry. MassHousing staff will work collaboratively across the agency and form external partnerships to achieve the agenda’s goals.” Additionally, MassHousing released its five year strategic business goals for fiscal years 2022-2026, which included goals and measures for Diversity and Inclusion affirming the RJHA. One of these goals was for 10% of multifamily projects and 5% of portfolio balances to be owned by minority owned or senior principal borrowers. Often, the people who work to build the affordable housing that MassHousing finances are involved in the physical construction, but not in the design or development. Entrepreneurs who are Black, Indigenous and People of Color (BIPOC) have difficulty accessing capital and technical assistance to start or expand their own businesses.

MassHousing's strategic business goals were aligned closely with the Black Advisory Commission established by Governor Charles Baker. This Commission was charged with advising the Baker Administration on issues related to the economic prosperity and well-being of the black community in Massachusetts (Executive Order No. 575: Establishing the Black Advisory Commission.) One of the three main results of the Black Advisory Council’s work was a directive to grow the competitiveness of Black-owned businesses. Inspired by these recommendations, MassHousing and the members of the Massachusetts Black and Latino Legislative Caucus (MBLLC) joined their work to focus on solutions to this disparity.

MassHousing’s Executive Director and the members of the MBLLC met with Governor Baker and used political and social capital built from the “summer of 2020” to advance and foster equitable business growth. In the spring of 2022, Governor Baker first proposed the idea of an “Equitable Developers’ Fund” in a fiscal year 2022 supplemental state budget, then again in a \$3.5 billion economic development bill. The bill would create a reserve to provide financial and technical assistance for BIPOC entrepreneurs, particularly those who have been socially or economically disadvantaged or disproportionately impacted by COVID. Hoping legislative progress would be made on one of the bills, MassHousing got to work.

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In Massachusetts, two-year formal legislative sessions end on July 31 of the second year. Legislatively, there was not a lot of time to get the funding approved. Throughout the course of the next several months, MassHousing staff worked closely with the Governor's office, legislative leadership in the House and Senate and members of the MBLCC to push for this funding.

On July 25, 2022, the economic development bill was engrossed. The House had provided \$50 million for the Equitable Developers' Fund, but the Senate did not include the funding. There were also significant differences in other parts of the legislation. With just a week left in the legislative session the drafting differences forced the creation of a conference committee to hash out the variations between the House and Senate versions of the bill. Fortunately, a compromise piece of legislation could advance to the Governor in an informal session through year's end. But, unfortunately, a perfect storm at the end of the legislative session created a whirlwind of activity and distraction.

To the surprise of legislative leaders, three days before the legislative session ended, a 1980s-era and long-forgotten law required the Commonwealth of Massachusetts to return nearly \$3 billion in excess tax surplus to the taxpayers. As a result, negotiations on the economic development bill stalled as legislative leaders worked to determine whether both the taxpayer refund and the economic development bill were financially feasible. If so, would funding for the newly created Equitable Developers' Fund remain in the compromised language of the economic development bill, particularly because it was only in the House version of the bill? If negotiations were unsuccessful, the entire legislative process would need to begin anew in refiled legislation at the start of the next session.

Legislative leaders spent the next several months negotiating the economic development and tax refund measures. MassHousing and the MBLCC continued to advocate for the funding with supportive legislators and significant State House contacts. Finally, legislators came to a compromise in November 2022. After all of this uncertainty, Governor Baker signed the multibillion-dollar economic development bill into law, and the Equitable Developers' Fund was funded at its original amount of \$50,000,000.

MassHousing's Equitable Business Development Division

MassHousing set ambitious Diversity and Inclusion goals for FY 2022-2026 that affirm and advance the Agency's longstanding commitment to diversity and inclusion. The newly designed Equitable Business Development Division (EBD) was formed to advance and foster equitable business growth across the Agency. Included in the Division's responsibilities are directives to:

- Leverage the affordable housing ecosystem to create wealth-building and upward mobility for BIPOC residents of Massachusetts.
- Increase BIPOC homeowners and multifamily projects/portfolio balances to minority-owned or senior principal borrowers by promoting lending products and subsidy programs that significantly impact socially disadvantaged communities.
- Provide advancement opportunities for diverse businesses and BIPOC workforce with a primary focus on MBEs in Goods & Services; Construction/Property Management; and Talent & Workforce-Recruitment, Retention and Growth.

One of the first initiatives of the EBD was to host a statewide tour – which drew more than 150 attendees – to identify opportunities to increase BIPOC developer participation in the affordable housing ecosystem;

build and engage a network of diverse real estate professionals across the Commonwealth; and apply an equity-minded lens to the production and preservation of housing. The sessions were held in regional hubs – Greater Boston, Central Massachusetts, Western Massachusetts, the North Shore and the South Coast.

Equitable Business Development took the lessons learned and information gathered from the listening tours to create the [Massachusetts Affordable Housing Emerging Developer Report](#). The report highlights the unique needs in each of the geographic areas across the Commonwealth, although there are several themes common among BIPOC developers statewide. The statewide themes included:

1. Access to capital
2. Understanding the affordable housing development process (public land disposition, and requests for proposals)
3. Navigating local process (zoning, permitting and planning)
4. Building development networks (joint ventures with favorable terms)

By identifying the constraints on these entrepreneurs, the report made the following recommendations: access to pre-development patient capital; a comprehensive resource guide for BIPOC entrepreneurs to understand the affordable housing development process; regional technical assistance workshops to learn about zoning, permitting, and planning; and new or reformed existing lending products to incentivize joint venture partnerships with emerging developers. These recommendations require significant funding.

In addition to the report, Equitable Business Development has partnered with organizations like the Builders of Color Coalition (BCC), a non-profit membership organization for real estate professional of color. MassHousing has committed multi-year financial support for the BCC's Affordable Housing Fellowship program. Through this fellowship BIPOC entrepreneurs participate in a 12-week training cohort and industry mentorship to be successful in the affordable housing industry. MassHousing also meets and collaborates with sister finance agencies in the Commonwealth to share best practices and build networks to better support BIPOC developers.

When MassHousing's took the bold steps to create and release the Racial Justice Housing Agenda, we knew that we would need bolder financial investment from the state to uphold the vision and mission. Working with Governor Baker's administration and the legislature to secure \$50 million in funding for Emerging Developers is a testament to the Commonwealth's commitment to address racial disparities. With the research and collaborative work of the Equitable Business Development Department, MassHousing is better positioned to leverage the Equitable Developers Fund for transformative change.

From the Boston Business Journal:

<https://www.bizjournals.com/boston/news/2023/04/20/developers-of-color-face-extra-hurdles-trying-to-a.html>

SUBSCRIBER CONTENT:

How developers of color are overcoming hurdles trying to access capital

Apr 20, 2023, 5:00am EDT



Gary Higgins / Boston Business Journal

Colleen Fonseca, head of the Builders of Color Coalition, and Zeina Talje, Z Capital Investments, residential developer, at one of two condo buildings in Mission Hill.

Marie Morisset has been in the real estate business for more than a decade. She and her husband started by flipping homes on the South Shore and buying property in Boston. More recently, she has consulted on bigger projects like the Olmsted Green multifamily development in Mattapan.

"I've done a lot of redevelopment. I would like to do more ground-up," Morisset said. "My ideal project range is 30 units and up."

A project of that size requires a level of upfront capital that's a high bar for Morisset. She's not alone: In Greater Boston, real estate professionals of color cite a lack of access to capital, particularly early in the development process, and navigating municipal permitting and zoning among their chief career obstacles. That's according to a recent MassHousing survey focused on affordable housing, though developers say it is true more broadly as well.

Such obstacles have helped to keep the real estate development industry overwhelmingly white. Only about 1,000 of the estimated 112,000 real estate developers in the U.S. are people of color, according to a study published last month by Boston-based nonprofit Initiative for a Competitive Inner City and another organization.

For those few developers of color, it's not that any level of success is out of reach: The ICIC study found that small Black and Hispanic developers generate more revenue, on average, than similarly sized white peers. It's scaling up, or striking out on their own, that can prove problematic.

"When you do transact, the balance sheet requirements are tremendous. It's very difficult to be in the driver's seat, and those who are able to succeed in this area tend to have either a large net worth individual backing them or family wealth," developer Zeina Talje said.

Like Morriset, Talje wants to begin working on larger projects. Her firm, Z Capital Investments, now has a portfolio of dozens of apartments and condos in Boston and southern New Hampshire, including two ground-up, market-rate condo buildings with "net zero" carbon emissions in Mission Hill.

"The hardest thing is the first deal. The banks are scared of not knowing you," she said.

Efforts to help developers of color

Talje, who started her career in design, had the benefit of working for well-known names like Elkus Manfredi Architects and Skanska before starting her own firm six years ago. "Even with that, it was so difficult," she said.

State agencies like the Massachusetts Port Authority and the city of Boston have made a development team's diversity a key criteria in selecting project teams to build on public land. Still, many developers of color may find it difficult to compete because of a lack of experience on projects that sizable and a lack of relationships with larger developers who lead such efforts.

There are efforts underway in the region to deepen the pool of developers who handle larger real estate projects.

MassHousing and MassDevelopment expect to launch a \$50 million fund in the fall that is designed to help developers of color with pre-development costs like site planning and traffic studies and to provide grants and low- or no-interest loans. The funding was authorized last year by the Legislature as part of its allocation of federal American Rescue Plan Act dollars.

Ahead of the fund's launch, MassHousing officials have spent months compiling a list of more than 300 real estate professionals of color in Massachusetts, including developers, consultants, property managers and more. The agency looked for those with at least three to five years of experience who had completed or would soon complete up to 20 housing units. By 2026, MassHousing wants at least 10% of its multifamily projects and 5% of its portfolio balances to go to minority-owned or minority-led firms.

"There's a saying: The best time to plant a tree is 20 years ago, and the second-best time is today," MassHousing executive director Chrystal Kornegay said of the agency's efforts. "So we're planting trees today."

Finding partners

Many of the professionals participated in five listening sessions in different parts of the state, to talk about the hurdles they face. In addition to the funding and permitting challenges, participants have had trouble finding a joint-venture partner who offers equitable terms.

Some of the developers, particularly in metro Boston, said they were relied upon for community engagement at the beginning of the partnership, and leasing at the end, but not for everything in the middle, said Tony Richards, MassHousing's vice president of equitable business development.

"They weren't trying to negotiate a (financial) equity play. They were trying to negotiate more of an access play," Richards said. "They just wanted to be along for a ride that was meaningful and engaging, and they walk away with a significant amount of learning and understanding that comes with that."

For the Boston-based nonprofit Builders of Color Coalition, part of the mission is to help developers build networks that will strengthen their skills and further their careers. Morisset has been involved with the coalition since its inception six years ago.

"I can honestly say that if it wasn't for the Builders of Color Coalition, the network and industry contacts I have today, that wouldn't have been feasible," she said.

The coalition recently ran two six-month fellowship programs — one for affordable housing that wrapped up last month for 15 minority-owned firms, another with 11 firms for market-rate housing last year — with funding from the Boston Foundation, MassHousing and the Boston Planning and Development Agency.

As for access to capital, Colleen Fonseca, executive director of the coalition, is glad to see the MassHousing fund roll out. The organization will soon host a "Meet the Banks" session to connect developers with financial institutions interested in diversifying their client portfolios.

"We do hope more institutions will rise to the occasion," Fonseca said of assisting developers with financing.

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Greg Ryan
Senior Reporter - *Boston Business Journal*



Massachusetts Affordable Housing Emerging Developer Report

*Data, Challenges and Opportunities Identified through Statewide
Facilitated in Person Listening Sessions & Self Identified Surveys*



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About MassHousing



- MassHousing is an independent, quasi-public agency created in 1966 and charged with providing financing for affordable housing in Massachusetts.
- The Agency raises capital by selling bonds and lends the proceeds to low- and moderate-income homebuyers and homeowners and to developers who build or preserve affordable and/or mixed-income rental housing.
- MassHousing does not use taxpayer dollars to support its operations, although it administers some publicly funded programs on behalf of the Commonwealth.



\$7.2 Billion

in total **affordable housing financing** in the last 5 years



12,500

households assisted in purchasing a home in the last 5 years



23,400

affordable rental homes created or preserved in the last 5 years



~\$27 Billion

in **financing** provided over the Agency's history

Executive Summary



MassHousing's Equitable Business Development Division was created to advance and foster equitable business growth across the Agency.

Our goals are to:



- Leverage the affordable housing ecosystem to create wealth-building and upward mobility for Black, Indigenous and People of Color (BIPOC) in Massachusetts.



- Increase the number of BIPOC homeowners and multifamily projects/portfolio balances to minority owned or senior principal borrowers by promoting lending products and subsidy programs that significantly impact socially disadvantaged communities.



- Provide advancement opportunities for diverse businesses and BIPOC workforce with a primary focus on: MBEs in Goods & Services; Construction/Property Management; and Talent & Workforce-Recruitment, Retention and Growth.

MassHousing has set ambitious Diversity and Inclusion goals for FY 2022-2026 that affirm and advance the Agency's longstanding commitment to diversity and inclusion. These goals include reaching 10% multifamily projects and 5% portfolio balances to minority-owned or senior principal borrowers.

Following MassHousing's strategic planning process and as the Agency has shifted to operationalize these goals, identifying the availability of minority-owned and/or senior principal borrowers is imperative to fostering new business relationships and in turn reaching its five-year goals.

In addition to identifying minority-owned and/or senior principal borrowers, MassHousing's Equitable Business Development Division planned and led a series of statewide listening sessions for Emerging Developers.

This process was critical to the Division's work as it allowed us to engage BIPOC developers directly and solicit real-world feedback relative to the challenges and opportunities in the marketplace.

Although there are some data points that seem to highlight disparities among BIPOC developers, there is a decided lack of market data specific to the unique needs of the different regions in Massachusetts. The listening sessions were hosted in collaboration with the Mel King Institute and the Builders of Color of Coalition. The Director of The Mel King Institute for Community Building served as the moderator for all five listening sessions. The Executive Director of Builders of Color Coalition, was our outreach partner and helped gathered contacts to build out the statewide invite list.

Methodology



MassHousing recently concluded a statewide Emerging Developer Listening Tour designed to identify opportunities, disparities, and solutions to increase Black, Indigenous and People of Color (BIPOC) developer participation in the affordable housing ecosystem.

Goal: The Emerging Developer Listening Tour sought to build and engage a network of diverse real estate professionals across the Commonwealth and to apply an equity-minded lens to programs that support the production and preservation of affordable housing.

Our working definition of an Emerging Developer is a real estate professional:

- with a minimum of 3-5 years experience
- who has completed, or is in the process of completing, up to 20 units of housing
- who has participated in or is a participating member of a joint venture partnership
- who has a professional background in construction management, project management, property management or commercial lending.

The listening sessions were hosted in five regional centers across Massachusetts:

Greater Boston (Boston)	Artist for Humanity
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Central Massachusetts (Worcester)	Worcester Idea Lab
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Western Massachusetts (Springfield)	Reevx Lab
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North Shore (Lawrence)	Duck Mill Apartments
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South Coast (New Bedford)	SouthCoast Community Foundation
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Methods of engagement

- We engaged with a large number of contacts from our statewide invite list by sending out a series of e-mail blasts through Constant Contact, an online platform used by MassHousing's communications/marketing department. Additionally, we engaged with our invite list via follow-up phone calls throughout the week leading up to each session.

Number of people we engaged statewide

- We connected with over 300 contacts to build our statewide emerging BIPOC developer contact database. There was a wide range of information shared from those we connected with on the listening tours throughout the regions we targeted. We consolidated the names of developers shared by their own networks, into our larger database.

Importance of Database

- The statewide database list of diverse developers was organized by name, company, Email and phone number. We used asset mapping which included diverse real estate professionals and businesses, neighborhood stabilization partners, CDCs, CDFIs, and for-profit developers. In order to gather a more robust list of partners within the Commonwealth, we built an extensive database that included all five regions. The asset mapping tool helped frame the importance of bringing together diverse housing partners.
- We intend to share the master list with our borrowers, institutional developers, and other housing partners within the affordable housing industry.

Type of stakeholders identified and engaged

- The sub-industry breakdown of people with whom we engaged includes various practitioners from the industries below: (GC, legal, brokers, etc.) In addition, we engaged with other housing stakeholders including MassDevelopment and the Massachusetts Housing Partnership (MHP). We also engaged with elected municipal officials in each region including representatives from the municipalities, housing and planning and economic development)

Below, attendees self identified their primary business focus before we conducted the listening sessions (this information can also be found in the survey results)

- Mixed-income unit development
- Construction management
- Commercial real estate development
- Redevelopment/Preservation
- Rehabilitation/Flipping homes (Primary 1-4 units)
- CRE Consulting
- Multifamily Asset Management
- Community development (CDFIs, CDCs)
- Smaller unit developments (pre-fab home construction)
- Real Estate Board (municipal, etc.)
- Brokerages (leasing, sales, etc.)
- General contractor
- State and municipal housing leaders (Housing & Neighborhood Development, Housing Board/Commissions, etc.)
- Municipal Planning Agency

Data

- A **Pre-Facilitation Survey** measuring basic demographics was sent to all invitees who confirmed and registered their attendance. The questions were used to help create our group questions. Of the 300+ individuals who were contacted and invited, 124 people were surveyed.

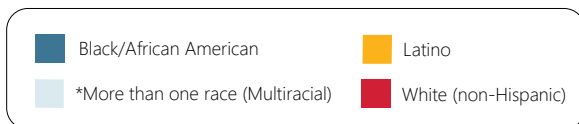
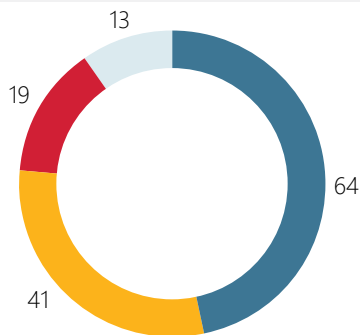


- The **In-Person Statewide Listening Sessions** were a combination of large group and small group discussions with high level topics. The Mel King Institute assisted by posing questions regarding the state of affordable housing generally and asking about the developers' specific experiences engaging with the state's housing agencies. This engaged a large group discussion about the successes and challenges developers experienced, especially if they had developed housing in more than one region to give comparisons. Smaller group discussions followed for conversations about process, financing, technical assistance, and difficulties they have experienced.

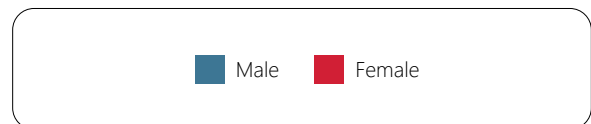
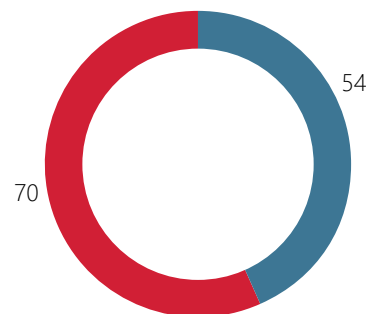
Survey Results

Results are self-reported through Pre-Facilitation Survey

Race/Ethnicity

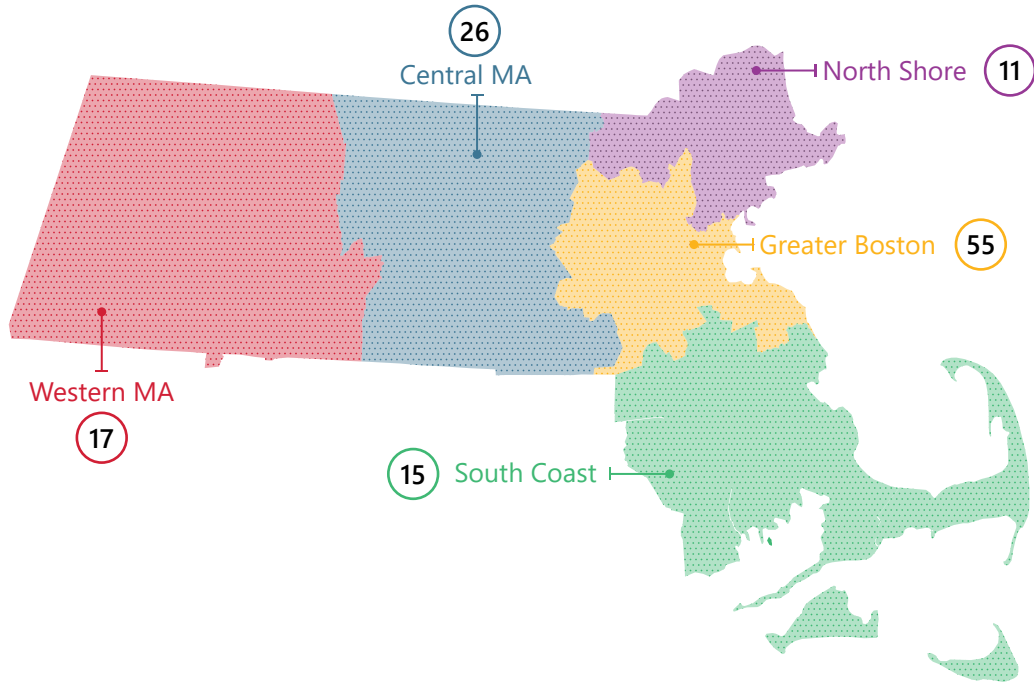


Gender

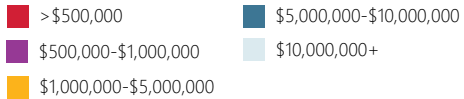
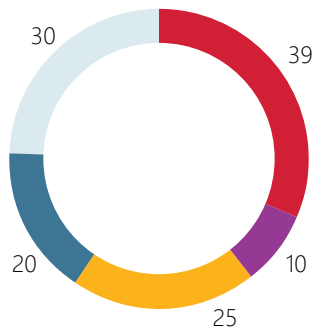


*Double counted and also includes: Native American, Pacific Islander

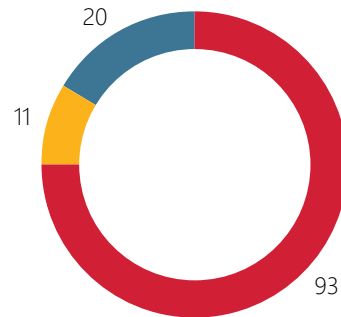
Respondents by Region



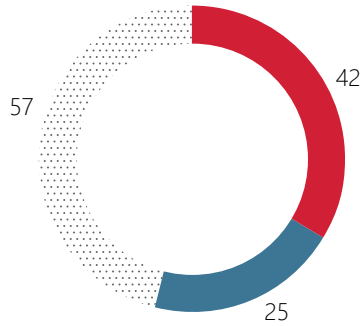
What is the total value of all your assets in your current portfolio?



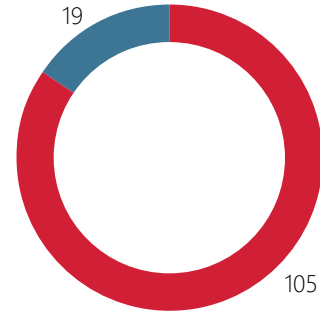
How many contractors do you work with on your projects?



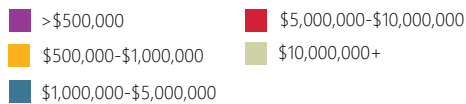
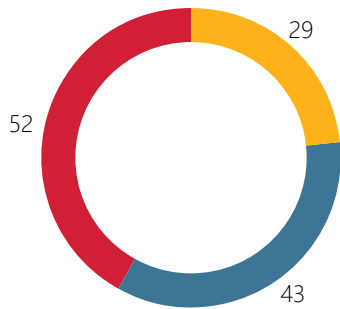
What was your past year's declared taxable income for your company?



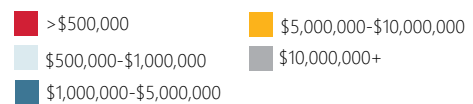
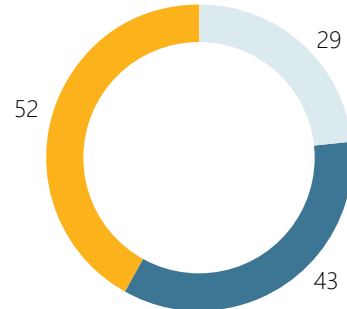
Number of staff on your company's payroll?



What is the total value of all your assets in your pipeline**?



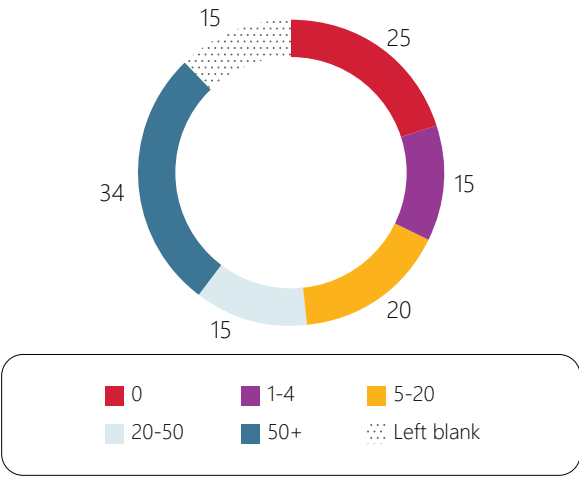
What is the total unit size of all your assets in your pipeline**?



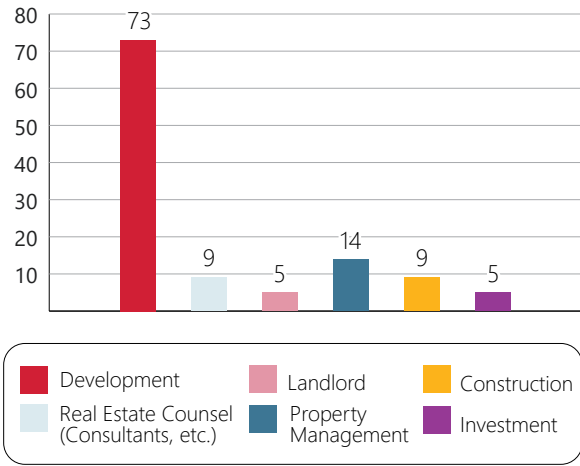
*No respondents selected "\$500,000-\$1,000,000"

**Pipeline was not clearly defined and may include in the process of public/private land disposition (through RFP or purchasing agreement) and may include prospective deals

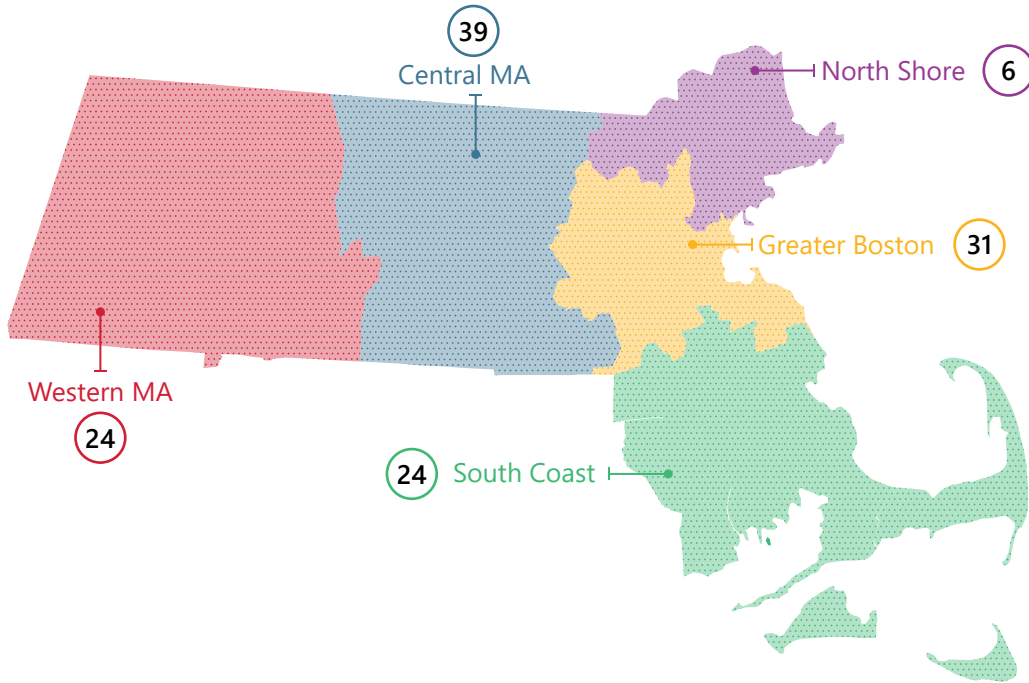
How many units of housing are currently in your asset portfolio?



Industry Type
(feel free to select more than one)



Regions of Development (select more than one)



Top Themes Statewide

Identified through Pre-Facilitation Survey

1 Pre-development capital

2 RFP opportunities

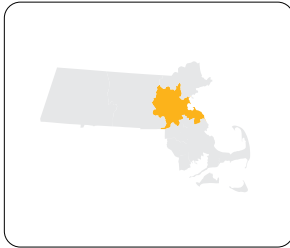
3 Knowledge of affordable housing programs and opportunities

Full list of themes identified through the pre-survey (listed in order of significance/rank):

- 01.** Pre-development capital
- 02.** RFP opportunities
- 03.** Knowledge of affordable housing programs and opportunities
- 04.** Joint venture connections
- 05.** Marketing and sales post-construction
- 06.** RFP opportunities
- 07.** Zoning/Town Meeting process
- 08.** Labor shortage/competitiveness
- 09.** Construction financing

Top Three Themes Per Region

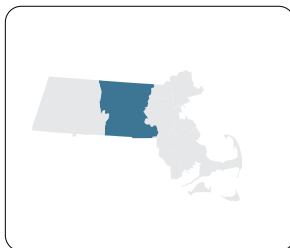
Identified through In-Person Statewide Listening Sessions



Greater Boston

Pre-development capital Joint Venture Connections RFP Opportunities

01. Funding challenges were a significant topic of discussion. Participants report that the forms are confusing, time consuming and don't necessarily guarantee funding on a predictable timeline. Financing institutions often reward a 40-year veteran company over an emerging developer. There is a lot of money "burned" waiting for updates in the process.
02. Planning/zoning/municipal processes are often hostile and more so for a developer of color. The process is long and unpredictable and there is a lot of effort required to manage local politics in certain communities.
03. Networking within the city and town halls is difficult. Most long-time veterans of the industry have access to the people of these municipal buildings already and it gives them an advantage over an emerging developer.

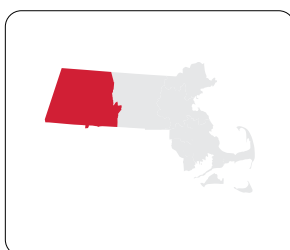


Central Mass

RFP Opportunities Joint Venture Connections

Zoning/Town Meeting Process

01. Access to capital. Lots of conversation on struggles to find investors who are willing to invest money in more than "turn-key" projects. Applying for affordable housing financing is also confusing and difficult if you are "the new kid"
02. Permit application process is slow, confusing and not transparent. There are often surprise code requirements that cost more in construction money.
03. There is a lot of resistance to new housing in the suburbs which places a lot of pressure to build only affordable housing in a city like Worcester. Zoning Boards and neighborhood civic association meetings are often a huge obstacle for bringing a project to the finish line.

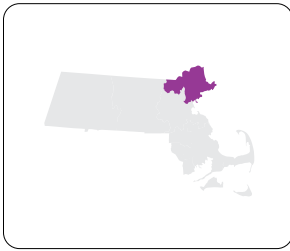


Western Mass

Pre-development capital RFP Opportunities

Marketing/Selling Post-Construction

01. There is a lot of gatekeeping to funding opportunities. Being new undermines one's credibility making it harder to build relationships with funding institutions.
02. There are very few network resources, unlike Boston. This requires a lot more manual "cold-calling" and research to learn who is a reputable contractor. There is a desire for a database that offers a W/MBE list for emerging developers.
03. Lack of transparency and accountability from the towns and municipalities. There is a huge gap between what the cities want and what the civic organizations and other community organizations want, creating a hostile environment to build a project.



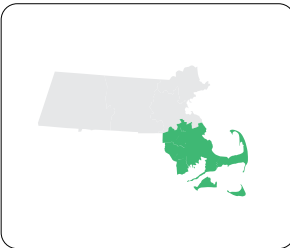
North Shore

Pre-development capital

Knowledge of affordable housing programs and opportunities

RFP Opportunities

- 01.** The process to get involved in building projects is confusing. It requires that you have built-in relationships to even get started.
- 02.** Acquiring capital is complicated, especially for affordable housing deals. The applications are long and time-consuming not entirely clear.
- 03.** It would be helpful to have a database with information about the agencies who finance affordable housing and the process for applying for tax credits. More information is needed in order to understand how projects qualify for funds.



South Coast

Joint Venture Connections **Marketing/Selling Post-Construction**

Knowledge of affordable housing programs and opportunities

- 01.** Creating affordable housing is risky without a partner. This discourages the production of homeownership units because of the margins of error being small in comparison to rentals. Affordable housing as a process is viewed as “tricky” from beginning to end. Only successes mentioned were on deals with a non-profit partner.
- 02.** It would be helpful if there was some coordination between financing options and grants. The process of introducing one’s self to a new institution is often intimidating and it was noted that you find yourself meeting with people who are not enthusiastic about developers who are new to the process.
- 03.** Construction timing is a stressor. Attendees report that they can build things faster than municipalities can approve projects and delays increase costs. “Float money” for construction delays is very stressful.

Top Four Themes Statewide

Identified through In-Person Statewide Listening Sessions

1 Access to Capital

Access to Pre-Development Patient Capital

- Having relationships with institutions to apply for affordable housing financing is an intimidating process. Being new to the process often means that applications can be confusing and unhelpful in understanding what financing sources are available for their type of projects
- Investors only want to finance projects that have certainty on returns which encourages developers to only seek projects that are often rehabs or flips. This means that any hope to do affordable housing, especially homeownership, is financially discouraged and often impossible to build the needed housing

2 Understanding the Affordable Housing Development Process

Public Land Disposition Process; Request for Proposals (RFP's)

- Some of the challenges noted by developers who attended the listening sessions involved preparing and submitting a successful Request for Proposal (RFP) for funding and land opportunities from a municipality and the state. Developers and organizations that have prior experience applying for funding and land dispositions have a natural advantage for a successful RFP bid.
- Emerging developers are often not notified when RFP proposals become available and may be unfamiliar with stakeholders in both municipal and state government who can provide guidance with the RFP. Additionally, the guidelines and terms for funding and land RFPs have an implicit bias towards developers and organizations that have an established background in affordable housing development and within the community itself.

3 Navigating Local Process

Zoning, Permitting and Planning

- The community and civic process is harsher if you're new to the development world. There is also a harsher expectation if you're a developer of color to do "better projects for the community or the neighborhood"
- There are so many different agencies, sign-offs, and people you need to meet with that its impossible to track. The meetings are endless, unpredictable and there always seems to be "one more thing" and it often costs more money

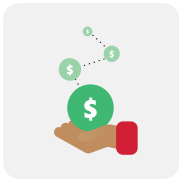
4 Building Development Networks

Joint Ventures with Favorable Terms (equity, etc.)

- Majority of joint ventures don't have equitable terms for projects. They often take advantage of using the community experience of an up-and-coming local developer to build relationships and don't pay us out with fairness for the labor
- Finding where a more experienced developer who would be interested in favorable terms is difficult. Trying to find opportunities to be in the same rooms trying to make a deal isn't easy. Its also not easy for reputable larger developers to find us when they want the talent for a specific kind of project.

Recommendations

Results from Pre-Facilitation Survey and In-Person Statewide Listening Sessions



Access to Capital

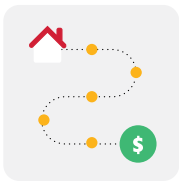
Pre-Development patient capital

Establish a Pre-Development Developers' Fund

- Increase opportunities for BIPOC developers to access predevelopment and patient capital to support the production of affordable rental and for-sale housing by BIPOC developers.

Additional Opportunities:

- Provide better access to receive funding
- Resolve the obstacle of pre-development costs often being non-bankable
- Increase competitiveness especially in this environment with rising construction costs and systemic barriers



Understanding the Affordable Housing Development Process

Land Disposition Process; Request for Proposals (RFPs)

Develop an Affordable Housing Resources Guide

- The Guide will be a comprehensive resource for developers looking to access funding opportunities through the state and most municipalities. The Resource Guide will include- but not limited to: Funding application deadlines; Program guidelines for state and locally administered funding program, i.e Affordable Housing Trust Fund (AHTF), Workforce Housing, Commonwealth Builder; One-Stop application example; Frequently Asked Questions (FAQ).
- RFP and land disposition preference for emerging developers and joint venture partnerships with an emerging developing associate. This preference will allow developers to gain points equitably during the RFP review.

Additional Opportunities:

- RFP process and technical assistance
- Efficiency issues and unpredictable timelines
- Regulatory process isn't transparent



Navigating Local and State Process

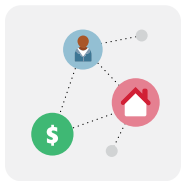
Zoning, Permitting and Planning

Increase technical assistance workshops

- Provide regional technical assistance workshops for emerging developers to learn how zoning, permitting, and planning processes work within municipalities, focusing on target communities, particularly Gateway Cities. The workshops could be facilitated by skilled practitioners and involve municipal government stakeholders, and organizations. These workshops could also provide an opportunity for emerging developers to network and build a rapport with stakeholders.

Additional Opportunities:

- Have more clear planning trainings so that developers know what to expect
- Making sure there is more clarity on how many departments a developer is expected to report to



Building Development Networks

Joint Ventures with favorable terms (equity, etc.)

Incentivize joint venture partnerships in affordable housing

- Develop new and/or reform existing lending products that will incentivize JV partnerships with emerging developers. These incentives could come in the form of preferred pricing or interest rate reductions.

Additional Opportunities:

- Municipal and state relationships take time and are difficult for an emerging developer
- Partnerships are helpful, but only if you can find them
- Credibility building is difficult and keeps your capacity capped.

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Questions?

Please contact us at equitablebusinessdev@masshousing.com

Thank you to our partners!



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