

TDI Equity Program Guidelines and Notice of Funding Availability (NOFA)– FY23

January 20, 2023

I. OVERVIEW

The TDI Equity Program (the “Program”) will make capital improvement grants generally between \$25,000 and \$250,000 to real estate projects that **activate and improve commercial spaces** within and around TDI Districts.

Successful projects will:

- Prioritize and accelerate the use of ground floor commercial spaces in creative and meaningful ways
- Align with the TDI partnership's vision for the District and relate to the goals articulated in the TDI workplan
- Promote equitable economic development
- Deploy resources quickly to create visible change on the ground

Grants will be awarded on a competitive basis. The application round will open on Wednesday, February 1, 2023, and close on Friday, March 31, 2023. Only projects located in and around one of the thirteen (13) active TDI District are eligible to apply. Existing applications submitted under the previous Notice of Funding Availability issued in March 2021 will remain under consideration until a final determination is made.

The Transformative Development Initiative (TDI) provides a flexible set of resources to promote inclusive economic development and allow community partners to advance local priorities based on their unique circumstances. TDI specifically focuses on commercial districts that have experienced significant disinvestment, sometimes over decades and suffer from vacancy, blight, a struggling retail sector, a lack of neighborhood amenities, and loss of local ownership. The Program makes funding available for real estate capital improvements to promote new commercial activity, activate vacant spaces, build community wealth and support the people in our communities—entrepreneurs, community leaders, artists, and small business owners—that are the engines of vibrancy in TDI Districts.

II. OBJECTIVES

The TDI Equity Program aims to invest in real estate capital improvements that:

- Substantively and significantly revitalize storefront and other public-facing commercial spaces in TDI Districts.
Ideal projects would confer benefits to both the property and the occupants/users of the space and help to reposition underperforming real estate by addressing chronic vacancy and blight.

- Advance the visions of TDI Partnerships and align with priorities outlined in TDI workplans

The Program can be used to jump start new enterprises that directly serve the immediate needs of a neighborhood, such as childcare facilities, unique markets and grocery stores, and “third places” where people can socialize between home and work. We encourage innovative uses of commercial space with strong community partners, especially those that add to the creative and cultural assets of the neighborhood. We define arts and culture spaces very broadly including:

- Uses that directly serve the arts community, such as art and design centers, studios, galleries, and performance spaces;
- Collaborative spaces, such as co-work facilities, makerspaces and shared commercial kitchens;
- Group retail, such as multi-tenant markets and retail incubators;
- Culturally relevant food and drink uses, such as restaurants, cafes and bakeries.

Projects that allow TDI Partners to take creative risks, explore new ventures and forge new collaborations are highly encouraged.

- Result in near-term activations of commercial space

Activation may include facilitating a new tenant or use, a makeover of an existing business or commercial space or a temporary activation as part of a broader strategy to redevelop a property. *For the purposes of this program a near-term activation is defined as a project that will be complete or show significant progress within approximately one year of an award.*

The Program can be combined with other resources including TDI Local and Technical Assistance Programs, other MassDevelopment programs such as the Collaborative Workspace and Underutilized Property Programs, and private debt and equity, among others. This program is not intended to simply bridge a financial gap for larger, multi-use development projects. However, it can be used in complex development scenarios so long as TDI Equity funds specifically support the **near-term activation of commercial space**. The more a project can demonstrate additional private investment, the higher it will rank in application evaluations. For larger projects that anticipate long gaps between TDI Equity funding and project development, we will require a short-term activation or placemaking component.

III. SPECIFIC PROJECT CONSIDERATIONS

- Project Size We primarily anticipate funding projects that will be under 20,000 square feet in scale or would address only a portion of a larger property. Commercial projects with a heavy/visible activation component, either in stand-alone commercial properties or as part of larger development, will be prioritized.
- Mixed-use Projects For larger, mixed-use projects, especially those with a significant housing component, the TDI Equity portion of funding must specifically and convincingly address the activation of a commercial component of the property.

- Projects under development or recently renovated Mixed-use and/or commercial projects currently under development or recently completed that contain unoccupied commercial space are eligible and encouraged to apply. As above, limiting an application to only the commercial space being activated is advised.
- New construction New construction on vacant land or additions to existing structures that result in new commercial space are eligible to apply. In such cases development timelines and construction costs may exceed the scope of this program. However, if a project meets the program objectives and evaluation criteria, we encourage the submission of a concept proposal so we can assess the project needs and work with partners to advance it for future rounds or another program.
- Property stabilization Projects that address urgent or emergency needs (e.g., structural deficiencies, roof repair and replacement, window replacement, remediation) are eligible, but must be combined with a plan to occupy and activate commercial space(s). In all cases we will prioritize properties that are “stuck”---that is, but for TDI’s involvement, the planned end use is improbable or impossible.
- Site Control In all cases the applicant must demonstrate site control, whether as the current owner, purchaser, or tenant. An end user, or plan to secure one, must be specified at the time of award. For the purposes of this grant “end user” refers to the primary occupant. In uses such as shared retail, kitchen or studio spaces, or those requiring subleases and individual memberships, only the managing entity needs to be identified at the time of submission, but details on subtenants and end users, if known, will strengthen an application.

Projects actively seeking additional resources from MassDevelopment may be considered. In all cases we will consider other MassDevelopment lending programs as an option when applicable, and we highly encourage meeting with the [TDI Fellow](#) for your respective District (see attached maps) and appropriate representatives from the MassDevelopment regional team for your area. You can find a link and contacts to our regional offices [here](#).

IV. ELIGIBLE USES OF FUNDS

TDI Equity may only be used for capital costs (fixed, one-time expenses for the purchase, construction or renovation of real property). The following is a list of common capital costs.

- Property Acquisition
 - The purchase of an entire commercial property or a portion of a commercial property.
 - The purchase of vacant land is eligible only in cases when the project will provide near-term activation of the property
- Core and Shell Costs
 - Stabilization and urgent or emergency improvements required for occupancy (within limits)
 - Building enclosure – roof, exterior walls, windows and doors

- Building Systems – heating, ventilation and air conditioning (HVAC), plumbing, electrical, communications, connection to energy management system (EMS)
- Fire and life safety – sprinkler, alarm systems, means of egress
- Tenant fit-out costs
 - Walls and trim
 - Bathrooms
 - Systems and services
 - Lighting
 - Storefront improvements
 - Ceilings and floors
- Specialized needs
 - Permanent kitchen equipment (vent hoods, grease traps, scrubbers, plumbing)
 - Permanent fixtures (built-in shelving, counters, etc. - within limits)

We recognize that to be successful many projects will require additional resources for non-eligible expenses, such as furniture fixtures and equipment (FFE), staff, and other operating costs. In some cases, we may be able to assist in identifying other resources for these purposes. We recommend that you contact program staff (jmckeag@massdevelopment.com) who can help direct questions about additional resources to the appropriate party.

V. APPLICANT ELIGIBILITY

1. Eligible applicants shall be governmental subdivisions, community development corporations, community action agencies, for-profit entities, private property owners, nonprofit entrepreneur support organizations, commercial tenants, or business operators for design, construction or improvement of real estate.
2. The proposed project shall be:
 - a. Within the designated areas of Gateway Cities that are actively known as “TDI Districts” as shown on the accompanying maps – attached hereto as Exhibit A – in the following cities: Attleboro, Barnstable, Fall River, Holyoke, Lawrence, Lowell, Lynn, New Bedford, Pittsfield, Revere, Springfield, Taunton, and Worcester;
 - a. Or within close proximity to the TDI District, as long as it can demonstrate an alignment with the local TDI partnership workplan and make a significant direct positive impact on the District itself. If a project is not within a quarter mile of the TDI District boundaries as noted on the attached map, then prior to Step One of the Application Process, the project lead shall contact MassDevelopment to determine eligibility.
3. The proposed project shall seek to meet the objectives of the program and the applicant shall be able to articulate how the project enhances local, public-private engagement and community identity; stimulates an improved quality of life for local residents; spurs increased investment and economic activity in the TDI District, aligns with at least one of the Public Purpose criteria in this NOFA, as well as the local TDI partnership workplan.

4. The project must be demonstrably feasible with TDI Equity funding in place, and all other necessary sources of funding for it must be secured or pledged at the time of final grant award.
5. The applicant must demonstrate its ability to secure all necessary permits and licenses, close on any necessary financing and commence the project within approximately 12 months of the Agency's notification that funds are committed to the project.
6. The applicant must have site control of the property (ownership or purchase agreement); or if a business tenant, have a Letter of Interest (LOI) or lease agreement in place at the time of application.
7. The applicant must have a development plan for the project and any business involved in the proposal must be able to articulate a basic business plan and goals. The applicant's building must have a current certificate of occupancy or provide a plan to receive one as part of the project.
8. A complete list of ranking criteria is itemized in section VIII.

Selected projects are anticipated to be funded in the range of \$25,000-\$250,000 per project, and in no case will a project be funded for more than \$500,000. These funds will be awarded as grants, but an applicant may be considered for a loan pursuant to the Statute, and if desired, should identify that preference within its application.

VI. APPLICATION PROCESS AND TIMELINE

Awards will be made on a competitive basis, and it is the intent of this program to support as many projects as possible. The application process will have two parts, outlined below:

Part 1: Brief Concept Proposal for Early Feedback and Initial Gating

A brief Concept Proposal should be submitted by 5pm on February 28, to allow program staff to answer questions, make recommendations, and assess project feasibility. This early vetting process will also serve to assist applicants in developing strong proposals for future rounds. These Proposals will be reviewed internally by MassDevelopment staff and local TDI District partners, and MassDevelopment will make final decisions on these proposals before notifying applicants that their projects have been put in the following categories:

- Not eligible
- Pipeline - Eligible and promising but requires additional financial/logistical readiness (referred to TDI Fellow for discussion of further concept development and eligibility for a future round).
- Ready for full application, along with instructions for how to proceed with Part 2 of the application.

Part 2: Full Project Application

Projects that meet the program's objectives, eligibility, and readiness criteria will be invited to submit a full application. This will include:

- Project narrative
- Project team and partners
- Project components (scope of work)

- Ownership and Site Control
- Eligibility and program alignment
- Financial Information – Development and operating proformas¹
- Plans
- Supporting materials
 - Deed(s)/Lease(s)
 - Financial commitments
 - Letters of support

Anticipated Timeline (2023):

January

- Notice of Funding Availability (NOFA) released
- Webinar 1 – Tuesday, January 24
- Webinar 2 – Tuesday, January 31

February 1 Applications open for Concept Proposals.

February 28 Deadline for Concept Proposals

March 31 Deadline for Full Applications

May 15 Awards Announcements expected

May - June 30 Contracting

VII. EVALUATION CRITERIA

MassDevelopment’s review panel will evaluate each application using the criteria below. The evaluation criteria are not listed in a particular order of importance. Due to the anticipated volume of proposals we will also weigh the level of co-investment from project partners and local communities to assess potential for success and local commitment. Projects that can demonstrate greater local commitment and private investment will score higher in the review process.

A project need not meet every criterion, but it is anticipated that applicants will be able to make a compelling case with respect to at least three of the stated criteria below, including at least one PUBLIC PURPOSE criterion.

The proposed project must first meet the initial eligibility criteria set forth in Section VI above. If deemed eligible, the project will be advanced to a Review Panel for consideration. The following criteria will be used to evaluate applications:

1. ABILITY TO EXECUTE: Judging from the experience of the project team and the project proposal submitted, the project is likely to succeed as presented in the project details, time frame, and budget provided.
2. PUBLIC PURPOSE: The project directly responds to challenges in the TDI District regarding community equity, wealth building, and social inclusion.
3. PUBLIC PURPOSE: The proposed project would help the TDI Partnership for the relevant district accomplish a goal (or goals) set forth in its workplan.²

4. PUBLIC PURPOSE: The proposed project or site is itself prioritized in previous planning or technical assistance for the District, especially with respect to work funded through TDI Technical Assistance.
5. PUBLIC PURPOSE: The proposed project will demonstrably lead to permanent, living wage job creation for residents of the district and the surrounding neighborhoods and/or provide contracting or leasing opportunities to local businesses owned by underrepresented groups.
6. LOCAL IMPACT: The proposed project creatively re-uses historical or legacy infrastructure in forward-looking ways for which the proponent can demonstrate resonance with the current community.
7. LOCAL IMPACT: The proposed project would provide space for new, activating uses within a TDI District—for example retail space for local entrepreneurs, restaurants/cafes, multi-family housing, and/or creative industries.
8. LOCAL IMPACT: The proposed project would attract new users into the TDI District and foster the interaction between people new to the district and long-time residents, workers, and business owners from the broader community.
9. LOCAL IMPACT: The proposed project is likely to catalyze additional investment in the district or otherwise stimulate market demand for additional real estate or small business development.
10. LOCAL IMPACT: Two or more members of the TDI Partnership for the relevant TDI District have indicated their support for the proposed project.

VIII. TERMS OF THE NOFA

- A. This NOFA has been distributed electronically using MassDevelopment’s website. It is the responsibility of applicants to check the website for any addenda or modifications to this NOFA.
- B. Applicants are hereby notified that issuance of this NOFA and receipt of responses does not assure that an applicant will be selected.
- C. MassDevelopment reserves the right to use TDI Equity to pursue projects that it initiates through the TDI Program, as a separate process from this grant funding. However, in all cases, projects must meet the eligibility criteria set forth in section VIII
- D. The amount of an award and length of time funding would be made available will be project-specific. MassDevelopment reserves the right to impose specific terms and conditions for each award, and reserves the right to offer an award of an amount lower than that requested.
- E. MassDevelopment is not liable for any costs incurred by an applicant in the preparation and production of a response or for any work performed prior to contract execution.
- F. MassDevelopment reserves the right to reject all proposals, waive any informalities, minor deviations, insignificant mistakes, and matters of form rather than substance and to seek clarification of the responses, which can be waived or corrected without prejudice to other applicants, potential applicants, or MassDevelopment.
- G. MassDevelopment is subject to the requirements concerning the disclosure of public records under the Massachusetts Public Records law, M.G.L. c. 66, and thus documents

and other materials made or received by MassDevelopment are subject to public disclosure with very limited exceptions. Applicants must be registered to do business and be in good standing with the Massachusetts Secretary of State's Office in order to transact business in Massachusetts. MassDevelopment may request evidence of good standing prior to entering into any contract.

- H. The amount of an award and length of time funding would be made available will be project specific. MassDevelopment reserves the right to require specific terms and conditions for each award.
- I. Recipients may be required to host project site visits by MassDevelopment staff and participate in interviews by MassDevelopment or its designees for purposes of evaluation and monitoring.
- J. Provision of funding does not obligate MassDevelopment to provide additional funding of any type to the applicant for a proposed project.
- K. MassDevelopment encourages applicants from all parts of the community in order to encourage diversity in the Commonwealth. Applicants may not discriminate in their projects or staffing and board memberships on the basis of race, gender, religion, creed, color, national origin, disability, sexual orientation, or age.
- L. Recipients will be required to credit MassDevelopment in print, audio, video, internet, and other publicity materials that reference the Program or its funding.

ATTACHMENTS: District Maps