

FY2022 UNDERUTILIZED PROPERTIES PROGRAM
Frequently Asked Questions (FAQ)

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Dates of Questions: January 21 - March 18, 2021

ELIGIBILITY

Q: What building types qualify for the Underutilized Properties Program (“UPP” or “Program”) - just housing, or other types? Does market rate housing qualify?

A: All types of projects are welcome to apply. Market rate housing may qualify if it aligns with municipal and regional housing plans and goals. A key review criteria for the program is the “Public Benefit”. The project should have clear economic benefit in terms of jobs, housing units and spill-over benefits for the surrounding community.

Please note that for housing projects there may be funding available from other sources outside of the One Stop. If that is the case, the project may be referred to another funding source. We suggest submitting an Expression of Interest outlining the specifics of your project.

Q: If an applicant has an underutilized property targeted and approved for affordable housing, will this new program offer help for this type of project?

A: If there are other state programs that are a better fit for the project, the project may be referred to other programs outside of the One Stop. We suggest submitting an Expression of Interest outlining the overall goals and including the specific proposed scope of the housing project.

Q: Can an applicant apply for both predevelopment design and building construction funds?

A: In the first year of the program, we are asking that applicants apply for either Predevelopment funds or Building construction funds but not both. Predevelopment funds may be used to assess building conditions and to develop design and construction documents for capital improvement and code compliance projects. Building construction funds may be used for capital improvements that are essential to the occupancy or increased occupancy of existing structures or to facilitate compliance with building code(s) and other similar regulations.

Q: Can funds be used for the design or construction of roads, in-ground infrastructure, or parking lots?

A: The UPP is intended to support projects that will improve, rehabilitate or redevelop blighted, abandoned, vacant or underutilized properties. There are other grant programs available within the One Stop under Infrastructure better able to fund projects relating to roadways and other in-ground infrastructure.

Q: Do all professionals involved in the project, such as contractors, need to be located in Massachusetts?

A: The project must be located in Massachusetts in order to be eligible. The location of professionals is not a criteria within the UPP guidelines.

Q: Is building equipment eligible (i.e. an emergency generator)?

A: If the project meets other UPP criteria, grant funds may be used toward the purchase of equipment required by code or essential to the occupancy of the building.

Q: Can the grant funds be used toward above-ground/in-building remediation (lead abatement, asbestos removal, etc.)?

A: If the project meets other UPP criteria and the remediation work is essential to the occupancy of the building, the grant funds may be used toward above-ground/in-building remediation. If the project requires below-ground remediation, there are other programs within the One Stop, under Site Preparation, that may be more appropriate.

Q: If a building has an occupied first floor but vacant upper floors, can UPP funds be used for an improvement to attract tenants, such as an elevator?

A: If the project meets other UPP criteria, grant funds may be used toward improvements that increase the occupancy of a building.

Q: Are decommissioned school buildings eligible?

A: If the project meets other Program criteria, grant funds may be used on a decommissioned school building.

Q: Can grant funds be used for work on municipal buildings?

A: UPP funds may be used on municipally-owned buildings. Applications that propose municipal buildings used for municipal purposes will likely be less competitive. However, if the project is otherwise eligible and the municipal use will provide public benefits and neighborhood activation, it may be considered.

Q: Are religious institutions eligible applicants?

A: An applicant's status as a religious institution does not disqualify it from eligibility. However, the proposed project will be reviewed with respect to all applicable laws, including the so called "Anti-Aid Amendment" of the Massachusetts Constitution. When public funds are possibly granted to religious institutions, the review committee will carefully examine whether the proposed project has a primarily secular public purpose. Under current case law, projects proposed to support religious imagery, an active place of worship, or to assist the religious mission likely do not qualify for public funding.

EVALUATION

Q: How will financial need be determined?

A: Applicants will be required to submit project financials (sources and uses, operating pro forma, income and expense statements) as part of their One Stop application. Those financials will be reviewed to determine the project’s financial need.

Q: How is public benefit defined?

A: Projects should enhance the public purpose goals laid out in the UPP’s establishing legislation, including, but not limited to, eliminating blight, supporting the economic vitality of downtowns and town centers, facilitating the production of workforce and low-income housing, and increasing the number of commercial buildings accessible to persons with disabilities.

Other factors will be considered, including how a project aligns with municipal and regional goals and plans, job creation, and tax revenue generation. A key review criteria for the program is the “Public Benefit”. The project should have clear economic benefit in terms of jobs and housing units and the spill-over benefits for the surrounding community.

Q: How is underutilized defined?

A: Underutilized is not defined within the Program’s establishing legislation. Underutilized means a building is not operating within its full potential, with vacancies or unused space. Eligible projects should eliminate blight, increase housing production, support economic development projects, or increase the number of commercial buildings accessible to persons with disabilities.

PROGRAM REQUIREMENTS AND PREFERENCES

Q: Is there a funding match requirement?

A: The UPP does not require matching funds, but matching funds do show commitment to the project and may make an application more competitive.

Q: Is there a project size requirement?

A: There is no size requirement for projects. Eligible projects will improve, rehabilitate or redevelop blighted, abandoned, vacant or underutilized properties to achieve the public purposes of eliminating blight, increasing housing production, supporting economic development projects, or increasing the number of commercial buildings accessible to persons with disabilities.

Q: Will properties in a downtown or town center be given preference?

A: Projects should support the economic vitality of downtowns and town centers and result in spill-over benefits to the surrounding community.

Q: Is there a preference for projects that can commence work within a specific timeframe?

A: Preference will be given to projects that are ready to commence work within two (2) months of grant award, as we are looking for project that will deliver public benefits to communities quickly and efficiently.

OWNERSHIP

Q: Does the applicant need to be the property owner?

A: The Program is designed for the applicant/grantee to be the property owner. The property owner may be a municipality, municipal agency or authority, economic development and industrial corporation, economic development authority, nonprofit entity, or for-profit entity.

Q: Can the funds be used toward pre-acquisition due diligence if the property is under contract?

A: The Program is designed for the applicant/grantee to be the property owner. Funds may not be used toward pre-acquisition due diligence.

Q: Does a long-term lease constitute ownership?

A: If projects meet the Program criteria noted in the Program Guidelines, properties held under long-term ground leases would be eligible. The applicant should include a letter of support from the property owner and the lease.

Q: Can an entity acting as a receiver for the property apply?

A: As stated above, the Program is designed for the applicant/grantee to be the property owner. It is not typical for an entity acting as receiver to have the authority to apply for grant funds.

Q: Can a municipality submit an Expression of Interest on behalf of a private owner?

A: We would prefer that the Expression of Interest and application for a project come from the same source. For the UPP, the application should come from the property owner, therefore we suggest the Expression of Interest come from the property owner as well.

PROGRAM TIMING AND PROCESS

Q: Will the UPP be aligned with the timeline for other Commonwealth funding sources, such as DHCD?

A: Commonwealth agencies and their programs follow independent funding timelines. The UPP is administered through the Community One Stop for Growth (One Stop). The One Stop timeline anticipates grant awards will be announced in October/November 2021, contracts signed in November/December 2021, and funds available after contracts are signed. The UPP will prioritize projects that are able to mobilize within two (2) months of award. If there are other state programs that are a better fit for the project, the project may be referred to other programs outside of the One Stop. We suggest submitting an Expression of Interest outlining the overall goals and including the specific proposed scope of the housing project.

Q: Is work that is already underway eligible for grant funds? Can funds be used to reimburse a grantee for work that has already been completed?

A: Grant funds must be awarded on a competitive basis to fund projects that meet the Program criteria. One Program criteria is the applicant's project-specific financial need. Work that is already underway or complete is not eligible under that criteria.

Q: When will funding become available? How will funds be dispersed?

A: Grant funds will become available after the Agency/grant administrator has entered into a contract with the applicant/grantee. Funds will be dispersed on a reimbursement basis to the applicant/grantee. No more than once a month, the grantee will provide the grant administrator with invoices from their contractor which the grantee has already reviewed for accuracy and completeness. The grant administrator will review the invoice to confirm the work is within the approved scope. Once the grant administrator approves, the funds for that invoice will be released to the grantee. Funds are typically dispersed within approximately two (2) weeks of grant administrator invoice approval.

Q: Does the grantee contract with the architect/consultant directly or does the grant administrator contract with the consultant?

A: The Program is intended for the applicant/grantee to contract directly with an architect/consultant of their own choosing and the Agency/grant administrator will reimburse the applicant/grantee for funding for the work. In the event a grantee needs assistance contracting with an architect/consultant, it shall provide that information in the application and the Agency will consider whether it may be able to provide assistance with its consultants.

GENERAL PROGRAM QUESTIONS

Q: Is the UPP funding a grant? How does the recoverable grant work for for-profit grantees? What if there is a sale event within five (5) years where the proceeds will not cover a grant repayment? If the property is sold to a tenant, is the grant still recoverable?

A: Funding will take the form of a grant for municipalities, municipal agencies or authorities, economic development and industrial corporations, economic development authorities, and non-profit entities.

In the case of for-profit entities, assistance will take the form of a recoverable grant. Funds will be recoverable if the Site, or any portion thereof, is sold, conveyed, gifted, demised, ground leased, otherwise transferred, or refinanced within five (5) years of the execution of the grant agreement, and as a result, the applicant/grantee receives funds that exceed the aggregate amount necessary for repayment of existing monetary liens, mortgage loans, and other debt on the project and all of the costs incurred by them in the acquisition, development, ownership, sale, conveyance, gift, demise, ground lease, or other transfer, or refinancing of the Site, or any portion of the Site ("Net Proceeds"), then the applicant/grantee

shall reimburse the Agency/grant administrator the full amount of the Net Proceeds up to the amount of the grant.

Q: How many projects will the UPP fund?

A: The number of projects will be subject to funding appropriation.

Q: Do the grant funds trigger prevailing wage?

A: Applicants/grantees that are awarded grant funds from this Program are expected to adhere to, and comply with, any and all applicable laws, rules, and regulations, particularly related to prevailing wage, public bidding and procurement. It is the responsibility of the applicant/grantee to understand the applicability of any specific laws or rules.

The Massachusetts Prevailing Wage Law for public works projects G.L. c. 149, §§ 26 - 27 establishes minimum wage rates for workers on public construction projects. In general, the prevailing wage law applies to “public work,” which considers many factors including, but not limited to, whether there is public ownership and use of the land and/or building, and whether public funding is used to undertake the project. Public entities generally are required to pay prevailing wage when undertaking a project. A private entity undertaking a public project with public funding may be required to pay prevailing wage, depending on the circumstances. Because the determination is fact specific, applicants/grantees should consult with their legal counsel, the Massachusetts Department of Labor Standards, and/or the Massachusetts Attorney General’s Office for further guidance about whether the receipt of public grant funds from this Program would trigger the prevailing wage law for your proposed project.