



## **New England Fund (NEF) Program Eligibility Guide**

M.G.L.c 40B Comprehensive Permit Projects (40B)

M.G.L.c 40R (40R) Smart Growth Overlay District Projects (40R)

Rhode Island Comprehensive Permit Initiative

### **New England Fund Eligibility**

New England Fund (NEF) provides member financial institutions with financing to support the production of ownership and rental housing as part of the regulatory guidelines for Comprehensive Permit and Smart Growth Overlay District Projects.

If you are a member working with a developer who is interested in using the New England Fund to access low-cost, fixed-rate advances for initiatives in Massachusetts or Rhode Island benefitting income-eligible households, the developer must first obtain written determination of project eligibility (a site-approval or project-eligibility letter) from the state-approved project administrator/subsidizing agency.

**Ownership** - One- to four-family mortgage loans are eligible if they are part of:

#### **Massachusetts 40B Initiative**

- Subdivision or condominium where the incomes of at least 25% of the individual homeowners will not exceed 80% of the area median income; or
- Subdivision or condominium where at least 20% of the units are targeted to households earning up to 50% of the area median income; or

#### **Massachusetts 40R Initiative**

- Subdivision or condominium where at least 20% of the units are targeted to households earning up to 80% of the area median income.

#### **Rhode Island Comprehensive Permit Initiative**

- Subdivision or condominium where at least 20% of the individual homeowners earning up to 80% of the area median income.

**Rental** - Multifamily rental or cooperative projects are eligible if they are part of:

#### **Massachusetts 40B Initiative**

- Initiative where the incomes of at least 25% of the units are affordable to tenants whose incomes do not exceed 80% of the area median income; or
- Initiative where at least 20% of the units are affordable to tenants whose incomes do not exceed 50% of the area median income.

## Massachusetts 40R Initiative

Initiative where at least 20% of the units are affordable to tenants whose incomes do not exceed 80% of the area median income.

## Rhode Island Comprehensive Permit Initiative

- Initiative where at least 20% of the units are affordable to tenants whose incomes do not exceed 80% of the area median income.

NEF Application Requirements: As part of the NEF application to FHLBank Boston, the member must submit at least one of the following “fully executed” project eligibility documentation:

- Site Approval/Project Eligibility Letter
- Comprehensive Permit Decision
- Zoning Approval
- Lender Certification(s)
- Final Approval Letter

Members can apply online through the Community Lending portal at <https://housing.fhlbboston.com/>. FHLBank Boston will review applications within 10 business days.

Available Products and Maturities: NEF advances are available in maturities of one year and longer. Three kinds of NEF advances are always available: Classic, Member-Option, and Amortizing. Once the application is approved, the member calls our Member Funding Desk to take down the advance.

Approval Expiration: Approvals for NEF expire 12 months from the date of approval. If a member is unable to take down the advance within the specified take-down period, the member may submit a written request for approval extension to

Paulette Vass  
Federal Home Loan Bank of Boston  
HCI Programs Manager  
800 Boylston Street, 6<sup>th</sup> Floor  
617-292-9792  
[paulette.vass@fhlbboston.com](mailto:paulette.vass@fhlbboston.com)

## Rhode Island Housing

Rhode Island Housing facilitates the Comprehensive Permit process for Rhode Island municipalities. Developments financed under Rhode Island's comprehensive permit law is similar to Massachusetts' 40B/40R. The Rhode Island law sets a 20% affordability threshold for units affordable to households earning up to 80% of the area median income. To obtain additional information regarding eligibility contact:

Nivea Linhares  
Real Estate Development Assistant  
401-450-1346  
[nlinhares@rhhousing.com](mailto:nlinhares@rhhousing.com)

## MassHousing – 40B/40R

- As part of Site Approval Application, MassHousing requires a Letter of Interest from a current FHLBank Boston member regarding financing for the proposed development. The letter of interest must include, at a minimum, the following information:
  - Identification of proposed borrower and brief description of the member's familiarity with the borrower
  - Brief description of the proposed project
  - Confirmation that the financial institution is a current FHLBank Boston member and that the member will allocate the required NEF funds to the proposed development
- As part of the Final Approval Application to MassHousing, the developer must submit Commitment Letters for **construction and permanent financing**.
  - **Minimum Requirements for Loan Commitment Letters:**
    - Confirmation that the financial institution is a current FHLBank Boston member and that the member will allocate the required amount of NEF funds for the proposed project
    - All-in annual interest rate for the financing, or member spread over FHLBank Boston's NEF Amortizing Advance or other applicable NEF rate
    - Maximum loan term and amortization
    - Maximum loan-to-value
    - Any other applicable limitation impacting loan size

## NEF Subsidy Requirements – Effective February 6, 2025

### Homeownership Projects:

- A minimum of 10% of the construction financing, (or 6% of total development costs if otherwise self-financed) shall be obtained through the NEF program.

Other financing terms must be substantially similar to terms used by the subsidizing agency, MassHousing, in its own lending programs or otherwise be commercially reasonable.

Any transfer of all or a portion of the NEF lender's interest during the entire term of the construction financing shall be subject to the approval of the subsidizing agency.

NEF lender must provide Construction Lender Monitoring Certification. The following information must be provided by the NEF lender:

- Certify that 10% of the construction financing is being provided through the NEF.
- Provide a description of the construction monitoring process to be used by the construction lender (including the name, experience, and scope of service to be provided by any outside construction monitor).

- To the extent that the construction lender cannot provide for such monitoring, MassHousing will require an additional six (6) weeks minimum to complete the Final Approval process in order to secure such services by contract, the cost of which must be borne by the applicant.

#### Rental Projects:

- A minimum of 10% of the construction financing (or 6% of total development costs if otherwise self-financed) shall be obtained through the NEF program\*.

**or**

- 10% of the permanent loan shall be obtained through the NEF program (or 6% of total development costs); and.
- If part of the permanent loan, NEF funds must be utilized for a minimum of one year.

*\*Once drawn, the NEF funds should not be repaid except in the ordinary course of paying off/refinancing the construction loan.*

Any transfer of all or a portion of the NEF lender's interest during the entire term of the financing shall be subject to the approval of the subsidizing agency.

The NEF lender must sign a Lender Certification which certifies the following:

- 10% of the construction financing is being provided through the NEF.
- NEF lender shall not transfer all or any portion of its interest in the NEF Loan (including participations or sale of servicing rights) or consent to a refinancing the NEF Loan without the prior written approval of the subsidizing agency.

#### **MassHousing Contact**

Denise St. Vistal

Monitoring and Compliance Specialist Planning and Programs

One Beacon Street, Boston, MA 02108

617-854-1240

[dst.vistal@masshousing.com](mailto:dst.vistal@masshousing.com)

## Appendix A



Effective February 6, 2025

### Notification of Modifications to the New England Fund Program M.G.L. Chapter 40B

Please accept this notice of modifications made to the financing requirements of the New England Fund (NEF) Program, an eligible subsidy program for housing development permitted pursuant to M.G.L. c 40B, administered by MassHousing.

MassHousing values its relationship with the Commonwealth's development community and is committed to the goal of accelerated housing production. Therefore, effective immediately, the financing requirements for the NEF Program have been modified as follows:

#### HOMEOWNERSHIP DEVELOPMENT

- A minimum of 10% of construction financing or (or 6% of total development costs if otherwise self-financed) shall be obtained through the NEF program.\*

#### RENTAL DEVELOPMENT

- A minimum of 10% of construction financing or (or 6% of total development costs if otherwise self-financed) shall be obtained through the NEF program.\*

#### OR

- 10% of permanent loan shall be obtained through the NEF program (or 6% of total development costs); and
- If part of the permanent loan, NEF funds must be utilized for a minimum of one year.

*\*Once drawn, the NEF funds should not be repaid except in the ordinary course of paying off/refinancing the construction loan.*

MassHousing will continue to rely on lender certifications as evidence of compliance. Please reach out to [dst.vistal@masshousing.com](mailto:dst.vistal@masshousing.com) for updated certification forms.

All other NEF program requirements and related processes will remain the same. For developments that have received necessary approvals under previous requirements, MassHousing will work with you to revise any necessary documentation to incorporate these modifications.

If you have any questions, please contact [40Bsupport@masshousing.com](mailto:40Bsupport@masshousing.com) or Jessica Malcolm at [jmalcolm@masshousing.com](mailto:jmalcolm@masshousing.com).