



December 2, 2015

Chrystal Kornegay, Undersecretary
Department of Housing and Community Development
100 Cambridge Street, Suite 300
Boston, MA 02114

RE: Upcoming Rental Round and Community Scale Projects

Dear Chrystal,

We were pleased to see that DHCD has issued its NOFA for the upcoming rental round. MACDC Members, and other sponsors of affordable housing, are poised to respond to the NOFA with sound, quality applications for funding.

We know that DHCD is developing, with MassHousing, a Community Scale Production Program. We can appreciate that there are a number of issues to work out in launching a new program. In our discussions about CSP, we have agreed that the current system of having these projects (fewer than 20 units, not suitable for low income housing tax credits) compete directly with larger tax credit projects in the Rental Round has proven to be difficult for both DHCD and project sponsors.

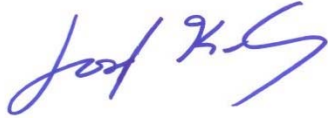
Nevertheless, as CSP is still in the development stage, sponsors of many community-scale projects need to move their projects forward, and thus will continue to apply in the “regular” rental round. We are writing today to ask that these projects get full consideration in the rental round as you have in the past. We do not think it makes sense to defer ready-to-go projects for a future CSP round that has not been confirmed or scheduled. Furthermore, we hope you will apply some of the thinking that has already gone into the CSP program as you consider these projects, in particular with regard to the per unit subsidy cap. As I think we have all agreed, it does not make sense to apply the same soft-debt subsidy cap to projects with subsidized tax credit equity as to those without. Regardless of whether the CSP projects are considered in their own funding round or as part of the broader funding round, the need for flexibility on subsidy limits (in the absence of access to tax credit equity) exists.

Of course, if the announcement of a separate CSP rental round is imminent, and CSP projects can be considered through this separate “door”, then this letter becomes moot. But if this is not the case, we request that sponsors of quality CSP projects be encouraged to apply, and that DHCD approach these projects with the flexibility described earlier in this letter.

While we don’t have the information yet to determine how many CSP projects were awarded funding in September, we know that in the prior rental round, in 2014, only 2 of 24 projects were CSP projects. We think this rental round provides an opportunity to increase that number (assuming there are sufficient ready-to-go projects) and gain more experience in the underwriting and development of these vitally needed and cost effective projects. Such projects could inform a CSP round in 2016.

As always, please let me know if there is anything MACDC can do to assist. Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read "Joe Kriesberg". The signature is stylized and cursive.

Joe Kriesberg, President

A handwritten signature in blue ink, appearing to read "Robert Corley". The signature is cursive and clearly legible.

Rob Corley, Board Chair

Cc: Kate Racer, DHCD