



January 2, 2018

Massachusetts Department of Housing and Community Development
Housing Development Division
ATTN: Rebecca Frawley Wachtel
100 Cambridge Street, Suite 300
Boston, MA 02114

RE: MACDC Comments on 2018 Draft Qualified Allocation Plan

Dear Rebecca:

I am pleased to offer these comments on the 2018 Draft Qualified Allocation Plan.

We believe that the Draft 2018 QAP continues DHCD's thoughtful approach to maintaining continuity of the QAP while addressing emerging issues. In these comments, we offer support for key components of the Draft 2018 QAP and offer our thoughts on some of the issues involved.

1. We appreciate DHCD's commitment to focusing the housing development subsidies it awards on both neighborhood revitalization in distressed urban neighborhoods, where many families need quality, affordable housing, and on providing opportunities for low-and moderate-income families in suburban and other lower-poverty locations. We appreciate that DHCD has stated its commitment to pursue a balanced approach, that creates meaningful housing choice across a broad range of communities while continuing to invest in place-based strategies within low-income neighborhoods.
2. We appreciate that DHCD continues to award up to six points under Special Project Characteristics for "inclusion in a neighborhood revitalization effort", which were increased from 4 points prior to 2016. We also commend DHCD for continuing to include language under this item explicitly acknowledging the importance of projects which "have been developed with significant, demonstrated community input."
3. We commend DHCD for continuing to award points to DHCD-Certified CDCs, under Special Project Characteristics: By offering points for certified CDCs in two categories, DHCD offers an important acknowledgment that these projects are sponsored by organizations that have already demonstrated that they meaningfully and effectively represent their communities. It also helps ensure that some of the proceeds of affordable housing can be recycled back into the very communities where the housing is built contributing to further community enhancement.

4. We applaud DHCD's addition of a fifth priority category, "family or senior housing production in communities where the affordable housing stock is under 12% on the Commonwealth's Subsidized Housing Inventory," but request that language be added that will result in a greater emphasis on family housing. MACDC is engaged with our members on an effort to create more affordable housing in the suburbs, where in many cases communities are well under 12% (or even 10%) on the SHI, and this new category complements these efforts. We appreciate that the QAP states that sponsors using this priority category to propose senior housing should note that DHCD will evaluate each community's prior support of affordable family housing. We ask that additional language clarify that the threshold for meeting this condition should be high; one option would be to require a community to demonstrate that it has permitted affordable multifamily family housing within the past three years in order to meet this threshold.
5. We encourage DHCD to adopt the recommendations made by LISC Boston related to energy and water usage in its comment letter on the Draft 2018 QAP. Specifically, we recommend that multifamily projects at the point of rehabilitation and refinancing (and new construction projects, where applicable) be required to apply to the applicable energy efficiency program, benchmark energy and water usage, and perform a comprehensive energy audit. We also recommend that DHCD include IPM Pest Proofing as a strategy qualifying for healthy indoor air quality points, and that DHCD require all new multifamily projects to adopt smoke-free housing policies and award points under the Design category in Fundamental Project Characteristics to applicants of other developments that agree to be smoke-free.
6. We appreciate that DHCD has issued regulations implementing the Donation Tax Credit (DTC), and we encourage DHCD to develop and disseminate guidance to sponsors, donors, and other stakeholders on the new DTC can be used. We also request that DHCD clarify that the DTC can be decoupled from the federal LIHTC, so this resource can be used for smaller properties, including for sponsors of supportive housing and community-scale housing.
7. We understand that DHCD does not intend to accept out of round applications in 2018, given the high demand for resources. With regard to the DTC, preservation sellers may not be willing or able to accommodate the timing associated with funding rounds, and opportunities may be lost. We encourage regular review of the program, and giving consideration in the future to revising the current DHCD policy on rolling applications, especially with regard to the DTC.
8. Given the significant drop in the federal corporate tax rate, and the expectation that the raise from LIHTC will permanently drop by 10-15%, we request that DHCD compensate for the anticipated reductions by increasing the tax credit award limits, both on a per-project and per-unit basis. Otherwise, these LIHTC projects will require additional levels of soft debt, jeopardizing DHCD's ability to use these state resources for other rental round projects, for supportive housing, and for community-scale housing.

Please feel free to contact me at 617-379-5922, or MACDC Senior Policy Advocate Don Bianchi at 617-379-5926, if you have questions about these comments or would like additional information. Thank you for the opportunity to comment.

Sincerely,

A handwritten signature in black ink, appearing to read "Joe Kriesberg". The signature is fluid and cursive, with the first name "Joe" written in a larger, more prominent script than the last name "Kriesberg".

Joe Kriesberg, President and CEO

Cc: Kate Racer, DHCD
Don Bianchi, MACDC