



December 28, 2021

Kate Racer  
Massachusetts Department of Housing and Community Development  
100 Cambridge Street, 3<sup>rd</sup> Floor  
Boston, MA 02114

**RE: MACDC Comments on Draft 2022-2023 Qualified Allocation Plan**

Dear Kate:

Thank you for the opportunity to comment on the Draft 2022-2023 Qualified Allocation Plan. These written comments build upon the testimony that Don Bianchi provided at the QAP Public Hearing on December 22<sup>nd</sup>. Thanks also for reaching out to us prior to DHCD's release of the Draft QAP, seeking our feedback, which we submitted on September 28<sup>th</sup>. We appreciate that DHCD has incorporated, in the Draft QAP, much of the feedback that we, and other stakeholders, provided.

Our written comments on the Draft 2022-2023 QAP are divided into four sections, below:

- Supplier Diversity
- Climate
- Community Scale Projects
- Other Comments

**Supplier Diversity Provisions:**

We are pleased that DHCD is proposing to require a significant commitment to supplier diversity, as evidenced by specific requirements in the Draft QAP, and to additional documentation through the new Appendix C: M/WBE Self-Evaluation. We offered our pre-draft comments in three areas: provide more flexibility in MWBE certifications, collect data to measure performance, and advance equity. In all of these areas, the Draft QAP incorporates our suggestions, which we very much appreciate.

In that spirit, we would like to offer the following additional recommendations:

- We encourage DHCD to develop an outreach plan, targeted to both developers and contractors, to increase awareness of the value of MBE and WBE certification.
- We recommend that DHCD require that applicants awarded funding collect and report to DHCD on their actual performance on MBE and WBE contracting during the construction phase. Furthermore, we suggest that DHCD work with MassHousing, MHIC, and others to ensure we have consistent measurement and reporting methodologies across the industry.
- Under the scoring for Special Project Characteristics, 6 points are awarded if the project sponsor, general contractor, or management agent are certified as a MBE or WBE, while 3 points are awarded if another key member of the development team (such as the architect, development consultant, attorney, accountant or syndicator) is certified as a MBE or WBE. We encourage DHCD to reward sponsors who are more intentional about supplier diversity by

allotting additional points, beyond the 6-point maximum in the Draft QAP, if more than one development team member is a certified MBE or WBE.

#### **Climate Provisions:**

We are pleased with the updates DHCD has made in the “Emphasis on Green, Sustainable, and Climate Resilient Design” section of the 2022-2023 Draft QAP.

These updates further DHCD’s leadership in two important areas:

1. **scaling high-performance, low-carbon new construction** (in the form of sustained Passive House incentives, points for electrified and clean energy systems, and low-embodied carbon building material incentives); and
2. **guiding meaningful movement toward decarbonization of existing affordable housing** (through defined building energy performance metrics and low-embodied carbon building material incentives).

We applaud DHCD’s commitment to compliance with Enterprise Green Communities mandatory criteria as a baseline threshold, consistent with the recommendation MACDC offered prior to the release of the Draft 2022-2023 QAP. Additionally, LISC Boston and New Ecology, our partners in our Decarbonizing Affordable Subsidized Housing (DASH) Initiative, will offer some additional technical recommendations to the Draft QAP, which we hope you will consider.

#### **Community Scale Projects:**

At the information session on December 22<sup>nd</sup>, after the close of the Public Hearing, you announced that DHCD would not be holding a separate Community Scale Housing Initiative funding round, given the limited demand for these funds in prior CSHI rounds. Instead, community-scale projects would be eligible for submission into the other DHCD funding rounds: the regular rental round, the mini-round, or the supportive housing round. Community-scale projects remain a critical affordable housing type in several contexts, including in small towns with limited infrastructure and in urban infill locations.

We are concerned that the subsidy limits in the QAP, which are based on the assumption that the project will have tax credit equity, are not appropriate for projects that do not have tax credit equity. We request that DHCD provide separate subsidy limits for projects that do not apply for tax credits and specifically request that the subsidy limit be \$200,000 per unit. This figure is substantially below what typical tax credit deals receive in combined tax credit equity and soft debt, so it remains a cost-effective way to build affordable housing. Indeed, with ARPA dollars providing an infusion of soft debt funding, now is the perfect time to adopt this recommendation. Providing these projects with the necessary support will help DHCD achieve its goal of ensuring that all communities do their part in addressing the Commonwealth’s affordable housing needs.

Furthermore, the Draft QAP states that the minimum project size, for both production and preservation projects, is 12 units. We request that DHCD lower the minimum project size to 5 rental units, consistent with the minimum project size in the most recent CSHI funding round- whether they be supportive housing or “regular” rental round projects.

**Other Provisions:**

We support the strong and comprehensive approach DHCD is taking to the threat posed by those investor entities who are involved in, or affiliated with other entities involved in, activities challenging or attempting to subvert the exercise of existing rights of refusal or purchase options by LIHTC developers.

Finally, we appreciate that, among its six overarching goals which are articulated in the Draft 2022-2023 QAP is providing stability in the investment environment for development teams who currently are coping with unfavorable construction costs, an unpredictable supply chain, and labor shortages exacerbated by the pandemic.

Please reach out to me if you have any questions, at 617-617-7250 or at [joek@macdc.org](mailto:joek@macdc.org).

Sincerely,

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

Joe Kriesberg, President

Cc: Jennifer Maddox, DHCD Undersecretary  
Katherine Martinez, MACDC  
Don Bianchi, MACDC