

**Qualified Allocation Plan (QAP)**  
**Low Income Housing Tax Credit Program**  
**Amendments to 2022-2023 QAP**

**October 2022**

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The Massachusetts Department of Housing and Community Development (DHCD) is amending the current Qualified Allocation Plan (QAP) 2022-2023 for the Low Income Housing Tax Credit Program (LIHTC) as follows:

**I. Funding Competitions During 2023**

During calendar year 2023, DHCD will hold two rental competitions featuring federal and/or state LIHTC as a source. In addition, DHCD will accept pre-applications late in 2023 for the first rental competition of 2024.

OneStop+ funding applications for the first 2023 rental competition, including LIHTC and other DHCD sources, will be due on January 19, 2023. The NOFA for the competition was posted to state COMMBUYS in September 2022, with pre-applications due on October 27, 2022. The Department held three information sessions during fall 2022 to answer developers' questions regarding the upcoming January competition. DHCD anticipates that awards from the January 2023 competition will be made in May or June 2023.

The second 2023 competition will be available to sponsors of certain OneStop+ applications that are not awarded credits and subsidy at the conclusion of the January 2023 competition. The second competition -- the "mini-round" competition -- will be available to sponsors whose projects are well advanced and highly ready to proceed, with specific criteria to be set forth in the competition NOFA. The Department anticipates issuing a mini-round NOFA in May or June 2023, with pre-applications due early in August 2023 and OneStop+ applications due in September or October 2023. The submission deadlines, as well as the eligibility criteria, will be contained in the NOFA describing the mini-round.

Finally, consistent with long-standing practice, the Department expects to hold a winter rental competition, likely in January 2024. DHCD expects to issue a NOFA for the winter 2024 competition in September 2023, with pre-applications due late in October or early in November. The deadline for full OneStop+ applications will be set forth in the NOFA describing the winter 2024 competition.

Given the extreme pressures on the Massachusetts delivery system during the past two years, the Department will make every effort to provide developers with as much consistency as possible in the resource allocation process in 2023 and 2024. To that end, DHCD is extending the 2022-2023 QAP through 2024. However, the Department is prepared to further amend the 2023-2024 QAP, as necessary, during 2023.

## II. American Rescue Plan Act (ARPA) Funds: ARPA-1 Rental

Under this QAP, DHCD will allocate certain federal housing funds made available through the American Rescue Plan Act (ARPA) of 2021 and through Chapter 102 of the Acts of 2021, appropriating ARPA funds for affordable rental housing development (item 1599-2022) (Chapter 102). During 2022 and 2023 competitions, DHCD will allocate approximately \$110 million in ARPA-1 Rental funds to support the production or preservation of affordable rental housing. All ARPA-1 Rental funds must be obligated, by federal definition, no later than December 31, 2024. In addition, all ARPA-1 Rental funds must be expended, by federal definition, no later than December 31, 2026. As a result of additional Congressional action in summer 2022 and further guidance from the U.S. Department of the Treasury, most of the structuring issues between ARPA funds and LIHTC have been resolved. DHCD will shortly issue ARPA guidance confirming the resolution of these challenging issues. During the remainder of 2022 and 2023, DHCD expects all sponsors who seek DHCD subsidy funds to apply for ARPA-1 Rental as well as other Department subsidy sources. Sponsors should apply for at least \$2 million in ARPA, while respecting DHCD's overall limits on DHCD subsidy per unit. Sponsors of very large-scale projects may seek between \$5 million and \$7 million in ARPA during DHCD's current and upcoming rental competitions. At the close of the winter rental round 2023, DHCD anticipates making ARPA-1 Rental awards in the form of long-term soft loans, structured to be consistent with the ARPA guidance issued by the U.S. Department of the Treasury.

## III. Modifications to Green, Sustainable, and Climate Resilient Scoring

One of the scoring subcategories included in the 2022-2023 QAP is entitled "Emphasis on Green, Sustainable, and Climate Resilient Design and Enhanced Accessibility". This subcategory is part of the "Special Project Characteristics" and begins on page 52 of the current QAP. Within this subcategory, sponsors can achieve up to five scoring points by incorporating aspects of green, sustainable, and climate resilient design into their projects. As industry experts have reviewed the current QAP, they have noted that these subcategory points are redundant as a result of other green and sustainable evaluation criteria that DHCD incorporated into the full document.

At this time, DHCD will amend the current QAP by removing the subcategory entitled "Certified Exemplary Energy Performance". The five points currently available in that subcategory will be redirected as follows:

- Projects whose sponsors have incorporated unusual and innovative characteristics of green, sustainable, and climate resilient design may receive up to 5 points in this subcategory.

It is of paramount importance to the Department to continue promoting the development of environmentally sensitive projects in Massachusetts. To achieve up to five points in this new subcategory, the project architect and/or project sustainable consultant must provide DHCD with a written description of the unusual and innovative elements to be

incorporated within the project. Further, the sponsor must directly provide the Department with at least one support letter from a recognized industry expert in “green” matters, such as the Local Initiative Support Corporation (LISC); the Passive House Institute (PHI); and/or other recognized “green” entities.

#### IV. Syndicator/Investor Requirements

The Department intends to simplify and generalize the language in this section regarding “aggregator” activity to read as follows:

Sponsors who seek federal LIHTC must commit to selecting a syndicator and/or investor acceptable to DHCD. The syndicator/investor cannot have been involved in any “aggregator” activity in Massachusetts or in other states seeking to undermine the exercise of a LIHTC right of first refusal/right of first option, including, without limitation, refusal to honor a LIHTC right of first refusal/right of first option in favor of a non-profit sponsor executed concurrent with the initial tax credit equity closing for a LIHTC project.

#### V. Upcoming Guidance

At this time, the Department anticipates holding information sessions and issuing guidance early in 2023 on recent federal actions related to matters such as LIHTC “average income” election and the new increase in tax credits for solar and wind facilities placed in service in connection with low-income communities created pursuant to the recently enacted Inflation Reduction Act of 2022.

**Other than the amendments contained in this memorandum, the current QAP remains in full effect.**

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