Qualified Allocation Plan (QAP)

Low Income Housing Tax Credit Program

Amendments to 2025-2026 QAP

January 2026

As the LIHTC allocating agency for the Commonwealth of Massachusetts, the Executive Office of Housing and Livable Communities (HLC) is announcing several modifications to the current 2025-2026 Qualified Allocation Plan (QAP) for the Low-Income Housing Tax Credit Program (LIHTC), as posted to the HLC website. HLC reserves the right to make further amendments to the 2025-2026 QAP if deemed necessary.

First, HLC will modify the 2025-2026 QAP by extending it through 2027. HLC makes this change to ensure as much consistency as possible for the affordable housing delivery system during an ongoing period of unprecedented challenges.

In addition, HLC will make the following programmatic and/or administrative modifications to the current QAP:

Accessibility

HLC will promote enhanced production of accessible units by requiring all sponsors of new construction elevator projects to include at least ten percent fully accessible units within their projects. Sponsors of adaptive re-use and/or moderate rehabilitation projects are strongly urged to include more fully accessible units than required by code or statute within their projects.

Modification to Sustainability Certifications

In the design section of the 2025-2026 QAP as posted to HLC's website, HLC established the requirement that all LIHTC projects must meet Enterprise Green Communities Certification Standards (EGC). After consultation with various public and private experts in green and sustainable design, HLC will allow sponsors to request a written waiver to the EGC requirement, based on the fact that their projects will fully meet a comprehensive alternative standard such as a LEEDv certification. HLC will only approve an alternative standard if it is a widely accepted comprehensive standard. In addition, HLC will allow a sponsor seeking Passive House certification to submit a self-certification from the project architect indicating that the project also will meet EGC certification standards or an HLC-approved alternative standard such as LEED. If for any reason the project ultimately is not able to achieve Passive House certification, the sponsor must submit a certification from the project architect that the project still meets EGC certification standards or an HLC-approved alternative standard such as LEED.

Modification to LIHTC Fees

HLC will modify the fee schedule for LIHTC projects. The fee schedule has not changed for approximately 15 years. At this time, HLC will require modest increases in development fees owed by sponsors seeking LIHTC allocations. The modified fee schedule is attached.

Federal 9% and 4% Legislative Actions in 2025

Federal legislation enacted during July 2025 permits certain increases to LIHTC 9% annual authority and certain changes to LIHTC 4% programmatic decisions. The changes will benefit Massachusetts LIHTC projects during 2026 and 2027 as well as ensuing years. The 9% annual increase will provide HLC with additional authority of approximately $3 million during 2026 and 2027. Attachment #2 to this memorandum contains modified 4% LIHTC language effective immediately.

Funding Competitions: 2026 and 2027

The first LIHTC/subsidy rental competition for 2026 formally begins on March 19, 2026, when One Stop funding applications are due. At this time, HLC anticipates holding a second LIHTC/subsidy competition later in 2026. HLC will issue a NOFA in August 2026 establishing priorities for the second competition as well as deadlines for submission of pre-applications and full One Stop applications. At this time, HLC anticipates establishing a One Stop deadline in late November or early December, with awards to be announced in April. HLC anticipates holding an additional 2027 high-readiness competition, with deadlines to be announced at a later time.

HLC will hold a public hearing on these proposed modifications on February 10, 2026. The hearing will be virtual and will begin at 11:00 a.m. Interested parties may submit written comments on the modifications at any time prior to the scheduled hearing by sending an email to: christopher.lagrutta@mass.gov. Interested parties also may submit written comments for five business days after the public hearing.

(attachments)

Other than the amendments contained in this memorandum, the 2025-2026 QAP remains in full effect.

ATTACHMENT #1

Section XIII – Amendment to 2025-2026 QAP

Processing Fees; Late Fees; Compliance Monitoring Fees

Sponsors seeking 4% or 9% federal tax credits during 2025-2027 will be required to pay processing fees as follows. Assuming that the sponsor/owner meets HLC deadlines for submitting carryover documentation, the total processing fee will be either 8.5% or 4.5% of the annual credit amount, depending on the type of project sponsor. For tax credit projects sponsored by for-profit developers, the total processing fee is equal to 8.5% of the annual credit amount. For projects sponsored by non-profit developers, the total processing fee is equal to 4.5% of the annual credit amount. The credit amount will be the amount identified on the carryover allocation. If the project does not need a carryover allocation, the credit amount will be the amount identified on IRS Form 8609.

Sponsors seeking state tax credits during 2025-2027 will be required to pay processing fees as follows. Assuming that the sponsor/owner meets HLC deadlines for submitting carryover documentation, the total processing fee will be either 5% or 3.5% of the annual credit amount. For state tax credit projects sponsored by for-profit developers, the total processing fee is equal to 5% of the annual state credit amount, depending on the type of project sponsor. For projects sponsored by non-profit developers, the total processing fee is equal to 3.5% of the annual state credit amount. The state credit amount will be the amount identified on the carryover allocation. If the project does not need a carryover allocation, the state credit amount will be the amount identified on state credit eligibility statement. The processing fee(s) for each project submitted during 2025-2027 will be due in three installments:

- at the time of application;
- at the time the project receives a carryover allocation or binding forward commitment;
- at the time of final commitment of the credit.

It is important to note that HLC will charge a late fee to all sponsors of projects who fail to submit the required documentation and processing fee installments by their deadlines as described below.

First Installment at Application:

All tax credits sponsors must pay either $1,050 or $5,250 at the time of application (for 4% credit projects, this fee will be due at the time of the request for Official Action Status from MassHousing or MassDevelopment). Checks must be made payable to the Executive Office of Housing and Livable Communities. The application fee is non-refundable. The application fee for non-profit sponsors and for sponsors of projects with 20 or fewer units is $1,050. All other sponsors must pay $5,250.

Second Installment at Carryover or Binding Forward Commitment:

Sponsors must pay the second installment of the processing fee(s) before receiving a carryover allocation or binding forward commitment from HLC. The amount due in this installment will be one-third of the total processing fee, less the amount of the first installment paid at the time of application. This second payment also is non-refundable. Since 4% credit project sponsors do not need to submit carryover documentation unless they are also state credit projects, this second installment only applies to 4% credit projects if they are state credit projects.

Third Installment at Allocation:

Each sponsor must pay the remainder of the total amount of the processing fee(s) before receiving a final allocation of credit and IRS form 8609 and/or state credit eligibility statement from HLC. The third installment also is non-refundable. For 4% credit projects, the remainder of the total processing fee is due prior to issuance of a Section 42(m) tax credit eligibility determination letter by HLC. B. Late Fees: Given the time-sensitive and critical nature of various Internal Revenue Code requirements,

HLC reserves the right to charge late fees to any and all sponsors failing to meet the deadlines for submitting required documentation and processing fee payments. HLC will assess a $3,000 penalty to any non-profit sponsor and a $5,000 penalty to any for-profit sponsor who fails to remit the required documentation and the second or third installments of the processing fee within the time specified by HLC. Materials that are more than 60 days past due will trigger an additional penalty fee in the amount of $3,000 to a non-profit sponsor and $5,000 to a for-profit sponsor. The carryover allocation and/or IRS Form 8609(s) will not be released to the sponsor until any outstanding processing fees and late fees have been paid. In addition, sponsors who fail to meet their carryover allocation deadline -- thus endangering a portion of the Commonwealth's valuable tax credit resource – should note that HLC has the right to withdraw the tax credit commitment to the particular project. Furthermore, HLC reserves the right to reject future applications for tax credits from those parties who have failed to meet HLC's deadlines for year-end submissions. HLC is prepared to exercise these rights if necessary.

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ATTACHMENT #2

Section III – 4% LIHTC Amendment to 2025-2026 QAP

4% Credit:

The federal 4% LIHTC is an important source for affordable rental housing in Massachusetts. The availability of 4% LIHTC -- formally allocated by HLC -- is tied directly to the availability of tax- exempt financing at MassHousing and MassDevelopment. The availability of tax-exempt financing, in turn, is tied to the availability of volume cap, based on annual allocations from the U.S. Department of the Treasury, and subsequent decisions by the Executive Office of Administration and Finance (ANF) on how to apportion the available volume.

The demand for volume cap for multifamily rental housing has reached an all-time high. The volume cap pipelines at both quasi-public agencies are full through 2026. However, beginning in 2026, changes to the federal LIHTC program reduce the bond threshold for tax-exempt financing from 50% to 25%. Although the threshold will not be reduced to 25% for all projects, HLC expects this change to allow the acceleration of the existing pipeline. To allow for an orderly and efficient acceleration, in addition to the other priorities and preferences described in the QAP, the following parameters typically will apply to multifamily volume cap allocations in 2026 and 2027:

- Projects with existing awards from the Commonwealth for financial assistance will be prioritized by criteria, including readiness to proceed, year of initial funding award, and by project size;
- The volume cap allocation for any one project shall not exceed 30% of the aggregate basis unless approved in writing by HLC;
- The maximum volume cap allocation to any one sponsor in a calendar year shall not exceed $100 million, unless, as of July 1 of that calendar year, HLC, in consultation with its quasis, determines that the available volume cap exceeds the demand for projects that can close by the end of the calendar year.

All sponsors of tax-exempt projects are expected to proceed with due diligence. If projects have not closed by December 1st of the anticipated calendar year and have not received a closing extension from both HLC and the bond issuer, the volume cap allocation may no longer be deemed allocated and, thus, no longer valid, and will be reallocated. The preceding language will apply to CY27 projects as well.