COMMERCIAL CONVERSION TAX CREDIT INITIATIVE (CCTCI)
Notice of Funding Availability (NOFA)

August 2025

I. Introduction

Pursuant to M.G.L. c. 23B, § 36(g) as inserted by Section 5 of Chapter 150 of the Acts of 2024 (the "Affordable Homes Act" or "AHA") the Executive Office of Housing and Livable Communities ("EOHLC" or "Executive Office") has established a tax credit program to assist with converting qualifying commercial properties into residential properties.[1] By issuing this Notice of Funding Availability ("NOFA") and its corresponding Commercial Conversion Program Guidelines (the "Guidelines"), EOHLC is soliciting project proposals for allocating the initial $10 million of Commercial Conversion Tax Credits.

II. Overview

As a consequence of post-COVID impacts, hundreds of commercial properties stand vacant or underutilized in Massachusetts communities. The Commercial Conversion Tax Credit Initiative (CCTCI) is intended to support the repurposing of commercial buildings as residential and/or mixed-use properties. The Executive Office intends to allocate $10 million in CCTCI to eligible projects during a limited competition in September 2025. The Executive Office will post Guidelines in August 2025 and will accept CCTCI applications on or before September 25, 2025. EOHLC anticipates making the first awards through this important initiative during November or December 2025.

III. Allocation Process

EOHLC will allocate CCTCI tax credits according to a two-step process: EOHLC will (1) certify Qualified Conversion Projects[2] under the Commercial Conversion Program and (2) will then award allocations of the $10 million in CCTCI under this NOFA to the certified projects.[3]

In accordance with AHA, projects **first** must be certified by EOHLC as Qualified Conversion Projects to be eligible for allocations of CCTCI tax credits. The certification process is described below, as is the process for the allocation of credit awards under this NOFA.

A. Certification of Projects as Qualified Conversion Projects

[1] See also M.G.L. c. 62, § 6(ee), as inserted by § 17 of AHA and M.G.L. c. 63, § 38OO, as inserted by § 26 of AHA.
[2] See M.G.L. c. 23B § 36(a), as inserted by § 5 of AHA.
[3] Please note: At this time, EOHLC will only certify a Qualified Conversion Project for the Commercial Conversion Program if EOHLC intends to award Commercial Conversion Tax Credits for the project.

Consistent with the AHA statute, EOHLC will certify properties as Qualified Conversion Projects if and only if the projects meet the following minimum criteria, as required by the AHA statute:

- The project consists of the rehabilitation of a commercial property[4] for multi-family residential use or mixed use, which may include retail or other commercial uses in addition to residential units, so long as the property is primarily residential;
- The converted property must contain at least two (2) residential units;
- The converted property must contain at least 80% market rate residential units (rental or homeownership) upon completion of the rehabilitation;
    - Units will be considered market rate residential units if they are priced consistently with prevailing rents or sale prices in the municipality as determined by EOHLC in consultation with the municipality where the project is located.
- The property to be rehabilitated – or in limited cases, demolished and replaced with new construction - was nonresidential real property under §168 of the Internal Revenue Code (IRC) prior to the conversion of the property to residential use; and all or a portion of the property was leased, or available for lease, to office tenants; and
- The property was placed in service at least five (5) years prior to beginning the conversion to residential use (the date when construction commences on the rehabilitation project).

B. Process for Obtaining Certification

EOHLC will accept applications from interested sponsors to certify Qualified Conversion Projects in the following manner:

(1) Project sponsors must submit a proposal to EOHLC on the form provided in Appendix D and must include the following information, which must be supported by independently verifiable documentation and signed under the penalties of perjury:

a. Identity of the project sponsor and evidence that the sponsor is legally empowered and entitled to make commitments required to undertake and complete the project, and shall include any affiliated successor in interest formed to undertake the project;

b. Evidence that the sponsor has site control;

[4] Commercial property includes, but is not limited to, commercial centers, office parks and commercial buildings located on main streets or downtown municipal areas. The proposed conversion must be for primary multi-unit residential use or mixed-use, which may include retail or other commercial uses.

c. Construction plans and specifications;
d. Construction cost estimate prepared by a qualified third party;
e. Construction schedule;
f. Residential marketing strategies and plan including affirmative fair housing outreach;
g. Satisfactory evidence that the market rate residential units will be priced consistently with prevailing rents or sales prices for market rate units in the municipality, including a narrative and supporting data that describes the methodology for setting unit prices;
h. Evidence of municipal support for the project, including any municipal resources that have been committed to the project;
i. Narrative describing how the project will increase residential growth, increase diversity of housing supply, support economic development, and promote neighborhood stabilization;
j. Proposed number of residential units upon completion, broken down by market rate units and affordable units;
k. Proposed commercial or non-residential uses, if any;
l. Sponsor's certification that the property was nonresidential real property under IRC §168 prior to the conversion of the property to residential use and all or a portion of the property was leased, or available for lease, to office tenants;
m. Sponsor's certification that the building was placed in service at least five (5) years prior to beginning the conversion (the anticipated date when construction will commence).

(2) During this first CCTCI competition under this NOFA, eligible projects must submit the additional following threshold documentation:

a. Evidence that project costs will meet the AHA definition of eligible Development Costs, which are expenditures directly related to construction or substantial rehabilitation of the Qualified Conversion Project, including, but not limited to, the cost of site assessment and remediation of hazardous materials. Development costs <u>do not include</u> the purchase or acquisition of the property.

b. Documentation of resources that have been committed to the project and that most, if not all, project funding sources other than CCTCI are in place; and

c. Evidence that the project submitted for CCTCI credits is highly ready to proceed to closing in the first quarter of 2026.

(3) EOHLC will evaluate the certification proposal and either grant or deny certification within 90 days from receipt of a complete application. However, sponsors should

note that EOHLC's failure to act within 90 days from receipt of a complete application does not constitute an approval of the project for the Commercial Conversion Program or eligibility for the Commercial Conversion Tax Credit.

(4) Sponsors also must pay the EOHLC required processing fee before EOHLC evaluates the required documentation.

C. Preference Criteria for Certification and Credit Awards

Before receiving a credit allocation, all sponsors must ensure that their projects have met the criteria for certification identified in Subsections "A." and "B.". However, project sponsors should note that in 2025, EOHLC will only certify projects if EOHLC intends to award an allocation of the CCTCI to the project.

EOHLC will give preference based on the following when certifying projects in 2025:

- Documentation indicating that the municipality where the project is located was selected as a participant in the MassHousing Technical Assistance Initiative in support of commercial and/or office conversion; Sponsors should note that properties that have been identified by MassHousing's Technical Assistance Initiative will receive preference consideration for the first CCTCI competition (See Appendix A).

- Projects at scale: Preference will be given to projects with more than 50 total residential units upon conversion. **Please note** EOHLC reserves the right to deny applications for projects with fewer than 25 residential units upon conversion.

- Diversity of Units: EOHLC will give preference to projects with a mix of bedroom types, including bedroom types suitable for families (2+ bedrooms). EOHLC will not accept applications limited to studios and one-bedroom units.

- Local Contribution: EOHLC will give preference to projects whose sponsors have been able to secure financial contributions or other assistance from the municipality where the project is located.

- Sustainable Design: EOHLC will give preference to projects with important characteristics of green and sustainable design. Please refer to the draft 2025-2026 LIHTC Qualified Allocation Plan for more information.

D. CCTCI and Housing Development Incentive Program (HDIP)

During the first CCTCI competition under this NOFA, EOHLC may choose to accept a limited number of applications from sponsors of HDIP projects with existing HDIP tax credit awards. Some HDIP projects, similar to some low-income housing tax credit projects, have been stalled by ongoing post-COVID impacts and by the recent federal actions of concern to the debt and equity markets. EOHLC intends to give CCTCI preference to a limited number of large- and very large-scale HDIP projects with the following characteristics:

- Project characteristics conform to the Commercial Conversion Program statute in AHA
- Projects contain at least 50 units
- Sources other than additional HDIP are in place
- Projects can close during the first quarter of calendar year 2026.

Once EOHLC certifies a project under this NOFA, based on minimum certification criteria and preference criteria, EOHLC will award an allocation of tax credits to the project.[5]

V. Tax Credit Award Limits: 2025

EOHLC intends to limit tax credit awards under this NOFA to no more than $3 million per project, based on project size. Per the AHA statute, the maximum credit award per project is 10% of eligible development costs.[6] EOHLC also intends to issue no more than one award to a single development team and no more than two awards to a single municipality.

VII. Certification Process: Additional Information

Sponsors may submit a formal application for Qualified Conversion Project certification on or before September 25, 2025. Interested Sponsors can find the application form in **Appendix D** of this document. Sponsors are required to submit the Qualified Conversion Project application to EOHLC-HDU@mass.gov. EOHLC encourages all interested and eligible sponsors to submit applications ahead of the respective deadline.

[5] Generally, an award of a credit is a formal acknowledgement that a particular taxpayer will be entitled to claim a tax credit upon completing certain tasks, whereas issuance is the actual receipt of the credit. See Section II of the most recent publicly available Massachusetts Tax Credit Transparency Report issued by the Department of Revenue. https://www.mass.gov/lists/massachusetts-dor-tax-credit-transparency-reports#2022-

[6] "Development Costs", an expenditure directly related to the construction or substantial rehabilitation of a qualified conversion project, including, but not limited to, the cost of site assessment and remediation of hazardous materials; provided, however, that development cost shall not include the purchase of the property. See M.G.L. c. 23B § 36

APPENDIX A

MassHousing Commercial Conversion Initiative (CCI): Technical Assistance Communities

MassHousing received11 CCI technical assistance applications during fall 2024 from over 25 eligible communities. The following 11 communities were approved by MassHousing to participate in the initiative. Projects located in these municipalities are eligible to receive preference in EOHLC's first 2025 CCTCI funding competition:

Fitchburg
Gardner
Holyoke
Maynard
New Bedford
Northampton
Pittsfield
Revere
Spencer
Springfield
Worcester

Please note that projects can receive preference only if all threshold and program criteria are met.

APPENDIX B

CCTCI and HDIP
Key Characteristics

	CCTCI	HDIP
Current Authorization	$10 million in CY2025	$30 million in CY2025
Eligible Sponsors	For-profit and non-profit developers	For-profit and non-profit developers
Eligible Projects	Adaptive re-use/rehabilitation preference; placed in service five years prior to construction; other federal statutory restrictions	Refer to HDIP NOFA (new construction allowed)
Eligible Locations	Any municipality; Please note that during the first CCTIC competition, EOHLC will give preference to MassHousing commercial conversion technical assistance communities.	Gateways only
Likely Funding Limit	$2.5-$3 million/project (first competition; scale of project a factor)	$2.5-$3 million/project (possible exception for very large projects)
Required Municipal Approvals	Sign-off by CEO	Approval of HD zone; approval of TIE agreement
Municipal Contributions	Strongly encouraged	Strongly encouraged, although TIES are significant
Affordability	Encouraged, but not mandatory: statute requires 80% market rate units	Encouraged, but not mandatory under state statute: statute requires 80% market rate units
Status of Zoning	In place (mandatory for first competition)	In place preferred; underway required
Eligible Development Costs	Refer to AHA statute	Refer to HDIP NOFA
Claiming of Credits	Post completion and substantial rent-up	Post completion and substantial rent-up (statutory)
Competitions in 2025	One competition	Two to three competitions

APPENDIX C

Qualified Conversion Project Application - Instructions

- Please submit the Qualified Conversion Project application, budget and each Exhibit as separate files
- All sections in this Application should be completed with a summary explanation in the form and an attached exhibit. Please provide a summary in this document and then attach the relevant supporting information in the appropriate exhibit. For example,
- Label PDF files for Exhibits clearly and by the exhibit number. Please label PDF attachments by exhibit number and name.

APPENDIX D

CCTCI – QUALIFIED CONVERSION PROJECT APPLICATION

1. PROJECT INFORMATION:

Name of Project:	
Address of Project:	
City:	Zip:

2. PROJECT SUMMARY:

3. PROJECT DESCRIPTION:

Development Plan (Conversion or demo/new construction):				
Rental, Homeowner or both:				
Most Recent Use (include S.F.):				
Proposed Uses:	Residential S.F.:		Retail S.F.:	
Total Number of Proposed Units:	1BR	2BR	3BR	4BR
Number of Proposed Market Rate Units:	1BR	2BR	3BR	4BR
Number of Proposed Affordable Units:	1BR	2BR	3BR	4BR
Site Control - Summarize here (e.g. P&S, deed, etc) and attach evidence in exhibits:				
Zoning:				
Environmental Information (Phase I, Conversion Commission, Chapter 91, and any other permitting):				
Historic Information - Summarize here:				
Relocation Plan, if necessary:				
Amenities and Services:				

4. DEVELOPMENT TEAM:

Sponsor:
Owner Entity:
Developer(s):
Development Consultant:
General Contractor:
Management Agent (Please note if the developer or related entity is also the management agent):
Syndicator (Please identify purchaser of CCTCI tax credits):

DEVELOPER EXPERIENCE AND CAPACITY: Describe relevant background and/or experience that demonstrate the capacity of the development team to successfully carry out the proposed project.

5. **CONSTRUCTION PLANS AND SPECIFICATIONS:**

6. **CONSTRUCTION COST ESTIMATES:**

TDC (including any commercial uses):	
TDC (residential only):	
TDC per residential unit:	

7. **CONSTRUCTION SCHEDULE:**

Application Date:	
Construction Loan Closing:	
Construction Start:	
50% Construction Completion:	
Construction Completion:	
First Certificate of Occupancy:	
Last Certificate of Occupancy:	
Permanent Loan Closing:	
Other tasks:	

8. **APPLICANTS (signed under pain and penalties of perjury):**

Name:
Address:
Email:
Phone:
Signature:
Date:
Title:

APPENDIX E

Exhibits to CCTCI Qualified Conversion Project Application

- Exhibit 1: Project sponsor
  Identity of the project sponsor and evidence that the sponsor is legally empowered and entitled to make commitments required to undertake and complete the project, and shall include any affiliated successor in interest formed to undertake the project

- Exhibit 2: Evidence of site control
  Provide evidence that the sponsor has site control

- Exhibit 3: Construction plans and specifications
  Provide the construction plans and specifications

- Exhibit 4: Construction cost estimate
  Provide the construction cost estimate prepared by a qualified third party

- Exhibit 5: Construction schedule
  Provide the construction schedule

- Exhibit 6: Projected sources and uses

- Exhibit 7: Residential marketing and strategy plan
  Residential marketing strategies and plan including affirmative fair housing outreach

- Exhibit 8: Pricing of market rate units
  Satisfactory evidence that the market rate residential units will be priced consistently with prevailing rents or sales prices for market rate units in the municipality, including a narrative and supporting data that describes the methodology for setting unit prices;

- Exhibit 9: Municipal support
  Evidence of municipal support for the project, including any municipal resources that have been committed to the project

- Exhibit 10: Diversity of housing supply
  Narrative describing how the project will increase residential growth, increase diversity of housing supply, support economic development, and promote neighborhood stabilization

- Exhibit 11: Proposed number of residential units

Proposed number of residential units upon completion, broken down by market rate units and affordable units

- Exhibit 12: Proposed commercial uses, if any
  Describe proposed commercial or non-residential uses, if any.

- Exhibit 13: Certifications
  Sponsor's certification that the property:
    - was nonresidential real property under IRC §168 prior to the conversion of the property to residential use;
    - all or a portion of the property was leased, or available for lease, to office tenants; and
    - the building was placed in service at least five years prior to beginning the conversion.