

Low Income Housing Tax Credit Program

2025-2026 Qualified Allocation Plan (QAP)

**Commonwealth of Massachusetts
Executive Office of Housing and Livable Communities**

DRAFT
2025-2026 QAP

TABLE OF CONTENTS

I.	Executive Summary	1
II.	Federal and State Requirements for the Qualified Allocation Plan	9
III.	Federal Credit Available in 2025-2026.....	12
IV.	Impact of Federal Legislation Enacted in Recent Years	13
V.	The Massachusetts State Housing Tax Credit	17
VI.	Evaluation of the Need for Affordable Housing in Massachusetts.....	18
VII.	Set-Aside Categories for 2025-2026.....	21
VIII.	The Massachusetts Preservation Matrix	26
IX.	Recommended Cost Limits; Caps on Eligible Basis and Allocations Per Project	29
X.	Threshold Criteria for 2025-2026 Tax Credit Applications	31
XI.	The Competitive Scoring System	37
	A. Fundamental Project Characteristics.....	38
	B. Special Project Characteristics.....	52
XII.	The Application Process for Credit in 2025-2026	67
XIII.	Processing Fees; Late Fees; Compliance Monitoring Fees	69
XIV.	Modification of the Allocation Plan	72

Appendices Related to Program Administration:

A.	2025-2026 Rental Round Pre-Application to HLC
B.	Responsible Contractor Guidance: 2025-2026
C.	M/WBE Self-Evaluation
D.	Fair Housing Principles and Affirmative Fair Housing Marketing Plan Guidelines
E.	Compliance Monitoring Procedures
F.	Future Changes to the 2025-2026 Allocation Plan
G.	Summary of Comments and Suggestions from the Public Process
H.	Massachusetts Low Income Housing Tax Credit Program Regulations
I.	Glossary of Terms
J.	Program Administrative Requirements

Appendices Related to Design/Scope:

K.	Design Self Evaluations (Accessibility)
L.	Enterprise Green Communities Certification Standards
M.	Design Self Evaluation (Senior Housing)
N.	HLC's Design Requirements 2025-2026
O.	Building Decarbonization Requirements – New Buildings
P.	Building Decarbonization Requirements – Existing Buildings
Q.	QAP Green Checklist/Narrative Form

Section I. Executive Summary

A. Introduction

On behalf of the Commonwealth of Massachusetts, the Executive Office of Housing and Livable Communities (HLC) is the allocating agency for the federal and state low-income housing tax credit programs. As the allocating agency for the federal credit, HLC is responsible for preparing the Qualified Allocation Plan (QAP) that sets forth how it will award and administer the federal tax credit each year. The draft 2025-2026 QAP now is ready for formal public comment.

In preparing the new QAP, HLC has evaluated the current state of the Massachusetts housing market, the significant demand for more affordable rental housing, the extreme pressure on affordable housing supply in certain regions of the state, the special housing challenges faced by lower income households, the ongoing negative impact on development costs of the COVID-19 pandemic, the severity of effects due to climate change, and the overall resources available to support affordable housing development. HLC's responsibility is to weigh the significance of all these factors as it determines how best to allocate its most powerful housing resource -- the federal low-income housing tax credit -- along with other critically important state and federal resources.

B. Affordable Rental Housing: Current Supply and Demand Issues

HLC is issuing the 2025-2026 QAP at a time of unprecedented demand for affordable rental housing in the Commonwealth. Many factors have contributed to the current pressure on the rental market:

- Underproduction of rental units for well over a decade, in part due to zoning issues in a home-rule state with 351 separate zoning jurisdictions. While many Massachusetts communities support the production of rental housing, too many other communities have not been willing to zone multifamily rental projects.
- Escalating development costs during and after the COVID-19 pandemic. The COVID-related effects on cost include supply chain disruptions, labor shortages in certain regions and certain trades, zoning and permitting delays, and the highest interest rates in many years. While some relief may be in sight, these factors continue to affect costs as HLC prepares to issue the 2025-2026 QAP. The federal ARPA funds available to HLC proved invaluable to dozens of Massachusetts affordable housing projects that, without additional subsidies, would not have proceeded to closing and construction. However, the ARPA funds no longer can help allay cost increases: they have been fully obligated, ahead of the federal deadline, by HLC and its quasi-public affiliates. Yet cost challenges remain.
- Extreme demand for units for very low-income and extremely low-income families and individuals who were deeply impacted by the pandemic and its after-effects. Thousands of lower-wage earners lost their jobs in the months following the onset of COVID-19. It can take years for families and individuals to recover from such serious economic challenges. The need for affordable units at the lowest income levels has been exacerbated by the number of homeless families and individuals seeking emergency shelter in Massachusetts. In 2023, there already was great

pressure on the affordable rental stock in Massachusetts. The pressure has only increased with the significant increase in homelessness.

C. Healey-Driscoll Administration's Commitment to Housing Production

Despite all the current challenges -- in some cases, unprecedented -- the Healey-Driscoll Administration immediately demonstrated its commitment to the production of thousands of new units of housing, including affordable rental housing, over the rest of the decade. During its first two years in office, the Administration has taken all the following actions:

- Within four months of taking office, Governor Healey used the state's Article 87 process to elevate the Department of Housing and Community Development to a cabinet-level secretariat -- the Executive Office of Housing and Livable Communities. The Governor named Edward M. Augustus, Jr. to head the Secretariat. Secretary Augustus was sworn in on June 1, 2023.
- Nine months into her term, Governor Maura Healey signed into law an economic development bill that significantly increased the annual allocation authority available to HLC for the state low-income housing tax credit. The new allocation amount is \$60 million in authority per year. That amount can generate as much as \$250 million in equity to affordable housing projects in Massachusetts.
- In the same bill, Governor Healey significantly increased the allocation amount available to HLC to support new housing production -- both rental and ownership -- in the Gateway cities of Massachusetts. The Gateway cities historically had been overlooked as viable locations for housing production.
- In summer 2023, Governor directed Secretary Augustus, as one of his primary responsibilities, to prepare a large-scale housing bond bill. HLC worked closely with the Governor's office on the proposed legislation and sought comments and suggestions from many stakeholders and interested parties. Early in 2024, Governor Healey filed the largest housing bond bill in the history of the Commonwealth -- the \$4 billion Affordable Homes Act (AHA) of 2024.
- The Massachusetts General Court worked on the Affordable Homes Act during spring and summer 2024 and delivered its version to Governor Healey on July 31. In a historic ceremony held in Newton, MA, on August 6, Governor Maura Healey signed the new housing bond bill -- with a final authorization level of \$5.2 billion -- into law. The legislation will help support the production or preservation of thousands of affordable rental housing units -- as well as mixed-income rental housing and homeownership -- over the rest of the decade.

The Healey-Driscoll Administration has taken other steps to promote the importance of increasing the supply of affordable housing in Massachusetts. The Administration established the Unlocking Housing Production Commission, with recommendations expected late in 2024. On behalf of the Administration, Secretary Augustus held 14 listening sessions throughout the state during the spring and summer of 2024. The listening sessions will help inform the development of a new statewide housing plan, commissioned by HLC during 2024. At this time, HLC anticipates releasing the draft statewide plan early in 2025.

It is well-known that the lack of zoning for multi-family housing is a barrier for new housing production in Massachusetts. The Healey-Driscoll Administration is continuing its efforts to reduce zoning barriers to affordable housing production in communities located near mass transit. The MBTA Communities Act was passed with significant bipartisan support in the Legislature and signed into law in January 2021 as part of legislation to strengthen the state's economy. The law requires 177 cities and towns to establish at least one district of reasonable size in which multifamily housing is permitted as of right. Communities have choices in the creation of the districts, and the districts must allow multifamily developments without discretionary review processes that can stymie development. Zoning must generally be located near transit stations, if applicable, and cannot impose age or occupancy restrictions.

To date, 84 of the 177 communities which must create new multifamily districts have adopted new zoning intended to comply with the law. Although the law does not require building, forward-looking communities are doing just that. There are more than 2,800 new units of housing in the pipeline in those zoning districts.

In addition to providing record levels of tax credits and subsidy funds for the development of affordable housing, the Healey-Driscoll Administration, with the Massachusetts legislature, also has provided critically important rental assistance funds in support of affordable housing. On behalf of the Administration, HLC, through its network of regional housing agencies and other intermediaries, has made available both tenant and project-based vouchers, through the state's Massachusetts Rental Voucher Program (MRVP) as well as through its own Section 8 authority. The voucher programs greatly enhance the eligibility of the affordable housing delivery system to serve extremely low-income households and homeless families or individuals.

Not all Administration housing programs require state funding. HLC administers the Local Initiative Program (LIP) and the Local Action Units Program (LAU). Through both programs, towns and cities can support zoning modifications for local projects that include affordable units -- either rental or for sale -- for households or individuals earning less than 80% of area median income (AMI). To date, under the Healey-Driscoll Administration, HLC has approved over 8,200 new housing units through these two programs.

D. Climate Resilient Goals

While the Healey-Driscoll Administration is deeply committed to increasing housing production, it also is committed to ensuring that new projects are designed as green, carbon-reducing, sustainable, and climate-resilient housing. To promote green and sustainable investment by all its line agencies, and to achieve the legislatively mandated goal of net zero statewide greenhouse gas emissions by 2050, the Administration has taken the following steps:

- On the first full day of her Administration, Governor Healey signed Executive Order 604 creating the Office of Climate Innovation and Resilience -- the first Cabinet-level climate office in the nation, with its leader reporting directly to the Governor. The new climate office is working closely with HLC, as well as other secretariats, through a "whole of government" approach to achieve Administration

goals for climate resilience, biodiversity, environmental justice, and decarbonization.

- In June 2023, the Governor created the Massachusetts Community Climate Bank, the nation's first green bank dedicated to affordable housing. Seeded with funds from the state Climate Mitigation Trust Fund and incubated at MassHousing, the Climate Bank will attract private sector capital and federal funds for building retrofits.
- Also in 2023, the Administration substantially increased its annual commitment of state bond funds to transit-oriented and climate-ready affordable housing in the first-year Capital Improvement Plan.
- In addition, authorizing language for the \$5.2B Affordable Homes Act mandates that state bond funds for private affordable housing must "prioritize projects that comply with decarbonization and resilience standards", as "determined through objective scoring criteria in the Qualified Allocation Plan".

As HLC prepares to make substantial investments in affordable housing in 2025 and 2026, through LIHTC and subsidy funds, HLC will continue to support the administration's climate-related goals. Specifically, HLC will continue its focus on the design and scope of projects whose sponsors seek valuable public funds. HLC's goal is to ensure that all Massachusetts sponsors incorporate significant aspects of green, carbon-reducing, sustainable, and climate resilient design into their projects. Working with the Governor's climate office and with colleagues at the Executive Office of Energy and Environmental Affairs, the Department of Energy Resources, the Massachusetts Clean Energy Center, and with many other interested parties, HLC has revised key aspects of its design and scope requirements for proposed LIHTC projects. Under the 2025-2026 QAP, Massachusetts sponsors who submit pre-applications and full applications are expected to ensure that their projects are designed to be consistent with the goals incorporated in later sections of this document.

E. Overarching Goals

In the next two years, HLC will deploy the power of the federal and state housing credits, as well as subsidy funds, to achieve overarching goals:

- Increasing the supply of rental units available to very low- and extremely low-income individuals and families, including those transitioning from homelessness
- Increasing the supply of affordable rental housing in Massachusetts
- Increasing accessibility in projects supported by LIHTC and HLC subsidies

In addition, in keeping with Administration goals, HLC intends to promote greater diversity within the affordable housing industry, to be measured both by deeper and more significant M/WBE participation on specific projects and by greater diversity within the entities constituting the development teams. Further, the Administration intends to reinforce with all participants in the Commonwealth's LIHTC delivery system the critical importance of the original Congressional intent when the program was created in 1986. It is HLC's belief that LIHTC units are intended to

stand the test of time as affordable housing and to serve low- to moderate-income renters for generations to come.

While these goals are not HLC's only goals, they are central to HLC's mission. Promoting these goals will affect HLC's investment of LIHTC and subsidy funds over the next few years.

Despite making important and necessary changes for 2025-2026, HLC has made every effort to maintain consistency with prior policies and requirements. As previously indicated, it is HLC's intent to provide maximum stability and predictability from year to year in the administration of the LIHTC program. The need for stability and predictability is even greater during these still uncertain times.

F. Other Areas of Emphasis During 2025-2026:

Under this QAP, HLC will continue its emphasis on all the following matters related to the development of affordable rental housing in Massachusetts:

- The ongoing importance of managing project costs;
- The ongoing need to prioritize preservation projects in accordance with the interagency preservation matrix;
- The ongoing importance of producing more integrated housing opportunities for persons with disabilities;
- The ongoing need to continue promoting thoughtful and strategic efforts to affirmatively further fair housing in every community in the Commonwealth.

The Ongoing Need to Better Manage Project Costs:

With limited tax credit and subsidy resources available, it is critical that all affordable housing be built as cost effectively as possible. The effort to manage and control costs is an ongoing process: it will continue during 2025 and 2026 and into the foreseeable future. While HLC strongly supports the production of more housing, it is critically important to recognize that some housing projects simply are too expensive to build.

The Ongoing Need to Prioritize Preservation Projects:

Sponsors of projects dependent on tax exempt bonds with 4% credits must carefully review HLC's priorities for these resources, which are in great demand. Sponsors of preservation projects also must carefully review and adhere to the preservation matrix and instructions contained in Section VIII of this document.

The Ongoing Need to Produce More Units Accessible to Persons with Disabilities:

In its ongoing work with the Executive Office of Health and Human Services (EOHHS), its commissions, and various advocacy groups, HLC has identified potential design approaches in new construction, adaptive re-use, and preservation projects that will increase opportunities for persons with disabilities. These approaches include the application of the principles of universal design and visitability. HLC will continue its work with the development community during 2025 and 2026 to implement these approaches. HLC also encourages developers to include within their projects more units accessible to persons with disabilities than are required by various federal and

state statutes, and to indicate in their applications that they would accept Section 811 project-based rental assistance for persons with disabilities. Certain additional assistance for interested sponsors also may be available from HLC's affiliated quasi-public, the Community Economic Development Assistance Corporation (CEDAC).

The Ongoing Need to Promote Thoughtful and Strategic Efforts to Affirmatively Further Fair Housing:

HLC has consistently sought to affirmatively further fair housing by prioritizing the development of housing in communities with excellent public schools and access to employment and public transportation, while maintaining a commitment to investment in low-income neighborhoods. HUD's final rule, issued in 2015, reinforced the importance of affirmatively furthering fair housing through 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. Consistent with the HUD rule and with Section 42(m)(1)(B) of the Internal Revenue Code, HLC will continue to implement a balanced approach to affirmatively furthering fair housing. But in evaluating projects in low-income communities, HLC will prioritize proposals in which housing development is demonstrably part of a larger, concerted community revitalization plan to expand access to jobs, education, transportation, and other amenities to enhance residents' access to opportunity.

G. Ongoing Implementation of Priority Funding Categories:

HLC's priority funding categories are important to its efforts to achieve the goals identified in this document. The current priority funding categories are as follows:

Priority categories for funding:

Applications to HLC for funding awards in 2025-2026 will be required to fit within one or more of the following five categories. Regardless of the category under which a sponsor decides to apply, the sponsor must ensure that the project design and scope is consistent with HLC's green, sustainable, and climate-resilient requirements.

- 1) Housing for extremely low-income individuals (ELI), families, and seniors earning less than 30 percent of area median income with a particular focus on those who are homeless or at risk of homelessness. Projects in this category must be supported by tenant services and include at least 20 percent ELI units. Projects can serve families or individuals, seniors, persons with disabilities, and persons with special needs.
- 2) Investment in distressed and at-risk neighborhoods where strategic housing investment has a strong likelihood of catalyzing private investment, improving housing quality, promoting occupancy for a range of household incomes, and supporting a broader concerted plan for community revitalization through investment in jobs, transportation, and education. Projects in this category include projects located in the Commonwealth's 24 Gateway Cities and/or Qualified Census Tracts (QCTs, as defined by Section 42 of the Internal Revenue Code). Projects serving families, seniors, persons with disabilities, or populations with special needs are eligible in this category.

- 3) Preservation of existing affordable housing that extends affordability in situations that are consistent with QAP policies and the preservation working group policies. (Sponsors should refer to the preservation matrix included in a later section of this document.) Projects serving families, seniors, persons with disabilities, or populations with special needs are eligible in this category.
- 4) Family housing production in neighborhoods and communities that provide access to opportunities, including, but not limited to, jobs, transportation, education, and public amenities. Access to opportunity locations will be defined by publicly available data. At least 65% of the units in a project must include two or more bedrooms, and at least 10% must be three-bedroom units, unless that percentage of two-bedroom or three-bedroom units is infeasible or unsupported by public demand. Projects serving families, including families with a member with a disability or special needs, are eligible in this category.
- 5) Family or senior housing production in communities in which the affordable housing stock, as defined by the state Subsidized Housing Inventory (SHI), is lower than 12%. Sponsors who seek to build affordable senior housing in these communities should note that HLC will evaluate each community's prior support for affordable family housing.

HLC urges all LIHTC sponsors, as well as other interested parties, to carefully review the full draft QAP for 2025-2026. HLC wishes to express its gratitude to many members of the Massachusetts housing delivery system and to other agencies within state government for their thoughtful input and comments.

H. Housing Navigator

HLC again wishes to commend the Kuehn Foundation for launching the Massachusetts Housing Navigator system. HLC commends the Foundation for its exemplary leadership in working with the public and private sectors to design and implement a search engine capable of identifying Massachusetts affordable rental housing units by location, characteristics, and availability in real time. The 2021 launch of the Massachusetts Housing Navigator was highly successful. Only one other state in the country has implemented a comparable search engine to provide such detailed and useful information on its affordable rental housing stock. Under the 2025-2026 QAP, sponsor/owners seeking LIHTC and/or subsidy funds from HLC must participate in Housing Navigator, both by providing data on new units, but also by consistently updating data on units in existing projects. Additional information on Housing Navigator is included in later sections of this document.

I. Funding Commitments Since 2023

Despite the many recent challenges, HLC was able to fund more than 6,000 total units in LIHTC and/or subsidy projects in 2023 and 2024. Of the total units, more than 5,400 units will be affordable to individuals or households earning less than 60% of area median income (AMI),

including units further restricted for extremely low-income individuals or households – those earning less than 30% of AMI and often transitioning from homelessness.

The total units funded during the past two years are located in projects in every region of the state. HLC funded all types of housing, including new construction, adaptive re-use, preservation projects, affordable family housing, mixed-income housing, senior housing, service-enriched housing for special populations, and projects including units for homeless individuals and families. Numerous projects are located near mass transit, and all projects feature important elements of green and sustainable design. Several projects represent the first conversions of COVID-impacted hotels to permanent supportive housing units for homeless individuals. Multiple projects will bring abandoned historic mill buildings back to life as affordable or mixed- income housing.

Section II. Federal and State Requirements of the Qualified Allocation Plan

Each year, the state allocating agency for the federal Low Income Housing Tax Credit is required to publish a plan describing how it intends to award the credit. The requirement that states publish a plan was established in the Omnibus Reconciliation Act of 1989. The plan is called the Qualified Allocation Plan, or QAP.

In the Commonwealth of Massachusetts, the Executive Office of Housing and Livable Communities (HLC), is the allocating agency for tax credits. The Executive Office is responsible for preparing the annual allocation plan and making it available for review by interested members of the public before final publication.

Section 42 of the Internal Revenue Code is the federal statute governing the tax credit program. In accordance with Section 42(m), each state allocating agency must include the following in the annual allocation plan:

- Selection criteria for projects receiving tax credit allocations
- Preference for projects serving the lowest income tenants and for projects serving tenants for the longest period of time
- Preference for projects located in qualified census tracts, the development of which will contribute to a concerted community revitalization plan. (Qualified census tracts now are defined as tracts in which either 50% or more of the households have incomes less than 60% of the area median gross income or in which the poverty rate is 25% or greater.)

In addition, Section 42(m) states that the selection criteria must take into consideration the following project, community, or development team attributes:

- Location
- Need for affordable housing
- Project characteristics
- Sponsor capacity
- Tenants with special needs as a target population
- Public housing waiting lists
- Individuals with children as a target population
- Projects intended for tenant ownership

The 2025-2026 Qualified Allocation Plan prepared by HLC conforms to all the plan requirements summarized in the paragraphs above. In preparing the QAP, HLC has paid particular attention to the first three project attributes (location, need, and project characteristics) in order to implement the Commonwealth's sustainable development principles; to support green, carbon-reducing, sustainable and climate resilient housing; and to address the critical need to produce new affordable rental housing in Massachusetts, including units with services for homeless individuals and families. The 2025-2026 Qualified Allocation Plan reflects the ten sustainable development principles that have been in effect in Massachusetts for more than a decade.

In addition to investing in urban areas, HLC is committed to allocating tax credits to projects in suburban, exurban, and rural communities in order to provide increased opportunities for underserved populations in those locations. This commitment is captured in part through HLC's priority funding categories relating to family housing production in "areas of opportunity" or in communities that have not achieved 12% affordability housing stock on the state's Subsidized Housing Inventory (SHI).

Sponsors of tax credit projects are strongly encouraged to seek project sites that will accomplish both sustainable development and fair housing objectives. HLC will continue to work closely with members of the development community, municipal officials, and other stakeholders to determine appropriate strategies for achieving these goals.

In preparing the 2025-2026 QAP, HLC considered various measures and indicators of affordable housing need in Massachusetts. The measures or indicators included the number of households on public housing waiting lists; average and median sales prices and rental rates, both statewide and in various regions; vacancy rates for rental housing; median household income, both statewide and in various regions; and number of households living below the federal poverty level. In preparing this QAP, HLC also considered the need for quality affordable and accessible housing in communities that were seriously impacted by the COVID-19 pandemic. During 2025-2026, HLC encourages developers to structure projects that emphasize the following characteristics:

- 1) projects that create new affordable housing units, in particular units suitable for families in locations with job growth potential and locations that constitute areas of opportunity
- 2) projects that actively promote principles of fair housing
- 3) projects that are consistent with the ten sustainable development principles
- 4) projects whose sponsors incorporate green, carbon-reducing, sustainable, and climate resilient elements into their design, including Passive House design
- 5) projects whose sponsors are deeply committed to M/WBE participation and to diversity within their development teams
- 6) projects that are part of comprehensive neighborhood improvement plans or initiatives
- 7) projects that preserve valuable existing affordable units and meet HLC's preservation priorities
- 8) projects that include units for individuals or households with incomes below 30% of area median income, including homeless families and individuals
- 9) projects that include more units than required that will be accessible to persons with disabilities and that place emphasis on visitability
- 10) projects with acceptable per-unit costs and projects with lower-than-average per-unit costs
- 11) projects located in communities or neighborhoods with expanding social and/or educational opportunities, expanding employment opportunities, and/or significant revitalization and investment activity
- 12) projects located in communities that have less than 12% affordable housing stock as defined by the Commonwealth's Subsidized Housing Inventory (SHI).

In addition, HLC has established five priority categories for all projects submitted for consideration during 2025-2026. The five priority categories are identified in earlier sections of this document.

This allocation plan also sets forth the application process and scoring system for 2025-2026.

It is important to note that the priorities included in this plan to a large extent also are priorities for HLC's other affordable housing programs. This is true for two reasons. First, tax credit projects often require other HLC resources in order to proceed. Thus, the priorities established for the tax credit program have a direct impact on HLC's other housing programs. For example, when HLC, through the tax credit allocation plan, establishes recommended cost limits for tax credit projects, the cost limits clearly apply to other HLC programs in support of the same project.

The second reason is that the tax credit program, through the annual allocation plan, undergoes greater and more frequent scrutiny than other state housing programs. Although other housing programs have guidelines and regulations that are modified from time to time, the annual tax credit allocation plan is the public document in which HLC most clearly and most frequently attempts to state its priorities for state-assisted affordable housing projects. Section 42 requires allocating agencies to make an allocation plan available for public review and comment before publishing a final plan. During 2024, HLC contacted developers, consultants, architects, municipal officials, housing advocates, environmental advocates, and other state and quasi-public agencies to seek suggestions for the 2025-2026 QAP. HLC has incorporated many of their comments into this document, including comments on the ongoing effects of COVID-19, the status of the equity markets, cost management, emerging approaches to greener and more sustainable design, ways to achieve deeper affordability and greater accessibility within projects, and other matters. In accordance with Section 42 code requirements, HLC presented the draft allocation plan for public review and comment at a public hearing held on [____], 2024. HLC wishes to publicly acknowledge the Massachusetts development community for its thoughtful contributions during the QAP discussions, as well as for its outstanding work in the production and preservation of affordable housing.

Section III. Federal Credit Available in 2025-2026

9% Credit:

The amount of 9% credit available each year to each LIHTC allocating agency is determined in accordance with an annual procedure released by the Internal Revenue Service. The procedure provides the allocating agencies with the dollar amount per capita for the 9% credit. In accordance with IRS procedures, agencies multiply that amount by the population of the state, as determined by federal sources, to arrive at the total 9% allocation amount for a given year. In October 2024, the IRS released the per capita amount for calendar year 2025: \$3.00 (Note: this amount represents a slight increase over the 2024 amount.). Using the anticipated population number for Massachusetts, HLC expects to use approximately \$20.7 million in per capita authority during 2025. The amount will change when the population figures are released to all the states.

In addition, during the course of each year, the amount may fluctuate 1) if sponsors return prior credit awards, and 2) if/when the IRS releases additional authority from the National Pool to qualifying states. (The National Pool amount varies each year and consists of credit unused by certain state allocating agencies.) In Massachusetts, LIHTC sponsors should assume that HLC will allocate close to \$21 million in 9% credit during 2025 and possibly during 2026. Sponsors should contact HLC staff for further information.

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.

In 2024, the demand for volume cap for multifamily rental housing reached an all-time high. The volume cap pipelines at both quasi-public agencies are full through 2025. HLC is working closely with ANF and both quasies on the very significant demand for volume cap - and, thus, for tax-exempt financing and federal 4% credits.

In the current interest rate environment, it is understandable that so many sponsors are seeking tax-exempt financing. However, although ANF took significant steps during 2024 to increase the volume cap allocations for multifamily rental housing, demand still outstrips the available volume cap.

Section IV. Impact of Federal Legislation Enacted in Recent Years

The purpose of this section of the QAP is to maintain a historical record of Congressional actions that have affected the LIHTC over time. This section does not address legislation pending in Congress during 2024.

Four Percent Floor:

Federal legislation enacted late in December 2020 affected the LIHTC by establishing a “4% floor” for tax-exempt bond projects using 4% credit. The new “floor” has generated millions of dollars in additional equity for 4% projects during 2021.

Average Income Election:

Federal legislation enacted in 2018 directly affected the credit by establishing the “average income” election. Up until 2018, under federal statute, sponsors had to elect one of two tests to determine whether their project constituted a qualified low-income housing project: The two tests were/are as follows:

- Within a LIHTC project, 20% of the total units must be restricted for individuals or households earning less than 50% of AMI,
- or
- Within a LIHTC project, 40% of the total units must be restricted for individuals or households earning less than 60% of AMI.

Sponsors of tax credit projects may continue to select one of the two options described above. However, the legislation creates a third option: the so-called average income test. Under the average income test, all units designated as tax credit units must be restricted for individuals or households in income tiers that, in the aggregate, have an average income limit of less than 60% of AMI. (As with the 20/50 test and 40/60 test, the average income test is based on the income limit applicable to a unit, not the actual household income.) Further, the federal legislation limits the permitted rent restriction tiers on all units to the following percentages of AMI:

- 20%
- 30%
- 40%
- 50%
- 60%
- 70%
- 80%

Under the 2018 legislation, state allocating agencies have the option to decide whether or not to implement the average income test and are permitted to impose additional restrictions or limitations beyond those in the federal statute. Most state allocating agencies appear to be allowing this election, but with various restrictions placed on implementation. For example, a number of states, including Massachusetts, are allowing the average income election only for 4% credit projects. In addition, a number of states, including Massachusetts, are limiting the income bands

that sponsors may include in their projects. HLC typically permits projects to have up to four tiers, with income restrictions at 30%, 50%, 60%, and 80% of AMI.

The U.S. Department of the Treasury issued a notice of proposed rulemaking in October 2020 setting forth proposed guidance on the average income test on topics including the initial designation of units, a modified “next available unit” rule, and “mitigation” measures that a taxpayer can take if one of the designated units ceases qualifying as a low-income unit. As of November 2021, Treasury had not yet issued final regulations. In the absence of Treasury regulations implementing the 2018 legislation, there remains considerable uncertainty regarding the interpretation of the statutory language.

In Massachusetts, the average income election clearly can benefit tenants in preservation projects whose incomes are greater than 60% of AMI, but less than 80% of AMI. Sponsors of projects with a large number of current tenants whose incomes fall between 60% and 80% of AMI also may benefit from the ability to count those tenants’ units as LIHTC units. However, the average income election brings added complexity to LIHTC projects, both in initial structuring and in management/compliance following placement in service. Projects with market rate units present particular challenges with respect to the next available unit rule, as additional requirements apply to properties electing the average income test. In addition, sponsors should note that projects receiving tax-exempt bond financing must also satisfy either the 20/50 test or the 40/60 test, as Section 142 of the Internal Revenue Code (governing tax-exempt bonds) has not yet been amended to incorporate the average income test.

HLC from time to time will reevaluate the efficiency of the average income election. Sponsors considering use of this election should be mindful that, in accordance with Section 42(g) of the Internal Revenue Code, the election of the test to be applied in determining whether a project is a qualifying low-income housing project is irrevocable. The sponsor/owner of a LIHTC project cannot change an election after issuance of Form 8609 for the project.

Older Federal Actions:

Prior to 2018, the most significant federal legislation affecting the LIHTC was the American Recovery and Reinvestment Act (ARRA) of 2009. Signed into law by President Barack Obama on February 17, 2009, the ARRA statute contained two critically important relief measures for stalled tax credit projects. ARRA created both the Tax Credit Assistance Program (TCAP), administered by the U.S. Department of HUD, and the Tax Credit Exchange Program (Section 1602), administered by the U.S. Department of the Treasury. In total, the two new programs provided more than \$170 million in funds to stalled credit projects in Massachusetts. The rapid and simultaneous implementation of two new programs in a short time period -- less than four months -- presented the Department of Housing and Community Development (DHCD—predecessor agency to HLC) with significant challenges, but DHCD was able to fully award the funds and help many stalled projects close and move to construction.

Prior to the enactment of ARRA, Congress in 2008 enacted HERA – the Housing and Economic Recovery Act. That important legislation also contained provisions favorable to the tax credit program. DHCD incorporated certain changes allowed by HERA into the 2009 Qualified Allocation Plan, including changes to the calculation of the 9% credit and to the Department’s

annual allocation authority. As permitted by HERA, the Department from 2009 through 2017 added 61 cities and towns to the list of “difficult to develop areas” (“DDAs”) in Massachusetts. Per the HERA legislation, these DDA designations do not apply to 4% credit projects financed with tax-exempt bonds. The cities and towns designated by DHCD are listed as follows:

1. Andover	17. Fall River	33. Methuen	49. Springfield
2. Arlington	18. Fitchburg	34. New Bedford	50. Stow
3. Ashland	19. Gardner	35. North Adams	51. Taunton
4. Attleboro	20. Gloucester	36. North Attleboro	52. Tyngsboro
5. Beverly	21. Greenfield	37. Northampton	53. Uxbridge
6. Boston	22. Hanover	38. Northbridge	54. Wareham
7. Brookline	23. Haverhill	39. Orange	55. Webster
8. Cambridge	24. Holyoke	40. Paxton	56. Westfield
9. Chelmsford	25. Lawrence	41. Pittsfield	57. Westford
10. Chelsea	26. Leominster	42. Provincetown	58. Westport
11. Chicopee	27. Littleton	43. Quincy	59. Weymouth
12. Danvers	28. Lowell	44. Revere	60. Williamstown
13. Dartmouth	29. Ludlow	45. Rockland	61. Worcester
14. Duxbury	30. Lunenburg	46. Salem	
15. Easthampton	31. Lynn	47. Somerville	
16. Easton	32. Medfield	48. Spencer	

In 2025-2026, HLC will continue the DDA designations of the Barnstable County communities, and the communities located in the Brockton, MA, HMFA, made in the 2011 QAP.

HLC will determine the extent of the basis boost (up to 130%) for a project or a building within a project in the communities listed above, based on a given project’s financial feasibility. HLC’s decision to permit a basis boost will not necessarily apply to other projects or buildings in the same community if the basis boost is not needed for financial feasibility. The per-unit eligible basis caps are described in Section IX of this QAP and will still apply. Sponsors of credit projects located in a community not currently designated as a DDA may contact HLC if they believe the community should be included on the designation list. HLC will require the sponsor to submit substantial documentation before it will evaluate such requests.

It also is important to note that legislation enacted by Congress in 2000, and subsequent years provided changes to the amount of the Commonwealth’s per capita allocation of credit, beginning with legislation passed in December 2000 that provided \$1.75 in per capita allocation authority to each state, subject to regular cost-of-living increases. In January 2019, pursuant to Congressional authorization, the per capita allocation authority was raised again. In calendar years 2025-2026, state allocating agencies were instructed to use \$2.60 as the multiplier to calculate their per capita authority. the new multiplier was released by the IRS in Revenue Procedure 2021-45 (November 2021). For 2025, the multiplier has been set at \$3.00.

In addition to providing a per capita increase, the December 2000 legislation required all states to incorporate certain changes in their annual Qualified Allocation Plans. Based on an advisory memo to all state allocating agencies from the National Council of State Housing Agencies (NCSHA),

then-DHCD incorporated the following program changes in the 2002 QAP. These changes remain in effect in the 2025-2026 QAP.

- In accordance with the December 2000 law, the QAP must give preference to projects located in qualified census tracts, the development of which contributes to a concerted community revitalization plan. (Note: the Commonwealth of Massachusetts QAPs historically have given preference to such projects.)
- In accordance with the law, the QAP requires every tax credit applicant to submit a market study of the housing needs of low-income individuals in the area to be served. A non-related party approved by HLC must conduct the study at the developer's expense.
- In accordance with the law, HLC will continue its practice of conducting regular site inspections to monitor compliance. (Note: HLC inspects projects at least once every three years.)
- In accordance with the law, HLC will make available to the general public a written explanation of any allocation not made "in accordance with the established priorities and selection criteria of the agency."
- In accordance with the law, HLC will permit sponsors of tax credit projects that receive allocations "in the second half of the calendar year" to qualify under the ten percent test within six months of receiving the reservations, regardless of whether the 10% test is met "by the end of the calendar year". (Note: developers who receive reservations during the first half of a calendar year must meet their ten percent deadline by the end of the calendar year, or by an earlier deadline established by HLC.) In addition, and in accordance with NCSHA's recommended industry practices, HLC will require that developers provide a certified accountant's opinion relative to the ten percent test. The accountant's opinion must be in the format established by National Council of State Housing Agencies.

Section V. The Massachusetts State Housing Tax Credit

Since 2001, the state housing tax credit has been a highly effective source for Massachusetts affordable housing projects. The annual allocation authority available to DHCD or HLC has fluctuated over time. DHCD initially received annual allocation authority of \$10 million. Later legislative actions subsequently increased DHCD's allocation authority from \$10 million to \$20 million, then temporarily to \$40 million. In October 2023, Governor Maura Healey signed into law a tax relief bill that permanently raised HLC's state credit annual authority to \$60 million. Under this QAP, HLC expects to fully allocate the \$60 million in authority each calendar year.

Under successive QAPs, HLC has established limits on per-unit and per-project state LIHTC requests. While HLC may entertain some exceptions, sponsors should limit their state credit requests as follows:

- * \$ 500,000 for projects with 40 or fewer units
- * \$ 800,000 for projects with 41 to 60 units
- * \$1,000,000 for projects with 61 to 100 units
- * \$1,500,000 for projects greater than 100 units

Sponsors should note that HLC typically will make exceptions to the limits listed above only if projects are very large-scale or have unusually compelling characteristics. In addition, during 2025 and 2026, HLC reserves the right to limit each sponsor to no more than one state credit award per competition.

During 2025-2026, the selection process for state credit projects fundamentally will be the same as the selection process for federal 9% credit projects. The sponsors of multifamily rental projects may request an allocation of state credit in combination with federal credit. It is important to note that state credit typically will be allocated in lieu of a portion of federal credit which the project might otherwise receive.

In advance of the 2025 and 2026 funding rounds, sponsors of projects seeking state credit should contact HLC to discuss the raises they hope to achieve from the sale of the credits. At present, HLC expects sponsors to raise at least 80¢ per state credit dollar.

Sponsors should note that an eligible investor may claim each dollar of state credit allocated for a five-year period. In accordance with the process set forth in Section XII of this document, HLC may elect to issue binding forward commitments during 2025-2026.

As indicated, the state LIHTC has been an enormously successful affordable housing resource. DHCD/HLC has awarded the credit to hundreds of projects located in every region of Massachusetts.

Section VI. The Need for Affordable Housing in Massachusetts

A. Summary of the Challenges

The need to increase the supply of affordable rental housing in Massachusetts has been well-documented for over a decade. The imbalance between supply and demand has been studied and analyzed extensively. The demand/supply imbalance existed long before the onset of the COVID-19 pandemic in 2020. The effects of the pandemic on the production of affordable housing are still being felt – increasing the overall imbalance between supply and demand, and specifically increasing the burden on lower income households. The imbalances are greatest among very low-income and extremely low-income individuals and families. The imbalances vary from region to region but are most extreme in the Boston metropolitan area.

As noted, pandemic impacts have resulted in even greater need for the production of more affordable housing and for preservation and rehabilitation of the existing affordable stock. The pandemic and its after-effects have impacted both supply and demand for affordable rental housing. The reasons for the imbalance are well-known; the solutions are challenging.

The efforts to increase the supply of affordable housing are hampered by all the following factors:

- Supply chain disruptions still affecting many industries, including residential construction, and causing price increases in materials, as well as sometimes lengthy and costly construction delays and costs of labor increases.
- Labor shortages in key construction trades.
- The highest interest rates in decades, affecting many industries, including affordable housing development and construction.
- Zoning challenges to affordable housing projects in too many Massachusetts communities. While many communities actively support the development of affordable housing, too many communities still oppose affordable housing projects in this zoning “home-rule” state.
- Overall significant increases in the cost of producing or preserving more affordable housing in Massachusetts. Far too many projects cost as much as 30% or more to build in 2024 than they did in 2022 and 2023. The cost increases often result in project delays and sometimes result in developers walking away from projects.

The demand-side challenges include all the following factors:

- An increase in household formation in the state and thus in the number of households seeking units.
- An increased number of low-, very low, and extremely low-income households and individuals seeking scarce available units.

- A large increase in homeless families during the past two years, driven in part by national and/or global factors related to migration, resulting in even greater pressure on the existing supply of affordable and deeply affordable rental housing.
- Steep post-COVID increases in market rental rates in many Massachusetts communities.
- A decrease in the supply of affordable homeownership units, preventing hundreds of renters from purchasing homes and freeing up rental units.

B. Statistics on Need

Recent statistics help tell the story of affordable housing need in Massachusetts:

- From 2010 to 2020, the Massachusetts population grew by almost half a million people, or 7.4%. Over the same period of time, the state added 202,000 households, an increase of 7.9%. However, the number of housing units increased by only 190,000 or 6.8%. This mismatch, along with the growing share of unoccupied investment units, has resulted in a significant decline in the number of units for sale or rent, which fell from 74,000 in 2008-2012 to only 48,000 in 2018-2022. Only 1.6% of Massachusetts housing units were for sale or rent during the latter period. This fact creates intense demand for the units that are available, which allows landlords and sellers to command higher rental and sales prices. (Source: Decennial Census, American Community Survey)
- As a result of these factors, Massachusetts is one of the highest cost housing markets in the country. The median sale price for a single-family home or condominium in May 2024 was \$629,000 -- the third highest of any state. Median rent in eastern Massachusetts and on Cape Cod exceeded \$2,500 per month in May 2024, more than double the median rent in 2014. In central and western Massachusetts counties, where incomes are lower than they are in metropolitan Boston, median rents are above \$1,500 per month. (Source: Zillow)
- Almost four out of five extremely low-income (ELI) renter households are cost-burdened, spending more than 30% of their income on housing. Nearly 64% of ELI renter households are severely cost-burdened, spending more than half their income on housing. Severely cost-burdened and poor households are more likely than other renters to sacrifice necessities such as healthy food, health care, and medications in order to pay their rent. They also are more likely than other households to experience unstable housing situations including evictions and homelessness. (Source: National Low-Income Housing Coalition tabulation of 2022 American Community Survey data)
- Despite the great need for affordable rental housing, the number of low-cost rentals is diminishing statewide. A household earning \$45,000 per year (considered very low-income or extremely low-income, depending on household size) can afford an apartment with a gross rent of about \$1,100. After accounting for inflation, the

period from 2011-2021 saw a 77,000-unit decline in rentals available at that price point, equivalent to a 25% decline, even as the total number of rentals grew by 100,000 units. In 2011, low-cost rentals represented 41% of the market; by 2021, they represented only 29%. (Source: American Community Survey)

- The current shortage of rental units affordable and available for extremely low-income renters is estimated at over 170,000. Statewide, 39% of ELI renter households are seniors. An additional 20% of ELI renter households are not seniors but consist of families with a member with a disability. (Source: National Low-Income Housing Coalition tabulation of 2022 American Community Survey data)

These statistics -- and many more -- document the great need for increased production of affordable rental housing in Massachusetts. Among additional statistics are very lengthy waitlists for senior and family public housing units as well as the extremely high number of applicants for new affordable units located throughout the state. Developers often notify HLC that they have received as many as 600 to over 1,000 applications for new projects with 40-100 units.

But statistics do not capture the day-to-day realities of the supply/demand imbalances. The imbalance affects many aspects of life in the state. As one example, employers who are considering expanding a business or relocating a business to Massachusetts often express concern over where employees can afford to live and indicate that this concern is paramount in their decision-making.

In addition, it is clear that some younger workers are leaving Massachusetts in search of jobs in less expensive housing markets, including markets where they may have the chance to become homeowners. Meanwhile, the heaviest impacts of the supply/demand imbalance are being felt by individuals and families with the lowest incomes -- households who truly struggle to find affordable apartments and to pay for many necessities other than rent.

The task facing HLC during 2025 and 2026 is to invest wisely in LIHTC and subsidy projects that will increase the supply of quality affordable rental housing in Massachusetts.

Section VII. Set-Aside Categories for 2025-2026

After careful consideration, HLC will retain two set-asides for purposes of allocating the credit during 2025-2026: a set-aside for production projects and a set-aside for preservation projects. The set-aside categories apply to both the 9% and the 4% credit. As noted earlier, HLC expects developers of preservation projects to seek the 4% credit rather than the 9% credit.

The percentages of available credit established for each set-aside in 2025-2026 are goals rather than absolute minimums or maximums. In evaluating all projects and determining the most effective use of the available credit, HLC, in its sole discretion, may choose to modify the percentages established as goals for each set-aside.

The two set-aside categories for 2025-2026 are described in brief below.

1) Production set-aside -- 70% of the available credit

The need and demand for affordable rental units is directly linked to the shortage of supply. Through this set-aside, HLC intends to allocate the competitive 9% credit to support the production or creation of new affordable rental units. However, developers also may structure production projects using the 4% credit. All applications for new construction and adaptive re-use projects will be evaluated in the production category. In addition, applications for rehabilitation will be evaluated in this category if:

- a) The units have been vacant for two or more years; or
- b) The units have been condemned or made uninhabitable through fire damage; or
- c) The project previously was non-residential in use.

Seventy percent of the credit available for allocation in 2025-2026 is intended to support production. The minimum project size will be twelve units.

2) Preservation Set-Aside -- 30% of the available credit

Thousands of affordable housing units currently exist in privately owned Massachusetts properties. Developers often are able to gain control of these properties and submit them to HLC for LIHTC consideration. To encourage preservation applications, HLC historically has included a preservation set-aside in its annual Qualified Allocation Plan. Consistent with past practice and with its ongoing commitment to preservation, HLC is including a preservation set-aside in the 2025-2026 QAP and is requiring sponsors of preservation projects to structure their applications as tax-exempt bond transactions using 4% credits. Working with MassHousing or MassDevelopment, sponsors of preservation projects should be able to structure a tax-exempt bond/4% application in lieu of a 9% application. All sponsors of preservation projects should anticipate that only the 4% credit will be made available for their applications.

In addition, sponsors should review the preservation section of this QAP with care and should contact HLC with any questions. In any 2025-2026 competition, preservation projects in need of 4% credit and HLC subsidy will be considered under this set-aside only if the projects qualify under at least one of the subsections described below and in the section of the QAP entitled “The Massachusetts Preservation Matrix”.

In brief, sponsors should evaluate proposed preservation projects in accordance with the subsections below:

- a) *The housing is at risk of loss due to market conversion.* Typically, projects qualifying under this subsection will be existing affordable housing projects whose owners are able either to opt out of the Section 8 subsidy contract or prepay the existing mortgage financed through HUD, MassHousing, or Rural Development. In addition, some projects are reaching the end of their 30- or 40-year government-financed mortgages, or government use restrictions. If these projects are converted to market, the units will continue to exist but will be lost from the Commonwealth's inventory of affordable housing. In some cases, this will result in the displacement of existing residents through steep rent increases. Many of these projects fill a critical need for their residents and community, given the lack of other affordable housing in rapidly gentrifying communities. The replacement costs would far outweigh the cost to the state of preserving the existing stock. In general, projects will not be considered for funding under this set-aside unless they can be converted to market within 36 months. Rare exceptions may be made for particularly valuable projects in the strongest market areas.
- b) *The housing is at risk of loss due to physical condition or financial distress.* A project in poor physical condition may be at risk of condemnation or other governmental action to close the property. A property in financial distress has experienced serious cash flow problems that will likely lead to foreclosure. HLC will evaluate an application to preserve a project in poor physical condition based on a capital needs assessment included in the OneStop+ submission. The assessment must describe how all the major capital needs of the project will be addressed. Applications to assist projects in financial difficulty must demonstrate that the financing, property management, and asset management plans will be sufficient to ensure the project's ongoing financial stability. In general, projects will not qualify for funding under this set-aside unless the capital needs assessment indicates a minimum rehabilitation expenditure of \$30,000 per housing unit. However, sponsors should note that all HLC resources are in high demand, and that HLC may cap the resources available to support a given preservation project.
- c) *The application represents a time-limited opportunity to purchase existing affordable housing.* In some cases, a preservation sponsor may have the opportunity to purchase a property due to a seller's need or desire to sell at a particular time. A purchase under Chapter 40T would also qualify under this subsection. While they may represent desirable transactions, projects qualifying as preservation projects under this subsection generally will rank lower than projects qualifying pursuant to subsections a and b above.

HLC intends to award its most valuable resources, including the 4% credit, to the projects that are at greatest risk of loss, or that represent an extraordinary opportunity to purchase and preserve a valuable property. In addition to the threshold criteria in Section X, and the competitive scoring criteria in Section XI, HLC will take into account the "Priority Matrix for Preservation Properties",

included in Section VIII. The matrix was revised in the 2018-2019 QAP. The revisions remain in effect for 2025-2026.

Within the preservation set-aside, the minimum project size will be twelve units, although HLC expects that most or all applications in this category will represent fairly large-scale projects. There is no maximum project size in this category, although the availability of resources may well restrict project size. Limits on cost, basis, and allocation amounts are described in a later section of this allocation plan. HLC subsidy limits are described in the section of this plan entitled “The Competitive Scoring System”.

Sponsors seeking HLC allocations within the preservation set-aside should note that preservation projects, like production projects, must meet all eligibility and scoring criteria set forth in this QAP. Preservation sponsors should note HLC’s ongoing commitment to supporting sustainable development with an emphasis on projects located near major public transit as well as extensive retail and commercial opportunities and services. Preservation sponsors also should note the new design requirements, within this QAP, including the requirement that the design and scope of projects must be consistent with the current goals of Enterprise Green Community Certification standards.

HLC recognizes that certain preservation transactions are too large to fit within the normal funding limits yet represent projects of scale well worth preserving. From time to time, if resources are available, HLC is prepared to accept very large-scale preservation applications on a rolling basis. Such applications typically must represent projects that will include more than 500 units. Such applications also must include significant awards of local funds from the communities in which the projects are located.

It is likely that some applications will be submitted for projects that include both production and preservation units, as defined in this QAP. If the majority of the units in a project qualify for the production set-aside, HLC will evaluate the project in the production category. Conversely, if the majority of the units qualify for the preservation set-aside, HLC will evaluate the project in the preservation category.

Non-profit set-aside:

Federal law requires that at least 10% of the credit available in 2025-2026 be allocated to projects involving “qualified non-profit organizations”. HLC will meet the 10% requirement by allocating credit to such organizations through the set-aside categories described in this section.

Historically, HLC has allocated at least half of its 9% credit authority to qualified non-profit organizations.

To be considered a “qualified non-profit”, an organization must:

- * Meet criteria described in Section 501(c)(3) or (4) of the Internal Revenue Code and be exempt from payment of taxes under Section 501(a);
- * Have as one of its exempt purposes the fostering of low-income housing; and

- * Not have a prohibited affiliation with, or be controlled by, a for-profit organization, as determined by HLC.

Sponsors must include in the tax credit application the necessary certification to substantiate qualified non-profit status. HLC will make the required non-profit determination after reviewing the certification.

In order to count toward the 10% set-aside, a qualified non-profit organization, in accordance with Section 42 of the Internal Revenue Code, must:

- * Own an interest in the project, directly or through a partnership; and
- * Materially participate (on a regular, continuous, and substantial basis within the meaning of Section 469(h) of the Internal Revenue Code) in the development and operation of the project throughout the tax credit compliance period.

In addition, qualified non-profit developers -- with or without material participation -- must have a right of first refusal to acquire a tax credit project after year 15, in accordance with Section 42 of the code.

Whether projects fit into the production or preservation category, they must include characteristics that make them worthy of consideration by numerous housing and development standards. HLC is intent on allocating its extremely valuable resources, the 9% and 4% credit, only to the strongest possible applications. The following statements describe some of the characteristics HLC seeks to encourage and reward through the scoring system, regardless of project type:

- The project will fill a genuine, documented need, readily supported by available market information.
- The project will provide affordable family housing in an area of opportunity.
- The project will provide enhanced accessibility and visitability for persons with disabilities beyond the minimum required by law.
- The completed project will include units reserved for individuals or families earning less than 30% of area median income, including individuals or families making the transition from homelessness.
- The completed project will contain elements of green, carbon-reducing, sustainable, and climate resilient design and will promote conservation of energy resources.
- The completed project will be consistent with the goals of the Enterprise Green Communities certification standards and will include other characteristics consistent with the Commonwealth's climate change goals. Post-construction, sponsors will be expected to submit required documentation to Enterprise Green Communities to achieve certification.
- The completed project will have a positive impact on the surrounding neighborhood.
- From an architectural perspective, the completed project will be compatible with the surrounding neighborhood.

- Consistent with fair housing policies, the completed project will offer expanded opportunities to racial, ethnic, and other groups protected under fair housing laws who are underserved in the community in which the project is located.
- The units, including the affordable units, will be well-designed, desirable places to live.
- The developer will have made every effort to secure strong local support for the project.
- The development team has the financial strength to carry out the project.
- The development team has an excellent record in affordable housing development and management.
- The developer is committed to diversity within members of the development team.
- The project sponsor (and, if identified, the contractor) has an excellent record in utilization of MBEs and WBEs and in making employment opportunities available to a diverse workforce.
- Whether new construction or rehabilitation, the intended scope of work is appropriate for the proposed project.
- The total development cost of the project is reasonable, both in the context of industry standards and in the context of public perception.
- The developer's fee and overhead are consistent with HLC's written standards.
- Specific categories of project costs are reasonable, including estimated hard costs, estimated soft costs, and projected operating costs.
- The amount of public subsidy to be invested in the project is reasonable: typically, less than \$100,000 per affordable unit, unless the project primarily is a special needs and/or supportive housing project.
- No member of the development team will profit unduly from participating in the project.
- The project meets a recognizable public purpose.

In addition, as described in Section I of this document, each application submitted during 2025-2026 must meet at least one of the five priority categories for funding and must have been pre- approved for submission by HLC.

Section VIII. The Massachusetts Preservation Matrix

Background:

HLC (previously DHCD) is a long-time member of the Massachusetts Interagency Working Group (IWG),¹ which meets periodically on preservation issues. Several years ago, as part of the effort to prioritize preservation projects seeking scarce public resources, the IWG created a priority preservation matrix. Broadly speaking, the goal of the matrix is to help various stakeholders understand which characteristics of preservation projects best fit with the funding priorities of HLC and other Massachusetts public lenders.

In Massachusetts, the term “preservation” is used in a general sense to describe any occupied project with an affordable housing component and use restrictions. But the characteristics of preservation projects can vary significantly. The Commonwealth’s overarching goal is to preserve as many affordable projects and units as possible. However, at any given point in time, some preservation projects, because of their underlying characteristics, are more in need of scarce public funding than other projects. The preservation matrix is intended to set forth the characteristics that are most important for funding purposes during a particular time period – often the calendar years governed by the tax credit Qualified Allocation Plan.

While the matrix identifies the preservation project characteristics that will be granted priority for funding consideration by the public lenders, it is important to note that priority status does not guarantee funding for a given project. All preservation projects seeking tax credits and/or other HLC resources must conform to the various thresholds and scoring criteria contained within the 2025-2026 QAP.

In Massachusetts, preservation projects typically are funded with 4% tax credits, tax exempt financing, and junior debt. At present, the demand for tax-exempt financing from preservation sponsors - as well as from production sponsors – significantly exceeds the annual volume cap available for multifamily projects. At this time, neither Mass Housing nor MassDevelopment is able to provide tax-exempt financing within a given calendar year to every sponsor who seeks it. Other sources that can be used to support preservation projects, including the state LIHTC and certain state bond programs, also are highly stressed. The demand for these sources significantly exceeds the financing that will be available in 2025-2026.

HLC will consider the total amount of state-controlled subsidy per affordable unit (including federal and state LIHTC equity) as a factor in making funding decisions on preservation projects. HLC also will carefully scrutinize the proposed acquisition, rehabilitation, and soft costs for projects seeking higher amounts of state-controlled subsidy per affordable unit. Preservation projects that exceed \$200,000 per affordable unit in state-controlled subsidies (including tax credit equity) will be especially scrutinized.

The first section of the attached matrix identifies four priority eligibility criteria for preservation projects in Massachusetts. As part of any funding consideration, HLC and its quasi-public affiliates

¹ IWG members include HLC, MassHousing, Massachusetts Housing Partnership, MassDevelopment, Community Economic Development Assistance Corporation (CEDAC), Massachusetts Housing Investment Corporation, and the City of Boston.

will rank each project based on one of the four priority criteria. Although many preservation projects may meet more than one priority criterion, the public lenders will rank each project against a sole criterion and will select the highest priority criterion for a given project. If a project does not meet one of the four priority criteria, it is highly unlikely that it will be considered for funding from HLC and/or its quasi-public affiliates during 2025-2026.

If a project meets one of the four priority criteria, HLC and the quasi-public agencies will use the additional guidance in the matrix to further evaluate the priority status of the project, relative to the Commonwealth's multiple preservation goals. The additional guidance identifies six additional criteria for preservation projects that will be evaluated. As indicated, only those projects that meet one of the four priority eligibility criteria will be further evaluated against the six additional criteria.

While it can be challenging for sponsors of preservation/rehabilitation projects to fully achieve green, sustainable, and climate resilient goals, HLC expects all sponsors to incorporate Enterprise Green Communities standards into their approach to rehabilitation. Sponsors are urged to incorporate other green and sustainable development characteristics as well. As part of the application process, both preservation and production sponsors will be required to submit a one-page narrative from their architects to HLC, describing the approach they have used to achieve green, sustainable, and climate resilient design.

Examples of Preservation Decisions Based on the Matrix:

The following examples are intended to help stakeholders understand the matrix:

Project A is a 100-unit family preservation project located in a strong market with use restrictions expiring in 2025. Despite the strength of the market, the property is financially troubled, although able to maintain loan payments. Using the first section of the preservation matrix, HLC and its quasi-public affiliates rank this project as a category I/tier I project (although the project also qualifies as a category I/tier 3). Moving on to the second section of the matrix, HLC and its quasi-public affiliates assess the extent to which the project addresses the six additional evaluation criteria. The sponsor intends to seek pre-development and acquisition assistance from CEDAC as well as funding through HLC's competitive rental rounds. The sponsor is directed to proceed with preparing various funding applications.

Project B is a 100-unit family preservation project located in a weak market with use restrictions expiring in 2028. The project is in need of rehabilitation but is not at risk due to its physical condition. The owner of the project typically is able to meet its debt service covenant. The owner intends to seek tax-exempt financing and 4% credits during 2025-2026 in order to re-syndicate and recapitalize the project. However, HLC and its quasi-public affiliates make the determination that this project does not fit within any of the four priority funding categories of the matrix and should not be considered for tax-exempt financing and 4% credits during 2025-2026. Unless the availability of volume cap to support tax-exempt financing increases dramatically during these calendar years, resources will be insufficient to support a preservation project that does not rank well against matrix criteria. HLC and its quasi-public affiliates strongly encourage the project owner to evaluate the feasibility of taxable financing, including through one of the quasias.

The updated preservation matrix is included on the following page.

ELIGIBILITY CATEGORY		TIER 1	TIER 2	TIER 3
I.	Risk of Loss to Market Conversion¹ in Next 5 Years Ability to Increase Rents Substantially Through Conversion to Market Housing.	Strong rental market with no legal impediments to conversion to market rate.	Market is strong enough for potential conversion to market. No legal impediments to conversion to market rate.	Weak market, legal restrictions, or inability of project to compete for market rate tenants.
II.	Risk of Loss Due to Physical Condition²	Probable loss of the property in the next 2-4 years due to condemnation or government action. Significant code and safety issues.	Significant code and safety issues that present a risk to tenants and/or threaten the long-term viability of the property.	Extensive capital needs
III.	Risk of Loss Due to Financial Viability³ Analysis based on 3 years of financials.	Lender has declared or threatened to declare a default due to a payment default by the current owner.	Property income is insufficient to pay debt service and basic operating expenses plus required reserve deposits, requiring contributions from other sources.	Property is financially troubled, but able to maintain loan payments and basic operating expenses plus required reserve deposits.
IV.	Unique Acquisition Opportunity⁴	Unique opportunity to purchase a project at a below-market price due to seller motivations, or opportunity as 40T designee.	Sale price based on present value of reduced income stream – value will increase as expiration date approaches.	Property for sale – no particular economic benefit to purchase at this moment.

Other Factors to Evaluate in Prioritization of Preservation Projects

- Amount of state-controlled subsidy (including LIHTC) per affordable unit needed to preserve the property

Project is eligible for funding primarily under Eligibility Category _____ and qualifies as Tier _____

- Degree to which affordability is preserved or enhanced, especially for ELI residents, relative to the current affordability level
- Duration of new use restrictions
- Risk of tenant displacement
- Location of the project in an Area of Opportunity
- Location of the project within a comprehensive neighborhood revitalization plan

¹ Need to evaluate regulatory issues, marketability of project, conversion costs, etc.

² Factors to consider: Year facility was built, number of years since last rehab, annual replacement reserve contribution, total reserves balance

³ Factors to consider - vacancy, municipal liens, sponsor financial condition, property management quality

⁴ Availability of non-state resources to take advantage of the opportunity is important

Section IX. Recommended Cost Limits

In prior Qualified Allocation Plans, the Massachusetts LIHTC allocating agency – the Department of Housing and Community Development – included recommended costs limits for LIHTC projects. The limits were based to a large extent on analyses of actual project costs as included in final OneStop+ submissions to HLC and/or its quasi-public affiliates. In the 2025-2026 QAP, the Executive Office of Housing and Livable Communities is not including recommended limits. The high cost of developing affordable housing in Massachusetts has been of great concern to HLC and its network of quasi-public affiliates for well over a decade. The ongoing effects of the COVID-19 pandemic have resulted in even higher housing development costs in Massachusetts. While there is reason to believe that certain key costs may stabilize during the next year, that has not happened yet. . Until that happens, it is unlikely that HLC will release new recommended cost limits. At this time, new limits, by definition, would be based on very high post-pandemic costs which presumably will decrease at some future time.

While costs vary from region to region within the state, industry experts agree that all regions are affected by high development costs. It is critically important that state housing agencies, municipal government officials, developers, architects, contractors, and consultants continue working together to find ways to address the cost challenges. These agencies and entities previously have worked together, with some success, to address these challenges. The current challenges, both directly and indirectly related to the ongoing impacts of COVID-19, include all the following factors, which have increased the cost of development:

- Supply chain disruptions
- Material shortages
- Labor shortages in certain regions of the state
- Extremely high interest rates
- Significant construction schedule delays
- Zoning and permitting delays

While construction costs clearly have been impacted by the pandemic, it is important to note that soft costs often have been impacted as well.

HLC evaluates every affordable housing application to determine whether proposed costs, line by line, are reasonable. HLC also determines whether total development costs and public resource requests are reasonable. In the evaluation process under this QAP, HLC will give favorable consideration to applications that have reasonable costs, in a post-COVID environment, as compared to other applications. While all projects continue to be impacted by post-COVID factors, some sponsors have been more successful than others in managing project costs and in ensuring that their projects are not over-designed. Over the course of the next 12-24 months, HLC anticipates that the current cost environment may stabilize. As indicated, when that happens, HLC reserves the right to issue new recommended cost limits as a modification to the 2025-2026 QAP. Until that happens, however, sponsors of extremely high-cost projects should anticipate that HLC is likely to deny their applications in favor of less expensive projects that are able to meet design criteria as well as other evaluation criteria.

Under this QAP, HLC will continue its practice of requiring sponsors to provide written explanations of high-cost line items to the HLC and quasi-public review teams. All sponsors are encouraged to carefully review the various design requirements included in later sections of this QAP, as well as in the appendices related to design and scope.

DRAFT

Section X. Threshold Criteria for 2025-2026 Tax Credit Applications

During any 2025-2026 competition, HLC, through its pre-application process, will first establish that an application meets at least one of five priority categories for funding, as described in Section I of this document. HLC then will evaluate each tax credit application in accordance with threshold criteria, followed by competitive scoring criteria, totaling [____] points. Unless an application meets all the threshold criteria set forth in this section, HLC will not review the application in the competitive scoring categories. In addition, each applicant must submit a narrative addressing the project's ability to satisfy the threshold requirements.

The twelve threshold criteria that all applications must meet are as follows:

Threshold #1:	Conformance with Set-Aside Categories
Threshold #2:	Quality of Site
Threshold #3:	Evidence of Local Support or Local Processing
Threshold #4:	Creditworthiness of Sponsor/Owner
Threshold #5:	Evidence of Site Control
Threshold #6:	Identification of All Financing Sources
Threshold #7:	Status of Compliance Monitoring of Other Tax Credit Projects
Threshold #8:	Good Standing with Respect to Other State Housing Programs
Threshold #9:	Commitment to a Thirty-Year Term of Affordability
Threshold #10:	Tenant Supportive Services
Threshold #11:	Inclusion of Units for Extremely Low-Income Persons or Families
Threshold #12:	Fair Housing Narrative

The requirements included in each threshold criterion are as follows:

Threshold #1: Conformance with Set-Aside Categories

Each project submitted to a 2025-2026 competition must meet at least one of five priority funding categories as well as the criteria for either the production or the preservation set-aside. The production set-aside, described in detail in an earlier section of this plan, includes a minimum project size of twelve units. At least 65% of the units in a proposed production project must have two or more bedrooms, and at least 10% of the units must have three bedrooms. HLC will permit exceptions on the number of bedrooms only if efficiency or one-bedroom units are appropriate for the intended residents. (For example, assisted living projects primarily will include efficiency or one-bedroom units and will not be subject to the two-bedroom requirement. An exception to the bedrooms requirement also will be made for single room occupancy projects.)

The preservation set-aside also is described in detail in an earlier section of this plan. The minimum project size in this category is twelve units. There is no maximum project size in this category. HLC encourages the preservation of projects that include units suitable for families, but also encourages the preservation of projects consisting primarily of one-bedroom units for rental by older households. Other preservation projects are predominantly single room occupancy units for rental by individuals with special needs.

Threshold #2: Quality of Site

The quality of the site is one of the most fundamental aspects of any housing project. Like other lenders, both public and private, HLC ideally wishes to fund only those projects in outstanding locations, on problem-free sites. However, in reality, many tax credit applications represent existing, occupied residential properties located on sites that are acceptable, but not ideal. Additional applications represent abandoned or distressed properties that previously were occupied by tenants or homeowners. The sites of these properties also may be less than ideal.

HLC anticipates that some 2025-2026 applications will represent occupied or previously occupied HUD properties. If HLC were making the decision on quality of site, it might not agree with the decision already made by the U.S. Dept. of HUD. Since an entire class of applications includes sites that have been accepted by the federal housing agency, HLC has elected not to evaluate “site” as a competitive category in 2025-2026.

However, every 2025-2026 application submitted for consideration still must include a site acceptable, by HLC standards, for the proposed housing use. Sponsors should review their sites in light of the Commonwealth’s sustainable development principles and ongoing emphasis on sustainability in projects. Although site characteristics that are generally consistent with the sustainable development principles may be present more often in urban areas, HLC believes that there are opportunities for housing development in all communities. Infill sites near services and transportation, buildings for adaptive re-use, former commercial or industrial sites, and other “smart growth” opportunities exist in rural and suburban communities. HLC encourages the development of projects in such locations, especially since such projects tend to offer greater opportunity to underserved racial and ethnic groups.

Before preparing a OneStop+ affordable housing application, each tax credit sponsor should contact HLC’s tax credit staff to schedule a site review. HLC will presume that a site is acceptable if it currently is the location of an occupied housing project, with no significant change proposed to the tenant group to be served. However, HLC strongly encourages developers to make enhancements to the existing site and project that are consistent with green and sustainable design. If scheduling permits, HLC staff will conduct an on-site assessment. To schedule a site review, the tax credit sponsor should contact HLC at least one month prior to the competition deadline for submitting applications. With less than one month's notice, HLC may not be able to conduct a site visit prior to the competition deadline.

Threshold #3: Evidence of Local Support or Local Processing

In an ideal world, every affordable housing project would have the support of two key constituencies: its neighbors and the elected leaders of the community. Unfortunately, many projects lack local support, whether from the owners of abutting properties, local elected officials, or both. In some cases, support may be withheld for good reasons; in other cases, support is unreasonably withheld.

In general, HLC encourages applications from tax credit projects that have full local support. In certain circumstances, sponsors may submit applications for HLC’s credit authority for projects that are not locally supported. If sponsors cannot demonstrate local support, they must instead demonstrate through a written narrative included in the OneStop+ application substantial efforts to respond to local concerns and obtain the chief elected official's support. If HLC is not satisfied

that the sponsor has made every reasonable effort to obtain support, HLC will reject the tax credit application.

With respect to local contributions, numerous projects submitted for tax credit consideration are located in municipalities that have their own funds through federal sources (i.e., Community Development Block Grant monies, the HOME Program, etc.), or through other sources. For projects located within such municipalities, HLC typically requires a local contribution of funds in order for the project to receive tax credit consideration. However, if HLC determines that local support or local contributions have been unreasonably withheld despite reasonable efforts by the sponsor/owner to obtain support, HLC will consider alternative proposals by the sponsor to support project costs through other non-state funding sources.

Threshold #4: Creditworthiness of Sponsor/Owner

HLC will accept tax credit applications from sponsoring entities that are creditworthy by HLC standards. The standards of creditworthiness include the following:

- 1) The debt obligations of a partner or other principal of the sponsor entity and the proposed mortgagor/owner entity are paid current,
- 2) No involuntary liens exist against property owned by the partner or other principal;
- 3) The partner or other principal of the sponsor entity and the proposed mortgagor/owner entity has not failed to respond to a public filing such as a lien or a judgment;
- 4) The sponsor entity and the proposed mortgagor/owner entity (including any affiliates) have not experienced any event(s) of foreclosure over the past five years.
- 5) The sponsor entity and the proposed mortgagor entity (including any affiliates) have not declared bankruptcy.

In general, a corporation will not be considered creditworthy if there are tax liens against the corporation, its affiliates, its subsidiaries, or its properties. In addition, if there is a bankruptcy lien against the corporation, it will not be considered creditworthy. HLC also will determine whether a corporate sponsor is current in payments to its creditors and will require a certificate that all state tax payments are current. HLC will require that a sponsor certify that all of the standards of creditworthiness listed above have been satisfied as part of the OneStop+ application submission package.

HLC will examine the financial strength of a project sponsor using financial statements submitted by the sponsor. Financial statements must be no more than one year old. An audit will be required for corporations, but not individuals.

Criteria for financial review include the following: The current ratio (current assets divided by current liabilities) must be greater than one. The liabilities to net worth ratio must be less than four. Net worth must be positive, and there must be no “going concern” issue raised by the sponsor’s auditors or reviewers. HLC staff will ascertain whether the amount of unrestricted cash on hand appears sufficient to cover fixed operating expenses. Sponsors may submit explanations for

variations from these criteria, and HLC will consider these explanations in assessing the financial capacity of a project sponsor.

Threshold #5: Evidence of Site Control

The project sponsor must be able to demonstrate full control of all land and buildings included in the project through a fully executed agreement such as an option agreement, a purchase or sale agreement, or another similar instrument. The instrument demonstrating site control must include a sales price and an expiration date. The expiration date of the instrument should extend at least six months beyond the tax credit application deadline. Ownership of a note and assignment of a mortgage when combined with other factors may constitute full site control in certain limited circumstances.

The “Competitive Scoring System” section of this QAP discusses the Internal Revenue Code requirement for incurring costs which meet the so-called ten percent test. Property acquisition often serves as a substantial portion of these costs. If a project sponsor receives a tax credit reservation and later cannot meet the ten percent test, HLC risks losing the credits. In order to avoid this potential outcome, HLC always attempts to ascertain that sponsors have full site control of all properties included in their respective projects.

HLC will consider all relevant circumstances in determining whether the site control threshold has been satisfied.

Threshold #6: Identification of All Financing Sources

In the OneStop+ affordable housing application, the sponsor of each tax credit project must identify funding sources sufficient to cover all development and operating costs. The sponsor may not be able to submit firm financing commitments for all sources by the application submission deadline. However, at minimum, the sponsor must submit documentation demonstrating a strong interest from each financing source. All sponsors are expected to submit strong letters from lending sources and a tax credit syndicator or investor. During 2025-2026, HLC will place particular emphasis on the letters from syndicators and investors.

Threshold #7: Status of Compliance Monitoring of Other Tax Credit Projects

Many development team members submitting projects for 2025-2026 consideration previously have participated in the development of tax credit projects that now are occupied. These projects may already have been monitored to determine compliance with Section 42 of the Internal Revenue Code. HLC will not accept 2025-2026 applications for tax credits if the proposed development team includes members who are affiliated with existing projects for which Form(s) 8823 (“Low Income Housing Credit Agencies Report of Noncompliance”) have been issued for material and/or continuing non-compliance. In addition, HLC may decide not to accept applications from developers of tax credit projects financed in previous years with outstanding compliance monitoring fees due to the agency. These restrictions apply to all members of the development team. (Ownership and management of a project constitute an affiliation.) Before submitting a 2025-2026 application, a sponsor must verify that all team members can meet this threshold requirement.

Threshold #8: Good Standing with Respect to Other State Housing Programs

Many development team members submitting 2025-2026 tax credit applications have participated in other HLC-assisted projects. All key members of a development team seeking 2025-2026 tax credits must be in good standing with HLC with respect to other HLC-assisted projects. As one example, many tax credit developers have used state HOME assistance. If a developer – or other key team member – participated in a state-assisted HOME project that has been monitored and determined to be out of compliance, HLC may decide not to accept a 2025-2026 tax credit application from a team that includes this team member.

As another example, if a key team member has not made satisfactory progress on an earlier HLC-assisted project, HLC may decline to accept a 2025-2026 tax credit application that includes this team member. Developers of tax credit projects financed by HLC in previous years will not be considered in good standing with the agency unless compliance monitoring and/or tax credit processing fees have been paid in full for all their existing projects. Before submitting a 2025-2026 tax credit application, the sponsor must determine that the following members of the team are in good standing with HLC: consultant; architect; contractor; management agent; attorney. Obviously, the sponsor also must be in good standing with HLC.

Threshold #9: Commitment to a Thirty-Year Term of Affordability

The sponsor of each 2025-2026 application must commit to at least a 30-year term of affordability (45 years if applying for Massachusetts State Low Income Housing Tax Credits). With respect to affordability, the sponsor must commit:

- To maintain the tax credit project as low-income rental housing for at least 30 years (45 years if applying for Massachusetts State Low Income Housing Tax Credits); and
- To offer to the state an opportunity to present a “qualified contract”, as such term is defined in Section 42 of the Internal Revenue Code, for the purchase of the project after expiration of the term of the tax credit regulatory agreement.

Each tax credit project owner will be required to sign a Tax Credit Regulatory Agreement and Declaration of Restrictive Covenants (“the Agreement”) before receiving the IRS Form(s) 8609. In the Agreement, the owner will be required to submit to HLC a written request one year before expiration of the term of the Agreement (i.e., applicable term of affordability) for HLC to procure such a qualified contract.

Threshold #10: Tenant Supportive Services

Sponsors of some tax credit projects -- including but not limited to assisted living projects, other senior projects, and federal Choice Neighborhoods projects -- provide extensive supportive services for their tenants. At these projects, the cost of services often is included in the project operating budget, although many sponsors also are able to secure additional service funding from private sources. At other tax credit projects, developers – especially non-profit developers -- work with neighborhood groups, churches, local schools, and local employers to attempt to create opportunities for their tenants. The services ultimately available at these projects are not part of the project operating budget but may prove highly beneficial to both tenants and owners over time. In the 2025-2026 Qualified Allocation Plan, HLC is requiring each applicant for credit to provide

a narrative with the OneStop+ funding application describing services available in the community to the existing or future tenants of the project. Developers do not necessarily have to pay for the services but must identify the services and indicate how they will notify tenants, on a regular basis, of opportunities for further education, employment training, and other important services.

In 2017, then-DHCD established the requirement that sponsors of senior projects provide services appropriate for the intended tenants. Any developer seeking funds for senior housing projects in 2025-2026 must provide a highly developed service plan for the tenants who will live in the project. HLC wishes to ensure that this potentially vulnerable population -- frail seniors -- is provided with housing, but also with the services necessary to ensure their safety and enhance their quality of life. With respect to senior housing, HLC's priority is to provide support for those projects serving persons aged 62 and older.

Threshold #11: Inclusion of Units for Extremely Low-Income Persons or Families

HLC requires sponsors of 2025-2026 tax credit applications to reserve a minimum percentage (16%) of the total number of units in their projects for persons or families earning no more than 30% of area median income. **Sponsors should note that the percentage has changed under this QAP.** If a sponsor is using tax exempt financing and 4% credits for a mixed-income project with at least 50% of the units at market rates, the sponsor must reserve 15% of the total affordable units for persons or families earning no more than 30% of the area median income.

Many tax credit sponsors are able to provide more than 16% ELI units in their projects but typically can do so only if they are able to secure sufficient federal or state project-based assistance. Without rental assistance, most ELI tenants simply cannot pay even an affordable rent. HLC encourages tax credit sponsors to seek alternative sources of federal or state project-based assistance to support additional ELI units, including rental assistance available through local housing authorities as well as Section 811 project-based assistance.

Threshold # 12: Fair Housing Narrative

Each sponsor must provide a narrative describing how the project location and type, tenant selection plan, and other applicable policies and procedures will further HLC's Fair Housing Principles as provided in Appendix D. The narrative also should clearly describe the efforts that will be made to ensure affirmative fair housing marketing and outreach to those households and individuals least likely to apply for the affordable units within a project.

Each tax credit applicant must submit a narrative addressing the project's ability to satisfy all threshold requirements listed above and on the preceding pages.

Section XI. The Competitive Scoring System

During the 2025-2026 funding competitions, HLC first will evaluate all tax credit applications to confirm that they fit within at least one of the five priority funding categories established for the pre-application process. HLC will further evaluate all applications in accordance with threshold criteria described in the preceding section, then in accordance with two sets of competitive criteria, totaling 186 points. The two sets of competitive categories are:

- I) Fundamental Project Characteristics -- 100 points
- II) Special Project Characteristics -- 86 points

As indicated, the five priority funding categories and the threshold criteria are set forth in detail in preceding sections of this plan. The components of the two competitive scoring categories -- fundamental project characteristics and special project characteristics -- are described in this section of the QAP.

All LIHTC sponsors should note that HLC has made numerous changes within this document to the design/scope evaluation components of both fundamental project characteristics and special project characteristics. The changes have been made to further align HLC's climate change goals with the overarching climate change goals of the Healey-Driscoll Administration. The need to respond to climate change is a societal imperative, and the Healey-Driscoll Administration is deeply committed to actions that will support its climate change goals. On behalf of the administration, HLC intends to invest valuable public funds to support the production or preservation of projects that are green, carbon-reducing, sustainable, and climate resilient. In return for HLC's substantial investment in projects, HLC expects all members of development teams to thoughtfully and carefully pursue green, carbon-reducing, sustainable, and climate resilient goals, and to design projects that respond to the clear and ongoing threats posed by global climate change.

As HLC invests valuable public resources in affordable housing projects, it will evaluate the projects to ensure that they are in compliance with any and all applicable mandates contained within climate-related executive orders issued by successive governors. In addition, HLC expects sponsors seeking LIHTC to ensure that the design and scope of their projects comply with the certification requirements in the current Enterprise Green Communities (ESG) standards for new construction and rehabilitation. All LIHTC projects receiving HLC awards under this QAP must meet Enterprise Green Communities Certification Standards. After project completion, sponsors must obtain ESG Certification for the project type.

Section XI-A. Fundamental Project Characteristics

A total of 100 points is available in this category, which includes five fundamental components of any affordable housing project, regardless of type. The five fundamental components, valued equally at 20 points each, are:

- A. Financial Feasibility
- B. Design/Scope
- C. Development Team
- D. Marketability
- E. Readiness to Proceed

Each of the five components of “fundamental project characteristics” is described in detail below and on the following pages. Each tax credit application must score at least 12 points in each of the five components of fundamental project characteristics. If an application scores fewer than 12 points in any of the five categories, it will not receive an allocation of tax credits during 2025-2026. Nor will the application be evaluated for points available in the “special project characteristics” section of this document. If an application scores at least 12 points in each of the five categories, totaling at least 60 points, it will be evaluated and scored in the second competitive category, “special project characteristics”.

As noted, the design section of “fundamental project characteristics” has been revised to provide even stronger emphasis on the importance of green, carbon-reducing, sustainable, and climate resilient design. Requirements for healthier interior environments, including continuous mechanical ventilation, have been strengthened in these revisions. In preparing revisions, HLC has worked with numerous interested parties, including Massachusetts architects, developers, consultants, municipal officials, other public lenders, state environmental officials, and other climate change experts. Many interested parties and sustainability experts have contributed to HLC’s decisions on how best to modify design and scope requirements during the ongoing era of global climate change.

The “special project characteristics” section of this QAP also has been revised to strongly encourage sponsors to incorporate more green, carbon-reducing, sustainable, and climate resilient elements into their projects. In addition, the checklists included as attachments to this QAP have been modified to conform to the new design and scope requirements. HLC now will require all sponsors to evaluate the design components of their projects: (1) to ensure conformance with the current Enterprise Green Communities Certification Standards; and (2) to obtain ESG certification post-construction completion. HLC strongly encourages sponsors of new construction projects to evaluate the benefits of designing to standards that will result in Passive House certification. With very few exceptions, HLC will mandate the use of electric heating and cooling in all new construction and adaptive re-use projects whose sponsors seek HLC funds. LIHTC sponsors and their architects should pay close attention to all the design and scope modifications within this 2025-2026 QAP and should contact HLC’s Division of Housing Development with any questions.

Senior Housing:

Under the prior QAP, HLC made changes to the criteria it uses to evaluate the design of LIHTC projects intended to serve seniors age 62 and older. The criteria also will apply, in part or in full,

to projects intended to serve individuals and households age 55 and older. The changes in the prior QAP will remain in effect under this QAP. Several years ago, at the request of the Governor's Council on Issues Related to Aging, HLC incorporated a senior housing design checklist (Appendix M) to the QAP. All sponsors of senior projects must submit the completed checklist and incorporate the required aspects of the checklist into the design of their projects.

DRAFT

A-1. Financial Feasibility -- 20 points total; 12 points required minimum

The information contained in the OneStop+ Affordable Housing Application must demonstrate to HLC's satisfaction that the proposed project will be financially feasible during construction and after completion and occupancy. The sponsor/owner must include in the application solid evidence of financing commitments from construction and permanent lenders and from other sources required for project financial feasibility. The terms of the commitments must be acceptable to HLC. The sponsor/owner also must include a comprehensive letter of interest (LOI) from a syndicator or investor acceptable to HLC.

Subordinate Debt and Other Non-HLC Sources:

Most, if not all, LIHTC sponsors will include non-HLC junior debt in their projects. In addition to construction and permanent financing and equity, HLC expects the OneStop+ application to include documentation indicating that junior debt from non-HLC sources is in place. Further, in historic credit applications, sponsors must confirm in the OneStop+ that all historic approvals -- federal, state, and local -- are in place. If state historic credit is part of the project, sponsors must confirm that they have received at least two-thirds of the anticipated state award amount. Some sponsors may include private non-HLC sources in their projects. If so, these sources also must be documented in the OneStop+.

Project Operating Assumptions:

Sponsors must submit OneStop+ applications indicating that assumptions regarding debt service coverage, cash flow, and long-term operating projections are consistent with industry standards and acceptable to HLC.

Qualifications of Syndicator/Investor:

Sponsors who seek federal LIHTC must commit to selecting a syndicator and/or investor acceptable to HLC. In determining whether a syndicator/investor is acceptable, HLC will take into account whether the syndicator/investor (including its principals and any affiliated entities) has been:

- Considered to be in default in meeting federal, state or local requirements with regard to a low-income housing tax credit (LIHTC) project in Massachusetts or any other jurisdiction by a lender or financier, investor, or federal, state, or local government agency;
- Investigated, audited, or examined by the Internal Revenue Service, Rural Housing Services (i.e., Farmers Home Administration), U.S. Department of Housing and Urban Development, or a state housing finance agency;
- Involved in a LIHTC project which experienced reductions in associated financial resources such that the project was not able to meet its planned capital needs;
- Involved in a LIHTC project subsequently found by a court to be in violation of a LIHTC statutory or regulatory requirement or covenant
- Found by a court to have caused actionable harm, damage, or loss to a LIHTC project, partner, or sponsor, or to have violated or breached a LIHTC requirement, covenant, or partnership obligation, 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;
or
- Found by a court to have committed fraud, actionable misrepresentation, breach of a duty of good faith and fair dealing, or bad faith conduct.

Prior judicial findings against a party will be considered in the evaluation of the party's fitness as a potential project partner within the LIHTC program. HLC will not penalize any party's mere exercise of legal rights, including the right to have LIHTC partnership disputes resolved through litigation, but will strongly consider patterns of behavior resulting in repeated negative findings by courts or government agencies.

DRAFT

A-2. Fundamental Design Characteristics -- 20 points total; 12-point minimum required score

As indicated, the design section of this QAP has been revised to further promote HLC's goals related to green, carbon-reducing, sustainable, and climate resilient development. It is widely accepted among scientific experts that climate change and global warming are phenomena of extreme significance, and that the world's energy systems are in transformation. Therefore, it is incumbent on all tax credit allocating agencies and the delivery systems they work with to carefully consider how best to design and build publicly assisted housing projects during an unprecedented period of environmental uncertainty. Certain changes related to these matters have been incorporated into this 2025-2026 QAP -- in this section, in the "special project characteristics" section, and in the appendices related to design and scope. HLC is committed to making further changes on a regular basis, in response to changing technologies and sound data on best practices.

HLC has included the following requirement related to design in the OneStop+ funding submission:

- Each sponsor with an approved pre-application who intends to submit a full OneStop+ funding application to an HLC competition during 2025 or 2026 also must submit a one-page narrative and a brief checklist prepared by the project architect, describing the team's approach to green, carbon-reducing, sustainable, and climate resilient design. The narrative and checklist must be submitted by email to catherine.racer@mass.gov, with a copy to rebecca.frawley@mass.gov. The narrative and checklist must be submitted by the deadline on which the OneStop+ applications are due. (Note: The checklist is included in this document as an appendix.)

The design elements and the proposed scope of work for each 2025-2026 tax credit project will be reviewed by architects under contract to HLC, to determine whether the scope and costs are appropriate. In addition, the architects will evaluate the design and scope of work for each project to determine:

- Whether the project meets, at a minimum, the Massachusetts Stretch Energy Code requirements (regardless of whether the project is located in a stretch code community);
- Whether the project conforms with current HLC design requirements, including consistency with the requirements of Enterprise Green Communities Certification standards, and all applicable laws, regulations, and energy code and building code requirements, including those specific to accessibility;
- Whether the project complies with energy efficient fixtures and appliances, such as building envelope/air sealing standards and EPA's Energy Star guidelines;
- Whether the owner/developer has incorporated material selection consistent with promoting a healthful interior environmental quality;
- Whether the owner/developer has incorporated mechanical ventilation measures to provide fresh air and control humidity in order to promote good interior air quality;
- Whether the project has been designed to be "solar PV ready" for new construction and substantial renovation projects with flat roofs and suitable solar exposure;

- Whether the site layout and site design adequately address environmental issues (wetlands, nearness to active waterways, impact to wildlife, presence of hazardous materials, etc.); parking needs (including provisions for transformer capacity and locations for future E-Vehicle charging stations); stormwater management; appropriate usable open space; outdoor improvements appropriate for the target population, visitability, etc.;
- Whether the architectural and site design, as well as project impact on nearby sites, is appropriate, given community standards and the surrounding neighborhood, as well as the project site;
- Whether proposed amenities are sufficient, appropriate for the target population, but not excessive;
- Whether the project has incorporated certain aspects of “universal design” to increase the functionality of the project to the widest range of residents possible and to allow residents to age in place (see attached checklist in Appendix K and in Senior Housing Development checklist (Appendix M);
- Whether the owner/developer has provided for sufficient construction oversight, building envelope testing, and building system commissioning as required for certifications and to ensure that the efficiency measures are properly installed and adjusted;
- Whether the owner/developer has employed effective cost management techniques in the design process, including but not limited to integrated project delivery methods, significant involvement by a contractor or professional cost estimator early in the design process, cost-effective building approaches (such as modular construction, innovative but proven building materials, etc.).
- Whether the owner/developer has applied for, or plans to apply for, all utility subsidy and rebate funding programs applicable to the project (i.e., LEAN Energy rebates, Mass CEC rebates, etc.);
- Whether the project exceeds state and local code-mandated regulations for water conservation requirements (maximum 1.28-gallon toilets, low-flow devices at showerheads and faucets, etc.). The sponsor should identify which aspects of the project go beyond state/local regulations;
- Whether the owner/developer of projects located within one-hundred-year flood plains have designed the MEP equipment to be raised sufficiently to protect vital building operations and to generally address climate resilience including flooding, if relevant, extreme heat/cold, and power outages.
- Whether the project meets “dark sky” lighting standards;
- Whether the project provides space and an operation plan for households for recycling of paper, plastics, and metals.

HLC strongly encourages project designs that incorporate site planning strategies, exterior envelope design, detailing, and mechanical system technologies to achieve energy efficiency. Demolition, renovation, and new construction processes that result in waste reduction and conservation of resources are strongly encouraged. Building materials that are local in origin and durable, that incorporate recycled content, and that avoid toxic materials and manufacturing processes are strongly encouraged. Sponsors must submit the completed forms to demonstrate compliance with the Enterprise Green Communities Certification standards.

Accessibility Requirements:

Sponsors also must submit the accessibility checklist found in Appendix K in order to enable HLC's reviewing architects to better evaluate the accessibility proposed for each project. The Executive Office strongly urges all developers to incorporate universal design features into their projects. Sponsors must meet mandatory HLC requirements that are intended to maximize visitability beyond code requirements. As reflected in Appendix K, HLC believes that universal design and visitability can be incorporated into numerous preservation projects, particularly adaptive re-use projects, without substantially increasing costs. Sponsors of adaptive re-use projects should strive to meet the MAAB Group I standards that are applicable to new construction.

Preservation Projects and Capital Needs Analyses:

Sponsors of renovation and adaptive re-use projects must submit a capital needs analysis prepared by a qualified professional no more than two years before the OneStop+ application. The analysis must provide a detailed capital improvement inventory and projected costs for repair or replacement over a 20-year period.

Additional Requirements:

In order to be considered eligible for tax credit funding, all units should be built with two distinct features:

- Capacity for internet access in each dwelling unit (preferably configured in a fashion that gives residents access to multiple internet providers).
- Capacity for TV services (cable, satellite, or fios).

Costs associated with installing internet/TV capacity are eligible development cost expenses.

HLC Design Requirements:

Several years ago, the Department of Housing and Community Development (now HLC), worked with other state housing agencies to develop certain design requirements for multi-family rental projects. The requirements are updated from time to time. They offer important guidance on specific aspects of design. Sponsors and architects are encouraged to review the current design requirements included as an appendix to this document, as well as all design information included in this section. In general, during the evaluation process, HLC will follow the HLC design requirements (or more stringent local requirements), as appended, with respect to the minimum unit and room square footage and dimensions, minimum counter space, etc., for tax credit projects.

With respect to the rehabilitation of existing structures, these minimum standards are intended as guidance and should be met wherever possible. The Executive Office recognizes that, in some cases, constraints such as existing partitions, walls, plumbing, or excessive construction costs will prevent compliance with these standards. If sponsors determine that it is not feasible to comply with all the HLC design requirements, they should provide an explanation in the tax credit application.

Construction Cost Pro Formas:

During 2025-2026, HLC will again require that sponsors include in their applications a construction cost pro forma prepared by a qualified contractor or a qualified construction cost consultant. HLC also will require that all sponsors of preservation projects submit a letter from the project's first mortgage lender supporting the construction cost pro forma and the proposed scope of work and confirming that such costs cannot be funded in part through a mortgage increase. In addition, as already noted, in accordance with industry recommended practices, sponsors of preservation projects must submit a capital needs assessment and a 20-year replacement reserve analysis that support the scope of proposed improvements to HLC's satisfaction. A qualified licensed architect, engineer, or qualified capital needs assessment provider must perform this analysis.

In cases where the developer and the general contractor are affiliated, a qualified but unrelated third-party contractor or qualified construction cost consultant must prepare the construction cost pro forma. Related party contractors are subject to the maximum allowable builder's profit and overhead and general requirements indicated in the program guidelines as well.

A-3. Development Team -- 20 points total; 12-point minimum required score

The key members of the development team are the owner/developer; the consultant; the architect; the contractor; the management agent; and the attorney.

As part of the LIHTC review process, HLC will evaluate all key members of the development team to determine past performance, demonstrated capacity, and ability to develop projects of the proposed scale. All sponsors seeking LIHTC and subsidy should note that the Healey-Driscoll Administration is committed to diversity, equity and inclusion in all aspects of government. The Administration's goals apply both to investments in affordable housing and to the composition of development teams.

HLC will review the background of the key team members to determine the following:

- Successful experience in developing tax credit projects
- Successful experience participating in HLC-assisted projects
- Financial strength and capacity
- Physical and financial condition of other properties developed by the sponsor/owner
- Inclusion within the developer/sponsor entity, as well as other entities within the development team, of minority professional staff
- Documented efforts to further increase diversity among team members
- Inclusion of SOMWBA-certified Minority/Women's Business Enterprise members on the team as sponsor/owner; management agent; contractor; architect; consultant
- Track record of sponsor/owner, contractor, architects, and other team members in M/WBE utilization (Sponsors must complete M/WBE checklist attached as an appendix to this document.)
- Outreach/utilization plan for M/WBE participation in the proposed project (Sponsors must complete M/WBE checklist attached as an appendix to this document)
- Sponsor/owner's experience participating in the Massachusetts New Lease initiative to house homeless families
- Sponsor/owner's experience in successfully leasing units through Section 811
- Sponsor/owner's agreement to participate in Housing Navigator and to promptly list projects and vacancies on the statewide Housing Navigator platform, in accordance with agreements with HLC
- Sponsor/owner's track record in maintaining required data on Housing Navigator

The intent of this scoring category is to identify those teams capable of financing and developing complicated tax credit projects and managing the projects successfully after completion and occupancy. The scoring in this category will reflect whether members of the team currently own or manage troubled properties. The scoring also will reflect whether members of the team recently have been involved with other HLC-assisted projects that have not progressed to HLC's satisfaction. In addition, the scoring will reflect whether the team includes members who are M/WBE certified in Massachusetts by the State Office of Minority and Women Business Assistance (SOMWBA). HLC also will evaluate whether the sponsor/owner has included minority professionals within its organization and is able to document efforts to increase diversity among members of the development team. The scoring will reflect whether the sponsor/owner previously

has helped especially vulnerable populations by participating in the New Lease initiative and/or by leasing units through Section 811.

General Contractor Evaluation Requirements:

To determine the application score in this category, HLC will evaluate the capacity of each key member of the team as identified in the OneStop+. Sponsors of tax credit projects should note that they have two options with respect to identifying a general contractor:

- 1) A sole contractor can be listed in the OneStop+, and HLC will evaluate the capacity of that contractor as part of the scoring process; or
- 2) The names of up to three possible general contractors can be listed in the OneStop+, and HLC will evaluate all three entities for scoring purposes. If the sponsor chooses this option, the score for the contractor will be the average of the scores for each of the three entities listed.

It is important to note, again, that contractors must be in good standing with HLC. Further, contractors must agree to conform their business practices with the Administration's "Responsible Contractor Guidance", included as an appendix to this QAP. The guidance will apply to projects that receive HLC awards after January 1, 2025. Selected subcontractors also must be in good standing with HLC and its quasi-public affiliates. Whether the sponsor chooses to make the final selection of a contractor before or after submitting the tax credit application, certain subcontract bidding processes must be followed to HLC's satisfaction. If a general contractor is selected before the project is submitted, the sponsor will have to demonstrate at a later time that subcontractors were selected through a process demonstrating competitive pricing of construction. This requirement will be a condition in the tax credit reservation letter. If sponsors elect to choose a contractor after receiving a tax credit reservation, they must select the lowest qualified bidder from a pool of at least three bidders and must document the selection process to HLC's satisfaction. Again, this requirement will be a condition in the tax credit reservation letter.

Regardless of which approach the sponsor selects, HLC will require a submission describing bidding procedures later in the tax credit process. Sponsor/owners should note that the general contractor selected for the project must submit an independent cost certification to HLC following the completion of construction.

The Healey-Driscoll Administration is committed to encouraging apprenticeship opportunities in development projects supported by Commonwealth investments. HLC will award additional points in the evaluation of the development team if the general contractor(s) identified in the OneStop+ application can demonstrate:

- Successful participation in a "registered apprenticeship program" under the Division of Apprentice Standards of the Massachusetts Executive office of Labor and Workforce Development in at least two Massachusetts affordable housing projects since 2020.

Management Agent:

As indicated, it is important that the management agent be in good standing with HLC. In order to ensure that management entities remain in good standing, HLC reserves the right to require tax credit compliance training as a condition of its funding award.

DRAFT

A-4. Marketability-- 20 points total; 12 points required minimum

Unless a market exists for the proposed project, the project will fail. The sponsor/owner identified in each 2025-2026 tax credit application must include in the OneStop+ application a detailed market study prepared by a qualified professional acceptable to HLC. This Internal Revenue Service requirement applies to all projects, whether production or preservation. Sponsors who propose to incorporate income tiering into their projects must ensure that the market study addresses the proposal.

The National Council of Housing Market Analysts (NCHMA) has adopted Model Content Standards detailing its standards for definitions and content in a housing market study. These standards can be found on the web at: http://services.housingonline.com/nhra_images/Final%20Model%20Content%20V%203.0.pdf

HLC will accept membership in the NCHMA organization as an indication that the market analyst is a qualified professional acceptable to the Executive Office. HLC strongly encourages sponsors to direct their market analyst to produce a market study consistent with NCHMA Model Content Standards.

If, during the course of its review, HLC determines that the market study submitted with the application is inadequate, HLC will require the sponsor/owner to submit a new market study. An application that includes a market study that does not confirm the viability of the proposed project will in all likelihood not score the minimum points required in this category. The market study included in the application should address need and demand in the specific housing market, including typical sales prices, rental rates for various types of projects, and vacancy rates. The market study should include the sponsor/owner's analysis of why the proposed project will be competitive.

As part of the determination of marketability, HLC will conduct an independent evaluation of housing need. This evaluation will investigate the project's marketability including whether the project is located:

- a) In a community in which the public housing waiting list exceeds, by a ratio of three to one, the total number of existing federal and state public housing units available for the proposed population (not including units occupied by federal or state rental assistance certificate holders); or
- b) In a community in which there is no public family housing; or
- c) In a community where the rent burden for many individuals or households is greater than 30%. Rent burden is defined as the median percentage of gross income spent on housing in the community in which the proposed project is located.

Sponsors of projects for populations with special needs and/or persons with disabilities should carefully address the anticipated demand for the proposed project and the reasons why the project will be attractive to the particular consumer group(s). This requirement applies also to projects intended to serve seniors. Sponsors of these projects must include a resident social services plan acceptable to HLC. (HLC recognizes that some tenants will bring services with them and HLC

will accept evidence of such services.) HLC will place special emphasis on the market study for assisted living applications. Given the marketing issues that some assisted living projects have encountered, HLC may require significant additional documentation from sponsors of such projects. It has become clear over time that assisted living projects are particularly challenging to market and to operate successfully. Sponsors of new assisted living projects will have to make an exceptional case to HLC as to why their projects should be considered for tax credits and other HLC resources.

HLC also will review the proposed rent structure for every project. In general, the proposed rents will be compared to rents for comparable, unassisted units in the subject market. HLC also may consider such market factors as home sales, rentals, and average vacancy levels. Additional factors to be evaluated include, but are not limited to, the sponsor's comparables submitted with the OneStop+ application and/or market study information, media ads, etc. In determining the feasibility of the projected rents, HLC will use Section 8 contract rents only if satisfactory evidence of a housing assistance payments contract is included with the OneStop+ application. If an executed payments contract is not included, HLC will compare the proposed rents to the lower of the current HUD FMR for the area or to comparable market rents for the area.

HLC also will evaluate the sponsor/owner's marketing and outreach plan. All sponsor/owners should include a detailed plan with their respective applications. The plan must indicate how the sponsor intends to market to and attract underserved populations to the project, including persons with disabilities and minority households. It is HLC's expectation that sponsors will use social media, if appropriate, to reach out to these populations.

Sponsors also should note that they must list their projects, once marketing begins, on the Housing Navigator platform, to which HLC provides ongoing support. (Further details on Navigator are included in the executive summary.) During the past three years, thousands of Massachusetts consumers, property managers, owners, public officials, and advocates have accessed the Navigator platform to identify vacant and affordable units.

A-5. Readiness to Proceed -- 20 points total; 12 points required minimum

Project readiness is a critical component of HLC's evaluation process for LIHTC applications. HLC's goal is to award LIHTC and HLC junior debt to projects whose sponsors will be able to move quickly to full financial closings and construction starts.

HLC will evaluate numerous factors in determining whether a project is ready to receive a LIHTC award and move quickly to closing. The OneStop+ application should include evidence of substantial progress in areas including but not limited to land use and zoning approvals, environmental and historic reviews, ability to close on sources of financing, etc. All applications for projects seeking tax credits should include an ASTM Phase One environmental site assessment for all properties in the project and any other applicable environmental reviews, including but not limited to lead, asbestos, and radon testing. For properties located in historic districts or designated as buildings having historical significance, the sponsor/owner must include in a narrative the status of required historical approvals and evidence that the Massachusetts Historical Commission review process is underway or completed.

Sponsors of historic projects must have received federal Part I and Part II approvals in order to be fully competitive in the readiness evaluation. HLC also expects sponsors who require state historic credits to have received a high percentage of the total state historic allocation in order to be competitive in "readiness" and other scoring categories.

A sponsor seeking tax credits for a project that requires a comprehensive permit under Chapter 40B should note that HLC will not issue a reservation of tax credits until the sponsor has been granted the comprehensive permit from the local zoning board of appeals and until the requisite appeals period has ended with no appeal filed.

During 2025-2026, HLC will give special consideration in this scoring category to projects submitted during a previous competition(s) but not selected for funding, if HLC determines that the project sponsors have addressed all issues that prevented them from receiving an earlier allocation.

IRS Requirements and Readiness:

As part of readiness, the sponsor/owner of each tax credit application must demonstrate to HLC's satisfaction the ability to meet the Internal Revenue Code ten percent test and to receive a carryover allocation in timely fashion. The ability of the sponsor to attract an investor obviously is critical to readiness. For projects receiving a reservation of tax credits in 2025-2026, the sponsor/owner must incur costs, no later than the close of the respective calendar year, which are more than ten percent of the project's reasonably expected basis. In keeping with recent amendments to the IRS Code, a sponsor/owner receiving a reservation of tax credits in the second half of the calendar years 2025-2026 will have an additional six months from the date of the 2025-2026 carryover allocation or binding forward commitment to meet the ten percent test. HLC recognizes that ten percent test deadlines could be further extended but, at this time, has decided to extend the ten percent test deadline by six months, rather than longer. Sponsor/owners must include with the OneStop+ a narrative that addresses the proposed costs to be incurred in meeting the ten percent test as well as an anticipated timeframe for meeting the test.

Section XI-B. Special Project Characteristics Scoring

HLC has designed this scoring category to encourage and reward projects that include some of the characteristics the agency would most like to support in affordable housing projects. The points in this scoring category are available to projects that include the following special characteristics:

- Official local support
- Contribution to a concerted community revitalization planning effort
- Inclusion of MBE/WBE members on the development team; inclusion of an acceptable MBE/WBE utilization plan; completed MBE/WBE checklist (refer to QAP appendices)
- Non-profit sponsorship
- Location in a community with less than 12% subsidized stock
- Persons with disabilities as intended consumers
- Special needs groups as intended consumers
- Location in an area of opportunity for families (jobs, services, good schools, etc.)
- Location in a rural community with special development challenges
- Conformance with Section 42 Code preferences
- Emphasis on green, carbon-reducing, sustainable, and climate resilient design
- Part of a comprehensive neighborhood planning effort
- Proximity to transit
- Enhanced accessibility

HLC values all of these project characteristics. The maximum points available per category are described on the following pages.

B-1. Official Local Support -- 2 Points Maximum:

HLC will award up to two points to any application with a letter of support from the chief elected official of the community to benefit from the tax credit project. The support letter must specifically endorse the proposed project. The number of points awarded in this category will depend, in part, on whether the chief elected official also commits local resources to the project. Municipalities with funds of their own are expected to commit resources. Small municipalities with no local funds for housing should contact HLC tax credit staff to discuss how they might provide support to the project, if not through local funds.

DRAFT

B-2. Contribution to a Concerted Community Revitalization Planning Effort – 6 points maximum

Many proposals for tax credit projects are part of neighborhood plans approved by municipal officials, housing production plans approved by HLC, and/or comprehensive local plans designed to enhance local residents' access to jobs, education, and/or health care. HLC encourages the submission of projects in areas addressed by municipal or state-approved plans or comprehensive local planning. HLC will award points in this category as follows:

- 2 points for projects to be developed in locations included in formal neighborhood plans, with revitalization components enhancing access to jobs, education, and/or health care that either have been approved by the chief elected official of the host municipality or have been developed with significant, demonstrated community input, with identified resources for revitalization. The formal written plan must delineate the neighborhood; should identify properties to be demolished or rehabilitated and sites to be redeveloped; and must provide information on current and proposed access to mass transit, retail and commercial opportunities, and necessary services; and must describe in detail the non-housing revitalization components, including a timeline and plan for completion.
- 2 additional points if the project is sponsored by a community-based non-profit entity certified by HLC as a Community Development Corporation under the provisions of Chapter 40H, providing that the non-profit has adopted a Community Investment Plan to undertake community development programs, policies, and activities, including non-housing activities.
- 2 points for a project to be developed in a location included in a housing production plan approved by HLC; or two points for projects to be developed in approved "Priority Development Areas" as determined by state agencies including MassDOT and the Executive Office of Housing & Economic Development.

Please note that projects will not be eligible for points for "inclusion in a comprehensive revitalization effort" unless the sponsor consents to enter into a written agreement with HLC to evaluate on a regular basis the effects of the development on the surrounding neighborhood. These reports will include tenant income demographics as well as reports on other community revitalization investments in the limited geographic area, concentrating on the investments potentially generated in part or in whole by the presence of the tax credit project.

B-3. MBE/WBE Membership on the Development Team -- 6 Points Maximum:

HLC is committed to expanding opportunities for individuals and entities that have not historically been able to participate in affordable housing development. If the project sponsor, general contractor, or management agent is certified by the State Office of Minority and Women Business Assistance (SOMWBA) as a Minority Business Enterprise (MBE) organization or a Women's Business Enterprise (WBE), HLC will award six points in this category. If another key member of the development team -- the architect; the developer's consultant; the contractor; the attorney; the accountant, the syndicator -- is SOMWBA-certified as MBE or WBE, HLC will award a maximum of three points in this category. It is important to emphasize that six points will be awarded only if the sponsor, contractor, or management agent is MBE or WBE certified by SOMWBA. No points will be awarded for development team members who are certified in trades not to be used at the proposed project nor will points be given for any subcontractors who are not under contract with the owner. All SOMWBA certifications must be current in order for the application to receive points in this category. Sponsors also must complete the M/WBE checklist in Appendix C in order to qualify for any points in this category.

B-4. Non-Profit Sponsorship -- 5 Points Maximum:

Section 42 of the Internal Revenue Code requires that each allocating agency award at least 10% of the annual credit available to projects sponsored by non-profit organizations. In addition to meeting the Section 42 requirements, HLC wants to encourage non-profit sponsorship of tax credit applications. These applications often represent community-based projects that have strong local support and are critical to the redevelopment of troubled neighborhoods.

In an ongoing effort to encourage qualified non-profits to develop affordable rental housing, HLC will award points within this category as follows:

- 5 points for a non-profit sponsor that has been certified by HLC as a community development corporation under the provisions of Chapter 40H. The sponsor must have the ability to develop a complex affordable rental housing project, either through in-house staff or through consultants expected to serve the project through completion into occupancy.
- 3 points: If a project is sponsored by a non-profit organization that previously has sponsored and successfully completed at least two LIHTC projects in Massachusetts, HLC will award three points in this category.

B-5. Persons with Disabilities or Special Populations as Intended Consumers – 8 Points

HLC will award points in this category to projects that offer units for persons with disabilities integrated into larger projects. HLC will award up to eight points to projects that offer no more than 15% of the total number of units for persons with disabilities -- either individuals or families with a household member with a disability. The points will be awarded only if the project design, amenity package, and services are appropriate for the population to be served. Sponsors should note that approval from the Executive Office of Health and Human Services will be required before HLC can provide certain subsidy funds to support tax credit projects with units for persons with disabilities.

HLC also will award points in this category to projects that serve other populations in need of support services. HLC was a member of the Governor's Interagency Supportive Housing Working Group (SHWG) that, between 2013 and 2015, was instrumental in helping achieve the SHWG's goal of creating 1,000 SH units in less than two years. HLC remains active in the Supportive Housing Production and Services Committee of the Interagency Council on Housing and Homelessness, and, in 2025-2026, HLC will continue its financial assistance to supportive housing projects. Under this QAP, HLC will provide up to eight points in this category for projects that provide units with services that are appropriate for special populations that may include, but are not limited to, persons with disabilities, including but not limited to homeless veterans, other homeless individuals or households with identified special needs, frail elderly to be served in service-enriched senior housing or assisted living facilities. The points will be awarded only if at least 20% of the units in the project are reserved for a special population and if the project design, amenity package, and population-specific services are appropriate for the population to be served.

B-6. Location in an Area of Opportunity-- 14 Points Maximum:

For purposes of allocating the credit in 2025-2026, HLC will use five priority funding categories, including location of a family project in an “area of opportunity”. HLC defines an area of opportunity in part as a neighborhood or community with a relatively low concentration of poverty based on U.S. Department of HUD data. In addition, HLC identifies an area of opportunity as a neighborhood or community that offers access to opportunities such as jobs, health care, high-performing school systems, higher education, retail and commercial enterprise, and public amenities. To determine whether a location is an area of opportunity, sponsors should use publicly available data such as employment statistics; location near mass transit, green space, and other public amenities; educational testing data; and so on. Sponsors also should confirm with HLC that their evaluation of an area of opportunity is consistent with HLC’s evaluation since the agency will make the ultimate decision.

To be eligible to receive points within this category, a family housing project typically must be located in a census tract with a poverty rate below 15%. Projects located in municipalities with overall poverty rates below 15% may also qualify for points within this scoring category. On a case-by-case basis, at its sole discretion, HLC will permit certain projects to receive points in this category if the poverty rate in the census tract and/or the municipality is 15% or higher, as long as the project is located in an area with compelling attributes that make the location desirable to renters.

To be eligible to receive points within this category, a family housing project also must include certain design characteristics: the project must be configured to contain at least 65% two-bedroom or larger units and at least 10% three-bedroom units, unless either percentage is demonstrated to be infeasible or unsupported by public demand.

If the thresholds described above have been met, HLC will award points within this category as follows:

Up to 8 points for strength of public school system:

Points will be awarded to family housing projects as follows based on the percentage of 10th grade students that score in the Advanced or Proficient categories using an average of the 3 MCAS tests (English Language Arts, Mathematics, and Science and Technology Engineering) as available at <http://www.doe.mass.edu/mcas/results.html>:

90% or above: 8 points
85% or above: 6 points
80% or above: 4 points
75% or above: 2 points

Up to 6 points for access to employment:

Points will be awarded as follows based on the proximity to jobs of the municipality in which the family housing project is located as defined by average vehicle miles travelled by commuter as

available at <http://www.mass.gov/hed/housing/affordable-rent/low-income-housing-tax-credit-lihtc.html>.

5 miles or less: 6 points

7 miles or less: 4 points

9 miles or less: 2 points

In addition, up to 4 points will be awarded in this category to projects located within .5 miles of a major public transit station, permitting ready access to employment opportunities.

Up to 2 points for access to higher education:

Two points will be awarded within this category to family housing projects located within two miles of community colleges and/or state colleges/universities within the University of Massachusetts system.

Up to 2 points for access to health care:

Two points will be awarded within this category to family housing projects located within one mile of a major health care facility, such as a hospital, an urgent care center, or a neighborhood health clinic.

The maximum number of points to be awarded in this category will be 14 points.

B-7. Rural LIHTC Projects – Maximum 4 points

HLC will offer up to four points in this category for LIHTC projects located in rural Massachusetts communities, often described as communities with population density of less than 500 persons per square mile. Housing developers face particular challenges in many of these communities, in part because they often lack the infrastructure available in larger Massachusetts communities, and in part because small rural communities often have very limited funds of their own to contribute to housing projects. However, the need for additional housing development in these communities is significant.

As noted, HLC will award up to four points in this category for LIHTC projects in communities that meet the density description above.

B-8. Conformance with Section 42 Code Preferences -- 3 Points Maximum:

In this category, the total number of points available to any project is three.

Extended Term of Affordability – Up to 3 Points Maximum

HLC will award three points in this category to applications whose sponsors commit to a term of affordability of 50 or more years. The extended term of affordability will be included in the project's regulatory agreement. If a project receives points in this category, HLC will not permit the term of affordability to be reduced at a later date.

Lowest Income Population to be Served – Up to 3 Points Maximum

HLC will award three points in this category to projects whose sponsors commit to renting at least 15% of the tax credit eligible units to individuals or families with incomes at or below 30% of area median income. If a project receives points in this category, HLC will require the sponsor's commitment to be included in the project's regulatory agreement. Units intended to count towards this set-aside must be clearly identified in the application in order for the project to earn points in this category.

Projects Located in Qualified Census Tracts – Up to 3 Points Maximum

HLC will award three points in this category to a project located in a qualified census tract, the development of which contributes to a concerted community revitalization plan, including investment in jobs, education, and/or health care. Internal Revenue Code 42 (d)(5)(C)(ii) defines "Qualified Census Tract" as any census tract designated by the Secretary of HUD in which 50 percent or more of the households have an income less than 60 percent of area median gross income or, in certain instances, there is a poverty rate of at least 25 percent. A concerted community revitalization plan may be formally adopted by a municipality or may be an action plan developed by the project sponsor in contact with one or more organizations within the community, provided that it addresses proposed investments in the community to improve residents' access to jobs, education, and/or health care.

B-9. Emphasis on Green, Carbon-Reducing, Sustainable, and Climate Resilient Design— 21 Maximum Additional Points

HLC is strongly committed to providing tax credits to housing projects that incorporate green, carbon-reducing, sustainable, and climate resilient features of design. To support these goals, HLC will award up to 21 points in the following categories for projects that meet the design criteria described in this section. However, sponsors should note that the green, carbon-reducing, sustainable, and climate resilient points are available only to projects already in compliance with Enterprise Green Communities Certification Standards. Further, points in this category are available only to projects that have achieved acceptable scores in the section of this document entitled “Competitive Scoring System”.

Sponsors and other development team members must note that HLC now requires all projects to meet both the Massachusetts Stretch Energy Code and to achieve Enterprise Green Communities Certification Standards as minimum threshold requirements. The Executive Office also is strongly committed to supporting enhanced sustainability in its LIHTC projects. To support these goals, HLC will award up to 21 points for green, carbon-reducing, sustainable, and climate resilient design in the following categories for projects that meet the design criteria described in this section.

A. Building Energy Performance – Up to 10 points

New Construction Projects, Gut Renovation, and Adaptive Reuse Projects	Rehabilitation Projects
	HERS index of 70 or less for each unit – 5 points
	HERS index of 60 or less for each unit – 7 points
Passive house pre-certification for New Construction – 10 points (or if built to Specialized Stretch Code standards)	EnerPHit ⁶ or PHIUS Core REVIVE Pre-Certification – 10 points

Projects designed and built to meet the current Massachusetts Specialized Stretch Energy Code will be awarded 10 points, regardless of whether the project is located in a Specialized Stretch Energy Code community or not. If not located in a Specialized Stretch Energy Code community, full documentation must be provided to HLC as evidence of compliance with the standard.

Sponsors of projects designed to meet Passive House certification standards must agree to provide HLC with appropriate reports, including annual per unit operating cost reports, for at least five years post-occupancy.

B. Electrification – Up to 4 points

- Electrification of heating and cooling (2 points)
- Electrification (non-resistance and/or highly efficient methods) of domestic hot water (2 points)

⁶ EnerPHit is the PHI Passive house certification designed specifically for retrofit projects.

C. Clean Energy Systems – Up to 4 points

- On-site solar photovoltaics⁷ (2-4 points will be awarded to projects in alignment with the Enterprise Green Communities evaluation approach outlined in criteria 5.3b)
- Solar hot water generation (2 points)
- Energy storage technology (note: must comply with most current fire-safe protective requirements for application of onsite energy storage) (1 point)
- Long Term Clean Energy power purchase agreement documentation or community aggregation documentation (1 point)

D. Reduced Embodied Carbon of Building Materials – Up to 3 points

- Concrete: Compliance with Carbon Leadership Forum Recommendations for Concrete Embodied Carbon Targets for low embodied carbon concrete (website: <https://www.clfboston.com/concrete>) (2 points)
- Insulation: Low embodied carbon exterior rigid insulation
 - Wood fiberboard (2 points)
- Reduce embodied carbon of major structure, enclosure, and hardscape materials consistent with LEED v.5 Materials and Resources guidelines in order to reduce the upfront carbon from building materials. This may include changes to building form/design approach as well as alternative material specifications as calculated per LEED guidance.
 - Reduction by 10% (2 points)
 - Reduction by 20% (3 points)

⁷

Solar ready roofs are already required by code on buildings up to five stories.

B-10. Enhanced Accessibility – 10 Points Maximum

Among the many aspects of design that are important to HLC are accessibility and visitability – both within projects and on the surrounding sites. While many projects are subject to code requirements relative to accessibility and visitability, HLC encourages sponsors, whenever possible, to provide additional accessible units not required under statute or code and to increase overall visitability. HLC will increase its subsidy per unit for additional accessible units. Sponsors of projects with enhanced accessibility and/or visitability may receive additional scoring points as follows:

- 5% or more Group 2 units (minimum 1 unit) in projects otherwise exempt from this requirement. Up to 4 points
- 10% or more Group 2 units in projects that are subject to 5% requirements. Up to 7 points
- 15% or more Group 2 units in projects that are subject to 5% requirements. Up to 10 points
- Provision of fully accessible common spaces in projects otherwise exempt from this requirement. Up to 4 points
- Group 1 units in adaptive reuse projects in existing buildings where Group 1 units are not otherwise required. Up to 4 points
- 5% of units outfitted with devices for vision or hearing-impaired residents. Up to 4 points
- Provision of minimum 2% units for visually impaired residents in addition to requirements for hearing-impaired residents. Equip with tactile and audible appliances, controls, and communications devices. Up to 2 points
- Provision of small/voice activated controls for lights and HVAC systems. Up to 2 points
- In Group 2 units, if not otherwise required by code, provision of one or more accessible means of egress directly to the outdoors (that do not include an egress stair with an area of refuge). Up to 2 points
- Provision of features of Universal Design (see Appendix K, Part B). Up to 7 points
- For projects that are not otherwise required to fully comply with Universal Design in Appendix K, Part B, but are complying with Universal Design. Up to 7 points

- For rehabilitation and reuse projects, provision of features of visitability beyond HLC mandatory requirements (see Appendix K, Part C). Up to 4 points
- Installation of HP accessible elevators in buildings where it is not otherwise required by state building code or other requirements. Up to 7 points
- Provision of a dedicated HP van accessible area for drop-off/pickup even if parking is not provided for all residents. Up to 3 points
- Provision of large storage closets to accessible units and common areas for convenient storage of mobility aids such as walkers and wheelchairs. Up to 3 points
- Provision of scuff guards, corner guards, kick plate protectors at Group 2 accessible units. 2 points
- Provision of “in-unit” laundry facilities at Group 2 accessible units. 2 points
- Compliance with CBH clearance dimensions on accessible units not otherwise required to comply with CBH guidelines. Up to 3 points

B-11. Proximity to Transit—6 Points Maximum

The economic development legislation enacted in January 2021 created the Transit Oriented Development Program (TOD). While this program contains elements of prior Massachusetts programs targeted to housing near transit, it also contains new or modified requirements. HLC administers the new TOD program in coordination with the Massachusetts Housing Partnership (MHP), as authorized in the legislation. Developers who are interested in TOD funds are required to discuss their projects with MHP staff before preparing pre-applications for HLC competitions.

Under this QAP, HLC anticipates making TOD funding awards of \$1 million to \$1.5 million per project with a typical maximum of \$75,000 in TOD funds per affordable unit. HLC reserves the right to make larger awards -- for example to larger-scale projects. Eligible projects typically must be located within .5 miles of an existing or planned transit node, defined as a subway station, commuter rail station, bus station served by multiple high-frequency bus lines, or a ferry terminal with safe and direct pedestrian or bicycle access between the proposed project site and the transit node. An eligible planned transit node must have an expected completion date on or before the expected occupancy of the proposed project. Projects also may be eligible if they are located between .5 and 1 mile of an eligible transit node and have other compelling TOD features, such as parking ratios of less than one space per unit or proximate secondary transit connections such as a public or private bus line. In accordance with the legislation, at least 25% of the occupants of projects assisted by TOD must have incomes no greater than 60% of AMI. In accordance with the legislation, preference will be given to projects located in communities most severely impacted by COVID. Sponsors of age-restricted housing will not be eligible to seek this resource but will be eligible to seek many other HLC resources in upcoming competitions.

A maximum of six points is available within this scoring category to LIHTC projects that meet the criteria and characteristics described above.

Section XII. The Application Process for Credit in 2025-2026

The Executive Office of Housing and Livable Communities typically awards the 9% credit through regularly scheduled competitive funding rounds. In winter 2025 and winter 2026, HLC will hold competitive funding rounds for the 9% credit and other rental resources. HLC also anticipates holding mini-round competitions in 2025 and 2026.

Pre-Application Process

HLC's pre-application process helps the agency identify projects that are at an early stage and not ready to proceed to competitive review. The process also helps HLC identify projects that have significant cost issues and need to be restructured. In general, it is HLC's belief that the process helps developers as well as the agency. HLC issued a NOFA for the winter 2025 funding competition in October 2024. Pre-applications for the winter 2025 rental funding competition were due on November 25, 2024. Full applications will be due on February 27, 2025. Projects must receive HLC approval through the pre-application process in order to be eligible for the February 2025 competition. Sponsors should refer to HLC's Notice of Funding Availability for the February 2025 competition to determine the pre-application and full application fee amounts for their projects.

HLC anticipates scheduling at least one additional funding competition in 2025. Any additional competitions will be available to highly ready production projects. HLC will announce details and deadlines for the additional 2025 competitions, including pre-application dates, through a Notice of Funding Availability (NOFA) in spring 2025. HLC also anticipates holding two funding competitions in 2026, with details to be provided in future NOFAs.

All pre-applications must be submitted online at: <https://massonestopplus.intelligrants.com>. The information requested in the pre-application is intended to confirm that a project will be ready to move quickly if selected for funding during a full competition.

2025 Winter Rental Funding Round:

The deadline for submitting applications for the winter 2025 rental funding round will be February 27, 2025. Sponsors may submit applications for the winter round only if they have received approval from HLC in the pre-application process. All funding applications must be submitted by the close of business on February 27, 2025, using the on-line OneStop+ affordable housing application.

Online applications received after the close of business on the submission deadline -- February 27, 2025 -- will not be reviewed. Prospective applicants are strongly encouraged to meet with HLC tax credit staff to discuss their particular projects prior to the pre-application deadline as well as the funding round deadline.

In addition to the submissions to HLC, each tax credit sponsor must provide a full copy of the OneStop+ application to the chief elected official of the municipality in which the project is located. Within 30 days of the submission deadline, the sponsor must submit to HLC a certification that an application identical to the submission to HLC has been delivered to the chief elected official. If at any time during the competition, HLC determines that the sponsor failed to fully comply with this requirement, HLC reserves the right to disqualify the sponsor's application.

Rolling Application Process for Massachusetts Projects:

The application process in Massachusetts for the 9% credit is a competitive process. HLC typically accepts applications for the 9% credit as well as the state LIHTC and HLC's subsidy resources during regularly scheduled funding competitions. From time to time during past years, HLC has accepted certain applications with very specific characteristics on a rolling basis. At this time, HLC reserves the right to consider accepting a very limited number of rolling applications, but, typically, only if the following conditions are met:

- (1) the project must include a very significant number of ELI units coupled with a very significant local match, and
- (2) the project must be located in a city or town with great numerical need for ELI units, and
- (3) the project must present a significant potential benefit to an underserved population;
- (4) HLC must determine that resources would permit a rolling application.

It will always be HLC's strong preference to evaluate projects within the context of a funding competition, rather than on a rolling basis. No sponsor should assume that HLC will make the decision to accept a rolling application.

Application Completeness:

Although most development projects change over time, and some projects change substantially, HLC must evaluate all project applications in a fair and equitable way. The OneStop+ application essentially is a "snapshot" of a project on the day of submission. Except as specifically outlined in the next paragraph, for purposes of threshold review and competitive evaluation, HLC will not accept the submission of additional documentation after the application deadline. Each project will be reviewed based on the materials contained in the OneStop+ on the deadline for all submissions.

During 2025-2026, HLC will make an exception to this policy for projects that receive favorable financing commitments during funding competitions conducted by other public-purpose lenders. HLC will consider these new commitments in its review process during the 2025-2026 tax credit competitions if they are submitted before final scoring has occurred. In addition, at its sole discretion, HLC may contact tax credit applicants after the application deadline to seek clarification on certain materials contained in the OneStop+ application.

Section XIII. Processing Fees; Late Fees; Compliance Monitoring Fees

A. Processing Fees:

Sponsors seeking 4% or 9% federal tax credits during 2025-2026 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 2025-2026 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 3% or 1.5% of the annual credit amount. For state tax credit projects sponsored by for-profit developers, the total processing fee is equal to 3% 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 1.5% 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 2025-2026 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.

C. Compliance Monitoring Fees:

An annual monitoring fee will be due and payable by all projects (allocation years 1987-2026) to HLC or its authorized delegate during the term of the compliance period (as defined in Internal Revenue Code Section 42) or required to be placed in an escrow by the owner. The fee will be based on a charge of \$30 per low-income unit per year, as adjusted periodically by HLC by the Consumer Price Index (CPI) subject to a cap as described below. If the actual compliance period for a project will begin in a year later than 2018, the monitoring fee will be required beginning in that same year. Projects which received an allocation of tax credits in years prior to 2018 will be required to pay only a tax credit monitoring fee as set forth below, notwithstanding any provision to the contrary in any prior year's Qualified Allocation Plan and/or Program Guidelines, including without limitation provisions for an annual administrative or monitoring fee. HLC will use 1997, the first year that it collected compliance monitoring fees, as its base year in determining all subsequent fee adjustments.

The actual annual fee will be calculated and collected according to one of the two following methods, the selection of which will be at HLC's sole discretion:

- The annual monitoring fee will be due and payable on a date designated annually by HLC throughout the term (or remaining term) of the compliance period. Under this method, the fee will be calculated at \$30 per low-income unit in 2025-2026,

which amount may be adjusted by HLC periodically by the Consumer Price Index (CPI) for subsequent years. The total annual fee will not exceed the amount of \$4,000 per project in 2025-2026, which amount may be adjusted by HLC periodically by the Consumer Price Index (CPI) for subsequent years;

- The total amount of monitoring fees for the 15-year compliance period (or remaining years of the compliance period beginning with 2018 (for projects that received an allocation of tax credits in years prior to 2018) will be due and payable in one payment at a date designated by HLC. HLC may require projects that have not previously received IRS Form 8609 to make payment prior to the release of Form 8609. Under this method, the fee will be calculated at \$30 per low-income unit multiplied by 15 or the number of remaining years in the compliance period, whichever number is less.
- The total fee will not exceed the amount of \$4,000 per project multiplied by 15 or the number of remaining years in the compliance period, whichever number is less. At HLC's discretion, this total amount will be placed in escrow by HLC or the Owner and will be used for the purpose of monitoring during the compliance period. If HLC does not institute this method of collection in 2025-2026, HLC may adjust the \$30 per low-income unit and \$4,000 per project amounts by the Consumer Price Index (CPI) in any subsequent year.

HLC reserves the right to charge a reasonable monitoring fee to perform compliance monitoring functions after the completion of the tax credit compliance period (as defined in Internal Revenue Code Section 42) for the remainder of the term of the Tax Credit Regulatory Agreement and Declaration of Restrictive Covenant.

Projects that received funding through the Tax Credit Assistance Program or the Tax Credit Exchange Program must pay an asset management fee in addition to a compliance monitoring fee.

Section XIV. Modification of the Allocation Plan

HLC will administer the allocation of tax credits in such a manner as it deems appropriate in accordance with federal law and procedure. It will make determinations, publish rules and guidelines, and require use of particular forms as necessary.

The Governor delegates to HLC the power to amend this plan in response to changes in federal law or regulations. In addition, the Governor recognizes that circumstances not foreseen in the Plan may arise, and therefore delegates to HLC the authority to resolve conflicts, inconsistencies, and ambiguities in the plan and operation of the program; to respond to any abuse of the allocation system; and, if necessary, to amend the plan after a public hearing. (Note: refer also to Appendix F.)

DRAFT

APPENDICES

Appendix A: 2025-2026 Rental Round Pre-Application to HLC

Appendix A: - 2025-2026 Rental Round Pre-Applications to HLC

Pre-applications must be submitted online to HLC. Information on the pre-application process is included elsewhere in this document. All applications must be submitted using the online OneStop+ Affordable Housing Application. Sponsors who wish to see a pre-application template should contact HLC's LIHTC staff.

DRAFT

Appendix B: Responsible Contractor Guidance – 2025-2026

Responsible Contractor Guidance

The Healey-Driscoll administration is committed to assuring that construction workers receive the full protection of our labor laws, including prohibitions against wage theft and compliance with worker protections. The Administration also is committed to making sure that businesses that violate these laws do not participate in projects that receive Commonwealth funding.

The Executive Office of Housing and Livable Communities (“EOHLC”) is adopting the following policies **January 1, 2025**, to help assure compliance with these laws on housing development, construction, renovation, remodeling, reconstruction, rehabilitation or redevelopment projects that are funded by the EOHLC programs identified in Appendix A hereto (“Project” or “Projects”).

I. List of Participating Subcontractors¹

The General Contractor² for each Project must maintain an accurate list of all subcontractors performing work on the Project (the “Subcontractor List”). No work shall be done on any Project by a subcontractor not approved by the General Contractor. The General Contractor shall furnish a copy of the Subcontractor List to the Project owner prior to commencement of construction and shall update the list at least fifteen (15) days prior to commencement of work by any subcontractor not on the initial Subcontractor List. The project owner shall maintain the Subcontractor List, including all updates, for inspection by EOHLC’s lender advisor.

II. Certification of Compliance

Prior to performing work on a Project, any construction manager, General Contractor or other lead or prime contractor, or an entity functioning in any such capacity, and any other contractor or subcontractor of any tier or other person that is engaged to perform construction work (hereinafter, collectively and individually, the “Contractor”), must certify the following on a form prescribed by EOHLC (“Certificate of Compliance”):

- (a) That the Contractor will: (i) follow all applicable wage and hour laws (including G.L. c. 151, §1, G.L. c. 149, §148, and, only where applicable, G.L. c. 149, §§26-27D), (ii) properly classify employees, and (iii) comply with all other applicable federal and state laws for the protection of workers, including without limitation worker’s compensation, non-discrimination and equal opportunity protections, drug-free workplace requirements, and requirements of the federal Occupational Safety and Health Administration and the Massachusetts Department of Labor Standards.
- (b) That the Contractor or any Subcontractor is not currently debarred by a federal or Massachusetts state agency or authority.

¹ The term “Subcontractor”, as used in this policy guidance, shall refer to both subcontractors and sub-subcontractors.

² For purposes of this guidance, the term “General Contractor” shall refer to the primary contractor acting as constructor of a project, whether serving as a general contractor or construction manager.

- (c) That the Contractor has not been subject to a federal or Massachusetts state criminal or civil judgment, final administrative determination or debarment by any federal or Massachusetts state government agency or authority for violations of such laws within the past three (3) years that resulted in a judgment or a finding by such federal or Massachusetts state government agency or authority that such contractor or subcontractor engaged in one or more violations that: (1) resulted in criminal penalties or debarment, (2) were determined to be with specific intent resulting in civil penalties, including any total assessed fine issued in connection to the judgment or administrative finding as well as all damages, in excess of \$15,000, or (3) were determined to be without specific intent resulting in civil penalties, including any total assessed fine issued in connection to the judgment or administrative finding as well as all damages, in a cumulative amount in excess of \$100,000.
- (d) To the extent the contractor has been in business for fewer than three (3) years prior to the date of submission of the Certificate of Compliance under this section, then the certification shall be for the entire period for which the Contractor has been in existence.

The executed Certificate of Compliance must be provided by the General Contractor with the executed construction contract, and by each Subcontractor prior to commencement of their work on the Project.

The General Contractor shall collect and furnish to the Project owner the required certification for each Subcontractor. The Project owner shall maintain such certification for a period of not less than three (3) calendar years from the date of construction completion, as evidenced by issuance of a certificate of occupancy for the Project. All such records shall be open to inspection by EOHLC and its agents and representatives at all reasonable times during such period.

III. No Use of Companies Found to have Committed Serious Violations of Wage and Hour or Prevailing Wage Laws

EOHLC believes it is inappropriate for private developers of Projects to utilize Contractors that, at any point during the last three (3) years, have been ineligible to perform work on public buildings or other public works due to being debarred, suspended or decertified. EOHLC further believes it is inappropriate for private developers of Projects to utilize Contractors that have been found by the Fair Labor Division of the Attorney General's Office ("AGO") to have engaged in serious and intentional violations of Massachusetts wage and hour, prevailing wage, and child labor laws. Accordingly, EOHLC is announcing the following requirements, which shall apply to all Projects subject to this Guidance:

- A. **Prior to Construction Contract Execution.** Prior to commencement of construction, the Project owner shall determine whether the General Contractor or any Subcontractor proposed by the General Contractor appears on any of the following lists:

- i. The AGO debarment list;
- ii. The AGO listing of civil enforcement actions 7/1/2021–present;
- iii. The listing of debarred, suspended or decertified contractors maintained by the Division of Capital Asset Management and Maintenance;
- iv. The list of businesses on the Department of Industrial Accidents' debarment list;
- v. The federal government excluded parties list.

The Project owner shall not enter into any contract with a General Contractor if within the preceding three (3) years such General Contractor: (i) was added to any of the debarment lists above (regardless of whether such entity remains debarred); or (ii) was subject to a federal or Massachusetts state criminal or civil judgment, final administrative determination by any federal or Massachusetts state government agency or authority for violations of such laws within the past three (3) years that resulted in a judgment or a finding by such federal or Massachusetts state government agency or authority that such contractor or subcontractor engaged in one or more violations that: (a) resulted in criminal penalties or debarment, or (b) was determined to be with specific intent resulting in civil penalties, including any total assessed fine issued in connection to the judgment or administrative finding as well as all damages, in excess of \$15,000, or (c) was determined to be without specific intent resulting in civil penalties, including any total assessed fine issued in connection to the judgment or administrative finding as well as all damages, in a cumulative amount in excess of \$100,000.

In addition, the Project owner shall include in its contract with its General Contractor a provision prohibiting participation in the project by any Subcontractor that, within the preceding three (3) years, (i) was added to any of the debarment lists above (regardless of whether such entity remains debarred), or (ii) was subject to a federal or Massachusetts state criminal or civil judgment, final administrative determination by any federal or Massachusetts state government agency or authority for violations of such laws within the past three (3) years that resulted in a finding by such federal or Massachusetts state government agency or authority that such contractor or subcontractor engaged in one or more violations that (a) resulted in criminal penalties or debarment, or (b) was determined to be with specific intent resulting in a civil penalty, including any total assessed fine issued in connection to the judgment or administrative finding as well as all damages, in excess of \$15,000, or (c) was determined to be without specific intent resulting in civil penalties, including any total assessed fine issued in connection to the judgment or administrative finding as well as all damages, in a cumulative amount in excess of \$100,000.

IV. **Additional Requirements**

All Project owners entering into construction contracts shall require their General Contractors to comply with the following requirements (and include provisions to that effect in their construction contracts):

- A. The General Contractor and all Subcontractors shall, prior to commencing work on the Project, provide a Certificate of Compliance from the Department of Unemployment Assistance issued within the preceding 30 days and a certificate of good standing from the Department of Revenue issued within the preceding 30 days.
- B. The General Contractor must approve all subcontractors in writing. No entity shall perform work on the project without the knowledge and prior approval of the General Contractor.
- C. Information about workers' rights under applicable laws shall be posted prominently at the job site. These shall include all notices listed at [Massachusetts workplace poster requirements | Mass.gov](https://www.mass.gov/info-details/workplace-poster-requirements).
- D. The General Contractor and all subcontractors shall obtain appropriate insurance prior to commencing work on the project and shall maintain such insurance in effect until final completion of the work, including, without limitation, worker's compensation insurance, general liability insurance, and commercial vehicle insurance.
- E. The General Contractor shall provide payment, performance and lien bonds in form and substance satisfactory to EOHLC prior to commencement of the work.
- F. The General Contractor and all subcontractors shall collect and provide to the Project owner:
 - i. Copies of OSHA 10 cards for every employee within two weeks of the date the employee begins work on the Project.
 - ii. Daily sign-in/sign-out sheets identifying each employee and their contractor/foreman.
 - iii. Certified payrolls for all employees based on their normal payroll schedule, whether weekly or biweekly.

All such documents shall be retained by the Project owner and available for inspection by EOHLC, its agents and representatives, and by the AGO, the U.S. Department of Labor, and any other applicable authorities, upon reasonable notice, during business hours, for a period of three (3) years following final completion of work.

- G. Upon completion of their work on the Project, all Contractors must certify that they have complied with all applicable laws with respect to the payment of wages. Any construction manager, General Contractor or other lead or prime contractor, or an entity functioning in any such capacity, must also certify that all trade Contractors and Subcontractors under the construction manager, General Contractor or other

lead or prime contractor have complied with all provisions of this Guidance as well as all applicable laws with respect to the payment of wages.

APPENDIX A TO GUIDANCE

- Federal Low Income Housing Tax Credits (LIHTC)
- Massachusetts State Low Income Housing Tax Credits
- American Rescue Plan Act (ARPA)
- HOME Investment Partnerships Program (HOME)
- HOME American Rescue Plan Program (HOME-ARP)
- National Housing Trust Fund (HTF)
- Affordable Housing Trust Fund (AHTF)
- Housing Stabilization and Investment Trust Fund (HSF)
- Capital Improvement & Preservation Trust Fund (CIPF)
- Housing Innovations Fund (HIF)
- Facilities Consolidation Fund (FCF)
- Community-Based Housing (CBH)
- Transit Oriented Development (TOD)

Appendix C: M/WBE Self-Evaluation

Appendix C: M/WBE Self-Evaluation

Sponsors and development teams must have a satisfactory history of diverse development team assembly and diverse supplier contracting, as well as a demonstrated commitment to full participation by MBE, WBE, and other diverse businesses in all areas of development, including contracts for construction, design, goods, and services. Diverse businesses may either be certified by the Massachusetts Supplier Diversity Office (SDO) or self-certify and can include sponsors, development partners and/or owners. Under the Qualified Allocation Plan, HLC's scoring of projects will consider whether sponsors have provided sufficient evidence of both their history of diverse supplier contracting and their current plan for utilization of MBE and WBE businesses on the proposed project.

As part of this application, all sponsors must submit a current written plan (Exhibit 32.2) for outreach, recruitment, and utilization of MBE and WBE businesses and other diverse business enterprises. For those projects subject to Section 3 requirements, sponsors must also include information (Exhibit 32.3) for outreach, recruitment, and utilization of Section 3 workers and businesses within the plan. **Below are instructions for completing this written plan.**

Also, in order to enable HLC to evaluate the provisions of each project's plan, **sponsors must complete the MBE & WBE and Section 3 Form** following these instructions and attach it to the written plan.

For additional information on MBE and WBE definitions, please see the Commonwealth's regulation at [425 CMR 2.02](#). For additional information on the SDO, please see [Executive Order No. 565](#). For additional information on Section 3 applicability and requirements, please see HUD's [Section 3 FAQ](#).

Instructions:

The MBE & WBE and Section 3 Plan should:

- Be the sponsor's own plan, rather than the general contractor's plan
- Be specific to the project for which the sponsor is requesting funds and include efforts that are appropriate for the project type, its location and the population being served
- Indicate whether the sponsor, development partner (if applicable) and/or owner are diverse business enterprises themselves
- Discuss in detail the sponsor's prior track record with MBE and WBE business contracting in both hard and soft costs, including numerical performance data (as a percentage of total hard costs)
- If the general contractor has been selected, discuss in detail the general contractor's prior track record with MBE and WBE business contracting, including numerical performance data (as a percentage of total hard costs)
- Describe efforts to identify and solicit bids from MBE and WBE general contractors for the proposed project

- Include specific and separate goals for the percentage of total hard costs allocated to 1) MBEs and 2) WBEs
- If applicable, include specific and separate goals for the percentage of 1) total construction work hours by people of color; 2) total construction work hours by women; and 3) hard costs allocated to any other relevant diverse business or demographic categories (e.g., Disability-Owned Business Enterprise, Veteran Business Enterprise, etc.)
- If the project is subject to Section 3 requirements, include specific and separate goals for the percentage of 1) total construction work hours by Section 3 workers; 2) total construction work hours by Targeted Section 3 workers; and 3) total dollar amount of the construction contract to Section 3 businesses
- Include proactive steps for increasing MBE and WBE contracting by the general contractor during construction, even if the general contractor has not yet been selected (e.g. breaking trades into smaller tasks or quantities, hiring a recruiter, etc.)
- Discuss how the project's percentage goals for MBE and WBE business contracting during construction will be memorialized and tracked (e.g. goals written into construction contract, reporting requirements, etc.)
- Provide information on the sponsor's plan for MBE and WBE business contracting in soft costs, including any specific joint venture or subcontracting efforts. Soft costs include all project costs except for acquisition, hard costs, interest, taxes, fees, reserves, developer overhead and developer fee.
- Provide information on the sponsor's plan for MBE and WBE business contracting by the property manager during operations (for all costs, including goods, supplies and services), even if the property manager has not yet been selected.
- Discuss any other innovative or unique efforts for increasing diverse supplier or worker contracting, including engaging businesses with diverse management, staff, or boards that may not qualify as MBE or WBE

MBE & WBE and Section 3 Form

All sponsors must complete the below form and attach it to the end of the plan. If Section 3 is applicable for the proposed project, please provide the requested Section 3 information.

GENERAL INFORMATION

Project name:

Location:

Sponsor name:

Development partner name (if applicable):

Is sponsor a diverse business enterprise? If so, list relevant designations (e.g. MBE, WBE, etc.):

Is development partner (if applicable) a diverse business enterprise? If so, list relevant designations:

Is sponsor non-profit or for-profit?

CONSTRUCTION

General contractor (if selected):

MBE contracting percentage goal during construction (as a percentage of total hard costs):

WBE contracting percentage goal during construction (as a percentage of total hard costs):

If applicable, other percentage goals for diverse contracting (e.g. Disability-Owned Business Enterprise, Veteran Business Enterprise, etc.) during construction (as a percentage of total hard costs):

If applicable, percentage goal for total construction work hours by people of color:

If applicable, percentage goal for total construction work hours by women:

If applicable, other contracting or hiring goals during construction not included above:

SOFT COSTS

Property manager (if selected):

Please list all MBEs (business name and trade area) included in soft costs:

Please list all WBEs (business name and trade area) included in soft costs:

SECTION 3 (if applicable)

Percentage goal for total construction work hours by Section 3 workers:

Percentage goal for total construction work hours by Targeted Section 3 workers:

Percentage goal for total dollar amount of construction contract to Section 3 businesses:

**Appendix D. Fair Housing Principles and
Affirmative Fair Housing Marketing Plan Guidelines**

Appendix D. Fair Housing Principles and Affirmative Fair Housing Marketing Plan Guidelines

1. **Encourage Equity.** Support public and private housing and community investment proposals that promote equality and opportunity for all residents of the Commonwealth. Increase diversity and bridge differences among residents regardless of race, disability, social, economic, educational, or cultural background, and provide integrated social, educational, and recreational experiences.
2. **Be Affirmative.** Direct resources to promote the goals of fair housing. Educate all housing partners of their responsibilities under the law and how to meet this important state and federal mandate.
3. **Promote Housing Choice.** Create quality affordable housing opportunities that are geographically and architecturally accessible to all residents of the commonwealth. Establish policies and mechanisms to ensure fair housing practices in all aspects of marketing.
4. **Enhance Mobility.** Enable all residents to make informed choices about the range of communities in which to live. Target high-poverty areas and provide information and assistance to residents with respect to availability of affordable homeownership and rental opportunities throughout Massachusetts and how to access them.
5. **Promote Greater Opportunity.** Utilize resources to stimulate private investment that will create diverse communities that are positive, desirable destinations. Foster neighborhoods that will improve the quality of life for existing residents. Make each community a place where any resident could choose to live, regardless of income.
6. **Reduce Concentrations of Poverty.** Ensure an equitable geographic distribution of housing and community development resources. Coordinate allocation of housing resources with employment opportunities, as well as availability of public transportation and services.
7. **Preserve and Produce Affordable Housing Choices.** Encourage and support rehabilitation of existing affordable housing while ensuring that investment in new housing promotes diversity, and economic, educational, and social opportunity. Make housing preservation and production investments that will create a path to social and economic mobility.
8. **Balance Housing Needs.** Coordinate the allocation of resources to address local and regional housing need, as identified by state and community stakeholders. Ensure that affordable housing preservation and production initiatives and investment of other housing resources promote diversity and social equity and improve neighborhoods while limiting displacement of current residents.
9. **Measure Outcomes.** Collect and analyze data on households throughout the housing delivery system, including the number of applicants and households served. Utilize data to

assess the fair housing impact of housing policies and their effect over time, and to guide future housing development policies.

10. **Rigorously Enforce All Fair Housing and Anti-Discrimination Laws and Policies.** Direct resources only to projects that adhere to the spirit, intent, and letter of applicable fair housing laws, civil rights laws, disability laws, and architectural accessibility laws. Ensure that policies allow resources to be invested only in projects that are wholly compliant with such laws.

Please follow the link below to access HLC's AFHMP Guidelines:
<https://www.mass.gov/files/documents/2016/07/oj/afhmp.pdf>.

Appendix E: Compliance Monitoring Procedures

Appendix E: Compliance Monitoring Procedures

Compliance monitoring includes five procedural components:

- I. Record keeping and Records Retention
- II. Annual Certification and Review
- III. Records Review
- IV. Building Inspection
- V. Notification of Noncompliance

These components are based on and incorporate the requirements of Internal Revenue Code Section 42 and Treasury Regulation Section 1.42-5. “Low-income units” refers to tax credit eligible units as defined by Section 42(g).

I. Record keeping And Record Retention

Record keeping: For each year in the compliance period, which is equal to 15 taxable years beginning the first year the tax credit is taken, the Owner shall maintain records for each building in the project showing the:

- a. Total number of residential rental units in the building (including the number of bedrooms and the size in square feet of each residential rental unit);
- b. Percentage of residential rental units in the building that are low-income units as defined by Section 42(g), and the size in square feet of each low-income unit.
- c. Rent charged on each residential rental unit in the building (including any utility allowance).
- d. Number of occupants in each low-income unit if the rent is determined by the number of occupants per unit under Section 42(g)(2) (as in effect prior to 1989 amendments);
- e. Annual income certification for each low-income tenant per unit unless specifically waived by the Internal Revenue Service under Revenue Procedure 2004-38.
- f. Documentation to support each low-income tenant’s income certification (for example, a copy of the tenant’s federal income tax returns, W-2 Form, verification from a third party such as an employer or a state agency paying unemployment compensation, and/or a statement from the local housing authority declaring that the tenant did not exceed the income limit under Section 42(g) if a tenant is receiving Section 8 housing assistance payments);
- g. Each low-income vacancy in the building and information that shows when, and to whom, the next available units were rented;
- h. Eligible basis and qualified basis of the building at the end of the first year of the credit period; and
- i. Character and use of the nonresidential portion of the building included in the building's eligible basis under Section 42(d).

Specific Requirements: In accordance with Treasury Regulation Section 1.42-5 and Revenue Procedures 94-64 and 94-65, HLC adopts the following specific requirements: (i) As provided in

Section 5.01(3) of Revenue Procedure 94-64, the requirement for annual income re-certification will apply to all owners, including all owners of 100% low-income buildings unless specifically waived by the Internal Revenue Service under Revenue Procedure 2004-38. (ii) As provided in Section 4.04 of Revenue Procedure 94-65, HLC will require owners to obtain documentation, other than the statement described in Section 4.02 of the Revenue Procedure, to support a low-income tenant's annual certification of income from assets.

Records Retention: The Owner shall retain records for the first year of the credit period for at least six years beyond the due date (with extensions) for filing the tax return for the last year of the compliance period of the building. The Owner shall retain the records described above for all subsequent years in the compliance period for at least six years after the due date (with extensions) for filing the federal income tax return for that year.

Additionally, for each year that the Agreement remains in effect after the compliance period, the Owner shall retain records adequate to demonstrate compliance with the terms and conditions of the Agreement, including, but not necessarily limited to, income and rent records pertaining to tenants. The Owner shall retain the records pertaining to a particular year for at least 6 years following the close of that year.

Inspection Records Retention: The Owner shall also retain and provide, for HLC's inspection, any original report or notice issued by a state or local authority of a health, safety, or building code violation concerning the project. Retention of the original violation report or notice is not required beyond the time when HLC reviews the report or notice and completes its inspection pursuant to Section III below, except where the violation remains uncorrected.

II. Annual Certification and Review

Submission of Certification: The Owner of every project that has received tax credits must submit to HLC at least annually for each year in the compliance period an Owner's Certification of Continuing Tax Credit Compliance, which will be provided by HLC. In this document, the Owner shall certify to HLC, under the penalty of perjury, that for the preceding 12-month period:

- a. The project was continually in compliance with the terms and conditions of its Agreement with HLC, MHFA or MDFA;
- b. The project met either the 20-50 test under Section 42(g)(1)(A), the 40-60 test under Section 42(g)(1)(B), or the average income test under Section 42(g)(1)(C), whichever minimum set-aside test was approved by HLC as being applicable to the project. The 20-50 test means that a minimum of 20% of the project's units were set aside for tenants at 50% of the area median income at tax credit restricted rent levels. The 40-60 test means that a minimum of 40% of the project's units were set aside for tenants at 60% of the area median income at tax credit restricted rent levels. The average income test, which may only be utilized if approved by HLC consistent with HLC administrative guidelines, means that a minimum of 40% of the project's units were set aside for tenants at designated imputed income limitations, so long as the average of the imputed income limitations does not

- exceed 60% of the area median income at restricted rent levels corresponding to the designated income limitations;
- c. There was no change in the applicable fraction as defined by Section 42(c)(1)(B) of any building in the project, or that there was a change, and a description of that change is provided;
 - d. The Owner has received an annual income certification from each low-income tenant, and documentation to support that certification; or in the case of a tenant receiving Section 8 housing assistance payments, that the Owner has received a statement from a public housing authority that the tenant's income does not exceed the applicable income limit under Section 42(g). In accordance with Treasury Regulation Section 1.42-5 and Revenue Procedures 94-64, 94-65 and 2004-38, HLC adopts the following specific requirements: (i) As provided in Section 5.01(3) of Revenue Procedure 94-64, the requirement for annual income recertification will apply to all owners, including all owners of 100% low income buildings, unless specifically waived by the Internal Revenue Service under Revenue Procedure 2004-38; (ii) as provided in Section 4.04 of Revenue Procedure 94-65, HLC will require owners to obtain documentation, other than the statement described in Section 4.02 of the Revenue Procedure, to support a low-income tenant's annual certification of income from assets;
 - e. Each low-income unit in the project was rent-restricted under Section 42(g)(2);
 - f. All units in the project were for use by the general public (as defined in Treas. Reg. 1.42-9), including the requirement that no finding of discrimination under the Fair Housing Act, 42 U.S.C. 3601-3619, occurred for the project. (A finding of discrimination includes an adverse final decision by the Secretary of the Department of Housing and Urban Development (HUD), 24 CFR 180.680, an adverse final decision by a substantially equivalent state or local fair housing agency, 42 U.S.C. 3616a(a)(1), or an adverse judgment from a federal court.);
 - g. The buildings and low-income units in the project were suitable for occupancy, taking into account local health, safety, and building codes (or other habitability standards), and the state or local government office responsible for making local health, safety, or building code inspections did not issue a violation report or notice for any building or Low-Income unit in the project. Alternatively, if a violation report or notice was issued by a state or local government office, the owner must state whether the violation has been corrected and must also attach to the Owner's Certification either a statement summarizing the violation report or notice or a copy of the violation report or notice;
 - h. There was no change in the eligible basis (as defined in Section 42(d)) of any building in the project, or there was a change, and information regarding the nature of that change is provided;
 - i. All tenant facilities included in the eligible basis under Section 42(d) of any building in the project were provided on a comparable basis without charge to all tenants in the building;
 - j. If a low-income unit in the project became vacant during the year, reasonable attempts were made to rent that unit or the next available unit of comparable or smaller size to tenants having a qualifying income before any units in the project were or will be rented to tenants not having a qualifying income;

- k. If the income of tenants of a low-income unit in the building increased above the limit allowed in Section 42(g)(2)(D)(ii), the next available unit of comparable or smaller size in the building was or will be rented to tenants having a qualifying income;
- l. An extended low-income housing commitment as described in Section 42(h)(6) was in effect (for buildings subject to Section 7108(c)(1) of the Omnibus Budget Reconciliation Act of 1989), including the requirement under Section 42(h)(6)(B)(iv) that an owner cannot refuse to lease a unit in the project to an applicant because the applicant holds a voucher or certificate of eligibility under Section 8 of the United State Housing Act of 1937;
- m. All low-income units in the project were used on a non-transient basis (except for transitional housing for the homeless provided under Section 42(i)(3)(iii) or single room occupancy units rented on a month-by-month basis under Section 42(i)(3)(B)iv); and
- n. Any additional information that HLC deems pertinent.

In addition, the Owner must submit completed IRS Forms 8609 [with parts I and II (the top and bottom sections) completed] to HLC for every building in the project for the first year of the compliance period. For every year of the compliance period thereafter, the Owner must submit Schedule A of Form 8609 for every building in the project. The Owners of all low-income housing projects will also be required to submit to HLC at least once each year information on tenant income and rent for each low-income unit, and documentation regarding the occupancy characteristics for all units, including HLC project completion reports and other data collection requests in the form and manner designated by HLC, in order to illustrate compliance with fair housing requirements.

Review of Certification: HLC will review the above-described certifications submitted by owners for compliance with the requirements of Section 42 for all tax credit projects, including those buildings financed by the Rural Housing Services (RHS), formerly the Farmers Home Administration (FMHA), under its Section 515 Program, and buildings of which at least 50% of the aggregate basis (including land and the building) is financed with the proceeds of tax-exempt bonds and administered by MHFA or MDFA.

The submission and review of certifications described above shall be made at least annually covering each year of the compliance period which is equal to 15 taxable years beginning with the first year the tax credit is taken. HLC reserves the right to continue monitoring for any additional term that the Agreement remains in effect.

III. Records Review

HLC will conduct a records review of a project's low-income units which have been selected for on-site inspection pursuant to Section IV below.

The records review will include an examination of the annual low-income certifications, the documentation the Owner has received supporting the certifications, and the rent records for the tenants in those units. The Owner must have definitive documentation to support the income

certification. For example, in the case of a tenant receiving Section 8 housing assistance payments, a letter from the local housing authority will only be accepted if that statement notes the tax credit income limit for the tenant's family size in the municipality, states that the tenant's income does not exceed such tax credit income limit and states the effective date of the certification.

In conjunction with the selection of units to be inspected under Section IV below, HLC will select the records to be reviewed randomly and in a manner that will not give an owner advance notice that tenant records for a particular year will or will not be reviewed. However, HLC may give an owner reasonable notice that tenant record review will occur so that the owner may assemble the tenant records. The review of tenant records may be undertaken wherever the owner maintains or stores the records (either on-site or off-site).

In addition to the above procedures, HLC will review the records from the first year of the compliance period for every project in order to establish initial eligibility for the Low-Income Housing Tax Credit.

Buildings financed by the RHS under its Section 515 Program and buildings of which at least 50% of the aggregate basis (taking into account the building and land) is financed with the proceeds of tax-exempt bonds will be excepted from this records review provision if HLC enters into an agreement with the RHS and/or MHFA or MDFA, providing among other terms and conditions that RHS and/or MHFA or MDFA must provide information concerning the income and rent of the tenants in the building to HLC. HLC may assume the accuracy of any such information provided by RHS, MHFA, or MDFA. HLC shall review such information and determine that the income limitation and rent restriction of Section 42(g) (1) and (2) are met. However, if the information so provided is not sufficient for HLC to make this determination, HLC must request the necessary additional information directly from the Owner of the buildings.

The certifications and review under Sections I and II must be made at least annually covering each year of the 15-year compliance period. HLC retains the right to require such certifications and review for any additional term that a Low-Income Housing Tax Credit Regulatory Agreement between the owner and HLC (or its successors) remains in effect.

IV. Building Inspection

HLC or its contractor will conduct an on-site inspection of all buildings in a project by the end of the second calendar year following the year the last building in the project is placed in service. The minimum number of units to be inspected will be the greater of twenty percent of the project's low-income units or three low-income units.

Following the initial inspection, HLC or its contractor will conduct an on-site inspection of all buildings in a project at least once every three years. The minimum number of units to be inspected will be the greater of twenty percent or the project's low-income units or three low-income units.

HLC or its contractor will select the low-income units to be inspected randomly and in a manner that will not give an owner advance notice that a unit will or will not be inspected. However, HLC

may give an owner reasonable notice that an inspection of the building and low-income units will occur so that the owner may notify tenants of the inspection.

HLC will review any health, safety, or building code violations reports or notices retained by the owner as required in Section I above and will determine:

- a. Whether the buildings and units are suitable for occupancy, taking into account state and local health, safety and building codes (or other habitability standards); or
- b. Whether the buildings and units satisfy, as determined by HLC, the uniform physical condition standards for public housing established by HUD (24 CFR 5.703).

Regardless of whether HLC makes its determination under a. or b. above, the project must continue to satisfy applicable state and local health, safety, and building codes. If HLC becomes aware of any violation of these codes, it must report the violation under Section V below.

A building financed by RHS under its Section 515 program will be excepted from this inspection provision if RHS inspects the building (under 7 CFR part 1930) and the RHS and HLC enter into a memorandum of understanding, or other similar arrangement, under which RHS agrees to notify HLC of the inspection results.

HLC retains the right to perform on-site inspections of the buildings of any project at least through the end of the compliance period and for any additional term that a Low-Income Housing Tax Credit Regulatory Agreement and Declaration of Restrictive Covenants between the owner and HLC remains in effect.

V. Notification of Non-Compliance

HLC will provide prompt written notice to the owner if HLC does not receive the certifications described above, does not receive, or is not permitted to review the tenant income certifications, supporting documentation, and rent record described above, or discovers by inspection, review, or in some other manner, that the project is not in compliance with Section 42. HLC will file Form 8823, “Low Income Housing Credit Agencies Report of Noncompliance of Building Disposition”, with the IRS no later than 45 days after the end of the correction period and no earlier than the end of the correction period, whether or not the noncompliance or failure to certify is corrected. The correction period, as specified in the noncompliance notice to the owner, shall not exceed 90 days from the date of the notice to the owner, unless extended by HLC for up to six months where HLC determines that there is good cause for granting an extension. HLC will retain records of noncompliance or failure to certify in accordance with applicable Treasury regulations. If noncompliance or failure to certify is corrected within three years after the end of the correction period, HLC will file Form 8823 reporting the correction.

HLC will report its compliance monitoring activities annually on Form 8610, “Annual Low Income Housing Credit Agencies Report”.

Appendix F: Future Changes to the 2025-2026 Allocation Plan

Appendix F: Future Changes to the 2025-2026 Allocation Plan

Without limiting the generality of HLC's power and authority to administer, operate, and manage the allocation of Low Income Housing Tax Credits according to federal law, federal procedures and this Plan, HLC shall make such determinations and decisions, publish administrative guidelines and rules, require the use of such forms, establish such procedures and otherwise administer, operate, and manage allocations of tax credits in such manner as may be, in HLC's determination, necessary, desirable, or incident to its responsibilities as the administrator, operator, and manager of the Low Income Housing Tax Credit Program.

The Governor recognizes and acknowledges that HLC may encounter situations which have not been foreseen or provided for in the Plan and expressly delegates to HLC the authority to amend the Plan, after the public has had the opportunity to comment through the public hearing process, and to administer, operate, and manage allocations of tax credits in all situations and circumstances, including, without limiting the generality of the foregoing, the power and authority to control and establish procedures for controlling any misuse or abuses of the tax credit allocation system and the power and authority to resolve conflicts, inconsistencies or ambiguities, if any, in this Plan or which may arise in administering, operating, or managing the Low Income Housing Tax Credit Program.

The Governor further expressly delegates to HLC the ability to amend this Plan to ensure compliance with federal law and regulations as such federal law may be amended and as federal regulations are promulgated governing tax credits.

**Appendix G: Summary of Comments and
Suggestions from the Public Process**

**Appendix H: Massachusetts Low Income Housing
Tax Credit Program Regulations**

Appendix H: The Massachusetts Low Income Housing Tax Credit Program Regulations

760 CMR 54.00: MASSACHUSETTS LOW-INCOME HOUSING TAX CREDIT PROGRAM

- 54.01: Scope, Purpose and Applicability
- 54.02: Definitions
- 54.03: Amount of Credit Authorized
- 54.04: Eligible Projects
- 54.05: Eligible Recipients
- 54.06: Allotment of Credit Among Partners, etc.
- 54.07: Transferability of Credit
- 54.08: Prerequisites to Claiming Credit
- 54.09: Placed in Service Requirement; Time for Claiming Credit
- 54.10: Carryforward of Credit
- 54.11: Limitations on Credit; Ordering of Credit
- 54.12: Recapture
- 54.13: Reporting and Recordkeeping Requirements
- 54.14: Application Process and Administrative Fees
- 54.15: Reference to Federal Credit Rules
- 54.16: Authorization of Department to Take Further Actions

54.01: Scope, Purpose and Applicability

- (1) General. 760 CMR 54.00 explains the calculation of the low-income housing tax credit established by M.G.L. c. 23B, §3, M.G.L. c. 62, §6I and M.G.L. c. 63, §31H (St. 1999, c. 127, §§34, 82, 90). The Department of Housing and Community Development may allocate Massachusetts low-income housing tax credit in the amount set forth in M.G.L. c. 23B, §3, M.G.L. c. 62, §6I and M.G.L. c. 63, §31H (St. 1999, c. 127, §§34, 82, 90) for projects that qualify for the federal low-income housing tax credit under Section 42 of the Internal Revenue Code of 1986, as amended.
- (2) Effective Date. 760 CMR 54.00 takes effect upon promulgation and applies to tax years beginning on or after January 1, 2001.

54.02: Definitions

For purposes of 760 CMR 54.00 et seq., the following terms have the following meanings, unless the context requires otherwise:

Act, M.G.L. c. 23B, §3, M.G.L. c. 62, §6I and M.G.L. c. 63, §31H (St. 1999, c. 127, §§34, 82, 90).

Allocation of Massachusetts Credit, the award by the Department of the authorized Massachusetts low-income housing tax credit among qualified Massachusetts projects.

Allotment, in the case of a qualified Massachusetts project owned by an unincorporated flow through entity, such as a partnership, limited liability company or joint venture, the share or portion

of credit allocated to the qualified Massachusetts project that, consistent within and subject to 760 CMR 54.06, may be claimed by a taxpayer who is designated a member or partner of such entity or by a transferee of such member or partner.

Building Identification Number, the identification number assigned to each building in a qualified Massachusetts project by the Department.

Code, the Internal Revenue Code of 1986, as amended and in effect for the taxable year.

Commissioner, the Commissioner of Revenue.

Compliance Period, the period of 15 taxable years beginning with the first taxable year during which a qualified Massachusetts project first meets all of the requirements of 760 CMR 54.08.

Credit Period, the five-year period during which a qualified Massachusetts project is eligible for the Massachusetts low-income housing tax credit. The credit period begins with the taxable year in which a project meets all of the requirements of 760 CMR 54.08 and ends five years later.

Department, the Department of Housing and Community Development.

Eligibility Statement, a statement authorized and issued by the Department certifying that a given project is a qualified Massachusetts project and setting forth the annual amount of the Massachusetts low-income housing tax credit allocated to the project. The Department shall only allocate tax credit to qualified Massachusetts projects consisting of one or more buildings that are all placed in service on or after January 1, 2001.

Federal Carryover Allocation, federal carryover allocation of a tax credit where a federal low-income housing tax credit is allocated under Section 42 (h)(1)(E) or (F) of the Code prior to the calendar year in which the buildings comprising the project are placed in service.

Federal Low-Income Housing Tax Credit, the federal tax credit as provided in Section 42 of the Code.

Low Income Project, a qualified low-income housing project, as defined in Section 42 (g)(1) of the Code, which has restricted rents that do not exceed 30% of the applicable imputed income limitation under said Section 42 of the Code, for at least 40% of its units occupied by persons or families having incomes of 60% or less of the median income or for at least 20% of its units occupied by persons or families having incomes of 50% or less of the median income.

Median Income, the area median gross income as such term is used in Section 42 of the Code, and which is determined under United States Department of Housing and Urban Development guidelines and adjusted for family size.

Placed in Service, this term shall have the same meaning as the term is given under Section 42 of the Code and the federal regulations thereunder.

Qualified Massachusetts Project, a low-income project located in the Commonwealth which meets the requirements of M.G.L. c. 23B, §3 M.G.L. c.62 §6I and M.G.L. c. 63, §31H (St. 1999, c. 127, §§34, 82, 90) and whose owner enters into a regulatory agreement.

Regulatory Agreement, an agreement between the owner of a qualified Massachusetts project and the Department recorded as an affordable housing restriction under M.G.L. c. 184 with the registry of deeds or the registry district of the land court in the county where the project is located that requires the project to be operated in accordance with the requirements of 760 CMR 54.00, and M.G.L. c. 23B, §3, M.G.L. c. 62, §6I and M.G.L. c. 63, §31H (St. 1999, c. 127, §§34, 82, 90) for not less than 30 years from the expiration date of the compliance period.

Taxpayer, any person, firm, or other entity subject to the personal income tax under the provisions of M.G.L. c. 62, or any corporation subject to an excise under the provisions of M.G.L. c. 63.

54.03: Amount of Credit Authorized

- (1) Authorized Amount. The amount of Massachusetts low-income housing tax credit authorized to be allocated annually equals the sum of:
- (a) \$10,000,000;
 - (b) unused Massachusetts low-income housing tax credits, if any, for the preceding calendar years; and
 - (c) Massachusetts low-income housing tax credits returned to the Department by a Qualified Massachusetts Project.

54.04: Eligible Projects

Project Eligibility. Qualified Massachusetts Projects for which the Department has issued an eligibility statement are eligible for an allocation of Massachusetts low-income housing tax credit.

Prioritization by the Department. The Department shall amend or supplement its existing qualified allocation plan or its program guidelines, or both, to provide taxpayers guidance on how Massachusetts low-income housing tax credit will be allocated among competing projects. Such guidance shall adhere to the statutory requirements of providing the least amount of Massachusetts low-income housing tax credit necessary to ensure financial feasibility of selected projects while allocating the total available Massachusetts low-income housing tax credit among as many Qualified Massachusetts Projects as fiscally feasible. Subject to these statutory constraints, the Department may, in its discretion, provide guidance that

- (a) requires owners of projects with more than a designated dollar amount of federal credit to fund a portion of project equity from funds attributable to the Massachusetts low-income housing tax credit,
- (b) encourages owners of certain projects to raise equity primarily using the Massachusetts low-income housing tax credit while using a minimal amount of the so-called 9% federal low-income housing tax credit,

- (c) encourages the creation of projects funded through a combination of Massachusetts low-income housing tax credit and the so-called 4% federal low-income housing tax credit allowable to buildings financed with tax-exempt bonds, and
- (d) encourages the creation of any other projects that the Department deems to be consistent with the statutory goal of increasing the overall number of low-income housing units.

54.05: Eligible Recipients

Any person or entity (of whatever type) with an ownership interest in a Qualified Massachusetts Project is eligible to receive an allocation of Massachusetts low-income housing tax credit with respect to such project.

54.06: Allotment of Credit Among Partners, etc.

Whenever an owner of a Qualified Massachusetts Project with respect to which Massachusetts low-income housing tax credit has been allocated is an unincorporated flow-through entity, such as a partnership, limited liability company or joint venture, the entity may allot the Massachusetts tax credit available to the entity among persons designated by it as partners or members in such amounts or proportions as they may agree in the organizational documents governing such entity, provided that the owner certifies to the Commissioner the amount of Massachusetts low-income housing tax credit allotted to each member or partner on a form designated by the Commissioner. The allotment of Massachusetts low-income housing tax credit need not follow or be consistent with the allocation, as the word is used in Section 704(b) of the Code, of other partnership items (e.g., income, loss, deduction, or credit, including the federal low-income housing tax credit). Similarly, whenever Massachusetts low-income housing tax credit is allocated with respect to a Qualified Massachusetts Project that is owned through a joint tenancy or similar ownership arrangement, the owners of such project may allot the right to claim the Massachusetts low-income housing tax credit allocated with respect to such project among themselves in such amounts as they agree, without regard to their actual ownership interest in the project, provided that the owners certify to the Commissioner the amount of Massachusetts low-income housing tax credit allotted to each owner on a form designated by the Commissioner.

54.07: Transferability of Credit

- (1) Transferors, Transferees. Any taxpayer with an ownership interest in a Qualified Massachusetts Project with respect to which there has been allocated Massachusetts low-income housing tax credit and any taxpayer to whom the right to claim Massachusetts low-income housing tax credit has been allotted or transferred may transfer the right to claim unclaimed Massachusetts low-income housing tax credit to any other Massachusetts taxpayer without the necessity of transferring any ownership interest in the original project or any interest in the entity which owns the original project. The transferor must transfer all credit attributable to periods after the transfer date agreed upon by the parties. For treatment of carry forward credit, see 760 CMR 54.10.
- (2) Transfer Contract Requirements. A taxpayer, owning an interest in a Qualified Massachusetts Project or to whom the right to claim Massachusetts low-income housing

tax credit has been allotted or transferred, who transfers his, her or its credit such that credit may be claimed by a taxpayer without ownership in the project and without an interest in the entity that owns the project must enter into a transfer contract with the transferee. The transfer contract must specify the following:

- Building Identification Numbers for all buildings in the project;
- the date each building in the project was placed in service;
- the 15-year compliance period for the project;
- the schedule of years during which the credit may be claimed and the amount of credit previously claimed; and
- the taxpayer or taxpayers that are responsible for paying recapture if recapture should occur.

The transferring party shall attach a copy of this contract to the transfer statement required under 760 CMR 54.13(4).

- (3) Transferred Eligibility to Claim Credit. Any taxpayer who is a transferee of the right to claim a Massachusetts low-income housing tax credit with respect to a Qualified Massachusetts Project may, provided all transfer requirements and all other requirements for claiming such credit are met, claim such credit notwithstanding the fact that the credit may initially have been allocated to a taxpayer paying a different income tax (i.e., personal or corporate)
- (4) Sale of Credit is Sale of Capital Asset. The sale of Massachusetts low-income housing tax credit will be treated as the sale of a capital asset under the Massachusetts personal income tax or the net income measure of the corporate excise.
- (5) Examples. The following examples illustrate the application of 760 CMR 54.07:
 - (a) Example 1. If taxpayer X receives an allotment of Massachusetts low-income housing tax credit as a partner in a partnership that owns a Qualified Massachusetts Project, taxpayer X may transfer the Massachusetts low-income housing tax credit allotted to it to taxpayer Y, whether or not taxpayer Y is a partner in the partnership.
 - (b) Example 2. Credit is allocated with respect to a project owned by a limited liability company and allotted to individuals who are members in the company. One of the members may sell his or her credit to a corporation, whether or not such corporation is a member in the company.

54.08: Prerequisites to Claiming Credit

When Massachusetts low-income housing tax credit is allocated with respect to a Qualified Massachusetts Project, such credit may not be claimed by any taxpayer with respect to any building in such project unless and until

- (1) all buildings in such project have been placed in service, and
- (2) the project has met the minimum set-aside and occupancy requirements of Section 42(g) of the Code. Before the end of the first taxable year in which credit is claimed, the taxpayer

must record a Regulatory Agreement in a form acceptable to the Department with respect to such project.

54.09: Placed in Service Requirement; Time for Claiming Credit

- (1) Placed in Service Requirement. All buildings in a project must generally be placed in service in the year in which the allocation of Massachusetts low-income housing tax credit is made. Notwithstanding the foregoing sentence:
 - (a) with respect to a project that has an allocation of federal low-income housing tax credit, whenever such project qualifies for a federal carryover allocation under Section 42(h)(1)(E) or (F) of the Code and the federal regulations thereunder, such project may continue to be a Qualified Massachusetts Project if the owner of the project enters into a satisfactory carryover allocation agreement with the Department prior to the end of the year in which the allocation of credit is made;
 - (b) with respect to a project for which the federal low-income housing tax credit is allowable by reason of Section 42(h)(4) of the Code applicable to buildings financed with tax exempt bonds, such project may continue to be a Qualified Massachusetts Project if, in the judgment of the Department, the project would otherwise meet all of the requirements for a federal carryover allocation under Section 42(h)(1)(E) or (F) of the Code and the federal regulations thereunder and the owner of the project enters into a satisfactory carryover allocation agreement with the Department prior to the end of the year in which the allocation of credit is made; and
 - (c) with respect to all projects that do not have an allocation of federal low-income tax credit and for which such credit is not allowable by reason of Section 42(h)(4) of the Code, such project may continue to be a Qualified Massachusetts Project if, in the judgment of the Department, the project would meet the standards and requirements for a federal carryover allocation under Section 42(h)(1)(E) or (F) of the Code and the regulations thereunder, if, at the time of the allocation of the Massachusetts low-income tax credit, the project had, instead, been allocated a federal low-income tax credit, and the owner of the project enters into a satisfactory carryover allocation agreement with the Department prior to the end of the year in which the allocation of the Massachusetts low-income housing tax credit is made.

The Department shall provide a form of Massachusetts carryover allocation agreement for the Massachusetts low-income housing tax credit.

- (2) Timing of Claiming Credit. Any taxpayer holding the right to claim Massachusetts low-income housing tax credit with respect to a Qualified Massachusetts Project may claim a pro rata portion of the annual amount of Massachusetts low-income housing tax credit allocated with respect to such project for the calendar year in which such project first meets the conditions described in 760 CMR 54.08, with proration based on the portion of such calendar year during which the project meets those conditions. Any amount of annual credit deferred on account of proration may be claimed in the sixth tax year, assuming the project remains qualified.
- (3) Early Credit Election. Notwithstanding the generally applicable timing for claiming Massachusetts low-income housing tax credit described in 760 CMR 54.09(2), an owner of a Qualified Massachusetts Project may elect to accelerate the time for claiming the credit. Provided that the project first meets the conditions described in 760 CMR 54.08, an owner of such Qualified Massachusetts Project may file a notice with the Commissioner in a form to be determined by the Commissioner that the owner has elected to accelerate the credit.
- (4) Effect of Early Credit Election. When an owner of a Qualified Massachusetts Project makes an early credit election in the first year of the credit period and such project meets the requirements for making such an election, then notwithstanding 760 CMR 54.09(2), any taxpayer holding the right to claim Massachusetts low-income housing tax credit with respect to such project shall claim the taxpayer's share of the project's entire annual allocation of Massachusetts low-income housing tax credit for the taxable year in which such election is validly made, without proration or adjustment on account of the date during such year on which the project is placed in service or on which such election is made, subject to any other applicable limitations.
- (5) Examples. The following examples illustrate the application of 760 CMR 54.09.
 - (a) Example 1. Assume \$100,000 of Massachusetts low-income housing tax credit is allocated with respect to a project in 2001. The project is owned by one individual who retains the right to claim such credit. No Massachusetts carryover allocation agreement under 760 CMR.54.09 (1) has been entered into. The individual's tax year coincides with the calendar year. If the project meets the conditions described in 760 CMR 54.08 and is placed in service on October 1, 2001, then the individual holding the right to claim such credit may claim \$25,000 in Massachusetts low-income housing tax credit on his or her Massachusetts tax return for the year 2001 subject to any other applicable limitations. The individual would be expected to claim \$100,000 on his or her Massachusetts tax returns for each of the years 2002, 2003, 2004, and 2005, and to claim \$75,000 on his or her Massachusetts tax return for the year 2006, assuming the project remains qualified and the individual retains the right to claim all of the credit.

- (b) Example 2. The same individual elects to take the early credit option instead of the pro rata approach. The individual may claim \$100,000 in Massachusetts low-income housing tax credit on his or her tax return for 2001, and \$100,000 per year for each of the subsequent four years.
- (c) Example 3. The same individual has a tax year that runs from July 1 to June 30. The individual elects to take the early credit option. The individual takes the \$100,000 credit available on October 1, 2001 in his tax year that ends on June 30, 2002 and \$100,000 per year for each of the taxpayer's subsequent four tax years.

54.10: Carryforward of Credit

- (1) Carryforward Period. Any amount of the credit that exceeds the claimant's tax due may be carried forward to any of the five subsequent taxable years.
- (2) Transfer of Carryforward. A taxpayer who transfers an unclaimed portion of the credit pursuant to 760 CMR 54.07(1) may choose whether or not to include carryforward credit from prior years in the transfer.
- (3) Transferee Treated Like Original Owner. For the purpose of determining the carryforward period, the transferee shall be bound by the same schedule for claiming a credit as the taxpayer originally entitled to the credit as an owner of a qualified Massachusetts project, regardless of how often the credit has been transferred.

54.11: Limitations on Credit; Ordering of Credit

- (1) Limitations on Credit. The credit may not be applied to increase the maximum amount of credit allowed under M.G.L. c. 63, or to reduce the minimum corporate excise imposed under M.G.L. c. 63.
- (2) Ordering of Credit. The credit may be applied in combination with other credits allowed under M.G.L. c. 63 in any order. Similarly, the credit may be applied in combination with other credits allowed under M.G.L. c. 62 in any order.
- (3) Credit Nonrefundable. The credit is not refundable to the taxpayer. The following text is effective 11/24/2000.

54.12: Recapture

- (1) Recapture; Disallowance. Whenever an event or circumstance occurs with respect to a Qualified Massachusetts Project that results in any recapture of federal low-income housing tax credit or if, in the judgment of the Department, the project would meet the condition for recapture of federal low-income housing tax credit under Section 42(j) of the Code and the regulations thereunder, if, at the time of the allocation of the Massachusetts low-income tax credit, the project had, instead, been allocated a federal low-income tax credit, then any Massachusetts low-income housing tax credit claimed with respect to the project shall be subject to recapture in the amount described below, subject to the standards and requirements of Section 42(j) of the Code and the regulations thereunder, and any Massachusetts low-income housing tax credit allocated to such project and not yet claimed as of the date of the recapture event shall be disallowed. Notwithstanding any agreement

between transferor and transferee, each taxpayer who has claimed any portion of the Massachusetts low-income housing tax credit allocated to the project in question shall be liable for payment of his, her or its respective recapture amount as specified in 760 CMR 54.12(3).

- (2) Recapture Period. Massachusetts low-income housing tax credit allocated with respect to a project is subject to recapture (and disallowance to the extent not yet claimed) at any time during the 15-year compliance period.
- (3) Recapture Fraction.
 - (a) With respect to projects that have an allocation of federal low-income housing tax credits, a fraction in which the numerator is the amount of all federal low-income housing tax credit recaptured with respect to the project and the denominator is the amount of all federal low-income housing tax credit previously claimed with respect to the project.
 - (b) With respect to projects that do not have an allocation of federal low-income housing tax credit, a fraction calculated according to the standards and requirements of Section 42(j) of the Code, as if a federal low-income housing tax credit had been allocated to the project instead of a Massachusetts low-income housing tax credit.
- (4) Amount of Recapture. The amount of Massachusetts low-income housing tax credit to be recaptured from any taxpayer upon the occurrence of a recapture event equals the product of
 - (a) the Massachusetts low-income housing tax credit claimed by such taxpayer prior to the recapture event times
 - (b) the recapture fraction.
- (5) Timing of Recapture. The amount of recapture of the Massachusetts low-income housing tax credit shall be reported and shall be subject to tax in the taxable year during which the recapture event takes place.
- (6) Example. The following example illustrates the application of 760 CMR 54.12. Assume, the owner of a Qualified Massachusetts Project is a calendar year taxpayer. The annual credit amount allocated to the project is \$20,000. The project meets the requirements of 760 CMR 54.08 on October 1, 2001. Taxpayer makes an early credit election and takes a \$20,000 credit for tax year 2001. Taxpayer takes a second \$20,000 credit for tax year 2002. On April 1, 2003, the project goes out of compliance and becomes subject to federal recapture or would become subject to federal recapture if federal credits had been awarded instead of state credits. No credit is available to taxpayer for tax years 2003, 2004 and 2005. The \$40,000 credit previously taken by the taxpayer is subject to recapture according to the formula in 760 CMR 54.12(4).

54.13: Reporting and Recordkeeping Requirements

- (1) Taxpayer Requirements. In order to claim the credit, a taxpayer must provide to the Commissioner the following:

- (a) eligibility statement as provided in 760 CMR 54.13(2);
 - (b) allotment certification, if applicable, as provided in 760 CMR 54.13(3);
 - (c) transfer statement, if applicable, as provided in 760 CMR 54.13(4) (with a copy of transfer contract, if applicable, as provided in 760 CMR 54.07(2)); and
 - (d) Massachusetts carryover allocation agreement, if applicable, as provided in 760 CMR 54.09(1).
- (2) Eligibility Statement. The Department shall adopt a form of eligibility statement to be issued by the Department evidencing a Qualified Massachusetts Project's eligibility for Massachusetts low-income housing tax credit. Each taxpayer claiming any Massachusetts low-income housing tax credit with respect to a project shall file a copy of the eligibility statement with each Massachusetts tax return on which any Massachusetts low-income housing tax credit is claimed.
- (3) Allotment Certification. The Commissioner, in consultation with the Department, shall provide a form of allotment certification to be filed by any unincorporated flow-through entity
- (a) that is the owner of a project with respect to which Massachusetts low-income housing tax credit has been allocated or the following text is effective 11/24/2000
 - (b) to which the right to claim a Massachusetts low-income housing tax credit has been allotted or transferred. The entity shall file such certification with the Commissioner following the close of the first taxable year in the credit period or the first taxable year the entity holds the right to claim credit, whichever is later. Such certification shall provide the name and federal taxpayer identification number of each taxpayer with an interest in the entity on the date the project met all of the requirements of 760 CMR 54.08 and shall also indicate the amount of Massachusetts low-income housing tax credit allotted to each such taxpayer. The certification shall also contain such other information as the Commissioner may from time to time require. Each taxpayer claiming any Massachusetts low-income housing tax credit by way of a flow-through entity shall file a copy of such certification with each Massachusetts tax return on which any Massachusetts low-income housing tax credit is claimed.
- (4) Transfer Statement. The Commissioner, in consultation with the Department, shall promulgate a form of transfer statement to be filed by any person who transfers the right to claim Massachusetts low-income housing tax credit with respect to a Qualified Massachusetts Project. The transfer statement shall be required in addition to the transfer contract required in 760 CMR 54.07(2).

The transferor shall file a transfer statement with the Commissioner within 30 days after transfer. The transferor shall also provide a copy of such statement to the owner of the project with respect to which the transferred credit was allocated within 30 days after transfer. The transfer statement shall provide the name and federal taxpayer identification number of each taxpayer to whom the filing transferor transferred the right to claim any Massachusetts low-income housing tax credit with respect to the project and shall also indicate the amount of Massachusetts low-income housing tax credit, including any carry forward credit, transferred to each such person or entity. The statement shall also contain such other information as the Commissioner may from time to time

require. A copy of the transfer contract, if required under 760 CMR 54.07(2), shall be attached to the transfer statement. Each taxpayer claiming any Massachusetts low-income housing tax credit shall file with each Massachusetts tax return on which any Massachusetts low-income housing tax credit is claimed copies of all transfer statements and transfer contracts necessary to enable the Commissioner to trace the claimed credit to the credit that was initially allocated with respect to the project. Each project owner shall file copies of all transfer statements and transfer contracts received regarding a project with such owner's annual Massachusetts tax or informational return.

- (5) Record keeping Requirements. Owners of qualified Massachusetts projects and taxpayers that transfer or claim credit with respect to such projects shall be required to keep all records pertaining to credit until the expiration of the regulatory agreement; if a Massachusetts carryover allocation agreement is entered into with the Department under 760 CMR 54.09(1), the records must include a copy of the Massachusetts carryover allocation agreement and documents relevant thereto.

54.14 Application Process and Administrative Fees

- (1) Application. Project applicants seeking an allocation of Massachusetts low-income housing tax credit shall include a request for such credit allocation in the same application to be filed with the Department through which such proponent requests an allocation of federal low-income housing tax credit. With respect to projects described in 760 CMR 54.09(1) (b), the request for Massachusetts low-income housing tax credit shall be made in the form of a letter to the Department accompanied by:
 - (a) a copy of the applicant's submission to the agency providing the tax-exempt bond financing for the project; and
 - (b) such additional information as would be included in an application to the Department for a federal low-income housing tax credit allocation. The Department shall issue guidance describing any additional information to be included with credit requests. The Department may require that the applicant provide analyses of alternative funding scenarios that allow the Department to evaluate the comparative efficiency of allocating varying levels of federal and Massachusetts low-income housing tax credit to such proposed project.
- (2) Filing Fee. Each application seeking an allocation of Massachusetts low-income housing tax credit shall be accompanied by a filing fee set by the Department which shall be payable to the Commonwealth of Massachusetts.

54.15: Reference to Federal Credit Rules

Unless otherwise provided in M.G.L. c. 23B, §3, M.G.L. c. 62, §6I and M.G.L. c. 63, §31H (St. 1999, c 127, §§34, 82, 90) or 760 CMR 54.00 or unless the context clearly requires otherwise, the Massachusetts low-income housing tax credit shall be administered and allocated in accordance with the standards and requirements applicable to the federal low-income housing tax credit as set forth in Section 42 of the Code and the federal regulations adopted there under, and with respect to the administration of the Massachusetts low-income housing tax credit, whenever

the word “Secretary” appears in the Code and associated regulations, it shall be taken to mean Director of the Department.

54.16: Authorization of Department to Take Further Actions

Nothing in 760 CMR 54.00 shall be deemed to limit the authority of the Department to take all actions deemed by the Department in its discretion to be consistent with the authority granted the Department under M.G.L. c. 23B, §3, M.G.L. c.62, §6I and M.G.L. c. 63, §31H (St. 1999, c. 127, §§34, 82, 90).

REGULATORY AUTHORITY

760 CMR 54.00: M.G.L. c. 23B, §§3, 6; M.G.L. c. 62, §§6I (a), (c) (7), (e), (f) (4), (g); M.G.L. c.63, §§31H (a), (c) (7), (e), (f) (4), (g).

Appendix I: Glossary of Terms

Appendix I: Glossary of Terms

Tax credit applicants should note that the federal rules governing Low Income Housing Tax Credits are complex. All developers should consult a qualified tax attorney or accountant to determine eligibility for the credit. The terms defined below are not meant to substitute for a reading of Section 42 but are only meant to provide prospective applicants with a general understanding of commonly used terms.

4% Credit

The term “4% credit” refers to the 30% tax credit, which has a present value equal to 30% of the project’s qualified development costs, or approximately 4% per year over a 10- year period. The “4% credit” is available in two situations: 1) development costs of new building or substantial rehabilitation developed with a federal subsidy, including tax-exempt financing; and 2) acquisition cost of an existing building, which must also be substantially rehabilitated (the greater of \$6,000 per low-income unit or 20 % of the depreciable basis of the building) in order to qualify for the credit for the acquisition cost.

9% Credit

The term “9% credit” refers to the 70% tax credit, which has a present value equal to 70% of the project’s qualified development costs, or approximately 9% per year over a 10- year period. The “9% credit” is available for the development costs of a new building or substantial rehabilitation of an existing building without a federal subsidy.

Applicable Fraction

The smaller of the “unit fraction” or the “floor space fraction” (see Section 42(c) (1) of the Internal Revenue Code. The “unit fraction” is the fraction of qualified low- income units in the building. The “floor space fraction” is the fraction of total floor space contained in the qualified low-income units in the building.

Carryover Allocation

An exception to the general rule that a credit allocation is valid only if the allocation occurs within the calendar year in which the building is placed in service. Under this type of allocation, 1) more than 10 percent of the project's reasonably anticipated basis (costs) must be incurred by the end of the calendar year in which the allocation is made; and 2) the building(s) in the project must be placed in service by the end of the second calendar year following the year of the allocation. “However, projects which receive reservations in the second half of any calendar year will have six months from the date of allocation (or until the following June 30 if later) to incur more than 10 percent of the project’s reasonably anticipated basis as of the end of the second calendar year following allocation”

Compliance Monitoring	HLC must actively monitor all tax credit projects to determine if they are complying with the various requirements of the tax credit program, which include, but are not limited to, determining whether the rents charged on tax credit units exceed maximum allowable rents and whether the incomes of tenant households at initial occupancy and during subsequent reviews exceed maximum allowable income limits.
Department of Housing and Community Development (DHCD)/Executive Office of Housing and Livable Communities (HLC)	The Department of Housing and Community Development (DHCD) was the designated tax credit allocating agency for the Commonwealth of Massachusetts in 1987. In June 2024, DHCD became the Executive Office of Housing and Livable Communities (HLC). HLC administers numerous housing and community development programs on behalf of the Commonwealth. HLC allocates the federal and state housing tax credits, other federal housing programs, and numerous state housing programs.
Eligible Basis	The sum of the eligible cost elements that are subject to depreciation, such as expenditures for new construction, rehabilitation, building acquisition, and other costs used to determine the cost basis of the building(s) (see IRC Section 42 for a more detailed definition). The eligible basis is increased by 30 percent if the building(s) in the project is located in a difficult development area or qualified census tract.
EUR	Title VI subtitle A of the Cranston-Gonzalez National Affordable Housing Act contains the Low-Income Housing Preservation and Resident Homeownership Act of 1990 (“LIHPRHA” or Expiring-Use Restriction (“EUR”) program). Contracts under low-interest loan programs of the 1960's and 1970's permitted certain owners to prepay federally assisted mortgages after the twentieth year of the forty-year mortgage term. The statute's basic objectives are to assure that most of the “prepayment” inventory of HUD-assisted housing remains affordable to low-income households and to provide opportunities for tenants to become homeowners.
Internal Revenue Code	The Low-Income Housing Tax Credit Program (LIHTC) is a housing program contained within Section 42 of the Internal Revenue Code of 1986, as amended, governs tax credits for owners or investors in low-income housing projects.
Qualified Basis	The portion or percentage of the eligible basis that qualifies for the tax credit. A building's qualified basis equals its eligible basis multiplied by its applicable fraction.
Section 42	Section 42 of the Internal Revenue Code of 1986, as amended, governs tax credits for owners or investors in low-income housing projects, which has received an allocation under the terms of this plan.

TDC

Total Development Costs. Costs incurred for the purchase and/or rehabilitation of existing buildings or new construction. Development costs may include planning, oversight, relocation, demolition, construction, or rehabilitation, reserves and all other costs necessary to develop the affordable housing project.

Ten Percent (10%) Test

In order to qualify for a carryover allocation, the developer's basis in the property at the end of the year in which the allocation is received must be more than ten percent of the amount that the project's basis is reasonably expected to be at the end of the second year following the allocation year. Basis consists of the project's depreciable costs and land that is reasonably expected to be part of the project. However, projects which receive reservations in the second half of the calendar year will have six months from the date of allocation to meet the ten percent test.

Appendix J. Program Administrative Requirements

Appendix J. Program Administrative Requirements

Sponsors of 2025-2026 tax credit projects should take into consideration the program administrative requirements described in this section. Additional program administrative requirements are described in the Low-Income Housing Tax Credit Guidelines available from HLC. All applicants should read the guidelines in effect at the time of application.

Assumptions Regarding Value of the Credit and Least Amount Necessary for Feasibility

Federal legislation requires that the administering agency allocate only the amount of credit necessary to make a project feasible. To determine the least amount of credit necessary for feasibility, HLC must understand the full extent of financial resources available to a project as well as all project costs. Federal law requires developers to certify to state credit agencies the extent of all federal, state, and local resources that apply or might apply to a project, as well as project costs at three different points in time:

At the time of application

At the time an allocation is made (carryover allocation or binding forward commitment), and When the project is placed in service.

To determine the least amount of credit necessary for feasibility at the time of application and at the time of allocation, HLC will assume that a project is to be syndicated and will determine a credit amount based on a set of assumptions regarding projected net equity to be raised. Developed by HLC, these assumptions will be applied to all tax credit projects unless the developer provides definitive information, acceptable to HLC, indicating that different assumptions should be used.

When a project places in service, HLC requires an audited cost certification in its established format. The IRS Form 8609(s) will not be released to the project owner until the final analysis is completed by HLC. HLC may reduce the final allocation as it appears on the 8609(s) for the project if:

- The project does not have enough basis to support the original allocation; or
- The project costs are not acceptable to HLC.

HLC will examine all costs for reasonableness, including but not limited to the following: acquisition; construction costs; general development costs; syndication costs; builder's profit, overhead, and general requirements; operating revenues, expenses, and cash flow. Only reserves required by a lender and/or HLC will be allowed. If a developer has proceeded with or completed construction of a project without HLC's knowledge, HLC may deem tax credits unnecessary for the feasibility of that project, and the project will not receive a tax credit award. HLC will not allow a development budget line item carried both as a source and a use if there is no reasonable expectation that the budgeted item will be paid and has been included solely for the purpose of calculating the eligible basis in an effort to increase the annual tax credit calculation.

Developer's Fee/Overhead

HLC will determine the calculation of each tax credit allocation based on eligible costs that include a developer's fee and overhead that conform to HLC's maximum allowable developer's fee and

overhead limits as calculated below. Please note that the calculation of fees was changed in the 2018 QAP and these changes are described below and on the following page. Sponsors of identity-of-interest projects may not seek a paid fee for their transactions and should refer to a later section of this document for additional information.

HLC will determine the developer's fee and overhead at three points in time: at the time of application, at the time of carryover allocation, and when the project sponsor applies for IRS form 8609. If the developer's fee and overhead exceed the allowable limits at any of the three points in time, the tax credit allocation will be reduced accordingly. Although HLC recognizes the evolving nature of projects, in order to promote readiness and to encourage the best possible cost estimates, HLC reserves the right to disallow increases in total developer's fee and overhead that result primarily from increases in replacement costs after the time of application. For purposes of calculating the developer's fee and overhead, total replacement costs are defined as all total development costs net of project reserves and syndication costs approved by HLC. In addition, sponsors should note that HLC does not permit a calculation of "fee on fee".

In calculating the allowable developer's fee and overhead, sponsors should consider any development or operating reserves or escrows funded by cash at closing or through syndication as part of the developer's fee and overhead, as follows:

Reserves or escrows that are intended to remain in the project for more than five years will not be included in the developer's fee and overhead. The five-year holding period is assumed to begin on the first day that the development has achieved full occupancy, and end five years following such date;

80% of reserves or escrows that are intended to remain in the project for less than five years are included in the developer's fee and overhead;

All consultant costs, including but not limited to development consultant, syndication consultant, and historic consultant fees, are included in the maximum developer's fee and overhead allowed.

The maximum allowable developer's fee and overhead shall be calculated according to the following schedule (see the exceptions below):

Developer's fee and overhead may equal up to 5% of acquisition costs, and, in addition;

Developer's fee and overhead may equal up to 15% of the first \$3 million in total replacement costs less acquisition, and, in addition;

Developer's fee and overhead may equal up to 12.5% of the total replacement costs less acquisition that are from \$3 million to \$5 million, and, in addition;

Developer's fee and overhead may equal up to 10% of the total replacement costs less acquisition that exceeds \$5 million, subject to the limitations on paid fee described below.

For large projects, the amount of the developer's fee and overhead that is payable in cash out of the development budget shall be further limited as follows:

For projects with total replacement costs less acquisition between \$15 million and \$25 million, the *paid* fee shall be equal to the fee as calculated above plus 7.5% of the amount over \$15 million; and, in addition;

For projects with total replacement costs less acquisition that exceed \$25 million, the *paid* fee shall be equal to the fee as calculated above plus 5% of the amount over \$25 million.

Furthermore, for projects involving acquisition by a related party, the maximum *paid* fee shall be equal to 2.5% of the acquisition cost.

Any fees not payable in cash out of the development budget in keeping with the provisions above may be deferred and payable from operating cash flow over time. Payment of deferred developer fees out of operating cash flow may have payment priority over HLC cash flow repayment requirements provided that the terms of the deferred developer fee note are acceptable to HLC.

If the developer's fee and/or overhead for a project is determined to be unreasonable, HLC reserves the right to reduce the permissible fee, even though that fee may otherwise meet program guidelines based on the project's size. Projects with total development costs that exceed HLC's cost limits may have the maximum allowable fee reduced by 10% of the amount that the project exceeds the cost limits.

Compliance Monitoring

Beginning with 1990 allocations, the federal legislation requires that an extended low-income use agreement be in effect for a minimum of 30 years for every project receiving tax credits. To enforce this restriction and other program use restrictions, HLC will require that each project owner enter into a Tax Credit Regulatory Agreement and Declaration of Restrictive Covenants (the "Agreement"). In the case of buildings which are financed with the proceeds of tax-exempt bonds and receive an allocation of 4% tax credits, HLC will require that the owner enter into an Extended Low-Income Housing Agreement and Declaration of Restrictive Covenants (the "Agreement") with the HLC. These agreements limit the use of all of the low-income units to rental housing, with income and rental restrictions, for a minimum period of thirty years.

In addition, HLC has an obligation, as of January 1, 1992, to monitor the compliance of all tax credit projects with tax credit requirements as set forth in Section 42 of the Internal Revenue Code and applicable regulations. HLC will monitor tax credit projects for compliance with the requirements of the Agreement. HLC also will perform physical inspections taking into consideration local health, safety, and building codes. Owners may be charged an annual fee to cover the administrative costs of such monitoring.

HLC's procedure for monitoring compliance with Low-Income Housing Tax Credits requirements is outlined in an appendix to this plan. HLC's procedure is adopted pursuant to Section 42(m)(1)(B) of the Internal Revenue Code and Treasury Regulation Section 1.42-5. HLC reserves the right to amend this procedure as may be necessary or appropriate to conform to

applicable changes in the Internal Revenue Code or regulations promulgated thereunder. Notwithstanding anything to the contrary in this allocation plan, HLC may adopt such amendments without a public hearing process but shall give reasonable notice before implementation of any such amendment to all tax credit applicants and owners. In addition, HLC may adopt further monitoring forms and procedures as part of its Low-Income Housing Tax Credit Guidelines or as otherwise deemed appropriate.

Pursuant to Section 42(m)(1)(B) and Treasury Regulation Section 1.42-5(f), HLC may retain an agent or other private contractor (“authorized delegate”) to perform compliance monitoring functions. Any reference to HLC in this monitoring procedure shall also include, where appropriate, an authorized delegate of HLC.

Pursuant to Section 42 (m)(1)(B)(iii), this monitoring procedure applies to all owners of buildings or projects for which the low-income housing credit is or has been claimed at any time. If HLC becomes aware of noncompliance that occurred prior to January 1, 1992, HLC is required to notify the Internal Revenue Service of such noncompliance. The monitoring procedure includes provisions for record keeping and record retention, annual certification and review, on-site records review, building inspection, and notification to owners and the Internal Revenue Service of noncompliance.

130% Rule

Projects located in qualified census tracts or difficult-to-develop areas as identified by the U.S. Department of Housing and Urban Development and/or by the Executive Office of Housing and Livable Communities may seek up to 130% of the rehabilitation credit basis amount for which they are eligible. Current information on the designation of difficult development areas by HLC is included in Section IV of this QAP. The 130% factor may not be applied to the acquisition basis. HLC will award up to 130% of the rehabilitation credit at its discretion and only if necessary for project feasibility. Current information about the designation of qualified census tracts and difficult development areas was issued by HUD on April 20, 2012, and September 28, 2012, respectively.

Tax-exempt projects are eligible for up to 130% of credit, subject to the determination of least amount of credit necessary for feasibility, only if the project is located in a qualified census tract or difficult-to-develop area as identified by the U.S. Department of Housing and Urban Development.

Lead Paint

All units in all tax credit buildings must be de-leaded prior to the issuance of a final allocation (IRS Form(s) 8609) for the project. All de-leading work must be performed in accordance with the provisions of M.G.L. c.111, 190-199B, 105 CMR 460.000, as well as all EPA requirements.

Physical Accessibility

In order to enable HLC to evaluate the accessibility provisions of each project, sponsors must provide summary information regarding accessibility using the checklist found in the Appendix K. In addition to the requirements of the Massachusetts Architectural Access Board (MAAB), projects may also be subject to other applicable federal, state, and local statutes and regulations such as the Fair Housing Act (FHA), Section 504 of the Rehabilitation Act of 1973, the

Architectural Barriers Act of 1968 (ABA), and the Americans with Disabilities Act (ADA). Sponsors should note that Appendix K is regularly modified.

Affirmative Fair Housing

HLC requires developers to establish affirmative fair housing marketing goals for occupancy of each project, taking into account the demographics of the region in which the housing is located. Developers and management agents must establish effective marketing plans to reach the identified minority groups that are least likely to apply for the housing being provided. Prior to initial occupancy of any unit in the project, the owner shall adopt and implement 1) an affirmative fair housing marketing plan for all units and 2) a tenant selection plan for the low-income units, in both cases consistent with any standards and guidelines adopted by HLC as then in effect and consistent with all applicable laws. Both the affirmative fair housing marketing and tenant selection plans shall be submitted in timely fashion and shall be subject to review by HLC.

If a tax credit project is located in a predominantly white neighborhood in the city of Boston, according to a list maintained at HLC, the affirmative fair housing marketing plan shall have the percentage goals for occupancy of the low-income units which reflect the racial and ethnic composition of the city of Boston as determined in the most recent U.S. Census. As per the most recent U.S. Census, the percentage goals for the city of Boston are as follows:

H. Race

Total Population:	100.0%
White alone	47.1%
Black or African American alone	20.6%
American Indian and Alaska Native alone	0.4%
Asian alone	11.3%
Native Hawaiian and Other Pacific Islander alone	0.1%
Other total (some other race and two or more races)	20.6%

Ethnicity

Hispanic or Latino	18.7%
Not Hispanic or Latino:	81.3%

Local Preference

HLC will allow a percentage of local preference in tax credit projects if the sponsor is able to demonstrate to HLC's satisfaction (1) that a need for such preference exists and that such a preference will not have a discriminatory effect on protected classes; and (2) the preference otherwise meets the requirement of HLC's Affirmative Fair Housing Marketing and Resident Selection Plan Guidelines (the "AFHMP Guidelines") (see Appendix D; also available at <https://www.mass.gov/doc/ma-fair-housing-marketing-and-resident-selection-plan-guidelines-1/download>). HLC reserves the right to modify its practices regarding local preference at a later point in time, based on new information on demographics and/or on discriminatory effects on protected classes.

The documentation of local housing need must be fully substantiated in the project's market study or through other supporting documentation such as the municipality's consolidated plan or a local affordable housing plan. To ensure that the local preferences established for the project do not

violate applicable fair housing laws and, therefore, do not have a discriminatory effect on protected classes, the sponsor must:

- Develop an affirmative fair housing marketing plan targeting those least likely to apply and a tenant selection plan in accordance with HLC's AFHMP guidelines provided in Appendix D;
- List the units in the project on Housing Navigator
- List vacant accessible units upon availability with Citizen's Housing and Planning Association's (CHAPA's) Massachusetts Accessible Housing Registry at <http://www.chapa.org> or successor registry;
- List vacant units located in the Boston-Cambridge-Quincy MSA, upon availability, with the City of Boston's Metrolist (Metropolitan Housing Opportunity Clearing Center), at Boston City Hall, P.O. Box 5996, Boston, MA 02114-5996 (617-635-3321);
- Develop a tenant selection plan, including a lottery system consistent with that described in the AFHMP Guidelines (see Appendix D).

Both the affirmative fair housing marketing plan and the tenant selection lottery plan will be reviewed by HLC program staff at the time of carryover allocation. Sponsors should refer to Appendix D for additional information on developing the lottery.

HUD Subsidy Layering Guidelines

Pursuant to Section 911 of the Housing and Community Development Act of 1992, HUD is required to determine that projects receiving or expecting to receive both federal, state, or local assistance and tax credits do not obtain subsidies in excess of that which is necessary to produce affordable housing. On December 15, 1994, HUD issued administrative guidelines referred to as subsidy layering guidelines, regarding limitations on combining Low-Income Housing Tax Credits with HUD and other government assistance in the Federal Register. The guidelines make a provision for housing credit agencies to implement the subsidy layering reviews for projects that are at least receiving HUD housing assistance and are receiving or have been allocated Low-Income Housing Tax Credits. Housing credit agencies may perform the subsidy layering review function provided that the housing credit agency certifies to HUD that it will properly apply the guidelines that HUD establishes. HLC is the housing credit agency in Massachusetts and, as of September 2017, has made the required certification to HUD that it will properly apply the HUD subsidy layering guidelines. Sponsors of LIHTC projects should contact the Low-Income Housing Tax Credit staff for further information.

Single-Room Occupancy

Federal law requires that a Low-Income Housing Tax Credit unit may not be used on a transient basis. Tax regulations require a minimum lease term of six months. However, single-room occupancy units rented on a month-to-month basis may qualify for the credit if they are funded under the Stewart B. McKinney Act.

Luxury Items in Tax Credit Projects

In accordance with federal tax law, the eligible basis of a building must be reduced by the amount of the adjusted basis attributable to those market units in the building that are above average quality standard of the low-income units. However, the developer may elect to exclude from the eligible basis the excess cost of the market units, provided that such excess cost does not exceed 15% of the cost of a low-income unit.

Fair Housing and Occupancy Data Collection

The mission of HLC through its programs and partnerships is to be a leader in creating housing choice and providing opportunities for inclusive patterns of housing occupancy for all residents of the Commonwealth, regardless of income, race, religious creed, color, national origin, sex, sexual orientation, age, ancestry, familial status, veteran status, or physical or mental impairment. It shall be HLC's objective to ensure that new and ongoing programs and policies affirmatively advance fair housing, promote equity, and maximize choice. In order to achieve this objective, HLC shall be guided by the principles found in Appendix D of this document.

In order to help HLC assess the impacts of local preference on affirmative marketing goals and compliance with applicable civil rights laws, all project owners will be required to report household characteristic data for all tax credit units at the time of final rent-up and on an annual basis from that point forward. The report will include but may not be limited to the following data points: capital subsidies restricting the unit, size of the tenant household, income level of the tenant household, race, and ethnicity of the head of household (to the extent available), number of children under the age of six, number of children under the age of 18, and type of rental assistance if any. Project owners or their specified designees will be required to report using the web-based data collection system developed by HLC.

Appendix K. Design Self Evaluations: Accessibility

Appendix K. Design Self Evaluations: Accessibility

Part A: Access Code Summary Code Applicability

Sponsors are required to answer the following questions regarding applicability of state, federal, and local accessibility regulations.

1. Are Section 504, Title II of the ADAAG, or the ABA applicable to the project based on the applicable statutes or sources of funding? Explain.

--

2. If the project is existing, show calculations indicating the cost of the work relative to the value of the building or replacement cost (per MAAB's CMR 521 3.3, or Section 504 8.23(a) if applicable).

--

3. Describe any variances from MAAB's requirements that are anticipated, and the status of the variance process.

--

Regulatory Requirements:

Provide summary information regarding accessibility in the table below. Include the most stringent applicable requirements of MAAB, FHA, ADAAG & HUD Section 504, and any other local requirements

1. Site Access - Accessible Route

Requirement for Facility: Routes to and from public spaces and parking are required to be accessible.	Proposed:
--	-----------

2. Accessible Parking

Requirement for Facility:	Proposed: (Indicate total number of spaces provided)
---------------------------	--

3. Building Entrances and Accessible Routes Within Buildings

Requirement for Facility:	Proposed:
---------------------------	-----------

4. Common Areas & Facilities (Offices, laundry rooms, community rooms, etc.)

Requirement for Facility:	Proposed:
---------------------------	-----------

5. Group 1 Units (MAAB)

Requirement for Facility: (include units covered by the FHA)	Proposed:
--	-----------

6. Group 2 Units (MAAB)

Requirement for Facility:	Proposed:
---------------------------	-----------

Part B: Universal Design Checklist HLC Requirements for all developments

In addition to the requirements of MAAB, FHA, ADAAG & HUD Section 504.

* Requirements with an asterisk may be waived for moderate rehab projects.

** Requirements with two asterisks shall be required only at “Gut” rehab projects.

Feature	HLC Required		Check if Included	Comment (Explain all items that are not included)
	Rehab	New		
Exterior				
Provide wayfinding signage at large or challenging sites	Y	Y		
Provide effective exterior lighting at walkways, accessible routes, and exterior spaces, esp. hazards	Y	Y		
Provide MAAG/ADAAG handrails at all exterior steps and stairs	Y	Y		
Common Areas				
Laundry rooms: Provide a table for folding accessible to persons with physical disabilities	Y	Y		
Laundry Rooms: Door to have vision panel (1/2 lite or vertical panel at minimum)	Y	Y		
Color contrast between treading and risers or grip strips on stairs and between floors and walls in corridors, more lighting to facilitate recognition of steps by vision-impaired persons	Y	Y		
All washers & dryers to be front loading with front controls and loading doors compliant with MAAB and ADAAG.	Y	Y		
Lighting: At laundry rooms, community rooms, and other common areas, photo/motion sensor to maintain partial brightness at all times. Increase to full brightness when sensor is triggered.	Y	Y		
Lighting: Overhead hallway light fixtures to accommodate lamps to providing minimum @ lighted surfaces: <ul style="list-style-type: none">• 25-foot candles (floor 1)• 15-18-foot candles (upper floors)	Y	Y		

Provide fixtures that cast a diffuse light (reflected illumination on the wall or ceiling via a shade, not direct light).				
Use materials and colors such that residents and visitors can easily recognize changes in floor level, use, etc. to assist with wayfinding.	Y	Y		

Entrances

Overhead weather protection at entrances	N	Y		
Provide exterior lighting at each entry door, switched by photocell/ motion detector.	Y	Y		
Install power operated doors at common entrances.	Y*	Y		
Max threshold height at exterior doors to comply with the requirement for accessible route	Y*	Y		
Provide pre-wiring for power operated doors at primary unit entry door of accessible units	Y*	Y		
No steps at entrances	Y*	Y		
Site grading provides accessible route up to first floor level (1:20 slope maximum)	Y*	Y		

Unit Interiors

Rocker-type electrical switches	Y	Y		
Switches no higher than 48" AFF, Thermostats at 54"	Y*	Y		
Lever hardware on all doors	Y	Y		
Receptacles, outlets, phone, and cable jacks 18" AFF minimum	Y*	Y		
Max threshold or floor transition height at interior doors to be 1/2"	Y	Y		
Recommend contrasting colors between floor surfaces and trim and between walls and doors to facilitate recognition of steps by vision-impaired persons	Y	Y		
Overhead light fixtures to provide minimum 25-foot candles	Y	Y		
Receptacles next to phone jacks for teletypewriter (TTY) devices	Y*	Y		

If provided, pocket doors to have premium hardware, easy-grip handle, and 32" clear when in the fully open position	Y*	Y		
All doors leading to habitable rooms to have min. 32" clearance	Y*	Y		
Electrical panel within standard reach range & with clear floor space	Y*	Y		
Rough wire all units to allow strobe lights to be installed in every bedroom and living area or provide equipment that can be adapted for installation of strobe lights	Y*	Y		
Additional electrical outlets at bed locations & desks: fourplex outlet for computers, electronic equipment, personal use equipment such as oxygen	N	Y*		
Adjustable height closet rods and shelving	Y	Y		
Windows operation shall comply with MAAG/ADAAG	Y	Y		
Acoustics: STC 50 at walls/ IIC-50 at floors between units and between units and common areas	Y**	Y		
Acoustics: Locate bedrooms so that they are not adjacent to common corridors, trash chutes, or other noise sources	Y**	Y		
Odor Control: Provide for compartmentalization of each residential units per Energy Star standards	Y*	Y		
Ventilation: Conditioned fresh air supply and exhaust must be provided at unit interiors	Y*	Y		
At new construction and adaptive re-use projects: Furnishing: Bedrooms and Living Rooms should have more than one usable furniture configuration	N	Y		

At new construction and adaptive re-use projects: Furnishing: At multi-level (townhouse) units with no bedroom on the entry floors, provide space to allow a temporary bed or sofa-bed in the living room	N	Y		
---	---	---	--	--

Baths

All tub/shower control knobs to be single lever handled	Y	Y		
Single lever faucet controls at lavatory sinks, not paddle handles	Y	Y		
Provide min. 12" grab bar mounted horizontally in all tubs and showers at wall opposite controls, 48" AFF (not required in addition to grab bars at accessible units)	Y	Y		
Tubs and showers must have slip resistant floors (conform to ASTM F-462)	N	Y		
Mirrors in baths low enough to within 6" above counter backsplashes except at accessible units	Y	Y		
Provide solid blocking at all water closets and tub/showers for future grab bar installation	Y	Y		
Provide handheld showers at all baths and showers with adjustable height mounting.	Y	Y		
Lighting: Provide non-glare task lighting at vanities.	Y	Y		

Kitchens

Min. clear floor space between cabinets and appliances 48"	N	Y		
Loop handles on cabinet doors and drawers	Y	Y		
Lever faucet controls at kitchen sinks	Y	Y		
Contrast colors at border treatment of countertop vs cabinets to facilitate recognition of edge of counter by vision impaired persons	Y	Y		
Adjustable height shelves in wall cabinets	Y	Y		
Lighting: Provide non-glare task lighting at countertops	Y	Y		

Part C: Visitability

Visitability of residential units will be considered in project evaluation and scoring. The information below must be provided by the development team in order to determine the degree of visitability.

1. **Definition: Visitable Units shall have, at minimum, all of the following features:**

1. Units shall be on a route without steps from a public way. *(Please note that this is not the same as an “accessible route” as defined in 521 CMR or the ADA.)*
2. All doors on the above route, including the unit entry door, shall be 36” wide (32” minimum clear width).
3. All unit interior doors (except closet doors) on the entry level shall be 36” wide (32” minimum clear width).
4. On the unit entry level, there shall be a *clear path* to (a) a full or half bathroom; and (b) the living room and dining area of the unit. Such a full or half bathroom shall provide maneuverability clearances including access to fixtures in accordance with either (a) the Fair Housing Act Design Manual or (b) Group 1 bathrooms as defined by 521 CMR.

2. **New Construction Projects and Adaptive Reuse Renovation Projects.**

HLC has established a requirement that in new construction and adaptive re-use projects, all units in elevated buildings and all ground floor units shall fulfill the requirements of the above definition of a Visitable Unit. This requirement includes units with more than one story (“townhouse units”).

3. **Renovation of Existing Residential Projects.**

HLC has established the goal of providing Visitable Units in existing renovation projects wherever feasible. Sponsors are encouraged to make as many units as possible meet the definition above of a Visitable Unit.

At present, how many units in the project are visitable? _____

Upon completion of the renovations, how many units in the project will be visitable? ____

For units that will not be visitable, please describe the problems preventing visitability, as well as an estimate of what the cost impact would be of resolving the problem in order for the units to be made visitable. In cases of technological or space infeasibility, please explain.

Requirement	Description of Problem	Cost Impact/Infeasibility
1. Units shall be on a route without steps from a public way. Entry equipment (intercom, doorbell, etc. shall comply with MAAB controls access and reach range requirements)		

2. Doors on route shall be 36" wide with a zero-step entrance.		
3. All unit interior doors on the entry level shall be 36" wide.		
4. Clear paths to an entry level bathroom and the living/ dining room; bathrooms. Bathroom to meet Fair housing or Group 1 requirements.		

HLC Requirements for CBH Units

The Community Based Housing (CBH) Program provides funding to non-profit and for-profit developers to build housing for people with disabilities – especially the development and redevelopment of integrated housing for people with disabilities who currently live unnecessarily in institutions or nursing facilities or are at risk of institutionalization. The requirements of the CBH program that extend beyond the legal minimums for typical accessible units reflect the unique (but not uncommon) needs of this population. These include a greater reliance on larger powered wheelchairs with larger turning diameters, the need for more space for medical equipment, and the need to minimize barriers at doors.

The goals of the CBH program include:

- **Integration:** Housing for people with disabilities should be designed to allow people with disabilities to integrate into the community as fully as possible. The emphasis is on the development of scattered site units within developments rather than clustered or segregated housing.
- **Maximum Control:** People with disabilities should have the maximum control possible in their housing choices and management. Having and meeting the obligations of a lease or a mortgage in their own name, with or without assistance, is the goal for most people with disabilities.
- **Accessibility:** The Commonwealth seeks to promote maximum visitability in all publicly funded housing. This will better ensure that people with disabilities have access to integrated housing in all communities.

Projects funded with CBH funds shall comply with all applicable federal and state access requirements in addition to these CBH requirements. In determining which projects will receive funds from the limited pool of CBH funds, the program will prioritize projects that incorporate aspects of visitability and universal design for units. Although not required by federal and state accessible design standards, these universal design components make communities more usable for the residents whom CBH funding supports. The Commonwealth seeks to promote maximum universal design and visitability to ensure that people of varying ages and abilities have access to integrated housing and that they will be able to age in place.

Every effort should be made to incorporate items on the Universal Design checklist into CBH units. While there may be extenuating reasons that some UD features are not feasible across all units, they should all be incorporated into CBH units (unless superseded by a more stringent requirement).

Please also note that 521 CMR 24.2 requires that “Ramps shall have the least possible slope.” This is particularly important for the CBH population – a 1:12 ramp slope should be considered only when there is no alternative for a ramp of lesser slope, or more preferably, a sloped walkway with a slope that does not exceed 1:20.

All CBH units must meet 521 CMR Standards for Group 2A Units. (While there are exceptions in 521 CMR that allow lifts in townhouse units to make them accessible, CBH units should be flat units all on one level.) In addition to those requirements and the checklist below, there are further considerations that developers ought to consider in designing CBH units. First, residents in CBH units need additional space for a variety of uses, including medical supplies, transfer lifts, extra mobility devices, and people involved in personal care. As a rule of thumb, HLC recommends that CBH units be approximately 20% larger in floor area than the minimum sizes noted in HLC’s Construction/Rehabilitation Guidelines.

Another important consideration in unit design is providing layouts that minimize sharp turns and obstructions. An ambulatory person can generally negotiate a series of 90-degree turns unconsciously (see Figure 1). For a person with mobility impairments, these types of turns can present a series of obstacles. Whenever possible, units should be designed to eliminate these conditions. Pocket doors are often a viable alternative as they require less clearance than conventional swinging doors.

Figure 1

Configurations such as the one shown that require a series of 90 degree turns, while compliant with accessibility regulations, are not recommended and should be avoided if possible.

For example, refer to the sample unit layout below (Figure 2). Entry into the unit is unobstructed and there are few turns required. The living/dining area is open to the kitchen with no walls. As an additional feature, the bathroom door could be replaced with a pocket door (with appropriate hardware) to further reduce obstructions. Showing furnished floor plans is very helpful in illustrating how the space can be used.

Figure 2

For CBH units the following additional requirements apply.

*Requirements with an asterisk may be waived for moderate rehab projects.

Feature	HLC Req'd		Check Included	Comment if (Explain all items that are not included)
	Rehab	New		

Exterior

Provide one accessible parking space for each CBH unit (if parking is provided for other units)	Y	Y		
Minimum one van accessible space	Y	Y		
If a common exterior patio is provided, provide shade.	Y	Y		
If covered parking is available, provide direct covered access from parking to CBH units.	Y	Y		

Common Entrances

All building entrances on accessible routes	N	Y		
Automatic door openers at building entrances on accessible routes	Y	Y		
All doorbells and intercoms must be accessible	Y	Y		

Common Areas

Provide electrical power to allow for future installation of automatic door openers at common interior spaces such as community rooms and laundry rooms without modification of ceilings or walls.	Y	Y		
--	---	---	--	--

CBH Unit Interiors

Provide electrical power to allow for future installation of automatic door openers at unit entries without modification of ceilings or walls.	Y	Y		
Shelf for packages at inside and outside of all unit entrances. Interior shelf can be provided by furniture if not interfering with the zone of door access. Minimum size of shelf shall be 8" x 12"	Y	Y		
42" minimum clear width in hallways	Y*	Y		

Space to allow wheelchair approaches at both sides of bed (Queen size in master, twin in secondary bedrooms): 42" on one side, 66" at the other	Y*	Y		
Wide, shallow closets (depth 24" max) with fully opening swing doors (min 90 deg opening, single or pairs) and of width to fully expose closet interior to access	Y	Y		
Flush transition to exterior balconies, patios or decks. Minimum depth of exterior space shall be 66"	Y	Y		
Intercom systems usable by vision or hearing-impaired persons	Y	Y		
Flooring: hard surfaces, no carpet	Y	Y		
For rehab Projects, electrical outlets for assistive devices shall be provided throughout to meet current electrical code for new construction	Y	Y		
Additional electrical outlets at bed locations & desks: fourplex outlet for computers, electronic equipment, personal use equipment such as oxygen.	Y	Y		
Air conditioning shall be provided by sponsor, with controls within the zone of reach and compliant with applicable requirements. No window-mounted A/C units.	Y	Y		

Baths

66" turning diameter in bathrooms	Y*	Y		
Curbless shower with 48"x60" wide parallel clear area in front of shower. Provide positive drainage of floor surfaces outside of the shower to either the shower drain or a secondary floor drain.	Y	Y		
Grab bars at all toilets, showers and tubs.	Y	Y		
Lavatory sinks shall not have vanity cabinets in 30" wide knee space.	Y	Y		
Medicine cabinet shall be located within accessible reach range without reaching across the sink.		Y		

Kitchens

66" turning diameter in kitchen	Y*	Y		
Side by side refrigerator/freezer	Y	Y		
Cabinets with sliding shelves and 'lazy susan' corner cabinets	Y	Y		
Wall cabinets shall have bottom shelf at 48" AFF (Except where greater clearance is required at ranges and at sinks.)	Y	Y		

Appendix L. Enterprise Green Communities Certification Standards

Appendix L. Enterprise Green Communities Certification Standards

Under the 2025-2026 QAP, each sponsor is required to meet Enterprise Green Communities Certification standards for the particular type of project in development (new construction, substantial rehabilitation, adaptive re-use, etc.). Sponsors must meet the certification requirements appropriate for their projects and also must complete the certification process following project completion.

The link to the Enterprise Green Communities website is below:

The section on certification standards includes six checklists directly related to six different project types. All sponsors must download the certification checklist appropriate to their project type, complete the checklist, and send it by email to catherine.racer@mass.gov, rebecca.frawley@mass.gov, and franklin.miller@mass.gov. Sponsors must submit the appropriate checklist prior to the deadline for OneStop+ applications in winter 2025. The deadline is February 27, 2025.

If a sponsor applying to the winter 2025 competition does not submit the checklist, appropriately filled out, the application will be deemed a design/scope fail and will not be selected for funding.

All EOHLC projects must now comply with the certification standards found in the current version of Enterprise Green Communities Checklist for new construction and rehabilitation. Previously in the 2022-2023 QAP, EOHLC offered Supplemental Points in the Competitive Scoring System for compliance with EGC Certification standards. All other projects were only required to be “consistent with the goals of the Enterprise Green Communities standards”. The 2022-2023 QAP also included an appendix entitled “Design Self Evaluation (Green Building)” which paralleled the mandatory requirements in the EGC Criteria Checklist. The 2025-2026 QAP has now eliminated the “Design Self Evaluation (Green Building)” appendix and the supplemental points available for EGC Certification. Now all projects must, at a minimum, prove that they meet the EGC Certification standards.

Appendix M. Design Self Evaluation (Senior Housing)

Appendix M. Design Self Evaluation: Senior Housing

Recommended HLC Requirements for Senior Housing Developments

For senior housing developments, the following additional requirements apply.

*Requirements with an asterisk may be waived for moderate rehab projects

Feature	HLC Required (R) or Suggested (S)		Check if Included	Comment (Explain all items that are not included)
	Rehab	New		

Exterior

Primary entry to the building without stairs and doorway with a flush threshold (or minimal beveled door transition)	R*	R		
Continuous pathway between home, transit, and frequently used services that does not require shortcuts through alleys or landscaping.	S	S		

Common Areas

Video intercom system with push buttons and screen for ease of use by seniors with arthritis or other challenges	R	R		
Resident services office(s) near the front lobby to support staffing of 1 Resident Service Coordinator (RSC) for every 100 residents, but no less than one. Office(s) fully enclosed for privacy and at least 250 sf so the resident and one family member or support person can meet with the RSC.	R*	R		
Private office for resident and health care professional to meet.	R*	R		
Multi-purpose (400 sf minimum) with no less than 10 sf/resident; stackable furniture, storage, good lighting, and age-friendly acoustics; located near front lobby with partially transparent walls so activities are visible to encourage participation.	R*	R		
Given the frailty and health needs of seniors, all elevated senior buildings must provide at least two elevators. Size at least one of the elevators to accommodate a 24" x 84" gurney.	R*	R		

Provide central air conditioning throughout the building (including apartments). Use a system that supports maximum heating/cooling flexibility during transition seasons.	R*	R		
Back-up generator to ensure elevator access, air-conditioning and refrigeration (for medications) during power outages.	R	R		
Lighting. Overhead hallway light fixtures to accommodate lamps to providing minimum @ lighted surfaces: <ul style="list-style-type: none"> • 25 foot-candles (floor 1) • 15-18 foot-candles (upper floors) Provide fixtures that cast a diffuse light (reflected illumination on the wall or ceiling via a shade, not direct light).	R	R		
Lighting. At laundry rooms, community rooms, and other common areas, photo/motion sensor to maintain partial brightness at all times. Increase to full brightness when sensor is triggered. Darker, unoccupied rooms are uninviting to residents with low vision, and disorienting to residents with dementia.	R	R		
Corridors in common areas to have a continuous handrail mounted on one side minimum, 34" AFF	R	R		
For ceilings and other hard surfaces, use materials that dampen background noise (like synthetic tiles, melamine foams, fiberglass, wood, and plastic).	R	R		
Well-lit signs with large lettering with building information for easy navigation.	R	R		
Smooth, hard, durable flooring material to reduce tripping and support residents who shuffle feet. Limit carpet to small areas and select easy to clean, short pile carpets.	R	R		
Unique color scheme of each floor can aid in wayfinding	R	R		
Shelf for packages at all exterior unit entrances.	R	R		
Incorporate active design solutions to encourage walking such as an open and inviting code-compliant stair near the elevator with low-rise steps and fewer steps	S	S		

between landings to lessen the distance of a fall.				
An activities board (preferably electronic).	S	S		
Additional flexible program spaces to support social engagement and wellness (e.g., fitness classes, group meals).	S	S		
Storage for mobility devices in activity areas sized to meet the need.	S	S		

Entrances

Lobby to support social connections; no less than 100 square feet, and no less than 5 square feet per resident; age-friendly seating (firm seat cushions 18” high and 18” deep, with arms, backs and washable fabric).	R*	R		
Waiting area with seating located in line of sight to exterior resident pick-up area.	S	S		
Front desk to support staff (paid or volunteers).	S	S		

In All Unit Interiors

Window operation shall comply with MAAB/ADAAG	R	R		
Smooth, hard, durable flooring materials to reduce tripping and support residents who shuffle feet. Limit carpet to small areas and select easy to clean, short pile carpet.	R	R		
Space to allow wheelchair or walker approach on side of bed closest to bedroom door.	R	R		
42” clear width in hallways	R*	R		
Open floor plans, wall cut outs, or glazing in doors allow caregivers to maintain a visual connection with residents who may need assistance.	S	S		
Shelf for packages inside unit entry.	S	S		
Storage for mobility devices sized to meet the need.	S	S		
Overhead light fixtures to provide minimum 25-foot candles	R	R		

Baths

66” turning diameter in baths.	R*	R		
Wall-hung sink and/or cabinetry with a counter height that will accommodate seated residents.	R	R		
Removable base cabinet at sink or provide recessed area for knee space.	R	R		

At accessible units only: Provide showers (no tubs) with curbless entry and no less than 36" x 60" to accommodate resident plus caregiver and mobility device.	R	R		
--	---	---	--	--

In All Kitchens

66" turning diameter in kitchens	R*	R		
Provide a separate cook top and wall oven. Locate floor of wall oven at 30" AFF. Bottom-hinged ovens to have a retractable shelf in the counter immediately adjacent and side-hinged ovens to have a retractable shelf directly under the oven.	R*	R		
Controls on appliances mounted to avoid reaching over burners	R	R		
Cooking appliance hoods wired to remote switch near the cooking appliance in an accessible location	R	R		
Side by side refrigerator/freezer	R	R		
Base cabinets with slide-out shelves and corner carousel cabinets.	R	R		
Removable base cabinets under the kitchen sink, cook top and a portion of the workspaces to provide knee space for residents using wheelchairs.	R	R		
Wall cabinets should be mounted approx. 13" above the countertop for ease of reach.	R	R		
Provide a 12" minimum width of countertop that will allow use of taller countertop appliances	R	R		
Electric stoves for easy and flexible decommissioning for residents with dementia.	R	R		

Technology

Simple to understand HVAC controls in apartments with large screen for easy reading.	R	R		
Building should be "Wi-Fi ready" with infrastructure in place for easy utilization of new technology as it emerges.	R	R		
Use CAT 6 wiring throughout the building (common areas and apartments) which should be compatible with most emerging assistive technology and will give residents the option to purchase their own router for personal use.	R	R		

Provide adequate space for wiring in the MDF/IDF cable racks on each floor to accommodate current and future router needs for staff, residents, security and public Wi-Fi service in lobby, program spaces and hallways.	R	R		
Number and location of hallway routers strong enough for staff use of remote technology to manage tenant records, work orders, etc. when in an apartment and provide a seamless connection from common spaces to apartments for assistive technology. (Note- does not include a requirement to provide residents open access to building Wi-Fi in their apartments.)	R	R		
Comprehensive cell phone service in the lobby, program spaces and hallways that has the capability of transmitting a signal in an energy efficient envelope (i.e., multi-paned windows). Older buildings may require a repeater system to transmit a signal.	R	R		
Wireless door locks with fob. Remote unlocking allows staff to easily assist residents and could be used by staff as a wellness check feature to alert staff when a resident has not left their apartment for an extended period.	S	S		
Common voice activated technology system in units that provide information related to building programming to residents.	S	S		

Appendix N. HLC's Design Requirements 2025-2026

MASSACHUSETTS HLC DESIGN REQUIREMENTS (MULTIFAMILY)

HLC Design Requirements (Multifamily)

Several years ago, various Massachusetts affordable housing lenders held a series of discussions on the cost of developing projects in the Commonwealth. Over time, the lenders have worked closely with each other and with the housing development community to find ways to reduce development costs in this state. As one part of a multi-pronged approach to better cost management, the public lenders agreed on a set of design requirements that could be applied with consistency to different types of Massachusetts projects. The design requirements have been updated over time, and HLC is committed to implementing further modifications as needed. Sponsors seeking HLC tax credits and subsidy funds should carefully review the design requirements, as well as other sections of this QAP that address design/scope issues:

- Executive Summary
- Competitive Scoring Overview
- Design as a Component of Competitive Scoring
- Special Project Characteristics Related to Design
- Additional Design Appendices to Draft QAP (senior housing checklist and accessibility checklist)

Of paramount importance, sponsors should note that all matters related to design within the 2025-2026 QAP have been modified to reflect the Healey-Driscoll Administration's deep and ongoing commitment to the appropriate investment of public funds in this ongoing era of climate change.

Introduction

The HLC Design Requirements are intended to promote the construction of affordable multifamily residential units of high quality, which are cost-effective to build and operate, use reliable materials and systems, include accessible units, and promote the Commonwealth's goals related to climate change.

HLC's Design Requirements are minimum requirements for the design and construction of affordable multifamily units which architects and developers must incorporate, regardless of the specific conditions of the project in the case of new construction. The design requirements indicate where criteria apply to new construction (NC), adaptive reuse (AR), or renovation/rehab (RR). Architects and developers must adhere to these requirements. However, the actual application of these requirements may differ from project to project based on the specific conditions of the project.

Any proposed deviations from the design requirements must be submitted in writing for HLC's review prior to any application for HLC funding. Unless HLC expressly approves any changes, project designs must adhere to all design requirements.

Sponsors should refer to the body of the 2025-2026 Qualified Allocation Plan for specific information on design requirements, including Section XII on the “fundamental project characteristics” and Section ____ on “special project characteristics”. Sponsors also must prepare and submit the two required design self-evaluations included in appendices “I” and “J”.??? check sections

Compliance With Codes and Standards

Projects must comply with the applicable provisions of current issuances of design and construction requirements of federal, state, and local codes and regulations, including but not limited to the following list. Where there is conflict between applicable standards, the more stringent requirement should be applied.

A. Federal

- ☐ Federal Fair Housing Amendments Act
- ☐ Section 504 of the Federal Rehabilitation Act
- ☐ Uniform Federal Accessibility Standards
- ☐ Americans With Disabilities Act
- ☐ U.S. Department of Energy, Energy Star
- ☐ Federal HUD Section 8 Housing Quality Standards
- ☐ Federal Environmental Protection Agency Regulations
- ☐ Clean Air and Water Acts
- ☐ EPA Watersense
- ☐ 92.251 Property Standards

B. Massachusetts

- ☐ MA State Building Code and Related Codes
 - Fuel Gas and Plumbing
 - National Electrical Code
 - MA Fire Regulations/National Fire Protection Association
 - MA Elevator Regulations
 - MA Architectural Access Board Regulations
 - MA Stretch Code and/or applicable IECC
 - MA Department of Public Health/State Sanitary Code
- ☐ Department of Environmental Protection
- ☐ State HOME, HSF, FCF, HTF, AHTF, CBH, CIPF, TOD, and LIHTC Programs (as well as any other HLC programs the sponsor seeks for their project)

C. Local (City or Town)

- ☐ Municipal Zoning Ordinances
- ☐ Local Historical Regulations and Restrictions
- ☐ Local Licensing Requirements
- ☐ Other regulatory requirements and guidelines from municipal agencies and departments

Design Requirements

This section sets forth the minimum design requirements for design and construction. Architects and developers must incorporate these requirements into the design and construction of affordable multifamily units regardless of the specific conditions of the project. Developers and architects must provide HLC with written requests if they wish to deviate from these design requirements as described in the Introduction above.

Developers and architects should refer to Appendix [____], Senior Design Guidelines, for additional design requirements that apply to all senior housing projects.

A. Dwelling Unit Sizes

- Unit square footage is measured from the inside face of the unit's walls and includes usable storage space, stairwells, and hallways inside the unit, as well as space occupied by interior walls within the unit. Fifty percent of the area under sloped ceilings with greater than 5'-0" clearance and less than 7'-6" clearance should be included in the unit square footage. NC + AR units must not be more than 10% greater than sizes noted below (except in the case of multi-level units with internal staircase(s). Sponsors and architects must contact HLC to explain why unit sizes are greater than the sizes indicated below. If units are smaller than sizes noted below, unit furnishing plans must be submitted in addition to plans that are required for funding submission.
SRO (SPO): 150-240 square feet (depending upon provision of bath and kitchen)
Studio: 500 square feet
One bedroom: 600 square feet
Two-bedroom: 800 square feet
Three-bedroom: 950 square feet
Four-bedroom: 1,200 square feet
- Layout of buildings and units should optimize the use of space, provide spacious furnishable main living areas, and provide adequate storage (minimum storage defined below under "closets").
- All spaces within units for persons with disabilities must meet applicable code requirements.
- Circulation spaces should be designed efficiently and kept to a minimum.
- Bedrooms in new construction must have operable window(s) on exterior elevations (exception: windows on high rise buildings are not required to be operable).

B. Dwelling Unit Major Room Dimensions

This section sets forth the minimum design requirements for major room sizes for new construction and adaptive re-use. If renovation/rehabilitation units do not meet these standards, they will be reviewed based on reasonableness of furnished plans.

Primary Bedroom

- 120 square feet minimum (12' x 10' clear dimension, not including closet)

- Must accommodate one queen bed, dresser, and two nightstands

Secondary Bedroom

- 100 square feet minimum (10' x 10' clear dimension, not including closet)
- Must accommodate two twin beds or a bunk bed, dresser(s)

Living Room Area

- 150 square feet minimum (with 12' clear minimum x 10' clear minimum)
- Must accommodate a six-foot couch, two chairs, coffee table, side table(s) and a place for a television

Dining Room Area

- 100 square feet minimum (10' x 10' clear dimension)
- Must accommodate an appropriately sized dining table and chairs (dining table should be indicated on unit plans)

Living/Dining Area

- 200 square feet minimum (12' least dimension).
- Dining room may overlap with the living room.

Closets

- Closets in bedrooms shall be 2'-0" clear deep and eight square feet minimum
- An entry closet shall be provided and be six square feet minimum
- A linen closet shall be provided and be four square feet minimum

C. Bathrooms

- Adequate storage shall be provided for bathrooms (NC) and (AR)
- One full bathroom shall be provided in zero-, one-, or two-bedroom units (NC), (AR) + (RR)
- One full bathroom and one half-bathroom are required in three-bedroom units (NC), (AR) + (RR)
- Two full bathrooms are required in four-bedroom units. A shower stall may be substituted for one bathtub (NC), (AR) + (RR)
- Vanities should have KCMA Certified all-wood severe use (no MDF or particle board) or similarly durable water-resistant cabinet construction. All full bathrooms shall receive two 24" towel bars, robe hook, shower curtain rod, toilet paper holder, mirror-front medicine cabinet with adequate blocking as required by manufacturer. Provide dimmable non-glare light fixture at vanities. (NC), (AR) + (RR)
- All half-bathrooms shall have two towel bars, robe hooks, toilet paper holder, and wall mirror with adequate blocking as required by manufacturer. (NC), (AR) + (RR)
- Bathrooms must be mechanically ventilated in accordance with current ASHRAE standards. (NC), (AR) + (RR)
- All GWB in bathrooms must be non-paper faced. (NC), (AR) + (RR)
- Wall and ceiling paint must be formulated for high humidity locations and include mildewcide. (NC), (AR) + (RR)

D. Kitchens

- All kitchen appliances shall be Energy Star rated. (NC), (AR) + (RR)
- Ranges and range hoods shall be 24" or 30" width in studio and one-bedroom units, and 30" in two-, three- and four-bedroom units. Where the range abuts a side wall, there must be heat resistant, easily cleaned back material to provide protection against heat and grease. (NC), (AR) + (RR)
- Range hoods shall be vented to the outdoors or may be recirculating type only if other kitchen exhaust ventilation is provided in accordance with current ASHRAE standards. (NC), (AR) + (RR)
- All range hoods shall be equipped with residential range hood fire suppression device (NC), (AR) + (RR)
- Garbage disposals where provided shall be 1/2 HP minimum (NC), (AR) + (RR)
- Refrigerators shall have a separate freezer door and be 12 cubic feet minimum in studio and one-bedroom units and 18 cubic feet minimum in two- and three-bedroom units (NC), (AR) + (RR)
- Minimum counter space shall be eight linear feet with 38 square feet of shelf space minimum. Minimum length of countertop does not include the space occupied by the sink, stove, and refrigerator. (NC), (AR)
- Three- and four-bedroom units shall have an additional two linear feet of counter space and additional eight square feet of shelf space. Counter length measurement at corners only includes one overlap to the corner, no double counting. (NC), (AR)
- Any medium-density fiberboard (MDF) used in countertops shall be for formaldehyde free. (NC), (AR) + (RR)
- A dishwasher is required in three- and four-bedroom units (NC), (AR)
- Cabinets shall comply with KCMA Certified all-wood severe use (no MDF or particle board) at sink base cabinet (NC), (AR) + (RR)
- Kitchen sink interior dimensions shall be 22" x 24" x 6.5" minimum, stainless steel, accommodating a single handle faucet with spray attachment (NC), (AR) + (RR)
- All GWB in kitchens must be non-paper faced or skim coat plaster (NC), (AR) + (RR)
- Wall and ceiling paint must be formulated for high humidity locations
- Provide dimmable non-glare light fixture at countertops (NC), (AR)

E. Electrical Design

- Switched ceiling-mounted lighting fixtures are required in building common areas, entry foyers and unit hallways, stairwells, kitchens (including suitable lighting at sink), dining areas, bathroom ceilings and over mirror, walk-in closets, and basements. Either an overhead fixture or switched outlet is allowable in bedrooms. (NC), (AR) + (RR)
- Interior common area lighting to have code compliance automatic bi-level lighting control triggered by occupancy sensors. (Occupancy sensor control not required for senior housing or housing for residents with dementia.) (NC), (AR) + (RR)
- Provide appropriate technology for current telephone, data, and television systems. (NC), (AR) + (RR)

- Appropriate resident-controlled building visual monitoring/entry system that maintains security and safety of residents must be provided. (NC), (AR)
- Appropriate emergency call system is mandatory in all senior developments. (NC), (AR) + (RR) See Appendix K for Senior Housing Technology requirements.
- When appropriate to siting of structure(s) and building characteristics, provide conduit or chase for future installation of rooftop solar systems. For new and adaptive reuse flat roofed structures, potential future locations for solar systems shall be identified and roof structure shall be designed to support future loading. (NC), (AR)

F. Mechanical, Plumbing, Miscellaneous Building Systems Design

- Note Administration's commitment to all-electric heating and cooling systems.
- Mechanical and plumbing systems, equipment, fixtures, etc., must be of a proven technology, demonstrably durable, and easily maintained. (NC), (AR)
- Air conditioning must be provided in all newly constructed and adaptive re-use developments. (NC), (AR)
- On projects with window/thru-wall AC units, provide appropriately sized dedicated outlet and protective winter cover to minimize unwanted air infiltration. (NC), (AR) + (RR)
- Existing buildings must be tested for unhealthful levels of radon and retrofit with remediation systems as required to meet all applicable requirements. At a minimum, in new construction, properly designed passive systems with provisions for supplementing system with active ventilation must be provided. (NC), (AR) + (RR)
- All buildings undergoing Level 2 or 3 Alterations shall install automatic fire sprinkler systems. To minimize opportunities for unintentional activation of system, all sprinkler heads shall be recessed with covers. (NC), (AR) + (RR)
- All buildings undergoing Level 2 or 3 Alterations shall install new or upgrade existing fire detection and alarm systems to meet current code.
- Beyond MAAB and Elevator Code requirements for provision of an elevator in new multifamily buildings, all new buildings with three or more stories and with 40 or more residential units above entry level must provide two elevators. (NC), (AR) In senior developments, provisions for operating at least one of the elevators during significant power outages must be provided and must be sized for stretcher. (NC), (AR) + (RR) All senior projects of more than one store to have at least one elevator. Two elevators may be required at HLC's discretion.
- All in-unit water heaters and washing machines must be equipped with catch pans and a system for draining the pan and/or shutting off water supply upon sensing water in pan. (NC), (AR) + (RR)
- See self-evaluation for mechanical equipment commissioning requirements. (NC), (AR) + (RR)

G. Neighborhood Context

- It is a primary requirement that the design of all housing developments enhance existing neighborhoods. (NC), (AR) + (RR)

- Developers should reinforce the connectivity to existing publicly accessible or community-based open space, public transit, and other basic community resources that are within walking distance of any proposed development. (NC), (AR) + (RR)

H. On-Site Open Space

- Particularly if there are no nearby public open spaces, it is important that development proposals include fully accessible (meeting at a minimum, MAAB requirements) open space for individuals, families, and children who occupy the building(s). All exterior dwelling entrances shall include weather-protected entries such as canopies, covered porches or well-lit, observable recessed alcoves. (NC), (AR) + (RR)
- Prioritize passive and active outdoor amenity space such as shaded seating areas, play areas, and community gardens. (NC)

I. Placement and Orientation of Buildings on Sites

- Building siting should accommodate safe and well-defined pedestrian and vehicular access to the site and provide for ongoing operations, including site maintenance, snow storage, and trash/recycling management areas. (NC)
- When appropriate to the context, buildings should be placed on the site giving consideration to optimum solar orientation and wind direction for natural ventilation and wind buffering. Methods for providing summer shading for south-facing and west walls and the implementation of photovoltaic and/or solar hot water systems on the roof should be considered. (NC)

J. Parking

- For any project with 10 or more parking spaces, at least 20% of spaces must be EV Ready as defined by the Mass Building Energy Code, including transformer sizing for future load.
- The zoning requirements for off-street parking should be achieved with parking layouts designed to minimize area of impervious pavement. (NC), (AR) + (RR)
- Parking areas should be buffered from adjacent properties and the public realm with landscaping or other suitable means. (NC), (AR) + (RR)
- Appropriate number of secure bicycle storage and visitor parking spaces must be provided. At a minimum, for building residents, one bike storage space per one housing unit must be provided (local requirements may exceed this minimum). (NC), (AR) Secure bicycle storage is storage that is inside the building or covered from the elements and includes video surveillance if surveillance is provided for the project. (NC), (AR)

K. Landscaping

- A landscaping plan must be provided showing proposed fencing, planting beds, trees, and shrubs, retained and removed play area, lighting, seating, and all features adding to the functional and aesthetic quality of the site. (NC), (AR) + (RR)
- New plantings must be native, low maintenance, drought tolerant and non-invasive. (NC), (AR) + (RR)

- Drip irrigation systems should be used if irrigation is required. Seek out rainwater harvesting and separate water meter options for any irrigation needs. (NC), (AR) + (RR)
- Minimize lawn areas that require irrigation or lawn maintenance. (NC), (AR) + (RR)
- All exterior pedestrian walkways to be cement concrete. Biluminous concrete walkways not allowed. (NC), (AR) + (RR)

L. Miscellaneous Requirements

- Projects must include provisions for secure package delivery and storage systems. (NC), (AR) + (RR)
- All developers must submit documentation for implementation of a smoke-free housing policy that will be in effect within one year of the date of this QAP. (NC), (AR) + (RR)
- Only no-VOC paints are permitted. (NC), (AR) + (RR)
- Window guards and/or other means to protect children must be provided in all family developments and senior developments where childcare may take place. (NC), (AR) + (RR)
- Only no or very low VOC carpet adhesives or installation with tack strips are permitted. (NC), (AR) + (RR)
- Only carpet designed to eliminate off-gassing is permitted. (NC), (AR) + (RR)
- Products made with formaldehyde or urea-formaldehyde binders should be avoided. (NC), (AR) + (RR)
- All new interior doors (except closet doors) must be solid-core doors. (NC), (AR) + (RR)

Appendix O. Building Decarbonization Requirements – New Buildings

O. Building Decarbonization Requirements - New Buildings

Funder	Name	Overview	Required Performance	Incentive Amount and Structure	Beneficiary Requirements	Application Cadence	Application Process and Requirements	Labor and Wage Requirements
Internal Revenue Service (IRS)	179D Energy Efficient Commercial Building Tax Deduction	Inflation Reduction Act amendment to IRA Section 179D, \$0.50 - \$5 psf tax credit available for multifamily buildings with 4+ stories. Public and private tax-exempt entities may allocate deduction to designer. May reduce basis for LIHTC projects	Minimum 25% reduction in total energy costs	\$0.50 to \$5.00 psf depending on prevailing wage and efficiency achievements.	N/A	Annually, as part of the owner's tax return	Credits are claimed in owner's tax return for the year the property was placed in service.	5x boost in credits if project meets prevailing wage and apprenticeship requirements.
Internal Revenue Service (IRS)	45L Energy Efficient Home Tax Credit	Inflation Reduction Act amendment to IRA Section 45L to provide funding to Energy Star or DOE Zero Energy Ready Home certified projects	Current Energy Star Certification Pathway or DOE Zero Energy Ready Home Program	\$500 to \$5,000 per unit depending on prevailing wage and efficiency achievements		Annually, as part of the owner's tax return	Credits are claimed in owner's tax return for the year the property was placed in service.	
Internal Revenue Service (IRS)	48 Renewable Energy Tax Credit	Up to 30-60% refundable tax credit for clean energy	Anticipated Net Zero greenhouse gas emissions	6%-60% refundable tax credit for clean energy for projects placed in service after 2022. Direct pay option for owners without tax liability	Possible bonus credits if located in an Environmental Justice community (competitive application)	Annually, as part of the owner's tax return	Credits are claimed in owner's tax return for the year the property was placed in service.	Base tax credit amount starts at 30% if project meets prevailing wage and apprenticeship requirements.
MassDevelopment and MA Department of Energy Resources (DOER)	PACE Massachusetts - MassDevelopment	PACE Massachusetts allows property owners of multifamily properties with 5+ units, mixed use properties, and commercial properties to undertake comprehensive energy upgrades with longer financing terms of up to 20 years without adding new debt to their balance sheet. Not available for properties owned by municipalities or other governmental entities. Natural gas line extensions are not eligible.	Energy savings from the project need to be sufficient to cover all project costs over the life of the improvements (up to 20 years).	Financing amount and terms set by the private lender. Owners of multifamily properties can finance improvements that reduce energy consumption, and the installation of renewable energy systems repaid via a betterment assessment added to the municipal property tax bill. MassDevelopment approved 3 rd party lenders will structure a loan that is repaid by the betterment assessment payments. The betterment assessment is secured by a senior lien and runs with the property over the financing period (up to 20 years) and transfers to new ownership if the property is sold.	N/A	Rolling	<ul style="list-style-type: none">- Interested property owners submit a PACE MA project application- Municipalities have to elect to participate in the program (many already signed on; MassDevelopment will coordinate and guide the process.)- After initial positive review, MassDevelopment and DOER will follow up for a technical review.- The technical review will confirm that the energy cost savings of improvements over their useful life exceeds the cost of the improvements (up to 20 years).- Owners will need to receive consent of existing mortgage holders.- An approved third-party lender chosen by the owner will structure and underwrite a loan that will be repaid by the betterment assessment.- MassDevelopment works with municipality to levy the betterment assessment and record a senior lien on the property.- The municipality will assign the lien to MassDevelopment, who will then assign to the project's capital provider.- The municipality will bill and collect the assessment as part of the property tax bill and will send the assessment funds to a MassDevelopment servicer to disburse to the lender.- If the property is sold before the financing is repaid, the assessment and lien stay with the property and are transferred to subsequent property owners.	N/A
MassHousing Partnership (MHP)	Green and Healthy Housing Programs	Permanent first mortgage financing using any of MHP's capital sources/programs, offered at discounted interest rates and with certain cost reimbursements. Green Building Certification Financing is available for multifamily projects where owners are achieving a green building	Certification under an approved Green Building Certification system	Interest rate reductions range from 10-35 basis points, based on certification achieved. The program includes funding to support 2 years of building performance benchmarking, and up to \$15k to support system commissioning.	At least 20% of the units affordable to households at 50% of AMI, 40% of the units affordable to households at 60% AMI, or	Ongoing	Considered during application for permanent financing	N/A

		certification that results in high levels of building performance and reduced carbon emissions. Discounts are based on the depth of performance/emissions reduction achieved by the chosen certification.			25% of the units affordable to households at 80% AMI provided that maximum rents are at least 10% below comparable market rents.			
MassSave	Passive House Incentives	Provides funding for Passive House feasibility study, energy modeling, and performance incentives.	Passive House certification	Pre-construction and post-construction incentives available. See table on info page.	N/A	Rolling applications through December 2024, incorporated into other MassSave programs in 2025.	- Incentives available for buildings enrolled prior to 100% schematic design - Building must be pre-certified to receive post-construction incentives - Participants must pursue Passive House certification and agree to monitor and provide data on gas and electric consumption and on-site generation production - Participants must hire a certified Passive House consultant to conduct a feasibility study and consult throughout the design and certification process.	N/A
MassSave	Low-Rise Rebate Program	Provides funding for residential projects to three stories or fewer with individual HVAC systems. Not available for buildings that use equipment powered by natural gas, oil, or propane.	HERS Modeling per MA Energy Code	Approximately \$400-\$500/unit, likely increasing to approximately \$1,500-\$3,000/unit in 2025	N/A	Rolling applications	Contact an approved certified Home Energy Rating System (HERS) Rater to enroll your home for incentives.	N/A
MassSave	High-Rise Rebate Program	Provides funding for residential projects 4+ stories OR low-rise buildings with master-metered HVAC systems. Must be all-electric buildings. There is an exception for fossil fuel fired DHW, however, incentives will not be paid on that equipment.	MassSave creates energy model based on construction documents and calculates related funding amount	Approximately \$500-\$600/unit, likely increasing to approximately \$1,000-\$3,000/unit in 2025	N/A	Rolling applications	- Project sponsor registers and provides documentation - MassSave Technical team reviews the plans and models scenarios - MassSave provides an offer letter with an estimated incentive amount and detailed program requirements. - Project sponsor verifies when complete. - MassSave reviews completed work and any other requirements then pays out incentives	N/A
DOE (will be administered by DOER)	Home Electrification and Appliance Rebates (HEAR)	<i>Provides qualifying rebates for new construction or retrofits. Applies to electrification equipment and some energy savings efforts. Program finalizing DOE contract. Likely program start late 2024/early 2025</i>	N/A	>50 of units <150% AMI; 50% of costs up to \$14k/unit	<i>At least 50% of the units must serve households earning up to 150% AMI</i>	TBD	TBD	<i>Davis Bacon Act wage requirements will be in effect</i>
				>50 of units <80% AMI; 100% of costs up to \$14k/unit				
				Contractor rebate: up to \$500 per install				

Appendix P. Building Decarbonization Requirements – Existing Buildings

P. Building Decarbonization Requirements - Existing Buildings

Funder	Name	Overview	Required Performance	Incentive Amount and Structure	Beneficiary Requirements	Application Cadence	Application Process and Requirements	Labor and Wage Requirements
Internal Revenue Service (IRS)	48 Renewable Energy Tax Credit	Up to 30-60% refundable tax credit for clean energy	Anticipated Net Zero greenhouse gas emissions	6%-60% refundable tax credit for clean energy for projects placed in service after 2022. Direct pay option for owners without tax liability	Possible bonus credits if located in an Environmental Justice community (competitive application)	Annually, as part of the owner's tax return	Credits are claimed in owner's tax return for the year the property was placed in service.	Base tax credit amount starts at 30% if project meets prevailing wage and apprenticeship requirements.
Internal Revenue Service (IRS)	179D Energy Efficient Commercial Building Tax Deduction	Inflation Reduction Act amendment to IRA Section 179D, \$0.50-\$5 psf tax credit available for multifamily buildings with 4+ stories. Public and private tax-exempt entities may allocate deduction to designer. May reduce basis for LIHTC projects.	Minimum 25% reduction in total energy costs.	\$0.50 to \$5.00 psf depending on prevailing wage and efficiency achievements	N/A	Annually, as part of the owner's tax return	Credits are claimed in owner's tax return for the year the property was placed in service.	5x boost in credits if project meets prevailing wage and apprenticeship requirements.
MassSave (funded by rate payers)	Mass Save Income-Based Programs (LEAN)	Funding available for energy efficiency and electrification upgrades for multifamily buildings with 5+ units.	Standard Pathway: up to 100% coverage if cost effective	Standard Pathway: eligible for 100% cost coverage for weatherization, heating system replacements, barrier mitigation, efficient appliances, and end-to-end project management. Program vendor performs work, no cost to owner/property.	At least 50% of the units must be reserved for households earning income no greater than 60% AMI	Rolling	- Apply at ABCD Multifamily Intake: https://leanmultifamily.org - Application reviewed to confirm eligibility - Program vendor conducts energy assessment and issues a recommended scope of work that will be cost effective. - Program vendor installs, inspects, and funds agreed-upon project.	N/A
			Electrification-only Pathway: heat pump conversion from existing gas heating equipment	Electrification-only Pathway: up to 100% cost coverage based on cost effectiveness or per ton. May be delivered through the standard pathway or grants paid to owner on a reimbursement basis.			Standard Pathway process plus heat pump conversion from existing gas equipment required	
			Deep Energy Retrofit Pathway: 40%+ reduction in site Energy Use Intensity	Deep Energy Retrofit Pathway: \$350 per MMBtu saved. Grants paid to owner on a reimbursement basis.			See website for details: https://leanmultifamily.org/der/ Projects may include electrification of space heating and water-heating. Renewable electric systems do not count toward 40% savings. Projects are client-managed, and clients must do the upfront work of designing and selecting the scope. The incentive is paid out at the end of installation, after program inspection.	
MassDevelopment and MA Department of Energy	PACE Massachusetts - MassDevelopment	PACE Massachusetts allows property owners of multifamily properties with 5+ units, mixed use properties, and commercial properties to undertake	Energy savings from the project need to be sufficient to cover all project costs over the life of the	Financing amount and terms set by the private lender. Owners of multifamily properties can finance improvements that	N/A	Rolling	- Interested property owners submit a PACE MA project application - Municipalities have to elect to participate in the program (many already signed on;	N/A

Resources (DOER)		comprehensive energy upgrades with longer financing terms of up to 20 years without adding new debt to their balance sheet. Not available for properties owned by municipalities or other governmental entities. Natural gas line extensions are not eligible.	improvements (up to 20 years).	reduce energy consumption, and the installation of renewable energy systems repaid via a betterment assessment added to the municipal property tax bill. MassDevelopment approved 3 rd party lenders will structure a loan that is repaid by the betterment assessment payments. The betterment assessment is secured by a senior lien and runs with the property over the financing period (up to 20 years) and transfers to new ownership if the property is sold.			<p>MassDevelopment will coordinate and guide the process.)</p> <ul style="list-style-type: none"> - After initial positive review, MassDevelopment and DOER will follow up for a technical review. - The technical review will confirm that the energy cost savings of improvements over their useful life exceeds the cost of the improvements (up to 20 years). - Owners will need to receive consent of existing mortgage holders. - An approved third-party lender chosen by the owner will structure and underwrite a loan that will be repaid by the betterment assessment. - MassDevelopment works with municipality to levy the betterment assessment and record a senior lien on the property. - The municipality will assign the lien to MassDevelopment, who will then assign to the project’s capital provider. - The municipality will bill and collect the assessment as part of the property tax bill and will send the assessment funds to a MassDevelopment servicer to disburse to the lender. - If the property is sold before the refinancing is repaid, the assessment and lien stay with the property and are transferred to subsequent property owners. 	
MA Department of Energy Resources (DOER)	Low- and Moderate-Income Housing Decarbonization Grant Program	\$40M available in late 2024 for decarbonization retrofits of existing low- or moderate-income residential buildings. Projects must seek to implement energy efficiency measures, decarbonize heating, cooling, and/or hot water systems, and optional renewable energy measures. Funding shall not be used for new fossil fuel equipment. Projects must maintain affordability for three years after project completion.	No minimum performance improvement is set, but projects are scored based on the depth of their efficiency improvements. 40-50%+ energy savings has been the average for awarded projects.	Minimum award of \$240k, maximum is \$40k per unit for buildings with 6 units or greater, and \$50k per unit for those buildings 2-5 units. Can be structured as a grant, other possibilities TBD. Grant funding is available on a cost reimbursement basis.	Projects must include units for tenants earning under 60% state AMI and/or 61-80% state AMI.	The next deadline for consideration is expected to be late 2024.	<ul style="list-style-type: none"> - Applicants respond to the state Program Opportunity Notice (PON) - After being notified of an award, DOER will draft and negotiate a contract with successful applicants. 	Awards of \$1M or more must commit to providing opportunities for the local workforce – see PON for details.
MassHousing Partnership (MHP)	Green and Healthy Housing Programs	Permanent first mortgage financing using any of MHP’s capital sources/programs, offered at discounted interest rates and with certain cost reimbursements. Green Retrofit Financing is available for the refinance and rehabilitation of multifamily projects where owners are investing in	30%+ energy savings for the Green Retrofit Financing program. Achievement of approved certification for the Green Building Certification Financing program.	Interest rate reductions range from 10-35 basis points, based on achieved energy use reductions or building certification achieved. The program includes funding to support 2 years of building performance benchmarking, and up to	At least 20% of the units affordable to households at 50% of AMI, 40% of the units affordable to households at 60% AMI, or 25% of the units affordable to households at 80% AMI provided that	Ongoing	Considered during application for permanent financing	N/A

		property improvements that improve building performance and reduce carbon emissions. Green Building Certification Financing is available for multifamily projects are achieving a green building certification that results in high levels of building performance and reduced carbon emissions. Discounts are based on the depth of performance/emissions reduction achieved by the retrofit project or chosen certification, respectively.		\$15k to support a decarbonization assessment or system commissioning, based on the program pursued.	maximum rents are at least 10% below comparable market rents.			
EOHLC (administered by LISC, Mass Housing Partnership, and MassHousing)	Climate Ready Housing Program	Most recent round (spring 2024) focused solely on rehabilitation projects that qualify as Deep Energy Retrofits (DER) or are designed to achieve Zero Carbon Emissions Over Time (ZOT). Program funds may support unfinanced incremental costs attributable to the DER or ZOT solution. Additional reimbursable costs may include DER or ZOT analysis, integrated design meetings, and climate resiliency assessment.	50%+ (either upfront or over time)	Amount awarded shall be the minimum amount necessary to make a project feasible, up to \$32k-\$40k per unit. Typically structured as a 30-year deferred payment loan at 0% interest, available at construction closing. Non-recourse and secured by a mortgage (priority position determined prior to closing).	Maximum tenant income at 110% AMI; at least 25% of total units financed must be for tenants earning up to 60% AMI	Next round will open in spring 2025	Once a NOFA is issued, there will be a pre-application process, and then pre-approved applicants will be invited to complete a full application. Participation in Housing Navigator is mandatory and will be incorporated into the MassDocs process. <ul style="list-style-type: none">Projects must track energy usage of the completed project and make that information available to MassHousing/MHP.Borrower will submit energy budgets/models to compare against actual energy usage.	N/A
Massachusetts Clean Energy Center (MassCEC)	BETA: Project Planning	No cost building decarbonization assessment and decarbonization plan for multifamily housing with 15+ units and other building types.	N/A	Each participating building will receive an electrification and decarbonization assessment and plan, including scenario planning and energy modeling, direction to financing options and a recommended implementation timeline. Free technical assistance is valued at an estimated \$50-\$80k per building depending on size and complexity.	N/A	Rolling until 70 participants are chosen	Applicants will be notified within 6 weeks of application submission. MassCEC will prioritize the following when evaluating applications: <ul style="list-style-type: none">How building typology meets the goals of the Pilot for a diverse selection of candidates.Project sites located in environmental justice communities.Applicants who intend to fully decarbonize their project site.	N/A
<i>Department of Energy (DOE) (will be administered by MA Department</i>	Home Efficiency Rebates (HER)	<i>Provides performance-based retrofit rebates with competitive funding available through the Affordable Housing Decarbonization Grant</i>	<i>20-35% energy savings</i>	<i>20%+ energy savings; lesser of \$2k/unit or 80% of project costs. Possibility of higher benefits for 40%+ energy savings.</i>	<i>Incentives double if at least 50% of the units are for tenants earning up to 80% AMI</i>	<i>TBD</i>	<i>TBD</i>	<i>Davis Bacon Act wage requirements will be in effect</i>

of Energy Resources (DOER))		program listed above. Applies to energy saving efforts and equipment. Program finalizing DOE contract. Likely program start late 2024/ early 2025.		35%+ energy savings; lesser of \$4k/unit or 80% of project costs. Possibility of higher benefits for 50%+ energy savings.				
Department of Energy (DOE) (will be administered by MA Department of Energy Resources (DOER))	Home Electrification and Appliance Rebates (HEAR)	Provides qualifying rebates for new construction or retrofits within MassSave territories. Applies to electrification equipment and some energy savings efforts. Program finalizing DOE contract. Likely program start late 2024/early 2025.	N/A	>50% of units <150% AMI; 50% of costs up to \$14k/unit	Residents must earn <80% AMI	TBD	TBD	Davis Bacon Act wage requirements will be in effect
				>50% of units <80% AMI; 100% of costs up to \$14k/unit				
				Contractor rebate: up to \$500 per install				
U.S. Environmental Protection Agency (EPA) (to be administered by MA Department of Energy Resources (DOER) and MassHousing)	Solar For All	\$156M for entire MA program, with an amount TBD for Restricted Affordable Multifamily Housing and Public Housing and Public Housing. Will provide loans and/or grants for solar installation projects. Award with EPA will be finalized in fall 2024 with program launch in 2025.	N/A	TBD	TBD	TBD	TBD	TBD
MassSave (funded by ratepayers)	Residential Existing Building Program -- Residential Coordinated Delivery Initiative and Residential Retail Initiative	Starting in 2025, multifamily buildings with at least 50% rental units located in “designated equity communities” may qualify for 100% cost coverage for weatherization, barrier mitigation, pre-electrification work, and heat pumps, all delivered through “turnkey” end-to-end project management.	TBD	TBD	Properties must be located in “designated equity communities” (definition TBD)	Rolling applications starting in 2025	Contact MassSave https://www.masssave.com/en/multi-family/contact-us Property owner will be required to sign form to prevent rent increases due to improvements. Process and other requirements TBD.	N/A
MassSave (DOER)	Affordable Housing Decarbonization Technical Assistance HUB	Technical assistance aimed at filling gaps in existing LMI retrofit projects to help them decarbonize. May include grants for decarbonization scoping studies and design grants for architectural and engineering services needed to develop a more detailed project design. Program launch expected in late 2024/early 2025.	TBD	TBD	Expected that projects must include units for tenants earning under 60% state AMI and/or 61-80% of state AMI.	TBD	TBD	N/A

Appendix Q. QAP Green Checklist/Narrative Form

QAP Green Design Checklist/Narrative Form

Each sponsor with an approved pre-application who intends to submit a full OneStop+ funding application to an HLC competition during 2025 or 2026 also must submit this checklist and a one-page narrative, prepared by the project architect, describing the team's approach to green, carbon-reducing, sustainable, and climate resilient design. The checklist and narrative must be submitted by email to catherine.racer@mass.gov, with a copy to rebecca.frawley@mass.gov. The narrative must be submitted by the deadline on which the OneStop+ applications are due.

Project Name: _____

Project Type (check all that apply):

☐ New Construction ☐ Rehabilitation/Preservation ☐ Adaptive Reuse

Energy Code Requirement: Please indicate what the *energy code requirement* is for your project.

☐ Base Energy Code ☐ Stretch Energy Code ☐ Specialized Energy Code
☐ Energy Code N/A

Did you design your project to be compliant with an energy code that is more aggressive than the requirement? If so, please list the code the project was designed to comply with.

☐ Stretch Energy Code ☐ Specialized Energy Code ☐ N/A

Green and Healthy Building Certifications: Please indicate which, if any, certifications are being pursued by the project (full certification by governing body):

☐ Passive House ☐ Energy Star (EPA) ☐ Zero Energy Ready Homes (DOE)
☐ Enterprise Green Communities ☐ LEED ☐ WELL ☐ Fitwel
☐ Other:

Have you or do you plan to apply for any of the following building decarbonization funding programs? (See additional design appendices for more information about decarbonization funding and technical assistance resources.)

☐ Climate Ready Housing Program (EOHLC)
☐ Affordable Housing Decarbonization Program (DOER)
☐ Income-Eligible Deep Energy Retrofit Program (Mass Save)
☐ Passive House Incentive Program (Mass Save)
☐ Solar for All (DOER and MassHousing)
☐ Green and Healthy Housing Program (MHP)
☐ PACE Massachusetts (MassDevelopment and DOER)
☐ Other: Please Describe

Will the project be targeting Near Net Zero Energy or Net Zero Energy performance?

☐ Yes ☐ No

If the project is a rehabilitation/preservation project, please indicate the percent energy use reduction anticipated (from pre-retrofit energy usage) after the rehabilitation is completed.

% Reduction: _____

What is the expected post-construction/renovation site Energy Use Intensity (EUI) in kBtu/sf¹⁰? Include results for these figures with and without the project's production of on-site energy generation, if applicable. Include the source for this metric for your project (ERI/HERS model, ASHRAE model, other).

EUI: _____ Source: _____

Fuel Type: Please indicate what type of fuel is being used for each of the systems listed below.

Heating:

☐ Electric ☐ Natural Gas ☐ Propane ☐ Fuel Oil
☐ Other: Please Describe

Cooling:

☐ Electric ☐ Other: Please Describe

Domestic Hot Water:

☐ Electric ☐ Natural Gas ☐ Propane ☐ Fuel Oil
☐ Other: Please Describe

Cooking:

☐ Electric ☐ Natural Gas

Please indicate which, if any, renewable and/or high-performance mechanical systems are included in your project design:

☐ Photovoltaics ☐ Solar Thermal ☐ Ground Source Heat Pump/Geothermal
☐ Battery Storage ☐ Energy or Heat Recovery Ventilation (ERV/HRV)
☐ High Performance Heat Pump (Heating) ☐ High Performance Heat Pump (DHW)
☐ Other:

¹⁰ [What is Energy Use Intensity \(EUI\)? | ENERGY STAR](#)