- Structure deals with fewer funding sources. The mixed finance approach has exponentially complicated deals/closings. Per project funding limits force projects to use 4+ funding sources (I have one right now with 8 loan sources—DOH HOME, DOH Flex, CHFA, FHLBB/AHP, City ARPA, City HOME, Bank Construction Loan). The addition of each funding lender and each funding program (i.e. DOH using Flex and HOME in a single project for example) exponentially increases the complexity and challenges. Closings would be much simpler if projects had 1 construction/perm loan; 1 gap/subsidy loan; 1 equity investor.

- Reduce/eliminate and simplify construction/design requirements. Affordable housing programs layer on extensive construction/design requirements imposed on every affordable housing project. There needs to be a balance between ensuring construction is quality, but affordable housing is routinely more expensive than comparable luxury housing because of design guidelines that include requirements not typically done in market-rate housing.

- Segregate environmental remediation from development. State agencies should provide funds for remediation to prepare sites for development (with a land use restriction for them to be used only for affordable housing, etc.) separate from construction/development. Environmental risk is really difficult for private capital parties to underwrite in the context of overall development. It would be much more efficient if the remediation of a site to prep it for development could be fully funded/completed prior to assembling capital and putting together a development. Environmental remediation is also a difficult risk for a developer to bear (both from a potential delay and excess cost perspective) when it is wrapped into the overall development. Sometimes it is unavoidable due to practical considerations (like with occupied units), but where possible, it would be helpful to be able to fund and complete remediation/preparation of a site separate from development.

- Provide Early Funding Approvals. The DOH and CHFA should consider providing pre-approval to affordable housing transactions and issue commitments well in advance of closing because doing so would actually facilitate quicker development overall. CHFA wouldn't engage counsel and start closing until the other funding commitments are in place—so it isn't 'dragging out' their closing work. Yes, it would be longer from CHFA board approval to closing—but by doing so CHFA would make projects better able to quickly accumulate the other funding sources, with the CHFA commitment serving as a catalyst to attract the other funding sources. It would mean that a project will receive CHFA board approval and then need to go back for a re-approval once all the funding sources are settled, which is something the CHFA board as seen negatively or as an annoyance but it actually should be seen as positive—that CHFA's initial commitment for the project served as the catalyst to attract the remaining funding sources and issuing the re-approval (or 'final' approval) should be seen as a vindication of CHFA's initial commitment to the project. Or CHFA could delegate final approval of projects to a committee (similar to how private parties issue commitments but make closing subject to 'final' investment committee approval just before closing).

- Eliminate CHFA Third-Party Environmental Review. Affordable housing developers hire an LEP that is providing an environmental report and certifying under applicable standards and requirements that the project complies with environmental laws. Hiring another LEP to review the first LEP's work is duplicative and is not done for any other professional service (architect, engineer, lawyer, accountant, etc.). This step adds cost and, more significantly, time to the project approval process.

- Fix property taxation of affordable housing. Property taxes is a huge underwriting challenge, especially on new construction. And the amount of time and brain damage incurred trying to get tax abatement/PILOT agreements—and the lack of consistency between towns and even projects in the same area is irrational and inefficient. If the legislature adopted a statute to provide a formula for real property taxes on affordable restricted units (e.g. property taxes on affordable units is X% of the gross restricted rents adjusted by utility allowance) that entire challenge would be alleviated and taxes would be automatically 'right sized' to the restricted rental income.

- Provide for State Tax Exemptions on all Affordable Housing Developments. For many years, DRS provided state tax exemptions to projects sponsored by a non-profit or housing authority. However, projects sponsored by a for-profit developer do not qualify. Lately, DRS has been rejecting exemptions to projects with any form of co-sponsor, even if the two co-sponsors are non-profits. Simplify this exemption by just making it available to any project that is made affordable to a minimum percentage of low- and moderate-income households with a 30+ year deed restriction.

- Provide State / Local Transfer Tax Exemptions for Affordable Housing. Affordable housing sales, which are required in order to unlock the LIHTC acquisition tax credit, are taxed like any other type of property transfer. An exemption to the state's transfer tax would remove the burden of this cost on affordable housing developers and owners.

- Provide a Low-Return Equity Fund to Develop Mixed-Income, Deed-Restricted Housing. Montgomery County, MD introduced an innovative program to invest in mixed-income, deed-restricted housing with a low-return (5%) equity fund capitalized by the county. The idea is that conventional real estate equity usually demands a 15%+ internal rate of return on the equity investment, forcing developers to seek high rents for new development projects. An equity investor that requires a lower rate of return could accept lower upfront rents and rent escalations. If you combine this with other tax incentives, there could be a model for creating new housing and new deed-restricted housing without the spaghetti soup of affordable housing programs that complicate and slow down development.

- Provide Building Permit Fee Exemptions for Affordable Housing. Building Permit fees are standardized across the state as a percentage of construction cost. This can become a huge sum for affordable housing developments, which often cost more than comparable market-rate housing and exceed the cost of the permit review. For example, a recent project had a building permit fee in excess of $300,000 while the cost of a third-party code review would probably cost less than $50,000.

- Raise DOH Per Unit Subsidy Cap. Current limit of $100,000/unit is too low to subsidize non-9% LIHTC projects. Typical development costs of > $450,000/unit.