



September 20, 2023

The Honorable Aaron Michlewitz, Chair, House Committee on Ways and Means
The Honorable Michael Rodrigues, Chair, Senate Committee on Ways and Means
The Honorable Mark Cusack, House Chair, Joint Committee on Revenue
The Honorable Susan Moran, Senate Chair, Joint Committee on Revenue
The Honorable Michael Soter, Massachusetts House of Representatives
The Honorable Bruce Tarr, Republican Leader, Massachusetts Senate
Conference Committee, FY24 Budget
State House
Boston, MA 02133

Re: NAIOP Comments on *An Act to Improve the Commonwealth's Competitiveness, Affordability and Equity*

Dear Chairman Michlewitz, Chairman Rodrigues, and Members of the Conference Committee:

NAIOP Massachusetts, The Commercial Real Estate Development Association, is incredibly grateful for your commitment to ensuring Massachusetts residents, businesses, and communities have the resources and opportunities they need to thrive. NAIOP urges the Conference Committee to quickly advance a final proposal for *An Act to Improve the Commonwealth's Competitiveness, Affordability and Equity* to ensure that all of Massachusetts residents and businesses have every opportunity to benefit from this critical legislation.

NAIOP broadly supports both the House and Senate's proposals, which include several important provisions designed to bolster Massachusetts' long-term prosperity and growth. NAIOP respectfully offers the below comments in support of specific language found within the two bills.

I. NAIOP Supports Expansion of HDIP

NAIOP is grateful that this session, both the House and Senate have signaled their support for the Housing Development Incentive Program (HDIP). Since 2014, HDIP tax credits have leveraged private investment at a rate of at least 13 to 1. According to an analysis by MassINC, since its inception the program has allocated \$103 million total credits; and an investment of \$30 million per year for the next ten years could produce over 12,000 new homes and leverage direct real estate investment of nearly \$4 billion in our Gateway Cities.

S. 2406 includes language increasing the HDIP annual funding cap from \$10million to \$30 million and authorizes a one-time spend of \$57 million to clear out the backlog of almost 2,000 shovel-ready units to ensure that these already approved, and desperately needed, new housing units can be built.

If this language is not advanced quickly, on January 1, 2024, existing statutory language will go into effect slashing the existing \$10 million cap to \$5 million. HDIP is a critical, unique, and *essential* tool in the state's housing finance toolbox, and **NAIOP urges the Conference Committee to advance the language found in S. 2406 to the final bill.**

II. NAIOP Supports Low-Income Housing Tax Credit Increase

S. 2406 includes provisions increasing the Commonwealth's Low-Income Housing Tax Credit (LIHTC) by \$20 million to a total annual allocation of \$60 million. The Massachusetts LIHTC is a critical tax credit that encourages private investment in affordable housing and allows developers to finance part of the cost of the development with equity invested by local corporations and individuals to help keep rents accessible to our most vulnerable populations.

NAIOP strongly supports the Senate's proposed increase and urges the Conference Committee to include this critical investment in the final bill.

III. NAIOP Supports Short Term Capital Gains Reduction

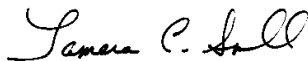
The House's proposal includes language cutting the short-term capital gains tax from 12% to 5%, bringing the current rate, which is the second highest in the nation, in line with the vast majority of states. During this time of increased economic uncertainty and reports of 30-year highs of out-migration, NAIOP believes that every effort must be made to help foster Massachusetts' competitiveness and maintain the Commonwealth's standing as a place people want to live, work, and play.

For these reasons, NAIOP supports the House's proposal to decrease the short-term capital gains tax from 12% to 5% and hopes that the Conference Committee will advance this language to the final bill.

NAIOP Massachusetts represents the interests of companies involved with the development, ownership, management, and financing of commercial properties. NAIOP has over 1,800 members who are involved with office, research & development, lab, industrial, mixed use, multifamily, retail and institutional space.

Thank you for your consideration of our comments. We welcome the opportunity to speak with you or members of your staff to discuss our positions further.

Sincerely,



Tamara C. Small
Chief Executive Officer
NAIOP Massachusetts, The Commercial Real Estate Development Association

CC: The Honorable Ronald Mariano, Speaker, Massachusetts House of Representatives
The Honorable Karen Spilka, Senate President, Massachusetts State Senate