



Maryland Department of Housing
and Community Development
Kenneth C. Holt, Secretary
Tony Reed, Deputy Secretary

Wednesday, May 23, 2018

Qualified Allocation Plan (QAP) Roundtable

MAHRA SPRING 2018 CONFERENCE



MARYLAND DHCD

- Maryland's State Housing Finance Agency
- Acts as a community bank, facilitating production of affordable rental and ownership housing opportunities through its lending and equity products
- Works in partnership with the private and nonprofit sector



DHCD'S AFFORDABLE RENTAL HOUSING STRATEGY

- New Production
- Preservation/Improvement of Existing Affordable Housing
- Conversion/Improvement of Naturally Occurring Affordable Housing
- Robust Rental Assistance Programs

- Income and Rent Restrictions for the Long Term
- Active Monitoring of Properties to Ensure Continued Compliance and Habitability
- Leveraging Expertise and Resources of Private and Nonprofit Partners

- Innovative Financing – Energy Efficiency, Rental Assistance Demonstration, New Bond Executions



FEDERAL LOW INCOME HOUSING TAX CREDIT

- Competitive (9%) LIHTC available each year to each state on per capita basis; Maryland received about \$15 million to allocate for CY 2017 and expects a similar amount for CY 2018.
- Non-competitive (4%) LIHTC available “outside” formula award and not subject to cap; available for projects that are also financed with Tax-exempt revenue bonds issued by the State of Maryland
- Administered under Internal Revenue Code Section 42 and awarded under Maryland’s *Qualified Allocation Plan (QAP)*.
- Tax Credits syndicated (sold) to raise equity (cash) for development of affordable rental housing.
- Tax Credit Equity reduces long term debt burden on housing project.
- In exchange for LIHTCs, property owner agrees to long term income and rent restrictions, i.e. Compliance.



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PRE-APPLICATION MEETINGS

- Pre-Application meetings are optional, but recommended, especially for new customers
- Provide an opportunity to receive feedback on proposed project specifics
- E-mail Keith Ashford at Keith.Ashford@Maryland.Gov or call him at 301-429-7781 to schedule a meeting



APPLICATION SUBMISSION

- Applications are due either by a set deadline (Competitive 9% LIHTC) or on a “rolling basis” (Non-competitive 9% LIHTC)
- MUST use New Application Submission Kit dated April 12, 2018
<http://dhcd.maryland.gov/HousingDevelopment/Pages/MFLibrary.aspx#appdocs>
- Submit two (2) copies of the complete application, including attachments and exhibits. *A CD including the market study, CDA Form 202, Building Evaluation Report and Plans (including the building elevation, floor plans and site map) must be included in one binder*
- Submit Application into Multifamily Information System. Email Brenice.Sterling@Maryland.Gov or Lorrie.Kirschner@Maryland.Gov for log in
- Application fee of \$2,500 for each project must be submitted (under separate cover) at the same time as or before application submission to **Post Office Box 2521, Landover Hills, MD 20784**

Incomplete applications will not be considered.



APPLICATION & ADMINISTRATIVE INFORMATION

- **Waivers:**

- In accordance with Section 5 of the Guide, waiver requests must be submitted *in writing* to Gregory Hare, Director, Multifamily Housing (Gregory.Hare@Maryland.gov)
- Applies only to Rental Housing Financing Program and State-imposed criteria for LIHTC and MBP
- Federal regulations affecting LIHTC, HOME and MBP may not be waived



2017 QAP AND GUIDE – OVERVIEW

The QAP and Guide are used to review:

- Competitive Round Applications for 9% LIHTCs & RHFPs
- Bond Applications and 4% LIHTCs (non-competitive)

Basic Review Process:

- Threshold Review
- Scoring

GENERAL OVERVIEW: THRESHOLD





**3.1
Development
Team
Requirements**



**3.4
Tenant
Services**

**3.2
Occupancy
Requirements**

**3.5
Persons
with
Disability
(PWD)**

**3.3
Marketing
Requirements**



**3.6
Other
Financing
Commitments**

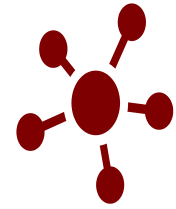
**3.7
RHFP & RHW
Loan
Requirements**



**3.8
LIHTC Award
Limits**

**3.9
Underwriting
Standards**

**3.10
Readiness
to Proceed
and
Financial
Feasibility**



**3.11
Site
Requirements**

**3.12
Site
Requirements**

**3.13
Developme
nt Quality
Standards**

**3.14
Additional
Criteria
Applicable
only to
Rehab**



GENERAL OVERVIEW: SCORING



Scoring: Based On 199 Points

Category	Points	
Capacity of Development Team	74	<ul style="list-style-type: none"> • Team Experience • Negative points for processing time, compliance and asset management issues • Financial Capacity • Nonprofit/PHA/MBE scoring
Community Context	16	<ul style="list-style-type: none"> • Community Impact or Communities of Opportunity • Defined Planning Areas (Rural, Sustainable Communities, and others)
Transit Oriented Development (TOD)	8	<ul style="list-style-type: none"> • MDOT designated • Radius of a public transportation boarding and alighting location • Availability of Transportation Services • Walk Score
Public Purpose	49	<ul style="list-style-type: none"> • Income Targeting • Section 811 PRA/special needs housing • Family units with 2, 3+ bedrooms • Tenant Services • Mixed Income • Additional Incentives
Leveraging & Cost Effectiveness	21	<ul style="list-style-type: none"> • Direct Leveraging • Operating Subsidies • Cost Incentives
Development Quality	31	<ul style="list-style-type: none"> • Green Features • Energy and Water Conservation and Sustainability • Project Durability and Enhancements





THE VOLUNTARY CONCILIATION AGREEMENT (VCA) AMONG HUD, BRHC, AND MARYLAND DHCD

- VCA executed on September 22, 2017
- The terms include financing at least 1,500 units of rental housing for families in Communities of Opportunity within the Baltimore Region with Low Income Housing Tax Credits
 - At least 1,050 of the 1,500 must be newly constructed
 - Up to 450 units may be the acquisition and rehabilitation of existing rental housing
 - COOs in the Baltimore Region include COOs in Anne Arundel, Baltimore, Carroll, Harford, and Howard Counties, and Baltimore City.
- Changes have been made to the scoring criteria outlined in the Guide to reach the established terms

Income Targeting-14 max. pts. (Section 4.4.1)

- Weighted average of AMI table updated to include half points
 - When calculating weighted average round to the nearest one hundredth of percentage point
- One (1) additional point awarded to family projects in a COO in the Baltimore Region (Anne Arundel, Baltimore, Carroll, Harford, and Howard Counties, and the City of Baltimore)

Additional Incentives – 4 max. pts. (Section 4.4.6)

- Four (4) points for family housing in COOs in the Baltimore Region if all of the following apply:
 - At least 60% of units are newly constructed* with affordability restrictions for at least 40 years
 - Project agrees to provide or arrange accessible transport to an existing bus or transit rail stop or station, OR can demonstrate that mobility/paratransit service is already available**
 - Certifies that service will be offered between 8 AM and 6 PM M-F

*Newly constructed includes new construction on vacant land and conversion of existing non-residential buildings into rental housing

**New layer for MTA Paratransit Service Areas added to Multifamily Mapper (<http://www.dhcd.state.md.us/GIS/multifamily/index.html>)

Additional Incentives – 4 max. pts. (Section 4.4.6) continued

- Three (3) Points to any project located within the boundaries of, and contributing to, a “Choice Neighborhood”
- Two (2) Points to any project not in a Baltimore Region COO that involves the acquisition and rehabilitation of an existing multifamily rental housing development, whether or not it has existing rent or income restrictions, provided the project agrees to affordability restrictions for at least 40 years

Leveraging and Cost Effectiveness (Section 4.5)

Direct Leveraging (Section 4.5.1)

- LIHTC Raise – Up Rate: \$0.90
- Local Contribution table updated to include half points
- One (1) additional point for family projects in a COO in the Baltimore Region

FEDERAL FY 18 OMNIBUS SPENDING BILL -- IMPACT ON LIHTC PROGRAM

LIHTC Increase

- 12.5% increase in allocated credits will be deployed through Competitive Funding Round. For CY 2018, we estimate the 12.5% increase will take Maryland's allocation from \$14.4M to \$16.2M.

Income Averaging

- CDA and the Office of the Attorney General are discussing impact of this change, including how it interacts with State Fund statute/regulations, tax-exempt bond rules, etc.
- CDA will not make any changes to application requirements, threshold review or scoring requirements in the upcoming Funding Round as a result of Income Averaging
- Applies only to projects which have not yet made a Set Aside Election in conformance with the Code
- Expect a technical amendment to the QAP within the next 90 days
- Comments and input on this topic are encouraged as CDA considers implementation of this new provision

QUESTIONS?

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