



MARYLAND DEPARTMENT OF HOUSING
AND COMMUNITY DEVELOPMENT

DHCD MULTIFAMILY HOUSING UPDATES

Multifamily Housing Notice 17-12

November 14, 2017

To: Developers, Sponsors and Local Housing Contacts

From: John R. Maneval, CDA Deputy Director

**Re: Federal Tax Reform and Private Activity Bonds
for Multifamily Rental Housing**

The U.S. House of Representatives and U.S. Senate have both initiated the legislative process to undertake significant Federal Tax Reform. While the outcome of this process is unknown, the first draft of a bill issued by the U.S. House of Representatives on November 2, 2017 includes a provision that would eliminate the ability of entities such as DHCD to issue Private Activity Bonds (PABs) after December 31, 2017. If the House Bill is passed in its current form, the elimination of PABs would end DHCD's ability to issue tax-exempt bonds and leverage the 4% Low Income Housing Tax Credit for qualified rental housing developments.

In the interest of maintaining all options and maximum flexibility in the financing of affordable rental housing, DHCD is exploring the potential issuance of a significant amount of PABs prior to December 31, 2017. If DHCD determines that such an issuance is necessitated as Federal Tax Reform efforts evolve, the issued PABs would enable DHCD to continue to provide tax-exempt bond and 4% LIHTC financing for rental housing developments during 2018 and possibly beyond.

While the final form of Federal Tax Reform may eliminate the need to issue PABs before year-end, DHCD recognizes that there are several tasks that must be completed prior to a PAB issuance that must be started immediately to keep all options open. The first of these tasks is the completion of the TEFRA public notification process associated with issuances of PABs. The TEFRA process (which includes public notice via newspapers, a public comment period and public hearing) must be completed prior to an issuance of PABs.



Maryland Department of Housing
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Kenneth C. Holt, Secretary
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To complete the TEFRA process in time to allow for a potential issuance of PABs prior to December 31, DHCD must collect information regarding all current and potential future affordable rental housing developments that would seek to make use of tax-exempt bonds and 4% LIHTC in 2018 and beyond. After collecting this information, DHCD would then proceed with public notification in accordance with Federal TEFRA regulations.

To that end, DHCD is requesting that anyone interested in potentially financing a rental housing development using tax-exempt bonds and 4% LIHTC to complete the attached TEFRA Form (provided in both [Word](#) and [PDF](#) versions) and submit it to DHCD by no later than next Wednesday, November 22, 2017. One TEFRA Form should be submitted for each proposed rental housing development. Please note, it is critical that all the information on the TEFRA Form is completed accurately, especially information regarding the address of the property. Incorrect information could result in a failure to successfully TEFRA a proposed rental housing development.

The completed TEFRA Form should be submitted to the following email addresses: rentalhousing@maryland.gov and diane.melton@maryland.gov

Please Note: If PABs are eliminated through Federal Tax Reform, only developments that secure TEFRA approval prior to the issuance of PABs would be eligible for tax-exempt bond and 4% LIHTC financing in 2018 and beyond.

If you have a questions please contact me at 301-429-7714 or john.maneval@maryland.gov.

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IMPORTANT NOTICE REGARDING EMAILING OF MULTIFAMILY NOTICES

Multifamily Housing issues periodic notices (such as the one above) to announce new initiatives, provide important news, announce funding round deadlines, significant application changes, bond program amendments, and other key dates and facts on our website and by email only. You can subscribe to receive Multifamily Housing Notices at the following link:

<http://dhcd.maryland.gov/HousingDevelopment/Pages/About.aspx>

Notices are posted to the DHCD website at the following location:

<http://dhcd.maryland.gov/HousingDevelopment/Pages/MFLibrary>



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