Executive Summary

AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)

1. Introduction

The State of Maryland has undertaken a major planning initiative called the Consolidated Plan. The Consolidated Plan is a planning tool required by the U.S. Department of Housing and Urban Development (HUD) that guides the use of federal, and to a lesser extent State, housing and community development funds. This document is the Annual Action Plan for Federal Fiscal Year 2018 which covers the period July 1 2018 through June 30, 2019, also known as State Fiscal Year 2019. HUD has established three basic goals for the Consolidated Plan. The goals are:

Goal 1. To provide decent housing
Goal 2. To provide a suitable living environment, and
Goal 3. To expand economic opportunities.

Goal 1 includes: Assisting homeless persons to obtain housing, retaining the affordable housing stock, increasing the availability of permanent housing that is affordable to low-income Americans without discrimination, improving access to housing credit, and increasing supportive housing that includes structural features and services to enable persons with special needs to live in dignity.

Goal 2 includes: Improving the safety and livability of neighborhoods, increasing access to quality facilities and services, reducing the isolation of income groups within areas by de-concentrating housing opportunities and revitalizing deteriorating neighborhoods, restoring, enhancing and preserving natural and physical features of special value for historic, architectural, or aesthetic reasons, and conserving energy resources.

Goal 3 includes: Creating jobs accessible to low-income persons, providing access to credit for community development that promotes long-term economic and social viability, and empowering low-income persons to achieve self-sufficiency in federally-assisted and public housing.

Efforts to achieve each of these goals must primarily benefit low-income persons. The Consolidated Plan must be developed in accordance with the following statutory goals: Elimination of slums and blight, elimination of conditions that are detrimental to health, safety and public welfare, conservation and expansion of the nation's housing stock, expansion and improvement of the quantity and quality of community services, better utilization of land and other natural resources, reduction of the isolation of income groups within communities and geographic areas, restoration and preservation of properties of special value, alleviation of physical and economic distress, and conservation of the nation's scarce energy resources.

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It should be noted that the State's Consolidated Plan primarily focuses on the State's non-entitlement jurisdictions with the exception of National Housing Trust Fund (HTF). The non-entitlement jurisdictions are areas, primarily rural, which do not receive direct allocations of Community Development Block Grant (CDBG), HOME Investment Partnerships Program (HOME), Emergency Shelter Grants (ESG) and Housing Opportunities for Persons With AIDS (HOPWA) funds directly from HUD. Rather, the State administers these funds on their behalf. The State's entitlement jurisdictions which are NOT covered by the State's Plan – because they receive direct funding from HUD - are Anne Arundel, Baltimore, Harford, Howard, Montgomery and Prince George's Counties, and the Cities of Annapolis, Baltimore, Bowie, Cumberland, Frederick, Gaithersburg, Hagerstown and Salisbury. All other areas in the State fall under the State's Consolidated Plan.

2. Summarize the objectives and outcomes identified in the Plan

In developing its Plan, the State determined it would focus on four main areas:

1. Increasing Affordable Rental Housing(with an emphasis on rental housing for low and extremely low income households, including persons with disabilities) – outcomes will be based on the number of units produced as well as leveraging to provide additional housing resources

2. Promoting homeownership for first time homebuyers (including families with student debt and veterans) – outcomes will be measured by units as well as new homebuyers in designated Sustainable Communities

3. Community Revitalization (with an emphasis on small business expansion and lending) – outcomes will include economic impact on neighborhoods assisted, number of new small businesses assisted/created

4. Reducing homelessness, with a particular emphasis on supportive housing for vulnerable populations, including the chronically homeless, youth, and veterans – outcomes will include reduced homelessness counts.

3. Evaluation of past performance

DHCD was generally very successful in carrying out the goals identified in its last Plan. The State's goals in that plan were to provide affordable housing, promote homeownership, and revitalize communities. DHCD actually exceeded its goals for rental assistance and met goal for providing housing under the "Special Needs" programs. We also exceeded our goal for producing units of affordable rental housing. The Department was on trend with the national housing market and continues to make homeownership for Marylander's a priority. In terms of community revitalization efforts; DHCD was also successful in this area in achieving its goals. Project Creating Opportunities for Renewal and Enterprise (C.O.R.E.) continues to address Blight in Baltimore City's most stressed neighborhoods through demolition and stabilization.

4. Summary of Citizen Participation Process and consultation process

To be completed after comment period

5. Summary of public comments

To be completed after comment period.

6. Summary of comments or views not accepted and the reasons for not accepting them

To be completed after comment period.

7. Summary

N/A

PR-05 Lead & Responsible Agencies - 91.300(b)

1. Agency/entity responsible for preparing/administering the Consolidated Plan

The following are the agencies/entities responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source.

Agency Role	Name	Department/Agency
CDBG Administrator	MARYLAND	DHCD
HOPWA Administrator		MDH
HOME Administrator	MARYLAND	DHCD
ESG Administrator	MARYLAND	DHCD

Table 1 – Responsible Agencies

Narrative

The Maryland Department of Housing and Community Development (DHCD) is the lead agency for the Community Development Block Grant (CDBG), HOME Investments Partnership Program (HOME), National Housing Trust Fund (HTF) and Emergency Solutions Grants (ESG) program. The Maryland Department of Health (MDH) is the lead agency for the Housing Opportunities for Persons With AIDS (HOPWA) program.

Consolidated Plan Public Contact Information

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AP-10 Consultation - 91.110, 91.300(b); 91.315(l)

1. Introduction

In the template HUD is using, this section of the Plan includes DUNS numbers (Dun and Bradstreet financial information), Tax Identification Numbers, and other detailed information. Please see Attachment for a complete list of agencies that were part of the planning process.

Provide a concise summary of the state's activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health and service agencies

DHCD has a long history of working with MDH and the Maryland Department of Disabilities (MDoD), as well as other Cabinet Departments to carry out housing and community development efforts. Specifically in relation to health, mental health, and service agencies, DHCD worked with MDH and MDoD in developing the Con Plan to the extent that many of the sections in the Plan were actually written by a contractor working for both MDoD and DHCD in order to accurately cover all of the areas these agencies work together. To illustrate, DHCD, MDH, and MDoD received two rounds of Section 811 funding from HUD to provide assistance to non-elderly disabled persons with disabilities. Each agency has a specific role in coordination of housing activities. DHCD finances units, MDH secures and facilitates service coordination, and MDOD manages the waitlist and tenant selection plans. The agencies also work together on many other efforts (discussed more fully elsewhere in the Plan) including operating programs such as the Homeownership for Individuals with Disabilities, MFP Bridge Subsidy, Group Home, and Special Housing Opportunities Program (SHOP) programs, and DHCD, working with MDH and MDoD, as well as private developers, has worked to insure that projects financed with Federal Low-Income Housing Tax Credit s (LIHTC) assist individuals with disabilities as well by providing bonus points under the State's Qualified Allocation Plan (QAP).

Describe coordination with the Continuum of Care and efforts to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans, and unaccompanied youth) and persons at risk of homelessness

DHCD, as the lead agency for addressing homelessness in the State, works closely with other State agencies and the local Continuums of Care in addressing the needs of homeless persons, including the chronically homeless, homeless individuals with families, families with children, veterans, and unaccompanied youth, as well as persons at risk of homelessness. In addition to the formal channels of communication through the State Interagency Council on Homelessness (ICH), DHS, DHCD, MDH, and other agencies, as well as the local Continuums, communicate on a regular basis to identify and address issues related to homelessness. This includes a bi-annual meeting of all the Continuums of Care within the State, as well as ongoing training on issues such as Rapid Re-Housing. This has resulted in joint efforts such as pursuing (and receiving) VASH Vouchers to help homeless veterans, joint funding and data collection through the State's data warehouse, and working with other State agencies.

Describe consultation with the Continuum(s) of Care that serves the State in determining how to allocate ESG funds, develop performance standards for and evaluate outcomes of projects and activities assisted by ESG funds, and develop funding, policies and procedures for the operation and administration of HMIS

DHCD and the State's Continuum(s) of Care engage on regular conversations regarding how the homeless will be served through the ESG and other programs the State operates. At a minimum DHCD convenes representatives of all Continuums of Care and state partners twice a year for a day-long meeting. DHCD also provides trainings to all Continuums of Care and ESG grantees, as well as requires collaboration between ESG applicants and the local Continuum of Care when applying for annual ESG funds.

One of the changes that has occurred, through consultation with the Continuums of Care, is the creation of a statewide Homelessness Solutions Program (HSP). After legislation was passed in April 2017 by the Maryland General Assembly, the DHS Homeless Services Program transitioned to DHCD on July 1st, 2017. Over the past year, DHCD has worked with a transition team and with the Continuums of Care to create a new program, based on the following guiding principles: design efficiencies in the funding process to allow providers to access funds more easily, streamline and consolidate reporting requirements and respond to the needs of the consumer more quickly; align State funding goals with federal requirements and national best practice trends; give local communities more control and flexibility over methods of spending; and increase availability of varied supportive housing options statewide over time. The new program consolidates homeless service programs that were previously at the Department of Human Services ($4.6 million), as well as the Rental Allowance Program ($1.7 million) and our Emergency Solutions Grants program.

Through this transition grantees are receiving the following benefits: consolidation of several small, funding sources into fewer, more flexible sources; consolidation of local goals to leverage federal funding received by the state; and the streamlining of state grant procurement processing efforts, oversight and fiscal monitoring and combined capital funding and service dollars to increase permanent supportive housing and house more chronically homeless.

The new Homelessness Solutions Program also makes the Continuums of Care the lead grantees for both our Federal and State funding, involving them directly in the process of allocating ESG funds along with State funds, as well as creating local standards and performance evaluation procedures for determining how to most effectively address homelessness within their geographic jurisdiction.

The process continues to be overseen by a transition team, created by the original legislation. The transition team must complete a report and deliver it to the state Interagency Council on Homelessness (ICH) and the Joint Committee on Ending Homelessness, no later than December 1, 2018.

2. Agencies, groups, organizations and others who participated in the process and Consultations

To be completed after comment period.

Table 2 – Agencies, groups, organizations who participated

Identify any Agency Types not consulted and provide rationale for not consulting

None

Other local/regional/state/federal planning efforts considered when preparing the Plan

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
Continuum of Care	DHS	State goals differ by COC and the activities they undertake are supported financially by variously by DHS, MDH, DHCD and HUD depending on the local plan. These activities include but are not limited to emergency shelter, transitional housing, rapid re-housing, permanent supportive housing, services to homeless persons and families, and outreach efforts. In addition, depending on the CoC, similar types of efforts are made to various sub-populations for homeless persons including those with mental illness, disabilities homeless youth, homeless veterans, and battered women among others.

Table 3 - Other local / regional / federal planning efforts

Narrative

Not Applicable

AP-12 Participation - 91.115, 91.300(c)

1. Summary of citizen participation process/Efforts made to broaden citizen participation
Summarize citizen participation process and how it impacted goal-setting
To be completed after comment period.

Citizen Participation Outreach

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
1	Public Hearing	Non-Targeted/ broad community				
2	Newspaper Ad	Non-Targeted/ broad community		n/a	n/a	
3	Internet Outreach	Non-Targeted/ broad community				

Table 4 – Citizen Participation Outreach

Expected Resources

AP-15 Expected Resources – 91.320(c)(1,2)

Introduction

Anticipated Resources

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 4				Expected Amount Available Reminder of ConPlan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
CDBG	public - federal	Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services	$7,778,516	1,500,000	0	9,278,516	$7,500,000	The expected Program Income includes a repayment of funds from grant to be terminated. All Program Income will be awarded.

OMB Control No: 2506-0117 (exp. 07/31/2015)

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 4				Expected Amount Available Reminder of ConPlan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
HOME	public - federal	Acquisition Homebuyer assistance Homeowner rehab Multifamily rental new construction Multifamily rental rehab New construction for ownership TBRA	6,239,169	5,085,404	1,039,324	12,363,897	4,000,000.	PI through 5/22/18 $ 5,085,404.49 Expect to receive an additional $ 50,000. by July 1, 2018 of which 10% may be allocated to Administrative (PA) account

OMB Control No: 2506-0117 (exp. 07/31/2015)

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 4				Expected Amount Available Reminder of ConPlan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
HOPWA	public - federal	Supportive housing and stabilization programs for persons living with HIV/AIDS experiencing homelessness or housing instability. Includes Tenant Based Rental Assistance (TBRA) - rental subsidy to enhance housing stability and support retention in HIV care, Permanent Housing Placement (financial support for security deposits and utility connections; Short Term Rental Mortgage Assistance (STRMU) needs-based payments; and, Supportive Housing Case Management Services to assist participants to maintain housing stability.	$1,982,344	0	$358,006	$2,340,350	$5,069,546	The MDH HOPWA program will finish SFY2018 with projected encumbered dollars remaining of $1,627,552. This amount less encumbered committed in SFY19 of $358,006 = $1,269,546. In years four and five the program anticipates flat funding overall, or about $1.9M each year for $3.8M. Encumbered plus years four and five monies, $1,269,546 + $3.8M = $5,069,546

OMB Control No: 2506-0117 (exp. 07/31/2015)

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 4				Expected Amount Available Reminder of ConPlan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
ESG	public - federal	Financial Assistance Overnight shelter Rapid re-housing (rental assistance) Rental Assistance Services Transitional housing	1,071,382	0	1,070,371	2,141,753	1,071,382	The Emergency Solutions Grant program funds are made available in order to assist households experiencing homelessness to quickly regain stability in permanent housing and to prevent households from becoming homeless. The funding supports coordinated community-based activities that are designed to reduce the overall length of homelessness in the community, the number of households that become homeless, and the overall rate of formerly homeless households returning to homelessness.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 4				Expected Amount Available Reminder of ConPlan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
Continuum of Care	public - federal	Overnight shelter Permanent housing placement Rental Assistance Services Short term or transitional housing facilities STRMU Supportive services Transitional housing	5,000,000	0	0	5,000,000	25,000,000	The State's Continuums of Care, as well as State agencies such as MDH, receive funding competitively from HUD to provide homeless assistance. Numbers are estimated due to the competitive nature of these programs.

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Program	Source of Funds	Uses of Funds	Expected Amount Available Year 4				Expected Amount Available Reminder of ConPlan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
Housing Trust Fund	public - federal	Multifamily rental new construction Multifamily rental rehab Other	3,071,109	0	3,000,000	6,071,109	3,000,000	The HTF annual allocation will be used for the production, preservation and rehabilitation of affordable rental housing through the acquisition, new construction, reconstruction, or rehabilitation of non-luxury housing with suitable amenities.The HTF Program will serve ELI households. ELI households are defined as households with incomes at the greater of: 30% of the applicable Area Median Income (AMI); or Households with incomes at or below the poverty line.

OMB Control No: 2506-0117 (exp. 07/31/2015)

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 4				Expected Amount Available Reminder of ConPlan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
Section 811	public - federal	Project Based Rental Assistance for Persons with Disabilities	21,000,000	0	0	21,000,000	0	DHCD was awarded two competitive grants from HUD under the Section 811 program; $11.2 million in 2012 and $9.8 million in 2014. This funding is used to provide project based rental assistance for persons with disabilities. Per the terms of the Cooperative Agreements, the 2012 funds must be spent by 2025 and the 2014 funds must be spent by 2026. It is unclear whether HUD will provide competitive 811 funding in future years. If HUD issues another NOFA for 811 funding, DHCD anticipates submitting an application.

OMB Control No: 2506-0117 (exp. 07/31/2015)

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 4				Expected Amount Available Reminder of ConPlan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
Other CDBG DR	public - federal	Admin and Planning Housing Reconstruction and Economic Development	0	0	0	0	0	Grant funds will be used for disaster recovery activities under CDBG Disaster grant awarded February 2013. The remaining amount of funds identified here are for housing and economic development activities in Somerset County. Activities already underway under Action Plan approved by HUD on July 25, 2013 and subsequent amendments.

OMB Control No: 2506-0117 (exp. 07/31/2015)

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 4				Expected Amount Available Reminder of ConPlan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
Other CDBG-DR	public - federal	Admin and Planning Public Improvements Other	0	0	0	0	0	Grant funds will be used for disaster recovery activities under CDBG disaster grant awarded in November 2013. Activities already underway for projects approved through an Action Plan approved by HUD on May 23, 2014 and subsequent amendments.

Table 5 - Expected Resources – Priority Table

Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied

The federal funds DHCD receives through the Con Plan are actually only a small part of the resources the Department has available to provide housing and community development efforts. DHCD allocates Federal LIHTC for the State of Maryland. These funds are awarded jointly and competitively with HOME funds through a uniform application process that also includes significant funding from the State. In addition, DHCD receives substantial funding from the State for affordable housing efforts as well. All told, DHCD typically receives about $100 million per year in State funding to carry out housing and community development efforts, with funds targeted toward the creation of affordable rental housing through programs such as Rental Housing Works, Rental Housing Financing Program, and the Partnership Rental Housing Program.

In addition to these funds, DHCD is also the State's Housing Finance Agency, allocating bond funds for both rental housing and homeownership efforts. This often exceeds $300 million per year, or about $1.5 billion over the life of the Con Plan. The issuance of tax exempt bonds for rental

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housing leverages 4% LIHTC. Over the past several years, DHCD's bond issuances for rental housing have increased significantly due to the availability of State-funded Rental Housing Works gap funding.

The State is also a Public Housing Authority, operating the Section 8 Housing Choice Voucher Program, as well as serving as a Section 8 Contract Administrator for HUD. In the former capacity, DHCD operates “regular”, mainstream VASH, NEDS, and other Voucher programs to assist persons with disabilities, youth, homeless veterans, and others obtain affordable housing.

Matching funds required for programs such as HOME and ESG come from the State. The HOME matching requirement is met through the Rental Allowance Program, which provides short term rental assistance to persons who are at risk of homelessness or homeless. ESG funding is matched with a dollar for dollar grant from the General Assembly for our ESG allocation. The State will match the two-percent administrative allowance with State general funds. The one percent Technical Assistance funds will be used to pay for staff to provide technical assistance to grantees.

If appropriate, describe publically owned land or property located within the jurisdiction that may be used to address the needs identified in the plan

Not Applicable

Discussion

Annual Goals and Objectives

AP-20 Annual Goals and Objectives – 91.320(c)(3)&(e)

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	Increase Affordable Rental Housing	2015	2019	Affordable Housing Homeless Non-Homeless Special Needs Non-Housing Community Development			CDBG: $800,000 HOPWA: $1,921,595 HOME: $ 6,884,000.00 Housing Trust Fund: $3,071,109	Rental units constructed: 82 Household Housing Unit Tenant-based rental assistance / Rapid Rehousing: 152 Households Create Rental Housing of approximately 116 low/income units of which 30 units will be HOME assisted
2	Promote Homeownership	2015	2019	Affordable Housing			CDBG: $900,000	Construction Activities for Low/Moderate Income Housing Homeowner Units: 5 Direct Financial Assistance to Homebuyers: 20 Households Assisted
3	Reduce Homelessness	2015	2019	Affordable Housing Homeless			CDBG: $1,200,000 ESG: $1,071,382	Tenant-based rental assistance / Rapid Rehousing: 300 Households Assisted Homeless Person Overnight Shelter: 2700 Persons Assisted Homelessness Prevention: 800 Persons Assisted

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Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
4	Community Revitalization	2015	2019	Affordable Housing Homeless Non-Homeless Special Needs Non-Housing Community Development			CDBG: $3,600,000 HOME: $ 4,000,000.00	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 50,000 Blighted Units Demolished: 4 Rental units rehabilitated: 1 Homeowner Housing Rehabilitated: 60 Home: Provide rehabilitation and or replacement housing for existing homeowners. Approximately 37 homeowners . Also provide financing for approximately 4 low income rental units 3 of which are for the developmental disabled population
5	Community Revitalization - Economic Development	2015	2019	Non-Housing Community Development			CDBG: $500,000	Jobs created/retained: 100 Jobs

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Goal Descriptions

1	**Goal Name**	Increase Affordable Rental Housing
	Goal Description	2018 HOME – Anticipate funding 4 multi-family rental projects with approximately 116 units of which 30 will be funded using HOME. Projects will be for New Construction as well as Rehabilitation . 2018 - HOPWA - Permanent Supportive Housing for Persons Living With HIV as Rental subsidy support for low income persons to meet reduce high rent burden - 152 Households 2018 - CDBG - Fund construction of 1 new rental with 15 units 2018- HTF fund 37 new mulit-family rental units
2	**Goal Name**	Promote Homeownership
	Goal Description	CDBG – Construction or infrastructure for 5 new affordable units; and provide downpayment assistance to 20 homebuyers.
3	**Goal Name**	Reduce Homelessness
	Goal Description	CDBG – Improvements to shelters; acquisition and/or renovation of 10 housing units for rapid rehousing; and operating costs.

4	**Goal Name**	Community Revitalization
	Goal Description	2018 HOME - Fund approximately 37 single family projects for existing homeowners for rehabilitation and/or replacement housing. In addition anticipate funding single family group home rental housing projects for approximately 3 units for the developmentally disabled and acquisition/rehab/rental of 1 unit for low income tenants. 2018 CDBG – Rehabilitation of 60 owner occupied housing units; acquisition and demolition of 4 blighted buildings; construction or improvements of water service, streets, sidewalks including ADA, senior centers, bridges, childcare centers, health facilities, community centers, centers for disabled and public services.
5	**Goal Name**	Community Revitalization - Economic Development
	Goal Description	CDBG - Provide funds for improvements resulting in creation or retention of 100 jobs.

Table 6 – Goal Descriptions

The method of distribution for each program identifies how funds will be used to accomplish the departments overarching goals which are to provide decent housing, provide a suitable living environment, and expand economic opportunities to the citizens of Maryland.

The State will focus on accomplishing the following objectives:

1. Increase Affordable Rental Housing (with an emphasis on rental housing for low and extremely low income households, including persons with disabilities) – outcomes will be based on the number of units produced as well as leveraging to provide additional housing resources

2. Promote homeownership for first time homebuyers (including families with student debt and veterans) – outcomes will be measured by units as well as new homebuyers in designated Sustainable Communities

3. Community Revitalization (with an emphasis on small business expansion and lending) – outcomes will include economic impact on neighborhoods assisted, number of new small businesses assisted/created

4. Reduce homelessness, with a particular emphasis on supportive housing for vulnerable populations, including the chronically homeless, youth, and veterans – outcomes will include reduced homelessness counts.

AP-25 Allocation Priorities – 91.320(d)

Introduction

Funding Allocation Priorities

Program	Goals		
CDBG			
HOME			
HOPWA			
ESG			

Table 7 – Funding Allocation Priorities

Reason for Allocation Priorities

Please see method of distribution. All funds have been awarded under each of the Disaster Grants. See HTF Allocation Plan.

How will the proposed distribution of funds will address the priority needs and specific objectives described in the Consolidated Plan?

Please see method of distribution. All funds have been awarded under each of the Disaster Grants. See HTF Allocation Plan.

AP-30 Methods of Distribution – 91.320(d)&(k)

Introduction

This Section of the Plan discusses the Method of Distribution which the State will use for the CDBG, HOME, ESG, and HOPWA programs. Please see HTF Allocation Plan for the method of distribution.

Distribution Methods

Table 8 - Distribution Methods by State Program

CDBG METHOD OF DISTRIBUTION

State Fiscal Year 2019/Federal Fiscal Year 2018 Allocation

The Community Development Block Grant Program (CDBG) is designed to assist county and municipal governments with activities directed toward neighborhood revitalization, housing opportunities, economic development and improved public facilities and services. Congress initiated the program in Title I of the Housing and Community Development Act of 1974 and provides funds to the State for non-entitlement areas. Non-entitlement areas are non-urban counties with populations less than 200,000 (minus entitlement cities) and municipalities of less than 50,000 in population.

The State has assumed the responsibility for the administration of the program from HUD and is the responsible entity for ensuring that the program is managed in compliance with regulations and requirements of CDBG and HUD. HUD provides the State with "maximum feasible deference" to create additional policies, be more restrictive than HUD in policies and interpretation of regulations, and to determine how funds will be distributed. Additionally, the State may choose not to fund certain types of projects though they are eligible.

The primary objectives of the CDBG program are to provide decent housing and necessary supporting infrastructure, to preserve and develop viable communities through the expansion of economic opportunities, and to meet the critical needs of communities. Funded projects must meet at least one of the following national objectives as required by Title I of the Housing and Community Development Act of 1974, as amended:

- to benefit low and moderate income persons;
- to prevent or eliminate conditions of slum and blight; or
- to meet an urgent need.

The State CDBG Program has been designed to be flexible to accommodate a variety of community needs. The State chooses to primarily use funds as gap funding for projects selected by jurisdictions to meet their specific needs. The funds will be awarded through three categories: 1) Community Development; 2) Special Projects; and 3) Homeless Initiative. DHCD awards funds for projects from the Community Development category through an annual competition. Funds are awarded for projects from the Special Projects category on a first come, first serve basis. The Homeless Initiative will also provide funds through an annual competitive process for projects benefitting the homeless. The State

CDBG Program has developed a Policies and Procedures Manual which identifies all regulations, policies and provides required documents. The Policies and Procedures Manual is updated annually to provide information on new or revised state and federal requirements and/or regulations.

In addition to HUD's goals, the State of Maryland CDBG program's objectives include:

- revitalizing older neighborhoods and established communities;
- leveraging CDBG funds with other public assistance programs and private resources;
- directing growth to existing population centers;
- providing essential public services to low and moderate income persons;
- encouraging collaboration with Maryland State, federal and local programs focused on community development, economic development and planning efforts;
- supporting initiatives that preserve affordable homeownership;
- supporting capital and non-capital investments that support the homeless; and
- supporting initiatives and activities that benefit those serving or have served in the U.S. armed forces.

The State has been awarded $7,778,516 for FFY 2018. It will be distributed as follows:

STATE OF MARYLAND CDBG ALLOCATION – SFY 2019	
State Administration (2% + $100,000)	$255,570.32
Technical Assistance (1%)	$77,785.16
Community Development (67% - $100,000)	$5,111,605.72
Special Projects (14%)	$1,088,992.24
Homeless Initiative (16%)	$1,244,562.56
TOTAL	$7,778,516

The State will match the two-percent administrative allowance with State general funds. The one percent Technical Assistance funds will be used to pay for program administrative costs to provide technical assistance to grantees and potential CDBG recipients. The State may also use 3 percent of program income returned during the program year for administration and technical assistance. In the annual Performance Report, the State will calculate the amount used and determine the State's required match.

The State will award any funds that were not awarded in FFY 2017 to grants made through the Community Development Category. Funds not awarded will be made available under the Homeless Initiative. At this time, the State anticipates repayment of $1,000,000 from a grant that will be terminated and, approximately, $500,000 of program income returned to the Program for re-use. In the event that additional funds are received due to the return of program income or monitoring findings, those funds will be awarded as projects under Special Projects.

Additionally, the State may receive program income from loans made from a federal CDBG Disaster Grant that was awarded after Hurricane Isabelle. During the closeout process for the Neighborhood Stabilization Program Grants, the State will transfer available accumulated program income for use under the CDBG program. If sufficient funds are received, they will be made available under the Special Projects category.

All program income and other funds paid to the State will be accounted for the in the annual Performance Report.

DHCD must award and announce the funds received under the allocation within 15 months from the date HUD signs the grant agreement.

ELIGIBILITY

To be eligible for CDBG funding, each application submitted for funding must meet the following eligibility requirements:

- The applicant is an eligible non-entitlement jurisdiction which is a municipal government with a population under 50,000 or a county government with a population of less than 200,000 (this count excludes HUD entitlement jurisdictions within the county);
- The proposed activities are eligible under Title I of the Housing and Community Development Act of 1974, as amended;
- The proposed project meets a CDBG National Objective as required under 24 CFR Part 570;
- The proposed (if any) subrecipient, developer or business is eligible;
- The project is located in a Priority Funding Area, except for single family housing rehabilitation; acquisition, renovation and sale of existing houses; downpayment assistance or where the Secretary of DHCD determines that the project is necessary to protect public health, to alleviate personal economic hardship in an emergency situation, to promote economically integrated housing, is consistent with an overall economic development strategy, or where an exception has been granted through the Maryland Department of Planning exception process.

CDBG NATIONAL OBJECTIVE

As stated, each funded grant must meet one of the three national objectives: 1) benefit to persons of low and moderate income (LMI); 2) prevention or elimination of slum and blight; or 3) meet an urgent need that is an immediate threat to community health, safety or welfare. The following explains how projects meet a national objective:

Benefit to LMI Persons Thru Area Benefit Activities – For projects that benefit an entire town/city or a specific service area that has an LMI population that is 51% or greater. Examples include: construction of new water or sewer service, installation of sidewalks, construction of flood and drainage improvements, and installation of solar panels to power a sewer plant.

Benefit to LMI Persons Thru Limited Clientele Activities – For projects that benefit LMI persons that are "presumed" to be LMI or are qualified based on data about family size and income. Examples include: construction of senior centers, renovation of Head Start centers, ADA improvements to public buildings

or streets, construction or renovation of housing for disabled adults, and operating costs for a new homeless shelter.

Benefit to LMI Persons Thru Housing Activities – For projects that benefit an LMI household that is qualified based on data about household size and income. Examples include: construction of new rental housing, renovation and resale of housing units, single family housing rehabilitation, household connections to new water or sewer services, and downpayment assistance for LMI homebuyers.

Benefit to LMI Persons Thru Job Creation Activities – For projects that result in the creation of new jobs and at least 51% of the created jobs are taken by LMI persons. Examples include: construction of infrastructure to support a new business, extension of rail service to an industrial park, building improvements, and acquisition of manufacturing equipment.

Benefit to LMI Persons Thru Job Retention Activities – For projects that result in the retention of jobs and at least 51% of the retained jobs are held by LMI persons. Use of this objective requires evidence that permanent jobs would be lost without CDBG assistance. Examples include: construction or extension of utilities, building construction, construction or improvements of public infrastructure, and acquisition of a building.

Prevention or Elimination of Slum and Blight on A Spot Basis

Prevention or Elimination of Slum and Blight on An Area Basis

Meeting an Urgent Need – For projects that pose a serious and immediate threat to the health and welfare of a community, are of recent origin, and other funding sources are not available.

NOTE: Applicants seeking funds for projects that would meet the national objective of meeting an urgent need should contact CDBG program staff to determine if their project qualifies. If it is determined that it qualifies, the application would be considered for funding under the Special Projects category. Supplemental pages would be provided for an applicant to complete regarding urgent need projects.

ELIGIBLE ACTIVITIES

Activities assisted under the State CDBG program must be eligible per Section 105(a) of Title I of the Housing and Community Development Act of 1974 ("HCD Act of 1974"), 42 U.S.C. § 5305(a), as amended. Detailed information as to eligible activities can be provided by CDBG staff or may be found in the HUD Guide to National Objectives and Eligible Activities.

Per federal regulations, the following activities are ineligible for funding: improvements to buildings used for the general conduct of governments such as city halls, county administrative building and police stations (with the exception of accessibility improvements); political activities; furnishings; operations, maintenance or repair of public facilities or works. While eligible, the State chooses not to fund the construction or renovation of police substations; libraries; and fire stations and related community spaces. Additionally, the State chooses not to provide funding for general administrative costs or for indirect costs.

PROGRAM REGULATIONS, REQUIREMENTS AND POLICIES

Projects must be implemented in compliance with the requirements found in the HCD Act of 1974, the CDBG program regulations found in 24 CFR 570, other federal regulations, and state policies and procedures. While most are not applicable until a project is funded and underway, some have to be considered when submitting an application for funding as they may impact cost, schedule, staffing, etc. The most notable are listed below:

1. Acquisition - Uniform Relocation Act – Grantees must comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (49 CFR Part 24) when acquiring property and permanent easements that are required for a project or when residents or businesses are displaced as a result of the project. Additional regulations regarding relocation of displaced persons or businesses are found in 24 CFR Part 42 and Section 104(d) of the HCD Act of 1974.

2. Audits – If a grantee spends more than $750,000 of federal funds from any source during their fiscal year, they are required to have a Single Audit prepared in conformance with the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 CFR Part 200).

3. Conflict of Interest - Grantees must comply with federal Code of Conduct or Conflict of Interest Standards found in 2 CFR Part 200 and 24 CFR Part 570.489 which includes having a written policy. Additionally, State of Maryland law requires local governments to adopt conflict of interest restrictions and financial disclosure requirements for local elected officials and candidates that are at least as stringent as the requirements for public officials contained in the Public Ethics Law. More information regarding the Local Government Ethics Law can be found at COMAR, Title 19A, Subtitle 04, Local Government Ethics Law. *Note that those exempt from this requirement under the State of Maryland law must still comply with federal requirements.*

4. Environmental Review – Grantees must comply with the National Environmental Policy Act of 1969 and other federal laws which are specified in 24 CFR Part 58. This review must be completed prior to the initiation of project activities regardless of the funding source. No activities are to begin until a Release of Funds has been issued by the CDBG Environmental Officer.

5. Fair Housing and Equal Opportunity – Grantees must demonstrate their compliance with numerous federal laws, regulations, and Executive Orders as a recipient of a CDBG award and in their general conduct of operating a government. The most relevant regulations are related to non-discrimination when using HUD funding programs; non-discrimination and equal opportunity in housing; non-discrimination on the basis of race, color, religion, sex, national origin, handicap or familial status in programs and activities receiving or benefiting from federal assistance; and employment and contracting opportunities for lower income persons or minority businesses. The grant agreements issued for funded projects will identify all that apply and the specific requirements. Note that these requirements must be met by subrecipients, developers and businesses too.

6. Fair Housing and Equal Opportunity – Disadvantaged Businesses – When procuring construction or services, grantees are to take affirmative steps to solicit bids from minority owned businesses (MBE) and women owned businesses (WBE).

7. Fair Housing and Equal Opportunity - Section 3 – When procuring construction or services when it is anticipated that the contracts will exceed $100,000, grantees must comply with Section 3 of the HCD Act of 1968 which requires that employment and other economic opportunities be made available to low and very low income persons.

8. Financial Management **-** Grantees must comply with appropriate sections of 2 CFR Part 200, 24 CFR 570.489 and State regulations and requirements in the financial management of their federal grant. CDBG funds should only be spent on costs that are deemed as "reasonable and necessary." *Note the State will be providing a Financial and Procurement Manual for CDBG Grantees to use effective July 1, 2018.*

9. Housing - Broadband – Per revisions to 24 CFR Part 570.482, the use of HUD funding for the construction or substantial rehabilitation of a building with more than 4 rental housing units requires the installation of broadband infrastructure to provide access to Internet connections in individual housing units. It must meet the definition of "advanced telecommunications capability" determined by the Federal Communications Commission under Section 706 of the Telecommunications Act of 1996.

Substantial rehabilitation is defined as: 1) complete replacement of the electrical system or other work for which the pre-construction cost estimate is equal to or greater than 75% of the cost of replacing the entire system in the building undergoing rehabilitation; or 2) rehabilitation of the building undergoing rehabilitation where the pre-construction estimated cost of the rehabilitation is equal to or greater than 75% of the total estimated cost of replacing the housing after the rehabilitation has occurred. The replacement cost is for the building undergoing rehabilitation only.

Exceptions may be granted by the State if it is determined: 1) the location of the new construction or substantial rehabilitation makes installation of broadband infrastructure infeasible; 2) the cost of installing broadband infrastructure would result in a fundamental alteration in the nature of its program or activity or is an undue financial burden; or 3) the structure of the housing to be substantially rehabilitated makes installation of broadband infrastructure infeasible.

10. Housing – Fair Market Rents - Per 24 CFR Part 570.483(b)(3), the rents charged for rental properties assisted with CDBG funding must be affordable. When funded, a grantee must adopt and make public its standards for determining "affordable rents."

For projects assisted with other state and/or federal affordable housing funding, the contract rents for those units may not exceed the Fair Market Rents established annually for the county by HUD or the rent standards published by the state or federal funding agencies. The rents for these units must remain affordable for the defined term required by the other funding source or the term set forth below, whichever is greater.

For projects that do not include other state and/or federal affordable housing funding, the contract rents for those units may not exceed the Fair Market Rents established annually for the county by HUD. The rents for these units must remain affordable for the defined term set forth below.

The CDBG grantee shall enforce this requirement with a lien between themselves and the developer of the property, if applicable. The terms shall be no less than:

FUNDING AMOUNT	LENGTH OF TERM
Up to $400,000 in CDBG funds	10 years after occupancy date
Between $400,001 and $600,000 in CDBG funds	15 years after occupancy date
Above $600,001 in CDBG funds	20 years after occupancy date

Rents may be increased on an annual basis at the time of lease renewal consistent with changes in the rent standard for the project, but in no case, will the project owner be required to reduce rents. Rents must be checked annually by the grantee.

11. Housing - Homeownership Requirements – When using CDBG funds in conjunction with any homeownership activities: 1) no subprime mortgages are allowed for persons acquiring the houses; 2) no adjustable rate mortgages are allowed for persons acquiring the houses; 3) mortgages must be for a fixed rate for a minimum of 30 years; and 4) a minimum of 8 hours of housing counseling from a HUD approved housing counseling agency is required for persons acquiring the houses.

12. Housing – Housing Rehabilitation Program Policy – The CDBG Program has policies that must be followed when using funds for single family housing rehabilitation programs. In general, all housing must be improved and meet local livability code requirements or housing quality standards upon completion of improvements. Grantees are allowed to use funding for emergency repairs if this is an approved activity in their grant agreement. Upon approval of funding, local program policies must be submitted and approved to ensure that all current federal and state policies and requirements are included. Grantees may provide a maximum of $30,000 as a grant per house. There is no maximum loan amount.

Note that these requirements do not apply for utility connections as part of a water/sewer project.

13. Housing - Housing Rehabilitation Program Restriction – The CDBG Program will only accept applications for housing rehabilitation programs from county governments. The exceptions to this restriction are active municipal programs with open or recent CDBG housing rehabilitation grants and in instances where a municipality is the applicant but the activities are to be administered by the county government.

14. Housing – Loans - If it is the intention of the applicants to use all or any portion of CDBG funding as a loan to the subrecipient or developer, the terms and requirements must be submitted with an application for funding and approved by the CDBG Program Office. As a reminder, any loan funds received by a grantee are considered Program Income and must be returned to the State or used for an approved re-use.

15. Housing - Rental Housing Restrictions – When using CDBG funds for the development of rental housing, the use of CDBG funding is restricted to: 1) the acquisition of land in compliance with 49 CFR Part 24 and must be acquired after the CDBG funds are awarded; 2) construction activities that are competitively procured after the CDBG funds are awarded using the CDBG procurement policy; or 3) procurement of construction materials using the CDBG procurement policy.

16. Insurance - Flood – Flood insurance is required for all buildings acquired, constructed or renovated, including housing, that are located in the floodplain. The grantee is required to ensure that subrecipients, developers, businesses and homeowners maintain sufficient replacement insurance. Files

must contain appropriate documentation. Insurance is to be maintained for the term of use, lien period, or loan term. This does not apply to recipients of funds for utility connections.

17. Insurance – Homeowner or Building – Homeowner or building insurance is required for all buildings acquired, constructed or renovated with CDBG funds. The grantee is required to ensure that subrecipients, developers, businesses and homeowners maintain sufficient replacement insurance. Files must contain appropriate documentation. Insurance is to be maintained for the term of use, lien period, or loan term. This does not apply to recipients of funds for utility connections.

18. Labor - Davis Bacon and Related Acts – Funded CDBG projects that result in construction contracts that exceed $2,000 are subject to the federal Davis-Bacon Act, the Contract Work Hours and Safety Standards Act of 1962, and the Fair Labor Standards Act. This does not apply to the rehabilitation of residential structures designed for less than eight units when completed.

19. Labor – Force Account - Grantees may use costs associated with Force Account labor, which is undertaken by employees of the jurisdiction, as leverage for a CDBG funded project. Costs must be documented using guidance and materials provided by the State.

20. Lead Paint – Grantees must comply with 40 CFR Part 745 when undertaking renovation, repair or painting activities that disturb painted surfaces in houses, buildings converted into housing, and buildings occupied or to be occupied by children that were built before 1978. As of April 22, 2010, work performed as identified in the regulations must be completed by certified firms using certified renovators and workers trained in lead-safe work practices established by the Environmental Protection Agency. Grantees will be provided with the State CDBG Lead Based Paint Policy which identifies requirements.

21. Preliminary Engineering – If an applicant receives funding for preliminary engineering for infrastructure projects and they intend to apply to the U.S. Department of Agriculture (USDA) for construction funding, they must comply with USDA's preliminary engineering requirements (PER) requirements.

22. Procurement **-** Grantees must comply with appropriate sections of 2 CFR Part 200, 24 CFR 570.489 and State regulations and requirements when purchasing materials, products or services with federal funds. Grantees will be notified if additional requirements are imposed by the federal government. *Note the State will be providing a Financial and Procurement Manual for CDBG Grantees to use effective July 1, 2018.*

23. Program Income **-** Program Income is defined as gross income received by the grantee, subrecipient, developer or business directly generated from the use of CDBG funds. The State chooses to classify all funds received as program income and does not recognize the $35,000 limit identified in the regulations. Program Income includes, but is not limited to, the following:

- proceeds from the disposition by sale or long term lease of real property purchased or improved with CDBG funds;

- proceeds from the disposition of equipment purchased with CDBG funds;

- gross income from the use or rental of real or personal property acquired by the recipient or a subrecipient with CDBG funds, less the costs incidental to the generation of the income;

- gross income from the use or rental of real property owned by the recipient or a subrecipient that was constructed or improved with CDBG funds, less the costs incidental to the generation of the income;

- payments of principal and interest on loans made using CDBG funds;

- proceeds from the sale of loans made with CDBG funds;

- proceeds from the sale of obligations secured by loans made with CDBG funds;

- interest earned on funds held in a revolving loan fund account;

- interest earned on program income pending disposition of the income; or

- funds collected through special assessments made against properties owned and occupied by households not of LMI, where the assessments are used to recover all or part of the CDBG portion of a public improvement.

All funds must be returned to the State unless the grantee has an approved *Program Income Re-Use Plan*. The State may use three percent of any program income returned to the State during the program year for administration and technical assistance.

A *Program Income Re-Use Plan*, which includes a description of the proposed method to manage the funds and the capacity of the grantee to comply with State and federal regulations, must be submitted as part of the application and approved by DHCD, depending on the category. The decision to permit retention of program income by the grantee will be made on a case-by-case basis. *Program Income Re-Use Plans* are approved for each grant.

If a plan is approved, program income may be retained by the grantee provided the grantee pledges its general funds to reimburse the State for any financial liability related to negative findings by the State and/or HUD with regard to the re-use of income and if:

- the program income is targeted for an eligible CDBG activity that meets a national objective and for which DHCD has given approval; or

- the program income is targeted for use for the "same activity." "Same activity" is defined as one with the same purpose and same location as the activity generating the program income; and

- completion of the proposed activity will meet time constraints established by DHCD.

Upon the written instructions of DHCD, a grantee and any subrecipient shall permit an authorized agent of DHCD to collect, distribute, or in any other manner deal with program income in accordance with such written instructions.

Any program income that is distributed by the State during the period beginning with the date HUD awards the annual grant to the State and ending with the following year's grant award date is considered to be covered by the current Consolidated Plan.

24. Project Administration Costs – All costs supporting project administration or project delivery costs must be documented. Timesheets must be maintained for all persons paid with CDBG funds. The timesheets must reflect actual hours worked on the project. Grantees will be required to document their paid and in-kind costs committed as leverage.

25. Special Assessment/Recovery of Costs – Grantees will not attempt to recover any capital costs of public improvements assisted in whole or part with CDBG funds by assessing any amount against properties owned and occupied by LMI persons. This includes any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if CDBG funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public improvements (assisted in part with CDBG funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than with CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds if the State certifies that it lacks CDBG funds to cover the assessment.

26. Term of Use - Buildings and Facilities – Buildings and facilities acquired, constructed or renovated with CDBG funds must remain in the approved use for a specific period of time. For a grantee, the "term of use" shall be identified in the grant agreement. For a grant with a subrecipient or business, the grantee shall enforce this requirement with a lien between themselves and the subrecipient or business on the property. The term shall be in effect after the occupancy permit is issued. The terms shall be no less than:

FUNDING AMOUNT	LENGTH OF TERM
Up to $400,000 in CDBG funds	10 years after occupancy date
Between $400,001 and $600,000 in CDBG funds	15 years after occupancy date
Above $600,001 in CDBG funds	20 years after occupancy date

If the term cannot be met, the grantee must contact the CDBG Program to discuss future actions and consequences. Options could include a different use for the building that still meets a national objective or return of funds based on regulatory requirements. All will be considered on an individual basis.

During the CDBG Term of Use, the grantee shall not, and shall not allow any subrecipient, developer, or business to (a) create, incur, assume or suffer to exist any mortgage, pledge, security interest, encumbrance, lien, charge, conditional sale or other title retention agreement, or lien of any kind on property or improvements (or any part thereof or income therefrom) acquired or constructed/renovated with CDBG funds; or (b) make, create, permit or consent to any conveyance, sale, assignment or transfer of the property or improvements (or any part thereof) acquired or constructed/renovated with CDBG funds.

27. Water and Sewer Projects – To meet the national objective for projects involving the construction or extension of water and sewer service, it is mandatory that all households and businesses in the service area are connected to the system. The national objective of benefit to LMI persons through an area

benefit will not be met until all persons, households or businesses are receiving the intended benefit. In the event households refuse to connect, the grantee must document that the households are being charged the monthly cost for the benefit they choose not to use.

The physical connection of households to water and sewer systems is an eligible activity for qualifying LMI households under the national objective of benefit to LMI persons through housing activities. As such, the total household income must be considered and verified to determine the eligibility of the household. Liens are required to protect the benefit.

NEW REQUIREMENTS AND POLICIES FOR FFY 2018

The following new requirements and policies will be in effect for FFY 18 funded grants. In some cases, depending on the activities, it could be required if amendments are requested and awarded from these funds.

1. Mission and Bylaws – Subrecipients must demonstrate that their organization primarily serves persons who are of low and moderate income and/or a specific population that is eligible for CDBG assistance. This should be clearly written in their mission statement and bylaws which should be submitted with the application.

2. Limited English Proficiency – Applicants are to demonstrate that they complied with their Limited English Proficiency Plan if they are an existing grantee or that they researched the available data to determine if any of their outreach efforts required information to be translated into other languages or if other outreach efforts were required. Applicants are to complete a provided document and include it with the application.

3. Generators – If CDBG funds are used for acquisition, construction or renovation of multi-family rental housing developments or facilities owned by the government such as senior centers, community centers or other multi-use building, grantees must install generators. The generator should have sufficient capacity to power, at a minimum, lighting in common areas.

4. Maintenance Plans – If CDBG funds are used for acquisition, construction or renovation of public facilities, multi-family rental housing developments or infrastructure projects, grantees must provide an acceptable maintenance plan to be approved prior to completion of construction. The plan must outline steps to be taken to ensure that maintenance is a priority of the project constructed with federal funds. This would include inspection schedules and scope of work to be undertaken if there is a warranty, annual inspections and reports, documentation of maintenance actions, etc. Grantees must also identify how funding for short-term and long-term maintenance and replacement costs will be addressed.

5. Policy for New Funds for Previously Assisted Projects - Over the years, DHCD funding through the Division of Neighborhood Revitalization has assisted with the construction and renovation of many building projects around the state. We have always encouraged the use of high quality materials and workmanship. While not mandating, we expected buildings to be maintained to ensure longevity. To that end, as costs increase and funds are limited, we reserve the right to not provide additional funds from the Community Development Block Grant Program or the State Revitalization Programs

(Community Legacy, Strategic Demolition, CORE, Baltimore Regional Neighborhoods Initiative) for building projects previously assisted.

To assist with our determination, applicants must provide answers to the following questions if the application includes construction or renovation to a building previously funded with the identified funding sources:

1. Which program provided previous funding? When? How much was the total award? What were specific uses?
2. Discuss maintenance efforts since building was constructed or renovated?
3. If you are asking to replace building equipment or utilities, what was the warranty on the original equipment? Discuss how it was maintained?
4. What alternatives were considered other than requested activities?
5. Is there debt on the building? If yes, what is the balance owed and the remaining term? Who is the lender?
6. Do you currently set aside funds for short-term and long-term maintenance needs?

In the event this request is funded, maintenance agreements would be required as well as the establishment of maintenance funding accounts.

This policy does not apply to the construction of additions or phases previously not funded.

6. Manufacturing Equipment – If CDBG funds are used for the acquisition of manufacturing equipment for an economic development project, the grantee must secure the equipment with a lien or other mechanism to ensure that it is not sold or removed by the business prior to the end of the retention period and closeout of the grant.

7. Public Facilities and Infrastructure Applications - For this program year, for the Community Development competitive round only, there will be no maximum amount an applicant can apply for when applying for public facilities and infrastructure projects. This applies IF there is a *significant* number of Energy Star (or equivalent) or other energy saving materials and products identified in the budget AND the project can expend 5% of CDBG funds within 120 days of the award and 50% within one year. Failure to meet spending requirements will result in the loss of grant funds. Failure to actually incorporate the energy efficiency materials and products will result in the repayment of funds.

If an applicant only applies for a total of $800,000 for infrastructure or public facilities, whether through one or more applications, then the energy and spending requirements do not apply. If the total request exceeds $800,000, then they do apply to all funded applications.

APPLICATION PROCESS

The following regulations, requirements and policies apply to submission of a CDBG application regardless of funding category. The Program will conduct an application workshop prior to the competitive process for the Community Development category. The Policies and Procedures Manual and Application are posted on the DHCD website.

1. Citizen Participation Requirements – Governments must comply with citizen participation requirements when seeking CDBG funding and implementing CDBG funded projects. The State requires a jurisdiction to adopt and maintain a written *Citizen Participation Plan* which outlines and describes their efforts in soliciting citizen input and responding to concerns and questions.

A jurisdiction's *Citizen Participation Plan* is effective for a five year period. The plan must be current at the time of application. If it is not current or the applicant does not have one, the applicant must adopt and submit a new plan with their application.

2. Public Hearing - A jurisdiction is to conduct at least one public hearing prior to submission of an application for a CDBG project. Failure to conduct the hearing as required will result in the rejection of the application as it will not be in compliance with Citizens Participation requirements.

Hearings must take place in conjunction with a regularly scheduled meeting of the elected public officials of the municipality or county that is submitting the application(s). At the hearing, the jurisdiction should discuss local community development, economic development and housing needs. While the hearing allows for a jurisdiction to seek input on proposed activities, it should allow for input from the community as to other needs that could be considered.

The hearing notice must be published in a local newspaper at least five (5) days prior to the date of the hearing. Additionally, the jurisdiction should seek to notify the public with other means such as cable television, posted notices in public places, notices in other local publications, newsletters, government website, etc. The jurisdiction should encourage participation of potential or actual beneficiaries of a project and make accommodations for the disabled.

Public hearings shall be conducted in a manner to meet the needs of non-English speaking residents where a significant number of non-English speaking residents can reasonably be expected to participate.

A copy of the meeting minutes and the hearing notice must be submitted with the application.

3. Public Review of Application – The public should have the opportunity to review and comment on a draft of the completed application before it is submitted to the State. At the public hearing, the applicant must provide the anticipated date the draft application(s) will be available for review as well as the location where it can be found. This information must be included in the hearing minutes. Failure to complete this process will result in the rejection of the application as it will not be in compliance with Citizens Participation requirements.

4. Local Resolution - The legislative body of the jurisdiction must pass a resolution authorizing submission of the application, the specific project(s) and the specific amount of funds being requested. The resolution must authorize the application in an amount equal to or greater than the amount requested in the application(s). The resolution must also acknowledge that the signers understand that repayment of grant funds could be required if the application is funded and the project is not completed or does not meet a CDBG national objective.

If submitting more than one application, the Resolution should identify the specific projects and the amount of each project. If the amount identified in a resolution is less than what is identified in the application, the CDBG staff will review the application to determine if it should be accepted, as only the

amount authorized in the resolution can be considered. In some cases, the dollar difference may be minimal and not impact the undertaking of the application activities. Applications with this issue will be reviewed on a case by case basis. Resolutions passed for previously submitted CDBG applications are not valid and will not be accepted.

A copy of the resolution must accompany the application or the application will not be reviewed.

5. Residential Anti-Displacement and Relocation Assistance Plan – The State requires jurisdictions to adopt and maintain a written *Residential Anti-Displacement and Relocation Assistance Plan*. While a jurisdiction should make every effort to minimize the displacement of persons or businesses when using CDBG funds, this plan will describe what the jurisdiction will do in the event that it does occur.

Section 104(k) of the HCD Act of 1974, 42 U.S.C. § 5304(k), requires that reasonable relocation assistance be provided to persons displaced as a result of the use of CDBG assistance to acquire or substantially rehabilitate property. Section 104(d) of the HCD Act of 1974, as amended, 42 U.S.C. § 5304(d), requires one-for-one replacement of all low and moderate income dwelling units housing the same number of occupants as could have been housed in the units demolished or converted to another use as a result of CDBG assistance.

A jurisdiction's *Residential Anti-Displacement and Relocation Assistance Plan* is effective for a five year period. The plan must be current at the time of application. If it is not current or the applicant does not have one, the applicant must adopt and submit a new plan with their application. Please note that a specific plan will be required for approved grants with projects which will actually result in displacement.

6. Submission By A County For Project in Municipality - A county may submit an application on behalf of one or more municipalities. In such instances, the municipality may not submit a separate application for the same project. Each municipality must hold a public hearing; however, the applicant assumes overall responsibility for ensuring that the entire project will be carried out in accordance with CDBG requirements. The applicant must enter into a legally binding cooperative agreement with each participant which incorporates these criteria.

7. Program Income - Any gross income that will be derived from the use of CDBG funds is Program Income. It is to be returned to the State unless the re-use of those funds has been previously approved by the State. Applicants must submit a *Program Income Re-Use Plan* with their application requesting approval to retain funds at the local level for the same activities if they anticipate that their project will result in Program Income. Approved plans will be identified in the grant agreement for approved applications. A new *Program Income Re-Use Plan* must be submitted with each application. Jurisdictions wishing to retain income must be willing to pass a resolution to repay from general funds any costs that HUD or the State may disallow as a result of the retention and re-use of program income. See Additional Program Policies and Procedures section of this manual for additional information.

Program income must be re-used in a timely manner. If a jurisdiction has available program income at the time of the application, the State may require that it be used as part of the application if it is determined that funds are not being used in a timely manner.

8. Debarment - The applicant is required to complete Debarment Checks on subrecipients, developers or businesses prior to submission of an application. The completed forms do not need to be included with the application unless there is a problem.

9. Audit – Applicants who have never submitted an application to the CDBG Program must provide a copy of their most recent annual audit and a copy of their most recent single audit, if one was required, with their application.

10. Clearinghouse Submission - Applicants must comply with the Maryland Intergovernmental Review and Coordination Process (COMAR 14.24.04). Simultaneous with the submission of any application for CDBG funding, applicants must submit an electronic copy of a project profile to the Maryland State Clearinghouse. The profile must include a cover form; a summary briefly explaining the nature, purpose, scope and justification for the project; a map of the project location and geographic area to be served; a budget identifying all sources and uses of funds; and staffing for the project. Please note that the submission to the Clearinghouse must be submitted by the government applicant, not the subrecipient, developer or business. Comments from this review will be forwarded to the CDBG program.

Information must be submitted to mdp.clearinghouse@maryland.gov

FUNDING CATEGORIES

For funding under all categories, DHCD reserves the right to award less than the requested amount. Funding recommendations and approvals may recommend a decrease to the size, scope and/or costs of the project. A planning grant may be awarded in lieu of requested project funding where further study is deemed necessary.

In addition to the rating and evaluation criteria; CDBG staff, Rating Committees, the Assistant Secretary for Neighborhood Revitalization or the Secretary of DHCD may consider other factors in making funding determinations, including:

- The State's objectives and priorities;
- The availability of alternate or contributing funding sources for the total project or some of its components;
- A reasonable distribution of projects among regions of the State;
- The ability to respond to a locality's special needs;
- The degree of community commitment for the project;

- The previous CDBG investment in a community;
- The ability of applicant, sub-recipient, developer or business to borrow funds;
- The commitment and/or input from other funders;
- The cost per person based on the total project cost;
- The amount of CDBG or other DHCD funds awarded for other phases of a multi-phase project; and
- The availability of other resources and/or services in a community.

There is one application for Community Development and Special Projects. DHCD will provide a separate application for the Homeless Initiative.

Community Development Category

Applications for community development projects are accepted annually on a competitive basis in the spring. The funding round is announced in advance of program opening, and applicants are given a minimum of 45 days to prepare their applications after the application workshop is held. Any funds not awarded in the competition will be added to the Special Projects category. Applications are due on June 22, 2018. For the SFY 19 competitive application round, the maximum amount an applicant may seek is $800,000 unless requesting funds for public facilities or infrastructure projects which will meet energy efficiency and spending requirements.

Applicants must submit one original and four copies when applying for Community Development funds. Applications are to be mailed or hand-delivered. Applications are submitted to: DHCD, 7800 Harkins Road, Lanham, MD 20706, Attention: CDBG Program.

Applications are evaluated in a three-step process: threshold review, project evaluation, and funding recommendations. At the completion of the threshold review, applicants will be notified by mail if their application will be reviewed. Applications will be rejected if: 1) the application is not complete; 2) the public hearing process was not done correctly; 3) the draft of the application was not available for public review before submission; 4) the application is not received by the established due date; 5) the proposed project and/or activities do not meet the eligibility requirements; or 6) the applicant does not meet established performance thresholds.

Performance Thresholds

There are performance thresholds related to previous CDBG grants that must be met by applicants. Applicants will be evaluated on their management of existing CDBG grants and must be in compliance with financial, reporting, monitoring, and performance requirements as established each year.

1. Financial - Expenditure of certain minimum percentages of previous grants must be met by *5:00 p.m. on Friday, June 15th*. This will apply to all open Maryland CDBG grants. The required expenditure amount is based on the grant start date and shown below:

Grant Agreement Start Date	*Minimum % Required to be Expended*
Prior to June 30, 2016	100%
July 1, 2016 to December 31, 2016	75%
January 1, 2017 – June 30, 2017	50%
July 1, 2017 to Present	25%*

**Does not include those awarded in March, April or June 2018*

2. Reporting – Applicants must be current with submission of any reports due to the program for existing grants.

3. Monitoring – Grantees that have grants with open monitoring issues will be reviewed on a case-by-case basis, taking into consideration the significance of the finding(s) or concern(s), the corrective action(s) taken by the grantee or subrecipient to resolve the issue(s), and the timeliness of the grantee in responding.

4. Performance – Grantees that have grants that have expended funds but have moved slowly or failed to perform in conformance with their project schedule will be required to submit additional information related to reasons for delays and poor performance as well as a new timeline. The State reserves the right to determine if the response is sufficient.

Additionally, grantees that have revolving loan funds (RLFs) and program income accounts that were capitalized with CDBG funds will be required to submit information regarding the current fund balance and the most recent activity. This applies to economic development RLFs as well as housing rehabilitation RLFs and program income accounts. Grantees may be required to submit additional information to explain large fund balances and lack of activity. In these instances, the State may take additional actions related to ensuring the grantee utilizes these funds.

Application Evaluation

All applications that meet the threshold criteria will be rated and ranked competitively by a review committee composed of Maryland CDBG Program staff and other departmental staff with participation from other government agencies when appropriate. Applicants will be given an opportunity to respond to questions in a timely manner.

Rating is based on a 150-point scale. Point ranges have been established for each criterion to gauge the extent to which the applicant meets the criterion. The following factors will be considered in determining the points assigned. A copy of the rating form may be obtained from the CDBG program staff.

RANKING FACTOR	MAXIMUM POINTS
PUBLIC PURPOSE - Consistency (10) - Severity of Need (30) - Community Support (5)	**45 Points**
PROJECT IMPACT - Impact on Need (10) - Benefit to LMI Households (15)	**25 Points**
PROJECT MANAGEMENT - Readiness To Proceed (35) - Accuracy of Costs (10) - Capacity (10)	**55 Points**

LOCAL COMMITMENT / LEVERAGING - Local Commitment (10) - Debt Service (5) - Leveraging (10)	**25 Points**
BONUS POINTS	**15 Points**

Applicants may receive up to 15 bonus points for meeting one or more of the following criteria if sufficiently discussed and/or documented within the application:

1. Project will use innovative materials or methods (2 Points);
2. Project activities include the acquisition and reuse of foreclosed properties (2 Points);
3. Project activities include the replacement of utilities in existing buildings with energy saving materials (2 Points);
4. Project will use green or energy efficient building materials and practices for new construction or renovation (2 Points);
5. Project activities will eliminate impediments to fair housing in the community (2 Points); or
6. Project activities will provide benefit to those serving or have served in the U.S. armed forces (2 Points); or
7. Project activities that benefit the homeless (3 Points).

Public Purpose/Local Need (45 maximum points total) - Severity of Need (30 maximum points) is based on the information in the application, the degree of distress and examples provided will determine the number of points awarded. Distress factors considered include the quality and quantity of existing facilities, including the need for rehabilitation or replacement, condition description, age, adequacy or absence of facilities, services, housing etc. Up to twenty (20) points are awarded based on the documented need for new or additional services, new or improved facilities, new or improved infrastructure, or new or improved housing. Up to ten (10) points are awarded where existing physical health and safety conditions of buildings or infrastructure are documented. *Please note that documentation in support of the need is the key to receipt of maximum points.*

Community Support and Involvement (5 maximum points) - Points are awarded based on evidence of current community support and involvement in the project development and implementation. Letters of general support and participation may include local interest of neighborhood groups, local public or non-profit agencies and individuals that might directly benefit from the project. Even though a public hearing is required, it is not factored into the score.

Consistency with Local Needs/Plans/Strategies (10 maximum points) - Points are awarded based on the degree to which the project is specifically identified and is consistent with a locally developed revitalization strategy, capital improvements plan or comprehensive plan (up to 5 points). Relevant sections must be provided with the applications. Up to five (5) points may be awarded for proposed projects and activities that re-use existing buildings and infrastructure

Project Impact (25 maximum points total) - Impact on Need (10 maximum points) - Points are awarded based on the extent to which the project will address the needs and alleviate the existing problems described by the applicant.

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Benefit to Low and Moderate Income (LMI) Households (15 maximum points) - Maximum points will be awarded to projects where there is a direct benefit to LMI households/persons. 10 points will be awarded to projects where there is an area wide benefit to LMI persons. No points will be given for slum/blight projects where there is no benefit to LMI persons, or where benefit cannot be determined. If there is more than one national objective, maximum points will be given for the activity that benefits more people.

Project Management (55 maximum points total) - Readiness to Proceed (35 maximum points) - Points may be awarded for the extent to which the project is ready to proceed and the implementation schedule is reasonable. The assessment is based on the relative progress of elements such as site control/easements, architectural design or preliminary or final engineering, commitment of other project financing or the development of rehabilitation guidelines. If the applicant is not able to document that other funds are committed, they will not receive any points under this section because the project is not ready to proceed. This category considers the project as a whole but will consider factors such as phases as long as each phase is able to meet a national objective.

For the Community Development competitive round, the schedule should begin with August 1st as the anticipated date of the CDBG award. The Environmental Review Record and Request of Release of Funds must be submitted for approval within 75 days of award. This must be factored into your schedule.

An applicant may receive thirty-five (35) points based on the following factors:

1. Construction Projects: Applicant has completed design and/or engineering, has completed acquisition or will complete if applicable within 90 days (does not include easement acquisition), can bid project within 90 days, and is able to start construction within 120 days.
2. Housing Rehabilitation Projects: Applicant has developed or updated all program materials, selected and completed work write-ups for 30% of properties to be rehabilitated, and can bid work in 60 days.
3. Services/Non-Construction Projects: Applicant can demonstrate that program and/or activities can be implemented within 30 days.

An applicant may receive twenty (20) points based on the following factors:

1. Construction Projects: Applicant has completed design and/or engineering, has completed acquisition or will complete if applicable within 120 days (does not include easement acquisition, can bid project within 120 days, and is able to start construction within 150 days.
2. Housing Rehabilitation Projects: Applicant has developed or updated all program materials, selected and completed work write-ups for 15% of properties to be rehabilitated, and can bid work in 90 days.
3. Services/Non-Construction Projects: Applicant can demonstrate that program and/or activities can be implemented within 60 days.

An applicant may receive ten (10) points based on the following factors:

1. Construction Projects: Applicant will complete design and/or engineering within 90 days of the award, will complete acquisition if applicable, within 120 days, and will bid project within 120 days.

2. Housing Rehabilitation Projects: Applicant has developed or updated all program materials, selected and completed work write-ups for 5% of properties to be rehabilitated, and can bid work in 120 days.
3. Services/Non-Construction Projects: Applicant can demonstrate that program and/or activities can be implemented within 75 days.

No points are awarded if the project is not ready to proceed based on the above criteria or if other funds are not committed.

Accuracy of Costs (10 maximum points) - Maximum points may be awarded to projects which best document that project costs have been carefully estimated. Estimates should reflect the applicability and impact of Davis-Bacon wage rates, acquisition requirements, relocation or replacement housing requirements. Estimates should be current within six months. Preliminary professional studies, appraisals, tax assessments, wage rate determinations are some examples of acceptable documentation. No points will be awarded if documentation of costs is not submitted.

Administrative Capacity (10 maximum points) - Points may be awarded for projects based on the past performance of the applicant, subrecipient or developer with CDBG grants (5 points maximum). Staff will consider previous general grant management, financial management and compliance with meeting a national objective. The adequacy of staff to implement the proposed project based on information in Part G of the application will also be considered (5 points maximum).

Local Commitment and Leveraging (25 points maximum total) - Local Commitment (10 maximum points) - The Department will consider the extent to which local funds will be contributed to the project. Maximum points (10) may be awarded to applicants whose local contribution exceeds 25% of the total project costs. Local contribution of 15%-24% of total project costs receives 8 points. Where there is some local contribution but less than 15% of the total project costs, 5 points are awarded. No points will be given where there is no local contribution. All funds must be documented.

Local funds include cash, debt service and any in-kind contributions which materially contribute to the project completion. In-kind contributions must be documented and may include the donation or long term lease of land or buildings, appropriation of local revenues, site improvements or installed infrastructure, deferral of real estate taxes, abatement or payment in lieu of taxes. The contribution may be provided by the local government or directly by subrecipient or developer.

Debt Service (5 points) - Applications will receive 5 points if the funding sources include loans (including federal and state loans) borrowed specifically for the project that have been secured by the local government, subrecipient or developer. Applicants shall provide executed copies of loan documents as evidence. This does not apply to forgivable loans or those that are deferred for an extended period of time.

Leveraging (10 maximum points) - The Department will consider the extent to which local and CDBG funds are used to leverage other public and private funds (non-local). Points will be awarded based on the documented commitment of funds specifically identified to supplement CDBG funds. Maximum points (10) will be awarded for projects where 50% or more of the project costs are from sources other than local or CDBG. If less than 50% of the project costs are from sources other than CDBG and the locality, five (5) points are awarded. The application will receive no points for leveraging if other funding

sources are available but are not sought. Leveraged funds include other public or private grant funds and individual or corporate donations.

Funding Recommendations

The highest rated applications are recommended for funding until the available funding for the round are exhausted or the next highest rated project requests more funds than are available and the project cannot be phased. In that case, the next highest scoring project may be funded. In case of a tie score, the application with the highest combined score on Public Purpose/Local Need and Project Management is funded first. The Maryland CDBG program has established a minimum point standard of 105 (70%). Applications that receive less than 70% of the total points are generally not recommended for funding. As noted at the beginning of this section, the State may consider other factors when making awards. In these cases, the other factors will be documented in the State's records.

The recommendations of the Rating Committee for both approval and rejection of applications are reviewed by the Assistant Secretary for Neighborhood Revitalization and presented to the Secretary of DHCD for final approval.

Awards are expected to be announced within approximately 90 days of the application submission deadline.

Special Projects Category

Under the Special Projects Category, funds are set aside to fund special projects, planning activities and economic development projects. There are specific criteria and requirements required for each type of project. All applications will be considered on a first-come, first-served basis once received and determined to be complete. Funds will not be "held" or "reserved" for applicants in the process of submitting an application or submitting materials to complete their application.

Grantees that have revolving loan funds (RLFs) and program income accounts that were capitalized with CDBG funds will be required to submit information regarding the current fund balance and the most recent activity. This applies to economic development RLFs as well as housing rehabilitation RLFs and program income accounts. Grantees may be required to submit additional information to explain large program income balances and lack of activity. In these instances, the State may take additional actions related to ensuring the grantee utilizes these funds.

Applicants must submit one original and two copies when applying for Special Projects funds. Applications are to be mailed or hand-delivered to: DHCD, 7800 Harkins Road, Lanham, MD 20706, Attention: CDBG Program.

Special Projects - Special Projects applications are those submitted after the annual competitive round has been completed. They are for projects that have become a high priority based on an opportunity or due to a critical or time sensitive need. Applicants must consult with CDBG Program staff and receive written approval to submit an application. Staff will consider whether the proposed project would meet a CDBG national objective, be eligible under the program, be able to be implemented in a timely

manner, and if it meets one of the State's program objectives. Additionally, performance related to existing grants, if any, will be considered by staff in addition to CDBG eligibility requirements when making approvals. The maximum amount an applicant may seek is $800,000.

A threshold review will be conducted to determine if the application is complete, the requested project will meet a CDBG national objective, and specific activities are eligible. Applications will be rated using the same rating factors used for the Community Development category. The minimum point standard of 105 points applies to Special Projects applications.

The State may also use funds from this category to fund requests for additional funding for existing grants for a variety of reasons. If the request is due to a shortfall for a previously funded project, additional funds will only be considered if there are extenuating circumstances surrounding the shortfall. If the amount needed is greater than $75,000, grantees must apply for funding through the next Community Development application round unless it is determined that timing is critical. Grantees must provide a written explanation of the reasons for the shortfall, including:

1. the reasons for the request for additional funds;
2. verifiable documentation of a significant increase in beneficiaries;
3. proof that all alternate funding sources have been exhausted; and
4. documentation of any negative impact on the community if the project is not completed.

Within thirty days of the threshold review approval, a recommendation is made to the Assistant Secretary for Neighborhood Revitalization and to the Secretary of DCHD for final approval.

Planning - Planning activities are eligible for CDBG funding. Applicants may seek up to $50,000 for planning grants. A match is required but no more than 5% can be in-kind. Applicants must consult with CDBG Program staff and receive written approval to submit an application. Staff will consider whether the proposed project would meet a CDBG national objective, be eligible under the program, be able to be implemented in a timely manner, and if it meets one of the State's program objectives. Additionally, performance related to existing grants, if any, will be considered by staff in addition to CDBG eligibility requirements when making approvals.

A threshold review will be conducted to determine if the application is complete, the requested project will meet a CDBG national objective, and specific activities are eligible. Applications will be rated using the same rating factors used for the Community Development category. The minimum point standard of 105 points applies to Planning applications.

Planning activities are traditional planning activities such as comprehensive plans, community development plans, downtown studies, and capital improvements plans. Additional planning activities include feasibility studies, preliminary engineering, preliminary design, and building condition studies. Projects are qualified based on national objective eligibility.

Within thirty days of the threshold review approval, a recommendation is made to the Assistant Secretary for Neighborhood Revitalization and to the Secretary of DHCD for final approval.

Economic Development - Funding may be used for a variety of economic development activities which support local economic development initiatives either by direct public improvements to facilitate new

business and/or industry or through direct assistance to businesses. Applicants must consult with CDBG Program staff and receive written approval to submit an application. Staff will consider whether the proposed project would meet a CDBG national objective, be eligible under the program, be able to be implemented in a timely manner, and if it meets one of the State's program objectives. Additionally, performance related to existing grants, if any, will be considered by staff in addition to CDBG eligibility requirements when making approvals. The maximum amount an applicant may seek is $800,000.

A threshold review will be conducted to determine if the application is complete, the requested project will meet a CDBG national objective, and specific activities are eligible. Applications will be reviewed and rated using factors described later in this section.

The State will accept funding for the following economic development projects:

1. Job Creation – If the applicant is seeking funds to assist an identified business in a project that results in job creation, 51% of all jobs created must be taken by LMI persons. All jobs must be permanent, full-time jobs. The job counting begins once the grant activities are completed. Additionally, the State may impose a retention period for the jobs once created.

The business must provide a written commitment to meet the CDBG job creation standard of creating a specific number of jobs of which 51% or more of them will be taken by persons of low and moderate income. This must be provided with the application. Other application submission materials are described below and within the application document.

2. Job Retention - If the applicant is seeking funds to assist an identified business with job retention, there must be clear and objective evidence that permanent, full-time jobs will be lost without the CDBG assistance. Applications must include:

• evidence that the business has issued a notice to affected employees or made a public announcement to that effect; or

• analysis of relevant financial records which clearly and convincingly shows that the business is likely to have to cut back employment in the near future without the planned intervention.

The business must provide a written commitment to meet the CDBG job retention standard of retaining 51% or more of an agreed upon number of employees that are of low and moderate income at the time of the CDBG assistance. This must be provided with the application. Other application submission materials are described below and within the application document.

Applicants must provide the following information on the business to be assisted. If more than one, please provide information for each.

1. Name of Business
2. Ownership of Business
3. Business Management
4. Company History including start-up date, type of operation, progress and number of employees to date
5. Current Location(s)

6. Product Line or Service
7. Discuss their market area(s) including geography, major customers and other characteristics
8. Certificate of Good Standing from the State of Maryland if an existing business.

For projects which provide CDBG assistance as a financing measure to profit making businesses, discuss the need for financial assistance. Attach three years of historical financial statements and personal financial statement for principal owner(s) and a five year pro-forma. Explain the basis for requesting assistance (e.g., gap financing). Additional financial information may be requested.

Applications will be reviewed and considered based on the following:

1. Costs – All costs must be reasonable and necessary.

2. Leverage – All applications must include the leveraging of other funds. Those applications providing 50% or more of other funds will be provided maximum consideration. In-kind services cannot exceed 10% of the total budget.

3. Readiness to Proceed – Maximum consideration will be given to: 1) applications for construction activities which are able to be bid within 90 days and to start construction within 120 days; or 2) applications for acquisition of land or relevant equipment to be acquired within 120 days.

4. Administrative Capacity - The staffing plan must be sufficient to administer the grant activities.

5. Past Performance - The past performance of the applicant with CDBG grants will be considered with respect to general grant management, financial management and compliance with meeting a national objective.

6. Outcomes – Maximum consideration will be given to those projects that create or retain a high number of jobs.

7. Cost Per Job – The cost per job must not exceed $20,000. Maximum consideration will be given to those applications where the cost per job does not exceed $10,000.

Projects may be subject to Public Benefit Standards and Underwriting Guidelines. It depends on the structure of the application.

There is a prohibition on the use of CDBG funds for job-pirating activities. Specifically, funds cannot be used to as an incentive for a business to relocate to another community.

The following types of businesses are not eligible for assistance with CDBG funds: adult bookstores, video shops or other adult entertainment facilities, check cashing facilities, gambling facilities, gun shops, liquor stores, massage parlors, medical marijuana production or distribution businesses, pawn shops, tanning salons, or tattoo parlors. Additionally, assistance to a professional sports team or a privately-owned recreational facility that serves a predominantly higher-income clientele where the recreation benefit to be derived by users or members clearly outweighs the employment of or other benefits to low and moderate income persons is also prohibited.

Within thirty days of the threshold review approval, a recommendation is made to the Assistant Secretary for Neighborhood Revitalization and to the Secretary of DHCD for final approval.

HOMELESS INITIATIVE

Using a competitive process, the State will award funds under the Homeless Initiative for projects benefitting homeless persons. Eligible projects are:

- Acquisition, construction or renovation of housing units to be used for transitional or rapid re-housing;
- Construction or renovation of shelters; and
- Operating costs if the applicant can demonstrate there is a quantifiable increase in the level of services.

A written reminder notice of funding availability will be mailed to eligible county and municipal governments on June 15, 2018. The specific application for this category will be posted on the DHCD website on July 1, 2018.

For the FFY 18 competitive Homeless Initiative, the maximum amount an applicant may seek is $800,000.

Applications will be due on September 7, 2018 by 2:00 p.m. Applicants must submit one original and two copies when applying for the Homelss Initiative. Applications are to be mailed or hand-delivered to: DHCD, 7800 Harkins Road, Lanham, MD 20706, Attention: CDBG Program.

Grantees that have revolving loan funds (RLFs) and program income accounts that were capitalized with CDBG funds will be required to submit information regarding the current fund balance and the most recent activity. This applies to economic development RLFs as well as housing rehabilitation RLFs and program income accounts. Grantees may be required to submit additional information to explain large program income balances and lack of activity. In these instances, the State may take additional actions related to ensuring the grantee utilizes these funds.

A threshold review will be conducted to determine if the application is complete, the requested project will meet a CDBG national objective, and specific activities are eligible. Additionally, staff will consider performance, as described under the Community Development Category, related to existing grants, if any, to evaluate the capacity of an applicant to administer an additional grant.

Applications will be rated using the same rating factors used for the Community Development category except no bonus points will be awarded specifically for homelss projects. The highest rated applications are recommended for funding until the available funding for the round are exhausted. In case of a tie score, the application with the highest combined score on Public Purpose/Local Need and Project Management is funded first. The Maryland CDBG program has established a minimum point standard of 105 (70%). Applications that receive less than 70% of the total points are generally not recommended for funding. As noted at the beginning of this section, the State may consider other factors when making awards. In these cases, the other factors will be documented in the State's records.

The recommendations of the Rating Committee for both approval and rejection of applications are reviewed by the Assistant Secretary for Neighborhood Revitalization and presented to the Secretary of DHCD for final approval.

Awards are expected to be announced within approximately 90 days of the application submission deadline.

ADDITIONAL PROGRAM POLICIES AND PROCEDURES

1. Funds Transfer - A review of the balance of available funds from the previous fiscal year will occur prior to the award of grants through the annual Community Development competitive round. Available funds will be used prior to the use of 2019 grant funds. Funds not used for the Community Development awards will be used as needed for Special Projects and the Homeless Initiative awards. Therefore, amounts funded in each category could exceed what was identified in the policy guide.

2. Grant Periods - Grants are awarded for a twenty-four (24) month period, except planning grants, which are expected to be completed in twelve (12) months. *The grant period is related to the expenditure of the grant funds only.* No formal amendment is required for the additional time necessary for a grantee to satisfy a national objective or to satisfy corrective actions related to monitoring findings or matters of concern. Time extensions are granted only where circumstances are beyond the grantee's control.

3. Grant Amendments - Circumstances or conditions may develop during the course of a project's implementation which could prompt the grantee to request, in writing, an amendment to the grant for reasons other than for additional funding (which is addressed under the Special Projects section of this manual). Accordingly, grantees must obtain approval for amendments in the following instances:

- if the addition of a new, or deletion of an existing activity or project is proposed;
- if activities in an area other than the approved target or project area are proposed;
- if the scope of the existing project or activities will change (i.e., number of beneficiaries);
- if a budget revision is proposed resulting in a transfer between approved budget line items in excess of ten percent of the grant award;
- in other instances where DHCD determines an amendment to be appropriate, such as where technical changes in legal or administrative terms occur.

The request for a grant amendment shall provide sufficient information to explain and justify the proposed changes. The CDBG Program may determine that an amendment to a grant agreement requires additional actions. The grantees will be notified in writing if they have to complete any of the following requirements:

- additional citizen participation efforts;
- additional review by the State Clearinghouse; or
- additional environmental review.

The request for a grant amendment will be reviewed on the basis of eligibility and the evaluation criteria applicable at the time of the amendment request.

A time extension may be granted, generally for one year, when it is determined by the program that as a result of unforeseen circumstances, the grantee will not expend grant funds by the completion date

established in the grant agreement. The time extension is processed by the program and is not subject to the requirements of project amendments listed above. The program reserves the right to determine the length of time for the amendment.

Note that if an applicant is awarded funds through the Community Development category for another phase of a project which benefits the same beneficiaries as an open grant, that grant will be amended to include the new award and for time.

4. Financial Penalty - ERR – The Environmental Review and Request for Release of Funds must be submitted for approval by DHCD within 75 days of the grant award date. Failure to do so will result in a 2% financial penalty of the grant award. The penalty will be assessed initially from administrative funds awarded. If no administrative funds were awarded, then project funds will be recaptured. The exception shall be for projects with issues identified through screening letters where the CDBG Environmental Officer has been notified in writing. Further delay in completing the Environmental Review and obtaining a Release of Funds could result in the termination of the grant.

5. Financial Penalty – Minimum Expenditure - For each grant, the grantee must request payment of a minimum of 5% of grant funds within 180 days of the grant award date. Failure to do so will result in a 5% penalty of the grant award each month until funds are drawn. The penalty will be assessed initially from administrative funds awarded. If no administrative funds were awarded, then project funds will be recaptured. Exceptions to this policy will be considered on a case by case basis.

6. Monitoring and Close Out of Grants - Grants will be officially monitored by CDBG Program staff for compliance with federal and state regulations and requirements and to ensure that the national objective has been met. Some grant activities may be monitored by a specific compliance specialist or by their Project Manager at different stages of the implementation of the grant. All projects are considered "open" until they have been fully monitored and all issues are resolved. The State will issue a Close Out letter to the grantee when it has been formally closed. Grant files and records must be retained by the grantee for a five (5) year period after close out of the State's grant by HUD.

7. Recapture and Repayment of Funds **-** Any funds recaptured through grant termination, repayment due to monitoring findings, or completion of an activity at a cost savings will be available for redistribution to eligible projects. DHCD may retain eligible amounts of repaid or recaptured funds for State administrative and technical assistance costs.

8. Suspension of Method of Distribution for Presidential Disaster Declarations **-** In the event of a Major Disaster Declaration by the President of the United States for a city, town, or county located in the State of Maryland, the Secretary of DHCD shall have the authority to waive the Method of Distribution or any other State policies for the CDBG program to address emergency needs of impacted communities. This will be done in consultation with HUD and the program will operate within the parameter of the law or laws addressing the CDBG program.

Performance Measures

During the program year, based on the types of activities funded in FFY 17, the CDBG Program expects to fund projects to meet the following HUD performance measures. The table below shows how

projected activities that will be undertaken through the CDBG program in the coming year will act in accordance with HUD's performance measures:

CDBG FFY 2018 Consolidated Plan Estimated Project Results			
Outcomes and Objectives *	**Performance Indicators**	**Estimated Project #s**	**Activity Description**
SL-1	New or improved access to public facilities	5	Construction or renovation of centers serving various populations
SL-1	New or improved access to infrastructure	5	New or improvements to sidewalks, bridges or streets
SL-3	New or improved access to infrastructure	12	New or improvements to public water and sewer systems
SL-3	Creating suitable living environment	1	Demolition of blighted property
DH-2	Providing decent housing	3	Housing rehabilitation programs for LMI households
DH-2	Providing affordable housing	2	Renovation of rental housing for LMI households
DH-2	Providing affordable housing	3	Renovation of facilities housing LMI persons

* Grantee should use one of 9 outcome/objective categories below:

	Availability/Accessibility	**Affordability**	**Sustainability**
Suitable Living Environment	SL-1	SL-2	SL-3
Decent Housing	DH-1	DH-2	DH-3
Economic Opportunity	EO-1	EO-2	EO-3

HOME INVESTMENT PARTNERSHIP PROGRAM

Maryland will use the majority of its HOME funds in conjunction with ongoing State programs to fill gaps in State funding, make projects feasible and increase the number of low-income persons to be served in State-funded projects. HOME funds will be used in conjunction with projects utilizing any combination

of State appropriated and bond-issued funds, or low-income housing tax credits administered by the Community Development Administration (CDA). CDA's Single Family Housing Programs consist of the Homeownership Programs and Special Loans Programs units; and the Multifamily Housing Programs consist of the Housing Development Programs, Rental Services Programs and Contract Administration Unit.

HOME FUNDING ALLOCATION

DHCD expects to receive an allocation of $ 6,239,169 in HOME funding during the coming year, as well as $ $ 5,135,404.49 in program income, for total funding of $ 11,374,573.49. DHCD expects to use the funds as follows:

STATE OF MARYLAND HOME ALLOCATION - FFY2018/SFY2019			
Use	**FFY 17 Allocation**	**Program Income**	**TOTAL**
Multifamily Housing Programs	$ $ 3,000,000	$ 3,618 ,327.17	$ $ 6,618,327.17
Single Family Housing Programs	$ 2,303.293.65	$ 1,517,077.32	$ 3,820,370.97
CHDO Operating Assistance	$ 311,958.45	$0	$311,958.45
Administrative Costs^	$ 623,916.90	565,044.95	$ 1,188,961.85
CHDO Pre-Development		**0**	
TOTAL	**$ 6,239,169.00**	**$ 5,700,449.44**	**11.939,618.44**
*CHDO Set Aside**	*$ $ 935,875.35*		

***As required by federal law, a minimum of 15 percent of the State's formula HOME allocation, or $ $ 935,875.35 will be reserved for use by Community Housing Development Organizations (CHDOs). Included within that amount, up to 10 percent, or**
$ $ 93,587.53 may be used for predevelopment costs for CHDOs. The required set aside(s) will be met within the HOME program uses as set forth in the above table.

As noted above, In addition to the regular HOME allocation, DHCD has received $ $ 5,085,404.49 in program income since January 2017 under the new grant funding method and anticipates receiving

approximately an additional $ 50,000.00 by the end of July 2018. This estimate is based on historical amounts received over the last three federal fiscal years. Though refinances of HOME loans have slowed we anticipate payments from loans currently in the portfolio to help maintain our program income receipts at last year's level HOME program income is required to be spent on a "first come, first served" basis. Due to the significant reduction in HOME Funding DHCD will continue to use the 10% of program income received for administrative costs as allowed under HUD regulations.

The State will administer HOME funds allocated to State programs by directly funding projects which receive State resources. HOME funds may also be used in conjunction with the Community Legacy Program. HOME funds may also be used to refinance existing debt under HUD guidelines.

HOME funds may be requested by sponsors and/or local governments as part of a project application. CDA staff may also propose the use of HOME funds during project underwriting. HOME funds will be awarded to projects either as individual projects or as part of a financing package. Projects greater than $ 100,000 shall be presented to the Housing Finance Review Committee(HFRC)

Funds Transfer

The HOME funds to be used in conjunction with on-going DHCD housing programs will be allocated to these uses for up to eight months. After that time, unencumbered funds may be moved to any other HOME uses to meet additional demand for funds or for special projects, including the Community Legacy Program.

Geographic Areas for Use of State HOME Funds

The State will primarily use its funds in HOME non-participating jurisdictions. However, in some instances HOME funds can be used in participating jurisdictions, typically when funds are not used by non-entitlement areas and are at risk of being lost. There are six local participating jurisdictions within the State which have their own HOME funds. They are Baltimore City, and Anne Arundel, Baltimore, Harford, Howard, Montgomery and Prince George's Counties. State HOME funds for the non-participating jurisdictions are restricted to PFAs except as outlined in the geographic targeting discussion provided earlier in the Plan.

Community Housing Development Organizations (CHDOs)

The State of Maryland will reserve not less than 15 percent of its HOME allocation for use by CHDOs. Within the CHDO set-aside, 10 percent may be used for project specific technical assistance and pre-development costs for nonprofit organizations

The set-aside for use by CHDOs will be administered in the same manner as other HOME funds, that is, they will be awarded as part of the existing program funding except HOME Seed Money and Technical Assistance loans which are funded on a first-come, first-serve basis as described in the next paragraph. It is anticipated that CHDOs will use funding for acquisition, moderate and substantial rehabilitation and

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construction of housing for low and moderate-income persons. The State does not anticipate any barriers to utilizing the CHDO set aside; however, if funding is being committed more slowly than necessary to use the required amount, extra measures will be taken to promote the use of the set-aside. The measures will include aggressive marketing for applications, expedited processing and ultimately, if need be, reservation of the balance of uncommitted HOME funds solely for projects that meet the required set-aside.

The funds set-aside for project-specific technical assistance and pre-development costs will be administered by CDA. CDA will solicit participation by potential CHDOs and will certify CHDO eligibility by determining that applicants meet the criteria outlined in the HOME program regulations. Certified CHDOs will be eligible for HOME Seed Money and Technical Assistance loans. A CHDO may apply to use HOME funds to pay reasonable and customary pre-construction costs of a project. All costs must be related to a specific project, which, if deemed feasible, would be eligible to receive HOME funds for development. HOME Seed Money and Technical Assistance loans will be provided to CHDOs on a first-come, first-served basis. The loans will be zero percent interest with deferred principal. Repayment will be due at settlement of the construction or permanent loan. CDA has developed loan documents consisting of a Loan Agreement and a Promissory Note, and funds will be released upon execution of loan documents with CDA.

All CHDO funds awarded are predicated upon re-certification at time of award and all HUD requirements being met at that time.

Guidelines for Homeownership Assistance

The State of Maryland may use HOME funds to assist individuals and families purchasing single family housing. HOME funds will reduce the cost of buying affordable housing in conjunction with the State administered first mortgage programs. The HOME programs may or may not require the use of other State administered first mortgage programs. Household with incomes at or below 80% of the area median household income, adjusted for household size and determined annually by HUD will be targeted. The State has elected to recapture the HOME Investment if the property is sold within the affordability period.

Definition of Modest Housing

Homeownership units assisted with HOME funds must be “modest housing”. The State defines housing to be modest if the sales price (when a property is purchased) or the after-rehabilitation value (when a homeowner property is rehabilitated) is within the HOME Homeownership Value Limits established by HUD.

Form of Subsidy

HOME funds may be used in homeownership programs to directly assist the home buyer with down payment and closing costs or to reduce the sales price of the home by providing a mortgage. HOME

funds may be provided to developers to reduce the cost of land or development costs, the benefits of which would be passed on to the homebuyer.

METHOD TO ENSURE COMPLIANCE WITH RECAPTURE REQUIREMENTS

Pursuant to Section 92.254(a)(4)(ii) of the regulations, the State has selected the option to recapture the full HOME investment from the net proceeds of the sale of a house which was purchased with the assistance of HOME funds. Recapture may only be made if there are sufficient net proceeds. The net proceeds from the sale of a house will be distributed as follows:

1) a) To pay the balance due on any superior loan and to pay any required closing costs;

   b) To pay the HOME funds, subject to (2) below;

   c) To pay the balance due on any subordinate loan;

   d) To repay the homeowner for the amount of any homeowner payments; and

   e) To pay the remaining balance to the homeowner.

2) If there are insufficient proceeds from the sale of the house to repay the amount of HOME funds and to pay the homeowner for the amount of any homeowner payments, the State may forgive a portion of the loan made with HOME funds, calculated by multiplying the amount of the HOME loan by the fraction equal to the number of years the homeowner owned and occupied the house times the affordability period, where HOME funds per unit equal:

   (i) under $15,000, 1/5 per year

   (ii) $15,000 - $40,000, 1/10 per year; and

   (iii) over $40,000, 1/15 per year.

3) With respect to loans made with HOME funds to assist homebuyers, "Homeowner Payments" means the following:

   a) The amount of the down payment made by the homeowner on the house;

   b) The amount of any principal payments or prepayments on any loan on the property; and

   c) The cost of all capital improvements to the house made by the homeowner.

Additionally, the State will consider more restrictive terms for recapture and forgiveness provided it determines such action is necessary through established underwriting criteria.

HOME funds used to assist homebuyers that are recaptured according to these guidelines will be used to carry out other HOME eligible activities.

Legal Method

Covenants describing the recapture restrictions will be included in the recorded loan documents to ensure that the HOME funds will be recaptured at the time of transfer or refinance of the HOME-assisted unit.

Tenant Based Rental Assistance

The State of Maryland may use HOME funds for tenant based rental assistance on a limited basis, including using HOME funds for security deposit assistance and to help victims of disaster. Rental assistance programs will select households to receive assistance in accordance with written tenant selection policies and criteria. In addition, if families selected are currently residing in units that are designated for rehabilitation or acquisition under the HOME program, they will not be required to meet the written tenant selection policies and criteria. Families so selected may use the tenant-based assistance in the rehabilitated or acquired unit or in other qualified housing.

TYPES OF INVESTMENT BY THE STATE OF MARYLAND IN THE HOME PROGRAM

Maryland expects primarily to invest funds in projects through interest bearing and non-interest bearing loans, and possibly grants when needed. Depending on the circumstances of each project, the State may use other forms of subsidies including equity investments, interest subsidies consistent with the purposes of this program, and deferred payment loans with or without interest.

HOME Matching Fund Requirements

The State will provide HOME match through DHCD's Rental Allowance Program.

Program Income

The State may receive program income from time to time as a result of the prepayment of loans or from debt service payments. Any program income received will be used in accordance with the requirements of 24 CFR Part 92.

Suspension or Method of Distribution for Presidential Disaster Declarations

In the event of a Major Disaster Declaration by the President of the United States for a city, town, or unit of local government located in the State of Maryland, the Secretary of DHCD shall have the authority to waive the Method of Distribution or any other State regulations for the HOME program to address emergency needs of impacted communities. This will be done in consultation with HUD and the program will operate within the parameter of the law or laws addressing the HOME program.

HOME Performance Measures

As part of its desire to implement performance measures, HUD asks grantees to assign measures to activities they expect to undertake. The table below shows how projected HOME activities will correspond with HUD's Performance Measurement system:

HOME INVESTMENTS PARTNERSHIP PROGRAM			
FFY 2018 Planned Project Results (HOME Program)			
Outcomes and Objectives*	**Performance Indicators**	**Expected Number**	**Activity Description**
DH – 2	Number new/rehabilitated units available to low income households	34	Assistance to Rental Housing Development and Group Home Rental Projects
DH – 2	Number of existing units bought to code	37	Housing rehabilitation assistance to low income households
DH – 2	Number of households receiving down payment/closing cost assistance	0	Assistance to low income homebuyers
*Grantees should use one of 9 outcome/objective categories below			
	Availability/Accessibility	**Affordability**	**Sustainability**
Decent Housing	DH-1	DH-2	DH-3
Suitable Living Environment	SL-1	SL-2	SL-3
Economic Opportunity	EO-1	EO-2	EO-3

HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS (HOPWA) PROGRAM

Background

The Maryland Department of Health (MDH), Prevention and Health Promotion Administration (PHPA), Infectious Disease Prevention and Health Services Bureau received $1,982,344 in HOPWA formula funding during the coming year beginning July 1, 2018 and will supplement those funds with $358,006 in encumbered HOPWA funds from previous years, for a total of $2,340,350. These funds support a comprehensive housing program and supportive services to prevent homelessness and increase housing stability for low-income persons who are living with HIV/AIDS. The State of Maryland's HOPWA program specifically targets more rural areas of the state, as counties that are not recipients of HOPWA funds as part of an eligible metropolitan area. Counties covered in this program include Allegany, Caroline, Dorchester, Garrett, Kent, Somerset, St. Mary's, Talbot, Washington, Wicomico and Worcester. In addition PHPA also receives HOPWA funding for the Frederick County/Montgomery County eligible metropolitan statistical areas on behalf of the City of Frederick Housing Authority.

In order to address the health care needs of persons living with HIV/AIDS, stable and supportive housing is critical. The HOPWA Program provides housing and supportive services that encourage increased adherence to HIV care and treatment. The HOPWA Program is part of Maryland's statewide plan to address the housing needs of low-income people with HIV/AIDS and their families. The HOPWA Program complements the Ryan White Part B programs and State funded HIV Programs that are currently operating in the rural areas of the state. The program combines HOPWA funded Tenant Based Rental Assistance (TBRA), Short Term Rent, Utilities and Mortgage Assistance (STRMU) and Permanent Housing Placement Services (PHP) with medical and support services funded through Ryan White Part B and State funding such as: outpatient medical care, medical case management, treatment adherence, oral health care and emergency financial assistance. As such, HOPWA, Ryan White and State funded case management and support services providers share common and integrated goals that support National HIV/AIDS Strategy objectives: Increase access to permanent, affordable housing resources for individuals and families living with HIV/AIDS to maintain and/or increase housing stability, and to promote the integration of supportive service options for these persons and their families to contribute to better health outcomes, especially viral suppression. This continuum of housing support and stabilization services, along with the core medical and case management services available through Ryan White and State funded programs ensures persons with HIV/AIDS can live as independently as possible, participating in HUD-funded supportive housing programs.

Needs Assessment

Each year, in preparation for identifying regional funding priorities, the Prevention and Health Promotion Administration (PHPA) conducts a needs assessment for HIV services in each of the five regions in the state. Access to safe and affordable housing consistently ranks as the number one, unmet need. Marylanders who are living with HIV often struggle with additional, often chronic, co-morbid conditions like kidney disease, Hepatitis C, persistent and severe mental illnesses, cognitive delay, mobility impairments, and other ailments that make activities of daily living even more challenging. Without stable housing, stress levels increase further compromising already fragile immune systems. Individuals are exposed to chaotic housing shelters or the uncertainty of life on the streets. Essential nutritional needs are easily neglected or forgotten. Complex treatment regimens become more difficult to monitor and are frequently derailed when faced with instable living situations. Appointments with health care and human service providers are more likely to be missed or not scheduled at all.

Beginning in July 2014, Maryland created one statewide integrated planning body for HIV prevention and care services, the "HIV Planning Group," hereafter referred to as the HPG. The HPG was created so that consumers, key stakeholders and HIV service providers could collaborate to develop a results-oriented process for a seamless approach to assessing HIV services and to inform the development and update of Maryland's HIV Plan. Maryland's HIV Plan not only identifies activities and targets to achieve - with goals and take down numbers consonant with the National HIV/AIDS Strategy – but also produces the Statewide Coordinated Statement of Need, the Comprehensive HIV Plan and the jurisdictional HIV prevention plan.

At the individual consumer input level, the Prevention and Health Promotion Administration (PHPA) routinely performs an HIV services Consumer Satisfaction Survey. The most recent survey polled more than 4000 PLWHAs in Maryland, with over 2300 responses. The annual survey is designed to measure the quality of HIV core medical and support services delivery and the identifiable needs of persons living with HIV/AIDS. In addition the HOPWA program piloted a consumer satisfaction survey in 2014 to measure the quality of housing and supportive housing services delivery and the identifiable needs of HOPWA clients.

Housing Availability

Historical data supports a lack of affordable decent housing for low-income individuals and families throughout the state of Maryland. Emergency shelter and transitional beds are at a premium in Maryland, clearly outstripping need. The 2017 Point in Time Count (PIT) measured 7,247 persons living in a place not meant for human habitation (i.e. the street, a park, and bus shelter) or in emergency shelters, down slightly from 8,392 in 2015. About one third of that population lived in rural areas of the state. Among this survey a little less than 1% of the population reported to be living with HIV, however

this still represented 112 persons living with HIV who were defined as literally homeless in the state. Given the stigma of reporting HIV, this number may be woefully undercounted.

Regardless of HIV status, clients experience long housing wait lists and most public housing lists ("Section 8" Housing Choice Vouchers) remain closed. Landlords with the better housing stock are often hesitant to participate in supportive housing voucher partnerships. It is difficult to find landlords in the rural areas that will accept housing vouchers since the program is not affiliated with Section 8. In some rural areas housing units that meet the federal Fair Market Rates (FMR) are in less desirable neighborhoods with substandard properties. Housing availability in the more rural areas has challenges often particular to that region. For example, in St. Mary's County, extremely rural by many aspects, the co-location of a military base means a ready and willing market to pay the most for apartments by the officers and trainees routinely assigned there. This "market" basically means availability is eaten up before persons in need can get to those units and prices are inflated compared to local incomes.

Housing Affordability

While one of the "richest" per capita states in the country, Maryland also has some of the widest divides in wealth and poverty. This has resulted in some of the highest FMR rental costs in the country. In April of 2018 the average rent for a one and two bedroom apartment was $1,176 and $1,425/month, respectively, compared to the same sized unit cost nationwide of $1,000 and $1,230 respectively (smartasset.com, accessed 4/24/18). Using the commonly accepted 1/3 rule (monthly housing costs should not exceed 1/3 of income), the average annual income a single person must have, in order to pay for even the most rudimentary 1 bedroom apartment, would be $42,336. Considering the annual, fixed, income for a person on Social Security is just under $9,000 and we can see the burden of rent gap to income is glaring. The most vulnerable of persons are also living in those spaces and communities that have experienced some of the worst effects of the recession, having still not bounced back almost 10 years now.. Pernicious and continuing high unemployment and poverty result in a rental housing market being out of reach for many Marylanders. In fact, of the 14 counties the MDH HOPWA program serves *only one* county - Montgomery - exceeds this per capita income threshold amount of $42,336, with an average per capita income there of $48,916 (data from the US Census Bureau, American Community Survey, 2010-2014)

Housing affordability is not only about meeting rent expenses, but also the affordability of even *beginning* that process. Application fees, credit checks, outstanding debts, back due utilities bills, moving and storage expenses, as well as start-up costs for a household (furniture, bedding and linens, dishes, cleaning supplies, food, etc.) all contribute to create a significant financial barrier to even start a housing search. This is of course especially true for those living on fixed incomes that we regularly see among those experiencing homelessness and housing instability. Add to this the overrepresentation of returning citizens (ex-offenders) and veterans, those suffering with drug use disorders and persistent mental illnesses and combined co-morbidities among those experiencing homelessness, and getting to housing stability is non-starter for most persons in these risk groups.

Housing Sustainability

Each participant in the HOPWA housing program participates in the development of a self-determined housing stability plan. The plans not only comprise the current needs and goals for HOPWA program participants to maintain existing housing, but also what strategies can be employed to help them move to even more stable, independent long-term housing outcomes. These assessments are updated at least yearly and guide the housing case managers to identify tools and resources to assist participants with successful outcomes. Additionally, active participation in medical care and medical case management are critical steps in all housing stability plans to ensure wrap around services and insulation from the effects of crisis that can often derail stability and provide the additional resources to overcome barriers as they present.

Current Network of Services

PHPA plans to provide the following network of services:

- Tenant Based Rental Assistance
- Short Term Rent, Mortgage and Utilities Assistance
- Permanent Housing Placement Assistance
- Supportive Services – Housing Case Management

The following HOPWA Project Sponsors provide these services:

- Maryland Department of Housing and Community Development (DHCD)
- City of Frederick Housing Authority
- Montgomery County Department of Health and Human Services (MCHD)
- Dorchester Department of Social Services
- Washington County Department of Social Services
- Charles County Health Department

DHCD, Frederick Housing Authority and MCHD all have considerable experience in providing supportive housing opportunities to persons living in poverty as well also to those living with special needs such as those experiencing severe and persistent mental illness, mobility concerns, cognitive delays, hearing impairments, with histories of drug and alcohol abuse and addictions. DHCD provides administration of TBRA subsidies to the rural program's eligible HOPWA clients. Frederick Housing Authority and MCHD provide TBRA subsidies to eligible HOPWA clients in the Frederick/Montgomery EMSA.

Each of the recipients of HOPWA funding is provided the additional oversight and technical assistance to ensure true integration of networked services between housing and health care. For example, in Montgomery County, the Department of Health and Human Services provides a variety of services via case management interventions as "wraparound services". Charles County's health department oversees the implementation of HOPWA serving the St. Mary's County HIV population and the co-location of their housing coordinator within the health offices means team meetings and care concerns for consumers are readily addressed and barriers to housing *and* care can be tackled as a team. The Dorchester Department of Social Services provides housing coordination and supportive housing case management by linking the medical case managers in the Eastern Shore counties to the HOPWA

program there. In the Western region PHPA uses HOPWA funds to support continued partnership between a housing coordinator at the Washington County Department of Social Services who provides the skill and knowledge of housing navigation and the HOPWA program services, to medical case management services supporting those living with HIV in Washington, Garrett and Allegany counties.

Strategic Plan

To address the shortage of affordable housing for persons living with HIV and their particular concerns and needs, the State of Maryland's HOPWA Program prioritizes HOPWA funding to 1) keep persons from experiencing homelessness by utilizing STRMU funds to stabilize precarious housing rental or mortgage issues – providing for utilities,, back rents, and mortgages that threaten eviction and loss of housing; TBRA funds – tenant rental subsidies that support a resident's move from homelessness to housing stability and support services, and PHP dollars – permanent housing program funds that assist consumers to obtain housing by assisting with security deposits, first month rents, credit report and application fees.

In the upcoming year PHPA will provide technical assistance to strengthen the skills, knowledge and resources available to housing case managers so they can increase the likelihood their eligible clients could transition from the HOPWA program to permanent, long-term housing. In the coming year MDH will continue to increase the numbers of households served with TBRA. In 2015-2016 this was 128 households, then 149 in 2017 and in 2018 projected to be a minimum of 152 households served.

For the "Frederick/Montgomery" HOPWA program, the Housing Authority for the City of Frederick will provide tenant based rental assistance, short term mortgage, rent and utilities assistance, permanent housing placement and housing case management support services, and client transportation assistance. For the Montgomery County service area of this grant, the Montgomery County Department of Health and Human Services will provide tenant based rental assistance, short term mortgage, rent and utilities assistance, permanent housing placement and housing case management support services.

The following allocations are proposed with the new formula funding and utilizing encumbered funding to continue services:

Maryland Department of Health – HOPWA Housing Services and Supports Allocations – SFY19				
Project Sponsor	**Housing Services/Supports**	**FFY 2018 Award**	**Encumbered Funds**	**Regular + Encumbered**
Rural HOPWA - MD Department of Housing and Community Dev.	Tenant-Based Rental Assistance	421,714	42,574	464,288
	7% Admin (or less)	-	34,943	34,943
	Total:	**421,714**	**77,517**	**499,231**
Rural HOPWA - Dorchester Co. Department of Social Services	Support Services-Housing Case Management	76,409	-	76,409
	Housing Information Services	-	-	-
	Short-term Rental, Mortgage, Utility Assistance	-	24,655	24,655
	Permanent Housing Placement Assistance	-	10,500	10,500
	7% Admin (or less)	5,751	2,645	8,396
	Total:	**82,160**	**37,800**	**119,960**
Rural HOPWA - Charles Co. Health Dept.	Support Services-Housing Case Management		55,000	55,000
	Short-term Rental, Mortgage, Utility Assistance		4,402	4,402
	Permanent Housing Placement Assistance		6,000	6,000
	7% Admin (or less)		4,922	4,922
	Total:		**70,324**	**70,324**
Rural HOPWA - Washington Co. Dept. of Social Services	Support Services-Housing Case Management		68,000	68,000
	Housing Information Services		-	-
	Short-term Rental, Mortgage, Utility Assistance		17,129	17,129
	Permanent Housing Placement Assistance		4,500	4,500
	Client Transportation		3,000	3,000
	7% Admin (or less)		6,950	6,950
	Total:		**99,579**	**99,579**
Montgomery Co. Health & Human Services HOPWA	Support Services-Housing Case Management	159,860	-	159,860
	Housing Information Services	-	-	-
	Tenant-Based Rental Assistance	794,357	-	794,357
	Short-term Rental, Mortgage, Utility Assistance	24,537	20,463	45,000
	Permanent Housing Placement Assistance	-	25,000	25,000
	7% Admin (or less)	49,767	27,323	77,090
	Total:	**1,025,521**	**72,786**	**1,101,307**
Housing Authority of the City of Frederick HOPWA	Support Services-Housing Case Management	71,388	-	71,388
	Housing Information Services	-	-	-
	Tenant-Based Rental Assistance	264,759	-	264,759
	Short-term Rental, Mortgage, Utility Assistance	18,000	-	18,000
	Permanent Housing Placement Assistance	8,000	-	8,000
	Client Transportation	1,000	-	1,000
	7% Admin (or less)	27,333	-	27,333
	Total:	**390,480**	**-**	**390,480**
	ALL PROJECTS TOTAL	***1,922,875***	**358,006**	**2,280,881**
Maryland Department of Health (PHPA)	3% Admin (or less)	***59,469***	**-**	***59,469***
	GRAND TOTAL	**$1,982,344**	**$358,006**	**$2,340,350**

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The following summarizes the counts of services being provided across Project Sponsors;

Estimated Households to be Served, July 1, 2018 through June 30, 2019 MDH – PHPA HOPWA Program – Regular Award + Encumbered and Total			
Units of Measurement	**Regular Award**	**Encumbered**	**Total Count**
Number of Households Assisted, TBRA, State of Maryland HOPWA Allocation - Rural Counties	41	24	65
Number of Households Assisted, STRMU, State of Maryland HOPWA Encumbered - Rural Counties	21	18	39
Number of Households Assisted, PHP, State of Maryland HOPWA Encumbered- Rural Counties	7	7	14
Number of Households Assisted, TBRA, Frederick/Montgomery HOPWA Allocation	85	2	87
Number of Households Assisted, STRMU, Montgomery HOPWA Allocation	0	20	20
Number of Households Assisted, STRMU, Frederick HOPWA Allocation	0	22	22
Number of Households Assisted, PHP, Montgomery HOPWA Allocation	0	20	20
Number of Households Assisted, PHP, Frederick HOPWA Allocation	0	6	6
Total Households Served	154	119	273

Priorities and Objectives

Note: Objectives apply to people living with HIV/AIDS; however, HOPWA funds improve the standard of living for the families and dependents of HOPWA consumers as well.

Priority: To assist low income Maryland residents living with HIV/AIDS to achieve housing stability by providing supportive housing, and increasing and improving housing assistance in eleven underserved rural counties including Frederick and Montgomery counties.

Other Special Needs

In the rural areas, HOPWA clients are able to access support services and medical services through county health departments. Each county provides case management and emergency financial assistance. All eligible clients are able to access specialty HIV ambulatory outpatient care through regional seropositive clinics and the Montgomery County Department of Health and Human Services. Other services available through the health department vary according to client needs and priorities. Services included are: oral health care, transportation, non-medical case management, treatment adherence, mental health services, psychosocial support, and health education risk reduction.

Clients are also offered partner counseling and referral services (PCRS). This service is provided to clients at the time of their HIV positive notification. Currently, Maryland is standardizing the integration of PCRS into case management and clinical care throughout the course of disease.

The State of Maryland HOPWA program leverages an additional total of $31,058,367 in State funding to provide HIV core medical and support services. To be eligible to receive HIV services provided with State funding, a client must present proof of Maryland residency, clinical confirmation of HIV infection and documentation that income does not exceed 400% of the federal poverty level.

Individuals with HIV/AIDS, if eligible, have access to the Maryland AIDS Drug Assistance Program (MADAP) and the Maryland AIDS Insurance Assistance Program (MADAP Plus). Eligibility criteria include: Maryland residence, income less than 500% of the federal poverty level (FPL) not Medicaid eligible, clinical confirmation of HIV infection, and the need for HIV anti retro-viral medications. MADAP Plus provides assistance in paying an individual's RX/Health Insurance premiums if additional eligibility criteria are met.

Method of Distribution

TBRA subsidies will be administered and distributed by DHCD, MCHD and the City of Frederick. STRMU and PHP assistance payments will be distributed by Washington County Department of Social Services (western region counties), Dorchester County Department of Social Services (eastern region counties), Charles County Health Department (St. Mary's County), MCHD (Montgomery County) and the City of Frederick Housing Authority (Frederick County). In the event that additional HOPWA funds become available to assist new clients, funding will be allocated based on assessment of need for supports, family size and eligibility for other programs. These providers were chosen based on their experience in administering HOPWA funding and their ability to coordinate services with other HIV care providers in their community.

Consumer/Community Input

Consumers and providers, including health care professionals, nonprofit organizations, faith-based organizations and others, have many opportunities to provide input into how HOPWA funds are expended, through both regional and local venues, such as the HPG meetings and town hall meetings. These groups consist of consumers and providers that meet quarterly to discuss changes in the regional HIV care and services priorities. Membership is open to the public and funds are available for transportation and childcare to increase consumers' participation. Project Sponsors receiving HOPWA funds are required to attend these meetings each quarter. HOPWA recipients are also invited to attend as service consumers. The majority of HOPWA consumers also receive Ryan White and State funded HIV services. All Ryan White and State funded agencies, including local health departments, conduct annual client satisfaction surveys to obtain consumers' feedback on the services they have received at that site.

EMERGENCY SOLUTIONS GRANT

The Emergency Solutions Grants (ESG) Program provides funds to prevent homelessness, to assist in the costs of street outreach activities, to assist in the costs of operating emergency shelters and transitional housing, to rapidly rehouse the literally homeless with financial support, and to provide certain essential, direct client services to at-risk homeless individuals. Such assistance is designed to assure that homeless persons and those at-risk of homelessness have access not only to decent, safe and sanitary shelter, but also to the supportive services needed to improve their situations.

Consultation with the Continuums of Care- 24 C.F.R. §576.400 (a)

For SFY 2019 (FFY 2018), Maryland's allocation for the 19 non-entitlement counties of the State is $1,071,382 under the ESG program. Previously, DHCD staff met with representatives of the 11 non-entitlement CoCs that receive funding from the State, and based on conversations with them, the State determined ESG funding would be focused on rapid re-housing, homeless prevention, homeless services, and HMIS. DHCD has requested each CoC to consult with providers within their area to review requests for funding and submit a single funding application to DHCD that aligns with local plans and the goals of the CoC to address homelessness in their jurisdiction. In addition, in connection with the current funding round, each CoC has been requested by DHCD to provide evidence of the development of written standards related to policies and procedures for program eligibility, and program operation. Also, in conjunction with the development of the State HMIS data warehouse, the CoCs have been engaged to develop procedures for the administration and operation of HMIS, and are submitting their activity data to the data warehouse to meet Federal and State reporting requirements. The current funding round includes HMIS support as an eligible cost. DHCD will therefore use ESG funding as follows:

STATE OF MARYLAND ESG ALLOCATION – FFY 2018	
State Administration (6.5%)	$69,639.83
Local Administration (up to 1%)	$10,713.82
All Other – Homeless Services, Homeless Prevention, Street Outreach, Rapid Rehousing, and HMIS Activities (92.5%)	$991,028.35
TOTAL	**$1,071,382**

ESG Match Requirements

ESG funds must be matched dollar for dollar. Match may be provided from Federal, state, local, or private sources, unless the funds are ESG funds from other fiscal years. Match may be in the form of cash as well as in-kind contributions. Cash contributions may come from private sector sources, including donations from individuals, groups, corporations or other private entities, and/or local

government. In-kind contributions may include: the value of any donated material or building, the value of the lease on a building, any salary paid to staff of the applicant or nonprofit organization in carryout out the shelter or homelessness program, and the time and service contributed by volunteers to carry out the shelter or homelessness program.

The Federal match requirement is met through a state appropriation in the amount of $1.9 million. In addition, the State requests that applicants indicate matching and leveraged funds. Applicants in the FFY 2017 funding round were able to leverage the ESG federal funds in the amount of $3,403,641. The State acknowledges its responsibility to ensure that ESG match contributions are made to the level required by the federal program regulations.

Selection Criteria

To make ESG program funds available to Continuums of Care, DHCD conducts an annual competitive round of funding in which eligible lead agencies are invited to submit applications covering both the ESG funds, as well as funds available through other State sources. Applicants meeting program requirements are awarded funds based on previous funding levels, their application scores and measures of local need. Funds are allocated so that the awards are distributed among eligible applicants taking into consideration the level of need in the service area and the capacity of the grant recipient, and sub-recipient if applicable, to conduct the program effectively and administer the grant efficiently. Consideration was given to the desirability of funding a variety of projects and serving as many geographic areas of the State as possible. Each Continuum of Care is allowed to submit one application for the overall Homelessness Solutions Program. The application could request funding for one or more projects that is passed through the lead agency to subgrantees, consisting of nonprofits and/or local government agencies, that are selected by the Continuum of Care on the basis of their ability to implement viable projects and programs that effectively address one or all of the objectives of the Homelessness Solutions Program. The Street Outreach and Emergency Shelter components are limited to 60% of the Federal ESG funding.

For SFY 2019 / FFY 2018, Continuums of Care were guaranteed access to a certain percentage of the funds they had previously been receiving through the Federal and State funding sources, including the Emergency Solutions Grants (ESG) funding. With our overall Homelessness Solutions Program (HSP) funding now totaling $9.4 million, these funding sources are often critical for the continued existence of many of our programs, and thus it was important to maintain a level of consistency in the funding amounts. Thus, when applying for Federal and State funds, CoCs were asked to break down their request into formula (guaranteed) funding, and competitive funding, which is determined through our scoring and ranking process.

Scoring for HSP applications in the SFY 2019 / FFY 2018 funding round will be based on a single score for the Continuum of Care. The score consists of two components. The first is a response by the Continuum of Care to application questions regarding their overall plan to address homelessness within their jurisdiction(s), as well as their ability to provide specific services (Emergency Shelter, Housing Stabilization Services, and Outreach) to people who are homeless or at-risk of homelessness. The second

component is a provider score, which measures providers by their responses to questions about their agency's ability to provide services and manage both data and grant requirements, and is then weighted by the overall percentage of the request made by specific provider(s) within the Continuum of Care.

Final funding recommendations are based on a determination of eligibility for applicants; prior funding levels; and the overall application score.

Program Standards Policy

Coordination with Other Targeted Homeless Services - 24 C.F.R. §576.400 (b)

In 2014, the State of Maryland passed legislation reestablishing the Interagency Council on Homelessness (ICH) in law. Partners in this effort include the Maryland Department of Human Services, The Maryland Department of Housing and Community Development, the Maryland Department of Health, the Maryland Department of Labor, Licensing and Regulations, and representatives from the nonprofit sector. The Interagency Council on Homelessness had a crucial role in the consolidating legislation that brought many of the programs formerly at DHS over to DHCD, which is now allowing the agency to ensure efficiency in the delivery of services and coordinate efforts to maximize resources. State agencies are also working together through the ICH to provide services for specific homeless populations, i.e. veterans and unaccompanied homeless youth.

System and Program Coordination with Mainstream Resources - 24 C.F.R. §576.400 (c)

The Continuums of Care must coordinate and integrate, to the maximum extent practicable, ESG funded activities with mainstream housing, health, social services, employment, education, and youth programs for which families and individuals at risk of homelessness and homeless individuals and families may be eligible. DHCD encourages this coordination through our application scoring process. Refer to 24 C.F.R. 576.400 (b) for a list of mainstream resources to coordinate ESG activities.

Written Standards for Providing ESG Assistance - 24 C.F.R. §576.400 (e)

The Continuums of Care must establish and consistently apply, within the COC jurisdiction of the recipient's program, written standards for providing ESG assistance. If an applicant is awarded funds, the selected subrecipient must provide to the Department a copy of the written standards for providing ESG assistance prior to contract execution. Refer to 24 C.F.R. §576.400(d) for a discussion of the written standards. The standards must include at a minimum:

- Standard policies and procedures for evaluating individuals' and families' eligibility for ESG assistance;
- Standards for targeting for homeless persons and providing essential services related to street outreach;
- Policies and procedures for admission, diversion, referral, and discharge by emergency shelters assisted under ESG, including standards regarding length of stay, if any, and safeguards to meet the safety and shelter needs of special populations, e.g., victims of domestic violence, dating

violence, sexual assault, and stalking; and individuals and families who have the highest barriers to housing and are likely to be homeless the longest;

- Policies and procedures for assessing, prioritizing, and reassessing individuals' and families' needs for essential services related to emergency shelter;
- Policies and procedures for coordination among emergency shelter providers, essential services providers, homelessness prevention, and rapid re-housing assistance providers; other homeless assistance providers; and mainstream service and housing providers listed on 24 C.F.R. §576.400(b) and (c);
- Policies and procedures for determining and prioritizing which eligible families and individuals will receive homelessness prevention assistance and rapid re-housing assistance;
- Standards for determining what percentage or amount of rent and utilities costs each program participant must pay, when applicable, while receiving homelessness prevention or rapid re-housing assistance;
- Standards for determining how long a particular program participant will be provided with rental assistance and whether and how the amount of that assistance will be adjusted over time; and
- Standards for determining the type, amount, and duration of housing stabilization and/or relocation services to be provided to a program participant, including the limits, if any, on the homelessness prevention or rapid re-housing assistance that each program participant may receive, such as the maximum amount of assistance, maximum number of months the program participant may receive assistance; or the maximum number of times the program participant may receive assistance.

Participation in HMIS 24 C.F.R. §576.400(f)

Subrecipients are required to ensure that data on persons served and activities provided under ESG are entered into the applicable community-wide HMIS in the area in which those persons and activities are located, or a comparable database, in accordance with HUD's standards on participation, data collection, and reporting under a local HMIS. Subrecipients are required to enter into an agreement with the local HMIS Administrator for reporting.

If the subrecipient is a victim service provider or a legal services provider, it may use a comparable database that collects client-level data over time (i.e., longitudinal data) and generates unduplicated aggregate reports based on the data. Information entered into a comparable database must not be entered directly into HMIS or provided to an HMIS administrator.

The comparable database must comply with all current HMIS standards including data information, security, data quality, and processing standards, as established by HUD in its latest HMIS Data Standards guide. Victim Service Providers or Legal Services Providers that are awarded ESG funds must consult with the Continuum of Care and the HMIS administrator for the continuum of care area to ensure that the comparable database uses all the HMIS standards.

DHCD tracks HMIS reporting through a Maryland Statewide Homelessness Data Warehouse (MSHDW), which uploads records directly from the local HMIS. The MSHDW is used to fulfill Federal and State reporting requirements on the grants funded through the Homelessness Solutions Program (HSP).

Evaluation of Program Participant Eligibility and Needs - 24 C.F.R. §576.401

Subrecipients must conduct an initial evaluation to determine the eligibility of each individual or family's eligibility for ESG assistance and the amount and types of assistance the individual or family needs to regain stability into permanent housing. These evaluations must be conducted in accordance with the centralized or coordinated assessment requirements set forth under 24 C.F.R. 576.400(d) and the written standards established under 24 C.F.R. 576.400(e) and all the guidelines outlined on 24 C.F.R. 576.401(a).

Subrecipients must reevaluate the program participant's eligibility and the types and amounts of assistance the program participant needs according to the requirements outlined on 24 C.F.R. 576.401(a). Furthermore, each program participant receiving homelessness prevention or rapid re-housing assistance is required to meet regularly with a case manager (except where prohibited by Violence Against Women Act (VAWA) and the Family Violence Prevention and Services Act (FVPSA)) and the assistance provider must develop an individualized plan to help that program participant retain permanent housing after the ESG assistance ends. These requirements are intended to help ensure that the ESG-Funded emergency, short-term or medium-term assistance will be effective in helping program participants regain long-term housing stability and avoid relapses into homelessness

Suspension of Method of Distribution for Presidential Disaster Declarations

In the event of a Major Disaster Declaration by the President of the United States for a unit of local government located in the State, the Secretary of DHCD shall have the authority to waive the Method of Distribution or any other State requirements governing the ESG program to address emergency needs of affected communities. This will be done in consultation with HUD and the program will operate within the parameter of the law or laws addressing the ESG program.

AP-35 Projects – (Optional)

Introduction:

States distribute their allocation of CDBG, ESG, HOME, HTF and HOPWA funds through a Method of Distribution. Funds for the first three programs are awarded competitively, so there are no projects to enter at this time. HTF funds are awarded on a first come first serve basis provided all program requirements are met first. HOPWA funds are awarded on a first come, first serve basis to eligible households. The two "projects" listed below are related to disaster assistance funding DHCD received to use for recovery efforts related to Superstorm Sandy as well as other natural disasters that impacted Maryland

#	Project Name

Table 9

Describe the reasons for allocation priorities and any obstacles to addressing underserved needs

CDBG-DR #1 - In compliance with federal regulations, the funds awarded to the State under this grant will be used for housing and economic development activities related to remaining needs due to Hurricane Sandy in Somerset County. The details of the approved Action Plan and subsequent Action Plan Amendments may be found at www.mdhousing.org under *CDBG Disaster Recovery Assistance.*

CDBG-DR #2 - In compliance with federal regulations, the funds awarded to the State under this grant will be used primarily for infrastructure activities related to remaining needs due to Hurricane Sandy, Hurricane Irene, Tropical Storm Lee and the Derecho. Through a competitive process, funds were awarded to Allegany County, Charles County, Dorchester County, Garrett County and Somerset County. The details of the approved Action Plan and subsequent Action Plan Amendments may be found at www.mdhousing.org under *CDBG Disaster Assistance*.

AP-38 Project Summary

Project Summary Information

Table 10 – Project Summary

AP-40 Section 108 Loan Guarantee – 91.320(k)(1)(ii)

Will the state help non-entitlement units of general local government to apply for Section 108 loan funds? No

Available Grant Amounts n/a

Acceptance process of applications

n/a

AP-45 Community Revitalization Strategies – 91.320(k)(1)(ii)

Will the state allow units of general local government to carry out community revitalization strategies?

Yes

State's Process and Criteria for approving local government revitalization strategies

The State of Maryland uses the Sustainable Communities program to promote revitalization in local communities. To participate, municipal and county governments are asked to identify local areas in need of revitalization and create a comprehensive revitalization strategy or "Action Plan" guiding investment in accordance with the principals of sustainability. The "Action Plan" aims to increase economic, transportation, and housing choice, and improve environmental and health outcomes among other locally identified goals.

The Sustainable Communities program was codified in 2010 by the Maryland General Assembly. In order to obtain (or retain) a Sustainable Communities designation, local governments apply for designation through applications available from DHCD. Applications for Sustainable Community designation or renewal are reviewed by an interagency panel and must be approved by the Governor's Smart Growth Subcabinet. Once approved, communities retain their designation for five years.

All SC Area applications must meet the following threshold requirements:

1) Sustainable Community Area boundaries must be entirely within a Priority Funding Area (PFA) and should be indicative of a targeted approach;

2) A local government resolution in support of the boundary designation and Plan should accompany the application or must be in process (all SC Area designations will be contingent upon an executed local resolution);

3) The proposed Sustainable Community is within or near a town center or transportation center, or there is a need for financing assistance for small businesses, nonprofit organizations or microenterprises;

4) The proposed Plan must be consistent with other existing community or comprehensive plans and addresses the need for reinvestment

Application Evaluation
An innovative aspect of the Sustainable Communities program is the interagency review and approval process. Collectively, staff from six state agencies (including the Departments of Housing and Community Development, Planning, Transportation, Natural Resources, Commerce and Environment) review plans for essential elements of sustainability and geographic boundaries to ensure that applicants are targeting areas appropriate for State smart growth investments. The interagency panel then recommends designations and renewals to the Secretary or his designee and seeks approval from the Governor's Smart Growth Subcabinet.

AP-50 Geographic Distribution – 91.320(f)

Description of the geographic areas of the state (including areas of low-income and minority concentration) where assistance will be directed

Housing data provided by HUD revealed a similarity of need from jurisdiction to jurisdiction in Maryland. For example, if the percentage of "small, very low- income renter families" with housing needs was 65 percent statewide, virtually every jurisdiction within the State was within a few percentage points of the statewide average. In the survey of needs completed for the five year Plan, questions regarding infrastructure, community development, and economic development needs also indicated a similarity of need from jurisdiction to jurisdiction.

Since similar needs exist throughout the State, the State will not target its funds to certain jurisdictions, except as established by law. For example the State's allocation of CDBG funds may only be used in non-entitlement areas. Since there is a major emphasis on directing resources to growth areas and areas in need of revitalization, we will generally be targeting funds to projects located in Priority Funding Areas (PFAs) as well. The information below provides an outline of how funds will be targeted.

Programs (or parts of programs) that are not required to fund projects located only in PFAs.

- Federal and State Lead Paint Reduction programs
- Weatherization for Low Income Persons
- Indoor Plumbing Program
- Single Family Rehabilitation (MHRP: 1-4 units)
- Accessible Housing Grant and Loan Program (AHGLP)
- Group Home Financing
- HOME- for single family homes only
- Maryland Mortgage Program- for existing homes
- Local Government Infrastructure Financing
- Rental Allowance
- Emergency Solutions Grants
- CDBG- for single family housing rehabilitation, downpayment assistance and renovation of existing houses for sale or rental
- Community Services Block Grants
- Maryland Appalachian Housing
- Accessory Shared and Shelter Housing
- Section 8 Voucher /Certificate
- Section 8 Moderate Rehabilitation

Programs required by law to fund projects located only in Smart Growth Areas
The Smart Growth- Priority Funding Areas Act of 1997 requires that the following DHCD programs be used exclusively in Priority Funding Areas (PFAs). Moreover, the Sustainable Communities Act of 2010 requires that certain programs must be located in a sub-area concentration now known as Sustainable Communities.

Neighborhood Revitalization
Community Investment Tax Credit- In Priority Funding Areas
Main Street Maryland/ Main Street Improvement Program- in Sustainable Communities
Community Legacy Program- in Sustainable Communities

Community Development Administration
Neighborhood BusinessWorks – in Sustainable Communities

Homeownership
Maryland Mortgage Program (MMP)- excluding O.B.O.- for new construction
Maryland Home Financing Program – for new construction
Preferred Interest Rate Loan Program – for new construction
HOME- for new construction
Rental Housing
Elderly Rental Housing- for new construction
Rental Housing Production- for new construction
Multifamily Housing Revenue Bond Financing- for new construction
HOME- for new construction

HUD also asks if or how funds will be specifically targeted to areas of minority concentration. In its Analysis of Impediments to Fair Housing Choice, the State defined a "high concentration" of minority households as a census tract where the percentage of minority households is at least 10% greater than the county average. Based on this definition, of the 46 census tracts in Maryland's non-entitlement areas during period of analysis, 25 or slightly over 7% had census tracts of high minority concentration. DHCD targets its funding to Priority Funding Areas (PFAs). Of the 25 tracts with concentrations 15 have concentrations due to Historically Black Colleges and Universities, hospital centers, military bases, or prisons. Of the remaining 10 tracts 9 are all located within PFAs. Because of DHCD's emphasis on targeting PFAs, areas of minority concentration are targeted for assistance through the State's housing and community revitalization programs. (One sole concentration in Charles County is located outside a PFA and is a minority concentration, but is not a low income concentration. See the States Five Year Plan's discussion of concentrations and the Analysis of Impediments to Fair Housing Choice for more information.)

Geographic Distribution

Target Area	Percentage of Funds

Table 11 - Geographic Distribution

OMB Control No: 2506-0117 (exp. 07/31/2015)

Rationale for the priorities for allocating investments geographically

DHCD supports community revitalization through Sustainable Community and Smart Growth efforts. The reason for this is to both have strong communities, as well to use resources in an intelligent, sustainable manner. Relatedly, at the national level, the U.S. Department of Housing & Urban Development (HUD), Department of Transportation (DOT), and the Environmental Protection Agency (EPA) have committed to coordinate their capital investments in alignment with the following six "Livability Principles":

1. Support existing communities. Target public and private resources toward existing communities—through strategies like transit oriented, mixed-use development, and land recycling—to increase community revitalization and the efficiency of public works investments and to safeguard rural landscapes.

2. **Value communities and neighborhoods**. Enhance the unique characteristics of all communities by investing in healthy, safe, and walkable neighborhoods—rural, urban, or suburban.

3. **Coordinate and leverage policies and investment**. Align policies and funding to remove barriers to collaboration, leverage funding, and increase the accountability and effectiveness of all levels of government to plan for future growth, including making smart energy choices such as locally generated renewable energy.

4. **Enhance economic competitiveness**. Improve economic competitiveness through reliable and timely access to employment centers, educational opportunities, services and other basic needs by workers, as well as expanded business access to markets.

5. **Promote equitable, affordable housing**. Expand location and energy-efficient housing choices for people of all ages, incomes, races, and ethnicities to increase mobility and lower the combined cost of housing and transportation.

6. **Provide more transportation choices.** Develop safe, reliable, and economical transportation choices to decrease household transportation costs, reduce our nation's dependence on foreign oil, improve air quality, reduce greenhouse gas emissions, and promote public health.

The State of Maryland's Sustainable Communities echo these federal policies, directing State resources to efforts that carry out these goals and the State's goals for communities.

Discussion

For more information and a list of Sustainable Communities in Maryland by County, please visit DHCD's website at the following address: **http://dhcd.maryland.gov/Communities/Pages/dn/default.aspx**

Affordable Housing

AP-55 Affordable Housing – 24 CFR 91.320(g)

Introduction

The table below provides an estimate of the number of persons DHCD expects to assist with affordable housing in the next year:

The State uses a method of distribution for funding and does not have numerical goals for the number of homeless persons that will be assisted. The 9,000 non homeless persons assisted include producing about 1,500 homeownership units, financing about 2,000 new apartments, providing Tenant Based Rental Assistance to about 3,000 households, and rehabilitating about 2,500 housing units with weatherization and other funding. The Special needs households assisted includes a combination of households assisted with HOPWA funding, Group Home and SHOP funding, rental assistance through the 811 program, assistance under the Homeownership for Individuals With Disabilities program, and handicapped units produced under the Qualified Allocation Plan for LIHTC.

One Year Goals for the Number of Households to be Supported	
Homeless	100
Non-Homeless	9,000
Special-Needs	350
Total	9450

Table 12 - One Year Goals for Affordable Housing by Support Requirement

One Year Goals for the Number of Households Supported Through	
Rental Assistance	3,000
The Production of New Units	2,000
Rehab of Existing Units	2,500
Acquisition of Existing Units	1,500
Total	9,000

Table 13 - One Year Goals for Affordable Housing by Support Type

Discussion

Note that the goals above are slightly lower than the goals listed for the number of households assisted. This is to prevent double counting. For example, persons with Special Needs will be helped with rental assistance, as well as the production of new units. So they will be assisted in newly produced units while receiving rental assistance at the same time. The Rental Assistance category in general is also “front loaded”, as it includes all of the households who are assisted with Section 8, as well as HOPWA and RAP and Section 811 funding. In future years this number will be significantly lower as we will not double count the Section 8 numbers, and only count persons assisted with HOPWA, RAP and 811 funding. Lastly in the above table, we are assuming acquisition of existing units is defined as providing homeownership opportunities as there is no place else to identify homeownership activities in this table.

AP-60 Public Housing - 24 CFR 91.320(j)

Introduction

DHCD does not own or operate any public housing units, but does administer a Housing Choice Voucher Program (HCV only) Public Housing Agency (PHA). DHCD, in partnership with the VA Medical Center in Perry Point, Cecil County, will assist 75 homeless veterans with Project-Based Vouchers. The first thirty (30) units will be complete by May 2018. DHCD will continue to work with PHAs throughout the State to help them revitalize their public housing inventory. To date, DHCD allocated over $140 M in Low Income Housing Tax Credits, $11 M through the States Rental Housing Works program and over $11 M in other DHCD funds in the Rental Assistance Demonstration (RAD) program.

Actions planned during the next year to address the needs to public housing

DHCD will continue to work on major projects with the Baltimore City Public Housing Authority, among others, to revitalize properties through the Rental Assistance Demonstration (RAD)Program. This multi-year effort is expected to rehabilitate over 15,000 public housing units in Baltimore City and other counties in the next few years.

Actions to encourage public housing residents to become more involved in management and participate in homeownership

DHCD established a homeownership program for Section 8 Housing Choice Voucher holders several years ago and will offer its Section 8 homeownership program to participants of who have been assisted for at least three (3) years the option to purchase a home with rental assistance through the tenant based voucher program. In addition, PHA residents may be eligible applicants under DHCD's homeownership programs which offer down payment and closing cost assistance and reduced interest rates to first time homebuyers.

If the PHA is designated as troubled, describe the manner in which financial assistance will be provided or other assistance

Crisfield Housing Authority has been designated a troubled PHA for fiscal issues. DHCD will consider available options to provide resources and technical assistance including, peer to peer technical assistance, training state staff on specific aspects of program administration or application preparation. However HUD's PIH office prefers these types of issues to be handled by their contractors such as Nan McKay and Associates. DHCD will continue to provide appropriate resources to public housing authorities to modernize their public housing inventory through the Tax Credit or HOME program.

Discussion:

As part of the 1998 Quality Housing and Workforce Responsibility Act (QHWRA), Maryland and other States must describe how they would assist troubled PHAs with "financial or technical assistance" to help them lose their troubled status. HUD scores PHAs on their management practices and the physical quality of their units - a SEMAP or PHAS score under 60% results in a PHA being given "troubled" status. In the event a PHA is designated as troubled, DHCD will cooperate with HUD to provide technical assistance to help the PHA lose its troubled status. The type of assistance offered will be based on the findings in HUD's scoring that resulted in the PHA's troubled status. Examples of technical assistance DHCD will offer could include asset management, property management, or day-to-day operations, as appropriate. (We would note that while we can provide some assistance, HUD's Office of Public and Indian Housing (PIH) requires troubled PHAs to get assistance from HUD approved TA providers such as Nan McKay or NAHRO. DHCD is not a HUD-approved TA provider.)

In addition, troubled PHAs, regardless of whether they are located in entitlement or non-entitlement jurisdictions, are eligible applicants for DHCD's housing rehabilitation programs, including for the rehabilitation of both multi-family and single family properties.

AP-65 Homeless and Other Special Needs Activities – 91.320(h)

Introduction

Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including

Reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs

The local Continuums of Care assess the needs of homeless persons and their individual needs as part of their operations. This includes a yearly Point-in-Time count that is done partially by utilizing state funds, which also includes a survey of unsheltered persons every other year in most jurisdictions. The State of Maryland also uses ESG funds to support Street Outreach efforts by local service providers.

Addressing the emergency shelter and transitional housing needs of homeless persons

The emergency shelter and transitional housing needs are addressed through a wide variety of tools and programs operated by the local Continuums of Care. There is an extensive network of homeless shelters and transitional housing in Maryland. The State of Maryland provides operating costs for these programs through both federal and state ESG funding. In addition, some communities utilize motel placements to temporarily house individuals and families as they make the transition from homelessness. Additionally, DHCD continues to fund the construction of new homeless shelters, transitional and permanent supportive housing through its Shelter and Transitional Housing Grant Program. However, based on evidence-based, national trends, DHCD is increasingly focusing on funding transitional housing for specific populations.

Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again

The State uses a variety of programs and resources to help homeless persons make the transition to permanent housing and independent living, and preventing individuals and families who were recently homeless from becoming homeless again. Our primary intervention is rapid re-housing, which helps people who are homeless to find appropriate permanent housing options, pay the rent for a period of time necessary to become stable in their new housing, and receive case management to address crises and remain in housing. The State has committed an increasing amount of our Federal ESG dollars for this purpose over the last few years, and is adding more State funds for this purpose through the Homelessness Solutions Program (HSP). Families and individuals are also put onto Federal Section 8 Voucher waiting lists, and the State operates its own programs that provide short term rental assistance while families and individuals move up the list so that they have the resources they need to pay the rent

and not return to homelessness.

Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs

The special needs populations in Maryland consist of persons with disabilities, including persons with mental, physical, or developmental disabilities; the elderly and frail elderly; persons with alcohol or other drug addiction; persons with HIV/AIDS and their families; and public housing residents. These special needs populations constitute Maryland's poorest residents and those with the most severe housing burdens. They desperately need affordable and accessible housing. While the types of disabilities and reasons for low incomes may vary across the differing special need populations, the common characteristic is the need for an affordable place to call home. For all populations, accessible housing that is affordable is the most critical need.

The State has several programs that assist homeless individuals who are homeless or are at risk of becoming homeless. Both state and federal funding goes into ESG programs that focus on homelessness prevention, while other state-funded programs such as the Rental Allowance Program (RAP) provide rental assistance that keeps individuals and families from becoming homeless.

The Department is actively and regularly engaged in creating housing and service opportunities for the disabled and special needs populations. Through its rental housing programs, DHCD works closely with other State agencies (most notably the Department of Disabilities, the Department of Health and the Department of Human Services) in creating housing for these populations in integrated, community-based settings through programs such as 811, Bridge Subsidy, and the Weinberg initiative. DHCD also operates a Group Home Financing Program that provides financing for community-based group home opportunities.

Through its Rental Services division, DHCD administers vouchers for special needs populations including persons with HIV/AIDS (through HOPWA) and veterans (through VASH). DHCD was awarded 75 project based VASH vouchers through a competitive process for a development Perry Point Veterans Village in Cecil County in addition to the 90 tenant based VASH vouchers. The Department of Health has the lead role for individuals who are likely to become homeless after being discharged from publicly funded institutions or systems of care. The types of activities they undertake in coordination with other State agencies (such as DHCD, Corrections, DHS, and others) include:

- Supporting consumers and family members in navigating the PMHS
- Coordinating outreach services for individuals who are homeless and experiencing mental illnesses
- Assisting in developing transition plans for consumers returning to the community from prisons

and jails
- Facilitating discharge planning for children and adolescents in residential placement or residential level services
- Screening individuals for whom admission to an inpatient facility is requested to determine whether a less restrictive alternative can be provided
- Collaborating with acute care and state hospital facilities to facilitate transition to the community for individuals leaving inpatient care
- Granting access to the PMHS for uninsured clients in crisis
- Managing care for high-cost users to ensure they receive the most appropriate care in the least restrictive setting

Local Addictions Authorities also have a roll in this effort. This includes:

- Assisting and supporting consumers and families in accessing substance use disorder services
- Coordinating with other service systems to provide outreach to homeless persons who are in need of substance use disorder services
- Providing or facilitating pre-trial and community re-entry services to incarcerated individuals returning to the community
- Assessing all individuals requesting residential services for appropriate level of care
- Granting access to residential treatment beds when necessary, and
- Managing care for all residential clients to assure continuity of care

Persons who are not homeless but who require supportive housing are served in a number of settings. These settings range from institutions to independent housing integrated in the community. The housing setting is determined based on the individuals need and choice, as well as availability and affordability of appropriate housing. DHCD works in concert with MDH and the Maryland Department of Disabilities (MDOD) to offer housing programs that meet the needs of persons with disabilities, including people transitioning from mental health and physical health institutions. The programs are discussed in greater detail below.

MDH operates the following Home and Community- Based Service (HCBS) waivers, serving over 25,000 people as an alternative to institutionalization: the Community Pathways Wavier, which serves 14,070 persons with intellectual and/ or developmental disabilities; the Home and Community- based Options wavier (formally the Living at Home and Older Adult waivers) which transitioned 1,095 individuals during the years of 2011-2013 and assists 3,904 adults; the Brain Injury waiver, which assists 47 adults with brain injuries acquired after the age of 22; the medical Day Care Waiver, which serves 4,600 individuals aged 16 and above.

In addition to HCBS, MDH also provides state plan services such as Medical Assistance Personal Care (serves 5,400 adults) and Community First Choice. MDH's Mental Hygiene Administration (MHA) also provides community based supports to individuals with behavioral health disabilities, which is limited to Medicaid eligibility and adults. MHA has provided psychiatric rehabilitation services to 2,819 individuals

and other supportive services to 8,704 individuals. Additionally, DDA's Waitlist Equity Fund is utilized to fund services for individuals transitioning from Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICFs/IID), which are called State Residential Centers (SRCs), as well as for people not yet receiving services.

MDH has also developed Community First Choice (CFC), a new section 1915(k) program under Section 2401 of the Affordable Care Act. CFC consolidated overlapping services within the Medical Assistance Personal Care, Living at Home, and Older Adults Wavier programs into a unified and expanded program. MDH offers all required and optional services allowed in CFC in a self- direction or agency model. This has increased access to vital services that prevent institutionalization and hospitalization for many State plan only participants.

AP-70 HOPWA Goals – 91.320(k)(4)

One year goals for the number of households to be provided housing through the use of HOPWA for:	
Short-term rent, mortgage, and utility assistance to prevent homelessness of the individual or family	81
Permanent Housing placement	40
Tenant-based rental assistance	152
Units provided in housing facilities (transitional or permanent) that are being developed, leased, or operated	0
Units provided in transitional short-term housing facilities developed, leased, or operated with HOPWA funds	0
Total	273

AP-75 Barriers to affordable housing – 91.320(i)

Introduction

Actions it planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment

Discussion

The State does not have policies that serve as barriers to affordable housing. The State does not have policies affecting the return on residential investment, nor does it have control over zoning. The State also does not have tax policies affecting land, nor does it charge fees for building.

The States does have some control over building codes, and adopted the International Existing Building Code (IEBC) in 2015, which became effective 2016. DHCD operates a Rehab Code Hotline which is a toll free number to help people determine code requirements for their projects. The use of the IEBC actually reduces barriers to affordable housing not only because it standardizes code, but also because it allows communities to receive technical assistance including code interpretations from the International Code Council which they would otherwise be unable to access. The State also follows the 2015 International Energy Conservation Code, and the International Green Conservation Code, both of which make housing more affordable by reducing energy costs as well as promoting sustainable development.

AP-85 Other Actions – 91.320(j)

Introduction

NA (NOTE: We cannot find a formal definition from HUD what this means, as it is traditionally related to services.)

Actions planned to foster and maintain affordable housing

DHCD will continue undertaking efforts under a rental housing preservation initiative funded by the John D. and Catherine T. McArthur Foundation. Over 10 years, DHCD will seek to increase rental housing preservation by 9,000 units over it's "baseline" production levels in nine (9) Counties impacted by the federal Base Realignment and Closure (BRAC) process. MacArthur Foundation funding totaling $4.5 million will enable DHCD to undertake a comprehensive approach toward systemic streamlining and financing to increase production levels in these targeted Counties.

Actions planned to reduce lead-based paint hazards

DHCD continues to be pro-active and operates its own lead abatement program funded with State appropriations that help control lead hazards. In addition to requiring lead abatement for all HUD funded projects, the Department also requires it when used with its own funds or other resources such as Federal Low-Income Housing Tax Credits. The Maryland Department of the Environment enforces lead paid reduction and control rules for landlords which also helps substantially reduce childhood exposure to lead based paint.

Actions planned to reduce the number of poverty-level families

The State of Maryland is strongly committed to reducing the number of households in Maryland living in poverty. The citizens of Maryland recognize that persons who live in poverty need a combination of social services and economic opportunities to get back on their feet. The State's Temporary Assistance for Need Families (TANF) is the State's plan for helping families get out of poverty. It can be found on DHS's website at www.dhs.state.md.us

In addition to the TANF Plan, DHCD undertakes additional efforts to help families who are in poverty. This is done primarily through the Community Services Block Grant Program (CSBG) which is funded through the U.S. Department of Health and Human Services (HHS). The State was awarded $9.6 in CSBG funds for FFY 2017 Funding is provided to subgrantees on a quarterly basis.

CSBG funds are granted to states in order to ameliorate the causes of poverty. To this end, the State allocates CSBG funds to the State's 17 local Community Action Agencies (CAAs) which in turn provide a range of services and activities having a measurable and potentially major impact on causes of poverty within a community.

HHS has issued six broad national objectives for the CSBG program. Within these national objectives, the CAAs of Maryland are using and have chosen the following national objectives and indicators that assist low-income participants to achieve the following:

- **Family Self-sufficiency**: Low-income people become more self-sufficient;
- **Community Revitalization**: The conditions in which low-income people live are improved;
- **Community Investment**: Low-income people own a stake in their community;
- **Community Capacity Building**: Partnerships among supporters and providers of services to low-income people are achieved;
- **Agency Capacity Building**: Agencies increase their capacity to achieve results; and
- **Family Stability**: Low-income people, especially vulnerable populations, achieve their potential by strengthening family and other supportive systems.
- Furthermore, the State emphasizes that actions undertaken with the CSBG program:

1. Focus resources toward the most needy.

2. Provide employment opportunities for low-income persons.

3. Close service gaps.

4. Enable low-income persons to participate in community action programs and projects.

During the coming year, DHCD's focus in working with CAAs will primarily be through inter-agency coordination and capacity building. This will include facilitating the coordination of resources and or offering training in a variety of areas including housing, community development, fiscal oversight, board management, etc. By linking agencies with other partners, including those receiving HUD funding, and assisting with building their capacity, CAAs will then be better able to carry out goals involved with helping families become both stable and self-sufficient. In addition, it will better enable CAAs to compete for DHCD funds that promote community revitalization and investment.

Actions planned to develop institutional structure

The State will use inter-departmental forums and meetings to coordinate resources, develop consistent policies and methods to achieve stated goals and objectives. DHCD has enacted several new policies in the past several years to improve the ability of developers to provide affordable rental housing. These programs include the rental housing preservation initiative with the John D. and Catherine T. MacArthur Foundation, streamlined bond program, the reopening of MHRP-MF, and changes to PRHP. The MacArthur Foundation preservation initiative includes working with HUD and the nine counties impacted most heavily by the BRAC to standardize underwriting for preservation projects, and working with the Maryland Energy Administration (MEA) and Public Service Commission (PSC) to strengthen energy efficiency and green building initiatives. Community Development coordination will be improved and streamlined through the State's Development Plan, as well as the federal and State Sustainable Community Initiatives.

Actions planned to enhance coordination between public and private housing and social service agencies

Federal Low Income Housing Tax Credits. DHCD has a uniform application and process for allocating tax credits that is also used in award rental housing funds from State and federal resources. The uniform application and allocation process was developed in 1995 to improve coordination of all programs providing funding for multifamily rental housing projects. Federal Low-Income Housing Tax Credits will continue to be awarded through DHCD's uniform allocation process for multi-family housing.

In addition:

- DHCD will work with MDH and MDoD on the State's Section 811 demonstration program which will provide rental assistance to individuals with disabilities so that they can become self-sufficient while expanding housing choice.
- Through a partnership with the John D. and Catherine T. MacAuther Foundation, DHCD will work with nine (9) counties in Maryland in a coordinated manner to foster affordable rental housing
- DHCD will continue to work with Department of Disabilities (DoD) and the Department of Human Services (DHS) to provide housing for very low income Marylanders. DHCD is coordinating the use of two Weinberg Grants with DoD and DHS on this effort.
- DHCD will continue its coordination for energy efficiency with MEA, PSC, weatherization and sources of funding from HUD, DOE, PSC and utility companies.
- DHCD will continue to fund and operate its own Homeownership for Individuals with Disabilities Program, working with MDH and other agencies to enable persons with disabilities, families with disabled children and borrowers who are guardians for an immediate family member who is disabled to purchase their home.
- DHCD will work with the State's Housing Authorities to provide technical support and financing to help them rehabilitate their properties. On a regular basis, DHCD staff meet with executive director of Public Housing Authorities (both in individual and group setting) to discuss specific financing strategies for their projects. This includes RAD demonstration projects discussed in one year goals.
- DHCD will work with the Maryland Department of Aging and the Maryland Department of Health to carry out the Accessible Housing Loan and Grant Program which was authorized as its own stand-alone program in the 2013 legislative session.

- DHCD's Division of Neighborhood Revitalization will work with local Continuums of Care to continue to find solutions to help homeless, including increased coordination and participation in funding efforts under Emergency Solutions Grant Program.

- DHCD's Division of Community Development Association and Division of Neighborhood Revitalization will coordinate with the Governor's Office of Business Advocacy and Small Business Assistance (GOBA) and the Office of Minority Affairs, as well as the Maryland Department of Transportation (MDOT) and the Maryland Department of Commerce to increase their awareness of the Neighborhood Business Works (NBW), Maryland Capital Access and Linked Deposit Program and the gap financing, credit assurance/ loan loss reserves and interest rate buy downs available for state-up and expanding small and micro businesses located in revitalization areas across the State.
- DHCD's Division of Community Development Association will continue to collaborate with the U.S. Small Business Administration to promote the Neighborhood Business Works Program.
- DHCD's Division of Division of Neighborhood Revitalization will continue to work with the Maryland Department of the Environment and the U.S. Department of Agriculture to cross refer infrastructure projects to the most appropriate funding source.
- DHCD's Division of Division of Neighborhood Revitalization will work with the Small Business Development Center Network and other providers of support to small and micro business (e.g. Morgan State University) in order to generate new referrals of small business seeking gap financing.
- DHCD's and Division of Neighborhood Revitalization will continue to coordinate marketing of the Community Investment Tax Credit program with both internal and external partners including but not limited to the local Community Development Corporations and Community Action Agencies, Main Street Maryland organizations, the HOPE Counseling Network, the Maryland Historical Trust, the Maryland's Comptroller's Division of Revenue Administration, the Maryland Association of Nonprofit Organizations, the Maryland Chamber of Commerce, The Maryland Association of Realtors, the Maryland Economic Development Association and the Maryland Association of Certified Public Accountants.
- DHCD's Division of Neighborhood Revitalization will continue to coordinate with the Maryland Departments of Natural Resources, Health and Mental Hygiene, Aging, and Transportation regarding projects that can be jointly funded.
- DHCD's Division of Neighborhood Revitalization will continue to coordinate with its primary customers- local governments, community development corporations, nonprofit organizations, and small businesses to provide a variety of technical and financial resources.
- DHCD will work with the Governor's Grants Office, as well as eligible applicants, in obtaining both federal and foundation grants for itself and its partners.
- Smart Growth- DHCD will work with other State agencies in promoting Smart Growth throughout Maryland.

OMB Control No: 2506-0117 (exp. 07/31/2015)

Program Specific Requirements

AP-90 Program Specific Requirements – 91.320(k)(1,2,3)

Introduction

Community Development Block Grant Program (CDBG)
Reference 24 CFR 91.320(k)(1)

Projects planned with all CDBG funds expected to be available during the year are identified in the Projects Table. The following identifies program income that is available for use that is included in projects to be carried out.

1. The total amount of program income that will have been received before the start of the next program year and that has not yet been reprogrammed	0
2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan	0
3. The amount of surplus funds from urban renewal settlements	0
4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan.	0
5. The amount of income from float-funded activities	0
Total Program Income	0

Other CDBG Requirements

1. The amount of urgent need activities	0
2. The estimated percentage of CDBG funds that will be used for activities that benefit persons of low and moderate income. Overall Benefit - A consecutive period of one, two or three years may be used to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low and moderate income. Specify the years covered that include this Annual Action Plan.	70.00% FFYs 2017-2019

HOME Investment Partnership Program (HOME)
Reference 24 CFR 91.320(k)(2)

1. A description of other forms of investment being used beyond those identified in Section 92.205 is as follows: NA
2.
3. A description of the guidelines that will be used for resale or recapture of HOME funds when used for homebuyer activities as required in 92.254, is as follows:

See Method To Ensure Compliance with Recapture Requirements

4. A description of the guidelines for resale or recapture that ensures the affordability of units acquired with HOME funds? See 24 CFR 92.254(a)(4) are as follows:

See Method To Ensure Compliance with Recapture Requirements

Plans for using HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds along with a description of the refinancing guidelines required that will be used under 24 CFR 92.206(b), are as follows: See Method To Ensure Compliance with Recapture Requirements

Plans for using HOME funds to refinance existing debt secured by multifamily or single family housing that is rehabilitated with HOME funds along with a description of the refinancing guidelines required that will be used under 24 CFR 92.206(b), are as follows: *HOME funds when used for rehabilitation of housing who currently have a first mortgage can be used to refinance this first with the HOME funds if by refinancing it makes the home more affordable and the rehabilitation cost exceeds the amount of the existing mortgage. Refinancing cannot include any loans made or insured by any other Federal Program including CDBG.*

Emergency Solutions Grant (ESG)
Reference 24 CFR 91.320(k)(3)

1. Include written standards for providing ESG assistance (may include as attachment)
   See method of distribution

2. If the Continuum of Care has established centralized or coordinated assessment system that meets HUD requirements, describe that centralized or coordinated assessment system.
   The State of Maryland does not have a Balance of State Continuum of Care, and does not directly participate in one of the 16 Continuums of Care in the state. Coordinated assessment is done by the local Continuums of Care, who certify that they are meeting the HUD requirements through the application for HSP funding (which includes the ESG funds).

3. Identify the process for making sub-awards and describe how the ESG allocation available to private nonprofit organizations (including community and faith-based organizations).
   See method of distribution

4. If the jurisdiction is unable to meet the homeless participation requirement in 24 CFR 576.405(a), the jurisdiction must specify its plan for reaching out to and consulting with homeless or formerly homeless individuals in considering policies and funding decisions regarding facilities and services funded under ESG.
   N/A

5. Describe performance standards for evaluating ESG.
   See method of distribution

Discussion

See method of distribution

Housing Opportunities for Persons with AIDS (HOPWA)
Reference 24 CFR 91.320(k)(4)

The Department of Health, Center for HIV Prevention and Health Services is currently assessing several strategies to expand capacity of HIV related housing programs, including: deepening collaboration with the Continuum of Care Program; exploring HUD models for integrated Ryan White and HOPWA housing programs; and issuing a Request for Proposals to identify additional project sponsors

OMB Control No: 2506-0117 (exp. 07/31/2015)

2018 National Housing Trust Fund Allocation Plan

April 20, 2018

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National Housing Trust Fund Allocation Plan For Federal Fiscal Year 2018

The State of Maryland (the "State") will receive $3,017,109 in National Housing Trust Funds (HTF) from the U.S. Department of Housing and Urban Development (HUD) for Federal Fiscal Year 2018 (FFY 2018), which runs from October 1, 2018 through September 30, 2019. It is expected that HTF will continue to be funded by HUD in future years.

The Maryland Department of Housing and Community Development (the "Department") is the State Agency that will administer HTF. The Department is required to ensure that the HTF Program is administered in compliance with all HTF requirements established by HUD. The policies below will govern the use of HTF funds administered by the Department for FFY 2018.

The Department is required to develop this HTF Allocation Plan, which will be included as a component of the State of Maryland's Consolidated Plan.

In addition to the State's policies outlined in this document, HTF Funds will be administered in compliance with all applicable Federal rules, including the Housing Trust Fund Interim Rule (attached as Exhibit A), published on January 30, 2015 and codified at 24 CFR Part 93, as well as HUD Notice CPD 17-05-: Guidance for HTF Grantees on Fiscal Year 2017 Housing Trust Fund (HTF) Allocation Plans, published on June 21, 2017.

1 Introduction

The Department administers a variety of State and federal programs that finance the development of affordable rental housing. These programs include, but are not limited to, the Low Income Housing Tax Credit Program (LIHTC), the Rental Housing Financing Program (RHFP), which is a combination of the state-funded Rental Housing Program and the federally-funded HOME Investment Partnership Program, Rental Housing Works (RHW), and the Multifamily Bond Program (MBP). The Department may, from time to time, establish new development financing programs to advance its mission.

While there are variations between these programs based on the underlying source of funds, State and federal requirements applicable to specific funding sources, and State and federal policy goals, the Department seeks to align many of its administrative processes that accompany these programs. This alignment makes these programs more user-friendly and contributes to operating efficiencies for the Department and its partners, including owners, investors, and managers of properties financed by these various resources. The Department seeks to include its HTF in these alignment efforts.

2 General Requirements

2.1 Priority Housing Needs of the State/Eligible Populations Served

The Department has determined that a broader set of priorities is necessary to ensure the availability of important resources to all areas and populations in the State. Additionally, it has been determined that the established priorities should serve to guide -- not limit -- funding awards by the Department. The criteria outlined in this HTF Allocation Plan provide incentives for developments that meet these priorities.

Accordingly, the Department has established the following set of priorities to guide the award of NHT funding:

1. **Family Housing in Communities of Opportunity**
2. **Housing in Community Revitalization and Investment Areas**
3. **Integrated Permanent Supportive Housing Opportunities**
4. **Preservation of Existing Affordable Housing**
5. **Elderly Housing in Rural Areas of the State Outside Communities of Opportunity**
6. **Housing for the Homeless**

It is the Department's intent to ensure that Maryland's affordable housing development resources, including HTF funding, are fairly deployed in a manner that best serves Maryland residents; including families, seniors, and persons with disabilities or special needs, and the continuing demand for quality, affordable rental housing across the State.

Funds available through the HTF Program will be targeted to provide permanent rental housing to extremely low income (ELI) households. The need for permanent rental housing for ELI households in Maryland is significant, with the latest estimates indicating that there are over 180,000 households in

the State with incomes at or below 30% AMI, and 86% of these households pay in excess of 50% of their income for housing. Additionally, ELI households in Maryland have a high occurrence of disabilities and other special needs.

The HTF Program priority will be to increase the supply of decent, safe and sanitary affordable housing for ELI households, including homeless families. HTF funds may be used for the production, preservation and rehabilitation of affordable rental housing through the acquisition, new construction, reconstruction, or rehabilitation of non-luxury housing with suitable amenities.

2.2 Income Level to be Served

The HTF Program will serve ELI households. ELI households are defined as households with incomes at the greater of:

- 30% of the applicable Area Median Income (AMI); or
- Households with incomes at or below the poverty line.

2.3 Method of Distribution

Ninety percent (90%) of the HTF annual allocation will be used for the production, preservation and rehabilitation of affordable rental housing through the acquisition, new construction, reconstruction, or rehabilitation of non-luxury housing with suitable amenities. The Department will retain ten percent (10%) of the HTF annual allocation for allowable administrative and planning expenses.

The HTF program requires the Department to commit funds within 24 months of HUD's execution of the HTF grant Agreement.

2.4 Forms of Assistance

HTF funds may be used as broadly and flexibly as is permitted by federal regulations to address the unique underwriting needs of each project and the number of ELI tenants to be served. Forms of assistance may include:

- Equity Investments;
- Interest-bearing loans or advances;
- Non-Interest bearing loans or advances;
- Deferred payment loans;
- Grants; or
- Other forms of assistance approved by HUD.

2.5 Application and Award Process

HTF projects will be selected by the Department for funding consideration, subject to availability of funds. Applications will be reviewed for eligibility and evaluated using the Threshold Criteria set forth below. HTF funds will be awarded to eligible projects through a non-competitive, first-ready first-served basis and will be used to complement and in conjunction with on-going Department housing programs to leverage other project funding, make projects financially feasible and increase the number of ELI households served in state-funded projects. HTF funds may be used in projects utilizing RHFP, LIHTC, MBP, Shelter and Transitional Housing Grant Program (STHGP) and any other programs administered by the Department. HTF may also be used with projects receiving non-Department housing program funds such as other state, federal, local/public or private sources. HTF may not be used with any funding sources that cannot be combined with HTF (e.g., Public Housing per 24 CFR §93.203). HTF funds may be requested by a Sponsor as part of a project application or Department staff may, in consultation with a sponsor, propose the use of HTF funds during project review and underwriting. Successful recipients will receive a Notice of Award, which will state the Department's intent to award HTF funds.

3 Eligibility Requirements

3.1 Eligible Activities

HTF funds may only be used for the following eligible costs:

- Development hard costs;
- Acquisition costs;
- Related soft costs; and
- Relocation costs.

The Department will require that all applications for HTF funds must contain a description of the eligible activities to be conducted with the HTF funds.

HTF projects must also comply with Site and Neighborhood Standards requirements as established in the HTF interim rule published by HUD (Exhibit A). The Site and Neighborhood Standards at § 93.150 apply to new construction of rental projects receiving HTF funds.

All rehabilitation projects must meet the applicable HTF rehabilitation standards and the requirements of 24 CFR §93.301(b).

Due to the limited amount of the FFY 2018 HTF Program fund allocation, HTF funds will not be used for operating cost assistance and operating cost assistance reserves at this time. The Department will consider this eligible cost in the future. The Department will not use HTF funds for refinancing of existing debt.

3.2 Eligible Recipients

HTF funds may be allocated to for-profit or non-profit organizations, or other entities which have the demonstrated financial capacity and experience to complete and meet ongoing compliance requirements. A recipient must:

a. Provide a certification to the Department that it will comply with the requirements of the HTF program during the entire period that begins upon the selection of the recipient to receive HTF funds, and ending upon the conclusion of all HTF-funded activities,
b. Demonstrate the ability and financial capacity to undertake, comply, and manage the eligible activity;
c. Demonstrate its familiarity with requirements of other federal, state, or local housing programs that may be used in conjunction with HTF funds to ensure compliance with all applicable requirements and regulations of such programs; and
d. Have demonstrated experience and capacity to conduct an eligible HTF activity as evidenced by its ability to own, construct, rehabilitate, manage and operate an affordable multifamily rental housing development.

3.3 Minimum Threshold Requirements

DHCD staff will review all applicants to ensure compliance with the minimum threshold requirements as outlined in Section 3.3. If an application does not meet all of the minimum threshold requirements the application will not be considered for financing.

3.3.1 **Market Assessment**: A market assessment of the housing needs of ELI individuals to be served by the project must be submitted as part of the application. The assessment should review the neighborhood and other relevant market data to determine there is a current demand for the type and number of housing units being developed.

3.3.2 **Site Control**: Sponsors must have sufficient site control to allow projects to move forward if they receive an award of HTF funds. At the time of application, site control should extend for at least one-hundred and eighty (180) calendar days after the date of the application (including extension options). Acceptable evidence of site control includes deeds, contracts of sale, leases,

purchase options, Land Disposition Agreement and other similar agreements from a local government, or other evidence at the Department's discretion.

3.3.3 **Capital Needs Assessment (For projects acquiring an existing property)**: To ensure that the proposed rehabilitation of the project is adequate and that the property will have a useful life that exceeds the affordability period; a Capital Needs Assessment (CNA) of the property by a competent third party shall be submitted with the application. A CNA shall identify any work that must be complete immediately to address health and safety issues, violations of federal or state law, violation of local code, or any work necessary to ensure that the building can continue to operate as affordable housing.

3.3.4 **Phase I Environmental Site Assessment**: Each project must comply with applicable requirements of local, State, and federal environmental laws and regulations. As part of the Application Submission Package, an environmental assessment checklist or environmental report, if available, must be included. Environmental assessments must not be more than one (1) year old as dated from application submission. For acquisition/rehabilitation projects, the Phase I environmental Assessment must include lead-based paint and asbestos testing.

3.3.5 **Utility**: Evidence that public water, sewer, electric, gas, telephone, internet, and cable services are at project sites or will be available during the construction or rehabilitation period must be provided. Acceptable evidence of utility availability may include a letter from the Development Team's civil engineer, the utility company providing the service, a responsible local official, or, for existing buildings, copies of recent utility bills. Alternatively, the applicant may provide a certification in a form to be approved by the Department.

3.3.6 **Zoning**: Sites must be properly zoned for their intended use. If a zoning change, variance, or exception is required, sponsors must provide the following information in the application:

- Documentation illustrating the present status of the proposed zoning change and the local planning and zoning process;
- Contact information for a local official familiar with the project and responsible for the approval process; and
- A detailed schedule with projected dates for obtaining the required approvals corresponding to the project schedule in the Application Submission Package.

3.3.7 **New Construction - Priority Funding Areas (PFA)**: All projects involving any new construction must be located in a Priority Funding Area (PFA) under Maryland's Smart Green and Growing Initiative. PFAs include:

- All incorporated municipalities including Baltimore City, with some exceptions related to water, sewer, and density for areas annexed after January 1, 1997;
- All areas between the Baltimore beltway and the Baltimore City limits and the Washington, DC beltway and the Washington, DC boundary;
- All areas designated as Sustainable Communities, as defined by the Maryland Annotated Code, Housing and Community Development Article, Section 6-201(l);
- Federal and State enterprise zones;
- All areas designated by county governments as PFAs, including rural villages designated in county comprehensive plans as of July 1, 1998; and
- Certified heritage areas within locally designated growth areas.

All applications for projects involving any new construction must include a letter from the local government that certifies the project is located in a PFA. Information regarding PFAs may also be found at the link below:

http://www.mdp.state.md.us/ourproducts/pfamap.shtml

3.3.8 **Timeliness and Readiness to Proceed:** The readiness of the proposed project to proceed with construction or rehabilitation activities will also be a critical factor in the determination of the award of HTF funds. The Department will consider the status of other financing (firm written financial commitments for other financing is required prior to the commitment of HTF funds), the local approval process, and other relevant factors in establishing the readiness of a project to proceed. As part of the Application Submission Package, sponsors must complete the Anticipated Development Schedule. This schedule should be consistent with the Department's underwriting and construction review process. If a project is approved it is expected to meet the development schedule as proposed. In cases where a zoning change, variance, or exception is necessary, schedules must be consistent with the analysis provided by the Development Team's zoning attorney or engineer. In all cases, the Anticipated Development Schedule should reflect the project's readiness to proceed. Additionally, all projects must be financially feasible in accordance with the Department underwriting standards and generally accepted industry practices.

3.3.9 **Underwriting Standards**: All HTF-assisted projects must be consistent with regulatory requirements outlined in 24 CFR §93.300(b). All HTF-assisted must also conform to the following underwriting standards:

3.3.9.1 *Vacancy.* All projects will be underwritten with a minimum vacancy rate of 5%. Additionally, the Market Study must fully support the proposed vacancy level. The Department reserves the right to reject as infeasible any project that requires a vacancy rate of 10% or more.

3.3.9.2 *Operating Expenses.* Annual operating expenses, including all real estate taxes but excluding replacement reserve deposits, should be no less than $4,000 per unit per year and no more than $7,000 per unit per year. Waivers may be requested for small projects of up to forty (40) units, projects with master-metered (i.e. project paid) utilities, or other unusual circumstances.

3.3.9.3 *Reserves for Replacement.* All projects must budget at least $300 per unit per year in reserves for replacement (RFR) deposits. Additionally, RFR deposits must be adequate to support the project as determined by a CNA prepared by a qualified third party. The Department reserves the right, in its sole discretion, to require a new CNA every five (5) to ten (10) years and adjust RFR deposits based upon such new CNA.

3.3.9.4 *Operating Reserves.* Each project must establish an operating reserve equal to between three (3) and six (6) months of underwritten operating expenses, debt service payments, and required deposits to other reserves. At a minimum, capitalized operating reserves must remain in place until the project has achieved a minimum 1.15 debt service coverage ratio, economic break-even operations for one complete fiscal year as confirmed by the project's annual audit, and reached and sustained 90% occupancy for twelve (12) consecutive months. In the discretion of the Department, the operating reserve may be released over the next three (3) years provided the project continues to achieve economic break-even operations and sustains 90% occupancy. Upon release, operating reserves generally may be used to pay any outstanding deferred Developer's Fee, reduce any State loan, fund other reserves, fund project betterments, or otherwise be applied as approved by the Department.

3.3.9.5 *Trending.* In evaluating the long term viability of the project, the Department requires that rents and other revenue from the project be projected to increase by no more than 2% annually. Operating expenses (including property taxes) must be projected to increase by not less than 3% annually.

3.3.9.6 *Debt Service Coverage Ratio.* All projects must be underwritten to a minimum debt service coverage ratio (DSCR) of 1.15 in the first year of stabilized operations. The DSCR will be calculated including all must-pay debt service payments.

3.3.9.7 Market Analysis. All applications must provide a Market Study commissioned by the applicant that must demonstrate the need for affordable rental housing in the local market and must meet the following criteria:

- The Market Study must be prepared by an independent professional who has experience with affordable multifamily rental housing in Maryland and whose firm who have undergone peer review by the National Council of Housing Market Analysts (NCHMA).
- The Market Study shall be not more than six (6) months old as dated from application submission;
- The Market Study must meet the requirements of the HOME Rule at §92.250(b)(2) and provide a concise executive summary of the data, analysis , and conclusions of the report covering; a detailed description of the project including the proposed number of units by number of bedrooms, unit size in square feet, utility allowances for tenant paid utilities and rents; a geographic definition of the primary market area (PMA) and secondary market area (SMA) in including maps; and a complete and accurate description of the site and the immediate surrounding area. The Market Study must also assess the market for the planned units and determine if there is sufficient demand to rent the assisted units within in 18 months of project completion (§92.252); evaluate the capture rate, absorption rate and analyze the completion in the market.

3.3.10 Developer Experience: The capacity of the applicant for HTF Funds is critical to the successful development and continuing operation of the project. In the allocation of HTF Funds, the Department will only fund projects with a strong development team meeting the requirements below. The Primary Development Team consists of the Developer/Owner, the project's general contractor, architect and property manager. Capacity will be based on the demonstrated relevant experience and qualifications of the Primary Development Team. The Department will evaluate the Primary Development Team based on their record of accomplishment during the past five (5) years with projects that are similar in size, scope, and complexity to the proposed project. Primary Development Team members without appropriate experience should establish partnerships with experienced entities.

3.3.11 **Developer Financial Capacity**: The Department will also review the financial capacity of the Developer/Owner and Guarantor to determine if the Developer/Owner has access to sufficient working capital to carry the project through pre-development and/or unexpected challenges and the net worth sufficient to provide applicable guarantees of project completion and operations. The financial capacity of the Developer, including the project sponsor, guarantor, and general partner/managing member with an ownership interest in the project's ownership entity whether such roles are held by individuals, corporate entities, partnerships, or limited liability companies will be reviewed.

Financial statements for the three fiscal years prior to the application and the interim financial statements through the previous quarter are required for the project sponsor, project owner, guarantor, and general partner/managing member with an ownership interest in the project's ownership entity whether such roles are held by individuals, corporate entities, partnerships or limited liability companies. Each financial statement must identify all contingent liabilities including guarantees on other developments in process, income taxes estimated or accrued, and operating deficits. The required financial statements must include calculations of Total Assets, Total Liabilities, Current Assets, and Current Liabilities. The Department will use these figures to assess the Developer's financial capacity, assessing whether the Developer has access to sufficient working capital to carry the project through pre-development and/or unexpected challenges, and net worth (net assets for nonprofit organizations) sufficient to provide applicable guarantees of project completion and operations. Upon written request and at the Department's sole discretion, the requirement for Audited Financial Statements may be waived.

3.3.12 **Geographic Diversity**: HTF Program funds will be available on a State-wide basis. Ideally, housing opportunities for ELI household will be reasonably dispersed across the state, allowing physical mobility based on a household's own needs and preferences, and in doing so, promoting social and economic mobility for those same households. Achieving this end requires that the State invest in improving neighborhoods that already serve low income residents and providing new housing options in historically less affordable communities that provide residents access to a broad array of jobs, services and amenities.

Some projects not only provide needed affordable housing, but provide synergy, contributing to and expanding upon broader State and local community development investments. In order to

ensure that HTF funds are reasonably dispersed across the State, an eligible HTF project must be located within one of the areas below:

1. NHT funds may be awarded to any elderly or family project, new construction or rehabilitation, in a Qualified Census Tract (QCT) or Difficult Development Area (DDA) (this does not include any State-designated DDA under the authority granted in §42, more commonly referred to as a "state-designated basis boost") that contributes to a concerted community revitalization plan.

   To qualify for points in this category, a concerted community revitalization plan must meet the following requirements:

   a) Officially adopted or endorsed by a Local Government or created with Local Government involvement;
   b) Established to increase investment in the community or build from an existing community asset;
   c) Developed and approved in accordance with local planning requirements;
   d) Includes evidence of community and stakeholder engagement;
   e) Has a defined geographic boundary, that includes the proposed site or is focused within a single municipality, jurisdiction, or targeted area;
   f) If there is a housing component in the plan, the plan should include rehabilitation or new construction of rental housing as a goal for the community;
   g) Includes details of implementation measures along with specific time frames for the achievement of such policies and housing activities; and
   h) Provides a list of other investment occurring or planned within the immediate area.

   A community revitalization plan will be considered <u>ineligible</u> if it:

   a) Was formulated solely by a Development Team member. This requirement shall not exclude a plan which included Development Team member(s) as a participant in the planning process;

b) Is a comprehensive plan, consolidated plan, municipal zoning plan or land use plan; unless such plan includes a neighborhood-based or other location specific strategy that articulates where development may occur; or

c) Is not relevant to current neighborhood conditions.

Documentation must be submitted as part of the Application Submission Package that supports each of the elements above, including:

a) Certification form executed by both the applicant and the local government through the local planning department or zoning board that demonstrates that the plan meets the requirements of the Department;

b) A copy of the full revitalization plan; and

c) A map of area targeted by the plan identifying location of project.

2. NHT may be awarded to family projects with reasonable access to jobs, quality schools, and other economic and social benefits, as demonstrated by meeting at least one (1) of the following two (2) criteria:

   1. Be located in a "Community of Opportunity" as shown on the Maryland QAP Comprehensive Opportunity Maps posted to the Department's Web site at: http://www.dhcd.state.md.us/GIS/multifamily/index.html

      The Communities of Opportunity designated on the Maryland QAP Comprehensive Opportunity Maps are based on a "Composite Opportunity Index" developed by the Department. The Composite Opportunity Index uses publicly-available data and is based on three major factors: community health, economic opportunity, and educational opportunity. To be designated a Community of Opportunity, and mapped as such to the Maryland QAP Comprehensive Opportunity Maps, the community must have a Composite Opportunity Index that it is above the statewide average.

      The three major indicators that comprise the Composite Opportunity Index are:

      - *Community Health.* The community health indicator represents the wealth and quality of life in a community relative to the State average. The community health indicator has six (6) components, as follows:
        - Median household income obtained from the U.S. Census' American Community Survey (ACS) 2007-2011, five-year estimate.

Household income is positively correlated with community health. Higher household incomes support a more diversified economic base and enhance the tax basis and services of its local government.

- Ratio of owner-occupied to all occupied housing units (a proxy for homeownership rate) obtained from the ACS 2007-2011, five-year estimate. A higher homeownership rate indicates the economic stability of a community, which is positively correlated with community health.
- Median value of owner-occupied housing units obtained from the ACS 2007-2011, five-year estimate. This statistic indicates the strength of a community's real estate market relative to the average statewide market condition and is highly correlated with community health.
- Population growth between 2010 and 2012 obtained from the Economic and Social Research Institute (ESRI) 2012 community profile. A component of population growth is the number of people relocating to a community so this measures the quality of life in a community and is positively correlated with community health.
- Poverty rate, obtained from the ACS 2007-2011, five-year estimate. The poverty rate highlights the detrimental impact of concentrated poverty on quality of life in a community. This variable is inversely correlated with community health.
- Property vacancy rate obtained from the ESRI 2012 community profile. An elevated property vacancy rate negatively impacts community health. Vacant property is often correlated with higher crime and depreciation of property values in a community.

- *Economic Opportunity.* Economic opportunity measures the extent to which a community provides employment opportunity and mobility to its residents. Employment opportunity is measured by the following variables:

- Prevailing unemployment rate obtained from the ACS 2007-2011, five-year estimate. This variable, which measures employment opportunity in a community, is inversely related with economic opportunity.
- Median commute time to work obtained from the ACS 2007-2011, five-year estimate. The commute time measures proximity to regional employment opportunities and is inversely related with economic opportunity.

- *Educational Opportunity.* Educational opportunity measures the outcomes of student performance and educational attainment in the community. This indicator is measured by the following variables:
  - Maryland School Assessment (MSA) scores, proficient and advanced, for elementary, middle, and high school students obtained from Maryland Department of Education for the 2011/2012 academic year. These scores play a key role in determining educational advancement as well as opportunities available to students. The MSA scores are positively correlated with educational opportunity.
  - Percent of population with a college degree (both undergraduate and graduate degrees) obtained from the ACS 2007-2011, five-year estimate. This variable is positively related to educational opportunity.
  - Percent of population with no high school diploma, obtained from the ACS 2007-2011, five-year estimate. This variable is inversely related with educational opportunity.

2. Be located in a geographic area defined by applicable law as a community of opportunity for affordable family housing or identified as such by an order or consent decree entered by a federal or State court of competent jurisdiction or by a settlement agreement to which the Department or a local government in Maryland is a party. As of the publication of this Guide, the Department is aware of two such settlements:

1) Baltimore City: The case of *Thompson v. HUD*. The following link provides information on census tracts designated as Communities of Opportunity in the *Thompson* case:
http://www.brhp.org

2) Baltimore County: The Conciliation Agreement among HUD, several complainants, and Baltimore County to designate 116 census tracts in Baltimore County as Communities of Opportunity. These census tracts are outlined in Exhibit F of the Conciliation Agreement found at the following website:

http://www.baltimorecountymd.gov/Agencies/planning/fairhousing/hudconciliation.html
http://www.baltimorecountymd.gov/Agencies/planning/fairhousing/hudconciliation.html

3. NHT funds may also be awarded to a project that is located in one of the following:
   - Be located in a rural area. For purposes of this section, a rural area includes any area eligible under the U.S. Department of Agriculture's Rural Development programs or any area in Allegany, Caroline, Dorchester, Garrett, Kent, Somerset, Washington, Wicomico, or Worcester Counties that are not otherwise Community Development Block Grant (CDBG) entitlement communities or HOME Participating Jurisdictions. Or
   - Be located in any of the following: Certified Heritage Areas within county designated growth areas; Sustainable Communities; Empowerment Zones; Federal or Maryland Enterprise Zones; Main Street/Maple Street Maryland communities; or rural villages designated in county comprehensive plans as of July 1, 1998 and where there is evidence of other recent public investment in the plan area.
     - The Sustainable Communities Program is a place-based designation offering a comprehensive package of resources that support holistic strategies for community development, revitalization, and sustainability. The following link provides a list of approved Sustainable Communities:

http://dhcd.maryland.gov/Communities/Pages/dn/default.aspxht

tp://dhcd.maryland.gov/Communities/Pages/dn/default.aspx

http://dhcd.maryland.gov/Communities/Pages/dn/default.aspx

3.3.13 Duration of Affordability Period: HTF-assisted units must meet the affordability requirements for a period of 40 years, which begins at project completion. The affordability requirements will be imposed by a Regulatory Agreement or other similar document recorded in accordance with State recordation laws. The affordability restrictions may be terminated upon foreclosure or transfer in lieu of foreclosure. Each application must include a project pro forma to cover the 40 year HTF affordability period and include rents that are affordable to the ELI household.

4 Priority Criteria

The following factors will also be evaluated by the Department in its review of applications for HTF funding:

1. **State Housing Priority Needs:** The HTF is primarily a production program meant to add units to the supply of affordable housing units for ELI household. The extent to which the project proposed to meet this objective will be evaluated by the number of ELI units proposed along with the merits of the application in meeting the priority housing of the locality where the project is located such as accessibility to transit or employment enters, housing that includes green building and sustainable development features or housing that serves special needs populations;
2. **Project-Based Funding:** The Department will provide a priority for projects with project-based rental subsidies for all of the HTF-assisted units in the project. Documentation from the local Public Housing Authority or other entity must be provided to show that the project-based subsidies will be in place for the term of at least five (5) years with renewal provision. The project-based assistance may be federal, state, or locally funded. Other forms of project-based assistance will be reviewed on a case by case request. For Example: If the Department receives

two equal applications, the one with documented project-based rental assistance will be given priority. [1]

3. **Leveraging:** In the award of HTF Funds, the Department will provide a priority for projects which leverage non-Federal funding sources. For this purpose, non-Federal funding sources will include equity raised from the sale of Low Income Housing Tax Credits, as well as loans funded from the proceeds of tax-exempt bonds. The Department will evaluate the percentage of total development costs funded by non-state resources. For purposes of this section State resources, in accordance with the chart below, include:

   - All equity generated from competitive LIHTC awards from the State's LIHTC ceiling except any LIHTC awarded as the result of a federally or state designated basis boost;
   - Department-administered rental housing resources, including, but not limited to, RHFP, RHW, HOME, NHT, CDBG, the Community Legacy Program, Demolition Funds, and the Partnership Rental Housing Program.

   Leveraged funding may include:

   - Equity from a federal or state basis boost;
   - Equity from non-competitive 4% LIHTC awards;
   - The proceeds of MBP financing;
   - Local contributions (as described below);
   - Locally-controlled federal resources such as HOME, CDBG, or State Small Cities CDBG;
   - Other non-Department State funding;
   - Private financing; and
   - Private or philanthropic funding.

Projected equity from federal Historic Tax Credits (HTC) is also considered leveraged funding. To qualify the applicant must (i) provide evidence that the Part 1-Historic Preservation Certification Application has been submitted to the Maryland Historical Trust (MHT); (ii) document that MHT has recommended approval of the Part 1 Application or documents that the project building(s) is already listed in the

[1] Public comments received requested DHCD not score the applications received.

National Register; and (iii) certify that the applicant will complete the HTC application process and diligently pursue HTC equity investment.

All calculations for this section will be based on Department underwriting of a project which may include adjustments to LIHTC equity based on Department assumptions about credit pricing as announced by the Department. Additionally, for projects with market rate (i.e. non-income restricted) units and mixed-use projects, the Department will consider only leveraged funds applicable to the affordable units by prorating both sources and uses to remove non-residential and market rate components of the project. Residential costs will be prorated based on the project's Applicable Fraction (as defined in the Internal Revenue Code) unless the Department determines that market rate and affordable units are not comparable in which case the Department, in its sole discretion, may require greater itemization of costs to allocate sources and uses to the affordable portion of the project.

Finally, because projects in rural areas have higher fixed transaction costs due to their relatively smaller size and have less access to locally controlled sources of leverage, the Department will calculate percentages for rural projects, as defined below, on a higher scale than for non-rural projects. Additionally, because family projects located in Communities of Opportunity are an important priority of the Department, percentages will be calculated on a higher scale as well.

For purposes of this section, a rural area includes any area eligible under the U.S. Department of Agriculture's Rural Development programs or any area in Allegany, Caroline, Dorchester, Garrett, Kent, Somerset, Washington, Wicomico, or Worcester Counties that are not otherwise CDBG entitlement communities or HOME Participating Jurisdictions.

DIRECT LEVERAGING (Sec. 4.5.1 of the Guide)		**0**
Project Located in QCT/DDA or 9%LIHTC Area of Opportunity?	choose one:	
If "yes," enter acquisition credit, if any, amount:	(See Form 202, Tax Credit tab)	
Is project considered a rural transaction?		
Is project a Family Project located in a Community of Opportunity?		
1. Tax Credit Subsidy		
Annual LIH Tax Credits (allocated credits only)	Note: do not include automatic 4% LIHTC	
Less Adjust for QCT 130%	Qualified Census Tract Table Generator	$ -
Credit Period		10
Total LIH Tax Credits		$0

Imputed Raise-Up		0.94
LIH Tax Credit Subsidy		$0
2. Total DHCD Subsidy		
Rental Housing Funds	Note: include DHCD, but not Local, HOME funds	$0
PRHP		$0
Other DHCD Funds	Note: do not include Tax-Exempt or Taxable Bonds	$0
Total State Funds		$ -
Tax Credit Subsidy		$0
Total DHCD Subsidy		$0
3. All Project Costs		$0
4. Adjusted Costs		
# Affordable BRs		0
Total BRs		0
% Affordable		0%
All Project Costs		$0
Adjusted Costs		$0
5. Leverage Evaluation		
Total DHCD Subsidy		$0
Adjusted Costs		$0
% DHCD Funds		0.00%
% Leveraged Funds		100.00%

Percentages will be calculated as follows:

Leveraged Funding: Family Projects Located in a Community of Opportunity	**Leveraged Funding: Rural**	**Leveraged Funding: All Other Projects**
40%+	45%+	50%+
35% to <40%	40% to <45%	45% to < 50%
30% to <35%	35% to <40%	40% to <45%
25% to <30%	30% to <35%	36% to <40%
20% to <25%	25% to <30%	33% to < 36%

15% to <20%	20% to <25%	30% to <33%
10% to <15%	15% to <20%	27% to <30%
5% to <10%	10% to <15%	24% to <27%
3% to <5%	5% to <10%	22% to <24%
2% to <3%	3% to <5%	20% to <22%
<2%	<3%	< 20%

Priority will be given to projects that demonstrate the highest leverage percentage of non –Department resources, including HTF to other private resources.

5 Additional Program Requirements

5.1 Affirmative Fair Housing Requirements

The State of Maryland has a compelling interest in creating fair and open access to affordable housing and promoting compliance with state and federal civil rights obligations. Fair Housing requirements apply to the full spectrum of housing activities including but not limited to outreach and marketing, the qualification and selection of residents and occupancy.

Eligible applicants must include a certification that the project will develop and implement an Affirmative Fair Housing Marketing Plan (AFHMP) using form HUD-935.2A.

To provide the greatest access to housing opportunities by Maryland's residents, all AFHMPs must include, at a minimum, the following provisions:

- Prohibit income requirements for prospective tenants under the Section 8 Tenant-based Assistance: Housing Choice Voucher program, VASH, HOME Tenant-based Rental Assistance or similar voucher programs;
- Eliminate local residency preferences;
- Ensure access to leasing offices for persons with disabilities;
- Provide flexible application and office hours to permit working families and individuals to apply;
- Encourage credit references and testing that take into account the needs of persons with disabilities, special needs or homeless families; and
- Give prompt written notification to any rejected applicant describing the ground for any rejection.

An owner of HTF-assisted rental housing must comply with the affirmative marketing requirements above, and adopt and follow written tenant selection policies and criteria that:

- Limit the housing to income eligible families;
- Are reasonably related to the applicant's ability to perform the obligations of the lease;
- Limit eligibility or give preference to a particular segment of the population if permitted in its written agreement with the grantee (and only if described in the grantee's consolidated plan) and preference is established in accordance with the requirements further detailed in this section;
- Do not exclude applicants with vouchers under the Section 8 Tenant-based Assistance: Housing Choice Voucher Program or HOME Tenant-based Rental Assistance; and
- Provide for the selection of tenants from a written waiting list in the chronological order of their applications, insofar as is practicable.

5.2 Tenant Selection

There must be a written lease between the tenant and owner of HTF-assisted rental housing for a period of not less than 1 year, unless a shorter period is mutually agreed upon. The lease may not contain any of the following provisions:

- Agreement to be sued;
- Treatment of property;
- Excusing owner from responsibility;
- Waiver of notice to be sued;
- Waiver of legal proceedings;
- Waiver of a jury trial;
- Waiver of right to appeal court decision;
- Tenant chargeable with cost of legal actions regardless of outcome; and
- Mandatory supportive services.

5.3 Other Additional Requirements:

HTF projects must also meet the following requirements:

- *Initial Rents and Utility Allowances.* The Department will establish maximum monthly allowances for utilities and services and annually review and approve rents proposed by HTF-assisted project owners;

- *Tenant Income and Over-Income Tenant.* Project owners must determine tenant eligibility by calculating the household's annual income using the definition of income, 24 CFR part 5.609. Income determinations are conducted at initial occupancy and the project owner must re-examine each tenant's annual income each year during the period of affordability. For HTF units that also receive project-based rental assistance, annual income must be reexamined based on the rules applicable to the project-based assistance. HTF –assisted units continue to qualify as affordable housing despite a temporary non-compliance caused by increases on the income of the existing tenants. When that occurs, grantees must make every effort to bring the units back into income compliance as soon as it is feasible; and
- *Fixed and Floating HTF Units.* In a project containing both HTF-assisted and other units, the grantee will designate fixed or floating HTF units at the time of project commitment in the written agreement between the grantee and the recipient. The actual HTF units must be identified not later than the time of project completion. Fixed units remain the same throughout the affordability period and floating units are changed to maintain compliance with the requirements of 24 CFR §93.302(g) during the affordability period.

6 Development Quality

6.1 Property Standards

Projects are eligible for HTF funds only if the housing will meet the applicable property standards upon completion. All HTF – assisted projects must meet all applicable State and local codes, ordinances and zoning requirements. In the absence of those codes, the housing must meet the International Residential Code or International Building Code (as applicable). All HTF - assisted projects (both new construction and rehabilitation) must meet the following requirements:

- The accessibility requirements of 24 CFR part 8, Titles II and III of the Americans with Disabilities Act implemented at 28 CFR Parts 35 and 36; and 24 CFR 100-205 as applicable; and other improvements that are not required by the regulations or statute that permit use by a person with a disability;
- The energy efficiency standards established pursuant to Section 109 of the Cranston-Gonzalez National Affordable Housing Act;

- Where relevant, the housing must be constructed or rehabilitated to mitigate the impact of the potential disasters, in accordance with applicable State and local codes, ordinances, and requirements, or other requirements established by HUD.
- The Department will review and approve written cost estimates and ensure that construction contracts and work will meet the all applicable standards; and
- The Department will conduct initial, progress and final inspections to ensure work is done in accordance to work write-ups/ architectural specification.
- The Department will determine the useful life of major system through a capital needs assessment and require a replacement reserve when the useful life of systems is less than the affordability period
- The housing must meet the lead-based paint requirements at 24 CFR part 35;
- All housing must be decent, safe, sanitary, and in good repair as described at 24 CFR 5.703. HUD will establish the minimum deficiencies that must be corrected under these rehabilitation standards based on inspectable items and inspectable areas from the HUD prescribed physical inspection procedures (Uniform Physical Condition Standards) pursuant to 24 CFR 5.705

6.1.1 Health and Safety Violations

Health and safety violations can be divided into non-life threatening and exigent, life threatening conditions. Non-life threatening violations include items such as pavement and walkway problems that create the potential for tripping and falling; missing or non-functioning sinks and bathroom components in individual units that impair human sanitation; missing exterior doors; and floor covering damage. Such violations must be addressed within thirty (30) days.

If the housing is occupied at the time of the rehabilitation, exigent health and safety and fire hazards must be addressed immediately (within 72 hours) because of their life-threatening potential. Exigent health and safety violations include exposed electrical wires or water leaks on or near electrical equipment; propane /natural gas/methane gas detected; emergency/fire exits that are blocked; unusable fire escapes; gas or oil fired hot water heaters with missing or misaligned chimneys that pose carbon monoxide hazards. Fire safety hazards include missing or inoperative smoke detectors; fire extinguishers expired or window security bars preventing egress from a building.

In addition, all rehabilitation projects must meet the NHT, and HOME rehabilitation standards (attached as Exhibit B).

6.2 Maximum Per-Unit Development Subsidy

As a Housing Credit Agency (HCA) and the administrator of HOME funds for over twenty-five years for the state of Maryland, DHCD is charged with determining project cost reasonableness on an annual basis. This is achieved by aggregating expenditures per historical cost certification data of completed projects for FY 2016 as illustrated in the chart below. Construction and land costs serve as a benchmarking mechanism and are categorized by geographical area. Some of the unique features of NHT, such as low-income targeting, have no impact on rental housing development costs in Maryland. Based on unit size/number of bedrooms, the maximum per-unit development subsidy amount will be the lesser of DHCD's 2016 Actual Per Unit Cost and the 2016 Maryland HOME Subsidy Limit (effective May 24, 2017). At no time will the per-unit development subsidy exceed the 2016 Maryland HOME Maximum Subsidy Limits (effective May 24, 2017); these limits are:

Unit Size/Number of Bedrooms	Washington, DC and Baltimore PMSA 2016 Actual Per Unit Cost	Other Areas of State 2016 Actual Per Unit Cost	2016 HOME Subsidy Limit (effective May 24, 2017)
0	$134,415	$115,347	$141,088
1	$166,099	$138,415	$161,738
2	$199,318	$166,099	$196,672
3	$239,182	$199,319	$254,431
4	$286,797	$238,998	$279,285

Maryland Department of Housing and Community Development
7800 Harkins Road, Lanham, Maryland 20706

The Maryland Department of Housing and Community Development (DHCD) has established the following rehabilitation standards as the primary document for identifying and correcting sub-standard conditions in dwellings being rehabilitated with National Housing Trust and/or HOME funds.

REHABILITATION STANDARDS
FOR DHCD MULTIFAMILY HOUSING PROGRAMS INCLUDING NHT AND THE HOME PROGRAM

"Rehabilitation" is defined as "the process of restoring a property to the greatest degree of usefulness, through repair or upgrade, creating an energy efficient contemporary use while preserving those portions and features of the property which are significant to its historic, architectural and cultural values."

The purpose of these standards is to establish minimum guidelines when the Department of Housing and Community Development (DHCD) undertakes a rehabilitation project funded in whole or part with NHT and/ or HOME (State or Federal) funds.

DHCD requires that all housing units and building exteriors receiving rehabilitation work be brought up to the Maryland Building Performance Standard (COMAR 05.02.07), or county codes whenever more restrictive, and meet minimum livability codes. All work must be performed within industry standards and be of acceptable quality. Upon completion of any project all major systems must have a remaining useful life of a minimum of twenty (20) years, if not; replacement of components will be required. Major systems include structural framing, roofing, cladding and weatherproofing (e.g., windows, doors, siding, gutters), plumbing, HVAC, electrical and elevators.

All materials used in connection with DHCD financed projects are to be new, above Builder Grade quality and without defects.

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I. GENERAL REQUIREMENTS

Working Hours

All work at the site, unless otherwise agreed upon as part of the Construction Contract, shall be performed during regular/business working hours. Regular/normal, or otherwise, working/business hours will be specified in the Construction Contract between the Owner(s) and the General Contractor.

Guaranties and Warranties

General Contractor shall guarantee the work performed for a period of one year from the date of Substantial Completion, as represented by a fully executed AIA Document G704 Certificate of Substantial Completion with a 2.5% of Construction Contract dollar volume Latent Defect, or Maintenance, Bond. Upon notification by the property owner and at the contractor's sole expense, the contractor will correct any and all defects due to unacceptable workmanship and/or materials and/or damages resulting thereby. Contractor shall furnish the property owner with Operation & Maintenance (O&M) Manuals minimally containing all manufacturers and supplier's written guarantees and warranties, as applicable, covering materials and equipment furnished under the construction contract.

Permits

The General Contractor must apply for and have issued all required grading or trade permits prior to the start of any work. Building permits are by Owner. Permits for specific trades must be obtained prior to the specific trade starting work. Contractor is responsible for securing all required permits unless otherwise stated in the scope of work.

Safety

The contractor will be responsible for all safety precautions and programs in connection with the work. The contractor must take all necessary precautions for the safety of, and provide all necessary protection to prevent damage, injury or loss to (i) residents, employees and other persons who may be affected: (ii) the work and all materials and equipment whether in storage on or off the site; and (iii) other property at or adjacent

to the site, including trees, shrubs, lawns, walks, pavements, roadways, structures and utilities not slated for removal, relocation or replacement during the course of construction. The contractor must comply with all applicable laws, ordinances, regulations and order of any public authority having jurisdiction for the safety and protection of persons or property. The contractor must establish and maintain all necessary safeguards for the duration of the contract. This shall include posting of signage and other warnings against hazards, disseminating safety regulations, and notifying the Owner and residents of the posting. Materials identified as toxic waste such as, but not limited to, lead and asbestos, must be removed or remediated in accord with applicable federal, state and local regulations by companies licensed to do so.

Subcontractors

Subcontractors will be bound by the terms and conditions of the Construction Contract insofar as it applies to their work. The General Contractor is directly responsible to the owner for the proper completion of all work under the contract and shall not be released from this responsibility by any arrangement they may have with any subcontractor(s).

II. GENERAL SITE CONDITIONS AND EXTERIOR BUILDING CRITERIA (for specific information refer to Building Evaluation Report (BER) and/or Environmental Site Assessment (ESA)

SITE CRITERIA

Positive Drainage

All drainage on a site to drain away from building(s). Slope shall have a 6 inch drop within 10 feet. Drainage should be toward a street, alley, or easement, and be facilitated by elevation around structures or design to include the construction of swales.

Cleanup

At all times the premises must be kept in a clean and well-organized manner free from construction materials and waste. All debris, trash, waste and surplus materials including excess dirt, tree and shrubs, etc., must be removed from the job site and shall be disposed of by legal means by recycling where feasible, or, to a proper land fill.

Remove any temporary containers or structures that are located on site and legally dispose of all debris resulting from construction activities. At a minimum, exterior spaces shall be yard raked and free of all construction related debris before ground is seeded/stabilized and/or sodded.

Trees

Trees that are too close to the structure or threaten the structure shall be trimmed or removed. Otherwise, shade trees shall be preserved whenever possible.

Landscaping

Refer to contract documents for landscaping scope of work. Where soil is disturbed for installation of water and sewer, or to remove unneeded sidewalks or outbuildings, etc., plantings or grass seed and straw shall be provided to cover bare soil.

Paving and Walks

Deteriorated, cracked or unleveled essential walkways, such as accessible route, will be removed and replaced. Non-essential paving such as unnecessary sidewalks will be removed and appropriately landscaped.

Any areas of failed paving to be removed and replaced under the supervision of Soils Technician. Paving to be milled and overlain or resurfaced as recommended in BER.

Soil Treatment

Play Areas: Bare soil play areas frequented by children under the age of six years shall be tested for arsenic, lead content. Any bare soil over 400 parts per million (ppm) of lead shall be covered per Maryland Department of the Environment (MDE) regulations, or, minimally, with a reinforced landscape cloth and impermanent surface covering e.g. gravel, bark, sod, or artificial turf with no lead content. Loose impermanent covering such as bark or gravel shall be applied in a thickness of not less than 6 inches.

Other Bare Soil: Bare soil outside of play areas shall be tested for lead content. Bare soil over 1200 ppm of lead and totaling more than 6 square feet per property shall be covered with a reinforced landscape cloth or other impermanent surface covering, an interim control measure which prevents children access to the bare soil. Soil lead levels

above 5000 ppm of lead require abatement of the soil. Abatement shall include removal and replacement of soil or covering with concrete or other permanent barrier considered to have a life span of 20 years or more.

Outbuildings

Repair Standard
Unsafe and blighted structures, including outbuildings, sheds, garages and barns, will be removed if it is not financially feasible to complete the repairs required to make them structurally sound and weatherized with lead hazards stabilized.

Replacement Standard
No removal/replacement of outbuildings is allowed unless the work is reviewed and approved by DHCD on a case-by-case basis.

Lifts

Lift requirements shall be determined based on mobility needs of proposed tenants. Manufacturer's installation instructions, specifications, and all necessary components, including but not limited to, required permits/inspections, to complete the project will be followed. Contractors licensed by the State of Maryland to perform the work will perform all work within industry standards.

Repair Standard
Unsafe or inoperable lifts will be repaired, if components are able to be repaired according to Manufacturer's instructions, specifications, including but not limited to, required permits/inspections, to complete the project will be followed. Contractors licensed by the State of Maryland to perform the work will perform all work within industry standards.

Replacement Standard
Unsafe or obsolete lifts will be replaced, if any components are unable to be repaired according to Manufacturer's instructions, specifications, including but not limited to, required permits/inspections, to complete the project will be followed. Contractors

licensed by the State of Maryland to perform the work will perform all work within industry standards.

EXTERIOR BUILDING CRITERIA

Access

All access to residential structures must meet accessibility requirements in 24 CFR part 8 including any additional local code requirements and accessibility standards.

Exterior Paint

Any exterior painting must meet lead-based paint requirements at 24 CFR 35.

Repair Standard
All lead paint shall be stabilized using lead-safe practices and performed by contractor(s) licensed by the State of Maryland to perform lead paint remediation work.

Replacement Standard
Leaded components shall be replaced, encapsulated and/ or the paint removed by Lead Safe certified contractors to create a lead-free exterior using lead-safe practices and following all Maryland Historic Trust (MHT) and Local Preservation Office's requirements.

Exterior Cladding

Repair Standard
Siding and trim will be intact and weatherproof. All exterior wood components shall have a minimum of two continuous topcoats of exterior grade paint and one coat of back prime. All exterior painted surface will be free of any peeling, flaking or deteriorated paint.

Replacement Standard: Minimum Useful Life: 10 Years
Durable siding over house wrap, or replacement of original materials with in-kind materials and design, where cost-effective.

Exterior Porches

Repair Standard
Unsafe or unsightly porches will be repaired to conform closely to historically accurate porches in the neighborhood or with in-kind material and design approved by the MHT. Porch repairs will be structurally sound, with smooth and even decking surfaces.

Replacement Standard: Minimum Useful Life: 10 Years
Deteriorated wood porches shall be rebuilt with preservative treated structural lumber using manufacturer's recommended fasteners and suitable exterior decking material. Masonry elements shall be rebuilt with masonry.

Exterior Steps and Decks

Repair Standard
Steps, stairways, and porch decks will be structurally sound, reasonably level, and trip free with smooth, even surfaces.

Replacement Standard: Minimum Useful Life: 20 years
New steps and stairways shall be constructed of preservative treated lumber using manufacturer's recommended fasteners in conformance with local code, or of masonry. Porch decks shall be replaced with suitable exterior decking material.

Exterior Railings

Repair Standard
Handrails will be present on one side of all interior and exterior steps or stairways with more than four risers, and guard railings are required around porches or platforms over 30 inches above ground level. Railing repairs will be historically sensitive. All handrails shall be easy to grasp and shall have 'returns' to wall surface at each end of the handrail.

Replacement Standard: Minimum Useful Life: 15 Years

Exterior Hardware

Replacement Standard

Every dwelling unit will have a mailbox, or mail slot, and minimum Grade 2 exterior door hardware.

Concrete, Steps and Landings

Repair Standard
Steps, stairways, and porch decks will be structurally sound, reasonably level, with smooth and even surfaces with no slip, trip or fall issues.

III. FOUNDATION CRITERIA

Any exterior painting must meet the lead-based paint requirements at 24 CFR 35.

Foundations

Repair Standard
Foundations will be sound, reasonably level, and free from movement and subject to an engineering review if determined by DHCD.

Replacement Standard:
Must meet state and local building code.

Stability

The foundation must be structurally sound and the top of foundation - at base of structure - must not be significantly out of level.
The foundation may be constructed of concrete block, stone, piers or solid concrete on footing designs in accord with state and/or local regulation.

Reconstruction of foundations must adhere to state and/or local foundation design code including depth, installation of rebar, etc. Lack of stability beyond a reasonable level that would create an unsafe condition will preclude rehabilitation being undertaken.
The type of foundation construction may vary (i.e. brick, solid concrete, stone, concrete block or piers) for geographic regions throughout the State but all must be structurally sound and meet the State and Local Building Codes.

Collapsed Sections

Collapsed sections of foundations must be reconstructed as prescribed by state/local code or a stamped engineer's blueprint including engineer's recommended sequence of

construction. Consideration should be given to the degree to which the remaining foundation meets minimum standards.

Cracks

Inspect and evaluate foundations to identify cracks. All cracks must be filled with non-shrink grout or other appropriate materials. All cracks with more than a 1/4 inch spread shall be investigated by a licensed engineer and have an appropriate treatment applied.

Foundation, Vent

All foundations with a crawl space must be adequately vented to meet code requirements. Foundation vents must be screened, louvered and operational. Flood vents are required for properties located in FEMA designated flood zones.

Spalling Foundation

Spalling refers to the condition exemplified by crumbling or, weak, localized areas of concrete. Where these conditions exist, foundations must be reviewed by a licensed contractor, and if necessary, corrected with a design provided by a Structural Engineer licensed in the State of Maryland.

IV. STRUCTURAL INTEGRITY CRITERIA

Defined

Structural Integrity means that the foundation, roof, walls and floor system must not show any significant signs of movement or deterioration/damage. The foundation shall be intact without any signs of leaning, sagging, etc. Shell and foundation shall be of standard construction and be covered by durable, weather-tight and appropriate building exterior material.

Bearing Walls

Identify and inspect bearing walls, beams, supports for proper construction and structural integrity. Repair or replace with in-kind material, or, by accepted industry standard, to maintain integrity of the structure. No bearing walls may be removed when

undertaking rehabilitation unless appropriate alternative construction support design is installed per all state/local regulations to permit a safe working environment and compensate for the structural removal.

Existing Additions

All additions to residential structures must be permitted, be on a properly constructed foundation and must not evidence separation from the original structure.

Structural Walls

Repair Standard
Structural framing and masonry shall be free from visible deterioration, rot, or termite/insect damage and be adequately sized for current loads. Prior to rehab, all sagging floor joists or rafters will be visually inspected to determine cause. Repair by replacing or by sistering as required. Significant structural damage and its cause must be identified and corrected.

Replacement Standard
Newly constructed structural walls must meet State and Local building code and be inspected prior to close-in.

Firewalls

Repair Standard
Party walls shall be maintained without cracks and finish deterioration. Removal/replacement of wall surface to be 5/8 inch type X gypsum, glued and screwed to studs equal to UL rated 2-hour fire rating.

Replacement Standard: Minimum Useful Life: 10 Years

V. BUILDING ENVELOPE CRITERIA

Any repairs must meet the lead-based paint requirements at 24 CFR 35.

Siding Material

All siding must be weather tight and in good condition. If the siding has a remaining useful life of less than 5 years it should be repaired or replaced with in-kind materials wherever possible and be approved by the State Historic Preservation Office where applicable.

Existing asbestos siding in good condition is not inappropriate as a siding material. Repair/replace broken, detached or fraying siding by a licensed contractor per Maryland Department of the Environment (MDE) regulations.

Asphalt siding is considered to be an inappropriate material by the Fire Marshal. In accord with state and local regulations, a fire retardant siding material may cover this material when rehabilitation is undertaken.

Paneling, untreated plywood, sheetrock and other materials that are not rated for exterior application are deemed inappropriate and must be removed.

All siding must be installed in accordance with manufacturer's recommendations. The installation of any air sealing or weatherization shall be performed per Building America Best Practices, Vol. 4 and/or state and local code.

Painting and Exterior Walls

Correct chipping, cracking and deteriorating paint using Lead Safe certified contractor per federal, state and local regulations. If the structure was built prior to 1978, the local or state regulations may require that a lead-based paint analysis be conducted. Lead-based paint hazard reduction work may only be performed by qualified contractors that meet all EPA, MDE requirements.

Historic Considerations

All structures in historic districts or those with architectural features that exemplify unique architectural characteristics must be given special consideration. The State Historic Preservation Office shall be involved in making specific decisions affecting these projects.

VI. ROOFING CRITERIA

Roofing Specifications

Remove and dispose of all existing roof material and defective sheathing using CDX plywood, or other roof deck material of matching thickness.

Install new ridge vent, preformed aluminum drip edge, and vent pipe boots. Replace all flashing. Valleys and eaves shall have ice and water shield; fasten 15 lb. felt, or synthetic underlayment, and install fiberglass asphalt shingles with a 30-year warranty. Install shingles over ridge vent. No roof shall exceed two layers of asphalt shingles.

Trusses and Supports

Install engineered trusses 24” on center to match existing profile, 5/8” CDX plywood sheathing and 30-year fiberglass asphalt shingles over 15 lb. felt. Extend the chimney and plumbing vents, through a 5/8” plywood roofing deck.

Unless otherwise specified, all material shall match existing as closely as possible for material, style, color and method of installation. Seal all edges. Flash and caulk all adjoining surfaces and make weather tight. Replace all flashing, roofing accessories and nails using rust-resistant material. Install all roofs in one continuous operation. .

Slope Requirements

Minimum roof pitch shall be four inch to one-foot rise for shingled roofs. Roof areas not having minimum slope should be considered for reconstruction or replaced with standing seam, membrane, or other suitable roofing product. Installation shall be to code and manufacturer’s recommendations.

Pitched Roofs

Repair Standard
Missing and leaking shingles and flashing shall be repaired on otherwise functional roofs. Slate roofs shall be repaired in-kind.

Replacement Standard: Minimum Life: 30-Years
Fiberglass asphalt, three-tab, weighing 220-240 lbs., 30-year warranty shingles with continuous ridge vent stopping one foot from both ends. Energy-Star rated wherever feasible.

Flat and Low Slope Roofing

Repair Standard
Remove and replace any localized damage, or area of leak, with in-kind material by a certified roofing company.

Replacement Standard: Minimum Useful Life: 10 Years
Fully adhered EPDM over insulation board. Or Install a 3-ply built-up fiberglass roof of one coated glass base sheet and two plies of Type IV fiberglass, hot mopped. Install gravel stop, flashing and vent collars with .019 aluminum. Flood coat & embed aggregate. Or Install 90 lb. mineralized fiberglass roll roofing using a 4" minimum overlap, fastened per manufacturer's specs.

Fascia and Soffit Board

Fascia shall be 2x dimensional lumber wrapped with pre-bent vinyl clad aluminum fascia. Replace damaged, worn and/or aged soffit material. Install vented vinyl soffit that simulates beaded T&G soffit material. Include all trim accessories.

Chimneys

Install brick chimney, on the original footing, including one 8”x 8” terra cotta flue liner and cement wash at top. Install or replace chimney cap with a 2’ x 2’ metal or precast concrete cap cemented in place.

Repair Standard
Structurally unsound chimneys shall be repaired or removed and replaced by a licensed contractor. When chimneys are to be used for combustion ventilation, they shall be relined. Repair chimney above roof area by cutting out mortar at least ½”, removing all loose material and repointing using Portland cement mortar or equivalent. Saturate joints with water before applying mortar. Match color as closely as possible. Replace all missing or defective materials with matching materials. Clean mortar and other debris from adjoining surfaces and gutter.

Replacement Standard: Minimum Life: 20 Years

Fireplace flues may not be reconstructed in this program. Replacement furnace flues shall be metal double- or triple-walled as recommended by the furnace manufacturer.

Gutter/Downspout

Gutters and downspouts must be in good condition. Gutters and downspouts are to be installed to direct storm water away from residence. All standard gutters to be .027 gauge thicknesses, 5 inch "K" style, seamless. Downspouts and elbows are to match gutters and be properly fastened with preformed straps and pop rivets. Properly angled concrete splash blocks or extensions are to be installed at the end of each downspout. Install downspouts at each corner and major offsets with straps 3' on center. Gutter guards are not permitted unless the residence is located in an extensively wooded setting and the owner is not physically capable of maintaining the gutters.

VII. INTERIOR COMPONENT CRITERIA

Any interior repairs must meet the lead-based paint requirements at 24 CFR 35.

Interior Standards Lead-Containing Components

Repair Standard
Particular attention must be considered in dwelling units built in and before 1978. Deteriorated lead-based paint on walls, trim, doors, and cabinets must be stabilized using lead-safe work practices. A liquid encapsulate can be applied on components when the surface is deemed suitable for such coatings, otherwise, other encapsulate methods may be used. All work to be performed by contractor(s) licensed by the State of Maryland to perform lead paint remediation work.

Replacement Standard
When funding is sufficient, lead-containing walls, trim, doors and cabinets identified during a lead-paint inspection can be replaced or enclosed as appropriate.

Flooring

Repair Standard
Bathroom and kitchen floors shall be rendered smooth and cleanable using polyurethane or by being covered with water-resistant vinyl flooring or ceramic tile.

Damaged wood floors may be repaired with in-kind material. Basement floors shall, minimally, be continuous concrete.

Replacement Standard: Minimum Life: 6 Years
Baths shall receive vinyl sheet goods over plywood underlayment or ceramic tile over cement bed. Kitchens shall be vinyl composition tile over plywood or ceramic tile over cementitious underlayment. New basement slabs shall be at least 4” standard reinforced slab on grade.

Closets

Repair Standard
All bedrooms shall have closets with a door, clothes rod, and shelf.

Replacement Standard: Minimum Life: 15 Years
All bedrooms shall have a minimum of one 4’ long by 2’ wide closet with swing, or sliding, doors and wire shelf.

Interior Walls and Ceilings

Repair Standard
All holes and cracks shall be repaired to create a continuous flat surface and any deteriorating paint should be stabilized using lead-safe measures. Minimum height for habitable rooms is 7’ 6”.

Replacement Standard: Minimum Life: 10 Years
Walls shall be plumb, ceilings level with a smooth finish on at least ½” (5/8” type X for ceilings) gypsum and/or plaster.
Additional Reference: American Gypsum Association

Hazardous Materials

Repair Standard
Asbestos, lead paint, and other hazards, when identified, shall be addressed in conformance with applicable local, state, and federal laws. If lead abatement or asbestos remediation is part of the project, rehabilitated properties shall be cleaned to pass a lead dust clearance test to the levels prescribed by federal, state and local regulations.

Lead Paint

A lead-based paint analysis should be conducted on houses constructed prior to 1978 that evidence chipping, flaking, cracking and otherwise deteriorating paint. If testing reveals the existence of lead-based paint surfaces, they must be removed or covered as prescribed by federal, state and local Lead-Based Paint regulations. All housing must meet the lead-based paint requirements at 24 CFR 35.

Fire Barriers

Five-eighth inch Type X sheetrock is required under joist in garages that have a living area above them and on walls in garages adjoining living quarters. Five-eighth inch Type X sheetrock is also required when another structure is within five feet of the wall being reconstructed as part of the rehabilitation activity. No cardboard materials, paper materials, tarpaper, or exterior insulation materials, such as fiberboard, will be permitted in for use at interior walls.

Damaged Interior Walls

Holes in sheetrock must be repaired and precautions taken to prevent future damage by installation of doorstops, blocking, or other necessary measures. Water damaged sheetrock must be removed and replaced once inspection to determine cause is complete. In bathrooms, waterproof green, or blue sheetrock or other similar drywall material must be utilized. Interior walls with decayed sheetrock must be repaired by removal and replacement with new sheetrock followed by appropriate level of finish.

Ceilings

All cracked or deteriorating ceilings require an inspection to determine the cause. Correct underlying problem before the ceiling is repaired. Cracks must be properly repaired with finish restored and the ceiling completely repainted when treated.

Bath and Shower Areas

When there is decaying ceramic wall tile or plastic tile in bath or shower areas, the deteriorated finishes and substrate must be removed. Water proof sheetrock – or

cement backer board, at ceramic tile – must be installed and reused or new tile installed, grouted, sealed and edges caulked.

Stairwell

Stairs shall have no slip/trip hazards.
All stairways must have continuous handrails on at least one side of stairwell, 34 to 36" from top of nosing and handrail grip shall be at least 1-½ inches in width.

VIII. KITCHEN FACILITIES CRITERIA

Minimum Cabinet Requirements

All kitchens must have sufficient base cabinets/countertops to house a kitchen sink and provide sufficient usable countertop area and upper cabinets to optimize kitchen storage areas. Replace all Unsanitary or nonfunctional cabinets. Replacement cabinets must be of mid-grade quality, plywood box construction.

Counter Tops

All countertops showing evidence of wear, water damage, delamination of surface material, etc. must be replaced. New counter tops, minimally, shall be laminate Formica type material and shall include back splash, finished ends or approved equal.

Faucets

All kitchen plumbing must be inspected by a licensed plumber to ensure that faucets and drainpipes work properly. Installation of new countertops requires sink removal and, with few exceptions, new sinks and faucets must be provided. All new sinks must be vented as prescribed by the Uniform Plumbing Code (UPC). New faucets shall be Water Sense rated fixtures.

Flooring

Worn flooring with delaminating, or, missing tiles, and/or cracked, pealing areas, etc., require new flooring be installed. Worn carpeting may not show trip/fall hazard and must be replaced where these condition occur. The use of indoor/outdoor carpeting is

discouraged. Replacement of carpet with 10-year warranty vinyl or laminate floor covering is acceptable.

Lighting and Electrical

GFCI outlet receptacles will be installed as required to meet National Electric Code (NEC). Minimum lighting in kitchen will consist of one lighting fixture in the kitchen/cooking area and one lighting fixture in an adjoining eating/dining area. The use of Energy Star rated light fixtures is recommended at replacement locations, fluorescent lighting is an acceptable alternative.

IX. BATHROOM CRITERIA

Minimum Requirements

The minimum standard in a residential structure is as follows: One functional toilet, lavatory, towel rack, ring or hook and either a shower or a bathtub. Any additional bathrooms in a house, at minimum, must contain a toilet, towel rack, ring or hook and a sink.

Sinks

All faucets must have sufficiently accessible hot and cold water levers and must be in good functioning condition. The sink must have a proper drain with P-trap and be vented to the outside as prescribed by the Uniform Plumbing Code. A shut-off valve at the water line connection is required when replacements are made. Use Water Sense rated fixtures for all plumbing fixture replacements. Inspection of bathroom plumbing by a licensed plumber to be conducted in conjunction with the above.

Ventilation

All bathrooms must have an operational window or a functional electric exhaust vent fan vented to the exterior.

Doors

All bathroom doors must be functional.

Flooring

Existing bathroom flooring must be inspected at the base of the toilets to ensure that leaking is not occurring. When leaking has occurred and sub floor has rotted, the sub floor must be removed and replaced in-kind, or, minimally, by 3/4" plywood. Whenever a toilet is removed or installed for any purpose, new toilet wax-ring gaskets must be used. Finish flooring material that permits water to seep into the sub floor is unacceptable. Finish floor shall be sealed ceramic tile on proper setting bed or 10-year warranty sheet goods installed continuously and properly sealed at all termination points.

Bathroom Lighting

All bathrooms must have at least one light that can be switched from the inside. Lights switched from the outside generally do not need to be relocated, unless the room is being rewired. Any electrical outlet installed or upgraded must be GFCI outlet receptacles and installed as required to meet NEC.

X. BEDROOM CRITERIA

Closets

All bedrooms must have access to closets for storage or clothing. On existing housing, closets in adjoining hall areas are acceptable.

Lighting

All bedrooms must have one switchable light fixture, preferably in the interior of the bedroom next to the entrance.

Outlets

Use of extension cords is discouraged and additional outlets should be provided whenever possible to avoid their use. Any new bedroom receptacle circuits shall have ARC protection circuit interruption protection with receptacles located according to building code as well as NEC requirements.

XI. GENERAL ELECTRICAL CRITERIA

A licensed electrician shall inspect all wiring, motors, fixtures and devices for proper function, shorts, defects, etc. Adhere to NEC for compliance. Non-functioning and dangerous equipment shall be replaced with new Energy Star rated equipment. Wiring, devices and fixtures, where replaced, shall be replaced with appropriately sized code-compliant wire, outlets, devices and fixtures with Energy Star rated products where applicable.

Electric Service

Repair Standard
Main distribution panels shall be adequate to safely supply power to all existing and proposed electrical devices and meet NEC and local codes.

Replacement Standard
If electrical demand requires a heavy-up, or replacement, the new service panel shall conform to the Current NEC and local code. Upgrades shall be 200 amp, main disconnect, 110/220 volt, 32 circuit panel board, and, if required, meter socket, weather head, service cable and ground rod and cable. Seal exterior service penetration.

Knob and Tube Wiring

Knob and tube wiring in attics is not acceptable when insulation covers the wires. This type of wiring needs to expel heat through the insulation and is considered to be a potential fire hazard when covered by insulation. Knob and tube wiring in attics must be replaced with code-compliant wire whenever replacement is undertaken. Knob and tube wiring may be left intact in walls where insulation is not to be accomplished. Consult a licensed electrician to ensure code compliance and safety.

Ground Faults

Ground fault electrical outlets must meet local code and NEC.

Alarms

Smoke Detector: Install a UL approved ceiling mounted fire/smoke/carbon monoxide detector interconnect and permanently wire into a receptacle box or provide a lithium battery operated fire/smoke/carbon monoxide detector on all floors to code.

Carbon Monoxide Detector: While all dwellings should have a carbon monoxide detector, any dwelling heated by fossil fuel must have one.

Safety Considerations

No hanging wires are permitted. All light fixtures should be inspected to ensure that they are solidly hung and that the electrical connections have not been loosened. All electrical fixtures that evidence wear must be replaced with new fixtures. All electrical outlets, switches and/or junction boxes must have cover plates. Any switches or outlets which are non-functional must be inspected by a licensed electrician and be repaired or terminated. Provide light switches to basement areas, particularly when there is an open staircase. Exterior lighting shall be weather proof.

Exterior Electric

Repair Standard
All entrances will be well lighted and either switched at the interior side of the door, or the light will be controlled by a photoelectric cell. Motion activated security lighting will be installed at the rear and sides of properties where indicated to increase safety. All dwelling units will have at least one exterior, GFCI protected, electrical receptacle.

Replacement Standard: NA

Interior Electric Distribution

Repair Standard
Exposed knob and tube shall be replaced. Every room will have a minimum of two duplex receptacles, or, as stated in the NEC, placed on separate walls and one light fixture or receptacle switched
At each room entrance. Receptacles will be grounded where the source wiring circuit is accessible (i.e. first floor above basements, in gutted rooms, etc.). All switch, receptacle, and junction boxes shall have appropriate cover plates. Wiring shall be free from hazard and all circuits shall be properly protected at the panel. Floor receptacles shall be

removed and a metal cover plate installed. All electrical systems shall be installed per NEC.

Replacement Standard: Minimum Life: 15 Years
When wall finish surfaces are removed, the room shall be rewired to the latest version of the National Electric Code (NEC).

Ground Fault and Arch Fault Circuits

Basement and kitchen receptacles within 6 feet of a sink, all bath receptacles and all exterior receptacles shall be protected by a GFCI.

Kitchen Electric Distribution

Permanently installed stoves, refrigerators, freezers, dishwashers and disposals, washers and dryers shall have separate circuits sized to NEC. Two separate alternating 20-amp counter circuits are required with each kitchen area.

Stairwell Lighting

All common halls and stairways between living space must be well lighted with a fixture controlled by 3 way switches at both ends of the hall or stairway.

XII. GENERAL PLUMBING CRITERIA

Plumbing System Water Supply

All fixtures must supply a flow rate of 3-gallons per minute.
All inoperable or leaky main shut off valves shall be replaced. Lead pipe and exposed galvanized pipe shall be replaced with copper pipe or CPVC pipes.

Drain, Waste, Vent Lines

Waste and vent lines must function without losing the trap seal. When replacement is required, lines shall be installed in accordance with the most recently approved mechanical codes.

Plumbing Minimum Equipment

Every dwelling unit shall have a minimum of one single bowl sink with hot and cold running water in the kitchen and at least one bathroom containing a toilet, a vanity with sink and a shower/tub unit, both with hot and cold running water.

Additional References: Local housing code.

Plumbing Fixtures

Repair Standard
All fixtures and faucets shall have all working components.

Replacement Standard: Minimum Life: 20 Years
Single lever, metal faucets and shower diverters with 15-year drip-free warranty. Ceramic toilets, double bowl stainless steel sinks, fiberglass tub surrounds and 5' fiberglass or steel enameled tubs. Replacement plumbing fixture to be Water Sense labeled.

Water Heaters

Repair Standard
Each dwelling unit shall have a hot water heater. The minimum capacity for units with two bedrooms or less shall be 30 gallons; larger units shall have a minimum capacity of 40 gallons. Insulation jackets shall be present unless manufacturer provided an internal insulation blanket. Water heaters shall have pressure relief valves with drip legs that extend to within one foot of the floor. Expansion tanks will be included with the installation of new water heaters.

Replacement Standard: Minimum Life: 8 Years
High efficiency, Energy Star rated water heaters with at least R-7 insulation and an 8-year replacement warranty, or combination with the same minimum capacity as noted above.

Type of Pipe

Unless otherwise specified, all materials shall be copper or CPVC for domestic water, PVC for waste. All items shall operate without leakage, noise, vibration or hammering.

All penetration of building components shall be neat, sleeved and fire stopped. No solder containing lead shall be used in any pipe or fixture. Damage to structural members from drilling or notching shall be repaired to the acceptance of the owner, Agency and to code. Plumbing must be done in accordance with the Uniform Plumbing code.

Venting

The Uniform Plumbing Code requires that all drains be vented. All drains that are changed as a result of replacing or installing fixtures must be vented in accordance with the Uniform Plumbing Code.

Faucets

If newly installed, replaced faucets should be mid-grade lever handle faucets of chrome or white ceramic.
The color and type are to be selected by the owner from stock samples.

Functional Sewer Lines

Each residential property must have its own functional sewer line. All houses with problems with sewage backup must be investigated and repairs made to the sewer line. The new water line shall be laid without joints from meter hub to main shut off valve inside structure. The utility trench is to be filled and mounded in anticipation of future earth settlement and the contractor is responsible for any required regrading within the one year warranty period. All galvanized lines should be replaced.

Shut-off Valves

All plumbing fixtures which are removed and replaced require the installation of new shut-off valves.
All gas appliances that are removed and replaced require a new gas shut-off valve that is to be installed by a licensed plumber.

Vent Stacks

All vent stacks must be at least one foot above the roof and appropriately sealed to prevent infiltration of water.

XIII. BUILDING WATER TIGHTNESS CRITERIA

Windows

Windows are not to be replaced unless they are inoperable and are permitting the infiltration of air, snow or rain. Any replacement or treatment of windows must meet the MHT requirements and any Historic Requirements of the local jurisdiction.
Rotted sills and trim are to be replaced . All windows should have locking devices for security. If new windows are required they must be Energy Star rated. All operable windows must have screens.

Repair Standard
All single glazed windows shall be replaced with Energy Star rated Double-glazed windows. Windows shall have a locking device and mechanism to remain partially open.

Dilapidated lead-containing windows should be replaced by certified Lead Safe contractor. All habitable rooms shall have a window for egress.

Replacement Standard: Minimum Life: 20 Years
Energy Star Rated Double-glazed, double or single hung. PVC, low E, one over one, with historically sensitive snap-in grids and a minimum for your region. All new construction windows shall meet 5.7sf net clear opening.

Basement, Egress

Any basement bedroom must have a code compliant window or door egress system.

Door

When doorjambs are in good condition or the doors are of unusual sizes, hollow core wood, prefinished or unfinished doors will be provided. All exterior doors should be provided with locking hardware.

Exterior Doors

Repair Standard

Doors shall be solid, weather stripped, operate smoothly, and include a peep site, a dead bolt, and an entrance lock set.

Replacement Standard: Minimum Life: 10 Years
All replacement doors at the front of the property will be historically sensitive and Energy Star rated. Steel six- panel doors may be installed at entrances not visible from the front street. Dead-bolt locks will be installed on all doors. All exterior entrance doors shall be minimum size of 36x80. Landings in front of exterior doors shall be minimum depth of 36".

Interior Doors/Placement

Repair Standard
All bedrooms, baths and closets shall have operating doors.

Replacement Standard: Minimum Life: 10 Years
Hollow core, pressed wood product with bedroom lockset of suitable standard finish.

Wall Insulation:

When the framing is exposed during rehabilitation, insulation must be installed with a minimum value of R-13. Insulation installed for newly constructed homes shall be R-21.

Insulation

Repair Standard NA

Replacement Standard: Minimum Life: 15 Years
Attic areas and crawl space will be insulated. Attic insulation shall be R-49, and for crawl spaces R-19. Frame walls will be insulated with R-13 fiberglass batts if the wall finish is removed, and with high density cellulose otherwise. 6 mil Plastic vapor barriers will be placed over bare soil in crawl spaces. Crawl space shall have vents unless crawl space is conditioned. If crawl space is conditioned, must have sump-pump.

Attic Ventilation

Repair Standard NA

Replacement Standard: Minimum life: 20 Years
Attics will be ventilated with a minimum of 1 square foot of free vent for each 300 square feet of roof area.

Kitchen Ventilation

Range hoods or exhaust fans shall be exterior ducted; where it is possible.

Bath Ventilation

Repair Standard NA

Replacement Standard: Minimum Life: 5 Years

Exterior ducted 70 CFM. 20 somes with separate switch in all full baths.

Basement/Crawl Space Insulation

Floor joist shall be insulated with a minimum value of R19 and crawl spaces shall have a vapor barrier of 6 mil plastic. Exception shall be determined on the age of the home and dimensional lumber used in that era.

Roof Insulation: All ceilings under attics or roofs must be insulated with a minimum value of R-49.

XIV. HVAC

Heating/Ventilation/Air Conditioning Plant

Repair Standard

Inoperative, hazardous or inefficient (less than 75% AFUE) heating plants (HVAC units) shall be repaired and altered to perform at least 85% efficiency, where feasible. Programmable thermostats are required.

Replacement Standard: Minimum Life: 20 Years
Gas- and oil-fired plants (HVAC units) shall be Energy Star rated. Heat pumps/HVAC units shall be rated at 16 SEER or better. Programmable thermostats are required. Replacement heating/HVAC equipment shall be properly sized in accordance with the ACCA's Manual J or other recognized methodology. Data for heat load/loss calculations shall be based on post-rehabilitation conditions.

Distribution System

Repair Standard

Energy Star rated Heat-pump (or equal) integrated HVAC system heating unit capable of safely and adequately heating (or cooling as applicable) a conditioned space is defined (in relevant part) as an area in a building provided with heating or cooling systems or appliances capable of maintaining 68 Deg. F during the heating season or 80 Deg. F during the cooling season.

To include all vents, vent covers, returns, ducts, and concrete (or comparable) pad for exterior condenser/heat exchanger, electrical and plumbing connections as per code. Programmable thermostats are required.

All ductwork shall be well supported, sealed with mastic and insulated in unconditioned spaces.

Replacement Standard: Minimum Life: 20 Years

XV. DISASTER MITIGATION

Any rehabilitation or replacement of homes will include all necessary local codes/state codes and/or federal requirements in order to mitigate any damage that may have occurred as a result of a disaster and as well as addressing any future disaster.

Flood Plain Requirements

When the project is in a flood zone (floodplain): the following surveys will be required.

CDA requires the completion of a survey by a registered surveyor for all projects. The survey must include the required information and be accompanied by the appropriate certificates.

The Survey must comply with the ALTA Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys (effective 2/23/2011). Table A must include all items except items 5, 10(b), 15 and 21. A full size copy of the survey must be provided to CDA and its counsel for review and approval prior to execution.

Upon completion of a project that involves adding buildings or other improvements, roads and/or sidewalks, an as-built survey which complies with the above requirements must be provided. CDA at its discretion may require an as-built survey for other types of projects.

The survey needs to include the following items:

- Lot lines and set-back lines
- Location of all existing easements, rights of way, improvements on or encroachments upon, over, to or from the property
- Location of all items that will be listed in Schedule B, Part II of the lender's title policy.

Termite Treatment

Contractor will provide termite treatment including adjacent soil treatment and foundation barrier cap. Treatment shall be done upon foundation completion and prior to main floor construction.

XVI. LEAD BASED PAINT

All properties must meet the lead –based paint requirements at 24 CFR 35. All properties built prior to 1978 may be subject to a Lead Paint Testing Assessment Report prepared for the property owner by an approved Risk Assessor.

Bidders must be Renovation, Repair and Painting (RRP) Certified by Environmental Protection Agency (EPA), or State of Maryland Lead Safe Certified for lead safe work practices for this project or any home built prior to 1978. Prior to work beginning, the contractor shall provide evidence of all required certificates and accreditations.

In addition, prior to starting work, each owner is to be provided a copy of the EPA "Protect Your Family from Lead in Your Home" pamphlet.

All lead-based paint operations are to be performed in accordance with all State, County, City and Federal regulations.

XVII. ENERGY CONSERVATION

All new construction and rehabilitation projects shall be energy efficient and follow current International Energy Efficiency Code (IEEC) as adopted by the State of Maryland.

Examples of Green building practices

WEB SITE REFERENCES:

ENERGY STAR
www.energystar.gov

Ventilation
www.ashrae.org

NOTE: All projects requiring rehabilitation must meet the following requirements:

1. Plans and specifications prepared by an accredited Architect;
2. A Capital Needs Assessment prepared by a third party (Architect, engineer, etc.) documenting the remaining useful life of all major systems and components outlined below.
   If the remaining life of a component is less than the affordability period, the component must be repaired or replaced; an adequate replacement reserve must be established and underwriting must include regular payments to the reserve account.
3. DHCD Construction staff must review prepared Plans and specifications against the Capital Needs Assessment along with a site inspection of the property to confirm all required rehabilitation work conforms with required mitigation outlined below.

Appendix A: Uniform Physical Condition Standards for Multifamily Housing Rehabilitation – Requirements for Site

Inspectable Item	Observable Deficiency	Degree of Deficiency	Required Mitigation
Fencing and Gates	Damaged/Falling/Leaning	Level 1	Must be repaired or replaced
	Holes	Level 1	Must be repaired or replaced
	Missing Sections	Level 1	Must be repaired or replaced
Grounds	Erosion/Rutting Areas	Level 1	Must be repaired or replaced
	Overgrown/Penetrating Vegetation	Level 1	Must be repaired or replaced
	Ponding/Site Drainage	Level 1	Must be repaired or replaced
Health & Safety	Air Quality - Sewer Odor Detected	Level 1	Must be repaired or replaced
	Air Quality - Propane/Natural Gas/Methane Gas Detected	Level 1	Must be repaired or replaced
	Electrical Hazards - Exposed Wires/Open Panels	Level 1	Must be repaired or replaced
	Electrical Hazards - Water Leaks on/near Electrical Equipment	Level 1	Must be repaired or replaced
	Flammable Materials - Improperly Stored	Level 1	Must be repaired or replaced
	Garbage and Debris - Outdoors	Level 1	Must be repaired or replaced

	Hazards - Other	Level 1	Must be repaired or replaced
	Hazards - Sharp Edges	Level 1	Must be repaired or replaced
	Hazards - Tripping	Level 1	Must be repaired or replaced
	Infestation - Insects	Level 1	Must be repaired or replaced
	Infestation - Rats/Mice/Vermin	Level 1	Must be repaired or replaced
Mailboxes/Project Signs	Mailbox Missing/Damaged	Level 1	Must be repaired or replaced
	Signs Damaged	Level 1	Must be repaired or replaced
Parking Lots/Driveways/Roads	Cracks	Level 1	Must be repaired or replaced
	Ponding	Level 1	Must be repaired or replaced
	Potholes/Loose Material	Level 1	Must be repaired or replaced
	Settlement/Heaving	Level 1	Must be repaired or replaced
Play Areas and Equipment	Damaged/Broken Equipment	Level 1	Must be repaired or replaced
	Deteriorated Play Area Surface	Level 1	Must be repaired or replaced
Refuse Disposal	Broken/Damaged Enclosure-Inadequate Outside Storage Space	Level 1	Must be repaired or replaced
Retaining Walls	Damaged/Falling/Leaning	Level 1	Must be repaired or replaced
Storm Drainage	Damaged/Obstructed	Level 1	Must be repaired or replaced
Walkways/Steps	Broken/Missing Hand Railing	Level 1	Must be repaired or replaced
	Cracks/Settlement/Heaving	Level 1	Must be repaired or replaced
	Spalling/Exposed rebar	Level 1	Must be repaired or replaced

Appendix A: Uniform Physical Condition Standards for Multifamily Housing Rehabilitation – Requirements for Building Exterior

Inspectable Item	Observable Deficiency	Degree of Deficiency	Required Mitigation
Doors	Damaged Frames/Threshold/Lintels/Trim	Level 1	Must be repaired or replaced
	Damaged Hardware/Locks	Level 1	Must be repaired or replaced
	Damaged Surface (Holes/Paint/Rusting/Glass)	Level 1	Must be repaired or replaced
	Damaged/Missing Screen/Storm/Security Door	Level 1	Must be repaired or replaced
	Deteriorated/Missing Caulking/Seals	Level 1	Must be repaired or replaced
	Missing Door	Level 1	Must be repaired or replaced
Fire Escapes	Blocked Egress/Ladders	Level 1	Must be repaired or replaced
	Visibly Missing Components	Level 1	Must be repaired or replaced
Foundations	Cracks/Gaps	Level 1	Must be repaired or replaced
	Spalling/Exposed Rebar	Level 1	Must be repaired or replaced
Health and Safety	Electrical Hazards - Exposed Wires/Open Panels	Level 1	Must be repaired or replaced
	Electrical Hazards - Water Leaks on/near Electrical Equipment	Level 1	Must be repaired or replaced
	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	Level 1	Must be repaired or replaced
	Emergency Fire Exits - Missing Exit Signs	Level 1	Must be repaired or replaced
	Flammable/Combustible Materials - Improperly Stored	Level 1	Must be repaired or replaced
	Garbage and Debris - Outdoors	Level 1	Must be repaired or replaced
	Hazards - Other	Level 1	Must be repaired or replaced
	Hazards - Sharp Edges	Level 1	Must be repaired or replaced
	Hazards - Tripping	Level 1	Must be repaired or replaced
	Infestation - Insects	Level 1	Must be repaired or replaced

	Infestation - Rats/Mice/Vermin	Level 1	Must be repaired or replaced
Lighting	Broken Fixtures/Bulbs	Level 1	Must be repaired or replaced
Roofs	Damaged Soffits/Fascia	Level 1	Must be repaired or replaced
	Damaged Vents	Level 1	Must be repaired or replaced
	Damaged/Clogged Drains	Level 1	Must be repaired or replaced
	Damaged/Torn Membrane/Missing Ballast	Level 1	Must be repaired or replaced
	Missing/Damaged Components from Downspout/Gutter	Level 1	Must be repaired or replaced
	Missing/Damaged Shingles	Level 1	Must be repaired or replaced
	Ponding	Level 1	Must be repaired or replaced
Walls	Cracks/Gaps	Level 1	Must be repaired or replaced
	Damaged Chimneys	Level 1	Must be repaired or replaced
	Missing/Damaged Caulking/Mortar	Level 1	Must be repaired or replaced
	Missing Pieces/Holes/Spalling	Level 1	Must be repaired or replaced
	Stained/Peeling/Needs Paint	Level 1	Must be repaired or replaced
Windows	Broken/Missing/Cracked Panes	Level 1	Must be repaired or replaced
	Damaged Sills/Frames/Lintels/Trim	Level 1	Must be repaired or replaced
	Damaged/Missing Screens	Level 1	Must be repaired or replaced
	Missing/Deteriorated Caulking/Seals/Glazing Compound	Level 1	Must be repaired or replaced
	Peeling/Needs Paint	Level 1	Must be repaired or replaced
	Security Bars Prevent Egress	Level 1	Must be repaired or replaced

Appendix A: Uniform Physical Condition Standards for Multifamily Housing Rehabilitation – Requirements for Building Systems

Inspectable Item	Observable Deficiency	Degree of Deficiency	Required Mitigation
Domestic Water	Leaking Central Water Supply	Level 1	Must be repaired or replaced
	Missing Pressure Relief Valve	Level 1	Must be repaired or replaced
	Rust/Corrosion on Heater Chimney	Level 1	Must be repaired or replaced
	Water Supply Inoperable	Level 1	Must be repaired or replaced
Electrical System	Blocked Access/Improper Storage	Level 1	Must be repaired or replaced
	Burnt Breakers	Level 1	Must be repaired or replaced
	Evidence of Leaks/Corrosion	Level 1	Must be repaired or replaced
	Frayed Wiring	Level 1	Must be repaired or replaced
	Missing Breakers/Fuses	Level 1	Must be repaired or replaced
	Missing Outlet Covers	Level 1	Must be repaired or replaced
Elevators	Not Operable	Level 1	Must be repaired or replaced
Emergency Power	Auxiliary Lighting Inoperable (if applicable)	Level 1	Must be repaired or replaced
Fire Protection	Missing Sprinkler Head	Level 1	Must be repaired or replaced
	Missing/Damaged/Expired Extinguishers	Level 1	Must be repaired or replaced
Health & Safety	Air Quality - Mold and/or Mildew Observed	Level 1	Must be repaired or replaced
	Air Quality - Propane/Natural Gas/Methane Gas Detected	Level 1	Must be repaired or replaced
	Air Quality - Sewer Odor Detected	Level 1	Must be repaired or replaced
	Electrical Hazards - Exposed Wires/Open Panels	Level 1	Must be repaired or replaced
	Electrical Hazards - Water Leaks on/near Electrical Equipment	Level 1	Must be repaired or replaced
	Elevator - Tripping	Level 1	Must be repaired or replaced

	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	Level 1	Must be repaired or replaced
	Emergency Fire Exits - Missing Exit Signs	Level 1	Must be repaired or replaced
	Flammable Materials - Improperly Stored	Level 1	Must be repaired or replaced
	Garbage and Debris - Indoors	Level 1	Must be repaired or replaced
	Hazards - Other	Level 1	Must be repaired or replaced
	Hazards - Sharp Edges	Level 1	Must be repaired or replaced
	Hazards – Tripping Hazards	Level 1	Must be repaired or replaced
	Infestation - Insects	Level 1	Must be repaired or replaced
	Infestation - Rats/Mice/Vermin	Level 1	Must be repaired or replaced
HVAC	Boiler/Pump Leaks	Level 1	Must be repaired or replaced
	Fuel Supply Leaks	Level 1	Must be repaired or replaced
	General Rust/Corrosion	Level 1	Must be repaired or replaced
	Misaligned Chimney/Ventilation System	Level 1	Must be repaired or replaced
Roof Exhaust System	Roof Exhaust Fan(s) Inoperable	Level 1	Must be repaired or replaced
Sanitary System	Broken/Leaking/Clogged Pipes or Drains	Level 1	Must be repaired or replaced
	Missing Drain/Cleanout/Manhole Covers	Level 1	Must be repaired or replaced

Appendix A: Uniform Physical Condition Standards for Multifamily Housing Rehabilitation – Requirements for Common Areas

Inspectable Item Location	Observable Deficiency	Degree of Deficiency	Required Mitigation
Basement/Garage/Carport	Baluster/Side Railings - Damaged	Level 1	Must be repaired or replaced
Closet/Utility/Mechanical	Cabinets - Missing/Damaged	Level 1	Must be repaired or replaced
Community Room	Call for Aid - Inoperable	Level 1	Must be repaired or replaced
Halls/Corridors/Stairs	Ceiling - Holes/Missing Tiles/Panels/Cracks	Level 1	Must be repaired or replaced
Kitchen	Ceiling - Peeling/Needs Paint	Level 1	Must be repaired or replaced
Laundry Room	Ceiling - Water Stains/Water Damage/Mold/Mildew	Level 1	Must be repaired or replaced
Lobby	Countertops - Missing/Damaged	Level 1	Must be repaired or replaced
Office	Dishwasher/Garbage Disposal - Inoperable	Level 1	Must be repaired or replaced
Other Community Spaces	Doors - Damaged Frames/Threshold/Lintels/Trim	Level 1	Must be repaired or replaced
Patio/Porch/Balcony	Doors - Damaged Hardware/Locks	Level 1	Must be repaired or replaced
Restrooms	Doors - Damaged Surface (Holes/Paint/Rust/Glass)	Level 1	Must be repaired or replaced
Storage	Doors - Damaged/Missing Screen/Storm/Security Door	Level 1	Must be repaired or replaced
	Doors - Deteriorated/Missing Seals (Entry Only)	Level 1	Must be repaired or replaced
	Doors - Missing Door	Level 1	Must be repaired or replaced
	Dryer Vent -Missing/Damaged/Inoperable	Level 1	Must be repaired or replaced
	Electrical - Blocked Access to Electrical Panel	Level 1	Must be repaired or replaced
	Electrical - Burnt Breakers	Level 1	Must be repaired or replaced
	Electrical - Evidence of Leaks/Corrosion	Level 1	Must be repaired or replaced
	Electrical - Frayed Wiring	Level 1	Must be repaired or replaced
	Electrical - Missing Breakers	Level 1	Must be repaired or replaced

Inspectable Item Location	Observable Deficiency	Degree of Deficiency	Required Mitigation
	Electrical - Missing Covers	Level 1	Must be repaired or replaced
	Floors - Bulging/Buckling	Level 1	Must be repaired or replaced
	Floors - Floor Covering Damaged	Level 1	Must be repaired or replaced
	Floors - Missing Floor/Tiles	Level 1	Must be repaired or replaced
	Floors - Peeling/Needs Paint	Level 1	Must be repaired or replaced
	Floors - Rot/Deteriorated Subfloor	Level 1	Must be repaired or replaced
	Floors - Water Stains/Water Damage/Mold/Mildew	Level 1	Must be repaired or replaced
	GFI - Inoperable	Level 1	Must be repaired or replaced
	Graffiti	Level 1	Must be repaired or replaced
	HVAC - Convection/Radiant Heat System Covers Missing/Damaged	Level 1	Must be repaired or replaced
	HVAC - General Rust/Corrosion	Level 1	Must be repaired or replaced
	HVAC - Inoperable	Level 1	Must be repaired or replaced
	HVAC - Misaligned Chimney/Ventilation System	Level 1	Must be repaired or replaced
	HVAC - Noisy/Vibrating/Leaking	Level 1	Must be repaired or replaced
	Lavatory Sink - Damaged/Missing	Level 1	Must be repaired or replaced
	Lighting - Missing/Damaged/Inoperable Fixture	Level 1	Must be repaired or replaced
	Mailbox - Missing/Damaged	Level 1	Must be repaired or replaced
	Outlets/Switches/Cover Plates - Missing/Broken	Level 1	Must be repaired or replaced
	Pedestrian/Wheelchair Ramp	Level 1	Must be repaired or replaced
	Plumbing - Clogged Drains	Level 1	Must be repaired or replaced
	Plumbing - Leaking Faucet/Pipes	Level 1	Must be repaired or replaced

Inspectable Item Location	Observable Deficiency	Degree of Deficiency	Required Mitigation
	Range Hood /Exhaust Fans - Excessive Grease/Inoperable	Level 1	Must be repaired or replaced
	Range/Stove - Missing/Damaged/Inoperable	Level 1	Must be repaired or replaced
	Refrigerator - Damaged/Inoperable	Level 1	Must be repaired or replaced
	Restroom Cabinet - Damaged/Missing	Level 1	Must be repaired or replaced
	Shower/Tub - Damaged/Missing	Level 1	Must be repaired or replaced
	Sink - Missing/Damaged	Level 1	Must be repaired or replaced
	Smoke Detector - Missing/Inoperable	Level 1	Must be repaired or replaced
	Stairs - Broken/Damaged/Missing Steps	Level 1	Must be repaired or replaced
	Stairs - Broken/Missing Hand Railing	Level 1	Must be repaired or replaced
	Ventilation/Exhaust System - Inoperable	Level 1	Must be repaired or replaced
	Walls - Bulging/Buckling	Level 1	Must be repaired or replaced
	Walls - Damaged	Level 1	Must be repaired or replaced
	Walls - Damaged/Deteriorated Trim	Level 1	Must be repaired or replaced
	Walls - Peeling/Needs Paint	Level 1	Must be repaired or replaced
	Walls - Water Stains/Water Damage/Mold/Mildew	Level 1	Must be repaired or replaced
	Water Closet/Toilet - Damaged/Clogged/Missing	Level 1	Must be repaired or replaced
	Windows - Cracked/Broken/Missing Panes	Level 1	Must be repaired or replaced
	Windows - Damaged Window Sill	Level 1	Must be repaired or replaced
	Windows - Inoperable/Not Lockable	Level 1	Must be repaired or replaced
	Windows - Missing/Deteriorated Caulking/Seals/Glazing Compound	Level 1	Must be repaired or replaced
	Windows - Peeling/Needs Paint	Level 1	Must be repaired or replaced

Inspectable Item Location	Observable Deficiency	Degree of Deficiency	Required Mitigation
	Windows - Security Bars Prevent Egress	Level 1	Must be repaired or replaced
Health & Safety	Air Quality - Mold and/or Mildew Observed	Level 1	Must be repaired or replaced
	Air Quality - Propane/Natural Gas/Methane Gas Detected	Level 1	Must be repaired or replaced
	Air Quality - Sewer Odor Detected	Level 1	Must be repaired or replaced
	Electrical Hazards - Exposed Wires/Open Panels	Level 1	Must be repaired or replaced
	Electrical Hazards - Water Leaks on/near Electrical Equipment	Level 1	Must be repaired or replaced
	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	Level 1	Must be repaired or replaced
	Emergency Fire Exits - Missing Exit Signs	Level 1	Must be repaired or replaced
	Flammable/Combustible Materials - Improperly Stored	Level 1	Must be repaired or replaced
	Garbage and Debris - Indoors	Level 1	Must be repaired or replaced
	Garbage and Debris - Outdoors	Level 1	Must be repaired or replaced
	Hazards - Other	Level 1	Must be repaired or replaced
	Hazards - Sharp Edges	Level 1	Must be repaired or replaced
	Hazards - Tripping	Level 1	Must be repaired or replaced
	Infestation - Insects	Level 1	Must be repaired or replaced
	Infestation - Rats/Mice/Vermin	Level 1	Must be repaired or replaced
Pools and Related Structures	Fencing - Damaged/Not Intact	Level 1	Must be repaired or replaced
Trash Collection Areas	Chutes - Damaged/Missing Components	Level 1	Must be repaired or replaced

Appendix A: Uniform Physical Condition Standards for Multifamily Housing Rehabilitation – Requirements for Unit

Inspectable Item	Observable Deficiency	Degree of Deficiency	Required Mitigation
Bathroom	Bathroom Cabinets - Damaged/Missing	Level 1	Must be repaired or replaced
	Lavatory Sink - Damaged/Missing	Level 1	Must be repaired or replaced
	Plumbing - Clogged Drains, Faucets	Level 1	Must be repaired or replaced
	Plumbing - Leaking Faucet/Pipes	Level 1	Must be repaired or replaced
	Shower/Tub - Damaged/Missing	Level 1	Must be repaired or replaced
	Ventilation/Exhaust System – Absent/Inoperable	Level 1	Must be repaired or replaced
	Water Closet/Toilet - Damaged/Clogged/Missing	Level 1	Must be repaired or replaced
Call-for-Aid (if applicable)	Inoperable	Level 1	Must be repaired or replaced
Ceiling	Bulging/Buckling/Leaking	Level 1	Must be repaired or replaced
	Holes/Missing Tiles/Panels/Cracks	Level 1	Must be repaired or replaced
	Peeling/Needs Paint	Level 1	Must be repaired or replaced
	Water Stains/Water Damage/Mold/Mildew	Level 1	Must be repaired or replaced
Doors	Damaged Frames/Threshold/Lintels/Trim	Level 1	Must be repaired or replaced
	Damaged Hardware/Locks	Level 1	Must be repaired or replaced
	Damaged/Missing Screen/Storm/Security Door	Level 1	Must be repaired or replaced
	Damaged Surface - Holes/Paint/Rusting/Glass/Rotting	Level 1	Must be repaired or replaced
	Deteriorated/Missing Seals (Entry Only)	Level 1	Must be repaired or replaced
	Missing Door	Level 1	Must be repaired or replaced
Electrical System	Blocked Access to Electrical Panel	Level 1	Must be repaired or replaced
	Burnt Breakers	Level 1	Must be repaired or replaced

Inspectable Item	Observable Deficiency	Degree of Deficiency	Required Mitigation
	Evidence of Leaks/Corrosion	Level 1	Must be repaired or replaced
	Frayed Wiring	Level 1	Must be repaired or replaced
	GFI - Inoperable	Level 1	Must be repaired or replaced
	Missing Breakers/Fuses	Level 1	Must be repaired or replaced
	Missing Covers	Level 1	Must be repaired or replaced
Floors	Bulging/Buckling	Level 1	Must be repaired or replaced
	Floor Covering Damage	Level 1	Must be repaired or replaced
	Missing Flooring Tiles	Level 1	Must be repaired or replaced
	Peeling/Needs Paint	Level 1	Must be repaired or replaced
	Rot/Deteriorated Subfloor	Level 1	Must be repaired or replaced
	Water Stains/Water Damage/Mold/Mildew	Level 1	Must be repaired or replaced
Health & Safety	Air Quality - Mold and/or Mildew Observed	Level 1	Must be repaired or replaced
	Air Quality - Sewer Odor Detected	Level 1	Must be repaired or replaced
	Air Quality - Propane/Natural Gas/Methane Gas Detected	Level 1	Must be repaired or replaced
	Electrical Hazards - Exposed Wires/Open Panels	Level 1	Must be repaired or replaced
	Electrical Hazards - Water Leaks on/near Electrical Equipment	Level 1	Must be repaired or replaced
	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	Level 1	Must be repaired or replaced
	Emergency Fire Exits - Missing Exit Signs	Level 1	Must be repaired or replaced
	Flammable Materials - Improperly Stored	Level 1	Must be repaired or replaced
	Garbage and Debris - Indoors	Level 1	Must be repaired or replaced
	Garbage and Debris - Outdoors	Level 1	Must be repaired or replaced
	Hazards - Other	Level 1	Must be repaired or replaced

Inspectable Item	Observable Deficiency	Degree of Deficiency	Required Mitigation
	Hazards - Sharp Edges	Level 1	Must be repaired or replaced
	Hazards - Tripping	Level 1	Must be repaired or replaced
	Infestation - Insects	Level 1	Must be repaired or replaced
	Infestation - Rats/Mice/Vermin	Level 1	Must be repaired or replaced
Hot Water Heater	Misaligned Chimney/Ventilation System	Level 1	Must be repaired or replaced
	Inoperable Unit/Components	Level 1	Must be repaired or replaced
	Leaking Valves/Tanks/Pipes	Level 1	Must be repaired or replaced
	Pressure Relief Valve Missing	Level 1	Must be repaired or replaced
	Rust/Corrosion	Level 1	Must be repaired or replaced
HVAC System	Convection/Radiant Heat System Covers Missing/Damaged	Level 1	Must be repaired or replaced
	Inoperable	Level 1	Must be repaired or replaced
	Misaligned Chimney/Ventilation System	Level 1	Must be repaired or replaced
	Noisy/Vibrating/Leaking	Level 1	Must be repaired or replaced
	Rust/Corrosion	Level 1	Must be repaired or replaced
Kitchen	Cabinets - Missing/Damaged	Level 1	Must be repaired or replaced
	Countertops - Missing/Damaged	Level 1	Must be repaired or replaced
	Dishwasher/Garbage Disposal - Inoperable	Level 1	Must be repaired or replaced
	Plumbing - Clogged Drains	Level 1	Must be repaired or replaced
	Plumbing - Leaking Faucet/Pipes	Level 1	Must be repaired or replaced
	Range Hood/Exhaust Fans - Excessive Grease/Inoperable	Level 1	Must be repaired or replaced
	Range/Stove - Missing/Damaged/Inoperable	Level 1	Must be repaired or replaced
	Refrigerator-Missing/Damaged/Inoperable	Level 1	Must be repaired or replaced

Inspectable Item	Observable Deficiency	Degree of Deficiency	Required Mitigation
	Sink - Damaged/Missing	Level 1	Must be repaired or replaced
Laundry Area (Room)	Dryer Vent - Missing/Damaged/Inoperable	Level 1	Must be repaired or replaced
Lighting	Missing/Inoperable Fixture	Level 1	Must be repaired or replaced
Outlets/Switches	Missing	Level 1	Must be repaired or replaced
	Missing/Broken Cover Plates	Level 1	Must be repaired or replaced
Patio/Porch/Balcony	Baluster/Side Railings Damaged	Level 1	Must be repaired or replaced
Smoke Detector	Missing/Inoperable	Level 1	Must be repaired or replaced
Stairs	Broken/Damaged/Missing Steps	Level 1	Must be repaired or replaced
	Broken/Missing Hand Railing	Level 1	Must be repaired or replaced
Walls	Bulging/Buckling	Level 1	Must be repaired or replaced
	Damaged	Level 1	Must be repaired or replaced
	Damaged/Deteriorated Trim	Level 1	Must be repaired or replaced
	Peeling/Needs Paint	Level 1	Must be repaired or replaced
	Water Stains/Water Damage/Mold/Mildew	Level 1	Must be repaired or replaced
Windows	Cracked/Broken/Missing Panes	Level 1	Must be repaired or replaced
	Damaged Window Sill	Level 1	Must be repaired or replaced
	Missing/Deteriorated Caulking/Seals/Glazing Compound	Level 1	Must be repaired or replaced
	Inoperable/Not Lockable	Level 1	Must be repaired or replaced
	Peeling/Needs Paint	Level 1	Must be repaired or replaced
	Security Bars Prevent Egress	Level 1	Must be repaired or replaced

2018 National Housing Trust Fund Allocation Plan

April 20, 2018

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Larry Hogan, Governor
Boyd K. Rutherford, Lt. Governor
Kenneth C. Holt , Secretary
Tony Reed, Deputy Secretary

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National Housing Trust Fund Allocation Plan For Federal Fiscal Year 2018

The State of Maryland (the "State") will receive $3,017,109 in National Housing Trust Funds (HTF) from the U.S. Department of Housing and Urban Development (HUD) for Federal Fiscal Year 2018 (FFY 2018), which runs from October 1, 2018 through September 30, 2019. It is expected that HTF will continue to be funded by HUD in future years.

The Maryland Department of Housing and Community Development (the "Department") is the State Agency that will administer HTF. The Department is required to ensure that the HTF Program is administered in compliance with all HTF requirements established by HUD. The policies below will govern the use of HTF funds administered by the Department for FFY 2018.

The Department is required to develop this HTF Allocation Plan, which will be included as a component of the State of Maryland's Consolidated Plan.

In addition to the State's policies outlined in this document, HTF Funds will be administered in compliance with all applicable Federal rules, including the Housing Trust Fund Interim Rule (attached as Exhibit A), published on January 30, 2015 and codified at 24 CFR Part 93, as well as HUD Notice CPD 17-05-: Guidance for HTF Grantees on Fiscal Year 2017 Housing Trust Fund (HTF) Allocation Plans, published on June 21, 2017.

1 Introduction

The Department administers a variety of State and federal programs that finance the development of affordable rental housing. These programs include, but are not limited to, the Low Income Housing Tax Credit Program (LIHTC), the Rental Housing Financing Program (RHFP), which is a combination of the state-funded Rental Housing Program and the federally-funded HOME Investment Partnership Program, Rental Housing Works (RHW), and the Multifamily Bond Program (MBP). The Department may, from time to time, establish new development financing programs to advance its mission.

While there are variations between these programs based on the underlying source of funds, State and federal requirements applicable to specific funding sources, and State and federal policy goals, the Department seeks to align many of its administrative processes that accompany these programs. This alignment makes these programs more user-friendly and contributes to operating efficiencies for the Department and its partners, including owners, investors, and managers of properties financed by these various resources. The Department seeks to include its HTF in these alignment efforts.

2 General Requirements

2.1 Priority Housing Needs of the State/Eligible Populations Served

The Department has determined that a broader set of priorities is necessary to ensure the availability of important resources to all areas and populations in the State. Additionally, it has been determined that the established priorities should serve to guide -- not limit -- funding awards by the Department. The criteria outlined in this HTF Allocation Plan provide incentives for developments that meet these priorities.

Accordingly, the Department has established the following set of priorities to guide the award of NHT funding:

1. **Family Housing in Communities of Opportunity**
2. **Housing in Community Revitalization and Investment Areas**
3. **Integrated Permanent Supportive Housing Opportunities**
4. **Preservation of Existing Affordable Housing**
5. **Elderly Housing in Rural Areas of the State Outside Communities of Opportunity**
6. **Housing for the Homeless**

It is the Department's intent to ensure that Maryland's affordable housing development resources, including HTF funding, are fairly deployed in a manner that best serves Maryland residents; including families, seniors, and persons with disabilities or special needs, and the continuing demand for quality, affordable rental housing across the State.

Funds available through the HTF Program will be targeted to provide permanent rental housing to extremely low income (ELI) households. The need for permanent rental housing for ELI households in Maryland is significant, with the latest estimates indicating that there are over 180,000 households in

the State with incomes at or below 30% AMI, and 86% of these households pay in excess of 50% of their income for housing. Additionally, ELI households in Maryland have a high occurrence of disabilities and other special needs.

The HTF Program priority will be to increase the supply of decent, safe and sanitary affordable housing for ELI households, including homeless families. HTF funds may be used for the production, preservation and rehabilitation of affordable rental housing through the acquisition, new construction, reconstruction, or rehabilitation of non-luxury housing with suitable amenities.

2.2 Income Level to be Served

The HTF Program will serve ELI households. ELI households are defined as households with incomes at the greater of:

- 30% of the applicable Area Median Income (AMI); or
- Households with incomes at or below the poverty line.

2.3 Method of Distribution

Ninety percent (90%) of the HTF annual allocation will be used for the production, preservation and rehabilitation of affordable rental housing through the acquisition, new construction, reconstruction, or rehabilitation of non-luxury housing with suitable amenities. The Department will retain ten percent (10%) of the HTF annual allocation for allowable administrative and planning expenses.

The HTF program requires the Department to commit funds within 24 months of HUD's execution of the HTF grant Agreement.

2.4 Forms of Assistance

HTF funds may be used as broadly and flexibly as is permitted by federal regulations to address the unique underwriting needs of each project and the number of ELI tenants to be served. Forms of assistance may include:

- Equity Investments;
- Interest-bearing loans or advances;
- Non-Interest bearing loans or advances;
- Deferred payment loans;
- Grants; or
- Other forms of assistance approved by HUD.

2.5 Application and Award Process

HTF projects will be selected by the Department for funding consideration, subject to availability of funds. Applications will be reviewed for eligibility and evaluated using the Threshold Criteria set forth below. HTF funds will be awarded to eligible projects through a non-competitive, first-ready first-served basis and will be used to complement and in conjunction with on-going Department housing programs to leverage other project funding, make projects financially feasible and increase the number of ELI households served in state-funded projects. HTF funds may be used in projects utilizing RHFP, LIHTC, MBP, Shelter and Transitional Housing Grant Program (STHGP) and any other programs administered by the Department. HTF may also be used with projects receiving non-Department housing program funds such as other state, federal, local/public or private sources. HTF may not be used with any funding sources that cannot be combined with HTF (e.g., Public Housing per 24 CFR §93.203). HTF funds may be requested by a Sponsor as part of a project application or Department staff may, in consultation with a sponsor, propose the use of HTF funds during project review and underwriting. Successful recipients will receive a Notice of Award, which will state the Department's intent to award HTF funds.

3 Eligibility Requirements

3.1 Eligible Activities

HTF funds may only be used for the following eligible costs:

- Development hard costs;
- Acquisition costs;
- Related soft costs; and
- Relocation costs.

The Department will require that all applications for HTF funds must contain a description of the eligible activities to be conducted with the HTF funds.

HTF projects must also comply with Site and Neighborhood Standards requirements as established in the HTF interim rule published by HUD (Exhibit A). The Site and Neighborhood Standards at § 93.150 apply to new construction of rental projects receiving HTF funds.

All rehabilitation projects must meet the applicable HTF rehabilitation standards and the requirements of 24 CFR §93.301(b).

Due to the limited amount of the FFY 2018 HTF Program fund allocation, HTF funds will not be used for operating cost assistance and operating cost assistance reserves at this time. The Department will consider this eligible cost in the future. The Department will not use HTF funds for refinancing of existing debt.

3.2 Eligible Recipients

HTF funds may be allocated to for-profit or non-profit organizations, or other entities which have the demonstrated financial capacity and experience to complete and meet ongoing compliance requirements. A recipient must:

a. Provide a certification to the Department that it will comply with the requirements of the HTF program during the entire period that begins upon the selection of the recipient to receive HTF funds, and ending upon the conclusion of all HTF-funded activities,
b. Demonstrate the ability and financial capacity to undertake, comply, and manage the eligible activity;
c. Demonstrate its familiarity with requirements of other federal, state, or local housing programs that may be used in conjunction with HTF funds to ensure compliance with all applicable requirements and regulations of such programs; and
d. Have demonstrated experience and capacity to conduct an eligible HTF activity as evidenced by its ability to own, construct, rehabilitate, manage and operate an affordable multifamily rental housing development.

3.3 Minimum Threshold Requirements

DHCD staff will review all applicants to ensure compliance with the minimum threshold requirements as outlined in Section 3.3. If an application does not meet all of the minimum threshold requirements the application will not be considered for financing.

3.3.1 **Market Assessment**: A market assessment of the housing needs of ELI individuals to be served by the project must be submitted as part of the application. The assessment should review the neighborhood and other relevant market data to determine there is a current demand for the type and number of housing units being developed.

3.3.2 **Site Control**: Sponsors must have sufficient site control to allow projects to move forward if they receive an award of HTF funds. At the time of application, site control should extend for at least one-hundred and eighty (180) calendar days after the date of the application (including extension options). Acceptable evidence of site control includes deeds, contracts of sale, leases,

purchase options, Land Disposition Agreement and other similar agreements from a local government, or other evidence at the Department's discretion.

3.3.3 **Capital Needs Assessment (For projects acquiring an existing property)**: To ensure that the proposed rehabilitation of the project is adequate and that the property will have a useful life that exceeds the affordability period; a Capital Needs Assessment (CNA) of the property by a competent third party shall be submitted with the application. A CNA shall identify any work that must be complete immediately to address health and safety issues, violations of federal or state law, violation of local code, or any work necessary to ensure that the building can continue to operate as affordable housing.

3.3.4 **Phase I Environmental Site Assessment**: Each project must comply with applicable requirements of local, State, and federal environmental laws and regulations. As part of the Application Submission Package, an environmental assessment checklist or environmental report, if available, must be included. Environmental assessments must not be more than one (1) year old as dated from application submission. For acquisition/rehabilitation projects, the Phase I environmental Assessment must include lead-based paint and asbestos testing.

3.3.5 **Utility**: Evidence that public water, sewer, electric, gas, telephone, internet, and cable services are at project sites or will be available during the construction or rehabilitation period must be provided. Acceptable evidence of utility availability may include a letter from the Development Team's civil engineer, the utility company providing the service, a responsible local official, or, for existing buildings, copies of recent utility bills. Alternatively, the applicant may provide a certification in a form to be approved by the Department.

3.3.6 **Zoning**: Sites must be properly zoned for their intended use. If a zoning change, variance, or exception is required, sponsors must provide the following information in the application:

- Documentation illustrating the present status of the proposed zoning change and the local planning and zoning process;
- Contact information for a local official familiar with the project and responsible for the approval process; and
- A detailed schedule with projected dates for obtaining the required approvals corresponding to the project schedule in the Application Submission Package.

3.3.7 **New Construction - Priority Funding Areas (PFA)**: All projects involving any new construction must be located in a Priority Funding Area (PFA) under Maryland's Smart Green and Growing Initiative. PFAs include:

- All incorporated municipalities including Baltimore City, with some exceptions related to water, sewer, and density for areas annexed after January 1, 1997;
- All areas between the Baltimore beltway and the Baltimore City limits and the Washington, DC beltway and the Washington, DC boundary;
- All areas designated as Sustainable Communities, as defined by the Maryland Annotated Code, Housing and Community Development Article, Section 6-201(l);
- Federal and State enterprise zones;
- All areas designated by county governments as PFAs, including rural villages designated in county comprehensive plans as of July 1, 1998; and
- Certified heritage areas within locally designated growth areas.

All applications for projects involving any new construction must include a letter from the local government that certifies the project is located in a PFA. Information regarding PFAs may also be found at the link below:

http://www.mdp.state.md.us/ourproducts/pfamap.shtml

3.3.8 **Timeliness and Readiness to Proceed:** The readiness of the proposed project to proceed with construction or rehabilitation activities will also be a critical factor in the determination of the award of HTF funds. The Department will consider the status of other financing (firm written financial commitments for other financing is required prior to the commitment of HTF funds), the local approval process, and other relevant factors in establishing the readiness of a project to proceed. As part of the Application Submission Package, sponsors must complete the Anticipated Development Schedule. This schedule should be consistent with the Department's underwriting and construction review process. If a project is approved it is expected to meet the development schedule as proposed. In cases where a zoning change, variance, or exception is necessary, schedules must be consistent with the analysis provided by the Development Team's zoning attorney or engineer. In all cases, the Anticipated Development Schedule should reflect the project's readiness to proceed. Additionally, all projects must be financially feasible in accordance with the Department underwriting standards and generally accepted industry practices.

3.3.9 **Underwriting Standards**: All HTF-assisted projects must be consistent with regulatory requirements outlined in 24 CFR §93.300(b). All HTF-assisted must also conform to the following underwriting standards:

3.3.9.1 *Vacancy.* All projects will be underwritten with a minimum vacancy rate of 5%. Additionally, the Market Study must fully support the proposed vacancy level. The Department reserves the right to reject as infeasible any project that requires a vacancy rate of 10% or more.

3.3.9.2 *Operating Expenses.* Annual operating expenses, including all real estate taxes but excluding replacement reserve deposits, should be no less than $4,000 per unit per year and no more than $7,000 per unit per year. Waivers may be requested for small projects of up to forty (40) units, projects with master-metered (i.e. project paid) utilities, or other unusual circumstances.

3.3.9.3 *Reserves for Replacement.* All projects must budget at least $300 per unit per year in reserves for replacement (RFR) deposits. Additionally, RFR deposits must be adequate to support the project as determined by a CNA prepared by a qualified third party. The Department reserves the right, in its sole discretion, to require a new CNA every five (5) to ten (10) years and adjust RFR deposits based upon such new CNA.

3.3.9.4 *Operating Reserves.* Each project must establish an operating reserve equal to between three (3) and six (6) months of underwritten operating expenses, debt service payments, and required deposits to other reserves. At a minimum, capitalized operating reserves must remain in place until the project has achieved a minimum 1.15 debt service coverage ratio, economic break-even operations for one complete fiscal year as confirmed by the project's annual audit, and reached and sustained 90% occupancy for twelve (12) consecutive months. In the discretion of the Department, the operating reserve may be released over the next three (3) years provided the project continues to achieve economic break-even operations and sustains 90% occupancy. Upon release, operating reserves generally may be used to pay any outstanding deferred Developer's Fee, reduce any State loan, fund other reserves, fund project betterments, or otherwise be applied as approved by the Department.

3.3.9.5 *Trending.* In evaluating the long term viability of the project, the Department requires that rents and other revenue from the project be projected to increase by no more than 2% annually. Operating expenses (including property taxes) must be projected to increase by not less than 3% annually.

3.3.9.6 *Debt Service Coverage Ratio.* All projects must be underwritten to a minimum debt service coverage ratio (DSCR) of 1.15 in the first year of stabilized operations. The DSCR will be calculated including all must-pay debt service payments.

3.3.9.7 Market Analysis. All applications must provide a Market Study commissioned by the applicant that must demonstrate the need for affordable rental housing in the local market and must meet the following criteria:

- The Market Study must be prepared by an independent professional who has experience with affordable multifamily rental housing in Maryland and whose firm who have undergone peer review by the National Council of Housing Market Analysts (NCHMA).
- The Market Study shall be not more than six (6) months old as dated from application submission;
- The Market Study must meet the requirements of the HOME Rule at §92.250(b)(2) and provide a concise executive summary of the data, analysis , and conclusions of the report covering; a detailed description of the project including the proposed number of units by number of bedrooms, unit size in square feet, utility allowances for tenant paid utilities and rents; a geographic definition of the primary market area (PMA) and secondary market area (SMA) in including maps; and a complete and accurate description of the site and the immediate surrounding area. The Market Study must also assess the market for the planned units and determine if there is sufficient demand to rent the assisted units within in 18 months of project completion (§92.252); evaluate the capture rate, absorption rate and analyze the completion in the market.

3.3.10 Developer Experience: The capacity of the applicant for HTF Funds is critical to the successful development and continuing operation of the project. In the allocation of HTF Funds, the Department will only fund projects with a strong development team meeting the requirements below. The Primary Development Team consists of the Developer/Owner, the project's general contractor, architect and property manager. Capacity will be based on the demonstrated relevant experience and qualifications of the Primary Development Team. The Department will evaluate the Primary Development Team based on their record of accomplishment during the past five (5) years with projects that are similar in size, scope, and complexity to the proposed project. Primary Development Team members without appropriate experience should establish partnerships with experienced entities.

3.3.11 **Developer Financial Capacity**: The Department will also review the financial capacity of the Developer/Owner and Guarantor to determine if the Developer/Owner has access to sufficient working capital to carry the project through pre-development and/or unexpected challenges and the net worth sufficient to provide applicable guarantees of project completion and operations. The financial capacity of the Developer, including the project sponsor, guarantor, and general partner/managing member with an ownership interest in the project's ownership entity whether such roles are held by individuals, corporate entities, partnerships, or limited liability companies will be reviewed.

Financial statements for the three fiscal years prior to the application and the interim financial statements through the previous quarter are required for the project sponsor, project owner, guarantor, and general partner/managing member with an ownership interest in the project's ownership entity whether such roles are held by individuals, corporate entities, partnerships or limited liability companies. Each financial statement must identify all contingent liabilities including guarantees on other developments in process, income taxes estimated or accrued, and operating deficits. The required financial statements must include calculations of Total Assets, Total Liabilities, Current Assets, and Current Liabilities. The Department will use these figures to assess the Developer's financial capacity, assessing whether the Developer has access to sufficient working capital to carry the project through pre-development and/or unexpected challenges, and net worth (net assets for nonprofit organizations) sufficient to provide applicable guarantees of project completion and operations. Upon written request and at the Department's sole discretion, the requirement for Audited Financial Statements may be waived.

3.3.12 **Geographic Diversity**: HTF Program funds will be available on a State-wide basis. Ideally, housing opportunities for ELI household will be reasonably dispersed across the state, allowing physical mobility based on a household's own needs and preferences, and in doing so, promoting social and economic mobility for those same households. Achieving this end requires that the State invest in improving neighborhoods that already serve low income residents and providing new housing options in historically less affordable communities that provide residents access to a broad array of jobs, services and amenities.

Some projects not only provide needed affordable housing, but provide synergy, contributing to and expanding upon broader State and local community development investments. In order to

ensure that HTF funds are reasonably dispersed across the State, an eligible HTF project must be located within one of the areas below:

1. NHT funds may be awarded to any elderly or family project, new construction or rehabilitation, in a Qualified Census Tract (QCT) or Difficult Development Area (DDA) (this does not include any State-designated DDA under the authority granted in §42, more commonly referred to as a "state-designated basis boost") that contributes to a concerted community revitalization plan.

   To qualify for points in this category, a concerted community revitalization plan must meet the following requirements:

   a) Officially adopted or endorsed by a Local Government or created with Local Government involvement;
   b) Established to increase investment in the community or build from an existing community asset;
   c) Developed and approved in accordance with local planning requirements;
   d) Includes evidence of community and stakeholder engagement;
   e) Has a defined geographic boundary, that includes the proposed site or is focused within a single municipality, jurisdiction, or targeted area;
   f) If there is a housing component in the plan, the plan should include rehabilitation or new construction of rental housing as a goal for the community;
   g) Includes details of implementation measures along with specific time frames for the achievement of such policies and housing activities; and
   h) Provides a list of other investment occurring or planned within the immediate area.

   A community revitalization plan will be considered <u>ineligible</u> if it:

   a) Was formulated solely by a Development Team member. This requirement shall not exclude a plan which included Development Team member(s) as a participant in the planning process;

b) Is a comprehensive plan, consolidated plan, municipal zoning plan or land use plan; unless such plan includes a neighborhood-based or other location specific strategy that articulates where development may occur; or

c) Is not relevant to current neighborhood conditions.

Documentation must be submitted as part of the Application Submission Package that supports each of the elements above, including:

a) Certification form executed by both the applicant and the local government through the local planning department or zoning board that demonstrates that the plan meets the requirements of the Department;

b) A copy of the full revitalization plan; and

c) A map of area targeted by the plan identifying location of project.

2. NHT may be awarded to family projects with reasonable access to jobs, quality schools, and other economic and social benefits, as demonstrated by meeting at least one (1) of the following two (2) criteria:

   1. Be located in a "Community of Opportunity" as shown on the Maryland QAP Comprehensive Opportunity Maps posted to the Department's Web site at: http://www.dhcd.state.md.us/GIS/multifamily/index.html

      The Communities of Opportunity designated on the Maryland QAP Comprehensive Opportunity Maps are based on a "Composite Opportunity Index" developed by the Department. The Composite Opportunity Index uses publicly-available data and is based on three major factors: community health, economic opportunity, and educational opportunity. To be designated a Community of Opportunity, and mapped as such to the Maryland QAP Comprehensive Opportunity Maps, the community must have a Composite Opportunity Index that it is above the statewide average.

      The three major indicators that comprise the Composite Opportunity Index are:

      - *Community Health.* The community health indicator represents the wealth and quality of life in a community relative to the State average. The community health indicator has six (6) components, as follows:
        - Median household income obtained from the U.S. Census' American Community Survey (ACS) 2007-2011, five-year estimate.

Household income is positively correlated with community health. Higher household incomes support a more diversified economic base and enhance the tax basis and services of its local government.

- Ratio of owner-occupied to all occupied housing units (a proxy for homeownership rate) obtained from the ACS 2007-2011, five-year estimate. A higher homeownership rate indicates the economic stability of a community, which is positively correlated with community health.
- Median value of owner-occupied housing units obtained from the ACS 2007-2011, five-year estimate. This statistic indicates the strength of a community's real estate market relative to the average statewide market condition and is highly correlated with community health.
- Population growth between 2010 and 2012 obtained from the Economic and Social Research Institute (ESRI) 2012 community profile. A component of population growth is the number of people relocating to a community so this measures the quality of life in a community and is positively correlated with community health.
- Poverty rate, obtained from the ACS 2007-2011, five-year estimate. The poverty rate highlights the detrimental impact of concentrated poverty on quality of life in a community. This variable is inversely correlated with community health.
- Property vacancy rate obtained from the ESRI 2012 community profile. An elevated property vacancy rate negatively impacts community health. Vacant property is often correlated with higher crime and depreciation of property values in a community.

- *Economic Opportunity.* Economic opportunity measures the extent to which a community provides employment opportunity and mobility to its residents. Employment opportunity is measured by the following variables:

- Prevailing unemployment rate obtained from the ACS 2007-2011, five-year estimate. This variable, which measures employment opportunity in a community, is inversely related with economic opportunity.
- Median commute time to work obtained from the ACS 2007-2011, five-year estimate. The commute time measures proximity to regional employment opportunities and is inversely related with economic opportunity.

- *Educational Opportunity.* Educational opportunity measures the outcomes of student performance and educational attainment in the community. This indicator is measured by the following variables:
  - Maryland School Assessment (MSA) scores, proficient and advanced, for elementary, middle, and high school students obtained from Maryland Department of Education for the 2011/2012 academic year. These scores play a key role in determining educational advancement as well as opportunities available to students. The MSA scores are positively correlated with educational opportunity.
  - Percent of population with a college degree (both undergraduate and graduate degrees) obtained from the ACS 2007-2011, five-year estimate. This variable is positively related to educational opportunity.
  - Percent of population with no high school diploma, obtained from the ACS 2007-2011, five-year estimate. This variable is inversely related with educational opportunity.

2. Be located in a geographic area defined by applicable law as a community of opportunity for affordable family housing or identified as such by an order or consent decree entered by a federal or State court of competent jurisdiction or by a settlement agreement to which the Department or a local government in Maryland is a party. As of the publication of this Guide, the Department is aware of two such settlements:

1) Baltimore City: The case of *Thompson v. HUD*. The following link provides information on census tracts designated as Communities of Opportunity in the *Thompson* case:
http://www.brhp.org

2) Baltimore County: The Conciliation Agreement among HUD, several complainants, and Baltimore County to designate 116 census tracts in Baltimore County as Communities of Opportunity. These census tracts are outlined in Exhibit F of the Conciliation Agreement found at the following website:

http://www.baltimorecountymd.gov/Agencies/planning/fairhousing/hudconciliation.html
http://www.baltimorecountymd.gov/Agencies/planning/fairhousing/hudconciliation.html

3. NHT funds may also be awarded to a project that is located in one of the following:
   - Be located in a rural area. For purposes of this section, a rural area includes any area eligible under the U.S. Department of Agriculture's Rural Development programs or any area in Allegany, Caroline, Dorchester, Garrett, Kent, Somerset, Washington, Wicomico, or Worcester Counties that are not otherwise Community Development Block Grant (CDBG) entitlement communities or HOME Participating Jurisdictions. Or
   - Be located in any of the following: Certified Heritage Areas within county designated growth areas; Sustainable Communities; Empowerment Zones; Federal or Maryland Enterprise Zones; Main Street/Maple Street Maryland communities; or rural villages designated in county comprehensive plans as of July 1, 1998 and where there is evidence of other recent public investment in the plan area.
     - The Sustainable Communities Program is a place-based designation offering a comprehensive package of resources that support holistic strategies for community development, revitalization, and sustainability. The following link provides a list of approved Sustainable Communities:

http://dhcd.maryland.gov/Communities/Pages/dn/default.aspxht

tp://dhcd.maryland.gov/Communities/Pages/dn/default.aspx

http://dhcd.maryland.gov/Communities/Pages/dn/default.aspx

3.3.13 Duration of Affordability Period: HTF-assisted units must meet the affordability requirements for a period of 40 years, which begins at project completion. The affordability requirements will be imposed by a Regulatory Agreement or other similar document recorded in accordance with State recordation laws. The affordability restrictions may be terminated upon foreclosure or transfer in lieu of foreclosure. Each application must include a project pro forma to cover the 40 year HTF affordability period and include rents that are affordable to the ELI household.

4 Priority Criteria

The following factors will also be evaluated by the Department in its review of applications for HTF funding:

1. **State Housing Priority Needs:** The HTF is primarily a production program meant to add units to the supply of affordable housing units for ELI household. The extent to which the project proposed to meet this objective will be evaluated by the number of ELI units proposed along with the merits of the application in meeting the priority housing of the locality where the project is located such as accessibility to transit or employment enters, housing that includes green building and sustainable development features or housing that serves special needs populations;
2. **Project-Based Funding:** The Department will provide a priority for projects with project-based rental subsidies for all of the HTF-assisted units in the project. Documentation from the local Public Housing Authority or other entity must be provided to show that the project-based subsidies will be in place for the term of at least five (5) years with renewal provision. The project-based assistance may be federal, state, or locally funded. Other forms of project-based assistance will be reviewed on a case by case request. For Example: If the Department receives

two equal applications, the one with documented project-based rental assistance will be given priority. [1]

3. **Leveraging:** In the award of HTF Funds, the Department will provide a priority for projects which leverage non-Federal funding sources. For this purpose, non-Federal funding sources will include equity raised from the sale of Low Income Housing Tax Credits, as well as loans funded from the proceeds of tax-exempt bonds. The Department will evaluate the percentage of total development costs funded by non-state resources. For purposes of this section State resources, in accordance with the chart below, include:

   - All equity generated from competitive LIHTC awards from the State's LIHTC ceiling except any LIHTC awarded as the result of a federally or state designated basis boost;
   - Department-administered rental housing resources, including, but not limited to, RHFP, RHW, HOME, NHT, CDBG, the Community Legacy Program, Demolition Funds, and the Partnership Rental Housing Program.

   Leveraged funding may include:

   - Equity from a federal or state basis boost;
   - Equity from non-competitive 4% LIHTC awards;
   - The proceeds of MBP financing;
   - Local contributions (as described below);
   - Locally-controlled federal resources such as HOME, CDBG, or State Small Cities CDBG;
   - Other non-Department State funding;
   - Private financing; and
   - Private or philanthropic funding.

Projected equity from federal Historic Tax Credits (HTC) is also considered leveraged funding. To qualify the applicant must (i) provide evidence that the Part 1-Historic Preservation Certification Application has been submitted to the Maryland Historical Trust (MHT); (ii) document that MHT has recommended approval of the Part 1 Application or documents that the project building(s) is already listed in the

[1] Public comments received requested DHCD not score the applications received.

National Register; and (iii) certify that the applicant will complete the HTC application process and diligently pursue HTC equity investment.

All calculations for this section will be based on Department underwriting of a project which may include adjustments to LIHTC equity based on Department assumptions about credit pricing as announced by the Department. Additionally, for projects with market rate (i.e. non-income restricted) units and mixed-use projects, the Department will consider only leveraged funds applicable to the affordable units by prorating both sources and uses to remove non-residential and market rate components of the project. Residential costs will be prorated based on the project's Applicable Fraction (as defined in the Internal Revenue Code) unless the Department determines that market rate and affordable units are not comparable in which case the Department, in its sole discretion, may require greater itemization of costs to allocate sources and uses to the affordable portion of the project.

Finally, because projects in rural areas have higher fixed transaction costs due to their relatively smaller size and have less access to locally controlled sources of leverage, the Department will calculate percentages for rural projects, as defined below, on a higher scale than for non-rural projects. Additionally, because family projects located in Communities of Opportunity are an important priority of the Department, percentages will be calculated on a higher scale as well.

For purposes of this section, a rural area includes any area eligible under the U.S. Department of Agriculture's Rural Development programs or any area in Allegany, Caroline, Dorchester, Garrett, Kent, Somerset, Washington, Wicomico, or Worcester Counties that are not otherwise CDBG entitlement communities or HOME Participating Jurisdictions.

DIRECT LEVERAGING (Sec. 4.5.1 of the Guide)		**0**
Project Located in QCT/DDA or 9%LIHTC Area of Opportunity?	choose one:	
If "yes," enter acquisition credit, if any, amount:	(See Form 202, Tax Credit tab)	
Is project considered a rural transaction?		
Is project a Family Project located in a Community of Opportunity?		
1. Tax Credit Subsidy		
Annual LIH Tax Credits (allocated credits only)	Note: do not include automatic 4% LIHTC	
Less Adjust for QCT 130%	Qualified Census Tract Table Generator	$ -
Credit Period		10
Total LIH Tax Credits		$0

Imputed Raise-Up		0.94
LIH Tax Credit Subsidy		$0
2. Total DHCD Subsidy		
Rental Housing Funds	Note: include DHCD, but not Local, HOME funds	$0
PRHP		$0
Other DHCD Funds	Note: do not include Tax-Exempt or Taxable Bonds	$0
Total State Funds		$ -
Tax Credit Subsidy		$0
Total DHCD Subsidy		$0
3. All Project Costs		$0
4. Adjusted Costs		
# Affordable BRs		0
Total BRs		0
% Affordable		0%
All Project Costs		$0
Adjusted Costs		$0
5. Leverage Evaluation		
Total DHCD Subsidy		$0
Adjusted Costs		$0
% DHCD Funds		0.00%
% Leveraged Funds		100.00%

Percentages will be calculated as follows:

Leveraged Funding: Family Projects Located in a Community of Opportunity	**Leveraged Funding: Rural**	**Leveraged Funding: All Other Projects**
40%+	45%+	50%+
35% to <40%	40% to <45%	45% to < 50%
30% to <35%	35% to <40%	40% to <45%
25% to <30%	30% to <35%	36% to <40%
20% to <25%	25% to <30%	33% to < 36%

15% to <20%	20% to <25%	30% to <33%
10% to <15%	15% to <20%	27% to <30%
5% to <10%	10% to <15%	24% to <27%
3% to <5%	5% to <10%	22% to <24%
2% to <3%	3% to <5%	20% to <22%
<2%	<3%	< 20%

Priority will be given to projects that demonstrate the highest leverage percentage of non –Department resources, including HTF to other private resources.

5 Additional Program Requirements

5.1 Affirmative Fair Housing Requirements

The State of Maryland has a compelling interest in creating fair and open access to affordable housing and promoting compliance with state and federal civil rights obligations. Fair Housing requirements apply to the full spectrum of housing activities including but not limited to outreach and marketing, the qualification and selection of residents and occupancy.

Eligible applicants must include a certification that the project will develop and implement an Affirmative Fair Housing Marketing Plan (AFHMP) using form HUD-935.2A.

To provide the greatest access to housing opportunities by Maryland's residents, all AFHMPs must include, at a minimum, the following provisions:

- Prohibit income requirements for prospective tenants under the Section 8 Tenant-based Assistance: Housing Choice Voucher program, VASH, HOME Tenant-based Rental Assistance or similar voucher programs;
- Eliminate local residency preferences;
- Ensure access to leasing offices for persons with disabilities;
- Provide flexible application and office hours to permit working families and individuals to apply;
- Encourage credit references and testing that take into account the needs of persons with disabilities, special needs or homeless families; and
- Give prompt written notification to any rejected applicant describing the ground for any rejection.

An owner of HTF-assisted rental housing must comply with the affirmative marketing requirements above, and adopt and follow written tenant selection policies and criteria that:

- Limit the housing to income eligible families;
- Are reasonably related to the applicant's ability to perform the obligations of the lease;
- Limit eligibility or give preference to a particular segment of the population if permitted in its written agreement with the grantee (and only if described in the grantee's consolidated plan) and preference is established in accordance with the requirements further detailed in this section;
- Do not exclude applicants with vouchers under the Section 8 Tenant-based Assistance: Housing Choice Voucher Program or HOME Tenant-based Rental Assistance; and
- Provide for the selection of tenants from a written waiting list in the chronological order of their applications, insofar as is practicable.

5.2 Tenant Selection

There must be a written lease between the tenant and owner of HTF-assisted rental housing for a period of not less than 1 year, unless a shorter period is mutually agreed upon. The lease may not contain any of the following provisions:

- Agreement to be sued;
- Treatment of property;
- Excusing owner from responsibility;
- Waiver of notice to be sued;
- Waiver of legal proceedings;
- Waiver of a jury trial;
- Waiver of right to appeal court decision;
- Tenant chargeable with cost of legal actions regardless of outcome; and
- Mandatory supportive services.

5.3 Other Additional Requirements:

HTF projects must also meet the following requirements:

- *Initial Rents and Utility Allowances.* The Department will establish maximum monthly allowances for utilities and services and annually review and approve rents proposed by HTF-assisted project owners;

- *Tenant Income and Over-Income Tenant.* Project owners must determine tenant eligibility by calculating the household's annual income using the definition of income, 24 CFR part 5.609. Income determinations are conducted at initial occupancy and the project owner must re-examine each tenant's annual income each year during the period of affordability. For HTF units that also receive project-based rental assistance, annual income must be reexamined based on the rules applicable to the project-based assistance. HTF –assisted units continue to qualify as affordable housing despite a temporary non-compliance caused by increases on the income of the existing tenants. When that occurs, grantees must make every effort to bring the units back into income compliance as soon as it is feasible; and
- *Fixed and Floating HTF Units.* In a project containing both HTF-assisted and other units, the grantee will designate fixed or floating HTF units at the time of project commitment in the written agreement between the grantee and the recipient. The actual HTF units must be identified not later than the time of project completion. Fixed units remain the same throughout the affordability period and floating units are changed to maintain compliance with the requirements of 24 CFR §93.302(g) during the affordability period.

6 Development Quality

6.1 Property Standards

Projects are eligible for HTF funds only if the housing will meet the applicable property standards upon completion. All HTF – assisted projects must meet all applicable State and local codes, ordinances and zoning requirements. In the absence of those codes, the housing must meet the International Residential Code or International Building Code (as applicable). All HTF - assisted projects (both new construction and rehabilitation) must meet the following requirements:

- The accessibility requirements of 24 CFR part 8, Titles II and III of the Americans with Disabilities Act implemented at 28 CFR Parts 35 and 36; and 24 CFR 100-205 as applicable; and other improvements that are not required by the regulations or statute that permit use by a person with a disability;
- The energy efficiency standards established pursuant to Section 109 of the Cranston-Gonzalez National Affordable Housing Act;

- Where relevant, the housing must be constructed or rehabilitated to mitigate the impact of the potential disasters, in accordance with applicable State and local codes, ordinances, and requirements, or other requirements established by HUD.
- The Department will review and approve written cost estimates and ensure that construction contracts and work will meet the all applicable standards; and
- The Department will conduct initial, progress and final inspections to ensure work is done in accordance to work write-ups/ architectural specification.
- The Department will determine the useful life of major system through a capital needs assessment and require a replacement reserve when the useful life of systems is less than the affordability period
- The housing must meet the lead-based paint requirements at 24 CFR part 35;
- All housing must be decent, safe, sanitary, and in good repair as described at 24 CFR 5.703. HUD will establish the minimum deficiencies that must be corrected under these rehabilitation standards based on inspectable items and inspectable areas from the HUD prescribed physical inspection procedures (Uniform Physical Condition Standards) pursuant to 24 CFR 5.705

6.1.1 Health and Safety Violations

Health and safety violations can be divided into non-life threatening and exigent, life threatening conditions. Non-life threatening violations include items such as pavement and walkway problems that create the potential for tripping and falling; missing or non-functioning sinks and bathroom components in individual units that impair human sanitation; missing exterior doors; and floor covering damage. Such violations must be addressed within thirty (30) days.

If the housing is occupied at the time of the rehabilitation, exigent health and safety and fire hazards must be addressed immediately (within 72 hours) because of their life-threatening potential. Exigent health and safety violations include exposed electrical wires or water leaks on or near electrical equipment; propane /natural gas/methane gas detected; emergency/fire exits that are blocked; unusable fire escapes; gas or oil fired hot water heaters with missing or misaligned chimneys that pose carbon monoxide hazards. Fire safety hazards include missing or inoperative smoke detectors; fire extinguishers expired or window security bars preventing egress from a building.

In addition, all rehabilitation projects must meet the NHT, and HOME rehabilitation standards (attached as Exhibit B).

6.2 Maximum Per-Unit Development Subsidy

As a Housing Credit Agency (HCA) and the administrator of HOME funds for over twenty-five years for the state of Maryland, DHCD is charged with determining project cost reasonableness on an annual basis. This is achieved by aggregating expenditures per historical cost certification data of completed projects for FY 2016 as illustrated in the chart below. Construction and land costs serve as a benchmarking mechanism and are categorized by geographical area. Some of the unique features of NHT, such as low-income targeting, have no impact on rental housing development costs in Maryland. Based on unit size/number of bedrooms, the maximum per-unit development subsidy amount will be the lesser of DHCD's 2016 Actual Per Unit Cost and the 2016 Maryland HOME Subsidy Limit (effective May 24, 2017). At no time will the per-unit development subsidy exceed the 2016 Maryland HOME Maximum Subsidy Limits (effective May 24, 2017); these limits are:

Unit Size/Number of Bedrooms	Washington, DC and Baltimore PMSA 2016 Actual Per Unit Cost	Other Areas of State 2016 Actual Per Unit Cost	2016 HOME Subsidy Limit (effective May 24, 2017)
0	$134,415	$115,347	$141,088
1	$166,099	$138,415	$161,738
2	$199,318	$166,099	$196,672
3	$239,182	$199,319	$254,431
4	$286,797	$238,998	$279,285

Maryland Department of Housing and Community Development
7800 Harkins Road, Lanham, Maryland 20706

The Maryland Department of Housing and Community Development (DHCD) has established the following rehabilitation standards as the primary document for identifying and correcting sub-standard conditions in dwellings being rehabilitated with National Housing Trust and/or HOME funds.

REHABILITATION STANDARDS
FOR DHCD MULTIFAMILY HOUSING PROGRAMS INCLUDING NHT AND THE HOME PROGRAM

"Rehabilitation" is defined as "the process of restoring a property to the greatest degree of usefulness, through repair or upgrade, creating an energy efficient contemporary use while preserving those portions and features of the property which are significant to its historic, architectural and cultural values."

The purpose of these standards is to establish minimum guidelines when the Department of Housing and Community Development (DHCD) undertakes a rehabilitation project funded in whole or part with NHT and/ or HOME (State or Federal) funds.

DHCD requires that all housing units and building exteriors receiving rehabilitation work be brought up to the Maryland Building Performance Standard (COMAR 05.02.07), or county codes whenever more restrictive, and meet minimum livability codes. All work must be performed within industry standards and be of acceptable quality. Upon completion of any project all major systems must have a remaining useful life of a minimum of twenty (20) years, if not; replacement of components will be required. Major systems include structural framing, roofing, cladding and weatherproofing (e.g., windows, doors, siding, gutters), plumbing, HVAC, electrical and elevators.

All materials used in connection with DHCD financed projects are to be new, above Builder Grade quality and without defects.

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I. GENERAL REQUIREMENTS

Working Hours

All work at the site, unless otherwise agreed upon as part of the Construction Contract, shall be performed during regular/business working hours. Regular/normal, or otherwise, working/business hours will be specified in the Construction Contract between the Owner(s) and the General Contractor.

Guaranties and Warranties

General Contractor shall guarantee the work performed for a period of one year from the date of Substantial Completion, as represented by a fully executed AIA Document G704 Certificate of Substantial Completion with a 2.5% of Construction Contract dollar volume Latent Defect, or Maintenance, Bond. Upon notification by the property owner and at the contractor's sole expense, the contractor will correct any and all defects due to unacceptable workmanship and/or materials and/or damages resulting thereby. Contractor shall furnish the property owner with Operation & Maintenance (O&M) Manuals minimally containing all manufacturers and supplier's written guarantees and warranties, as applicable, covering materials and equipment furnished under the construction contract.

Permits

The General Contractor must apply for and have issued all required grading or trade permits prior to the start of any work. Building permits are by Owner. Permits for specific trades must be obtained prior to the specific trade starting work. Contractor is responsible for securing all required permits unless otherwise stated in the scope of work.

Safety

The contractor will be responsible for all safety precautions and programs in connection with the work. The contractor must take all necessary precautions for the safety of, and provide all necessary protection to prevent damage, injury or loss to (i) residents, employees and other persons who may be affected: (ii) the work and all materials and equipment whether in storage on or off the site; and (iii) other property at or adjacent

to the site, including trees, shrubs, lawns, walks, pavements, roadways, structures and utilities not slated for removal, relocation or replacement during the course of construction. The contractor must comply with all applicable laws, ordinances, regulations and order of any public authority having jurisdiction for the safety and protection of persons or property. The contractor must establish and maintain all necessary safeguards for the duration of the contract. This shall include posting of signage and other warnings against hazards, disseminating safety regulations, and notifying the Owner and residents of the posting. Materials identified as toxic waste such as, but not limited to, lead and asbestos, must be removed or remediated in accord with applicable federal, state and local regulations by companies licensed to do so.

Subcontractors

Subcontractors will be bound by the terms and conditions of the Construction Contract insofar as it applies to their work. The General Contractor is directly responsible to the owner for the proper completion of all work under the contract and shall not be released from this responsibility by any arrangement they may have with any subcontractor(s).

II. GENERAL SITE CONDITIONS AND EXTERIOR BUILDING CRITERIA (for specific information refer to Building Evaluation Report (BER) and/or Environmental Site Assessment (ESA)

SITE CRITERIA

Positive Drainage

All drainage on a site to drain away from building(s). Slope shall have a 6 inch drop within 10 feet. Drainage should be toward a street, alley, or easement, and be facilitated by elevation around structures or design to include the construction of swales.

Cleanup

At all times the premises must be kept in a clean and well-organized manner free from construction materials and waste. All debris, trash, waste and surplus materials including excess dirt, tree and shrubs, etc., must be removed from the job site and shall be disposed of by legal means by recycling where feasible, or, to a proper land fill.

Remove any temporary containers or structures that are located on site and legally dispose of all debris resulting from construction activities. At a minimum, exterior spaces shall be yard raked and free of all construction related debris before ground is seeded/stabilized and/or sodded.

Trees

Trees that are too close to the structure or threaten the structure shall be trimmed or removed. Otherwise, shade trees shall be preserved whenever possible.

Landscaping

Refer to contract documents for landscaping scope of work. Where soil is disturbed for installation of water and sewer, or to remove unneeded sidewalks or outbuildings, etc., plantings or grass seed and straw shall be provided to cover bare soil.

Paving and Walks

Deteriorated, cracked or unleveled essential walkways, such as accessible route, will be removed and replaced. Non-essential paving such as unnecessary sidewalks will be removed and appropriately landscaped.

Any areas of failed paving to be removed and replaced under the supervision of Soils Technician. Paving to be milled and overlain or resurfaced as recommended in BER.

Soil Treatment

Play Areas: Bare soil play areas frequented by children under the age of six years shall be tested for arsenic, lead content. Any bare soil over 400 parts per million (ppm) of lead shall be covered per Maryland Department of the Environment (MDE) regulations, or, minimally, with a reinforced landscape cloth and impermanent surface covering e.g. gravel, bark, sod, or artificial turf with no lead content. Loose impermanent covering such as bark or gravel shall be applied in a thickness of not less than 6 inches.

Other Bare Soil: Bare soil outside of play areas shall be tested for lead content. Bare soil over 1200 ppm of lead and totaling more than 6 square feet per property shall be covered with a reinforced landscape cloth or other impermanent surface covering, an interim control measure which prevents children access to the bare soil. Soil lead levels

above 5000 ppm of lead require abatement of the soil. Abatement shall include removal and replacement of soil or covering with concrete or other permanent barrier considered to have a life span of 20 years or more.

Outbuildings

Repair Standard
Unsafe and blighted structures, including outbuildings, sheds, garages and barns, will be removed if it is not financially feasible to complete the repairs required to make them structurally sound and weatherized with lead hazards stabilized.

Replacement Standard
No removal/replacement of outbuildings is allowed unless the work is reviewed and approved by DHCD on a case-by-case basis.

Lifts

Lift requirements shall be determined based on mobility needs of proposed tenants. Manufacturer's installation instructions, specifications, and all necessary components, including but not limited to, required permits/inspections, to complete the project will be followed. Contractors licensed by the State of Maryland to perform the work will perform all work within industry standards.

Repair Standard
Unsafe or inoperable lifts will be repaired, if components are able to be repaired according to Manufacturer's instructions, specifications, including but not limited to, required permits/inspections, to complete the project will be followed. Contractors licensed by the State of Maryland to perform the work will perform all work within industry standards.

Replacement Standard
Unsafe or obsolete lifts will be replaced, if any components are unable to be repaired according to Manufacturer's instructions, specifications, including but not limited to, required permits/inspections, to complete the project will be followed. Contractors

licensed by the State of Maryland to perform the work will perform all work within industry standards.

EXTERIOR BUILDING CRITERIA

Access

All access to residential structures must meet accessibility requirements in 24 CFR part 8 including any additional local code requirements and accessibility standards.

Exterior Paint

Any exterior painting must meet lead-based paint requirements at 24 CFR 35.

Repair Standard
All lead paint shall be stabilized using lead-safe practices and performed by contractor(s) licensed by the State of Maryland to perform lead paint remediation work.

Replacement Standard
Leaded components shall be replaced, encapsulated and/ or the paint removed by Lead Safe certified contractors to create a lead-free exterior using lead-safe practices and following all Maryland Historic Trust (MHT) and Local Preservation Office's requirements.

Exterior Cladding

Repair Standard
Siding and trim will be intact and weatherproof. All exterior wood components shall have a minimum of two continuous topcoats of exterior grade paint and one coat of back prime. All exterior painted surface will be free of any peeling, flaking or deteriorated paint.

Replacement Standard: Minimum Useful Life: 10 Years
Durable siding over house wrap, or replacement of original materials with in-kind materials and design, where cost-effective.

Exterior Porches

Repair Standard
Unsafe or unsightly porches will be repaired to conform closely to historically accurate porches in the neighborhood or with in-kind material and design approved by the MHT. Porch repairs will be structurally sound, with smooth and even decking surfaces.

Replacement Standard: Minimum Useful Life: 10 Years
Deteriorated wood porches shall be rebuilt with preservative treated structural lumber using manufacturer's recommended fasteners and suitable exterior decking material. Masonry elements shall be rebuilt with masonry.

Exterior Steps and Decks

Repair Standard
Steps, stairways, and porch decks will be structurally sound, reasonably level, and trip free with smooth, even surfaces.

Replacement Standard: Minimum Useful Life: 20 years
New steps and stairways shall be constructed of preservative treated lumber using manufacturer's recommended fasteners in conformance with local code, or of masonry. Porch decks shall be replaced with suitable exterior decking material.

Exterior Railings

Repair Standard
Handrails will be present on one side of all interior and exterior steps or stairways with more than four risers, and guard railings are required around porches or platforms over 30 inches above ground level. Railing repairs will be historically sensitive. All handrails shall be easy to grasp and shall have 'returns' to wall surface at each end of the handrail.

Replacement Standard: Minimum Useful Life: 15 Years

Exterior Hardware

Replacement Standard

Every dwelling unit will have a mailbox, or mail slot, and minimum Grade 2 exterior door hardware.

Concrete, Steps and Landings

Repair Standard
Steps, stairways, and porch decks will be structurally sound, reasonably level, with smooth and even surfaces with no slip, trip or fall issues.

III. FOUNDATION CRITERIA

Any exterior painting must meet the lead-based paint requirements at 24 CFR 35.

Foundations

Repair Standard
Foundations will be sound, reasonably level, and free from movement and subject to an engineering review if determined by DHCD.

Replacement Standard:
Must meet state and local building code.

Stability

The foundation must be structurally sound and the top of foundation - at base of structure - must not be significantly out of level.
The foundation may be constructed of concrete block, stone, piers or solid concrete on footing designs in accord with state and/or local regulation.

Reconstruction of foundations must adhere to state and/or local foundation design code including depth, installation of rebar, etc. Lack of stability beyond a reasonable level that would create an unsafe condition will preclude rehabilitation being undertaken.
The type of foundation construction may vary (i.e. brick, solid concrete, stone, concrete block or piers) for geographic regions throughout the State but all must be structurally sound and meet the State and Local Building Codes.

Collapsed Sections

Collapsed sections of foundations must be reconstructed as prescribed by state/local code or a stamped engineer's blueprint including engineer's recommended sequence of

construction. Consideration should be given to the degree to which the remaining foundation meets minimum standards.

Cracks

Inspect and evaluate foundations to identify cracks. All cracks must be filled with non-shrink grout or other appropriate materials. All cracks with more than a 1/4 inch spread shall be investigated by a licensed engineer and have an appropriate treatment applied.

Foundation, Vent

All foundations with a crawl space must be adequately vented to meet code requirements. Foundation vents must be screened, louvered and operational. Flood vents are required for properties located in FEMA designated flood zones.

Spalling Foundation

Spalling refers to the condition exemplified by crumbling or, weak, localized areas of concrete. Where these conditions exist, foundations must be reviewed by a licensed contractor, and if necessary, corrected with a design provided by a Structural Engineer licensed in the State of Maryland.

IV. STRUCTURAL INTEGRITY CRITERIA

Defined

Structural Integrity means that the foundation, roof, walls and floor system must not show any significant signs of movement or deterioration/damage. The foundation shall be intact without any signs of leaning, sagging, etc. Shell and foundation shall be of standard construction and be covered by durable, weather-tight and appropriate building exterior material.

Bearing Walls

Identify and inspect bearing walls, beams, supports for proper construction and structural integrity. Repair or replace with in-kind material, or, by accepted industry standard, to maintain integrity of the structure. No bearing walls may be removed when

undertaking rehabilitation unless appropriate alternative construction support design is installed per all state/local regulations to permit a safe working environment and compensate for the structural removal.

Existing Additions

All additions to residential structures must be permitted, be on a properly constructed foundation and must not evidence separation from the original structure.

Structural Walls

Repair Standard
Structural framing and masonry shall be free from visible deterioration, rot, or termite/insect damage and be adequately sized for current loads. Prior to rehab, all sagging floor joists or rafters will be visually inspected to determine cause. Repair by replacing or by sistering as required. Significant structural damage and its cause must be identified and corrected.

Replacement Standard
Newly constructed structural walls must meet State and Local building code and be inspected prior to close-in.

Firewalls

Repair Standard
Party walls shall be maintained without cracks and finish deterioration. Removal/replacement of wall surface to be 5/8 inch type X gypsum, glued and screwed to studs equal to UL rated 2-hour fire rating.

Replacement Standard: Minimum Useful Life: 10 Years

V. BUILDING ENVELOPE CRITERIA

Any repairs must meet the lead-based paint requirements at 24 CFR 35.

Siding Material

All siding must be weather tight and in good condition. If the siding has a remaining useful life of less than 5 years it should be repaired or replaced with in-kind materials wherever possible and be approved by the State Historic Preservation Office where applicable.

Existing asbestos siding in good condition is not inappropriate as a siding material. Repair/replace broken, detached or fraying siding by a licensed contractor per Maryland Department of the Environment (MDE) regulations.

Asphalt siding is considered to be an inappropriate material by the Fire Marshal. In accord with state and local regulations, a fire retardant siding material may cover this material when rehabilitation is undertaken.

Paneling, untreated plywood, sheetrock and other materials that are not rated for exterior application are deemed inappropriate and must be removed.

All siding must be installed in accordance with manufacturer's recommendations. The installation of any air sealing or weatherization shall be performed per Building America Best Practices, Vol. 4 and/or state and local code.

Painting and Exterior Walls

Correct chipping, cracking and deteriorating paint using Lead Safe certified contractor per federal, state and local regulations. If the structure was built prior to 1978, the local or state regulations may require that a lead-based paint analysis be conducted. Lead-based paint hazard reduction work may only be performed by qualified contractors that meet all EPA, MDE requirements.

Historic Considerations

All structures in historic districts or those with architectural features that exemplify unique architectural characteristics must be given special consideration. The State Historic Preservation Office shall be involved in making specific decisions affecting these projects.

VI. ROOFING CRITERIA

Roofing Specifications

Remove and dispose of all existing roof material and defective sheathing using CDX plywood, or other roof deck material of matching thickness.

Install new ridge vent, preformed aluminum drip edge, and vent pipe boots. Replace all flashing. Valleys and eaves shall have ice and water shield; fasten 15 lb. felt, or synthetic underlayment, and install fiberglass asphalt shingles with a 30-year warranty. Install shingles over ridge vent. No roof shall exceed two layers of asphalt shingles.

Trusses and Supports

Install engineered trusses 24” on center to match existing profile, 5/8” CDX plywood sheathing and 30-year fiberglass asphalt shingles over 15 lb. felt. Extend the chimney and plumbing vents, through a 5/8” plywood roofing deck.

Unless otherwise specified, all material shall match existing as closely as possible for material, style, color and method of installation. Seal all edges. Flash and caulk all adjoining surfaces and make weather tight. Replace all flashing, roofing accessories and nails using rust-resistant material. Install all roofs in one continuous operation. .

Slope Requirements

Minimum roof pitch shall be four inch to one-foot rise for shingled roofs. Roof areas not having minimum slope should be considered for reconstruction or replaced with standing seam, membrane, or other suitable roofing product. Installation shall be to code and manufacturer’s recommendations.

Pitched Roofs

Repair Standard
Missing and leaking shingles and flashing shall be repaired on otherwise functional roofs. Slate roofs shall be repaired in-kind.

Replacement Standard: Minimum Life: 30-Years
Fiberglass asphalt, three-tab, weighing 220-240 lbs., 30-year warranty shingles with continuous ridge vent stopping one foot from both ends. Energy-Star rated wherever feasible.

Flat and Low Slope Roofing

Repair Standard
Remove and replace any localized damage, or area of leak, with in-kind material by a certified roofing company.

Replacement Standard: Minimum Useful Life: 10 Years
Fully adhered EPDM over insulation board. Or Install a 3-ply built-up fiberglass roof of one coated glass base sheet and two plies of Type IV fiberglass, hot mopped. Install gravel stop, flashing and vent collars with .019 aluminum. Flood coat & embed aggregate. Or Install 90 lb. mineralized fiberglass roll roofing using a 4" minimum overlap, fastened per manufacturer's specs.

Fascia and Soffit Board

Fascia shall be 2x dimensional lumber wrapped with pre-bent vinyl clad aluminum fascia. Replace damaged, worn and/or aged soffit material. Install vented vinyl soffit that simulates beaded T&G soffit material. Include all trim accessories.

Chimneys

Install brick chimney, on the original footing, including one 8”x 8” terra cotta flue liner and cement wash at top. Install or replace chimney cap with a 2’ x 2’ metal or precast concrete cap cemented in place.

Repair Standard
Structurally unsound chimneys shall be repaired or removed and replaced by a licensed contractor. When chimneys are to be used for combustion ventilation, they shall be relined. Repair chimney above roof area by cutting out mortar at least ½”, removing all loose material and repointing using Portland cement mortar or equivalent. Saturate joints with water before applying mortar. Match color as closely as possible. Replace all missing or defective materials with matching materials. Clean mortar and other debris from adjoining surfaces and gutter.

Replacement Standard: Minimum Life: 20 Years

Fireplace flues may not be reconstructed in this program. Replacement furnace flues shall be metal double- or triple-walled as recommended by the furnace manufacturer.

Gutter/Downspout

Gutters and downspouts must be in good condition. Gutters and downspouts are to be installed to direct storm water away from residence. All standard gutters to be .027 gauge thicknesses, 5 inch "K" style, seamless. Downspouts and elbows are to match gutters and be properly fastened with preformed straps and pop rivets. Properly angled concrete splash blocks or extensions are to be installed at the end of each downspout. Install downspouts at each corner and major offsets with straps 3' on center. Gutter guards are not permitted unless the residence is located in an extensively wooded setting and the owner is not physically capable of maintaining the gutters.

VII. INTERIOR COMPONENT CRITERIA

Any interior repairs must meet the lead-based paint requirements at 24 CFR 35.

Interior Standards Lead-Containing Components

Repair Standard
Particular attention must be considered in dwelling units built in and before 1978. Deteriorated lead-based paint on walls, trim, doors, and cabinets must be stabilized using lead-safe work practices. A liquid encapsulate can be applied on components when the surface is deemed suitable for such coatings, otherwise, other encapsulate methods may be used. All work to be performed by contractor(s) licensed by the State of Maryland to perform lead paint remediation work.

Replacement Standard
When funding is sufficient, lead-containing walls, trim, doors and cabinets identified during a lead-paint inspection can be replaced or enclosed as appropriate.

Flooring

Repair Standard
Bathroom and kitchen floors shall be rendered smooth and cleanable using polyurethane or by being covered with water-resistant vinyl flooring or ceramic tile.

Damaged wood floors may be repaired with in-kind material. Basement floors shall, minimally, be continuous concrete.

Replacement Standard: Minimum Life: 6 Years
Baths shall receive vinyl sheet goods over plywood underlayment or ceramic tile over cement bed. Kitchens shall be vinyl composition tile over plywood or ceramic tile over cementitious underlayment. New basement slabs shall be at least 4” standard reinforced slab on grade.

Closets

Repair Standard
All bedrooms shall have closets with a door, clothes rod, and shelf.

Replacement Standard: Minimum Life: 15 Years
All bedrooms shall have a minimum of one 4’ long by 2’ wide closet with swing, or sliding, doors and wire shelf.

Interior Walls and Ceilings

Repair Standard
All holes and cracks shall be repaired to create a continuous flat surface and any deteriorating paint should be stabilized using lead-safe measures. Minimum height for habitable rooms is 7’ 6”.

Replacement Standard: Minimum Life: 10 Years
Walls shall be plumb, ceilings level with a smooth finish on at least ½” (5/8” type X for ceilings) gypsum and/or plaster.
Additional Reference: American Gypsum Association

Hazardous Materials

Repair Standard
Asbestos, lead paint, and other hazards, when identified, shall be addressed in conformance with applicable local, state, and federal laws. If lead abatement or asbestos remediation is part of the project, rehabilitated properties shall be cleaned to pass a lead dust clearance test to the levels prescribed by federal, state and local regulations.

Lead Paint

A lead-based paint analysis should be conducted on houses constructed prior to 1978 that evidence chipping, flaking, cracking and otherwise deteriorating paint. If testing reveals the existence of lead-based paint surfaces, they must be removed or covered as prescribed by federal, state and local Lead-Based Paint regulations. All housing must meet the lead-based paint requirements at 24 CFR 35.

Fire Barriers

Five-eighth inch Type X sheetrock is required under joist in garages that have a living area above them and on walls in garages adjoining living quarters. Five-eighth inch Type X sheetrock is also required when another structure is within five feet of the wall being reconstructed as part of the rehabilitation activity. No cardboard materials, paper materials, tarpaper, or exterior insulation materials, such as fiberboard, will be permitted in for use at interior walls.

Damaged Interior Walls

Holes in sheetrock must be repaired and precautions taken to prevent future damage by installation of doorstops, blocking, or other necessary measures. Water damaged sheetrock must be removed and replaced once inspection to determine cause is complete. In bathrooms, waterproof green, or blue sheetrock or other similar drywall material must be utilized. Interior walls with decayed sheetrock must be repaired by removal and replacement with new sheetrock followed by appropriate level of finish.

Ceilings

All cracked or deteriorating ceilings require an inspection to determine the cause. Correct underlying problem before the ceiling is repaired. Cracks must be properly repaired with finish restored and the ceiling completely repainted when treated.

Bath and Shower Areas

When there is decaying ceramic wall tile or plastic tile in bath or shower areas, the deteriorated finishes and substrate must be removed. Water proof sheetrock – or

cement backer board, at ceramic tile – must be installed and reused or new tile installed, grouted, sealed and edges caulked.

Stairwell

Stairs shall have no slip/trip hazards.
All stairways must have continuous handrails on at least one side of stairwell, 34 to 36" from top of nosing and handrail grip shall be at least 1-½ inches in width.

VIII. KITCHEN FACILITIES CRITERIA

Minimum Cabinet Requirements

All kitchens must have sufficient base cabinets/countertops to house a kitchen sink and provide sufficient usable countertop area and upper cabinets to optimize kitchen storage areas. Replace all Unsanitary or nonfunctional cabinets. Replacement cabinets must be of mid-grade quality, plywood box construction.

Counter Tops

All countertops showing evidence of wear, water damage, delamination of surface material, etc. must be replaced. New counter tops, minimally, shall be laminate Formica type material and shall include back splash, finished ends or approved equal.

Faucets

All kitchen plumbing must be inspected by a licensed plumber to ensure that faucets and drainpipes work properly. Installation of new countertops requires sink removal and, with few exceptions, new sinks and faucets must be provided. All new sinks must be vented as prescribed by the Uniform Plumbing Code (UPC). New faucets shall be Water Sense rated fixtures.

Flooring

Worn flooring with delaminating, or, missing tiles, and/or cracked, pealing areas, etc., require new flooring be installed. Worn carpeting may not show trip/fall hazard and must be replaced where these condition occur. The use of indoor/outdoor carpeting is

discouraged. Replacement of carpet with 10-year warranty vinyl or laminate floor covering is acceptable.

Lighting and Electrical

GFCI outlet receptacles will be installed as required to meet National Electric Code (NEC). Minimum lighting in kitchen will consist of one lighting fixture in the kitchen/cooking area and one lighting fixture in an adjoining eating/dining area. The use of Energy Star rated light fixtures is recommended at replacement locations, fluorescent lighting is an acceptable alternative.

IX. BATHROOM CRITERIA

Minimum Requirements

The minimum standard in a residential structure is as follows: One functional toilet, lavatory, towel rack, ring or hook and either a shower or a bathtub. Any additional bathrooms in a house, at minimum, must contain a toilet, towel rack, ring or hook and a sink.

Sinks

All faucets must have sufficiently accessible hot and cold water levers and must be in good functioning condition. The sink must have a proper drain with P-trap and be vented to the outside as prescribed by the Uniform Plumbing Code. A shut-off valve at the water line connection is required when replacements are made. Use Water Sense rated fixtures for all plumbing fixture replacements. Inspection of bathroom plumbing by a licensed plumber to be conducted in conjunction with the above.

Ventilation

All bathrooms must have an operational window or a functional electric exhaust vent fan vented to the exterior.

Doors

All bathroom doors must be functional.

Flooring

Existing bathroom flooring must be inspected at the base of the toilets to ensure that leaking is not occurring. When leaking has occurred and sub floor has rotted, the sub floor must be removed and replaced in-kind, or, minimally, by 3/4" plywood. Whenever a toilet is removed or installed for any purpose, new toilet wax-ring gaskets must be used. Finish flooring material that permits water to seep into the sub floor is unacceptable. Finish floor shall be sealed ceramic tile on proper setting bed or 10-year warranty sheet goods installed continuously and properly sealed at all termination points.

Bathroom Lighting

All bathrooms must have at least one light that can be switched from the inside. Lights switched from the outside generally do not need to be relocated, unless the room is being rewired. Any electrical outlet installed or upgraded must be GFCI outlet receptacles and installed as required to meet NEC.

X. BEDROOM CRITERIA

Closets

All bedrooms must have access to closets for storage or clothing. On existing housing, closets in adjoining hall areas are acceptable.

Lighting

All bedrooms must have one switchable light fixture, preferably in the interior of the bedroom next to the entrance.

Outlets

Use of extension cords is discouraged and additional outlets should be provided whenever possible to avoid their use. Any new bedroom receptacle circuits shall have ARC protection circuit interruption protection with receptacles located according to building code as well as NEC requirements.

XI. GENERAL ELECTRICAL CRITERIA

A licensed electrician shall inspect all wiring, motors, fixtures and devices for proper function, shorts, defects, etc. Adhere to NEC for compliance. Non-functioning and dangerous equipment shall be replaced with new Energy Star rated equipment. Wiring, devices and fixtures, where replaced, shall be replaced with appropriately sized code-compliant wire, outlets, devices and fixtures with Energy Star rated products where applicable.

Electric Service

Repair Standard
Main distribution panels shall be adequate to safely supply power to all existing and proposed electrical devices and meet NEC and local codes.

Replacement Standard
If electrical demand requires a heavy-up, or replacement, the new service panel shall conform to the Current NEC and local code. Upgrades shall be 200 amp, main disconnect, 110/220 volt, 32 circuit panel board, and, if required, meter socket, weather head, service cable and ground rod and cable. Seal exterior service penetration.

Knob and Tube Wiring

Knob and tube wiring in attics is not acceptable when insulation covers the wires. This type of wiring needs to expel heat through the insulation and is considered to be a potential fire hazard when covered by insulation. Knob and tube wiring in attics must be replaced with code-compliant wire whenever replacement is undertaken. Knob and tube wiring may be left intact in walls where insulation is not to be accomplished. Consult a licensed electrician to ensure code compliance and safety.

Ground Faults

Ground fault electrical outlets must meet local code and NEC.

Alarms

Smoke Detector: Install a UL approved ceiling mounted fire/smoke/carbon monoxide detector interconnect and permanently wire into a receptacle box or provide a lithium battery operated fire/smoke/carbon monoxide detector on all floors to code.

Carbon Monoxide Detector: While all dwellings should have a carbon monoxide detector, any dwelling heated by fossil fuel must have one.

Safety Considerations

No hanging wires are permitted. All light fixtures should be inspected to ensure that they are solidly hung and that the electrical connections have not been loosened. All electrical fixtures that evidence wear must be replaced with new fixtures. All electrical outlets, switches and/or junction boxes must have cover plates. Any switches or outlets which are non-functional must be inspected by a licensed electrician and be repaired or terminated. Provide light switches to basement areas, particularly when there is an open staircase. Exterior lighting shall be weather proof.

Exterior Electric

Repair Standard
All entrances will be well lighted and either switched at the interior side of the door, or the light will be controlled by a photoelectric cell. Motion activated security lighting will be installed at the rear and sides of properties where indicated to increase safety. All dwelling units will have at least one exterior, GFCI protected, electrical receptacle.

Replacement Standard: NA

Interior Electric Distribution

Repair Standard
Exposed knob and tube shall be replaced. Every room will have a minimum of two duplex receptacles, or, as stated in the NEC, placed on separate walls and one light fixture or receptacle switched
At each room entrance. Receptacles will be grounded where the source wiring circuit is accessible (i.e. first floor above basements, in gutted rooms, etc.). All switch, receptacle, and junction boxes shall have appropriate cover plates. Wiring shall be free from hazard and all circuits shall be properly protected at the panel. Floor receptacles shall be

removed and a metal cover plate installed. All electrical systems shall be installed per NEC.

Replacement Standard: Minimum Life: 15 Years
When wall finish surfaces are removed, the room shall be rewired to the latest version of the National Electric Code (NEC).

Ground Fault and Arch Fault Circuits

Basement and kitchen receptacles within 6 feet of a sink, all bath receptacles and all exterior receptacles shall be protected by a GFCI.

Kitchen Electric Distribution

Permanently installed stoves, refrigerators, freezers, dishwashers and disposals, washers and dryers shall have separate circuits sized to NEC. Two separate alternating 20-amp counter circuits are required with each kitchen area.

Stairwell Lighting

All common halls and stairways between living space must be well lighted with a fixture controlled by 3 way switches at both ends of the hall or stairway.

XII. GENERAL PLUMBING CRITERIA

Plumbing System Water Supply

All fixtures must supply a flow rate of 3-gallons per minute.
All inoperable or leaky main shut off valves shall be replaced. Lead pipe and exposed galvanized pipe shall be replaced with copper pipe or CPVC pipes.

Drain, Waste, Vent Lines

Waste and vent lines must function without losing the trap seal. When replacement is required, lines shall be installed in accordance with the most recently approved mechanical codes.

Plumbing Minimum Equipment

Every dwelling unit shall have a minimum of one single bowl sink with hot and cold running water in the kitchen and at least one bathroom containing a toilet, a vanity with sink and a shower/tub unit, both with hot and cold running water.

Additional References: Local housing code.

Plumbing Fixtures

Repair Standard
All fixtures and faucets shall have all working components.

Replacement Standard: Minimum Life: 20 Years
Single lever, metal faucets and shower diverters with 15-year drip-free warranty. Ceramic toilets, double bowl stainless steel sinks, fiberglass tub surrounds and 5' fiberglass or steel enameled tubs. Replacement plumbing fixture to be Water Sense labeled.

Water Heaters

Repair Standard
Each dwelling unit shall have a hot water heater. The minimum capacity for units with two bedrooms or less shall be 30 gallons; larger units shall have a minimum capacity of 40 gallons. Insulation jackets shall be present unless manufacturer provided an internal insulation blanket. Water heaters shall have pressure relief valves with drip legs that extend to within one foot of the floor. Expansion tanks will be included with the installation of new water heaters.

Replacement Standard: Minimum Life: 8 Years
High efficiency, Energy Star rated water heaters with at least R-7 insulation and an 8-year replacement warranty, or combination with the same minimum capacity as noted above.

Type of Pipe

Unless otherwise specified, all materials shall be copper or CPVC for domestic water, PVC for waste. All items shall operate without leakage, noise, vibration or hammering.

All penetration of building components shall be neat, sleeved and fire stopped. No solder containing lead shall be used in any pipe or fixture. Damage to structural members from drilling or notching shall be repaired to the acceptance of the owner, Agency and to code. Plumbing must be done in accordance with the Uniform Plumbing code.

Venting

The Uniform Plumbing Code requires that all drains be vented. All drains that are changed as a result of replacing or installing fixtures must be vented in accordance with the Uniform Plumbing Code.

Faucets

If newly installed, replaced faucets should be mid-grade lever handle faucets of chrome or white ceramic.
The color and type are to be selected by the owner from stock samples.

Functional Sewer Lines

Each residential property must have its own functional sewer line. All houses with problems with sewage backup must be investigated and repairs made to the sewer line. The new water line shall be laid without joints from meter hub to main shut off valve inside structure. The utility trench is to be filled and mounded in anticipation of future earth settlement and the contractor is responsible for any required regrading within the one year warranty period. All galvanized lines should be replaced.

Shut-off Valves

All plumbing fixtures which are removed and replaced require the installation of new shut-off valves.
All gas appliances that are removed and replaced require a new gas shut-off valve that is to be installed by a licensed plumber.

Vent Stacks

All vent stacks must be at least one foot above the roof and appropriately sealed to prevent infiltration of water.

XIII. BUILDING WATER TIGHTNESS CRITERIA

Windows

Windows are not to be replaced unless they are inoperable and are permitting the infiltration of air, snow or rain. Any replacement or treatment of windows must meet the MHT requirements and any Historic Requirements of the local jurisdiction.
Rotted sills and trim are to be replaced . All windows should have locking devices for security. If new windows are required they must be Energy Star rated. All operable windows must have screens.

Repair Standard
All single glazed windows shall be replaced with Energy Star rated Double-glazed windows. Windows shall have a locking device and mechanism to remain partially open.

Dilapidated lead-containing windows should be replaced by certified Lead Safe contractor. All habitable rooms shall have a window for egress.

Replacement Standard: Minimum Life: 20 Years
Energy Star Rated Double-glazed, double or single hung. PVC, low E, one over one, with historically sensitive snap-in grids and a minimum for your region. All new construction windows shall meet 5.7sf net clear opening.

Basement, Egress

Any basement bedroom must have a code compliant window or door egress system.

Door

When doorjambs are in good condition or the doors are of unusual sizes, hollow core wood, prefinished or unfinished doors will be provided. All exterior doors should be provided with locking hardware.

Exterior Doors

Repair Standard

Doors shall be solid, weather stripped, operate smoothly, and include a peep site, a dead bolt, and an entrance lock set.

Replacement Standard: Minimum Life: 10 Years
All replacement doors at the front of the property will be historically sensitive and Energy Star rated. Steel six- panel doors may be installed at entrances not visible from the front street. Dead-bolt locks will be installed on all doors. All exterior entrance doors shall be minimum size of 36x80. Landings in front of exterior doors shall be minimum depth of 36".

Interior Doors/Placement

Repair Standard
All bedrooms, baths and closets shall have operating doors.

Replacement Standard: Minimum Life: 10 Years
Hollow core, pressed wood product with bedroom lockset of suitable standard finish.

Wall Insulation:

When the framing is exposed during rehabilitation, insulation must be installed with a minimum value of R-13. Insulation installed for newly constructed homes shall be R-21.

Insulation

Repair Standard NA

Replacement Standard: Minimum Life: 15 Years
Attic areas and crawl space will be insulated. Attic insulation shall be R-49, and for crawl spaces R-19. Frame walls will be insulated with R-13 fiberglass batts if the wall finish is removed, and with high density cellulose otherwise. 6 mil Plastic vapor barriers will be placed over bare soil in crawl spaces. Crawl space shall have vents unless crawl space is conditioned. If crawl space is conditioned, must have sump-pump.

Attic Ventilation

Repair Standard NA

Replacement Standard: Minimum life: 20 Years
Attics will be ventilated with a minimum of 1 square foot of free vent for each 300 square feet of roof area.

Kitchen Ventilation

Range hoods or exhaust fans shall be exterior ducted; where it is possible.

Bath Ventilation

Repair Standard NA

Replacement Standard: Minimum Life: 5 Years

Exterior ducted 70 CFM. 20 somes with separate switch in all full baths.

Basement/Crawl Space Insulation

Floor joist shall be insulated with a minimum value of R19 and crawl spaces shall have a vapor barrier of 6 mil plastic. Exception shall be determined on the age of the home and dimensional lumber used in that era.

Roof Insulation: All ceilings under attics or roofs must be insulated with a minimum value of R-49.

XIV. HVAC

Heating/Ventilation/Air Conditioning Plant

Repair Standard

Inoperative, hazardous or inefficient (less than 75% AFUE) heating plants (HVAC units) shall be repaired and altered to perform at least 85% efficiency, where feasible. Programmable thermostats are required.

Replacement Standard: Minimum Life: 20 Years
Gas- and oil-fired plants (HVAC units) shall be Energy Star rated. Heat pumps/HVAC units shall be rated at 16 SEER or better. Programmable thermostats are required. Replacement heating/HVAC equipment shall be properly sized in accordance with the ACCA's Manual J or other recognized methodology. Data for heat load/loss calculations shall be based on post-rehabilitation conditions.

Distribution System

Repair Standard

Energy Star rated Heat-pump (or equal) integrated HVAC system heating unit capable of safely and adequately heating (or cooling as applicable) a conditioned space is defined (in relevant part) as an area in a building provided with heating or cooling systems or appliances capable of maintaining 68 Deg. F during the heating season or 80 Deg. F during the cooling season.

To include all vents, vent covers, returns, ducts, and concrete (or comparable) pad for exterior condenser/heat exchanger, electrical and plumbing connections as per code. Programmable thermostats are required.

All ductwork shall be well supported, sealed with mastic and insulated in unconditioned spaces.

Replacement Standard: Minimum Life: 20 Years

XV. DISASTER MITIGATION

Any rehabilitation or replacement of homes will include all necessary local codes/state codes and/or federal requirements in order to mitigate any damage that may have occurred as a result of a disaster and as well as addressing any future disaster.

Flood Plain Requirements

When the project is in a flood zone (floodplain): the following surveys will be required.

CDA requires the completion of a survey by a registered surveyor for all projects. The survey must include the required information and be accompanied by the appropriate certificates.

The Survey must comply with the ALTA Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys (effective 2/23/2011). Table A must include all items except items 5, 10(b), 15 and 21. A full size copy of the survey must be provided to CDA and its counsel for review and approval prior to execution.

Upon completion of a project that involves adding buildings or other improvements, roads and/or sidewalks, an as-built survey which complies with the above requirements must be provided. CDA at its discretion may require an as-built survey for other types of projects.

The survey needs to include the following items:

- Lot lines and set-back lines
- Location of all existing easements, rights of way, improvements on or encroachments upon, over, to or from the property
- Location of all items that will be listed in Schedule B, Part II of the lender's title policy.

Termite Treatment

Contractor will provide termite treatment including adjacent soil treatment and foundation barrier cap. Treatment shall be done upon foundation completion and prior to main floor construction.

XVI. LEAD BASED PAINT

All properties must meet the lead –based paint requirements at 24 CFR 35. All properties built prior to 1978 may be subject to a Lead Paint Testing Assessment Report prepared for the property owner by an approved Risk Assessor.

Bidders must be Renovation, Repair and Painting (RRP) Certified by Environmental Protection Agency (EPA), or State of Maryland Lead Safe Certified for lead safe work practices for this project or any home built prior to 1978. Prior to work beginning, the contractor shall provide evidence of all required certificates and accreditations.

In addition, prior to starting work, each owner is to be provided a copy of the EPA "Protect Your Family from Lead in Your Home" pamphlet.

All lead-based paint operations are to be performed in accordance with all State, County, City and Federal regulations.

XVII. ENERGY CONSERVATION

All new construction and rehabilitation projects shall be energy efficient and follow current International Energy Efficiency Code (IEEC) as adopted by the State of Maryland.

Examples of Green building practices

WEB SITE REFERENCES:

ENERGY STAR
www.energystar.gov

Ventilation
www.ashrae.org

NOTE: All projects requiring rehabilitation must meet the following requirements:

1. Plans and specifications prepared by an accredited Architect;
2. A Capital Needs Assessment prepared by a third party (Architect, engineer, etc.) documenting the remaining useful life of all major systems and components outlined below.
   If the remaining life of a component is less than the affordability period, the component must be repaired or replaced; an adequate replacement reserve must be established and underwriting must include regular payments to the reserve account.
3. DHCD Construction staff must review prepared Plans and specifications against the Capital Needs Assessment along with a site inspection of the property to confirm all required rehabilitation work conforms with required mitigation outlined below.

Appendix A: Uniform Physical Condition Standards for Multifamily Housing Rehabilitation – Requirements for Site

Inspectable Item	Observable Deficiency	Degree of Deficiency	Required Mitigation
Fencing and Gates	Damaged/Falling/Leaning	Level 1	Must be repaired or replaced
	Holes	Level 1	Must be repaired or replaced
	Missing Sections	Level 1	Must be repaired or replaced
Grounds	Erosion/Rutting Areas	Level 1	Must be repaired or replaced
	Overgrown/Penetrating Vegetation	Level 1	Must be repaired or replaced
	Ponding/Site Drainage	Level 1	Must be repaired or replaced
Health & Safety	Air Quality - Sewer Odor Detected	Level 1	Must be repaired or replaced
	Air Quality - Propane/Natural Gas/Methane Gas Detected	Level 1	Must be repaired or replaced
	Electrical Hazards - Exposed Wires/Open Panels	Level 1	Must be repaired or replaced
	Electrical Hazards - Water Leaks on/near Electrical Equipment	Level 1	Must be repaired or replaced
	Flammable Materials - Improperly Stored	Level 1	Must be repaired or replaced
	Garbage and Debris - Outdoors	Level 1	Must be repaired or replaced

	Hazards - Other	Level 1	Must be repaired or replaced
	Hazards - Sharp Edges	Level 1	Must be repaired or replaced
	Hazards - Tripping	Level 1	Must be repaired or replaced
	Infestation - Insects	Level 1	Must be repaired or replaced
	Infestation - Rats/Mice/Vermin	Level 1	Must be repaired or replaced
Mailboxes/Project Signs	Mailbox Missing/Damaged	Level 1	Must be repaired or replaced
	Signs Damaged	Level 1	Must be repaired or replaced
Parking Lots/Driveways/Roads	Cracks	Level 1	Must be repaired or replaced
	Ponding	Level 1	Must be repaired or replaced
	Potholes/Loose Material	Level 1	Must be repaired or replaced
	Settlement/Heaving	Level 1	Must be repaired or replaced
Play Areas and Equipment	Damaged/Broken Equipment	Level 1	Must be repaired or replaced
	Deteriorated Play Area Surface	Level 1	Must be repaired or replaced
Refuse Disposal	Broken/Damaged Enclosure-Inadequate Outside Storage Space	Level 1	Must be repaired or replaced
Retaining Walls	Damaged/Falling/Leaning	Level 1	Must be repaired or replaced
Storm Drainage	Damaged/Obstructed	Level 1	Must be repaired or replaced
Walkways/Steps	Broken/Missing Hand Railing	Level 1	Must be repaired or replaced
	Cracks/Settlement/Heaving	Level 1	Must be repaired or replaced
	Spalling/Exposed rebar	Level 1	Must be repaired or replaced

Appendix A: Uniform Physical Condition Standards for Multifamily Housing Rehabilitation – Requirements for Building Exterior

Inspectable Item	Observable Deficiency	Degree of Deficiency	Required Mitigation
Doors	Damaged Frames/Threshold/Lintels/Trim	Level 1	Must be repaired or replaced
	Damaged Hardware/Locks	Level 1	Must be repaired or replaced
	Damaged Surface (Holes/Paint/Rusting/Glass)	Level 1	Must be repaired or replaced
	Damaged/Missing Screen/Storm/Security Door	Level 1	Must be repaired or replaced
	Deteriorated/Missing Caulking/Seals	Level 1	Must be repaired or replaced
	Missing Door	Level 1	Must be repaired or replaced
Fire Escapes	Blocked Egress/Ladders	Level 1	Must be repaired or replaced
	Visibly Missing Components	Level 1	Must be repaired or replaced
Foundations	Cracks/Gaps	Level 1	Must be repaired or replaced
	Spalling/Exposed Rebar	Level 1	Must be repaired or replaced
Health and Safety	Electrical Hazards - Exposed Wires/Open Panels	Level 1	Must be repaired or replaced
	Electrical Hazards - Water Leaks on/near Electrical Equipment	Level 1	Must be repaired or replaced
	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	Level 1	Must be repaired or replaced
	Emergency Fire Exits - Missing Exit Signs	Level 1	Must be repaired or replaced
	Flammable/Combustible Materials - Improperly Stored	Level 1	Must be repaired or replaced
	Garbage and Debris - Outdoors	Level 1	Must be repaired or replaced
	Hazards - Other	Level 1	Must be repaired or replaced
	Hazards - Sharp Edges	Level 1	Must be repaired or replaced
	Hazards - Tripping	Level 1	Must be repaired or replaced
	Infestation - Insects	Level 1	Must be repaired or replaced

	Infestation - Rats/Mice/Vermin	Level 1	Must be repaired or replaced
Lighting	Broken Fixtures/Bulbs	Level 1	Must be repaired or replaced
Roofs	Damaged Soffits/Fascia	Level 1	Must be repaired or replaced
	Damaged Vents	Level 1	Must be repaired or replaced
	Damaged/Clogged Drains	Level 1	Must be repaired or replaced
	Damaged/Torn Membrane/Missing Ballast	Level 1	Must be repaired or replaced
	Missing/Damaged Components from Downspout/Gutter	Level 1	Must be repaired or replaced
	Missing/Damaged Shingles	Level 1	Must be repaired or replaced
	Ponding	Level 1	Must be repaired or replaced
Walls	Cracks/Gaps	Level 1	Must be repaired or replaced
	Damaged Chimneys	Level 1	Must be repaired or replaced
	Missing/Damaged Caulking/Mortar	Level 1	Must be repaired or replaced
	Missing Pieces/Holes/Spalling	Level 1	Must be repaired or replaced
	Stained/Peeling/Needs Paint	Level 1	Must be repaired or replaced
Windows	Broken/Missing/Cracked Panes	Level 1	Must be repaired or replaced
	Damaged Sills/Frames/Lintels/Trim	Level 1	Must be repaired or replaced
	Damaged/Missing Screens	Level 1	Must be repaired or replaced
	Missing/Deteriorated Caulking/Seals/Glazing Compound	Level 1	Must be repaired or replaced
	Peeling/Needs Paint	Level 1	Must be repaired or replaced
	Security Bars Prevent Egress	Level 1	Must be repaired or replaced

Appendix A: Uniform Physical Condition Standards for Multifamily Housing Rehabilitation – Requirements for Building Systems

Inspectable Item	Observable Deficiency	Degree of Deficiency	Required Mitigation
Domestic Water	Leaking Central Water Supply	Level 1	Must be repaired or replaced
	Missing Pressure Relief Valve	Level 1	Must be repaired or replaced
	Rust/Corrosion on Heater Chimney	Level 1	Must be repaired or replaced
	Water Supply Inoperable	Level 1	Must be repaired or replaced
Electrical System	Blocked Access/Improper Storage	Level 1	Must be repaired or replaced
	Burnt Breakers	Level 1	Must be repaired or replaced
	Evidence of Leaks/Corrosion	Level 1	Must be repaired or replaced
	Frayed Wiring	Level 1	Must be repaired or replaced
	Missing Breakers/Fuses	Level 1	Must be repaired or replaced
	Missing Outlet Covers	Level 1	Must be repaired or replaced
Elevators	Not Operable	Level 1	Must be repaired or replaced
Emergency Power	Auxiliary Lighting Inoperable (if applicable)	Level 1	Must be repaired or replaced
Fire Protection	Missing Sprinkler Head	Level 1	Must be repaired or replaced
	Missing/Damaged/Expired Extinguishers	Level 1	Must be repaired or replaced
Health & Safety	Air Quality - Mold and/or Mildew Observed	Level 1	Must be repaired or replaced
	Air Quality - Propane/Natural Gas/Methane Gas Detected	Level 1	Must be repaired or replaced
	Air Quality - Sewer Odor Detected	Level 1	Must be repaired or replaced
	Electrical Hazards - Exposed Wires/Open Panels	Level 1	Must be repaired or replaced
	Electrical Hazards - Water Leaks on/near Electrical Equipment	Level 1	Must be repaired or replaced
	Elevator - Tripping	Level 1	Must be repaired or replaced

	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	Level 1	Must be repaired or replaced
	Emergency Fire Exits - Missing Exit Signs	Level 1	Must be repaired or replaced
	Flammable Materials - Improperly Stored	Level 1	Must be repaired or replaced
	Garbage and Debris - Indoors	Level 1	Must be repaired or replaced
	Hazards - Other	Level 1	Must be repaired or replaced
	Hazards - Sharp Edges	Level 1	Must be repaired or replaced
	Hazards – Tripping Hazards	Level 1	Must be repaired or replaced
	Infestation - Insects	Level 1	Must be repaired or replaced
	Infestation - Rats/Mice/Vermin	Level 1	Must be repaired or replaced
HVAC	Boiler/Pump Leaks	Level 1	Must be repaired or replaced
	Fuel Supply Leaks	Level 1	Must be repaired or replaced
	General Rust/Corrosion	Level 1	Must be repaired or replaced
	Misaligned Chimney/Ventilation System	Level 1	Must be repaired or replaced
Roof Exhaust System	Roof Exhaust Fan(s) Inoperable	Level 1	Must be repaired or replaced
Sanitary System	Broken/Leaking/Clogged Pipes or Drains	Level 1	Must be repaired or replaced
	Missing Drain/Cleanout/Manhole Covers	Level 1	Must be repaired or replaced

Appendix A: Uniform Physical Condition Standards for Multifamily Housing Rehabilitation – Requirements for Common Areas

Inspectable Item Location	Observable Deficiency	Degree of Deficiency	Required Mitigation
Basement/Garage/Carport	Baluster/Side Railings - Damaged	Level 1	Must be repaired or replaced
Closet/Utility/Mechanical	Cabinets - Missing/Damaged	Level 1	Must be repaired or replaced
Community Room	Call for Aid - Inoperable	Level 1	Must be repaired or replaced
Halls/Corridors/Stairs	Ceiling - Holes/Missing Tiles/Panels/Cracks	Level 1	Must be repaired or replaced
Kitchen	Ceiling - Peeling/Needs Paint	Level 1	Must be repaired or replaced
Laundry Room	Ceiling - Water Stains/Water Damage/Mold/Mildew	Level 1	Must be repaired or replaced
Lobby	Countertops - Missing/Damaged	Level 1	Must be repaired or replaced
Office	Dishwasher/Garbage Disposal - Inoperable	Level 1	Must be repaired or replaced
Other Community Spaces	Doors - Damaged Frames/Threshold/Lintels/Trim	Level 1	Must be repaired or replaced
Patio/Porch/Balcony	Doors - Damaged Hardware/Locks	Level 1	Must be repaired or replaced
Restrooms	Doors - Damaged Surface (Holes/Paint/Rust/Glass)	Level 1	Must be repaired or replaced
Storage	Doors - Damaged/Missing Screen/Storm/Security Door	Level 1	Must be repaired or replaced
	Doors - Deteriorated/Missing Seals (Entry Only)	Level 1	Must be repaired or replaced
	Doors - Missing Door	Level 1	Must be repaired or replaced
	Dryer Vent -Missing/Damaged/Inoperable	Level 1	Must be repaired or replaced
	Electrical - Blocked Access to Electrical Panel	Level 1	Must be repaired or replaced
	Electrical - Burnt Breakers	Level 1	Must be repaired or replaced
	Electrical - Evidence of Leaks/Corrosion	Level 1	Must be repaired or replaced
	Electrical - Frayed Wiring	Level 1	Must be repaired or replaced
	Electrical - Missing Breakers	Level 1	Must be repaired or replaced

Inspectable Item Location	Observable Deficiency	Degree of Deficiency	Required Mitigation
	Electrical - Missing Covers	Level 1	Must be repaired or replaced
	Floors - Bulging/Buckling	Level 1	Must be repaired or replaced
	Floors - Floor Covering Damaged	Level 1	Must be repaired or replaced
	Floors - Missing Floor/Tiles	Level 1	Must be repaired or replaced
	Floors - Peeling/Needs Paint	Level 1	Must be repaired or replaced
	Floors - Rot/Deteriorated Subfloor	Level 1	Must be repaired or replaced
	Floors - Water Stains/Water Damage/Mold/Mildew	Level 1	Must be repaired or replaced
	GFI - Inoperable	Level 1	Must be repaired or replaced
	Graffiti	Level 1	Must be repaired or replaced
	HVAC - Convection/Radiant Heat System Covers Missing/Damaged	Level 1	Must be repaired or replaced
	HVAC - General Rust/Corrosion	Level 1	Must be repaired or replaced
	HVAC - Inoperable	Level 1	Must be repaired or replaced
	HVAC - Misaligned Chimney/Ventilation System	Level 1	Must be repaired or replaced
	HVAC - Noisy/Vibrating/Leaking	Level 1	Must be repaired or replaced
	Lavatory Sink - Damaged/Missing	Level 1	Must be repaired or replaced
	Lighting - Missing/Damaged/Inoperable Fixture	Level 1	Must be repaired or replaced
	Mailbox - Missing/Damaged	Level 1	Must be repaired or replaced
	Outlets/Switches/Cover Plates - Missing/Broken	Level 1	Must be repaired or replaced
	Pedestrian/Wheelchair Ramp	Level 1	Must be repaired or replaced
	Plumbing - Clogged Drains	Level 1	Must be repaired or replaced
	Plumbing - Leaking Faucet/Pipes	Level 1	Must be repaired or replaced

Inspectable Item Location	Observable Deficiency	Degree of Deficiency	Required Mitigation
	Range Hood /Exhaust Fans - Excessive Grease/Inoperable	Level 1	Must be repaired or replaced
	Range/Stove - Missing/Damaged/Inoperable	Level 1	Must be repaired or replaced
	Refrigerator - Damaged/Inoperable	Level 1	Must be repaired or replaced
	Restroom Cabinet - Damaged/Missing	Level 1	Must be repaired or replaced
	Shower/Tub - Damaged/Missing	Level 1	Must be repaired or replaced
	Sink - Missing/Damaged	Level 1	Must be repaired or replaced
	Smoke Detector - Missing/Inoperable	Level 1	Must be repaired or replaced
	Stairs - Broken/Damaged/Missing Steps	Level 1	Must be repaired or replaced
	Stairs - Broken/Missing Hand Railing	Level 1	Must be repaired or replaced
	Ventilation/Exhaust System - Inoperable	Level 1	Must be repaired or replaced
	Walls - Bulging/Buckling	Level 1	Must be repaired or replaced
	Walls - Damaged	Level 1	Must be repaired or replaced
	Walls - Damaged/Deteriorated Trim	Level 1	Must be repaired or replaced
	Walls - Peeling/Needs Paint	Level 1	Must be repaired or replaced
	Walls - Water Stains/Water Damage/Mold/Mildew	Level 1	Must be repaired or replaced
	Water Closet/Toilet - Damaged/Clogged/Missing	Level 1	Must be repaired or replaced
	Windows - Cracked/Broken/Missing Panes	Level 1	Must be repaired or replaced
	Windows - Damaged Window Sill	Level 1	Must be repaired or replaced
	Windows - Inoperable/Not Lockable	Level 1	Must be repaired or replaced
	Windows - Missing/Deteriorated Caulking/Seals/Glazing Compound	Level 1	Must be repaired or replaced
	Windows - Peeling/Needs Paint	Level 1	Must be repaired or replaced

Inspectable Item Location	Observable Deficiency	Degree of Deficiency	Required Mitigation
	Windows - Security Bars Prevent Egress	Level 1	Must be repaired or replaced
Health & Safety	Air Quality - Mold and/or Mildew Observed	Level 1	Must be repaired or replaced
	Air Quality - Propane/Natural Gas/Methane Gas Detected	Level 1	Must be repaired or replaced
	Air Quality - Sewer Odor Detected	Level 1	Must be repaired or replaced
	Electrical Hazards - Exposed Wires/Open Panels	Level 1	Must be repaired or replaced
	Electrical Hazards - Water Leaks on/near Electrical Equipment	Level 1	Must be repaired or replaced
	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	Level 1	Must be repaired or replaced
	Emergency Fire Exits - Missing Exit Signs	Level 1	Must be repaired or replaced
	Flammable/Combustible Materials - Improperly Stored	Level 1	Must be repaired or replaced
	Garbage and Debris - Indoors	Level 1	Must be repaired or replaced
	Garbage and Debris - Outdoors	Level 1	Must be repaired or replaced
	Hazards - Other	Level 1	Must be repaired or replaced
	Hazards - Sharp Edges	Level 1	Must be repaired or replaced
	Hazards - Tripping	Level 1	Must be repaired or replaced
	Infestation - Insects	Level 1	Must be repaired or replaced
	Infestation - Rats/Mice/Vermin	Level 1	Must be repaired or replaced
Pools and Related Structures	Fencing - Damaged/Not Intact	Level 1	Must be repaired or replaced
Trash Collection Areas	Chutes - Damaged/Missing Components	Level 1	Must be repaired or replaced

Appendix A: Uniform Physical Condition Standards for Multifamily Housing Rehabilitation – Requirements for Unit

Inspectable Item	Observable Deficiency	Degree of Deficiency	Required Mitigation
Bathroom	Bathroom Cabinets - Damaged/Missing	Level 1	Must be repaired or replaced
	Lavatory Sink - Damaged/Missing	Level 1	Must be repaired or replaced
	Plumbing - Clogged Drains, Faucets	Level 1	Must be repaired or replaced
	Plumbing - Leaking Faucet/Pipes	Level 1	Must be repaired or replaced
	Shower/Tub - Damaged/Missing	Level 1	Must be repaired or replaced
	Ventilation/Exhaust System – Absent/Inoperable	Level 1	Must be repaired or replaced
	Water Closet/Toilet - Damaged/Clogged/Missing	Level 1	Must be repaired or replaced
Call-for-Aid (if applicable)	Inoperable	Level 1	Must be repaired or replaced
Ceiling	Bulging/Buckling/Leaking	Level 1	Must be repaired or replaced
	Holes/Missing Tiles/Panels/Cracks	Level 1	Must be repaired or replaced
	Peeling/Needs Paint	Level 1	Must be repaired or replaced
	Water Stains/Water Damage/Mold/Mildew	Level 1	Must be repaired or replaced
Doors	Damaged Frames/Threshold/Lintels/Trim	Level 1	Must be repaired or replaced
	Damaged Hardware/Locks	Level 1	Must be repaired or replaced
	Damaged/Missing Screen/Storm/Security Door	Level 1	Must be repaired or replaced
	Damaged Surface - Holes/Paint/Rusting/Glass/Rotting	Level 1	Must be repaired or replaced
	Deteriorated/Missing Seals (Entry Only)	Level 1	Must be repaired or replaced
	Missing Door	Level 1	Must be repaired or replaced
Electrical System	Blocked Access to Electrical Panel	Level 1	Must be repaired or replaced
	Burnt Breakers	Level 1	Must be repaired or replaced

Inspectable Item	Observable Deficiency	Degree of Deficiency	Required Mitigation
	Evidence of Leaks/Corrosion	Level 1	Must be repaired or replaced
	Frayed Wiring	Level 1	Must be repaired or replaced
	GFI - Inoperable	Level 1	Must be repaired or replaced
	Missing Breakers/Fuses	Level 1	Must be repaired or replaced
	Missing Covers	Level 1	Must be repaired or replaced
Floors	Bulging/Buckling	Level 1	Must be repaired or replaced
	Floor Covering Damage	Level 1	Must be repaired or replaced
	Missing Flooring Tiles	Level 1	Must be repaired or replaced
	Peeling/Needs Paint	Level 1	Must be repaired or replaced
	Rot/Deteriorated Subfloor	Level 1	Must be repaired or replaced
	Water Stains/Water Damage/Mold/Mildew	Level 1	Must be repaired or replaced
Health & Safety	Air Quality - Mold and/or Mildew Observed	Level 1	Must be repaired or replaced
	Air Quality - Sewer Odor Detected	Level 1	Must be repaired or replaced
	Air Quality - Propane/Natural Gas/Methane Gas Detected	Level 1	Must be repaired or replaced
	Electrical Hazards - Exposed Wires/Open Panels	Level 1	Must be repaired or replaced
	Electrical Hazards - Water Leaks on/near Electrical Equipment	Level 1	Must be repaired or replaced
	Emergency Fire Exits - Emergency/Fire Exits Blocked/Unusable	Level 1	Must be repaired or replaced
	Emergency Fire Exits - Missing Exit Signs	Level 1	Must be repaired or replaced
	Flammable Materials - Improperly Stored	Level 1	Must be repaired or replaced
	Garbage and Debris - Indoors	Level 1	Must be repaired or replaced
	Garbage and Debris - Outdoors	Level 1	Must be repaired or replaced
	Hazards - Other	Level 1	Must be repaired or replaced

Inspectable Item	Observable Deficiency	Degree of Deficiency	Required Mitigation
	Hazards - Sharp Edges	Level 1	Must be repaired or replaced
	Hazards - Tripping	Level 1	Must be repaired or replaced
	Infestation - Insects	Level 1	Must be repaired or replaced
	Infestation - Rats/Mice/Vermin	Level 1	Must be repaired or replaced
Hot Water Heater	Misaligned Chimney/Ventilation System	Level 1	Must be repaired or replaced
	Inoperable Unit/Components	Level 1	Must be repaired or replaced
	Leaking Valves/Tanks/Pipes	Level 1	Must be repaired or replaced
	Pressure Relief Valve Missing	Level 1	Must be repaired or replaced
	Rust/Corrosion	Level 1	Must be repaired or replaced
HVAC System	Convection/Radiant Heat System Covers Missing/Damaged	Level 1	Must be repaired or replaced
	Inoperable	Level 1	Must be repaired or replaced
	Misaligned Chimney/Ventilation System	Level 1	Must be repaired or replaced
	Noisy/Vibrating/Leaking	Level 1	Must be repaired or replaced
	Rust/Corrosion	Level 1	Must be repaired or replaced
Kitchen	Cabinets - Missing/Damaged	Level 1	Must be repaired or replaced
	Countertops - Missing/Damaged	Level 1	Must be repaired or replaced
	Dishwasher/Garbage Disposal - Inoperable	Level 1	Must be repaired or replaced
	Plumbing - Clogged Drains	Level 1	Must be repaired or replaced
	Plumbing - Leaking Faucet/Pipes	Level 1	Must be repaired or replaced
	Range Hood/Exhaust Fans - Excessive Grease/Inoperable	Level 1	Must be repaired or replaced
	Range/Stove - Missing/Damaged/Inoperable	Level 1	Must be repaired or replaced
	Refrigerator-Missing/Damaged/Inoperable	Level 1	Must be repaired or replaced

Inspectable Item	Observable Deficiency	Degree of Deficiency	Required Mitigation
	Sink - Damaged/Missing	Level 1	Must be repaired or replaced
Laundry Area (Room)	Dryer Vent - Missing/Damaged/Inoperable	Level 1	Must be repaired or replaced
Lighting	Missing/Inoperable Fixture	Level 1	Must be repaired or replaced
Outlets/Switches	Missing	Level 1	Must be repaired or replaced
	Missing/Broken Cover Plates	Level 1	Must be repaired or replaced
Patio/Porch/Balcony	Baluster/Side Railings Damaged	Level 1	Must be repaired or replaced
Smoke Detector	Missing/Inoperable	Level 1	Must be repaired or replaced
Stairs	Broken/Damaged/Missing Steps	Level 1	Must be repaired or replaced
	Broken/Missing Hand Railing	Level 1	Must be repaired or replaced
Walls	Bulging/Buckling	Level 1	Must be repaired or replaced
	Damaged	Level 1	Must be repaired or replaced
	Damaged/Deteriorated Trim	Level 1	Must be repaired or replaced
	Peeling/Needs Paint	Level 1	Must be repaired or replaced
	Water Stains/Water Damage/Mold/Mildew	Level 1	Must be repaired or replaced
Windows	Cracked/Broken/Missing Panes	Level 1	Must be repaired or replaced
	Damaged Window Sill	Level 1	Must be repaired or replaced
	Missing/Deteriorated Caulking/Seals/Glazing Compound	Level 1	Must be repaired or replaced
	Inoperable/Not Lockable	Level 1	Must be repaired or replaced
	Peeling/Needs Paint	Level 1	Must be repaired or replaced
	Security Bars Prevent Egress	Level 1	Must be repaired or replaced