

The Department’s Proposed Changes to the Qualified Allocation Plan

No substantial changes.

The Department’s Proposed Changes to the Multifamily Financing Program Guide

Threshold

Existing Section	Existing Language	Proposed Language	Action	Rationale
<p>Overview and Policy Statement: The State Context</p>	<p>“With this 2020 update of the Maryland Qualified Allocation Plan for the Allocation of Federal Low Income Housing Tax Credits (QAP) and Multifamily Rental Financing Program Guide (Guide), the Maryland Department of Housing and Community Development (DHCD) has established the following set of priorities to guide the award of competitive funding:</p> <ol style="list-style-type: none"> 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. Permanent Supportive Housing for Veterans and Persons Experiencing Homelessness <p>The scoring criteria outlined in this Guide provide incentives for developments that meet these Priorities, with the greatest</p>	<p>“With this 2021 update of the Maryland Qualified Allocation Plan for the Allocation of Federal Low Income Housing Tax Credits (QAP) and Multifamily Rental Financing Program Guide (Guide), the Maryland Department of Housing and Community Development (DHCD) has established the following set of priorities to guide the award of competitive and non-competitive funding:</p> <ol style="list-style-type: none"> 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 6. Permanent Supportive Housing for Veterans and Persons Experiencing Homelessness 7. Housing for Low-Income agricultural, fishery, livestock, and poultry workers <p>DHCD remains focused on expanding and preserving housing opportunities in thriving communities to serve lower income households and targeted populations in a way that builds economic opportunity equitably. To do so most effectively, the</p>	<p>Language modified.</p>	<p>Expanded state priorities.</p>

	<p>priority placed on incentivizing the development of family housing in Communities of Opportunity.</p> <p>The QAP and Guide were crafted after the consideration of public comments received from a wide range of housing partners, stakeholders, consultants, housing advocates, and others during the review process...”</p>	<p>Department is focused on vulnerable populations whose exclusion from quality housing opportunities imposes severe economic, social, and personal costs.</p> <p>The QAP and Guide were crafted after the consideration of the State Housing Needs Assessment published in December of 2020 and public comments received from a wide range of housing partners, stakeholders, consultants, housing advocates, and others during the review process...”</p>		
3.2.4 Relocation and Displacement	<p>“http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/affordablehousing/training/web/relocation/notices”</p>	<p>“https://www.hud.gov/program_offices/comm_planning/relocation/regulations”</p>	Language updated.	Provided updated URL.
3.3.3 Housing for Low-Income Agricultural, Fishery, Livestock, and Poultry Workers		<p>“Any application for funding targeting low-income agricultural, fishery, livestock, or poultry workers must provide a marketing plan that details the planned outreach to those workers in addition to the AFHMP as described in Section 3.3.2. The marketing plan must also identify industry partners and formalize such arrangements in the form of contracts or Memorandums of Understanding.</p> <p>Agricultural, fishery, livestock, or poultry workers are considered those holding occupations that typically:</p> <ul style="list-style-type: none"> • Plant, inspect, or harvest crops; • Process crops, fish, or animals for entrance into the food supply chain; • Irrigate farm soil and maintain ditches or pipes and pumps; • Operate and service farm machinery and tools; 	Language added.	Language added to provide guidance on housing for agricultural workers.

		<ul style="list-style-type: none"> • Apply fertilizer or pesticide solutions to control insects, fungi, and weeds; • Move plants, shrubs, and trees with wheelbarrows or tractors; • Feed livestock and clean and disinfect their cages, pens, and yards; • Examine animals to detect symptoms of illnesses or injuries and administer vaccines to protect animals from diseases; • Transport, exercise, train, groom, or otherwise care for livestock; • Use brands, tags, or tattoos to mark livestock ownership and grade; • Herd livestock to pastures for grazing or to pens, stalls, scales, trucks, or other enclosures; • Undertake the forestation or reforestation of lands, including but not limited to the planting, transplanting, tubing, pre-commercial thinning and thinning of trees and seedlings, the clearing, piling and disposal of brush and slash and other related activities.” 		
<p>3.9.8.3 Professional Fees</p>	<p>“...Sponsors may request up to an additional five (5) percent above the calculated Developer’s Fee (i.e. up to 20% of Development Costs and up to 15% of Acquisition Costs) if the additional fee is escrowed with DHCD or another lender to: (a) fund a supportive service reserve or (b) fund a rent subsidy for Targeted Population units (See Section 4.4.2) set aside for persons at or below 20% of Area Median Income (AMI) for the initial fifteen (15) year LIHTC compliance period. The additional</p>	<p>“...Sponsors may request up to an additional five (5) percent above the calculated Developer’s Fee (i.e. up to 20% of Development Costs and up to 15% of Acquisition Costs) if the additional fee is escrowed with DHCD or another lender to: (a) fund a supportive service reserve or (b) fund a rent subsidy for Targeted Population units (See <u>Section 4.4.2</u>) set aside for persons at or below 20% of Area Median Income (AMI) for twenty (20) years. If a 20% AMI unit funded with this subsidy is rented to a voucher holder, then the next available comparable</p>	<p>Language modified.</p>	<p>Language added to clarify developer fee funded rent subsidy requirements.</p>

	five (5) percent above the calculated Developer’s Fee will not be subject to the \$2.5 million limit stated above...”	unit in the building must be rented to an income-qualified tenant at or below 20% of the AMI. The additional five (5) percent above the calculated Developer’s Fee will not be subject to the \$2.5 million limit stated above...”		
3.13.2 Base Level Green Standards for All Projects	<p>“...Landscaping – New plantings shall utilize at least 50% native plantings. Select native, highly suitable, drought /disease tolerant plantings suitable for the project soil and microclimate. Where there are healthy large existing trees, consider preserving mature trees in the site plan. Utilize shade, windbreak and screening benefits of plantings in the project design. Protect trees during construction...”</p> <p>“...Radon Gas – For Projects located in EPA Radon Area Zone 1, install a passive radon gas reduction pipe system with vertical venting convertible to mechanical venting unless testing indicates there is no radon gas hazard as determined by EPA standards. This requirement is only for projects where radon gas poses a legitimate hazard...”</p> <p>“...Recycling Plan, Post Completion – Provide space and containers on site for household recycling. Encourage residents to recycle. Address recycling in management plan...”</p>	<p>“...Landscaping – New plantings shall utilize at least 50% native or regionally adapted plantings. Select native, highly suitable, drought /disease tolerant plantings suitable for the project soil and microclimate. Where there are healthy large existing trees, consider preserving mature trees in the site plan. Utilize shade, windbreak and screening benefits of plantings in the project design. Protect trees and root zones during construction...”</p> <p>“...Radon Gas – For Projects located in EPA Radon Area Zone 1, install a passive radon gas reduction pipe system with vertical venting convertible to mechanical venting unless testing indicates there is no radon gas hazard as determined by EPA standards. This requirement is only for projects in EPA Radon Zone 1 where radon gas poses a legitimate hazard...”</p> <p>“...Recycling Plan, Post Completion – Provide space and containers on site for household recycling. Encourage residents to recycle. Address recycling in tenant education and management plan...”</p>	Language modified.	Language updated for landscaping, radon gas, and recycling plans.
3.13.3 Additional Criteria Applicable Only to New Construction, Gut	“...The project must be certified under the current version of Energy Star Certified Homes or Energy Star Multifamily New Construction, as applicable to the project type.	<p>“...The project must be certified under the current version of Energy Star Certified Homes or Energy Star Multifamily New Construction, as applicable to the project type.</p> <p>For gut rehabilitation and adaptive reuse, waivers for specific Energy Star Program requirements may be requested for</p>	Language modified.	Updated requirements for gut rehabilitation and adaptive re-use projects.

<p>Rehabilitation, and Adaptive Re-Use</p>	<p>Waivers for this requirement may be requested for gut rehabilitation projects for the following elements of the Energy Star Certification:</p> <ul style="list-style-type: none"> a. The requirement for installing slab insulation for projects with slab b. The requirement for continuous exterior insulation where exterior walls are concealed by existing brick veneer. <p>All other requirements of the Energy Star program shall remain in force. If a waiver is granted, upon project completion, an energy consultant must provide a letter and energy modeling reports to the owner for submission to DHCD attesting that, with the exception of the waived items, the project has fulfilled all requirements of the Energy Star Certified Homes v3.1 program, both prescriptive and performance-based...”</p> <p>“...The project must provide resident comfort and efficiency through installation of Energy Star central or split HVAC systems for community area(s) and units. Proposed equipment of a type or class not currently available as Energy Star-certified shall equal or exceed the efficiency of Energy Star-certified systems. Packaged, thru the wall HVAC units, if proposed, must have duct work serving all major rooms, and the overall system design must include an adequate air return path. All supply ducting for split HVAC systems must be insulated. Projects that certify at the time of application to achieve Department of Energy (DOE) Zero Energy Ready Home (ZERH) or comparable DHCD-approved energy savings certification or rating designation in Section 4.6.2 may request a waiver of the Energy Star HVAC requirements...”</p>	<p>projects for the following elements of the Energy Star Certification:</p> <ul style="list-style-type: none"> a. The requirement for installing slab insulation for projects with slab b. The requirement for continuous exterior insulation where exterior walls are concealed by existing brick veneer. c. The requirement for high performance windows, where prohibited by historic preservation restrictions. <p>All other requirements of the Energy Star program shall remain in force. If a waiver is granted, upon project completion, an energy consultant must provide a letter and energy modeling reports to the owner for submission to DHCD attesting that, with the exception of the waived items, the project has fulfilled all requirements of the Energy Star program, both prescriptive and performance-based...”</p> <p>“...The project must provide resident comfort and efficiency through installation of Energy Star central or split HVAC systems for community area(s) and units. Proposed equipment of a type or class not currently available as Energy Star-certified shall equal or exceed the efficiency of Energy Star-certified systems. Packaged, thru the wall HVAC units, if proposed, must have duct work serving all major rooms, and the overall system design must include an adequate air return path. All supply ducting for split HVAC systems must be sealed and insulated. Projects that certify at the time of application to achieve Department of Energy (DOE) Zero Energy Ready Home (ZERH) or comparable DHCD-approved energy savings certification or rating designation in <u>Section 4.6.2</u> may request a waiver of the Energy Star HVAC requirements...”</p>		
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3.14 Additional Criteria Applicable Only to Rehabilitation		“All rehabilitation projects that do not meet the definition of gut rehabilitation and adaptive reuse as described in Section 3.13.3 shall follow all of the requirements outlined below and in Section 3.14.1...”	Language added.	Language added to clarify rehabilitation requirements based on project type.
3.14.1 Base Level Energy Standards for Rehabilitation Only	“...Install only Energy Star qualified LED lighting fixtures or LED lamps when lighting replacement is included in the scope of work...”	“...Install only Energy Star qualified LED lighting fixtures or LED lamps when lighting replacement is included in the scope of work. For any lighting products not available as Energy Star certified, such as commercial lighting, select and install fixtures and lamps approved by the Design Lights Consortium (DLC). For more information, visit www.designlights.org ...”	Language added.	Language added to update lighting requirements.

Scoring

Existing Section	Existing Language	Proposed Language	Action	Rationale
4.1.2 Deductions from Team Experience Score	<u>Compliance Issues:</u> <ul style="list-style-type: none"> ...Failure to promptly resolve compliance matters arising from commitments in prior applications that led to the award of points under a prior QAP, Guide, or funding round, including, but not limited to, failures to: <ul style="list-style-type: none"> Provide promised tenant services; Maintain promised preferences within the set-aside of units or tenant selection criteria for persons with disabilities or special needs populations..” 	“... <u>Compliance Issues:</u> <ul style="list-style-type: none"> ...Failure to promptly resolve compliance matters arising from commitments in prior applications that led to the award of points under a prior QAP, Guide, or funding round, including, but not limited to, failures to: <ul style="list-style-type: none"> Provide promised tenant services; Maintain promised preferences within the set-aside of units or criteria for persons with disabilities or special needs populations..” 	Language modified.	Removed tenant selection.
4.1.4 Nonprofits (NPs), Public Housing Authorities	“... Category 4 (maximum of eight points): Up to four (4) points may be awarded for the first NP, PHA or MBE/DBE entity, and up to two (2) points for each additional NP, PHA, or MBE/DBE entity that...”	“... Category 4 (maximum of eight points): Up to two (2) points for each NP, PHA, or MBE/DBE entity that...”	Language and scoring changed.	Language modified to create more opportunities for capacity

(PHAs) and Minority/Dis advantaged Business Enterprises (MBE/DBEs)				building with NP, PHA, and MBE/DBE entities.
4.4.5 Policy Incentives	“...Three (3) points will be awarded to projects that involve “twinning” of 9% LIHTC and MBP/4% LIHTC, as described in Section 4.4.1. These points will be awarded as follows...”	“...One (1) point will be awarded to projects that involve “twinning” of 9% LIHTC and MBP/4% LIHTC, as described in Section 4.4.1. These points will be awarded as follows...”	Language and scoring changed.	Points for top twinning points reduced.
4.5.1 Direct Leveraging	“...For projects that involve “twinning” of 9% LIHTC and MBP/4% LIHTC, as described in Section 4.4.1, the amount of leveraged funds will be capped at 50% of tax-exempt bonds and 4% LIHTC equity in the calculation of leveraged funds. To avoid distorting competition, the maximum additional leveraging benefit from including 50% of the MBP/4% LIHTC is capped at two (2) points. Inclusion of these funds as leveraged funds is consistent with DHCD’s long-standing treatment of these funds, and is appropriate in light of the fact that the 9% LIHTC award will enable the MBP/4% LIHTC project to move forward. To calculate the direct leveraging score for the 9% LIHTC project, applicants should provide a separate CDA Form 202 that includes the combined project information for the 9% LIHTC project and the MBP/4% LIHTC project and letters of intent for the MBP/4% LIHTC project, as described in Section 3.6...”	“...Projects that involve “twinning” of 9% LIHTC and MBP/4% LIHTC, as described in <u>Section 4.4.1</u> , will receive two (2) additional points to capture the leveraging of the MBP/4% LIHTC project. Inclusion of these points is consistent with DHCD’s long-standing treatment of leveraged funds, and is appropriate in light of the fact that the 9% LIHTC award will enable the MBP/4% LIHTC project to move forward. To receive the extra two (2) points for the direct leveraging score, applicants must provide a separate CDA Form 202 for the MBP/4% LIHTC project and letters of intent for the MBP/4% LIHTC project, as described in <u>Section 3.6...</u> ”	Language and scoring changed.	Changed scoring for twinning projects.
4.5.2 Operating Subsidies	<p>“...Projects in Entitlement Jurisdictions will be scored as follows:</p> $\frac{\text{Average subsidy per affordable unit per year}}{\$400} \times 10 \text{ points} = \text{Points Awarded}$	<p>“...Projects in Entitlement Jurisdictions will be scored as follows:</p> $\frac{\text{Average subsidy per affordable unit per year}}{\$600} \times 10 \text{ points} = \text{Points Awarded}$	Language and points changed.	Scoring formula updated.

The final score will be rounded to the nearest one-hundredth (1/100) of a point.
 Projects in Non-Entitlement Jurisdictions will be scored as follows:

$$\frac{\text{Average subsidy per affordable unit per year}}{\$200} \times 10 \text{ points} = \text{Points Awarded}$$

The final score will be rounded to the nearest one-hundredth (1/100) of a point.”

The final score will be rounded to the nearest one-hundredth (1/100) of a point.

Projects in Non-Entitlement Jurisdictions will be scored as follows:

$$\frac{\text{Average subsidy per affordable unit per year}}{\$300} \times 10 \text{ points} = \text{Points Awarded}$$

The final score will be rounded to the nearest one-hundredth (1/100) of a point.”