



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

Wednesday, March
13, 2019

2019 Maryland Qualified Allocation Plan (QAP) & Multifamily Rental Financing Program Guide (Guide)

**Pre-Round Information Session for
the 2019 Competitive Funding
Round**

Date: Wednesday, May 8, 2019

PURPOSE OF TODAY'S MEETING

- Provide information about:
 - Resources available for the Round
 - Application and Administrative Processes
 - Review Threshold and Scoring Items
- Provide opportunity for questions and answers

RESOURCES AVAILABLE

ROUND 1 / 8, 2019

Rental Housing Programs (RHFPs):



PRE-APPLICATION MEETINGS

- Pre-Application meetings are *optional*
- Provide an opportunity to receive feedback on proposed project specifics
- E-mail Keith Ashford at Keith.Ashford@Maryland.Gov or call him at 301-429-7781 to schedule a meeting
- Meetings will generally be scheduled for 45 minutes:
 - Tuesdays and Thursdays
 - Between 10:30 am -12:30 pm or 1:30 - 3:30 pm



APPLICATION SUBMISSION

- **Applications are due by 4 pm on Wednesday, May 8, 2019**
- **MUST** use New Application Submission Kit dated February 22, 2019
<http://dhcd.maryland.gov/HousingDevelopment/Pages/MFLibrary.aspx#appdocs>
- Submit two (2) copies of the complete application, including attachments and exhibits. *A CD including the market study, CDA Form 202, Building Evaluation Report and Plans (including the building elevation, floor plans and site map) must be included in one binder*
- Submit Application into Multifamily Information System. Email Brenice.Sterling@Maryland.Gov for log in
- Application fee of \$2,500 for each project must be submitted (under separate cover) at the same time as or before application submission to **Post Office Box 2521, Landover Hills, MD 20784**

Incomplete applications will not be considered.



APPLICATION & ADMINISTRATIVE INFORMATION

- **Waivers:**

- In accordance with Section 5 of the Guide, waiver requests must be submitted *in writing* to Gregory Hare, Director, Multifamily Housing (Gregory.Hare@Maryland.gov)
- Submit no later than **30 days** in advance of Round deadline (i.e., by **Monday, April 8, 2019**)
- Applies only to Rental Housing Financing Program and State-imposed criteria for LIHTC and MBP
- Federal regulations affecting LIHTC, HOME and MBP may not be waived

2019 QAP AND GUIDE – OVERVIEW

The QAP and Guide are used to review:

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

Basic Review Process:

- Threshold Review
- Scoring

APPLICATION & CDA FORM 202 HIGHLIGHTS

- Opportunity Zone Investment Certification (Exhibit A)
 - Certify the amount of projected capital from a qualified Opportunity Zone fund to be considered as leveraged funds in excess of DHCD's assumptions of LIHTC equity pricing.
- Tenant Services (Exhibit L)
 - Certify that Narrative of Tenant Services is attached or that CORES designation or comparable DHCD-approved third-party certification will be achieved by final closing.
- Permanent Supportive Housing (Exhibit O)
 - Provide documentation of Project-Based Rental Subsidy, CoC Letter of Support, Supportive Services Plan (SSP), and PSH Set-Aside Self-Score.
- Income Targeting (202)
 - Updated to include 20% to 80% of AMI in calculations for purposes of Income Averaging Set-Aside.
- Leveraging (202)
 - Opportunity Zone Investment added.
 - Points calculated based on equation.

GENERAL OVERVIEW: QAP



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2019 QAP HIGHLIGHTS

- **§F.2 Permanent Supportive Housing (PSH) Set-Aside:**
 - Up to \$1.5 million of LIHTC to fund one (1) PSH project.
 - No more than 50% of all units may be identified as PSH units (30% of AMI/supportive services).
 - Commitment at application for project-based rental subsidy with a term of at least fifteen (15) years for a minimum of 50% of the PSH units.
 - Letter of support from CoC
 - Supportive Services Plan
 - Initial scoring (see next slide) to select project for Set-Aside. If your project does not qualify for Set-Aside, the project will be scored and considered for the “regular” competition.

F.2 Permanent Supportive Housing (PSH) Set-Aside Scoring – 148 max. pts.

- §4.1 – Capacity of Development Team – 74 max. pts.
- §4.3 – TOD – 8 max. pts.
- §4.6 – Development Quality Standards – 31 max. pts.
- PSH Set-Aside Units – 35 max. pts.

Points	# of Units
0	<20
5	20 – 30
10	30 – 40
15	>40

Points	% of Units
0	<25%
5	20% – 30%
10	30% – 40%
15	40% – 45%
20	45% – 50%

GENERAL OVERVIEW: THRESHOLD



2019 THRESHOLD HIGHLIGHTS

- **§3.4 Tenant Services:**

- Projects must develop and/or use an up-to-date community scan (within the last five years) that includes a review and assessment of existing local amenities, services, community assets, potential partners, and resources.
- Option to meet threshold requirements by certifying the provision of tenant services through the compliance period through a sponsor organization or contract service provider that has achieved designation as a Certified Organization for Resident Engagement and Services (CORES) or a comparable DHCD-approved certification.

- **§3.5.2 Family Housing Developments – Units for Persons with Disabilities:**

- UFAS units must be reserved for PWD households for sixty (60) calendar days at initial lease-up and upon turnover. In addition to other marketing, the Developer must agree to provide notice of unit availability and accept referrals from MDOD/MDH.
- Family projects, regardless of the source of funds, must agree to accept, if offered by DHCD, any capital or rental subsidy funds for their PWD units.

2019 THRESHOLD HIGHLIGHTS

- **§3.13.2 Base Level Green Standards for All Projects**
 - Plans or Specifications must anticipate and identify remedies and accepted practices for treatment of mold, mildew, and moisture infiltration. Detailed plans must be included in the Development Quality Threshold Narrative portion of the application.
- **§3.13.3 Additional Criteria Applicable Only to New Construction and Gut Rehabilitation**
 - Except for gut rehabilitation projects, projects must meet visitability standards for at least 25% of its units and incorporate universal design features in its units and common areas.
 - Universal design features as defined by The Centre for Excellence in Universal Design (<http://universaldesign.ie/What-is-Universal-Design/>)

GENERAL OVERVIEW: SCORING



Scoring: Based On 200 Points

Category	Points	
Capacity of Development Team	74	<ul style="list-style-type: none"> • Team Experience • Negative points for processing time, compliance and asset management issues • Financial Capacity • Nonprofit/PHA/MBE scoring
Community Context	16	<ul style="list-style-type: none"> • Community Impact or Communities of Opportunity • Defined Planning Areas and Opportunity Zones (Rural, Sustainable Communities, others)
Transit Oriented Development (TOD)	8	<ul style="list-style-type: none"> • MDOT designated • Radius of a public transportation boarding and alighting location • Availability of Transportation Services • Walk Score
Public Purpose	46	<ul style="list-style-type: none"> • Income Targeting • Targeted Populations • Family units with 2, 3+ bedrooms • Tenant Services • Policy Incentives
Leveraging & Cost Effectiveness	25	<ul style="list-style-type: none"> • Direct Leveraging • Operating Subsidies • Construction or Rehabilitation Cost Incentives
Development Quality	31	<ul style="list-style-type: none"> • Green Features • Energy and Water Conservation and Sustainability • Project Durability and Enhancements



Defined Planning Areas and Opportunity Zones – 16 max. pts. (Section 4.2.3)

- Category 1 (Up to 12 points)
 - Rural Area
 - County designated growth areas
 - Sustainable Communities
 - Empowerment Zones
 - Federal or Maryland Enterprise Zones
 - Main Street/Maple Street Maryland communities
 - Rural villages
- Category 2 (Up to 16 points)
 - Located in an area outlined in Category 1 *and*
 - Is located in a designated Opportunity Zone

Income Targeting – 15 max. pts. (Section 4.4.1)

- Projects involving “twinning” should calculate income targeting score based only on the 9% project.

Targeted Population – 10 max. pts. (Section 4.4.2)

- Points awarded to projects that set aside up to 20% of the affordable units at no more than 30% AMI.
- Points calculated based on the following equation and rounded to the nearest one-hundredth of a point:

$$\frac{\text{\# of set-aside units}}{20\% \text{ of the affordable units}} \times 10 \text{ points} = \text{Points Awarded}$$

Tenant Services – 8 max. pts. (Section 4.4.4)

Classic Path

Submit a Tenant Services Narrative that that augments the requirements under Section 3.4 and includes all of the following:

- MOU or Contract (identifying partners, where the services are located, and address transportation needs to off-site services) (3 pts.)
- Identification of the tenant population and applicability of services offered (1 pt.)
- A full budget with sources detailing how the services will be funded (2 pts.) or a description of financing needed without identified sources (1 pt.)
- Identification of goals for resident outcomes and how they will be measured (1 pt.)
- A description of the feedback mechanism, conflict resolution between property management and resident services, and privacy protocols for storing tenant information (1 pt.)

Certification Path

Execute a certification that requires the provision of tenant services throughout the compliance period or loan term, as applicable, through a sponsor organization or contract service provider that has achieved designation as a Certified Organization for Resident Engagement and Services (CORES) or a comparable DHCD-approved third-party certification by final closing (8 pts.). For more information see <http://coresonline.org>.



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Policy Incentives – 5 max. pts. (Section 4.4.5)

- Three (3) points to the three (3) highest scoring “twinning” projects that include an overall total of 150 units and demonstrate a need for at least \$5 million of MBP financing.
- Two (2) Points to any project located within the boundaries of, and contributing to, a “Choice Neighborhood”.
- Two (2) Points to any project that involves the acquisition and rehabilitation of an existing multifamily rental housing development, whether or not it has existing rent or income restrictions, provided the project agrees to affordability restrictions for at least 40 years.

Direct Leveraging – 15 max. pts. (Section 4.5.1)

- LIHTC Raise – Up Rate: \$0.94
- Capital from qualified Opportunity Zone funds must result in an equity contribution in excess of DHCD’s assumptions of LIHTC equity pricing.
- Projects involving “twinning” should calculate direct leveraging score based on the combined project information for the 9% LIHTC project and the MBP/4% LIHTC project.



Construction & Rehab Cost Incentives – Negative 8 max. pts. (Section 4.5.3)

For the Spring 2019 Round, the construction cost limits of Section 4.5.3 are as follows:

- Up to eight (8) points will be deducted from any large project, and up to six (6) points deducted from small projects (40 units), with construction costs per square foot in excess of:

Type of Building	New Construction	Rehabilitation
Cottage, Single Family, Semi-detached Dwellings, and Townhomes	\$175	\$ 180
Garden Apartments	\$ 147	\$ 112
Non-elevator Stacked Units and Elevator Buildings with 4 stories or less	\$ 160	\$ 131
Elevator Buildings of 5 or more stories	\$ 175	\$136

“Twinning” Project Requirements

- At least 150 Units
- Demonstrate a need for at least \$5 million in MBP financing
- Submit:
 - A full application for the 9% LIHTC project
 - CDA Form 202 and schematics for MBP/4% LIHTC project
 - CDA Form 202 for combined 9% LIHTC and MBP 4% LIHTC projects

QUESTIONS?

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