

Multifamily Housing Notice 23-13

October 17, 2023

To: Developers, Sponsors and Local Housing Contacts
From: Alvin Lawson, Director, Multifamily Operations
Re: *2023 Competitive Round FAQs and Updated CDA Form 202*

2023 Competitive Round FAQs

The Department extends its thanks for everyone's continued feedback; the reference material is available in the form of Frequently Asked Questions (FAQs) at the following URL: <https://dhcd.maryland.gov/HousingDevelopment/Pages/MFLibrary.aspx>. Additional FAQs may be added as questions are received. Please continue to check the website for updates.

Updated CDA Form 202

A new CDA Form 202, to reflect the new 2023 QAP and Guide, is being posted to the DHCD website at <http://dhcd.maryland.gov/HousingDevelopment/Pages/MFLibrary.aspx>. All submissions should use the CDA Form 202 dated October 2023 moving forward.

Please note the following changes from the previous 202.

1. The Instructions tab changes are written in blue font. New/revised information in each tab are indicated in blue font.
2. A Visuals tab has been added to enable developers to provide site plans, floor plans, renderings, elevations, and photos that can be easily converted to a Word document so that they can be included in the HFRC Summary or as a separate document as part of the HFRC submission.
3. Certain cells have been locked throughout the 202. Locking cells do not permit Excel's Sum function to operate but the spreadsheet permits keying in the "=SUM (____)" formula and adding rows.

GENERAL Tab Changes

1. Added Basis Boost Documentation choice.
2. Added Developer Fee Funded Services / Rent Subsidy /Reserve choice.
3. Project Description moved from the Summary to the General Tab
4. Type of Occupancy - Added General Occupancy.
5. Added Site Control Questions: Type of site control; Identity of interest between the seller and sponsor/applicant; Number of contract extensions; Contract extension period (in days)

DEV TEAM Tab Changes

1. Federal Historic Equity Provider
2. State Historic Equity Provider

INCOME Tab Changes

1. Added a Commercial Income row to the Nonresidential income section.
2. Added separate vacancy rates for Nonresidential and Commercial income.

SOURCES Tab Changes

1. Added the financial feasibility calculation with the 75-basis point interest rate cushion along with the link to DHCD's interest rate guidance to determine current guidance rates.
2. Added a Lien Position column for the various loans.

USES Tab Changes

1. Reordered the line numbers separate from the line-item description.
2. Moved Negative Arbitrage below Construction Interest.
3. Updated the Soft Cost Contingency description and provided a calculation to determine the 2.5% maximum.
4. Added a separate Subsidy Layering Fee line item.
5. Described the new DHCD legal closing fee (*\$32K 1st loan + \$6K per additional loan*).

6. Added a Developer Fee Funded Supportive Services / Rent Subsidy / Sponsor Note Reserve line item for projects that intend to use developer fee as the source to fund a supportive services or rent subsidy reserve.
7. Added a calculation to determine amount of additional Developer Fee permitted if the project intends to use developer fee as the source to fund a supportive services or rent subsidy reserve.

TAX CREDIT Tab Changes

1. Added State Historic Credits and Proceeds separately v combined Historic Credit and Proceed amounts.
2. Added a self-generated credit percentage (Applicable Percentage) based on the deal type.
3. Added a self-generated credit raise based on the LIHTC equity proceeds amount indicated in the Sources tab.

PRO FORMA Tab Changes

1. Added separate Commercial Income (LIHTC, market rate, nonresidential, and commercial vacancy are calculated in one cell for each year).
2. Added a formula in year 15 that calculates the amount of cash flow needed to repay the balance of the deferred developer fee (projected DDF- DDF paid in years 1 through 14). [It is meant as a check and the formula can be overridden].
3. Eliminated ability to enter deferred developer fee payments after year 15.
4. Added a chart to list cash flow percentage projected to be paid towards Deferred Developer Fee, DHCD Loans, Local Government Loan (contingent interest or other negotiated arrangement), and remaining cash flow. The chart indicates cash flow percentages during years 1-15 or during the deferred fee period and cash flow percentages during years 16 and beyond or post the deferred fee period. The intent is to adjust the percentages after year 15 or sooner if the deferred fee is repaid sooner

INCOME TARGETING Tab Changes

1. Added instruction on how to calculate bedrooms in the same way it is calculated in the Rating and Ranking form.



MULTIFAMILY HOUSING UPDATES

LEVERAGING Tab Changes

1. Clarified the "Is the project Located in QCT/DDA? - or - "A Competitive Round Family project located in COO?" question.

If you have any questions, please email at alvin.lawson@maryland.gov.

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IMPORTANT NOTICE REGARDING EMAILING OF MULTIFAMILY NOTICES

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

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