

Multifamily Housing Notice 20-15

September 15, 2020

To: Developers, Sponsors, and Local Housing Contacts
From: Gregory Hare, Director, Multifamily Housing
Re: Taxable/Tax-Exempt Financing Technique

In 2019, the Maryland Department of Housing & Community Development (DHCD) issued Multifamily Notice 19-06 concerning the use of the “Taxable/Tax-Exempt Financing” technique. As a part of that notice, the Department retained the option but limited it to projects not utilizing subordinate DHCD loans. We indicated we would revisit offering this financing technique along with the subordinate DHCD loans if the interest rate environment were to change in such a way where taxable interest rates are significantly and consistently below tax-exempt interest rates.

After a careful review, DHCD has determined that benefits seen from the taxable marketplace, in the form of low rates, and the general volatility of the current financial markets warrant the re-expansion of this technique. The re-expansion includes making it available for projects that rely on subordinate financing from DHCD through Rental Housing Works (RHW) and other subordinate financing programs of DHCD. This modification is retroactively effective for applications submitted for financing, and our team will work with individual projects in underwriting to set the best course forward for each deal.

Additionally, DHCD recently updated the Multifamily Program Fee chart in connection with: loan applications, loan closing and servicing, bond loan credit enhancement and insurance; low-income housing tax credits; and post-closing monitoring and asset management for loans and low-income housing tax credits.

The updated charts can be found at <https://dhcd.maryland.gov/HousingDevelopment/Pages/Fees.aspx>

If you have any questions, please email Gregory.Hare@Maryland.gov or call at 301.429.7775

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IMPORTANT NOTICE REGARDING EMAILING OF MULTIFAMILY NOTICES

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

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

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

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