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## DHCD Executive Order Implementation Plan

Accelerating Housing Construction Financing

*Great Places* **WIN**



# Outline

- Factors affecting development timelines
- Optimizing developer/agency turnaround times
- Finalized timelines
  - Threshold reviews
  - Kickoff meetings
  - Viability & Commitment
- Strong focus on readiness to proceed – ***Great Projects WIN RHW***
  - Reservation of funds
  - Commitments & Closing

# Factors Affecting Development Timelines

## Regulatory Approvals

Obtaining necessary permits, zoning approvals, and environmental clearances can significantly impact turnaround times.

## Financing Complexity

The type of financing, number of lenders, and debt structuring can affect the processing time.

## Market Conditions

Fluctuations in interest rates, property values, and demand for multifamily housing can influence turnaround times.

## Project Complexity

Factors such as the size, scope, and unique features of the multifamily development can impact the overall timeline.

## Underwriting and Due Diligence

The thoroughness and rigor of the underwriting process and due diligence can affect the time required for approval.

# Optimizing Turnaround Times

## Streamline Loan Application Process

Implement a user-friendly and efficient loan application process that minimizes documentation requirements and leverages digital technologies to expedite reviews.

## Enhance Collaboration

Foster stronger collaboration between lenders, developers, and other key stakeholders to facilitate the timely exchange of information and faster decision-making.

## Leverage Technology

Utilize advanced data analytics, automation, and workflow management tools to improve process efficiency and reduce manual intervention.

## Optimize Underwriting Practices

Refine underwriting guidelines and procedures to focus on critical risk factors, enabling faster assessment and approval of loan applications.

## Proactive Communication

Establish clear communication channels and set realistic timelines to manage expectations and provide transparency throughout the multifamily housing finance process.

## Continuous Process Improvement

Regularly review and optimize the multifamily housing finance process by identifying and addressing bottlenecks, incorporating feedback, and implementing best practices.

# Threshold Review – DHCD New Timeline 75-Days

- Assessing applications for minimum program requirements, under threshold criteria, with a strong emphasis on readiness, including:
  - Development Team
  - Other Financing Commitments
  - RHW and RHFP Loan Requirements and maximums
  - LIHTC Award Limits
  - Underwriting Standards
  - Development Costs & Fees
  - Readiness to Proceed & Site Requirements (Applications utilizing funding beyond the current calendar year or within 14 months of the submission of the application must request a waiver with sufficient explanation and supporting information for the alternate development schedule).

## Threshold Communication & Response – Developer Timeline 30 Days

- Applicants/Sponsors will have 30 days to address the issues outlined in the threshold letter in Procorem.
  - Underwriters may grant a 30-day extension with sufficient explanation.
  - Projects can request \$2.5 million for up to fifty (50) units. An additional \$50K can be requested for each unit beyond fifty (50), up to a maximum of \$3.5 million (excluding energy funding).
    - Exceptions include older projects submitted before January 2021, communities utilizing the density bonus established under the Housing Expansion and Affordability Act of 2024, and high-mission communities leveraging other time-sensitive/critical local or federal funding, as determined by the Director of CDA, with approval from the Secretary or Deputy Secretary.
  - Applications that fail to meet the required deadline will be officially withdrawn with communication through Procorem.
  - Withdrawn applications that can demonstrate they have addressed all outstanding threshold issues may request reinstatement within 60 days of the official withdrawal notification.

# Kickoff Meeting Request – DHCD Timeline 15-Days

- During the kickoff meeting, the project teams will come together to discuss key details about the scope of the project, objectives, and revisit the timeline, including:
  - Introduction to project managers and other subject matter experts, and the overall communication plan
  - Potential risks and challenges associated with the project, including QCT, and other designations at risk.
  - Readiness to Proceed & Site Requirements (At this stage, applicants/sponsors must be prepared to close within 12 months, and it must be reflective of the current timelines for entitlement and securing all necessary permits for the site to close within a year).
  - Applications that do not meet the V/C package submission deadline or that will be utilizing funding beyond the current calendar year based on their status will be withdrawn(exceptions include an approved waiver with sufficient explanation and supporting information for the alternate development schedule.

# Developer/Sponsor Response– Timeline 90-150 Days

- After the kickoff meeting, the developer/sponsor will have no more than 150 days to submit the combined viability/commitment package:
  - Applications that do not meet the V/C package submission deadline or that will be utilizing funding beyond the current calendar year, based on where they are with entitlement, securing all permits, including zones, density, and design approvals, will be withdrawn
  - Exceptions include an approved waiver with sufficient explanation and supporting information for the alternate development schedule. These exceptions, including a potential waiver, should be discussed during the kickoff meeting, along with detailed timelines. Any approved waiver will include the anticipated date of the land use approval, based on achievable or historical timelines.
  - Withdrawn applications that can demonstrate they have addressed all outstanding viability/commitment issues or timelines may request reinstatement within 60 days of the official withdrawal notification.



# V/C Report – DHCD Timeline 70-Days

- CDA to review the updated 202 for feasibility
- All executed certifications, loan requirements, Partnership housing, Tenant relocation information, tax certifications, Limited partnerships or LLC agreements, etc.
- Review and approve/deny any changes in Exhibits A-U.
- Applications that meet the criteria will be notified if they are approved to go to HFRC within 15-days, based on the timing for the next finance committee meeting and funding availability.
- When funding is not available, applicants will be given a timeline within 30-days on when funding will be available, which starts at the beginning of the fiscal year. Projects needing gap financed disbursed on the initial draw may be delayed between mid-July and August.
- V/C submissions that fail to provide the required exhibits and meet the viability and commitment criteria will be given 30-days to provide all the missing information or the application will be officially withdrawn and communicated through Procorem.

# V/C Report Response– Developer Timeline 30-Days

- Developers/Sponsors given 30 days to fully address all issues, including incorrect or missing exhibits.
- Applications that meet the criteria will be notified if they are approved to go to HFRC within 15 days, based on the timing for the next finance committee meeting and funding availability.
- V/C submissions that fail to provide the required exhibits and meet the viability and commitment criteria will be given 30-days to provide all the missing information or the application will be officially withdrawn and communicated through Procorem.
- Withdrawn applications that can demonstrate they have addressed all outstanding viability/commitment issues or timelines may request reinstatement within 60 days of the official withdrawal notification.

## Multifamily Construction Financing Process - Timeframe Reduction

Stage	Cumulative Days	DHCD Timeframe	Developer Timeframe
Pre-development (site selection, feasibility analysis, other financing)			Varies significantly project to project
DHCD financing application review (submission -> award)	105 Days	Threshold Review – 75 Days	Threshold Response – 30 Days
DHCD Approvals (kickoff -> closing)	120 Days (4 - Months)	Kickoff scheduled – 15 Days	
Viability/Commitment Submission and Land use & building approvals (zoning, permitting)	180 Days (6 - Months)		60-120 Days
V/C Report	250 – 280 Days (8 – 9 Months)	70-days	V/C Response 30 Days
Total Time (from application submission to, reservation, commitment and closing).	295 - 385 Days (10-13 Months)	HFRC 15-30 Days Closing Calls 90 Days	Simultaneous

# Thank you!