

## Spring 2022 Competitive Funding Round FAQs

As of April 11, 2022

### General:

**Question:** Can electronic signatures be used, or are original signatures required?

**Answer:** LIHTC applications may be executed by electronic signature, which shall be considered an original signature for all purposes and shall have the same force and effect as an original signature. Without limitation, "electronic signature" shall include electronically scanned and transmitted versions (e.g., via pdf) of an original signature and any typed signature, including any electric symbol or process adopted by either party with the intent to sign the Commitment, including the use of DocuSign or other similar programs.

**Question:** What resources are available in the 2022 Competitive Funding Round?

**Answer:** LIHTCs and other resources available during the 2019 competitive round include:

- LIHTCs: (approximately) \$16.5 million, which represents about one year's allocation of 9% LIHTC for the State of Maryland.
- Rental Housing Financing Program (RHFPs): (approximately) \$25 million.
- Applicants may request up to \$3 million in RHFP funds for the 2022 competitive round.

The Department will select housing Trust Fund (HTF) and HOME projects for funding consideration, subject to the availability of funds.

**Question:** How do you request a pre-application meeting?

**Answer:** Complete the [Pre-Application Meeting Request Form](#) to submit your pre-application meeting request. Once the request is submitted, DHCD will reach out to schedule the meeting.



## Application Submission:

**Question:** How does the electronic application submission work?

**Answer:** Complete the [Electronic Application Request form](#) to request a Google Drive folder for each project. The folder is divided into subfolders to mirror the application submission kit. If you submit a "twinning" deal, there is also a separate folder for documents related to MBP/4% LIHTC projects. Once you receive the project folder, you should begin uploading your application documents into the correct subfolders. Access to the Google Drive folders will be revoked at 2 PM on Wednesday, May 4, so make sure everything is uploaded before the application deadline.

**Question:** Does the hard copy of the application need to be submitted by the deadline?

**Answer:** Yes, one (1) hardcopy of the completed application must be submitted by 2 PM on Wednesday, May 4. This includes one (1) paper copy delivered to DHCD at 7800 Harkins Road, Lanham, MD 20706, and one (1) electronic copy uploaded into the project's Google Drive folder. We will not require the CD/thumb drive since the entire application will be submitted electronically. Incomplete applications will not be considered.

**Question:** When do I need to enter data on my project into the Multifamily Information System (MIS)?

**Answer:** Applicants should work to complete the entry of their projects in MIS by May 4, 2022. If there is an issue with the submission, DHCD may extend the submission through MIS up to two weeks through May 18, 2022.

## Threshold: §3.11.4 Environmental Assessments:

**Question:** Are there special requirements for projects requiring site remediation or mitigation?

**Answer:** When site remediation or mitigation is required, the scope of work, including the required elements of an approved environmental plan, must be incorporated into the project's plans, specifications, budget, and construction contract before the Initial Finance Closing of the project. When appropriate, the Department encourages participation in the Maryland Department of the Environment's MDE-Voluntary Cleanup Program (VCP).

## Competitive Scoring: §4.4.1 Income Targeting:

**Question:** How are PBV units counted for income targeting?

**Answer:** Under 4.4.1, income targeting, PBV units are considered 30% units for income targeting and compliance, regardless of the household's income, to ensure that all voucher-eligible households can be referred. The intent of this policy is to ensure applicants from the PHA waiting list aren't skipped in

the event their income exceeds 30% of the AMI. Projects must continue to meet the minimum set-aside tests.

**Question:** Does the new project-based voucher language only apply to mobility programs referenced in the Guide?

**Answer:** No, DHCD considers project-based vouchers awarded through local PHAs as 30% AMI units for income targeting and compliance; assuming applicants have a project-based housing choice voucher contract with a term of at least fifteen (15) years, the units are restricted to 30% AMI in the application.

**Question:** How will project-based vouchers be recorded in the regulatory agreement?

**Answer:** DHCD will record the project-based voucher rent restrictions at the levels set in the application. Specifically, if the applicant's target project-based voucher units at 50% of the AMI, those units will be considered 50% units for scoring purposes. Additionally, the income targeting set in the application, the income targeting for scoring, will match the regulatory agreement, so applicants should consider this when designating the income targeting for PBV units.

**Question:** What income targeting should the market studies use when evaluating capture rates for Project-Based vouchers units?

**Answer:** The market analyst should test the capture rates based on each targeted income band for the PBV units, as designated in the CDA Form 202.

### **Competitive Scoring: §4.4.4 Tenant Services:**

**Question:** If I chose the CORES designation for a project funded in the 2019 and 2020 Rounds, can I still choose the CORES designation for Tenant Services even if I haven't received the certification yet?

**Answer:** If you chose the CORES designation for a project funded in the 2019 or 2020 Round, you would need to submit either proof of CORES certification, partnership with a CORES certified 3<sup>rd</sup> party, or a copy of the Pre-Screen Approval Email from CORES to demonstrate that you have initiated the application process and believe that you meet their threshold requirements.

### **Competitive Scoring: §4.4.5 Policy Incentives:**

**Question:** Can a project receive policy incentive points in more than one category?

**Answer:** Policy points will be awarded based on the final project scores, excluding any possible points in Section 4.4.5. As long as a project is among the top 2 or 3 highest-scoring projects, depending on the category, they are eligible to receive those points, up to a total of five (5) points.

Therefore, it is possible to receive points in more than one category. All categories will be assessed based on the final project score, excluding points awarded in Section 4.4.5.

**Question:** What documentation needs to be provided for Choice Neighborhood projects to receive points in Section 4.4.5?

**Answer:** Documentation of a Choice Neighborhood designation may include an award notification from HUD, letters of intent to provide financial assistance, or other documentation as proof of the designation.

### **Competitive Scoring: §4.5.1 Direct Leveraging:**

**Question:** What is the raise-up rate for Low Income Housing Tax Credits that the Department will use for scoring purposes in Section 4.5.1 Direct Leveraging?

**Answer:** The Department will use a raise-up rate of 90 cents.

**Question:** Does HTF and State HOME funds count as state funds for leveraging?

**Answer:** Yes, under Section 4.5.1, State resources include DHCD-administered rental housing resources, including HTF and State HOME funds. Project CORE and Strategic Demolition funds are the only DHCD funds specifically mentioned as leveraged funds in this section. The Department may designate new funds as leveraged funds for the purposes of scoring, as determined by the Secretary or designee.

**Question:** How do I calculate leveraging for a "twinning" project?

**Answer:** Projects submitting "twinning" applications should only calculate leveraging based on the 9% project. Projects that meet the definition of twinning under Section 4.4.1, with an overall total of at least 120 units and demonstrate a need for at least \$5 million in MBP financing, will receive two (2) additional points on their leveraging score.

### **Competitive Scoring: §4.5.2 Operating Subsidies:**

**Question:** What are the Entitlement Jurisdictions for the purposes of Operating Subsidy scoring?

**Answer:** For the calculations in Section 4.5.2, the Entitlement Jurisdictions are Anne Arundel County, Baltimore City, Baltimore County, Harford County, Howard County, Montgomery County, and Prince George's County.

**Competitive Scoring: §4.5.3 Construction Cost Limits:**

**Question:** Has the Department updated the Construction Cost limits outlined in Section 4.5.3 of the Guide?

**Answer:** The construction cost limits were reviewed and included in Multifamily Notice 22-04, released on February 8, 2022. They are also on our [website](#). The table below includes the current construction cost limits:

Type of Building	New Construction	Rehabilitation
Cottage, Single Family, Semi-detached Dwellings, and Townhomes	\$233	\$ 239
Garden Apartments	\$ 195	\$ 149
Non-elevator Stacked Units and Elevator Buildings with 4 stories or less	\$ 212	\$ 174
Elevator Buildings of 5 or more stories	\$ 233	\$181

**Twinning:**

**Question:** If I have a "twinning" project, do I need to submit full applications for the 4% and 9% projects?

**Answer:** The 9% LIHTC project needs to submit a full application. For the 4% LIHTC project, we require CDA Form 202, architectural schematics, and letters of intent. No other information is required for the 4% LIHTC, although a full application for the 4% LIHTC project will be required at a later date if the 9% LIHTC project receives an award.

Remember, to be considered a "twinning" project in the Spring 2022 Competitive Funding Round, projects must have a common development plan, include a minimum of 120 units, and demonstrate a need for at least \$5 million in MBP financing.

**Question:** When does the MBP/4% LIHTC project application need to be submitted?

**Answer:** If the 9% LIHTC project receives an award, DHCD staff will coordinate with the sponsoring entity to establish a timetable for submission of a full application for the 4% LIHTC project.

**Question:** Are the points for Developer Financial Capacity calculated from just the 9% LIHTC project for the combined 9% LIHTC and MBP/4% LIHTC projects?

**Answer:** Financial Capacity scoring for the 9% LIHTC project will be based on an analysis of the sponsor's financial statements in relation to the costs of the 9% LIHTC project only.

**Question:** Do the 9% LIHTC and MBP/4% LIHTC projects need to be separate buildings?

**Answer:** No, the projects do not need to be separate buildings, but separate buildings are allowed. If the projects are both in one building, "checkerboarding" of units within the building will not be permitted. For example, in a horizontal split, you might have the 9% LIHTC units on the east side of the building and the MBP/4% LIHTC units on the west side with a firewall separating the two. You might have the 9% LIHTC units on the first three floors and the MBP/4% LIHTC on the 4-6th floors with separate elevators in a vertical split. Any common areas should have cross-use agreements, and the two projects should look and run the same.

### **Miscellaneous:**

**Question:** Are Solar Systems, Security Systems, and Playground Soft or Hard costs?

**Answer:** Solar Systems, Security Systems, and Playgrounds are considered hard costs and must be included in the construction budget. Budgets that include these costs as soft costs will not be accepted.

**Question:** 2021 or 2022 income limits?

**Answer:** Applicants may use the most up-to-date income limits available for their submissions. The Department will notify partners and stakeholders once new income limits have been posted on our [website](#).