

Maryland Department of Housing & Community Development
December 18th, 2015
Summary of the 2016 QAP Regional Meeting Comments

The Maryland Department of Housing and Community Development is currently engaged in the process of revising the Qualified Allocation Plan (QAP) and Multifamily Rental Financing Program Guide (Guide). The QAP and Guide play a critical role in determining the allocation of public resources that support the development of affordable rental housing across the State of Maryland. It is the goal of the Department to have a transparent and open process regarding the changes to the QAP and Guide. During the first two weeks of December, the conducted a series of five Regional Meetings across the state in Hagerstown, Lanham, Annapolis, Denton, and Dundalk, Maryland. The Regional Meetings provided an opportunity for Departmental staff to provide an overview of feedback received to date, solicited additional comments from a broader group of stakeholders, and engaged in a dialogue regarding revisions to the QAP and Guide.

This document provides a summary of the comments, discussions, and ideas put forth during the Regional meetings. These comments are being carefully considered as the Department prepares its first draft of the QAP and Guide. It is the Department's goal to issue a draft QAP and Guide for comment by the end of January 2016, and adopt a new QAP and Guide by spring 2016. The Department is still accepting written comments and they may be directed at dhcd.qap@maryland.gov.

This document, as well as other documents and resources associated with the revision of the Qualified Allocation Plan and Multifamily Rental Financing Program Guide, are posted to a dedicated website. Please note, the Department has recently launched a new website, and this website address has been changed to: <http://dhcd.maryland.gov/HousingDevelopment/Pages/lihtc/qap2016.aspx>. The Department encourages you to visit this website as we continue through this process.

Summary of the 2016 Qualified Allocation Plan Regional Meeting Comments

Topic: Establishing additional Incentives for projects located in Communities of Opportunity, giving preferences to qualified census tracts, creating a category for projects not located in either communities of opportunity or qualified census tracts.

- Create a sliding scale point system with 2 point categories of indicators such as access to amenities, access to education, etc.
- Create a basis boost for projects in communities of opportunity- more preferable than a set aside.
- A basis boost should be given to areas that are in neither QCTs nor communities of opportunity.
- Priority Funding Areas are small and limited in rural areas- for example Garrett County has 2/3 of population living outside of PFA.
- Reexamine American Community Survey data for rural areas since rural census tracts are not big areas- the data could be inaccurate.

- The Department should create a category for blight removal and give points for projects in QCTs that contribute to the Governor's revitalization plan for Baltimore City.
- Create geographic pools and set asides.
- Projects that are across the street from a community of opportunity boundary should be able to get a waiver.
- Do not need a developer fee boost for projects in communities of opportunity.
- The department should not increase acquisition caps for projects in areas of opportunity as it will drive up costs and arguably, this is the responsibility of a buyer to negotiate the best deal.
- Hybrid 9-4% -- VHDA in recent years has included the idea of hybrid 9-4% deals. Perhaps this is another way to encourage development in communities of opportunity. The structure may be complex because you would still have 2 different ownership structures, but one project could combine the use of both credits which could result in some subsidizing of costs towards the 9% portion of the project.

Topic: Housing for Persons with Disabilities

- The threshold should be lowered to 30% of AMI for persons with disabilities.
- There is demand for one-bedroom unit size for persons with disabilities
- The Department should continue the cap at 25% of units dedicated to persons with disabilities.
- From the property management side of things, the services for those residents are there.
- As the Department is taking steps toward construction cost containment, they should encourage units for persons with disabilities to have all the features they need, including roll in showers.
- Homelessness should be part of the definition for persons with disabilities.
- Do not add homelessness to definition of disability- suggestion is to create definition for special needs to meet homelessness criteria.
- Encourage elevator buildings for accessibility.
- The Department should require developers to pay for reasonable accommodations for dedicated units.
- Projects that receive points for TOD should include units for persons with disabilities and Section 811 units.
- The Department should require a 3rd party accessibility consultant at least at the end to verify compliance.

Topic: Incentivizing inter-generational housing

- Tenant services will cost more in these developments and tenant service plan will be more complex.
- There is naturally occurring intergeneration housing in general occupancy developments.
- Age restricted housing where people age in place is very different.
- There are a lot of positives in intergenerational housing developments as it creates a more stable community with more diverse ages.

- Seniors in public housing left when projects became intergenerational.
- If the Department wants to promote this it needs to establish its own program and design standards.

Topic: Transit Oriented Developments (TOD) projects

- In the current guide this is implemented at 0/4/8 points and almost no available land in the area for 8 points.
- Create a sliding scale in scoring.
- Create a rural definition for TOD, sometimes one bus line in a rural area is enough.
- Remove TOD scoring.
- Concern in Prince George's County since there are 15 metro stations the Department should continue to promote TOD so look at the definition more closely.
- The Department should use the LEED definition of TOD to get high density.
- The Department should award points to projects that have one bus line near the project.
- Look at North Carolina's QAP- they require projects to list all of the projects nearby amenities for TOD points.
- Paratransit and deviated bus routes in rural areas for persons with disabilities should be given TOD points.

Topic: Decreasing site control requirements from 360 days to 180 days

- Other states do not require this since it is solely the developer's risk.
- Other states just require developers to show some site control without asking for the length of time.
- It might be difficult to administer this since a developer might back to the administration and request they need more time.
- Publish list of applicants is important to attract investment.
- There are higher acquisition costs in areas of opportunity and land is tough to assemble in the city- the Department should relax this requirement generally for all projects.

Topic: Energy

- Passive house drives up costs since it is still in its infancy, it needs another level of construction review, maintenance issues associated with passive house will come about on the property management side, and utility allowances will change.
- Department should use Enterprise Green standards as it has been up to date and very useful.
- The Department should look at Maryland Energy Administration to see what can be done better for multifamily.

Topic: Senior Housing

- The Department should make senior housing a priority.
- Need to create backup source of power for disaster resiliency in senior housing.

- Create some sort of scoring preference.
- Do not wait to make the change since the demographics are clear that senior housing is needed.
- Income challenges of the elderly is growing and the QAP needs to change to reflect that.
- Lower age requirement from 62 to 55.

Topic: Removal of Base Realignment Commission (BRAC) preferences

- BRAC can take several cycles so the Department should keep this going for one more cycle because of the section plans in Montgomery County.

Topic: Developer Fee

- Housing authorities need sustainable sources of cash and should receive a greater share of the cash flow- above 25% on projects where they are co-developers.
 - Suggestion: consider including value of a subsidy such as a PILOT or land/building contribution as what can be included as local government contribution in the contingent interest calculator. Therefore, perhaps other counties that don't have as many resources but want to participate and want encourage affordable housing can provide a non-financing contribution and still share in the cash flow. That may encourage more HAs/local governments to participate.

Topic: Tightening up the definition of "concerted community revitalization plan" when awarding points under Section 5.2.1

- Local municipalities know their area well and know what their community needs and the Department should take caution when adjusting this section of the guide.
- Locals are in the better position to certify their own local plans.
- Looseness in a comprehensive plan for an area is by its very nature supposed to be loose.
- Letter from zoning office should be sufficient.

Topic: Remove 20% site work cost limitation; Cost Containment

- Some projects may seek other funding if the site costs will be too high anyway.
- Remove cost containment requirements.
- Publish cost containment numbers earlier in the year so that there is time for design and planning.

Topic: Minority Business Enterprise (MBEs)

- Tough to obtain in rural areas as there are not many.
- There are 3 architects and 2 property managers- a very limited universe can drive up prices.
- Create more opportunities for smaller MBEs to participate.

Topic: Provide list of applications received within 5 days of application deadline

- The Department needs to be more transparent by immediately releasing list of applications received.
- Some states release this information as the applications come in and not after the deadline.

Topic: Tenant Service Plan

- The Department should make sure that dedicated money is put in for the tenant service plan by requiring it in the operating budget.

Topic: Round dates

- Move round date to spring instead of fall so that you can start construction and lease at a good time of the year (Spring/Summer).