

Multifamily Housing Notice 17-10

October 10, 2017

To: Developers, Sponsors and Local Housing Contacts

From: Elaine Cornick, Director, Multifamily Housing

Re: ***2017 Qualified Allocation Plan and Multifamily Rental Financing Program Guide Revision -- Update***

The Department is releasing for public comment a draft revision of the Qualified Allocation Plan (the "QAP") and Multifamily Rental Financing Program Guide (the "Guide"). We appreciate the continued input received from our partners as we work toward updating the Guide and QAP. As we continue the process for revising the QAP Guide, we want to provide ample opportunity for all interested parties to have their say and to inform of us of key issues that should be considered. To assist with this effort we have a dedicated email to which you may submit your comments:

dhcd.qap@maryland.gov

The proposed modifications in this draft of the QAP and Guide are primarily driven by the Department's recent settlement (the "Settlement") of two separate Fair Housing complaints filed against the Department with the U.S. Department of Housing and Urban Development in 2011 by the Baltimore Regional Housing Coalition (BRHC).

On September 22, 2017, the Department executed the Settlement with BRHC and HUD. The terms of the Settlement include, most notably, that the Department finance with Low Income Housing Tax Credits at least 1,500 units of rental housing for families in Communities of Opportunity within the Baltimore Region. Of the 1,500 units, at least 1,050 must be newly constructed, and up to 450 units may be the acquisition and rehabilitation of existing rental housing. Communities of Opportunity in the Baltimore Region include all areas that meet the



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Guide's definition of Community of Opportunity which are located in Anne Arundel, Baltimore, Carroll, Harford, and Howard Counties, and Baltimore City. Only projects which reach Initial Closing after July 1, 2017 will be counted toward the unit production goal.

Until such time that this unit production goal is achieved, the Department will remain obligated to all the terms of the Settlement. It is the Department's goal to achieve the terms of the Settlement as soon as practical. The Department believes that the requirement to finance 1,050 units of newly-constructed rental housing for families in Communities of Opportunity within the Baltimore Region requires significant changes to the scoring criteria outlined in the QAP and Guide. Accordingly, to incentivize developments in these locations, changes are being proposed to scoring for Income Targeting (Section 4.4.1 of the Guide), Direct Leveraging (Section 4.5.1 of the Guide), and the removal of the Preservation of Affordable Housing category and replacement with New Construction of Affordable Housing (Section 4.4.6 of the Guide).

To achieve the overall 1,500 unit production goal, the Department expects that it will take several additional Competitive Funding Rounds (as well as continued tax-exempt bond activity) over a multi-year period.

There are additional changes proposed in the draft QAP and Guide that are related to the Settlement. These changes are highlighted in the Table of Changes on the website which summarizes all of the changes included in the draft QAP and Guide. In addition, non-substantive changes have been made throughout the QAP and Guide for clarity and continuity. You can find clean and blackline versions of the **Draft** revision of the QAP and Guide and Table of Changes on the Department's website at:

<http://dhcd.maryland.gov/HousingDevelopment/Pages/lihtc/qap2017.aspx>



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The schedule for adoption of the 2017 QAP and Guide is below.

Schedule for Adoption of 2017 Maryland Qualified Allocation Plan (QAP) and Multifamily Rental Financing Program Guide (Guide)

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|---------------------------|---|
| October 10, 2017 | Draft of Maryland 2017 QAP and Guide Released for Public Comment |
| November 10, 2017 | Deadline for Public Comments to the First Draft posting |
| Week of November 20, 2017 | Issue final draft for public comment and publish notice of public hearing. (Notice must be at least two weeks prior to hearing.) |
| Week of December 4, 2017 | Conduct Internal Revenue Code (IRC) mandated public hearing 2017 QAP and Guide |

Please note, this schedule is subject to change.

If you have a questions please contact me at 301-429-7777 or Elaine.cornick@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:

<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>



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