

Multifamily Programs Notice 06-6

August 18, 2006

To: Developers, Sponsors and Local Housing Contacts

From: Patricia Rynn Sylvester, Director, Multifamily Housing, Community Development Administration

Re: Amendments to the Qualified Allocation Plan (QAP) and Multifamily Rental Financing Program Guide (Guide) for 2007
2007 QAP Public Hearing Schedule
September 2006 Funding Round Update

Changes to the QAP and Guide

Amendments to the 2007 QAP and Guide: On May 19, 2006 the Department issued proposed changes to the [Qualified Allocation Plan \(QAP\)](#) and [Guide](#) for 2007 and announced a June 2, 2006 open public meeting to discuss the proposals with industry and other members of the general public. Between the public meeting and subsequent correspondence, numerous comments were received by the Department particularly about the changes to Appraisal Standards, Sustainable Development, Leveraging and the elimination of Small Projects as a preference item. The Department appreciates the thought, creativity and effort put into the comments and found them without exception helpful.

Based on these comments, a number of changes have been incorporated into this final draft. The Department did not accept all suggested changes. In lieu of changes to the language concerning appraisals, the Department will rely on its existing waiver provisions to address specific problems on a case by case basis. However, the Department also recognizes that the technical issues raised around the appraisal standards are complex and merit additional discussion with our industry partners. In the coming months, the Department will be reaching out to solicit further information and advice particularly from the development, finance and appraisal communities on the technical issues raised. Based on that process, the Department may issue further guidance, either as an amendment to the Guide or in a separate document.

There are numerous clarifications in the final draft of the Guide, but the most significant changes from the previous public discussion draft are:

1. Added guidance for Multifamily Bond Program (MBP) application processing requirements and in anticipation of the rollout of new Multifamily Bond Program financing products (see Bond Program: Processing Applications, following page 13 of the Guide);
2. Made further changes to the standards for letters of intent from prospective first mortgagees (see Section 3.7.1 of the Guide);
3. Made limited allowance for returns of Credit or RHF reservations without prejudice provided there is no loss of State resources (see Section 3.2.3 of the Guide) and for surrender of carryover allocations and re-issuance of a reservation without a new application in cases where placed-in-service delays are determined not to be the sponsor's fault (see pages 10-11 of the QAP);
4. Clarified the Market Study requirements to better conform with the recommended terminology of the National Council of Affordable Housing Market Analysts (see Section 4.3.1 of the Guide);
5. Revised and expanded the point distribution for Leveraging and State Subsidies per Affordable Bedroom and converted the Small Projects preference into a leveraging point floor (see Sections 4.5.1 and 4.5.2 of the Guide).
6. The proposed negative points for excessive reliance on State resources under Leveraging and State Subsidies per Affordable Bedroom were dropped (see Sections 4.5.1 and 4.5.2 of the Guide);
7. Under "Long Term Operating Subsidies," added a more finely calibrated point schedule for subsidies less than the targets (see Section 4.5.3 of the Guide);
8. Clarified the Department's discretion in granting waivers for Guide criteria (see Section 5.0 of the Guide);

9. Added a new fee schedule in anticipation of the rollout of the MD4Less product (Exhibit A);

Also attached are redlined current versions of the final draft [2007 Guide](#) and [QAP](#) compared with the 2005 [QAP](#) and [Guide](#).

2007 QAP Public Hearing Schedule: As required by federal law, there will be an official public hearing prior to adoption of the final draft of the QAP on Wednesday, September 6, 2006 at 10:00 a.m., in the Main Conference Room of the Department of Housing and Community Development at 100 Community Place in Crownsville. After consideration of comments received prior to or at the hearing, we will finalize the QAP and Guide and forward the QAP to Governor Ehrlich for his signature. The final versions of the QAP and Guide will be posted to our website in September at the same time they are forwarded to the Governor for approval. The changes will be effective for all funding applications received on and subsequent to the date of the Governor's approval.

Comments are welcomed and will be accepted at the public hearing or, through COB September 6, 2006, by e-mail to:

taxcredits@mdhousing.org

If additional information is needed, please contact Patricia Rynn Sylvester, Director, Multifamily Housing at (410) 514-7481; John Maneval, Deputy Director, Multifamily Housing Development Programs at (410) 514-7451; or Tax Credit Administrator at (410) 514-7488.

September 2006 Funding Round Update: While the current September 6, 2006 application deadline for the upcoming Funding Round for federal Low Income Tax Credits and Rental Housing Funds remains unchanged, there have been questions about the applicability of the proposed 2007 QAP and Guide. With the exception of the updated Construction Cost Limits announced in [Multifamily Housing Notice 06-5](#), the September 6 Funding Round will be governed by the 2005 QAP and 2005 Guide as revised March 20, 2006.

Remember that we are announcing future round deadlines, significant application changes, bond program amendments and other key dates and facts on our web site and by e-mail only. Please make sure that we have your correct and current e-mail address. Please send any additions or corrections to taxcredits@mdhousing.org or rentalhousing@mdhousing.org as soon as possible. As always, we thank you for your interest and participation in the multifamily housing programs in Maryland. We can be contacted at rentalhousing@mdhousing.org or by telephone at (410) 514-7446.

For More Information, Contact:

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