Multifamily Housing Notice: 08-03

February 25, 2008

To: Developers, Sponsors and Local Housing Contacts

From: Patricia Rynn Sylvester, Director, Multifamily Housing

Re:
- ***Spring 2008 Competitive Funding Round Reminder***
- ***Multifamily Rental Financing Program Guide Updates (rev. 10/19/06):***
  - ***-Imputed Raise Up Rate for Low Income Housing Tax Credits***
  - ***-Construction Cost Limits***
  - ***-Response to Tax Credit Market Conditions***

Spring 2008 Competitive Funding Round Deadline-Reminder

Applications for the Spring 2008 Competitive Funding Round are due no later than Tuesday, April 1, 2008 at 5:00 PM. Applications must be delivered to the mailroom on the ground floor of 100 Community Place, Crownsville, Maryland 21032. The Spring 2008 Competitive Funding Round will be governed by the 2007 Qualified Allocation Plan and the Multifamily Rental Financing Program Guide (the Guide) dated October 19, 2006. Applicants in the Spring 2008 Competitive Funding Round should use the Application Submission Package available on the DHCD website.

Please see below for important updates of the Multifamily Rental Financing Program Guide that pertain to the Spring 2008 Competitive Funding Round.

Multifamily Rental Financing Program Guide Updates (rev. 10/19/06):

Imputed Raise Up Rate for Low Income Housing Tax Credit Update – Per Section 4.5.1, Leveraging, the Imputed Raise Up Rate for Low Income Housing Tax Credits to be used in the Spring 2008 Competitive Funding Round is $0.80.

Construction Cost Limit Update – Per Section 3.7.5, Construction or Rehabilitation Costs, the applicable Maximum Construction Costs per Gross Square Foot are updated as follows:

Maximum Construction Costs per Gross Square Foot (Spring 2008)		
Type of Building	**New Construction**	**Rehabilitation**
Townhouses	$106	$110
Cottage, Single Family and Semi-detached Dwellings	106	110
Garden Apartments	89	69
Units Stacked – no elevators	98	79
Elevator Buildings (≤ 4 floors with frame construction)	98	79
Elevator Buildings (≥ 5 floors with concrete construction)	106	83

Response to Tax Credit Market Conditions – The Department will review applications under the QAP and Guide in light of the current tax credit equity market conditions. Applicants should ensure that the applications submitted present prudent and reasonable proposals considering the volatility of the equity market. DHCD will continue to expect applicants to honor long term the provisions included in their applications and recognizes that the current drop in tax credit raise-up rates may result in applications with lower overall scoring in categories that impact project costs.

DHCD reserves the right to reject at Threshold projects with financing and equity proposals that are not reflective of the current marketplace or are otherwise not accompanied by clear and reasonable numerical and narrative supporting documentation. Sections 3.7.1: Other Financing, and Section 3.8.2: Syndication Equity Rates and Related Costs of the Guide provide detail regarding the Department's Threshold review of applications with regard to other financing and tax credit equity syndication proposals.

Additionally, the Department will entertain well-documented requests for adjustments to typical DHCD terms and conditions stated in the Guide, including requests for DHCD resources slightly above the loan and tax credit limits, and RHF loan terms including interest rates and cash flow splits. Clear and reasonable numerical and narrative support for such requests must be submitted prior to the Spring 2008 Competitive Funding Round deadline or at the time of application. These requests will be evaluated by the Department, on a case-by-case basis, considering the project's overall economic needs and feasibility. For instance, cash flow income and expense levels and inflation rates, vacancy rates and loan and deferred developer fee payment assumptions must be documented and reasonable. Documentation of a syndicator's or lender's requirements for funding should be submitted to support such requests. Approval of such requests will be in the Department's sole discretion and will be conditioned on final underwriting of the project prior to closing.

The Department remains committed to working with its partners through the current market volatility. Please do not hesitate to contact me, John Maneval, or Andrew Cohen with any questions.

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.

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