Multifamily Housing Notice 10-01

January 11, 2010

To: Developers, Sponsors and Local Housing Contacts

From: Patricia Rynn Sylvester, Director, Multifamily Housing

Re: ***Public Meeting: January 19, 2010 10:30 AM - Noon, DHCD, Crownsville, MD 21032***

- ***New Issue Bond Program – Multifamily***
- ***February 2010 Competitive Funding Round***

DHCD will hold a public meeting on Tuesday, January 19, 2010 from 10:30 – NOON at DHCD, 1st Floor Main Conference Room, Crownsville, MD 21032 to discuss the following matters:

New Issue Bond Program (NIBP) – Multifamily

As announced at the Maryland Affordable Housing Coalition Annual meeting, DHCD will be offering up to $90 million in tax-exempt bond financing at the below terms for multifamily rental projects that can close on their financing in calendar year 2010.

- 4.4% interest rate for FHA/GNMA mortgages
- 4.55% interest rate for FHA Risk Share mortgages
- 40 year term
- same eligibility requirements as Multifamily Bond Program (MBP)
- can be combined with other DHCD resources
- can be used with or without 4% tax credits

Loans must close in one of 3 bond issuance windows in CY 2010. The first issuance will be scheduled for the Spring and applications will be due on or before February 12, 2010. Two issuances will be scheduled for the Fall (September/October 2010) and applications will be due on or before May 14, 2010. Expressions of Interest for the Fall issuances are due February 12, 2010 to allow DHCD to gauge the interest for the program. Details regarding final program requirements are still being worked out through Fannie Mae, Freddie Mac and the U.S. Treasury. Information is posted to our website at **http://www.dhcd.state.md.us/Website/Programs/NIBP/Default.aspx**. The January 19, 2010 public meeting will provide additional information and provide a forum for discussion.

February 23, 2010 Competition for Low Income Housing Tax Credits and Rental Housing Funds

At the January 19, 2010 pubic meeting, DHCD will entertain questions concerning the February 23, 2010 Round. **Applications for the February 2010 Competitive Funding Round are due by Tuesday, February 23, 2010 at 5:00 PM.** Applications must be delivered to the mailroom on the ground floor of 100 Community Place, Crownsville Maryland 21032. The February 2010 Competitive Funding Round will be governed by the 2009 Qualified Allocation Plan and the 2009 Multifamily Rental Financing Guide (the Guide) both of which are dated October 24, 2008 and available on the DHCD website.

The Department expects that the February Round will award Rental Housing Funds (RHF) and a limited amount of CY 2011 Low Income Housing Tax Credits (Tax Credits). CY 2010 Tax Credits, as well as all ARRA TCAP and Section 1602 funds, have already been fully reserved/committed for multifamily rental projects that have closed or are in the Department's development pipeline. DHCD will permit all applications to request in excess of $1.5 million up to $2 million of RHF without the need for prior approval as normally required by Section 3.7.2 of the Guide. Additionally, the Department will consider waiving the $2 million per-project RHF limit on a case-by-case basis. Requests for a waiver of this limit were due by December 23, 2009. Waiver of the $1.5

million RHF limit does not change the scoring penalty for exceeding the Department's construction cost limits. Updates to the construction cost limits, if appropriate, will be announced by January 23, 2010.

Applications may NOT include a request for the 30% State basis boost for Tax Credits authorized under the Housing and Economic Recovery Act of 2008. The Tax Credit raise-up rate to be used in scoring the Leveraging category will be $0.70. DHCD will not set the Raise-Up Rate for applications and will rely on applicants to submit a reasonable and financially feasible rate supported by a letter of intent from a tax credit investor or syndicator. DHCD encourages applicants to be conservative and prudent with their submissions.

In putting together the financing for applications, the Department encourages applicants to consider using the **Multifamily Tax-Exempt Bond Program (MBP), including NIBP-Multifamily.** In light of the amply supply of MBP financing, applicants are not required to use 4% Tax Credits in these projects. Partnership Rental Housing Program (PRHP) Funds are limited and applicants should not presume that PRHP funds will be readily available for their projects. Applicants may include requests for **Multifamily Energy Efficiency and Housing Affordability (MEEHA) funds** with their applications**.** Information about MEEHA can be found at:
http://www.dhcd.state.md.us/Website/programs/MEEHA/Default.aspx

The most up-to-date Application Submission Package for Multifamily Rental Financing loan and low income housing tax credit programs is available on the Department website. This application package must be used for requests for financing through the following programs: Multifamily Bond Program (MBP), including NIBP, Rental Housing Fund (RHF), Federal Low Income Housing Tax Credits (9% and 4% Tax Credits), Maryland Housing Rehabilitation Program – Multifamily (MHRP-MF), and the Partnership Rental Housing Program (PRHP).

Please 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 email only. Please make sure that we have your current email address. Please send any additions or corrections to taxcredits@mdhousing.org or rentalhousing@mdhousing.org as soon as possible.

Thank you for your interest and participation in the multifamily housing programs in Maryland.

Multifamily Housing Programs
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