



November 9, 2017

## **MAHC Recommendations – 10/10/2017 QAP and Guide Revision**

MAHC recommends that DHCD consider the following comments and recommendations when revising the changes to the 2017 QAP and Guide, as well as future Plans that guide the State's use of Low Income Housing Tax Credit resources in Maryland.

In general, our members are concerned that the State lacks a solid housing policy to guide investment of DHCD funds used to create affordable housing units. DHCD should undertake a Statewide housing needs assessment to determine where and how much additional affordable housing is needed in each region of the State and then guide resources to those areas with the greatest needs. We encourage DHCD to develop more defined housing policies that will serve as a guide for future investments.

We are also concerned about the impact that these changes have on preservation projects given that expiring affordability of older housing stock is becoming a topic among our industry groups in Maryland.

- 1. Priority for Baltimore Area COO Projects.** MAHC recognizes that many changes in the QAP to provide preference to Baltimore Area Projects were based on the settlement agreement. However, we believe that the magnitude of points incentivizes risk that may result in a higher number of proposed projects being submitted without zoning in place. The result of awards to projects without zoning in the Baltimore Area could result in diversion of DHCD resources to efforts that may take years or never be able to achieve appropriate zoning. Although inadvertently, this takes allocation authority away from other high quality shovel-ready projects that are able to produce affordable units immediately.
- 2. Priority for Projects in Communities of Opportunity.** MAHC recognizes that DHCD attempted to provide a better balance of projects located in Communities of Opportunity (COO), Qualified Census Tracts (QCT), and Defined Planning Areas (DPA) in the last round. However, we do not believe that the most recent proposed QAP provides a correction to the balance. Again, we urge the State to complete a Statewide housing needs assessment.

3. **Basis Boost for COO Projects.** MAHC supports the basis boost for COO projects. However, we remind you of our ongoing comments that it should be allowed in a manner that will address cost containment, have a clear and transparent methodology by which the boost will be applied, and protect state resources so as to maximize the number of projects that can be funded each round. Toward this end, we would continue to encourage you to develop underwriting standards to ensure that there is a real demonstrated and documented need for the basis boost for each COO project.
4. **Transit Oriented Developments.** MAHC feels that the concept of encouraging projects located in or near Transit Oriented Developments is good; however, the revised point system and definitions are still too broad, but we understand that these changes were dictated by the settlement. We would encourage a cautious eye toward the cost of the augmented transit options.
5. **Income Targeting & Leveraging Funding.** MAHC supports the use of half points in these categories.
6. **Family Housing.** MAHC acknowledges that the scoring matrix is dictated by the settlement but does not support the increased three-bedroom requirement for maximum points. Our members remain concerned about the marketability of three bedroom units outside the DC and Baltimore metro areas and feel it will result in over-saturating the market and over-housing of smaller families.
7. **New Construction of Affordable Housing & Preservation.** MAHC acknowledges that Section 4.4.6 is being used to support new construction in the Baltimore Area, but we do not agree that points for preservation should be eliminated in this section. We recommend the following:
  - a. “Four (4) points will be awarded to family projects in a COO in the Baltimore Region where at least 20% of the units are newly constructed multifamily rental housing with affordability restrictions for at least forty (40) years.” We believe that 60% is too high of a threshold for these points and that adding new affordable units to an existing preservation project will be effective with adding as few as 20% new units.
  - b. “Two (2) points will be awarded to family preservation projects”
8. **Project CORE.** MAHC believes that Project CORE should be excluded from being counted as DHCD administered funding for the purpose of Leveraged Funding. We make this suggestion so that Baltimore City Project Core projects receive some added scoring potential.
9. **Senior Housing.** MAHC feels strongly that there is an unmet and growing need for senior housing in many areas of the state, which is now virtually excluded from funding. While we appreciate the efforts to increase scoring potential for senior projects in the last round, the applications still do not have the ability to be competitive and the population continues to age. Therefore, we encourage you to look at the senior housing

portfolio and analyze the waiting list data as well as look at rent rolls for family properties to determine how many seniors are living in non-age restricted units. We would be happy to work with our property management members to collect data on this if you are interested. A market study can also be used to confirm underserved locations where additional senior housing is most needed.

10. **Homelessness.** MAHC believes that DHCD should provide a concise definition for homelessness and who qualifies as homeless for purposes of projects awarded to serve this population in the QAP.

11. **Nonprofit and Minority Participation.** The Coalition received numerous comments from our members in regards to perceived disparity of LIHTC allocations among for-profit, non-profit and W/MBE sponsors. We would appreciate the opportunity to work with DHCD on researching and addressing this issue to ensure that there is a level playing field for all sponsors of LIHTC developments in future Rounds.

Thank you for the opportunity to provide comments on the 2017 Qualified Allocation Plan Draft. MAHC deeply values our partnership with DHCD and appreciates the consideration given to our organization and our members. We look forward to continuing to work with you on resolving some of the issues identified, and to additional opportunities to provide comments after the draft of the Plan is issued.