



MARYLAND AFFORDABLE HOUSING COALITION

MAHC Recommendations – 2019 Draft QAP and Guide

We appreciate the opportunity to comment on the draft 2019 QAP and Guide. First, we would like to thank you for the changes made to the draft document based on the comments submitted by MAHC in October, 2018 in regards to balancing the projects in Baltimore Communities of Opportunity with the rest of the state; the temporary removal of points for mixed income housing until this can be further studied; applying the set aside for special needs units only to the tax credit units, and the points for preservation. We also appreciate that you are looking into making the submission process electronic and hope that will happen. In addition, we offer the following thoughts and recommendations on the draft documents.

- 1. Family Housing.** To score family housing points, Section 4.4.3 currently applies the targeted percentages of 2 and 3-bedroom units across all units, including market rate units. While we understand it is the Department's desire to maximize the number of larger family units, market rate units that are not subsidized by the LIHTC program should not be included in this percentage. Although the market demand for larger affordable units is generally sufficient (although in some cases problematic) to absorb these larger units in the upper ranges shown on page 64 of the Guide, the demand for larger market rate units should be dictated by the market. Having to apply these percentages across all units may create a disproportionately higher number of larger units in a market that does not have the demand to support it. Forcing developers to construct units that the market demand cannot properly support will likely burden the overall financial stability of the development. To remedy this, the Department should apply the target percentages to the affordable units only and not include market rate units. This would allow these mixed income developments the flexibility to be responsive to market demand and protect the State's and LIHTC investor's long term investment.
- 2. Senior Housing.** MAHC continues to feel strongly that there is an unmet and growing need for senior housing in many areas of the state, which has been virtually excluded from funding. While we appreciate the efforts to increase scoring potential for senior projects, the applications still do not have the ability to be competitive and the population continues to age. This was reflected in the fact that only two out of 42 applications submitted in the last round were senior deals and neither of those was awarded credits. In the future, we encourage the Department to make adjustments to the Guide that would allow senior housing projects to be more competitive.
- 3. Transit Oriented Development.** MAHC feels that the TOD section of the QAP needs further review as the new categories added in 2018 have not been tested in the field yet, and project sponsors and managers need time to better understand how to better implement these new standards. We therefore recommend that bullets 5, 6 and 7 be removed from

Section 4.3 and TOD points only be awarded using the first four and the last option in that category.

4. **Twinning.** MAHC recognizes that the twinning structure used by some other states can be used to create larger projects and help preserve 9 percent credits. However, it seems to work best in higher density, higher income areas and may not be the best option in the more rural parts of the State. We feel the Department should provide a minimum aggregate number of units or cost for twin deals to ensure public resources are being used only to the extent necessary. In addition, please clarify the Twinning language to clarify whether three points will be awarded to all twin deals or just the top three scoring twin proposals.
5. **Permanent Supportive Housing (PSH) Set Aside.** MAHC supports the proposed set aside of \$1.5 Million. However, the set-aside should be used to fund as many PSH projects as possible and not be limited to only one PSH project.
6. **Opportunity Zones.** MAHC supports the points provided for projects located in Opportunity Zones.
7. **Tenant Services.** MAHC supports the changes made to Threshold requiring developers to either use a Community Scan or CORES certified or comparable certified resident service provider. Please clarify the timing relative to obtaining certification. It is unclear whether it is needed at the time of application or at project completion. Additionally, MAHC supports the detailed point scoring criteria. However, in an effort to ensure that developers create a comprehensive plan, appropriate to the resident population, we feel the scoring criteria should incorporate a requirement for developers to utilize the Community Scan in order to create a comprehensive and complete service delivery plan. MAHC also recommends that Department require developers to certify annually they are delivering services. This will assist DHCD in monitoring this provision.
8. **Dehumidification Systems.** We recognize that there has been an uptick in mold and moisture damage to newly constructed properties; however, there is still no clear answer as to the cause of the mold or the best solution to prevent mold in energy efficient buildings. Until further investigation and a more clear determination that stand alone dehumidification units in each apartment is going to solve the problem, we suggest that the requirement to install dehumidification units be moved from a threshold item to a point scoring item in the Guide.
9. **Applications.** MAHC asks that the Department explore a way to submit applications electronically and not require any paper submissions.