



**Project Finance HOME Program
Notice of Funding Availability Summer 2020
Q&A Session for Pre-Proposal Conference**

Updated July 13, 2020

Q: For "twin" 9%/4% projects, are both phases of the twin eligible to apply for and receive HOME funds and vouchers assuming each phase meets all other requirements? Would the maximum award apply to each phase or to both phases combined?

A: Both phases of 9%/4% Low-Income Housing Tax Credit (LIHTC) twinning deals are eligible to apply for and receive HOME funds assuming that each phase can demonstrate need. The maximum award would apply to each phase because each is a distinct LIHTC project.

Q: Is the market study required to be submitted with the NOFA response? In the past, the study needed to be provided prior to loan closing.

A: Please submit any third-party market data you have as part of the NOFA response, which may include a market study, appraisal, or similar third-party report. Although a market study is not required as part of this submission, one will be required prior to closing.

Q: Is the "Bailey UFAS" different than standard "UFAS"? Is the distinction that it has to be 3-bedroom units?

A: There are several distinctions between Uniform Federal Accessibility Standards ("UFAS") and "Bailey UFAS" units. Yes, Bailey UFAS units must have three-bedrooms. In addition, Bailey UFAS units must:

- Be in a building with four (4) or fewer stories.
- Draw residents from HABC's Public Housing waiting list or the Reasonable Accommodation Transfer List.
- Be leased to households that participate in the Housing Choice Voucher or Public Housing programs. No minimum income shall be required to participate in these housing programs.
- Remain affordable as Bailey UFAS Units for a minimum of 40 years.
- Provide any and all rights, privileges and benefits that are provided to HABC's public housing residents or applicants. These rights, privileges and benefits affect admission and leasing provisions. Please see Exhibit C of the NOFA for detailed and important information. The information in Exhibit C of the NOFA for may be subject to change.

- Be available upon initial occupancy to clients from HABC's Public Housing waiting list or the Reasonable Accommodation Transfer List who need the features of the UFAS Unit. The waiting list is prioritized under HABC rules and developers should not expect to be able to house existing clients, returning residents (in the event of displacement) or other residents.
 - Be in non-age-restricted buildings.
 - Use HABC's Long Term Affordable criteria in Exhibit C of the NOFA.
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Q: Are Bailey units a Threshold Requirement for all applications or does item 5 on page 7 ONLY apply to projects seeking to provide Bailey units?

A: Bailey UFAS units are not a threshold requirement for submitting for HOME funds. Threshold Criteria Number 5 on Page 7 of the NOFA only applies to responses seeking Project Based Housing Choice Vouchers for Bailey UFAS units.

Q: In prior years, the Bailey units were restricted to only 3-bedroom units. Are Bailey vouchers now allowed to be attached to smaller units?

A: Bailey UFAS units continue to be restricted to three-bedroom units.

Q: What debt service structure is proposed?

A: The appropriate debt service structure is deal-specific. The response should contemplate a debt service structure that is appropriate for your project and justified by the deal financials. However, a Debt Service Coverage Ratio is standard underwriting by the State for LIHTC applications, so this is a good starting point.

Q: What is the % of 3 and 2 bedrooms required?

A: For projects that are applying for HOME funds, there are no requirements regarding unit mix. However, the unit mix should be supported by market data indicating that there is a convincing need for the proposed type, income mix, bedroom mix, and number of housing units in the project. Please see Underwriting Guidelines Number 4 on Page 6 of the NOFA for more information.

Q: Is a ROE enough to show site control?

A: Evidence of site control may include a copy of the deed to the property, a copy of the sales contract, an executed land disposition agreement or in the case of land being sold by

Baltimore City, or a letter of intent to purchase the property from DHCD. Other evidence may be accepted at the sole discretion of DHCD, and this typically includes a Right of Entry.

Q: Is there a particular contact you recommend contacting at HABC for specifically Bailey UFAS and PBVs?

A: Yes. Please reach out to:

Cynthia Newman-Lynch
Cynthia.Newman-Lynch@habc.org
(410) 396-5846

Q: Will the award of HOME and AHTF be coordinated in some way? Or could a project apply for both sources?

A: A project may only apply for either the HOME funds of the Affordable Housing Trust Fund NOFA, and is not eligible to use both funding sources on a single project.

Q: Could you confirm that HOME funds are also available for 4% LIHTC deals? What is the timing of when HOME and/or PBV awards are expected?

A: Yes, although this NOFA is geared towards 9% LIHTC projects that will be applying to the State for the upcoming competitive round to allocate 9% LIHTC, 4% LIHTC projects are eligible to apply for HOME funds at this time.

Q: Can you clarify again the market study -- is it needed for the application submittal or just at closing?

A: The market study is required prior to closing, but any current market data that you have (including appraisals) should be submitted in your response to the NOFA.

Q: How important are financial statements of owners/ guarantors relative to the other components of the application?

A: The HOME funds are a loan, and the financial statements of the owners/guarantors are always important part of the underwriting of any loan.

Q: I am working through the June 2020 HOME NOFA requirements and wanted to ask about the requirements pulled from the State low income housing tax credit application. Specifically, the NOFA makes reference to these following exhibits:

- Exhibit B: Project Information, Part 2: Other Project Financing
- Exhibit C: Site Information, Part 1: Site Map and Photographs, and Part 5: Site Control
- Exhibit E: Financial Statements of Owners, Guarantors and General Contractors
- Exhibit F: Construction Information, CDA form 212 and Building Evaluation Report only. Attach available renderings and elevations.

I am working under the assumption that the State low income housing tax credit application is found in the Maryland DHCD Multifamily Housing Development Document Library titled "Application Submission Package (New June 2020)." However, when I download the application package, all the previously mentioned exhibits for the HOME NOFA do not match up with the exhibits in the application for State low income housing tax credits. For example, Exhibit B in the "Application Submission Package" is titled Site Information.

Did the exhibits get shuffled around during the most recent revision of the application? Should we follow the description of what is needed (e.g. "Project Information, Part 2: Other Project Financing") rather than the exhibit letters themselves?

A: The corrected exhibit references to the CDA application are as follows with the changes highlighted in red:

- Exhibit **A**: Project Information, Part **3**: Other Project Financing
- Exhibit **B**: Site Information, Part 1: Site Map and Photographs, and Part 5: Site Control
- Exhibit **D**: Financial Statements of Owners, Guarantors and General Contractors
- Exhibit **E**: Construction Information, CDA form 212 and Building Evaluation Report only. Attach available renderings and elevations.

Q: We are planning to submit a 9% LIHTC application of new construction and rehabilitation of an existing development. The current development has existing HOME funds which we anticipate doing an assumption of the outstanding HOME fund balance with the new recapitalization. My question is can we apply for HOME funds in the upcoming NOFA for the new construction units which will become part of the overall development when completed.

A: Yes, you may apply for additional HOME funds as long you can demonstrate a financial need to both assume the existing debt and add to it as long as you are not exceeding the HOME limit per unit.

Q: The NOFA requires a meeting be held with the Department of Planning no later than 2 weeks before the application deadline, and copies of the pre-development request form, sign-in sheet, and meeting minutes be included with the application. If, given the scheduling impacts and restrictions due as a

result of the COVID-19 pandemic, this meeting cannot happen before the application, will this disqualify our project?

A: The Planning Department is currently scheduling Pre-Development Meetings remotely so it is our expectation that applicants will be able to meet this requirement. However, in the event that there is a delay in scheduling the Pre-Development Meeting as a result of COVID-19, documentation that you have initiated the process should be included as part of your submission.

Q: The NOFA requires evidence of community engagement, including the agenda from the when the project was presented to various community stakeholders. We recognize community engagement as an integral part of the development process. COVID limitations will restrict active community engagement meetings at this time. If evidence of community engagement is unable to be addressed prior to the application as a result of COVID-19 restrictions, will this disqualify our project's application?

A: We understand that some community associations are not meeting due to COVID-19. However, documentation of community outreach in the form of email or hardcopy letter continues to be a requirement of the NOFA in the event that a community meeting cannot be held by phone or video conference prior to the submission deadline.

Q: Can HOME funds be sought for 9% or 4% projects intending to submit September 2020 applications to the State of Maryland for LIHTCs?

A: Yes, HOME funds can be sought for both 9% and 4% projects. This question is answered more fully above as it relates to both twinning projects and standalone 4% projects.