

Multifamily Housing Notice 23-15

December 7, 2023

To: Developers, Sponsors and Local Housing Contacts
From: Alvin Lawson, Director, Multifamily Operations
Re: *Updated 2023 Competitive Round FAQs; Updated CDA Form 202*

Updated 2023 Competitive Round FAQs

Updated Frequently Asked Questions (FAQs) are available at the following URL:
<https://dhcd.maryland.gov/HousingDevelopment/Pages/MFLibrary.aspx>.

Updated CDA Form 202

Based on feedback received, a new CDA Form 202 has being posted to the DHCD website at
<http://dhcd.maryland.gov/HousingDevelopment/Pages/MFLibrary.aspx>.

Applicants for the 2023 Competitive Round may use the form dated October 2023 or the new form dated December 2023. All other submissions must use the CDA Form 202 dated December 2023 moving forward.

Please note the following changes or responses shown in italics below:

General Tab

- Row 114 - There are three “Year Buildings were built” fields. Is that intentional? - *Yes, in case there are multiple building with different dates*
- Row 184 – Yellow text block below “Describe Current Classification” is locked. - *Corrected*
- Cell F133 – This cell has a pop-up error message that is blocked from view from adjacent cells. - *Corrected*
- Cell F179 – Site Control – With the newly added info on contract extensions, should the date “site control expires” be inclusive of all contract extensions if any? - *Option to indicate multiple sites added*
- Cell H204 – Construction loan period calculation appears to be calculating from the date of perm loan closing, I think it should be calculating from the date of substantial

completion. - *The construction loan period is meant to be the construction period (as shown in the construction contract) plus 4 months.*

Sources Tab

- Cell H28 – Option to choose cash flow model for CDA loans was locked. - *Corrected*

Uses Tab

- Developer Fee calculation – Labels in Column D reference certain lines above – Some of those line references were incorrect – ie Total Development Costs is Line 49, not Line 50. - *Corrected*
- Cell I124 - Operating Reserve check – This check formula does not include an allowance for 6 months of debt service, only expenses. - *Corrected formula in cell I121*
- Column K – Column width is not wide enough to show large numbers. - *Corrected*

Expenses Tab

- Cell H72 – Reserve for replacements formula – The formula label indicated “per annum” but the formula is calculating a monthly amount. – *Corrected. The description should have indicated a "per month" amount as shown in CDA commitment letters.*

Income Targeting

- Cell I34 – Cell formatted to show whole numbers v decimals for half points. - *Corrected*

Summary Tab

- Column J Cash Flow Financing – Should Annual Payment link back to sources tab? Or is it expected to include some other amount here, such as the expected cash flow payment for the trended year? - *The Annual Payment cells were left unlocked so that the applicant can insert appropriate amounts considering the payment amount calculated on the Sources tab may not be the actual payment made (i.e Contingent Interest Cash Flow Model).*
- Cell M109 and below – Are these cells intended to be a check? The cells currently link to the Acquisition Basis column on the uses page. - *Corrected. Formula and cells not linked to other tabs and generally not needed*
- Column H – Column width is not wide enough to show large numbers. - *Corrected*

Proforma

- What is the intent of limiting the deferred fee payments to 15 years? How will CDA evaluate projects where DDF is not repaid by year 15? - *Generally investors want the deferred fee paid off by 15 years or less. Applicants can manipulate the formulas to fit project specifics. The CDA Underwriters will review whether the deferred fee can be repaid in the period. If there isn't sufficient cash flow CDA will ask borrowers what plans have been made to repay deferred fee, if the unpaid deferred fee amount is included in basis. Generally 9% projects have more basis than needed. In those situations repaid deferred developer fee may not be a question/issue to address.*

Financial Capacity

- Cell E31 – The “Guarantor” cell is locked – shouldn’t this cell be changed to add the name of the first guarantor similar to the section above? If not, there is not room to add more than one guarantor - *Corrected*
- Column C and Column F (point boxes) – Half points are awarded on this sheet, these areas should be formatted to show decimal points - *Corrected*
- Liquid Assets for Guarantor section should reference current assets, current liabilities and working capital - *Corrected*
- Liquid Assets for developer – should this section include a date of audit? - *Corrected*

Leveraging

- Row 12 – Note refers to “Tax Credit Tab Cell I86” – should be “Tax Credit Tab Cell J91”. - *Corrected*
- Column N – Column not wide enough to show date under project name. - *Corrected*

If you have any questions, please email at alvin.lawson@maryland.gov.

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IMPORTANT NOTICE REGARDING EMAILING OF MULTIFAMILY NOTICES

Multifamily Housing issues periodic notices (such as the one above) to announce new initiatives, provide important news, announce funding round deadlines, significant application changes, bond program amendments, and other key dates and facts on our website and by email only. You can subscribe to receive Multifamily Housing Notices at the following link:

<http://dhcd.maryland.gov/HousingDevelopment/Pages/About.aspx>

Notices are posted to the DHCD website at the following location:



MULTIFAMILY HOUSING UPDATES

<http://dhcd.maryland.gov/HousingDevelopment/Pages/MFLibrary.aspx>