



Development Department Memorandum

To: John Butera, Senior Economic Advisor
Office of the Governor

From: Peter Merrill, Acting Director

Date: May 16, 2012

Subject: 2013 draft Qualified Allocation Plan (QAP)

Attached is the draft of the 2013 Qualified Allocation Plan, approved by MaineHousing's Board of Commissioners at their meeting on May 15, 2012. This year's QAP has been changed to reflect the policies of the new Board and contains the following changes:

- New Total Development Cost category added**
A new 18 point category has been added for projects with the lowest Total Development Costs. In addition, strict cost caps have been implemented, preventing a project from being funded above these new limits. Clarifying language has also been added to address situations where project costs increase during project design prior and to construction start.
- Project Based Rental Assistance category amended**
We reduced the maximum points from 7 to 5 at the Board's direction and the category also now includes a "minimum value" associated with the new rental assistance, as not all rental assistance is of equal value to the tenant.
- No subsidy for historic projects**
Projects receiving historic tax credits will not be eligible for MaineHousing subsidy. This will be reflected in the Basis Statement of the QAP.
- Green Building standards eliminated**
We have eliminated the Green Building Standards and are significantly revising our Design and Construction Manual following input from various architects, contractors and developers.
- Internet requirement eliminated**
We removed the requirement that the necessary infrastructure for cable, DSL or wireless internet be provided, that internet service be provided to tenants at no charge and that a computer with internet connection be provided in a common area of each project.
- Accessibility scoring category eliminated**
The scoring category incenting the creation of accessible units above and beyond that required by State/Federal law has been removed.

7. **Acquisition cost category updated**

This category has been expanded to allow points to be awarded for projects whose acquisition price is below established benchmarks by project type.

8. **2BR/3BR scoring category expanded**

This category has been expanded to allow developers to create projects for families without being required to create 3BR units. Developers can earn 2 points for creating a minimum of 70% 2BR units with no 3BR requirement. Those developers that do wish to create projects with 3BR units will be eligible for an additional 2 points. MaineHousing will underwrite these units at levels which allow owners to charge less than the maximum 3BR rent to make them easier to rent.

9. **New Preservation set-aside created**

This QAP eliminates the Housing for Homeless set-aside and the Rural Development (RD) set-aside and replaces them with a new Preservation set-aside. It also removes the restriction on Section 8 project eligibility. This \$500,000 set-aside will allow existing RD and Section 8 projects to apply for the competitive 9% credit. No applications for the Homeless set-aside have been received in recent years and MaineHousing offers other program for this population.

10. **Smart Growth category amended**

This QAP amends the 8 point category under Smart Growth by removing the 8 points for projects located within 2500 ft safe walking distance to a downtown and replacing it with 8 points for projects located within a 1500 ft. safe walking distance to a designated pick up location for a fixed route public transportation service.

11. **Leverage funds scoring category updated**

This category has been adjusted to reflect the new benchmark limits established in the new Total Development Cost category.

12. **New Tie-breaking mechanism**

The tie breaker will now be based on Total Development Costs.

13. **Smoke free housing now required**

This category will now become a threshold item and be required of all projects, as opposed to a 1 point scoring category at the election of the applicant.

14. **Vacancy Rate scoring category adjusted**

This category has been adjusted to award the 3 points available to projects located in markets where comparable LIHTC projects and comparable market rate project exist and have vacancy rates less than 5% (as opposed to 7% in last year's QAP).

15. **General clarifications and reorganization**

Several clarifications of terms have been made in the QAP as well as an overall re-organization of certain sections to make the document easier to read and understand.