



Development Department Memorandum

To: Multifamily Interested parties

From: Daniel Brennan, Director - Development

Date: May 22, 2014

Subject: Changes to Qualified Allocation Plan

The major changes to the QAP are as follows:

1. Two year QAP – the rule will govern the allocation of the 2015 and 2016 State Ceiling of Low Income Housing Tax Credits.
2. Preservation set-aside (p. 9) - \$300,000 will be set aside for one project preserving existing affordable housing. Restrictions will be in place to ensure the maximum public benefit is achieved at the most efficient cost.
3. Lewiston Replacement set-aside (p. 10) - \$600,000 will be set-aside for the reconstruction of Pierce Place in Lewiston, which was partially destroyed by fire in May, 2013 and will lose valuable project-based rental assistance if not reconstructed.
4. Homeless set-aside (p. 10) - \$400,000 will be set aside for one project serving chronically homeless persons.
5. Developer capacity (p. 39) – this category has been enhanced to allow developers of rental housing that do not have previous experience developing with MaineHousing, but who hire a qualified tax credit development consultant, to be eligible for the same points as a developer with tax credit experience.
6. Developer/Manager performance points (p. 39, 40) – this new category deducts points from applicants who are existing developers and/or who are proposing to use existing property management companies that have failed to meet certain performance criteria required on current MaineHousing funded projects.
7. Smart Growth (p. 37) – this category was modified to allow applicants to accumulate a maximum of 10 points based on proximity to public transportation, locations critical to daily activities, commuting distance to jobs and proximity to downtowns. It expands upon the previous category that awarded points on locations critical to daily activities and proximity to public transportation only. We've added a new definition for Significant Place of Employment (p. 6) and changed the distance measurement to 1/2 mile throughout instead of 1500 and 2500 feet. The criteria that counted multiple locations in a single building as just one location important to the course of daily living has been removed.

8. Needs Ranking (p. 34) – this category was updated with most recent census data. Eligible municipalities remain Service Center Communities.
9. Vacancy rate – due to concerns with the completeness and accuracy of vacancy data from the sources available, this scoring category is being removed.
10. Accessibility (p. 28) – this category was added to award 1 point for projects which create 1 additional accessible unit above and beyond what is required by state/federal regulations.
11. Certified Business Friendly Communities (p. 39) – this is a new category that will award one point for projects located in one of Maine’s Certified Business Friendly communities, as determined by Maine’s Department of Economic and Community Development.
12. Economic Diversity (p. 38) – this category is being amended to simplify the scoring process and to better achieve the objective of the category. The previous language prevented points from being awarded to projects in locations that the category was intended to address.
13. Tenant ownership (p. 41)– this component was moved from a scoring category to a tie-breaker category and enhanced to ensure applicants who are pledging tenant ownership at the end of the compliance period present a detailed plan that ensures affordable homeownership.
14. Below Market Capital (p. 30, 31) – this category was amended to require a minimum amount (\$100,000) of below market capital in order to be eligible for the points and expanded to allow other forms of capital, such as Tax Increment Financing from any source (not just an Affordable Housing TIF and certain deferred developer fee.
15. Wait list preference (p. 25) – this category was clarified to remove the requirement that projects already required to maintain a waiting list need to comply with the requirement to give preference to those persons on the local housing authority waiting list, since it is redundant.
16. Preference for Populations with Special Needs (p. 27) – this category was clarified to require the applicant to more clearly identify the specific population to be served and to specify that the services provided must come from a third party provider and not the management company’s Resident Service Coordinator.
17. Rehabilitation or Reuse of Existing Housing, Structure or Site (p. 26) – this category was clarified to simplify and reinforce the categories intent, particularly involving the issue of “infill” development.
18. Resident Manager unit (p. 7)– the calculation of Total Development Cost has been amended to exclude such a unit in the TDC calculation if the unit is not included in the calculation of LIHTC.
19. Demolition of existing housing (p. 11) – a clarification was made that if existing housing is to be demolished and replaced but has not been condemned or declared as blight by the municipality, such a plan must be reviewed and approved by MaineHousing.

20. Wait list process (p.14) - the process of selecting a project off of the waiting list has been modified to allow MaineHousing to skip over the next project on the waiting list if that project needs more tax credits than is returned in favor of the next project on the waiting list that can fully use the amount of tax credit returned.
21. Projects on federal land (p. 33) – a clarification was made to include projects on federal land that are not subject to real estate taxes to the types of projects that are not eligible to receive points for operating subsidy reductions.
22. Acquisition Cost (p. 32) – this category was clarified to state that project reserves being purchased are not included in Acquisition Cost (however use of existing reserves will need to be clearly indicated in the application).

In addition to the QAP, we will also be making two minor changes to the Quality Standards Manual, which governs the construction and rehabilitation of projects financed by MaineHousing.

1. UPCS reference – the manual will remind design professionals that projects must be designed consistent with the Uniform Physical Condition Standard. This is the standard that MaineHousing must use during its Physical Plant Inspections, which occur routinely after a project has been placed in service.
2. Accessible routes (ramps, walkways, parking areas, etc...) – the manual will be revised to require that accessible ramps, walkways, parking lots, etc...must be constructed with asphalt, concrete, pavers or other firm, solid surface and not stonedust. While the accessibility standard does not specify a material, we feel (and the Dept of Justice concurs) that surfaces that provide stonedust will likely not hold up to Maine's climate changes to ensure a firm, smooth and slip resistant surface year-round.