# Multifamily Housing Development - Rental Housing Works (RHW)

## Purpose of Rental Housing Works (RHW)

The purpose of RHW is to create jobs (FTEs) and strengthen the Maryland economy by providing gap financing for the creation and preservation of affordable rental housing financed through DHCD’s Multifamily Bond Program and Low Income Housing Tax Credit Program. RHW is funded at $17.5 million for FY 2013.

## Requests for Funding

## Requests for RHW funding will be accepted on an ongoing basis in conjunction with an application for the DHCD Multifamily Bond Program and 4% federal Low Income Housing Tax Credits (LIHTCs). Applications must meet the requirements for the Multifamily Bond Program as described in the Maryland Qualified Allocation Plan (QAP) and Multifamily Rental Financing Program Guide (Guide).

## Applicants may also request other DHCD financing and must meet the application requirements for the requested funding programs.

## RHW Funding Requirements

## RHW funding is governed by the laws applicable to the Rental Housing Production Program (RHPP), with the following changes:

## *Threshold and Application Requirements*

## Applicants do not need to compete in DHCD’s Competitions for LIHTCs and Rental Housing Funds.

## Applicants must also utilize DHCD’s tax-exempt bonds and 4% LIHTCs.

## In addition to meeting DHCD’s threshold requirements for the Multifamily Bond Program, LIHTCs, and RHPP, RHW applicants must document:

## that applicable zoning for the project as proposed is approved and in place;

## that the award of any competitive sources of funding necessary for the project’s financial feasibility has been made, including the local contribution and other DHCD funding; and

## the project’s projected FTE using the DHCD Job Calculator, which is available at (insert link).\*See attachment A

## The Board of Public Works must approve all RHW funding awards because the source of the RHW funding is general obligation bonds.

## *Limitations on RHW Funding Amounts*

## Subject to an overall maximum loan amount per project of $2.0 million for new construction and $1.5 million for acquisition/rehabilitation projects, RHW funding amounts will be limited to the greater of $12,000/unit or $20,000/FTE. FTE per project will be determined using DHCD’s Resource Allocation Model (RAM). A Calculator to determine FTE is available at (INSERT LINK) \*See Attachment A

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## *Loan Terms*

## 40 year term and one of the following:

* 2% interest rate with DHCD agreeing to share 25% of cash flow with the applicant;
* 2% interest rate with DHCD agreeing to share 50% of cash flow with the applicant provided at least 25% of the developer fee is deferred, the project’s RHW request is less than $10,000/FTE and $5,000/unit, and the borrower agrees to equity sharing as described below; or
* 3-4% interest rate with DHCD agreeing to share 50% of cash flow with the applicant provided the project’s RHW request is less than $10,000/FTE and $5,000/unit, there is some deferred fee, and the borrower agrees to equity sharing as described below.

## *Equity Sharing*

As a condition of a 50/50 cash flow split, there must be an equity share at the earlier of the sale or refinancing of the RHW financed project. The equity share provided to DHCD will be equal to the percentage of net equity equal to the percentage of RHW funding to the total development costs as calculated in the final cost certification. The equity share will be subject to an overall cap based on tax considerations.