

# Housing Development - Group Housing Programs

## **Purpose of Program**

The purpose of the Group Housing Programs is to help individuals, qualified limited partnerships, and nonprofit organizations to construct or acquire, and/or modify existing housing to serve as a group home or assisted living unit for eligible persons and households with special housing needs. The Department uses both state funds from the Group Home Financing Program (GHFP) and the proceeds from the sale of tax exempt mortgage revenue bonds under the Special Housing Opportunities Program (SHOP) to fund these loans. The Department will determine the most appropriate source of funds for the project based on eligibility requirements and underwriting of the project.

## **Eligible Types of Housing**

Group housing loans may finance newly constructed buildings or acquisition and rehabilitation of existing residential buildings. Housing may include group sheltered living arrangements, senior assisted living homes, emergency or transitional housing facilities and other group homes which serve special needs groups.

## **Eligible Applicants**

Individuals and nonprofit organizations, which provide group homes to eligible residents may apply for Group Housing loans. Nonprofits must have a 501 (c) (3) IRS designation. For-profit companies are not eligible for the program.

## **Eligible Residents**

Residents of the homes financed under these programs must be special needs groups such as the developmentally disabled, elderly, juveniles, homeless or physically disabled. Sponsors must maintain 51 percent of all beds available for residents who have incomes which are 60 percent or less of area median income. Preference in financing is given to projects that house residents who have incomes below 30 percent of the area median income.

## **Loan Terms**

Loan terms are structured to help make the project financially viable and affordable for eligible residents. The interest rate varies from 0 to 7 percent depending on the source of the funds and the cash flow of the project. The maximum term is generally 30 years. State loans GHFP maybe combined with a revenue bond loan under SHOP. The maximum loan amount varies by geographic location but may not exceed the appraised value of the property. Nonprofit sponsors are expected to contribute 5% towards the project. Individual sponsors are required to make a 10% equity contribution. Upon sale, exchange or disposition of the property, the sponsor must share any net equity in the property with the Department at a rate determined by the Department if a GHFP loan. SHOP loans cannot be prepaid for a minimum of 10 years.

## **Eligible Costs**

Group Housing Loans funds may be used for all related costs development costs such as acquisition, closing costs, appraisal and inspection fees and modification costs. Eligible modifications include:

- Repair or replacement of major systems, such as heating, roofing, electrical or plumbing;
- Accessibility modifications such as ramps and grab bars;
- Lead paint abatement;
- General repairs and upgrades, such as painting and floor coverings;
- Minor improvements required to bring the property into compliance with state and local occupancy codes.

#### **Local Government Involvement**

Group homes must meet local government zoning codes.

#### **Related Links:**

- Group Housing Programs Application ([MSWord](#)) ([PDF](#))
- [Year 2004 Income Limits \(PDF\)](#)  
These are the 2004 Income Limits for Maryland State-funded and bond-funded housing loan programs. These limits are effective immediately. These income limits have been calculated from the HUD-issued 30%, 50% and 80% limits for each household size and then rounded to the nearest \$50 where necessary (40%, 70%). HUD numbers include floors on the non-metro statewide limits, and ceilings on the 80% limits for Washington MSA and Cecil County. The other income limits, 55%, 65% and 85%, have been rounded to the lowest \$10 to help ensure that no tenant is over-income.

#### **For More Information, Contact:**

Single Family Housing  
Community Development Administration  
Maryland Department of Housing and Community Development  
100 Community Place  
Crownsville, MD 21032-2023  
[singlefamilyhousing@dhcd.state.md.us](mailto:singlefamilyhousing@dhcd.state.md.us)  
410-514-7530  
Toll free (Maryland only) 1-800-638-7781  
Maryland Relay for the Deaf at 711 in State or 1800-735-2258 out of state.

Link to website information: <http://www.dhcd.state.md.us/Website/programs/ghp/ghp.aspx>