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# I. GENERAL PROGRAM INFORMATION

## A. Introduction

The Housing Credit Program, also known as the Low-Income Housing Tax Credit Program, is designed to increase the supply of quality affordable rental housing throughout the country. These federal income tax credits provide the private housing development community the incentives to develop affordable housing by offsetting building acquisition, new construction, or substantial rehabilitation costs. Since 1987, the Ohio Housing Finance Agency (OHFA or "the Agency"), within the Ohio Department of Development (ODOD), has used the Housing Credit to facilitate the development of over 56,000 affordable rental housing units in Ohio.

The Internal Revenue Service (IRS) regulations for the Housing Credit Program can be found under Section 42 of the Internal Revenue Code (IRC). Applicants should be familiar with Section 42 of the IRC, regulations and administrative documents (revenue rulings, revenue notices), and all relevant material published by the IRS. Applicants should also consult with their attorney and accountant in order to comply with all program requirements.

This Plan may be subject to change in the future, pending developments in federal and state legislative requirements and/or Agency policy. The Agency reserves the right to make all necessary changes to the Plan.

The Plan is designed specifically for OHFA's Housing Credit Program and is not meant to describe guidelines for other State funding, including OHFA's Multifamily Bond Program and Affordable Housing Loan Program. Please see the guidelines established for these and other ODOD programs for further information on specific program requirements.

## B. Description of the Housing Credit

The Housing Credit was created by Congress in 1986, replacing earlier federal tax incentives for the development of affordable rental housing.

Housing Credits are used to offset an individual's or corporation's federal income tax liability. The amount of Housing Credit received can be subtracted on a dollar-for-dollar basis from the federal income tax liability.

The Housing Credit is received each year for 10 years - the period the taxpayer claims the Housing Credit on his/her federal income tax return. The owner must maintain the income and rent restrictions continuously for 15 years - this is the compliance period. Additionally, the owner must enter into an extended use period of an additional 15 years by filing a restrictive covenant on the project with the County Recorder.

The taxpayer may claim the Housing Credit beginning either with the taxable year in which the building is placed-in-service, or in the following year at the owner's election (or the Agency's determination, if necessary). The allocated Housing Credit amount taken by the taxpayer is based on the portion of the building occupied by low-income tenants at the end of the first year of the Housing Credit period.

## C. Program Priorities

The priorities of the Housing Credit program are a blend of state and federal priorities.

The ODOD evaluates housing needs of the state and identifies actions to alleviate these needs. The State's Consolidated Plan (ConPlan) contains information regarding some of the State's housing priorities. The Agency also seeks input from its various housing advisory committees to assist in determining the state's housing needs. The Agency supports all state and federal fair-housing laws and strives to expand housing opportunities for people who are unable to secure safe, decent, and sanitary affordable housing in the private marketplace.

The following is a listing of priorities of the Housing Credit program in Ohio:

***Income Targeting***. A project qualifies for Housing Credit if at least 20% of the project is occupied by households with incomes at or below 50% (20/50 projects) of the Area Median Gross Income (AMGI) or at least 40% of the project is occupied by households with incomes at or below 60% (40/60 projects) of the AMGI. The AMGI limits are published by the Department of Housing and Urban Development (HUD) annually. Incomes are adjusted by household size. OHFA has provided the income limitations by county (See Exhibit A).

Historically in Ohio, most projects have been 100% occupied by households with incomes at or below 60% of the AMGI, in order to have a large applicable fraction. The applicable fraction is defined as the lesser of A.) the number of low-income units divided by the total number of units (unit fraction) or B.) the amount of low-income unit square footage divided by the total amount of residential unit square footage (floor-space fraction). Low-income units are defined as units occupied by households with incomes at or below 50% or 60% AMGI – depending on the minimum set-aside selected by the owner. The applicable fraction is used in the calculation of the annual Housing Credit amount.

***Rent Restriction on Units***. Applicants can receive extra points during the competitive review if they set rents affordable to households with incomes less than 60% of the AMGI. The rent limits are based on the number of bedrooms in the unit. Rent subsidies paid on behalf of the tenant (such as Section 8 program payments) and overage defined by the Rural Development (RD) 515 program are not included in gross rent calculations. Gross rent includes a utility allowance for the utilities paid by the tenant. The Agency has provided the rent limitations by county (See Exhibit A).

In order to assure the units are rented at the specified level elected at application for competitive points, the Agency requires owners to file a Restrictive Covenant in the County Recorder's office where the project is located. The Restrictive Covenant details the restrictions on rent, as well as the term of affordability. Furthermore, the Restrictive Covenant also includes restrictions on the income levels the project is targeting per the election the owner makes on the application.

Utility allowance information is obtained from HUD or the Public Housing Authority in the county where the project is located. If the project is a Rural Development 515 project, the utility allowance is obtained from the Rural Development office.

***Extended Low-Income Use.*** Income and rent limitations must be maintained for a minimum period of 15 years and through the extended use period, which is an additional 15 years. Project owners must enter into an extended low-income use agreement with the Agency.

***Safe, Decent, & Sanitary Housing.*** All projects must meet applicable building codes promulgated by the Ohio Board of Building Standards and local governmental agencies. Projects must also comply with the Americans with Disabilities Act, if applicable.

***"No More Credit Than Necessary".*** Section 42 of the IRC specifically mandates that state housing finance agencies must ensure that the amount of Housing Credit awarded to a project is the minimum amount necessary for the project to be placed in service as affordable rental housing. The Agency will complete this designated task by thoroughly underwriting every project receiving Housing Credit.

## D. Eligible Use of the Housing Credit

The Housing Credit can be used to offset the cost of acquiring, substantially rehabilitating, or constructing residential rental housing that is occupied by low-income individuals and families. These units must be available to the general public and have an initial lease of six months or longer.

The costs to develop these low-income units become the building's eligible basis. The Housing Credit can be allocated on common areas as long as these facilities are provided to all tenants without additional fees or charges. It is important to note that units created solely for manager and/or security guard occupancy are considered common space. The Housing Credit is available for the following types of projects:

***Acquisition/Substantial Rehabilitation.*** The Housing Credit is available for the acquisition and substantial rehabilitation of a building. The acquisition basis is allocated Housing Credit at the 4% Housing Credit rate. The substantial rehabilitation basis is allocated Housing Credit at the 9% Housing Credit rate. The property cannot have been placed in service within 10 years prior to acquisition. In addition, capital improvements on the building are not eligible cost items if within the previous 10 years, major capital improvements have been made to the building. The new buyer or related entity cannot currently own the building; however, 10% of the ownership may remain unchanged.

The Housing Credit may be claimed on the basis of costs incurred for the substantial rehabilitation of a property without claiming credit on the acquisition basis of the project. At a minimum, non-cosmetic improvements must total $3,000 per unit, or 10% of total project costs.

***New Construction.*** The Housing Credit at the 9% Housing Credit rate is available for the eligible costs to construct a new building(s).

***Housing Credit Rate.*** The applicable fraction multiplied by the eligible basis is the project's qualified basis. The applicable Housing Credit percentage (commonly referred to as the 9% and 4% Housing Credit rate) is the percentage used to determine the annual Housing Credit amount by multiplying it by the total qualified basis. The Housing Credit rates fluctuate from month to month, and the IRS publishes the new rates monthly. The recipient of an allocation of Housing Credit may "lock-in" the Housing Credit rates at the date of the Binding Reservation Agreement with OHFA or at the date the project is placed into service.

***Single Room Occupancy (SRO).*** SRO housing may qualify for Housing Credit even though cooking or sanitation facilities are provided on a shared basis rather than separately within each unit. In certain circumstances it may be possible to lease SRO units for less than a six-month lease term without violating the non-transient use requirement of the IRC. Please consult with legal experts if pursuing this option.

***Ineligible Costs.*** Certain project costs are not subject to inclusion into eligible basis upon which the Housing Credits are derived. These include:

1. Commercial Building Costs
2. Land
3. Permanent Financing Fees
4. Reserves
5. Off-Site Improvements
6. Syndication Expenses (including legal, accounting, & bridge loan interest)
7. Any expense that cannot be depreciated with the building
8. OHFA Compliance Fee

This list is not inclusive of all costs that may be ineligible for Housing Credits. Please refer to Section 42 of the IRC for more information or consult a Housing Credit tax advisor.

The Housing Credit is not available for any of the following facilities: hospitals, nursing homes, sanitariums, lifecare facilities, retirement homes (if providing significant services other than housing are mandatory for residents), employer housing, mobile homes and student housing. Factory-made housing that is permanently fixed to real property may qualify for the Housing Credit. Congregate care facilities may be eligible if the "additional supportive services" are provided to the tenant as a voluntary option and the tenant is not charged mandatory fees for those services. Please refer to Section 42 of the IRC for more information.

# II. ALLOCATION PROCESS

## A. Instructions

In order to apply for 2001 Housing Credits, submit an application to the Office of Planning, Preservation, and Development; OHFA; 77 South High Street, 26th Floor; Columbus, Ohio 43215-6130. The application must be received no later than 5:00 p.m. by the date listed in the program calendar. Applicants must use the 2001 ODOD Affordable Housing Funding Application (AHFA) and submit the appropriate application fee. The AHFA may be completed by typewriter or electronically via Microsoft Excel. This submission should include the actual application and all attachments required by the Agency to ensure proper processing of the application.

The Agency has scheduled one application round for 2001, and the Agency will reserve the entire state's 2001 allocation of housing credits, including returns and national pool, in this round. Projects that do not receive a reservation in the round will be eligible to continue on a waiting list. The Agency has the discretion to award any returned credits to those projects listed on the waiting list.

If federal legislation provides for an increase in the 2001 per capita credit, the Agency will create a preservation pool (see page 20 for further information) with up to $2 million of the additional credits.

The application round will incorporate three review phases: threshold, competitive, and underwrite. Threshold review is an evaluation of an applicant's ability to meet certain minimum requirements set forth in the Allocation Plan. Competitive review is the scoring of applicants through criteria reflecting Congressional mandates and state housing policy as well as input from interested parties. These project scores serve as the basis of the Agency's funding determination. The Agency will allow applicants to remedy threshold and competitive deficiencies after the initial review. Finally, the Agency will review the financial feasibility of the project and the amount of Housing Credit necessary for the development to proceed.

**Special Allocation:** A project that has returned a Housing Credit allocation from a previous year due to the inability to proceed resulting from local government action that has been determined through the judicial system to be inappropriate may seek an allocation of credit in the current year. In order to qualify to apply for this relief, the project must meet the following requirements:

- The project must have received an allocation of competitive Housing Credits from OHFA in a previous year.
- The owner of the allocation must have returned the Housing Credits to OHFA prior to the required placed-in-service date.
- The underlying reason for the return of the credit allocation must relate to action or inaction of the local government approval process to allow for plan approval or building permit issuance.
- The owner of the project must obtain either a final judicial determination that local action or inaction is inappropriate or a settlement or consent of all parties to an appealable judicial action that no appeal will be taken from a judicial decree that determines the local activity is inappropriate. As a result of this judicial decree or settlement, the owner of the project must demonstrate that the project can now proceed. The determination of these requirements will be made by OHFA legal counsel and/or the Ohio Attorney General's office.
- The project will complete a current year application and request OHFA board consideration to obtain a current year Housing Credit allocation.
- OHFA staff will evaluate the project based on current year criteria, although waivers from current year requirements may be requested and considered. It is OHFA's expectation that comparable competitive commitments will be made. It is expected that any monetary damages received which are related to the

project, less direct costs of litigation apportioned between damages that are related and unrelated to the project will be pledged to the project.

Qualifying requests will be summarized and presented to OHFA multifamily subcommittee and Board for consideration and approval. OHFA has no affirmative obligation to grant approval to any project seeking relief.

**Previous Allocation:** Owners of projects that received a prior allocation of Housing Credits may apply for additional credit if necessary for the continued financial feasibility of the project. Owners of projects that received an allocation of Housing Credits in previous years and are placed-in-service may only apply for additional Housing Credits if 10% or more residential square footage, and/or 5% or more units have been added to the project. OHFA may waive the previously mentioned requirements if an applicant can demonstrate the following: the project requires an extreme amount of repairs, the project is supported by the local government, and the local government and/or a federal agency is providing additional financial assistance. An extreme amount of repairs is defined as a situation in which the rehabilitation hard costs equal or exceed 50% of the total project cost. In addition, the Agency reserves the right to place restrictions on new ownership or management, limit the developer's fee, and require a capital needs assessment with the application. Applicants must include a narrative with the application that outlines the need for the waiver. OHFA has the sole discretion to approve such requests and will judge the requests on a case-by-case basis.

All placed-in-service Housing Credit projects (with no tax-exempt bond financing) must apply during a standard application round, and will be reviewed according to the current year's Competitive criteria. In addition, projects that re-apply may be subject to additional underwriting requirements. Projects must provide the previous Housing Credit allocation amount, the previous project square footage, and previous number of units on the new application and in the project narrative. Placed-in-service Housing Credit projects are also subject to rules outlined in Section 42 of the Internal Revenue Code and Treasury Regulations.

**Waiting List:** Projects that did not receive a reservation will be given the opportunity to be placed on a waiting list for Housing Credits that are returned later in the year. Projects will be ranked by their scores in the general pool. In order to be placed on the waiting list, applicants must submit a letter to OHFA by the deadline provided in the Competitive Rejection letter.

The Agency will contact representatives of projects on the list, starting with the project with the highest score, when Housing Credits become available. The Agency will set a deadline for the applicant to respond to any offer.

**Projects with Tax-Exempt Bond Financing:** Projects receiving tax-exempt bonds that finance over 50% of the project's total aggregate basis must only pass the Threshold review and meet Agency underwriting standards in order to receive a letter of eligibility for Housing Credits. These projects do not have to compete for Housing Credits and will not receive a competitive score. The Agency is the final judge of eligibility for the amount of Housing Credits awarded to all tax-exempt bond financed projects. Project-specific conditions will be listed in the eligibility letter. The annual one million dollar Housing Credit limit does not apply to these projects. In addition, OHFA may also waive the unit cost cap criterion for tax-exempt bond financed projects. Applicants must include a narrative with the application that describes the need for the waiver. OHFA has the sole discretion to approve such requests and will judge the requests on a case-by-case basis.

In addition to meeting the Threshold requirements listed in the QAP, the applicant must supply evidence of the following:

- For non-OHFA-issued bonds, the inducement resolution or final approval resolution of the issuer is required. In addition, a letter from the bond underwriter indicating anticipated rate, term, and amortization of the bonds must be submitted.

- For OHFA-issued bonds, the Housing Credit letter of eligibility will be executed following final approval of the bond issuance by the OHFA Board.

- The Agency reserves the right to require a legal opinion stating that the project is eligible to receive an allocation of Housing Credits pursuant to Section 42(h)(4) of the Internal Revenue Code.

These projects will be underwritten using the same standards outlined in these guidelines except that the owner has the option to elect the Housing Credit rate during the month in which the bonds are issued or the month the project is placed-in-service.

For non-OHFA issued bonds, applicants may apply at any time during the year. If public notification requirements have been met, the Agency may take up to 4 weeks to review an application and issue a letter of eligibility. These projects will not need a Carryover Allocation Agreement, but the owner must follow all 8609 form request procedures outlined in the QAP and any conditions outlined in the letter of eligibility. Applicants must provide the Agency with a copy of the property's recorded deed, legal description, and permanent parcel numbers within 30 days of site acquisition to facilitate preparation of the project's Restrictive Covenant.

For OHFA issued bonds, please consult the most recent OHFA Multifamily Bond Program guidelines for appropriate submission deadlines.

## B. 2001 Calendar

**January**

2001 QAP and AHFA Ready for Distribution

2001 Program Trainings

**March**

22 Application Deadline

**April**

5 Agency Notification of Public Notification Deficiencies

**May**

3 Agency Notification of Threshold Deficiencies

10 Applicant Response Deadline for Threshold Corrections

Preliminary Scores Released

Applicant Appeal / Competitive Cure Process Announced

**June**

18 Reservations Issued

29 Reservation Agreements Due

**August**

2002 QAP Process Begins

**November**

2 Carryover Deadline

**December**

3 Carryover Extension Deadline

14 Carryover Allocation Agreements Issued

21 Carryover Allocation Agreements Due

## C. Threshold Review

The Agency has established the following threshold criteria that must be met in order to qualify for the competitive review stage. In addition, all projects with tax-exempt bond financing must meet all threshold requirements to receive a reservation of Housing Credits. Threshold review is a basic review of the application to determine if it is complete, all necessary forms, supporting evidence, and fees are included, and the project meets minimum program requirements.

The Agency will complete threshold reviews of applications and offer the applicants the opportunity to correct deficiencies in their applications. Please refer to the calendar on the preceding page on timelines for deficiency correction.

Threshold Review Criteria:

1. Meets Section 42 Requirements
2. Complete, Organized Application
3. Application Fee
4. Project Narrative
5. Extended Use Term
6. Site Control
7. Market Study
8. Zoning
9. Public Notification
10. Affirmative Marketing Plan
11. Conditional Financing Commitments
12. Preliminary Plans & Specifications
13. Maximum Credit Cap
14. Unit Cost Cap
15. Utility Allowance Information
16. Good Standing in ODOD Housing Programs
17. Adherence to Agency Underwriting Standards
18. Site Location & Pictures
19. Tax Clearance Form
20. Consistency with HDAP Funding
21. Minimum Project Standards
22. Conformity with Local Consolidated Plan/Comprehensive Housing Improvement Strategy

### 1. Meets Section 42 Requirements

The project must meet all the requirements set forth in Section 42 of the IRC of 1986, as amended, and all relevant U.S. Department of the Treasury regulations, notices, and rulings.

### 2. Complete, Organized Application

Applications must be submitted in a three-ring binder, utilizing the index provided with the application and appropriate tabbing. Applications must be complete and consistent with all supporting documentation. Any applications that are incomplete, inconsistent, and/or illegible will be rejected.

**3. Application Fee**

The appropriate processing fee must accompany each application. If a check is returned for insufficient funds, the application will be immediately rejected. The amount of the application fee is dependent upon the number of units in the project (including market rate and employee units) and is scaled as follows:

| | |
|---|---|
| Projects 25 units or less: | $ 250 |
| Projects 26-50 units: | $ 500 |
| Projects 51-75 units: | $ 750 |
| Projects 76+ units: | $1000 |

Projects with threshold deficiencies will be charged a re-submission fee. The re-submission fee will equal $50 per corrected threshold review criterion up to a maximum of $250. The threshold re-submission fee does not apply to projects with tax-exempt bond financing.

**4. Project Narrative**

The applicant must submit a project narrative in addition to the application. If a Housing Credit applicant is seeking Housing Development Assistance Program (HDAP) funding, only complete the HDAP narratives located in Section F of the AHFA. If a Housing Credit applicant is <u>not</u> seeking HDAP funding, then only submit a narrative using the outline listed below:

1.1 Briefly describe the project and its location(s), project design, target population, development team members, financing, and project timeline.

2.1 Briefly describe the history of each organization with an ownership interest in the project, including accomplishments with respect to past projects; programs and services provided to the community or neighborhood served, particularly those activities related to housing; the service area of the organization; and objectives for the future.

2.2 Describe how each organization will be involved in the project with respect to specific areas of responsibility, and how each organization will function as part of the development team, including the roles of the other members of the development team. Identify specifically what staff members will be involved in the project and their roles. Explain how this project will affect staff capacity, and, if staff capacity is lacking, explain how the organization will expand staff capacity.

3.1 Discuss any pre-development funding that is being provided to the project, including whether funds are in the form of a loan or a grant, and the expenses and activities covered by the pre-development funding.

3.2 Discuss the financial structure of the project, including how funds will flow into the project, and the terms of grants or loans, including collateral positions and security arrangements of the various funding sources.

3.3 Describe the provisions made for project reserves, including operating reserve, replacement reserve, lease-up reserve, and any lender reserve. Provide the assumptions used to estimate the reserve needs.

3.4 Describe any specific line items (i.e. miscellaneous or other items) in the operating proforma that may need further explanation.

3.5 If the ownership and/or financial structure is anticipated to change during the life of the project, please explain in detail when and how this will occur. For example, the exercising of a lease purchase option, withdrawal of a general partner, or acquisition of the project by a non-profit organization.

**5. Extended Use**

All projects must commit to an extended use term of a minimum of 30 years of affordability. Projects with tax-exempt bond financing must commit to an extended use term of the greater of 30 years or the outstanding term of the bonds. The owner must file a Restrictive Covenant (provided by the Agency) to waive the right to petition the Agency to terminate the extended use term as described in Section 42 of the Internal Revenue Code.

**6. Evidence of Site Control**

Both the buyer and seller must evidence site control. The executed and recorded deed(s) of the current owner(s) must be included with the application. In addition, if the current owner(s) is not the applicant, then one of the following must be submitted to properly evidence site control:

1. Executed purchase option with date certain performance;
2. Executed purchase contract;
3. Executed land contract; or
4. Executed and recorded long-term (35 or more years) land lease.

The items listed above are the minimum required to meet the Agency's threshold requirements. The Agency reserves the right to require, as needed, additional documentation that evidences proper site control.

Each of the site options/contracts, as applicable, must not expire before <u>120 days</u> following the submission of the application. The Agency reserves the right to waive this requirement for projects with tax-exempt bond financing.

There are two exceptions to the site control requirements listed above:

1. For scattered site projects with 10 or more sites, the Agency will require that at least <u>35%</u> of the sites be under control at the time of application. A site is defined as a parcel with an assigned permanent parcel number as it exists at application. For scattered site projects that contain a mix of rehabilitated and newly constructed units, the sites under control must reflect the proportion of rehab units to new construction units. The Agency reserves the right to reduce basis at Carryover if the site control percentage at application is not maintained at Carryover. A scattered site project is one in which no more than 50% of the sites are contiguous.

2. For single-site properties that are currently in default to a mortgage held by a federal agency, the demonstration of site control may be held in abeyance until Carryover. In lieu of site control documentation, the project sponsor must produce a deed of the current owner, a letter from the federal agency indicating that the first mortgage which it holds is currently in default, that the federal agency is willing to proceed with a foreclosure action if the project is otherwise eligible for a tax credit reservation, and that foreclosure will be completed and title transferred to the project sponsor prior to the carryover deadline for the project. No Carryover extensions will be permitted for any project that seeks this avenue of site control.

**7. Market Study**

A market study conducted by an independent / third-party market study professional must be submitted with the application. Projects with 10 or fewer units and rehabilitation only projects that will be 100% occupied during the work are exempted from this criterion. Occupied rehabs with qualifying tenants are exempt from the market study requirement, however, the applicant must include a statement accompanying the application certifying that the project is currently occupied by qualifying tenants, and that no anticipated displacement will occur. If displacement occurs, a relocation plan must be submitted. For projects seeking the market study exemption and also seeking special needs points, projects must document and evidence that the special needs set-aside requirements are met through existing residency.

The market study provider must organize the study using the index provided by the Agency. Please refer to Exhibit K.

The study must include all of the following:

a) Provide a brief executive summary in bullet format that briefly reviews the requirements listed below.

b) Provide a concise conclusion by the author that indicates a market exists for the proposed project. The conclusion must include the estimated stable year vacancy rate and the estimated time needed to fully lease-up the proposed project. If the estimated stable year vacancy rate exceeds 7% and/or the estimated lease-up time exceeds one year, provide a detailed explanation for the higher rates.

c) Describe the proposed project including location, number of units, number of bedrooms (efficiency, SRO, 1, 2, 3 or 4 and up), and project rents. This information must be consistent with the AHFA.

d) Describe and provide a map of the effective market area for the proposed project. If the effective market area includes areas outside a five mile radius from the proposed project, provide a detailed explanation for the larger area.

e) Analyze the rents of the proposed project and the market rents for the project's effective market area. Include the methodology for the calculation of the market rents.

f) Describe the number of income-eligible renter households in the proposed project's effective market area. Indicate the percentage of these households that are required to fully lease-up the project (i.e. capture rate). If the proposed project's capture rate exceeds 10%, provide a detailed explanation for the higher rate.

g) Describe and evaluate the public services (transportation, police, fire department, schools), infrastructure (roads, traffic) and community services (shopping, recreation, transportation, medical and services for special needs if applicable) in the effective market area. List the approximate distances to all the services. Also include a description and evaluation of employers serving the effective market area.

h) If the project will be serving a special needs population, then identify the number of special needs households residing in the effective market area. Indicate the percentage of these households that are required to meet the project's special needs set-aside. Information regarding the number of special needs households may be obtained from the local Continuum of Care study, local CHIS or Consolidated Plan, local Mental Health or MR/DD Board, homeless shelters, or other community social services agencies. Please document the source of your information.

i) Describe the federally subsidized developments and Housing Credit projects - both operating and not yet placed in service - located in the project's effective market area. Include a color photograph of each project with the descriptions. Housing Credit projects not yet placed in service must be included in the analysis. Provide the current vacancy rate for each project. Also, include the person(s) contacted for each competing project and the method of contact. Compare the rents, amenities, unit sizes, bedroom sizes, and populations served of the competing projects to the proposed project. Projects that receive a reservation may be required to amend their market study to incorporate those other projects receiving an allocation in the same round and are located in the same effective market area. A listing of Housing Credit projects in service and in development is located on the Agency's website: www.odod.state.oh.us/ohfa. Calculate the ratio of subsidized and Housing Credit units to income eligible renter households.

j) Estimate the vacancy rates of the Housing Credit projects - only those currently operating - located in the project's effective market area during the first stabilized year of the proposed project. If the estimated vacancy rates exceed 10%, provide a detailed explanation for the higher rates.

k) Describe other comparable market rate developments located in the effective market area. Provide the current vacancy rate for each project. Also, include the person(s) contacted for each competing project and the method of contact. Compare the rents, amenities, unit sizes, bedroom sizes, and populations served of the competing projects to the proposed project.

l) Evaluate and address the concerns or issues raised by the Public Housing Authority (PHA). The applicant or market study author must send a letter via certified mail to the local PHA or conduct an interview with a representative of the PHA. The letter must contain a brief description of the project and target population, instructions for the PHA to forward all comments to the market study author, and a statement that all comments must be submitted within 30 days from receipt of the letter. If the PHA does not respond to the letter or comments are submitted after the 30-day comment period, the market study author does not need to analyze the PHA's issues or concerns. Include in the market study a copy of the letter or interview transcript, certified mail receipt, and a copy of any letters from the PHA.

m) Include an executed original ODOD Form 008 - Market Study Certification.

n) Provide a listing of all data sources used in the study.

The study must have been completed or updated by the author within one year prior to the application for Housing Credits.

The characteristics listed above are the minimum required to meet OHFA's threshold requirements. OHFA reserves the right to independently determine if a market exists for the proposed project and to require additional information and/or another market study.

**8. Zoning**

The applicant must demonstrate that the zoning for each site on which the project will be located allows for the use(s) proposed by the applicant. Thus, at a minimum, the zoning designation for each site must allow residential use. Applicants must include the section of the local zoning map that clearly displays the project site location and the date of the map. In addition, a letter from the local jurisdiction must be submitted to confirm the zoning, and must include the following:

a. The actual zoning designation and a description of this designation; and

b. Any density and/or lot coverage requirements; and

c. If a conditionally permitted use, explanation of the conditions to be met for the project to be considered a permitted use; and

d. A description of any overlay or planned development district regulations that would further condition the development of the project.

For jurisdictions with no zoning regulations in effect, a letter from the jurisdiction so stating is required.

**9. Public Notification**

The applicant must notify, in writing, certain officials from

a. The political jurisdiction(s) in which the project will be located; *and*
b. Any political jurisdiction(s) whose boundaries are located within one-half mile of the project's location.

The applicant must use the letter template provided in Exhibit G of the 2001 QAP. The notification must state the applicant's intent to develop a project using OHFA funding. The notification must be in writing and sent via certified mail, return receipt requested. Please provide a copy of the stamped post office receipt (return receipt not required) for certified mail and copies of your notification letters with your application. The letter must include:

a. The project's address;
b. The maximum number of units;
c. The nature of the project (i.e. new construction or rehabilitation);
d. All OHFA programs utilized in the project;
e. A statement regarding the recipient's right to submit comments;
f. The address of OHFA and to whom comments should be sent; and
g. The recipient's rights and procedures to express disapproval or objection.

The officials to be notified include:

a. Highest elected executive local political official and members of the elected legislative body;
b. Members of the board of township trustees;
c. Members of the board of county commissioners;
d. State representative;
e. State senator; and
f. Governor's Regional Economic Development Representative (see Exhibit M)

Scattered site projects must complete the public notification process for sites under control at application and then again for remaining sites prior to the Carryover deadline. The notification must be evidenced at Carryover.

**10. Affirmative Marketing Plan**

The applicant must complete ODOD Form AFHM-98 -- Affirmative Fair Housing Marketing Plan. The applicant must include on the form a description of the outreach, marketing, and advertising methods used in order to affirmatively market the project. All items on the form must be completed correctly including all attachments. The form and instructions are located in the AHFA.

## 11. Conditional Financial Commitments

All non-ODOD construction and permanent financing, grants, and equity sources shall be conditionally committed at the time of application. The executed conditional commitment letters from these sources must be included with the application. A conditional financing commitment shall contain at a minimum a.) The amount of financing, b.) The interest rate of the loan, c.) The term and the amortization term of the loan, and d.) The contact person's name and phone number.

Those applicants seeking funding from a local government, Federal Home Loan Bank, or other public or quasi-public funding source that does not issue a funding decision prior to the Housing Credit application deadline must substitute a letter of application or letter of intent from the funding source. The letter of application or letter of intent must be signed by the funding source and shall include the name of the project, the number of units, the amount of funding sought, the terms and rates for the funding sought, anticipated date of funding decision, and a statement that the project is or will be considered for funding.

A conditional equity commitment must contain at a minimum a) The amount of Housing Credit equity - net and gross, b) The pay-in schedule for the equity, c) The cents per Housing Credit dollar factor used, and, d) Amount of historic equity (if any). The conditional commitment letters shall be consistent with the information provided on the Housing Credit application. OHFA reserves the right to verify these commitment(s) and to require a legal opinion that will state that the project's sources should or should not affect the project's eligible basis and/or Housing Credit rate.

Applicants who have been denied requested ODOD loans and/or grants may be required to submit conditional funding commitments that will match the funding sought from ODOD. Failure to provide these conditional commitments may result in the rejection of the application or revocation of the project's reservation.

**12. Preliminary Plans and Specifications**

The applicant must submit preliminary plans and specifications that provide a description of the proposed development. All projects should submit the following:

1. Typical unit plan including square footage if seeking points for unit size in competitive review; and
2. Building elevation (photographs are acceptable for rehabilitation projects); and
3. Site plan (scattered site projects exempted); and
4. Detailed scope of work (rehabilitation projects only); and
5. Completed ODOD Form 002 - Accessibility Certification.

**13. Maximum Credit Cap**

The Agency restricts any user to $1,000,000 in annual Housing Credits. “Users” to which the credit cap applies are projects, actual general partners, and parent organizations of general partner entities. The Agency reserves the right to determine to which entities the maximum credit cap may apply. The annual credit total will be applied equally to the general partners, regardless of ownership interest; thus, a 51% general partner will have the entire project credit total applied toward its cap, rather than 51% of the credit total.

**14. Unit Cost Cap**

The total development cost (total project cost minus cost of land, commercial hard construction, bridge loan interest, operating reserves, OHFA compliance monitoring fee and replacement reserves) per unit must not exceed the HUD 221 (d)(3) mortgage limits by bedroom size (see Exhibit C). Projects receiving historic rehabilitation tax credits will be allowed to deduct the residential portion of the historic tax credit from the project cost to allow for stricter rehabilitation standards. The Agency may, on a case-by-case basis, allow a project receiving historic rehabilitation tax credits to exceed the 221(d)(3) limits. However, total adjusted eligible basis (before qualified census tract adjustment) will be limited to the 221(d)(3) limits. The Agency reserves the right to reduce basis for all projects at Carryover and 8609 reviews to compensate for increased costs.

**15. Utility Allowance Information**

Utility allowance information provided must be consistent with Section 42 of the IRC.

**16. Good Standing with ODOD Housing Programs**

If any controlling or managing owner (LLC or proprietorship), or general partner (partnership) was involved with a project that is in a state of uncured noncompliance (both IRS regulations and OHFA application requirements) due to site audits or the failure to comply with owner reporting requirements during the period of January 1, 2000, through date of application or remains in a state of noncompliance from a previous year, the project will be rejected. Owners who received an uncured Form 8823 due to a building transfer will still be considered in good standing. In addition, owners or general partners not in compliance or not in good standing with other OHFA programs will be subject to threshold rejection of their applications.

Non-profits and/or for-profit housing developers that previously received assistance from the Office of Housing and Community Partnerships (OHCP) must be in compliance with the applicable program regulations and guidelines. Aforementioned entities that are not in compliance will have 15 working days from receipt of a deficiency letter to rectify the deficiencies or be subject to a threshold rejection of the application(s).

Owners, general partners, and other development team members involved with projects subject to a Voluntary Compliance Agreement or other similar agreements between ODOD and HUD must be currently complying with the terms of the agreement. OHFA reserves the right to reject the current application of owners, general partners, and other development team members who are either not cooperating with, or are in violation of an agreement.

**17. Adherence to Agency Underwriting Standards**

The Agency has certain underwriting standards that must be met or exceeded to pass threshold review. In addition, the Agency may require a legal opinion stating that any government sources utilized by the project will or will not affect the eligible basis and/or credit rate as a condition of the Housing Credit reservation. The project must comply with the following underwriting standards:

1. Developer's fee and overhead less one-half of the deferred portion of the fee, and any consultant fees may not exceed 15% of total eligible basis. Projects with 32 units or less may go up to 20% of total eligible basis. The Agency reserves the right to combine the costs for projects located in close proximity to each other and share similar attributes such as project type, construction style, development team. The Agency will use the combined costs to evaluate the fee percentages for the projects. In addition, for acquisition and substantial rehabilitation projects, the total developer's fee cannot exceed the sum of 5% of the acquisition eligible basis and 15% of the substantial rehabilitation eligible basis. For HUD-TPA projects, the total developer's fee cannot exceed the sum of 10% of the acquisition eligible basis and 15% of the substantial rehabilitation eligible basis.

2. Contractor's profit, overhead, and general requirements may not exceed 14% of total eligible basis.

3. Total eligible soft costs may not exceed 35% of total eligible basis.

4. The project's permanent financing and total project costs must equate at the time of application. After the Agency's initial underwrite, any financial shortfalls cannot exceed 10% of total project costs.

**18. Site Location and Pictures**

Applicants must include a clear map identifying the exact location of the project site. In addition, color photographs of each site location must be included with the application. Please include pictures of the area surrounding the project.

**19. Tax Clearance Form**

Provide a completed IRS Form 8821 for each owner/general partner and, if applicable, the controlling entity of the general partner. The form is available in the AHFA. The form must be signed by an authorized individual (e.g. corporate officer, partner, or exempt organization director). OHFA will send the forms to the IRS who will in turn perform a cursory review of the 1997, 1998, and 1999 tax returns for each entity. The IRS will provide OHFA a list of owners/general partners that have been cleared to participate. The owners/general partners must be in good standing with the IRS or the project will be rejected. All information submitted will become part of the project's file.

**20. Consistency with HDAP funding**

Projects seeking funding through the Housing Development Assistance Program (HDAP) from OHCP must meet the following requirements initially:

- Minimum 40% of the units occupied by and affordable to households at or below 50% AMGI and cannot exceed the HUD low HOME rent for the county where the project will be located. If the project is in a non-participating jurisdiction, the project must commit a minimum of 35% of the project to occupancy and affordability at 50% AMGI with rents at the HUD low HOME rent.
- Completion of the appropriate section of the AHFA.

**21. Minimum Project Standards**

In addition to meeting all new construction and rehabilitation standards required within Section 42, local and state building codes, each unit must provide a refrigerator and stove in good working order. OHFA reserves the right to allow exceptions to these standards on a case-by-case basis.

**22. Conformity with Local Consolidated Plan/Comprehensive Housing Improvement Strategy**

Applicants must evidence that their project meets community housing needs through the local Consolidated Plan or Comprehensive Housing Improvement Strategy (CHIS). Applicants will be required to secure approval from the local agency that administers the Consolidated Plan or CHIS. It is the responsibility of the applicant to determine which plan applies. Please see Exhibits E and F. for a listing of cities and counties with a CHIS. If no local Consolidated Plan or CHIS exists in the community that the project is located, the project must conform to the state Consolidated Plan. A completed ODOD Form 003 signed by the appropriate official from the city, county, or state must be included with the application.

## D. Competitive Review

The Agency has developed an allocation scoring system based on the identified housing needs for Ohio, as well as federal mandates for the Housing Credit Program. Points are awarded based on the criteria illustrated below, and reflect a scale of 825 points.

Ohio is a diverse state incorporating urban, suburban, small cities, and rural areas. Due to Ohio's diversity and the goal of equitable distribution of the credit, the population credit will be divided to accommodate minimum amounts of credit distributed throughout Ohio. Approximately 50% of the population credit will be placed in a general pool, and approximately 50% of the population credit will be divided between three different geographic categories as shown in Exhibit J of the QAP. Applications will be reviewed in both the general pool and geographic pools.

OHFA reserves the right to limit the amount of credit in the geographic pool if project scores in any pool are not determined competitive by OHFA. OHFA may utilize funds from the general pool to fully fund projects that qualify for partial funding from the geographic pool.

**Scoring/Ranking Procedure:** Projects will be evaluated in two stages:

- **Stage One:** The projects will be separated based on their location into three geographic pools. The points for the Project Location criterion will be subtracted from the projects' scores. The projects will then be ranked from highest score to lowest in each pool, and OHFA will award, from highest scoring project to lowest, up to the maximum amount of Housing Credit for that pool.

- **Stage Two:** Projects that did not receive an allocation in Stage One will then be grouped into one general pool. The points for the Project Location criterion will be added back to the projects' scores. The projects will then be ranked from highest score to lowest, and OHFA will award, from highest scoring project to lowest, up to the maximum amount of Housing Credit for the general pool.

**Preservation Pool:** If new federal legislation provides for an increase in the 2001 per capita credit amount, the Agency will award up to $2 million of the additional credits in a separate preservation pool. Any remaining new credits will be assigned proportionately to the geographic and general pools. Projects that are eligible for the full 25 points in the At-Risk criterion (criterion II.b. - page 24) or received an allocation of credits in 1987, 1988, or 1989 may participate in this pool. The Agency will award credits to projects in the preservation pool before awarding credits in the geographic and general pools. Projects in the preservation pool will be evaluated as follows:

The points for the At-Risk criterion will be subtracted from the projects' scores. The projects will then be ranked from highest score to lowest in the pool, and OHFA will award, from highest scoring project to lowest, up to the maximum amount of additional Housing Credits given to the state. Any remaining credits will be allocated to the general pool.

If the 2001 per capita credit is increased after the results are released, the additional credits will be awarded to projects listed on the waiting list.

**Tie-Breaking Procedure:** Projects will be ranked by their scores for the Competitive Criteria categories (a subtotal of all sub-criteria) listed below. If the tie remains, the Agency will rank the projects by their scores for the next Competitive Criteria category, until the tie is broken.

Tie-Breaking Order
1. Applicant Characteristics (VI.a. - VI.d.)
2. Project Characteristics (II.a. - II.g.)
3. Local Government Support (IV.a. - IV.c.)
4. Public Benefit (I.a. - I.d.)
5. Project Location (III.a.)
6. Project Costs (Va. - Vb.)

If the tie remains, the Agency will rank the projects by the following:

7. Most Underserved (based on 2001 Housing Credit reserved) County in Pool
8. Lowest Housing Credit Request in Pool

For example, Projects A and B both have a competitive score of 700. Project A's total score for criteria VI.a. through VI.d. was 50, and Project B's total score for criteria VI.a. through VI.d. was 40. Therefore, Project A would be ranked ahead of Project B.

The OHFA reserves the right to institute the tie-breaking procedure in all pools.

**Competitive Cure Period:** Applicants will have a one-time opportunity to correct up to two administrative errors or omissions regarding the competitive criteria. During the round, the Agency will notify all applicants of their preliminary scores, and then applicants will have one week to submit additional information. Based on the original application and any additional documents, the Agency will issue revised scores for the projects. The Agency will not accept any additional information after the one-week cure period. All changes including but not limited to changes in ownership, development team, project physical structure, project costs, project financing, site(s), special needs population, value-added items and project location will not be permitted. Please be advised that certain items are date sensitive and must have been completed on or before the application deadline to be eligible for points. Please review the descriptions of the Competitive Criteria (pages 22-34) for more information.

**Appeals:** Applicants may appeal their project score, Housing Credit amount (at Binding Reservation, Carryover and 8609), or Threshold rejection if the applicant believes OHFA has erred in its determination. The applicant must submit his or her appeal in writing to the Director of the Office of Planning, Preservation & Development. The appeal must be sent to the Agency within one week of notification of results.

In the appeal, the applicant must state his or her objections to the Agency's determinations and give specific reasons why he or she believes the Agency's decision should be overturned. Any documentation to support the Threshold and Competitive appeal can be provided, but will not override the documentation or materials which were included in the original application.

Upon receipt of the appeal letter, the Agency will review and respond in writing to the sponsor. The Agency may review the project in its entirety. The appeal will be granted only if the applicant can document that the Agency has erred in its review of the project application or in determining the credit amount.

AN APPEAL IS JUDGED SOLELY UPON THE MATERIALS THAT WERE PROPERLY AND TIMELY SUBMITTED WITH THE ORIGINAL APPLICATION OR DURING THE THRESHOLD AND COMPETITIVE REVIEW DEFICIENCY CORRECTION PERIOD.

**Competitive Criteria:**

## I. Public Benefit

### a. Project Rents -- 200 Point Maximum

Preference will be given to projects whose rent structure will be affordable to households below 60% of AMGI (defined by HUD), adjusted for family size (see Exhibit A). Ten (10) points will be given for each 1% below 60% AMGI, down to 40% AMGI. The applicant may choose up to three rent elections, upon which the rent average will be derived. Projects located in counties with AMGI levels below the county(s) with the highest state AMGI will receive points toward the maximum rent score (see Exhibit B for income adjustment points). The sum of the points for the rent structure and the income adjustment points applicable to the project location will determine the total points in this category, but in no case will points total more than 200.

### b. Mixed-Income Projects -- 30 Point Maximum

Preference will be given to projects that consist of market rate and affordable rental housing units. The market rate units must be dispersed throughout the project and cannot be all located in one building or selected floors within a building. Points will be awarded based on the ratio of market rate units to total project units, according to the following scale:

| | |
|---|---|
| 20.0%-29.9% Market Rate | 15 Points |
| 30.0% and above Market Rate | 30 Points |

Scattered site projects are ineligible for Mixed-Income Project points. The Agency reserves the right to combine projects located in close proximity to each other and share similar attributes such as project type, construction style, development team. The Agency will use the unit mix for the combined projects to determine the “mixed-income” points for each project.

### c1. Special Needs Populations -- 40 Point Maximum

Preference will be given to projects that serve special needs populations. Experienced service coordinators, evidence of service coordinator salary or an in-kind service agreement, additional market study requirements - see page 13, and supportive service plans containing specified services (see Exhibit L.) are required for all special needs populations. With regards to the supportive service plans, applicants will be permitted to provide minimal updates to their plans during the Competitive Cure period. However, in order to receive the special needs points, a reasonable quality plan must be included with the original application by the submission deadline. Unit set-asides are required for all special needs populations and are based on a percentage of all units in the project. Exceptions to set-aside requirements may be considered on a case-by-case basis if the set-aside requirement is inconsistent with other federal programs or any fair housing regulations.

Thirty-five (35) points will be awarded to projects serving one of the following special needs populations:

1. Persons with a mobility or sensory impairment
   - 20 % minimum unit set aside
   - All units and buildings must contain at least 20 universal design features as described on ODOD Form 005
2. Persons with a developmental disability
   - 20 % maximum unit set aside and exact percentage must be established in collaboration with the local ADAMHS or Mental Health Board (owners must initially offer 20% of the units to be set-aside), the final set-aside must be greater than or equal to 10% of the total units
3. Persons with severe and persistent mental illness
   - 20 % maximum unit set aside and exact percentage must be established in collaboration with the local MR/DD agency (owners must initially offer 20% of the units to be set-aside), the final set-aside must be greater than or equal to 10% of the total units
4. Persons/households that are extremely low-income (35% AMGI or below)
   - 20 % minimum unit set aside, rents must be affordable to households with incomes of 35% AMGI

Thirty (30) points will be awarded to projects serving the following special needs population:

5a. Persons who are elderly (55 years and older)
   - 100 % minimum unit set aside**,** all buildings must contain only one story unless an elevator is provided, and an application cannot receive points for lease purchase of units

Thirty-five (35) points will be awarded to projects serving the following special needs population:

5b. Persons who are elderly (55 years and older)
   - 100 % minimum unit set aside**,** all buildings must contain only one story unless an elevator is provided, and an application cannot receive points for lease purchase of units
   - All units and buildings must contain at least 20 universal design features as described on ODOD Form 005 in addition to grab bars in the bathrooms (in shower and around the toilet)
   - The project must contain common space equal to or greater than 5% of the total residential square footage for the entire project
   - Project must annually set-aside at least $100 per unit for service coordination.

An additional 5 points will be awarded to the two highest scoring projects for each special needs population, except for elderly persons. The points will be awarded after OHFA reviews the scores of all projects, and OHFA will use its tie-breaking procedures (see page 21) if necessary to determine the two highest scores.

Projects that receive points for Special Needs (I.c1.) may not receive points for Family Housing (I.c2.).

### c2. Family Housing -- 30 Point Maximum

Thirty (30) points will be awarded to projects that are not specifically designed for special needs populations and target low-income families and individuals. All projects still must comply with federal and state fair housing and accessibility requirements.

Projects that receive points for Family Housing (I.c2.) may not receive points for Special Needs (I.c1.).

### d. Public Housing Authority Waiting List Referral -- 10 Point Maximum

Preference will be given to projects that have agreements or referral letters with a Public Housing Authority to accept referrals of tenants from the appropriate waiting lists or to have the project listed on the Public Housing Authority's project list. The agreement or letter must be signed and dated on or before the application deadline.

## II. Project Characteristics

### a. Creation of Affordable Housing -- 30 Point Maximum

Preference will be given to projects which create decent, safe, and sanitary affordable housing units, through new construction, adaptive reuse, and/or for substantial rehabilitation (rehabilitation hard costs that exceed 50% of total project costs minus costs of land). For buildings with multiple uses (commercial and residential), adaptive reuse points will be awarded if at least 50% of the total floor space of the building was non-residential in its most previous use. OHFA will separately analyze the costs of projects that are a combination of new construction and substantial rehabilitation, and will prorate points if necessary.

### b. At-risk Housing -- 25 Point Maximum

Preference will be given to the following projects:

1. Projects receiving project-based rental subsidy through a Section 8 Housing Assistance Payment Program contract that has expired or is due to expire by December 31, 2003. Documentation from HUD that evidences the assistance and length of the contract must be submitted with the application. The new owner must accept the project-based rental subsidy if it is offered from HUD. If a compelling reason exists for new owner to not accept the subsidy, the applicant must include a narrative that explains this decision and should submit letters supporting this decision from the tenant council (if one exists), local government official, and a local or statewide low-income housing advocacy group that receives OTAG funding from HUD.

2. Troubled projects that have received assistance through the USDA Rural Development (RD) office. Applicants must provide a letter from the RD office that details the current situation for the project, explains the need for housing credits, and approves of the current or proposed owner(s) and management company.

3. Projects participating in the HUD Portfolio Reengineering Program. Applicants must provide a letter of eligibility from HUD and be assigned a Participating Administrative Entity (PAE).

4. Projects funded through a HOPE VI grant. Applicants must provide documentation that evidences the HOPE VI grant award. For purposes of OHFA's maximum credit cap, the annual credit amount will be applied equally to all general partners and the PHA that received the HOPE VI grant award.

For each project type listed above, points will be prorated based on the percentage of units subsidized or financed through the federal programs listed above. At-risk Housing points will also be prorated further based on the project's applicable fraction (percentage of housing credit units or floor space).

**c. Unit Size -- 20 Point Maximum**

Preference will be given to projects whose residential living space for low-income units exceed certain standards for square footage. Points will be awarded based on the following scale:

| | |
|---|---|
| SRO Units: | Exceed 400 S.F. |
| Efficiency: | Exceed 450 S.F. |
| 1-Bedroom Units: | Exceed 650 S.F. |
| 2-Bedroom Units: | Exceed 850 S.F. |
| 3-Bedroom Units: | Exceed 1000 S.F. |
| 4-Bedroom Units: | Exceed 1150 S.F. |

Points will be calculated for mixed-income projects as the number of low-income units, that exceed the above standards, divided by total low-income units. This percentage will then be multiplied by 20 to award the points in this category.

**d. Preservation of Historic Buildings -- 25 Point Maximum**

Preference will be given to projects that evidence use of historic rehabilitation tax credits. Projects are eligible to receive points if the building(s) is individually listed in the National Register of Historic Places. Applicants must include documentation indicating that the project is indeed individually listed in the National Register of Historic Places. If the building(s) is not individually listed in the National Register then the project applicant must have submitted a Part 1 application ("Evaluation of Significance") and received a recommendation for approval by the Ohio Historic Preservation Office. Applicants must submit their complete Part 1 application to the Ohio Historic Preservation Office no later than 30 days prior to the round application submission deadline. At least 50% of the total units must be located in eligible historic buildings in order for a project to receive points in this category. Points will be prorated based on the percentage of total units located in eligible historic buildings.

**e. Lease Purchase of Units -- 20 Point Maximum**

Preference will be given to projects that offer homeownership opportunities to qualified tenants after the initial 15-year compliance period. Applicants must have a viable homeownership strategy for tenants who inhabit the units during the compliance period. The strategy must incorporate an exit strategy, homeownership counseling, and a minimum amount of funds set-aside by the owner for the tenant to assist in the purchase. Applicants will be permitted to provide minimal updates to their lease purchase strategies during the Competitive Cure period. However, in order to receive the lease purchase points, a reasonable quality strategy must be included with the original application by the submission deadline. Points are available according to the following scale:

| | |
|---|---|
| 85% to 100% lease purchase: | 20 points |
| 75% to 84% lease purchase: | 15 points |
| 65% to 74% lease purchase: | 10 points |
| 50% to 64% lease purchase: | 5 points |

Scattered site projects will be evaluated based on sites under control at application. The percentage of lease purchase units at application must be maintained at Carryover and 8609. All sites must be owned (long-term leases are unacceptable) and properly sub-divided by the Carryover submission deadline. As with site control requirements, projects may be required to reduce overall sites subsequent to application to maintain consistency with their initial lease purchase commitment.

The only types of units eligible for these points are single-family detached structures.

**f. Value-Added to a Project -- 45 Point Maximum**

Preference will be given to owners that provide additional benefits to the housing, residents and community. Five (5) points will be awarded for each item listed below**,** except for item 12. which is worth 10 points, that is properly evidenced in the application, total not to exceed 45 points. Please refer to the AHFA for additional submission requirements.

1. Provide on-site security (at least 20 hours per week), on-site police substation, individual security systems with a basic monitoring service (fee paid by owner), or a block watch implementation plan coordinated with the local police or sheriff departments;
2. Provide an on-site manager (at least 20 hours per week) - scattered site projects are ineligible;
3. The project is consistent with a local community revitalization plan, not including the CHIS or Consolidated Plan, that incorporates affordable rental housing;
4. Allow for a non-profit with five years housing experience and service in the community, evidenced by a resume, to obtain first position to purchase the limited partner interest at the end of the 15-year compliance period - lease purchase projects are ineligible;
5. Incorporate twelve universal design options - see ODOD Form 005;
6. The buildings are townhomes or single family detached structures;
7. An on-site community room (minimum floor space must be greater than 3% of the total residential square footage of the project) that will be available to all residents, or for scattered site projects, full basements (must contain at least 200 square feet with seven foot high ceilings) that are not bedrooms;
8. Provide units that have at least 1½ or more bathrooms;
9. Provide on-site individual garages (must contain at least 160 square feet each) without extra charges;
10. Provide a reasonable resident council formation plan including timelines for implementation and initial marketing efforts - plan must be included with the application;

11. Provide for a single site project, parking lot with concrete curbs, or for a single site mid-rise or high-rise building, a parking garage on-site.
12. Incorporate energy efficiency items above minimum code requirements as certified on ODOD FORM 009.

An item must apply to at least 50% of all units and will be prorated using the following scale:

| | |
|---|---|
| 100% of total units | 5 points (10 points - Item 12. only) |
| 90-99% of total units | 4 points (8 points - Item 12. only) |
| 80-89% of total units | 3 points (6 points - Item 12. only) |
| 65-79% of total units | 2 points (4 points - Item 12. only) |
| 50-64% of total units | 1 point (2 points - Item 12. only) |

All value-added items must be provided without any additional fees charged to the residents.

Projects will be monitored based on the above commitments, and may be issued an 8823 form for non-compliance if the items are not being provided.

**g. Leveraging Federal Funds – 20 Point Maximum**

Preference will be given to projects that receive specific assistance (see list below) from the U.S. Department of Agriculture or Department of Housing and Urban Development (HUD). The assistance must be conditionally committed by the application deadline. The assistance must finance at least 20% of the total costs for the project or provide operating subsidy for at least 75% (except for the Project-Based Voucher program) of the units in the project. Applicants must provide evidence of the assistance in the application. Projects that receive “at-risk” points (criterion II.b.) are ineligible for these points.

- Projects receiving a Rural Development 515-New Construction Loan or Rural Development 538-Loan Guarantee will receive 20 points.

- Projects receiving capital assistance or operating subsidy from the HUD McKinney-Vento Homeless Assistance Program (Shelter Plus Care, SRO Assistance, or Permanent Housing for the Handicapped Homeless) or Project-Based Vouchers (must provide subsidy for the greater of 25% of the total units or 15 units) from the local Metropolitan Housing Authority will receive 15 points.

## III. Project Location

**a. Location in a Qualified Census Tract, a RD Designated Place, or a Low-Income County --20 Point Maximum**

Twenty (20) points will be awarded to projects located in the following:

- Qualified census tracts (as defined by HUD) that qualify for the 130% basis adjustment (see Exhibit D).

- Within the corporation limits or proposed annexation area of a designated place defined by the USDA Rural Development (RD) office. Please refer to Exhibit G for the specific locations.

- Low-income county, defined as counties whose median incomes are below 80% (HUD definition of low-income) of the state's 2000 non-metropolitan area median income. Those counties that qualify under this category are as follows:

| | | | | |
|---|---|---|---|---|
| Adams | Jackson | Monroe | Perry | Scioto |
| Harrison | Meigs | Morgan | Pike | Vinton |
| Lawrence | | | | |

- A high-income census tract (see Exhibit H). The total number of low-income units from existing projects and the proposed project may not exceed 100. The number of existing low-income units in the census tract must be identified in the market study.

Scattered site projects will be evaluated based on the sites controlled at application.

These points will not be used for the scores of projects competing in the geographic pools.

## IV. Local Government Support

### a. Letters of Local Government Support -- 35 Point Maximum

Applicants may receive points for only **one** of the following:

1. Thirty-five (35) points will be given to applicants who have obtained a resolution of support from the local government in which the project is located. For incorporated jurisdictions, the resolution would come from the council. For unincorporated jurisdictions, the resolution would come from the township trustees. A copy of the official resolution must be included with the application. The resolution must indicate the number of units in the project including a breakdown between low-income and market rate units and specifically mention any special needs populations to be served or indicate that the project is not targeted for a special needs population. If the local government withdraws its support during the 45-day local notification response period due to any inaccuracy in the original resolution, the project will lose local government support points. The resolution must be signed and dated on or before the application deadline.

2. Thirty (30) points will be given to applicants who have obtained local government support for the proposed project through an affirmative letter by the highest-elected official of the most local jurisdiction in which the project is located. For incorporated jurisdictions, the letter must come from the mayor. For unincorporated jurisdictions, the majority of the township trustees must sign the letter. The letter must provide the location of the project with reasonable specificity and state specific support for the project. The letter of support must be on official letterhead or indicate in the letter that letterhead is not available, indicate the number of units in the project including a breakdown between low-income and market rate units, and specifically mention any special needs populations to be served or indicate that the project is not targeted for a special needs population. The signature(s) of the local official(s) must be notarized. If the local government withdraws its support during the 45-day local notification response period due to any inaccuracy in the original support letter, the project will lose local government support points. The letter must be signed and dated on or before the application deadline.

### b. Letters of Other Local Support -- 35 Point Maximum

Preference will be given to applicants who have obtained the support of other local officials, groups, or agencies that represent or serve the jurisdiction in which the project will be located. Five (5) points will be awarded, total not to exceed 35 points, for an affirmative signed support letter from each of the following entities:

1. Neighborhood Association/Commission/Economic Development Organization (unless it is the applicant) - only one organization will be considered
2. U.S. Congress Representative
3. State Representative
4. State Senator
5. A local social services agency that provides services or service referrals to the project's target population (unless it is the applicant) - only one agency will be considered
6. Majority of the County Commissioners
7. Public Housing Authority (unless it is the applicant)
8. School Superintendent
9. Chamber of Commerce
10. City/County Engineer or City/County Planner
11. Community Action Agency (unless it is the applicant)

For projects with buildings in multiple jurisdictions/service areas, the letters must be from the jurisdictions/service areas in which the majority of the buildings will be located (e.g. a project will be located in three different state representative districts and therefore, OHFA will only award five points for a letter from the state representative of the jurisdiction in which the majority of buildings will be located). Letters must be specific to the project, signed in year 2001, contain a specific affirmative statement of support, and contain information (address, number of units, etc.) consistent with information in the application. The letters must be signed and dated on or before the application deadline.

## V. Project Costs

### a. Developer Fees and Overhead -- 80 Point Maximum

Preference will be given to projects whose developer's fees and overhead percentage is below the maximum threshold figure of 15% (20% for projects with 32 units or less). Before calculating the fee percentage, OHFA will subtract one-half of the deferred developer's fee from the total fee amount. In addition, developer's fees and overhead includes any fees paid to consultants and is computed as a percentage of total eligible basis. Ten points will be awarded for each 1% below 15.0% (20% for projects with 32 units or less), up to a maximum of 80 points.

### b. Combined Contractor Profit, Overhead and General Requirements Fee Percentage -- 70 Point Maximum

Preference will be given to projects whose combined contractor profit, overhead, and general requirements percentage is below the maximum threshold figure of 14%. This combined percentage is calculated as the percentage of total eligible basis. Ten points will be awarded for each 1% below 14.0%, up to a maximum of 70 points.

## VI. Applicant Characteristics

### a. Ability to Proceed -- 40 Point Maximum

Preference will be given to applicants who have demonstrated that the project has completed certain steps in the development process. Applicants can receive points for the following development steps:

Site ownership: 20 Points

- must submit with application recorded deed(s)
- owner listed on the deed(s) must be the same as the owner listed for the proposed project
- applicants for projects that are not considered scattered site must submit evidence that the site was not acquired with seller financing
- projects with sites acquired via a long-term lease are eligible for the 20 points only if the land is leased from a local government, religious entity, local board of education, local public purpose board (e.g., Board of Mental Health), a Public Housing Authority, or a non-profit organization (the organization must have owned the property for a minimum of 5 years).

Completion of Phase 1 Environmental Review (ER): 20 Points

- must submit with application a copy of the executive summary(ies) of the ER(s), the ER(s) must meet ASTM standards, and the owner must address any issues raised in the ER(s)

Primary utilities are available to the site: 10 Points

- for New Construction projects only
- primary utilities include electricity, water, and sewer
- must submit a letter indicating availability from the utility provider(s)

Site plan approval: 10 Points

- must submit a letter from the appropriate local government that certifies the owner has completed the entire site planning process or that no further planning process exists

All information including recorded deeds, environmental study, site plan approval evidence must be completed, signed and dated on or before the application deadline.

For scattered site projects, points will be based solely on the required number of sites under control at application. For projects that are a combination of new construction and substantial rehabilitation, OHFA will prorate points if necessary. All points will be prorated based on the number of units affected by the various items (e.g. an owner owns 10 out of 20 sites and therefore, would receive 50% of the site ownership points).

**b1. General Partner Affordable Housing Funding Experience -- 15 Point Maximum**

Preference will be given to projects whose general partner/owner or parent organization has had previous experience in the United States in securing public funds for the development of affordable housing. Points will be prorated based on percentage of ownership. The minimum ownership share in the proposed project to be considered for points is 25%. In addition, to be eligible for points, the ownership of the proposed project must be maintained for 10 years. Each general partner must be a material participant in the proposed project as well as a material participant in the projects submitted for point consideration. Local Community Housing Improvement Program (CHIP) administrators such as local governments or Community Action Agencies administering the CHIP program on behalf of the local government may also qualify for experience points. Points are based on years of experience as well as a minimum number of units:

| | | |
|---|---|---|
| 1-3 Years | 25 units: | 5 Points |
| 4-6 Years | 50 units: | 10 Points |
| 7+ Years | 75 units: | 15 Points |

Applicants will receive points based on the lesser of years experience or units produced using public funding.

Note that points will only be awarded for the construction and/or rehabilitation of affordable housing units based on public subsidy--weatherization is not included.

Experience from other states may be included. However, if the owner has no experience in Ohio, then the owner can only receive a maximum of 10 points.

Each eligible general partner/owner will receive a score of the greater of b1. - General Partner Affordable Housing Funding Experience, b2. - General Partner Housing Credit Experience, or b3. – General Partner Combined Affordable Housing Funding. Points will not be awarded for both criteria. The project will receive the total of the scores (prorated by ownership percentage) for each eligible general partner/owner.

**b2. General Partner Housing Credit Experience -- 30 Point Maximum**

Preference will be given to projects whose general partner/owner or parent organization has had previous experience placing projects into service under the Housing Credit Program. Points will be prorated based on percentage of ownership. The minimum ownership share in the proposed project to be considered for points is 25%. In addition, to be eligible for points, the ownership of the proposed project must be maintained for 10 years. Each general partner must be a material participant in the proposed project as well as a material participant in the projects submitted for point consideration. Experience from other states may be included, and ODOD Form 004 must be completed in order to evidence out-of-state experience. Points will be awarded as follows:

| | |
|---|---|
| 1-2 Projects | 5 Points |
| 3-4 Projects | 10 Points |
| 5-6 Projects | 15 Points |
| 7-8 Projects | 20 Points |
| 9-10 Projects | 25 Points |
| 11+ Projects | 30 Points |

A project must consist of at least 10 units in order to be considered for the points listed above.

Projects that count under this category must have received 8609 forms for all buildings at the time of application.

If the owner has no experience in Ohio, then the owner can only receive a maximum of 25 points.

Each eligible general partner/owner will receive a score of the greater of b1. - General Partner Affordable Housing Funding Experience, b2. - General Partner Housing Credit Experience, or b3. – General Partner Combined Affordable Housing Funding. Points will not be awarded for both criteria. The project will receive the total of the scores (prorated by ownership percentage) for each general partner/owner.

**b3. General Partner combined Affordable Housing Funding and Housing Credit Experience -- 25 Point Maximum**

Preference will be given to project whose General Partner/Owner or parent organization has had previous experience in United States in securing public funds for the development of affordable housing and also has had experience in placing projects in service under the Housing Credit Program. Points will be prorated based on percentage of ownership. The minimum ownership share in the proposed project to be considered for points is 25%. In addition, to be eligible for points, the ownership of the proposed project must be maintained for ten years. Each General Partner must be a material participant in the proposed project as well as a material participant in the projects submitted for point consideration. Local Community Housing Improvement Program (CHIP) administrators such as local governments or community action agencies administering the CHIP program on behalf of the local government may also qualify for experience points. Experience from other states may be included, and ODOD Form 004 must be completed in order to evidence out-of-state housing credit experience.

Points will be awarded as follows:

| Years of Experience | Affordable Housing Units* | Housing Credit No. of Projects | Points Awarded |
|---|---|---|---|
| 1 – 3 years | 25-50 | 1 | 10 |
| 4 – 6 years | 51-75 | 3 | 20 |
| 7+ years | Over 75 | 5 or more | 25 |

* - Excluding units from the Housing Credit project(s).

A Housing Credit project must consist of at least 10 units in order to be considered for the points listed above.

Applicants will receive points based on the lesser of years experience or units produced using public funding or number of housing credit projects.

Housing credit projects that count under this category must have 8609 forms for all buildings at the time of application.

Note that points will only be awarded for the construction and/or rehabilitation of affordable housing units based on public subsidy -- weatherization is not included.

If the owner has no experience in Ohio, than the Owner can only receive a maximum of 20 points.

Each eligible General Partner/Owner will receive a score of the greater of b1 – General Partner Affordable Housing Funding Experience or b2. – General Partner Housing Credit Experience or b3. – General Partner Combined Affordable Housing Funding and Housing Credit Experience.

Points will not be awarded for more than one of the three criteria. The project will receive the total of the scores (prorated by ownership percentage) for each eligible General Partner/Owner.

**c. Management Company Experience -- 20 Point Maximum**

Preference will be given to projects that contract with management companies that have experience with assisted or Housing Credit housing.

1. Three (3) points will be given for management companies who meet at least one of the following criteria:

- Membership in National Assisted Housing Management Association
- Membership in Midwest Assisted Housing Management Association
- Membership in National Leased Housing Association
- Council for Affordable Rural Housing (CARH) or Council for Rural Development of Ohio (CHRDO)
- American Association for Homes and Services for the Aging (AAHSA) or Association for Ohio Philanthropic Homes and Housing for the Aging (AOPHA)
- Member of a special needs association with a focus on housing management training for that special needs population
- Membership in the American Association of Service Coordinators

2. Five (5) points will be awarded if representatives of the management company attended OHFA's 2000 or attends the 2001 Compliance Monitoring Training.

3. Two (2) points will awarded if representatives of the management company are certified by National Association of Home Builders or other nationally recognized consultant or association as Housing Credit Certified Professionals.

4. Preference will be given for management companies with demonstrated success in managing Section 42 projects that are placed in service and have received 8609 forms for all buildings at the time of application. Projects will receive <u>2 points</u> for each project managed up to a maximum of <u>10 points</u>. A project must consist of at least 10 units in order to be considered for the points listed above. Projects may be located outside Ohio. Demonstrated success is defined whereas all projects are in compliance and have no current non-compliance issues or uncured non-compliance. If a project has current 8823s, provide an explanation as to the circumstances. The Agency will decide if points will be given on a case-by-case basis regarding current 8823 forms.

**d. Ownership Value-Added -- 30 Point Maximum**

Projects with a non-profit general partner will receive 10 points. The non-profit must be a 501(c)(3) organization, must own or control at least 25 percent of the general partnership, must meet the definition of a material participant as defined by the Internal Revenue Service, and must agree to receive credits from the Non-Profit Set-Aside. ODOD Form 001 must be completed by the non-profit and submitted with the application.

If a non-profit organization owns or controls 100% of the general partnership and meets all the requirements listed above, then the project will receive 15 points.

Projects may receive additional points based on different attributes of the general partners. Entities, either for-profit or non-profit, eligible for these value-added points must own or control at least 25% of the general partnership. Five (5) points will be awarded, up to a maximum of 15 points, for each of the following characteristics:

1. One of the general partner entities is a local organization. For this category, local is defined as having a central office located in the same county in which the project will be developed. The central office must be the entity's main/corporate headquarters. Rural non-profit organizations that serve up to six different counties or organizations created to serve multiple counties under the auspices or direction of another governmental organization (i.e. Area Agency on Aging or Community Action Committees) will also be considered local even if the central office is not located in the project county. In addition, the entity must demonstrate the following to receive the 5 points:

    - The central office must have been located in the county for a minimum of one year prior to application, and
    - The entity must document a history of developing, constructing, or managing affordable housing or providing supportive services in the county.

2. One of the general partner entities is affiliated with the management company for the project. The general partner entity must be:

    - Wholly owned or controlled by the management company or the management company must be wholly owned by or controlled by the general partner entity. This common ownership must have been in place for at least one year prior to application, or
    - There must be an identity of interest (e.g., common board member(s)) between the general partner entity and the management company. This identity of interest must have been in place for at least one year prior to application.

3. For a project that will serve a special needs population (as defined on pages 22-23), one of the general partner entities is the lead supportive service provider. The entity must be providing and delivering at least 75% of the services listed in the supportive services plan for the project. The entity must have experience providing services in the county for at least one year prior to application.

Applicants must provide a narrative that clearly describes how the project is eligible to receive points for the items listed above.

## E. Financial Underwriting

If a project is selected to receive a reservation/allocation of Housing Credit, OHFA will underwrite each project to ensure that the project receives the minimum amount of Housing Credit necessary to assure project feasibility and viability throughout the Housing Credit period. This includes tax-exempt bond financed projects which are excluded from the state's Housing Credit allocation ceiling. The Agency is required to perform the Housing Credit evaluation three times:

1.) prior to issuing Binding Reservation or letter of eligibility;
2.) at the time of allocation, i.e., Carryover or 8609; and,
3.) at the time the project is placed-in-service and requests IRS Form(s) 8609.

After the first underwrite, OHFA will issue a Binding Reservation. The Agency's reservation will not necessarily equal the amount of Housing Credit requested in the application. In addition, Housing Credit may be reduced at any underwriting stage.

If the credit percentage has not been elected, the Agency will use the current month's applicable Housing Credit percentage at Binding Reservation, and/or Carryover to calculate the value of the Housing Credit. The owner may elect to lock in the current month's applicable Housing Credit percentage at Reservation or placed-in-service. HOWEVER, THE RESERVATION HOUSING CREDIT AMOUNT IS THE MAXIMUM AMOUNT THAT THE PROJECT CAN RECEIVE NO MATTER WHAT THE HOUSING CREDIT RATE MAY BE IN THE FUTURE.

OHFA staff will review all projects receiving a Binding Reservation, Carryover, 8609 Forms, or a letter of eligibility using the following procedures:

**1.** The applicant’s determination of adjusted qualified basis will be reviewed. All non-eligible costs will be deducted from the basis.

- ♦ The Agency will verify the applicable fraction for each project. The applicable fraction is defined as the lessor of a) number of low-income units divided by the total number of units or b) residential low-income unit square footage divided by the total residential square footage.

- ♦ Owners of projects with market rate units must demonstrate in the application that all amenities (i.e. garages, community buildings, parking spaces, etc.) are available to ALL units. If certain amenities are only available to the market rate units, the costs for these amenities must be deducted from the eligible basis. Also, if the market rate units are larger and of higher quality than the low-income units, the basis for the market rate units will be reduced to match the basis for the low-income units. The Agency reserves the right to request additional information to clarify any issues regarding the market rate units.

- ♦ The acquisition eligible basis cannot exceed the value of the property at or before the date of acquisition (the date of acquisition equals the date the deed or lease is recorded) as determined by the appraisal of the property (see G. Carryover Allocation). The estimated value cannot include the value of the Housing Credit.

- ♦ For projects receiving “soft” loans (e.g. HOME, deferred fees, AHP, etc.), owners must adequately explain in their application and cost certification form the repayment schedule of these loans. Projects with deferred interest and principal exceeding the total project cost at the end of the $15^{th}$ year must submit a legal opinion. The legal opinion must state whether the “soft” loans should be considered grants and be deducted from eligible basis.

- Applicants must include an operating reserve as part of the total project cost. The operating reserve must equal four months of operating expenses and hard debt payments. The maximum operating reserve allowable must be equal to or less than twelve months of operating expenses and hard debt payments. This reserve is not included as part of the project's eligible basis. Applicants who believe a reserve is unnecessary for their project may, upon clear demonstration to OHFA, request a waiver. The request and reasons for the waiver must in writing and must accompany the application. The Agency reserves the right to approve or disapprove requests and to exclude reserves from its unit cost analysis on a case-by-case basis.

**2.** All fees, costs, and assumptions will be checked to determine if they meet Agency standards.

- OHFA will assume that all projects will receive no less than $.70 per dollar of Housing Credit for equity. Applicants for projects located in a qualified census tract that have difficulty achieving the $.70 per dollar of Housing Credit may, upon clear demonstration to OHFA, request a waiver. The request and reasons for the waiver must be in writing and must accompany the application. The Agency reserves the right to approve or disapprove requests on a case-by-case basis. The equity per dollar of tax credit will be evaluated based on the percentage of the limited partner ownership of the project. The Agency reserves the right to modify the equity standards at any time based on extreme fluctuations in the equity market. Updated equity standards will be published on OHFA's website at **http://www.odod.state.oh.us/ohfa**.

- The developer fee and the combined contractor profit, contractor overhead, and general requirement percentages must not increase from date of application to the placed-in-service date. If any of the percentages increase at any time, the project's eligible basis will be reduced, potentially reducing the Housing Credit amount. The adjustment is calculated by multiplying the fee increase by the total eligible basis. The adjustment is then deducted proportionately from the acquisition, rehabilitation, and/or new construction basis.

- For acquisition and substantial rehabilitation projects, the developer's fee cannot exceed the sum of 5% of the acquisition eligible basis and 15% of the substantial rehabilitation eligible basis. For HUD-TPA projects, the total developer's fee cannot exceed the sum of 10% of the acquisition eligible basis and 15% of the substantial rehabilitation eligible basis.

- Total eligible soft costs may not exceed 35% of total eligible basis.

- The number of units and square footage in the project must remain constant from date of application to the placed-in-service date. If the number of units or square footage decrease at any time, the project's eligible basis may be proportionally reduced by the decrease in units or square footage, potentially reducing the Housing Credit amount.

  Owners may appeal this reduction. In order to appeal, owners must demonstrate all of the following within the two weeks of notification of the reduction period:

  a) The reason(s) for the loss of units and/or square footage must have been beyond the control of and could not have been reasonably foreseen by the owner. Evidence from a third party (i.e. city, planning commission, etc.) must be provided.

  b) The reason(s) that costs did not decrease must have been beyond the control of the owner. Detailed letters from the contractor and/or construction lender, etc. describing the costs of the project must be submitted. It must be certified by the owner that none of the cost overruns could have been anticipated by the developer at application or carryover – simply underestimating costs at these phases is not sufficient – specific unanticipated circumstances must have occurred.

c) The developer must have deferred at least 50% of the developer's fee. Also, the agency will analyze the amount of contractor profit, overhead, and general requirements and the identity of interest among these players. The agency may require portions of these fees and additional developer's fee to be deferred as well.

d) Letters from ALL (banks, cities, equity providers, etc.) permanent sources stating that no additional funds are available must be submitted.

e) An appeal processing fee of $250 must be submitted.

The Agency will re-underwrite the project based on all new information received. The agency may award credits up to the original allocation amount. The Agency will give favorable consideration to those owners willing to accept some reduction of credits. However, all appeals will be considered on a case-by-case basis. The Agency has complete discretion in its decisions.

- The evaluation of each type of basis is separately determined. Losses in one type of basis (e.g., acquisition) cannot be offset by increases in another type of basis (e.g., rehabilitation).

**3.** The project's total sources must always equal the total project cost. If the sources exceed the costs, the Agency will reduce the Housing Credit equity by reducing the annual Housing Credit allocation.

**4.** The Net Operating Income (NOI) is calculated according to OHFA standards, and is then compared to the annual debt service payments to make sure there is positive and adequate debt service coverage.

- The hard debt coverage ratio (DCR) must be above 1.15. Owners of projects with a hard debt coverage ratio lower than 1.15 must provide a written explanation from their lender(s) describing the reasons for their willingness to accept a low DCR. The Agency has the discretion to waive this requirement based on documentation provided by the owner.

- The DCR for all debt sources may be no higher than 1.25. If the DCR is too high, the following will happen:

  A new loan amount will be calculated to reflect a lower DCR. The characteristics of the new loan will be rate = prime + 3 (published in the Wall Street Journal) and a term/amortization period = 25 years. The new loan will be added to the project's permanent sources. The new loan amount is an artificial gap created by the Agency. If the gap exceeds 10% of total project costs, the Agency will require that the owner obtain additional financing to cover the gap before issuing a reservation/allocation.

- For owners who are not syndicating the Housing Credits, the Agency will include the annual Housing Credit amount as part of the total cash flow in order to determine the DCR.

- Projects must maintain a positive cash flow for the first 15 years in the Agency's analysis or provide to OHFA a written explanation describing the strategies to overcome any shortfalls. The Agency reserves the right not to allocate Housing Credits to projects it believes are financially infeasible.

- The project's annual operating expenses per unit including replacement reserves, but excluding management fees, owner-paid utility costs, annual bond fees, and property taxes, may not exceed $2,650 for non-elevator buildings, and $3,150 for elevator buildings. Exceptions may be made for projects with special circumstances. Owners must provide persuasive evidence in order to secure a waiver of these standards.

- OHFA has adopted maximum and minimum annual replacement reserve standards.

| Project Type: | New Construction | Acquisition/Rehabilitation |
|---|---|---|
| Maximum: | $300 per unit | $350 per unit |
| Minimum: | $200 per unit | $250 per unit |

For Rural Development and FHA-financed projects, OHFA will use the reserve limits prescribed by those agencies. Exceptions may be made for projects with special circumstances. Owners must provide persuasive evidence in order to secure a waiver of these standards.

- The Agency will assume an annual income increase of 3% and an annual expense increase of 4%. The Agency will use the vacancy rate listed in the application and/or cost certification forms by the owner. The vacancy rate must be consistent with the project's market study unless the owner has supplied adequate supporting information.

- The gross rents for low-income units must be at or below the maximum rent limits for the year in which the Agency is analyzing the project. In addition the gross rents must be higher than 95% of the maximum rent limit. If the gross rents are lower than 95% of the maximum rent limit, the owner may reduce the rent election percentage or the Agency will use gross rents equal to 95% of the maximum rent limit in its analysis.

- OHFA will utilize the applicable utility allowances as referenced in Section 42 and Reg. 1.42-10.

Projects may receive an allocation of credit based upon 130% of the qualified basis for new construction or substantial rehabilitation if the project is located in designated high cost areas of the state. High cost areas are defined as qualified census tracts and difficult development areas. The U.S. Department of Housing and Urban Development publishes a list of qualified areas for 130% basis.

## F. Binding Reservation Agreement

After the Agency has determined which projects to award Housing Credits and has performed the underwrite, the Binding Reservation Agreement will be mailed to the primary project contact. The original Binding Reservation Agreement and Credit Rate Election form must be signed and notarized by the owner/general partner during the month the agreement was issued. The Binding Reservation Agreement, Credit Rate Election form and reservation fee that equals 4 % of the reservation amount, and any additional documentation listed in the Agreement, must be sent to the Agency by the fifth day of the following month in which the agreement was issued, or the reservation of Housing Credit will be **invalid**.

## G. Carryover Allocation

All projects must meet all Carryover Allocation requirements as described in Section 42 of the Internal Revenue Code and in Treasury Regulation 1.42-6.

The following are required to be submitted for all projects by the Carryover submission deadline:

1. Completed OHFA Cost Certification forms (*the most current version*) signed by the owner and accountant/attorney. These forms and instructions are available for download on the Agency's website: **http://www.odod.state.oh.us/ohfa** or contact the Office of Planning & Development directly at 614-466-0400 or 1-800-848-1300 x6-0400.

2. Federal Tax ID number for the owner.

3. The project owner must, at a minimum, acquire all property or have entered into a long-term leasehold agreement. Acquisition must be evidenced by a copy of a recorded deed or recorded long-term lease for each site. Owners must also provide legible legal description and permanent parcel numbers for each site. These items will be used to facilitate the production of the project's Restrictive Covenant.

4. Conditional commitment letters, including equity commitments, from non-OHFA lenders must be updated from those submitted with the application. This requirement may be waived for Round 2 projects that receive Binding Reservations.

5. An appraisal meeting OHFA requirements if the project is seeking acquisition credit. Those requirements include:

   ◊ preparation by a third party licensed (state does not matter) appraiser. Name, address, and license number must be included;

   ◊ stated estimated value of the property at or before the date of acquisition (the date of acquisition equals the date the deed or lease is recorded). The estimated value cannot include the value of the Housing Credit;

   ◊ adherence to the Uniform Standards of Appraisal Practice. A statement to this effect must be included in the report;

   ◊ conducted in 2001, although the Agency will consider earlier reports on a case-by-case basis.

6. All rehabilitation projects must submit a capital needs assessment performed by a third party professional. The assessment must meet the standards outlined in Exhibit N. For scattered site rehabilitation projects, a capital needs assessment must be performed for only 50% of the buildings. Based on the assessment the Agency reserves the right to adjust the project's total project costs and eligible basis that may affect the Agency's financial analysis of the project.

7. Any additional conditions that appeared on the reservation with a performance date by Carryover submission.

Projects that meet all requirements will be given a Carryover Allocation Agreement and each building in the project will receive a Building Identification Number (BIN). Those buildings receiving an acquisition and substantial rehabilitation credit will receive one BIN for both Housing Credit types.

A Carryover Allocation Agreement is considered to be binding and will give the applicant 24 months from the end of the allocation year to complete the project and place the units in service. The Agency reserves the right to add conditions or require follow-up items in the Carryover Agreement that must be met before the Agency will issue 8609 Forms to the owner.

The Agency will charge an *extension fee* for any granted extension of the Carryover submission. Extension fees are **4%** of the Binding Reservation fee. The Agency will not approve any extensions beyond December 3, 2001.

Projects that will be completed and placed-in-service in the same year in which they received a reservation should request 8609 form(s) and not a Carryover Allocation Agreement. The owner of the project must submit all appropriate request documentation by the Carryover submission deadline for that year.

## H. Project Completion Stage / 8609 Request

Upon project completion, the owner must notify the Agency of the placed-in-service date(s) of each building and submit:

1. Completed OHFA Cost Certification forms (*most current version*) signed by an independent accountant. The accountant will be required to conduct a complete audit of the project costs. The required audit language is included on the forms. These forms are available for download on the Agency's website: **http://www.odod.state.oh.us/ohfa.**

2. Certificates of Occupancy, unconditional, from the issuer of the building permits. Certificates of Completion or similar information from the owner will be accepted for Rehabilitation projects. The Agency reserves the right to conduct a site visit of a property to verify completion before issuing the 8609 form(s) to the owner.

3. Permanent source(s) closing documents, executed by the borrower and the source provider(s). This includes all first and second mortgages, government loans, deferred fee notes, and grants. The Agency may, on a case-by-case basis, conditionally release the 8909 form(s) or issue a commitment letter to owners who are unable to immediately close their hard debt sources due to restrictions imposed by the lender. All permanent hard-debt sources must have a term no shorter than 15 years.

4. Partnership agreement, executed by the limited and general partners.

5. Recorded Restrictive Covenant.

6. Payment of the monitoring fee.

The Agency will mail out 8609 form(s) up to 90 working days after the request materials have been submitted to the Agency. Incomplete or insufficient request documentation will result in a delay of the 8609 form issuance.

The Agency reserves the right to defer processing 8609 form requests that are received during a future competitive funding round.

# III. MONITORING

## A. Introduction

The Revenue Reconciliation Act of 1990 mandated that beginning in 1992, housing finance agencies must actively monitor all Housing Credit properties to determine if they are complying with the requirements of the Housing Credit program. In September 1992, the IRS issued final regulations with regard to the monitoring requirement. These regulations were effective June 30, 1993.

The monitoring process determines if the project is complying with requirements of the IRC. The Agency's internal monitoring process is outlined in the Low-Income Housing Tax Credit Program Compliance Manual, which will be provided to the owner/agent for each Housing Credit property. All residents must be income qualified, adjusted for family size prior to moving into the unit. All units must be rent restricted as provided for in the IRC. All units allocated Housing Credit must be safe, decent and sanitary housing units complying with local building, health, safety, and zoning codes.

Compliance with the requirements of the IRC is the sole responsibility of the owner of the building for which the Housing Credit was allocated.

## B. Monitoring Process

ALL Housing Credit projects are required to comply with the following:

1. The owner/agent, prior to rent up, MUST complete a pre-occupancy training/meeting with the Agency, unless the project is financed with tax-exempt bonds and did not receive an allocation from the competitive housing credit pool:

    a) The owner/agent will be required to contact the Agency in writing within 120 days prior to leasing units to arrange a training/meeting with the Agency.

2. The owner of a Housing Credit project must keep records for each qualified low-income building in the project for each year of the compliance and extended use period. These records must include:

    a) The total number of residential rental units in the building (including the number of bedrooms and the size in square feet of each residential rental unit);
    b) The percentage of residential rental units in the building that are low-income units:
    c) The rent charged on each residential rental unit in the building (including any utility allowances);
    d) The number of occupants in each low-income unit, but only if rent is determined by the number of occupants in each unit under section 42(g)(2) (as in effect before the amendments made by the Revenue Reconciliation Act of 1989);
    e) The low-income unit vacancies in the building and information that shows when, and to whom, the next available units were rented;
    f) The annual income certification of each low-income tenant per unit;
    g) Documentation to support each low-income tenant’s income certification. Tenant income is calculated in a manner consistent with the determination of annual income under section 8 of the United States Housing Act of 1937 (“Section 8”), not in accordance with the determination of gross income for federal income tax liability;
    h) The eligible basis and qualified basis of the building at the end of the first year of the credit period; and

i) The character and use of the non-residential portion of the building included in the building's eligible basis under section 42(d).

3. The owner of a Housing Credit project is required to retain the records described in Section 2 above for at least six years after the due date (with extensions) for filing the federal income tax return for that year. Records for the first year of the credit period must be retained for at least six years beyond the due date (with extensions) for filing the federal income tax return for the last year of the compliance period of the building (reference 26 CFR Par. 2. 1.42-5 (b)(2)).

4. The owner is responsible for reporting to the Agency annually in the form and manner the Agency specifies, the project's compliance with the Code and for certifying under penalty of perjury that the information provided is true, accurate, and in compliance with Section 42 of the IRC. The owner certifies that for the preceding 12-month period --:

a) The project met the requirements of:
1. The 20-50 test under section 42(g)(1)(A), the 40-60 test under section 42(g)(1)(B), whichever minimum set-aside test was applicable to the project; and
2. If applicable to the project, the 15-40 test under sections 42(g)(4) and 142(d)(4)(B) for "deep rent skewed" projects;

b) There was no change in the applicable fraction (as defined in section 42(c)(1)(B)) of any building in the project, or that there was a change, and a description of the change;

c) The owner has received an annual income certification from each low-income tenant, and documentation to support that certification; or, in the case of a tenant receiving Section 8 housing assistance payments, the statement from a public housing authority described in paragraph (b)(1)(vii) of this section.

d) Each low-income unit in the project was rent-restricted under section 42(g)(2);

e) All units in the project were for use by the general public and used on a nontransitional basis (except for transitional housing for the homeless provided under section 42 (i)(3)(B)(iii));

f) Each building in the project was suitable for occupancy, taking into account local health, safety, and building codes;

g) There was no change in the eligible basis (as defined in section 42(d)) of any building in the project, or if there was a change, the nature of the change (e.g. a common area has become commercial space, or a fee is now charged for a tenant facility formerly provided without charge);

h) All tenants facilities included in the eligible basis under section 42(d) of any building in the project, such as swimming pools, other recreational facilities, and parking areas, were provided on an comparable basis without charge to all tenants in the building;

i) If a low-income unit in the project became vacant during the year, that reasonable attempts were or are being made to rent that unit or the next available unit of comparable or smaller size to tenants having a qualifying income before any units in the project were or will be rented to tenants not having a qualifying income;

j) If the income of tenants of a low-income unit in the project increased above the limit allowed in section 42(g)(2)(D)(ii), the next available unit of comparable or smaller size in the project was or will be rented to tenants having a qualifying income;

k) The owner has not refused to lease a unit in the project to a Section 8 applicant because the applicant holds a Section 8 voucher or certificate;

l) No finding of discrimination under the Fair Housing Act has occurred for the project (a finding of discrimination includes an adverse final decision by HUD, an adverse final decision by a substantially equivalent state or local fair housing agency, or an adverse judgment from a Federal court); and

m) An extended low-income housing commitment as described in section 42(h)(6) was in effect (for buildings subject to section 7108 (c)(1) of the Revenue Reconciliation Act of 1989).

5. The Agency requires that the owner of a Housing Credit project annually certify the resident's income and assets.

   The Agency reserves the right to make a determination at a later date regarding the Annual Income Recertification Waiver (Section 42 (g) (8) (B) of the IRC.

6. The Agency has the right to review tenant files throughout the 15-year compliance period plus extensions (up to an additional 15 years for a total of 30 years, based upon the extended use provision). The Agency has the right to perform on-site inspections of any low-income housing project at least through the end of the compliance period of the building(s) in the project (26 CFR Par.2. 1.42-5 (d)). New building(s) receiving allocations on or after January 1, 2001 will be on-site inspected no later than the end of the second calendar year following the year the last building in the project is placed in service.

7. The Agency will provide prompt written notice to the owner of a Housing Credit project if the Agency does not receive the required certification or discovers through inspection, review, or any other manner that the project is in non-compliance. The owner will have up to 60 days from date of the notification to correct any non-compliance issues found and give a written response to the Agency of corrective actions taken. The Agency may extend the correction period for up to six months, but only if the agency determines there is good cause for granting the extension. During the correction period, an owner must supply any missing certifications and bring the project into compliance with the provisions of the IRC.

8. The Agency is required to file Form 8823, "Low-Income Housing Credit Agencies Report of Non-Compliance" with the IRS no later than 45 days after the end of the correction period, including extensions, and no earlier than the end of the correction period, whether or not the non-compliance or failure to certify is corrected. The Agency must explain on Form 8823 the nature of the non-compliance or failure to certify (reference 26 CFR Par. 2. 1.42-5 (e)(3)).

9. Compliance with the requirements of Section 42 of the IRC is the responsibility of the owner of the building(s) for which the Housing Credit is allowable. The Agency's obligation to monitor for compliance does not make the Agency liable for an owner/agent non-compliance.

10. If the Agency is unable to serve notice on the property owner by mail and/or telephone during the compliance period as defined by the IRS, the Agency will consider the property out of compliance and notify the IRS by filing Form 8823 of non-compliance.

    a) The Agency will maintain one contact person per project. The owner/agent will agree upon the contact person and notify the Agency immediately of any change.

    b) Recapture determinations are made by the IRS.

11. OHFA requires Housing Credit owners to pay a one-time compliance monitoring fee. The fee amount for projects receiving a reservation in 2001 will be $500 per unit. The fee must be submitted with the 8609 request.

# IV. MISCELLANEOUS

**Project Changes:** All project changes require Agency approval, and all changes will be reviewed by the Agency on a case-by-case basis. Any change in a project which reduces the project score, or that reduces the project score below the score of the last funded project in a particular funding round, may result in a reduction or revocation of the Housing Credit reservation or allocation. No changes in a project are allowed if it reduces the project's score in rent structure. A new application, fee, and Competitive review may be required if any project characteristics change.

Failure to inform OHFA of any changes in the applicant's situation or project structure at any time may cause the application to be rejected or the Housing Credit reservation to be revoked.

**Agency Information Sources:** The Agency's website contains important, easily accessible program information such as Housing Credit percentages, frequently asked questions, technical support, general tax credit information, important program dates, and downloadable files such as the QAP and Affordable Housing Funding Application. The website address is **http://www.odod.state.oh.us/ohfa**. It is the responsibility of the applicants to regularly browse the website to obtain current information on the Housing Credit and other Agency programs.

**Contacting the Applicant:** The Agency will only contact the person listed in the application as the project contact. The Agency asks other parties involved in the project to communicate with the project contact, prior to contacting the Agency.

**Requesting Information:** At the end of each allocation round, the Agency will make available a listing by score of all projects, along with a detailed report featuring the reserved projects of that round. Please visit the OHFA website at **http://www.odod.state.oh.us/ohfa** or contact the Agency to obtain this listing. Interested parties requesting project specific information will be required to use a Freedom of Information Request Form (forms are available from OHFA) and follow Ohio Department of Development procedures.

**Agency Participation Notification:** Project owner(s) and applicant(s) should coordinate with Agency personnel to provide the opportunity for public notification of the Agency's participation in a project.

**Plan Development:** OHFA receives input in the development of the Plan from the Housing Credit Advisory Committee and citizens at the public hearings. The Governor and OHFA's Board approve the QAP. OHFA encourages participation from interested parties during the public hearing and written comment process.

The Credit Advisory Committee is a working group that meets periodically in Columbus to discuss the QAP and other program details. Interest groups represented on the committee include: lenders, equity providers, for-profit developers, non-profit developers, special needs advocates, rural development advocates, urban development advocates, local government officials, and others. The Agency always welcomes new representatives to replace retiring or inactive members. Anyone interested in joining or nominating someone for the committee should contact OHFA at (614) 466-0400.

# V. 2001 QAP EXHIBITS

***NOTE: Updated Exhibits A and B are not available at the time of this printing. In early 2001 these exhibits will be published separately. They will also be included in the final AHFA spreadsheet. Please contact OHFA or visit OHFA's website located at www.odod.state.oh.us/ohfa to receive the updated exhibits.***



## A. RENT AND INCOME LIMITS

**[insert Excel file]**

## B. INCOME ADJUSTMENT POINTS

**[insert Excel file]**

## C. HUD 221(D)(3) MORTGAGE LIMITS PER UNIT

**[insert Excel file]**

## D. QUALIFIED CENSUS TRACTS

**[insert Excel file]**

## E. COMMUNITIES WITH A CONSOLIDATED PLAN

**[insert Excel file]**

## F. AREAS WITH A COMMUNITY HOUSING IMPROVEMENT STRATEGY (CHIS)

**[insert Excel file]**

## G. RURAL DEVELOPMENT LIST OF DESIGNATED PLACES

**[insert Excel file]**

## H. HIGH INCOME CENSUS TRACTS

**[insert Excel file]**

## I. MODEL LANGUAGE FOR LOCAL GOVERNMENT NOTIFICATION

DATE

CERTIFIED MAIL RETURN RECEIPT REQUESTED (Attach copies)

Applicable Person
Title
Name of Political Jurisdiction
Address
City, State Zip

RE: Name of Project

Dear Applicable Person:

The purpose of this letter is to apprise your office that (Name of General Partner, Managing Member, etc.) will be the (general partner, managing member, etc.) of a multifamily residential development located in or within a one-half mile radius of your political jurisdiction. The following describes the project and the multifamily funding programs of the Ohio Housing Finance Agency (OHFA) that will be utilized for the project and notifies you of your right to submit written comments to OHFA:

Project Address: Be as specific as possible; note city or township location as well as county location.

Number of Units: Total number of units; you may wish to do a breakdown on unit types, i.e. 1BR, 2BR, 3BR.

Nature of Project: Such as new construction, acquisition & rehabilitation, substantial rehabilitation, adaptive reuse. Note any other distinguishing characteristics.

Program(s) Utilized in the Project: Indicate that the project will utilize funding from the Housing Credit, Affordable Housing Loans, and/or Multifamily Bond Programs.

Right to Submit Comments: You have the right to submit comments to OHFA regarding the project's impact on the community. If you intend to submit a statement of disapproval or objection, you must submit a written statement that is signed by a majority of the voting members of the legislative body governing your jurisdiction. The written objection must be forwarded separately to the Chairman of OHFA and to the Agency's Executive Director and be delivered by certified mail, return receipt requested. The persons and addresses to be notified at OHFA are:

M_____________________________, Chairman
Ohio Housing Finance Agency
77 S. High Street, 29th Floor
Columbus, OH 43215

Mr. Richard V. Everhart, Executive Director
Ohio Housing Finance Agency
77 S. High Street, 26th Floor
Columbus, OH 43215

The written objection must be submitted within 30 days of your receipt of this notice, and must be received by OHFA within 45 days of the date of the sponsor's or private developer's notice.

OHFA is required to respond to any written statement submitted by you under the terms outlined above.

Sincerely,

Name
Title of Writer

## J. GEOGRAPHIC POOL AREAS AND AMOUNTS

| | Category A | Category B | Category C | Category C *(continued)* |
|---|---|---|---|---|
| *% of 2001 Allocation*:* | *19%* | *17%* | *14%* | |
| | Akron | Allen | Adams | Lawrence |
| | Canton | Butler | Ashland | Logan |
| | Cincinnati | Clark | Ashtabula | Madison |
| | Cleveland | Clermont | Athens | Marion |
| | Columbus | Cuyahoga | Auglaize | Meigs |
| | Dayton | Delaware | Belmont | Mercer |
| | Toledo | Fairfield | Brown | Monroe |
| | Youngstown | Franklin | Carroll | Morgan |
| | | Geauga | Champaign | Morrow |
| | | Greene | Clinton | Muskingum |
| | | Hamilton | Columbiana | Noble |
| | | Jefferson | Coshocton | Ottawa |
| | | Lake | Crawford | Paulding |
| | | Licking | Darke | Perry |
| | | Lorain | Defiance | Pike |
| | | Lucas | Erie | Preble |
| | | Mahoning | Fayette | Putnam |
| | | Medina | Fulton | Ross |
| | | Miami | Gallia | Sandusky |
| | | Montgomery | Guernsey | Seneca |
| | | Pickaway | Hancock | Scioto |
| | | Portage | Hardin | Shelby |
| | | Richland | Harrison | Tuscarawas |
| | | Stark | Henry | Union |
| | | Summit | Highland | Van Wert |
| | | Trumbull | Hocking | Vinton |
| | | Warren | Holmes | Wayne |
| | | Washington | Huron | Williams |
| | | Wood | Jackson | Wyandot |
| | | | Knox | |

** - Per Capita Credits Only - does not include returns, national pool, or preservation pool credits*

## K. MARKET STUDY INDEX

The following information must be included in a market study. The market study author must organize the information using this index or provide the corresponding page number(s) for each item. Please refer to pages 13-15 of the 2001 QAP for more details.

**I.** Executive summary
- **A.** Statement that market exists for the proposed project
- **B.** Estimated stable year vacancy rate for the proposed project
  - **1.** Explanation if greater than 7%
- **C.** Estimated lease-up time for the proposed project

**II.** Description of the proposed project - including number of units, amenities, population served, number of bedrooms, unit sizes, etc.

**III.** Description of the effective market area for the project
- **A.** Map of the effective market area

**IV.** Rent comparison table
- **A.** Rents for proposed project
- **B.** Market rents and methodology for calculation of market rents

**V.** Number of income-eligible renter households in effective market area
- **A.** Capture rate for project
  - **1.** Explanation if greater than 10%

**VI.** Description and evaluation of services - including approximate distances to project
- **A.** Public services
- **B.** Infrastructure
- **C.** Community services
- **D.** Employers

**VII.** Number of eligible special needs renter households in effective market area
- **A.** Capture rate of special needs households for project
- **B.** Source for information

**VIII.** List of federally subsidized and Housing Credit projects (including projects under construction) in effective market area
- **A.** Brief description of each project - number of units, population served, bedroom sizes, amenities, etc.
- **B.** Color photograph of each project
- **C.** Current vacancy rate for each existing project
- **D.** Contact name and method of contact for each project

**E.** For Housing Credit projects only, calculate the estimated vacancy rate for each project (except those under construction) during the first stabilized year of the proposed project

**1.** Explanation for estimated vacancy rates greater than 10%

**F.** Ratio of total subsidized and Housing Credit units to the number of income-eligible renter households in the effective market area

**G.** Map with the location of each project identified

**IX.** List of comparable market rate developments in the effective market area

**A.** Brief description of each project - number of units, population served, bedroom sizes, amenities, etc.

**B.** Color photograph of each project

**C.** Current vacancy rate for each existing project

**D.** Contact name and method of contact for each project

**E.** Map with the location of each project identified

**X.** Analysis of Public Housing Authority concerns and issues

**A.** Copy of letter and certified mail receipt or interview details

**B.** Copy of response(s) from PHA or transcript of interview

**C.** Narrative that evaluates and addresses any issues or concerns raised by the PHA

**XI.** Original signed copy of ODOD Form 008 - Market Study Certification

**XII.** Listing of all data sources used in the study

## L. SUPPORTIVE SERVICE PLAN INDEX & REQUIREMENTS

Applicants for projects designed to serve a special needs population must submit a supportive services plan in order to qualify for competitive points. The supportive service plan must include the following elements in the order listed:

**I. Population Served -** Describe the population to be served and indicate the number of units to be set-aside for this population.

**II. Service Coordinator -** Describe the role of the supportive service coordinator. Include a copy of the coordinator's resume or if the coordinator is not known at application, a copy the coordinator's job description. List the experience in providing supportive services, including trainings that the coordinator may have attended. Identify the budget line item for the service coordinator's salary or document in-kind assistance with commitment letters per section **VI**. Detail the number of hours that the coordinator will spend at the site and working with residents from the project.

**III. Annual Budget -** List in detail the estimated annual costs of providing services including the coordinator's salary and equipment.

**IV. Description of Services -** Provide specific descriptions of the following services and explain how they will be made available to residents (see below for required services for each population).

**V. Support Letters -** (see below for required support letters for each population)

**VI. Commitment Letters -** Attach signed letters from agencies/organizations that have committed to provide or refer services to residents. Also, where services have been contracted, provide a signed letter from an agency/organization providing contracted service coordination. Commitment letters should contain a brief description and history of the agency/organization, a description of the services to be provided, and details of any funding to be provided to the project for services. Commitment letters must be provided for all agencies/organizations referred to in **IV. Description of Services**.

The supportive service plan must be specific to the proposed project. All requirements, including all population specific service requirements, must be listed in the plan. The descriptions of services must include enough details and information so that OHFA can determine what services are being provided, how are the services being provided, and who is providing the services.

***Population Specific Requirements***

**A. Persons age 55 and Over - (for both 30 and 35 point categories)**

**__Requirements__**
1. 100% of total units minimum set-aside.
2. All buildings must contain only one story unless an elevator is provided.
3. The project cannot be lease-purchase.

**__Description of Services__**
1. Make meals available at or accessible to housing facility.
2. Make light housekeeping services available.
3. Ensure the availability to adequate transportation services for residents.
4. Provide information and referral to home health services.
5. Provide evidence of regularly scheduled activity programs reflecting the cultural, social, recreational, and health and wellness aspects of resident lives.

6. Provide accommodations for and support of a Resident Association.

**Support Letters**

1. Submit a letter of support from local Area Agency on Aging (AAA). If a letter of support is unavailable from the AAA provide an explanation as to why, and then provide letters of support from local senior citizens centers, the public housing authority, or the Department of Aging.

**Additional Requirements - 35 point category**

1. All units and buildings must contain at least 20 universal design features as described on ODOD Form 005 in addition to grab bars in the bathrooms (in shower and around the toilet)
2. The project must contain common space equal to or greater than 5% of the total residential square footage for the entire project
3. Project must annually set-aside at least $100 per unit for service coordination.

**B. Persons with Severe and Persistent Mental Illness**

**Requirements**

1. OHFA requires a maximum target set-aside of 20% of the total units for this population in order to work toward the goal of integration. The final set-aside determined in collaboration with local ADAMHS or Mental Health Board must be greater than or equal to 10% of the total units. However, OHFA recognizes that circumstances may require projects to exceed the 20% target. In such instances, exceeding the 20% target set-aside will not be considered a non-compliance issue.
2. Acceptance of services should not be a condition of occupancy.

**Description of Services**

1. The level of services and service coordination to be provided must be approved by the local ADAMHS or Mental Health Board. Projects targeting persons with severe and persistent mental illness have the option to not provide on-site services and service coordination if a local case management and community support services system are already in place. A service coordinator would not be required in these circumstances.
2. Demonstration of input from people with mental illness in the Housing Credit application and design and development of the project.
3. Residents must have control over the assistance they receive and who provides that assistance. Service coordinators must work directly with the local county board case management system.
4. Residents may choose to seek mental health services through public or private mental health providers. (All local mental health systems are required to have 24-hour mobile case management and crisis intervention services available and accessible to all people with mental illness; such services need not be housing project based).

**Support Letters**

1. Letters of support from local Alliance for the Mentally Ill (AMI) and/or qualified consumer groups including their mission statement, agency goals, and a *specific* statement of support for the proposed project.
2. Written support from the Executive Director of the local ADAMHS or Mental Health Board. The support letter must describe how the number of set-aside units was determined and how this set-aside will benefit the special needs population.
3. A copy of a letter from the applicant to the local ADAMHS or Mental Health Board stating that up to 20% of the units can be set-aside for persons with severe or persistent mental illness. The exact set-aside will be determined by the local ADAMHS or Mental Health Board. A copy of the certified mail receipt must be included.

**C. Persons with Mental Retardation/Developmental Disabilities**

**Requirements**

1. The percentage of units set-aside must be established in collaboration with the local MR/DD agency but cannot exceed 20% of the total units. However, OHFA recognizes that circumstances may require projects to exceed the 20% target. The final set-aside determined in collaboration with local MR/DD agency must be greater than or equal to 10% of the total units. In such instances, exceeding the 20% target set-aside will not be considered a non-compliance issue.

**Description of Services**

1. The level of services and service coordination to be provided must be approved by the local MR/DD agency . Projects targeting persons with mental retardation/developmental disabilities have the option to not provide on-site services and service coordination if a local case management and community support services system are already in place. A service coordinator would not be required in these circumstances.
2. Ensure adequate education and awareness of community resources, intervention and support for residents experiencing a crisis, referral to resources and services in the community, development and support for resident participation with management.
3. Assistance to residents in identifying and accessing local resources and services.
4. Development and support of resident participation in the development of services, programs and activities.
5. Crisis intervention and short-term support or referral to outside resources.
6. Longer-term support for residents pursuing goals related to social and/or economic self-sufficiency.
7. Intervention and prevention of problems related to substance abuse, criminal activity, destruction of property or other issues harmful to residents.
8. Provide a continually updated notebook or bulletin board of neighborhood and community programs and resources.

**Support Letters**

1. Letter from the local MR/DD agency indicating *specific* support and evidencing collaboration with the project related to the projected percentage of set-aside units for this population. The support letter must describe how the number of set-aside units was determined and how this set-aside will benefit the special needs population.
2. A copy of a certified letter from the applicant to the local MR/DD agency stating that up to 20% of the units can be set-aside for persons with severe or persistent mental illness. The exact set-aside will be determined by the local MR/DD agency. A copy of the certified mail receipt must be included.

**D. Persons with a Mobility or Sensory Impairment**

**Requirements**

1. Twenty (20) percent of total units minimum set-aside.
2. Projects must meet all ADA requirements.
3. All units and buildings must contain at least 20 universal design features as described on ODOD Form 005.

**Description of Services**

1. Assistance to residents in identifying and accessing local resources and services.
2. Development and support of resident participation in the development of services, programs and activities.
3. Support for residents pursuing goals related to social and/or economic self-sufficiency.

**Support Letters**

1. Letter of support from a local qualified consumer/social services group including their mission statement, agency goals, and a *specific* statement of support for the proposed project.

**E. Extremely Low-Income Persons/Households**

**Requirements**

1. 20% of total units minimum set-aside.
2. Rents must be affordable to extremely low-income households (at or below 35% of AMGI) and must be evidenced in Section B (1) of the AHFA.

**Description of Services**

1. Credit Counseling.
2. Personal finance training/planning.
3. Continuing Education/Job Training Opportunities.
4. Life Skills Training.
5. Healthcare- Prevention and Community Outreach (i.e. drug/alcohol prevention, stress/anger management, AIDS awareness etc.).

**Support Letters**

1. Letter of support from a local qualified consumer/social services group including their mission statement, agency goals, and a *specific* statement of support for the proposed project.
2. Provide a letter from the county Human Service/OBES Department or a designated Welfare-to-Work agency indicating a linkage with the county's Welfare-to-Work initiative.

## M. GOVERNOR'S REGIONAL ECONOMIC DEVELOPMENT REPRESENTATIVES

Deputy Director
Wes Fahrbach
Phone: 614-466-9627
Fax: 614-752-4858
Riffe Center
77 S. High St., 29th Floor
Columbus, OH 43215

Region 1-Columbus
Chad Munitz
Phone: 614-466-9627
Fax: 614-752-4858
Riffe Center
77 S. High St., 29th Floor
Columbus, OH 43215
Counties Representing: Delaware, Fairfield, Fayette, Franklin, Licking, Logan, Madison, Pickaway, and Union

Region 2- Toledo
James E. Seney
Phone: 419-245-2445
Fax: 419-245-2448
One Government Center, Suite 1520
Toledo, OH 43604
Counties Representing: Defiance, Erie, Fulton, Henry, Lucas, Ottawa, Sandusky, Williams, and Wood

Region 3- Lima
Judy Crawford
Phone: 419-229-5320
Fax: 419-229-5424
Perry Building
545 W. Market St., Suite 305
Lima, OH 45801
Counties Representing: Allen, Auglaize, Hancock, Harden, Mercer, Paulding, Putnam, Van Wert

Region 4- Dayton
Tony Whitmore
Phone: 937-285-6185
Fax: 937-285-6187
One Dayton Center
1 S. Main St., Suite 2060
Dayton, OH 45402-2016
Counties Represented: Champaign, Clark, Clinton, Darke, Greene, Miami, Montgomery, Preble, Shelby

Region 5- Cincinnti
Brenda Gadd
Phone: 513-852-2826
Fax: 513-852-2840
414 Walnut St., Suite
Cincinnati, OH 45202
Counties Represented: Butler, Clermont, Hamilton, Warren

Region 6- Mansfield
David Williamson
Phone: 419-522-2029
Fax: 419-522-2203
Walnut Building
24 W. 3rd St., Suite 301
Mansfield, OH 44902-2689
Counties Represented: Ashland, Crawford, Huron, Knox, Marion, Morrow, Richland, Seneca, Wyandot

Region 7-Chillicothe
T.J. Justice
Phone: 740-775-0612
Fax: 740-775-0604
15 N. Paint St.
Chillicothe, OH 45601
Counties Represented: Adams, Brown, Gallia, Highland, Jackson, Lawrence, Pike, Ross, Scioto, Vinton

Region 8-Cleveland
Fran Migliorino
Phone: 216-787-3240
Fax: 216-787-3244

615 W. Superior Ave., 12th Floor
Cleveland, OH 44113
Counties Represented: Cuyahoga, Geauga, Lake, Lorain

Region 9- Akron
Nancy Hansford
Phone: 330-643-3392
Fax: 330-643-3391
Ocasek Government Office Building
161 S. High St., Suite 404
Akron, OH 44308
Counties Represented: Medina, Portage, Stark, Summit, Wayne

Region 10-Cambridge
Bill Gotschall
Phone: 740-439-2263
Fax: 740-439-1524
2146 Southgate Pkwy, Suite 175
Cambridge, OH 43725
Counties Represented: Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingham, Tuscarwas

Region 11-Marietta
Michael Jacoby
Phone: 740-373-5150
Fax: 740-373-2984
One Court House Ln.
Marietta, OH 45725
Counties Represented: Athens, Hocking, Meigs, Monroe, Morgan, Noble, Perry, Washington

Region 12-Youngtown
Julie Michael
Phone: 330-797-6301
Fax: 330-797-6305
242 Federal Plaza W.
Youngstown, OH 44503
Counties Represented: Ashtabula, Mahoning, Trumbull

## N. CAPITAL NEEDS ASSESSMENT STANDARDS

### Purpose

A capital needs assessment represents a qualified professional's opinion of a property's current overall physical condition and identifies significant deferred maintenance, existing deficiencies, and material building code violations that affect the property's use and its structural and mechanical integrity. The assessment should include an opinion as to the proposed budget for recommended improvements and should identify critical building systems or components that have reached or exceeded their expected useful lives.

The assessment should include a projection of recurring probable expenditures for significant systems and components impacting use and tenancy, which are not considered operation or maintenance expenses, in order to determine the appropriate replacement reserve deposits on a per unit per year basis.

### Process

1. Conduct site visit and physical inspection of interior and exterior of units and structures

2. Interview available on-site property management and maintenance personnel and inquire about past repairs/improvements, pending repairs and existing or chronic physical deficiencies

### Components

Components which should be examined and analyzed in order to prepare a comprehensive property condition report or capital needs assessment for rehabilitation projects:

Site, including:
- Topography and drainage
- Pavement, curbing, sidewalks and parking
- Landscaping and amenities
- Water, sewer, storm drainage, gas and electric utilities and lines

Structural system, both substructure and superstructure, including:
- Exterior walls and balconies
- Exterior doors and windows
- Roofing system and drainage

Interiors, including:
- Unit and common area finishes (carpeting, vinyl tile, plaster walls, paint condition)
- Unit kitchen finishes and appliances
- Unit bathroom finishes and fixtures
- Common area lobbies and corridors

Mechanical systems, including:
- Plumbing and domestic hot water
- HVAC
- Electrical and fire protection
- Elevators