# I. GENERAL PROGRAM INFORMATION

## A. Introduction

The Housing Credit (also known as the Low-Income Housing Tax Credit) is a tax incentive program designed to increase the supply of quality affordable rental housing. These federal income tax credits offset the building acquisition, new construction, or substantial rehabilitation costs for rental housing developments. Since 1987, the Ohio Housing Finance Agency (OHFA) has used the Housing Credit Program to facilitate the development of over 83,000 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). It is the responsibility of the applicant to be knowledgeable of Section 42 of the IRC, regulations and administrative documents (rulings, notices, and procedures), and all relevant materials published by the IRS. OHFA strongly encourages all applicants to seek experienced legal and accounting advice in order to comply with all program requirements.

The Qualified Allocation Plan (QAP), described under Section 42(m) of the IRC, contains OHFA's procedures and policies for the distribution of the state's allocation of Housing Credits. The QAP may be subject to change, pending developments in federal and state legislative requirements and/or OHFA policy.

## 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 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 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 OHFA'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 residents at the end of the first year of the Housing Credit period.

## C. Federal Program Requirements

The following are brief descriptions of the federally-mandated program requirements. The list does not include all rules and requirements. Applicants should refer to Section 42 of the IRC for more information.

**Income Targeting.** A project qualifies for the 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 annually by the U.S. Department of Housing and Urban Development (HUD). Incomes are adjusted by household size. OHFA has provided the income limits by county (see Exhibit A.)

**Rent Restriction on Units.** The rent limits are based on the income limits and the number of bedrooms in a unit. Rent subsidies paid on behalf of the resident (such as Section 8 program payments) and overage defined by the USDA Rural Development (RD) 515 program are not included in gross rent calculations. Gross rent includes a utility allowance for the utilities paid by the resident, and any non optional charges.

In order to assure the units are rented at the specified level elected at application, OHFA 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 selects in the application.

Utility allowance information is obtained from HUD or the Public Housing Authority in the county where the project is located, or based upon any policies and procedures established by OHFA. Please refer to Treasury Regulation 1.42-10 for more information. For a USDA RD 515 project, the utility allowance can be 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 OHFA.

IRS Revenue Ruling (2004-82) indicates that residents of a project that received Housing Credits may not be evicted without good cause. OHFA intends to enforce this restriction along with all other IRS compliance regulations. The definition of good cause may be found at 24 CFR § 247.3 of the Code of Federal Regulations.

**Safe, Decent, & Sanitary Housing.** All projects must meet applicable building codes promulgated by the Ohio Board of Building Standards and local governmental agencies.

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

**Civil Rights Compliance.** It is the responsibility of the owner/developer/borrower and any of its employees, agents or sub-contractors in doing business with OHFA to adhere to and comply with all Federal Civil Rights legislation, inclusive of the Fair Housing Laws, Section 504 of the Rehabilitation Act of 1973, and the Americans With Disabilities Act, as well as any state and local Civil Rights legislation along with any related codes and laws. Should OHFA not specify any requirements, such as design, it is nonetheless the owners' responsibility to be aware of and comply with all non-discrimination provisions relating to race, color, religion, sex, handicap, familial status and national origin. This includes design requirements for construction or rehabilitation, Equal Opportunity in regard to marketing and resident selection and reasonable accommodation and modification for those residents covered under the Laws.

## D. Eligible Uses of the Housing Credit

The Housing Credit can be used to offset the cost of acquiring, substantially rehabilitating, and/or the new construction of residential rental housing to be occupied by low- to moderate-income individuals and families. These units must be available to the general public and have initial leases of six months or longer.

Costs to develop the low-income units become the building's eligible basis. The Housing Credit can be allocated to common areas as long as these facilities are provided to all residents without additional fees or charges. It is important to note that units created solely for occupancy by the manager, maintenance personnel and/or security guard are considered common space.

The applicable fraction multiplied by the eligible basis becomes the project's qualified basis. 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% of AMGI, depending on the minimum set-aside selected by the owner.

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 rate for 9% applications is locked at 9% for the 2012 year. The Housing Credit rates on 4% credits fluctuate from month to month (the IRS publishes the new rates monthly). A recipient of 4% Housing Credits may "lock-in" the Housing Credit rates upon entering a Binding Reservation Agreement with OHFA, or use the rates in effect at the date each building is placed into service.

The following types of projects are eligible for Housing Credits:

- **Acquisition/Substantial Rehabilitation.** Housing Credits are available for the acquisition and substantial rehabilitation of a building. The 4% Housing Credit rate is applied to the acquisition basis. Generally, the 9% (or 4%, in certain circumstances) Housing Credit rate is applied to the substantial rehabilitation basis. The property cannot have been placed-in-service within 10 years prior to acquisition, except properties substantially assisted, financed or operated under federal or state housing programs. In addition, capital improvements on the building are not eligible cost items if made to the building within the previous 10 years. The new buyer or related entity cannot currently own the building; however, up to 50% of the ownership may remain unchanged.

- **Substantial Rehabilitation only.** 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.

- **New Construction.** Housing Credits at the 9% (or 4%, in certain circumstances) Housing Credit rate are available for the eligible costs to construct a new building or buildings.

**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, and bridge loan interest).
7. Any expense that cannot be depreciated with the building.
8. OHFA Application, Reservation, & Compliance Fees.
9. In-kind contributions to a project.

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.

The Housing Credit is not available for any of the following facilities: hospitals, nursing homes, sanitariums, lifecare facilities, assisted living, 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 resident as a voluntary option and the resident is not charged mandatory fees for those services. Please refer to Section 42 of the IRC for more information.

The costs of constructing or rehabilitating a community service facility (such as a daycare building) located in a qualified census tract may be included with the eligible basis of a Housing Credit project. These additional costs cannot exceed 25% of the eligible basis on the first $15 million of a project, with 10% thereafter. All community service facilities that are part of the same qualified project shall be treated as one facility. A community service facility must be designed to serve primarily individuals, not necessarily residents of the project, whose incomes are 60% or less of the AMGI. Please refer to IRS Revenue Ruling 2003-77 for more information.

## II. Policy Statements

OHFA will utilize use all funding programs to create financially and physically sustainable affordable housing by distributing resources through a transparent allocation process that addresses the mandates of the law, the needs of our primary customers and which respects the interests of our stakeholders. Primary customers include low- and moderate-income residents, the development community, and owners of existing Housing Credit properties.

OHFA developed the following policy statements through input and feedback from OHFA Board members, program stakeholders, and primary customers, as well as through the expertise of our staff and available research and data regarding affordable housing needs in Ohio. These policy statements will guide the award of resources for all projects funded through OHFA. While these policies relate to OHFA programs in general, a specific policy might not directly relate to a given funding source. As an example, single-family homeownership is an ineligible use in the LIHTC program, but a core product of the Housing Development Gap Financing Program. The statements are not listed in any particular order; rather, the priority of each policy is reflected in the allocation process.

OHFA will award resources to proposals that promote the policies and goals indicated in the following policy statements and are determined to be in the best interest of the citizens of the State of Ohio, and will invest its resources by targeting a production goal of 3,000 units of affordable housing across all of its multifamily housing programs. OHFA will require the development of proposals that meet our financial underwriting requirements and are forecast to have sufficient long-term operating income to secure sustainability. OHFA will also consider construction costs of a reasonable level when evaluating proposals.

1. Types and locations of housing

a. OHFA supports the development of four broad types of housing: Multifamily apartments; senior housing[1]; single-family homeownership and single-family rental homes with a Lease-Purchase model.[2]

b. OHFA values a distribution of resources based on geography, population and historic investment. Consideration will be given to distribute resources throughout various geographic regions of the state when possible and areas of greatest need when necessary.

c. While OHFA recognizes the need to create new housing units in some areas of the state, this goal must be tempered by maintaining existing affordable units currently in service. Therefore, OHFA values the preservation of existing affordable housing that is in need of rehabilitation and has Section 8 or equivalent federal rental assistance contracts. OHFA will leverage the data provided by the Ohio Preservation Compact in prioritizing preservation awards.

d. OHFA supports Permanent Supportive Housing for the homeless and other populations with special needs as stand alone developments or developments that foster integrated housing through the Section 811 program.

e. The need for strategic cooperative investment is critical considering the scarce nature of affordable housing development resources. OHFA therefore values proposals that demonstrate collaboration with local units of government, which may include use of local development subsidy, alignment with local development or revitalization plans, or constructive interaction with community planning and development representatives.

f. OHFA will follow the recommendations of the Ohio Foreclosure Prevention Task Force by valuing the re-development of vacant properties in areas of the state most impacted by the foreclosure crisis.

g. OHFA values the development of affordable housing in all areas of need including areas within a Qualified Census Tract and Difficult Development Areas.

h. OHFA values developing in new markets where no previous product development has taken place.

i. OHFA values projects that access the Federal Historic Preservation Tax Credit program.[3]

---

[1] Senior housing is defined as having, at any given time, 80% of the units occupied by households with at least one member age 55 or older. The remaining 20% of the units are for continued occupancy of previously age-qualified households.

If the project is federally subsidized, OHFA will defer to the senior definition promulgated by the applicable federal program.

[2] Lease-Purchase projects will be limited to new construction in conjunction with strategic revitalization plans. Applicants wishing to develop lease-purchase housing in other areas or proposing to rehabilitate existing housing must seek prior approval from the Housing Credit Program Manager before the proposal is submitted to OHFA.

[3] Projects are eligible if the building(s) is/are 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/are 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

2. Types of subsidy

   a. As the need for affordable housing is constant and resources to develop such housing are scarce, OHFA values assisting properties that leverage substantial federal, state, local or Public Housing Authority or other development subsidies, such as the USDA Rural Development Section 515 program, HUD Choice Neighborhoods program, HUD Section 811 program, and the HOPE VI program.

   b. OHFA values the development of projects that will serve very and extremely low-income populations and/or provide rental subsidy for the residents.

3. Project characteristics

   a. As strong market demand is essential to successful housing development, OHFA will begin the evaluation of proposals based on strength of the market area, including vacancy rates, penetration rates, and the condition of existing or recently approved projects funded by OHFA. Projects that do not demonstrate a sustainable market will not be considered for funding.

   b. As OHFA values sustainable development, multifamily projects need to remain competitive in the market for the life of the compliance period; OHFA will assess project and unit amenities for durability as well as utility.

   c. OHFA values Universal Design in new construction as well as rehabilitation. Visitability guidelines shall be incorporated into all newly constructed properties.

   d. In order to create sustainable development by building healthier, more environmentally responsible communities, OHFA supports development of properties that are designed to achieve the ideals of the 2011 Enterprise Green Communities Criteria.[4]

4. Development team characteristics

   a. OHFA values development teams with significant capacity, a solid track record of partnership with the agency and a history of success developing the affordable housing proposed.

   b. OHFA values projects where the majority owner/managing member is a state-certified Community Housing Development Organization (CHDO) and the proposed project is located in the established service area of the CHDO.

   c. OHFA values development teams with a strong financial base.

   d. OHFA values development teams with the ability to meet key responsibilities in a timely and efficient manner. Development team members include the general partners, developers, and property managers.

---

application to the Ohio Historic Preservation Office no later than 30 days prior to the round application submission deadline. In addition, to be eligible for this category, one of the project's General Partners or the Contractor must provide evidence of having successfully completed and placed-in-service at least one other historic project by including with the housing credit application a certificate of occupancy or 8609 Form(s). OHFA will consider projects with the State Historic Tax Credits as well, but the applicant must demonstrate award of these credits before a reservation letter will be issued.

[4] Projects that feel they are philosophically aligned with the 2011 Enterprise Green Communities Criteria but require a waiver on individual criteria must notify the Housing Credit Program Manager in advance of submitting a proposal.

e. Development teams will also be evaluated on any prior and/or outstanding financial obligations with OHFA. The staff will evaluate the repayment histories of all loans extended to previous projects as well as payments of all other fees and monies due to OHFA.

f. OHFA supports the endeavors of community-based non-profit housing organizations to develop housing in their service area.

5. Management Company Characteristics

a. The Ohio Housing Finance Agency (OHFA) values management companies (both for-profit and non-profit) that have a proven record of maintaining compliant Low Income Housing Tax Credit communities, as well as other types of affordable housing.

b. OHFA values management companies that take an active role in the apartment community and are committed to providing rental homes and apartments that are safe, decent, and promote a good quality of life for the residents.

c. OHFA values management companies who understand the populations they serve and do so by creating effective partnerships to provide the services necessary for sustaining and enhancing the wellbeing of the residents.

d. OHFA values management companies that are accessible and responsive to the needs of their residents, employees, vendors, investors, and OHFA.

e. OHFA values management companies that strictly adhere to all local, state, and federal fair housing and landlord-tenant laws, and are particularly committed to ensuring their apartment communities are accessible to mobility and sensory impaired residents and their guests.

f. OHFA values management companies that have a well-articulated and measurable plan for self monitoring and maintaining the compliance of the property.

g. OHFA values management companies that are properly qualified under the law to manage residential property in all states in which the company operates.

h. OHFA values management companies that promote employee development through ongoing education and affordable housing training.

i. OHFA values management companies with financial stability that embrace their fiduciary responsibility to the owner.

j. OHFA values management companies that use the most up-to-date technology to manage and market their apartment communities.

k. OHFA values management companies that place an emphasis on the orderliness and security of their record keeping system to ensure the safety and security of private and sensitive information found within tenant files and databases.



## III. Good Partnership

The Ohio Housing Finance Agency ("OHFA") requires that any developer, owner, syndicator and/or management company ("Participant") must perform their responsibilities in a spirit of good partnership in order to develop, construct, manage and/or own a project which benefits from any program administered by OHFA. For purposes of OHFA's determination thereof, "good partnership" means that a Participant demonstrates: (i) financial responsibility and accountability, (ii) character and (iii) general efficacy, each in a capacity sufficient to command the confidence of both the Ohio developmental/financial community and OHFA, and each in a manner which is transparent, honest and efficient with respect to OHFA's programs and staff.

In furtherance of OHFA's goal to provide affordable housing to the low- and moderate-income residents of Ohio, OHFA requires that a Participant exercise each of the aforementioned three (3) core values with respect to each and every OHFA project to ensure that such Participant may maintain its role as a Participant within the OHFA guidelines:

1. Responsibility
    a. Accountability:
        i. A Participant must demonstrate responsibility for the execution and/or administration of the assumed tasks undertaken in connection with a particular OHFA project.
    b. Timeliness:
        i. Information must be submitted by Participant to OHFA and/or any ancillary agency or office affected by an OHFA project within established timeframes for each project.
2. Willingness to Partner
    a. Professionalism:
        i. Information must be submitted by Participant to OHFA in a manner that is organized, concise, complete and accurate, as certified by Participant, to be knowingly true and current as of the date thereof. Participants are expected to communicate in a respectful manner with staff and vice versa.
    b. Collaboration and Cooperation:
        i. A Participant must collaborate with OHFA in a mutually cooperative spirit to achieve the common goal of providing affordable housing in Ohio, as evidenced by each and every project of which Participant and OHFA are a part.
3. General Efficacy
    a. Responsiveness/Communication:
        i. A Participant shall always provide prompt notification of issues, concerns or other matters that affect the project (as approved by OHFA), and shall immediately communicate to OHFA any modification, change or amendment which Participant reasonably believes may affect the program (as approved by OHFA).

A Participant that conducts business in such a manner that is consistent with these aforementioned values will be considered to have a good partnership with OHFA. A Participant which, through its procedures and practices, demonstrates that it is not working under the same aforementioned value system will be subject to review by OHFA. OHFA shall, in its sole and absolute discretion, determine the appropriate measures to be taken on a case-by-case basis in order to ensure that such Participants are fully aware of OHFA's mission and its unconditional commitment to these shared values as they apply to its projects. Such measures may include (i) placing a Participant in a temporary audit position within OHFA's programs until such time that OHFA determines that Participant may successfully take part in subsequent projects; or (ii) placing a Participant's partnership in abeyance for a period of time determined by OHFA, at OHFA's sole discretion.

# IV. APPLICATION PROCESS

## A. Instructions

All application materials for each allocation phase for 2012 Housing Credit year must be submitted to the **Office of Planning, Preservation & Development; OHFA, 57 East Main Street; Columbus, Ohio 43215.** Applications must be received no later than 4:00 p.m. on the dates listed in the program calendar; unless the project is financed with tax-exempt bonds. Applicants must use the 2012 Affordable Housing Funding Application (AHFA) available on the OHFA web site at www.ohiohome.org by June 30, 2011. All applications and supporting documentation must be submitted in digital format according to the Document Submission procedure posted at http://www.ohiohome.org/lihtc/application.aspx. See the instructions in the 2012 AHFA for details on electronic submissions.

The application review process will consist of three phases:

**1. Experience and Capacity**:

OHFA will conduct a review of the experience and capacity of potential general partners, developers and management companies prior to submission of Housing Credit applications for individual proposals. The result of this review will determine whether an organization may participate in the upcoming program year.

The following items must be submitted for OHFA to conduct the experience & capacity review of general partners and developers:

1. A brief narrative describing the experience of the organization with regard to the development of subsidized and/or affordable housing, including the number of projects and units that have been completed and placed into service.
2. A spreadsheet summary of all projects under construction in any U.S. state (or stage of completion), including their present status and expected completion date.
3. Full organizational chart, staff roster, and resumes of key development staff within the organization, focusing on their affordable housing development experience.
4. The most recent audited financial statements for the organization. If an organization is not required to prepare audited financial statements, then statements that have been reviewed or compiled by a third-party accountant may be submitted. The most recent internally prepared financial statements are acceptable only if audited, reviewed or compiled statements are not available.
5. A narrative that explains the proposed applications for the 2012 round, including:
   a. The number of Housing Credit applications proposed for submission in 2012;
   b. The allocation pools in which the applications are requested to compete;
   c. The roles that the organization will play in the projects;
   d. Development and ownership partners that the organization may be working with on the projects.

The following items must be submitted for OHFA to conduct the experience & capacity review of management companies:

1. A brief narrative describing the experience of the organization with regard to the management of subsidized and/or affordable housing, including the number of projects and units currently managed and any projects and units the organization anticipates managing within the next 24 months.
2. Full organizational chart, staff roster, and resumes of key management staff within the organization, focusing on their affordable housing management experience.
3. A completed Management Company Capacity Review survey located in Exhibit B.

The following criteria will be considered when making a determination:

1. Past experience developing and/or managing affordable housing using OHFA programs. Properties presently in service and those under construction will be considered, and the quality and success of previous developments will be taken into account. OHFA will also consider location and experience in the geographic areas to be served, experience with the type of housing product proposed, and the past working relationships of the proposed development and ownership partners.
2. Other affordable housing development and/or management experience using government funded programs, including existing properties and those under construction.
3. The development capacity of the organization to complete construction of all current projects on time and within program requirements and application commitments.
4. The financial capacity of the developer/general partner to ensure that construction will be completed on time and that work will be guaranteed for quality.
5. The organization must remain in good standing with all OHFA programs in order to participate in the upcoming program year.

Approval to participate in the 2012 allocation round does not constitute a guarantee of any level of funding. OHFA will use information submitted by the organization and other reasonable sources available to make these determinations, including reports and opinions of other public funding sources. OHFA reserves the right to place additional restrictions on applicants, limit the number of awards, applications or amount of credits available to an organization, and limit credit allocations due to identities of interest between organizations applying for Housing Credits.

Experience & Capacity applications may be submitted beginning on July 11, 2011 and no later than September 15, 2011. Each applicant will be notified of OHFA's determination approximately 30 days after their application is submitted. You are encouraged to apply early in the application window in order to receive your result well in advance of the Proposal deadline.

**Response period:** In order to ensure the highest possible standard of accuracy, thoroughness and service, applicants will have until up to one week after notification to provide a written response to any factual discrepancies in the review. OHFA will then review the response, make any adjustments deemed necessary and appropriate, and provide a final decision within two weeks after receipt of the response.

## 2. Proposals

Each applicant must submit a final list of proposals that they plan to submit no later than 30 days prior to the application deadline. The list will include the name and location of each proposal, number of units, construction type (new construction or rehabilitation), population to be served, names of general partners and developers, and allocation pool requested. OHFA will utilize this information to assign proposals to each allocation pool and begin planning and scheduling Proposal Meetings.

Proposals will consist of the following items:

- 2012 AHFA (including required narratives)
- Waiver requests[5]
- Application fee
- Evidence of site control
- Zoning
- Market study
- Preliminary plans & specifications
- Phase I Environmental Site Assessment (ESA) or Mini-Phase I ESA as appropriate
- Scope of work and Capital Needs Assessment (rehabilitation of existing housing units only)
- Universal Design Plan[6]
- 2011 Enterprise Green Communities checklist
- Narrative of Competitive Review Criteria (see attachment XX)

Proposal Meetings: OHFA will require representatives of each applicant to meet at OHFA's offices located at 57 E. Main Street, Columbus, OH 43215 to discuss their individual proposals. These meetings will take place beginning in November 2011 and ending in February 2012. Each meeting will be scheduled for one hour. A representative from the following entities will be required to attend:

- Developer
- HDAP Recipient
- Management Company
- Consultants
- Architect
- All members of the Ownership Entity
- Market Analyst (for proposals to develop new housing units)
- Representative from the local Continuum of Care (for Permanent Supportive Housing proposals)
- OHFA Program Representatives

The objective of the proposal meetings is to discuss the proposed housing developments so that OHFA may evaluate how well each proposal promotes the policies and goals indicated in the Policy Statements section, and whether the proposal is considered appropriate in the areas of market criteria, project design and amenities, site location and quality, supportive service provision, financial sustainability, return on investment(s), and development team strength. The proposals in each allocation pool will be compared and selected for awards based on this evaluation. OHFA may eliminate projects from further consideration at any time during the evaluation process.

---

[5] Waiver requests are due to OHFA no later

[6] Plan must be drafted by the project architect.

Site visits: OHFA may conduct a site visit in order to gather information that will be used to help evaluate the applications in each allocation pool. The applicant must clearly mark the physical location of the project site and provide a detailed map that depicts the roads leading to the site so that OHFA staff may easily conduct a site visit. Up to two representatives of the applicant who are familiar with the housing proposal are encouraged to accompany OHFA staff on the site visit in order to describe how the proposal meets the selection criteria and to answer any questions that staff may have. The applicant may request in advance that additional representatives be present if necessary and acceptable to OHFA. Applicants for scattered-site projects must be available to provide a tour of the sites and neighborhoods.

Site visits will occur as necessary before final awards are announced. All site visits will be scheduled at a time convenient to OHFA review staff.

**NOTE:** ***OHFA expects all developers, including CHDO's developing outside their service area, to collaborate with local State-Certified CHDO's to secure the best outcome for the service area in which a development is proposed. Included with project submissions, we request a good faith demonstration that significant coordination with the local State-Certified CHDO has occurred.***

**Market Selection Criteria**

As strong market demand is essential to successful housing development, OHFA will begin the evaluation of proposals based on strength of the market area, including vacancy rates, penetration rates, and the condition of existing or recently approved projects funded by OHFA. Projects that do not demonstrate a sustainable market will not be considered for funding. OHFA reserves the right to contact the market analyst who prepared the study to seek clarification or further validation of data.

Data from annual operating surveys will be used to determine the vacancy and penetration rates for each county and submarket. OHFA may also consider the capture rate or other relevant factors when evaluating the market for a project. All of the sites to be included in a project must be located within one Primary Market Area (PMA) unless permitted otherwise by OHFA in advance of submitting a proposal. OHFA will consider projects that meet the criteria below in an appropriate manner.

1. Housing Credit Vacancy Rate

Projects located in counties or submarkets that have an average vacancy rate for housing credit projects equal to or less than the statewide average will be considered. Projects will be evaluated and grouped based on project type. The three project types that will be considered are single-family, multifamily, and senior (age 55 or older). Refer to Exhibit C for more information.

If a market analyst for the project presents statistical evidence indicating a vacancy rate equal to or less than the statewide average in the Primary Market Area (PMA) to receive preference, or presents reasons that a high vacancy rate will not affect the viability of the proposed development, OHFA may consider that recommendation, but reserves the right to override the analyst's recommendation.

2. Penetration Rate

Projects located in counties or submarkets that have an average penetration rate (for households with incomes between 40% and 60% AMGI) equal to or less than the statewide average will be considered. OHFA will use 2012 HISTA data created by Ribbon Demographics to determine the values for counties or submarkets. Projects will be evaluated and grouped based on target population. The target populations that will be considered are family/individuals and senior (age 55 or older). Refer to Exhibit C for more information.

If a market analyst for the project presents statistical evidence indicating a penetration rate equal to or less than the statewide average in the Primary Market Area (PMA) to receive preference, or presents reasons that a high penetration rate will not affect the viability of the proposed development. OHFA may consider that recommendation, but reserves the right to override the analyst’s recommendation.

The Market Selection Criteria will not be considered for determining the market demand of proposals involving the rehabilitation of existing subsidized affordable housing that has a history of strong occupancy.

**Project Design & Amenities**

OHFA values projects that meet the following guidelines in an appropriate manner:

1. Design and layout of buildings, green spaces and pedestrian areas on the site that are appropriate for the area (i.e. urban, rural, or a particular place) and population (i.e. families, seniors, permanent supportive housing, etc.) to be served.
2. Design of residential units that meet the 2011 Enterprise Green Communities Criteria.
3. Structural amenities that are appropriate for the area and population to be served, including but not limited to safety features, laundry facilities, storage space and parking accommodations.
4. Scale, design and architecture that are aesthetically compatible with buildings located in the surrounding area. The design should incorporate the surrounding neighborhood and/or topographical features in order to take full advantage of scenic qualities.
5. Provision for community and recreational spaces that are appropriate for the population to be served. Spaces should be located on-site where feasible, or within a reasonable distance considering the area and population to be served.
6. Adequacy of the scope of work for rehabilitation properties. The scope of work will be compared to the capital needs assessment in order to determine the feasibility of the rehab. All major structures, systems and components of the buildings must be accounted for and replaced or repaired as necessary. All completed design features and finishes should emulate projects that are appropriate for that market area.

**Site Location and Quality**

OHFA values projects that meet the following guidelines in an appropriate manner:

> (NOTE: Public services are covered under the 2011 Enterprise Green Communities criteria.)(NOTE: Commercial and recreational services are covered under the 2011 Enterprise Green Communities criteria.)Visibility of the site should be maximized in order to enhance its marketability as appropriate and necessary.

1. Sites are to provide appropriate levels of accessibility for residents. Posted speed limits and the appropriate number of lanes on publicly maintained roadways should provide safe routes to traverse at all times. Applicants are encouraged to provide appropriate points of ingress/egress in order to promote public safety.

2. Potential development concerns located on, adjacent to, or near the site, such as environmental hazards related to increased noise levels, above ground storage tanks, environmental justice (a.k.a., overly-concentrated low-income housing or otherwise undesirable location), and the presence of health and safety issues. The applicant must explain in their narrative whether such items will have an adverse effect on the development of the site.

3. Effect of incompatible uses located on, adjacent to, or near the site that may adversely affect residents, including but not limited to: high power transmission lines, sub-stations and towers; railroad tracks within an unsafe distance; high traffic corridors; factories; industrial plants; salvage yards; landfills; water treatment facilities; and cell phone towers. The applicant must explain in their narrative whether such uses will have an adverse effect on the residents of the property.

(NOTE: Community revitalization plans are covered in the Policy Statements section.)

**Development Team**

OHFA values projects that meet the following guidelines in an appropriate manner:

1. OHFA values projects whose development team has a presence within the State of Ohio. An application may qualify if the general partners/managing members (other than the investor member), developers, and/or management company have their principal offices located in Ohio, or have successfully developed, have an ownership interest in and/or manage affordable housing properties in Ohio.

2. OHFA values projects whose development team members have experience developing and/or managing the type of housing product proposed in the application. Product types may include senior housing, lease-purchase projects, permanent supportive housing, substantial and/or historic rehabilitation, or other relevant types of housing.

3. OHFA values projects whose development team members have experience developing and/or managing affordable housing in the location or type of geographic area proposed in the application. This may include development in a particular city or county, or development in urban, suburban, rural or other types of geographic areas.

4. OHFA will evaluate the previous housing development and ownership experience of the general partners and developers for the proposed project. This includes Housing Credit properties developed in Ohio or other states, and other affordable housing properties developed with public funds in Ohio or other states. These properties must be constructed and placed-into-service in order to be considered in this category. The success, quality and time period in which projects were developed will also be taken into account.

5. OHFA values development teams whose members have previous experience working together to successfully develop affordable housing properties.

6. OHFA values development teams with the financial capacity to effectively and efficiently complete all development requirements in a timely manner.

OHFA considers the term “appropriate” in a subjective manner within the above guidelines, meaning that the feature identified will likely make the project more successful (e.g. more likely to lease units, maintain cash flow and sustain long-term viability) for the population being served. Any single feature may or may not be preferred universally among all areas, populations and housing types.

In addition to evaluating applications based on the above criteria, OHFA will compare applications of the same project type and located in the same county or market area, and may prioritize and rank such applications to determine which of these projects will receive credits following the entire application review process.

**Restricted Areas**

A new construction application may not be eligible for a Housing Credit allocation if OHFA awarded an initial allocation of credits to another project that is still in its compliance period, which is generally 15 years prior to this year's allocations in the same Primary Market Area (PMA) and serving the same population.

Applicants should contact the OHFA Housing Credit Program Manager with any questions regarding the possibility that the market area in which you wish to develop may be restricted, or if planning to develop housing in the same market area as a proposal under construction in an urban area.

The number of income-eligible households in the PMA will be a factor to determine whether the application is eligible for funding. Other factors may include vacancy and penetration rates in the PMA, population to be served by the proposed project, condition and age of the existing housing stock, and whether the previous project is placed-in-service and fully leased. OHFA may also reject an application if an existing project presently in service in the PMA has occupancy difficulties due to market conditions.

**3. 2012 Final applications**: OHFA staff will conduct a threshold review for the final application. In addition to the threshold review, each application will have a thorough financial underwrite performed based on the final proforma submitted with the final application. This underwriting process will evaluate the feasibility and appropriateness of the construction cost and operational budget of each proposed housing development.

## B. Program Calendar (Subject to Change)

**June 2011**

30 2012 AHFA available

**July 2011**

11 Window for submission of Experience & Capacity applications opens[7]

**September 2011**

15 Final deadline for submission of Experience & Capacity applications

**October 2011**

20 Housing Credit Proposal deadline

**November 2011**

1 Housing Credit Proposal Meetings begin

3 Final deadline for submission of Market Studies

**February 2012**

16 Housing Credit Proposal Meetings end

**March 2012**

1 Announcement of Housing Credit Awards

1 Binding Reservation Agreements Issued

29 Submission Deadline for Binding Reservation Agreements

**June 2012**

14 Final Application deadline

**December 2012**

28 Final date for issuance of Carryover Allocation Agreements

[7] Decisions will be rendered on a rolling basis.

# Section V. Allocation Process

## A. Allocation Pools

OHFA has divided the state's annual per capita credit allocation into four pools:

1. Rural Development
2. Permanent Supportive Housing
3. Preservation
4. General pool

Applications will be assigned to a pool at the discretion of OHFA based on the qualifications for each pool. Credits that are not awarded in any pool will be distributed in the Maximizing Outcomes pool.

**1. Rural Development (approximately $1,000,000)**

a. Includes new construction projects with a USDA Rural Development Section 515 loan.

b. All buildings must be financed with a Section 515 loan. Evidence that the financing has been or will be obtained must be submitted with the application.

c. If a project qualifies for the Preservation Pool it is ineligible for the Rural Development Pool.

If the Section 515 program is discontinued, then the credits in this pool will be moved to the General Pool, and other proposals that qualify for this pool will compete in the General Pool.

**2. Permanent Supportive Housing (PSH) (approximately $4,000,000)**

Projects competing in the Permanent Supportive Housing Pool must serve a population that meets the definition established in the Permanent Supportive Housing Policy Framework as adopted by the Ohio Interagency Council on Homelessness and Affordable Housing (ICHAH) on January 28, 2010 (Exhibit D).

a. OHFA values projects that provide a commitment for rental subsidy for at least 50% of the units that is specifically committed to the project. Sources may include project-based vouchers or other assistance from the local PHA, McKinney-Vento Homelessness grant, or other federal, state or local government source. The organization providing the subsidy must continue to hold the project in good standing while their funding is in place.

b. All proposals meeting the above definitions must compete in the PSH Pool.

c. In the Competitive Evaluation, criteria for Housing Credit Vacancy Rate and Penetration Rate will not be used in the PSH Pool.

d. Majority general partners must be non-profit organizations with experience in developing, owning, or managing supportive housing for the homeless or special needs individuals/families.

e. Projects not serving the homeless or those at-risk of homelessness[8] will be limited to one award.

**3. Preservation (approximately $9,700,000)**

Includes the following projects:

a. Projects receiving project-based rental subsidy through a Section 8 Housing Assistance Payments (HAP) program contract or equivalent rental assistance program as determined by OHFA. Documentation from HUD, the local MHA or the applicable Contract Administrator that evidences the assistance and length of the contract must be submitted, if applicable.

b. 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.

c. Projects participating in the HUD Portfolio Reengineering Program. Applicants must provide a letter of eligibility from HUD and be assigned to a Participating Administrative Entity (PAE). Projects that have closed their financing under this program and have not yet placed-in-service are eligible for the pool.

d. Existing HUD Section 202 or 811 projects.

e. Existing HUD Section 236 projects. The Interest Reduction Payment (IRP) must be decoupled from the Section 236 agreement if housing credits are awarded (exceptions may be permitted on a case-by-case basis). The affordability requirements indicated in the Section 236 agreement must also be maintained for the property.

f. New construction projects that preserve existing subsidies such as HOPE VI, Choice Neighborhoods, or the use of Section 8 portability.

g. Other properties judged by OHFA to encompass the preservation of existing affordable housing.

Preservation projects with HUD assistance must submit a copy of the most recent REAC score for the property. If this score is less than 60, then the existing general partners and management company may not participate on the development team for the project, unless such entities demonstrate that they are in good standing with HUD and that their continuing participation will result in improvement of the condition of the property.

**4. General Pool (approximately $6,500,000)**

All remaining projects that do not fall under the definitions stated in the previous three pools will compete in the General Pool.

[8] As defined in the Permanent Supportive Housing Policy Framework (Exhibit E).

**<u>Maximizing Outcomes Pool (New applications will be eligible to apply in the 2013 application round)</u>**

The remainder of the annual credit allocation will be awarded from the Maximizing Outcomes Pool at the discretion of OHFA, and will be used to fund projects that:

a. Achieve multiple public policy goals;
b. Require a multi-year commitment of housing credits to complete;
c. Require detailed planning to efficiently commit resources over multiple budget cycles;
d. Include the substantial participation and commitment of resources by multiple long term partners;
e. Part of a well developed strategic revitalization plan, or are a highly ranked “at-risk” project as defined by the Ohio Preservation Compact.

If no projects are specifically awarded under this pool, the remaining credits will be used to fund projects in the other pools.

**<u>Waiting List:</u>** Projects that do not receive a reservation will be placed on a waiting list at OHFA’s discretion for Housing Credits that become available via returns or the national pool later in the year.

If a project returns Housing Credits that were reserved during the current year in a specific pool, then applications from that pool will receive first consideration for any award of credits. Any other available credits will be distributed according to the order of the waiting list. Please note that if a project returns credits that were awarded during the current year, then any HDAP or HDLP awarded must also be returned. Projects that receive credits from the waiting list may then be considered for HDAP or HDLP funding, although that funding cannot be assured.

OHFA will contact representatives of the waiting list projects when Housing Credits become available. OHFA will set a deadline for the applicant to respond to any offer.

## B. Threshold Reviews

A threshold review is a review of the proposal and full application to determine if it is complete, all necessary forms, supporting evidence, and fees are included, and the project meets minimum program requirements. For the purposes of the review process for 4% tax credits, the proposal material will be required for submission by inducement. Full application material must be submitted to OHFA and reviewed and approved by staff prior to final resolution.

OHFA will complete threshold reviews of applications and offer the applicants the opportunity to correct deficiencies in their applications.

### *The criteria for the Proposal submissions are as follows:*

**1. Meets Section 42 Requirements**

The project must meet all the requirements set forth in Section 42 of the Internal Revenue Code (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 on a CD (compact disc), organized according to the index provided with the application. Applications must be complete and consistent with all supporting documentation. An original signature of a representative of each general partner/managing member is required in the program certification section of the application and must be submitted in its original, paper form. Any applications that are incomplete, inconsistent, and/or illegible will be rejected.

**Waiver Requests**

Waiver requests must be submitted to OHFA no later than September 22nd. OHFA staff will discuss the requests with applicants during the proposal meetings. OHFA will issue final decisions on waiver requests on March 1st,

**3. Application Fee**

An application processing fee must be submitted with the application. This fee will be assessed based on the number of applications submitted by any given developer, general partner managing member or any other authorizing entity as follows:

First application: $2,000.00
Second application: $3,000.00
Third application: $4,000.00
Fourth application: $5,000.00
Five or more applications will be assessed a $6,000.00 fee

An application will be immediately rejected if a check is returned for insufficient funds.

## 4. 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. If an allocation of Housing Credits is received, the owner must file a Restrictive Covenant (provided by OHFA) to waive the right to petition OHFA to terminate the extended use term as described in Section 42 of the IRC.

## 5. Narratives

A submission of all narratives as required on the Affordable Housing Funding Application (AHFA).

## 6. Evidence of Site Control

The applicant must submit copies of the executed and recorded deed(s) of the current owner if the property is owned by a general partner or limited partner in the project.

If the current owner is not a general partner or limited partner in the project, then one of the following must be submitted to properly evidence site control:

a. Executed purchase option with date certain performance;
b. Executed purchase contract;
c. Executed land contract;
d. Executed long-term (35 or more years) lease agreement with an executed and recorded memorandum of lease; or
e. Executed option to enter a long-term lease agreement.
f. Other site-control models as approved prior to proposal by the Housing Credit Program Manager.

If parcels will be purchased from a city land bank, then a copy of the final city council resolution approving the transfer of all applicable lots may be submitted with the deeds of the current owner as evidence of site control.

Each of the site options or contracts may not expire until a reasonable period of time following the scheduled announcement date for Housing Credit awards. All option agreements relating to the transfer of a site must be included in the application.

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

A scattered-site project is required to have at least 35% of the sites under control. A project qualifies as scattered-site if there are 10 or more sites AND no more than 50% of the sites are contiguous. Contiguous sites are defined as two or more sites that share common boundaries, and cannot be separated by vacant or developed land, roadways, railroad tracks, rivers, creeks, etc. A site is defined as a parcel with an assigned permanent parcel number as it exists at application. OHFA reserves the right to reduce basis at Carryover if the minimum site control percentage at application is not maintained at Carryover.

Applicants proposing the redevelopment of vacant single family homes may request, in advance of the application deadline, to have fewer than 35% of their sites under control. A minimum of 10% of the sites must be under control in any case. Approximately 90% of sites submitted for the Full Application must contain vacant single family homes. The applicant must also evidence that the project is consistent with a community revitalization plan.

**7. 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 submit a letter from the local jurisdiction to confirm the zoning that must include the following:

a. The actual zoning designation and a description of this designation;
b. Density and/or lot coverage requirements (if any);
c. If a conditionally permitted use, an 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.

**8. Market Study**

A market study conducted by an OHFA-approved market study professional must be submitted with the application. See the Market Study Requirements at the end of this section.

**9. Adherence to Agency Underwriting Standards**

Projects must submit a completed preliminary proforma as provided in the AHFA. The proforma must meet the below listed underwriting standards to pass the threshold review. In addition, OHFA 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. OHFA reserves the right to combine the costs for projects located in close proximity to each other and sharing similar attributes:

a. Developer fees & overhead and any consultant fees may not exceed the sum of:
   i. 15 percent of total rehabilitation and new construction eligible basis; and
   ii. 5 percent of total acquisition eligible basis; however, a fee up to 10 percent of total acquisition eligible basis will be permitted for projects that require the approval of HUD for the transfer of the property.

b. Limits for Contractor Fee, Contractor Overhead and General Requirements will be calculated as follows:

- Contractor Fee = 6 percent of hard construction costs[9]
- Contractor Overhead = 2 percent of hard construction costs
- General Requirements = 6 percent of hard construction costs

c. Total soft costs may not exceed 30 percent of total eligible basis. Total soft costs equal the sum of general requirements, contractor overhead, contractor profit, architectural fees, survey costs, engineering fees, permanent loan fees, cost of tax-exempt bond issuance, taxes, appraisal, market study, environmental report, rent-up/marketing costs, title & recording fees, non-syndication legal fees, accounting fees, developer fees & overhead, consultant fees, organizational fees, and syndication expenses.

d. The total permanent financing sources must equal the total project costs at the time of application.

**10. Development Team Standards**

a. **Management Company.** The proposed management company must meet the following standards:

i. The company must currently be a member of at least one of the following organizations or associations:

- National Assisted Housing Management Association (NAHMA)
- Midwest Assisted Housing Management Association (MAHMA)
- National Leased Housing Association (NLHA)
- Council for Affordable Rural Housing (CARH)
- Council for Rural Housing and Development of Ohio (CRHDO)
- American Association for Homes and Services for the Aging (AAHSA)
- Association for Ohio Philanthropic Homes and Housing for the Aging (AOPHA)
- A special needs association with a focus on housing management training for that special needs population
- American Association of Service Coordinators (AASC)
- National Apartment Association (NAA)
- Institute Of Real Estate Management (IREM)
- National Association of Housing and Redevelopment Officials (NAHRO)

ii. A representative of the management company has earned one of the following certifications: Housing Credit Certified Professional (HCCP) sponsored by the National Association of Home Builders; Specialist in Housing Credit Management (SHCM) sponsored by NAHMA; or equivalent certification from a nationally recognized consultant or association,

[9] The following proforma line items constitute hard construction costs for the purpose of calculating contractor fees: On-Site Improvements; Hard Construction (residential new construction and rehabilitation, commercial and fee items); Construction Contingency: and Furnishings/Appliances.

including, but not limited to, TheoPro Compliance & Consulting Inc., Quadel Consulting or Spectrum Seminars.

iii. The company must have managed at least five housing credit and/or federally-subsidized developments (at least 10 units each) for at least one year each, or have managed two housing credit projects (at least 10 units each) for at least three years each. All projects currently managed by the proposed company must not have any uncured Forms 8823. Exceptions may be granted on a case-by-case basis for 8823 events that are not the fault of the management company, such as a casualty loss, or if a management company inherits non-compliance issues from the prior manager. Also, exceptions to the experience requirement will be made for new companies that meet requirements (i.) and (ii.) above and whose principals can demonstrate previous management experience with no record of uncorrected noncompliance.

**11. Supportive Services - Senior Housing**

Applicants proposing housing that sets aside 100% of the units for households containing at least one person who is age 55 years or older are required to provide an experienced service coordinator, evidence of service coordinator salary or an in-kind service agreement, and a supportive service plan containing services that are appropriate for the population. With regard to the supportive service plans, applicants will be permitted to provide OHFA updates to their plans, subject to OHFA approval, during the development period.

**12. Supportive Services - Family Supportive Services**

Both multifamily developments (non-senior) and single-family lease purchase proposals must provide the following services: providing referrals to local jobs programs; counseling residents as to available educational and training programs that can secure one's place in the workforce or enhance the likelihood of advancement; credit counseling and consultation; and referrals to day care, after school, and health care / wellness programs. Applicants will be required to submit a supportive service plan containing specific services and demonstrating linkages with local services agencies.

**13. Supportive Services - Single-Family Lease Purchase[10]**

Proposals for single-family lease purchase homes must have a viable homeownership strategy for residents who inhabit the units during the compliance period. The strategy must incorporate an exit strategy, calculation of the estimated purchase price for the resident, homeownership counseling, and a minimum amount of funds set-aside by the

[10] All sites must be owned (long-term leases are unacceptable) and properly sub-divided by the Carryover submission deadline. If the owner is unable to subdivide parcels before the Carryover deadline, then OHFA will add a condition to the Carryover Allocation Agreement that will require that the site(s) be subdivided and new updated legal descriptions be submitted to OHFA prior to the request for the 8609 Forms.

All units must be single-family detached structures with a lease-purchase option to meet threshold requirements. OHFA will consider other models of single-family housing on a case-by-case basis.

owner to assist the resident in the purchase.  Family supportive services must also be provided for the residents as outlined in item

## 14. Permanent Supportive Housing

Applicants proposing permanent supportive housing must provide a supportive service plan.  A plan submitted to a local Continuum of Care or other entity may be submitted. The plan should address the following items:

a. The population being served by the proposal and the experience the support provider has serving that population.

b. How the supportive service plan will address the needs of the specific population.

c. How do you plan to evaluate the success of your supportive services plan? What formal and informal methods will be used to evaluate the success of the development in meeting the individual needs of the residents as well as addressing overall issues of homelessness? How will you convey this information to OHFA and other organizations?

d. How the physical design of the building(s), the project site and location will enhance the lives of residents specific to their particular needs.

e. How residents will be linked to services not directly offered by the on-site service provider.

f. The source of funding for the services and how the project plans to sustain supportive service provisions over the life of the compliance period.

g. Cost to provide these services must be demonstrated outside of the project operating and development budgets.

## 15. Preliminary Plans and Specifications

Preliminary plans and specifications that provide a description of the proposed development, including the following:

a. Typical unit plan(s) that include the total square footage of the project,  heated / rentable square footage of the unit, common area square footage, and other square footage applicable to the proposed project.

b. Building elevations (photographs are acceptable for rehabilitation projects) that depict proposed exterior materials to be used.

c. A site plan that shows how the development is to be built, including rehab or adaptive re-use projects.  This plan must indicate the placement and orientation of buildings, parking areas, planned and existing public sidewalks, landscaping, amenities, easements, trash dumpsters, buffers, etc.

d. A schematic site plan that shows the site boundaries, building and amenity layout, and includes the location of any streams, ravines, gullies, drainage problems or other construction deterrents.  All utility locations such as water, sewer, gas, electric, and phone lines must be indicated.  If utility services are not presently located at the site, then the plan must reflect the distances from the services.

f. A current aerial photograph with the location of the site clearly marked and the surrounding uses and access points to the site are clearly visible. For scattered site projects, submit a map indicating the location of each site with reasonable specificity.

g. For rehabilitation or adaptive reuse projects, unit, amenity, site, building, elevation plans must be provided that reflect details of the "before" and "after" renovation. In addition, a detailed scope of work and specific material specifications for rehabilitation and adaptive reuse projects that identifies all hard construction items and their associated cost.

h. For rehab/preservation projects: a detailed narrative of the past history of the project that includes the name of the property management company(s) during the past ten years, previous owners, related party relationships, past local, state or federal resources invested in the project, a list of capital expenditures over the past two years, obvious design flaws, and any significant events that have led to the projects current need for a rehab (i.e. fire, natural disaster)

Architectural plans must be on paper no larger than 11 inches by 17 inches (before scanning).

**16. Phase I Environmental Site Assessment (ESA) or Mini-Phase I (MP-1)**

A Phase I Environmental Site Assessment (ESA) is required for all single-site proposals. Scattered-site projects may submit either a Mini-Phase 1 or a full Phase I ESA. The scope of work for the MP-1 may be found in Exhibit F. OHFA reserves the right to reject any sites indicated to have environmental problems or hazards.

**17. Capital Needs Assessment (*rehabilitation of existing housing units only*)**

A capital needs assessment must be submitted for all proposals for the rehabilitation of existing housing units. The assessment must conform to the standards outlined in Exhibit E. OHFA will use this assessment to determine whether the costs indicated in the application are appropriate considering the rehabilitation needs of the project.

**18. Minimum Project Standards**

a. In addition to meeting all new construction and rehabilitation standards required by Section 42 and local and state building codes, each unit must provide a refrigerator and stove in good working order. OHFA may permit an exception to this requirement on a case-by-case basis.

b. Each bedroom in new construction or adaptive reuse units must be at least seven feet in each direction, and contain a closet in addition to the minimum square footage. The following are the minimum square footage requirements:

1. In one-bedroom units, the bedroom will be at least 120 square feet.

2. For a two-bedroom unit, the master will be at least 120 and the second bedroom at least 110 square feet.

3. Third and fourth bedrooms must have at least 100 square feet.

Existing housing units are exempt from this criterion.

c. The minimum hard construction costs for rehabilitation must be equal to or greater than $10,000 per unit Applicable hard construction costs include residential hard construction costs, on-site improvements, construction contingency, furnishings and appliances. An exception to this requirement are projects with tax-exempt bond financing, in which the minimum hard construction cost for rehabilitation projects must be equal to or greater than $6,000 per unit.

d. All new construction units will incorporate the following Universal Design elements which constitute "visitability":

1. No step entrance: Provide at least one “no step” entrance into the unit. The required “no step” entrance shall be accessed via an accessible route (driveway, sidewalk, garage floor, etc.). Ramps that extend out into the front or back yards are usually not the appropriate solution. OHFA can provide technical assistance or referral to appropriate resources at the applicant’s request.

2. Doors/Openings: All doors and openings shall have a minimum net clear width of 32 inches.

3. Bathroom/Half Bath: Provide a bathroom or half bath on the main floor with clear floor space of 30 inches by 48 inches.

If the applicant feels that some or all of the project’s proposed buildings will be unable to meet the visitability requirements due to topography or other site/design limitations, complete Form PPD-E01 Reconsideration of Visitability Requirements. An OHFA-appointed architect will be in contact to work out solutions or will make a determination of whether to waive one or more of the visitability requirements.

e. A single-site multifamily project must provide a parking lot with concrete curbs and at least one parking space for each unit in the project. Exceptions to this requirement may be permitted on a case-by-case basis for projects located in dense urban areas, or for projects serving the elderly or permanent supportive housing populations.

f. Proposals for Senior Housing are required to have all buildings with only one story unless an elevator is provided, and to have all units with no more than two bedrooms.

g. All units must be provided with energy efficient central air conditioning systems. Exceptions to this requirement may be permitted for preservation pool eligible projects that, due to design issues, can only provide window units or other cooling systems for each room.

h. Three-bedroom units must contain at least one and a half bathrooms and units with four or more bedrooms must contain at least two full bathrooms. Exceptions to this requirement may be permitted for existing housing projects that, due to design issues, cannot provide the required number of bathrooms without incurring excessive costs.

i. Except for single-family homes and scattered-site developments, the owner must provide full-time (at least 20 hours per week), on-site management staff based on the following scale:

- Up to 75 units = at least one full-time staff;
- 76 to 150 units = at least two full-time staff;
- Over 150 units = at least three full-time staff.

OHFA may permit an exception to this requirement on a case-by-case basis.

j. Minimum unit size (residential living space) for new construction and adaptive reuse projects are as follows:

- SRO Units: Exceed 250 S.F.
- Efficiency Units: 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 1200 S.F.

k. Single-family homes must:

- Contain three or more bedrooms;
- Provide a two-car garage, or provide a one-car garage and a full basement;
- Include washer/dryer hook-ups;
- Include garbage disposals;
- Include dishwashers.

A full basement must contain at least 200 square feet with ceilings at least seven feet high and may not be used as bedrooms.

***All requests for exceptions to Items (a), (e), (g), (h), (i) or (k) above must be submitted to OHFA no later than one month prior to the proposal deadline. In addition, OHFA may waive any of the minimum project standards for rehabilitation projects with tax-exempt bond financing if the applicant can reasonably demonstrate that the standards are not appropriate or cost effective. Final decisions on such exceptions will be released when a Binding Reservation Agreement or Housing Credit Eligibility Letter is issued. OHFA will evaluate each project on a case-by-case basis and staff decisions will be final.***

**Market Study Requirements**

A market study conducted by an OHFA-approved, market study professional must be commissioned by September 22, 2011. Market Analysts must submit a list of all market studies commissioned in Ohio to the LIHTC Program Manager by September 26, 2011. Projects that have not commissioned market studies or whose names have not been submitted to OHFA by the aforementioned dates will be ineligible to compete in the 2012 allocation round. Completed Market studies will be due to OHFA up to two weeks after the OHFA proposal deadline. A list of OHFA-approved professionals is available on the OHFA web site. In order to be placed on this list, market analysts must follow the application requirements available on the web site and be a member in good standing of the National Council of Affordable Housing Market Analysts (NCAHMA), undergone NCAHMA's Member Designation Program and abide by the Model Content Standards for Market Studies for Rental Housing provided in Exhibit G.

Any market study professional submitting inaccurate information may be removed from the list of OHFA-approved market study providers. The market study professional must organize the study using the index found in Exhibit H and complete the market study checklist (Form PPD-E02).

A market study must include all of the following:

a. Executive summary briefly reviewing all of the market study requirements and indicates any recommendations or suggested modifications to the proposed project. See attachment XX for proper format.

b. 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.

c. Description of the proposed project site using the Site Location and Qualities section of the 2012 QAP.

d. Description and map of the Primary Market Area (PMA) for the proposed project, including the methodology used to determine the boundaries. Provide a detailed explanation if the PMA includes any areas outside of a five-mile radius from the proposed project. Include a discussion of the health of the overall rental housing market in the PMA. All of the sites to be included in a project must be located within one PMA. In addition, if the demographics of the immediate site area are significantly different than the PMA, please provide population/household, income and housing data for the immediate area.

e. Create a Derived Rent and Programmatic Rent Comparison Chart to shows the ratio of pro forma and achievable rents to maximum program rents, derived market rents, the current FMR rents and 90% FMR rents.

f. Description of the number of income qualified renter households divided by the number units in the PMA. The maximum income for this range would assume 1.5 persons per bedroom rounded up to the next whole person. ("capture rate"). If this percentage exceeds 10%, provide a detailed explanation for the higher rate.

g. Description and evaluation of the public services (including transportation, police, fire department, schools, day care, library and community center), infrastructure (including roads and traffic), community services (including shopping, restaurants, parks, recreational facilities, hospital, health care facilities, and services for special needs, if applicable), and employers in the PMA. List the approximate distances to all the services. Include a map that clearly identifies the location of the project and all public and community services.

h. For Permanent Supportive Housing projects, a full market analysis is not required. Applicants must identify the number of households or residents residing in the PMA and provide documentation to evidence such numbers.

i. Description of the federally subsidized developments and Housing Credit projects (both operating <u>and</u> not yet placed-in-service) located in the PMA. Housing Credit projects not yet placed-in-service must be included in the analysis. Provide the current vacancy rate for each project and 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. The following information must also be included: name, location, population served, type of design, age and condition, number of units by bedroom type, rent levels, number of bedrooms and baths for each unit type, size (in square footage) of units, type of utilities and whether paid by tenant or owner, unit and site amenities. Comparisons to the subject rents should be based on comparable amenities, utilities, location, parking, and any rental concessions. Identify specific reasons why comparables are faring poorly in the market (if applicable). 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 primary market area. A listing of Housing Credit projects in service and in development is located on the OHFA web site. Calculate the ratio of subsidized and Housing Credit units to income eligible renter households.

j. Estimate of the vacancy rates of the Housing Credit projects (only those currently operating) located in the PMA during the first stabilized year of the proposed project. If the estimated vacancy rate exceeds 10% for any Housing Credit project, provide a detailed explanation for the higher rates.

k. Description of comparable market rate developments located in the PMA. Provide the current vacancy rate for each project and 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. The following information must also be included: name, location, population served, type of design, age and condition, number of units by bedroom type, rent levels, number of bedrooms and baths for each unit type, size (in square footage) of units, type of utilities and whether paid by tenant or owner, unit and site amenities. Comparisons to the subject rents should be based on comparable amenities, utilities, location, parking, and any rental concessions.

l. Evaluation of any concerns or issues raised by the most local Public Housing Authority (PHA). The applicant or market study author must send a letter via certified mail to the local 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 issues or concerns of the PHA. Include in the market study a copy of the letter, certified mail receipt, and a copy of any letters from the PHA.

m. An executed original Market Study Certification (Form PPD-E03). The market analyst shall have no financial interest in the proposed project. Financial interest is deemed to be any remuneration other than the fee for preparing the market study. Furthermore, the fee assessed for the study shall not be contingent upon the proposed project being approved by OHFA.

n. A list 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 deadline for Housing Credits.

The characteristics listed above are the minimum required to meet OHFA 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. OHFA may also contact the market analyst during the review process if any required information cannot be found in the study.

## *The criteria for the full application are as follows:*

### 1. Complete, Organized Application

Applications must be submitted on a CD (compact disc), organized according to the index provided with the application. Applications must be complete and consistent with all supporting documentation. An original signature of a representative of each general partner/managing member is required in the program certification section of the application and must be submitted in its original, paper form. Any applications that are incomplete, inconsistent, and/or illegible will be rejected.

### 2. Public Notification[11]

The public notification process for local elected officials must be completed. Evidence of completion must be provided to OHFA with the executed Binding Reservation Agreement. See the Public Notification requirements at the end of this section.

### 3. Conditional Financial Commitments

All non-OHFA construction and permanent financing, grants, equity sources and deferred fees or expenses shall be conditionally committed at the time of application. An executed conditional commitment letter from each source must be included with the application. A conditional financing commitment must contain, at a minimum, (a) the amount of financing; (b) the interest rate of the loan; (c) the term of the loan; (d)

---

[11] The applicant must notify, in writing, certain officials from:

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

The applicant must use the letter template provided in Exhibit J of the QAP and include all information requested in such template. 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. Submit a copy of the stamped post office receipt (return receipt not required) for certified mail and copies of notification letters with your application.

The officials to be notified include:

a. The chief executive officer and the clerk of the legislative body for any city or village (i.e. mayor and clerk of council);
b. The clerk of the board of trustees for any township;
c. The clerk of the board of commissioners for any county;
d. State Representative(s);
e. State Senator(s).

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

Applicants are encouraged to contact appropriate local government officials prior to submitting an application to inform them of the details of their housing proposal.

the amortization period or other repayment terms for the loan; and (e) the contact person's name and telephone number. A letter or explanation for all sources must be submitted.

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 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, the 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) the amount of historic equity (if any). The conditional commitment letters must be consistent with the information provided on the Housing Credit application and must be signed and dated no more than six months prior to the application deadline.

OHFA reserves the right to verify any financial commitment(s) and to require a legal opinion indicating whether the project's sources should or should not affect the project's eligible basis and/or Housing Credit percentage.

Projects participating in the HUD portfolio re-engineering program (Mark-to-Market) must provide a copy of the most recent underwriting model, if available, or other acceptable evidence to substantiate the anticipated amount of any HUD second mortgage.

Applicants who have been denied other OHFA financing for their project may be required to submit conditional financial commitments that will replace funding sought from OHFA. Failure to provide these conditional commitments may result in rejection of the application or revocation of the project's Housing Credit reservation.

**4. Utility Allowance Information**

Utility allowance information must be submitted that is consistent with Section 42 of the IRC and IRS Regulation 1.42-10.

**5. Affirmative Marketing Plan**

An Affirmative Fair Housing Marketing Plan is required for all properties. Applicants that have a property with project-based Section 8, HUD Section 236 or USDA contracts may submit their **current**, **approved** Affirmative Marketing Plan provided**.** OHFA, HUD and USDA require that the plan be updated every five years; therefore, if the plan's current approval date is within six months of expiration, submit the current plan along with supporting documentation that demonstrates that an updated plan has been submitted to HUD or USDA for renewal.

The applicant must complete an Affirmative Fair Housing Marketing Plan (Form PC-E45) if no other plan is in place. All items on the form must be completed correctly including all attachments. The instructions for the completion of the plan and reference materials are located on the OHFA website.

The applicant must include on the form a description of the outreach, marketing, and advertising methods used in order to affirmatively market the project. A **separate plan** is required for each census tract in which the project is located.

If assistance is needed, or there are questions regarding the Affirmative Marketing Plan, contact Arthera Burgess, Office of Program Compliance at (614) 995-0306 or aburgess@ohiohome.org.

**6. Conformity with Local Consolidated Plan or CHIS**

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 J and K for a listing of cities and counties with a Consolidated Plan or CHIS. If no local Consolidated Plan or CHIS exists in the community in which the project is located, the project must conform to the state Consolidated Plan. A completed OHFA Form PPD-E04, signed by the appropriate official from the city, county, or state must be included with the application.

**7. Ohio Housing Locator**

The owner and/or property manager of all Housing Credit properties funded under this allocation plan will be required to list their properties in the Ohio Housing Locator (www.OhioHousingLocator.org), the OHFA-sponsored statewide affordable housing database, as soon as the units are placed in service.

**8. Additional Rent Restrictions *(Tax-Exempt Bond projects are exempt)***

Applicants must select one of the following elections based on the location of the proposed project:

a. 60 percent of the low-income units affordable to households with incomes at or below 50 percent of Area Median Gross Income (AMGI) (projects located in urban or suburban markets); or

b. 40 percent of the low-income units affordable to households with incomes at or below 50 percent of AMGI (projects located rural markets, except for counties listed below); or

c. 30 percent of the low-income units affordable to households with incomes at or below 50 percent of AMGI (projects located Belmont, Lawrence, or Washington Counties).

d. 100 percent of the low-income units affordable to households at or below 60 percent of AMGI for all tax-exempt bond-financed projects.

**9. Consistency with HDAP Funding *(Pending approval of the fiscal year 2012 Consolidated Plan)***

Projects seeking funding through the Housing Development Assistance Program (HDAP) must initially meet the following requirements in addition to the requirements listed in Threshold Item 8:

a. A minimum of 40% of the units must be occupied by households at or below 50% of AMGI for projects located in a Participating Jurisdiction (PJ). The HDAP/HOME-assisted units cannot exceed the HUD Low- and High-HOME rent for the county where the project will be located. If the project is located in a non-participating jurisdiction, a minimum of 35% of the units must be occupied by households at or below 50% of AMGI, with rents for the HDAP/HOME-assisted units at the HUD Low- and High-HOME rent.

b. Completion of the appropriate section of the AHFA.

c. The applicant must comply with all requirements of the HDAP Guidelines.

d. A project that receives HOME funds must comply with all HOME program rules, including environmental review and the requirement that residents may not be evicted other than for good cause.

e. A sole for-profit applicant that receives Ohio Housing Trust funds must comply with State Prevailing Wage requirements.

f. In order to receive HDAP funding, the applicant must select one of the following elections:

   i. 5% of the units occupied and affordable to households with incomes at or below 35% AMGI (projects located in non-Participating Jurisdictions); or

   ii. 10% of the units occupied and affordable to households with incomes at or below 35% AMGI (projects located in Participating Jurisdictions).

   These units may be included as part of the rent restricted units required in Criterion 18, Additional Rent Restrictions.

**10. 80% completed architectural plans and specifications *(Tax-Exempt Bond projects are exempt)***

OHFA requires that applicant submit prints certified by the project architect to be at least 80% complete or better.

**11. Minimum Project Standards**

A completed and executed Development Features Agreement must be submitted to evidence that all minimum standards will be met. See the Minimum Project Standards Requirements at the end of this section.

**12. Universal Design Features**

Projects are required to provide universal design features according to the policy described in Exhibit I.

**13. Final Proforma**

Project applicants must complete the proforma as supplied in the final AHFA with cost numbers derived from architectural plans and specifications at least 80% complete.

Applicants proposing a tax-exempt bond-financed project must submit this item upon approval of an inducement resolution.

**14. Appraisal**

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

a. Preparation by a third-party appraiser licensed in the State of Ohio. Name, address, and license number must be included.

b. The appraiser must not currently be restricted from performing HUD Multifamily Accelerated Processing (MAP) appraisals within the state of Ohio. In addition, sponsors and appraisers are notified that, under certain circumstances, the appraisal may be subject to review by the Department of HUD. These circumstances include, but are not limited to, the involvement of a HUD-insured mortgage or HUD Housing Assistance (HHA) with Other Government Assistance (OGA). Examples of HHA includes Project-based Section 8 rental subsidies and continuation of Interest Reduction Payments (IRP). Examples of OGA include Low Income Housing Tax Credits, Historic Tax Credits, HOME funds, etc.

c. A statement of the 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.

d. Adherence to the Uniform Standards of Appraisal Practice. A statement to this effect must be included in the report.

e. Conducted within six (6) months of submission of the full application, although OHFA will consider earlier reports on a case-by-case basis.

**15. Phase I Environmental Site Assessment (ESA)**

A copy of the Phase I Environmental Site Assessment (ESA) report for all sites must be submitted as part of the application. If a full Phase I was submitted with the proposal, one need not be resubmitted in this application. The report(s) must comply with current OHFA standards available at www.ohiohome.org. The owner must submit a narrative that addresses any issues raised in the report(s). OHFA reserves the right to reject any sites indicated to have environmental problems or hazards.

**16. Federal Tax Identification Number (FTIN)**

Evidence that a Federal Tax Identification Number (FTIN) has been obtained for the ownership entity must be submitted.

**17. Legal Description(s)**

A legal description of each parcel that will be part of the development must be submitted. The description(s) must include the street address and permanent parcel number of each parcel.

**Application Corrections**: Applicants will have the opportunity to correct administrative errors or omissions found during the application review process.

During the review periods, OHFA will notify each applicant of any administrative deficiencies, and applicants will have one week to submit additional information to correct any administrative errors. OHFA will not accept any additional information after the one week correction 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, 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.

## C. Financial Underwriting

If a project is selected to receive a reservation or allocation of Housing Credits, OHFA will perform a minimum financial evaluation on said project to ensure that it receives the minimum amount of Housing Credits necessary to assure project feasibility, appropriateness and viability throughout the Housing Credit period. This includes tax-exempt bond financed projects that are excluded from the state's Housing Credit allocation ceiling. OHFA is required to perform the Housing Credit evaluation three times:

1) Prior to issuing a Binding Reservation Agreement or Letter of Eligibility.
2) Prior to issuing a Carryover Allocation Agreement (does not apply to tax-exempt bond projects).
3) At the time the project is placed-in-service and requests IRS Form(s) 8609.

After the first minimum financial evaluation, OHFA will issue a Binding Reservation Agreement. The reservation amount will not necessarily equal the amount of Housing Credits requested in the application. In addition, the Housing Credit amount may be reduced or increased after the financial underwriting stage.

If the credit percentage has not been elected, then OHFA will use the current month's applicable Housing Credit Percentage at Binding Reservation and/or Carryover to calculate the value of the Housing Credits. The owner may elect to lock in the current month's applicable Housing Credit Percentage at reservation or at the time the project is placed-in-service. The amount of Housing Credits awarded after the financial underwriting phase is the maximum amount of credit that OHFA will award to any project.

OHFA will perform a full financial underwrite of all projects awarded 4% credits upon the submission of all threshold items and 9% credits before receiving a Carryover Allocation Agreement. The below mentioned underwriting standards are not exhaustive. An OHFA evaluation of the feasibility and reasonableness of the operating budget and project hard and soft costs may also be based on local market standards, industry trends, comparability ratios established by OHFA, economic conditions, historical project information and other data.

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

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

b. Owners of projects with market rate units must demonstrate in the application that all amenities (e.g. 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. OHFA reserves the right to request additional information to clarify any issues regarding the market rate units.

c. 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 as-is appraisal of the property (see E. Carryover Allocation). The estimated value cannot include the value of the Housing Credits.

d. 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. A residual analysis will be conducted on the deferred interest and principal.

e. Applicants must include an operating reserve as part of the total project cost. This reserve is not included as part of the project’s eligible basis and should be based on current market trends and conditions.

f. A lease-up reserve may be established in an amount as required by OHFA and equivalent to funding necessary to break even through qualified occupancy[12].

g. Projects may receive an allocation of credits based upon 130% of the qualified basis for new construction or substantial rehabilitation. This increase in basis will be approved based upon demonstrated financial need, on a project by project basis. Applicants must provide a narrative, within the AHFA, detailing the financial need for the increased basis.



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

a. OHFA reserves the right to evaluate the reasonableness of the amount of investor equity per dollar of Housing Credits based upon the current condition of the equity market.

b. Applicants must show that the deferred developer’s fee (principal and interest, if any) can be paid in full from annual income within the first 12 years. Any unpaid or deferred balance after Year 12 will be deducted from the housing credit eligible basis.

c. OHFA will evaluate the reasonableness of all costs and fees based on industry standards and historical project data. OHFA reserves the right to reduce or exclude costs in order to size the housing credit award and amounts from other OHFA subsidy programs.

---

[12] Qualified Occupancy is defined as the initial occupancy date of 100% of the Tax Units by qualified tenants pursuant to Section 42 of the Code.

3. The project's total sources must always equal the total project cost. If the sources exceed the costs, OHFA will first reduce Housing Development Assistance Program (HDAP) funding or Housing Development Loans, and may also reduce the Housing Credit amount so that sources equal costs.

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.

   a. The minimum acceptable Hard Debt Service Coverage Ratio (DCR) is 1.20 for the first year of stabilized operations.

   b. For projects with no hard debt, OHFA will calculate a No Hard Debt Service Coverage Ratio to be a minimum of 1.20 for the first year of stabilized operations.

   c. Income from commercial space will not be considered in a cash flow analysis nor contributed towards meeting the DCR requirements. Fees and other income must be documented and will be considered on a case by case basis.

   d. The project's annual operating expenses per unit must fall within acceptable underwriting ranges based on region, project type, and comparability. Owners must provide evidence to demonstrate and support the appropriateness of the costs proposed.

   e. OHFA requires an appropriate annual reserve for replacement. The applicant is responsible for demonstrating to OHFA staff the validity of this number.

   f. OHFA will assume an annual income increase of 2% and an annual expense increase of 3%.

## D. Binding Reservation Agreement

After OHFA has determined which proposals will receive an award of Housing Credits, a Binding Reservation Agreement will be sent to the Contact Person indicated in the application. The original Binding Reservation Agreement and Election Statement must be signed and notarized by an authorized representative of the ownership entity during the month the agreement was issued. The original Binding Reservation Agreement and Election Statement, a reservation fee (equal to 6% of the reservation amount), and any additional documentation indicated in the agreement must be received by OHFA no later than the fifth calendar day following the end of the month in which the agreement was issued, or the reservation of Housing Credits will be invalid.

## E. Carryover Allocation

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

A Carryover Allocation Agreement will be issued to recipients of a competitive award of Housing Credits by the end of the calendar year in which credits were allocated. The following items must then be submitted by the Carryover submission deadline indicated in the Binding

Reservation Agreement. A paper copy of the Cost Certification with original signatures of the owner and preparer is required, along with an electronic copy in Excel format. All other items must be submitted on a compact disc (CD) in PDF format.

1. Completed OHFA Cost Certification forms (*the most current version*) signed by a representative of the owner and by the accountant or attorney who prepared the forms. The forms must evidence that the "10% test" required by Section 42 of the IRC has been met. The forms and instructions are available on the OHFA web site.

2. 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.

3. Any additional conditions indicated in the Binding Reservation Agreement with a performance date by the Carryover submission deadline.

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

## F. Project Completion Stage / 8609 Request

Upon project completion, the owner must notify OHFA of the placed-in-service date of each building and submit or complete the following items to request 8609 Forms. A paper copy of the cost certification with original signatures of the owner and preparer is required, along with an electronic copy in Excel format. All other items must be submitted on a compact disc (CD) in PDF format.

1. Complete OHFA Cost Certification forms (as revised in 2010) signed by the owner and 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. The forms and instructions are available on the OHFA web site.

2. Final Certificates of Occupancy from the issuer of the building permits. Certificates of completion or similar information from the owner will be accepted for rehabilitation projects if certificates of occupancy are not issued. Temporary certificates of occupancy are required if the dates on such certificates will be used as the placed-in-service dates for the buildings. OHFA reserves the right to conduct a site visit of a property to verify completion before issuing 8609 Forms to the owner.

3. All permanent financing sources (except for the first or primary mortgage) must be closed before the 8609 Forms are issued. An executed promissory note that includes the amount, interest rate, term, and amortization or repayment terms of the loan must be submitted for each source. In lieu of a note for the first or primary mortgage, a firm financing commitment signed by the lender and owner within 30 days of the request for the 8609 Forms may be submitted. This requirement is retroactive to projects that have not yet received 8609 Forms.

4. Final limited partnership agreement executed by the limited and general partners. The agreement must include all equity amounts and the pay-in schedule for the equity.

5. A copy of the executed and recorded OHFA Restrictive Covenant, and a Consent of Recorded Lienholder form from each non-OHFA lending source.

6. A check for Payment of the appropriate compliance monitoring fee, made payable to "Ohio Housing Finance Agency".

7. Evidence that a representative of the project has attended the OHFA Basic Tax Credit Compliance Training within six (6) months prior to the placed-in-service date for the first building completed.

8. Owner/manager has conducted a placed-in-service meeting with the OHFA Office of Program Compliance.

9. Proof of written notification to the Office of Program Compliance stating the placing-in-service of the building (or last building in a multiple building project) must be submitted within 15 days of the placed-in-service date.

10. Completion of the final Energy Efficiency Certification form for the year of allocation (if applicable).

11. Narrative describing any material changes to the project since time of application.

The request for 8609 Forms must be submitted by the date listed in the Carryover Allocation Agreement. An extension of this deadline may be granted by OHFA upon request. However, any extension will not apply to payment of the compliance monitoring and multiple building project fees.

Requests for 8609 Forms and corrections or clarifications to previous submissions are reviewed in the order submitted. OHFA will issue 8609 Form(s) up to 90 days after a **complete** request has been submitted. An incomplete or insufficient request will not be processed until all items are submitted, which may result in a delay of the 8609 Form issuance. The closeout process for any Housing Development Assistance Program funds awarded to the project must also be completed before 8609 Forms are issued. Any corrections or clarifications requested by OHFA must be submitted within three (3) months or a resubmission fee of $250 will be charged. OHFA reserves the right to defer processing 8609 Form requests that are received during a future competitive funding round.

***Building Identification Numbers (BIN) are assigned to each building by OHFA after a request for 8609 Forms is submitted. Applicants must contact OHFA in writing with any requests to assign BIN to individual buildings prior to that time.***

## G. Projects with Tax-Exempt Bond Financing

Projects receiving tax-exempt bonds that finance over 50% of the project's total aggregate basis may apply for an award of 4% Housing Credits. Applicants seeking such an award must submit all items required for the competitive evaluation, although the timing deadlines and requirements do not apply. While an award of 4% Housing Credits is not competitive, OHFA will verify that all projects are aligned with agency policy goals, have the appropriate development team in place and submit to OHFA's financial underwriting process. OHFA reserves the right to reject an application that fails to meet an appropriate level of quality in these areas. OHFA 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 Housing Credit Eligibility Letter.

In addition to the requirements indicated above, the applicant must also meet the following requirements:

1. The items required for the Experience & Capacity Review must be submitted at least two weeks in advance for OHFA consideration. All other required items may then be submitted with the complete application.

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

3. OHFA 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.

4. The developer must submit a resume of their past experience, including affordable housing references that may be checked by OHFA. The developer will be required to respond to any negative references found by OHFA.

5. A representative of the developer or Management Company must meet with OHFA Program Compliance staff within six (6) months following issuance of the letter of eligibility to review management practices and establish a timetable for the placed-in-service review.

(NOTE: This requirement is indicated in the Threshold Review section.)
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. Please note that the rate election period is tied to the month the notice of issuance indicates. If a project closes in escrow, the rate election applies to that month, not when the final closing occurs. Furthermore, if a bond closes in escrow and does not make a rate election in that month, the credit rate utilized will be the credit rate applicable at the time and for the month in which each building is placed-in-service. Please note that the owner has up to five days following the month in which the bonds are issued to notify OHFA of the rate election, otherwise the month the project is placed-in-service will be used.

Applications for bond-financed properties may be submitted at any time during the year. If public notification requirements have been met and any threshold deficiencies have been corrected, OHFA may take up to six (6) weeks to review an application and issue an Eligibility Letter. For OHFA-issued bonds, the Eligibility Letter will be sent to the applicant following final approval of the bond issuance by the OHFA Board. For locally issued bonds, the Eligibility Letter will be issued when all requirements are satisfactorily completed.

Tax-exempt bond-financed projects will not receive a Carryover Allocation Agreement, but the owner must follow all 8609 Form request procedures and any conditions outlined in the Eligibility Letter, which will include the following items:

1. The applicant must submit a legal description of each parcel that will be part of the development by the date specified in the Eligibility Letter. The description(s) must include the street address and permanent parcel number of each parcel.

2. The applicant will have 24 months from the end of the year in which the Eligibility Letter is issued to complete the project and place the units in service.

# VI. MONITORING

## A. Introduction

The monitoring process determines if a project is complying with requirements of the Internal Revenue Code (IRC). The Housing Credit monitoring process is outlined in IRC Section 42, IRS Regulation 1.42, the QAP, the OHFA Compliance Handbook, and other OHFA policies.

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

Housing Credit projects are required to comply with the following, in addition to other requirements described in the OHFA Compliance Handbook:

1. All residents must be income qualified, adjusted for family size prior to moving into the unit. Units must be rent restricted as provided for in the IRC. All units allocated Housing Credits must be safe, decent and sanitary housing units complying with local building, health, safety, and zoning codes.

2. Before placing the project in service, the owner/agent must schedule a "placed-in-service meeting" with the OHFA Program Compliance Training and Technical Assistance team to discuss the lease up of the tax credit project. OHFA will attempt to combine placed in service meetings when an owner/agent is placing several projects into service within the same general time period. OHFA may elect to waive this requirement.

3. Prior to the placed-in-service date, the owner/agent individual(s) responsible for final approval of tenant files or the site manager/leasing consultant who processes the Tenant Income Certifications for buildings receiving 8609 Forms will be required to attend the OHFA Basic Tax Credit Compliance Training within the previous six (6) months. Please refer to the OHFA website **www.ohiohome.org** to register for this training.

4. Within 15 days of placing the last building in service, the project owner must forward a letter to the OHFA Compliance Analyst assigned to the project indicating the date on which the last building was placed in service. Based on this communication, the project will be preliminarily scheduled for a lease-up monitoring visit.

5. 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 but are not limited to the following for each building in the project:

    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;

e. The unit vacancies in the building and information showing when, and to whom, the next available units were rented;

f. The annual income certification of each low-income tenant per unit (if applicable);

g. Annual student status certification;

h. Demographic information;

i. 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;

j. The eligible basis and qualified basis of the building at the end of each year of the credit period, compliance and extended use periods; and

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

6. The owner of a Housing Credit project is required to retain the records described in number five (5) above for the entire period of extended use.

7. The owner is responsible for reporting to OHFA annually in the form and manner that OHFA specifies. The reporting process currently requires the submission of an owner certification, resident and project data, as well as other reports and certifications necessary to evidence compliance with any gap financing provided through an OHFA program. When completing the owner certification, the owner is certifying that, for the preceding 12-month period, the owner met the following requirements:

   a. The 20-50 test under IRC Section 42(g)(1)(A), or the 40-60 test under section 42(g)(1)(B), whichever minimum set-aside test was applicable to the project; and 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, accompanied by a description of the change;

   c. The owner has received an annual income certification from each low-income tenant, as appropriate, 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 non-transitional 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 tenant 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 a 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 building 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);

m. For the preceding 12-month period, no tenants in low-income units were evicted or had their tenancies terminated other than for good cause and no gross rents were increased other than permitted under Section 42; and

n. An extended low-income housing commitment as described in Section 42(h)(6) was in effect.

**OHFA reserves the right to adjust the above requirements according to changes in federal regulations.**

8. OHFA requires that the owner of a Housing Credit project annually certify the residents' incomes and assets using the form(s) specified by OHFA. Projects that are 100% occupied by qualified low-income households may discontinue recertifications. The owner/agent should consult the OHFA Compliance Handbook for additional guidance.

9. OHFA has the right to review tenant files throughout the 15-year compliance period and the 15-year extended use period. OHFA has the right to perform on-site inspections of any low-income housing project through the end of the extended use period. Buildings receiving new allocations of credit will be inspected no later than the end of the second calendar year following the year the last building in the project is placed in service. OHFA will provide prompt written notice to the owner of a Housing Credit project if OHFA 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 the date of the notification to correct any non-compliance issues found and give a written response to OHFA of corrective actions taken. OHFA may, with good cause, extend the correction period for up to six months. During the correction period, an owner must correct any non-compliance and provide evidence to OHFA of such corrections.

10. When OHFA identifies certain instances of non-compliance, it 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, and no earlier than the end of the correction period, whether or not the non-compliance is corrected. OHFA 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]).

11. Compliance with the requirements of Section 42 of the IRC is the responsibility of the owner of the building(s) for which the tax credit is claimed. OHFA's obligation to monitor for compliance does not make OHFA liable for owner/agent non-compliance.

12. If OHFA is unable to serve notice on the property owner by mail and/or telephone during the compliance and extended use periods as defined by the IRS, OHFA will consider the property out-of-compliance and will notify the IRS by filing Form 8823, or take other appropriate action such as designating the project and its owner/agent as not in good standing with the Agency. **Please note that OHFA will maintain one contact person per project. The owner/agent will agree upon the contact person and notify OHFA immediately of any change.**

13. OHFA requires Housing Credit owners to pay a one-time compliance monitoring fee. The fee amount for projects receiving a reservation in 2012 will be $900 per unit.

14. OHFA reserves the right to charge the owner and/or management company for costs incurred as the result of compliance reviews conducted outside of the normal inspection cycle.

15. It is the responsibility of the owner and its agents to ensure that the property management agent has all documents and information necessary to meet all rent, income, or other requirements attached to all sources of funding used to develop the project. Such documents may include, but are not limited to, the Housing Credit restrictive covenant(s), Housing Development Assistance Program (HDAP) restrictive covenant, and the gap financing agreement.

16. Compliance requirements are communicated to owners and managers of Housing Credit projects through the OHFA Program Compliance Handbook and other means such as the Agency newsletter. Owners and managers are expected to consult these and other resources to ensure they are up-to-date regarding policies and procedures established by OHFA.

17. Changes in Management Company that occur after the project has placed-in-service must be approved by OHFA Program Compliance. The owner must apprise Program Compliance of the proposed change 60 days prior to terminating the services of the current management company. OHFA may require the proposed management company to fill out a due diligence questionnaire to ensure the proposed company is sufficiently qualified to manage a Housing Credit project in Ohio.

## VII. MISCELLANEOUS

**Special Allocation.** An applicant 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 credits in the current year. In order to qualify to apply for this relief, the project must meet the following requirements:

1. The project must have received an allocation of competitive Housing Credits from OHFA in a previous year.

2. The applicant must have returned the Housing Credits to OHFA prior to the required placed-in-service date.

3. 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.

4. The applicant must obtain either a final judicial determination that the 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 or that determines the local activity is inappropriate. As a result of this judicial decree or settlement, the applicant must demonstrate that the project can now proceed. OHFA legal counsel and/or the Ohio Attorney General's office will make the determination of these requirements.

5. The applicant must complete a current year application and request OHFA Board consideration to obtain a Housing Credit reservation. OHFA staff will evaluate the project based on current selection criteria. 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 the OHFA Multifamily Committee and Board for consideration and approval. OHFA has no affirmative obligation to grant approval to any project seeking relief.

OHFA may also grant relief to projects that are unable to meet their placed-in-service deadline due to circumstances that are outside the control of the owner and could not be reasonably anticipated before the initial application date. The following requirements must be met:

1. The applicant must submit a formal request outlining reasons that the placed-in-service deadline cannot be met. A request may be submitted after September 1 and no later than November 30 of the year of the placed-in-service deadline.
2. The applicant must agree to return their Housing Credit allocation to OHFA prior to the placed-in-service deadline.
3. Significant progress toward completion of the construction and/or rehabilitation of the project must be demonstrated at the time the request is submitted. OHFA will use 75% completion as a general guideline when judging significant progress toward completion.
4. If the request is approved, then a new allocation of credits will be granted in the following calendar year, and the placed-in-service deadline will be extended for up to one year. OHFA reserves the right to levy a reservation fee for the new credit award.

**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. The ownership structure, development team members, rent elections, applicable fraction, developer's fee, special needs population served (if any), and physical structure of the project may not be changed unless approved in advance by OHFA. All requests for changes must be received no later than 30 days prior to the application deadline.

Applications for additional credit must include documentation dated within one year prior to application for Housing Credits. Owners must meet all requirements contained in the 2010 QAP.

**Duplicate Applications.** Each application must consist of a legitimate, stand-alone development proposal. OHFA does not consider projects that are artificially divided or duplicate projects on adjacent or nearby sites to be legitimate development proposals, because such applications may manipulate the selection process and circumvent allocation priorities. Therefore, OHFA will reserve the right to combine or reject applications for projects located in close proximity and sharing similar attributes, such as project type, population served, construction style, and/or development team members.

If OHFA elects to combine applications, the developer will then be required to demonstrate that the combined project will be financially feasible. The conclusions in the market study must be updated based on the total number of units, and items such as zoning documents, public notification letters and consolidated plan certification may also need to be updated. If OHFA determines that it is appropriate to combine applications in this manner, the applicant(s) must then either submit the updated documents described above, or elect to withdraw one or more of the duplicate applications. An election to withdraw an application must be in writing and signed by all parties that signed the original application.

In addition to combining applications, OHFA will prohibit applications that receive a reservation of housing credits from later adding land or sites from other projects proposed in the same year. OHFA will permit a parcel of land or an existing building to be included in only one application (per developer) during a funding round.

**Project Changes.** All project changes require OHFA approval, and all changes will be reviewed by OHFA on a case-by-case basis. OHFA reserves the right to reduce or revoke an award of Housing Credits if projects are changed without approval or partners fail to complete a project as approved. A new application, fee, public notification letters and competitive review may be required if any project characteristics change. New owners without experience in the Housing Credit program must contact the Office of Program Compliance prior to consideration by OHFA.

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.

OHFA may allow the admission of an additional general partner after Housing Credits are awarded in order to address a related-party loan issue. A letter from the owner's legal counsel that adequately explains the need for this action must be submitted. A letter signed by both the new general partner and the current controlling general partner must also be submitted to confirm the following:

a. The new general partner will not own more than 24% of the general partner shares.
b. The new general partner must agree to not materially participate in the project.
c. The new general partner must gain little or no financial benefit from the project.
d. The new general partner may not count the project toward their experience in future funding applications to OHFA.

OHFA will review and issue a decision for each request on a case-by-case basis. Approval of OHFA Board may also be necessary for the HDLP and HDAP programs.

**Document Correction Fee.** OHFA will assess a correction fee of $250 if a Carryover Allocation Agreement, Restrictive Covenant, or 8609 Form must be re-issued due to an error on the part of the owner or applicant.

**Agency Information Sources.** The OHFA web site contains important, easily accessible information regarding the application process and program policies, such as Housing Credit percentages, frequently asked questions (FAQs), important program dates, and downloadable files such as the QAP and Affordable Housing Funding Application. The web site address is

**www.ohiohome.org**. It is the responsibility of applicants to regularly browse the web site to obtain current information on the Housing Credit and other OHFA programs.

**Contacting the Applicant.** OHFA will only contact the person listed in the application as the project contact. OHFA asks that other parties involved in a project communicate with the project contact prior to contacting the agency. The contact person for each project must attend the Next Steps meeting hosted by OHFA in the weeks immediately following the announcement of the housing credit awards.

**Requesting Information.** At the end of each allocation round, OHFA will make available a listing of all applications, along with a detailed report featuring the projects awarded Housing Credits in that round. Please visit the OHFA web site or contact OHFA to obtain this information. Interested parties requesting project specific information must do so in writing according to the OHFA Freedom of Information Request procedures.

**Project Events.** OHFA is pleased to send representatives to project events such as groundbreakings, ribbon cuttings and grand openings at the request of the development team. Please notify us at least two weeks in advance of such events to aid with scheduling.