Preface: Where these guidelines do not provide specific information with respect to underwriting criteria, the Ohio Housing Finance Agency (OHFA) will first seek guidance in the statutes that govern the funds being used. For HOME funds, OHFA will refer to the Code of Federal Regulations that governs the use of HOME dollars. For state Trust Funds, OHFA will refer to Ohio Revised Code Chapter 174, as well as the Code of Federal Regulations governing the use of OHTF funds used to meet the HOME “Match” requirement.

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 and HDAP funded 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. OHFA reserves the right to award funding, regardless of competitive ranking, if a proposal furthers the policies stated in the plan.

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 balanced distribution of resources based on geography, and 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.

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[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.

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. As the challenges to development in Ohio increase and many neighborhoods in our urban centers suffer from blight, the need for strategic cooperative solutions and investment is critical considering the scarce nature of affordable housing development resources. OHFA therefore values construction in areas that demonstrate collaboration with local units of government, which may include use of local development subsidy, alignment with local development or through neighborhood revitalization plans, or constructive interaction with community planning and development representatives.

f. As our national economy continues to struggle and the foreclosure crisis continues to have a devastating effect on Ohio communities, 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 or State Historic Preservation Tax Credit programs.[3]

2. Types of subsidy

a. As the need for affordable housing is constant and resources to develop such housing become more 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 Communities 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 in part on strength of the market area, including vacancy rates, penetration rates, and the condition of existing or recently approved projects funded through by OHFA, and the projected growth rate of the low-income population. Projects that do not demonstrate a sustainable market will not be considered for funding.

[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 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.

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 healthy and sustainable development by building healthier, more environmentally responsible communities affordable housing in a cost-effective manner, OHFA supports development of properties that meet that are designed to achieve the ideals of the 2011 Enterprise Green Communities Criteria or other recognized energy conservation standards and which achieve the highest energy efficiency ratings.[4]

e. As innovation and creativity are critical to meeting the changing demands of the consumer, OHFA encourages amenities which distinguish a development from the competition. These amenities will be evaluated based on appropriate cost and the tangible benefits provided for the residents and/or the housing.

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

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.

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.

g. 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.

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.

[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.

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.

4. HDGF Policies

a. OHFA values homeownership opportunities that encourage wealth-building as a tool for long-term financial health for low- and moderate income homebuyers.

b. Projects within the HDGF program must consist of fewer than 25 units.

GENERAL INFORMATION

The goal of the Ohio Housing Finance Agency's (OHFA) Housing Development Gap Financing Program (HDGF) is to provide financing for eligible affordable housing projects to expand, preserve, and/or improve the supply of decent, safe, affordable housing for low- and moderate-income persons and households in the State of Ohio.

Questions concerning the Housing Development Gap Financing Program should be directed to HDGF staff via the telephone at (614) 466-0400 or via e-mail:

Karen M. Banyai kbanyai@ohiohome.org
Kathy Berry kberry@ohiohome.org

Types of Funding Available
HDGF will use the following resources for providing financial assistance to eligible projects. Funds may be awarded in the form of a loan or a grant:

1) **HOME Investment Partnerships Funds:** Federal regulations relating to environmental review, federal wage rates, federal accessibility, federal acquisition and relocation laws [URA and Section 104(d)], long-term affordability, etc. apply.

2) **Ohio Housing Trust Fund (OHTF):** The Ohio Housing Trust Fund provides funding to HDGF projects predominantly serving low- to moderate-income households with incomes at or below 50% of the area's median income. The OHTF gives preference to those projects that benefit households with incomes at or below 35% of the area median income for the county in which the project is located, as established by the U.S. Department of Housing and Urban Development (HUD). Applicants receiving an award of OHTF dollars may be subject to State of Ohio Prevailing Wage Rate rules.

Funding requests are subject to approval from the OHFA Board.

OHFA will award HOME and Trust Fund dollars based on 1) the need to meet set-asides specific to each funding source, and 2) the source most appropriate for the applicant/project. Applicants that have compelling reasons to request a specific source of funding can do so in a separate letter sent to the attention of the PA/HDGF Manager prior to the submission of their application. However, OHFA may or may not be able to honor the request for a specific source of funds.

Waivers

Applicants may, with compelling reasons and supporting documentation, request waivers of specific guideline requirements. OHFA will make best efforts to work with applicants whenever possible. Requests for waivers along with supporting documentation must be received with the initial project proposal.

Eligible/Ineligible Applicants

Eligible Applicants

1) Ohio based organizations, which are one of the following:
   a. Private for-profit housing developers,
   b. Not-for-profit 501(c)(3) and 501(c)(4) organizations, or
   c. Public housing authorities
2) Organizations proposing to develop affordable for-sale homes, provide new affordable rental housing opportunities, or preserve affordable at-risk housing. Entities receiving an award of HDGF funds must act as the majority/controlling partner, sole owner, or a general partner/managing member during the entire construction phase. OHFA must approve any changes to the HDGF-Recipient (applicant) after the construction phase.
3) Religious organizations and their subsidiaries/affiliates which meet the provisions in 24 CFR Part 92.257.
4) Applicants acting as a general partner or sole owner of the project during the entire construction phase.
5) State-Certified Community Housing Development Organizations (CHDOs). State-Certified CHDOs that receive operating support or are requesting operating support from the State through the Competitive Operating Grant Program may only submit applications for project development in their defined service areas.

Ineligible Applicants

1) Local governments

Eligible/Ineligible Projects

Eligible Projects

Projects which are consistent with the Ohio Housing Finance Agency Policy Statements.

Ineligible Projects

1) Any project in which construction or construction-related activity is initiated, other than site control, prior to a commitment (funding agreement) of the HDGF funds and receipt of all appropriate clearances (i.e. environmental review, if applicable).
2) Projects that must be licensed to allow for residents to occupy the development;
3) Projects that, through local zoning codes, are defined as a group home;
4) Project that are identified as hospitals, nursing homes, sanitariums, lifecare facilities, retirement homes (if providing significant services other than housing are mandatory for residents), employer housing, mobile homes and student housing;
5) Projects that have received a new allocation of tax-exempt bond or 501(c)(3) bond financing for new construction;
6) Projects that have received Financial Adjustment Factor (FAF) or Housing Investment funds specifically attributed to the development or revitalization of projects in connection with other OHFA programs;
7) Projects that have previously received an award through HDGF, whether administered by OHFA or the Office of Housing and Community Partnerships.
8) Projects that are considered short-term housing (occupancy of less than six months), student housing, and shelters.

OHFA will evaluate the financial feasibility and appropriateness of each proposal. OHFA reserves the right to alter or reject a funding request after a full financial underwrite.

Eligible/Ineligible Uses

Eligible Uses

Development budget line items that can be paid for using HDGF funds include:
1) Acquisition of land and/or building(s) (from unrelated third parties only); OHFA reserves the right to require homeownership projects to use another source for acquisition[5];
2) Demolition (not applicable for Preservation projects);
3) On-site improvements[6];
4) Construction and/or renovation costs including construction fee items, construction contingency, and contractor overhead and profit (excluding costs associated with construction of commercial property);
5) Furnishings and appliances;
6) Architectural and engineering fees;
7) Developer fees and developer overhead;
8) Consultant fees

Other development budget expenses must be covered by sources of financing other than HDGF.

Ineligible Uses

Infrastructure (roads, sidewalks, water/sewer lines on roadways) is considered an off-site improvement and is not an eligible use for HDGF.

Market rate units and/or commercial spaces involved in the proposed project.

[5] OHFA may, on a case-by-case basis, allow HDGF/OHTF funds to be used to reimburse the applicant/project for land and/or buildings purchased prior to the execution of the HDGF funding agreement. The applicant should work with OHFA prior to submission of their application to discuss possible use of HDGF to reimburse acquisition costs. Projects awarded HOME funds may not use the award to reimburse the applicant/project for acquisition costs.
[6] On-site Improvements include parking areas, water/sewer lines from the road to the project; sidewalks near the project but not along city streets, etc.

Maximum: The maximum developer fee on any project is limited to 10% of the total project costs unless the applicant chooses to participate in the Ohio-Based Materials and Ohio-Based Labor Program.

Ohio-Based Materials

Intent: Increase demand for building materials and products that are extracted and manufactured within the State, thereby supporting Ohio-based manufacturing and sales employment.

Requirements: Use a minimum of 5% of buildings materials or products for which:

1. At least 80% of the mass is extracted or processed and sold within the State of Ohio –or-
2. The end product is manufactured and sold in Ohio (with raw materials coming from Ohio or elsewhere)
3. Submittals:
4. Provide the Ohio-Based Materials Letter Template (see Attachments), signed by the responsible party, declaring that the requirements have been met.
5. Provide a product information sheet about the materials used.
6. Provide a spreadsheet of all Ohio-based construction materials used on the project and the total amount of all materials, demonstrating that Ohio-based materials comprise at least 5% of the total cost of materials.

Ohio-Based Labor

Requirement:	90% of the project's total labor force must reside in the State of Ohio.
Intent:	Increase construction employment in Ohio by requiring that 90% of the project's construction labor force resides in Ohio.
Submittals:	Provide the Ohio-Based Labor Letter Template (see Attachments), signed by each General Contractor and/or Subcontractor certifying that at least 90% of their labor force resides within the State of Ohio.

Environmental Reviews and Project Eligibility

Projects may be funded with Ohio Housing Trust Fund (OHTF) or HOME Investment Partnerships dollars at the discretion of OHFA. HOME-funded projects are required by statute to comply with the environmental review requirements as outlined in 24 CFR Part 58. Best efforts will be made to fund scattered site developments (10 or more non-contiguous parcels) with OHTF dollars.

OHTF: Projects will be required to provide a Mini Phase I (MPI) assessment for all sites in the proposed project. OHFA will establish the criteria for this review, which will be significantly less than required for a Phase I environmental site assessment. Information will be provided by OHFA for successful applicants.

OHFA will contract with an environmental firm who will review all MPI assessments. If the ER firm and OHFA agree that additional due diligence is needed, the applicant will be required to provide Phase I assessments.

A Phase I environmental site assessment is one that meets American Society of Testing and Materials (ASTM) standards (E1527-05 or most current). In addition, the Phase I shall address any environmental conditions (on or off-site), which, while not meeting the ASTM E1527 definition of a recognized environmental condition, could pose a threat to the health or safety of residents at the site. Such potential environmental conditions include, but are not limited to, asbestos, lead paint, mines, air quality, and explosion hazards (above ground storage tanks, overhead pipelines, and oil/gas wells). The ASTM E1527 minimum search distances for government records must be met for each site and the Phase I shall draw justified conclusions on the potential impact to the project sites. The Phase I firm shall provide recommendations regarding all identified environmental conditions. If the Phase I is more than 12 months old at the time of application, the ER firm must provide a letter updating the review.

HOME: Projects are to a 24 CFR Part 58 Environmental Review. With prior approval, OHFA will allow project developers to obtain ownership of the real estate prior to the Release of Funds, if the following conditions are met:

1. The property is purchased with non-OHFA funds (state or federal). If the project is funded with HOME funds, the property may not be purchased with any State or other local government HOME or CDBG funds;
2. OHFA funds (state or federal) or other local government HOME or CDBG funds may not be used to reimburse the cost of acquisition;
3. The project developer unconditionally agrees that all environmental site conditions on any site within the project will be mitigated, or in the event that mitigation is not possible or financially reasonable, the site(s) will be dropped from the project. The Ohio Department of Development and OHFA will not allow a waiver of this policy.

OHFA will allocate $1,000 per project funded with HOME funds for the publication of the environmental review Public Notice.

Regardless of the funding source, construction may not begin until the environmental review process has been completed. Projects that do begin any construction or construction-related activity (other than obtaining site control) prior to the issuance of a funding agreement and receipt of all appropriate clearances (i.e. environmental review clearance, if applicable), at a minimum, will be subject to the following penalty:

1. HOME-funded projects: The funding agreement will be rescinded. OHFA cannot guarantee the availability of other funds to fill the gap.
2. OHTF-funded projects: The project may request to keep the award of funds. However, the recipient must provide a letter detailing the reasons why construction began prior to the completion of the ER process. The applicant must detail what measures will be taken to ensure this does not happen with future projects and request that OHFA not rescind the OHTF award. If approved by OHFA, the recipient will not be able to draw HDGF funds until construction has been completed.
3. The Multifamily or Single Family Committee of the OHFA Board will review all requests either to change the source of the HDGF award, or to keep the award of OHTF dollars if construction begins prior to the completion of the environmental review process. The Committee may choose to impose additional requirements or restrictions.
4. OHFA reserves the right to take further action if the recipient violates this restriction on future projects, or has violated this restriction on prior projects.

Federal Funds - 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 as amended, and the Americans With Disabilities Act as ammended, as well as any state and local Civil Rights legislation, and any required related codes and laws. Should OHFA not specify any requirements, such as design, it is nonetheless the owner's 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 about marketing and tenant selection, and reasonable accommodation and modification for those tenants covered under the Laws. A brief guide to federal accessibility requirements is available in the Attachment Section of these guidelines.

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

Accountability:

- A Participant must demonstrate responsibility for the execution and/or administration of the assumed tasks undertaken in connection with a particular OHFA project.

Timeliness:

- 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

Professionalism:

- 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.

Collaboration and Cooperation:

- 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

Responsiveness/Communication:

- 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.

B. Program Calendar (Subject to Change)

June 2011

15 2011 AHFA available

July 2011

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

August 2011

12 Final deadline for submission of Experience & Capacity applications

September 2011

15 HDGF Proposal deadline

October 2011

4 HDGF Proposal Meetings begin

27 HDGF Proposal Meetings end

November 2011

10 Announcement of HDGF Awards

February 2012

23 Final Application deadline

The Gap Financing Application process

Organizations interested in applying for funding must complete the Pre-Application available on the OHFA Website at www.ohiohome.org. Completed Pre-Applications along with required supporting documentations should be submitted to OHFA to the attention of

PA/HDAP Manager
Ohio Housing Finance Agency
57. E Main Street
Columbus, OH 43215

Applicant may be required to provide additional documentation prior to or in advance of the meeting.

[7] Decisions will be rendered on a rolling basis

The Application is used for those applying for HDGF funds but not applying for financing through the Housing Credit Program. Projects using this application may apply for:

- Preservation
- Rental Development
- Homeownership Development

Application Process

A. Instructions

All application materials for each HDGF phase for the 2011 funding 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. Applicants must use the current Affordable Housing Funding Application (AHFA) available on the OHFA web site at www.ohiohome.org. 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 current 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 HDGF 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.

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 2011 funding 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 HDGF funding available to an organization, and limit credit allocations due to identities of interest between organizations applying.

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

Proposals will consist of the following items:

- 2011 AHFA
- Waiver requests
- Application fee
- Evidence of site control
- Zoning

- Market study (if greater than 10 units)
- 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[8]
- 2011 Enterprise Green Communities checklist
- Narrative of Competitive Review Criteria (see attachment XXX)

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. 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
- 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.

Site visits: OHFA may conduct a site visit in order to gather information that will be used to help evaluate the applications. 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.

Market Selection Criteria

Project Design & Amenities

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

a. 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.

b. Design of residential units that meet the 2011 Enterprise Green Communities Criteria.

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

c. 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.

d. 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.

e. 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.

f. 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:

a. (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.

b. 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.

c. 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.

d. 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:

a. 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.

b. 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.

c. 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.

d. 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.

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

f. 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 HDGF funds following the entire application review process.

3. 2011 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. 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. 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:

I. 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.

II. Application Fee

An application processing fee in the amount of $200 must be submitted with the application. An application will be immediately rejected if a check is returned for insufficient funds.

III. 5. Narratives

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

IV. 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 HDGF 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 funding 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.

V. 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.

OHFA recognizes that the zoning process is neither simple nor easy. OHFA reserves the right to grant waivers for zoning at the time of application if asked for in advance and the applicant can effectively demonstrate a good faith effort to secure proper zoning. Zoning must be secured by the time of award or the project will be considered ineligible.

VI. Market Assessment

A market study conducted by an OHFA-approved market study professional must be submitted with the application for projects with greater than ten (10) units. For projects with fewer than 10 units please provide the market support information as listed in this section. 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 2011 HDGF Guidelines.

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 publically funded housing projects (both operating and not yet placed-in-service) located in the PMA. Publically funded housing 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 publically funded housing projects in service and in development is located on the OHFA web site. Calculate the ratio of subsidized and publically funded housing units to income eligible renter households (penetration rate).

j. Estimate of the vacancy rates of the publically funded housing 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 publically funded housing 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 six months prior to the application deadline for HDGF funding.

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.

Market Support Information:

a) For projects with fewer than 10 units, the applicant must define the primary market area and explain how this area was determined to be the primary market area. In addition, the applicant must provide detailed data supporting the need for the proposed project. Suggestions include the following, if applicable:
   (1) For projects that are restricted to a unique population, the applicant may provide letters from supportive service agencies in the area that detail the need for the housing. The letters must include recent supporting data evidencing the need for additional housing among the targeted population.
   (2) Waiting lists maintained by the applicant for similar projects in the market area evidencing a demand for additional affordable units.
   (3) A letter from the MHA serving the area, which must include recent supporting data evidencing the need for additional housing among the targeted population. The letter must also include any support provided by the MHA (i.e. referrals or vouchers), and must be dated within six months of the HDGF application.

b) Additional Information: The applicant may provide any additional information to demonstrate a market exists for the proposed project.

VII. 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. 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 cost

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 project cost. Total soft costs equal the sum of general requirements, contractor overhead, contractor profit, architectural fees, survey costs, engineering fees, permanent loan fees, appraisal, market study, environmental report, rent-up/marketing costs, title & recording fees, non-syndication legal fees, accounting fees, developer fees & overhead, consultant fees, and organizational fees.

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

VIII. 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, additional market study requirements and a supportive service plans containing specified 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. Cost to provide these services must be demonstrated outside of the project operating / development budget.

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.

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, of heated / rentable square footage of the each 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. Homeownership Counseling (Homeownership projects only)

The applicant must identify the organization(s) that will be providing homeownership counseling services to prospective homebuyers along with documentation (brochures, etc.) from the organization(s) describing the courses provided and the qualifications of the trainers. Counseling services must be provided by a HUD-approved counseling agency.

19. Minimum Project Standards

a. In addition to meeting all new construction and rehabilitation standards required by 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. 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.

d. 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.

e. 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.

f. 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.

g. 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.

h. 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.

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

i.	SRO Units:	Exceed 250 S.F.
ii.	Efficiency Units:	Exceed 450 S.F.
iii.	1-Bedroom Units:	Exceed 650 S.F.
iv.	2-Bedroom Units:	Exceed 850 S.F.
v.	3-Bedroom Units:	Exceed 1000 S.F.
vi.	4-Bedroom Units:	Exceed 1200 S.F.

j. Single-family homes must:

i.
ii. Contain three or more bedrooms;
iii. Provide a two-car garage, or provide a one-car garage and a full basement;
iv. Include washer/dryer hook-ups;
v. Include garbage disposals;
vi. 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), (f), (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 final award announcements are issued. OHFA will evaluate each project on a case-by-case basis and staff decisions will be final.

The criteria for the full application are as follows:

IX. 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.

X. 2. Public Notification[10]

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

XI. 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) 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 HDGF 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.

[10] 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.

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 HDGF award.

XII. Utility Allowance Information

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

XIII. 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.

XIV. 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.

XV. Ohio Housing Locator

The owner and/or property manager of all HDGF 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.

XVI. 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.

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 Design 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 standards is required. 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 any HDGF Grants.

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

e. Conducted during 2010within six (6) months of submission of the full application, although OHFA will consider earlier reports on a case-by-case basis. An appraisal submitted with the original application that meets all other requirements will be accepted.

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.

Public Notification Requirements

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.

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.

Anticipated Funding Levels

Per project funding limits are detailed under the appropriate section of these guidelines.

1) Final HDGF funding levels are subject to:
a) appropriation of funds to OHTF by the State Legislature;
b) allocation by the OHTF Advisory Committee;
c) receipt of funds; and
d) finalization and HUD approval of the State's Consolidated Plan.

2) OHFA will establish two funding pools as follows:
a) Projects located in Participating Jurisdiction (PJ) areas: 50% of the funds available
b) Projects not located in PJ areas: 50% of the funds available

OHFA reserves the right to award funds first to meet required set-asides.

OHFA may elect to limit the number of applications accepted by county. Applicants are strongly encouraged to regularly review the status of funding information posted to the website.

Rental and Preservation Projects

Rental development provides funding for those seeking to create 25 or fewer new affordable rental units where none existed before. This may involve new construction, adaptive reuse, or rehabilitation of vacant building(s). This includes traditional multifamily rental projects, transitional housing, and Single-Room Occupancy.

Transitional housing is eligible for HDGF funding if the applicant provides supportive services, the services are appropriate to the population being served, and the applicant designates a maximum occupancy period for residents prior to leasing units in the project. The minimum occupancy period for transitional housing is six months.

Applicants proposing to submit a project previously funded under the lease-purchase housing credit program must contact OHFA in advance to discuss the proposal.

Single-Room Occupancy (SRO) housing is eligible for funding if it meets the following definition:

For projects consisting of new construction, conversion of non-residential space, or facilities, units should have either a bathroom or kitchen area or both. If the units only have one of these, then the owner must provide adequate shared facilities for the other within the building for residents.

For the acquisition and rehabilitation of an existing residential structure or hotel, neither food nor sanitary facilities are required to be added in the unit but should be retained if they currently exist. If the units do not contain sanitary facilities, the building must contain sanitary facilities that are shared by residents. (CFR 882.802.3)

Funding Limits

HDGF will provide funding up to the lesser of the per project limits or 50% of the total project costs.

- OHFA may subsidize more than 50% of the total development costs for projects located in rural/non PJ areas or projects that only serve targeted population. However, the request may not exceed the established per-project limits. This would be considered a waiver of the guidelines and must be approved by OHFA prior to the submission of the application.

Per Project Limits

- $450,000 per project located in a HUD Participating Jurisdiction (PJ area).
- $700,000 per project located in a Non-Participating Jurisdiction (non-PJ area).

A list of Ohio's Participating Jurisdictions is available on HUD's website (see Useful Websites in these Guidelines).

Eligible Preservation Projects

Project preservation is designed to assist projects containing 25 units or fewer that are currently affordable with existing rental subsidy. Applicants must be able to evidence the need for rehabilitation to address health and safety violations or to other major deficiencies (such as the replacement of roofs, mechanicals, plumbing, electrical systems, or other items posing health and safety risks to the residents) and that existing reserves are unable to meet the needs of the project. Applicants proposing to submit a project previously funded under the lease-purchase housing credit program must contact OHFA in advance to discuss the proposal.

Applications must include a capital needs assessment (CNA) provided by a qualified, independent third-party organization. The scope of work provided for the project must address the needs identified in the CNA.

Funding Limits

HDGF will provide funding up to the lesser of the per project limits or 50% of total project costs.

- OHFA may subsidize more than 50% of the total development costs for projects located in rural/non PJ areas or projects that only serve a targeted population. However, the request may not exceed the established per-project limits. This would be considered a waiver of the guidelines and the waiver request must be submitted with the initial proposal and approved by OHFA prior to the submission of the application.

Per Project Limits

- $500,000 per project regardless of location

Funding Limits

HDGF will provide funding up to the lesser of the per project limits or 50% of total project costs.

- OHFA may subsidize more than 50% of the total development costs for projects that provide Permanent Supportive Housing. However, the funding request may not exceed the established per-project limits. This would be considered a waiver of the guidelines and must be submitted with the initial proposal and approved by OHFA prior to the submission of the application.

Per Project Limits

- Up to $750,000 per project that qualifies as Permanent Supportive Housing, based on the availability of funds.

Financing Terms – All Rental Projects

Applicants that appropriately evidence status as a non-profit can request either a grant or loan from HDGF. However, OHFA reserves the right to award either a loan or a grant based on the financial underwrite of the project.

<u>Loans</u>:

1) 2% interest rate;
2) Loan will mature at the end of the affordability period, which is defined as the minimum term required in 24 CFR Part 92 plus an extended affordability period imposed by OHFA
3) The total term will be up to 30 years unless the applicant requests and can justify the need for an extended term.
4) Collateral will be a subordinate mortgage position. OHFA prefers a second or shared second position. If a lower position is necessary, the applicant should indicate so in the application along with an explanation and supporting documentation.

Payments will be based on: Gross Cash Receipts to the property minus:

a. Debt service (Principal and Interest) on loans with a superior mortgage position (excluding General Partner and/or partner/partnership notes/mortgages);

b. Replenishment of the Operating Reserve Account up to the maximum of its original established amount through year 10. Replenishment of the Operating Reserve Account is not precluded after year 10, but will be subordinate to the soft loan repayment to OHFA;

c. Payments of any Deferred Developer fee through year 10 after any required obligations to the Operating Reserve Account are met. A payment to the Deferred Developer fee is not precluded after year 10, but will be subordinate to the soft loan repayment to OHFA;

d. Any required payments deposited to in the established Partnership Replacement Reserve accounts;

e. Payments / Accruals for reasonable and customary Project Operating Expenses as documented in the annual financial statements but excluding the following:

   i. Depreciation,
   ii. Amortization,
   iii. Interest on Soft Debt,
   iv. Syndicator Asset Management Fees,
   v. Incentive Fees of any kind, including Management Incentive Fees and Partnership Incentive Fees,

A payment for the excluded expenses is not precluded after year 10, but will be subordinate to the soft loan repayment to OHFA.

"Gross Cash Receipts" means all cash received in any fiscal year from the operations of the Partnership including all government subsidies received by the Partnership, construction contingency, but excluding Capital Contributions, loan proceeds, repayment of rent, security deposits, insurance proceeds, condemnation awards, proceeds from Net Cash from Sales and Refinancing, and any other funds not generated from current Project Operating Expenses. The Partnership definition of "Net Cash from Sales and Refinancing" (or other applicable related term or activity) must be provided to OHFA for review and approval.

5) Loan interest will accrue and repayment obligations will start following the project close-out conducted by OHFA staff.
6) Loans will be made to the HDGF Recipient as the project's general partner, managing member or equivalent. The HDGF Recipient may loan the HDGF funds to the project. If the project has more than one general partner/managing member (or equivalent), OHFA reserves the right to determine which will be the HDGF Recipient.

NOTE: The loan term and affordability period does not begin until the project is complete and eligible tenants occupy the assisted units.

If the property is sold prior to loan maturity, OHFA may require that all, or a portion of the outstanding principal and accrued interest shall become due and payable.

OHFA reserves the right to allow for the forgiveness of all or a portion of the outstanding debt if, at the end of the affordability period, determination has been made that the property has been maintained as a safe, decent, and sanitary affordable housing project (as defined by the Uniform Physical Conditions Standards or current standards used in the OHFA Program Compliance Office) throughout the term.

Eligibility for Grant Funding

1) To be eligible for a grant, the following criteria must be met:
   i) A grant has been requested by the HDGF recipient;
   ii) The controlling general partner, managing member or equivalent (HDGF recipient) is a 501(c)(3) or 501(c)(4) non-profit (a 25% owner fitting this description will not qualify for a grant);
   iii) At least 20% of the units in the project will be affordable to and occupied by households earning at or below 35% of the AMGI; and
   iv) The HDGF Recipient agrees not to loan the HDGF funds to the project.
2) The HDGF award will be considered a loan during the construction phase of the project and OHFA will take a subordinate mortgage position on the land/buildings.

OHFA reserves the right to award either a loan or a grant based on the financial analysis of the project.

Project accessibility requirements

Section 504 Accessibility Compliance

HDGF financing requires that all rental projects comply with HUD's Section 504 Accessibility Guidelines. For both New Construction and Rehab projects, 5% of the units must be accessible to individuals with mobility impairments and an additional 2% must be accessible to individuals with sensory impairments. The projects must have a minimum of one mobility unit and one sensory unit. Compliance with the Uniform Federal Accessibility Standards (UFAS) is an acceptable means of meeting the technical accessibility requirements of the Section 504 regulations.

Example: 22 unit project

Mobility impairment requirement - 5% = 1.1 units, so round up to 2 units.
Sensory impairment requirement - 2% = .44 units, so round up to 1 unit.

OHFA recognizes that for some Rehab projects, the costs associated with 504 Accessibility requirements may be overly burdensome due to existing design constraints. OHFA may consider a waiver of some of the accessible design features if the applicant can demonstrate that such modifications would be financially unreasonable. No waivers will be granted for new construction projects.

Affordability Restrictions – Rent Structure

HDGF financing requires that the following rent and occupancy restrictions are reflected in the application and are complied with throughout the entire affordability period.

1) Restricted Units:
    i) The HDGF application must be for the number of restricted units in the project. For projects located in PJ areas, 40% of the project's affordable units must be occupied by and affordable to households at or below 50% AMI. For projects located in Non-PJ areas, 35% of the project's affordable units must be occupied by and affordable to households at or below 50% AMI.
    ii) If the percentage of HDGF used to finance the project exceeds 40% in a PJ or 35% in a non-PJ, the set-aside of restricted units must equal or exceed the percentage of HDGF funding in the project.

2) Assisted Units:
    i) See "Calculating Restricted and Assisted Units" for more detail on this topic.

Exception to Rent Restrictions (50% rents and High and Low HOME Rents)

Projects that have project-based rental assistance with units that are occupied by families below 50% of the AMGI and pay no more than 30% of their adjusted income toward rent are exempted from the rent restrictions associated with High and Low HOME Rents and Restricted Units at 50% AMI. Project-based rent assisted units can charge up to the contract rent prescribed by their project-based rental assistance contract. However, these projects must still comply with the occupancy requirements that accompany the restricted and assisted units in (1) and (2) above. Should the project-based assistance contract be discontinued, the project will then be required to comply with the restricted rent (50% AMI) and High and Low HOME Rent requirements.

NOTE: The project must receive rental assistance on at least 50% of the units in the project or more than the required number of HDGF Assisted and Restricted units, whichever is greater.

Owner Staying in-Place

For projects that do not change ownership ownership, the project must demonstrate a need for rehabilitation to address health and safety violations (as defined by the Uniform Physical Conditions Standards or current standards used in the OHFA Management Compliance department) and other major deficiencies. The project must also evidence that operating expenses and replacement reserves are not sufficient to complete the proposed scope of work. Eligible replacement items are roofs, mechanical equipment, plumbing, electrical systems and items that pose health and safety hazards to the occupants.

Affordability Period

OHFA divides rental projects into two phases: construction and long-term affordability. During the construction period, no interest is being accrued nor are any payments due on the HDGF award. The affordability period does not begin until income-eligible applicants occupy all assisted units.

Underwriting Criteria – All Rental/Preservation Projects

1) The number of units in the project must remain constant from date of application to the date the project is occupied. If the number of units is reduced, the owner must notify OHFA immediately. OHFA reserves the right to reduce the amount of the HDGF funding award accordingly.
    a. Owners may appeal this reduction. In order to appeal, owners must demonstrate all of the following within the two weeks of notification of the reduction:
    b. The reason(s) for the loss of units and/or square footage must have been beyond the control of, and could not have been reasonably foreseen, by the owner. Evidence from a third party (i.e. city, planning commission, etc.) must be provided.
    c. The reason(s) that costs did not decrease must have been beyond the control of the owner. Detailed letters from the contractor and/or construction lender, etc., describing the costs of the project, must be submitted. It must be certified by the owner that the developer could not have anticipated any of the cost overruns. Simply underestimating costs is not sufficient. Specific unanticipated circumstances must have occurred.
    d. The developer fee has not yet been paid, and will agree to defer a portion of their developer fee proportionate to the number of units lost for a period of ten years.
    e. The owner must provide letters from ALL permanent financing sources (banks, cities, equity providers, etc.) stating that no additional funds are available.
    f. All appeals will be considered on a case-by-case basis. OHFA has complete discretion in its decisions.
2) The project's total sources must always equal the total project cost. If the sources exceed the costs, OHFA will reduce the HDGF funds.
3) The Net Operating Income (NOI) is calculated according to OHFA standards, and is then compared to the annual debt service payments to ensure positive and adequate debt service coverage.
4) For projects that maintain hard debt, the hard Debt Coverage Ratio (DCR) must be above 1.2. Owners of projects with a hard DCR lower than 1.2 must provide a written explanation from their lender(s) describing the reasons for their willingness to accept a low DCR. OHFA has the discretion to waive this requirement based on documentation provided by the owner.
5) The overall DCR (for all debt sources) may be no higher than 1.30. If the DCR is too high, a new loan amount will be calculated to reflect a lower DCR. The characteristics of the new loan will be rate = prime + 3 (published in the Wall Street Journal) and a term/amortization period = 25 years. The new loan will be added to the project's permanent sources. The new loan amount is an artificial gap created by OHFA. If the gap exceeds 10% of total project costs, OHFA will require that the owner obtain additional financing to cover the gap.

6) Projects must maintain a positive cash flow for the full term of the HDGF award in OHFA's analysis or provide to OHFA a written explanation describing the strategies to overcome any shortfalls. OHFA reserves the right not to award HDGF to projects it believes are financially infeasible.

7) The project's annual operating expenses per unit (including replacement reserves, but excluding management fees, owner-paid utility costs, annual bond fees, and property taxes), may not exceed $2,650 for non-elevator buildings, and $3,150 for elevator buildings. If there are projects that require higher operating expenses, the HDGF applicant must provide a justification for the higher expense level.

8) OHFA has adopted maximum and minimum annual replacement reserve standards, as follows:

Project Type	Minimum per unit	Maximum per unit
New Construction/Senior Housing	$250 per unit	$350 per unit
Acquisition/Rehab	$300 per unit	$400 per unit

9) Operating Reserves: Applicants must include an operating reserve as part of the total project cost. The operating reserve must equal at least four months of operating expenses and hard debt payments. The maximum operating reserve allowable must be equal to or less than twelve months of operating expenses and hard debt payments. Applicants who believe a reserve is unnecessary for their project may, upon clear demonstration to OHFA, request a waiver.

10) For Rural Development and FHA-financed projects, OHFA will use the reserve limits prescribed by those agencies. Applicants will be required to provide documentation from RD or FHA indicating:
   a. What the reserve requirements are, and
   b. that RD or FHA will not allow the project to use OHFA's reserve requirements. Exceptions may be made for projects with special circumstances. Owners must provide persuasive evidence in order to secure a waiver of these standards.

11) As shown in the rental pro forma, OHFA will assume an annual income increase of 2% and an annual expense increase of 3%. OHFA will use the vacancy rate listed in the application. For projects that are required, or choose, to submit an independent market study, the vacancy rate must be consistent with the project's market study unless the owner has supplied adequate supporting information. For projects not submitting a market study, the vacancy and loss percentage must fall between 5% and 7%.

12) OHFA may allow exceptions to the vacancy rate for Permanent Supportive Housing and Preservation projects that provide sufficient documentation to support a lower vacancy rate.

13) Projects will be required to support the utility allowances in the Gap Financing Application by providing documentation noted in the Minimum Requirements section of these guidelines.

14) HDGF funding requests cannot exceed the per project limits set for each of the types of HDGF projects.

15) Maximum Fees:
   a. Soft Cost Percentage: The project's total eligible soft costs may not exceed 35% of the project's total development costs.
   b. Developer/Development Consultant Fee: Applications must evidence reasonable developer and consultant fees not to exceed 10% of the total development costs. If the applicant can evidence use of Ohio-based materials and labor (as described in the General Information), up to 15% developer/consultant fee will be allowed.
   c. Contractor Profit, Overhead, and General Requirements: Contractor profit, overhead, and general requirements may not exceed 14% of total development costs.

Review

OHFA will evaluate the applicant's ability to move forward based on the level of commitment and/or conditions placed on the funding commitments and the status of the design process identified in the Qualified Cost Estimate.

Subsequent Documentation

Environmental Review Documentation
Projects funded with State Trust Funds:
These projects will be subject to the Mini Phase I (MPI) review. The documentation required is detailed in the Mini Phase I Scope of Work/Questionnaire found in the Attachments. This information may be sent directly to the environmental review working with OHFA.

Projects funded with Federal HOME funds:

- These projects will be subject to a full environmental review conducted by a firm under contract with OHFA. The applicant will be required to provide this firm with a complete copy of the HDGF Application, and any other documentation deemed necessary by that firm.

Homeownership Development

NOTE: Applicants seeking to submit a proposed homeownership development must receive approval from the HDGF Program Manager 60 days prior to submission.

Eligible Projects

HDGF funds can be used to fund single-family residential projects.

Modular homes are eligible; however, manufactured homes are not eligible under the HDGF Program.
Modular homes: built in sections at a factory, and are built to conform to all state, local or regional codes at their destination. Sections are transported to the building site on truck beds, then joined together by local contractors. A well-built modular home should have the same longetivity as a "stick built" home, increasing in value over time.
Manufactured homes: formerly referred to as mobile homes, though they offer many more options than in the past. They are built on non-removable steel chassis. Segments are not always placed on a permanent foundation. These homes sometimes decrease in value over time.

Ineligible Projects

HDGF Resources for homeownership may not be utilized to allow for the acquisition of multiple units including duplexes, triplexes, etc. Multiple unit types of structures are to be funded within the rental development component of this program. Townhome-style homeownership or condominium projects will be considered on a case-by-case basis.

The property cannot be transferred to the low/moderate-income buyer with any in-force ground leases or land contracts on the property.

1) **Exception:** Community Land Trusts (CLT) will be eligible to participate in HDGF and transfer property with in-force ground leases providing the following conditions are met:

a) OHFA legal staff reviews all closing documents homebuyers may be required to sign. OHFA reserves the right to review the documents and either approves them to be used for all homebuyers, or to review them on a case-by-case basis.

b) The CLT must document their policies for homebuyers who wish to sell their homes, which must include: How the sales price is calculated; the CLT's role in finding an income-qualified homebuyer; and what happens if an income-qualified homebuyer is not found.

c) OHFA reserves the right to determine whether or not a leasehold fee may be assessed to homebuyers. The HDGF recipient will not assess unreasonable leasehold fees above fair market or use value of the land at resale if a non-income qualifying homebuyer is being considered.

d) The CLT must evidence that homebuyers have the opportunity to build wealth through the program.

e) The CLT must outline provisions for homebuyers if the CLT ceases to exist, specifically, what happens to the ownership of the land.

f) Any homeowner receiving subsidy under HDGF may sell the improvements and assign the lease to any interested party if there are no income qualified homebuyers available six months after a 60-day land trust purchase option has expired. If no purchase option exists, the homebuyer may assign the lease to any interested party if there are no income qualified homebuyers available six months after the homebuyer has notified the land trust of their intent to sell. Any sale is subject to the recapture or resale as defined by HOME regulations. However, the option of resale or recapture must be selected before the assistance is provided to the homebuyer.

Funding Limits

HDGF will fund the lesser of the per project limits or 50% of the total project costs.

OHFA may subsidize more than 50% of the total development costs for projects located in rural/non PJ areas or projects that only serve a targeted population. However, the request may not exceed the established per-project limits. This would be considered a waiver of the guidelines and must be submitted with the project proposal.

Per Project Limits

- Up to $450,000 per project in HUD Participating Jurisdictions (PJs).
- Up to 550,000 per project in HUD Non-Participating Jurisdictions (Non PJs).

A list of Ohio's Participating Jurisdictions is available on HUD's website (see Useful Websites in these Guidelines).

Project Design Requirements

Project Information

A. Subdivision Requirements: For subdivisions, at a minimum § 711.041, 711.05, 711.09, and 711.10 of the Ohio Revised Code (ORC) apply. All other relevant sections are also applicable. The project cannot use HDGF funds for on-site improvements that will be dedicated to the local government (i.e. streets, curbs, gutters, street lighting, anything that would eventually become the ownership and responsibility of the local government instead of the buyer).

B. Project Size: Projects must have a minimum of four units. OHFA reserves the right to limit the number of homes an applicant may develop based on the review of the application.

C. Marketing: The applicant must identify the major provider of services for disabled persons in their community and conduct marketing and outreach in an effort to attract qualified homebuyers that need accessible features.

Homebuyer Information

NOTE: Homebuyers who currently own property are not eligible. Homebuyers with significant assets must demonstrate the need for the HDGF subsidy.

1) Affordability Restrictions:
   a) All units within a homeownership project receiving HDGF are considered to be Assisted Units and must be both affordable to and occupied by households at or below 80% of the AMGI. The developer must demonstrate that the homes will be immediately sold to qualified homebuyers. Applicants proposing to provide lease-purchase opportunities must request a waiver of the program guidelines.

2) First Mortgages:
   a) The homebuyer's first mortgage must be at an amount not to exceed a 95% loan to value ratio.
   b) Combined Loan-to-Value (CLTV) cannot exceed 100% of the Fair Market Value of the property.
   c) Homebuyers must hold Fee Simple Title to the property.
   d) Homebuyers wishing to use the OHFA First-Time Homebuyer Program must use an OHFA-approved Participating Lender.
   e) The homebuyer's mortgage must also be at commercially reasonable terms and rates.
      (1) If the proposed commercial mortgage has a rate greater than 200 basis points higher than the current OHFA Mortgage Revenue Bond program (the unassisted rate), OHFA will deem the mortgage commercially unreasonable.
   f) Homebuyers commitment letter must:
      (1) Provide the loan amount;
      (2) Detail any prepayment penalties;
      (3) Disclose the rate, term and amortization of the loan.
      (4) Signed by the lender.
   g) Applicants may not use any broker or loan officer listed on the Department of Commerce's website established for public disclosure of violations (SB 185).
   h) Adjustable Rate Mortgages (ARMs) will not be considered.

3) The HDGF Recipient should contact OHFA should an income-qualified homebuyer demonstrate that a first mortgage is not necessary.

4) Fees: OHFA will place a cap on fees that may be charged a homebuyer (whether paid by the borrower or seller). Lenders may not charge more than $500 in miscellaneous non-third party fees (including, but no limited to, underwriting fee, processing fee, commitment fee, etc., but excluding fees assessed by OHFA if the homebuyer is using OHFA's first-time homebuyer Program). OHFA will require a copy of a Good Faith Estimate or a draft HUD 1 Settlement Statement when approving a homebuyer. A final, signed copy of the HUD 1 Settlement Statement must be provided after closing.

5) Taxes and Insurance: The HDGF recipient must ensure that the homebuyer will be required by the mortgage lender to escrow for both taxes and homeowner's insurance.

6) Fair Market Value Maximum: The fair market value of each unit, post-rehabilitation/post-construction, cannot exceed the FHA 203(b) limits.

7) Purchase Price: The purchase price of the homeownership unit should be equal to but must not exceed the appraised fair market value (FMV) of the property. The applicant will be required to submit as-is and after rehabilitation/construction appraisals.

8) Closing Costs: Applicants must provide an estimate of the anticipated closing costs and must detail who will be responsible for these costs.

9) Household Income: One hundred percent of the homeownership units assisted with HDGF resources must be both affordable to and occupied by households whose income is at or below 80% of the area median income for the county where the home is located, as established by HUD. Income

verifications cannot be more than six months old at the time of the buyer's purchase and must reflect the households anticipated income for the next 12 months. HDGF resources may not be used to assist households with incomes greater than 80% AMI.

i) Income verifications are valid for six months. After that, the homebuyer's income must be evaluated again, and all supporting documentation must be updated.

10) <u>Housing Payment</u>: The housing payment is defined as principal, interest, taxes, insurance, and utilities (homeowner's association fees are also included). The housing payment will be evaluated as follows:

a) The homebuyer's total monthly housing payment at the time of purchase must be between 25% and 35% of the gross median household income of the target population assuming one person per bedroom.

b) If the total housing payment is around 25% of the buyer's gross median household income, OHFA may require documentation from the HDGF-Recipient evidencing the need for affordability subsidy.

c) For households earning below 50% of the area median income, the total housing payment must be between 20% and 25% of the buyer's median household income.

d) At the time that the buyer purchases the unit, the developer must adjust the level of HDGF affordability assistance required to meet the homebuyer's actual needs and must return any unused HDGF subsidy to OHFA or create additional affordable homeownership units, with prior approval from OHFA.

e) Buyers Contribution: Each participating homebuyer must contribute a minimum of $500 of his or her own funds to the down payment. The $500 buyer's contribution can be met with:
   (1) Family gifts and/or
   (2) Use of an Individual Development Account program.

f) This contribution must be used for down payment. The applicant must identify, at application, how closing costs will be covered.

11) <u>Homebuyer Counseling</u>: A minimum of 8 hours of homebuyer counseling must be provided for each household by a HUD-Approved Counseling Agency (or other certification approved by OHFA) prior to purchasing a unit in the proposed development.

a) The homebuyer counseling curriculum must include the following topics:
   (1) The homebuyer decision. This element should include:
      (i) Analyzing initial and long-term affordability;
      (ii) Finding the "right" house;
   (b) Identifying the players;
   (c) Making the offer;
   (d) Signing the contract;
   (e) Shopping for the financing; and
   (f) Arranging for insurance.

ii) Budgeting and credit management. This element should include:
   (a) Establishing a savings plan and setting goals;
   (b) Creating and managing a budget;
   (c) Understanding credit;
   (d) Predatory lending,
   (e) Building and maintaining a credit record; and
   (f) Understanding the consequences of default and the pros and cons of refinancing.

iii) The mortgage loan closing process. This element should include:
   (a) Understanding the pre-closing requirements;
   (b) Understanding the loan closing documents; and
   (c) Understanding the closing process.

iv) Homebuyer education must contain a Fair Housing component that includes:
   (a) Information related to potential discriminatory actions related to lending practices;
   (b) Insurance; and
   (c) Real estate practices.

v) Home maintenance and repair. This element should include:
   (a) Developing a maintenance plan,
   (b) Identifying problems and performing basic preventative maintenance;
   (c) Understanding basic repair safety precautions; and
   (d) Hiring and dealing with a contractor.

b) Applicants must demonstrate that a potential homebuyer has completed homebuyer counseling as noted above before they purchase the home. OHFA will not release its mortgage and/or approve a buyer until the applicant provides documentation from the organization providing the counseling for each homebuyer. Documentation from this organization must demonstrate that (1) the potential homebuyer has successfully completed the course and (2) the course has covered the areas previously noted.

c) An experienced provider must provide homebuyer counseling. OHFA reserves the right to request information about the organization(s) or individual(s) that will be providing homebuyer counseling.

A list of HUD-Approved Counseling Agencies is available on HUD's website (see Useful Websites in these Guidelines).

Financing Terms

HDGF funds may be used as development subsidy and/or affordability subsidy.

1) <u>Development Subsidy</u>
   i) A development gap is defined as the difference between the cost to build and the fair market value (aka sale price). Funds used as development subsidy are considered a loan, but will be forgiven if the project is completed as described in the application.
   ii) Development subsidy should not exceed 50% of the pro-rated HDAP award or $20,000 per unit, whichever is less. Exceptions to this will be reviewed on a case-by-case basis when the applicant can demonstrate (1) that permanent financing is available at a below market rate (for example through the USDA) so that additional affordability subsidy is not necessary; and (2) the applicant must demonstrate the need for the additional development subsidy. Applicants using HDGF funds as development subsidy only must agree to either place a deed restriction or allow OHFA to place a restrictive covenant on the home for up to 15 years, depending on the amount of development subsidy used on the home.

2) <u>Affordability Subsidy</u>
   i) Affordability subsidy should not exceed 30% of the sale price (aka fair market/appraised value). Exceptions to this will be reviewed on a case-by-case basis. HDGF funds used as affordability subsidy will be provided to the buyer in the form of a fully forgivable loan. Collateral will be a subordinate second mortgage on each home sold. OHFA will allow a shared subordinate second position with any other government entity providing funding. HDGF funds used towards affordability subsidy are subject to recapture.
   ii) The HDGF assistance is passed on to the homebuyer as a non-interest-bearing loan. Recaptured funds are to be returned to OHFA via the fund recipient (applicant). Therefore, the applicant must require the homebuyer to notify the organization of the intention to sell the property and the recipient must make a determination of whether funds must be recaptured and returned to OHFA.

<u>NOTE</u>: OHFA loans the HDGF funds to the recipient. The recipient, in turn, executes a Note and a Mortgage with the homebuyer for any affordability subsidy, which does make the recipient the lender. Though both the Note and Mortgage are assigned back to OHFA, HUD may require that organizations become a HUD-Approved Lender for subordinate financing on FHA-Insured Loans. Recipients are encouraged to consult with area lenders before submitting an HDGF application. Information on becoming a HUD-Approved Lender can be found on their website at:
http://www.hud.gov/offices/hsg/sfh/np/np_prog.cfm

Underwriting Requirements

Minimum Requirements:

1) HDGF funds may be used to provide assistance to families between 50% and 80% of the AMGI. Applicants seeking to serve a population lower than 50% AMGI may be required to provide additional information to demonstrate adequate financial resources to support this population.
2) The project budget can include up to $500 per unit (which will not be counted as part of the developer's fee percentage) payable to an HUD-approved housing counseling provider at the closing on each HDGF-assisted homebuyer unit. However, these counseling costs must be paid from sources other than HDGF.
3) Projects will be required to support the utility allowances in the Gap Financing Application by providing documentation noted in the Minimum Requirements section of these guidelines.
4) HDGF funding requests cannot exceed the per project limits set for each of the types of HDGF projects.
5) Applicants must complete the Single-Family Housing Development Cash Flow Statement to demonstrate the flow of construction and cash from the beginning of construction to the sale of the last home in the project.

Maximum Fees:

1) Soft Cost Percentage: The project's total eligible soft costs may not exceed 35% of the project's total development costs.
2) Developer/Development Consultant Fee: Applications must evidence reasonable developer/consultant fees not to exceed 10% of the total development costs. If the applicant can evidence use of Ohio-based materials and labor (as described in the General Information section) up to 15% developer/development consultant fee will be allowed.
3) Contractor Profit, Overhead, and General Requirements: Contractor profit, overhead, and general requirements may not exceed 14% of total development costs.

4) Real Estate Broker Fees: Standard real estate broker fees will be considered an eligible development budget expense. OHFA will require supporting documentation from the applicant to support the expense, especially where the applicant serves as the developer and sales agent and collects fees for both services.

Post approval Fees and Closing Procedures:

OHFA reserves the right to assess fees for the following:

- Amendments to a funding agreement: $ 500 per request
- Extensions of a funding agreement: $ 500 per extension
- Reinstatement of a funding agreement: $ 1,000

OHFA has instituted the following procedures for closing on the award of funds through the HDGF (HDGF):

1) The HDGF Recipient must print the HDGF Closing Checklist from the OHFA Website at: http://www.ohiohome.org/hdap/closingchecklist.doc
2) The HDGF Recipient must forward a complete closing packet to:

Ohio Housing Finance Agency
Legal Department
57 E. Main Street
Columbus, Ohio 43215

3) The HDGF Closing Packet must include the following, in order:
    i) Completed Checklist,
    ii) Formal letter requesting the closing of the HDGF Award, and
    iii) All other documents required in the checklist in the order they appear on the checklist, including special conditions listed below (tabbed sections would be helpful).
    iv) Special Conditions: Documentation to satisfy any special conditions noted in the Attachment A of the funding agreement.

SUBSEQUENT CHANGES

The HDGF-Recipient is required to notify OHFA immediately and request approval of any changes that occur in the project at any time during construction or during the affordability period. Such changes include, but are not limited to, changes in the development team (developer, general contractor, sales agent/management entity, etc.); changes in the number of units or unit mix; changes to the target population, etc.

The request should be sent to the OHFA analyst assigned to the project at:

Ohio Housing Finance Agency
57 East Main St.
Columbus, OH 43215

The request may also be sent through email as a PDF document.

PROJECT ADMINISTRATION

Introduction

The Project Administration office works with HDGF recipients from underwriting through the completion of the project.

When funding awards are announced, the analyst assigned to the project will provide recipients with a copy of the Project Administration Manual and will continue to work with the project throughout the construction and HDGF close-out process. This Manual is available by download from the OHFA web site.

Required Timeframe

Construction must begin on the project within 12 months of the date the HDGF funding agreement is signed. If acquisition of land/buildings is proposed, acquisition must occur within 12 months of the date the HDGF funding agreement is signed.

Commencement Date: defined in the first paragraph of the agreement, the date the agreement is signed by the Ohio Housing Finance Agency.

Construction Commencement Deadline: No later than 12 months from the Commencement Date.

Final Site/Lot Approval Date (Homeownership Scattered Site): November 1, 2011

Project/Construction Completion Deadline: September 1, 2012

Final Draw Deadline: October 31, 2012

Final Performance Report Deadline: December 21, 2012

Drawing on the HDGF award

1) Rental Development:
   i) OHFA will retain up to 10% of the HDGF award until the project is complete and the final performance report has been approved. The recipient may be required to use its developer fee to fund the final construction costs until OHFA closes the project and releases the funds. In addition, any additional HDGF funds awarded to incentivize recipients to use Ohio-based products or labor will not be disbursed until the project is complete and the recipient has provided evidence that the criteria in the guidelines have been met.
   ii) If HDGF funds are used for developer fee, it must drawn proportionate to the amount of constructions completed (e.g. 50% of the project is complete – 50% of the developer fee may be drawn). OHFA may place further restrictions on how funds be drawn based on the experience of the applicant.

2) Homeownership Development:
   i) OHFA will retain up to 10% of the HDGF award until the project is complete and the final performance report has been approved. The recipient may be required to use its developer fee to fund the final construction costs until OHFA closes the project and releases the funds. In addition, any additional HDGF funds awarded to incentivize recipients to use Ohio-based products or labor will not be disbursed until the project is complete and the recipient has provided evidence that the criteria in the guidelines have been met.

   ii) Recipients may draw a pro-rated amount of the HDGF sufficient to construct the first two homes in a project. OHFA will allow one home to be maintained as a model to show to potential homebuyers. However, before any additional funds may be drawn, the applicant must evidence a qualified homebuyer for the second home originally built in addition to another home. From this point on, the applicant may not draw without evidencing a qualified homebuyer. The draw request for the final home must include two qualified homebuyers: one for the final home being constructed and one for the model home.

   iii) The applicant must submit the following to evidence a qualified homebuyer:
      (1) OHFA homebuyer workbook with evidence of income,
      (2) A purchase agreement with the homebuyer,
      (3) A commitment letter from an eligible lender detailing the anticipated mortgage loan amount, the rate, term, amortizations and any prepayment penalties of the mortgage.
      (4) Evidence that the homebuyer has successfully completed homeownership counseling. Applicant should include a course description from the counseling service to verify that all of topics required by OHFA have been covered.

LONG-TERM COMPLIANCE REQUIREMENTS

The Ohio Housing Finance Agency (OHFA) requires that recipients commit to rent and income occupancy and affordability restrictions on rental and homeownership units funded in part by the HDAP as a condition of the award of funds. OHFA imposes the binding commitments to ensure that the HDAP Recipient meets the intent of state and federal program laws and regulations with respect to serving low-income households. HUD mandates that OHFA report information annually regarding the use of state and federal funds awarded for permanent and transitional housing. The Ohio Department of Development (ODOD) has created the Consolidated Plan Annual Performance Report to relay information to HUD on all of the ODOD housing programs.

The HDAP Recipient will gather data using the HDAP Resident Data tab in the Owner's Report section of the OHFA Compliance Tool or the Gap Financing Resident Data Report. The completed report and Gap Financing (HDAP/HOME/OHTF) Owner/Sponsor Certification will provide general project information (i.e. current gross rent/utility allowances, any change in ownership), characteristic information for each new household that has moved into the project or purchased a home during the report period, and documentation verifying compliance with Fair Housing, Civil Rights, EEO and the Affirmative Marketing Strategy.

The Compliance Tool is available by download from the OHFA web site. The reporting period is the previous January 1st to December 31st. The completed HDAP Owner's Report and Certification is generally due on March 1st of each year. Failure to submit the required reports may make a recipient ineligible to receive future HDAP funding and result in a Hold on Funds being placed on all existing awards until the recipient complies with the reporting requirements.

OHFA will conduct on-site evaluations periodically to verify the information submitted using the Compliance Tool and ensure compliance with the occupancy and affordability restrictions as agreed upon.

The following are some of the requirements that OHFA monitoring staff will be reviewing for compliance, in addition to others outlined in the OHFA Compliance Handbook:

Definition of Income:

- Owners and managers must use the Section 8 definition of income for HDAP-assisted units.

Income Verifications:

- The verification of income must be completed no more than 120 days prior to the resident's occupancy of the HDAP-assisted unit. Income must be projected forward, including any anticipated raises, overtime, bonuses, etc. over the coming year (not over the prior year).

Reporting:

- Owners and managers must report on occupancy and affordability to OHFA on an annual basis using the OHFA required report formats. For homeownership projects, once the units are sold and the participant buyer's income verified, the applicant must annually report any change in ownership/occupancy of the units only.

Fixed/Floating Units:

- OHFA assumes all assisted units will be floating. Designating the assisted units as floating offers the owner/manager flexibility in managing the project. Developers can request to designate assisted units as fixed units within the project .

Re-certifications for Rental Projects:

- A full re-certification (including third-party verification of income and assets) must be completed at move in and every six years thereafter, for each resident household. However in interim years, the owner can use a tenant income certification based on a self-declaration of income and assets.

Tenant Selection Process:

- All owners and managers must have a written tenant selection process that is in compliance with all applicable Fair Housing/Affirmative Marketing regulations. OHFA staff may monitor the applicant to ensure that there is a written process, that the process complies with Fair Housing/Affirmative Marketing, and that the process is being followed by the management agent/sales agent.

Section 8 and Assisted Units (Housing Credit Gap/Tax-Exempt Bond Gap/Rental/Lease-Purchase during the lease period and Preservation):

- HDAP-assisted units within the project cannot charge the applicable Section 8 voucher/certificate payment if that payment standard exceeds the High or Low HOME rent (whichever is applicable).
- For HDAP-assisted units with project-based Section 8, the project can collect the project's contract rents on those HDAP-assisted units ***only*** if the resident of the HDAP-assisted unit has an income that is at or below 50% of the area median income.

Leases:

- Leases cannot contain any lease provisions prohibited by the HOME program detailed in 24 CFR 92.253(b).