

Overview of Significant Changes 2009 HDGF Guidelines

Universal Changes

Throughout the guidelines, the following changes are universal:

1. AHFA II has been renamed to Gap Financing Application
2. The Contractor/Architect Certification (Form 001) has been redesigned and is now named the Development Features Agreement
Justification: This single form details unit and project amenities, universal design elections, and provides other information staff will use in monitoring the project during the construction phase and at close-out.
3. The developer fee has been capped at 10%
Justification: 10% developer in this round is typical for the smaller projects.
4. An additional developer incentive of up to 5% is available for projects that use Ohio based labor and/or products. These funds will not be disbursed until construction is complete.
Justification: Incentivizes projects to use Ohio-based resources
5. Conditional commitment language has been removed, as the HDGF program no longer accepts conditional commitments for funding.

Section:

General Information

- Page 7 HDGF applicant must be an Ohio based organization
Justification: The smaller projects are typically driven by a single non-profit, which serves as owner, developer and general contractor. Staff puts a significant amount of time into every phase of these projects, from application to close-out. In addition, staff visits the offices of the applicant during the process, providing technical assistance and reviewing records.
- Page 13..... OHFA must receive all waiver requests with the initial project proposal
Justification: This ensures that applicant has read and understands the program prior to submitting a full application. It also staff to fully understand the project before agreeing to accept an application. It should be noted that applicants may still request waivers at a later date, but these are typically minor issues.
- Page 14..... Allows organizations to submit project proposals as early as July 6, 2009.
Justification: Accepting proposals and scheduling meetings early may allow applicants to actually submit applications as early as August 17, 2009.
- Page 14..... Clarified that the project contact must be the recipient, and not a third party
Justification: It is important that staff be able to evaluate the capacity of the potential applicant. When the consultant acts as an intermediary, staff can fully assess how well the applicant understands what is expected of them, not only through the application and construction process, but also through the affordability period.
- Page 15..... Updated guidelines to allow for electronic submission of most application material(s)
Justification: Minimizes the paper.
- Removed the Frequently Asked Questions
Justification: With the pre-application meeting and staff assigned to work with potential applicants early in the process, staff has seen a dramatic decrease in the "general" questions received.

Rental

Page 25.....Added Section 504 Language and Examples
Justification: Clarifies that this is required.

Homeownership

Page 49.....Changed wording to reflect that OHFA will not accept Adjustable Rate Mortgages
Justification: Previously, this was considered on a case-by-case basis. However, recent events have lead to belief that this type of financing mechanism is not appropriate for the households OHFA serves.

Page 52.....Affordability subsidy should not exceed 30% of the purchase price
Justification: OHFA should provide adequate subsidy to ensure homebuyers with conventional financing are not required to pay Private Mortgage Insurance. However, staff has noted that many of our recipients are using HDGF to subsidize as much as 50% of the purchase price, which is excessive. While there will be opportunities to consider exceptions to this, OHFA does wish to assist as many households as possible, but only to the extent necessary.

Page 51.....Reduces the number of hours required for homebuyer counseling from 10 to 8; requires counseling to be provided by a HUD-Approved Counseling Agency.
Justification: HUD-approved counseling agencies typically provide only 8-hours of counseling. HUD-approved agencies offer service for free or at a low cost.

Page 54.....Allows OHFA to put a deed restriction or restrictive covenant on a property which prevents homebuyers from selling their homes below Fair Market Value without approval.
Justification: Prevents homebuyers from immediately accepting a lower offer, knowing that the HDGF subsidy could be forgiven if the sale does not allow for the payoff of both the first mortgage and the HDGF.

Project Administration

Page 68.....This section has been reduced significantly. The Project Administration Manual is available on the OHFA website.