
Memorandum



To: All Interested Parties

From: Kevin Clark, Housing Credit Allocation Manager

Date: March 18, 2009

Re: HERA Housing Credit Announcement

The OHFA Board has approved the following proposal to distribute up to \$2.3 million of the 2009 Housing Credit authority provided in last year's Housing & Economic Recovery Act (HERA).

These credits are available to properties that received their initial housing credit allocation in 2007 or 2008 in order to fill financing gaps created by the decline of the investor market. Applicants who receive an award under this proposal will not be eligible for additional financing that will be available via the American Recovery & Reinvestment Act (ARRA).

Applications for HERA Housing Credits will be accepted beginning on April 1, 2009. Applicants must submit a current proforma that includes all income, expenses, construction and permanent financing sources, and project costs; a firm commitment for a construction loan executed by the lender and borrower; and a firm commitment from an equity investor executed by all applicable parties. The following policies and procedures will apply:

1. OHFA will schedule a meeting with each applicant to review the financing structure of the project.
2. The amount of an additional credit award will be based on the difference between the equity amount conditionally committed at the time of carryover allocation and the equity amount in the firm commitment. Awards may be further limited based on the financial strength of the deal, or if the initial estimate of equity was unreasonably high considering market conditions at that time.
3. Properties must close with their construction lender and equity investor no later than July 1, 2009. An additional award of credits may be revoked if closing deadlines cannot be met.
4. OHFA may permit the housing credit amount to be calculated using 130% of eligible basis if necessary for the financial feasibility of the project.

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5. OHFA reserves the right to impose additional limits on developer or contractor fees over and above those in the program guidelines.

6. No additional OHFA financing will be awarded to applicants who receive additional credits under this proposal.

All applications received on or before April 1 will be reviewed and considered for an award first. Applications submitted after April 1 will be reviewed in the order received. An application must be complete in order for the review process to begin.

Any questions in this matter may be directed to the Housing Credit Staff at (614) 466-0400.

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