

**Using 2022 LIHTC to provide additional credits and one round**

**Anonymous:**

We appreciate OHFA's generosity to those needing additional credits. We also understand, given the remaining funds, the necessity to conduct one funding round. If feasible, we hope OHFA can adjust the application timeline to ensure state and federal tax credits are awarded timely, perhaps at the July Trustee meeting, instead of waiting until November.

**Kevin Wilson:**

We have significant concerns regarding the \$3 Million in additional credit for 2019-2021 applicants.

- 9% LIHTC's are a very scarce and valuable resource. Allocating \$3 Million to previously funded projects means \$3 Million of deserving new projects are not developed. \$3 Million is approx. 27% of 2022 credits and is too much to lose.
- It is the Developer's responsibility to structure a deal with adequate contingency and to timely buyout construction. 2019-2020 awards should have already been bought out before the price increase made projects unfeasible.
- If a Developer cannot make their deal work, OHFA should consider having them re-apply/compete for 2022 credits to ensure the most deserving and feasible projects are funded.
- If Developers turn in old credits, there will be a long list of shovel ready projects ready to take their place. OHFA should consider reallocating and funding new deals rather than going backwards.
- Does OHFA have resources to issues Soft Loans that must be paid back before any Developer Fee is paid rather than allocating additional credits?
- If OHFA decides to issue more credits it should consider closely underwriting to ensure only the absolute minimum amount of additional credits are awarded.
- What criteria will be used to ensure credits are absolutely essential?
- Developers that accept additional credit should only be able to do so if Deferred Developer Fee is maximized.
- OHFA staff should consider a maximum additional credit per unit.
- OHFA should consider a significant penalty on Developers that accept the extra credit. This penalty should ensure Developers that take the extra credit cannot get a new award for several years. This penalty will help ensure the Developer actually needs the additional credits.
- We believe that allocating more credits to old deals is a bad precedent and will hinder future production.

***OHFA Response:***

**At the July 21, 2021 OHFA Board of Trustees, the Board voted to forward fund \$1,316,679 in 2022 credits to prior awardees from 2019-2020 to ensure their financial viability and long term success. This is less than the originally anticipated \$3,000,000 that was estimated to be awarded. Therefore, we believe holding 2 rounds is a feasible option and will proceed in that manner. We believe taking the action of awarding additional credits to previously awarded developments was the most prudent option that is in the best interest of the program. These**

**deals will be closely underwritten in an effort to maximize the use of the credit. Lastly, we do not believe it is necessary to penalize developers for circumstances beyond their control.**

### **Tax Credit Available for Awards-deadlines**

#### **Belmont:**

-If there is only one round, we would suggest a due date in-between the normal 1<sup>st</sup> and 2<sup>nd</sup> deadlines that would allow for an award earlier than November.

-Regardless of 2022's possible one round or not, we request the due date for 1<sup>st</sup> cycle be in the second week of January, rather than the first week.

#### ***OHFA Response:***

**The amount of additional credits awarded was much less than originally anticipated. Therefore, we are no longer considering holding only one round. The due date for the 1<sup>st</sup> round will continue to be in the first week of January.**

### **Exclusion of Counties**

#### **Anonymous:**

The proposed change of excluding certain counties from new construction seems opposite of the agency's previous position of letting the market drive affordable housing. OHFA has always required that the applicants market study account for the existing and newly funded tax credit developments. The importance of the market study is to ensure the housing is needed and viable. Why are site-specific market studies required if the State knows where new construction should or should not be built?

In the decision to exclude the counties was data such as eligible households, condition of existing rental housing, and affordability analyzed to ensure the affordable housing needs are met? How long will these counties be excluded? What is the agency's policy that determines when and if a county or community is excluded? What happens when a community within one of the excluded counties needs or wants to build transitional housing, but can't access LIHTC for a year or more?

Of the nine counties excluded from new construction, Canadian and Logan County are a couple of the State's fastest-growing according to the US Census. Per the World Population Review, "Since the last U.S. census was taken in 2010, the fastest-growing county in Oklahoma has been Canadian County. With a rate of growth of 24.16%, the population of Canadian County now stands at 144,447. Behind Canadian County are McClain County (15.11%), Logan County (12.45%), and Bryan County (10.82%)."

Per the most recent data available on OHFA's website, Canadian County has 836 affordable units. However, a cursory review of the Census Data showed that the number of eligible households far exceeded the number of affordable units. The most current Comprehensive Housing Affordability Strategy (CHAS) Data for Canadian County (2013-2017) indicates 10,270 persons with incomes at or below 50% AMI are housing cost burdened. Of these, approximately 3,500 reported having at least one of four housing problems: incomplete kitchen facilities, incomplete plumbing facilities,

more than one person per room, and cost burden more significant than 30% of their income. The number of very low-income households reporting housing cost burden far exceeds affordable rental units.

**Andrea:**

There is a problem in site selection that is continuously driving developments to the same locations. We would like to see some areas get a break from new construction awards until the existing pipeline is constructed and leased up. Our list is by city and not by county and includes Claremore, Enid, El Reno, Ponca City, Miami. We are especially concerned in areas with negative population growth. For example: Rogers County has received 471 units awarded in the last few years with household growth less than 1/2 a percent. Comparing this to the Statewide Housing Needs Assessment, they've received a surplus of 339 units.

I started another thread regarding market study requirements. By increasing the PMA (i.e. to countywide) and leaving off deals in the pipeline, it can artificially inflate the output.

Maybe there is a better way than a county restriction, but consideration needs to be given this issue. Plus, there is no way a developer is going to hit their max LIHTC achievable budget when there is a lot of competition coming online around the same time.

I would support an exception to Canadian County allowing new construction deals in Yukon, Mustang, Piedmont or OKC.

**Belmont:**

-Please provide an explanation for how those specific counties were selected for exclusion.  
-Although the QAP states this particular list is just for 2022 allocations, does OHFA intend this to be a rotating list to be reevaluated annually?

-We are not against the idea of temporarily limiting awards in certain areas per se; but only if it's justifiable. Without additional context and/or sharing the specific data analysis used to come to this determination, it can only be viewed as an arbitrary decision by the Agency.

***OHFA Response:***

**We believe that certain areas within the State of Oklahoma have been supplied with an ample amount of housing. Our goal with the exclusion of the counties listed was made in an effort to allow housing that has been funded, but not yet placed in service, a chance to lease-up, which would then enable OHFA Staff and Market Analysts to better assess the overall demand in those areas. We agree that excluding Cities as opposed to Counties is a better solution. We realize that this topic requires further overall discussion, and we look forward to having that discussion at our Formal Input Session on August 11<sup>th</sup>.**

**Set-asides**

**Belmont:**

Page 9, 4<sup>th</sup> bullet under Set-Asides, remove “2019, 2020, 2021” since these have already passed.

***OHFA Response:***

**We respectfully disagree, and feel that it is necessary for this to remain in the application.**

**Tulsa Housing Authority:**

Suggest adding the words “and forward” following the year 2022.

***OHFA Response:***

**We believe this will require a thorough discussion at the input session on August 11<sup>th</sup>.**

**State Credits – Competition w/ 4% and allowed uses**

**Anonymous:**

Requiring applicants for 4% credits using state tax credits to follow the 9% selection criteria would force applicants to seek the same communities since location is a critical scoring factor. Additionally, for some 4% deals to be financially feasible, in addition to the state tax credits, they need to site in QCTs to get the boost, an area that doesn’t score well in the selection criteria.

**Belmont:**

It seems allowing more flexibility in fully utilizing the State Tax Credits available each year, should always outweigh less. Any restrictions on the type developments allowed to access STC’s would be counter-productive to our shared goal of ensuring they get distributed and utilized to the fullest extent possible and not go unused. Therefore, we suggest allowing Acq/Rehabs to also be eligible for an award of STC’s for both 4% and/or 9% Applications.

We agree with OHFA’s position that because STC’s are a limited resource, those 4% Applicants also requesting them need to be evaluated differently than a “standard” 4% bond deal. However, we’re concerned the proposed change to rank 4%/STC apps by the exact same criteria as the 9% could further exacerbate the risk of concentrating a significant number of TC units within close proximity over a short period of time. Additionally, 4% bond deals are already more heavily reliant on debt financing just by their nature and utilizing the Subsidy Per Unit scoring category as the main differentiating factor could lead to even riskier financing structures being implemented than we’re already seeing on the 9% side.

Bond 4% Tax Credit Developments with State Credits are still competitive and should be processed under strict competitive rules. Even though the 4% Credits are not competitive, the State Credits are a limited resource, so any Application presented with them should follow the same rules. However, we do feel it is appropriate to continue doing everything feasible to help ensure the success of those standard non-competitive 4% bond deals, through exemptions, waivers, extensions, etc.

**Adam-Trinity Housing:**

Would echo other comments that having the exact same scoring system could cause issues. Housing will be concentrated in certain areas and deals will be financially stressed.

***OHFA Response:***

The original intent behind the Oklahoma Affordable Housing Tax Credit (OAHTC) was to expand the supply of affordable housing by adding new units. We believe that one way to carry out this intent is to make the OAHTC available to those applying for new construction activities only.

Furthermore, we understand and appreciate some of the concerns shared about the potential scoring/ranking of competitive 4% applications w/ State Credits. We do not agree that this will cause a concentration of units, and believe that is an outcome that remains to be seen. We conclude that utilizing the same scoring criteria as 9% will foster more competition. However, we are open to further suggestions and if implemented can reevaluate this criteria on an ongoing basis.

Finally, we believe in doing everything we can to ensure the success of all applications that are awarded, within the confines of the Program Rules and QAP that are in place.

#### **Developers “New to Oklahoma”/ 5 Open Rule**

##### **Anonymous:**

Can you please clarify the new language regarding New to Oklahoma? Does this mean if you are a new developer that does not meet one of the exceptions, you can only submit one application?

##### **Belmont:**

The language proposed on page 16 regarding Owner/Developers without sufficient experience in Oklahoma is unclear as written and so we're not sure exactly what the intent is? Please clarify.

##### **Tammi Creason-DHTC:**

Should OHFA consider Development TEAM Capacity on the 5 open deal rule? The current test being tied to Ownership doesn't accurately reflect the impact to the state and advancement of housing if the primary team members have deals open in excess of 5 and have issues arise or fail. The Developer and other important key members are the ones really tasked with performing on these deals and it is within that team that lack of performance would create delays in housing being completed.

##### ***OHFA Response:***

To clarify, if you are a new developer to Oklahoma, you previously were only allowed to submit one application, unless you met one of the following exceptions: (1) LIHTC experience in other states OR (2) partner with an entity as general partner/managing member/Developer that has LIHTC experience OR (3) For 4% Bond Applications only, once the first Development has closed with the Bonds and construction has started. Going forward, new developers to Oklahoma will be able to submit 2 applications, however they will only be eligible to receive one award, unless one of the exceptions is met. We understand that the wording was unclear in the first draft, and have altered it in the latest draft. We do not believe that, at this time, it would be prudent to apply the 5 open rule to other development team members beyond the Owner/Developer.

##### **Tulsa Housing Authority:**

Suggest the following:

#### Experience in Oklahoma

General partners/managing members, Developers, and principals of each, who are not new to Oklahoma's AHTC Program, may not have open, at any one time, more than five (5) Oklahoma 9% AHTC Developments, unless all such Developments are part of a single multi-phase project. Open means from Tax Credit award to the last Building Placed-In-Service date. Staff will measure open Developments at the time preliminary Review Responses are due.

#### *OHFA Response:*

**We agree with the suggested change, and it has been incorporated into the latest draft of the 2022 QAP.**

#### LOI's-Financing Structure

##### **Tammi Creason-DHTC:**

Please consider allowing an application to be submitted that has a state credit option and a no state credit option similar to the old plan A, plan B, approach. With the transparency of points generally so well observed by OHFA and the application process, the consideration to include or exclude state credits in an application often leaves developers blind because often successfully scored deals are getting jumped as state credits run out. This could leave better projects unfunded due to their choice of including or not. State credits historically were created to support lower rents especially in rural areas. Reevaluating scoring criteria for state credits such as points for lower rents in a project or tied to market need better exemplifies the intent of the credit. The process could be as simple as submitting a full application with state credits and a second source/use page for federal only scenario if scoring consideration can't be changed in the interim.

##### **Adam-Trinity Housing:**

Please consider allowing an application to be submitted that has a state credit option and a no state credit option. Developers are left trying to guess whether there will be state credits available when their application is in line to be funded. This could leave better projects unfunded due to their choice. Another risk is it would allow some state credits to be unused. The process could be as simple as submitting a full application with state credits and a second set of excel sheets showing a federal only scenario. If their project were awarded they could submit updated funding commitments with their carryover.

#### *OHFA Response:*

**There is a known and calculated risk associated with making an application for State Credits, it is unfortunate that demand for the State Credit outweighs supply. Allowing a Plan A vs. Plan B scenario of alternate financing would also pose a problem in scoring the applications using the Subsidy per Unit Category. OHFA Staff is always open to hearing ideas on how to better utilize the State Credit. We however feel at this time that allowing for a Plan A vs. Plan B financing scenario for one application is not feasible at this time.**

#### Appraisal

**Belmont:**

We again strongly request an Appraisal not be required at Application. We suggest it be a Carryover Packet item. By requiring it at Application, this adds extra costs to a Development because multiple Appraisals have to be ordered before closing, due to timing. The amount of Credits may be reduced either at Carryover Application or Final Application if the Appraisal does not show the necessary value and to avoid over-subsidization. This statement could be added to the Certification Attachment #7, and provided at Application.

***OHFA Response:***

**We will continue to require an appraisal at the time of application to aid in the determination that the development is being acquired at a fair price, and not being over-subsidized.**

**Preliminary Plans**

**Belmont:**

We wish to affirm preliminary plans are just that. To provide complete plans at time of Application is unnecessary and very cost prohibitive. As full architectural plans are developed after an Award and in discussions with the City changes may need to be made.

**Michael Tibbetts-Express Development, Inc:**

We could not agree with this more. There are a multitude of factors that go into preparing final plans for a development and requiring anything other than preliminary plans at application would have a drastic effect on the costs in submitting an application and put many developments at risk after award if they do not have the flexibility to modify designs while working with the City to design the best possible development.

***OHFA Response:***

**The section of the QAP governing Readiness to Proceed has not changed. In addition to verifying that proper zoning is in place at the time of Application, we have the responsibility of ensuring that the preliminary plans submitted with an application are an actual/real representation of what will be built. We understand that sometimes site plans need to change due to different requirements by Cities, Governmental Entities, etc., and we do not wish to diminish the flexibility given to Awardees to make changes in response to said requirements. However, Pursuant to Section 330:36-6-1(a)(8) of the Rules, it is a violation of the Oklahoma Affordable Housing Tax Credit Program policies and procedures and these Rules if from and after the date of the filing of the Application, there is failure to notify OHFA of any material changes affecting the proposed development, including, but not limited to, modifications to any representations contained in the Application. Therefore, if any material changes do take place to the preliminary site plan, it is the responsibility of the Awardee to notify OHFA Staff, which may require approval by the OHFA Board of Trustees.**

**Preservation**

**Adam-Trinity Housing:**

We would ask OHFA to consider allowing the Preservation of Affordable Housing points to only be awarded to projects in the Rehabilitation set aside.

***OHFA Response:***

**As the QAP states: “Preservation means the preservation of the affordability of the housing, not the Buildings/real estate.” We welcome applicants who are able to innovate and find ways to create new units of housing while preserving the status of affordability.**

**Scoring Criteria and Subsidy per Unit**

**Belmont:**

-Other States are able to differentiate Applications through more scoring options. We continue to encourage OHFA, along with the Development community, to develop a more robust scoring system. As you may know, the only real scoring criterion impacting current Applications is the Location points.

-Originally as the tiebreaker, and now as a scoring item (while remaining the de facto tiebreaker), the long-term effect of the Subsidy per Unit is narrowly funded Developments and a lesser quality of housing for Oklahomans. The formula components should be updated.

-Since this process will require more thought, discussions should begin earlier in the year.

**Tammi Creason-DHTC:**

The long term impact of the subsidy per unit is having a short term impact of saturation in markets but there is broad concern about the long term impact. It encourages a race to the bottom mentality that results in a lower quality construction, high debt per door, and high rents. Rents being allocated on many deals are equal to market rents in the area and a poor reflection on the commitment to affordable housing that is still in high need in Oklahoma.

With debt so low right now, developers are maxing out debt options coupled with high rents which could have serious and long term impacts for the program and agency as the buildings start to age. There is little room for restructuring as markets change and buildings age. With extended use agreements this is going to create a future black hole for many projects and a housing crisis in the state.

Many states utilize many other scoring criteria that encourage the same end result to be good stewards of the tax credit. Points for things such as leveraged funds in a development to lessen the credit request are popular and effective. Points for other evaluation criteria other than just the cheapest construction will to lend healthier, long term impacts on the program statewide. Tiered points for things tied to need such as capture rate could help saturation and concentration and more accurately follow need. Example, a capture rate of 0-3% = X points, 4-8% = a lesser point, etc.

**Michael Tibbetts-Express Development, Inc:**

We agree with both comments above. The current scoring system drives developers to put together projects that have exorbitant amounts of debt per unit and require near market rate rents to operate. This will inevitably have major ramifications on developments over the long term.

Additional scoring criteria will disincentivize this trend by allowing developers to further differentiate their projects on items other than cost.

Other scoring items we believe would better serve the State and residents are "Proximity to Amenities" as points for being near necessary amenities such as grocery stores or pharmacies or for "Undesirably Site Features" points against for being near junk yards or railroads or other detrimental locations.

***OHFA Response:***

**We are not opposed to having a more prolonged discussion on how to improve the overall Selection Criteria, and this could potentially take more time in the future to work with the Development Community to find alternate and more innovative ways to score applications going forward. We have given considerable thought to using the capture rate as a scoring criteria, however we felt that it would not be the best way to assess need at this time. Further, we believe that scoring for “Proximity to Amenities” could be somewhat difficult to quantify; it could also add to the concentration of affordable housing units in certain areas and prohibit potential growth in other areas of the state. However, as always, we are open to suggestions for additional scoring criteria.**

**Negative Point List Notification**

**Anonymous:**

Request OHFA staff contact entities on the negative point list prior to publication on the website to confirm report lateness, etc. Also, when the list is published and/or changes, OHFA should send a notice to interested parties through it's online blog/bulletin.

On a few occasions, the compliance negative point list showed a property management company a slate or missing reports. However, after conferring with staff the management firm was removed from the negative point list. In the meantime, interested parties may have pulled the list posted on day 1 and are not aware that the list has been revised a few days later. Thus, the management firm that is not on the list any longer could lose business because a potential applicant saw they had negative points when in fact, they do not.

**Andrea:**

I agree that an e-blast should be sent to the listserv when the negative point list is posted or updated.

***OHFA Response:***

**Going forward, we will notify those on the negative point list and send out an email blast to our listserv once the lists are posted and if there are any alterations to the lists.**

**Amenities - Wireless Internet Connection/Ceiling Fans/Storm Shelters**

**Anonymous:**

Please expand on why wireless internet connection was moved from a choice selection to mandatory. Please clarify expectations as a mandatory amenity.

**Jim:**

I agree with request for clarification. What exactly is the requirement "wireless internet connection for the Development." Does that mean the owner provides an open wifi signal for residents to use in the community room or other area, or that wifi be accessible throughout the property, or that each resident be provided a separate wifi account, or that internet service merely be available for resident purchase?

I agree that this is a desirable amenity but many rural communities will not be able to provide data ranges sufficient to cover a full site on a single account and the cost of a data stream sufficient to cover an entire site would likely add \$50/unit/month to required rents, assuming it is even available. Also, what happens with scattered sites?

**Belmont:**

More information about this is required. There could possibly be complications such as availability, costs, liability.

**Tulsa Housing Authority:**

Suggest adding the words "for sites without conditioned air" following the ceiling fan requirement. Suggest revising storm shelter restrictions.

***OHFA Response:***

**To clarify, we are requiring that you make the wireless internet connection available. The tenant would be responsible for coordinating the supply of service to their individual units. Additionally, the language regarding ceiling fans has been revised, while the section specific to storm shelters will remain the same.**

### **Program Market Study Requirements**

**Andrea:**

I've noticed some trending issues on market studies over the last year that I would like to submit for consideration/discussion during the QAP review process. Specifically Bullet Point 5 on Attachment B is not being consistently applied by all market study firms.

Trending Issues:

- Previous LIHTC awards left off as comps
- PMAs drawn that barely leave off prior, recent awards that are direct competition
- Large PMAs – county wide in some instances. While this may be OK in some rural markets, in other areas like OKC, there would be other factors that would minimize the PMA such as school districts, etc.
- Using comps outside the PMA. I've seen comps outside the PMA when the PMA was countywide. If you have an entire county as the PMA I can't think of any reason why you would go outside the county for comps. Especially when the report does not pick up specific developments and recent developments within the county.
- Using comps that are student housing.

How are these market studies being reviewed internally?

I can send a detailed sampling of 3 or 4 various market studies with issue to staff for review.

***OHFA Response:***

**Thank you for bringing these items to our attention, we have noticed similar trends. We always aim to perform a thorough and wholistic review of all Market Studies provided with the paramount goal of consistency. Going forward, we will continue to heavily monitor Market Studies, while also keeping a close eye on the items notated in your comment.**

**Cost per square foot**

**Anonymous:**

Page 58 states costs per square foot over \$180 results in a Failed Threshold item, except for Historic Rehab and Federal Opportunity Zones. HOWEVER, on May 23, 2021, OHFA Board of Trustees approved a waiver to increase cost limit to \$200 until December 31, 2022.

The QAP should clearly indicate the waiver approved by the Trustees in May. Potential applicants not at the Trustee meeting would have no way of knowing that a waiver is in place.

**Belmont:**

-The waiver approved by Board in May 2021 should be reflected in the Instructions.

-The current maximum of \$180 per square foot was established some time ago. There has been no increase to this despite rising construction costs, inflation, and now COVID-19, etc. The cost per square foot should be indexed to allow for rising costs.

**Tammi Creason-DHTC:**

Many states track average construction cost throughout the state via simple data bases from cost certs of completed projects. OHFA might strongly benefit by implementing a test of viability when reviewing construction/development costs during the competitive review cycle. Some states have a window of "average costs" to just compare if you are above or below those averages even within that application cycle. The concern seems to be that as developers chase the "lowest cost per unit" for scoring points that time is lost for valuable housing to be built if they submit numbers and can't perform on them resulting in needing post allocation extra credits/subsidies that would have changed their initial scoring or the return of credits. Averages even within that cycle would be more relevant to short term market changes to flush out high or low bidders in any application cycle.

***OHFA Response:***

**The latest draft will reflect the waiver approved by the OHFA Board of Trustees to increase the cost limit to \$200 per square foot until Dec. 31, 2022. This is a number that we track annually and will continue to do so and make adjustments, as necessary.**

**Developer Fee**

**Anonymous:**

Page 58 states that "Developer Fees may not exceed fifteen percent (15%) of the Eligible Basis

(before any boost) of the Qualified Low-Income Building(s), excluding the Developer Fees” (emphasis added.) The calculation of a max developer fee before the boost for developments located in a QCT or DDA means the effective fee for these developments is eleven- and one-half percent (11.5%).

Removing this limitation for tax-exempt bond financed developments would not require any additional state resources.

Second, page 61 states that “OHFA does not allow interest to accrue on deferred Developer fees.” How about allowing developers to earn interest on their financial commitments to projects, just as every other financial partner in a transaction can? Moreover, the tax deductibility of interest expense on the fee can lead to higher equity pricing and additional financial commitments from investor partners.

In contrast, many states are silent on the terms allowed. Others, including the Arizona Department of Housing’s 2021 Qualified Allocation Plan, incorporate the following or similar language, “Interest on a Deferred Developer Fee note shall be simple interest that does not exceed the applicable federal rate in effect at the time the note is executed.” In addition to this change not requiring additional state resources, interest expense on a deferred developer fee is not included in eligible basis and therefore would not require OHFA to commit further tax-exempt bond authority.

***OHFA Response:***

**The 15% cap in developer fee is made in an effort to contain the overall cost of the development, and we believe it is necessary for it to be applied to tax-exempt bond financed developments as well, to contain costs. We are open to allowing interest to accrue on deferred developer fees. However, if we were to allow interest to accrue on deferred developer fees, we would remove it from the amount of eligible basis when calculating the amount of tax credits that the development would be eligible for.**

**Construction Start date**

**Belmont:**

-We would request OHFA eliminate the construction start date. Developers are all highly motivated to get construction started as quickly as possible. But, there are several steps between an award and construction start. To have an arbitrary date does not take into account the uniqueness of each Development, and the obstacles to be overcome.

-Other Program, Syndicator, and Lender requirements dictate hard deadlines to help ensure progress.

-In order to track or inquire about timely progress, OHFA already receives quarterly reports, makes site visits, and can inquire about the Development at any time.

***OHFA Response:***

**We understand and appreciate that Developers have to adhere to many deadlines and requirements throughout the development process. However, administratively, from our side, we need to ensure that construction on a project begins in a timely manner.**

### **General Contractor Cost Certification**

**Jim:**

I still don't understand what is the goal of this change. If the object is that the cost cert be performed to the individual invoice level, rather than just certifying that payments were made to a fixed cost contract, you could just require that?

**Belmont:**

Requiring a separate GC level Cost Cert in addition to the Independent Accountant's Certification(s) already provided is a wholly unnecessary additional regulatory burden. It will only increase overall project costs through additional professional fees without adding any tangible benefits to the eventual tenants or other outside stakeholders.

***OHFA Response:***

**Thank you for the comments/suggestions. We understand that this may add an additional cost to the Development. However, we have taken a recommendation from the National Council of State Housing Agencies' (NCSHA) Recommended Best Practices of requiring a General Contractor cost certification to aid in hard cost containment and due diligence between the owner/developer and the General Contractor of LIHTC developments. Additionally, OHFA has received phone calls in the past from subcontractors who have not been paid/reimbursed for work/materials provided to a Development. We believe that this requirement will be a mitigating factor and we reserve the right to require invoices be provided with the General Contractor cost certification to verify costs. If an Identity of Interest exists between the owner/developer and the General Contractor, then the cost certifications may be performed by the same auditor.**

### **Final Cost Certification deadline**

**Belmont:**

-We would again request the Final Cost Certification deadline be either four months after the last Building is Placed in Service and/or, allow drafts of the certifications.

-This change will be especially important if the General Contractor Cost Certification requirement is added.

-OHFA is involved throughout the whole Development process. By the time it comes to Final Cost Certification, most of the progress has been made. If there are any questions, OHFA can always inquire about status.

-The extension of the deadline is only replacing an arbitrary date to allow more flexibility for OHFA Staff and Owners.

***OHFA Response:***

**We understand that every development is different, and certain documents may not be available at certain times. However, we must stay involved in the project, and ensure that it is progressing forward in a timely fashion. We believe the current deadlines in place enable staff to do this.**

**Carryover & Final Applications**

**Belmont:**

-Changes made to the regular Application Form should also be reflected in the Carryover and Final Applications. Verify information requested in the Word portion of the Application is current and appropriate for Carryover and/or Final. Also, remove the Excel sheets from the Word doc, combining the Acquisition/Rehabilitation and New Construction Development budgets into one tab, the autofill of the square footage tab, and any other changes made to the regular Excel sheets.

-It would be helpful if the effective date of the carryover and final documents would be listed on the website. That way we could make sure we have the most current version. Also, if the online versions were in fact the current ones.

-Updated checklists could also be posted online.

***OHFA Response:***

**We agree that changes made to the Application Form should be reflected in the Carryover and Final Applications. We work diligently to update documents as changes arise, and look forward to working with the Development Community on how to streamline the process of completing subsequent applications/documents following an award.**

**Ownership requirement with Carryover Packet**

**Belmont:**

We ask the proof of ownership be removed from the Carryover Checklist timing. Often times, a Development has not closed by the one-year mark when the Carryover packet is due. This would also need to be removed from the Carryover Agreement.

***OHFA Response:***

**We will continue to require that proof of ownership be provided as stated on the Carryover Checklist in accordance with the Carryover Agreement. This aids us in ensuring that adequate progress is being maintained towards a successful completion of the development.**

**Percentages in Carryover, Finals, and LURAs**

**Belmont:**

-We request in all Carryovers, Finals, and LURAs, percentages are used instead of number of units. Examples of this is the are lower income targeting for points, or the number of three-bedroom units. Owners promise a percentage, rather than a set number of units. If the number of units

unexpectedly change, the Owner would still be held to Application requirements, rather than a number, that may or may not still be correct.

-OHFA Staff indicated during last year's QAP discussions this would be acceptable; however, the policy was not extended to all documents, but especially LURAs.

***OHFA Response:***

**We will take a close look at implementing this on a broad scale to avoid any future confusion, and will revise forms as necessary.**