OKLAHOMA HOUSING FINANCE AGENCY

Affordable Housing Tax Credits Program (AHTC)

2018 Application Instructions

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AHTC Application Instructions

Qualified Allocation Plan (QAP)

Oklahoma Housing Finance Agency (OHFA)'s QAP consists of the Application Instructions, Application Form, and Title 330, Chapter 36 Affordable Housing Tax Credit (AHTC) Program Rules. In any instance where there is a conflict between the Rules and the Instructions and/or the Application Form, the Rules shall control. In any instance where there is a conflict between Oklahoma's QAP and Section 42 of the IRS Code, the IRS Code shall control. However, OHFA in discharging our responsibility as the state housing credit agency has chosen to be more restrictive than the Code in applying some of the requirements of Sec. 42. All parts of the QAP can be accessed on OHFA's website, www.ohfa.org.

It is the responsibility of the Applicant to confirm with OHFA the Application instructions and forms are the current ones in use. The instructions, forms, and the information contained herein are effective January 1, 2018.

For Reference Only: Section 42 (m) requirements can be found addressed in the following sections:
(1)(A)(i) – "pursuant to a qualified allocation plan" - Chapter 36 Rules, 2018 Application Instructions, and 2018 Application Plan
(1)(A)(ii) – "notifies the chief executive officer" – Chapter 36 Rules
(1)(A)(iii) –"a comprehensive market study" – Threshold Criteria – Market Analysis & Attachment B
(1)(A)(iv) – "written explanation…not made in accordance" – Chapter 36 Rules
(1)(B)(i) – "appropriate to local conditions" – Selection Criteria - Development Location and Housing Characteristics
(1)(B)(ii)(I) – "projects serving the lowest income tenants" – Selection Criteria - Income Targeting
(1)(B)(ii)(II) – "serve qualified tenants for the longest periods" - Term of Affordability – Selection Criteria
(1)(B)(ii)(III) – "located in qualified census tracts…and…which contributes to a concerted community revitalization plan" – Selection Criteria - Development Location and Housing Characteristics
(1)(B)(iii) – "monitoring for compliance" – Chapter 36 Rules
(1)(C)(i) – "project location" – Selection Criteria - Development Location and Housing Characteristics
(1)(C)(ii) – "housing needs characteristics" - Threshold Criteria - Amenities
(1)(C)(iii) – "project characteristics, including…as a part of a community revitalization plan" - Selection Criteria - Development Location and Housing Characteristics
(1)(C))iv) – "sponsor characteristics" – Threshold Criteria – Nonprofit and Capacity
(1)(C)(v) –"tenant populations with special housing needs" – Selection Criteria - Tenant Targeted Populations
(1)(C)(vi) –"public housing waiting lists" – Threshold Criteria – Certifications
(1)(C)(vii) – "tenant populations of individuals with children" - Selection Criteria
(1)(C)(viii) – "projects intended for eventual tenant ownership" – Selection Criteria
(1)(C)(ix) – "the energy efficiency of the project" –Selection Criteria

(1)(C)(x) – “the historic nature of the project” – Selection Criteria

A copy of Section 42 of the IRS Code can be found at www.irs.gov.

Introduction

The purpose of the Oklahoma Affordable Housing Tax Credit Program is to expand the supply of new affordable rental units and rehabilitate existing rental housing for Qualifying Households by stimulating private investment.

Eligible Activities

1. Acquisition
2. Substantial Rehabilitation
3. New Construction

For all Rehabilitation Developments that are current Tax Credit Developments, to be eligible to receive credits, Applications cannot be submitted prior to the end of the calendar year of the 15^{th} year of the Compliance Period.

Geographic Use of Development Resources

AHTCs may be used statewide.

AHTCs Available for Award

The total 2018 AHTC Program Allocation is not known at this time. The AHTC Program Allocation for 2017 was $9,294,803 based on the Oklahoma population.

Development Award Maximums

The maximum amount of Tax Credits that will be awarded to any Development in any County except Cleveland, Oklahoma and Tulsa Counties is $650,000. This maximum applies to all Developments, including those that receive either the 130% or the 120% boost.

For Developments in Cleveland, Oklahoma and Tulsa Counties, the maximum amount is $750,000. This maximum applies to all Developments, including those that receive either the 130% or the 120% boost.

Developments in conjunction with Multifamily Bond Applications are not limited in the amount of 4% Tax Credits that can be requested.

Application Questions

Questions regarding any information contained in this Application Packet may be directed in writing to:

Oklahoma Housing Finance Agency
Housing Development Team
P.O. Box 26720
Oklahoma City, Oklahoma 73126-0720

All OHFA/Housing Development Team (HDT) Staff can be accessed by email or phone. The area code is 405 and individual fax number for each Staff member is 419.9 last three digits (extension number).

darrell.beavers@ohfa.org	HDT Leader	419.8261
darcy.green@ohfa.org	HDT Program Supervisor	419.8145
rhonda.watson@ohfa.org	HDT Compliance Supervisor	419.8104
jody.glaze@ohfa.org	HDT Secretary	419.8133
alicia.thomas@ohfa.org	Housing Financial Analyst	419.8137
brandi.muse@ohfa.org	Housing Financial Analyst	419.8201
danette.carr@ohfa.org	Housing Financial Analyst	419.8136
gerda.elpedes@ohfa.org	Housing Financial Analyst	419.8269
pamela.miller@ohfa.org	Housing Financial Analyst	419.8134
Program Compliance:		
tricia.braden@ohfa.org	AHTC Compliance Specialist	419.8272
bethany.rogers@ohfa.org	AHTC Compliance Specialist	419.8131

Technical Assistance Requests

Staff is available to provide technical assistance regarding a variety of housing issues as they relate to individual Development Applications. Interested parties seeking technical assistance regarding affordable housing development are encouraged to make written requests citing the specific topics of interest. This allows Staff to perform appropriate research and prepare copied materials applicable to the meeting.

Drop-in technical assistance requests are not allowed.

Timely Application Submission

There are two Funding Periods for which Applications will be accepted. Applications for Funding Period One will be considered at the **May Board of Trustees Meeting**. Applications for Funding Period Two will be considered at the **November Board of Trustees Meeting.**

All Applications for Funding Period One must be submitted no later than 4:30 p.m. on **Thursday, January 11, 2018.** All Applications for Funding Period Two must be submitted no later than 4:30 p.m. on **Thursday, June 28, 2018.**

LATE APPLICATIONS - No Applications will be accepted after **4:30 p.m**. of the Due Date. Late Applications will be returned.

All information to be considered with an Application must be received by the deadline. See Attachment E for electronic submission requirements

IT IS THE RESPONSIBILITY OF THE APPLICANT TO VERIFY TIMELY RECEIPT

<u>OF THE APPLICATION BY DESIGNATED STAFF.</u>

An Application submitted in conjunction with a Tax Credit Application for another Program must be submitted before or at the same time as the Tax Credit Application. The Applicant is encouraged to secure funding from these sources before submission of the Tax Credit Application.

Application Fee is $2,000.

- If payment is returned for insufficient funds, it will be deemed nonpayment and the amount to defray bank costs will be due. Failure to submit the total amount due may cause the Application not to be considered for funding. **The fee is due by the deadline.**

Post Application Fees

The AHTC Program utilizes a series of post Application fees. These fees are fully delineated in **<u>Attachment A</u>**.

Late Fees Assessment

Late fees will be assessed and will accumulate per calendar day. For more detailed information **<u>see Attachment A</u>.**

Format

Applications must be submitted in the following format:

- See **Attachment E**.
- Do not change content of Application attachment forms that are marked as "DO NOT MODIFY THIS FORM."

Provide a Fully Responsive Application

It is the responsibility of the Applicant to provide a full and complete Application that contains sufficient information and documentation relevant to all Threshold and Selection Criteria to allow HDT Staff to make a factual determination as to whether:

- An Application satisfies each of the applicable Threshold Criteria.
- A Development is qualified to be evaluated under a given set-aside.
- There is sufficient information with which to conduct a review, assessment, and evaluation for Selection Criteria.

No blanks should be on the Application Form. If the information does not apply to your Application, then type N/A.

Failure to provide a complete and fully responsive Application may result in denial of the Application for funding. Prior to submission, Applicant should verify that numbers as identified in the Application Form agree with the supporting documentation.

Resubmissions

If an Applicant is resubmitting an Application for an award of Tax Credits for the same Development as an Application that was denied funding in the immediately preceding or any previous Tax Credit funding cycle, the Applicant is required to submit a **<u>complete</u>** Application.

However, the Applicant may resubmit most of the same documents used in the previous Application, provided they have not expired at the time of resubmission. The following **new** items are required for resubmissions:

- New Application Affidavit
- New Publication Notices
- New Signed Attachment #5s from Development Team members
- New Signed Attachment #6
- New Signed Attachment #12
- The required documentation for any Threshold or Selection Criteria that caused the prior Application to be denied for funding, or that was an area of concern to OHFA in the prior Application.
- All documents must still meet all requirements.
- Any information that has changed from the prior Application, including Application pages from Tab 1.

Award of Credits are made using a system of Threshold and Selection Criteria.

- Credits available for distribution will be based on the following:
    - 100% of annual State Credit ceiling; plus
    - prior year unused AHTC; plus
    - AHTCs returned from Allocations made in previous years; plus
    - AHTCs received from National Pool, if any
- If applicable and determined to be in the State's best interest, OHFA may choose to use these Credits in various other capacities.
- The OHFA Board of Trustees may adjust credit distributions and/or set-asides at their discretion.

Set-Asides

- Developments shall only be considered in set-asides in which they qualify and request.

- All Applicants in each set-aside category will be considered based on the total score by ranking Applications from highest to lowest score.

- Applicants not funded in their first qualified and requested set-aside will be considered in their next qualified and requested set-aside.

- Applications will be considered in this order.

▪ Nonprofit	15%
▪ New Construction	55%
▪ Rehabilitation	30%
Total Allocation percentages	100%

- Rural Areas means any city, town, area or place generally considered rural by the Secretary of Agriculture (RHS), for rural housing programs. See http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do. Verification will be obtained by OHFA staff. Urban Areas means any city, town, village or area not considered rural according to the above definition.

- Rehabilitation Developments are anything less than 100% new construction. New Construction includes removing all existing structures, including slab(s).
- Within the New Construction Set-Aside 70% will be awarded to Developments located in urban areas first, and then 30% to Developments located in rural areas. Before any Credits are removed from this set-aside, all new construction Applications will be considered, priority to urban.

- In the event there is a balance remaining in any set-aside, the balance will be transferred to a General Pool category.

- Credits in General Pool will be reserved until such time as the amount of Credits remaining is less than all Applications. In the event the balance is at least 90% or more of the total Credits requested by the next highest ranked Applicant, the Applicant will be awarded the remaining balance.

- If there is any remaining balance, the balance will carry forward to the next Funding Period.

- Total AHTCs reserved for the year shall not exceed the maximum ninety percent (90%) Allocation limitation to those entities other than Nonprofits as required by the Code.

Communications with OHFA during Application Review

Following submission of an Application, neither the Applicant nor any representative or Affiliate of the Applicant shall contact any OHFA employee, concerning the Application or any other Applications filed in the same Credit funding period. OHFA reserves the right to contact the person(s) identified by the Applicant for the purpose of clarifying any matter.

Submission of an Application does not guarantee a full and complete review of all Threshold and/or Selection Criteria. If OHFA receives a large number of Applications for a Credit funding period, such that a complete review of all Applications is not reasonably possible, OHFA may refuse to review any Applications for that Credit funding period that clearly fail to meet one of the Threshold Criteria, or that clearly cannot achieve a sufficient score to be considered for funding. Applicants will be notified in writing of OHFA's decision not to review their Application. No refund of the Application fee will be due to the Applicant based upon the lack of a full and complete review of the Application.

Preliminary Review Report: Following the release of the preliminary Review Report, the Applicant may submit questions or request clarification concerning the preliminary Review Report. All such questions or inquiries must be in writing and addressed to the Staff member designated in the cover letter accompanying the preliminary Review Report. These questions must be submitted electronically. OHFA suggests that emailed questions are sent to at least two Staff members. OHFA reserves the right to grant or deny requests for meetings with the Staff of OHFA at any time during the Application process. Any and all requests must be in writing stating the purpose and reason, supplying sufficient documentation necessary for OHFA Staff to grant or deny the request.

Failure to comply may result in termination of the review process and denial of the Application.

Communications with the Board of Trustees of OHFA

Neither an Applicant nor members of the public shall communicate, directly or indirectly, with the Trustees regarding an Application under consideration by OHFA (except upon notice and opportunity for all parties to participate.) Applicants and others who wish to communicate with the Trustees must follow the specific steps as set forth in AHTC Chapter 36 Rules at 330:36-2-12.

Preliminary Review Reports

Upon completion of review of all Applications, HDT Staff will send the preliminary Review Report to the contact person(s) identified by the Applicant in the Application. Staff will make every effort to highlight areas that need a response, but Applicant should read the Reports in their entirety. These reports will only be sent electronically.

The Applicant must provide any information requested in the preliminary Review Report or other clarifying information by the deadline given in the cover letter accompanying the preliminary Review Report. Neither the Staff nor the Trustees will be required to consider a late response to the preliminary Review Report.

In the event the Applicant disputes any matter contained in the preliminary Review Report, including without limitation any finding, determination, recommendation or scoring, the Applicant's response to the Review Report must identify with specificity the disputed matter, finding, determination, recommendation, scoring, etc., and the Applicant's reason for disputing same, including any evidence which controverts the preliminary Review Report. Any applicable statutes, rules, regulations, or ordinances should be cited. Documentary evidence must be attached to be considered.

Failure to respond or dispute a finding or determination in the preliminary Review Report shall be deemed the acceptance of the finding or determination by the Applicant.

When providing documentation, the Applicant should make every effort to highlight, mark, note, or in some way bring attention to any and all information that is new and/or changed from that of the originally submitted document.

The Applicant’s response to the preliminary Review Report must be electronically transmitted. See Attachment E.

Final Review Reports

Staff will consider Applicant’s response to the preliminary Review Report prior to issuing the final Review Report. The Applicant will be informed of Staff’s recommendations prior to the meeting of the Trustees when the Application is being considered. Staff will send the final Review Report and Staff’s recommendations to the contact person identified by the Applicant in the Application.

In the event the Applicant disputes any matter contained in the final Review Report, Applicants must file **ten (10) copies** of any response(s) to the final Review Report or other information they wish the Trustees to consider **not less than forty-eight (48) hours** prior to the commencement of the meeting when the Application will be considered.

In addition to the hard copies, Applicants must submit an electronic version of the response. If both the hard copy and the electronic version are not received, the responses will not be accepted or considered by the Staff or the Trustees.

4% Tax Credits with Bond Financed Developments

Developments financed at least fifty percent (50%) with the proceeds of tax-exempt bonds subject to the private activity bond volume cap are required to comply with all the requirements of the QAP, including the Rules and Application, with the exception of the competitive selection process and where noted.

OHFA must be the issuer of the Multifamily Bonds.

Code requirements for bond financed Developments must be met in addition to the AHTC requirements, i.e., rental units, rents, student exemptions, transfers on site, occupancy changes, verification of assets.

If applying for OHFA's Multifamily Bonds only, and not 4% Credits, then OHFA's Multifamily Bonds Application must be used.

4% Credits & Bond Financed Development Application Deadlines:

Applications may be submitted at any time for 4% Credits and/or Multifamily Bond Developments. The last date Applications will be accepted, in order to guarantee consideration in a current year's Trustee meeting, is June 28th. OHFA will accept Applications after that date, but no guaranteed consideration in the current year. OHFA encourages Applicant to be mindful of timing restraints of other programs and sources. The Application will be considered at the Trustees Board meeting that is at least sixty (60) days past the Application submission date. If an Inducement Resolution is awarded prior to submitting the Application, the Application is due no later than ninety (90) days after the Inducement.

Oklahoma Affordable Housing Act

The Oklahoma Affordable Housing Act of 2014 (SB 2128) gives OHFA the authority to allocate Oklahoma Affordable Housing Tax Credits ("State Tax Credits or " OAHTC") to Qualified Projects Placed-In-Service after July 1, 2015. However, these State Tax Credits cannot be used to reduce tax liability accruing prior to January 1, 2016. The total OAHTC allocated to all Qualified Projects for an allocation year will not exceed four million dollars ($4,000,000).

Qualified Project for the State Tax Credit means a Qualified Low-Income Building as that term is defined in Section 42 of the Internal Revenue Code of 1986, as amended, which is located in the State in a county with a population of less than one hundred fifty thousand (150,000) according to the latest Federal Decennial Census (performed in 2010).

For a Qualified Project Placed-In-Service after July 1, 2015, the amount of the State Tax Credit allocated to a project will be equal to the amount of the federal Tax Credits allocated to the project.

If under Section 42 of the Internal Revenue Code of 1986, as amended, a portion of the federal Tax Credits allocated to a Qualified Project is required to be recaptured, then a proportionate amount of the of the State Tax Credit will also be subject to recapture.

The Owner of a Qualified Project which is allocated State Tax Credits will submit, at the time of filing the tax return with the Oklahoma Tax Commission, an Eligibility Statement from the Oklahoma Housing Finance Agency. This statement will be issued and provided to the Owner along with the 8609s for the project after all final cost certifications and accountant reports have been submitted to OHFA and OHFA has performed a final underwriting to ensure the final amount of credits the project is eligible to receive.

OAHTC will be available to projects located in all Oklahoma counties except Cleveland County, Oklahoma County, and Tulsa County. $2 million of the State Tax Credits will be available to those Applicants applying for 4% Credits and Bond Financing, for new construction. $2 million will be available for 9% Tax Credits, for new construction and rehabilitation Applications.

4% Applications with OAHTC Developments will be ranked by with the highest number of 60% rental Units needed by County according to the Oklahoma Housing Needs Assessment. If more than one Development is in the same County, then, Applications will be ranked by highest number of proposed Units. If there are still insufficient funds, to fund all 4% Applications with OAHTC, then a drawing will be conducted.

4% Applications with OAHTC Developments will only be considered within the same deadlines and Board meetings as the competitive 9% Applications.

The OAHTC Applications for 9% Tax Credits will be ranked using the current Selection Criteria.

Applicants are not required to apply for OAHTC. It is at the discretion of the Applicant.

<u>Threshold Criteria</u>

Applications must meet all Threshold Criteria listed below. Failure to meet all applicable Threshold Criteria in the initial submission of an Application may result in the Application being rejected without further review.

1. Notice Requirements

Notice Requirements apply to all Applicants. All Notice Requirements must be satisfied not less than thirty (30) and no more than ninety (90) calendar days prior to submission of the Application. The notice shall express the intent to submit an Application for Tax Credits to OHFA. <u>If the Application is considered at a different Trustees meeting than in the notice, this notification requirement is considered to be met.</u>

Publication Notice:
All Applicants must provide notice of intent to file an Application published in the local newspaper of the area wherein the Development will be located. If there is no local paper, Applicants must publish in a newspaper of general circulation in the area wherein the Development will be located. The purpose of this notice is to inform the general public in the primary market area of the proposed Development.

See **Attachment #1, Publication Notice Form**.

Documentation Requirement for Published Notice: Published notices along with a notarized Publication Affidavit.

2. Market Analysis

Market analyses must clearly demonstrate and document the status of the market demand for the type and number of Housing Units proposed to be developed. All market analyses must contain specific minimum levels of information. The minimum content requirements for market analyses are delineated in **Attachment B**.

Documentation Requirements: Third party independent market analysis. **Attachment #2 Market Study Summary -to be included at the beginning of the market study.**

3. Nonprofit Owners

Applicants proposing Developments under the Nonprofit Set-Aside of the AHTC Program must meet the definition of a Nonprofit Owner and/or Nonprofit Ownership participant as defined in Section 42(h)(5)(C) of the Tax Code and the AHTC Chapter 36 Rules at 330:36-1-4. Affiliated for profit entities will be reviewed for compliance with Code Section 42(h) (5) (D). **Profit motivated Applicants are prohibited from forming Nonprofit Affiliates or engaging non-housing related Nonprofits solely for the purpose of qualifying for the Nonprofit Set-Aside.**

Applicants qualifying for the Nonprofit Set-Aside, awarded in any set-aside will be bound to all Nonprofit requirements.

Documentation Requirement for the Nonprofits:

- A copy of the Nonprofit certification letter from the IRS verifying that the Nonprofit is a qualified Nonprofit organization as described in paragraph (3) or (4) of section 501(c) and is exempt from tax under section 501(a). The Nonprofit organization must have already obtained this certification; letters regarding pending certifications are not acceptable.
- A copy of organizational documents and any amendments. Must include as one of the purposes to provide decent housing affordable to Low Income persons.
- A Certificate of Good Standing dated no more than twelve (12) months prior to the date of Application.
- A list of housing Developments demonstrating at least one (1) year of experience as a Developer, as defined in OHFA's Chapter 36 Rules, in affordable housing.

- An Ownership chart demonstrating more than fifty percent (50%) Ownership interest in the general partner or managing member by the Nonprofit.
- **Attachment #3 – Certification by Representatives of the Nonprofit Entity and Ownership Entity.**
- **Attachment #6 Identity of Interest Certification**: Signed and Notarized by **Representatives of the Nonprofit Entity.**

4. Capacity and Prior Performance

Applicants must demonstrate and document the extent of the capacity of their Development Team in developing, managing, and operating the type of housing Development being proposed. OHFA may require additional information. **If sufficient capacity is not demonstrated the Application may Fail Threshold.**

Staff will use the documentation provided in the Application and any outside knowledge of the Development Team to determine capacity.

Non-Performance

Applicants may be considered ineligible for an award of Tax Credits in situations whereby the documentation supports instances of nonperformance. Instances of poor or nonperformance may occur during construction, lease up, the Compliance Period, or the Extended Use Period. Below is a list of some possible performance issues. This is **not** an exclusive list.

- Having been involved in uncured financing defaults, foreclosures, or placement on HUD's list of debarred contractors;
- Events of material uncorrected noncompliance with any Federal or State assisted housing programs within the prior seven (7) year period;
- Appointment of a Receiver or bankruptcy within the prior seven (7) year period;
- Removal as a general partner/managing member.
- Failure to meet and maintain any material aspect of a Development as represented in an Application;
- Failure to meet and maintain minimum property standards;
- Failure to bring any Development back into compliance after receiving written notice from OHFA's Compliance Staff.
- Failure to comply with OHFA's requests for information or documentation on any Development funded or administered by OHFA;
- Extension requests depending on number and severity; or
- Excessive late or incomplete reports to OHFA;

New to Oklahoma

Owners, general partners/managing members, Developers, and principals of each, who are new to Oklahoma's AHTC Program, are ineligible to apply for more than one (1) Development until they have been awarded Tax Credits, the 8609s have been issued for that Development, ***and*** compliance staff has conducted their first visit.

For both the 9% and 4% Applications the exceptions are if (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. These exceptions allow a second Development to be awarded. For all of these exceptions, in no case will a third Application be accepted until 8609s have been issued for the first Development, ***and*** compliance staff has conducted their first visit.

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 AHTC Developments. 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.

"Development Team" means the Applicant, architect, attorney, Consultant, Developer, co-Developer, general contractor, market analyst/appraiser, property management company, co-management company, management consultant, Owner, tax professional, and the principals of each.

If Development Team members are replaced, they must be replaced by someone who has equal experience. Development Team Members may have experience in LIHTC Developments outside the State of Oklahoma.

Development Team Experience

- Development Teams will be evaluated on the experience of their members in Owning and successfully operating five (5) or more Developments in the LIHTC Program.
- To meet the condition "Owning and successfully operating," 8609s must have been issued for the Development, and **are operating in compliance with the Code.**
- For General partner/managing member's experience whose experience is less than five (5) Developments or more, the experience of attorney, consultant, Developer, general contractor, tax professional or architect may be substituted or used in addition to meet Threshold requirements. Each Development Team member used to meet Threshold requirements must have experience in at least five (5) or more Developments. Each of these additional Development Team members can be used as a substitution/addition for one (1) Development "Owned and successfully operating" Development.
- For Oklahoma Developments, OHFA Compliance Staff must have completed the first compliance monitoring.

Management Experience

- Management Companies will be evaluated based on successfully providing management services for five (5) or more Developments in the AHTC Program.
- For Management Companies whose management services are for less than five (5) AHTC Developments, the experience of a co-management company or management consultant may be substituted or used in addition to meet Threshold requirements.
- Applications must demonstrate the experience of a management company, co-management company, or a management consulting company in providing management services for Developments in the LIHTC Program.

- For a management company, co-management company, or a management consulting company to receive points it must have been formed and been providing management services, including a lease up, for at least two (2) years regardless of whether it is partnering with an experienced company or if the partners/principals have previous experience. For any Oklahoma properties, OHFA Compliance Staff must have completed the first compliance monitoring.
-

Documentation Requirement: Please verify which team members need to submit which documents.

- Please do not provide any Social Security numbers or personal identification numbers.
- All Development Team members must be listed in Tab 1 on the Application Form.
- If an entity is "to be formed" regardless of its role, complete Tab 1 and list "to be formed" as the Tax ID number. Also provide a statement informing Staff which entities are "to be formed". **Attachments #4 and #5 are not required** for "**to be formed**" entities.
- Organizational charts of the Ownership entity and general partner/managing member entity, including the principals.
- **Attachment: #4 Previous Participation:** Performance in Tax Credit Developments **in Oklahoma** as well as other states
    - Developers, co-Developers, general partners, managing members, management companies, co-management companies, management consultants and any other Development Team Member(s) used to meet threshold requirements must provide an Attachment #4.
    - The list must include current and past Developments that received federal or State assistance. Include newly awarded Developments, Developments under construction, and Developments that were in their Compliance or Extended Use Periods within the last seven (7) years, regardless of continued involvement.
    - **If the Applicant uses their own list it must include all of the information requested in Attachment #4.**
- **Attachment #5 Development Team Member Certificate:** Certifications that there have been no instances of nonperformance
    - Owners, Developers, co-Developers, general partners, managing members, management companies, co-management companies, management consultants and any other Development Team Member(s) used to meet threshold requirements must provide an **Attachment #5**.
    - **All Certifications must be notarized.**
- If for some reason a Development Team member cannot complete an **Attachment #4** or **Attachment #5** for professional ethical reasons, provide a statement from the team member to that effect with minimum experience listed.
- **Attachment #6 Identity of Interest Certification**: Signed and Notarized by the Owner or Representative of the Ownership Entity.
- **Management Certificate of Training**

5. Acquisition Credits

Documentation Requirement: An opinion of independent legal counsel, stating

(i) the Building is acquired by purchase

(ii) there is a period of at least 10 years between the date of acquisition and the date the Building was last Placed-In-Service, and this does not apply to federally or State Assisted Building and any Building assisted, financed, or operated by HUD or USDA/RHS.

(iii) the Building was not previously Placed-In-Service by the taxpayer or by any person who was a related person as of time previously Placed-In-Service.

The opinion must be in a form satisfactory to OHFA and state all requirements of Code Section 42(d) (2) (B) have been met or a waiver obtained from the IRS.

6. Financial Feasibility and Viability

Failure to meet any of these requirements, including those in Attachment C Program Underwriting Standards is a Failed Threshold item.

Documentation Requirement: At a minimum:

- Construction budget
- 15 year pro forma, showing debt coverage ratio
- Letters of funding Commitment for **ALL** funding sources, including construction and permanent.
- Commitment letters must include the loan amount, interest rate, loan term, debt service coverage ratio (permanent lender), loan amortization period (permanent lender), borrower loan fees, collateral, and conditions precedent to funding.
- All permanent Commitments must include a fixed interest rate. The interest rate must be locked in at the time of Application. If the rate is not fixed and locked, then the Applicant must provide documentation on a rate ceiling. To ensure that the required debt service coverage ratio is met, Staff will underwrite the Development at the rate specified in the Commitment if it is locked. Otherwise, the Development will be underwritten at the ceiling rate.
- Commitment letters from syndicators must define the amount to be paid for the Tax Credits (cents on the dollar), number of pay-ins, percentage of partnership, amount available during construction and any special conditions. This applies to both federal and State Tax Credits.
- For Acquisition/Rehabilitation utilizing HUD, RD, or other funding source and any properties with rental assistance subsidies provide documentation from HUD, RD, or other source indicating they are aware of the transfer of ownership and do not reasonably foresee any problems occurring with the transfer.
- For Bond Applications a flowchart of structure. This should show general structure. Examples on pages 28-29 of October 2016 Multifamily Bond Presentation. https://www.ok.gov/ohfa/documents/MFBonds-Presentation-Oct2016.pdf

Applicants must demonstrate to OHFA's satisfaction that the Application has firm financing Commitments in place for 100% of the Development's total **construction and permanent** financing. The Development's financial feasibility and viability as a qualified Low-Income Housing Development must also be demonstrated.

7. Readiness to Proceed

Applicants must document their ability to proceed in a timely manner should they receive an award of AHTCs.

Documentation Requirement:

- Site Control evidenced by deed, purchase contract, option to purchase, or lease for a term which exceeds the term of affordability and is not revocable by seller. The costs must be identified for the purchase of the property. If purchasing or leasing Land and/or Building(s) from self or related parties, must provide a current independent third party appraisal of value. The independent third party appraisal may be prepared no more than twelve (12) months prior to Application submission.
- Preliminary versions of the floors plans and site plans.
- Documentation indicating proper zoning in place **at the time of Application** with type and authorization date or an approved resolution from the local governing body stating the proper zoning will be effective on the date of the award of LIHTCs. The Tax Credit award can be the only condition of the resolution.

8. Certifications

Documentation Requirement: **See each certification for specific details:**

- **Attachment #7 Section 42 Leasing Language, Development Services, & Referral Acceptance Certification**
- **Attachment #8 Cost and Expense Separation**
- **Attachment #9 - Fair Housing and ADA Certification** –Owner, Architect, and General Contractor must certify.

Reference - More information on Fair Housing requirements for housing providers can be found at
http://portal.hud.gov/hudportal/HUD?src=/program_offices/fair_housing_equal_opp/HousingProviders

9. Capital Needs Assessment

Capital Needs Assessment (CNA) means a qualified professional's opinion of a property's current physical condition determined after a physical inspection of the interior and exterior of the units and structures. The physical inspection should include an interview with the onsite manager and maintenance personnel. This assessment should identify deferred maintenance, physical needs, remaining useful life, material building code violations that affect the property use, structural and mechanical integrity, and the future physical and financial needs. The assessment must include the cost of labor and materials identified in detail. Components which should be examined and analyzed in this assessment include but are not limited to:

- Site, including topography, drainage, pavement, curbing, sidewalks, parking, landscaping, amenities, water, sewer, storm drainage, gas and electric utility lines;

- Structural systems, both substructure and superstructure, including exterior walls and balconies, exterior doors and windows, roofing system and drainage;
- Interiors, including unit and common area finishes (carpeting, vinyl or tile flooring, plaster walls, paint condition, etc.), unit kitchen finishes, cabinets and appliances, unit bathroom finishes and fixtures, and common area lobbies and corridors; and
- Mechanical systems, including plumbing and domestic hot water, HVAC, electrical, lighting fixtures, fire protection, and elevators.

Allocations for rehabilitation require a CNA performed by a qualified independent third-party (architect, engineer, contractor, Rural Housing Services) which considers the proposed rehabilitation activities to ensure that the proposed improvements have a useful life that meets the full term of affordability based on extended use agreements as presented in the Application. The assessment should also demonstrate the need for the rehabilitation work and in the degree proposed and include a review of proposed rehabilitation costs by an independent 3rd party. Assessment should also include notation of interview with onsite personnel or owner and the cost of labor and materials.

In addition, all Developments that have existing tenants must include a complete, detailed tenant income audit that identifies all existing tenants and their income. The audit shall separately identify those tenants whose income exceeds applicable Income limits. The Applicant should further ensure that all tenants who will continue to reside in the property comply with the applicable Income limits. This can be completed by the Applicant or others.

If applicable, provide any plans for Relocation of tenants during Rehabilitation. Costs should be reflected in Development budget.

Documentation Requirement:

- **Attachment #10 Capital Needs Assessment Certification:** Third-party independent CNA performed by a qualified architect, engineer, contractor, or Rural Housing Service. The assessment may be prepared no more than eighteen (18) months prior to Application submission. **Updates are not allowed.**
- Either the CNA or a narrative should separately present discussions of those amenities that are being provided. This can be provided be the Applicant, Developer, or CNA provider.
- Tenant audit for all Developments with existing tenants.
- Relocation plan, if applicable.

10. Development Amenities

Documentation Requirements: **Attachment #11**
Development Amenities Certification This Certification must be signed by a representative of the Ownership entity, the architect, and the general contractor.

Selection Criteria

Applications will be scored using the Selection Criteria below. Applicants must complete **Attachment #12: Application Self Score Sheet & Certification -** Only **Attachment #12** will be considered a Certification of Selection Criteria. Any additional Certifications not specifically requested by OHFA in the Application will not be considered.

In no event will the Applicant be able to score higher on any Selection Criteria than the self-score they submitted for that specific Selection Criteria.

Notwithstanding the point ranking under the Selection Criteria, OHFA's Trustees may in their sole discretion Allocate Credits to a Development irrespective of its point ranking. The Allocation must be in compliance with Code Section 42, in furtherance of housing goals, and in the interests of the citizens of Oklahoma.

All Selection Criteria must be met throughout the Extended Use Period. All Selection Criteria, for which points are awarded, will be included in the Regulatory Agreement. Development Owners are strongly encouraged to provide their management company or management staff with all the necessary information regarding these Commitments. OHFA Compliance Staff will be monitoring for any failure to maintain these Commitments.

1. Income Targeting

Total Points Possible: 5

Applications will be evaluated to the extent the Development targets Lower-Income populations with AHTCs. Income targeting points will be awarded based on percentage of total AHTC units targeted to persons at or below 50% AMI to the total number of AHTC units (excluding the employee unit) in the Development. The number of units is to be rounded up to nearest whole number.

If a Development's units do not contain all the same number of bedrooms, the units targeted to persons at or below 50% AMI must be proportionately allocated to all number of bedrooms and cannot be concentrated in units with a single number of bedrooms. Points will be awarded as follows:

At least 40% **5 points**

Documentation Requirements: The Unit Distribution and Rents and the 15 year pro forma must reflect the correct rents and income targeting.

2. Term of Affordability

Total Points Possible: 10

A Development may commit to remain affordable to Low-Income persons for extended periods of time over and above the programmatically required affordability period (minimum 30 years). Points will not be awarded unless the Applicant agrees to waive its right to request a Qualified Contract after year 14 of the Compliance Period. Points will be awarded as follows:

- Additional term of affordability of 10 years beyond required minimum.

- If the Development receives points in this category, it will not receive points in the Tenant Ownership category.

Documentation Requirement: Refer to **Attachment #12 Application Self Score Sheet & Certification.**

3. Development Location

Total Points Possible: 10

All documentation must be sufficient before points awarded. The following is an exclusive list.

Documentation Requirements:

- **QCT with plan -** A map showing the location of the property within the QCT and the revitalization plan. The revitalization plan must be signed by the local governing body with jurisdiction over the site within which the proposed Development is located at the time of Application and must include a brief description of the plan, a brief description of how affordable housing benefits the plan, and a brief statement regarding the need for affordable housing in the area affected by the plan. **1 Point**
- **DDA –** No documentation required. **1 Point**
- **In response to the 2016 Housing Needs Assessment –** Either overburdened or 60% AMI units category can be used, but not both. Points will be awarded only if all of the Development is in the designated counties.
    - There are 7 counties with a percentage of overburdened renters that exceeds the statewide figure of 40.01% and show a need for 25 units or more of 60% AMI units. Those counties are: Cleveland, McIntosh, Oklahoma, Payne, Pontotoc, Tulsa and Wagoner. No documentation required. **5 Points**

    OR
    - There are 16 counties with a percentage of 60% AMI housing units needed as a percentage of the population greater than the statewide percentage of 4.86% and show a need for 25 units or more of 60% AMI units. Those counties are: Beckham, Bryan, Canadian, Cleveland, Custer, Garfield, Haskell, Logan, Love, McClain, Oklahoma, Texas, Tulsa, Wagoner, Woods and Woodward. No documentation required. **5 Points**
- **High Opportunity Areas –** Either poverty or income category can be used, but not both.
- Go to http://factfinder.census.gov/faces/nav/jsf/pages/community_facts.xhtml. Points will be awarded only if all of the Development is in qualifying areas.
    - Input Oklahoma in the box, and then click poverty. This will give the latest percentage of poverty for the State. Then input the zip code of the Development. If the zip code is not known, then enter the smallest geographic area known, and then click poverty.
    - If the percentage is **less** than the State poverty level, then the Development is eligible for 5 **points**.
    - Provide State level printout and Development specific printout.

    OR
    - Input Oklahoma in the box, and then click income. This will give the latest median household income for the State. Then input the zip code of the Development. If the zip code is not known, then enter the smallest geographic area known, and then click income.

- If the median household income is **more** than the State Median Household Income, then the Development is eligible for **5 points**.
- Provide State level printout and Development specific printout.

2 year award - Points will be awarded to proposed Developments in a City or Town in which no 9% Low-Income Housing Tax Credit Awards have been made in the two (2) year period preceding this Application's date of consideration. **3 Points**

- For this requirement, a year will run from the month of the Trustees meeting to the same month the next year. Example: if a Development is awarded Credits in a City/Town in November 2015, only Applications to be considered **AFTER** November 2017 will be eligible to receive these points for the same City/Town (assuming no awards were made in the interim).
- For Developments that are proposed in unincorporated areas, the unincorporated area will be considered part of the City or Town in which it's mailing address is listed.
- Points will be awarded if the Applicant provides proof the proposed Development is not within a three (3) mile radius of any Development that was awarded within the two (2) year period preceding the Application's month of consideration whether the previously awarded Development is within the same city as the proposed property or not. A map clearly indicating the location of Tax Credit Properties within the City and surrounding Cities and the number of miles between the proposed property and other Tax Credit Developments. No map needed if no Developments awarded in area.

Population Growth: 3 Points

- The total population growth for the last three (3) years (using the most recent published year) for the County in which the Development is located. The total growth percentage must be equal to or exceed 2.5% for the three year period. No rounding. **OR**
- The total population growth for the last three (3) years (using the most recent published year), for the Town or City in which the Development is located. The total growth percentage must be equal to or exceed 2.5% for the three year period. No rounding.

For informational purposes only, the following two websites may be helpful.

http://www.census.gov/popest/data/counties/asrh/2013/PEPSR6H.html
http://factfinder2.census.gov/faces/nave/jsf/pages/index.xhtml

4. Tenant Targeted Populations

Total Points Possible: 8

Applications will be evaluated to the extent the Development Commits to serve Targeted Populations.

Applicant dedicates at least a minimum ten percent (10%) of the total residential units for Targeted Populations. Elderly cannot be the 10% population. **5 Points**

OR

Elderly Developments, as defined in OHFA's Chapter 36 Rules, can qualify only if **additionally** targeting 10% of their units to a Target Population. **8 Points**

Any manager's unit must be included in the calculation of 10% of the total residential units. Targeted Populations' units cannot be concentrated in a single bedroom size or Building if there are multiple bedroom sizes and/or Buildings.

Targeted Populations for this particular point criterion are Homeless, persons with mental or physical disabilities, Veterans, or Youth aging out of Foster Care. This designation must not violate any Fair Housing regulations.

From OHFA's Compliance Manual: Any unit promised for a targeted population (homeless, disabled etc.) must have been marketed for a period of 90 days for homeless and 60 days for persons with mental or physical disabilities, Veterans, or Youth aging out of Foster Care before it can be rented to a tenant that does not have the designated special need. In addition, the Owner must show ongoing due diligence in attempting to locate a special needs tenant for the unit.

<u>Documentation Requirements</u>**:** The Unit Distribution and Rents must reflect the special needs designation.

5. Tenant Populations of Individuals with Children

<u>Total Points Possible: 3</u>

At least 30% of the total AHTC units (excluding the manager's unit) have three bedrooms or more. If the Development receives 8 points in the Targeted Populations category, it will not receive points in this category.

<u>Documentation Requirements:</u> The Unit Distribution and Rents must reflect the bedroom sizes.

6. Tenant Ownership

<u>Total Points Possible: 10</u>

Points will be awarded to those Applications that propose tenant ownership after the 15 year Compliance Period with a satisfactory plan. Though some <u>maintenance</u> can be expected to be performed by the tenant, the list of maintenance duties should not be excessive. The list should not include Owner's duties such as gutters, exterior paint, fencing, mailboxes, window screen replacement, plumbing repairs, and other items that the Owner is required to maintain for health and/or safety issues or to meet minimum standards. The purpose is to have the tenant learn to do some chores and take responsibility in others, but not for the tenant to perform the Owner's duties.

- A discussion regarding <u>tenant reserve funds</u> should be included in the plan. The amount, source and frequency of contributions should be clearly outlined. It should also be delineated whether the reserve fund stays with the unit or the tenant.
- <u>Training for future homeowners</u> is an essential part of this type of program. At the minimum homebuyer education classes should be offered. These are the classes usually associated with down payment assistance. If the Applicant chooses, classes in homeownership can also be offered. These might include classes on insurance, maintenance, saving for long term repairs, etc.

- The tenant ownership plan should discuss the <u>continued affordability</u> of housing to the tenants. How will the new ownership payment (including insurance and taxes) compare to the rental payments before the end of the Compliance Period? Estimates are acceptable. Will there be any limits to the amount of increase between the two payments? If the sales price is more than the tenant can afford, will there be any down payment or other type of purchasing assistance?
- The <u>calculation of the sales price</u> is also an important component of the ownership plan. What factors and amounts will go towards the sales price amount? Will the tenant reserve funds, if any, be applied to the sales price? If the Development has a deferred loan and/or a balloon payment loan, it does not seem equitable for the tenant to pay for the bulk amount of the loan, just because it was structured that way in the beginning to benefit the Developer/Owner. Will the sales price be adjusted in any way at the time of purchase? If so, what factors will determine the write down amount, and what will be that amount?
- Another issue that must be addressed in the plan is whether or not a <u>Nonprofit entity</u> will actually acquire the Development before the tenants purchase. If the Nonprofit is involved in the Development, then provide a brief description of the agency. Also of importance are a discussion of potential homeowners associations and the timeline of the purchasing process. Though starting early in the Compliance Period is acceptable, usually tenants will change before year 15. The plans that start the process perhaps in years 10-13 seem more reasonable.
- Those units not sold must <u>remain affordable</u> to Low-Income persons for ten (10) years beyond the required minimum of thirty (30) years.
- As a reminder, tenants cannot be denied or chosen simply because of their willingness or ability to purchase the home. Also, tenants cannot be evicted in year 15 if they do not want or are not able to buy the housing. The Tax Credit Program is a rental program and has to be operated that way. All units not sold in year 15, or those units that for some reason revert back to the Development, have to be rental units. Hypothetically, this could be all units for the entire forty (40) years. Make sure the tenant ownership plan does not present anything contradictory to these requirements.

If the Development receives points in this category, it will not receive points in the Term of Affordability category.

<u>Documentation Requirement:</u> Applicants must submit a detailed plan which includes projections on maintenance, tenant reserve funds, home buyer training, continued affordability, sales price calculation, and etc. The plan will be evaluated for feasibility.

By checking the appropriate box on the <u>Attachment #12</u>, the Owner Certifies that all units not sold will remain affordable to Low-Income persons for ten (10) years beyond the required minimum of thirty (30) years.

7. Preservation of Affordable Housing

Total Points Possible: 3 (points will not be pro-rated.)

Affordable does not mean tenants receiving Section 8 assistance or units rented at a discount rate to market. Preservation means the preservation of the affordability of the housing, not the Buildings/real estate.

Traditionally, one of the type of programs listed below is involved or a similar type program.

- Properties with **project-based Rental Assistance** contracts
- Properties with USDA **Section 515** loans
- Properties financed with **Low Income Housing Tax Credits**
- Properties financed with **Section 202/811** loans
- Properties financed with **1937 Housing Act** funds

Documentation Requirement: Proof of the prior affordable status of the housing.

8. Energy Efficiency/Green Building

Total Points Possible: 18

Documentation Requirements:

Attachment #13 Energy Efficiency/Green Building Certification - specifically listing the energy efficient/green building items for which points are being claimed. This Certification must be signed by a representative of the Ownership entity, the architect, and the general contractor**.**

9. Historic Nature

Total Points Possible: 3

Building as defined in AHTC Rules 330:36-1-4 means a property containing residential Housing Units located on the Land and included in the Development.

100% of the historic building must be rehabilitated. At least 50% percent of the proposed Development's units must be located in the historic building. The units must be "new" or converted from non-residential to residential units. If existing housing units are to be rehabilitated, then the Placed In Service date must be at least 30 years prior to date of Application to receive the points for Historic Nature. Any new construction units must be within ½ mile radius of the historic building(s).

Definition of "Historic Nature:"

A. A historic building (structure) is either **listed** in the National Register of Historic Places (NRHP) as an individual property or as a contributing resource to a district (see *Oklahoma Properties Listed in the National Register,* http://www.okhistory.org/shpo/nationalregister.htm) or (2) is **eligible for** listing in the NRHP as an individual property or as a contributing resource to a district.
B. Additionally, the planned rehabilitation of the building must be consistent with the *Secretary of the Interior's Standards and Guidelines for Rehabilitation (*see Oklahoma's

Rehabilitating Historic Properties for Federal Investment Tax Credits, http://www.okhistory.org/shpo/taxcredits.htm).

Documentation Requirements:
A copy of the approved Historic Preservation Certification Application, Part 1 executed by NPS.

10. Negative Points

Total Points Possible: -20

- Allocation and Compliance Staff maintain a list of all negative points. Thirty (30) days prior to Application due date, a list of all negative points will be posted on OHFA's website. This will be the information used in the following round. Infractions and negative points will continue to accrue during the round; however, they would only be counted against Applicants in the next funding period.
- Negative points will remain in effect for a period of one (1) full year from the posting date of the list. For example, an infraction occurred on 8/18/17. It would be on 2018's 1st round 30 day list. It would also be on 2018's 2nd round list, and be in effect for the entire second round.
- If after infractions occur, and the Development is transferred, or changes management, the negative points stay with the entities who incurred the points, and the negative points will also remain with the Development but for only six (6) months.
- Points will be deducted for instances of poor performance in the operation of Tax Credit Developments that share common general partnership, managing member, and principals of each, with entities of the current Application.
- Points will be deducted for Management, Co-Management, and/or Management Consultants listed on the current Application.
- Negative points will be assessed on original participants. Team members can be substituted (with proper documentation), but negative points remain.
- No Documentation is required.

Points will be deducted for the following:

Allocation

For each late report exceeding three (3) late reports (see Attachment A and F)	**2 points**
Late payment of fees	**3 points**

Compliance (see Compliance Manual)

Points will be deducted for the following:

Four (4) late quarterly reports	**2 points**
For each additional late Quarterly reports	**2 points**
Late audit corrections	**2 points**
Late Annual Owner Certifications	**3 points**
Late COL submissions	**3 points**
Uncorrected 8823s	**5 points**

11. Tie Breaker

- In case there are Applications with the same final score in any set-aside that will affect funding, Applications will be funded based on the lowest Federal Tax Credits per unit (Historical Tax Credits are excluded). Tax Credits per unit will be determined by dividing the Federal Tax Credits an Applicant requests and qualifies for by the number of Tax Credit units, including employee units. The Application using the least Tax Credits per unit will be awarded first; the second Application using the least Tax Credits per unit will be next, and so forth until such time as the Tax Credits have been Allocated under the set-aside.
- In the event that Applications are still tied, a drawing shall occur at the Trustees meeting in which the Applications are being considered for funding. All Applications remaining tied in any set-aside will be entered in the drawing. The first Application drawn, will be funded first, the second Application drawn, will be funded next, and so forth until such time as the Tax Credits have been Allocated under the set-aside. Applications not drawn under a set-aside will be placed in the next set-aside in which they qualify and request in rank score order and tie breaker.
- In circumstances that only the order within a set-aside or from which set-aside a given Development will be funded is affected, then, the drawing will take place prior to the Trustees meeting. In cases where there may be insufficient funds available to fund any of the tied Developments, the drawing will always be held at the Trustees meeting.
- No Documentation is required.

Attachment #1 – Publication Notice Form

NOTICE TO THE PUBLIC OF A TAX CREDIT APPLICATION
(ACQUISITION, SUBSTANTIAL REHABILITATION & NEW CONSTRUCTION)
OF AFFORDABLE (SINGLE/MULTI)
FAMILY HOUSING

____, Applicant, will submit an Application to the Oklahoma Housing Finance Agency (OHFA) to obtain tax credits on the (acquisition, substantial rehabilitation or new construction) of a proposed Development, the name of which will be ________________________. Said is proposed to be located at ________ ________________________ (street address, city or town, zip, OR describe corner of street/road intersection, OR legal description. The street address is required unless unavailable, then the intersection and lastly the legal description).

There will be a total of ___________ units in the Development:

Of this total, _______ percentage will be rent and Income restricted units.

OHFA Trustees will consider this Application at OHFA's _________, 20__ Trustees meeting. Trustee meeting dates can be found on OHFA's website, www.ohfa.org.

Any questions regarding this Application may be directed to________________________ (name, address and phone and fax numbers of contact of Owner/Applicant).

For information regarding the hearing of the Application, contact Darcy Green, Housing Development Team Program Supervisor, OHFA, P.O. Box 26720, Oklahoma City, OK 73126-0720, (405) 419-8145, darcy.green@ohfa.org

NOT PART OF FORM NOTE: OHFA encourages contact with local government agencies at the earliest possible stage in the planning of the Development. In larger jurisdictions, OHFA recommends the Applicant investigate the proposed Development's conformance with neighborhood or local area plans**.**

Items in ( ) need to be replaced with actual information selected.

Attachment #2- Market Study Summary

(To be included at the beginning of the market study)

Development Name: ____

The Market Study prepared by:____

Date of Study: ________________________

Page # of specific answers requested below. Please do not list a large range of pages.

☐ A map delineating the primary market area (PMA).

☐ A photograph of the site.

☐ A full description of the site.

☐ Discussion of the appropriateness of the location.

☐ A demographic summary of the market area, including incomes, households, growth trends, economic factors relating to employment, labor force, and community facilities (i.e. parks, schools, etc.)

☐ An evaluation of the current affordable housing stock existing in the market area, including an identification of geographical location, occupancy levels, age of stock, upkeep condition, bedroom mix, amenities and rents being charged.

☐ Include comparable rental residential Developments in the primary market area and all Tax Credit Developments.

☐ A discussion of any relevant information regarding existing rent overburden statistics. (Not applicable to rehabs with current occupancy of 90% or more.)

☐ An evaluation of the need for affordable housing within the primary market area. (Not applicable to rehabs with current occupancy of 90% or more.)

☐ A discussion of whether or not the proposed Development, in light of vacancy and absorption rates for the applicable market areas, is likely to result in an increased vacancy rate for comparable units within such market area, (i.e., standard, well-maintained units within such market area that are reserved for occupancy by low and very low Income tenants).

☐ A projection of the time necessary for the Development to achieve sustaining occupancy. (Not applicable to rehabs with current occupancy of 90% or more.)

☐ Provide the recommended vacancy rate.

☐ Discuss the capture rate for the primary market area. A 30% affordability factor must be used when calculating the number of Income Qualified Renter Households.

☐ An evaluation of whether the projected initial rents for the Development are or are not reasonably affordable by low and very low-Income tenants and within the rental range for the comparable Developments within the market area. Include market advantage/disadvantage analysis.

☐ Analysis of the Oklahoma Housing Needs Assessment in relation to proposed Development, including analysis of number of units needed for County.

☐ A summary of qualifications for the individuals who participated in the Development of the market study.

☐ A signed written statement is required from the preparer of the market study which certifies that the market study is true and correct to the best of the professional’s knowledge and belief, and that there is no identity of interest between the professional and the Applicant, Developer, Owner or the entity for whom the report is prepared.

Attachment #3 – Nonprofit Owners

Development Name: ____

Nonprofit Name: ____

I hereby Certify that the Qualified Nonprofit:

- Owns more than fifty percent (50%) Ownership interest of the general partner or managing member.
- Will materially participate on a regular basis, in the planning and construction of the Development.
- Will materially participate on a regular basis, in the operation and management of the Development throughout the entire Compliance Period.
- Is not affiliated with or controlled by any for profit entity.
- Will be bound to all Nonprofit requirements.

Representative of Nonprofit Entity	**Representative of Ownership Entity**
______________________________	______________________________
Signature	Signature
______________________________	______________________________
Printed Name	Printed Name
______________________________	______________________________
Title	Title
______________________________	______________________________
Date	Date

DO NOT MODIFY THIS FORM

Attachment #4 – Suggested Previous Participation Form

Name: ____

List all current and past Developments, regardless of continued involvement, for Oklahoma, as well as other States.

Incomplete forms and lack of full disclosure may result in disqualification of the Application.

If this funding source involved, indicate with an X or ✓.

⇓ ⇓ ⇓

Property ID:	Property Name and Address	Total # of Units	AHTC	HOME	Bond	Principal's Role	Status (Active, Sold, Expired)	Date 8609 Issued

Make copies as needed.

____
Signature of Representative

Attachment #5 – Development Team Member Certificate

OKLAHOMA HOUSING FINANCE AGENCY
AFFORDABLE HOUSING TAX CREDIT PROGRAM

Development Name: ____

Team Member Role: Check box/boxes that apply

☐ Accountant/Tax Professional ☐ Architect ☐ Attorney ☐ Developer

☐ Consultant ☐ General Contractor ☐ Owner ☐ Mgmt. Company

☐ Gen. Partner/Managing Member ☐Co-Developer ☐Co-Management Company

☐ Other (please specify) ____________________

The undersigned Development Team Member for the referenced Applicant and Development hereby affirms to Oklahoma Housing Finance Agency and its Trustees that the undersigned has not:

- Been involved in uncured financing defaults, foreclosures, or placement on HUD's list of debarred contractors;
- Had events of material uncorrected noncompliance with any Federal or State assisted housing programs within the prior seven (7) year period;
- Had Appointment of a Receiver or bankruptcy within the prior seven (7) year period;
- Been removed as a general partner or managing member.
- Failed to meet and maintain any material aspect of a Development as represented in an Application;
- Failed to meet and maintain minimum property standards;
- Failed to bring any Development back into compliance after receiving written notice from OHFA's Compliance Staff.
- Failed to comply with OHFA's requests for information or documentation on any Development funded or administered by OHFA;

Intends to participate in the Development proposed by the Application.

By: ____

Printed Name: ___________________________________

Company: _______________________________________

Tax ID Number: __________________________________

SUBSCRIBED AND SWORN to before me on this the _______________ day of, ___________ __________________ 20___.

____

NOTARY PUBLIC

(SEAL) **My commission expires:** ______________________________

DO NOT MODIFY THIS FORM

Attachment #6 – Identity of Interest Certification

Development Name: ____

OHFA has determined the following constitutes an **Identity of Interest:**

Identity of Interest between of the parties to this Tax Credit Application and general contractors, subcontractors, materials suppliers, or equipment lessors (hereinafter "Contractors") will be construed as existing under any of the following conditions:

- When there is any financial interest of the Applicant and any other member of the Development Team, management team, or any Contractors.
- When one or more of the officers, directors, stockholders, members, or partners of the Applicant is also an officer, director, stockholder, member, or partner of any other member of the Development Team, management team, or any Contractors.
- When any officer, director, stockholder, member, or partner of the Applicant has any financial interest whatsoever in any other member of the Development Team, management team, or any Contractors.
- When any member of the Development Team, management team, or Contractors advances any funds to the Applicant.
- When any member of the Development Team, management team, or Contractors provides or pays, on behalf of the Applicant, the cost of any materials and/or services including architectural services or engineering services other than those of a surveyor, general superintendent, or engineer employed by any other member of the Development Team, management team, or Contractor in connection with its obligations under its contract with the Applicant.
- When any member of the Development Team, management team or Contractors takes stock or any interest in the Applicant entity as part of the consideration to be paid him/her.
- When any relationship exists which would give the Applicant or any other member of the Development Team, management team or Contractors Control or influence over the price of the contract or the price paid to any other member of the Development Team, management team or to Contractors.
- When there exists or comes into being any side deals, agreements, contracts or understandings entered into thereby altering, amending, or cancelling any of the management plan/management agreement documents, organization documents or other legal documents pertaining to the property, except as approved by OHFA.

IDENTITY OF INTEREST DISCLOSURE

The following list constitutes a listing of those who have an **Identity of Interest** to this Application.

Do any of the following have an **Identity of Interest** in any other party to this Development?

General Partner/Managing Member: No ☐ Yes ☐

Developer: No ☐ Yes ☐

Management Company: No ☐ Yes ☐

Sponsor: No ☐ Yes ☐

Contractor: No ☐ Yes ☐

Sub-contractors: No ☐ Yes ☐

Tax Attorney: No ☐ Yes ☐

CPA: No ☐ Yes ☐

Material Suppliers: No ☐ Yes ☐

Equipment Lessors: No ☐ Yes ☐

Other Service Providers: Please identify: No ☐ Yes ☐

____

Describe relationship, identifying percentage of any Ownership, percentage of materials or services to the Development and all financial matters in the Development.

____

____

____

I, ___________________________________ (please print name), hereby Certify that I have read the **Identity of Interest** statement above and understand what OHFA has determined constitutes an **Identity of Interest**.

The undersigned ____________________________ (please print) hereby Certifies that,

Check one:

☐ **No Identity of Interest relationship exists**.

☐ **An Identity of Interest relationship exists** and hereby disclosed on the following page(s) of this qualification form those entities with which an **Identity of Interest** relationship exists.

I hereby Certify, under penalty of law, and with knowledge that this information may be verified, that the information submitted is true and accurate.

I further understand that failure to disclose any **Identity of Interest** to OHFA will also subject me to any administrative remedies available to OHFA. Such remedies may include suspension and debarment from participating in any OHFA programs.

I further understand and agree that I will update this **Identity of Interest** if my circumstances change, and I agree to provide a new **Identity of Interest** at any time requested by OHFA.

IN WITNESS THEREOF, I have set my hand this ____ day of ____, _____.

____
Signature of Non Profit, General Partner/Managing Member (or Principal thereof)

____
Title of Officer, if General Partner/Managing Member is a Corporation

The **Identity of Interest** Affidavit was acknowledged before me this _____ day of ___________, ________ by _____________________________ known to me to be the person described in and who executed the foregoing instrument and acknowledge that he/she executed the same as his/her free and voluntary act of deed.

____
Notary Public

My commission Expires: __________________________________

DO NOT MODIFY THIS FORM

Attachment #7 – Section 42 Leasing Language, Development Services, & Referral Acceptance Certification

Development Name: ____

The undersigned hereby certifies:

- That the proposed Development will include the proper language in the Tenant Application and Lease Addendum. The Tenant Application language must include questions about full time students and felonies. The lease or an addendum must include Section 42 language.

- To notify tenants of Development and/or community services available in the area. Such notification shall be in the form but not limited to letters to tenants, flyers, posters, etc. Documentation shall be made available to OHFA at any time requested.

- That the Owner/Applicant will accept referrals from Public Housing waiting lists and/or OHFA.

____
Signature

____
Printed Name

____
Title

____
Date

<u>DO NOT MODIFY THIS FORM</u>

Attachment #8 – Cost and Expense Separation

Development Name: ____

The undersigned hereby certifies:

- The costs and expenses for this Development will be separate from the costs and expenses of any other phase of the Development if part of a multi-phase Development.

- The costs and expenses for this Development will be separate from the costs and expenses of any other Development located in close proximity and sharing common Ownership or principals thereof with this Development.

____
Signature

____
Printed Name

____
Title

____
Date

DO NOT MODIFY THIS FORM

Attachment #9 – Fair Housing and ADA Certification

Development Name: ____

Team Member Role: Check box/boxes that apply
☐ Owner ☐ Architect ☐ General Contractor

Name: ____

The undersigned hereby certifies the Development will comply with all Fair Housing and Americans with Disabilities Act (ADA) requirements including those dealing with accessibility.

____
Signature

____
Printed Name

____
Title

____
Date

The **Fair Housing and ADA Certification** was acknowledged before me this _____ day of ____ , _______ by __________________________ known to me to be the person described in and who executed the foregoing instrument and acknowledge that he/she executed the same as his/her free and voluntary act of deed.

____
Notary Public

My commission Expires: ______________________________

DO NOT MODIFY THIS FORM

Attachment #10 – Capital Needs Assessment Certification

Development Name: ____

The undersigned hereby certifies:

- That the proposed improvements plus reserves have a useful life that meets the full term of affordability.
- That an interview was conducted with either the owner or onsite personnel to assist in determining the historical and current physical condition of the Development.

List the Names and titles of all onsite personnel interviewed

Name	Title
______________________________	____________________________________
______________________________	____________________________________
______________________________	____________________________________
______________________________	____________________________________
______________________________	____________________________________
______________________________	____________________________________

____________________________________ ____________________

Representative of the Ownership Entity Date

____

Printed Name

____________________________________ ____________________

Individual who performed CNA Date

____

Printed Name

DO NOT MODIFY THIS FORM

Attachment #11 – Development Amenities Certification

Development Name: ____

The Undersigned hereby certifies:

- The **amenities** will be included in the plans and specifications for the **Development** and that they have been included in the construction budget.

- **The amenities will be new and specific to the Development and/or unit or have been significantly restored and/or replaced to be in new condition and not included in any other phase of the Development if it is a multi-phase Development and are not included in any other Development located in close proximity to this Development.**

- That one hundred percent (100%) of the units in the Development will be located within ½ mile of any amenities meant to serve the entire Development even if more than one (1) of an amenity type must be included to meet this requirement. However, additional points will not be awarded for duplication.

- **This is an exclusive list and no substitutions will be permitted after a Development has been Awarded Credits.**

These three items must be provided.

- Ceiling fans in each bedroom and in each living room
- Smoke free policy for the building(s)
- Storm shelter or Safe room that meets or exceeds FEMA guidelines and the ICC/NSSA standards (ICC-500). Storm shelters/Safe room must accommodate all possible residents based on number of bedrooms two (2) people per bedroom.

Applicants must choose one (1) of the following:

☐ Dishwasher in each unit
☐ Garbage Disposal in each unit

Applicants must choose one (1) of the following:

☐ Sports Facilities (e.g. Soccer Field, Basketball Court, Tennis Court, Badminton, Shuffle Board, etc.) ______________________
☐ Indoor Fitness Center with equipment
☐ Playground with three (3) or more different features grouped together. (e.g. Swings, Seesaws, Slides, etc.)

Applicants must choose one (1) of the following:

☐ Onsite computer workstations with internet access (computers must be provided and dedicated to the tenants)
☐ Wireless internet connection for Development
☐ Security Alarm system in each unit

Applicants must choose one (1) of the following:

☐ Washer & Dryers in each unit
☐ Washer and Dryer hook-ups in each unit

☐ A shared laundry room facility

Applicants must choose one (1) of the following:

☐ Building facades that are a minimum of 60% brick or stone (man-made or natural)

☐ Building facades that are a minimum of 40% brick or stone (man-made or natural). The remaining percentage shall be comprised of Cement type boards

Note: Building facades will be N/A for Rehabilitation Developments. Rehabilitation Developments are anything less than 100% new construction. New Construction includes removing all existing structures, including slab(s).

______________________________ ____________________

Representative of the Ownership Entity Date

____

Printed Name

______________________________ ____________________

Architect Date

____

Printed Name

______________________________ ____________________

General Contractor Date

____

Printed Name

DO NOT MODIFY THIS FORM

Attachment #12 – Application Self Score Sheet & Certification

1. Income Targeting – 5 Points Possible ______ **Self-Score**

2. Term of Affordability – 10 Points Possible ______ **Self-Score**

☐ YES ☐ NO The Development will remain affordable to Low-Income persons for ten (10) years beyond the required minimum of thirty (30) years. The Applicant/Owner waives the right to request a Qualified Contract.

3. Development Location - 10 Points Possible ______ **Self-Score**

QCT with plan __________________
DDA __________________________
Housing Needs Assessment
Overburdened ______
60% units ________________
High Opportunity Areas
Poverty __________________
AMI _____________________
2 year award ____________________
Population Growth
County __________________
City _____________________

4. Tenant Targeted Populations– 8 Points Possible ______**Self-Score**

Family with 10% targeted populations ___________
Elderly with 10% targeted populations ___________

5. Tenant Populations of Individuals with Children – 3 Points ______ **Self-Score**

6. Tenant Ownership - 10 Points Possible ______ **Self-Score**

☐ The Development is claiming points for Tenant Ownership and the Owner Certifies that the units not sold will remain affordable to Low-Income persons for ten years (10) years beyond the required minimum of thirty (30) years.

7. Preservation of Affordable Housing - 3 Points Possible ______ **Self-Score**

8. Energy Efficiency/Green Building –18 Points Possible
______ **Self-Score**

9. Historic Credits –3 Points Possible ______ **Self-Score**

Total Self-Score ______

In no event will an Applicant receive more points on any specific Selection Criteria than the self-score requested above at the time of Application for that particular category.

Cannot receive both Term of Affordability and Tenant Ownership points.

Verify all documentation in individual Tabs is complete, accurate, and coincides with this Applications Self-Score Sheet and Certification.

Certification:

The undersigned, being duly authorized, hereby represents and Certifies the Selection Criterion information, to the best of his/her knowledge, is true, complete and accurately describes the proposed Development.

The undersigned is fully aware of:

- The facts and circumstances surrounding the Commitments for the Selection Criterion.
- Misrepresentations of any kind will be grounds for denial or loss of the Tax Credits, and may affect future participation in the Tax Credit Program in Oklahoma.
- That all Selection Criterion will be part of the recorded Regulatory Agreement.

The undersigned has executed this Certification in the name of the Owner this__________day of ________________________________, 20_____.

____
Representative of the Ownership Entity

____
Printed Name

____
Title

____
Date

ACKNOWLEDGEMENT

The **Applications Self Score Sheet and Certification** was acknowledged before me this ____ day of ________________, ______ , by __________________________ known to me to be the person described in and who executed the foregoing instrument and acknowledge that he/she executed the same as his/her free and voluntary act of deed.

____
Notary Public

My commission Expires: ______________________

DO NOT MODIFY THIS FORM

Attachment #13 – Energy Efficiency/Green Building Certification

Development Name: ____

The Undersigned hereby certifies:

- That the energy efficient/green building items marked below will be **included in the plans** and specifications for one hundred percent (100%) of units in the Development and that they have been included in the budget.
- That the energy efficient/green building items marked below **exceed the minimum requirements** of the applicable building codes.
- **<u>Substitutions will be permitted after a Development has been Awarded Credits. The total points after the substitution must equal the total points at the time of the award.</u>**

Check all that apply

☐ Shower heads with a maximum of 2.5 gallons per minute flow rate (1 point)

☐ The use of better than R-2 insulation on exposed hot water pipes (1 point)

☐ Installation of Energy Star qualified appliances (1 point)

☐ Energy Star qualified windows with Low E glass (3 points)

☐ Energy Star qualified HVAC (3 points)

☐ Energy Star qualified Efficiency Water Heaters (2 points)

☐ LED lighting in units or parking lot (2 points)

☐ Drought tolerant exterior plantings and grass to limit need for watering (2 points)

☐ Use of Low or no VOC paint throughout the Development for compliance period (1 point)

☐ Programmable thermostats (1 point)

☐ Foaming gaps at windows, doors, eave lines, electrical outlets, switches (2 point)

☐ Mold guard drywall, at least in bathrooms, kitchen, and laundry rooms. (3 Points)

Applicants may select one (1) of the following:

☐ Insulation: Attic insulation better than R- 38, wall insulation better than R – 13 and floor insulation (if applicable) better than R-19 (2 points)

<u>OR</u>

☐ Spray foam insulation exceeding code requirements (5 points)

Applicants may select one (1) of the following:

☐ Radiant barrier per ASTM standards in attic and/or roof sheathing and/or exterior wall sheathing. **May not be combined with spray foam insulation. N/A for Rehabilitation Developments.** (2 points)

<u>OR</u>

☐ Insulation: R-3 or better insulation installed around the exterior foundation of every Building (2 points)

Representative of the Ownership Entity Date

Printed Name

Architect Date

Printed Name

General Contractor Date

Printed Name

DO NOT MODIFY THIS FORM

Attachment A – Post Application Fees

- **General-**All checks for fees shall be payable to "Oklahoma Housing Finance Agency." Failure to pay any fee at the appropriate time could result in negative points on future Applications, as well as other consequences.
- **NSF -**If payment is returned for insufficient funds, it will be deemed nonpayment. The amount to defray costs will be due immediately and other consequences may result.
- **Allocation**-An Allocation fee shall be paid in an amount equal to eleven percent (11%) of the total Allocation, but in any event not less than $1,000. The Allocation fee is due within fourteen (14) calendar days of notification from OHFA of the approval of the Tax Credit Allocation. A Carryover Allocation Agreement will not be executed, nor will Form 8609(s) be issued unless this fee has been received by OHFA. Nonpayment may result in revocation of Credits.
- **Processing**-A processing fee of one percent (1%) of the TCA must accompany the request for a Final Allocation. Form 8609(s) will not be issued unless this fee has been received by OHFA.
- **Regulatory Agreement filing**-An executed Regulatory Agreement must be submitted to OHFA as part of the Request for Final Allocation and be accompanied by a check payable to the County Clerk of the county or counties in which the Development is located. The check or checks shall be in an amount sufficient to cover the filing fees of the county (ies).
- **Compliance monitoring**-In addition to the documentation required by OHFA, an annual compliance monitoring fee shall be paid to OHFA on or before January 28th of each year of the Compliance Period and Extended Use Period. The compliance monitoring fee will be based on the fees in effect for the year the compliance fee is invoiced and is subject to annual adjustment. If a Development includes scattered sites, a compliance monitoring fee for each site must be paid. If the compliance monitoring fee is not paid within 30 calendar days of the Due Date, then a Late Fee will be assessed. The Late Fee is equal to twenty five percent (25%) of the compliance fee. Failure to remit timely payment of compliance monitoring fees may result in the filing by OHFA of a lien against the Development. The compliance monitoring fee shall be computed as follows:
    - **RHS Developments**-For Developments financed by RHS under the Section 515 (and otherwise qualify under the Code) receiving a TCA in 2011 or before where an agreement has been entered into between OHFA and RHS wherein the RHS agrees to provide OHFA with the required information respecting the Income and rent of the tenants in the Development, the fee shall be $240.00 per Development per year, plus $12.00 per OAHTC unit per year within any Building within the Development;
    - **Single Site or Contiguous Site Developments of four (4) Units or less** -$275.00 per Development, per year.
    - **All other Developments**-For all other Developments including those financed by RHS under Section 515 receiving a TCA in 2012 or later the fee shall be $375.00 per Development, plus $21.00 per AHTC unit in any Building within the Development, per year.
- **Additional monitoring-**In the event noncompliance with the Code or Regulatory Agreement or the Chapter 36 Rules requires OHFA to conduct an examination of the Owner, any Building within the Development, or any documentation to verify correction of said noncompliance, OHFA shall be reimbursed its costs by the Development or Owner for such an examination, including an hourly rate for the OHFA examiner, not to exceed $35.00 per hour, plus any and all actual travel, lodging and per diem expenses of said

examiner. Such reimbursement of expenses and costs shall be paid to OHFA within ten (10) calendar days of receipt of OHFA's invoice of same.

- **Ownership/General Partner/Managing Member Transfer-**In the event that the Owner submits a request for approval of a Transfer of Ownership/general partner/managing member of the Development or any of the Buildings therein, a $7,500 fee. If additional Transfers are submitted at the same time and are essentially the same parties involved, then each additional transfer will be $4,000. These fee(s) must accompany the request for approval(s) and is nonrefundable.
- **Management Transfer-**In the event that the Owner submits a request for approval of a Transfer of the management company of the Development, either alone or in conjunction with an Ownership/general partner/managing member/manager transfer, a $500.00 fee per Development shall be paid. This fee must accompany the request for approval and is nonrefundable.
- **Copies of Rules-**Copies of the Chapter 36 Rules will be provided at a cost sufficient to defray the total cost of copies, but can be accessed on the website, www.ohfa.org.
- **Compliance Workshop-**A cost sufficient to defray the total cost of the presentation will be charged for attendance at the Compliance Workshop.
- **Qualified Contract fees**-The Qualified Contract Preliminary Application (QCPA) fee shall be $1,500.00. Additionally, the Qualified Contract Application (QCA) fee shall be $12,500.00 plus any third party fees and expenses incurred by OHFA and not paid directly by the Applicant. See the Rules (330:36-4-3(a) (13) for more information on third party fees. Submission deadlines for these fees will be established in the Qualified Contracts Application materials.
- **Late fees**
  - **Progress reports-**Progress reports as required in OHFA Rules 36-4-2.1 when filed late will be assessed a late fee of $10.00 per calendar day, per each late report.
  - **Carryover Allocations**-Applicants who fail to timely file all requirements in the AP as to Agreement, Application, ten percent (10%) cost Certifications, opinions, and documents shall incur $100.00 late fee per calendar day.
  - **Final Allocations-**Applicants who fail to timely file all requirements in the AP as to the Regulatory Agreement, Application, cost Certifications, opinions, and documents shall incur $100.00 late fee per calendar day.
  - **Transfer Documents-**Owners who fail to timely file all requirements in regard to a Transfer of Ownership or general partnership interest (or other type of entity) will incur $25.00 late fee per calendar day.
  - **Placed-In-Service Acknowledgment Form**-Owners who fail to timely file a Placed-In-Service Acknowledgment Form shall incur $10 late fee per calendar day. Placed-In-Service Acknowledgment Forms must be received by OHFA compliance staff no later than thirty (30) days after a particular Building is Placed-In-Service.
  - **Annual Owner Certifications**-Owners who fail to file a complete Annual Owner Certification as required in 36-6-7(c)(4) within thirty (30) days of the Due Date shall incur a $50 per Development Late Fee per calendar day for the signed certification and a $150 per unit late fee for failure to file in the electronic format prescribed by OHFA.

Attachment B – Program Market Study Requirements

A market study prepared by a Person/firm with expertise and demonstrated experience in the preparation of market studies related to residential rental properties must be submitted with the Application. This market study shall be utilized by OHFA to determine whether the Development meets housing needs and demands.

The study cannot have been prepared more than twelve (12) months prior to the date of filing the Application. An exception would be for a resubmission Application, for the same Development, a letter may be provided from the original market analyst, prepared eighteen (18) months or less prior to the date of the resubmission. The letter should update any applicable information in the original study and certify original study, with any updates is still valid.

Even though a market study may address all of the elements required below, OHFA may reject the market study if it is determined, in OHFA's sole discretion, that the information presented will not enable OHFA to make a decision regarding need and the viability of the proposed Development, or if OHFA determines that a demand and/or need for the Development is not demonstrated.

The Market Study must provide:

- A Market Study Summary Page. **See Attachment #2.**
- A map delineating the primary market area (PMA) for the proposed Development. The PMA should be realistic and not too large.
- A full description of the site accompanied by a photograph of the site. A discussion of the appropriateness of the location.
- A demographic summary of the market area, including incomes, households, growth trends, economic factors relating to employment, labor force, and community facilities (i.e. parks, schools, etc.).
- An evaluation of the current affordable housing stock existing in the market area, including an identification of geographical location, occupancy levels, age of stock, upkeep condition, bedroom mix, amenities and rents being charged. Include comparable rental residential Developments in the primary market area and all Tax Credit Developments. All existing and/or under construction Tax Credit properties in the PMA must be taken into consideration in the analysis. If they are not comparable, explain why.
- A discussion of any relevant information regarding existing rent overburden statistics. Rent overburdened would be those households paying over 30% of their income for housing. An evaluation of the need for affordable housing within the primary market area. (This criterion is not applicable to rehabs with current occupancy of 90% or more.)
- A discussion of whether or not the proposed Development, in light of vacancy and absorption rates for the applicable market areas, is likely to result in an increased vacancy rate for comparable units within such market area, (i.e., standard, well-maintained units within such market area that are reserved for occupancy by low and very low Income tenants).
- Provide a projection of the time necessary for the Development to achieve sustaining occupancy. (This criterion is not applicable to rehabs with current occupancy of 90% or more.)
- Provide the recommended vacancy rate.

- Discuss the capture rate for the primary market area. The capture rate is an important component of the market study. Capture rate is defined as, “The percentage of age, size, and Income Qualified Renter Households in the Primary Market Area that the property must capture to achieve the Stabilized Level of Occupancy. The Capture Rate is calculated by dividing the total number of units at the property by the total number of age, size, and Income Qualified Renter Households in the Primary Market Area.” This is the National Council of Affordable Housing Market Analysts (NCHAMA) definition. OHFA requires 1.5 persons per bedroom for determining income and household size. A residential unit is rent-restricted if the gross rent with respect to such unit does not exceed 30 percent of the imputed income limitation applicable to such unit. A 30% affordability factor must be used when calculating the number of Income Qualified Renter Households.
- An evaluation of whether the projected initial rents for the Development are/are not reasonably affordable by low and very low-Income tenants and within the rental range for the comparable Developments within the market area. Include market advantage/disadvantage analysis.
- Analysis of the Oklahoma Housing Needs Assessment in relation to proposed Development, including analysis of number of units needed for County.
- A summary of qualifications for the individuals who participated in the Development of the market study.
- A signed written statement is required from the preparer of the market study which certifies that the market study is true and correct to the best of the professional's knowledge and belief, and that there is no identity of interest between the professional and the Applicant, Developer, Owner or the entity for whom the report is prepared.

Attachment C – Program Underwriting Standards

Failure to meet any of these requirements is a Failed Threshold item.

If a lender, syndicator, or other program has more stringent requirements for any of these criteria, those must be satisfied as well OHFA's requirements. Documentation from the source must be provided at the time of Application.

Amount of credits

The amount of the Tax Credits requested cannot be increased after the Application has been submitted to OHFA. **After underwriting, the amount of Credits may be reduced. Credits also may be reduced at Carryover and/or final if the underwriting supports a lower amount.**

The applicable percentage will be the average percentage of the previous June to November for Applications submitted in the first funding period and the average percentage of the previous December to May for Applications submitted in the second funding period. OHFA will comply with any new legislation passed. The 9% rate has been permanently fixed.

> **130% Boost** -Developments located in a QCT or DDA are eligible for the 130% Eligible Basis increase (boost).
>
> **120% Boost** - Developments not located in a QCT or DDA may be eligible for the 120% general financial adjustment Eligible Basis (boost) by requesting and showing a financial need for the boost.
>
> **In addition,** Developments must be in, Beckham, Bryan, Canadian, Cleveland, Custer, Garfield, Haskell, Logan, Love, McClain, McIntosh, Oklahoma, Payne, Pontotoc, Texas, Tulsa, Wagoner, Woods and Woodward.
> **OR** Developments must be in those areas designated as high opportunity/low poverty in the Location Selection Criteria.
>
> 4% Applications can only qualify for QCT or DDA Eligible Basis increase.

The maximum amount of Tax Credits that will be awarded to any Development in any County except Cleveland, Oklahoma and Tulsa Counties is $650,000. This maximum applies to all Developments, including those that receive either the 130% or the 120% boost.

For Developments in Cleveland, Oklahoma and Tulsa Counties, the maximum amount is $750,000. This maximum applies to all Developments, including those that receive either the 130% or the 120% boost.

There is no maximum amount for 4% Applications.

The maximum amount of Tax Credits will be based on the lesser of Gap or Eligible Basis Method of calculation. However, the final Allocation could be less due to underwriting.

Cost Limits

OHFA encourages realistic costs for AHTC Developments, while encouraging cost efficient production and shall not give preference solely for lowest construction costs. Developments that have high cost may be ineligible for a reservation. OHFA will use the HOME Program Maximum Per Unit Subsidy Limits as the limit on total development costs per unit, based on bedroom size.

The ONLY exception to these limits will be for Historic Rehabilitations. Applicants must demonstrate to OHFA's satisfaction that the cost per unit is realistic. OHFA Staff in their best judgment will determine the cost reasonableness. In no case will the cost per unit of a Historic Rehabilitation be allowed to exceed more than fifteen percent (15%) of the current Maximum per Unit Subsidy in effect at the time of the Application.

OHFA will Allocate only the amount of Credit necessary for financial feasibility of a Development and its viability as a qualified Low-Income Housing Development throughout the extended use period.

Cost per square foot will be considered as part of the feasibility analysis for all Applications. Historic Rehabilitation is allowed to exceed no more than fifteen percent (15%) of the current maximum per square foot in effect at the time of the Application.

High costs per square foot may result in a Failed Threshold item, even if maximum per unit limits are not exceeded. The average square foot and threshold cutoff amounts for a particular round will be available to Applicants at the time Preliminary Review Reports are sent to Applicants.

Minimum Rehabilitation Cost per Unit

A minimum rehabilitation investment is required to assure meaningful, rather than simply cosmetic, substantial rehabilitation of properties. A threshold of no less than $30,000 in hard costs per unit or hard costs of at least twenty percent (20%) of Eligible Basis, whichever is greater.

Appraisals in Acquisition/Substantial Rehabilitation Properties

For acquisition/substantial rehabilitation properties, OHFA shall limit the acquisition price upon which Tax Credits are Allocated to the "as is" appraised value of the property.

Developer and Contractor Fee Limitations

OHFA AHTC Chapter 36 Rules 330:36-4-2.1

These are the maximum amount of fees allowed for costs and Eligible Basis. Round down to avoid overages.

Developer Fees

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.

For Acquisition and Rehabilitation, the Developer Fee must be prorated between the acquisition and the rehabilitation based upon the percentage of Eligible Basis represented by each.

A Large Development is more than sixty (60) units.

Contractor Fees

Small Developments. Contractor fees may not exceed sixteen percent (16%) of the Hard Construction Costs. Contractor fees are further limited as follows:

i. General requirements shall not exceed six percent (6%) of the Hard Construction Costs.
ii. General overhead shall not exceed two percent (2%) of the Hard Construction Costs.
iii. Builders profit shall not exceed eight percent (8%) of the Hard Construction Costs.

Large Developments. Contractor fees may not exceed fourteen percent (14%) of the Hard Construction Costs. Contractor fees are further limited as follows:

i. General requirements shall not exceed six percent (6%) of the Hard Construction Costs.
ii. General overhead shall not exceed two percent (2%) of the Hard Construction Costs.
iii. Builders profit shall not exceed six percent (6%) of the Hard Construction Costs.

Hard Construction Costs The following types of activities, but not limited to, earthwork, site work, on-site utilities, roads and walks, concretes, masonry, metals, carpentry (rough and finish), moisture protection, doors/windows/glass, insulation, roofing, sheet metal, drywall, tile work, acoustical, flooring, electrical, plumbing, elevators, blinds and shades, appliances, lawns and planting, fence, cabinets, carpets, heat & ventilation, demolition and off-site. A reasonable construction contingency can also be included.

No other contingencies are allowed. Adjust the budget accordingly.

Reserves

- Minimum total reserves must equal six (6) months of each:
- Projected operating expenses,
- Debt service payments, and
- Replacement reserve payments.
- Maximum total reserves cannot equal more than one (1) year of each.

In lieu of such reserves, Developer guarantees or letters of credit may be accepted, taking into account the Developer's demonstrated financial capacity and liquidity, its program record, and the number of other guarantees it has outstanding. The guarantee for reserves only relates to the Development budget, not operating or DCR.

If the Applicant has reserves over the maximum allowed amount Staff will underwrite using the maximum allowed amount. This may reduce the amount of Credits the Applicant is eligible for.

Minimum replacement reserves should equal $250 per unit annually for new construction and $300 for substantial rehabilitation Developments. If there is interest income on reserves it must be clearly defined and separated from other income.

Utilities

Utility allowances are to be calculated by the Applicant. The utility allowance used must be appropriate for the type of unit. These allowances may be derived from only one of following sources: HUD Utility Schedule Model or Energy Consumption Model (both estimates must be approved in advance by OHFA), a local service provider, a local public housing authority, or OHFA's utility charts, which can be found on OHFA's website as Appendix B to the AHTC Compliance Manual.

Source Documentation of the utility allowance as well as the calculation must be included in the Application.

<u>If the property is receiving project based rental assistance support from HUD, RD, or other source, the Applicant must use the approved allowance. If proposed utility allowances have not been approved by HUD, RD, or other funding source the Applicant must utilize the currently approved utility allowance. For changes in allowances after the Placed-In-Service date, please contact compliance staff.</u>

<u>Rents</u>

AHTC Developments often take advantage of multiple types of funding. Applicants are advised that the maximum rents permitted will be based upon the most restrictive rent limits of the respective funding programs, **regardless of the amount of the Gross Rent Floor established by the AHTC Program.** <u>If the property is receiving project based rental assistance support from HUD, RD, or other source the Applicant must provide the approved rents and the number of units and bedroom size receiving assistance. The Applicant must use the approved rents. If proposed rents have not been approved by HUD, RD, or other funding source the Applicant must utilize the currently approved rents. Source documentation must be included in the Application.</u>

If the Applicant is claiming "National Non-Metro" rents, appropriate documentation from the RD eligibility website must be provided.

<u>Operating Expenses</u>

Some type of maintenance expenses must be shown. Either maintenance salaries or an estimate for the cost of contracting out the work should be included.

<u>Debt Coverage Ratio</u>

Debt service coverage is defined as the ratio of a property's net operating income to debt service obligations. Rental income, any subsidies, and reserve funds should be sufficient to cover the property's debt and operating expenses over the period of Low-Income use. DCR must meet all lender requirements as well. A minimum debt service coverage ratio of **<u>1.15</u>** is required for all debt financing which would foreseeably result in foreclosure if not repaid. <u>The debt coverage ratio must be maintained each year for 15 years.</u>

<u>Projections and Pro-Formas</u>

Applicants are required to express realistic operating expense and vacancy rate projections in pro formas that are indicative of prevailing market conditions. The pro forma provided by OHFA **must** be provided. A reasonable cash flow must be exhibited throughout the 15 years. **<u>No negative cash flow is allowed in any year.</u>**

If other income is not increasing at the same rate as income or not increasing at all, then it must be shown separately on pro forma.

<u>Deferred Developer Fee</u>

OHFA does not allow interest to accrue on deferred Developer fees. All Deferred Developer Fees must be repaid through cash flow by the end of year 12. The Eligible Basis will be reduced by any Deferred Developer Fee that has not been removed through cash flow after year 12, which could cause a reduction in the amount of Credits a Development is eligible to receive.

Cash Contributions

Actual Cash contributions should be included in the Sources and Uses on the Application Form.

Other Tangible non cash contributions

Any other tangible (but not cash) contributions, including discounted materials, fee waivers, etc. should not be included in the Sources and Uses on the Application Form.

Attachment D – Supplemental Information

Other Laws and Regulations

The Applicant, Development, Owner, Development Team, Principals of each, and all Affiliates of each must comply with all applicable federal, State, and local laws, rules, regulations, and ordinances, including, but not limited to, Code Section 42, and regulations promulgated thereunder, the Oklahoma Landlord Tenant Act, the Titles VI and VII of the Civil Rights Act of 1964, as amended and Title VIII of the Civil Rights Act of 1968, as amended. Neither the Applicant, Development, Owner, Development Team, Principals of each, nor any Affiliates of each shall discriminate on the basis of race, creed, religion, national origin, ethnic background, age, sex, familial status or disability in the lease, use or occupancy of the Development or in connection with the employment or application for employment of Persons for the operation and/or management of any Development. The Owner(s) of a Development will be required to covenant and agree in the Regulatory Agreement to comply fully with the requirements of the Fair Housing Act as it may from time to time be amended, for the time period as promised in the Application.

Progress Reports

Construction **must** begin within **nine (9) months** of the last calendar day of the month of the AHTC Credit Reservation. HDT Staff may visit the site to ensure construction commencement.

Progress Reports **must** be filed by the deadlines below, following approval of a reservation of Credits until the Form 8609 is issued for a Building. The form to be used for Progress Reports is on OHFA's website. Electronic submissions are preferred but not required. Progress Report Deadlines are as follows:

- January 10
- April 10
- July 10
- October 10

Applicants will be notified of any other deadlines in a timely manner. Compliance Progress Reports may overlap with the Allocation Progress Reports, which are outlined in the manual. **Late progress reports, carryover documents, and final documents will generate negative points and late fees.** Failure to follow any of these provisions may result in a return of Credits as well as affect consideration for future Applications.

If the Due Date for submission of any documents or fees falls on a weekend or a designated Federal holiday, then the Due Date becomes the next business day.

Completion Timelines

Within thirty (30) calendar days after the Certificate of Occupancy is issued for a Building in the Development, the Owner must notify OHFA by completing and submitting the Placed-In-Service Acknowledgment. The Placed-In-Service Acknowledgment will be provided after funding. A copy of the Certificate of Occupancy for each Building must accompany this Attachment. For substantial rehabilitation Developments, the architect's verification of substantial completion for each Building must accompany this Attachment if there is no Certificate of Occupancy.

Compliance

Any questions regarding compliance issues should be directed to the HDT Tax Credit Compliance Staff. The current OHFA AHTC Compliance Manual is also available on our website at www.ohfa.org. The compliance manual is incorporated by reference into these Application Instructions. If a Compliance Manual is requested from Staff, then there will be a cost sufficient to defray the cost of production.

It is the responsibility of the Owner/Applicant to inform management companies/property managers of all details promised in the Application. This especially applies to Selection Criteria that received points. No changes in the Selection Criteria will be allowed after an award is made, unless specifically allowed above.

Failure to comply with all of the Selection Criteria as presented in the Application may lead to 8823s being filed and/or a potential loss of Tax Credits. A detailed list given to the management companies/property managers is recommended. All Selection Criteria awarded points are included in the Regulatory Agreement.

Within two (2) years of the last Building in the Development being Placed-In-Service, HDT Compliance Staff shall conduct the necessary file and unit inspections. This inspection process shall be repeated at a minimum once every three (3) years.

Fees are delineated in **Attachment A.**

Exchange

If an Owner's request to exchange one year's Credits for another year's Credits is approved by the Board, the Owner is not eligible to submit an AHTC Application for one full year. The period of ineligibility starts with date the request is approved. The one year suspension is per Development, and will be assessed cumulatively.

Multiple Phases

Applications for multiple phases of the same Development submitted in the same funding period will be processed as one Application.

RAD

Applicants submitting Applications under the RAD (Rental Assistance Demonstration) are eligible to apply for 9% and 4% Credit Applications. OHFA encourages the use of 4% due to unlimited credit request amounts and more flexible timelines.

Transfers

It is the responsibility of the Owner/Applicant to notify OHFA no less than sixty (60) days prior to any Ownership, general partner, managing member or management Transfers after the Tax Credit Allocation has been awarded. For management Transfers, contact one of the AHTC Compliance Specialists for the checklist of documents required. For Transfers of Ownership, general partner(s), managing member, or any interest in the Ownership entity, contact one of the Housing Financial Analysts for the checklist of required documents and fees.

Failure to submit the required documents and fees to OHFA sixty (60) days prior to the date of the Transfer and/or failure to receive approval prior to the completion of the Transfer may cause any current or future Applications to be disqualified from further consideration.

Fees are delineated in **Attachment A.**

Qualified Contracts
Contact Staff for information.

Attachment E – Electronic Application Information

OHFA plans to utilize some kind of cloud/internet system. We will not maintain a server. The exact system is not known at this time.

All Applications, Preliminary Review Reports, Preliminary Review Responses, and the Final Review Reports will be in electronic form only.

Specific instructions to follow. The completed Attachment E will be posted on the web and sent as an email blast to interested parties.

Testing will be conducted with 2017 second round Applicants. Testing will include a week for Open Records.

Attachment F – Allocation Deadline Guidance, including negative points and late fees

All deadlines are the LATEST you may submit items. You may ALWAYS submit earlier! If a due date falls on a weekend or holiday, the due date is the next business day. All deadlines are the responsibilities of Owners.

Forms and Checklists are on OHFA's website.

Electronic Submissions

- Electronic submissions will be accepted to meet deadlines.
- Exception is Carryover Agreement and the LURA.

Final Cost Certifications – due February 28th after placed in service year.

- We are removing the language about "4 months after last building placed in service".
- No exceptions, no drafts, no extensions.
- Subject to 2 negative points and $100/day late fee.
- If a "corrected" cost cert comes in after the deadline, still subject to negative points and $100/day from deadline until "corrected" cert received. Corrected means a whole new Cost Certification. If responding to OHFA's question(s), it is not considered "corrected" for this purpose.
- No individual reminders will be sent out.
- <u>The final Cost Certification deadline also applies to 4% Bond Developments.</u>

LURA/Final Packet-due November 1 of placed in service year.

- On October 1, OHFA will send an email blast reminding everyone of the November 1 deadline. A LURA must be filed if claiming Credits for that year.
- This reminder is only a courtesy and an attempt to ensure all LURAs are submitted timely. If for some reason, you do not get a reminder, the deadline is the same.
- No individual reminders will be sent out.
- We are removing the language about "2 months after last building placed in service".
- Subject to 2 negative points and 3 negative points for the fee, plus $100/day late fee.
- <u>The LURA deadline also applies to 4% Bond Developments.</u>

Carryover Agreements and Allocation Checks

- Hard deadline of date outlined in award letter. Usually two weeks after Board Meeting.
- Electronic submission also due, however in this instance, electronic alone will **NOT** satisfy requirements. Hard copy must be received by deadline.
- Subject to 2 negative points and 3 negative points for the fee, plus $100/day late fee.
- <u>The Allocation check deadline also applies to 4% Bond Developments.</u>

Carryover Packets-due 1 year from Carryover Agreement OHFA signature date

- Only one 60-day extension may be given.
- Subject to 2 negative points at one year deadline. Subject to $100/day late fee after the 60 days.
- OHFA **CANNOT** waive, or extend in any way, the date in which 10% of costs must be expended.

- No individual reminders will be sent out.

PIS Acknowledgement Form-due no later than 30 days after Building is Placed in Service

- OHFA will not assess late fees or negative points for these.
- May be viewed as part of general review of capacity if not submitted.
- The PIS Acknowledgement Form deadline also applies to 4% Bond Developments.

Quarterly Reports-due January 10, April 10, July 10 and October 10

- No individual reminders will be sent out.
- Subject to 2 negative points and $10/day late fee.
- The quarterly report deadline also applies to 4% Bond Developments.
- Required until 8609s are issued.
- Quarterly reporting for compliance my overlap with Allocation, refer to the compliance manual for details.