OHIO **HOUSING** FINANCE AGENCY

2014 QUALIFIED ALLOCATION PLAN

OHIO **HOUSING** FINANCE AGENCY

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A LETTER FROM THE EXECUTIVE DIRECTOR

In accordance with the Ohio Revised Code Section 175.06, the Ohio Housing Finance Agency serves as the housing tax credit agency for the State of Ohio and performs all responsibilities of a housing tax credit agency pursuant to Section 42 of the Internal Revenue Code and similar applicable laws.

Established in 1986, the Housing Tax Credit program has consistently proven to be a successful public and private partnership, creating more than 100,000 quality, affordable rental housing units for Ohio families who need it the most. This program generates lasting economic benefits through employment opportunities and recurring revenue for state and local governments.

Sincerely,

Douglas A. Garver

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I. PURPOSE

The Housing Tax Credit program (also known as the Low-Income Housing Tax Credit or LIHTC program) is a federal income tax incentive program designed to increase the supply of quality affordable rental housing by assisting with the financing of development costs. Since 1987, the Ohio Housing Finance Agency (OHFA) has used the Housing Tax Credit program to facilitate the statewide development of more than 100,000 affordable rental units.

Section 42 of the Internal Revenue Code (IRC) is the federal statute governing the Housing Tax Credit program. The Qualified Allocation Plan (QAP) contains OHFA's procedures and policies for the distribution of Ohio's allocation of housing tax credits. Many terms used in the QAP are defined in Section 42 or in related IRS regulations, and readers should refer to these materials for their proper interpretation. OHFA strongly encourages all applicants to seek experienced legal and accounting advice in order to comply with all Housing Tax Credit program requirements.

The QAP may be subject to change, pending developments in federal and state legislative requirements and/or OHFA policy.

II. GUIDING PRINCIPLES

OHFA's multifamily programs are designed to create financially and physically sustainable affordable housing by distributing resources through a transparent allocation process that addresses the mandates of the law, the needs of our primary customers and which respects the interests of our stakeholders. Primary customers include low- and moderate-income residents, the development community, and owners of existing housing tax credit properties.

These principles will guide the allocation of resources for all developments funded through OHFA. While these policies relate to OHFA programs in general, a specific policy might not directly relate to a given funding source. As an example, single-family homeownership is an ineligible use in the program, but a core product of the Housing Development Gap Financing program. The statements are not listed in any particular order; rather, the priority of each policy is reflected in the particular allocation process.

OHFA will allocate resources to proposals that promote the policies and goals indicated in the following policy statements and are determined to be in the best interest of the citizens of the state of Ohio.

Types of Housing and Location

- OHFA supports the development of four types of housing: apartments for families; apartments for seniors; single family lease-purchase (rental units for the first 15 years) and single family homeownership.

- OHFA will allocate housing tax credits and other funding sources to achieve a balanced distribution of resources based on geography, population served, and historic investment. OHFA will use its sole discretion to determine if it needs to override the balance to serve areas of greatest need when necessary.

- OHFA will allocate housing tax credits and other funding sources to preserve existing affordable housing that is in need of rehabilitation and has Section 8 or equivalent federal rental assistance contracts.

- OHFA supports Permanent Supportive Housing (PSH) as stand-alone developments or typical multifamily or senior developments that include a percentage of PSH units.
- OHFA supports proposals that demonstrate collaboration with local units of government.
- OHFA supports the re-development of vacant properties in areas of the state most impacted by the foreclosure crisis.
- OHFA supports the development of affordable housing in all areas of need including areas within a Qualified Census Tract and Difficult Development Areas.
- OHFA supports development in new markets where no previous product development has taken place.
- OHFA supports developments that are partially funded by Historic Preservation Tax Credit programs.

Types of Subsidy

- OHFA supports proposals that leverage substantial federal, state, local or Public Housing Authority or other development subsidies, such as the USDA Rural Development Section 515 program, HUD Choice Neighborhoods program and the HUD Section 811 program.
- OHFA supports the development of developments that will serve very low- and extremely low-income populations and/or provide rental subsidy for the residents.

Development Characteristics

- OHFA supports developments that demonstrate a sustainable market.
- OHFA will assess development and unit amenities for durability as well as utility.
- OHFA supports Visitability – the three features of which will be incorporated into all newly constructed properties, and wherever possible in rehabilitation properties.
- OHFA supports designs which promote usability for all (Universal Design) in all new construction and rehabs.
- OHFA supports developments that meet the latest Enterprise Green Communities Criteria.
- OHFA supports amenities and design which distinguish a development from the competition.
- OHFA will require the development of proposals that meet our Minimum Financial Evaluation Process and Standards. OHFA will also consider development costs of a reasonable level when evaluating proposals.

Development Team Characteristics

- OHFA supports development teams with significant capacity, a solid track record of partnership with the Agency and a history of success developing the type of affordable housing proposed.

- OHFA supports developments in which the majority owner or managing member is a state-certified Community Housing Development Organization (CHDO) and the proposed development is located in the established service area of the CHDO.
- OHFA supports development teams with a strong financial base.
- OHFA supports development teams with the ability to meet key responsibilities in a timely and efficient manner. Included in the development team are the general partners, developers, and property manager.
- Development teams will also be evaluated on any outstanding financial obligations with OHFA. The staff will evaluate the repayment histories of all loans extended to previous developments as well as payments of all other fees due to OHFA.
- OHFA supports the endeavors of community-based nonprofit housing organizations to develop housing in their service area.
- OHFA values development team members that are certified as a Minority Business Enterprise (MBE) or a Women's Business Enterprise (WBE) by the State of Ohio. OHFA encourages MBE or WBE participation in the construction or soft-cost related services performed on developments funded with OHFA resources.

Management Company Characteristics

OHFA supports management companies that:

- Have a proven record of maintaining compliant housing tax credit communities, as well as other types of affordable housing.
- Take an active role in the apartment community and are committed to providing rental homes and apartments that are safe, decent, and promote a good quality of life for the residents.
- Understand the populations they serve by creating effective partnerships to provide the services necessary for sustaining and enhancing the well-being of the residents.
- Are accessible and responsive to the needs of their residents, employees, vendors, investors, and OHFA.
- Strictly adhere to all local, state, and federal Fair Housing and landlord-tenant laws, and are particularly committed to ensuring their apartment communities are accessible to mobility and sensory impaired residents and their guests.
- Have a well-articulated and measurable plan for self-monitoring and maintaining the housing tax credit compliance of the property.
- Are properly qualified to manage residential property in all states in which the company operates.
- Promote employee development through licensure, sponsoring membership in professional organizations, ongoing continuing education and affordable housing training.

- Are financially stable and take seriously their fiduciary responsibility to the owner.
- Use the most up-to-date technology to manage and market their apartment communities.
- Place an emphasis on the orderliness and security of their record keeping system to ensure the safety and security of private, sensitive information found within tenant files and databases.

Good Partnership

OHFA requires that any developer, owner, syndicator and/or management company must perform their responsibilities in a spirit of good partnership and conduct business according to the following principles:

- Accountability: A participant must demonstrate responsibility for the execution and administration of the tasks undertaken.
- Timeliness: Information must be submitted within established timeframes for each development.
- Professionalism: Information submitted must be organized, concise, complete, accurate, true and current. Participants are expected to communicate in a respectful manner with OHFA staff.
- Collaboration and Cooperation: A participant must collaborate with OHFA in a mutually cooperative spirit to achieve the common goal of providing affordable housing in Ohio.
- Responsiveness/Communication: A participant will always provide prompt notification of issues, concerns or any other matters that affect a development and will immediately communicate to OHFA any modification, change or amendment sought.

A participant failing to follow these principles will be subject to review by OHFA. OHFA will, in its sole and absolute discretion, determine the appropriate measures to be taken – which will range from counseling to prohibition from participation in any OHFA program.

III. APPLICATION PROCESS

All applications for the Housing Tax Credit program must be submitted to the Office of Planning, Preservation and Development; OHFA; 57 East Main Street; Columbus, Ohio 43215. Applications must be received no later than 4:00 p.m. on the respective dates listed in the program calendar. Applicants must use the 2014 Affordable Housing Funding Application (AHFA), which will be available on the OHFA website at www.ohiohome.org by the date listed in the program calendar. All applications and supporting documentation must be submitted in digital format according to the document submission procedure posted at www.ohiohome.org/lihtc/application.aspx. See the instructions in the 2014 AHFA for details on electronic submissions.

The preferred method of contact for questions regarding the application process is via email to **2014QAPMailbox@ohiohome.org**. You may also contact the Office of Planning, Preservation and Development via telephone at **(614) 466-0400**.

The application review process for 9% Housing Tax Credits will consist of two stages: a proposal application and a final application. The process for applications seeking 4% Housing Tax Credits is also outlined in this section.

A. 9% Proposal Application Process

The proposal application consists of 2014 Affordable Housing Funding Application (AHFA) and all supporting documentation indicated in the AHFA.

Requests for Exceptions

Any request for an exception to specific program requirements referenced in the threshold review sections must be submitted in advance of the proposal application by the date indicated in the program calendar. OHFA will consider such requests and issue decisions by the date indicated in the program calendar. Exceptions will be considered only for those items specifically identified in these guidelines. Requests for exceptions to specific underwriting requirements must be submitted with the proposal application.

Public Notification and Comment

Applicants must send public notification letters to local government officials prior to the proposal deadline. Outreach to the community regarding proposals is also encouraged. OHFA will accept public comments about proposals at any time, and will consider public comments during the review process until the deadline indicated in the program calendar.

OHFA will post the proposal summary for all applications on the website. This form containing basic information about the proposal will be completed by the applicant in a format determined by OHFA. No other application materials will be available to the public until OHFA has announced the results of the proposal application stage.

Site Visits

OHFA may conduct a site visit to gather information that will be used to help evaluate applications. The applicant must clearly mark the physical location of the site and provide a detailed map that depicts the roads leading to the site. Up to two representatives of the applicant who are familiar with the housing proposal are encouraged to accompany OHFA staff to answer any questions. The applicant may request in advance that additional representatives be present if necessary and acceptable to OHFA. Applicants for scattered-site developments must be available to provide a tour of the sites and neighborhoods. All site visits will be scheduled at a time convenient to OHFA review staff.

Cost Containment

After applications are received, OHFA will implement a cost containment measure aimed at removing developments with high costs that appear to be outliers from those applications that have been submitted for each pool.

Any development that is two standard deviations from the mean of the pool for both total development cost per unit and total development cost per square foot will be removed from further consideration and not processed.

OHFA will exclude assumed debt from calculations of existing unit projects.

Proposal Review

OHFA will perform a threshold review of proposal applications to ensure that required items have been submitted and are complete and correct, and a financial underwriting analysis to ensure that all underwriting requirements are met and that the amount of housing tax credits is the minimum amount necessary for the financial feasibility of the property from the development stage through the development's compliance period.

Applicants will have an opportunity to correct deficiencies and address issues found during the threshold review and underwriting. Changes to the development team members and the location of the proposed housing will not be permitted during the correction period.

Applicants that successfully meet threshold and underwriting requirements will be considered in the competitive selection process. OHFA will contact the applicant with any questions during this process. Applications that are selected for an award of housing tax credits will continue to the full application stage.

B. 9% Final Application Process

A final AHFA will be distributed to applicants that receive an award of housing tax credits in the proposal stage. This application must be completed and submitted with all required supporting documentation by the deadline in the program calendar.

OHFA will perform a threshold review of final applications to ensure that required items have been submitted and are complete and correct, and a financial underwriting analysis to ensure that all underwriting requirements are met and that the amount of housing tax credits is the minimum amount necessary for the financial feasibility of the property from the development stage through the development's compliance period.

Applicants will have an opportunity to correct deficiencies and address issues found during the threshold review and underwriting. OHFA will contact the applicant with any questions during this process. Developments that receive gap financing or other OHFA funding in addition to housing tax credits will be presented to the OHFA Board for consideration of these other sources.

C. 4% Application Process

Developments receiving tax-exempt bonds that finance more than 50% of the development's total aggregate basis may apply for an award of 4% Housing Tax Credits. Applicants seeking such an award must submit all items necessary to meet the threshold review requirements, although the deadlines indicated in the program calendar do not apply.

While an award of 4% Housing Tax Credits is not competitive, OHFA will verify that all developments have the appropriate development team in place, meet all threshold requirements, and submit to OHFA's underwriting process. OHFA reserves the right to reject an application that fails to meet an appropriate level of quality in these areas. OHFA is the final judge of eligibility for the amount of housing tax credits awarded to all tax-exempt bond financed developments.

Development-specific conditions will be listed in the Housing Tax Credit Eligibility (42m) Letter.

In addition to the requirements indicated above, the applicant must also meet the following requirements:

1. For locally issued bonds (non-OHFA), the inducement resolution or final approval resolution of the issuer is required. In addition, a letter from the bond underwriter indicating the anticipated interest rate, term, and amortization of the bonds must be submitted.

2. OHFA reserves the right to require a legal opinion stating that the development is eligible to receive an allocation of housing tax credits pursuant to Section 42(h)(4) of the IRC.

3. A representative of the developer or management company must meet with OHFA Program Compliance staff within six months following issuance of the letter of eligibility to review management practices and establish a timetable for the placed-in-service review.

The minimum financial evaluation process and standards outlined in these guidelines will apply to bond-financed developments, however the owner has the option to elect the housing tax credit rate during the month in which the bonds are issued or the month the development is placed-in-service. Please note that the rate election period is tied to the month the notice of issuance indicates. If a development closes in escrow, the rate election applies to that month, not when the final closing occurs. Furthermore, if a bond closes in escrow and does not make a rate election in that month, the credit rate utilized will be the credit rate applicable at the time and for the month in which each building is placed-in-service. Please note that the owner has up to five days following the month in which the bonds are issued to notify OHFA of the rate election, otherwise the month the development is placed-in-service will be used.

Applications for bond-financed properties may be submitted at any time during the year. If public notification requirements have been met and any threshold deficiencies have been corrected, OHFA may take up to six weeks to review an application and issue an eligibility letter. The eligibility letter will be issued when all requirements are satisfactorily completed.

D. Program Calendar (subject to change based on number of proposals submitted)

Date	Applicants	OHFA	Public Comment
Tuesday, October 1, 2013		2014 AHFA and application review worksheets released	
Monday, October 21, 2013 *tentative*		2014 Affordable Housing Funding Training held in Columbus and Online	
Thursday, January 16, 2014	Deadline to submit requests for exceptions		
Thursday, January 9, 2014	Deadline to commission market studies		
Thursday, January 30, 2014		Decisions issued for exceptions to specific program requirements	
Thursday, February 20, 2014	Deadline to submit proposal applications		Consideration of public comments begins
Thursday, February 27, 2014		Proposal summaries posted on website	
Monday, March 3, 2014		Threshold review and underwriting begins	
Monday, March 10, 2014	Site visits begin		
Thursday, April 3, 2014		Notice of threshold and underwriting issues sent to applicants	
Friday, April 4, 2014		Competitive scoring begins	
Thursday, April 17, 2014	Deadline to respond to threshold and underwriting issues		
Wednesday, April 30, 2014	Site visits conclude		
Monday, May 12, 2014			Consideration of public comments ends
Wednesday, May 14, 2014		Results of competitive scoring released	
Wednesday, May 14, 2014		Results presented to Multifamily Committee of OHFA Board	
Wednesday, May 21, 2014		Binding reservation agreements issued	
Wednesday, May 21, 2014		Results presented to OHFA Board	
Tuesday, May 27, 2014	Next steps and debriefing meetings begin		
Tuesday, June 3, 2014	Deadline to return binding reservation agreements		
Thursday, August 7, 2014	Next steps and debriefing meetings conclude		
Thursday, August 28, 2014	Deadline to submit final applications		
Wednesday, December 17		Final date for issuance of Carryover Allocation Agreements	

IV. ALLOCATION POOLS

The annual per capita credit allocation will be divided into the following allocation pools. OHFA will reserve up to 10% above the amount set aside in each pool to fully fund the credits approved for the final application selected in a pool. After reserving the majority of the credits in each pool based on the competitive scoring, OHFA will select a final application that does not exceed the remaining credits in the pool plus the 10% overage amount. If there is no application that meets this criterion, the remaining credits in the pool will be distributed to the strategic initiatives pool. Credits from the state's 2015 credit allocation will be forward committed to fund any overages.

OHFA will determine the allocation pool in which each proposal will compete. Credits not awarded in any pool, or geographic area within the pool, will be distributed in the strategic initiatives pool. Geographic definitions for urban, suburban and rural areas can be found below.

A. New Rental Units Pool – Approximately $9,000,000

This pool is intended for proposals to create new rental units. Adaptive re-use developments, which create new rental units from a building that previously was not designed as housing, will be placed in this pool. OHFA will determine the allocation pool in which proposals that combine new and existing units will compete.

Geographic distribution:

1. Approximately $4,000,000 for developments in urban areas.
2. Approximately $3,000,000 for developments in suburban areas.
3. Approximately $2,000,000 for developments in rural areas.

B. Existing Rental Units Pool - Approximately $8,500,000

This pool is intended for proposals to renovate existing housing units. This includes proposals that competed in the preservation pool in previous years, except for developments that create new units while preserving existing subsidies (such as HOPE VI, Choice Neighborhoods, or the use of Section 8 portability), which will compete in the new rental units pool. OHFA will determine the allocation pool in which proposals that combine new and existing units will compete.

Geographic distribution:

1. Approximately $3,500,000 for developments in urban areas.
2. Approximately $2,500,000 for developments in suburban areas.
3. Approximately $2,500,000 for developments in rural areas.

C. Permanent Supportive Housing (PSH) – Approximately $4,000,000

Proposals must serve a population defined in the Permanent Supportive Housing (PSH) Policy Framework, and at least 50% of the units must have a commitment for rental subsidy that covers the difference between 30% of the resident's income and the established rent for that unit.

The majority general partner(s) must be nonprofit organizations with experience in developing, owning, or managing supportive housing for the homeless or special needs individuals/families.

A maximum of one award will be made to proposals that do not serve the homeless or those at-risk of homelessness.

PSH developments must obtain approval from their respective HUD designated Continuum of Care (CoC) or will not be considered for funding.

Geographic Distribution:

1. Approximately $3,250,000 for developments located in the cities of Akron, Cincinnati, Cleveland, Columbus, Dayton and Toledo.

2. Approximately $750,000 for developments located in all other areas of the state.

D. Strategic Initiatives Pool

Proposals that do not receive an award of credits in the other pools will be considered in this pool. The remainder of the annual credit allocation will be awarded at the sole discretion of OHFA to proposals that address the policies outlined in this QAP and that meet the spirit of OHFA's mission.

E. Geographic Definitions

Urban Areas (Cities)	Suburban Areas (Counties)	Rural Areas (Counties)	
Akron	Butler	Allen	Knox
Canton	Clark	Adams	Lawrence
Cincinnati	Clermont	Ashland	Logan
Cleveland	Cuyahoga	Ashtabula	Madison
Columbus	Delaware	Athens	Marion
Dayton	Fairfield	Auglaize	Meigs
Lorain	Franklin	Belmont	Mercer
Mansfield	Geauga	Brown	Monroe
Springfield	Greene	Carroll	Morgan
Toledo	Hamilton	Champaign	Morrow
Warren	Lake	Clinton	Muskingum
Youngstown	Licking	Columbiana	Noble
	Lorain	Coshocton	Ottawa
	Lucas	Crawford	Paulding
	Mahoning	Darke	Perry
	Medina	Defiance	Pike
	Miami	Erie	Preble
	Montgomery	Fayette	Putnam
	Pickaway	Fulton	Ross
	Portage	Gallia	Sandusky
	Richland	Guernsey	Seneca
	Stark	Hancock	Scioto
	Summit	Hardin	Shelby
	Trumbull	Harrison	Tuscarawas
	Union	Henry	Van Wert
	Warren	Highland	Vinton
	Wood	Hocking	Wayne
		Holmes	Williams
		Huron	Washington
		Jackson	Wyandot
		Jefferson	

V. THRESHOLD REVIEWS

A. Threshold Review for 9% Proposals

OHFA will conduct a threshold review of the proposal application to determine if it is complete, contains all necessary forms and supporting evidence, and meets minimum program requirements. After a review of all threshold requirements, OHFA will offer the applicant an opportunity to correct any errors.

Any request for an exception to specific program requirements referenced in this section must be submitted in advance of the proposal application by the date indicated in the program calendar. OHFA will consider such requests and issue decisions by the date indicated in the program calendar. Exceptions will be considered only for those items specifically identified in this section.

Meets Section 42 Requirements

The development must meet all the requirements set forth in Section 42 of the Internal Revenue Code (IRC) of 1986, as amended and all relevant U.S. Department of the Treasury regulations, notices, and rulings.

Complete and Organized Application

The AHFA and all required materials must be submitted on a compact disc, organized and formatted according to the index provided with the application. Applications must be complete and consistent with all supporting documentation. An original signature of a representative of each general partner/managing member is required in the program certification section of the application and must be submitted in its original, paper form. Any applications that are incomplete, inconsistent, and/or illegible will be rejected.

Application Fee

An application processing fee will be invoiced after all applications are received. This fee will be assessed based on the number of applications submitted in the competitive funding round by any given developer, general partner, managing member or any other authorizing entity as follows:

First application: $2,000; Second application: $3,000; Third application: $4,000; Fourth application: $5,000.

Additional applications will be assessed a $6,000 fee per application.

Extended Use

All developments must commit to an extended use period of a minimum of thirty years of affordability. If an allocation of housing tax credits is received, the owner must file a Restrictive Covenant (provided by OHFA) which waives the right of the owner to petition OHFA to have the extended use period terminated (as described in Section 42 of the IRC).

Proposal Summary

All applicants must complete the OHFA proposal summary tab, which is located in the AHFA. The proposal summary will be posted on the OHFA website for public reference.

Scoring Workbook

All applicants must complete the OHFA scoring workbook tab, which is located in the AHFA. Developments that do not provide a scoring workbook at the time of proposal will be removed from consideration.

Evidence of Site Control

If the current owner is a general partner or limited partner in the development, the applicant must submit copies of the executed and recorded deed(s).

If the current owner is not a general partner or limited partner in the development, then evidence of site control must be submitted. Acceptable forms of site control include, but are not limited to, a purchase contract, a purchase option, or a long-term lease agreement (minimum of 35 years in length).

If parcels will be purchased from a city land bank, a copy of the final city council resolution approving the transfer of all applicable lots may be submitted as evidence of site control.

Evidence of site control may not expire until a reasonable period following the scheduled announcement date for housing tax credit awards. All option agreements relating to the transfer of a site must be included in the application.

OHFA reserves the right to require, as needed, additional documentation that evidences proper site control.

A scattered-site development is required to have at least 35% of the sites under control. A development qualifies as scattered-site if there are 10 or more sites AND no more than 50% of the sites are contiguous. OHFA reserves the right to reduce basis at carryover if the minimum site control percentage at application is not maintained at carryover.

Zoning

The applicant must obtain a letter from the local municipality stating that the site(s) is properly zoned for the proposed multifamily residential use.

For jurisdictions with no zoning regulations in effect, a letter from the jurisdiction stating so is required.

Market Study

A market study conducted by an OHFA-approved market study professional must be submitted with the application. Refer to the OHFA Market Study Standards for requirements, and to the program calendar for deadlines.

Supportive Services Plan

Senior Housing

Applicants proposing housing that sets aside 100% of the units for households containing at least one person who is 55 years or older are required to provide an experienced service coordinator, evidence of service coordinator salary or an in-kind service agreement, and a supportive service plan containing services that are appropriate for the population.

Family Housing

Both multifamily developments (non-senior) and single family lease-purchase proposals must provide the following services: providing referrals to local jobs programs; counseling residents as to available educational and training programs that can secure one's place in the workforce or enhance the likelihood of advancement; credit counseling and consultation; and referrals to day care, after school, and health care/wellness programs. Applicants will be required to submit a supportive service plan containing specific services and demonstrating linkages with local services agencies.

Lease Purchase

In addition to the supportive services requirement for family housing, proposals for single family lease-purchase homes must have a viable homeownership strategy for residents who inhabit the units during the compliance period. The strategy must incorporate an exit strategy, calculation of the estimated purchase price for the resident, homeownership counseling, and a minimum amount of funds set-aside by the owner to assist the resident in the purchase.

Permanent Supportive Housing (PSH)

Applicants proposing PSH must provide a supportive service plan. A plan submitted to a local CoC or other entity may be submitted. The plan should address the following items:

1. The population being served by the proposal and the experience the support provider has serving that population.

2. How the supportive service plan will address the needs of the specific population.

3. How the success of the supportive services plan will be evaluated; the formal and informal methods that will be used to evaluate the success of the development in meeting the individual needs of the residents, as well as addressing overall issues of homelessness; and how this information will be conveyed to OHFA and other organizations.

4. How the physical design of the building(s), the development site and location will enhance the lives of residents specific to their particular needs.

5. How residents will be linked to services not directly offered by the onsite service provider.

6. The source of funding for the services and how the development plans to sustain supportive service provisions over the life of the compliance period.

Preliminary Architectural Plans

Preliminary architectural plans must be submitted and follow all requirements outlined in the Design Requirements section of the QAP. All preliminary architectural plans will be reviewed for approval by OHFA's staff architect.

Design and Construction Features Agreement

All proposals must include a completed Design and Construction Features Agreement. The Design and Construction Features Agreement template will be available on OHFA's website.

Phase I Environmental Site Assessment (ESA) or Mini-Phase I (MP-1)

A Phase I Environmental Site Assessment (ESA) must be submitted for all single-site proposals. Scattered-site developments may submit either a Mini-Phase 1 or a full Phase I ESA. OHFA reserves the right to reject any sites indicated to have environmental problems or hazards. Applicants must submit a Phase I ESA that was completed or updated by the author within one year prior to the application deadline for housing tax credits.

Developments receiving a reservation will be required to have a Phase I ESA valid in accordance with the ASTM E 1527-05 standard. One of the following is acceptable:

1. A Phase I ESA report dated within six months of the funding announcement.

2. If the Phase I ESA report is dated between six months and one year prior to the funding announcement, submit an update to the report dated within six months of the funding announcement.

3. If the Phase I ESA report is dated over one year prior to the date of the funding announcement, submit a new and complete Phase I ESA report.

Green Standards

OHFA requires that all applicants meet the green building standards outlined in the 2011 Enterprise Green Communities Criteria and successfully achieve program certification for their development. The Criteria are a comprehensive set of building standards specifically designed to help affordable housing developers deliver healthy and efficient homes. For more information about the 2011 Enterprise Green Communities Criteria please visit www.greencommunitiesonline.org. Instructions for submission for Green Communities Certification and other reference materials are located on OHFA's website.

Applicants may substitute Leadership in Energy & Environmental Design (LEED) certification by the U.S. Green Building Council to meet this requirement.

Applicants must indicate which certification they are seeking at proposal.

The certification workbook must be completed by final application. Developments will be notified of deficiencies to the Green Communities Standards at the time of notification for other threshold deficiencies.

If doing LEED, the appropriate LEED Certification checklist must be submitted with the final application to evidence that Certification will be achieved.

Evidence of final certification with Enterprise Green Communities or LEED will be required upon completion of construction.

Capital Needs Assessment and Scope of Work

Proposals for the rehabilitation of existing housing units or the adaptive reuse of a building must submit a capital needs assessment and scope of work. The assessment must conform to the standards outlined in the Design and Development Standards section of the QAP. OHFA will use this assessment to determine whether the costs indicated in the application are appropriate considering the rehabilitation needs of the development.

Public Notification

The public notification process for local elected officials must be completed and evidence of completion must be provided at time of application.

The applicant must notify, in writing, certain officials from:

1. The political jurisdictions in which the development will be located; and
2. Any political jurisdiction whose boundaries are located within one-half mile of the development's location.

The officials to be notified include:

1. The chief executive officer and the clerk of the legislative body for any city or village (i.e. mayor and clerk of council);
2. The clerk of the board of trustees for any township;
3. The clerk of the board of commissioners for any county;
4. State representative(s);
5. State senator(s).

The applicant must use the OHFA letter template and include all information requested. The notification must state the applicant's intent to develop a development using OHFA funding. The notification must be in writing and sent via certified mail, return receipt requested. Submit a copy of the stamped post office receipt (return receipt not required) for certified mail and copies of notification letters with your application.

Scattered-site developments must complete the public notification process for sites under control when the proposal is submitted, and again for all sites in the development prior to issuance of a Carryover Allocation Agreement, and no later than November 1, 2014.

Applicants are encouraged to contact appropriate local government officials prior to submitting an application to inform them of the details of their housing proposal.

Utility Allowance Information

Utility allowance information must be submitted for all proposed developments that is consistent with Section 42 of the IRC and IRS Regulation 1.42-10. OHFA will accept estimates from local utility providers, MHA/PHAs, or a third party engineer.

B. Threshold Review for 9% Final Applications

OHFA will conduct a threshold review of the final application to determine if it is complete, contains all necessary forms and supporting evidence, and meets minimum program requirements. After a review of all threshold requirements, OHFA will offer the applicant an opportunity to correct any errors.

Complete and Organized Application

The AHFA and all required materials must be submitted on a compact disc, organized and formatted according to the index provided with the application. Applications must be complete and consistent with all supporting documentation. An original signature of a representative of each general partner/managing member is required in the program certification section of the application and must be submitted in its original, paper form. Any applications that are incomplete, inconsistent, and/or illegible will be rejected.

Changes from Proposal

All changes to the development must be disclosed at submission of final application, and will be reviewed by OHFA on a case-by-case basis. Substantive changes will not be permitted, including, but not limited to, changes in ownership or development team, the development's physical structure or site(s) (except scattered- site developments), special needs population, and any items affecting competitive scoring.

Conditional Financial Commitments

All non-OHFA construction and permanent financing, grants, equity sources and deferred fees or expenses shall be conditionally committed at the time of final application. An executed conditional commitment letter for all sources must be submitted. A conditional financing commitment must contain, at a minimum: the amount of the financing, and the interest rate, term and amortization period or repayment terms of a loan.

Applicants seeking funding from a local government, Federal Home Loan Bank, or other public or quasi-public funding source that does not issue a funding decision prior to the housing tax credit application deadline must substitute a letter of application or letter of intent from the funding source.

A conditional equity commitment must contain, at a minimum, (a) the amount of housing tax credit equity (net and gross), (b) the pay-in schedule for the equity, (c) the cents per housing tax credit dollar factor used, and (d) the amount of historic equity (if any).

OHFA reserves the right to verify any financial commitment(s) and to require a legal opinion indicating whether the development's sources should or should not affect the development's eligible basis and/or housing tax credit percentage.

OHFA reserves the right to request that the applicant provide a backup plan for any source that may not appear to be conditionally committed.

Community Outreach Documentation

Applicants must evidence that any outreach efforts required have taken place. This includes the entire community outreach plan for existing unit developments as well as the additional local government and general public outreach required for those developments that previously applied in 2013.

Affirmative Fair Housing Marketing Plan

An Affirmative Fair Housing Marketing Plan is required for all properties. Applicants that have a property with development-based Section 8, HUD Section 236 or USDA contracts may submit their current, approved Affirmative Fair Housing Marketing Plan provided. OHFA, HUD and USDA require that the plan be updated every five years; therefore, if the plan's current approval date is within six months of expiration, submit the current plan along with supporting documentation that demonstrates that an updated plan has been submitted to HUD or USDA for renewal.

The applicant must complete an Affirmative Fair Housing Marketing Plan (Form PC-E45) if no other plan is in place. All items on the form must be completed correctly including all attachments. The instructions for the completion of the plan (Form PC-E44) and reference materials are located on OHFA's website.

The applicant must include on the form a description of the outreach, marketing, and advertising methods used in order to affirmatively market the development. A separate plan is required for each census tract in which the development is located.

If assistance is needed, or there are questions regarding the Affirmative Fair Housing Marketing Plan, contact Rachel Grass, Office of Program Compliance at **(614) 644-7592** or **rgrass@ohiohome.org**.

Design and Construction Features Agreement

All final applications must include a completed Design and Construction Features Agreement. The Design and Construction Features Agreement template will be available on OHFA's website.

Ohio Housing Locator

The owner and/or property manager of all housing tax credit properties funded under this allocation plan will be required to list their properties in the Ohio Housing Locator at www.OhioHousingLocator.com, the OHFA-sponsored statewide affordable housing database, as soon as the units are placed in service.

Additional Rent Restrictions

Applicants must select one of the following elections based on the location of the proposed development:

1. A minimum of 60% of the low-income units affordable to households with incomes at or below 50% of Area Median Gross Income (AMGI) (developments located in urban or suburban pool areas); or

2. A minimum of 40% of the low-income units affordable to households with incomes at or below50% of AMGI (developments located rural pool areas, except for the counties listed in Item c. below); or

3. A minimum of 30% of the low-income units affordable to households with incomes at or below 50% of AMGI (developments located Belmont, Lawrence, or Washington Counties).

Consistency with HDAP Funding

Developments seeking funding through the Housing Development Assistance Program (HDAP) must meet the following requirements in addition to the requirements of the additional rent restrictions category:

1. A minimum of 40% of the units must be occupied by households at or below 50% of AMGI for developments located in a Participating Jurisdiction. The HDAP/HOME- assisted units cannot exceed the HUD Low- and High-HOME rent for the county where the development will be located. If the development is located in a non-participating jurisdiction, a minimum of 35% of the units must be occupied by households at or below 50% of AMGI, with rents for the HDAP/HOME-assisted units at the HUD Low- and High-HOME rent.

2. Completion of the HDAP section in the AHFA.

3. The applicant must comply with all requirements described in the most recent HDAP Guidelines.

4. A development that receives HOME funds must comply with all HOME program rules, including the environmental review process.

5. A sole for-profit applicant that receives Ohio Housing Trust funds must comply with State Prevailing Wage requirements.

6. In order to receive HDAP funding, the applicant must select one of the following elections:

   A minimum of 5% of the units occupied by and affordable to households with incomes at or below 35% of AMGI (developments located in non- Participating Jurisdictions); or

   A minimum of 10% of the units occupied by and affordable to households with incomes at or below 35% of AMGI (developments located in Participating Jurisdictions).

   These units may be included as part of the requirements of the additional rent restrictions category.

Eighty percent completed architectural plans and specifications

The applicant must submit a one-half sized set of drawings including Civil, Landscape, Architectural, Mechanical, Electrical and Plumbing. These drawings should be certified by the development architect to be 80% or better complete, and follow all requirements outlined in the Design Requirements section of the QAP. All architectural plans will be reviewed for approval by OHFA’s staff architect.

Appraisal

An as-is appraisal of the development site(s) must be submitted. All appraisals must meet OHFA’s Appraisal Submission Guidelines.

Phase I Environmental Site Assessment (ESA)

A Phase I Environmental Site Assessment (ESA) must be submitted for all proposals. If a full Phase I ESA was submitted with the proposal application, one need not be resubmitted with the final application. The report(s) must comply with current OHFA standards. The owner must submit a narrative that addresses any issues raised in the report(s). OHFA reserves the right, in its sole discretion, to reject any sites indicated to have environmental problems or hazards. The Phase I ESA must have been completed or updated by the author within one year prior to the application deadline for housing tax credits.

Federal Tax Identification Number (FTIN)

Evidence that a Federal Tax Identification Number (FTIN) has been obtained for the ownership entity must be submitted.

Legal Description(s)

A legal description of each parcel that will be part of the development must be submitted. The description(s) must include the street address and permanent parcel number of each parcel.

Green Standards

OHFA requires that all applicants meet the green building standards outlined in the 2011 Enterprise Green Communities Criteria and successfully achieve program certification for their development. The criteria are a comprehensive set of building standards specifically designed to help affordable housing developers deliver healthy and efficient homes. For more information about the 2011 Enterprise Green Communities Criteria please visit www.greencommunitiesonline.org. Instructions for submission for Green Communities Certification and other reference materials are located on the OHFA website.

Applicants may substitute Leadership in Energy & Environmental Design (LEED) certification by the U.S. Green Building Council to meet this requirement.

Applicants must indicate which certification they are seeking at proposal.

The certification workbook must be completed by final application. Developments will be notified of deficiencies to the Green Communities Standards at the time of notification for other threshold deficiencies.

If doing LEED, the appropriate LEED Certification checklist must be submitted with the final application to evidence that Certification will be achieved.

Evidence of final certification with Enterprise Green Communities or LEED will be required upon completion of construction.

Relocation Plan (Existing units only)

Applicants must submit a narrative that details tenant relocation during the construction period. The narrative should identify the method of relocation, a cost breakdown, and identify whether tenants will be displaced.

C. Threshold Review for 4% Applications

OHFA will conduct a threshold review of all 4% applications to determine if it is complete, contains all necessary forms and supporting evidence, and meets minimum program requirements. After a review of all threshold requirements, OHFA will offer the applicant an opportunity to correct any errors.

The required threshold criteria include all criteria listed in the 9% proposal and 9% final application threshold sections, with the following exceptions:

1. The fee for applicants requesting 4% Housing Tax Credits is $2,000.

2. 4% Housing Tax Credit developments do not need a summary of housing proposal.

3. 4% Housing Tax Credit developments that do not utilize the Bond Gap Financing program do not need to meet the consistency with HDAP funding threshold requirement.

4. OHFA may permit additional time for 4% Housing Tax Credit developments to submit 80% complete architectural plans, however, a review period of at least 60 days is necessary between the submission of 80% plans and the issuance of a Housing Tax Credit Eligibility (42m) Letter.

VI. UNDERWRITING

A. Compliance with OHFA Multifamily Underwriting Guidelines

In accordance with OHFA policy and Section 42(m) of the IRC, OHFA will perform several underwriting evaluations on all developments that request an award of housing tax credits and/or OHFA gap financing.

Applicants must meet all of the requirements in the most current OHFA Affordable Housing Underwriting Guidelines.

The underwriting process and standards are designed to ensure that OHFA awards the minimum amount of subsidy necessary for the development of cost-effective, financially viable, and sustainable affordable housing developments. Developments will be subject to the following financial evaluations:

9% Housing Tax Credits - Developments proposed for the competitive 9% Housing Tax Credit round will undergo a Minimum Financial Evaluation to determine if they are eligible to continue in the competitive process, a complete underwriting review at Final Application prior to issuing a Carryover Allocation Agreement, and an additional underwriting review at the time the development is placed-in-service and requests IRS Form(s) 8609.

4% Housing Tax Credits - All developments applying for 4% Housing Tax Credits (with or without OHFA gap financing) will undergo a complete underwriting review at application prior to issuing a Letter of Eligibility (42m) and an additional underwriting review at the time the development is placed-in-service and requests IRS Form(s) 8609.

B. 2014 Basis Boost Policy

Projects located in a Qualified Census Tract (QCT) are eligible for an allocation of credits based on up to 130% of the eligible basis for new construction or rehabilitation. The following projects may also be considered for the 130% basis boost:

1. New Unit developments that receive five points in the location based characteristics competitive criterion.
2. Existing Unit developments that receive 10 points in the Preservation Characteristic Priorities competitive criterion.
3. PSH developments that receive 15 points for Highest Priority of Continuum of Care.

The basis boost policy may be subject to change if Congress elects to extend the fixed 9% rate.

C. Limits on Housing Development Assistance Program Funds (HDAP)

OHFA will provide per project limits to HDAP after the 2014 Consolidated Planning Process. OHFA reserves the right to limit HOME funds to state certified CHDOs working in their service area. Applicants requesting HDAP must comply with the guidelines governing that program.

VII. 9% COMPETITIVE SELECTION PROCESS

Applicants that successfully meet threshold and underwriting requirements will be considered in the competitive selection process, which will consist of five areas:

A. Local Collaboration
B. Development Characteristics
C. Economic Characteristics
D. Market Characteristics
E. Areas of Distinction
F. Preservation Characteristics

OHFA will contact the applicant with any questions during this process. The applicant must submit proper evidence of each item elected and will be held to all commitments if their application receives an award of housing tax credits.

OHFA will award points based on their sole discretion and will not award points to any project if it is claiming points that do not meet the intent of the criteria.

The point values for each area of the competitive selection process are different for each of the allocation pools to account for policy considerations for different types of developments. See the competitive scoring chart or scoring workbook for point values by allocation pool.

A. Local Collaboration

1. Community Outreach

OHFA will award points at its sole discretion based on the community outreach plan. Community outreach is the applicant's method of notifying the community of an upcoming development before an application is submitted to OHFA.

The community outreach must address the characteristics of the development, its location, its design and how the residents, businesses, local governments, and other community stakeholders have been notified. The plan may include involving local elected officials, Community Development Corporations, CHDOs and community groups, or posting notices in libraries or other public places where residents may congregate. Social media, design charettes, or traditional notices in local papers are examples of methods to target your message. The plan will be evaluated on the comprehensiveness of the applicant's approach and whether it is appropriate considering the type of housing and location of your proposal. Submit a narrative with supporting documentation describing the plan.

Developments competing in the existing units pool do not need to initiate the community outreach at proposal. Instead, they must provide documentation and evidence that the outreach plan has been completed at final application. Additionally, the community outreach plan for existing units must be comprehensive and include opportunities for input and collaboration.

Developments that competed in the 2013 Housing Tax Credit round and received the full points available may choose to resubmit their community outreach plan and receive the full points for 2014. Developments that choose this option must conduct an additional meeting with the local government and general public between proposal and final application and provide evidence that this meeting has occurred.

Points:

- 10 points will be awarded for a plan that, in the opinion of OHFA, comprises a comprehensive outreach strategy that includes opportunities for input and collaboration.
- Seven points will be awarded for a plan that, in the opinion of OHFA, effectively communicates the housing proposal.

2. Legislator Support

OHFA will award points for a letter of support for the proposed development from a state representative or state senator. The proposed development must be in that legislator's district. The letter of support must be dated between January 2013 to February 2014.

The legislator must still be in office at the time of application. Applications that submit a letter from a legislator that is not in office at the time of application will not be awarded points in this category.

Points:

- Five points will be awarded for a letter from either a state representative or state senator.

3. Local Support

OHFA will award points for a letter or resolution supporting the proposed development from a mayor, city manager, a majority of township trustees, a majority of city or village council, or a majority of county commissioners. The proposed development must be located in the official's jurisdiction. The letter of support must be dated between January 2013 to February 2014.

The individuals listed in the letter of local support must still be in office at the time of application. Applications that submit a letter of local support with individuals that are not in office at the time of application will not be awarded points in this category.

Points:

- 10 points will be awarded for a letter or resolution from a mayor, a majority of township trustees, a majority of City or Village Council, or a majority of county commissioners. Letters must indicate that a majority of support exists.

4. CHDO/MHA/Local Service Provider

OHFA will award points for one of the following:

4a. A state-certified CHDO has at least 51% general partnership interest in the ownership of the proposed development. The proposed development must be in the CHDO's service area.

4b. A Metropolitan Housing Authority (MHA) has at least 51% general partnership interest in the ownership of the proposed development.

4c. A commitment by a local service provider(s) to provide comprehensive services to the residents of the proposed development has been made. All local service providers must have a history of serving the area. The applicant must provide a contractual agreement or Memorandum of Understanding with each local service provider that outlines the specific services, service delivery, and must be in place for at least 15 years. Service coordination does not apply under this competitive selection criterion. Agencies must be direct providers of the services offered.

Points:

- Five points will be awarded to proposals that obtain one of the above options.

5. Local Development Priority

OHFA will award points to each proposal that is identified by the mayor, city manager, or the township administrator, as a priority development.

For council/manager forms of local government, the city manager must sign the Local Development Priority Letter.

For mayor/council forms of local government, the mayor must sign the Local Development Priority Letter.

For proposals located in townships, the township administrator must sign the Local Development Priority Letter. If a township administrator is not appointed, the chair of the trustees may sign the Local Development Priority Letter.

Priority letters that are signed by the incorrect chief administrative officer will not receive any points under this criterion.

OHFA will provide the Local Development Priority Letter on its website. Developers may present this letter to the city, town, or township in which they plan to develop and obtain priority designation.

The cities of Cincinnati, Cleveland, and Columbus may select up to three priority designations. The cities of Akron, Dayton, and Toledo may select up to two priority designations. All other locations may select only one priority designation. Locations may also choose up to two alternates in the case that a priority project is removed from consideration during the competitive round.

Points:

- Five points will be awarded to those developments that receive a priority designation.

6. Highest Priority of Continuum of Care (PSH Pool only)

OHFA will award points to a PSH proposal that is identified as the highest priority of the applicable CoC for the location of the development. The Ohio Balance of State Continuum of Care (BOSCOC) is the applicable COC for the 80 county areas that it oversees. The local COC is applicable for all other areas.

Points:

- 15 points will be awarded to PSH proposals identified as the highest priority of the applicable COC.

B. Development Characteristics

1. Extremely Low-Income Units

OHFA will award points to those developments that maintain a set-aside of units targeting extremely low-income residents.

Points will be awarded for one of the following:

1a. A minimum of 10% of the units will be occupied by and affordable to households at or below 30% of Area Median Income (AMI) for proposals in Participating Jurisdiction areas.

1b. A minimum of 5% of the units will be occupied by and affordable to households at or below 30% of AMI for proposals in non-Participating Jurisdiction areas.

Points:

- Five points will be awarded to those proposals that demonstrate the set-aside of extremely low-income units in their AHFA.

2. Location Based Characteristics (New Units only)

OHFA will award points to proposed developments that meet one of the following location-based characteristics:

2a. Developments located within a high income census tract. The median household income for each census tract will be divided by the median household income for the county in which it is located, resulting in an income ratio for the census tract. A list of qualifying high income census tracts will be posted to OHFA's website.

2b. Family developments located in a non-QCT.

2c. Developments located in a PMA where no development has taken place using OHFA housing tax credits in the last 15 years prior to the housing tax credit application deadline for the population to be served.

2d. Developments located in one of the 32 Appalachian counties as designated in the Appalachian Regional Development Act of 1965. The development must also be in a rural area as defined in the allocation pools.

2e. Developments located in areas that are also part of a revitalization plan. The municipal planning department must submit a letter that details the specific development, how it will further revitalization, and other current and future investments in the area.

2f. Developments that will be a subsequent phase of a successful housing tax credit development. The existing phase(s) of the development must be adjacent to the new phase and have maintained at least an average 96% occupancy over the last two years.

2g. Developments located within a one-half mile radius of significant economic investment of at least $10,000,000 that will be completed between 2012-2016. Investments may include retail, new infrastructure, or other real estate development. Normal maintenance costs, such as resurfacing roads, will not qualify under this criterion. OHFA may give consideration to developments that are within 500 feet of the required distance.

Points:

- Five points will be awarded to proposed developments that meet one of the criteria.

3. Development Characteristic Priorities (New Units only)

OHFA will award points to proposed developments that meet one of the following development characteristics.

Applicants may choose only one development characteristic. OHFA will only award funding to one development for each of the items below in each pool. Subsequent developments will be skipped in preference of other development characteristics. This process will continue until all credits have been allocated.

Points will be awarded based on the following choices:

3a. Developments in which 100% of the units in the proposed development include the redevelopment of completely vacant or foreclosed building. Buildings that are in the process of foreclosure or in receivership will also be considered for points in this category.

3b. Developments in which 100% of the units will be lease-purchase and sold to qualifying residents at year 15. To be eligible for points in this category, the proposal must be strategically located to promote neighborhood revitalization. The applicant must demonstrate a viable purchase strategy for the end of the 15-year compliance period. The proposal must also be located in the new units urban pool.

3c. Developments that utilize the federal historic tax credit as permanent financing. All housing tax credit buildings in the proposal must qualify for the federal historic tax credit. The applicant must submit evidence in the form of a completed and approved Part I application or evidence of being listed on the National Register of Historic Places.

3d. Developments that include one of the following significant State or Federal Resources in their permanent financing. Eligible programs include USDA Section 538, State Historic Tax Credits, and Ohio Department of Mental Health and Addiction Services (ODMHAS) capital funds. A commitment letter for the source must be submitted with the proposal application. Additionally, the funding must account for at least 10% of the total development costs.

3e. Developments that include one of the following significant State or Federal Resources: HUD Choice Neighborhoods, HUD Rental Assistance Demonstration (RAD) program, or MHA capital funds. A commitment letter for the source must be submitted with the proposal application. Additionally, the funding from Choice Neighborhoods or MHA capital funds must account for at least 15% of the total development costs. Developments will receive points for a commitment of RAD rental subsidy.

3f. Local government funding or grants from a private organization unrelated to the development team, for example the Federal Home Loan Bank Affordable Housing program. A commitment letter for the source or an official list of award announcements must be submitted with the application. Additionally, the funding must account for at least 10% of the total development cost.

3g. Local economic development in the form of a multi-phased Planned Unit Development (PUD) or local economic development strategy. The proposed housing tax credit development must not be the first phase of the PUD strategy. Applicants seeking points under this criterion must submit a letter from the municipality describing prior phases of the local PUD/economic development strategy, the amount of investment to date, and how the proposed development fits into the strategy. The other components of the development strategy cannot be comprised solely of affordable housing.

3h. Senior developments that are built on an existing senior campus and include access to services and/or healthcare options, as well as other housing options aside from the proposed housing tax credit development.

Points:

- 10 points will be awarded for developments meeting one of the criteria.

C. Economic Characteristics

1. Housing Tax Credits per Unit

OHFA will award points to proposed developments based on the housing tax credits per unit. This will be calculated by dividing the total credit amount requested by the total number of units.

Points:

New Units

- 20 points will be awarded to proposals with $19,000 credits per unit and below
- 19 points will be awarded to proposals with $19,001-$20,000 credits per unit
- 18 points will be awarded to proposals with $20,001-$21,000 credits per unit
- 17 points will be awarded to proposals with $21,001 credits per unit and above

Existing Units

- 20 points will be awarded to proposals with $11,000 credits per unit and below
- 19 points will be awarded to proposals with $11,001-$13,000 credits per unit
- 18 points will be awarded to proposals with $13,001-$15,000 credits per unit
- 17 points will be awarded to proposals with $15,001 credits per unit and above

PSH

- 20 points will be awarded to proposals with $15,000 credits per unit and below
- 19 points will be awarded to proposals with $15,001-$16,000 credits per unit
- 18 points will be awarded to proposals with $16,001-$17,000 credits per unit
- 17 points will be awarded to proposals with $17,001 credits per unit and above

Single Family Lease-Purchase in any pool

- 20 points will be awarded to proposals with $23,000 credits per unit and below
- 19 points will be awarded to proposals with $23,001–$24,000 credits per unit
- 18 points will be awarded to proposals with $24,001-$25,000 credits per unit
- 17 points will be awarded to proposals with $25,001 credits per units and above

D. Market Characteristics (New Units & PSH Only)

1. Proximity to Positive Land Uses

OHFA will award points to proposed developments that are nearby land uses that are positive for the residents.

Proposed developments will be awarded points based on their distance to positive land uses. Distances should be calculated as walking distances within Google Maps. Scattered site developments must use the most central site. Applicants reference the How-To Guide for Calculating Proximity to Positive Land Uses.

OHFA may give consideration to developments that are within 500 feet of the criteria below.

Points:

Urban

- 10 points will be awarded to developments within a .25-mile walk distance of at least three positive land uses or a 0.5-mile walk distance of at least six land uses.
- Nine points will be awarded to developments within a .25-mile walk distance of at least two positive land uses or a 0.5-mile walk distance of at least four positive land uses.
- Six points will be awarded to developments within a .25-mile walk distance of at least one positive land uses or a 0.5-mile walk distance of at least three positive land uses.

Suburban

- 10 points will be awarded to developments within a .5-mile walk distance of at least four positive land uses or a one mile walk distance of at least seven positive land uses.
- Nine points will be awarded to developments within a .5-mile walk distance of at least three positive land uses or a one mile walk distance of at least six positive land uses.
- Six points will be awarded to developments within a .5-mile walk distance of at least two positive land uses or a one mile walk distance of at least five positive land uses.

Rural

- 10 points will be awarded to developments within two miles of at least three positive land uses.
- Nine points will be awarded to developments within two miles of at least two positive land uses.
- Six points will be awarded to developments within two miles of at least one positive land use.

Chart of Approved Positive Land Uses

Retail	Services	Community Facilities
Supermarket with produce Other food store with produce Farmers Market Clothing Store or Department Store Pharmacy	Bank Gym Hair Care Laundry/Dry Cleaner Restaurant, café, or diner	Adult or senior care (licensed) Child care (licensed) Community or recreation center Cultural arts facility Educational facility Entertainment venue Government office serving public on-site Place of worship Medical clinic or office Police or fire station Post office Public library Social services center

2. Proximity to Detrimental Land Uses

OHFA will award points to those developments where there is no detrimental land use adjacent to the site of the proposed development. Detrimental land uses will be those deemed at OHFA's sole discretion based on nuisance or otherwise adverse conditions such as high levels of noise, noxious odors, or incompatible uses.

Points:

- 10 points will be awarded to developments that do not have a detrimental land use adjacent to the site of the proposed development.

E. Areas of Distinction

The Areas of Distinction category provides an incentive to unique and high impact projects. Proposed developments may apply for points under one of the following categories.

1. Innovative Housing

OHFA will award points based on innovative attributes of the proposal. Concepts must be original ideas, have a minimal impact on development costs, able to serve as a model for future affordable housing developments, able to be replicated in similar areas of the state, and benefit the population to be served.

The applicant must submit a narrative that demonstrates how the proposal fits this category. Innovative narratives should be for one innovative idea only, and should not be included in multiple applications from the same development team. These points will be awarded to a maximum of 5% of the applications received.

Points:

- OHFA will award five points to developments that contain an innovation attribute.

2. Exceptional Development Initiative (New Units only)

OHFA will award points at its discretion based on large scale economic development efforts in which the proposed development will play a role. Developments seeking these points must meet the following criteria:

1. The applicant must submit a narrative describing the large scale economic development effort, the target area, planned investments in the target area, and a timeline for development.

2. The proposed housing tax credit development cannot be the first component of the development effort.

3. The proposed economic development must receive points under Local Priority.

4. The proposed economic development must include housing for a mix of incomes, including market rate housing.

5. The proposed economic development must include an element of non-housing development.

6. OHFA will evaluate the proximity of the proposed housing tax credit development to the other development activities referenced in the narrative.

OHFA will award five points to developments that meet this criterion.

These points will be awarded to a maximum of one proposal per pool. Proposals will be chosen based on the quality of the proposed narrative, how far along the economic development effort has progressed, and the amount of funds that will be leveraged in the target area.

3. Workforce Housing Initiative (New Units only)

OHFA will award points based on proposed developments that will provide workforce housing in conjunction with economic and employment growth in the proposed development's Primary Market Area.

Developments seeking these points must meet the following criteria:

1. Provide a narrative explaining how this development meets the intent of workforce housing.

2. Provide a clear and quantitative estimate of current employment in the area, as well as projected growth and the sustainability of employment opportunities in the area.

3. Provide a commitment to work with the development team from an employer in the area which will have workers that qualify for the proposed housing.

Developments that are awarded points in this criterion may have 100% of the housing tax credit units at 60% AMI, but may not apply for HDAP funding. Developments awarded points in this criterion will also receive five points for extremely low income units under the development characteristics section.

OHFA will award five points to developments that meet this criterion.

These points will be awarded to a maximum of one proposal per pool. Proposals will be chosen based on recent job creation or a commitment to future job creation in the primary market area, with preference being given to primary market areas where there has been JobsOhio support.

F. Preservation Characteristics (Existing Units Only)

1. Preservation Characteristic Priorities

OHFA will award points to proposed developments that meet one of the following development characteristics.

Applicants may choose only one preservation characteristic. OHFA will only award funding to one development for each of the items below in each pool. Subsequent developments will be skipped in preference of other preservation characteristics. This process will continue until all credits have been allocated. Points will be awarded based on the following choices:

1a. Family developments located in a non-QCT.

1b. Developments that account for at least 30% of the total available affordable housing units in the PMA. The applicant must submit information from their market analyst describing the available affordable housing in the area.

1c. Developments in which a troubled asset will be acquired by an applicant who will serve as the owner/manager for the entire period of compliance. The applicant must submit documentation describing the troubled asset and those steps which will be taken to put the asset back into productive use. Additionally, the applicant must demonstrate at least a six year history of good ownership/management of housing tax credit developments in Ohio.

1d. Developments that have been maintained through good management but contain major components that are past their effective useful life. The applicant must submit a narrative describing the management history, the components that need replacing, and a history of the use of the project's replacement reserves. OHFA will determine this score in part by a site visit to verify the overall condition of the proposed development as well as the effective useful life. The proposed development cannot have undergone substantial rehabilitation in the last 20 years.

1e. Developments that will utilize HUD's Rental Assistance Demonstration program.

1f. Developments which involve the conversion of obsolete unit configurations. The obsolete units must account for at least 50% of the existing structure(s). The applicant must submit evidence of the obsolete units and provide a narrative detailing the conversion.

1g. Developments which have a significant risk for market conversion. The applicant must submit a narrative detailing the risk for market conversion, including evidence that a risk is present. Points will be awarded based on the strength of the evidence submitted.

1h. Developments that contain a significant and urgent need for rehabilitation. Significant and urgent need for rehabilitation will be based upon a site visit by OHFA's Architect. The applicant must submit a narrative explaining the significant and urgent needs of the structure(s), including photographs of those areas in significant and urgent need for repair.

Points:

- 10 points will be awarded for developments meeting one of the criteria.

2. Hard Construction per Unit

OHFA will award points to proposed developments that maintain a hard construction cost per unit that is appropriate for a substantial rehabilitation.

Points:

- 13 points will be awarded to proposed developments with $80,001 or above in hard construction costs per unit.
- 14 points will be awarded to proposed developments with $70,001-$80,000 in hard construction costs per unit.
- 15 points will be awarded to proposed developments with $40,001-$70,000 in hard construction costs per unit.
- 14 points will be awarded to proposed developments with $30,001-$40,000 in hard construction costs per unit.
- 13 points will be awarded to proposed developments with $30,000 and below in hard construction costs per unit.

3. Other Preservation Priorities

OHFA will award points to Existing Unit proposals that preserve existing rental subsidies or prior housing tax credit deals. Developments with Project Based Section 8 and USDA rental subsidy will receive points in this category.

Points:

- 10 points will be awarded to developments with Project Based Section 8 for at least 100% of the units or USDA rental subsidy for at least 60% of the units.
- 10 points will be awarded to portfolio deals that include at least three previous housing tax credit developments that have passed their initial 15-year period. These developments may not request acquisition credits or HDAP. The requested credit allocation may not be more than $400,000.
- 10 points will be awarded to existing units deals that receive local priority points.
- Nine points will be awarded to developments with Project Based Section 8 for at least 60% of the units or USDA rental subsidy for at least 40% of the units.
- Eight points will be awarded to developments with Project Based Section 8 for at least 30% of the units or USDA rental subsidy for at least 20% of the units.
- Seven points will be awarded to all other proposed existing unit developments.

G. Limits, Tie-Breakers, and Scoring Process

Credit Limits

- There is a $1,000,000 Housing Tax Credit cap for each proposed development.
- There is a $2,000,000 Housing Tax Credit cap for developers or general partners that are Ohio based.
- There is a $1,000,000 Housing Tax Credit cap for developers or general partners that are based outside of Ohio.

Tie-Breakers

In case of a tie score between two or more applications in an allocation pool, the following methods will be used to determine the highest-ranking applications:

1. Developments that score points under the areas of distinction category.
2. Developments that meet or are below their respective Development Cost Index limits.
3. Lowest amount of housing tax credits requested per unit.

Scoring Process

Proposals will be scored via the following method.

- Step 1: Rank proposals in each pool by score.
- Step 2: Resolve tiebreakers if appropriate.
- Step 3: Review and account for Development Characteristic Priorities and Preservation Characteristic Priorities.
- Step 4: Fully fund each pool and move remaining credits to the Strategic Initiatives Pool.

VIII. DESIGN REQUIREMENTS

It is OHFA's intent to provide affordable housing that is durable, energy efficient, healthy, and cost effective over the compliance period, which will result in lower operating and maintenance costs and that will provide those in need of affordable housing safe, clean, and durable housing in which to live.

All housing tax credit developments must meet the OHFA design guidelines.

Deviations from OHFA standards are discouraged, and applicants may only request exceptions where specified. Any requests for an exception to specific requirements must be submitted to OHFA by the date indicated in the program calendar. Since awards are based on the proposed development, exceptions after an award has been made will only be considered for truly extenuating circumstances.

A. Submittals

9% Preliminary Submissions

9% proposal applications must submit preliminary drawings that are 11x17 ("half size") and include:

1. A cover sheet with development title, development ream, drawing index, building areas and code information
2. A site plan
3. A landscape plan
4. A floor plan with dimension, room designations and proposed finishes
5. Exterior elevations with material notations
6. Typical wall sections
7. Drawings and specifications for HVAC or similar items in the scope of work

Preliminary drawings must be submitted as paper and/or electronic (both PDF & DXF).

Proposed developments must also submit a Design and Construction Features Agreement. Existing Unit developments must also submit an Existing Units History Narrative.

9% Final Application and 4% Application Submissions

9% final applications and 4% applications must submit 80% complete sets. Sets must show must show compliance with the preliminary submittal, including the Design and Construction Features Agreement.

Eighty percent plans must be submitted in PDF format (separate PDF files for drawings and specifications) that includes all site plans, dimensioned floor plans, elevations, wall sections, structure, finishes, details and mechanical plans. Additionally, each development must have dimensioned floor plans submitted in DXF or DWG AutoCAD R-14 format and an 11x17 plan hard copy (dimensioned floor plans only).

B. OHFA Square Footage Calculation

All multifamily developments must use Building Owner Management Association (BOMA) Multifamily Standards using the "gross method". Single family developments must use BOMA "Gross Area Measurement Standards". All square footages must be calculated and certified in the AHFA by the Architect of Record.

C. Minimum Development Standards

Requests for exceptions may be submitted only for items specifically noted. All requests for exceptions must be submitted to OHFA by the date indicated in the program calendar. OHFA will evaluate each development on a case-by-case basis and staff decisions will be final.

Bedroom Requirements

1. In one-bedroom units, the bedroom must be at least 120 square feet.

2. For a two-bedroom unit, the master bedroom must be at least 120 square feet, and the second bedroom must be at least 110 square feet.

3. The third and fourth bedrooms in a unit must be at least 100 square feet.

4. Bedrooms must have walls and doors separating them from adjacent space to be considered as bedrooms. Any room shall be considered as a portion of the adjoining room when at least one-half of the area of the common wall is open and unobstructed.

Common Area Restrictions

1. The maximum common area (including required circulation) in any development is 20 percent of the total gross building square footage. Dedicated program space is excluded from this calculation. Existing housing units are exempt from this criterion. OHFA will consider exception requests for this requirement.

Additional Requirements for New Units

1. Single-site multifamily developments must provide a parking lot with concrete curbs or wheel stops and at least one parking space for each unit in the development. Exceptions to this requirement may be permitted on a case-by-case basis for developments located in dense urban areas, or for developments serving the elderly or permanent supportive housing populations.

2. Each bedroom in new construction or adaptive reuse units must be at least seven feet in each direction, and contain a closet in addition to the minimum square footage.

3. Minimum unit size (residential living space) for new construction and adaptive reuse developments are as follows, inclusive of the above bedroom sizes:

Efficiency Units:	Exceed 450 S.F.
1-Bedroom Units:	Exceed 650 S.F.
2-Bedroom Units:	Exceed 850 S.F.
3-Bedroom Units:	Exceed 1,000 S.F.
4-Bedroom Units:	Exceed 1,200 S.F.

4. OHFA will not fund developments that contain single-room occupancy units. OHFA will consider exception requests for this requirement for PSH projects.

5. New Unit Developments must provide a bathroom or half bath on the main floor with clear floor space of 30 inches by 48 inches.

6. Proposals for PSH may contain one-bedroom units that are 540 square feet or larger.

7. OHFA reserves the right to limit the size of units during the application review process.

8. In all new unit developments, three-bedroom units must contain at least one and a half bathrooms and units with four or more bedrooms must contain at least two full bathrooms.

9. New construction proposals must include new appliances.

Additional Requirements for Single-family homes

1. Single-family home developments must contain three or more bedrooms.

2. Single-family home developments must include washer/dryer hook-ups.

3. Single-family home developments must include adequate storage for the residents.

Additional Requirements for Senior Developments

1. Proposals for senior housing are required to have all units with no more than two bedrooms and no more than one and one-half baths.

2. Proposals for senior housing are required to have all buildings with only one story unless an elevator is provided.

Visitability

1. All new construction units will incorporate the following Visitability design elements which constitute "Visitability":

    - No step entrance: Provide at least one "no step" entrance into the unit. The required "no step" entrance shall be accessed via an accessible route (driveway, sidewalk, garage floor, etc.). Ramps that extend out into the front or back yards are usually not the appropriate solution. OHFA can provide technical assistance or referral to appropriate resources at the applicant's request.

    - Doors/Openings: All doors and openings shall have a minimum net clear width of 32 inches. All doors must be solid core.

    - Bathroom/Half Bath: Provide a bathroom or half bath on the main floor with clear floor space of 30 inches by 48 inches.

2. If the applicant feels that some or all of the development's proposed buildings will be unable to meet the Visitability requirements due to topography or other site/design limitations, complete Form PPD-E01 Reconsideration of Visitability Requirements. The OHFA architect will be in contact to work out solutions or will make a determination of whether to waive one or more of the Visitability requirements.

Universal Design Requirements

OHFA values developing housing designed to be used by all. This concept is generally referred to as Universal Design, and is also known as Inclusive Design, Aging-in-Place and Design for All.

The definition of Universal Design, developed by the Center for Universal Design*, and adopted by OHFA is, "The design of products and environments to be usable by all people, to the greatest extent possible, without the need for adaptation or specialization."

All units developed with OHFA resources will be designed to meet the following principles of Universal Design. Applicants submitting proposals must submit designs addressing the following principles and a narrative detailing how the proposal meets these principles. The narrative must also summarize all of the universal design features that are being proposed. The summary should be in the form of a list or matrix, by room and functional area (such as hallway, stairway, and general circulation.) The narrative should also indicate that all of the features will be present in all of the units in the development or state the reasons why there are exceptions to this.

OHFA recognizes that not all Universal Design principles can be incorporated into every proposal. OHFA staff will work with each applicant to help achieve maximum application of Universal Design principles.

Applicants must receive design approval from OHFA on these principles before receiving OHFA resources on a given proposal.

<u>Principles of Universal Design</u>

1. Equitable Use: The design does not disadvantage or stigmatize any group of users.
2. Flexibility in Use: The design accommodates a wide range of individual preferences and abilities.
3. Simple, Intuitive Use: Use of the design is easy to understand, regardless of the user's experience, knowledge, language skills, or current concentration level.
4. Perceptible Information: The design communicates necessary information effectively to the user, regardless of ambient conditions or the user's sensory abilities.
5. Tolerance for Error: The design minimizes hazards and the adverse consequences of accidental or unintended actions.
6. Low Physical Effort: The design can be used efficiently and comfortably, and with a minimum of fatigue.
7. Size and Space for Approach and Use: Appropriate size and space is provided for approach, reach, manipulation, and use, regardless of the user's body size, posture, or mobility.

Additional Requirements

Conformity to Fair Housing Requirements

- All newly constructed units developed under OHFA guidelines shall be designed to comply with the Fair Housing Act (FHA) - even those units not covered by the Act.
- Units that are being rehabbed shall be designed to incorporate these features to the greatest extent possible.
- In a two or more story single family house or townhome, all floors must be designed in accordance with three through seven below. To be clear, this means that all bathrooms, kitchens, hallways, doors, light switches, electrical outlets, thermostats and other environmental controls, regardless of the floor on which they are located, must conform to those requirements.

Compliance with the Fair Housing Act calls for seven basic design and construction requirements.

1. An accessible building entrance on an accessible route.

   All units must have at least one no-step entrance and be on an accessible route. An accessible route means a continuous, unobstructed path connecting accessible elements and spaces within a building or site that can be negotiated by a person with a disability who uses a wheelchair, and that is also safe for and usable by people with other disabilities. An accessible entrance is a building entrance connected by an accessible route to public transit stops, accessible parking and passenger loading zones, or public streets and sidewalks.

2. Accessible common and public use areas.

   Developments must have accessible and usable public and common-use areas. Public and common-use areas cover all parts of the housing outside individual units. They include, for example, building-wide fire alarms, parking lots, storage areas, indoor and outdoor recreational areas, lobbies, mailrooms and mailboxes and laundry areas.

3. Usable doors (usable by a person in a wheelchair).

   All doors that allow passage into and within all premises must be wide enough to allow passage by persons using wheelchairs.

4. Accessible route into and through the dwelling unit.

   There must be an accessible route into and through each unit. This includes all hallways, stairways and doorways.

5. Light switches, electrical outlets, thermostats and other environmental controls in accessible locations.

   Light switches, electrical outlets, thermostats and other environmental controls must be in accessible locations.

6. Reinforced walls in bathrooms for later installation of grab bars.

   Reinforcements in bathroom walls must be installed, so that grab bars can be added when needed.

7. Usable kitchens and bathrooms.

   Kitchens and bathrooms must be usable - that is, designed and constructed so an individual in a wheelchair can maneuver in the space provided.

Notifications to Statewide Accessibility Organizations

Applicants must also notify the appropriate statewide accessibility group, which are identified on OHFA's website, at the time of application that accessible housing is being proposed, agree to accept referrals for potential residents, and agree to receive design suggestions for the property. Such notification must take place again when the development is placed into service. Copies of correspondence between the applicant and accessibility group must be submitted to evidence these requirements.

D. Pilot Programs

Visitability Exception Pilot Program

1. A maximum of one application may be funded in each of the new units pools. The highest scoring application will be chosen. These applications will be exempt from the Visitability requirements.

2. This exception is limited to the upper floors of multifamily apartments serving a family population.

3. This is an exception to the threshold criteria, and the proposed development must still receive a successful competitive score.

4. The applicant must demonstrate cost savings due to the exemption of the visitability requirements.

5. The design must still adhere to the Fair Housing Act and 504 requirements, if they are applicable.

IX. POST AWARD

A. Binding Reservation Agreement

After OHFA has determined which proposals will receive a reservation of housing tax credits, a Binding Reservation Agreement will be sent to the Contact Person indicated in the application. The original Binding Reservation Agreement and Election Statement must be signed and notarized by an authorized representative of the ownership entity during the month the agreement was issued. The original Binding Reservation Agreement and Election Statement, a reservation fee equal to 6% of the reservation amount, and any additional documentation indicated in the agreement must be returned to OHFA by the date indicated in the program calendar. The amount of housing tax credits and other OHFA resources reserved to a proposal may not increase after the initial reservation.

B. Waiting List

Proposals that do not receive an award will be placed on a waiting list for housing tax credits that become available via returns or in the national pool later in the year.

Housing tax credits that are reserved and later returned during the same calendar year will be put back into the same allocation pool. The next highest scoring proposal in that allocation pool will be funded, provided there are sufficient credits available. Any other available credits will be distributed according to the order of the waiting list.

If an applicant returns the entire award of credits for their proposal, then all other OHFA funds awarded to that proposal must also be returned. OHFA will contact applicants on the waiting list when housing tax credits become available, and will set a deadline for the applicant to respond to any offer.

C. Next Steps and Debriefing Meetings

OHFA will schedule an individual Next Steps meeting with each applicant that receives a reservation of housing tax credits. The purpose of this meeting is to review the requirements for the final application, and work with applicants to schedule the threshold review, underwriting review and presentation of the proposal to the OHFA Board for consideration of any gap financing or other funding sources in addition to housing tax credits.

OHFA will also schedule an individual debriefing meeting with applicants that did not receive a reservation of housing tax credits and wish to discuss the results. These meetings will be scheduled upon request at specific dates and times during the period indicated in the program calendar.

D. Development Changes

All development changes require OHFA approval and will be reviewed by OHFA on a case-by-case basis. OHFA reserves the right to reduce or revoke a reservation of housing tax credits if changes are made without prior approval, or if applicants fail to complete a development as approved. A new application, processing fee, public notification letters and competitive review may be required if any development characteristics change. New owners without experience in the Housing Tax Credit program must contact the Office of Program Compliance prior to consideration by OHFA.

Failure to inform OHFA of any changes in the applicant's situation or development structure at any time may cause the application to be rejected or the housing tax credit reservation to be revoked.

OHFA may allow the admission of an additional general partner after housing tax credits are awarded in order to address a related-party loan issue. A letter from the owner's legal counsel that adequately explains the need for this action must be submitted, and a letter signed by both the new general partner and the controlling general partner must be submitted to confirm the following:

1. The new general partner will own no more than 24% of the general partner shares;

2. The new general partner will not materially participate in the development;

3. The new general partner will gain little or no financial benefit from the development; and

4. The new general partner will not count the development toward their experience in future funding applications to OHFA.

OHFA will review and issue a decision for each request on a case-by-case basis. Approval of the OHFA Board may also be necessary for developments that received financing from the HDLP and HDAP programs in addition to housing tax credits.

E. Special Allocation

An owner of a development with a housing tax credit allocation that is unable to proceed resulting from actions by unrelated parties (including, but not limited to, local governments or property owners) may seek a special allocation of housing tax credits in the current year. An applicant must meet the following requirements to request a special allocation:

1. The applicant must have received an allocation of competitive housing tax credits from OHFA in a previous year. The owner must have returned the allocation to OHFA, or OHFA must have revoked the allocation prior to the required placed-in-service date.

2. The underlying reason for the inability of the development to proceed must relate to actions by unrelated parties that affect the purchase of the site, plan approval or building permit issuance.

3. The applicant must obtain either a final legal judgment in favor of the owner or a settlement among the parties that will enable the development to proceed. OHFA legal counsel will determine if these requirements are met.

4. The applicant must complete a current year application and request OHFA Board consideration to obtain a special allocation of housing tax credits. The amount of the new housing tax credit allocation may not exceed the amount of the previous allocation. OHFA staff will review the application to ensure that all current threshold and underwriting criteria are met. Any monetary damages received that are related to the development, less direct costs of litigation apportioned between damages that are related and unrelated to the development, must be pledged to the development. Consideration and approval of changes to the development are at the complete and sole discretion of OHFA staff.

5. A request for a special allocation must be submitted no later than three years after the previous allocation was returned or revoked.

Requests that meet these requirements will be presented to the OHFA Multifamily Committee and the OHFA Board for consideration. OHFA has no affirmative obligation to grant approval to any development seeking relief.

Applicants must pay the $2,000 application fee upon request of the special allocation.

F. Placed-in-Service Relief

OHFA will consider granting relief to applicants that are unable to meet their placed-in-service deadline due to circumstances outside their control that could not be reasonably anticipated before the initial application date. The following requirements must be met:

1. The applicant must submit a formal request outlining reasons that the placed-in-service deadline cannot be met. A request may be submitted after September 1 and no later than November 30 of the year of the placed-in-service deadline.

2. The applicant must agree to return their housing tax credit allocation to OHFA prior to the placed-in-service deadline.

3. Significant progress toward completion of the construction and/or rehabilitation of the development must be demonstrated at the time the request is submitted. OHFA will use 75% completion as a general guideline when judging significant progress toward completion.

If the request is approved, then a new housing tax credit allocation will be granted in the following calendar year, and the placed-in-service deadline will be extended for up to one year. OHFA reserves the right to levy a reservation fee for the new housing tax credit allocation.

G. Carryover Allocation

All developments must meet the carryover allocation requirements described in Section 42 of the Internal Revenue Code (IRC) and in Treasury Regulation 1.42-6.

A Carryover Allocation Agreement will be issued to recipients of a competitive award of housing tax credits by the end of the calendar year in which credits were awarded. Items must then be submitted by the carryover submission deadline indicated in the Binding Reservation Agreement. All forms and instructions are available on OHFA's website. The following items must be submitted:

1. Completed OHFA Carryover cost certification forms signed by a representative of the owner and by the accountant or attorney who prepared the forms. A paper copy of the forms with original signatures of the owner and preparer is required, along with an electronic copy in Excel format. The forms must evidence that the "10% test" required by Section 42 of the IRC has been met.

2. The development owner must, at a minimum, acquire all property or have entered into a long-term leasehold agreement. Acquisition must be evidenced by a copy of a recorded deed or recorded long-term lease (or memorandum of lease) for each site.

3. Any additional conditions indicated in the binding reservation agreement with a performance date by the carryover submission deadline.

A Carryover Allocation Agreement is considered to be binding and will give the applicant 24 months from the end of the year of allocation to complete the development and place the units in service. OHFA reserves the right to add conditions or require follow-up items in the carryover agreement that must be met before OHFA will issue 8609 forms to the owner.

H. Housing Tax Credit Eligibility (42m) Letter for 4% Credits

After OHFA has determined that the proposal meets the threshold and underwriting requirements, an Eligibility (42m) Letter and Election Statement will be sent to the contact person indicated in the application.

The original Eligibility Letter must be signed by an authorized representative of the ownership entity, and returned by the deadline indicated in the letter with a reservation fee equal to 6% of the reservation amount, and any additional documentation indicated in the letter.

The original Election Statement must be completed and signed by an authorized representative of the ownership entity, and returned to OHFA no later than the fifth calendar day following the end of the month in which the bonds are closed.

Tax-exempt bond-financed developments will not receive a Carryover Allocation Agreement, but the owner must follow all 8609 Form request procedures and any conditions outlined in the Eligibility Letter, which will include the following items:

1. The applicant must submit a legal description of each parcel that will be part of the development by the date specified in the Eligibility Letter. The description(s) must include the street address and permanent parcel number of each parcel.

2. The applicant will have 24 months from the end of the year in which the Eligibility Letter is issued to meet the placed-in-service requirements of the Housing Tax Credit program.

I. Gross Rent Floor Election

In accordance with Revenue Procedure 94-57, the Internal Revenue Service will treat the gross rent floor described in Section 42 of the IRC as taking effect on the date OHFA initially allocates housing tax credits to a project. The allocation date is the date that a Carryover Allocation Agreement is issued, or, if a project is financed with tax-exempt bonds, the date that a Housing Tax Credit Eligibility (42m) Letter is issued.

However, the IRS will treat the gross rent floor as taking effect on a building's placed-in-service date if the building owner designates that date, and informs OHFA no later than the date on which the building is placed in service. If an owner wishes to designate the placed in service date for the gross rent floor, the Gross Rent Floor Election form must be completed and submitted to OHFA before any building is placed-in-service. If this form is not received, or if it is received after the placed in service date of any building in a project, then the gross rent floor will take effect on the date OHFA initially allocates housing tax credits to the project.

J. Development Completion Stage / 8609 Request

Upon development completion, the owner must notify OHFA of the placed-in-service date of each building and submit the following items to request 8609 Forms. The request is required to include a paper copy of the cost certification forms with original signatures of the owner and preparer, along with an electronic copy in Excel format. All other items must be submitted on a compact disc (CD) in PDF format. All forms and instructions are available on OHFA's website. Forms that are out of date, altered or modified will be rejected. The following items must be submitted:

1. Completed OHFA Owner's Cost Certification forms with original signatures of the owner and the independent accountant who prepared the forms. The accountant will be required to conduct a complete audit of the development costs. The required audit language is included on the forms.

2. Completed OHFA Contractor's Cost Certification forms with original signatures of the owner and general contractor.

3. Final Certificate of Occupancy for each building from the issuer of the building permits. Certificates of completion or similar information from the owner will be accepted for rehabilitation developments if certificates of occupancy are not issued. Temporary Certificates of Occupancy are required if the dates on such certificates will be used as the placed-in-service dates for the buildings. OHFA reserves the right to conduct a site visit of a property to verify completion before issuing Forms 8609 to the owner.

4. All permanent financing sources (except for the first or primary mortgage) must be closed before the 8609 Forms are issued. An executed promissory note that includes the amount, interest rate, term, and amortization or repayment terms of the loan must be submitted for each source. In lieu of a note for the first or primary mortgage, a firm financing commitment signed by the lender and owner within 30 days of the request for the 8609 Forms may be submitted. Supporting documentation must be submitted for financing sources where a note is not available (such as accrued interest or existing reserves).

5. Final limited partnership agreement executed by the limited and general partners. The agreement must include all equity amounts and the pay-in schedule for the equity.

6. A copy of the executed and recorded Restrictive Covenant (issued by OHFA), and a copy of an executed and recorded Consent of Recorded Lienholder form from each non-OHFA lending source with a mortgage filed on the property prior to the recordation of the OHFA Restrictive Covenant.

7. A check for payment of the appropriate compliance-monitoring fee, made payable to "Ohio Housing Finance Agency".

8. Evidence that the individual(s) responsible for final approval of resident files, or the site manager or leasing consultant who processes the Tenant Income Certifications, has attended the OHFA Tax Credit Compliance Training within six months prior to the placed-in-service date for the first building completed.

9. Evidence that the owner or property manager has conducted a placed-in-service meeting with the OHFA Office of Program Compliance.

10. Evidence that written notification was submitted to the OHFA Office of Program Compliance within 15 days of the placed-in-service date of the building (or last building in a multiple building development).

11. Completion of the final Energy Efficiency Certification form for the year of allocation (applicable to allocations through 2010).

12. Narrative describing any material changes to the development since time of application.

The request for 8609 Forms must be submitted by the date listed in the Carryover Allocation Agreement. An extension of this deadline may be granted by OHFA upon request. However, any extension will not apply to payment of the compliance monitoring fee.

Requests for 8609 Forms and corrections or clarifications to previous submissions are reviewed in the order submitted. OHFA will issue 8609 Form(s) up to 90 days after a complete request has been submitted. An incomplete or insufficient request will not be processed until all items are submitted, which may result in a delay of the 8609 Form issuance. The closeout process for any Housing Development Assistance Program funds awarded to the development must also be completed before 8609 Forms are issued. Any corrections or clarifications requested by OHFA must be submitted within three months or a resubmission fee of $250 will be charged. OHFA reserves the right to defer processing Form 8609 requests that are received during a future competitive funding round.

Building Identification Numbers (BIN) are assigned to each building by OHFA after a request for 8609 Forms is submitted. Applicants must contact OHFA in writing with any requests to assign BIN to individual buildings prior to that time.

X. DEVELOPMENT TEAM

The Development Team consists of the general partner(s), developer and property management company. OHFA will evaluate each organization individually, and will evaluate the team as a whole. OHFA will determine whether the team is acceptable based on the criteria outlined below. A team found to be unacceptable will not be eligible for an award of OHFA resources.

A. Individual Organizations in the Team

Each organization will supply information in the AHFA that describes the affordable housing properties placed in service, under construction and under review by OHFA in which they have been an owner, developer or property manager, and the number of applications in which they will be a member of a development team that will be submitted for consideration. They will also document the roles that each organization will be assuming in the development process. If a state-certified CHDO is a team member, the CHDO will document how the proposed development furthers their mission to provide housing to eligible residents in their service area. The CHDO will also supply information documenting the housing development experience of individuals in the organization. Lastly, each member of the team will disclose to OHFA any organizational financial issues that will adversely impact this development should they be selected.

General Partner and Developer Characteristics

- Past experience developing affordable housing using OHFA programs. Properties presently in service and those under construction will be considered, and the quality and success of previous developments will be taken into account. OHFA will also consider location and experience in the geographic areas to be served, experience with the type of housing product proposed, and the past working relationships of the proposed development and ownership partners.

- Other affordable housing development experience using government funded programs, including existing properties and those under construction.
- The development capacity of the organization to complete construction of all current developments on time and within program requirements and application commitments.
- The financial capacity of the developer/general partner to ensure that construction will be completed on time and that work will be guaranteed for quality. All guarantees must be provided by the developer/general partners.
- The organization must conduct business with OHFA according to the Good Partnership policy.

Property Management Company Characteristics

- The company must currently be a member of the National Affordable Housing Management Association (NAHMA), the Midwest Affordable Housing Management Association (MAHMA), Council for Rural Housing & Development of Ohio (CRHDO), or Council for Affordable & Rural Housing (CARH).
- A representative of the company must have earned one of the following certifications: Housing Tax Credit Certified Professional (HCCP) sponsored by the National Association of Home Builders; Specialist in Housing Tax Credit Management (SHCM) sponsored by NAHMA; or equivalent certification from a nationally recognized consultant or association, including, but not limited to, TheoPro Compliance & Consulting Inc., Quadel Consulting or Spectrum Seminars.
- The company must have managed at least five housing tax credit and/or federally-subsidized developments (each consisting of at least 10 units) for at least one year each; or must have managed two housing tax credit developments (each consisting of at least 10 units) for at least three years each.
- All developments currently managed by the company must not have any uncured Forms 8823. Exceptions may be granted on a case-by-case basis for 8823 events that are not the fault of the company, such as a casualty loss, or non-compliance issues that are inherited from the prior property manager.
- Management companies with no prior experience with an OHFA property will be evaluated by the information contained in their completed OHFA Management Company Capacity Review Survey. Management companies with prior OHFA experience will be evaluated in part on information contained in the Property Status Report generated from the Office of Program Compliance.
- Past experience managing affordable housing using OHFA programs. The quality and success of previous developments will be taken into account. OHFA will also consider location and experience in the geographic areas to be served, experience with the type of housing product proposed, and the past working relationships of the proposed development team members.
- Other affordable housing management experience using government funded programs.
- The company must conduct business with OHFA according to the Good Partnership policy.

B. The Team as a Whole

The following criteria will be used to evaluate the team as a whole for the proposed development:

- Development history: OHFA will review the experience of the development team with the housing type, location or type of geographic area, and scope of the development being proposed. Developments financed by OHFA, housing tax credit developments in other states, and other types of affordable housing in any state will be considered.

- Sufficient documentation of the specific roles of each member of the team. If a team member is a CHDO, documentation which indicates that the CHDO maintains effective development control during the development process. Effective development control is demonstrated when the CHDO is the sole owner of the development, or, if not the sole owner, the CHDO has an agreement with the owner or the partners to allow it to make key decisions with regards to the selection, financing, improvement, management, and disposition of the development.

- Present capacity: OHFA will review all developments that the team members presently have in development and determine whether there is sufficient capacity to successfully complete all developments in development and any new development awards in a timely and efficient manner. The amount of resources awarded to a particular team may be limited based on OHFA judgment of capacity.

- Good Partnership: OHFA will evaluate the degree to which the development team members have acted in accordance with the Good Partnership policy in all phases of current and previous development efforts.

- Financial strength: The financial capacity of the team as a whole will be reviewed and must be found acceptable.

- Outstanding financial obligations: All financial obligations to OHFA must be current. Any delinquent obligations of any team member may disqualify the team from competing for an award.

OHFA will use information submitted with the application and other reasonable sources available to make all determinations, including reports and opinions of other public funding sources. OHFA reserves the right to place additional restrictions on development team members, limit the number of awards, applications or amount of resources available to a development team, and limit awards due to identities of interest between organizations applying for OHFA funding.

C. New Developers and/or General Partners

New developers and/or general partners that have not previously worked with OHFA will be limited to one award of 9% credits. New developers and/or general partners will not be able to apply for additional awards of 9% credits until their first OHFA development has received its 8609.

XI. COMPLIANCE & MONITORING GUIDELINES

Introduction

The monitoring process determines if a property is complying with requirements of the IRC. The housing tax credit monitoring process is outlined in IRC Section 42, IRS Regulation 1.42, the QAP, the OHFA Compliance Handbook, and other OHFA policies.

Compliance with the requirements of the IRC is the sole responsibility of the owner of the building for which the housing tax credit was allocated.

Monitoring Process

Housing tax credit projects are required to comply with the following, in addition to other requirements described in guidance published on OHFA's website.

1. All residents must be income qualified, adjusted for family size prior to moving into the unit. Units must be rent restricted as provided for in the IRC. All units allocated housing tax credits must be safe, decent and sanitary housing units complying with local building, health, safety, and zoning codes.

2. Before placing the project in service, the owner/agent must schedule a "placed-in-service meeting" with the OHFA Program Compliance Analyst assigned to the project to discuss the lease-up of the tax credit project. OHFA will attempt to combine placed in service meetings when an owner/agent is placing several projects into service within the same general time period. OHFA may elect to waive this requirement.

3. Prior to the placed-in-service date, the owner/agent individual(s) responsible for final approval of resident files or the site manager/leasing consultant who processes the Tenant Income Certifications for buildings receiving 8609 Forms will be required to attend the OHFA Tax Credit Compliance Training within the previous six months. Please refer to the OHFA website at www.ohiohome.org to register for this training.

4. Within 15 days of placing the last building in service, the project owner must forward a letter to the OHFA Program Compliance Analyst assigned to the project indicating the date on which the last building was placed in service. Based on this communication, the project will be preliminarily scheduled for a lease-up monitoring visit.

5. The owner of a housing tax credit project must keep records for each qualified low-income building in the project for each year of the compliance and extended use period. These records must include but are not limited to the following for each building in the project:

    a. The total number of residential rental units in the building (including the number of bedrooms and the size in square feet of each residential rental unit);

    b. The percentage of residential rental units in the building that are low-income units;

    c. The rent charged on each residential rental unit in the building (including any utility allowances);

d. The number of occupants in each low-income unit;

e. The unit vacancies in the building and information showing when, and to whom, the next available units were rented;

f. The annual income certification of each low-income resident per unit (if applicable);

g. Annual student status certification;

h. Demographic information;

i. Documentation to support each low-income resident's income certification. Resident income is calculated in a manner consistent with the determination of annual income under Section 8 of the United States Housing Act of 1937 ("Section 8"), not in accordance with the determination of gross income for federal income tax liability;

j. The eligible basis and qualified basis of the building at the end of each year of the credit period, compliance and extended use periods; and

k. The character and use of the non-residential portion of the building included in the building's eligible basis under IRC Section 42(d).

6. The owner of a housing tax credit project is required to retain the records described in item 5 above for the entire period of extended use.

7. The owner is responsible for reporting to OHFA annually in the form and manner that OHFA specifies. The reporting process currently requires the submission of an owner certification, resident and project data, as well as other reports and certifications necessary to evidence compliance with any Housing Tax Credit program gap financing provided through an OHFA program. When completing the owner certification, the owner is certifying that, for the preceding 12-month period, the owner met the following requirements:

a. The 20-50 test under IRC Section 42(g)(1)(A), or the 40-60 test under section 42(g)(1)(B), whichever minimum set-aside test was applicable to the project; and if applicable to the project, the 15-40 test under sections 42(g)(4) and 142(d)(4)(B) for "deep rent skewed" projects;

b. There was no change in the applicable fraction (as defined in section 42(c)(1)(B)) of any building in the project, or that there was a change, accompanied by a description of the change;

c. The owner has received an annual income certification from each low-income resident, as appropriate, and documentation to support that certification; or, in the case of a resident receiving Section 8 housing assistance payments, the statement from a public housing authority described in paragraph (b)(1)(vii) of this section;

d. Each low-income unit in the project was rent-restricted under Section 42(g)(2);

e. All units in the project were for use by the general public and used on a non-transitional basis (except for transitional housing for the homeless provided under Section 42 [i][3][B][iii]);

f. Each building in the project was suitable for occupancy, taking into account local health, safety, and building codes;

g. There was no change in the eligible basis (as defined in Section 42[d] of any building in the project, or if there was a change, the nature of the change (e.g. a common area has become commercial space, or a fee is now charged for a resident facility formerly provided without charge);

h. All resident facilities included in the eligible basis under Section 42(d) of any building in the project, such as swimming pools, other recreational facilities, and parking areas, were provided on a comparable basis without charge to all residents in the building;

i. If a low-income unit in the project became vacant during the year, that reasonable attempts were or are being made to rent that unit or the next available unit of comparable or smaller size to residents having a qualifying income before any units in the project were or will be rented to residents not having a qualifying income;

j. If the income of residents of a low-income unit in the project increased above the limit allowed in Section 42(g)(2)(D)(ii), the next available unit of comparable or smaller size in the building was or will be rented to residents having a qualifying income;

k. The owner has not refused to lease a unit in the project to a Section 8 applicant because the applicant holds a Section 8 voucher or certificate;

l. No finding of discrimination under the Fair Housing Act has occurred for the project (a finding of discrimination includes an adverse final decision by HUD, an adverse final decision by a substantially equivalent state or local fair housing agency, or an adverse judgment from a Federal court);

m. For the preceding 12-month period, no residents in low-income units were evicted or had their tenancies terminated other than for good cause and no gross rents were increased other than permitted under Section 42; and

n. An extended low-income housing commitment as described in Section 42(h)(6) was in effect. OHFA reserves the right to adjust the above requirements according to changes in federal regulations.

8. OHFA requires that the owner of a housing tax credit project annually certify the residents' incomes and assets using the form(s) specified by OHFA. Projects that are 100% occupied by qualified low-income households may discontinue recertifications as described in Section 42 of the Internal Revenue Code.

9. OHFA has the right to review resident files throughout the 15-year compliance period and the 15-year Extended Use Period. OHFA has the right to perform onsite inspections of any low-income housing project through the end of the Extended Use Period. Buildings receiving new allocations of credit will be inspected no later than the end of the second calendar year following the year the last building in the project is placed in service. OHFA will provide prompt written notice to the owner of a housing tax credit project if OHFA does not receive the required certification or discovers through inspection, review, or any other manner that the project is in non-compliance. The owner will have up to 60 days from the date of the notification to correct any non-compliance issues found and give a written

response to OHFA of corrective actions taken. OHFA may, with good cause, extend the correction period for up to six months.

During the correction period, an owner must correct any non-compliance and provide evidence to OHFA of such corrections.

10. When OHFA identifies certain instances of non-compliance, OHFA is required to file Form 8823, "Low-Income Housing Tax Credit Agencies Report of Non-Compliance" with the IRS no later than 45 days after the end of the correction period, and no earlier than the end of the correction period, whether or not the non- compliance is corrected. OHFA must explain on Form 8823 the nature of the non-compliance or failure to certify (reference 26 CFR Par. 2. 1.42-5 [e][3]). In addition to notifying the IRS of non-compliance, OHFA may place the project on its Multifamily Watch List or consider the owner or manager not in good partnership with OHFA programs.

11. Compliance with the requirements of Section 42 of the IRC is the responsibility of the owner of the building(s) for which the tax credit is claimed. OHFA's obligation to monitor for compliance does not make OHFA liable for owner/agent non-compliance.

12. If OHFA is unable to serve notice on the property owner by mail and/or telephone during the compliance and extended use periods as defined by the IRS, OHFA will consider the property out-of-compliance and will notify the IRS by filing Form 8823, or take other appropriate action such as designating the project and its owner/agent as not in good partnership with the Agency. Please note that OHFA will maintain one contact person per project. The owner/agent will agree upon the contact person and notify OHFA immediately of any change.

13. OHFA requires housing tax credit owners to pay a one-time compliance monitoring fee. The fee amount for projects receiving a reservation in 2014 will be $900 per unit.

14. OHFA reserves the right to charge the owner and/or management company for costs incurred as the result of compliance reviews conducted outside of the normal inspection cycle.

15. It is the responsibility of the owner and its agents to ensure that the property management agent has all documents and information necessary to meet all rent, income, or other requirements attached to all sources of funding used to develop the project. Such documents may include, but are not limited to, the housing tax credit restrictive covenant(s), Housing Development Assistance Program (HDAP) restrictive covenant, and the gap financing agreement.

16. Compliance requirements are communicated to owners and managers of housing tax credit projects through OHFA's website, training sessions, and other means such as the Agency newsletter. Owners and managers are expected to consult these and other resources to ensure they are up-to-date regarding policies and procedures established by OHFA.

17. Changes in owner or management company that occur after the project has placed-in-service must be approved by OHFA Program Compliance. The owner must apprise Program Compliance of the proposed change 60 days prior to terminating the services of the current management company or selling the project. OHFA may require the proposed management company to fill out a due diligence questionnaire and provide other information to ensure the proposed company is sufficiently qualified to manage a housing tax credit project in Ohio. A proposed owner may be required to provide evidence to OHFA that it is capable of operating a housing tax credit property in accordance with IRS and OHFA requirements. OHFA reserves the right to reject, with cause, any change in management or ownership.

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