2020

Multifamily Underwriting Guidelines

Office of Multifamily Housing | November 2019

Contents

Introduction 3
I. Development Budget 4
A. Development Budget Overview 4
B. Acquisition and Land Costs 4
C. Related Party Acquisitions 4
D. Construction Related Costs 5
E. Professional Soft Costs 7
F. Reserves 8
II. Development Financing 10
A. All Sources Identified 10
B. Commitment Letters 10
C. Deferred Developer Fee 11
III. Income and Expense Analysis 12
A. Income and Expense Overview 12
B. Expenses 12
C. Income 13
D. Debt Coverage Ratio 13
E. Subsidy Layering Review 13
IV. Credit Calculation (HTC Only) 14
A. Tax Credit Percentage 14
B. Eligible Basis 14
C. Acquisition Basis 14
V. Exceptions 15
A. Underwriting Exceptions 15
B. Programmatic Exceptions 16
VI. Definition of Cash Flow 17
VII. Appraisal Requirements 19
VIII. Physical Capital Needs Assessment Standards 21
IX. Market Study Standards 23
X. Assisted Living Policy 27
Appendix A: OHFA PCNA Table of Contents 31
Appendix B: OHFA EUL Table 34

Introduction

In accordance with Ohio Housing Finance Agency (OHFA) policy and state and federal requirements, OHFA will perform underwriting analysis on all proposal applications that request OHFA resources. Each evaluation will include a review of the financing sources, development budget, income and operating expenses, and a cash flow analysis. The underwriting process is designed to ensure that OHFA awards the least subsidy necessary for successful affordable housing development.

OHFA may request further clarification, justification, or documentation for any questions that are identified during the underwriting analysis. At its discretion, OHFA may reduce, alter, or remove items that do not meet the underwriting standards contained in these Multifamily Underwriting & Implementation Guidelines (the Guidelines).

Unless otherwise approved by OHFA, these Guidelines will be used beginning with all 2020 funding rounds. The Guidelines may be subject to change, pending developments in federal and state legislative requirements and/or OHFA policy.

Developments will be underwritten according to the funding source sought.

Competitive 9% Housing Tax Credits Underwriting Process

All developments applying for Competitive Housing Tax Credits (HTCs), with or without OHFA gap financing, undergo three underwriting reviews:

1. At proposal submission to determine if they are eligible for competitive review;
2. At final application prior to issuing a Carryover Allocation Agreement; and
3. At the time the development is placed-in-service and requests Internal Revenue Service (IRS) Form(s) 8609.

Non-Competitive 4% Housing Tax Credits Underwriting Process

All developments applying for Non-Competitive HTCs undergo an underwriting review at application prior to issuing a 42m Letter of Eligibility. A final underwriting review will take place at the time the development is placed-in-service and requests IRS Form(s) 8609.

OHFA Gap Financing Programs Underwriting Process

All developments requesting Housing Development Assistance Program (HDAP) or Housing Development Loan (HDL) program resources, will undergo an underwriting review at proposal and again at final application, if applicable.

I. Development Budget

A. Development Budget Overview

1. Cost Reasonableness
OHFA will evaluate development cost reasonableness by comparing application costs to similar developments from current and/or previous years, as determined by construction type, population served, and region. Total development costs will be evaluated on a per-unit and per-square foot basis.

Additional information may be required for developments that exceed expected budget projections based on comparable developments. Developments that do not provide sufficient response or justification may be adjusted to match industry norms or removed from funding consideration.

Developments will be subject to any additional cost requirements imposed by the specific program to which application is made, if applicable.

2. Sources and Uses
All costs must be identified, including acquisition, construction, contingencies, reserves, developer fees and other soft costs. Applicants should contact OHFA for instructions on how to account for unusual costs. All "other" line items utilized in the development budget must include cost explanation. For items funded after construction concludes, the applicant must classify these items in the construction sources as post-construction fees and costs.

The development's total sources must always equal the total development cost. If the sources exceed the costs, OHFA will reduce any funding or allocation amount necessary for the sources to equal uses.

B. Acquisition and Land Costs
For Competitive and Non-Competitive HTC developments, OHFA will subtract the land valuation identified in the appraisal from the total property valuation or the purchase price, whichever is less, to arrive at the allowable acquisition basis.

If the total purchase price is less than the total property valuation, OHFA will use the percentage of the property's land valuation in comparison to the total property valuation to determine allowable acquisition basis. OHFA reserves the right to limit the property valuation to the as-is restricted valuation. Properties that are currently rent-restricted and will remain rent-restricted may seek an exception request to use to the as-is market valuation.

C. Related Party Acquisitions
Owners of existing properties may submit an application for Competitive or Non-Competitive HTC to refinance and rehabilitate a property. Applicants must submit

documentation proving adherence to the following conditions at final application or at HDAP closing:

- **HTC**. If seeking Competitive or Non-Competitive HTCs, seller financing is allowable up to the lesser of the purchase price or appraised value.
- **HDAP**. If the transaction includes a cash settlement or other consideration to the owner/seller of the property, the development will not be considered for other gap financing offered by OHFA including HDAP unless an exception is granted prior to submission of the proposal application. The applicant will be required to provide each of the following with the HDAP exception request:
  - An estimated amount of cash out or consideration to the owner/seller;
  - A narrative explaining why the additional subsidy is necessary for successful rehabilitation of the proposed project. If this explanation includes paying off or restructuring existing debt or other financial obligations, an analysis of those costs must be provided.

OHFA reserves the right to determine if gap financing is appropriate and necessary for the proposed project. OHFA will not consider exit taxes or payouts to existing limited partners as a justification to support additional gap financing requests.

D. Construction Related Costs

1. Hard Construction Costs

Hard Construction Costs are defined as the total of (1) on-site improvements costs and (2) hard construction cost line items, which include but are not necessarily limited to residential rehabilitation; residential new construction; commercial construction; amenity fee items (items that tenants must pay a fee to use); furnishings, fixtures & equipment; and construction contingency.

2. Minimum Hard Construction for Rehabilitation

The scope of work for all rehabilitation projects shall include substantial rehabilitation, as defined in the OHFA Design and Architectural Standards.

3. Construction Interest

The maximum estimated Construction Loan Interest amount allowed in eligible basis is equal to one year of Construction Loan Interest (Construction Loan Amount multiplied by the Construction Loan Interest Rate). Exceptions will be considered for developments that can justify a potentially longer construction period.

The applicant must provide a conditional commitment letter at final application detailing the rate and loan terms. If a Construction Loan Interest Rate is not represented in the application, OHFA will use the Prime Rate as published in the Wall Street Journal effective for the month in which the final application is received for competitive developments or the application deadline date for non-competitive developments.

4. Construction Contingencies

The maximum Hard Construction cost contingency is 5 percent for new construction, 10 percent for rehabilitation, and 15 percent for adaptive reuse developments. OHFA will use the above Hard Construction Costs definition to calculate this amount. OHFA may allow exceptions to this limit if the applicant can demonstrate that another funding source requires a higher contingency.

5. Contractor Fee and Cost Limits

The maximum contractor fee amount is determined and locked-in at either final application or at execution of the signed general contractor agreement. If locking in the contractor fee at execution of the signed general contractor agreement, the applicant must deliver a copy of that agreement and a lock-in request to OHFA within 30 days of the agreement's execution.

Upon lock-in, this amount cannot be increased if costs are higher but is also not required to be decreased if final hard construction costs are lower than underwritten. Contractor cost limits are as follows:

- **Contractor Profit**: six percent of hard construction costs
- **Contractor Overhead**: two percent of hard construction costs
- **Contractor General Requirements**: six percent of hard construction costs

General Requirements includes but is not limited to project management, superintendent, temporary construction sign, field office expense, storage trailers, portable restrooms, temporary utilities, and dumpsters.

OHFA will consider reasonable adjustments to these requirements, not to exceed 4 percent across general requirements, overhead, and profit, for contractors that are not related parties.

6. Construction Cost Savings

If there are Hard Construction cost savings identified in the final cost certification, including savings from unused construction contingency, these savings will be shared between the developer and OHFA and may be added to the maximum contractor fee and developer fee amounts. For related party contractor-developer entities, the cost savings will be divided 50 percent to the developer and 50 percent to OHFA. For third-party contractors, the cost savings will be divided 67 percent to the developer, and 33 percent to OHFA.

OHFA's share may be taken in any one or more of the following ways at OHFA's sole discretion.

- **With HDAP**. For developments that include HDAP, OHFA's share may be used to reduce the development's HDAP award.
- **HTC-only**. For HTC-only developments, OHFA's options include reducing credits, supplementing reserves, achieving deeper income targeting, upgrading specific items in the project, reducing the deferred developer fee, or using the

savings to pay down hard debt including HDL and/or Multifamily Lending Program debt.

Owners must contact OHFA prior to requesting IRS Form(s) 8609 or completing their Final Performance Report (HDAP only) to discuss the above options and determine a cost savings plan.

Contractor Relationship	Developer Savings Share	OHFA Savings Share
Related Contractor	50%	50%
Third-Party Contractor	67%	33%

E. Professional Soft Costs

1. Professional Soft Costs Definition

Total Professional Soft Costs include all of the following items:

Pre-Development Costs:

- Survey(s) costs
- Architectural fees
- Engineering fees
- Appraisal
- Market Study
- Environmental Report
- Title & Recording

Interim/Finance Costs:

- Rent-up Costs/Marketing

Professional Fees:

- Legal Fees (not syndication related)
- Accounting Fees
- Developer Fee
- Application/Development Consultant Fees
- Construction Management Fees
- Guarantee Fees
- Developer-Charged Financing Fees
- Organizational Fees (lower-tier costs only)
- Syndication Expenses (lower-tier costs only)
- Developer-Charged Asset Management Fee
- Soft Cost Contingency

OHFA has the discretion to add other fees/costs listed in the ‘Other’ line items of the AHFA to the calculation as appropriate.

Interest paid on the HDL is not a direct cost to the project and cannot be reflected in the development budget. All costs associated with the HDL must be factored into the syndicator’s equity contribution.

2. Professional Soft Cost Limits
Non-Competitive HTC developments may have a total professional soft cost no higher than 25 percent of the total development cost. All other program participants may have a total professional soft cost no higher than 20 percent of the total development cost.

3. Professional Soft Cost Contingencies
The maximum soft cost contingency is 2.5 percent of total professional soft costs.

4. Development Support Budget
The "Development Support Budget" is defined as the developer fee, as calculated below, plus the total of all application or development consultant fees, construction management fees, guarantee fees, developer-charged asset management fee and any developer-charged financing fees. OHFA may add other fees to the calculation as appropriate.

For the Competitive HTC program the maximum Development Support Budget is $1,750,000. For Non-Competitive HTC and other OHFA funding programs, there is no maximum Development Support Budget.

5. Developer Fees

Competitive HTC Developer Fee
The base developer fee plus the developer fee supplement represent the maximum amount of fee a developer may seek. The base Developer Fee and allowable developer fee supplements are defined in the QAP. Applicants are not required to take the full developer fee for which they are eligible.

Developer Fees for Competitive HTC applications will be locked in at proposal application and may not be increased. All cost containment requirements must be satisfied inclusive of developer fee.

Non-Competitive HTC Developer Fee
The Non-Competitive developer fee shall be no more than 25 percent of the total acquisition, rehabilitation, and new construction eligible basis. The developer fee itself is not included in this calculation. Developer fees in excess of 20 percent must be deferred or put back into the development as a capital contribution and must be included in the sources of permanent financing.

Non-HTC Developer Fee (HDGF projects)
OHFA gap financing programs that are not paired with HTC may claim a developer fee of 15 percent of the total development cost, unless guidance in the specific program guideline states otherwise.

F. Reserves
Unless waived by OHFA, all reserves described herein shall stay with a development at the time of investor exit so that the owner can access the accounts should the property require access to that capital. This requirement will be memorialized in the restrictive covenant for the property.

1. Operating Reserves

The minimum Operating Reserve for a development is 4 months of the first stabilized year's projected operating expenses, hard debt service payments, and replacement reserve contributions. The maximum is 12 months of the first stabilized year's projected operating expenses, hard debt service payments, and replacement reserve contributions.

2. Replacement Reserves

Capitalized Prefunded Replacement Reserves are not permitted for new construction developments, except for adaptive reuse developments and single family development properties intended for eventual tenant ownership.

Lease-purchase properties may include up to $5,000 per unit in capitalized prefunded replacement reserve. This reserve must be set aside in escrow to cover major capital expenditures prior to transitioning the home to the buyer. An additional $3,000 per unit may be set aside in escrow to cover closing costs. An inspection from an independent housing inspector approved by OHFA must be completed and provided to the Agency before reserves can be accessed.

OHFA's minimum replacement reserve amounts by product type are as follows; the below distinctions are based on population served and construction type, not by funding pool:

- Senior, New Construction = $250 per unit
- Family/Service Enriched, New Construction = $350 per unit
- Single Family Homes = $300 per unit
- Senior, Rehabilitation = $350 per unit
- Family/Service Enriched, Rehabilitation = $400 per unit

OHFA may permit an exception to these minimum replacement reserves if required by another funding source.

3. Special Reserves

OHFA will only permit capitalized reserves for service provision if prohibited by USDA Rural Development.

If special reserves are required by HUD, RD, the lender(s), the investor, and/or syndicator the applicant must provide supporting documentation that explains the requirement and defines the amount of time that the reserves will remain with the project. If documentation cannot be provided, OHFA will remove the special reserve from the development budget.

Special reserves are permitted for single family developments for wheelchair lifts as an alternative to ramp requirements under accessibility criteria. The special reserve must be reasonable and will be approved on a case-by-case basis.

II. Development Financing

A. All Sources Identified

Financing sources must be identified, including HTC equity, hard debt, gap financing, seller financing, soft or non-recourse loans, grants, development team contributions, interest during construction and reserves used to fund redevelopment. Applicants should contact OHFA for instructions on how to account for any unusual sources.

B. Commitment Letters

1. Equity Commitment

OHFA will evaluate the conditional equity commitment provided by the syndicator/investor at final application. Conditional equity commitments must include the following:

1. Proposed terms and conditions;
2. Gross and Net LIHTC equity amounts and net equity pricing;
3. Detailed pay-in schedule including equity pay-in during construction;
4. If seeking HDL, equity contribution with and without HDL (net HDL Interest); and
5. If seeking HDL, terms of HDL including rate, term length, collateral, and amount.

OHFA may require adjustments based on comparable, historical, and/or current market conditions and trends.

2. Debt Financing

OHFA will evaluate all funding source terms and may choose to underwrite at different terms for any funding source which OHFA determines will cause unnecessary or excessive subsidy.

Conditional financial commitments for all debt sources must be submitted at proposal and final application for all developments seeking OHFA resources. Refer to the applicable Qualified Allocation Plan for additional information and requirements regarding acceptable financial commitment documentation.

3. Other Commitment Letters

All other sources identified in the application must include a conditional commitment letter at proposal and final application. Conditional commitment letters must identify the funding terms and conditions.

If such other funding sources involve either (1) a competitive process that has not yet announced award recipients or (2) Federal or State Historic Tax Credits, OHFA may choose to allow additional time for applicants to submit a conditional commitment letter. Applicants are required to provide evidence of an alternative plan to fill the funding gap if unsuccessful in any non-OHFA competitive funding program. OHFA will not present a development to the Multifamily Committee for approval until all conditional commitment letters are received. Refer to the applicable Qualified Allocation Plan for additional information and requirements regarding acceptable financial commitment documentation.

C. Deferred Developer Fee

For HTC developments, applicants must show that any deferred developer fee can be paid in full from development cash flow within the first 15 years. Any unpaid or deferred balance after year 15 will be deducted from the HTC eligible basis. If this results in a lower eligible basis amount, the basis will be reduced to the appropriate amount and may result in a lower HTC allocation.

III. Income and Expense Analysis

A. Income and Expense Overview

1. Operating Expense Reasonableness

OHFA will evaluate operating expense reasonableness by comparing application expenses to similar developments, as determined by building type, population served, type of financing, and location, using the most recent Operating Expense Calculator. OHFA reserves the right to use other data sources to assess operating expense reasonableness.

Additional information will be required at OHFA's discretion for developments that exceed expected budget projections based on the comparables. Developments that do not provide sufficient response or justification may be adjusted to match industry norms or removed from funding consideration.

Developments will be subject to any additional expense requirements imposed by the specific program to which application is made, if applicable.

2. Vacancy

In year one, OHFA may assume a 15 percent vacancy rate.

For all future operating years, OHFA will assume a 7 percent vacancy rate to calculate the effective gross income.

- Preservation developments with project-based rental subsidy may request a 5 percent rate if they can document a strong occupancy rate history.
- Service Enriched housing developments with project-based rental subsidy for all units may elect to use a 5 percent vacancy rate.

3. Income/Expense Escalations

OHFA will assume a 2 percent annual income increase and a 3 percent annual expense increase. Exceptions will be permitted for properties in which operating subsidy is provided by HUD, RD, or the local public housing authority to achieve break-even operations at the property.

4. Lease Option Agreements

Counties, townships, or municipal/non-profit corporations that are exempted from property taxes under the Ohio Revised Code and will option to lease the property on a long-term basis must submit a Lease Option Agreement for a minimum 35-year term.

B. Expenses

1. Utility Allowances

All utility allowances must conform to OHFA's Utility Allowance Policy. For HTC developments, utility allowances must be consistent with Internal Revenue Code (IRC) Section 42 and IRS Regulation 1.42-10. For non-HTC developments, utility allowances must come from a local utility provider, the local MHA/PHA, a third party engineer, or HUD/RD.

2. Syndicator Expenses

Reasonable investor/syndicator asset management fees will be permitted as either a capitalized development cost or a "soft" operating expense repaid from available cash flow, after amortizing permanent mortgages before deferred developer fee and soft loan repayments.

3. Service Coordination Expenses and Fees

Service coordination expenses and fees will be limited to $250 per unit per year. Exceptions may be granted to Service Enriched developments, senior developments, or developments that must have a higher service coordination fee based on a federal program requirement.

C. Income

1. Rental Income

All affordable units must maintain restricted rents that conform to IRC Section 42 and other applicable OHFA guidelines.

2. Commercial Income

Income from commercial space, including cellphone towers, will not be considered in the cash flow analysis toward meeting either Hard Debt Service Coverage Ratio (DCR) or non-DCR requirements.

3. Other Income

Fees and other income such as laundry and parking must be reasonable and comparable to similar properties within the region and the developer's portfolio.

D. Debt Coverage Ratio

The minimum acceptable DCR (or income to expense ratio for projects with no hard debt) is 1.20 for the first year of stabilized operations. Exceptions for the first year of stabilized operations may be considered where improved and upward trends in DCR are sustained over 15 years.

The development must maintain an annual DCR above 1.00 during the entire 15-year compliance period. The average hard DCR over the 15-year compliance period must not be greater than 1.5.

OHFA may grant exceptions for Rural Development properties and developments that contain small hard debt amounts. Developments seeking an exception must demonstrate a legitimate need.

E. Subsidy Layering Review

Effective May 2019, OHFA resumed completing Subsidy Layering Reviews on behalf of the U.S. Department of Housing and Urban Development. Refer to OHFA's Subsidy Layering Review Guidelines for submission instructions.

IV. Credit Calculation (HTC Only)

The HTC amount reserved will not increase after the proposal underwriting for Competitive HTC applications.

A. Tax Credit Percentage

The tax credit percentage is determined according to IRC Section 42. The rate valid at application must be used to determine the credit request. The rate may then be locked the month the Binding Reservation Agreement is issued for Competitive HTCs or the month bonds are issued for Non-Competitive HTCs. Alternatively, applicants may elect to lock in the rate at the time the development is placed in service.

B. Eligible Basis

OHFA will review the eligible basis indicated in the application. All non-eligible costs will be deducted from eligible basis. OHFA may require a legal opinion from a qualified tax credit attorney, at the applicant’s expense, for any items that are not clearly eligible under Section 42 of the IRC and applicable IRS guidance as determined by OHFA.

C. Acquisition Basis

OHFA will review the acquisition basis indicated in the application. Acquisition basis must conform to Section 42 of the IRC and applicable IRS guidance as determined by OHFA. The acquisition eligible basis cannot exceed the property value at or before the date of acquisition (defined as the date the deed or lease is recorded) as determined by the As-Is Appraisal of the property that complies with the Appraisal Requirements section in these Guidelines.

The acquisition basis cannot exceed the value of the building(s) (total appraised value minus appraised land value) as indicated in the appraisal. If seeking Competitive HTC, seller financing will not be included in eligible basis.

V. Exceptions

Developments must meet these standards unless an exception is clearly warranted and granted by OHFA.

A. Underwriting Exceptions

Underwriting exceptions must be submitted with the first application. The following underwriting exceptions to these Guidelines are permitted:

1. **Development Budget: Construction Related Costs**
   a. *Standard:* Maximum estimated Construction Loan Interest amount allowed in eligible basis is equal to one year of Construction Loan Interest.
   b. *Exception eligibility:* Developments that can justify a potentially longer construction period.
2. **Development Budget: Construction Related Costs**
   a. *Standard:* Maximum Hard Construction cost contingency is 5 percent for new construction, 10 percent for rehabilitation, and 15 percent for adaptive reuse developments.
   b. *Exception eligibility:* If the applicant can demonstrate that another funding source requires a higher contingency.
3. **Development Budget: Reserves**
   a. *Standard*: OHFA-defined minimum replacement reserve amounts by product type.
   b. *Exception eligibility*: If different amount required by another funding source.
4. **Income and Expense Analysis: Income/Expense Escalations**
   a. *Standard*: OHFA will assume a 2 percent annual income increase and a 3 percent annual expense increase.
   b. *Exception eligibility*: Properties in which operating subsidy is provided by HUD, RD, or the local public housing authority to achieve break-even operations at the property.
5. **Income and Expense Analysis: Expenses**
   a. *Standard*: Service coordination expenses and fees will be limited to $250 per unit per year.
   b. *Exception eligibility*: Service Enriched developments, senior developments, or developments that must have a higher service coordination fee based on a federal program requirement.
6. **Income and Expense Analysis: Debt Coverage Ratio**
   a. *Standard*: The minimum acceptable DCR is 1.20 for the first year of stabilized operations.
   b. *Exception eligibility*: Where improved and upward trends in DCR are sustained over 15 years.
7. **Income and Expense Analysis: Debt Coverage Ratio**
   a. *Standard*: OHFA-defined annual and average DCRs.
   b. *Exception eligibility*: Rural Development properties and developments that contain small hard debt amounts. Developments seeking an exception must demonstrate a legitimate need.

B. Programmatic Exceptions

Programmatic exceptions must be submitted prior to application submission, by deadlines stated in the respective program guidelines or QAP. The following programmatic exceptions to these Guidelines are permitted:

1. **Development Budget: Acquisition and Land Costs**
    a. *Standard:* OHFA reserves the right to limit the property valuation to the as-is restricted valuation.
    b. *Exception eligibility:* Properties that are currently rent-restricted and will remain rent-restricted may seek an exception request to use to the as-is market valuation.
2. **Development Budget: Related Party Acquisitions**
    a. *Standard:* If the transaction includes a cash settlement or other consideration to the owner/seller of the property, the development will not be considered for other gap financing offered by OHFA including HDAP.
    b. *Exception eligibility:* If the applicant recently purchased the property with the expectation of seeking OHFA resources to conduct rehabilitation.

VI. Definition of Cash Flow

In determining any loan payments due to OHFA that may be calculated based on a percent of the project's cash flow, subject to the start date within any loan or mortgage documents, cash flow will be defined as all Gross Cash Receipts to the property minus:

1. Debt service on loans with a superior mortgage position (excluding General Partner and/or partner/partnership notes/mortgages);
2. Replenishment of the Operating Reserve Account up to the maximum of its original established amount through year 10;
3. Payment of any deferred developer fee through year 10 after obligations to Operating Reserve Account are met;
4. Any required payments deposited to or in the established Partnership Replacement Reserve accounts;
5. Asset Management fees required by the Syndicator, if not capitalized; and
6. Supported payments made for the following Project Operating Expenses:
   - Advertising
   - Legal
   - Accounting/auditing
   - Elevator maintenance/operation
   - Heating, lighting and hot water for common areas
   - Water/Sewer – common areas
   - Trash/snow removal
   - Security – requires OHFA approval to be included
   - Decorating
   - Repairs not funded through Replacement Reserve
   - Exterminating
   - Grounds maintenance
   - Maintenance salaries & Payroll Taxes
   - Maintenance supplies
   - Office Supplies
   - Service Coordinator/Supportive Services – requires OHFA approval to be included
   - Property manager salary, payroll taxes
   - Property Insurance
   - Property Taxes
   - Management Fees not to exceed 6% of Effective Gross Income (excluding Management Incentives, bookkeeping fees, compliance fees, bonuses, administrative service fees, incentive fees of any kind, etc.)
   - Owner-Paid Utilities – Units if applicable and common space

"Gross Cash Receipts" means all cash received in any fiscal year from the operations of the Partnership including all government subsidies received by the Partnership, construction contingency, but excluding Capital Contributions, loan proceeds, repayment of rent, security deposits, insurance proceeds, condemnation awards, proceeds from Net Cash from Sales and Refinancing, and any other funds not generated from current Project Operating Expenses. The Partnership definition of "Net Cash from Sales and

Refinancing" (or other applicable related term or activity) must be provided to OHFA for review and approval.

Year 10 is calculated from the date / year a project starts construction.

The Cash Flow Loan Repayment Calculation Form can be downloaded from the OHFA website.

VII. Appraisal Requirements

OHFA requires As-Is Appraisals meeting all requirements outlined in these Guidelines. These requirements are applicable to all OHFA multifamily programs including HTC, HDAP, and the HDL program. The intent is for OHFA to develop a consistent approach to measuring and evaluating the as-is value of unimproved, vacant land, and existing properties in order to efficiently allocate OHFA resources.

An appraisal is not required if both of the following conditions are met: (1) applicant is not seeking HDAP funds, and (2) applicant is not including any acquisition costs in eligible basis or the funding request.

An acceptable As-Is Appraisal is either a Summary Appraisal Report or a Self-Contained Appraisal Report (the Report) that meets the most current edition of The Appraisal Foundation's Uniform Standards of Professional Appraisal Practice (USPAP) and must be completed by a Certified General Real Estate Appraiser licensed in the State of Ohio. OHFA must be listed as an intended user. The licensed appraiser is required to conduct a site inspection for the subject property.

A. As-Is Value Definitions

OHFA requires the appraiser to provide the as-is value as defined below in (a), (b), and (c). When a value is determined by the appraiser for existing properties, the appraiser is requested to reflect a total value that can be broken down into a value of the improvements and a value for the land.

All appraisals submitted to OHFA shall at a minimum include the following values, as applicable:

- As-Is market value with restricted rents for existing properties;
- As-Is market value with market rents for existing properties; and
- As-Is land value (unimproved, vacant land value).

OHFA requires the Income Approach for existing properties, and the Sales Comparison Approach for unimproved, vacant land. When using the Income Approach, appraisers shall use actual operating expenses to determine value; appraisers may choose to create two appraisals, one using actual operating expenses and a separate one using adjusted operating expenses.

Favorable financing terms and HTCs must not be considered in determining either a cap rate or an as-is value.

The identification of comparable properties in some markets may be difficult. OHFA encourages the appraiser to identify property that has physical and locational (nearest location) characteristics similar to those of the subject property. Using sales of comparable vacant land or existing developments from other regions of Ohio is discouraged without a detailed explanation and rationale from the appraiser to support this methodology and approach.

OHFA reserves the right to limit the amount of OHFA resources allocated to a development predicated on the appraised as-is value.

B. Updates

OHFA may require the appraiser to update its existing appraisal to match these Guidelines or may order an additional appraisal. The cost of the additional appraisal will be paid for by the applicant.

OHFA will accept appraisals, including those from RD and HUD, dated no later than 12 months prior to the funding application deadline. For appraisals dated more than 12 months prior to the funding application deadline, the appraiser may provide an updated letter if there are no material changes to the development, market, and the update meets USPAP and other appraisal industry rules or guidelines.

C. Ownership of Appraisal

Any appraisal submitted to OHFA in connection with an application will become property of OHFA and may be relied upon for the purposes of determining as-is value and feasibility of the proposed development, regardless of any unresolved concerns between the Applicant and appraisal's provider.

D. Special Conditions

The following special conditions are recognized to be outside of appraisal standards but will be incorporated into the allocation process:

1. Excess Land Acquisition

Where more land is being acquired than proposed, and the remaining acreage is not being utilized as permanent green space per deed restrictions or covenants, the as-is value will be prorated. Excess land should not attribute value to the proposed property. A development that has excess land must show a separate value for the excess land and it cannot be purchased as part of the primary development cost.

2. Incorporation of HUD and/or RD Standards

OHFA will accept appraisals from HUD and RD that include multiple valuation methodologies, so long as the primary valuation required by OHFA is clearly noted within the appraisal.

VIII. Physical Capital Needs Assessment Standards

A. Purpose

A Physical Capital Needs Assessment (PCNA) represents a third party qualified professional's opinion of a property's current overall physical condition and identifies significant deferred maintenance, existing deficiencies, and material building code violations that affect the property's use and its structural and mechanical integrity.

B. Process

The professional shall conduct a site visit and physical inspection of interior and exterior of units and structures. At a minimum, this will involve viewing:

- 25 percent of all dwelling units (if less than 50 total units)
- 20 percent of all dwelling units (if 50 to 99 total units)
- 15 percent of all dwelling units (if greater than 100 total units)
- All accessible units
- All common facilities
- All site improvements
- All building exteriors

The professional shall interview available on-site property management and maintenance personnel and inquire about past repairs/improvements, pending repairs and existing or chronic physical deficiencies.

C. Scope

OHFA requires a PCNA for all projects involving rehabilitation. The PCNA must conform to ASTM E2018-15 standards and must reflect the current condition of the building. OHFA may require the third party qualified professional update any report that is greater than one year old at the time it is submitted to OHFA.

OHFA may accept a PCNA that does not meet the standards set forth herein if it meets substantially similar requirements imposed by another funder.

The PCNA shall be organized according to Appendix A: PCNA Table of Contents[1], and must include the below components:

- Identification of critical building systems or components that have reached or exceeded their expected useful lives as defined in Appendix B: OHFA Expected Useful Life (EUL) table;
- An opinion as to the proposed budget for recommended improvements;
- A projection of recurring probable expenditures for significant systems and components impacting use and tenancy, which are not considered operation or maintenance expenses, in order to determine the appropriate replacement reserve deposits on a per unit per year basis;
- Immediate Repairs Table;

[1] Updates to reports completed prior to 2020 are not required to be organized according to the Table of Contents provided in Appendix A.

- Replacement Reserves/Ongoing Physical Needs tables; and
    - The PCNA must identify all Immediate Repairs as occurring in year zero and project the expected reserve requirements necessary for at least the following 20 years of operations.
- Examination and analysis of the systems and components outlined in 8.4 of ASTM E2018-15.

IX. Market Study Standards

A. Introduction

The market study determines if sufficient need for the proposed affordable development exists in the market area. Market study providers must include current demographic information and recommendations shall be based on current market conditions.

A market study must be conducted by an OHFA-approved, market study professional. To be approved, market analysts must complete the Preferred Market Study Provider Application available on the OHFA website, have a membership in good standing with the National Council of Housing Market Analysts (NCHMA), undergo NCHMA's Member Designation Program, and abide by the NCHMA Model Content Standards for Market Studies for Rental Housing, including use of NCHMA's Market Study Terminology.

Any market study professional submitting inaccurate information will be removed from the list of OHFA-approved market study providers.

B. Content

At minimum, the market study must include all of the sections as specified in the NCHMA Model Content Standards for Market Studies for Rental Housing. The market study professional must complete and submit the OHFA Market Study Checklist indicating the location of the specified items within the market study.

OHFA reserves the right to independently determine if a market exists for the proposed project and to require additional information and/or another market study. OHFA may also contact the market analyst during the review process if any required information cannot be found in the study.

Executive Summary

Provide an executive summary that briefly reviews all of the essential market study requirements and recommendations or suggested modifications and key findings to the proposed project. The executive summary should be as brief as possible to convey all necessary information, if possible no more than one page in length. Ensure explanations are clear and concise

Conclusion

Concise conclusion by the author that indicates a market exists for the proposed project. The conclusion must include the estimated stable year vacancy rate and the estimated time needed to fully lease-up the proposed project. If the estimated stable year vacancy rate exceeds seven percent and/or the estimated lease-up time exceeds one year, provide a detailed explanation.

Description of Proposed Site

Description of the proposed project site.

Description of PMA

Description and map of the PMA for the proposed project, including the methodology used to determine the boundaries. Provide a detailed explanation if the PMA include any areas outside of a five-mile radius from the proposed project. Include a discussion of the health of the overall rental housing market in the PMA. All sites included in a project must be located within one PMA. In addition, if the demographics of the immediate site area are significantly different from the PMA, please provide population and household income and housing data for the immediate area. If this is an assisted living or independent living development, state the number of units serving that population.

Rent Comparison Chart

Create a Derived Rent and Programmatic Rent Comparison Chart showing pro forma and achievable rents ratio to maximum program rents, derived market rents, the current FMR rents, and 90 percent FMR rents.

Income Qualification

Description of the number of income qualified renter households divided by the number units in the PMA, also known as the capture rate. The maximum income for this range would assume 1.5 persons per bedroom rounded up to the next whole person. If this exceeds 10 percent, provide a detailed explanation for the higher rate.

Description of Public Services

Description and evaluation of the public services (including transportation, police, fire department, schools, day care, library and community center), infrastructure (including roads and traffic), community services (including shopping, restaurants, parks, recreational facilities, hospital, health care facilities, and services for special needs, if applicable), and employers in the PMA. Provide a list of the approximate distances to all the services. Include a map that clearly identifies the location of the project and all public and community services.

Description of the Federally Subsidized Developments

Description of the federally subsidized development projects that received Ohio Housing Trust Funds or HOME funds and HTC projects, both operating and not yet placed-in-service, located in the PMA. Projects that received Ohio Housing Trust Funds, HOME funds or HTC projects that were not placed-in-service must be included in the analysis. Provide the current vacancy rate for each project and include the person(s) contacted for each competing project and the method of contact. Compare the rents, amenities, unit sizes, bedroom sizes, and populations served of the comparable projects to the proposed project.

The following information must also be included: name, location, population served, type of design, age and condition, number of units by bedroom type, rent levels, number of bedrooms and baths for each unit type, size (in square footage) of units, type of utilities and whether paid by tenant or owner, unit and site amenities. Comparisons to the subject rents should be based on comparable amenities, utilities, location, parking, and any rental concessions. Identify specific reasons why comparable types are faring poorly in the market, if applicable. Projects that receive a reservation may be required to amend their market study to incorporate those other projects receiving an allocation in the same round and are located in the same PMA. A listing of projects that received Ohio Housing Trust Funds or HOME funds or HTC in service and in development is located on the OHFA website. Calculate the ratio of subsidized projects that received Ohio Housing Trust Funds or HOME funds and HTC units to income eligible renter households.

Vacancy Rates

Estimate of the current vacancy rates of the Ohio Housing Trust, HOME, and HTC funded projects include only those currently operating located in the PMA during the first stabilized year of the proposed project. If the estimated vacancy rate exceeds 10 percent for any project, provide a detailed explanation for the higher rates.

Comparable Development

Description of comparable market rate developments located in the PMA. Provide the current vacancy rate for each project and include the person(s) contacted for each competing project and the method of contact. Compare the rents, amenities, unit sizes, bedroom sizes, and populations served of the competing projects to the proposed project. The following information must also be included: name, location, population served, type of design, age and condition, number of units by bedroom type, rent levels, number of bedrooms and baths for each unit type, size (in square footage) of units, type of utilities and whether paid by tenant or owner, unit and site amenities. Comparisons to the subject rents should be based on comparable amenities, utilities, location, parking, and any rental concessions.

Public Housing Concerns

Evaluation of any concerns or issues from the jurisdiction's PHA. The applicant or market study author must send a letter via certified mail to the local PHA. The letter must contain a brief description of the project and target population, instructions for the PHA to forward all comments to the market study author, and a statement that all comments must be submitted within 30 days from receipt of the letter. If the PHA does not respond to the letter or comments are submitted after the 30-day comment period, the market study author does not need to analyze the issues or concerns of the PHA. Include in the market study a copy of the letter, certified mail receipt, and copies of any letters from the PHA.

Financial Interest

An executed original Market Study Certification. The market analyst shall have no financial interest in the proposed project. Financial interest is deemed to be any compensation other than the fee for preparing the market study. Furthermore, the fee assessed for the study shall not be contingent upon the proposed project being approved by OHFA.

Data Sources

A list of all data sources used in the study.

C. Assisted Living Developments

The market study must be customized to the affordable and assisted living markets and shall include an analysis of market penetration rates and competition. If the proposed development includes both assisted and independent living units, the market study must individually address both markets. The market study provider must have prior experience performing studies on assisted living properties.

The objective is to identify sites that are appropriate for the development of housing targeted toward low income to moderate income older adults age 55 and over. This portion of the market study will determine if specified assisted living housing will be compatible in the selected area and meet the needs of seniors. Market area housing for assisted living may differ from senior housing without services.

If the proposed development includes both assisted living and independent living units, the market study must individually address both markets in accordance with OHFA requirements for each.

In addition to the above, Assisted Living market studies shall also include:

- Projected resident characteristics including the following
  - The average age at assisted living entry;
  - AMGI level and income sources;
  - Residents per unit;
  - Medicaid-defined level of care
- Residents needing assistance with any of the following: Dressing, Bathing, Hygiene, Transportation, and/or Meals.
- Resident monitoring and amenities offered. Examples include meals, housekeeping, medication assistance, personal care services, medical services, transportation, 24 hour onsite management, laundry service.
- Comparable unit amenities, such as security systems, walk in closets, roll in showers, personal emergency response systems, private patio or balcony, additional storage.
- Market area demand and trends including a five-year growth forecast for the area within an 11 mile radius. If information needs to be pulled from a larger geographical area provide an explanation.
- Growth forecasts that include population increases, demand for assisted living and independent living, aging population demographics
- Neighborhood amenities such as:
  - Location of amenities – close proximity to community activities & services
  - Fitness center – located on site or at a nearby recreation center
  - Library – located on site or nearby
  - Computer center – located on site or nearby
  - Common outdoor areas
  - Health care facilities and pharmacies
- Waiting list length at comparable facilities in the PMA

X. Assisted Living Policy

The following outline identifies how the Ohio Housing Finance Agency (OHFA) will assess and underwrite housing development projects that include affordable Assisted Living (AL) services. These requirements will apply in addition to existing underwriting and eligibility requirements unless otherwise noted. This policy does not apply to bond transactions that do not utilize any other OHFA resources; however, assisted living developments may still be considered under that program.

Eligible Programs

- Non-Competitive/4% Housing Tax Credits (HTC)
- Multifamily Lending Program (MLP)

Ineligible Programs

- Housing Development Assistance Program
- Housing Development Loan
- Competitive/9% HTC
- All other programs not specifically enumerated without written OHFA exception

Experience (gained either inside or outside Ohio)

- **Developer**: At least one AL development licensed and certified or otherwise approved to accept Medicaid Assisted Living Waivers ("AL Waiver").
- **Operator**: At least two years operating HTC. At least two years operating AL after initial lease up, including accepting AL Waivers. HTC and AL experience may be obtained in separate developments.

All entities may partner with an existing provider to gain necessary experience.

Affordability & Medicaid Assisted Living Waivers

Development must accept applicants "off the street" and cannot condition residency on ability to pay privately for any length of time (eg. cannot require "spend down" or "divesture" as a condition of tenancy). All developments must accept AL Waivers.

Independent Living Units

Non-AL, Independent Living (IL) units may be funded without separate HTC application provided all AL underwriting criteria, including but not limited to the higher Debt Coverage Ratio (DCR), is met for the whole development.

Application Fee

A $5,000 application fee will be assessed in addition to all standard fees.

Reserves

OHFA will require a 15 percent increase to operating and replacement reserves; this requirement will be waived where the investor imposes comparable risk mitigation requirements.

Lease

All units must have a written lease agreement with the resident that complies with the requirements in 26 U.S. Code Section 42 and OAC 5160-44-01.

Design

Design requirements, as noted below and in the OHFA Design and Architectural Standards, shall apply:

- **Efficiencies:** Up to 50 percent of all units may be efficiencies. The number of efficiencies cannot be disproportionately reserved for HTC or AL Waiver residents. Efficiency units must be 350 square feet or larger.
- **One Bedroom:** One bedroom HTC units must conform to one of the two following size requirements:
  - All HTC one bedroom units must be 450 sf; or
  - All HTC one bedroom units combined must average 500 sf.
- **Two Bedroom:** Two bedroom HTC units are not permitted unless an exception request is submitted to and approved by OHFA.
- **Common Areas:** OHFA will consider waivers to common area limitations as specified in the Design and Architectural Standards.
- **Kitchen Requirements:** Must be hard wired for stove and stove must be made available at property owner's expense if requested by the resident and doing so would not pose a health or safety risk to the requesting resident.
- **Shared Rooming:** No "Semi-Private" rooms will be permitted.
- **Medicaid Requirements:** Must comply with the setting characteristics outlined in OAC 173-39-02.16 and OAC 5160-44-01.

Facilities may be deemed a Residential Care Facility under OAC 3701-16, and classified as an Assisted living facility (Group I-1) under OAC 4101:1-3, Section 308 and, if so, shall meet all requirements thereof.

Services

All services must be optional and residents must have freedom to choose the service provider(s). Operator must give residents a statement regarding choice of service provider with 3701-17-57E notice and comply with person-centered planning outlined in OAC 5160-44-02.

Residency cannot be denied due to a person's ineligibility for Medicaid AL services.
Because a health screening and annual assessment are a condition of occupancy as required by the Ohio Department of Health's licensure, any charge for this service must be included in gross rent for purposes of section 42(g)(2)(A).

Nursing

Developments shall not make available continual or frequent skilled nursing, medical, or psychiatric services. Intermittent skilled nursing care provided for 120 days or less pursuant to OAC 3701-16-02 may not constitute "continual or frequent" nursing. Skilled nursing that is privately contracted for by the resident and not made available by the development is not implicated in this requirement. OHFA has not evaluated the eligibility of Memory Care facilities and is not accepting applications containing that level of care. See further information on IRS requirements below; OHFA makes no representation regarding the IRS eligibility of any nursing activity.

Underwriting Considerations
The following underwriting requirements will be applied:

- **Service Income**: Service income will be underwritten at a rate of $70 per day per AL unit. This includes an underwriting assumption of one resident per unit; however, double occupancy is permitted.
- **DCR**: DCR must average 1.3 or higher for the affordability period.
- **Reserves**: Reserves in excess of those required for AL developments that are mandated or otherwise approved by OHFA may be excluded from cost containment analysis.
- **Cost Containment**: No other waivers will be granted on cost containment criteria.

Market Study
See requirements for AL market studies in the Market Study section of these guidelines.

Other Application Requirements
The funding application must also provide the following:

- Owner and Operator's licensing history summary;
- Owner and Operator's inspection history summary;
- Owner and Operator's most recent inspection and licensing report(s);
- Development's lease up plan including financing arrangements;
- Development's tenant selection plan, including the conditions under which a two-bedroom unit will be rented to one person, if any;
- Development's plan to enable residents to exercise service provider choice;
- Development's policies and procedures for operation including policies and procedures required to meet the Ohio Department of Health Residential Care Facility licensure standards (OAC 3701-16-01 through 3701-16-18) and the Ohio Department of Aging assisted living waiver provider certification standards (OAC 173-39-02 and 173-39-02.16); and
- Development's plan to fully integrate residents into the local community, including compliance with Home and Community Based Services regulations as outlined in OAC 5160-44-01.

Training
Awardees may be required to attending a training and/or Development Next Steps Meeting upon receipt of funding award.

Application Notice
Applicants that intend to submit an application for AL shall contact OHFA at least 45 days prior to the application submission date to establish a time to meet with staff and discuss the project. OHFA may publish the location of any proposed site(s) to prevent overlapping market areas for different applications.

Waiver
If OHFA determines that a project is unable to meet the above requirements, OHFA reserves right to waive any requirement(s) for proposals that do not use HTCs.

Information Sharing

As permitted by law, applicants must consent to the sharing of information between all government agencies OHFA deems necessary for efficient compliance and oversight.

Legal

All must maintain Residential Care Facility licensure issued by the Ohio Department of Health, Ohio Department of Aging certification as an AL Medicaid provider, and conform to all applicable laws existing and/or as may be enacted at any point during the affordability period.

Indemnification

Owner must provide OHFA with an unlimited indemnification in all property operations and with regard to the performance of all services provided to the residents regardless of whether or not owner provides the services to the residents or contracts with another entity to provide the services. The resident rental agreement must include preapproved hold harmless language in favor of OHFA with regard to any and all matters.

Disclaimer

OHFA makes no representation as to Internal Revenue Service eligibility of proposed developments and strongly recommends each applicant pursue legal verification of the development's ability to qualify for housing tax credits. Developments will be required to provide a legal opinion for each proposal. In the unlikely event that a development proposes continual or frequent skilled nursing, medical, or psychiatric services, OHFA reserves the right to require a private letter ruling at developer expense.

OHFA makes no representation as to the availability of AL Waivers or of any applicant's eligibility for that program.

To qualify for enrollment on the Medicaid AL waiver, an individual must have a "nursing facility level of care". Nursing facility level of care criteria is established in OAC 5160-3-08. The need for continuous nursing is not required for an individual to meet nursing facility level of care criteria. The Centers for Medicare & Medicaid Services require that waiver services may only be furnished to individuals who are determined to require the level of care furnished in a hospital, nursing facility, or Independent Care Facility for Individuals with Intellectual Disabilities (ICF/IDD). Individuals accepted by HTC facilities in other states who are receiving waiver services were also determined, in accordance with each state's regulations, to require the level of care furnished in a hospital, nursing facility, or ICF/IDD.

Appendix A: OHFA PCNA Table of Contents

Section	***Page Number***
1. Executive Summary	
1.1 Provider name, address, city, state, zip, phone & email	
1.2 Owner name, address, city, state, zip, phone & email	
1.3 General description	
1.4 General physical description	
1.5 Opinions of profitable cost	
1.6 Deviations from Standard Guide – ASTM E 2018-15	
1.7 Area analysis	
1.8 Area demographics	
1.9 Recommendations	
2. Purpose and Scope	
2.1 Narrative	
2.2 Inspected unit list (unit number, size, accessibility, comments)	
3. System Description and Observations	
3.1 Overall general description	
3.2 Site	
Topography	
Storm water drainage	
Access and egress	
Paving, curbing, and parking	
Flatwork	
Landscaping and appurtenances	
Recreational facilities	
3.3 Utilities	
Water	
Electricity	
Natural gas	
Sanitary sewer	
Special utility systems	
Site lighting	
Site security	
3.4 Building Elements	
Foundation	
Building frame	
Floor frame system	
Crawl spaces and penetrations	
Roofing frame and sheathing systems	
Flashing and moisture protections	
Attic spaces, draft stops, roof vents, and penetrations	
Insulation	
Exterior stairs, railings, and balconies	

Exterior doors and entry systems	
3.5 Facades or Curtain Walls	
Sidewall systems	
Fenestration/window systems	
Parapets	
3.6 Roofing and Roof Drainage	
3.7 Mechanical and Electrical Systems	
3.8 Plumbing	
Supply and waste piping	
Domestic hot water production	
Fixtures	
3.9 Heating	
Heat-generating equipment	
Heat distribution system	
3.10 Air Conditioning and Ventilation	
Equipment	
Air filtration and air quality	
Control devices	
Exhaust systems	
Compressors, heat exchangers, and air handlers	
Distribution	
Control systems	
3.11 Electrical	
Service, metering, distribution panels, distribution	
Distribution	
Lighting – building common area	
Lighting units	
Telecommunications systems	
Inspection/recommendations for aluminum wiring	
3.12 Vertical Transit Elevators	
3.13 Life Safety/Fire Protection	
Sprinklers and standpipes	
Alarm systems	
Common areas	
Tenant spaces	
Other systems	
3.14 Interior Elements	
Common areas	
Offices	
Access ways, corridors, vestibules, meeting places	
Laundry facilities and equipment	
Indoor recreation facilities and equipment	
Maintenance and storage	
3.15 Tenant Spaces	
Finishes, walls, and floors	

Appliances	
Bathroom fixtures and specialties	
Kitchen fixtures and specialties	
Millwork, casework, cabinets, and countertops	
Interior, hollow core doors	
Closet systems	
Window treatments	
4. Additional Considerations	
5. Document Review	
6. Opinions of Probable Costs to Remedy Physical Deficiencies	
7. Out of Scope Considerations	
7.1 Accessibility for Persons with Disabilities	
7.2 Community Building	
7.3 Designated Handicapped Accessible Apartments	
8. Qualifications	
9. Limiting Conditions	
10. Appendices	
10.1 Maps	
10.2 Photos	
10.3 OHFA Expected Useful Life Table	
10.4 Scopes of Work and Cost Estimates	
10.5 Replacement Pro Formas	
10.6 Terms and Conditions	

Appendix B: OHFA EUL Table

SITE SYSTEMS	Type	Family	Senior	Action (replace unless otherwise noted)
Roadways	Asphalt (sealing)	5	5	Seal
	Asphalt	25	25	Resurface
	Gravel	15	15	Pave with Asphalt or Concrete
Parking	Asphalt	25	25	Resurface
	Gravel	15	15	Pave with Asphalt or Concrete
Pedestrian Paving	Bituminous	15	15	Resurface
	Concrete	30	30	Replace
Retaining Walls	Concrete	20	20	Fill cracks/Repoint
	Masonry	15	15	Fill cracks/Repoint
	Wood	15	15	Replace
	Stone	15	15	Fill cracks/Repoint
Dumpsters		10	10	
Dumpster Enclosures		10	10	Fence only
Earthwork		50+	50+	
Mail Facilities		10	10	
Landscaping		50+	50+	
Fencing	Chain link	25	25	
	Vinyl post & panel	25	25	
	Stockade	15	15	
	Post and rail	15	15	
Irrigation Systems		30	30	
Site Electrical Main		40	40	
Emergency Generator		15	15	
Sanitary Treatment		40	40	
Lift Station		50	50	

Site Sanitary Lines		40	40	
Site Sewer Main		40	40	
Site Water Main		40	40	
Storm Drain Lines		40	40	
Catch Basin		40	40	
Site Gas Main		40	40	
Site Lighting		25	25	
Site Power Distribution		40	40	
Built Improvements (Playgrounds/Site Furniture)		20	20	
Basketball Courts		15	15	
Tennis Courts		15	15	Resurface
Transformer		30	30	
Water Tower		50+	50+	
Solar Systems	Electric panel	40	40	
	Solar water heater	15-20	15-20	
Tankless Water Heater-Whole Building Systems	Electric	20+	20+	
	Gas	15-20	15-20	
Tankless Water Heater-Individual Units	Electric	20+	30+	
	Gas	15-20	20-25	
BUILDING EXTERIORS	**Type**	**Family**	**Senior**	**Action (replace unless otherwise noted)**
Porches		50	50	Paint after 5 years
Wood Decks		20	20	Paint after 5 years
Storage Sheds		30	30	Paint after 5 years

Carports		40	40	
Garages		50+	50+	
Canopies	Wood/Metal	40	40	
	Concrete	20	20	
Foundations		50+	50+	
Waterproofing Foundation		50+	50+	
Building Mounted Exterior Lighting		6	10	
Building Mounted HID Lighting		6	20	
Bulkheads		6	20	
Ceilings, Exterior or Open		5	5	Paint
Chimney		25	25	Paint
Exterior Common Doors	Aluminum & Glass	30	30	Door only
	Solid core (wood or metal)	20	20	Door only
	Automatic	15	30	Door & mechanism
Exterior Stairs	Wood	30	30	Replace
	Filled metal pan	20	20	Replace
	Concrete	25	25	Replace
Basement Stairs		50+	50+	
Fire Escapes		40	40	Resecure
Exterior Unit Doors		25	25	
Windows – All Types		20	20	Replace for Energy Efficiency
Exterior Walls	Aluminum siding	15	15	Prep/paint
	Brick or Block	40	40	Repoint
	Stone veneer (Brownstone)	20	20	Waterproof & caulk
	Glass block	15	15	Recaulk

	Granite block	40	40	Repoint
	Metal/Glass curtain wall	10	10	Recaulk
	Precast concrete panel	15	15	Recaulk
	Vinyl siding 0.030 to 0.040	15	15	Replace as required
	Vinyl siding 0.042-0.055	30	30	Replace as required
	Wood siding/ shingles	5	5	Prep & paint/stain
	Latex stucco (EIFS)	5	5	Prep & paint/stain
	Portland cement stucco	30	30	Repair cracks
Parapet Wall		30	30	
Storm/Screen Doors		7	15	
Storm/Screen Windows		20	20	
Window Security		40	40	
Windows (Frames & Glazing)		30	30	
ROOF	**Type**	**Family**	**Senior**	**Action (replace under otherwise noted)**
Roof Covering	Aluminum shingles	40	40	
	Asphalt shingles	30	30	
	Built up (BUR)	20	20	(subject to waiver)
	Membrane	20	20	(subject to waiver)
	Preformed metal	40	40	
	Shingles (Slate, Tile, Clay, etc.)	50+	50+	
	Wood shingles	N/A	N/A	
Roof Drainage Exterior (Gutter & Fascia)		25	25	Replace
Roof Drainage Interior (Drain Covers)		50+	50+	Replace
Roof Structure		50+	50+	

Roof Railings		10	10	Repaint
Hatches/Skylights	Access hatch	30	30	
	Smoke hatch/ Skylight	25	25	
Service Doors		25	25	
Soffits	Wood/Stucco/ Concrete	5	5	Repair/repaint
	Aluminum or Vinyl	25	25	Replace
	Concrete	50+	50+	Replace