OHIO HOUSING FINANCE AGENCY

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TO: All Interested Parties

FROM: Ohio Housing Finance Agency

DATE: January 25, 2023

RE: 2023 QAP Frequently Asked Questions

The following is a summary of questions received in advance of the 2023 Housing Tax Credit (HTC) application deadline regarding the 2023 Qualified Allocation Plan (QAP) Technical Amendment. The answers clarify the QAP and will be considered during proposal evaluation. Additional questions will be accepted through January 13, 2023. For further information, please refer to the QAP. This document includes FAQs resolved through the 2022 Round that are still applicable as well as new FAQs.

2023 FAQs

Development Team PreApproval

Our organization was approved to bring an application in 2022 but was unable to submit the application in 2022. Does the approval letter issued by OHFA in 2022 still apply?

If the development team is unchanged from 2022 the letter is still applicable for 2023.

Point Category: New Affordability: Local Partner or In State Experience

How does OHFA define if a Nonprofit qualifies as local?

The organization should have a history of providing housing or housing services within the county of the development or a contiguous county.

May the local partner change following the Development Team Approval deadline of January 6, 2023?

Yes, the local partner will be evaluated at the application deadline.

Point Category: New Affordability: Leverage

The Leverage scoring criteria allows loans with an interest rate of 2% and below to count as leverage, given the current rate environment, is OHFA willing to consider a higher interest rate?

Yes, OHFA will allow loans with a rate of 3.5% and below to count as leverage. All other stated terms will still apply.

Will OHFA consider a tax abatement to count as leverage?

No. This will not be counted as leverage.

Will OHFA allow below-market land sale or land donation, as supported by an appraisal to be eligible for leverage?

No. This will not be considered in the calculation of leverage.

Point Category: Preserved Affordability: Preservation Priorities: Good Management

How will OHFA score a project that is subject to HUD Mark-To-Market when the current owner must sell the property to a Non-Profit entity to assume the HUD Mortgage Restructuring Note and Contingent Repayment Note? Due to the complexity of the transaction involving HUD Mark-to-Market being reviewed by HUD's Office of Recapitalization and the transfer to a Qualified Non-Profit Entity, the Ownership interest must change. We are requesting the project receive the 10 points for "Good Management", as the existing parties will remain involved in the development guarantees and management of the property

To qualify for Good Management consideration, the current owner should remain in the ownership structure following completion of the development. The current owner may be a minority and/or non-managing member, but remain in the ownership structure to qualify for points.

Under the preservation scoring criteria of 'Good Management' are the 5 years of ownership measured from acquisition of the property to the day applications are submitted, when a reservation would be issued, or when the closing date is to be determined?

The property must have been acquired at least 5 years prior to the proposal application deadline, February 9, 2023 (ie property must have been acquired before February 9, 2018).

Point Category: Preserved Affordability: Preservation Priorities: Risk of Market Rate Conversion

In the calculation for affordable rent advantage, will net rent or gross rent be used?

Gross rents will be used.

Are Rural Development Section 515 properties eligible for competitive consideration based on a subsidy contract subject to potential non-renewal since they are subject to annual review and renewal?

Yes.

Point Category: Preserved Affordability: Subsidy Preservation: Y30

The QAP requires that for the "Year 30" projects, market rents must be at least 5% higher than the "HTC maximum." Does this refer to the 60% AMI rents by unit type?

Yes, regardless of if the development plans to use the Average Income election, the "HTC maximum" in this case will refer to the 60% AMI rents by unit type.

The QAP refers to the project being placed in service more than 25 years ago and then references the date, February 10, 1997, is this correct?

This was overlooked in the QAP update. The AHFA has the correct date of February 10, 1998.

2022 FAQs

HTC Programmatic Requirements and Oversight: Limits on HCGF

To be eligible for a HOME HDAP award may the CHDO be a 51% Majority General Partner in the ownership structure?

No. To be eligible the CHDO must be the sole general partner in the ownership structure.

Housing Policy Pool: New Affordability

Is there a cap on the percentage of 2-BR units in senior housing proposals?

No, although the amount should not exceed what is supported in the market study.

Is there a cap on the percentage of 1-BR in family housing proposals?

No, however, there are unit mix requirements if the proposal intends to meet the Revitalization Area Set-Aside.

Housing Policy Pool: Service Enriched Housing

The QAP states that proposed developments must meet the criteria outlined in the PSH Framework which states that units must be targeted to extremely low income households. Does OHFA require a certain percentage of units to be affordable to ELI households or set a minimum percentage to meet the framework definition?

OHFA has not set a minimum percent of units that need to meet the PSH Framework Definition to compete in the Service Enriched Housing Policy Pool. However, OHFA may determine a proposal is ineligible for the Pool based on not reflecting a true intent to provide PSH (for example, targeting a single unit). Also, all designated PSH units must be affordable to ELI households either by being designated as units affordable to 30% AMI or by having a project based rental subsidy.

Point Category: Exercise & Wellness

Does OHFA have a specific number of pieces of fitness equipment in mind per a certain number of units?

OHFA does not have specific requirements. The fitness equipment must be appropriate and reasonable for the population and building.

Is outdoor equipment acceptable?

Yes, although it must be designed to be permanent.

Point Category: Design Features

Do attached garages quality as enclosed parking?

Yes, so long as there are fully closing doors controlled by the tenant.

Does an additional storage closet on the second floor count as additional storage space?

Yes, so long as it meets the required measurements (24 inches deep, 36 inches wide, 84 inches high).

Point Category: New Affordability: Local Partner or In-State Experience: Local Nonprofit Partner

Can you partner with a local nonprofit partner that provides project specific and tailored services to the residents, but doesn't have a history of providing housing?

In general, developers are welcome to form partnerships at their discretion. Partnerships with local nonprofit partners that do not have a history of providing housing, but will provide specific and tailored services to project residents may be considered for competitive points. The services provided must be demonstrably related to housing stabilization. The nonprofit must demonstrate a history of providing services in the target area.

Point Category: New Affordability: Leverage

What documentation should be provided for sources not yet conditionally committed at proposal?

The application should provide a letter from the anticipated source outlining the timeline of the intended award. The award should also be listed as a source on the budget tab of the AHFA.

Does the CDFI need to be a general partner in the ownership of the proposal if funds are awarded?

No, the CDFI lending to the project need not be a general partner in the ownership structure.

Do grants from the outlined sources qualify as leverage?

Yes. However, note that grants may not be appropriate due to potentially reducing eligible basis and/or creating taxable income.

Do construction sources count as leverage?

No, only permanent sources will count towards leverage.

The QAP states that points will be awarded on a per-unit basis within the leveraging points category. Does this criteria include market rate units?

No, only affordable units will serve as the denominator.

How will OHFA evaluate leverage if market rate units are included?

The TDC will be prorated by the applicable fraction listed in the AHFA during the scoring process.

Point Category: New Affordability Priorities: Transit

If points are being sought in a metro/suburban or rural area for Free Ride Option 1 or 2, what documentation is required?

If transportation will be provided by a partner organization the application must include an MOU or letter from a transit provider demonstrating that regular trips or on-demand service will be offered to residents. If transportation is coordinated by the property owner there must be a narrative explaining how it will be provided and a budget.

For applicants claiming points for on-demand service provided at no charge or reduced charge for residents, will a signed letter from the local transit provider confirming service and fare charge be acceptable for points?

Yes.

Point Category: Proximity to Amenities

Does a primary care facility or urgent care (free-standing or at hospital) count as a medical center?

Yes, a primary care facility or urgent care may count as a medical center. Emergency rooms do not qualify under this category, but an urgent care at a hospital would qualify. Should a facility not be represented on the OHFA provided map, the applicant should provide documentation that the facility meets the definition and falls within the appropriate distance.

Is there a "buffer zone" for proximity to amenities?

We will allow a .05 mile buffer.

Many local community centers have programing and activities tailored specifically for seniors. Will a letter from a local community center outlining the senior specific programming and activities that meet the intent of the Senior Center amenity definition be counted for points within the new affordability pool?
Yes.

Can the same amenity be used for more than one scoring criteria?
Yes. For example, a pharmacy with a medical clinic can score as a pharmacy and medical clinic.

Point Category: New Affordability: Neighborhood Revitalization

Can a prior LIHTC award count towards real estate development/community development investment if the project is within two miles of the proposed project?
No, prior LIHTC investment may not count as real estate development.

For community development investment scoring purposes, the AHFA scoring tab specifies "third-party supporting documentation that details and confirms the specific investment being claimed". The AHFA goes on to list acceptable forms of documentation. Is a letter from the local city, township, or village, including a map, itemizing development in the target area adequate to receive full points under the community development investment scoring category?
Yes.

Are investments in infrastructure (e.g., water main replacements, wastewater treatment upgrades, etc.) included in OHFA's definition of "community development investments"?
Anything below ground will not count (save for the replacement of lead pipes), above ground infrastructure (beyond regular maintenance like repaving/sidewalk repairs) will count—so streetscaping, additional sidewalks pedestrian improvements will count.

Point Category: New Affordability: CORES or Experienced Service Coordinator

In regards to CORES or Experienced Service Coordinator points, is there a weekly on-site time requirement for CORES entities?
If the proposal is seeking points under CORES there is not a weekly on-site time requirement for CORES entities.

In regards to CORES or Experienced Service Coordinator points, if contracting with a third-party CORES entity for the duration of the compliance period, must the entity be CORES certified at the time of Proposal Application?
The CORES entity must obtain certification prior to placing in service. Certification is not required at the time of proposal application. An MOU with the third-party should be provided at proposal application.

The requirements for the Supportive Services Plan, state that for Service Enriched developments, local service provider agreements are not required until Request for 8609. Is this also true for Senior developments seeking points for Experienced Service Provider? Or are local service provider agreements at proposal application?
Partnership agreements are not required at proposal. However, there must be some commitment (e.g. an MOU or similar) that demonstrates that a partnership agreement with a qualifying service provider will be in place at 8609.

Point Category: New Affordability: Senior Center

Is a public senior center that charges a $5 annual fee eligible for amenity points?
A $5 annual fee qualifies as nominal.

If a project partners with a Senior Center to provide daily and/or weekly van transportation for tenants, but the does not fall within the required distance of a Senior Center (Central City–1 mile, Metro/Suburban-2 miles, Rural-3 miles), can the Project qualify for points?
This may qualify if an MOU is provided stating the frequency and method of transportation to the center. We would also like a budget for the transportation services. Additionally, the owner must certify that a comparable service will be provided for the duration of the compliance period should the partnership cease. The center must be in a reasonably drivable distance (i.e. 10 miles).

Point Category: Preserved Affordability: Rehab Scope

For developments consisting of more than one building, but separate sites, are the construction costs averaged for the entire development, or evaluated on a per-building basis?
Costs will be averaged for the entire development.

Point Category: Preserved Affordability: Need for Replacement

If "Need for Replacement" points are not being pursued, does a new construction Preserved Affordability proposal need to maintain the same number of units as the housing being replaced?
The other three point scoring options do not include a unit replacement requirement. However, the project must continue to be eligible under Preserved Affordability.

Point Category: Preserved Affordability: Experienced Ownership

Since the General Partnership can be made up of more than one general partner, can their ownership interests be combined to meet these points?
No, the experience of multiple general partners may not be combined to meet the requirements for competitive points.

Point Category: Preserved Affordability: Subsidy Preservation

If a project has existing USDA 515 could it qualify for (c.) Year 30?
No, the project may not compete for Year 30 points if it has an existing USDA RD Section 515 loan.

Are projects with prior affordability restrictions from OHFA's HDAP program precluded from qualifying for points under (c.) Year 30
No, projects with prior income restrictions from OHFA funding sources are eligible.

Point Category: Service Enriched Housing: Expert Recommendation

What does "no affiliation" intended to mean as it pertains to proposals with a letter of support outside of a Continuum of Care?
The letter of support may not be from an organization affiliated with any member of the development team (i.e. Developer, Co-Developer, Consultant, Owner). There is no way for OHFA to define all possible forms of affiliation in advance and will make determinations based on the available facts.

Appendix C: Experience & Capacity Characteristics

May developers who have not received three 8609s 9% HTC in Ohio in the past ten years (but meet minimum eligibility requirements for 9% HTC) serve as a co-developer for an entity not meeting minimum eligibility requirements for 9% HTC?

No. Under Appendix C: “Only developers that have received Ohio 9% HTCs and received 8609s for at least three projects in the past 10 years are eligible to serve as a co-developer/partner entity to those applicants not meeting the 9% HTC minimum eligibility requirements.”