# Exception Request Form: Programmatic & Underwriting Exceptions

# 2025 4% LIHTC with Bond Gap Financing (BGF) Guidelines

Exceptions to the 4% LIHTC Qualified Allocation Plan (QAP), [2025 BGF Guidelines](https://ohiohome.org/ppd/4percent-bgf.aspx), LIHTC Rental Underwriting Guidelines, and Design and Architectural Standards (DAS) must be requested through this Exception Request Form and are considered on a case-by-case basis with compelling justification. Exceptions will not be considered for competitive criteria.

Instructions:

1. **Send a separate form for each individual Exception Request**
2. Include this form and all supporting documentation as directed in the 4% LIHTC QAP, BGF guidelines, and any applicable FAQ’s with the Application. Exception requests submitted via email will not be considered.

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| **Date** |  |
| **Funding Round** | Program Year 2025 4% LIHTC with Bond Gap Financing (BGF) |
| **Project Name** |  |
| **Project Address** |  |
| **Developer**  |  |
| **Developer Contact Name** |  |
| **Developer Contact Email**  |  |
| **Developer Contact Address** |  |
| **Developer Contact Phone**  |  |
| **Architect/Architectural Firm**  |  |
| **Construction Type** *(Check All)* | [ ] Rehabilitation  [ ] Moderate B  [ ] Substantial  |
| **Population Served** *(Check All)* | [ ] General Occupancy [ ]  Senior [ ]  Service Enriched  |
| **Other Important Information** |   |

## Exceptions

Exceptions are **due with the Proposal and Final Application** (if applicable). For each category below be as specific as possible and describe what actions you will take to best further the intent of the requirement. Provide supporting documentation as necessary to justify your request. Refer to the most recently-published [LIHTC Rental Underwriting Guidelines](https://ohiohome.org/ppd/resources.aspx) for further requirements and details on each of the below.

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| **Check** | **Guidelines Section****(Select One)** | **Exception** |
|[ ]  Development Budget: Construction Contingencies | OHFA may allow exceptions to this limit if the applicant can demonstrate that another funding source requires a higher contingency. |
|[ ]  Development Budget: Replacement Reserves |  OHFA may permit an exception to these minimum replacement reserves if required by another funding source. *This must be evidenced by a commitment letter restricting the replacement reserves to a lower amount.* |
|[ ]  Income & Expense: Income/Expense Escalation |  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. |
|[ ]  Income & Expense: Vacancy |  Preservation developments with project-based rental subsidy may submit an Exception Request to use a 5% rate if they can document a strong occupancy/low vacancy history. |
|[ ]  Income & Expense: Service Coordination |  OHFA may grant exceptions to Service Enriched developments, senior developments, or developments that must have a higher service coordination fee based on a federal program requirement. |
|[ ]  Income & Expense: Debt Coverage Ratio (DSCR) | The minimum acceptable DCR is 1.20 for the first year of stabilized operations. OHFA may make exceptions for the first year of stabilized operations where improved and upward trends in DCR are sustained over 15 years. OHFA may grant exceptions for Rural Development properties and developments that contain small hard debt amounts. |

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| **Check** | **Programmatic Guidelines Section (Select One)** | **Exception** |
|[ ]  Related Party Cash Out | Exceptions to allow cash out on a related party transaction may be considered in the following circumstances: 1) the applicant successfully demonstrates that proceeds from related-party debt encumbering the to-be-acquired property will be used to reimburse the applicant for critical repairs made or operating deficits paid within 12 months prior to the proposal application submission, or 2) the applicant clearly evidences that the proposed project is infeasible without seller cash out. |
|[ ]  Cost Containment | If one of the two cost containment standards fails to be met, but can be explained (e.g., larger unit sizes, less common space, scattered-site developments, projects using Federal Historic Tax Credits, Davis-Bacon wage rates, etc.). If both standards fail to be met, exception requests will not be considered. |
|[ ]  Funding Source | Developers may request specific funding source(s). An explanation must be provided explaining why the specific source is necessary and an acknowledgment this limitation may result in not being funded, regardless of competitive score.  |
|[ ]  2023 or Earlier HDAP Award Exception | Developer and/or owners who received an HDAP (BGF resources) award in Program Year 2023 or earlier and have not closed on the award as of Program Year 2025 proposal application deadline may not participate in the 2025 BGF program. However, if closing was delayed due to unforeseen circumstances outside of the developer’s control an exception request may be submitted. |
|[ ]  Troubled HDAP Assisted Project | An existing HDAP-assisted rental project that, within the period of affordability, is no longer financially viable or its physical viability has substantively deteriorated due to unforeseen circumstances may request an exemption. The project must submit documentation it meets one of the following: (1) a HDAP-assisted rental project is no longer financially viable through the period of affordability if:(i) The project's operating costs exceed its operating revenue, considering project reserves;(ii) The owner is unable to pay for necessary capital repair costs or ongoing expenses for the project; or(iii) The project reserves are insufficient to be able to operate the project.(2) For purposes of this section, physical viability means a project's current or future ability to maintain affordability based on the physical characteristics and factors of the project's site and improvements. |

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| **Justification** |
| * For each category selected above, describe your justification for the request and the actions you will take to best further the intent of the requirement.
* Provide supporting documentation as necessary to justify your request. Refer to the most recently-approved LIHTC Rental Underwriting Guidelines for further requirements and details.
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