



2019 BOND GAP FINANCING GUIDELINES

web www.ohiohome.org | tollfree 888.362.6432



The Ohio Housing Finance Agency is an Equal Opportunity Housing entity. Loans are available on a fair and equal basis regardless of race, color, religion, sex, familial status, national origin, military status, disability or ancestry. Please visit www.ohiohome.org for more information.

TABLE OF CONTENTS

| | | | |
|--|----------|--|-----------|
| PROGRAM OVERVIEW..... | 3 | APPLICATION PROCESS..... | 7 |
| Housing Credit Gap Financing (HCGF) program | 3 | BGF SCORING..... | 8 |
| Bond Gap Financing (BGF) program | 3 | Funding Pools | 8 |
| Housing Development Gap Financing (HDGF) program | 3 | Set-Asides | 8 |
| FUNDING AVAILABILITY AND LIMITS.... | 3 | NHTF Scoring Criteria..... | 8 |
| Funding Sources | 3 | Preserved Affordability | 9 |
| PROGRAM REQUIREMENTS..... | 4 | New Affordability | 11 |
| Ineligible Development Types | 4 | BGF Tiebreakers..... | 12 |
| Ineligible Applicants | 4 | POST-AWARD INFORMATION | 13 |
| PROGRAM CALENDAR | 5 | Project Timelines..... | 13 |
| Fees | 5 | Funding Agreement and Loan Closing | 13 |
| PROGRAM-SPECIFIC POLICIES..... | 6 | Subsequent Changes..... | 13 |
| Cost Containment | 6 | Drawing BGF | 13 |
| Construction and Design Requirements..... | 6 | Construction Monitoring..... | 13 |
| Environmental Review | 6 | Cost Certification | 14 |
| Wage Rate Compliance..... | 6 | Final Closeout..... | 14 |
| NHTF REQUIREMENTS..... | 6 | ADDITIONAL RESOURCES..... | 14 |
| NHTF Competitive Workbook | 6 | | |
| NHTF-Assisted Units..... | 6 | | |
| Developments Utilizing both OHTF and NHTF..... | 6 | | |
| NHTF Loans | 6 | | |

PROGRAM OVERVIEW

The Housing Development Assistance Program (HDAP) provides gap financing for eligible affordable housing development properties. It utilizes funding from the HOME Investment Partnerships Program (HOME), the Ohio Housing Trust Fund (OHTF), and the National Housing Trust Fund (NHTF). HDAP provides this funding via three distinct programs:

Housing Credit Gap Financing (HCGF) program

Gap financing used in conjunction with competitive/9% tax credits

Bond Gap Financing (BGF) program

Gap financing used in conjunction with non-competitive/4% tax credits

Housing Development Gap Financing (HDGF) program

Gap financing for projects not utilizing tax credits

FUNDING AVAILABILITY AND LIMITS

Approximately \$10,000,000 is available through the BGF program in Program Year 2019 (PY19). These guidelines outline the requirements and expectations for applying for PY19 BGF funding.

The maximum requests are as follows:

| Number of Affordable Units | OHTF max request | NHTF max request | Combined HDAP/unit limit |
|----------------------------|------------------|------------------|--------------------------|
| 150 units or less | \$1,500,000 | \$500,000 | N/A |
| 151 units or more | \$2,500,000 | \$500,000 | \$10,000 |
| Any unit count | \$0 | \$750,000 | N/A |

For projects with a prior award of HDAP, the total amount of HDAP awarded (including the original award) may not exceed the funding limits noted above.

Example: If a project has a prior award through HDAP of \$300,000 and, based on the above chart, are eligible for an award of \$2,000,000 (\$1,500,000 in OHTF and \$500,000 in NHTF), the maximum award they can request in 2019 is \$1,700,000.

Developers may submit up to three applications; however, no more than two applications will be funded. Additionally, OHFA reserves the right to limit developers to one BGF award, depending on the number of applications received and the locations of the proposed projects. No exceptions will be considered for developers who enter into Capacity Building Partnerships.

OHFA reserves the right to determine which source of funding will be allocated to each project, including OHTF, NHTF, or any combination, regardless of the request. OHFA will award BGF funding based on the need to meet set-asides specific to each funding source and based on the source most appropriate for the applicant/project.

Funding Sources

The following sources are used to provide BGF assistance to eligible projects:

Ohio Housing Trust Fund (OHTF): The Ohio Housing Trust Fund provides funding to HDAP projects predominantly serving low- to moderate-income households with incomes at or below 50 percent of the Area Median Income (AMI). The OHTF gives preference to projects that benefit households with incomes at or below 35 percent of the AMI for the county in which the project is located, as established by HUD. Applicants receiving an award of OHTF dollars may be subject to State of Ohio Prevailing Wage Rate rules. The amount and use of OHTF dollars are subject to appropriation. The State of Ohio is required to award a minimum of 50% of all OHTF to projects in non-Participating Jurisdictions as defined by HUD.

National Housing Trust Fund (NHTF): The National Housing Trust Fund was established by Title I of the Housing and Economic Recovery Act of 2008 to increase and preserve rental housing as well as increase homeownership for very low- and extremely low-income families, including those experiencing homelessness, through formula grants to states. Davis-Bacon labor standards do not apply to NHTF, however, Ohio Prevailing Wage may apply. Further program guidelines and requirements are contained in the current NHTF Allocation Plan, which is specifically incorporated herein.

PROGRAM REQUIREMENTS

Those submitting an application must demonstrate compliance with the HTC Requirements as outlined in the [2019 Qualified Allocation Plan \(QAP\)](#), and all related program guidelines, at the time of submission of a Proposal application. The following exceptions are outlined further in these guidelines:

- Funding Availability and Limits
- Ineligible Development Types
- Ineligible Applicants
- Program Calendar
- Application Fee
- NHTF Requirements
- Competitive Criteria

The below additional items are required:

- BGF & NHTF application fees
- Articles of Incorporation (non-profits only) evidencing 501(c)(3) or (c)(4) status
- Audited Financial Statements (existing projects only): The financials must be for the proposed project only, and not a portfolio. OHFA will consider exceptions.
- Board Resolution (nonprofits only) authorizing an application for the BGF resources. The resolution must specify the amount of the request and identify the individuals authorized to execute legal documents on behalf of the nonprofit.

Applicants selected to move to a final application must meet the requirements detailed in the QAP for a Final Competitive Application.

Ineligible Development Types

Ineligible developments include the following:

- Competitive 9% or non-competitive 4% LIHTC projects in their initial 15-year compliance period
- Competitive 9% LIHTC projects that have not completed at least 20 years of the compliance period.

Exception requests will be considered on a case-by-case basis with compelling justification.

NOTE: Projects that are unsuccessful in the 2019 Competitive 9% LIHTC round may submit a BGF application; however, those applications will be placed on a waiting list, and will only be considered if resources are available after all other eligible applications have been funded.

Ineligible Applicants

Developers who have not successfully placed at least one LIHTC project in service in Ohio within the last 10 years are ineligible for the BGF program. For the purposes of these guidelines, success will be defined as having completed the project within the timeframes established in the QAP and as represented in their application to OHFA.

Out of state developers who are unable to meet this requirement are able to partner with an entity who meets the necessary requirements.

PROGRAM CALENDAR

The 2019 BGF calendar is posted below. A second BGF round will only be offered if funds are available.

| BGF Calendar | |
|---|---|
| <i>Application Round I</i> | |
| <i>OHFA reserves the right to select projects that meet mandatory set-asides regardless of score. If necessary, OHFA may limit the resources available in Round I and hold a second round as detailed above.</i> | |
| TBD | Application materials available on the OHFA website |
| June 3, 2019 | Exception requests due to OHFA by 5:00pm |
| June 14, 2019 ² | Decisions issued for exceptions to program requirements |
| July 3, 2019 | Proposal applications due to OHFA by 5:00pm |
| August 8, 2019 | Release of preliminary competitive scores |
| August 15, 2019 | Announcement of Round I BGF Awards |
| TBD | Development Next Steps meetings begin |
| Nov. 14, 2019 | Final applications due to OHFA by 5:00pm |
| <i>Application Round II (Existing units only, pending funding availability)</i> | |
| <i>Should OHFA announce a second round in a single program year, all information and documents required for the Proposal and Final applications must be submitted at the same time. OHFA may place additional limitations on the applications that will be accepted due to the need to meet a mandatory set-aside requirements or programmatic deadlines.</i> | |
| August 22, 2019 | Announcement of funding availability for Round II |
| October 10, 2019 | Exception requests due to OHFA by 5:00pm |
| November 21, 2019 | Final applications due to OHFA by 5:00pm |
| December 19, 2019 | Announcement of Round II BGF Awards |
| TBD | Development Next Steps meetings begin |

Fees

OHFA will assess the following non-refundable fees. Fees must be submitted with the respective item, as noted below.

| Item | Fee |
|-----------------------------------|------------------------|
| Proposal Application Fee | \$2,500 |
| Final Application Fee | \$2,500 |
| NHTF Application Fee* | \$3,000 |
| Reunderwrite Fee* | \$2,500 per submission |
| Amendments to a funding agreement | \$500 per request |
| Extensions of a funding agreement | \$500 per extension |
| Compliance Monitoring Fee | \$1,500/unit |

*NHTF fee will only be required for projects awarded NHTF funds. Fee will be due at Final Application.

*In the event that an applicant submits a revised AHFA after initial submission, OHFA reserves the right to charge a reunderwrite fee.

Additional fees may be required if also seeking a Housing Development Loan.

²Exception requests received prior to June 14, 2019 will be addressed as quickly as possible.

PROGRAM-SPECIFIC POLICIES

In addition to the below items, all projects assisted through the BGF program are subject to the requirements set forth in [OHFA's Multifamily Underwriting and Implementation Guidelines](#).

Cost Containment

Applicants will be required to meet the Cost Containment criteria detailed in the 2019 QAP. OHFA will evaluate projects to ensure compliance at Proposal and Final application as well as at 8609. Projects that do not demonstrate compliance with the caps will be removed from consideration or subject to the penalties detailed in the 2019 QAP. In addition, all applicants are subject to the cost reasonableness requirements set forth in the [Multifamily Underwriting and Implementation Guidelines](#).

Construction and Design Requirements

All projects shall conform to the [OHFA Design & Architectural Standards](#). For developments involving rehabilitation of existing units, applicants will be further required to meet the [Residential Rehabilitation Standards](#) maintained by the Ohio Development Services Agency (ODSA). The proposed scope of work will also be evaluated to determine whether rehabilitation will ensure 30-year sustainability.

Environmental Review

Projects are not permitted to begin construction prior to the completion of the environmental review process and the issuance of a funding agreement. Projects that do begin any construction or construction-related activity (other than obtaining site control) prior to the issuance of a funding agreement and receipt of all appropriate clearances, at a minimum, will be subject to the following penalty:

- *OHTF-funded projects:* The project may request to keep the award of funds. The recipient must provide a letter detailing the reasons why construction began prior to the completion of the environmental review process. The applicant must detail what measures will be taken to ensure this does not happen with future projects and request that OHFA not rescind the OHTF award. If approved by OHFA, the recipient will not be able to draw BGF funds until construction has been completed.
- *NHTF-funded projects:* The funding agreement will be rescinded. OHFA cannot guarantee the availability of other funds to fill the gap.

Regardless of the funding source, OHFA reserves the right to take further action if the recipient violates this restriction on future projects, or has violated this restriction on prior projects.

Wage Rate Compliance

Funding from OHTF and NHTF may be subject to Ohio's Residential Prevailing Wage Rates as detailed in ORC 176.05. Applicants are encouraged to review these requirements and, if necessary, contact the Bureau of Wage & Hour Administration within the Ohio Department of Commerce, Division of Industrial Compliance for a determination. OHFA reserves the right to require developers who have not had experience in Wage Rate Compliance to partner with an experienced developer or to identify an experienced consultant.

NHTF REQUIREMENTS

NHTF Competitive Workbook

All applicants must complete the NHTF Competitive Workbook in the Affordable Housing Finance Application (AHFA). This applies even if a project does not request NHTF funding. If OHTF is not available or used to meet mandatory set-asides, OHFA may fund a project with NHTF, provided the applicant is eligible for the funds.

NHTF-Assisted Units

Regardless of the amount of NHTF requested, projects must have units which are both affordable to and occupied by households at or below 30% AMI. The number of units required is the greater of:

- 10 percent of affordable units; or
- 5 units.

Developments Utilizing both OHTF and NHTF

Projects with OHTF are required to have both Restricted and Assisted Units, as detailed in the QAP. While these units may overlap (a Restricted Unit may also meet the requirement of an Assisted Unit), the NHTF-Assisted units may not. The NHTF-Assisted Units are **additional** units that meet a deeper rent restriction.

NHTF Loans

Awarded NHTF funds are structured as a deferred loan with payment due on sale. The mandatory rental affordability period and the loan term are a minimum of 30 years. The interest rate is 0.00%.

APPLICATION PROCESS

1. **Exception Requests.** Prospective applicants must submit exception requests by the deadline noted in the calendar. Decisions will be issued within two weeks of submission. OHFA will only consider exceptions for those items specifically allowed under these Guidelines and/or represented in the OHFA Exception Request Form. Applicants must submit the [Exception Request Form](#) via email to ExceptionsPPD@ohiohome.org.

Appeals. Applicants will have one week to submit appeals. Decisions made on appeals are final.
2. **Proposal Application Submission.** Applicants must submit Proposal applications by the date listed in the program calendar. See the 2019 QAP, Document Submission Requirements (pages 11 – 23), as well as the additional requirements listed on page six of these guidelines, for required documentation.
3. **Experience and Capacity Review.** Development teams must meet the requirements for experience and capacity as detailed on page 14 of the 2019 QAP. OHFA will complete this review prior to the submission of the Proposal application if requested. Otherwise the review will be completed concurrent with the competitive review.
4. **Competitive Review/Scoring.** OHFA will review Proposal applications, including the experience and capacity of the development team. OHFA will notify applicants of deficiencies once reviews have been completed. Applicants will have one calendar week to address deficiencies. No new information may be submitted by the applicant. The applicant may only identify where, in the original submission, OHFA may find the documentation or information necessary to award competitive points.
5. **Pre-Award Site Visit.** OHFA may conduct a site review to confirm the suitability of a prospective site for the proposed use. If a site is deemed unsuitable based on the site review, OHFA will remove the application from further consideration.
6. **Initial Notice.** OHFA will notify applicants if their proposals qualify to move forward, pending satisfactory completion of the Threshold Review and financial underwrite. Applicants who fail to respond or address all deficiencies will not be invited to submit a final application.
7. **Announcement of BGF Awards.** OHFA will announce award recipients on its [website](#).
8. **Threshold Review and Financial Underwrite.** OHFA will review applications for ability to proceed and compliance with program requirements. OHFA will notify applicants of deficiencies and provide two weeks to correct. Applicants who are unable to cure deficiencies will not be invited to submit a final application.
9. **Development Next Steps Meeting.** OHFA may require successful applicants meet with OHFA staff; however, any applicant not required to meet with OHFA may request to do so.
10. **Final Application Submission.** Applicants must submit a final and complete application by the deadline shown in the program calendar including all supporting documentation and attachments. OHFA will conduct both a threshold and underwriting review. OHFA reserves the right to remove applications that are incomplete or inconsistent at this stage. In addition to the documentation required in these guidelines, applicants must submit the documents outlined in the Document Submission Requirements of the [2019 QAP](#).
11. **HDAP and Bond Approval.** All HDAP awards are contingent upon approval by the OHFA Board and the availability of funds. The Ohio Development Services Agency (ODSA) administers both the OHTF and the NHTF and the award of these funds to OHFA is subject to approval by the State's Controlling Board. Applicants must have an inducement resolution for OHFA-issued bonds prior to seeking OHFA Board approval of the HDAP awards. If using OHFA's bond financing, OHFA will not issue HDAP funding agreements until the development receives final bond approval by the OHFA Board.
12. **Compliance Next Steps Meeting.** All BGF awardees must attend a meeting with [OHFA's Office of Multifamily Training and Technical Assistance](#) prior to placing a property into service.

BGF SCORING

If funds requested exceed the funds available, the following scoring system will be used to select BGF recipients. Applicants may select points from either:

1. **Preserved Affordability & NHTF; or**
2. **New Affordability & NHTF.**

Funding Pools

Projects will be scored and ranked in two pools with approximately \$5,000,000 available in each pool:

1. **Projects located in a Non-Participating Jurisdiction**
2. **Projects located in a Participating Jurisdiction**

Any BGF funds not reserved for an eligible project in either pool will either be used to fund eligible projects in the other pool, or reserved for the second BGF round.

Set-Asides

OHFA will administer the following BGF set-asides in 2019. Developments meeting the requirements set forth in each category will compete against like applications for the extent of the set-asides.

- **Rental Assistance Demonstration (RAD).** OHFA will administer a minimum of one set-aside to a housing development that is approved by HUD to proceed with a RAD conversion, and/or a housing development planning to convert their Section 202 Project Rental Assistance Contract (PRAC) through the RAD program. The applicant shall provide evidence through one of the following:
 - *For traditional RAD conversions:* Evidence that HUD has provided initial approval through a Commitment to enter into a Housing Assistance Payment (CHAP); or
 - *For RAD for PRAC conversions:* A copy of the current Section 202 PRAC demonstrating eligibility for the RAD program.

Regardless of competitive score, OHFA reserves the right to allocate funds to projects in Non-Participating Jurisdictions that meet programmatic and underwriting criteria should it be necessary to meet mandated set-aside requirements of the OHTF.

NHTF Scoring Criteria

In addition to the BGF scoring criteria, all projects will be scored on the NHTF criteria as stated below.

| Category | Points | Point Breakdown |
|--|--------|---|
| Rent Affordability in Addition to Minimum Requirements | 30 | <ul style="list-style-type: none"> • 30 Pts – Additional 10% units affordable at or below 15% AMI • 20 Pts – Additional 10% units affordable at or below 30% AMI • 10 Pts – Additional 5% units affordable at or below 30% AMI |
| Geographic Diversity ² | 30 | <ul style="list-style-type: none"> • 30 Pts – USR Opportunity Index Rating “Very High” • 20 Pts – USR Opportunity Index Rating “High” • 10 Pts – USR Opportunity Index Rating “Moderate” |
| Affordability Leveraging | 20 | <ul style="list-style-type: none"> • 20 Pts – Commitment of one or more of the following subsidies on 100% of NHTF-assisted units: <ul style="list-style-type: none"> ◦ Section 8 or Rural Development Rental Subsidy ◦ New Units with 811 Rental Subsidy ◦ Other local, state, or federal subsidy as determined by OHFA that limits tenant rental contribution to 30% of gross household income • 15 Pts – Commitment of one of the above subsidies on at least 50% of total units in the development • 10 Pts – Commitment of one of the above subsidies on at least 25% of total units in the development |
| Local Leveraging | 10 | <ul style="list-style-type: none"> • 5 Pts – >50% financing is from non-federal³ sources • 5 Pts – Project does not request OHTF/HOME HDAP |
| Duration of Affordability Period | 5 | <ul style="list-style-type: none"> • 5 Pts – Budget demonstrates positive or breakeven cash flow through year 30 |
| Meeting Priority Housing Needs | 5 | <ul style="list-style-type: none"> • 5 Pts – Proposal “Preserves Affordable Housing” or “Creates New Affordable Housing Opportunities” (defined ConPlan goals to meet priority housing needs of the state) |

² This geographic distribution priority is consistent with Ohio’s ConPlan and the certification that Ohio will affirmatively further fair housing. The Opportunity Mapping Tool and additional information is available on OHFA’s website at <https://ohiohome.org/ppd/opportunitymap.aspx>.

³ Non-federal funding sources include but are not limited to equity, OHTF, private debt, Federal Home Loan Bank’s Affordable Housing Program, foundations, in-kind donations, tax abatements, and other state and local resources.

Preserved Affordability

Defined as developments that preserve existing affordability by maintaining project-based rental assistance, project-based operating subsidies or LIHTC. For projects with rental subsidies, the proposal application must include the current contract and the rents noted in the contract must agree with the AHFA.

Section 9 Public Housing properties that plan to convert from public housing to project-based subsidy are eligible for BGF. The applicant must include a letter indicating commitment of Section 8 project-based subsidy in all units at the time of proposal application. Section 9 properties that are not converting to project-based subsidy are ineligible.

| Preserved Affordability | Maximum Points |
|---|----------------|
| 1. Development Characteristics | 10 |
| <i>A. Preserves a Financially Troubled Asset</i> | |
| <i>B. Good Management</i> | |
| <i>C. Preserves an Asset Beyond Its Effective Useful Life</i> | |
| 2. Preservation of Subsidy | 15 |
| <i>A. Preserving HUD Subsidy</i> | |
| <i>B. Preserving USDA Subsidy</i> | |
| 3. BGF per Unit | 15 |

1. Development Characteristics

Select One for 10 Points

A. Preserves a Financially Troubled Asset

The development must meet all of the following:

- Risk of Loss. Development is either at risk of default or foreclosure evidenced by notification from third-party lender(s);
- Recently Acquired. Development was acquired by applicant in the last two years, and had above conditions at the time of purchase and seller was not a related entity; and
- No Reserve Removal. A non-related seller did not retain or remove any operating, maintenance or other reserve funds as a result of or concurrent with the sale of the asset (meaning all reserves remained with the project upon sale or transfer from a non-related seller).

At a minimum, the applicant shall submit a brief narrative describing the troubled asset and those steps that were or will be taken to put the asset back into productive use and a copy of the sales agreement or other sufficient proof of adherence to the above requirements.

B. Good Management

Developments that have been maintained through good management but contain at least one major component that is past its effective useful life. Major components are defined on page 32 of the 2019 QAP.

The developer/owner must have been the owner for at least five years and must remain a part of the ownership structure if seeking points for this criterion.

The applicant will submit a brief narrative describing the management history, the components that need replacing and a detailed itemization 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 all buildings in the proposed development, as well as the critical needs identified and supported in the Physical Capital Needs Assessment (PCNA). The proposed development cannot have undergone a Substantial Rehabilitation in the last 20 years.

C. Preserves an Asset Beyond Its Effective Useful Life

Developments that have been maintained through good management but contain at least two major components that are past their effective useful life and need to be replaced. Major components are defined on page 32 of the 2019 QAP.

The developer/owner must have been the owner for at least three years and must remain a part of the ownership structure if seeking points for this criterion.

The applicant shall submit a brief narrative describing the management history, the components that need replacing, and a detailed itemization 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 all buildings in the proposed development, as well as the critical needs identified and supported in the PCNA. The proposed development cannot have undergone a Substantial Rehabilitation in the last 15 years.

2. Preservation of Subsidy**Up to 15 Points****A. Preserving HUD Subsidy, confirmed by the current contract or agreement**

- Fifteen points will be awarded to developments in which 95-100 percent of the affordable units have project-based rental subsidy, or preserve at least 50 subsidized units.
- Thirteen points will be awarded to developments in which 85-94 percent of the affordable units have project-based rental subsidy, or preserve at least 40 subsidized units.
- Ten points will be awarded to developments in which 75-84 percent of the affordable units have project-based rental subsidy, or preserve at least 30 subsidized units.
- Eight points will be awarded to developments in which either 74 percent or less of the affordable units have project-based rental subsidy or that involve the conversion and/or modernization of housing funded through HUD programs that do not have rental subsidies (such as HUD 202 or HUD 236).

B. Preserving USDA Subsidy

- Fifteen points will be awarded to developments in which 70-100 percent of the affordable units have project-based rental subsidy.
- Thirteen points will be awarded to developments in which 50-69 percent of the affordable units have project-based rental subsidy.
- Ten points will be awarded to developments in which 25-49 percent of the affordable units have project-based rental subsidy.
- Eight points will be awarded to developments in which 24 percent or less of the affordable units have project-based rental subsidy.

3. BGF per Unit**Select one for up to 15 Points**

OHFA will award up to fifteen points to proposed developments based on the BGF requested per affordable unit. This will be calculated by dividing the total BGF amount requested by the total number of affordable units. No documentation is required; OHFA will confirm eligibility by the application.

Rehabilitation of existing units:

- 15 points will be awarded to proposals with \$10,000 BGF per unit and below
- 12 points will be awarded to proposals with \$10,001 - \$15,000 BGF per unit
- 10 points will be awarded to proposals with \$15,001 - \$25,000 BGF per unit

New Construction (where the new construction will replace existing units being demolished):

- 15 points will be awarded to proposals with \$15,000 BGF per unit and below
- 12 points will be awarded to proposals with \$15,001 - \$20,000 BGF per unit
- 10 points will be awarded to proposals with \$20,001 - \$30,000 BGF per unit

New Affordability

Defined as developments in which the majority of units propose new construction or renovation of existing housing units that are newly affordable, meaning not previously rent- or income-restricted.

| Preserved Affordability | Maximum Points |
|---------------------------------------|----------------|
| 1. Development Characteristics | 10 |
| A. Affordable Housing Demand | |
| B. Family in High Opportunity | |
| C. Family; Education | |
| D. Transit | |
| 2. Income Targeting | 15 |
| A. Urban Area | |
| B. Non-Urban Area | |
| 3. BGF per Unit | 15 |

1. Development Characteristics

Select One for 10 Points

A. Affordable Housing Demand

Counties in which the portion of subsidized housing units as a percentage of the low income renter population is 20 percent or less as defined by Exhibit 7-9 in the Fiscal Year [2019 Housing Needs Assessment](#).

B. Family in High Opportunity

Developments that serve families and are located in either a High or Very-High Opportunity census tract as defined by the [2018-2019 USR Opportunity Index](#). Development may be in either an urban or non-urban census tract. Family developments include, but not limited to, those that serve tenant populations of individuals with children, and are not restricted to occupancy by persons 55 years of age or older. No documentation is required; OHFA will confirm eligibility through the application.

C. Family Only: Education

Family developments either (1) sited within a school district graded "B" or higher or (2) sited within the assignment area of an individual school graded "B" or higher in the [Ohio Department of Education's School Report Card](#) rating system. Applicant shall submit a copy of the school or district's 2017-2018 Ohio School Report Card and proof that the development is sited within the allowable area.

D. Transit

Developments located within a half-mile radius of a public transit stop or facility offering service at regular frequencies (at least five outbound and five inbound trips per weekday) to local or regional destinations. On-demand service does not satisfy this criterion. The applicant must submit a map showing the distance from the proposed development to the nearest public transit stop and documentation detailing the route(s), service frequency, operating hours and associated costs to residents for all transit services accessible to the development and within the required half-mile radius.

2. Income Targeting

Select One for 15 Points

Eligibility will be determined by the application; units must be properly identified in the budget and supported by the market study. Units supported with NHTF funding may be counted towards this requirement.

A. Urban Area: A minimum of 10 percent of all affordable units will be occupied by and affordable to households at or below 30 percent of AMI.

B. Non-Urban Area: A minimum of five percent of all affordable units will be occupied by and affordable to households at or below 30 percent of AMI.

3. BGF per Unit

Select one for up to 15 Points

OHFA will award up to fifteen points to proposed developments based on the BGF requested per affordable unit. This will be calculated by dividing the total BGF amount requested by the total number of affordable units. No documentation is required; OHFA will confirm eligibility by the application.

Rehabilitation of existing units:

- 15 points will be awarded to proposals with \$10,000 BGF per unit and below
- 12 points will be awarded to proposals with \$10,001 - \$15,000 BGF per unit
- 10 points will be awarded to proposals with \$15,001 - \$25,000 BGF per unit

New Construction/Adaptive Reuse:

- 15 points will be awarded to proposals with \$15,000 BGF per unit and below
- 12 points will be awarded to proposals with \$15,001 - \$20,000 BGF per unit
- 10 points will be awarded to proposals with \$20,001 - \$30,000 BGF per unit

BGF Tiebreakers

1. Developments with the greatest number of affordable units.
2. Developments that receive the most points under the Geographic Diversity category.
3. Development with other funding requiring affordability restrictions beyond 30 years.

POST-AWARD INFORMATION

Project Timelines

Once an award has been approved by the OHFA Board, OHFA will issue a funding agreement which details the terms and conditions of the award. Below are the standard terms and deadlines for projects awarded PY19 HDGF funding:

| | |
|--|---|
| Term Of Loan/Loan Maturity Date: | Minimum 30-year term |
| Construction Commencement Deadline: | No later than 12 months after the award is approved by the OHFA Board |
| Construction Completion Deadline: | September 1, 2022 |
| Final Draw Deadline: | October 1, 2022 |
| Final Performance Report Deadline: | October 1, 2022 |
| Term of Affordability Period: | Minimum 30-year term |

Funding Agreement and Loan Closing

OHFA will enter into a funding agreement with the HDAP recipient and limited partnership. Once the funding agreement is signed by all appropriate parties, the HDAP recipient may request a closing of the HDAP note and mortgage.

A template of the HDAP closing checklist is available on the [OHFA Loan Closing webpage](#). The template checklist does not include any project-specific closing conditions determined during the underwriting process, which will be set forth in the funding agreement.

The recipient must submit all checklist items no less than thirty days before the desired closing date. A closing date will not be established by OHFA until required documentation and has been received and reviewed by OHFA's Legal Office.

Subsequent Changes

The funding recipient must remain the majority/controlling partner, sole owner, or a general partner/managing member during the entire construction phase. Changes to the recipient after the construction phase must be approved by OHFA in writing.

Following application approval and continuing through the duration of the affordability period, the recipient must notify OHFA immediately of proposed changes to the project and seek OHFA approval to implement these changes. Prior to submitting the final closeout report, notification must be directed to the project's assigned Development or Project Administration Analyst. Notification of changes made after the final closeout must be sent to the Project Portfolio Manager at OHFAProjectChanges@ohiohome.org. Such changes include, but are not limited to, changes in the development team (developer, general contractor, sales agent/management entity, etc.), changes in the number of units or unit mix and changes to the target population.

Drawing BGF

Recipients are required to submit draw requests to access the BGF funds. Recipients are encouraged to consult the [Guide to Requesting HDAP Funds](#) for questions that arise during the project's construction phase related to disbursement of BGF funds.

OHFA reserves the right to modify the draw schedule as it deems necessary for efficient and effective program operation.

NOTE: OHFA will withhold 10% of the BGF award until the project has been successfully completed, OHFA has conducted a closeout site visit, and a Final Performance Report has been submitted and approved by OHFA.

Construction Monitoring

After the OHFA Board has approved the funding request, the Recipient will be required to begin submitting the [OHFA Quarterly Construction Monitoring Report](#). These reports are submitted quarterly along with Field Inspection Reports conducted by the Construction Management Entity. OHFA reserves the right to require additional construction monitoring reports provided by a qualified third-party inspector, including an architect or professional with experience in construction management.

OHFA staff will also visit the site throughout the project to verify quality of work, site safety and adherence to the construction schedule.

The recipient shall notify OHFA of the construction start date no less than five business days before the anticipated construction commencement date. Notification shall be directed to ConstructionMonitoring@ohiohome.org. The recipient shall provide OHFA a copy of all change orders or other documentation altering the approved design, contract work scope, and/or completion date prior to execution.

Cost Certification

At the completion of construction, each project may be required to obtain and submit a cost certification prepared by an independent certified public accountant.

Final Closeout

Recipients must submit the following prior to final closeout:

- Final Performance Report
- Draw Request for the remaining 10% of BGF
- Evidence of compliance with Green Standards
- Affirmative Fair Housing Marketing Plan (per the requirements of [OHFA's Affirmative Fair Housing Marketing Plan Guidance](#))
- Evidence the project was listed on the [Ohio Housing Locator](#)
- Supportive Services Plan (refer to page 22 of the [2019 Qualified Allocation Plan](#) for current requirements)
- VAWA Emergency Transfer Plan, in accordance with [OHFA's VAWA Policy](#)

ADDITIONAL RESOURCES

BGF applicants may wish to reference the following additional resources:

- [2019 Qualified Allocation Plan](#)
- [Housing Development Loan Guidelines](#)
- [Multifamily Lending Program Guidelines](#)
- [Multifamily Bond Program Guidelines \(OHFA-issued bonds only\)](#)
- [2019 OHFA Design & Architectural Standards](#)
- [2019 Multifamily Underwriting and Implementation Guidelines](#)
- [2019 Housing Needs Assessment](#)
- [Ohio Development Services Agency Residential Rehabilitation Standards](#)
- [NHTF Interim Rule](#)
- [NHTF Allocation Plan](#) (pending 2019 revisions)
- [OHFA Closing Procedures and Closing Checklist](#)
- [Quarterly Construction Monitoring Form](#)