

**TO: OHFA Board, Multifamily Committee**

**FROM: PP&D Staff**

**DATE: August 3, 2018**

**RE: Summary and Response to Public Comments Regarding the Technical Amendments to the 2018 – 2019 Qualified Allocation Plan**

The following is a summary of public comments received regarding the Technical Amendments to the 2018-2019 Qualified Allocation Plan (QAP). Comments were edited for style, size, and to combine similar remarks from different organizations. Comments that only expressed support for a policy, without providing additional feedback, were not included. Comments that only sought clarification or were project-specific were also omitted or addressed in the draft.

## Threshold & General Requirements

**Comment:** OHFA should permit developers to submit applications on a flash drive.

**Response:** Due to security controls, OHFA can only accept applications on a CD at this time.

**Comment:** OHFA should clarify what requirements apply to market-rate units, if any.

**Response:** OHFA revised the draft to include this guidance where appropriate.

**Comment:** Require all HTC developments, and all units, comply with all Section 504 requirements.

**Response:** HTC developments are required to adhere to all applicable law. OHFA endeavors to make as few changes to this QAP as possible to further the intent of a predictable, two-year document; OHFA will accept additional feedback on this topic in preparation for the 2020 QAP.

**Comment:** Require all HTC leases include a “must move” provision that will enable landlords to relocate non-disabled tenants in accessibly designed apartments to accommodate the needs of a disabled applicant.

**Response:** HTC developments are required to adhere to all applicable law. OHFA endeavors to make as few changes to this QAP as possible to further the intent of a predictable, two-year document; OHFA will accept additional feedback on this topic in preparation for the 2020 QAP.

**Comment:** The PIS Meeting takes too long to get scheduled.

**Response:** OHFA apologizes for any inconvenience; we will investigate this issue and make every attempt to ensure a prompt response to all requests.

## Calendar

**Comment:** Please extend the exception request deadline.

**Response:** OHFA extended the deadline to the extent feasible while also preserving sufficient time for developments to receive a timely decision and make development adaptations as may be necessary.

**Comment:** Please extend the FAQ deadline.

**Response:** OHFA extended the deadline to the extent feasible while also preserving sufficient time for developments to receive a timely decision and make development adaptations as may be necessary.

### Conditional Financial Commitments

**Comment:** Clarify what documents will suffice for uncommitted, noncompetitive resources.

**Response:** OHFA clarified that loans or grants that are contingent on future third-party action must meet the current requirements regardless of whether they are competitively awarded.

**Comment:** Conditional financial commitments from a reliable source shouldn't require an alternate plan.

**Response:** No action taken. Evidence of an alternative plan to fill any funding gap, even if that likelihood is remote, is important to ensuring developments supported by tax credits are able to proceed in a timely manner after awards are announced. While OHFA recognizes that some funders are able to reliably execute conditional commitments, we must create evenly applicable rules that do not permit a subjective assessment of each unique funder.

### Cost Containment

**Comment:** OHFA should index the cost containment measurement to inflation.

**Response:** OHFA endeavors to make as few changes to this QAP as possible to further the intent of a predictable, two-year document; this existing section does not require immediate modification. The current cost containment limits are established as an uppermost limit and, as such, remain appropriate to contain costs. This is further reflected in the fact that, in 2018, developments averaged 21 percent below both the per-unit and per-square foot limits.

### Development Team Experience & Capacity Review

**Comment:** Developers shouldn't have to disclose all staff changes, only those to working on the application.

**Response:** This requirement is already limited to "key staff members" as defined in the QAP.

### Developer Fee

**Comment:** Developer fee supplements for "Engaged in Capacity Building" should only be granted if the partner presently lacking capacity will be sufficiently prepared to assume a sole developer role within five years.

**Response:** No action taken. While a short mentoring period may be optimal in many cases, OHFA believes that more flexibility ensures a customized approach based on the development team's unique strengths.

**Comment:** Fee supplements shouldn't be available for locally-imposed prevailing wages.

**Response:** No action taken. This is necessary to ensure development teams have sufficient resources to manage the award process, regardless whether it is legally imposed at the federal, state, or local level.

**Comment:** Please clarify the developer fee for #FHAct50.

**Response:** OHFA added clarification to the final draft.

**Comment:** Limiting the FHAct50 developer fee to \$20,000 per unit may discourage participation.

**Response:** This fee schedule is designed to mirror the base fee applicable to similarly situated urban developments and has not deterred HTC participation in prior funding rounds.

**Comment:** OHFA should include the developer fee in the developer fee calculation.

**Response:** This change to the Underwriting & Design Guide was made to avoid a circular reference where one figure would be calculated based off itself. This was not the intent of the original language.

### Income Averaging (IA)

**Comment:** OHFA should not add IA requirements in excess of those contained in the Internal Revenue Code.

**Response:** OHFA has added only the administrative requirements necessary for the efficient operation of the program, risk mitigation requirements necessary until additional federal guidance is provided, and policy incentives in the competitive program enabling OHFA to maintain its commitment to serving lower and middle income Ohioans.

**Comment:** Why does OHFA prohibit market rate units in IA developments?

**Response:** This requirement is due to the uncertainty of how the IRS will assess long-term compliance, particularly when the Next Available Unit rule is implicated. Developments may continue to offer market rate units in the same vicinity provided it condominimizes such units into a legally distinct structure. OHFA will reevaluate and potentially modify this provision should additional IRS guidance becomes available.

**Comment:** OHFA should permit IA for non-competitive tax credit developments.

**Response:** OHFA agrees and has not restricted this option provided for in the Internal Revenue Code.

**Comment:** What income bracket are 811 units considered?

**Response:** 811 units are rent restricted at 50% AMI, therefore they are fixed at the 50% AMI bracket.

**Comment:** OHFA should require owners to accept Housing Choice Vouchers at all AMI brackets, even if it requires taking a financial loss (prevents receipt of full rental price).

**Response:** For the financial feasibility of these developments, which provide an invaluable public service, OHFA cannot require owners to accept a lower payment that would compromise their ability to provide services, maintain housing quality, and pay debt obligations.

**Comment:** OHFA should require deep income targeting for income averaged developments.

**Response:** As in past competitive tax credit rounds, OHFA has incentivized deeper income targeting for all 9 percent developments. For developments electing the income averaging set aside, they must achieve an income average at or below 55 percent to secure these points. This threshold is reverse calculated to mirror the existing requirements for developments electing a different set aside test.

**Comment:** OHFA should require owners to disclose the AMI brackets for each development to the public.

**Response:** The rent and income levels for each development will be memorialized in the Restrictive Covenant, which is a public record recorded by the county. This same accountability mechanism has been applicable to past developments.

**Comment:** How much will the Compliance Monitoring fee be increased for IA developments?

**Response:** OHFA is currently researching that question and will publish the fee schedule as soon as it becomes available.

### Penalties

**Comment:** Provide guidance on how OHFA will assess penalties against developments that terminate the restrictive covenant.

**Response:** Participation in the HTC program requires a 30 year compliance period, not fifteen. Developers are strongly cautioned not to propose sites that they presently know cannot sustain a 30 year commitment. The decision of whether and how to impose a penalty for breaching this legal obligation is a case-by-case determination that will be influenced by the terms of the applicable QAP, restrictive covenant, and the conditions surrounding the termination.

### Revitalization Plans

**Comment:** Many existing plans may not meet the “Revitalization Plan” definition.

**Response:** OHFA endeavors to make as few changes to this QAP as possible to further the intent of a predictable, two-year document; this existing section does not require immediate modification. OHFA acknowledges that some existing plans may require modification to meet the current requirement, however, OHFA will accept additional feedback on this topic in preparation for the 2020 QAP.

### 6-2-6 Contractor Cost Limits

**Comment:** Please define the phrase “General Requirements”.

**Response:** OHFA added a definition of this phrase.

### VAWA

**Comment:** Please clarify the VAWA section regarding notice of occupancy rights and how to trigger protections.

**Response:** OHFA updated the section accordingly.

### Site Visits

**Comment:** OHFA shouldn’t collect site visit folders until ten days before the scheduled visit.

**Response:** To prevent avoidable delay and confusion, OHFA converted the physical site visit folder requirement to an electronic submission, but has not changed the submission deadline.

## Pool Amounts & Requirements

### Bedroom Requirements

**Comment:** The required three-bedroom units in family developments should be permitted at any income range.

**Response:** The minimum threshold of three bedroom units is necessary to address a market gap for low income households with larger families. This requirement ensures the same availability to households earning 60 percent AMI or less as was present in prior QAPs. Developers may provide additional three bedroom units at higher income ranges if they choose.

### General Occupancy Urban Housing Sub-Pool

**Comment:** Do not modify the amount of credits allocated to the General Occupancy pool.

**Response:** Approximately 64 percent of OHFA’s resources are allocated to, or expected to be released to, urban areas which is comparable to the 65 percent of the population that lives in these areas. The housing demand for all QAP pools far exceeds the resources available; further increasing resources in urban areas would hamper OHFA’s ability to adequately address housing needs in the remainder of the state. OHFA remains optimistic that additional resources will become available that would allow us to better meet the incredible demand for additional resources.

**Comment:** OHFA should create more set asides for family housing in Non-RECAPs.

**Response:** OHFA agrees that diverse siting of family developments is critical for Ohioans. For this reason, OHFA increased the funding allocation to the Family Urban Opportunity housing pool by \$1.5 million dollars, retained three set-asides to opportunity areas in non-urban census tracts, and continued to advance scoring designed to provide families with access to resources for success, like healthy food, affordable healthcare facilities, and high performing education institutions. While RECAP data is one measurement for progress in this area, it is also relevant to observe that 45% of all family developments in 2018 were sited in High or Very High Opportunity areas, as defined by the Kirwan Institute for the Study of Race and Ethnicity. An additional 28% of family developments were located in economically growing census tracts. Only 16% of family developments were located in RECAPs which, despite the challenges presented in those neighborhoods, nevertheless have an urgent need for safe, decent, and affordable housing that OHFA is committed to providing.

### Senior Housing Sub-Pool

**Comment:** Increase the amount of funds to the Senior Housing pool.

**Response:** Approximately 33 percent of OHFA's resources are allocated to, or expected to be released to, senior developments, which exceeds Ohio's senior population estimate of 16.7 percent. This mild imbalance acknowledges demographic change projections and will be reassessed, and if necessary updated, in future QAP revisions. The housing demand for all QAP pools far exceeds the resources available; further increasing resources in senior pools would hamper OHFA's ability to adequately address housing needs in the remainder of the state. OHFA remains optimistic that additional resources will become available that would allow us to better meet the incredible demand for additional resources.

### Non-Urban Housing Sub-Pool

**Comment:** The Non-Urban pool should have sufficient funding to support at least seven applications at the maximum credit request amount, equivalent to \$5.6 million, a \$100,000 increase.

**Response:** OHFA has pre-funded the Strategic Initiative pool at \$1 million to ensure flexibility and responsiveness to community need across all pools.

**Comment:** The QAP modifications do not increase the size of the Non-Urban Housing pool enough.

**Response:** Approximately 36 percent of OHFA's resources are allocated to, or expected to be released to, non-urban areas, which is comparable to the 35 percent of the population that lives in these areas. The housing demand for all QAP pools far exceeds the resources available; further increasing resources in non-urban areas would hamper OHFA's ability to adequately address housing needs in the remainder of the state. OHFA remains optimistic that additional resources will become available that would allow us to better meet the incredible demand for additional resources.

**Comment:** Decrease the number of set asides in the Non-Urban pool.

**Response:** OHFA endeavors to make as few changes to this QAP as possible to further the intent of a predictable, two-year document; this existing section does not require immediate modification.

### Preservation Requirements

**Comment:** Additional resources should be dedicated to PHAs participating in the RAD program.

**Response:** OHFA endeavors to make as few changes to this QAP as possible to further the intent of a predictable, two-year document; OHFA will accept additional feedback on this topic in preparation for the 2020



QAP. OHFA also intends to continue promoting RAD developments through the 4 percent and Bond Gap Financing program.

### Single Family Requirements

**Comment:** Townhomes should compete in the Single Family pool.

**Response:** Due to the similarity in site selection procedures, amenity locations, construction techniques, neighborhood engagement processes, and property management procedures townhomes are more appropriately considered in multifamily pools at this time.

### Urban Opportunity Housing Sub-Pool

**Comment:** Too many credits are allocated to the Urban Opportunity Housing sub-pool.

**Response:** Approximately 14 percent of OHFA's resources are currently allocated to, or expected to be released to, high opportunity areas in urban census tracts, plus an additional three set asides are committed to high opportunity areas in non-urban areas; this comparable to the 20 percent of the population that lives in these census tracts. The housing demand for all QAP pools far exceeds the resources available; reducing the amount of funding committed to opportunity areas would not only impair OHFA's ability to fairly distribute resources geographically, it would hinder OHFA's efforts to help remedy historic patterns of segregation and the overconcentration of affordable housing resources in high-poverty, low-income communities. OHFA remains optimistic that additional resources will become available that would allow us to better meet the incredible demand for additional resources.

**Comment:** Developments should be able to seek \$1.25 mil in Urban Opportunity credits if proposing 75 units.

**Response:** OHFA endeavors to make as few changes to this QAP as possible to further the intent of a predictable, two-year document; this existing section does not require immediate modification. OHFA will monitor the impact of this deviation from the general credit cap rule in similar pools to determine if it is a reliable predictor of lower aggregate costs. OHFA understands that not all neighborhoods, particularly those in less dense areas, are appropriate for large-scale development and will weigh that fact as it considers future policy modifications.

### Service Enriched Housing

**Comment:** Transitioned Aged Youth developments are sufficiently competitive and do not need a set aside.

**Response:** OHFA endeavors to make as few changes to this QAP as possible to further the intent of a predictable, two-year document; this existing section does not require immediate modification. Moreover, this set aside ensures that OHFA's strategic goal to support vulnerable populations is satisfied.

**Comment:** Substance Abuse Recovery should be merged with Permanent Supportive Housing.

**Response:** No action taken. While sharing many characteristics, these development types serve different populations through different strategies. Importantly, PSH developments must adhere to a housing first model, while substance abuse recovery developments do not.

**Comment:** Please clarify that the set aside to a smaller CoC or BOS development does not preclude others.

**Response:** OHFA added language clarifying that the set aside is designed to ensure at least one development in a smaller CoC or the Balance of State is supported; other developments in these areas can also be awarded credits if they are competitive.

### Strategic Initiatives

**Comment:** OHFA should pre-fund a Strategic Initiatives pool.

**Response:** OHFA agrees and has pre-funded this pool at \$1 million.

### Next Development that Does Not Exceed Credits Available

**Comment:** If insufficient credits remain in a pool to fund the next highest-scoring development, OHFA should divert those resources to the Strategic Initiatives pool.

**Response:** OHFA endeavors to make as few changes to this QAP as possible to further the intent of a predictable, two-year document; this existing section does not require immediate modification. Adopting this change would significantly alter the competitive landscape and is not appropriate mid-year; however, OHFA will accept additional feedback on this topic in preparation for the 2020 QAP.

### #FHAct50 Building Opportunity Fund

**Comment:** FHAct50 risks allocating too many funds to the three largest cities.

**Response:** In addition to balancing all funding pools to serve population distributions, OHFA responded to this concern by foregoing the local development priority option for cities participating in the FHAct50 to ensure a level playing field in the balance of the Qualified Allocation Plan.

### Development/Project-Level Comments

**Comment:** Can small developments (approximately 12 units) qualify?

**Response:** OHFA did not impose any restriction on the minimum number of units in the FHAct50.

**Comment:** Can developments include market-rate units?

**Response:** OHFA did not impose any restriction on market rate units in the FHAct50.

**Comment:** What is the per-project tax credit cap?

**Response:** OHFA did not impose any restriction on the number of credits each development may. Developers should be aware of per-unit credit limitations.

**Comment:** What are the per-unit and per-square foot cost limits?

**Response:** OHFA did not impose any restriction on cost limits for each development except the requirements related to the number of credits per unit. Due to the unique nature of this program, developments may need to be strongly leveraged by outside resources, as such, the credit per unit limits are sufficient to ensure an efficient use of OHFA resources.

**Comment:** Credit per unit limits will restrict unit size, amenities, and/or construction choices.

**Response:** A reasonable credit per unit limitation is necessary to contain costs to the HTC program. Due to the unique nature of this program, however, developments may need to be strongly leveraged by outside resources and OHFA has not imposed a per-unit or per-development total development cost limitation.

**Comment:** Permit a higher credit per unit cap in the FHAct50 program if the building is historic.

**Response:** OHFA understands that certain development types, including historic projects, may have higher total development costs. Due to the unique nature of this program, developments may need to be strongly leveraged by outside resources like Historic Tax Credits. While the credit per unit limit is sufficient to ensure an efficient

use of OHFA resources, OHFA has not imposed a TDC limit that prohibit a developer from seeking these other sources.

**Comment:** Do the competitive application limits apply to this program?

**Response:** OHFA did not impose any restriction on the number of projects a developer may participate in, provided the developer is chosen through a competitive, transparent selection process determined by the city.

**Comment:** The “High Opportunity” element of this program does not fit the concept.

**Response:** After significant consultation with stakeholders and low-income tenant advocates, OHFA agrees and removed the high opportunity requirement. OHFA’s efforts to create additional high opportunity locations for residents is better accomplished through the ongoing incentives contained in other sections of the QAP.

**Comment:** Is one-for-one replacement required for naturally occurring (non-subsidized) affordable housing?

**Response:** No. OHFA updated the section to reflect it only applies to place-based affordability restrictions.

**Comment:** Are senior developments permitted under the FHAct50 fund?

**Response:** Yes, provided that least 50 percent of units serve a family population.

**Comment:** What is the timing for developers seeking to participate in this program?

**Response:** OHFA added additional guidance regarding OHFA’s program timeframes.

**Comment:** Developments participating in this program should have access to HDL and HDAP resources.

**Response:** OHFA agrees, contingent on these funds remaining available following the competitive HTC round.

**Comment:** What percentage of ownership is required for the local nonprofit?

**Response:** OHFA modified the draft to reflect this requires a 25 percent general partner interest.

**Comment:** What does it mean to be a “place-based” nonprofit?

**Response:** OHFA modified the draft to provide guidance; this process will be informed by the process for Community Housing Development Organizations (CHDO); however, CHDO status is not required to serve as the nonprofit in this context.

**Comment:** OHFA should ensure that family developments compose a reasonable portion of all units.

**Response:** OHFA agrees and modified the draft accordingly.

**Comment:** Developments should not have to meet Age in Place standards [the comment suggested that doing so will make it difficult to meet cost containment requirements].

**Response:** No action taken. Creating “diverse and accessible communities” is the primary objective of this program and cannot be accomplished without these common sense and cost effective design standards. In the 2018 funding round, every New Affordability application that proposed incorporating the Aging in Place standards also met the most restrictive cost standards, suggesting these important standards are not a significant barrier to cost efficiency.

**Comment:** Local ownership has real impact.



**Response:** OHFA agrees and has continued to incentivize nonprofit ownership and required local participation in the FHAct50 program.

**Comment:** Incentivizing minority equity stakes increases wealth building.

**Response:** This is an interesting proposition; OHFA hopes the commenter will share additional feedback on this topic in preparation for the 2020 QAP.

### Target Area Plan-Level Comments

**Comment:** Cities should only be able to submit one TAP.

**Response:** OHFA agrees and modified the draft accordingly.

**Comment:** Cities should be able to submit multiple taps (up to four TAPs). Or permit multiple neighborhoods to fall under one TAP.

**Response:** No action taken. The objective of this program is to create impactful neighborhood change and build diverse, mixed-income communities. Due to the limited funds available per city, the effect of this investment will be too diffused if spread across multiple communities. OHFA remains optimistic that additional resources will become available that would allow us to better meet the incredible demand for additional resources.

**Comment:** Please define the geographic scope of a TAP.

**Response:** OHFA updated that section accordingly.

**Comment:** Please clarify the role of the “committee” in the TAP.

**Response:** The committee (formerly termed the “board”) that is responsible for executing the TAP and serves as a single point of contact to partners and funders. The committee is modeled after the [Community Quarterback](#) concept but should be customized to the unique needs of each neighborhood.

**Comment:** TAP “committees” present a potential conflict of interest for city officials and/or partners.

**Response:** These committees (formerly termed “boards”) are necessary to ensure that the TAP has a champion after its initial completion and can serve as a single point of contact for stakeholders. OHFA agrees that the committee composition is best left to local determination, provided it includes representation of low income residents. OHFA modified this language accordingly.

**Comment:** Will cities be permitted to make closed-door decision regarding which developments to support?

**Response:** No. The QAP requires a “detailed competitive selection process for how FHAct50 developments will be solicited, reviewed, and committed”. All applications and documents related to the competitive selection process must be made available for public inspection.

**Comment:** TAPs should identify how they further the city’s Analysis of Impediments or Affirmatively Furthering Fair Housing submission to HUD.

**Response:** OHFA agrees and modified the draft accordingly.

**Comment:** Referencing the Analysis of Impediments (AI) may limit “up and coming” sites.

**Response:** The AI identifies impediments to fair housing choice within the jurisdiction. While different for all jurisdictions, this AI may identify issues like housing conditions, lack of affordability, concentrations of poverty,

and/or public opposition to affordable housing (NIMBY). A TAP or cover letter that specifies how the TAP and the accompanying new HTC housing responds to these issues would meet the intent of this section.

### Opt-In Comments

**Comment:** Cities should not forego local development priorities until future QAPs.

**Response:** For those cities that chose to participate in this voluntary program, this forfeiture is necessary to promote regional balance and ensure cities outside the largest three have an equal opportunity to receive HTC resources. However, OHFA agrees that presently requiring forfeiture in 2020 and 2021 may not account for unforeseeable variations in future QAPs and, therefore, has included a right to waive that requirement.

**Comment:** Can developers still submit proposals in Cincinnati, Cleveland, or Columbus outside this program?

**Response:** Yes.

### Leveraging Comments

**Comment:** Eliminate the all leveraging requirements.

**Response:** One of the purposes of this initiative is to foster the development of mixed income communities; the concurrent placement of market-rate units is integral to this mission.

**Comment:** Will market rate units that are contained within the building “count” for leverage purposes?

**Response:** Yes.

**Comment:** The time period in which to document leverage should more adequately mirror the traditional development cycle; please extend to eighteen months.

**Response:** OHFA agrees and has extended the time period to eighteen months.

**Comment:** Cities should be able to demonstrate leverage through Certificates of Occupancy.

**Response:** OHFA agrees and added this option.

**Comment:** Cities should be permitted to document leverage outside the TAP, within a reasonable perimeter.

**Response:** One of the purposes of this initiative is to foster the development of mixed income communities; the proximate placement of market-rate units is integral to this mission.

**Comment:** Cities should be able to demonstrate leverage through statistical changes in census tract data or other indirect methods.

**Response:** No action taken. While these impacts are important and will be monitored closely, due to the delay in data collection, Building Permits or Certificates of Occupancy are necessary to demonstrate an immediate neighborhood benefit that statistics alone cannot quickly reveal.

**Comment:** Cities should be able to demonstrate leverage through a narrative description of how the developments will reverse patterns of segregation.

**Response:** OHFA strongly agrees that proposed developments must comport to fair housing principals including, but not limited to, the reversal of historic patterns of segregation. For this reason, all TAPs must specify how it responds to the conditions and objectives identified in the city’s Affirmatively Further Fair Housing

analysis or Analysis of Impediments. While this narrative is important, OHFA believes that a tangible demonstration of this commitment, through the concurrent placement of market-rate units, is integral to fulfilling the purpose of this program.

**Comment:** Many neighborhoods in my city will not be able to demonstrate this type of leverage.

**Response:** OHFA understands that this program is not right for every neighborhood. If unable to demonstrate comparable market-rate development, a neighborhood may be better suited for a traditional HTC application.

**Comment:** Don't require cities to choose either Certificates of Occupancy or building permits, allow both.

**Response:** This is necessary to ensure that the same units are not "double counted" at both the permitting and occupancy phases of development. OHFA has updated the relevant language to make this intent more clear and the execution more precise.

### Other Comments

**Comment:** This program is a substantial change to the QAP and not consistent with a two-year document.

**Response:** The recently awarded 12.5 percent increase in Ohio's credit authority is, itself, a substantial and very welcomed change. While we endeavor to minimize changes to the extent feasible, OHFA was careful to ensure that all necessary changes were executed in a manner that provides fair, efficient, and innovative housing solutions.

**Comment:** Clarify what is required for the research partner and impact analysis.

**Response:** OHFA removed this requirement. Research will be conducted by OHFA's Office of Housing Policy.

**Comment:** Please elaborate on the requirements regarding Income Averaging.

**Response:** OHFA removed the FHAct50-specific requirements regarding Income Averaging. Developments that do elect this set aside test will be required to meet all criteria set forth in the Income Averaging section of the QAP.

## Scoring Incentives

### General Comments

**Comment:** Will OHFA update the data points upon which competitive criteria are based (Kirwan data, school performance data, underserved county data) in 2019?

**Response:** No. OHFA endeavors to make as few changes to this QAP as possible to further the intent of a predictable, two-year document; those data points do not require immediate modification.

**Comment:** Developments supported with USDA 515 resources are at a competitive disadvantage.

**Response:** OHFA agrees this perception may be an unintended byproduct of the QAP's structure. To better operationalize the QAP's original intent, OHFA reintroduced the USDA priority point category, differentiated the collateral investment category, and provided a separate tiebreaker for developments with 515 financing.

**Comment:** Senior developments are unable to score full points in the Preservation Impact Initiative.

**Response:** OHFA understands that some development concepts will have an easier time than others in securing "full points", however, senior developments are still able to select from a variety of reasonably achievable scoring categories to obtain full points.

## 811

**Comment:** Urban Opportunity pool applicants should also have an “alternate” way to achieve points that does not include participating in the 811 program.

**Response:** OHFA provided a “Senior Alternate” to this point category that substitutes Very Low Income units for 811 units based on an assessment of the remaining subsidy OHFA has available and the relative overrepresentation of senior developments in this program. Those narrow circumstances do not require a “Family Alternate”; however, OHFA will reassess the amount of programmatic funds that remain after the 2019 HTC round and may make further revision in future QAPs.

**Comment:** As 811 program requirements are satisfied and funds become encumbered, OHFA should reduce the intensity of the incentive for participating in this program.

**Response:** As available program funds decline, OHFA expects to continue reducing or modifying the incentives associated with the 811 program.

## Affordable Housing Demand

**Comment:** This criteria disfavors certain counties and should not be measured as a percentage of population.

**Response:** OHFA endeavors to make as few changes to this QAP as possible to further the intent of a predictable, two-year document; this existing section does not require immediate modification. Moreover, this criteria quantifies an important measurement of housing market strength: the number of federally subsidized and OHFA-funded rental housing units in a county as percent of low-income renter households. Many of the point categories benefit different regions or development types. OHFA’s objective is to ensure that each section, as a whole, provides sufficient and reasonable opportunities for all applicants to maximize their likelihood of success.

## Ageing in Place

**Comment:** Remove flat-top stove requirement.

**Response:** OHFA endeavors to make as few changes to this QAP as possible to further the intent of a predictable, two-year document; this existing section does not require immediate modification. Moreover, flat-top stoves provide vital usability features for disabled and aged individuals.

**Comment:** Remove roll-in shower requirement.

**Response:** OHFA endeavors to make as few changes to this QAP as possible to further the intent of a predictable, two-year document; this existing section does not require immediate modification. Moreover, roll-in showers provide vital usability features for disabled and aged individuals.

**Comment:** Ageing in Place should not apply to market rate units.

**Response:** This incentive is currently limited to affordable units only. OHFA strongly encourages developers of market rate units to adopt these common sense, cost effective design elements.

## Campus Based Care

**Comment:** Do not require common ownership for campus-based care.

**Response:** OHFA endeavors to make as few changes to this QAP as possible to further the intent of a predictable, two-year document; this existing section does not require immediate modification. OHFA is receptive to crafting more efficient ways to further this objective in the 2020 QAP.

### Collateral Investment

**Comment:** Please define “community development”.

**Response:** All eligible activities are further defined in the paragraphs following this phrase.

**Comment:** OHFA should consider roadway and bridge investment.

**Response:** OHFA endeavors to make as few changes to this QAP as possible to further the intent of a predictable, two-year document; this existing requirement was merely clarified to better communicate the way OHFA has previously reviewed this category. Moreover, while OHFA recognizes the incredible value that roadway and bridge investments have on a community, this exclusion is based on the outsized value of those types of public investments; if OHFA would include that type of financial commitment, it would need to significantly increase the dollar threshold of the scoring category to reflect the more significant cost of road projects.

**Comment:** High opportunity locations shouldn’t have to fulfil the Collateral Investment criteria.

**Response:** Developers may choose to pursue whichever points they believe are best suited to the needs of the residents they will serve. Sites in high opportunity areas may be more interested in seeking “Concentrated Job Center” points in lieu of Collateral Investment points.

### Extremely Low Income Targeting

**Comment:** Do not include a differentiated standard for Income Average developments.

**Response:** This modification is necessary to ensure that, in light of unanticipated legislative changes, the QAP continues to provide sufficient incentives for developments to serve a diverse income spectrum. The 55 percent average was calculated after a review of prior applications and is designed to approximate the same incentive available to developments that are using another set aside election.

### Food Desert

**Comment:** The nonurban radius for a grocery store should be one mile.

**Response:** OHFA endeavors to make as few changes to this QAP as possible to further the intent of a predictable, two-year document; this existing section does not require immediate modification. Moreover, the half-mile mark stems from the underlying data results from the USDA.

**Comment:** Developments should not need to document SNAP, EBT, or WIC acceptance.

**Response:** OHFA removed this requirement in the final draft.

### Historic Tax Credits

**Comment:** “All” buildings should not require historic credits to obtain these points.

**Response:** OHFA endeavors to make as few changes to this QAP as possible to further the intent of a predictable, two-year document; this existing section does not require immediate modification.

### Preservation Impact Initiative

**Comment:** Do not reweight the Preservation pools’ Impact Initiative point category.

**Response:** This change is necessary to effectuate OHFA’s original intent and to provide a level playing field across development types. Applications in the 2018 funding round proved that this category was not evenly weighted across point categories. This was demonstrated, in part, by a lack of point differentiation between



Preservation developments. This same truncation of points sought was not replicated in the New Affordability pools. One consequence of this imbalance was that no applications pursued points for Infant Mortality Prevention, despite many of those projects being sited in zip codes with dramatically elevated mortality rates.

## Tiebreakers

**Comment:** Tiebreaker #3 should be eliminated and subsumed into tiebreaker #2.

**Response:** OHFA endeavors to make as few changes to this QAP as possible to further the intent of a predictable, two-year document; this existing section does not require immediate modification.

### General Occupancy Tiebreaker

**Comment:** Reduce the first tiebreaker to match the one applicable for the Urban Opportunity pool.

**Response:** The first tiebreaker (number of units) is customized to serve the unique needs of the geography and population being served. General Occupancy developments tend to be sited in higher density regions and are able to sustain a higher incentive.

### Senior Tiebreaker

**Comment:** Why is the first tiebreaker different across pools?

**Response:** The first tiebreaker (number of units) is customized to serve the unique needs of the geography and population being served.

**Comment:** Some communities do not want large developments, which these tiebreakers incentivize.

**Response:** These tiebreaker are designed to ensure that a reasonable number of units are produced to justify the costs incurred in the building process. While the tiebreaker may disadvantage some smaller developments, the scoring categories and set-asides offset some of this risk. Smaller developments that do not believe they are competitive in the 9 percent program may seek OHFA support through the non-competitive Housing Tax Credit, the Housing Development Gap Financing program, or the Multifamily Lending Program.

### Rural Preservation Tiebreaker

**Comment:** The nature of the USDA portfolio, particularly the lower average unit count of subsidized developments, makes it difficult to compete with HUD projects on the first tiebreaker.

**Response:** OHFA agrees and has lowered the first tiebreaker for USDA 515-financed developments.

### Composite Tiebreaker

**Comment:** Why does OHFA measure the amount of deferred developer fee?

**Response:** The amount of debt a project assumes is relevant to its long-term financial viability.

## Housing Credit Gap Financing

### HDAP “Assisted” Units

**Comment:** Should “Section 221(d)(3)” more accurately read “Section 234”.

**Response:** Yes. OHFA updated this language.

### Gap Resources upon Resyndication

**Comment:** Resyndications under the 4 percent program are challenged because they cannot obtain gap resources due to a prior, small-dollar HDAP award.

**Response:** OHFA currently accepts exception requests under the Bond Gap Financing program for developments that previously received an HDAP award. OHFA will reassess the current policy when it reopens the Consolidated HDAP Guidelines in winter 2019 and will solicit recommendations on modifying this requirement.

**Comment:** Housing Credit Gap funds should be available for “Moderate” opportunity areas.

**Response:** OHFA endeavors to make as few changes to this QAP as possible to further the intent of a predictable, two-year document; this existing section does not require immediate modification. Moreover, HDAP resources in High Opportunity census tracts are designed to offset increased acquisition and development costs that may not be as strongly associated with Moderate opportunity areas.