

2015-2016

# HOUSING DEVELOPMENT GAP FINANCING PROGRAM

# FINAL



Office of Planning, Preservation and  
Development | **Thursday, May 7, 2015**

Attached are guidelines for the 2015-2016 Housing Development Gap Financing program. For the past two years, this program has provided gap financing for multifamily rental developments not funded with housing tax credits. In the past, the program was also used to develop homeownership opportunities. In 2013, OHFA suspended the homeownership portion due to the declining market for affordable homeownership. As the market is now showing signs of stabilization, stakeholders have asked that OHFA consider offering a homeownership development in program year 2015.

The guidelines for rental development are essentially unchanged from those approved by the OHFA Board in program year 2014. The homeownership section has been reformulated with the input from two focus groups comprised of both not for profit and for profit developers, other stakeholders with an interest in this development option and comments that were solicited after the first draft was circulated. Staff also met several times to work out the details to ensure a successful program.

Changes from the first draft to the final draft involved are the homeownership development subsidy which was increased from \$40,000 to \$50,000 and the developer fee which was increased from 10% to 15%. Also, for-profit applicants were removed as eligible applicants. Homebuyer income eligibility was expanded to 75-80% from the original 80% AMGI.

To summarize the program, OHFA will use Ohio Housing Trust Funds to make loans to developers to bridge the gap between the cost of building a home and its eventual selling price, and also make loans to homebuyers to help them to qualify for a mortgage to purchase that house. These loans are forgivable – for the development subsidy, at the time the house is sold, and for the affordability subsidy, on a pro-rated basis over a 10 year affordability period.

Staff, along with the stakeholders referenced above, will reevaluate the homeownership program following program year 2015 and determine if the program will be offered in subsequent years.

Guidelines will be in place for two years, subject to appropriation of funds to OHTF by the State Legislature; allocation by the OHTF Advisory Committee; and finalization and U.S. Department of Housing and Urban Development (HUD) approval of the State Consolidated Plan.

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# I. Program Information

## A. Purpose

The goal of the Ohio Housing Finance Agency’s (OHFA) Housing Development Gap Financing (HDGF) program is to provide a portion of the financing to create affordable, safe, green, well-designed rental housing developments, whether they are new, built on site or modular, or rehabbed to current building standards. The program is designed for smaller developments – those of 24 or fewer units.

Developments assisted through the HDGF program are subject to the requirements of this guideline and the [2015 Multifamily Underwriting Guidelines](#). To comply with applicable program requirements, the OHFA recommends that applicants refer to these materials for their proper interpretation.

For developments involving rehabilitation of existing units, applicants will be further required to meet the [Residential Rehabilitation Standards](#) maintained by the Office of Community Development at the Ohio Development Services Agency. This document is the primary document for identifying and correcting substandard conditions in units rehabilitated with assistance from OHTF-funded housing programs, including Bond Gap Financing. The proposed scope of work will also be evaluated to determine that an adequate amount of rehabilitation is being completed to ensure the projects’ expected useful life of 30 years.

The preferred method of contact for all questions related to the HDGF program is via email to:

|                 |                    |  |
|-----------------|--------------------|--|
| Karen M. Banyai | Operations Manager | <a href="mailto:kbanyai@ohiohome.org">kbanyai@ohiohome.org</a> |
| Virgie Vaido    | Housing Analyst    | <a href="mailto:vvaido@ohiohome.org">vvaido@ohiohome.org</a>   |
| Kat Berry       | Housing Analyst    | <a href="mailto:kberry@ohiohome.org">kberry@ohiohome.org</a>   |

## B. Funding Availability and Allocation

Approximately \$2 million in Ohio Housing Trust Fund (OHTF) will be available for the financing of new construction or the rehabilitation of existing rental units. Approximately \$1 million will be made available to assist with the financing of homeownership development in program year 2015 only. Parameters for this component of the program are outlined in section IV of this guideline. Final funding levels are subject to appropriation of funds to OHTF by the State Legislature; allocation by the OHTF Advisory Committee; and finalization and U.S. Department of Housing and Urban Development (HUD) approval of the State Consolidated Plan.

OHTF provides funding to HDGF developments predominantly serving low- to moderate-income households with incomes at or below 50% of the area’s median income. OHTF gives preference to those developments that benefit households with incomes at or below 35% of the area median income for the county in which the development is located, as established by HUD. Applicants receiving an award of OHTF dollars may be subject to State of Ohio Prevailing Wage Rate rules. OHFA will refer to Ohio Revised Code Chapter 174, as well as the Code of Federal Regulations governing the use of OHTF funds used to meet HOME “match” requirements.

At OHFA's discretion, HOME funds may be the source of funds for a portion of this program. Federal regulations relating to environmental review, federal wage rates, federal accessibility, federal acquisition and relocation laws [URA and Section 104(d)], long-term affordability, etc. will then apply. The source of funds will be based on OHFA's need to meet set-asides specific to each funding source, and the source most appropriate for the applicant/development. Applicants that have compelling reasons to request a specific source of funding can do so in a separate letter sent to the attention of the Operations Manager prior to the submission of their application. However, OHFA may not be able to honor the request for a specific source of funds.

Funds may be awarded in the form of a loan or a grant.

All proposals selected for funding are subject to approval from the OHFA Board.

### C. Funding Limits

#### Multifamily Rental Housing

HDGF will provide funding up to the lesser of the per-development limits or 50% of the total development costs.

OHFA may subsidize more than 50% of the total development costs or exceed the per development limits, at its sole discretion, based on the needs of the development.

The per-development limits are as follows:

- \$450,000 per development located in a HUD Participating Jurisdiction (PJ area).
- \$700,000 per development located in a Non-Participating Jurisdiction (non-PJ area).
- \$750,000 per development for those that meet the definition of the Ohio Interagency Council on Homelessness and Affordable Housing Permanent Supportive Housing Policy Framework. A list of Ohio's Participating Jurisdictions is available on HUD's website.

#### Homeownership Development

HDGF will provide funding up to \$50,000 in subsidy per unit. The subsidy may be shared between the applicant and developer (development subsidy) and the homebuyer (affordability subsidy).

### D. Development Eligibility

#### Multifamily Rental Housing

Eligible developments shall include multifamily rental developments that will produce new affordable units or rehabilitate existing units. Developments must be 24 or fewer units.

Permanent Supportive Housing is eligible for funding if the applicant provides supportive services appropriate to the population being served. The owner and developer must designate a maximum occupancy period for residents prior to leasing units in the development.

Ineligible developments shall include the following:

- Any development in which construction or construction-related activity is initiated, other than site control, prior to a commitment (funding agreement) of the HDGF funds and receipt of all appropriate clearances (i.e. environmental review, if applicable)
- Developments that are considered short-term housing (occupancy of less than six months) and/or do not require a lease for the occupant.
- Developments that are identified as hospitals, nursing homes, sanitariums, lifecare facilities, retirement homes (if providing significant services other than housing are mandatory for residents), employer housing, mobile or manufactured homes and student housing
- Developments that have previously received an award of State resources, whether administered by OHFA or the Office of Community Development (formerly the Office of Housing and Community Partnerships)
- Developments that have received a new allocation of tax-exempt bond or 501(c)(3) bond financing for new construction
- Developments that have received Financial Adjustment Factor (FAF) or Housing Investment funds specifically attributed to the development or revitalization of developments in connection with other OHFA programs
- Developments that must be licensed to allow for residents to occupy the development
- Developments that, through local zoning codes, are defined as a group home
- Homeless Shelters
- Market rate units and/or commercial spaces involved in the proposed development
- Student housing

#### Homeownership Developments

Eligible developments shall include a minimum of four units and a maximum of 10 units for each proposal. OHFA will either concur with, or limit the number of homes an applicant may develop based on the review of the application.

Ineligible developments shall include buildings with multiple units including townhomes, condominiums, duplexes, triplexes, etc.

Properties cannot be transferred to the buyer with any in-force ground leases and/or land contracts on the property.

#### E. Participant Eligibility

Eligible applicants shall include not-for-profit 501(c)(3) or 501(c)(4) organizations, or a Public Housing Authority. Religious organizations and their subsidiaries/affiliates which meet the provisions in 24 CFR Part 92.257 are also eligible for consideration. Local governments will not be eligible for consideration of an award.

Entities receiving an award of HDGF funds must act as the owner, majority general partner, or general partner/managing member during the entire construction phase. OHFA must approve any changes to the HDGF recipient (applicant) after the construction phase.

#### F. Eligible Costs

- Acquisition of land and/or building(s) (from unrelated third parties only)
- Demolition (new construction only)



- Architectural and engineering fees
- Construction and/or renovation costs including construction fee items, construction contingency, and contractor overhead and profit (excluding costs associated with construction of commercial property)
- Consultant fees
- Developer fees
- Furnishings and appliances
- On-site improvements

Other development budget expenses, including infrastructure and off-site improvements are not an eligible use of HDGF resources and must be covered by other sources of financing.

## G. Good Partnership

OHFA requires that any developer, owner, syndicator and/or management company must perform their responsibilities in a spirit of good partnership and conduct business according to the following principles:

- **Accountability:** A participant must demonstrate responsibility for the execution and administration of the tasks undertaken
- **Timeliness:** Information must be submitted within established timeframes for each development
- **Professionalism:** Information submitted must be organized, concise, complete, accurate, true and current. Participants are expected to communicate in a respectful manner with OHFA staff
- **Collaboration and Cooperation:** A participant must collaborate with OHFA in a mutually cooperative spirit to achieve the common goal of providing affordable housing in Ohio
- **Responsiveness/Communication:** A participant will always provide prompt notification of issues, concerns or any other matters that affect a development and will immediately communicate to OHFA any modification, change or amendment sought

A participant failing to follow these principles will be subject to review by OHFA. The Agency will determine the appropriate measures to be taken at its sole discretion – including without limitation prohibition from participation in any OHFA programs.

## II. Application Process

### A. Housing Development Gap Financing Program Calendar

|                        |  |
|------------------------|--|
| Monday, June 29, 2015  | Exception requests and experience and capacity documentation due to OHFA for all applicants  |
| Friday, August 7, 2015 | OHFA may require applicants to the homeownership development program to meet with staff during the month of July to discuss the proposal |
|                        | Notice to proceed with submission of full proposal issued for qualified applicants (homeownership development applicants only)           |

|  |   |
|--|---|
| Friday, August 21, 2015                        | HDGF proposal applications due to OHFA  |
| Monday, August 24 – Friday, September 11, 2015 | HDGF site visits  |
|  | Homeownership proposal meetings   |
| Wednesday, September 23, 2015                  | HDGF results released   |
| Thursday, October 1, 2015                      | Next steps meetings begin   |
| Tuesday, December 15, 2015                     | Final applications due to OHFA (multifamily rental housing development applicants only) |

## B. Exceptions to Program Requirements

Any request for an exception to specific program requirements must be submitted by the date indicated in the Program Calendar. OHFA will consider such requests and issue decisions within one week of the proposal deadline. The Exception Request form is available on the OHFA website at: <http://ohiohome.org/lihtc/standardforms.aspx> and must be submitted to the following address [ExceptionsPPD@ohiohome.org](mailto:ExceptionsPPD@ohiohome.org). Exceptions to requirements of the 2015 Multifamily Underwriting Guidelines must be submitted with the proposal application and provide supporting documentation, also by the date listed in the program calendar.

## C. Application Submissions

All proposal and final application materials for the 2015 and 2016 funding years must be submitted to the Office of Planning, Preservation & Development; OHFA, 57 East Main Street; Columbus, Ohio 43215. Applications must be received no later than 4:00 p.m. by the deadline listed in the program calendar.

Applicants must use the current Gap Financing Application available on the OHFA web site at [www.ohiohome.org/hdap/documents.aspx](http://www.ohiohome.org/hdap/documents.aspx). All applications and supporting documentation must be submitted in digital format according to the Document Submission Procedure posted at <http://www.ohiohome.org/lihtc/application.aspx>. See the instructions in the current Gap Financing Application for details on electronic submissions.

## D. Proposal Application

Proposal applications must include the following threshold requirements:

| Document Name  | Submission Format    |
|--|----------------------|
| 1. DEVELOPMENT CHARACTERISTICS   | PDF                  |
| 2. PROGRAM CERTIFICATION   | PDF, ORIGINAL        |
| 3. FINANCIAL CHARACTERISTICS   | PDF                  |
| 4. PROXIMITY TO POSITIVE LAND USES   | PDF                  |
| 5. GAP FINANCING APPLICATION   | EXCEL                |
| 6. APPLICATION FEE   | PDF, ORIGINAL        |
| 7. PROPOSAL SUMMARY  | PDF                  |
| 8. FUNDING SOURCES   | PDF                  |
| 9. SITE CONTROL  | PDF                  |
| 10. ZONING   | PDF                  |
| 11. MARKET STUDY   | PDF                  |
| 12. SUPPORTIVE SERVICE PLAN  | PDF                  |
| 13. PRELIMINARY ARCHITECTURAL PLANS  | ORIGINAL, PDF, & DXF |
| 14. DESIGN AND CONSTRUCTION FEATURES AGREEMENT, INCLUDING EXISTING UNITS HISTORY NARRATIVE AND SCOPE OF WORK | PDF<br>PDF, ORIGINAL |
| 15. PHASE I  | PDF                  |
| 16. CAPITAL NEEDS ASSESSMENT (EXISTING UNITS/ADAPTIVE REUSE ONLY)  | PDF                  |
| 17. PUBLIC NOTIFICATION  | PDF                  |
| 18. UTILITY ALLOWANCE INFORMATION  | PDF                  |
| 19. GRANTED EXCEPTION REQUESTS   | PDF                  |
| 20. GREEN STANDARDS  | PDF                  |
| 21. NON-PROFIT INFORMATION   | PDF                  |
| 22. MAP OF PROPOSED SITE(S)  | PDF                  |
| 23. AHP INFORMATION  | PDF                  |

## E. Site Visits

OHFA will conduct a site review to evaluate and determine the suitability of all prospective sites for housing development. For developments involving the rehabilitation of existing units, OHFA review staff may verify the condition of all buildings and interiors in part by a site visit and by reference to the Capital Needs Assessment.

Up to two representatives of the applicant who are familiar with the proposal application are encouraged to accompany OHFA staff to answer any questions. The applicant may request in advance that additional representatives be present if necessary and acceptable to OHFA.

Applicants for scattered-site developments must be available to provide a tour of the sites and surrounding areas. All site visits will be scheduled at a time convenient to OHFA review staff. If a prospective site is deemed unsuitable based on the site review, the application will be removed from further consideration.

## F. Proposal Review Process

To distinguish the highest ranking applications, OHFA review staff will first complete a competitive evaluation and underwriting analysis for all proposals. Threshold reviews will be completed only for the highest ranking proposals. All other projects will be placed on a wait list based on competitive scores and tie-breakers.

## III. Multifamily Rental Housing Development

### A. Development/Management Team Experience and Capacity Determination

OHFA will conduct a review to determine the experience and capacity of the owner, general partner(s), developer and management company represented in the proposal prior to submission of the HDGF proposal application. The result of this review will determine whether an organization may participate in the upcoming program year.

The following items must be submitted for OHFA by the deadline indicated in the program calendar and must be submitted to the attention of the Operations Manager at [ExceptionsPPD@ohiohome.org](mailto:ExceptionsPPD@ohiohome.org).

- Complete version of the most current [OHFA Experience & Capacity Application](#) available on the OHFA website.
- Full organizational chart, staff roster, and resumes of key development staff within the organization, focusing on their affordable housing development experience.
- The most recent audited financial statements for the organization. If an organization is not required to prepare audited financial statements, then statements that have been reviewed or compiled by a third-party accountant may be submitted. The most recent internally prepared financial statements are acceptable only if audited, reviewed or compiled statements are not available.

Development teams will also be evaluated on any outstanding financial obligations with OHFA. The staff will evaluate the repayment histories of all loans extended to previous developments as well as payments of all other fees due to OHFA.

OHFA will run a credit report for all applicants and members of the development team.

The following items must be submitted for OHFA to determine the experience & capacity review of management companies:

- Narrative describing the experience of the organization with regard to the management of subsidized and/or affordable housing, including the number of developments and units currently managed and any developments and units the organization anticipates managing within the next 24 months
- Full organizational chart, staff roster, and resumes of key management staff within the organization, focusing on their affordable housing management experience
- Complete [Management Company Capacity Review Questionnaire](#) available on the OHFA website.

## B. Competitive Scoring & Selection Criteria

Developments will be scored based on the strategic criteria outlined in this section. Applicants must submit adequate documentation that indicates which points they are claiming and how they meet the criteria. The applicant is responsible for determining how best to evidence their qualification for the points, but 3<sup>rd</sup> party verification is always preferred by OHFA.

### Development Characteristics

*Up to 6 Points Available*

Applications may receive a score of up to six (6) points based on selected development characteristics. Each characteristic selected and properly evidenced will earn two (2) points.

- 2 points will be awarded to developments financed in part with state or federal historic tax credits.
- 2 points will be awarded for developments that incorporate land and or structures from a county land bank participating in the [Neighborhood Initiative Program](#).
- 2 points will be awarded to developments that offer rental subsidy for 100% of the units and in which resident will pay a maximum of 30% of their income towards rent.
- 2 points will be awarded for developments that offer at least one unit affordable to residents who earn 30% of the AMGI of the county in which the development is located. All units meeting this criterion must be supported by a rental subsidy.
- 2 points will be awarded to developments that are located in a non-QCT.
- 2 points will be awarded to developments located in one of the 32 Appalachian counties as designated in the Appalachian Regional Development Act of 1965.

### Financial Characteristics

*Up to 6 Points Available*

Applications may receive a score of up to six (6) points based on the extent to which the proposal leverages non-OHFA resources. If the development is a rehab and not new construction, no OHFA resources may have been used for its original construction. This score will be determined by the following criteria:

- 6 points if total development costs are funded by at least 65% non-OHFA resources
- 5 points if total development costs are funded by at least 60% non-OHFA resources
- 4 points if total development costs are funded by at least 55% non-OHFA resources

### Proximity to Positive Land Uses

*Up to 8 Points Available*

OHFA will award points to proposed developments that are near land uses that are positive for the residents. Proposed developments will be awarded points based on their distance to positive land uses.

Distances should be calculated as linear distances within Google Maps. For scattered site developments all sites represented in the application must meet the below criteria. Please reference the [How-To Guide for Calculating Proximity to Positive Land Uses](#).

OHFA may give consideration to developments that are within 500 feet of the criteria below. Applicants may not claim a positive land use twice.

Applicants should submit a list of those positive land uses that are being claimed, including walking distance from the site to the positive land use. OHFA staff may confirm these distances during a site visit.

A development that is adjacent to a detrimental land use may be removed from consideration. Detrimental land uses will be deemed at OHFA's discretion based on nuisance or otherwise adverse conditions such as high levels of noise, noxious odors, or incompatible uses.

If the development is located in an urban city, as defined in Appendix A:

- 2 points will be awarded to developments within a .25-mile linear distance of a positive land use under the retail category.
- 2 points will be awarded to developments within a .5-mile linear distance of a positive land use under the services category.
- 2 points will be awarded to developments within a .5-mile linear distance of a positive land use under the community facilities category.
- 2 points will be awarded to developments within a .25-mile linear distance of an additional positive land use in any of the categories.

If the development is located in a suburban, mid-sized or rural county, as defined in Appendix A:

- 2 points will be awarded to developments within a 2-mile linear distance of a positive land use under the retail category.
- 2 points will be awarded to development within a 2-mile linear distance of a positive land use under the services category.
- 2 points will be awarded to developments within a 2-mile linear distance of a positive land use under the community facilities category.
- 2 points will be awarded to developments within a 1-mile linear distance of an additional positive land use in any of the categories.

*List of Approved Positive Land Uses*

| Retail                                | Services                           | Community Facilities                                 |
|---------------------------------------|------------------------------------|--|
| Farmers market                        | Adult or senior care (licensed)    | Cultural arts facility                               |
| Full service supermarket with produce | Laundry/dry cleaner                | Community or recreation center                       |
| Other food store with produce         | Bank                               | Community garden                                     |
| Pharmacy                              | Child care (licensed, family only) | Educational facility or college usable by population |
| Clothing or department store          | Medical clinic or office           | K-12 School (Family only)                            |
| Other Retail                          | Restaurant, café, or diner         | Government office serving public on-                 |
|                                       |                                    | Place of worship                                     |
|                                       |                                    | Police or fire station                               |
|                                       |                                    | Public library                                       |
|                                       |                                    | Senior center (Senior only)                          |
|                                       |                                    | Social services center                               |

### C. Final Selection and Funding Determination

OHFA will make final selection and funding decisions based competitive scoring and the following strategic priorities:

- Statewide geographic distribution of HDGF resources. 50% of OHTF funding must be allocated to Non-PJ areas
- Developments located in the following counties which have been impacted by Shale drilling activity: Belmont, Carroll, Columbiana, Guernsey, Harrison, Jefferson, Monroe, and Noble
- Efficient use of resources to reach the program’s goal of funding 80 units. In the case of a tie, preference will be given to the development with the smallest amount of HDAP per unit
- Proposals that meet the goals of the [2015 OHFA Annual Plan](#)
- OHFA will allocate HOME resources, if needed, to meet program set-aside requirements

### IV. Proposal Threshold Review

After the competitive selection process, proposals with a high probability of being funded will move on to the threshold review.

OHFA will conduct a threshold review of the proposal to determine if it is complete, contains all necessary forms and supporting evidence, and meets minimum program requirements. After a review of all threshold requirements, OHFA will offer the applicant an opportunity to correct any errors.

The threshold requirements are as follows:

### 1. Development Characteristics

Applicants must submit adequate documentation that indicates which points they are claiming and how they meet the criteria. The applicant is responsible for determining how best to evidence their qualification for the points, but 3rd party verification is always preferred by OHFA.

### 2. Program Certification

An original signature of a representative of each general partner/managing member is required in the program certification section of the application and must be submitted in its original, paper form.

### 3. Financial Characteristics

Applications will be evaluated based on the extent to which the proposal leverages non-OHFA resources.

### 4. Proximity to Positive Land Uses

Applicants should submit a list of those positive land uses that are being claimed, including walking distance from the site to the positive land use. OHFA staff may confirm these distances during a site visit.

### 5. Complete and Organized Gap Financing Application

The Gap Financing Application and all required materials must be submitted on a compact disc, organized and formatted according to the index provided with the application. Applications must be complete and consistent with all supporting documentation. Any applications that are incomplete, inconsistent, and/or illegible will be rejected. OHFA defines incomplete as any required documentation that is not curable in a two week period.

### 6. Application Fee

An application processing fee of \$200 must be submitted with the application.

### 7. Proposal Summary

Applicants must complete and submit the OHFA Proposal Summary located in the Gap Financing Application.



## 8. Evidence of Contact with Funding Source(s)

For all non-OHFA construction and permanent financing sources listed on the proposal application, the applicant must submit a letter signed by the source, stating that a conversation about funding for the proposed development has occurred.

The letter should include the amount discussed, terms, and an opinion on both the applicants eligibility for that funding and the likelihood that this is a viable source of funding should the proposal be selected for an award of HDGF funding. Full commitment letters are also acceptable.

Applicants applying for AHP funding from the Federal Home Loan Bank (FHLB) must submit a copy of their self-score and a letter from the sponsor bank indicating the application has been submitted if funds have not already been awarded.

For sources that will announce awards after the submission of the proposal application, i.e., AHP, the applicant must address how any funding that does not materialize will be replaced in the development budget.

## 9. Evidence of Site Control

If the current owner is a general partner or limited partner in the proposed development, the applicant must submit copies of the executed and recorded deed(s). If the current owner is not a general partner or limited partner in the proposed development, then evidence of site control must be submitted. Acceptable forms of site control include, but are not limited to, a purchase contract or purchase option.

If parcels will be purchased from a city land bank, a copy of the final city council resolution approving the transfer of all applicable lots may be submitted as evidence of site control. Evidence of site control may not expire until a reasonable period of time following the scheduled announcement date for awards. All option agreements relating to the transfer of a site must be included in the application. OHFA reserves the right to require, as needed, additional documentation that evidences proper site control.

A scattered site development is defined as a project containing ten (10) or more sites AND less than fifty percent (50%) of the sites are contiguous.

## 10. Zoning Verification

The applicant must obtain a letter from the local municipality stating that the site(s) is properly zoned for the proposed multifamily residential use. For jurisdictions with no zoning regulations in effect, a letter from the jurisdiction so stating is required. The applicant must effectively

demonstrate a good faith effort to secure proper zoning before the announcement of HDGF awards in order to remain eligible for funding.

## 11. Market Study

For rental developments of 10 or more units, a market study conducted by an OHFA-approved market study professional must be submitted with the application.

For rental developments of 9 or fewer units, or those that serve a unique population, the applicant must submit Market Support Information.

Projects that involve rehabilitation of existing units will not be required to provide a market study provided the project has maintained an occupancy rate of at least 93% for at least 3 years. The applicant must provide rent rolls (3 years) as evidence.

### Market Support Information:

The applicant must define the primary market area and explain how this area was determined to be the primary market area. In addition, the applicant must provide detailed data supporting the need for the proposed development. Suggestions include the following, if applicable:

- For developments that are restricted to a unique population, the applicant may provide letters from supportive service agencies in the area that detail the need for the housing. The letters must include recent supporting data evidencing the need for additional housing among the targeted population.
- Waiting lists maintained by the applicant for similar developments in the market area evidencing a demand for additional affordable units. The list must include:
  - Date of intake
  - Household name
  - Household size
  - Household income
- A letter from the MHA serving the area, which must include recent supporting data evidencing the need for additional housing among the targeted population. The letter must also include any support provided by the MHA (i.e. referrals or vouchers), and must be dated within six months of the HDGF application.

The applicant may provide any additional information to demonstrate a market exists for the proposed development.

## 12. Supportive Services Plan

### Senior Housing

Applicants proposing housing that sets aside one hundred percent (100%) of the units for households containing at least one person who is age fifty-five (55) years or older are required to provide an experienced service coordinator, evidence of service coordinator salary or an in-kind service agreement, and a supportive service plan containing services that are appropriate for the population.

### Family Housing

Proposals for family developments must provide the following services: referrals to local jobs programs; counseling residents as to available educational and training programs that can secure one's place in the workforce or enhance the likelihood of advancement; credit counseling and consultation; and referrals to day care, after school, and health care / wellness programs.

Applicants will be required to submit a supportive service plan containing specific services and demonstrating linkages with local services agencies.

### Permanent Supportive Housing

Applicants proposing permanent supportive housing must provide a supportive service plan. A plan submitted to a local Continuum of Care or other entity may be submitted. The plan should address the following items:

- The population being served by the proposal and the experience the support provider has serving that population
- How the supportive service plan will address the needs of the specific population
- How the success of the supportive services plan will be evaluated; the formal and informal methods that will be used to evaluate the success of the development in meeting the individual needs of the residents, as well as addressing overall issues of homelessness; and how this information will be conveyed to OHFA and other organizations
- How the physical design of the building(s), the development site and location will enhance the lives of residents specific to their particular needs
- How residents will be linked to services offered on-site or in the community
- The source of funding for the services and how the development plans to sustain supportive service provisions over the life of the compliance period

## 13. Preliminary Architectural Plans and Minimum Development Standards

Preliminary architectural plans must be submitted and follow all requirements outlined in the Design Requirements section of these guidelines. All preliminary architectural plans will be reviewed for approval by OHFA's staff architect.

#### 14. Submission of the Design and Construction Features Agreement

All proposal applications must include a completed Design and Construction Features Agreement. The most current [Design and Construction Features Agreement template](#) is made available on the OHFA website.

#### 15. Phase I Environmental Site Assessment (ESA) or Mini-Phase I (MP-1)

Applicants may submit a Phase I ESA completed or updated by the author within one year prior to the application deadline for funds. If an applicant is resubmitting a development from the previous year, the same Phase I ESA may be resubmitted. Scattered-site proposals may submit either a Mini-Phase 1 report or a full Phase I ESA. Requirements for the Mini Phase I can be found on the OHFA website at: <https://www.ohiohome.org/hdap/MP-1.pdf>

Developments receiving an award will be required to have a Phase I ESA valid in accordance with the ASTM E 1527-05 standard. One of the following is acceptable:

- A Phase I ESA report dated within 6 months of the funding announcement
- If the Phase I ESA report is dated between 6 months and one year prior to the funding announcement, submit an update to the report dated within 6 months of the funding announcement
- If the Phase I ESA report is dated over one year prior to the date of the funding announcement, submit a new and complete Phase I ESA report
- If an applicant is resubmitting a development from the previous year, the same Phase I ESA may be resubmitted.

Applicants cannot begin construction of any kind until environmental clearance is granted by OHFA. Failure to follow this requirement may result in a loss of HDAP funding.

#### 16. Capital Needs Assessment and Scope of Work

Proposals for the rehabilitation of existing housing units must submit a capital needs assessment and scope of work. The assessment must conform to the [Capital Needs Assessment standards](#). OHFA will use this assessment to determine whether the costs indicated in the application are appropriate considering the rehabilitation needs of the development.

#### 17. Public Notification

The public notification process for local elected officials must be completed and evidence of completion must be provided at time of application.

The applicant must notify, in writing, certain officials from the political jurisdictions in which the development will be located and any political jurisdiction whose boundaries are located within one-half mile of the development's location.

The officials to be notified include:

- The chief executive officer and the clerk of the legislative body for any city or village (i.e. mayor and clerk of council)
- The clerk of the board of trustees for any township
- The clerk of the board of commissioners for any county
- State Representative(s)
- State Senator(s)

The applicant must use the OHFA letter template ([www.ohiohome.org/lihtc/PublicNotificationTemplate.doc](http://www.ohiohome.org/lihtc/PublicNotificationTemplate.doc)) and include all information requested. The notification must state the applicant's intent to develop housing using OHFA funding. The notification must be in writing and sent via certified mail, return receipt requested. Submit a copy of the stamped post office receipt (return receipt not required) for certified mail and copies of notification letters with your application.

Scattered-site developments must complete the public notification process for sites under control when the Proposal is submitted, and again for all sites in the development prior to the final application deadline. Applicants are encouraged to contact appropriate local government officials prior to submitting an application to inform them of the details of their housing proposal.

## 18. Utility Allowance Information

Utility allowance information must be submitted with the proposal. Utility allowances may be submitted from the following sources:

- Local Utility Provider
- Closest Public Housing Authority
- Three years of historical documentation (rehab only)

All Utility Allowances must be in compliance with OHFA's [Utility Allowance Policy](#).

## 19. Granted Exception Requests

Applicants must include a copy of the letter describing each exception granted to the development by OHFA.

## 20. Green Standards

All applicants must meet green building standards outlined in the Enterprise Green Community Criteria or LEED Silver certification offered by The US Green Building Council. Applicants that cannot meet certain standards may petition OHFA at the proposal stage for forbearance and must present a compelling case for such consideration. OHFA reserves the right to audit the development for conformance with the green standards selected.

At proposal, applicants only need to indicate which certification they will be seeking.

## 21. Non-Profit Information

For all non-profits that are a member of the development team, the following items must be submitted:

- Non-profit board resolution authorizing the submission of the application
- Evidence of non-profit status
- Non-profit by-laws
- Non-profit articles of incorporation

## 22. Map of Proposed Site

Applicants must supply a detailed map clearly depicting the physical location of the site and all roads leading to the site.

## 23. AHP Information

Applicants applying for AHP funding from the Federal Home Loan Bank (FHLB) must submit a copy of their self-score and a letter from the sponsor bank indicating the application has been submitted if funds have not already been awarded.

# V. Final Application Review

OHFA will review the final application to determine if it is complete, contains all necessary forms and supporting evidence, and meets minimum program requirements. At their sole discretion, OHFA may offer the applicant an opportunity to correct any errors and submit additional documentation.

The Application Review will encompass the following:

| Document Name  | Submission Format    |
|--|----------------------|
| 1. GAP FINANCING APPLICATION                                     | EXCEL                |
| 2. PROGRAM CERTIFICATION   | PDF, ORIGINAL        |
| 3. PROJECT CHANGES NARRATIVE                                     | PDF                  |
| 4. CONDITIONAL FINANCIAL COMMITMENTS                             | PDF                  |
| 5. AFFIRMATIVE FAIR HOUSING MARKETING PLAN                       | PDF                  |
| 6. OHIO HOUSING LOCATOR  | PDF                  |
| 7. 80% ARCHITECTURAL PLANS                                       | ORIGINAL, PDF, & DXF |
| 8. APPRAISAL   | PDF                  |
| 9. PHASE I ASSESSMENT (IF APPLICABLE)                            | PDF                  |
| 10. LEGAL DESCRIPTION  | WORD                 |
| 11. THIRD PARTY COST ESTIMATE                                    | PDF                  |
| 12. RELOCATION PLAN  | PDF                  |
| 13. URA FORMS  | PDF                  |
| 14. NOTIFICATIONS TO STATEWIDE ACCESSIBILITY ORGANIZATIONS       | PDF                  |
| 15. TAX RELEASE FORM   | PDF                  |
| 16. DESIGN AND CONSTRUCTION FEATURES AND ARCHITECT CERTIFICATION | PDF, ORIGINAL        |

### 1. Complete and Organized Gap Financing Application

The Gap Financing Application and all required materials must be submitted on a compact disc, organized and formatted according to the index provided with the application. Applications must be complete and consistent with all supporting documentation. An original signature of a representative of each general partner/managing member is required in the program certification section of the application and must be submitted in its original, paper form. Any applications that are incomplete, inconsistent, and/or illegible may be rejected. OHFA defines incomplete as any required documentation that is not curable in a two week period.

### 2. Program Certification

An original signature of a representative of each general partner/managing member is required in the program certification section of the application and must be submitted in its original, paper form.

### 3. Changes

All changes to the development must be disclosed at submission of final application, and will be reviewed by OHFA and approved on a case-by-case basis. Substantive changes will not be permitted, including, but not limited to, changes in ownership or development team, development physical structure, development site(s) (except scattered-site developments), special needs population, and any items affecting competitive scoring.

#### 4. Conditional Financial Commitments

All non-OHFA construction and permanent financing, grants, equity sources and deferred fees or expenses shall be conditionally committed at the time of final application. An executed conditional commitment letter for all sources must be submitted. A conditional financing commitment must contain, at a minimum: the amount of the financing, and the interest rate, term and amortization period or repayment terms of a loan.

#### 5. Affirmative Fair Housing Marketing Plan

An Affirmative Fair Housing Marketing Plan is required for all properties. If you are using a plan approved by HUD less than 5 years ago, you may submit that, if it covers the particulars of the development for which you are applying. If no other plan is in place, complete OHFA form [PC-E45](#).

#### 6. Ohio Housing Locator

The owner and/or property manager of all properties funded under this allocation plan will be required to list their properties in the Ohio Housing Locator at [www.OhioHousingLocator.com](http://www.OhioHousingLocator.com), the OHFA-sponsored statewide affordable housing database, as soon as the units are placed in service. Applicants must submit a letter stating that this will be completed upon the development being placed in service.

#### 7. Eighty percent (80%) completed architectural plans and specifications

The applicant must submit a one-half sized set of drawings including civil, landscape, architectural, mechanical, electrical and plumbing. These drawings should be certified by the applicant's architect to be eighty percent (80%) or better complete, and follow all requirements outlined in the Design Requirements section of these guidelines. All architectural plans will be reviewed for approval by OHFA's staff architect.

#### 8. Appraisal

An as-is appraisal of the development site(s) must be submitted. All appraisals must meet OHFA's Appraisal Submission Guidelines.

For homeownership developments, applications must include an appraisal which includes a conclusion of the fair market value of land and/or buildings to be acquired for the development



in an as-is and as complete state. The purchase price may be equal to but no more than the appraised value.

## 9. Phase I Environmental Site Assessment (ESA)

For those developments that submitted an MP-1 review at proposal (scattered site developments only), a Phase I Environmental Site Assessment (ESA) must be submitted for all proposals. If a full Phase I ESA was submitted with the proposal application, one need not be resubmitted with the final application. The report(s) must comply with current OHFA standards. The owner must submit a narrative that addresses any issues raised in the report(s). OHFA reserves the right, in its sole discretion, to reject any sites indicated to have environmental problems or hazards. The Phase I ESA must have been completed or updated by the author within one (1) year prior to the application deadline for HDGF.

## 10. Legal Description

A legal description of each parcel that will be included in the development must be provided to OHFA. The description must include the street address and permanent parcel number for each parcel represented in the application.

## 11. Third Party Cost Estimate

The applicant must submit a third party cost estimate from a qualified professional. The architect for the project may prepare the cost estimate, but a neutral third party is preferred.

## 12. Relocation Plan

If applicable, the applicant must submit a tenant relocation plan.

## 13. Uniform Relocation Act

If applicable, the applicant must submit [Uniform Relocation Act documentation](#). This documentation can be found on OHFA's website.

Applicants will have an opportunity to correct deficiencies and address issues found during the threshold review and underwriting. OHFA will contact the applicant with any questions during this process. Developments that receive gap financing will be presented to the OHFA Board for consideration of these other sources.

## 14. Notifications to Statewide Accessibility Organizations

Applicants must also notify the appropriate statewide accessibility group, a list of which is available on the OHFA website, at the time of application that accessible housing is being proposed, agree to accept referrals for potential residents, and agree to receive design suggestions for the property. Such notification must take place again when the development is

placed into service. Copies of correspondence between the applicant and accessibility group must be submitted to evidence these requirements.

#### 15. Authorization to Release Tax Release Form

Applicants must include a completed Tax Authorization Release Form for each entity that will have ownership of the project (whether during construction and/or after construction completion). OHFA will use this to determine if any organization with an ownership interest in the proposed project has any outstanding tax liens with the State of Ohio.

#### 16. Design and Construction Features Agreement

All applications must include a completed Design and Construction Features Agreement. The most current Design and Construction Features Agreement template is made available on the OHFA website.

\*For rental projects, please proceed to VII. Design Requirements

## VI. Homeownership Development

### A. Application and Funding Limits

OHFA anticipates approximately \$1,000,000 of OHTF in program year 2015 to fund single-family residential developments, based on funding availability. This program will be offered in collaboration among OHFA, the applicant and prequalified homebuyers.

Eligible developments shall include a minimum of four units and a maximum of 10 units for each proposal. OHFA will either concur with, or limit the number of homes an applicant may develop based on the review of the application.

Housing units may be single-family detached homes, built on-site or in modular form.

Ineligible developments shall include buildings with multiple units including duplexes, triplexes, etc. and properties intended for transfer to the homebuyer with in-force ground leases and/or land contracts on the property. Townhome or condominium projects may be considered on a case by case basis. Manufactured and mobile homes are not eligible for funding.

Applicants may submit one proposal to the homeownership development funding cycle. If awarded, HDGF funding may provide up to \$50,000 in subsidy per unit, including development and affordability subsidy. The total subsidy will be shared between the applicant and developer (development subsidy) and the homebuyer (affordability subsidy).

Applicants must work with the homebuyer to determine the split of the subsidy into the amounts for development and affordability. The goal is to allocate the optimum amount to the homebuyer to be able to qualify for a first mortgage to purchase the house, and the optimum amount to the applicant/developer to cover the gap, if any, between purchase price of the house and the cost to build it.

Applicants must demonstrate to OHFA that all amounts allocated to the development subsidy and the affordability subsidy represented in the application are justified and reasonable.

### B. Homebuyer Obligations and Opportunities

Homebuyers must occupy the home as the principle residence during the entire affordability period.

Homebuyers who currently own property will not be eligible. Homebuyers with significant assets must demonstrate the need for HDGF subsidy.

- a. All units within a development must be both affordable to and occupied by households between 75- 80% of AMGI for the county in which the development is located. HDGF resources may not be used to assist households with incomes greater than 80% AMGI

- b. Income verifications will be conducted at a first meeting between the applicant and buyer. If the home is not built and sold within six (6) months, the verification must be completed every three months until closing. The potential homeowner must notify the developer immediately of any change in income/assets that may affect their ability to purchase the home during the pre-purchase period.
- c. Comprehensive pre and post-purchase counseling must be provided prior to or at the time of initial application and again, prior to purchase of a home funded through HDGF. Comprehensive shall mean in-person homebuyer education provided by a [HUD-Approved Counseling Agency](#). Applicants must demonstrate that a potential homebuyer has completed these requirements prior to purchase of the home. In the case that in-person counseling is not available to the homebuyer, the applicant must indicate at the time of application other methods used to ensure the homebuyer has completed education requirements.
- d. The homebuyer must be able to obtain a first mortgage that will not exceed a 90% loan to value ratio. It must carry a fixed rate for the term of the loan, be fully amortizing, and not exceed a thirty year term. Exceptions will be made for terms of loans that are required to run longer, such as RD loans. The rate must be no greater than 200 basis points higher than the current OHFA [First-Time Homebuyer program](#) (unassisted). Taxes and insurance must be escrowed by the lender and/or loan servicer.
- e. Homebuyers, with assistance from the applicant, must obtain a commitment letter from a mortgage lender attesting that the buyer is qualified.
- f. The use of a broker must be approved by OHFA. Homebuyers may not use any broker or loan officer listed on the Department of Commerce's website established for public disclosure of violations (SB 185).
- g. The homebuyer must contribute a minimum of \$1000 of his or her own funds to the down payment. For each additional \$1000 increment deposited by the homeowner into an Individual Development Account (IDA) maintained by an established fiduciary organization administering the program, the affordability subsidy will be increased by \$1000 which will be used towards the down payment (up to \$3,000).
- h. Homebuyers must hold fee-simple title to the property.

### C. Applicant Obligations and Opportunities

Applicants must demonstrate a track record of one or more successful homeownership developments of a similar scale and scope to the development proposed.

- a. Applicants must demonstrate the existence of an appropriate market to support the development including current market trends and appropriate data sources.
- b. Applicants must demonstrate that the homes will be immediately sold to qualified homebuyers. Applicants should identify a pool of income-eligible homebuyers who are credit worthy to obtain a first-mortgage from a bank and agree to a 10 year forgivable (pro-rated) second mortgage for the amount of the affordability subsidy at the time of application.
- c. Applicants must produce plans for marketing units and producing ready, willing and able buyers.
- d. Applicants must agree to work with homeowners before and after purchasing the home to ensure continued occupancy and to assist in any subsequent sale of a home to ensure that any recaptured funds are returned to OHFA.
- e. Applicants must supply estimated budgets, appraised values of proposed homes including samples of budgets and unit models in the application for funding.
- f. Applicants must provide preliminary plans, including floor plans and elevations, at the time of application.
- g. Applicants must supply information on prospective development's neighborhood including defined map of boundaries and photos of all sites.
- h. Applicants who OHFA determines have met these conditions will be asked to meet with OHFA in advance of the deadline. Meetings will take place at least 30 days prior to the submission deadline. OHFA will contact applicants to establish a meeting date and time. OHFA retains sole and absolute discretion to determine appropriate projects and applicants based on responses to the above conditions.

In addition, if OHFA determines that none of the applications meet requirements, funds reserved for the homeownership development program will be directed first to 2015 HDGF multifamily rental housing developments and second, the 2015 Bond Gap Financing program.

#### D. Financing Terms

HDGF funding may be used for a combination of development and affordability subsidy totaling \$50,000 per unit.

The applicant must work with the homebuyer to determine the split of the subsidy into the amounts for development and affordability. The goal is to allocate the optimum amount to the homebuyer to be able to qualify for a first mortgage to purchase the house, and the optimum

amount to the applicant/developer to cover the gap, if any, between appraised value upon completion of the house and the cost to build it.

### Development Subsidy

- Development subsidy is defined as the difference between the cost to build the home and the fair market value/sales price as determined by an appraisal.
- This will be a loan from OHFA to applicant and the loan will be fully forgiven when the home is completed, as described in the application, and sold to an income-qualified homebuyer.
- Funds will be available to the developer, on a reimbursement basis, at the time construction begins.
- The applicant must demonstrate the need for the amount of the development subsidy represented in the application.

### Affordability Subsidy

- Affordability subsidy is the difference between the maximum mortgage a homebuyer can bear and the fair market value.
- The affordability subsidy will cover at least 10% of the down payment, the total closing costs and any other reasonable costs to enable the homebuyer to qualify for the first mortgage. This also includes any funds used to match the buyer's deposit to his or her Individual Development Account. All costs must be eligible under the provisions of the Ohio Housing Trust Fund. Affordability subsidy proposed in excess of 20% must be approved by OHFA.
- This is a loan from OHFA to the applicant. The applicant will execute a Note and a Mortgage with the homebuyer for the total amount of the affordability subsidy. The Note will be endorsed to OHFA and the Mortgage will be assigned to OHFA. No interest can be charged on this loan.
- The affordability period is 10 years, at the end of which the loan balance will be fully forgiven.
- 5% of the original loan amount will be forgiven annually in years 1 – 5.
- 15% of the original loan amount will be forgiven annually in years 6 – 10.
- The homebuyer must occupy the house as their primary residence for a full year to receive forgiveness for that year.
- If the house is sold, any balance not yet forgiven shall be paid out of the sales proceeds.
- Collateral will be a subordinate second mortgage on each home sold. OHFA may allow a shared subordinate second position with any other government entity providing funding.
- The homebuyer must demonstrate the need for the amount of the affordability subsidy represented in the application.

## E. Maximum Fees

Developer/Development Consultant Fee: Applicants are eligible for developer/consultant fees up to 15% of the total development costs less the development and affordability subsidy provided by OHFA.

Real Estate Broker Fees: If approved by OHFA, reasonable real estate broker fees will be considered an eligible development budget expense. OHFA will require documentation from the applicant to support the expense, especially where the applicant serves as the developer and sales agent and collects fees for both services.

## F. Qualitative Review Process and Selection Criteria

### Experience and Capacity Review

OHFA will conduct a pre-proposal meeting and review to determine the experience and capacity of the owner, general partner(s), and developer represented in the proposal prior to submission of the proposal application. The result of this review will determine whether an organization may participate in the upcoming program year.

The following items must be submitted for OHFA by the deadline indicated in the program calendar and must be submitted to the attention of the Operations Manager at [ExceptionsPPD@ohiohome.org](mailto:ExceptionsPPD@ohiohome.org).

#### 1. Development Team

- Complete version of the most current OHFA [Experience & Capacity Application](#) available on the OHFA website.
- Full organizational chart, staff roster, and resumes of key development staff within the organization, focusing on their affordable housing development experience.
- Resumes and company bios for the general contractor, consultant, and sales agent evidencing the capacity to develop and sell homes represented in the application.

#### 2. Past Performance

Applicants must demonstrate a track record of developing successful subsidized homeownership developments similar in scale and scope to the development proposed. OHFA will take into account and verify the applicant's history including without limitation ability to consistently adhere to program guidelines and the quality and success of previous developments undertaken by the applicant.

#### 3. Financial Capacity

The applicant must demonstrate financial capacity to absorb cost overruns or increased costs due to construction or unanticipated delays. The most recent audited financial statements for

the organization must be submitted. If an organization is not required to prepare audited financial statements, then statements that have been reviewed or compiled by a third-party accountant may be submitted. The most recent internally prepared financial statements are acceptable only if audited, reviewed or compiled statements are not available.

In addition, the applicant must submit a funding plan or narrative describing the ability to bring in other funders if needed, how any delays in funding will be handled and methods in place to resolve a situation where an intended buyer is not able to complete the purchase. Development teams will also be evaluated on any outstanding financial obligations with OHFA.

Staff will evaluate the repayment histories of all loans extended to previous developments as well as payments of all other fees due to OHFA.

OHFA will run a credit report for all applicants and members of the development team.

#### 4. Backlog/Status of Current Projects

Applicants must disclose the status of any properties under construction at the time of application. This information will be considered to determine the applicant’s ability to complete the proposed HDGF development within the timeframe of

### G. Proposal Application

In addition to meeting the requirements described above, proposal applications must include the following supporting documentation:

| Document Name   | Submission Format    |
|---|----------------------|
| 1. Gap Financing Application  | excel                |
| 2. Application Fee  | pdf, original        |
| 3. Program Certification  | pdf, original        |
| 4. Proposal Summary   | pdf                  |
| 5. Funding Sources  | pdf                  |
| 6. Site Control   | pdf                  |
| 7. Zoning   |                      |
| 8. Demonstration of Appropriate Market (Market Study/Market Support)  | pdf                  |
| 9. Preliminary Architectural Plans  | original, pdf, & dxf |
| 10. Design and Construction Features Agreement, including existing units history narrative and scope of work<br>Architect Certification | Pdf, original        |



|   |     |
|---|-----|
| 11. Granted Exception Requests  | pdf |
| 12. Green Standards   | pdf |
| 13. Non-Profit Information  | pdf |
| 14. Map of Proposed Site(s)   | pdf |
| 15. Proximity to Positive Land Uses   | pdf |
| 16. Public Notification   | pdf |
| 17. Listing of Qualified Buyers, with income verifications and Commitment Letters   | pdf |
| 18. Verification of Homebuyer Counseling  | pdf |
| 19. Plan used to market homes   | pdf |
| 20. Plan used to Produce Qualified Buyers   | pdf |
| 21. Plan For Post Purchase Engagement with Buyer  | pdf |
| 22. Appraisal which includes a conclusion of the fair market value of land and/or buildings to be acquired for the development in an as-is and as complete state. | pdf |

## H. Final Selection and Funding Determination

Based on its review of the above criteria, OHFA will invite partners to submit a full proposal application for consideration of an award. Final selections and funding decisions will be made using the following strategic priorities:

1. Applicants who identify strongly qualified buyers for each house in their proposed development.
2. Applicants demonstrating a strong pre- and post-sale counseling plan to ensure successful occupancy. Applicants meeting this criterion will detail the methods to be used by the applicant to ensure the buyer remains qualified and committed to carrying out the transaction. Applicants will provide examples of how these strategies have worked for the organization in the past and what was learned from those that were not successful.
3. Developments located in census tracts in which the estimated appraisal of the finished housing units are within 10% either way of the median sales price of market rate or unassisted single family homes in that census tract.
4. Developments located in census tracts in which no private single family development has taken place in the last 5 years.
5. Developments meeting criteria (3) and (4), as noted above.

## VII. Design Requirements

It is OHFA's intent to provide affordable housing that is durable, energy efficient, healthy, and cost effective over the compliance period, which will result in lower operating and maintenance costs and that will provide those in need of affordable housing safe, clean, and durable housing in which to live.

Deviations from these requirements are discouraged, and applicants may only request exceptions where specified. Any requests for an exception to specific requirements must be submitted to OHFA by the date indicated in the program calendar. Since awards are based on the proposed development, exceptions after an award has been made will only be considered for truly extenuating circumstances.

### A. Submissions Required With Proposal

Proposals must submit preliminary drawings that are 11x17 ("half size") and include:

- A cover sheet with development title, development team, drawing index, building areas and code information
- A site plan
- A landscape plan
- A floor plan with dimension, room designations and proposed finishes
- Exterior elevations with material notations
- Typical wall sections
- Drawings and specifications for HVAC or similar items in the scope of work

Preliminary drawings must be submitted both on paper and electronically (both PDF & DXF)

Proposed developments must also submit a Design and Construction Features Agreement. Existing Unit developments must also submit an Existing Units History Narrative.

### B. Submissions Required With Final Application

Final applications must submit 80% complete sets. Sets must show compliance with the preliminary submittal, including the Design and Construction Features Agreement.

Eighty percent plans must be submitted in PDF format (separate PDF files for drawings and specifications) that includes all site plans, dimensioned floor plans, elevations, wall sections, structure, finishes, details and mechanical plans. Additionally, each development must have dimensioned floor plans submitted in DXF or DWG AutoCAD R-14 format and an 11x17 plan hard copy (dimensioned floor plans only).

## C. OHFA Square Footage Calculation

All multifamily developments must use Building Owner Management Association (BOMA) Multifamily Standards using the “gross method”. Single-family developments must use BOMA “Gross Area Measurement Standards”. All square footages must be calculated and certified in the Affordable Housing Funding Application (AHFA) by the Architect of Record.

## D. Minimum Development Standards

All units must have a full kitchen and at least one full bath. Requests for exceptions may be submitted only for items specifically noted. All requests for exceptions must be submitted to OHFA by the date indicated in the program calendar. OHFA will evaluate each development on a case-by-case basis and staff decisions will be final.

### Bedroom Requirements:

- In one-bedroom units, the bedroom must be at least 120 square feet.
- For a two-bedroom unit, the master bedroom must be at least 120 square feet, and the second bedroom must be at least 110 square feet.
- The third and fourth bedrooms in a unit must be at least 100 square feet.
- Bedrooms must have walls and doors separating them from adjacent space to be considered as bedrooms. Any room shall be considered as a portion of the adjoining room when at least one-half of the area of the common wall is open and unobstructed.

### Common Area Restrictions:

- The maximum common area (including required circulation) in any development is 20 percent of the total gross building square footage. Dedicated program space is excluded from this calculation. Existing housing units are exempt from this criterion. OHFA will consider exception requests for this requirement.

### Additional Requirements for New Units:

- Single-site multifamily developments must provide a parking lot with concrete curbs or wheel stops and at least one parking space for each unit in the development. Exceptions to this requirement may be permitted on a case-by-case basis for developments located in dense urban areas, or for developments serving the elderly or permanent supportive housing populations.

- Each bedroom in new construction or adaptive reuse units must be at least seven feet in each direction, and contain a closet in addition to the minimum square footage.
- Minimum unit size (residential living space) for new construction and adaptive reuse developments are as follows, inclusive of the above bedroom sizes:

|                   |                   |
|-------------------|-------------------|
| Efficiency Units: | Exceed 450 S.F.   |
| 1-Bedroom Units:  | Exceed 650 S.F.   |
| 2-Bedroom Units:  | Exceed 850 S.F.   |
| 3-Bedroom Units:  | Exceed 1,000 S.F. |
| 4-Bedroom Units:  | Exceed 1,200 S.F. |

- OHFA will not fund developments that contain single-room occupancy units. OHFA will consider exception requests for this requirement for PSH developments.
- New Unit Developments must provide a bathroom or half bath on the main floor with clear floor space of 30 inches by 48 inches.
- Proposals for PSH may contain one-bedroom units that are 540 square feet or larger.
- OHFA reserves the right to limit the size of units during the application review process.
- In all new unit developments, three-bedroom units must contain at least one and a half bathrooms and units with four or more bedrooms must contain at least two full bathrooms.
- New construction proposals must include new appliances.

#### Additional Requirements for Single-family homes:

- Single-family home developments must contain three or more bedrooms.
- Single-family home developments must include washer/dryer hook-ups.
- Single-family home developments must include adequate storage for the residents.

#### Additional Requirements for Senior Developments:

- Proposals for Senior Housing are required to have all units with no more than two bedrooms and no more than one and one-half baths.
- Proposals for senior housing are required to have all buildings with only one story unless an elevator is provided.

## E. Additional Design Requirements

### Visitability

All new construction units will incorporate the following design elements which constitute “Visitability”:

- No step entrance: Provide at least one “no step” entrance into the unit. The required “no step” entrance shall be accessed via an accessible route (driveway, sidewalk, garage floor, etc.). Ramps that extend out into the front or back yards are usually not the appropriate solution. OHFA can provide technical assistance or referral to appropriate resources at the applicant’s request.
- Doors/Opening: All doors and openings shall have a minimum net clear width of thirty-two (32) inches.
- Bathroom/Half Bath: Provide a bathroom or half bath on the main floor with clear floor space of 30 inches by 48 inches.

If some or all of the development’s proposed buildings will be unable to meet the Visitability requirements due to topography or other site/design limitations complete Form PPD-E01 - Reconsideration of Visitability Requirements. The OHFA architect will be in contact to work out solutions or will make a determination of whether to waive one or more of the Visitability requirements.

### Universal Design Requirements

OHFA values developing housing designed to be used by all. This concept is generally referred to as Universal Design, and is also known as Inclusive Design, Aging-in-Place and Design for All.

The definition of Universal Design, developed by the Center for Universal Design\*, and adopted by OHFA is, “The design of products and environments to be usable by all people, to the greatest extent possible, without the need for adaptation or specialization.”

All units developed with OHFA resources will be designed to meet the following principles of Universal Design. Applicants submitting proposals must submit designs addressing the following principles and a narrative detailing how the proposal meets these principles. The narrative must also summarize all of the universal design features that are being proposed. The summary should be in the form of a list or matrix, by room and functional area (such as hallway, stairway, and general circulation.) The narrative should also indicate that all of the features will be present in all of the units in the development or state the reasons why there are exceptions to this.

OHFA recognizes that not all Universal Design principles can be incorporated into every proposal. OHFA staff will work with each applicant to help achieve maximum application of Universal Design principles.

Applicants must receive design approval from OHFA on these principles before receiving OHFA resources on a given proposal.

*Principles of Universal Design:*

- Equitable Use: The design does not disadvantage or stigmatize any group of users.
- Flexibility in Use: The design accommodates a wide range of individual preferences and abilities.
- Simple, Intuitive Use: Use of the design is easy to understand, regardless of the user's experience, knowledge, language skills, or current concentration level.
- Perceptible Information: The design communicates necessary information effectively to the user, regardless of ambient conditions or the user's sensory abilities.
- Tolerance for Error: The design minimizes hazards and the adverse consequences of accidental or unintended actions.
- Low Physical Effort: The design can be used efficiently and comfortably, and with a minimum of fatigue.
- Size and Space for Approach and Use: Appropriate size and space is provided for approach, reach, manipulation, and use, regardless of the user's body size, posture, or mobility.

Conformity with Fair Housing Requirements

- All newly constructed units developed under OHFA guidelines shall be designed to comply with the Fair Housing Act (FHA) - even those units not covered by the Act.
- Units that are being rehabbed shall be designed to incorporate these features to the greatest extent possible.
- In a two or more story single-family house or townhomes, all floors must be designed in accordance with three through seven below. To be clear, this means that all bathrooms, kitchens, hallways, doors, light switches, electrical outlets, thermostats and other environmental controls, regardless of the floor on which they are located, must conform to those requirements.

Compliance with the Fair Housing Act calls for seven basic design and construction requirements:

1. An accessible building entrance on an accessible route:

All units must have at least one no-step entrance and be on an accessible route. An accessible route means a continuous, unobstructed path connecting accessible elements and spaces within a building or site that can be negotiated by a person with a disability who uses a wheelchair, and that is also safe for and usable by people with other disabilities. An accessible entrance is a building entrance connected by an accessible route to public transit stops, accessible parking and passenger loading zones, or public streets and sidewalks.

2. Accessible common and public use areas:

Developments must have accessible and usable public and common-use areas. Public and common-use areas cover all parts of the housing outside individual units. They include -- for example -- building-wide fire alarms, parking lots, storage areas, indoor and outdoor recreational areas, lobbies, mailrooms and mailboxes and laundry areas

3. Usable doors (usable by a person in a wheelchair):

All doors that allow passage into and within all premises must be wide enough to allow passage by persons using wheelchairs.

4. Accessible route into and through the dwelling unit.

There must be an accessible route into and through each unit. This includes all hallways, stairways and doorways. In a two-story single-family house or townhome, an accessible route must be maintained on the second floor.

5. Light switches, electrical outlets, thermostats and other environmental controls in accessible locations.

6. Reinforced walls in bathrooms for later installation of grab bars.

7. Usable kitchens and bathrooms.

Kitchens and bathrooms must be usable - that is, designed and constructed so an individual in a wheelchair can maneuver in the space provided.

## F. Notifications to Statewide Accessibility Organizations

Applicants must also notify the appropriate statewide accessibility group, a list of which is available on the [OHFA website](#), at the time of application that accessible housing is being proposed, agree to accept referrals for potential residents, and agree to receive design suggestions for the property. Such notification must take place again when the development is placed into service. Copies of correspondence between the applicant and accessibility group must be submitted to evidence these requirements.

## VIII. Post Award

### A. Required Timeframe

Construction must begin within 12 months of the date the HDGF funding agreement is signed

The owner and/or developer is required to submit [quarterly summary reports](#) at minimum detailing progress with construction or rehabilitation projects to OHFA Project Administration staff. The primary purpose of submitting quarterly summary reports is to monitor the progress of developments financed with assistance from OHFA and to ensure that all agreements between OHFA and the developer/owner are met.

The quarterly summary report of construction activities must verify the construction start date, the current percentage of completion, and provide an estimated completion or placed-in-service date as outlined in the OHFA [Construction Monitoring Quarterly Report form](#). At OHFA's discretion, photographic evidence of construction activities may be requested in more frequent intervals to assure quality of work and site safety. .

### B. Financing Terms

Loan Terms (Multifamily Rental Housing):

- 2% interest rate.
- Loan will mature at the end of the affordability period, which is defined as the minimum term required in 24 CFR Part 92 plus an extended affordability period imposed by OHFA.
- The total term will be up to 30 years unless the applicant requests and can justify the need for an extended term.
- Collateral will be a subordinate mortgage position. OHFA prefers a second or shared second position. If a lower position is necessary, the applicant should indicate so in the application along with an explanation and supporting documentation.
- Payments will be based on available cash flow. Definition of Cash Flow for projects with HDAP is found on the OHFA website at: <https://ohiohome.org/hdap/CashFlowDefinition.pdf>
- Loan interest will accrue and repayment obligations will start following release of the final draw.
- Loans will be made to the HDGF recipient as owner unless an alternative ownership structure is approved by OHFA.



The loan term and affordability period does not begin until OHFA verifies that the development is complete and that eligible tenants occupy the assisted units. This is evidenced with the Final Performance Report and confirmed by OHFA with a close out letter.

If the property is sold prior to loan maturity, the outstanding principal and accrued interest shall become due and payable.

OHFA reserves the right to allow for the forgiveness of all or a portion of the outstanding debt if, at the end of the affordability period, OHFA determines that the property has been maintained as a safe, decent, and sanitary affordable housing development, using the Uniform Physical Conditions Standards or current standards used in the OHFA Program Compliance Office) throughout the term.

OHFA will consider other options for repayment calculation if HUD or USDA Rural Development (RD) are involved in the permanent financing or have provided debt to the development.

Eligibility for Grant Funding:

To be eligible for a grant, the following criteria must be met:

- A grant has been requested by the HDGF recipient.
- The controlling general partner, managing member or equivalent (HDGF recipient) is a 501(c)(3) or 501(c)(4) non-profit (a 25% owner fitting this description will not qualify for a grant).
- At least 20% of the units in the development will be affordable to and occupied by households earning at or below 35% of the AMGI.
- The HDGF Recipient agrees not to loan the HDGF funds to the development.

The HDGF award will be considered a loan during the construction phase of the development and OHFA will take a subordinate mortgage position on the land/buildings.

OHFA reserves the right to award either a loan or a grant based on the financial analysis of the development.

### C. Closing Process

OHFA has instituted the following procedures for closing on the award of funds:

- The HDGF Recipient must print the HDGF Closing Checklist from the OHFA Website at: <http://www.ohiohome.org/hdap/closingchecklist.doc>

- The HDGF Recipient must forward a complete closing packet to:

Ohio Housing Finance Agency  
Legal Department  
57 E. Main Street  
Columbus, Ohio 43215

The HDGF Closing Packet must include the following, in order:

- Completed Checklist.
- Formal letter requesting the closing of the HDGF Award.
- All other documents required in the checklist in the order they appear on the checklist, including special conditions.
- Documentation to satisfy any special conditions noted in the Attachment A of the funding agreement.

#### D. Drawing on the HDGF Award

OHFA has developed a “Guide to Drawing HDAP” which is available on the OHFA Website. Applicants are encouraged to review this before applying to ensure they will be able to meet the requirements to draw funds.

OHFA will retain up to 10% of the HDGF award until the development is complete and the final performance report has been approved.

#### E. Subsequent Changes

The HDGF recipient must notify OHFA immediately of any events during the construction or during the affordability period that materially change the development as proposed. Such events include, but are not limited to, changes in the development team (developer, general contractor, etc.); changes in the number of units or unit mix; changes to the target population, sale of the development, deterioration of financial conditions, destruction due to natural disaster or fire, etc. Anticipated events must be approved in advance by OHFA.

The notification must be sent through email as a PDF document, or mailed to the OHFA analyst assigned to the development at the following address:

Ohio Housing Finance Agency  
57 East Main St.  
Columbus, OH 43215

## IX. Affordability and Long-Term Requirements

### A. Affordability Restrictions

HDGF financing requires that the following rent and occupancy restrictions are reflected in the application and are complied with throughout the entire affordability period.

Restricted Units:

- The HDGF application must include the number of restricted units in the development. For developments located in PJ areas, 40% of the development's affordable units must be occupied by and affordable to households at or below 50% AMGI. For developments located in Non-PJ areas, 35% of the development's affordable units must be occupied by and affordable to households at or below 50% AMGI.
- If the percentage of HDGF used to finance the development exceeds 40% in a PJ or 35% in a non-PJ, the set-aside of restricted units must equal or exceed the percentage of HDGF funding in the development.
- Assisted Units are calculated based on HUD requirements for the HOME Investment partnerships Program, and are applicable to all developments funded in the HDGF Program.

### B. Exception to Rent Restrictions (50% rents and High and Low HOME Rents)

Developments that have project-based rental assistance with units that are occupied by families below 50% of the AMGI and pay no more than 30% of their adjusted income toward rent are exempt from the rent restrictions associated with High and Low HOME Rents and Restricted Units at 50% AMGI. Project-based rental assisted units can charge up to the contract rent prescribed by their project-based rental assistance contract. Should the project-based assistance contract be discontinued, the development will then be required to comply with the restricted rent (50% AMGI) and High and Low HOME Rent requirements.

NOTE: The development must receive rental assistance on at least 50% of the units in the development or more than the required number of HDGF Assisted and Restricted units, whichever is greater.

### C. Affordability Period

OHFA divides rental developments into two phases: construction and long-term affordability. During the construction period, no interest is being accrued nor are any payments due on the HDGF award. The affordability period does not begin until income-eligible applicants occupy all assisted units and the final draw has been received by the applicant.

#### D. Long-Term Compliance

OHFA requires that recipients commit to rent and income occupancy and affordability restrictions on rental units funded in part by the HDAP as a condition of the award of funds. All recipients must follow the rules and regulations outlined in the most current OHFA Program Compliance Handbook.

## Appendix A

### Geographic Definitions – Proximity to Positive Land Uses

| Urban Cities | Suburban and Mid-sized Counties | Rural Counties |            |
|--------------|---------------------------------|----------------|------------|
| Akron        | Butler                          | Allen          | Knox       |
| Cincinnati   | Clark                           | Adams          | Lawrence   |
| Cleveland    | Clermont                        | Ashland        | Logan      |
| Columbus     | Cuyahoga                        | Ashtabula      | Madison    |
| Dayton       | Delaware                        | Athens         | Marion     |
| Toledo       | Fairfield                       | Auglaize       | Meigs      |
|              | Franklin                        | Belmont        | Mercer     |
|              | Geauga                          | Brown          | Monroe     |
|              | Greene                          | Carroll        | Morgan     |
|              | Hamilton                        | Champaign      | Morrow     |
|              | Lake                            | Clinton        | Muskingum  |
|              | Licking                         | Columbiana     | Noble      |
|              | Lorain                          | Coshocton      | Ottawa     |
|              | Lucas                           | Crawford       | Paulding   |
|              | Mahoning                        | Darke          | Perry      |
|              | Medina                          | Defiance       | Pike       |
|              | Miami                           | Erie           | Preble     |
|              | Montgomery                      | Fayette        | Putnam     |
|              | Pickaway                        | Fulton         | Ross       |
|              | Portage                         | Gallia         | Sandusky   |
|              | Richland                        | Guemsey        | Seneca     |
|              | Stark                           | Hancock        | Scioto     |
|              | Summit                          | Hardin         | Shelby     |
|              | Trumbull                        | Harrison       | Tuscarawas |
|              | Union                           | Henry          | Van Wert   |
|              | Warren                          | Highland       | Vinton     |
|              | Wood                            | Hocking        | Wayne      |
|              |                                 | Holmes         | Williams   |
|              |                                 | Huron          | Washington |
|              |                                 | Jackson        | Wyandot    |
|              |                                 | Jefferson      |            |