



HOUSING DEVELOPMENT ASSISTANCE PROGRAMS

2016 CONSOLIDATED PROGRAM GUIDELINES

Housing Development Gap Financing Program

Bond Gap Financing Program

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

General Information

The Housing Development Assistance Program (HDAP) provides financing to support the preservation or construction of affordable housing for low-income persons and households in the State of Ohio. On an annual basis, the Ohio Housing Finance Agency (OHFA) releases the Ohio Housing Needs Assessment providing data on housing occupancy, quality and affordability examining the housing needs among low- and moderate-income households and populations with special or underserved needs. Priority housing needs identified in the most current Ohio Housing Needs Assessment and reflected in the 2016 Housing Development Assistance Program guidelines include:

- Creating new affordable rental housing opportunities for low and moderate income households that include a range of housing choices in markets throughout the state;
- Promoting housing opportunities for populations with special and underserved needs, including older adults, personal with disabilities, veterans and the homeless;
- Improving neighborhoods through community and economic development;
- Preserving existing affordable housing properties, including units with federal subsidies; and
- Advancing livability standards to promote a healthy environment for residents.

These guidelines may be subject to change, pending developments in federal and state legislative requirements and/or OHFA policy. All funds awarded through HDAP are contingent upon the availability of funds to OHFA.

Questions concerning HDAP should be directed to the Office of Planning, Preservation and Development via mail, telephone or by email:

Ohio Housing Finance Agency
Office of Planning, Preservation and Development
57 East Main Street
Columbus, Ohio 43215

<i>Karen Banyai, Operations Manager</i>	kbanyai@ohiohome.org	614.752.4185
<i>Kathy Berry, Analyst</i>	kberry@ohiohome.org	614.995.1208
<i>Virgie Vaido, Analyst</i>	vaido@ohiohome.org	614.995.4511

Available Resources

The following resources are used to provide financial assistance to eligible projects. Funds may be awarded in the form of a grant or loan.

HOME Investment Partnerships Funds: 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. apply. Applicants receiving an award of HOME dollars are subject to approval from the OHFA Board. Funding levels are subject to appropriation of funds by the U.S. Department of Housing and Urban Development (HUD) and approval of the State Consolidated Plan.

Ohio Housing Trust Fund (OHTF): The Ohio Housing Trust Fund provides funding to HDAP projects predominantly serving low- to moderate-income households with incomes at or below 50 percent of the area's median income. The OHTF gives preference to those projects that benefit households with incomes at or below 35 percent of the area median income for the county in which the project is located, as established by the U.S. Department of Housing and Urban Development (HUD). Applicants receiving an award of OHTF dollars may be subject to State of Ohio Prevailing Wage Rate rules. The amount and use of OHTF dollars are subject to appropriation, per project approval from the State Controlling Board and approval from the OHFA Board.

Fee Schedule:

Proposal and Pre-Application Fees	
Bond Gap Financing Proposal Application Fee	\$1000
Housing Development Gap Financing Pre-Application Fee	\$500 for the first submission \$200 for any subsequent submissions
Final Application Fees	
Bond Gap Financing Final Application Fee	\$2000
Housing Development Gap Financing Final Application Fee	\$500
Amendments to a funding agreement	\$500 per request
Extensions of a funding agreement	\$500 per extension
Compliance Monitoring Fees	
Housing Tax Credit Compliance Monitoring Fee	\$900 per unit

Funding Commitments and Closing an HDAP Loan

OHFA will enter into a Funding Agreement with the HDAP recipient and Limited Partnership. Once the Funding Agreement has been signed by all appropriate parties, the HDAP recipient may formally request a closing of the HDAP.

A template-closing checklist and closing procedures are available on the OHFA website. The template checklist does not include any project-specific closing conditions determined during the underwriting process. Project-specific closing conditions will be detailed in the Funding Agreement.

OHFA requires a minimum of 30 days to complete its review once all of the required checklist items have been received.

Subsequent Changes

The HDAP recipient is required to notify OHFA immediately and request approval of any changes that occur in the project at any time after project approval through the affordability period. Such changes include, but are not limited to, changes in the development team (developer, general contractor, sales agent/management entity, etc.); changes in the number of units or unit mix; changes to the target population; etc.

The request should be sent to:

Ohio Housing Finance Agency
Office of Planning, Preservation and Development
57 East Main St., 4th Floor
Columbus, OH 43215

Project Administration and Drawing HDAP

A Guide to Drawing the HDAP has been created to assist applicants as they work with OHFA staff during the construction phase. This document may be found on the Project Administration Page of the OHFA website.

Post Award Reporting Requirements

Construction Monitoring

The owner and/or developer is required to submit quarterly summary reports detailing progress with construction or rehabilitation projects to the assigned OHFA Project Administration analyst. 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. OHFA shall be notified and receive copies of any change orders prior to execution or other documentation altering the approved design, contract work scope and/or completion date.

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.

For projects awarded under the Housing Development Gap Financing program, OHFA reserves the right to require construction monitoring reports provided by a qualified third party inspector, including an architect or professional with experience in construction management.

Compliance Monitoring

Housing Tax Credit Developments

The monitoring process established for housing tax credit developments determines if a property is complying with requirements of the Internal Revenue Code (IRC). The housing tax credit monitoring process is further outlined in IRC Section 42, IRS Regulation 1.42-5, the most Qualified Allocation Plan, and other OHFA policies.

Compliance with the requirements of the IRC is the sole responsibility of the owner of the building for which the housing tax credit was allocated.

Housing Tax Credit projects are required to comply with the following, in addition to other requirements described in guidance published on the OHFA Office of Program Compliance website.

1. All residents must be income qualified, adjusted for family size, prior to moving into the unit. Units must be rent restricted as provided for in the IRC. All units allocated housing tax credits must be safe, decent and sanitary housing units complying with local building, health, safety, and zoning codes.
2. Before placing the project in service, the owner/agent must schedule a "placed-in-service meeting" with the OHFA Program Compliance Analyst assigned to the project to discuss the lease up of the tax credit project. This meeting must be scheduled within six but no less than three months prior to the placed-in-service date. OHFA will attempt to combine placed in service meetings when an owner/agent is placing several projects into service within the same general time period. OHFA may elect to waive this requirement.
3. At least six months prior to the placed-in-service date, the owner/agent individual(s) responsible for final approval of resident files or the site manager/leasing consultant who processes the Tenant Income Certifications for buildings receiving 8609 Forms will be required to attend the OHFA Tax Credit Compliance Training. Compliance trainings offered by other organizations (e.g. Quadel Consulting) will not be acceptable to OHFA. Additionally, once the project is placed-in-service and has received form 8609s, a representative of the owner and/or management company must attend the OHFA Tax Credit Compliance Training every two years.
4. Within 15 days of placing the last building in service, the project owner must forward a letter to the OHFA Program Compliance Analyst assigned to the project indicating the date on which the last building was placed-in-service. Based on this communication, the project will be preliminarily scheduled for a lease-up monitoring visit.

5. The owner of a housing tax credit development must keep records for each qualified low-income building in the project for each year of the compliance and extended use period. These records must include but are not limited to the following for each building in the project:
 - a. The total number of residential rental units in the building (including the number of bedrooms and the size in square feet of each residential rental unit);
 - b. The percentage of residential rental units in the building that are low-income units;
 - c. The rent charged on each residential rental unit in the building (including any utility allowances);
 - d. The number of occupants in each low-income unit;
 - e. The unit vacancies in the building and information showing when, and to whom, the next available units were rented;
 - f. The annual income certification of each low-income resident per unit (if applicable);
 - g. Annual student status certification;
 - h. Demographic information;
 - i. Documentation to support each low-income resident's income certification. Resident income is calculated in a manner consistent with the determination of annual income under Section 8 of the United States Housing Act of 1937 ("Section 8"), not in accordance with the determination of gross income for federal income tax liability;
 - j. The eligible basis and qualified basis of the building at the end of each year of the credit period, compliance and extended use periods; and
 - k. The character and use of the non-residential portion of the building included in the building's eligible basis under IRC Section 42(d).
6. The owner of a housing tax credit development is required to retain the records described in Item 5 above for the entire period of extended use.
7. The owner is responsible for reporting to OHFA annually through the DevCo online system. The reporting process currently requires the submission of an Annual Owner Certification and resident and project data using the XML upload or housing credit software (e.g. Yardi) as well as other reports and certifications necessary to evidence compliance with any gap financing provided through an OHFA program. New projects or those in lease-up phase must submit an Annual Owner Certification if one or more residents were income qualified during the reporting year. If a property was sold at any time during a reporting year, the owner/property management company that was in place as of 12/31 of the reporting year is responsible for completing and submitting the Annual Owner Certification and tenant data for that reporting year.

When completing the owner certification, the owner is certifying that, for the preceding 12-month period, the owner met the following requirements:

- a. The 20-50 test under IRC Section 42(g)(1)(A), or the 40-60 test under section 42(g)(1)(B), whichever minimum set-aside test was applicable to the project; and if applicable to the project, the 15-40 test under sections 42(g)(4) and 142(d)(4)(B) for "deep rent skewed" projects;
- b. There was no change in the applicable fraction (as defined in section 42(c)(1)(B)) of any building in the project, or that there was a change, accompanied by a description of the change;
- c. The owner has received an annual income certification from each low-income resident, as appropriate, and documentation to support that certification; or, in the case of a resident receiving Section 8 housing assistance payments, the statement from a public housing authority described in paragraph (b)(1)(vii) of this section;
- d. Each low-income unit in the project was rent-restricted under Section 42(g)(2);

- e. All units in the project were for use by the general public and used on a non-transitional basis (except for transitional housing for the homeless provided under Section 42 [i][3][B][iii]);
 - f. Pursuant to requirements under Treasury Regulation 1.42-5, the buildings and low-income units were suitable for occupancy, taking into account local health, safety, and building codes, and the State or local government unit responsible for making local health, safety, or building code inspections did not issue a violation report for any building or low-income unit in the project. If a violation report or notice was issued by the governmental unit, attach a statement summarizing the violation report or notice or a copy of the violation report or notice to the annual certification and state whether the violation has been corrected;
 - g. There was no change in the eligible basis (as defined in Section 42[d]) for any building in the development, or if there was a change, the nature of the change (e.g. a common area has become commercial space, or a fee is now charged for a resident facility formerly provided without charge);
 - h. All resident facilities included in the eligible basis under Section 42(d) of any building in the project, such as swimming pools, other recreational facilities, and parking areas, were provided on a comparable basis without charge to all residents in the building;
 - i. If a low-income unit in the project became vacant during the year, that reasonable attempts were or are being made to rent that unit or the next available unit of comparable or smaller size to residents having a qualifying income before any units in the project were or will be rented to residents not having a qualifying income;
 - j. If the income of residents of a low-income unit in the project increased above the limit allowed in Section 42(g)(2)(D)(ii), the next available unit of comparable or smaller size in the building was or will be rented to residents having a qualifying income;
 - k. The owner has not refused to lease a unit in the project to a Section 8 applicant because the applicant holds a Section 8 voucher or certificate;
 - l. No finding of discrimination under the Fair Housing Act has occurred for the project (a finding of discrimination includes an adverse final decision by HUD, an adverse final decision by a substantially equivalent state or local fair housing agency, or an adverse judgment from a Federal court);
 - m. For the preceding 12-month period, no residents in low-income units were evicted or had their tenancies terminated other than for good cause and no gross rents were increased other than permitted under Section 42; and
 - n. An extended low-income housing commitment as described in Section 42(h)(6) was in effect. OHFA reserves the right to adjust the above requirements according to changes in federal regulations.
8. OHFA requires that the owner of a housing tax credit development annually certify the residents' incomes and assets using the form(s) specified by the OHFA Office of Program Compliance. Projects that are 100 percent occupied by qualified low-income households may discontinue recertifications as described in Section 42 of the Internal Revenue Code.
9. The OHFA Office of Program Compliance will review resident files and conduct physical inspections of the buildings, common areas and units throughout the 15-year compliance period and Extended Use Period. OHFA has the right to perform on-site inspections of any low-income housing project through the end of the Extended Use Period. Buildings receiving new allocations of credits will be inspected no later than the end of the second calendar year following the year the last building in the project is placed-in-service. Some of the factors that determine the frequency and the number of units and buildings inspected include the type of funding in the property, whether the property is in Extended Use, whether the property is on OHFA's Watch List, changes in ownership or management company, scores compiled through an internal Risk Assessment, systemic non-compliance issues from past inspections, and resident complaints. Properties may be inspected every year or some may have inspections every three years. Pursuant to Treasury Regulation 1.42-5(c)(2)(ii)(B), at least once every three years, OHFA will conduct on-site inspections of all

buildings in the project, and for at least 20 percent of the project's low-income units, OHFA will inspect the units and review the low-income certifications, the documentation supporting the certifications and the rent records for the tenants in those units.

10. The owner/property management company will receive written notice of the inspection generally 30 days prior to the date of the inspection. The owner/property management company is responsible for ensuring all requested pre-inspection documentation (e.g. current rent roll) is submitted no later than 10 days from the date of the OHFA's notice of the scheduled review. Owners/property management companies that fail to timely submit the requested pre-inspection information may be subject to placement on OHFA's Multifamily Watch List and/or in not in good partnership status unless an extenuating circumstance prohibits the timely submission. OHFA will provide prompt written notice to the owner (generally 15 business days after the inspection) of the inspection findings. If the project is found not in-compliance. The owner will have up to 60 days from the date of the notification to correct any non-compliance issues found and give a written response to OHFA of corrective actions taken. OHFA may, with good cause, extend the correction period for up to six months.
 - a. During the correction period, an owner must correct any non-compliance and provide evidence to OHFA of such corrections.
11. When instances of non-compliance are identified, OHFA is required to file form 8823, Low-Income Housing Tax Credit Agencies Report of Non-Compliance with the IRS no later than 45 days after the end of the correction period, and no earlier than the end of the correction period, whether or not the non-compliance is corrected. Form 8823 will be issued in accordance with the Uniform Physical Condition Standards (UPCS) even if the physical non-compliance is corrected on the date of the inspection or the end of the correction period. OHFA must explain on Form 8823 the nature of the non-compliance or failure to certify (reference 26 CFR Par. 2. 1.42-5 [e][3]). In addition to notifying the IRS of non-compliance, OHFA may place the project on its Multifamily Watch List or consider the owner or manager not in good partnership with OHFA programs.
12. Compliance with the requirements of Section 42 of the IRC is the responsibility of the owner of the building(s) for which the tax credit is claimed. OHFA's obligation to monitor for compliance does not make OHFA liable for owner/agent non-compliance.
13. If OHFA is unable to serve notice on the property owner by mail and/or telephone during the compliance and extended use periods as defined by the IRS, OHFA will consider the property out-of-compliance and will notify the IRS by filing Form 8823, or take other appropriate action such as designating the project and its owner/agent as not in good partnership with the Agency. Please note that OHFA will maintain one contact person per project. The owner/agent will agree upon the contact person and notify OHFA immediately of any change.
14. OHFA requires housing tax credit owners to pay a one-time compliance monitoring fee. The fee amount for projects receiving a reservation will be \$900 per unit.
15. OHFA reserves the right to charge the owner and/or management company for costs incurred as the result of compliance reviews conducted outside of the normal inspection cycle.
16. It is the responsibility of the owner and its agents to ensure that the property management agent has all documents and information necessary to meet all rent, income or other requirements attached to all sources of funding used to develop the project. Such documents may include, but are not limited to, the Housing Tax Credit restrictive covenant(s), HDAP funding agreement, or other gap financing agreements.
17. Compliance requirements are communicated to owners and managers of housing tax credit developments through the OHFA web site, training sessions, email updates and other means such as the Agency newsletter. Owners and managers are expected to consult these and other resources to ensure they are up-to-date regarding policies and procedures established by OHFA.

18. Changes in owner and/or management companies that occur after a development has placed-in-service must be approved by the OHFA Office of Program Compliance. The owner must request approval from the Office of Program Compliance by written request to the assigned compliance analyst no later than 60 days prior to terminating the services of the current management company or sale of the property. Owners will be required to submit the request in accordance with OHFA's Ownership and Management Company Change Policy, to be made available on the OHFA website.

To ensure the proposed company or owner is sufficiently qualified to manage and/or operate a housing tax credit development in Ohio and in accordance with applicable state and federal requirements, a representative of the proposed management company must submit evidence of an active Ohio Brokers License in accordance with 4735.022 of the Ohio Revised Code, where applicable. Any request for consideration of a management company who does not meet this requirement will be denied. Owners who fail to provide 60-day notice of an owner or management company change may further be subject to a fine of \$500 and removal from a position of good partnership.

Housing Development Gap Financing

The recipient of the Housing Development Gap Financing funds will be responsible for compliance with applicable reporting, file and physical inspections, and record keeping requirements described in guidance published on the OHFA Office of Program Compliance website. Owners of properties financed solely with Ohio Housing Trust Funds must submit the Annual Owner Certification and tenant data in accordance with the most current policies of the Agency.

Program Calendars

Bond Gap Financing Program		Housing Development Gap Financing Program	
Date	Event	Date	Event
Application Round I:		Application Round I:	
TBD	Application materials available on the OHFA website	TBD	Application materials available on the OHFA website
June 3, 2016	Exception requests due to OHFA by 5:00 p.m., close of standard business hours	June 1-23, 2016	June proposal applications accepted, due to OHFA by 5:00 p.m., close of standard business hours
July 1, 2016	Proposal applications due to OHFA by 5:00 p.m., close of standard business hours	June 30, 2016	Announcement of June applicants selected to submit a final application
July 18-29, 2016	Release of preliminary competitive scores	July 3-21, 2016	July proposal applications accepted, due to OHFA by 5:00 p.m., close of standard business hours
August 12, 2016	Announcement of Round I Bond Gap Financing Awards	July 31, 2016	Announcement of July applicants selected to submit a final application
TBD	Next steps meetings begin at OHFA's request	August 1-18, 2016	August proposal applications accepted, due to OHFA by 5:00 p.m., close of standard business hours
November 22, 2016	Final applications due to OHFA by 5:00 p.m., close of standard business hours	August 31, 2016	Announcement of August applicants selected to submit a final application
Application Round II (Existing Units Only):		Application Round II:	
January 3, 2017	Announcement of funding availability for Round II	December 4-15, 2016	December proposal applications accepted, due to OHFA by 5:00 p.m., close of standard business
February 3, 2017	Exception requests due to OHFA by 5:00 p.m., close of standard business hours	December 22, 2016	Announcement of December applicants selected to submit a final application
March 1, 2017	Final applications due to OHFA by 5:00 p.m., close of standard business hours	March 3, 2017	Last day to submit a final Housing Development Gap Financing application to OHFA
April 3, 2017	Announcement of Round II Bond Gap Financing Awards		
TBD	Next steps meetings begin at OHFA's request		

Proposal and Pre-Application Requirements

Proposal or Pre-Application Requirements	Applicable Programs	
	Bond Gap Financing	Housing Development Gap Financing
<p>Proposal or Pre-application Fee</p> <p>Applicants to the Bond Gap Financing program must submit a proposal fee of \$1000. Applicants to the Housing Development Gap Financing program must submit a pre-application fee of \$500 for the first submission and \$200 for any subsequent submission.</p>	✓	✓
<p>Program Certification</p> <p>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.</p>	✓	✓
<p>Proposal Summary</p> <p>The proposal application will include a summary containing basic information about each development proposed for consideration of a competitive award of housing tax credits. The summary will be completed by the applicant in the format specified in the AHFA and submitted as a pdf. Proposal summaries will be posted on the OHFA website for public review and comment no later than the date indicated in the program calendar.</p>	✓	✓
<p>Complete Gap Financing Application</p> <p>Applicants to the HDGF program must submit the required Gap Financing Application (GFA) and proper evidence for all threshold criteria specified by the deadline indicated in the program calendar. Late and/or incomplete submittals will not be considered.</p>		✓
<p>Development Team Resumes</p> <p>The application must include resumes for any members of the development team. OHFA defines the development team as key staff members of the general partnership, developer, management company and any consultants.</p>	✓	✓
<p>Organizational Chart</p> <p>The application will include an organizational chart that:</p> <ol style="list-style-type: none"> shows the structure of the ownership entity and the relationships and ranks of all relevant positions. Shows the structure of each organization in the ownership entity as well as the developer 	✓	✓
<p>Audited Financial Statements</p> <p>The applicant must provide Audited Financials for the entity applying to be the HDAP recipient.</p>	✓	✓
<p>Management Company Capacity Review</p> <p>Management companies with no prior experience with an OHFA property will be evaluated by the OHFA Office of Program Compliance according to the information contained in the complete Management Capacity Review Survey submitted at application.</p>	✓	✓
<p>Exception Requests</p> <p>Any request for an exception to specific program requirements referenced in the HDAP guidelines must be submitted in advance of the proposal application (BGF) or with the pre-application (HDGF) and by the date shown in the program calendar. Exceptions will be considered only for those items specifically allowed under these program guidelines and represented in the OHFA exception request form.</p>	✓	✓
<p>Site Control</p> <p>If the current owner is a general partner or limited partner in the development, the proposal application will include copies of the executed and recorded deed(s) at the time of application.</p> <p>If the current owner is not a general partner or limited partner in the development, then evidence of site control must be submitted. Acceptable forms of site control include, but are not limited to, a purchase contract, a purchase option or a lease option for a minimum term of 35 years.</p> <p>If parcels will be acquired from a city land bank, a copy of the final city council resolution approving the transfer of all applicable sites may be submitted as evidence of site control; a copy of a city resolution or city council ordinance approving the legal description and transfer of all applicable sites will also be accepted.</p> <p>If parcels will be acquired from a county land bank, a letter from the board of control or a designated official approving the transfer of all applicable sites may be submitted as evidence of site control.</p> <p>With respect to option agreements, the proposal application must include evidence of the agreement to purchase the property within a specified time period. Evidence of site control may not expire until a reasonable period following the scheduled announcement date for housing tax credit awards.</p> <p>OHFA reserves the right to require, as needed, additional documentation that evidences proper site control.</p>	✓	✓

<p>Zoning</p> <p>The application will include evidence that all sites are currently zoned for the proposed use in the form of a valid building permit or a letter from the local municipality stating that the current zoning will permit the proposed development.</p> <p>This requirement will be waived for projects involving new construction provided an exception request is submitted by the deadline for receipt of exception requests. A complete exception request will provide information regarding the process and timeline for obtaining the appropriate local approvals. In all cases, zoning will be required at final application.</p> <p>For jurisdictions with no zoning regulations in effect, a letter from the jurisdiction stating so is required. Evidence must be dated within one year of the proposal application due date.</p>	✓	✓
<p>Green Standards</p> <p>OHFA requires that all developments involving new construction and financed with Agency resources meet green building standards outlined in the 2015 Enterprise Green Communities Criteria and successfully achieve program certification for the proposed development.</p> <p>Applicants may substitute Leadership in Energy & Environmental Design (LEED) Certification by the U.S. Green Building Council or ICC 700 National Green Building Standards (NGBS) by Home Innovation Research Labs (formerly the NAHB Research Center) to meet this requirement.</p> <p>Applicants must include a written statement indicating which certification and level they are seeking at proposal application.</p> <p>Developments will be notified of deficiencies to green standards at the time of notification for other threshold deficiencies.</p> <p>If awarded an allocation of HDAP, developments seeking Enterprise Green Communities certification must enroll the development for prebuild approval in the Enterprise Green Communities portal prior to final application and submit prebuild approval with final application. Enterprise Green Communities requires 30 days to review and approve projects.</p> <p>If seeking LEED certification, the certification checklist must be submitted with the final application to evidence that certification will be achieved.</p> <p>If seeking NGBS certification, the preliminary scoring spreadsheet and proof of enrollment, including a unique project identification number, must be submitted with the final application to evidence that certification will be achieved.</p> <p>Evidence of final certification with Enterprise Green Communities, LEED or NGBS will be required upon completion of construction, where applicable.</p>	✓	✓
<p>Market Information</p> <p>For projects involving any new construction, the proposal application will include a market study conducted by an OHFA-approved market study professional updated or approved within 12 months of the application submission date. Applicants should refer to the OHFA Market Study Standards for additional requirements, and to the program calendar for applicable deadlines.</p> <p><u>BGF Only:</u> Projects limited to rehabilitation of existing units will submit a market study conducted by an OHFA-approved market study professional at final application. At proposal application the applicant will certify that the occupancy of the proposed development has averaged at least 93 percent over the prior three years.</p> <p><u>HDGF Only:</u> Developments serving populations defined in the Interagency Council on Homelessness and Affordable Housing Permanent Supportive Housing Policy Framework or that include less than 15 units are exempt from this requirement and may submit evidence of any waiting lists or an assessment of housing needs in place of a market study.</p> <p>If the applicant is choosing to submit an assessment of housing needs, the assessment provided must describe the housing needs of low-income individuals in the area to be served by the proposed development.</p> <p>This assessment will be submitted as a narrative and should identify the following:</p> <ol style="list-style-type: none"> 1. A map of the site and the surrounding area, including the street address of the project and amenities within one mile of the proposed project. 2. A list of each census tract or parts thereof which comprise the area that the proposed project will serve. 3. The total population for all census tracts and data showing demographic, household and neighborhood characteristics over the past three years. The applicant should address any factors impacting observed trend(s). 4. The age, population and/or income targets for the proposed project, including the number of income-qualified renters in the area that the proposed project will serve. 5. The name and address of all subsidized housing developments within the area that the proposed project will serve, including current occupancy levels and a number of persons on any waiting lists. 6. The availability of affordable rental housing options for the target population. Describe the age, condition, etc., of housing, and the extent of vacant, foreclosed and abandoned housing and other buildings within the area. If possible, identify any substandard housing also in the area the proposed project will serve. 7. List rents for comparable market rate properties within the area the proposed project will serve. Do not use subsidized developments. A minimum of three comparables should be submitted. 	✓	✓

<p>Rent Rolls (Existing Units Only)</p> <p>The application will include rent rolls demonstrating the occupancy of any existing units and/or buildings for the past two years. OHFA may accept rent summary with prior approval.</p>	✓	✓
<p>Site Visit Folder</p> <p>The application will include a pocket folder containing a detailed map clearly depicting the physical location of the site and all roads leading to the site, contact information for all members of the development team, a copy of the proposal summary and a site plan showing all building elevations. OHFA will conduct a site review for all proposals to evaluate and determine the suitability of a prospective site for housing development. If a prospective site is deemed unsuitable based on the site review, the application will be removed from further consideration.</p>	✓	✓
<p>Supportive Services Plan</p> <p>Developments receiving an allocation of HDAP are required to provide service coordination to the resident population and/or linkages to information and resources appropriate to the population. The application will include evidence of salaried or in-kind service coordination on-site, contiguous or accessible to the development at the time of application. The application must also include a Supportive Services Plan that addresses methods to:</p> <ol style="list-style-type: none"> Assess the needs of residents and develop a plan for service delivery; Provide residents with information and referrals to state, federal and local resources; and monitor and evaluate service delivery and outcomes. <p>Permanent Supportive Housing developments may include a plan submitted to the local Continuum of Care or Department of Housing and Urban Development (HUD).</p>	✓	✓
<p>Utility Allowance Information</p> <p>The application will include utility allowance information consistent with the requirements of Section 42 of the IRC, IRS Regulation 1.42-10 and OHFA's Utility Allowance Policy. Applicants may refer to the OHFA Utility Allowance policy for guidance on methods available to calculate utility allowances for various project types.</p>	✓	✓
<p>Complete Affordable Housing Funding Application (AHFA)</p> <p>The AHFA and all supporting documents will be submitted on a compact disc, organized and formatted according to the index specified in the AHFA.</p>	✓	
<p>Appraisal (New Construction Only)</p> <p>The application will include an as-is appraisal for all development site(s) represented in the application. Appraisals must meet OHFA's standards and requirements as outlined in the most current policies.</p>	✓	
<p>Capital Needs Assessment and Scope of Work</p> <p>Applications for the rehabilitation of existing housing units and adaptive reuse of buildings not originally constructed as housing must submit a Capital Needs Assessment and Scope of Work for all buildings represented in the proposal. The assessment must conform to the standards outlined in the OHFA Capital Needs Assessment Standards. OHFA will use this assessment to determine whether the costs indicated in the proposal application are appropriate to the level of rehabilitation required.</p>	✓	
<p>Design and Construction Features Agreement</p> <p>The application must include a Design and Construction Features Agreement. A copy of the Design and Construction Features Agreement must be submitted as an attachment to preliminary plans. The Design and Construction Features Agreement will be made available on the OHFA website.</p>	✓	
<p>Extended Use Agreement</p> <p>All housing tax credit developments must commit to an extended use period of a minimum of 30 years of affordability at the time of application. If an allocation of housing tax credits is awarded, the owner must file a Restrictive Covenant (provided by OHFA) which waives the right of the owner to petition OHFA to have the extended use period terminated (as described in Section 42 of the IRC).</p>	✓	
<p>Multifamily Bond Financing Information</p> <p>The application will include a letter detailing the bond financing structure and the underwriter's commitment and terms as well as a calendar outlining anticipated actions and responsible parties for closing the transaction.</p>	✓	
<p>Preliminary Architectural Plans</p> <p>The application will include preliminary architectural plans meeting all requirements outlined in the Design Requirements section of the allocation plan. All preliminary architectural plans will be reviewed for approval by OHFA's staff architect.</p>	✓	

<p>Public Notification</p> <p>The proposal application will include evidence that the public notification process for local elected officials was completed.</p> <p>The applicant must notify, in writing, certain officials from:</p> <ul style="list-style-type: none"> a. The political jurisdictions in which the development will be located; and b. Any political jurisdiction whose boundaries are located within one-half mile radius of the development's location. <p>The officials to be notified include:</p> <ul style="list-style-type: none"> a. The chief executive officer and the clerk of the legislative body for any city or village (i.e. mayor and clerk of council); b. The clerk of the board of trustees for any township; c. The clerk of the board of commissioners for any county; d. State Representative(s); e. State Senator(s). <p>The applicant will use the OHFA letter template 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 proposal application.</p> <p>Scattered-site developments must complete the public notification process for all sites represented in the proposal application. If awarded an allocation of housing tax credits, this requirement must be completed again for all sites represented in the final application prior to construction completion.</p> <p>Applicants are encouraged to contact the appropriate local government officials prior to submitting an application to inform these parties of details concerning the housing proposal.</p>	<p>✓</p>	
<p>Related Party Transaction Questionnaire</p> <p>The application will include the Related Party Transaction Questionnaire for any transactions between related parties.</p>	<p>✓</p>	
<p>Scoring Workbook</p> <p>The application will include a complete Scoring Workbook, in the format specified by OHFA. Proposal applications that do not include a Scoring Workbook at the time of application cannot be scored.</p>	<p>✓</p>	

Final Application Requirements

FINAL APPLICATION REQUIREMENTS	Applicable Programs	
	Bond Gap Financing	Housing Development Gap Financing
<p>Final Application Fee Applicants to the Bond Gap Financing program must submit a final application fee of \$2000. Applicants to the Housing Development Gap Financing program must submit a final application fee of \$500.</p>	✓	✓
<p>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</p>	✓	✓
<p>Complete Affordable Housing Funding Application (AHFA)/Gap Financing Application (GFA) The AHFA/GFA and all supporting documents will be submitted on a compact disc, organized and formatted according to the index specified in the Applications.</p>	✓	✓
<p>Changes from Proposal/Pre-Application Any substantive changes made to the development represented in the proposal or pre-application must be disclosed to OHFA with submission of the final application. Substantive changes may include, but are not limited to, changes in ownership or development team, design, construction or configuration, site(s) (with an exception for scattered- site developments), targeted populations including special needs populations, and any items affecting competitive scoring. Such changes may be permitted only at the discretion of the Director of Planning, Preservation and Development.</p>	✓	✓
<p>Affirmative Fair Housing Marketing Plan The application will include an Affirmative Fair Housing Marketing Plan consistent with the most current policies of the OHFA Office of Program Compliance. Applicants that own a property with project based Section 8, HUD Section 236 or USDA contracts may submit a current and approved Affirmative Fair Housing Marketing Plan to satisfy the requirement. If the plan's current approval date is within six (6) months of expiration, the applicant must submit the current plan with supporting documentation demonstrating that an updated plan needs or does not need renewal by HUD, USDA and OHFA. If an approved plan is not already in place, the final application will include a complete an Affirmative Fair Housing Marketing Plan and OHFA Form PC-E45, consistent with the most current policies of the OHFA Office of Program Compliance. The form will include a description of the outreach, marketing and advertising methods used to affirmatively market the development. A separate plan is required for each census tract in which the development is located. HUD, USDA and the OHFA Office of Program Compliance require that the Affirmative Fair Housing Marketing Plan be reviewed every five (5) years. Applicants may contact the OHFA Office of Program Compliance with questions regarding the Affirmative Fair Housing Marketing Plan.</p>	✓	✓
<p>Conditional Financial Commitments All non-OHFA sources of debt and equity, including any project-based rental subsidies, must be evidenced by a conditional commitment letter or acceptable documentation in lieu of a commitment at final application. Any debt or grant funds that will be a part of the development's financing must have a conditional commitment letter indicating the following:</p> <ol style="list-style-type: none"> 1. Loan or grant amount. 2. Loan term and amortization. 3. Interest rate. 4. Fees associated with the loan or grant. 5. Reserve requirements. 6. Lien position of the loan. 7. Acknowledgement by the lender or allocating entity that the project seeking financial support has received at least a preliminary review and meets the requirements of the lender or funders, conditional upon a final underwrite. <p>If a loan or grant has been applied for or will be applied for from a competitive source (e.g., city HOME funds, Federal Home Loan Bank), the required letter (see items 1-7 above) must acknowledge funds have been applied for or verify that a funding round is approaching. The letter should detail the amount of funds requested and the timing for funding decisions. Applicants must identify an alternative plan to fill the funding gap if unsuccessful in any non-OHFA competitive funding program. If an existing loan will be assumed or restructured, provide supporting documentation detailing the terms and conditions of any assumed or restructured debt, including the current outstanding balance.</p>	✓	✓

<p>Appraisal</p> <p>For BGF projects that include rehabilitation and HDGF, the application will include an as-is appraisal for all development site(s) represented in the application. Appraisals must conform to OHFA's appraisal standards and requirements.</p>	✓	✓
<p>Phase I Environmental Assessment</p> <p>The application will include a Phase I ESA for all sites included in the development. 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 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 housing tax credits.</p>	✓	✓
<p>Relocation Plan and Forms (Existing Rental Units Only)</p> <p>Any development involving acquisition and rehabilitation of existing and occupied units that will result in permanent displacement of any residents will submit a complete Acquisition, Relocation and Demolition Questionnaire and Relocation Assistance Plan forms at final application.</p> <p>If a development will result in resident relocation during the construction period, the final application will include a narrative detailing the tenant relocation plan or strategy. The narrative will address the method(s) for relocating residents, provide a breakdown of any associated costs, and identify if tenants will be permanently displaced.</p>	✓	✓
<p>Authorization to Release Tax Information</p> <p>The application must include the Authorization to Release Tax Information Form for all members of the general or limited partnership. OHFA will use this information to determine if an organization with an ownership interest in the development has outstanding tax liens with the State of Ohio.</p>	✓	✓
<p>Federal Tax Identification Number</p> <p>The application will include evidence that a Federal Tax Identification Number (FTIN) has been obtained for the ownership entity.</p>	✓	✓
<p>Board Resolution Authorizing Application for Housing Development Assistance Program Resources</p>	✓	✓
<p>Non-Profit Articles of Incorporation, Including evidence of 501(c)3 or (c)4 Status</p>	✓	✓
<p>Audited Financial Statements (Existing Units Only)</p> <p>The application will include audited financial statements for the project.</p>	✓	✓
<p>Community Outreach Plan and Documentation</p> <p>The application will include a community outreach plan describing a planned strategy for providing notification to residents, businesses, local elected officials, police and fire departments, community development corporations, non-profit community organizations and other community stakeholders of the proposed housing development. The planned strategy should involve posting of notices in libraries or other public spaces where residents or potential residents may frequent. Public meetings, design charrettes and notices in local papers and/or social media are more acceptable methods to provide notice to the community.</p> <p>The application will include documentation and evidence that the planned outreach strategy has been completed prior to submission of the application. The applicant will provide copies of written notices placed or published, materials, including any sign-in sheets from any public meetings, and support or opposition letters from community groups or contacts established through the outreach process.</p> <p>Note: If the community outreach strategy was planned and carried out prior to submission of the proposal application, the applicant must conduct an additional public meeting between proposal and final application and provide evidence that this meeting occurred at final application.</p>	✓	✓

<p>Public Notification</p> <p>The proposal application will include evidence that the public notification process for local elected officials was completed.</p> <p>The applicant must notify, in writing, certain officials from:</p> <ol style="list-style-type: none"> The political jurisdictions in which the development will be located; and Any political jurisdiction whose boundaries are located within one-half mile radius of the development's location. <p>The officials to be notified include:</p> <ol style="list-style-type: none"> 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). <p>The applicant will use the OHFA letter template 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 proposal application.</p> <p>Scattered-site developments must complete the public notification process for all sites represented in the proposal application. If awarded an allocation of housing tax credits, this requirement must be completed again for all sites represented in the final application prior to construction completion.</p> <p>Applicants are encouraged to contact the appropriate local government officials prior to submitting an application to inform these parties of details concerning the housing proposal.</p>		✓
<p>Capital Needs Assessment and Scope of Work</p> <p>Applications for the rehabilitation of existing housing units and adaptive reuse of buildings not originally constructed as housing must submit a Capital Needs Assessment and Scope of Work for all buildings represented in the proposal. The assessment must conform to the standards outlined in the OHFA Capital Needs Assessment Standards. OHFA will use this assessment to determine whether the costs indicated in the proposal application are appropriate to the level of rehabilitation required.</p>		✓
<p>Eighty Percent Plans and Specifications</p> <p>The application will include one set of 11x17 drawings including Civil, Landscape, Architectural, Mechanical, Electrical and Plumbing specifications. Plans must be certified by the development architect to be 80 percent complete or better, and meet all requirements outlined in the Design Requirements section of these guidelines or the Qualified Allocation Plan (for applicants seeking housing credits). All architectural plans will be reviewed for approval by OHFA's staff architect.</p>	✓	✓
<p>Design and Construction Features Agreement</p> <p>The application must include a fully executed Design and Construction Features Agreement. A copy of the Design and Construction Features Agreement must be submitted as an attachment to 80 percent plans. The Design and Construction Features Agreement will be made available on the OHFA website.</p>	✓	✓
<p>Notification to Statewide Accessibility Groups (New Units Only)</p> <p>Applicants proposing new construction must notify the applicable statewide accessibility group prior to final application that accessible housing is being proposed. Applicants must further agree to accept referrals for prospective residents, and consider design recommendations for the property. Copies of correspondence between the applicant and accessibility group will be submitted to show compliance with the foregoing requirements. A list of statewide accessibility groups will be made available on the OHFA website.</p>	✓	✓
<p>Third Party Cost Estimate</p> <p>Itemized cost estimates from an unrelated third party are required to substantiate the construction costs in the development budget. To be an unrelated third party, there can be no identity of interest between the organization providing the qualified cost estimates and any organization with an ownership interest, including the developer, the general contractor, any member of the development team, their subsidiaries or affiliates (the project architect may submit the estimate). Estimates must also indicate the status of the design process (i.e. preliminary drawings, working drawings with outline specifications, full-scale drawings and specifications, etc.).</p> <p>The unrelated third party must indicate which standards/codes were used in developing the cost estimates.</p> <p>The unrelated third party must submit a signed statement certifying that the cost estimates for any rehabilitation work being done are sufficient to meet the Ohio Department of Development's Residential Rehab Standards (RRS).</p> <p>If any member of the development team or ownership has an identity of interest with the entity providing the qualified cost estimate, the identity of interest relationship must be disclosed.</p>	✓	✓

<p>Green Standards Evidence from Enterprise Green Communities of approval to proceed. Final Enterprise Green Communities Certification, LEED or NGBS will be required upon completion of any project involving new construction.</p>	✓	✓
<p>Good Cause Lease Addendum The application will include a written statement from the owner certifying that the Good Cause Lease Addendum will be included in all new leases and upon renewal of existing leases for all residents. The Good Cause Lease Addendum will be made available on the OHFA website. Developments that will include project-based rental assistance from a federal agency are exempt from this requirement.</p>	✓	✓
<p>Legal Description(s) The application will include a legal description of each parcel that will be included in the development must be submitted at application in Word format. The description(s) must include the street address and permanent parcel number of each parcel.</p>	✓	✓
<p>Ohio Housing Locator The application will include a written statement from the owner certifying that developments financed with assistance from OHFA will be listed with the Ohio Housing Locator, as soon as the units are placed in service. It will be the responsibility of the owner and/or property manager to update listings at least on an annual basis.</p>	✓	✓
<p>Market Study For BGF projects involving rehabilitation, the final application will include a market study conducted by an OHFA-approved market study professional updated or approved within 12 months of the application submission date. Applicants should refer to the OHFA Market Study Standards for additional requirements, and to the program calendar for applicable deadlines.</p>	✓	
<p>Subsidy Layering Review Information If a Public Housing Authority requests that OHFA complete a Subsidy Layering Review (SLR) for a development including new project-based vouchers or a Housing Assistance Payment Contract, the final application for housing tax credits will include all necessary application materials, documents and fees required for an SLR, submitted on a separate disk. Applicants may refer to the OHFA SLR guidelines and Federal Register Notices Vol. 70 No. 187, and Vol. 75 No. 131 for additional guidance.</p>	Where Applicable	

Bond Gap Financing Program Guidelines

The Bond Gap Financing program provides financing assistance to developments utilizing multifamily bonds in conjunction with non-competitive (4%) housing tax credits to carry out moderate-scale rehabilitation or to construct new affordable housing serving low- and moderate-income households.

Approximately \$5-8 million in Ohio Housing Trust Fund (OHTF) dollars will be made available through two funding rounds in the 2016 program year to support successful Bond Gap Financing developments.

Developments assisted through the Bond Gap Financing program are subject to the requirements of the Housing Tax Credit program, as established in Section 42 of the Internal Revenue Code (IRC), and further specified in the most current Qualified Allocation Plan, Multifamily Bond program guidelines, and underwriting policies of the Agency.

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. 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.

To comply with all applicable requirements, OHFA recommends that applicant consult the following related documents for their proper interpretation:

- 2016-2017 Qualified Allocation Plan
- 2016-2017 Multifamily Underwriting Guidelines
- Multifamily Bond Program Guidelines (OHFA -issued bonds only)
- Housing Development Loan Program Guidelines
- Multifamily Lending Program Guidelines
- Residential Rehabilitation Standards – Office of Community Development, Ohio Development Services Agency
- Market Study Standards
- Capital Needs Assessment Standards and Effective Useful Life Schedule
- 2016 Appraisal Requirements

Funding Limits

OHFA will provide funding up to a maximum of \$1 million per project. Unless otherwise noted or approved by staff, developers and owners will be limited to one award per program year. Developers and applicants who have successfully worked with OHFA in utilizing the 4% credits and HDAP may receive more than one award of HDAP, but the total award to any one developer/applicant may not exceed \$1 million.

Additional Rent Limits

All developments will commit to one of the following selections, based on the location of the proposed project:

- HUD Participating Jurisdiction: A minimum of 40 percent of the affordable units must be affordable to households with incomes at or below 50 percent of the area median income (AMI)
- Non-HUD Participating Jurisdiction: A minimum of 35 percent of the affordable units must be affordable to households with incomes at or below 50 percent of AMI

Eligible Uses of Bond Gap Financing

HDAP resources may only be applied in the development budget toward non-related party acquisition, hard costs associated with new construction or rehabilitation, and developer fees associated with the proposed development. If market rate housing and/or commercial spaces are involved in the proposed development, costs associated with creating the market rate housing and/or commercial spaces cannot be paid using HDAP funds. Development budget line items that can be paid for using HDAP funds include:

- Acquisition of land and/or building(s) (from unrelated parties only);
- Demolition (not applicable for Preservation projects);
- On-site improvements;
- Construction and/or renovation costs including construction fee items, construction contingency, and contractor overhead and profit (excluding costs associated with construction of commercial property);
- Furnishings and appliances;
- Architectural and engineering fees;
- Developer fees, including consultant fees and any construction management fees paid to the developer; or
- Legal fees.

Other development budget expenses must be covered by sources of financing other than HDAP.

NOTE: OHFA may, on a case-by-case basis, allow for HDAP funds, to be used to reimburse the applicant/project for land and/or buildings purchased prior to the execution of the HDAP funding agreement. The applicant should work with OHFA prior to submission of their application to discuss possible use of HDAP to reimburse acquisition costs. Projects awarded HOME funds may not use the award to reimburse the applicant/project for acquisition costs.

Bond Gap Financing cannot be used to assist projects that:

- Rehab projects that show a total development cost per unit of \$130,000 or more, excluding assumed unrelated debt (existing units only). OHFA will allow exceptions to this requirement for projects requiring a more significant level of rehab but will require that the development achieve Enterprise Green Communities certification or a minimum equivalent (LEED or NGBS Silver).
 - OHFA reserves the right to evaluate the total development cost per unit for appropriateness on projects involving new construction.
- Have received a previous award of HDAP resources, without OHFA's prior approval;
- Involve new construction or rehabilitation of Single-Room Occupancy (SRO) housing;
- Must be licensed to allow for residents to occupy the development;
- Local zoning codes define the unit(s) proposed to be developed as a group home;
- Are identified as hospitals, nursing homes, sanitariums, life care facilities, retirement homes (if providing significant services other than housing are mandatory for residents), employer housing, mobile homes and student housing.

Eligible Applicants

Eligible applicants will include private for-profit housing developers, not-for-profit 501(c)(3) and 501(c)(4) organizations, and public housing authorities proposing to create new affordable rental housing opportunities, or preserve existing affordable housing. Applicants, including the sponsoring organization and its members, must have experience with housing tax credit development and have placed in service at least one housing tax credit development. Exceptions may be considered by OHFA on a case-by-case basis.

Regardless of the funding source, to be eligible for funding, religious organizations and their subsidiaries/affiliates must meet the provisions in 24 CFR Part 92.257.

In the Bond Gap Financing program, OHFA is especially interested in partnering with developers and owners with experience in successfully completing 4 percent housing tax credits, multifamily bond and Ohio Housing Trust Fund developments and/or demonstrate an ability to proceed in a timeframe consistent with the requirements of applicable federal and state regulations.

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

Ineligible Applicants

Ineligible applicants will include local governments and new developers and owners who have not placed in service at least one housing tax credit development in any state.

Developers/owners with an HDAP project that is under construction and have been awarded an extension of their funding agreement, or any applicant submitting a project that has a prior HDAP award may not apply for another HDAP award without prior approval from OHFA. Developers/applicants must provide compelling reasons why OHFA should award funds under these circumstances.

Awards

HDAP awards are structured as 30 year loans. Interest rates can vary up to two percent repayments are based on the projects ability to cash flow. OHFA will consider grants only to projects with non-profits ownership entities (100 percent general partner/managing members). Applicants may request a grant but the final determination will be made by OHFA.

Bond Gap Financing Program Application Review Process

1. Exceptions to Program Requirements

Requests for exceptions to program requirements may be considered on a limited basis by OHFA. Applicants seeking a waiver from program requirements will submit the Exception Request Form and supporting documentation by the deadline shown in the program calendar. The Exception Request form is available on the OHFA website and must be submitted via email to ExceptionsPPD@ohiohome.org. OHFA will review all requests and issue decisions within two weeks of the proposal application deadline.

2. Proposal Application Submission

All proposal applications for the 2016 Bond Gap Financing Program must be submitted to the Ohio Housing Finance Agency no later than 5:00pm on the dates listed in the program calendar. OHFA will assess a non-refundable fee in the amount of \$1000 for the proposal application. Fees must be submitted with the proposal application.

3. Competitive Review

Upon receipt of all proposal applications, each will be assigned to an Analyst who is responsible for the application review. The competitive review process for Bond Gap Financing proposal applications involves the evaluation of all aspects of a project, including without limitation, market quality, affordability, impact on the targeted populations or surrounding community and the experience and capacity of the applicant. The applicant will be notified of any questions arising as a result of the review process and given two weeks to clarify these issues from the date of notification. All proposals, without exception, must score a minimum of 50 points for consideration of an award.

4. Preliminary Financial Analysis

All proposal applications will be reviewed for financial feasibility in accordance with the most current underwriting guidelines of the Agency. The amount of funding requested will be evaluated to determine the minimum amount of funds necessary to complete the actual development of the proposed project, considering all other committed sources. The applicant will be notified of any deficiencies during the review process and given two weeks to correct these issues from the date of notification.

5. Threshold Review

The assigned Analyst will finally complete a full threshold review of the application for all projects that are competitive and considered for an award of Bond Gap Financing. The threshold review assures that projects comply with applicable requirements and demonstrate an ability to proceed. Applications that do not meet threshold requirements will have two weeks following notification of any deficiencies to correct these issues. If deficiencies are not resolved in this timeframe, the project will be removed from any further consideration.

6. Pre-Award Site Visit

OHFA may conduct a site review to evaluate and determine the suitability of a prospective site for the proposed use. If a site is deemed unsuitable based on the site review, the application will be removed from further consideration.

Up to two representatives of the applicant who are familiar with the proposal application are encouraged to accompany OHFA staff to answer any questions. 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.

For projects involving rehabilitation of existing units, OHFA staff will be required to visit individual units for the purpose of evaluating the current physical condition of a property. At least one representative of the applicant must participate. Any necessary tenant notifications should be issued prior to the site visit.

7. Announcement of Bond Gap Financing Awards Round I

Once competitive, underwriting and threshold reviews are complete; OHFA will announce award recipients on its website. Successful applicants will also be notified by phone and/or in writing. At this time, the applicant may schedule a meeting with the assigned Analyst and Operations Manager to discuss and plan 'next steps' prior to submitting the final application.

8. Final Application Submission

A final and complete application will be submitted by the deadline shown in the program calendar including all supporting documentation and attachments. Any changes made to the project after the announcement of awards must be approved by OHFA prior to submitting the final application. OHFA reserves the right to remove any applications that are incomplete or inconsistent from further consideration. OHFA will assess a non-refundable fee in the amount of \$2000 for the final application. Fees must be included with the application. If, after the final application has been received, subsequent substantive changes require submission of a new AHFA, OHFA reserves the right to assess an additional application fee in the amount of \$2000.

9. Announcement of Funding Availability for Round II

On or before January 3, 2017, OHFA will issue a funding opportunity announcement for any resources to be made available in a second round of Bond Gap Financing. Applicants should refer to these guidelines and/or any amendments to these guidelines in submitting an application in a second round.

10. Application Submission

All applications to the second round of the Bond Gap Financing Program will be considered final and must be submitted to the Ohio Housing Finance Agency no later than 5:00 p.m. on the dates listed in the program calendar. OHFA will assess a non-refundable fee in the amount of \$3,000 for such applications. Fees must be included with the application.

OHFA defines an application in the second round of Bond Gap Financing as one that is complete, including all supporting documentation required for both the proposal and final application stages. Applicants may refer to the chart of proposal and final application requirements for further guidance. If, after the final application has been received, subsequent substantive changes require submission of a new AHFA, OHFA reserves the right to assess an additional application fee in the amount of \$2000.

11. Competitive Review

Upon receipt of all applications, each will be assigned to an Analyst who is responsible for the application review. The competitive review process for Bond Gap Financing applications involves the evaluation of all aspects of a project, including without limitation, market quality, affordability, impact on the targeted populations or surrounding community and the experience and capacity of the applicant. The applicant will be notified of any questions arising as a result of the review process and given two weeks to clarify these issues from the date of notification. All proposals must score a minimum of 50 points for consideration of an award.

12. Preliminary Financial Analysis

All applications will be reviewed for financial feasibility in accordance with the most current underwriting guidelines of the Agency. The amount of funding requested will be evaluated to determine the minimum amount of funds necessary to complete the actual development of the proposed project, considering all other committed sources. There will be no cure period for any significant deficiencies including but not limited to negative cash flow, financing gaps, or budgets that do not accurately reflect the scope of the proposed rehabilitation

13. Threshold Review

The assigned Analyst will finally complete a full threshold review of the application for all projects that are competitive and considered for an award of Bond Gap Financing. The threshold review assures that projects comply with applicable requirements and demonstrate an ability to proceed. Final applications competing in the second round of Bond Gap Financing that do not meet threshold requirements will be removed from further consideration. There will be no cure period for any

observed deficiencies including without limitation, missing or substantially incomplete information related to site control, zoning, public notification requirements, any third party reports or assessments, or conditional financial commitments.

14. Pre-Award Site Visit

OHFA may conduct a site review to evaluate and determine the suitability of a prospective site for the proposed use. If a site is deemed unsuitable based on the site review, the application will be removed from further consideration.

Up to two representatives of the applicant who are familiar with the proposal application are encouraged to accompany OHFA staff to answer any questions. 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.

For projects involving rehabilitation of existing units, OHFA staff will be required to visit individual units for the purpose of evaluating the current physical condition of a property. At least one representative of the applicant must participate. Any necessary tenant notifications should be issued prior to the site visit.

15. Announcement of Bond Gap Financing Awards (Round II)

Once competitive, underwriting and threshold reviews are complete; OHFA will announce award recipients on its website. Successful applicants will also be notified by phone and/or in writing. At this time, OHFA may require a meeting with the assigned Analyst and Operations Manager to discuss the project.

Bond Gap Financing Program Competitive Scoring Criteria

Projects will be selected based on the competitive criteria outlined in this section. There are two rounds of funding, with submissions accepted in July 2016 and March 2017. Priorities for each funding round are specified below.

Applicants must submit the scoring workbook and proper evidence for all competitive criteria that apply. If the proposed development is awarded an allocation of resources, applicants will be held to all commitments represented in the proposal application.

Points for each criterion will be awarded at the discretion of the Agency. For applications including multiple or scattered sites, all sites must meet competitive criteria to earn points. Up to 100 points are available. An application that does not achieve a minimum score of 50 points will not be considered for an award of resources under any circumstance.

Round I Policy Priorities:

1. Preservation of Affordable Housing

OHFA will prioritize developments that preserve existing units of affordable housing at risk of no longer being affordable.

2. New Affordable Housing Units in Areas Targeted for Revitalization

OHFA will prioritize at least one new affordable housing development in an area targeted for revitalization.

3. New Affordable Housing Units in Areas of Moderate to High Opportunity

OHFA will prioritize at least one new affordable housing development located in a census tract meeting the Agency's definition of a moderate to high opportunity area.

4. New Affordable Housing Units Serving Populations Defined in the Interagency Council on Homelessness and Affordable Housing Permanent Supportive Housing Policy Framework.

Round II Policy Priorities:

Preservation of Affordable Housing

OHFA will only accept developments that preserve existing units of affordable housing.

Competitive Criteria for Preservation of Affordable Housing

Preservation Priorities

OHFA will prioritize developments that preserve existing units of affordable housing at risk of no longer being affordable. Proposals showing one or more of the following three risk factors will receive up to 45 points.

- Affordable Rent Advantage:** Developments that have an affordable rent advantage will be confirmed by reference to a market study submitted at proposal application and meeting all OHFA requirements. OHFA will rely on the market analyst's estimation of achievable market rents as compared to achievable restricted rents to determine the affordable rent advantage. To quantify affordable rent advantage, the market study will calculate and identify the following:

$$\text{Affordable Rent Advantage} = [1 - (\text{achievable tax credit rents} \div \text{achievable market rents})] * 100$$

Points Available

Affordable Rent Advantage

15	Developments with a minimum 15 percent affordable rent advantage for each bedroom size in the primary market area.
10	Developments with a minimum 10 percent affordable rent advantage for each bedroom size in the primary market area.
8	Developments with a minimum 5 percent affordable rent advantage for each bedroom size in the primary market area.

- 2. Risk of Loss Due to Expiring Use Restrictions:** Developments with a use restriction that allows the owner to pre-pay current financing or opt-out of use-restrictions will be considered under this category.

Applicants will provide evidence of the expired or expiring use restrictions, current financing and/or any contracts associated with the property.

Points Available

Risk of Loss Due to Expiring Use Restrictions

15	Non-housing tax credit developments with use restrictions that have expired or will expire in less than three years or 36 months.
10	Non-housing tax credit developments with expiring use restrictions that allow the owner to exercise the option to convert to market rate housing in 3-5 years
8	Non-housing tax credit developments with expiring use restrictions that allow the owner to exercise the option to convert to market rate housing in 5-7 years, or Existing housing tax credit developments that are eligible to exercise their option to file for a qualified contract and have a physical vacancy rate of five percent or less.

- 3. Developments that have been maintained through good management:** Developments that have been maintained through good management but contain components that are past their effective useful life may show need for repair to or replacement of the following components: structural integrity, building envelope, roof and site drainage, plumbing and sanitation systems, mechanical systems, electrical systems, elevators and parking surfaces. Applicant must have owned the propose development for a minimum of 10 years. Applicants may seek points for priority '3' or '4' but not both.

Points Available

Developments That Have Been Maintained Through Good Management

15	Fifteen points will be awarded to applicants who submit a narrative describing the management history of the property, the components that need replacing, and a history of the use of the project's replacement reserves. The proposed development will not have undergone substantial rehabilitation in the last 20 years.
12	Twelve points will be awarded to applicants who submit a narrative describing the management history of the property, the components that need replacing, and a history of the use of the project's replacement reserves. The proposed development will not have undergone substantial rehabilitation in the last 15 years.

- 4. Troubled assets that have been or will be acquired for the purpose of rehabilitation:** Developments that have been purchased in the past 5 years, or are currently in contract, for the purpose of rehabilitation will be considered for points under this criterion. OHFA may consider projects that were purchased more than 5 years ago, provided the applicant can demonstrate efforts to secure financing for the project. Applicants may seek points for priority '3' or '4' but not both.

Points Available

Developments That Have Been Acquired for the Purpose of Rehab

15	Fifteen points will be awarded to applicants who submit a narrative describing the management history of the property, the components that need replacing, a history of the use of the project's replacement reserves (if available), and why the project is considered a troubled asset. The proposed development will not have undergone substantial rehabilitation in the last 20 years.
12	Twelve points will be awarded to applicants who submit a narrative describing the management history of the property, the components that need replacing, a history of the use of the project's replacement reserves (if available), and why the project is considered a troubled asset. The proposed development will not have undergone substantial rehabilitation in the last 15 years.

Financial Characteristics

OHFA will prioritize developments that demonstrate an efficient use of HDAP and with costs conducive to a moderate rehabilitation scale. Points will be awarded to developments meeting the following criteria.

Points Available HDAP Per Unit

Points Available	HDAP Per Unit
20	Developments requesting \$8,000 or less in HDAP per unit
15	Developments requesting \$8,001-10,000 in HDAP per unit
10	Developments requesting \$10,001 or more in HDAP per unit, but less than \$13,000

Rental Subsidy

OHFA will prioritize developments encumbered by a project based rental subsidy funded by a federal or state entity. The applicant will submit proof of the commitment for project-based rental subsidy at proposal application.

Points Available	Rental Subsidy
15	Developments in which 85 - 100 percent of the affordable units have project-based rental subsidy, or preserve at least 100 units
12	Developments in which 75-84 percent of the affordable units have project-based rental subsidy, or preserve at least 50 units
10	Developments in which at least 50 percent of the affordable units have project-based rental subsidy, or preserve at least 30 units

Location Based Characteristics

OHFA will prioritize developments located in one or more of the following geographies. Up to 20 points may be earned under this category.

Points Available	Location Based Characteristics
5	Developments located in a county showing new stable job growth between January 2009 and December 2013, defined by reference to the 2016 Ohio Housing Needs Assessment. A list and map of eligible counties is available on the OHFA website. Applicants will submit a screen capture from the OHFA Policy Map scoring tool to evidence eligibility for this criterion at proposal application.
5	Developments located in an area of moderate to high opportunity, defined by reference to the OHFA Opportunity Index. Applicants will submit a screen capture from the OHFA Policy Map scoring tool to evidence eligibility for this criterion at proposal application.
5	Developments located in areas that are part of a revitalization or economic development plan. Applicants will provide evidence of the plan or strategy, which may be a link or reference to the guiding document and a narrative detailing the revitalization strategy and describing any planned or committed investments in the area targeted by the plan.

5 Developments located in one of the 32 Appalachian counties, as designated in the Appalachian Regional Development Act of 1965. Applicants will submit evidence that the development is located in an eligible county.

5 Developments located within a half mile of a public transit stop or facility offering service at regular frequencies (at least three trips per weekday) to local or regional destinations. Applicants will submit documentation showing the distance to the nearest stop and the route(s), service frequency, operating hours and associated costs for all public transit services.

5 Developments located in a non-urban county showing population growth between years 2010-2014, defined by reference to the 2016 Qualified Allocation Plan and Ohio Housing Needs Assessment. Applicants will submit a screen capture from the OHFA Policy Map scoring tool to evidence eligibility for this criterion at proposal application.

Strategic Initiatives and Tie-Breakers

1. OHFA will award Bond Gap Financing resources in a manner that promotes statewide geographic distribution. A set-aside for allocation to a minimum of **one proposal in a low population county and one proposal in a mid-sized county, as defined in the 2016-2017 Qualified Allocation Plan**, will be administered by OHFA. Proposals must achieve the minimum score of 50 points and be located in a HUD non- participating jurisdiction for consideration of this set-aside.

A low population county is defined as a county with a total population of less than 50,000. A mid-sized county is defined as a county with a total population of 50,000 or more, but less than 99,000. A map of eligible counties is presented in the 2016 Ohio Housing Needs Assessment available on the OHFA website.

2. Where additional tie-breakers are necessary, OHFA will observe the following (in order):
 - a. Developments that have scored the greatest number of points for locational characteristics.
 - b. Developments with the greatest number of affordable units.
 - c. Developments with the lowest HDAP per affordable unit request.
 - d. Developments in which the applicant and/or developer has demonstrated experience in developing housing using both 4% credits and HDAP funds.
 - e. Developments evidencing the ability to move forward quickly.

Competitive Criteria for New Affordable Housing

New Development Priorities

5 Points per Criteria

1. New Affordable Housing Units in Areas Targeted for Revitalization:

Developments that are located in areas targeted for revitalization will show support from the applicable unit of local government or neighborhood or community based organization(s) that serve or represent the community in which the project will be located, or the populations to be served.

Required Documentation: The applicant will submit a signed letter of support on letterhead from the applicable entity. If submitting a letter from a neighborhood or community based association, only one letter will be considered. The organization may not have an ownership interest in the proposed project.

2. New Affordable Housing Units in Areas of Moderate to High Opportunity:

Developments that are located in a census tract meeting OHFA's definition of moderate to high opportunity areas are a priority of the Agency.

Required Documentation: Applicants will submit evidence at proposal application showing the projects eligibility for the above referenced criteria, where applicable. A screen capture from the Opportunity Mapping Tool will be acceptable to OHFA.

3. New Affordable Housing Units Serving Populations Defined in the Interagency Council on Homelessness and Affordable Housing Permanent Supportive Housing Policy Framework:

Required Documentation: Developments that will serve vulnerable populations must submit a commitment for rental subsidy at proposal application covering the difference between 30 percent of the resident's income and the fair market rent for at least 50 percent of all units. Additionally, the majority general partner(s) must be a non-profit organization with experience developing, owning or managing supportive housing for the population to be served.

Financial Characteristics

1. **HDAP per Unit:** OHFA will prioritize developments that demonstrate an efficient use of HDAP. Up to 15 points will be awarded to developments meeting one of the following criteria.

Points Available	HDAP Per Unit
15	Developments requesting \$10,000 or less in HDAP per unit
12	Developments requesting \$10,001 - \$13,000 in HDAP per unit
10	Developments requesting at least \$13,001 but less than \$15,000 in HDAP per unit

2. **Local Financial Support:** OHFA will prioritize developments that demonstrate local or other financial support and that leverage additional resources. Up to 30 points will be awarded to developments meeting two or more of the following criteria.

Points Available	Local Financial Support
10	Developments evidencing commitment for a property tax abatement or payment in lieu of taxes resulting from improvements to a site, building or property through new construction or rehabilitation. When preparing the cash flow analysis, applicants must show the net benefit of any abated taxes for each year received to document eligibility for points.

- 10 Developments that will involve the redevelopment of land donated or sold at a nominal price for the purpose of housing development. An application showing acquisition costs for a site that is no more than 10 percent of appraised market value, meets the definition of nominal under this criterion.
- 10 Developments that leverage non-OHFA resources (excluding Multifamily Lending Program financing) in an amount of at least 10 percent of total development costs. Equity from the sale of housing tax credits, deferred developer fee, related party debt that must be repaid, bond proceeds and HDAP will not be considered. All other resources are considered eligible.
- 10 Developments for which the local government has waived processing, permit or impact fees related to the costs of development in an amount of at least \$10,000.

Income Targeting

OHFA will prioritize developments that serve households with special and underserved needs, including extremely low-income households and persons with disabilities.

1. **Extremely Low-Income Targeting:** 10 Points will be awarded to developments meeting the following criteria. Developments seeking consideration for New Development Priority "3" (listed above) will receive the maximum points available for under this category.

Points Available	Income Targeting
10	Developments in which a minimum of 10 percent of all affordable units will be occupied by and affordable to households at or below 30 percent of AMI.
8	Developments in which a minimum of 5 percent of all affordable units will be occupied by and affordable to households at or below 30 percent of AMI.
5	Developments in which a minimum of 5 units will be occupied by and affordable to households at or below 30 percent of AMI.

2. **Ohio Section 811:** 10 points will be awarded to developments meeting the following criteria. Developments seeking consideration for New Development Priority "3" will not be eligible for points for under this category.

Points Available	Ohio Section 811
10	Developments in which at least 25 percent of the affordable units seek Ohio Section 811 project-based rental subsidy. A viable application for Ohio Section 811 project-based rental subsidy will be submitted concurrent with proposal application. Where requirements cannot be achieved or delivery of the subsidy is found to be unfeasible, developments will be restructured to provide an additional five percent of units at or below 30 percent of AMI.

Land Uses

Proximity to Positive Land Uses

Up to 10 points may be awarded to proposals located in proximity to positive land uses and amenities.

Eligible amenities are specified in the table of approved amenities shown below.

Distances should be calculated as linear distances (as the crow flies) using Google Maps.

URBAN COUNTIES	<ul style="list-style-type: none"> • Ten points will be awarded to developments within a quarter-mile linear distance of at least three amenities, or a half-mile linear distance of at least six amenities • Nine points will be awarded to developments within a quarter-mile linear distance of at least two amenities, or a half-mile linear distance of at least four amenities • Six points will be awarded to developments within a quarter-mile linear distance of at least one amenity or a half-mile linear distance of at least three amenities
NON-URBAN COUNTIES	<ul style="list-style-type: none"> • Ten points will be awarded to developments within a one-mile linear distance of at least four amenities, or a two-mile linear distance of at least seven amenities • Nine points will be awarded to developments within a one-mile linear distance of at least three amenities, or a two-mile linear distance of at least six amenities • Six points will be awarded to developments within a one-mile linear distance of at least two amenities, or a two-mile linear distance of at least five amenities

Eligible positive land use amenities:

RETAIL	SERVICES	PUBLIC FACILITIES
<ul style="list-style-type: none"> • Clothing or department store • Farmer's market or community garden • Full service supermarket with fresh produce • Pharmacy • Restaurant, café or other service 	<ul style="list-style-type: none"> • Adult or senior care (licensed) • Child care • Hospital, medical clinic • Bank • Laundromat or dry cleaner 	<ul style="list-style-type: none"> • Community recreation center or park owned and maintained by local government • Cultural arts facility • Educational facility or college • Government office serving the public • School with any grades K-12 • Place of worship • Police or fire station • Public library • Senior center • Social services center • Transit stop or facility offering service at regular frequencies to local or regional destinations

Proximity to Detrimental Land Uses

OHFA will award 10 points to developments involving new construction where there is no detrimental land use immediately adjacent to the site of the proposed development. Detrimental land uses will be those deemed at OHFA's sole discretion and verified by completion of a site visit including without limitation, adjacent properties that are vacant and severely blighted or that present a health and safety concern.

Applicants may choose to include a narrative with their application explaining any plans or strategies to treat or address an adjacent nuisance, any adverse conditions or vacant and blighted properties nearby to the proposed site.

Strategic Initiatives and Tie-Breakers

Were additional tie-breakers are necessary, OHFA will observe the following (in order):

1. Developments with the greatest number of affordable units.
2. Developments in which the applicant and/or developer has demonstrated experience in developing housing using both 4% credits and HDAP funds.
3. Developments with the lowest HDAP per affordable unit request.
4. Developments evidencing the ability to move forward quickly.

Housing Development Gap Financing Guidelines

The Housing Development Gap Financing program provides financing assistance to smaller developments – those including 24 or fewer units. Eligible projects may involve the rehabilitation of existing housing or the creation of new units of affordable housing for households with low-incomes and/or special needs. Approximately \$2-4 million in Ohio Housing Trust Funds will be made available in the 2016 program year to support successful Housing Development Gap Financing developments.

Developments assisted through the Housing Development Gap Financing program are subject to OHFA's most current underwriting and design requirements

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. 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.

To comply with all applicable requirements, OHFA recommends that applicants consult the following related documents for their proper interpretation:

- 2016-2017 Multifamily Underwriting Guidelines
- Residential Rehabilitation Standards – Office of Community Development, Ohio Development Services Agency
- Market Study Standards
- Capital Needs Assessment Standards and Effective Useful Life Schedule
- 2016 Appraisal Requirements

A note to partners who utilized the former Capital Investments Program (CIP):

With the goal of improving the housing quality standard for housing serving persons with severe and persistent mental illness, OHFA will continue its partnership with the Ohio Department of Mental Health and Addiction Services (OhioMHAS) to address the immediate capital needs of existing units or new units mortgaged through OhioMHAS. OHFA resources will be made available to support such proposals through in the Housing Development Gap Financing program. Refer to page 56 of the Housing Development Gap Financing program guidelines for further instruction.

Funding Limits

OHFA will provide funding up to a maximum of:

- \$500,000 for all Housing Development Gap Financing developments

Unless otherwise noted or approved by staff, developers and owners will be limited to one award.

Additional Rent Restrictions

All developments will commit to one of the following selections, based on the location of the proposed project:

- HUD Participating Jurisdiction: A minimum of 40 percent of the affordable units must be affordable to households with incomes at or below 50 percent of AMI
- Non-HUD Participating Jurisdiction: A minimum of 35 percent of the affordable units must be affordable to households with incomes at or below 50 percent of AMI

Eligible Uses of HDAP Resources

HDAP resources may only be applied in the development budget toward non-related party acquisition, hard costs associated with new construction or rehabilitation, and developer fees associated with the proposed development. If market rate housing and/or commercial spaces are involved in the proposed development, costs associated with creating the market rate housing and/or commercial spaces cannot be paid using HDAP funds. Development budget line items that can be paid for using HDAP funds include:

- Acquisition of land and/or building(s) (from unrelated parties only);*
- Demolition (not applicable for Preservation projects);
- On-site improvements;
- Construction and/or renovation costs including construction fee items, construction contingency, and contractor overhead and profit (excluding costs associated with construction of commercial property);
- Furnishings and appliances;
- Architectural and engineering fees;
- Developer fees, including consultant fees and any construction management fees paid to the developer; or
- Legal fees.

Other development budget expenses must be covered by sources of financing other than HDAP.

NOTE: OHFA may, on a case-by-case basis, allow for HDAP/OHTF funds, to be used to reimburse the applicant/project for land and/or buildings purchased prior to the execution of the HDAP funding agreement. The applicant should work with OHFA prior to submission of their application to discuss possible use of HDAP to reimburse acquisition costs. Projects awarded HOME funds may not use the award to reimburse the applicant/project for acquisition costs.

Housing Development Gap Financing cannot be used to assist projects that:

- Include fewer than four units, local boards of mental health and/or developmental disabilities may request an exception to this requirement if the proposed development has a recommendation from the Ohio Department of Mental Health and Addiction Services or the Ohio Department of Developmental Disabilities
- Have an outstanding balance or that have received a previous award of Housing Development Assistance Program resources;
- Involve new construction or rehabilitation of Single-Room Occupancy (SRO) housing;
- Must be licensed to allow for residents to occupy the development; and/or
- Local zoning codes define the unit(s) proposed to be developed as a group home; and/or
- Are identified as hospitals, nursing homes, sanitariums, life care facilities, retirement homes (if providing significant services other than housing are mandatory for residents), employer housing, mobile homes and student housing;
- Include for sale homes.
- Require residents to occupy the unit with another person (roommate).

Eligible Applicants

Eligible applicants will include private for-profit housing developers, not-for-profit 501(c)(3) and 501(c)(4) organizations, and public housing authorities proposing to create new affordable rental housing opportunities, or preserve existing affordable housing.

In the Housing Development Gap Financing program, OHFA is interested in partnering with developers and owners with experience in successfully completing multifamily housing developments and/or demonstrate an ability to proceed in a timeframe consistent with the requirements of applicable federal and state regulations.

Applicants who will partner with a state agency specified under Strategic Initiatives (see page 56), may request an exception to the minimum unit count requirement specified in the Housing Development Gap program guidelines.

All applicants must have experience developing the type of housing proposed and working with any targeted populations.

Minimum Development Standards

Final Submissions Architectural Plans

Applicants must submit 80 percent complete permit sets at the time of final application. 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 include all site plans, dimensioned floor plans, elevations, wall sections, structure, finishes, details and mechanical plans. A copy of the final executed Design and Construction Features Agreement must be included in 80 percent plan sets. Additionally, each development must have dimensioned floor plans submitted in DXF or DWG AutoCAD R-14 format and an 11"x17" plan hard copy (dimensioned floor plans only).

Requests for exceptions to minimum development standards may only be submitted for the following requirements: (1) common area restrictions, (2) minimum unit size – new units only, (3) parking requirements, (4) single room occupancy, and (5) visitability. All requests for exceptions must be submitted to OHFA by the date indicated in the program calendar. The OHFA staff architect will review requests and make a recommendation to managers who will issue a final determination, also by the date indicated in the program calendar.

Bedroom Requirements

Requirements for bedrooms shall apply to all new construction and adaptive reuse developments.

OHFA will evaluate proposals including rehabilitation of existing units to ensure that bedrooms are large enough to provide adequate living space.

1. For a one-bedroom unit, the bedroom must be at least 120 square feet.
2. 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.
3. For a unit with three or more bedrooms, the third and fourth bedrooms must be at least 100 square feet.
4. 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. Such spaces include counseling spaces for adults and children, wellness areas, day care, etc. Spaces that would not be considered dedicated program space include libraries, fitness areas, computer rooms, common meeting space, etc. Existing rental housing units are exempt from this criterion. OHFA will consider exception requests for this requirement.

Additional Requirements for New Construction and Adaptive Reuse

1. 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.
2. Each bedroom must be at least seven feet in each direction, and contain a closet in addition to the minimum square footage.
3. Minimum unit sizes (residential living space) are as follows, inclusive of the above bedroom sizes.

Efficiency Units: Exceed 450 SF
1-Bedroom Units: Exceed 650 SF
2-Bedroom Units: Exceed 850 SF

3-Bedroom Units: Exceed 1,000 SF

4-Bedroom Units: Exceed 1,200 SF

4. OHFA will not fund developments that contain single-room occupancy units. OHFA will consider exception requests for this requirement for PSH projects.
5. Developments including new units must provide a bathroom or half bath on the main floor with clear floor space of 30 inches by 48 inches.
6. Proposals for PSH may contain one-bedroom units that are 540 square feet or larger. OHFA will also consider developments that meet HUD minimum property standards. Applicants may request consideration through the exception request process.
7. OHFA reserves the right to limit the size of units during the application review process.
8. 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.
9. New construction proposals must include new appliances.

Additional Requirements for Senior Housing Developments

1. 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.
2. Proposals for senior housing are required to have all buildings with only one story unless an elevator is provided.

Visitability

Requirements for visitability shall apply to all developments financed with OHFA resources.

1. 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.

2. Doors/Openings:

All doors and openings shall have a minimum net clear width of 32 inches.

3. Bathroom/Half Bath:

Provide a bathroom or half bath on the main floor with clear floor space of 30 inches by 48 inches.

If the applicant feels that some or all of the development's proposed buildings will be unable to meet the visitability requirements due to topography, other site/design limitations or existing unit conditions, the applicant must complete form PPD-E01 for Reconsideration of Visitability requirements by the date indicated in the program calendar. The OHFA staff architect will identify recommendations and/or make a determination as to whether one or more requirements should be waived.

Universal Design Requirements

OHFA values developing housing designed to be used by all. This concept is generally referred to as Universal Design. Universal Design is defined as, "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 for an award of funding must submit designs addressing the following principles and a narrative detailing the Universal Design features to be included in proposed development. The narrative, which is a component of the Design and Construction Features Agreement, should be accompanied by a list or matrix organized by room and functional area (such as hallway, stairway and general circulation). A template for the list and/or matrix will also be made available in the Design and Construction Features Agreement.

OHFA staff will work with each applicant to help achieve maximum application of Universal Design principles. Any features that will not comply with this policy must be disclosed in the Universal Design narrative at the time of application and will be reviewed by the OHFA staff architect. Applicants must receive design approval from OHFA before proceeding with the implementation of a proposal.

Principles of Universal Design:

1. Equitable Use:
The design does not disadvantage or stigmatize any group of users.
2. Flexibility in Use:
The design accommodates a wide range of individual preferences and abilities.
3. Simple, Intuitive Use:
Use of the design is easy to understand, regardless of the user's experience, knowledge, language skills or current concentration level.
4. Perceptible Information:
The design communicates necessary information effectively to the user, regardless of ambient conditions or the user's sensory abilities.
5. Tolerance for Error:
The design minimizes hazards and the adverse consequences of accidental or unintended actions.
6. Low Physical Effort:
The design can be used efficiently and comfortably and with a minimum of fatigue.
7. 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

Additional Requirements

Conformity to Fair Housing Requirements:

1. 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.
2. Units that are being rehabilitated shall be designed to incorporate all required features to the greatest extent possible, including visitability, Universal Design and green standards.
3. In a two or more story single family house or townhome, all floors must be designed in accordance with criteria three through seven, as identified below. To be clear, this means that all bathrooms, kitchens, hallways, doors, light switches, electrical outlets, thermostats and other environmental controls 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.
5. Light switches, electrical outlets, thermostats and other environmental controls must be in accessible locations. Light switches, electrical outlets, thermostats and other environmental controls must be in accessible locations.
6. Reinforced walls in bathrooms for later installation of grab bars.
Reinforcements in bathroom walls must be installed, so that grab bars can be added when needed.
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.

Application Review Process

1. Exceptions to Program Requirements

Requests for exceptions to program requirements may be considered on a limited basis by OHFA. Applicants seeking a waiver from program requirements will submit the Exception Request Form and supporting documentation with the pre-application. The Exception Request form is available on the OHFA website.

2. Pre-Application Submission

Applicants to the Housing Development Gap Financing program will submit a pre-application that meets all requirements specified in the program guidelines. Pre-applications will be mailed or delivered on or before the close of the selected application period.

An application fee of \$500 must be submitted with the pre-application. Subsequent submissions of the same project in the 2016 rounds will be assessed a fee of \$200. Applicants who are invited to submit a final application must submit an additional fee in an amount of \$500 with the final application.

This process is intended to minimize the amount of cost and documentation required to initially apply for funding, while enabling OHFA to evaluate the eligibility, capacity and characteristics of a proposed project.

The pre-application in Round I is designed for applicants with a commitment of Federal Home Loan Bank (FHLB) Affordable Housing Program (AHP) resources or projects that do not include this funding source. Round II is limited to applicants who were successful in receiving an award of AHP in its most recent funding cycle.

3. Competitive Review

The competitive review process for Housing Development Gap Financing pre-applications will involve the evaluation of limited aspects of a proposal, including without limitation, market quality, affordability, impact on the targeted populations or surrounding community, experience and capacity of the applicant and quality of the application submission.

Because minimal documentation is required at the pre-application phase, OHFA will not allow any pre-application deficiencies to be cured.

During the competitive review process, OHFA may request an informational interview with representatives of some or all proposals on a case-by-case basis. If partnering with another state agency for consideration under the scoring category strategic initiatives, the respective state agency will be invited to participate in any pre-application meetings.

4. Pre-Award Site Visit

OHFA may conduct a site review for all pre-applications to evaluate and determine the suitability of a prospective site for the proposed use. If a site is deemed unsuitable based on the site review, the application will be removed from further consideration.

Up to two (2) representatives of the applicant who are familiar with the proposal application are encouraged to accompany OHFA staff to answer any questions. 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.

For projects involving rehabilitation of existing units, OHFA staff will be required to visit individual units for the purpose of evaluating the current physical condition of a property. At least one representative of the applicant must participate. Any necessary tenant notifications should be issued prior to the site visit.

5. Announcement of Housing Development Gap Financing Awards

OHFA will notify those applicants invited to submit a final application at the close of each application window – June 30, July 31, August 31 and December 22, 2016. At this time, the applicant may schedule a meeting with the assigned Analyst and Operations Manager to discuss and plan 'next steps' prior to submitting the final application.

The time between announcement of an award and submission of the final application is an opportunity for applicants to request clarification, ask questions and access OHFA staff as they prepare a complete and organized final application that meets OHFA's requirements for funding.

Funds will not be reserved until an application meeting all OHFA requirements is submitted at the satisfaction of the Agency. OHFA reserves the right to remove any applications that are incomplete or inconsistent from further consideration.

6. Final Application Submission

A final and complete application will be submitted within three months of notification of an award and no later than March 3, 2017. Any changes made to the project after the announcement of awards must be approved by OHFA prior to submitting the final application.

Housing Development Gap Financing Program Competitive Scoring Criteria

Projects will be selected based on the competitive criteria outlined in this section.

Applicants must submit the required pre-application and proper evidence for all competitive criteria that apply in the prescribed form by the deadline indicated in the program calendar. Late and/or incomplete submittals will not be considered.

Proposals will be reviewed by a committee of Planning, Preservation and Development staff and referred to the Director of Planning, Preservation and Development for funding recommendations.

When evaluating pre-applications, OHFA staff will consider the needs of the project, the experience of the applicant and any associated risk in the project, including knowledge of OHFA programs as demonstrated in the pre-application, and the status of the proposal (how far along in the predevelopment stage).

During the pre-application review process, the OHFA review committee may request an informational interview with representatives of some or all proposals. Informational interviews will take place at OHFA with the last available meeting date occurring on October 4, 2016.

Pre-Application Criteria for Selection

Applications will be evaluated and developers selected based on the following criteria:

Applicant/Developer Experience and Capacity

The applicant will describe the history of the organization, including accomplishments with respect to past housing developments, programs and services provided to the community or neighborhood served and any planned or committed activities for the future.

- *Highest consideration will be given to development teams that have placed in service at least one affordable housing project that included local, state or federal funding in the past 5 years. In addition to the above referenced narrative, the applicant will provide copies of any documentation or reporting evidencing the closing of these resources.*

Site Control

The applicant will provide evidence that site control is maintained at the time of pre-application.

If the current owner is the applicant in the development, the proposal application will include copies of the executed and recorded deed(s) at the time of application.

If the current owner is not applicant in the development, then evidence of site control must be submitted.

Acceptable forms of site control include, but are not limited to, a purchase contract, a purchase option or a lease option for a minimum term of 35 years. At a minimum, site control must be valid throughout the month in which the application is submitted. It is important to note that the proposed site cannot change with the final application.

Financial Feasibility

The applicant will include an initial budget showing all sources and uses for construction and permanent financing.

If the project is existing, the applicant will outline the current rent structure and the income levels of the current residents.

Discuss any pre-development funding that is being provided to the project, including whether funds are in the form of a loan or grant, and the expenses and activities covered.

Finally, the operating budget must align with the rent levels, tenant income, physical design and property management needs that reflect the targeted tenant population.

If the development budget includes funding from a source that is not at least conditionally committed at final application, the applicant will detail at least one viable alternative to fill any gaps, including commitments for alternate sources.

- *Priority will be given to applicants that demonstrate an ability to proceed in a timeframe consistent with the requirements of the Ohio Housing Trust Fund.*
- *Highest consideration will be given to proposals with at least 10 percent of total financing sources conditionally committed at pre-application.*

Project Design

The applicant will describe the planned design of the proposed project including its compatibility with surrounding uses and/or the needs of the target population. If available, the applicant may include an architectural drawing or rendering.

If any aspects of the development will include energy-saving improvements, enhanced accessibility features, or other unique features, the applicant will describe those items or activities.

If the project is existing, the applicant will provide photographs of all structures at application. The Design and Construction Features Agreement Existing Units Narrative must further address the condition and history of maintenance on the property, including the use of any reserves.

Local Support

The applicant will describe any outreach conducted to neighborhood groups, grassroots organizations, local community development corporations, potential tenant populations, and local government officials to determine support, interest and/or opposition to the proposed development, as well as identify other proposed housing for the area.

The applicant may attach written comments received including support and/or opposition letters with respect to the proposed project.

Strategic Initiatives

OHFA will prioritize developments committing to serve populations with special and underserved needs and partnering with an eligible State of Ohio Agency. OHFA's goal is to provide funding for at least two proposals meeting one of the following strategic initiatives:

1. Projects with a new or existing mortgage through the Ohio Department of Mental Health and Addiction Services (OhioMHAS) and serving persons with severe and persistent mental illness.

The applicant must provide a letter from the respective state agency at pre-application indicating that the project seeking Housing Development Gap financing has a current mortgage or has received at least a preliminary review and meets the requirements of Ohio MHAS for a new mortgage.

Existing projects may serve the target population exclusively. If the proposal will involve new construction, units must be integrated into a larger development with no more than 10 percent of units to be occupied by the target population.

If the project is existing, the required letter must also specify any amount of capital funds granted to the project by OhioMHAS to address immediate capital needs.

2. Projects leveraging capital funds from the Ohio Department of Developmental Disabilities (DODD) for the purchase or rehabilitation of housing serving persons with developmental disabilities.

The applicant must provide a letter from the respective state agency at pre-application indicating that the project seeking Housing Development Gap Financing has received at least a preliminary review and meets the requirements for a new commitment of capital funds from the Ohio Department of Developmental Disabilities.

Units must be integrated into a larger development with no more than 10 percent of all units to be occupied by the target population.