

**Ohio Housing Finance Agency**  
**Proposed New Rule Chapter 175-12 Single-Family Housing Tax**  
**Credit**

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**175-12-01 Definitions**

As used in this chapter:

- (A) "Affordable" means a single-family dwelling with a monthly mortgage payment (including residential real estate taxes and insurance and, if applicable, condominium fees) that is no more than thirty percent of the qualified buyer's monthly income.
- (B) "Completion" means issuance of final cost certification and all available home sale summaries.
- (C) "Credit certificate" means eligibility certificate issued by the director to a project development owner under division (D) of section 175.17 of the Revised Code.
- (D) "Designated reporter" means the project development owner or one of the owner's direct or indirect partners, members, or shareholders, as selected by the owner under division (B) of section 175.17 of the Revised Code.

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- (E) “Development costs” means actual costs for marketing, appraisal, closing, administration, land, site development, hard construction costs, soft construction costs, and developer fee (if any) if at or under the limits imposed by this plan. Such costs are reduced by any shortage between the amount of single-family tax credit to which the qualified project is eligible and the amount of equity generated by sale of single-family tax credit.
- (F) “Development team” means a consortium or partnership of entities formed by the project development owner to develop a qualified project. The team must include: (1) if development services are not being managed directly by the project development owner, a housing developer, (2) building contractor, (3) third-party appraiser, (4) if not provided by the project development owner, a housing counseling agency, (5) construction lender, (6) realtor, (7) syndicator, and (8) if applicable, a project architect.
- (G) "Director" means the executive director of the Ohio housing finance agency.
- (H) “Eligible home buyer” means (1) ) qualified military veterans who have received an honorable discharge from the U.S. military, even if they have previously owned a home, (2) displaced homemakers as such term is defined in 42 U.S.C. § 12713(b)(1), or (3) the home the homebuyer is purchasing is located in a designated target area census tract as identified in the target area map and search on the Ohio housing finance agency’s website
- (I) “First time home buyer” means an occupant borrower who has not had an ownership interest in a principal residence at any time during the three-year period ending on the date the mortgage is recorded.
- (J) “Home sale summary” means the submission to Ohio housing finance agency by the project development owner within thirty days of the sale of each single-family dwelling to a qualified buyer, containing the following: (1) recorded deed, (2) recorded restrictive covenant between the project development owner

and qualified buyer, and (3) the qualified buyer's recorded mortgage.

- (K) "Homebuyer education" means a certificate from a United States department of housing and urban development-approved counseling agency issued within the previous twelve months or participation in Ohio housing finance agency-streamlined homebuyer education.
- (L) "Homeowner equity" means the difference between the appraisal price of the home at completion and the initial or subsequent sale price of the home during the affordability period.
- (M) "Homeowner tax credit equity" means the difference between the sale price of a single-family dwelling at the time of initial sale to a qualified buyer minus the appraisal price.
- (N) "Minimum construction standards" means a single-family dwelling that contains two bedrooms and one and one half bathrooms.
- (O) "Mortgage" means a fixed-interest residential mortgage, with insurance and property taxes escrowed, on a home in a qualified project.
- (P) "Person" has the same meaning as in section 5701.01 of the Revised Code.
- (Q) "Project development owner" means a unit of government that owns a qualified project.
- (R) "Qualified buyer" means an individual who (1) has a verified income at eighty percent to one hundred and twenty percent of the area median income, (2) who has obtained a pre-approval letter from a permanent lender demonstrating that such individual is qualified for a mortgage, (3) has attended homebuyer education, (4) has a credit score of six hundred and forty and above, (5) intends to use the single-family dwelling as a primary residence for the entire affordability period, and (6) is a first time home buyer and/or eligible home buyer.

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- (S) “Qualified Project” means qualified project as defined for central city/suburban, rural, and rehabilitation.
- (T) “Qualified project (central city/suburban)” means a minimum of twenty (1) single-family dwellings to be constructed, (2) vacant structures to be renovated for habitability, or (3) a mix of single-family dwelling to be constructed and vacant structures to be renovated for habitability, provided that the development costs of the project are less than the appraised value of the project at completion.
- (U) “Qualified project (rural)” means (1) a minimum of five single-family dwellings to be constructed, (2) vacant structures to be renovated for habitability, or (3) a mix of single-family dwellings to be constructed and vacant structures to be renovated for habitability, provided that the development costs of the project are less than the appraised value of the project at completion.
- (V) “Rehabilitation” means substantial renovation to a building or buildings, making habitable a single-family dwelling(s) and shall include a demonstration of required repairs, replacements, or improvements involving the replacement of two or more major building components and the hard construction dollars of rehabilitation per unit of single-family dwelling equals one-hundred fifty thousand dollars or more.
- (W) “Scattered site” means there are ten or more sites and fifty percent or fewer are contiguous.
- (X) “Service” means to (1) ensure the single-family dwelling remains affordable throughout the affordability period and (2) submit annual certifications to Ohio housing finance agency demonstrating continued affordability and compliance with single-family tax credit requirements.
- (Y) “Single-family dwelling” means (1) fully detached residential unit or (2) multi-unit owner occupied residential units (including duplexes, triplexes, fourplexes, row houses, townhouses, and multi-story condominiums), provided that any such dwelling is the primary residence of the qualified buyer and meets the

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minimum construction standards. The structure must be placed and secured on a foundation.

- (Z) “Unit of government” means a county, township, municipal corporation, regional planning commission, community improvement corporation, economic development corporation, or county land reutilization corporation organized under Chapter 1724 of the Revised Code, or port authority.
- (AA) “Vacant” means a single-family dwelling that has been uninhabited for a minimum of one year prior to submission of an application for single-family tax credit.

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**Statutory Authority:** 175.05; 175.17  
**Rule Amplifies:** 175.17

## **175-12-02 Application schedule and procedures**

(A) During an application period, a project development owner may apply to the director on a form as approved and made available by the director. Specific application submission schedules shall be established by the director in the plan or program policies published before each application period.

(B) The project development owner must submit an application that complies with the program policies as established by the director to be evaluated for a single-family tax credit. The application will require the project development owner to submit the following information:

(1) The name and address of the project development owner's designated reporter;

(2) The name and address of all members of the project development team;

(3) A commercially reasonable estimate of the qualified project's development costs; and,

(4) Any other information the director may require through the program plan, policies, or application.

(C) The director shall review applications for completeness and may request that project development owners provide missing or additional information following their application submission. A project development owner may only submit missing information upon request from the director. If an application is incomplete and the project development owner does not submit the requested information within a timeframe established in the program plan or policies, the director shall notify the project development owner in writing that the application has been rejected.

(D) A rejection issued by the director for a specific application period does not prohibit a project development owner from submitting an application in a future application period.

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### **175-12-03 Single family tax credit eligibility**

(A) Only the project development owner may apply for a single-family tax credit for a qualified project.

(B) An application for a single-family state tax credit must provide proof, reasonably acceptable to the director, that the project development owner has sufficient ownership of the proposed project site as provided for in program plan or policies.

(C) An application for a single-family state tax credit must include documentation that the qualified project is a single-family dwelling.

(D) All rehabilitation project applications must meet applicable rehabilitation standards and include in the application a physical capital needs assessment and scope of work as provided for in the program plan and policies.

(E) To the extent project development owners are contributing capital or other assets to contribute to the affordability of a qualified project, evidence of such contribution must be provided at the time of application. Contributions of capital or other assets will be considered in the competitive criteria as set forth in the program plan and policies.

(F) (1) The project development owner shall sell a completed qualified project single-family dwelling to a qualified buyer and include a restrictive covenant to the benefit of Ohio housing finance agency and the project development owner in a form as prescribed by the Ohio housing finance agency. Such restrictive covenant shall require the qualified buyer to remain in the single-family dwelling as their primary residence for the entire affordability period, as well as include provisions for the contingencies in the event of sale of the single-family dwelling, as prescribed in the plan.

(2) In the event of foreclosure, default, or homeowner abandonment, the project development owner shall make reasonable efforts to maintain affordability to the extent possible under law.

(G) The criteria to be used to determine whether an individual is a qualified buyer shall be defined in the program plan and the definitions



contained in in this rule chapter.

(H) (1) Applications shall be reviewed by the following underwriting criteria to assess the risk associated with application:

- (a) The total development cost of each unit of a single-family dwelling in a project must not exceed the Ohio housing finance agency's homebuyer program purchase price limit for the county;
- (b) Sum of estimated home sales, plus tax credit equity, and other construction financing must be sufficient to pay off the construction loan balance, after the final unit of a single-family dwelling is sold;
- (c) The development team must meet the minimum experience and capacity requirements contained in the plan;
- (d) The purchase price of the individual unit of single-family dwelling in the project cannot exceed the affordability for qualified homebuyers;
- (e) Financing sources must be submitted in the application and have sufficient commitment to meet the criteria as set forth in the plan;
- (f) The application must sufficiently demonstrate a market demand for the project;
- (g) A marketing plan that must meet the minimum requirements outlined in the plan; and
- (h) Any other requirements forth in the application and the allocation plan.

(2) Limited exceptions to the underwriting criteria may be granted for good cause shown and supported by sufficient evidence. It is the discretion of the director to review and grant underwriting exceptions.

(3) Applications that do not meet the program underwriting requirements and are not granted a limited exception shall not be approved.

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**175-12-04 Selection of approved applications**

(A) An application will be rated and considered by the director according to detailed scoring criteria published in the plan and program policies adopted pursuant to section 175.17 of the Revised Code.

(C) Applications that do not meet the requirements of section 175.17 of the Revised Code, Chapter 175-12 of the Administrative Code, and the plan will not be approved by the director, unless a rule or plan waiver has been granted.

(D) If at any time following submission and approval of an application, but prior to project completion, there are changes to the fee or leasehold interest in the project site or in the composition of the development team, the project development owner must notify the Ohio housing finance agency in writing within fourteen days of the change. If such changes are made prior to final project approval and materially impact the feasibility of the project, at the discretion of the director, the project may be removed from consideration.

(E) The director shall notify each project development owner in writing of the status of its application upon completion of the relevant application period.

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**175-01-05 Credit certificate and market appraisal**

(A) Within thirty calendar days after the qualified project completion date, the project development owner must notify the director in a format acceptable to the director as established in the program policies, that the project is complete in accordance with the application. The project development owner must include a final development cost certification for approval and request that the director issue a credit certificate following.

(B) The director may issue a credit certificate to the project development owner of an approved project that the following has occurred:

- (1) sufficient evidence contained in the cost certificate in a form as proscribed by the Ohio housing finance agency;
- (2) an independent third-party appraisal is obtained by the Ohio housing finance agency and is final; and,
- (3) Any additional information as may be required by the program plan and policies.

(C) (1) Upon receipt of a complete cost certificate, Ohio housing finance agency will obtain an independent third-party appraisal of the project that complies with the Uniform Standards of Professional Appraisal Practice.

(2) Should the project development owner object to the initial appraisal obtained by the Ohio housing finance agency, the project development owner must notify the Ohio housing finance agency in writing within fourteen days of receipt of the appraisal. Following the objection, the project development owner shall present two additional appraisals conducted from separate entities within thirty days of the Ohio housing finance agency's appraisal. The appraisals shall comply with the Uniform Standards of Professional Appraisal Practice. An average of the three appraisals shall be the appraisal amount for the purposes of computing the tax credit amount. If the project development owner fails to meet the deadlines for objection and appraisal submission, the objection shall be deemed to be waived.

The project development owner may waive objection to the appraisal.

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(3) The director shall compute the amount of the tax credit and issue the credit certificate to the project development owner following a final appraisal determination. The director shall also certify a copy of each credit certificate to the tax commissioner and the superintendent of insurance.

(D) The credit certificate issued by the director shall include the annual credit amount, the years that comprise the credit period, the name, address, and the taxpayer identification number of the project development owner, the project development owner's designated reporter, and all members of the project development team along with the date the certificate is issued, a unique identifying number, and any other information required by the tax commissioner and superintendent of insurance.

(E) Pursuant to division (H) of section 175.17 of the Revised Code, the designated reporter shall file with the Ohio housing finance agency no later than January thirty-first of each year a report in a form prescribed by the director with the information required for a credit to be claimed, including any changes to the information previously set forth in this report.

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**175-12-06 Monitoring, reporting, and recapture.**

(A) (1) The Ohio housing finance agency may, upon reasonable notice to the project development owner or other designated development team representative, conduct a site visit to the project to inspect and evaluate construction or rehabilitation.

(2) The development team must submit quarterly construction monitoring reports which detail the construction progress and a manner and form as prescribed in the program plan and polices. A development team must provide the director sufficient evidence of reviewable progress of construction in accordance with the program plan and policies. Such quarterly construction monitoring reports shall include any inspection reports conducted by local building inspectors.

(3) Quarterly construction monitoring reports begin the first quarter following submission of the development update submission. Submission dates are first day of January, April, July, and October.

(B) During the affordability period, the director may, upon reasonable notice, request a status report, in a format established by the director, from the applicant consisting of information and updates relevant to the status of the project.

(C) The project development owner shall provide the following to the director during the affordability period:

- (1) An annual project development owner certification on a form and in a manner as prescribed by the director; and,
- (2) A notice of material change in affordability as a result of certain events impacting the project's status as a qualified project and/or the homeowner's status as a qualified buyer, including sale of the single-family dwelling, renting the single-family dwelling, and homeowner abandonment, default, foreclosure. Notices of material change in affordability shall be reported within seven days of a change in affordability.

(D) (1) The director may disallow or recapture any portion of a credit if the project development owner or the project development owner's qualified project does not or ceases to qualify for the credit. The Ohio housing

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finance agency may also enforce the terms of the restrictive covenant with a qualified buyer in the event the qualified buyer breaches those terms by selling to a non-qualified buyer or using the single-family dwelling as a rental unit during the affordability period.

(2) The credit may be disallowed in part or in whole.

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