TO: All Interested Parties
FROM: Ohio Housing Finance Agency
DATE: June 2, 2020

The following is a summary of questions received in advance of the 2020 Bond Gap Financing (BGF) program application deadline. Questions were edited for style, to remove identifying details, and to combine similar remarks from different organizations. The answers posted herein clarify and modify the BGF Guidelines and will be considered during proposal evaluation. For further information, please refer to the BGF Guidelines.

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Funding Availability and Limits

Does OHFA have a breakdown of HOME, OHTF, and NHTF available in the BGF round?

OHFA does not yet have a specific breakdown of the three funding sources used in the BGF round. OHFA receives these funding sources from the Ohio Development Services Agency and final amounts granted to OHFA are dependent on a variety of factors. Additionally, OHFA will be reserving some of the 2020 OHTF and NHTF funds for projects applying through the HDGF program before BGF applications are due in September.

OHFA advises against applicants relying on one specific source of funding for a project as there are a number of factors that we are required to consider when deciding how to allocate the funds (for example, location, other funding sources, environmental issues, AMI targeting, developer’s previous experience with the funding source, etc.). An applicant’s preference for a specific funding source may not be what is ultimately awarded.

Program Requirements: Eligible Applicants

What should I do if I am not sure my development team meets the Experience and Capacity requirements?

Applicants should reach out to Karen Banyai as early as possible, and no later than July 30, if they are unsure if they meet these requirements as outlined on page 8 of the BGF Guidelines.

Document Submission Requirements

In light of the COVID-19 pandemic, will OHFA accept a Phase I ESA which has only inspected the outside of the property if the property houses high-risk residents?

For this situation, OHFA will accept Phase I ESAs in accordance with recent HUD guidance released regarding Phase I ESA interior assessments:

"Interior assessments: For Phase I Environmental Site Assessments (ESAs) performed on projects where the preparer is unable to access the interior of the building due to COVID-19, HUD will permit an exterior only inspection provided the ESA is conducted in accordance with ASTM E1527-13 (or most recent version) and the ESA preparer has another adequate means of viewing the interior (e.g. an onsite rep live streams a facility walk-through.)"

What Competitive Support Documentation is required?

1. Geographic Diversity
   a. If seeking points for Area subject to a Revitalization Plan, a copy of the current revitalization plan and proof that the development is sited within its boundaries.

2. Project-Based Rental Assistance
   a. Proof of the subsidy consistent with the Document Submission requirements for Rental Subsidy Contract on page 11 of the BGF Guidelines.

3. Priority Housing Needs- ELI Targeting
   a. No additional documentation required.

4. Priority Housing Needs- PJ: Transit
   a. A screenshot from the OHFA QAP Interactive Map (the New Affordability: Urban Opportunity, General Occupancy Urban Housing, and Senior Urban interactive maps all contain the Transportation map layer with this data) that evidences the development is located in a census tract with a TCI score applicable to the number of points being claimed.
   b. If seeking points for development-provided transportation, a written certification that the owner will provide transportation services that meet the stated requirements and specify how the transportation services will be paid for.

5. Priority Housing Needs- Non-PJ: Severe Housing Problems
   a. A screenshot from the OHFA QAP Interactive Map (the New Affordability: NonUrban Housing Pool interactive map contains the Severe Housing Problems map layer with this data) that evidences the development is located in a county with a percentage in one of the specified ranges.

6. Leveraging
   a. Supporting documentation for any leveraging sources being provided and claimed for points. Documentation must meet the Conditional Financial Commitments requirements outlined in the 2020
QAP. For tax abatements, a letter from the taxing authority indicating the length, terms, and total value of the tax abatement.

7. At-Risk Property
   a. Default or Foreclosure: A brief narrative describing the troubled asset and those steps that have or will be taken to put the asset back into productive use, and a copy of the sales or purchase agreement or other sufficient proof of adherence to the stated requirements. Additionally, a foreclosure (if applicable) must be evidenced by notification(s) from third party lender(s).
   b. Need for Replacement: A brief narrative describing the ownership and management history, the factors that have caused the property to be in its current state, demonstration that sufficient operating expenses and replacement reserves will be in place for the replacement housing, and evidence that rehabilitation of the current structure(s) was explored before seeking to demolish the structure.
   c. Physical Condition: A brief narrative describing the management history, the components that need replacing, and a detailed itemization of the use of the project’s replacement reserves for the past three years. For each component that needs replacement, the applicant must identify the specific page numbers of the PCNA that clearly state the component as being both past its effective useful life and needing immediate replacement. The applicant must also identify the specific page numbers of the scope of work that addresses replacement of these components.

8. Rehab Scope
   a. If seeking points for Demolition/New Construction of replacement units, evidence that demonstrates the structure being replaced in no longer viable.

9. Cost Efficiency
   a. No additional documentation required.

Competitive Criteria: General
Why does OHFA have a set-aside and tiebreaker criteria for projects in Non-Participating Jurisdictions?
One of the requirements that OHFA is responsible for as a grantee of the Ohio Development Services Agency is to ensure that at least 50% of the Ohio Housing Trust Fund dollars are awarded to families and individuals in areas that are not eligible to participate as a participating jurisdiction under the HOME program. This minimum percentage must be met each fiscal year per the Ohio Revised Code.

I don’t see separate scoring criteria for NHTF this year. Will it be in the AHFA?
No. The scoring criteria specific to NHTF has been incorporated into the rest of the BGF competitive criteria this year. All competitive criteria for BGF projects will be in one location of the AHFA, as opposed to previous years when it was in multiple tabs.

Competitive Criteria: Leveraging
Is this Leveraging category the same as the Leverage category in the QAP?
No. The Leveraging category in the BGF Guidelines is different from the Leverage category in the QAP. Applicants should not look to the QAP language or guidance to inform their understanding of this BGF criterion.

As a condition of receiving National Housing Trust Funds, OHFA is required to provide priority for funding based on “the extent to which the application makes use of non-federal funding sources,” as well as several other items as outlined in 24 CFR § 91.320. This language has been in the BGF Guidelines and NHTF Allocation Plan for the past several years.

Is a HUD 221(d)(4) loan considered federal financing?
Yes. A HUD 221(d)(4) loan is considered a federal funding source as it relates to the Leveraging category. The 221(d)(4) program is authorized by the National Housing Act and its program regulations are contained in 24 CFR 221.

What is considered to be a federal funding source?
- Federal funding may take the form of a grant, loan, loan guarantee, insurance, or other types of assistance.
- Though a recipient may not receive funds/assistance directly from the federal government this does not make what is received non-federal. Federal funding sources may be provided to recipients through a state or local government, pass-through entity, bank, etc.
Federal funding sources will have program information pages, laws, and regulations at the federal level. Eligible applicants, uses of funding, compliance requirements, and other program requirements are defined at the federal level.

Some examples of federal funding sources include HOME, CBDG, Section 202, Section 811, FHA mortgage insurance, USDA Rural Development loans or loan guarantees, and federal rental assistance.

**How are tax abatements valued for the purposes of this criteria?**
For the purposes of the Leveraging criterion, the value of a tax abatement will be calculated for a 10-year period* using the below formula:

\[ \text{The full real estate tax payments that would be due for the property without the abatement} \]
\[ \text{MINUS} \]
\[ \text{The reduced real estate tax payments for the property as a result of the abatement} \]

*If the abatement is for a period of less than 10 years (or has less than 10 years remaining) then the value should reflect the number of years the abatement will be in effect.

**Competitive Criteria: Rehab Scope**
Can a proposal receive 5 points if costs exceed $50,000 per unit?
Yes, OHFA’s intent with this scoring category was to encourage the submission of substantial rehabilitation projects involving a scope of work adequate to ensure their long-term physical and financial viability. OHFA will award 5 points to developments with hard construction costs that exceed $50,000 per unit.