

TO: All Interested Parties

FROM: Ohio Housing Finance Agency

DATE: January 21, 2020

RE: 2020 QAP Frequently Asked Questions

The following is a summary of questions received in advance of the 2020 Housing Tax Credit (HTC) application deadline regarding the 2020-2021 Qualified Allocation Plan (QAP). 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 QAP and will be considered during proposal evaluation. Additional questions will be accepted through January 17, 2020. For further information, please refer to the [QAP](#).

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2020 Program Calendar: Competitive HTC

Does a Part 1 application need to be approved by SHPO on or before 12/7/2019?

No. The Part 1 application only needs to be submitted to SHPO on or before 12/7/2019.

What documentation should an applicant submit to demonstrate that the Part 1 has been submitted to SHPO?

REVISED 10/15: Applicants are not required to submit documentation to OHFA to evidence the submission of the Part 1 application to SHPO. OHFA will work directly with SHPO to verify submissions.

Document Submission Requirements: Authorization to Release Tax Information

Does OHFA expect ownership entities to be established and provided an EIN prior to application, or should Authorization to Release Tax Information forms be submitted by existing parent companies?

These should be submitted for the existing parent companies.

Document Submission Requirements: Conditional Financial Commitments

Please clarify what OHFA will accept as “other documentation” in relation to this sentence: “If a loan or grant was applied for or will be applied for from a competitive or contingent source (e.g. city or county HOME funds, Federal Home Loan Bank), the applicant must provide a letter or other documentation from the funder detailing when the funding round will be open, the maximum awards available, and when funding decisions will be released.”

OHFA will accept written correspondence (for example, an email) from the funder to the owner or other member of the project team that states all of the required information from the above paragraph. OHFA will want to see that there has been, at minimum, formal communication with the funder regarding the project.

OHFA will not accept documentation that does not show direct communication with the funder, such as screenshots from a funder’s website or a copy of an RFP that states upcoming round information, etc.

The QAP states that conditional financial commitments are due at proposal application, but the Multifamily Underwriting Guidelines state that OHFA will evaluate the conditional equity commitment at final application. Please clarify when equity commitment letters are due.

Thank you for pointing out this discrepancy. Conditional equity commitment letters are strongly encouraged, but not required, at proposal application. They must be due no later than final application. OHFA will edit the language for the 2021 round to eliminate the discrepancy. All other non-OHFA sources of debt and equity should be submitted as outlined in the QAP.

The QAP states, “The application shall include financial commitment documentation for all non-OHFA sources of debt and equity, including any project-based rental subsidies, specific to the project.” Does “non-OHFA sources of debt and equity” include construction sources as well as permanent sources of debt and equity?

Yes, it includes both permanent and construction sources.

Document Submission Requirements: Exception Requests

Can Exception Requests that were approved in previous funding rounds be resubmitted for the 2020 funding round?

No. Exception requests must be submitted each year. Any response issued applies exclusively to the year in which the application was submitted and cannot be used for future applications.

For partners who will be bringing forth 9% and 4% developments under the bond leveraging criteria, are requests for exceptions to design standards due on January 17th or at submission of the application for the 4% component?

Design exceptions for 4% projects that will be used for bond leveraging points may be submitted with the application on February 13 or with the other 9% exception requests on January 17. Submitting the Exception Request form earlier may result in an earlier review of the request and subsequent response, but it is not required until submission of the application on February 13.

Document Submission Requirements: Experience and Capacity Characteristics

Does the OHFA-certified CHDO have to be the 100% sole member of the GP/MP in order to request HOME funds?

Yes. The only entities in the ownership structure for a CHDO/HOME project are the Limited Partner and the General Partner/Managing Member. The only entity in the General Partner/Managing Member is the CHDO. They would be a parent company of a wholly owned subsidiary. If the ownership structure includes a Special Limited Partner the applicant should seek approval from OHFA in advance.

Housing Pool Eligibility

If a proposed application has 20 currently income-restricted units and is proposing to add 30 new units, which pool would it compete in?

It would compete in the New Affordability pool as the majority of the units will be newly affordable.

If a development has more than one building and is in more than one census tract, how will OHFA determine scoring eligibility for points that are based upon locational criteria?

If a development has multiple sites and crosses scoring boundaries (multiple counties, urban/non-urban areas, multiple census tracts, etc.), the location used for scoring will be the one where the most affordable units are located, unless otherwise stated in the scoring criteria.

If a project will involve the preservation of Section 8 subsidy but will be demolishing the existing structure and building a new structure to replace it, which pool would it compete in?

It would compete in the Preserved Affordability pool as the development is preserving existing affordability by maintaining project-based rental assistance. While the units may be newly constructed, they are not newly affordable units.

A development in this scenario may submit an Exception Request to the cost containment limits of the Preserved Affordability pool.

The FAQ states that a 50-unit project comprised of 20 currently income-restricted units being rehabilitated and 30 new units being newly constructed would compete in the New Affordability pool because the majority of units in the project are newly affordable. However, the QAP states “Renovation of existing occupied units, whether or not the units are rent- or income-restricted, is not eligible to compete in this pool”. This seems to contradict the FAQ guidance and imply that the presence of any occupied units would force projects to compete in the Preservation pool. Please clarify.

For reference, the QAP states the following in terms of New Affordability: *“Applications in which the majority of units propose new construction or renovation of existing structures creating units that are newly affordable, meaning not previously rent- or income-restricted or occupied, may compete for an allocation of HTCs in one of the below allocation pools. Renovation of existing occupied units, whether or not the units are rent- or income-restricted, is not eligible to compete in this pool.”*

The second sentence regarding the renovation of existing occupied units being unable to compete in New Affordability is intended to clarify the first sentence, specifically that renovation of existing structures to create units that are newly affordable does not apply to those structures/units that are currently residential in nature, occupied by tenants, and are not currently income- or rent-restricted.

Renovation of existing structures that create newly affordable units must be in the form of either:

- Adaptive reuse of a building not originally designed or built for residential purposes, OR
- Renovation of a building which may have been previously used for residential purposes, but has been 100% vacant for at least three years.

It is not OHFA's intent to provide funding for the renovation of occupied, naturally occurring affordable housing or market-rate housing in a community with our limited resources.

Point Category: Bond Leveraging

Do both of the projects being submitted, the 9% project and the 4% project, need to commission two separate Market Studies and Phase I ESAs if they are on adjacent sites and part of the same overall development plan?

No. If they are on adjacent sites and part of the same overall development plan, then one market study and one Phase I ESA that covers both sites/parcels will be acceptable. The market study and Phase I ESA must clearly reference each project/site.

Point Category: Education

If our site is located in an area with multiple school districts nearby that have open enrollment and have a B grade, will that qualify for that metric?

No.

Point Category: Expert Recommendations

Does the general support letter for Transition Aged Youth (TAY) PSH projects qualify for points under the Expert Recommendations scoring criterion?

The general support letter for a TAY project from the Continuum of Care is an eligibility requirement for the TAY set-aside, but does not count for points under the Expert Recommendations scoring criterion. The general support letter will not count against the CoC's priority count, however the CoC may designate a TAY project as its first or second priority if they choose to do so, making it eligible for those competitive points. If a TAY project receives a general support letter without being designated a first or second priority by the CoC, it will not receive the competitive points for Expert Recommendations.

Point Category: Inclusive Tenant Selection Plan

Can a property manager deny housing to someone based on a conviction?

Yes. The QAP states that applicants seeking points under Inclusive Tenant Selection Plan must submit a Tenant Selection Plan that explicitly prohibits the denial of admission, termination of assistance or eviction *on the basis of arrest records alone*. This language applies only to arrest records, not convictions of personal or property crimes. If a prospective resident has a conviction of a specific crime within a look back review period that is reasonable, a property manager may deny the resident housing on the basis of this conviction.

Existing policies of a management company provide that if the applicant has been arrested for a serious offense, they will get a denial, but are offered the opportunity to appeal by providing mitigating information. Does that existing policy work for the Inclusive Tenant Selection Plan points, or does the "denial" (even with appeal rights) contradict OHFA's policy?

The existing policy offering the opportunity for appeal does not meet the submission requirements for Inclusive Tenant Selection plan and would not qualify for competitive points.

Point Category: Income Diversity

Can you mix/match for points? Example: ELI Targeting: 6% - 10% of affordable units = 6 points; Market Integration: 5% of affordable units = 4 points for a total of 10 points in Income Diversity.

No, applicants cannot mix and match the scoring criterion to achieve the 10 points. Applicants must select one scoring criterion for points. If more than one is selected and evidence provided, OHFA will award points based on the scoring criterion in which the applicant qualifies for the greater number of points.

The four options all state, "percentages will be rounded to the nearest whole number," and each option requires hitting a specific percentage for point scoring. For example, in ELI Targeting, would a calculation that yields 15.03% get rounded down to 15%, and thus not qualify for maximum points in that category, since, after rounding, it's not greater than 15%?

That is correct. In this example, a minimum calculation of 15.50% would be needed to earn the maximum points.

Can an applicant that plans to make the Average Income minimum set aside election for their project choose ELI Targeting for points in the Income Diversity category instead of Average Income?

Yes. Merely choosing Average Income as the project's minimum set aside election does not mean that the Average Income scoring option has to be selected. Applicants may select whichever category yields the most points.

Point Category: Job Access

Several areas have Entry Level Job Access scores between 0.9 and 1.0. Which point category do those areas fall under?

The first point category should read “0.5 - 0.99” as opposed to “0.5 – 0.9” as it is currently written. This was a typo and will be corrected in the final, branded QAP as well as in the interactive maps.

2016 and 2017 data for Concentrated Job Center was released in late August. Will OHFA accept this new data?

Yes. Applicants may use either the 2015 data as stated in the 2020 QAP, or the newly released 2016-2017 data. OHFA will verify point eligibility using both data sets and will award the greater number of points if there is a difference between the two data sets.

Point Category: Leverage

Does a 2% hard loan count toward the leveraging percentage?

No.

Does “soft” financing mean it is forgivable or only that payments are determined by available cash flow?

REVISED 10/15: To qualify as soft financing, it must have payments that are determined by available cash flow.

Will donated land from a non-profit organization qualify for points?

If the nonprofit organization is an affiliated entity of the jurisdiction, the land donation will qualify for points. If it is not affiliated with the jurisdiction, the land donation will not qualify for points.

Please expand on what penalties will be imposed if an applicant does not secure funding that it has received competitive points for.

The QAP states, “Scoring will be reassessed at final application and at 8609. In the event leveraged funding receiving points in this category is not secured, OHFA may rescind the award or impose penalties as it deems necessary.” In all cases, OHFA reserves the right to determine if an applicant’s submission meets the criteria and intent of this scoring category.

At final application, if an applicant has not secured funding for which they received competitive points for in this category, the applicant must replace the dollar amount of the unsecured leveraged funding with a GP Capital Contribution or OHFA will rescind the award.

At 8609, if an applicant has not secured funding for which they received competitive points for in this category, the applicant must replace the dollar amount of the unsecured leveraged funding with a GP Capital Contribution.

Deferred developer fee cannot be used in lieu of the GP Capital Contribution.

OHFA will maintain a wait list of developments, by pool, that will be funded in the event one or more projects are unable to move forward due to loss of competitive points for leverage.

Will Tax Increment Financing funds count as leverage?

No, TIF funding is not eligible for points in this category.

Please clarify the intent of the following language: “No project participant or affiliate may guarantee, fund, advance, or otherwise provide direct or indirect funding for the purpose of an application claiming points in this category.”

The intent behind this language is to prevent the development team from essentially granting or loaning funding that they already have to themselves/the project, as opposed to the development team acquiring funding for the project from an outside entity, government program, etc. that may have eligibility requirements, competitive criteria, or other factors that they consider in determining whether to grant/loan the funds or not. This should be outside funding, from an outside entity, acquired specifically for use in this project.

Some of the financing options under the Leverage category do not seem to meet the definition of soft financing that is provided in the FAQs. Can you clarify what financing will be accepted under the Leverage category?

As stated in the QAP, OHFA will accept as leverage grants or soft financing from any of the sources listed under the Leverage category.

Additionally, OHFA will accept financing that does not meet the FAQ-provided definition of soft financing (meaning payments are determined by available cash flow) if it is from one of the explicitly stated sources under the Leverage category, with the exception of options i. (donated land), j. (foundation grants or loans), and k. (other federal, state, or local funds).

These sources provide non-traditional and flexible financing products, and in some cases provide additional community or project-specific benefits. Therefore, it is OHFA's intent that they qualify for points under Leverage.

Will construction sources (like a CDFI loan from Capital Magnet Fund) count toward leveraging?

Yes, that would count toward leveraging.

Will permanent financing as a first mortgage through a USDA Rural Development program qualify for leveraging points?

No, that funding would not qualify for leverage points.

Point Category: Local Partner

Can an applicant claim points for In-State Partner if their organization does not meet the requirement of having received 8609s for at least five projects in Ohio in the last ten years, but the individual owners of the organization, based on prior experience, do?

No. An organization is not able to claim points for In-State Partner based on their work done as staff of a different organization.

The language for Nonprofit Partner does not reference a local nonprofit needing to be a housing nonprofit, i.e. has as one of its exempt purposes the fostering of low-income housing. Can you confirm a nonprofit can qualify as a local partner with ONLY a history of service provision and not of providing actual housing?

That is correct. To qualify for the Nonprofit Partner points, the local nonprofit must have a history of either providing housing or providing supportive services for the target population.

Point Category: Maturing Mortgage

The mortgage documentation for my property conflicts with the data provided by OHFA. Which should be used?

For applicants seeking points for the Maturing Mortgage category, it has come to OHFA's attention that some of the USDA Multifamily Housing Program Exit Data may be inaccurate. The applicant must contact housing program staff at USDA Rural Development to confirm the mortgage expiration dates for the property. The application must include a copy of the email from USDA confirming the mortgage expiration date for the property from the following individuals at USDA:

Christie Hooks
Housing Program Director
USDA Rural Development
Phone: 614-255-2401
Email: christie.hooks@usda.gov

Or

Michelle Norris
MFH Specialist
USDA Rural Development
Phone: 614-255-2570
Email: michelle.norris@usda.gov

Please note that the intent of this scoring category is to preserve properties with rental subsidy administered by USDA that are at risk of losing said rental subsidy if the USDA mortgage were to mature. OHFA may verify the mortgage maturity date with USDA after application submission.

Point Category: Proximity to Amenities

Will OHFA provide data for public recreation center, cultural facility, or senior center?

No. OHFA will not be providing data sets for these three amenities. However, definitions have been provided for guidance in determining what will be considered for points. Definitions can be found in the "[Amenity Definitions for the 2020-2021 QAP](#)" document on the [HTC webpage](#).

Are the ten amenities listed in the QAP the only ones able to be claimed? Or are other services eligible for points? (for example, banks, childcare, laundromat, other general retailers?)

The amenity types listed in the QAP are the only ones that are eligible for points.

While the QAP states that "Applicants are permitted to submit an amenity for points that is not included in the OHFA data", this statement refers to the ability of applicants to submit an establishment that falls into one of the ten amenity types listed in the QAP, but is not included in the mapping/data set provided by OHFA. OHFA staff will verify the presence and eligibility of these establishments during the competitive review period as well as during the project site visit if awarded credits.

What is the definition of a senior center? Is specific programming enough? Does there need to be a specific site for gathering? Can a rec center/community center with dedicated planning and space be considered a senior center?

The definition of Senior Center for purposes of the Proximity to Amenities scoring item is stated in the "[Amenity Definitions for the 2020-2021 QAP](#)" document on the [HTC webpage](#). Applicants must provide evidence that the establishment they are submitting for point consideration meets this definition.

Can one facility count for two point categories?

Yes. An applicant may claim points for multiple amenity types if able to demonstrate that a facility meets the definition of those specific amenity types (for example, a public recreation center and a senior center).

Please clarify what OHFA would like applicants to submit for Proximity to Amenities.

The following pieces of information must be submitted for proximity to amenities:

1. Table in the relevant scoring tab of the AHFA that lists the name, address, and distance from the development for each of the amenity types.
 - a. Applicants may submit their own table for this item if more space is needed.
2. Documentation for any amenity that is being claimed for points that is not in the OHFA-provided mapping and data sets. Documentation must include evidence that the establishment meets the amenity definition as provided in the [Amenity Definitions](#) document and a map showing the location of the establishment in relation to the development.
3. One or more screenshots (in pdf form) from the OHFA interactive map that show the location of the development and the various amenities being claimed for points. OHFA is flexible in terms of the documentation submitted for this item (for example, one map with all of the amenities shown or multiple maps with one or more amenities shown on each).

Point Category: Rehab Scope

In the Preserved Affordability scoring criteria under the Development Characteristics category's Rehab Scope criteria, did OHFA intend to cap hard construction costs per unit at \$60,000?

No. 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 did not intend to cap hard construction costs at \$60,000 per unit. Therefore, OHFA will award 5 points to developments with hard construction costs that exceed \$55,001 per unit. Zero points will be awarded to projects with a rehab scope under \$40,000 per unit.

For clarification, this amount will be verified by reference to the "Hard Construction (Residential Rehab.);" line item in the Budget & Costs tab of the AHFA.

If a project is proposing to demolish an existing building and replace with a newly constructed building, will they be eligible for points under Rehab Scope?

Yes, we would consider a project in this scenario as meeting the criteria for the maximum points in the Rehab Scope category.

Point Category: Resident Amenities

In regards to the Facility Partnership option under Exercise & Wellness, would a partnership with a municipal recreation center count as an exercise and wellness partner if the recreation facilities are free and open to all resident of that municipality?

Yes, this would meet the requirements for the Facility Partnership under Exercise and Wellness. If awarded HTC, the applicant would still be required to submit an MOU or other documentation evidencing the partnership at 8609. The partnership documentation must include a statement that affirms that residents of the project will receive free access to the facility for the five year minimum as required by the point category.

Our project is located on an affordable housing campus with multiple buildings. The rehabilitation project we plan on submitting is located in a building that would not contain a fitness area within the building itself, but rather in another building of the housing campus where other existing shared amenities such as the community room are located. The residents of our project already have access to that fitness room and the equipment is tailored towards the target population. Would this scenario be eligible to receive the points for Onsite Fitness Area even though the fitness room is not technically located within the project site? If not, would it qualify for points under the Facility Partnership option if the owner of the adjacent property and the owner of the proposed project submit a letter documenting a partnership for use of the facility?

The proposed project would not qualify for the onsite fitness area points as the category is currently written. The proposed project would not qualify for the facility partnership points either. The facility partnership must be with a fitness or recreation facility that is outside of/separate from a residential development.

Point Category: Risk of Market Rate Conversion

When calculating Affordable Rent Advantage, should the market study provider cite gross rents or collected rents?

The market study provider should cite net and/or collected rents.

Point Category: Self-Sufficiency Programming

What is the minimum percentage or number of units which must have project-based Section 8 rental subsidy in order to qualify for the points in this category?

There is not a minimum percentage or number of units that must be covered by a HAP contract. However, the intent of this scoring category is to ensure that all assisted residents of the property are given the option to participate in the Multifamily Housing Family Self Sufficiency (FSS) Program. According to HUD, the largest expense associated with the FSS program is the cost of employing or retaining an FSS program coordinator and owners are permitted to use residual receipts to pay for the cost of one or more such coordinators. The larger the Section 8 HAP contract, the greater the amount of residual receipts will be available to cover program expenses. Therefore, OHFA would encourage applicants to take this into consideration when determining whether or not a partially subsidized development is appropriate for this category.

Tiebreaker: Composite Formula

The first measurement in the composite formula states that 'max' refers to the 'maximum award eligible based on unit size'. Could you clarify what is meant by that and how it will be calculated?

This item compares the amount of credits the project is *requesting* to the amount of credits the project is *eligible* for, based on the qualified basis and applicable fraction specific to the project. The calculation subtracts the 'Total Housing Credit Requested' cell from the 'Total Housing Credit Eligible' cell in the Housing Credits tab of the AHFA.

This item is not comparing the amount of credits the project is requesting to the standard pool-specific maximum credits per application.

The fourth Composite Score criterion, Credits per Unit, has been included in the AHFA released on December 24, 2019 as Credits per Affordable Unit. In this version of the AHFA, it is calculated as credits requested divided by total LIHTC units. Can OHFA clarify which criteria, Credits per Unit or Credits per Affordable Unit, it will use in this Composite Score criterion?

This formula has been revised to calculate Credits per Unit, not Credits per Affordable Unit, to be consistent with the language in the QAP.