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TO: OHFA Development Partners and Stakeholders

FROM: Kelan Craig, Director of Multifamily Housing, OHFA; Mark Shelburne, Novogradac

RE: 2022-2023 Qualified Allocation Plan (QAP) Concepts Request for Input

The Ohio Housing Finance Agency is considering the concepts outlined below for the first draft of the 2022-2023 Qualified Allocation Plan (QAP). Those interested in providing input may send an email to QAP@ohiohome.org. Doing so by Wednesday, June 2, will allow for consideration in advance of release of the first draft.

1. Increasing Maximum Allowable Credit Request

The maximum allowable credit request per project in most funding pools is currently \$1 million. OHFA is considering increasing the allowable credit request to \$1.25 million per development in urban areas

2. Streamlining of Awards Per Developer Limit

OHFA is considering streamlining of award limits to a maximum of 3 awards or \$2.5 million in credits per developer with recent successful Ohio experience; one award limit for others. Points for very experienced partners will be considered as well.

3. Add Suburban Pool

OHFA is considering dividing the new construction allocation into three geographic areas: urban, suburban and rural. How to achieve this split has yet to be determined, but would likely involve Census tracts and the amount available in each pool will correspond to population. Geographic definitions may align with Urban, Suburban and Rural (USR) typology as defined by the Kirwan Institute at The Ohio State University.

4. Other Pool or Set-Aside Changes

OHFA is also considering other adjustments to pools and set-asides in the QAP, including the following:

- Combine General Occupancy and Senior Pools
- Combine the pools and set-asides for Permanent Supportive Housing (PSH), Substance Abuse Recovery and Transition Aged Youth

- Combine HUD and USDA Preservation
- No Single Family Development/Lease Purchase Pool
 - Funding of a minimum of one Single Family Development project would still be guaranteed.

5. PSH Modernization

OHFA would like to clarify and potentially expand eligibility for the Permanent Supportive Housing Pool, while adding explicit tenant protections regarding choice of participation in services and lease terms. See above re: Substance Abuse Recovery and Transition Aged Youth set-asides.

6. End Borderline Buffers

OHFA is considering reducing or eliminating buffers as they apply to proximity to amenities, Opportunity Mapping, etc. This may provide less flexibility, but also provide more clarity to partners.

7. New County Award Limits

State agencies have responsibility to serve the entire state to the extent feasible and OHFA seeks to avoid overconcentration of awards in single primary market areas, especially where population is more limited. OHFA is proposing to set county award limits by using per capita share of credits, calculate 2.5x multiplier. Example: County per capita share of annual LIHTC allocation is 2.8 awards; $2.8 \times 2.5 = 7$ award cap.

8. Ohio 811 Project Rental Assistance Commitment

OHFA must create 250 units under HUD's 811 Project Rental Assistance Program. Since there is a maximum of 20% of within a property, these 250 will need to be among at least 1,250 units total. There is no way to accomplish this outcome without using LIHTC properties, specifically those awarded in 2022-23. OHFA will propose requiring all awarded family properties to accept a contract if requested by the agency. The agency will determine which properties to approach based on need and demand for 811 units.

9. Broadband Infrastructure

Much like water, electricity and other utilities, internet access at home was a fundamental necessity of modern life even prior to the pandemic. The first draft will propose that developments must have broadband infrastructure in place to allow connectivity both in units and interior common areas. Connectivity itself will depend on broadband availability in the area. There will be no expectation for owners to pay for service in the units.

10. New Threshold Criteria for New Construction Proposals

All applicants maximized points in several scoring categories, resulting in no differentiation in scoring or meaningful distinctions between projects. OHFA is

considering incorporation previous scoring criteria for accessible design and green building (Enterprise Green Communities, LEED and NGBS) as threshold requirements.

11. Cost Containmentment

The criteria for development budgets will evolve in several ways. Among them, OHFA will create distinct rules for new construction and rehabilitation. New construction criteria will reflect the reality of recent cost increases and separate out vertical construction from other line items, i.e., the sale of land, site preparation and soft costs.

12. Affordable Housing Need and Demand

OHFA is proposing to adjust the current Affordable Housing Need and Affordable Housing Demand scoring criteria and add a third criteria that would incentivize siting of developments in underserved counties. For example, projects located in 25-30 counties that have received less than their per-capita share of credits since 2010. Applicants would have the ability to select one of the three criteria for competitive consideration.

13. Ranked Opportunity Map Scores

The Opportunity Mapping Tool developed by the Kirwan Institute utilizes data to determine the contours of the Opportunity Index. In lieu of providing a value or descriptor of “Very Low, Low, Moderate, High or Very High,” OHFA is considering utilizing a numerical score that would be ranked compared to other applicants in a project’s respective pool. Rank ordering after submission would create both differentiation and lessen the perception that a proposed project or site is either “in or out.”

14. Leveraging and Revitalization Scoring

OHFA is considering revisions to the criteria for financial leveraging and for community revitalization plans. Additionally, OHFA is considering removing the bond leveraging category for preservation proposals due to the 4% minimum rate floor and subsequent increase in utilization of Private Activity Bonds Volume Cap Authority.

15. CORES Certification

The Certified Organization for Resident Engagement & Services (CORES) Certification is an organization-level designation for entities that provide high quality services to residents. OHFA is considering awarding points for senior properties developed by entities with the certification or who commit to (and achieve) the certification by project lease-up. Information about the CORES certification can be found here:

<https://coresonline.org/certification>