OHIO HOUSING FINANCE AGENCY

# Bond Gap Financing

## Program Year 2022 Guidelines

Office of Multifamily Housing | ~~May~~ June 2022

# Contents

# A. Bond Gap Financing Program Overview

## Purpose

The Housing Development Assistance Program (HDAP) provides gap financing for eligible affordable housing development properties.

Applicants seeking 4% Housing Tax Credits, bond financing, and OHFA gap financing for their development apply through the Bond Gap Financing (BGF) program.

## Funding Sources

### Ohio Housing Trust Fund (OHTF)

The OHTF provides funding to projects predominantly serving low- to moderate-income households with incomes at or below 50 percent of the Area Median Income (AMI). The OHTF gives preference to projects that benefit households with incomes at or below 35 percent of the AMI for the county in which the project is located, as established by HUD. See ORC Chapter 174 and OAC Chapter 122:6-1 for more information. The State of Ohio is required to award a minimum of 50% of all OHTF to projects in non-Participating Jurisdictions as defined by HUD.

### National Housing Trust Fund (NHTF)

The NHTF was established by Title I of the Housing and Economic Recovery Act of 2008 to increase and preserve rental housing as well as increase homeownership for very low- and extremely low-income families, including those experiencing homelessness, through formula grants to states. Program requirements are provided for in the HTF Interim Rule. Further program guidelines and requirements are contained in the current NHTF Allocation Plan.

### HOME Investment Partnerships Program (HOME)

HOME funds are provided to the State of Ohio by federal appropriation through HUD. Funding levels are subject to appropriation of funds and approval of the State Consolidated Plan. HOME projects are subject to federal regulations relating to environmental review, wage rates, accessibility, acquisition and relocation laws [URA and Section 104(d)], long-term affordability, etc. Program requirements are stated in 24 CFR Part 92.

### HOME-American Rescue Plan (HOME ARP)

On March 11, 2021, President Biden signed the American Rescue Plan Act (ARPA) of 2021 in to law to address the continued impact of the COVID-19 pandemic on the economy, public health, state and local governments, individuals, and businesses. On April 8, 2021, HUD announced that the state of Ohio was allocated $90,557,128 as part of the HOME-American Rescue Plan Act (HOME-ARPA) for homelessness assistance and assistance to other vulnerable populations to Program requirements are stated in HUD Notice CPD-21-10. Please note, the HOME-American Rescue Plan Act (ARPA) Allocation Plan Amendment has not yet been approved by HUD funding levels and activities are subject to change. Any changes, will be made through an amendment to these Guidelines and will be publicized through OHFA's listserv.

### Community Development Block Grant Disaster Recovery (CDBG-DR)

On June 11, 2019, Governor Mike DeWine requested a major disaster declaration due to the severe storms, straight-line winds, tornadoes, flooding, and landslides from May 27, 2019, to May 29, 2019. On June 18, 2019, President Trump declared a major disaster existed in Ohio. The U.S. Department of Housing and Urban Development (HUD) allocated $10,450,000 in Community Development Block Grant Disaster Recovery (CDBG-DR) funds for rental housing development, no less than 80%, must be expended for recovery in the HUD-identified most impacted and distressed (MID) area - ZIP Code 45426, the City of Trotwood, in Montgomery County. However, HUD will allow the most impacted area to be categorized and utilized countywide. Program requirements are stated in 85 FR 4681 and several other Federal Register Notices. The Montgomery County Disaster Recovery Plan outlines additional requirements.

# B. Funding Availability and Limits

## Award Amounts

OHFA anticipates the availability of at least $60 million in gap financing being available through the BGF program in Program Year 2022 (PY22). Available funding will be announced once finalized. Please note, these award amounts are greater than amounts outlined in plans submitted to HUD, this is a result of greatly increased costs. Applicants may request **no more than** the below amounts:

| Project Type | Maximum BGF Request per Project |
|---|---|
| **New Affordability (all funding types)** | |
| *In Participating Jurisdiction* | $~~3~~4,~~000~~500,000 |
| *In Non-Participating Jurisdiction* | $~~3~~5,~~500~~000,000 |
| **Preserved Affordability (all funding types)** | |
| *In Participating Jurisdiction* | $~~2~~3,~~000~~000,000 |
| *In Non-Participating Jurisdiction* | $~~2~~3,~~500~~500,000 |
| **HOME-ARP 100% Permanent Supportive Housing** | $5,500,000 |
| ~~**HOME-ARP 100% Permanent Supportive Housing**~~ | ~~$5,000,000~~ |

The following limits also apply:

- The amount requested may not exceed 50 percent of the total development costs of the project.
- For projects with a prior award of HDAP, the total amount of HDAP awarded (including the original award) may not exceed the funding limits noted above.
- For CDBG-DR Projects The following limits apply (if additional subsidy is needed, another source may be requested as well):

| Construction Type | Number of Affordable Units | CDBG-DR Amount |
|---|---|---|
| **New Construction** | 30-39 | Up to $1,500,000 |
| | 40-49 | Up to $2,000,000 |
| | 50-59 | Up to $2,500,000 |
| | 60+ | Up to $3,000,000 |
| **Preserved Affordability** | 30-39 | Up to $500,000 |
| | 40-49 | Up to $750,000 |
| | 50-59 | Up to $1,000,000 |
| | 60+ | Up to $1,250,000 |

At the discretion of OHFA, award amounts may exceed ~~$3,000,000~~the amounts listed above based on availability of funding and project need. Projects requesting amounts exceeding the amounts above must submit an exception request.

OHFA reserves the right to adjust the award based on the needs of the project as determined through the financial underwriting review.

In addition to the evaluation criteria explained further in these guidelines, OHFA will award BGF funding based on the need to meet required set-asides specific to each funding source and based on the source most appropriate for the applicant and/or project.

**Applicants may specifically request one or more of the funding sources available, however OHFA reserves the right to determine which source(s) of funding will be allocated to each project regardless of the request. If an applicant is unable to accept one of the available funding sources, an Exception Request must be submitted in advance of the round indicating this and the reasons why (with the exception of CDBG-DR and HOME-ARP).**

### Application Limits

Developers and owners, may submit the following number of BGF applications and receive the following number of BGF awards:

| Developer Experience | Number of Applications | Number of Awards |
|---|---|---|
| **Experienced Developers:** *must have experience with HDAP and 4% LIHTC AND must have placed in service at least three LIHTC projects in Ohio or other states in the last 10 years.* | 4 | 3 |
| **All Others** | 2 | 1 |

OHFA reserves the right to award more than one application to developers in the "All Others" category above based on applications received, funding available, or other items central to the administration of the program.

## C. Program Calendar

| ~~2021~~ 2022 BGF Round | |
|---|---|
| **June 2022** | Application materials available on the OHFA website |
| **July 15, 2022** | Exception requests due to OHFA by 5:00 p.m. |
| **July 22, 2022** | Decisions issued for exceptions to program requirements |
| **August 4, 2022** | Proposal applications due to OHFA by 5:00 p.m. |
| **Third week of September** | Release of preliminary threshold and underwriting review |
| ***One week following release*** | *Developer responses due- threshold/underwriting* |
| **Second Week of October** | Release of preliminary competitive scores |
| ***One week following release*** | *Developer responses due- competitive* |
| **Fourth week of October** | Announcement of BGF awards |
| **November 2022** | Development Next Steps meetings begin |
| **January 12, 2023** | Final applications due to OHFA by 5:00 p.m. |

# D. Program Requirements

The BGF program combines 4% housing tax credits, multifamily bonds, and gap financing. The requirements for these funding sources are set forth in several documents. Applicants are responsible for reviewing and understanding the requirements for each of the applicable funding sources before submitting an application for BGF.

## Qualified Allocation Plan

The QAP outlines all requirements for both competitive and non-competitive tax credits. BGF applicants are required to comply with all tax credit requirements as outlined in the QAP, Multifamily Underwriting Guidelines[1], and Design & Architectural Standards.

## Multifamily Bond Guidelines

The Bond Guidelines outline all requirements for projects seeking OHFA-issued or non-OHFA-issued bonds. The Internal Revenue Code (IRC) requires that developments awarded 4 percent Housing Tax Credits must utilize multifamily bonds financing for more than 50 percent of the total project cost. OHFA strongly encourages all applicants to seek experienced legal and accounting counsel in order to comply with all program requirements found in the most current Bond Guidelines and QAP.

## National Housing Trust Fund Allocation Plan

Projects receiving NHTF must comply with all requirements outlined in 24 CFR Parts 91 and 93 as well as the PY2021 National Housing Trust Fund Allocation Plan, including but not limited to tenant protections and selection, rehabilitation standards, and threshold requirements.

## HOME- American Rescue Plan Act (ARPA) Allocation Plan Amendment

Projects receiving HOME-ARP must comply with all requirements outline in HUD Notice CPD-21-10 as well as the Program Year 2021 Ohio Consolidated Plan Annual Action Plan HOME- American Rescue Plan Act (ARPA) Allocation Plan Amendment. Please note, the plan has not yet been approved by HUD funding levels and activities are subject to change. Any changes, will be made through an amendment to these Guidelines and will be publicized through OHFA's listserv. **Projects requesting HOME-ARP funds must serve Qualifying Populations. Developments must set aside at least 20% of units for Qualifying Populations in New Affordability Projects or 10% of units in Preserved Affordability Projects. All projects requesting HOME-ARP funds will be scored using the HOME-ARP Criteria.**

## Community Development Block Grant Disaster Recovery (CDBG-DR)

Projects receiving CDBG-DR must be located in Montgomery County and preference will be given to projects located in Trotwood (zip code 45426). State and Federal Requirements are outlined in the Montgomery County Disaster Recovery Plan and associated Federal Register Notices. Projects receiving CDBG-DR must comply with all Federal and State Requirements. Projects receiving CDBG-DR must comply with Davis Bacon Wage Rates.

[1] BGF Applicants must request an Exception Request and receive approval to use a developer fee of 25 percent. The additional fee amount above 20 percent must be put back into the development as GP capital contribution or deferred developer fee. The additional fee is not permitted to be put back into the development in the form of a seller note. If the additional fee is put back in as deferred developer fee, it must be repaid within the 15-year timeframe. Justification for the increased developer fee must be included with the request, both in the narrative section and with supporting documentation. OHFA reserves the right to request additional information, as well as to deny the request based on the justification provided.

## Additional BGF-Specific Requirements

### Eligible Applicants

Eligible applicants for BGF are defined as the following:

- Are those who have placed at least one LIHTC project in service in Ohio within the timeframes established in the QAP and as represented in their application to OHFA within the last 10 years; or
- Developers who have not placed at least one LIHTC project in service in Ohio within the last 10 years, but who partner with an entity who meets the necessary requirements.
    - The entity serving as the experienced partner in the project must act as the lead developer
- Developers who have placed at least one LIHTC project in service in a state other than Ohio that utilized HOME financing. Documentation must be submitted that the project was placed into service within the past 10 years.

Applicants who have received an award of BGF in PY2020 or earlier and have not yet closed with OHFA's Legal Office on the BGF award as of the PY2022 application deadline must submit an Exception Request and receive approval from OHFA in order to submit an application.

**Applicants should reach out to OHFA as early as possible if they are unsure if they meet this criteria or any other Experience and Capacity requirements.**

### Ineligible Developments

The following developments are not eligible for BGF funding:

- Non-competitive 4% HTC developments in their initial 15-year compliance period as of the 2022 application deadline; or
- Competitive 9% HTC developments that have not completed at least 20 years of the compliance period as of the 2022 application deadline.

Exception Requests will be considered on a case-by-case basis with compelling justification. Instances outlined below will receive the strongest consideration.

1. Extreme circumstances beyond the development's control are documented that require recapitalization; and/or
2. The most recent credit allocation was 20 or more years ago, applicant demonstrates a need for replacement of major building components which exceed the available resources in the replacement reserve accounts, and the applicant affirmatively demonstrates that a Non-Competitive HTC allocation is infeasible; and/or
3. The development is a scattered site project and a portion of the buildings have completed 20 years or more of the compliance period.

### Cost Containment

Applicants will be required to meet the Cost Containment criteria detailed in the most current ~~2022 Cost Containment Guideline~~Cost Containment Guideline. Applicants must use the TDC/Unit and TDC/GSF caps from the pool that most closely aligns with their project type. Pool definitions, including eligibility criteria, can be found in the QAP.

OHFA will evaluate projects to ensure compliance at Proposal and Final application as well as at 8609. Projects that do not demonstrate compliance with the caps will be removed from consideration or subject to the penalties detailed in the 2022-2023 QAP. OHFA recognizes the challenging cost environment that has arisen during the Pandemic. Applicants may submit underwriting exception requests if Cost Containment requirements are exceeded.

## Minimum Rehabilitation Requirements

Per the OHFA Multifamily Underwriting Guidelines, any rehabilitation projects seeking HTC (competitive or non-competitive), must meet the definition of Substantial Rehabilitation.

## Rent and Income Restrictions

OHFA defines affordable as affordable to and occupied by households at or below 80 percent AMI. All developments applying to the BGF program must commit to the following rent and income restriction(s), based on the location and funding source of the proposed project. A map of HUD Participating and Non-Participating Jurisdictions can be found in Appendix B.

1. All projects that include **OHTF**, **HOME, or HOME-ARP** funding must meet the below requirements for both Restricted and Assisted Units:
    - *Restricted Units*
        - *HUD Participating Jurisdiction*: A minimum of 40 percent of the affordable units must be affordable to and occupied by households with incomes at or below 50 percent of AMI; or
        - *Non-HUD Participating Jurisdiction*: A minimum of 35 percent of the affordable units must be affordable to and occupied by households with incomes at or below 50 percent of AMI.
    - *Assisted Units*
        - All projects will be required to include units that meet HUD's High and Low HOME Rent Requirements.

2. All projects that include **NHTF** funding must meet the below requirement for *NHTF Assisted Units*, which is the greater of:
    - 10 percent of the affordable units must be both affordable to and occupied by households with incomes at or below 30 percent of AMI; or
    - 5 units, which are both affordable to and occupied by households with incomes at or below 30 percent of AMI.

3. All projects that include **HOME-ARP** funding must commit to serve Qualifying Populations as outlined in HUD Notice CPD-21-10 and the Annual Action Plan.

4. All projects that include **CDBG-DR** funding must meet the rent and income restrictions required by the housing tax credits.
    - If the development includes market rate units at least 51% of the units must be reserved for individuals at or below 80% AMI.

Developments utilizing a combination of HOME, OHTF, HOME-ARP, CDBG-DR, and NHTF funding must incorporate the rent restrictions for each funding type without overlap.

## Fees

The non-refundable fees noted below must be submitted with the respective item. Additional fees will be required if also seeking a Housing Development Loan.

| Item | Fee |
|---|---|
| **Proposal Application Fee** | $2,500 |
| **Final Application Fee** | $2,500 |
| **Reunderwrite Fee*** | $2,500 per submission |
| **Amendments to a funding agreement** | $1,000 per request |
| **Extensions of a funding agreement** | $1,000 per extension |
| **Compliance Monitoring Fee** | $2,400/unit |

# E. Competitive Information

If the total requests for BGF are less than the total funding available, OHFA will not complete competitive criteria reviews.

## Funding Pools

Applications for BGF funds will be evaluated based on the competitive criteria specific to the funding pool in which the application is eligible. The funding pool is based on the characterization of the majority of units in the development. OHFA may decide to limit the number of applications that will be funded in a single city or county in order to ensure geographic balance. The funding pools are as follows:

- **New Affordability (NA):** New Affordability is defined as the new construction or renovation of existing structures that create units that are newly affordable, meaning not previously rent- or income-restricted or occupied. Renovation of existing occupied units, including those that are not currently rent- or income-restricted, are not eligible to compete in this pool. OHFA will take into consideration how long the units have been vacant when determining whether or not a project qualifies to compete.
- **Preserved Affordability (PA):** Developments in which the majority of units preserve existing affordability by maintaining project-based rental assistance, project-based operating subsidies or LIHTC.
- **HOME-ARP (ARP):** Developments electing to serve Qualifying Populations may compete in the HOME-ARP pool. Projects planning to serve 100% Qualifying Populations may request an award of up to $5,~~000~~500,000 in HOME-ARP funds. Developments planning an integrated supportive housing development must serve Qualifying Populations in all HOME-ARP assisted units. The assisted units equation that will be used to calculated assisted units is included as an appendix to these guidelines.
- **CDBG-DR:** Developments located in Montgomery County may compete in the CDBG-DR pool. Preference will be given to new affordability projects located in the 45426 zip code. Developments located in zip code 45426 that have not yet obtained zoning, but are in the process of obtaining zoning may request an exception to the zoning threshold requirement.

## Set-Asides

OHFA will administer the following BGF set-asides in ~~2021~~2022. Developments meeting the requirements set forth in each category will compete against like applications for the extent of the set-asides.

- **Non-Participating Jurisdiction:** At least one housing development that is located in a Non-Participating Jurisdiction. More than one will be awarded in the event OHFA needs to meet required state set-asides.
- **Appalachian County:** In addition to at least one housing development that is located in a Non-Participating Jurisdiction, OHFA will award at least two New Affordability or HOME-ARP housing developments located in one of the 32 Appalachian counties as designated in the Appalachian Regional Development Act of 1965, as amended.
- **Strategic Initiatives:** OHFA may award one or more housing developments that meet one or more of the "priority selection consideration" criteria outlined in the 2022-2023 QAP.

## Scoring Criteria

The following competitive criteria will be used to evaluate projects in the New Affordability (NA) and Preserved Affordability (PA), HOME-ARP (ARP), and CDBG-DR (DR) pools as indicated in each chart.

| Scoring Category | Maximum Points | | | |
|---|---|---|---|---|
| | NA (25) | PA (25) | ARP (25) | DR (25) |
| **1. Geographic Diversity** | **5** | 0 | 0 | **10** |
| **2. Project-Based Rental Assistance** | 0 | **5** | **5** | 0 |
| **3. Priority Housing Needs- ELI Targeting** | **5** | 0 | **5** | **5** |
| **4. Priority Housing Needs- PJ: Transit**<br>**5. Priority Housing Needs- Non-PJ: %VLI Households** | **5** | 0 | **5** | 0 |
| **6. Leverage** | **5** | **5** | 0 | 0 |
| **7. At-Risk Property: (select one)** | | | | |
| ***a) Default or Foreclosure*** | 0 | **5** | 0 | 0 |
| ***b) Physical Condition*** | 0 | **4** | 0 | 0 |
| ***c) Market Rate Conversion*** | 0 | **5** | 0 | 0 |
| **8. Rehab Scope** | 0 | **5** | 0 | 0 |
| **9. Cost Efficiency** | **5** | **5** | 0 | 0 |
| **10. Supportive Services** | 0 | 0 | **5** | 0 |
| **11. Local Partners** | 0 | 0 | **5** | 0 |
| **12. Type of Affordability** | 0 | 0 | 0 | **5** |
| **13. Accessibility** | 0 | 0 | 0 | **5** |

### 1. Geographic Diversity

**Maximum points: 5 (10 CDBG-DR)**

Project is located in the one of the following areas as defined by OHFA's Opportunity and Community Change Index or other sources as stated below.

| ***Documentation Required*** |
| --- |
| • Eligibility will be identified in the AHFA based on the project address.<br>• If seeking points for *Area subject to a Revitalization Plan*, the applicant must submit a copy of the current revitalization plan and proof that the development is sited within its boundaries. |

| ***Geographic Diversity: Select one*** | NA | PA | ARP | DR |
| --- | --- | --- | --- | --- |
| Very High Opportunity | 5 | n/a | n/a | 5 |
| High Opportunity | 4 | n/a | n/a | 5 |
| Moderate Opportunity | 3 | n/a | n/a | n/a |
| Strong Growth | 5 | n/a | n/a | n/a |
| Growth | 4 | n/a | n/a | n/a |
| Slight Growth | 3 | n/a | n/a | n/a |
| 2022 Qualified Census Tract, as defined by HUD | 3 | n/a | n/a | n/a |
| Area subject to a Revitalization Plan, as defined in the 2022-2023 QAP | 3 | n/a | n/a | n/a |
| Located in 45426 Zip Code | n/a | n/a | n/a | 10 |
| Located in Montgomery County | n/a | n/a | n/a | 3 |

### 2. Project-Based Rental Assistance

**Maximum points: 5**

Project commits to project-based rental assistance on the below number of units from one or more of the following sources: *Section 8 or Rural Development rental subsidy*; and/or *Other local, state, or federal subsidy as determined by OHFA* that limits tenant rental contribution to 30% of gross household income.

| ***Documentation Required*** |
| --- |
| • Proof of the subsidy (consistent with the Document Submission Requirements for Rental Subsidy Contract as stated in the 2022-2023 QAP) must be included with the application and reflected in the AHFA. Percentages will be rounded to the nearest whole number. |

| ***Project-Based Rental Assistance: Select one*** | NA | PA | ARP | DR |
| --- | --- | --- | --- | --- |
| *HUD Section 8:* Commitment on 100% of affordable units | n/a | 5 | n/a | n/a |
| *HUD Section 8:* Commitment on at least 90% of affordable units | n/a | 4 | n/a | n/a |
| *HUD Section 8:* Commitment on at least 80% of affordable units | n/a | 3 | n/a | n/a |
| *HUD Section 8:* Commitment on at least 70% of affordable units | n/a | 2 | n/a | n/a |
| *RD Subsidy/Other:* Commitment on at least 60% of affordable units | n/a | 5 | n/a | n/a |
| *RD Subsidy/Other:* Commitment on at least 50% of affordable units | n/a | 4 | n/a | n/a |
| *RD Subsidy/Other:* Commitment on at least 40% of affordable units | n/a | 3 | n/a | n/a |
| *RD Subsidy/Other:* Commitment on at least 30% of affordable units | n/a | 2 | n/a | n/a |
| *HOME-ARP Pool:* Commitment on 100% of affordable units | n/a | n/a | 5 | n/a |

| | | | | |
|---|---|---|---|---|
| *HOME-ARP Pool:* Commitment on HOME-ARP assisted units only | n/a | n/a | 3 | n/a |

### 3. Priority Housing Needs- ELI Targeting

**Maximum points: 5**

Project commits to one of the below percentages of units affordable to and occupied by households at or below 30% AMI. This includes units with project-based rental assistance or other rental subsidy that result in the unit meeting this rent and income restriction.

| ***Documentation Required*** |
|---|
| • No additional documentation required.<br>• Eligibility will be determined by the AHFA. Units must be properly identified in the budget and supported by the market study. Percentages will be rounded to the nearest whole number. |

| ***ELI Targeting: Select one*** | **NA** | **PA** | **ARP** | **DR** |
|---|---|---|---|---|
| *Participating Jurisdiction:* At least 20% of all affordable units | 5 | n/a | 5 | 5 |
| *Participating Jurisdiction:* At least 15% of all affordable units | 4 | n/a | 0 | 4 |
| *Participating Jurisdiction:* At least 10% of all affordable units | 3 | n/a | 0 | 3 |
| *Non-Participating Jurisdiction:* At least 15% of all affordable units | 5 | n/a | 5 | n/a |
| *Non-Participating Jurisdiction:* At least 10% of all affordable units | 4 | n/a | 0 | n/a |
| *Non-Participating Jurisdiction:* At least 5% of all affordable units | 3 | n/a | 0 | n/a |

### 4. Priority Housing Needs- PJ: Transit

**Maximum points: 5**

Project is located in a Participating Jurisdiction and in a census tract with one of the below listed Transportation Connectivity Index scores as shown in the OHFA QAP Interactive Map.

Alternatively, senior developments and Permanent Supportive Housing developments may receive points in this category for development-provided transportation. Development-provided transportation services are provided by the development (funded by development or partner organization) at no charge to the residents, and available to residents at least five times per week.

| ***Documentation Required*** |
|---|
| • *TCI Index:* A screenshot from the OHFA QAP Interactive Map (use geographic pool map to find appropriate map) that evidences the development is located in a census tract with a TCI score applicable to the number of points being claimed. |
| • *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. |

| *Transit: Select one* | NA | PA | ARP | DR |
|---|---|---|---|---|
| *Participating Jurisdiction only:* TCI Index = 6 or higher | 5 | n/a | 5 | n/a |
| *Participating Jurisdiction only:* TCI Index = 3-5 | 4 | n/a | 4 | n/a |
| *Participating Jurisdiction only:* TCI Index = 1-2 | 3 | n/a | 3 | n/a |
| *Development-provided transportation (Senior or ~~and PSH/~~ARP only ~~only~~)* | 4 | n/a | 4 | n/a |

### 5. Priority Housing Needs- Non-PJ: %VLI Households

**Maximum points: 5**

Project is located in a Non-Participating Jurisdiction and in a county with a high percentage of Very Low Income Households for renters as shown in the OHFA QAP Interactive Map.

| *Documentation Required* |
|---|
| • The applicant must submit a screenshot from the OHFA QAP Interactive Map (the interactive map contains the *Housing Need: % VLI Households* map layer with this data) that evidences the development is located in a county with a percentage in one of the below ranges. |

| *%VLI Households: Select one* | NA | PA | ARP | DR |
|---|---|---|---|---|
| *Non-Participating Jurisdiction only:* Greater than 66% | 5 | n/a | 5 | n/a |
| *Non-Participating Jurisdiction only:* 48%-66% | 3 | n/a | 3 | n/a |
| *Non-Participating Jurisdiction only:* 30%-48% | 1 | n/a | 1 | n/a |

### 6. Leverage

**Maximum points: 5**

Development budget reflects a leverage percentage, as verified by OHFA, which falls into one of the stated point categories below.

For the purposes of this scoring item, and in accordance with the requirement of the National Housing Trust Fund, leverage percentage refers to the total financing coming from non-federal[2] and non-OHFA sources.

Non-Federal, non-OHFA funding sources include the following:

- Private debt from a non-related entity (Including FHA insured loans)
- Private capital from a non-related entity
- Funds from the Federal Home Loan Bank's Affordable Housing Program
- State historic tax credit equity
- Grants or loans from the state or local government (City or county HOME funds do not qualify as these are federal funding sources. See footnote.)

For clarification, the following sources of funding are not eligible for points in this category:

- LIHTC equity
- Property tax abatements, tax increment financing, or payment in lieu of taxes (PILOT)

[2] 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, USDA Rural Development loans ~~or loan guarantees~~, and federal rental assistance.

- Transferred reserves
- Income during construction
- GP Capital Contribution
- Seller Notes
- Deferred Developer Fee
- Assumed debt
- Soft Loans from any related party, including those with a stake in the project such as the ~~management company~~Management Company, contractor or syndicator.

| ***Documentation Required*** |
|---|
| • Documentation for any leverage sources being provided and claimed for points must meet the Conditional Financial Commitments requirements outlined in the 2022-2023 QAP.<br>• Sources must be clearly reflected in the Budget and Costs and Cashflow tabs of the AHFA. All percentages will be rounded to the nearest whole number. |

| ***Leverage: Select one*** | NA | PA | ARP | DR |
|---|---|---|---|---|
| ~~Application represents the highest leverage percentage in its pool~~Leverage percentage is greater than 40% (PJ) or 25% (Non-PJ) | 5 | 5 | n/a | n/a |
| Leverage percentage ~~is within 15% of the highest leverage percentage submitted in pool~~is 25%-39.9% (PJ) or 10%-24.9% (Non-PJ) | ~~4~~3 | 3~~4~~ | n/a | n/a |
| ~~Leverage percentage is within 30% of the highest leverage percentage submitted in pool~~ | ~~3~~ | ~~3~~ | ~~n/a~~ | ~~n/a~~ |

### 7. At-Risk Property

**Maximum points: 5 (Select one)**

#### *a) Default or Foreclosure*

Development meets all of the following:

- Development is either at risk of default or foreclosure evidenced by notification from third-party lender(s);
- Development was acquired by applicant in the last two years or has a purchase agreement in place contingent upon the award of credits, and had above conditions at the time of purchase, and seller was not a related entity; AND
- The seller did not, or will not, receive any operating, maintenance, or other reserve funds as a result of or concurrent with the sale of the asset.

| ***Documentation Required*** |
|---|
| • The applicant shall submit 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 above requirements as determined at OHFA's sole discretion.<br>• Additionally, a foreclosure (if applicable) must be evidenced by notification(s) from third party lender(s). |

#### *b) Physical Condition*

Development has been maintained through good management but contains no more than three Major Building Components that are past their effective useful life, need imminent replacement, and will be replaced as part of the scope of work. Major Building Components are defined in the Design and Architectural Standards.

The developer/owner must have been the owner for at least five years and must remain a part of the ownership structure if seeking points for this criterion.

OHFA will determine this score by the critical needs identified in the PCNA.

| ***Documentation Required*** |
|---|
| • The applicant will submit 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.<br>• 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 imminent replacement. The applicant must also identify the specific page numbers of the scope of work that addresses replacement of these systems and/or components. |

### *c) Market Rate Conversion*

Developments with an affordable rent advantage of at least 10% for each bedroom size in the primary market area. Affordable Rent Advantage = 1 – (60% AMI rent for the county / achievable market rents) * 100

| ***Documentation Required*** |
|---|
| • The applicant will submit market study showing a qualifying rent advantage. The applicable section will be bookmarked and highlighted. |

| ***At-Risk Property: Select one*** | **NA** | **PA** | **ARP** | **DR** |
|---|---|---|---|---|
| Default or Foreclosure | n/a | 5 | n/a | n/a |
| Physical Condition | n/a | 4 | n/a | n/a |
| Market Rate Conversion | n/a | 5 | n/a | n/a |

## 8. Rehab Scope

**Maximum points: 5**

Hard construction dollars of rehabilitation per unit equals $40,000 or more.

Preserved Affordability projects proposing demolition of existing units and new construction replacement will receive 5 points if demonstrated that the structure being replaced is no longer viable.

| ***Documentation Required*** |
|---|

- Eligibility will be determined through the AHFA (Hard Construction-Residential Rehab. line item in the Budget & Costs tab). OHFA reserves the right to deny points or change point allocation based on assessment.
- If seeking points for Demolition/New Construction of replacement units, evidence that demonstrates the structure being replaced is no longer viable.

| *Rehab Scope: Select one* | NA | PA | ARP | DR |
|---|---|---|---|---|
| Hard construction cost per unit of $40,000-$42,000 | n/a | 3 | n/a | n/a |
| Hard construction cost per unit of $42,001-$45,000 | n/a | 4 | n/a | n/a |
| Hard construction cost per unit greater than $45,000 | n/a | 5 | n/a | n/a |
| Demolition/New Construction of replacement units | n/a | 5 | n/a | n/a |

### 9. Cost Efficiency

**Maximum points: 5**

Development budget reflects one of the below BGF per unit amounts.

In order to compensate for unintended disadvantages experienced by certain types of projects in this category, developments in any the following categories will be awarded two additional points after determining their base Cost Efficiency score:

- Developments with 60 or fewer total units; or
- Developments with a construction type of 100% adaptive reuse.

The maximum points available with the additional two points will still be 5.

| *Documentation Required* |
|---|
| • No additional documentation required.<br>• OHFA will confirm eligibility through the AHFA. This will be calculated by dividing the total BGF amount requested by the total number of affordable units. |

| *Cost Efficiency: Select one* | NA | PA | ARP | DR |
|---|---|---|---|---|
| Rehabilitation of existing units: | | | | |
| *$~~20~~30,000 BGF per unit and below* | n/a | 5 | n/a | n/a |
| *$~~20~~30,001 - $~~25~~35,000 BGF per unit* | n/a | 4 | n/a | n/a |
| *$~~25~~35,001 - $~~30~~40,000 BGF per unit* | n/a | 3 | n/a | n/a |
| *$~~35~~40,001 - $~~35~~45,000 BGF per unit* | n/a | 2 | n/a | n/a |
| *$~~35~~45,001 - $~~40~~50,000 BGF per unit* | n/a | 1 | n/a | n/a |
| New Construction/Adaptive Reuse: | | | | |
| *$~~30~~40,000 BGF per unit and below* | 5 | 5 | n/a | n/a |
| *$~~30~~40,001 - $~~35~~45,000 BGF per unit* | 4 | 4 | n/a | n/a |
| *$~~35~~45,001 - $~~40~~50,000 BGF per unit* | 3 | 3 | n/a | n/a |
| *$~~40~~50,001 - $~~45~~55,000 BGF per unit* | 2 | 2 | n/a | n/a |
| *$~~45~~55,001 - $~~50~~60,000 BGF per unit* | 1 | 1 | n/a | n/a |

### 10. Supportive Services

**Maximum points: 5**

Proposals demonstrating a commitment by an experienced local or regional service provider(s) to deliver comprehensive services. All service providers must have a history of serving the area. Comprehensive means two or more of the following eligible service programs:

- Before and/or after school care every weekday
- Early childhood education
- Educational assistance programs
- Financial literacy, credit counseling, or other education
- Health promotion, nutrition, or wellness
- Job training, search, and/or placement assistance, including employment services
- Life skills training

| Documentation Required | | | | |
|---|---|---|---|---|
| • Applicants must evidence this requirement in the Supportive Services Plan due at proposal, identifying partnerships with qualified service agencies, and detailing the specific services to be provided, where they will be provided, and how many hours per week of each service will be provided<br>• Services must be on-site or a transportation plan must be provided.<br>• The Operating budget in the AHFA must include a line item for any costs associated with the Supportive Services Plan. | | | | |
| ***Supportive Services*** | **NA** | **PA** | **ARP** | **DR** |
| *Two or more qualifying service programs* | n/a | n/a | 5 | n/a |

**11. Local Partners**

**Maximum points: 5**

Proposals including both of the following:

- **Referral Partnership:** The development team has established an MOU with ~~either~~ the applicable Continuum of Care for referrals of tenants who will meet the qualifying populations requirement
- **Medicaid Partnership:** Evidence of a partnership with a service provider who will coordinate provision of Medicaid-funded services.

| Documentation Required | | | | |
|---|---|---|---|---|
| • For CoC Partnership, provide a contractual agreement or Memorandum of Understanding outlining the specific services, methods of delivery, and terms of the partnership(s).<br>• For Medicaid Partnership, submit evidence of the partnership and also brief information about the partner including their services relevant to the resident population, where they are based, and their experience working in the local community. | | | | |
| ***Local Partnerships*** | **NA** | **PA** | **ARP** | **DR** |
| *Partnerships demonstrated* | n/a | n/a | 5 | n/a |

### 12. Type of Affordability

**Maximum points: 5**
Preference for CDBG-DR Funding will be given to newly affordable, newly constructed units.

| ***Documentation Required*** | | | | |
|---|---|---|---|---|
| • Category will be scored by information provided in the AHFA | | | | |
| ***Type of Affordability*** | **NA** | **PA** | **ARP** | **DR** |
| *Newly constructed units (may be adaptive reuse)* | n/a | n/a | n/a | 5 |
| *Rehabilitation of affordable units directly impacted by tornadoes* | n/a | n/a | n/a | 1 |

### 13. Accessibility

**Maximum points: 5**
Preference will be given for CDBG-DR developments providing more-than-required number of 504-accessible units.

| ***Documentation Required*** | | | | |
|---|---|---|---|---|
| • DCF and Architectural plans must confirm number of 504 units | | | | |
| ***Accessible Units*** | **NA** | **PA** | **ARP** | **DR** |
| *10% of affordable units are fully accessible 504 units* | n/a | n/a | n/a | 5 |

## BGF Tiebreakers

1. The development located in the census tract that has received the fewest number of HTC awards (9%, BGF, and 4% only) over the past three years.
1. ~~Project in a county not yet awarded competitively during this round~~
2. Most units affordable to individuals at or below 30% AMI
3. Project in the county with the highest percentage of Severe Rent Burden.

# F. Application Requirements and Submission

## Exception Requests

Exception Requests must be submitted by the date noted in the Program Calendar. Applicants must submit the Exception Request Form via email to ExceptionsPPD@ohiohome.org.

## Proposal Application

### When to Submit

Proposal applications must be submitted by the date noted in the Program Calendar.

### How to Submit

The completed application package, including required supporting documentation, may be submitted in Electronically, via OHFA's FTP server.

*To request access to OHFA's FTP server, email MultifamilyFTP@ohiohome.org with the name, company, email address, and phone number of the person who will be uploading the application* *documents. Login information will be sent to the individual named in the email from OHFA's Office of Information Technology.*

### What to Submit

A complete list of submission requirements can be found in Appendix B. Submission requirements are also outlined in the AHFA and in the 2022-2023 QAP.

The proposal application is made up of the following:

- Applicable required documentation as outlined in the **Document Submission Requirements** section of the 2022-2023 QAP. (Applicable items are noted in the QAP as a BGF requirement.)
- **Application Fee**
- **Articles of Incorporation** evidencing 501(c)(3) or (c)(4) status *(nonprofits only)*
- **Audited Financial Statements** *(existing projects only)*
    - The financials must be for the proposed project only, and not a portfolio. OHFA will consider exceptions.
- **Board Resolution** authorizing an application for the BGF resources *(nonprofits only)*
    - The resolution must specify the amount of the request and identify the individuals authorized to execute legal documents on behalf of the nonprofit.

All files must be submitted in one compressed ("zip") folder. The hard copy Architectural Plans and Application Fee (if submitting a check) must still be mailed to OHFA.

## Final Application

### When to Submit

Final applications must be submitted by the date noted in the Program Calendar.

### How to Submit

The completed application package, including required supporting documentation, must be submitted Electronically, via OHFA's FTP server.

*To request access to OHFA's FTP server, email MultifamilyFTP@ohiohome.org with the name, company, email address, and phone number of the person who will be uploading the application documents. Login information will be sent to the individual named in the email from OHFA's Office of Information Technology.*

### What to Submit

A complete list of submission requirements can be found in Appendix A. Submission requirements are also outlined in the AHFA and in the 2022-2023 QAP.

If submitting through the OHFA FTP server, all files must be submitted in one compressed ("zip") folder. The hard copy Architectural Plans and Application Fee (if submitting a check) must still be mailed to OHFA.

# G. Application Review and Approval

## Application Review Process

### Proposal Application Review

***Exception Requests:*** OHFA will only consider exceptions for those items specifically allowed under these Guidelines and/or represented in the OHFA Exception Request Form. Exception Requests are due by the date indicated on the Program Calendar.

*Appeals:* Applicants will have one week to submit appeals. Decisions made on appeals are final.

***Experience and Capacity Review:*** Development teams must meet the requirements for experience and capacity as detailed in the Eligible Applicants section. OHFA will complete this review prior to the submission of the Proposal application if requested. Otherwise the review will be completed concurrent with the competitive review based on information entered in the Experience and Capacity tab of the AHFA and required submission documentation.

***Minimum Financial and Threshold Review:*** OHFA will complete a minimum financial and threshold review prior to competitive scoring. This review will evaluate adherence to the below requirements:

Once reviews have been completed, applicants will be notified of any underwriting or threshold deficiencies and will be given one calendar week to correct the items. **Applications will not move forward to the competitive review process until all identified deficiencies are resolved by the applicant.**

OHFA may reject applications that have deficiencies that would cause a delay in the review of the proposed project, or represent a significant risk to the success of the proposed project.

***Competitive Review:*** OHFA will complete a review of the competitive criteria. Once reviews have been completed, applicants will be notified of any competitive deficiencies and will be given one calendar week to address the items. No new information may be submitted by the applicant. The applicant may only identify where, in the original submission, OHFA may find the documentation or information necessary to award competitive points.

***Award Announcement:*** OHFA will notify applicants if their proposal(s) qualify to move forward to a final application. OHFA will announce award recipients on its website.

***Threshold Review and Financial Underwrite:*** OHFA will conduct a thorough review and evaluation of each proposal's ability to proceed, compliance with program requirements, and financial feasibility. Once reviews have been completed, applicants will be notified of any deficiencies and will be given two calendar weeks to address the items. Applicants who are unable to cure deficiencies will not be invited to submit a final application.

***Development Next Steps Meeting:*** OHFA may require successful applicants meet with OHFA staff; however, any applicant not required to meet with OHFA may request to do so.

### Final Application Review

OHFA will conduct both a thorough threshold and underwriting review based on the submitted items. The final application will also be reviewed against the competitive criteria it received points for under the proposal application submission.

### Application Approval Process

Once all review criteria are met, the OHFA Analyst will work with the development team to prepare an executive summary for internal Peer Review. Following Peer Review, the development team must answer any additional questions within 10 business days. The development will then be scheduled for presentation to the Multifamily Committee of the OHFA Board. This Committee meets the second Wednesday of the month, and the applicant will be required to attend. The Multifamily Committee will review the request and vote whether or not to make a formal recommendation for approval to the OHFA Board.

Only the OHFA Board can approve a request for funding. The OHFA Board meets the third Wednesday of the month, and the applicant is encouraged to attend. If the OHFA Board approves the request for funding, OHFA will enter into a funding agreement with the applicant.

Applicants must have an inducement resolution for OHFA-issued bonds prior to seeking OHFA Board approval of the HDAP awards. If using OHFA's bond financing, OHFA will not issue HDAP funding agreements until the development receives final bond approval by the OHFA Board.

## H. Post-Award

### Project Timeline

Once the funding has been approved by the OHFA Board, OHFA will issue a funding agreement which details the terms and conditions of the award. Below are estimated terms and deadlines for projects awarded PY22 BGF funding:

| | |
|---|---|
| **Term Of Loan/Loan Maturity Date:** | 30-year term[3] |
| **Construction Commencement Deadline:** | No later than 12 months after the award is approved by the OHFA Board |
| **Construction Completion Deadline:** | December 31, 2025 |
| **Final Draw Deadline:** | March 1, 2026 |
| **Final Performance Report Deadline:** | March 1, 2026 |
| **Term of Affordability Period:** | Minimum 30-year term |

### Subsequent Changes

Following application approval and continuing through the duration of the affordability period, the recipient must notify OHFA immediately of proposed changes to the project and seek OHFA approval to implement these changes. 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 and changes to the target population.

- Prior to submitting the final closeout report, notification must be directed to the project's assigned Development or Project Administration Analyst.

[3] All loans have a standard term of 30 years. Applicants should carefully consider the term of the HDAP award as OHFA has limited ability to change the term after the award has been approved. Applicants should work with legal counsel to ensure a 30-year term is appropriate for all funding sources. If a term longer than 30 years is needed, applicants must communicate the proposed length and reasons for the longer term to OHFA prior to the application review process or in the contents of the application materials.

- After project closeout, notification must be sent to the Project Portfolio Manager at OHFAProjectChanges@ohiohome.org.

The HDAP recipient must remain the majority/controlling partner, sole owner, or a general partner/managing member during the entire construction phase. Changes to the recipient after the construction phase must be approved by OHFA in writing.

## Loan Closing

OHFA will enter into a funding agreement with the HDAP recipient and/or limited partnership. Once the funding agreement is signed by all appropriate parties, the recipient may request a closing of the HDAP note and mortgage. The project team must compile and submit all required due diligence before requesting a closing date, as described in the OHFA Loan Closing Procedures document on the OHFA Loan Closing webpage. The requested closing date must be between 30 and 60 days from the date the request was submitted.

## Construction Monitoring and Project Administration

Once developments have a signed funding agreement, they will be referred to a Project Administration Analyst. The analyst will guide them through the construction, draw and closeout process.

### Construction Monitoring

OHFA staff will visit the site throughout the project to verify quality of work, site safety and adherence to the construction schedule. The HDAP recipient is required to send an email to ConstructionMonitoring@ohiohome.org notifying OHFA of the construction start date no less than five business days before the anticipated construction commencement date.

The HDAP Recipient is also required to begin submitting the OHFA Quarterly Construction Monitoring Report once the HDAP funding has been approved by the OHFA Board. These reports are submitted quarterly along with Field Inspection Reports conducted by the Construction Management Entity. **If the Quarterly Construction Monitoring Report for the most recent reporting period has not been submitted, OHFA will hold any submitted draw requests for that project until it is submitted.** OHFA may require additional construction monitoring reports provided by a qualified third-party inspector, including an architect or professional with experience in construction management.

Any change orders or other documentation altering the approved design, contract work scope, and/or completion date must also be provided to OHFA prior to execution.

### Requesting Funds

In order to draw funds, the project must have closed with Legal, and OHFA must be in receipt of an ACH Authorization, W-9 form, Signature Certification, and Signature Card. Recipients are required to submit draw requests using the most current *OHFA Request for Payment form* and in accordance with policies and procedures outlined in the *Guide to Requesting HDAP Funds*, both available on the Project Administration webpage.

OHFA may modify the draw schedule as it deems necessary for efficient and effective program operation.

## Project Closeout

Project closeout involves completion and/or receipt of the following items as described in more detail below:

- Compliance Next Steps Meeting
- Construction Closeout Visit
- HDAP Final Performance Report

- IRS Form 8609

### Compliance Next Steps Meeting

Completion of the Compliance Next Steps (CNS) meeting is **required for all properties** as they transition between development and compliance. If not completed, the issuance of Form 8609 will be delayed. The Compliance Next Steps Process webpage contains the most current information on the CNS meeting, including scheduling information and required forms and documents. Generally, projects will be required to complete and submit a Project Confirmation Form as well as the following documents prior to the CNS meeting:

- Affirmative Fair Housing Marketing Plan
- Certificate of completion for OHFA Compliance Policies and Regulations training
- Current lease with any addendums and attachments
- List of non-optional tenant charges and amounts
- Site map of the project
- Supportive Services Plan and Agreement
- Tenant Selection Plan
- Utility Allowance or Rent Schedule documentation
- VAWA Emergency Transfer Plan
- Current Rent Roll with Move-In Dates (Acquisition/Rehabilitation only)
- Current Relocation Plan (Acquisition/Rehabilitation only)

### Construction Closeout Visit

An OHFA staff member will conduct a construction closeout visit at substantial completion (98%). Any deficiencies will be noted at this time and shared with the HDAP recipient. OHFA will work with the HDAP recipient to resolve the deficiencies before the project may finish the closeout process.

### HDAP Final Performance Report

Ten percent of the HDAP award will be held back until the project has completed construction, the construction closeout visit has been conducted, and the HDAP recipient has provided OHFA with a completed and accurate Final Performance Report. The Final Performance Report form may be requested from the Project Administration Analyst. The deadline for submitting this report is noted in the funding agreement.

Recipients of NHTF will be required to submit a cost certification performed by a certified public accountant for each project assisted with NHTF funds. Projects funded with other sources may be required to submit a cost certification prepared by an independent certified public accountant at this time as well.

### IRS Form 8609

The HDAP recipient will follow instructions for requesting Form 8609 as outlined on page 91 of the ~~2021 QAP~~2022-2023 QAP and as described in the 8609 materials on the Project Administration webpage. The final Form(s) 8609 will not be issued until all of the above requirements have been completed.

## Compliance Monitoring

*Compliance Monitoring requirements can be found in the QAP*

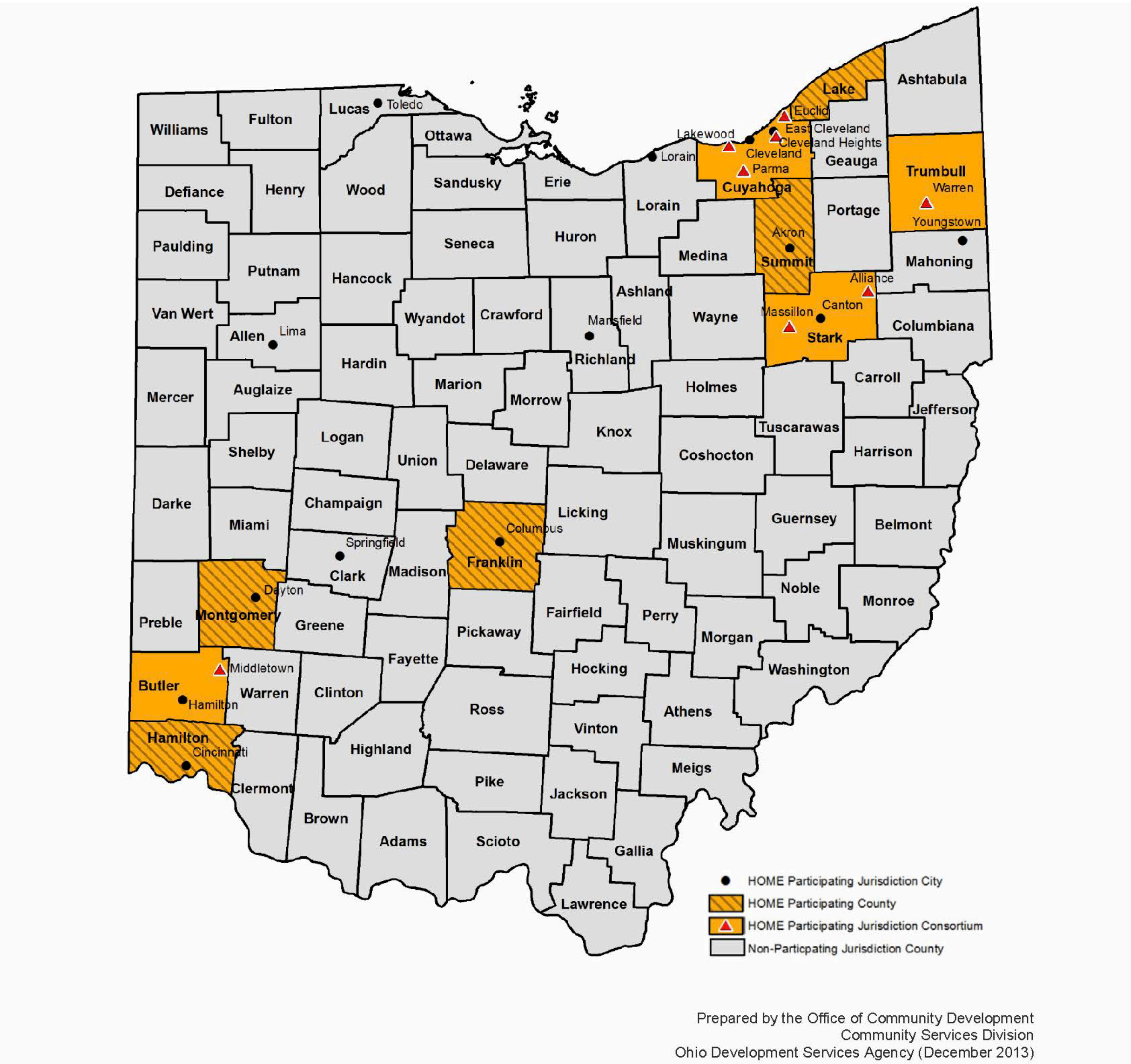
## Asset Management

*Asset Management requirements can be found in the QAP.*

# APPENDIX A: Submission Requirements

| Required Documents | Application | |
|---|---|---|
| | Proposal | Final |
| Affordable Housing Financing Application (AHFA) | ■ | ■ |
| Application Fee | ■ | ■ |
| Appraisal | | ■ |
| Architectural Plans & DCF Form | ■ | ■ |
| Articles of Incorporation (nonprofits only) | ■ | |
| Audited Financial Statements (existing projects only) | ■ | |
| Authorization to Release Tax Information | ■ | |
| Board Resolution (nonprofits only) | ■ | |
| Community Outreach Plan | | ■ |
| Competitive Support Documents | ■ | |
| Conditional Financial Commitments | ■ | ■ |
| Condominimized Space Description | | ■ |
| Development Team Consultant Statement | ■ | |
| Development Team Experience and Capacity Review | ■ | |
| Evidence of Site Control | ■ | ■ |
| Exception Requests | ■ | |
| Federal Tax Identification Number Documentation | | ■ |
| Legal Description | | ■ |
| LIHTC Lease Addendum | | ■ |
| List of Changes from Proposal Application | | ■ |
| Management Company Capacity Review (in AHFA) | | ■ |
| Market Study | ■ | |
| Multifamily Bond Financing Information | | ■ |
| Notification to Statewide Accessibility Groups (new units only) | | ■ |
| Phase I Environmental Site Assessment | ■ | |
| Phase II Environmental Site Assessment (if applicable) | | ■ |
| Physical Capital Needs Assessment & Scope of Work | ■ | |
| Proposal Summary PDF | ■ | |
| Public Notification (new units only) | ■ | |
| Related Party Transaction Questionnaire | | ■ |
| Relocation Plan | | ■ |
| Rental Subsidy Contract | ■ | ■ |
| Scattered Site Development Map | ■ | |
| Site Visit Documents | ■ | |
| Utility Allowance Information | ■ | ■ |
| Zoning | ■ | |

# APPENDIX B: HUD Participating and Non-Participating Jurisdictions



# APPENDIX C: Additional Requirements for Developments Receiving CDBG-DR Funding

1) **Reporting and Record Keeping:** The applicant will be responsible for compliance with applicable implementation, reporting and recordkeeping requirements associated with CDBG-DR and state regulations.

2) **Environmental Review Requirements:** OHFA conducts a supplemental environmental review for all projects receiving HDAP funds, including CDBG-DR. The environmental review will be completed in accordance with 24 CFR Part 58. Development serves as the Responsible Entity and will grant the environmental clearance to the development upon the HUD Release of Funds.

3) **Development Standards**: Developments that involve rehabilitating structures must adhere to the OCD Residential Rehabilitation Standards (RRS) or other standards agreed upon by OHFA and the OCD. All new construction must adhere to OHFA's Design and Architectural Standards, including all applicable local and state building codes.

   In addition to meeting all energy efficiency requirements as stated in the Ohio Building Code or Residential Code, all multi-family developments receiving OHFA funding must obtain one of the following green building certifications as stated in the OHFA Design and Architectural Standards:
   - Enterprise Green Communities
   - Leadership in Energy & Environmental Design (LEED)
   - ICC 700 National Green Building Standard (NGBS)

4) **Accessibility**: All developments receiving funding from OHFA funding are required to meet the accessibility requirements under Section 504 of the Rehabilitation Act of 1973. Additionally, all projects must to comply with the accessibility requirements as outlined in the Ohio Building Code, Chapter 4101:1-11, which includes the use of ICC/ANSI A117.1-2009 for the designing and constructing accessible units.

5) **Relocation Standards**: All developments, regardless of funding source, that involve rehabilitating existing occupied units must submit a Relocation Plan or rehabilitation strategy that outlines the plan to work with the tenants in place. If the development receives federal funds, the plan must meet the requirements set forth in the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended. If the development involves acquisition, the applicant must supply the Real Property Acquisition and Relocation Certifications and Voluntary Acquisition Forms for the project.

6) **Changes to Approved Applications**: The HDAP recipient must notify OHFA, in writing, of all changes, financial or otherwise, relating to an application for financial assistance of an approved development. Failure to notify OHFA may jeopardize the applicant's ability to receive future assistance. If there are any substantive changes to the development prior to executing the Funding Agreement, OHFA may require the applicant resubmit the application.

7) **Cost Certification**: After construction is completed, each development may be required to obtain and submit a cost certification prepared by an independent certified public accountant or other comparable documentation approved by OHFA.

8) **Developer Fee Limits:** Developer's fee for applications submitted for HDAP funding must be consistent with the limits established in the OHFA Multifamily Underwriting Guidelines, QAP, BGF Guidelines, or other funding guidelines.

9) **Public Notification**: Applicants intending to develop rental housing must comply with the Ohio Revised Code §175.07 pertaining to public notification.

10) **Fees:**

    *Application Fee:* OHFA may elect to impose application, document correction and/or funding fees as it determines necessary. Fees may be based on threshold deficiencies and designed to encourage complete and accurate application submissions with a likelihood of success.

    *Amendment/Extension or Reinstatement to Funding Agreements:* OHFA may elect to impose a $100 fee for each amendment or extension made to the funding agreement. OHFA may also elect to impose a $1,000 fee to reinstate an expired funding agreement. These fees are implemented to encourage applicants to complete developments in a timely manner and as proposed in the application.

11) **Waivers:** OHFA reserves the right to waive state-imposed requirements if the applicant demonstrates a compelling reason. OHFA will review such requests on a case-by-case basis.

# ~~11)~~ APPENDIX D: Additional Requirements for Developments Receiving HOME-ARP Funding

1) **Reporting and Record Keeping:** The applicant will be responsible for compliance with applicable implementation, reporting and record keeping requirements associated with HOME- ARPA, OHFA, and state regulations.

2) **Environmental Review Requirements:** OHFA will conduct a supplemental environmental review for all projects receiving HDAP funds. The environmental review will be completed in accordance with the relevant state or federal requirements as specified below.

   Environmental reviews are conducted in accordance with 24 CFR. Part 58. Development serves as the Responsible Entity.

3) **Determination and Requirements for Assisted Units**: Assisted units must meet all requirements as stated in HUD Notice: CPD-21-10.

4) **Rehabilitation Standards:** Developments that involve rehabilitating structures must adhere to OCD Residential Rehabilitation Standards (RRS). Refer to OCD's RRS Handbook, or other standards agreed on by OHFA and OCD.

5) **Lead-Based Paint Standards:** All housing developments designed to rehabilitate pre-1978 structures must adhere to the Development's Lead-Based Paint Guidelines.

6) **Relocation Standards:** All developments, regardless of funding source, that involve rehabilitating existing occupied units must submit a Relocation Plan or rehabilitation strategy that outlines the plan to work with the tenants in place. If the development receives federal funds, the plan must meet the requirements set forth in the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended. If the development involves acquisition, the applicant must supply the *Real Property Acquisition and Relocation Certifications and Voluntary Acquisition Forms* for the project.

7) **Timeline:** The HDAP recipient will confirm that all financing is committed and submit a request to close on HDAP funding to OHFA which must be received at the OHFA offices at 57 East Main Street, Columbus, OH 43215, by the date(s) set forth in the recipients Funding Agreement.

8) **Changes to Approved Applications:** The HDAP recipient must notify OHFA, in writing, of all changes, financial or otherwise, relating to an application for financial assistance of an approved development. Failure to notify OHFA may jeopardize the applicant's ability to receive assistance in the future. If there are any substantive changes to the development prior to executing the Funding Agreement, OHFA may require the applicant to resubmit the application.

9) **Eligible/Ineligible Applicants:** Applicants can be private for-profit, not-for-profit developers/owners, or public housing authorities. For developments owned by partnerships (limited liability corporations, etc.), to qualify for financing terms available to not-for-profitorganizations, the majority/controlling general partner interest must be held by a not-for-profit (for- profit affiliates of not-for-profit parent corporations qualify as a not-for-profit in a partnership situation). To request financing terms available to not-for-profit organizations, the applicant must provide evidence of IRS 501(c)(3) or 501(c)(4) status. To be eligible for funding, religious organizations must meet the provisions in 24 CFR § 92.257.

   OHFA reserves the right to evaluate developments, including those that have previously received an award of HDAP, and that have received other forms of federal subsidy to determine what amount, if any, the development needs to be financially feasible. OHFA reserves the right to evaluate such developments to determine the facts and circumstances that necessitate the need for additional funds and to ensure projects are not over subsidized.

OHFA would prefer that HDAP resources be used to provide new opportunities for affordable housing or to preserve existing, currently subsidized or rent-restricted affordable housing for the residents of Ohio. Therefore, OHFA reserves the right to determine if rehabilitating existing affordable renter-occupied housing without project-based subsidy is eligible.

10) **Projects per Developer**: Developers may submit more than one proposed development per year based on the organization's capacity to implement multiple and/or simultaneous projects. OHFA reserves the right to require further information and to decide on an organization's capacity to carry out multiple developments, which will include status and progress on projects using any resources provided by OHFA. OHFA may also limit the amount of HDAP awarded to any single developer.

OHFA reserves the right to combine the costs for developments that are located near each other and share similar attributes such as project type, construction style, and development team.

11) **Cost Certification:** After construction is completed, each development may be required to obtain and submit a cost certification prepared by an independent certified public accountant or other comparable documentation approved by OHFA.

12) **Fee Limits:** Developer's fee for applications submitted for HDAP funding must be consistent with the limits established in the Qualified Allocation Plan (QAP), BGF Guidelines, or other funding guidelines.

13) **Public Notification:** Applicants intending to develop rental housing (including lease-purchase) must comply with the Ohio Revised Code §175.07 pertaining to public notification.

14) **Loans:**

- 2% interest will be charged unless otherwise agreed to by OHFA;
- Loan will mature at the end of the affordability period. The affordability period is defined as the minimum term required in 24 CFR 92 and any extended affordability period imposed by OHFA;
- Collateral will be a subordinate mortgage. OHFA must be in second or shared-second lien position unless otherwise agreed to by OHFA based on good cause and sufficient supporting documentation;
- Payments will be based on a percentage of the available cash flow as defined by OHFA. If loan payments flow from a third party to the recipient, they will be excluded from cash flow analysis provided they are transferred to OHFA in full. Any remaining balance on the loan is due as a balloon payment at the end of the term or sale, whichever is first. On a case-by- case basis, OHFA may agree to subordinate to other government investors and accept payments consistent with their terms;
- Loan interest will accrue, and repayment obligations will start following the closeout of the project, regardless of the Placed-in-Service date. Closeout means the HDAP recipient leased the "Assisted" units, provided the appropriate documentation to OHFA, and OHFA approved the documentation as evidenced by a closeout letter from Analyst; and
- Funds cannot be lent to the project at a rate higher than OHFAs rate without the approval of OHFA. OHFA reserves the right to designate which general partner/managing member/owner, if more than one (1), will be the recipient.

*15)* **Grants**:

Grants must be requested and are available only when all the following conditions are met:

- The eligible applicant is the controlling general partner and is a 501(c)(3) or 501(c)(4) not- for-profit (for-profit affiliates of not-for-profit parent corporations qualify as a not-for-profit in a partnership situation);
- At least 20% of the units in the development will be occupied by and affordable to households at or below 35% of the area median income;
- The recipient treats the funds as a grant for tax purposes. If the recipient is the project, it will receive an IRS Form 1099; and
- The recipient does not loan the funds to the development but treats it as a grant or capital contribution.

Developments that meet both the requirements established by OHFA for Permanent Supportive Housing and the above-noted conditions are also eligible to request a grant.

For low-income housing tax credit (LIHTC) developments that request a direct grant, the HDAP funds may be included in eligible tax credit basis if the funds are a general partner's capital contribution ***and*** provided that the development can provide a tax opinion certifying the funds as part of eligible basis. The development must still meet all the above-noted requirements to be eligible for a grant. However, when considering grant eligibility, OHFA will apply the regulations governing the funds awarded when considering how the recipient passes the award on to the development.

*16)* **Fees:**

*Application Fee:* OHFA may elect to impose application, document correction and/or funding fees as it determines necessary. Fees may be based on threshold deficiencies and designed to encourage complete and accurate application submissions with a likelihood of success.

*Amendment/Extension or Reinstatement to Funding Agreements:* OHFA may elect to impose a $100 fee for each amendment or extension made to the funding agreement. OHFA may also elect to impose a $1,000 fee to reinstate an expired funding agreement. These fees are implemented to encourage applicants to complete developments in a timely manner and as proposed in the application.

*17)* **Waivers:**

OHFA reserves the right to waive State-imposed requirements if the applicant demonstrates a compelling reason. OHFA will review such requests on a case-by-case basis.

*18)* **Application Review Criteria and Review Process:**

All programs under the HDAP will include a review of the application and all required supporting documentation to ensure that the development is financially feasible and meets all HOME-ARPA and/or OHFA program requirements. OHFA reserves the right to determine cost reasonableness and fees associated with the development.

The application will be assigned to a Housing Grant Analyst (HGA) who will be responsible for the application review, funding agreement processing and resolving post-award implementation issues.

Threshold Review - The threshold criteria assure that all selected developments comply with program requirements. Applications that do not meet the threshold requirements will not be considered for funding. The only exception to this will be the HCGF which will follow the Threshold Review process established in the OHFA QAP.

Competitive Review - Applications submitted for the HCGF program will follow the alloc system established in the OHFA QAP.

Applications submitted for the HDGF program will be evaluated based on the following criteria: 1) experience and capacity of the applicant and development team; 2) financial feasibility of the development; 3) site selection; 4) development design; 5) demonstrated market for the development; and 6) policies as stated in the program guidelines.

Applications submitted for the BGF program will be evaluated based on the following criteria: 1) experience and capacity of the applicant and development team; 2) financial feasibility of the development; 3) site selection; 4) development design; 5) demonstrated market for the development; and 6) policies as stated in the program guidelines. OHFA reserves the right to prioritize projects located in Ohio’s Appalachian counties (excluding HUD Entitlement Communities and Non-entitlement Participating Jurisdictions); HUD Non-entitlement Communities and Non-Participating Jurisdictions, projects preserving existing affordable housing, or projects undergoing a RAD conversion.

Pro Forma or Affordability Analysis - A financial review will include an evaluation to determine the amount of funds necessary to complete the actual development of the development, considering all other committed sources.

The financial review for rental housing developments includes the analysis of a 15- and/or a 30- year pro forma, assuming a 2% annual revenue increase, a 3% annual operating expense increase, and a 7% stabilized vacancy rate. If the pro forma forecasts different assumptions, justification must be provided. The affordability analysis for rental developments requires the resident's rent and utility payments not to exceed 30% of an income-qualified household's income at the projected affordability level. Utility allowance information must be obtained from the local public housing authority, local utility provider, or other approved source (e.g. actual usage history on rehabilitation developments).

Capitalized Operating Reserves – OHFA will modify program guidelines to include capitalized operating reserves for projects that do not provide project-based rental subsidy for the QP units. that meet the requirements of HUD CPD Notice 21-10 and related HUD guidance as an eligible use of HOME-ARP funds. OHFA will administer the reserves and comply with the requirements for management and oversight outlined in HUD CPD Notice 21-10.

Pre-Award Site Visit - OHFA may conduct a site visit prior to submitting a funding recommendation. The purpose of the visit is 1) to evaluate the proposed development site for suitability and impact on the surrounding community; 2) to confirm the status of previously funded developments; and 3) to develop the relationship between the applicant and OHFA. Both parties can discuss any issues or concerns regarding the proposed development and the organization has an opportunity to familiarize OHFA staff with their overall programs and operations.

Formal Recommendation for Funding - OHFA will present the development and submit a funding recommendation, either for approval or rejection, to the OHFA Board's Multifamily Committee.
This Committee will submit a formal recommendation to the OHFA's Board for consideration and approval.

Units Restricted for Occupancy by Qualifying Households: The HOME-ARP rent must comply with HUD Notice: CPD 2021-10 and may not exceed 30 percent of the adjusted income of a household whose annual income is equal to or less than 50 percent of the median income for the area, as determined by HUD (i.e., Low HOME Rents).If a household receives federal or state tenant-based rental assistance, the rent is the rent permissible under the applicable rental (i.e., the tenant rental contribution plus the rental subsidy allowable under that rental assistance program).

19) **Application Submission:**

Applications must be submitted on a compact disc, or electronically via OHFA's ftp site, with all required documents clearly labeled as detailed in the respective program's guidelines.
Applications must be submitted to the Office of Multifamily Housing, Ohio Housing Finance Agency, 57 East Main Street, Columbus, Ohio 43215-5135.

Incomplete Applications: OHFA will perform a preliminary review of all submissions to determine whether a complete application has been submitted. If it is determined that OHFA cannot from the information provided, the application will be returned to the applicant along with a written listing of the application's deficiencies.

# APPENDIX E: Calculating Restricted and Assisted Units

## Affordable Units:

Affordable units are defined as those units that are affordable to and will be occupied by households at or below 80% of the Area Median Gross Income (AMGI).

## Restricted Units:

Units in a project that must be affordable to and occupied by households at or below 50% of the AMGI. This is based on both the total number of affordable units in a project and the amount of HDGF requested.

## Assisted Units:

Units that are subject to the HUD High/Low HOME Rent Requirements.

NOTE: To be eligible to receive an award through HDGF, a project must meet both the Restricted ***and*** Assisted requirements, *regardless of the funding source.*

## NHTF Assisted Units:

Units that must be occupied by and affordable to households at or below 30% AMI. This requirement only applies if the project receives NHTF.

***Additional Notes on Restricted and Assisted Units:***

- Units subject to the High/Low HOME rents may also be used to meet the requirement for Restricted Units.
- The NHTF-Assisted Units may not be used to meet the requirements for either the Restricted or Assisted Units.
- Assisted Units must be evenly distributed among unit sizes. OHFA reserves the right to require applicants to distribute the Assisted Units evenly among new construction and rehabbed units as well.
- Some costs are not deemed eligible in calculating the number of Assisted Units. While these costs may be part of the development budget, they will be removed from the total budget solely for calculating the number of assisted units. These costs include, but are not limited to:
    - Costs associated with community space that is separated from living areas
    - Land/Broker Fees
    - Off Site Development
    - Costs associated with retail or commercial space
    - Hard construction fee items
    - Furniture, Fixtures & Equipment ***not*** considered Real Estate (Office furniture, common space furniture, etc.)
    - Construction Insurance
    - Construction Interest
    - Impact fees
    - Legal Fees
    - Construction Management Fees
    - Guarantee Fees
    - Developer charged fees
    - Organizational fees
    - Asset Management fees
    - Soft Cost Contingency
    - Replacement Reserves

# EXAMPLE I:

| | |
|---|---|
| **Project location** | **Delaware County (non-PJ)** |
| **Unit type** | One-bedroom units |
| **Total units** | 24 |
| **Affordable units** | 24 |
| **Total Project Costs (TPC)** | $4,250,000 |
| **Total HDGF request** | $300,000 |
| ***NHTF request*** | $100,000 |

## Calculating Restricted Units

OHFA uses the greater of the two calculations described below.

**1. Calculate based on number of affordable units**

Step 1: Identify if the project is located in a HUD Participating Jurisdiction (PJ).

- Projects located in a HUD PJ must restrict ***a minimum*** of 40% of the affordable units, *regardless of the amount of HDGF awarded to the project.*
- Projects not located in a HUD PJ must restrict ***a minimum*** of 35% of the affordable units, *regardless of the amount of HDGF awarded to the project.*

Step 2: Based on the location, multiply the number of affordable units by the required percentage. Since the proposed project is located in a Non-PJ, at least 35% of the affordable units must meet the requirements for Restricted Units.

**24 units x 35% = 8.4 or 9**

Using this calculation, the project is required to have **nine** Restricted Units.

**2. Calculate based on amount of HDGF requested**

Step 1: Determine the percentage of HDGF in the project for the affordable units by dividing the amount of the HDGF requested by the TPC for the affordable units.

**$300,000 (HDGF requested) / $4,250,000 (TPC of affordable units) = 7.0588%**

Step 2: Multiply the percentage by the number of affordable units.

**7.0588% x 24 = 1.6941 or 2**

Using this calculation, the project is required to have **two** Restricted Units.

As OHFA uses the greater of these two calculations, the project will be required to maintain nine units that meet the requirement for Restricted Units.

## Calculating Assisted Units

**Step 1:** Determine Total Eligible Cost per Unit.

In this case, we will assume all costs are eligible.

**$4,250,000 (TPC) / 24 (units) = $177,083 cost per unit**

**Step 2:** Add the HDGF and HOME/HOME Match. This includes any HOME funds provided by the local government and any funds being used to meet the HOME match requirement.

This project is located in a Non-PJ, so there are no local funds that meet this requirement.

**Step 3:** Determine the number of Assisted Units based on the percentage of HDGF/HOME in the project.

Percentage of HDGF/HOME in project: **$300,000 / $4,250,000 = 7.0588%**
Number of Assisted Units: **7.0588% x 24 = 1.6941 or 2**

This first calculation only provides a starting point.

**Step 4:** Determine how much HDGF/HOME is allocated to each of the Assisted Units.

**$300,000 / 2 = $150,000 per Assisted Unit**

**Step 5:** Determine the maximum subsidy allowed for the county in which the project is being developed. This is determined by HUD.

Maximum subsidy for a one-bedroom unit: **$157,466.40**

**Step 6:** Compare the amount of HDGF/HOME per Assisted Unit to the cost to build the unit and the maximum allowable subsidy. The amount of HDGF/HOME per Assisted Unit cannot be greater than either the cost to build the unit or the maximum allowable subsidy.

HDGF/HOME per Assisted Unit (from Step 4): **$150,000**
Cost to build the units (from Step 1): **$177,083**
Maximum allowable subsidy per unit (from Step 5): **$157,466.40**

Because the HDGF/HOME per Assisted Unit is less than the cost to build the units and it is less than the maximum allowable subsidy, this project is only required to maintain **two** Assisted Units.

If the amount of HDGF/HOME per unit was greater than *either* the cost to build or maximum subsidy allowed, OHFA would increase the number of Assisted Units until the subsidy per unit met these requirements.

## Calculating NHTF Assisted Units

Regardless of the amount requested, projects are required to maintain 10% of the units, with a minimum of 5 units, affordable to and occupied by households at or below 30% AMI.

**24 units x 10% = 2.4 or 3**

Therefore, this project will be required to maintain **five** NHTF-Assisted units.

## Outcomes for Example I:

- 9 Restricted Units
- 2 Assisted Units
- 5 NHTF-Assisted Units

# EXAMPLE II:

| | |
|---|---|
| **Project location** | **Franklin County** |
| **Unit type** | One-bedroom units |
| **Total units** | 24 |
| **Affordable units** | 19 |
| **Non-Restricted** | 5 |
| **Total Project Costs (TPC)** | $5,250,000 |
| **Total HDGF request** | $300,000 |
| ***NHTF request*** | $100,000 |
| **Local HOME** | $250,000 |

## Calculating Restricted Units

OHFA uses the greater of the two calculations described below.

**1. Calculate based on number of affordable units**

Step 1: Identify if the project is located in a HUD Participating Jurisdiction (PJ).

- Projects located in a HUD PJ must restrict ***a minimum*** of 40% of the affordable units, *regardless of the amount of HDGF awarded to the project.*
- Projects not located in a HUD PJ must restrict ***a minimum*** of 35% of the affordable units, *regardless of the amount of HDGF awarded to the project.*

Step 2: Based on the location, multiply the number of affordable units by the required percentage.

Since the proposed project located in a PJ, at least 40% of the affordable units must meet the requirements for Restricted Units.

**19 units x 40% = 7.6 or 8**

Using this calculation, the project is required to have **eight** Restricted Units.

**2. Calculate based on amount of HDGF requested**

Step 1: Determine the percentage of HDGF in the project for the affordable units.

a. Determine the TPC for the affordable units by first determining the cost per unit (all units) and then multiplying the cost per unit by the number of affordable units.

**$5,250,000 (TPC) / 24 (total units) = $218,750 cost/unit**

**$218,750 x 19 (affordable units) = $4,156,250 TPC for affordable units**

b. Determine the percentage of HDGF in the project for the affordable units by dividing the amount of HDGF requested by the TPC for the affordable units and multiply that percentage by the number of affordable units.

**$300,000 (HDGF requested) / $4,165,250 (TPC affordable units) = 7.2180%**

**7.2180% x 19 (affordable units) = 1.3714 or 2**

Using this calculation, the project is required to have **two** Restricted Units.

As OHFA uses the greater of these two calculations, the project will be required to maintain **eight** units that meet the requirement for Restricted Units.

## Calculating Assisted Units

**Step 1:** Determine Total Eligible Cost per Unit.

In this case, we will assume all costs are eligible.

**$5,250,000 (TPC) / 24 (total units) = $218,750 cost/unit**

**Step 2:** Add the HDGF and HOME/HOME Match. This includes any HOME funds provided by the local government and any funds being used to meet the HOME match requirement.

**$300,000 (HDGF) + $250,000 (HOME) = $550,000**

**Step 3:** Determine the number of Assisted Units based on the percentage of HDGF/HOME in the project.

Percentage of HDGF/HOME in the project: **$550,000 / $5,250,000 = 10.4762%**

Number of Assisted Units: **10.4762% x 24 = 2.5142 or 3**

This first calculation only provides a starting point. It is important to note that ALL units, both affordable and market rate are considered in this first calculation.

**Step 4:** Determine how much HDGF/HOME is allocated to each of the Assisted Units.

**$550,000 / 3 = $183,333 per Assisted Unit**

**Step 5:** Determine the maximum subsidy allowed for the county in which the project is being developed. This is determined by HUD.

Maximum subsidy for a one-bedroom unit: **$157,466.40**

**Step 6:** Compare the amount of HDGF/HOME per Assisted Unit to the cost to build the unit and the maximum allowable subsidy. The amount of HDGF/HOME per Assisted Unit cannot be greater than either the cost to build the unit or the maximum allowable subsidy.

HDGF/HOME per Assisted Unit (from Step 4): **$183,333**
Cost to build the units (from Step 1): **$218,750**
Maximum allowable subsidy per unit (from Step 5): **$157,466.40**

The HDGF/HOME subsidy per Assisted Unit exceeds the maximum allowable subsidy per unit. In this instance, an additional Assisted Unit would be need.

With four Assisted Units, the subsidy per unit becomes $137,500 ($550,000 / 4) and the project meets program requirements.

Now that the HDGF/HOME per unit is less than the cost to build and it is less than the maximum allowable subsidy, this project is only required to maintain **four** Assisted Units.

## Calculating NHTF-Assisted Units

Regardless of the amount requested, projects are required to maintain 10% of the units, with a minimum of 5 units, affordable to and occupied by households at or below 30% AMI.

**24 x 10% = 2.4 or 3**

Therefore, this project will be required to maintain **five** NHTF-Assisted Units.

## Outcomes for Example II:

- 8 Restricted Units
- 4 Assisted Units
- 5 NHTF-Assisted Units