



2022

# Multifamily Underwriting Guidelines

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## Introduction

The Ohio Housing Finance Agency (OHFA) will perform underwriting analysis on all proposal applications that request OHFA resources.

OHFA may request further clarification, justification, or documentation for any questions that are identified during the underwriting analysis. At its discretion, OHFA may reduce, alter, or remove items that do not meet the underwriting standards contained in these Multifamily Underwriting & Implementation Guidelines (the Guidelines).

Unless otherwise approved by OHFA, these Guidelines will apply beginning with all 2022 funding rounds. The Guidelines may be subject to change, pending developments in federal and state legislative requirements and/or OHFA policy.

OHFA will underwrite developments according to the funding source sought.

### Competitive 9% Housing Tax Credits Underwriting Process

All developments applying for Competitive Housing Tax Credits (HTCs), with or without OHFA gap financing, undergo three underwriting reviews:

1. proposal submission to determine if they are eligible for competitive review;
2. final application prior to issuing a Carryover Allocation Agreement; and
3. the time the development is placed-in-service and requests Internal Revenue Service (IRS) Form(s) 8609.

### Non-Competitive 4% Housing Tax Credits Underwriting Process

All developments applying for Non-Competitive HTCs undergo an underwriting review at application prior to issuing a 42m Letter of Eligibility. A final underwriting review will take place at the time the development is placed-in-service and requests IRS Form(s) 8609.

### OHFA Gap Financing Programs Underwriting Process

All developments requesting Housing Development Assistance Program (HDAP) or Housing Development Loan (HDL) program resources will undergo an underwriting review at proposal and again at final application, if applicable. These reviews will coincide with the HTC underwriting.

## I. Development Budget

### A. Development Budget Overview

#### 1. Cost Reasonableness

OHFA will evaluate development cost reasonableness pursuant to the applicable QAP process and may require additional information for developments that exceed expected budget projections based on comparable developments. Developments will be subject to any additional cost requirements imposed by the specific program to which application is made, if applicable.

#### 2. Sources and Uses

Applications must identify all costs, including acquisition, construction, contingencies, reserves, developer fees and other soft costs. All "other" line items utilized in the development budget must include cost explanation. Applicants must classify items funded after construction concludes in the construction sources as post-construction fees and costs.

If the sources exceed costs, OHFA will reduce funding and/or allocation amount(s).

## B. Acquisition and Land Costs

For Competitive and Non-Competitive HTC developments, OHFA will subtract the land valuation identified in the appraisal from the total property valuation or the purchase price, whichever is less, to arrive at the allowable acquisition basis.

If the total purchase price is less than the total property valuation, OHFA will use the percentage of the property's land valuation in comparison to the total property valuation to determine allowable acquisition basis. OHFA will limit the property valuation to the as-is restricted valuation.

*For developments with project-based rental assistance requesting 4% HTC:* Properties that are currently rent-restricted and will remain rent-restricted may seek an exception request to use to the as-is market valuation.

## C. Related Party Acquisitions

Owners of existing properties may submit an application for Competitive or Non-Competitive HTC to refinance and rehabilitate a property. Applicants must submit documentation proving adherence to the following conditions at final application or at HDAP closing:

- **HTC.** If seeking Competitive or Non-Competitive HTCs, seller financing is allowable up to the lesser of the purchase price or appraised value.
- **HDAP.** If the transaction includes a cash settlement or other consideration to the owner/seller of the property, the development will not be considered for HDAP unless OHFA grants an exception prior to application submission. The applicant must provide each of the following with the exception request:
  - An estimated amount of cash out or consideration to the owner/seller.
  - A narrative explaining why the additional subsidy is necessary for successful rehabilitation of the proposed project, including an analysis of any costs to pay off or restructure existing debt or other financial obligations, an analysis of those costs must be provided.

OHFA will determine if gap financing is appropriate and necessary for the proposed project. OHFA will not consider exit taxes or payouts to existing limited partners as a justification to support additional gap financing requests.

## D. Construction Related Costs

### 1. Hard Construction Costs

Hard Construction Costs are defined as \_\_\_\_\_ in the Affordable Housing Funding Application (AHFA).

### 2. Minimum Hard Construction for Rehabilitation

The scope of work for all rehabilitation projects must meet the standard of substantial rehabilitation, as defined in the OHFA Design and Architectural Standards.

### 3. Construction Interest

The maximum estimated Construction Loan Interest amount allowed in eligible basis is equal to one year of Construction Loan Interest (Construction Loan Amount multiplied by the Construction Loan Interest Rate). OHFA will consider exceptions for developments that can justify a potentially longer construction period.

The applicant must provide a conditional commitment letter at final application detailing the rate and loan terms.

### 4. Construction Contingencies

The maximum Hard Construction cost contingency is

- 5% for new construction,
- 10% for rehabilitation, and
- 15% for adaptive reuse

of Hard Construction Costs. OHFA may allow exceptions to this limit if the applicant can demonstrate that another funding source requires a higher contingency.

## 5. Contractor Fee and Cost Limits

The maximum contractor fee amount is determined and locked-in at either final application or at execution of the signed general contractor agreement. If locking in the contractor fee at execution of the signed general contractor agreement, the applicant must deliver a copy of that agreement and a lock-in request to OHFA within 30 days of the agreement's execution.

Upon lock-in, this amount cannot be increased if costs are higher but is also not required to be decreased if final hard construction costs are lower than underwritten. Contractor cost limits are as the following percent of Hard Construction Costs:

- Contractor Profit: 6%
- Contractor Overhead: 2%
- Contractor General Requirements: 6%

General Requirements includes but is not limited to project management, superintendent, temporary construction sign, field office expense, storage trailers, portable restrooms, temporary utilities, and dumpsters.

OHFA will consider reasonable adjustments to these requirements, not to exceed 14% across general requirements, overhead, and profit, for contractors that are not related parties.

## 6. Cost Savings

If the final cost certification identifies savings, OHFA will divide such amounts 50%/50% between it and the developer for related party contractor entities and 67% to developers for third-party contractors.

OHFA may take its share in any one or more of the following ways.

- Reduce the development's HDAP award.
- Reducing HTCs, supplementing reserves, achieving deeper income targeting, upgrading specific items in the project, or using the savings to pay down hard debt including HDL and/or Multifamily Lending Program debt.

Owners must contact OHFA prior to requesting IRS Form(s) 8609 or completing their Final Performance Report (HDAP only) regarding the above options.

## E. Professional Soft Costs

### 1. Professional Soft Costs Definition Professional Soft Costs are defined in the AHFA. 2.

#### Professional Soft Cost Limits

Non-Competitive HTC developments may have a total professional soft cost no higher than 25 percent of the total development cost. All other program participants may have a total professional soft cost no higher than 20 percent of the total development cost.

## E. Reserves

Unless waived by OHFA, all reserves described herein shall stay with a development at the time of investor exit.

### 1. Operating Reserves

The minimum Operating Reserve for a development is 4 months of the first stabilized year's projected operating expenses, hard debt service payments, and replacement reserve contributions. The maximum is 12 months of the same.

### 2. Replacement Reserves

Capitalized Prefunded Replacement Reserves are not permitted for new construction developments, except for adaptive reuse developments and single family development properties intended for eventual tenant ownership.

Lease-purchase properties may include up to \$5,000 per unit in capitalized prefunded replacement reserve set aside in escrow to cover major capital expenditures prior to transitioning the home to the buyer. An additional

\$3,000 per unit may be set aside in escrow to cover closing costs. An independent housing inspector approved by OHFA must complete an inspection before reserves can be accessed.

OHFA's minimum replacement reserve amounts by product type are as follows; the below distinctions are based on population served and construction type, not by funding pool:

- Senior, New Construction = \$300 per unit
- Family/Service Enriched, New Construction = \$400 per unit
- Single Family Homes = \$400 per unit
- Senior, Rehabilitation = \$350 per unit
- Family/Service Enriched, Rehabilitation = \$425 per unit

OHFA may permit an exception to these minimum replacement reserves if required by another funding source. Recipients of HOME funds or National Housing Trust Funds must also comply with the applicable requirements for replacement reserves.

### 3. Special Reserves

OHFA will allow special reserves if required by HUD or USDA Rural Development to the extent indicated in supporting documentation.

OHFA will permit special reserves for single family developments for wheelchair lifts as an alternative to ramp requirements under accessibility criteria.

## II. Development Financing

### A. All Sources Identified

Applicants and owners must identify all funding sources, including HTC equity, hard debt, gap financing, seller financing, soft or non-recourse loans, grants, development team contributions, interest during construction and reserves used to fund redevelopment.

### B. Commitment Letters

#### 1. Equity Commitment

OHFA will evaluate the conditional equity commitment provided by the syndicator/investor at final application. Conditional equity commitments must include the following:

- Proposed terms and conditions;
- Gross and Net LIHTC equity amounts and net equity pricing;
- Detailed pay-in schedule including equity pay-in during construction;
- If seeking HDL, equity contribution with and without HDL (net HDL Interest); and
- If seeking HDL, terms of HDL including rate, term length, collateral, and amount.

OHFA may require adjustments based on comparable, historical, and/or current market conditions and trends.

#### 2. Debt Financing

OHFA will evaluate all funding source terms and may choose to underwrite at different terms for any funding source which OHFA determines will cause unnecessary or excessive subsidy.

Proposal and final applications must include conditional financial commitments for all debt sources.

#### 3. Other Commitment Letters

All other sources identified in the application must include a conditional commitment letter at proposal and final application identifying the funding terms and conditions.

If such other funding sources involve either

- a competitive process that has not yet announced award recipients, or
- Federal or State Historic Tax Credits,

OHFA may allow additional time for applicants to submit a conditional commitment letter, but will not advance a development so long as any are missing. Applicants must provide evidence of an alternative plan to fill the funding gap if unsuccessful in any non-OHFA competitive funding program.

## III. Income and Expense Analysis

### A. Income and Expense Overview

#### 1. Operating Expense Reasonableness

OHFA will evaluate operating expense reasonableness by comparing application expenses to similar developments, as determined by building type, population served, type of financing, and location, using the most recent Operating Expense Calculator. OHFA may use other data sources to assess operating expense reasonableness.

OHFA may require additional information for developments that exceed expected budget projections based on the comparables and/or make adjustments to match industry norms.

Developments will be subject to any additional expense requirements imposed by the specific program to which application is made, if applicable.

#### 2. Vacancy

In year one, OHFA may assume a 15% vacancy rate.

For all future operating years, OHFA will assume a 7% vacancy rate to calculate the effective gross income.

- Preservation developments with project-based rental subsidy may submit an Exception Request to use a 5% rate if they can document a strong occupancy/low vacancy history.
- Service Enriched housing developments with project-based rental subsidy for all units may elect to use a 5% vacancy rate (no Exception Request needed).

#### 3. Income/Expense Escalations

OHFA will assume a 2% annual income increase and a 3% annual expense increase. Exceptions will be permitted for properties in which operating subsidy is provided by HUD, RD, or the local public housing authority to achieve break-even operations.

#### 4. Lease Option Agreements

Counties, townships, or municipal/non-profit corporations that are exempted from property taxes under the Ohio Revised Code and will option to lease the property on a long-term basis must submit a Lease Option Agreement for a minimum 35-year term.

### B. Expenses

#### 1. Utility Allowances

All utility allowances must conform to [OHFA's Utility Allowance Policy](#).

## 2. Syndicator Expenses

Reasonable investor/syndicator asset management fees will be permitted as either a capitalized development cost or a "soft" operating expense repaid from available cash flow, after amortizing permanent mortgages before deferred developer fee and soft loan repayments.

## 3. Service Coordination Expenses and Fees

Service coordination expenses and fees will be limited to \$250 per unit per year. OHFA may grant exceptions to Service Enriched developments, senior developments, or developments that must have a higher service coordination fee based on a federal program requirement.

## C. Income

### 1. Rental Income

For developments with project-based rental subsidy, the budgeted rents in the AHFA must match the rental subsidy documentation included in the application submission. Rental subsidy documentation must meet the requirements stated in the Qualified Allocation Plan under "Rental Subsidy Contracts". The entity must provide documentation providing the rental subsidy (e.g., HUD, local PHA, etc.) and detail the approved rents/subsidies for the development, and may come in the form of a formal contract, comfort letter, or email from the entity providing the subsidy.

### 2. Commercial Income

Income from commercial space, including cellphone towers, will not count in the cash flow analysis toward meeting either Hard Debt Service Coverage Ratio (DCR) or non-DCR requirements.

### 3. Other Income

Fees and other income such as laundry and parking must be reasonable and comparable to similar properties within the region and the developer's portfolio.

## D. Debt Coverage Ratio

The minimum acceptable DCR is 1.20 for the first year of stabilized operations. OHFA may make exceptions for the first year of stabilized operations where improved and upward trends in DCR are sustained over 15 years.

The development must maintain an annual DCR above 1.00 during the entire 15-year compliance period. The average hard DCR over the 15-year compliance period must not be greater than 1.5.

OHFA may grant exceptions for Rural Development properties and developments that contain small hard debt amounts.

Projects with no hard debt must demonstrate an expense coverage ratio of no less than 1.10.

## E. Subsidy Layering Review

Refer to OHFA's [Subsidy Layering Review Guidelines](#) for submission instructions.

## IV. Credit Calculation (HTC Only)

The HTC amount reserved will not increase after the proposal underwriting for Competitive HTC applications. OHFA may require a legal opinion from a qualified tax credit attorney, at the applicant's expense, for any items that do not clearly count as eligible basis.

## V. Exceptions

### A. Underwriting Exceptions

Applications must include any requested underwriting exceptions. The following underwriting exceptions to these Guidelines are permitted:

- 1. Development Budget: Construction Related Costs**  
Developments that can justify a potentially longer construction period.
- 2. Development Budget: Construction Related Costs**  
If the applicant can demonstrate that another funding source requires a higher contingency.
- 3. Development Budget: Reserves**  
If different amount required by another funding source.
- 4. Income and Expense Analysis: Vacancy Rate**  
Preservation developments with project-based rental subsidy may request to use a 5% rate if they can document a strong occupancy/low vacancy history.
- 5. Income and Expense Analysis: Income/Expense Escalations**  
Properties in which operating subsidy is provided by HUD, RD, or the local public housing authority to achieve break-even operations at the property.
- 6. Income and Expense Analysis: Expenses**  
Service Enriched developments, senior developments, or developments that must have a higher service coordination fee based on a federal program requirement.
- 7. Income and Expense Analysis: Debt Coverage Ratio**  
Where improved and upward trends in DCR are sustained over 15 years.
- 8. Income and Expense Analysis: Debt Coverage Ratio**  
Rural Development properties and developments that contain small hard debt amounts. Developments seeking an exception must demonstrate a legitimate need.

### B. Programmatic Exceptions

Programmatic exceptions must be submitted prior to application submission by the deadlines stated in the respective program guidelines or QAP. The following programmatic exceptions to these Guidelines are permitted:

- 1. Development Budget: Acquisition and Land Costs**  
Properties that are currently rent-restricted and will remain rent-restricted may seek an exception request to use to the as-is market valuation (*only developments with project-based rental assistance requesting 4% HTC*).
- 2. Development Budget: Related Party Acquisitions**  
If the applicant recently purchased the property with the expectation of seeking OHFA resources to conduct rehabilitation.

## VI. Definition of Cash Flow

In determining any loan payments due to OHFA that may be calculated based on a percent of the project's cash flow, subject to the start date within any loan or mortgage documents, cash flow will be defined as all Gross Cash Receipts to the property minus:

1. Debt service on loans with a superior mortgage position (excluding General Partner and/or partner/partnership notes/mortgages);
2. Replenishment of the Operating Reserve Account up to the maximum of its original established amount through year 10;
3. Payment of any deferred developer fee through year 10 after obligations to Operating Reserve Account are met;
4. Any required payments deposited to or in the established Partnership Replacement Reserve accounts;
5. Asset Management fees required by the Syndicator, if not capitalized; and

6. Supported payments made for the following Project Operating Expenses:
- Advertising
  - Legal
  - Accounting/auditing
  - Elevator maintenance/operation
  - Heating, lighting and hot water for common areas
  - Water/Sewer – common areas
  - Trash/snow removal
  - Security – requires OHFA approval to be included
  - Decorating
  - Repairs not funded through Replacement Reserve
  - Exterminating
  - Grounds maintenance
  - Maintenance salaries & Payroll Taxes
  - Maintenance supplies
  - Office Supplies
  - Service Coordinator/Supportive Services – requires OHFA approval to be included
  - Property manager salary, payroll taxes
  - Property Insurance
  - Property Taxes
  - Management Fees not to exceed 6% of Effective Gross Income (excluding Management Incentives, bookkeeping fees, compliance fees, bonuses, administrative service fees, incentive fees of any kind, etc.)
  - Owner-Paid Utilities – Units if applicable and common space

“Gross Cash Receipts” means all cash received in any fiscal year from the operations of the Partnership including all government subsidies received by the Partnership, construction contingency, but excluding Capital Contributions, loan proceeds, repayment of rent, security deposits, insurance proceeds, condemnation awards, proceeds from Net Cash from Sales and Refinancing, and any other funds not generated from current Project Operating Expenses. The Partnership definition of “Net Cash from Sales and Refinancing” (or other applicable related term or activity) must be provided to OHFA for review and approval.

Year 10 is calculated from the date / year a project starts construction.

The Cash Flow Loan Repayment Calculation Form can be downloaded from the [OHFA website](#).

## VII. Appraisal Requirements

OHFA requires As-Is Appraisals meeting all requirements outlined in these Guidelines. These requirements are applicable to all OHFA multifamily programs.

An appraisal is not required if the applicant is neither

- seeking HDAP funds nor
- including any acquisition costs in eligible basis or the funding request.

An acceptable As-Is Appraisal is either a Summary Appraisal Report or a Self-Contained Appraisal Report (the Report) that meets the most current edition of The Appraisal Foundation’s Uniform Standards of Professional Appraisal Practice (USPAP) and must be completed by a Certified General Real Estate Appraiser licensed in Ohio. OHFA must be listed as an intended user. The licensed appraiser must conduct a site inspection for the subject property.

### A. As-Is Value Definitions

OHFA requires the appraiser to provide the as-is value as defined below in (a), (b), and (c). When a value is determined by the appraiser for existing properties, the appraiser is requested to reflect a total value that can be broken down into a value of the improvements and a value for the land.

All appraisals submitted to OHFA shall at a minimum include the following as-is values, as applicable:

- market with restricted rents for existing properties;
- market with market rents for existing properties; and
- land (unimproved, vacant land value).

OHFA requires the Income Approach for existing properties and the Sales Comparison Approach for unimproved, vacant land. When using the Income Approach, appraisers shall use actual operating expenses to determine value; appraisers may choose to create two appraisals, one using actual operating expenses and a separate one using adjusted operating expenses.

Favorable financing terms and HTCs must not be considered in determining either a cap rate or an as-is value.

Appraiser must identify properties that have physical and locational (nearest location) characteristics similar to those of the subject property. Using sales of comparable vacant land or existing developments from other regions of Ohio is discouraged without a detailed explanation and rationale from the appraiser to support this methodology and approach.

OHFA may limit the amount of OHFA resources allocated based on the appraised as-is value.

## B. Updates

OHFA may require the appraiser to update its existing appraisal to match these Guidelines or may order an additional appraisal. The cost of the additional appraisal will be paid for by the applicant.

OHFA will accept appraisals, including those from RD and HUD, dated no later than 12 months prior to the funding application deadline. For older appraisals, the appraiser may provide an updated letter if there are no material changes to the development, market, and the update meets USPAP and other appraisal industry rules or guidelines.

## C. Ownership of Appraisal

Any appraisal submitted to OHFA in connection with an application will become property of OHFA and may be relied upon for the purposes of determining as-is value and feasibility of the proposed development, regardless of the relationship between the Applicant and appraisal provider.

# VIII. Physical Capital Needs Assessment Standards

## A. Purpose

A Physical Capital Needs Assessment (PCNA) represents a third party qualified professional's opinion of a property's current overall physical condition and identifies significant deferred maintenance, existing deficiencies, and material building code violations that affect the property's use and its structural and mechanical integrity.

## B. Qualifications:

PCNAs must be prepared by an individual who has experience in the preparation of PCNAs and possesses a professional qualification/license in architecture or engineering. If the individual does not have a professional qualification/license in architecture or engineering, they must have at least 5 years of experience preparing PCNAs.

The third party qualified professional preparing the PCNA must not be connected in any way to the project, including serving as the design architect, project architect of record, general contractor, property manager or sponsor. OHFA may grant an exception for small projects and adaptive reuse projects.

## C. Definitions

OHFA will use the following definitions per ASTM E2018-15.

*Physical deficiency:* a conspicuous defect or deferred maintenance of a subject property's material systems, components, or equipment as observed during completion of the PCNA. This definition specifically excludes deficiencies that may be remedied with routine maintenance, miscellaneous minor repairs, normal operating maintenance, etc., and excludes de minimis conditions that generally do not present material physical deficiencies of the subject property.

*Deferred maintenance:* physical deficiencies that could have been remedied with routine maintenance, normal operating maintenance, etc., excluding de minimis conditions that generally do not present a material physical deficiency to the subject property.

*Good condition:* in working condition and does not require immediate or short term repairs above an agreed threshold.

*Fair condition:* in working condition, but may require immediate or short term repairs above an agreed threshold.

*Poor condition:* not in working condition or requires immediate or short term repairs substantially above an agreed threshold.

*Immediate costs:* opinions of costs that require immediate action as a result of any of the following: (1) material existing or potentially unsafe conditions, (2) material building or fire code violations, or (3) physical deficiencies that if left uncorrected would be expected to result in or contribute to critical element or system failure within one year or will result most probably in a significant escalation of its remedial cost.

*Short-term costs:* opinions of costs to remedy physical deficiencies, such as deferred maintenance, which may not warrant immediate attention, but require repairs or replacements that should be undertaken on a priority basis in addition to routine preventive maintenance.

## D. Scope

OHFA requires a PCNA for all projects involving rehabilitation, including adaptive reuse projects. The PCNA must conform to ASTM E2018-15 standards and must reflect the current condition of the building. OHFA may require the third party qualified professional update any report that is greater than one year old at the time of submission. PCNAs produced for USDA or RAD projects may be used with OHFA approval of an Exception Request prior to submission.

The PCNA must identify any repair items that represent an immediate threat to health and safety, and all other significant defects, deficiencies, items of deferred maintenance, and material building code violations that would limit the expected useful life of major components or systems.

The PCNA must include a completed [PCNA Table of Contents template](#) (including page numbers) and all items specified in [Appendix A: PCNA Table of Contents](#).

## E. Process

The professional shall conduct a site visit and physical inspection of interior and exterior of units and structures, including:

- 25% of all dwelling units (if less than 50 total units)
- 20% of all dwelling units (if 50 to 99 total units)
- 15% of all dwelling units (if greater than 100 total units)
- All accessible units
- All common facilities
- All site improvements
- All building exteriors

The professional must interview available on-site property management and maintenance personnel and inquire about past repairs/improvements, pending repairs and existing or chronic physical deficiencies.

## F. Guidance

The following are additional requirements.

- The PCNA should be a point-in-time observation of existing conditions at that time.
- The PCNA should not address or be catered to competitive scoring items.
- For Adaptive Reuse/Historic projects, the PCNA should make a point-in-time observation of all aspects of the building but give substantial detail on structure, façade and items to remain.
- When the age of a component is unknown, it should be stated as such. However, the condition must still be evaluated even if the age is an estimate or unknown.
- The EUL/RUL of an item does not equate to need. Need is the second half of evaluation for replacement that must be documented.
- Existing accessibility items should only be addressed in the PCNA if the owner requests it and the PCNA provider is adequately qualified to provide such an evaluation.
- The PCNA should not address any green building standards or certifications that the project may plan to seek.
- When evaluating a system or component, the following questions must be clearly answered in the PCNA:
  - What is the current condition?
  - Does it need to be replaced?
  - How much of the system needs to be replaced (as a percentage)?
- Major systems and its components should be documented through photographs specifically highlighting areas of concern.
- Indicate when relying on information from the owner (“the owner reports the new windows were installed in....”).

## IX. Market Study Standards

### A. Introduction

A market study must be conducted by an OHFA-approved, market study professional. To be approved, market analysts must complete the [Preferred Market Study Provider Application](#) available on the OHFA website and abide by the [NCHMA Model Content Standards for Market Studies for Rental Housing, including use of NCHMA’s Market Study Terminology](#).

OHFA will remove any professional submitting inaccurate information from the list of [approved market study providers](#).

### B. Content

At minimum, the market study must include all of the sections as specified in the [NCHMA Model Content Standards for Market Studies for Rental Housing](#). The market study professional must complete and submit the OHFA [Market Study Checklist](#) indicating the location of the specified items within the market study.

OHFA may to independently determine if a market exists for the proposed project and to require additional information and/or another market study. OHFA may also contact the market analyst during the review process if any required information cannot be found in the study.

#### 1. Executive Summary

Provide an executive summary that briefly reviews all of the essential market study requirements and recommendations or suggested modifications and key findings to the proposed project. The executive summary should convey all necessary information.

#### 2. Conclusion

Concise conclusion by the author that indicates whether a market exists for the proposed project, including the estimated stable year vacancy rate and the estimated time needed to fully lease-up. The study must provide an

explanation if the estimated stable year vacancy rate exceeds 7% and/or the estimated lease-up time exceeds one year.

### **3. Description of Proposed Site**

Description of the proposed project site.

### **4. Description of PMA**

Description and map of the PMA for the proposed project, including the methodology used to determine the boundaries, including an explanation if the PMA include any areas outside of a five-mile radius from the proposed project and a discussion of the health of the overall rental housing market in the PMA. Provide population and household income and housing data if the demographics of the immediate site area are significantly different from the PMA. If an assisted living or independent living development, state the number of units serving that population.

### **5. Rent Comparison Chart**

Create a Derived Rent and Programmatic Rent Comparison Chart showing pro forma and achievable rents ratio to maximum program rents, derived market rents, the current FMR rents, and 90% FMR rents.

### **6. Income Qualification**

Description of the number of income qualified renter households divided by the number units in the PMA(capture rate). The maximum income for this range would assume 1.5 persons per bedroom rounded up to the next whole person. Provide an explanation if this exceeds 10%.

### **7. Description of Public Services**

Description and evaluation of the employers and public services in the PMA, including transportation, police, fire department, schools, day care, library and community center), infrastructure (including roads and traffic), community services (including shopping, restaurants, parks, recreational facilities, hospital, health care facilities, and services for special needs, if applicable. Provide a list of the approximate distances and a map that clearly identifies the location of the project and all public and community services.

### **8. Description of the Federally Subsidized Developments**

Description of the federally subsidized development projects that received Ohio Housing Trust Funds (OHTF), National Housing Trust Funds (NHTF), or HOME funds (HOME) and HTC projects, both operating and not yet placed-in-service, located in the PMA. Provide the current vacancy rate for each project and include the person(s) contacted and the method of contact. Compare the rents, amenities, unit sizes, bedroom sizes, and populations served to the proposed project.

The following information must also be included: name, location, population served, type of design, age and condition, number of units by bedroom type, rent levels, number of bedrooms and baths for each unit type, size (in square footage) of units, type of utilities and whether paid by tenant or owner, unit and site amenities. Comparisons to the subject rents should be based on comparable amenities, utilities, location, parking, and any rental concessions. Identify specific reasons why comparable types are faring poorly in the market, if applicable. OHFA may require projects that receive a reservation to amend their market study to incorporate those other projects receiving an allocation in the same round and are located in the same PMA. Calculate the ratio of subsidized projects that received OHTF/NHTF/HOME funds and HTC units to income eligible renter households.

### **9. Vacancy Rates**

Estimate of the current vacancy rates of the OHTF, NHTF, HOME, and HTC funded projects include only those currently operating located in the PMA during the first stabilized year of the proposed project. Provide an explanation if the estimated vacancy rate exceeds 10% for any project.

### **10. Comparable Development**

Description of comparable market rate developments located in the PMA. Provide the current vacancy rate for each project and include the person(s) contacted for each competing project and the method of contact. Compare the rents, amenities, unit sizes, bedroom sizes, and populations served of the competing projects to the

proposed project. The following information must also be included: name, location, population served, type of design, age and condition, number of units by bedroom type, rent levels, number of bedrooms and baths for each unit type, size (in square footage) of units, type of utilities and whether paid by tenant or owner, unit and site amenities. Comparisons to the subject rents should be based on comparable amenities, utilities, location, parking, and any rental concessions.

### 11. Public Housing Concerns

Evaluation of any concerns or issues from the jurisdiction's PHA. The applicant or market study author must send a letter via certified mail to the local PHA containing a brief description of the project and target population and instructions for the PHA to forward all comments to the market study author within 30 days from receipt of the letter. If the PHA does not respond to the letter or comments are submitted after 30-days, the author does not need to analyze the issues or concerns of the PHA. Include in the market study a copy of the letter, certified mail receipt, and copies of any letters from the PHA.

### 12. Financial Interest

An executed original [Market Study Certification](#) that the market analyst has no financial interest in the proposed project. Financial interest is any compensation other than the fee for preparing the market study and the fee is not be contingent upon the proposed project being approved.

### 13. Data Sources

A list of all data sources used in the study.

## C. Assisted Living Developments

The market study must be customized to the affordable and assisted living markets, including an analysis of market penetration rates and competition. If the proposed development includes both assisted and independent living units, the market study must individually address both markets. The market study provider must have prior experience performing studies on assisted living properties.

The market study will determine if specified assisted living housing will be compatible in the selected area and meet the needs of seniors.

In addition to the above, Assisted Living market studies shall also include:

- Projected resident characteristics including the following
  - The average age at assisted living entry;
  - AMGI level and income sources;
  - Residents per unit;
  - Medicaid-defined level of care.
- Residents needing assistance with any of the following: Dressing, Bathing, Hygiene, Transportation, and/or Meals.
- Resident monitoring and amenities offered. Examples include meals, housekeeping, medication assistance, personal care services, medical services, transportation, 24 hour onsite management, laundry service.
- Comparable unit amenities, such as security systems, walk in closets, roll in showers, personal emergency response systems, private patio or balcony, additional storage.
- Market area demand and trends including a five-year growth forecast for the area within an 11 mile radius. Provide an explanation if information needs to be pulled from a larger geographical area.
- Growth forecasts that include population increases, demand for assisted living and independent living, aging population demographics
- Neighborhood amenities such as:
  - Location of amenities – close proximity to community activities & services
  - Fitness center – located on site or at a nearby recreation center
  - Library – located on site or nearby
  - Computer center – located on site or nearby
  - Common outdoor areas

- Health care facilities and pharmacies
- Waiting list length at comparable facilities in the PMA.

## X. Assisted Living Policy

The following requirements apply to Assisted Living (AL) in addition to existing underwriting and eligibility requirements unless otherwise noted. This policy does not apply to bond transactions that do not utilize any other OHFA resources.

### Eligible Programs

- Non-Competitive/4% HTC
- Multifamily Lending Program (MLP)

### Ineligible Programs

- Housing Development Assistance Program
- Housing Development Loan
- Competitive/9% HTC
- All other programs not specifically enumerated without written OHFA exception

### Experience (gained either inside or outside Ohio)

- **Developer:** At least one AL development licensed and certified or otherwise approved to accept Medicaid Assisted Living Waivers (“AL Waiver”).
- **Operator:** At least two years operating HTC. At least two years operating AL after initial lease up, including accepting AL Waivers. HTC and AL experience may be obtained in separate developments.

All entities may partner with an existing provider to gain necessary experience.

### Affordability & Medicaid Assisted Living Waivers

Development must accept applicants “off the street” and cannot condition residency on ability to pay privately for any length of time (e.g., cannot require “spend down” or “divesture” as a condition of tenancy). All developments must accept AL Waivers.

### Independent Living Units

Non-AL, Independent Living (IL) units may be funded without separate HTC application provided all AL underwriting criteria, including but not limited to the higher Debt Coverage Ratio (DCR), is met for the whole development.

### Application Fee

A \$5,000 application fee will be assessed in addition to all standard fees.

### Reserves

OHFA will require a 15% increase to operating and replacement reserves; this requirement will be waived where the investor imposes comparable risk mitigation requirements.

### Lease

All units must have a written lease agreement with the resident that complies with the requirements in [26 U.S. Code Section 42](#) and [OAC 5160-44-01](#).

### Design

Design requirements in the OHFA Design and Architectural Standards, shall apply.

%Facilities may be deemed a Residential Care Facility under [OAC 3701-16](#), and classified as an Assisted living facility (Group I-1) under [OAC 4101:1-3](#), Section 308 and, if so, shall meet all requirements thereof.

## Services

All services must be optional and residents must have freedom to choose the service provider(s). Operator must give residents a statement regarding choice of service provider with 3701-17-57E notice and comply with person-centered planning outlined in [OAC 5160-44-02](#).

Residency cannot be denied due to a person's ineligibility for Medicaid AL services. Because a health screening and annual assessment are a condition of occupancy as required by the Ohio Department of Health's licensure, any charge for this service must be included in gross rent for purposes of section 42(g)(2)(A).

## Nursing

Developments shall not make available continual or frequent skilled nursing, medical, or psychiatric services. Intermittent skilled nursing care provided for 120 days or less pursuant to [OAC 3701-16-02](#) may not constitute "continual or frequent" nursing. Skilled nursing that is privately contracted for by the resident and not made available by the development is not implicated in this requirement. OHFA is not accepting applications containing Memory Care facilities.

## Underwriting Considerations

The following underwriting requirements will be applied:

- **Service Income:** Service income will be underwritten at the current Medicaid per diem rate, including an underwriting assumption of one resident per unit (double occupancy is permitted).
- **DCR:** DCR must average 1.3 or higher for the affordability period.
- **Reserves:** Reserves in excess of those required for AL developments that are mandated or otherwise approved by OHFA may be excluded from cost containment analysis.
- **Cost Containment:** No other waivers will be granted on cost containment criteria.

## Market Study

See requirements for AL market studies in the Market Study section of these guidelines.

## Other Application Requirements

The funding application must also provide the following:

- Owner and Operator's licensing history summary, inspection history summary, and most recent inspection and licensing report(s);
- Development's lease up plan including financing arrangements;
- Development's tenant selection plan, including the conditions under which a two-bedroom unit will be rented to one person, if any;
- Development's plan to enable residents to exercise service provider choice;
- Development's policies and procedures for operation including policies and procedures required to meet the Ohio Department of Health Residential Care Facility licensure standards ([OAC 3701-16-01 through 3701-16-18](#)) and the Ohio Department of Aging assisted living waiver provider certification standards ([OAC 173-39-02](#) and [173-39-02.16](#)); and
- Development's plan to fully integrate residents into the local community, including compliance with Home and Community Based Services regulations as outlined in [OAC 5160-44-01](#).

## Training

Awardees may be required to attending a training and/or Development Next Steps Meeting upon receipt of funding award.

## Application Notice

Applicants that intend to submit an application for AL must contact OHFA at least 45 days prior to the submission date. OHFA may publish the location of any proposed site(s) to prevent overlapping market areas for different applications.

## Waiver

OHFA may waive any requirement(s) for proposals that do not use HTCs.

## Information Sharing

As permitted by law, applicants must consent to the sharing of information between all government agencies OHFA deems necessary for efficient compliance and oversight.

## Legal

All developments must maintain Residential Care Facility licensure issued by the Ohio Department of Health, Ohio Department of Aging certification as an AL Medicaid provider, and conform to all applicable laws existing and/or as may be enacted at any point during the affordability period.

## Indemnification

Owner must provide OHFA with an unlimited indemnification in all property operations and with regard to the performance of all services provided to the residents regardless of whether owner provides the services to the residents or contracts with another entity to provide the services. The resident rental agreement must include preapproved hold harmless language in favor of OHFA with regard to any and all matters.

## Disclaimer

OHFA makes no representation as to Internal Revenue Service eligibility of proposed developments. Developments must provide a legal opinion. In the event that a development proposes continual or frequent skilled nursing, medical, or psychiatric services, OHFA may require a private letter ruling at developer expense.

OHFA makes no representation as to the availability of AL Waivers or of any applicant's eligibility for that program.

# Appendix A:

## OHFA PCNA Table of Contents

This PCNA Table of Contents template must be used in all PCNAs submitted to OHFA. All items in the TOC must be included in the PCNA. If an item is not applicable, it must be stated as such.

<i>Section</i>	<i>Page #</i>
<b>1. Executive Summary</b>	
<b>1.1 General description of property (use, size, age, location, construction type, design style, occupancy status)</b>	
<b>1.2 Name of consultant preparing the PCNA</b>	
<b>1.3 Name of user of the PCNA</b>	
<b>1.4 User’s position with respect to the subject property</b>	
<b>1.5 Date of the site visit</b>	
<b>1.6 General physical condition</b>	
1.6(a) Subject property’s general physical condition	
1.6(b) Summary of the apparent level of preventive maintenance exercised	
1.6(c) Summary of any significant deferred maintenance	
1.6(d) Schedule of material physical deficiencies	
1.6(e) Any significant capital improvements that are pending, in-progress, or were recently implemented	
1.6(f) Any significant findings resulting from research (This should include material life-safety code and building code violations)	
<b>1.7 Opinions of costs</b>	
<i>Present the aggregate sum of opinions of costs segregated between immediate and short-term costs.</i>	
<b>1.8 Deviations from ASTM E2018-15</b>	
<b>1.9 Consultant/Field Observer relationship</b>	
<b>1.10 Recommendations/Discussions</b>	
1.10(a) Briefly identify those components and systems necessitating further study, research, testing, intrusive survey, or exploratory probing.	
1.10(b) This section also may be used to discuss any obvious major deviations from the subject property description provided by the user to the consultant, ongoing repairs or improvements, or other relevant issues.	
<b>2. Purpose and Scope</b>	
<b>2.1 Provide a short paragraph specifically stating the purpose the PCNA should serve and the client’s position with respect to the real estate transaction. If the client does not disclose the PCNA’s purpose or its role to the consultant, the PCNA should so state.</b>	
<b>2.2 Identify the improvements that comprise the subject property.</b>	
<b>2.3 Provide an outline of the scope of work completed for the PCNA and methods utilized.</b>	
<b>2.4 If there were any constraints preventing the consultant from performing the PCNA in accordance with this outline, these constraints should be identified.</b>	
<b>3. System Descriptions and Observations</b>	

<p><i>For each major building system listed in the OHFA EUL Table, provide a brief description of each system and its components and observed physical deficiencies, if any. Please notate with corresponding numbers listed in the EUL Table. Include both:</i></p> <ul style="list-style-type: none"> <li><i>The item's Estimated Useful Life (based on the OHFA EUL table) and Remaining Useful Life; and</i></li> <li><i>The item's current physical condition, stated as "good", "fair", or "poor".</i></li> </ul> <p><i>This list should not be considered all-inclusive. Conversely, some items may not be applicable to the subject property and should be noted as such.</i></p>	
<b>4. Document Reviews and Interviews</b>	
<i>Identify any material information relating to physical deficiencies of the subject property resulting from the review of documents and interviews conducted.</i>	
<b>5. Additional Considerations</b>	
<p><i>Identify any material additional considerations or out of scope considerations that are included in the PCNA. This may include:</i></p> <ul style="list-style-type: none"> <li><i>Capital improvements, enhancements, or upgrades to building components, systems, or finishes; and/or</i></li> <li><i>Improvements, capital expenditures, repairs, maintenance and other activities that are or may be required at a future date, except as needed in the review of short term and long term needs; and/or</i></li> <li><i>Environmental considerations, such as mold, asbestos, or lead-based paint.</i></li> </ul>	
<b>6. Opinions of Costs</b>	
<b>6.1 Identification of material physical deficiencies and suggested remedies, including opinions of costs.</b>	
<i>For each material physical deficiency, the consultant should provide a suggested remedy, which may include recommending further research or testing, or both, if appropriate in the consultant's opinion.</i>	
<i>Opinions of costs should be provided for material physical deficiencies and not for repairs or improvements that could be classified as: (1) cosmetic or decorative; (2) part or parcel of a building renovation program (3) tenant improvements/finishes; (4) enhancements to reposition the subject property in the marketplace; (5) for warranty transfer purposes; or (6) routine or normal preventive maintenance, or a combination thereof.</i>	
<i>Identify all Immediate Repairs as occurring in year zero and project the expected reserve requirements necessary for at least the following 20 years of operations.</i>	
6.1(a) Immediate Costs (table)	
<i>Identify each material physical deficiency, suggested remedy, and opinion of cost.</i>	
6.1(b) Short-term Costs (table)	
<i>Identify each material physical deficiency, suggested remedy, and opinion of cost.</i>	
6.1(c) Replacement Reserves/Ongoing Physical Needs (table)	
<i>Provide opinion of cost for all long-term capital expenses. Long-term capital expenses are typically based on the expected useful life of the building systems and components.</i>	
6.1(d) Costs for Additional Study	

<i>Provide the opinions of costs for additional study for any physical deficiencies that warrant further study/research or design, testing, exploratory probing, and exploration of various repair schemes, or a combination thereof, in order to determine the appropriate suggested remedy or scope.</i>	
<b>7. Qualifications</b>	
<i>Provide the qualifications for the professionals contributing to and completing the PCNA.</i>	
<b>8. Limiting Conditions</b>	
<i>Provide all limiting conditions of the PCNA.</i>	
<b>9. Exhibits</b>	
<b>9.1 Representative photographs</b>	
<b>9.2 Pre-survey questionnaire</b>	
<b>9.3 User/owner submitted documents</b>	
<b>9.4 Photocopied plot plans, sketches, etc.</b>	
<b>9.5 Inspected units list (unit number, size, accessibility)</b>	
<b>9.6 Other exhibits considered appropriate by the consultant</b>	

## Appendix B: OHFA Expected Useful Life Table

System Description	Overall General Description	Comp.	Sub-Comp.	Component Description	Family	Senior
3.1				<b>Overall General Description</b>		
3.2				<b>SYSTEM: SITE</b>		
	3.2.1			Topography		
	3.2.2			Storm Water Drainage		
		3.2.2.1		Catch basins, inlets, culverts	50	50
		3.2.2.2		Marine or stormwater bulkhead	35	35
		3.2.2.3		Earthwork, swales, drainways, erosion controls	50	50
		3.2.2.4		Storm drain lines	50	50
		3.2.2.5		Stormwater mgmt ponds	50	50
		3.2.2.6		Fountains, pond aerators	15	15
	3.2.3			<b>Access and Egress</b>		
		3.2.3.1		Security gate - lift arm	10	10
		3.2.3.2		Security gate - rolling gate	15	15
	3.2.4			<b>Paving, Curbing and Parking</b>		
		3.2.4.1		Asphalt Pavement	25	25
		3.2.4.2		Asphalt Seal Coat	5	5
		3.2.4.3		Concrete Pavement	50	50
		3.2.4.4		Curbing, Asphalt	25	25
		3.2.4.5		Curbing, Concrete	50	50
		3.2.4.6		Parking, Gravel Surfaced	15	15
		3.2.4.7		Permeable Paving Systems (brick, concrete pavers)	30	30
		3.2.4.8		Striping and Marking	15	15
		3.2.4.9		Signage, Roadway / Parking	15	15
		3.2.4.10		Carports, wood frame	30	30
		3.2.4.11		Carports, metal frame	40	40
	3.2.5			<b>Flatwork (walks, plazas, terraces, patios)</b>		
		3.2.5.1		Asphalt	25	25
		3.2.5.2		Concrete	50	50
		3.2.5.3		Gravel	15	15
		3.2.5.4		Permeable Paving (brick, concrete pavers)	30	30
	3.2.6			<b>Landscaping and Appurtenances</b>		
		3.2.6.1		Fencing, chain-link	40	40
		3.2.6.2		Fencing, wood picket	15	20
		3.2.6.3		Fencing, wood board (=>1"x 6")	20	25
		3.2.6.4		Fencing, wrought Iron	60	60
		3.2.6.5		Fencing, steel or aluminum	20	25

		3.2.6.6	Fencing, concrete Masonry unit (CMU)	30	30
		3.2.6.7	Fencing, PVC	15	20
		3.2.6.8	Signage, Entrance/Monument	25	25
		3.2.6.9	Mail Kiosk	15	20
		3.2.6.10	Retaining Walls, heavy block (50-80 lb)	60	60
		3.2.6.11	Retaining Walls, re-inforced concrete masonry unit (CMU)	40	40
		3.2.6.12	Retaining Walls, treated timber	25	25
		3.2.6.13	Storage sheds	30	30
	<b>3.2.7</b>		<b>Recreational Facilities</b>		
		3.2.7.1	Sport Court- asphalt	25	25
		3.2.7.2	Sport Court- synthetic	15	20
		3.2.7.3	Sport Court-hardwood	50	50
		3.2.7.4	Tot Lot (playground equipment)	10	15
		3.2.7.5	Tot Lot- loose ground cover	3	5
		3.2.7.6	Pool Deck	15	15
		3.2.7.7	Pool/Spa Plastic Liner	8	8
		3.2.7.8	Pool/Spa pumps and equipment	10	10
		3.2.7.9	Decks-treated lumber	20	20
		3.2.7.10	Decks-composite	50	50
	<b>3.2.8</b>		<b>Site Utilities</b>		
		3.2.8.1	<b>Site Utilities-Water</b>		
			3.2.8.1.1 Water Mains/Valves	50	50
			3.2.8.1.2 Water Tower	50	50
			3.2.8.1.3 Irrigation System	25	25
		3.2.8.2	<b>Site Utilities-Electric</b>		
			3.2.8.2.1 Electric distribution center	40	40
			3.2.8.2.2 Electric distribution lines	40	40
			3.2.8.2.3 Transformer	30	30
			3.2.8.2.4 Emergency Generator	25	25
			3.2.8.2.5 Solar Photovoltaic panels	15	15
			3.2.8.2.6 Photovoltaic Inverters	10	10
			3.2.8.2.7 Pole mounted lights	25	25
			3.2.8.2.8 Ground lighting	10	10
			3.2.8.2.9 Building Mounted Lighting	10	10
			3.2.8.2.10 Building Mounted High Intensity Discharge (HID) Lighting	10	20
		3.2.8.3	<b>Site Utilities-Gas</b>		
			3.2.8.3.1 Gas Main	40	40
			3.2.8.3.2 Gas Supply Lines	40	40
			3.2.8.3.3 Site Propane, Storage & Distribution	35	35
			3.2.8.3.4 Gas lights/fire pits	20	20
		3.2.8.4	<b>Site Utilities-Sewer</b>		
			3.2.8.4.1 Sanitary Sewer lines	50	50
			3.2.8.4.2 Sanitary waste treatment system	40	40

		3.2.8.4.3	Lift Station	50	50
	3.2.8.5		<b>Site Utilities-Trash</b>		
		3.2.8.5.1	Dumpsters	15	15
		3.2.8.5.2	Compactors (exterior, commercial grade)	20	20
		3.2.8.5.3	Recycling containers/equipment	15	15
		3.2.8.5.4	Composting, organic recycling equipment	10	10
<b>3.3</b>			<b>SYSTEM: BUILDING FRAME AND ENVELOPE</b>		
	3.3.1		<b>Foundation</b>		
		3.3.1.1	Slab, reinforced concrete	100	100
		3.3.1.2	Slab, post tensioned	100	100
		3.3.1.3	Continuous reinforced concrete footer and CMU stem wall	100	100
		3.3.1.4	Piers, reinforced concrete footer and CMU pier	100	100
		3.3.1.5	Piers, treated timber post/pole	40	40
		3.3.1.6	Foundation Waterproofing	40	40
		3.3.1.7	Foundation suction, drainage, moisture or radon gas controls/alarms	10	10
	3.3.2		<b>Building Frame</b>		
		3.3.2.1	<b>Framing System, Floors &amp; Walls</b>		
		3.3.2.1.1	Wood, timbers, dimensioned lumber, laminated beams, trusses	100	100
		3.3.2.1.2	Tie downs, clips, braces, straps, hangers, shear walls/panels	75	75
		3.3.2.1.3	Steel, beams, trusses	100	100
		3.3.2.1.4	Reinforced concrete	100	100
		3.3.2.1.5	Reinforced masonry, concrete masonry units (CMUs)	100	100
		3.3.2.1.6	Solid Masonry (obsolete)	100	100
		3.3.2.2	<b>Crawl Spaces, Envelope Penetrations</b>		
		3.3.2.2.1	Sealed crawl space system	40	40
		3.3.2.2.2	Vents, screens, covers	30	30
		3.3.2.2.3	Vapor Barrier (VDR) ground or underfloor	30	30
		3.3.2.2.4	Penetrations, caulking/sealing	15	15
		3.3.2.2.5	Crawl space, (de)pressurization, fans, pumps, radon gas alarms	10	10
		3.3.2.3	<b>Roof Frame &amp; Sheathing</b>		
		3.3.2.3.1	Wood frame and board or plywood sheathing	75	75
		3.3.2.3.2	Tie downs, clips, braces, straps, hangers	75	75
		3.3.2.3.3	Steel frame and sheet metal or insulated panel sheathing	100	100
		3.3.2.3.4	Reinforced concrete deck	100	100
		3.3.2.4	<b>Flashing &amp; Moisture Protection</b>		
		3.3.2.4.1	Caulking and Sealing	15	15
		3.3.2.4.2	Concrete/Masonry Sealants	10	10
		3.3.2.4.3	Wood waterproofing and sealants	10	10
		3.3.2.4.4	Building wraps & moisture resistant barriers	50	50
		3.3.2.4.5	Paints and stains, exterior	8	8
		3.3.2.5	<b>Attics &amp; Eaves</b>		

			3.3.2.5.1	Screened gable end or soffit Vents	30	30
			3.3.2.5.2	Roof vents, passive	40	40
			3.3.2.5.3	Roof Vents, powered	20	20
		3.2.2.6		<b>Insulation</b>		
			3.3.2.6.1	Loose fill, fibre glass, cellulose, mineral wool	50	50
			3.3.2.6.2	Batts, blankets, rolls, fibre glass or mineral wool	60	60
			3.3.2.6.3	Rigid foam board	60	60
			3.3.2.6.4	Sprayed foam	60	60
		3.3.2.7		<b>Exterior Stairs, Rails, Balconies/Porches, Canopies</b>		
			3.3.2.7.1	Exterior Stairs, wood frame/stringer	30	30
			3.3.2.7.2	Exterior Stair Tread-wood	15	15
			3.3.2.7.3	Exterior Stairs-steel frame/stringer	40	40
			3.3.2.7.4	Exterior Stair Tread-metal, concrete filled	20	20
			3.3.2.7.5	Exterior Stairs, Concrete	50	50
			3.3.2.7.6	Fire escapes, metal	50	50
			3.3.2.7.7	Balcony/Porch, wood frame	25	25
			3.3.2.7.8	Balcony/Porch, steel frame or concrete	40	40
			3.3.2.7.9	Balcony/Porch, wood decking	20	20
			3.3.2.7.10	Balcony/Porch, composite decking	50	50
			3.3.2.7.11	Railings, wood	20	20
			3.3.2.7.12	Railings, metal	50	50
			3.3.2.7.13	Railings, composite	50	50
			3.3.2.7.14	Canopy, Concrete	50	50
			3.3.2.7.15	Canopy, Wood/Metal	40	40
		3.3.2.8		<b>Exterior Doors &amp; Entry Systems</b>		
			3.3.2.8.1	Unit Entry Door, Exterior, solid wood/metal clad	25	30
			3.3.2.8.2	Common Exterior Door, aluminum and glass	30	30
			3.3.2.8.3	Common Exterior Door, solid wood /metal clad	25	25
			3.3.2.8.4	Storm/Screen Doors	5	10
			3.3.2.8.5	Sliding Glass Doors	25	30
			3.3.2.8.6	French or Atrium Doors, wood/metal clad	25	30
			3.3.2.8.7	Automatic Entry Doors	30	30
			3.3.2.8.8	Commercial Entry Systems	50	50
			3.3.2.8.9	Overhead Door	30	30
			3.3.2.8.10	Automatic Opener, overhead door	20	20
	3.3.3			<b>Façades or Curtainwall</b>		
		3.3.3.1		<b>Sidewall System</b>		
			3.3.3.1.1	Aluminum Siding	40	40
			3.3.3.1.2	Vinyl Siding	25	25
			3.3.3.1.3	Cement Board Siding	45	45
			3.3.3.1.4	Plywood/Laminated Panels	20	20
			3.3.3.1.5	Exterior Insulation Finishing System (EIFS)	30	30
			3.3.3.1.6	Stucco, over wire mesh/lath	50	50

		3.3.3.1.7	Metal/Glass Curtain Wall	40	40
		3.3.3.1.8	Precast Concrete Panel (tilt-up)	60	60
		3.3.3.1.9	Brick/block veneer	60	60
		3.3.3.1.10	Stone Veneer	50	50
		3.3.3.1.11	Glass Block	50	50
		3.3.3.1.12	Cedar/Redwood shakes, clapboard	50	50
		3.3.3.1.13	Pine board, clapboard	50	50
	3.3.3.2		<b>Windows</b>		
		3.3.3.2.1	Wood, (dbl, sgl hung, casement, awning, sliders)	35	45
		3.3.3.2.2	Wood, fixed pane, picture	40	45
		3.3.3.2.3	Aluminum	35	40
		3.3.3.2.4	Vinyl	30	30
		3.3.3.2.5	Vinyl/Alum Clad Wood	50	50
		3.3.3.2.6	Storm/Screen Windows	7	15
3.3.4			<b>Roofing and Roof Drainage</b>		
	3.3.4.1		<b>Sloped Roofs</b>		
		3.3.4.1.1	Asphalt Shingle	20	20
		3.3.4.1.2	Metal	50	50
		3.3.4.1.3	Slate shingle	75	75
		3.3.4.1.4	Clay/cementitious barrel tile	60	60
		3.3.4.1.5	Wood Shingle, Cedar Shakes/Shingles	25	25
	3.3.4.2		<b>Low Slope/Flat Roofs</b>		
		3.3.4.2.1	Low slope-Built-up Roof, with gravel finish	20	20
		3.3.4.2.2	Low slope-Built-up Roof, no mineral or gravel finish	10	10
		3.3.4.2.3	Low slope-Adhered rubber membrane, (EPDM)	15	15
		3.3.4.2.4	Low slope-Thermoplastic membrane, (TPO, vinyl)	15	15
		3.3.4.2.5	Low slope-Rubberized/elastomeric white/cool roof	15	15
	3.3.4.3		<b>Roof Drainage, Trim &amp; Accessories</b>		
		3.3.4.3.1	Gutters/Downspouts, aluminum	20	20
		3.3.4.3.2	Gutters/Downspouts, copper	50	50
		3.3.4.3.3	Low slope-roof drains, scuppers	30	30
		3.3.4.3.4	Soffits, Wood, Vinyl, Metal	20	20
		3.3.4.3.5	Fascia, Wood, Vinyl	20	20
		3.3.4.3.6	Roof Hatch	30	30
		3.3.4.3.7	Service Door	30	30
		3.3.4.3.8	Roof Skylight	30	30
3.4			<b>SYSTEM: Mech.-Elect.-Plumbing</b>		
	3.4.1		<b>Plumbing</b>		
	3.4.1.1		<b>Water Supply and Waste Piping</b>		
		3.4.1.1.1	PVC/CPVC pipe, supply and waste	75	75
		3.4.1.1.2	Copper/brass hard pipe, supply	75	75
		3.4.1.1.3	Copper Tube, supply	50	50
		3.4.1.1.4	Galvanized pipe, supply	40	40

			3.4.1.1.5	Cast iron sanitary waste	75	75
			3.4.1.1.6	Domestic Cold Water Pumps	20	20
			3.4.1.1.7	Sewage Ejectors	50	50
			3.4.1.1.8	Commercial Sump Pump	20	20
			3.4.1.1.9	Residential Sump Pump	15	15
			3.4.1.1.10	Water Softener/Filtration	15	15
		3.4.1.2		<b>Domestic Water Heating</b>		
			3.4.1.2.1	DHW circulating pumps	15	15
			3.4.1.2.2	DHW storage tanks	15	15
			3.4.1.2.3	Exchanger, in tank or boiler	15	15
			3.4.1.2.4	External tankless heater, gas or electric	20	20
			3.4.1.2.5	Solar hot water	20	20
			3.4.1.2.6	Residential hot water heater, gas or electric	12	15
			3.4.1.2.7	Flue, gas water heaters	35	35
		3.4.1.3		<b>Fixtures</b>		
			3.4.1.3.1	Faucets & valves	15	20
			3.4.1.3.2	Bath tubs & sinks, cast iron	75	75
			3.4.1.3.3	Baths tubs & sinks, enameled or stainless steel, fiberglass	40	40
			3.4.1.3.4	Bath tubs & sinks, porcelain	50	50
			3.4.1.3.5	Toilets/bidets/urinals	40	40
			3.4.1.3.6	Flush valves	10	15
			3.4.1.3.7	Tub/shower units or integrated assemblies	30	30
	3.4.2			<b>Centralized HVAC Systems</b>		
		3.4.2.1		<b>Centralized Heating/Cooling Equipment</b>		
			3.4.2.1.1	Boilers, Oil Fired, Sectional	25	25
			3.4.2.1.2	Boilers, Gas/Dual Fuel, Sectional	25	25
			3.4.2.1.3	Boilers, Gas/Dual Fuel, Low MBH	30	30
			3.4.2.1.4	Boilers, Gas/Dual Fuel, High MBH	40	40
			3.4.2.1.5	Boilers, Gas Fired Atmospheric	25	25
			3.4.2.1.6	Boilers, Electric	20	20
			3.4.2.1.7	Boiler Blowdown and Water Treatment	25	25
			3.4.2.1.8	Boiler Room Pipe Insulation	25	25
			3.4.2.1.9	Boiler Room Piping	50	50
			3.4.2.1.10	Boiler Room Valves	25	25
			3.4.2.1.11	Boiler Temperature Controls	15	15
			3.4.2.1.12	Heat Exchanger	35	35
			3.4.2.1.13	Combustion Air, Duct with Fixed Louvers	30	30
			3.4.2.1.14	Combustion Air, Motor Louvers and Duct	25	25
			3.4.2.1.15	Combustion Waste Flue	40	40
			3.4.2.1.16	Cooling tower	25	25
			3.4.2.1.17	Chilling plant	20	20
			3.4.2.1.18	Steam supply station	50	50
			3.4.2.1.19	Free standing chimney	50	50

		3.4.2.2		<b>Centralized Heat/Air/Fuel Distribution</b>		
			3.4.2.2.1	Fuel oil/propane storage tanks	40	40
			3.4.2.2.2	Remediate/remove abandoned tanks/fuel lines	100	100
			3.4.2.2.3	Fuel transfer system	25	25
			3.4.2.2.4	Gas/oil distribution lines	50	50
			3.4.2.2.5	Gas meter	40	40
			3.4.2.2.6	2 pipe/4 pipe hydronic distribution-above grade	50	50
			3.4.2.2.7	2 pipe/4 pipe hydronic distribution-in ground	25	25
			3.4.2.2.8	Hydronic/Water Circulating Pumps	20	20
			3.4.2.2.9	Hydronic/Water Controller	20	20
			3.4.2.2.10	Radiation-steam/hydronic (baseboard or freestanding radiator)	50	50
			3.4.2.2.11	Fan Coil Unit, Hydronic	30	30
			3.4.2.2.12	Central exhaust fans/blowers	20	20
	3.4.3			<b>Decentralized and Split HVAC Systems</b>		
		3.4.3.1		<b>Dwelling/Common Area HVAC Equipment</b>		
			3.4.3.1.1	Electric heat pump, condenser, pad or rooftop	15	15
			3.4.3.1.2	Electric AC condenser, pad or rooftop	15	15
			3.4.3.1.3	Electric furnace/air handler	20	20
			3.4.3.1.4	Gas furnace/air handler	20	20
			3.4.3.1.5	Hydronic heat/electric AC air handler	25	25
			3.4.3.1.6	Hydronic feed electric heat pump/air handler	25	25
			3.4.3.1.7	Wall mounted electric/gas heater	25	25
			3.4.3.1.8	Electric baseboard heater	30	30
			3.4.3.1.9	PTAC Thruwall (packaged terminal air conditioning)	15	15
			3.4.3.1.10	Window or thru-wall air conditioners	10	10
			3.4.3.1.11	Package HVAC roof top	15	15
			3.4.3.1.12	Air filtration/humidity control devices (humidifiers, HRV's)	20	20
			3.4.3.1.13	Duct, rigid sheet metal, insulated if not in conditioned space	35	35
			3.4.3.1.14	Duct, flexible, insulated	20	20
			3.4.3.1.15	Duct, sealing-mastic or UL 181A or 181B tape.	20	20
			3.4.3.1.16	Diffusers, registers	20	20
			3.4.3.1.17	Fireplace, masonry & firebrick, masonry chimney	75	75
			3.4.3.1.18	Fireplace, factory assembled	35	35
			3.4.3.1.19	Fireplace insert, stove	50	50
			3.4.3.1.20	Chimneys, metal, and chimney covers	35	35
		3.4.3.2		<b>HVAC Controls</b>		
			3.4.3.2.1	Dwelling/common area thermostat	15	20
			3.4.3.2.2	Heat sensors	15	15
			3.4.3.2.3	Outdoor temperature sensor	10	10
	3.4.4			<b>Electrical</b>		
		3.4.4.1		<b>Electric Service &amp; Metering</b>		
			3.4.4.1.1	Building service panel	50	50

		3.4.4.1.2	Building meter	40	40
		3.4.4.1.3	Tenant meters, meter panel	40	40
	3.4.4.2		<b>Electrical Distribution</b>		
		3.4.4.2.1	Tenant electrical panel	50	50
		3.4.4.2.2	Unit/building wiring	50	50
	3.4.4.3		<b>Electric Lighting &amp; Fixtures</b>		
		3.4.4.3.1	Switches & outlets	35	35
		3.4.4.3.2	Lighting - exterior entry	15	20
		3.4.4.3.3	Lighting- interior common space	25	30
		3.4.4.3.4	Lighting - Tenant Spaces	20	25
		3.4.4.3.5	Door bells, chimes	20	25
	3.4.4.4		<b>Telecommunications Equipment</b>		
		3.4.4.4.1	Satellite dishes/antennae	20	20
		3.4.4.4.2	Telecom panels & controls	20	20
		3.4.4.4.3	Telecom cabling & outlets	20	20
<b>3.5</b>			<b>SYSTEM: Vertical Transportation</b>		
	3.5.1		<b>Elevators/Escalators</b>		
		3.5.1.1	Electrical switchgear	50	50
		3.5.1.2	Electrical wiring	30	30
		3.5.1.3	Elevator controller, call, dispatch, emergency	10	20
		3.5.1.4	Elevator cab, interior finish	10	20
		3.5.1.5	Elevator cab, frame	35	50
		3.5.1.6	Elevator, machinery	20	30
		3.5.1.7	Elevator, shaftway doors	10	20
		3.5.1.8	Elevator, shaftway hoist rails, cables, traveling	20	25
		3.5.1.9	Elevator, shaftway hydraulic piston and leveling	20	25
		3.5.1.10	Escalators	50	50
<b>3.6</b>			<b>SYSTEM: Life Safety/Fire Protection</b>		
	3.6.1		<b>Sprinklers and Standpipes</b>		
		3.6.1.1	Building fire supression sprinklers, standpipes	50	50
		3.6.1.2	Fire pumps	20	20
		3.6.1.3	Fire hose stations	50	50
		3.6.1.4	Fire extinguishers	10	15
	3.6.2		<b>Alarm, Security &amp; Emergency Systems</b>		
		3.6.2.1	Tenant space alarm systems	10	15
		3.6.2.2	Residential smoke detectors	5	7
		3.6.2.3	Call station	10	15
		3.6.2.4	Emergency/auxillary generator	25	25
		3.6.2.5	Emergency/auxillary fuel storage tank	25	25
		3.6.2.6	Emergency lights, illuminated signs	5	10
		3.6.2.7	Smoke and fire detection system, central panel	15	15
		3.6.2.8	Buzzer/intercom, central panel	20	20
		3.6.2.9	Tenant buzzer / intercom /secured entry system	20	20

	3.6.3			<b>Other Systems</b>		
		3.6.3.1		Pneumatic Lines and Controls	30	30
		3.6.3.2		Auto-securing doors/entries/lock down	30	30
<b>3.7</b>				<b>SYSTEM: Interior Elements</b>		
	3.7.1			<b>Interiors-Common Areas</b>		
		3.7.1.1		<b>Finished walls, ceilings, floors</b>		
			3.7.1.1.1	Drywall	35	40
			3.7.1.1.2	Plaster	50	50
			3.7.1.1.3	Paints, stains, clear finishes, interior	15	20
			3.7.1.1.4	Wallpapers	15	20
			3.7.1.1.5	Wall tile, ceramic, glass, natural stone	35	50
			3.7.1.1.6	Floor tile, ceramic, natural stone	40	50
			3.7.1.1.7	Concrete/Masonry/Terrazo	75	75
			3.7.1.1.8	Hardwood floor (3/4" strip or parquet)	50	50
			3.7.1.1.9	Wood floor, laminated/veneered	20	25
			3.7.1.1.10	Resilient tile or sheet floor (vinyl, linoleum)	15	20
			3.7.1.1.11	Carpet	6	10
			3.7.1.1.12	Acoustic tile/drop ceiling	15	20
		3.7.1.2		<b>Millwork (doors, trim, cabinets, tops)</b>		
			3.7.1.2.1	Interior, hollow core doors	20	25
			3.7.1.2.2	Interior doors, solid core, wood, metal clad, fire rated	30	35
			3.7.1.2.3	Door trim	20	30
			3.7.1.2.4	Wall trim (base, chair rail, crown moldings)	30	35
			3.7.1.2.5	Passage & lock sets	15	20
			3.7.1.2.6	Bifold & sliding doors	15	20
			3.7.1.2.7	Cabinets & vanities	20	25
			3.7.1.2.8	Tops, granite, natural stone, engineered stone	50	50
			3.7.1.2.9	Tops, solid surface, stainless steel	40	50
			3.7.1.2.10	Tops, plastic laminates, wood	15	25
			3.7.1.2.11	Vanity tops, cultered marble, molded arcylic, fibreglass	25	35
		3.7.1.3		<b>Appliances</b>		
			3.7.1.3.1	Refrigerator/freezer	15	15
			3.7.1.3.2	Range, cook top, wall oven	20	25
			3.7.1.3.3	Range hood	20	25
			3.7.1.3.4	Microwave	10	10
			3.7.1.3.5	Disposal (food waste)	7	10
			3.7.1.3.6	Compactors (interior, residential grade)	7	10
			3.7.1.3.7	Dishwasher	10	15
			3.7.1.3.8	Clothes washer/dryer	10	15
		3.7.1.4		<b>Specialties</b>		
			3.7.1.4.1	Interior Mail Facility	20	25
			3.7.1.4.2	Common area bath accessories	7	12
			3.7.1.4.3	Mirrors & medicine cabinets	20	25

		3.7.1.4.4	Closet/storage specialties, shelving	20	25
		3.7.1.4.5	Common area interior stairs	50	50
		3.7.1.4.6	Common area railings	15	25
		3.7.1.4.7	Bath/kitchen vent/exhaust fans	15	15
		3.7.1.4.8	Ceiling fans	15	15
		3.7.1.4.9	Window treatments, drapery rods, shades, blinds, etc	15	25
		3.7.1.4.10	Indoor recreation and fitness equipment	10	15
		3.7.1.4.11	Entertainment centers, theatre projection and seating	15	25
	3.7.2		<b>Interiors-Dwelling Units</b>		
		3.7.2.1	<b>Finished walls, ceilings, floors</b>		
		3.7.2.1.1	Drywall	35	40
		3.7.2.1.2	Plaster	50	50
		3.7.2.1.3	Paints, stains, clear finishes, interior	10	15
		3.7.2.1.4	Wallpapers	10	15
		3.7.2.1.5	Wall tile, ceramic, glass, natural stone	30	40
		3.7.2.1.6	Floor tile, ceramic, natural stone	40	50
		3.7.2.1.7	Concrete/Masonry/Terrazo	75	75
		3.7.2.1.8	Hardwood floor (3/4" strip or parquet)	50	50
		3.7.2.1.9	Wood floor, laminated/veneered	15	20
		3.7.2.1.10	Resilient tile or sheet floor (vinyl, linoleum)	15	20
		3.7.2.1.11	Carpet	6	10
		3.7.2.1.12	Acoustic tile/drop ceiling	15	20
		3.7.2.2	<b>Millwork (doors, trim, cabinets, tops)</b>		
		3.7.2.2.1	Interior, hollow core doors	20	25
		3.7.2.2.2	Interior doors, solid core, wood, metal clad	30	35
		3.7.2.2.3	Door trim	20	30
		3.7.2.2.4	Wall trim (base, chair rail, crown moldings)	25	35
		3.7.2.2.5	Passage & lock sets	12	20
		3.7.2.2.6	Bifold & sliding doors	12	20
		3.7.2.2.7	Cabinets & vanities	20	25
		3.7.2.2.8	Tops, granite, natural stone, engineered stone	50	50
		3.7.2.2.9	Tops, solid surface, stainless steel	40	50
		3.7.2.2.10	Tops, plastic laminates, wood	15	25
		3.7.2.2.11	Vanity tops, cultered marble, molded arcylic, fibreglass	25	35
		3.7.2.3	<b>Appliances</b>		
		3.7.2.3.1	Refrigerator/freezer	12	15
		3.7.2.3.2	Range, cook top, wall oven	15	25
		3.7.2.3.3	Range hood	15	25
		3.7.2.3.4	Microwave	10	10
		3.7.2.3.5	Disposal (food waste)	7	10
		3.7.2.3.6	Compactors (interior, residential grade)	7	10
		3.7.2.3.7	Dishwasher	10	15

			3.7.2.3.8	Clothes washer/dryer	10	15
		3.7.2.4		<b>Specialties</b>		
			3.7.2.4.1	Bath accessories (towel bars, grab bars, etc)	7	12
			3.7.2.4.2	Mirrors & medicine cabinets	15	25
			3.7.2.4.3	Closet/storage specialties, shelving	15	25
			3.7.2.4.4	Interior stairs	50	50
			3.7.2.4.5	Stair and loft railings	20	25
			3.7.2.4.6	Bath/kitchen vent/exhaust fans	15	15
			3.7.2.4.7	Ceiling fans	10	15
			3.7.2.4.8	Window treatments, drapery rods, shades, blinds, etc	10	20
				<b>Additional Considerations</b>		
4.1				<b>Environmental Measures (not elsewhere defined)</b>		
	4.1.1			Radon mitigation system periodic tests	5	5
	4.1.2			Enironmental remediation system periodic tests	5	5
	4.1.3			Environmental remediation alarms	5	5
	4.1.4			Environmental remediation pumps & equipment	5	5
	4.1.5			Mold-treat-remediate (see other items for paint, drywall, etc.)	100	100
4.2				<b>Lead based paint, asbestos remediation</b>		
	4.2.1			Testing	100	100
	4.2.2			Lead based paint encapsulation	10	10
	4.2.3			Lead based paint (remove)	100	100
	4.2.4			Asbestos (remove)	100	100
4.3				<b>Commercial Tenant Improvements</b>		
	4.3.1			Owner provided item(s) (specify)	5	5
	4.3.2			Owner provided \$ allowance (specify)	5	5