

Addendum to the 2022-2023 Qualified Allocation Plan

Additional Credit Policy for Interest Rate and Construction Cost Increases

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Additional Tax Credit (LIHTC) Allocations and Housing Development Loan (HDL) Funding for 2022 9% LIHTC Awards

Introduction:

Following construction material and labor cost increases, and interest rate increases in 2022 and 2023, OHFA will set aside Housing Development Loan funding and up to \$2 million of 9% LIHTCs for 2022 Competitive Awards facing funding gaps. Additional funding awards will be made on a first come, first served basis. Applicants must send requests and required documentation to ConstructionMonitoring@ohiohome.org. The email receipt timestamp will determine the order in which eligible applications are funded.

Projects already Placed in Service are ineligible for additional 9% LIHTCs.

Deadline:

2022 Competitive Awardees may submit requests until July 1, 2023. Applications will be accepted on a first come, first served basis until all funds are exhausted.

How to request additional LIHTCs:

Owners may request up to \$110,000 in additional 9% LIHTCs and up to \$1 million in additional HDL funding. The total amount of the developer fee may not increase and at least 50% of developer fee must be deferred, provided it meets syndicator/lender requirements. Under no circumstances may the deferred fee decrease from what was included in the proposal application submitted to OHFA. The deferred fee will be verified at 8609, and if found to be below 50%, members of the development team will not be permitted to compete in the next 9% Competitive LIHTC round.

Requests must include all of the documentation below.

Documentation required for submission:

1. Reservation Fee
OHFA will charge a Reservation Fee equal to 10% of the additional LIHTC request (\$5,000 for \$50,000).
2. Copy of check or ACH payment for the Reservation Fee.
3. Updated Affordable Housing Funding Application (AHFA) tabs:
 - Project Details

- Budget and Costs
 - Housing Credits
 - Cash Flow
 - Developer Fee
4. Finalized construction bid(s).
 5. Final equity commitment letter(s) reflecting the additional LIHTC amount and/or additional HDL.
 6. Formal Request Memo and Narrative

The following information must be included in a narrative request:

1. **Formal Request:** A formal request for the increase, including a specific amount of additional tax LIHTCs and/or HDL and a statement certifying the additional funding being requested only covers increases in hard construction costs.
2. **Funding Gap Details:** Applicant must detail the current funding gap based on the original LIHTC award, updated development costs, and updated non-LIHTC sources. Describe attempts to increase equity pricing from the submitted core application, increase loan amounts, and/or secure other sources of funding.
3. **Uses Update:** Note the changes in the Total Construction Hard Costs and Total Developments costs as compared to the original application submission, a detailed breakdown of the Hard Construction Cost increases and narrative explanation of the cause(s).
4. **Sources Update:** Detail the change in Sources of Funds. How much additional funding has been raised since initial application to fund the cost increases?
 - non-LIHTC sources that have increased since initial application
 - increased equity based off the original award
5. **Timeline to Closing:** The projected timeline to closing and construction commencement (if closing/commencement has not yet occurred).

Ramifications for the 2024 9% Competitive Round:

For each additional \$1 of LIHTC awarded, the applicable “Development Team” LIHTC award limit will be reduced by twice the request in the upcoming 2024 9% Competitive Round. “Development Team” means the General Partner, Developer, Consultant Principal(s) thereof and any Project Team member holding a 20% or greater interest in the Developer or General Partner entities.

The reduction will not be pro-rated based off percentage interest in each entity and will be applied equally to each Project Team member’s limits. For example, an additional \$100,000 will reduce the Project Team’s award limitations by \$200,000 (a credit award limitation of \$2,500,000 would go down to \$2,300,000). There are no negative points or score ramifications.