



Housing Development Gap Financing Program

Program Year 2023 **Draft** Guidelines

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Housing Development Gap Financing Program Overview

Purpose

The Housing Development Gap Financing (“HDGF”) program provides gap financing for affordable housing proposals that do not include the use of Low-Income Housing Credits (“LIHTC”). Smaller-scale affordable housing projects often lack financing options for development. The HDGF program fills that need by providing gap financing from for smaller-scale affordable housing proposals.

Funding Sources

The HDGF program is funded through four gap financing sources: the HOME Investment Partnerships (“HOME”) program, the Ohio Housing Trust Fund (OHTF), and the National Housing Trust Fund (NHTF).

B. Funding Availability and Limits

Award amounts

OHFA anticipates awarding up to \$5,000,000 through the HDGF program in Program Year 2023 (PY23). Additional funds may be awarded depending on funding availability.

Applicants may request **no more than** the below amounts:

Project Type	Total Maximum Request
Family or Permanent Supportive Housing projects located in a Non-PJ	\$2,000,000
All Other Projects	\$1,500,000

OHFA will not provide more than 50 percent of the total development costs.

Due to the need to meet mandatory set-asides, OHFA reserves the right to use OHTF, HOME, or NHTF or any combination, regardless of the request. Additionally, OHFA reserves the right to adjust the award based on the needs of the project as determined through the financial underwriting review.

Application limits

Application limits will be determined on a case-by-case basis. OHFA will consider the experience and capacity of the development team and the availability of funding in determining whether a development team is eligible to submit more than one application during the round.

C. Financing Terms

All loans have a standard term of 30 years. 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.

The following requirements will apply to each award type:

OHTF Loans

- Two percent interest will be charged unless otherwise agreed to by OHFA.
- Loan will mature at the end of the affordability period, which is defined as 30 years.
- Collateral will be a subordinate mortgage. OHFA must be in second or shared-second lien position unless otherwise agreed to by OHFA based upon good cause and sufficient supporting documentation.
 - On a case-by-case basis, OHFA may agree to subordinate to other government investors and accept payments consistent with their terms.
- Payments will be based on a percentage of the cash flow as defined by OHFA. If loan payments flow from a third party to the HDGF recipient, they will be excluded from cash flow analysis provided they are transferred to OHFA in full. Any remaining balance on the HDGF loan will be due as a balloon payment at the end of the term or upon sale, whichever is first.
- 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 HDGF recipient leased the assisted units, provided the appropriate documentation to OHFA and OHFA has approved the documentation as evidenced by a closeout letter from the Analyst.

OHTF Grants

Grants must be requested by the applicant, and are available only if all the following conditions are met:

- The applicant is the controlling general partner and is a 501(c)(3) or 501(c)(4) entity;
- At least 20 percent of the units in the development will be occupied by and affordable to households at or below 35 percent of AMI;
- The recipient treats the funds as a grant for tax purposes;
- The recipient does not loan the funds to the development, but treats the funds as a grant or capital contribution; and
- Cash flow demonstrates the project cannot support debt.

NHTF Loans

NHTF awards are structured as a deferred loan with payment due on sale. The mandatory rental affordability period is a minimum of 30 years with 0% interest. Additional requirements are set forth in HUD's Interim Rule at 24 CFR Parts [91](#) and [93](#) and Interim Rule [FR-5246-I-03](#). If a term longer than 30 years is necessary, materials must be considered durable, as defined in OHFA's [Design and Architectural Standards](#), for the entire term of the loan.

D. Program Calendar

HDGF Calendar	
April 2023	Release of final HDGF Guidelines
May 2023	OHFA Posts Application Materials on Website
June 8, 2023	Experience and Capacity Applications are Due
June 22, 2023	OHFA Responds to Experience and Capacity Applications
June 29, 2023	Last day to register for the File Transfer Site
July 13, 2023	First date OHFA will accept an Intent to Apply and Exception Requests

August 10, 2023	Last date OHFA will accept an Intent to Apply
90 days after invitation	Application package due (does not apply to applicants receiving a reservation of PY24 funds)
December 2023	Last date OHFA will accept Application packages from those invited to apply
January-May 2024	Multifamily Committee Meeting/Presentations
January-May 2024	OHFA Board Decisions

OHFA will accept applications as noted in the Calendar above or until all resources have been committed, whichever occurs first.

E. General Requirements

Design and Construction Requirements

All applications shall meet the minimum design requirements as outlined in the [OHFA Design & Architectural Standards](#). For developments involving rehabilitation of existing units, applicants will be further required to meet the [Residential Rehabilitation Standards](#) maintained by the Ohio Department of Development (ODOD). The OHFA Architect will review the proposed scope of work to determine whether rehabilitation will ensure 30-year sustainability.

Detrimental Land Uses

Developments shall not be sited adjacent to or in close proximity to any detrimental land use that impairs a resident's proper use of the residence. Detrimental land uses will be those deemed at OHFA's sole discretion and verified by completion of a site visit.

Developer Fee

The developer fee (inclusive of consultant fee) for will be capped at 15% of Total Development Cost as presented on the GFA.

Domestic Violence Protection and Prevention

In conformity with Violence Against Women's Act (VAWA) of 2013 and reauthorized in 2022, an applicant for or tenant of housing assisted under the HDGF program, or any affiliated individual thereof, may not be denied admission, denied assistance, terminated or evicted from the housing on the basis that they are a victim of domestic violence, dating violence, sexual assault or stalking, if the applicant, tenant, or affiliated individual otherwise qualifies for admission, assistance, participation, or occupancy. Every resident and applicant must be provided a [Notice of Occupancy Rights](#) when admitted as a tenant, denied admission, denied assistance, or being terminated/evicted.

An incident of domestic violence, dating violence, sexual assault, or stalking shall not be considered a lease violation by the victim, nor shall it be considered good cause for an eviction. If a tenant or affiliated individual who is a victim requests an early lease termination, lease bifurcation from the abuser, or transfer to another unit because she/he is in danger, the owner/manager shall make every effort to comply with the request and shall not penalize the tenant.

Each owner/manager shall have an [emergency transfer plan](#) for victims seeking safety, which incorporates reasonable confidentiality measures to ensure that the owner or manager does not disclose the location of the dwelling unit of a tenant to a person that commits an act of violence or stalking against the tenant. Be advised

that an emergency transfer plan incorporates many features in addition to a transfer plan, since an emergency transfer often may not be possible.

An owner/manager may request documentation from a victim before these protections are triggered. If the owner/manager requests documentation, the applicant, tenant, or affiliated individual may provide any one of the following documents and owner/manager shall accept it as adequate documentation: a letter or form signed by the victim, including [HUD's Self-Certification Form 5382](#); a letter signed by a domestic violence service provider, attorney, or medical/mental health professional who assisted the victim; or a court or administrative record. This submission shall be confidential as defined in 81 FR 80724, 24 CFR §5.2007(C). Owners/managers shall also comply with all court orders.

All guidance related to complying with VAWA at OHFA-funded properties can be found on the [OHFA Compliance Policies webpage](#).

Fair Housing and Legal Requirements

The owner shall comply and ensure the project complies with all requirements of the federal Fair Housing Act, Ohio Revised Code Section 4112, and local fair housing requirements, as each may be amended. The owner shall itself ensure and shall ensure the project does not discriminate, as defined by 42 U.S.C. 3604, against any person because of sexual orientation or gender identity or expression. Also, see the [Quid Pro Quo and Hostile Environment Harassment and Liability for Discriminatory Housing Practices under the Fair Housing Act](#) final rule from HUD.

It is the responsibility of the owner/developer/borrower and any of its employees, agents or sub-contractors, in doing business with OHFA, to adhere to and comply with all Federal Civil Rights legislation inclusive of the Fair Housing Laws, Section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act, as well as any state and local civil rights legislation and any required related codes and laws. Should OHFA not specify any requirements, such as design, it is nonetheless the owner's responsibility to be aware of and comply with all non-discrimination provisions relating to race, color, religion, sex, handicap, familial status and national origin. This includes design requirements for construction or rehabilitation, Equal Opportunity in regard to marketing and tenant selection and reasonable accommodation and modification for those tenants covered under the laws.

Fees

OHFA will assess the following non-refundable fees. Fees must be submitted with the respective item, as noted below.

Item	Fee
Notice of Intent to Apply Fee	\$250
Application Fee	\$500 per application
Amendments to a Funding Agreement	\$1,000 per request
Extensions of a Funding Agreement	\$1,000 per extension

Penalties

Violations of the requirements set forth in these guidelines, missed deadlines, failure to honor commitments made in the application process or other instances of noncompliance with OHFA requirements may result in the following sanctions:

- Application Submissions
 - Reduction in the number of applications an entity may submit or awards an entity may receive in future OHFA funding cycles

- Removal from application consideration
- Awarded funding
 - Cancellation or reduction of an award of funds
- Prohibition from participation in OHFA funding programs
 - Permanent or temporary prohibition from participation in one or more OHFA programs
 - Removal from a position of Good Standing for a period of one year or more, resulting in permanent or temporary prohibition from participation in all OHFA programs
- Monetary
 - Monetary fee in an amount to be determined by OHFA
 - Reduction in the developer fee in an amount to be determined by OHFA
- Additional inspection/investigation
 - Referral for independent cost audit
 - Referral to internal staff for additional physical inspection/site visit

Scattered Site Definition and Requirements

A development qualifies as scattered site if there are 10 or more sites and 50 percent or fewer of those sites are contiguous. All sites represented in the application must be within the boundaries of a single Primary Market Area (PMA).

Underwriting Guidelines

All projects assisted through the HDGF program are subject to the requirements set forth in [OHFA's Multifamily Underwriting Guidelines](#).

F. Program-Specific Requirements

Eligible Applicants

Eligible HDGF applicants are private for-profit housing developers, not-for-profit 501(c)(3) and 501(c)(4) organizations and public housing authorities. Religious organizations and their subsidiaries/affiliates must meet the provisions in 24 CFR Part 92.257.

OHFA defines a development team as the owner, developer, general contractor, and management entity. All members of a development team shall have experience with the type of housing proposed and working with the proposed target populations or shall partner with an entity who has the required experience. Additionally, general contractors must have experience with the proposed construction type. The development team must have the ability to meet all requirements contained in these and all related guidelines as demonstrated, in part, through a complete and compliant application package.

No members of the development team may be in default or in material non-compliance with any OHFA program, including having any outstanding 8823s on any low-income housing tax credit (LIHTC) project (without an approved exception). No member of the development team may be currently involved in an OHFA-funded project that has been granted additional time in order to successfully complete that project.

Development consultants include any person or entity receiving compensation for providing professional advice or assistance with the preparation of an application to the HDGF program. OHFA understands that consultants may provide a valuable service to the development community. Consultants may not be used to evidence the required experience and/or capacity to develop or own rental housing.

Applicants must partner with an experienced developer if they have no experience in developing affordable housing. OHFA may consider consultants as co-developers and hold them responsible for the overall success of the development depending on their level of contribution to the project.

OHFA requires all applicants to contract with a qualified construction management company to evaluate the progress and quality of construction and provide written reports to OHFA. Exceptions will be considered if oversight is being provided by another lender/entity approved by OHFA, and that entity agrees to share their reports with OHFA.

Eligible Activities

Funds may be used for non-related party acquisition, hard costs associated with new construction or rehabilitation, and developer fees associated with the proposed development. Please note that OHFA cannot reimburse for acquisition costs without prior approval. Property acquisition occurring prior to OHFA approval is done at the applicant's own risk.

Funds may not be used for costs associated with development of market-rate housing, commercial spaces and/or stand-alone community buildings or management offices.

Development budget line items that are HDGF-eligible are identified in the Gap Financing Application.

Eligible Project Types

Eligible developments create new affordable rental housing opportunities or preserve existing affordable housing communities consisting of four to 24 units. Exceptions to the maximum number of units will be considered with compelling justification.

Ineligible developments include the following:

- Residential care/assisted living/memory care facilities
- Projects that received a prior HDAP award. OHFA will consider exceptions to this requirement.
- Projects that include or constitute Single-Room Occupancy (SRO) housing, congregate housing, group homes, shared housing or cooperative housing as defined by HUD in Chapter 17 of the HUD Housing Choice Voucher Program Guidebook
- Projects that require residents to occupy the unit with another person (roommate)
- Projects that will not result in a certification of residential occupancy by the local government or project architect
- Hospitals, nursing homes, sanitariums, life care facilities, retirement homes (if providing significant services other than housing are mandatory for residents), employer housing, mobile homes and student housing
- Projects that include for-sale homes that are currently under construction or that were recently approved for LIHTCs or are currently within a LIHTC compliance period
- HUD Section 9 developments not converting to Project-Based Rental Assistance
- Projects that have received a prior award of LIHTC. Exceptions will be considered on a case-by-case basis with compelling justification.

Cost Containment

OHFA will evaluate costs on a case-by-case basis. Cost data from comparable recent projects will be used to inform the evaluation. OHFA reserves the right to request additional information, supporting documentation or justification for any cost.

Environmental Review

OHFA will conduct an Environmental Review for all projects receiving OHTF, or NHTF funds, as required by those funding sources¹.

OHFA will assign the review to an environmental consultant who will coordinate with the project contact and complete the review according to the specific requirements of the funding source.

Projects are not permitted to begin construction prior to the completion of the environmental review process and the issuance of a funding agreement. Projects that do begin any construction or construction-related activity (other than obtaining site control) prior to the issuance of a funding agreement and receipt of all appropriate clearances will be subject to penalties, including rescission of the award.

Lead-Based Paint Strategy

All projects originally constructed prior to 1978 must adhere to the Lead-Based Paint Guidelines (found in the annual Ohio Consolidated Plan) maintained by ODOD. Such projects must submit a lead-based paint strategy that includes the following:

- Whether or not the properties have been tested for lead-based paint.
- If the units/buildings have been tested, describe the test results. If the project has not been tested, describe how an estimated cost for testing was derived, and confirm that these costs were incorporated in the project's development budget.
- Describe how the cost of treating lead-based paint will be covered by the project budget, and how the cost to treat it was estimated.
- Describe the availability of licensed lead testers, contractors and workers in the area. If there is a shortage of licensed personnel, describe how that might impact the construction of the project, including timeline. Also, describe what strategies will be used to find licensed personnel.

For ODOD's Lead-Based Paint Guidelines, please contact the Office of Community Development (OCD) at ODOD.

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 [PY2023 National Housing Trust Fund Allocation Plan](#), including but not limited to tenant protections and selection, rehabilitation standards, and threshold requirements.

Wage Rate Compliance

Funding from OHTF, , and NHTF may be subject to Ohio's Residential Prevailing Wage Rates as detailed in [ORC 176.05](#). Applicants are encouraged to review these requirements and, if necessary, contact the Bureau of Wage & Hour Administration within the [Ohio Department of Commerce, Division of Industrial Compliance](#) for a determination. OHFA reserves the right to require developers who have not had experience in Wage Rate Compliance to partner with an experienced developer or to identify an experienced consultant.

Rent and Income Restrictions

All developments must commit to the following rent and income restriction(s), based on the location and funding source of the proposed project. See [Appendix B](#) for further instruction on calculating assisted and restricted units.

¹ NHTF Environmental Provisions can be found here: <https://www.hudexchange.info/programs/environmental-review/htf/> OHTF Environmental Review Standards can be found here: <https://ohiohome.org/ppd/documents/OHTF-EnvironmentalReviewStandards.pdf> HOME Environmental Review Standards can be found here: <https://ohiohome.org/ppd/documents/2016-HOME-EnvironmentalReviewStandards.pdf>

1. All projects that include **OHTF** funding must meet the following rent and income restrictions:
 - *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.

AND

 - 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 commit to the rent restriction below, as set forth in the current NHTF Allocation Plan, 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.

Developments utilizing multiple funding sources must incorporate the rent restrictions for each funding type without overlap.

G. Application Requirements and Submission

There are two stages of the HDGF application process. The first step is submission of a Notice of Intent to Apply. If approved to move forward, the applicant will proceed with the second step of the process- submission of a full HDGF application package.

Experience and Capacity Review

OHFA will post an Experience and Capacity Form along with other HDGF Application forms. OHFA will review the information provided and determine if the development team has the necessary experience and capacity to participate in the program. OHFA's approval letter must be included with the Intent to Apply.

Notice of Intent to Apply

OHFA will review the information provided to determine whether the proposed project is consistent with the program requirements.

If OHFA determines these criteria have been met, the applicant will receive written confirmation that funds have been reserved and they may submit a full application. The correspondence will identify the name of the assigned OHFA Development Analyst as well as the deadline for submission of the full application package. All communications regarding the HDGF application must come from the project developer and be sent to the OHFA Development Analyst. OHFA asks that project consultants not contact OHFA directly, and requests that the project developer send communication. The applicant will be offered the opportunity to participate in a Development Next Steps Meeting.

If OHFA determines the submission substantially meets the program requirements but has errors or minor omissions that need clarification, the applicant will be required to attend a meeting with OHFA staff to discuss the project. If, after the meeting, OHFA determines the issues can be resolved, OHFA will provide written confirmation that funds have been reserved and invite the applicant to submit a full application package. The correspondence will identify the name of the assigned OHFA Development Analyst as well as the deadline for

submission of the full application package. The applicant will be offered the opportunity to participate in a Development Next Steps Meeting.

Applicants who have never worked with OHFA on prior projects will be required to participate in a Development Next Steps Meeting.

Applicants whose submission is substantially incomplete to the extent OHFA cannot complete a preliminary underwrite or determine whether or not the project meets program requirements will receive written confirmation that they will not be invited to submit a full application package. The correspondence will provide detail explaining OHFA's decision and the applicant will be given the opportunity to meet with OHFA staff to discuss ways in which the application may be improved. Please note, that an Intent to Apply may be resubmitted prior to the deadline.

When to Submit

The Notice of Intent to Apply may be submitted at any time during the range indicated in the [Program Calendar](#); however, it must be submitted at least thirty days prior to the submission of a full application package.

How to Submit

The Notice of Intent to Apply may 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

The Notice of Intent to Apply shall include the following items. The files must be organized and formatted according to the index specified in the Gap Financing Application.

All files must be submitted in one compressed ("zip") folder. The Notice of Intent to Apply fee must be submitted via ACH payment.

Submission Requirements - Notice of Intent to Apply	
1. Gap Financing Application (GFA)	
	Completed in its entirety, including signed Program Certification.
2. Design and Construction Features Form	
	A completed and signed Design and Construction Features Form (HDGF-specific), available on the OHFA website .
3. Experience and Capacity information	
	A letter from OHFA approving the Development Team
4. Exception Requests	
	Completed Exception Request form and any required supporting documentation, if applicable. Exceptions will be considered only for those items specifically allowed on the Exception Request Form.
5. Site Information	
	Relevant site information, including a detailed map clearly depicting the physical location of the site, the nearest intersection, and all roads leading to the site.

6. Notice of Intent to Apply fee

\$250 fee, payable by ACH to the Ohio Housing Finance Agency.

Full HDGF Application

Once the applicant receives written confirmation from OHFA that they have been invited to submit a full application, they are able to submit the full application package..

Training and Technical Assistance

Training and technical assistance will be available to all applicants invited to submit a full application. Applicants must have completed the Gap Financing Application to the greatest extent possible prior to requesting training and technical assistance.

How to Submit

The completed application package, including required supporting documentation, may 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

The files must be organized and formatted according to the index specified in the Gap Financing Application. Applications must be complete and consistent with all supporting documentation. All files must be submitted in one compressed ("zip") folder. The hard copy Architectural Plans must still be mailed to OHFA.

Submission Requirements- Full Application

1. Application Fee

- \$500 fee, payable by ACH to the Ohio Housing Finance Agency.

2. Gap Financing Application

- The GFA excel document must be complete, including the NHTF Workbook.

3. Appraisal

- An As-Is Appraisal, completed in accordance with the Appraisal Requirements as outlined in the Multifamily Underwriting Guidelines, for all development site(s) represented in the application.
- Developments that do not identify any acquisition costs in the development budget are exempted from this requirement.

4. Architectural Plans

- Requirements for final architectural submissions are outlined in the OHFA Design & Architectural Standards.
- All architectural plans must be approved by the OHFA Architect in accordance with the requirements set forth in the above standards. OHFA reserves the right to require modifications to architectural plans.

5. Articles of Incorporation (nonprofits only)

- Nonprofit Articles of Incorporation, including evidence of 501(c)3 or (c)4 status, as appropriate.

6. Audited Financial Statements (existing units only)

- If the project includes existing units under the same ownership and/or management, the applicant must provide audited financial statements for the existing project. The audited financial statements may not be in an audit portfolio with other properties; however, OHFA will consider exceptions to this requirement. If awarded HDGF funds, all future audited financial statements shall be for the development alone and not as part of a portfolio.

7. Authorization to Release Tax Information

- A completed Authorization to Release Tax Information Form for all general partners. OHFA will use this information to determine if an entity with ownership interest in the development has outstanding tax liens with the State of Ohio.

8. Board Resolution (nonprofits only)

- If the applicant is a nonprofit, the application package must include a board resolution authorizing an application for HDGF resources. The resolution must authorize the application for HDGF, must specify the amount of the request and must identify the individuals authorized to execute legal documents on behalf of the nonprofit.

9. Capital Needs Assessment and Scope of Work (existing units or adaptive reuse only)

- Applications for the rehabilitation of existing housing units or adaptive reuse of buildings not originally constructed as housing must submit a Capital Needs Assessment and Scope of Work for all buildings. OHFA will use this assessment to determine whether the costs indicated in the application are appropriate for the level of rehabilitation required.
- The assessment must conform to the Physical Capital Needs Assessment Standards contained in the Multifamily Underwriting Guidelines, including the use of the OHFA PCNA Table of Contents.

10. Changes from Intent to Apply (If Applicable)

- OHFA must approve any changes made to the project after the Intent to Apply has been reviewed and funds have been reserved. These changes must be detailed in narrative form and submitted with the full application package.
- Substantive changes may include, but are not limited to, changes in ownership or development team, design, construction or configuration, site(s) (excluding scattered site developments), and changes to targeted populations including special needs populations. Such changes may be permitted only at OHFA's discretion.
- Applicants may submit this narrative prior to submitting the application. This will allow applicants time to review options in the event OHFA does not approve a proposed change.

11. Construction Management Statement

- Applicants must provide a statement regarding the Construction Management Company Contract and include the company's qualifications and a statement indicating that they will provide reports evaluating the progress and quality of construction to OHFA. Exceptions will be considered if oversight is being provided by another lender/entity approved by OHFA, and that entity agrees to share their reports with OHFA.

12. Design and Construction Features Form

- A completed and signed Design and Construction Features Form (HDGF-specific), available on the OHFA website. Information included in this document must be updated as needed from the information submitted with the Intent to Apply, and must match the information in the 80% architectural plans.

13. Development Team Consultant Statement (If Applicable)

- Applicants must provide a statement regarding the development consultant(s) that includes:
 - Their credentials and development experience;
 - Their role in the project;
 - Scope of their authority to negotiate for and bind the development team; and
 - A summary of all projects they are currently advising and the scope of those agreements.

14. Exception Requests (If Applicable)

- Applicants must submit copies of any exception requests approved by OHFA.

15. Evidence of Site Control

- If the current owner is the applicant, the application shall include copies of the executed and recorded deed(s) at the time of application.
- If the current owner is not the applicant, then evidence of site control must be submitted. Acceptable forms of site control include, but are not limited to, a purchase contract, a purchase option or a lease option for a minimum term of 35 years. With respect to option agreements, the application must include evidence of the agreement to purchase the property within a specified time. Evidence of site control may not expire until September 30, 2023 or other date approved by OHFA.
- If parcels will be acquired from a city land bank, a copy of the final city council resolution, city council ordinance, letter from a board of control or designated official, or contingent purchase agreement approving the legal description and transfer of all applicable sites will also be accepted. If parcels will be acquired from a county land bank, a letter from the board of control or a designated official approving the transfer of all applicable sites may be submitted as evidence of site control.
- OHFA reserves the right to require additional documentation that evidences proper site control.
- It is important to note that a reservation of funds provided following the Notice of Intent to Apply is site-specific. If the applicant cannot acquire the site, the reservation of funds or the funding agreement will be cancelled.

16. Federal Tax Identification Number

- The application shall include evidence that a Federal Tax Identification Number (FTIN) has been obtained for the ownership entity.

17. Financial Commitments

- All non-OHFA sources of debt and equity, including any project-based rental subsidies, must be evidenced by a commitment letter or other acceptable documentation in lieu of a commitment. All commitment letters must indicate the following:
 - Loan or grant amount;
 - Loan term and amortization schedule/term (and/or payment requirements);
 - Interest rate;
 - Fees associated with the loan or grant;
 - Reserve requirements; and
 - Lien position of the loan.

- Conditional financial commitments, including those for a competitive source that has been applied for but not yet awarded, will not be accepted. Sources must be applied for at the time that the Intent to Apply is submitted. Applicants may be permitted to replace committed funding as identified in the final application with other sources later in the development process, but the final application must reflect committed funding only.
- If an existing loan will be assumed or restructured, the applicant must provide supporting documentation detailing the terms and conditions of any assumed or restructured debt including the current outstanding balance.

18. Lead-Based Paint Strategy (If Applicable)

- The application shall include a Lead-Based Paint Strategy as detailed in the Program-Specific Requirements section.

19. Legal Description(s)

- The application shall include a legal description in Microsoft Word format of each parcel that will be included in the development. The description(s) shall include the street address and permanent parcel number of each parcel. Any lot splits or subdivisions must be completed prior to application.

20. Letter of Support (If Applicable)

- Any application for a project which provides rental units to persons with a developmental disability must include a written letter of support from the Ohio Department of Developmental Disabilities as well as from the County Board serving the area in which the project will be located.
- Any application for a project which provides rental units to persons with severe and persistent mental illness must include a written letter of support from the Ohio Mental Health and Addiction Services Agency as well as from the County Board serving the area in which the project will be located.

21. Market Study

- Market studies must be conducted by an OHFA-approved market study professional and updated or approved within 12 months of the relevant submission date. Applicants should refer to the Market Study Standards in the Multifamily Underwriting Guidelines for additional requirements. These applicants must provide a written narrative briefly summarizing market conditions in the area to be served by the proposed development. The narrative shall be made by a third party not related to the development team, with significant knowledge of local market conditions and the population being served including, but not limited to, a market study provider, a local government, a Continuum of Care, or a social service organization serving the proposed population. The narrative should also include, or be supported by, data or other documentation evidencing the housing needs stated, including applicable waiting lists or data specific to the local PSH population.

22. Notification to Statewide Accessibility Groups (newly affordable units only)

- Applicants proposing the construction or renovation of units that will be newly affordable shall notify all accessibility groups in the same county as the development that accessible housing is being proposed. A list of accessibility groups is available on the OHFA website.
- Applicants agree to accept referrals for prospective residents and consider design recommendations for the property. Copies of all correspondence between the applicant and accessibility groups shall be submitted to show compliance with these requirements. If requested by the accessibility group, the applicant shall provide the most current copy of the development's architectural plans prior to submitting the application.

- Accessibility groups may report noncompliance with this requirement to OHFA at QAP@ohiohome.org. OHFA reserves the right to impose any remedy identified in the Penalties section because of noncompliance.

23. Phase I Environmental Site Assessment

- A Phase I Environmental Site Assessment (ESA) conducted in accordance with the most current ASTM standard and dated within six months of the application deadline is required. OHFA reserves the right to reject any sites indicated to have environmental problems or hazards.
- The Phase I ESA must include the following non-scope considerations as described in the ASTM Standard: Asbestos-containing building materials; Radon; Lead-based paint; Lead-in-drinking water; Wetlands; and Mold.

24. Program Certification

- A PDF of the signed Program Certification (tab in GFA) must be included.

25. Public Notification (all projects)

- The application shall include evidence that the public notification process for local elected officials as outlined in Ohio Revised Code §175.07 was completed. Applicants are encouraged to contact the appropriate local government officials prior to submitting an application to inform these parties of details concerning the proposed project. OHFA will accept public comments about applications at any time and will consider public comments during the review process.
- An applicant requesting funds shall provide the notice to any/all of the following that apply:
 1. The chief executive officer and the clerk of the legislative body of any municipal corporation in which the project is proposed to be constructed or that is within one-half mile of the project's boundaries;
 2. The clerk of any township in which the project is proposed to be constructed or that is within one-half mile of the project's boundaries; and
 3. The clerk of the board of county commissioners of any county in which the project is proposed to be constructed or that is within one-half mile of the project's boundaries.
- The applicant will use the OHFA letter template and include all information requested. The notification must state the applicant's intent to develop housing using OHFA funding. The notification must be in writing and sent via certified mail, return receipt requested.
- The application shall include a copy of the stamped post office receipt, return receipt not required, for certified mail and copies of notification letters.

26. Related Party Transaction Questionnaire

- The application shall include a completed Related Party Transaction Questionnaire for any transactions between related parties.

27. Relocation Plan and Forms (existing units only)

- Any development involving acquisition and rehabilitation of existing and occupied units that will result in permanent displacement of any residents shall submit a complete Acquisition, Relocation and Demolition Questionnaire and the Relocation Assistance Plan, available on the OHFA Guidelines, Applications and Forms webpage. OHFA reserves the right to prohibit, limit, or mitigate any permanent displacement based on the information contained in the Acquisition, Relocation and Demolition Questionnaire.
- If a development will result in resident relocation during the construction period, the application will include a narrative detailing the tenant relocation plan or strategy. The narrative will address the method(s) for relocating residents, provide the current vacancy rate, provide a breakdown of any

associated costs and identify if tenants will be permanently displaced. The narrative must also include the current vacancy rate, outline current vs. future rents, and describe how any rent increases for will be implemented.

28. Rental Subsidy Commitment (If Applicable)

- OHFA will only consider subsidy that is awarded to a specific project (project-based) by a third-party such as a housing authority, the U.S. Department of Agriculture Rural Development (USDA) or other entity.
- Conclusive proof of commitment of the subsidy is required. Proof may include an executed commitment to enter into a binding agreement or a copy of the contract governing the transaction.
- Rental Subsidy Commitments must include, at minimum:
 - a. The number of units per bedroom size that will receive rent subsidies;
 - b. The amount of rent subsidy that will be provided for each unit;
 - c. If the subsidy will increase as rents increase;
 - d. The history of success in receiving the rent subsidies;
 - e. Statement of understanding that there is a 30-year rent restriction associated with the HDAP; and
 - f. How long the subsidy will be provided (this could be as long as the Board has access to funding).
- The commitment/contract rents must match what is in the GFA.

29. Third Party Cost Estimate

- Itemized cost estimates from an unrelated third party are required to substantiate the construction costs in the development budget. To be an unrelated third party, there can be no identity of interest between the organization providing the qualified cost estimates and any organization with an ownership interest, including the developer, the general contractor, and any member of the development team, their subsidiaries or affiliates. The project architect may constitute an unrelated third party provided the above conditions are met. If any member of the development team or ownership has an identity of interest with the entity providing the qualified cost estimate, the identity of interest relationship must be disclosed.
- Estimates must indicate the status of the design process (at least 80% plans and specs).
- The unrelated third party must indicate which standards/codes were used in developing the cost estimates.
- The unrelated third party must submit a signed statement certifying that the cost estimates for any rehabilitation work being done are sufficient to meet ODSA's Residential Rehabilitation Standards.

30. Utility Allowance Information

- The application shall include utility allowance information consistent with the requirements of OHFA's Utility Allowance Policy. Applicants may refer to the OHFA Utility Allowance Policy for guidance on methods available to calculate utility allowances for various project types.

31. Zoning

- The application shall include evidence that all sites are currently zoned for the proposed use in the form of a valid building permit or a letter from the local municipality stating that the current zoning will permit the proposed development.
- For jurisdictions with no zoning regulations in effect, a letter from the jurisdiction stating so is required.
- Evidence must be dated within one year of the application due date.

H. Application Review and Approval

Application Review Process

Applications will be reviewed as they are received. The application window will close as indicated on the Program Calendar or after all funds have been reserved. At that time, OHFA will release formal notification that no additional applications will be accepted.

All applications will be reviewed with the following criteria:

- Application meets all submission requirements as detailed in these HDGF Guidelines.
- Application meets all underwriting requirements as detailed in the [Multifamily Underwriting Guidelines](#).
- The 80% architectural plans demonstrate compliance with [OHFA's Design & Architectural Standards](#).
- The development team demonstrates the ability to proceed within the time constraints of the program.

OHFA staff may conduct a site visit as part of the review process to confirm the suitability of the prospective site. If a site is deemed unsuitable based on the site review, OHFA will contact the applicant and remove the application from further consideration. OHFA reserves the right to remove the application from further consideration if sited near a detrimental land use as defined in the [Qualified Allocation Plan](#). In reviewing vacant land, OHFA may elect to visit the site without contacting the applicant. For rehabilitation of existing units, OHFA staff will contact the applicant to arrange a time to walk the site and inspect units and common areas.

Application Approval Process

Once all review criteria are met, the OHFA Analyst will work with the development team to prepare an executive summary. 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 and make a recommendation determination. The OHFA Board -approves requests for funding.

I. 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 the standard terms and deadlines for projects awarded PY23 HDGF funding:

Term Of Loan/Loan Maturity Date:	Minimum 30-year term
Construction Commencement Deadline:	No later than 12 months after the award is approved by the OHFA Board
Construction Completion Deadline:	December 31, 2026
Final Draw Deadline:	March 1, 2027
Final Performance Report Deadline:	March 1, 2027
Term of Affordability Period:	Minimum 30-year term

Subsequent Changes

Following application approval and continuing through the affordability period, the HDGF recipient must notify OHFA immediately of proposed changes to the project and seek OHFA approval. 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 OHFA Analyst.
- After project closeout, notification must be sent to the Project Portfolio Manager at OHFAProjectChanges@ohiohome.org.

HDGF Closing

Once the funding agreement is signed by all appropriate parties and all set-up documents are submitted, the applicant is permitted to request a closing of the HDGF 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 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 submit 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.**

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](#).

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

Compliance Next Steps Meeting

Completion of the Compliance Next Steps (CNS) meeting is **required for all properties** as they transition between development and compliance. 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.

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.

Compliance Monitoring

Compliance Monitoring requirements can be found in the [QAP](#)

Asset Management

Asset Management requirements can be found in the [QAP](#).

APPENDIX: 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.

$$24 \text{ units} \times 35\% = 8.4 \text{ or } 9$$

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.

$$\$300,000 \text{ (HDGF requested)} / \$4,250,000 \text{ (TPC of affordable units)} = 7.0588\%$$

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

$$7.0588\% \times 24 = 1.6941 \text{ or } 2$$

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.

$$\text{\$4,250,000 (TPC) / 24 (units) = \$177,083 cost per unit}$$

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.

$$\begin{aligned} \text{Percentage of HDGF/HOME in project: } & \text{\$300,000 / \$4,250,000 = 7.0588\%} \\ \text{Number of Assisted Units: } & 7.0588\% \times 24 = 1.6941 \text{ or } 2 \end{aligned}$$

This first calculation only provides a starting point.

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

$$\text{\$300,000 / 2 = \$150,000 per Assisted Unit}$$

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

$$\text{Maximum subsidy for a one-bedroom unit: \$157,466.40}$$

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.

$$\begin{aligned} \text{HDGF/HOME per Assisted Unit (from Step 4): } & \text{\$150,000} \\ \text{Cost to build the units (from Step 1): } & \text{\$177,083} \\ \text{Maximum allowable subsidy per unit (from Step 5): } & \text{\$157,466.40} \end{aligned}$$

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.

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.

$$19 \text{ units} \times 40\% = 7.6 \text{ or } 8$$

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.

- 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.

$$\$5,250,000 \text{ (TPC)} / 24 \text{ (total units)} = \$218,750 \text{ cost/unit}$$

$$\$218,750 \times 19 \text{ (affordable units)} = \$4,156,250 \text{ TPC for affordable units}$$

- 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.

$$\text{\$300,000 (HDGF requested) / \$4,165,250 (TPC affordable units) = 7.2180\%}$$

$$7.2180\% \times 19 \text{ (affordable units) = 1.3714 or 2}$$

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.

$$\text{\$5,250,000 (TPC) / 24 (total units) = \$218,750 cost/unit}$$

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.

$$\text{\$300,000 (HDGF) + \$250,000 (HOME) = \$550,000}$$

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

$$\text{Percentage of HDGF/HOME in the project: \$550,000 / \$5,250,000 = 10.4762\%}$$

$$\text{Number of Assisted Units: 10.4762\% \times 24 = 2.5142 or 3}$$

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.

$$\text{\$550,000 / 3 = \$183,333 per Assisted Unit}$$

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

$$\text{Maximum subsidy for a one-bedroom unit: \$157,466.40}$$

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.