

2024 4% LIHTC Cost Containment Standards

February 6, 2024

Purpose

The Ohio Housing Finance Agency (OHFA) has established cost containment standards across both the 9% and 4% LIHTC programs to help meet [26 U.S.C. §42\(m\)\(2\)\(B\)\(iv\)](#) and [26 C.F.R. §1.42-17\(a\)\(3\)\(iv\)](#). These requirements obligate housing credit agencies such as OHFA to ensure that “...the housing credit dollar amount allocated to a project is not to exceed the amount the Agency determines is necessary for the financial feasibility of the project and its viability as a qualified low-income housing project throughout the credit period” by evaluating, among other items, the reasonableness of each proposed LIHTC project’s development costs.

Applicability

In accordance with the current [4% Low-Income Housing Tax Credit \(LIHTC\) Qualified Allocation Plan \(QAP\)](#), all 4% LIHTC proposals are required to meet OHFA’s cost containment standards based on construction type and geography. These cost standards are applicable for any 4% LIHTC application made in calendar year 2024. OHFA will review projects for compliance at Final Application and upon submission of the Internal Revenue Service (IRS) Form 8609 request package. Applicants must submit an Underwriting Exception Requests if cost containment standards are exceeded.

Methodology

OHFA maintains a rolling five-year database of all 4% LIHTC Final Application submissions that tracks total development costs on a per-unit and per-gross square foot basis. These costs are adjusted based on the U.S. Bureau of Labor Statistics Producer Price Index—specifically, the [Net Inputs to Multifamily Residential Construction, Goods \(WPUIP2311201\)](#), which is annualized on a calendar year basis and indexed to December 2014. OHFA then applies an outlier methodology by multiplying the interquartile range—the difference between the 75th percentile and the 25th percentile of costs—by 1.5 to conclude maximum total development costs on a per-unit and per-square foot basis.

Cost Containment Standards

Cost Standard	Central City and Metro/Suburban		Rural	
	New Construction and Adaptive Reuse	Rehabilitation	New Construction and Adaptive Reuse	Rehabilitation
TDC per Unit	\$400,000	\$347,000	\$391,000	\$229,000
TDC per GSF	\$420	\$390	\$390	\$270