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Re: 2026 Bond Gap Financing Round Guidelines – First Draft

To whom it may concern –

We appreciate the opportunity to provide comments on the proposed guidelines for the 2026 Bond Gap Financing round. This funding round is a great opportunity to preserve affordable units throughout the state. After careful consideration, we would like to provide the following comments for your consideration.

- 1) Maximum BGF Request – Page 13 of the guidelines states the maximum BGF request for each funding pool is \$4,000,000 per project. Furthermore, page 20 states the anticipated funding available is \$12,000,000.

Comment – We would like OHFA to consider reducing the maximum award to \$3,000,000 per project and setting a policy priority that at least 2 projects must be funded for each pool. We believe this will maximize the number of units preserved as part of the BGF round without depressing the number of applications significantly. Furthermore, setting a minimum of two projects awarded per funding pool should increase the number and diversity of applications received.

- 2) Application Limits – Page 14 of the guideline's states that development entities who have successfully placed in service at least one LIHTC deal in Ohio over the last 10 years are eligible to submit up to two applications and receive up to two invitations to proceed.

Comment – We would like to write in support of this provision. We believe it is consistent with OHFA's existing funding rounds and is fair benchmark to meet. We do believe there should be clarity if development entities who have not placed in service at least 1 deal in Ohio are prohibited from participating or simply limited to one award. We believe those who have not placed a project in service in Ohio, and are not partnering with a developer who has, should not be able to participate.

- 3) Ineligible Developments – Page 14 of the guideline's states that ineligible projects include "new affordability only."

Comment – We would like OHFA to consider making this language more specific. We believe the intent of the BGF guidelines is to primarily serve preserved affordability projects whereas the Ohio LIHTC Program serves new affordability projects. While new affordability units can be included in a BGF application, we believe at least 75% of the

units should have to be preserved affordability. Otherwise, a project may be funded that is not consistent with the overall goals of the BGF Round.

- 4) Maximum Paid Developer Fee – Page 15 of the guidelines state that paid developer fee may not exceed 70% of the budgeted developer fee.

Comment – We would like to OHFA to consider reducing the maximum paid developer fee to 60%. We are firm believers that for units to truly be preserved, a substantial rehabilitation or new construction needs to be done. A band-aid approach to rehabbing projects is not consistent with OHFA's guidelines and a more restrictive paid developer fee policy will ensure developers are maximizing their scope of work.

- 5) Cash Out to a Related Party Seller – Page 16 of the guidelines state that to demonstrate compliance with OHFA's prohibition on cash out to seller, the applicant must provide most recent audited financial statements for the property, current and projected balances of existing debt and current and projected reserve balance as of the estimated financial closing date.

Comment – We simply ask that OHFA move this information to the required threshold documents to prevent confusion or an applicant overlooking this requirement. It would then also establish a procedure if this information is omitted or submitted incorrectly.

- 6) County Limits – Page 20 of the guidelines state that a county may not receive more than one award unless doing so is necessary (as determined by OHFA) to fully utilize all the Agency's BGF resources.

Comment – We would like to write a comment in support of this policy. We think given the limited number of resources available; this policy is necessary to ensure geographic diversity and should remain in the subsequent guidelines.

- 7) NHTF RAD Pool Eligibility – Page 20 of the guidelines state there will be an NHTF – Rental Assistance Demonstration Pool.

Comment – Firstly, we would like to comment in support of this pool. For the reasons noted in the guidelines, as well as many others, this pool is 100% necessary and consistent with OHFA's mission. Housing authorities serve some of our communities' lowest-income and most vulnerable residents, and dedicated resources are critical to preserving and improving this housing. We are excited to see OHFA establish this pool and hope that other state housing finance agencies will follow OHFA's lead in recognizing the unique needs of public housing and creating similar resources.

We would like OHFA to be more specific in its eligibility rules for the pool. There is nothing preventing an applicant with 10 RAD units and 90 non-RAD units from competing in this pool. We would like OHFA to consider that eligibility be restricted to those applications that have a CHAP from HUD covering at least 75% of the total project units.

We would like OHFA to also clarify whether eligibility is restricted to Component 1 or Component 2 RAD projects. We are not offering a suggestion on this point. We simply believe this should be clarified in the guidelines.

We would like OHFA to clarify the eligibility of those utilizing RAD transfer of assistance to a new project site. We are not offering a suggestion on this point. We simply believe this should be clarified in the guidelines.

The NHTF RAD Pool should be targeted to transactions in which RAD is a meaningful component of the project's affordability strategy rather than projects that include a nominal number of RAD units primarily to qualify for the pool. We would also like OHFA to consider implementing a policy that projects must be at least 75 units to be eligible for funding. We believe this will allow OHFA's limited resources to reach the greatest number of units possible.

- 8) NHTF RAD Pool Scoring – Page 24 of the guidelines detail the proposed scoring system for the NHTF RAD Pool.

Comment – Firstly, we would like to comment in support of the "Community Revitalization Plan" scoring category. While many often focus on the creation of new affordable units as part of a transformation plan, the preservation of existing affordable units is just as important. Rewarding PHAs who have worked with their local jurisdictions to create and implement revitalization plans is a strong, worthwhile policy objective.

We would ask for clarity in the revitalization plan requirements on page 29 of the guidelines. The current guidelines state that the revitalization plans must be "sanctioned by either the city, county or by HUD." We would like to clarify if HUD Transformation Plans, often submitted as part of a Choice Neighborhood Initiative, would qualify. These plans are requested by HUD but are spearheaded by the PHA in concert with local stakeholders. This does not precisely meet the definition as currently written, but we believe these plans should be eligible so long as it meets OHFA's other requirements. We would also like OHFA to clarify its rule on plans that are at least ten years old. If there are multiple authors/administrators of the plan, which is often the case, does a letter need to be obtained from all the entities or simply one?

We would like to write in support of the "Readiness to Proceed" category but would ask OHFA to consider adjusting the current language. We believe that, given the various HUD requirements, review processes, and other factors outside of a housing authority's control that can delay a RAD closing, this flexibility with HUD-controlled closing timelines is warranted. The language is currently too punitive for those who cannot meet the requirement. We would like to propose that OHFA change the language to state that applicants must submit their conversion plan/financing plan to HUD by July 15, 2027, must receive an RCC from HUD by October 1, 2027 and must close by December 31, 2027. Those who cannot meet those benchmarks are prohibited from receiving any BGF awards for two calendar years.

We would also like OHFA to consider the creation of a scoring category that incentivizes higher levels of rehab. Our suggestion would be that a perfect scoring project would need to spend at least \$125,000 a unit in hard construction costs.

Thank you for your consideration.

Sincerely,



Brad Carman

President