

To: All Interested Parties

From: Ohio Housing Finance Agency

Date: February 1, 2024

RE: **4% LIHTC QAP**
Frequently Asked Questions (FAQ) as of February 1, 2024

FAQ Background

The following is a summary of questions received regarding the 4% Low-Income Housing Tax Credit (LIHTC) Qualified Allocation Plan (QAP) (the “QAP”). Questions were edited for style, to remove identifying details, and combined with similar questions from various individuals. The answers posted herein clarify and modify the Guidelines and will be considered during the program round.

Related-Party Acquisitions

Q: The guidance within the QAP seems to imply that this rule is primarily applicable to existing properties rather than land-only transactions. It's evident that a seller note for a building carries credit benefits. Is OHFA's stance that a land sale (no structures) from a related party is also subject to no cash-out restrictions, with only the ability to capture the value (if any) via a seller note based on the appraised value?

A: The prohibition on cash-out in related parting transactions does not apply to applications seeking only 4% Low-Income Housing Tax Credits. *Added December 11, 2023. Revised February 1, 2024.*

Resyndication

Q: What year of the Extended Use period must a LIHTC project be in if they want to apply for resyndication?

A: There is no language in the Guidelines limiting the ability of prior LIHTC projects to resyndicate so long as they meet the federal LIHTC requirements (i.e., the subject property, if already LIHTC, has exited its 15-year Compliance Period). *Added December 11, 2023.*

Scope of Work

Q: Is the scope of work required only for rehabilitation and adaptive use projects?

A: No, the scope of work is required for all projects (new construction, rehabilitation, and adaptive use projects) at Final Application, and 8609. *Added December 11, 2023.*

Deficiencies

Q: Are application deficiencies curable?

A: OHFA will allow a cure period of two business days for Pre-Application deficiencies.

Per page 8 of the QAP, Final Applications that do not meet all Minimum Financial and Threshold review criteria must be resubmitted in whole as a new application. Applicants must resubmit within the applicable yearly open window or will be required to submit the following year using the most recently-approved guidelines.

If an application passes Minimum Financial and Threshold Review, the application will undergo a Full Threshold, Underwriting, and Architectural Review. During this process, the assigned OHFA analyst will draft a review letter detailing any deficiencies. Applicants will have two weeks to cure any outlined deficiencies. Deficiencies must be cured; otherwise, the application may be rejected. *Added December 11, 2023. Revised February 1, 2024.*

Experience and Capacity

Q: Which entity will OHFA evaluate for experience and capacity?

A: Pre page 19 of the QAP, OHFA staff will evaluate the experience and capacity of the legal entity named as developer and co-developer (if applicable) in the AHFA. If the legal entity is a single-purpose entity, the parent entity of each developer and co-developer (if applicable) in the AHFA will be evaluated. In addition, OHFA will review the parent entity of each general partner (if the LIHTC ownership entity is a limited partnership) or managing member (if the LIHTC ownership entity is a limited liability corporation). *Added December 11, 2023. Revised February 1, 2024.*

Q. What is OHFA looking for in the Organizational Charts?

A. At Pre-Application, OHFA requests an organizational chart documenting the internal structure and organizational hierarchy of the developer, co-developer and the parent entities of the single-purpose entity general partner(s) or managing member(s).

Please note that OHFA is not seeking the proposed LIHTC ownership entity's organizational chart at Pre-Application. That is due at Final Application in accordance with page 23 of the 4% LIHTC QAP. *Added February 1, 2024.*

Financial Capacity

Q: For sole proprietorship developers, what should be submitted for audited financials?

A: Audited Financial Statements should not be submitted. A Financial Capacity Analysis spreadsheet must be completed by the accounting firm that prepared audited financial statements for the lead developer and any co-developers (if applicable), by the CFO, or an authorized representative when audited financial statements are not available. *Added December 11, 2023.*

Q: Is a tax return acceptable if there are no audited financials for a developer entity?

A: Tax Returns should not be submitted. A Financial Capacity Analysis spreadsheet must be completed by the accounting firm that prepared audited financial statements for the lead developer and any co-developers (if applicable), by the CFO, or an authorized representative when audited financial statements are not available. *Added December 11, 2023.*

Competitive Sources

Q: How does OHFA consider competitive sources?

A: OHFA does not consider competitive resources that have yet to be secured as financial commitments. According to [26 U.S.C. §42\(m\)\(2\)\(B\)](#), Housing Credit Agencies like OHFA must evaluate the sources and uses, LIHTC benefits, project costs, and operating expenses at application to determine that the LIHTC request does not "...exceed the amount the housing credit agency determines is necessary for the financial feasibility of the project..." OHFA cannot make that determination based on the potential for future funding and therefore any requirements from a prospective funding source should also not be considered. Applicants must include a commitment of funds for all sources at application. *Added December 11, 2023.*

Total Development Costs

Q: With regards to the total development cost (TDC) limit, what is the definition of total development cost?

A: Total development cost is the sum of acquisition, predevelopment, site, hard construction, interim/finance, professional fees, compliance, and reserve costs. It includes the cost of all items that will be considered within the legal description incorporated as part of the Agency's LIHTC restrictive covenant. For a detailed list of these items, please refer to the Budget and Cost tab in our Affordable Housing Funding Application (AHFA) located [here](#). *Added December 11, 2023.*

Zoning

Q: Does OHFA have a suggested format or language for the zoning letter from the local municipality? What authority within a local municipality would OHFA accept as a signatory?

A: OHFA does not require you to use a zoning letter template. The language should conform to the requirements in the QAP. The letter from the municipality should be from an individual with the authority to issue a zoning determination, such as a zoning official. *Added December 11, 2023.*