



2021 Housing Development Gap Financing (HDGF) Frequently Asked Questions (FAQ's)

Question: When is the **first day** OHFA will be accepting a Notice of Intent to Apply and Exception Requests for the 2021 HDGF Funds.

Answer: May 3, 2021

Question: When is the **last day** OHFA will accept an Intent to Apply and Exception Requests

Answer: July 30, 2021

Question: What is HDGF? Where does the funding for this program come from?

Answer: The Housing Development Assistance Program (HDAP) provides gap financing for eligible affordable housing development properties. It utilizes funding from the HOME Investment Partnerships Program (HOME), the Ohio Housing Trust Fund (OHTF), and the National Housing Trust Fund (NHTF). HDAP provides this funding via three distinct funding rounds:

- Housing Credit GAP Financing (HCGF) Program
- Bond Gap Financing (BGF) Gap Program
- Housing Development Gap Financing (HDGF) Program

HDGF is the funding round created for those seeking to create smaller projects with anywhere from four (4) to twenty-four (24) units.

Question:

Would a tiny home project qualify for the funding available? We are looking at units without plumbing but with a central village hall with all the amenities.

Answer: While tiny homes are eligible, they still must meet the requirements outlined in program and related guidelines, including the Design and Architectural Standards. Consequently, these homes must include all utilities, including plumbing.

Question:

What are **eligible uses** of HDGF Resources?

Answer:

Examples of eligible uses include Acquisition of land and/or building(s), Demolition, On-Site Improvements, Construction and/or renovation, Furnishings and Appliances (FF&E), Architectural and engineering fees, Developer fees including consulting fees and any construction management. The Sources and Uses Table in the Budget Tab of the Gap Financing Application (GFA) provides more detail on eligible uses.

Question:

What are **ineligible uses** of HDGF Resources?

Answer:

Examples of ineligible uses include Commercial Construction Costs, Title and Recording Fees, Off-Site Improvements, Construction Insurance and Construction Interest. The Sources and Uses Table in the Budget Tab of the Gap Financing Application (GFA) provides more detail on ineligible uses.

Question:

What are the HDGF Rent Restrictions?

Answer:

Rent and income restrictions vary by funding source. Developers are encouraged to review the program guidelines (page 7) to gain a better understanding of these restrictions.

Question:

What fees are associated with the HDGF Program?

Answer:

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

Question: Are Environmental Reviews required for the HDGF program?

Answer:

Yes, a Phase I Environmental Review is required. In addition OHFA will conduct a supplemental Environmental Review for all projects; however, some of these supplemental reviews are more comprehensive and time-consuming. Developers are encouraged to become familiar with the standards for each before submitting an application. Links to these standards are:

HOME: <https://ohiohome.org/ppd/documents/2016-HOME-EnvironmentalReviewStandards.pdf>

NHTF: <https://ohiohome.org/ppd/documents/NHTF-EnvironmentalReview.pdf>

OHTF: <https://ohiohome.org/ppd/documents/OHTF-EnvironmentalReviewStandards.pdf>

Question:

Do other funding sources need to be committed at the time of full application?

Answer:

Yes, for all non-OHFA construction and permanent financing and project based rental subsidies commitment letters need to be signed by funder and include the amount, terms, interest rate, fees associated with the loan, reserve requirements and lien position of the loan. OHFA will not accept term sheets.

The only exception for this relates to those applying for AHP funding. Additional information on this can be found on page 11 of the program guidelines.

Question:

Who are considered eligible applicants and development teams?

Answer:

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. 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.

Question:

What are the requirements for drawing funds?

Answer:

Once approved, OHFA will send the ownership a Funding Agreement, an ACH Authorization, W-9 form, Signature Certification, and Signature Card. These must be completed, executed and returned to OHFA. After that, the project must have successfully worked with the OHFA legal team to close on the award.

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.

OHFA may modify the draw schedule as it deems necessary for efficient and effective program operation.

Question:

What is considered an affordable unit?

Answer:

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); however, deeper rent & income restrictions are required in order to receive funding. The number of units subject to these deeper restrictions depend on a variety of factors including the funding source reserved for the project, the number of units in the project, the amount of funding awarded by OHFA and the cost to develop the property.

Question:

What is considered an assisted unit?

Answer:

There are two types of units: Assisted and Restricted.

- Projects funded with HOME or OHTF will have both of these. The **Restricted Units** are affordable to and occupied by households at or below 50% AMI. **Assisted Units** are defined by HUD as those units directly benefiting from the award of funds and are subject to HUD's High/Low rent requirements.
- Projects funded with NHTF dollars will only have Assisted Units, which must be both affordable to and occupied by households at or below 30% AMI.

Question:

Are there any special requirements for National Housing Tax Fund Assisted Units?

Answer:

Units that must be occupied by and affordable to households at or below 30% AMI. This requirement only applies if the project receives NHTF.

Question:

If you were to caution applicants about the top two (2) most common errors OHFA sees, what would they be?

Answer:

1. Significant number of Underwriting deficiencies (e.g., Applications do not evidence the project meets OHFA's requirements). Applicants/developers are encouraged to thoroughly review the Program Guidelines and all related documents (2021 Multifamily Underwriting Guidelines, The Design and Architectural Standards)
2. Substantially incomplete application/applicant has no development Experience. This includes failing to complete all tabs within the Gap Financing Application (GFA) and/or inconsistent information within the GFA. Often applicants/developers may have experience in developing or rehabilitating Single-Family units but have no experience in developing multifamily housing. Applicants/developers must have experience in developing projects similar to that being proposed to OHFA.

Question:

Are there wage rate requirements for the funding sources?

Answer:

Those receiving either NHTF or OHTF may be subject to State Prevailing Wage Rates. This is governed by the Ohio Revised Code 176.05. Applicants/developers who are uncertain whether or not their project is subject to State Prevailing Wage Rates are encouraged to seek a determination from the Ohio Department of Commerce.

Those receiving funding through the HOME Investment Partnership Program would be subject to Davis Bacon Wage Rates if OHFA determined they were required to maintain 12 or more Assisted Units.