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# Ohio LIHTC

~~Second Final Draft~~

## State Fiscal Year 2025 Guidelines

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Office of Multifamily Housing | Effective June-July 17, 2024

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# A. Ohio LIHTC Overview

## Purpose

The state of Ohio Low-Income Housing Tax Credit (OLIHTC) is a state supplement to the federal Low-Income Housing Tax Credit (LIHTC) designed to create additional housing units that would not have otherwise been created with other state, federal, or private financing throughout state fiscal years (SFY) 2024 to 2027 (July 1, 2023 to June 30, 2027). Modeled after the federal LIHTC, OLIHTC allows owners of qualifying affordable rental projects to claim tax credits against certain state taxable liabilities over a 10-year Credit Period. These credits are then exchanged by investors and syndicators for equity to help develop affordable rental housing throughout the state.

In SFY 2025, OHFA will implement OLIHTC exclusively as gap financing on 4% LIHTC New Affordability<sup>1</sup> proposals that would not otherwise be financially feasible without the addition of OLIHTCs. Because 4% LIHTCs are worth less than half of a congruent amount of limited 9% LIHTCs—all else equal—OHFA will use OLIHTC to bolster the financial feasibility of 4% LIHTC affordable rental housing proposals and further incentivize use of 4% LIHTCs, which, unlike 9% LIHTCs, are exempt from the annual state LIHTC ceiling under [26 U.S.C. §42\(h\)\(2\)\(B\)](#).

## OLIHTCs

*Ohio Revised Code: [R.C. 175.16](#)*

*Ohio Administrative Code: any provisions enacted at a subsequent date.*

The OLIHTC program was created by the Ohio Legislature's 135 General Assembly through [R.C. 175.16](#) of [Am. Sub. H.B. No. 33](#). The Ohio Housing Finance Agency (OHFA) serves as the allocating entity for OLIHTC. Under state statute, OHFA may reserve OLIHTCs from July 1, 2023, through June 30, 2027. Unless otherwise reauthorized, the OLIHTC program will sunset on June 30, 2027. Per [R.C. 175.16\(C\)](#), OLIHTCs are limited by a state statutory credit ceiling of \$100 million per state fiscal year, net of the amount by which the prior year's credit cap exceeded the credits reserved by the OHFA Executive Director in that year, if applicable. The \$100 million annual credit cap is the full 10-year Credit Period amount.

Per [R.C. 175.16\(B\)](#), OLIHTC must be paired with affordable rental housing proposals that have secured a reservation of LIHTCs pursuant to the applicable Qualified Allocation Plan (QAP). Specifically, 4% LIHTC projects must receive a 42(m) Letter of Eligibility from OHFA under the most recent [4% LIHTC QAP](#) before formally committing OLIHTCs. OHFA is required to size the OLIHTC in an amount necessary—when combined with the federal LIHTC—to ensure financial feasibility of the proposed project; therefore, it is not an automatic credit and may only be used as “gap financing”, or funding that helps bridge the difference between total development costs and other sources.

Although OLIHTCs must be paired with federal LIHTCs, equity investors (referred to as “equity owners” in the statute) need not overlap. Per [R.C. 175.16\(f\)\(5\)](#), OLIHTC equity owners need only to have acquired a partnership interest prior to claiming the credit, irrespective of whether the equity owner would be eligible to receive Federal LIHTC.

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<sup>1</sup> New Affordability developments are those in which all residential units are newly constructed and/or adaptively reused, where “adaptive reuse” means converted and updated or adapted for a new use or purpose. In determining whether an adaptive reuse project qualifies for the program, OHFA will consider (1) whether the project is being converted from a prior, primarily non-residential use and, if not, (2) whether the existing structure has been designated by an agency that is responsible for the enforcement of housing, building, or fire codes as unfit for human habitation, such that the project would create new housing units that were previously unavailable.

## Federal 4% LIHTCs

For information on 4% LIHTCs and 26 U.S.C. §142(d) tax-exempt residential rental private activity bonds (PABs), see the most recently published [4% LIHTC QAP](#).

## Ohio Housing Trust Fund (OHTF)

OHFA will utilize Ohio Housing Trust Fund (OHTF) resources as gap financing in the OLIHTC program to help applicants of 4% LIHTC-funded properties achieve financial feasibility in the rural ~~or distressed~~ counties. The Ohio Department of Development (Development) serves as the administrating agency for these resources; OHFA allocates such resources through a subgrant agreement with Development. These resources help to close the financing gap between total development costs (TDC) and sources such as 4% LIHTC equity, first mortgage debt, deferred developer fee, and other funding, if applicable.

OHTF resources are structured as “soft” loans, payable only if cash flow is available from ongoing property operations during the term of the loan. By structuring in this way, OHTF allocations do not reduce the ability of a project to maximize first mortgage debt.

## B. Program Calendar

Date	Programmatic Benchmark
Thursday, July 18 – Friday, August 16, 2024, at 5:00 p.m. Eastern Time (ET)	Window to submit Frequently Asked Questions (FAQ)
Thursday, September 12, 2024, by 5:00 p.m. ET	Application submission deadline for Proposal Applications
Friday, November 8, 2024	OHFA release of Preliminary Competitive Scoring and Minimum Financial and Threshold Reviews
Thursday, November 14, 2024, by 5:00 p.m. ET	Applicant response deadline for OHFA's Preliminary Competitive Scoring and Minimum Financial and Threshold reviews
Wednesday, December 18, 2024, at OHFA’s Board Meeting	OHFA announces invitations to submit Final Applications
Thursday, March 13, 2025, by 5:00 p.m. ET	Applicant deadline to submit Final Applications
Two weeks from notification letter	Applicant deadline to respond to OHFA’s Final Application review deficiencies

Applications for a particular project may only be submitted in one round at a time (4% LIHTC with OLIHTC or 4% LIHTC only). OHFA encourages applicants to carefully consider which round best suits the financial needs of the proposed project. Due to time constraints, applicants not awarded competitive funding in this round wishing to resubmit as a 4% ~~non-competitive~~ **LIHTC Only** application will need to submit an application under the ~~2025~~ 4% LIHTC Qualified Allocation Plan in the 2025 Open Round.

## C. Application Process

### How to Submit

All application submissions must be made via the Agency's [Multifamily Development File Transfer Site](#) (FTS). If an applicant does not already have access to the FTS, the applicant must e-mail [MultifamilyFTP@ohiohome.org](mailto:MultifamilyFTP@ohiohome.org) prior to submitting a Proposal Application for access. All application materials must be submitted in .ZIP format. Avoid using any special characters (e.g., "\*", "&", or "@", among others) in naming conventions for projects. OHFA will not accept applications submitted via e-mail, another online file sharing site (e.g., Dropbox, Google Drive), or flash drive. Projects must be individually uploaded to the FTS using the following process:

- Step 1. Upload one, singular .zip file for each individual application.
- Step 2. Insert project name and select funding round (OLIHTC) and application type.
- Step 3. Click Validate File.

After submitting your project(s), a confirmation email will be automatically sent to the contact's email address.

Additionally, a hard copy 80% permit set of architectural plans is required to be submitted at Final Application in accordance with the most recently published [Design and Architectural Standards](#) (DAS). Please submit architectural plans to the following address:

Ohio Housing Finance Agency  
Attn: Office of Multifamily Housing  
2600 Corporate Exchange, 3<sup>rd</sup> Floor  
Columbus, Ohio 43231

## Ex Parte Discussions

After submission of the Proposal Application through OHFA Board approval, no staff member working on the application review or OHFA Board member shall discuss the merits of the application with any entity identified in the Development Team Entity Identification spreadsheet or the Affordable Housing Funding Application (AHFA), unless all similarly-situated applicants have been notified and given the opportunity to be present or to participate by telephone unless it is an official communication and response as provided for in the Program Calendar or a full disclosure of the communication insofar as it pertains to the subject matter of the application is made publicly on the OHFA application webpage.

When an *ex parte* discussion occurs, either verbally or in writing, a representative of the applicant or applicants participating in the discussion shall prepare a document identifying all the participants and the location of the discussion, and fully disclosing the communications made. Within two business days of the occurrence of the *ex parte* discussion, the document shall be provided to the OHFA chief legal counsel or their designee. Upon completion of the review, the final document with any necessary changes shall be publicly made available and communicated to all applicants. The document filed and served shall include the following language:

*Any participant in the discussion who believes that any representation made in this document is inaccurate or that the communications made during the discussion have not been fully disclosed shall prepare a letter explaining the participant's disagreement with the document and shall file the letter with the chief legal counsel of OHFA who will transmit the letter to all known applicants and make it publicly available within two business days of receipt of this document.*

Failure of any staff member working on the application review process or OHFA Board Member or their designee to abide by this section may, at the discretion of the OHFA Board, lead to that individual's removal from the application review process and final award.

## Proposal Application and Final Application Submission Disclaimer

All Proposal Application and Final Application materials submitted become the property of OHFA and shall be public information unless a statutory exception exists which would thereby determine that such information cannot be released to the public. If information in your Proposal Application or Final Application has a good faith legal basis for an exemption to the public records laws, each and every occurrence of the information must be identified in the Proposal Application and/or Final Application on a separate page titled "Exemptions to the Public Records Law" and clearly label the material as such. OHFA may publicly post materials received.

## Proposal Application Package

OHFA requires a Proposal Application package submitted via the FTS by the date listed in the Program Calendar. The proposal package includes the items detail in [Appendix A: Submission Requirements](#)

### Experience and Capacity, Underwriting, Threshold, and Scoring Review

Staff analysts will provide applicants with a written summary of any identified experience and capacity, underwriting and/or threshold deficiencies in the Proposal Application. Applicants will be provided a brief cure period to submit corrections, which may include documentation not previously submitted, in accordance with the Program Calendar. Any additional information submitted during the cure period will be used solely for Proposal Application deficiencies and will not be used in determining the final competitive score. **Any applicant who fails to correct identified deficiencies during this period may be removed from consideration.**

Staff analysts will concurrently review competitive scoring documentation submitted with the Proposal Application against the applicant's "self-score". Once complete, OHFA will send preliminary competitive scoring to the applicant. Applicants have until the date listed in the Program Calendar to either confirm agreement with OHFA's preliminary score or appeal any competitive scoring reductions for specific criteria. Applicants may not provide any additional documentation for competitive criteria; applicants may only state where, in the original submission, documentation was provided. If the applicant does not respond to OHFA's preliminary score by the deadline, OHFA's preliminary score will become final.

After receiving responses from applicants to OHFA's preliminary scoring, OHFA staff will review such responses and determine whether any scoring reductions should be restored. Final scoring determinations will be noted on the competitive scoring worksheet. Once all Proposal Application scores have been finalized, OHFA will rank competitive scores against each other for each funding pool and subpool. Projects meeting OHFA's set asides and those with the highest scores will be invited to submit a Final Application until all OLIHTC resources are exhausted and all programmatic funding goals are achieved.

### Invitations to submit a Final Application presented to the OHFA Board

OHFA will present projects that are invited to submit a Final Application and a waitlist to the OHFA Board on the date indicated in the Program Calendar. Following OHFA Board presentation, a spreadsheet of all projects invited to submit a Final Application will be uploaded to the [Pending Applications & Funded Projects Website](#). Applicants with invitations to submit a Final Application will receive a letter indicating the potential amount of funding. An invitation to submit a final application does not assure a commitment of OHFA resources; a Final Application must be received, all threshold and underwriting requirements must be met, and the project must receive OHFA Board approval prior to a reservation of funds.



# Final Application Process

## Submission Requirements

All Final Application submission items can be found in [Appendix A: Submission Requirements](#). If invited to submit a Final Application, the Final Application process involves three or four major steps:

### (1) Full Threshold, Underwriting, and Architectural Review

Final Applications must be submitted via the Agency's FTS by the deadline noted in the Program Calendar. Applicants are welcome to submit a Final Application earlier than the deadline. Following receipt of a Final Application, OHFA analysts will complete a full Threshold and Underwriting Review. This review involves a comprehensive analysis of the project's compliance with the most recent [LIHTC Underwriting Guidelines](#) and threshold requirements outlined in these Guidelines. Additionally, OHFA analysts will review the Final Application to ensure that competitive scoring upon which the application was selected continues to be met. The assigned OHFA analyst will draft a review letter detailing any deficiencies. Applicants will have two weeks to cure any outlined deficiencies. Unless otherwise stated, deficiencies must be cured; otherwise, the application will not move forward to OHFA Multifamily Committee and Board approval. If not invited to move forward to Board approval, OHFA will contact the next highest-scoring project in the same funding pool or subpool on the waitlist.

Concurrently, OHFA staff will perform an architectural review for compliance with the most recent [Design and Architectural Standards \(DAS\)](#). Without architectural Conditional Approval, the application will not move forward to OHFA Multifamily Committee and Board approval.

### (2) OHFA Multifamily Committee and Board Approval

All projects that have successfully completed threshold and underwriting review must seek and secure OHFA Multifamily Committee recommendation and Board approval. The OHFA Multifamily Committee and Board monthly calendar can be found on the [OHFA Board Website](#). Once scheduled for a specific month, the assigned OHFA analyst will work with the applicant to complete an Executive Summary, which provides summary information about the project to the OHFA Multifamily Committee and Board. Once complete, the Executive Summary will be posted to [OHFA's BoardDocs Website](#). Applicants are required to attend the Multifamily Committee and Board meeting either in person or virtually at which the project is to be presented. If funding is approved by the Board, the funding is reserved.

### (3) OLIHTC Commitment

Following (1) Board approval of OLIHTC, (2) receipt of bond inducement resolution approval from OHFA or another qualified issuer meeting the requirements of [26 C.F.R. §1.150-2\(e\)](#) for 26 U.S.C. §142(d) residential rental private activity bonds in an amount sized at no less than 50% of aggregate basis and land, and (3) issuance of a 42(m) Letter of Eligibility, OHFA will enter into an OLIHTC commitment with the overall LIHTC ownership entity.

Once an OLIHTC Commitment is executed with the LIHTC ownership entity, the project will be transitioned to a Project Administration analyst. The assigned analyst will guide the development team through the construction, draw, 8609 and closeout process. Requirements are posted on the OHFA [Project Administration webpage](#).

#### (4) OHTF Closing for Eligible Developments located in Rural/~~Distressed~~ Counties

Following Board approval of OHTF, OHFA will enter into a Funding Agreement with the LIHTC ownership entity for any project that receives OHTF. 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](#). OHFA cannot commence the closing process without all due diligence being submitted no later than 30 days prior to the estimated loan closing date.

Below are estimated terms and deadlines for projects awarded OHTF funding:

• Closing/Commitment Deadline	<u>May 31, 2026</u>
• Construction Commencement Deadline:	<u>1 year after OHFA Board approval of OHTF</u>
• Construction Completion Deadline:	<u>December 31, 2027</u>
• Final Draw Deadline:	<u>March 1, 2028</u>
• Final Performance Report Deadline:	<u>March 1, 2028</u>

## Construction Completion and Project Operations

### Compliance

Completion of the Compliance Next Steps (CNS) meeting is required for all properties as they transition from the Agency's Development office to the Office of Program Compliance. If not completed, the issuance of Form 8609 will be delayed. The [Compliance Next Steps Process webpage](#) contains the most current information on the CNS meeting, including scheduling information and required forms and documents.

Compliance Monitoring requirements can be found on the [Compliance Policies](#) page of the OHFA website and the most recent [4% LIHTC QAP](#). OHFA encourages all owners and managers to stay informed by taking advantage of free [training opportunities](#) so that owners and management companies are fully compliant with all requirements.

### Asset Management

All LIHTC projects must submit annual, independently-prepared audited financial statements throughout the 15-year Compliance Period. During the Extended Use Period, projects with 50 or more units will continue to submit independently-prepared audited financial statements; projects with less than 50 units will submit independently-prepared reviewed financial statements. OHFA may request additional information.

For more information, visit OHFA's Asset Management website [here](#).

## Claiming OLIHTCs

In accordance with [R.C. 175.16\(D\)](#), upon submitting the final owner cost certification and documentation evidencing the placed-in-service date required as part of the referenced 8609 submission, OHFA will compute the annual OLIHTC amount and issue an OLIHTC Credit Certificate to the project ownership. Per [R.C. 175.16\(E\)](#), each OLIHTC Credit Certificate must include the following information:

- The annual OLIHTC amount
- The years that comprise the 10-year Credit Period
- For each project owner, the following information
  - The entity name
  - The date the OLIHTC Credit Certificate was issued
  - A unique identifying number
  - Any additional information prescribed by any rules adopted under [R.C. 175.16\(H\)](#)

OHFA will send copies of the OLIHTC Credit Certificate to the Ohio Department of Taxation during each year of the 10-year OLIHTC Credit Period.

## Recapture of OLIHTCs

Pursuant to [R.C. 175.16\(G\)](#), if any portion of allocated federal LIHTC is recaptured under [26 U.S.C. §42\(j\)](#) or is otherwise disallowed, OHFA will recapture a proportionate amount of OLIHTC for the project in coordination with the Ohio Department of Taxation and Ohio Department of Insurance.

## D. Threshold Requirements

### Compliance with Other OHFA Policy Documents

Except as specifically waived or modified in these Guidelines, applications must comply with the following Agency Guidelines:

- The most-recently published [4% LIHTC QAP](#)
- The most-recently published [LIHTC Rental Underwriting Guidelines](#)
- The most-recently published [Design and Architectural Standards \(DAS\)](#)
- The most-recently published [Multifamily Bond Guidelines](#)
- The most recently published [Housing Development Loan Program Guidelines](#), if seeking HDL

### Ineligible Projects

Projects ineligible to be submitted in the OLIHTC round include the following:

- Projects with an existing reservation of OHFA-administered resources, including, but not limited to, LIHTCs or Housing Development Assistance Program (HDAP) as evidenced by a 42(m) Letter of Eligibility or an HDAP reservation or Funding Agreement executed within the past two calendar years as of the first day Proposal Applications may be submitted referenced in the Program Calendar.
- Projects that include any existing residential units that will be rehabilitated.
- Projects that involve Affordable Assisted Living (AAL).

### Maximum OLIHTC Requests

Per [R.C. §175.16\(D\)\(1\)](#), the OLIHTC request may not exceed the amount of the federal LIHTC that would be generated in the first year of the 10-year LIHTC Credit Period if not for the adjustment referenced in [26 U.S.C. §42\(f\)\(2\)](#). Additionally, **no more** than the below amounts may be requested. No Exception Requests may be submitted to exceed such maximum requests:

Funding Pool	Maximum Annual OLIHTC Request	Maximum 10-Year OLIHTC Request	Estimated OLIHTC Equity <sup>2</sup>
Metropolitan County	Lesser of \$1,000,000 or the annual federal LIHTC generated	Lesser of \$10,000,000 or the 10-Year federal LIHTC generated	\$5,500,000
Rural County	Lesser of \$1,250,000 or the annual federal LIHTC generated	Lesser of \$12,500,000 or the 10-Year federal LIHTC generated	\$6,875,000

<sup>2</sup> Equity generated from OLIHTC allocations is negotiated between the development team and the OLIHTC syndicator or investor and is based on many factors including, but not limited to, individual project credit delivery, taxable losses, and location as well as general economic conditions. The estimated OLIHTC equity listed in the above table is for informational purposes only and based on a median OLIHTC equity price of \$0.55 from the SFY2025 4% LIHTC with OLIHTC round. OHFA does not guarantee that such OLIHTC equity pricing will be secured.

## Maximum OHTF Request for Projects Located in Rural/~~Distressed~~ Counties

Applicants of projects located in Rural ~~or Distressed~~ Counties may request the lower of (1) \$4 million in Ohio Housing Trust Fund (OHTF) resources or (2) the maximum amount based on the federally-mandated 2024 HOME per-unit maximum subsidy on Assisted Units per [24 C.F.R. §92.250\(a\)](#) and [CPD-15-003](#) or (3) the amount necessary to ensure financial viability of the proposed project over the 15-year Compliance Period.

Bedrooms	2024 Ohio HOME Per Unit Maximum
0	\$181,488
1	\$208,048
2	\$252,993
3	\$327,922
4+	\$359,263

## Application Limits

Over SFY2025, OHFA will limit the number of OLIHTC commitments any one lead developer and/or co-developer in a respective development team can submit and receive based on the following standards:

	Maximum Proposal Application Submissions	Maximum Invitations to Submit a Final Application
Development Teams meeting OHFA Experience and Capacity Requirements and successfully placed in service <u>at least one</u> 4% LIHTC deal over the past 10 years <b>in Ohio over the past 10 years</b> as of the date of the Proposal Application indicated in the Program Calendar.	3	2
Development Teams meeting OHFA Experience and Capacity Requirements that have not successfully placed in service at least one 4% LIHTC deal in Ohio over the past 10 years but have successfully placed in service <u>at least one</u> LIHTC deal <b>in Ohio or another state over the past 10 years</b> as of the date of the Proposal Application deadline indicated in the Program Calendar.	2	1

## Cost Containment

Applicants will be required to meet the Agency's [2024 4% LIHTC Cost Containment Standards](#). Applicants must use the TDC/Unit and TDC/gross square foot (GSF) caps that aligns with the correct geography. Rural geographies will both be considered under the broader Rural category. OHFA will evaluate projects to ensure compliance at Final Application and at 8609 submission. Projects that do not demonstrate compliance with the caps will be removed from consideration. Exceptions to these standards will not be considered.

## Developer Fee Limit

### Maximum Budgeted Developer Fee

The maximum budgeted developer for the OLIHTC program is 20% of the project's LIHTC eligible basis net of the Developer Fee calculation below:

Developer Fee is calculated as the sum of the following fees:

- Developer Fee
- Application/development consultant fees
- Construction management fees
- Guarantee fees
- Developer-charged financing fees
- Developer-charged asset management fees

### Maximum Paid Developer Fee

Paid Developer Fee may not exceed 70% of the budgeted developer fee. The maximum budgeted developer fee is referenced in the most recently-published [4% LIHTC QAP](#). Paid developer fee is calculated as follows:

Paid Developer Fee = Budgeted Developer Fee – Deferred Developer Fee – General Partner Capital Contributions – General Partner Loan

## Fees

Application fees must be paid using Automated Clearing House (ACH) by the Proposal Application or Final Application deadline, as applicable. OHFA will not accept checks. Payments should be submitted via your bank. **ACH payment instructions are posted on the FTS site.**

Non-refundable fees noted below must be submitted with the respective item.

Fee Type	Fee Amount
Proposal Application Fee	\$2,500
Final Application Fee	\$2,500
HDL Application Fee ( <i>at Final Application, if applicable</i> )	See the <a href="#">most current HDL Guidelines</a>
Amendments to an OHTF funding agreement	\$1,000 per request
Extensions of an OHTF funding agreement	\$1,000 per extension
<b><a href="#">Federal LIHTC</a> Reservation Fee</b>	6% of annual LIHTC
Compliance Monitoring Fee	\$2,400/unit

## Exception Requests

OHFA will accept Exception Requests as outlined in the [LIHTC Rental Underwriting Guidelines, Design and Architectural Standards](#), and those outlined specifically in these Guidelines. Applicants must submit Programmatic and Underwriting Exception Requests with the Proposal Application as outlined in the Program Calendar. Design Exception Requests are submitted with the Final Application. Exception Requests must be submitted on the Exception Request Form, which will be made available with other application materials on the 4% LIHTC with OLIHTC Program [website](#).

## Related-Party Acquisitions

If a proposed project includes acquisition costs stemming from the purchase of land and/or buildings owned by a related party of the development team, the applicant must submit documentation demonstrating adherence to the following conditions:

### Seller Financing

The maximum seller note amount may be sized no larger than the lower of (1) the purchase price or (2) the as-is restricted appraised value.

### Cash Out to a Related-Party Seller

No consideration to a related-party seller (cash out to seller) is permitted. For new construction projects, if the existing related -party-owned land acquisition is not generating income, then cash out to seller is allowed.

Cash out to seller is calculated as follows:

Cash out to seller = as-is restricted appraised value of the property – payoff of debt from unrelated parties – seller note

To demonstrate compliance with OHFA's prohibition on cash out to seller, applicants must provide the following information at Proposal Application and at Final Application:

- The most recent audited financial statements of the property to be acquired,
- Current and projected balances on existing debt as of the estimated financial closing date; and
- Current and projected reserve balances as of the estimated financial closing date.

Additionally, at least two weeks prior to closing on BGF, the applicant must provide the most up-to-date settlement statement for OHFA to review and approve. OHFA may request additional information to demonstrate such compliance.

Holding costs, broker fees, deferred management fees, deferred maintenance or similar costs will not be reimbursed through seller cash out.

~~If a proposed project includes acquisition costs stemming from the purchase of land and/or buildings owned by a related party of the development team, the applicant must submit documentation demonstrating adherence to the following conditions:~~

- ~~▪ The maximum seller note amount may be sized at the purchase price or As-Is appraised value, whichever is lower.~~
- ~~▪ Holding costs, broker fees, management fees, or similar costs will not be reimbursed.~~
- ~~▪ No consideration to a related-party seller (cash out to seller) is permitted. Cash out to seller is calculated as follows:~~

~~Cash out to seller – as-is restricted appraised value of the property – payoff of debt from unrelated parties – seller note~~

~~For new construction, if the related party land acquisition is not generating income, then cash out to seller is allowed.~~



## E. Geographic Distribution and Funding Pools

### Geographic Distribution

#### County Limits

Given limited OLIHTC resources in SFY2025, counties may not receive more than two reservations unless doing so is necessary to meet one of the following set asides or to fully utilize its annual credit cap.

### Set Asides

#### Appalachian Set Aside

OHFA will reserve OLIHTC resources for at least two of the highest-scoring housing developments that meet the Agency's threshold, underwriting, and architectural standards located in an Appalachian County<sup>3</sup>.

#### Community Impact Strategic Initiative

OHFA will reserve resources for two new construction housing developments meeting the Agency's threshold, underwriting, and architectural standards. The project must have a minimum score of ~~80~~70% and complete the Community Impact Strategic Initiative narrative in the AHFA to be considered. Decisions will be made at ~~the~~ OHFA Board's sole discretion based on staff recommendation, but preference will be given to ~~localities-counties~~ not having received a New Affordability LIHTC reservation or OHFA tax credit award in the last five years. The project must demonstrate local support from any municipal corporation in which the project is proposed to be constructed or that is within one-half mile of the project's boundaries, including support from their County ~~Commissioners and the local jurisdictions,~~ Additionally, the project must include how it addresses a documented need, description of project's proposed impact on the community, and a connection to workforce demand. Letters of support or a resolution are required from the municipal corporation in which the project is proposed to be constructed or that within one-half mile of the project's boundaries. ~~Local~~ Support letters, resolutions and/or any other supporting documentation must be provided under 7. Competitive Support Documentation.

#### Transformative Economic Development

OHFA will reserve OLIHTC resources for the highest-scoring general occupancy project located within ~~40~~15 miles of an approved Megaproject as designated by the Ohio Tax Credit Authority with more than 2,000 permanent jobs committed to the project.

To be eligible for this set aside, the Proposal Application must also include a letter of support from the local jurisdiction in which the project is to be located. A zoning confirmation letter or conditional financial commitment from the subject jurisdiction will not qualify as a letter of support.

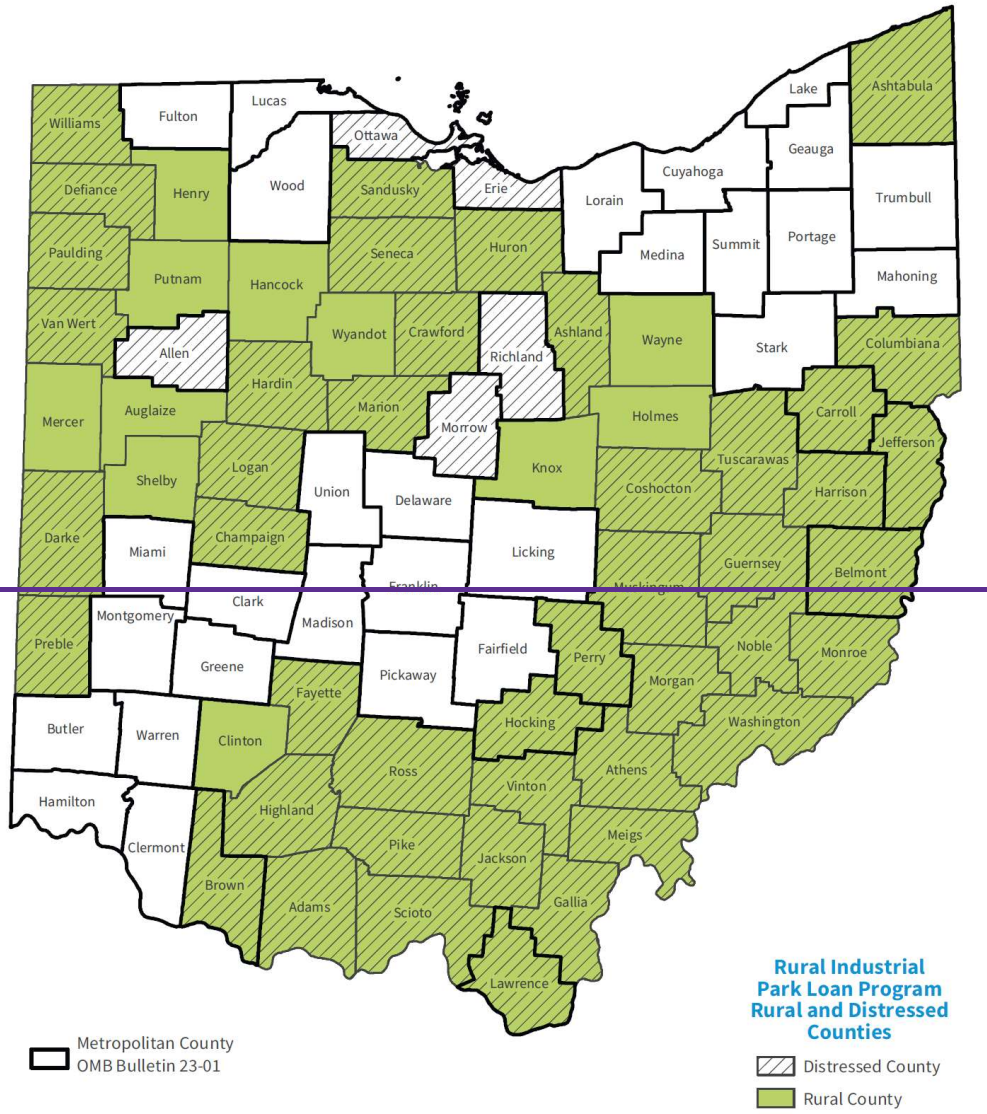
#### Refugee Settlement Agency Partnership

OHFA will reserve LIHTC resources for the highest-scoring general occupancy project for which the ownership entity partners with a Refugee Resettlement Agency as referenced on the Ohio Department of Job and Family Services website. Such project must provide a memorandum of understanding (MOU) from a qualified Refugee Resettlement Agency to accept tenant referrals from the applicable Agency. The project must continue to meet 26 C.F.R. §1.42-9.

<sup>(4)</sup> Ohio Appalachian Counties include the following: Adams, Ashtabula, Athens, Belmont, Brown, Carroll, Clermont, Columbiana, Coshocton, Gallia, Guernsey, Harrison, Highland, Hocking, Holmes, Jackson, Jefferson, Lawrence, Mahoning, Meigs, Monroe, Morgan, Muskingum, Noble, Perry, Pike, Ross, Scioto, Trumbull, Tuscarawas, Vinton, and Washington

|





May 2024

Ohio Revised Code 122.23

## F. Competitive Scoring

If the total requests for resources are less than the total funding available, OHFA will not competitively score applications that meet the Agency's Minimum Financial and Threshold review.

Scoring Criteria	Points	Maximum Points as a Percent of Total Points
1. Areas of Opportunity	20	50%
2. Discount to Market Rent	10	25%
3. Annual OLIHTC per LIHTC Unit	10	25%
<b>Total Points</b>	<b>40</b>	<b>100%</b>

## 1. Areas of Opportunity

Maximum points: 20

Rationale: The [Urban Suburban Rural \(USR\) Opportunity Index](#), created in partnership with The Ohio State University's Kirwin Institute for the Study of Race and Ethnicity, distills five critical categories of opportunity with 15 total indicators into an Opportunity Index Score that aims to measure access to economic and social opportunity at the Census Tract level. These categories include the following: transportation, housing, health, employment and education.

The project has an Opportunity Index Score as delineated in the [2024-2025 USR Opportunity Index](#) that matches one of the following ranges.

Opportunity Index Score	Points
80-100	20
60-79	16
40-59	12
20-39	8
0-19	4

### How can points be demonstrated to OHFA?

Opportunity Index: The AHFA will automatically calculate the Opportunity Index score based on the project's location within a 2020 Census Tract.

## 2. Discount to Market Rent

Maximum points: 10

Rationale: LIHTC rents are based on the Area Median Income (AMI) for the metropolitan statistical area (MSA) in urban areas and counties in rural areas. Because changes in AMI can diverge from actual rent costs in an area, LIHTC rents may be equivalent to or—in some instances—higher than market rents in the Primary Market Area (PMA). This criterion incentivizes developments located in areas in which LIHTC rents provide a discount to the market rent.

To avoid incentivizing projects with the lowest absolute LIHTC rent restrictions and offer reasonable comparison, OHFA will compare the maximum gross (i.e. without reducing for a utility allowance) 50% AMI Multifamily Tax Subsidy Projects (MTSP) rent for a hypothetical one-bedroom unit against 110% of the one-bedroom 2024 [Small Area Fair Market Rent \(SAFMR\)](#)—if the project is located in a MSA—or 110% of the 2024 [Fair Market Rent \(FMR\)](#) for projects located outside of an MSA. To view mapped data for Discount to Market Rate, [click here](#).

Discount to Market Rent = 1 – (the maximum gross 50% AMI MTSP rent for a one-bedroom unit ÷ 110% of SAFMR or FMR)

Discount to Market Rent	Points
14.2% and above	10
5.4% to 14.1%	8
0.8% to 5.3%	6
-3.6% to 0.7%	4
-8.8% to -3.7%	2
< -8.8%	0

### How can points be demonstrated to OHFA?

Points will be determined based on the Zip Code and county in which the majority of units in the defined project is located.

### 3. Annual OLIHTC per LIHTC Unit

**Maximum points: 10**

Rationale: By providing an incentive for lowering the amount of OLIHTC requested on a LIHTC unit basis, OHFA can bolster the number of affordable housing units preserved given the limited amount of OLIHTC resources.

Annual OLIHTC Request per LIHTC Unit		
Metropolitan Counties	Rural <del>or Distressed</del> Counties	Points
\$ <del>9,229</del> <u>10,690</u> or less	Any request	10
<del>\$10,691 to \$10,972</del> <u>\$10,691 to \$13,159</u>		8
<del>\$13,159 to \$13,158</del> <u>\$13,159 to \$14,407</u>		6
<del>\$14,408 to \$15,096</del> <u>\$14,408 to \$15,839</u>		4
<del>\$15,839 to \$17,243</del> <u>\$15,839 to \$18,190</u>		2
<del>\$17,244</del> <u>\$18,191</u> or more		0

#### How can points be demonstrated to OHFA?

The AHFA auto-calculates OLIHTC per LIHTC unit and will therefore automatically calculate the competitive score for this criterion.

### Tiebreakers

When two or more projects maintain the same competitive score, OHFA will use the following two tiebreakers to determine the selection order:

- (1) Raw number of New Affordability Projects located in counties with the lowest number of New Affordability LIHTC units generated in the county over the past ~~10~~5 years
- (2) Highest Discount to Market Rent percentage



## G. Modification and Interpretation

OHFA's actions, determinations, decisions, or other rulings pursuant to these Guidelines are not a representation or warranty by OHFA as to a development's compliance with applicable legal requirements, the feasibility or viability of any development, or of any other matter whatsoever.

These Guidelines are subject to modification pending developments in state law, federal law, and OHFA policy. OHFA makes no representation that underwriting, threshold, or architectural responses from a prior year will be determinative in future application rounds. Identical year-over-year submissions may receive differing treatment, with or without notice to an applicant, due to new insights gained during prior review periods, shifts in policy, the need for consistent in-year interpretation, increased applicant competition, or any other reason OHFA deems necessary.

The allocation of OLIHTCs is made at the sole discretion of OHFA. OHFA will resolve all conflicts, inconsistencies, or ambiguities, if any, in these Guidelines or which may arise in administering, operating, or managing the reservation and allocation of OLIHTCs. This includes the interpretation of requirements and guidelines and the determination of a development meeting the intent of those requirements and guidelines. OHFA may modify or waive, on a case-by-case basis, any provision of these Guidelines that is not required by law. All such modifications or waivers are subject to written approval by the Executive Director, Senior Director of Housing Programs, or Director of Multifamily Housing.

## Appendix A: Submission Requirements

### 1. Affordable Housing Financing Application (AHFA)

When is this due? **Proposal Application**  **Final Application**  8609

Applicants must submit a completed AHFA, OHFA's proforma, designed specifically for the 4% LIHTC with OLIHTC program, which will be posted with other application materials on the 4% LIHTC with OLIHTC website. Please note, OHFA will not accept applications that use the incorrect AHFA (e.g., the 9% LIHTC AHFA, 4% LIHTC Only AHFA, or previous 4% LIHTC with OLIHTC AHFAs). Include a PDF of the executed Program Certification.

### 2. Appraisal

When is this due? Proposal Application  **Final Application**  8609

Applications must include an as-is appraisal for all development site(s) (including a land appraisal for new construction for which acquisition basis is not being claimed) which complies with all Appraisal Requirements in the [LIHTC Rental Underwriting Guidelines](#).

### 3. Architectural Plans and Design & Construction Features Form (DCFF)

When is this due? Proposal Application  **Final Application**  8609

Applications must include architectural plans for all development site(s) in accordance with the [OHFA Design & Architectural Standards](#) and a completed Design & Construction Features Form, including the Construction Certification. Architectural plans must be submitted both in 11" x 17" hard copy and electronically.

### 4. Articles of Incorporation (Non-Profit Developers Only)

When is this due? **Proposal Application**  Final Application  8609

Applications submitted by non-profit developers and/or co-developers must include the organizational articles of incorporation evidencing 501(c)(3) or 501(c)(4) status.

### 5. Authorization to Release Tax Information

When is this due? Proposal Application  **Final Application**  8609

Final Applications must include a completed [Authorization to Release Tax Information Form](#) for the parent company of each member of the ownership entity. If the title of the Authorized signer is other than President, Vice-President, Director, Executive Director or CEO, the form must be accompanied by a letter from the ownership entities legal staff indicating that the title of the authorized signor is the highest official and authorized to sign on behalf of the entity.

## 6. Board Resolution (Non-Profit Owners Only)

When is this due? Proposal Application  Final Application  8609

Applications submitted with a non-profit in the ownership must include a board resolution authorizing an application for the OLIHTC, HDL, and/or OHTF resources, if applicable. The resolution must be dated and executed within 60 days of the Final Application deadline as outlined in the Program Calendar, specify the amount of the request, and identify the individuals authorized to execute legal documents on behalf of the nonprofit.

## 7. Competitive Support Documentation

When is this due? Proposal Application  Final Application  8609

For any competitive scoring criterion which requires additional documentation, the application must include a separate folder titled "Competitive Support Documents", which includes such documentation in PDF format. Each competitive scoring criterion that requires supporting documentation must have a separate PDF file in this folder. Applicants wishing to be considered for the Community Impact Strategic Initiative must include supporting documents in this folder to be considered.

## 8. Conditional Financial Commitments

When is this due? Proposal Application  Final Application  8609

Applications must include financial commitments for all non-OHFA sources. All commitments must be fully executed and dated within 60 days of the application deadline.

Conditional financial commitments must be evidenced by a letter from the funding entity stating the following:

- up to 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.

The applicant must provide supporting documentation detailing the terms and conditions of any assumed or restructured debt including the current outstanding balance.

Competitive sources that have not been conditionally committed do not meet OHFA requirements. Applicants submitting a competitive source that is not conditionally committed will be considered to have a funding gap and the application will be rejected.



## 9. Condominimized Space Description

When is this due? Proposal Application  Final Application  8609

If any portion of the development will be condominimized, the application must include a brief description of the governing agreement (costs and maintenance of common space, parking availability, air rights, default remedies, commercial uses, and tenant selection).

## 10. Development Team Consultant Statement

When is this due? Proposal Application  Final Application  8609

The application must include a statement regarding any development consultant(s) describing:

- 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.

For the purposes of this section, development consultants include any person or entity providing professional advice or assistance with the preparation of an application to the LIHTC program, but do not include syndicators.

Consultants may not serve as the primary point of contact for OHFA or as the Project Manager as listed on the Team tab of the AHFA.

## 11. Development Team Experience and Capacity Review

When is this due? **Proposal Application**  Final Application  8609

OHFA will evaluate the experience and capacity of the development team, including general partners, managing members, developers, co-developers, and management companies at Proposal Application.

Developers, co-developers, general partners, and managing members that received Pre-Application Approval from a LIHTC round in Calendar Year 2024—including the SFY2024 4% LIHTC with OLIHTC, 2024 9% LIHTC, and 2024 4% LIHTC Only rounds—prior to the publishing of these Guidelines are approved for Development Team Experience and Capacity Review in the SFY2025 4% LIHTC with OLIHTC round. However, such entities must provide an attestation that there have been no material changes from the previously submitted Lien and Litigation Report and Real Estate Owned (REO) schedule. If there are any material changes to either of these documents, current versions must be submitted.

For all others, Aa Development Team Experience and Capacity Review Spreadsheet must be completed with the following elements:

- Each member of the development team, including general partners, managing members, developers, co-developers and management companies' information must be completed. This includes every entity name, all parent entities, addresses, and contact information and FTH numbers. While the LIHTC Ownership Entity may be noted as If fields for the parent entities that are completed with "To Be Determined" or "To Be Formed", developer, co-developer, and general partner/managing member parent entities or anything indicating that the development team is not completed are in the Proposal Application, the review cannot be must be completeddisclosed.
- For owners, a Lien and Litigation Report dated within thirty (30) days of submission of the Proposal Application. A Lien and Litigation Report is a standard real estate due diligence search provided by an independent third-party organization to help OHFA and other funding entities such as lender and syndicators/investors determine if there are any legal risks associated with the proposed development team and proposed project site. The search includes Uniform Commercial Code (UCC) liens, fixture filings, federal and state tax liens and judgment liens, bankruptcy, and any outstanding federal or state litigation. This search concludes with a report which OHFA legal staff will analyze.

Lien reports shall include the county where the projects are located and the state of Ohio. This requirement is for in-state and out of state entities, however the search would be limited to Ohio for out of state entities. Litigation reports shall include Ohio courts and any federal court. If a developer owns the general partnership, provide the lien and litigation report for both entities. OHFA expects project owners to be single-purpose entities and wants to verify such entities do not have unexpected liens against the project property or pending litigation. Lien searches can be limited to the project property. A Lien and Litigation Report is not required for entities that have not yet been created.

For the purposes of this section "owner" means (1) the entity that owns the project, (2) the general partner/managing member of the entity referenced in (1), (3) the owner of entity/entities referenced in (2), and (4) the developer and co-developer.

- For the lead developer and all co-developers, the following items must be submitted:
  - A current real estate owned (REO) schedule for all existing LIHTC projects for which the lead developer and any co-developers (if applicable) maintain an ownership

interest indicating the debt coverage ratio and income to expense ratio, with an explanation for any project that is below 1.0.

- Proof of LIHTC experience as a developer or co-developer, demonstrated by submitting the following documentation:
  - Form(s) 8609 and the Amended and Restated Limited Partnership Agreement and/or Operating Agreement, and
  - for developers that have not participated in the LIHTC program in Ohio, a letter from the state allocating agency indicating they were the developer on the project.
- An organizational chart indicating the internal structure of each entity, including a hierarchy of individuals relevant to the development of the proposed project
- Resumes and biographies for all staff members assisting in the application and development of the proposed project
- A complete list of LIHTC projects in the respective entity's development pipeline, including those in the pre-development phase up to, but not including, execution of IRS Form 8609
- A Financial Capacity Analysis spreadsheet to be completed by the accounting firm that prepared audited financial statements for the lead developer and any co-developers (if applicable) or prepared by the CFO or an authorized representative when audited financial statements are not available.

Changes to the Development Team and Ownership Structure are not permitted after Proposal Application unless otherwise approved by the 4% LIHTC Section Chief Director of Multifamily Housing.

OHFA may disqualify applications that do not maintain the core competency and experience necessary to successfully develop and manage a project.

## 12. Evidence of Site Control

When is this due? **Proposal Application**  **Final Application**  8609

The application must comply with the following. Any updates to site control documents must be submitted with the ~~f~~Final ~~a~~Application. All forms of site control may not expire within six months of the Proposal and Final Application.

- a. Related Party: If a related party of the ownership entity currently owns the real estate, copies of the executed and recorded deed(s) and an executed purchase or ground lease contract
- b. Arm's-Length: If the current owner is not a related party of the ownership entity, then:
  - i. a purchase contract or option.
  - ii. a ground lease contract or option; or
  - iii. documentation from the local government/land bank regarding the transfer of property.
    - 1. 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.
    - 2. 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.
- c. Ground Lease: Any ground lease must be for a minimum term of 35 years. Evidence of site control may not expire until a reasonable period following the scheduled announcement date for awards.

d. Scattered Site Developments: Scattered site developments must have 100% of the sites under control at submission of the Proposal Application.



### 13. Exception Requests

When is this due? **Proposal Application**  **Final Application**  8609

OHFA will consider exceptions only for those items specifically allowed under these Guidelines, as detailed in the [Exception Request Form](#). Any response issued applies exclusively to the year in which the application was submitted and cannot be used for future applications.

Programmatic and Underwriting Exception Requests are due at Proposal while Design Exception Requests are due at Final Application. If a project encounters changes after submission of a Proposal Application—but before submission of a Final Application—which would require an Exception Request, the project may include such an Exception Request in the Final Application with sufficient justification demonstrating how the need for the request was unforeseen at the time of Proposal Application.

### 14. Federal Tax Identification Number

When is this due? Proposal Application  **Final Application**  8609

The application must include the ownership entity's Federal Tax Identification Number.

### 15. Green Certification

When is this due? Proposal Application  Final Application  **8609**

All developments must obtain one of the energy efficiency or green building certifications outlined in OHFA's [Design and Architectural Standards](#). The request for IRS Form 8609 must include evidence of final certification from a HERS rater, green building certification organization, or otherwise qualified and licensed professional as approved by OHFA.

### 16. Lease Purchase

When is this due? **Proposal Application**  Final Application  8609

The applicant must provide evidence that it meets all the requirements as detailed in Appendix D.

### 17. Legal Description

When is this due? Proposal Application  **Final Application**  8609

The application must include a legal description, street address, and permanent parcel number in Microsoft Word format of each parcel that will be included in the development.

### 18. LIHTC Lease Addendum

When is this due? Proposal Application  Final Application  8609

The application must include a written statement from the owner certifying use of the LIHTC Lease Addendum (other than units under a HUD model or USDA model lease).

### 19. Limited Partnership Agreement

When is this due? Proposal Application  Final Application  LIHTC Closing  8609

Applicants must submit a copy of the Amended and Restated Limited Partnership Agreement and/or Operating Agreement for the LIHTC ownership entity detailing the roles and responsibilities of each partner or entity at LIHTC equity closing and again at request of IRS Form 8609. It must include all exhibits such as the project proforma.

### 20. List of Changes from Proposal Application

When is this due? Proposal Application  Final Application  8609

The Final Application must include a description of any substantive changes made to the development represented in the proposal, including but are not limited to changes in ownership or development team, design, construction or configuration, site(s) excluding scattered site developments, targeted populations, and any items affecting competitive scoring. OHFA must approve any changes.

### 21. Market Study

When is this due? Proposal Application  Final Application  8609

Applications must include a market study conducted by an OHFA-approved market study professional updated or approved within 12 months of the application submission date. Refer to the [LIHTC Rental Underwriting Guidelines](#) for OHFA's market study requirements. The rent and income restriction breakdown must match those referenced in the submitted AHFA. **If any rent and income restrictions change between Proposal Application and Final Application, the market study must be updated at Final Application.**

All multi-site developments must be within the boundaries of a single Primary Market Area (PMA) other than the following exceptions:

- The market analyst determined that an entire county constitutes a single PMA.
- Scattered site Service Enriched developments that span multiple submarket areas if the Primary or Secondary Priority Letter specifies how supportive services will be provided in a manner that is accessible to all residents despite being geographically dispersed.
- Proposals seeking to combine multiple existing developments into one project for financing purposes with an explanation of the Sponsor and Management Agent's capacity to continue operating these properties under a single financing structure (may include documentation from other government entities giving permission to combine projects).

## 22. Multifamily Bond Financing Information

When is this due? Proposal Application  Final Application  8609

For OHFA-issued bonds, applicants must follow the [Multifamily Bond Guidelines](#). The Final Application must include a letter from the bond underwriter (if publicly offered) or the bond purchaser (if privately placed) detailing the following:

- the bond financing structure,
- cost of bond issuance and terms,
- calendar outlining anticipated actions,
- responsible parties for closing the transaction, and
- the timeframe for approving OHFA-issued bonds (dates for inducement and final approval).

For non-OHFA issued bonds, an inducement resolution or final bond resolution must be submitted by the bond-issuing entity detailing the anticipated bond amount and the expiration date. Additionally, a letter from the bond underwriter (if publicly offered) or bond purchaser (if privately placed) must be provided detailing the following:

- the bond financing structure,
- cost of bond issuance and terms,
- calendar outlining anticipated actions,
- responsible parties for closing the transaction, and
- the timeframe for seeking a final bond resolution, if not already secured.

The Multifamily Bond Financing documentation costs must match the amounts in the AHFA.

## 23. Ohio Housing Locator

When is this due? Proposal Application  Final Application  8609

Owners must list properties on the [Ohio Housing Locator](#) (or other equivalent substitute at OHFA's direction) and new construction on the Lead-Safe Rental Registry. Owners are responsible for keeping the property listings current.

## 24. Organizational Chart (for the LIHTC Ownership Entity)

When is this due? Proposal Application  Final Application  8609

An organizational chart for the lower-tier LIHTC entity must be provided indicating all general partners, managing members, investor members, limited partners, and any other entities with an interest in the lower-tier LIHTC entity. Ownership percentages for each entity must be disclosed. All principals must be identified. Trusts must list all beneficiaries that have the legal ability to control or direct activities of the trust.

## 25. Phase I and II Environmental Site Assessments

When is this due? **Proposal Application**  **Final Application**  8609

Applications must include a Phase I Environmental Site Assessment (ESA) for all sites dated no later than six months prior to the Final Application deadline completed in accordance with the most current ASTM Standard and include the following non-scope considerations: Mold; Asbestos-containing building materials; Radon; Lead-based paint; Lead-in-drinking-water; and Wetlands. Applicants may submit a Phase I ESA dated between six months and one year prior to the application deadline but must submit an update at final application.

Owners must complete a Phase II ESA and/or additional testing if recommended in the Phase I ESA and submit the Phase II ESA at final application.

OHFA may reject any sites indicated to have environmental problems or hazards.

## 26. Physical Capital Needs Assessment (Adaptive reuse only)

When is this due? Proposal Application  **Final Application**  8609

Applications involving adaptive reuse must include a Physical Capital Needs Assessment (PCNA). The PCNA must reflect current building conditions, and conform to the standards in the [LIHTC Rental Underwriting Guidelines](#) and [Design and Architectural Standards](#).

## 27. Proposal Summary (.PDF format)

When is this due? **Proposal Application**  **Final Application**  8609

The Proposal Application must include a copy of the Proposal Summary tab. Please note, OHFA posts the Proposal Summary on its [Pending Applications and Funded Projects website](#) upon submission of a Proposal Application and may be shared with other interested parties, if requested.

## 28. Public Notification (All Projects)

When is this due? **Proposal Application**  **Final Application**  8609

In accordance with [26 U.S.C. §42\(m\)\(1\)\(A\)\(ii\)](#) and [O.R.C. §175.07](#), at Proposal Application, the applicant must include evidence of completing the public notification process using the [OHFA template letter](#), and the notification must include all information requested, be in writing, and be sent via certified mail, return receipt requested. Applicants must submit a copy of the stamped post office receipt, return receipt not required, for certified mail and copies of notification letters with the Final application. The name and address of the officials must be on the return receipts. Public notification must be submitted to the following individuals:

- 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.
- 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
- 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.
- Notifications shall be made no more than 30 days prior to the application submission.

Updated evidence of completing the public notification process must be provided at Final Application if there are any changes to the information listed on the [OHFA template letter](#).

## 29. Related Party Transaction Questionnaire

When is this due? **Proposal Application**  **Final Application**  8609

Applications must include the [Related Party Transaction Questionnaire](#) for any transactions between related parties.

### 30. Rental Subsidy Contract

When is this due? **Proposal Application**  **Final Application**  8609

OHFA will only consider subsidy that is awarded to a specific project (project-based) by a third-party such as a public housing authority, the U.S. Department of Agriculture Rural Development (USDA) or other entity. If the public housing authority is part of the development team, the third-party requirement is waived. All rental subsidy contracts or commitments must include the number of units and bedroom types with rents matching those being assumed in the AHFA. If, at Final Application, rents cannot be estimated by the rental subsidy provider, OHFA will underwrite such rents at the achievable LIHTC rents referenced in the market study.

For existing Section 8 Housing Assistance Payment (HAP) contracts, the application must include the following:

- Original HAP contract
- The most recent renewal contract (if applicable)
- The current rent schedules
- For applications in which the development team is seeking an Option 1: Mark-Up-To-Market Renewal, the Final Application must include the rent comparability study (RCS) submitted to HUD with documentation evidencing that HUD has received such RCS for review.

For projects seeking Project-Based Voucher (PBV) contracts from a local Public Housing Authority (PHA), the application must include a rent reasonableness determination at Final Application.

For projects seeking to utilize the HUD Rental Assistance Demonstration (RAD) program under Components 1 or 2 must have a Commitment to Enter into a Housing Assistance Payments (CHAP) at Final Application.

For all other forms of project-based rental assistance, the following information is required

- The number of units per bedroom size that will receive rent subsidies;
- The amount of rent subsidy that will be provided for each unit;
- Utility allowances for each unit type;
- If the subsidy will increase as rents increase;
- The history of success in receiving the rent subsidies;
- Statement of understanding that there is a 30-year rent restriction associated with the HDAP; and
- How long the subsidy will be provided

### 31. Scattered Site Development Map

When is this due? **Proposal Application**  **Final Application**  8609

Any application with 10 or more sites, 50% or fewer of which are contiguous, must provide a detailed map clearly identifying the location of all buildings and parcels considered for the application.

### 32. Scope of Work

When is this due? Proposal Application  Final Application  8609

At Final Application and request for IRS Form 8609, applicants must submit a complete [Scope of Work Form](#).

### 33. Site Visit Documents

When is this due? Proposal Application  Final Application  8609

Unless required at an earlier stage, OHFA may conduct a site review to ensure the site is suitable.

Applications must include:

- a detailed aerial map clearly depicting the physical location of the site, the nearest intersection, and all roads leading to the site; and
- photos of the site and surrounding properties.

### 34. Supportive Service and Homeownership Strategy Plan

When is this due? Proposal Application  Final Application  8609

At Final Application:

For projects that propose providing supportive services (including all Service-Enriched Housing applications, and single-family lease purchase projects), the applicant must provide a narrative detailing the specific services to be provided, the proposed service provider(s), its (their) history providing such services, and a budget. For Single Family Lease Purchase, also reference Appendix D.

At 8609 Submission:

For Service-Enriched housing developments, Supportive Services Plans (SSP) are due no later than the request for IRS Form 8609. Applications or requests for Form 8609 must include evidence of salaried or in-kind service coordination on-site, contiguous, or accessible to the development and linkages to information and resources appropriate to the population. All service coordinators must have a history of serving the targeted area or population.

### 35. Unit Comparability Form (projects seeking OHTF only)

When is this due? Proposal Application  Final Application  8609

An architect certification of the Unit Comparability Form must be completed at Proposal Application. This form verifies whether units are considered comparable per [CPD-16-15 Section V.B.](#) so the correct cost allocation methodology for determining the number of Assisted Units is used.

### 36. Utility Allowance Information

When is this due? Proposal Application  Final Application  8609

Applications must include a utility allowance projection determined using any permissible or reliable calculation method consistent with 26 C.F.R. §1.42-10 and OHFA's [Utility Allowance Request Procedure](#). Please note that OHFA does not approve utility allowances until a project has been placed in service.

Applications with HOME funds may not use the Public Housing Authority (PHA) utility allowance and must comply with 24 C.F.R. §92.252(d)(1) and [HOMEfires Volume 13, Number 2](#).

### 37. [State Prevailing Wage -Rate Determination](#)

When is this due? Proposal Application  Final Application  8609

~~Applicants~~ [Applicants applying for OHTF resources must include a wage-rate determination from Ohio Department of Commerce to evidence if the payment of State Prevailing Wages are required or not for the project is triggered.](#)

### 37.38. [Zoning](#)

When is this due? Proposal Application  Final Application  8609

Applications must include either:

- a valid building permit
- a letter from the local municipality stating that the site is appropriately zoned for the planned development.

Evidence must be dated within 60 days of the Proposal Application deadline as referenced in the Program Calendar.

[If applicable, approval of all variances must be secured prior to submission of the Final Application.](#)



## Summary of Submission Requirements

Document No.	Document Naming Convention	Proposal	Final	LIHTC Closing	8609
1	Affordable Housing Financing Application (AHFA)	X	X		
2	Appraisal		X		
3	Architectural Plans & DCF Form		X		
4	Articles of Incorporation (non-profits only)	X			
5	Authorization to Release Tax Information		X		
6	Board Resolution (non-profit only)		X		
7	Competitive Support Documents	X			
8	Conditional Financial Commitments	X	X		
9	Condominimized Space Description		X		
10	Development Team Consultant Statement	X			
11	Development Team Experience and Capacity Review	X			
12	Evidence of Site Control	X	X		
13	Exception Requests	X	X		
14	Federal Tax Identification Number Documentation		X		
15	Green Certification				X
16	Lease Purchase	X			
17	Legal Description (Microsoft Word format)		X		
18	LIHTC Lease Addendum		X		
19	Limited Partnership Agreement			X	X
20	List of Changes from Proposal Application		X		
21	Market Study	X	X		
22	Multifamily Bond Financing Information		X		
23	Ohio Housing Locator				X
24	Organizational Chart for LIHTC Ownership Entity		X		
25	Phase I/II Environmental Site Assessment	X	X		
26	Physical Capital Needs Assessment		X		
27	Proposal Summary PDF	X	X		
28	Public Notification	X	X		
29	Related-Party Transaction Questionnaire	X			
30	Rental Subsidy Contract (if applicable)	X	X		
31	Scattered Site Development Map		X		
32	Scope of Work		X		X
33	Site Visit Documents		X		
34	Supportive Services Plan & Providers (if applicable)		X		X
35	Unit Comparability Form	X			
36	Utility Allowance Information		X		
37	<a href="#">State Prevailing Wage- Rate Determination</a>		X		
38	Zoning	X			

# Appendix B: OHTF Requirements

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## Applicable Statutory and Regulatory Authority

Ohio Revised Code (ORC): [O.R.C. Chapter 174](#)  
Ohio Administrative Code (OAC): [O.A.C. Chapter 122:6](#)

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## Background

The OHTF was created in October 1991 through passage of House Bill 339 in Ohio's 119<sup>th</sup> General Assembly to provide funding for "...activities that provide housing and housing assistance for specifically-targeted low- and moderate-income families and individuals." Certain activities are required to receive an annual allocation under [O.R.C. §174.02](#); however, the annual amount dedicated to OHFA under [O.R.C. §174.03](#) is not specifically outlined. Under [O.R.C. §174.03](#), OHTF includes several program-specific targets by which OHFA must abide, including the following:

- At least 45% of annual OHTF funds must be awarded to non-profit organizations
- At least 50% must be awarded to housing and housing assistance for families and individuals outside of Participating Jurisdictions as defined under the HOME program; and
- At least 75% of funds must be awarded for housing and housing assistance to families and individuals whose income is equal to or less than 50% of AMI with preference to viable activities that benefit families and individuals whose income is equal to or less than 35% AMI.

## Rent and Income Restrictions

Developers seeking OHTF resources for projects located in Rural ~~or Distressed~~ Counties must commit to the following Restricted and Assisted Unit rent and income restrictions. Restricted and Assisted Units may overlap, but the more restrictive of the two must be underwritten.

### State-Required Restricted Units

Regardless of the amount of OHTF resources, the state of Ohio through its [2020-2024 Consolidated Plan \(ConPlan\)](#) requires a minimum of 35% of the affordable units must be affordable to and occupied by households with incomes at or below 50 percent of AMI for projects located outside of Participating Jurisdictions (PJs).

### Federally-Required Assisted Units

OHTF resources follow the HOME program's cost allocation method referenced in [24 C.F.R. §92.205\(d\)\(1\)](#) and [CPD-16-15](#) to determine the number of Assisted Units because the state of Ohio uses OHTF as state match for federal HOME resources under [24 C.F.R. §92.219\(b\)\(2\)](#).

- < 5 Assisted Units: Assisted Units must be restricted at the lower of (1) 65% AMI or (2) Fair Market Rent (High HOME) per [24 C.F.R. §92.252\(a\)](#).
- ≥ 5 Assisted Units: At least 20% of the Assisted Units must be restricted to the lower of (1) 50% AMI or (2) Fair Market Rent (Low HOME). The remaining 80% may meet the High HOME requirements outlined above.

# Appendix C: Experience and Capacity Standards

## Developer Experience

The lead developer or co-developer as represented in the Affordable Housing Funding Application (AHFA) must have successful experience with the LIHTC program to participate in the OLIHTC program as demonstrated by one of the following minimum standards:

- The lead developer or co-developer has successfully placed at least one LIHTC project in service, as evidenced by IRS Form(s) 8609\*, in Ohio within the last 10 years; or
- The lead developer or co-developer has successfully placed in service at least one LIHTC project in service in a state other than Ohio. Documentation must be submitted that the project was placed into service, as evidenced by IRS Form(s) 8609, within the past 10 years.

~~\*In some cases, if OHFA staff cannot conclude lead developer and/or co-developer experience through IRS Forms 8609 alone, addition to IRS Form(s) 8609, OHFA may require developers to submit organizational contracts, development agreements, or other evidence to document serving as the lead developer on such projects.-~~

~~Any developer or co-developer that has not had an IRS Form 8609 issued in the state of Ohio within the past 10 years may not participate in more than one project, regardless of partners, funding program, or funding source.-~~

## Disqualifying Developer and Owner Characteristics

Any member of the development team or ownership that has (1) failed to pay any fee or expense due to OHFA, (2) been in default or in major non-compliance with any OHFA program, (3) been debarred or suspended from any OHFA, HUD, or Rural Housing programs, (4) is currently in foreclosure or been foreclosed, or (5) is under felony investigation, indicted or been convicted of a felony, may not participate in the program until the event or events are corrected or resolved. OHFA may contact other local, state, and/or federal housing agencies to solicit feedback related to a specific developer or development team member.

Any member of the development team or ownership that is federally debarred may not participate in the round. OHFA will confirm through the [System for Award Management \(SAM\) website](#) that no member of the development team has been debarred or suspended from doing business with the federal government.

OHFA may pull business credit reports on any or all members of the development team to determine if outstanding liens or judgements exist, depending on the results provided in the Lien and Litigation Reports.

Developers and/or owners who have received an award of HDAP in Program Year 2022 or earlier and have not yet closed with OHFA's Legal Office as of the Proposal Application deadline may not participate in the SFY2025 4% LIHTC with OLIHTC round. ~~However, if closing was delayed due to a situation of unforeseen circumstances outside of the developer's control, an Exception Request may be submitted for consideration by OHFA.-~~

# Appendix D: Single Family Lease Purchase

## Development Team Requirements

OHFA will only accept applications that include owners, developers, and property managers with experience in overseeing single-family lease-purchase LIHTC housing in Ohio. The minimum experience requirements are as follows and proof must be provided by the applicant:

- The development team must include a local nonprofit owner that can demonstrate a history of providing housing or supportive services for the target population in the target area. The organization must have at least 25% general partner or managing member interest in the proposed development. The applicant must reflect the minimum ownership percentage in its application.
- The development must include a local nonprofit owner that is certified to and will provide HUD-approved credit, financial, homebuyer, and/or rental counseling to residents. The organization must have at least 25% general partner or managing member interest in the proposed development. The applicant must reflect the minimum ownership percentage in its application.
- The owner/developer has developed one or more successful lease-purchase communities, evidenced by an average occupancy rate of 90 percent or greater over the past 10 years.
- The management company has experience marketing and leasing one or more lease-purchase communities. To qualify for this criterion, there can be no outstanding Uniform Physical Condition Standards (UPCS) violations and/or uncorrected IRS Form 8823s.
- The majority General Partner also controls majority General Partnership interest in one or more lease-purchase communities and can demonstrate disposition of no less than 50 percent of sale-eligible, affordable units to income-qualified buyers over the past ten years from the date of application.

## Project Requirements

Single-family lease purchase projects are ineligible for HDAP.

Single-family lease purchase projects must not be age-restricted to seniors (i.e. they must be general occupancy).

Single-family lease purchase projects may not transfer any of the responsibilities of the owner or management company to the renter or prospective homeowner until and unless the project has transitioned to homeownership. This includes, but is not limited to yardwork, maintenance or repairs.

In addition to meeting all requirements of the most recently published Design and Architectural Standards, all architectural plans and specifications must demonstrate that the design and configuration of all units is consistent with the design and architecture of the surrounding neighborhood. All single-family homes or townhomes must include at least three bedrooms.

## Transition Reserve

The applicant must commit to capitalize a prefunded replacement reserve in the amount of \$2,500 per unit set aside in an escrow account and matched over 15 years. The funds (a minimum of \$5,000 per unit) must be used to either provide down-payment assistance or assistance with closing costs.

The Escrow Account must be maintained as a separate account on the LIHTC ownership's financial statements and may not be accessed without prior written approval from OHFA.

Applicants must submit evidence of sources of financing for the transition funds, including, but not limited to: general partner or managing member capital contributions, private and/or foundation funding, etc. The applicant must provide firm commitment letters which indicate the funding is to be used for the development.

## Supportive Services and Homeownership Strategy Plan

Single-family lease purchase projects must include a Supportive Services and Homeownership Strategy Plan detailing the following:

- An ownership exit strategy that specifies the methods for determining the value and calculation of purchase price(s) at the time of sale;
- The transition of any local HOME funds and/or permanent debt from the project;
- The service provider's history of providing services;
- A commitment from the service provider detailing the nature and frequency of services. The commitment must include homeownership counseling, education, and training;
- The terms and conditions of any mortgage or loan product offered to assist residents with purchasing the home after Year 15; and
- When and how often eligible tenants of the proposed development will be notified of their option to eventually purchase the home and offered a right of first refusal.

## Transition to Homeownership

Within 90 days of the transition to homeownership, the owner must commission a third-party Physical Capital Needs Assessment (PCNA) at its own expense to determine the capital needs of the property. The ownership must ensure that all issues identified by the PCNA and any major component with an Expected Useful Life (EUL) of less than five years are repaired and/or replaced prior to sale. Prior to transition, the ownership must commission a third-party appraisal to establish the value of the property.

Any loan or mortgage must include escrow for taxes and insurance.