



Ohio LIHTC

State Fiscal Years 2024-2025 Guidelines, First Draft

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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 state taxable liabilities over a 10-year Credit Period. These credits are then exchanged by investors and syndicators for equity to help construct or preserve affordable rental housing throughout the state.

In SFY 2024 and 2025, OHFA will implement OLIHTC exclusively as gap financing on 4% LIHTC new construction proposals that would not otherwise be financially feasible without the addition of OLIHTCs. Because 4% LIHTCs are worth 2.25 times less than 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

Governing Statute: 175.16 effective October 3, 2023 and created by Am. Sub. H.B. No. 33 of the 135th General Assembly (House Bill 33, State Fiscal Years 2024-2025 Operating Appropriations) and any Ohio Administrative Code 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 prior year's forward allocation and recapture, if applicable. If OHFA does not allocate the full \$100 million during a specific fiscal year, the Agency is unable to carry the remaining balance forward to future fiscal years. 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 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.

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.

B. Program Calendar

Date	Programmatic Benchmark
Wednesday, November 15, 2023 (Est.)	Final OLIHTC Guidelines approved by the OHFA Board, Pre-Application materials posted to the OHFA website
Tuesday, November 28, 2023	First day OHFA will accept and review Pre-Applications on a first come, first serve basis.
No later than Friday, December 15, 2023	Final Application materials posted to the OHFA Website
Tuesday, January 9, 2024	First day OHFA will accept and review OLIHTC Final Applications on a first come, first serve basis for projects that received Pre-Application approval.
June 2024 Board meeting (date TBD)	OHFA announcement of SFY2024 OLIHTC commitments to Board, last month for SFY2024 projects to seek OHFA Board approval
June 2025 Board meeting (date TBD)	OHFA announcement of SFY2025 OLIHTC commitments to Board, last month for SFY2025 projects to seek OHFA Board approval

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's contact must e-mail MultifamilyFTP@ohiohome.org prior to submitting a Pre-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 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, 3rd Floor
Columbus, Ohio 43231

Pre-Application and Final Application Submission Disclaimer

All Pre-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 Pre-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 Pre-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.

Pre-Application Submission and Process

At least 30 days prior to submitting a Final Application, OHFA will require a Pre-Application package submitted via the FTS. Applicants will not be allowed to submit a Final Application unless a Pre-Application has been approved by OHFA staff. The Pre-Application package will be available on the OHFA website by the date indicated in the Program Calendar. All required submission items are identified in the 4% LIHTC QAP.

Final Application Submission and Review Process

Submission Requirements

All Final Application submission items can be found in the most recently published 4% LIHTC QAP. In addition, applications must include the following:

- A certification from an authorized signatory of the applicant affirming and demonstrating (1) that an award of OLIHTCs will create additional housing that would not otherwise have been created with other state, federal, or private financing and (2) the requested credit amount shall not exceed the amount necessary, when combined with the federal credit, to ensure financial feasibility of the qualified project.

Review Process

(1) Minimum Financial and Threshold Review

Final Applications must be complete at the time of submission and meet a Minimum Financial and Threshold Review before being assigned to an OHFA Analyst for review. If a Final Application does not meet standards outlined in the Minimum Financial and Threshold Review, the application will be denied. Applications that are denied at this step may re-submit after all outlined deficiencies are corrected. The application will be reviewed for the following minimum standards:

- All threshold submission items referenced in the most recently published 4% LIHTC QAP are included and properly completed
- One of the eligible LIHTC minimum set-aside selections referenced in 26 U.S.C. §42(g) is made and the rent breakdown properly reflects the selected set-aside
- If a project-based rental subsidy contract is being contemplated, such subsidy contract meets the minimum requirements of the most recently published 4% LIHTC QAP and is properly reflected in the rent breakdown
- Operating expenses on a per-unit, per-annum (PUPA) basis are within the interquartile range (IQR) of OHFA's most recently published [Operating Expense Calculator data](#). If operating expenses are above the IQR, an explanation must be provided to validate high costs.
- Total development costs on a per-unit and per-gross square foot basis are within (1) the Cost Containment Standards listed below and (2) the IQR of OHFA's rolling, five-year database of approved 4% LIHTC projects. If costs are above the IQR, but below the Cost Containment Standards, an explanation must be provided to validate high costs.
- An as-is appraisal meeting OHFA's requirements in the most recently published 4% LIHTC QAP
- Conditional Financial Commitments meet the requirements in the most recently published 4% LIHTC QAP and match information provided in the Affordable Housing Funding Application (AHFA), OHFA's template proforma.
- The debt service coverage ratio (DSCR) or Income-to-Expense Ratio (if the proposed financing will not include hard-pay debt) are within the limits established by the most recently published Multifamily Underwriting Guidelines.

(2) Preliminary Reservation of OLIHTC

Following approval of the Minimum Financial and Threshold Review, OHFA will preliminarily reserve OLIHTC in an amount not to exceed that which is necessary when combined with federal LIHTC, in compliance with R.C. §175.16(B). The preliminary commitment will not serve as a commitment under R.C. §175.16(B) but will allow OHFA to move forward with a full Threshold, Underwriting, and Architectural Review while accounting for the Agency's annual credit cap under R.C. §175.16(C).

(3) Full Threshold, Underwriting, and Architectural Review

Following a successful Minimum Financial and Threshold Review, OHFA will complete a Full Threshold, Underwriting, and Architectural Review. This review involves a comprehensive analysis of the project's compliance with the most recent 4% LIHTC QAP, Multifamily Underwriting Guidelines, Housing Development Loan Guidelines if applicable, and threshold requirements outlined in these Guidelines. An 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 the OHFA Multifamily Committee and Board for approval of OLIHTC. If not invited to move forward to Board approval, applications may be re-submitted upon resolving any deficiencies that were not cured during the original two-week cure period.

Concurrently, OHFA staff will perform an architectural review for compliance with the most recent DAS. Without architectural Conditional Approval, the application will not move forward to the OHFA Multifamily Committee and Board for approval of OLIHTC.

(4) OHFA Multifamily Committee Recommendation and Board Approval

All projects with a OLIHTC reservation must seek and secure OHFA Board approval and may, at the discretion of OHFA, require Multifamily Committee recommendation. The OHFA Multifamily Committee and Board monthly calendar can be found on the [OHFA Board Website](#). Once scheduled for a specific Committee or Board meeting, the OHFA analyst will work with the applicant to complete an Executive Summary, which provides an overview of the project and its funding for OHFA Multifamily Committee and Board review. Applicants are encouraged to attend the OHFA Multifamily Committee and Board meeting at which the project is to be presented either in person or virtually.

(5) OLIHTC Commitment and Transitioning to Project Administration

Following Board approval of OLIHTC, receipt of a valid inducement resolution 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 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](#).

Ex Parte Discussions

After submission of the Pre-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 Final 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.

Construction Completion and Project Operations

Compliance

Because OLIHTCs must be paired with federal LIHTCs, all projects with a commitment of OLIHTCs must meet the federal LIHTC compliance requirements as outlined in [26 U.S.C. §42\(m\)\(1\)\(B\)](#), [26 C.F.R. §1.42-5](#), and OHFA compliance requirements as found on the [Compliance Policies](#) page of the OHFA website.

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

Because OLIHTCs must be paired with federal LIHTCs, all projects with a commitment of OLIHTCs must meet OHFA's Asset Management standards for federal LIHTC projects.

More information can be found on OHFA's [Asset Management website](#).

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 proportionated 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 Multifamily Underwriting Guidelines
- The most-recently published DAS
- The most recently published [Housing Development Loan Program Guidelines](#), if seeking HDL

Submission Requirements

Pre-Application and Final Application submission requirements can be found in the most recently published 4% LIHTC QAP. In addition to these requirements, applicants for OLIHTCs paired with 4% LIHTCs must submit the following at Final Application:

Maximum OLIHTC Requests

For applications seeking a commitment of OLIHTC in State Fiscal Years 2024-2025, OHFA will size the OLIHTC request at an amount that will generate the following amount of OLIHTC equity. The actual amount of committed OLIHTC will be based upon a conditional financial commitment of OLIHTC equity from an investor or syndicator indicating the equity price or net equity price, if seeking HDL. If equity pricing improves upon OLIHTC equity closing, OHFA may reduce the amount of commitment OLIHTCs to comply with the following maximum equity requests.

Applicants may request **no more** than the below amounts. No Exception Requests may be submitted to exceed such maximum requests:

Funding Pool	Maximum OLIHTC Equity Request
New Construction – Central City	\$3,500,000
New Construction – Metro/Suburban	\$3,500,000
New Construction – Rural	\$4,500,000

Application Limits

Over SFY2024-2025, OHFA will limit the number of OLIHTC commitments any one lead developer and/or co-developer in a respective development team can receive based on the following standards:

Development Team Criterion	Maximum OLIHTC Commitments
Development Teams meeting OHFA Experience and Capacity Requirements referenced in the most recently published 4% LIHTC QAP and successfully placed in service at least one LIHTC deal in Ohio over the past 10 years.	3
Development Teams meeting OHFA Experience and Capacity Requirements referenced in the most recently published 4% LIHTC QAP that have not successfully placed in service at least one LIHTC deal in Ohio over the past 10 years but have successfully placed in service one LIHTC deal in another state over the past 10 years.	1

Cost Containment

For commitments of SFY2024-2025 OLIHTC, applicants will be required to meet the Cost Containment standards outlined below. Applicants must use the TDC/Unit and TDC/gross square foot (GSF) caps that aligns with the correct geography. 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.

	Central City and Metro/Suburban	Rural
TDC per Unit	\$403,000	\$388,000
TDC per GSF	\$410	\$390

Paid Developer Fee Limitation

Paid Developer Fee may not exceed 50% 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

Non-refundable fees are noted below and must be submitted with the respective item. These fees are inclusive of those indicated in the most recently published 4% LIHTC QAP.

Fee Type	When is it due?	Fee Amount
Final Application Fee	With Final Application	\$3,500
HDL Application Fee (if applicable)	With Final Application	See the most current HDL Guidelines
4% LIHTC Reservation Fee	With issuance of 42(m)	6% of the annual estimated LIHTC amount generated
Compliance Monitoring Fee	With 8609 Request	\$2,400/unit

Application fees must be paid using Automated Clearing House (ACH) no later than the day in which the application is uploaded to the FTS. OHFA will not accept checks or wire transfers. Please note, OHFA does not have an online ACH payment portal. Payments should be submitted via your bank. Agency staff will send OHFA's account information to process the ACH payment upon Pre-Application approval.

E. Geographic Distribution and Funding Pools

Geographic Distribution and Set Asides

County Limits

Given limited OLIHTC resources over State Fiscal Years 2024-2025, no county will receive more than four reservations unless doing so is necessary to meet one of the following set asides or to fully utilize its annual credit cap.

Appalachian Set Aside

OHFA will reserve OLIHTC resources for at least two housing developments that meet the Agency's threshold, underwriting, and architectural standards located in an Appalachian County¹.

Funding Pools

OHFA will geographically target funding in three Funding Pools. Once applications pass the Minimum Financial and Threshold review, a preliminary reservation of OLIHTCs will be established and the total amount of preliminarily-reserved OLIHTCs will be deducted from the applicable funding pool until resources are exhausted or June 30, 2025, whichever occurs first. Actual OLIHTC commitments are not finalized until approved by the OHFA Board and a 42(m) Letter of Eligibility is procured.

The below funding pools and associated geographies are defined in the most recently published Urban Suburban Rural (USR) Index found on its website [here](#).

(A) New Construction in Urban Areas

Allocation Goal: 40% of total OLIHTC

(B) New Construction in Metropolitan and Suburban Areas

Allocation Goal: 35% of total OLIHTC

(C) New Construction in Rural Areas

Allocation Goal: 25% of total OLIHTC

¹ Appalachian counties in Ohio 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.

F. 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, Director of Housing Programs, or Director of Multifamily Housing.