

2012 Housing Funding Training

Monday, September 19, 2011



Introduction

- Two broad areas will be covered:
 - Overview of the application process
 - Synopsis of the proposal review and selection process



Introduction

- A time for Questions
- E-mail for future questions:
2012QAPMailbox@ohiohome.org
- FAQ will be updated and posted to web site:
www.ohiohome.org



Experience & Capacity Review

- Potential developers and general partners submit:
 - Application review form
 - Organizational chart, staff roster and resumes of key development staff
 - Audited financial statements



Experience & Capacity Review

- Criteria for review of developers and general partners:
 - Experience using multifamily housing programs
 - Present development capacity
 - Financial capacity
 - Good partnership policy



Experience & Capacity Review

- Outcomes:
 - Full participation
 - Limit applications, awards, and/or funding amount
 - May not participate



Experience & Capacity Review

- Potential management companies submit:
 - Narrative describing the experience of the organization
 - List of projects under management or anticipated in the next 24 months



Experience & Capacity Review

- Potential management companies submit:
 - Organizational chart, staff roster and resumes of key management staff
 - Management Company Capacity Review form



Experience & Capacity Review

- Criteria for review of management companies:
 - Experience managing affordable multifamily housing using OHFA programs
 - Experience managing affordable multifamily housing using other government programs
 - Conduct business according to good partnership policy



Experience & Capacity Review

- Program Compliance office reviews applications and may approve, give a conditional approval or deny participation in the program.



Experience & Capacity Review

- Timing:
 - Application window is open
 - Deadline is October 17, 2011
 - Encouraged to submit as soon as possible



Experience & Capacity Review

- OHFA will review and make determination in approximately 30 days.
- Appeals:
 - Applicant will have up to 7 days to respond
 - Final decision within 14 days



Proposals

- Submit items required to:
 - Meet threshold criteria
 - Evidence competitive criteria
 - Meet minimum financial evaluation



Proposals

- Format:
 - Original signed copy of Program Certification
 - AHFA in Excel format on disk
 - Other items in PDF format on disk

Deadline is November 17, 2011.



Market Study

- Commission study with approved market analyst by October 20, 2011.
- Market analysts will provide list of all studies to OHFA by October 24, 2011.



Market Study

- OHFA will verify that all studies commissioned on time.
- Market study may be submitted with the Proposal, and must be submitted no later than December 8, 2011.



Waiver Requests

- Items that may be considered:
 - Minimum site control
 - (redevelopment of vacant single-family homes)
 - Zoning requirements
 - Minimum experience for management company



Waiver Requests

- Items that may be considered (continued):
 - Minimum project standards
 - Refrigerator & stove
 - Visitability
 - Parking lot
 - Central air (substitute PTAC cooling units)
 - On-site management staff
 - Single-family home requirements



Waiver Requests

- Determinations based on:
 - Can the requirement be reasonably met
 - How an exception will affect the residents
- Timing:
 - Requests must be submitted by October 20, 2011
 - OHFA will respond by October 27, 2011



Restricted Areas

- New housing units may not be eligible in some markets.
 - Tax credit properties under construction
 - Tax credit properties in compliance period
- List of areas specifically restricted available soon.
- Contact OHFA with questions.



Threshold Requirements

- Application fees:
 - Higher fee for each successive application submitted by an organization
 - OHFA will invoice for fees rather than collect at the application deadline
 - Invoice to contact person will be sent via email on November 21, 2011
 - Payment due by December 19, 2011



Threshold Requirements

- Narratives: Complete “OHFA Narrative Form for Housing Credit Applicants”.
- Communication with local CHDO:
 - Appropriate communication with local state-certified CHDO
 - Evidence good faith demonstration with narratives



Threshold Requirements

- Minimum project standards:
 - Revised requirements for senior housing
 - Maximum common area
 - Square footage calculation requirements



Overview of Process

- Review tool available mid-October 2011.
- Waiver decisions by October 27, 2011.
- Proposals due November 17, 2011.

- Threshold deficiencies released first.
 - Corrections due within 2 weeks
- Entire review then completed based on application.



Overview of Process

- Meetings with development teams:
 - Held in February and March 2012
 - Complete review tool and tentative score prior to meeting
 - Discuss reasons for score and roles of development team members
- Scores and development team rating may change following meeting.



Overview of Process

- OHFA will review scoring for adjustments after all meetings.
- Results released April 11, 2012.



Allocation Pools

- OHFA will assign applications based on qualifications for each pool.



Allocation Pools

- Permanent supportive housing (PSH) pool:
 - Approximately \$4,000,000
 - Must meet PSH policy framework
 - Rental subsidy required
 - Experienced non-profit general partner



Allocation Pools

- Preservation pools: approximately \$8,500,000.
 - Urban: \$3,500,000
 - Suburban: \$2,500,000
 - Rural: \$2,500,000
- Eligible proposals:
 - Existing project-based rental subsidy
 - Constructed under particular programs
 - Preserving existing subsidy



Allocation Pools

- Geographic pools: approximately \$8,500,000.
 - Urban: \$4,000,000
 - Suburban: \$3,000,000
 - Rural: \$1,500,000
- Proposals that do not qualify for PSH and Preservation.
- Maximizing outcomes: approximately \$3,000,000.
- Reserved to specific projects for 2012.



Selection Process

- Part I: Required Categories
- Part II: Ranking and Scoring Categories
- Part III: Tiebreakers
- Part IV: Achievement of Minimum Targets and Guidelines



Part I: Required Categories

- OHFA staff will review each of the criteria and assign a rating.
- Rating is based on judgment of how well the proposal meets each criterion.
 - “A” = proposal best meets the criteria
 - “B” = proposal meets the criteria in an acceptable manner
 - “C” = proposal does not meet the criteria



Part I: Required Categories

- To receive an “A” rating in each category, all criteria under that category must receive an “A” rating.
- A proposal that receives a “C” rating for any of the criteria will not be considered for funding.



Part I: Required Categories

- **Project Functionality**

- Layout, size and amenities that are appropriate and designed to be used by all
- Appropriate scope and materials
- Compatible topography and scale
- Aspects of the site and surrounding area



Part I: Required Categories

- **Development Team**

- History of developing similar proposals
- Present development capacity
- Good partnership
- Financial strength
- Outstanding financial obligations



Part I: Required Categories

- **Green Communities**

- Each applicant must register their proposal
 - Those that qualify for certification receive an “A” rating
 - Those unable to qualify receive a “B” rating
 - Good faith effort required to be eligible for funding and act in good partnership
- LEED certification may be substituted if required for local tax abatement.



Part II: Ranking and Scoring Categories

- Proposals ranked and a score awarded in each applicable category.
- Applicable categories and point values are different for each allocation pool.
- Explanation of the final ranking and scoring decisions available upon announcement of awards.



Part II: Ranking and Scoring Categories

- **Local Collaboration**
- OHFA will judge contribution of the proposal to a local development or revitalization plan based on:
 - Location
 - Population served
 - Construction type
 - Age of the plan
 - OHFA revitalization plan criteria



Part II: Ranking and Scoring Categories

- **Local Collaboration** (continued)
- Proposals will be compared, ranked and a score assigned based on how well the proposal contributes to the plan.
- Final planning and zoning approval may be substituted.
- PSH proposals will be judged based on support of the local continuum of care.



Part II: Ranking and Scoring Categories

- **Economic Characteristics**
- Applicants must demonstrate how their proposal meets at least one of the criteria:
 - Use of development subsidy
 - Development of lease-purchase homes
 - Substantial operating subsidy
 - Tax abatement
 - Historic credits
 - Redevelopment of vacant properties



Part II: Ranking and Scoring Categories

- **Economic Characteristics** (continued)
- Proposals will be compared, ranked and a score assigned based on:
 - How well the criteria are met
 - The priority of the criteria that are met
- A proposal that meets multiple criterion will not necessarily receive a higher ranking and score than a proposal that meets one of the criterion.



Part II: Ranking and Scoring Categories

- **Market Criteria**
- Proposals will be compared and ranked for each of the criteria, and a score assigned based on the ranking.
 - Depth of market
 - Rent evaluation
 - Occupancy rates
- PSH proposals will be ranked and scored based on:
 - Need for additional units in the jurisdiction
 - Timing of previous OHFA financing



Part II: Ranking and Scoring Categories

- **Very Low-Income / Rental Subsidy**
- Ten points will be awarded for one of the following:
 - At least 20% of the units occupied by and affordable to households at or below 35% of AMI (PJ areas)
 - At least 10% of the units occupied by and affordable to households at or below 35% of AMI (non-PJ areas)
 - Rental subsidy dedicated to at least 20% of the units



Part II: Ranking and Scoring Categories

- **Need for Rehabilitation**
- OHFA will judge the need for rehabilitation of each proposal based on:
 - Need for major mechanical systems and roofs
 - Obsolete floor plans
 - Structural issues in need of repair
 - Immediate issues affecting residents health & safety



Part II: Ranking and Scoring Categories

- **Need for Rehabilitation**
- OHFA will judge the need for rehabilitation of each proposal based on:
 - Major system failures or design flaws
 - Appropriate scope of work
 - Other issues specific to design, structure or condition



Part II: Ranking and Scoring Categories

- **Need for Rehabilitation** (continued)
- Proposals will be compared, ranked and a score assigned based on greatest need for rehabilitation.



Part II: Ranking and Scoring Categories

- **Acquisition Cost**
- OHFA will rank proposals based on the lowest acquisition cost per square foot, and assign a score based on this ranking.
- Any non-amortizing debt assumed by the purchaser will be deducted from acquisition cost.



Part II: Ranking and Scoring Categories

Part II Ranking and Scoring Percentages			
Pool:	<u>Geographic</u>	<u>Preservation</u>	<u>PSH</u>
Category:			
1. Local Collaboration	30%	20%	40%
2. Economic Characteristics	30%	30%	20%
3. Market Criteria	30%	5%	30%
4. Very Low-Income/Rental Subsidy	10%	n/a	10%
5. Need for Rehabilitation	n/a	40%	n/a
6. Acquisition Costs	n/a	5%	n/a
Total	100%	100%	100%



Part III: Tiebreakers

- In case of a tie score, the highest number of “A” ratings in Part I of the Selection Process will be used to determine which proposal is funded.



Part IV: Achievement of Minimum Targets and Guidelines

- The rankings from Part II may be adjusted to meet minimum targets and guidelines.
 - Non-profit set-aside:
 - Minimum of 10% of total credits available
 - Family population:
 - Minimum of 25% of population credit (approximately \$6 million)



Part IV: Achievement of Minimum Targets and Guidelines

- The rankings from Part II may be adjusted to meet minimum targets and guidelines.
 - Senior population:
 - Minimum of 25% of population credit (approximately \$6 million)
 - CHDO set-aside:
 - Minimum number of awards to meet HDAP program requirements.



Part IV: Achievement of Minimum Targets and Guidelines

- No previous OHFA development: Minimum of 10% of population credit (approximately \$2.4 million)
- Geographic distribution: Based on number of income-eligible households in five defined regions
- Stakeholder priorities: Based on priorities communicated to OHFA by HUD, RD, and local governments



Part IV: Achievement of Minimum Targets and Guidelines

- Production goal: Proposals receiving an award must have reasonable costs
- Distribution of resources: OHFA may limit the amount of credits awarded to an organization.



Minimum Financial Evaluation

- Evaluation conducted at three points in the development process.
- OHFA financing may not increase after first evaluation.
- Development budget will be evaluated to ensure it is reasonable.



Minimum Financial Evaluation

- Appraisal guidelines are under development.
- Minimum hard construction cost for rehab revised.
- Hard construction cost savings will be shared among contractor, developer and OHFA.



Minimum Financial Evaluation

- Total professional soft costs defined and limited to 20% of total project cost.
- Minimum and maximum operating reserve revised.
- Applicants may request 9% credit rate for new construction or rehab if project will PIS by 12/30/2013.



Minimum Financial Evaluation

- Basis boost may be requested based on financial need.
- Operating expenses will be evaluated to ensure they are reasonable.
- Minimum replacement reserve amounts established.



Tax-Exempt Bond Projects

- Applications for 4% Housing Credits for bond projects may be submitted at any time.
- Experience & Capacity materials must be submitted at least two weeks in advance.
- All threshold items must be submitted with the application unless specified otherwise.



Tax-Exempt Bond Projects

- Applications must be aligned with OHFA policy statements.
- Some minimum financial evaluation requirements are different.



Next Steps for Successful Applicants

- Binding reservation agreements issued 4/11/2012.
 - Must be executed and returned by 4/30/2012.
- Public notification must be completed and evidenced by 4/30/2012.
- Next steps meeting will be scheduled.



Next Steps for Successful Applicants

- Final application must be submitted by 7/19/2012.
- Carryover allocation agreements issued in December 2012; 10% test and property ownership must be evidenced by November 2013.



Thank you!

- Thank you for attending today's session
- E-mail for future questions:
2012QAPMailbox@ohiohome.org
- FAQ will be updated and posted to web site:
www.ohiohome.org

