OHIO HOUSING FINANCE AGENCY

2018-2019

MULTIFAMILY UNDERWRITING AND IMPLEMENTATION GUIDELINES

web www.ohiohome.org | **tollfree** 888.362.6432

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Introduction

In accordance with Ohio Housing Finance Agency (OHFA) policy and state and federal requirements, OHFA will perform underwriting analysis on all proposal applications that request OHFA resources. Each evaluation will include reviewing the financing sources, development budget, income and operating expenses and a cash flow analysis. The underwriting process is designed to ensure that OHFA awards the least subsidy necessary for a successful affordable housing development.

OHFA reserves the right to request further clarification, justification or documentation for any questions that are identified during the underwriting analysis. At its discretion, OHFA may reduce, alter or remove items that do not meet the underwriting standards contained in these Multifamily Underwriting & Implementation Guidelines (the Guidelines). OHFA reserves the right to deny any application that does not meet the underwriting standards in these Guidelines.

Unless otherwise approved by OHFA, these Guidelines will be used beginning with all 2018 funding rounds. The Guidelines may be subject to change, pending developments in federal and state legislative requirements and/or OHFA policy.

Developments will be underwritten according to the funding source sought.

Competitive 9% Housing Tax Credits (Competitive) Underwriting Process

All developments applying for Competitive Housing Tax Credits (HTC), with or without OHFA gap financing, undergo three underwriting reviews:

1. At proposal submission to determine if they are eligible for competitive review;
2. At final application prior to issuing a Carryover Allocation Agreement; and
3. At the time the development is placed-in-service and requests Internal Revenue Service (IRS) Form(s) 8609.

Non-Competitive 4% Housing Tax Credits (Non-Competitive) Underwriting Process

All developments applying for Non-Competitive HTCs undergo an underwriting review at application prior to issuing a 42m Letter of Eligibility. A final underwriting review will take place at the time the development is placed in-service and requests IRS Form(s) 8609.

OHFA Gap Financing Programs

All developments requesting OHFA gap financing, including Housing Development Assistance Program (HDAP) resources, will undergo an underwriting review at proposal and again at final application, if applicable.

I. Development Budget

A. Development Budget Overview

1. Cost Reasonableness

OHFA will evaluate development cost reasonableness by comparing application costs to similar developments, as determined by construction type, population served and region, using the Development Applications Cost Database. OHFA reserves the right to use other data sources to assess cost reasonableness. Total development costs will be evaluated on a per unit and per square foot basis.

Additional information will be required at OHFA's discretion for developments that exceed expected budget projections based on the comparables. Developments that do not provide sufficient response or justification may be adjusted to match industry norms or removed from funding consideration.

Developments will be subject to any additional cost requirements imposed by the specific program to which application is made, if applicable.

2. Sources and Uses

All costs must be identified, including acquisition, construction, contingencies, reserves, developer fees and other soft costs. Applicants should contact OHFA for instructions on how to account for unusual costs. All "other" line items utilized in the development budget must include cost explanation. For items funded after construction concludes, the applicant must classify these items in the construction sources as post-construction fees and costs.

The development's total sources must always equal the total development cost. If the sources exceed the costs, OHFA will reduce any funding or allocation amount necessary for the sources to equal uses.

B. Acquisition and Land Costs

For Competitive and Non-Competitive HTC developments, OHFA will subtract the land valuation identified in the appraisal from the total property valuation or the purchase price, whichever is less, to arrive at the allowable acquisition basis.

If the total purchase price is less than the total property valuation, OHFA will use the percentage of the property's land valuation in comparison to the total property valuation to determine allowable acquisition basis. OHFA reserves the right to limit the property valuation to the as-is restricted or as-is market valuation. Properties that are currently rent-restricted and will remain rent restricted may seek an exception request to use to the as-is restricted valuation.

Developments receiving HDAP financing may not have building acquisition or land costs higher than the appraised value. OHFA may permit an exception for developments with assumed U.S. Department of Housing & Urban Development (HUD) or U.S. Department of Agriculture Rural Development (RD) debt.

C. Related Party Acquisitions

Existing properties' owners may submit an application for Competitive or Non-Competitive HTC to refinance and rehabilitate a property. Applicants must submit documentation proving adherence to the following conditions prior to closing on gap financing:

- **HTC**. If seeking Competitive HTC, seller financing is allowable up to the amount of the lower of the purchase price or appraised value, less the relative land valuation. For Non-Competitive housing credits, seller financing is allowable up to the lesser of the purchase price or appraised value.
- **HDAP**. If the transaction includes a cash settlement or other consideration to the owner/seller of the property, the development will not be considered for other gap financing offered by OHFA, including HDAP, unless an exception is granted prior to submission of the proposal application. The applicant will be required to provide each of the following with the HDAP exception request:
    - An estimated amount of cash out or consideration to the owner/seller;
    - A narrative explaining why the additional subsidy is necessary for successful rehabilitation of the proposed project. If this explanation includes paying off or restructuring existing debt or other financial obligations, an analysis of those costs must be provided.

OHFA reserves the right to determine if gap financing is appropriate and necessary for the proposed project. OHFA will not consider exit taxes or payouts to existing limited partners as a justification to support additional gap financing requests.

D. Construction Related Costs

1. Hard Construction Costs

Hard Construction Costs are defined as the total of on-site development costs and hard construction cost line items, which include, but are not necessarily limited to, residential rehabilitation, new construction, commercial construction, amenity fee items, furnishings, fixtures and appliances and construction contingency.

2. Rehab Minimum Hard Construction

The scope of work for all rehabilitation projects includes substantial rehabilitation. At a minimum, required repairs, replacements and improvements must include the following:

- The replacement of the majority of two or more major building components; and
- Improvements of $35,000 or more per dwelling unit for Competitive HTC or $15,000 or more per dwelling unit for Non-Competitive HTC.

3. Construction Interest

The maximum estimated construction loan interest amount allowed in eligible basis is equal to one year of construction loan interest (construction loan amount multiplied by the construction loan interest rate). Exceptions will be considered for developments that can justify a potentially longer construction period.

The applicant must provide a conditional commitment letter at final application detailing the rate and loan terms. If a construction loan interest rate is not represented in the application, OHFA will use the prime rate, as published in the Wall Street Journal effective for the month in which the proposal application is received, for non-competitive developments or the application deadline date for competitive developments.

4. Construction Contingencies

The maximum Hard Construction cost contingency is five percent for new construction and 10 percent for rehabilitation and adaptive reuse developments. OHFA will use the above Hard Construction Costs definition to calculate this amount. OHFA may allow exceptions to this limit if the applicant can demonstrate that another funding source requires a higher contingency.

5. Contractor's Cost Limits

The maximum contractor's fee amount is determined and locked-in at final application. Alternately, HTC recipients may elect to lock-in the contractor's fee at execution of the signed general contractor agreement by delivering a copy of that agreement and a lock-in request to OHFA within 30 days of the agreement's execution.

Upon lock-in, this amount cannot be increased if costs are higher, but is also not required to be decreased if final hard construction costs are lower than underwritten. Contractor cost limits are as follows:

- **Contractor Profit:** six percent of hard construction costs
- **Contractor Overhead**: two percent of hard construction costs
- **General Requirements**: six percent of hard construction costs

OHFA will consider reasonable adjustments to these requirements, not to exceed four percent total, for contractors that are not related parties.

6. Construction Cost Savings

If there are Hard Construction Cost savings identified in the final cost certification, including savings from unused construction contingency, these savings will be shared between the developer and OHFA and may be added to the maximum contractor fee and developer fee amounts. For related party contractor-developer entities, the cost savings will be divided 50 percent to the developer and 50 percent to OHFA. For third-party contractors, the cost savings will be divided 67 percent to the developer and 33 percent to OHFA.

OHFA's share may be taken in any one or more of the following ways at OHFA's sole discretion.

- **With HDAP**. For developments that include HDAP, OHFA's share may be used to reduce the development's HDAP award.
- **HTC-Only**. For HTC-only developments, OHFA's options include reducing credits, supplementing reserves, achieving deeper income targeting, upgrading specific items in the project, reducing the deferred developer fee or using the savings to pay down hard debt including HDL and/or Multifamily Lending Program debt.

Owners must contact OHFA prior to requesting IRS Form(s) 8609 or completing their Final Performance Report (HDAP only) to discuss the above options and determine a cost savings plan.

Contractor Relationship	Developer Savings Share	OHFA Savings Share
Related Contractor	50%	50%
Third-Party Contractor	67%	33%

E. Professional Soft Costs

1. Professional Soft Costs Definition

Professional Soft Costs are defined as the total of architectural fees, survey costs, engineering fees, appraisal, market study, environmental report, rent-up and marketing costs, title and recording, legal fees, accounting fees, developer fee and overhead, consultant fees, organizational fees, capitalized asset management fees and syndication expenses. OHFA has the discretion to add other fees and costs listed in the "other" line items to the calculation as appropriate.

2. Professional Soft Cost Limits

Non-Competitive HTC developments may have a total professional soft cost of 25 percent of the total development cost. All other program participants may have a total professional soft cost no higher than 20 percent of the total development cost.

3. Professional Soft Cost Contingencies

The maximum soft cost contingency is 2.5 percent of total professional soft costs.

4. Developer Fees

Developer fees include the base developer fee, as calculated below, plus the total of all application or development consultant fees, construction management fees, guarantee fees, developer asset management fee and any financing fees charged by the developer. OHFA may add other fees to the calculation as it deems appropriate. Also see the Deferred Developer Fee section. Applicants are not required to take the full developer fee for which they are eligible.

Base Competitive HTC Developer Fee Calculation

Developer fees for Competitive HTC applications will be locked in at proposal application and may not be increased. The maximum developer fee for Competitive HTC is $1,750,000. All cost containment requirements must be satisfied inclusive of developer fee.

The Competitive HTC base developer fee is calculated on the next page, all terms are defined in the Qualified Allocation Plan (QAP).

Pool	Developer Fee
Urban Opportunity Housing	$ 30,000.00 Per Affordable Unit
General Occupancy Urban Housing	$ 20,000.00 Per Affordable Unit
Senior Urban Housing	$ 20,000.00 Per Affordable Unit
Non-Urban Housing	$ 25,000.00 Per Affordable Unit
Urban Subsidy Preservation	$ 15,000.00 Per Affordable Unit
Non-Urban Subsidy Preservation	$ 15,000.00 Per Affordable Unit
Service Enriched Housing	$ 25,000.00 Per Affordable Unit
Single-Family Development	$ 25,000.00 Per Affordable Unit

The following activities will also supplement the base developer fees as specified.

Activity	Fee Supplement
New Affordability Developments with 25%+ ELI Units	$75,000
Engaged in Capacity-Building Partnership	$75,000
Partnership with an Infant Mortality Taskforce	$50,000
Points Received for Supporting Integrated	$25,000
Development Required by Law to Pay Prevailing	$25,000
Points Received for Historic Tax Credits	$25,000

Base Non-Competitive HTC Developer Fee Calculation

The Non-Competitive base developer fee shall be no more than 25 percent of the total acquisition, rehabilitation and new construction eligible basis. Developer fees in excess of 20 percent must be deferred or put back into the development as a capital contribution and must be included in the sources of permanent financing.

Non-HTC Developer Fee Calculation

OHFA gap financing programs that are not paired with HTC may claim a developer fee of 15 percent of the total development cost, unless the specific program guideline states otherwise.

F. Reserves

1. Operating Reserves

The minimum operating reserve for a development is four months of the first stabilized year's projected operating expenses, hard debt service payments and replacement reserve contributions. The maximum is 12 months of the first stabilized year's projected operating expenses, hard debt service payments and replacement reserve contributions.

2. Replacement Reserves

Capitalized prefunded replacement reserves are not permitted for new construction developments, except for adaptive reuse developments and single family development properties intended for eventual tenant ownership.

Lease-purchase properties may include up to $5,000 per unit in capitalized prefunded replacement reserve. This reserve must be set aside in escrow to cover major capital expenditures prior to transitioning the home to the buyer. An additional $3,000 per unit may be set aside in escrow to cover closing costs. An inspection from an independent housing inspector approved by OHFA must be completed and provided to the Agency before reserves can be accessed.

OHFA's minimum replacement reserve amounts by product type are as follows; the below distinctions are based on population served and construction type, not by funding pool:

- Senior, New Construction = $250 per unit
- Family/Service Enriched, New Construction = $350 per unit
- Single Family Homes = $300 per unit
- Senior, Rehabilitation = $350 per unit
- Family/Service Enriched, Rehabilitation = $400 per unit

OHFA may permit an exception to these minimum replacement reserves if required by another funding source.

3. Special Reserves

OHFA will not permit capitalized reserves for service provision unless required by Rural Development.

If special reserves are required by HUD, RD, the lender(s), the investor and/or syndicator the applicant must provide supporting documentation that explains the requirement and defines the amount of time that the reserves will remain with the project. If documentation cannot be provided, OHFA will remove the special reserve from the development budget.

Special reserves are permitted for lease-purchase developments for wheelchair lifts as an alternative to ramp requirements under visitability criteria. The special reserve must be reasonable and will be approved on a case-by-case basis.

II. Development Financing

A. All Sources Identified

Financing sources must be identified, including HTC equity, hard debt, gap financing, seller financing, soft or non-recourse loans, grants, development team contributions, interest during construction and reserves used to fund redevelopment. Applicants should contact OHFA for instructions on how to account for any unusual sources.

B. Commitment Letters

1. Equity Commitment
OHFA will evaluate the conditional equity commitment provided by the syndicator/investor at final application. Conditional equity commitments must include the following:

1. Proposed terms and conditions
2. Net and gross equity and net equity pricing
3. Detailed pay-in schedule including equity pay-in during construction
4. If seeking HDL, equity contribution with and without HDL (net HDL Interest)
5. If seeking HDL, terms of HDL including rate, term length, collateral and amount

OHFA may require adjustments based on comparable, historical and/or current market conditions and trends.

2. Debt Financing
OHFA will evaluate all funding source terms and may choose to underwrite at different terms for any funding source which OHFA determines will cause unnecessary or excessive subsidy. If an applicant has not received final commitments at proposal application, OHFA will underwrite the proposal application based upon market norms for the product type, development area and current market conditions as determined by OHFA.

Conditional financial commitments for all debt sources must be submitted at final application for all developments seeking OHFA resources.

3. Other Commitment Letters
All other sources identified in the application must include a conditional commitment letter at final application. Conditional commitment letters must identify the funding terms and conditions.

If such other funding sources involve either a competitive process that has not yet announced award recipients or Federal or State Historic Tax Credits, OHFA may choose to allow additional time for applicants to submit a conditional commitment letter. OHFA will not present a development to the Multifamily Committee for approval until all conditional commitment letters are received.

C. Deferred Developer Fee

For HTC developments, applicants must show that any deferred developer fee can be paid in full from development cash flow within the first 15 years. Any unpaid or deferred balance after year 15 will be deducted from the HTC eligible basis. If this results in a lower eligible basis amount, the basis will be reduced to the appropriate amount and may result in a lower HTC allocation.

III. Income and Expense Analysis

A. Income and Expense Overview

1. Operating Expense Reasonableness

OHFA will evaluate operating expense reasonableness by comparing application expenses to similar developments, as determined by building type, population served, type of financing and location, using the most recent Operating Expense Calculator. OHFA reserves the right to use other data sources to assess operating expense reasonableness.

Additional information will be required at OHFA's discretion for developments that exceed expected budget projections based on the comparables. Developments that do not provide sufficient response or justification may be adjusted to match industry norms or removed from funding consideration.

Developments will be subject to any additional expense requirements imposed by the specific program to which application is made, if applicable.

2. Vacancy

OHFA will assume a seven percent vacancy rate to calculate the effective gross income. Preservation developments with project-based rental subsidy may request a five percent rate if they can document a strong occupancy rate history. Service-enriched housing developments with project-based rental subsidy for all units may elect to use a five percent vacancy rate.

3. Income/Expense Escalations

OHFA will assume a two percent annual income increase and a three percent annual expense increase. Exceptions will be permitted for properties in which operating subsidy is provided by HUD, RD or the local public housing authority to achieve break-even operations at the property.

4. Lease Option Agreements

Counties, townships or municipal/non-profit corporations that are exempted from property taxes under the Ohio Revised Code and will option to lease the property on a long-term basis must submit a Lease Option Agreement for a minimum of 35 years.

B. Expenses

1. Utility Allowances

All utility allowances must conform to OHFA's Utility Allowance Policy. For HTC developments, utility allowances must be consistent with Internal Revenue Code (IRC) Section 42 and IRS Regulation 1.42-10. For non-HTC developments, utility allowances must come from a local utility provider, the local MHA/PHA, a third party engineer or HUD/RD.

2. Syndicator Expenses

Reasonable investor/syndicator asset management fees will be permitted as either a capitalized development cost or a "soft" operating expense repaid from available cash flow after amortizing permanent mortgages and before deferred developer fee and soft loan repayments.

3. Service Coordination Expenses and Fees

Service coordination expenses and fees will be limited to $250 per unit per year. Exceptions may be granted to service-enriched developments or developments that must have a higher service coordination fee based on a federal program requirement.

C. Income

1. Rental Income

All affordable units must maintain restricted rents that conform to IRC Section 42 and other applicable OHFA guidelines.

2. Commercial Income

Income from commercial space, including cellphone towers, will not be considered in the cash flow analysis toward meeting either Hard Debt Service Coverage Ratio (DCR) or non-DCR requirements.

3. Other Income
Fees and other income, such as laundry and parking, must be reasonable and comparable to similar properties within the region and the developer's portfolio.

D. Debt Coverage Ratio

The minimum acceptable DCR is 1.20 for the first year of stabilized operations. Exceptions for the first year of stabilized operations may be considered where improved and upward trends in DCR are sustained over 15 years.

The development must maintain an annual DCR above 1.00 during the entire 15-year compliance period. For developments with no hard debt, the developments must maintain an annual income to expense ratio above 1.00 during the entire 15-year compliance period. The average hard DCR over the 15-year compliance period must not be greater than 1.5. The average income to expense ratio over the 15-year compliance period must not be greater than 1.5.

OHFA may grant exceptions for Rural Development properties and developments that contain small hard debt amounts. Developments seeking an exception must demonstrate a legitimate need.

E. Subsidy Layering Review

Effective February 2017, OHFA will no longer complete Subsidy Layering Reviews on behalf of the Department of Housing and Urban Development.

IV. Credit Calculation (HTC Only)

The HTCs and HDAP amount reserved will not increase after the proposal underwriting for Competitive HTC applications.

A. Tax Credit Percentage

The tax credit percentage is determined according to IRC Section 42. The rate valid at application must be used to determine the credit request. The rate may then be locked the month the Binding Reservation Agreement is issued for Competitive HTCs or the month bonds are issued for tax-exempt bond developments. Alternatively, applicants may elect to lock in the rate at the time the development is placed in service.

B. Eligible Basis

OHFA will review the eligible basis indicated in the application. All non-eligible costs will be deducted from eligible basis. OHFA may require a legal opinion from a qualified tax credit attorney, at the applicant's expense, for any items that are not clearly eligible under Section 42 of the IRC and applicable IRS guidance as determined by OHFA.

C. Acquisition Basis

OHFA will review the acquisition basis indicated in the application. Acquisition basis must conform to Section 42 of the IRC and applicable IRS guidance as determined by OHFA. The acquisition eligible basis cannot exceed the property value at or before the date of acquisition (defined as the date the deed or lease is recorded) as determined by the As-Is Appraisal of the property that complies with the Appraisal Requirements section in these Guidelines.

The acquisition basis cannot exceed the value of the buildings' total appraised value minus appraised land value as indicated in the appraisal. If seeking Competitive HTC, seller financing will not be included in eligible basis.

V. Document Submission Standards

These standards provide applicants with instructions on how to submit documentation to OHFA in a consistent and acceptable manner. Unless otherwise specified by the funding guidelines, these requirements apply to all aspects of the following programs, including funding application, draw requests and project close-out: HTC, Multifamily Bond, all HDAP, Housing Development Loans, CHDO and 811.

A. Document Formats

The following document formats will be accepted:

- **Adobe PDF**. OHFA prefers Optical Character Recognition (OCR)-enabled and bookmarked documents. OHFA discourages submitting documents in PDF “Portfolio” format.
- **MS Office Compatible**. This includes .xls, .xlsx, .xlsm, .doc, .docx, .ppt and .txt.

Affordable Housing Funding Applications (AHFA) must be submitted in Excel format. All documents shall be print-enabled. Documents shall not be read-only formatted. All documents must be highlighted and annotated.

Three folders for Site Visit Information, Original Signature Documents and Architectural Plans must also be submitted in hard-copy. Only the following documents must be submitted in hard-copy: documents that will be recorded, grant or funding agreements and HDAP funding contracts.

All application materials must be submitted on a CD, mailed, couriered or hand-delivered to Ohio Housing Finance Agency, PP&D, 57 East Main Street, Columbus, Ohio 43215. For security purposes, OHFA will not accept submissions via a file transfer protocol or "DropBox".

Competitive application fees will be invoiced by OHFA; all non-competitive submissions must include a check or money order payable to the Ohio Housing Finance Agency bearing the project's name.

B. Naming Conventions

Files should be named and numbered as indicated in either the program guidelines or application and should not be placed inside digital folders on the disk unless specified.

C. Security & Personally Identifiable Information

In certain circumstances, OHFA may request and accept documentation by electronic submission. Be advised that certain documents may contain personally identifiable information (PII), which includes a name and social security number or name and personal financial information. Transmission of PII without utilizing proper encryption or security techniques risks exposes PII to identity theft. OHFA, at its discretion, may refuse any document that contains PII and is not properly secured. The submitting organization assumes all responsibility and liability of PII submitted to OHFA. All documents submitted to OHFA may be deemed public records and are therefore open for inspection and/or release unless an exception exists that would prevent their release.

VI. Exceptions

Developments must meet these standards unless an exception is clearly warranted and granted by OHFA. Underwriting exceptions must be submitted with the first application. The following underwriting exceptions are permitted by these Guidelines:

Section	Subsection	Exception
Development Budget	Acquisition and Land Costs	HUD/RD assumed debt exception to land valuation limits.
Development Budget	Acquisition and Land Costs	Appraisal exception to use as-is restricted valuation if currently restricted.
Development Budget	Related Party Acquisitions	HDAP Programmatic Exception for cash settlements.
Development Budget	Construction Interest	Construction interest exception for long construction periods.
Development Budget	Construction Contingencies	Construction contingency exception if required by other funding sources.
Development Budget	Reserves	Minimum replacement reserve exception if required by other funding sources.
Income and Expense Analysis	Income/Expense Escalation	Exception for escalations with HUD/RD/PHA with break-even operation subsidy
Income and Expense Analysis	Expenses	Service coordination expense exception for service-enriched or if required by other funding sources.
Income and Expense Analysis	Debt Coverage Ratio	First year stabilized DCR exception if upward trends in DCR are sustained over 15 years.
Income and Expense Analysis	Debt Coverage Ratio	DCR exceptions for RD properties with little hard debt and demonstrated legitimate need.

Programmatic exceptions are identified in the funding guidelines and/or QAP; these exceptions may have different submission deadlines and documentation requirements.

VII. Development Changes

All major changes to a development require OHFA approval and will be reviewed by OHFA on a case-by-case basis. A new application, processing fee, public notification letters and competitive review may be required.

If changes are made without prior approval, or if applicants fail to complete a development as approved, OHFA reserves the right to assess any remedy identified in the Penalties section of this document. Failure to inform OHFA of any major changes in the applicant's situation or development structure at any time may cause the application to be rejected or the HTC reservation to be revoked.

VIII. Definition of Cash Flow

In determining any loan payments due to OHFA that may be calculated based on a percent of the projects cash flow, subject to the start date within any loan or mortgage documents, cash flow will be defined as all gross cash receipts to the property minus

1. Debt service on loans with a superior mortgage position (excluding general partner and/or partner/partnership notes/mortgages)
2. Replenishment of the operating reserve account up to the maximum of its original established amount through year 10
3. Payment of any deferred developer fee through year 10 after obligations to operating reserve account are met
4. Any required payments deposited to or in the established partnership replacement reserve accounts;
5. Asset Management fees required by the syndicator, if not capitalized
6. Supported payments made for the following project operating expenses:
    a. Advertising
    b. Legal
    c. Accounting/auditing
    d. Elevator maintenance/operation
    e. Heating, lighting and hot water for common areas
    f. Water/Sewer – common areas
    g. Trash/snow removal
    h. Security – requires OHFA approval to be included
    i. Decorating
    j. Repairs not funded through replacement reserve
    k. Exterminating
    l. Grounds maintenance
    m. Maintenance salaries and payroll taxes
    n. Maintenance supplies
    o. Office supplies
    p. Service Coordinator/Supportive Services – requires OHFA approval to be included
    q. Property manager salary, payroll taxes
    r. Property insurance
    s. Property taxes
    t. Management gees not to exceed six percent of effective gross income (excluding management incentives, bookkeeping fees, compliance fees, bonuses, administrative service fees, incentive fees of any kind, etc.)
    u. Owner-Paid Utilities – Units if applicable and common space

“Gross cash receipts” means all cash received in any fiscal year from the operations of the partnership, including all government subsidies received by the partnership and construction contingency, but excluding capital contributions, loan proceeds, repayment of rent, security deposits, insurance proceeds, condemnation awards, proceeds from net cash from sales and refinancing and any other funds not generated from current project operating expenses. The partnership definition of “net cash from sales and refinancing” (or other applicable related term or activity) must be provided to OHFA for review and approval.

Year 10 is calculated from the date and year a project starts construction.

The **Cash Flow Loan Repayment Calculation Form** can be downloaded from OHFAs’ website.

IX. Penalties

Violating the requirements set forth in these Guidelines, missing deadlines, failing to honor commitments made in the application process or other non-compliance with OHFA requirements may result in any or all of the following non-exhaustive sanctions:

- Refusal to increase, amend or otherwise alter credit allocations;
- Removal from application consideration;
- Cancellation or reduction of the reservation of HTCs;
- Recapture of resources;
- Removal from a position of good partnership for a period of one year or more;
- A reduction in the developer fee in an amount to be determined by OHFA;
- Monetary fee, as set forth in the funding program’s fee section, as may be modified;
- Permanent or temporary prohibition from participation in OHFA funding programs;
- Reduction in the number of applications an entity may submit/receive in future cycles;
- Referral to the IRS for investigation or penalty;
- Referral to law enforcement for criminal and/or civil prosecution; and/or
- Other remedies as OHFA deems necessary.

X. Appraisal Requirements

OHFA requires As-Is Appraisals for its funding recipients. An As-Is Appraisal shall meet all requirements outlined in these Guidelines. The OHFA appraisal requirements are applicable to all OHFA multifamily programs including HTC, HDAP and the Housing Development Loan Program. An appraisal is not required if both of the following conditions are met: the applicant is not seeking HDAP funds, and the applicant is not including any acquisition costs in eligible basis or the funding request.

The intent is for OHFA to develop a consistent approach to measuring and evaluating the as-is value of unimproved, vacant land and existing properties in order to efficiently allocate OHFA resources.

An acceptable As-Is Appraisal is either a Summary Appraisal Report or a Self-Contained Appraisal Report (the Report) that meets the most current editions of the Appraisal Foundation's Uniform Standards of Professional Appraisal Practice (USPAP) and must be completed by a Certified General Real Estate Appraiser licensed in the state of Ohio. OHFA must be listed as an intended user. The licensed appraiser is required to conduct a site inspection for the subject property. The final report shall be submitted to OHFA electronically, in PDF format.

A. As-Is Value Definitions

OHFA requires the appraiser to provide the as-is value as defined below in (a), (b) and (c). When a value is determined by the appraiser for existing properties, the appraiser is requested to reflect a total value that can be broken down into a value of the improvements and a value for the land.

All appraisals submitted to OHFA shall at a minimum include the following values, as applicable:

a) as-is market value with restricted rents for existing properties;
b) as-is market value with market rents for existing properties; and
c) as-is land value (unimproved, vacant land value)

OHFA requires the income approach for existing properties and the sales comparison approach for unimproved, vacant land.

Favorable financing terms and HTCs must not be considered in determining either a cap rate or as-is value.

The identification of comparable properties in some markets may be difficult. OHFA encourages the appraiser to identify property that has physical and locational (nearest location) characteristics similar to those of the subject property. Using sales of comparable vacant land or existing developments from other regions of Ohio is discouraged without a detailed explanation and rationale from the appraiser to support this methodology and approach.

OHFA reserves the right to limit the amount of OHFA resources allocated to a development predicated on the appraised as-is value.

B. Updates

OHFA may require the appraiser to update its existing appraisal to match these Guidelines or may order an additional appraisal. The cost of the additional appraisal will be paid for by the applicant.

OHFA will accept appraisals, including those from RD and HUD, dated no later than 12 months prior to the funding application deadline. For appraisals dated more than 12 months prior to the funding application deadline, the appraiser may provide an updated letter if there are no material changes to the development and market and the update meets USPAP and other appraisal industry rules or guidelines.

C. Ownership of Appraisal

Any appraisal submitted to OHFA in connection with an application will become property of OHFA and may be relied upon for the purposes of determining as-is value and feasibility of the proposed development, regardless of any unresolved concerns between the applicant and appraisal's provider.

D. Special Conditions

The following special conditions are recognized to be outside of appraisal standards but will be incorporated into the allocation process.

1. Excess Land Acquisition
Where more land is being acquired than proposed, and the remaining acreage is not being utilized as permanent green space per deed restrictions or covenants, the as-is value will be prorated. Excess land should not attribute value to the proposed property. A development that has excess land must show a separate value for the excess land and it cannot be purchased as part of the primary development cost.

2. Incorporation of HUD and/or RD Standards
OHFA will accept appraisals from HUD and RD that include multiple valuation methodologies, so long as the primary valuation required by OHFA is clearly noted within the appraisal.

XI. Physical Capital Needs Assessment Standards

A. Purpose

A Physical Capital Needs Assessment (PCNA) represents a third-party qualified professional's opinion of a property's current overall physical condition and identifies significant deferred maintenance, existing deficiencies and material building code violations that affect the property's use and its structural and mechanical integrity. The assessment should include an opinion as to the proposed budget for recommended improvements and should identify critical building systems or components that have reached or exceeded their expected useful lives, as noted in the OHFA Expected Useful Life (EUL) table below.

The PCNA should include a projection of recurring probable expenditures for significant systems and components impacting use and tenancy, which are not considered operation or maintenance expenses, in order to determine the appropriate replacement reserve deposits on a per unit per year basis.

The PCNA must conform to ASTM E2018-08 standards. In addition, the PCNA must include an Immediate Repairs Table and Replacement Reserves/Ongoing Physical Needs tables. It must identify all immediate repairs as occurring in year zero and project the expected reserve requirements necessary for at least the following 20 years of operations.

OHFA, in its sole discretion, may accept a PCNA that does not meet the standards set forth herein if it meets substantially similar requirements imposed by another funder.

B. Process

1. Conduct site visit and physical inspection of interior and exterior of units and structures
2. Interview available on site property management and maintenance personnel and inquire about past repairs/improvements, pending repairs and existing or chronic physical deficiencies

C. Components

Components which should be examined and analyzed in order to prepare a comprehensive property condition report or capital needs assessment for rehabilitation projects:

Site, including

- Topography and drainage
- Pavement, curbing, sidewalks and parking
- Landscaping and amenities
- Water, sewer, storm drainage, gas and electric utilities and lines

Roof, including

- Shingles and/or membrane
- Deck and framing
- Rain water system (roof drainage exterior, gutter and fascia)
- Accessories: flashings, trim, gutters, copings, vents, soffits, vents, vent boots, access hatch/ doors

Building Exteriors, both substructure and superstructure, including

- Exterior walls and finish
- Exterior doors and windows

Quality of Existing Structure system, substructure and superstructure, including

- Foundation
- Exterior walls and balconies
- Roofing structure

Mechanical systems, including

- Plumbing and domestic hot water
- HVAC
- Electrical and fire protection
- Elevators

Unit Plans and Floor plans, including

- Unit plans that meet UFAS 504 standards for new construction and quantity.
- Alternate compliance methods used and quantity
- Compliance with universal design features

Interiors, including

- Unit and common area finishes (carpeting, vinyl tile, plaster walls, paint condition)
- Unit kitchen finishes and appliances
- Unit bathroom finishes and fixtures
- Common area lobbies and corridors

D. Expected Useful Life Table: Site Systems

Site Systems	Type	Family	Elderly	Action (replace unless otherwise noted)
Roadways				
	Asphalt (sealing)	5	5	Seal
	Asphalt	25	25	Resurface
	Gravel	15	15	Pave with asphalt or concrete
Parking				
	Asphalt	25	25	Resurface
	Gravel	15	15	Pave with asphalt or concrete
Pedestrian Paving				
	Bituminous	15	15	Resurface
	Concrete	30	30	Replace
Retaining Walls				
	Concrete	20	20	Fill cracks/repoint
	Masonry	15	15	Fill cracks/repoint
	Wood	15	15	Replace
	Stone	15	15	Fill cracks/repoint
Dumpsters		10	10	
Dumpster Enclosures		10	10	Fence only
Earthwork		50+	50+	
Mail Facilities		10	10	
Landscaping		50+	50+	
Fencing				
	Chain Link	40	40	
	Wrought iron	50+	50+	
	Stockade	12	12	
	Post & Rail	25	25	
Irrigation Systems		30	30	
Site Electrical Main		40	40	
Emergency Generator		15	15	
Sanitary Treatment		40	40	
Lift Station		50	50	
Site Sanitary Lines		40	40	
Site Sewer Main		40	40	
Site Water Main		40	40	
Storm Drain Lines		40	40	
Catch Basin		40	40	
Site Gas Main		40	40	
Site Lighting		25	25	
Site Power Distribution		40	40	
Built Improvements (playgrounds/site furniture)		20	20	
Basketball Courts		15	25	
Tennis Courts		15	15	Resurface
Transformer		30	30	
Water Tower		50+	50+	

E. Expected Useful Life Table: Building Exteriors

Building Exteriors	Type	Family	Elderly	Action (replace unless otherwise noted)
	Porches	50	50	Paint @ 5 years
	Wood Decks	20	20	Paint @ 5 years
	Storage Sheds	30	30	Paint @ 5 years
	Carports	40	40	
	Garages	50+	50+	
Canopies				
	wood/ metal	40	40	
	Concrete	20	20	
Foundations		50+	50+	
Waterproofing Foundation		50+	50+	
Building Mounted Exterior Lighting		6	10	
Building Mounted HID Lighting		6	20	
Bulkheads		6	20	
Ceilings, exterior or open		5	5	Paint
Chimney		25	25	Paint
Exterior Common Doors				
	Aluminum & Glass	30	30	Door Only
	Solid Core (wood or metal)	20	20	Door Only
	Automatic	15	30	Door & Mechanism
Exterior Stairs				
	Wood	30	30	Replace
	Filled metal pan	20	20	Replace
	Concrete	25	25	Replace
Basement Stairs		50+	50+	
Fire escapes		40	40	Resecure
Exterior Unit Doors		25	25	
Windows - all types		20	20	Replace for energy efficiency
Exterior Walls				
	Aluminum siding	15	15	Prep & Paint
	Brick or block	40	40	Repoint
	Stone veneer (brownstone)	20	20	Waterproof & Caulk
	Glass Block	15	15	Recaulk
	Granite block	40	40	Repoint
	Metal/glass curtain wall	10	10	Recaulk
	Precast Concrete panel	15	15	Recaulk
	Vinyl siding 0.030 TO 0.040	15	15	Replace AS REQ'D
	Vinyl siding 0.042 - 0.055	30	30	Replace AS REQ'D
	Wood siding/shingles	5	5	Prep & Paint/Stain
	LATEX stucco (EIFS)	5	5	Prep & Paint/Stain
	portland cement stucco	30	30	repair cracks
Parapet Wall		50+	50+	
Storm/Screen Doors		7	15	

Building Exteriors	Type	Family	Elderly	Action (replace unless otherwise noted)
Storm/Screen Windows		20	20	
Window Security		40	40	
Windows (frames & glazing)		30	30	
Roof				
Roof Covering				
	Aluminum shingles	40	40	
	Asphalt shingles	20	20	
	Built up (BUR)	20	20	(Subject to Waiver)
	Membrane	20	20	(Subject to Waiver)
	Preformed metal	40	40	
	Shingles (slate, tile, clay etc.)	50+	50+	
	Wood shingles	20	20	
Roof Drainage Exterior (gutter & fascia)		25	25	Replace
Roof Drainage Interior (drain covers)		50+	50+	Replace
Roof Structure		50+	50+	
Roof Railings		10	10	Repaint
Hatches/Skylights				
	Access hatch	30	30	
	Smoke hatch/skylight	25	25	
Service Doors		25	25	
Soffits				
	Wood/Stucco/Concrete	5	5	Repair/Repaint
	Aluminum or vinyl	25	25	Replace
	Concrete	50+	50+	Replace

F. Expected Useful Life Table: Multi-Tenant Building Common Area

Multi-Tenant Building Common Area	Type	Family	Elderly	Action (replace unless otherwise noted)
Common Area Doors		50+	50+	
Common Area Floors				
	Ceramic/Tile/ Terrazzo	50+	50+	Replace
	Wood (Strip/Parquet)	30	30	Replace/sand & finish
	Resilient Floor (tile/sheet)	15	15	Replace
	Carpet	7	7	Replace
	Concrete	50+	50+	
Common Area Railings		50+	50+	
Common Area Ceilings				
	Concrete/DW/Plaster	50+	50+	Paint 5-8 years
	Acoustic Tile	20	20	Replace
Common Area Countertop/sink		20	20	
Common Area Dishwasher		15	15	
Common Area Disposal		5	5	
Common Area Walls		50+	50+	Paint 5-8yrs
Interior Lighting		25	25	
Interior Railings		50+	50+	
Kitchen Cabinets	(wood construction)	20	20	
Refrigerator, common area		15	15	
Public Bathroom Accessories		7	7	
Public Bathroom Fixtures		15	15	
Insulation/Wall		50+	50+	
Mail Facilities		20	30	
Penthouse		25	25	New Door & Pointing

G. Expected Useful Life Table: Dwelling Units

Dwelling Units	Type	Family	Elderly	Action (replace unless otherwise noted)
Slab		50+	50+	
Wood Floor Framing		50+	50+	
Stair Structure		50+	50+	
Bath Accessories/ vanities		10	15	
Bath Fixtures (sink, toilet, tub)		20	20	
interior hollow solid Doors		30	50	
interior hollow core Doors		10	20	
Residential Glass Doors		15	20	
Kitchen Cabinets	(wood construction)	20	25	
Countertop & Sink		10	20	
Dishwasher		10	15	
Disposal		5	8	
Electric Fixtures		20	20	
Living Area Ceilings				
	Concrete/Drywall/Plaster	50+	50+	Replace (Paint 5-8yr)
	Acoustic Tile	20	20	
Living Area Floors				
	Ceramic/Tile/Terrazzo	50+	50+	Replace
	Wood (strip/parquet)	30	30	Replace part/refinish
	Resilient Flooring	15	20	Replace
	Carpet	7	10	Replace
	Concrete	50+	50+	Replace
Living Area Walls		50+	50+	Replace (Paint 5-8yr)
Range		15	20	
Range hood		15	15	
Refrigerator		15	15	
Smoke/Fire Detectors		10	10	

H. Expected Useful Life Table: Major Mechanical - Tenant Unit

Major Mechanical - Tenant Unit	Type	Family	Elderly	Action (replace unless otherwise noted)
Radiant heating				
	Hydronic (baseboard or	50	50	
	Electric Baseboard	25	25	
	Electric Panel	50	50	
Unit Wiring		99	99	
UNIT HVAC				
	Electric fan coil	20	20	
	Electric heat/AC	15	15	
	Evap. condenser (swamp cooler)	20	20	
	Gas furnace, split DX AC	20	20	
	Heat pump w/suppl. electric	15	15	
	Heat pump, water source	20	20	
	Hydronic fan coil	30	30	
	Hydronic heat/electric AC	20	20	
	Radiant steam heat	50	50	
	Electric base board heat	15	15	Replace for energy Efficiency
Unit Level DHW		10	10	
Unit Vent/Exhaust		15	15	

I. Expected Useful Life Table: Major Mechanical Common Area

Major Mechanical Common Area	Type	Family	Elderly	Action (replace unless otherwise noted)
Central Unit Exhaust, roof mounted		20	20	
Chilled Water Distribution		25	25	
Compactor		15	15	
Cooling Tower		40	40	Repair as required
Electrical Switchgear		50+	50+	
Electrical Wiring		50+	50+	
Elevator, Cab, call station, etc.		15	15	Rebuild interior
Elevator, Machinery		25	25	
Emergency Generator / transfer gear		35	35	
Emergency Lights - Battery operated		10	10	battery replacement
Fire Pumps		40	40	Pump motor
Fire Suppression - wet system		50+	50+	Piping
Fire Suppression - dry system		30	30	replace head, comp, switch
Gas Distribution		50+	50+	Piping
Hot & Cold Water Distribution		50	50	
HVAC				
	Cooling only	15	15	
	Heat only	15	15	
	Heating & Cooling	15	15	
Sanitary Waste & Vent System		25	25	
Sewage Ejectors		25	25	
Smoke & Fire Detection System, central panel		25	25	
Sump Pump				
	Residential	7	7	Replace
	Commercial	15	15	Replace motor
Boiler Room Equipment/ vents		25	25	
Boilers	Oil-fired, sectional	22	22	
	Gas/dual fuel, sectional	25	25	
	Oil/gas/dual fired, low MBH	30	30	
	Oil/gas/dual fired, high MBH	40	40	
	Gas fired atmospheric	25	25	
	Electric	20	20	
Combustion Air	Duct w/fixed louvers	25	25	Replace
DHW Generation				
	Tank only, dedicated fuel	10	10	
	boiler	15	15	
	External tankless	15	15	
Instantaneous		20		
DHW Storage Tanks	Small (up to 150gals)	12	12	Replace
	Large (over 150gals)	7	7	Point Tank Lining
Domestic Cold Water booster Pumps		15	15	
Flue Exhaust		w/boiler	w/boiler	
Heat Exchanger (HRV)		35	35	
Solar Hot Water		20	20	Replace collector panels

X. Market Study Standards

A. Introduction

The market study determines if sufficient need for the proposed affordable development exists in the market area. Market study providers must include current demographic information, and recommendations shall be based on current market conditions.

A market study must be conducted by an OHFA-approved market study professional. To be approved, market analysts must follow the application requirements available on the website, have a membership in good standing with the National Council of Housing Market Analysts (NCHMA), undergo NCHMA's Member Designation Program and abide by the **NCHMA Model Content Standards for Market Studies for Rental Housing**.

Any market study professional submitting inaccurate information will be removed from the list of OHFA-approved market study providers. The market study professional must organize the study using the **OHFA Market Study Index** and complete the **Market Study Checklist**.

B. Definitions

Absorption Period
The period of time necessary for a newly constructed or renovated property to achieve the stabilized level of occupancy. The absorption period begins when the first certificate of occupancy is issued and ends when the last unit to reach the stabilized level of occupancy has a signed lease. Assumes a typical pre-marketing period, prior to the issuance of the certificate of occupancy, of about three to six months. The month leasing is assumed to begin should accompany all absorption estimates.

Absorption Rates
The average number of units rented each month during the absorption period.

Assisted Living
A development type that meets all requirements of OHFA's Assisted Living Policy.

Capture Rate
The percentage of age, size and income qualified renter households in the PMA that the property must capture to achieve the stabilized level of occupancy. Funding agencies may require restrictions to the qualified households used in the calculation including age, income, living conditions and other comparable factors. The capture rate is calculated by dividing the total number of units at the property by the total number of age and income qualified renter households in the primary market rate area.

Demand
An estimate of the total number of market households that have both the desire and the ability to obtain the product and/or services offered.

Derived Rent
A payment made periodically by a tenant to a landlord in return for the use of land, a building, an apartment, an office, or other property. The market analyst should derive their own recommended Housing Tax Credit (HTC) rent based on their perspective on both affordability constraints and the market for competitive HTC properties in the market area.

Fair Market Rents (FMR)
The amount of money a property with a certain number of bedrooms would rent or lease for in a certain area of the county if it was available.

Housing Tax Credit
The HTC program is a tax incentive program designed to increase the supply of quality, affordable rental housing by helping developers offset the costs of rental housing developments for individuals with low- to moderate-income. The HTC program requires that rents remain affordable 30 years.

Market Study
A macroeconomic analysis that examines the general market, economic and environmental conditions of supply, demand, and pricing or the demographics of demand for a specific area or property type. A market study may also include analyses of construction and absorption trends.

Penetration Rate
The percentage of age and income qualified renter households in the PMA that all existing and proposed properties, to be completed within six months of the subject, and which are competitively priced to the subject that must be captured to achieve the stabilized level of occupancy. Funding agencies may require restrictions to the qualified households used in the calculation including age, income, housing conditions and other comparable factors. Also see: Description of the Federally Subsidized Developments.

Primary Market Area (PMA)
A geographic area from which a property is expected to draw the majority of its residents. It is expected that the market analyst will use his or her experience and best knowledge to define the PMA (and Secondary Market Area, if any) for the development.

Programmatic Rent
The proposed rents for a HTC or other income restricted property relative to comparable market rate properties and rents being achieved at other HTC or other income-restricted properties in the market. Programmatic rent cannot be greater than maximum rents permitted by the HTC or other program regulations.

Public Housing Authority (PHA)
Public Housing Authority.

Saturation Rate
The point at which there is no longer demand to support additional units.

Vacancy Rate: Economic
Maximum potential revenue less actual rent revenue divided by maximum potential rent revenue.

Vacancy Rate: Physical
Average number of apartment units in any market which are unoccupied divided by the total number of apartment units in the same market, excluding units in properties which are in the lease-up stage.

C. Content

At minimum, the market study must include all of the following sections. OHFA reserves the right to independently determine if a market exists for the proposed project and to require additional information and/or another market study. OHFA may also contact the market analyst during the review process if any required information cannot be found in the study

Executive Summary
Provide an executive summary that briefly reviews all of the essential market study requirements and recommendations or suggested modifications and key findings to the proposed project. The executive summary should be as brief as possible to convey all necessary information, if possible no more than one page in length. Ensure that explanations are clear and concise.

Conclusion
Concise conclusion by the author that indicates a market exists for the proposed project. The conclusion must include the estimated stable year vacancy rate and the estimated time needed to fully lease-up the proposed project. If the estimated stable year vacancy rate exceeds seven percent and/or the estimated lease-up time exceeds one year, provide a detailed explanation.

Description of Proposed Site
Description of the proposed project site.

Description of PMA
Description and map of the PMA for the proposed project, including the methodology used to determine the boundaries. Provide a detailed explanation if the PMA include any areas outside of a five-mile radius from the proposed project. Include a discussion of the health of the overall rental housing market in the PMA. All sites included in a project must be located within one PMA. In addition, if the demographics of the immediate site area are significantly different from the PMA, please provide population and household income and housing data for the immediate area. If this is an assisted living or independent living development, state the number of units serving that population.

Rent Comparison Chart
Create a derived rent and programmatic rent comparison chart showing pro forma and achievable rents ratio to maximum program rents, derived market rents, the current FMR rents and 90 percent FMR rents.

Income Qualification
Description of the number of income qualified renter households divided by the number units in the PMA, also known as the capture rate. The maximum income for this range would assume 1.5 persons per bedroom rounded up to the next whole person. If this exceeds 10 percent, provide a detailed explanation for the higher rate.

Description of Public Services
Description and evaluation of the public services (including transportation, police, fire department, schools, day care, library and community center), infrastructure (including roads and traffic), community services (including shopping, restaurants, parks, recreational facilities, hospital, health care facilities and services for special needs, if applicable) and employers in the PMA. Provide a list of the approximate distances to all the services. Include a map that clearly identifies the location of the project and all public and community services.

Description of the Federally Subsidized Developments
Description of the federally subsidized development projects that received Ohio Housing Trust Funds or HOME funds and HTC projects, both operating and not yet placed-in-service, located in the PMA. Projects that received Ohio Housing Trust Funds, HOME funds or HTC projects that were not placed-in-service must be included in the analysis. Provide the current vacancy rate for each project and include the person(s) contacted for each competing project and the method of contact. Compare the rents, amenities, unit sizes, bedroom sizes and populations served of the comparable projects to the proposed project.

The following information must also be included: name, location, population served, type of design, age and condition, number of units by bedroom type, rent levels, number of bedrooms and baths for each unit type, size (in square footage) of units, type of utilities and whether paid by tenant or owner, unit and site amenities. Comparisons to the subject rents should be based on comparable amenities, utilities, location, parking and any rental concessions. Identify specific reasons why comparable types are faring poorly in the market, if applicable. Projects that receive a reservation may be required to amend their market study to incorporate those other projects receiving an allocation in the same round and are located in the same PMA. A listing of projects that received Ohio Housing Trust Funds or HOME funds or HTC in service and in development is located on the **OHFA website**. Calculate the ratio of subsidized projects that received Ohio Housing Trust Funds or HOME funds and HTC units to income eligible renter households.

Vacancy Rates
Estimate of the current vacancy rates of the Ohio Housing Trust, HOME and HTC funded projects and include only those currently operating located in the PMA during the first stabilized year of the proposed project. If the estimated vacancy rate exceeds 10 percent for any project, provide a detailed explanation for the higher rates.

Comparable Development
Description of comparable market rate developments located in the PMA. Provide the current vacancy rate for each project and include the person(s) contacted for each competing project and the method of contact. Compare the rents, amenities, unit sizes, bedroom sizes, and populations served of the competing projects to the proposed project. The following information must also be included: name, location, population served, type of design, age and condition, number of units by bedroom type, rent levels, number of bedrooms and baths for each unit type, size (in square footage) of units, type of utilities and whether paid by tenant or owner, unit and site amenities. Comparisons to the subject rents should be based on comparable amenities, utilities, location, parking and any rental concessions.

Public Housing Concerns
Evaluation of any concerns or issues from the jurisdiction's PHA. The applicant or market study author must send a letter via certified mail to the local PHA. The letter must contain a brief description of the project and target population, instructions for the PHA to forward all comments to the market study author, and a statement that all comments must be submitted within 30 days from receipt of the letter. If the PHA does not respond to the letter or comments are submitted after the 30-day comment period, the market study author does not need to analyze the issues or concerns of the PHA. Include in the market study a copy of the letter, certified mail receipt and copies of any letters from the PHA.

Financial Interest
An executed original market study certification. The market analyst shall have no financial interest in the proposed project. Financial interest is deemed to be any compensation other than the fee for preparing the market study. Furthermore, the fee assessed for the study shall not be contingent upon the proposed project being approved by OHFA.

Data Sources
A list of all data sources used in the study.

Assisted Living Developments
The market study must be customized to the affordable and assisted living markets and shall include an analysis of market penetration rates and competition. If the proposed development includes both assisted and independent living units, the market study must individually address both markets.

The objective is to identify sites that are appropriate for the development of housing targeted toward low income to moderate income older adults age 55 and over. This portion of the market study will determine if specified assisted living housing will be compatible in the selected area and meet the needs of seniors. Market area housing for assisted living may differ from senior housing without services.

If the proposed development includes both assisted living and independent living units, the market study must individually address both markets in accordance with OHFA requirements for each.

In addition to the above, assisted living market studies shall also include the following:

- Projected resident characteristics including the following
    - The average age at assisted living entry;
    - AMGI level and income sources;
    - Residents per unit;
    - Medicaid-defined level of care
- Residents needing assistance with any of the following: dressing, bathing, hygiene, transportation and/or meals.
- Resident monitoring and amenities offered. Examples include meals, housekeeping, medication assistance, personal care services, medical services, transportation, 24 hour onsite management and laundry service.
- Comparable unit amenities, such as security systems, walk in closets, roll in showers, personal emergency response systems, private patio or balcony, additional storage.
- Market area demand and trends including a five-year growth forecast for the area within an 11-mile radius. If information needs to be pulled from a larger geographical area provide an explanation.
- Growth forecasts that include population increases, demand for assisted living and independent living and aging population demographics
- Neighborhood amenities such as
    - Location of amenities – close proximity to community activities and services
    - Fitness center – located on site or at a nearby recreation center
    - Library – located on site or nearby
    - Computer center – located on site or nearby
    - Common outdoor areas
    - Health care facilities and pharmacies
- Waiting list length at comparable facilities in the PMA

D. Model Content Standards for Rental Housing Market Studies

TheNCHMA Model Content Standards for Rental Housing Market Studies are **available online**.

XII. Assisted Living Policy

The following outline identifies how the Ohio Housing Finance Agency (OHFA) will assess and underwrite housing development projects that include affordable Assisted Living (AL) services. The draft policy was posted on the OHFA website, published in the “PP&D Update” newsletter, and public comments were accepted from October 12, 2016, until November 15, 2016. The policy received final Board approval on December 21, 2016.

The following requirements will apply in addition to existing underwriting and eligibility requirements unless otherwise noted. This policy is not retroactive and does not apply to any project under consideration at the time of its approval. This policy does not apply to bond transactions that do not utilize any other OHFA resources; however, assisted living developments may still be considered under that program.

The requirements included herein will be incorporated into other OHFA documents including the Qualified Allocation Plan and the Multifamily Underwriting Guide; until those documents are formally amended, this outline will be operative for applications received in the interim period.

Eligible Programs

- 4% Housing Tax Credits (HTC)
- Bonds
- Multifamily Lending Program (MLP)

Ineligible Programs

- Housing Development Assistance Program
- Housing Development Loan
- 9% HTC
- All other programs not specifically enumerated without written OHFA exception

Experience

- **Developer**: At least one AL development licensed and certified or otherwise approved to accept Medicaid Assisted Living Waivers (“AL Waiver”).
- **Operator**: At least two years’ operating HTC. At least two years’ operating AL after initial lease up, including accepting AL Waivers. HTC and AL experience may be obtained in separate developments.

All entities may partner with an existing provider to gain necessary experience.

Affordability & Medicaid Assisted Living Waivers

Up to 100 percent of all units may be “affordable” as defined by the HTC program.

Upon stabilization (defined as 90 percent occupancy), no more than 50 percent of all occupied units may be supported by the AL Waiver. After stabilization, the AL Waiver proportion may fluctuate with market demand. Public Housing Authorities or developments with project based subsidy are not subject to the initial AL Waiver unit cap if rental subsidies are committed to all affordable AL units.

Development must accept applicants “off the street” and cannot condition residency on ability to pay privately for any length of time (eg. cannot require “spend down” or “divesture” as a condition of tenancy). All developments must accept AL Waivers.

Independent Living Units

Non-AL, Independent Living (IL) units may be funded without separate HTC application provided all AL underwriting criteria, including but not limited to the higher Debt Coverage Ratio (DCR), is met for the whole development.

Application Fee

A $5,000 application fee will be assessed in addition to all standard fees.

Reserves

OHFA will require a 15 percent increase to operating and replacement reserves; this requirement will be waived where the investor imposes comparable risk mitigation requirements.

Lease

All units must have a written lease agreement with the resident that complies with the requirements in 26 U.S. Code Section 42 and OAC 5160-44-01.

Design

The following design requirements shall apply:

- **Efficiencies**: Up to 25 percent of all units may be efficiencies. The number of efficiencies cannot be disproportionately reserved for HTC or AL Waiver residents. Efficiency units must be 350 square feet or larger.
- **One Bedroom**: One-bedroom HTC units must conform to one of the two following size requirements:
    - All HTC one-bedroom units must be 450 square feet; or
    - All HTC one-bedroom units combined must average 500 square feet
- **Two Bedroom**: Two bedroom HTC units are permitted by waiver with justification
- **Common Space**: OHFA will consider waivers to common space limitations
- **Kitchen Requirements**: Must be hard wired for stove and stove must be made available at owner expense if requested
- **Shared Rooming**: No “semi-private” rooms will be permitted
- **Medicaid Requirements**: Must comply with the setting characteristics outlined in OAC 173-39-02.16 and OAC 5160-44-01

Facilities may be deemed a “Residential Care/Assisted Living Facility” under ORC 4101:1-3-01 section 308, Group I-1 (308.2 Assisted living facilities), or Group I-2 (308.3 Nursing homes) for purposes of the Ohio Administrative Code and/or Ohio Building Code and, if so, shall meet all requirements thereof.

Services

All services must be optional and residents must have freedom to choose the service provider(s). Operator must give residents a statement regarding choice of service provider with 3701-17-57E notice and comply with person-centered planning outlined in OAC 5160-44-02.

Residency cannot be denied due to a person’s ineligibility for Medicaid AL services.

Because a health screening and annual assessment are a condition of occupancy as required by the Ohio Department of Health’s licensure, any charge for this service must be included in gross rent for purposes of section 42(g)(2)(A).

Nursing

Developments shall not make available continual or frequent skilled nursing, medical, or psychiatric services. Intermittent skilled nursing care provided for 120 days or less pursuant to OAC 3701-17-59.1 may not constitute “continual or frequent” nursing. Skilled nursing that is privately contracted for by the resident and not made available by the development is not implicated in this requirement. OHFA has not evaluated the eligibility of memory care facilities and is not accepting applications containing that level of care. See further information on IRS requirements below; OHFA makes no representation regarding the IRS eligibility of any nursing activity.

Underwriting Considerations

The following underwriting requirements will be applied:

- **Service Income**: Service income will be underwritten at a rate of $70 per day per AL unit. This includes an underwriting assumption of one resident per unit; however, double occupancy is permitted.
- **DCR**: DCR must average 1.3 or higher for the affordability period.
- **Reserves**: Reserves in excess of those required for IL developments that are mandated or otherwise approved by OHFA may be excluded from cost containment analysis.
- **Cost Containment**: No other waivers will be granted on cost containment criteria.

Market Study

The market study must be customized to the affordable and assisted living markets and shall include an analysis of market penetration rates and competition. If the proposed development includes both AL and IL units, the market study must individually address both markets in accordance with OHFA requirements for each.

Other Application Requirements

The funding application must also provide the following:

- Owner and operator's licensing history summary;
- Owner and operator's inspection history summary;
- Owner and operator's most recent inspection and licensing report(s);
- Development's lease up plan including financing arrangements;
- Development's tenant selection plan, including the conditions under which a two-bedroom unit will be rented to one person, if any.
- Development's plan to enable residents to exercise service provider choice;
- Development's policies and procedures for operation including policies and procedures required to meet the Ohio Department of Health Residential Care Facility licensure standards (OAC 3701-17-50 through 68) and the Ohio Department of Aging assisted living waiver provider certification standards (OAC 173-39-02 and 173-39-02.16)
- Development's plan to fully integrate residents into the local community, including compliance with Home and Community Based Services regulations as outlined in OAC 5160-44-01

Training

Awardees may be required to attending a training and/or Next Steps Meeting upon receipt of funding award.

Application Limit

OHFA reserves the right to limit the number of applications it will accept pending a full review of the effectiveness of this policy. OHFA intends to fund no more than five AL projects in 2017.

Waiver

If OHFA determines that a project is unable to meet the above requirements, OHFA reserves right to waive any requirement(s) for proposals that do not use HTCs.

Information Sharing

As permitted by law, applicants must consent to the sharing of information between all government agencies OHFA deems necessary for efficient compliance and oversight.

Legal

All must maintain Residential Care Facility licensure issued by the Ohio Department of Health and a Ohio Department of Aging certification as an AL Medicaid provider and conform to all applicable laws existing and/or as may be enacted at any point during the affordability period.

Indemnification

Owner must provide OHFA with an unlimited indemnification in all property operations and with regard to the performance of all services provided to the residents regardless of whether or not owner provides the services to the residents or contracts with another entity to provide the services. The resident rental agreement must include preapproved hold harmless language in favor of OHFA with regard to any and all matters.

Disclaimer

OHFA makes no representation as to Internal Revenue Service eligibility of proposed developments and strongly recommends each applicant pursue legal verification of the development's ability to qualify for housing tax credits. Developments will be required to provide a legal opinion for each proposal. In the unlikely event that a development proposes continual or frequent skilled nursing, medical or psychiatric services, OHFA reserves right to require a private letter ruling at developer expense.

OHFA makes no representation as to the availability of AL Waivers or of any applicant's eligibility for that program.

To qualify for enrollment on the Medicaid AL waiver, an individual must have a "nursing facility level of care". Nursing facility level of care criteria is established in OAC 5160-3-08. The need for continuous nursing is not required for an individual to meet nursing facility level of care criteria. The Centers for Medicare and Medicaid Services require that waiver services may only be furnished to individuals who are determined to require the level of care furnished in a hospital, nursing facility or Independent Care Facility for Individuals with Intellectual Disabilities (ICF/IDD). Individuals accepted by HTC facilities in other states who are receiving waiver services were also determined, in accordance with each state's regulations, to require the level of care furnished in a hospital, nursing facility or ICF/IDD.

APPENDIX: DESIGN AND ARCHITECTURAL STANDARDS

See separate document Design and Architectural Standards.

OHIO HOUSING FINANCE AGENCY

DESIGN AND ARCHITECTURAL STANDARDS

Introduction and Scope

The following design and architectural standards apply to all competitive Ohio Housing Finance Agency (OHFA) multifamily affordable housing developments including but not limited to the Housing Tax Credit and Housing Development Assistance Program (HDAP). The Multifamily Lending Program and bond transactions that do not utilize other OHFA financing tools are excluded from these requirements. All other program participants shall conform to these requirements unless waived by OHFA in writing.

The intent of these standards is to:

- Enhance consistency in the design approval process;
- Promote using durable materials that reduce long-term maintenance costs;
- Create a healthy living environment for residents of all backgrounds and abilities;
- Enhance energy efficiency to reduce operating costs; and
- Appropriately balance high quality materials with cost containment principals.

Unless otherwise stated, these standards embody only the minimum requirements necessary to receiving OHFA funding. Standards may be increased or modified by programmatic requirement or incentive; applicants shall consult the relevant program guidelines for further information. Development teams are encouraged to exceed these standards and implement creative solutions to best serve residents' needs.

All requirements enumerated herein are exclusive of federal, state, and local law or regulation that may further dictate design requirements. Where applicable, developments shall conform to the requirements set forth in the Ohio Development Services Agency's Residential Rehabilitation Standards, Fair Housing Amendment Act of 1988, Section 504 of the Rehabilitation Act of 1973, and/or the Americans with Disabilities Act of 1990. If an OHFA design requirement differs from a legal or regulatory requirement, the highest standard compatible with legal compliance, as determined by OHFA, shall be effective unless otherwise waived by OHFA.

Historic preservation developments may seek an exception to these requirements as required or recommended by the Ohio Historic Preservation Office.

Unless otherwise noted, these standards apply to all new construction, all Gut Rehabilitation, and to any element in a moderate or substantial rehabilitation that is being replaced or renovated as part of the scope of work. OHFA reserves the right to waive any requirement necessary for the effective administration of its programs.

Rehabilitation and adaptive reuse projects must provide a compelling need to replace materials and/or features at 50% **Expected Useful Life** or more. Items that have 75% EUL or more remaining are not eligible for replacement using OHFA funds as specified in the sources and uses section of the financing application. OHFA will review exceptions on a case-by-case basis for replacement of items with 75% EUL or more when required to obtain a green certification.

Definitions

Unless otherwise noted, all definitions shall be the same as the building code applicable to the construction type.

Dedicated Program Space is a room or space outside the residential living unit designed exclusively for tenant use that has a fixed, program-driven purpose. Examples include but are not limited to counseling space for adults and children, wellness and health clinic areas, and day care centers.

Common Space is a room or space outside the residential living unit designed for resident use that does not impose a usage fee or participation in an activity for free enjoyment of the space. Examples include but are not limited to a hallways, elevators, multipurpose room, library, fitness center, computer room, meeting room, laundry room, lobby, rental office and management space, owner/manager storage space.

Support Space is a room or space outside the residential living unit that is not intended for resident use and includes but is not limited to mechanical areas, janitor closets, management office areas, and supply and mechanical storage areas.

New Construction is site preparation for, and construction of, entirely new structures and/or adaptive reuses of existing structures whether or not the site was previously occupied.

Net Rentable Area is the sum of the unit area, balcony area, and tenant storage area as further described in the OHFA architect certification form.

Expected Useful Life (EUL) is the average amount of time in years that an item, component, or system is estimated to function when installed new and assuming routine maintenance is practiced.

Gut Rehabilitation shares the same definition as in the Unified NSP 1 and NSP3 Notice issued October 19, 2010, and is general replacement of the interior of a building that may or may not include changes to structural elements such as flooring systems, columns or load bearing interior or exterior walls. Gut Rehabilitation may or may not also be a “Substantial Rehabilitation” as defined by the Qualified Allocation Plan.

Senior Developments are development that meet the Housing for Older Persons exemption of the Fair Housing Act and, if applicable, competed under a Senior pool in the relevant OHFA funding program.

Permanent Supportive Housing (PSH) is a development that competes as and is funded under the Permanent Supportive Housing sub-pool of the Qualified Allocation Plan.

Code Compliance

Exceptions will not be considered.

All developments with four or more units shall conform to the requirements set forth in the **Ohio Building Code**, the **Ohio Mechanical Code**, and the **Ohio Plumbing Code**. A licensed architect shall certify compliance with these codes. Further compliance with local codes, zoning codes, and fire codes may be required by the jurisdiction.

All developments with three or fewer units shall conform to the requirements set forth in the **Residential Code of Ohio for One-, Two-, and Three-Family Dwellings**. A licensed architect shall certify compliance with this code. In the HDGF program only, OHFA reserves the right to permit a non-architect who is an otherwise licensed design professional with experience in plan reviews to certify compliance with small-scope rehabs.

Durability and Sustainability

The following requirements attempt to balance the need for long-lasting designs that will reduce maintenance requirements during the compliance period with the equal need for cost effective designs that promote an efficient use of resources in construction as well as during occupancy.

Durable Materials

Exceptions will be considered.

Where construction, replacement, or renovation is required, the following elements shall be constructed with materials that have a 30 years EUL or longer; alternately, materials may be used that have a 30-year warranty that covers 75% or more of material replacement cost. Any “permissible material” described below will be deemed to meet these requirements.

Pre-approved materials are specified on the next page, developments may seek an OHFA exception to use materials not provided on this list. If a conflict between the below durability requirements and a green certification requirement exists, the highest durability standard that is compatible with certification shall prevail.

Element	Permissible Material
Exterior Walls	• Wood Stud • Brick or block • Manufactured Stone • Metal Stud Framing
Exterior Veneers	• Vinyl siding 0.042-0.055 • Portland Cement Stucco, no EIFS • Fiber Cement Board • Brick • Thin Stone • Thin Brick only if it is not metal lath
Roofing	• Preformed metal • 30-year asphalt shingles • 30-year membrane roof (EPDM, PVC, TPO)
Residential Living Unit Floors	• Ceramic tile • Wood • Resilient Flooring, Vinyl Plank, Vinyl Tile • Stained Concrete • Solution-dyed nylon with anti-microbial and water resistant backing (also see Floor Covering limitations)
Insulation	• Roof insulation shall be R38 minimum for all buildings
Windows and Exterior Doors	• New and replacement windows and exterior doors must be Energy Star rated for zone 5 and wind rated for 90mph or DP-20 minimum. Exterior doors shall be insulated core.
Moisture-Resistant Drywall	• Moisture-resistant gypsum board ("paperless board") or equivalent must be used on all horizontal walls in the bathroom and within four feet of any other water sources, where the drywall can be splashed, such as kitchen sink, next to water heater, and/or clothes washer. • Water-resistant gypsum board or equivalent shall be provided behind any tub/shower unit located on an exterior wall. Water-resistant gypsum, when used on ceilings must be rated for the span.
Counter Tops	• Plastic laminate on moisture resistant, high-density fiberboard substrates
Cabinets and Drawers	• Solid wood doors/fronts • Wood stile with plywood panel • Plywood frame
Water Heater	• High efficiency, meeting Energy Star requirements • Other high efficiency element that meets green certification requirements
HVAC	• High efficiency, meeting Energy Star requirements • Other high efficiency element that meets green certification requirements
Electrical	• All newly installed or replacement interior luminaries shall be Energy Star qualified. All light bulbs must have a 10,000-hour minimum life. Residential fixtures shall use common lamp base type fixtures such as A-19 or tube bi-pin. Bases such as GU-24 and similar specialty bases are prohibited in residential area and discouraged in multitenant buildings as well. LED lights are encouraged and required in all unheated areas. • Other high efficiency electrical that meets green certification requirements
Appliances	Energy Star certified

The following materials and techniques are encouraged but not required:

- PEX-type tubing
- A manifold system with no cuts or fitting between manifold and fixture
- Tankless water heaters

Energy Efficiency Certification

Exceptions will not be considered.

All multifamily developments must obtain one of the following certifications:

- Energy Star Performance or Prescriptive Path applicable to development type;
- 2015 Enterprise Community Partners Green Communities;
- Ohio Enterprise Community Partners Green Limited Scope Rehabilitation Overlay (not applicable in the Competitive Housing Tax Credit program);
- Leadership in Energy & Environmental Design (LEED) Silver Certification by the U.S. Green Building Council; or
- ICC 700 National Green Building Standards (NGBS) by Home Innovation Research Labs Version 4.

All single-family homes shall obtain one of the above certifications or may substitute for Energy Star Certified New Home.

Evidence of final certification from a HERS rater, or otherwise qualified and licensed professional as approved by OHFA, is required upon construction completion.

The following materials and techniques are encouraged but not required: PHIUS+ Project Certification (Passive House), DOE Zero Energy Ready Home (with or without renewable energy system), and grey water systems.

Developments that use the Energy Star Portfolio Manager must allow OHFA full access to this data for a minimum of five years or the agreement period, whichever is shorter. To share a property with OHFA, users should send a connection request to "OHFAPPD16." Applicants who will use a comparable third party system to measure and maintain energy consumption data must also share information with OHFA in a manner that allows the Agency access to key metrics and the ability to compare the energy performance of applicable buildings to other developments.

General and Common Area Requirements

OHFA Square Footage Calculation

All multifamily developments must use Building Owner Management Association (BOMA) Multifamily Standards using the “gross method”. Single-family developments must use BOMA “Gross Area Measurement Standards”. All square footages must be calculated and certified in the AHFA/GFA by the Architect of Record. All buildings within the property boundary must be included in the gross area including all buildings with HUD BIN numbers, free standing community buildings, maintenance buildings and sheds, picnic shelters, garages, carports, porches, etc. The calculation does include commercial, market rate, manager unit, Common Space, Dedicated Program Space, and tenant storage. The calculation does not include trash enclosures, concrete patios without roofs, and sidewalks.

Community Integration

Recommended best practice.

Developments should coordinate with or complement the local architecture and promote resident integration with the broader neighborhood. They should be culturally appropriate for the population being served and the community in which they are situated. Design should promote community safety to the greatest extent practicable.

Common Area Restrictions

Exceptions will be considered.

The maximum common area shall not exceed 10 percent of the total gross building square footage. Dedicated Program Space is excluded from this calculation. Circulation space is excluded from this calculation. Existing rental housing units are exempted from this criteria unless the footprint of the original building is expanded. Single-family homes are exempted from this requirement for common area within the unit if those spaces are exclusively for use of that individual resident.

Gutters and Downspouts

Exceptions will not be considered.

All downspouts shall empty onto concrete splash blocks with a positive slope away from the building or be piped to an appropriate location.

Main Entry

Exceptions will be considered.

All main entries shall have a roof or awning over the entry area.

Parking

Exceptions will not be considered.

Parking lots shall satisfy all local requirements.

Play Areas and Amenities

Recommended best practice.

All developments are encouraged to contain or be located in close proximity play space, walking paths, or other recreational features and amenities appropriate to the population being served.

In-Unit Requirements

Minimum Residential Unit Sizes

Exceptions will be considered.

Unit sizes, also called "residential living spaces", shall meet the following minimum square footage requirements; OHFA reserves the right to limit the size of units during the application review process:

- 0 Bedroom Units: 450 SQFT
- 1 Bedroom Units: 650 SQFT
  - **PSH**: 450 SQFT
  - **Assisted Living**: 450 SQFT; all 1 bedrooms average no more than 500 SQFT
- 2 Bedroom Units: 850 SQFT
  - **PSH**: Exceptions will be considered
- 3 Bedroom Units: 1,000 SQFT
- 4+ Bedroom Units: 1,200 SQFT

Single Room Occupancy units are not permitted. Senior Developments may not have any unit larger than two bedrooms. Single-family homes must contain three or more bedrooms.

Bedroom Requirements

Exceptions will be considered.

The following size requirements for bedrooms shall apply:

- First Bedroom: Must be 120+ SQFT
- Second Bedroom: Must be 110+ SQFT
- Third+ Bedrooms: Must be 100+ SQFT

OHFA encourages bedrooms on accessible floors wherever practical.

Double Occupancy

Exceptions will not be considered.

At a minimum, three- and four-bedroom units shall support double occupancy in each bedroom under local zoning and building requirements.

Bathrooms

Exceptions will be considered.

The following are both the minimum and maximum number of bathrooms permitted for each newly constructed unit size. This section does not apply to rehabilitation.

- 0 Bedroom Units: 1 full bathroom
- 1 Bedroom Units: 1 full bathroom
- 2 Bedroom Units: Either 1 full bathroom or 1.5 bathrooms
- 3 Bedroom Units: 1.5 bathroom
- 4+ Bedroom Units: 2 full bathrooms

Multi-story townhomes must have an accessible bathroom or half-bathroom on the accessible-floor.

Any unit that is required to meet Section 504 accessibility requirements shall have roll-in showers.

General Unit Features

Exceptions will not be considered.

All units shall:

- Be air conditioned
- Have interior doors with a minimum 32” width (New Construction only), including closet doors
- Have hallways with a minimum 42” width (New Construction only)
- Use lever-handles for all plumbing fixtures and for all non-closet doors
- Contain adequate storage space for unit residents; adequacy will vary by population served and construction type.

Kitchen and Appliances

Exceptions will be considered.

All residential unit kitchens shall include either (1) a 30-inch-wide stand-alone range or (2) a cooktop and wall oven. They shall also include a refrigerator; under-counter and compact refrigerators will not be accepted. All kitchen appliances that are replaced or installed, including but not limited to those listed above, shall be new. All refrigerators, dishwashers, clothes washers, and clothes dryers shall be Energy Star rated.

All Assisted Living units must be hard wired for stove and stove must be installed and made available at owner expense if requested. Exceptions will not be considered.

Except in PSH, Assisted Living, or 0-bedroom units, units must include washer and dryer hookup unless laundry facilities are provided on-site.

Floor Coverings

Exceptions will be considered.

Floor coverings shall be non-glare and slip resistant. Carpet is only permitted in residential living units and Support Space. In residential living units, carpet is not permitted in kitchen or bathroom areas. If used, carpet shall be solution-dyed nylon with closed-cell. If a pad is required, high-density pad shall be used.

Unit Configuration Changes

Unit configurations are locked in at final underwriting. The development shall not change, convert, modify, reconfigure, or otherwise alter the number of bedrooms and the size of those bedrooms without prior written approval from OHFA. For example, the development may not convert efficiency units to one-bedroom units by adding a door unless approved by OHFA.

Accessibility

Accessibility

Exceptions will only be considered for rehabilitations where compliance is technically infeasible.

In all OHFA funded projects, five percent of all units in each development shall meet Section 504 requirements. An additional two percent of all units shall be sensory compatible for persons with sight and hearing disorders. Site features and common areas shall be accessible including but not limited to dumpsters, outdoor grills, parking, play areas, and community shelters. Accessible units should be provided in a variety of unit configurations.

Accessible kitchens, in both common and private areas, must have at least a 12” x 15” appliance-free counter-space adjacent to all appliances. Accessible unit stoves must be at the same height as adjacent counter tops. Developers must notify OHFA of the Safe Harbor or project accessibility standard used for all projects.

Elevators

Exceptions will not be considered.

Senior Developments and PSH buildings shall not exceed one story unless the building has an elevator accessible to all residents. All other development types shall not exceed three stories unless the building has an elevator accessible to all residents.

Universal Design

Exceptions will not be considered.

OHFA endorses the Universal Design concept and all units utilizing OHFA resources must be designed to meet those principals to the greatest extent practicable. OHFA encourages developments to incorporate the **Principals of Universal Design** and the **Goals of Universal Design**. Applicants must complete the Design and Construction Features Agreement identifying the usability features of the design. OHFA staff may work with each applicant to help achieve maximum application of these concepts.

Operations and Enforcement

Exception Requests

OHFA will consider exception requests for items specifically noted above. OHFA will also consider exceptions for PSH developments that meet HUD minimum property standards.

All requests for exceptions must be on an OHFA-approved form and shall include reasonable justification for the exception and shall be submitted to OHFA on or before the date indicated in the program calendar. Exception requests must have a written description of specific features, quantities, location of the request, and drawings that give context to the request. The OHFA staff architect will review requests and make a recommendation to the management team to accept, deny, or modify the exception. The management team will make a final determination by the date indicated in the program calendars.

Project Capital Needs Assessment

Capital Needs Assessments must meet the OHFA Capital Needs Assessment Standards and conform to ASTM E2018-08 standards. In addition, the CNA must include an Immediate Repairs Table and Replacement Reserves/Ongoing Physical Needs tables. It must identify all Immediate Repairs as occurring in Year zero and project the expected reserve requirements necessary for at least the following 20 years of operations. The Provider will perform an on-site inspection to document the required information. At a minimum, this will involve viewing:

- 25 percent of all dwelling units (if less than 50 total units)
- 20 percent of all dwelling units (if 50 to 99 total units)
- 15 percent of all dwelling units (if greater than 100 total units)
- All accessible units
- All common facilities
- All site improvements
- All building exteriors

Preliminary Architectural Submissions

Proposal applications must submit preliminary drawings that are 11x17 (“scale to fit”) and include:

1. A cover sheet with development title, development team, drawing index, building areas and code information;
2. A site plan;
3. A landscape plan;
4. A floor plan with dimension, room designations and proposed finishes;
5. Exterior elevations with material notations;
6. Typical wall sections; and
7. Drawings and specifications for HVAC, plumbing, and electric or similar items in the scope of work.

Preliminary drawings must be submitted as paper and electronic (PDF required, DXF upon request). Proposed developments must also submit a Design and Construction Features Agreement. Existing Rental Unit developments must also submit an Existing Units History Narrative.

Final Architectural Submissions

Applicants must submit 80 percent complete permit sets, which include final plans for all trades, at the time of final application. Unless waived by OHFA in writing, all sets must be produced or authored by an Ohio-licensed architect. Sets must show compliance with the preliminary submittal, including the Design and Construction Features Agreement. 80 percent plans must be submitted in separate PDF files for drawings and specifications that include all site plans, dimensioned floor plans, elevations, wall sections, structure, finishes, details and mechanical plans. A copy of the final executed Design and Construction Features Agreement must be included in 80 percent plan sets. Additionally, each development must have dimensioned floor plans submitted in DXF or DWG AutoCAD R-14 format and an 11”x17” plan hard copy (dimensioned floor plans only). It is preferred that the projects architects polyline area lines be included. If drawings are externally referenced (xref), submissions must be bound (xbind) prior to creating files for OHFA.

Architectural drawings must have a dimensioned plumbing plan and control points located for rough-in site verification. All pipes-through-floor and the walls they are intended to be located within must be dimensioned. OHFA strongly encourages a surveyor to locate wall and through-slab pipe penetrations. Foundation over dig must be filled with insulation or forms and then back filled.

OHFA Staff Architect Role

Applicants must receive design approval from OHFA before proceeding with any element of construction or rehabilitation. OHFA will review plans for conformity to the requirements contained herein which include but are not limited to appropriateness for occupancy served, life safety, durability, quality of life, and scope of work.

Decisions made by the OHFA Staff Architect may be appealed to the PP&D Operations Manager in writing. Appeals must be specific and, where appropriate, cite to the governing regulation that conflicts with the Staff Architect decision.

Inspections and Construction Monitoring

The PP&D Project Administration team ensures that the development progresses according to schedule and that the recipient fulfills all terms of the funding agreements and related policies. Staff will conduct periodic site visits during construction to provide technical assistance, verify that the project is on schedule to meet required deadlines, and to ensure requirements of the various funding sources are being met.

Projects shall notify OHFA when construction begins and should invite an OHFA representative to any pre-construction meetings. Regular communication with the Project Administration team ensures that projects meet all the necessary requirements and are completed on time.

Competitive and Non-competitive Housing Tax Credit projects and HDAP projects are required to complete the OHFA Quarterly Construction Monitoring Report (the Report), available on the OHFA Project Administration **webpage**. The Report must be submitted quarterly beginning the first quarterly reporting period following either OHFA Board approval or actual construction start, whichever is earlier. Reports are due January 1, April 1, July 1, and October 1 of each year until the project is placed into service. OHFA reserves the right to suspend disbursement of funds if the Report is not submitted.

HDAP Construction Changes and Change Orders

As part of the HDAP construction monitoring and/or draw process, OHFA reserves the right to request copies of change orders if additional information is needed to verify project costs. Additionally, copies of change orders may be requested in order to verify that commitments made by the recipient during the application process will still be met.

Penalties

Violations of the requirements set forth in this Design & Architectural Standards, failure to honor commitments made in the application process, or other instances of noncompliance with OHFA requirements may result in any or all the following non-exhaustive sanctions:

- Refusal to increase, amend, or otherwise alter credit allocations;
- Removal from application consideration;
- Cancellation or reduction of the reservation of HTCs;
- Recapture of resources;
- Removal from a position of Good Partnership for a period of one year or more;
- A reduction in the developer fee in an amount to be determined by OHFA;
- Monetary fee, as set forth in the Fee Schedule section, as may be modified;
- Permanent or temporary prohibition from participation in OHFA funding programs;
- Reduction in the number of applications an entity may submit/receive in future cycles;
- Referral to the IRS for investigation or penalty;
- Referral to law enforcement for criminal and/or civil prosecution; and/or
- Other remedies as OHFA deems necessary.

Fraud, Waste, and Abuse

Documented instances of fraud, waste, or abuse may result in any action listed in the above Penalties section. If you believe a person or entity is attempting to or has committed fraud using one of OHFA's multifamily financing tools, you may report the suspected activity on our website. Be advised that OHFA will not discuss the results of any investigation that may come from your report. You will be contacted again only if it is necessary to complete the investigation.

Disclaimer

Nothing in these Design & Architectural Standards shall be constructed to waive, override, modify, or extinguish any legal or regulatory responsibility. OHFA will not certify project adherence to building code or other legal or design requirements.

Resources

The following resources are frequently used by design professionals in the multifamily housing sector and may be informative for applicants to OHFA financing programs.

- **Accessibility (Design and Construction) Requirements for Covered Multifamily Dwellings Under the Fair Housing Act**
- **Building Owners and Managers Association International Standards**
- **Fair Housing Act Design Manual**
- **Guidelines on Addressing Infestations in HUD-insured and Assisted Multifamily Housing**
- **Narrowing the Digital Divide Through Installation of Broadband Infrastructure in HUD-Funded New Construction and Substantial Rehabilitation of Multifamily Rental Housing**