OHIO HOUSING FINANCE AGENCY

Mike DeWine Governor of Ohio | **Shawn Smith** Executive Director

2600 Corporate Exchange Drive | Suite 300 | Columbus, OH 43231

To:	All Interested Parties
From:	Ohio Housing Finance Agency
Date:	January 23, 2024
RE:	**OHLITC Frequently Asked Questions (FAQs)**

FAQ Background

The following is a summary of questions received regarding the SFY2024 Ohio LIHTC (OHLITC) Guidelines (the "Guidelines"). Questions were edited for style, to remove identifying details, and combined with similar questions from various individuals. The answers posted herein clarify and modify the Guidelines and will be considered during the program round.

Eligible Projects

Q: Can the Ohio State Tax Credits be used for a 4% multifamily rehab, per the 2024 Guidelines? Is this exclusion expected to remain in future years as well?

A: No. Per R.C. §175.16(B), OHFA must ensure that "…a qualified project is <u>creating</u> additional housing units that would not have otherwise been <u>created</u> with other state, federal, or private financing." Rehabilitation projects do not create additional housing units. Moreover, page 11 of the OLIHTC Guidelines prohibits "Projects that include any existing residential units that will be rehabilitated." In addition, the footnote on page 3 of the OLIHTC Guidelines further specifies that "New Affordability developments are those in which all residential units are newly constructed and/or adaptively reused from a prior non-housing use." *Added December 12, 2023. Revised January 23, 2024*

Q. Is an existing market rate residential property that is being converted to LIHTC eligible given this is New Affordability?

A: No. Per R.C. §175.16(B), OHFA must ensure that "…a qualified project is <u>creating</u> additional housing units that would not have otherwise been <u>created</u> with other state, federal, or private financing." Rehabilitation projects do not create additional housing units. Moreover, page 11 of the Guidelines prohibits "Projects that include any existing residential units that will be rehabilitated." In addition, the footnote on page 3 of the OLIHTC Guidelines further specifies that "New Affordability developments are those in which all residential units are newly constructed and/or adaptively reused from a prior non-housing use." *Added January 23, 2024.*

Deficiencies

Q: Are application deficiencies curable?

A: OHFA will allow a cure period of two business days for Pre-Application deficiencies. Per page 7 of the Guidelines, Final Applications that do not meet all Minimum Financial and Threshold review criteria must be resubmitted in whole as a new application for the subsequent monthly window. If an application passes Minimum Financial and Threshold Review, the application will undergo a Full Threshold, Underwriting, and Architectural Review. During this process, the assigned OHFA analyst will draft a review letter detailing any deficiencies. Applicants will have two weeks to cure any outlined deficiencies. Deficiencies must be cured; otherwise, the application will not move forward to the OHFA Multifamily Committee and Board for approval of OLIHTC. *Added December 12, 2023. Revised January 23, 2024.*

Application Limits

Q: If two development firms are partnering, does it matter which firm acts as the lead developer (as opposed to a co-developer) as long as one party meets OHFA's submission requirements?

A: No. Per Appendix B of the 4% LIHTC QAP, the lead developer <u>or</u> co-developer as represented in the AHFA must meet OHFA's Experience and Capacity Standards. *Added December 12, 2023.*

Q: If a developer served as a co-developer on a 4% LIHTC project in Ohio and received a certificate of occupancy and has had residents move into the development, do they qualify as an Ohio experienced developer for the State LIHTC and receive two awards?

A: The Pre-Application Package (Minimum Qualifications) details how the minimum requirements must be documented and affirms that 8609s must have been issued. *Added December 12, 2023.*

Q: Can a developer entity that has placed in service one 4% LIHTC deal outside of Ohio in the past ten years apply and receive one OLIHTC reservation as a lead developer as well as multiple additional OLIHTC awards as a co-developer, assuming the lead developer on those applications is otherwise qualified under the State LIHTC Guidelines.

A: No. The limitation applies regardless of whether an entity is serving as a Lead Developer or Co-Developer. *Added December 12, 2023.*

Q: For developers with significant out-of-state experience who want to submit more than one application, should an exception request be submitted and approved before multiple applications are submitted or concurrent with those applications?

A: Per page 11 of the Guidelines, applicants must comply with the 4% LIHTC QAP except as specifically waived or modified through the OLIHTC Guidelines. The Programmatic Exception Request to submit more than one 4% LIHTC application if a developer has significant experience in other states is allowable only for 4% LIHTC Only (4% LIHTC without OLIHTC or other state gap financing). Because the OLIHTC is a limited resource, applicants must abide by the application limitations found on page 12 of the OLIHTC Guidelines. *Added December 12, 2023.*

Program Calendar

Q: Even though the awards are made on a first-come, first-served basis, will all awards be made in June?

A: Per page 18 of the OLIHTC Guidelines, Final Applications must receive threshold, underwriting, and architectural approval prior to Board approval. Upon securing threshold, underwriting, and architectural approval, applicants may seek OHFA Board approval at any month, but no later than June Board. Reservations are made once OHFA Board approval has been secured and following issuance of a 42(m) Letter of Eligibility. *Added December 12, 2023.*

Q: Will OHFA announce funding each month as applications are submitted and reviewed or wait until the last month and announce everything at once.

A: OHFA will publish Final Application submissions and preliminary reservations on a monthly basis. Please note that reservations are preliminary until OHFA Board approval and issuance of a 42(m) Letter of Eligibility. *Added December 12, 2023.*

Q: Will OHFA publish a list of projects that have been awarded that includes where the projects were funded?

A: Yes, OHFA will post a list of projects that receive a preliminary reservation on a monthly basis and will publish the list of final commitments after the June 2024 Board meeting. *Added December 12, 2023.*

Q: Can you please confirm the first day projects will be prioritized and ranked for the first round of Ohio LIHTC? The guidelines state that the final application materials will be posted no later than December 15, 2023 and the deadline for the first month OHFA will accept, prioritize and review applications in January 16, 2024. However, the pre-application materials must be submitted to OHFA at least 30 days prior to submitting a final application. Page 6 of the Ohio LIHTC Guidelines state "At 5:00 p.m. Eastern Standard Time (EST) on the first day during which OLIHTC Final applications are accepted … OHFA will aggregate and sort all received OLIHTC Final Applications based on the following criteria:" Please clarify how this process will work.

A: Per page 6 of the OLIHTC Guidelines, the application process involves two steps: (1) a Pre-Application and (2) a Final Application, assuming a Pre-Application is approved. Pre-Application materials focus on the development team's Experience and Capacity. Pre-Application materials can be found on the OLIHTC website. If approved at Pre-Application, an applicant may submit a Final Application no earlier than 30 calendar days after submission of the Pre-Application. The first monthly Final Application submission window deadline is January 16, 2024 as referenced on page 4 of the OLIHTC Guidelines. After 5:00 p.m. EST on January 16th, OHFA will sort all submitted projects by their respective Discount to Market Rent and perform a Minimum Financial and Threshold Review of such projects. If a project passes Minimum Financial and Threshold Review, OHFA will issue a preliminary reservation of OLIHTCs. If deficiencies are found, the applicant may resubmit the project once such deficiencies are cured, but will no longer be eligible for that monthly submission window. Similarly, all applications received between January 17 and February 13, 2024 will be sorted by their respective Discount to Market Rent and follow a congruent process. This process will continue until all OLIHTC resources have been preliminarily committed. *Added December 12, 2023.*

Pre-Application

Q. What if I have already submitted a pre-application for a project but find I omitted a document or made an error. Can I simply resubmit the application or should I just upload the missing document(s).

A. Pre-applications should not be submitted until they are complete and final. Outside of the two-business day cure period, OHFA will not accept additional information on a Pre-Application that has already been submitted. Applicants may contact OHFA to rescind the original submission so that they may resubmit. *Added January 19, 2024.*

Q. Should applicants submit the Pre-Application Package (the excel document) as a PDF or an Excel Spreadsheet?

A. Because some of the pages must be signed, applicants will need to send this as a PDF; however, the document (unsigned) must also be submitted in Excel format. Supporting documents may be submitted in PDF format. *Added January 19, 2024.*

Q. Can applicants that submitted an incomplete Pre-Application on time resubmit a complete Pre Application and, if approved, still submit a Final Application in their original application window?

A. Pre-Applications should not be submitted until they are complete and final. OHFA will allow a two-business days cure period after receiving a Pre-Application deficiency letter. If the two-business day cure response period exceeds the 30-day minimum Pre-Application deadline to be able to submit a Final Application <u>and</u> all deficiencies are cured within that two-business day period, a Final Application may still be submitted in the original application window. For example, if an applicant submits a Pre-Application on January 14th (30 days prior to the February Final Application deadline) and OHFA provides a deficiency letter after January 14th, so long as all deficiencies are cured within the two-business day cure period, OHFA will allow a Final Application submission in the February Final Application window. This ensures that all applicants benefit from a two-business day cure period for Pre-Applications. *Added January 19, 2024.*

Q. For developers that have not placed a project in service in Ohio, what documentation is required to evidence out of state experience?

A. Both of the following must be submitted as detailed in the Pre-Application Package:
- A signed and dated statement from the Housing Credit Agency that details the project name(s), that the project(s) were funded with LIHTC, and when they were placed in service. The statement must affirm that the developer listed above acted as the developer on the project; and
- Executed IRS Form 8609 for the above-referenced LIHTC project
  Added January 19, 2024

Q. For this List of Projects under Development, what is OHFA looking for?

A: OHFA is looking for a complete list of LIHTC projects that the developer and co-developer (if applicable) are working on, including those in the pre-development phase up to, but not including, execution of IRS Form 8609. *Added January 19, 2024.*

Q. How long will pre-applications be considered valid? For example, if a developer submitted a pre-application in December 2023, could they then submit their final application on the march application due date, or would they need to resubmit the pre-application 30 days before the March submission in order to be eligible?

A: According to page 5 of the Guidelines, any Pre-Application approval is valid only for the SFY2024 OLIHTC Round. An approved Pre-Application will be valid until the round closes on April 9, 2024. *Added January 19, 2024.*

Q. Do applicants need a second Lien and Litigation Report for the Final Application submission if the report was issued with the Pre-Application materials?

A: Per page 6 of the Guidelines, all Pre-Application materials can be found in the most recently-published 4% LIHTC Qualified Allocation Plan (QAP). Page 7 of the most current 4% LIHTC QAP indicates that the lien and litigation report must be dated within 30 days of the Pre-Application. Page 19 indicates that the lien and litigation report is due at Pre-Application and Final Application; lien and litigation reports are only due at Final Application when there are <u>changes</u> in the development team between Pre-Application and Final Application. *Added January 19, 2024.*

Q. What is OHFA looking for in the Organizational Charts?

A. At Pre-Application, OHFA requests an organizational chart documenting the internal structure and organizational hierarchy of the developer, co-developer and the parent entities of the single-purpose entity general partner(s) or managing member(s).

Please note that OHFA is <u>not</u> seeking the proposed LIHTC ownership entity's organizational chart at Pre-Application. That is due at Final Application in accordance with page 23 of the 4% LIHTC QAP. *Added January 19, 2024.*

Miscellaneous

Q: Neither Central City nor Metropolitan designations are listed on the 2024 USR map, only Rural, Suburban and Urban. However, both of these designations are listed in the FY 2024 State LIHTC Guidelines as to how project will be assigned to a pool.

A: Please use the OHFA Property Locator Search Tool found on the OLIHTC website to determine a site's USR index. *Added December 12, 2024.*

Q: The window for the 4% application does not open until February. How will this coordinate with those applying for the Ohio LIHTC in January?

A: The OLIHTC windows is separate from the 4% LIHTC Only (4% LIHTC with no OLIHTC or gap financing) window, similarly to the 4% LIHTC with Bond Gap Financing (BGF) program. For all OLIHTC deadlines, please see the Program Calendar found on page 4 of the OLIHTC Guidelines. *Added December 12, 2024.*

Final Application

Q. 80% Plans are due with the final application, and these can take several months to put together; however, the 2024 Design and Architectural Standards have not yet been approved. Should developers use the 2023 Design and Architectural Standards for applications being submitted in January?

A: Applicants must meet the most recently-published Design and Architectural Standards (DAS) as of the Final Application submission date per page 5 of the OLIHTC Guidelines. If any requirements in the current DAS cannot be met, the applicant may submit a Design Exception Request at Final Application in accordance with the DAS. *Added December 12, 2024.*