
2026 Additional Credits Policy Draft - Comments

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To QAP, OHFA <QAP@ohiohome.org>

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Hello,

We appreciate OHFA's consideration of the below comments regarding the 2026 Additional Credits Policy:

Overall it is understandable given the current reality of interest rates, hard costs, and equity pricing that some projects may require additional 9% LIHTCs in order to proceed to closing and provide much-needed affordable housing for Ohio residents.

OHFA should be sure to provide an extremely high degree of scrutiny for projects making such requests, especially for projects that were initially awarded with underwriting assumptions that were far outside the normal range of other projects submitted in the same competitive round. This is especially important given the fact that OHFA has recently put a large emphasis on funding projects with the greatest number of LIHTC units (via tiebreakers) in competitive rounds. At times, it appears that this has created an incentive for inexperienced or less-honest developers to push and even surpass the limits of what is financially feasible. Consequently, some projects have been submitted with very low hard costs, operating expenses, interest rates, or high equity pricing. Some variation in any or all of these items is to be expected within a given round. What I am referring to is projects that are far below/above normal underwriting assumptions for no apparent reason other than to maximize their unit count to win an award of competitive LIHTCs. By awarding such projects additional credits via this additional credit policy OHFA could be seen as creating a perverse incentive – encouraging developers to utilize atypical and in some cases, near-impossible, underwriting assumptions to maximize their chances of a LIHTC award, but then allowing said developer to come back and ask for more LIHTCs from OHFA to solve a problem of the developer's own creation.

Again, I want to emphasize that I believe that this is not the case for most projects that are submitted to OHFA within a given round. However, for projects that are far off in terms of their underwriting assumptions from some standard deviation or other range of other projects submitted within the same competitive round (when taking into construction type, etc.) OHFA should hold such projects to a very high standard before awarding them additional credits or not award such projects additional LIHTCs at all and instead forward allocate the LIHTCs. If the initial application was far off from typical underwriting assumptions of other projects within the same round, and OHFA still wishes to award such projects additional credits, OHFA should consider not allowing such developers to submit any applications until the project in question has achieved substantial completion (or gives back their initial LIHTC award), rather than just reducing the number of their applications by one for the following year, which is a relatively minor penalty. This would discourage developers from submitting applications that were clearly financially infeasible regardless of macro-economic (or other reasonably unforeseen)

circumstances that occurred post-initial LIHTC award, and then hoping to receive additional LIHTCs to actually make their project viable.

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