



July 31, 2026

Dr. Cody Price
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Ohio Housing Finance Agency
2600 Corporate Exchange Drive, Suite 300
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RE: Public Comment on Draft 1, 2026-2027 9% LIHTC QAP with 2027 Technical Amendments

Dr. Price,

Common Purpose Development Group, LLC appreciates the opportunity to comment on Draft 1 of the 2026-2027 9% LIHTC Qualified Allocation Plan with 2027 Technical Amendments. We support OHFA's mission to expand affordable housing and offer these comments to help refine the QAP for maximum impact.

We welcome a significant positive revision in this draft: the two-year Census Tract limiter. However, we have two concerns that we believe can be addressed through narrow Technical Amendments without changing competitive scoring or the regional award sequence. Below, we explain those concerns and offer specific, actionable solutions.

#	QAP Provision	Position	Recommended Action
1	County Limits and Census Tract Limiter	Support	Adopt the two-year limiter and clarify its scope.
2	New Affordability Tiebreakers	Amend	Use a publicly conducted lottery as Tiebreaker #2 in both New Affordability pools.
3	CHDO Backup Financial Commitments	Amend	Restore mandatory removal from general funding when no backup commitment is submitted.

Supported Approach: Two-Year Census Tract Limiter

We support the proposed amendment limiting Census Tracts to one 9% LIHTC award during the two-year QAP period, subject to the stated Preserved Affordability carve-out and Community Impact Strategic Initiative exemption. The 20 affected 2026 award tracts have already been allocated 1,257 units. Because the data used for the 2027 competition will largely reflect conditions that preceded those awards, allowing the same tracts to receive another award would count substantially the same documented housing need twice before the first projects have been completed, leased, and incorporated into updated market data.

This concern is especially significant in Rural markets. The eight Rural projects funded in 2026 total 525 units and average approximately 66 units per project. Six of the eight Rural tracts lost population over the preceding decade, with a median decline of approximately 5.9%, and six of the seven Rural counties receiving awards were also losing population. Median Rural tract density was approximately 69% below the Metropolitan median, yet the funded Rural projects were slightly larger than their Metropolitan counterparts. Among the five Rural senior awards, the median tract population decline was approximately 12.9%.

20	1,257	6 of 8	-12.9%
affected 2026 award tracts	units already allocated	Rural award tracts lost population	median 10-year population change, Rural senior tracts

Sources: OHFA 2026 9% LIHTC award data; 2025 American Community Survey five-year estimates.

Put simply, a high score may demonstrate that a Census Tract warranted one award; it does not demonstrate that the same tract can absorb two awards in consecutive years based on data that have not yet captured the first award. The limiter is therefore an appropriate safeguard against geographic concentration, stale-data effects and overbuilding.

Issue #1: Size-Based Tiebreakers Encourage Oversized Rural Projects and Aggressive Underwriting

The New Affordability – General Occupancy pool uses the highest number of bedrooms as Tiebreaker #2 and the highest number of LIHTC units as Tiebreaker #3. The New Affordability – Seniors pool uses the highest number of LIHTC units as Tiebreaker #2. These tiebreakers do more than resolve a tie: they reward the applicant that proposes the largest development, even after the project has reached the point at which additional units generate no additional LIHTC allocation.

Because the Neighborhood Opportunity Index and Housing Needs Index produce highly precise tract-level scores, often down to several decimal points, developers can readily identify and target the single highest-scoring Census Tract within each region and funding pool. When multiple developers pursue that same tract, the first tiebreaker—recent LIHTC awards in the tract—produces the same result for every applicant. Unit count or bedroom count then becomes the first meaningful variable a developer can control.

The problem is especially pronounced in Rural markets, where the regional award sequence is intended to produce at least one Rural New Affordability award in each region and the number of top-scoring Rural tracts is limited. Once applicants have maximized the formal score, the practical path to an award is to add LIHTC units to a senior project or bedrooms (a proxy for units) to a general-occupancy project, regardless of whether the additional scale is supported by the market. The 2026 awards reflect the result: Rural New Affordability awards averaged 68.4 units, compared with 61.0 units for Metropolitan awards; Rural senior awards averaged 70.6 units, compared with 62.3 units for Metropolitan senior awards.

OHFA's own credit limits show why this is a problem. A New Affordability project may request no more than \$1.8 million in annual LIHTC, and a project earns the full 25 points for Annual LIHTC Request per LIHTC Unit at \$27,935 per unit or less. Dividing \$1.8 million by \$27,935 produces a crossover point of approximately 64.4 units. A 65-unit project can therefore request the maximum allocation and still earn all 25 points. Every unit added beyond that point increases total development cost but produces no additional allocable LIHTC or LIHTC equity.

There is no generally available Rural gap-financing source that automatically increases with unit count. Once the LIHTC cap is reached, applicants must cover the cost of added units through more debt, additional sponsor funding, deferred developer fee or aggressive underwriting assumptions. The tiebreaker therefore creates pressure to compress the two assumptions that most directly affect the gap: TDC per unit and operating expenses per unit. A lower TDC-per-unit assumption reduces the apparent cost of each added unit, while a lower operating-expense assumption increases projected net operating income and the permanent debt the project appears able to support.

The 2026 Proposal Application data are consistent with this pattern. Rural New Affordability proposals were larger than their Metropolitan counterparts, yet assumed a median TDC per unit that was 14.0% lower and median operating expenses per unit that were 7.0% lower.

Table 1. Median New Affordability Assumptions by Geography

Median Assumption	Rural	Metropolitan	Rural Difference
Total units	65	63	+2 units
TDC per unit	\$286,856	\$333,476	-14.0%
Operating expenses per unit	\$6,067	\$6,527	-7.0%

Source: OHFA 2026 Proposal Application Data

The same relationship also appears within the Rural pool itself. Fifteen of the 22 Rural proposals exceeded 64 units. As shown below, the larger Rural proposals assumed materially lower TDC per unit and operating expenses per unit than Rural proposals at or below the crossover point.

Table 2. Rural New Affordability Assumptions by Project Size

Rural Project Size	Projects	Median TDC per Unit	Median OpEx per Unit
More than 64 units	15	\$280,904	\$5,974
64 units or fewer	7	\$310,326	\$6,441
Difference	-	-9.5%	-7.3%

Source: OHFA 2026 Proposal Application Data

These results indicate a perverse incentive created by the QAP: once the LIHTC cap is reached, applicants can improve their tiebreaker position by adding units and then compressing TDC and operating expenses until the larger project appears feasible on paper. Cost containment addresses costs that are too high; it does not protect OHFA from development costs or operating expenses that are unrealistically low. The same pattern appears in three unsuccessful 2026 Rural senior applications:

Table 3. Oversized Rural Senior Proposal Examples

Project	City	County	Units	Units above 64	TDC per unit	OpEx per unit
Riverbend Manor	Mt. Gilead	Morrow	78	14	\$250,237	\$5,850
North Shore Manor	Lima	Allen	82	18	\$260,388	\$5,231
Victoria Manor	Marietta	Washington	76	12	\$258,927	\$5,550
Rural senior median			65	-	\$283,905	\$5,912

Source: OHFA 2026 Proposal Application Data

Each project exceeded the 64-unit crossover point and assumed a TDC per unit below the Rural senior median. North Shore Manor and Victoria Manor also assumed operating expenses below the Rural senior median. Although none received an award, the examples show the project-design and underwriting response the existing tiebreaker encourages.

This is not merely a closing risk; it is a long-term asset-management risk. If actual construction costs exceed a compressed TDC budget, the project has no additional LIHTC equity available to absorb the overrun. The likely result is additional sponsor funding, further fee deferral, scope reductions or weakened reserves. If actual operating expenses normalize above the underwritten amount, net operating income and debt-service coverage will be lower than projected throughout the compliance period, increasing the likelihood of operating deficits, reserve draws, deferred maintenance and repeated sponsor support.

Lease-up makes the problem worse. An oversized Rural project must absorb more units in a smaller market while carrying an operating budget that already assumes unusually low expenses per unit. If occupancy lags, revenue falls immediately, but many property-level expenses do not decline in proportion to occupancy. The same unit inflation that improves an application's tiebreaker position therefore increases both lease-up risk and the probability that the property becomes an asset-management problem after award.

Solution

OHFA should retain the existing competitive scoring criteria, point values, geographic indices, funding pools, regional award sequence and first tiebreaker without modification. For both New Affordability pools, OHFA should replace all remaining tiebreakers with a publicly conducted lottery as Tiebreaker #2, followed by OHFA Discretion as the final tiebreaker.

This recommendation would not change competitive scoring at all. It would not add, remove or reweight a scoring criterion; change a point value; alter which Census Tracts score well; or modify the regional award sequence. Not a single applicant would gain or lose a competitive point. Projects would reach the lottery only after satisfying all applicable threshold, underwriting and architectural requirements, receiving the same competitive score and remaining tied after the existing first tiebreaker.

The QAP must include the selection criteria listed in 26 U.S.C. §42(m)(1)(C), but federal law does not require OHFA to assign points to each criterion, apply those criteria in a particular order or make each criterion outcome-determinative. A lottery at Tiebreaker #2 therefore does not remove a federal selection criterion or prevent OHFA from satisfying federal law. It simply prevents unscored project characteristics from determining the outcome after the score and first tiebreaker have already produced an exact tie.

For this reason, the requested revision is appropriately addressed through a Technical Amendment. Developers would continue to plan around exactly the scoring system announced for the two-year period. The only change is that applicants would no longer have an incentive to add unsupported units or compress TDC and operating assumptions to improve their odds under a tiebreaker.

Issue #2: Discretionary Treatment of Missing CHDO Backup Commitments

Draft 1 changes the consequence for a CHDO-sponsored project that requests HOME funds but fails to provide a backup conditional financial commitment from mandatory removal ("will result") to discretionary removal ("may result"). This is not a harmless wording change. It gives OHFA the flexibility to fund a project through general funding even though the applicant has not identified a committed source to replace the unavailable HOME funds.

We support allowing CHDO-sponsored projects to compete for both the CHDO Sponsor Set-Aside and general funding. However, those are two different financing scenarios. A project competing within the set-aside may reasonably rely on the requested HOME funds. Once the project is not selected for HOME and is considered for general funding, that source is no longer available. Without a backup commitment, the application has a known and quantifiable funding gap.

Draft 1 now states three different formulations for the same omission:

Table 4. Draft 1 Treatment of Missing CHDO Backup Commitments

Provision	Draft Language	Effect
Section E – HOME Gap Financing (p. 25)	“may not receive competitive consideration unless...”	Ambiguous
Section F.1 – CHDO Sponsor Set-Aside (p. 29)	“may result in... removal”	Discretionary
Appendix A, Item 14 (p. 55)	“will result in... removal”	Mandatory

Source: Draft 1, PY 2026-2027 9% LIHTC QAP with 2027 Technical Amendments.

A backup commitment is not merely an OHFA documentation preference. Under 26 U.S.C. §42(m)(2)(A), OHFA may not allocate more credit than it determines is necessary for a project's financial feasibility and long-term viability. Section 42(m)(2)(B) requires OHFA to consider the project's sources and uses, total planned financing, and the reasonableness of development and operating costs. Treasury regulations also require the applicant to certify all expected federal, state and local subsidies, all other sources of funds and all development costs. See 26 C.F.R. §1.42-17(a)(3).

The federal provisions do not require every source to be unconditional at Proposal Application, but they do require OHFA to evaluate an identifiable and supportable financing plan. The conditional commitment requirement is how OHFA verifies that planned sources are real, sufficiently defined and available on terms that can be incorporated into underwriting. A project that loses its requested HOME source and has no committed replacement does not have a complete alternative financing plan for OHFA to evaluate.

The discretionary standard would also create unequal treatment. Some CHDO applicants will incur the time, expense and underwriting effort necessary to secure a legitimate backup source before the Proposal Application deadline. Allowing another applicant to receive the same general funding consideration without that source would reward an incomplete capital stack, shift financing risk from the applicant to OHFA and permit case-by-case treatment of similarly situated applicants.

Solution

OHFA should restore the mandatory standard and conform all three provisions. A CHDO-sponsored project should remain eligible for the CHDO Sponsor Set-Aside without a backup source because the requested HOME funds are part of its financing plan for that set-aside. However, the project should not remain eligible for general funding after HOME becomes unavailable unless it submitted a conditional commitment for a replacement source.

Recommended Conforming Language
Section E: Projects seeking HOME funds that are not awarded HOME funds will be shown as having a financial gap and will not receive competitive consideration unless a conditional financial commitment is submitted with the Proposal Application to replace the HOME funds.
Section F.1: Failure to submit a backup conditional financial commitment will result in the application being removed from consideration under general funding.
Appendix A, Item 14: Retain the existing mandatory language.

Restoring the mandatory standard would not change competitive scoring, the amount of HOME assistance available, or a CHDO's ability to compete for the Sponsor Set-Aside. It would simply resolve conflicting language, ensure equal treatment and require every project considered for general funding to present an identifiable financing package consistent with OHFA's responsibilities under 26 U.S.C.

§42(m)(2) and 26 C.F.R. §1.42-17. This is precisely the type of narrow clarification that is appropriate for a Technical Amendment.

Conclusion

Common Purpose Development Group supports the two-year Census Tract limiter and asks OHFA to make two narrow Technical Amendments: replace the remaining New Affordability tiebreakers with a publicly conducted lottery as Tiebreaker #2, and restore mandatory removal from general funding when a CHDO applicant has not submitted the required backup commitment.

Neither recommendation changes competitive scoring or the regional allocation framework. Together, they would preserve the predictability of the two-year QAP while reducing incentives for oversized, aggressively underwritten Rural projects and ensuring that every project considered for general funding presents a complete financing plan.

We appreciate OHFA's consideration and welcome the opportunity to discuss these comments further.

Sincerely,

A handwritten signature in black ink, appearing to read 'Taylor Koch', with a stylized, cursive script.

Taylor Koch
Managing Member
Common Purpose Development Group, LLC