



# 2019 HOUSING DEVELOPMENT GAP FINANCING GUIDELINES

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## PROGRAM OVERVIEW

The Housing Development Assistance Program (HDAP) provides gap financing for eligible affordable housing development properties. It utilizes funding from the HOME Investment Partnerships Program (HOME), the Ohio Housing Trust Fund (OHTF), and the National Housing Trust Fund (NHTF). HDAP provides this funding via three distinct programs:

### Housing Credit Gap Financing (HCGF) program

Gap financing used in conjunction with competitive/9% tax credits

### Bond Gap Financing (BGF) program

Gap financing used in conjunction with non-competitive/4% tax credits

### Housing Development Gap Financing (HDGF) program

Gap financing for projects not utilizing tax credits

## FUNDING AVAILABILITY AND LIMITS

Approximately \$5,000,000 is available through the HDGF program in Program Year 2019 (PY19). These guidelines outline the requirements and expectations for applying for PY19 HDGF funding.

The maximum requests are as follows:

OHTF Max request	NHTF Max Request	Total Maximum Request
\$500,000	\$750,000	\$1,250,000

OHFA will not provide more than 50 percent of the total development costs. Exceptions will be considered on a case-by-case basis, depending on funding availability.

Due to the need to meet mandatory set-asides, OHFA reserves the right to use OHTF, NHTF or any combination, regardless of the request.

## ELIGIBILITY CRITERIA

### Eligible Applicants and Development Teams

Eligible HDGF applicants are private for-profit housing developers, not-for-profit 501(c)(3) and 501(c)(4) organizations and public housing authorities. Religious organizations and their subsidiaries/affiliates must meet the provisions in 24 CFR Part 92.257.

OHFA defines a development team as the owner, developer, general contractor and management entity. All members of a development team shall have experience with the type of housing proposed and working with the proposed target populations or shall partner with an entity who has the required experience. The development team must have the ability to meet all requirements contained in these and all related guidelines as demonstrated, in part, through a complete and compliant application package.

No members of the development team may be in default or in material non-compliance with any OHFA program, including having any outstanding 8823s on any low-income housing tax credit (LIHTC) project (without an approved exception). No member of the development team may be currently involved in an OHFA-funded project that has been granted additional time in order to successfully complete that project.

*Consultants:* Development consultants include any person or entity receiving compensation for providing professional advice or assistance with the preparation of an application to the HDGF program. OHFA understands that consultants provide a valuable service to the development community. Consultants are recommended for organizations who have extensive experience in developing rental housing, but have not worked with OHFA in the past. OHFA's communications related to the project will be conducted with the lead applicant/developer; however, consultants are encouraged to participate in those conversations. Consultants may not be used to evidence

the required experience and/or capacity to develop or own rental housing. Applicants must partner with an experienced developer if they have no experience in developing affordable housing. OHFA may consider consultants co-developers and hold them responsible for the overall success of the development depending on their level of contribution to the project.

OHFA requires all applicants to contract with a qualified construction management company to evaluate the progress and quality of construction and provide written reports to OHFA. Exceptions will be considered if oversight is being provided by another lender/entity approved by OHFA, and that entity agrees to share their reports with OHFA.

## Eligible Uses of Funds

Funds may be used for non-related party acquisition, hard costs associated with new construction or rehabilitation, and developer fees associated with the proposed development.

Funds may not be used for costs associated with development of market-rate housing, commercial spaces and/or stand-alone community buildings or management offices.

Development budget line items that are HDGF-eligible are identified in the Gap Financing Application.

## Eligible Development Types

Eligible developments create new affordable rental housing opportunities or preserve existing affordable housing communities consisting of four to 24 units. Exceptions to the maximum number of units will be considered on a case-by-case basis with compelling justification.

## Ineligible Development Types

Ineligible developments include the following:

- Residential care/assisted living/memory care facilities
- Projects that received a prior HDAP award. OHFA will consider exceptions to this requirement.
- Projects that include or constitute Single-Room Occupancy (SRO) housing, congregate housing, group homes, shared housing or cooperative housing as defined by HUD in Chapter 17 of the HUD Housing Choice Voucher Program Guidebook
- Projects that require residents to occupy the unit with another person (roommate)
- Projects that will not result in a certification of residential occupancy by the local government or project architect
- Hospitals, nursing homes, sanitariums, life care facilities, retirement homes (if providing significant services other than housing are mandatory for residents), employer housing, mobile homes and student housing
- Projects that include for-sale homes that are currently under construction or that were recently approved for LIHTCs or are currently within a LIHTC compliance period
- HUD Section 9 developments not converting to Project-Based Rental Assistance
- Projects that have received an award of LIHTC. Exceptions will be considered on a case-by-case basis with compelling justification.

OHFA may provide additional information regarding eligibility in the Gap Financing Application.

## PROGRAM CALENDAR

HDGF Calendar	
March 21, 2019	Release of HDGF Guidelines
May 1, 2019	First date OHFA will accept an Intent to Apply and Exception Requests
August 1, 2019	Last date OHFA will accept an Intent to Apply
90 days after invitation	Application package due
November 2019	Last date OHFA will accept Application packages from those invited to apply
February-May 2020	Multifamily Committee Meeting/Presentation
February-May 2020	OHFA Board Decision

Deviation from the above noted timeline may result in the application being removed from consideration.

### Application Deadline

OHFA will accept applications as noted in the Calendar above or until all resources have been committed, whichever occurs first. Once received, an application will be assigned to an OHFA Analyst for review. If the application substantially meets OHFA's program and underwriting requirements, the applicant will have the opportunity to correct any minor deficiencies before being invited to submit a full application.

Applications that do not meet OHFA's program and underwriting requirements will be rejected. OHFA reserves the right to schedule a meeting with the applicant to determine whether or not additional training and technical assistance will allow the project to be successful.

Applications will be reviewed as they are received. Weekly updates will be posted to OHFA's website describing applications that have been invited to move forward, the amount of funds that have been reserved, and how much funding remains available. The application window will close on August 1, 2019 or after all funds have been reserved. At that time, OHFA will release formal notification that no additional applications will be accepted. Funds not awarded through the HDGF program will be shifted to the BGF program.

### Fees

OHFA will assess the following non-refundable fees. Fees must be submitted with the respective item, as noted below.

<i>Item</i>	<i>Fee</i>
Notice of Intent to Apply	\$250
Application Fee	\$500 per application
NHTF Application Fee	\$3,000 per application
Amendments to a Funding Agreement	\$500 per request
Extensions of a Funding Agreement	\$500 per extension

### Training and Technical Assistance

Training and technical assistance will be available to all applicants invited to submit a full application. Potential applicants must have completed the Gap Financing Application to the greatest extent possible prior to requesting training and technical assistance. Analysts will be able to assist potential applicants by answering questions about the Gap Financing Application, troubleshooting errors and providing clarification on requirements.

## GENERAL POLICIES

### Domestic Violence Protection and Prevention

In conformity with the Violence Against Women's Act (VAWA) of 2013, an applicant for or tenant of housing assisted under the HDAP program may not be denied admission to, denied assistance under, terminated from participation in or evicted from the housing on the basis that the applicant or tenant is or has been a victim of domestic violence, dating violence, sexual assault or stalking, if the applicant or tenant otherwise qualifies for admission, assistance, participation or occupancy. An incident of domestic violence, dating violence, sexual assault or stalking shall not be considered a lease violation by the victim, nor shall it be considered good cause for an eviction. If a tenant who is a victim requests an early lease termination, lease bifurcation from the abuser or transfer to another unit because she/he is in danger, a HDAP owner/manager shall make every effort to comply with the request and shall not penalize the tenant. Please also see the [Quid Pro Quo and Hostile Environment Harassment and Liability for Discriminatory Housing Practices under the Fair Housing Act](#) final rule from HUD for further information.

Each HDAP owner/manager shall have an emergency transfer policy for victims seeking safety, which incorporates reasonable confidentiality measures to ensure that the owner or manager does not disclose the location of the dwelling unit of a tenant to a person that commits an act of violence or stalking against the tenant. An owner, manager or landlord may request documentation from a victim before these protections are triggered. Any one of the following shall be considered adequate documentation: a letter or form signed by the victim; an affidavit or letter signed by a domestic violence service provider, attorney or medical/mental health professional who assisted the victim; or a court or administrative record. This submission shall be confidential.

### Fair Housing and Legal Requirements

The owner shall comply and ensure the project complies with all requirements of the federal Fair Housing Act, Ohio Revised Code Section 4112 and local fair housing requirements, as each may be amended. The owner shall itself ensure and shall ensure the project does not discriminate, as defined by 42 U.S.C. 3604, against any person because of sexual orientation or gender identity or expression.

It is the responsibility of the owner/developer/borrower and any of its employees, agents or sub-contractors, in doing business with OHFA, to adhere to and comply with all Federal Civil Rights legislation inclusive of the Fair Housing Laws, Section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act, as well as any state and local civil rights legislation and any required related codes and laws. Should OHFA not specify any requirements, such as design, it is nonetheless the owner's responsibility to be aware of and comply with all non-discrimination provisions relating to race, color, religion, sex, handicap, familial status and national origin. This includes design requirements for construction or rehabilitation, Equal Opportunity in regard to marketing and tenant selection and reasonable accommodation and modification for those tenants covered under the laws.

### Fraud, Waste and Abuse

Documented instances of fraud, waste or abuse may result in any action listed in the Penalties section and/or any other action OHFA deems necessary. If you believe a person or entity is attempting to or has committed fraud using one of OHFA's multifamily financing tools, please report the suspected activity on [OHFA's website](#). You will be contacted again only if it is necessary to complete the investigation.

## PROGRAM-SPECIFIC POLICIES

In addition to the below items, all projects assisted through the HDGF program are subject to the requirements set forth in [OHFA's Multifamily Underwriting & Implementation Guidelines](#).

### Cost Containment

At OHFA's discretion, any application that it deems as high-cost may be identified for further cost scrutiny. OHFA reserves the right to request additional information, supporting documentation or justification for any cost. OHFA further reserves the right to reject any application it deems excessively costly. Generally, projects should not exceed the limits in the chart below; however, OHFA will consider exceptions.

Development Type	TDC Per Unit	TDC Per Gross Square Foot
New Construction	\$200,000	\$201
Rehabilitation	\$155,000	\$148

### Construction and Design Requirements

All projects shall conform to the [OHFA Design & Architectural Standards](#). For developments involving rehabilitation of existing units, applicants will be further required to meet the [Residential Rehabilitation Standards](#) maintained by the Ohio Development Services Agency (ODSA). The proposed scope of work will also be evaluated to determine whether rehabilitation will ensure 30-year sustainability.

### Detrimental Land Uses

Developments shall not be sited adjacent to or in close proximity to any detrimental land use that impairs a resident's proper use of the residence. Detrimental land uses will be those deemed at OHFA's sole discretion and verified by completion of a site visit.

### Environmental Review

Projects are not permitted to begin construction prior to the completion of the environmental review process and the issuance of a funding agreement. Projects that do begin any construction or construction-related activity (other than obtaining site control) prior to the issuance of a funding agreement and receipt of all appropriate clearances, at a minimum, will be subject to the following penalty:

- *OHTF-funded projects:* The project may request to keep the award of funds. The recipient must provide a letter detailing the reasons why construction began prior to the completion of the environmental review process. The applicant must detail what measures will be taken to ensure this does not happen with future projects and request that OHFA not rescind the OHTF award. If approved by OHFA, the recipient will not be able to draw HDGF funds until construction has been completed.
- *NHTF-funded projects:* The funding agreement will be rescinded. OHFA cannot guarantee the availability of other funds to fill the gap.

Regardless of the funding source, OHFA reserves the right to take further action if the recipient violates this restriction on future projects, or has violated this restriction on prior projects.

### Lead-Based Paint Strategy

All projects originally constructed prior to 1978 must adhere to the Lead-Based Paint Guidelines (found in the annual Ohio Consolidated Plan) maintained by ODSA. Such projects must submit a lead-based paint strategy that includes the following:

- Whether or not the properties have been tested for lead-based paint.
- If the units/buildings have been tested, describe the test results. If the project has not been tested, describe how an estimated cost for testing was derived, and confirm that these costs were incorporated in the project's development budget.
- Describe how the cost of treating lead-based paint will be covered by the project budget, and how the cost to treat it was estimated.
- Describe the availability of licensed lead testers, contractors and workers in the area. If there is a shortage of licensed personnel, describe how that might impact the construction of the project, including timeline. Also describe what strategies will be used to find licensed personnel.

For ODSA's Lead-Based Paint Guidelines, please contact the Office of Community Development (OCD) at ODSA.

## Green Standards

All applications shall meet the minimum design requirements, including green standards, set forth in the [OHFA Design & Architectural Standards](#). Evidence of final certification from a HERS rater or otherwise qualified licensed professional must be submitted with the required Closeout documentation. Exceptions will be considered with compelling justification.

## Scattered Site Definition and Requirements

A development qualifies as scattered site if there are 10 or more sites and 50 percent or fewer of those sites are contiguous. All sites represented in the application must be within the boundaries of a single Primary Market Area (PMA).

## Wage Rate Compliance

Funding from OHTF and NHTF may be subject to Ohio's Residential Prevailing Wage Rates as detailed in [ORC 176.05](#). Applicants are encouraged to review these requirements and, if necessary, contact the Bureau of Wage & Hour Administration within the [Ohio Department of Commerce, Division of Industrial Compliance](#) for a determination. OHFA reserves the right to require developers who have not had experience in Wage Rate Compliance to partner with an experienced developer or to identify an experienced consultant.

## Rent Restrictions

OHFA defines affordable as affordable to and occupied by households at or below 80 percent AMI. All developments must commit to the following rent restriction(s), based on the location and funding source of the proposed project.

1. All projects that include OHTF funding must meet the following rent restrictions:
  - HUD Participating Jurisdiction: A minimum of 40 percent of the affordable units must be affordable to households with incomes at or below 50 percent of AMI; or
  - Non-HUD Participating Jurisdiction: A minimum of 35 percent of the affordable units must be affordable to households with incomes at or below 50 percent of AMI.

**AND**

  - All projects will be required to include units that meet HUD's High and Low HOME Rent Requirements (see Exhibits for additional instruction).
2. All projects that include NHTF funding must commit to the rent restriction below, as set forth in the current NHTF Allocation Plan, which is the greater of:
  - 10% of the affordable units must be both affordable to and occupied by households at or below 30% AMI; or
  - 5 units which are both affordable to and occupied by households at or below 30% AMI.

Developments utilizing both OHTF and NHTF funding must incorporate the rent restrictions for each funding type without overlap.



## FINANCING TERMS

The following requirements will apply to each award type:

### OHTF Loans:

- Two percent interest will be charged unless otherwise agreed to by OHFA based on cash flow.
- Loan will mature at the end of the affordability period, which is defined as 30 years.
- Collateral will be a subordinate mortgage. OHFA must be in second or shared-second lien position unless otherwise agreed to by OHFA based upon good cause and sufficient supporting documentation.
- For Section 8 projects participating in the Mark-to-Market program, OHFA will require collateral in the portion of the owner's position to the extent that the HDGF assistance is used to fund the owner's 20 percent up-front rehabilitation contribution required by the Mark-to-Market program.
- Payments will be based on a percentage of the cash flow as defined by OHFA. If loan payments flow from a third party to the HDGF recipient, they will be excluded from cash flow analysis provided they are transferred to OHFA in full. Any remaining balance on the HDGF loan will be due as a balloon payment at the end of the term or upon sale, whichever is first. On a case-by-case basis, OHFA may agree to subordinate to other government investors and accept payments consistent with their terms.
- Loan interest will accrue and repayment obligations will start following the closeout of the project, regardless of the Placed-in-Service date. Closeout means the HDGF recipient leased the assisted units, provided the appropriate documentation to OHFA, and OHFA has approved the documentation as evidenced by a closeout letter from the Analyst.

### OHTF Grants:

Grants must be requested by the applicant, including Permanent Supportive Housing applicants, and are available only if all the following conditions are met:

- The eligible applicant is the controlling general partner and is a 501(c)(3) or 501(c)(4) entity;
- At least 20 percent of the units in the development will be occupied by and affordable to households at or below 35 percent of AMI;
- The recipient treats the funds as a grant for tax purposes; and
- The recipient does not loan the funds to the development, but treats it as a grant or capital contribution.

### NHTF Loans:

NHTF awards are structured as a deferred loan with payment due on sale. The mandatory rental affordability period and the loan term are a minimum of 30 years. The interest rate is 0.00 percent. Additional requirements are set forth in HUD's Interim Rule at 24 CFR Parts 91 and 93 and Interim Rule FR-5246-I-03.

## PENALTIES

Violations of the requirements set forth in these guidelines, missed deadlines, failure to honor commitments made in the application process or other instances of noncompliance with OHFA requirements may result in any or all of the following non-exhaustive sanctions:

- Refusal to increase, amend or otherwise alter awards;
- Removal of application from consideration;
- Cancellation or reduction of the funding award or reservation(s);
- Recapture of resources;
- Removal from a position of Good Partnership;
- Reduction in the developer fee in an amount to be determined by OHFA;
- Monetary fees;
- Permanent or temporary prohibition from participation in OHFA funding programs;
- Referral to law enforcement for criminal and/or civil prosecution; and/or
- Other remedies as OHFA deems necessary.

## PROJECT STAGES

Those considering applying to the HDGF program should be aware of the various stages an application/project will move through. These stages include, but are not limited to:

1. Notice of Intent to Apply/Exception Requests
2. Application Submission
3. Review and Approval
4. HDGF Closing
5. Construction and Project Administration
6. Placed in Service/Compliance Next Steps Meeting
7. Compliance Monitoring

A list of Submission Requirements for both the Notice of Intent to Apply and the Full Application can be found on pages 23-28.

### 1. Notice of Intent to Apply

The Notice of Intent to Apply may be submitted at any time; however, it must be submitted at least thirty days prior to the submission of a full application package. The Notice of Intent to Apply includes the following items, submitted on a compact disc:

1. Completed Gap Financing Application (GFA) without attachments/supporting documentation;
2. Resumes, Organizational Charts, and any other information detailing Experience and Capacity;
3. Exception Requests, if applicable; and
4. Site Information, including a detailed map clearly depicting the physical location of the site, the nearest intersection, and all roads leading to the site.

OHFA will review the information provided to determine whether or not the proposed project is consistent with the program requirements and the development team has the necessary experience and capacity to participate in the program.

If OHFA determines these criteria have been met, the applicant will receive written confirmation that funds have been reserved and they may submit a full application. The correspondence will identify the name of the assigned OHFA Development Analyst as well as the deadline for submission of the full application package. The applicant will be offered the opportunity to participate in a Development Next Steps Meeting.

If OHFA determines the submission substantially meets the program requirements but has errors or minor omissions that need clarification, the applicant will be required to attend a meeting with OHFA staff to discuss the project. If, after the meeting, OHFA determines the issues can be resolved, OHFA will provide written confirmation that funds have been reserved and invite the applicant to submit a full application package. The correspondence will identify the name of the assigned OHFA Development Analyst as well as the deadline for submission of the full application package. The applicant will be offered the opportunity to participate in a Development Next Steps Meeting.

Applicants who have never worked with OHFA on prior projects will be required to participate in a Development Next Steps Meeting.

Applicants whose submission is substantially incomplete to the extent OHFA cannot complete a preliminary underwrite or determine whether or not the project meets program requirements will receive written confirmation that they will not be invited to submit a full application package. The correspondence will provide detail explaining OHFA's decision and the applicant will be given the opportunity to meet with OHFA staff to discuss ways in which the application may be improved.

#### *Exception Requests*

Exception requests are to be submitted with the Notice of Intent to Apply using the [OHFA Exception Request Form](#). Exceptions will be considered only for those items specifically allowed on the Exception Request Form.

### 2. Application Submission

Once the applicant receives written confirmation that HDGF funds have been reserved, they are able to submit a full application package. All applicants shall submit the documents as detailed in these guidelines and the Gap Financing Application. Submissions must be on a compact disc, organized and formatted according to the index specified in the Gap Financing Application. Applications must be complete and consistent with all supporting documentation. OHFA may remove any application that is incomplete, inconsistent and/or illegible from further consideration.

The completed application package, including required supporting documentation, must be submitted to:

Ohio Housing Finance Agency  
Office of Planning, Preservation & Development  
Operations Manager  
57 East Main Street  
Columbus, Ohio 43215

A full application package must include the following:

**Application Fee**

Refer to Fees section for detail.

**Gap Financing Application (GFA)**

The GFA must be complete, including the NHTF Workbook and the Program Certification.

**Appraisal**

An As-Is Appraisal, completed in accordance with the Appraisal Requirements as outlined in the [Multifamily Underwriting and Implementation Guidelines](#), for all development site(s) represented in the application. Developments that do not identify any acquisition costs in the development budget are exempted from this requirement.

**Architectural Documentation- 80% Plans, DCFA and Architectural Certification**

Requirements for architectural submissions are outlined in the [Design & Architectural Standards](#). All architectural plans must be approved by the OHFA Architect in accordance with the requirements set forth in the above standards. OHFA reserves the right to require modifications to architectural plans.

The Architectural Certification must be printed and signed. A PDF must be included with the application submission.

**Articles of Incorporation** (nonprofits only)

Nonprofit Articles of Incorporation, including evidence of 501(c)(3) or (c)(4) status, as appropriate.

**Audited Financial Statements** (existing units only)

If the project includes existing units under the same ownership and/or management, the applicant must provide audited financial statements for the existing project. The audited financial statements may not be in an audit portfolio with other properties; however, OHFA will consider exceptions to this requirement. If awarded HDGF funds, all future audited financial statements shall be for the development alone and not as part of a portfolio.

**Authorization to Release Tax Information**

The [Authorization to Release Tax Information Form](#) is required for all general partners. OHFA will use this information to determine if an entity with ownership interest in the development has outstanding tax liens with the state of Ohio.

**Board Resolution** (nonprofits only)

If the applicant is a nonprofit, the application package must include a board resolution authorizing an application for HDGF resources. The resolution must authorize the application for HDGF, must specify the amount of the request and must identify the individuals authorized to execute legal documents on behalf of the nonprofit.

**Capital Needs Assessment and Scope of Work** (existing units only)

Applications for the rehabilitation of existing housing units or adaptive reuse of buildings not originally constructed as housing must submit a [Capital Needs Assessment and Scope of Work](#) for all buildings. The assessment must conform to the Physical Capital Needs Assessment Standards contained in the Multifamily Underwriting & Implementation Guidelines. OHFA will use this assessment to determine whether the costs indicated in the application are appropriate for the level of rehabilitation required.

**Changes from Intent to Apply**

OHFA must approve any changes made to the project after the Intent to Apply has been reviewed and funds have been reserved. These changes must be detailed in narrative form and submitted with the full application package. Substantive changes may include, but are not limited to, changes in ownership or development team, design, construction or configuration, site(s) (excluding scattered site developments), changes to targeted populations including special needs populations and any item affecting competitive scoring. Such changes may be permitted only at OHFA's discretion.

Applicants may submit this narrative prior to submitting the application. This will allow applicants time to review options in the event OHFA does not approve a proposed change.

### **Community Outreach**

The application shall include both a Community Outreach Plan and documentation or other evidence that it was completed. The Community Outreach Plan and its exhibits must include the following clearly labeled components:

- List of Stakeholders Notified: Stakeholders notified must include, but are not limited to, residents, businesses, local elected officials, police and fire departments, community development corporations and/or nonprofit community organizations.
- Method of Notification and Copies of all Materials: Identify the method(s) of notification used, and provide copies of materials provided via the notification. Examples include written notices placed or published, materials including any sign-in sheets from any public meetings, and support or opposition letters from community groups or contacts established through the outreach process.
  - OHFA recommends the notification method include posting notices in libraries or other public spaces where residents or potential residents may frequent, public meetings, design charrettes and/or notices in local papers and social media.
- Results of Stakeholder Involvement: The applicant shall provide a description of stakeholder feedback received, as well as how the stakeholder feedback was analyzed and in what ways it impacted project characteristics and features.

### **Conditional Financial Commitments**

All non-OHFA sources of debt and equity, including any project-based rental subsidies, must be evidenced by a conditional commitment letter or other acceptable documentation in lieu of a commitment. All commitment letters must indicate the following:

- Loan or grant amount;
- Loan term and amortization schedule/term (and/or payment requirements);
- Interest rate;
- Fees associated with the loan or grant;
- Reserve requirements; and
- Lien position of the loan.

If a loan or grant was applied for or will be applied for from a competitive source (e.g., city HOME funds, Federal Home Loan Bank), the commitment letter must also acknowledge funds were applied for or verify that a funding round is approaching. The letter should detail the amount of funds requested and the timing for funding decisions. Applicants must provide evidence of an alternative plan to fill the funding gap if unsuccessful in any non-OHFA competitive funding program.

If an existing loan will be assumed or restructured, the applicant must provide supporting documentation detailing the terms and conditions of any assumed or restructured debt including the current outstanding balance.

### **Development Team Consultant Statement**

Applicants must provide a statement regarding the development consultant(s) that includes:

- Their credentials and development experience;
- Their role in the project;
- Scope of their authority to negotiate for and bind the development team; and
- A summary of all projects they are currently advising and the scope of those agreements.

### **Exception Requests**

Applicants must submit copies of any exception requests approved by OHFA.

### **Evidence of Site Control**

If the current owner is the applicant, the application shall include copies of the executed and recorded deed(s) at the time of application.

If the current owner is not the applicant, then evidence of site control must be submitted. Acceptable forms of site control include, but are not limited to, a purchase contract, a purchase option or a lease option for a minimum term of 35 years. With respect to option

agreements, the application must include evidence of the agreement to purchase the property within a specified time period. Evidence of site control may not expire until June 30, 2020 or other date approved by OHFA.

If parcels will be acquired from a city land bank, a copy of the final city council resolution approving the transfer of all applicable sites may be submitted as evidence of site control. A copy of a city resolution, city council ordinance or contingent purchase agreement approving the legal description and transfer of all applicable sites, or a letter from a designated official approving the transfer will also be accepted. If parcels will be acquired from a county land bank, a letter from the board of control or a designated official approving the transfer of all applicable sites may be submitted as evidence of site control.

OHFA reserves the right to require additional documentation that evidences proper site control.

It is important to note that a reservation of funds provided following the Notice of Intent to Apply is site-specific. If the applicant cannot acquire the site, the reservation of funds or the funding agreement will be cancelled.

### **Federal Tax Identification Number**

The application shall include evidence that a Federal Tax Identification Number (FTIN) has been obtained for the ownership entity.

### **Lead-Based Paint Strategy**

The application shall include a Lead-Based Paint Strategy as detailed in the Program-specific Policies section.

### **Legal Description**

The application shall include a legal description in Microsoft Word format of each parcel that will be included in the development. The description(s) shall include the street address and permanent parcel number of each parcel.

### **Letter of Support** (if applicable)

Any application for a project which provides rental units to persons with a developmental disability must include a written letter of support from the Ohio Department of Developmental Disabilities as well as from the County Board serving the area in which the project will be located.

Any application for a project which provides rental units to persons with severe and persistent mental illness must include a written letter of support from the Ohio Mental Health and Addiction Services Agency as well as from the County Board serving the area in which the project will be located.

### **Market Study**

Market studies must be conducted by an OHFA-approved market study professional and updated or approved within 12 months of the relevant submission date. Applicants should refer to the Market Study Standards in the [Multifamily Underwriting and Implementation Guidelines](#) for additional requirements.

Applications with 10 or fewer units may submit a written statement briefly summarizing market conditions in lieu of a formal market study. The statement shall be made by a third party not related to the development team, with significant knowledge of local market conditions including, but not limited to, a market study provider or a local government or social service organization serving the proposed population.

### **Notification to Statewide Accessibility Groups** (new units only)

Applicants proposing new construction shall notify all accessibility groups in the same county as the development that accessible housing is being proposed. A list of accessibility groups is available on the [OHFA website](#).

Applicants agree to accept referrals for prospective residents and consider design recommendations for the property. Copies of all correspondence between the applicant and accessibility groups shall be submitted to show compliance with these requirements. If requested by the accessibility group, the applicant shall provide the most current copy of the development's architectural plans prior to submitting the application.

Accessibility groups may report noncompliance with this requirement to OHFA at [QAP@ohiohome.org](mailto:QAP@ohiohome.org). OHFA reserves the right to impose any remedy identified in the Penalties section as a result of noncompliance.

### **Phase I Environmental Site Assessment**

A Phase I Environmental Site Assessment (ESA) conducted in accordance with the most current ASTM standard and dated within six months of the application deadline is required. OHFA reserves the right to reject any sites indicated to have environmental problems

or hazards. It is recommended that the Phase I ESA include any non-scope items that will be required as part of the OHTF and/or NHTF Environmental Reviews, if funded.

### Public Notification

Applicants are encouraged to contact the appropriate local government officials prior to submitting an application to inform these parties of details concerning the proposed project. OHFA will accept public comments about applications at any time and will consider public comments during the review process.

The application shall include evidence that the public notification process for local elected officials was completed.

The applicant must notify, in writing, certain officials from:

1. The political jurisdiction(s) in which the development will be located; and
2. Any political jurisdiction whose boundaries are located within a one-half mile radius of the development's location.

The officials to be notified include:

- The chief executive officer and the clerk of the legislative body for any city or village (i.e. mayor and clerk of council);
- The clerk of the board of trustees for any township;
- The clerk of the board of commissioners for any county;
- State representative(s);
- State senator(s).

The applicant will use the [OHFA letter template](#) and include all information requested. The notification must state the applicant's intent to develop housing using OHFA funding. The notification must be in writing and sent via certified mail, return receipt requested. The application shall include a copy of the stamped post office receipt, return receipt not required, for certified mail and copies of notification letters.

Scattered site developments must complete the public notification process for all sites represented in the application. If awarded funds, this requirement must be completed again for all sites represented in the application prior to construction completion.

### Related Party Transaction Questionnaire

The application shall include the [Related Party Transaction Questionnaire](#) for any transactions between related parties.

### Relocation Plan and Forms (existing units only)

Any development involving acquisition and rehabilitation of existing and occupied units that will result in permanent displacement of any residents shall submit a complete Acquisition, Relocation and Demolition Questionnaire and the Relocation Assistance Plan, available on the [OHFA Guidelines, Applications and Forms webpage](#). OHFA reserves the right to prohibit, limit, or mitigate any permanent displacement based on the information contained in the Acquisition, Relocation and Demolition Questionnaire.

If a development will result in resident relocation during the construction period, the application will include a narrative detailing the tenant relocation plan or strategy. The narrative will address the method(s) for relocating residents, provide a breakdown of any associated costs and identify if tenants will be permanently displaced.

### Rental Subsidy Commitment (if applicable)

OHFA will only consider subsidy that is awarded to a specific project (project-based) by a third-party such as a housing authority, the U.S. Department of Agriculture Rural Development (USDA) or other entity. OHFA may issue guidance or require the use of template forms documenting the receipt of non-federal subsidies.

Conclusive proof of commitment of the subsidy is required. Proof may include an executed commitment to enter into a binding agreement or a copy of the contract governing the transaction.

### Third Party Cost Estimate

Itemized cost estimates from an unrelated third party are required to substantiate the construction costs in the development budget. To be an unrelated third party, there can be no identity of interest between the organization providing the qualified cost estimates and any organization with an ownership interest, including the developer, the general contractor, and any member of the development team, their subsidiaries or affiliates. The project architect may constitute an unrelated third party provided the above conditions are met. If any member of the development team or ownership has an identity of interest with the entity providing the qualified cost estimate, the identity of interest relationship must be disclosed.

Estimates must indicate the status of the design process (i.e. preliminary drawings, working drawings with outline specifications, full-scale drawings and specifications, etc.).

The unrelated third party must indicate which standards/codes were used in developing the cost estimates.

The unrelated third party must submit a signed statement certifying that the cost estimates for any rehabilitation work being done are sufficient to meet ODSA's [Residential Rehabilitation Standards](#).

### Utility Allowance Information

The application shall include utility allowance information consistent with the requirements of OHFA's Utility Allowance Policy. Applicants may refer to the OHFA Utility Allowance Policy for guidance on methods available to calculate utility allowances for various project types.

### Zoning

The application shall include evidence that all sites are currently zoned for the proposed use in the form of a valid building permit or a letter from the local municipality stating that the current zoning will permit the proposed development. For jurisdictions with no zoning regulations in effect, a letter from the jurisdiction stating so is required. Evidence must be dated within one year of the application due date.

## 3. Review and Approval Process

### Application Review

All applications will be reviewed with consideration given, but not limited to, the following criteria:

- Application meets all submission requirements as detailed in these HDGF Guidelines.
- Application meets all underwriting requirements as detailed in the [Multifamily Underwriting and Implementation Guidelines](#).
- The 80% architectural plans demonstrate compliance with [OHFA's Design & Architectural Standards](#).
- The development team demonstrates the ability to proceed within the time constraints of the program.

OHFA staff will conduct a site visit as part of the review process to confirm the suitability of the prospective site. If a site is deemed unsuitable based on the site review, OHFA will contact the applicant and remove the application from further consideration. In reviewing vacant land, OHFA may elect to visit the site without contacting the applicant. For rehabilitation of existing units, OHFA staff will contact the applicant to arrange a time to walk the site and inspect units and common areas.

### Multifamily Committee

Once all review criteria are met, the OHFA Analyst will work with the development team to prepare an executive summary for internal Peer Review. Following Peer Review, the development team must answer any additional questions within 10 business days. The development will then be scheduled for presentation to the Multifamily Committee of the OHFA Board. This Committee meets the second Wednesday of the month, and the applicant will be required to attend. The Multifamily Committee will review the request and vote whether or not to make a formal recommendation for approval to the OHFA Board.

### Board Consideration

Only the OHFA Board can approve a request for funding. The OHFA Board meets the third Wednesday of the month, and the applicant is encouraged to attend. If the OHFA Board approves the request for funding, OHFA will enter into a funding agreement with the applicant.

### Project Timelines

Once the funding has been approved by the OHFA Board, OHFA will issue a funding agreement which details the terms and conditions of the award. Below are the standard terms and deadlines for projects awarded PY19 HDGF funding:

<b>Term Of Loan/Loan Maturity Date:</b>	Minimum 30-year term
<b>Construction Commencement Deadline:</b>	No later than 12 months after the award is approved by the OHFA Board
<b>Construction Completion Deadline:</b>	September 1, 2022
<b>Final Draw Deadline:</b>	October 1, 2022
<b>Final Performance Report Deadline:</b>	October 1, 2022
<b>Term of Affordability Period:</b>	Minimum 30-year term

### Subsequent Changes

Following application approval and continuing through the duration of the affordability period, the HDGF recipient must notify OHFA immediately of proposed changes to the project and seek OHFA approval to implement these changes. Prior to submitting the final closeout report, notification must be directed to the project's assigned Development or Project Administration Analyst. Notification of changes made after the final closeout must be sent to the Project Portfolio Manager at [OHFAProjectChanges@ohiohome.org](mailto:OHFAProjectChanges@ohiohome.org). Such changes include, but are not limited to, changes in the development team (developer, general contractor, sales agent/management entity, etc.), changes in the number of units or unit mix and changes to the target population.

## 4. HDGF Closing

Once the funding agreement is signed by all appropriate parties, the applicant is able to request a closing of the HDGF note and mortgage. A template of the HDAP closing checklist is available on the OHFA Loan Closing webpage. The template checklist does not include any project-specific closing conditions determined during the underwriting process, which will be set forth in the funding agreement.

The recipient must submit all checklist items no less than thirty days before the desired closing date. A closing date will not be established by OHFA until required documentation and has been received and reviewed by OHFA's Legal Office.

## 5. Construction and Project Administration

Once developments have a signed funding agreement, they will be referred to a Project Administration Analyst. The analyst will guide them through the construction, draw and closeout process.

### Construction Monitoring

After the OHFA Board has approved the funding request, the Recipient will be required to begin submitting the [OHFA Quarterly Construction Monitoring Report](#). These reports are submitted quarterly along with Field Inspection Reports conducted by the Construction Management Entity. OHFA reserves the right to require additional construction monitoring reports provided by a qualified third-party inspector, including an architect or professional with experience in construction management.

OHFA staff will also visit the site throughout the project to verify quality of work, site safety and adherence to the construction schedule.

### Drawing HDGF

Recipients are required to submit draw requests to access the HDGF funds. Recipients are encouraged to consult the [Guide to Requesting HDAP Funds](#) for questions that arise during the project's construction phase related to disbursement of HDGF funds.

OHFA reserves the right to modify the draw schedule as it deems necessary for efficient and effective program operation.

NOTE: OHFA will withhold 10% of the HDGF award until the project has been successfully completed, OHFA has conducted a closeout site visit, and a Final Performance Report has been submitted and approved by OHFA.

### Cost Certification

At the completion of construction, each project may be required to obtain and submit a cost certification prepared by an independent certified public accountant.

### Final Closeout

Recipients must submit the following prior to final closeout:

- Final Performance Report
- Draw Request for the remaining 10% of HDGF
- Evidence of compliance with Green Standards
- Affirmative Fair Housing Marketing Plan (per the requirements of [OHFA's Affirmative Fair Housing Marketing Plan Guidance](#))
- Evidence the project was listed on the [Ohio Housing Locator](#)
- Supportive Services Plan (refer to page 22 of the [2019 Qualified Allocation Plan](#) for current requirements)
- VAWA Emergency Transfer Plan, in accordance with [OHFA's VAWA Policy](#)



## 6. Placed in Service/Compliance Next Steps Meeting

The Compliance Next Steps Meeting (formerly known as the Placed in Service Meeting) provides an opportunity to ensure ownership entities and property management agents are aware of federal and state regulations stemming from various funding sources. The purpose of the meeting is to provide technical assistance and open the lines of communication between the organizations.

- Owners and/or property management agents are required to participate in this meeting after gap financing has closed with OHFA. Generally, OHFA will contact the owner/property management agent within three weeks of notification that the gap financing has closed and prior to lease up.
- These meetings may be held at the project site, ownership or management agent offices, OHFA office, or in limited circumstances, by phone.
- Check-in calls: OHFA staff will schedule at least one check-in call within six months of the Compliance Next Steps meeting unless OHFA determines that due to partner experience it is not warranted. The check-in call is to discuss any further compliance questions or concerns and ensure there is a smooth transition between development and compliance.
- OHFA staff may schedule an additional check-in meeting for partners as determined by OHFA based on the complexity of funding and experience of the developer, owner agent(s) and/or property management agent(s). This meeting will occur by phone unless otherwise determined by OHFA.

A developer, owner agent(s) and/or property management agent(s) who fail to attend a Compliance Next Steps meeting may be placed in Not in Good Partnership Status with OHFA. If the owner entity or management company are new to OHFA or OHFA multifamily funding, additional training may be required. Refer to the [Multifamily Training & Technical Assistance](#) page for more information.

## 7. Compliance Monitoring

The recipient will be responsible for compliance with applicable reporting, file and physical inspections and record keeping requirements described in guidance published on the Office of Program Compliance's webpage. Owners of properties whose only source of OHFA funds are OHTF and/or NHTF must maintain affordability throughout the duration of the period specified in the funding agreement and in accordance with OHFA's policies. These properties will also be subject to following requirements:

- The owner/agent must have completed the Compliance Next Steps meeting as detailed in these guidelines.
- The owner/agent must submit the Annual Owner Certification and tenant data in accordance with OHFA's most current policies.

OHFA reserves the right to conduct additional on-site inspections as warranted by issues such noncompliance, resident complaints and/or failure to submit the Annual Owner Certification.

## Additional Resources

HDGF applicants may wish to reference the following additional resources:

- [2019 OHFA Design & Architectural Standards](#)
- [2019 Multifamily Underwriting and Implementation Guidelines](#)
- [Ohio Development Services Agency Residential Rehabilitation Standards](#)
- [NHTF Interim Rule](#)
- [NHTF Allocation Plan](#) (pending 2019 revisions)
- [OHFA Closing Procedures and Closing Checklist](#)
- [Quarterly Construction Monitoring Form](#)

# CALCULATING RESTRICTED AND ASSISTED UNITS

## Affordable Units:

Affordable units are defined as those units that are affordable to and will be occupied by households at or below 80% of the Area Median Gross Income (AMGI).

## Restricted Units:

Units in a project that must be affordable to and occupied by households at or below 50% of the AMGI. This is based on both the total number of affordable units in a project and the amount of HDGF requested.

## Assisted Units:

Units that are subject to the HUD High/Low HOME Rent Requirements.

*NOTE: To be eligible to receive an award through HDGF, a project must meet both the Restricted **and** Assisted requirements, regardless of the funding source.*

## NHTF Assisted Units:

Units that must be occupied by and affordable to households at or below 30% AMI. This requirement only applies if the project receives NHTF.

### **Additional Notes on Restricted and Assisted Units:**

- Units subject to the High/Low HOME rents may also be used to meet the requirement for Restricted Units.
- The NHTF-Assisted Units may not be used to meet the requirements for either the Restricted or Assisted Units.
- Assisted Units must be evenly distributed among unit sizes. OHFA reserves the right to require applicants to evenly distribute the Assisted Units among new construction and rehabbed units as well.
- Some costs are not deemed to be eligible in calculating the number of Assisted Units. While these costs may be part of the development budget they will be removed from the total budget solely for the purpose of calculating the number of assisted units. These costs include, but are not limited to:
  - Costs associated with community space that is separated from living areas
  - Land/Broker Fees
  - Off Site Development
  - Costs associated with retail or commercial space
  - Hard construction fee items
  - Furniture, Fixtures & Equipment not considered Real Estate (Office furniture, common space furniture, etc.)
  - Construction Insurance
  - Construction Interest
  - Impact fees
  - Legal Fees
  - Construction Management Fees
  - Guarantee Fees
  - Developer charged fees
  - Organizational fees
  - Asset Management fees
  - Soft Cost Contingency
  - Replacement Reserves

## EXAMPLE I

<b>Project location:</b>	<b>Delaware County (non-PJ)</b>
<b>Unit type:</b>	<b>One-bedroom units</b>
<b>Total units:</b>	<b>24</b>
<b>Affordable units:</b>	<b>24</b>
<b>Total Project Costs (TPC):</b>	<b>\$4,250,000</b>
<b>Total HDGF request:</b>	<b>\$300,000</b>
<i>NHTF request:</i>	<b>\$100,000</b>

### Calculating Restricted Units

OHFA uses the greater of the two calculations described below.

#### 1. Calculate based on number of affordable units

Step 1: Identify if the project is located in a HUD Participating Jurisdiction (PJ).

- ▶ Projects located in a HUD PJ must restrict a minimum of 40% of the affordable units, regardless of the amount of HDGF awarded to the project.
- ▶ Projects not located in a HUD PJ must restrict a minimum of 35% of the affordable units, regardless of the amount of HDGF awarded to the project.

Step 2: Based on the location, multiply the number of affordable units by the required percentage.

Since the proposed project is located in a Non-PJ, at least 35% of the affordable units must meet the requirements for Restricted Units.

$$24 \text{ units} \times 35\% = 8.4 \text{ or } 9$$

Using this calculation, the project is required to have **nine** Restricted Units.

#### 2. Calculate based on amount of HDGF requested

Step 1: Determine the percentage of HDGF in the project for the affordable units by dividing the amount of the HDGF requested by the TPC for the affordable units.

$$\$300,000 \text{ (HDGF requested)} / \$4,250,000 \text{ (TPC of affordable units)} = 7.0588\%$$

Step 2: Multiply the percentage by the number of affordable units.

$$7.0588\% \times 24 = 1.6941 \text{ or } 2$$

Using this calculation, the project is required to have **two** Restricted Units.

As OHFA uses the greater of these two calculations, the project will be required to maintain nine units that meet the requirement for Restricted Units.

**Calculating Assisted Units:**

Step 1: Determine Total Eligible Cost per Unit.

In this case, we will assume all costs are eligible.

$$\text{\$4,250,000 (TPC) / 24 (units) = \$177,083 cost per unit}$$

Step 2: Add the HDGF and HOME/HOME Match. This includes any HOME funds provided by the local government and any funds being used to meet the HOME match requirement.

This project is located in a Non-PJ, so there are no local funds that meet this requirement.

Step 3: Determine the number of Assisted Units based on the percentage of HDGF/HOME in the project.

$$\text{Percentage of HDGF/HOME in project: \$300,000 / \$4,250,000 = 7.0588\%}$$

$$\text{Number of Assisted Units: 7.0588\% x 24 = 1.6941 or 2}$$

This first calculation only provides a starting point.

Step 4: Determine how much HDGF/HOME is allocated to each of the Assisted Units.

$$\text{\$300,000 / 2 = \$150,000 per Assisted Unit}$$

Step 5: Determine the maximum subsidy allowed for the county in which the project is being developed. This is determined by HUD.

$$\text{Maximum subsidy for a one-bedroom unit: \$157,466.40}$$

Step 6: Compare the amount of HDGF/HOME per Assisted Unit to the cost to build the unit and the maximum allowable subsidy. The amount of HDGF/HOME per Assisted Unit cannot be greater than either the cost to build the unit or the maximum allowable subsidy.

$$\text{HDGF/HOME per Assisted Unit (from Step 4): \$150,000}$$

$$\text{Cost to build the units (from Step 1): \$177,083}$$

$$\text{Maximum allowable subsidy per unit (from Step 5): \$157,466.40}$$

Because the HDGF/HOME per Assisted Unit is less than the cost to build the units and it is less than the maximum allowable subsidy, this project is only required to maintain two Assisted Units.

If the amount of HDGF/HOME per unit was greater than either the cost to build or maximum subsidy allowed, OHFA would increase the number of Assisted Units until the subsidy per unit met these requirements.

**Calculating NHTF Assisted Units:**

Regardless of the amount requested, projects are required to maintain 10% of the units, with a minimum of 5 units, affordable to and occupied by households at or below 30% AMI.

$$\text{24 units x 10\% = 2.4 or 3}$$

Therefore, this project will be required to maintain **five** NHTF-Assisted units.

**Outcomes for Example I:**

- 9 Restricted Units
- 2 Assisted Units
- 5 NHTF-Assisted Units

**EXAMPLE II**

<b>Project location:</b>	<b>Franklin County</b>
<b>Unit type:</b>	<b>One-bedroom units</b>
<b>Total units:</b>	<b>24</b>
<b>Affordable units:</b>	<b>19</b>
<b>Non Restricted:</b>	<b>5</b>
<b>Total Project Costs (TPC):</b>	<b>\$5,250,000</b>
<b>Total HDGF Request:</b>	<b>\$300,000</b>
<i>NHTF Request:</i>	<b>\$100,000</b>
<b>Local HOME:</b>	<b>\$250,000</b>

**Calculating Restricted Units**

OHFA uses the greater of the two calculations described below.

**1. Calculate based on number of affordable units**

Step 1: Identify if the project is located in a HUD Participating Jurisdiction (PJ).

- ▶ Projects located in a HUD PJ must restrict a minimum of 40% of the affordable units, regardless of the amount of HDGF awarded to the project.
- ▶ Projects not located in a HUD PJ must restrict a minimum of 35% of the affordable units, regardless of the amount of HDGF awarded to the project.

Step 2: Based on the location, multiply the number of affordable units by the required percentage.

Since the proposed project located in a PJ, at least 40% of the affordable units must meet the requirements for Restricted Units.

$$19 \text{ units} \times 40\% = 7.6 \text{ or } 8$$

Using this calculation, the project is required to have **eight** Restricted Units.

**2. Calculate based on amount of HDGF requested**

Step 1: Determine the percentage of HDGF in the project for the affordable units.

- a. Determine the TPC for the affordable units by first determining the cost per unit (all units) and then multiplying the cost per unit by the number of affordable units.

$$\$5,250,000 \text{ (TPC)} / 24 \text{ (total units)} = \$218,750 \text{ cost/unit}$$

$$\$218,750 \times 19 \text{ (affordable units)} = \$4,156,250 \text{ TPC for affordable units}$$

- b. Determine the percentage of HDGF in the project for the affordable units by dividing the amount of HDGF requested by the TPC for the affordable units and multiply that percentage by the number of affordable units.

$$\$300,000 \text{ (HDGF requested)} / \$4,165,250 \text{ (TPC affordable units)} = 7.2180\%$$

$$7.2180\% \times 19 \text{ (affordable units)} = 1.3714 \text{ or } 2$$

Using this calculation, the project is required to have **two** Restricted Units.

As OHFA uses the greater of these two calculations, the project will be required to maintain **eight** units that meet the requirement for Restricted Units.

**Calculating Assisted Units:**

Step 1: Determine Total Eligible Cost per Unit.

In this case, we will assume all costs are eligible.

$$\text{\$5,250,000 (TPC) / 24 (total units) = \$218,750 cost/unit}$$

Step 2: Add the HDGF and HOME/HOME Match. This includes any HOME funds provided by the local government and any funds being used to meet the HOME match requirement.

$$\text{\$300,000 (HDGF) + \$250,000 (HOME) = \$550,000}$$

Step 3: Determine the number of Assisted Units based on the percentage of HDGF/HOME in the project.

$$\text{Percentage of HDGF/HOME in the project: \$550,000 / \$5,250,000 = 10.4762\%}$$

$$\text{Number of Assisted Units: 10.4762\% x 24 = 2.5142 or 3}$$

This first calculation only provides a starting point. It is important to note that ALL units, both affordable and market rate are considered in this first calculation.

Step 4: Determine how much HDGF/HOME is allocated to each of the Assisted Units.

$$\text{\$550,000 / 3 = \$183,333 per Assisted Unit}$$

Step 5: Determine the maximum subsidy allowed for the county in which the project is being developed. This is determined by HUD.

$$\text{Maximum subsidy for a one-bedroom unit: \$157,466.40}$$

Step 6: Compare the amount of HDGF/HOME per Assisted Unit to the cost to build the unit and the maximum allowable subsidy. The amount of HDGF/HOME per Assisted Unit cannot be greater than either the cost to build the unit or the maximum allowable subsidy.

$$\text{HDGF/HOME per Assisted Unit (from Step 4): \$183,333}$$

$$\text{Cost to build the units (from Step 1): \$218,750}$$

$$\text{Maximum allowable subsidy per unit (from Step 5): \$157,466.40}$$

The HDGF/HOME subsidy per Assisted Unit exceeds the maximum allowable subsidy per unit. In this instance, an additional Assisted Unit would be needed.

With four Assisted Units, the subsidy per unit becomes \$137,500 ( $\$550,000 / 4$ ) and the project meets program requirements.

Now that the HDGF/HOME per unit is less than the cost to build and it is less than the maximum allowable subsidy, this project is only required to maintain **four** Assisted Units.

**Calculating NHTF-Assisted Units:**

Regardless of the amount requested, projects are required to maintain 10% of the units, with a minimum of 5 units, affordable to and occupied by households at or below 30% AMI.

$$24 \times 10\% = 2.4 \text{ or } 3$$

Therefore, this project will be required to maintain **five** NHTF-Assisted Units.

**Outcomes for Example II:**

- 8 Restricted Units
- 4 Assisted Units
- 5 NHTF-Assisted Units

**Appendix I: Submission Requirements - Notice of Intent to Apply****Gap Financing Application (GFA)**

Completed, *without* attachments/supporting documentation.

**Experience and Capacity information**

Resumes, Organizational charts, and any other information detailing Experience and Capacity.

**Exception Requests**

Completed Exception Request form, if applicable.

**Site Information**

Relevant site information, including a detailed map clearly depicting the physical location of the site, the nearest intersection, and all roads leading to the site.

## Appendix II: Submission Requirements – Full Application

### Application Fee

As defined in Fees section of these Guidelines.

### Gap Financing Application

The GFA document must be complete, including the NHTF Workbook and the Program Certification.

### Appraisal

An As-Is appraisal for all development site(s) represented in the application. Developments that do not identify any acquisition costs in the development budget are exempted from this requirement.

*Reference:* Appraisal Requirements policy in the [Multifamily Underwriting and Implementation Guidelines](#).

### Architectural Plans, DCFA and Architect Certification

Requirements for architectural submissions are outlined in the Design and Architectural Standards, referenced below. All architectural plans must be approved by the OHFA Architect. OHFA reserves the right to require modifications to architectural plans.

*Reference:* Architectural Submission requirements in the [Design and Architectural Standards](#).

### Articles of Incorporation (nonprofits only)

Nonprofit Articles of Incorporation, including evidence of 501(c)3 or (c)4 status, as appropriate.

### Audited Financial Statements (existing units only)

If the proposal includes existing units under the same ownership and/or management, the applicant must provide audited financial statements for the existing project. The audited financial statements may not be in an audit portfolio with other properties; however, OHFA will consider exceptions to this requirement. If awarded HDGF funds, all future audited financial statements shall be for the development alone and not as part of a portfolio.

### Authorization to Release Tax Information

A completed [Authorization to Release Tax Information Form](#) for all general partners. OHFA will use this information to determine if an entity with ownership interest in the development has outstanding tax liens with the State of Ohio.

### Board Resolution (nonprofits only)

A board resolution authorizing an application for HDGF resources. The resolution must authorize the application for HDGF, must specify the amount of the request, and must identify the individuals authorized to execute legal documents on behalf of the nonprofit.



## Capital Needs Assessment and Scope of Work (existing units or adaptive reuse only)

A Capital Needs Assessment and Scope of Work for all buildings represented in the application.

**Reference:** Physical Capital Needs Assessment Standards in the [Multifamily Underwriting and Implementation Guidelines](#).

## Changes from Intent to Apply

If any changes have been made to the project after the Intent to Apply has been reviewed and funds have been reserved, a narrative must be submitted with the full application detailing the changes. OHFA must approve any changes made.

## Community Outreach

A community outreach plan and documentation or other evidence that it was completed. The community outreach plan and its exhibits must include the following, clearly labeled components:

- **List of Stakeholders Notified.** Stakeholders notified may include but are not limited to residents, businesses, local elected officials, police and fire departments, community development corporations, and/or nonprofit community organizations.
- **Method of Notification and Copies of all Materials.** Identify the method(s) of notification used, and provide copies of materials provided via the notification. Examples include written notices placed or published, materials including any sign-in sheets from any public meetings, and support or opposition letters from community groups or contacts established through the outreach process.
- **Results of Stakeholder Involvement.** A description of stakeholder feedback received and how the stakeholder feedback was analyzed and in what ways it impacted project characteristics and features.

## Conditional Financial Commitments

Conditional commitment letters (or other acceptable documentation in lieu of a commitment) for all non-OHFA sources of debt and equity, including any project-based rental subsidies. All commitment letters must indicate the following:

- Loan or grant amount;
- Loan term and amortization schedule/term (and/or payment requirements);
- Interest rate;
- Fees associated with the loan or grant;
- Reserve requirements; and
- Lien position of the loan.

If a loan or grant was applied for or will be applied for from a competitive source (e.g., city HOME funds, Federal Home Loan Bank), the commitment letter must also acknowledge funds were applied for or verify that a funding round is approaching. The letter should detail the amount of funds requested and the timing for funding decisions. Applicants must provide evidence of an alternative plan to fill the funding gap if unsuccessful in any non-OHFA competitive funding program.

## Development Team Consultant Statement

A statement regarding the development consultant(s) that includes:

- Their credentials and development experience;
- Their role in the project;
- Scope of their authority to negotiate for and bind the development team; and
- A summary of all projects they are currently advising and the scope of those agreements.

### Exception Requests

Copies of any exception requests approved by OHFA.

### Evidence of Site Control

Current owner is the applicant: Copies of the executed and recorded deed(s).

Current owner is not the applicant: Evidence of site control. Acceptable forms of site control include, but are not limited to, a purchase contract, a purchase option or a lease option for a minimum term of 35 years.

See Application Submission section of HDGF Guidelines for additional details on submission requirements for this item.

### Federal Tax Identification Number

Evidence that a Federal Tax Identification Number (FTIN) has been obtained for the ownership entity.

### Lead-Based Paint Strategy

Lead-based paint strategy as detailed in the Program-specific Policies section of the HDGF Guidelines.

### Legal Description(s)

A legal description in Microsoft Word format of each parcel that will be included in the development. The description(s) shall include the street address and permanent parcel number of each parcel.

### Letter of Support (if applicable)

Any application for a project which provides rental units to persons with a developmental disability must include a written letter of support from the Ohio Department of Developmental Disabilities as well as from the County Board serving the area in which the project will be located.

Any application for a project which provides rental units to persons with severe and persistent mental illness must include a written letter of support from the Ohio Mental Health and Addiction Services Agency as well as from the County Board serving the area in which the project will be located.

### Market Study

A market study conducted by an OHFA-approved market study professional updated or approved within 12 months of the relevant submission date.

Applications with ten or fewer units may submit a written statement briefly summarizing market conditions in lieu of a formal market study. The statement shall be made by a third party not related to the development team, with significant knowledge of local market conditions, including but not limited to a market study provider or a local government or social service organization serving the proposed population.

**Reference:** Market Study Standards in the [Multifamily Underwriting and Implementation Guidelines](#).

### Notification to Statewide Accessibility Groups (new units only)

Applicants proposing new construction shall notify all accessibility groups in the same county as the development that accessible housing is being proposed. A [list of accessibility groups](#) is available on the OHFA website. Applicants agree to accept referrals for prospective residents and consider design recommendations for the property. Copies of all correspondence between the applicant and accessibility groups shall be submitted to show compliance with these requirements.

If requested by the accessibility group, the applicant shall provide the most current copy of the development's architectural plans prior to submitting the final application.

### Phase I Environmental Site Assessment

A Phase I Environmental Site Assessment (ESA) conducted in accordance with the most current ASTM standard and dated within six months of the application deadline. It is recommended that the Phase I ESA include any non-scope items that will be required as part of the OHTF and/or NHTF Environmental Reviews, if funded.

### Public Notification

Evidence that the public notification process for local elected officials was completed. The application shall include a copy of the stamped post office receipt, return receipt not required, for certified mail and copies of notification letters.

See the Application Submission section of the Guidelines for additional details on submission requirements for this item.

### Related Party Transaction Questionnaire

A completed [Related Party Transaction Questionnaire](#) for any transactions between related parties.

### Relocation Plan and Forms (existing units only)

Any development involving acquisition and rehabilitation of existing and occupied units that will result in permanent displacement of any residents shall submit a complete [Acquisition, Relocation, and Demolition Questionnaire and Relocation Assistance Plan](#).

If a development will result in resident relocation during the construction period, the application will include a narrative detailing the tenant relocation plan or strategy. The narrative will address the method(s) for relocating residents, provide a breakdown of any associated costs, and identify if tenants will be permanently displaced.

### Rental Subsidy Commitment (if applicable)

Conclusive proof of commitment of the subsidy is required. Proof may include an executed commitment to enter into a binding agreement or a copy of the contract governing the transaction.

### Third Party Cost Estimate

Itemized cost estimates from an unrelated third party are required to substantiate the construction costs in the development budget. Estimates must indicate the status of the design process (i.e. preliminary drawings, working drawings with outline specifications, full-scale drawings and specifications, etc.).

The unrelated third party must indicate which standards/codes were used in developing the cost estimates, and submit a signed statement certifying that the cost estimates for any rehabilitation work being done are sufficient to meet the Ohio Development Services Agency's [Residential Rehabilitation Standards](#).

See Application Submission section of the Guidelines for more detail on submission requirements for this item.

### Utility Allowance Information

The application shall include utility allowance information consistent with the requirements of OHFA's Utility Allowance Policy. Applicants may refer to the [OHFA Utility Allowance Policy](#) for guidance on methods available to calculate utility allowances for various project types.

### Zoning

Evidence that all sites are currently zoned for the proposed use in the form of a valid building permit or a letter from the local municipality stating that the current zoning will permit the proposed development. For jurisdictions with no zoning regulations in effect, a letter from the jurisdiction stating so is required. Evidence must be dated within one year of the application due date.