



2012 Housing Credit Program Frequently Asked Questions (FAQ)

November 15, 2011

Application Fee

Question: The AHFA indicates a copy of the check is to be included at Section 2 with the original check to be placed in the originals folder. Is a revised AHFA forthcoming?

Answer: While we are not requiring the application fee up front, we do not plan to release any further revisions to the AHFA.

OHFA Project Listing

Question: I am reading the QAP and it references "a listing of Housing Credit projects in service and in development" on the website but I cannot find it. Can you please point me to it?

Answer: This list may be found at <http://www.ohiohome.org/lihtc/documents.aspx>. Title of document is "OHFA Rental Project Listing".

Site Security

Question: Is the Site Security line item intended to be included in eligible basis?

Answer: Site Security includes alarm system monitoring, security officers, automation software and other measures to secure the property that are not permanently affixed to the building, and therefore should not be included in eligible basis. Security equipment, such as an alarm, motion detector, fire extinguisher or detector should be included in Hard Construction costs.

Bedrooms – Senior Units

Question: Does the threshold requirement that all Senior units have no more than two bedrooms and no more than one and a half baths (Minimum Project Standards, #17 (e), Page 32 of the QAP) apply to Preservation proposals, or just new construction?

Answer: This requirement is intended for both new construction and the rehabilitation of existing senior housing units. If you have an existing senior property that does not meet this requirement, you may request a waiver by the October 20 deadline. Waivers will be considered based on the projected cost of your proposal, and whether it is reasonable compared to the cost of rehabilitating senior buildings that meet the requirement that OHFA has funded in the past.

ADA Compliant Shower

Question: I have a question about item (e) in the Minimum Project Standards. The QAP states that senior housing will be required to have a full bath with a curbless ADA-compliant shower. Can this requirement be waived for Preservation projects?



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Answer: This requirement is intended for both new construction and the rehabilitation of existing senior housing units. You may request a waiver of this requirement for an existing senior property. Waivers will be considered based on the feasibility of converting an existing bathroom and on the needs of the senior population residing at the property.

Minimum Unit Size

Question: We are requesting clarification of the OHFA requirement for minimum unit size.

Our project is a moderate rehab but we are reconfiguring the tenant demising walls in order to convert existing efficiency units to one-bedroom or two-bedroom apartment units. In this moderate rehab scope, do we need to comply with the minimum unit size requirement for new construction?

Answer: Since your proposal is the rehabilitation of existing housing units, the minimum unit sizes will not apply.

Please note that the Selection Process for competitive housing credits includes a Project Functionality category, in which layouts and square footage are to be appropriate for the development.

Capital Needs Assessment Requirements for Adaptive Reuse Projects

Question: On Page 31 of the QAP, a capital needs assessment is required for a project proposing to renovate “existing housing units”. In our case, the project involves the rehabilitation of an historic hotel into senior housing. The hotel has been out of service for many years, except that part of it was used as a nursing home a generation ago. All internal systems of the building (HVAC, plumbing, electrical) will be replaced. Many walls between rooms will be eliminated. Is this former hotel considered “existing housing units”?

Answer: This proposal is not considered existing housing units, so a capital needs assessment is not required.

Capital Needs/ Physical Needs Assessments and Reliability

Question: We had a capital needs assessment prepared last fall, which we submitted with our 2011 LIHTC application. This report included a thorough site/building/unit inspection and interviews with the property manager and maintenance staff. Do we need to have an updated report prepared for the upcoming 2012 application?

Answer: The Capital Needs Assessment must be completed or updated if it is more than one year old or submitted with a 2011 application. Any information that may have changed since the CNA was originally completed must be updated.

Local Collaboration

Question: Where should information on local collaboration be included in the application?



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Answer: A description of how your proposal meets local collaboration and other selection criteria is to be included on the OHFA Narrative Form for Housing Credit Applicants, with any supporting documentation attached to the form.

Market Study Updates

Question: Despite the language in the QAP apparently permitting use of a market study completed in the past year (used in the prior application round), our market analyst is not sure that OHFA will accept that earlier study rather than requiring an updated study.

Answer: A market study from the 2011 application round must be updated for the 2012 applications. Any information required as part of the report must be updated, and requirements that are new for the 2012 program must be included.

Basis Boost

Question: Is the basis boost narrative required at the proposal stage or with the final application items?

Answer: A narrative regarding need for the basis boost is to be submitted with the Proposal in November.

Construction Cost Detail

Question: The 2012 AHFA contains a rather detailed "Construction Cost Detail" tab for Hard Costs and Site Work. Is this tab to be completed at the proposal stage? If so, what level of flexibility (in specific line items) will OHFA allow as line items change during the application process as engineering and architecture drawings progress toward completion?

Answer: The Construction Cost Detail tab is to be completed at the proposal stage. The costs should be reasonably accurate at this stage to the best of your ability and knowledge regarding the proposal. At the time of full application, any changes to line items will be considered and should be justified based on circumstances affecting the proposal.

Preservation Pool Eligibility

Question: Are projects with HUD 221(d)3 financing, but without Section 8 rental subsidy, competing in the Preservation or Geographic pool?

Answer: We have determined that a proposal that meets one of the specific definitions will compete in the Preservation Pool (items a through f on page 24 of the 2012 QAP). A HUD 221(d)(3) or 221(d)(4) project or a Year 15 tax credit property will not be considered unless it meets one of the specific criteria for the Preservation Pool.

Commitment Letters for Project-Based Vouchers

Question: Housing Authorities (HA) are no longer providing commitment letters for project-based vouchers (PBV) contingent upon an award of LIHTC, which is hampering the development of two Permanent Supportive Housing



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(PSH) projects. We hope to get letters of support from the HA's that outline the future process for awarding PBV. We want to be sure that such letters would be understood by OHFA as commitment letters that would satisfy the PSH Pool requirements.

Answer: OHFA will accept a conditional commitment for rental subsidy for at least 50% of the units in a Permanent Supportive Housing application with the initial proposal. A firm commitment of rental subsidy must then be submitted by the final application deadline in order for the project to move forward. A letter from the housing authority that indicates support for your proposal and outlines the process for request and approval of PBV will be acceptable with the proposal submission.

Housing Credit Gap Financing Application Requirements

Question: The AHFA indicates that if there are current tenants at a property, then a relocation plan and URA form should be attached. I do not see this requirement anywhere in the QAP. Is this relocation plan due at the time of the November proposal or at the time of the July Application?

Answer: The URA information is a requirement of the HDAP program. These items must be submitted with the Final Application in July if the project is seeking Housing Credit Gap Financing in addition to Housing Credits. To apply for Housing Credit Gap Financing in addition to Housing Credits at the Proposal stage, complete the appropriate section of the AHFA, select the appropriate rent elections, and include the gap financing request in the proforma section of the AHFA. A detailed relocation plan for the current residents of an existing property must be submitted with the Proposal in these cases. The other items that are required for gap financing must then be submitted with the Final Application in July if Housing Credits are awarded.

Qualified Census Tracts and Basis Boost Justification

Question: Is the justification for the 130% basis boost required only for developments located outside of a Qualified Allocation Plan (QCT) that are requesting consideration for the boost, or does a project in a QCT also need to provide this justification?

Answer: A justification is only required for proposals outside of a QCT that wish to receive the basis boost.

Developer Fee for Projects subject to USDA RD Assumption and Transfer

Question: The Minimum Financial Evaluation section of the QAP indicates a developer fee of 10% of total acquisition eligible basis will be permitted for projects that evidence they are subject to HUD Transfer of Physical Assets process in order to transfer the property. Will this fee also apply to projects that are subject to Rural Development loan assumption/transfer process?

Answer: The additional developer fee is only available for proposals subject to the HUD TPA process.

Cash Flow for Rural Development Projects

Question: Rural Development (RD) projects are operated with very little or no cash flow, however your guidelines require that a project have a debt coverage ratio (DCR) of 1.20 in the first stabilized year, and must maintain a DCR



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above 1.0 during the entire 15-year compliance period. RD will not allow a budget with this type of cash flow. RD reevaluates the operating costs each year and adjusts the rents accordingly so that the project operates at break-even. Does a waiver need to be requested for an RD project? How will this be handled from an underwriting standpoint?

Answer: The DCR requirements are applicable to all proposals. We will consider an exception to the assumptions for annual income and annual expense increases if correspondence is submitted from the state RD office indicating that budget-based rental adjustments will be provided for the property.

Housing Credit Gap Financing Funding Levels and Availability of Funds

Question: What is the anticipated maximum gap financing available for the 2012 funding round?

Answer: We are unable to advise potential applicants of a specific maximum amount of gap financing that may be available to 2012 Housing Credit proposals. The final amounts awarded will be based on our Minimum Financial Evaluation and on the overall availability of funds.

Market Criteria for OHFA Narrative Form

Question: Since the market study is due after the application deadline, is it possible the applicant could submit the Market Criteria portion of the narrative after the market study is complete?

Answer: Applicants who do not have their market study completed for the November 17 submission should submit the OHFA Narrative Form without the Market Criteria information. These applicants may then submit a revised form with the Market Criteria information completed when they submit the market study.

Schematic Plans and Topographical Maps

Question: The Preliminary Architectural Plans section of the QAP requires a schematic site plan with the project proposal. In 2010, you confirmed that schematic site plans and topographical maps are not required for single-family scattered-site projects. Can you please confirm that this is still accurate?

Answer: A schematic site plan will not be required for single-family scattered-site projects at the Proposal stage. This item must be submitted for each site with the Final Application if housing credits are awarded.

The topographical map is no longer required from any applicant.

Architectural Documents

Question: When you required half size drawings for the Site Visit Folder, do you mean 11 x 17 (statement size)? The larger half size drawings will stick out of the sides of a standard size report folder.

Answer: Submit 11x17 drawings with your application, you can fold them in half to 8 ½ by 11 size to fit in the folder.



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Universal Design

Question: The Additional Requirements portion of the Universal Design Requirements section indicates that units being rehabbed shall be “designed to incorporate these features to the extent possible”, then goes on to state that all floors in a two or more story single-family house or townhome must meet the Fair Housing requirements.

We discussed the difficulty in achieving some of these items in the rehabilitation of an existing unit, and you were going to provide some clarification regarding this section.

Answer: OHFA has considered the issue of universal design in existing properties, and we recognize that not all universal design principles can be incorporated into every proposal. These principles are crafted as guidance to promote units designed to be used by all, with consideration for the limitations of existing units. Universal design features should be incorporated into existing units to the extent possible, with consideration given for existing design and cost to make changes to these features. We will consider the proposed design of your units during the Selection Process according to the Project Functionality category in the 2012 Qualified Allocation Plan.

Accessibility Agency Communication

Question: Under the Universal Design requirements, the local accessibility agency within your project's county must be notified. In reviewing the list of accessibility agencies, I noticed that some counties have two agencies. Do we select one or must we notify both?

Answer: Notify both groups in cases where there are two agencies in the county.

Square Footage Calculation- All Inclusive

Several questions have been received regarding the calculation of square footage for different types of buildings.

Include the floor space of all structures that have a foundation in the gross square footage of the proposed project.

Appraisals

Question: I understand that an appraisal cannot be prepared more than six months prior to final application, but do not know when the appraisal must be submitted.

Also, the QAP indicates that any non-amortizing assumed debt included in the acquisition cost will be subtracted prior to calculation of acquisition cost per square foot for comparison with other applications. In appraisals for other states, we have typically incorporated the intangible value of the financing. Is this information required in Ohio?

Answer: The appraisal must be submitted as part of the final application in July 2012. Proposals that receive an award of credits in April must submit a final application in July.

We are presently developing appraisal guidelines for use beginning with the 2012 tax credit program and for all of our multifamily programs going forward. We expect to publish the final appraisal guidelines by the end of 2011.



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Square Footage Calculation

Question: I noticed on page 28 of the QAP that it says, "All square footages shall be calculated and certified by the Architect of Record". Are you looking to see the architect's seal on the drawings somewhere, a separate letter by the architect, or something else?

Answer: Architects must calculate the square footage, and may indicate it on the cover sheet of the drawings or on their letterhead.

Maximum Common Area Square Footage

Question: Will the "office/conference/service/support" space described on page 34 of QAP be included as common area square footage when confirming that the project design does not have common area in excess of 20% of the total gross building square footage?

Answer: These spaces will not be considered as common areas for the 2012 Housing Credit Program.

Asset Management Fees

Question: Are capitalized asset management fees charged by syndicators considered a "syndication expense", and therefore categorized as Professional Fees for the Total Professional Fee calculation?

Answer: Capitalized asset management fees will not be considered in the Total Professional Soft Cost calculation. This line item will be added to the Professional Fees when presenting gap financing requests to the OHFA Board.

Supportive Service Plans

Question: Is there an index available for the Supportive Service Plan and Requirements?

Answer: OHFA does not have an index available for supportive service plans. Refer to Pages 29-30 of the 2012 QAP for guidance on the content of supportive service plans for senior and family developments.

Percentage of Ownership

Question: In the AHFA under the "Participating Members of Ownership Entity" for the cell where we need to enter the percentage of ownership, the cell is formatted to only allow for two decimals. In the case of our applications, we need to enter a percentage with more decimals (0.0049% or 0.0051%).

Answer: For the percentage of ownership, enter the percentage of the general partner interest that each entity will own. For example, if the limited partners will own 99.99%, and the general partners 0.0049% and 0.0051%, then enter 49% and 51% for the general partners in these spaces.



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Federal Tax Identification Numbers

Question: The Project Information section of the AHFA asks for the Federal Tax ID number of the partnership. Usually we enter "TBD" (to be determined) as we don't form the partnership until the full application stage. The cell will not allow us to enter in any letters because of the formatting. Should we just leave this blank for now?

Answer: If you do not have a federal tax ID number, then leave this space blank.