March 5, 2025

Barbara Richards
Multifamily Housing Director
Ohio Housing Finance Agency
2600 Corporate Exchange Drive, Suite 300
Columbus, OH 43231

Dear Ms. Richards,

On behalf of the Ohio Housing Council (OHC), we appreciate the opportunity to provide comments on the first draft of the *Ohio LIHTC State Fiscal Year 2026 Guidelines*. We recognize and value OHFA's efforts in developing a comprehensive framework to expand affordable housing opportunities across the state. We also commend OHFA's responsiveness to stakeholder feedback, as demonstrated by the revised Discount to Market Rent scoring and the broader geographic approach.

Below, we offer our recommendations in two sections: immediate key recommendations for the current round, and forward-looking opportunities to enhance the program in future rounds.

Key Recommendations

To strengthen the current guidelines and ensure that the program fosters financially sustainable developments, we propose the following adjustments:

Cost Containment and Exception Requests

Our concerns with the cost containment and prohibition on exception requests in this draft mirror those that we expressed in our comments on the first draft of the *4% LIHTC with Bond Gap Financing (BGF) Program Year 2025 Guidelines*. So that you don't have to cross reference our comment letters, I've included those comments here:

> "The guidelines currently prohibit Total Development Cost (TDC) exception requests under BGF, unlike other OHFA programs. We urge OHFA to allow reasonable exceptions, particularly for developments with unique cost factors like historic preservation, prevailing wage requirements, or BABA compliance. Given high interest rates, potential tariffs, and BABA uncertainty, maintaining flexibility for exceptions would help developers adapt to

changing economic conditions while ensuring cost efficiency and accountability."

Competitive Scoring – OLIHTC per Unit

The emphasis on achieving a low OLIHTC per unit score may inadvertently drive developers to focus on point-chasing rather than ensuring long-term financial robustness. We recommend that OHFA review and adjust the scoring scale to better balance the need for cost efficiency with the overall financial sustainability of projects.

Financial Commitment Timing

We continue to have concerns about the way OHFA has reinterpreted what is required in order to demonstrate commitment of other resources, but we appreciate that OHFA is proposing to move the requirement for conditional commitments to the Final Application stage rather than the Proposal Application stage. This is particularly important for urban markets such as Cleveland and Columbus, where it is widely understood that they will ultimately fund whichever applications receive OLIHTC reservations.

Accessibility Group Notification

The added requirement to notify and accept comments from accessibility groups adds an extra layer of bureaucracy without delivering clear additional benefits. Given that compliance with accessibility standards is already ensured through existing federal and local regulations, we propose that OHFA reconsider this requirement to avoid duplicative administrative burdens.

Geographic Distribution and Funding Pools

As OHFA's proposed language in this section is very similar to that in the first draft of the *4% LIHTC with Bond Gap Financing (BGF) Program Year 2025 Guidelines*, I am including the same comment that we made in our letter responding to that draft.

> "We are concerned about the revised order of operations in the Geographic Distribution and Funding Pools section, where set-asides are allocated first, followed by funding pools. We do not understand the rationale behind this change and question whether it improves the overall funding distribution. Without further clarification, we believe this adjustment may have unintended consequences. We encourage OHFA to provide additional insight into this decision and consider whether the previous approach may be more effective."

Looking Ahead

In addition to the immediate recommendations above, we offer the following forward-looking opportunities to further enhance the program in future rounds:

Rural Developments for Future Rounds

We strongly encourage OHFA to begin considering a strategic adjustment for rural areas in future iterations. Specifically, shifting the OLIHTC designation for rural areas into the 9% LIHTC program—accompanied by a discretionary boost for rural 9% developments—has the potential to significantly increase the number of rural projects by leveraging the efficiencies inherent in the 9% structure. Initiating this conversation now will help lay the groundwork for more targeted rural investment.

Set-Asides

Including identical set-asides in each tax credit program in every round is probably not the most efficient way to address the distinct concern each set-aside is designed to address. As you continue to create differentiation between the 9% LIHTC, 4% LIHTC Only, 4% LIHTC with Bond Gap Financing, and OLIHTC programs, we recommend that OHFA evaluate the current set-aside structure to determine if every set-aside is appropriate to every program or if a more tailored, program-specific approach might better achieve the intended policy goals.

OHC remains committed to working collaboratively with OHFA to enhance the effectiveness of Ohio's affordable housing programs. We appreciate your openness to stakeholder input and look forward to further refinements that support the development and preservation of affordable housing across the state. Please do not hesitate to reach out if further discussion on these points would be beneficial.

Thank you for your time and consideration.

Sincerely,

Ryan Gleason

Ryan Gleason
Executive Director

cc: Bill Beagle, Executive Director, Ohio Housing Finance Agency