



July 31, 2024

Cody Price
9% Housing Tax Credit Section Chief
Ohio Housing Finance Agency
2600 Corporate Exchange Drive, Suite 300
Columbus, OH 43231

Dear Dr. Price,

Thank you for the opportunity to comment on the first draft of the *9% LIHTC Qualified Allocation Plan for Program Years 2024-2025 with 2025 Technical Amendments*. Due to the shortened comment period and the fact that many members are on summer vacation, we were unable to gather our full Policy Committee. As we only provide comments when there is broad consensus among our diverse membership, the Ohio Housing Council is providing more abbreviated comments than usual under these circumstances.

Concerns with the scope of changes

We are concerned with the scope of the proposed changes, which we understood to be limited to technical amendments in the second year of a two-year QAP. Affordable housing developers rely in good faith on the QAP being consistent for these two years. However, the changes proposed in the current draft are more substantive than technical and have far-reaching implications for the eligibility of sites and the overall effectiveness of the QAP.

We appreciate that OHFA is attempting to address a longstanding concern we have raised regarding the rigid application process, which has prevented applicants from providing additional information when they inadvertently omit a document from an application or when the documents submitted do not fully satisfy OHFA's scoring criteria. Our understanding is that the current draft seeks to address this by shifting several scoring criteria to threshold requirements, as threshold requirements are curable under OHFA's recent addition of a cure period.

However, this approach has significant unintended consequences. Applicants make substantial investments in site control and due diligence required for a competitive proposal based on the two-year QAP. Often, applicants will invest in a property that is eligible even though it doesn't necessarily qualify for all of the points in a scoring criterion (e.g., proximity to a certain amenity). Under the proposed changes, sites that were eligible in year one of this QAP will no longer be eligible in the second year. While we have not had

time to do an exhaustive investigation into the impacts of this change, we have attached an exhibit that illustrates the draconian limitation on the areas that will now be able to meet the proximity to a medical clinic threshold requirement.

Rather than making these scoring criteria threshold requirements, we suggest an alternate approach that is truly technical in nature, that would accomplish the same goal, and that would come without the significant unintended consequences of the approach proposed in the current draft. If OHFA were to amend the QAP to allow applicants to cure deficiencies in scoring criteria that are administrative in nature, quality projects that are currently eliminated for technical reasons would be able to compete, and sites that are currently eligible under the QAP would continue to be so for the remainder of this QAP cycle.

We understand that OHFA is concerned that applicants may be less diligent in compiling their applications if they know they have an opportunity to fix errors after the application deadline. While we don't question the legitimacy of this concern, we don't believe it is a significant one, especially given that it comes with the cost of eliminating otherwise strong projects from competing for tax credits. Equally important, we believe there are less punitive ways to address this concern and we would look forward to working with you to develop a solution that provides disincentives that are more appropriately scaled.

Conditional financial commitments

We would appreciate clarification about the intended impact of the changes in the "Conditional Financial Commitments" submission requirements in Appendix A and how these changes work with the LIHTC Rental Underwriting Guidelines (Underwriting Guidelines) which went into effect on December 30, 2023.

The "Other Sources of Funding" section of the Underwriting Guidelines states:

"HOME: Investment Partnerships Program (HOME) and other federal funds not administered by OHFA: The applicant must submit a preliminary award letter or commitment letter reserving the funds that includes the anticipated term, amortization, rate, fees or specify that the funds will be a grant."

This carve-out is crucial because it allows the City/County HOME programs to include language that permits them to back out if necessary, as HUD funds require that all other sources be finally committed before issuing a commitment letter. However, the proposed language in these technical amendments could be read to eliminate this possibility. We hope the intention was not to eliminate HOME program funding from projects, but we are

concerned that the current draft language may unintentionally do so. We recommend clarifying this to avoid inadvertently excluding essential federal funds from LIHTC projects.

Related-Party Acquisitions

We have expressed our concerns with the inclusion of the “Related-Party Acquisition” section, which first appeared in the 2nd draft of the 9% LIHTC Qualified Allocation Plan for Program Years 2024-2025. As we stated at the time, “[w]e believed that this issue had been discussed and resolved [in 2022] when OHFA was developing the 2022-2023 Multifamily Underwriting Guidelines.” We continue to encourage OHFA to revert back to the more flexible rules which allowed OHFA to question applicants during the underwriting process when necessary.

Thank you for considering our comments. We look forward to working with OHFA to develop a QAP that supports the development of high-quality affordable housing in Ohio.

Sincerely,



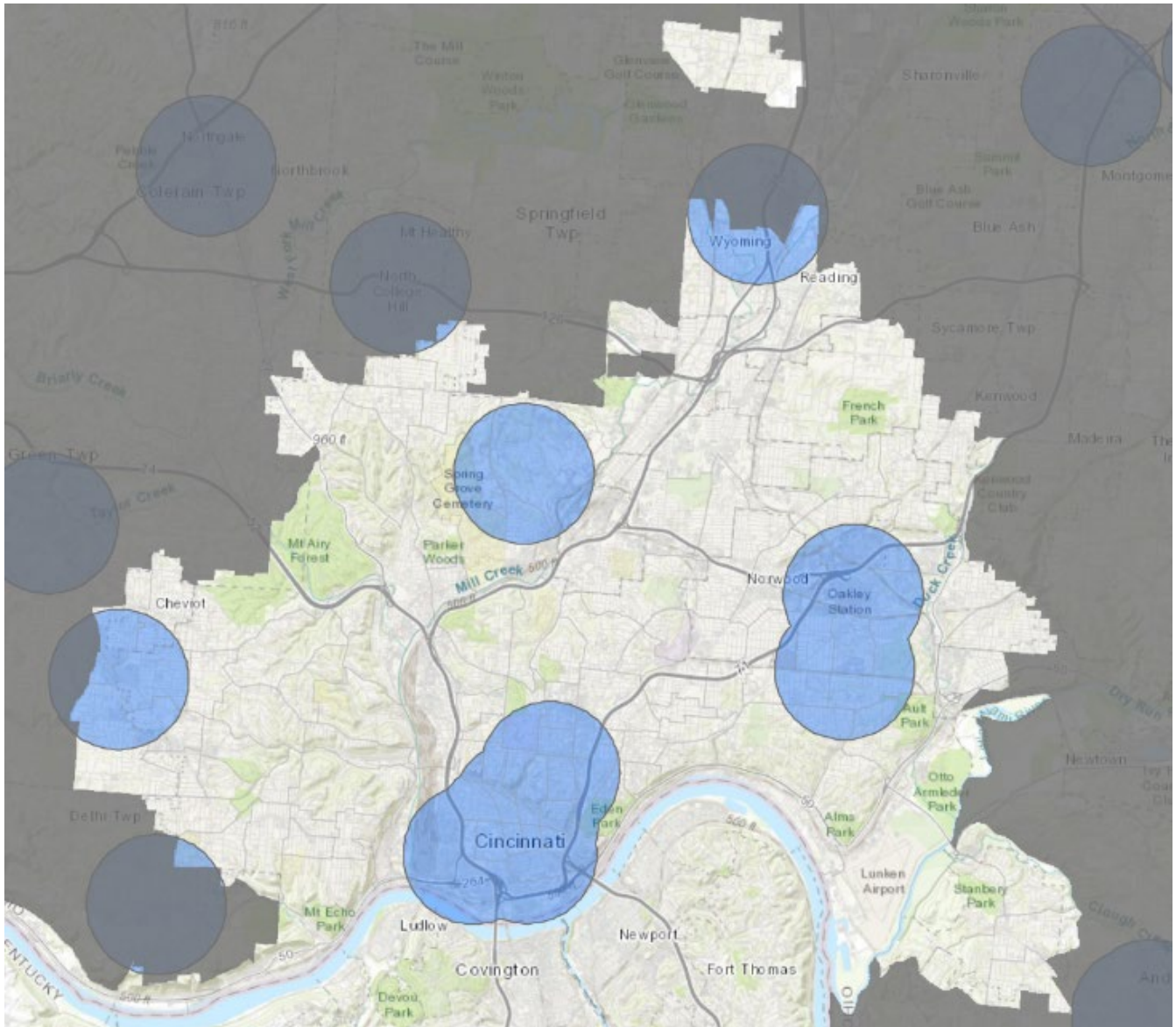
Ryan Gleason
Executive Director

Enclosure: Exhibit illustrating the impact of new threshold criteria

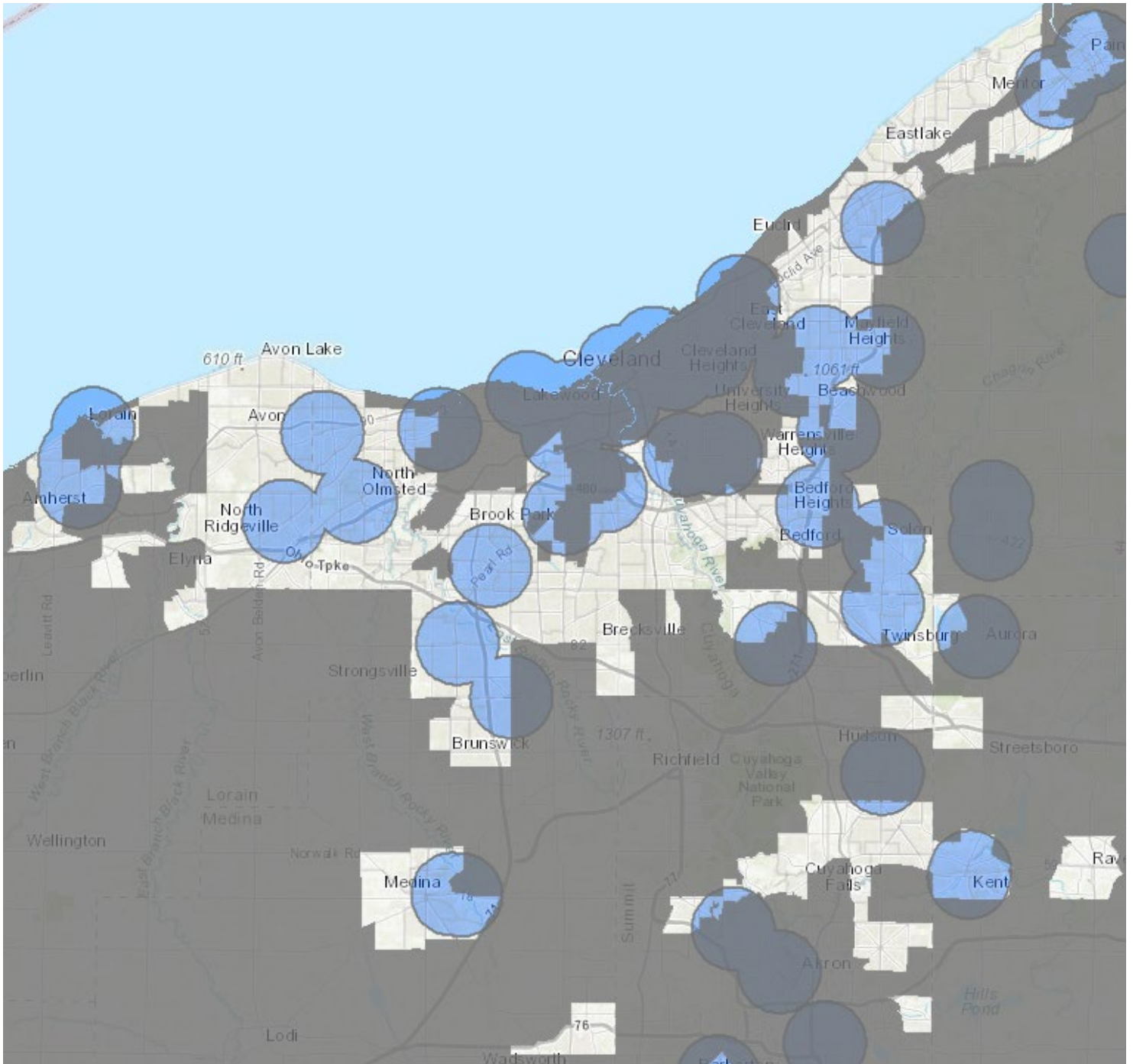
Proximity to Amenities as Threshold Criteria

The following are examples of impacts of the proposed changes to Proximity to Amenities criteria in the July 17 draft 2025 Technical Amendments to the current QAP. These are not exhaustive but are illustrative of the concerns of developers/applicants, and representative of many parts of the state.

Example 1. Over 90% of the Central City area around Cincinnati would be ineligible for an award to create new affordability for seniors, as they are outside a 1-mile buffer from a medical clinic. There are even more disqualified sites than shown, as the proposed threshold requirement requires proximity to medical clinic and senior center and grocery store (plus at least two of pharmacy, public park and public library). In other words, all of the unshaded area below is disqualified from the senior pool, as well as some of the blue area.



Example 2. Over 75% of the sites in Metro/Suburban area around Cleveland would be ineligible for an award to create new affordability for seniors, as they are outside a 2-mile buffer from a medical clinic. Again, there are many more disqualified sites than shown, as the proposed threshold requirement requires proximity to medical clinic and senior center and grocery store (plus at least two of pharmacy, public park and public library).

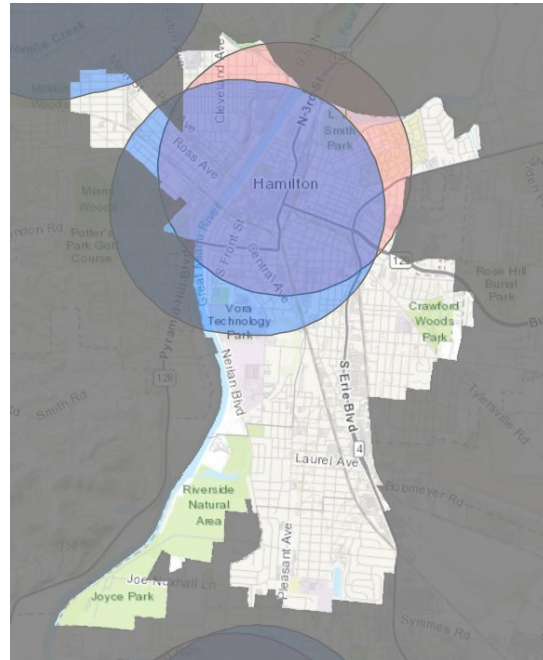
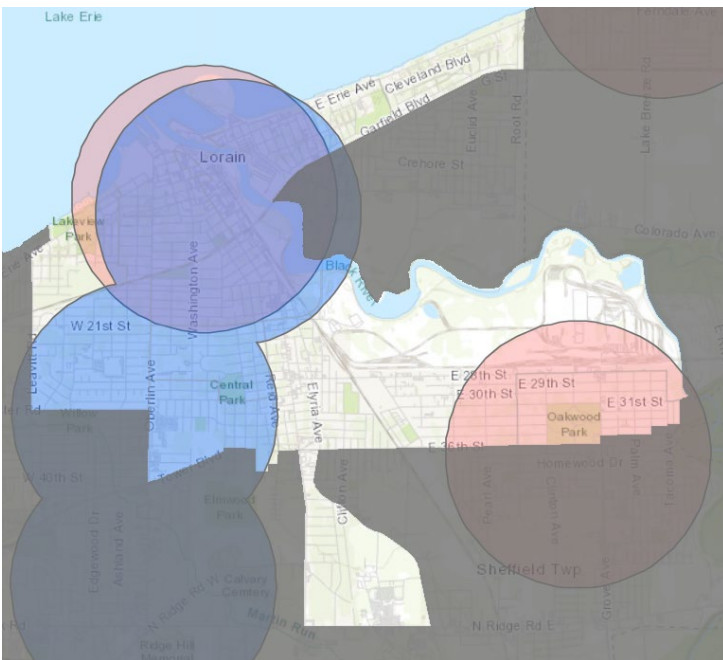


Similarly, many sites proposing new affordability for family/general occupancy would be subject to arbitrary elimination despite being located in proximate and substantially similar sites as those that are eligible.

Examples 8-10. The maps below are of the Central City the areas of Lorain, Hamilton, and the north side of Columbus. For simplicity, this exercise assumes that all sites meet the proximity requirements for grocery, childcare, public library and public park. If true, sites would still need to be proximate to medical clinic or pharmacy to not be disqualified.

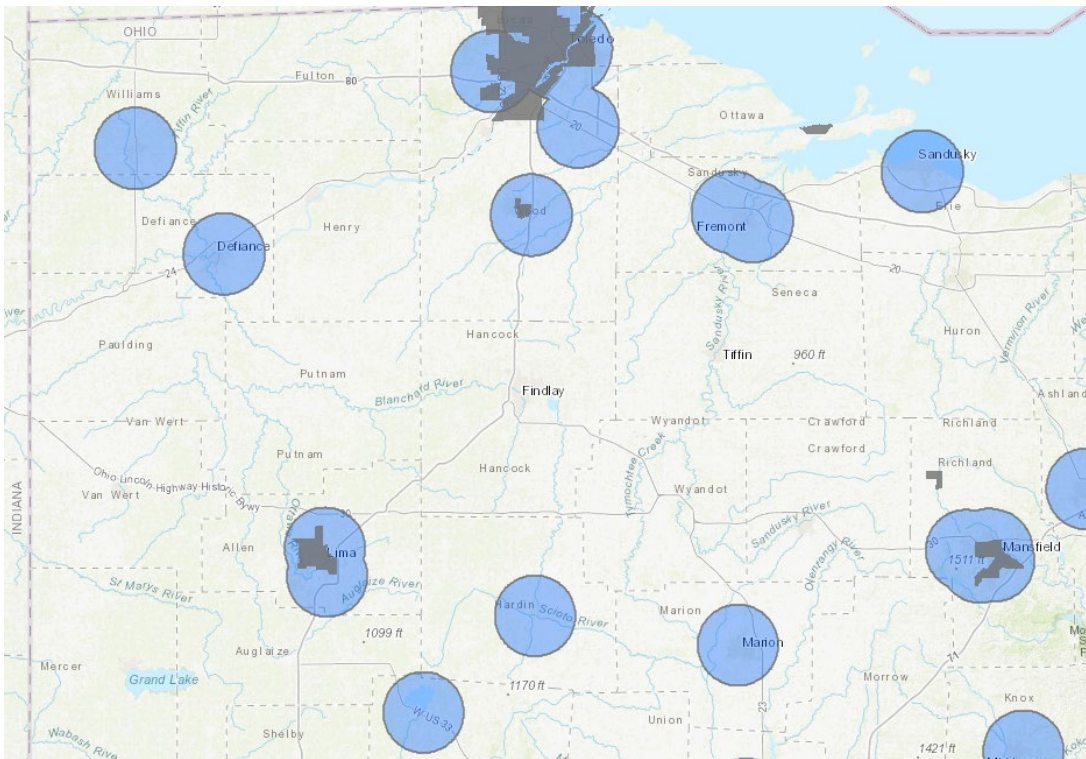
NOTE: *In reality, the proposed threshold requirement would eliminate even more sites from consideration than shown, in an exceedingly random pattern, because of the overlap of proximity buffers for grocery, childcare, libraries and parks is not actually 100%.)*

All of the unshaded areas in the maps are sites that are disqualified by the proposed threshold requirement.



Rural. As illustrated by the maps below, significant portions of the state do not meet the proposed threshold requirement, especially in northwest and southeast Ohio.

Example 11. Nearly all of the 20+ county region of NW Ohio is ineligible in the new affordability for seniors pool.



Example 12. Looking at the buffers for both the medical center (threshold requirement for Senior) and grocery (threshold requirement for family/general occupancy). The unshaded areas show sites disqualified from proposing any new affordability at all.

