



November 2, 2023

Taylor Koch
Interim Director of Multifamily Housing
Ohio Housing Finance Agency
2600 Corporate Exchange Drive, Suite 300
Columbus, OH 43231

Dear Mr. Koch,

As you know, the Ohio Housing Council (OHC) believes the creation of the Ohio Low Income Housing Tax Credit (OLIHTC) is the most important development in Ohio's effort to address the state's housing shortage. We are grateful for many of the changes you made to the first draft of the guidelines as we work together to ensure the success of this program in the first year. Following the release of the second draft of the OLIHTC guidelines, we reconvened the OHC policy committee and offer the following comments on which we were able to reach consensus among this diverse group:

1. **Cost and certainty.** Without exception, members of the OHC policy committee expressed concern about the cost of getting to final application without knowing if they will receive an allocation of credit. Specifically, the cost of preparing the 80% permit set of architectural plans costs upwards of \$250,000, and our members are not comfortable spending that amount of money without an expectation that they will receive an allocation of credits. In order to alleviate this burden, OHC respectfully requests the following:
 - a. Forward allocate \$50 million in the first year so that there is \$150 million in announced awards, rather than just \$100 million. This would give applicants greater comfort in spending the money necessary to get to final application.
 - b. Create a preliminary application window from November 28th through December 15th during which OHFA publishes an application list each week. This would give potential applicants a sense of their competition and allow them to make a more educated decision about whether to spend the money necessary to develop a final application.

If the application list is undersubscribed when the preliminary application window closes on December 15th, OHC would be open to an extension; however, those applications that are received after December 15th should not be permitted to submit a final application until February.

- c. We agree with the concept of having monthly deadlines for accepting, prioritizing, and reviewing OLIHTC final applications for projects that received pre-application approval. We would simply ask that OHFA publish the list of final applications in priority order within a week of the deadline. This will provide a greater level of certainty about this financing source for those developments that are in a position to move forward.

- 2. **Developer Fee at 8609.** OHFA has expressed a desire to limit the Paid Developer Fee to 50% of the Budgeted Developer Fee at the time of application. We respectfully request that developers be permitted to raise this limit to 80% of the Budgeted Developer Fee once the 8609 is issued. We are concerned that continuing to limit the developer fee to 50% of the Budgeted Developer Fee would perversely incentivize developers to recklessly spend down any unspent construction contingency and/or other construction related cost savings. Instead, the Guidelines should be incentivizing developers and owners to manage their construction period expenses well and spend the construction contingency only when truly necessary.

Investors are also beginning to express concern about liquidity issues developers are facing in the current economic environment. Increasing this limit at the time of 8609 issuance will allow developers to improve their financial position during construction and lease up and give greater confidence to the investors who are so important if this program is going to be the success we all believe it can be.

Thanks again for your hard work to develop and revise these guidelines under tight deadlines. We can't express emphatically enough how much we appreciate the collaborative nature of this process in Ohio, and we look forward to continuing to work with you to make the OLITHC program a tremendous success.

Sincerely,



Matt Rule
President
Ohio Housing Council



Brian McGeady
Chairman
Ohio Housing Council Policy Committee

Enclosure

cc: Shawn Smith, Executive Director, Ohio Housing Finance Agency
Joe Hewitt, Senior Director of Housing Programs, Ohio Housing Finance Agency