



July 5, 2024

Barbara Richards
4% Housing Tax Credit Section Chief
Ohio Housing Finance Agency
2600 Corporate Exchange Drive, Suite 300
Columbus, OH 43231

Dear Ms. Richards,

The Ohio Housing Council (OHC) appreciates OHFA's willingness to receive and incorporate feedback on the first draft of the *Ohio LIHTC State Fiscal Year 2025 Guidelines* as well as releasing a second draft with another comment period. You and your team have clearly worked hard and thoughtfully to improve the Guidelines and, while we are not commenting in the letter on all the changes we believe are positive, we want you to know how much we appreciate that effort. Instead, we are focusing on the few remaining areas we believe are worthy of further consideration and clarification.

Community Impact Strategic Initiative

We were pleased to see the inclusion of the Community Impact Strategic Initiative Set Aside in the second draft. We believe this is an appropriate way to ensure that all areas of the state have an opportunity to participate in this program.

There are two areas which the OHFA Policy Committee found ambiguous and that we would appreciate OHFA clarifying. The first has to do with the requirement to demonstrate local support. One reading of the phrase "including support from their County Commissioners and the local jurisdictions" is that these are requirements to demonstrate support at the local level. An alternative reading is that these are examples of ways in which that local support can be demonstrated. We would strongly recommend that the second interpretation prevail, and we request that you clarify this in the final Guidelines.

The other item of discussion was about the word "localities" as it is used in the third sentence: "...preference will be given to localities not having received an OHFA tax credit award in the last five years." If this is going to be a criterion that OHFA is going to use to determine which applications will be selected in this set aside, then we would appreciate clarification about what this term means as it will have an impact on how developers determine which projects to submit in this application cycle.

Annual OLIHTC per LIHTC Unit

We strongly support the emphasis on unit production as a general concept, and we support scoring criteria that incentivizes that. We also believe it is important that we have financially healthy developments, and we are somewhat concerned that the current criteria could incentivize structuring developments that are at financial risk in order to chase the maximum points. Our members have not had an opportunity to run models to determine what it would take to structure a deal that maximizes the points in this category, but there is a significant concern that the current point thresholds may lead to riskier projects being submitted.

Tiebreakers

There was general unease among the OHC Policy Committee with the use of the “Raw number of New Affordability LIHTC units generated over the past 10 years” as the first tiebreaker. Given that OHFA has created the “Community Impact Strategic Initiative” to address the problem of communities being left out of the tax credit program, we would encourage you to use the number of units produced as the first tiebreaker so that, when all else is equal, we are building the largest number of units.

Development Team Experience and Capacity Review

As we read the requirement to complete all fields in the spreadsheet, we understand the prohibition on using “To Be Determined,’ ‘To Be Formed,’ or anything indicating that the development team is not completed” applies to the development team only, a position with which we agree. However, in the interest of ensuring that there are no misunderstanding or differences of interpretation, we would appreciate confirmation that this prohibition does not apply to the ownership entity which, as you know, is often a single-purpose entity that will be formed only if the application is successful.

Disqualifying Developer and Owner Characteristics

While the language stating that “Developers and/or owners who have received an award of HDAP in Program Year 2022 or earlier and have not yet closed with OHFA’s Legal Office as of the Proposal Application deadline may not participate in the SFY2025 4% LIHTC with OLIHTC round” was included as new language in the first draft, we regrettably missed it when reviewing it at that time and thus didn’t comment on it. However, we would like to take this opportunity to raise our concern with what looks to be an absolute prohibition on anyone who received but has not yet closed an HDAP award in Program Year 2022 or earlier from participating in the OLIHTC program this year.

We understand the intent to make sure that those who receive OLIHTC awards are able to successfully close them; however, we don't believe failure to close an award with OHFA's Legal Office should be disqualifying in the same way that federal debarment, foreclosure, or being under felony indictment are. Our recommendation is that you remove this prohibition, but if you are unwilling to do so, we strongly recommend allowing for an exception request or that the presumption of disqualification be rebuttable. There are developers who have taken on large, complicated developments which are good for the state but that take significant time to get across the finish line. We should be encouraging this activity rather than creating an environment in which someone is penalized for doing so.

Thank you once again for incorporating many of the suggestions we made after the first draft was released. We hope you will give strong consideration to the few remaining issues that we believe can further strengthen this program.

Sincerely,



Ryan Gleason
Executive Director

cc: Shawn Smith, Executive Director, Ohio Housing Finance Agency
Taylor Koch, Director of Multifamily Housing, Ohio Housing Finance Agency