OKLAHOMA HOUSING FINANCE AGENCY

Affordable Housing Tax Credits Program (AHTC)

~~2024~~ 2025 Application Instructions

100 N.W. 63rd St.~~, Suite 200~~
Oklahoma City, OK 73116 or
P.O. Box 26720
Oklahoma City, OK 73126-0720

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AHTC Application Instructions

Qualified Allocation Plan (QAP)

The Oklahoma Housing Finance Agency (OHFA) QAP consists of the Application Instructions, Application Form, and Title 330, Chapter 36 Affordable Housing Tax Credit (AHTC) Program Rules. In any instance where there is a conflict between the Rules and the Instructions and/or the Application Form, the Rules shall control. In any instance where there is a conflict between Oklahoma's QAP and Section 42 of the IRS Code, the IRS Code shall control. However, OHFA in discharging our responsibility as the state housing credit agency has chosen to be more restrictive than the Code in applying some of the requirements of Sec. 42. All parts of the QAP can be accessed on OHFA's website, www.ohfa.org.

It is the responsibility of the Applicant to confirm with OHFA the Application instructions and forms are the current ones in use. The instructions, forms, and the information contained herein are effective January 1, ~~2024~~2025.

For Reference Only: Section 42 (m) requirements can be found addressed in the following sections:
(1)(A)(i) – "pursuant to a qualified allocation plan" - Chapter 36 Rules, ~~2024~~ 2025 Application Instructions, and ~~2024~~ 2025 Application Plan
(1)(A)(ii) – "notifies the chief executive officer" – Chapter 36 Rules
(1)(A)(iii) – "a comprehensive market study" – Threshold Criteria – Market Analysis & Attachment B
(1)(A)(iv) – "written explanation…not made in accordance" – Chapter 36 Rules
(1)(B)(i) – "appropriate to local conditions" – Selection Criteria - Development Location and Housing Characteristics
(1)(B)(ii)(I) – "projects serving the lowest income tenants" – Selection Criteria - Income Targeting
(1)(B)(ii)(II) – "serve qualified tenants for the longest periods" - Term of Affordability – Selection Criteria
(1)(B)(ii)(III) – "located in qualified census tracts…and…which contributes to a concerted community revitalization plan" – Selection Criteria - Development Location and Housing Characteristics
(1)(B)(iii) – "monitoring for compliance" – Chapter 36 Rules
(1)(C)(i) – "project location" – Selection Criteria - Development Location and Housing Characteristics
(1)(C)(ii) – "housing needs characteristics" - Threshold Criteria - Amenities
(1)(C)(iii) – "project characteristics, including…as a part of a community revitalization plan" - Selection Criteria - Development Location and Housing Characteristics
(1)(C))iv) – "sponsor characteristics" – Threshold Criteria – Nonprofit and Capacity
(1)(C)(v) – "tenant populations with special housing needs" – Selection Criteria - Tenant Targeted Populations
(1)(C)(vi) – "public housing waiting lists" – Threshold Criteria – Certifications
(1)(C)(vii) – "tenant populations of individuals with children" - Selection Criteria
(1)(C)(viii) – "projects intended for eventual tenant ownership" – Selection Criteria
(1)(C)(ix) – "the energy efficiency of the project" –Selection Criteria
(1)(C)(x) – "the historic nature of the project" – Selection Criteria

A copy of Section 42 of the IRS Code can be found at www.irs.gov.

Introduction

The purpose of the Oklahoma Affordable Housing Tax Credit Program is to expand the supply of new affordable rental units and rehabilitate existing rental housing for Qualifying Households by stimulating private investment.

Eligible Activities

1. Acquisition
2. Substantial Rehabilitation
3. New Construction (Urban or Rural)

For all Rehabilitation Developments that are current Tax Credit Developments, to be eligible to receive credits, Applications cannot be submitted prior to the end of the calendar year of the 15th year of the Compliance Period.

Geographic Use of Development Resources

AHTCs may be used statewide.

AHTCs Available for Award

The total ~~2024~~2025 AHTC Program Allocation is not known at this time. The AHTC Program Allocation for ~~2023~~2024 was $11,756,090~~11,054,450~~ based on the Oklahoma population.

Development Award Maximums

The maximum amount of 9% Tax Credits that will be awarded to any Development is $1,000,000. These maximums apply to all Developments, including those that receive either the 130% or the 120% boost.

Applicants applying for Tax Credits who are also a Choice Neighborhoods Implementation Grantee will be eligible to receive a maximum of $1,000,000 in Federal Tax Credits. Tax Credits must be used to develop or rehab units in the same "Neighborhood" in which the Choice Neighborhoods Implementation Grant was awarded.

Developments in conjunction with Multifamily Bond Applications are not limited in the amount of 4% Tax Credits that can be requested.

For 9% Applications, during the Application process the amount of the Tax Credits requested cannot be increased after the Application has been submitted to OHFA. **After underwriting, the amount of Credits may be reduced. Credits also may be reduced at Carryover and/or final if the underwriting supports a lower amount.**

Application Questions

Questions regarding any information contained in this Application Packet may be directed in writing to: Oklahoma Housing Finance Agency
Housing Development

P.O. Box 26720
Oklahoma City, Oklahoma 73126-0720

All OHFA/Housing Development (HD) Staff can be accessed by email or phone. The area code is 405 and individual fax number for each Staff member is 419.9 last three digits (extension number).

darrell.beavers@ohfa.org	Housing Development Director	419.8261
corey.bornemann@ohfa.org	HD Program Manager	419.8134
emily.myers@ohfa.org	HD Allocation Supervisor	419.8135
alicia.thomas@ohfa.org	HD Allocation Analyst	419.8137
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Program Compliance:

syleste.johnson@ohfa.org	HD Compliance Supervisor	419.8280
christina.nittler@ohfa.org	HD Compliance Specialist	419.8272
bethany.rogers@ohfa.org	HD Compliance Specialist	419.8131
lovesta.buchanan@ohfa.org	HD Compliance Specialist	419.8120
sheri.pritchard@ohfa.org	HD Compliance Specialist	419.8132
tiny.powe@ohfa.org	HD Compliance Specialist	419.8132

Technical Assistance Requests

Staff is available to provide technical assistance regarding a variety of housing issues as they relate to individual Development Applications. Interested parties seeking technical assistance regarding affordable housing development are encouraged to make written requests citing the specific topics of interest. This allows Staff to perform appropriate research and prepare copied materials applicable to the meeting.

Drop-in technical assistance requests are not allowed.

Timely Application Submission

There are two Funding Periods for which Applications will be accepted. Applications for Funding Period One will be considered at the **May Board of Trustees Meeting**. Applications for Funding Period Two will be considered at the **November Board of Trustees Meeting.**

In ~~2024~~2025, All Applications for Funding Period One must be received no later than **3:00** p.m. CST **Thursday, January ~~11~~9, ~~2024~~ 2025.** All Applications for Funding Period Two must be received no later than **3:00** p.m. CST **Thursday June ~~27~~19, ~~2024~~ 2025.**

OHFA reserves the right to alter either of these dates due to any extenuating circumstances. In the event one or either of these dates changes due to extenuating circumstances, all potential applicants will be notified via email. This notice will also be posted on the OHFA website and social media pages.

LATE APPLICATIONS - No Applications will be accepted after **3:00 p.m**. on the Due Date.

All information to be considered with an Application, including the fee, must be received by the deadline. See Attachment F for electronic submission requirements.

IT IS THE RESPONSIBILITY OF THE APPLICANT TO VERIFY TIMELY RECEIPT OF THE APPLICATION BY DESIGNATED STAFF.

An Application submitted in conjunction with a Tax Credit Application for another Program must be submitted before or at the same time as the Tax Credit Application. The Applicant is encouraged to secure funding from these sources before submission of the Tax Credit Application.

Application Fee is $2,000.

- If payment is returned for insufficient funds, it will be deemed nonpayment and the amount to defray bank costs will be due. Failure to submit the total amount due may cause the Application not to be considered for funding. **The fee is due by the deadline. The fee must be paid via wire transfer, see Attachment F for more details.**

Post Application Fees

The AHTC Program utilizes a series of post Application fees. These fees are fully delineated in **Attachment A**.

Late Fees Assessment

Late fees will be assessed and will accumulate per calendar day. For more detailed information **see Attachment A.**

Format

Applications must be submitted in the following format:

- See **Attachment F**. **All Applications must be uploaded to OHFA's Dropbox system.**
- Do not change content of Application attachment forms that are marked as "DO NOT MODIFY THIS FORM."

Provide a Fully Responsive Application

It is the responsibility of the Applicant to provide a full and complete Application that contains sufficient information and documentation relevant to all Threshold and Selection Criteria to allow HD Staff to make a factual determination as to whether:

- An Application satisfies each of the applicable Threshold Criteria.
- A Development is qualified to be evaluated under a given set-aside.

- There is sufficient information with which to conduct a review, assessment, and evaluation for Selection Criteria.

No blanks should be on the Application Form. If the information does not apply to your Application, then type N/A.

Failure to provide a complete and fully responsive Application may result in denial of the Application for funding. Prior to submission, Applicant should verify that numbers as identified in the Application Form agree with the supporting documentation.

Resubmissions

If an Applicant is resubmitting an Application for an award of Tax Credits for the same Development as an Application that was denied funding in any previous Tax Credit funding cycle, the Applicant is required to submit a **complete** Application. However, the Applicant may resubmit most of the same documents used in the previous Application, provided they have not expired at the time of resubmission. The following **new** items are required for resubmissions:

- New Application Affidavit
- New Signed Attachment #3s from Development Team members
- New Signed Attachment #4
- New Signed Attachment #10
- The required documentation for any Threshold or Selection Criteria that caused the prior Application to be denied for funding, or that was an area of concern to OHFA in the prior Application.
- All documents must still meet all requirements.
- Any information that has changed from the prior Application, including Application pages from Tab 1.

Award of Credits are made using a system of Threshold and Selection Criteria

- Credits available for distribution will be based on the following:
    - 100% of annual State Credit ceiling; plus
    - prior year unused AHTC; plus
    - AHTCs returned from Allocations made in previous years; plus
    - AHTCs received from National Pool, if any
- If applicable and determined to be in the State's best interest, OHFA may choose to use these Credits in various other capacities.
- The OHFA Board of Trustees may adjust credit distributions and/or set-asides at their discretion.

Set-Asides

- Developments shall only be considered in set-asides in which they qualify and request.

- All Applicants in each set-aside category will be considered based on the total score by ranking Applications from highest to lowest score.

- Applicants not funded in their first qualified and requested set-aside will be considered in their next qualified and requested set-aside.

- There will be a set-aside of $1,000,000 each Funding Period for those Applicants applying for Tax Credits who are also a Choice Neighborhoods Implementation Grantee. Any Tax Credits awarded in this set-aside must be used in the Neighborhood in which the Choice Neighborhoods Implementation Grant was awarded. In addition, Applicants applying under this set-aside will not be eligible for any other set-aside. Furthermore, Applicants applying in this set-aside will not be eligible for State Tax Credits. Any Tax Credits not awarded within this set-aside will be disbursed according to the percentages of the other applicable set-asides listed below.

- Following the Choice Neighborhoods Implementation Grant set-aside, applications will then be considered in this order:

▪ Nonprofit	15%
▪ New Construction	55%
▪ Rehabilitation	30%
Total Allocation percentages	100%

- Within the New Construction Set-Aside 50% will be awarded to Developments located in urban areas first, and then 50% to Developments located in rural areas. Before any Credits are removed from this set-aside, all new construction Applications will be considered, priority to urban.

- Rehabilitation Developments are anything less than 100% new construction. New Construction includes removing all existing structures, including slab(s). Applications for Adaptive Reuse of non-housing structures into affordable housing will also be considered in the New Construction Set-Aside. Adaptive Reuse means the renovation and reuse of pre-existing structures for new purposes.

- Rural Areas means any city, town, area or place generally considered rural by the Secretary of Agriculture (RHS), for rural housing programs. See http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do. Verification will be obtained by OHFA staff. Urban Areas means any city, town, village or area not considered rural according to the above definition.

- In the event there is a balance remaining in any set-aside, the balance will be transferred to a General Pool category.

- Credits in General Pool will be reserved until such time as the amount of Credits remaining is less than all Applications. In the event the balance is at least 90% or more of the total Credits requested by the next highest ranked Applicant, the Applicant will be awarded the remaining balance. For the First Funding Period of ~~2024~~ 2025, Credits in the General Pool will be prioritized for New Construction Applications. For the Second Period of ~~2024~~ 2025, Credits in the General Pool will be prioritized for Acquisition/Rehabilitation Applications.

- If there is any remaining balance, the balance will carry forward to the next Funding Period.

- Total AHTCs reserved for the year shall not exceed the maximum ninety percent (90%) Allocation limitation to those entities other than Nonprofits as required by the Code.

Communications with OHFA during Application Review

Following submission of an Application, neither the Applicant nor any representative or Affiliate of the Applicant shall contact any OHFA employee, concerning the Application or any other Applications filed in the same Credit funding period. OHFA reserves the right to contact the person(s) identified by the Applicant for the purpose of clarifying any matter.

Submission of an Application does not guarantee a full and complete review of all Threshold and/or Selection Criteria. If OHFA receives a large number of Applications for a Credit funding period, such that a complete review of all Applications is not reasonably possible, OHFA may refuse to review any Applications for that Credit funding period that clearly fail to meet one of the Threshold Criteria, or that clearly cannot achieve a sufficient score to be considered for funding. Applicants will be notified in writing of OHFA's decision not to review their Application. No refund of the Application fee will be due to the Applicant based upon the lack of a full and complete review of the Application.

Preliminary Review Report: Following the release of the preliminary Review Report, the Applicant may submit questions or request clarification concerning the preliminary Review Report. All such questions or inquiries must be in writing and addressed to the Staff member designated in the cover letter accompanying the preliminary Review Report. These questions must be submitted electronically. OHFA suggests that emailed questions are sent to at least two Staff members. OHFA reserves the right to grant or deny requests for meetings with the Staff of OHFA at any time during the Application process. Any and all requests must be in writing stating the purpose and reason, supplying sufficient documentation necessary for OHFA Staff to grant or deny the request.

Failure to comply may result in termination of the review process and denial of the Application.

Communications with the Board of Trustees of OHFA

Neither an Applicant nor members of the public shall communicate, directly or indirectly, with the Trustees regarding an Application under consideration by OHFA (except upon notice and opportunity for all parties to participate.) Applicants and others who wish to communicate with the Trustees must follow the specific steps as set forth in AHTC Chapter 36 Rules at 330:36-2-12.

Preliminary Review Reports

Upon completion of review of all Applications, HD Staff will send the preliminary Review Report to the contact person(s) identified by the Applicant in the Application. Staff will make every effort to highlight areas that need a response, but Applicant should read the Reports in their entirety. These reports will only be sent electronically. For 1st cycle, we anticipate having preliminary Review Reports prepared no later than March 31. For 2nd cycle, we anticipate having preliminary Review Reports prepared no later than September 15.

The Applicant must provide any information requested in the preliminary Review Report or other clarifying information by the deadline given in the cover letter accompanying the preliminary Review Report. Neither the Staff nor the Trustees will be required to consider a late response to the preliminary Review Report.

In the event the Applicant disputes any matter contained in the preliminary Review Report, including without limitation any finding, determination, recommendation or scoring, the Applicant's response to the Review Report must identify with specificity the disputed matter, finding, determination, recommendation, scoring, etc., and the Applicant's reason for disputing same, including any evidence which controverts the preliminary Review Report. Any applicable statutes, rules, regulations, or ordinances should be cited. Documentary evidence must be attached to be considered.

Failure to respond or dispute a finding or determination in the preliminary Review Report shall be deemed the acceptance of the finding or determination by the Applicant.

When providing documentation, the Applicant should make every effort to highlight, mark, note, or in some way bring attention to any and all information that is new and/or changed from that of the originally submitted document.

The Applicant's response to the preliminary Review Report must be electronically transmitted. See Attachment F.

Final Review Reports

Staff will consider Applicant's response to the preliminary Review Report prior to issuing the final Review Report. The Applicant will be informed of Staff's recommendations prior to the meeting of the Trustees when the Application is being considered. Staff will send the final Review Report and Staff's recommendations to the contact person identified by the Applicant in the Application. For 1st cycle, we anticipate having final Review Reports prepared no later than April 30. For 2nd cycle, we anticipate having final Review Reports prepared no later than October 31.

In the event the Applicant disputes any matter contained in the final Review Report, Applicants must file **ten (10) copies** of any response(s) to the final Review Report or other information they wish the Trustees to consider **not less than forty-eight (48) hours** prior to the commencement of the meeting when the Application will be considered. If the day in which forty-eight (48) hours prior to the commencement of the meeting falls on a designated Federal holiday, then the applicant must file **ten (10) copies** of any response(s) to the final Review Report or other information they wish the Trustees to consider on the following business day, **not less than twenty-four (24) hours** prior to the commencement of the meeting.

In addition to the hard copies, Applicants must submit an electronic version of the response. If both the hard copy and the electronic version are not received, the responses will not be accepted or considered by the Staff or the Trustees.

All disputes to the Final Review Report may be directed to:
Oklahoma Housing Finance Agency

Housing Development Director
100 N.W. 63^{rd} Street, ~~Suite 200~~
Oklahoma City, Oklahoma 73126-0720

4% Tax Credits with Bond Financed Developments

Developments financed at least fifty percent (50% or other percentage as designated by law or regulation) with the proceeds of tax-exempt bonds subject to the private activity bond volume cap are required to comply with all the requirements of the QAP, including the Rules and Application, with the exception of the competitive selection process and where noted.

OHFA must be the issuer of the Multifamily Bonds.

Code requirements for bond financed Developments must be met in addition to the AHTC requirements, i.e., rental units, rents, student exemptions, transfers on site, occupancy changes, verification of assets.

If applying for OHFA's Multifamily Bonds only, and not 4% Credits, then OHFA's Multifamily Bonds Application must be used.

4% Credits & Bond Financed Development Application Deadlines:

Applications may be submitted at any time for 4% Credits and/or Multifamily Bond Developments. The last date Applications will be accepted, in order to guarantee consideration in a current year's Trustee meeting, is the Second Funding Period deadline. OHFA will accept Applications after that date, but no guaranteed consideration in the current year. OHFA encourages Applicant to be mindful of timing restraints of other programs and sources. The Application and $1,000 Inducement Fee must be submitted to OHFA to receive an Inducement Resolution. The Application will be considered at the Trustees Board meeting that is at least sixty (60) days past the Application submission date.

Oklahoma Affordable Housing Act

The Oklahoma Affordable Housing Act of 2014 (SB 2128) gives OHFA the authority to allocate Oklahoma Affordable Housing Tax Credits ("State Tax Credits" or "OAHTC") to Qualified Projects Placed-In-Service after July 1, 2015. However, these State Tax Credits cannot be used to reduce tax liability accruing prior to January 1, 2016. The total OAHTC allocated to all Qualified Projects for an allocation year will not exceed four million dollars ($4,000,000).

On April 29th, 2019 the Governor of Oklahoma signed House Bill No. 1411 (OK HB 1411). HB 1411 amended the definition of "Qualified Project" in The Oklahoma Affordable Housing Act of 2014 (SB 2128). This now allows the State Tax Credit to be utilized in all 77 counties in the state of Oklahoma.

On April 29, 2022 the Governor of Oklahoma signed Senate Bill No. 1685 (OK SB 1685). SB 1685 amended the language referring to the amount of State Tax Credits that can be allocated to Qualified Project in The Oklahoma Affordable Housing Act of 2014 (SB 2128). Effective November 1, 2022, the amount of State Tax Credits allocated to a Development does not have to equal and shall not exceed that of the Federal Tax Credits allocated to that same Development.

Qualified Project for the State Tax Credit means a Qualified Low-Income Building as that term is defined in Section 42 of the Internal Revenue Code of 1986, as amended.

The Owner of a Qualified Project which is allocated State Tax Credits will submit, at the time of filing the tax return with the Oklahoma Tax Commission, an Eligibility Statement from the Oklahoma Housing Finance Agency. This statement will be issued and provided to the Owner along with the 8609s for the project after all final cost certifications and accountant reports have been submitted to OHFA and OHFA has performed a final underwriting to ensure the final amount of credits the project is eligible to receive.

State Tax Credits will be available for both new construction and acquisition/rehabilitation activities. For Funding Period One, $4 million of the State Tax Credits will be available to those Applicants applying for 4% Credits and Bond Financing only. $3,000,000 (or 75%) of the State Tax Credits will be set aside for new construction activities and $1,000,000 (or 25%) will be set aside for acquisition/rehabilitation activities. In the event there is a balance remaining in either set-aside, the balance will be transferred to a General Pool category. State Tax Credits in General Pool will be reserved until the amount of State Tax Credits remaining is less than all Applications. Any State Tax Credits Remaining after Funding Period One will be available to 4% and 9% Applications in Funding Period Two, with priority going to 4% Applications.

The maximum amount of State Tax Credits that will be awarded to any general partners/managing members, Developers, and principals of each is $2,000,000 annually. During the Application process, the amount of the Tax Credits requested cannot be increased after the Application has been submitted to OHFA. **After underwriting, the amount of Credits may be reduced. Credits also may be reduced at Carryover and/or final if the underwriting supports a lower amount.**

4% Applications with State Tax Credits will be allocated by utilizing a preference system in the order of the four categories below for those Applications that include Common Property Ownership of the Current Owner and the Ultimate Owner of the property on which the proposed development will be built or rehabilitated ("Property"). For the purpose of this preference, Current Owner means the individual or entity that owns the Property at the time the Application is submitted. For this preference, Ultimate Owner means the individual or entity that will own the property on which the proposed development will be built or rehabilitated. For the purposes of this preference, "Common Property Ownership" means the total ownership interest of the individuals that Control the Current Owner must be 50% or greater, and the total ownership interest of the individuals that Control the Ultimate Owner must be 49% or greater. For the purpose of this preference: a) "Control" for an Owner that is limited partnership means the general partner entity's organizational structure includes one or more individuals that hold a total of 50% or greater individual interest of the general partner; b) "Control" for an Owner is limited liability company means the managing member's or a manager's organizational structure includes one or more individuals that hold at total of 50% or greater individual interest of the managing member or a manager; and c) "Control" for Current Owners that are individuals or sole proprietorships means the individual that holds 100% of the interest. Staff will evaluate organizational documents and charts in order to determine the ownership interest of the individuals in the organizational structure. Current Owners that are controlled by and involve a Nonprofit or other organization that does not have ultimate individual ownership, but rather controlled by a board of directors, council or other committee, must hold 50% or greater interest in the general partner (for limited partnerships), managing member or manager (for limited liability companies) of the Ultimate owner. Staff will evaluate organizational documents and organizational charts to ensure the intent of this preference is met, for all organizational structures including those not mentioned above. Please see the allocation preference listed below.

1. New Construction with Common Property Ownership

2. Acquisition/Rehabilitation with Common Property Ownership
    i. Preference for "Preservation" Developments
    ii. Second Preference for Developments with a minimum 75% of units receiving rental assistance

3. New Construction without Common Property Ownership

4. Acquisition/Rehabilitation without Common Property Ownership
    i. Preference for "Preservation" Developments
    ii. Second Preference for Developments with a minimum 75% of units receiving rental assistance

To determine the ranking within each of the four categories, Applications will be scored on the extent to which they propose to best utilize the State Tax Credit. This will be derived using two factors. Each factor will be weighted individually against other Applications to derive a score and then all factor scores will be totaled, which can result in a maximum score for this criteria of 12 Points. These factors are as follows:

1. Lowest State Tax Credits per Unit – 8 points

2. Lowest State Tax Credits per Bedroom – 4 points

For purposes of this scoring criteria, the following definitions will be used: "**Unit**" means any rent and income restricted Affordable Housing Tax Credit unit, including those utilizing Income Averaging, including any employee/manager units. "**Credit**" means the Federal Affordable Housing Tax Credits requested at the time of application submission. "**Bedroom**" means any bedroom contained in an Affordable Housing Tax Credit Unit.

Following a deadline for a Funding Period, OHFA Staff will assess the above two factors for all Applications that were submitted for that Funding Period. Each factor will be calculated by staff to derive a result (the "Result or Results"), then the Results will be percentage ranked against all other Applications by each separate factor. The points derived from each factor will then be added up to achieve a total given score. Therefore, an Applicant will not know their score for this specific criteria before they submit their application. Applicants will learn their score once they receive their Preliminary Review Report. Once a score for this criteria is given, this score will not change following the issuance of Preliminary Review Reports by OHFA Staff, unless information provided in response to the Preliminary Review Report would require Staff to change the score.

For example, an Application is submitted which Staff calculates a Result of $4,000 in Credits Per Unit, and compared to all of the other Applications submitted for that Funding Period, $4,000

Credits per Unit ranks as the 95^{th} Percentile and thus would receive 95% of the maximum score for that specific factor, or **7.600** points as (.95 x 8 points = 7.600). For the purposes of this scoring criterion, the result of each factor will be rounded to 4 decimal places.

In case there are Applications with the same final score under any preference that will affect funding, Applications will be funded based on those proposing the highest number of Tax Credit units. The Application proposing the highest number of Tax Credit units will be awarded first; the second Application proposing the highest number of Tax Credit units will be next, and so forth until such time as the Tax Credits have been Allocated under any preference.

Final Results reported in the Final Review Report will be verified by Staff at the Final Application stage. Results of factors 1 and 2 may not go up. If there is an unfavorable change to the Results of any of the factors at Final Application, the Owner/Developer and any Principals thereof will not be eligible to submit an AHTC Application for one full year.

4% Applications with State Tax Credits will only be considered within the same deadlines and Board meetings as the competitive 9% Applications.

Applicants are not required to apply for State Tax Credits. It is at the discretion of the Applicant.

Threshold Criteria

Applications must meet all Threshold Criteria listed below. Failure to meet all applicable Threshold Criteria in the initial submission of an Application may result in the Application being rejected without further review.

1. Market Analysis

Market analyses must clearly demonstrate and document the status of the market demand for the type and number of Housing Units proposed to be developed. All market analyses must contain specific minimum levels of information. The minimum content requirements for market analyses are delineated in **Attachment B**.

Documentation Requirements: Third party independent market analysis. **Attachment #1 Market Study Summary - to be included at the beginning of the market study.**

2. Nonprofit Owners

Applicants proposing Developments under the Nonprofit Set-Aside of the AHTC Program must meet the definition of a Nonprofit Owner and/or Nonprofit Ownership participant as defined in Section 42(h)(5)(C) of the Tax Code and the AHTC Chapter 36 Rules at 330:36-1-4. Affiliated for profit entities will be reviewed for compliance with Code Section 42(h)(5)(D). **Profit motivated Applicants are prohibited from forming Nonprofit Affiliates or engaging non-housing related Nonprofits solely for the purpose of qualifying for the Nonprofit Set-Aside.**

Applicants qualifying for the Nonprofit Set-Aside, awarded in any set-aside will be bound to all Nonprofit requirements.

Documentation Requirement for the Nonprofits:

- A copy of the Nonprofit certification letter from the IRS verifying that the Nonprofit is a qualified Nonprofit organization as described in paragraph (3) or (4) of section 501(c) and is exempt from tax under section 501(a). The Nonprofit organization must have already obtained this certification; letters regarding pending certifications are not acceptable.
- A copy of organizational documents and any amendments. Must include as one of the purposes to provide decent housing affordable to Low Income persons.
- A Certificate of Good Standing dated no more than twelve (12) months prior to the date of Application.
- A list of housing Developments demonstrating at least one (1) year of experience as a Developer, as defined in OHFA's Chapter 36 Rules, in affordable housing.
- An Ownership chart demonstrating more than fifty percent (50%) Ownership interest in the general partner or managing member by the Nonprofit.
- **<u>Attachment #2</u> Certification by Representatives of the Nonprofit Entity and Ownership Entity.**
- **<u>Attachment #5</u> Identity of Interest Certification**: Signed and Notarized by **Representatives of the Nonprofit Entity.**

3. Capacity and Prior Performance

Applicants must demonstrate and document the extent of the capacity of their Development Team in developing, managing, and operating the type of housing Development being proposed. OHFA may require additional information. **<u>If sufficient capacity is not demonstrated the Application may Fail Threshold.</u>**

Staff will use the documentation provided in the Application and any outside knowledge of the Development Team to determine capacity.

<u>Non-Performance</u>

Applicants may be considered ineligible for an award of Tax Credits in situations whereby the documentation supports instances of nonperformance. Instances of poor or nonperformance may occur during construction, lease up, the Compliance Period, or the Extended Use Period. Below is a list of some possible performance issues. This is **not** an exclusive list.

- Having been involved in uncured financing defaults, foreclosures, or placement on HUD's list of debarred contractors;
- Events of material uncorrected noncompliance with any Federal or State assisted housing programs within the prior seven (7) year period;
- Appointment of a Receiver or bankruptcy within the prior seven (7) year period;
- Removal as a general partner/managing member.
- Failure to meet and maintain any material aspect of a Development as represented in an Application;
- Failure to meet and maintain minimum property standards;
- Failure to bring any Development back into compliance after receiving written notice from OHFA's Compliance Staff.
- Failure to comply with OHFA's requests for information or documentation on any Development funded or administered by OHFA;
- Extension requests depending on number and severity; or

- Excessive late or incomplete reports to OHFA;

New to Oklahoma
Owners, general partners/managing members, Developers, and principals of each, who are new to Oklahoma's AHTC Program, are eligible to submit no more than two (2) Applications and be awarded no more than one (1) Development until they have been awarded Tax Credits, the 8609s have been issued for that Development, ***and*** compliance staff has conducted their first visit.

For both the 9% and 4% Applications the exceptions are if (1) LIHTC experience in other states OR (2) partner with an entity as general partner/managing member/Developer that has LIHTC experience OR (3) For 4% Bond Applications only, once the first Development has closed with the Bonds and construction has started. These exceptions allow a second Development to be awarded. For all of these exceptions, in no case will a third Application be accepted until 8609s have been issued for the first Development, ***and*** compliance staff has conducted their first visit.

Experience in Oklahoma
General partners/managing members, Developers, and principals of each, who are not new to Oklahoma's AHTC Program, may not have open, at any one time, more than five (5) Oklahoma 9% AHTC Developments, unless all such Developments are part of a single multi-phase project, with each phase being located within the same city/town. Open means from Tax Credit award to the last Building Placed-In-Service date. Staff will measure open Developments at the time preliminary Review Responses are due.

"Development Team" means the Applicant, architect, attorney, Consultant, Developer, co-Developer, general contractor, market analyst/appraiser, property management company, co-management company, management consultant, Owner, tax professional, and the principals of each.

If Development Team members are replaced, they must be replaced by someone who has equal experience. Development Team Members may have experience in LIHTC Developments outside the State of Oklahoma.

Development Team Experience

- "Development Team" or its "Members" means the Applicant, architect, attorney, Consultant, Developer, co-Developer, general contractor, General Partner/Managing Member, market analyst/appraiser, property management company, co-management company, management consultant, Owner, tax professional, and the principals of each.
- To meet threshold requirements, the General Partner/Managing Member, or principals thereof, must have experience in five (5) or more successful LIHTC developments, or;
- For General Partner/Managing Members who do not have experience in five (5) or more successful LIHTC Developments each of the attorney, consultant, Developer, general contractor, tax professional, lender, syndicator, or architect who has experience in five (5) or more successful LIHTC Developments will be counted as one (1) Development worth of experience for the General Partner/Managing Member. For example, if a General Partner/Managing Member has 2 successful LIHTC Developments in the state of Oklahoma, then they would need 3 team members with experience in five (5) or more successful LIHTC Developments to meet the capacity requirement.

- If any Development Team Member, whose experience supplements that of the General Partner/Managing Member, is to be replaced; such person must be replaced with someone of equal or greater experience in terms of successful LIHTC Developments.
- Experience in successful LIHTC Developments outside the State of Oklahoma will apply toward threshold requirements.

Management Experience

- To meet threshold requirements, the Management Company, or principals thereof, or in combination with a Co-Management Company and/or Management Consultant, must have experience providing management services for five (5) or more successful LIHTC developments.
- Applications must demonstrate the experience of a management company, co-management company, or a management consulting company in providing management services for Developments in the AHTC Program.
- For the experience of a management company, co-management company, or a management consulting company to apply toward threshold requirements, the entity must have been formed no later than three (3) years prior to application; have been providing management services for at least three (3) years; and have participated in a lease-up; regardless of any partnership with an experienced company or the experience of its partners or principals.
- Management Companies must be licensed with the Oklahoma Real Estate Commission at the time of application and through the extended use period, or meet applicable OREC exemptions as defined by Title 59 Section 858-301 by the Oklahoma Real Estate License Code as Amended Through November 1, 2019 or a later date.

Experience Conditions

- For Developments in all states, a Development will meet the "successful" condition for experience only if 8609's have been issued for the Development, and the Development is operating in compliance with the Code.
- Additionally, for Oklahoma Developments, OHFA Compliance Staff must have completed the first compliance monitoring.

Documentation Requirement: Please verify which team members need to submit which documents.

- Please do not provide any Social Security numbers, personal identification numbers or Tax ID numbers.
- All Development Team members must be listed in Tab 1 on the Application Form.
- If an entity is "to be formed" regardless of its role, complete Tab 1 and provide a statement informing Staff which entities are "to be formed". **Attachments #2 and #3 are not required** for "**to be formed**" entities.
- Organizational charts of the Ownership entity and general partner/managing member entity, including the principals.
- If Acquiring/Rehabilitating an existing development, organizational charts of the current Ownership entity and general partner/managing member entity, including the principals.
- Proof of current license with the Oklahoma Real Estate Commission or meet applicable OREC exemptions as defined by Title 59 Section 858-301 by the

Oklahoma Real Estate License Code as Amended Through November 1, 2019 or a later date.

- **Attachment #3 Previous Participation:** Performance in Tax Credit Developments **in Oklahoma** as well as other states
  - Developers, co-Developers, general partners, managing members, management companies, co-management companies, management consultants and any other Development Team Member(s) used to meet threshold requirements must provide an Attachment #3.
  - All principals listed on the organizational chart provided must provide an Attachment #3.
  - The list must include current and past Developments that received federal or State assistance. Include newly awarded Developments, Developments under construction, and Developments that were in their Compliance or Extended Use Periods within the last seven (7) years, regardless of continued involvement.
  - **If the Applicant uses their own list it must include all of the information requested in Attachment #3.**
- **Attachment #4 Development Team Member Certificate:** Certifications that there have been no instances of nonperformance
  - Owners, Developers, co-Developers, General Contractors, general partners, managing members, management companies, co-management companies, management consultants and any other Development Team Member(s) used to meet threshold requirements must provide an **Attachment #4**.
  - **All Certifications must be notarized.**
- If for some reason a Development Team member cannot complete an **Attachment #3** or **Attachment #4** for professional ethical reasons, provide a statement from the team member to that effect with minimum experience listed.
- **Attachment #5 Identity of Interest Certification**: Signed and Notarized by the Owner or Representative of the Ownership Entity.

4. Waiver of Qualified Contract

Applicants applying for Affordable Housing Tax Credits must waive their right to a Qualified Contract. Waiving the right to a Qualified Contract will not prohibit the Applicant from selling the Tax Credit Development after the initial 15-year compliance period. However, it will require the Tax Credit Development itself to remain Affordable for a minimum of 30 years.

Documentation Requirement: **Attachment #6 Waiver of Qualified Contract:** Signed and Notarized by the Owner or Representative of the Ownership Entity.

5. Acquisition Credits

Documentation Requirement: An opinion of independent legal counsel, stating

(i) the Building is acquired by purchase

(ii) there is a period of at least 10 years between the date of acquisition and the date the Building was last Placed-In-Service, and this does not apply to federally or State Assisted Building and any Building assisted, financed, or operated by HUD or USDA/RHS.

(iii) the Building was not previously Placed-In-Service by the taxpayer or by any person who was a related person as of time previously Placed-In-Service.

The opinion must be in a form satisfactory to OHFA and state all requirements of Code Section 42(d) (2) (B) have been met or a waiver obtained from the IRS.

6. Financial Feasibility and Viability

<u>Failure to meet any of these requirements, including those in Attachment C Program Underwriting Standards is a Failed Threshold item.</u>

<u>Documentation Requirement:</u> At a minimum:

- Construction budget – Signed by a representative of the General Contractor listed in Tab 1.
- 15 year pro forma, showing debt coverage ratio
- Letters of funding Commitment for **<u>ALL</u>** funding sources, including construction and permanent.
- Commitment letters must include the loan amount, interest rate, loan term, debt service coverage ratio (permanent lender), loan amortization period (permanent lender), borrower loan fees, collateral, and conditions precedent to funding. Commitment letters must also be signed by an authorized signer of the lender, and the borrower.
- All permanent Commitments must include a fixed interest rate. The interest rate must be locked in at the time of Application. If the rate is not fixed and locked, then the Applicant must provide documentation on a rate ceiling. To ensure that the required debt service coverage ratio is met, Staff will underwrite the Development at the rate specified in the Commitment if it is locked. Otherwise, the Development will be underwritten at the ceiling rate.
- All Commitment letters for both construction and permanent financing must commit to financing the project. However, it is permissible for commitment letters to include language that states funding is contingent on OHFA approval of the subject application and the lender’s final approval of underwriting and documents associated with the project.
- Commitment letters from syndicators must define the amount to be paid for the Tax Credits (cents on the dollar), number of pay-ins, percentage of partnership, amount available during construction and any special conditions. This applies to both federal and State Tax Credits.
- For Acquisition/Rehabilitation utilizing HUD, RD, or other funding source and any properties with rental assistance subsidies, provide documentation from HUD, RD, or other source indicating they are aware of the transfer of ownership and do not reasonably foresee any problems occurring with the transfer.

Applicants must demonstrate to OHFA’s satisfaction that the Application has firm financing Commitments in place for 100% of the Development's total **construction and permanent** financing. The Development's financial feasibility and viability as a qualified Low-Income Housing Development must also be demonstrated.

For 9% Applications, during the Application process the amount of the Tax Credits requested cannot be increased after the Application has been submitted to OHFA. **After underwriting, the amount of Credits may be reduced. Credits also may be reduced at Carryover and/or final if the underwriting supports a lower amount.**

7. Readiness to Proceed

Applicants must document their ability to proceed in a timely manner should they receive an award of AHTCs.

Documentation Requirement:

- Site Control evidenced by deed, purchase contract, option to purchase, or lease for a term which exceeds the term of affordability and is not revocable by seller. The costs must be identified for the purchase of the property. If Acquiring/Rehabilitating an existing development, Applicant must provide a current independent third party appraisal of value completed by an MAI Appraiser operating in the State of Oklahoma. The independent third party appraisal may be prepared no more than twelve (12) months prior to Application submission.
- If Acquiring/Rehabilitating an existing development, the year-end operating statement of the previous year end, and a year to date statement for the current year.
- Preliminary versions of the floors plans and site plans.
- Documentation indicating proper zoning in place **at the time of Application** with type and authorization date or an approved resolution from the local governing body stating the proper zoning will be effective on the date of the award of AHTCs. The Tax Credit award can be the only condition of the resolution.

8. Certifications

Documentation Requirement: **See each certification for specific details:**

- **Attachment #7 Section 42 Leasing Language, Development Services, & Referral Acceptance Certification**
- **Attachment #8 Cost and Expense Separation**
- **Attachment #9 Fair Housing and ADA Certification:** Owner, Architect, and General Contractor must certify.

Reference - More information on Fair Housing requirements for housing providers can be found at
https://www.hud.gov/program_offices/fair_housing_equal_opp/library

9. Fair Housing Training

One individual each representing the Developer, Architectural firm and General Contractor will be required to have completed training in Fair Housing Accessibility, Design, and Construction prior to application. The training must cover at least four (4) hours of relevant material. If providing more than one certificate to meet the 4 hour requirement, agendas of each training must be provided. The individual representing the developer and the general contractor can be the same person if an Identity of Interest exists which must be acknowledged on the Attachment #4 provided by the Owner.

OHFA will also accept the following training classes for the Developer, Architectural firm and General Contractor, in addition to any other OHFA approved training (this is **not** an exclusive list):

- Fair Housing Training conducted by the Oklahoma Coalition for Affordable Housing.
- E&A Team online webinar "Fair Housing Act, ADA and Section 504 Design Requirements for Multifamily Housing."
- E&A Team online webinar "Multifamily Accessibility Design Requirements Under Federal Laws – OHFA-Approved for Developers, Architects, & General Contractors."
- Any E&A Team Fair Housing and Accessibility Training Session.
- Any Fair Housing Accessibility First Program Training.
- Any other Fair Housing Training that meets OHFA's requirements. If seeking approval of other training, please submit a copy of the material covered with the number of credit hours to the Tax Credit Compliance Department.

The proposed Management Company for any application will also be required to have two individuals attend training on ADA and Fair Housing from the management perspective prior to application submittal. For the management training,

OHFA will also accept the following training classes for the proposed Management Company, in addition to any other OHFA approved training (this is **not** an exclusive list):

- Fair Housing Training conducted by the Oklahoma Coalition for Affordable Housing.
- E&A Team online webinar "Fair Housing Leasing and Management issues for Oklahoma Owners, Managers, and Site Personnel – an OHFA-Approved Course."
- Any Metropolitan Fair Housing Council of Oklahoma, Inc. Training.
- Any Tulsa Area Fair Housing Partnership Training.
- Any E&A Team Fair Housing and Accessibility Training Session.
- Any Fair Housing Accessibility First Program Training.
- Any other Fair Housing Training that meets OHFA's requirements. If seeking approval of other training, please submit a copy of the material covered with the number of credit hours to the Tax Credit Compliance Department.

Eligible classes will be acceptable for two (2) years from the date the training was completed, unless otherwise stated above.

Documentation Requirement: Proof of attendance at a Fair Housing and ADA training class eligible for credit completed prior to application submission. Please indicate which individuals are representing the Developer, Architectural firm, General Contractor, and Property Management Company. Additionally, please provide a statement clarifying which individuals are representing which entities. If providing more than one certificate to meet the 4 hour requirement, agendas of each training must be provided.

10. Capital Needs Assessment

Capital Needs Assessment (CNA) means a qualified professional's opinion of a property's current physical condition determined after a physical inspection of the interior and exterior of the units and structures. The physical inspection should include an interview with the onsite manager and maintenance personnel. This assessment should identify deferred maintenance, physical needs, remaining useful life, material building code violations that affect the property use, structural and mechanical integrity, and the future physical and financial needs. The assessment must include the cost of labor and materials identified in detail. Components which should be examined and analyzed in this assessment include but are not limited to:

- Site, including topography, drainage, pavement, curbing, sidewalks, parking, landscaping, amenities, water, sewer, storm drainage, gas and electric utility lines;
- Structural systems, both substructure and superstructure, including exterior walls and balconies, exterior doors and windows, roofing system and drainage;
- Interiors, including unit and common area finishes (carpeting, vinyl or tile flooring, plaster walls, paint condition, etc.), unit kitchen finishes, cabinets and appliances, unit bathroom finishes and fixtures, and common area lobbies and corridors; and
- Mechanical systems, including plumbing and domestic hot water, HVAC, electrical, lighting fixtures, fire protection, and elevators.

Allocations for rehabilitation require a CNA performed by a qualified independent third-party (architect, engineer, contractor) which considers the proposed rehabilitation activities to ensure that the proposed improvements have a useful life that meets the full term of affordability based on extended use agreements as presented in the Application. The assessment should also demonstrate the need for the rehabilitation work and in the degree proposed and include a review of proposed rehabilitation costs by an independent 3rd party. Assessment should also include notation of interview with onsite personnel or owner and the cost of labor and materials.

In addition, all Developments that have existing tenants must include a complete, detailed tenant income audit that identifies all existing tenants and their income. The audit shall separately identify those tenants whose income exceeds applicable Income limits. The Applicant should further ensure that all tenants who will continue to reside in the property comply with the applicable Income limits. This can be completed by the Applicant or others.

If applicable, provide any plans for Relocation of tenants during Rehabilitation. Costs should be reflected in Development budget.

Documentation Requirement:

- **Attachment #10 Capital Needs Assessment Certification:** Third-party independent CNA performed by a qualified architect, engineer, or contractor. The assessment may be prepared no more than eighteen (18) months prior to Application submission. **Updates are not allowed.**
- Either the CNA or a narrative should separately present discussions of those amenities that are being provided. This can be provided by the Applicant, Developer, or CNA provider.
- Tenant audit for all Developments with existing tenants.
- Relocation plan, if applicable.

Selection Criteria

Applications will be scored using the Selection Criteria below. Applicants must complete **Attachment #11 Application Self Score Sheet & Certification:** Only **Attachment #11** will be considered a Certification of Selection Criteria. Any additional Certifications not specifically requested by OHFA in the Application will not be considered.

In no event will the Applicant be able to score higher on any Selection Criteria than the self-score they submitted for that specific Selection Criteria.

Notwithstanding the point ranking under the Selection Criteria, OHFA's Trustees may in their sole discretion Allocate Credits to a Development irrespective of its point ranking. The Allocation must be in compliance with Code Section 42, in furtherance of housing goals, and in the interests of the citizens of Oklahoma.

All Selection Criteria must be met throughout the Extended Use Period. All Selection Criteria, for which points are awarded, will be included in the Regulatory Agreement. Development Owners are strongly encouraged to provide their management company or management staff with all the necessary information regarding these Commitments. OHFA Compliance Staff will be monitoring for any failure to maintain these Commitments.

1. Income Targeting

Total Points Possible: 5

Applications will be evaluated to the extent the Development targets Lower-Income populations with AHTCs. Income targeting points will be awarded based on the percentage of total AHTC units targeted to persons at or below the targeted AMI to the total number of AHTC units (excluding any employee unit(s)) in the Development. The number of units is to be rounded up to nearest whole number.

If a Development's units do not contain all the same number of bedrooms, the units targeted to persons at or below the targeted AMI must be proportionately allocated to all number of bedrooms and cannot be concentrated in units with a single number of bedrooms. Points will be awarded as follows:

At least 40% at or below 50% AMI **5 points**

OR

At least 10% at or below 30% AMI **5 points**

Documentation Requirements: Refer to **Attachment #11 Application Self Score Sheet & Certification.** The Unit Distribution and Rents and the 15 year pro forma must reflect the correct rents and income targeting.

2. Term of Affordability/ Tenant Ownership

Total Points Possible: 10

A Development may commit to remain affordable to Low-Income persons for up to 10 years over and above the programmatically required affordability period (minimum 30 years), 1 Point will be awarded for each year that the applicant commits to beyond the programmatically required affordability period. Please see the point scale below.

- 1 year – 1 Point
- 2 years – 2 Points
- 3 years – 3 Points
- 4 years – 4 Points
- 5 years – 5 Points
- 6 years – 6 Points
- 7 years – 7 Points
- 8 years – 8 Points
- 9 years – 9 Points
- 10 years – 10 Points

If an Applicant wishes not to commit their Development to an extended term of affordability as described above, then they may propose tenant ownership after the 15 year Compliance Period with a satisfactory plan.

The choice of Tenant Ownership will entail the following:

- A discussion regarding tenant reserve funds should be included in the plan. The amount, source and frequency of contributions should be clearly outlined. It should also be delineated whether the reserve fund stays with the unit or the tenant.
- Training for future homeowners is an essential part of this type of program. At the minimum homebuyer education classes should be offered. These are the classes usually associated with down payment assistance. If the Applicant chooses, classes in homeownership can also be offered. These might include classes on insurance, maintenance, saving for long term repairs, etc.
- Though some maintenance can be expected to be performed by the tenant, the list of maintenance duties should not be excessive. The list should not include Owner's duties such as gutters, exterior paint, fencing, mailboxes, window screen replacement, plumbing repairs, and other items that the Owner is required to maintain for health and/or safety issues or to meet minimum standards. The purpose is to have the tenant learn to do some chores and take responsibility in others, but not for the tenant to perform the Owner's duties.
- The tenant ownership plan should discuss the continued affordability of housing to the tenants. How will the new ownership payment (including insurance and taxes) compare to the rental payments before the end of the Compliance Period? Estimates are acceptable. Will there be any limits to the amount of increase between the two payments? If the sales price is more than the tenant can afford, will there be any down payment or other type of purchasing assistance?
- The calculation of the sales price is also an important component of the ownership plan. What factors and amounts will go towards the sales price amount? Will the tenant reserve funds, if any, be applied to the sales price? If the Development has a deferred loan and/or a balloon payment loan, it does not seem equitable for the tenant to pay for the bulk amount of the loan, just because it was structured that way in the beginning to benefit the Developer/Owner. Will the sales price be adjusted in any way at the time of purchase? If so, what factors will determine the write down amount, and what will be that amount?
- Another issue that must be addressed in the plan is whether or not a Nonprofit Entity will actually acquire the Development before the tenants purchase. If the Nonprofit is involved

in the Development, then provide a brief description of the agency. Also of importance are a discussion of potential homeowners associations and the timeline of the purchasing process. Though starting early in the Compliance Period is acceptable, usually tenants will change before year 15. The plans that start the process perhaps in years 10-13 seem more reasonable.

- Those units not sold must remain affordable to Low-Income persons for ten (10) years beyond the required minimum of thirty (30) years.
- As a reminder, tenants cannot be denied or chosen simply because of their willingness or ability to purchase the home. Also, tenants cannot be evicted in year 15 if they do not want or are not able to buy the housing. The Tax Credit Program is a rental program and has to be operated that way. All units not sold in year 15, or those units that for some reason revert back to the Development, have to be rental units. Hypothetically, this could be all units for up to forty (40) years. Make sure the tenant ownership plan does not present anything contradictory to these requirements.

Documentation Requirement: By checking the appropriate box on **Attachment #11**, the Owner Certifies that the Development will either remain affordable for up to ten (10) years beyond the required minimum of thirty (30) years, or that they elect to choose Tenant Ownership and all units not sold will remain affordable to Low-Income persons for ten (10) years beyond the required minimum of thirty (30) years.

If electing Tenant Ownership, Applicants must submit a detailed plan which includes projections on maintenance, tenant reserve funds, home buyer training, continued affordability, sales price calculation, and etc. The plan will be evaluated for feasibility.

3. Development Location

Total Points Possible: 10 **All documentation must be sufficient before points awarded. The following is an exclusive list**.

Documentation Requirements:

- **QCT with plan –** A map showing the location of the property within the QCT and the revitalization plan. The revitalization plan must be signed by the local governing body with jurisdiction over the site within which the proposed Development is located at the time of Application and must include a brief description of the plan, a brief description of how affordable housing benefits the plan, and a brief statement regarding the need for affordable housing in the area affected by the plan. **1 Point**
- **DDA –** No documentation required. **1 Point**
- **High Opportunity Areas –** Only one sub-factor (poverty, median household income, or Opportunity Zone) can be claimed for points in this section. OHFA will use the most recent American Community Survey 5-year Estimates available to determine state and zip code level poverty rates and median household income. American Community Survey data can be found on the US Census Bureau's website at: https://data.census.gov/cedsci/
    - Please utilize the following steps when locating this data:
        1. Click on “Advanced Search” under the search bar in the middle of the page.
        2. On the left-hand side under “Filters,” click on “Geography.”
        3. Under “Geography,” click on “Zip Code Tabulation Area.”

4. Scroll down to select Oklahoma and then click on the desired Zip Code.
5. Next, in the "Search for filter" search bar, type the word "poverty" or "income". A list of topics will appear. Check the box for "Income and Poverty."
6. Click search on the bottom right-hand corner of the page. A list of tables will appear.
7. Click on the desired table giving the data for the latest poverty rate or median household income.

- Following the completion of the above steps, click on the search bar at the top of the page and select to "Clear filters on new search". Then, input either "Oklahoma poverty rate" or "Oklahoma income" into the bar and click search. This will give either the latest percentage of poverty for the State or the latest median household income for the State.
- If the zip code's estimated poverty rate percentage is **less** than the State poverty level, then the Development is eligible for **5 points**.
- Provide evident printouts for both the State level and the Development's zip code.

OR

- If the median household income is **more** than the State Median Household Income, then the Development is eligible for **5 points**.
- Provide evident printouts for both the State level and the Development's zip code.

OR

- If your proposed development is located in a Federal Opportunity Zone as defined by the State of Oklahoma, the Development is eligible for **5 points**.
- Provide a map showing that the Development is located in a Federal Opportunity Zone.

- **2 year award –** Points will be awarded to proposed Developments not located within a three (3) mile radius of any 9% Low-Income Housing Tax Credit Awards which have been made in the two (2) year period preceding this Application's date of consideration. A distinction will be made in this category between elderly and family developments. Therefore, if the Applicant is proposing an elderly development in an area that has received no 9% Low-Income Housing Tax Credit Awards in the last 2 years for an **elderly** development, then they will receive points in this category, i.e. the same for Family developments. **3 Points**
  - For this requirement, a year will run from the month of the Trustees meeting to the same month the next year. Example: if a Development is awarded Credits in an area in November ~~2022~~ 2023, only Applications to be considered **AFTER** November ~~2024~~2025 will be eligible to receive these points for the same area (assuming no awards were made in the interim).
  - Points will be awarded if the Applicant provides proof that 100% of the proposed Development is not within a three (3) mile radius of any Development that was awarded within the two (2) year period preceding the Application's month of consideration whether the previously awarded Development is within the same city as the proposed Development or not. The three (3) mile radius will be measured from the center of the closest existing Development awarded within the area in the two (2) year period preceding the Application's month of consideration. If the closest existing Development awarded within the area in the two (2) year period preceding the Application's month of consideration is new construction and the center of it unable to be determined. Staff will measure from the center of the tract of land on which the

awarded development is being built. A map clearly indicating the location of Tax Credit Properties within the area and surrounding areas and the number of miles between the proposed property and other Tax Credit Developments. No map needed if no Developments awarded in the area.

- **Proximity to Amenities:** Points will be awarded for each item that is located either within a 1 mile radius of the proposed development in urban areas or within a 4 mile radius of the proposed development in rural areas. **Amenities must be measured from any edge of the site plan to any edge of an amenity. The Market Study provided with the application must demonstrate that the selected Amenities are within the proximity of the Development to receive points. If the Market Study does not demonstrate this, no points will be awarded. 1 Point each**
  - School
  - Grocery Store
  - Pharmacy
  - Bus Stop
  - Public Park
  - Hospital or Urgent Care Center
  - Daycare
  - Library
  - Bank
  - Public Recreational Facility
  - Police or Fire Station
- **Population Growth: 3 Points**
  - The total population growth for the last three (3) years (using the most recent published year) for the County, Town, or City in which the Development is located. For Counties, Towns, or Cities with populations of less than 25,000, the total growth percentage must be equal to or exceed 2% for the three year period. For Counties, Towns, or Cities with populations of more than 25,000, the total growth percentage must be equal to or exceed 1% for the three year period. No rounding. **The Market Study provided with the application must demonstrate the population growth for the preceding 3 year period. 3 Points OR**

4. Tenant Targeted Populations

Total Points Possible: 8

Applications will be evaluated to the extent the Development Commits to serve Targeted Populations.

Applicant dedicates at least a minimum ten percent (10%) of the total residential units for Targeted Populations. Elderly cannot be the 10% population. **5 Points**

OR

Elderly Developments, as defined in OHFA's Chapter 36 Rules, can qualify only if **additionally** targeting 10% of their units to a Target Population. **8 Points**

Any manager's unit must be included in the calculation of 10% of the total residential units. Targeted Populations' units cannot be concentrated in a single bedroom size or Building if there are multiple bedroom sizes and/or Buildings.

Targeted Populations for this particular point criterion are Homeless, persons with mental or physical disabilities, Veterans, or Youth aging out of Foster Care (between the ages of 18-24). This designation must not violate any Fair Housing regulations.

"Homeless" means (1) lacking a fixed, regular and adequate nighttime residence; and has a primary nighttime residence that is a supervised public or private shelter providing temporary accommodations or a public or private place not ordinarily used as sleeping accommodations for human beings, OR (2) displaced as a result of fleeing violence in the home; and has a temporary residence that is a supervised public or private shelter OR (3) certified by an agency involved in regularly determining Homeless status. OR (4) displaced as a result of a major disaster and receiving FEMA assistance. Homeless individuals are considered Homeless for a period of twenty-four (24) months from the date of move-in, according to Section 103 of the Stewart B. McKinney Homeless Assistance Act and 42(i)(3)(B)(iii)(I) of the Code.

From OHFA's Compliance Manual: Any unit promised for a targeted population (homeless, disabled etc.) must have been marketed for a period of 90 days for both homeless and persons with mental or physical disabilities, Veterans, or Youth aging out of Foster Care before it can be rented to a tenant that does not have the designated special need. In addition, the Owner must show ongoing due diligence in attempting to locate a special needs tenant for the unit. Due diligence must include, but is not limited to, monthly advertisement in a newspaper of general circulation in the area, and proof of at least monthly contact with providers of services for individuals with the designated special need or targeted population, including advising such providers of the number and size of units available, the rents charged for the units, and the income limits for prospective tenants. Service providers must also be contacted immediately upon a specials needs unit becoming available. The owner must have a plan in place.

***Documentation Requirements*:**

- The Unit Distribution and Rents must reflect the special needs designation.

5. Tenant Populations of Individuals with Children

Total Points Possible: 3 (Applications for Acquisition/Rehabilitation or Rehabilitation will automatically receive these points)

At least 50% of the total AHTC units (excluding the manager's unit) have two bedrooms or more

OR

At least 30% of the total AHTC units (excluding the manager's unit) have three bedrooms or more.

If the Development receives 8 points in the Targeted Populations category, it will not receive points in this category.

Documentation Requirements: Refer to **Attachment #11** **Application Self Score Sheet & Certification.** The Unit Distribution and Rents must reflect the bedroom sizes.

6. Preservation of Affordable Housing

Total Points Possible: 3 (points will not be pro-rated.)

Affordable does not mean tenants receiving Section 8 assistance or units rented at a discount rate to market. Preservation means the preservation of the affordability of the housing, not the Buildings/real estate.

Traditionally, one of the type of programs listed below is involved or a similar type program.

- Properties with **project-based Rental Assistance** contracts
- Properties with USDA **Section 515** loans
- Properties financed with **Low Income Housing Tax Credits**
- Properties financed with **Section 202/811** loans
- Properties financed with **1937 Housing Act** funds

Documentation Requirement: Proof of the prior affordable status of the housing.

7. Home Energy Efficiency Rating System

Total Points Possible: 10

Points will be awarded to proposed Developments committing to receive a **Home Energy Efficiency Rating System (HERS)** Score within the ranges established below, as evidenced by a report from a Certified RESNET Home Energy Rater who conducted an inspection of the property post-construction/rehabilitation. Please see the scale below for how points will be awarded.

- HERS Score of less than or equal to 80 – 10 points
- HERS Score of 81-85 – 8 points
- HERS Score of 86-90 – 5 points
- HERS Score of 91-95 – 3 points

Documentation Requirements:

Attachment #12 Home Energy Efficiency Rating System (HERS) Certification – specifically states that once construction/rehabilitation of the Development is complete, it will receive a HERS Score at or below what the Owner elected to receive points in this category, as evidenced by a report from a Certified RESNET Home Energy Rater who conducted an inspection of the property post-construction/rehabilitation. This Certification must be signed by a representative of the Ownership entity, the architect, and the general contractor**.** If the HERS Score in the report submitted at Final Application is higher than the range committed to at the time of the initial Application, the Owner/Developer and any Principals thereof will not be eligible to submit an AHTC Application for one full year.

8. Historic Nature

Total Points Possible: 3

Building as defined in AHTC Rules 330:36-1-4 means a property containing residential Housing Units located on the Land and included in the Development.

100% of the historic building must be rehabilitated. At least 50% percent of the proposed Development's units must be located in the historic building. The units must be "new" or converted from non-residential to residential units. If existing housing units are to be rehabilitated, then the Placed In Service date must be at least 16 years prior to date of Application to receive the points for Historic Nature. Any new construction units must be within ½ mile radius of the historic building(s).

Definition of "Historic Nature:"

A. A historic building (structure) is either **listed** in the National Register of Historic Places (NRHP) as an individual property or as a contributing resource to a district (see *Oklahoma Properties Listed in the National Register,* http://www.okhistory.org/shpo/nationalregister.htm) or (2) is **eligible for** listing in the NRHP as an individual property or as a contributing resource to a district.
B. Additionally, the planned rehabilitation of the building must be consistent with the *Secretary of the Interior's Standards and Guidelines for Rehabilitation* (see Oklahoma's *Rehabilitating Historic Properties for Federal Investment Tax Credits,* http://www.okhistory.org/shpo/taxcredits.htm).

Documentation Requirements:
A copy of the approved Historic Preservation Certification Application, Part 1 executed by NPS.

9. Development Amenities

Total Points Possible: 10

Points will be awarded to proposed Developments committing to provide any of the amenities more specifically listed on **Attachment #13**. Applicants will receive 1 Point for each Amenity selected up to 10 for a maximum of 10 Points.

Documentation Requirements:
Attachment #13 Development Amenities Certification: This Certification must be signed by a representative of the Ownership entity, the architect, and the general contractor. For scattered site developments, an Attachment #13 must be provided for each location and the Applicant will receive points from the lowest scoring Attachment #13.

10. Development Cost Efficiency

Total Points Possible: 29

An application is scored on the extent to which it proposes to design a Development that is cost efficient utilizing four factors. Each factor will be weighted individually against other Applications to derive a score and then all factor scores will be totaled, which can result in a maximum score for this criteria of 29 Points. These factors are as follows:

1. Lowest Credits per Unit – 8 points

2. Lowest Credits per Bedroom – 8 points

3. Lowest Percentage of hard debt (Amortizing Hard Debt/Total Development Costs) – 8 Points

4. Most Square Foot per Unit – 5 Points

For purposes of this scoring criteria, the following definitions will be used: "**Unit**" means any rent and income restricted Affordable Housing Tax Credit unit, including those utilizing Income Averaging, including any employee/manager units. "**Credit**" means the Federal Affordable Housing Tax Credits requested at the time of application submission. "**Amortizing Hard Debt**" means the total amount of permanent debt included in the debt service coverage ratio on the proposed Development for which a commitment letter was provided, this will not include any soft loans, grants, or owner contributions/equity. "**Square Foot**" means the livable square footage of the Unit, not including any community building/room, storm shelters, etc. "**Bedroom**" means any bedroom contained in an Affordable Housing Tax Credit Unit.

Following a deadline for a Funding Period, OHFA Staff will assess the above four factors for all Applications that were submitted for that competitive Funding Period. Each factor will be calculated by staff to derive a result (the "Result or Results"), then the Results will be percentage ranked against all other Applications by each separate factor. The points derived from each factor will then be added up to achieve a total given score. Therefore, an Applicant will not know their score for this specific criteria before they submit their application. Applicants will learn their score once they receive their Preliminary Review Report. Once a score for this criteria is given, this score will not change following the issuance of Preliminary Review Reports by OHFA Staff, unless information provided in response to the Preliminary Review Report would require Staff to change the score.

For example, an Application is submitted which Staff calculates a Result of $4,000 in Credits Per Unit, and compared to all of the other Applications submitted for that Funding Period, $4,000 Credits per Unit ranks as the 95th Percentile and thus would receive 95% of the maximum score for that specific factor, or **7.600** points as (.95 x 8 points = 7.600). For the purposes of this scoring criterion, the result of each factor will be rounded to 4 decimal places.

Final Results reported in the Final Review Report will be verified by Staff at the Final Application stage. Results of factors 1, 2 and 3 may not go up and factor 4 may not go down. If there is an unfavorable change to the Results of any of the factors at Final Application, the Owner/Developer and any Principals thereof will not be eligible to submit an AHTC Application for one full year.

11. Negative Points

Total Points Possible: -20

- Allocation and Compliance Staff maintain a list of all negative points. Thirty (30) days prior to Application due date, a list of all negative points will be posted on OHFA's website. This will be the information used in the following round. Negative points will continue to accrue during the round; however, they will only be counted against Applicants in the next funding period.

- Uncorrected Form(s) 8823 will incur negative points if non-compliance is not corrected after the expiration of the correction period. If not corrected within specified time, negative points will count for one year from the date of infraction or date discovered. Violations of Fair Housing infractions are fact specific and will be treated accordingly.
- If after one year negative point item(s) remain uncorrected, negative points will continue to apply until the issue has been corrected. It is the owner's responsibility to apprise the appropriate department and disseminate information to OHFA staff in a timely manner prior to OHFA posting negative points. *A casualty loss will only incur negative points after 180 days has passed without correction to Form.
- If after infractions occur, and the Development is transferred, the negative points stay with the entities who incurred the points, and the negative points will also remain with the Development but for only six (6) months.
- Points will be deducted for instances of poor performance in the operation of Tax Credit Developments that share common general partnership, managing member, and principals of each, with entities of the current Application.
- Negative points will be assessed on original participants. Team members can be substituted (with proper documentation), but negative points remain.
- Approximately 30 days prior to Application due date, a list of all negative points will be posted on OHFA's website.

Points will be deducted for the following:

Allocation

For each late report exceeding three (3) late reports (see Attachment A and G)	**2 points**
Late payment of fees	**3 points**

Compliance

Uncorrected 8823s	**5 points**

12. Tie Breaker

- In case there are Applications with the same final score in any set-aside that will affect funding, Applications will be funded based on those proposing the highest number of Tax Credit units. The Application proposing the highest number of Tax Credit units will be awarded first; the second Application proposing the highest number of Tax Credit units will be next, and so forth until such time as the Tax Credits have been Allocated under the set-aside.
- In the event that Applications are still tied, a drawing shall occur at the Trustees meeting in which the Applications are being considered for funding. All Applications remaining tied in any set-aside will be entered in the drawing. The first Application drawn, will be funded first, the second Application drawn, will be funded next, and so forth until such time as the Tax Credits have been allocated under the set-aside. Applications not drawn under a set-aside will be placed in the next set-aside in which they qualify and request in rank score order and tie breaker.

- In circumstances that only the order within a set-aside or from which set-aside a given Development will be funded is affected, then, the drawing will take place prior to the Trustees meeting. In cases where there may be insufficient funds available to fund any of the tied Developments, the drawing will always be held at the Trustees meeting.
- No Documentation is required for tie breakers.

Attachment #1- Market Study Summary

(To be included at the beginning of the market study)

Development Name: ____

The Market Study prepared by:____

Date of Study: ________________________

Page # of specific answers requested below. Please do not list a large range of pages.

☐ Concise description of the site.

☐ Brief summary of the subject development, including the proposed targeted population to be served.

☐ Summary of demand for the proposed development including a concise statement of the analyst's opinion of market feasibility, determined by factors of market demand.

☐ Precise statement of key conclusions reached by the analyst. This statement should provide a definitive evaluation of the proposed development and its prospect for success as proposed. This statement should reconcile any conflicting data indicators among the various sections of the report.

☐ If needed, recommendations and/or suggested modifications to the proposed project. It should be clear if these modifications would be necessary for the project's success.

☐ Absorption estimate for the subject property. If recommendations are provided in the report, it should be clear if this absorption estimate is as proposed or assuming the analyst's proposed recommendations are followed.

☐ A SWOT Analysis that Concisely identifies the Strengths, Weaknesses, Opportunities, and Threats relating to the proposed development.

☐ Project description detailing the analyst's understanding of the project as proposed, including but not limited to; building type and unit mix, target market and restrictions, unit features and amenities.

☐ A full description of the site accompanied by a photograph of the site. A discussion of the appropriateness of the location.

☐ Analysis of neighborhood amenities available. Along with analysis, provide a table and map of neighborhood amenities and their distance from the subject site including Schools, Grocery stores, Pharmacies, Bus stops, Public Parks, Hospitals or Urgent Care Centers, Daycares, Libraries, Banks, Public Recreational Facilities, Police or Fire Stations, and Gyms or

Health Clubs.

☐ A map delineating the primary market area (PMA) for the proposed Development. The PMA should be realistic and not too large.

☐ A demographic summary of the market area, including incomes, households, growth trends, economic factors relating to employment, labor force, and community facilities (i.e. parks, schools, etc.).

☐ An evaluation of the current affordable housing stock existing in the market area, including an identification of geographical location, occupancy levels, age of stock, upkeep condition, bedroom mix, amenities and rents being charged. Include comparable rental residential Developments in the primary market area. Include a list of all existing and/or under construction Tax Credit properties in the PMA.

☐ Provide a list of all affordable housing communities including LIHTC communities and deeply subsidized communities (Section 8, Public Housing, USDA), within the PMA. Any LIHTC communities not included in the analysis should be identified with an explanation of its exclusion.

☐ A discussion of whether or not the proposed Development, in light of vacancy and absorption rates for the applicable market areas, is likely to result in an increased vacancy rate for comparable units within such market area, (i.e., standard, well-maintained units within such market area that are reserved for occupancy by low and very low Income tenants).

☐ An evaluation of whether the projected initial rents for the Development are/are not reasonably affordable by low and very low-Income tenants and within the rental range for the comparable Developments within the market area. Derive a market rent and an achievable restricted rent and then compare them to the developer's proposed rent. Include market advantage/disadvantage analysis. Quantify and discuss market advantage of the subject and impact on marketability. Also include Income Averaging analysis that shows adequate demand, this includes capture rates for each applicable percentage the Development wishes to serve, if the Development is utilizing such option.

☐ Discuss the capture rate for the primary market area. The capture rate is an important component of the market study. Capture rate is defined as, "The percentage of age, size, and Income Qualified Renter Households in the Primary Market Area that the property must capture to achieve the Stabilized Level of Occupancy. The Capture Rate is calculated by dividing the total number of units at the property by the total number of age, size, and Income Qualified Renter Households in the Primary Market Area." This is the National Council of Affordable Housing Market Analysts (NCHAMA) definition. OHFA requires 1.5 persons per bedroom for determining income and household size. A residential unit is rent-restricted if the gross rent with respect to such unit does not exceed 30 percent of the imputed income limitation applicable to such unit. A 30% affordability factor, combined with the number of Households utilizing Housing Choice Vouchers within the PMA, must be used when calculating the number of Income Qualified Renter Households. For family developments, a capture rate over 10% will result in a failed threshold. For elderly developments, a capture rate over 15% will result in a failed threshold.

☐ Provide a projection of the time necessary for the Development to achieve sustaining occupancy. (This criterion is not applicable to rehabs with current occupancy of 90% or more.)

☐ A discussion of any relevant information regarding existing rent overburden statistics. Rent overburdened would be those households paying over 30% of their income for housing. An evaluation of the need for affordable housing within the primary market area. (This criterion is not applicable to rehabs with current occupancy of 90% or more.)

☐ Provide the recommended vacancy rate.

☐ Provide the total number and availability of Housing Choice Vouchers and the number and types of households on the waiting lists for housing choice vouchers.

☐ Interviews with local public housing authority (PHA) officials to solicit comments on the need for housing and the possible impact of the proposed development on the housing inventory and waiting lists for subsidized housing.

☐ Discuss any impact (short/long term) the subject property will have on the overall rental market and comparable rental communities.

☐ Comment on the appropriateness of the proposed rents in light of the location and product to be constructed. Identify risks (i.e. competitive properties which may come on line at the same time as the subject property; declining population in the PMA, etc.), unusual conditions and mitigating circumstances.

☐ Certifications that states: No identity of interest between the analyst and the entity for which the report is prepared, and that the recommendations and conclusions are based solely on professional opinion and best efforts.

☐ Statement of analyst's qualifications.

☐ List of sources for data in the market study that are not otherwise identified.

☐ Market Study Checklist.

☐ NCHMA Member Certification.

Attachment #2 – Nonprofit Owners

Development Name: ____

Nonprofit Name: ____

I hereby Certify that the Qualified Nonprofit:

- o Owns more than fifty percent (50%) Ownership interest of the general partner or managing member.
- o Will materially participate on a regular basis, in the planning and construction of the Development.
- o Will materially participate on a regular basis, in the operation and management of the Development throughout the entire Compliance Period.
- o Is not affiliated with or controlled by any for profit entity.
- o Will be bound to all Nonprofit requirements.

Representative of Nonprofit Entity	**Representative of Ownership Entity**
______________________ Signature	______________________ Signature
______________________ Printed Name	______________________ Printed Name
______________________ Title	______________________ Title
______________________ Date	______________________ Date

DO NOT MODIFY THIS FORM

Attachment #3 – Suggested Previous Participation Form

Name: ____

List all current and past Developments, regardless of continued involvement, for Oklahoma, as well as other States.

Incomplete forms and lack of full disclosure may result in disqualification of the Application.

If this funding source involved, indicate with an X or ✓.
⇓ ⇓ ⇓

Property ID:	Property Name and Address	Total # of Units	AHTC	HOME	Bond	Principal's Role	Status (Active, Sold, Expired)	Date 8609 Issued

Make copies as needed.

____
Signature of Representative

Attachment #4 – Development Team Member Certificate

OKLAHOMA HOUSING FINANCE AGENCY
AFFORDABLE HOUSING TAX CREDIT PROGRAM

Development Name: ____

Team Member Role: Check box/boxes that apply

☐ Accountant/Tax Professional ☐ Architect ☐ Attorney ☐ Developer

☐ Consultant ☐ General Contractor ☐ Owner ☐ Mgmt. Company

☐ Gen. Partner/Managing Member ☐Co-Developer ☐Co-Management Company

☐ Other (please specify) ____________________

The undersigned Development Team Member for the referenced Applicant and Development hereby affirms to Oklahoma Housing Finance Agency and its Trustees that the undersigned has not:

- Been involved in uncured financing defaults, foreclosures, or placement on HUD's list of debarred contractors;
- Had events of material uncorrected noncompliance with any Federal or State assisted housing programs within the prior seven (7) year period;
- Had Appointment of a Receiver or bankruptcy within the prior seven (7) year period;
- Been removed as a general partner or managing member.
- Failed to meet and maintain any material aspect of a Development as represented in an Application;
- Failed to meet and maintain minimum property standards;
- Failed to bring any Development back into compliance after receiving written notice from OHFA's Compliance Staff.
- Failed to comply with OHFA's requests for information or documentation on any Development funded or administered by OHFA;
- Intends to participate in the Development proposed by the Application.

By: ______________________________________
Printed Name: _____________________________
Company: _________________________________

SUBSCRIBED AND SWORN to before me on this the _______________ day of, ____________ __________________ 20_____.

____
NOTARY PUBLIC

(SEAL) **My commission expires:** __________________________

DO NOT MODIFY THIS FORM

Attachment #5 – Identity of Interest Certification

Development Name: ____

OHFA has determined the following constitutes an **Identity of Interest:**

Identity of Interest between of the parties to this Tax Credit Application and general contractors, subcontractors, materials suppliers, or equipment lessors (hereinafter "Contractors") will be construed as existing under any of the following conditions:

- When there is any financial interest of the Applicant and any other member of the Development Team, management team, or any Contractors.
- When one or more of the officers, directors, stockholders, members, or partners of the Applicant is also an officer, director, stockholder, member, or partner of any other member of the Development Team, management team, or any Contractors.
- When any officer, director, stockholder, member, or partner of the Applicant has any financial interest whatsoever in any other member of the Development Team, management team, or any Contractors.
- When any member of the Development Team, management team, or Contractors advances any funds to the Applicant.
- When any member of the Development Team, management team, or Contractors provides or pays, on behalf of the Applicant, the cost of any materials and/or services including architectural services or engineering services other than those of a surveyor, general superintendent, or engineer employed by any other member of the Development Team, management team, or Contractor in connection with its obligations under its contract with the Applicant.
- When any member of the Development Team, management team or Contractors takes stock or any interest in the Applicant entity as part of the consideration to be paid him/her.
- When any relationship exists which would give the Applicant or any other member of the Development Team, management team or Contractors Control or influence over the price of the contract or the price paid to any other member of the Development Team, management team or to Contractors.
- When there exists or comes into being any side deals, agreements, contracts or understandings entered into thereby altering, amending, or cancelling any of the management plan/management agreement documents, organization documents or other legal documents pertaining to the property, except as approved by OHFA.

IDENTITY OF INTEREST DISCLOSURE

The following list constitutes a listing of those who have an **Identity of Interest** to this Application.

Do any of the following have an **Identity of Interest** in any other party to this Development?

General Partner/Managing Member: No ☐ Yes ☐

Developer:	No ☐ Yes ☐
Management Company:	No ☐ Yes ☐
Sponsor:	No ☐ Yes ☐
Contractor:	No ☐ Yes ☐
Sub-contractors:	No ☐ Yes ☐
Tax Attorney:	No ☐ Yes ☐
CPA:	No ☐ Yes ☐
Material Suppliers:	No ☐ Yes ☐
Equipment Lessors:	No ☐ Yes ☐
Other Service Providers: Please identify:	No ☐ Yes ☐

____

Describe relationship, identifying percentage of any Ownership, percentage of materials or services to the Development and all financial matters in the Development.

____

____

____

I, _________________________________ (please print name), hereby Certify that I have read the **Identity of Interest** statement above and understand what OHFA has determined constitutes an **Identity of Interest**.

The undersigned ___________________________ (please print) hereby Certifies that,
Check one:

☐ **No Identity of Interest relationship exists**.

☐ **An Identity of Interest relationship exists** and hereby disclosed on the following page(s) of this qualification form those entities with which an **Identity of Interest** relationship exists.

I hereby Certify, under penalty of law, and with knowledge that this information may be verified, that the information submitted is true and accurate.

I further understand that failure to disclose any **Identity of Interest** to OHFA will also subject me to any administrative remedies available to OHFA. Such remedies may include suspension and debarment from participating in any OHFA programs.

I further understand and agree that I will update this **Identity of Interest** if my circumstances change, and I agree to provide a new **Identity of Interest** at any time requested by OHFA.

IN WITNESS THEREOF, I have set my hand this ____ day of ____, _____.

____

Signature of Non Profit, General Partner/Managing Member (or Principal thereof)

____

Title of Officer, if General Partner/Managing Member is a Corporation

The **Identity of Interest** Affidavit was acknowledged before me this _____ day of ___________, ________ by ____________________________ known to me to be the person described in and who executed the foregoing instrument and acknowledge that he/she executed the same as his/her free and voluntary act of deed.

____

Notary Public

My commission Expires: _________________________________

DO NOT MODIFY THIS FORM

Attachment #6 – Waiver of Qualified Contract

Development Name: ____

I, ______________________________________ (please print name), hereby Certify that I have read the **Waiver of Qualified Contract** statement below and understand what OHFA has determined constitutes a **Waiver of Qualified Contract**.

The undersigned ______________________________ (please print) hereby Certifies that,

☐ **I waive my right to a Qualified Contract**.

I hereby Certify, under penalty of law, and with knowledge that this information may be verified, that the information submitted is true and accurate.

IN WITNESS THEREOF, I have set my hand this ____ day of ____, _____.

____
Signature of Non Profit, General Partner/Managing Member (or Principal thereof)

____
Title of Officer, if General Partner/Managing Member is a Corporation

The **Waiver of Qualified Contract** Affidavit was acknowledged before me this _____ day of __ , _______ by _____________________________ known to me to be the person described herein and who executed the foregoing instrument and acknowledge that he/she executed the same as his/her free and voluntary act of deed.

____
Notary Public

My commission Expires: __________________________________

DO NOT MODIFY THIS FORM

Attachment #7 – Section 42 Leasing Language, Development Services, & Referral Acceptance Certification

Development Name: ____

The undersigned hereby certifies:

- That the proposed Development will include the proper language in the Tenant Application and Lease Addendum. The Tenant Application language must include questions about full time students. The lease or an addendum must include Section 42 language.
- To notify tenants of Development and/or community services available in the area. Such notification shall be in the form but not limited to letters to tenants, flyers, posters, etc. Documentation shall be made available to OHFA at any time requested.
- That the Owner/Applicant will accept referrals from Public Housing waiting lists and/or OHFA.
- If Acquisition/Rehabilitation: that all the tenants who continue to reside in the property must qualify under the Tax Credit Program.

____
Signature

____
Printed Name

____
Title

____
Date

DO NOT MODIFY THIS FORM

Attachment #8 – Cost and Expense Separation

Development Name: ____

The undersigned hereby certifies:

- The costs and expenses for this Development will be separate from the costs and expenses of any other phase of the Development if part of a multi-phase Development. This is not applicable to administrative/property management buildings that are to be shared by multiple phases of the same development.
- The costs and expenses for this Development will be separate from the costs and expenses of any other Development located in close proximity and sharing common Ownership or principals thereof with this Development.

____
Signature

____
Printed Name

____
Title

____
Date

DO NOT MODIFY THIS FORM

Attachment #9 – Fair Housing and ADA Certification

Development Name: ____

Team Member Role: Check box/boxes that apply
☐ Owner ☐ Architect ☐ General Contractor

Name: ____

The undersigned hereby certifies the Development will comply with all Fair Housing and Americans with Disabilities Act (ADA) requirements including those dealing with accessibility.

____
Signature

____
Printed Name

____
Title

____
Date

The **Fair Housing and ADA Certification** was acknowledged before me this _____ day of _____ , _______ by ___________________________ known to me to be the person described in and who executed the foregoing instrument and acknowledge that he/she executed the same as his/her free and voluntary act of deed.

____
Notary Public

My commission Expires: ________________________________

DO NOT MODIFY THIS FORM

Attachment #10 – Capital Needs Assessment Certification

Development Name: ____

The undersigned hereby certifies:

- That the proposed improvements plus reserves have a useful life that meets the full term of affordability.
- That an interview was conducted with either the owner or onsite personnel to assist in determining the historical and current physical condition of the Development.

List the Names and titles of all onsite personnel interviewed

Name	Title
______________________________	____________________________________
______________________________	____________________________________
______________________________	____________________________________
______________________________	____________________________________
______________________________	____________________________________
______________________________	____________________________________

____________________________________ ____________________
Representative of the Ownership Entity Date

____
Printed Name

____________________________________ ____________________
Individual who performed CNA Date

____
Printed Name

<u>DO NOT MODIFY THIS FORM</u>

Attachment #11 – Application Self Score Sheet & Certification

1. Income Targeting - 5 Points Possible ______ **Self-Score**

☐ At least 40% at or below 50% AMI

☐ At least 10% at or below 30% AMI

2. Term of Affordability/Tenant Ownership - 10 Points Possible ______ **Self-Score**

☐ The Development will remain affordable to Low-Income persons for _____ years beyond the required minimum of thirty (30) years.

☐ The Development is claiming points for Tenant Ownership and the Owner Certifies that the units not sold will remain affordable to Low-Income persons for ten years (10) years beyond the required minimum of thirty (30) years.

3. Development Location - 10 Points Possible ______ **Self-Score**

QCT with plan __________________
DDA __________________________
High Opportunity Areas
Poverty __________________
AMI _____________________
Opportunity Zones_________
2 year award _______________
Proximity to Amenities___________
Population Growth _______________

4. Tenant Targeted Populations - 8 Points Possible ______ **Self-Score**

☐ Family with 10% targeted populations (5 Points)

☐ Elderly with 10% targeted populations (8 Points)

5. Tenant Populations of Individuals with Children - 3 Points ______ **Self-Score**

☐ At least 50% of the total AHTC units have 2 BR or more

☐ At least 30% of the total AHTC units have 3 BR or more

☐ Acquisition/Rehabilitation or Rehabilitation

6. Preservation of Affordable Housing - 3 Points Possible ______ **Self-Score**

7. Home Energy Efficiency Rating - 10 Points Possible ______ **Self-Score**

8. Historic Credits - 3 Points Possible ______ **Self-Score**

9. Development Amenities - 10 Points Possible ______ **Self-Score**

10. Development Cost Efficiency

Credits per Unit ____________

Credits per Bedroom ____________

Amount of Amortizing Hard Debt ____________

Amount of Total Development Costs ____________

Square Foot per Unit ____________

Total Self-Score ______

In no event will an Applicant receive more points on any specific Selection Criteria than the self-score requested above at the time of Application for that particular category.

Verify all documentation in individual Tabs is complete, accurate, and coincides with this Applications Self-Score Sheet and Certification.

Certification:

The undersigned, being duly authorized, hereby represents and Certifies the Selection Criterion information, to the best of his/her knowledge, is true, complete and accurately describes the proposed Development.

The undersigned is fully aware of:

- The facts and circumstances surrounding the Commitments for the Selection Criterion.
- Misrepresentations of any kind will be grounds for denial or loss of the Tax Credits, and may affect future participation in the Tax Credit Program in Oklahoma.
- That all Selection Criterion will be part of the recorded Regulatory Agreement.

The undersigned has executed this Certification in the name of the Owner this__________day of ________________________________, 20_____.

____
Representative of the Ownership Entity

____
Printed Name

____
Title

____
Date

ACKNOWLEDGEMENT

The **Applications Self Score Sheet and Certification** was acknowledged before me this ____ day of ________________, ______ , by _________________________ known to me to be the person described in and who executed the foregoing instrument and acknowledge that he/she executed the same as his/her free and voluntary act of deed.

____
Notary Public

My commission Expires: _____________________

DO NOT MODIFY THIS FORM

Attachment #12 – Home Energy Efficiency Rating Certification

Development Name: ____

The Undersigned hereby certifies:

- That once construction/rehabilitation of the Development is complete, it will receive a HERS Score at or below the election they make below, as evidenced by a report from a Certified RESNET Home Energy Rater who conducted an inspection of the property post-construction/rehabilitation.
- If the HERS Score in the report submitted at Final Application is higher than the range committed to at the time of the initial Application, the Owner/Developer and any Principals thereof will not be eligible to submit an AHTC Application for one full year.

Applicants may choose only one (1) of the following:

☐ HERS Score of less than or equal to 80 – 10 points

☐ HERS Score of 81-85 – 8 points

☐ HERS Score of 86-90 – 5 points

☐ HERS Score of 91-95 – 3 points

________________________________ ________________

Representative of the Ownership Entity Date

____

Printed Name

________________________________ ________________

Architect Date

____

Printed Name

________________________________ ________________

General Contractor Date

____

Printed Name

DO NOT MODIFY THIS FORM

Attachment #13 – Development Amenities Certification

Development Name: ____
Site Location: ____

The Undersigned hereby certifies:

- The **amenities** will be included in the plans and specifications for the **Development** and that they have been included in the construction budget.

- **The amenities will be new and specific to the Development and/or unit or have been significantly restored and/or replaced to be in new condition and not included in any other phase of the Development if it is a multi-phase Development and are not included in any other Development located in close proximity to this Development.**

- That one hundred percent (100%) of the units in the Development will be located within ½ mile of any amenities meant to serve the entire Development even if more than one (1) of an amenity type must be included to meet this requirement. (N/A for Acquisition/Rehabilitation of Single Family Scattered Site Developments.)

- **This is an exclusive list and no substitutions will be permitted after a Development has been Awarded Credits.**

Applicants may choose up to ten (10) of the following items to receive up to 10 Points (1 Point per item, except the Storm Shelter/Safe room which is 5 points):

- ☐ Indoor Fitness center (for Developments with 60 units or less: a minimum of two (2) pieces of equipment must be provided, for Developments with greater than 60 units: a minimum of four (4) pieces of equipment must be provided.) (e.g. Treadmills, Weight Sets, Stationary Bicycles, etc.)
- ☐ Playground with three (3) or more different features grouped together. (e.g. Swings, Seesaws, Slides, etc.) (**N/A for Elderly Developments**)
- ☐ Onsite computer workstations reserved strictly for use by the tenants with internet access (for Developments with 60 units or less: a minimum of two (2) computers must be provided, for Developments with greater than 60 units: a minimum of four (4) computers must be provided.)
- ☐ Covered parking – minimum of at least one covered parking spot for each unit
- ☐ Dog park
- ☐ Pool
- ☐ Splash pad
- ☐ Washer & Dryers in each unit
- ☐ Building facades that are a minimum of 60% brick or stone (man-made or natural) **OR** Building facades that are a minimum of 40% brick or stone (man-made or natural). The remaining percentage shall be comprised of Cement type boards. (**N/A for Rehabilitation Developments**)
- ☐ Gated community providing keypad gates on all entrances to the Development
- ☐ Ceiling fans (all beds & living)
- ☐ Charging station for electric cars – minimum of 1 station per 20 units

- ☐ Dishwasher in each unit
- ☐ Garbage Disposal in each unit
- ☐ Sports Facilities which must be stationary and fixed to the Development. (e.g. Soccer Field, Basketball Court, Tennis Court, Badminton, Shuffle Board, etc.)
- ☐ Security cameras that cover the entrances of each unit
- ☐ Security systems within each unit
- ☐ Outdoor grills – minimum of 1 grill per 20 units
- ☐ Outdoor covered seating
- ☐ Community room
- ☐ Smoke free policy for the building(s)
- ☐ Provide internet connection in each unit that meets or exceeds the requirements outlined in the HUD Broadband Infrastructure Rule, which may be reviewed by Clicking Here.
- ☐ Storm shelter or Safe room must be constructed in accordance with the most recent State of Oklahoma Uniform Building Code Commission minimum State requirement for storm shelters, which currently requires construction according to ICC/NSSA 500 Standard, FEMA 320 Guideline, FEMA 361 Guideline or other equivalent approved engineered system. Must accommodate all possible residents based on number of bedrooms, one (1) person per bedroom. Residents must have access.

_______________________________________ _____________________

Representative of the Ownership Entity Date

____

Printed Name

_______________________________________ _____________________

Architect Date

____

Printed Name

_______________________________________ _____________________

General Contractor Date

____

Printed Name

DO NOT MODIFY THIS FORM

Attachment A – Post Application Fees

- **General -** All fees shall be paid via wire transfer. Failure to pay any fee at the appropriate time could result in negative points on future Applications, as well as other consequences.
- **NSF -** If payment is returned for insufficient funds, it will be deemed nonpayment. The amount to defray costs will be due immediately and other consequences may result.
- **Allocation** - An Allocation fee shall be paid in an amount equal to eleven percent (11%) of the total Allocation, but in any event not less than $1,000. The Allocation fee is due within fourteen (14) calendar days of notification from OHFA of the approval of the Tax Credit Allocation. A Carryover Allocation Agreement will not be executed, nor will Form 8609(s) be issued unless this fee has been received by OHFA. Nonpayment may result in revocation of Credits.
- **Processing** - A processing fee of one percent (1%) of the TCA must accompany the request for a Final Allocation. Form 8609(s) will not be issued unless this fee has been received by OHFA.
- **Regulatory Agreement filing** - An executed Regulatory Agreement must be submitted to OHFA as part of the Request for Final Allocation and be accompanied by a check payable to the County Clerk of the county or counties in which the Development is located. The check or checks shall be in an amount sufficient to cover the filing fees of the county (ies).
- **Compliance monitoring** - In addition to the documentation required by OHFA, an annual compliance monitoring fee shall be paid to OHFA on or before January 28th of each year of the Compliance Period and Extended Use Period. The compliance monitoring fee will be based on the fees in effect for the year the compliance fee is invoiced and is subject to annual adjustment. If a Development includes scattered sites, a compliance monitoring fee for each site must be paid. If the compliance monitoring fee is not paid within 30 calendar days of the Due Date, then a Late Fee will be assessed. The Late Fee is equal to twenty five percent (25%) of the compliance fee. Failure to remit timely payment of compliance monitoring fees may result in the filing by OHFA of a lien against the Development. The compliance monitoring fee shall be computed as follows:

  RHS Developments - For Developments financed by RHS under the Section 515 (and otherwise qualify under the Code) receiving a TCA in 2011 or before where an agreement has been entered into between OHFA and RHS wherein the RHS agrees to provide OHFA with the required information respecting the Income and rent of the tenants in the Development, the fee shall be $315.00 per Development per year, plus $14.00 per OAHTC unit per year within any Building within the Development;

  - **Single Site or Contiguous Site Developments of four (4) Units or less** - $350.00 per Development, per year.
  - **All other Developments** - For all other Developments including those financed by RHS under Section 515 receiving a TCA in 2012 or later the fee shall be $450.00 per Development, plus $23.00 per AHTC unit in any Building within the Development, per year.
  - Single-family homes or duplexes regardless if scattered or on the same tract of land $525.00 flat fee plus $30.00 per unit.
  - Developments selecting Income Averaging as the Minimum Set-Aside will have an additional flat fee of $150.00 in addition to the applicable items referenced above.

- **Additional monitoring -** In the event noncompliance with the Code or Regulatory Agreement or the Chapter 36 Rules requires OHFA to conduct an examination of the Owner, any Building within the Development, or any documentation to verify correction of said noncompliance, OHFA shall be reimbursed its costs by the Development or Owner for such an examination, including an hourly rate for the OHFA examiner, not to exceed $35.00 per hour, plus any and all actual travel, lodging and per diem expenses of said examiner. Such reimbursement of expenses and costs shall be paid to OHFA within ten (10) calendar days of receipt of OHFA's invoice of same.
- **Construction Monitoring –** Once a Development is Allocated Affordable Housing Tax Credits, OHFA Staff, or its assigns, will make 2 visits, or more as necessary, to the construction site of the proposed Development. OHFA will contact the owner of the Development to ensure that someone will be at the construction site the day of the planned visit.
- **Ownership/General Partner/Managing Member Transfer -** In the event that the Owner submits a request for approval of a Transfer of Ownership/general partner/managing member of the Development or any of the Buildings therein, a $7,500 fee. If additional Transfers are submitted at the same time and are essentially the same parties involved, then each additional transfer will be $4,000. These fee(s) must accompany the request for approval(s) and is nonrefundable.
- **Management Transfer -** In the event that the Owner submits a request for approval of a Transfer of the management company of the Development, either alone or in conjunction with an Ownership/general partner/managing member/manager transfer, a $650.00 fee per Development shall be paid. This fee must accompany the request for approval and is nonrefundable. Prior performance issues (i.e., late or lack of response) could impact the approval of transfers.
- **Qualified Contract –** In the event an Owner is seeking a Qualified Contract from OHFA, they may submit a Qualified Contract Preliminary Application (QCPA), of which the fee is $1,500. If the QCPA is approved, the Owner may submit a Qualified Contract Application (QCA), of which the fee is $12,500.
- **Copies of Rules -** Copies of the Chapter 36 Rules will be provided at a cost sufficient to defray the total cost of copies, but can be accessed on the website, www.ohfa.org.
- **Late fees**
    - **Progress reports -** Progress reports as required in OHFA Rules 36-4-2.1 when filed late will be assessed a late fee of $10.00 per calendar day, per each late report.
    - **Carryover Allocations** - Applicants who fail to timely file all requirements in the AP as to Agreement, Application, ten percent (10%) cost Certifications, opinions, and documents shall incur $100.00 late fee per calendar day.
    - **Final Allocations -** Applicants who fail to timely file all requirements in the AP as to the Regulatory Agreement, Application, cost Certifications, opinions, and documents shall incur $100.00 late fee per calendar day.
    - **Transfer Documents -** Owners who fail to timely file all requirements in regard to a Transfer of Ownership or general partnership interest (or other type of entity) and/or Management Transfers may incur $25.00 late fee per calendar day.
    - **Placed-In-Service Acknowledgment Form** - Owners who fail to timely file a Placed-In-Service Acknowledgment Form shall incur $10 late fee per calendar day.

Placed-In-Service Acknowledgment Forms must be received by OHFA compliance staff no later than thirty (30) days after a particular Building is Placed-In-Service.

- **Annual Owner Certifications** - Owners who fail to file a complete Annual Owner Certification as required in 36-6-7(c)(4) within thirty (30) days of the Due Date shall incur a $50 per Development Late Fee per calendar day for the signed certification and a $150 per unit late fee for failure to file in the electronic format prescribed by OHFA.

Attachment B – Program Market Study Requirements

A market study prepared by an Oklahoma certified appraiser with expertise and demonstrated experience in the preparation of market studies related to residential rental properties must be submitted with the Application. This market study shall be utilized by OHFA to determine whether the Development meets housing needs and demands.

The study cannot have been prepared more than twelve (12) months prior to the date of filing the Application. If resubmitting an Application for the same Development, a letter may be provided from the original market analyst, prepared eighteen (18) months or less prior to the date of the resubmission. If an update letter is submitted, the market study analyst must verify whether the conclusions of the original study have materially changed since the original report date. The letter must state that current market data and comparable information have been compiled to verify the letter conclusions.

Even though a market study may address all of the elements required below, OHFA may reject the market study if it is determined, in OHFA's sole discretion, that the information presented will not enable OHFA to make a decision regarding need and the viability of the proposed Development, or if OHFA determines that a demand and/or need for the Development is not demonstrated.

The Market Study must include the following:

A. Executive Summary

The executive summary should include a concise summary of each section of the market study including data, analysis, and conclusions. Minimum content of the Executive Summary includes:

- Concise description of the site.
- Brief summary of the subject development, including the proposed targeted population to be served.
- Summary of demand for the proposed development including a concise statement of the analyst's opinion of market feasibility, determined by factors of market demand.
- Precise statement of key conclusions reached by the analyst. This statement should provide a definitive evaluation of the proposed development and its prospect for success as proposed. This statement should reconcile any conflicting data indicators among the various sections of the report.
- If needed, recommendations and/or suggested modifications to the proposed project. It should be clear if these modifications would be necessary for the project's success.
- Absorption estimate for the subject property. If recommendations are provided in the report, it should be clear if this absorption estimate is as proposed or assuming the analyst's proposed recommendations are followed.
- A SWOT Analysis that Concisely identifies the Strengths, Weaknesses, Opportunities, and Threats relating to the proposed development.

B. Introduction and Scope of Work (NCHMA's Scope of Work)

The introduction of the market study should summarize the report's purpose and scope of work conducted during the preparation of the report.

C. Project Description

The market study should include a project description detailing the analyst's understanding of the project as proposed, including but not limited to; building type and unit mix, target market and restrictions, unit features and amenities.

D. Location

- A full description of the site accompanied by a photograph of the site. A discussion of the appropriateness of the location.

E. Market Area Definition

- A map delineating the primary market area (PMA) for the proposed Development. The PMA should be realistic and not too large.

F. Demographic Characteristics and Economic Factors

- A demographic summary of the market area, including incomes, households, growth trends, economic factors relating to employment, labor force, and community facilities (i.e. parks, schools, etc.).

G. Competitive Environment

- An evaluation of the current affordable housing stock existing in the market area, including an identification of geographical location, occupancy levels, age of stock, upkeep condition, bedroom mix, amenities and rents being charged. Include comparable rental residential Developments in the primary market area. Include a list of all existing and/or under construction Tax Credit properties in the PMA.
- Provide a list of all affordable housing communities including LIHTC communities and deeply subsidized communities (Section 8, Public Housing, USDA), within the PMA. Any LIHTC communities not included in the analysis should be identified with an explanation of its exclusion.
- A discussion of whether or not the proposed Development, in light of vacancy and absorption rates for the applicable market areas, is likely to result in an increased vacancy rate for comparable units within such market area, (i.e., standard, well-maintained units within such market area that are reserved for occupancy by low and very low Income tenants).
- An evaluation of whether the projected initial rents for the Development are/are not reasonably affordable by low and very low-Income tenants and within the rental range for the comparable Developments within the market area. Derive a market rent and an achievable restricted rent and then compare them to the developer's proposed rent. Include market advantage/disadvantage analysis. Quantify and discuss market advantage of the subject and impact on marketability. Also include Income Averaging analysis that shows adequate demand, this includes capture rates for each applicable percentage the Development wishes to serve, if the Development is utilizing such option.

H. Affordability Analysis, Demand Analysis, Capture Rates, and Penetration Rates

- Discuss the capture rate for the primary market area. The capture rate is an important component of the market study. Capture rate is defined as, "The percentage of age, size, and Income Qualified Renter Households in the Primary Market Area that the property must capture to achieve the Stabilized Level of Occupancy. The Capture Rate is calculated by dividing the total number of units at the property by the total number of age, size, and Income Qualified Renter Households in the Primary Market Area." This is the National Council of Affordable Housing Market Analysts (NCHAMA) definition. OHFA requires 1.5 persons per bedroom for determining income and household size. A residential unit is rent-restricted if the gross rent with respect to such unit does not exceed 30 percent of the imputed income limitation applicable to such unit. A 30% affordability factor, combined with the number of Households utilizing Housing Choice Vouchers within the PMA, must be used when calculating the number of Income Qualified Renter Households. For family developments, a capture rate over 10% will result in a failed threshold. For elderly developments, a capture rate over 15% will result in a failed threshold.
- Provide a projection of the time necessary for the Development to achieve sustaining occupancy. (This criterion is not applicable to rehabs with current occupancy of 90% or more.)
- A discussion of any relevant information regarding existing rent overburden statistics. Rent overburdened would be those households paying over 30% of their income for housing. An evaluation of the need for affordable housing within the primary market area. (This criterion is not applicable to rehabs with current occupancy of 90% or more.)
- Provide the recommended vacancy rate.

I. Local Perspective of Rental Housing Market and Housing Alternatives

The market study should include a summary of the local perspective on the rental market, the need for the proposed development and unmet housing needs within the market.

- Provide the total number and availability of Housing Choice Vouchers and the number and types of households on the waiting lists for housing choice vouchers.
- Interviews with local public housing authority (PHA) officials to solicit comments on the need for housing and the possible impact of the proposed development on the housing inventory and waiting lists for subsidized housing.

J. Analysis/Conclusions

The analysis and conclusions section of the market study should summarize salient points from each section of the market study used by the analyst to reach the final conclusion.

- The final conclusion of the report should reconcile any conflicting data in the report.
- Discuss any impact (short/long term) the subject property will have on the overall rental market and comparable rental communities.
- Comment on the appropriateness of the proposed rents in light of the location and product to be constructed. Identify risks (i.e. competitive properties which may come on line at the same time as the subject property; declining population in the PMA, etc.), unusual conditions and mitigating circumstances.

K. Other Requirements

- Certifications that states: No identity of interest between the analyst and the entity for which the report is prepared, and that the recommendations and conclusions are based solely on professional opinion and best efforts.
- Statement of analyst's qualifications.
- List of sources for data in the market study that are not otherwise identified.
- Market Study Checklist.
- NCHMA Member Certificate~~ion~~.
- Provide analysis of neighborhood amenities available. Along with analysis, provide a table and map of neighborhood amenities and their distance from the subject site including Schools, Grocery stores, Pharmacies, Bus stops, Public Parks, Hospitals or Urgent Care Centers, Daycares, Libraries, Banks, Public Recreational Facilities, Police or Fire Stations, and Gyms or Health Clubs.

Attachment C – Program Underwriting Standards

Failure to meet any of these requirements is a Failed Threshold item.

If a lender, syndicator, or other program has more stringent requirements for any of these criteria, those must be satisfied as well OHFA's requirements. Documentation from the source must be provided at the time of Application.

Amount of credits
The amount of the Tax Credits requested cannot be increased after the Application has been submitted to OHFA. **After underwriting, the amount of Credits may be reduced. Credits also may be reduced at Carryover and/or final if the underwriting supports a lower amount.**

The applicable percentage for both the 4% and 9% rates have been permanently fixed.

> **130% Boost** -Developments located in a QCT, DDA, or Opportunity Zone are eligible for the 130% Eligible Basis increase (boost).
>
> **120% Boost** - Developments not located in a QCT or DDA may be eligible for the 120% general financial adjustment Eligible Basis (boost) by requesting and showing a financial need for the boost.
>
> 4% Applications can only qualify for QCT or DDA Eligible Basis increase unless otherwise allowed by the Internal Revenue Code or Federal law.

The maximum amount of Tax Credits that will be awarded to any Development is $1,000,000. These maximums apply to all Developments, including those that receive either the 130% or the 120% boost. (The maximum amount of Tax Credits that will be awarded in the Choice Neighborhoods Implementation Grant set-aside is $1,000,000.)

There is no maximum amount for 4% Applications.

The maximum amount of Tax Credits will be based on the lesser of Gap or Eligible Basis Method of calculation. However, the final Allocation could be less due to underwriting.

Cost Limits
OHFA encourages realistic costs for AHTC Developments, while encouraging cost efficient production and shall not give preference solely for lowest construction costs. Developments that have high cost may be ineligible for a reservation. OHFA will use the HOME Program Maximum Per Unit Subsidy Limits currently in effect as the limit on total development costs per unit, based on bedroom size.

The ONLY exceptions to these limits will be for Historic Rehabilitations or proposed Developments that are located in a Federal Opportunity Zone. Applicants must demonstrate to OHFA's satisfaction that the cost per unit is realistic. OHFA Staff in their best judgment will determine the cost reasonableness. In no case will the cost per unit of a Historic Rehabilitation or a proposed Development located in a Federal Opportunity Zone be allowed to exceed more than thirty percent (30%) of the current Maximum per Unit Subsidy currently in effect.

OHFA will Allocate only the amount of Credit necessary for financial feasibility of a Development and its viability as a qualified Low-Income Housing Development throughout the extended use period.

Cost per square foot will be considered as part of the feasibility analysis for all Applications. Historic Rehabilitations or proposed Developments located in a Federal Opportunity Zone are allowed to exceed no more than thirty percent (30%) of the current maximum per square foot in effect at the time of Application.

Costs per square foot over $230 will result in a Failed Threshold item, even if maximum per unit limits are not exceeded. This cost per square foot threshold limit will not include the cost of land. Exceptions apply for proposed Historic Rehabilitation and Federal Opportunity Zone Developments.

Minimum Rehabilitation Cost per Unit

A minimum rehabilitation investment is required to assure meaningful, rather than simply cosmetic, substantial rehabilitation of properties. A threshold of no less than $30,000 in hard costs per unit or hard costs of at least twenty percent (20%) of Eligible Basis, whichever is greater.

Appraisals in Acquisition/Substantial Rehabilitation Properties

For acquisition/substantial rehabilitation properties, OHFA shall limit the acquisition price upon which Tax Credits are Allocated to the "as is" appraised value of the property.

Developer and Contractor Fee Limitations

OHFA AHTC Chapter 36 Rules 330:36-4-2.1

These are the maximum amount of fees allowed for costs and Eligible Basis. Round down to avoid overages.

Developer Fees

For 9% Applicants, Developer Fees may not exceed fifteen percent (15%) of the Eligible Basis (before any boost) of the Qualified Low-Income Building(s), excluding the Developer Fees

For 4% Applicants, Developer Fees may not exceed twenty percent (20%) of the Eligible Basis (before any boost) of the Qualified Low-Income Building(s), excluding the Developer Fees

For Acquisition and Rehabilitation, the Developer Fee must be prorated between the acquisition and the rehabilitation based upon the percentage of Eligible Basis represented by each.

A Large Development is more than sixty (60) units.

Contractor Fees

Small Developments. Contractor fees may not exceed sixteen percent (16%) of the Hard Construction Costs. Contractor fees are further limited as follows:

i. General requirements shall not exceed six percent (6%) of the Hard Construction Costs.
ii. General overhead shall not exceed two percent (2%) of the Hard Construction Costs.
iii. Builders profit shall not exceed eight percent (8%) of the Hard Construction Costs.

Large Developments. Contractor fees may not exceed fourteen percent (14%) of the Hard Construction Costs. Contractor fees are further limited as follows:

i. General requirements shall not exceed six percent (6%) of the Hard Construction Costs.
ii. General overhead shall not exceed two percent (2%) of the Hard Construction Costs.
iii. Builders profit shall not exceed six percent (6%) of the Hard Construction Costs.

Hard Construction Costs The following types of activities, but not limited to, earthwork, site work, on-site utilities, roads and walks, concretes, masonry, metals, carpentry (rough and finish), moisture protection, doors/windows/glass, insulation, roofing, sheet metal, drywall, tile work, acoustical, flooring, electrical, plumbing, elevators, blinds and shades, appliances, lawns and planting, fence, cabinets, carpets, heat & ventilation, demolition and off-site. A 5% construction contingency will be allowed for New Construction Developments and a 10% construction contingency will be allowed for Rehabilitation Developments.

No other contingencies are allowed. Adjust the budget accordingly.

Reserves

- Minimum total reserves must equal six (6) months of each:
- Projected operating expenses,
- Debt service payments, and
- Replacement reserve payments.
- Maximum total reserves cannot equal more than one (1) year of each.

In lieu of such reserves, Developer guarantees or letters of credit may be accepted, taking into account the Developer's demonstrated financial capacity and liquidity, its program record, and the number of other guarantees it has outstanding. The guarantee for reserves only relates to the Development budget, not operating or DCR.

If the Applicant has reserves over the maximum allowed amount Staff will underwrite using the maximum allowed amount. This may reduce the amount of Credits the Applicant is eligible for.

Minimum replacement reserves should equal $250 per unit annually for new construction and $300 for substantial rehabilitation Developments. If there is interest income on reserves it must be clearly defined and separated from other income.

Utilities

Utility allowances are to be calculated by the Applicant. The utility allowance used must be appropriate for the type of unit. These allowances may be derived from only one of following sources: HUD Utility Schedule Model, Energy Consumption Model, a local service provider estimate (Notification is required to OHFA prior to using any of the three (3) preceding options), a local public housing authority, or OHFA's utility charts, which can be found on OHFA's website as Appendix B to the AHTC Compliance Manual.

Source Documentation of the utility allowance as well as the calculation must be included in the Application.

If the property is receiving project based rental assistance support from HUD, RD, or other source, the Applicant must use the approved allowance. If proposed utility allowances have not been approved by HUD, RD, or other funding source the Applicant must utilize the currently approved utility allowance. For changes in allowances after the Placed-In-Service date, please contact compliance staff.

Rents

AHTC Developments often take advantage of multiple types of funding. Applicants are advised that the maximum rents permitted will be based upon the most restrictive rent limits of the respective funding programs, **regardless of the amount of the Gross Rent Floor established by the AHTC Program.** If the property is receiving project based rental assistance support from HUD, RD, or other source the Applicant must provide the approved rents and the number of units and bedroom size receiving assistance. The Applicant must use the approved rents. The Applicant must also provide approved post-rehab rents for projects with HUD, RD, or other funding sources, if available. If proposed rents have not been approved by HUD, RD, or other funding source the Applicant must utilize the currently approved rents. Source documentation must be included in the Application.

If the Applicant is claiming "National Non-Metro" rents, appropriate documentation from the RD eligibility website must be provided.

Operating Expenses

Some type of maintenance expenses must be shown. Either maintenance salaries or an estimate for the cost of contracting out the work should be included.

Debt Coverage Ratio

Debt service coverage is defined as the ratio of a property's net operating income to debt service obligations. Rental income, any subsidies, and reserve funds should be sufficient to cover the property's debt and operating expenses over the period of Low-Income use. DCR must meet all lender requirements as well. A minimum debt service coverage ratio of **1.20** is required for all debt financing which would foreseeably result in foreclosure if not repaid. The debt coverage ratio must be maintained each year for 15 years. The Excel worksheet has been modified to show four (4) decimals points, but no rounding shall be permitted. **At least 1.2000 is required for all years on the pro forma. For any Development receiving Federal Rental Assistance, a minimum debt service coverage ratio of 1.15 will be allowed.**

Projections and Pro-Formas

Applicants are required to express realistic operating expense and vacancy rate projections in pro formas that are indicative of prevailing market conditions. Income must increase annually at 2%, and expenses must increase annually at 3%. For RD 515 Developments, incomes and expenses are allowed to increase annually by 2%. A 7% vacancy rate will be utilized during underwriting, unless otherwise stated in the Market Study provided. The pro forma provided by OHFA **must** be provided. A reasonable cash flow must be exhibited throughout the 15 years. **No negative cash flow is allowed in any year.**

If other income is not increasing at the same rate as income or not increasing at all, then it must be shown separately on pro forma.

Deferred Developer Fee

OHFA does allow interest to accrue on Deferred Developer fees. All Deferred Developer Fees must be repaid through cash flow by the end of year 15. The Eligible Basis will be reduced by any Deferred Developer Fee that has not been removed through cash flow after year 15, which could cause a reduction in the amount of Credits a Development is eligible to receive.

Cash Contributions

Actual Cash contributions should be included in the Sources and Uses on the Application Form.

Other Tangible non cash contributions

Any other tangible (but not cash) contributions, including discounted materials, fee waivers, etc. should not be included in the Sources and Uses on the Application Form.

Attachment D – Supplemental Information

<u>Other Laws and Regulations</u>
The Applicant, Development, Owner, Development Team, Principals of each, and all Affiliates of each must comply with all applicable federal, State, and local laws, rules, regulations, and ordinances, including, but not limited to, Code Section 42, and regulations promulgated thereunder, the Oklahoma Landlord Tenant Act, the Titles VI and VII of the Civil Rights Act of 1964, as amended and Title VIII of the Civil Rights Act of 1968, as amended. Neither the Applicant, Development, Owner, Development Team, Principals of each, nor any Affiliates of each shall discriminate on the basis of race, creed, religion, national origin, ethnic background, age, sex, familial status or disability in the lease, use or occupancy of the Development or in connection with the employment or application for employment of Persons for the operation and/or management of any Development. The Owner(s) of a Development will be required to covenant and agree in the Regulatory Agreement to comply fully with the requirements of the Fair Housing Act as it may from time to time be amended, for the time period as promised in the Application.

<u>Progress Reports</u>
Construction **must** begin within **<u>nine (9) months</u>** of the last calendar day of the month of the AHTC Credit Reservation. HD Staff may visit the site to ensure construction commencement.

Progress Reports **must** be filed by the deadlines below, following approval of a reservation of Credits until the Form 8609 is issued for a Building. The form to be used for Progress Reports is on OHFA's website. Electronic submissions are preferred but not required. Progress Report Deadlines are as follows:

- January 10
- April 10
- July 10
- October 10

Applicants will be notified of any other deadlines in a timely manner. Compliance Progress Reports may overlap with the Allocation Progress Reports, which are outlined in the manual. **Late progress reports, carryover documents, and final documents will generate negative points and late fees.** Failure to follow any of these provisions may result in a return of Credits as well as affect consideration for future Applications.

If the Due Date for submission of any documents or fees falls on a weekend or a designated Federal holiday, then the Due Date becomes the next business day.

<u>Completion Timelines</u>
<u>Within thirty (30) calendar days after the Certificate of Occupancy is issued for a Building in the Development</u>, the Owner must notify OHFA by completing and submitting the Placed-In-Service Acknowledgment. The Placed-In-Service Acknowledgment will be provided after funding. A copy of the Certificate of Occupancy for each Building must accompany this Attachment. For substantial rehabilitation Developments, the architect's verification of substantial completion for each Building must accompany this Attachment if there is no Certificate of Occupancy.

Compliance
Any questions regarding compliance issues should be directed to the Housing Development Tax Credit Compliance Staff. The current OHFA AHTC Compliance Manual is also available on our website at www.ohfa.org. The compliance manual is incorporated by reference into these Application Instructions. If a Compliance Manual is requested from Staff, then there will be a cost sufficient to defray the cost of production.

It is the responsibility of the Owner/Applicant to inform management companies/property managers of all details promised in the Application. This especially applies to Selection Criteria that received points. No changes in the Selection Criteria will be allowed after an award is made, unless specifically allowed above.

Failure to comply with all of the Selection Criteria as presented in the Application may lead to 8823s being filed and/or a potential loss of Tax Credits. A detailed list given to the management companies/property managers is recommended. All Selection Criteria awarded points are included in the Regulatory Agreement.

Within two (2) years of the last Building in the Development being Placed-In-Service, Housing Development Compliance Staff shall conduct the necessary file and unit inspections. This inspection process shall be repeated at a minimum once every three (3) years.

Owners must prepare and submit a quarterly report beginning with the first full calendar quarter after the last Building is Place-In-Service, and for the subsequent three quarters. This report must be accompanied by copies of the Tenant Income Certifications for each tenant and new move-ins for the appropriate quarter. If a project is determined not to be in compliance with Program requirements or there is indication of possible noncompliance, OHFA, at its discretion, may require report each quarter until compliance is demonstrated.

An OHFA sponsored LIHTC Compliance training will be required for management at Carryover Application. This training will be acceptable for two (2) years from the date that it was completed.

Fees are delineated in **Attachment A.**

Compliance Monitoring Regulations were amended in February 2019 requiring additional units to be monitored according to the sample size REAC chart below. On July 1, 2020 the IRS released Treasury Regulation 123027-19, which reduced the minimum monitoring sample requirement. The sample size will be the lesser of 20 percent of the project's low-income units or the REAC number listed below in the chart. OHFA will conduct on-site inspections of all buildings in each low-income housing project.

#Units	Sample	#Units	Sample
1	1	30-34	15
2	2	35 -40	16
3	3	41 – 47	17
4	4	48 – 56	18
5-6	5	57 -67	19
7	6	68 – 81	20
8-9	7	82 – 101	21
10-11	8	102 -130	22
12-13	9	131 -175	23
14-16	10	176 – 257	24
17-18	11	258 -449	25
19-21	12	450 -1461	26
22-25	13	>1461	27
26-29	14		

Foreclosure Prevention

Restrictive Covenants and other long-term use restriction instruments are not automatically terminated upon the execution of a foreclosure or deed in lieu of foreclosure. All entities initiating foreclosure must provide the Agency with the following information at least 60 days prior to requesting the Agency release the extended use agreement:

- The name of the lender on the note triggering the foreclosure activity;
- The original amount and date of the note, the existing balance, and the annual debt cost;
- The position of the note relative to other liabilities on the property;
- The names of all other holders of notes on the property;
- A detailed description of the circumstances that have prevented timely payment of interest on the note;
- A detailed description of efforts between the owner and the holder of the note to reach an agreement to modify the terms of the note to prevent foreclosure; and
- Any relationship between the holder of the note and the owner of the property by familial relationship, common principals, owners or employees (collectively, "affiliates" of the note holder).

Should OHFA determine based on the information provided that the foreclosure activity is part of an arrangement to terminate the extended use agreement, the Agency will report its findings to the IRS and request that the IRS prevent the termination of the extended use agreement.

OHFA will withhold consent for termination of the extended use agreement if the owner does not provide the information outlined above, and will consider sanctions against owners that engage in a foreclosure deemed to be part of an arrangement with the taxpayer to terminate the extended use period on the development.

General Contractor Cost Certification

Beginning with any development awarded Tax Credits in 2022; OHFA will require a General Contractor Cost Certification to be submitted with all of the final documents associated with the proposed Development. If an identity of interest exists between the General Contractor and the Developer, the General Contractor Cost Certification and the Final Cost Certification may still be completed by the same accountant.

Exchange

If an Owner's request to exchange one year's Credits for another year's Credits is approved by the Board, the Owner is not eligible to submit an AHTC Application for one full year. The period of ineligibility starts with date the request is approved. The one year suspension is per Development, and will be assessed cumulatively. In addition, an additional Allocation Fee shall be paid in an amount equal to eleven percent (11%) of the total Allocation, but in any event not less than $1,000. This fee is due within fourteen (14) calendar days of notification from OHFA of the approval of the exchange.

Additional Credits

OHFA reserves the right to grant requests for Additional Credits at any time it is deemed necessary, as long as it is in compliance with the QAP and Rules in place at the time originally awarded. Requests for Additional Credits will be administered and determined on a case by case basis, as they are available.

Multiple Phases

Applications for multiple phases of the same Development submitted in the same funding period will be processed as one Application. This does not apply to 4% Applications.

RAD

Applicants submitting Applications under the RAD (Rental Assistance Demonstration) are eligible to apply for 9% and 4% Credit Applications. OHFA encourages the use of 4% due to unlimited credit request amounts and more flexible timelines.

Transfers

It is the responsibility of the Owner/Applicant to notify OHFA no less than sixty (60) days prior to any Ownership, general partner, managing member or management Transfers after the Tax Credit Allocation has been awarded. For management Transfers, contact one of the AHTC Compliance Specialists for the checklist of documents required. For Transfers of Ownership, general partner(s), managing member, or any interest in the Ownership entity, contact one of the Housing Development Allocation Analysts for the checklist of required documents and fees.

Failure to submit the required documents and fees to OHFA sixty (60) days prior to the date of the Transfer and/or failure to receive approval prior to the completion of the Transfer may cause any current or future Applications to be disqualified from further consideration.

Fees are delineated in **Attachment A.**

Attachment E – Income Averaging Information

Overview

The Consolidated Appropriations Act of 2018 (the Act) permanently established income averaging as a third minimum set-aside election for new Housing Credit developments. This new income averaging set-aside allows Credit-qualified units to serve households earning as much as 80 percent of Area Median Income (AMI), as long as the average imputed income limit of the property is 60 percent or less of AMI. Higher rents that households with incomes above 60 percent of AMI pay will have the potential to offset the lower rents for households living in units designated at lower income levels. Income averaging preserves rigorous targeting to low-income households, while providing more and greater income-mixing potential.

The following are general statutory requirements for this new option:

- Owners electing income averaging must commit to having at least 40 percent of the units in the property affordable to eligible tenants, with an average of 60 percent or less of AMI at all times.
- Income averaging applies to the designated income/rent levels of the units, not the incomes of individual tenant households.
- Under income averaging, designated income/rent levels may only be set at 10 percent increments beginning at 20 percent of AMI. The allowable income/rent designation levels are 20 percent of AMI, 30 percent of AMI, 40 percent of AMI, 50 percent of AMI, 60 percent of AMI, 70 percent of AMI, and 80 percent of AMI.
- Income averaging applies to both income and rent limits. If a unit has a designated limit of 80 percent of AMI, the maximum rent level that may be charged to a household in that unit is 30 percent of 80 percent of AMI. Similarly, if a unit has a designated limit of 30 percent of AMI, the maximum rent level that may be charged to a household in that unit is 30 percent of 30 percent of AMI.
- The minimum set-aside election is irrevocable once made on Form 8609. Therefore, existing developments already placed in service are not eligible to change their minimum set-aside/income election to income averaging. This will be reflected in the extended use agreement.
- The next available unit rule, as modified by the new language, (i) provides that a unit is over income if the occupant's income exceeds 140 percent of the greater of 60 percent of AMI or the designated limit applicable to the unit and (ii) effectively requires that the next available unit of comparable or smaller size be rented (A) to a tenant whose income does not exceed the designated limit applicable to the new unit, if it was previously a low-income unit or (B) to a tenant at an income level that would not cause a violation of the 60 percent average, if the new unit had not previously been a low-income unit. Owners should consult with compliance experts in evaluating how income averaging will work in developments with market rate units.
- Owners of developments electing income averaging must submit OHFA's Income Averaging Election/Certification Form, with updated information on the rent and income

tiers on the Income and Rent Grid Form by October 1 of each year. (Income and Rent Grid Form on OHFA's website)

- Owners of developments electing income averaging must submit OHFA's Annual Owner Certification, Income Averaging Election/Certification Form, Income and Rent Grid Form to demonstrate the average income of 60% AMI has been met annually by February 15.
- The 30 percent of AMI income and rent level under the Housing Credit for purposes of income averaging is not the same as the Extremely Low-Income and rent restriction under the National Housing Trust Fund. The Housing Trust Fund statute and regulation define "Extremely Low-Income" as the greater of 30 percent of AMI or the federal poverty line for applicable household size. Income averaging unit designation is based solely on AMI. Properties that have layered National Housing Trust fund with credits should be mindful of this difference.
- Basic noncompliance will work the same as it does with the other minimum set-asides. If a development elects income averaging and fails to meet the income averaging standard at the end of a year, it is not a qualified low-income housing development for the year under IRC Section 42(g)(1)(C), and this noncompliance must be reported to IRS Form 8823 and the owner could be subject to a loss of Credits. Presumably the IRS will revise the Form 8823 and its instructions accordingly.

OHFA Adopted Requirements for Income Averaging:

- Owners of developments with more than one building must elect on the Forms 8609 to treat all of them as part of a multiple building project (checking "Yes" on line 8b of the current form).
- OHFA will amend the Chapter 36 Rules to increase the credit monitoring fee for properties electing the income averaging option.
- Additional education requirements for property management staff will be required.
- Income designations are permitted to "float". For example, if at the time of Application the Owner committed to a mix of 30%, 50%, 60% and 80% units with an overall income percentage of 60%, then throughout the affordability period (as long as the overall income percentages remains at or below 60%) the unit designations may be changed to any combination of 20%, 30%, 40%, 50%, 60%, 70% and 80% units.
- Developments that are not comprised of 100% Low Income units, i.e. those including market rate units will not be eligible to use Income Averaging as their minimum set-aside election.
- Developments that are comprised of 100% Low Income units, including 70% and 80% units, will not be required to complete annual re-certifications. This policy could change if the IRS decides to require annual re-certifications.
- Owners must disperse 20%, 30%, 40%, 50%, 60%, 70% and 80% units across unit types and sizes in a manner that does not violate Fair Housing.
- OHFA reserves the right to disallow any clear skewing of unit designations. OHFA will require applicants to provide reasonable parity between different bedroom sizes at each targeted income band utilized on the property.

Tax Exempt Bonds/4% Credit Applications

The Act modifies IRC Section 42 to allow for income averaging, but does not make a similar change in IRC Section 142, which covers exempt facility bonds, including multifamily Housing Bonds. However, income averaging may be used in bond-financed Housing Credit developments so long as the development satisfies both the income averaging minimum set-aside election and one of the minimum set-aside elections applicable to tax-exempt bond financing (20/50 or 40/60 minimum set-aside). Thus, units with income limits above 60 percent or 50 percent, as applicable, do not count for purposes of bond compliance.

Rehabilitation Properties

Applications must consider relocation impact in setting percentages for occupied rehab properties.

Re-syndication Applications

Any property seeking 9% or 4% credits for re-syndication of previously awarded tax credit properties will not be eligible to select the income averaging set aside. A new election would not free the continuing low-income units of their obligations under the prior extended use agreement, so the owner would, in effect, have to comply with the more stringent rules applicable to each particular unit if it were to change its election upon re-syndication. Given the complexity of complying with two separate minimum set-aside rules, OHFA has decided not to allow income averaging for such re-syndications.

PLEASE NOTE: THE IRS MAKES THE ULTIMATE DETERMINATION REGARDING WHETHER OR NOT A DEVELOPMENT IS IN COMPLIANCE WITH THIS AND/OR ANY OTHER ELECTIONS MADE BY THE OWNER. ACCEPTANCE BY OHFA DOES NOT GUARANTEE ACCEPTANCE BY THE IRS. OWNERS SHOULD CONSULT WITH THEIR LEGAL COUNSEL. THIS POLICY IS SUBJECT TO CHANGE IN THE EVENT THE IRS ISSUES GUIDANCE ON INCOME AVERAGING.

Attachment F – Electronic Application Information

OHFA is not responsible for any Internet, computer, uploading, etc. type of issues. Applicants are advised to upload electronic Application files before the deadline. Your Dropbox Application link will expire on the due date at 3:00 p.m. Central time; therefore, an Application cannot be submitted after the deadline.

Step 1: Request a Dropbox folder for each Application to be submitted by emailing any of the OHFA Allocation Analysts. The folder name will be **Name of Development-City-Developer**. Provide this information in your request.

Step 2: The Analyst will "reply to all" in the email folder request by sending a link to the Dropbox folder. The link will be specific to that folder/Application. You can share the link with others. Please exercise caution when sharing the folder link, do not share with anyone you do not want access to the folder.

Step 3: **Submit your Application fee of $2,000 to OHFA by the 3:00 p.m. deadline.**
When sending by wire transfer, an **$8.00** fee is also required. OHFA's $8.00 fee does not include any fees that Applicant's bank may charge. The fees must be transferred by deadline. Provide receipt of transfer in Tab 1 information. **Be as detailed as possible on the transfer description.**

The wiring information is as follows:
Bank Name: Bank of Oklahoma
Account Name: Oklahoma Housing Finance Agency Operating Account
ABA #: 103900036
Account #: 814048476
Tax ID #: 73-0999618

Step 4: Create one PDF document with bookmarks for each tab, even those that are N/A. **For each tab, including those that are N/A, create a title page listing the same name as the bookmark name.** The PDF should be named the same as the initial folder request, see Step 1 above.

Use the following tab listing for bookmark titles and title pages.

Tab 1 – Application Form
Tab 2 – Backup for Tab 1 items
Tab 3 – Commitment Letters
Tab 4 – Market Study
Tab 5 – Nonprofit
Tab 6 – Capacity
Tab 7 – Acquisition
Tab 8 – Readiness
Tab 9 – Certifications
Tab 10 – Fair Housing Training
Tab 11 – Capital Needs Assessment
Tab 12 – Self-score Certification
Tab 13 – Location
Tab 14 – Tenant Ownership
Tab 15 – Preservation
Tab 16 – HERS Certification
Tab 17 – Amenities
Tab 18 – Historic

TIP: For more information about creating bookmarks see https://helpx.adobe.com/acrobat/using/page-thumbnails-bookmarks-pdfs.html.

Step 5: Review PDF file for clarity and verify bookmarks work properly. Verify readability after you scan/prepare a document. If a document is too small, or in any other way illegible, then Staff will not be able to evaluate information or count as submitted. This may cause you to Fail Threshold or not receive points. **TIP: When possible, convert documents directly to PDF, then insert signature pages into the PDF.**

Step 6: Upload PDF Application file. **Once a document is submitted you cannot edit or retrieve it.** If you need to submit a revised Application, then put Revised in the title. **OHFA's Dropbox system is only for submitting Applications, not a method for Application preparation.**

Step 7: After submission, Applicants receive an email acknowledging successful upload.

Step 8: During the review process, Staff will rename folder with file number. Before Open Records, Staff will add Preliminary and Final Review Sheets, along with other Open Records items to the Application folder.

Open Records will be three days. For Open Records, Staff will post on OHFA's website, so any interested party can view. At this time, it is Staff's plan to still only allow Open Records access after Final Reviews are sent out. Staff will add Preliminary and Final Review Sheets, along with other Open Records items to the Application folder.

If you have any questions or problems during this process, contact one of the OHFA HD Allocation Analysts listed below.

alicia.thomas@ohfa.org	419.8137
~~eliezer.vargas@ohfa.org~~	~~419.8201~~
~~emily.myers@ohfa.org~~	~~419.8135~~
joshua.grizzell@ohfa.org	419.8231
timothy.hicks@ohfa.org	419.8269

Attachment G – Allocation/Compliance Deadline Guidance, including negative points and late fees

All deadlines are the LATEST you may submit items. You may ALWAYS submit earlier! If a due date falls on a weekend or holiday, the due date is the next business day. All deadlines are the responsibilities of Owners.

Forms and Checklists are on OHFA's website.

Electronic Submissions

- Electronic submissions will be accepted to meet deadlines.
- Exception is the LURA.

Final Cost Certifications – due February 28th after placed in service year.

- No exceptions, no drafts, no extensions.
- Subject to $100/day late fee.
- If a "corrected" cost cert comes in after the deadline, still subject to negative points and $100/day from deadline until "corrected" cert received. Corrected means a whole new Cost Certification. If responding to OHFA's question(s), it is not considered "corrected" for this purpose.
- The final Cost Certification deadline also applies to 4% Bond Developments.

LURA/Final Packet – due November 1 of placed in service year.

- On October 1, OHFA will send an email blast reminding everyone of the November 1 deadline. A LURA must be filed if claiming Credits for that year.
- This reminder is only a courtesy and an attempt to ensure all LURAs are submitted timely. If for some reason, you do not get a reminder, the deadline is the same.
- Subject to 3 negative points for the fee, plus $100/day late fee.
- The LURA deadline also applies to 4% Bond Developments.

Carryover Agreements and Allocation Fees

- Hard deadline of date outlined in award letter. Usually two weeks after Board Meeting.
- Subject to 3 negative points for the fee, plus $100/day late fee.
- The Allocation fee deadline also applies to 4% Bond Developments.

Carryover Packets – due on the date specified in the Carryover Agreement

- Only one 60-day extension may be given.
- Subject to $100/day late fee after the 60 days.
- OHFA **CANNOT** waive, or extend in any way, the date in which 10% of costs must be expended.

PIS Acknowledgement Form-due no later than 30 days after Building is Placed in Service

- OHFA will not assess late fees or negative points for these.
- May be viewed as part of general review of capacity if not submitted on time.
- The PIS Acknowledgement Form deadline also applies to 4% Bond Developments.

Quarterly Reports – due January 10, April 10, July 10 and October 10

- Subject to 2 negative points and $10/day late fee.
- The quarterly report deadline also applies to 4% Bond Developments.
- Required until the Final Application is submitted to OHFA.
- Quarterly reporting for compliance may overlap with Allocation, refer to the compliance manual for details.

Compliance Quarterly Owner Certification (QOC):

- Owners/Management are required to begin reporting to the OHFA LIHTC department once their last building in the project is Placed In Service (PIS). The requirement is that the first compliance QOC is due to OHFA after the FIRST FULL quarter once the last building is PIS. Below is a list of the quarterly due dates:
    - January 1 through March 31 due **April 10**
    - April 1 through June 30 due **July 10**
    - July 1 through September 30 due **October 10**
    - October 1 through December 31 due **January 28**

  Example: A site places it's last building in service Jan 25, 2020. Therefore, the first FULL quarterly report will be due July 10, 2020 (because it would be a partial report if it were due April 10). Hence the first QOC will reflect the dates from the time of the first move-in through June 30, 2020. After that report, the owner must report the next three quarters.
  If the site meets the minimum set-aside by the end of the fourth quarterly report, the following report due will be an Annual Owner Certification (AOC) due Feb 15 (see #2 below). A report may reflect a duplicative period previously reported because OHFA does not want to miss any time periods.
  Owners will be required to report quarterly than no less than four quarters; regardless of what occupancy has been achieved.

Note: QOC's may not always fall in the exact consecutive manner as a calendar quarter. Therefore, an Owners quarter 1 report may begin the second quarter of a calendar year. **A copy of the Quarterly Owner Certification can be found in Appendix H of the OHFA LIHTC Compliance manual found at ohfa.org.**

Certification Portal (CP) is NOT required during quarterly reporting nor is it accessible during Quarterly Owner reporting.

Compliance Annual Owner Certification (AOC):

- Once quarterly compliance reporting has been completed, annual reporting will be required unless there is a specific reason OHFA requires quarterly reporting to continue. The singed AOC with Unit Data Sheets (UDS) are **due Feb. 15** reflecting the entire previous year (Jan 1 – Dec 31). The Non-profit addendum must also be completed and submitted if the site was funded out of the non-profit set-aside. These forms are to be submitted electronically via Sharefile to OHFA LIHTC Compliance.

- **A copy of the Annual Owner Certification with a copy of the Non-profit addendum can be found in Appendix I, and a copy of the Unit Data Sheets can be found in Appendix J of the OHFA LIHTC Compliance Manual.**

Certification Portal (CP):

- This is OHFA's electronic method of gathering demographic and LIHTC data per building and in summary. These submissions are **due Feb. 15** to OHFA. Please submit via CP the Annual Owner's Cert. first, then the tenant data for each building.
- **Form 8609 with part II completed**: Copes of completed 8609's as filed on behalf of the ownership with the IRS must be submitted to OHFA **due May 10 for the FIRST CREDIT YEAR ONLY.** *(This due date was extended to Sept in 2020 and July 10 in 2021).*

Compliance Monitoring Fees:

- Owners are invoiced annual compliance fees for the preceding year via email. The Compliance Fees are **due January 28.**