

- Page 5: Development Award Maximums.

- o For Choice Neighborhoods we recommend using a set aside only and eliminating the points.

OHFA: We agree, this will be adjusted in the final draft of the 2019 QAP.

- o Please remove or clarify reference to \$1,000,000 in State Tax Credits as Tulsa County is not eligible for State Tax Credits and there is no other area in Oklahoma designated as a Choice Neighborhood.

OHFA: Tulsa is not mentioned in the 2019 QAP, this set-aside is open to all recipients, both current and future, of a Choice Neighborhoods Implementation Grant. The QAP states “population requirements must be met to be eligible for State Credits,” i.e., Tulsa would not qualify, but smaller towns could.

- o Policy Question: Is a set aside for Choice Neighborhoods a one-off event or will there be dynamic policy going forward for other communities to also receive some sort of set aside or point advantage? If this will be an ongoing opportunity, how will these neighborhoods or areas be determined?

OHFA: We believe the Choice Neighborhood Implementation grant addresses the type of community transformation involving affordable housing that the board deemed a priority at its November 2017 board meeting. Therefore, the set-aside will apply only to applicants awarded a CNI grant. At this time, this is a change in policy that we feel reflects our priority for affordable housing in the State of Oklahoma.

- Page 7: Format.

- o Typo. “See Attachment E” should be “See Attachment F.”

OHFA: Thank you for bringing this to our attention. This will be corrected in the final draft of the 2019 QAP.

- Page 9: Award of Credits.

- o Choice Neighborhood awards should be limited to \$1M annually not \$1M per award cycle.

OHFA: The U.S. Department of Housing and Urban Development requested that we raise the cap and shorten the period of time between awards.

o Choice Neighborhood applications should not be allowed to rollover to other set asides. 20% of the annual allocation available to the entire state is extreme for any one single neighborhood in the state.

OHFA: We agree. Applicants applying under the CNI set-aside will not be allowed to rollover to other set-asides.

- Page 10: Preliminary Review Reports.

o Please give estimated time frame/date range on when developers and consultants can expect PRRs.

OHFA: For 1st cycle 2019, we anticipate having Preliminary Review Reports prepared no later than March 31. For 2nd cycle 2019, we anticipate having Preliminary Review Reports prepared no later than September 15.

- Page 11: Final Review Reports.

o Please give estimated time frame/date range on when developers and consultants can expect Final Reports.

OHFA: For 1st cycle 2019, we anticipate having Final Review Reports prepared no later than April 30. For 2nd cycle 2019, we anticipate having Final Review Reports prepared no later than October 31.

- Page 12: 4% Credits.

o Please allow use of other bond issuers besides OHFA. This adds flexibility, efficiency and cost savings.

OHFA: As aforementioned, Multifamily Bonds with 4% Tax Credits are rather complex deals. Being the issuer allows OHFA to better evaluate the entire deal and streamline the process in a way that wouldn't be possible with a different bond issuer. For that reason, OHFA will continue to be the Issuer of Multifamily Bonds.

- Page 12: Oklahoma Affordable Housing Act.

o Please delete the following (language is out of date):
▪ Sentence 1: "...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."
▪ Paragraph 3: "For a Qualified Project Placed-In-Service after July 1, 2015..."

OHFA: This language is consistent with statutory language included in the Oklahoma Affordable Housing Act.

- Page 17: Waiver of Qualified Contract.

- o Strike the last sentence of paragraph 1: “However, it will require the Tax Credit Development itself to remain Affordable for a minimum of 30 years.”

OHFA: This sentence is included because developments must remain affordable for 30 years.

- Page 18: Acquisition Credits.

- o Appraisal at application is too early. A large percentage of deals will go unfunded. Lenders will require an appraisal anyway and won't be able to use what was submitted at application. Appraisals should not be required until carryover.

OHFA: We agree. Therefore, OHFA will continue to require an appraisal at application in related party transactions.

- Page 19: Fair Housing Training.

- o Unclear on who is required obtain training for Developer, Architect and General Contractor. Should be individual to match the management company requirement.

OHFA: We agree. Therefore, one individual representing the Developer, one individual representing the Architectural firm, and one individual representing the General Contractor are required to attend the Fair Housing and ADA Training. These three individuals must be separate individuals.

- o Training should be good for 3 years. I.e., training received at the 8/2018 OCAH Housing Conference should be good for 2019, 2020 and 2021 application submissions, currently 2018 HOME allows for training back to 9/2015.

OHFA: We agree. Any OHFA approved Fair Housing and ADA Training class will be acceptable 3 years from the date training was completed.

- o Applicants should be able to submit alternative trainings to OHFA for pre-approval that differ from the explicit lists. The alternate training would have to meet minimum requirements of number of hours, modules covered, etc. to match similar courses from E&A and Fair Housing FIRST.

OHFA: Several of the trainings listed in the 2019 QAP are available online and at a minimal cost.

- Page 21: Development Amenities.

o Delete negative points for substitutions. If an amenity is the same or higher point value, substitutions should be allowed. It does happen from time to time that the need of the property and residents may differ from the original development plans. Developers should not be punished for being responsive to changes in need.

OHFA: Substitutions of any kind will result in negative points, even those that do not directly affect scoring. If the applicant commits to providing a certain amenity, they must remain committed throughout the entire development process. We believe that this policy change will result in forward thinking on the applicant's part, and will put more emphasis on electing the proper amenities for their respective developments.

- Page 25: Choice Neighborhood Implementation Grant.

o Eliminate the 20-point advantage for Choice Neighborhoods Implementation Grant. Rationale: Choice Neighborhoods are already receiving a set aside. They should not be able to double dip and outscore all other deals. With only one Choice Neighborhood in the state, and no others on the horizon, it would be too much housing in one small area.

OHFA: We agree, this will be adjusted in the final draft of the 2019 QAP.

- Page 27: Energy Efficiency.

o Eliminate negative points for substitutions. If the substitution is worth the same or more points, there should not be a punishment for responding to market demand.

OHFA: Substitutions of any kind will result in negative points, even those that do not directly affect scoring. If the applicant commits to providing a certain amenity, they must remain committed throughout the entire development process. We believe that this policy change will result in forward thinking on the applicant's part, and will put more emphasis on electing the proper amenities for their respective developments.

- Page 28: Subsidy per Unit.

o The minimum seems low. Where did this number come from?

OHFA: This category was created to decrease the large number of ties that have been experienced in recent years. Staff analyzed the tax credit per unit request from each applicant across the previous two funding cycles and found this number to be a suitable minimum to decrease the number of overall ties.

o Please clarify that this is federal only and not federal and state combined.

OHFA: It will be calculated based on Federal Tax Credits per Unit; we will clarify this in the Final Draft of the 2019 QAP.

o This policy does not promote family development. 3-bedroom units are more costly than 1-bedroom units. It appears this methodology may unintentionally penalize family developments. Have you considered by bedroom?

OHFA: We acknowledge that 3-bedroom units are more costly to build than 1-bedroom units. However, we are in no way trying to penalize family developments. Our old Tiebreaker was “lowest federal tax credits per unit,” and plenty of family developments were awarded tax credits with this tiebreaker in place. We encourage lowering total overall costs, which will in effect lower the amount of overall Tax Credits requested. We believe having a balanced unit mix can still result in a number that will allow the applicant to remain competitive in this category.

- Page 29: Negative Points.

o Please delete the last two items on this list: negative points for amenity or energy efficiency substitutions.

OHFA: Substitutions of any kind will result in negative points, even those that do not directly affect scoring. If the applicant commits to providing a certain amenity, they must remain committed throughout the entire development process. We believe that this policy change will result in forward thinking on the applicant’s part, and will put more emphasis on electing the proper amenities for their respective developments.

- Page 45: Safe rooms.

o Suggestion: 1.5 people per bedroom would be a better formula and would match how we calculate rent.

OHFA: We agree.

- Page 47: Choice Neighborhoods.

o Delete this line item as it gives a single community the ability to receive all awards and one neighborhood would not support such density.

OHFA: We agree, this will be adjusted in the final draft of the 2019 QAP.

- Page 49: 3rd Bullet Point.

o Delete negative points for energy efficiency and amenity substitutions.

OHFA: Substitutions of any kind will result in negative points, even those that do not directly affect scoring. If the applicant commits to providing a certain amenity, they must remain committed throughout the entire development process. We believe that this policy change will result in forward thinking on the applicant's part, and will put more emphasis on electing the proper amenities for their respective developments.

- Page 52: Additional monitoring.

- o Syndicators and lenders already perform construction monitoring monthly. Adding a third construction inspection is unnecessary and drives up costs. What is the motivation for this requirement?

OHFA: This complies with NCSHA's Recommended Best Practices, and it will allow us to monitor construction progress, verify application commitments, and accessibility rules, and identify any delays in construction. It is something that we are considering moving forward. However, it will not be implemented in 2019. Furthermore, we understand that numerous syndicators and lenders perform this monitoring already. Therefore, we will look into coordinating with them to accomplish this goal.

- Page 54: 2nd Bullet Point.

- o Please clarify the last sentence: "Also include Income Averaging analysis that shows adequate demand for all possible combinations of unit sizes and percent limits selected, if the Development is utilizing such option." This seems too broad. Needs to be more specifically defined. Do market analysts understand the requirement? Have they performed any such analysis yet? Do they have comments or feedback?

OHFA: As the current policy states, "income designations are allowed to "float" across units," meaning they are allowed to change. Therefore, the Market Study should indicate demand across any and all unit designation possibilities. We will be more than happy to speak with any market analyst to give them a better understanding of what we would like to see in regards to this analysis.

- Page 55: 3rd Paragraph.

- o Please allow use of a three-month average or the developer/syndicator agreed upon rate.

OHFA: We currently use a 6 month average that we believe is reasonable. Using a developer/syndicator agreed upon rate has the potential to raise concerns when underwriting two different developments at two different percentages. In an effort to be

more transparent, we believe using one percentage rate would be the most consistent, and the current language in the QAP reflects that.

- Page 56: Cost Per Square Foot.

- o \$180 per square foot seems low. What is the real cost?

OHFA: We've reviewed the average cost per square foot for the last two years and determined the average was less than \$150.

- o The cost per square foot should clarify that this is Total Development Cost per Square Foot.

OHFA: We agree, and will further clarify in the Final Draft of the 2019 QAP.

- o The cost per square foot should be indexed to inflation, CPI, etc.

OHFA: We believe \$180 per square foot is reasonable. We've reviewed the average cost per square foot for the last two years and determined the average was less than \$150.

- o Please delete the following sentence: "The average square foot and threshold cutoff amounts for a particular round will be available to Applicants at the time Preliminary Review Reports are sent to Applicants." Since OHFA has provided a specific dollar amount for the cap, this sentence is no longer applicable.

OHFA: Thank you for bringing this to our attention. This will be corrected in the final draft of the 2019 QAP.

- Page 61: Foreclosure Prevention.

- o Please clarify these statements are in line with language in the Code:

- Paragraph 1: "automatically terminated"

- Paragraph 3: "will withhold consent"

OHFA: We have confirmed that this language is consistent with the Code.

- Page 64: Income Averaging.

- o Is there a distinction between already allocated developments and future applications? The proposed Income Averaging rules in the 2019 draft QAP are less restrictive than the policy adopted by the Board of Trustees at the July Board Meeting.

OHFA: The 2019 QAP will only affect those applications being awarded in 2019. The policy that was adopted by the Board of Trustees at the July Board Meeting pertains to those developments wishing to elect this option in 2018 or in any years prior for those developments that have yet to make their minimum set-aside election on IRS Form 8609.

o Please confirm that the rules in the draft 2019 Draft QAP will apply to all deals that elect Income Averaging and this new language will supersede what the Board passed in July.

OHFA: See above.

• Page 66: Resyndication Applications.

o Why are resyndications not eligible for Income Averaging? The only rights that survive the original LURA are third party tenant rights to sue. Those could be an additional indemnity in the new LURA, in the event of a lawsuit.

OHFA: This is incorrect. Once a new LURA is created, the old LURA is not automatically disqualified. As aforementioned, this would open the door for past developments if they are able to re-syndicate. We believe this would violate the spirit and intent of the new law.

• Page 68: Open Records.

o Please give us a time period for Open Records in advance for planning purposes.

OHFA: For 1st cycle 2019, we anticipate holding Open Records no later than April 30. For 2nd cycle 2019, we anticipate holding Open Records no later than October 31.

Additional public comments made by other entities:

Formation and Tax ID number for the General Partner/Managing Member

• A tax return must be prepared for each outstanding Tax ID number. Since almost all general partners/managing members are single asset entities, a more appropriate time to form and request Tax ID numbers is at Carryover Application.

• OHFA responded they do not require this information until the Carryover Application. If this is the case, then we agree. However, the carryover checklists provided to May 2018 awardees required the General Partner/Managing Member to be formed within the short time frame of a little more than two weeks. Clarification is requested.

OHFA: The carryover checklist does read that way at this time. The checklist will be changed to require the information only at carryover application.