



Treewood Apartments in Hillsboro, Ohio was originally constructed in 1976 using the USDA RD 515 Program. A \$4 million investment has transformed the family housing development into a modern 40-unit community featuring an exercise room, library, computer lab and community room in a beautiful rural setting.

RENTAL HOUSING: PRESERVATION AND REHABILITATION

Recycled-Tax Credit Assistance Program

Doug Garver, Executive Director

Andrew Bailey, Director of Planning, Preservation and Development

2014 Entry Form
(Complete one for each entry.)

Fill out the entry name *exactly* as you want it listed in the program.

Entry Name _____

HFA _____

Submission Contact _____

Phone _____ **Email** _____

Qualified Entries must be received by **Tuesday, July 1, 2014**.

For more information about Qualified Entries, [click here to access the 2014 Entry Rules](#).

Use this header on the upper right corner of each page.

HFA _____

Entry Name _____

Communications	Homeownership	Rental Housing	Special Needs Housing
<input type="checkbox"/> Annual Report <input type="checkbox"/> Promotional Materials and Newsletters <input type="checkbox"/> Creative Media	<input type="checkbox"/> Empowering New Buyers <input type="checkbox"/> Home Improvement and Rehabilitation <input type="checkbox"/> Encouraging New Production	<input type="checkbox"/> Multifamily Management <input type="checkbox"/> Preservation and Rehabilitation <input type="checkbox"/> Encouraging New Production	<input type="checkbox"/> Combating Homelessness <input type="checkbox"/> Housing for Persons with Special Needs
Legislative Advocacy	Management Innovation	Special Achievement	Are you providing visual aids?
<input type="checkbox"/> State Advocacy <input type="checkbox"/> Federal Advocacy	<input type="checkbox"/> Financial <input type="checkbox"/> Human Resources <input type="checkbox"/> Operations <input type="checkbox"/> Technology	<input type="checkbox"/> Special Achievement	<input type="checkbox"/> YES <input type="checkbox"/> NO

2014 NCSHA Award Nomination

HFA: Ohio Housing Finance Agency
Category: Rental Housing – Preservation and Rehabilitation
Entry Name: Recycled-Tax Credit Assistance Program

Doug Garver, Executive Director

Andrew Bailey, Director of Planning, Preservation and Development

The Ohio Housing Finance Agency (OHFA) received an allocation of the federal Tax Credit Assistance Program (TCAP) in 2009 from the American Recovery and Reinvestment Act (ARRA). The Agency decided to use these funds as loans for projects that were having difficulty finding investors for tax credits during the nation's economic downturn. OHFA expects to receive approximately \$70 million in repayments on these loans and has created a spending guideline on recycled TCAP (R-TCAP) funds received from 2012 to 2014.

OHFA conducted extensive outreach to stakeholders, including developers and lenders, while formulating a program for the use of R-TCAP funds. Stakeholders identified the need for preserving existing tax credit properties, specifically tax credit properties that were between year 10 and year 20 of the OHFA required 30 year compliance period. Most required a light rehabilitation, and all had leveraged significant hard debt during a time when interest rates were high.

In response to this need, OHFA created the Housing Tax Credit Preservation Program. The program provides up to \$500,000 in R-TCAP funding with total funding in the amount of \$9 million. Many older tax credit properties are on watch lists with lenders due to low rents and higher expenses which negatively affect the debt coverage ratio. The intent of the funding is to help improve debt coverage ratios by taking out a portion of high interest permanent debt on the property.

An additional opportunity exists for up to \$250,000 of the R-TCAP to be used for rehabilitation needs. These improvements are verified through a capital needs assessment and as a result of routine property inspections. R-TCAP creates a new 15-year compliance period and effectively preserves existing housing tax credit properties that would otherwise have few options for improvement and risk market conversion.

Six applications were received and funded in the first round with approximately \$2.5 million in funds reserved and 398 units preserved. Two of the six applications were submitted by the Miller Valentine Group, Franciscan Housing III and IV, in Cincinnati. The combined \$700,000 in funding allowed for much needed rehabilitation as well as an increase in debt coverage ratio due to swapping out high interest debt with low interest R-TCAP funds. The increased debt coverage will allow repayment of the R-TCAP funds, which remain in a second position mortgage. The end result is the preservation of 70 units of affordable housing at a minimal investment by the Agency.

Attachments: Recycled-Tax Credit Assistance Guidelines
Recycled-Tax Credit Assistance Applications

RECYCLED-TAX CREDIT ASSISTANCE PROGRAM (R-TCAP) GUIDELINES

OHIO HOUSING FINANCE AGENCY



web www.ohiohome.org | **tollfree** 888.362.6432



The Ohio Housing Finance Agency is an Equal Opportunity Housing entity. Loans are available on a fair and equal basis regardless of race, color, religion, sex, familial status, national origin, military status, disability or ancestry. Please visit www.ohiohome.org for more information.

A. Introduction

- The Tax Credit Assistance Program (TCAP) funds were allocated to OHFA through the American Recovery and Reinvestment Act of 2009 (ARRA).
- OHFA structured the majority of awards as loans and expects to receive over \$70 million in loan repayments in the next five years.
- These guidelines outline the use of repayments received during calendar years 2012 through 2014.

Federal Requirements

- The loan repayments are considered program income (“Recycled TCAP” or “R-TCAP”).
- The federal requirements for the use of the funds are as follows: “Funds must be used for the development or operation of housing that remains affordable, for a period of not less than 15 years, to households whose annual incomes does not exceed 80 percent of the median family income for the area.”
- OHFA compliance standards and guidelines for the Housing Tax Credit program will apply to projects that receive an award of R-TCAP.

Goals

- OHFA has three goals for the use of the R-TCAP funds:
 - There must be a reasonable expectation for funds to be repaid to OHFA.
 - Funds will be used for new construction and preservation of affordable housing projects.
 - Funds will be provided as loan products that are not available in the private market.

R-TCAP Programs

- OHFA developed three subprograms for the R-TCAP funds:
 - 9% Equity Bridge Loan Program
 - 4% Equity Bridge Loan Program
 - Housing Tax Credit Preservation Program

B. 9% Equity Bridge Loan Program

- Program Terms
 - Maximum loan amount: \$1,000,000
 - Maximum term: 10 years
 - Interest rate: 0% to 2%; final rate to be negotiated between OHFA and borrower
 - Repayments: four equal installments paid during the term (for example, a project with a 10 year term would have payments due in years 2.5, 5, 7.5, and 10)
 - Closing fee: \$9,200
 - Collateral: Negotiated between OHFA and the borrower; the collateral requirements listed in the current Housing Development Loan program will be used as a guide but OHFA will consider exceptions to these standards based on the needs of the investor(s).
 - Funds can be drawn after start of construction / rehabilitation, provided adequate collateral is available during the construction phase.
 - OHFA will consider modifying any of the program terms, except the maximum loan amount and term, to comply with any applicable HUD requirements for those projects involving other funding from a HUD program. The applicant must clearly indicate any requested modifications at the time of application.
- Loans are available for Permanent Supportive Housing projects only in the 2013 funding round. Any unused funds after the completion of the 2013 funding round will be allocated to the 4% Equity Bridge Loan Program.
- Except as noted before, the project must comply with the current Housing Development Loan program guidelines.
- Applicant must show a net benefit to the project of at least \$200,000.
- OHFA may consider limiting the borrower's future participation in OHFA programs if the loan is not repaid as originally projected.
- Applicants must submit a request for funding with their proposal applications for the 2013 Housing Tax Credit funding round due on February 21.

C. 4% Equity Bridge Loan Program

- Program Terms
 - Maximum loan amount: \$1,500,000
 - Maximum term: 10 years
 - Interest rate: 0% to 2%; final rate to be negotiated between OHFA and borrower
 - Repayments: Four equal installments paid during the term (for example, a project with a 10 year term would have payments due in years 2.5, 5, 7.5, and 10)
 - Closing fee: \$9,200
 - Collateral: Negotiated between OHFA and the borrower; the collateral requirements listed in the current Housing Development Loan program will be used as a guide but OHFA will consider exceptions to these standards based on the needs of the investor(s).
 - Funds can be drawn after start of construction / rehabilitation, provided adequate collateral is available during the construction phase.
 - OHFA will consider modifying any of the program terms, except the maximum loan amount and term, to comply with any applicable HUD requirements for those projects involving other funding from a HUD program. The applicant must clearly indicate any requested modifications at the time of application.
- There is a limit of one loan per developer and/or owner per funding round. Developers/ owners with previous experience working with OHFA may receive one additional loan if there are remaining funds after the completion of a funding round.
- OHFA may consider limiting the borrower's future participation in OHFA programs if the loan is not repaid as originally projected.
- The first funding round will consist of an open application window beginning on March 1, 2013 and ending on July 1, 2013. Applicants must submit a \$25,000 refundable deposit with a complete application. The application requirements will be posted separately on OHFA's website. Funds will be reserved to a project once a complete application with a check for the deposit has been submitted to OHFA. Applicants must be able to close on the bonds and R-TCAP loan within 180 days after submission. Applicants can request a 90 day extension to close if they provide another \$10,000 deposit. If the applicant is unable to meet these deadlines, OHFA may revoke the reservation of R-TCAP funds and keep the deposit(s) , or may extend the reservation for a negotiated amount of an additional deposit and an additional time period. In addition, projects that received a previous award of HDAP are not eligible for the program.
- The second funding round will be held in conjunction with the 2013-2014 Bond Housing Development Assistance Program (HDAP) funding round to be held in the Fall of 2013. Additional information will be included in the 2013-2014 Bond-HDAP guidelines.

D. Housing Tax Credit Preservation Program

- Program Terms
 - Maximum loan amount: \$500,000
 - Maximum term: Earlier of 10 years or the maturity date of the first mortgage
 - Interest rate: 0% to 2%; final rate to be negotiated between OHFA and the borrower
 - Repayments: 50% of available cash flow per year with a balloon payment after final year of term; a minimum annual payment of up to \$5,000 (amount to be negotiated between OHFA and borrower) is required.
 - Closing fee: \$20,000
 - Collateral: Subordinate mortgage
 - Projects must project at least a 1.5 hard debt coverage ratio for 10 years after the loan restructuring.
 - Applicants must demonstrate that the projects will remain financially feasible over the 15 year compliance period.
 - Capital improvement funds will be drawn down using the existing procedures for HDAP
 - Applicant must agree to accept a 15 year affordability term for all units within the project, even those which are at the end or nearing the end of their initial affordability period.
- Up to \$250,000 of the loan funds can be used for capital improvements. The remaining funds can be used to restructure the first mortgage.
- The project must currently be in good standing with OHFA program requirements. In addition, the project must meet Uniform Physical Condition Standards (UPCS) and exhibit no physical condition issues resulting from mismanagement.
- Only projects that received an allocation of 9% Housing Tax Credits or 4% Housing Tax Credits and are between Year 10 and Year 20 of the compliance period are eligible for this program.
- Applicant must provide at a minimum a new capital needs assessment that addresses the capital needs for the next 10 years, a written explanation of why a conventional refinancing could not be achieved, and documentation from the first mortgage holder that supports the loan restructuring. The program application and list of supporting documents will be provided by OHFA no later than March 15, 2013.
- There is a limit of up to \$750,000 per developer and/or owner per funding round. Developers / owners with previous experience working with OHFA may receive funds for additional project(s) if there are remaining funds after the completion of a funding round.

- If the number of requests exceeds the amount of available funds, OHFA will rank applications by considering occupancy rates, number of comparable properties in the area, and the population served by the property. An equitable geographic dispersion of funds will also be considered. Priority will be given to projects that demonstrate additional investment from the owner.
- OHFA may consider limiting the borrower's future participation in OHFA programs if the loan is not repaid by the end of the term.
- The application deadline for the first funding round is May 16, 2013.
- The application deadline for the second funding round is May 15, 2014.

E. Funding Distribution – 2012-2014

- There is a total of \$29 million in funds to distribute.
- R-TCAP Funding Distribution:
 - 9% Equity Bridge Loan Program \$5 million
 - 4% Equity Bridge Loan Program (1st Round) \$9 million
 - 4% Equity Bridge Loan Program (2nd Round) \$6 million
 - Housing Tax Credit Preservation Program (1st Round) \$5 million
 - Housing Tax Credit Preservation Program (2nd Round) \$4 million

Project Name	Project Address	Project City	Project Zip	Project County	Buildings	Units	Population	TCAP Requested
Tod's Crossing	1330 Blakely Circle SW	Warren	44485-3875	Trumbull	10	64	Senior	\$ 500,000
Franciscan Housing III	1316 Main Street	Cincinnati	45202-7614	Hamilton	5	35	Family	\$ 200,000
Franciscan Housing IV	1316 Main Street	Cincinnati	45202-7614	Hamilton	11	35	Family	\$ 500,000
Cedar Wood Apartments	478 E. Cook Road	Mansfield	44903-6706	Richland	8	96	Family	\$ 250,000
Glen Arbors Apartments	2400 Glen Arbors Drive	Napoleon	43545-5613	Henry	6	72	Family	\$ 500,000
Sycamore Creek Apartments	776 Country Side Lane	Sidney	45635-5205	Shelby	8	96	Family	\$ 500,000

Applicant Name	Applicant Address	Applicant City	Applicant State	Applicant Zip	Contact Person Last	Contact Person First	Contact Person Email
National Church Residences	2335 North Bank Drive	Columbus	OH	43220-5499	Duffy	Daniel	dduffy@nationalchurchresidences.org
The Community Builders, Inc.	1202 Linn Street	Cincinnati	OH	45203-1300	Beam	Jeffrey	jbeam@tcbinc.org
The Community Builders, Inc.	1202 Linn Street	Cincinnati	OH	45203-1300	Beam	Jeffrey	jbeam@tcbinc.org
MV Residential Development	9349 WaterStone Blvd.	Cincinnati	OH	45249-8320	Scott	Daren	daren.scott@mvg.com
MV Residential Development	9349 WaterStone Blvd.	Cincinnati	OH	45249-8320	Scott	Daren	daren.scott@mvg.com
MV Residential Development	9349 WaterStone Blvd.	Cincinnati	OH	45249-8320	Scott	Daren	daren.scott@mvg.com