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Ohio Housing Finance Agency
57 East Main Street
Columbus, Ohio 43215

Dear Ohio Housing Finance Agency:

On behalf of our low-income clients and communities, we are writing to comment on the draft technical revisions to the 2018-19 Qualified Allocation Plan (QAP), specifically regarding OHFA's implementation of the income averaging provisions contained in Congress's 2018 Consolidated Appropriations Act. The undersigned organizations will be providing additional comments on other aspects of the QAP shortly.

We understand that the developer community is particularly excited to have income averaging as an alternative to the 20/50 and 40/60 minimum set-asides that have been in the law for years. We recognize that income averaging will provide greater flexibility for developers and the potential for increased cash flow and units targeted to lower AMI families.

However, with a significant lack of guidance from Congress or the Department of Treasury, it is up to OHFA to establish rules and incentives to ensure that income averaging will actually be used to provide further assistance and subsidy to lower income families instead of inadvertently leading to the opposite result.

Most importantly, OHFA must recognize that increased income averaging without limitation will lead to tax credit units that exceed the Housing Choice Voucher (HCV) payment standard for Ohio public housing authorities. At this time, we are already hearing that units set at 60% of AMI are exceeding HCV payment standards in some jurisdictions. If tax credit units are at 70% or 80% of AMI, this problem will become even more prevalent.

By allowing for tax credit units that exceed HCV, OHFA will be undercutting one of the critical reasons for income averaging: to better insure that tax credit developments are serving people with lower incomes. This is especially true since, in many areas, there are very few options for HCV holders to use their vouchers other than tax credit developments, which, as you know, are required to take them.

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In its current draft version of the QAP, OHFA has no protections to avoid this HCV issue, although we understand that OHFA is aware of this concern. OHFA needs to implement policies to avoid HCV holders losing access to tax credit developments.

OHFA should follow the lead of the Pennsylvania Housing Finance Agency and simply require developments to accept voucher rents in all dwelling units. In markets where the payment standard for HCV exceeds 60% of AMI, developments will still get the benefit of income averaging because they can increase rents above 60% of AMI while ensuring there are units that are accessible to HCV holders.

OHFA should also promote greater accessibility to lower income families through more robust requirements for low income set asides. If developments opt for income averaging, they should be required to have a significant number of units targeted to families at 20% or 30% AMI. At this time, OHFA's rules for income averaging rules do not require the deep targeting that the law may facilitate, and set-asides can be used to solve this.

Finally, OHFA should implement greater compliance protocols to ensure tenant protection in income averaging. OHFA should require property managers to disclose the AMI level that their rents are set at for each unit. This will allow for an easier determination of whether managers are following the new income averaging rules. In addition, OHFA must have add additional compliance monitoring on developments to make sure they are following the rules.

We understand and appreciate how income averaging may lead to greater mixed-income populations and communities, which is a positive result if it is truly mixed. We also hope that income averaging will lead to increased affordability in tax credit developments, but we are concerned that in the quest to procure higher income tenants the opposite could happen if OHFA does not put rules in place to protect affordability. We would be happy to meet with you about these issues at your convenience.

Sincerely,

A handwritten signature in blue ink that reads "Steven Sharpe / AS".

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SRS/trr