

September 2, 2025

QAP@ohiohome.org

RE: CHN Housing Partners - Comments to the Second Draft 2026-27 9% LIHTC QAP

OHFA Leadership,

Thank you for providing the development community with the opportunity to comment on the Second Draft of the 2026-27 9% LIHTC QAP. CHN Housing Partners would like to offer the following comments for OHFA's consideration.

Single-Family Asset Class – Lease Purchase

The current QAP draft does not allow for scattered-site single-family homes to compete as an asset class, whether rental or lease purchase, and is especially prohibitive of lease purchase deals. In 2025, for the first time in decades, CHN, the leader in single family lease purchase nationally, did not submit a lease purchase deal under any OHFA round because the language is so prohibitive and this QAP continues to be.

The single-family asset class is important to families across the State of Ohio and is a particular focus of legislators. In this prior budget round, routinely, when CHN and other stakeholders approached legislators about extending and/or expanding Ohio LIHTC, they were under the impression that LIHTC or Ohio LIHTC could not be used for the new construction or preservation of single-family homes. When we educated them that it could, legislators were more open to conversations about its extension and/or expansion. This also reflects the desire of so many other local officials across urban, suburban, and rural areas where single family development fits better into the needs of their communities from a planning or community needs perspective, where single family home development will have much lower barriers than higher density multi-family development and fits better into the existing built environment.

Other key stakeholders, including OHFA's Board, have expressed interest in single-family lease purchase deals, even inviting CHN to a meeting to discuss our successful program. This interest reflects a growing industry interest in single-family home development across the country, including the Lincoln Avenue Communities deal, Landmark on Scioto, which is their first deal in the State of Ohio.

For the first time in decades, OHFA did not have a set aside or a pool for the single-family asset class in its 2024-2025 QAP round. This is a major departure from decades of prior practice and is countervailing to what so many low-income households and major stakeholders have expressed a desire for. Having a pool or set-aside for the single-family asset class, particularly, lease purchase, is our preferred policy option because it creates more certainty on execution for the specialized asset class, in a way that OHFA has created a pool for the specialized asset class of Service Enriched Housing (SEH) and created a set aside within the SEH pool for the specialized asset class of PSH in small CoC and Balance of State geographic areas. With the certainty of execution of a pool or set-aside, OHFA will incentivize organizations to re-enter this asset class in the way that OHFA has created other behavioral incentives by the way it has shaped the QAP and can put the right guard rails in place to address any lingering concerns from prior single family lease purchase deals that did not work. We're happy to provide technical assistance to OHFA staff to ensure that deals are structured and managed to best practices for homeownership and long-term asset management.

If OHFA is unwilling to create a pool or set-aside in the 2026-2027 QAP, then we are asking OHFA to make a handful of strategic changes to the current draft QAP to create a level playing field for the scattered site, single-family asset class. We have listed them below – some being development considerations, others being operational considerations. With these edits, CHN and others will be able to submit applications for single family deals and have them be equally competitive for 9% tax credit resources.

Development-Side Recommendations

The following proposed edits will allow for scattered-site, single-family homes to competitively score on a level playing field with multi-family assets. Without addressing each category, lease purchase deals will not feasibly score under the QAP and OHFA will foreclose the opportunity for this asset class to be awarded in the 9% round for the next two years.

Building, Unit, and Lifestyle Amenities

Under the 2026-27 QAP, developments are required to provide building, unit, and lifestyle amenities to meet threshold criteria. Due to the scattered-site nature of single-family and lease purchase development, the Building Amenities requirement in particular is a barrier to entry in that these developments are not able to provide amenities serving the entire project such as Business Center, Community Kitchen, 400 SF patio, outdoor playground, dog park, fitness room, etc. The requirement for 2 Building amenities, 2 Unit amenities, and 2 Lifestyle amenities presents significant feasibility challenges for single-family development because of their scattered site nature rather than being on a single, multi-family site. Additionally, most people who are leasing scattered-site, single-family homes in a neighborhood are using public neighborhood amenities, so there is no need for additional development amenities.

- **Recommendation:** OHFA permit single-family lease purchase projects to select 6 total amenities rather than dictating how many from each bucket are required.
- **Alternative Recommendation:** OHFA revert Amenities to a scoring criteria, rather than a threshold requirement, and allow for the selection of 6 amenities across the Building, Unit, and Lifestyle amenities.

Credit Efficiency Considerations

Single-family lease purchase developments, in both the 2024-25 QAP and 2026-27 QAP, have competed in the General Occupancy pool rather than a Single-Family pool or set-aside and thus are competing against all other multifamily projects. Because single family projects have larger unit sizes and bedroom counts due to the asset type and population served, the Credit Efficiency scoring criteria for General Occupancy disadvantages the single-family asset class.

- **Recommendation:** For Single-Family projects, provide a separate *Annual LIHTC Request per LIHTC Unit* scoring range to accommodate the higher costs to construct single-family homes involving larger bedroom counts per unit, which also include individual utility taps and fees, additional materials, such as siding, foundations, multiple bathroom fixtures/components, and roofing for each home, the costs for which are typically shared across multifamily structures. We recommend that any single-family development that requests \$32,500 or less in LIHTC per unit be eligible for the full 25 points under this scoring criteria and be reduced on a sliding scale similar to multi-family developments
- **Alternative Recommendation:** OHFA might consider implementing a Credit Efficiency metric that incorporates the number of LIHTC bedrooms, rather than units, in LIHTC leveraging, similar to that of the Michigan State Housing Development Authority.

811 Unit Requirement

Under the 2026-27 QAP, OHFA requires that developments set aside 20% of their unit mix as 811 units. The lease purchase model with larger bedroom (3 and 4) counts is not conducive to serving 811 units which are required to be one-bedroom units with a rental subsidy and not scattered site.

- **Recommendation:** Criteria be Not Applicable (N/A) for lease purchase developments.

ELI Unit Threshold Requirement

Under the 2026-27 QAP, OHFA requires that developments provide either 10% or 15% ELI units, depending on Housing Needs Index score. Lease purchase is not well-suited to accommodate 30% units, as 30% AML tenants do not have the incomes needed for ultimate homeownership execution in Year 16. This poses an ongoing challenge regarding achievable rents and incomes that are conducive to a successful homeownership transition in Year 16, and therefore, effectively necessitates that some of the single-family homes will permanently be held as rentals. ELI unit thresholds in Ohio and Michigan contributed to the stress on a number of prior awarded scattered site deals.

- **Recommendation:** Criteria be Not Applicable (N/A) for lease purchase developments.

Operating-Side Recommendations

The following edits are to the Appendix C that has been added to the QAP and OLIHTC guidelines regarding lease purchase deals. Originally included to create specific operating guidelines for lease purchase deals to avoid prior issues with the single-family lease purchase asset class, the guidelines have incorporated some principles that are contrary to the best practices that CHN has established for lease purchase success and are also contrary to the best practices for scattered site single-family asset management.

Appendix C – Single Family Lease Purchase

We encourage OHFA to remove the following language from Appendix C: *“Single-family lease purchase projects may not transfer any of the responsibilities of the owner or management company to the renter or prospective homeowner until and unless the project has transitioned to homeownership. Includes, but is not limited to yardwork, maintenance, or repairs.”*

Integral to the success of CHN's Lease Purchase program is its Contract of Care, which details the division of responsibility between the resident and the property manager in maintaining the resident's home. CHN's lease purchase residents have historically been responsible for upkeep and minor maintenance such as yard/landscaping care and snow removal, trash disposal, lightbulb replacement, furnace filter replacement, painting (for which CHN has a paint voucher program to supply materials), and other basic items. This is allowable under Section 42, the Ohio Revised Code, and is consistent with how the market property manages scattered site lease purchase deals.

CHN's goal is to empower our residents to ultimately have the option to purchase their home and provide an opportunity for generational wealth building, for which CHN has a proven track record of success using these very standards of care. These ongoing responsibilities for basic, routine home maintenance activities align with our mission of preparing residents for homeownership during the rental period, and thus is critical to residents' long-term success as homeowners.

- **Recommendation:** We firmly believe the outcomes of the lease purchase program as they relate to homeowner preparedness will be diminished by the on-going implementation of this requirement, and **therefore the inclusion of this language is both an unnecessary barrier to lease purchase development, and a disservice to future homeowners in the lease purchase program and should be deleted.** Additionally, there is a lack of feasibility for an owner of scattered-site single-family homes, even at the scale of CHN's portfolio, to undertake certain maintenance described above, such as yard/landscaping care, snow removal, and trash disposal, and the market for scattered-site single-family home rental typically requires tenants to undertake such maintenance. These market and operational realities are another reason these items should be removed as specifically required under Appendix C.

Regional Distribution and Implementation

CHN Housing Partners echoes comments submitted by the Ohio Housing Council, copied below and further elaborated upon:

Implementation Example

The regional allocation framework involves complex sequencing of set-asides, regional distribution, and project type priorities that stakeholders are finding difficult to interpret. We recommend OHFA publish a concrete example showing how this system would work with hypothetical applications—for instance, showing the specific order in which projects would be selected across regions, how much funding remains at each step, and which project types might consistently be left unfunded due to the allocation sequence. Without such an example, developers cannot make informed decisions about application preparation, and OHFA cannot fully assess whether the system will produce the intended distribution of awards.

Census Tract Data

The tiebreaker system relies on census tract-level LIHTC award history across both 9% and 4% programs over multiple years, but this information is not readily accessible to applicants. Developers would need to manually research and compile award data across multiple program years and funding sources to understand their competitive position under the tiebreaker criteria. To reduce this administrative burden and ensure equitable access to information, **we request that OHFA publish comprehensive census tract-level data showing LIHTC awards made during the relevant measurement periods, including project types and award years.** This transparency would continue OHFA's tradition of predictable, understandable scoring systems.

Set-Aside Tiebreaker

When ties occur between different set-aside categories, the current language states that OHFA will use the New Affordability – General Occupancy tiebreaker list to break ties across funding pools within the same set aside. Because that tiebreaker list uses factors that do not apply to senior housing projects, such as number of bedrooms and eventual tenant ownership, **we would suggest using the New Affordability – Seniors tiebreaker list which contains tiebreakers applicable to all types of projects.**

Analysis to Prevent Unintended Consequences

Given the complexity of the allocation sequence and the interaction between regional distributions and set asides, we encourage OHFA to analyze the funding framework to ensure it operates as intended without creating unintended barriers for any project type or geographic area. A review of potential scenarios would help confirm that the structure achieves the intended policy outcomes. **To highlight the importance of the above, we would like to draw OHFA's attention to the fact that Census Tract 39061001000 in Cincinnati is the highest-scoring geography in the state for both General Occupancy and Senior; as such, OHFA should be prepared for a high volume of applications in this geography and will need to ensure tiebreakers and regional distribution language are adequately suited to address ties.**

Tenant Populations with Special Housing Needs

Similar to the above comment regarding single-family, we would strongly encourage OHFA to provide a separate *Annual LIHTC Request per LIHTC Unit* scoring range to accommodate the higher costs to construct supportive housing developments due to the additional space required for supportive service offices, as well as the fact that supportive housing developments are typically subject to Davis Bacon. We recommend that any supportive housing development that requests \$30,000 or less in LIHTC per unit be eligible for the full 25 points under this scoring criteria.

Thank you again for the opportunity to provide comments on the second draft of the 2026-27 9% LIHTC QAP. CHN would be happy to discuss any of the above recommendations further.



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