



# **Franklin County Multifamily Bond Program Instructions**

*Administered by the:*  
Joint Columbus and Franklin County  
Housing Advisory Board  
c/o Mid-Ohio Regional Planning Commission  
111 West Liberty Street, Suite 100  
Columbus, Ohio 43215

(614) 233-4180

# Franklin County Multifamily Bond Program

## Administered by the Joint Columbus and Franklin County Housing Advisory Board

**The Franklin County Board of Commissioners** has issued tax exempt or taxable multifamily revenue bonds for privately owned rental developments since 1994. The purpose of the program is to expand and preserve the supply of affordable rental housing throughout Franklin County. The Board of Commissioners issues the bonds upon the recommendation of the Joint Columbus and Franklin County Housing Advisory Board (HAB) whose members have been appointed by the Board of Commissioners and the Mayor of Columbus (upon approval by Council).

Although the HAB's approval is not statutorily required for the issuance of the bonds, the practice of the Franklin County Board of Commissioners has been to use the HAB and its field of experts to make a recommendation on the project to them.

The **Joint Columbus and Franklin County Housing Advisory Board (HAB)** reviews applications and makes recommendations to the Franklin County Board of Commissioners. This board is comprised of 15 members, 5 appointed by Franklin County Board of Commissioners and 10 by the Mayor of the City of Columbus upon approval of city council. The Board meets the second Tuesday every other month at 11 a.m. at MORPC, if there are applications to review *or issues to discuss*.

**Mid-Ohio Regional Planning Commission (MORPC)** administers the multifamily bond program for the Franklin County Board of Commissioners. The advisory board was established in 1993 pursuant to Ohio Revised Code Chapter 176. The board reviews and recommends to the Franklin County Board of Commissioners all requests for inducements or issuance of housing bonds. The secretary of the Joint Columbus and Franklin County Housing Advisory Board is the Director of Housing and Weatherization Services at the Mid-Ohio Regional Planning Commission (MORPC).

MORPC processes applications and subsequently monitors the compliance of the project with the income targets required for the bond.

The signed copy of the signature page (Tab 7 of the application) must be submitted with the application.

### **Authority to Issue Bonds**

Private activity tax-exempt bonds for multifamily housing are permitted in the federal tax code sections 142-145. The Ohio Revised Code sections 133 and 165<sup>1</sup> authorize the county to issue revenue bonds for multifamily housing.

Nonprofit and for profit developers and owners may obtain financing.

### **Targeted Rental Market for Bonds**

Franklin County policy requires that borrowers seeking bond financing must rent a portion of their units to either of the following market segments:

- a) 25% of the units must be occupied by and affordable to tenant households earning 50% or less of the area median income, or
- b) 20% of the units must be occupied by and affordable to tenant households earning 45% or less of the area median income.

Affordable is defined as rent, including utilities, that is no more than 30% of the tenant's annual income.

**Note:** While the federal law for tax exempt bonds requires 20% of the units to be *occupied* by tenant households earning 50% or less of area median income, or 40%

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<sup>1</sup> If bonds are to be issued under ORC Chapter 165, the borrower's application must also be reviewed by The Columbus Area Growth Foundation, Inc. located at 37 North High Street, Columbus, OH 43215 (614) 225-6957.

of the units to be *occupied* by tenant households earning 60% or less of area median income, Franklin County requirements are more stringent.

A borrower must still choose one of the IRS options ***but, in addition***, must choose one of the Franklin County options.

### **Credit Enhancement**

Franklin County will issue multifamily housing revenue bonds only if a) the borrower has obtained some form of credit enhancement, or b) the bonds are sold in a private placement to institutional investors. Credit enhancement may consist of FHA insurance, FannieMae, Surety Bond, GNMA collateral or a letter of credit.

### **Fees**

There is a \$3,000 fee per application that is due with submission of the application (Revised September 2005).

Upon issuance, the county will require a fee of 1/10<sup>th</sup> of 1% on the amount of the issue. These funds will be used to monitor the project for rent and affordability compliance.

### **Monitoring Requirements**

Annually, the owner will be required to send to the Mid-Ohio Regional Planning Commission, administrator of the program, a financial operating statement, and a rent roll showing rents and incomes of tenant households and must indicate the eligible units to demonstrate compliance with the county's affordability requirements.

The owner must also inform the county's administering agency, Mid-Ohio Regional Planning Commission, if and when the project is sold or if the title is transferred.

The Mid-Ohio Regional Planning Commission will monitor each project for compliance for a period of ten years. Compliance must be met and demonstrated within one year of completion. The monitoring will take place in the first half of each year.

## Refundings

From time to time, borrowers may wish to refund their bonds. When a project is sold, the new buyer may wish to assume the loan. Refundings will be considered new applications if the project is substantially different from the original application. The owner must send a letter to the Secretary of the HAB describing any changes in the project (rents, bedroom configuration, site design, zoning, management agreements, ownership and financial structure, etc.).

## Additional Requirements

- A. Public Participation.** Applicants will be required to secure a letter from the local neighborhood association to ensure that the community is aware of the potential project and to indicate their support when possible. See Tab 1 of the application.

As an alternative, the applicant may hold a public meeting in the community and submit documentation that the meeting was held and indicate the public response to the proposed development.

If the developer is taking over an existing property with tenants, documentation should be provided to the HAB in care of the HAB secretary that a letter was sent to the residents to inform the tenants of the potential change in ownership and/or management. A letter must be sent to each unit.

In addition, the applicant should encourage public participation in the TEFRA (Tax Equity and Fiscal Responsibility Act) hearing.

- B. Modifications to the Project.** If there are substantial changes to the application prior to the bond issuance, the inducement resolution must be modified to reflect the changes. If the board recommends any conditions, these conditions must be included in the inducement resolution.

The following substantial changes require re-approval from the HAB. Contact the HAB secretary to schedule a meeting for re-review and approval.

- Change in the principal bond amount (5%)
- Change in the number of units (5%)
- Other material or substantial changes in the developer, property manager, general contractor, credit enhancement, bond counsel or partners in the ownership of the property. This includes changes in the equity interest, debt structure and/or participants listed in TAB 2 of the application.

The bond counsel will be responsible for providing documentation that any conditions have been met prior to inducement or if after inducement, prior to bond issuance. Documentation must be submitted to the HAB secretary.

- C. Letter From Applicant Prior to Bond Issuance.** The developer/owner is required to submit a letter to the HAB at the time that they request the issuance agreement from the county to document that they have complied with the affordability requirements established by the HAB and any additional requirements set up by the HAB for the project. The letter should outline the progress, completion and execution (If applicable) of the project elements presented to the HAB in the HAB application.

The issuance agreement should include language to indicate that the developer/owner must comply with any other conditions imposed by other funding sources including the Ohio Housing Finance Agency (OHFA), the city of Columbus, the Columbus Metropolitan Housing Authority (CMHA) or a lender.

- D. Criteria for Approval of Multifamily Bonds.** The application must demonstrate that the project meets the attached “Criteria for Approval of Multifamily Bonds.”

- E. Green Affordable Housing Checklist.** *The Franklin County Economic Development and Planning Department has provided a Green Affordable Housing Checklist. See HAB documents to download a copy. The applicant should submit a statement regarding the applicant’s commitment to incorporate green development in the project. The attached checklist is included as a sample list of items. However, the applicant is encouraged to site any green building techniques, energy-efficient design elements or use of*

*Energy Star appliances that will be used in the rehabilitation or new construction of this project. See #4 in Tab 4 of the application.*

- F. *Handicapped Accessibility and Universal Design.*** *The applicant is encouraged to incorporate universal design, particularly in new construction, in all units that are not handicapped accessible. See #5 in Tab 4 of the application.*

**STEPS TO APPLY AND OBTAIN FINANCING:**

1. Applications must be obtained from the Mid-Ohio Regional Planning Commission and **submitted at least THREE (3) weeks** before the next HAB meeting. Meetings are *usually* held the 2<sup>nd</sup> Tuesday of every other month. Special meetings may be called at the request of the chair, vice-chair or majority of the board.

**2010 Application Due Date**

**December 15, 2009**  
**February 16, 2010**  
**April 20, 2010**  
**June 22, 2010**  
**August 24, 2010**  
**October 19, 2010**  
**December 14, 2010**

**2010 Meeting Schedule**

**January 12, 2010**  
**March 9, 2010**  
**May 11, 2010**  
**July 13, 2010**  
**September 14, 2010**  
**November 9, 2010**  
**January 11, 2011**

2. **An original and twenty-five (25) copies (26 total)** of the application must be submitted **with the \$3,000 application fee** payable to the Mid-Ohio Regional Planning Commission.
3. MORPC reviews the application for completeness and compliance with HAB requirements. MORPC examines the project for fair housing impact, affirmative marketing plans and consistency with the Columbus and Franklin County housing affordability strategies and criteria established by the HAB. It is desirable that new projects consult with the school district on implementation of the project.
4. If authority under ORC Chapter 165 is being used, the Housing Advisory Board forwards its recommendation to The Columbus Area Growth Foundation, Inc.

5. Bond counsel prepares an **Inducement Agreement and resolution** and submits them to the Franklin County Clerk [with a copy to the HAB Secretary and the Franklin County Prosecuting Attorney] at least **two weeks before the general session of the Board of Commissioners.**
6. Changes in the project such as number/type of units, site design, zoning approval, ownership, management, financial structure and credit enhancement may cumulatively constitute a different project and will need to be re-reviewed by the Housing Advisory Board.
7. When the project is ready to close, the bond counsel schedules the TEFRA hearing with the Franklin County Clerk.

The Franklin County Clerk, through the bond counsel, files a Notice of Intent with the Ohio Department of Development.

The bond counsel is responsible for notifying the HAB Secretary of all closing and hearing dates.

8. **Final Bond Resolution and documents** must be submitted to the Franklin County Clerk and the Mid-Ohio Regional Planning Commission at least **two weeks before the general session of the Board of Commissioners for bond issuance.**

Documents must be **accompanied by the final commitment of credit enhancement (if not submitted with the original application), documentation of project rents, bedroom configuration and any other conditions set by the HAB.**

9. At closing, a settlement statement and transcript must be sent to the Secretary of the Housing Advisory Board, c/o Mid-Ohio Regional Planning Commission. A transcript is also sent to the Clerk of the Franklin County Board of Commissioners.

## **CRITERIA FOR APPROVAL OF MULTIFAMILY BONDS**

1. ***Project is consistent and implements the applicable city of Columbus area or neighborhood plan, and the Columbus and Franklin County Consolidated Plan 2005-2009.***
  - Improve the link between employment opportunities and housing
  - Expand the supply of housing affordable to families earning 50% or less of median income
  - Use creative financing to provide some units affordable to those earning 30% of median income
  - Conserve existing marketable rental housing
  - Provides choices to elderly and those with special needs
  - Disperse new housing near employment growth centers
2. ***Owner has sound property management plan, and marketing plan. If applicable, a relocation plan. Management should:***
  - Be licensed property manager
  - If applicable, have 2530 clearance from HUD or OHFA 8823
  - Be organizationally strong with accounting systems able to track rents/incomes, management staff with longevity, and with clear lines of authority and supervision above the site level. It is desirable to have management equity in the project.
3. ***Zoning and site plans are approved by the local government.***
- 4 ***Evidence of credit worthiness such as:***
  - Letter from a recognized underwriter of municipal bonds indicating that the underwriter is prepared to underwrite the bonds for the project, subject to the usual terms and conditions associated with such financing. If no credit enhancement (bond insurance, letter of credit or mortgage guarantee) is to be required, the underwriter must undertake to limit the sale of the bonds to institutional investors
  - Letter from a commercial bank, savings bank, insurance company or other institutional investor indicating that such investor is prepared to purchase the bonds for its own account and not with a view to distribution, subject to the usual terms and conditions associated with such financing
  - Letter from a commercial bank indicating that such bank is prepared to issue a letter of credit that will provide for payment in full of the principal and interest on the bonds
5. ***Submission of the application and 25 copies to the HAB at least three weeks prior to a scheduled meeting.***