

**\*As of 08/03/2023 OHFA has received clarification from the State that the term "gap financing" as used in HB 1031x for the Oklahoma Increased Housing Program does not allow for program funds to be granted. Therefore the structure of this program has substantially changed from grant funding to loan funding. Grants for down payment/closing cost assistance are still an allowed use and the structure of that proposed program remains unchanged. The answers below that have been crossed out in red are no longer valid, and have been supplemented with answers placed below them in blue. Please see revised White Paper and Application posted to OHFA's website on 08/04/2023 for additional details.**

**Homebuilder Subsidy**

<b>Comment</b>	<b>Response</b>
Decrease number of homes /Increase max number of units from 25 to 40 or 50?	Minimum 5 homes and no more than 25 units at a time before submitting another application
Smaller home size	The square footage has been lowered to 1,000sf - 2, 000sf (formerly 1,300 sf - 2,200 sf)
Could they apply for 25 but only construct 10?	No
Clarify if the units built have to be in the same community	No, scattered sites are allowed
Duplex discussion	Single-family dwellings only, no duplexes/condos/townhomes are allowed.
Manufactured, 3D homes, etc.?	Allowable
Quality vs. Quantity	Construction inspections are required; homes must meet applicable housing codes
Mobility inclusion	Points have been added for Visitability.
Max. number of units in urban vs. rural should differ	Due to funding limitations 25 max per application will apply statewide
Could we lessen requirements for development of 10 or less?	No, the requirements will be the same for all applications, to ensure a quality product.
Cost per square foot is reverse of what it should be	The square footage for Rural and Urban is now \$160sf (previously \$140 for rural)
Change cost per square foot sales price to percentage of appraisal	The sales price is a maximum of \$160sf. (points have been added for lower sales prices per sf)
Appraisals are an issue	Staff is aware that available comps for certain rural areas may be limited.
Limit on how much a developer or principal will be capped?	Developers are limited to one application at a time for a maximum of 25 units to spread funds across the state.
Shouldn't be a cap on home sale prices.	This is in place to make homes more affordable.
Under \$200K is the real need for homes.	Developers can choose to build and sell homes for less than \$200k.
Tie to CPI and/or total home cost	The home sale price is capped at \$160sf and will be periodically reviewed and adjusted, as necessary, by OHFA's Board
Considering per unit subsidy vs. 10%	The loan forgiveness component was removed, so the funds will be available in perpetuity.
The 10% of investment the builder makes should include land and site costs	We agree.
What does 10% equity contribution look like?	Cash, Land, etc.
Priority between buying lots and building houses vs 40 lots then building houses on those.	There is no priority being given for buying lots and building vs 40 lots then building houses on these lots.
Land shouldn't have to be under full ownership	Option to purchase is an acceptable form of site control.
Could land be collateral	Purchasing the land would be the owner's 10% contribution to the project.
Will we be auditing construction?	Yes, our inspectors will be conducting inspections throughout the construction process, at builder cost.
What is being done to ensure its primary residence?	A three year deed restriction will be filed.
What are we doing to ensure homes sold to individuals not landlords or Air BnB	A three year deed restriction will be filed.
Would houses already under construction qualify?	No
What are developer qualifications?	Applicants/developers must have prior experience proportionate to the number of units and type of housing being built (See application).
Consideration for building in established neighborhoods?	Per the legislation the only preference are for communities under a federally declared natural disaster within 12 months of the date of the application
Partner with cities/counties on the cost of lots to bring cost down	Points will be given for donated lots.
Will marginalized communities be given preference?	Rural communities, by definition, are marginalized. 75% of funds will go to rural areas.
Could there be opportunity zones?	No.
BIPOC representation	We encourage all developers to apply.
Homes should meet the latest building code as determined by the OUBCC.	Builders must comply with the Oklahoma Uniform Building Code.
Energy efficiency will reduce utility costs. Freddie Mac Greenchoice Mortgage	Points have been added for Energy Efficiency (HERS).
Does cost in rural areas include sewer treatment and well water systems?	Infrastructure costs are eligible as long as the costs are directly related to the homes.
Are home warranties required?	Builders must provide one year home warranties, this has been added to the draft application.

Two car garages should not be required / consider the neighborhood/carpports	A two-car attached garage is not required. Points will be awarded for garages
Drop 60% brick façade requirement	The requirement for a brick façade was lowered from 60% to 50% (or rock, EFIS, stucco, etc.)
Environmental should not be required	Phase I Environmental will be required post award.
Fair housing training for builders	Staff is currently considering this.
Point system	A point (selection process) has been drafted - see the draft Application.
What will selection process be for awarding to builders?	A point (selection process) has been drafted - see the draft Application.
Timeline from approval to completion and sell	We're still working on the application timeline.
Define developer	Developer means the Person or entity with the responsibility of ensuring the effective construction or rehabilitation of the Development, including any and all responsibilities as outlined in the Development Agreement, which may also be the Applicant and/or Owner of the Development. Developer also includes any other Person or organization affiliated with, Controlled by, in Control of or a related party to, the Developer, as determined by OHFA
Partnerships new & seasoned developer	See the draft application.
Specific list of eligible activities	New construction of single-family units .
Any targeted populations to receive funds?	There are no targeted populations.
Allow rehab	This program is for new construction only.
AMI varies /Focus on < 100% AMI	There are no AMI requirements
Reconsider percentage allotment for each program	This is a directive from the legislature.
Admin costs to teach new builders	The administrative fee will only be used for administrative costs specific to the program.
Define rural/urban – USDA vs MSA	The definition of rural/urban is listed in the application/white paper
Sub Contractors hard to get from urban to rural	OHFA is aware of this issue.
Concerns about rural/urban split	The rural/urban split is a directive from the legislature.
Splitting 50/50 homeownership & rental may not be best	The split of the funds were pre-determined by the State of Oklahoma.
Align total development cost caps between programs	The cost cap is now \$160sf for urban and rural.
Set aside for foreclosure prevention?	These funds were not intended for this purpose.
Is there a program sunset date?	Not at this time
OHFA DPA requirement is restrictive	Tying the Housing Stability Down Payment Assistance to OHFA's existing DPA program allows OHFA to offer Oklahoma homebuyers multiple benefits, like a lower than market interest rate, lender fee cap, and advantages only available on Oklahoma Housing Finance Agency loan products.
Clarify repayment	This a 0% interest, 90% recourse loan program (10% builder contribution). As the homes are sold, the builder repays OHFA.
Loan forgiveness not happening until year 10. Should be less.	This has been changed from 10 years to 3 years.
Innovation grants	Per HB1031 the program shall be a loan for homebuilders at interest rates as low as zero 0%.
How do revolving funds work?	As the funds are repaid to OHFA, the funds will then be made available to loan again.
Can funds be used with other leveraged sources?	Yes
Is this a one time allocation?	At this time yes, but may change in the future
Will we allow FHLB AHP funds?	Yes
How many liens are allowed if the funds can be layered with other programs?	There is no limit. This loan will have the first lien.
Could you grant it out through the Trust Fund?	No, Per HB1031 the program shall be a loan for homebuilders at interest rates as low as zero 0%.
Subsidy per door / \$250,000 per unit for rentals is too high	<del>We change to provide an equity incentive in an amount up to \$25,000 per unit (3 or more bedrooms), \$20,000 per unit (2 bedrooms), \$15,000 per unit (1 bedroom), or \$5,000 per unit (efficiency/studio)*</del>
	<b>New Answer 08/03/2023: We have revised this program to be a 0% interest, 24-month recourse construction loan that will be the lesser of \$3,000,000 or 25% of the total development costs, up to an 85% loan to value (LTV). In either event, the total amount of debt financing on the property during the construction period cannot exceed 85%.</b>
What is term of affordability/Term of affordability for developer subsidy	We're restricting rents for a period of three years.
Recapture measure for rental	<del>There are currently no recapture provisions. However, this item is being considered.</del>
	<b>New Answer 08/03/2023: We have revised this program to be a 0% interest, 24-month recourse construction loan that will be the lesser of \$3,000,000 or 25% of the total development costs, up to an 85% loan to value (LTV). In either event, the total amount of debt financing on the property during the construction period cannot exceed 85%. Borrowers will be required to repay the funds and recapture provisions do not apply.</b>

**Developer Subsidy**

10% gap financing too low	<del>We have changed to a per door based on number of bedrooms incentive.*</del>
	New Answer 08/03/2023: We have revised this program to be a 0% interest, 24-month recourse construction loan that will be the lesser of \$3,000,000 or 25% of the total development costs, up to an 85% loan to value (LTV). In either event, the total amount of debt financing on the property during the construction period cannot exceed 85%.
Application review period too long	There will be deadlines to submit applications also stating which board meeting the applications will be considered for funding.
Market study for rental good but not for homebuyer piece	A market study is required for all activities. Proposed developments of twenty-one (21) units or more must provide an independent third party market analysis. Developments less than twenty-one (21) units can provide a locally produced market study that supports demand for the proposed development.
Will rental app process be similar to tax credit?	Yes
With a TDC cap below that of what is afforded under that program, particularly for those developments planned in OZ or layering HTCs, you are effectively preventing the layering of tools that is needed in the current economic environment.	<del>The total development cap has been removed. Historic Tax Credits cannot be used with this program (no rehab)-</del>
	New Answer 08/03/2023: The TDC cost cap has been removed, OHFA is considering other cost containment measures.
Limit the TDC on the rental piece	<del>An equity incentive in the amount up \$25,000 per unit (3 or more bedrooms), \$20,000 per unit (2 bedrooms, \$15,000 per unit (1 bedroom) or \$5,000 (efficiency/studio)*</del>
	New Answer 08/03/2023: The program has been revised from a grant structure to a loan structure. While there is no current cap on TDC, OHFA is considering other cost containment measures.
What is the term? 24 months 0% interest recourse	<del>This a grant, not a loan.*</del>
	New Answer 08/03/2023: We have revised this program to be a 0% interest, 24-month recourse construction loan that will be the lesser of \$3,000,000 or 25% of the total development costs, up to an 85% loan to value (LTV). In either event, the total amount of debt financing on the property during the construction period cannot exceed 85%.
Limit on rents? /Need a cap on rent	The Rent amounts are capped at 150% of Fair Market Rents (FMR).
No income requirement for rental	There are no income limits, but rents are capped at 150% of FMR.
LIHTC preference?	The only preference required per the legislation is for developments located in federally declared disaster areas within the last 12 months.
Incentives for accessible?	We have added points for Visitability.
Will OHFA be collecting 10% upfront from developer?	<del>No. The developer will present proof of the expenditure of the Total Development Cost.*</del>
	New Answer 08/03/2023: OHFA will not be collecting 10% upfront from the developer. We have revised the terms with a requirement that the total amount of debt financing on the property during the construction period cannot exceed 85%. The developer may come up with the remaining 15% from equity source(s) of their choosing. Money will be disbursed according to a predetermined draw schedule, draws will be reviewed by OHFA and the construction inspector. Once draws are approved, funds will be disbursed.
Will we look at criminal justice, eviction history?	OHFA will not but management companies may.
Could we focus on experience as number of units built?	Applicants/developers must have prior experience proportionate to the number of units and type of housing being built (See application).
Expedited time to close	We will move expeditiously but prudently.
Allow Rehab	The program is for new construction only.
No-cash out refinance	Cash out refinance is not prohibited but DPA with a repayment feature is triggered with a cash out refinance.
Will DPA be offered on GOLD?	DPA is offered on OHFAs Gold (tax exempt mortgage revenue bond loan).
Can person use DPA and HOME DPA?/Will DPA be able to be layered	Layering multiple sources of DPA is possible so long as all requirements/obligations align.
Is 8.5% in DPA enough to pay appraisal gap for home sales	OHFA DPA cannot be used to pay appraisal gap (the difference between what is a home's appraised value and the sales price).
Pro rata DPA payback	The proposed Housing Stability Program DPA is 100% forgiven after a three year period. OHFAs existing 3.5% of loan amount DPA is delivered as a silent second with a repayment feature because it offers Oklahoma Homebuyers the greatest benefit in today's real estate finance market.

**DPA Program**