

2012 NCSHA Award Nomination
Ohio Housing Finance Agency



Special Achievement

**Housing Investment Fund: Responding
to Diverse Affordable Housing Needs**

Douglas Garver, Executive Director
Brian Carnahan, Director of Program
Compliance
Betsy Krieger, Manager of the Housing
Investment Fund

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HFA: Ohio Housing Finance Agency

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Responding to a Housing Need

As the effects of the home foreclosure crisis continue to unfold, stable rental housing has become more important to Ohio communities particularly as the supply of decent, affordable rental housing has become limited. The loss of housing has serious consequences not only for the individual household but the entire community. The number of Ohio properties in 2011 that were unsalvageable, vacant and abandoned is estimated to be 100,000. Reversing the cycle of foreclosure and the short supply of affordable housing requires comprehensive and innovative approaches.

The Housing Investment Fund (HIF) was created by the Ohio Housing Finance Agency (OHFA) with an initial balance of \$8 million in September 2008. The HIF is funded with a portion of OHFA's net income and designed to:

- preserve and create sustainable, affordable housing;
- drive housing policy for long-term economic and social value through innovative housing solutions;
- provide funding for projects or initiatives that do not fit the parameters of existing OHFA programs;
- implement workable housing solutions not previously undertaken by a governmental agency which may have valuable demonstration and replication potential; and
- undertake investments that align with the OHFA Annual Plan, allowing the Agency to establish and maintain a strategic focus.

The HIF seeks approaches to addressing affordable housing needs throughout Ohio that have not been previously funded with local, state or federal funds. By targeting initiatives outside traditional program parameters, OHFA encourages proposals that serve Ohio residents and removes barriers to non-traditional applications, while advancing Agency policies. The HIF encourages proposals that demonstrate a greater diversity of affordable housing opportunities or services; serve areas with little if any affordable housing options; demonstrate partnerships with communities, community-based organizations, governments, nonprofits, and public-private partnerships.

OHFA encourages for-profit and non-profit organizations, public housing authorities and local governments to apply to receive financial assistance for:

1. Connecting housing to services and jobs.
2. Promoting revitalization by addressing vacant and abandoned housing by building capacity and comprehensive development in targeted geographic communities.

3. Providing services for special needs populations through evidence-based approaches.
4. Creating sustainable housing communities through healthy, universal and visitable designs and renewable energy investments.
5. Acquiring, holding and disposing of residential real estate.
6. Funding pre-development, construction, and/or permanent financing for rental or for-sale development.
7. Funding capitalized operating subsidy.
8. Creating Individual Development Accounts linked to homeownership projects in which OHFA is a partner.
9. Funding homeowner loans for the refinancing, new purchase, or renovation work offered through participating lenders or nonprofit partners.
10. Creating homebuyer education and counseling to achieve or maintain homeownership.
11. Matching funds for federal or private foundation housing grants or loans.
12. Funding other activities or projects that address an innovative and urgent affordable housing need.

Proposals must meet minimum requirements to be considered for funding including: programs and projects must primarily benefit households with incomes at or below 120 percent of the Area Median Gross Income (AMGI); have a commitment of matching funds; demonstrate partnerships; align with the OHFA Annual plan including its mission, values and housing priorities; and, address housing needs and/or populations not provided for by other OHFA programs. Agency staff from a number of offices participate in the review process.

Achieve Intended Results

One of the most critical outcomes of the HIF is the Agency's identification of possible new markets and needs, and the policies that will be necessary to meet those needs. The selected projects represent a diversity of urban and rural, single family and multifamily needs. OHFA awarded low-interest loans and grants to:

- \$3.95 million to seven initiatives in 2009
- \$2.9 million to 11 initiatives in 2010
- \$3.4 million to eight initiatives in 2011

The 2012 Notice of Funding Availability (NOFA) for the HIF will be issued by September of 2012. Approximately \$3 million will be available to continue addressing Ohio's affordable housing needs in unique and innovative ways.

Innovation: Taking a Different Approach to Addressing Housing Needs

The HIF is unique among state agencies. Few state housing agencies have established a truly flexible source of funds that can be used to do initiatives that do not conform to an existing program.

The HIF provides an unprecedented opportunity to fund programs and initiatives that do not fit the traditional mold and that could be replicated across the country. By having this flexible funding option, the Agency can implement strategic approaches in order to meet innovative statewide housing needs that align with OHFA's Annual Plan and further its mission to *Open the Doors to a Place to Call Home*.

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Housing Investment Fund Awards (2009-2011)

During the first application round 2009, seven initiatives received a total of \$3.95 million in low-interest loans and grants:

- *Youngstown Neighborhood Development*
 - Create an innovative redevelopment code that will achieve stability and encourage strategic rehabilitation of vacant properties and affordable housing in Youngstown, Ohio. The redevelopment code will embrace slow and no growth areas, promote creative land reuse and urban agriculture, and serve as the foundation for a new and greener community.
- *Hocking Metropolitan Authority Individual Development Accounts (IDA)*
 - Develop IDAs to help with down payment and closing costs for 30 families who were not otherwise eligible for such programs, and establish homeownership education outreach and training for over 120 households.
- *Famicos Foundation Capital Improvements*
 - Provide energy efficiency repairs to improve 83 lease-purchase homes, establish IDAs and provide homebuyer trainings in order for the residents of the homes to transition from rental housing to homeownership.
- *Ohio Green Initiative*
 - Implement energy and water conservation measures through development retrofits and energy efficiency improvements in order to reduce utility costs and increase operating savings for property owners. The grant will impact multifamily properties across the state and serve up to 500 households.
- *Ohio Corporation for Supportive Housing*
 - Financing to add 450 high-quality permanent supportive housing units, bolster local plans to end homelessness through training opportunities, provide technical assistance, and predevelopment loans to sponsors in order to build capacity.
- *The Ohio Capital Corporation for Housing-Ohio Affordable Housing Energy Initiative*
 - Perform energy efficiency retrofits for approximately 7,500 households and provide resident trainings to help reduce energy consumption.
- *Ohio Capital Development Corporation*
 - Provide Individual Development Accounts (IDA) in five lease-purchase housing credit projects to help with down payments and encourage tenant investment in their homes, and provide 100 households with homebuyer finance and credit counseling training.

In 2010, eleven initiatives received \$2.9 million in low interest loans and grants:

- *Cleveland Housing Network -Capital Loan Program*
 - Provide low interest loans to 430 lease purchase households who cannot obtain conventional financing for first mortgages, and provide homebuyer trainings. Financing would ensure mortgage payments are less than what the households would pay in rent and utilities.
- *TAWANA CDC*
 - Financing for new construction and rehabilitation of single-family homes to revitalize a neighborhood in Dayton, Ohio for 30 families who lost their home due to foreclosure. Provide homebuyer counseling, down payment assistance of up to \$4000 and low-interest home improvement loans for existing homeowners.
- *Community Mediation Services*
 - Assist low- income tenants in maintaining long term housing stability by providing impartial conflict mediation services to a minimum of 6,100 households and their landlords who have experienced a sudden/short term financial crisis and as a result has been served a three day notice to vacate his/her rental housing or an eviction notice.
- *Daybreak Inc.-Roadmap to Youth Housing*
 - An evaluation project that will identify emerging best practices for developing and implementing a comprehensive housing program for homeless, troubled and transitioning youth ages 18 to 21. The research will inform policy development and recommendations at the local, state and, national level.
- *United North Corporation-Sherman Rental Rehabilitation Housing*
 - Make available loans for 27 families to proceed with home repairs related to health or safety issues and who are unable to receive financing through traditional lenders.
- *Northwest Ohio Revolving Loan Program*
 - Revolving emergency loan fund for emergency and preventative home repairs for 25 homes to help avoid neighborhood blight due to dilapidated housing conditions. Maintain affordable homeownership by preserving equity in the home and increase energy efficiency through the repairs.
- *East End Community Services*
 - Conduct a housing inventory and site acquisition and demolition for 20 vacant housing sites in a Dayton, Ohio neighborhood in order to provide housing opportunities for area families.
- *Over-The-Rhine Community Housing*
 - Creation of a capitalized operating subsidy that will be used to preserve and sustain 118 low-income housing units in 30 historic properties in Cincinnati, Ohio.

- *Economic and Community Development Institute*
 - Provide IDA grants to 50 first time low and moderate-income households in Central Ohio to pay for eligible home repairs and/or energy efficiency updates.
- *The Ohio CDC Association-Appalachian Study*
 - The Ohio CDC Association, a statewide trade association of nonprofit community development corporations, will undertake an affordable housing needs assessment in the Appalachian region of Ohio. The study will involve an analysis of the regional housing market to identify the current and future housing needs in the Appalachian region of Ohio and explore how developers, and management companies of owner-occupied and rental housing in the Appalachian region of Ohio leverage funding.
- *Coalition on Homelessness and Housing in Ohio-RHINO Network*
 - Creation of an information network to assist resident long-term housing stability by reducing the frequency of resident displacement, and supporting residents with home health and safety issues and improvements.

In 2011, eight initiatives received over \$3.4 million in low interest loans and grants:

- *Frontier Community Services-Developmental Disabilities Home*
 - Funding to move aging, developmentally disabled residents from an older building in Chillicothe, Ohio that has become obsolete into a newly constructed home that will allow them to age in place by offering accessible features.
- *Humility of Mary Housing, Inc.-Opportunity House*
 - Bridge funding for a 13-unit SRO-style permanent supportive housing program for homeless disabled male youth aging out of foster care, male youth who are chronically homeless, and other homeless and disabled males under the age of 24.
- *Neighborhood Progress, Inc.-Cleveland Stabilization and Preservation initiative*
 - Funding to create and implement a best-practices model to proactively tackle the Y16 challenges of lease-purchase properties in order to maximize and preserve affordable housing. Develop and institute an early Y12 best-practices intervention model to mitigate financial burdens of the owner. Funding also used to restructure debt, conduct managerial enhancements and capital improvements for as many as twenty-five (25) CDC-sponsored multifamily and lease purchase projects impacting 882 total units.
- *Ohio Department of Job and Family Services-Ramp Modification Program*
 - Installation and recycling of modular ramp systems for 130 low -income individuals who are disabled and who are transitioning to the community from an institution and need accessible housing.

- *Youngstown Neighborhood Development, Inc.-Community Loan Fund*
 - Support the purchase of owner occupied housing in Youngstown's neighborhoods by offering a source of first-mortgage financing, and increase home ownership in targeted vulnerable neighborhoods as part of a broader revitalization strategy.

- *Geauga County Board of Health and Recovery Services-Permanent Supportive Housing*
 - Supportive services and new construction of ten units of housing in Chardon, Ohio to formerly homeless families with a household member who has a severe and persistent mental illness.

- *Cornerstone for Shared Equity Inc.-Affordable Rental Housing Equity initiative*
 - Evaluate the Renter Equity management system of Cornerstone for Shared Equity (Cornerstone). Renter Equity links property management with resident wealth building and allows each household to earn 'equity credits' for each month. Credits accrue in a financial reserve account. A household can become vested after five years at which time credits can be worth up to \$4137 and withdrawn for cash payment. The evaluation will test the theory behind Renter Equity: creates positive outcomes such as asset accumulation, and improves the financial performance of the property. The evaluation will provide an analysis of replicating the Renter Equity system elsewhere in the country.

- *Corporation for Ohio Appalachian Development- Lead abatement/repair and education outreach*
 - Lead abatement and weatherization repairs for 28 low-income households in Appalachian regions of Ohio, and provide lead safe renovation workshops for 200 affordable households.

December 15, 2010

Housing Investment Fund Guidelines

Deadline for Letter of Intent: March 24, 2011

Introduction

In September, 2008 the Ohio Housing Finance Agency (OHFA), using Agency reserves, established the Housing Investment Fund (HIF), a fund to undertake housing initiatives and meet housing needs that are not met by other programs of the agency using unique, innovative, and replicable approaches. All activities sponsored by the HIF must be consistent with the OHFA Annual Plan. OHFA set the initial balance of the HIF at \$8 million. OHFA reserves the right to discontinue the HIF should annual funding not be authorized by its Board or not to allocate the entire balance of the fund if proposals of sufficient quality are not received. Approximately \$4.0 million is available in the current funding cycle.

Required Pre-Application Meeting

OHFA will host two pre-application meetings to discuss the HIF guidelines and OHFA's expectations with potential applicants. Applicants should come prepared to discuss their potential project with OHFA staff. Draft project descriptions and budgets are helpful resources.

The pre-application meetings will occur on:

Monday, January 24, 2011, 1:00-4:00PM

Wednesday January 26, 2011, 1:00-4:00PM

Please RSVP by e-mail to HIFproposals@ohiohome.org for one of the two pre-application meetings by 1/17/2011 or 1/19/2011.

Note: Entities submitting a HIF application must attend one of the two pre-application meetings to be considered eligible for a HIF award.

Eligibility Requirements

Eligible funding recipients include for-profit and non-profit organizations, public housing authorities, and local governments.

Eligible Uses

Eligible uses of the fund include:

- Acquisition, holding and disposition of residential real estate for affordable housing or comprehensive community development purpose
- Pre-development, construction, and or permanent financing for rental or for-sale property development not eligible for funding using other OHFA programs
- Capitalized operating subsidy for affordable rental housing

- Homeowner loans for refinance, new purchase or renovation that are part of a comprehensive community redevelopment project and are offered through participating lenders or non-profit partners
- Planning grants for comprehensive community redevelopment
- Demonstration projects for innovative approaches to pre-purchase homebuyer education and post-purchase counseling to achieve or maintain homeownership. (Funds will not be awarded to fund ongoing housing counseling programs.)
- Matching funds for federal or private foundation housing grants or loans
- Other activities or projects that address an urgent affordable housing need

Capital improvement projects, for example projects involving the replacement of a roof, major building systems, or other similar activities not associated with achieving other affordable housing goals are ineligible for funding. OHFA is exploring the development of a capital needs program.

Reasonable administrative costs for recipients may be included in an award of funds.

Funding awards will be structured in the form of grants or loans. OHFA will attempt whenever financially feasible to structure awards as loans.

No more than two applications will be accepted from any one organization or combination of organizations.

Minimum Funding Requirements

All proposals must meet the following minimum requirements:

1. Activities and projects must primarily benefit households with incomes at or below 120% of the Area Median Gross Income (AMGI) for the appropriate county and household size. Reasonable affordability and compliance periods will be required.
2. Proposals must be for housing needs and/or populations not addressed by other OHFA programs. For example, a request for additional gap financing for a new Housing Tax Credit development or a project under development would not be eligible.
3. All applicants must be currently in good standing with all OHFA programs.

Review Criteria

An internal review team will evaluate and compare the proposals. Recommendations for funding will be based on the following criteria (not listed in order of priority):

1. Preference for funding requests of \$200,000 or more;
2. Significant contribution to addressing high priority unmet housing needs identified in the OHFA Annual Plan (see appendix);
3. Contribution to a comprehensive local redevelopment effort or a statewide housing initiative;
4. Leverage, to the greatest extent possible, of other funds and resources. In-kind resources are discounted when considering the funds leveraged;

5. Creation of new or development of stronger partnerships with communities and state and federal public agencies;
6. Preventing homelessness for households with incomes at or below 50% of AMGI by helping the households achieve stable, affordable housing.

In addition to the criteria listed above, OHFA will review applications for the:

- Quality of proposal presentation
- Ability of applicant to achieve the proposed results and outcomes
- Ability to measure the results of the proposal
- Ability of OHFA to effectively administer the funding award and monitor the proposed activities

OHFA will strive to achieve a reasonable state-wide dispersion of funds consistent with the OHFA Annual Plan.

Application Process

To be considered for funding, applicants must submit a Letter of Intent, as described below. Letters of Intent must be received by OHFA by **5:00 P.M., March 24, 2011**. Proposals should be submitted via e-mail to HIFproposals@ohiohome.org.

The letter of intent must be no longer than **ten pages** in length. Do not exceed the page limit or use additional attachments. Additional pages or attachments will not be considered during the initial screening of the proposals. The following information must be provided in the letter of intent:

1. Name and contact information for entity applying for funds
2. Amount of funds requested
3. Detailed summary of the proposal budget and description of major expense items; describe the source and use of any matching funds or in-kind resources
4. Description of the proposal and any partners helping with the administration or funding of the initiative
5. Describe the applicant's experience in administering housing programs, with particular emphasis on programs/projects similar to the proposed project.
6. Does the applicant currently administer a project or program similar to the HIF proposal? If so, how is this proposal different from the current project or program? Can the applicant provide any examples of successful similar projects or programs administered elsewhere?
7. If the proposal involves the development or redevelopment of housing, has the applicant obtained support from the local community?
8. Description of how the proposal meets the three minimum funding requirements listed on page 2
9. Description of how the proposal meets the six Review Criteria listed on page 2
10. Describe how project outcomes will be measured and assessed

OHFA staff will contact representatives for those proposals that rank highly after the initial screening process. At that time applicants may be asked for additional information and documentation to support their proposal.

Proposals should be submitted via e-mail to HIFproposals@ohiohome.org.

Additional Information

Applicants should refer to OHFA's website (www.ohiohome.org) often for additional program updates, clarification notices, and lists of applicants and recipients. Potential applicants are also encouraged to sign up for e-mail updates from OHFA. Visit the OHFA home page for additional details.

By submitting a letter of intent for funding through the HIF, applicant agrees that OHFA will at all times be indemnified and held harmless against all losses, costs, damages, expenses, and liabilities of whatsoever nature or kind (including, but not limited to attorney's fees, litigation, and court costs, amounts paid in settlement, and amounts paid to discharge judgment) directly or indirectly resulting from, arising out of, or related to acceptance, consideration, and approval or disapproval of such funding request.

Appendix 1

THE STATE'S HOUSING NEEDS

Affordable Housing Preservation

Ohio has a large and aging portfolio of subsidized housing properties across the state. This housing was developed using the Department of Housing and Urban Development (HUD) and Rural Development resources, including project-based rental subsidies. In addition to the federally subsidized properties, the number of housing tax credit properties that are 15 years or older is growing. These existing affordable rental properties are meeting many critical housing needs, including serving very low-income households. Stagnant population growth and high construction costs for infrastructure and new rental units are other factors to consider in allocating resources between building new and preserving existing affordable housing.

Development and Operating Costs for Multifamily Housing

Multifamily housing projects are experiencing increasing costs, including real estate taxes, utilities, and insurance. Because of stagnant or slow growing household incomes in much of Ohio, multifamily projects are unable to mitigate rising costs through rent increases. The inability to increase rents, even marginally, further restricts the capital available to maintain projects appropriately, which impacts the ability to provide an attractive product. Potential residents are not attracted to poorly maintained projects, so the cash flow of projects is further reduced because of unoccupied units, creating a downward cycle.

Permanent Supportive Housing Production

Supportive housing is nationally recognized as a model for reducing homelessness and for targeted populations; it is a better investment of public dollars than crisis and institutional care. Supportive housing experts opine that a significant increase in the number of units in Ohio is necessary to have a meaningful chance of ending homelessness and improving outcomes for people. Currently, there is no clear means for creating the number of units needed, providing services to the tenants of those units, and insuring units have adequate subsidy for long-term viability.

Affordable Homeownership

Homeownership can provide families with the benefits of stability and wealth building, but when homebuyers are unprepared for the financial and legal responsibilities of ownership, the opposite may result. Making appropriate financing tools available to otherwise qualified borrowers who do not have access to the broader credit market is a valuable public purpose. In order to afford and retain homeownership, low and moderate income homeowners may need assistance with energy efficiency and resource conservation, property maintenance or rehabilitation, while other homeowners require modifications to remain in their home.

Counseling and Education Resources

The ability to obtain and retain access to quality affordable housing depends, in part, on a household's ability to manage their financial resources and to protect their rights with respect to their housing situation. Many families have benefited from a variety of services such as: foreclosure mitigation and prevention, pre-purchase and post-purchase counseling and education, homelessness prevention, fair housing advocacy, and legal assistance with landlord-tenant disputes.

Rural and Appalachian Regions

The ability of residents in rural and Appalachian Ohio to find quality affordable housing is constrained by factors such as: smaller and aging populations, lack of zoning and regulations, stagnant economic growth, job loss, substandard existing housing stock, lack of appropriate sites, infrastructure and capacity for development.

Accessible Housing

Ohio's supply of housing is not functional for people who have or develop disabilities due to aging or other reasons.

Vacant Housing

Many communities throughout Ohio face the problem of vacant and abandoned housing. Such housing destabilizes neighborhoods and community tax bases, creating additional challenges to rebuilding impacted neighborhoods.

Very Low-Income Housing Assistance

Under HUD's definition, a "very low income" household is one with an income that is at or below 50 percent of an area's median income (AMI). It is difficult to serve these households using only the housing tax credit program, which is currently the largest rental production program in the state. As a result, the demand for federal rent subsidies far exceeds the supply. The struggling economy and greater emphasis on de-institutionalization contribute to this growing need.

Existing Special Needs Housing

Existing low-income rental housing for special needs populations is aging, inadequate to meet the need and in some cases lacks adequate funding for operations. Some units have come off-line, reducing the available inventory.