

**2009 NCSHA Award Nomination – Ohio Housing Finance Agency
Special Achievement**

Housing Investment Fund – Funding for Non-Traditional Housing Requests

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Providing funding for worthwhile programs and initiatives is imperative to helping low-to moderate-income families across the state acquire a safe, quality affordable place to call home. Created by the Ohio Housing Finance Agency (OHFA), the Housing Investment Fund (Fund) makes available the funding for projects or initiatives that do not fit the parameters of existing options such as the Housing Development Loan program or the Housing Development Assistance Program.

After the fund was approved by the OHFA Board with an initial balance of \$8 million (based on the Agency's net income) in September 2008, for-profit and non-profit organizations, public housing authorities and local governments were encouraged to apply to receive financial assistance for:

- Acquisition, holding and disposition of residential real estate for public benefit
- Pre-development, construction, and/or permanent financing for rental or for-sale property development
- Capital improvements for existing OHFA-financed properties
- Capitalized operating subsidy
- Funds for Individual Development Accounts that are linked to homeownership projects in which OHFA is a partner
- Homeowner loans for refinance, new purchase, or renovation offered through participating lenders or nonprofit partners
- Planning grants for comprehensive community redevelopment
- Homebuyer education and counseling to achieve or maintain homeownership
- Matching funds for federal or private foundation housing grants or loans
- Other activities or projects that address an urgent affordable housing need

Proposals had to meet minimum requirements to be considered for funding including: undertaking activities and projects that must primarily benefit households with incomes at or below 120% of the Area Median Gross Income (AMGI) for the appropriate county and household size; addressing housing needs and/or populations not provided for by other OHFA programs; and ensuring that the applicant is in good standing with all OHFA programs. In addition, the proposed initiatives were required to be consistent with the recommendations and guidelines listed in the Annual Plan.

Interested groups submitted Letters of Intent to the Agency with detailed descriptions of the proposal in mid-January 2009. More than 150 applications were received with amounts ranging from \$41,000 to \$2 million. Recommendations were given to the OHFA Board for approval in March 2009 with a final decision made in April 2009.

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Eight initiatives were successful and received a total of \$3.95 million in low-interest loans and grants to:

- Redevelop a city-wide zoning code to focus on redevelopment, achieving stability and encouraging the strategic rehabilitation of vacant properties and affordable housing in Youngstown, Ohio
- Make available loans for families to proceed with home repairs related to health or safety issues and who are unable to receive financing through traditional lenders
- Achieve operating savings through retrofitting multifamily developments and single family households to increase energy efficiency standards and monthly utility savings
- Improve lease-purchase homes to help residents prepare for homeownership
- Establish Individual Development Accounts for families that were not otherwise eligible for such programs to help with down payment and closing costs
- Generate permanent supportive housing through training opportunities, technical assistance and predevelopment loans to sponsors
- Perform energy efficiency retrofits on approximately 7,500 households across the state
- Provide Individual Development Accounts in five lease-purchase housing credit neighborhoods to help with down payments, encourage tenant investment in their homes and to provide case management services

Policy outcomes from the first funding round will assist the Agency in identifying housing needs throughout the state and continuing to advance OHFA's mission. These investments are directly aligned with the OHFA Annual Plan, allowing the Agency to establish and maintain a strategic focus. While many worthy applications were submitted, a number of the projects and initiatives did not align with the objectives of the OHFA Annual Plan and were not considered for funding.

One of the most critical outcomes of the Fund is the Agency's identification of possible new markets and needs. A significant number of applications involved the capital needs of existing affordable housing communities pointing to the need to establish a program that can directly impact these developments. The standard set of housing programs – Low- Income Housing Tax Credits, HOME Program, and multifamily bonds – are useful in creating specific housing outcomes such as units, but do not allow for much creativity.

The fund 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.

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OHFA acted strategically, quickly moving from conception of the fund to its actual implementation. In a short time, based on a team approach, dozens of applications were reviewed for consistency with program requirements. After selecting projects most aligned with the purpose of the fund, a select group of applicants was asked to participate in a telephone interview to provide Agency reviewers with an opportunity to further explore each proposal. Staff members asked specific questions and project sponsors were given the opportunity to discuss any issues they thought would assist OHFA in making the final decision.

Despite some challenges throughout the process, the Housing Investment Fund provided an unprecedented opportunity to fund properties and initiatives that do not fit the traditional mold. By having this flexible funding option, the Agency can implement the strategic approach to statewide housing needs outlined in its Annual Plan.