

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.

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The Ohio Housing Finance Agency is an Equal Opportunity Housing entity. Loans are available on a fair and equal basis regardless of race, color, religion, sex, familial status, national origin, military status, disability or ancestry. Please visit www.ohiohome.org for more information.



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.

