


# 2012 Ohio Housing Finance Agency ANNUAL PLAN



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## Director's Message

The Ohio Housing Finance Agency (OHFA) Board was created in 1983 to meet the state's affordable housing needs. Appointed by the governor, OHFA Board members are required by statute to be experienced and knowledgeable in mortgage lending, community planning, and single and multifamily housing construction. On behalf of the eleven member OHFA Board, I am pleased to present OHFA's 2012 Annual Plan. This plan is submitted in accordance with the requirements of chapter 175.04 (G) in the Ohio Revised Code.

The 2012 Annual Plan provides an overarching view of the complex issues surrounding affordable housing and tasks that lie ahead of the Agency so we may continue to fulfill our mission - *We Open the Doors to an Affordable Place to Call Home* - for Ohio families. The plan outlines goals, strategies and priorities that commit us to revitalizing Ohio's housing industry, stimulating the economy with the creation of thousands of jobs, uniting corporate investors with non-profit housing sponsors, and serving Ohio homebuyers and renters having the greatest need.

OHFA will eagerly continue to meet the challenge of providing affordable housing for Ohio's families. We look forward to working with each of you to implement our plan and advance our mission as *We Open the Doors to an Affordable Place to Call Home*.

Respectfully submitted,



Douglas A. Garver  
Executive Director

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Douglas A. Garver

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## Executive Summary

The mission *We Open the Doors to an Affordable Place to Call Home* is achieved through the collaborative efforts of program staff, operations and support offices, and community stakeholders. We believe that every Ohioan should have access to quality affordable housing, which is a key component of building a strong future for Ohio. The 2012 Annual Plan identifies the state's housing needs, outlines the Ohio Housing Finance Agency's (OHFA) goals and reports its progress towards addressing Ohio's critical housing issues.

OHFA's enabling legislation requires the Agency to present a plan to address Ohio's housing needs. The law requires that the Agency's Board appoint an Annual Plan Committee to develop the plan for presentation to the Agency. The Annual Plan Advisory Board has representation from interested community stakeholders including: state agencies, local governments, public corporations, non-profit organizations, community development corporations, housing advocacy organizations for low- to moderate-income persons, realtors, syndicators, investors, lending institutions as recommended by statewide banking organizations, and entities participating in the Agency's programs. We value the input from our Annual Plan Advisory Board and the extensive collaboration throughout the process that led to the development of this 2012 OHFA Annual Plan.

Despite a challenging housing market, OHFA continues to provide the programs and resources that make sustainable, quality housing available for the populations who need it most. After the burst of the national housing bubble, home purchases slowed and home prices continued to decline. Our homeownership programs filled a critical need in the market by providing fixed-rate financing for high loan-to-value mortgages for low-to moderate-income households, along with down payment assistance. We continue to offer foreclosure solutions to devastated individuals and communities throughout the state through a comprehensive partnership with housing counseling agencies.

We continue to lead the development and preservation of affordable rental housing and have worked with our partners over the past two years to structure sustainable housing developments during this unstable market. For example, we have seen a dramatic reduction in private investors for Low-Income Housing Tax Credits (LIHTC), stagnant, and in some cases, lower median county incomes, more stringent lending standards and a growing number of extremely low-income individuals and families with housing needs.

To respond to the diverse housing needs in Ohio, OHFA has developed strategies that respond to our mission *We Open the Doors to an Affordable Place to Call Home* by delivering programs responsibly and collaboratively, while optimizing scarce resources, with a continual focus on performance and quality. Our mission is driven by four key priority statements adopted by the OHFA Board:

1. Increase and preserve affordable housing opportunities for low- to moderate-income households to support Ohio's economic stability.
2. Drive Ohio's affordable housing policy and OHFA's mission.
3. Serve troubled households and neighborhoods to strengthen Ohio communities.
4. Position OHFA as a financially stable housing partner and employer of choice.

This 2012 Annual Plan provides a comprehensive look at Ohio's housing needs, the priorities, goals, and strategies for each program office, and reviews OHFA's progress towards addressing the stated housing needs. The priorities reflect the important role of our single-family and multifamily programs to address the housing needs of low- to moderate-income Ohioans. To accomplish these priorities, each program office established three and one-year goals to guide OHFA towards the future. These long and short-term goals are refined into actionable strategies and quantified with empirical measures. The empirical performance measures for each OHFA priority area are outlined, as well as the progress to meet those goals. Historical context is also given for each of OHFA's performance measures within each priority area.

## Introduction

OHFA makes affordable housing opportunities available to low- to moderate-income Ohioans, including first-time homebuyers, renters, senior citizens, and other populations with special needs. Formerly a division of the Ohio Department of Development, OHFA became a quasi-public state agency on July 1, 2005 through Amended Substitute House Bill (HB) 431. Our quasi-public status allows us to institute cost-saving measures and achieve efficiencies to better serve Ohio's long-term affordable housing needs.

OHFA is governed by an 11 member board. Nine of the 11 board members represent various sectors of the affordable housing community and general public, and are appointed by the Governor. The other two board members are the directors of the Ohio Department of Commerce and the Ohio Department of Development or their designees. Agency staff, led by an executive director, conducts the day-to-day operations. Since its inception in 1983, OHFA has issued over \$10 billion in tax-exempt mortgage revenue bonds and over \$734 million in multifamily mortgage revenue bonds. These have allowed more than 130,000 households in all of Ohio's 88 counties to become homeowners. As the allocating Agency for the federal housing credit program, more than 84,000 rental-housing units have been created or upgraded since 1987.

### ***Addressing Critical Housing Issues in an Uncertain Financial Environment***

OHFA has responded to the turmoil in the mortgage industry with strategic product and policy changes, increasing the need for training and outreach to our customers and partners. Despite a challenging housing market, OHFA provides the programs and resources that make sustainable, quality housing available for the populations who need it most.

The national financial crisis that emerged in September 2008 rippled through the housing market during the 2010-2011 biennium and resulted in slow home purchases and declining home prices. OHFA's homeownership programs filled a critical need in the market by providing fixed-rate financing for high loan-to-value mortgages for low-and moderate-income households, along with down payment assistance. OHFA continued its popular down payment assistance grant program, and created the Homebuyer Tax Credit Advantage second mortgage, allowing homeowners to leverage the federal first-time homebuyer tax credit to help with their down payment and closing costs. In October 2009, OHFA launched Grants for Grads, an additional down payment assistance program targeted to recent college graduates. OHFA established minimum credit score requirements for all borrowers and required homebuyer education for each homebuyer who uses down payment assistance.

OHFA's ability to issue tax exempt mortgage revenue bonds at interest rates that would compete favorably with the private market was disrupted by the national financial crisis. In response, the OHFA Board contributed Agency reserves to subsidize all 2009 bond issues and elected to convert a portion of its private purpose bond volume cap to Mortgage Credit Certificates (MCCs), offering another option for homebuyers. The MCC program includes an incentive for the purchase of previously foreclosed, bank-owned homes known as REOs. In late 2009, the U.S. Treasury offered the New Issue Bond Purchase Program (NIBP) in an effort to support state and local mortgage revenue bond programs. NIBP allowed OHFA to continue its first-time homebuyer program in 2010. By staying in the market in 2009 and 2010, OHFA provided important stimulus to the housing market and maintained lender relationships, providing financing for an estimated 6,000 first-time and target area homebuyers.

OHFA works hard to offer flexible and innovative solutions as foreclosures continue to devastate individuals and communities throughout the state. OHFA has developed a comprehensive partnership with housing counseling agencies to actively engage and educate Ohio borrowers by securing federal housing counseling grants. These grants have funded housing counseling and foreclosure prevention assistance for more than 17,000 homeowners through 25 agencies. In June 2010, OHFA submitted an application to the U.S.

Department of the Treasury for funding through their HFA Hardest Hit Fund. Ohio was awarded \$172 million in foreclosure prevention funds, which was later increased to \$570.4 million. OHFA's Restoring Stability program, launched on September 27, 2010, will help an estimated 53,000 Ohio homeowners facing foreclosure. OHFA is working in partnership with 38 non-profit HUD-approved counseling agencies and mortgage servicers throughout Ohio and nationally to implement this program.

OHFA continues to lead the development and preservation of affordable rental housing throughout the state. The task of structuring sustainable housing developments became more challenging over the past two years with a dramatic reduction in private investors for Low-Income Housing Tax Credits (LIHTC), stagnant and in some cases, lower median county incomes, more stringent lending standards applied by private banks and a growing number of extremely low-income individuals and families with housing needs. In early 2009, OHFA was confronted with over 35 projects, which stalled in the development pipeline due to reduced investor demand and financing issues. OHFA received funding through the Housing and Economic Recovery Act (HERA) of 2008 and American Recovery and Reinvestment Act (ARRA) of 2009 to help ensure the completion of these vital affordable housing projects. Over the past 15 months, OHFA has committed over \$230 million in ARRA and HERA funds to 90 projects consisting of approximately 4,200 units. These programs attracted large investments from many private companies including Nationwide Insurance and Huntington Bank. Almost all of the stalled projects were able to be restarted and the funding led to the creation or retention of over 5,000 construction jobs.

## Ohio Housing Finance Agency's Mission, Priorities and Values

The mission *We Open the Doors to an Affordable Place to Call Home* is achieved through the collaborative efforts of program staff, operations and support offices, and community stakeholders. The mission of OHFA provides the overarching, fundamental purpose of the Agency and defines what we strive to achieve. We believe that every Ohioan should have access to quality affordable housing. Quality housing is a key component to building a strong future for Ohio. Our core values guided the strategic foundation for the 2012 Annual Plan and is based upon the mission, priorities and core values of the Agency.



OHFA's mission is driven by four key priorities adopted by the OHFA Board:

<b>OHFA Priorities</b>
<ul style="list-style-type: none"> <li>• Increase and preserve affordable housing opportunities for low- to moderate-income households to support Ohio's economic stability.</li> <li>• Drive Ohio's affordable housing policy and OHFA's mission.</li> <li>• Serve troubled households and neighborhoods to strengthen Ohio communities.</li> <li>• Position OHFA as a financially stable housing partner and employer of choice.</li> </ul>
<b>Low- to Moderate-Income Homeownership Vision</b>
<ul style="list-style-type: none"> <li>• Increase affordable homeownership opportunities to support Ohio's economic stability.</li> </ul>
<b>Multifamily Housing Vision</b>
<ul style="list-style-type: none"> <li>• Be a leader in developing and managing innovative and effective multifamily projects that strengthen Ohio communities to address affordable housing needs throughout the state.</li> </ul>

We believe that in order to meet our mission we must deliver our programs responsibly and collaboratively, optimize resources, and focus on performance. Our core values are:

1. Responsibility
2. Collaboration
3. Optimization
4. Performance

Our priorities and values guide the development of our specific goals and strategies for our single-family and multifamily programs to provide affordable housing programs throughout Ohio.

## The Annual Planning Process

The 2012 Annual Plan is built upon the underlying housing needs and recommendations identified in previous plans and supported by Agency officials and affordable housing stakeholders. The identified housing needs were updated, refined, and used to develop measurable goals and strategies to guide us as we fulfill our mission. The development stages OHFA undertook to arrive at this annual plan are:

1. **Review the Previous Annual Plan.** The previous Annual Plan provided direction for setting the OHFA strategic plan to meet these needs and outline the housing needs identified as most important by the Annual Plan Advisory Board. The Annual Plan Advisory Board includes representation from interested community stakeholders including: state agencies, local governments, public corporations, non-profit organizations, community development corporations, housing advocacy organizations for low- to moderate-income persons, realtors, syndicators, investors, lending institutions as recommended by a statewide banking organizations, and entities participating in the Agency's programs provided direction for setting the OHFA strategic plan to meet these needs. The housing needs were then reorganized into three categories (listed in no particular order): Promoting Sustainable Homeownership, Developing and Operating Multifamily Housing, and Universal Elements. The Office of Affordable Housing Research updated the background information used to define the critical housing issues in Ohio's communities.
2. **Set Goals.** Three and one-year goals were drafted to set the stage for future success. The three-year goals are abstract and lofty. While the one-year goals are specific to the outcome OHFA wants to achieve.
3. **Match Goals to Measurable Strategies.** After the goals were defined, measurable strategies were created. These strategies were measurable and concrete so that OHFA can monitor progress toward these goals.
4. **Seek Stakeholder Approval and Strategic Guidance.** The Annual Plan was disseminated for approval from the Annual Plan Advisory Board to obtain feedback on goals and strategies. Additionally, they were encouraged to provide new information that could help OHFA refine the housing needs further. After a comment window period was complete, the Annual Plan was finalized.
5. **Ensure Accountability.** The current Annual Plan is available in a published and complete format on the OHFA website. OHFA developed this Annual Plan to track progress on each goal and measurable strategy. This creates a "living" document that is continually updated, allowing OHFA to stay accountable to its intended goals.

### *The Importance of Consensus*

The diversity of interests represented on the Advisory Board is a powerful asset in developing this plan and striving for consensus is important to developing successful outcomes. OHFA communicated the common goal and allowed the Annual Plan Advisory Board to have an opportunity to contribute throughout the entire process with the intent that consensus was reached in all matters related to this plan.

### *The Importance of Advocacy*

The Annual Plan does not replace the role advocates play in advancing affordable housing public policy, but is meant to support the relationship between advocates and OHFA policy creation. Effective interaction between OHFA and affordable housing advocates is critical to creating effective affordable housing policy.

## Housing Needs Defined

### *What is a housing need?*

A housing need is a lack of an “appropriate” dwelling, or more specifically, one that is safe, decent, affordable, sustainable and physically adequate for all members of a household.

### *Assumptions<sup>1</sup>*

Households may be impacted by high housing costs, insufficient income to afford an appropriate dwelling, and/or a lack of access to the appropriate type of housing.

- Programs and resources should address the regional distribution of appropriate housing.
- Government programs are created as a supplement to, not a replacement for, the private housing market. Partnerships between private for-profit or non-profit organizations and local, state and federal programs exist to bridge the gaps between the housing needs of households and the households’ ability to pay for or access the appropriate housing.
- Resources for both capital expenditures and supportive services will be required to fully address housing needs.
- Households must be empowered to determine how their individual housing needs are met. The ability to live independently is an important factor in leading a fulfilling life. Some housing needs are only met when services are provided and housing is designed that allows a household to live as independently as possible.
- While many government policies and programs mitigate housing needs, other government policies and programs, (e.g. taxes and regulation) may contribute to housing needs by adding cost burdens or creating barriers to access decent, affordable and appropriate housing.
- Public resources should primarily be targeted to households with low- to moderate-incomes and should enable these households to spend no more than roughly one-third of their monthly income on housing costs.
- Strategies to address housing needs should, whenever feasible, align with strategies that focus on other important public policy issues, such as economic development, transportation, community revitalization, public health and safety, environmental quality and energy conservation.

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<sup>1</sup>The scope of these assumptions needs clarification. The mission of the Ohio Housing Finance Agency is focused on “affordable housing”; that is housing policy focused on people having low- to moderate-incomes. Therefore, the Annual Plan of the Agency is necessarily limited to the Agency’s mission. This is not necessarily captured in the definition of Housing Needs without a view towards the OHFA enabling legislation. See ORC 175.02.

## **Ohio's Housing Needs**

### ***Affordable Homeownership***

Homeownership can provide families with stability and the benefits of 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- to 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.

### ***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 (RD) 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.

### ***Accessible Housing***

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

### ***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.

## ***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.

## ***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.

## ***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.

## ***Environmental Sustainability***

Affordability is impacted when housing is not safe, sanitary or energy efficient. Environmental sustainability needs are those that impact the ability of residents to lead healthy and productive lives in the housing of their choice. These needs exist in the broader housing market, impacting households at all levels of income. They are also often a component of the broader public policy of the state and as a mechanism of that policy; the Agency must consider these needs in its planning efforts.

## Homeownership

### *Provide affordable homeownership opportunities to support Ohio's economic stability.*

Homeownership can provide families with stability and the benefits of 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 qualified borrowers who do not have access to the broader credit market is a valuable public purpose. OHFA seeks to provide financial and educational resources to homeowners who need it. In order to afford and retain homeownership, low- to 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.

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.

OHFA will continue to promote responsible, affordable and sustainable homeownership. Sustainable homeownership was identified as a housing need by key stakeholders and supported by recent data describing trends in homeownership in Ohio. Ohioans face many challenges in today's tough economic climate including declining home values, fewer affordable mortgage products on the market, and an increase in foreclosure filings. To address the needs for affordable homeownership, and counseling and education resources, OHFA has developed strategies for addressing these needs that are outlined more thoroughly in the following sections.

### *Homeownership Long-Term Goals*

#### **GOAL 1**

Promote affordable, stable homeownership opportunities for first-time homebuyers throughout Ohio by offering a variety of fixed-rate mortgage products, down payment assistance and homebuyer education for low- to moderate-income homebuyers.

#### **GOAL 2**

Expand opportunities for low- to moderate-income homeowners to improve the energy efficiency, safety and quality of their homes through weatherization and modest repairs.

#### **GOAL 3**

Provide counseling and resources to homeowners at risk of foreclosure in order to reduce hardship, stabilize neighborhoods and strengthen the economy of Ohio.

## Homeownership Trends in Ohio

This section describes recent trends in homeownership across Ohio. The trends are organized by three key areas used to define affordable and sustainable homeownership within the planning process: sustainability, affordability and quality.

### Sustainability

The national and local housing crisis has erased the recent gains in homeownership, and has caused some industry experts to question the mortgage policies that provided easy access to credit and incentives for speculative investment. Development of a responsible, sustainable approach requires an understanding of homeownership trends, the causes of home loss and meaningful responses to promote and increase sustainable homeownership.

The homeownership rate in Ohio was approximately 70% in the 2nd QTR 2010 (U.S.Census Bureau, 2010). Table 1 presents homeownership rates by Metropolitan Statistical Area (MSA) in Ohio. According to 2nd QTR 2011 estimates, the Dayton MSA has the highest homeownership rate of 81.2% compared to 58.5% in the Columbus MSA. Since peak homes sales in 2005, homeownership has steadily declined in the Cincinnati-Middletown, Columbus and Toledo MSAs.

**Table 1: 2005 and 2011 Homeownership Rates in Ohio**

MSA	1ST QTR 2005		2ND QTR 2005		3RD QTR 2005		4TH QTR 2005		1ST QTR 2011		2ND QTR 2011	
	%	90% CI	%	90% CI	%	90% CI	%	90% CI	%	90% CI	%	90% CI
<b>AKRON</b>	75.7	7.9	81	6.9	79.3	7.2	76.2	4.7	72.0	8.4	71.0	8.6
<b>CINCINNATI-MIDDLETOWN</b>	69.8	5.1	67.4	5.3	67.7	5.1	68.6	3	66.0	5.0	65.1	5.1
<b>CLEVELAND-ELYRIA-MENTOR</b>	73.6	7.9	72.8	7.7	77.8	7.2	81.0	4.2	70.7	4.7	70.1	4.7
<b>COLUMBUS</b>	64.2	5.8	70.6	5.4	70.9	5.4	69.5	3.3	62.8	5.6	58.5	5.6
<b>DAYTON</b>	67.1	8.1	62.3	8.4	67.7	7.9	67.2	4.9	68.8	8.0	71.2	7.9
<b>TOLEDO</b>	70.8	9	70.8	8.9	74.6	8.7	73.5	2.6	58.7	9.7	60.7	9.4

Source: U.S. Census Bureau, Current Population Survey/Housing Vacancy Survey 2005 and 2011  
Retrieved from <http://www.census.gov/hhes/www/housing/hvs/rates/index.html>

CI= Confidence Interval

Since 2005, Ohio has been faced with declining home sales, increasing foreclosure and mortgage delinquency rates, and double-digit unemployment, making it more difficult to sustain successful homeownership. Home sales (excluding distressed sales) have declined by 46.3% since the peak of the housing boom in 2005 to 2008 (Ohio Department of Taxation, 2010). In the 1st QTR 2010 approximately 7% of mortgages in Ohio are over 90 days delinquent and 20% of active mortgages have negative equity (First American CoreLogic Inc., 2010). Compounding the problem of a weak housing market is the declining

economic environment as illustrated by the 2010 annual unemployment rate of 10.1% in Ohio, which is a significant increase from 4% in 2000. Unemployment in Ohio is higher than the national average and in some counties ranges over 15% (Ohio Department of Job & Family Services, 2011). High unemployment is the most frequently cited reason for the steadily increasing number of foreclosure filings in Ohio.

Foreclosure filings have risen from approximately 64,000 in 2005 to 85,483 in 2010. However, a foreclosure filing does not necessarily mean the home was foreclosed upon. Recent research suggests that many households either self-cure or an agreement is reached between the homeowner and servicer to allow the homeowner to stay in the home under modified loan terms. Additionally, Ohio foreclosure filing statistics do not differentiate between single-family homes, corporate, or tax filings so it is uncertain how many single family homes are included. Even so, the trend of increasing foreclosure filings continues as evidenced by the high demand for foreclosure mitigation counseling services offered by OHFA and its partners.

Ohio has responded to the foreclosure crisis with the statewide Save the Dream Ohio Initiative. Save the Dream Ohio consists of multiple programs to assist homeowners at risk of losing their home. OHFA is also involved in the NeighborWorks National Foreclosure Mitigation Counseling (NFMC) program and the HFA Hardest-Hit Fund program supported by the U.S. Department of Treasury. The HFA Hardest-Hit Fund program, known as Restoring Stability, launched on September 27, 2010 and provides innovative programs to sustain responsible homeownership. The NFMC program has served over 18,000 homeowners across Ohio since 2006 and provided \$9 million worth of foreclosure counseling. Restoring Stability is a \$570.4 million initiative expected to assist over 53,000 homeowners throughout Ohio. As of August 2011, over 36,000 people have registered for assistance through the Restoring Stability system and are allocated to statewide foreclosure counseling agencies for assistance.

## ***Affordability***

Affordability is one crucial factor to maintain successful homeownership. OHFA provides both the financial and educational resources to low- to moderate-income homeowners to offer a responsible entrance into homeownership. This section reviews the affordability of current mortgages as a percentage of income, high cost lending in Ohio, and OHFA's affordable lending products. Ideally, homeowners should not pay more than 30 percent of their monthly income in home expenses. Unfortunately, many homeowners in Ohio are paying far more of their monthly income towards housing costs. As shown in Table 2, over 31% of homeowners in Ohio are cost-burdened by housing expenses.

**Table 2: Monthly owner costs as a percentage of household income in Ohio**

HOUSING COSTS AS A PERCENTAGE OF HOUSEHOLD INCOME	PERCENTAGE
LESS THAN 20%	37.7
20.0-24.9%	18.0
25.0-29.9%	13.1
30.0-34.9%	8.6
35.0% OR MORE	22.6

Source: U.S. Census Bureau, 2006-2008 American Community Survey

Furthermore, it is important to understand how this housing cost-burden impacts those of differing income levels. Table 3 shows the estimated number of individuals by annual income that are cost-burdened. As shown below, many households with a mortgage in the low- to moderate-income range pay 30% or more of their income towards housing costs, while fewer households in higher income brackets are cost-burdened by housing expenses. It is OHFA's mission to reverse this trend by offering affordable mortgage products to Ohioans.

**Table 3: Mortgage status by selected monthly owner costs as a percentage of household income**

	ESTIMATE	MARGIN OF ERROR (+/-)		ESTIMATE	MARGIN OF ERROR (+/-)
<b>TOTAL WITH A MORTGAGE:</b>	2,169,153	9,556	<b>TOTAL NOT MORTGAGED (I.E. RENT):</b>	969,132	6,732
<b>LESS THAN \$20,000:</b>	123,017	3,118	<b>LESS THAN \$20,000:</b>	201,004	3,596
<b>LESS THAN 20 PERCENT</b>	397	153	<b>LESS THAN 20 PERCENT</b>	30,665	1,268
<b>20 TO 29 PERCENT</b>	2,832	431	<b>20 TO 29 PERCENT</b>	51,116	1,758
<b>30 PERCENT OR MORE</b>	119,788	3,125	<b>30 PERCENT OR MORE</b>	119,223	2,805
<b>\$20,000 TO \$34,999:</b>	225,528	3,661	<b>\$20,000 TO \$34,999:</b>	215,745	3,594
<b>LESS THAN 20 PERCENT</b>	8,527	804	<b>LESS THAN 20 PERCENT</b>	129,763	2,339
<b>20 TO 29 PERCENT</b>	34,776	1,642	<b>20 TO 29 PERCENT</b>	61,881	1,865
<b>30 PERCENT OR MORE</b>	182,225	3,780	<b>30 PERCENT OR MORE</b>	24,101	1,233
<b>\$35,000 TO \$49,999:</b>	303,716	4,568	<b>\$35,000 TO \$49,999:</b>	165,161	3,011
<b>LESS THAN 20 PERCENT</b>	37,584	1,665	<b>LESS THAN 20 PERCENT</b>	146,007	2,627
<b>20 TO 29 PERCENT</b>	102,331	3,001	<b>20 TO 29 PERCENT</b>	16,458	883
<b>30 PERCENT OR MORE</b>	163,801	3,230	<b>30 PERCENT OR MORE</b>	2,696	370
<b>\$50,000 TO \$74,999:</b>	531,911	6,207	<b>\$50,000 TO \$74,999:</b>	171,469	3,109
<b>LESS THAN 20 PERCENT</b>	154,081	3,176	<b>LESS THAN 20 PERCENT</b>	166,086	3,005
<b>20 TO 29 PERCENT</b>	240,094	4,239	<b>20 TO 29 PERCENT</b>	4,546	658
<b>30 PERCENT OR MORE</b>	137,736	3,067	<b>30 PERCENT OR MORE</b>	837	219
<b>\$75,000 OR MORE:</b>	978,220	7,115	<b>\$75,000 OR MORE:</b>	207,666	3,220
<b>LESS THAN 20 PERCENT</b>	615,681	5,925	<b>LESS THAN 20 PERCENT</b>	206,559	3,216
<b>20 TO 29 PERCENT</b>	292,102	4,626	<b>20 TO 29 PERCENT</b>	990	230
<b>30 PERCENT OR MORE</b>	70,437	2,128	<b>30 PERCENT OR MORE</b>	117	72
<b>ZERO OR NEGATIVE INCOME</b>	6,761	782	<b>ZERO OR NEGATIVE INCOME</b>	8,087	774

Source: U.S. Census Bureau, 2006-2008 American Community Survey, Table B25106

The need for affordable mortgage financing tools has become increasingly important in the wake of the housing crisis. A reduction in underwriting standards and the profitability of lending practices contributed to the increased marketing of unaffordable mortgage products (U.S. Department of Housing and Urban Development, 2010b). Likewise, high-cost mortgage products contributed to the recent spike of delinquent mortgages, foreclosure and the increase in vacant properties across the state (U.S. Department of Housing and Urban Development, 2010b). Table 4 outlines home purchases by type in Ohio from 2004 to 2008. In 2005 there was an increase in the percentage of high-cost loans originated in Ohio. The use of high-cost lending products for low-to moderate-income borrowers has decreased from 26% in 2005 to only 12% in 2008.

**Table 4: Home purchases in 2004 to 2008**

	2004	2005	2006	2007	2008
<b>ALL BORROWERS HIGH COST</b>	10%	21%	20%	13%	10%
<b>LOW INCOME BORROWERS HIGH COST</b>	14%	26%	25%	16%	12%
<b>ALL BORROWERS FHA</b>	14%	11%	12%	14%	39%
<b>LOW INCOME BORROWERS FHA</b>	18%	15%	15%	17%	48%

Source: Home Mortgage Disclosure Act 2004-2008

*“Having a home for me means stability. It’s a safe environment for my family. It’s the grounds of my life to keep me balanced.”*

For eligible borrowers, achieving and maintaining homeownership may not be possible without OHFA (or other public affordable housing) resources that mitigate the cost of homeownership as a percentage of other housing expenses. Additionally, effective application of those resources is required to respect the public trust placed in OHFA to efficiently accomplish this purpose. Affordable and stable lending products such as those offered by OHFA’s First-Time Homebuyer program must be available to continue the ability for qualified low-to moderate-income borrowers to achieve homeownership. These products must be used in a way that provides the most effective use of every dollar, leveraging other relationships and allocating resources to appropriate locations. More than 130,000 low-to moderate-income Ohioans have purchased homes through OHFA’s First-Time Homebuyer Programs.

OHFA’s First-Time Homebuyer Programs are financed primarily by the issuance of tax exempt Mortgage Revenue Bonds (MRB). OHFA uses the proceeds of the bonds to purchase mortgage backed securities made up of loans that qualify for the MRB program. Applicants for the First-Time Homebuyer Programs must meet OHFA income limits and properties must meet purchase price limits. To meet the needs of each homebuyer, OHFA offers a variety of loan products including Government-insured loans including traditional FHA, VA, and USDA-RD loans and Fannie Mae conventional loans with special features and flexible terms. Some of the programs offered by OHFA include the Target Area Loan Program, Homes for Heroes, New Home Sweet Home, Down Payment Assistance Grants, Grants for Grads, and Mortgage Credit Certificates.

OHFA’s Target Area Loan Program helps revitalize federally-designated target areas by making affordable first-time homebuyer loan products and competitive interest rates available to any qualifying buyer purchasing a home in these areas. A target area is an economically distressed area designated by the U.S. Department of Housing and Urban Development (HUD). Target Area Loan applicants do not have to be first-time buyers, and the income and purchase price limits are higher for Target Area loans.

PROFILE OF OHFA FIRST-TIME HOMEBUYERS FY2011	
Average Income	\$43,352
Average Age	33 years
Average Purchase Price	\$96,908
Race/Ethnicity	
Asian/Pacific	0.6%
Black	15.6%
Hispanic	1.2%
White	73.2%
Other/Refused/Unknown	9.4%
Household Size	
1	38.5%
2	26.6%
3	17.0%
4	11.1%
5+	6.9%
Loan Type	
Conventional	3.3%
FHA	85.9%
VA	3.4%
USDA-RD	2.2%
FHA-Rehab	5.2%

Homes for Heroes offers all the benefits of the First-Time Homebuyer Program at a .25% lower interest rate for homebuyers who work in critical jobs, including active military, military veterans, firefighters, emergency medical technicians or paramedics, licensed health care workers, commissioned law enforcement officers and full-time teachers.

Recently added, the New Home Sweet Home Program offers an extended lock option for homebuyers who purchase a new home and want to use OHFA's First-Time Homebuyer Programs. By allowing for a conditional loan reservation, a lender can offer a rate lock for up to 180 days while a builder completes the construction of the home. The interest rate at the time of reservation will be set at .25% higher than OHFA's standard rate. New Home Sweet Home is limited to one-unit single family dwellings.

OHFA's Down Payment Assistance Grant helps eligible borrowers participating in the First-Time Homebuyer Program, Target Area Loan Program, Ohio Heroes Program and New Home Sweet Home Program to greatly reduce the out-of-pocket expenses associated with buying a home. OHFA issues a grant in an amount up to 2.5% of a home's purchase price. The grant can be used to pay for the down payment, closing costs, or other prepaid expenses incurred prior to closing. The mortgage interest rate for homebuyers choosing this option is .5% higher than OHFA's unassisted mortgage rates.

Grants for Grads helps recent college graduates who have earned an associate's, bachelor's, master's, doctorate or other postgraduate degree (or other post-graduate degree) within the last 24 months by offering down payment and closing cost assistance and a favorable mortgage interest

rate from an OHFA participating lender. The income limit for Grants for Grads is slightly higher than the First-Time Homebuyer limit. OHFA issues a grant in an amount of 2.5% of the home's purchase price. The grant is structured as a second mortgage with a 0% interest rate with no payment due, forgivable after five years. The interest rate for the first mortgage is the same as OHFA's unassisted mortgage rate.

Mortgage Credit Certificates (MCCs) can help some families realize the dream of homeownership. A MCC is an alternative to Mortgage Revenue Bond financing. It creates an income tax deduction that reduces a household's federal income tax liability and allows the household to have more available income to make mortgage payments. Homebuyers who qualify for the program receive a MCC from OHFA, which can be used to reduce their household's tax burden every year for the life of their mortgage loan. With a MCC, a percentage of mortgage interest (20, 25 or 30%) becomes a tax credit that can be deducted dollar-for-dollar from the homebuyers' income tax liability.

## ***Quality***

While being able to afford a home and sustain payments for the term of a mortgage is a major part of OHFA's mission, it does not necessarily tell the entire story. Energy usage can play a significant role in burdening a homeowner with costs that defeat the affordable aspect of the mission. In order to afford and retain homeownership, low- to 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. Low- to moderate-income homeowners, who may already be cost-burdened, must now find ways to additionally heat their home. The following programs provide OHFA customers with some ability to establish energy efficient homeownership.

For new homeowners, OHFA offers the 203(k) program which combines a repair loan and the mortgage loan into one long-term, fixed-rate mortgage to finance both the acquisition and the rehabilitation of the property. The total mortgage amount is based on the projected value of the property after all of the repairs and updates have been completed, including labor costs. A streamlined 203(k) program is available to finance modest repairs up to \$35,000 and the full 203(k) loan provides funding for more extensive work involving structural change.

Through OHFA's Housing Investment Fund (HIF), the Agency has promoted efforts to address the issue of quality. While limited in scope, successful efforts may be seen as benchmarks to address energy related cost-burdens. For example, Economic and Community Development Institute (ECDI), a Columbus-based non-profit, developed an Individual Development Account Program to provide funding to first-time homebuyers for repairs and energy efficiency improvements. This pilot program will provide an opportunity to explore the value of establishing a source fund for low- to moderate-income homebuyers to utilize in emergencies.

In Toledo, the Northwest Ohio Development Agency is funding a program for emergency home repairs. Homeowners in target neighborhoods will be able to access funds to make repairs to roofs, heating systems, and other critical components. The program is serving a slightly higher income group that is often just beyond the income limit of existing home repair programs.

The information provided above reinforces the need for affordable homeownership. The current housing market requires future planning efforts to reassess the need for affordable mortgage programs. OHFA will continue to evolve its programming along with a healing housing market. Programs must respond to increasing demand, specialized borrowers, and more limited market opportunities for low- to moderate-income borrowers.

## Homeownership Strategic Plan At a Glance

Consistent with OHFA's mission *We Open the Doors to an Affordable Place to Call Home* the Office of Homeownership is dedicated to promoting affordable homeownership opportunities that support Ohio's economic stability. To promote responsible homeownership, OHFA provides a diverse selection of affordable mortgage programs, financial education, and foreclosure mitigation services for low-to moderate-income Ohioans. These activities reflect the mission and core values of the Agency.

### GOAL 1

Promote affordable, stable homeownership opportunities for first-time homebuyers throughout Ohio by offering a variety of fixed-rate mortgage products, down payment assistance and homebuyer education for low- to moderate-income homebuyers.

### GOAL 2

Expand opportunities for low- to moderate-income homeowners to improve the energy efficiency, safety and quality of their homes through weatherization and modest repairs.

### GOAL 3

Provide counseling and resources to homeowners at risk of foreclosure in order to reduce hardship, stabilize neighborhoods and strengthen the economy of Ohio.

### GOAL 1: Promote affordable, stable homeownership opportunities for first-time homebuyers throughout Ohio by offering a variety of fixed-rate mortgage products, down payment assistance and homebuyer education for low- to moderate-income homebuyers.

- One-Year Goal: Provide access to affordable mortgage products for low- to moderate-income first-time homebuyers and buyers in target areas.

#### Strategies

- Provide mortgage financing to 3,900 homeowners through the MRB and MCC programs.
- Provide down payment assistance and homebuyer education to 2,200 homeowners.
- Collaborate with the Ohio State University to initiate My Money Path, a post-purchase financial education program.
- Increase target area loans to 20% of MRB program, and develop a plan to update target area designations.
- Maintain 18% minority participation in the MRB program.
- Enroll 15 new lenders in the MRB and/or MCC programs, and increase loan deliveries from 50% of current lenders.
- Make strategic changes to OHFA's single-family programs in response to market and regulatory forces.
- Continue to educate real estate professionals about the OHFA mortgage programs.
- Strategically manage indenture risks including counterparties associated with variable rate debt, swaps and GICs.
- Implement revenue enhancement opportunities.

**GOAL 2: Expand opportunities for low- to moderate-income homeowners to improve the energy efficiency, safety and quality of their homes through weatherization and modest repairs.**

- One-Year Goal: Collaborate with OHFA participating lenders, local governments and non-profit partners to encourage homebuyers and homeowners to invest in energy efficiency and modest home repairs or modifications to owner-occupied housing.

**Strategies**

- Promote the purchase and rehabilitation of housing by financing 250 FHA 203(k) loans through the OHFA MRB program.
- Through OHFA's Housing Investment Fund, invest in and evaluate models for funding home repairs and modifications.
- Encourage purchase and rehabilitation of previously foreclosed or bank-owned homes to owner-occupants through OHFA MCC program and local partnerships.
- Explore options for serving homeowners with disabilities.

**GOAL 3: Provide counseling and resources to homeowners at risk of foreclosure in order to reduce hardship, stabilize neighborhoods and strengthen the economy of Ohio.**

- One-Year Goal: Ensure that foreclosure prevention counseling and resources are available statewide to at-risk homeowners using U.S. Treasury Hardest Hit Funds (Restoring Stability), HUD Comprehensive Housing Counseling, NFMC grants and OHFA resources.

**Strategies**

- Help at least 8,000 homeowners avoid foreclosure through effective implementation of Restoring Stability and the continuation of Save the Dream Ohio.
- Build an effective administrative structure to implement Restoring Stability including hiring and training staff, improving procedures and managing contractors.
- Continually improve the performance of housing counseling partners through quarterly training, on-site monitoring and contract administration.
- Achieve servicer enrollment in Restoring Stability covering 90% of the pipeline of applicants.
- Use a variety of channels to reach homeowners at risk of foreclosure and encourage them to call Save the Dream Ohio and/or apply for Restoring Stability.
- Complete an evaluation of the first year of Restoring Stability.
- Develop recommendations to improve the Restoring Stability programs and submit recommendations to U.S. Treasury by September 1, 2011.
- Effectively administer NFMC and HUD Counseling grants and compete for ongoing federal resources for housing counseling.

## **Developing and Operating Multifamily Housing**

*Be a leader in developing and managing innovative and effective multifamily projects that strengthen Ohio communities and address affordable housing needs throughout the state.*

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.

OHFA must maintain a delicate balance between responsibly allocating public resources and limiting interference with private sector economic motivations critical to affordable housing production. Multifamily housing projects are experiencing increasing costs including real estate taxes, utilities and insurance. To address the identified housing needs, Affordable Housing Preservation, Very Low-Income Housing Assistance, Permanent Supportive Housing and Existing Special Needs Housing, OHFA developed strategies that are outlined in the following section.

### *Developing and Operating Multifamily Housing Long-Term Goals*

#### **GOAL 1**

Ensure successful development and preservation of affordable multifamily housing that meets the needs of low- to moderate- income Ohioans through loans, grants and tax incentives.

#### **GOAL 2**

Continually improve programs and processes to enhance OHFA's ability to address the state's housing needs and maximize investments.

#### **GOAL 3**

Promote innovative solutions through collaboration with internal departments, state agencies, external customers and stakeholders to align multifamily housing programs with the needs of low- to moderate-income families and owners/managers of affordable housing.

## Multifamily Housing Trends in Ohio

This section describes recent trends in the development and operation of multifamily housing in Ohio. The trends in multifamily housing are organized by key areas identified during the planning process: affordable housing preservation, low-income housing assistance, economic issues, permanent supportive housing and special needs housing.

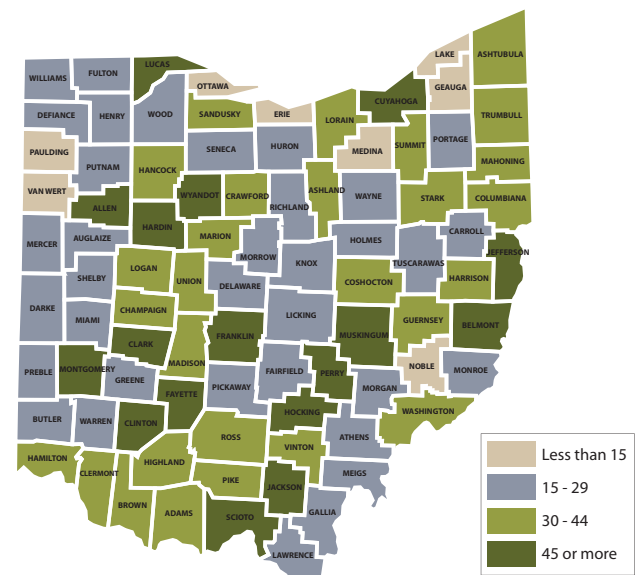
### Affordable Housing Preservation

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.

In Ohio, there are 2,623 affordable housing projects encompassing over 188,000 units (see Table 5). Many projects in this large portfolio of affordable housing are at risk for leaving the affordable housing pool over the next 10 years. Recent estimates suggest one quarter of the properties (43,000 units) will be at risk. Among the pool of Housing Tax Credit properties, 265 projects will reach the Year 15 commitment between 2011 and 2015. However, only seven of these projects do not have an Extended Use agreement as of December 2010. Of the remaining properties 186 are in Extended Use<sup>2</sup>, 54 were released with a Qualified Contract<sup>3</sup>, and 10 had other types of releases.

**Table 5: Affordable Housing Units in Ohio Per 1,000 Total Housing Units by County**

TYPE	PROJECTS	AFFORDABLE UNITS
TAX CREDITS	1,097	75,291
RURAL DEVELOPMENT	395	14,464
SECTION 8	940	69,237
SECTION 202	531	6,772
SECTION 236	87	7,761
FHA-INSURED	513	45,693
PUBLIC HOUSING	412	47,231
UNDUPLICATED COUNT	2,823	188,167
UNIQUE AFFORDABLE UNITS PER 1,000 TOTAL UNITS	37	



Source: Ohio Preservation Compact (2010). Data Brief: Fall 2010.

Retrieved from: <http://www.ohiopreservationcompact.org/databrief-2010.pdf>

<sup>2</sup>Extended use is the second fifteen year period during which tax credit projects are required to be affordable.

<sup>3</sup>A qualified contract is the contract by which a tax credit property can be sold while maintaining affordability requirements.

In 2009, OHFA, the Coalition on Homelessness and Housing in Ohio (COHHIO) and the Ohio Capital Finance Corporation (a subsidiary of Ohio Capital Corporation for Housing) formed the Ohio Preservation Compact with a grant from The John D. and Catherine T. MacArthur Foundation. The primary goal of OPC is to preserve 14,000 units across the state over a 10 year period. To facilitate these preservation efforts, OPC has designed a multifaceted approach to increase its knowledge base to make informed preservation decisions and provide additional funding resources for preservation through a revolving loan fund. The statewide database of subsidized properties was designed as a tool to inform and engage stakeholders and guide preservation decisions. The revolving loan fund totals \$18 million and provides funds to less capitalized projects so they can compete against market investors.

## **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.

*"When I put my key in my apartment door I had tears in my eyes. I was overwhelmed with joy."*

In Ohio, 26% of households fall under HUD's definition of very low-income. Housing subsidies, in part, help to alleviate the housing cost-burden for very low-income renters. Housing Choice Vouchers (HCV) provide a tenant-based subsidy to very low-income renters. In Ohio, participants in the HCV program consisted of 83% female headed households, 55% had incomes less than \$10,000 and 57% of households were minorities. Additionally, 19% of tenants living in affordable units with HCV reported having a disability. While various programs serve very low-income households, the waiting list for housing subsidies can exceed a year. On

average, tenants may wait up to 17 months for a voucher. This long waiting period exacerbates the need for adequate and affordable housing for very low-income households (U.S. Department of Housing and Urban Development, 2010a).

Funding multifamily projects to preserve project-based rental subsidies is another way OHFA is serving those with very low incomes. In 2010, 11 of the 29 Housing Tax Credit developments funded were in danger of losing Rural Development or HUD project-based funding. These 11 projects consisted of 572 units that would have been lost if it had not been for the rehabilitation efforts. While OHFA must strike a balance amongst adding affordable housing units and rehabilitating existing units, preservation of existing units for very low-income tenants is an OHFA priority. In 2011 funding cycle, OHFA directed approximately 45% of its total allocation (\$21.2 million in tax credits) toward this goal.

## **Permanent Supportive Housing Production**

Supportive housing is nationally recognized as a model for reducing homelessness and for assisting certain targeted populations; it is a better investment of public dollars than crisis and institutional care. Supportive housing experts suggest that a significant increase in the number of units in Ohio is necessary to have a meaningful chance of ending homelessness. Currently, there is no principal 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.

Homelessness continues to be a significant issue in Ohio's communities. Point-in-Time (PIT) counts estimate that homelessness has remained a persistent issue over the past four years in Ohio.

Table 6 illustrates that from 2007 to 2010 there was a slight increase in homelessness and an apparent leveling-off (Mulryan, 2010). The slight changes in the PIT count may be attributed to improved methodology and the quality of the data from each Continuum of Care (CoC). However, the current statewide estimates do not include those who are at risk of becoming homeless or those who are precariously housed (e.g. living temporarily with family). This limitation may underestimate the problem of homelessness and policymakers may miss opportunities to intervene early before individuals and families actually become homeless and enter the homeless system.

**Table 6: Total Homeless Population in Ohio Point-in-Time Count**

YEAR	PIT COUNT
2010	12,407*
2009	12,700**
2008	12,912**
2007	11,264**

Sources:

\*Coalition on Homelessness and Housing in Ohio (2010). 2010 Ohio homelessness report. Retrieved from: [http://www.nlihc.org/doc/repository/OH-Homelessness\\_2010.pdf](http://www.nlihc.org/doc/repository/OH-Homelessness_2010.pdf) count

\*\*U.S. Department of Housing and Urban Development (2010). The 2009 Annual homeless assessment report to Congress. Retrieved from: <http://www.hudhre.info/documents/5thHomelessAssessmentReport.pdf>

In 2010, 2,161 people were chronically homeless in Ohio. Unfortunately, data limitations have made it difficult to create a clear picture of homelessness in Ohio. Additionally, differences in the methods of data gathering between Continuums of Care (CoC) may introduce error into the current estimates of homelessness.

Permanent Supportive Housing (PSH) is an effective housing model linking affordable housing with flexible services. This model is proven to reduce emergency shelter use, hospitalization and incarceration and is known to reduce psychiatric symptoms for the most severely disabled, including those with severe and persistent mental illness, substance abuse problems or long-term disabilities. Nationally, recent estimates suggest that approximately 38% of the homeless population living in shelters have a disability (U.S. Department of Housing and Urban Development, 2010c). PSH provides a long-term housing solution for the most vulnerable homeless populations. In 2010, Ohio adopted a PSH framework which

will position the state to leverage funding opportunities and resources to increase the portfolio of PSH. According to the Ohio Interagency Council on Homelessness and Affordable Housing (OICHAH), PSH:

- is permanent, community-based housing targeted to extremely low-income households with serious and long-term disabilities;
- tenants have leases that provide all rights under tenant-landlord laws;
- meets federal Housing Quality Standards for safety, security and housing/neighborhood conditions;
- complies with federal housing affordability guidelines – meaning that PSH tenants should pay no more than 30-40% of their monthly income for housing costs;
- services are voluntary and cannot be mandated as a condition of admission to housing or of ongoing tenancy. PSH tenants are provided access to a comprehensive and flexible array of voluntary services and support that is responsive to their needs, accessible where the tenant lives if necessary, and designed to obtain and maintain housing stability;
- services and support should be individually tailored, flexible, accessible by the tenant, and provided to the extent possible within a coordinated case plan; and
- depends on ongoing collaboration amongst service providers, property managers, and tenants to preserve tenancy and resolve crises that may arise.

*“It makes me feel so happy that somebody was there to support me, realize my situation and get me off of the streets.”*

A Local-State partnership initiative is being developed to facilitate a coordinated effort and focus resources from the Housing Tax Credit Program, Ohio Department Mental Health's (ODMH) Community Capital for Housing Program, Ohio Department of Developmental Disabilities' Capital Housing Program, and the Ohio Housing Trust Fund. The partnership will also coordinate the policy priorities of multiple state agencies interested in PSH development. Through the strategic alignment of resources, Ohio will continue to make progress towards the goal of eliminating homelessness.

## ***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.

Special needs populations include the elderly, individuals with severe and persistent mental illnesses, and those with developmental, intellectual or physical disabilities. Providing affordable housing to meet the needs for these populations can be challenging. The housing units must be accessible, provide supportive services to create long-term stability, and be affordable for extremely low-income ( $\leq 30\%$  Area Median Income) individuals. In addition to the typical pressures on the affordable housing stock, movement of people from institutional to community settings will likely increase. This is especially important given the current economic environment and the relative economic efficiency of community-based services compared to institutional delivery (Sommers & Cohen, 2006).

As the population in Ohio continues to age, preserving and expanding the stock of affordable special needs housing for aging populations becomes a burgeoning issue. Forty-one percent of older adults live in housing that is expensive, overcrowded, or not designed to meet their needs (Federal Interagency Forum on Aging-Related Statistics, 2008). The 2003 American Housing Survey indicates that 55% of senior renters paid over 30% of their annual income on housing (Bright, 2005). Moreover, older adults aged 65 and over in rent-assisted housing units have more physical disabilities (33%) than renters in unsubsidized units (24.5%) (Commission on Affordable Housing and Health Facility Needs for Seniors in the 21st Century, 2002).

In 2008, Ohio Housing Tax Credit senior properties, the average age of residents was 72.9 years, 73.0% were female, and 70.5% were white. Only 8.7% of residents were married and most (88.1%) of the tenants reported living in a single person household. The average annual income of residents was \$15,855 and most reported social security income and pensions as their primary source of income, while only 10% reported income from employment. The average rent paid was \$382 and over half (52.2%) of the residents reported using project-based assistance. Only 12.4% reported having at least one member of the household that had a disability. However, this does not take into account that many residents may not self-identify as having a disability, and would otherwise still benefit from accessibility features.

It is equally important to consider the housing needs of those with mental illness or developmental disabilities. The estimated number of individuals with an intellectual and/or developmental disability and chronic mental illness in 2005 was 202,959 and 260,550, respectively (Mehdzadeh, 2008). Transitioning individuals from institutional care to community living is a priority. Since 2008, Ohio has moved 825 individuals from institutional settings to community settings using the Money Follows the Person (MFP) Demonstration Grant. This program is expected to act as a catalyst to reform housing and increase the number of vulnerable Ohioans living in their own home. Affordable housing for these populations generally is developed using Community Capital Assistance (Bonds) to purchase and renovate homes. Future development of housing should leverage resources and build on existing partnerships.

To address the needs of special needs populations living in Housing Tax Credit properties, OHFA has implemented universal design and visitability standards in all multifamily rental projects. Since 2005, a minimum of 12 universal design features are required in all funded multifamily rental projects. OHFA

continues to work with developers and partners to refine the universal design process. In 2007, OHFA adopted visitability – a requirement that all units funded by OHFA are designed with at least one no-step entrance, doorways wide enough for a wheelchair to pass through, and at least a half bathroom on the first floor. Although these features were required on all new multifamily construction prior to 2007 under the Fair Housing Act (FHA), it only applied to buildings with four or more units, and only to those units on the first floor of multifamily buildings that do not have elevators. OHFA funds many of the building types not covered by the FHA. Table 7 shows how many units OHFA has funded that would not have existed if not for our visitability requirement.

**Table 7: OHFA visitable unit production since 2007 that would not have been produced under the Fair Housing Act**

TAX CREDIT FUNDING YEAR	TOTAL UNITS FUNDED	TOTAL NEW CONSTRUCTION FUNDED	TOTAL SINGLE FAMILY DETACHED* UNITS FUNDED	TOTAL TOWNHOMES FUNDED**	TOTAL UNITS IN DUPLEX/ TRIPLEX BUILDINGS FUNDED**
2007*	2,206	1,170	172	34	0
2008	2,087	1,223	340	33	0
2009	2,014	826	113	58	42
2010	1,419	702	115	131	0
<b>TOTAL</b>	<b>7,726</b>	<b>3,921</b>	<b>740</b>	<b>256</b>	<b>42</b>

Notes:

\* First year that visitability was required for all newly constructed units

\*\* Exempt from Fair Housing Accessibility requirements, but not OHFA visitability requirements

OHFA is committed to multifamily housing programs that address the significant and diverse housing needs in Ohio. The development and operation of affordable multifamily rental housing is necessary to relieve the housing burden for low-income households across the state, to maintain the existing housing stock, and provide safe quality housing for vulnerable populations. In 2010, OHFA improved its understanding of the costs of multifamily housing production through a more detailed underwriting process. The underwriting and draw processes developed for the additional funds provided from the American Recovery and Reinvestment Act (ARRA) of 2009 encouraged staff to closely examine the capital and operating budgets to accurately determine the financing gap. These processes ensured the ARRA funds were spent efficiently and reduced requests for funding by over \$38 million. Moreover, a new cost certification process was developed for the ARRA projects that will provide information that is expected to be used to estimate future costs of multifamily projects.

OHFA has been more actively engaging development teams to discuss the appropriate allocation of public resources. During discussions with developers, OHFA staff has emphasized cost efficiency and the recycling of OHFA resources. The less OHFA allocates per project and the more funds that can be supported through cash flow, the more units that can be developed. With more detailed knowledge of development and management costs, OHFA can improve its involvement in the development process to create savings.

Affordable properties rely on multiple layers of funding and subsidies from the U.S. Department of Housing and Urban Development (HUD), USDA Rural Development (RD), and Low-Income Housing Tax Credits (LIHTC) administered by OHFA. As a result, many affordable properties have multiple, yet similar, compliance and reporting requirements that must be followed during the life of the housing project. The mix of financing requires owners and managers to complete duplicative quarterly or annual reports, facilitate multiple unit and building inspections, prepare responses to monitoring reports, and respond to other funder requirements. Fulfilling these obligations requires significant staff time which detracts from the time and resources the owner can allocate to managing, marketing and maintaining the projects.

## Multifamily Strategic Plan At a Glance

Consistent with OHFA's mission *We Open the Doors to an Affordable Place to Call Home* the Offices of Planning, Preservation & Development and Program Compliance are committed to leading the development and management of innovative and effective multifamily projects that strengthen Ohio communities and address affordable housing needs throughout the state. OHFA provides financial support and tax incentives and serves as a resource for maintaining regulatory compliance to ensure ongoing financial viability.

### GOAL 1

Ensure successful development and preservation of affordable multifamily housing that meets the needs of low- to moderate- income Ohioans through loans, grants and tax incentives.

### GOAL 2

Continually improve programs and processes to enhance OHFA's ability to address the state's housing needs and maximize investments.

### GOAL 3

Promote innovative solutions through collaboration with internal departments, state agencies, external customers and stakeholders to align multifamily housing programs with the needs of low- to moderate-income families and owners/managers of affordable housing.

### GOAL 1: Ensure successful development and preservation of affordable multifamily housing that meets the needs of low- to moderate-income Ohioans through loans, grants and tax incentives.

- One-Year Goal: Equitably allocate financial resources and monitor properties to ensure compliance with federal and state laws.

#### Strategies

- Finance the construction and/or preservation of 3,000 rental units using available resources.
- Finance the development of vacant/abandoned homes in targeted neighborhoods and communities.
- Close out 100% of the HDAP awards that are required to be closed out by June 30, 2011.
- Successfully complete the implementation of the ARRA programs (Tax Credit Assistance Program and Tax Credit Exchange) and NSP1 and NSP3 programs.
- Maintain the partnership with the Ohio Preservation Compact (OPC) to identify at risk properties, provide technical assistance and collaborate with OPC partners to preserve 14,000 units over the next 10 years.

## **GOAL 2: Continually improve programs and processes to enhance OHFA's ability to address the state's housing needs and maximize investments.**

- One-Year Goal: Implement DevCo and establish internal systems used to evaluate Agency programs and develop three-year business objectives.

### **Strategies**

- Develop a new underwriting model and construction monitoring procedure for the 2012 program year.
- Issue 100% of IRS 8609 Forms in 60 days or less.
- Issue 100% of Section 42(m) letters for bond projects in 60 days or less.
- Reduce credit and HDAP for 9% competitive credit projects by 25% for calendar year.
- Increase the multifamily bond volume.
- Successfully implement the new Ohio Department of Health (ODMH) Capital Improvements program.
- Implement a multifamily database program (DevCo) to improve the efficiency of PP&D and PC Offices by 12/31/11.
- Issue 100% of compliance reports in 15 business days or less.
- Conduct regular compliance trainings to ensure the latest information about OHFA policies and procedures is available to owners and managers of multifamily properties.
- Reduce the number of IRS 8823s by 15%.

## **GOAL 3: Promote innovative solutions through collaboration with internal departments, state agencies, external customers and stakeholders to align multifamily housing programs with the needs of low- to moderate-income families and owners/managers of affordable housing.**

- One-Year Goal: Work collaboratively with Agency stakeholders to improve the efficiency and effectiveness of all multifamily programs.

### **Strategies**

- Work with state and national stakeholder groups to find ways to reduce compliance burdens and communicate possible solutions to the appropriate decision-makers.
- Revise the Housing Investment Fund (HIF).
- Implement an annual resident survey to gather feedback on resident satisfaction that can be used to determine the impact of OHFA's policies.
- Evaluate neighborhood and tenant level characteristics of LIHTC projects (e.g. occupancy, income, race, rental assistance, special needs households, operating costs, crime rate, school impact and property value impact).
- Develop a prospective, collaborative model to increase production of permanent supportive housing to advance the objectives described in the PSH framework of the Interagency Council for Homelessness and Affordable Housing.

## **Addressing Universal Housing Needs and Other Considerations**

There are housing needs that do not fit neatly into either the single-family or multifamily categories because they apply broadly to locations, housing standards, economic conditions or other universal elements of affordable housing production and management. Additionally, these needs are often very important for many affordable housing stakeholders. Therefore, to address the identified housing needs with the Rural and Appalachian Regions, Accessible Housing, Vacant Housing, and Environmental Sustainability. OHFA developed strategies as outlined in this section.

### ***Universal Housing Needs Long-Term Goals:***

#### **GOAL 1**

Develop policies and programs that maximize the use of available OHFA resources in rural and Appalachian regions of the state.

#### **GOAL 2**

Develop agency strategies and stakeholder capacity to improve the management of the Ohio's growing stock of vacant housing.

#### **GOAL 3**

Research and develop programs to incentivize the development of environmentally responsible, accessible and healthy housing.

## Trends in Ohio

This section describes the recent issues that cross-cut single-family and multifamily affordable housing. These issues are organized by four broad categories: Rural and Appalachian Regions, Accessible Housing, Vacant Housing, and Environmental Sustainability.

### 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 and lack of appropriate sites, infrastructure and capacity for development.

Rural and Appalachian regions of Ohio have diverse housing needs. According to the 2000 U.S. Census, 22% of Ohio's population lives in rural areas. Table 8 presents the American Community Survey estimates of the housing characteristics in rural Ohio (2005-2009). Almost 9% of housing units in rural Ohio are vacant. In rural areas of Ohio, the majority (85.0%) of citizens live in owner-occupied homes. Most (83.2%) live in one-unit detached homes, however, 10.2% live in mobile homes. Over half of the housing stock in rural areas was built after 1970.

**Table 8: Ohio Rural Housing: 2005-2009 American Community Survey 5-Year Estimates**

		# (+/-MARGIN OF ERROR)	% (+/-MARGIN OF ERROR)
<b>TOTAL RURAL HOUSING UNITS</b>		1,143,714 (2,735)	
<b>OCCUPANCY</b>			
	Occupied	1,041,529 (3,483)	91.1 (0.2)
	Vacant	102,185 (2,899)	8.9 (0.2)
<b>HOUSING TENURE</b>			
	Owner-occupied	885,238 (3,993)	85.0 (0.3)
	Renter-occupied	156,291 (2,715)	15.0 (0.3)
<b>UNIT TYPE</b>			
	1-unit detached	951,360 (3,135)	83.2 (0.2)
	1-unit attached	20,217 (837)	1.8 (0.1)
	2 units	17,344 (876)	1.5 (0.1)
	3 or 4 units	13,755 (801)	1.2 (0.1)
	5 to 9 units	11,478 (675)	1.0 (0.1)
	10 to 19 units	6,379 (495)	0.6 (0.1)
	20 or more units	5,631 (490)	0.5 (0.1)
	Mobile home	117,204 (2,187)	10.2 (0.2)
	Boat, RV, van, etc.	346 (113)	0.0 (0.1)
<b>YEAR BUILT</b>			
	2005 or later	37,572 (1,205)	3.3 (0.1)
	2000-2004	126,495 (2,028)	11.1 (0.2)
	1990-1999	184,378 (2,614)	16.1 (0.2)
	1980-1989	115,652 (2,003)	10.1 (0.2)
	1970-1979	178,625 (2,735)	15.6 (0.2)
	1960-1969	101,675 (1,765)	8.9 (0.1)
	1950-1959	103,362 (1,863)	9.0 (0.2)
	1940-1949	48,189 (1,372)	4.2 (0.1)
	1939 or earlier	247,766 (2,912)	21.7 (0.2)

Source: 2005-2009 American Community Survey 5-Year Estimates. Retrieved from: [http://factfinder.census.gov/servlet/ADPTable?\\_bm=y&-context=adp&-qr\\_name=ACS\\_2009\\_5YR\\_G00\\_DP5YR4&-ds\\_name=ACS\\_2009\\_5YR\\_G00\\_-&-gc\\_url=040:43|&-tree\\_id=5309&-redoLog=false&-\\_caller=geoselect&-geo\\_id=04000US39&-format=&-\\_lang=en](http://factfinder.census.gov/servlet/ADPTable?_bm=y&-context=adp&-qr_name=ACS_2009_5YR_G00_DP5YR4&-ds_name=ACS_2009_5YR_G00_-&-gc_url=040:43|&-tree_id=5309&-redoLog=false&-_caller=geoselect&-geo_id=04000US39&-format=&-_lang=en)

Rural designation is based on Census 2000 boundaries

Table 9 shows the monthly housing costs as a percentage of household income. For those housing units with a mortgage, a third of households are paying more than 30% of income for housing. This considerably decreases for housing units without a mortgage. Only 12.7% of residents without a mortgage are paying 30% or more of income for housing. Among those who rent, over 40% pay more than 30% of their income for housing.

**Table 9: Monthly costs as a percentage of household income for housing units with a mortgage, housing units without a mortgage, and occupied rental units in rural Ohio**

	# (+/-MARGIN OF ERROR)	% (+/-MARGIN OF ERROR)
<b>HOUSING UNITS WITH A MORTGAGE</b>		
Less than 20%	226,270 (2,314)	38.7 (0.4)
20.0 to 24.9%	103,799 (1,934)	17.8 (0.3)
25.0 to 29.9%	76,428 (1,726)	13.1 (0.3)
30.0 to 34.9%	51,191 (1,516)	8.8 (0.2)
35.0% or more	126,409 (1,984)	21.6 (0.3)
<b>HOUSING UNITS WITHOUT A MORTGAGE</b>		
Less than 10%	121,512 (1,902)	40.8 (0.5)
10 to 14.9%	63,938 (1,447)	21.5 (0.4)
15.0 to 19.9%	36,980 (1,085)	12.4 (0.4)
20.0 to 24.9%	22,516 (950)	7.6 (0.3)
25.0 to 29.9%	14,790 (687)	5.0 (0.2)
30.0 to 34.9%	9,520 (568)	3.2 (0.2)
35.0% or more	28,254 (953)	9.5 (0.3)
<b>OCCUPIED UNITS PAYING RENT</b>		
Less than 15%	25,153 (1,001)	19.3 (0.7)
15.0 to 19.0%	20,438 (989)	15.7 (0.6)
20.0 to 24.9%	16,793 (835)	12.9 (0.6)
25.0 to 29.9%	14,069 (727)	10.8 (0.6)
30.0 to 34.9%	10,883 (658)	8.3 (0.5)
35.0% or more	43,149 (1,453)	33.1 (0.8)

Source: 2005-2009 American Community Survey 5-Year Estimates. Retrieved from: [http://factfinder.census.gov/servlet/ADPTable?\\_bm=y&-context=adp&-qr\\_name=ACS\\_2009\\_5YR\\_G00\\_DP5YR4&-ds\\_name=ACS\\_2009\\_5YR\\_G00\\_&-gc\\_url=040:43|&-tree\\_id=5309&-redoLog=false&-\\_caller=geoselect&-geo\\_id=04000US39&-format=&-\\_lang=en](http://factfinder.census.gov/servlet/ADPTable?_bm=y&-context=adp&-qr_name=ACS_2009_5YR_G00_DP5YR4&-ds_name=ACS_2009_5YR_G00_&-gc_url=040:43|&-tree_id=5309&-redoLog=false&-_caller=geoselect&-geo_id=04000US39&-format=&-_lang=en)

Rural designation is based on Census 2000 boundaries

The stagnant economic growth in rural and Appalachian areas of Ohio, coupled with a severe recession, has resulted in a decline in the number of available jobs (see Table 10). The decline of the manufacturing industry could be a key factor in future employment opportunities and sustainability of the economic base in these communities. The manufacturing sector accounts for 20.1% of those employed in the civilian job market in rural Ohio as compared to 15.1% in urban areas (U.S. Census Bureau, 2011a). In total, Ohio lost 418,000 manufacturing jobs from March 2000 to March 2010 (Ohio Department of Job and Family Services, 2011). The Ohio Department of Job and Family Services projects that the manufacturing sector will continue to show negative growth across Ohio. The Appalachian Regional Commission annually assesses the economic status of each county in this region as measured by the three-year average of unemployment, per capita income and poverty rates.

**Table 10: Average Annual Unemployment Rates in Appalachian Counties**

COUNTY NAME	ANNUAL AVERAGE 2000	ANNUAL AVERAGE 2010	ACTUAL CHANGE IN RATE	PERCENT CHANGE IN RATE
OHIO	4.0	10.1	6.1	152.5%
ADAMS	7.1	14.1	7.0	98.6%
ASHTABULA	4.8	12.6	7.8	162.5%
ATHENS	5.2	9.3	4.1	78.8%
BELMONT	6.1	9.7	3.6	59.0%
BROWN	5.1	11.9	6.8	133.3%
CARROLL	4.4	12.7	8.3	188.6%
CLERMONT	3.6	9.9	6.3	175.0%
COLUMBIANA	4.8	12.3	7.5	156.3%
COSHOCTON	4.3	12.3	8.0	186.0%
GALLIA	6.9	10.6	3.7	53.6%
GUERNSEY	6.3	12.0	5.7	90.5%
HARRISON	5.2	12.0	6.8	130.8%
HIGHLAND	4.4	16.1	11.7	265.9%
HOCKING	6.2	11.1	4.9	79.0%
HOLMES	2.9	7.4	4.5	155.2%
JACKSON	5.8	11.4	5.6	96.6%
JEFFERSON	5.7	13.4	7.7	135.1%
LAWRENCE	7.4	8.5	1.1	14.9%
MAHONING	5.1	11.3	6.2	121.6%
MEIGS	7.2	14.7	7.5	104.2%
MONROE	7.1	13.7	6.6	93.0%
MORGAN	6.7	14.5	7.8	116.4%
MUSKINGUM	5.2	13.3	8.1	155.8%
NOBLE	6.4	14.7	8.3	129.7%
PERRY	5.3	12.8	7.5	141.5%
PIKE	6.9	14.9	8.0	115.9%
ROSS	5.0	11.5	6.5	130.0%
SCIOTO	7.3	12.8	5.5	75.3%
TRUMBULL	5.0	11.8	6.8	136.0%
TUSCARAWAS	4.2	10.5	6.3	150.0%
VINTON	6.9	13.0	6.1	88.4%
WASHINGTON	5.5	9.1	3.6	65.5%

Source: Local Area Unemployment Statistics. Ohio Department of Job and Family Services, Office of Workforce Development, Bureau of Labor Market Information

OHFA recognizes that the Appalachian region is distressed and continues to develop policy goals that support the geographic dispersion of funds in its programs and work closely with Rural Development to support their projects. Additionally, OHFA awarded a Housing Investment Fund (HIF) grant in 2010 to the Ohio CDC Association to conduct a study of the housing needs in Appalachian Ohio and will use the results of this study to improve programs that serve rural Ohio.

## ***Accessible Housing***

Ohio's supply of housing is not functional for people who have disabilities due to aging or other reasons. Developing multifamily housing with accessibility features not only addresses the growing need for housing for low-to moderate-income households with a person(s) with disabilities, but also is a socially and fiscally responsible policy. In 2005, over one million Ohioans of all ages had a chronic disability including physical, cognitive, developmental or severe mental illness (Mehdizadeh, 2008). Accessible housing features are not simply incorporated into housing projects for persons with disabilities. In the course of a building's useful life, there is a 91% probability that someone living in or visiting a single-family detached unit will need its accessibility features (Smith, Rayer & Smith, 2008). These design elements promote aging in place, but also allow a person to stay in their home if one becomes suddenly disabled. Moreover, no-step entrances, adequate door widths and a bathroom on the first floor provide the opportunity for residents and visitors to get into the house or apartment, navigate through it and be able to use the bathroom.

Most of the affordable multifamily rental stock in Ohio was not built with accessible design features. This is important because an accessible housing project will last longer and avoid functional obsolescence, decreasing the possibility of having to replace it with more appropriate housing.

Often times, retrofitting is ineffective because it is architecturally difficult and can be a costly proposition. For example, the average cost of including one zero-step entrance when constructing a new home is approximately \$150. This assumes that there is a grade change that requires additional framing, otherwise, the construction of a zero-step entrance should not cost anything additional. Conversely, it costs approximately \$2,100 to add a ramp to an existing home through state home modification programs. In total, the Ohio Department of Aging spends more than \$5 million annually in state and federal Medicaid funds, state MRDD capital funds, and Ohio Housing Trust Funds to modify entrances and bathrooms in existing homes for people with disabilities (J. Hoffman, personal communication, February 25, 2011).

OHFA has produced more than 1,000 accessible and visitable units since 2007. Without the OHFA policy requiring universal design these units would not have been built under the prevailing accessibility requirements. The impact of this policy is shown in production of universally designed units, as well as developing relationships with our stakeholders to overcome their reluctance to embrace these concepts. As the state's housing leader, OHFA leverages its experience to promote visitability and universal design in all housing built in Ohio.

## ***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.

Vacant and abandoned housing has become one of the most challenging housing issues in Ohio. The recent surge in the number of vacant properties is due, in part, to the steady increase in foreclosure filings and declining industrial core cities. Estimates suggest there are 538,273 vacant homes in Ohio (U.S. Census Bureau, 2011b). The total cost of vacant housing in Ohio is unknown. The extant literature suggests that the problem of vacant housing is costing communities property tax revenue and costs of city and local services (trash collection, fire and police protection, code enforcement, etc.). The monetary costs are not the only

price a community will pay for the rising number of vacant and abandoned properties. The intangible costs to communities include more neighborhood blight, higher crime rates and diminished economic activity (Community Research Partners & Rebuild Ohio, 2008).

Based on a 2008 study done by Community Research Partners (CRP), Rebuild Ohio as well as local industry perspectives, the following issues relative to vacant housing will continue to impact the industry through large financial burdens on city governments and decreasing home values. City governments continue to bear the burden as abandoned homes and vacant lots cost city governments at least \$64 million per year and may actually be 10 times greater once costs across Ohio's cities and towns are accounted for and an accurate inventory is taken. With so many vacant properties in many of Ohio's neighborhoods, cities are now faced with a new problem of attempting to track these properties and are finding it difficult to keep up with the volume of vacant and abandoned properties. A study of eight Ohio cities (Cleveland, Columbus, Dayton, Ironton, Lima, Springfield, Toledo and Zanesville) found more than 25,000 vacant and abandoned properties. These cities are currently spending \$15 million per year in city services to maintain these properties. In addition, vacancies contributed to an additional \$49 million in lost property tax revenue to local governments and school districts.

On a local level, some neighborhoods are more severely impacted than others and carry a larger portion of vacant and abandoned properties. These vacancies are impacting property values and owners by making it more difficult to sell homes in these neighborhoods. It is also affecting the ability to attract renters or obtain insurance. Cleveland alone has paid \$4.5 million in demolition and boarding costs and estimates lost tax revenue at \$30.7 million.

OHFA continues to research key housing issues that are expected to have an impact on the housing industry in 2012. OHFA is focusing on vacant housing and is administering a portion of the Neighborhood Stabilization Program (NSP) for the State of Ohio. NSP1 and NSP3 funds will assist approximately 15 projects across the state. Additionally, OHFA has created a policy goal in the 2012 QAP that clarifies the Agency's support for the redevelopment of vacant properties.

### ***Environmental Sustainability***

Affordability is impacted when housing is not safe, sanitary or energy efficient. Environmental sustainability needs are those that impact the ability of residents to lead healthy and productive lives in the housing of their choice. These needs exist in the broader housing market, impacting households at all levels of income. They are also often a component of the broader public policy of the state and as a mechanism of that policy the Agency must consider these needs in its planning efforts.

Environmental sustainability is concerned with, but not limited to, the following issues that can impact the viability of housing for the residents and the owners/managers (U.S. Department of Housing and Urban Development, 2011):

- Lead paint
- Green housing
- Asbestos
- Energy efficiency
- Health and safety issues (e.g. building components in disrepair, or high rates of crime)
- Indoor air quality
- Chemical and noise sensitivity resulting from construction materials, activities around the site, or behaviors such as cigarette smoking

National and state statistics indicate a significant number of persons, who income-qualify, reside in substandard affordable housing. For example:

- 46% of homes have elevated levels of at least three allergens
- Asthma impacts 20 million Americans
- Unintentional injury is the leading cause of death and disability for children younger than 15
- 35%-40% of adults 65 & older fall at least once
- 40% of U.S. housing units contain lead paint
- 25% have one or more significant lead-based paint hazard

Households of all income levels are exposed to situations that negatively impact their health and affordable housing programs have an opportunity to ameliorate these issues using appropriate construction and rehabilitation methods. By addressing these issues early in the development process, long-term cost savings can be passed to owners and managers, residents, and society in general.

OHFA's multifamily finance programs currently encourage the use of energy efficient and green building standards. In addition, OHFA carefully monitors compliance with existing state and federal laws that impact environmental sustainability. Through on-going physical inspections, OHFA further insures health and safety issues are promptly addressed. Nonetheless, OHFA recognizes that significant advances can be attained in environmental sustainability that will improve the circumstances of low- to moderate-income households. Therefore, the Agency will engage stakeholders to identify appropriate policies and procedures that will ensure the highest level of environmental sustainability.

## **Universal Housing Needs and Other Considerations Strategic Plan At a Glance**

Consistent with OHFA's mission *We Open the Doors to an Affordable Place to Call Home* the Offices of Homeownership; Planning, Preservation & Development; and Program Compliance are committed to addressing these issues.

### **We Open the Doors to an Affordable Place to Call Home**

- **Office of Homeownership**
- **Planning, Preservation & Development**
- **Program Compliance**

### **Homeownership Developing and Operating Multifamily Housing**

- Increase affordable homeownership opportunities to support Ohio's economic stability.
- Be a leader in developing innovative and effective multifamily projects that strengthen Ohio communities to address affordable housing needs throughout the state.

### **Universal Housing Needs - Goals**

- Develop policies and programs that maximize the use of available OHFA resources in rural and Appalachian regions of the state.
- Develop agency strategies and stakeholder capacity to improve the management of the Ohio's growing stock of vacant housing.
- Research and develop programs to incentivize the development of environmentally responsible, accessible and healthy housing.

## **Goal 1: Develop policies and programs that maximize the use of available OHFA resources in rural and Appalachian regions of the state.**

- One-Year Goal: Develop a comprehensive understanding of the housing needs, opportunities and barriers to the development of multifamily housing in rural and Appalachian regions of Ohio.

### **Strategies**

- Use HIF resources to develop strategies to further define the housing needs of Appalachia.
- Analyze preferences in multi-family (e.g., LIHTC) and single family (e.g., FTHB) programs to determine the efficacy of allocations or program participation in rural and Appalachia regions.
- Evaluate Appalachian housing barriers and make recommendations for appropriate agency strategies to improving agency impact.
- Create a system for identifying the ideal characteristics for rural and Appalachian projects.

## **Goal 2: Develop agency strategies and stakeholder capacity to improve the management of Ohio's growing stock of vacant housing.**

- One-Year Goal: Analyze OHFA programs and policies to develop comprehensive understanding of the issues surrounding vacant housing across Ohio.

### **Strategies**

- Finance the development of vacant/abandoned homes in targeted neighborhoods and communities.
- Evaluate single-family and multifamily programs to determine opportunities to address Ohio's growing stock of vacant housing.

## **Goal 3: Research and develop programs to incentivize the development of environmentally responsible, accessible and healthy housing.**

- One-Year Goal: Research and evaluate the impacts of environmentally responsible, accessible and healthy housing and develop strategies for integrating standards into OHFA programs.

### **Strategies**

- Evaluate barriers to accessible affordable housing and recommend ways to mitigate issues within the QAP.
- Review the Agency's involvement with organizations engaged in accessible housing and develop strategies for collaboration and identify opportunities for integrating accessibility or visitability standards into OHFA programs.
- Partner with Ohio Healthy Homes Network to promote healthy homes and lead-safe environments for Ohioans.
- Engage stakeholders to analyze the impact of universal housing needs and its effect on the ability to maintain affordability.
- Evaluate the impacts of integrating the Green Communities standards into the 2012 QAP.

## **Putting it All Together**

### ***We Open the Doors to an Affordable Place to Call Home***

Every Ohioan should have access to quality, affordable housing, which is a key component of building a strong future for Ohio. Our mission, *We Open the Doors to an Affordable Place to Call Home*, is not only achieved through the efforts of our staff, partners and stakeholders, but also the policies we have established in collaboration with the General Assembly to address the critical housing needs. OHFA has responded to the turmoil in the housing industry with strategic product and policy changes. As we move into the future, OHFA will continue to collaborate to develop innovative, cost-effective solutions to address the housing issues outlined in this plan.

The 2012 Annual Plan addresses Ohio's critical housing issues and is guided by four broad priorities adopted by the OHFA Board:

- Increase and preserve affordable housing opportunities for low- to moderate-income households to support Ohio's economic stability
- Drive Ohio's affordable housing policy and OHFA's mission
- Serve troubled households and neighborhoods to strengthen Ohio communities
- Position OHFA as a financially stable housing partner and employer of choice

These priorities reflect the important role of our single-family and multifamily programs to address the housing needs of low-to moderate-income Ohioans. To accomplish these priorities, each program office established one- and three-year goals to guide OHFA towards the future. These short- and long-term goals are refined into actionable strategies and quantified with empirical measures. The performance measures for each OHFA priority area are outlined, as well as, the progress to meet those goals. Historical context is also given for each of OHFA's performance measures within each priority area.

## Performance Measures

*Increase and preserve affordable housing opportunities for low-to moderate-income households to support Ohio's economic stability.*

PRIORITIES AND STRATEGIES	PERFORMANCE MEASURES	FY2008	FY2009	FY2010	FY2011	1-YEAR GOAL	3-YEAR GOAL
<b>HOMEOWNERSHIP PERFORMANCE MEASURES</b>							
• Provide mortgage financing to 3,900 homeowners through the MRB and MCC programs	• # of MRB loans	7,612	4,640	4,153	3,197	3,750	11,500
	• Bond volume	\$765,000,000	\$297,000,000	\$143,615,000	\$425,000,000	\$800,000,000	N/A
	• # of MCC loans		117	423	186	300	1,000
• Provide down payment assistance and homebuyer education to 2,200 homeowners	• # of assisted homebuyers for down payment assistance	2837	2,780	3,176	2,168	2,200	6,000
• Increase target area loans to 20% of MRB program, and develop a plan to update target area designations	• # MRB loans in target areas	18%	18%	18%	18%	20%	20%
• Maintain 18% minority participation in the MRB program	• % of minority participant in OHFA first-time homebuyer program	11%	15%	21%	18%	20%	20%
• Maintain strong lender participation in OHFA First Time Homebuyer Programs	• # of lenders participating in first-time homebuyer program	93	86	87	88	90	90
• Educate real estate professionals about the OHFA mortgage programs	• # of real estate professionals educated	457	834	789	419	600	1,800

<ul style="list-style-type: none"> <li>Promote the purchase and rehabilitation of housing by financing 250 FHA 203(k) loans through the OHFA MRB program</li> <li>Encourage purchase and rehabilitation of previously foreclosed or bank-owned homes to owner-occupants through OHFA MCC program and local partnerships</li> </ul>	<ul style="list-style-type: none"> <li>#of FHA 203(k) loans purchased</li> <li># of REO properties purchased through OHFA MCC program</li> </ul>	N/A	27	241	234	250	800
<b>PROGRESS UPDATES</b>							
<b>PRIORITIES AND STRATEGIES</b>							
<b>OTHER HOMEOWNERSHIP PRIORITIES</b>							
<ul style="list-style-type: none"> <li>Collaborate with the Ohio State University to initiate My Money Path, a post-purchase financial education program</li> </ul>							
<ul style="list-style-type: none"> <li>Explore options for serving homeowners with disabilities</li> </ul>							
<ul style="list-style-type: none"> <li>Through OHFA's Housing Investment Fund, invest in and evaluate models for funding home repairs and modifications</li> </ul>							
<ul style="list-style-type: none"> <li>Make strategic changes to OHFA's single family programs in response to market and regulatory forces</li> </ul>							
Increase and preserve affordable housing opportunities for low-to-moderate income households to support Ohio's economic stability.							

# 2012 Ohio Housing Finance Agency ANNUAL PLAN

PRIORITIES AND STRATEGIES	PERFORMANCE MEASURES	FY2008	FY2009	FY2010	FY2011	1-YEAR GOAL	3-YEAR GOAL
<b>MULTIFAMILY PERFORMANCE MEASURES</b>							
• Finance the construction and/or preservation of 3,000 rental units using available resources.	• # of units funded	3,445	2,970	2,858	2,967	3,000	12,000
• Close out 100% of the HDAP awards that are required to be closed out by June 30, 2011.	• # HDAP transactions	...	36	62		76	100%
• Successfully complete the implementation of the ARRA programs (Tax Credit Exchange)	• # of TCE projects funded (CY)	N/A	71	N/A		N/A	N/A
	• # of TCE projects completed & closed by 12/31/11 deadline (CY)	N/A	0	0		71	N/A
• Successfully complete the implementation of the ARRA programs (Tax Credit Assistance Program)	• # of TCAP transactions (CY)	N/A	40	N/A		N/A	N/A
	• # of TCAP projects completed & closed by 2/16/12 deadline (CY)	N/A	0	0		40	N/A
• Issue 100% of IRS 8609 Forms in 60 days or less.	• average # of days to issue 8609 / % issued w/in 60 days or less	158	113	136	132	100	60

<ul style="list-style-type: none"> <li>Issue 100% of Section 42(m) letters for bond projects in 60 days or less.</li> </ul>	N/A	N/A	N/A	N/A	60	60
<ul style="list-style-type: none"> <li>Reduce credits per unit and HDAP per unit for 9%-competitive credit projects by 25% for calendar year.</li> </ul>			13,723	14,398	12,238	10,798
<ul style="list-style-type: none"> <li>Increase the multifamily bond volume (CY)</li> </ul>			11,787	10,524	8,945	7,893
<ul style="list-style-type: none"> <li>Maintain the partnership with the Ohio Preservation Compact to accomplish identify at-risk properties, provide technical assistance, and collaborate with compact partners to preserve 14,000 units over the next 10 years.</li> </ul>	N/A	0	27		15	45
<ul style="list-style-type: none"> <li>Issue 100% of compliance reports in 15 business days or less.</li> </ul>	21	15	16		15	15
<ul style="list-style-type: none"> <li>Reduce the number of IRS 8823s by 15%</li> </ul>	27	17	21		18	18

# 2012 Ohio Housing Finance Agency ANNUAL PLAN

Implement Multifamily database (DevCo) to improve efficiency and effectiveness of PP&D and PC offices.	Design, configure and implement core DevCo application	..	..	..	..	..	..	09/30/11	..
	Enter PP&D awarded projects from 2008-2011 and complete DevCo updates	..	..	..	..	..	..	10/30/11	..
	Complete PP&D program customization and training	..	..	..	..	..	..	11/30/11	..
	Prepare compliance module for compliance data	..	..	..	..	..	..	09/30/11	..
	Complete conversion of PC project, building data and building units	..	..	..	..	..	..	12/31/11	..
	Establish quality assurance and quality control plan	..	..	..	..	..	..	10/01/11	..
	Implement authority online	..	..	..	..	..	..	03/01/12	..
	Implement tax credit online	..	..	..	..	..	..	11/01/12	..
	..	..	..	..	..	..	..	..	..

PRIORITIES AND STRATEGIES	PROGRESS UPDATES
<b>OTHER MULTIFAMILY PRIORITIES</b>	
<ul style="list-style-type: none"> <li>Engage stakeholders regarding the impact of universal housing needs on the ability to provide affordable housing.</li> </ul>	
<ul style="list-style-type: none"> <li>Conduct regular compliance trainings to ensure the latest information about OHFA policies and procedures is available to owners and managers of multifamily properties</li> </ul>	
<ul style="list-style-type: none"> <li>Implement a multifamily database program to improve the efficiency of PP&amp;D and PC Offices.</li> </ul>	
<ul style="list-style-type: none"> <li>Successfully implement the new ODMH Capital Improvements Program.</li> </ul>	

N/A - Not available CY - Calendar Year

## Drive Ohio's affordable housing policy and OHFA's mission.

PRIORITIES AND STRATEGIES	PROGRESS UPDATES
<p><b>OHFA PRIORITIES</b></p> <ul style="list-style-type: none"> <li>• Work with state and national stakeholder groups to find ways to reduce compliance burdens; and communicate possible solutions to the appropriate decision-makers.</li> <li>• Revise the Housing Investment Fund (HIF) request for proposals guidelines to ensure the HIF is not used to fund projects eligible for other OHFA programs.</li> <li>• Implement an annual resident survey to gather feedback on resident satisfaction that can be used to determine the impact of OHFA's policies.</li> <li>• Evaluate neighborhood and tenant level characteristics of HTC projects (e.g. occupancy, income, race, rental assistance, special needs households, operating costs, crime rate, school impact, property value impact)</li> <li>• Use the Housing Investment Fund (HIF) grant with Ohio CDC Association to evaluate the barriers, opportunities, and housing needs in the Appalachian region of Ohio.</li> <li>• Develop a prospective, collaborative model to increase production of permanent supportive housing to advance the objectives described in the PSH framework of the Interagency Council for Homelessness and Affordable Housing.</li> <li>• Evaluate OHFA's Lease Purchase program to determine the frequency of transitions to homeownership, neighborhood change, and the impact of proximity of homes.</li> </ul>	

N/A - Not available CY - Calendar Year

*Serve troubled households and neighborhoods to strengthen Ohio communities.*

PRIORITIES AND STRATEGIES	PERFORMANCE MEASURES	FY2008	FY2009	FY2010	FY2011	1-YEAR GOAL	3-YEAR GOAL
<b>HOMEOWNERSHIP PERFORMANCE MEASURES</b>							
• Help at least 8,000 homeowners avoid foreclosure through effective implementation of Restoring Stability and the continuation of Save the Dream Ohio.	• # homeowners assisted with Restoring Stability by program type, demographic characteristics, geography	...	...	...	1596	8000	28,000
• Achieve servicer enrollment in Restoring Stability covering 90% of the pipeline of applicants.	• % pipeline covered by enrolled servicers	N/A	N/A	N/A		200	220
• Reduce Restoring Stability loan processing time by 25%	• Average processing time	...	...	...	...		
• Develop recommendations to improve the Restoring Stability programs and submit recommendations to Treasury by September 15.	• Revised Program Term sheets approved and implemented	...	...	...		11-Sep	N/A
• Administer 100% of NFMC and HUD Counseling grants and compete for ongoing federal resources for housing counseling.	• Amount of federal resources awarded for housing counseling	\$3,066,394 NFMC / \$88,208 HUD	\$0 NFMC / \$162,411 HUD	\$2,522,440 NFMC / \$136,881 HUD		\$1,318,451 NFMC / \$174,677 HUD	N/A

PRIORITIES AND STRATEGIES		PROGRESS UPDATES			
<b>OTHER HOMEOWNERSHIP PRIORITIES</b>					
<ul style="list-style-type: none"> <li>• Build an effective administrative structure to implement Restoring Stability including hiring and training staff, improving procedures and managing contractors.</li> </ul>					
<ul style="list-style-type: none"> <li>• Complete an annual evaluation of the of Restoring Stability Program.</li> </ul>					
<ul style="list-style-type: none"> <li>• Continually improve the performance of housing counseling partners through quarterly training, on-site monitoring and contract administration.</li> </ul>					
<ul style="list-style-type: none"> <li>• Use a variety of channels to reach homeowners at-risk of foreclosure and encourage them to call Save the Dream Ohio and/or apply for Restoring Stability.</li> </ul>					
<b>MULTIFAMILY PERFORMANCE MEASURES</b>					
<ul style="list-style-type: none"> <li>• Finance the development of vacant/abandon homes in targeted neighborhoods and communities. (CY)</li> </ul>	<ul style="list-style-type: none"> <li>• # vacant / abandon homes redeveloped</li> </ul>	120	274	230	YTD- 165
				200	N/A

N/A - Not available CY - Calendar Year

*Position OHFA as a financially stable housing partner and employer of choice.*

PRIORITIES AND STRATEGIES	PERFORMANCE MEASURES	FY2008	FY2009	FY2010	FY2011	1-YEAR GOAL	3-YEAR GOAL
<b>OHFA PERFORMANCE MEASURES</b>							
<ul style="list-style-type: none"> <li>By controlling operating costs and strategically investing OHFA's resources maintain a General Fund sufficiency/savings ratio of no more than 3%</li> <li>Maintain program direct expenditures that create new housing investments at no less than 70% of total expenditures.</li> <li>Achieve 75% employee engagement.</li> </ul>	<ul style="list-style-type: none"> <li>Sufficiency / Savings Ratio (FY)</li> </ul>	86%	29%	-15%		3%	2.75%
<ul style="list-style-type: none"> <li>Maintain program direct expenditures that create new housing investments at no less than 70% of total expenditures.</li> </ul>	<ul style="list-style-type: none"> <li>Program ratio (FY)</li> </ul>	56%	57%	72%		76%	78%
<ul style="list-style-type: none"> <li>Achieve 75% employee engagement.</li> </ul>	<ul style="list-style-type: none"> <li>Employee engagement survey (CY)</li> </ul>	N/A	70%	68%	N/A	75%	76%
<b>PRIORITIES AND STRATEGIES</b>							
<b>PROGRESS UPDATES</b>							
<b>OTHER OHFA PRIORITIES</b>							
<ul style="list-style-type: none"> <li>Develop Workforce Plan that links staff development strategies with strategic business objectives.</li> <li>Strategically manage indenture risks including counterparties associated with variable rate debt, swaps, and GICs and implement revenue enhancement opportunities.</li> </ul>							

N/A - Not available CY - Calendar Year

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# WE OPEN THE DOORS TO AN AFFORDABLE PLACE TO CALL HOME

- Increase and preserve affordable housing opportunities for low- to moderate-income households to support Ohio's economic stability.
- Drive Ohio's affordable housing policy and OHFA's mission.
- Serve troubled households and neighborhoods to strengthen Ohio communities.
- Position OHFA as a financially stable housing partner and employer of choice.

<b>ACCESSIBLE HOUSING</b>	<b>DEVELOPMENT AND OPERATING COSTS FOR MULTIFAMILY HOUSING</b>	<b>COUNSELING AND EDUCATION RESOURCES</b>
<b>AFFORDABLE HOUSING PRESERVATION</b>	<b>VACANT HOUSING</b>	<b>MULTIFAMILY GOALS</b>
<b>ENVIRONMENTAL SUSTAINABILITY</b>	<b>UNIVERSAL CONSIDERATIONS</b>	
<b>VERY LOW-INCOME HOUSING ASSISTANCE</b>		<b>AFFORDABLE HOMEOWNERSHIP</b>
<b>RURAL AND APPALACHIAN REGIONS</b>		<b>SPECIAL NEEDS HOUSING</b>
		<b>PERMANENT SUPPORTIVE HOUSING</b>

**HOMEOWNERSHIP GOALS**

- Promote affordable, stable homeownership opportunities for first-time homebuyers throughout Ohio by offering a variety of fixed-rate mortgage products, down payment assistance and homebuyer education for low- and moderate-income homebuyers.
- Expand opportunities for low- and moderate-income homeowners to improve the energy efficiency, safety and quality of their homes through weatherization and modest repairs.
- Provide counseling and resources to homeowners at risk of foreclosure in order to reduce hardship, stabilize neighborhoods and strengthen the economy of Ohio.

**VACANT HOUSING**

**UNIVERSAL CONSIDERATIONS**

- Develop policies and programs that maximize the use of available OHFA resources in rural and Appalachian regions of the state.
- Develop agency strategies and stakeholder capacity to improve the management of the Ohio's growing stock of vacant housing.
- Research and develop programs to incentivize the development of environmentally responsible, accessible and healthy housing.

**MULTIFAMILY GOALS**

- Ensure successful development and preservation of affordable multifamily housing that meets the needs of low- to moderate-income Ohioans through loans, grants and tax incentives.
- Continually improve programs and processes to enhance OHFA's ability to address the state's housing needs and maximize investments.
- Promote innovative solutions through collaboration with internal departments, state agencies, external customers and stakeholders to align multifamily housing programs with the needs of low- to moderate-income families and owners/managers of affordable housing.

**AFFORDABLE HOMEOWNERSHIP**

**SPECIAL NEEDS HOUSING**

**PERMANENT SUPPORTIVE HOUSING**

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