

Ohio Neighborhood Stabilization Program (NSP) 3 Affordable Rental Housing Initiative Guidelines

Introduction

As a result of the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 by Congress, the U.S. Department of Housing and Urban Development (HUD) awarded \$1 billion of funds to states and communities across the country to address the nation's abandoned and foreclosed homes crisis through the Neighborhood Stabilization Program (NSP) 3. The Ohio Department of Development (ODOD) received an NSP 3 allocation of \$11,795,818. ODOD is allocating \$11,590,000 of the funds to the Ohio Housing Finance Agency (OHFA) for distribution through the Affordable Rental Housing Initiative. The remaining funds will be expended by ODOD for administration.

Purpose

The purpose of the initiative is to encourage the redevelopment or rehabilitation of demolished, foreclosed, abandoned or vacant homes and residential properties into affordable rental housing. The goal is to fund at least five projects to redevelop/rehabilitate at least 150 affordable rental units.

The NSP 3 funds may be awarded to fund projects:

- in conjunction with Low-Income Housing Tax Credit (LIHTC) Program, Housing Development Gap Financing (HDGF) Program and Multifamily Housing Bond and Bond Credit Programs; or
- as a standalone grant, provided that the proposed project meets the HDGF program requirements.

Eligible Award Recipients

Award recipients must be a for-profit development entity, nonprofit organization [i.e., 501(c)(3)] or a public housing authority.

Eligible Projects

To be eligible for funding, the applicant must propose to redevelop or rehabilitate demolished, foreclosed, abandoned or vacant homes and residential properties that serve households with incomes at or below 50 percent of the area median income. In addition, the proposed projects must be located in a target census tract as defined in the State of Ohio's Action Plan for the NSP 3 funds.

When considering NSP 3 funding requests, OHFA will review the project to ensure that OHFA and HUD requirements are met. In addition, OHFA will consider the capacity and experience of the development team working with demolished, foreclosed, abandoned or vacant homes and residential properties; the development team's ability to proceed; and the geographic dispersion of NSP 3 funding. Also, OHFA reserves the rights to limit the number of NSP 3 awards per sponsor.

Maximum Award Amount

The Affordable Rental Housing Initiative grant ceiling is \$2 million. However, a grant ceiling waiver may be requested. To determine the NSP 3 funding award amount, OHFA will consider:

1. the financial feasibility of the project;
2. the reasonableness of the percentage of total project costs that will be subsidized; and
3. the participation of other funders.

Community Participation

Applicants must demonstrate that a proposed project contributes to an existing community redevelopment plan or, for projects located in a community that received a direct NSP 3 allocation from HUD, is consistent with the community's NSP action plan. If no plan exists, the applicants must demonstrate local government support and explain why the proposed project is needed and will be sustainable during the compliance period.

Affordability Requirements

Rent and occupancy restrictions apply to all units in the project. "Rent" and "income" must be calculated based on the LIHTC Program rules. The rent and occupancy restrictions must be maintained for a minimum of 20 years. An exception will be provided for projects involving the sale of the units to eligible residents after the 15th year in the affordability period.

Other Requirements

There is a required minimum discount of 15 percent for each eligible property purchased with NSP 3 funds. In addition, funding recipients must comply with the applicable federal requirements, including, but not limited to, Davis-Bacon Wage Rates, Environmental Review, Acquisition and Relocation Requirements, Rehabilitation Standards, Fair Housing and Accessibility, and Lead Paint Hazard Control. In addition, funding recipients at a minimum, must comply with the Enterprise Green Communities Standards. For more information, visit <http://www.hud.gov/offices/cpd/communitydevelopment/programs/neighborhoodspg/index.cfm>. Also, projects will be required to meet the property standards and rental housing qualification standards for the HOME Investment Partnerships Program.

Application Submission Deadlines

To receive funds, applicants must submit applications during the applicable funding rounds, as listed below, and submit the necessary documentation. Application submission information for each program can be found at <http://www.ohiohome.org>.

The NSP funds will be awarded to eligible projects as non-committed funds are available. Funding rounds are scheduled as follows:

- 2010 and 2011 Multifamily Bond and Bond Credits - applications submitted after July 1, 2010.
- NSP 3 Only – applications accepted beginning February 21, 2011 - must follow HDGF Program requirements.
- 2011 LIHTC applications – applications received after October 1, 2010.

All applicants are required to contact OHFA staff prior to application submission in order to discuss their proposal.

Award Structure

Standard funding terms will be grants or loans with interest rates of two percent with repayments based on available cash flow. These terms may be modified based on the financial need of the project.

Administration

Funding requests will be reviewed and approved by the OHFA Board. The administration of the funding award, including issuance of funding agreements, processing of funding draws, performance reporting, and long-term compliance will be coordinated directly through OHFA.

Program Contact

Questions regarding the initiative should be directed to Sean Thomas, OHFA Office of Planning, Preservation and Development Director, by telephone at (614) 466-0400 or by e-mail at sthomas@ohiohome.org.