

MINUTES OF PUBLIC FORUM
OHIO HOUSING FINANCE AGENCY
NATIONAL HOUSING TRUST FUND IMPLEMENTATION
THURSDAY, FEBRUARY 25, 2016

The Ohio Housing Finance Agency held a public forum on February 25, 2016 at the State Library of Ohio located at 274 E. First Avenue, Columbus, Ohio for the purpose of receiving comment from the public at large on the recent announcement of the National Housing Trust Fund. Myia Batie called the meeting to order at 1:06pm welcoming guests and making introductions on behalf of the Agency. Batie stated that today marks the first convening in a planning process that will support development of the allocation plan for National Housing Trust Fund resources in Ohio. In the months of March, April and May, the Ohio Housing Finance Agency (OHFA) will host a number of additional focus groups and small workgroup sessions to oversee the production and dissemination of the Allocation Plan. OHFA will also be rolling out a web-based tool allowing for online public participation in the process. Finally, the Agency has set up a National Housing Trust Fund webpage and email inbox to keep stakeholders connected to the process.

Bill Faith from the Coalition on Housing and Homelessness in Ohio (COHHIO) stated that COHHIO was part of the advocacy group that assisted in getting this trust fund started and established. Mr. Faith stated that the National Low Income Housing Coalition was created to provide for rental housing for people that are extremely low income which in turn created The United for Homes Campaign which was endorsed by thousands of organizations. It wasn't until the recession hit that the needs of low income people were heightened. Legislation that had been pending in both chambers for a number of years was incorporated into the Housing and Economic Recovery Act of 2008, also known as the Stimulus bill, passed in July 2008 that included the creation of the National Housing Trust Fund.

Mr. Faith stated the idea was to have a funding stream dedicated to this trust fund apart from the federal budget. With this structure, the trust fund wouldn't compete with existing HUD programs and would be funded outside the regular appropriations process.

The Federal Housing Finance Administration, in December, 2014, required the GSE's set money aside for the funding of the National Housing Trust Fund starting in January 1, 2015.

Mr. Faith gave some speculation on the formula to the States, indicating that 33 states will get the "small state minimum," with Ohio to receive an anticipated \$4.2 million. Mr. Faith mentioned that this could change once it becomes official. Mr. Faith indicated that he believes the State should look at different ways to utilize this money. HUD published regulations governing this in 2010, then interim regulations in January 2015. OHFA will work from these regulations to establish rules and how the money will be used.

The rule is that 90% of the money needs to go to rental housing; 10 percent for homeownership.

Kelan Craig, Director of Planning, Preservation and Development at the Ohio Housing Finance Agency (OHFA) stated that on February 8, Governor Kasich sent a letter to HUD Secretary Julian Castro designating the Ohio Department of Administrative Services (ODSA) as the administering entity and the Ohio Housing Finance Agency (OHFA) as the allocating entity for these funds.

The NHTF law requires states to prepare an "Allocation Plan" every year. This plan must show how the state will distribute the funds. The funds will flow from the GSE's into the NHTF on March 1 and states have until August 31st to complete the Allocation Plan. Distribution of these funds is to be based on the priority housing needs in the States Consolidated Plan, which has already been approved. There has to be geographic distribution throughout the State. The plan further requires the Agency to notify the public that there will be an Allocation Plan, provide public comment and make the Allocation Plan available.

NHTF law also requires compliance with Consolidated Plan public participation requirements. ODSA will hold a public hearing on the final allocation plan/amendment to the Consolidated Plan.

Mr. Craig stated that the Allocation Plan must describe requirements the "recipient" must meet when applying for the money. States allocate NHTF to "recipients" to carry out specific projects; recipients may be non-profit, for profit or public entity. Recipients must have relevant experience and financial capacity.

The Allocation Plan must describe criteria for selecting applications. The plan must give priority to projects based on: Geographic diversity, extent rents are affordable, restricted use period; "Merit" of a project; the applicant's ability to obligate money and complete project in a timely fashion and extent project will leverage non-federal funds.

The NHTF must be used to buy, build, rehabilitate, or preserve rental or owner-occupied homes; no more than 10% may be used for homeownership; 75% of money used for rental homes must benefit extremely low income people (30% of AMI); maximum income limit is 50% of AMI; proposed rule prohibits use for public housing.

There are many eligible "project costs" that may be paid for with NHTF include: Buying property; development "hard costs" associated with construction; relocation; demolition; utility connections; site improvements; project "soft costs" associated with financing and development; refining; paying construction loans; staff costs and operating assisting within limits.

NHTF may be used to provide operating costs assistance to NHTF assisted rental homes; operating cost assistance covers gap in rent paid by households and cost of operating rental housing; operating costs include maintenance, utilities, insurance, property taxes, etc. The proposed rule has 20% cap on the amount of state's NHTF annual grant that may be used for operating assistance.

The NHTF law limits amount used for homeowner activities to 10% of a state's total NHTF. NHTF may be used to build rehabilitate, or preserve housing for homeownership; help homeowners with down payment or closing costs assistance and to make interest rate buy-downs.

Up to 10 percent of the State's annual grant may pay for general program administration and planning.

The time frame for commitment and expenditure: NHTF law requires money to be committed within two years. Proposed rule adds NHTF must be spent in five years. Proposed rule defines "committed" to mean having a legal agreement with a specific timeframe for starting NHTF-assisted activity, depending on type of activity. Proposed rule provides that project may be canceled if NHTF is committed, but none if requested from HUD (drawn down) within a year.

Mr. Craig stated that there are future public engagement opportunities: Focus Groups will be held on March 24, April 26, and May 19, 2016. There will be another public hearing (to be determined) in summer 2016. Once there is a draft, there will be another public hearing. Send comments anytime to the mailbox at NHTFAllocation@ohiohome.org or OHFA's website: <http://ohiohome.org/housingtrust/default.aspx>.

Discussion:

Dennis Morton: Mr. Morton stated he would like to use the NHTF for Operating subsidy.

Irene Collins, EDEN: Ms. Collings stated preservation of scattered site permanent supportive housing should be a priority for use of NHTF funds as these are difficult to accomplish with tax

credits. The funding from the NHTF would be a great help to match it with other funding sources to make a good dent in a lot of units.

Leah Werner, Corporation for Supportive Housing: Ms. Werner stated NHTF dollars could help support the smaller non-LIHTC developments that just need a couple hundred thousand dollars to fill the gap. Werner further advised that focusing on projects that are in the pipeline and with some security is important.

Rod Siddons, Frontier Community Services: Mr. Siddons asked what is the state minimum? Mr. Faith stated \$3 Million. Mr. Siddons responded that he would like to see the \$3 million match what is in the 811 Program to create more vouchers for Ohio. Any remaining funds could be used for special projects.

Tom Leach, HUD: Mr. Leach stated that the money could be used for serving youth that are aging out of foster care or other vulnerable populations.

Jeanette Welch, Ohio Department of Medicaid: Ms. Welch stated that the Home Choice Program works to help individuals who need fully accessible units. With the funds they have available this year, they will create 10 operating subsidies that are actually subsidizing the rent for 15 years. Ms. Welch suggested using the money to augment this existing program.

An unnamed individual suggested finding units for those individuals coming out of the justice system, leveraging subsidies available through ODRC, CSH and Returning Home Ohio.

Ernie Fisher, Department of Developmental Disabilities: Mr. Fisher stated DODD has state dollars for rental assistance as well as for capital purchase, construction, renovation and

accessibility modifications. Mr. Fisher would like to see NHTF going to these types of projects to assist private developers and to do a few public demonstration projects throughout the State.

Doug Bailey, Ohio Mental Health and Addition Services: Mr. Bailey would like to see the money go to small projects serving special needs populations and perhaps help to capitalize operating reserves.

Amy Rosenthal, National Church Residences: Ms. Rosenthal stated she would like to see the money being used for the extremely low income as the starting point and leveraged with existing programming including 4 percent housing credits and Bond Gap Financing provided by the Ohio Housing Finance Agency.

City of Cleveland: A representative from the City of Cleveland indicated he would like look at the possibility of sub-allocating a portion of the resources to local governments to help supplement HOME funded projects, especially the PSH projects.

Jacalyn Slemmer, Disability Housing Network: Ms. Slemmer feels there is a lack of capital dollars available for those organizations to develop affordable accessible housing around the State of Ohio.

Dennis Morton: Mr. Morton concluded by stating he would like to see more landlords accepting vouchers and recommended using NHTF resources to conduct outreach and provide information to private landlords.

With no additional remarks, the forum was adjourned at 3:05pm.