

## National Housing Trust Fund Allocation Plan

Coalition on Homelessness and Housing in Ohio

April 15, 2016

Ed Gramlich, NLIHC Senior Adviser

# NHTF Is Block Grant to States (Part1)



There are two conditions that each state must meet in order to receive its NHTF allocation:

- State must designate entity to administer NHTF and notify HUD Secretary of the administering entity.
- State must prepare and submit NHTF Allocation Plan to HUD.

# NHTF Is Block Grant to States (Part 2)



Governor submitted letter to HUD:

- Ohio Development Services Agency (ODSA) is Ohio's designated entity responsible for administering the NHTF.
- Ohio Housing Finance Agency (OHFA) will participate as subgrantee to allocate NHTF dollars and monitor projects.

David Goodman, Director,  
Ohio Development Services Agency  
77 S. High Street, 29<sup>th</sup> Floor  
Columbus, Ohio 43215  
Phone: 614.466.3379

Douglas Garver, Director  
Ohio Housing Finance Agency  
57 E. Main Street  
Columbus, Ohio 43215  
614.466.7970

Kelan Craig at OHFA will be involved on a day-to-day basis.

[www.nlihc.org/issues/nhtf](http://www.nlihc.org/issues/nhtf)

# Tentative Timeline



- April 4: HUD announces nearly \$174 million for NHTF for 2016.
- Late April: HUD publishes NHTF Allocation Plan guidance.
- Late April: HUD publishes NHTF allocations to states in *Federal Register*.  
NLIHC estimates Ohio will receive **\$3,790,000**.
- April-May: Ohio Housing Finance Agency (OHFA) develops NHTF Allocation Plan following ConPlan public participation procedures, including at least 30-day comment period.
- June: OHFA submits NHTF Allocation Plan. HUD has 45 days to review; plan approved after 45 days if HUD does not comment.
- Summer: When Secretary Castro wants to distribute NHTF funds.

# Statute, Regulation, or Suggestion?



Information in this presentation is based on:

- NHTF statute is **ST**.
- NHTF regulation is **REG**.
- NLIHC suggestion is **SUG**.

# NHTF Allocation Plan and Ohio ConPlan (part 1)



- NHTF Allocation Plan is part of Annual Action Plan Ohio submits as update to Consolidated Plan (ConPlan).
- Ohio's last Annual Action Plan submitted September 15, 2015.  
Draft 2016 Action Plan dated February 2016.
- Office of Community Development (OCD) within Development Services Agency (DSA) submits ConPlan and Annual Action Plan.
- Ohio Housing Finance Agency (OHFA) works with OCD in developing ConPlan
- OHFA will draft NHTF Allocation Plan.



# NHTF Allocation Plan and Ohio ConPlan (part 2)



- Advocates need to be familiar with state ConPlan and state's public participation process.
- For 2016 NHTF Allocation Plan will be “substantial amendment” to Annual Action Plan.
  - Triggers ConPlan public participation procedures.
  - 30-day comment period is required.

# NHTF Allocation Plan and Ohio ConPlan (part 3)



- Typically, ConPlans and Annual Action Plans submitted via HUD's IDIS electronic system.
  - Until IDIS adapted to NHTF Allocation Plan, it will be submitted as PDF.
- NHTF rule does not address Allocation Plan approval process.
  - Assume is same as ConPlan, meaning 45 days after submitted is accepted, unless HUD raises issues.



# Definitions



- **Grantee (ST).** State entity that prepares NHTF Allocation Plan, receives NHTF dollars, administers NHTF.
- **Subgrantee (REG).** State may choose to designate local jurisdiction to administer NHTF in a city or county.
- **Eligible Recipient (ST).** Organization or agency that applies to grantee for NHTF money to carry out NHTF project.

# NLIHC Suggestions (Part 1)

## ALL SUGGESTIONS

- Advocates should seek **deepest possible affordability** for rents in NHTF-assisted units and **longest possible affordability periods**.
- All funds in first year should be used for **rental housing**.
- All funds should be distributed by states to eligible recipients (no subgrantees).

# NLIHC Suggestions (Part 2)

## ALL SUGGESTIONS

- All funds first year should be used to expand ELI housing.
  - Prevent supplanting.
  - Minimize use for preservation of existing federally assisted housing.
- Maximize affordability,
  - Projects should have as little debt service as possible.
  - Grants or no interest loans preferred.
- Given small amount of money first year, focus on projects with most impact.
  - Don't give small amounts of money to many projects.

# 14 Elements of NHTF Allocation Plan

(those in **bold** covered here) Part 1



- 1. Description of distribution of funds (ST)**
- 2. Application requirements (REG)**
- 3. Criteria for selecting applications submitted by recipients (ST)**
- 4. State's maximum per-unit development subsidy limit for NHTF-assisted housing (REG)**
5. If funds used for first-time homebuyers, identify resale or recapture provisions (REG)
6. Whether state will distribute funds directly, and/or use subgrantees (REG)
- 7. Funding priority based on six factors (ST)**

# 14 Elements of NHTF Allocation Plan

(those in **bold** covered here) Part 2



8. **Description of eligible activities and recipient eligibility requirements (ST)**
9. Recipient certification, NHTF-assisted units will comply with NHTF requirements (ST)
10. **Performance goals and benchmarks consistent with state's proposed accomplishments (ST)**
11. Rehabilitation standards NHTF-assisted projects must meet (REG)
12. NHTF affordable homeownership limits (REG)
13. **Preferences or limitations to a particular segment of ELI population (REG)**
14. Refinancing requirements and conditions (REG)

# 1. Description, Distribution of Funds

(Part 1)



## All SUGGESTIONS

- OHFA will use **Request for Proposals (RFPs)** describing:
  - Eligible applicant,
  - Eligible activities,
  - What must be included in an application,
  - When and where applications are to be submitted,
  - Application evaluation criteria,
  - Who will review applications, and
  - When grant awards are to be made.
- RFP will indicate ConPlan **priority housing need(s)** Ohio intends to address based on NHTF public participation process.



# 1. Description, Distribution of Funds

(Part 2)



## ALL SUGGESTIONS

- OHFA convenes application review panel composed of:
  - state officials
  - at least two private housing and homeless advocates not affiliated with applicants.
- OHFA determines which applications meet requirements.
- Panel members independently review and rate applications.
- Panel meets, reconciles scores, decides recipients.
- OHFA executes contracts.

## 2. Application Requirements (Part 1)



NLIHC suggests OHFA detail 9 application requirements in RFPs. They include (SUGGESTIONS):

- Project information similar to LIHTC applications.
- How project responds to Ohio's priority housing needs.
- How project responds to six priority factors in statute.
- Plan and methods for achieving affordability (rent at no more than 30% of household income) for households at 30% AMI, 20% AMI, and 10% AMI.
- How NHTF-assisted units will be integrated with units having higher income targeting.

## 2. Application Requirements (Part 2)



NLIHC suggests OHFA detail 9 application requirements in RFPs. They include (SUGGESTIONS).

- How project affirmatively furthers fair housing.
- Description of tenant recruitment and selection process.
- Definition of a successful resident; description of services and subsidies to be provided to maximize resident success.
- Applicant's credentials to carry out project, including evidence of successful completion and operation of similar projects.

# 3. Criteria for Selecting Applications



(Part 1)

NLIHC suggests (SUGGESTIONS):

a. Threshold criteria:

- Responsiveness to application requirements.
- Project reflects priority housing need(s) in ConPlan.

b. Final criteria, rating based on:

- Six priority factors in statute.
- Creativity and innovation.
- Feasibility.
- Potential for resident success.
- Applicant's credentials.

# 3. Criteria for Selecting Applications

(Part 2)



Regarding housing need(s) in Ohio 2015-2019 ConPlan:

“The most common statewide housing problems include cost burden greater than 30% of income for owner households and a housing cost burden greater than 50% of income for renter households. Renters with 0-30% AMI have the highest percentage of having one or more of the severe housing problems, while owners between 0-30% AMI have the highest percentage of having one or more of the severe housing problems.” [page 13]

{Note: “severe housing problems” include: severely over-crowded (more than 1.51 persons per room), lacking complete plumbing or kitchen facilities, paying more than 50% of income for rent and utilities.}



# 3. Criteria for Selecting Applications

(Part 3)



Regarding housing need(s) in Ohio 2015-2019 ConPlan:

“In renter households, “other” households, followed by “small related” households represent the largest proportion with a cost burden greater than 30%. [page 13]

Housing Market section of ConPlan:

“As noted in the housing needs assessment, small related households include many single-headed households, both male and female. Construction of new rental units is a priority for these households that experience high housing costs and also are among the largest category of renter households. Rental assistance is proposed for the lowest income households.” [pages 55-56]



# 3. Criteria for Selecting Applications



(Part 4)

## Housing Market section of ConPlan:

“As indicated in the previous section, with regards to the size of the units there is a need to construct new units and also for rehabilitation of some existing units to assist this population which has among the highest cost burden, especially for households below 50% of median income for large related families of 5 persons or more.” [pages 55-56]

# 3. Criteria for Selecting Applications

(Part 5)



## Housing Market section of ConPlan:

“There is also a housing need for elderly households. Specific housing types that can benefit this group can include new construction for those with incomes below 50% of median income, along with rental housing assistance, as elderly households in this income range experience a significant cost burden. Housing rehabilitation and repair goals are also proposed to address deficiencies in existing rental housing, which could include accessibility improvements...”

[pages 55-56]

# 3. Criteria for Selecting Applications



(Part 6)

## Housing Market section of ConPlan:

“It is somewhat difficult to establish goals for ‘other’ households, as this group is somewhat undefined. Certainly this group includes many single households, which market data have increased substantially during the last 10 years. These households are highly rent burdened and consequently one goal is to provide rental assistance, especially to those in the 0-30% of median income range. There are also goals for construction of new rental units for this population, particularly those below 50% of median income.”

[pages 55-56]

# 3. Criteria for Selecting Applications



(Part 7)

Priority needs section of ConPlan simply lists as high priority, “housing” for:

extremely low, low, moderate, large families, families with children, elderly, rural, chronic homelessness, individuals, mentally ill, chronic substance abuse, veterans, persons with HIV/AIDS and their families, victims of domestic violence, unaccompanied youth, frail elderly, persons with mental disabilities, persons with physical disabilities, persons with developmental disabilities, persons with alcohol or other addictions, non-housing community development [sic] , public housing residents.

[pages 87-88]

# 4. Ohio's Maximum Per-Unit Development Subsidy Limit



Ohio must set maximum limits on total amount of NHTF funds that can be invested per-unit:

- Adjustments based on number of bedrooms and location.
- Limits must be reasonable and based on actual costs. REG

HUD will issue guidance.

- Limit likely to be higher than HOME limits.
- HUD recognizes that deeper targeting for NHTF units will require more subsidy.



# 7. Six Priority Factors (Part 1)

State must give priority in awarding funds to applications based on six factors (ST, REG).

Statute and regulation do not weigh factors.

NLIHC suggests awarding NHTF to applicants based on applicant's total points, up to 100 points (SUGGESTIONS).

- a. Geographic diversity. **(Maximum points = 0)**
- b. Applicant's ability to obligate funds and undertake activities in a timely manner. **(Maximum points = 10)**



# 7. Six Priority Factors (Part 2)

c. For rental housing:

- “extent to which rents...are affordable, especially for ELI households” (ST);
- “extent to which the project has federal, state, or local project-based rental assistance so that rents are affordable to extremely low income families (REG).

**(Maximum points = 40)**

d. For rental housing, duration of unit’s affordability period. **(Maximum points = 15)**

# 7. Six Priority Factors (Part 3)

- e. Merits of application in meeting state's priority housing needs. **(Maximum points = 25)**
- f. Extent application makes use of non-federal funding sources. **(Maximum points = 10)**

# Factor a: Geographic Diversity

*Geographic diversity* (ST). **(Maximum points = 0)**

Given relatively small amount of money  
available first year,

NLIHC suggests focusing on projects with most impact,  
rather than distributing small amounts of money  
to many projects (SUGGESTION).

# Factor b: Ability to Obligate Funds



*Applicant's ability to obligate funds and undertake activities in a timely manner (ST). (Maximum points = 10)*

- Regulation defines “commitment” for recipients as:
  - For new construction or rehabilitation, starting construction within 12 months of date of contract between recipient and state (REG).
  - For acquisition of existing housing, receipt of title within 6 months of date of contract between recipient and state (REG).

# Factor c: Rent Affordability (Part 1)



*For rental housing, extent to which rents are affordable, especially to extremely low income families (ST).*

*For states, rule is extent to which project has federal, state, or local project-based rental assistance so rents are affordable to extremely low income families (REG).*

**(Maximum points = 40)**

# Factor c: Rent Affordability (Part 2)



- “Affordable” defined as not paying more than 30% of household income for housing costs, including utilities (SUGGESTION).
- “Project-based rental assistance” includes, unit-based rental assistance, operating subsidies, or cross-subsidization of rents within project (SUGGESTION).
- 33% of state’s NHTF allocation may be used for operating cost assistance and/or operating cost assistance reserves for NHTF-assisted units (REG).
  - NOTE: HUD intends to issue guidance on operating costs for NHTF in the next year.



# Factor d: Duration of Affordability



*For rental housing, duration of the units' affordability period (ST). (Maximum points = 15)*

- Minimum affordability period is 30 years (REG).
- Extent project exceeds 30 year minimum determines duration points, to maximum of 15 points for projects that commit to affordability in perpetuity (SUGGESTION).

# Factor e: Merits of the Application

(Part 1)



*Merits (ST) of application in meeting state's priority housing needs (REG). (Maximum points = 25)*

- Extent project meets needs of lowest income households within state's priority housing needs (SUGGESTION).
- Examples (SUGGESTION):
  - Projects serving special needs populations, homeless, individuals leaving correctional institutions.
  - Projects affordable to households with income less than 15% of AMI.
  - Projects proposed by nonprofits.
  - Phased rehabilitation projects that do not cause displacement.

# Factor e: Merits of the Application

(Part 2)



Regarding housing need(s) in Ohio 2015-2019 ConPlan:

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{Note: “severe housing problems” include: severely over-crowded (more than 1.51 persons per room), lacking complete plumbing or kitchen facilities, paying more than 50% of income for rent and utilities.}

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(Part 3)



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Housing Market section of ConPlan:

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# Factor e: Merits of the Application

(Part 4)

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# Factor e: Merits of the Application

(Part 5)

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# Factor e: Merits of the Application

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extremely low, low, moderate, large families, families with children, elderly, rural, chronic homelessness, individuals, mentally ill, chronic substance abuse, veterans, persons with HIV/AIDS and their families, victims of domestic violence, unaccompanied youth, frail elderly, persons with mental disabilities, persons with physical disabilities, persons with developmental disabilities, persons with alcohol or other addictions, non-housing community development [sic] , public housing residents.

[pages 87-88]

# Factor f: Use of Non-Federal Resources

*Extent application makes use of non-federal funding (ST).*

**(Maximum points = 10)**

- Extent application makes use of:
  - State and local publicly-controlled funds and/or land donated by state or local government to achieve deep affordability for ELI households (SUG).
  - Private funds or in-kind commitments, including donation of land, for production, preservation, or operation to achieve deep affordability for ELI households (SUG).

# 8a. Eligible Activities

NLIHC suggests eligible activities be limited to:

- Production and rehabilitation of rental housing affordable to extremely low income households (SUGGESTION).
- Using up to 33% for operating cost assistance and/or operating cost assistance reserves (SUG allowed by REG).

SUGGESTION: “Ohio does not intend to permit NHTF funds to be used for homeownership activities or for new construction, rehabilitation, or preservation of federally assisted housing in the 2016 funding cycle.”

## 8b. Eligible Recipients (Part 1)

Eligible recipient is organization, agency, including for-profit or nonprofit (ST), or public housing agency (REG).

Consider limiting recipients to nonprofits first year, or to for-profits that limit profits or rate of return (SUGGESTION).

## 8b. Eligible Recipients (Part 2)

Recipient must:

- Have demonstrated experience and capacity to conduct NHTF activity, evidenced by ability to:
  - Own, construct, or rehabilitate, and manage and operate affordable multifamily rental housing (ST); and
  - Serve extremely low income households and special needs populations, such as homeless families and people with disabilities (SUGGESTION);



## 8b. Eligible Recipients (Part 3)

Recipient must:

- Demonstrate ability and financial capacity to undertake, comply, and manage activities (ST);
- To ensure program compliance, demonstrate familiarity with requirements of other federal, state, or local housing programs that may be used with NHTF, (ST);
- Make assurances it will comply with NHTF program requirements (ST).

# 10. Performance Goals and Benchmarks (Part 1)



Refers to proposed accomplishments in affordable housing section of Strategic Plan part of ConPlan.

State must specify number of extremely low income, low income, and moderate income families for whom state will provide affordable rental housing.

Affordable rents defined as not exceeding greater of 30% of federal poverty line or 30% of 30% AMI (REG).

# 10. Performance Goals and Benchmarks (Part 2)



NLIHC suggests, to achieve maximum affordability, NHTF Allocation Plan should set performance goals about:

- How many extremely low income families and homeless people will have affordable housing, with affordability defined as 30% of household income (SUGGESTION), or
- How many households will have rents set at 30% of 20% AMI or 30% of 10% AMI (SUGGESTION).

# 10. Performance Goals and Benchmarks (Part 3)



Over five-year period, Ohio 2015-2019 ConPlan calls for:

- 2,250 rental units to be constructed
- 5,500 rental units to be rehabbed
- Using CDBG, HOME, and Ohio Housing Trust Fund [page 102] for low and moderate income households [page 105].

# 10. Performance Goals and Benchmarks (Part 4)



Affordable housing goals section of Ohio ConPlan says:

“The state expects to provide affordable housing to approximately 6,500 households over the course of the five year period (1,300 households annually) that are extremely low-income, low-income or moderate-income. Of the total 6,500 households provided affordable housing the state expects that approximately 1,625 households (25%) will be of extremely low-income, 2,275 households (35%) will be of low-income and 2,600 households (40%) will be moderate income.”

[page 106]

# 14. Preference or Limitation to Particular Segment of ELI Population (Part 1)



Ohio can limit or give preference to a particular segment of ELI population based on priority housing needs in ConPlan.

Any preference or limitation must be in written agreement between state and recipient (REG).

- Ohio 2015-2019 ConPlan lists as high priority, array of population characteristics too broad to be genuine indication of priority housing needs.
- Relevant to NHTF is acquisition, rehabilitation, and production of new multifamily rental units for: extremely low and low income, large families, families with children, and elderly. [pages 87-88]



# 14. Preference or Limitation to Particular Segment of ELI Population (Part 2)



Priority needs section of ConPlan simply lists as high priority, “housing” for:

extremely low, low, moderate, large families, families with children, elderly, rural, chronic homelessness, individuals, mentally ill, chronic substance abuse, veterans, persons with HIV/AIDS and their families, victims of domestic violence, unaccompanied youth, frail elderly, persons with mental disabilities, persons with physical disabilities, persons with developmental disabilities, persons with alcohol or other addictions, non-housing community development [sic] , public housing residents.

[pages 87-88]

# 14. Preferences or Limitations to Particular Segment of ELI Population (Part 3)

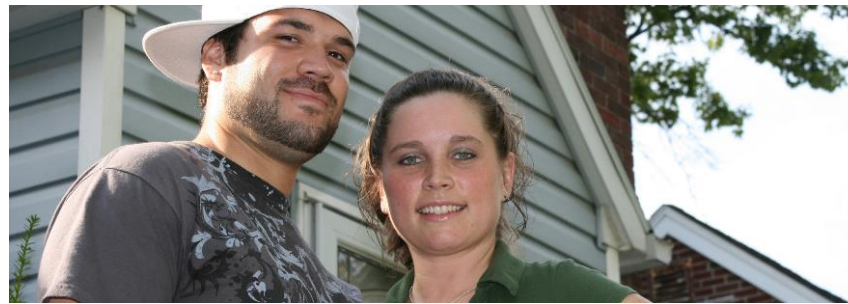


Any limitation or preference must not violate nondiscrimination requirements.

Fair housing requirements, including affirmatively further fair housing, apply to NHTF program.

Limitation does not violate nondiscrimination requirements if housing also receives funding from federal program that limits eligibility to particular segment of population (e.g. Housing Opportunity for Persons Living with AIDS, Section 202, and Section 811) (REG).





# NATIONAL HOUSING TRUST FUND Ohio Implementation





**CREATE** HOUSING  
OPPORTUNITIES & A  
RANGE OF HOUSING  
CHOICES

**PROMOTE** HOUSING  
OPPORTUNITIES FOR  
SPECIAL NEEDS &  
UNDERSERVED  
POPULATIONS

**IMPROVE**  
NEIGHBORHOODS  
THROUGH  
COMMUNITY &  
ECONOMIC  
DEVELOPMENT

**PRESERVE** EXISTING  
AFFORDABLE  
HOUSING AT RISK OF  
NO LONGER BEING  
AFFORDABLE

**ADVANCE** LIVABILITY  
STANDARDS &  
SUSTAINABLE  
BUILDING PRACTICES





## FUTURE PUBLIC ENGAGEMENT OPPORTUNITIES

MARCH 2016

**24**

WORK GROUP

APRIL 2016

**26**

WORK GROUP

MAY 2016

**19**

WORK GROUP

SUMMER 2016

**TBD**

PUBLIC HEARING





## COMMENTS AND ADDITIONAL INFORMATION

- Send comments at any time to [NHTFAllocation@ohiohome.org](mailto:NHTFAllocation@ohiohome.org)
- Visit OHFA's NHTF webpage: <http://ohiohome.org/ppd/housingtrust.aspx>
- HUD's NHTF Exchange webpage: <https://www.hudexchange.info/programs/htf/>



# Questions?



# For More Information



Ed Gramlich, [egramlich@nlihc.org](mailto:egramlich@nlihc.org), 202-507-7469