



June 23, 2016

Carlie Boos and Kelan Craig
Ohio Housing Finance Agency
57 E. Main Street
Columbus, OH 43215

RE: National Housing Trust Fund: Ohio's Draft Allocation Plan

Dear Ms. Boos and Mr. Craig:

COHHIO appreciates the opportunity to participate in the working groups as OHFA developed its draft National Housing Trust Fund (NHTF) allocation plan, which was released June 7, 2016. The discussions were productive and incorporated a wide range of viewpoints and perspectives, and we were pleased to be a part of the process. However, COHHIO is alarmed by several aspects of the draft plan that contradict the purpose of the NHTF, which is to increase and expand housing for Extremely Low Income (ELI) households. As such, we believe the plan requires significant revision.

As you know, COHHIO is committed to expanding housing opportunities for individuals and families in Ohio with extremely low incomes and with disabilities and/or other risk factors that make them vulnerable to homelessness. The new National Housing Trust Fund has the potential to expand access to housing for this population and sets the stage for future rounds of funding that we hope will offer even more federal resources. Unfortunately, the draft plan misses a vital opportunity to serve ELI households and does not provide assurances of increased ELI units across Ohio. Toward that end, we offer the following suggestions/comments on the current draft.

- 1) Prohibit supplanting: As funding from the federal HOME program, the state's Housing Trust Fund and the NHTF are blended, we believe that the plan, as drafted, will likely result in supplanting of funds designated for ELI housing unit production/preservation. We request a clear prohibition on supplanting; program policies need to state that the current baseline of ELI unit production will never decrease and will increase at least proportionately to the amount of the NHTF funds available.
- 2) Strike the use of Federal Poverty Line as a standard for setting rents: Using this provision from HUD's draft rule is unnecessary and undermines the very purpose of the NHTF. Setting the standard at 30% of Area Median Income – the very definition of ELI – is a more appropriate way to target these resources. Since FPL is higher than 30% of AMI in all 88 Ohio counties (please see attached chart), the use of FPL to set rents would allow landlords to set rents at a higher level that is unaffordable for many ELI households. For example, 30% of AMI in Ashland County is \$16,700



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for a four-person family, compared to the national \$24,250 FPL standard; this equates to allowable rents of \$418 versus \$606 a month. The FPL language should be deleted and replaced with a standard that states simply that rent plus utilities on any NHTF-assisted units must not exceed 30% of AMI. It should also be noted that HUD has recognized that use of the FPL standard would undermine the intent of the NHTF in some states and has indicated it will likely remove this language in the final rules.

- 3) Require the expansion of ELI affordable units: Whether achieved through new construction or rehabilitation, all NHTF dollars should increase the number of units for ELI households. In the case of preservation, all NHTF funds should maintain the same number or expand the number of ELI units.
- 4) Geographic diversity: This category skews points towards high or very high areas of opportunity, largely in suburban areas. In affirmatively furthering fair housing Ohio should not put all the emphasis on one type of geographical area but instead should strive for a balanced approach as is made clear in the HUD guidance on the AFFH rule. Since preservation is an allowable use of NHTF dollars, awarding points for geographic distribution on preservation applications does not make sense and should not be a factor. High quality projects serving a need in core urban areas eligible for preservation resources would be unable to successfully compete under this framework. Given the way points are awarded in the draft plan, preservation projects in most central city neighborhoods are at a disadvantage. Exceptions to the geographic diversity factor must be made for preservation deals within the competitive scoring scheme.
- 5) Lack of operating subsidy: Given the small amount of funding currently available, we understand why OHFA is recommending against use of NHTF for operating subsidies. However, we want to state for the record that this issue should be revisited in the future. As you know, a lack of operating subsidies is the most frequent barrier to developing supportive housing and affordable housing targeting individuals with extremely low incomes (ELI). It would be a serious mistake to walk away from this new resource opportunity in future rounds.
- 6) Percent of units that are subsidized: The plan skews funding to projects with 100% subsidized units (and those with 20-30 year HAP contracts) at the expense of projects that achieve a portion of the units for ELI households through other means. This seems to hurt non-preservation projects and smaller projects without HAP contracts. While we see the strong match with the NHTF and preservation projects, we believe that OHFA should not be so restrictive in their scoring criteria. The criteria of 100% of the units are budget-based Section 8 with a 20 or 30 year HAP contract is a very high bar; most preservation projects, most 4% LIHTC projects and most permanent supportive housing projects will not meet this standard.
- 7) Lower barriers to housing: Beyond the enormous deficit of available, affordable units, extremely low-income people, including people experiencing homelessness, often face unfair barriers to accessing current housing stock. NHTF dollars can help expand access if the allocation plan awards extra points to projects that lower physical and systemic barriers to housing. Beyond the federal, state, and local accessibility and reasonable accommodation requirements, extra points should also be awarded to units that show leniency and flexibility with:
 - Requiring proof of employment or monthly income at three times the cost of rent;
 - Tenancy screening to individuals with limited criminal histories, per the HUD guidance dated April 6, 2016; and,
 - Tenancy to individuals with poor or no credit history or with past evictions.
- 8) Deeper targeting to serve the biggest need: Lastly, COHHIO would like to see the NHTF resources pushed to serve the most needy households in the state – namely, those under 15% of

AMI. This is a matter of policy and the policy should be set at the beginning of the program regardless of the amount of resource available at this time. Extra points in the allocation plan should be awarded to projects that set aside a reasonable portion of the units with rents affordable to households who are at or below 15% AMI – Ohioans who are most in need of safe, decent and affordable places to live.

Thank you again for the opportunity to participate. We are happy to discuss these items with you at your convenience and we look forward to promoting utilization of this important new resource for the state.

Sincerely,

Bill Faith
Executive Director, COHHIO