Law limits to 25%, the amount of a state’s NHTF used for rental housing to benefit very low income households (in eligible years).

Very low income (VLI) is considered between 30% and 50% AMI.

In rural areas NHTF law also considers households with income below poverty line as very low income.
• Law requires at least 75% of a state’s NHTF used for rental housing benefit extremely low income (ELI) households, or households with income below poverty level (whichever is greater).
• Proposed rule requires 100% ELI benefit in first year (and any year when GSE profits are below $1 billion)
• Extremely low income (ELI) is considered to be at or below 30% of area median income (AMI)
• HUD’s proposed rule would set maximum rent (including utilities) a household pays at a fixed amount equal to 30% of 30% AMI, or 30% of poverty level, whichever is greater
• HUD recognizes some residents will pay more than 30% of their income (be rent burdened)
• HUD thinks a fixed rent is necessary so owners and lenders can budget for future revenues from rents
Proposed regulation would require both rental and homeowner housing be affordable for at least 30 years, which aligns with the requirement of the LIHTC and HOME programs. States and any local governments may have longer affordability periods.
Governor Kasich sent designation letter to HUD Secretary Julian Castro on Thursday, February 8
The Ohio Development Services Agency (ODSA) will administer NHTF funds
The Ohio Housing Finance Agency (OHFA) will allocate the NHTF funds
NHTF law requires states to prepare an “Allocation Plan” every year. Allocation Plan must show how state will distribute NHTF it will receive in the upcoming year. Distribution of NHTF must be based on priority housing needs in state’s Consolidated Plan (ConPlan). Proposed rule requires NHTF be distributed “throughout the state.”
When preparing Allocation Plan, law requires states to:

- Notify the public that Allocation Plan will be drafted
- Provide for public comment
- Consider public comments
- Make final 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 ConPlan.
• Allocation Plan must describe requirements “recipients” must meet when applying for money
• States allocate NHTF to “recipients” to carry out specific projects
• Recipients may be nonprofit, for-profit, or public entity
• Recipient must have relevant experience and financial capacity
Allocation Plan must describe criteria for selecting applications.
Allocation Plan must give priority to projects based on:
- Geographic diversity, as reflected in ConPlan
- Extent rents are affordable, especially for ELI households
- Restricted use period
- “Merit” of a project. HUD gives a few examples:
  - Serving special populations
  - Accessible to transit or employment centers
  - Energy saving and non-polluting features
- Applicant’s ability to obligate money and complete project in a timely fashion
- Extent project will leverage non-federal funds
ELIGIBLE ACTIVITIES

- NHTF must be used to buy, build, rehabilitate, or preserve rental or owner-occupied homes.
  - NHTF may also be used to operate rental housing
  - NHTF may also be used to help first-time homebuyers with down payment and closing cost assistance
- 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 (RAD and Choice Neighborhoods Initiative projects are eligible)
NHTF assistance may be:

- Loans, including no-interest loans and deferred payment loans
- Grants
- Other forms

States may decide the terms of assistance.

ELIGIBLE ACTIVITIES

Many eligible “project costs” may be paid for with NHTF:

- Buying property
- Development “hard costs” associated with construction
- Relocation
- Demolition
- Utility connections
- Site improvements
- Project “soft costs” associated with financing and development
  - Affirmative marketing to prospective tenants and homeowners
  - Builders and developers fees
- Refinancing
- Paying construction loans
- Staff costs directly related to carrying out a project
- Operating assistance within limits
NHTF may be used to provide operating cost assistance to NHTF-assisted rental homes.

Operating cost assistance covers the gap in rent paid by households and cost of operating rental housing.

Operating costs include maintenance, utilities, insurance, property taxes, etc.

Proposed rule has a 20% cap on the amount of state’s NHTF annual grant that may be used for operating cost assistance.
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 cost assistance, and to make interest rate buy-downs
GENERAL ADMINISTRATION

- Up to 10% of state’s annual grant may pay for general program administration and planning.
  - Relates to overall NHTF program management and monitoring
  - Examples:
    - Preparing reports for HUD and ensuring projects comply with regulations
    - Providing information to residents participating in planning and carrying out NHTF projects
    - Carrying out activities to affirmatively further fair housing
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 is requested from HUD (drawn down) within a year
FUTURE PUBLIC ENGAGEMENT OPPORTUNITIES

- MARCH 2016: FOCUS GROUP 24
- APRIL 2016: FOCUS GROUP 26
- MAY 2016: FOCUS GROUP 19
- SUMMER 2016: TBD PUBLIC HEARING
• Send comments at any time to NHTFAlocation@ohiohome.org

• Visit OHFA’s NHTF webpage: http://ohiohome.org/housingtrust/default.aspx

• HUD’s NHTF Exchange webpage: https://www.hudexchange.info/programs/htf/
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