

2016

NATIONAL HOUSING TRUST FUND ALLOCATION PLAN

DRAFT

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1. Introduction

1.1. NHTF Overview

The National Housing Trust Fund (NHTF) was established by Title I of the Housing and Economic Recovery Act of 2008 (HERA), Section 1131 (Public Law 110-289) to increase and preserve rental housing as well as increase homeownership for very low- and extremely low-income families, including those experiencing homelessness, through formula grants to states. HERA authorized Fannie Mae and Freddie Mac (the GSE's) to set aside 4.2 basis points of unpaid principal purchases. 65 percent of those set asides are dedicated to the National Housing Trust Fund while the remaining 35 percent is reserved for the Capital Magnet Fund. Contributions to the NHTF were originally scheduled to begin in FY2010 but suspended following the GSE's conservatorship. In December 2014, the GSEs were instructed to set aside NHTF funds beginning in FY2015.

HERA did not make the labor standards of Davis-Bacon applicable to the NHTF and the U.S. Department of Housing and Urban Development (HUD) did not require Davis-Bacon labor standards in the NHTF Final Rule. The Affirmatively Furthering Fair Housing requirements applicable to HUD funding recipients and all fair housing laws do apply to NHTF activities.

On February 8, 2016, Governor Kasich sent a designation letter to HUD Secretary Julian Castro identifying the Ohio Development Services Agency (ODSA) as Ohio's NHTF administrator and the Ohio Housing Finance Agency (OHFA) as the allocating entity. Ohio will not subgrant any NHTF funds. In May 2016, HUD published the Housing Trust Fund Allocation Notice, making \$3,740,578.00 available to Ohio. The State is required to submit an annual National Housing Trust Fund Allocation Plan; this document serves that purpose.

1.2. Ohio's NHTF Planning Process

OHFA hosted a NHTF Public Forum on February 25, 2016, to discuss implementing Ohio's expected allocation. The forum was attended by federal, state, and local agencies; advocacy organizations; and members of the development community. Following the Public Forum, OHFA posted an online, open invitation encouraging interested parties to attend three Advisory Group Work Sessions. Held between March and May 2016, these sessions identified and refined the following public objectives for the NHTF: achieving lower rents in Housing Tax Credit properties, allocating dollars to support non-Housing Tax Credit multifamily developments, and preserving existing affordable housing through the leveraging of 4 percent Housing Tax Credits. The Advisory Group did not recommend preferences or limitations to a particular segment of extremely- or very-low income households.

With this information, OHFA submitted a draft Allocation Plan for posting to ODSA's website commencing the formal comment period on June 24, 2016. A public hearing on the draft Allocation Plan was held on June 30, 2016. In response to the feedback received through

these public comment opportunities, this final Allocation Plan was completed and submitted to HUD for approval on August 5, 2016.¹

Note that all NHTF activities must adhere to the requirements of 24 CFR Part 93; to any extent this Allocation Plan conflicts with that Interim Rule, the Rule shall govern. These guidelines may be subject to change pending developments in federal and state legislative requirements and/or OHFA policy. All awards are contingent upon the availability of funds to OHFA.

Questions concerning the NHTF should be directed to:

Ohio Housing Finance Agency
Office of Planning, Preservation & Development, 4th Floor
57 East Main Street
Columbus, Ohio 43215

NHTFAllocation@ohiohome.org
<http://ohiohome.org/ppd/housingtrust.aspx>

1.3. Ohio Consolidated Plan Housing Needs

As a formula block grant, NHTF allocations must be made in accordance with Ohio's Consolidated Plan (ConPlan). ODSA, through a public input process, develops the five-year ConPlan to identify affordable housing and community development needs and implements a framework to address those needs.

As articulated in the ConPlan, the goal of OHFA's Housing Development Assistance Program (HDAP) is "to support the capacity of housing development organizations and to provide financing for eligible housing developments to expand the supply of decent, safe, affordable housing for very low-income to moderate-income persons and households in the state of Ohio." HDAP and, through it, NHTF complement and advance the following policy objectives identified in the Program Year 2015-2019 ConPlan:

1. **Homeless and Supportive Housing.** Provide a continuum of housing/services to prevent persons from becoming homeless and rapidly re-housing persons when homelessness does occur.
2. **Housing Preservation and Accessibility.** Provide funding for a flexible, community-wide approach to preserving and making accessible affordable owner and rental housing for low- and moderate-income households by bring the housing unit up to program standards and codes, eliminating hazards and deficiencies in major systems, and reducing maintenance cost.
3. **Creating New Affordable Housing Opportunities.** Provide funding for a flexible, community-wide approach to creating new affordable housing opportunities for low- and moderate-income persons.

¹ All future dates are tentative based on NHTF planning calendar.

4. **Supportive Housing/Fair Housing.** Provide supportive housing services to assist lower-income households with acquiring or maintaining housing.

Also See: 24 CFR §91.101

2. Distribution of Funds

2.1. Description of Distribution of Funds

Ohio was allocated \$3,740,578 in the 2016 funding cycle. As permitted by the Interim Rule, up to \$374,058 will be used to offset administrative costs. All programmatic funds will be distributed through OHFA’s existing Housing Development Assistance Program. Subject to applicant demand and qualification, OHFA anticipates the following subcategories of NHTF assistance will be issued through HDAP:

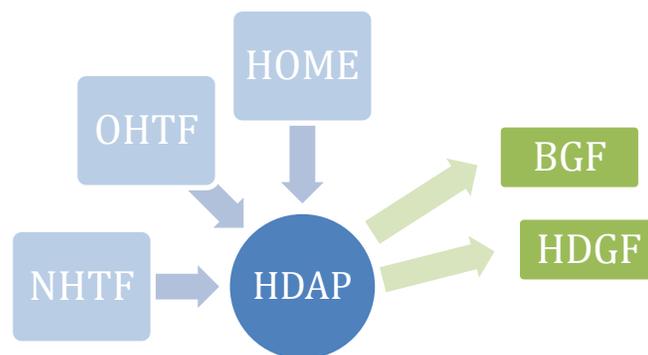
- \$2,000,000.00 Bond Gap Financing (BGF).
- \$1,366,520.20 Housing Development Gap Financing (HDGF).

Applicants must meet all eligibility criteria for an HDAP award through the Ohio Housing Trust Fund (OHTF) or HOME program; however, applicants are not required to obtain OHTF or HOME funding in order to qualify for a NHTF award. OHTF/HOME HDAP sections of the application will be scored before NHTF.

HDAP funds are awarded on a competitive basis. Final awards are based upon project need. Due to the limited availability of funds, NHTF will be limited to one award per developer and one award per county in the 2016 funding cycle, unless no feasible alternatives exist. Applicants may apply for the following maximum NHTF award amounts:

- BGF: \$500,000 *or* \$750,000 if not also seeking OHTF/HOME funds.
- HDGF: \$750,000

Awarded funds are structured as a deferred loan with payment due on sale. The mandatory rental affordability period and the loan term are 30 years. The interest rate is 0.00%.



If there are insufficient qualifying applications to commit the full NHTF award through BGF or HDGF, any remaining funds will be distributed through the Housing Credit Gap Financing program.

All HDAP funds, including those utilizing NHTF, must receive approval from the OHFA Board.

Also See: §91.220(5)(B), §93.200

2.2. Eligible Activities

NHTF funds may be used for the production, preservation, and rehabilitation of affordable rental housing. This specifically includes real property acquisition, site improvements, conversion, demolition, financing costs, and relocation expenses of any displaced persons. NHTF funds may only be used for public housing in limited circumstances. See 24 CFR §93.203 for further information.

Due to the limited amount of funding available in the 2016 funding cycle, Ohio's NHTF funds are not available for operating subsidies or to refinance existing debt secured to rental housing units.

All NHTF activities must meet minimum standards as set forth in the [HDAP Consolidated Program Guidelines](#), the [Multifamily Program Guide](#), and the [Multifamily Underwriting Guidelines](#). Awardees must adhere to the standards set forth in OHFA's [Uniform Relocation Documents](#) to minimize displacement of residents during rehabilitation activities.

Minimum rehabilitation standards are governed by the [Housing Rehabilitation Handbook Part II](#) as issued by ODSA. This guide includes standards for:

- Health and safety;
- Major systems;
- Lead-Based Paint;
- Accessibility;
- Disaster Mitigation;
- State and local Codes, Ordinances, and Zoning Requirements; and
- Inspectable Areas and Observable Deficiencies from HUD's Uniform Physical Condition Standards identified by HUD as applicable to NHTF-assisted housing.

Rental housing owners may limit tenants or give a preference in accordance with 24 CFR §93.303(d)(3) only to the extent such a preference complies with all fair housing requirements and is described in the ConPlan.

Also See: §91.220(5)(B-H), §93.200, §93.320(k)(5), §91.301

2.3. Maximum Per-Unit Development Subsidy

NHTF may not be used in connection with luxury housing. NHTF expenditures must be reasonable and based on actual costs. The maximum per unit development subsidy shall be the same as the HOME maximum per unit subsidy limit as determined by HUD in the applicable program year. See §221(d)3 – 234 for further information.

Also See: §91.300, §93.320(k)(5)

2.4. First Time Homebuyer

Ohio does not intend to use any NHTF funds for homebuyer activities in the 2016 funding cycle. As such, there are no applicable resale, recapture, or affordability provisions related to homebuyer activities.

§91.220(5)(E-F), §93.320(5)(v-vi), §93.304(f), §93.305

2.5. Eligible Applicants

Eligible applicants include private for-profit housing developers, not-for-profit 501(c)(3) and 501(c)(4) organizations, and public housing authorities. Additional eligibility criteria are set forth in the HDAP Consolidated Program Guidelines and incorporated herein. Applicants must qualify for a HDAP award using Ohio Housing Trust Fund resources or HOME funds to qualify for HDAP funding through NHTF.

Applicants must demonstrate sufficient experience and capacity to:

- own, construct, rehabilitate, manage, and operate affordable multifamily rental housing;
- undertake, comply, and manage eligible NHTF activity; and
- manage other programs that may be used in conjunction with NHTF funds including, but not limited to, HDAP.

Applicants must make acceptable assurances that it will comply with the requirements of the NHTF program during the entire program period.

3. Application Requirements

3.1. Threshold Requirements

Applicants must submit a qualifying HDAP application and meet all requirements of that program. Refer to the HDAP Consolidated Program Guidelines for further information.

Applicants must complete a NHTF Supplemental Application. The Supplemental Application will collect the following mandatory information; failure to respond to or satisfy these threshold requirements will result in removal from NHTF consideration.

- a. Experience and Capacity
- b. Project Feasibility

- c. Statement describing developer’s ability to obligate and implement in a timely manner
- d. Statement describing how the project meets state housing needs
- e. Statement describing if/how NHTF units will be integrated with higher income units
- f. Statement describing potential for resident success
- g. Statement describing method for achieving affordability
- h. Statement describing tenant recruitment and selection process
- i. Certification of Compliance with all NHTF requirements

In no case shall rent plus utilities on any NHTF-assisted unit(s) exceed 30 percent of Area Median Income (AMI) or Federal Poverty Line (FPL), whichever is greater. In addition to other HDAP affordability requirements², NHTF funded projects must also commit to providing affordable rents to extremely low income households. The greater of the following must be provided to qualify for a NHTF award:

- 10 percent of affordable units will be rent restricted at 30 percent of 30 percent AMI/FPL
- 5 units will be rent restricted at 30 percent of 30 percent AMI/FPL

All NHTF rent restrictions must be reflected in the Gap Financing Application. If an applicant does not qualify, or is not selected for NHTF funding, OHFA will reevaluate the budget for HDAP funding through OHTF or HOME without the additional NHTF rent restrictions and applicants may amend the budget accordingly at the final application.

Also See: §91.220(5)(B), §93.250, §93.302(b)(1)(i), §93.320(5)

3.2. Competitive Requirements

In addition to threshold criteria, the NHTF Supplemental Application will collect the following competitive scoring information. Points for each criterion will be awarded at the discretion of OHFA. Applications with the highest scores will be selected for funding. For applications including multiple or scattered sites, all sites must meet competitive criteria to earn points.

Category	Points	Point Breakdown
Rent Affordability in Addition to Minimum Requirements	30	30 Pts – Additional 10% units affordable at 30% AMI/FPL 20 Pts – Additional 5% units affordable at 30% AMI/FPL
Geographic Diversity ³	30	30 Pts – Opportunity Index Rating “Very High” 20 Pts – Opportunity Index Rating “High” 10 Pts – Opportunity Index Rating “Moderate”
Affordability Leveraging	20	20 Pts – Commitment of one of the following:

² All HDAP developments must commit to one of the following selections, based on the location of the proposed project: (A) HUD Participating Jurisdiction: A minimum of 40 percent of the affordable units must be affordable to households with incomes at or below 50 percent of AMI (B) Non-HUD Participating Jurisdiction: A minimum of 35 percent of the affordable units must be affordable to households with incomes at or below 50 percent of AMI

³ This geographic distribution priority is consistent with Ohio’s ConPlan and the certification that Ohio will affirmatively further fair housing. The Opportunity Mapping Tool and additional information is available on OHFA’s website at <https://ohiohome.org/ppd/opportunitymap.aspx>.

		<ul style="list-style-type: none"> ▪ Section 8 or Rural Development Rent Subsidy ▪ New Units with 811 Rent Subsidy
Local Leveraging	10	5 Pts – >50% Financing is from non-federal ⁴ sources 5 Pts – Project does not request OHTF/HOME HDAP
Affordability Period	10	10 Pts – Budget demonstrates positive or breakeven cash flow through year 30

Also See: §91.220(5)(A), §93.320(5)(i)

3.3. Tie Breakers

In the event of a tie score, the following waterfall of creative and innovative elements or increased affordability standards tiebreakers will determine funding priority:

1. Developments seeking Ohio 811 Project Rental Assistance Program rental subsidy
2. Developments that receive the most points under the Geographic Diversity category
3. Developments with the most units affordable at or below 30 percent AMI/FPL
4. Developments offering units with 3+ bedrooms that are affordable at 30 percent AMI/FPL

Also See: §91.220(5)(A), §93.320(5)(i)

3.3.1. Submission Instructions

Submissions will flow through the HDAP program. All applicants must submit a complete HDAP application and a NHTF Supplemental Application. Please see the HDAP Consolidated Program Guidelines for full application instructions.

3.3.2. Contract Execution & Draws

All recipients of NHTF must execute an agreement, as drafted by OHFA, that meets the requirements of 24 CFR §93.404. A [Guide to Drawing the HDAP](#) was created to assist applicants as they work with OHFA staff during the construction phase.

4. Performance Goals & Benchmarks

OHFA expects that in the first year, NHTF will support six new or preserved housing developments and will create approximately 30 units with rents that do not exceed 30 percent of 30 percent AMI/FPL and are therefore affordable to extremely low income families. Recipients of NHTF funds will be responsible for compliance with applicable reporting, file and physical inspections, and record keeping requirements described in guidance published on the [OHFA Office of Program Compliance](#) website.

Also See: §93.320(k)(5)(iii), §91.220(5)(C)

⁴ Non-Federal Funding Sources include but are not limited to equity, OHTF, private debt, Federal Home Loan Bank's Affordable Housing Program, foundations, In-kind donations, tax abatements, and other state and local resources.