



Ohio

Low Income Housing Preservation in 2010

Low Income Housing Tax Credits (9% Tax Credits)

In the 2011 QAP, Ohio set aside \$9.5 million of the low income housing tax credits in a "preservation pool." Properties that are eligible for the preservation pool include the following:

- a) Properties receiving project-based rental subsidy through a Section 8 Housing Assistance Payment Program (HAP) contract;
- b) Troubled properties that have received assistance through the USDA Rural Development (RD) office;
- c) Properties participating in the HUD Portfolio Reengineering Program (so-called Mark to Market). Projects that have closed their financing under this program and have not yet placed-in-service are eligible for the pool;
- d) Existing HUD Section 202 or 811 projects;
- e) Existing HUD Section 236 properties;
- f) New construction projects that preserve existing subsidies, such as HOPE VI, Choice Neighborhoods, or the use of Section 8 portability;
- g) Other properties judged by OHFA to encompass preservation principles.

The minimum hard construction costs for rehabilitation properties are \$10,000/unit or 40% of total project costs, whichever is greater with the exception of project with tax-exempt bond financing in which minimum hard costs equal \$6,000/unit. The QAP grants exceptions for rehab projects from mandatory design standards infeasible for existing buildings.

There is a required 30-year period of occupancy restrictions (includes 15 year federal requirement). Projects with a demonstrated financial need will be considered for the 30% basis boost on a case by case basis.

Allocations (2003-2009)

Properties Preserved: 110

Apartments Preserved: 7,485

Additional Info: Ohio has consistently preserved affordable housing using 9% tax credits. In 2007, 2008, and 2009, over 15% of the state's total 9% credits were allocated towards preservation projects.

Private Activity Bonds with 4% Tax Credits

Ohio's Multifamily Bond Program is one of the most active in the nation and in 2006 became only the second state (after California) to preserve over 5,000 units using bonds and noncompetitive tax credits. In 2007, multifamily housing had access to \$120 million in bonds against the state volume cap. Rehabilitation projects employing both private activity bonds and 4% tax credits must have costs of at least \$6,000/ unit or 10% of the adjusted basis of the building, whichever is greater. Applicants must pass site and market evaluations and must comply with threshold requirements in the QAP. They are not subject to the QAP's competitive criteria.

Allocations (2003-2009)

Properties Preserved: 129

Apartments Preserved: 17,309

Additional Info: In 2008 and 2009, 100% of Ohio's 4% tax credits were allocated to preservation projects.

Housing Trust Funds

The Ohio Housing Trust Fund, created in 1991, supports housing activities targeted to benefit very low-income households, including predevelopment costs, rental assistance, housing counseling, handicapped accessibility modifications, rehabilitation, home repair and new construction. In 2003 a permanent funding source, document recording fees, was found for the Trust Fund which is providing around \$50 million in revenue each year. These funds are distributed by the HFA as grants and loans and are available to all applicants seeking 9% credits or bond financing. Historically, awards have been leveraged with other public and private funding at a 10 to 1 rate. As of May 2009, the Ohio Housing Trust Fund was down from \$53 M annually to about \$42 million due to the funding source (recording fees) being way down because of the market, and not because of any legislative action.

PLEASE NOTE: Some of the information on housing trust funds included in this report was generously provided by the Center for Community Change (Housing Trust Fund Project).

Other Preservation Incentives

Ohio has seen a steady increase in demand for affordable rental housing due to an unemployment rate consistently higher than the national average and, more recently, the exponential rise in foreclosures throughout the state. To address this growing need, three statewide organizations have partnered to develop a new clearinghouse of information on federally-subsidized properties and coordinate assistance for tenants and affordable housing developers, including a loan fund to help acquire properties. Ohio is receiving a \$1 million MacArthur grant and a \$4 million program-related investment.

The Ohio Preservation Loan Fund provides a flexible source of capital to be utilized by the development partners of the Ohio Capital Corporation for Housing (OCCH) and the Ohio Housing Finance Agency (OHFA) for the preservation of affordable housing in Ohio. The Fund offers bridge financing for preservation projects that have completed the tax credit compliance period. All projects must have at least 80% of the units affordable to and occupied by residents earning less than 60% AMI, and must entail multi-family properties of at least 25 units.

The Ohio Preservation Compact is a partnership comprised of three key advocates of affordable housing in the state: The Ohio Housing Finance Agency (OHFA), The Coalition on Homelessness and Housing in Ohio (COHHIO), and the Ohio Capital Finance Corporation (OCFC) together with its parent company, Ohio Capital Corporation for Housing. In late 2010, the Compact unveiled its comprehensive website dedicated to the preservation of affordable housing in Ohio. The website features a web-accessible database open to the public, with a comprehensive list of over 3,000 affordable housing communities in Ohio. The database is a resource for owners and developers of affordable rental housing. In addition, OPC will perform a comprehensive analysis of the information collected in the database to generate profiles of properties with impending subsidy contract expirations or other challenges to prioritize its preservation activities. This resource will allow various parties, including tenants and affordable housing developers, to identify and evaluate prospective preservation opportunities.

The Compact set a goal to institute activities resulting in the preservation of at least 14,000 units statewide over the next 10 years including: Implementing a scalable and sustainable \$25M Preservation Loan Fund with financial products that assist in the preservation of Ohio affordable housing * Creating and managing an online database/clearinghouse for owners of affordable rental housing and potential owners, providing detailed information on at-risk affordable housing developments in Ohio * Determining which Ohio affordable housing properties are most at-risk of losing rental assistance or rental/occupancy restrictions based on income * Developing strategies to mitigate specific threats to projects at risk * Identifying, structuring and closing preservation transactions in Ohio

Green Multifamily Preservation Initiatives

Green Incentives in State Tax Credit Allocation Plan

Ohio's 2011 QAP selects projects based on the number of "Policy Statements" the proposed project fulfills, including meeting Enterprise/Green Communities requirements and complying with energy efficiency standards set forth in the state's Contractor / Architect Certification Form 001. This form requires Energy Star systems and appliances, as well as compliance with either ASHRAE thermal standards or the International Energy Conservation Code 2006 requirements. For other construction guidelines, Ohio's form provides separate requirements for rehab vs. new construction projects.

Other Green Incentives Relevant to Preservation

The Ohio Department of Development is encouraging all local providers to weatherize multifamily housing including properties with Section 8 subsidies, Section 515 and LIHTC properties. To streamline the process, the agency has designated a staff person to receive and coordinate all multifamily projects. For complete information on OH's weatherization program see: <http://www.waptac.org/grantee-contacts.aspx>.

Other incentives include favorable loans and interest rate reductions for green rehabilitation projects and grants for the installation of renewable energy systems.

For additional information on green initiatives, visit www.aceee.org for more on policies related to energy efficiency or www.dsireusa.org for programs that may be available to developers to incentivize renewable energy or energy efficiency.

Sustainable Communities & Transit-Oriented Development Incentives

Projects located in revitalization areas or difficult to develop areas which contribute to local revitalization plans will receive higher priority in the Site & Market Evaluation to determine the final ranking of applications in each of the target and geographic pools.

Revitalization plan projects should target investment into concentrated areas within carefully selected neighborhoods to maximize visible improvements.

In the site location evaluation, OHFA prefers projects located close to public transportation.