

FALL 2010 NEWS

OHIO HOUSING FINANCE AGENCY



INDEX

ITEMS LINK TO ARTICLES

- 2 State of Ohio Announces New Resources for Struggling Homeowners
- 3 Ohio Housing Conference Offers Real Estate CE
- 3 New Project Spotlight
- 4 Keep your Staff Engaged with the Five Rs
- 5 Compliance News
- 5 OHFA Partners with OCCH for the 12th Annual Ohio Housing Conference
- 6 Interest Rate Change
- 7 PP&D Update
- 8 DevCo - OHFA's New Development and Compliance Database
- 8 OPC Update

CURRENT MORTGAGE RATES

- First-Time Homebuyer Program without down payment assistance **4.25%**
- First-Time Homebuyer Program with down payment assistance **4.75%**
- Grants for Grads **4.25%**
- Ohio Heroes Program without down payment assistance **4.0%**
- Ohio Heroes Program with down payment assistance **4.5%**

LETTER FROM THE EXECUTIVE DIRECTOR



The Obama Administration announced on August 11 that OHFA will receive an additional \$148 million through the Housing Finance Agency (HFA) Innovation Fund for the Hardest-Hit Housing Markets. Ohio was one of 17 states that received additional funds in the U.S. Department of Treasury's third round of allocations.

The state's interagency team including Governor Ted Strickland's office, the Ohio Department of Commerce and Save the Dream Ohio partners wrote a comprehensive amendment to Ohio's HHF plan, creating a plan to distribute the additional funds as part of the Partial Mortgage Payment Assistance Program. The amended plan was submitted to the U.S. Department of Treasury on September 1, detailing how the Agency will provide temporary assistance for unemployed homeowners while they seek re-employment or train for a new job. *Restoring Stability: A Save the Dream Ohio Initiative* (Ohio's Hardest-Hit Fund) will launch statewide on September 27. Approximately 26,000 homeowners will benefit from this federal foreclosure prevention effort. I am

tremendously proud of the hard work and dedication of OHFA's staff and partners.

I am pleased to invite you to attend the 12th Annual 2010 Ohio Housing Conference "Mapping the Future," hosted by OHFA and the Ohio Capital Corporation for Housing (OCCH). This year's conference will be held November 30 through December 2, 2010 at the Greater Columbus Convention Center. Join 1,400 housing industry experts for educational sessions, panel discussions and more at one of the largest housing conferences in the country. Early Bird registration is available until October 23.

North Central Village Senior Apartments in Columbus, the first Ohio development to be awarded federal stimulus funding, held a ribbon cutting ceremony for its grand opening on September 17. OHFA awarded the property \$3.3 million from the Tax Credit Exchange (TCE) through the American Recovery and Reinvestment Act (ARRA). The community serves the state's aging population and consists of 74 affordable units for senior residents, a clubhouse with a computer room, laundry facilities and outdoor areas that include sidewalks and a gazebo. Through our efforts, we continue to open the doors to an affordable place to call home for all Ohioans.

Doug Jam

STATE OF OHIO ANNOUNCES NEW RESOURCES FOR STRUGGLING HOMEOWNERS

BY CINDY FLAHERTY
DIRECTOR OF HOMEOWNERSHIP

Ohio has been awarded \$320 million from the U.S. Department of Treasury's Hardest-Hit Fund to help homeowners avoid foreclosure. The Ohio Housing Finance Agency (OHFA) will administer *Restoring Stability: A Save the Dream Ohio Initiative*, to help an estimated 26,000 families who are at high risk of default or foreclosure. These new resources will help people, especially unemployed homeowners, who haven't been able to use existing foreclosure prevention programs.

Homeowners may begin submitting applications online or over the phone on September 27, 2010 through www.savethedream.ohio.gov and 1-888-404-4674. For faster service, we encourage homeowners to visit the website to begin the registration process so their information may be immediately forwarded to a specialized housing counselor in their local area. All applicants will be referred to housing counseling agencies who will then work with homeowners throughout Ohio to help them qualify for assistance. A list of the participating housing counseling agencies is posted on OHFA's website at www.ohiohome.org.

Ohio designed four programs to help homeowners who have a temporary or permanent reduction in income. Programs will include:

- **Rescue Payment Assistance Program** - will provide a payment to the mortgage lender to help delinquent borrowers become current on their first mortgage

- **Partial Mortgage Payment Assistance Program** - will provide up to 15 months of assistance for unemployed homeowners while they search for a job or participate in job training
- **Modification Assistance with Principal Reduction Program** - will provide an incentive payment matched by an investor to reduce the mortgage principal balance so a loan modification may be possible
- **Transition Assistance Program** - will provide an incentive payment to the mortgage lender and homeowner to assist with short sale or deed-in-lieu agreements to help homeowners exit their homes gracefully

To be eligible for assistance, homeowners must have incomes below 115% of the area median income; less than three months mortgage payments in liquid assets; an outstanding mortgage balance less than the Federal Housing Administration maximum loan limit; and a hardship due to involuntary loss or reduction in income, divorce, disability or illness resulting in a loss of income, or significant medical expenses. Homeowners who receive assistance or who sell or refinance their home within five years will be required to repay the assistance from any net proceeds.

To participate in the program, mortgage servicers need to complete a simple enrollment package including contact information, preferred method of data transmission and deposit account information. For more information, mortgage servicers should contact HHFservicer@ohiohome.org.

The U.S. Department of Treasury guidelines require OHFA to have a separate fiscal agent. We are pleased to have Ohio Homeowner Assistance, a subsidiary of Ohio Capital Corporation for Housing as our partner in administering Restoring Stability.



RESTORING 
STABILITY
A Save the Dream Ohio Initiative

OHIO HOUSING CONFERENCE OFFERS REAL ESTATE CE

BY DANA SMITH

MANAGER OF REAL ESTATE RELATIONS

If you are a licensed real estate agent, you are very familiar with the term “CE,” also known as continuing education. You have most likely visited the Ohio Division of Real Estate website, which lists all approved continuing education courses throughout the state. But, what you may not know is that the Ohio Housing Finance Agency also provides CE for real estate agents. One way to obtain CE is through our three-hour course about OHFA programs. This course is offered throughout the state and is sponsored by state and local real estate boards, lenders and even real estate brokers.

Another way to earn real estate CE is by attending the Ohio Housing Conference. A number of sessions at the conference are geared toward real estate professionals with the added bonus of CE credit. Agents who attend will learn a variety of things about the real estate market and housing. These sessions offer up-to-date information regarding residential real estate, low-income housing, rental communities, development opportunities and other programs.

This year, the conference will be held November 30 to December 2, along with several pre-conference classes on November 29. Real estate agents who have previously attended the Ohio Housing Conference have expressed their appreciation for the valuable information offered about their industry, helping them become more aware of how they can impact and advance their profession and help more Ohioians open the doors to an affordable place to call home.

For additional information about the 2010 Ohio Housing Conference, please visit the conference website at www.ohiohome.org.

NEW PROJECT SPOTLIGHT

BY SALLY MITCHELL

HOUSING CREDIT ANALYST



The Commons at Buckingham, a new permanent supportive housing apartment building for low-income and formerly homeless individuals, celebrated its Grand Opening on July 22, 2010. Several community leaders were in attendance at the event, including Columbus Mayor Michael Coleman, Franklin County Commissioner President John O’Grady and Columbus City Council Member Charleta Tavares.

The four-story building consists of 100 single room occupancy units and is located in downtown Columbus near the Columbus State Community College. The development offers residents a community room, a computer resource room, 24-hour staffed entry, a meeting room for resident services and interior and exterior security cameras. The Commons at Buckingham is also certified as the first Platinum-rated affordable housing

project in Ohio and the Midwest by the Leadership in Energy & Environmental Design (LEED). On-site supportive services are available to all 100 residents of The Commons at Buckingham. The development is near public transportation and essential services.

The property was developed by National Church Residences and is a cooperative partnership of local, state and federal government, the Community Shelter Board and the business community. OHFA is proud to have provided over \$1,000,000 in Federal Housing Tax Credits, \$1,500,000 in development loans and \$1,000,000 in HDAP to assist with the financing of a development that provides housing for this greatly underserved population.

KEEP YOUR STAFF ENGAGED WITH THE FIVE RS

BY MARTIN D. SMITH
DIRECTOR OF HUMAN RESOURCES



Experts frequently suggest that the “right” reward system will drive performance by motivating workers to achieve new levels of performance and to stay with the organization. To be certain, managers should reward their people, but rewards

are not the sole driver of organizational behavior. Reward is only one of the five Rs, (in addition to responsibility, respect, relationships and recognition), that together make an effective strategy for engaging staff. These strategies now become even more important, as monetary incentives and rewards become increasingly scarce.

In a world of employment at-will and continuous downsizing, it should be no surprise that workers focus on their own careers, skill sets and marketability. So, what motivates this modern-day worker or drives performance? The good news and the bad news is that it’s not all about money. It’s about a new currency: Engagement. Start with the Five Rs:

Responsibility

Design jobs that are focused on work processes and desired outcomes, with employees involved as co-designers. People want to feel that what they do adds value - whether providing a service or producing some tangible product. When work processes are designed collaboratively, responsibility is automatically built into the process. That’s what empowerment is really all about; having accountability and responsibility. Work with your Human Resources department to see that jobs are properly profiled for your people and stated outcomes are relevant to the business. On the job, talk to your employees regularly about ways to increase alignment between what they do and where the company is headed.

Respect

Establish “pro-people” policies and practices that build a culture of respect and foster an environment of teamwork and concern for all key stakeholders - employees, customers, communities, and investors. Start with building a performance review system that is aimed at building confidence and competence. Information - the lifeblood of every knowledgeable organization - flows freely throughout the system, as people are valued and respected for their contributions. For example, when preparing performance reviews, take time to educate and communicate as well as evaluate. Identify ways to succeed. Use language that is constructive and prescriptive. In managing your area, engage your people in developing “operating principles” or a “vision” expressing how everyone will work with one another and with employees throughout the system, how customers are to be served and how communications are to flow.

Relationships

Teach your leaders to facilitate and coach. Because motivation is something individuals choose to unleash, leaders must focus on creating environments that motivate workers. Coaching, teaching, supporting and guiding - all are strategies that have the best chance of producing the right outcomes. Above all else, be authentic, honest and ethical. Indeed, the attribute of leaders most valued by employees is honesty. Without trust, employees will not take risk, get motivated or accept change. Relationships with peers are equally important. Being part of a team, working with great people, and having fun enhances performance. Many people who love their jobs choose to stay with managers and teams they’ve grown to know and respect even though they might earn more someplace else.

Recognition

It’s about being appreciated. Don’t forget to focus on more than things that hold short-term value, such as parking spaces for employees of the month, gift cards and so on. Recognition that produces long-term value comes in the form of assignments to join a special project or to lead a team or to scope out a new system for the organization. Spend less time building extrinsic reward (prizes, incentives, contests) and more time building intrinsic rewards (genuine opportunities to contribute, become more knowledgeable and develop professionally). For any number of employees, the emotional income of being openly and regularly appreciated goes a long way toward enhancing retention and commitment.

Rewards

While rewards are important, they are fifth in importance with respect to the five Rs. If people are paid fairly and competitively and they are informed as to how the system works, pay is simply a satisfier. However, rewards must be an integral part of an overall recognition and reward strategy; both intrinsic and extrinsic rewards can then be awarded and allocated for recognition purposes. Finally, when it comes to planning, managing and evaluating performance for your people, you can ensure their objectives are relevant and that employees receive periodic updates on how their efforts are making a difference.

Conclusion

In an age where loyalty is dead and at-will employment reigns, workers are looking for currency that involves more than just pay. Indeed, they are developing skill sets to compete in an ever-changing world. To effectively lead through tough economic times, managers must be willing to exchange the old currency for new age currency, one focused on responsibility, respect, relationships, recognition and rewards. Rest assured, you can bank on the results.

COMPLIANCE NEWS

BY BRIAN CARNAHAN
DIRECTOR OF PROGRAM COMPLIANCE

In previous years, annual owner reports were due on March 1, but we recently moved the submission deadline to accommodate weekends and Mondays. This year, the annual owner reports will again be due on Tuesday, March 1, 2011. Instructions and forms will be published on the OHFA website before the end of the year and a notice will be distributed via e-mail to those who have signed up for e-mail updates. Please click on the "join our e-mail list" icon on the OHFA home page to sign up for e-mail updates.

The Program Compliance staff is in the process of revising the Compliance Handbook and reviewing the "Ask the Expert" questions on the OHFA website. Changes resulting from the 8823 Guide, ARRA and other policy and program updates will be included. We plan to issue the revised Handbook in early 2011.

HUD is finalizing details regarding the submission of resident data by housing finance agencies. As you may recall, Congress passed the Housing and Economic Recovery Act in 2008, part of which concerned the collection of resident data for households residing in tax credit units. Much of this data is available from the OHFA compliance tool. For the next few years, OHFA plans to submit the data from the Compliance Tool to HUD. Starting in 2012, OHFA will be submitting data collected through DevCo (see the article

on DevCo on page eight in this issue of the OHFA Quarterly Update), our online reporting system. DevCo will allow OHFA to expand the amount of information collected and reported to fully comply with the data collection requirement of reporting on each household member, not just the head of household.

A new Affirmative Fair Housing Marketing Plan (AFHMP) form has been issued. The new form and instructions can be downloaded at www.ohiohome.org/compliance/forms.aspx and should be used by projects seeking an allocation of tax credits and by any project updating its AFHMP. The AFHMP must be updated a minimum of every five years or as necessitated by changes in the market.

For several years, the Qualified Allocation Plan has included a requirement that the owner/manager participate in a pre-placed in service meeting with OHFA staff. Many of these meetings were coordinated by the Training and Technical Assistance team in the Office of Program Compliance.

Program Compliance recently completed the management company capacity review for the 2011 tax credit applications. The reviews offered an excellent opportunity to learn more about how management companies in the tax credit industry operate. It is important to note that none of the companies planning to participate in a 2011 tax credit application were restricted from participating in the program. Staff reviewing the applications noted that many companies could benefit from increasing the amount of training provided to staff.

OHFA PARTNERS WITH OCCH FOR THE 12TH ANNUAL OHIO HOUSING CONFERENCE

BY SHELLEY MUTNICH
OUTREACH AND SPECIAL EVENTS MANAGER

We invite you to join OHFA and OCCH for the 2010 Ohio Housing Conference "Mapping the Future." The conference will be held on November 30 through December 2 and is one of the largest and most informative housing conferences in the nation.

Before the conference begins, a training day on November 29 will offer sessions including Fair Housing Fundamentals for Property Management, Basic Compliance Training, Ohio Hardest-Hit Fund Training for Counselors, 2010 Ohio Preservation Summit and training for Pest Control: Bed Bugs and Beyond.

On Tuesday, the conference will kick off at 9am with the State Housing Plenary, where local and state housing industry professionals will discuss the current state of the housing market and Ohio's affordable housing industry. The day

will continue with breakout sessions in the following tracks: Development, Homeownership/Housing Crisis, Property Management and Emerging Trends. The Federal Policy Plenary on Wednesday features national speakers who will discuss the impact on affordable housing. Interactive discussions about critical housing issues will take place on Thursday, December 2. Attendees are encouraged to bring ideas and opinions to these timely and relevant sessions.

At the 2010 Ohio Housing Conference, you can choose from over 40 industry-related sessions and network with more than 1,400 peers including investors, government officials, developers, non-profit organizations, lenders, property managers, syndicators and others.

For more information or to register now, visit www.ohiohome.org and click on Ohio Housing Conference. Early registration ends October 23, 2010, so sign up now! If you have any questions, please contact Shelley Mutnich at 614.387.2857.

INTEREST RATE CHANGE

BY BOB CONNELL
DIRECTOR OF DEBT MANAGEMENT



“OHFA, you need to lower your mortgage rates!” - a not uncommon admonition the Agency has received recently. Unfortunately, in today’s interest rate environment, it’s not that simple. Some clarification as to how OHFA establishes its First-Time Homebuyer Program (FTHB) mortgage rates might help in understanding the dilemma.

As with most traditional lenders, OHFA’s mortgage rates are based on the Agency’s cost of funds. Where conventional mortgage lenders might use the taxable 10-year Treasury note as a proxy for the underlying cost of a mortgage, OHFA’s underlying cost is a function of its ability to access the capital markets and at what cost. OHFA traditionally funds the FTHB by issuing tax-exempt mortgage revenue bonds (MRBs) at a cost which enables a competitive, below-market FTHB mortgage rate. However, the financial markets upheaval and subsequent federal government initiatives beginning in 2007 created circumstances for OHFA, as well as other housing finance agencies, where the tax-exempt cost of funds is actually higher than the corresponding taxable interest rates typically used by the conventional mortgage market.

The historic relationship between tax-exempt and taxable interest rates which made possible competitive, below-market FTHB mortgage rates is shown in Figure 1 on the right.

That same relationship today is shown in Figure 2. Notice that tax-exempt interest rates (OHFA’s cost of funds) are in fact, higher than corresponding taxable interest rates. This is why it is so difficult for OHFA to lower its FTHB mortgage rates as quickly and as often as it would like. Essentially, for OHFA to provide below-market mortgage rates, it would have to set those rates

at levels below its cost of funds. Clearly, not a good business practice over any period of time. Perhaps an obvious next question is, if taxable rates are lower than tax-exempt rates, then why doesn’t OHFA issue taxable mortgage revenue bonds instead?

Because of the unique characteristics of mortgage revenue bonds, there is really not a broad investor base interested in purchasing taxable mortgage revenue bonds. Furthermore, those investors who do purchase taxable mortgage revenue bonds demand much higher returns on their investments due to those very same unique characteristics. Therefore, the cost to issue taxable mortgage revenue bonds would, in the end, probably be prohibitive to setting competitive, below-market FTHB mortgage rates.

Hopefully we’ve been able to provide some brief insight into the difficulty facing OHFA in its endeavors to provide competitive, below-market mortgage rates for Ohio’s first-time homebuyers.

Figure 1.

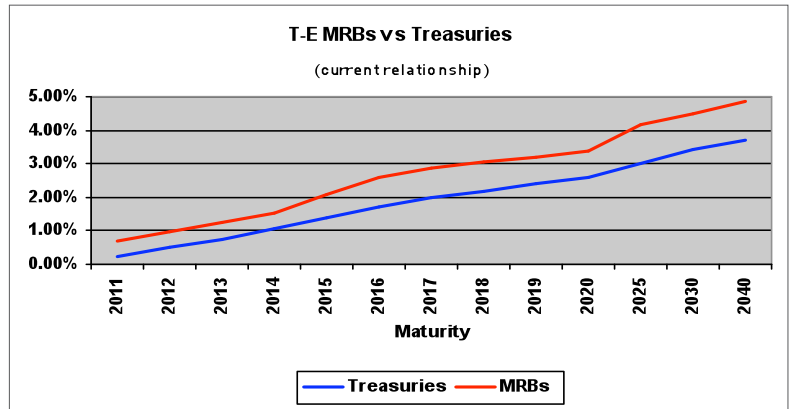
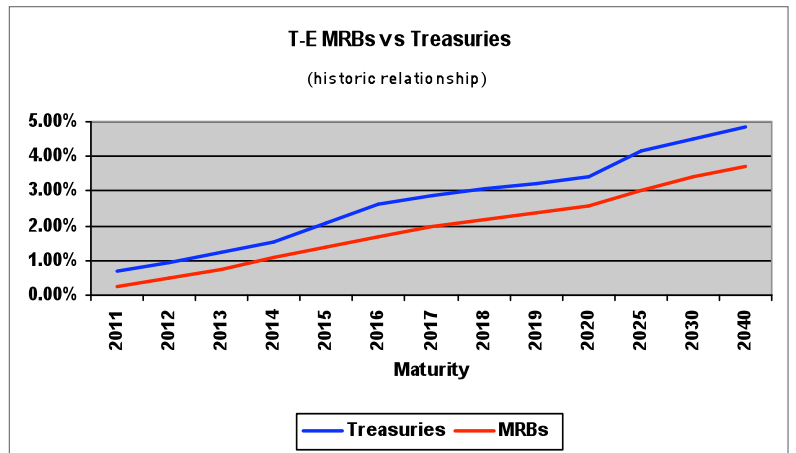


Figure 2.



PP&D UPDATE

BY SEAN THOMAS
DIRECTOR OF PLANNING,
PRESERVATION AND DEVELOPMENT



Continuous Improvement

Several changes and new initiatives are occurring in the Office of Planning, Preservation, and Development (PP&D). In order to address the increasing challenge of financing housing development, staff members are working to improve efficiency, enhance flexibility and innovation and incorporate lessons learned during the allocation of ARRA resources. Activities include:

- Housing Grant Analysts and Field staff are now organized into four development teams managed by Karen Banyai and Kevin Clark. Each team will be responsible for a portfolio of funded projects to monitor during the development/construction phase. All staff will review new applications for funding.
- A new position for an Architect was created. Sara Lahman will assist with the review of plans, specifications and project budgets included in new applications, monitoring of projects under construction and development of design-related policies and procedures.
- OHFA contracted with Douglas Koch, who is a national expert regarding affordable housing market analysis to review existing market study requirements, provide training to staff and evaluate the effectiveness of a sample of existing market studies.
- OHFA is seeking a Multifamily Underwriting Consultant who will advise OHFA staff in structuring its multifamily financing awards, reviewing new applications for funding, developing policies and procedures for existing and new programs and evaluating previously funded projects. The Consultant will be selected in October and will remain under contract for two years.
- Staff for PP&D, Program Compliance and Information Technology offices are working to implement a new web-based data system. The system, known as "DevCo" will link offices and combine data from multiple sources into one database. The system will be operational later this fall.

Program Updates

- The 2011 funding round for the Housing Tax Credit Program begins with the application deadline on October 14th. All applicants will be required to meet with staff in person to present their proposal and answer questions. Preliminary results will be released on March 17th. Additional information for those projects selected to move forward will be due June 30th. Approximately \$24 million in credits will be available.
- Approximately \$5 million in funding is available through the Housing Development Assistance Program (HDGF). Pre-applications for funding must be submitted no later than December 15th. Funds may be used for small rental or homeownership developments.
- OHFA is evaluating the Community Housing Development Organization (CHDO) certification process and operating grant program. Focus groups will be held at OHFA on September 28th and October 14th. Draft policies will be then be created and discussed at the 2010 Ohio Housing Conference.

American Recovery & Reinvestment Act (ARRA) and Neighborhood Stabilization Program (NSP) Update

- In August, OHFA committed all ARRA and NSP funds. The final totals are as follows:
 - Tax Credit Assistance Program (TCAP): \$83.5 million
 - Tax Credit Exchange (TCE): \$118.1 million
 - NSP: \$30.2 million
- The funding assisted 90 projects consisting of over 4,000 units.
- Projects are scheduled to be completed over the next 15 months.
- Recipients of TCAP funds must continue to submit weekly Davis-Bacon wage reports and quarterly ARRA job reports. In addition, 75 percent of the state's allocation of TCAP funds must be expended by February 16, 2011. All of the funds must be expended by February 16, 2012. Recipients who do not spend all of their TCE funds by the end of this year must certify that they have spent 30 percent of the project's depreciable basis plus land. The U.S. Treasury recently provided a template format and determined that an accountant's certification is not necessary. For more information, go to <http://www.ohiohome.org/arra>.
- Staff will consider an applicant's ability to complete ARRA and NSP-funded projects when making decisions for future funding awards.

DevCo - OHFA'S NEW DEVELOPMENT AND COMPLIANCE DATABASE

BY ALLEN WILSON

INFORMATION TECHNOLOGY CONTRACTOR



Activity continues to increase for DevCo, OHFA's new multifamily database, through the contribution of staff members from Planning, Preservation and Development (PP&D), Program Compliance and the Information Technology (IT) departments. This combined effort resulted in the recent release of a significantly upgraded Affordable Housing Funding Application (AHFA) through the OHFA website. Its enhancements allow DevCo to extract data from the completed application and transfer it directly into the database. This accomplishes a goal for the Agency of consolidating all information for multifamily housing into a single database. Now, as a single repository, the information received in the AHFA (starting in October) through a project's final compliance inspection will be recorded in one database and will be available to serve the multifamily information requirements of the Agency.

Our most recent activity includes the consolidation of the information from the current PP&D applications (for approximately the last three years), the definition of 120 different types of operating data for both PP&D and Program Compliance (counties, monitoring types, building types, development roles, etc.) and the installation of the DevCo software on the desktops of key staff members in both departments. In addition, we have contracted services from the company that developed the software to assist with the

transition of the AHFA data into DevCo and to develop a "Check List" functionality that helps automate and execute the Agency's business process from within the database. Our next steps include the identification of changes to the DevCo screens and to assure that all staff members transition from numerous spreadsheets to our new, single source of information. Once DevCo is implemented internally, OHFA plans to utilize the on-line features of the database that will allow owners and managers to certify residents on-line.

The project plan includes attention to an enormous amount of detail: the analysis of the data in the departments' existing spreadsheets, the reconstruction of all operational reports to fit the new database, training to demonstrate how staff members will perform their jobs differently and many other components necessary for a project of this size and scope. The commitment and contribution of PP&D and Program Compliance staff members continues to produce positive results for the project and will ultimately take us to a successful implementation, providing efficiency and benefit for the Agency and its customers.

OPC UPDATE

BY SEAN THOMAS

DIRECTOR OF PLANNING,
PRESERVATION AND DEVELOPMENT



In 2009, Ohio Capital Corporation for Housing (OCCH), Coalition for Housing and Homelessness in Ohio (COHHIO) and OHFA formed the Ohio Preservation Compact (OPC). The Compact set a goal to institute activities resulting in the preservation of at least 14,000 units statewide over the next 10 years. The Compact has:

- Created an online database of state and federally subsidized properties
- Held meetings of the Ohio Preservation Network, consisting of residents and stakeholder groups interested in the preservation of affordable housing
- Opened an \$18 million Preservation Loan Fund to provide low-interest predevelopment, acquisition and bridge financing

These activities and more will be discussed at the 2010 Preservation Summit which will be held during the Ohio Housing Conference. For more information, visit the Compact's website at www.ohiopreservationcompact.org.