

Ohio Neighborhood Stabilization Program Affordable Rental Housing Initiative Guidelines

Introduction

As a result of the enactment of House Resolution (HR) 3221 by Congress, the U.S. Department of Housing and Urban Development (HUD) awarded more than \$3.9 billion of funds to states and communities across the country to address the nation's abandoned and foreclosed homes crisis through the Neighborhood Stabilization Program (NSP). The Ohio Department of Development (ODOD) received an NSP allocation of more than \$116.8 million. To meet the legislative requirement that NSP recipients expend 25 percent of the allocation to benefit households with incomes at or below 50 percent of the area median income, ODOD allocated approximately \$29.2 million of the NSP allocation to the Affordable Rental Housing Initiative. ODOD will award the initiative allocation in partnership with the Ohio Housing Finance Agency (OHFA).

Purpose

The purpose of the initiative is to encourage the redevelopment or rehabilitation of demolished, foreclosed, or vacant residential properties into affordable rental housing serving households with incomes at or below 50 percent of the area median income (AMI). NOTE: Applicants requesting funding to assist households with incomes at or below 30 percent of the AMI are eligible to receive additional funds. The goal is to fund at least 20 projects to redevelop/rehabilitate at least 600 affordable rental units. The NSP funds will be awarded in conjunction with Low-Income Housing Tax Credit (LIHTC) Program, Housing Development Gap Financing (HDGF) Program and Multifamily Housing Bond Program awards.

Eligible Award Recipients

Award recipients must be a nonprofit organization [i.e., 501(c)(3)] or a public housing authority.

Eligible Projects

To be eligible for funding, the applicant must propose to rehabilitate or redevelop abandoned or foreclosed homes or residential properties to serve households with incomes at or below 50 percent of the AMI. The final redeveloped or rehabilitated buildings must be entirely residential with allowances for common space. In addition, the project must be located in an "area of greatest need" as defined in the State of Ohio's Action Plan for the NSP or as defined by a local NSP recipient, if applicable.

Maximum Award Amount

Applicants may receive an award of \$50,000 per unit up to \$1 million for projects assisting households with incomes at or below 50 percent of the AMI or up to \$1.5 million for projects assisting households with incomes at or below 30 percent of the AMI. NOTE: All units must be affordable to households with incomes at or below 30 percent of the AMI in order to qualify for an award greater than \$1 million. The award will be based on the financial need of the project.

Community Participation

Applicants must demonstrate that a proposed project contributes to an existing community redevelopment plan or, for projects located in a community that received a direct NSP allocation from HUD, is consistent with the community's NSP action plan. In addition, direct NSP allocation recipients must contribute at least \$250,000 of their NSP funds toward the financing of the project. For projects located in a city and county that both received direct NSP allocations, the minimum local match requirement remains at \$250,000 and may consist of contributions from one or both direct NSP recipients.

Affordability Requirements

Rent and occupancy restrictions apply to all units in the project. "Rent" and "income" must be calculated based on the LIHTC Program rules. The rent and occupancy restrictions must be maintained for at least 30 years. An exception will be provided for projects involving the sale of the units to eligible residents after the 15th year in the affordability period.

Other Requirements

There is a required minimum discount of 15 percent for each eligible property purchased with NSP funds. In addition, funding recipients must comply with the applicable federal requirements, including, but not limited to, Davis Bacon Wage Rates, Environmental Review, Acquisition and Relocation Requirements, Rehabilitation Standards, Fair Housing and Accessibility, and Lead Paint Hazard Control. For more information, visit <http://www.hud.gov/offices/cpd/communitydevelopment/programs/neighborhoodspg/index.cfm>. Also, projects will be required to meet the property standards and rental housing qualification standards for the HOME Investment Partnerships Program.

Application Submission Deadlines

To receive funds, applicants must complete and submit the relevant sections of OHFA's Affordable Housing Fund Application (AHFA), which is posted on <http://www.ohiohome.org>. The NSP funds will be awarded to eligible projects in the following three funding rounds, as non-committed funds are available:

- 2009 LIHTC -- Applications due on March 19, 2009 and NSP funds committed in July 2009.
- 2009 HDGF -- Applications due on August 1, 2009 and NSP funds committed in October 2009.
- 2010 LIHTC -- Applications due in January 2010 and NSP funds committed in May 2010.

In addition, NSP funds may be available to proposed Multifamily Housing Bond Program projects that meet the NSP guidelines and demonstrate financial need for NSP gap financing in 2009 or 2010. Applicants must demonstrate that the projects will be able to close the bonds within three months of the NSP commitment. For more information, visit <http://www.development.ohio.gov/edd/vc>.

Award Structure

Standard funding terms will be grants or loans with interest rates of two percent with repayments based on available cash flow.

Administration

Funding requests will be reviewed and approved by the OHFA Board in conjunction with the LIHTC, HDGF and Multifamily Housing Bond Program reviews, if applicable. The administration of the funding award, including issuance of funding agreements, processing of funding draws, and performance reporting, will be coordinated directly through ODOD's Office of Housing and Community Partnerships (OHCP). OHFA will monitor completed projects for long-term compliance.

Program Contact

Questions regarding the initiative should be directed to Doug Harsany, OHCP Residential Revitalization Section Manager, by telephone at (614) 466-2285 or by e-mail at Doug.Harsany@development.ohio.gov or to Sean Thomas, OHFA Office of Planning, Preservation and Development Director, by telephone at (614) 466-0400 or by e-mail at sthomas@ohiohome.org.