


# 2010 OHIO HOUSING FINANCE AGENCY YEAR IN REVIEW



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## **Executive Director's Report to the Board on the State of the Agency**

2010 proved to be a busy and productive year for the Ohio Housing Finance Agency (OHFA). OHFA effectively utilized traditional funding sources in combination with the American Recovery and Reinvestment Act (ARRA), New Issue Bond Program (NIBP) and Hardest Hit Fund (HHF) resources to close deals, identify new partnering opportunities, and drive the mission of the Agency. Furthermore, staff implemented revenue enhancement and cost containment strategies to maintain OHFA's financial viability. Just as importantly, OHFA leadership committed to a continuing process to enhance the culture of the Agency, engage staff, and provide opportunities for education and professional development.

Multiple challenges continued to impact the work of the Agency: a struggling state economy, uncertainty in the housing markets in which the Agency operates, and inconsistent access to capital and equity that are key to OHFA's programming. Nonetheless measurable progress was made across the spectrum of overarching strategies adopted by the Board.

### ***Significant accomplishments during the past year include:***

#### **Increase and preserve affordable housing opportunities for low-to moderate-income households to support Ohio's economic stability.**

- Closed 3,234 FTHB loans and assisted an additional 250 homebuyers through the Mortgage Credit Certificate program. 2,555 (76%) of participating FTHB borrowers utilized some form of down payment assistance and all received pre-purchase homebuyer education.
- Issued \$325 million of single family bonds under the NIBP program.
- Created a minority outreach program that helped achieve more than 20% minority participation.
- Awarded competitive tax credits in the 2010 funding cycle to 28 projects totaling 1,469 units.
- Allocated \$201.5 million in TCAP and TCE resources to 81 projects; closed 71 TCE and 40 TCAP transactions. \$68 million in TCAP bridge loans will be repaid to OHFA and used on future projects. Rigorous underwriting resulted in a savings of \$38 million in gap financing requests. An estimated 5,000 construction jobs were created or retained by the 81 projects.
- The Agency successfully met all ARRA commitment and draw deadlines.
- Committed or closed \$19.7 million for 15 projects in the Preservation Compact loan fund.
- Allocated \$5 million to the 2010 Housing Development Gap Funding program and invited seven full applications.
- Awarded \$945,000 in operating grants to 21 CHDOs.
- Issued \$61 million in multifamily bonds to finance the construction or rehabilitation of 1,150 units.
- Monitored 27,000 rental units in accordance with IRS and HUD requirements.
- Revised/updated the Compliance Tool and training resources; provided a range of training opportunities throughout the state.



**Identify and fund initiatives that drive Ohio's affordable housing policy and OHFA's mission.**

- Revised Housing Investment Fund guidelines; reviewed 50 Round Two applications, nine of which were funded.

**Serve troubled households and neighborhoods to strengthen Ohio communities.**

- Committed \$30.2 million in NSP 1 funds to nine projects.
- Continued participation in the Home Again (Columbus) and Opportunity Homes (Cleveland).
- Allocated federal and OHFA resources to a statewide network of housing counseling agencies; 13,000 Ohio families received foreclosure prevention, legal assistance, financial management, and/or housing counseling.
- Participated in Save the Dream, Ohio's coordinated foreclosure prevention program.
- Coordinated the development of the statewide plan for the \$572 million allocated to Ohio by the U.S. Department of the Treasury through the Hardest Hit Fund. Restoring Stability was launched on September 27.
- By the end of the year, more than 20,000 homeowners had registered on-line for foreclosure prevention assistance and were referred to certified housing counselors. Restoring Stability is a labor intensive and complex initiative that involves extensive collaboration internally and with numerous state and local partners.

**Position OHFA as a financially stable partner and employer of choice.**

- Completed the financial and Single Audit for FY 2010 with receipt of an Unqualified Opinion.
- Provided complete Agency and program financial overview to Moody's and maintained Aaa bond rating and A1 issuer credit rating in an environment of increasingly difficult stress tests.
- Managed \$3.5 billion bond portfolio.
- Achieved cost savings in 2010 and 2011 General Fund Budgets (latter is ongoing) by managing personnel levels and backfills, reducing travel expenses, and justifying discretionary spending.
- Generated \$17.5 million in revenue enhancements via the sale of new and seasoned MBS, the sale of swap excess optionality, and execution of a revenue sharing agreement on the warehouse line provided by the Master Servicer.
- Work continues on the Annual Plan update; Phase I (planning tool for housing needs) of the Vision Documents delivered to the Advisory Board.
- The Office of Affordable Housing Research is fully operational; the Office was instrumental in developing a targeting methodology for the Restoring Stability initiative, has published several white papers on affordable housing issues, expanded OHFA's working relationship with OSU's John Glenn School of Public Affairs, and is completing targeted research on older tenants and supportive services in tax credit properties and various aspects of homeownership in Ohio, including minority participation, foreclosures, down payment assistance, and homebuyer education.
- Recognized by our peers – received three national awards for program excellence at the NCSHA Annual Conference.



- Staff served in leadership positions with NCSHA, MAHMA, NAHB, and the Affordable Housing Finance magazine.
- Results of the engagement survey indicate 70% of staff engaged; 95% are connected to OHFA's mission.
- Co-sponsored, planned and executed the 2010 Annual Housing Conference.
- Staff contributed \$39,700 to a variety of charitable causes.

2010 was a year of significant challenges and considerable accomplishments for the Agency. It was in many ways a year of transition: the upheaval in the bond and credit markets in 2008 that impacted OHFA's programming throughout 2009 was tempered in 2010 by a gradual improvement in the economy, some stabilization in housing markets, and the effective use of ARRA and NIBP resources which enabled OHFA to re-engage and thus set the stage for an even stronger 2011.

There are certainly concerns that could impact the Agency's business model and performance in the upcoming year. Staff will remain diligent in identifying these concerns, and responding to challenges and opportunities in the markets in which OHFA operates. These concerns include: the strength of the economic recovery, particularly in terms of the creation of jobs and the continued/improved profitability of investors; ability of the market to generate new investment at a reasonable cost without the help of stimulus resources; and the impact of changes in the housing finance market by Congress and the Administration.

Despite these concerns, I am pleased to report that the state of the Agency is strong and OHFA is prepared to produce significant results in 2011. There are a number of factors that enable OHFA to function at a high level:

- Professional staff that is passionate about, and committed to, the Agency's mission.
- Active Board that provides direction and feedback.
- In-state syndicator with a proven track record.
- Committed investor base.
- Effective relationships with partners, including for profit and non-profit developers, lenders, realtors, homebuilders, and advocacy groups.
- Excellent professional team – financial advisor, investment bankers, bond and agency counsel, bond trustee, and master servicer.
- Secure financial position as a result of the team approach to making good business decisions on bond and deal structures, taking manageable risk, and diversifying financial exposure to external parties.

The Agency will continue to use these advantages in a collaborative manner in 2011 to build on the accomplishments of the preceding year. Targets for 2011 include:

- Provide assistance to 3,750 homebuyers.
- Accelerate Restoring Stability to close 1,000 files per month.
- Manage the staff growth resulting from full implementation of Restoring Stability.
- Provide financing for the construction or rehabilitation of 4,000 rental units.



- Identify ways to link OHFA programs to local and statewide economic development and community development efforts.
- Successfully compete for the Project Based Contract Administration contract.
- Measure and evaluate the results of selected programs.
- Expand relationships with legislators (General Assembly and Ohio's Congressional delegation), stakeholders, and the media; there is a great story that must be told regarding the importance of Ohio's mission, the role of public/private partnerships, and the impact of the Agency's programming on families, neighborhoods and communities, and the state's economy.
- Work closely with stakeholders to update and implement the OHFA Annual Plan.
- Fully implement Devco, the multifamily software package, for internal and external use.
- Preserve and utilize affordable housing resources.
- Manage OHFA's budget in the environment of a difficult state budget cycle.
- Complete the Long-Term Facilities Plan and make a space decision that is in the best interest of the Agency.
- Continue to work on OHFA's culture and the quality of the workplace environment.

On behalf of the entire staff, I offer sincere thanks to the Board for your continued commitment to the work and mission of the Ohio Housing Finance Agency. We appreciate your support and high expectations that enable us to work with our partners in the shared mission of opening the doors to an affordable place to call home.

**OHFA 2010 Year In Review by Office**





## Debt Management

- Multifamily bond issuance of \$61.15 million the proceeds of which were used to finance the construction, acquisition and rehabilitation of 1,150 multifamily units.
- Of the above \$61.15 million, \$27 million represents OHFA's allocation under the HFA Initiative Multifamily New Issue Bond Program and funded 668 of the 1,150 units.
- Issued \$325 million of Single Family bonds under the HFA Initiative Single Family New Issue Bond Program (NIBP). \$130 million were publicly sold with the balance representing Program Bonds to be held by the U.S. Treasury under the NIBP program.
- Sold newly created Mortgage Backed Securities ("MBS's") generating \$2.5 million of net revenue for the Agency.
- Sold \$123 million of seasoned MBS's. Proceeds of the sale were used to retire \$123 million of outstanding OHFA Single Family Bonds netting a \$12.4 million addition to the Agency's General Indenture.
- Sold 2005 F swap excess optionality netting \$1.75 million for the Agency.
- Negotiated revenue sharing agreement with US Bank in connection with its New Issue Bond Program warehouse agreement. For 2010, generated between \$800,000 and \$1 million dollars net revenue for OHFA.
- Facilitated the conversion of \$90 million of OHFA variable rate debt from taxable debt to tax-exempt debt not subject to the Alternative Minimum Tax ("AMT"). Converted \$52.5 million of tax-exempt variable rate debt from subject to AMT to tax-exempt debt not subject to the AMT.
- Locked an NIBP borrowing rate of 3.55% for 2011.

## Finance

- Successful completion of the financial audit and the federal Single Audit for FY10 by the required date with the receipt of an Unqualified Opinion.
- Audit Exit Conference was held on September 23, 2010 with management, Auditors and Board members prior to issuance of a formal audit opinion.
- Coordinated an interim audit conducted by an independent public accountant of the ARRA funds in an effort to ensure programmatic compliance with ARRA guidelines.
- Presented to Moody's a comprehensive financial overview including the four major funds of the Agency, incorporating single family bond program cash flow and derivative contract information.
- Compiled and presented to the Board for approval the FY11 General Fund Budget; subsequently approved.
- Presented quarterly investment reports to the Board detailing all Agency investments.
- Discussed with, prepared and provided the relevant information to the Office of Budget and Management (OBM) for the FY12-13 Biennium Payroll Budget request.
- Collaborated with Habitat for Humanity of Ohio to establish a revolving loan fund to make credit available to the 69 Ohio Habitat affiliates for use in construction including costs associated with land acquisition, materials, infrastructure and professional labor.



- Completed the RFP for Arbitrage Consulting Services which included the review of all proposals and submission of a specific recommendation to the Board for the award of the contract.
- Implemented a more accurate method for calculating the economic gain or loss as required by GASB7 resulting in better financial reporting.
- Researched and interpreted GASB51 language for proper monthly recording of the Agency's intangible asset activity including the development of a data collection and comprehensive time recording system. Prior to implementation, Agency-wide training was provided covering GASB51 requirements and proper use of the system.
- Interpreted, researched and developed the appropriate calculation methodology to determine the effectiveness of the Agency's derivatives. The appropriate hedge accounting treatment of the derivatives' fair market value, as initially required in FY10 by GASB53, was applied based upon the results of these calculations.
- Collaborated with internal offices to research proper accounting treatment of the American Reinvestment and Recovery Act (ARRA) transactions.
- Created efficiencies through the imaging of the Housing Development Loan and Single Family whole loan foreclosure files for ease in document retrieval and to reduce the volume of physical permanent storage.
- Improved the efficiency of calculations and accuracy of accounting transactions for the mortgage-backed securities in the Multifamily program by implementing the use of the Agency's existing investment module.
- Held Agency-wide user forums on travel and purchasing policies to obtain user feedback as a continuing effort to improve customer service and operations.
- Recognizing the importance of our role as a support office, conducted the fourth annual Agency-wide customer satisfaction survey. The current and prior year survey results were compared and used to assess the need for operational changes. Continuous improvement has been observed each year.
- Analyzed potential risks associated with the Single Family General Indenture to better position the Agency to respond expeditiously in the event of adverse market conditions.
- Completed the annual Cost Allocation Study to assist and guide internal management decision-making for Agency programs.
- Analyzed key financial performance ratios (i.e. program expenditure and sufficiency) and updated established targets to measure the progress of the Agency's overarching financial viability goal.
- Analyzed the Low Income Housing Tax Credit compliance monitoring cost and prepared a recommendation to maintain the current fee level for the CY12 Qualified Allocation Plan.
- Set up, verified and began to utilize existing accounting software to calculate Multifamily bond-related fees to efficiently track and calculate accruals and payment of trustee fees.
- Finalized the implementation of the Financial Portal reporting system. The system has created efficiencies by eliminating the manual preparation of some monthly financial reports.





- Played a key role in the creation of the administrative budget, payment processes, and servicer enrollment for the Restoring Stability Program.
- Participated in the structuring, issuance, release and recordation of the HFA Initiative New Issue Bond Program (NIBP) funds for Single Family and Multifamily programs.
- Reviewed the duties related to the whole loan administration to determine the appropriate placement within the Finance Office, which resulted in the transition from the Single Family Accounting Unit to the Fiscal Unit as staffing requirements are met.
- Facilitated the implementation of the Agency's access to HUD's secure Enterprise Income Verification module enabling the Agency to track compliance with federal guidelines.
- Recommended all Agency contracts/grant agreements be retained in one location for consistency, resulting in the creation of the Legal Office repository.
- Analyzed the skill sets needed for the finance staff classifications to ensure necessary training and education requirements are included in all position descriptions, resulting in a recommendation for the creation of a new housing accountant classification specific to OHFA Finance.

## Homeownership

- Closed 3,234 First-Time Homebuyer/Target Area Loans
  - Aggregated mortgage amount: \$308,470,279
  - Average loan amount: \$95,383
- Established homebuyer education for any homebuyer using down payment assistance
  - 2,255 homeowners received counseling through 25 agencies
  - \$195.970 paid to housing counseling agencies
- Down Payment Assistance Programs (77%)
  - 1,668 homebuyers (52%) assisted with DAG
  - 625 homebuyers (19%) assisted with homebuyer second mortgage
  - 164 loans homebuyers (5%) assisted with Grants for Grads
- Created New Home Sweet Home Program – designed to assist new construction homebuyers
  - 1 loan reserved since program began in December
- Provided Mortgage Credit Certificate Program (MCC) including incentives for target area and Real Estate Owned purchases
  - 250 homebuyers served through MCC's
- Number of Lenders Added to OHFA Programs
  - 17 new lenders were added
- Offered Continuing Educations and promoted OHFA first-time homebuyer products
  - 462 real estate agents received continuing education credit
  - Offered special training on FHA 203k loans to both lenders and real estate agents



- Helped homeowners at risk of foreclosure by providing counseling and legal assistance
  - 20 agencies counseled 7,929 homeowners
- Launched the Restoring Stability Program
  - More than 20,000 homeowners registered online and were referred to housing counseling agencies
  - 1,400 files submitted to underwriting, 350 approved by OHFA, 98 sent to servicers

## **Legal Office**

- Closed 72 Tax Credit Exchange transactions and 47 TCAP assistance transactions since the program's inception at the end of 2009. Provided extensive assistance to the Office of Planning, Preservation and Development to assist in negotiation and closing all of these transactions in accordance with the program requirements.
- Closed 62 HDAP and 63 HDL transactions during 2010 which was a 35% increase from 2009 when only 81 total HDAP and HDL transactions were closed. Also had to set up new documents and processes for TCE only projects, NSP only projects, NSP Gap Loans, TCAP Permanent, Bridge and Gap loans.
- Assisted with the Hardest Hit Fund Program by negotiating all the various agreements needed to implement this program. This would include agreements with the U.S. Department of the Treasury, the Ohio Homeowner Assistance LLC, US Bank, various contractors, and the servicers. Assisted in drafting documents and forms to be used in the program implementation at various stages. Will continue to assist where needed through implementation.
- Filed Joint Committee on Agency Rule Review rules on confidentiality in compliance with newly created law regarding the use and release of confidential information by employees.
- Continued to forward and monitor all of the foreclosure actions that have been sent to the Attorney General's Office of Collections Enforcement that involve repayment to OHFA for loans made to projects and individuals.

## **Legislative Affairs**

### ***Ohio:***

- 58 bills were enacted during the 128th General Assembly, significantly fewer than the approximate 10-year average of 250 per GA.
- The House passed several bills prior to the summer recess aimed at addressing the foreclosure crisis but the Senate chose not act on any of them. HB 3 (Foley, D-Cleveland/Driehaus, D-Cincinnati) proposed a foreclosure moratorium, regulation of servicers, and a foreclosure filing fee to fund counseling efforts; HB 9 (Celeste, D-Columbus) provided protection to tenants in rental property foreclosure actions; and HB 323 (Murray, D-Sandusky) addressed foreclosure actions, nuisance abatement and toxic titles.
- SB 197 (Jones, R-Hillsboro) that addressed mediation in foreclosure actions received some initial Senate attention but eventually stalled.



- Governor Strickland signed HB 313 (Ujvagi, D-Toledo) into law on April 7. The new law will allow 41 additional counties with at least 60,000 residents to implement programs similar to the land bank pilot program already operating in Cuyahoga County. Land banks can be used by counties to reutilize foreclosed, abandoned and blighted properties.
- Along with five OHFA staffers, attended an outreach meeting in Cleveland attended by roughly 60 representatives of community development entities, Republican Mike Foley (D-Cleveland), Ken Williamson from Senator Sherrod Brown's staff, and Ed Stockhausen from Senator Shirley Smith's (D-Cleveland) staff. The meeting was organized by Nate Coffman of the Ohio CDC Association.
- After the November elections, Republicans rule the House with a 59-40 majority and the Senate with a 23-10 majority. Republicans also won races for governor (John Kasich), attorney general (Mike DeWine), auditor (David Yost), secretary of state (John Husted) and treasurer (Josh Mandel). With control of the legislature, the governor's office, the secretary of state's office, and the auditor's office, Republicans will control the state apportionment board that determines state legislative districts. Congressional redistricting will also be controlled by the Republican-dominated legislature and Governor Kasich.
- Speaker-elect William Batchelder (R-Medina) announced 17 standing committees for next session, 10 fewer than this term. Along with establishing the Financial Institutions, Housing and Urban Development Committee, Batchelder announced that the Finance & Appropriations Committee will have five standing subcommittees, including those focusing on primary and secondary education; higher education; transportation; health and human services and agriculture and natural resources.
- Senator Chris Widener (R-Springfield) will chair the Senate Finance & Financial Institutions Committee. Republican Ron Amstutz (R-Wooster) will chair the House Finance Committee with former Senate Finance Chair John Carey (R-Wellston) as Vice Chair.
- Legislative leadership positions for the 129th Ohio General Assembly:
  - House Republicans
    - Speaker: Republican Bill Batchelder (Medina)
    - Speaker Pro Tempore: Republican Lou Blessing (Cincinnati)
    - Majority Floor Leader: Republican Matt Huffman (Lima)
    - Assistant Majority Floor Leader: Republican Barbara Sears (Sylvania)
    - Majority Whip: Republican John Adams (Sidney)
    - Assistant Majority Whip: Republican Cheryl Grossman (Grove City)
  - House Democrats
    - Minority Leader: Republican Armond Budish (Beachwood)
    - Assistant Minority Leader: Republican Matt Szollosi (Oregon)
    - Minority Whip: Republican Tracy Heard (Columbus)
    - Assistant Minority Whip: Republican Debbie Phillips (Athens)



- Senate Republicans
  - President: Senator Tom Niehaus (New Richmond)
  - President Pro Tempore: Senator Keith Faber (Celina)
  - Majority Floor Leader: Senator Jimmy Stewart (Athens)
  - Majority Whip: Senator Shannon Jones (Springboro)
- Senate Democrats
  - Minority Leader: Senator Capri Cafaro (Hubbard)
  - Assistant Minority Leader: Senator Shirley Smith (Cleveland)
  - Minority Whip: Senator-elect Edna Brown (Toledo)
  - Assistant Minority Whip: Senator Jason Wilson (Columbiana)

***Washington:***

- During the NCSHA Legislative Conference, Doug Garver, Hal Keller and Guy Ford visited with Republican John Boccieri (D-Alliance), Republican Steve Driehaus (D-Cincinnati) and Republican Mary Jo Kilroy (D-Columbus) along with 13 staff housing aides (Brown/2, Voinovich, Kaptur, Space, Tiberi, Wilson, Turner, Fudge, Ryan, Kucinich, LaTourette and Sutton). After providing a briefing on OHFA's mission and activities, we stressed the need for a one-year extension to the ARRA Tax Credit Exchange program, expansion of the current two-year carry back provision to five years, and allowing tax credit investments by S-corporation community banks. We also asked for support of a permanent funding source for the National Housing Trust Fund and additional federal assistance for Ohio's ongoing foreclosure crisis. The Ohio delegation has been actively seeking a reevaluation by the administration of the recent announcement that \$1.5 billion in unused TARP funds will be made available to CA, FL, NV, AZ and MI to address the foreclosure issue.
- With significant assistance from the Ohio delegation, particularly Sens. Brown and Voinovich along with Reps. Kucinich and Kaptur, Ohio was awarded \$172 million from the second Treasury HFA Hardest Hit Fund. Subsequent awards were made bringing Ohio's total to \$570 million.
- Doug Garver and Guy Ford attended a meeting in Cleveland at the district office of Republican Dennis Kucinich to hear comments from Treasury Asst. Sec. Herb Allison and affordable housing advocates focused on the Hardest Hit Fund and HAMP.
- The Senate Banking Committee's financial reform bill, S. 3217, "The Restoring American Financial Stability Act of 2010" included language sponsored by Senator Blanche Lincoln (D-AR). There were several provisions in S. 3217 that could have negatively impacted OHFA's use of swaps and derivatives. Bob Connell drafted comments expressing OHFA's concerns that were sent to Senator Brown, Republican Kilroy, NCSHA and to Governor Strickland's DC office. Subsequent conference committee amendments and clarifications addressed the concerns raised by OHFA. Now known as the Dodd-Frank Wall Street Reform and Consumer Protection Act, the bill was signed into law by President Obama. The administration is mandated by the act to deliver a comprehensive housing finance reform proposal to Congress by January 2011.



- Brian Carnahan and Guy Ford traveled to DC to lobby for inclusion of an HFA preference in the upcoming HUD contract bidding process for the selection of Project Based Contract Administrators (PBCA). We met with six housing aides to members of the House Appropriations and Financial Services committees. A subsequent House committee markup of the Transportation-HUD appropriations bill did not include the PBCA preference but did state that “(a)s the Department rebids the contracts for performance-based contract administrators, the Committee strongly believes that there should be a preference for public entities whose mission is oriented towards a public purpose. In an increasingly tight fiscal environment, it is difficult to fund increases in programs, so these important federal funds should be used to support the public mission of safe, affordable rental housing.” The Senate Appropriations Committee reported the T-HUD bill without any changes to the PBCA preference language. Several sources reported that committee members were reluctant to get in the middle of a battle between state HFAs and local PHAs over PBCA bidding.
- The Senate passed, by a vote of 79 to 16, a continuing resolution which flat-funds government agencies through March 4, 2011. Following Senate action, the House passed the CR later that day by a vote of 193 to 165. This resolution essentially extends the previous resolution that expired at midnight on Tuesday. The \$250 billion package will continue funding for most federal agencies and departments at levels authorized for fiscal 2010, though some programs will see slight increases. Republican lawmakers want to roll back federal spending to fiscal 2008 levels, a move they say would save \$100 billion over the next decade.
- After the November elections, Republicans narrowed the gap in the U.S. Senate picking up six seats (including Ohio’s newly-elected Senator Rob Portman) in the November elections. The Democrat majority is now 53-47. In the House, Republicans won control picking up 63 seats and now have a 242-193 majority. The Ohio congressional delegation will shift from 10 Democrats and 8 Republicans to 5 Democrats and 13 Republicans.
- Ohio will lose two seats in the U.S. House of Representatives as a result of the 2010 census. The current 18 seats will be reduced to 16 before 2013 and Ohio’s number of Electoral College votes will be reduced to 18 for the 2012 presidential election. Ohio had 24 House seats in 1960.
- Senator Sherrod Brown was selected by Senate Majority Leader Harry Reid (D-NV) to fill the seat on the Senate Appropriations Committee formerly occupied by the late Senator Robert Byrd (D-WV).
- The House Republican Steering Committee appointed U.S. Republican Steve Austria (R-Springfield) to the House Appropriations Committee.
- Congressman-elect Steve Stivers (R-Columbus) announced that the House Republican Steering Committee recommended he serve on the Financial Services Committee for the 112th Congress.
- Republican Spencer Bachus (R-AL), will chair the Financial Services Committee with Republican Jeb Hensarling (R-TX) as vice chair. Bachus stated that the first priority of the committee will be to end the taxpayer-funded bailout of Fannie Mae and Freddie Mac.



- Republican Judy Biggert (R-IL) will head the Financial Services subcommittee on Housing & Community Opportunity. The subcommittee’s jurisdiction also includes HUD and urban development. Bachus will expand the subcommittee’s jurisdiction by moving all insurance issues now under the Capital Markets & Government Sponsored Enterprises subcommittee to the housing subcommittee. Republican Shelley Moore Capito (R-VA) will chair the Financial Institutions & Consumer Credit subcommittee, with oversight of banks and banking, federal deposit insurance and safety and soundness. Republican Scott Garrett (R-NJ) will chair the Capital Markets & Government-Sponsored Enterprises subcommittee, where legislation is expected to originate to phase out Fannie Mae and Freddie Mac over a five-year period.
- Outgoing Ohio Attorney General Richard Cordray will head the enforcement arm of the new Bureau of Consumer Financial Protection (BCFP). The BCFP, created in the Dodd-Frank financial regulatory reform bill, has the authority to regulate all consumer financial products. White House advisor Elizabeth Warren is organizing the bureau and has established mortgages as one of its initial priorities.
- President Obama’s nomination of Joseph Smith Jr. for the top job overseeing US mortgage finance agencies will be carried over until the next Congress when the Senate adjourned without casting a final vote on the appointment.
- Smith, North Carolina’s banking commissioner, was nominated to be director of the Federal Housing Finance Agency (FHFA) last month and was recommended by the Senate Banking Committee. Smith is not popular with some Republicans like ranking Senate Banking Committee member Richard Shelby (R-AL) who described him as a “tool of the Obama administration”.
- The 112th Congress will convene on January 5, 2011 and Republican John Boehner (R-West Chester, OH) will receive the Speaker’s gavel from current Speaker Nancy Pelosi (D-San Francisco, CA).

## **Operations:**

### Communications and Marketing

#### ***Promoted the Agency’s Homebuyer Programs by:***

- Created materials, web copy and partner communications for the FTHB program, including: Down Payment Assistance Program, Mortgage Credit Certificate Program, Grants for Grads and New Home Sweet Home Program.
- Created and implemented a Grants for Grads statewide marketing campaign, working with universities across the state to promote the program.
- Continued to use cost-effective methods to connect with and market to partners, including social media and web advertising.
- Used targeted Google advertising in low volume areas.
- Promoted Fair Housing and Homeownership months with print, radio, texting and TV advertising campaigns.



- Built relationships with members of the press and social media outlets to increase Agency awareness and encourage media placement, resulting in 333 total media placements.
- Coordinated print ads in local, minority and trade publications.
- Developed a partnership with the Ohio Association of Realtors (OAR) to:
  - link directly to OHFA's website from the OAR homepage with a featured banner
  - advertise and provide articles for Ohio Realtor magazine and the e-Connections newsletter
  - participate in the OAR Annual Expo
  - sponsor the 2010/2011 meeting of OAR Young Professionals
- Developed partnerships with educational institutions, organizations and others to promote OHFA homebuyer programs.
- Marketed to stakeholders using Constant Contact, a graphic e-mail distribution system.
- Participated in and/or sponsored industry outreach events, including:
  - Pastors Appreciation Breakfast
  - Ohio Housing Authorities Conference Spring Conference
  - Ohio Realtist Conference
  - Ohio Association of Realtors Annual Convention & Expo
  - 2010 Ohio Housing Conference
- Participated in and/or sponsored customer outreach events, including:
  - Homebuyer Fair
  - Momentum 2010: Ohio Women's Summit/International Women's Day
  - Grande Finale—University of Rio Grande
  - University of Cincinnati Grad Fair
  - UC Alumni Association Senior Open House
  - Ohio Mortgage Fraud Summit
  - National Consumer Protection Week
  - Cleveland Pride Festival
- Created a comprehensive minority outreach plan to target African American, Hispanic and Asian populations across the state, focusing on developing relationships and sponsoring events to encourage minority participation in our programs. OHFA received the 2010 NCSHA Annual Award for Excellence in Creative Media for this campaign. The campaign included print and television advertising and events, including:
  - Take a Loved One to the Doctor Day
  - Asian Festival
  - Festival Latino
  - Midwest Regional Black Family Reunion
  - Minority Health Fair
  - Columbus Urban League Workshop



***Assisted with statewide foreclosure prevention efforts by:***

- Partnered with Governor Ted Strickland's Office, the Department of Commerce and Save the Dream Ohio partners to promote Restoring Stability: A Save the Dream Ohio Initiative by:
  - Formatting, proofreading and editing the Ohio Hardest-Hit Fund proposal submitted to the U.S. Department of Treasury and all subsequent revisions and additions.
  - Creating a comprehensive Media/Outreach plan, timeline and deliverables calendar.
  - Implemented the Media/Outreach plan by:
    - coordinating a press conference
    - writing and pitching press releases and related news stories
    - coordinating advertising buys, media interviews, appearances and placement, editorial production and placement
    - coordinating a large direct mail campaign through the Ohio Department of Jobs and Family Services with more than 350,000 total mailings
    - sponsoring and participating in events and creating a Call for Partnerships to encourage community involvement in and support for homeowner outreach events
    - creating a logo, graphics and web design for the Restoring Stability Software (RSS) pages and business system designs
    - coordinating the branding and development of all customer-facing documents and web copy, RSS documents and online copy, marketing materials, advertising (print, radio, online and TV), manuals and program documents
    - writing and submitting editorial articles to media outlets across the state
    - creating and disseminating program information to counselors and partners through Constant Contact
- Partnered with the Department of Commerce to promote and advertise the statewide Save the Dream initiative through a grassroots campaign.
- Sponsored and/or participated in numerous events throughout the state including:
  - Community Days in Cleveland
  - Smart Money Choices
  - Foreclosure Prevention and First-Time Homebuyer Workshop
  - Bargain Box
  - Home Ownership Center of Greater Cincinnati Phone-A-Thon
  - Multi-County Foreclosure Prevention Event
  - Summit County Surviving the Economy Workshop
  - Circleville Pumpkin Show
  - Toledo Economic Information Fair
  - Fair Lending Conference
  - Home Rescue Fair
  - Hope Now Foreclosure Workshop





***Promoted Multifamily programs by:***

- Designing and formatting multifamily materials that are consistent with the OHFA brand.
- Writing and distributing press releases and coordinating press interviews to announce and discuss American Recovery and Reinvestment Act (ARRA) funding allocation.
- Developing a partnership with Ohio Affordable Housing Solutions to sponsor their affordable apartment guide publication set to launch in January/February 2011.
- Writing talking points and coordinating staff appearances at numerous groundbreaking and ribbon cutting ceremonies across the state.
- Developing a logo and materials for the Ohio Preservation Compact.
- Sponsoring and/or participating in events throughout the state including:
  - Ohio Rural Community Conference
  - Habitat for Humanity of Ohio Conference
  - Coalition On Homelessness and Housing In Ohio (COHHIO) Conference
  - Ohio Housing Authorities Conference (OHAC) Spring Conference
  - Corporation for Ohio Appalachian Development (COAD) Annual Conference
  - Mid-Ohio Regional Planning Commission (MORPC) Summit on Sustainability & the Environment
  - OHAC Fall Conference
  - Ohio CDC Association Annual Conference
  - 2010 Ohio Housing Conference

***Enhanced Agency Brand Awareness Internally and Externally by:***

- Creating internal culture and Agency communications initiatives, including the 2010 Community Impact video utilizing customer testimonials.
- Developing a microsite for the Office of Affordable Housing Research, creating a compilation of research conducted, data collected, white papers and collaborations with other universities and partners.
- Coordinating the Spirit of Homeownership Excellence Awards (previously the sustainable Homeownership Excellence Awards) to recognize organizations that have created programs and/or initiatives to further affordable homeownership opportunities and announced two winners in June 2010.
- Planning and executing the 2010 Annual Housing Conference which the Agency co-sponsored with the Ohio Capital Corporation for Housing. This year, the conference:
  - attracted more than 1,400 affordable housing professionals from 23 states
  - offered more than 45 breakout sessions including new roundtable sessions on Thursday
  - featured an iPhone/iTouch/iPad application for download from iTunes for conference attendees that featured an agenda, speakers, bios and conference information



- Developing a logo and materials for the Ohio Preservation Compact.
- Maintaining an OHFA presence on Facebook and Twitter as a networking tool to provide customers and partners access to the latest information about the Agency.
- Coordinating photo and video shoots with single family and multifamily customers throughout the state for use in collateral materials, photographed by internal photographer/graphic designer, an internal videographer and external media firm.
- Creating the 2010 Annual Report, the 2010 OHFA calendar and other Agency publications including the quarterly newsletter, Moody's report and audited financial statements.
- Drafting seven award entries for NCSHA Awards – OHFA won in three categories: Creative Media, Empowering New Buyers and Management Innovation.

## Facilities

- Provided workspace for 25 HHF Project employees.
- Coordinated the creation and implementation of an Interactive Voice Response system to handle the volume of phone calls received by the Save the Dream Hotline.
- Began planning and preparation for the second wave of HHF employees (25 additional staff expected in early 2011).
- Coordinated the replacement of carpet on the second and third floors.
- Assisted with an Agency-wide records purge in preparation for the carpet installation.
- In conjunction with IT, added Audio/Visual capability to three conference rooms (214, 401 & 502).
- Coordinated the replacement of the awnings in front of the building and the addition of one awning at the rear of the building.
- Managed the OHFA vehicle fleet which is expected to travel 165,000 miles.
- Added GPS units for all fleet vehicles.
- Contracted for the installation of a new access control system for the building.
- Arranged for the repainting of the Boardroom and several other areas throughout the building.
- Reconfigured the Finance office file room.
- Participated in numerous employee moves and workspace reconfigurations.
- Reassigned parking spaces in the east lot to streamline Board-day parking and continued managing the employee parking program involving the lot next to OHFA and the City Center garage.
- Transitioned to a new parking garage management company.
- Provided support and employee shuttle service for 2010 Ohio Housing Conference.
- Provided on-site seasonal flu vaccine for OHFA employees, spouses and Department of Development employees.



## Human Resources

- Hired 39 OHFA employees: (1) Board Member, (1) Intermittent, (6) Full-time permanent, (11) College Interns and (20) Project Employees.
- Labor Management Committee received an award for Management Innovation in the category of Human Resources for its work in creating a collaborative team.
- Hosted the 1st Annual Leadership Summit.
- Created a new performance review tool and process for evaluation the performance of Senior Staff members.
- Conducted Annual Engagement Survey: Overall engagement dropped 4%. 66% of employees are engaged, 27% are not engaged and 7% are actively disengaged.
- Successfully transitioned Agency payroll to interfacing with the Ohio Administrative Knowledge System (OAKS).
- Created the Workforce Planning Committee to review succession planning, utilization of staff resources and employee development.
- Completed transition from Cognos reporting to Business Intelligence model to report OAKS data.
- Worked with the Offices of Finance and Legislative Affairs to receive approval from OBM to raise OHFA's personnel ceiling from 121 to 171 to accommodate Restoring Stability staff.

## Information Technology

### ***Multifamily Software***

- Early in 2010 OHFA purchased a Multifamily software package from the State of Indiana with the intent of making modifications to the application for use within our PP&D and Compliance offices. Missouri and Kentucky joined Ohio in this effort by also purchasing the application from Indiana. All four states now share in the modifications of this application to build a product free of vender expenses and control. Information Technology staff spent most of 2010 reviewing this software to determine what changes would be needed to support OHFA. Much work has been accomplished by the four states during 2010 as we expect to put these joint efforts together early in 2011 as we begin using the product in our daily operations.

### ***Hardest Hit Funds***

- Much of the latter half of 2010 was spent working with the needs of the Hardest Hits Funds initiative. This effort required the IT team to work with two other state agencies, a major vender application and a non-profit agency to monitor and distribute the \$520 million being processed through this fund. The major effort from IT was report consolidation, website redevelopment and record retention. Time was also spent installing new hardware in support of secure email and secure file transfers to protect the Personal Confidential Information provided in the mortgage processing.



### ***Network Security***

- In 2010 OHFA replaced the Barracuda network protection device with an IronPort product from Cisco. The Barracuda was doing an effective job but lacked some secure features required for processing Hardest Hit Funds. The protection provided in 2010 by these devices resulted in more than 4 million SPAM and Virus laden messages being blocked, returned or deleted. Approximately 90% of all messages arriving at OHFA are rejected by these appliances for malicious or unwanted content. The protection to the OHFA network is paramount to the safe operation and secure communications of our business.

## **Planning, Preservation and Development**

### ***Housing Credit Program***

- Administered two competitive funding rounds during the year in order to shift the applications deadline from spring to fall.
- 2010 competitive Housing Tax Credit program summary:
  - Approved 122 organizations to participate in the program during the initial experience and capacity review.
  - Received and processed 80 applications in March.
  - Awarded \$19.2 million in credits to 28 projects consisting of 1,469 units.
  - In December, issued Carryover Allocation Agreements for all 28 recipients.
- 2011 competitive Housing Tax Credit program summary:
  - The Board approved the 2011 Qualified Allocation Plan in May.
  - Approved 30 organizations in addition to the 122 organizations previously approved to participate in the program.
  - Received and began processing 109 applications in October.
  - A new feature in the 2011 process is the meeting between staff and development team for each application; meetings began in November and will run through February, 2011.
  - Preliminary results will be released in March 2011. Recipients will then have until June 30, 2011 to meet all remaining application requirements.
- Processed requests for 8609 Forms for 59 projects, including new and amended forms.
- Issued letters of eligibility for 4% bond Housing Tax Credits to 12 projects.

### ***Gap Financing Programs***

- Reserved over \$14.4 million in HOME and state Housing Trust Funds for gap financing to 23 of the 2010 Housing Tax Credit projects. Presentations to the Board began in October and will run through May 2011.
- Reserved over \$48.7 million in state Unclaimed Funds for housing development loans to 24 of the 2010 Housing Tax Credit projects. Presentations to the Board began in October and will run through May 2011.



- Allocated \$5 million in state housing trust funds for the 2010 Housing Development Gap Funding application cycle. OHFA received 18 proposals and has invited seven organizations to date to submit full applications. In the first quarter, the Board approved approximately \$2.8 million for six projects for the 2009 program year.

### ***Project Administration***

- Closed out 77 HDAP awards and 21 CHDO awards.
- Issued \$945,000 in new HOME funds to 21 CHDO for the third year of their operating grant award.
- Approved 157 draws for HDAP and 109 draws for CHDO operating funds.
- Approved 36 homebuyers for HDAP homeownership projects.

### ***American Recovery and Reinvestment Act (ARRA)***

- The ARRA included two funding sources for housing tax credit projects: the Tax Credit Assistance Program (TCAP) and the Tax Credit Exchange (TCE). OHFA was granted \$83.5 million in TCAP funds to allocate and exchanged \$13.9 million in credits to receive \$118 million in TCE funds.
- All funds have been committed to a total of 81 projects.
- Most project were structured with an investor for the credits. Only seven projects are TCE-only projects.
- Through a rigorous underwriting process, staff reduced the gap financing requests by approximately \$38.7 million.
- Approximately \$68 million in TCAP bridge loans will be repaid to OHFA starting in 2013 through 2017. These funds can then be reused for new projects.
- Many projects are completed. Almost all have begun construction and have started drawing funds. Draw activity summary:
  - Approved 150 draws for TCE and 122 draws for TCAP in 2010
  - \$58.9 million (or 50% of total) TCE funds drawn to date (\$52.7 million drawn in 2010)
  - \$50.4 million (or 60% of total) TCE funds drawn to date (all funds drawn in 2010)
- OHFA submitted all required quarterly status reports on time. Based on these reports, over 5,000 construction jobs were estimated to be created or retained by the 81 projects funded through the ARRA programs.
- Created new enhanced cost certification forms with the assistance of an industry workgroup for all ARRA, NSP, and 2010 and later funded projects.
- Of the 71 projects that received TCE funds, 24 drew down all of their funds. The remaining 47 projects provided proper documentation showing that they had spent 30% of the reasonably expected basis and have until December 31, 2011 to request all their funds.



### ***Trainings/Meetings***

- Conducted two Annual Housing Funding Trainings in July for the 2011 program year.
- Participated in the annual CDC and CRHDO conferences and NCSHA Institute and Summer Housing Tax Credit conference.
- Participated at the OCCH and OHC symposiums.
- Presented at the AHF Live Conference and National Council of Affordable Housing Market Analysts Conference.
- Participated on the Governor's Interagency Council on Affordable Housing and Homelessness and several workgroups.
- Held and participated in several different advisory groups and committees during the development of program guidelines. Groups included:
  - Consolidated Plan Advisory Group and public hearings
  - State Housing Trust Fund Advisory Committee
  - Housing Credit focus groups and public hearings
  - CHDO policy focus groups
- Assisted with planning for the 2010 Ohio Housing Conference.
- Represented OHFA on the Affordable Housing Finance Magazine Editorial Board.
- Represented OHFA at a discussion forum with state housing finance agencies and developers sponsored by the Stewards of Affordable Housing for the Future.
- Participated in a meeting to assist Enterprise Community Partners in updating their Green Community Standards.
- Assisted with AARP-sponsored Coalition on Marketing Universal Design to the Baby Boomer generation.
- Participated in two CDC outreach events across the state sponsored by the Ohio CDC Association.

### ***Other Initiatives***

- **Office Improvements** – Implemented several changes within PP&D to address current and future challenges and to continuously improve including:
  - Reorganized all program staff into four development teams with each team responsible for a portfolio of projects during the application and construction stages.
  - Through a competitive bidding process, contracted with a Multifamily Underwriting Consultant to assist with project reviews in 2011 and 2010 and train staff.
  - Hired a full time architect to assist with application reviews and construction monitoring.
  - Additional temporary staff were hired and procedures were updated to ensure the 40 projects funded with TCAP were in compliance with the Davis-Bacon wage rate requirements.
  - Assisted with the planning and implementation of the DevCo system.
  - Worked with a market study analyst to improve existing procedures and train staff.



- **Housing Investment Fund** – Assisted with the review of 50 applications for the 2010 HIF round. Administrating awards for three of the 11 funded proposals.
- **Ohio Preservation Compact** – OHFA continued to participate in the Ohio Preservation Compact (OPC) initiative with Ohio Capital Corporation for Housing and the Coalition for Homelessness and Housing in Ohio. Monthly steering committees meetings were held to plan activities and monitor progress. Key accomplishments in 2010 include:
  - Implemented the preservation loan fund in which OHFA is investing \$5 million of its own resources. To date, nine loans totaling \$14.5 million have closed and another six loans totaling \$5.2 million have been committed.
  - Developed an online preservation project database and OPC website.
  - Sponsored and facilitated quarterly meetings of the Ohio Preservation Network (OPN). OPN meets and communicates regularly with a network of over 100 members to discuss preservation policy, issues and specific troubled properties.
  - Sponsored the second Preservation Summit held the day before the Ohio Housing Conference.
- **NSP 1** – Affordable Rental Housing Initiative – Committed all available funds, \$30.2 million, to nine projects. Four of the projects also leveraged the housing credit program. Five of the projects have closed their financing and begun construction. Over \$6 million in funds have been drawn. All projects involve the redevelopment of abandoned or foreclosed properties and provide rental housing for households with incomes at or below 50% of the area median income.
- **Home Again Program** – Approved funds for one more home in 2010.
- **CHN North** – Created a loan guarantee for loans provided by the Ohio Department of Mental Health to assist this project's closing.
- **HUD Subsidy Layering** – Applied and received approval to perform subsidy layering reviews for projects using Section 8 project-based vouchers. Program will be fully implemented in first quarter of 2011.

## Program Compliance

- Met IRS and HUD review requirements for calendar year and fiscal year 2010.
- Prepared additional asset management guidance for TCAP/TCE projects.
- Participated in two White House Domestic Policy Council meetings regarding the Administration's Harmonizing Rental Housing Policy initiative.
- Completed an MOU with HUD regarding a regular, structured process for sharing information about project performance.
- Organized and submitted, with IT's assistance, tenant data to HUD in accordance with HERA requirements.
- Reorganized the office by shifting the telephone operator to Homeownership; elected not to replace one retiring staff member.



- Worked with IT and PP&D to prepare for use of DevCo, the multifamily database.
- Prepared numerous articles for national publications and the OHFA Update.
- Revised the HIF guidelines.
- Reviewed HIF applications; prepared HIF funding agreements for several HIF projects; continued oversight of HIF projects from round one.
- Conducted 18 Basic Tax Credit Compliance classes throughout Ohio that were attended by 400 affordable housing professionals. The most impressive fact about the training is that an average of over 80% of the attendees leaves the training indicating they have a much better understanding of compliance issues.
- Continued to update a wiki for sharing information on policies and procedures with staff.
- Conducted a capacity review of management companies participating in the 2011 tax credit round.
- Adjusted portfolios to reflect staffing changes.
- Continued to update and enhance the Basic Compliance training.
- Conducted 11 Compliance Tool classes attended by over 95 affordable housing professionals.
- Revised the Compliance Tool.
- Issued a revised utility allowance policy.
- Worked with a number of troubled properties resolve compliance issues.
- Implemented review policies and procedures to enhance consistency and efficiency.
- Participated on the Board of the Midwest Affordable Housing Management Association.
- Served on the Board of the NAHB Housing Credit Certified Professional designation.
- Ed Wylie participated the a state bed bug taskforce.
- Spoke at the annual training meetings for two of the larger property management companies.
- Conducted a number of preoccupancy meetings, an important first step in ensuring new projects lease up properly.
- TJ Burgess spoke at the MAHMA Regional Meeting, while other PC staff coordinated or spoke at the OHFA-OCCH Annual Housing Conference, and various NCSHA panels.
- Continued to upgrade the OHFA website by adding information and forms.
- Revised annual owner reports and certifications.
- Participated in the crafting of the 2011 QAP.
- Spoke at the 2011 QAP training.





***Challenges and Opportunities in 2011***

- We are working with a group in Ohio and paying attention to national efforts to streamline the compliance review process. We are open to sharing information and reviews, but want to ensure our compliance obligations are met while at the same time not increasing the burden on OHFA staff.
- In 2011 we will have to collect additional household information HUD requires we report under HERA. Collecting the data will require additional work on the part of owners and managers. We will limit the burden to the greatest extent possible. Nonetheless, we expect the process to be challenging.
- The overall financial stability of multifamily projects remains a concern. Projects have seen cost increases while at the same time facing issues with residents being able to pay rent. OHFA will continue to monitor the situation and work with stakeholders, as appropriate, to address issues.
- HUD continues to work on its plan rebid monitoring of project-based Section 8 contracts. This is work OHFA bid on unsuccessfully in 2000. We anticipate HUD will release an RFP in early 2011. We have selected a partner and have begun to prepare for the RFP. Baring a decision from HUD or Congress that would make OHFA the PBCA, we expect the competition for the work to be very tight.
- During 2011 we will be implementing the new database. While this is an exciting and important change, it will not come without challenges for OHFA staff and our customers. We will be working closely with IT and the Compliance Advisory Committee to ensure smooth implementation inside and outside of OHFA. While it is not likely additional staff will be needed initially to effectively administer the new database and on-line services, it may be necessary as the system is used by more external parties.