OHIO HOUSING FINANCE AGENCY

We Open the Doors to an Affordable Place to Call Home

WWW.OHIOHOME.ORG 888.362.6432
Carlie J. Boos  
Program & Policy Manager  
Ohio Housing Finance Agency  
614.644.5650  
CBoos@ohiohome.org  
http://www.ohiohome.org

Jonathan Duy  
Real Estate Relations Manager  
Ohio Housing Finance Agency  
(614) 387-5037  
jduy@ohiohome.org  
http://www.ohiohome.org
Office of Homeownership
Affordable Single-Family Home Purchase Programs
Three Important Items to Know about OHFA

- Our funds are always available.

- OHFA homeownership programs can be used anywhere in the State of Ohio.

- Not all lenders (Banks or Mortgage Companies) are OHFA participating lenders. Participating lenders can be found at: [www.myohiohome.org](http://www.myohiohome.org)
How Do OHFA Homeownership Programs work?

1. Realtor or Lender typically informs homebuyer.
2. Homebuyer chooses the loan program that best fits their needs.
3. Homebuyer goes through normal home buying process.
OHFA Participates in All of Major Loan Types

- Conventional
- FHA
- VA
- USDA
First-Time Homebuyer

- Down Payment Assistance
- OHFA Advantage
- Grants for Grads
- Ohio Heroes
- FHA 203(k) (Repair Loan)
- Weatherization
- Mortgage Tax Credit

Products fall under the First-Time Homebuyer umbrella.
Next Home is a loan program for homebuyers who are not first-time buyers and are looking to purchase their next home.
Requirements For All Homebuyer Programs

• Must meet OHFA income limits and properties must meet purchase price limits *(Listed on www.myohiohome.org)*

• When calculating income we count borrower income not household income.

• Must occupy the property for the first year.
Requirements For All Homebuyer Programs

• Credit Score: 660-FHA and 640-Conventional, USDA, VA

• Must be a 1-4 unit property. No manufactured homes.

• Up to 2 acres inside municipal corporations and up to 5 acres outside municipal corporations.
Requirements For All Homebuyer Programs

• One-hour homebuyer education class required. This is completed online and over the phone.
• Must occupy property within 60 days of closing.
First-Time Homebuyer Program

To qualify for OHFA’s First-Time Homebuyer program, you must meet at least one of the following criteria:

1. Someone who has not had an ownership interest in his/her primary residence in the last 3 years.

   Example #1
   Someone who has never bought a home.

   Example #2
   Potential homebuyer owned a home 10 years ago but decided to sell the home and rent an apartment. He/she now wants to buy a home again. OHFA would consider them a First-Time Homebuyer.
First-Time Homebuyer Program

2. Anyone buying in a Target Area
A target area is an economically distressed area designated by the U.S. Department of Housing and Urban Development.

3. Honorably Discharged Veteran
Regardless if they currently own a home or have owned a home in the past three years.
Your Choice! Down Payment Assistance (2.5% or 5%)

• OHFA will issue assistance in an amount of exactly **2.5% OR 5%** of your home's purchase price.

• You can use the assistance to pay for the down payment, closing costs, or other prepaid expenses. Your interest rate will be slightly higher than OHFA’s standard mortgage rates.
Repayment Requirements

• 0% second mortgage that is forgivable after a seven-year term.

• If the buyer sells or refinances prior to the end of the seventh year, the buyer is responsible for paying the entire amount of the assistance back.

Example: Closing date 1/1/15, forgiven 1/1/22.
OHFA Advantage (Conventional)

Provides additional down payment assistance in an amount of:

- **2%** of the purchase price for homebuyers whose income falls within 50% of the area median income in the county they purchase a home OR;

- **1/2%** (half of 1%) of the purchase price for homebuyers whose income falls within 80% of the area median income in the county they purchase a home.
OHFA Advantage (Conventional)

• This is in addition to OHFA's 2.5% or 5% Your Choice Down Payment Assistance.

• There is no additional cost when receiving the 1/2% or 2% grant.

• OHFA Advantage can only be used with conventional loans.
Ohio Heroes

Heroes can receive a rate that is *slightly lower* than OHFA's standard mortgage rates.

- **Full-time employees in the following professions:**
  - Veteran, active duty military or member of reserve components
  - Police officer, firefighter, volunteer firefighter, EMT, paramedic
Ohio Heroes

• Healthcare Workers: Physicians, Nurse Practitioners, Nurses – (RN, LPN, PCA-Patient Care Assistant)

• K-12 teacher, administrator, counselor
Rewards Ohio residents who serve the public with a discounted mortgage interest rate
2.5% or 5% Grants for Grads

• Borrowers must have graduated within the last 48 months with an associate’s, bachelor’s, master’s or doctoral degree.

• Grants for Grads buyers also receive an interest rate that is slightly lower than OHFA's standard mortgage rates.
Repayment Requirements

- 0% second mortgage that is forgivable after a five-year term.

- If the buyer stays within Ohio for the first 5 years they will **not** be responsible for paying the down payment assistance back.

- OHFA will resubordinate the second mortgage if the homeowner refinances.
Grants for Grads Repayment Requirements
(If Homebuyer Moves out of Ohio Within the First Five Years)

<table>
<thead>
<tr>
<th>Time Resided in Home</th>
<th>Amount of Grant Owed to OHFA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1 year</td>
<td>100%</td>
</tr>
<tr>
<td>1 year to 2 years</td>
<td>80%</td>
</tr>
<tr>
<td>2 years to 3 years</td>
<td>60%</td>
</tr>
<tr>
<td>3 years to 4 years</td>
<td>40%</td>
</tr>
<tr>
<td>4 years to 5 years</td>
<td>20%</td>
</tr>
<tr>
<td>5 years or more</td>
<td>0%</td>
</tr>
</tbody>
</table>
Recent graduates can receive a discounted mortgage interest rate as an additional incentive to make Ohio their home.
Mortgage Tax Credit Program

- This program allows you to take a federal tax credit for a portion of your mortgage interest for the life of the mortgage.

- $2,000 maximum credit per year, for the life of the mortgage when using an OHFA loan.
# Mortgage Tax Credit Example

<table>
<thead>
<tr>
<th>Annual Interest</th>
<th>x Percentage</th>
<th>= Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>$5,000</td>
<td>X 40% loan tax credit rate</td>
<td>= $2,000 tax savings</td>
</tr>
</tbody>
</table>
MTC Example

• Homebuyer Jonny B. Good made $35,000 in income. He owes approximately $3,000 in federal income taxes.

• His mortgage tax credit is $2,000

• Total taxes now due are $1,000

• If he claimed this credit for the first 10 years on his mortgage, that could be a savings of $20,000 in federal income taxes!
Mortgage Tax Credit Program-Continued

• There is **no** interest rate increase for the mortgage tax credit program.

• There is a one-time $500 fee at closing.
Mortgage Tax Credit Eligibility-Continued

1. Must be requested at time of loan application.
2. Buyers are strongly encouraged to consult a tax professional for advice on claiming the credit.

Two options for credit:

- End of the year tax credit. (Not a refund.)
- Adjust W-4 withholding so homebuyer pays less taxes out of each paycheck throughout the year.
Limited 203(k)-Repair Loan

- Up to $35,000 in repairs.

- The total mortgage amount is based on the projected value of the property after all of the repairs and updates have been completed, including the labor costs.

Mortgage Loan + Repairs = One mortgage
Next Home

• Next Home is available for Ohio homebuyers who are not first-time homebuyers. All other criteria is the same as the First-Time Buyer program.

• Homebuyer is required to use OHFA Down Payment Assistance.
Stacking the Programs

Mortgage Tax Credit
Down Payment Assistance
First-Time Homebuyer Program
The Down Payment Assistance product is required when using the Next Home Program.
Conventional Loan (3% DP Requirement)

Purchase Price $100,000
5% Down Payment Assistance (DPA) $5,000

Subtract the Down Payment and Closing Costs:
3% Down Payment $3,000
2% Closing Costs $2,000

---

Approximate out-of-pocket funds for down payment and closing costs: $2,000

• This is based on approximate closing costs of $4,000. Closing costs vary for each lender. Buyer could request the additional closing costs from seller during negotiations to avoid bringing any down payment or closing costs to closing.

• Homebuyers may receive up to $2,000 mortgage tax credit per tax year.
Conventional Loan
(3% DP Requirement)

Purchase Price $100,000
5% (DPA) and 2% OHFA Advantage $7,000

 Subtract the Down Payment and Closing Costs:
3% Down Payment $3,000
2% Closing Costs $2,000
2% OHFA Advantage (towards C.C.) $2,000

Approximate out-of-pocket funds for down payment and closing costs: $0

- This is based on approximate closing costs of $4,000. Closing costs vary for each lender. Buyer could request the additional closing costs from seller during negotiations to avoid bringing any down payment or closing costs to closing.

- Homebuyers may receive up to a $2,000 mortgage tax credit each tax year.
Daily Rates
(Rates change everyday. These are not today’s rates.)

www.myohiohome.org

**MORTGAGE INTEREST RATES**
- Updated 9/1/16 at 9:30am

<table>
<thead>
<tr>
<th></th>
<th>No Assistance</th>
<th>2.5% Down Payment Assistance</th>
<th>5% Down Payment Assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Loans (FHA, VA, USDA-RD) with .50% Origination Fee</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>First-Time Homebuyer program</td>
<td>3.00%</td>
<td>3.50%</td>
<td>4.00%</td>
</tr>
<tr>
<td>Ohio Heroes</td>
<td>2.75%</td>
<td>3.25%</td>
<td>3.75%</td>
</tr>
<tr>
<td>Grants for Grads</td>
<td>N/A</td>
<td>3.375%</td>
<td>3.875%</td>
</tr>
<tr>
<td>Next Home <em>(for non first-time homebuyers)</em></td>
<td>N/A</td>
<td>3.50%</td>
<td>4.00%</td>
</tr>
</tbody>
</table>

Income and Purchase Limits Vary by County and Program

www.myohiohome.org
All information in this presentation, brochure, or term sheet is for informational purposes only. OHFA Homeownership Programs and Products are subject to change. Additional eligibility requirements may be required based on borrower specific criteria.
Planning, Preservation & Development
Multifamily Affordable Housing Development Programs
Housing Tax Credits

• **9 Percent.** Nine percent of eligible costs are covered per year for ten years. Actually achieves 70% subsidy. Highly competitive.

• **4 Percent.** About four percent of eligible costs are covered per year for ten years. Actually achieves 30% subsidy; tax exempt bonds add another 50%. Not competitive in Ohio.

• **Both.** Income Test: at least 40% of units must be occupied by households earning 60% of Area Median Income (or 20/50). Rent Test: rent cannot exceed 30% of the set AMI.
Figure 1.1: Transferring Tax Credits From the Federal Government to the Private Sector

**Legend:**
- **Money (equity financing/rent)**
- **Tax benefits (tax credits/deductions)**
- **Housing project proposal submission**

Source: GAO’s discussions with IRS and state agency officials, syndicators, developers, and investors.
2017 HTC Stats

• Over 100,000 units in Ohio since ’87
• $25 mil committed for 34 Developments
  – 18 Family, 12 Senior, 4 PSH
  – 22 Urban, 11 Non-Urban in 18 counties
  – 1,758 units
  – 26 unique developers
• 3-to-1 competition, 5-to-1 in some pools
• Also $3.1 Mil in January to stabilize markets
Qualified Allocation Plan

• Public, policy driven process that determines how credits are allocated.

• Influential Tools include:
  – Threshold Requirements
  – Developer Fee
  – Basis Boost
  – Set-Asides
  – Points Categories
  – Tie Breakers
2018-19 QAP Priorities

Cost Efficiency
Fosters a competitive environment that reduces costs and encourages creativity; enhances transparency and accessibility to funding resources.

Smart Revitalization
Ensures that development in distressed areas furthers community and regional objectives and provides a supportive environment for local residents that is tailored to their unique needs.

Diverse Portfolio
Supports efforts to expand housing locations available to tenants while simultaneously promoting value-added investing and long-term strength to OHFA’s asset footprint.

Healthy Living
Acknowledges the strong intersections between stable housing and positive health outcomes and continues efforts to promote resident wellbeing through measurable and evidence-based practices.

End Homelessness
Sustains efforts to achieve a functional end to chronic homelessness in Ohio while also allowing for new solutions to address emerging housing issues affecting specialized populations.
Example: Healthy Living

- Age in Place
- Green Living
- Exercise & Wellness

- Health Care Access
- Campus-Based Care
- 811 PRA Participant

DESIGN
LOCATION
SUBSIDY
Example: Infant Mortality Prevention

- Work with an infant mortality prevention partner to provide education and services to residents or neighborhood.
- At least $50,000 in programmatic funding
- Details are crafted by local experts, not OHFA. May include:
  - prenatal and maternal healthcare
  - fatherhood initiatives
  - safe sleep practices
  - breastfeeding supports
  - centering pregnancy education
  - smoking or drug cessation
  - emergency rental assistance
### All QAP Point Categories

<table>
<thead>
<tr>
<th>Local Partners</th>
<th>NMTC</th>
<th>Collateral Investment</th>
<th>NIP</th>
<th>Infant Mortality</th>
<th>Aging in Place</th>
</tr>
</thead>
<tbody>
<tr>
<td>Green</td>
<td>Exercise &amp; Wellness</td>
<td>Historic Tax Credits</td>
<td>Market Rate Integration</td>
<td>811</td>
<td>MHA Waitlist</td>
</tr>
<tr>
<td>Transit</td>
<td>Education</td>
<td>Anchor Institutions</td>
<td>Food Access</td>
<td>Affordable Childcare</td>
<td>Local Development Priority</td>
</tr>
<tr>
<td>Housing Need</td>
<td>Campus-Based Care</td>
<td>Housing Access</td>
<td>Revitalization Plan</td>
<td>USR Change Index</td>
<td>Subsidy Preservation</td>
</tr>
<tr>
<td>Preservation Priorities</td>
<td>Bond Leveraging</td>
<td>Healthcare Access</td>
<td>Replacement Reserves</td>
<td>Credit Building</td>
<td>Credits Per Unit</td>
</tr>
</tbody>
</table>
Potential for Land Bank Involvement

• For many, the best role may be as a source for low-cost, remediated land in gentrifying neighborhoods where affordability is at risk
• For most, opportunity to lead and coordinate redevelopment strategy across sectors
• For few, opportunities exist to increase involvement in the development process and learn new skills
QAP & the Land Banks

- Limits on sites with detrimental land uses
- Incentives to use Post-NIP lots
- Preferences for sites in NIP target areas
- Cost benefit of using donated property
- General resident benefits and amenities
- Definition of a Concerted Community Revitalization Plan...
# C.C. Revitalization Plan

<table>
<thead>
<tr>
<th>Element</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope</td>
<td>• Delineated Target Area</td>
</tr>
<tr>
<td></td>
<td>• Assessment of Conditions</td>
</tr>
<tr>
<td></td>
<td>• 15+ Years Old Requires Supplement</td>
</tr>
<tr>
<td>Housing Policy</td>
<td>Addresses Both Affordable and Other Housing Types</td>
</tr>
<tr>
<td>Other Policy</td>
<td>• Economic activity and/or employment opportunities</td>
</tr>
<tr>
<td></td>
<td>• Access to public transit</td>
</tr>
<tr>
<td></td>
<td>• Schools accessible to residents of the target area</td>
</tr>
<tr>
<td></td>
<td>• Mitigation or avoidance of adverse health conditions</td>
</tr>
<tr>
<td>Implementation</td>
<td>Timeframes, Funding, Responsible Entitles</td>
</tr>
<tr>
<td>Community Input</td>
<td><em>(None in First Draft)</em></td>
</tr>
<tr>
<td>Ownership</td>
<td><em>(None in First Draft)</em></td>
</tr>
</tbody>
</table>
Also Released with QAP

DRAFT
Design & Architectural Standards

DRAFT
Limited Scope Rehabilitation Sustainability Standards

OVERVIEW OF THE OHIO QAP USR Opportunity Index
A new Kyп-пed framework for increasing opportunities and inclusive housing development.
Presented by:
OHIO HOUSING FINANCE AGENCY THE OHIO STATE UNIVERSITY
USR Opportunity Index

Layer 1: USR INDEX
Layer 2: OPPORTUNITY INDEX
Layer 3: COMMUNITY CHANGE INDEX
Housing Development Loan

• Equity bridge loan that provides short-term, low-interest loans to developers who have an award of housing credits through either the competitive (9 percent) Housing Tax Credit Round or the Bond Gap Financing round.

• Construction or permanent financing

• Typically $2 mil or less, 2.25 - 2.5% rate, 10 yr term

• Funded through the Dpt. Of Commerce’s Unclaimed Funds, subject to other takers
Housing Development Assistance Program

• Sources: OHTF, HOME, and NHTF
• Programs: Credit Gap, Bond Gap, Dev Gap
• Either loan or grant, can be very competitive
• Additional rent restrictions and scoring reqs
# HDAP Scoring

<table>
<thead>
<tr>
<th>BGF: New Production</th>
<th>BGF: Preservation</th>
<th>HDGF</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Set Asides</strong></td>
<td><strong>Set Asides</strong></td>
<td><strong>HDGF</strong></td>
</tr>
<tr>
<td>Revitalization Set Aside (1)</td>
<td>Low/Mid Population Set Aside (1)</td>
<td>OhioMHAS (1)</td>
</tr>
<tr>
<td>High Opportunity Set Aside (1)</td>
<td>NA</td>
<td>DODD (1)</td>
</tr>
<tr>
<td><strong>New Development Priorities</strong></td>
<td><strong>Preservation Priorities</strong></td>
<td><strong>Applicant/Developer Experience and Capacity</strong></td>
</tr>
<tr>
<td>Revitalization Areas</td>
<td>Affordable Rent Advantage</td>
<td>Government-funded and PIS In Last 5 Years</td>
</tr>
<tr>
<td>Areas of High or Very-High Opportunity</td>
<td>Risk of Loss Due to Expiring Use Restrictions</td>
<td>Complete &amp; Compliant Application</td>
</tr>
<tr>
<td>Permanent Supportive Housing</td>
<td>Condition &amp; Management</td>
<td></td>
</tr>
<tr>
<td><strong>Financial Characteristics</strong></td>
<td><strong>Financial Characteristics</strong></td>
<td><strong>Financial Capacity</strong></td>
</tr>
<tr>
<td>BGF per Unit</td>
<td>BGF per Unit</td>
<td>&quot;Considered&quot;</td>
</tr>
<tr>
<td>15 Max, Sliding Scale</td>
<td>20 Max, 5 Ea.</td>
<td>10% of Financing Conditionally Committed</td>
</tr>
<tr>
<td>Financing</td>
<td>Rental Subsidy</td>
<td>100% Non-OHFA Financing Conditionally Committed</td>
</tr>
<tr>
<td>Donated Land</td>
<td>Location Based Characteristics</td>
<td></td>
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<tr>
<td>5</td>
<td>Geography &amp; Population Priorities</td>
<td>Areas of High or Very-High Opportunity</td>
</tr>
<tr>
<td>Leverage</td>
<td>Opportunity-Non-R/ECAP</td>
<td>Population 55 and Older by County</td>
</tr>
<tr>
<td>5</td>
<td>Revitalization Plan</td>
<td></td>
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<tr>
<td>Single HDAP Source</td>
<td>Appalachian</td>
<td></td>
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<tr>
<td>5</td>
<td>Transit Access</td>
<td></td>
</tr>
<tr>
<td>Economies of Scale</td>
<td>Population Growth</td>
<td></td>
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<tr>
<td>5</td>
<td>811</td>
<td></td>
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<tr>
<td>New Markets</td>
<td>5</td>
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<tr>
<td>Historic</td>
<td>5</td>
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<tr>
<td><strong>Income Targeting</strong></td>
<td><strong>Land Uses</strong></td>
<td><strong>Location Based Priorities</strong></td>
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<tr>
<td>Extremely Low-Income Targeting</td>
<td>Proximity to Positive Land Uses</td>
<td>&quot;Considered&quot;</td>
</tr>
<tr>
<td>10 Max, Sliding Scale</td>
<td>10 Max, Sliding Scale</td>
<td></td>
</tr>
<tr>
<td>Ohio Section 811</td>
<td>Proximity to Detrimental Land Uses</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>TOTAL</strong></td>
<td><strong>TOTAL</strong></td>
</tr>
<tr>
<td>100</td>
<td>100</td>
<td>NA</td>
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## NHTF Scoring

<table>
<thead>
<tr>
<th>Category</th>
<th>Points</th>
<th>Point Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent Affordability in Addition to Minimum Requirements</td>
<td>30</td>
<td>30 Pts – Additional 10% units affordable at or below 15% AMI</td>
</tr>
<tr>
<td></td>
<td></td>
<td>20 Pts – Additional 10% units affordable at or below 30% AMI</td>
</tr>
<tr>
<td></td>
<td></td>
<td>10 Pts – Additional 5% units affordable at or below 30% AMI</td>
</tr>
<tr>
<td>Geographic Diversity</td>
<td>30</td>
<td>30 Pts – USR Opportunity Index Rating “Very High”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>20 Pts – USR Opportunity Index Rating “High”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>10 Pts – USR Opportunity Index Rating “Moderate”</td>
</tr>
<tr>
<td>Affordability Leveraging</td>
<td>20</td>
<td>20 Pts – Commitment of one subsidies on 100% NHTF-units</td>
</tr>
<tr>
<td></td>
<td></td>
<td>15 Pts – Commitment of subsidies on at least 50% of total units</td>
</tr>
<tr>
<td></td>
<td></td>
<td>10 Pts – Commitment of subsidies on at least 25% of total units</td>
</tr>
<tr>
<td>Local Leveraging</td>
<td>10</td>
<td>5 Pts – &gt;50% Financing is from non-federal sources</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5 Pts – Project does not request OHTF/HOME HDAP</td>
</tr>
<tr>
<td>Duration of Affordability Period</td>
<td>5</td>
<td>5 Pts – Budget demonstrates positive or breakeven cash flow through year 30</td>
</tr>
<tr>
<td>Meeting Priority Housing Needs</td>
<td>5</td>
<td>5 Pts – Proposal “Preserves Affordable Housing” or “Creates New Affordable Housing Opportunities” (defined ConPlan goals to meet priority housing needs of the State)</td>
</tr>
</tbody>
</table>
Multifamily Lending Program

• Provides financing to assist HTC deals
• Creative, flexible, fills market gaps
• Can be new or in compliance period
• Does it help OHFA meet its strategic multifamily housing priorities?
• Contact: Matt Wootton @ 614.387.1646
811 Project Rental Assistance Program

- Partnership with Medicaid, DoDD, OMHAS.
- HUD-funded project-based rental assistance
- Expand Choice for ELI, Non-Elderly, Disabled Individuals
- Multifamily, HTC-funded deals
- 30% AMI, subsidized to 50%
- Coordinated services
- Also: ODMSD
Questions?

Carlie J. Boos
Cboos@ohiohome.org

Jon Duy
Jduy@ohiohome.org