

**Greenbook**  
**LBO Analysis of Enacted Budget**  
**Ohio Housing Finance Agency**

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# LBO Greenbook

## Ohio Housing Finance Agency

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### Quick look...

- The Ohio Housing Finance Agency (OHFA) oversees affordable housing opportunities by providing financing for the acquisition, construction, and rehabilitation of owner-occupied single-family homes and multifamily rental housing projects.
- OHFA is governed by an 11-member board consisting of the directors of the Department of Commerce and Development Services Agency and nine members appointed by the Governor. The agency employs a staff of 131.
- The budget appropriates \$25.1 million over the biennium.
  - Only OHFA's payroll is subject to legislative appropriation. These costs are funded by certain administrative charges, as well as loan application, reservation, and servicing fees related to OHFA's programs.

FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
<b>Fund 5AZ0 ALI 997601, Housing Finance Agency Personal Services</b>					
\$10,403,588	\$11,107,182	\$11,799,323	\$11,874,426	\$12,267,196	\$12,819,657
% change	6.8%	6.2%	0.6%	3.3%	4.5%

### Agency overview

OHFA facilitates financing for the acquisition, construction, and rehabilitation of owner-occupied single-family homes and multifamily rental housing projects in coordination with private industry and local communities. The housing programs are primarily funded by revenues from the issuance, private sale, and repayment of mortgage revenue bonds, as well as federal funds from the U.S. Department of the Treasury as part of the federal Hardest Hit Fund initiative and the Department of Housing and Urban Development (HUD) under the HOME Investment Partnership Program. OHFA operates various housing programs under three discrete program offices: Office of Homeownership; Office of Planning, Preservation, and Development; and Office of Program Compliance. In addition to these offices, there is a Program Management Office that provides administrative and operation support for the entire agency.

### Analysis of FY 2020-FY 2021 budget

OHFA's budget of \$12.3 million in FY 2020 and \$12.8 million in FY 2021 covers OHFA's payroll costs associated with the agency's 129 full-time and two part-time employees. The budget does not include funding for the various low- and moderate-income housing assistance programs overseen by the agency. These various housing assistance programs are supported by funding sources not subject to appropriation by the General Assembly. The revenue to support

the payroll funding appropriated in the main operating budget bill is derived from program and administrative fees, as well as loan application, reservation, and servicing fees generated by OHFA programs. These revenues are deposited into the Ohio Housing Finance Agency Operating Expenses Fund (Fund 5AZ0). Below is a brief outline of OHFA's four offices and the programs each office oversees, followed by highlights on new and ongoing housing program initiatives.

## **Program compliance**

The Program Compliance Office is comprised of two separate offices: the Office of Multifamily Investments and the Training Office. The Office of Multifamily Investments is responsible for overseeing compliance under various state and federal housing regulations, including units under the Housing Tax Credit Program, Housing Development Assistance Program, and multifamily bond-financed units. The Training Office provides training and technical assistance that assist staff and industry partners to enhance compliance efforts throughout the state regarding state and federal regulations and policies. In FY 2019, the Training Office monitored over 323 projects consisting of nearly 6,601 units. In addition, it performed inspections on 323 properties receiving Housing Tax Credits and Housing Development Assistance Program funds.

## **Planning, preservation, and development**

The Office of Planning, Preservation, and Development is charged with increasing the number of affordable multifamily rental housing units in Ohio through a variety of funding sources including tax credits, tax-exempt bond revenue, federal HOME Investment Partnership funds from HUD, the Ohio Housing Trust Fund (OHTF), and other sources. Programs in the Office include the Community Housing Development Organization grant program, funded by federal HOME dollars, and the Housing Development Assistance Program, which is funded by OHTF dollars. HOME funds and OHTF funds are both transferred to OHFA via the Ohio Development Services Agency. Additionally, the Office collaborates with other state agencies to administer the Ohio 811 Project Rental Assistance Program to provide rental subsidies to extremely low-income, nonelderly individuals with disabilities while also making available appropriate supports and services under the Ohio Medicaid Plan. The Office also makes the federal Housing Tax Credit available to developers who develop properties containing affordable units. In FY 2019, it financed the construction or preservation of 5,364 units of affordable rental housing for low-income households. Of this amount, 2,087 units were new construction and 3,277 units were existing units that will be updated and rehabilitated.

## **Homeownership**

The Homeownership Office is responsible for managing programs that provide homeownership opportunities to low- and moderate-income Ohioans, including the First-Time Homebuyer Program, which offers low-interest, fixed-rate mortgages to qualifying buyers through partnerships with 100 Ohio financial institutions. These loans may be supplemented with down payment assistance grants. OHFA offers programs targeted to specific populations, such as the Ohio Heroes Program, which offers reduced fixed-rate mortgages for teachers, active and retired military personnel, first responders, and health care workers, and the Grants for Grads Program, which offers down payment assistance to eligible college graduates. The

loans and down payment assistance grants under the First-Time Homebuyer Program rely on the proceeds of housing revenue bonds issued by OHFA. The Office also runs the Mortgage Credit Certificate Program, which offers tax credits to qualifying first-time homebuyers based on the amount of mortgage interest that must be paid. Additionally, the Office administers the state's share of the federal Hardest Hit Fund (HHF), which provides financial assistance on behalf of homeowners at risk of foreclosure and reimbursements to county land banks to facilitate demolition of blighted and abandoned homes. Lastly, the Homeownership Office also provides services such as homeownership counseling, foreclosure mitigation counseling, rescue loans, and Target Area Loans to homebuyers in distressed areas of the state.

In FY 2019, OHFA funded 4,536 First-Time Homebuyer loans, approved 803 homebuyer loans under the Ohio Heroes Program and 247 under the Grants for Grads Program, issued 1,338 Mortgage Tax Credits, and provided financial assistance on behalf of 507 homeowners to their mortgage servicers or lenders to prevent foreclosure through the HHF-funded Save the Dream Ohio Program. Since 2010, the Save the Dream Ohio Program has provided assistance on behalf of nearly 27,000 homeowners.

## **Program management**

Program management encompasses OHFA's central administrative and program management functions, currently consisting of 60 employees out of the 131 employees agency-wide. The seven sub-offices within this area include: (1) Executive Director, (2) Administration (human resources and facilities), (3) Finance, (4) Legal, (5) Communications and Marketing, (6) Information Technology, and (7) Internal Audit. Of these, the Office of Finance has the largest staff. It is responsible for monitoring the agency's outstanding bonds, managing relationships with lending institutions, and servicing loans.

## **Housing programs**

### **Federal Hardest Hit Fund – Save the Dream Ohio**

Since 2010, Ohio has been awarded a total of \$762.3 million under the U.S. Treasury's HHF, an extension of the Troubled Asset Relief Program. The HHF provides emergency funding for housing finance agencies in states that encountered high levels of economic distress as a result of the economic downturn. Specifically, Ohio's HHF funding is used to engage struggling homeowners in housing counseling and to take steps to prevent foreclosure under an effort referred to as Save the Dream Ohio. The initiative is overseen by OHFA's Office of Homeownership. Under the program, OHFA works with HUD-approved housing counseling agencies in assisting homeowners who owe more in mortgage payments than their property is worth, or are in financial hardship as a result of unemployment, underemployment, or other economic conditions. Housing counselors help homeowners develop "Homeowner Action Plans" with the goal of averting foreclosure through (1) mortgage payment assistance, (2) loan modifications, (3) lien assistance, and (4) transitional assistance for homeowners who are unable to remain in their homes.

Overall, of the \$762.3 million available, so far approximately \$451.2 million has been disbursed or reserved for disbursement on behalf of approximately 27,000 homeowners. OHFA anticipates that all the remaining funds will be allocated over the next two fiscal years, allowing

for the demolition of 15,000 vacant properties and helping 2,500 struggling homeowners remain in their homes.

### **Ohio 811 Project Rental Assistance Program**

In FY 2016, OHFA received approximately \$12.0 million in federal funds from HUD to provide rental assistance for extremely low-income, nonelderly individuals with disabilities over a five-year period. Under the Ohio 811 Project Rental Assistance Program, OHFA and the Ohio Department of Medicaid (MCD), Ohio Department of Developmental Disabilities (DDD), and the Ohio Department of Mental Health and Addiction Services (MHA), will place eligible residents into independent housing with supportive services under the Ohio Medicaid Plan. OHFA administers rental subsidies and manages the waitlist while MCD, DDD, and MHA provide outreach and marketing of the program. The federal funding under the program will be used to designate units in new and existing multifamily housing units that receive any funding from OHFA, particularly funding from the federal Low-Income Housing Tax Credit Program, for individuals who meet the eligibility criteria. At the end of FY 2019, the program had 511 committed units and 24 with an executed rental assistance contract. The goal of the program is to have 485 units by 2023.

### **Ohio Housing Trust Fund allocations**

The Ohio Housing Trust Fund is administered by the Ohio Development Services Agency (ODSA) and funded through county recordation fees. While OHFA does not receive direct OHTF funding in the budget, it receives an allocation from the fund each year that is transferred from ODSA for the Housing Development Assistance Program, which provides funding for eligible housing projects to expand, improve, and preserve the supply of quality, low-cost housing for low- and moderate-income renters. OHTF moneys fund projects that serve households with incomes less than 50% of the median income of the project area, with a preference given to projects serving those with incomes less than 35% of the median per HUD guidelines. According to OHFA's Annual Report for FY 2019, OHFA used approximately \$14.2 million from OHTF to facilitate the construction or preservation of 982 affordable housing units in that fiscal year.