

## INTRODUCTION

### NOTICE OF FUNDING AVAILABILITY (NOFA)

The Department of Community & Economic Development (DCED) NOFA loan program provides residential developers with long-term, low, fixed-rate financing for transformative housing projects that will make positive, visible impacts on our communities. Through NOFA, DCED intends to support projects that achieve *Plan Cincinnati's*<sup>1</sup> goals to provide a full spectrum of healthy housing options and to improve housing quality and affordability.

### HOW DOES NOFA WORK?

NOFA is a public gap financing tool that leverages private financing to develop quality housing throughout the City. Through NOFA, DCED provides subordinated, fixed-interest, long-term loans for up to 40% of total project cost, up to \$1 million. Program participants must secure the remainder of project financing prior to the submission of a NOFA loan application. Applicants must also provide an equity commitment of at least 5% of total project cost to be eligible for NOFA. A sample project financing structure is listed below:

Source	Percent	Amount	Security
Bank/Private Loan	70%	\$ 700,000.00	1st Mortgage
NOFA Loan *	20%	\$ 200,000.00	2nd Mortgage
Developer Equity **	10%	\$ 100,000.00	n/a
Totals	100%	\$ 1,000,000.00	

\* NOFA loan cannot exceed 40% of Total Project Cost or \$1 million, whichever is less

- *Additional funding caps apply to Homeownership projects – see Eligible Projects Section*

\*\* Developer Equity cannot be less than 5% of Total Project Cost

NOFA loans are awarded through a competitive application process, through which DCED staff will evaluate and recommend projects based on project feasibility and how well they meet the City's housing policy objectives. Scoring criteria are updated annually and can be viewed in the NOFA application. Project scores are meant to serve as a guide for NOFA staff and should not be considered the only determining factor for funding recommendations. Other funding considerations include but are not limited to:

- **Applicants' property ownership history**, including any Building, Fire, Health and/or property-related code violations. The City reserves the right to deny any applicant with past or present violations
- **Applicants' NOFA project history**, including past NOFA project performance and capacity of applicants given existing pipeline of awarded NOFA projects

Staff recommendations will be presented to the Director of DCED, the City Manager, and Mayor, who will have final authority of NOFA loan awards.

### WHO IS ELIGIBLE TO APPLY FOR NOFA LOANS?

---

<sup>1</sup> Plan Cincinnati is available at <https://www.cincinnati-oh.gov/planning/plan-cincinnati/>

For-profit & non-profit corporations, CDCs, CHDOs, partnerships and proprietorships are all welcome to apply for NOFA loans. Multi-family, homeownership, and infrastructure<sup>2</sup> projects will be considered for NOFA loan awards. To be considered for review, applicants must meet the following threshold requirements:

- Minimum of 4 Units – Projects must create a minimum of 4 residential dwelling units.
- Primary Funding Commitments – Applicant must demonstrate to DCED that a minimum of 60% of project financing has been secured from non-City resources.
- Minimum of 5% Owner Equity – Applicant must demonstrate to DCED that a minimum of 5% of project financing has been committed from Developer Equity.
- Site Control – Applicant must have site control for the property associated with the project. Site control can be evidenced by a deed, purchase contract, holding contract, or other legally binding measure.

#### **WHAT ARE ELIGIBLE USES OF NOFA LOANS?**

NOFA loan funds can be used for site preparation, hard costs associated with rehab and new construction of residential space, and infrastructure improvements associated with the project. NOFA loan funds CANNOT be used for acquisition, pre-development, or soft costs associated with a project.

NOFA loans awarded will be paid out on a percentage-of-completion basis, and only after an inspection has been completed by DCED and its inspecting architect. Borrower's reimbursement requests will be limited to once in any thirty (30) day period, and the City will retain ten percent (10%) of its NOFA loan as a performance retention, to be released upon receipt of a Certificate of Occupancy, submission of all sworn affidavits and/or unconditional lien waivers, and satisfactory compliance with all other City requirements.

#### **HOW DO I APPLY FOR A NOFA LOAN?**

All parties interested in applying for a NOFA loan should visit [ChooseCincy.com](http://ChooseCincy.com) or contact the Department of Community & Economic Development at (513) 352-6146 to learn more.

---

<sup>2</sup> To be eligible for NOFA, infrastructure projects must directly lead to the development of housing units

## NOFA 2019 LOAN PROGRAM

### FUNDING AVAILABILITY

DCED intends to make \$5.35 million available to loan applicants. Funds will be awarded through two application rounds, the first in February 2019 (NOFA19-A) and the second in July 2019 (NOFA19-B). Loan sources are outlined below:

Name	Source	NOFA19-A	NOFA19-B	Total
CDBG	Federal	-	630,000.00	630,000.00
HOME	Federal	1,350,000.00	-	1,350,000.00
CHIF	Federal	1,350,000.00	-	1,350,000.00
City Capital	Local	1,125,000.00	900,000.00	2,025,000.00
Totals	-	3,825,000.00	1,530,000.00	5,355,000.00

- I. Community Development Block Grant (CDBG) loans will be considered for projects that benefit low-to-moderate income households and/or reduce slum and blight in eligible neighborhoods. New housing construction is an ineligible use of CDBG funds, unless the project is developed by a Community Based Development Organization (CDBO).
- II. HOME loans will be considered exclusively for projects that create affordable housing for low-to-moderate income households. For rental housing, at least 90% of benefiting families must have incomes that are no more than 60% of the HUD-Adjusted Median Family Income for the area. In rental projects with five or more assisted units, at least 20% of the units must be occupied by families with incomes that do not exceed 50% of the HUD-adjusted median.
- III. For program year 2019, the City will make \$1.35 million available through the Cincinnati Housing Improvement Fund (CHIF) for the improvement of occupied, subsidized and blighted rental housing. Per U.S. Department of Housing and Urban Development (HUD) requirements, CHIF funds will be prioritized for use in the neighborhoods of Avondale, Over-the-Rhine and Walnut Hills. Acquisition of occupied, subsidized and blighted rental housing in these three neighborhoods will be considered an eligible use of CHIF funds.
- IV. City Capital loans will be considered for projects that meet DCED's strategic objectives, including affordable and market rate developments, but may not qualify under the Federal HOME or CDBG programs. All projects awarded City Capital funds are subject to City Council approval.

DCED reserves the right to accept or reject any or all proposals submitted, in whole or in part. Further, this request for proposals does not commit the City to award a contract or pay any costs incurred in preparation of proposals.

### SCHEDULE

DCED intends to follow the NOFA 2019 schedule outlined below but reserves the right to postpone program dates for its own convenience.

	NOFA19-A	NOFA19-B
Friday, March 1st	Application Release	-
Friday, March 22nd	Open Information Session	
3pm, Friday, April 12th	Intent to Apply <b>DEADLINE</b>	-

3pm, Friday, May 10th	Full Submission <b>DEADLINE</b>	-
Friday, June 28th*	Awards Announced	Application Release
3pm, Friday, August 30th	-	Intent to Apply <b>DEADLINE</b>
3pm, Friday, September 27th	-	Full Submission <b>DEADLINE</b>
Friday, November 15th	-	Awards Announced

\*Date subject to change per 2019 Low Income Housing Tax Credit (LIHTC) Awards Announcement

**ELIGIBLE PROJECTS**

Applicants should be reminded NOFA loan funds can be used for site preparation, hard costs associated with rehab and new construction of residential space, and infrastructure improvements that support new housing development. NOFA loan funds CANNOT be used for acquisition, pre-development, or soft costs associated with a project. Projects listed below will receive consideration for NOFA loan funds.

- I. HOMEOWNERSHIP: Projects that create and/or improve homeownership opportunities throughout the City are eligible to apply for NOFA funds. Homeownership funding will be prioritized for projects that create clustered or contiguous housing units that are for sale and marketed towards lower to moderate income households earning 120% or less of the Area Median Family Income.
  - a. The City intends to award no more than \$30,000 per home sold to households earning less than 120% of AMI and no more than \$50,000 per home sold to household earning less than 80% of AMI.
- II. RENTAL: DCED will consider rental projects that include the creation or rehabilitation of affordable rental, market-rate rental and/or mixed-use projects, as well as transitional and permanent supportive housing projects. Funding priority will be granted to mixed-income and affordable rental projects. Ineligible projects include student housing, group homes and dormitory-style facilities.
- III. INFRASTRUCTURE: Developers seeking to offset the cost of public infrastructure improvements associated with new housing development are welcome to apply for NOFA loans. DCED will consider projects that improve streets, curbs, water and sewer lines, retaining walls, sidewalks, lighting and landscaping for housing development. Funding priority will be granted to projects that will make significant investment towards job creation, an increase in property values, tax revenues and earnings within the City.

**EVALUATION CRITERIA**

NOFA loans are awarded through a competitive application process, through which DCED staff will evaluate and recommend projects based on how well they meet the City’s housing policy objectives. Projects applying for NOFA loans will be self-scored by the applicant and receive a final staff-score. Project scores are meant to serve as a guide for NOFA staff and should not be considered the only determining factor for funding recommendations. Project scores are based on the criteria outlined below.

- I. Project Financing (40 points)
  - Is the project financially feasible?
  - How well does the project leverage NOFA loans?

- How much equity is the developer/owner contributing to the project?
- II. General NOFA Goals (30 points)
  - Does the project eliminate blight, address code violations or rehabilitate existing vacant, foreclosed property?
  - Does the project have a visible impact on the neighborhood by creating tightly clustered and/or contiguous units?
  - Is the project located within walking distance of an activity center?
  - Is the project located within a CoreFour Neighborhood?
    - i. CoreFour is a funding priority strategy to align NOFA funds with ongoing neighborhood development plans and efforts from public and private partners
    - ii. Neighborhoods receiving CoreFour priority point designation for 2019 include Evanston, Avondale, West Price Hill and Walnut Hills
    - iii. Neighborhoods of Northside, Madisonville, College Hill and Westwood (alternate CoreFour communities) will receive partial priority point designation
  - Is the project mixed-use? Does it include both residential and commercial components?
  - Does the project creatively convert non-residential, vacant structures into housing units?
  - Is the developer minority or woman owned?
- III. Project Type Specific Scoring (30 points)

For this section of the scorecard, projects will be evaluated by characteristics relevant to their Project Type (Homeownership, Rental or Infrastructure).

  - Homeownership
    - i. Does the project create homeownership opportunities for households earning less than 120% of Area Median Income?
    - ii. To what degree does the project include onsite amenities, such as parking, storage space, laundry and/or play space?
    - iii. Does the project create family units, defined as 50% of units will be 2 bedrooms OR 25% of units will be 3 bedrooms?
    - iv. Does the project incorporate Universal Design, Visitability and/or Age-in-Place standards?
    - v. Does the project achieve any Living Building Challenge or LEED certifications?
  - Rental
    - i. Does the project create rental units for households earning less than 80% of Area Median Income?
    - ii. To what degree does the project include onsite amenities, such as parking, storage space, laundry and/or play space?
    - iii. Does the project create family units, defined as 25% of units will be 2 bedrooms OR 10% of units will be 3 bedrooms?
    - iv. Does the project incorporate Universal Design, Visitability and/or Age-in-Place standards?
    - v. Does the project achieve any Living Building Challenge or LEED certifications?
  - Infrastructure

- i. How dense is the project? Priority points will be awarded to projects that achieve at least 5 Dwelling Units per Acre.
- ii. In what ways does the project result in public benefits, such as improved transportation connections, upgraded capacity of nearby utilities, preservation of historic structures, improve streetscapes, create public, garden or park space, etc.?

**APPLICATION & SUBMISSION**

For each funding round, there are two submission deadlines: (1) Intent to Apply Deadline; and (2) Full Application Submission Deadline.

	<b>Intent to Apply</b>	<b>Application Submission</b>
<b>NOFA19-A</b>	3pm Friday, April 12th	3pm Friday, May 10th
<b>NOFA19-B</b>	3pm Friday, August 30th	3pm Friday, September 27th

- The *Intent to Apply Form and NOFA19 Application* can be found at **choosecincy.com**. Please note the application requires, at a minimum, Microsoft Excel 2003. If this is an issue for the applicant, please contact DCED staff.
- Application packets should include one (1) printed and signed *Summary & Certification* page from the NOFA19 Application, an electronic version of the NOFA19 Application (either on CD or USB drive), and all necessary attachments.
- All application submissions must be delivered to the Department of Community & Economic Development (805 Central Avenue, Suite 700, Centennial II, Cincinnati, Ohio 45202) “Attention: NOFA” by 3pm on their assigned deadline. **LATE SUBMISSIONS WILL NOT BE ACCEPTED.**

**STAFF CONTACTS**

John Reiser, Senior Development Analyst  
 513.352.6261, [john.reiser@cincinnati-oh.gov](mailto:john.reiser@cincinnati-oh.gov)

Roy J. Hackworth, Housing Division Manager  
 513.352.6119, [roy.hackworth@cincinnati-oh.gov](mailto:roy.hackworth@cincinnati-oh.gov)

**EXHIBITS**

- Exhibit A: Map of CoreFour Neighborhoods
- Exhibit B: Procurement Handbook for Developers and Subrecipients