

## 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

\*\* 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 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:

- **Applicant's property ownership history**, including any Building, Fire, Health, or property related code violations. The City reserves the right to deny any applicant with past or present violations
- **Applicant's 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.

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

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

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.
- Traditional Debt – Applicants must secure a Bank loan and demonstrate to DCED that they have maximized all private debt financing options for funding sources.
- 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.

All 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.

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

## NOFA 2020 LOAN PROGRAM

### FUNDING AVAILABILITY

DCED intends to make \$5.75 million available to loan applicants. Funds are intended to be awarded through two application rounds, the first in March 2020 (NOFA2020-A) and the second in July 2020 (NOFA2020-B). **It is in DCED's discretion to award all funds in Round A based on the volume of quality projects and a need that warrants it. As such, a Round B availability of funding is not guaranteed. Please take this into consideration when deciding your submission decision.** Loan sources are outlined below:

Name	Source	NOFA2020-A	NOFA2020-B	Total
CDBG	Federal	-	-	-
HOME	Federal	2,200,000.00	1,800,000.00	4,000,000.00
CHIF	Federal	1,000,000.00	-	1,000,000.00
City Capital	Local	750,000.00	-	750,000.00
Totals	-	4,150,000.00	-	5,750,000.00

- I. Community Development Block Grant (CDBG) loans will be considered for projects that benefit low-to-moderate income households or reduce slum and blight in eligible neighborhoods.
- II. HOME loans will be considered exclusively for projects that create affordable housing for low-to-moderate income households. For rental housing projects, HOME-assisted units will be restricted to households earning 60% or less of the HUD-Adjusted Median Household Income for the area. If the number of HOME-assisted units is five (5) or more, all units will be restricted to households earning 50% or less of the HUD-Adjusted Median Household Income for the area. For Homeownership housing projects, HOME-assisted units will be restricted to households earning 80% or less of the HUD-Adjusted Median Household Income for the area.
- III. For 2020, the City will make \$1 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 shall only be used in the neighborhoods of Avondale, Over-the-Rhine and Walnut Hills. Also, acquisition costs of occupied, subsidized, and blighted rental housing in these neighborhoods for development will be considered an eligible use of CHIF funds. A CHIF award may be announced prior to other NOFA awards if an eligible project is received.
- IV. City Capital loans will be considered for projects that meet DCED's strategic objectives, including affordable, mixed income developments, and infrastructure improvements that may not qualify under the Federal HOME or CDBG programs. Projects that are awarded City Capital funds may be subject to prevailing wage and City Council approval.

DCED reserves the right to accept or reject any or all proposals submitted, in whole or in part. DCED also reserves the right to reject proposals from applicants who are not in good standing with financial obligations to the City, existing project compliance, or poor property management including public nuisance cases. Further, this request for proposals does not commit the City to award a contract or pay any costs associated with the preparation of proposals.

**SCHEDULE**

DCED intends to follow the NOFA the schedule outlined below but reserves the right to revise program dates as necessary.

	NOFA2020-A	NOFA2020-B
Monday, March 16th	Application Release	-
3pm, Friday, April 10th	Intent to Apply <b>DEADLINE</b>	-
3pm, Friday, May 16th	Application Submission <b>DEADLINE</b>	-
Friday, July 10th*	Awards Announced	Application Release
3pm, Friday, August 28th	-	Intent to Apply <b>DEADLINE</b>
3pm, Friday, September 25th	-	Application Submission <b>DEADLINE</b>
Friday, November 20th	-	Awards Announced

\*Date subject to change per 2020 Low Income Housing Tax Credit (LIHTC) Awards Announcement

**ELIGIBLE PROJECTS**

Applicants should be reminded that 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. Apart from CHIF for acquisition, 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. Funding priority will be granted towards 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.
- II. RENTAL: DCED will consider rental projects that include the creation or rehabilitation of affordable rental, mixed-income, and mixed-use projects, as well as 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 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. Project Characteristics (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 Targeted Neighborhood?
  - i. Targeted Neighborhood is a funding priority strategy to align NOFA funds with ongoing neighborhood development plans and efforts from public and private partners.
  - ii. Targeted Neighborhoods are Neighborhoods with neighborhood centers identified as either Evolve or Transform as established in Plan Cincinnati's Geographic Principals pages 89 to 91.<sup>3</sup>
  - iii. Transform Neighborhoods will receive full points and Evolve neighborhoods will receive half points.
- 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 (30points)

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 at or 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 being 2 bedrooms OR 25% of units being 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?

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<sup>3</sup>Plan Cincinnati is available at <https://www.cincinnati-oh.gov/planning/plan-cincinnati/>

- 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?
- 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>NOFA2020-A</b>	3pm Friday, April 10th	3pm Friday, May 16th
<b>NOFA2020-B</b>	3pm Friday, August 28th	3pm Friday, September 25th

- The *Intent to Apply Form* **and** *NOFA2020 Application* can be found at [www.choosecincy.com](http://www.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 NOFA2020Application, an electronic version of the NOFA20 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**

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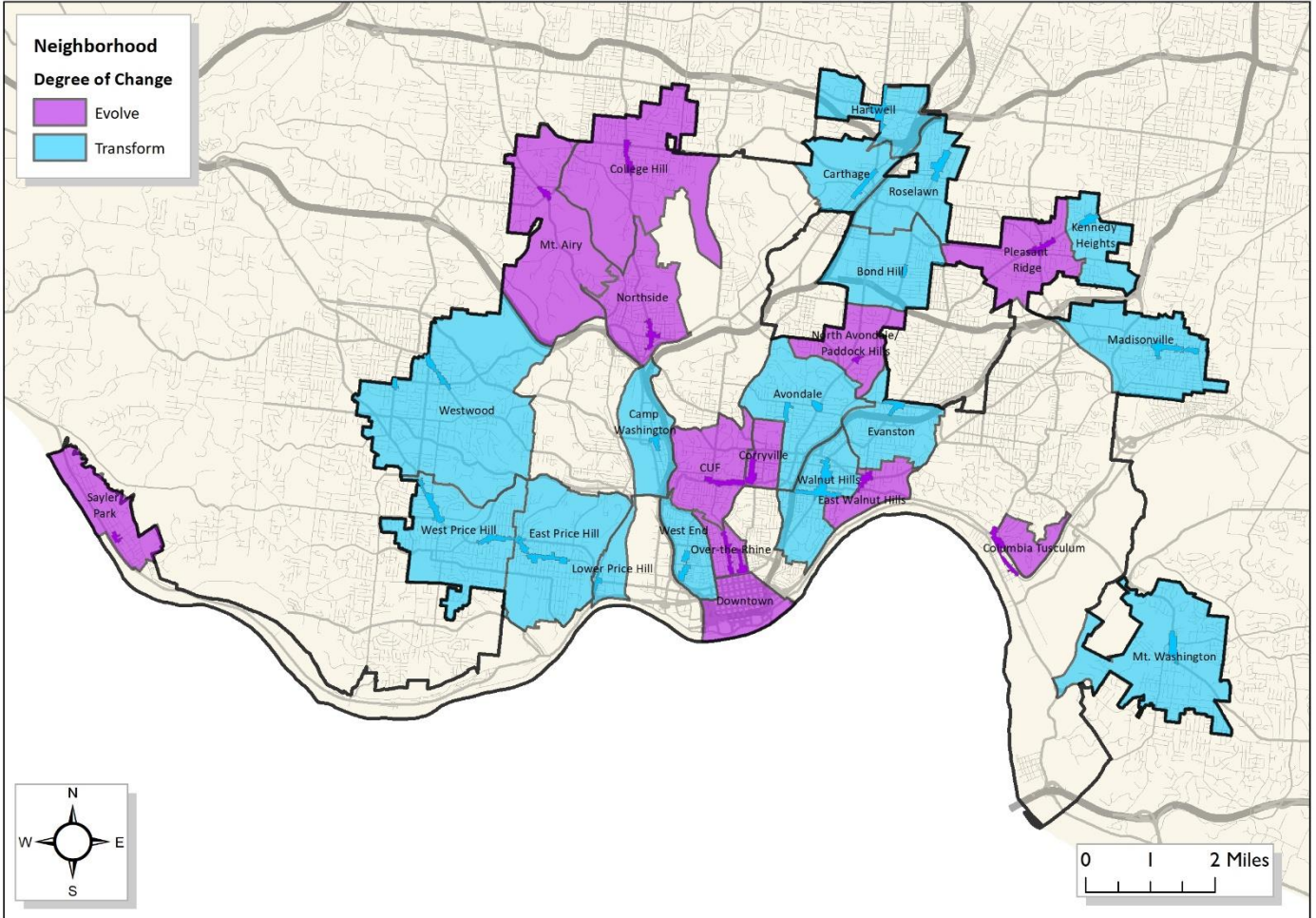
**EXHIBITS**

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

EXHIBIT A:

MAP OF TARGETED NEIGHBORHOODS

Cincinnati Neighborhoods  
Degrees of Change



## EXHIBIT B:

### Procurement Handbook for Developers & Subrecipients

If awarded a NOFA loan, projects may be subject to the following City of Cincinnati procurement requirements:

- Meet & Confer
- Selection of Subcontractors
- Debarred Contractor Search
- S/M/WBE Goals
- Section 3
- Prevailing Wage
- Wage Enforcement
- Living Wage
- Equal Employment Opportunity (EEO)
- Preconstruction Meeting

For more information on any of these requirements, applicants should consult the City's [Procurement Handbook for Developers & Subrecipients](#).<sup>4</sup>

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<sup>4</sup> Actual URL for Procurement Handbook is <https://choosecincy.com/wp-content/uploads/2019/02/Exhibit-B-Procurement-Handbook.pdf>