



Department of Community and Economic Development

FHAct50 Building Opportunity Fund Application Guidelines (Over-the-Rhine)

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DUE DATE: **February 8, 2021 by 3:00 PM ET (UPDATED)**

ACCEPTANCE PLACE: **Department of Community and Economic Development
805 Central Avenue, Suite 700
Cincinnati, OH 45202**

Questions related to this solicitation and/or submissions can be directed/sent to:
Roy J. Hackworth, Housing Division Manager at roy.hackworth@cincinnati-oh.gov and
Anthony Cadle, Development Manager at anthony.cadle@cincinnati-oh.gov

GENERAL INFORMATION & BACKGROUND

In the spring of 2018, Ohio Housing Finance Agency (OHFA) received an increase in the number of 9% Low-Income Housing Tax Credits (LIHTC) it can award from 2019 -2021. OHFA designated a portion of the increase, about \$9 million in tax credits to further the creation of diverse, accessible, mixed income communities in Cleveland, Columbus and Cincinnati. OHFA designated this initiative the FHAct50 Building Opportunity Fund (FHAct50) to recognize the 50th anniversary of the Fair Housing Act. Each community received \$3 million in tax credits over the three-year period. This equates up to \$30 million in equity for projects in a targeted area.

August 3, 2018, a final draft of the FHAct50 was released. The FHAct50 is focused on developing affordable housing in neighborhoods that are quickly revitalizing or demonstrating the beginnings of strong market rate activity.

In September of 2018, the City of Cincinnati (the City) formally expressed interest in participating in the FHAct50 and in accordance with OHFA requirements, had to identify one target area for FHAct50 tax credits to be invested. To accomplish this, the Department of Community and Economic Development (DCED) released an Request for Information (RFI) March 1, 2019 with the objective to obtain information to help determine which of the six finalist neighborhoods demonstrated the most capacity to utilize the FHAct50. The RFI evaluated the following:

- LIHTC developer interest in the neighborhood
- Evidence of market rate units in the neighborhood developed within the last 18 months
- Evidence of market units coming online within the next 1-2 years in the neighborhood
- Evidence of community support for the FHAct50
- List of potential high impact partners (institutions, philanthropists, nonprofits)

Of the six neighborhoods identified and based on the overall responsiveness to RFI, OTR was determined to be the neighborhood best positioned to take advantage of this opportunity. Following this designation, DCED staff and OHFA consultants met with community stakeholders to hold an information session and gather input from residents and business owners alike on what the general proprieties for the neighborhood were. The results of this can be found in the [Target Area Plan](#) (hyperlink) or by browsing: <https://choosecincy.com/wp-content/uploads/2020/10/Target-Area-Plan-.pdf>

OHFA FHAct50 BUILDING OPPORTUNITY FUND DESCRIPTION

The following is a synopsis the FHAct50 issued by OHFA in 2018. The full FHAct50 description and requirements can be found in the following links:

OHFA's FAQ of FHAct50 - <http://ohiohome.org/ppd/documents/FHAct50-FAQ.pdf>

QAP (Page 42-45) - <https://ohiohome.org/ppd/documents/2020-21-QAP-BoardApproved.pdf>

The FHAct50 Building Opportunity Fund

During a three-year period, each of Ohio's three largest cities have been permitted to commit up to \$3 million from this fund for eligible projects within the boundaries of one eligible Target Area Plan (TAP).

To draw down funds, cities must demonstrate that either (1) building permits or (2) certificates of occupancy were issued for an equivalent number of newly constructed, renovated residential, and adaptive re-use of market-rate rental units or newly constructed for-sale housing units within the eighteen months preceding the development application to OHFA. Renovated residential units include the “gut rehabilitation” as defined in the Design & Architectural Standards; “substantial rehabilitation” as defined in the Qualified Allocation Plan. Adaptive reuse includes the reuse of non-residential structures and/or the demolition and rebuilding of vacant buildings that were not habitable for residential purposes. This all intended to promote a mixed income community. For these purposes, “market rate” is defined as units that are not rent or income restricted and are available to the general public. Any market-rate unit that is included within the proposed development may be used to satisfy this requirement. Cities may submit both building permits and certificates of occupancy for the same units on different occasions; they may only use a market-rate unit once, regardless of method.

Housing Development Assistance Program (HDAP) financing is only permitted for HOME set-aside eligible developments, contingent on availability. Applicants may seek Housing Development Loan (HDL), contingent on availability.

Developers Submit and OHFA Approves Individual Projects

Projects nominated by cities will not be scored competitively OHFA; in lieu of scoring, applicants must provide a copy of the city’s commitment letter to award credits. Developments will be submitted in final application format to OHFA, similar to a Non-Competitive application. OHFA will accept FHAct50 final applications from August 1 to August 15 of 2021.

Developments must meet all Qualified Allocation Plan (QAP) General Requirements and Housing Tax Credit (HTC) requirements unless specifically exempted. Developments must also meet all criteria set forth in the Underwriting and Implementation Guidelines and Design and Architectural Standards. Lease-purchase, substance abuse recovery, and assisted living developments are not permitted. **Developments selected under the FHAct50 will not count against the developer application limits.**

The following project-level requirements apply:

- Each project must have a local place-based, nonprofit owner with a 25 percent General Partnership interest;
- For New Affordability developments, costs are limited to \$20,000 credit/unit;
- For Preserved Affordability developments, costs are limited to \$13,000 credit/unit;
- For family developments, no more than 25 percent of affordable units may be one-bedroom. Five percent of all units must be three-bedroom or larger and be affordable to those earning 60 percent AMI or less;
- For senior developments, no more than 25 percent of affordable units may be two-bedrooms. Three bedroom or larger affordable units are not permitted;
- All newly constructed affordable units must meet the Aging in Place requirements;
- One-for-one replacement is required for demolition of currently affordable units that have place-based rent and/or income restrictions; and
- All currently affordable development that have place-based rent and/or income restrictions must consult with residents on redevelopment plans.

Following underwriting approval, developments will progress through the construction monitoring and program compliances stages per usual. Participants agree to cooperate in any data collection and/or reporting requirements OHFA deems necessary for efficient program evaluation.

FHAct50 PROJECT APPLICATION SUBMISSION REQUIREMENTS

There are up to \$2 million in credits remaining available in the City's FHAct50 fund. If a developer intends to submit information for multiple projects, please provide a separate application packet for each project. As part of the overall submission, applicants must submit the following four items:

1. **Statement of Interest** A cover letter must be submitted stating the interest for affordable and/or mixed income development in the TAP Neighborhood. The letter should also identify the development team and its history and experience with LIHTC development, its understanding of the FHAct50 and a rationale as to why the proposed project is a good fit for the program.
2. **Project Narrative** Provide narrative that thoroughly describes the project. This narrative should minimally include, but not be limited to:
 - address and parcel ID
 - general scope of the project
 - # of units, size, and type (market vs affordable)
 - type of construction (new, renovation, adaptive reuse),
 - target population
 - type of site control or site control plan
 - anticipated total project cost
 - anticipated timeline
 - community engagement plan
 - site map (**projects must be located within the boundaries of the TAP, see page 6**)
3. **Market Rate Unit Leverage** For all projects applying for FHAct50 credits, it needs to be demonstrated that either (1) building permits or (2) certificates of occupancy were issued for an equivalent number of newly constructed residential, market rate rental units or newly constructed for-sale housing units within the target area within the eighteen months preceding the development application to OHFA. For these purposes, "market rate" is defined as units that are not rent- or income restricted and are available to the general public. Any market rate unit that is included within the proposed development may be used to satisfy this requirement. The city may submit both building permits and certificates of occupancy for the same units on different occasions; they may only use a market-rate unit once, regardless of the method. New construction, substantial rehabilitation, or adaptive reuse market-rate residential units are eligible to be considered for an equivalent unit by OHFA. Units should be listed with permit number, street address, parcel number, and number of units.
4. **Complete Application Packet** This is in the form of an Excel Workbook and must be filled out completely and submitted with the other three items above.

Incomplete applications and missing requirements above may result in a rejection of the application and jeopardize the opportunity to be considered for the FHAct50 credits.

EVALUATION CRITERIA

Applications will be presented to a FHAct50 Advisory Committee who provide feedback and assist in the evaluation process. In an effort to maximize the use of the FHAct50 credits, the criteria below will be considered in evaluating and selecting projects for FHAct50 credits. More detail on these criteria can be found in the application (excel workbook).

- Project Financing (20 maximum points)
- Project Units (36 maximum points)
- Consistency with the Target Area Plan (10 maximum points)
- Development Team (8 maximum points)
- Quality of Life (26 maximum points)
- Total Points = 100 maximum points**

All applications and applicable information are **due to the Department of Community and Economic Development at 805 Central Avenue, Suite 700, Cincinnati, Ohio 45202 no later than 3 PM ET on February 8, 2021 by 3PM ET and can be submitted via email.** Should there be a supplemental round, those applications are to be submitted in the same manner. Late submissions will not be accepted.

The City's Department of Community and Economic Development shall communicate awards by a tentative date of March 1, 2021 and July 1, 2021 for supplemental round (if made available). Any credits not awarded will be rolled over to a final supplemental round.

TIMELINE

- FHAct50 Application Release November 20, 2020
- Application Due Date **February 8, 2021 by 3PM ET (UPDATED)**
- Tentative Awards Announcement Date March 1, 2021

Tentative supplemental round should credits remain available:

- FHAct50 Application Release Week of March 1, 2021
- Application Due Date May 31, 2021 by 3PM ET
- Tentative Awards Announcement Date July 1, 2021

OHFA has imposed a timeline of August, 2021 to receive project applications from developers along with letters of recommendation from the City. This timeframe can be subject to change by OHFA.

Over-the-Rhine TAP Boundary

