

2021

# Notice of Funding Availability (NOFA)



# INTRODUCTION

## NOTICE OF FUNDING AVAILABILITY (NOFA)

The Department of Community & Economic Development (DCED) NOFA loan program provides residential developers with various financing options 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 and the determination of awards meeting the City's housing policy objectives.

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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, Community Development Corporations, Community Housing Development Organizations, 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 (not applicable to Low Income Housing Tax Credit projects) – 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 pro-rata basis during construction. Borrower's reimbursement requests will be limited to once in any thirty (30) day period, and the City will withhold a retainage to be released upon receipt of a completion and/or Certificate of Occupancy, submission of all sworn affidavits and/or unconditional lien waivers, and satisfactory compliance with all other applicable City, State and Federal 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 2021 Loan Program

## FUNDING AVAILABILITY

DCED intends to make \$3.5 million available to loan applicants. Funds are intended to be awarded through one application round in the Spring of 2021 (NOFA 2021). **It is in DCED's discretion to award all funds or a portion of funds in a single round.** Anticipated loan sources are outlined below:

Name	Source	Total
CDBG	Federal	\$600,000
HOME	Federal	\$2,100,000
City Capital	Local	\$800,000
Totals	-	\$3,500,000

- 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 Investment Partnership Program (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. City Capital loans will be considered for projects that meet DCED's strategic objectives and City housing policy goals, 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.

Date*	NOFA Status
Monday, April 19th	Application Release
3 pm, Friday, May 14th	Intent to Apply <b>DEADLINE</b>
3 pm, Friday, June 14th	Application Submission <b>DEADLINE</b>
Friday, July 23rd	Awards Announced

\*Date subject to change per 2021 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. 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 generate significant job creation, increase in property values, or tax revenues and earnings within the City.

## Priority Consideration

Priority consideration for funding this year will be given to projects that are: 1.) the recipient of a Cincinnati FHAct50 Building Opportunity Low Income Housing Tax Credit award and 2.) the recipient of an Ohio Housing Finance Agency Low Income Housing Tax Credit award.

## 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?
- Has the project secured all other sources of necessary financing?
- How well does the project leverage NOFA loans and what is the per unit ratio for the proposed NOFA loan amount?
- 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?

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



### 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 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?
  - 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

There is one funding round with two submission deadlines: (1) Intent to Apply Deadline; and (2) Full Application Submission Deadline.

	Intent to Apply	Application Submission
NOFA2021	3pm Friday, May 14th	3pm Monday, June 14th

- The *Intent to Apply Form* and *NOFA2021 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 NOFA2021 Application, an electronic version of the NOFA2021 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

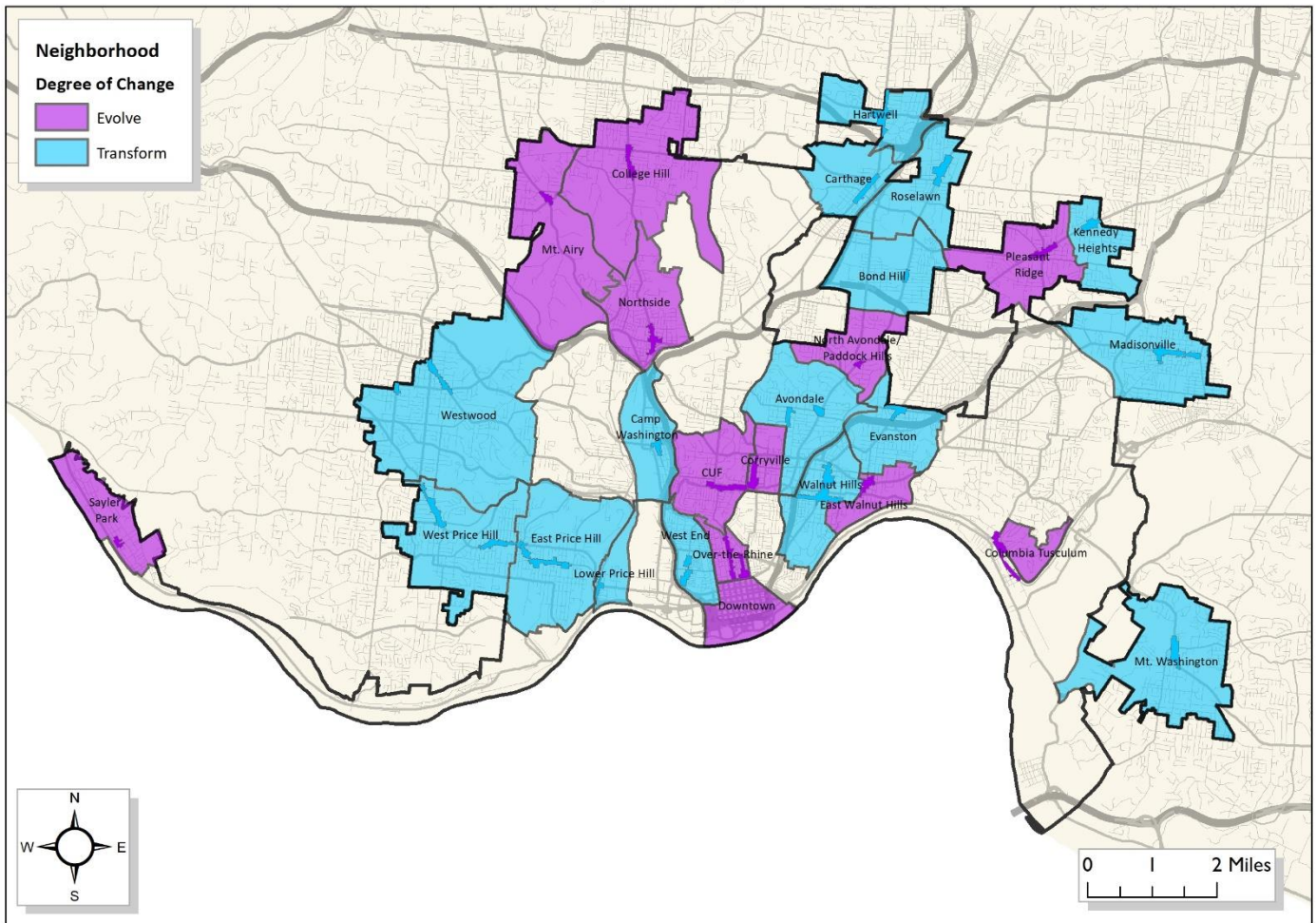
- [Exhibit A](#): Map of Targeted Neighborhoods
- [Exhibit B](#): Procurement Handbook for Developers and Subrecipients



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>