

PREVENTING HOMELESSNESS FUNDING OPPORTUNITY (PHFO) FAQs

HOW DOES PHFO WORK?

PHFO is a public gap financing tool that leverages private financing to develop quality housing geared toward eliminating and preventing Homelessness throughout the City. Through PHFO, DCED provides last-in, subordinated, fixed-interest, long-term loans of \$750,000 or more. Program participants must secure the remainder of project financing before the submission of a PHFO loan application. A sample project financing structure is listed below:

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

PHFO loans shall be awarded on a need basis through a rigorous review and underwriting process. DCED staff will evaluate the project's financial need & capacity, neighborhood impact, and Developer's capability to complete the initial construction or rehabilitation and manage the project long term. In addition, staff will analyze the project and Developer's ability to meet City requirements and comply with all regulatory provisions of the HOME program as codified at [24 CFR Part 92](#), except as described in the U.S Department of Housing and Urban Development (HUD) Notice: CPD-21-10¹. All analysis and funding options will be presented to City leadership for final approval of the award. These project considerations listed above are not all-encompassing; Developers should not assume project reviews will be limited to that described.

Staff analysis and funding considerations will be presented to the Director of DCED, the City Manager, and the Mayor, who will have final authority of PHFO loan awards and the determination of awards meeting the City's objectives.

WHO IS ELIGIBLE TO APPLY FOR PHFO LOANS?

For-profit & non-profit corporations, Community Development Corporations, Community Housing Development Organizations, partnerships, and proprietorships are all welcome to apply for the HOME-ARP fund through the PHFO application loans. Applicants must be capable of performing the duties required to place their proposed development in service and successfully manage the project in the term of affordability

WHAT ARE ELIGIBLE USES OF PHFO LOANS?

PHFO loan funds may be awarded to Rental or Non-Congregate Shelter Housing projects involving the acquisition, rehabilitation, or construction of affordable rental housing primarily for occupancy by households of individuals and families that meet the definition of one or more the qualifying populations. Funds awarded through the PHFO can only be used to acquire an

¹ HUD Notice CPD-21-10 and its Appendix are available at <https://www.hudexchange.info/resource/6479/notice-cpd-2110-requirements-for-the-use-of-funds-in-the-home-arp-program/>

existing building or the hard development costs associated with the project. PHFO loan funds CANNOT be used for pre-development, soft, or operating costs associated with a project.

HOW WILL FUNDS BE PAID?

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 Certificate of Occupancy, submission of all sworn affidavits and unconditional lien waivers, and satisfactory compliance with all other applicable City, State, and Federal requirements.

HOW DO I APPLY FOR A PHFO LOAN?

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