

NOFA2023 LOAN PROGRAM

INTRODUCTION

The Department of Community & Economic Development (DCED) Notice of Funding Availability (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*¹ 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 loans for up to 40% of total project cost, up to \$1 million. Program participants must secure the other 60% of project financing prior to the submission of a NOFA loan application. Non-Low-Income Housing Tax Credit applicants must also provide an equity commitment of at least five percent (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 (not applicable to LIHTC projects)

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 and the City Manager's Office for final determination of awards meeting the City's housing policy objectives.

¹ *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, Community Based Development Organizations, Public Housing Authorities, partnerships, and proprietorships are all welcome to apply for NOFA loans. Multi-family OR homeownership projects will be considered for NOFA loan awards. Projects that include both multi-family rental AND single-family homeownership components will not be eligible and should be submitted as separate projects where they will be evaluated separately.

To be considered for review, applicants must meet the following threshold requirements:

- Minimum of 4 Units – Projects must include a minimum of four (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 five percent (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 pre-development or soft costs associated with a project.

All loans awarded will be paid out on a pro-rata basis during construction except authorized otherwise to meet the needs of certain tax credit programs or as approved by the City. 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 of construction as evidenced by Certificate of Occupancy or some other official documentation from the Department of Buildings and Inspections, submission of all sworn affidavits and/or unconditional lien waivers, and satisfactory compliance with all other applicable City, State, and Federal requirements.

FUNDING AVAILABILITY

DCED intends to make \$3 million available to loan applicants for residential development. This funding is an aggregate amount allocated to the NOFA from the three (3) funding sources listed below: CDBG, HOME, Capital. This funding amount is an approximation; true funding amount is pending receipt of funds from the Department of Housing and Urban Development and City Council appropriation. As anticipated sources increase or decrease, availability of funds will be adjusted accordingly. Funds are anticipated to be awarded through one (1) application round in the Summer of 2023 (NOFA2023). **It is in DCED's discretion to award all funds or a portion of funds in a single round.**

- I. Community Development Block Grant (CDBG) loans will be considered for renovation projects with a housing component 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 (Capital) loans will be considered for projects that meet DCED's strategic objectives and City housing policy goals, including affordable and mixed-income developments, and infrastructure improvements that may not qualify under the Federal CDBG or HOME programs. Projects that are awarded City Capital funds may be subject to prevailing wage and City Council approval.
- IV. Tax Increment Financing District (TIF) loans will be considered for projects within eligible TIF Districts² that meet DCED's strategic objectives and City housing policy goals, including affordable and mixed-income developments, and infrastructure improvements that may not qualify under the Federal CDBG or HOME programs. This source is a supplemental source of funding for the NOFA program and will be recommended as a source for projects as the Department deems necessary. Projects that are recommended for TIF funds may be subject to prevailing wage and will be subject to a mandated Community Engagement Meeting (CEM), 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.

² More information on TIF Districts is available at <https://choosecincy.com/neighborhood-services/tif-districts/>

SCHEDULE

DCED intends to follow the NOFA schedule outlined below but reserves the right to revise program dates, as necessary. **Due dates and times as published and as amended will be strictly enforced. Late submissions will not be accepted.**

Date*	NOFA Status
Monday, April 3 rd	Guidelines and Application Release
3pm, Friday, April 28 th	Intent to Apply DEADLINE
3pm, Friday, June 2 nd	Application Submission DEADLINE
Friday, August 18 th	Formal Awards Announced (tentative)

*Application submission date subject to change per 2023 Low Income Housing Tax Credit (LIHTC) Awards Announcement; Identified pre-applicants will be notified accordingly.

ELIGIBLE PROJECTS

Applicants should be reminded that NOFA loan funds can be used for site preparation and hard costs associated with rehab and new construction of residential space. NOFA loan funds **CANNOT** be used for pre-development or soft costs associated with a project, or public improvement projects including the erection, construction, alteration, repair or improvement of any public structure, building, road, or public improvement of any kind. 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 80% or less of the HUD-adjusted Area Median Household Income.
- II. RENTAL: Projects that include the creation or rehabilitation of affordable rental, mixed-income, and mixed-use projects, as well as permanent supportive housing projects throughout the City are eligible to apply for NOFA funds. Funding priority will be granted to affordable and mixed-income rental projects. Ineligible projects include student housing, group homes, and dormitory-style facilities.

PRIORITY CONSIDERATION

Priority consideration for funding will be given to projects that are the recipient of an Ohio Housing Finance Agency Low Income Housing Tax Credit award. Most of the NOFA funding is sourced from Federal block grants that are restricted to projects meeting affordability thresholds. Accordingly, affordable housing development projects meeting these requirements, particularly those targeted at households earning 60% or less of HUD-adjusted Area Median Household Income, will also be prioritized.

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. DCED staff will underwrite project's Development Team, Property Manager, Sources and Uses, and Proforma to confirm financial and regulatory compliance with available funding sources.

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?
- 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)

- Is the developer a Community Housing Development Organization, Community Based Development Organization, Community Development Corporation, or City-certified MBE/WBE?
- 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 a walkable half (0.5) mile of an activity center?
 - i. An activity center is defined as no less than three (3) adjacent uses such as Cultural Arts Facility, Education Facility, Place of Worship, Supermarket, Bank, etc.
- Is the project transit-oriented?
 - i. Projects located within a walkable half (0.5) mile of a 24-Hour Metro Bus Route – as listed in *Exhibit A* – are deemed transit-oriented.
- Is the project mixed-use? Does it include both residential and commercial components?

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 or Rental)

- Homeownership

- i. Does the project create homeownership opportunities for households earning at or below 80% of Area Median Income?
- ii. To what degree does the project include onsite amenities, such as off-street parking and appliances?
- 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 Cincinnati Visitability and/or Universal Design standards?
 - i. This requires certification by the City's Department of Buildings & Inspections on the Certificate of Occupancy.
- v. Does the project achieve any environmental sustainability certifications?
 - i. [Core Green Building](#)
 - ii. [Enterprise Green Communities](#)
 - iii. [HERS](#)
 - iv. [LEED](#)
 - v. [Living Building Challenge](#)
 - vi. [National Green Building Standard](#)
 - vii. [Passive House](#)
 - viii. [Zero Carbon](#)
 - ix. [Zero Energy](#)

- Rental

- i. Does the project create or preserve rental units for households earning at or below 60% of Area Median Income? Does the project create mixed-income rental units?
- ii. To what degree does the project include onsite amenities, such as storage space, laundry, and recreational space (community room, outdoor space, workout facilities, etc.)?
- iii. Does the project create family units, defined as 25% of units being 2 bedrooms OR 10% of units being 3 bedrooms?
- iv. Does the project incorporate Cincinnati Visitability and/or Universal Design Standards?
 - i. This requires certification by the City's Department of Buildings & Inspections on the Certificate of Occupancy.
- v. Does the project achieve any environmental sustainability certifications?
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APPLICATION & SUBMISSION

There is one (1) funding round with two (2) submission deadlines: (1) Intent to Apply Deadline; and (2) Full Application Submission Deadline. Applications submission deadlines may be subject to change, as necessary. Identified pre-applicants will be notified accordingly. All parties interested in applying for a NOFA loan must submit an *Intent to Apply form* by the deadline and can visit [ChooseCincy.com](https://www.choosecincy.com) or contact the Department of Community & Economic Development at (513) 352-6146 to learn more.

	Intent to Apply	Application Submission
NOFA2023	3pm Friday, April 28 th	3pm Friday, June 2 nd

- The *Intent to Apply form* and *NOFA2023 Application* can be found at [ChooseCincy.com](https://www.choosecincy.com). The *Intent to Apply form* must be submitted using the published Microsoft Forms link. Please note the application requires, at a minimum, Microsoft Excel 2003. If this is an issue for the applicant, please contact DCED. Applicants that have not submitted an *Intent to Apply form* are not eligible to apply.
- Application packets should include one (1) signed *Summary & Certification* page from the *NOFA2023 Application*, one version of the *NOFA2023 Application*, and all necessary attachments submitted via email. Please send all documents in a zip (compressed) format.
- All application submissions must be delivered via email to CommunityDevelopment@cincinnati-oh.gov³ at the Department of Community & Economic Development with the subject line: "Attention: NOFA2023 Application – PROJECT NAME" by 3pm on the assigned deadline. **LATE SUBMISSIONS WILL NOT BE ACCEPTED.**

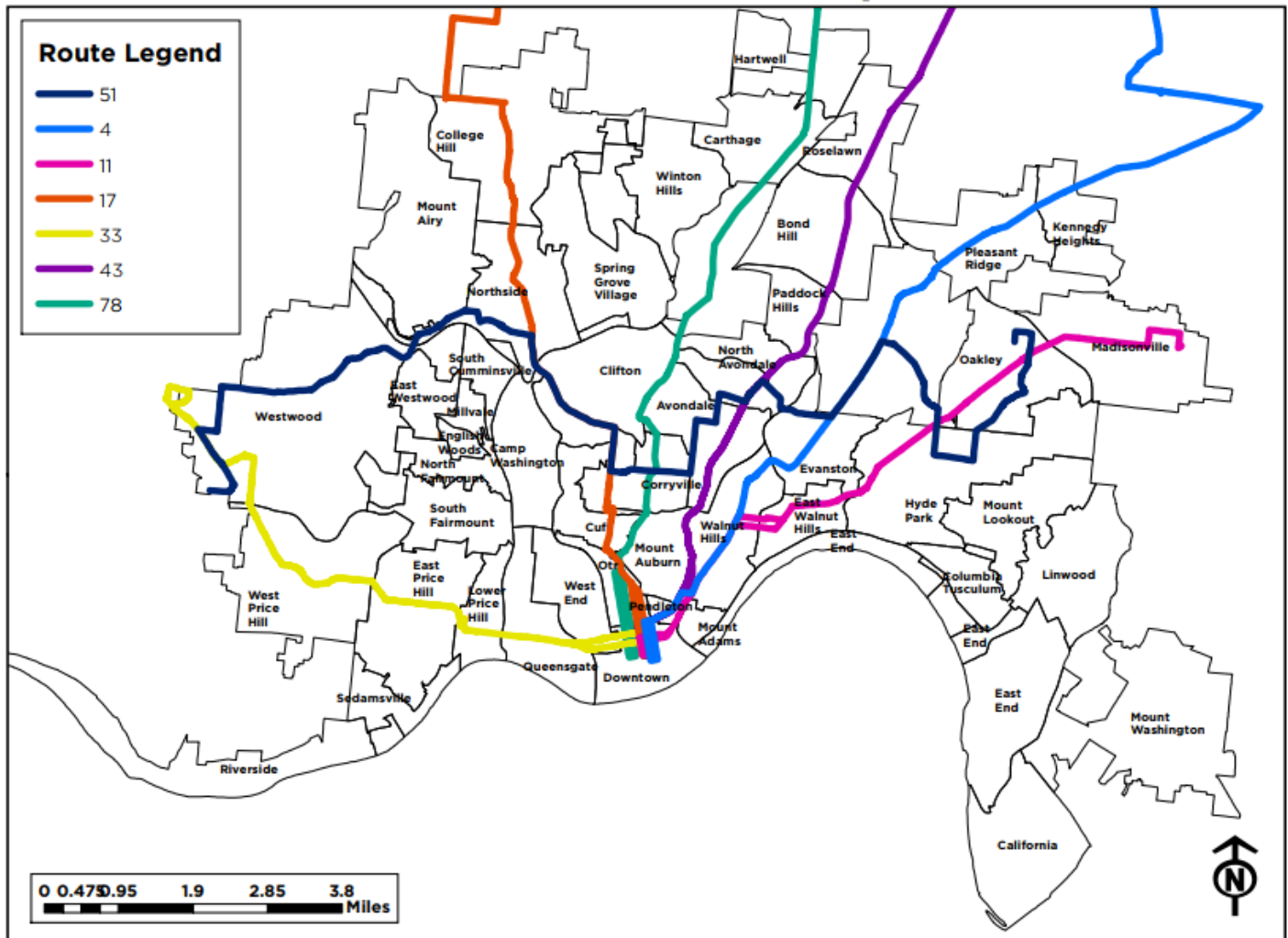
EXHIBITS

- Exhibit A: Cincinnati Metro 24-Hour Bus Routes
- Exhibit B: Procurement Handbook for Developers and Subrecipients

³ Please note this email address may change.

EXHIBIT A:

CINCINNATI METRO 24-HOUR BUS ROUTES



- [Route 4 Kenwood – Blue Ash](#)
- [Route 11 Madison Road – Oakley/Erie Ave – Hyde Park](#)
- [Route 17 Hamilton Ave – Mt. Healthy/Seven Hills](#)
- [Route 33 Western Hills – Glenway](#)
- [Route 43 Reading Road – Evendale/Sharonville](#)
- [Route 51 Hyde Park – Uptown – Glenway Crossing Crosstown](#)
- [Route 78 Springdale – Vine/Lincoln Heights](#)

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](#).⁴

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