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Via E-mail to [2016QAPMailbox@ohiohome.org](mailto:2016QAPMailbox@ohiohome.org)

Ohio Housing Finance Agency  
57 East Main Street  
Columbus, Ohio 43215

Dear Ohio Housing Finance Agency:

On behalf of our low-income clients, we are writing to supplement our March 17, 2015 and April 22, 2015 comments. We commend OHFA for its continued commitment to dialogue with our organizations.

We applaud OHFA's decision to include the "good cause" lease addendum in the 2016-17 QAP, and we look forward to working with OHFA to implement this requirement for all LIHTC leases. OHFA's decision will increase housing stability for LIHTC tenants.

We also applaud OHFA for adding provisions to promote the development of three- and four-bedroom apartments, especially given the challenges that larger size families face in finding affordable rental housing. According to our analysis of census and rental housing data, in Ohio's rural Appalachian counties about 19 percent of low-income families that rent have at least four people; however, only about 3 percent of low-income units have four bedrooms. Clearly, there is a demand that the QAP should help fulfill.

We support the decision to incentivize Section 811 housing and projects that set-aside 25% of their units for special needs populations. Both of these incentives address the need for supportive housing for particular populations that often have challenges finding affordable permanent housing.

While we appreciate OHFA's progress on the above issues, there are still significant issues with the QAP that we address below.

LEGAL SERVICES IN

Brown County  
Butler County  
Clermont County  
Clinton County  
Hamilton County  
Highland County  
Warren County



## **1. Rent Affordability for Extremely Low Income Tenants**

We are disappointed that OHFA has rolled back the percentage of units that a developer must set aside for extremely low-income families in order to obtain points. OHFA should restore the provisions from Drafts I and II, which required a development in a participating jurisdiction to set aside 20% of its units for extremely low-income households (10% in a non-participating jurisdiction) in order to obtain points.

Families with extremely low incomes face the greatest need for affordable housing as illustrated by OHFA's draft 2016 Ohio Housing Needs Assessment. According to the assessment, 77.2% of Ohio households at or below 30% of AMI are experiencing a housing problem, which can include being cost-burdened or living in substandard housing.<sup>1</sup> Out of Reach 2015, the National Low Income Housing Coalition's study on affordable housing, further confirms the trouble that extremely low-income households face.

Given this clear need for affordable housing, OHFA should restore the set aside from the previous drafts. The LIHTC program is the main supplier of subsidized housing in Ohio and without a significant increase in 30% AMI units from the LIHTC program, extremely low-income families will continue to lack options.

We understand that there are economic challenges in producing units targeted to 30% of AMI. However, instead of reducing the set aside for 30% units, OHFA should consider allowing developers to increase the number of 60% AMI units in a development in order to balance the finances.

Alternatively, we continue to support a plan in which developments receive points for giving priority placement on housing waitlists to voucher holders. A voucher preference will allow developers to target units to a higher AMI standard while still serving extremely low-income tenants. This plan should alleviate financial pressure that comes with serving extremely low-income families, and this plan is good for voucher holders because we know these families struggle to find safe and affordable places to use their vouchers.

Simply put, there is a great shortage of housing for extremely low-income families and OHFA should not roll back provisions to support these families.

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<sup>1</sup> 2016 Ohio Housing Needs Assessment (Draft), Exhibit 4-4, pg. 81.

## 2. New Family Housing in Areas of High Opportunity

### a. Set Aside for Family Housing in Areas of High Opportunity

Low-income families should not be limited to renting in segregated areas that have very limited economic opportunities. As shown in a recent study by Harvard University professor Raj Chetty that was reported in the New York Times, living in an area of high opportunity can boost low income children out of poverty.<sup>2</sup> Therefore, there should be a set aside for at least three new family developments in high opportunity areas.

We are pleased that OHFA has taken opportunity mapping seriously, and we support a set aside in the QAP for new family developments in areas of high opportunity. As HUD leadership noted in discussing the agency's study from this month into LIHTC and areas of opportunity, "[p]rioritizing high-opportunity neighborhoods directly and avoiding the concentration of assisted housing appear to matter the most for increasing the share of tax-credit units in low-poverty neighborhoods."<sup>3</sup>

Last week, the New York Times editorial board noted that "metropolitan areas with large black populations have, in fact, remained highly segregated."<sup>4</sup> We know affordable housing options for families are disproportionately located in low opportunity, and often segregated, areas. Indeed, this lack of true housing choice is the result of government policies that concentrated poor black citizens in low opportunity neighborhoods.

The Kirwan Institute opportunity mapping has been used as a framework to remedy past policies that have isolated low-income and minority families in low opportunity areas. For example, in the *Thomson v. HUD* settlement agreement, a housing choice voucher mobility program is being used to connect families to areas of opportunity.<sup>5</sup>

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<sup>2</sup> David Leonhardt, Amanda Cox and, Claire Cain Miller, "An Atlas of Upward Mobility Shows Paths Out of Poverty," New York Times, May 4, 2015, at <http://www.nytimes.com/2015/05/04/upshot/an-atlas-of-upward-mobility-shows-paths-out-of-poverty.html>.

<sup>3</sup> HUD PD&R Edge, Increasing Opportunity in LIHTC, May 1, 2015 at [http://www.huduser.org/portal/pdredge/pdr\\_edge\\_frm\\_asst\\_sec\\_050415.html](http://www.huduser.org/portal/pdredge/pdr_edge_frm_asst_sec_050415.html).

<sup>4</sup> Editorial Board, "Housing Apartheid, American Style," New York Times, May 16, 2015 at <http://www.nytimes.com/2015/05/17/opinion/sunday/housing-apartheid-american-style.html>

<sup>5</sup> See generally the Baltimore Regional Housing Campaign, Press Release, November 20, 2012 at [http://www.aclu-md.org/press\\_room/88](http://www.aclu-md.org/press_room/88).

As stated before, we continue to recommend that OHFA set aside more than one project placed in areas of high opportunity. We call for a set aside OHFA proposed during the public forums, which would lead to at least three developments in areas of high opportunity. Only through a larger set-aside will we begin to see a shift in the pattern of affordable family housing units in Ohio being placed, primarily, in lower opportunity areas.

**b. Balance Family and Senior Developments in Non-Urban Areas**

Specifically regarding the Non-Urban Pool, the current QAP does not sufficiently address the imbalance between senior housing and family housing developments in the allocation of new units. There is more funding for new senior housing than new family housing in Draft III, and we remained concerned that the Non-Urban Pool will go to mostly senior developments.

As our April 22, 2015 comments to Draft II of the 2016-17 QAP point out, there were three times more senior developments than family developments in non-urban areas in 2013 and 2014, and it appeared from the point system in Draft II that this trend may continue. Between points for local support and the lack of incentives in the system for family developments, we were concerned that most, if not all, of the non-urban developments will trend toward senior housing. We do not see how Draft III has improved the situation. There do not appear to any categories for points that will address the trend in non-urban areas favoring senior developments because it seems that in every category in which a family development can earn points a senior development, which is politically easier to propose, can also obtain points. In fact, in Draft III, OHFA put in points specifically for senior developments in areas that lack them, and in addition, there remain points for local support in non-urban areas.

OHFA should have a set aside for new family developments in non-urban areas of high opportunity. OHFA's definition of non-urban counties includes Warren, Clermont, Delaware, and Geauga Counties where there are ranges of high opportunity areas. For example, according to the New York Times's Upshot website,<sup>6</sup> which addressed the current study into childhood mobility out of poverty:

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<sup>6</sup> The story is available at <http://www.nytimes.com/interactive/2015/05/03/upshot/the-best-and-worst-places-to-grow-up-how-your-area-compares.htm>.

Every year a poor child spends in Warren County adds about \$130 to his or her annual household income at age 26, compared with a childhood spent in the average American county. Over the course of a full childhood, which is up to age 20 for the purposes of this analysis, the difference adds up to about \$2,500, or 10 percent, more in average income as a young adult.

This is exactly the type of change that OHFA's policy is seeking to promote, and OHFA should make sure that such housing opportunities occur in non-urban counties.

Even if OHFA is unwilling to implement a set aside for family developments in non-urban areas, it should at least provide points for family developments cited in non-urban areas of high opportunity. In addition, OHFA should take any other step, including as mentioned below eliminating points for municipal support, to even the playing field for senior and family developments in non-urban areas.

### **3. Eliminating Points for Municipal Support**

As we have expressed previously, OHFA should eliminate all points for municipal support given the strong role that cities and other municipalities already play in the process, through zoning and awards of other funding. We are concerned that these points are much more likely to support senior projects, and in such a competitive process, these points may determine the outcome of the awards. In addition, points for municipal support have resulted in unnecessary politicization of the LIHTC process and tended to allow opposition based on unlawful discrimination. The Draft III of the QAP still maintains some of the improvements from Draft I in comparison to the 2015 QAP. However, the second and third drafts include significantly more points for municipal support than the first draft. OHFA should not be increasing the points available for municipalities.

For similar reasons, we are concerned about the significant points in Draft III for Local Financial Support, which applies in several pools. A municipality may be more likely to provide a tax abatement, donate land, or waive local development fees for a development placed in a politically safe area. As a result, a development in a high opportunity area will be at a competitive disadvantage in relation to a senior development or a development located in an area that already has a high concentration of low-income housing. While we understand the cost efficiency OHFA intends to achieve, this provision also runs contrary to the goal of having developments in new areas of Ohio.

#### **4. The QAP should continue to support visitability.**

We support OHFA's continued commitment to visitability requirements for new construction units. 2016-2017 QAP Draft III, Page 61-62. We are pleased that OHFA's visitability requirement has been extended to all developments including existing developments that receive OHFA assistance. This is a great improvement from the previous requirement that applied only to the affordable units in proposed developments. It is our continued wish that OHFA should abandon its option for developers to seek a waiver of the visitability requirements via Form PPD-E01. Particularly for new developments, there is no reason for any new development not to have the three visitability requirements detailed on pages 61 and 62 regardless of whether there are site/design limitations.

#### **5. OHFA should emphasize the state initiatives**

The 2016-2017 QAP Draft III includes two state initiatives that should be further emphasized. 2016-2017 QAP Draft III, Page 39. We are excited about Ohio's Section 811 Project Rental Assistance Program and its inclusion in the 2016-2017 QAP Draft III in the New Unit Production Pool. The Section 811 Program is a positive step toward assisting individuals with disabilities with finding safe and affordable housing so that they may live in their desired communities. Additionally, we believe the state initiative of a "set aside of up to 25% of units for special needs populations referred through a statewide referral network and receiving a rental subsidy from a state agency" is an equally important initiative for assisting individuals in these populations.

However, we are concerned these initiatives will not receive the attention they deserve in this draft of the QAP. A developer will receive only five points for either agreeing to be considered for the Section 811 program at the exclusion of any other rental subsidy or setting aside up to 25% of units for "special needs populations," who receive a rental subsidy from a state agency. It appears that these two criteria conflict and a developer may choose between them. Additionally, the Section 811 is not guaranteed, providing little incentive for a developer to agree to be considered for an award under the Section 811 Program. Neither initiative garners a large point award to incentivize developers.

We encourage OHFA to emphasize these important initiatives by creating stand-alone point awards for developers who want to be considered for these state initiatives.

We again applaud OHFA for the improvements that it has made in the QAP and its significant commitment to dialogue with us.

Sincerely,



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