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Via E-mail: 2015QAPMailbox@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, the undersigned organizations appreciate the opportunity to comment on the 2015 Qualified Allocation Plan (QAP). We represent the low-income tenants that the Low Income Housing Tax Credit (LIHTC) program is designed to serve, and we thank the Ohio Housing Finance Agency (OHFA) for giving us an opportunity to share our comments. We greatly appreciate the conversations we have had about the program over the past few months, and we look forward to continuing this dialogue.

As advocates, we support an approach to allocating tax credits that both promotes the preservation and redevelopment of current low-income and permanent supportive housing options for our clients and that also expands low-income affordable housing developments into areas of the state that lack housing options for low-income families. The QAP should balance these policy priorities, and we are glad to see that OHFA has attempted in the draft 2015 QAP to reach such a balance. We appreciate OHFA's dedication to our clients.

We do see areas in which the QAP could be improved, and our comments will focus on those issues. In these comments, we have included broad policy statements that are supported by specific suggestions. If you have any questions or would like to discuss any of these matters, we would welcome the opportunity to have these conversations. In addition, we greatly appreciate the invitation you offered to members of our coalition to serve on the OHFA Compliance Advisory Committee. It is critical to ensure that developments receiving grants are complying with income rules and rules regarding affirmative fair housing marketing plans so that our clients have full access to LIHTC developments.

LEGAL SERVICES IN

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



1. The QAP should increase incentives for developers to make rents affordable to Ohioans with extremely low incomes.

There is a substantial gap between the demand for affordable housing among people with extremely low incomes and the supply of this housing in Ohio. As discussed in previous comments, according to a joint study between the National Low Income Housing Coalition and the Coalition on Homelessness and Housing in Ohio (COHHIO), entitled *Out of Reach 2014*, 32% of renters in the state do not earn enough to afford a two-bedroom apartment at fair market rent. The study emphasizes that the problems are particularly heavy for extremely low-income households, which the LIHTC is designed to serve. Since the LIHTC is the by far the largest program for providing housing to low-income Ohioans, it is critical to make sure that the program is addressing the needs of those most in need. Of course, without support from other sources of funding and other subsidies for tenants, developers may have a difficult time making rents truly affordable for Ohioans with extremely low incomes. The 2015 QAP should encourage developments that make an effort to support extremely low income households.

In fact, the draft QAP for 2015 does take some significant steps to encourage such development. A developer can currently earn five points for having units dedicated to families at 30% of Area Median Income. QAP at 28. In addition, the QAP provides points for new developments with funding from specified state or federal resources, and the QAP provides a sliding scale of points for developments involving existing rental units when those developments include project based section 8 vouchers or USDA rental subsidies. QAP at 30, 37.

There are additional steps to take in order to support developments serving extremely low-income Ohioans:

- The 2015 QAP should award points to new developments that prioritize voucher holders on their wait lists. In order to truly ensure that LIHTC developments are serving a range of incomes, the developments should take all steps needed to ensure that units are accessible to lower income families.
- The 2015 QAP's system for scoring developments of new rental housing should also use the point system that preservation pool has in place to reward the use of project based section 8 vouchers and USDA rental subsidies. QAP at 37. The current priorities for new rental units mention state and federal funding, but they do not directly specify the use of project based section 8 as a priority. The QAP should not exclude project based vouchers from the scoring of new unit developments.

- The 2015 QAP should increase the possible points for developments that serve the extremely low-income population. Developments that set aside 20% of units for the extremely low-income population should receive ten points. This will create further incentive for developers to address this population and is reasonable given the remaining structure of the QAP.

Furthermore, we are concerned about the change in the points awarded for working with a Community Housing Development Organization (CDHO) or a Metropolitan Housing Authority (MHA). The 2015 QAP draft only allows points if the CDHO or MHA has 100% general partnership interest instead of a 51% interest in the development. We understand that this change is driven in part by changes in HUD's rules for HOME funding and CDHOs. It seems that this change will make it less likely for developers to partner with MHAs and CDHOs in creating projects; however, such partnerships are critical for providing housing to the extremely low-income population. We suggest a modified approach for the 2015 QAP that will maintain incentives for working with CHDOs and MHAs. A development that has a CDHO or an MHA as a 100% general partner should receive ten points rather than the current five. In addition, a development that has a 51% CHDOs or MHA general partner should receive five points.

2. The QAP should encourage the development of family units in suburban or other high opportunity areas.

The LIHTC program is the most important affordable housing program in the country. Since the early 1990s, the program has helped create about 2.4 million units of affordable housing. The LIHTC program plays a critical role in promoting housing opportunities to families outside of the traditional locations for subsidized housing. As the Poverty & Race Research Action Council (PRRAC) recently noted, "LIHTC developments should provide housing in situations where vouchers are difficult to use, in particular in high-opportunity neighborhoods where few housing units can be reached within voucher payment standards and where landlords may prefer unsubsidized tenants." PRRAC, *Creating Balance in the Locations of LIHTC Developments* (February 2013) at 2. However, low-income housing tax credits are largely used in neighborhoods that already have substantial low-cost housing. Policies that promote LIHTC developments in high opportunity areas also affirmatively further fair housing.

There is currently support in the 2015 QAP for developments in opportunity areas. The QAP awards points in both the new construction and existing unit pools for family developments located in non-Qualified Census Tracts. QAP at 29, 35. Moreover, in the pool for new units, developers can also get points for developments in high income census tracts.

However, the points provided from these categories are greatly outweighed by points acquired through local support and local collaboration. QAP at 25-27. As discussed below these points do not favor family developments in high opportunity areas. Moreover, developments in these areas may have a harder time competing for points in the cost section of the QAP. QAP at 31. Suburban developments may have to deal with higher land costs and other higher development costs that could lead to a disadvantage.

OHFA must make a commitment to reward LIHTC developments proposed in high opportunity areas. Opportunity areas and mapping are often associated with the Kirwan Institute for the Study of Race and Ethnicity. John Powell, while Executive Director of the Kirwan Institute, explained:

Decades of empirical research validate these intuitions, and vividly illustrate a powerful series of relationships between family residence and an individual's projected life chances along a number of scales. The geographically varying set of institutions, systems and markets dramatically influence a person's achieved socioeconomic status. Together, these institutions, systems and markets constitute the "opportunity structure."

Because the opportunity structure is spatial it can be represented and mapped using geographic information systems technology. The Kirwan institute, for example, has used five different opportunity areas (Education and Child Welfare, Economic Opportunity and Mobility, Housing, Neighborhood and Community Development, Public Health, Public Safety and Criminal Justice) to map the state of Ohio. These maps geographically represent the State in terms of the quintiles very high, high, moderate, low, or very low opportunity. This mapping is necessary to understand where opportunity exists and where it does not.

We know that place matters. The report of the Congressional bi-partisan Millennial Housing Commission, entitled *Meeting Our Nation's Housing Challenges*, states

[N]eighborhood quality plays an important role in positive outcomes for families. Stable housing in an unstable neighborhood does not necessarily allow for positive employment and child education outcomes.

Access to housing opportunity has important implications for an individual's future. Economically poor areas limit employment options, contribute to poor health, expose individuals to high crime rates and provide access to least performing schools. For example, LIHTC developments are disproportionately located near low-performing schools and schools with high rates of students receiving free and reduced-price lunch.

Few LIHTC allocations have been made for developments in high opportunity areas. For example, in according to analysis done by the Kirwan Institute, only three (or less than 8%) Lucas County LIHTC developments were built in high or very high opportunity areas, while sixty (or 80%) had been developed in low and very low opportunity areas. State-wide, only 25% of the LIHTC developments are in high or very high opportunity areas while 59% are in low and very low opportunity areas. While not a perfect measure of opportunity areas, it is also important to note that OHFA has funded very few suburban family projects in recent years. For example, according to our analysis of awards between 2007 and 2014, there were no suburban family developments awarded in Southwest Ohio during that time period. Instead, the projects that are generally funded outside of the major cities are for senior citizens and not families. Developers are responding to incentives and are not proposing family projects in suburban areas. In 2014, of the twenty-three proposed suburban projects, only three of those developments were family projects based on the 2014 HTC Proposal Summaries. In 2014, there were forty eight developments labeled as family projects in cities and rural areas.

Housing policies should be oriented towards providing access to opportunity wherever it may exist. Therefore, in order to truly facilitate the placement of new family units in high opportunity areas, OHFA should set aside a pool of money dedicated to this goal. By creating a separate pool, OHFA can continue to help support the preservation of current affordable housing while expanding into opportunity areas and expanding choice for Ohio families.

3. The QAP should promote developments that assist larger families.

Our clients with multiple children or other family members have a particularly hard time finding good, affordable rental housing. The LIHTC program should help these families meet this need. We do not see any points in the QAP that create incentives for developments designed to support larger families. OHFA should reward family developments that include larger bedroom units with additional points.

4. The 2015 QAP should address the needs of rural communities.

We support the idea of having a rural pool with projects targeted to rural communities. In addition, we are encouraged that OHFA continues to provide incentives to build in Appalachia by awarding points to development proposals in the 32 Appalachian counties. In order to promote further development in these areas, we would like to see developments in Appalachia receive more points. In addition, we believe OHFA should award separate points for developments located in high opportunity areas within Appalachia. Developers building in Appalachia may want to take advantage of less expensive real estate located outside higher opportunity areas. This would further isolate our clients and perpetuate the cycle of poverty. Additional points should be provided to encourage development in the most advantaged areas for our client population, even within Appalachia.

5. The QAP should continue to support visitability.

As organizations that often advocate on behalf of individuals with disabilities, the Americans with Disabilities Act, Section 504 of the Rehabilitation Act of 1973, and the Fair Housing Act greatly inform much of our views with respect to community integration and accessibility of affordable housing. Indeed, a major priority for individuals with disabilities is the ability to live and work in the community, and have access to programs, facilities, housing and services so they can live full lives integrated in the larger community and are able to maintain relationships with family, friends and neighbors.

We applaud OHFA's previous work in implementing accessibility policies including visitability. Since 2007, the year that OHFA adopted visitability requirements, over 1,000 units have been built that incorporate visitability features that would not have been built otherwise under prevailing Fair Housing requirements. These standards are an important step in creating fully accessible communities.

We are concerned, however, about the continuation of the Visitability Exception Pilot Program described in Section VII(D) of the draft 2015 QAP. QAP at 44. The program allows for the highest scoring applicant in each of the New Rental Units pools to be exempt from the visitability requirements for upper floors of multifamily apartments serving a family population. This is a step back from the progress that OHFA has made in the efforts of accessibility, visitability and inclusion. This program rewards the highest scoring applications by allowing them to be less accessible for people with disabilities, and, in doing so, reinforces the idea that individuals with disabilities may be disregarded. Accordingly, we discourage the continuation of the Visitability Exception Pilot Program.

We are also concerned about the Reconsideration of Visitability Requirements option that is included in Section VII(C) of the QAP. QAP at 41. This option allows developers of new construction units to request a waiver of visitability requirements if the project has topography or site/design limitations that are unable to support visitability requirements. Like the Visitability Exception Pilot Program, a waiver of the visitability requirements reinforces the marginalization of individuals with disabilities and undermines OHFA's past good work. Developers should not be allowed to waive visitability requirements under any circumstances. We support OHFA's efforts in allowing applicants to discuss their plans and find solutions to visitability issues in site/design with an OHFA architect, but if a solution cannot be found, the application should be removed from consideration.

OHFA has demonstrated through past successes that there are plenty of applicants who can meet visitability requirements, and these types of projects should be funded in the future as we move towards more accessible and inclusive communities.

6. The QAP should eliminate all points for local support.

The 2015 QAP provides significant points for developments that are favored by state legislators and local elected officials. The twenty points that a development can obtain from the combination of support from a state legislator and from local government is frequently decisive in the competitive funding process. To the extent that some proposed developments may be unpopular with some constituents, local officials will face criticism for supporting housing even though it meets local zoning and other local plans. This politicization of the LIHTC program is counterproductive. Moreover, it tends to allow opposition based on unlawful discrimination.

The changes in 2015 QAP do not ameliorate the impact of local support. The summary of the 2015 QAP suggests a significant change in relation to how developments outside of urban areas are awarded points for local support. However, in the draft 2015 QAP, local official approval still leads to fifteen points in areas outside of the large cities. By still putting fifteen points in play, the proposed changes do not actually change the situation. We predict that there will still be little local support for family developments in higher income census tracts. This is not a good outcome.

There is no requirement for OHFA to give points to developments that have acquired the support of local officials. In fact, federal law, 26 U.S.C. § 42(m)(1)(A)(ii), simply requires that the agency "do no more than notify "the chief executive officer (or the equivalent) of the local jurisdiction within which the building is located of such project and provides such an individual a reasonable opportunity to comment on the project." PRRAC, *Building Opportunity: Civil Rights Best Practices in the Low Income Housing Tax Credit Program* (December 2008) at pg. 10. Moreover, without taking into account control of points, local officials already have significant input and leverage with developments in their jurisdiction through zoning powers and through the allocation of money through programs like HOME and CDBG. Giving local officials a say on points as well gives them an outsized role in the LIHTC process.

We urge the elimination of any points for approval from local government or state legislators, especially in the context of new developments in suburban areas.

In general, we continue to support OHFA in its mission to promote affordable and sustainable housing for our clients. We appreciate the priority OHFA places on the preservation of current affordable housing and the efforts it has taken to expand affordable housing into new areas. The 2015 QAP reflects those priorities in many ways and it includes support for interesting new projects, such as points for transit oriented development, which will also help our clients. However, more changes are needed to promote affordable housing for all. We look forward to further discussing these matters and to continue our dialogue on these important topics.

Sincerely,



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