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VIA EMAIL: 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 comments. These comments will focus on the changes that OHFA made to the 2016-17 QAP through its second draft. We continue to support the positions from our March 17, 2015, comments.

These comments will focus on five primary areas in which there have been developments: 1) affordability of LIHTC units for extremely low income tenants; 2) new family developments in areas of high opportunity; 3) eliminating points for municipal support; 4) support for larger sized families; and 5) the "good cause" lease addendum.

1. Rent Affordability for Extremely Low Income Tenants

As explained in our previous comments, there is an overwhelming lack of affordable housing for Ohioans with extremely low incomes. We applaud OHFA's decision to double the percentage of units that a developer must set aside for extremely low income tenants in order for that developer to obtain points through the QAP. Furthermore, we appreciate that Draft II of the QAP does not provide developers with an alternative means of obtaining these points. We hope that developers will respond to the QAP by setting aside sufficient units in their proposed developments to obtain the points and, thus, provide more housing to extremely low income Ohioans.

We believe there are additional steps OHFA could take to provide much needed housing to extremely low income Ohioans. Specifically, OHFA should provide points to developments that give Housing Choice Voucher Program participants a priority on their waiting lists. This preference will provide opportunities for extremely low income tenants to move to higher opportunity areas.

LEGAL SERVICES IN

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

2. New Family Housing in Areas of High Opportunity

Throughout the 2016-17 QAP process, we have supported a plan to have to OHFA set aside awards to create several new family developments in areas of high opportunity. The maps provided by the Kirwan Institute demonstrate that previous LIHTC awards have resulted in high concentration of developments in low opportunity areas. Low-income people deserve to have true choice in where they live and an opportunity to move to areas with high performing schools and job opportunities.

In addition, OHFA's recent allocations of new construction tax credits have greatly favored senior developments over family developments. In 2013 and 2014, there have been only eight new construction family developments compared to nineteen senior developments.¹ This imbalance is likely has less to do with addressing the needs of the community and more to do with unnecessary politicization of the LIHTC process and opposition based on unlawful discrimination.

We are glad to see that Draft II of the 2016-17 QAP addresses some of our concerns and provides a set aside for a new construction development in an area of high opportunity. A set aside of one development, however, does not sufficiently address the past imbalance. We instead call for a set aside like OHFA proposed during the public forums, which would lead to at least three developments in areas of high opportunity. Such a set aside may start reducing some of the concentration of developments. Without it, we are concerned, as explained in our previous comments, that the points system set out in Draft II of the QAP will not create sufficient incentives for developers to propose family developments in areas of opportunity.

We are also concerned with the details of the Non-Urban Pool outlined in Draft II of the QAP, which accounts for one-third of the allocation of tax credits for new construction. As it currently stands, we believe that little, if any, of the allocation will go to family developments. None of the policy points available in the Non-Urban pool create an incentive for family developments. Moreover, as outlined below, Draft II of the QAP now allows all municipalities, and not just the six largest cities, to supply points to a development. 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.

¹ Throughout our comments, especially in this section and the section on support for larger sized families, we reference and analyze OHFA's awards for new construction developments in 2013 and 2014 and we compare the awards to family developments and senior developments. In all of these discussions, we have removed Permanent Supportive Housing and Lease Purchase Developments from the analysis as they are now in a separate pool.

The recent record of LIHTC awards support this position. In 2013 and 2014, only three new construction family developments were awarded in non-urban areas compared to nine senior developments. This imbalance is likely to continue in the Non-Urban pool unless OHFA creates incentives for family developments and eliminates the points for municipal support.

3. Eliminating Points for Municipal Support

As we have explained in comments, we believe OHFA should eliminate all points for municipal support given strong role that cities and other municipalities already play in the process, through zoning and awards of other funding. 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 II of the QAP still maintains some of the improvements from Draft I in comparison to the 2015 QAP. However, the second draft includes significantly more points for municipal support than the previous draft. OHFA should not be increasing the points available for municipalities.

4. Support for Larger Sized Families

OHFA should also ensure that the QAP supports larger sized families. As the 2015 Ohio Housing Needs Assessment points out, "[i]n Ohio, overcrowding was much more prevalent in rental units than in owner-occupied units." Ohio Housing Finance Agency, 2015 Housing Needs Assessment at 105. The typical owner-occupied home had three bedrooms and the typical renter occupied home only had two. *Id.* at 104.

OHFA cannot simply rely on other programs to satisfy the demand for three- and four-bedroom units. Of the 14,700 USDA Section 515 units in Ohio, only 481 units have three bedrooms (around 3.3%) and only 37 have four bedrooms (0.3%). The need for larger sized units is not limited to rural areas. According to a Columbus-based non-profit that assists in resettling refugees, 54 of the families they have helped since January of 2014 had five or more people (totaling 335).

In 2013 and 2014, the QAP funded a relatively small number of new construction three-bedroom units in family developments. In those years, based on our review of the LIHTC awards, 92 of the 348 (26%) new construction units had three bedrooms, but it is important to note that 40 of these three-bedroom units came from a single development. If that development is removed from the calculation, the percentage of three-bedroom units drops to 16%. In most of the developments, there are little to no three-bedroom units. Furthermore, the developments are generally targeted to the

relatively higher income population. Of the 92 three-bedroom units developed in 2013 and 2014, over half are targeted to families with incomes at 60% of AMI and five of them are actually market rate. Only about 6% (6 of the 92) of the units are targeted to families with incomes at 30% of AMI.

The awarded LIHTC developments are especially problematic for families that need four bedrooms. Of the 348 new construction family units awarded through the 2013 and 2014 QAPs, only three four-bedroom units were developed and only one of those units was targeted to a family at 30% of AMI. Larger Ohio families are getting almost no support through the LIHTC program.

As stated in previous comments, the points available for larger bedroom units are too diluted since developers can obtain points in alternative ways. Draft II of the QAP actually makes the situation worse by removing the reference to four-bedroom units and awarding no points specifically to developers who create four-bedroom units. OHFA should reverse this decision and include points for developers willing to address the needs of larger families.

5. Good Cause Lease Addendum

Finally, we applaud OHFA for taking steps toward requiring a lease addendum that recognizes the IRS requirement that there must be good cause to terminate or not to renew an LIHTC lease. This is critically important for our clients, and we look forward to working with OHFA on this process.

Again, we support OHFA's continued engagement of the community stakeholders in the development of the 2016-2017 QAP. As advocates of the low and very low income population, we appreciate the opportunity to provide our feedback as OHFA moves towards a policy-focused QAP process.

Sincerely,



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