

LSC Greenbook

Analysis of the Enacted Budget

Ohio Housing Finance Agency

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July 2013

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ATTACHMENT:

Budget Spreadsheet By Line Item

Ohio Housing Finance Agency

- Funding of \$12.5 million in FY 2014 and \$12.9 million in FY 2015
- Appropriations are for payroll costs only, and are supported by program fees

OVERVIEW

Agency Overview

The mission of the Ohio Housing Finance Agency (OHFA) is to offer affordable housing opportunities by providing financing for the acquisition, construction, and rehabilitation of owner-occupied single-family homes and multifamily rental housing projects. The agency's programs serve low- and moderate-income first-time homebuyers, renters, senior citizens, and other populations with special needs who otherwise might not be able to afford quality housing. OHFA coordinates its programs with private industry and local communities, and funds them primarily through revenues from the issuance, private sale, and repayment of mortgage revenue bonds, as well as federal funds from the U.S. Department of Treasury as part of the federal Hardest-Hit Fund initiative and the Department of Housing and Urban Development (HUD) under the HOME Investment Partnership Program.

OHFA operates various housing programs under three discrete program offices: Office of Homeownership; Office of Planning, Preservation, and Development; and Office of Program Compliance. In addition to these offices, there is a Program Management Office, the functions of which are divided among eight sub-offices, including the following: (1) Executive Director, (2) Administration, (3) Affordable Housing Research and Strategic Planning, (4) Information Technology, (5) Communications and Marketing, (6) Legal Affairs, (7) Internal Audit, and (8) Finance. The agency is overseen by an 11-member board consisting of the directors of Commerce and Development Services (or their designees) and nine compensated public members appointed by the Governor. As of June 2013, OHFA employed 156 people, of whom 139 worked in full-time positions.

Appropriation Overview

OHFA appropriations under H.B. 59 cover only the payroll costs of the agency, and do not include funding for the various low- and moderate-income housing assistance programs overseen by the agency. The payroll funding is derived from revenues, program fees, administrative fees, and loan application, reservation, and servicing fees generated from OHFA programs. These revenues are deposited into the Ohio Housing Finance Agency Operating Expenses Fund (Fund 5AZ0) to be used

exclusively for payroll. The exception to this is employees hired to support the federal Hardest-Hit Fund. Their payroll is supported by a portion of that federal funding, although that money is also deposited into Fund 5AZ0 and is reflected in the payroll appropriations under H.B. 59. As Table 1 shows, the appropriation for payroll is \$12.5 million in FY 2014, a 4.0% increase compared to spending of just over \$12.0 million on such costs in FY 2013. Appropriations for FY 2015 are \$12.9 million, or 2.6% above the FY 2014 amount.

Fund Group	FY 2013*	FY 2014	% change, FY 2013-FY 2014	FY 2015	% change, FY 2014-FY 2015
Agency Fund Group	\$12,040,379	\$12,526,713	4.0%	\$12,850,014	2.6%
TOTAL	\$12,040,379	\$12,526,713	4.0%	\$12,850,014	2.6%

*FY 2013 figures represent actual expenditures.

The additional funding over the FY 2014-FY 2015 biennium is expected to allow OHFA to maintain FY 2013 staffing levels, after accounting for increases in personnel costs for such items as healthcare and longevity and step pay increases. Of the approximately 156 full-time equivalent staff currently at OHFA, 38 (about 25% of the total) are limited-term project staff funded by federal dollars under the Hardest-Hit Fund. The payroll costs attributable to these employees are covered by the federal funding.

Agency Highlights

Federal Hardest-Hit Fund – Save the Dream Ohio

In 2010, Ohio was awarded a total of \$570.4 million under the U.S. Treasury's Hardest-Hit Fund (HHF), an extension of the Troubled Asset Relief Program (TARP). The goal of the HHF initiative is to provide emergency funding for housing finance agencies in states that encountered high levels of economic distress as a result of the economic downturn. Specifically, Ohio's HHF funding is used to engage struggling homeowners in housing counseling and take steps to prevent foreclosure under an effort referred to as Save the Dream Ohio. The initiative is overseen by OHFA's Office of Homeownership. Under the program, OHFA works with HUD-approved housing counseling agencies in assisting homeowners who owe more in mortgage payments than their property is worth, or are in financial hardship as a result of unemployment, underemployment, or other economic conditions. Housing counselors help homeowners develop "Homeowner Action Plans" with the goal of averting foreclosure through (1) mortgage payment assistance, (2) loan modifications and principal reductions, (3) lien assistance, and (4) transitional assistance for homeowners who are unable to remain in their homes. The federal funding period runs through calendar year

2017. Of the \$570.4 million available, through March 2013 approximately \$120.9 million has been distributed on behalf of around 10,115 homeowners, with another \$110.0 million committed in forthcoming assistance.

In February 2013, OHFA announced expansions of both program eligibility requirements and assistance available. Under the new terms, the highest amount of annual household income is \$112,375, and the maximum benefit per household was increased from \$25,000 to \$35,000. OHFA is permitted to use up to 2.8% of its award for administrative costs. Overall, the agency has hired 38 limited-term employees to implement the HHF/Save the Dream Ohio initiative. Unlike most of OHFA's program and administrative staff, payroll and fringe benefit expenses for the 38 employees are paid from this federal funding.

Performance Audit and Housing Study Committee

OHFA was selected as one of the four state agencies to undergo a performance audit in the FY 2012-FY 2013 biennium as required by S.B. 4 of the 129th General Assembly. The audit was completed in September 2012 and made recommendations to help improve the agency's management and administration of housing programs. OHFA has implemented several of the recommendations and is in progress of completing the remaining recommendations. For example, the audit included a proposal that OHFA's annual report and annual plan both coincide over the same timeframe, instead of the former being published by state fiscal year (July-June) and the other by calendar year.

Ohio Housing Trust Fund Allocations

The Ohio Housing Trust Fund (OHTF) is administered by the Ohio Development Services Agency (ODSA) and funded through county recordation fees. While OHFA does not receive direct OHTF funding in the budget, it receives an allocation from the fund each year that is transferred from ODSA for the Housing Development Assistance Program (HDAP), which provides financing for eligible housing projects to expand, improve, and preserve the supply of quality, low-cost housing for low- and moderate-income renters. OHTF moneys fund projects that serve households with incomes that are less than 50% of the median income of the project area, with a preference given to projects serving those with incomes less than 35% of the median per HUD guidelines. H.B. 59 appropriates \$53.0 million in each fiscal year for the OHTF under the ODSA budget.

ANALYSIS OF ENACTED BUDGET

Appropriations for the Ohio Housing Finance Agency				
Fund	ALI and Name		FY 2014	FY 2015
Agency Fund Group				
5AZ0	997601	Housing Finance Agency Personal Services	\$12,526,713	\$12,850,014
Total Funding: Ohio Housing Finance Agency			\$12,526,713	\$12,850,014

Housing Finance Agency Personal Services (997601)

This line item covers the costs of payroll and fringe benefits for OHFA's staff. As of June 2013, there were 156 total employees working for the agency, 139 of whom were in full-time positions. House Bill 59 includes approximately \$12.5 million for OHFA payroll, 4.0% over FY 2013 spending of just over \$12.0 million for this purpose. The FY 2015 appropriation is \$12.9 million, or 2.6% higher than the FY 2014 amount. More detail concerning OHFA's program offices and administrative oversight is provided below.

Homeownership

The Homeownership Office is currently comprised of around 22 OHFA-funded FTE positions and 38 HHF-funded staff. The Office is responsible for managing programs that provide homeownership opportunities to low- and moderate-income Ohioans, including the First-Time Homebuyer Program, which offers low-interest, fixed-rate mortgages to qualifying buyers through partnerships with 85 Ohio financial institutions. These loans may be supplemented with down payment assistance grants. OHFA offers programs targeted to specific populations, such as the Ohio Heroes Program, which offers reduced fixed-rate mortgages for teachers, active and retired military personnel, first responders, and health care workers, and the Grants for Grads Program, which offers down payment assistance to eligible college graduates. The loans and down payment assistance grants under the First-Time Homebuyer Program rely on the proceeds of housing revenue bonds issued by OHFA. The Homeownership Office also provides services such as homeownership counseling, foreclosure mitigation counseling, rescue loans, and Target Area Loans to homebuyers in distressed areas of the state. In addition, the Office runs the Mortgage Credit Certificate Program, which offers tax credits to qualifying first-time homebuyers based on the amount of mortgage interest that must be paid.

Planning, Preservation, and Development

The Office of Planning, Preservation, and Development is charged with increasing the number of affordable multifamily rental housing units in Ohio through a variety of funding sources including tax credits, tax-exempt bond revenue, federal

HOME Investment Partnership funds from the U.S. Department of Housing and Urban Development (HUD), the Ohio Housing Trust Fund, and other sources. Programs in the Office include the Community Housing Development Organization grant program, funded by federal HOME dollars, and the Housing Development Assistance Program, which is funded by Ohio Housing Trust Fund dollars. HOME funds and OHTF funds are both transferred to OHFA via the Ohio Development Services Agency. The Office also makes the federal Housing Tax Credit available to developers who develop properties containing affordable units. The Office currently has approximately 22 FTEs.

Program Compliance

The Program Compliance Office is responsible for monitoring properties under various state and federal housing regulations, including units under the Housing Tax Credit Program, Housing Development Assistance Program, multifamily bond-financed units, and HUD Section 8 projects. Program Compliance Office staff are organized into teams based on regions in order to provide more effective service based on the needs of constituents. Like the other two program areas, the Office currently has approximately 22 FTEs.

Program Management

Program Management encompasses OHFA's central administrative and program management functions, currently consisting of around 52 FTEs. In addition, board member expenses are accounted for in this budget allocation. The eight sub-offices within this area include the following: (1) Executive Director, (2) Administration, (3) Affordable Housing Research and Strategic Planning, (4) Information Technology, (5) Communications and Marketing, (6) Legal Affairs, (7) Internal Audit, and (8) Finance. Of these, the Office of Finance has the largest staff. It is responsible for monitoring the agency's outstanding bonds, managing relationships with lending institutions, and servicing loans.

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FY 2014 - FY 2015 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency

			FY 2012	FY 2013	Appropriation FY 2014	FY 2013 to FY 2014 % Change	Appropriation FY 2015	FY 2014 to FY 2015 % Change
Report For Main Operating Appropriations Bill			Version: Enacted					
HFA Ohio Housing Finance Agency								
5AZ0	997601	Housing Finance Agency Personal Services	\$ 12,084,654	\$ 12,040,379	\$ 12,526,713	4.04%	\$ 12,850,014	2.58%
State Special Revenue Fund Group Total			\$ 12,084,654	\$ 12,040,379	\$ 12,526,713	4.04%	\$ 12,850,014	2.58%
Ohio Housing Finance Agency Total			\$ 12,084,654	\$ 12,040,379	\$ 12,526,713	4.04%	\$ 12,850,014	2.58%