

# Redbook

## LBO Analysis of Executive Budget Proposal

### Ohio Housing Finance Agency

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# LBO Redbook

## Ohio Housing Finance Agency

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### Quick look...

- The Ohio Housing Finance Agency (OHFA) seeks to expand affordable housing opportunities by providing financing for the acquisition, construction, and rehabilitation of owner-occupied single-family homes and multifamily rental housing projects.
- OHFA is governed by an 11-member board consisting of the directors of the Department of Commerce and Department of Development and nine members appointed by the Governor. As of February, the agency employs a staff of 135, is working to fill 15 vacant positions, and seeks to add three additional positions.
- The executive budget recommendations total \$38.5 million over the biennium.
  - OHFA’s payroll is subject to legislative appropriation but funding for its housing programs is not. Payroll costs are funded by program, administrative, and loan application, reservation, and servicing fees generated related to OHFA’s programs.

FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Estimate	FY 2026 Introduced	FY 2027 Introduced
<b>Fund 5AZ0 ALI 997601, Housing Finance Agency Personal Services</b>					
\$13,458,784	\$14,268,761	\$14,538,277	\$17,433,489	\$18,900,000	\$19,600,000
% change	6.0%	1.9%	19.9%	8.4%	3.7%

### Agency overview

The Ohio Housing Finance Agency (OHFA) facilitates financing for the acquisition, construction, and rehabilitation of owner-occupied single-family homes and multifamily rental housing projects in coordination with private industry and local communities. The housing programs are primarily funded by revenues from the issuance, private sale, and repayment of mortgage revenue bonds, as well as federal funds from the American Rescue Plan Act of 2021 and the Department of Housing and Urban Development (HUD) under the HOME Investment Partnership Program. OHFA operates various housing programs under three budget programs: Homeownership; Planning, Preservation, and Development; and Program Compliance. In addition, there is an Administration budget program that provides administrative and operation support for the entire agency.

### Analysis of FY 2026-FY 2027 budget proposal

Proposed funding for the Ohio Housing Finance Agency (OHFA) is \$18.9 million in FY 2026 and \$19.6 million in FY 2027. This funding supports payroll costs for 153 employees. It does not include funding for the various low- and moderate-income housing assistance programs overseen by the agency. These various housing assistance programs are supported by funding sources not subject to appropriation by the General Assembly.

## **Housing Finance Agency Personal Services (ALI 997601)**

This appropriation line item (ALI) supports OHFA's payroll costs and is supported by program fees, administrative fees, and loan application, reservation, and servicing fees generated by the various OHFA programs. These revenues are deposited into the Housing Finance Agency Personal Services Fund (Fund 5AZ0). The proposed appropriation increases account for step increases for bargaining-unit employees, inflationary pressures on wages for exempt employees, filling staff vacancies, and adding up to three full-time employee positions. Two positions would support programming under the Office of Multifamily Investments and one position would perform IT services.

### **Administration**

The administration program encompasses OHFA's central administrative and program management functions. The eight sub-offices within this area include: (1) Executive Director, (2) Capital Markets, (3) Facilities, (4) Human Resources, (5) Finance, (6) Information Technology, (7) Internal Audit, and (8) Legal Office. 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.

### **Program compliance**

Program compliance is comprised of two separate offices: the Office of Multifamily Investments and the Training Office. The Office of Multifamily Investments is responsible for overseeing compliance under various state and federal housing regulations, including units under the Housing Tax Credit Program, Housing Development Assistance Program, and multifamily bond-financed units. The Training Office provides training and technical assistance that assist staff and industry partners to enhance compliance efforts throughout the state regarding state and federal regulations and policies. In FY 2024, the Training Office completed over 400 multifamily property inspections. In addition, it completed 414 Housing Tax Credit reviews and 185 gap financing reviews.

### **Planning, preservation, and development**

The planning, preservation, and development program consists of the Office of Multifamily Housing. The Office 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 Department of Housing and Urban Development (HUD), the Ohio Housing Trust Fund (OHTF), 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 OHTF dollars. HOME funds and OHTF funds are both transferred to OHFA via the Ohio Department of Development. Additionally, the Office collaborates with other state agencies to administer the Ohio 811 Project Rental Assistance to provide rental subsidies to extremely low-income, nonelderly individuals with disabilities while also making available appropriate supports and services under the Ohio Medicaid Plan. The Office also makes the federal Housing Tax Credit available to developers who develop properties containing affordable units. In FY 2024, it financed the creation or preservation of 5,173 affordable rental housing units for

low-income households. Of the units created, 879 are for households with income at or below 30% of the area median income, and 965 are in projects that are accessible to individuals with physical disabilities.

## Homeownership

Homeownership consists of the Office of Single-Family Housing and its two divisions: (1) Residential Lending and (2) Preservation. 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 155 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 Office also runs the Mortgage Tax Credit Program, which offers tax credits to qualifying first-time homebuyers based on the amount of mortgage interest that must be paid. Additionally, the Office administers the state's share of the federal Homeowner Assistance Fund under a program called Save the Dream Ohio. The program provides financial assistance to homeowners impacted by loss of income or increase in expenses related to the COVID-19 pandemic as described in more detail under "**Save the Dream Ohio Program.**" Lastly, the 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 FY 2024, OHFA funded 4,488 loans totaling \$813.0 million. This includes 3,662 loans with downpayment assistance, 826 homebuyer loans under the Ohio Heroes Program, and 313 under the Grants for Grads Loan Program.

## Single-family housing development tax credit and low-income housing tax credit

H.B. 33 of the 135<sup>th</sup> General Assembly authorized two nonrefundable tax credits for the investment in the following: (1) the development and construction of affordable single-family homes, and (2) the development of low-income rental housing that is awarded in conjunction with the federal low-income housing tax credit (LIHTC). Both credits may be claimed against the insurance premiums, financial institutions, or income tax and both credits will be administered by OHFA. For the single-family housing development tax credit, OHFA may reserve up to \$50.0 million in a fiscal year, but allows unreserved credit allocations and recaptured or disallowed credits to be added to the credit cap for the next fiscal year. For the Ohio LIHTC, OHFA is limited to reserving up to \$100.0 million per fiscal year in tax credits, but also allows unreserved credit allocations and recaptured or disallowed credits to be added to the credit cap for the next fiscal year. OHFA may reserve tax credit until June 30, 2027.

Under the Ohio Low-Income Housing Tax Credit, OHFA has reserved \$200.0 million in tax credits. Of this total \$150.0 million has been reserved for projects in urban areas and \$50.0 million was reserved for projects in rural areas. During FY 2024, OHFA reserved

\$87.5 million in tax credits supporting 859 new rental housing units in FY 2024. The remaining \$12.5 million in tax credits from FY 2024 was rolled over to support rural projects in FY 2025. During FY 2025, \$112.5 million was reserved with \$75.0 million allocated to projects urban areas and \$37.5 million to rural areas.

As of February 2025, OHFA has approved three applications under the Single-Family Tax Credit. OHFA reserved more than \$2.1 million. These credits are awarded at the completion of each project.

## **Save the Dream Ohio Program**

In April 2022, OHFA established the Save the Dream Ohio Program to assist homeowners impacted by loss of income or increase in expenses related to the COVID-19 pandemic. Under the program, qualifying homeowners receive mortgage and utility assistance. The program is supported by the federal American Rescue Plan Act (ARPA) under the U.S. Department of Treasury's Homeowner Assistance Fund. OHFA, on behalf of the state, was awarded \$280.7 million under the Homeowner Assistance Fund to be used for the Save the Dream Ohio Program. The program will run through September 30, 2025, or until the funding is exhausted. As of July 2024, \$250.0 million in assistance has been distributed.