

Testimony of Shawn Smith, Interim Executive Director

Ohio Housing Finance Agency

Senate Local Government and Elections Committee

April 20, 2021

Chairwoman Gavarone, Ranking Member Maharath, and members of the Senate Local Government and Elections Committee. My name is Shawn Smith and I am the Interim Executive Director of the Ohio Housing Finance Agency. Thank you for inviting me to present the Agency's FY 2022-2023 budget request and to discuss the work OHFA does to make affordable housing opportunities available to low- to moderate-income Ohioans.

OHFA is an independent self-supporting agency governed by an eleven-member board. Nine of these members represent various stakeholder groups and are appointed by the governor to staggered six-year terms, subject to Senate confirmation. The two remaining seats are reserved for the directors of the Department of Commerce and the Development Services Agency. Governor DeWine selects the board chair, who is currently Commerce Director Sheryl Maxfield.

Stable housing is the foundation upon which all else in an individual's or family's life is built. A safe, affordable place to call home is vitally important to maintaining good health, getting a good education, and maximizing a person's potential.

The Ohioans served by OHFA include homebuyers, renters, senior citizens, veterans, and people facing homelessness or with special needs. Through public-private partnerships with stakeholders, other state funders, and local governments, OHFA is able to leverage its resources to provide access to affordable housing, create jobs, generate tax revenue, and strengthen communities statewide.

OHFA's homebuyer programs are funded by the issuance of mortgage revenue bonds and by the securitization and sale of mortgage loans. The proceeds of bond transactions are made available to a statewide network of over 140 private lenders that originate OHFA's 30-year, fixed-rate home loans.

OHFA's typical borrower is 31 years old, has a credit score of 705, a household income of \$52,000, and spends approximately \$135,000 on their home. Since 1983, more than 173,000 Ohioans in all 88 counties have become homeowners using OHFA programs. More details about these programs and other Agency information can be found in OHFA's [2020 Annual Report](#) and on the [OHFA website](#).

Providing financial assistance for the acquisition, creation, and preservation of affordable multifamily rental properties is also a key component of OHFA's efforts. Through the issuance of multifamily housing revenue bonds and the allocation of federal low-income housing tax credits, OHFA has helped create, preserve, and rehabilitate more than 136,000 affordable rental-housing units throughout the state. Additionally, Agency staff ensure that qualified residents are living in safe, decent, affordable housing by offering compliance training to property owners and managers and conducting property inspections.

The Agency also uses other critically important state and federal housing resources, including the Ohio Department of Commerce's Unclaimed Funds program, the Ohio Housing Trust Fund, the National Housing Trust Fund, and the HOME program in conjunction with OHFA's multifamily development financing.

As an enhancement to our current multifamily financing options, OHFA recently entered into an agreement with the U.S. Department of Housing and Urban Development to participate in the Federal Housing Administration Risk Share Program. This program allows state HFAs that meet rigorous financial standards to underwrite and process FHA multifamily loans. The Risk Share Program provides credit enhancement to HFA bond and debt issuances through FHA mortgage insurance, resulting in lower cost of capital for housing developers. OHFA will be able to pass savings on to borrowers and tenants, allowing Ohio to ultimately enjoy increases in affordable housing production.

In December, HUD awarded OHFA nearly \$7 million in HUD 811 Project Rental Assistance funding to provide rental assistance to very low-income Ohioans with disabilities, expanding upon an initial \$11.9 million award. Ohio's 811 program is implemented through a unique partnership between OHFA, the Ohio Department of Medicaid, the Ohio Department of Developmental Disabilities, and the Ohio Department of Mental Health and Addiction Services. Together, these agencies facilitate community integration and long-term housing stability for nearly 750 individuals. With the award of these new funds, OHFA anticipates being able to provide rental assistance for an additional 250 units, each of which will receive rental subsidy for five years from the date of execution of the Rental Assistance Contract with property owners. To date, the program has secured 496 committed units, exceeding the goal to have 485 units by 2023. The net result of these investments is a stronger Ohio that provides much needed housing for our most vulnerable residents.

Throughout 2020, OHFA demonstrated its commitment to be a strong partner in the face of unprecedented challenges presented by the COVID-19 pandemic. As this crisis wreaked havoc on the economy, causing severe distress to renters and low- to moderate-income homeowners, OHFA worked with partners like the Coalition on Homelessness and Housing in Ohio, Ohio's nine Continuums of Care, and OMHAS. These joint efforts provided rental assistance, hotel/motel assistance, aid for homelessness prevention, and facilitation of rapid rehousing for those most in need. OHFA's swift provisioning of both funds and supplies, as early as March of 2020, helped span the timing gap of the distribution of federal funds and ensure those who needed assistance were served as soon as the crisis began. One of the efforts I'm most proud of in this regard is OHFA staff's work

to distribute more than 450,000 masks, 37,000 gloves, and 585 gallons of hand sanitizer to homeless shelters and permanent supportive housing facilities throughout Ohio.

Recent passage of the American Rescue Plan Act of 2021 provides a new and very impactful opportunity for OHFA to serve the State of Ohio. Section 3206 of the Act establishes the Homeowner Assistance Fund (HAF) and provides almost \$10 billion to states to prevent homeowner mortgage delinquencies, defaults, foreclosures, loss of utilities, and displacements. OHFA recently administered a very similar program, known as the Hardest Hit Fund (HHF), which was created in response to the economic crisis of 2008. Technical advancements and lessons learned over the last decade will allow OHFA to staff the HAF program at only 30% of the peak HHF staffing-level. We are honored to be given this responsibility and look forward to assisting homeowners in need.

Payroll is the Agency's only line item in the Main Operating Budget and is funded entirely by user fees, administrative reimbursements, and federal program support. No General Revenue Funds are used for OHFA operations and all other elements of the Agency's budget are subject to review and approval by the OHFA Board.

I am here today in support of the OHFA appropriation request. The original appropriation request was for roughly \$13.3 million for FY 2022 (a 0.5% increase from fiscal year 2021) and \$13.5 million for FY 2023 (or a 1.8% increase from fiscal year 2022). However, with the recent addition of the HAF program, OHFA is requesting an increase to these amounts (\$1,596,984 for FY 2022 and \$1,644,894 for FY 2023). These adjustments will be funded directly by the federal award and will provide OHFA with the ability to effectively, efficiently, and responsibly administer this program, ensure good customer service, prevent fraud, maintain performance metrics, comply with U.S. Treasury regulations, and prevent a massive disruption to tens of thousands of homeowners throughout the state.

Thank you for your attention and the opportunity to come before you today. I am happy to answer any questions you might have.