



INCORPORATING  
ACTIVE COLLABORATION

DEVELOPING  
THE RIGHT TOOLS

MAKING  
THE BEST CHOICES



COMMUNITY  
IMPACT REPORT  
2009-2020

WITH FUNDING  
SUPPORT FROM:

MacArthur  
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# EXECUTIVE SUMMARY

In 2007, the John D. and Catherine T. MacArthur Foundation announced it would provide \$35 million for public sector initiatives to preserve and improve affordable rental housing. This effort was part of its national, \$150 million *Window of Opportunity: Preserving Affordable Rental Housing* initiative. In response, the Foundation received 80 letters-of-interest from housing leaders across the country. In 2009, the Foundation chose ten applicants representing cities and states to receive awards, including the *Ohio Preservation Compact*. This Compact consisted of the Ohio Housing Finance Agency, the Coalition on Homelessness and Housing in Ohio, and the Ohio Capital Finance Corporation. The Foundation awarded the three partners (“the Compact”) a \$1 million grant and a \$4 million program-related investment in the form of a low-interest loan to retain affordable rental housing in Ohio.

At the time of the award, Ohio was at risk of losing a significant inventory of existing affordable rental housing; the Compact sought to preserve at least 14,000 units over ten years, using the MacArthur Foundation’s funding. It defined affordable as units reasonably priced to households with incomes below 60 percent of their county’s area median income (AMI). It described preservation as the retention of decent, safe, and affordable rental housing currently at risk of losing tenant rental subsidy or expiring rent and occupancy restrictions.

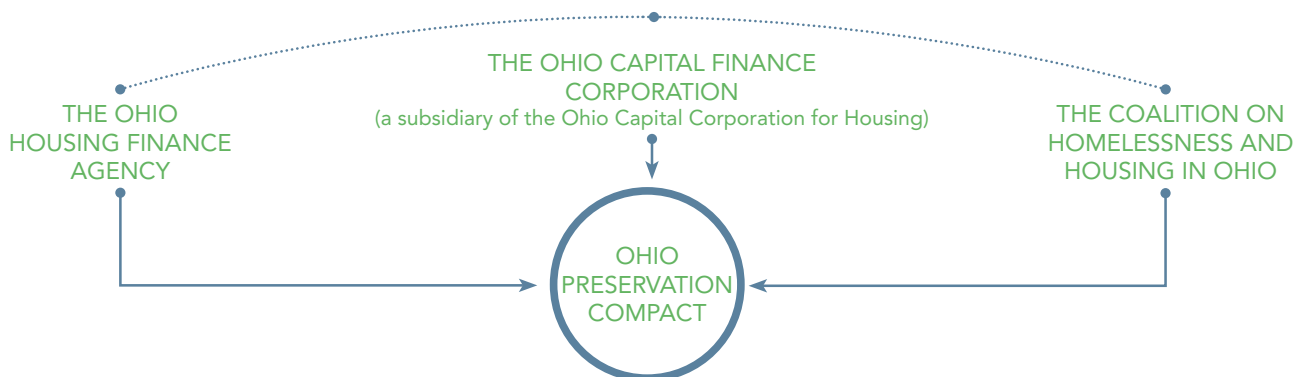
Over ten years, the Compact maintained **11,646 affordable housing units** in Ohio, representing over **\$1.21 billion** in total preservation investment by conducting the following seven activities.



## Key Solutions Implemented

1. Created a scalable and sustainable \$18 million Preservation Loan Fund with financial products that assisted in preserving Ohio’s affordable housing
2. Launched an online database for existing and potential owners of affordable rental housing—providing detailed information on at-risk affordable housing
3. Determined which affordable housing properties were most at risk of losing rental assistance or rent and occupancy restrictions based on income
4. Developed strategies to mitigate specific threats to at-risk projects
5. Identified, structured, and closed preservation transactions in Ohio
6. Provided technical assistance to potential owners and managers of at-risk housing
7. Conducted a collaborative policy effort to engage tenants, owners, community organizations, government officials, and financial institutions in affordable housing preservation, including convening a statewide *Affordable Housing Preservation Summit*

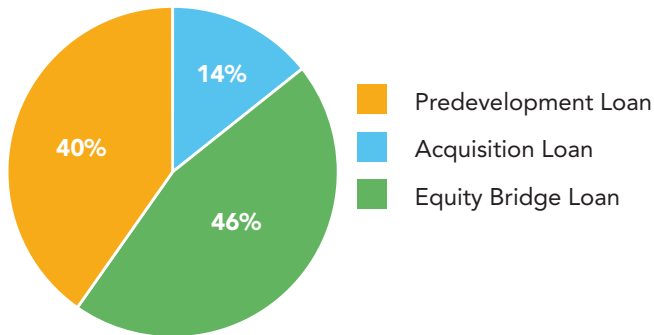
## COMPACT ORGANIZATIONAL CHART





The Compact's **\$18 million Ohio Preservation Loan Fund** was the first of its kind available on a statewide basis in Ohio. The Fund provided predevelopment, acquisition, and equity bridge loans with below market interest rates and fees. It closed on **78 loans** totaling nearly **\$93.6 million**, which exceeded the Compact's goal for the Fund to revolve four times over. Developments served by the Compact's financial assistance contained **5,487 units** and helped create **8,905 jobs**.

### OHIO PRESERVATION LOAN FUND LOAN TYPES



The Compact also provided technical assistance, capacity building, and training for affordable housing owners, managers, and developers and linked them with partners that helped bring projects to fruition. Through its various technical assistance activities, the Compact served an estimated **80 projects**, consisting of **6,159 units**.

The Compact, in total, supported **153 projects** located in **63 percent** of counties. Of the **11,646 units** preserved with support from the Compact, **37 percent** were for seniors—reflecting the state's critical need for housing for Ohio's growing aging population. Over **61 percent** housed families, and approximately **two percent** were permanent supportive housing units.

The Compact also created an **interactive database** for affordable housing development on its website, [www.ohiopreservationcompact.org](http://www.ohiopreservationcompact.org), in addition to a **risk-analysis tool** for assessing which properties were the most vulnerable. These tools helped develop **at-risk property profiles** that informed the Compact's decision-making regarding its mitigation tactics to preserve units.

Additionally, the Compact recognized sound state and national policy must coexist with local activities for lasting change. It conducted advocacy efforts that successfully maintained the status quo regarding Ohio's preservation policies and programs over ten years and influenced **state policy changes**, including various adjustments in OHFA's Qualified Allocation Plan.





After assessing its impacts, it is clear that **the Compact successfully mitigated the loss of affordable housing in Ohio by expanding the number of preservation projects and guaranteeing quality units**. It accurately defined affordable preservation housing to reflect the state's needs at the time.

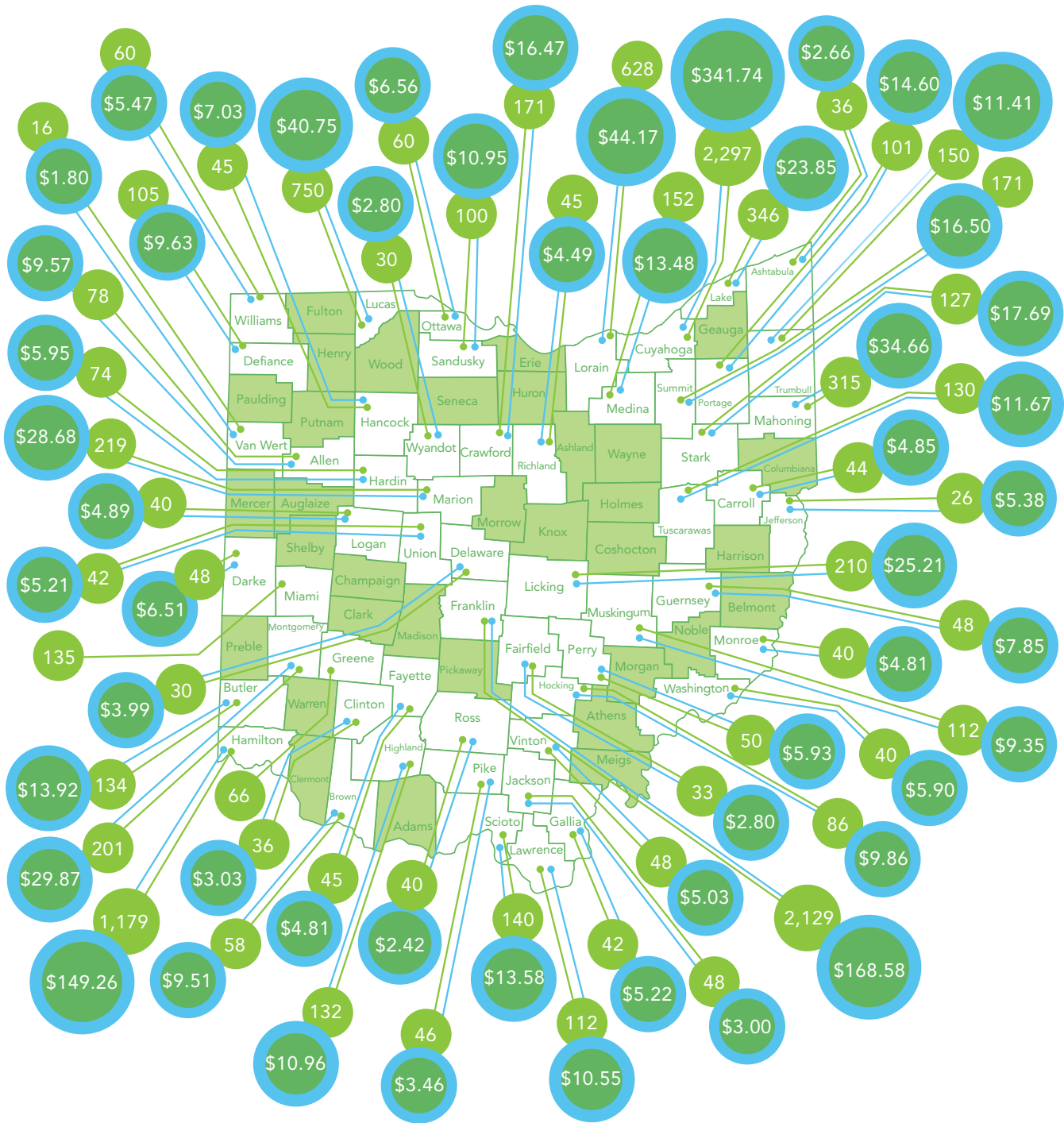
Still, future efforts may want to consider broadening their scope to address current market conditions (e.g., the need to preserve units for households with incomes up to 80 percent AMI, properties without expiring subsidies or restrictions but still need rehabilitation, and naturally occurring affordable housing).

**The Compact's Ohio Preservation Loan Fund offered unique financing mechanisms with fair underwriting, below market interest rates, great timing, and flexibility to catalyze more preservation projects**, and the Compact brought strong multi-sector collaboration that was not common in other states. It helped leverage additional affordable housing preservation resources (i.e., grant funds, investors, and Low-income Housing Tax Credits). It strengthened Ohio's preservation developers, some of which had unprecedented growth over the past ten years, and it worked with the Ohio Preservation Loan Fund's investors and borrowers to achieve their goals and complete projects that otherwise would not have been possible.

**The Compact was also influential for its partner organizations and the industry as a whole**. Ohio Capital Finance Corporation saw considerable growth in its affordable housing preservation projects, attracted more capital, and doubled its capacity due to its participation in the Compact, and the Compact affirmed the Ohio Housing Finance Agency's preservation priorities. Furthermore, the Compact provided a benchmark for implementing preservation work in Ohio and helped the industry understand what it needed to do collectively.

# PRESERVATION PROJECTS 2009 - 2020

 = TOTAL UNITS BY COUNTY  = TOTAL PRESERVATION INVESTMENTS BY COUNTY (IN MILLIONS)\*



**11,646 UNITS PRESERVED, REPRESENTING OVER \$1.21 BILLION\*  
IN PRESERVATION INVESTMENT**

\*Total preservation investments in some counties were unavailable. In some cases, total investments may be greater.  
Source: GOPC's 2009–2020 adaption of Ibel Agency's 2009–2011 Preservation Projects Map in the Ohio Preservation Compact's Update to the Community

## ACRONYMS

AMI	Area median income
CDC	Community Development Corporation
CDFI	Community Development Financial Institution
COHHIO	Coalition on Homelessness and Housing in Ohio
HUD	U.S. Department of Housing and Urban Development
LIHTC	Low-income Housing Tax Credits
OCCH	Ohio Capital Corporation for Housing
OCDCA	Ohio Community Development Corporation Association
OCFC	Ohio Capital Finance Corporation
OHFA	Ohio Housing Finance Agency
USDA	U.S. Department of Agriculture

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# INTRODUCTION

In 2007, the John D. and Catherine T. MacArthur Foundation announced it would provide \$35 million for public sector initiatives to preserve and improve affordable rental housing. This effort was part of its national, \$150 million *Window of Opportunity: Preserving Affordable Rental Housing* initiative. In response, the Foundation received 80 letters-of-interest from housing leaders across the country. In 2009, the Foundation chose ten applicants representing cities and states to receive awards, including the *Ohio Preservation Compact*. This Compact consisted of the Ohio Housing Finance Agency, the Coalition on Homelessness and Housing in Ohio, and the Ohio Capital Finance Corporation. The Foundation awarded the three partners (“the Compact”) a \$1 million grant and a \$4 million program-related investment in the form of a low-interest loan to retain affordable rental housing in Ohio.

At the time of the award, Ohio was at risk of losing a significant inventory of existing affordable rental housing; the Compact sought to preserve at least 14,000 units over ten years, using the MacArthur Foundation’s funding. It defined affordable as units reasonably priced to households with incomes below 60 percent of their county’s area median income (AMI). It described preservation as the retention of decent, safe, and affordable rental housing currently at risk of losing tenant rental subsidy or expiring rent and occupancy restrictions.

To reach its goal, the Compact conducted the following activities over ten years.

## Key Solutions Implemented

1. Created a scalable and sustainable \$25 million Preservation Loan Fund with financial products that assist in preserving Ohio’s affordable housing
2. Launched an online database for existing and potential owners of affordable rental housing—providing detailed information on at-risk affordable housing
3. Determined which affordable housing properties are most at risk of losing rental assistance or rent and occupancy restrictions based on income
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6. Provided technical assistance to potential owners and managers of at-risk housing
7. Conducted a collaborative policy effort to engage tenants, owners, community organizations, government officials, and financial institutions in affordable housing preservation, including convening a statewide *Affordable Housing Preservation Summit*

In 2021, the Ohio Capital Finance Corporation hired a third-party evaluator, the Greater Ohio Policy Center, to utilize quantitative and qualitative methods to analyze and document the Compact’s success over the ten-year grant period. This report discusses the Compact’s impacts with a substantial focus on its Preservation Loan Fund results. It also includes information on the Compact’s main activities to assist others in the affordable housing field looking to implement similar strategies.

## THE COMPACT

The Ohio Preservation Compact was a consortium of organizations with proven success in preserving the state’s affordable housing. The Compact included the Ohio Housing Finance Agency, a public entity that provides critical financial resources and policy leadership for housing in Ohio; the Coalition on Homelessness and Housing in Ohio, an advocacy organization focused on housing preservation and public policy work; and the Ohio Capital Finance Corporation, the Ohio Capital Corporation for Housing’s (OCCH’s) lending affiliate, which leverages private capital for affordable housing projects.

### Ohio Housing Finance Agency (OHFA)

OHFA, an independent state agency, provides a variety of financial resources for the development, rehabilitation, and management of affordable housing in Ohio, including Low-income Housing Tax Credits (LIHTCs), tax-exempt bonds, the HOME Investment Partnerships Program, the state-funded Ohio Housing Trust Fund, and the Seed Money and Equity Bridge Loan Program, among numerous others. Its programs serve first-time homebuyers, renters, seniors, and others that cannot afford quality housing. OHFA plays an integral role in the state’s affordable housing preservation and policy work, making it an ideal applicant for the MacArthur Foundation’s funding.

As part of the Compact, OHFA included preservation as a priority in allocating LIHTCs and



other agency multifamily programs. It offered soft funding (i.e., loans with next-to-no or no interest) for preservation projects from the Ohio Housing Trust Fund, the HOME Investment Partnerships Program, and others. It also invested below-market-rate funds in the Compact's Preservation Loan Fund. Additionally, OHFA promoted the Compact's policies and goals and helped convene the Affordable Housing Preservation Summit.

### **The Coalition on Homelessness and Housing in Ohio (COHHIO)**

COHHIO is a statewide coalition committed to ending homelessness and promoting quality affordable housing for all. It supports Ohio's housing organizations and homeless service providers through public policy advocacy, technical assistance, research, public education, and tenant outreach. COHHIO led the effort to create the state's Ohio Housing Trust Fund, which provides flexible funding for affordable housing activities like construction, rental assistance, housing counseling, emergency home repair, handicapped accessibility modifications, and others.

For the Compact, COHHIO created an online-accessible database of affordable housing developments and a risk-analysis tool for screening properties with preservation potential. It managed the Ohio Preservation Network, which is still active today and offers a forum for interested parties to share affordable housing preservation information. It also provided tenant outreach services, preservation technical assistance, and promoted the Compact's policies and goals.

### **Ohio Capital Finance Corporation (OCFC)**

OCFC, a Community Development Financial Institution (CDFI), was started by OCCH in 2002 to expand its predevelopment lending activities. CDFIs are U.S. Department of Treasury certified organizations that lend at affordable rates and terms in underserved markets—providing access to credit and specialized loan products for people and projects that may not qualify for a typical bank loan. OCFC's innovative lending track record and OCCH's development and financial structuring experience made OCFC a uniquely qualified partner to raise, deploy, and manage capital for the Compact's Ohio Preservation Loan Fund, LLC.

Additionally, OCFC administered the Compact—providing all financial accounting and reporting. It identified, structured, and closed on preservation transactions throughout Ohio, provided on-going technical assistance for preservation deals, and promoted the Compact's policies and goals.



### **The Executive & Advisory Committees**

An Executive Committee, consisting of leaders from the Compact's three partners, was primarily responsible for overseeing the Compact and accountability to stakeholders for appropriate use of funds. The Executive Committee met quarterly for the first year and twice annually for years after.

Additionally, the Compact formed an Advisory Committee to guide its preservation activities. Advisory Committee members had extensive, affordable housing experience and represented government organizations and consumers, including the Ohio Housing Council, U.S. Department of Agriculture (USDA) Rural Development, the U.S. Department of Housing and Urban Development's (HUD's) Office of Multifamily Housing in Ohio, the Council of Rural Housing Developers of Ohio, the Ohio Housing Authorities Conference, the National Affordable Housing Trust, the Ohio Preservation Network, Enterprise Community Partners, the Local Initiative Support Corporation, and the Ohio Conference of Community Development. The group met quarterly for the first year and twice a year after to advise the Executive Committee.



## AFFORDABLE HOUSING NEED

From its start, the Compact determined Ohio had 21,000 HUD Section 8 units (i.e., half of all active units) in danger of being lost over ten years due to expiring Housing Assistance Payments Contracts, required for subsidies provided by HUD’s Housing Choice Voucher Program. The state also had 220 USDA Rural Development subsidized units determined suitable for preservation by Rural Development’s Columbus field office, and over 16,200 units considered preservation candidates by OHFA. Based on these numbers, the Compact estimated Ohio had around 43,100 units in 1,000 projects that met its definitions for affordability and preservation and expected this number to grow over ten years.

Preserving units with payment subsidies was a priority for the Compact because it cannot be replaced once a subsidy is lost, and the need for these properties in Ohio was significant. Additionally, the Compact wanted to encourage the use of LIHTCs, intended to offset a developers’ cost of developing quality, affordable rental housing, because they had been instrumental in preserving Ohio’s affordable housing since 1987. The Compact specifically addressed units subsidized through HUD (i.e., Section 8, Section 202, Section 236, and Section 811), USDA Rural Development, LIHTCs, and Public Housing.

### Background

OHFA is Ohio’s allocating agency of LIHTCs created by the Tax Reform Act of 1986 and required by the Internal Revenue Code to draft a QAP, typically biannually, that outlines funding requirements and important dates regarding housing tax credits. Ohio suffered economic setbacks that created its critical need for affordable rental housing, including the 2007–2010 foreclosure crisis that overwhelmed the state with blighted properties and residents needing affordable rentals. In its 2008–2009 Annual Plan, OHFA stated Ohio was also experiencing stagnant



population growth and high construction costs—making a case to preserve existing units rather than focus only on building new ones. Ohio had approximately 179,000 affordable housing units in 2,700 affordable housing communities during this time (OHFA, 2008).

In the decade before OHFA’s 2008–2009 Annual Plan, the housing finance agency started addressing preservation needs with set-asides and special provisions in its Qualified Allocation Plan (QAP). Furthermore, the 2008–2009 Annual Plan outlined OHFA’s preservation priorities: strategically direct tax credits to preserve the highest number of units, revise policies to ensure multiple funding resources (e.g., HOME and Housing Development Assistance Programs) are utilized in combination with tax credits, and strengthen OHFA’s already productive relationships with HUD, Ohio’s USDA Rural Development Office, and other industry partners, including providing administrative and financial support for the Ohio Preservation Compact.

### Key Data

From the Compact’s beginning, data showed a clear need for rental assistance and rent- and income-restricted housing in Ohio due to its changing demographics, slow growth, and aging population. In 2008, an Ohio renter’s average wage was \$11.76 per hour; today, it is \$14.42 per hour. To afford a fair-market-rent, two-bedroom apartment, in 2008, an average wage employee would need to work 44 hours a week, which is still true today. For Ohioans whose sole source of income was social security, they could afford \$191 a month in rent, on average.





**TABLE 1: NATIONAL LOW-INCOME HOUSING COALITION DATA**

STATE OF OHIO	2008	2019
The estimated average wage for an Ohio renter	\$11.76 per hour	\$14.42 per hour
The minimum wage in Ohio	\$7.00 per hour	\$8.70 per hour
1-bedroom fair market rent	\$547	\$656
2-bedroom fair market rent	unavailable	\$832
Hours an average wage employee must work weekly to afford a fair market rent 2-bedroom	44	44
Hours a minimum wage employee must work weekly to afford a fair market rent 2-bedroom	75	74
Affordable rent for a minimum wage worker	unavailable	\$452
Affordable rent for an average renter wage	unavailable	\$750
Monthly rent affordable to a person whose sole source of income is Social Security Income	\$191	\$235

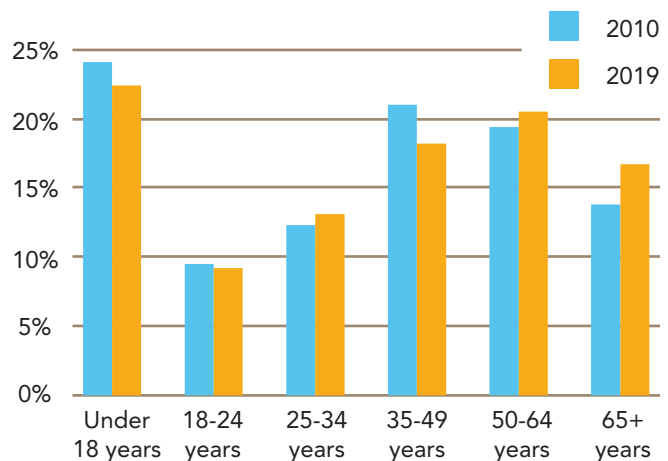
Source: National Low-Income Housing Coalition

At the start of the grant period and its end, there was a need for Ohio to address housing for its most vulnerable populations. Racial inequalities, resulting from segregation and other discriminatory practices, exist regarding housing accessibility.

In 2020, OHFA reported White householders are more likely to own their homes. Additionally, Black and Hispanic renters are more likely (33 percent and 31 percent) to experience “severe housing problems” than white renters (23 percent) (OHFA, 2020). OHFA also described seniors as an “increasingly critical population to focus on regarding housing” (OHFA, 2020). The number of Ohioans age 65 years or older has increased over time from 14 percent in 2010 to 17 percent today. The total number of residents living on social security and other public benefits has also grown.

While Ohio has seen modest improvements in unemployment, education, and incomes, its poverty rate has remained stagnant at 14 percent. In 2010, 14 percent of Ohio’s households made less than \$15,000 per year; today, that number sits at 11 percent. These Ohioans represent another vulnerable population that HUD characterizes as “extremely low-income,” meaning they earn at or below 30 percent of Ohio’s AMI. Nearly 12 percent of households in 2010 (almost 10 percent today) made between \$15,000 and \$24,999 annually, including some families considered extremely low-income. In 2017, OHFA reported extremely low-income populations consistently represented nearly 60 percent of households in its LIHTC-funded properties (OHFA, 2017).

**FIGURE 1. TOTAL POPULATION BY AGE**



Source: U.S. Census Bureau, 2006-2010 & 2015-2019 American Community Surveys



TABLE 2: KEY DEMOGRAPHICS

STATE OF OHIO	2010		2019	
Total population	11,512,431		11,655,397	
Median age (years)	38.3		39.4	
Unemployment rate for those 16 years+	8.6%		5.3%	
Percent of population living below the poverty level	14.2%		14.0%	
RACE & HISPANIC/LATINO ORIGIN	NUMBER	PERCENT	NUMBER	PERCENT
One race	11,168,286	98.2%	11,196,483	97.2%
White	9,493,270	85.0%	9,377,570	83.8%
Black or African American	1,370,015	12.3%	1,426,446	12.7%
American Indian & Alaska Native	22,569	0.2%	22,505	0.2%
Asian	184,147	1.6%	255,277	2.3%
Native Hawaiian & Other Pacific Islander	2,134	0.0%	3,848	0.0%
Some other race	96,151	0.9%	110,837	1.0%
Two or more races	204,352	1.8%	324,760	2.8%
Hispanic/Latino origin (of any race)	324,616	2.9%	433,972	3.8%
EDUCATIONAL ATTAINMENT FOR THOSE 25 YEARS+	NUMBER	PERCENT	NUMBER	PERCENT
Less than high school graduate	962,586	12.6%	767,378	9.6%
High school graduate (includes equivalency)	2,744,596	35.8%	2,634,997	33.0%
Some college or associate's degree	2,100,358	27.4%	2,318,076	29.1%
Bachelor's degree	1,173,544	15.3%	1,401,609	17.6%
Graduate or professional degree	674,910	8.8%	853,717	10.7%
HOUSEHOLD INCOME & BENEFITS	NUMBER	PERCENT	NUMBER	PERCENT
Less than \$15,000	640,679	14.1%	531,185	11.4%
\$15,000 to \$24,999	534,177	11.7%	461,830	9.9%
\$25,000 to \$34,999	520,543	11.4%	460,557	9.8%
\$35,000 to \$49,999	691,867	15.2%	625,909	13.4%
\$50,000 to \$74,999	874,828	19.2%	854,626	18.3%
\$75,000 to \$99,999	546,220	12.0%	606,166	13.0%
\$100,000+	743,956	16.4%	1,136,085	24.3%
Median household income	\$47,358		\$56,602	
With Social Security	1,296,333	28.5%	1,493,724	31.9%
Mean Social Security Income	\$15,240		\$18,940	
With Supplemental Security Income	185,724	4.1%	282,022	6.0%
Mean Supplemental Security Income	\$8,058		\$10,063	
With cash public assistance income	133,553	2.9%	134,085	2.9%
Mean cash public assistance income	\$3,016		\$2,985	

Source: U.S. Census Bureau, 2006-2010 & 2015-2019 American Community Surveys





The number of Ohio renters paying more than 30 percent of their income towards housing has decreased over time. However, nearly 45 percent of occupied units (down from almost 50 percent in 2010) are rented to cost-burdened households, meaning they do not have enough left after paying housing costs for other basic needs. These households are at greater risk of eviction or housing loss that could result in homelessness.

In 2017, OHFA reported housing insecurity was increasing in Ohio; 105,150 evictions were filed statewide (nearly seven percent of all renter households), making Ohio's eviction filing rate slightly higher than the national average (OHFA,

2020). In 2020, the COVID-19 pandemic made Ohio vulnerable again. Eviction and foreclosure moratoriums temporarily delayed displacement, but thousands of Ohioans are at risk of losing their homes when regulations lift.

The Compact, from its beginning, recognized a stable supply of quality affordable housing for all Ohioans was a crucial strategy for improving quality of life and turning the state's economy around. By preserving Ohio's extensive portfolio of assisted housing, the Compact maintained critical housing options while also contributing to the state's economic stability.

**TABLE 3: KEY HOUSING CHARACTERISTICS**

STATE OF OHIO	2010		2019	
HOUSING OCCUPANCY	NUMBER	PERCENT	NUMBER	PERCENT
Occupied housing units	4,552,270	89.1%	4,676,358	89.9%
Vacant housing units	555,003	10.9%	525,946	10.1%
Homeowner vacancy rate	2.6		1.4	
Rental vacancy rate	9.5		5.3	
HOUSING TENURE OF OCCUPIED HOUSING UNITS	NUMBER	PERCENT	NUMBER	PERCENT
Owner-occupied	3,149,052	69.2%	3,089,046	66.1%
Renter-occupied	1,403,218	30.8%	1,587,312	33.9%
Average household size of owner-occupied unit	2.57		2.53	
Average household size of renter-occupied unit	2.22		2.23	
HOUSEHOLD TYPE OF RENTER HOUSEHOLDER	PERCENT		PERCENT	
Family households	47.7%		46.8%	
Married-couple family	20.6%		20.3%	
Single-headed family	27.1%		26.5%	
Nonfamily households	52.3%		53.2%	
Householder living alone	42.7%		42.4%	
Householder not living alone	9.6%		10.8%	
With related children under 18 years	32.2%		30.3%	
GROSS RENT FOR OCCUPIED UNITS PAYING RENT	NUMBER	PERCENT	NUMBER	PERCENT
Less than \$500	301,667	22.7%	203,826	13.5%
\$500 to \$999	829,299	62.5%	878,410	58.3%
\$1,000 to \$1,499	159,441	12.0%	336,129	22.3%
\$1,500 or more	36,108	2.7%	88,739	5.9%
Median (dollars)	\$678		\$808	
GROSS RENT AS A PERCENT OF HOUSEHOLD INCOME	NUMBER	PERCENT	NUMBER	PERCENT
Less than 15.0 percent	172,033	13.3%	234,303	15.9%
15.0 to 19.9 percent	170,196	13.1%	213,324	14.5%
20.0 to 24.9 percent	163,395	12.6%	192,062	13.0%
25.0 to 29.9 percent	148,385	11.5%	171,977	11.7%
30.0 to 34.9 percent	111,084	8.6%	124,422	8.4%
35.0 percent or more	529,745	40.9%	536,715	36.4%

Source: U.S. Census Bureau, 2006-2010 & 2015-2019 American Community Surveys

# PRESERVATION LOAN FUND

The Compact created the Ohio Preservation Loan Fund (The Fund) in August 2010 to provide flexible capital for affordable housing preservation. It was a revolving pool of money that utilized debt and equity from private and public institutions to issue new loans for projects across the state. The Fund offered predevelopment financing for various activities (e.g., architectural drawings, permitting, professional fees, environmental investigation, and engineering), acquisition financing for developers to purchase existing properties, and equity bridge financing to bridge in investor capital. The Compact marketed the Fund via its Advisory Committee, the Ohio Affordable Housing Preservation Summit, conferences, industry publications, direct mail, and email.

The Fund, which ended in 2020, was a distinct operating entity with OCFC serving as its managing member. OCFC provided financing, origination, underwriting, and servicing and the Compact's Executive Committee and leadership from OCCH made business and lending decisions regarding the Fund. Additionally, the Compact created an Investor Committee with appointed representatives from each of the Fund's investors. The Investor Committee was responsible for reviewing and approving the Fund's lending guidelines and procedures.

## STRUCTURING THE FUND

Before the MacArthur Foundation's award, OCFC and OCCH had started discussions regarding the need for a broader preservation loan product. To that end, they applied for funding from a variety of sources to establish the Fund, and held meetings with OHFA to discuss its desire and ability to participate. The MacArthur Foundation award came at a prime time and supported the Fund opening for business in 2010. The Fund's primary purpose was to provide loans between \$250,000 and \$5 million at below market interest rates. The Compact used the MacArthur Foundation's program-related investment of \$4 million with a two percent interest rate to directly reduce borrowers' rates—allowing for easier transactions by lowering borrowers' debt burden and providing an additional incentive to retain affordable housing. The Fund's general requirements and lending guidelines were:

- All loans needed to be for projects in Ohio that met the Compact's definitions for affordable housing preservation and had a likely, plausible payoff strategy
- All projects needed to entail multifamily properties of at least 25 units
- The minimum loan amount for an acquisition loan was \$250,000 and \$25,000 for a predevelopment loan; a borrower could utilize both loans
- Borrowers could be nonprofit, public housing authorities, or for-profit entities and needed to be in good standing with OHFA
- Interest accrued and was due semiannually, with principal payable upon repayment of the loan; there were no prepayment penalties
- The borrower was responsible for all third party fees (e.g., legal, title, and recording); developer fees and operating costs were not eligible funding costs
- All loans were expected to close and fund within 30 days of approval; loan extensions could be granted upon a borrower's written request
- The maximum lending limit per transaction was \$5 million (not including fees) and \$5 million (not including fees) per borrower; servicing and origination fees could be borrowed in addition to the maximum loan amount

## INVESTORS

The Fund's investors included: the MacArthur Foundation, OHFA, OCFC, National Cooperative Bank, US Bank, PNC Community Development Company, Fifth Third Bank, Key Community Development Company, WesBanco, and Huntington Community Development Company.



**TABLE 4: OHIO PRESERVATION LOAN FUND'S FUNDING SOURCES**

INVESTORS & PARTICIPANTS IN OCFC SPONSORED LOAN FUNDS	AMOUNT
PNC Community Development Corporation (CDC)	\$4,434,783.00
MacArthur Foundation	\$4,000,000.00
OHFA	\$4,000,000.00
Huntington CDC	\$1,086,957.00
OCFC	\$1,000,000.00
Fifth-Third Bank	\$869,565.00
Key Bank CDC	\$869,565.00
US Bank CDC	\$760,870.00
WesBanco Bank	\$543,478.00
National Cooperative Bank	\$217,391.00
RiverHills Bank	\$217,391.00
<b>TOTAL</b>	<b>\$18,000,000.00</b>

The Fund also incorporated a loan loss reserve of \$2 million—utilizing \$500,000 of the MacArthur Foundation's grant, \$500,000 from OHFA, and \$1 million from OCFC. The loan loss reserve was intended for use if a loan could not be repaid fully to investors but never needed to be used. Today, the Fund is closed; OCFC purchased its remaining loans, totaling around \$9.6 million.

**TABLE 5: OHIO PRESERVATION LOAN FUND TERM SHEET**

	PREDEVELOPMENT LOAN	ACQUISITION LOAN	EQUITY BRIDGE LOAN
<b>ELIGIBILITY</b>	Available to experienced developers of affordable housing. Preference is provided for developers who have closed on at least one Preservation transaction	Available to experienced developers of affordable housing. Preference is provided for developers who have closed on at least one Preservation transaction	Available to experienced developers of affordable housing. Preference is provided for developers who have closed on at least one Preservation transaction
<b>LOAN AMOUNT</b>	Maximum Loan Amount: Maximum \$150,000+fees	Maximum Loan Amount: Maximum \$5,000,000+fees	Maximum Loan Amount: \$1,000,000+fees
<b>ELIGIBLE USES</b>	The predevelopment loan provides funding for costs such as reservation fee, market study, phase I, engineering and design fees, professional fees, bank commitment fees, etc.	The acquisition loan can be used to acquire the land or buildings for affordable housing	Short Term bridge financing for the purposes of disposition or resyndication of affordable housing at the end of its 15-year compliance period or bridging in tax credit equity
<b>INTEREST RATE*</b>	½ of the greater of 5.0% or Prime minus ½ plus 83 bps	½ of the greater of 5.0% or Prime minus ½ plus 83 bps	½ of the greater of 5.0% or Prime minus ½ plus 83 bps
<b>PREPAYMENT PENALTY</b>	None	None	None
<b>ORIGINATION FEE</b>	The greater of \$1,000 or 1%	The greater of \$1,000 or 1%	The greater of \$1,000 or 1%
<b>SERVICING FEE</b>	The greater of \$1,000 or 1%	The greater of \$1,000 or 1%	The greater of \$1,000 or 1%
<b>CLOSING COSTS</b>	\$500 document preparation	\$500 document preparation + legal and closing costs	\$500 document preparation + legal and closing costs
<b>COLLATERAL</b>	Developer guarantee and assignment of general partner interest	1st mortgage, developer guarantee and assignment of general partner interest	1st mortgage, developer guarantee and assignment of general partner interest
<b>TERM</b>	The earlier of the construction loan closing or 36 months	The earlier of the construction loan closing or 36 months	Less than 36 months
<b>LOAN TO VALUE</b>	Not Applicable	Limited to 100% of purchase price	Maximum of 75% of As Is Appraised Value for Y15 Transactions

\*The Preservation Loan Fund's interest rate is a blended rate and can be provided upon request.

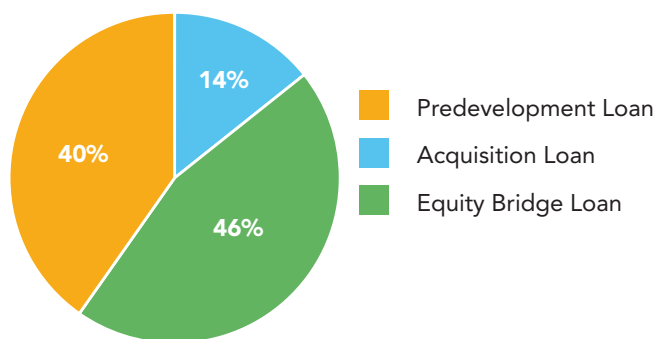
# 10-YEARS OF IMPACT

The Compact set high goals for its preservation activities over the ten-year grant period; the following outlines its impacts and progress toward its seven goals.

1. Created a scalable and sustainable \$25 million Preservation Loan Fund with financial products that assist in preserving Ohio's affordable housing

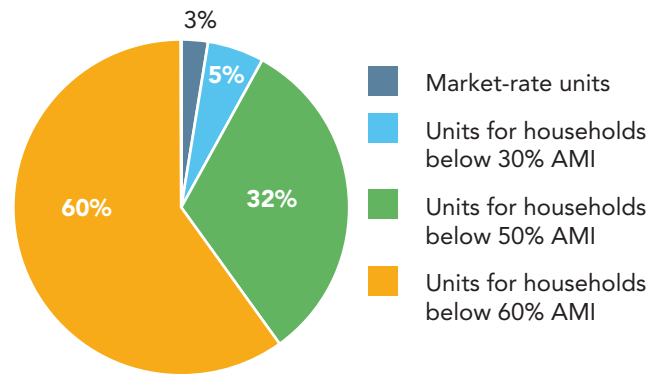
The Ohio Preservation Loan Fund was the first of its kind available on a statewide basis in Ohio. The Compact raised **\$18 million** in investments for the Fund, which closed on **78 loans** totaling nearly **\$93.6 million**—exceeding the Compact's goal for the Fund to revolve four times over. The Fund was smaller than expected, but the Compact learned that \$18 million might have been too much. Over time, the Compact never deployed all of the Fund, getting up to \$13 million at one time before existing borrowers' started repaying the Fund. A couple of barriers could have affected its potential impact, including the lack of preservation developers in Ohio and funding restraints because the Fund's maximum loan amount capped at \$5 million; anything more, the Compact thought, would have been too much from the Fund.

**FIGURE 2. OHIO PRESERVATION LOAN FUND LOAN TYPES**



Despite the Fund being smaller than expected, it had significant impacts in Ohio. It supported **73 projects** (some projects received multiple loans) with development costs totaling approximately **\$807.1 million**; nonprofit developers preserved **32 percent** of those projects. Projects served by the Compact's financial assistance contained a total of **5,487 units**; over **97 percent** met the Compact's definition for affordability (i.e., for households with incomes below 30 to 60 percent AMI).

**FIGURE 3. OHIO PRESERVATION LOAN FUND UNITS IN PROJECTS BY INCOME LEVEL.**



The projects were located across Ohio and market types; **56 percent** were in urban areas, **29 percent** were in small cities, and **15 percent** were in rural areas. The Fund also helped create **8,905 jobs**.

2. Launched an online database for existing and potential owners of affordable rental housing—providing detailed information on at-risk affordable housing

The Compact utilized MacArthur Foundation grant funds to create an **interactive database** for storing and sharing affordable housing development information with various parties (e.g., tenants and developers) to identify and evaluate preservation opportunities. At the time, data was not as sophisticated as today, and the database consolidated all available information in one place. It also included details not traditionally available from public sources like populations served (e.g., seniors, families, or permanent supportive housing clients), tax credit information, and subsidy expiration. The Compact hosted the database on its website, [www.ohiopreservationcompact.org](http://www.ohiopreservationcompact.org).

It was developed under the Compact's Data Committee's guidance. The Data Committee consisted of the three partners; a research consultant, Community Research Partners; and HUD and USDA Rural Development staff. The Compact's At-risk Committee, a sub-committee of the Advisory Committee, also utilized the database to develop **at-risk property profiles** that informed the Executive Committee's decision-making regarding preservation activities. The database was an essential tool, especially early on in the grant.

3. Determined which affordable housing properties are most at risk of losing rental assistance or rent and occupancy restrictions based on income

With help from the MacArthur Foundation grant, the Compact built off its online database, its experience, and feedback from affordable



housing preservation experts to develop a **risk analysis tool** for assessing which properties in Ohio were most vulnerable. The tool was created in coordination with the At-risk Committee, made up of the three partners, HUD, and USDA Rural Development staff. Because of its makeup, the At-risk Committee was uniquely attuned to the existing conditions of properties identified as potential preservation candidates. The tool looked at the following for assessing properties:

- **Transition events** (e.g., subsidy renewal, prepay eligibility, mortgage expiration, LIHTC 15-year compliance periods, annual plan reviews, and special projects applications)
- **Deteriorating conditions** (e.g., waiting lists; turn over-frequency; vacancy; physical deterioration based on units' Real Estate Assessment Center scores, Management and Occupancy Review reports, code enforcement calls, and referrals to HUD's enforcement center; conditions reported by tenants and stakeholders; social deterioration; and crime in and around the building)
- **Financial distress** (e.g., the status of reserves, debt-to-equity ratios, late or absent audits, "troubled" findings on Management and Occupancy Review reports, and referrals to HUD's enforcement center)
- **Ownership factors** (e.g., changes in corporate structure, philosophy, or circumstances; reports; advertising for buyers; requests for release from Reserve for Replacement for "operations" costs; reputational analyses; and peer evaluations of owners)

**4. Developed strategies to mitigate specific threats to at-risk projects**

The At-risk Committee used the Compact's newly developed online database and risk-analysis tool to inform its preservation activities by creating profiles for all at-risk properties. The Executive Committee then used these profiles to determine what **mitigation tactics** would remove the properties' risks and build on their strengths.



**5. Identified, structured, and closed preservation transactions in Ohio**

The Ohio Preservation Loan Fund's flexibility allowed good actors to enter and expand their work in Ohio's affordable housing preservation market. It also raised the total number of projects able to take place with its unique financing products that larger banks typically do not offer. Additionally, the Compact helped preservation transactions throughout Ohio with technical assistance and capacity building.

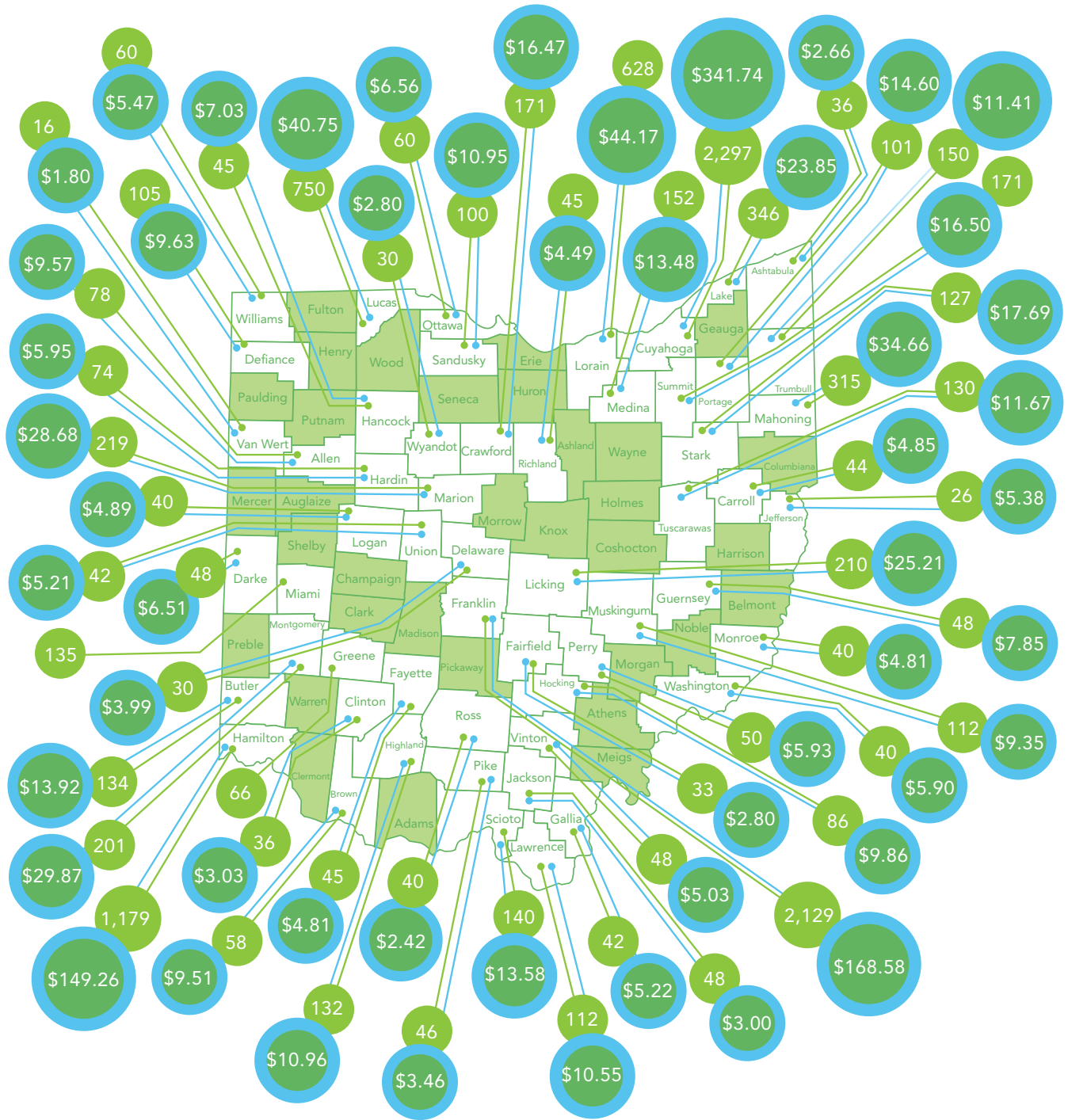
The Compact as a whole (i.e., through financial and technical assistance) preserved **11,646 units**, 83 percent of its 14,000 unit goal. Projects served various populations; almost **37 percent** of units were for seniors, reflecting the state's growing need to focus on housing regarding its aging population. Over **61 percent** housed families (nearly all with incomes less than 60 percent AMI), and approximately **two percent** of preserved units provided permanent supportive housing. In total, the Compact's assistance supported **153 development projects** representing **\$1.21 billion** in preservation investment throughout **63 percent** of Ohio's counties.

**6. Provided technical assistance to potential owners and managers of at-risk housing**

To prepare potential affordable housing owners and managers for the unique challenges of rehabilitating and managing preservation housing, the Compact partnered with the Ohio Community Development Corporation Association (OCDCA) and OCCH's Training Academy to provide **training and technical assistance**. By partnering with OCDCA, the Compact connected potential owners

# PRESERVATION PROJECTS 2009 - 2020

● = TOTAL UNITS BY COUNTY      ● = TOTAL PRESERVATION INVESTMENTS BY COUNTY (IN MILLIONS)\*



**11,646 UNITS PRESERVED, REPRESENTING OVER \$1.21 BILLION\*  
IN PRESERVATION INVESTMENT**

\*Total preservation investments in some counties were unavailable. In some cases, total investments may be greater.  
Source: GOPC's 2009-2020 adaption of Ibel Agency's 2009-2011 Preservation Projects Map in the Ohio Preservation Compact's Update to the Community

and managers to various training on receivership, targeted rehab techniques, materials, site visits, development skill-building, financial education, and microenterprises.

The Compact also connected individuals to OCCH's Training Academy, which provided private training, discounts, scholarships, and sessions at the Community Properties of Ohio Training Facility (i.e., a management agent and affiliate of OCFC). The training covered tax credit compliance, marketing, fair housing, landlord-tenant law, evictions, keeping illegal activity out of housing, temporary relocation, budgeting, human resource management, inspections, and others. The OCCH Training Academy also offered a Certified Apartment Manager program for the National Apartment Association, which provided valuable technical assistance on current compliance practices, marketing strategies, and state and federal requirements.

Additionally, the Compact linked affordable housing developers, owners, and managers with partners that helped bring projects to fruition. Through its various technical assistance activities, the Compact served an estimated **80 projects**, consisting of **6,159 units**.

**7.** Conducted a collaborative policy effort to engage tenants, owners, community organizations, government officials, and financial institutions in affordable housing preservation, including convening a statewide *Affordable Housing Preservation Summit*

The Compact recognized sound state and national policy must coexist with local activities to create real and lasting change. So, the Compact focused its advocacy efforts on policies that would directly impact local-level preservation activities and result in the highest degree of success. Over the ten-year grant period, the Compact facilitated discussions, raised awareness, and implemented change regarding how private and public entities dealt with affordable housing preservation.

The Compact participated in the Ohio Governor's **Interagency Council on Homelessness and Affordable Housing**, which engaged over **275 individuals** to develop partnerships across the state for coordinating policies and resources sensitive to both local and state priorities. It disseminated information and facilitated topical discussions via the **Ohio Preservation Network**, hosted the **Ohio Affordable Housing Preservation Summit**, and educated elected leaders on national policy issues impacting Ohio's preservation efforts.

To assist its advocacy efforts, the Compact utilized the existing Ohio Preservation Network, a statewide group of preservation-minded advocates, developers, public officials, and tenants committed to sharing knowledge and expertise around preservation issues. The Network, led by COHHIO, still meets quarterly today. During the decade the Compact was active, the Network reviewed the Compact's current projects and problems to provide feedback. The forum provided a clear feedback channel between at-risk housing tenants and the Compact, which was beneficial for saving properties before they were too far gone and learning more about projects' social aspects. **Thirty-five to 95 participants** typically attend the Network's meetings; its listserv has **179 subscribers**.

The Compact also hosted the Ohio Affordable Housing Preservation Summit in 2010 for stakeholders to discuss public policy, strategy for advocacy, and issues affecting preservation activities. The Summit was scheduled in conjunction with the annual Ohio Housing Conference, sponsored by OHFA and OCCH, which typically draws over 1,400 affordable housing professionals. After the 2010 Summit, affordable housing preservation sessions continued to be regularly offered at the Ohio Housing Conference.

Additionally, the Compact influenced state policy changes. Historically, setting aside a pool of funds for affordable housing preservation in OHFA's QAP, outlining housing tax credit requirements, was seen as controversial. The QAP outlines the parameters developers compete on to win housing tax credits. However, because of lessons learned from the Compact, preservation funds are no longer questioned, and more stakeholders see preservation as a priority. The Compact also helped affirm the need to preserve Rural Development subsidized units, which are considered a priority by OHFA in its QAP; the Ohio Preservation Loan Fund supported at least 543 units in the state's rural areas—demonstrating the existing need. Furthermore, the Compact and the Ohio Preservation Network also led to adjustments in OHFA's restrictive covenant regulations. Now, it does not release restrictive covenants ahead of their 30 year expiration.





# STAKEHOLDER FEEDBACK

To help evaluate the Compact's impact, Greater Ohio Policy Center interviewed notable partners, investors, borrowers, and others to identify its achievements and investigate any shortfalls. In February and March 2021, GOPC conducted one-on-one phone interviews with 15 individuals:

## Ohio Preservation Compact Partners

- **OHFA**, Sean Thomas, Senior Advisor for Housing Policy & Programs and Kelan Craig, Director of Multifamily Housing (*Previously at COHHIO for the Compact's start*)
- **COHHIO**, Douglas Argue, Managing Director and Spencer Wells (*Retired, formerly COHHIO's Tenant Outreach Coordinator*)
- **OCFC**, Jon Welty, President
- **OCCH**, Hal Keller, President Emeritus

## Ohio Preservation Loan Fund Investors

- **PNC Bank**, Michael J. Taylor, Senior Vice President of Finance
- **National Cooperative Bank**, Ann Fedorchek, Senior Vice President
- **Fifth Third Bank**, Justin Marshall, Commercial Real Estate Director II
- **MacArthur Foundation**, Allison Clark, Associate Director of Impact Investments

## Ohio Preservation Loan Fund Borrowers

- **Model Group**, Bobby Maly, Chief Executive Officer & Principal
- **National Church Residences**, Matt Rule, Senior Vice President of Housing Development
- **Community Housing Network**, Samantha Shuler, Chief Executive Officer
- **Millennia Housing Development**, Arthur Krauer, Vice President of Tax Credit Development (*Previously at OHFA for the Compact's start*)
- **Cleveland Housing Partners**, Kevin Nowak, Executive Director



## KEY TAKEAWAYS

Following the interviews, GOPC compiled all individuals' feedback and identified key takeaways from the conversations:

- **The Compact successfully mitigated affordable housing loss in Ohio.** The Compact expanded the number of preservation projects and guaranteed quality units.
- **Collaboration and creative financing mechanisms were unique benefits that the Compact brought to the affordable housing industry.** A partnership between a strong housing finance agency, an advocacy organization, and a statewide CDFI was not something many other states had. Additionally, the Compact's Preservation Loan Fund offered critical capital for preservation that larger banks typically did not provide.
- **The Compact helped leverage and attract additional affordable housing preservation resources.** The Compact received the McArthur Foundation's grant, attracted investors for its Preservation Loan Fund, worked well with other project funders, and successfully catalyzed more LIHTC projects.
- **The Ohio Preservation Loan Fund positively impacted preservation developers.** The Fund created more resources for Ohio's preservation developers, which resulted in some having unprecedented growth. It also allowed more "good actors" to enter the market and contributed to better projects because developers could conduct more predevelopment work, like public engagement.
- **The Compact was influential for its partner organizations and others.** OCFC saw considerable growth in affordable housing preservation projects, attracted more capital, and doubled its capacity due to its participation



in the Compact. OHFA's priorities evolved in a positive way for preservation, which is reflected in OHFA's QAP. The Compact also helped the industry understand what to do collectively for affordable housing preservation.

- **The Compact and its Ohio Preservation Loan Fund had few shortfalls.** The Compact's advocacy efforts successfully maintained the status quo regarding Ohio's preservation policies and programs, and the Compact provided critical technical assistance for projects throughout Ohio. Additionally, its Preservation Loan Fund had fair underwriting, reasonable interest rates, great timing, and flexibility. However, today, the Fund's parameters may need to be adjusted to reflect current market needs. Future efforts may want to consider facilitating more technical assistance and tenant outreach as well as seek resources to cover fee waivers and other activities needed to close on deals.
- **Many working with the Compact achieved unexpected wins.** The Compact helped investors, developers, and borrowers achieve their goals and complete projects that otherwise would not have been possible.
- **The Compact defined affordable preservation housing to reflect needs at the time.** Future efforts may want to consider broadening their scope to preserve units for households with incomes up to 80 percent AMI, properties without expiring subsidies or restrictions but still need rehabilitation, and naturally occurring affordable housing.

## FEEDBACK ANALYSIS

GOPC asked interviewees the same questions for the stakeholder discussions and summarized their feedback to develop the key takeaways above. The following goes into greater detail regarding their comments. It is not reflective of one individuals' responses; instead, it is GOPC's attempt to synthesize all collected feedback in good faith.

### Have the Compact's definitions for affordable preservation housing needed to change over the past ten years?

**10 out of 15 stakeholders** believed the Compact's parameters for affordable housing preservation did not need to change.

Five stakeholders believed these definitions were too narrow and limited the Compact's potential impact. The majority of interviewees, who said

there was no need to change the descriptions, did acknowledge some housing needs may not be met because of the parameters. Specifically, stakeholders mentioned that affordable housing could expand to serve householders earning 80 percent AMI.

Some interviewees thought that if preservation broadened to include projects without expiring subsidies or restrictions, the Ohio Preservation Loan Fund could have been more utilized. Ohio has affordable housing properties without subsidies and restrictions running out but still in desperate need of rehabilitation. Also, four stakeholders said future efforts could consider preserving naturally occurring affordable housing (NOAH), which maintains low rents without federal subsidy and is often lost due to decline or gentrification.

Overall, the Compact's parameters aligned with OHFA's description of affordable rental housing preservation based on industry standards and HUD requirements at that time. Most interviewees acknowledged these realities and believed the definitions were reflective of Ohio's needs at the time. Interviews noted that parameters must evolve to serve the state's most vulnerable populations and current market needs.

### Do you believe the Compact successfully mitigated the loss of affordable housing?

**14 out of 15 stakeholders** believed the Compact successfully mitigated affordable housing loss.

Nearly all stakeholders believed the Compact successfully mitigated the loss of Ohio's affordable housing. One stakeholder pointed out it was hard to quantify because some at-risk properties could have potentially remained affordable otherwise. However, this stakeholder believed the Compact's involvement guaranteed the quality of units; every one of its projects resulted in tenants having a nice place to live.

Stakeholders said the Compact's success in mitigating affordable housing loss showed in the number of deals they were able to close. It saved properties in bad shape across Ohio, where every unit counts, and it spotlighted the state's "pending cliff" of critical expiring properties.

One interviewee pointed out preservation units are equal to new construction because every unit lost makes a new unit irrelevant. Another stakeholder said Ohio was ahead of the game compared to other states in terms of preservation; they viewed the Compact as very strategic, focused, and never struggling to have a meaningful impact.

### What unique benefits did the Compact and its Preservation Loan Fund bring to Ohio?

**9 out of 15 stakeholders** said the Compact offered unique funding mechanisms and resources for affordable housing preservation in Ohio.

Most stakeholders discussed the flexible financing products (i.e., equity bridge and acquisition loans) with low-interest rates and fees offered by the Ohio Preservation Loan Fund. They attracted additional developers to affordable housing preservation and broadened existing actors' impact in the market. One stakeholder said the Fund provided critical capital for their mission-based projects that would not have been able to get a regular bank loan. Another interviewee said the Fund helped them complete smaller projects with fewer units that are typically more difficult to finance.

Six stakeholders thought the collaboration among the Compact's three partners was its most unique aspect. The partnership between the strong housing finance agency, the nonprofit advocacy organization, and the statewide CDFI was "powerful" and not something stakeholders had seen in other states. Interviewees also pointed out that the Compact's partners had strong reputations; they were uniquely attuned to the state's best practices and federal policy that complemented Ohio's efforts. The existing level of trust in the partners and their ability to attract grant funds made investors confident that their contributions would be impactful.

Additionally, the Compact's history of working together made for a seamless partnership. One stakeholder noted its existing coordination made the Compact easy to work with—acknowledging that valuable, upfront organizing takes a lot of effort, and that step was already done in Ohio. Another stakeholder said it was unique that the Compact also focused on tenants' rights and advocacy; this communication was beneficial for Ohio because the Compact addressed issues raised by tenants before properties were too far gone.



One stakeholder said the Compact's focus on preservation deals was unique; preservation was less popular when the Compact started and is still not widespread. Another interviewee thought the Compact and the Ohio Preservation Network contributed to more communication regarding preservation and broadened peoples' perspectives; individuals involved in the Network learned a lot from each other, which helped coordinate affordable housing preservation in Ohio.

### Did you see evidence that the Compact leveraged or attracted additional affordable housing preservation resources?

**8 out of 15 stakeholders** thought the Compact leveraged or attracted additional affordable housing preservation resources.

Stakeholders' comments referenced how the Compact leveraged or attracted additional preservation resources, including one interviewee saying the Compact "played well with other funders," making it easier to attract other resources to their project. Another stakeholder thought the McArthur Foundation's grant dollars made the Compact's efforts more attractive to banks. Interviewees thought the Compact's ability to get investors involved in the Ohio Preservation Loan Fund was a testament to its ability to leverage and attract resources. Several stakeholders thought the Fund's existence created additional affordable housing opportunities in Ohio and believed the Compact successfully catalyzed a more significant number of LIHTC projects. The rest of the seven interviewees were unaware or could not point to an example of how the Compact leveraged or attracted additional affordable housing preservation resources in Ohio.

### How did access to the Ohio Preservation Loan Fund's capital change developers?

**11 out of 15 stakeholders** believed access to the Ohio Preservation Loan Fund improved developers.

Stakeholders said the Compact created more resources for developers to grow; some had unprecedented growth during this time. The Ohio Preservation Loan Fund helped developers expand their preservation portfolio and allowed more actors to enter the market because of its accessible capital. One interviewee said the Fund provided low-interest rate, predevelopment loans that regular lenders cannot offer, which was catalytic for getting projects off the ground. Another stakeholder noted by providing financing for land acquisition and predevelopment work, including community outreach, project developers were

able to understand the surrounding neighborhood and its needs better. The Fund changed those dynamics; looking at the completed projects, this stakeholder believed they were genuinely impactful for their communities because of this upfront work. Other interviewees were unsure if developers had changed because of the Compact. One interviewee thought the Ohio Preservation Loan Fund was not large enough for developers to change their existing business models.

### Did you see evidence that relevant organizations changed over time because of the Compact?

**10 out of 15 stakeholders** believed the Compact was influential in organizations changing over time.

Several interviewees said the Compact helped grow nonprofit organizations over time, including the Compact's partner, OCFC. Since the Compact started, OCFC experienced considerable growth in its preservation projects, attracted more capital, and doubled its capacity. As capacity increased, one stakeholder said so did production—resulting in improved metrics that made OCFC more attractive for additional funding opportunities. In 2010, OCFC received grant funding from the U.S. Department of Treasury's Capital Magnetic Fund and has received four additional awards. This stakeholder believed OCFC receiving these awards could be attributed to OCFC's ability to facilitate the Ohio Preservation Loan Fund.

Some stakeholders discussed how OHFA evolved, including making USDA subsidized properties a preservation priority and setting aside funds for preservation in OHFA's QAP, a policy that was once controversial but now no longer an issue. One stakeholder thought the Compact reflected OHFA's desire to change itself. Another interviewee said the Compact was successful in increasing utilization of the tax credit program, which they believed resulted in better rehabs and more substantial work regarding preservation. This interviewee said the Compact gave all three partners a greater appreciation for new federal programs; they recognized the importance of working with HUD to get projects done. They believed that because of the McArthur Foundation and the Compact, the partners were also early adopters of the Rental Assistance Demonstration (RAD) and Choice Neighborhoods Programs.

Another stakeholder said the Compact contributed to a renewed understanding of how HUD subsidies and the tax credit program could work together, which was incredibly impactful in preserving units affordable to households with incomes below 30 percent AMI. The Compact helped institutionalize



utilizing all available programs to work together, which became a seamless process over time. Before the Compact, this interviewee also said OHFA and others worked on a project by project basis; individuals would come with projects, and OHFA would assess them. The Compact and the Ohio Preservation Network helped involved parties become more proactive. It also provided a clear feedback channel for tenants, which allowed the Compact to become more aware of projects' social aspects and invested in their positive end results. Another interviewee said the Compact helped the industry understand how to address affordable housing preservation and affirmed what they needed to do collectively. As time goes on, this stakeholder believed preservation work would become more popular, and the Compact provided a benchmark for how to do it. The rest of the stakeholders were either unsure or did not think the Compact changed organizations over time.

### Did you identify any shortfalls related to the Compact and its Preservation Loan Fund?

**11 out of 15 stakeholders** did not identify any shortfalls related to the Compact's Preservation Loan Fund.

Most stakeholders did not believe the Ohio Preservation Loan Fund had any shortfalls—discussing its fair underwriting, reasonable interest rates, great timing, and flexibility. One stakeholder thought the Compact should use its momentum to continue addressing preservation needs while also broadening its scope. Some stakeholders discussed the need to preserve NOAH; one stakeholder said they'd utilize a fund that included NOAH as eligible "every day" and hopes to see it as a focus in future work. Opportunities to further increase impact of the Ohio Preservation Loan Fund, mentioned by stakeholders, included: it could have been larger for more significant impact; preservation requirements, in some cases, were too restrictive; greater staff capacity could have facilitated more



technical assistance, and the Compact could have sought funding to cover fee waivers and other activities needed to close on preservation deals.

One stakeholder said the fact that they were not that familiar with the Compact was a shortfall. Another interviewee thought the Compact's policy work did not turn out as expected because they wanted to see HUD policy changes, and politics of the time prevented progress. However, this stakeholder believed the Compact's efforts helped retain Ohio's existing preservation policies and programs, so they successfully maintained the "status quo" in the state, which was a win when Ohio's legislature was much more conservative and less socially-minded in some respects. Another stakeholder said the Compact had small issues related to the availability of affordable housing property data, but individuals "at the table" (e.g., representatives from HUD and USDA's Rural Development Office) addressed these issues.

This interviewee also thought, "in a perfect world," the Compact could branch out to more regional groups beyond the ones it relied on. The Compact established relationships with impactful organizations, like the Cuyahoga Affordable Housing Alliance and the Affordable Housing Advocates in Cincinnati, which have staff looking at property lists in real-time to track preservation needs. This stakeholder believed the Compact augmented these organizations' work. Additionally, they thought more tenant-focused activities could be beneficial but challenging because owners and developers have to be on board with what tenants want to get done.

### Did the Compact help you or others achieve any unexpected wins?

**11 out of 15 stakeholders** referenced unexpected wins that they achieved with the Compact's help.

Many stakeholders said the Compact helped them achieve their goals and complete projects that otherwise would not have gotten done. One interviewee believed the Compact helped the industry "dig out of the hole" that resulted from the 2008-2009 Housing Crisis by providing a healthy infusion of unexpected resources for preserving more units faster. Another stakeholder believed the Compact's focus on units with existing rental subsidies ensured housing preservation for low- and very-low-income individuals. Additionally, the Compact and the Ohio Preservation Network led to adjustments in OHFA's restrictive covenant regulations. Some stakeholders referenced specific projects representing unexpected wins mentioned in the Case Study section on page 23.

Three stakeholders were unaware of any unexpected wins. One stakeholder said, as an investor, the Ohio Preservation Loan Fund was a success for them. Still, they expected it because they saw their potential collective impact from the beginning and hoped for the achieved results.

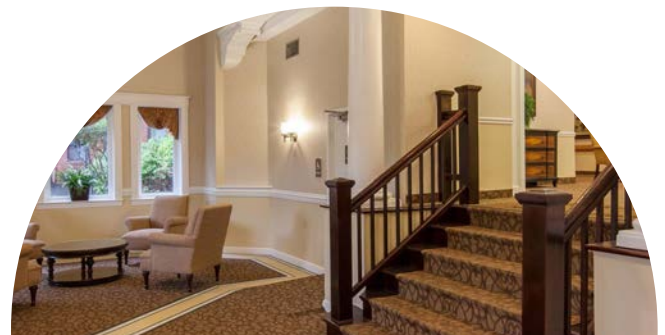
### Is there anything else that you would like to add regarding the Compact's impacts?

*Stakeholders' responses varied.*

Some stakeholders shared they were proud of and happy with the collective affordable housing effort led by an impactful team of organizations. One stakeholder discussed how all three Compact partners needed to align in the beginning and rallied to create consensus. This stakeholder said building consensus is often a challenge, and the Compact did that by establishing shared goals first.

One stakeholder restated their concern about preserving Ohio's unsubsidized affordable housing communities, like senior living, which needs rehabilitation funding outside of LIHTCs. This interviewee hoped another version of the Ohio Preservation Loan Fund or others would be created with less restrictive preservation parameters. They also believed keeping it affordable for smaller developments was necessary because there was a gap in resources for that type of project. Another interviewee said the Fund provided needed, flexible capital and wanted to see more strategies like it, especially for NOAH. One other interviewee thought the Compact served as a model for how public and private entities can work together on a loan fund; the Compact was educational for OHFA and other entities working to create similar funds.

Another stakeholder believed the Compact was particularly impactful on the communities that the projects served and that success required the Compact's know-how and thought-leadership. One other interviewee thought having OCFC as the "backbone" of the Compact was vital because they are considered "the best in the business in Ohio." This stakeholder believed OCFC's continued leadership would be necessary for future work.





## CASE STUDIES

Throughout interviews, stakeholders also referenced specific projects that illustrated the Compact's impact:

### Community Housing Network Scattered Sites

The Ohio Preservation Loan Fund supported the Community Housing Network with two acquisition loans to preserve 413 permanent supportive housing and family units on six sites in Columbus and Worthington, Ohio. Community Housing Network is a nonprofit that provides affordable housing and linkage to supportive services for people with disabilities and other special needs (e.g., homelessness). The Fund was a "lifesaver" for the organization. Its units were initially purchased in 1997 with tax-exempt bonds and had restrictive covenants that were a barrier for rehabilitation. The Fund provided two loans for the Community Housing Network to clear the properties' titles by paying off their bonds to split the units into six manageable projects, apply for LIHTCs, and reduce carrying costs during the transition.

In 2010, banks were hesitant to provide capital due to the financial crisis. At this time, the Community Housing Network needed to identify a new, significant funding source within 90 days to preserve its 413 units, so the Fund quickly deployed flexible capital that the organization may not have obtained otherwise. The Community Housing Network was the first to utilize the Fund as soon as it opened; this situation also represented the first time that OHFA gave a pre-commitment to supporting a project. Today, the Community Housing Network offers more than 1,600 apartments at 147 different sites throughout Franklin County—serving over 2,000 people (Community Housing Network, n.d.).



### Madison Villa & Saint Paul Village

The Compact provided Episcopal Retirement Services an equity bridge loan to assist in rehabilitating Madison Villa, which provided 93 affordable housing units in Cincinnati, Ohio. The Ohio Preservation Loan Fund offered preservation tools that others did not; access to its capital contributed to Episcopal Retirement Services building out its portfolio and becoming a more sophisticated preservation developer. Today, Madison Villa provides critical housing for seniors and adults with mobility disabilities. Madison Villa is one of eleven affordable housing properties operated by Episcopal Retirement Services in Cincinnati; in total, Episcopal Retirement Services has 27 sites across Ohio (Episcopal Retirement Services, n.d.).

St. Paul Village, developed by Model Group utilizing equity bridge loans from the Ohio Preservation Loan Fund, is also operated by Episcopal Retirement Services. It is located on a residential campus in a higher-income area of Cincinnati. The Fund helped preserve 157 affordable housing units at St. Paul Village for seniors and adults with physical disabilities.

### Cutter Apartments

During the Compact, Over-the-Rhine in Cincinnati, Ohio saw an increase in market-rate investment after years of decline. In the community, where displacement was a growing concern, Wallick-Hendy Development undertook an affordable housing project to rehabilitate eight scattered-site, historic buildings. The project was called Cutter Apartments and utilized an equity bridge loan from the Ohio Preservation Loan Fund. The project provided affordable housing options crucial for stabilizing the rapidly changing, gentrifying neighborhood. Today, Cutter Apartments offers 40 one- to three-bedroom apartments in Over-the-Rhine's Pendleton area.





### Walter G. Sellers Senior Apartments

The Compact assisted the Walter G. Sellers Senior Apartments in Xenia, Ohio, during a critical time. The apartments had a strong tenant organization that shared concerns about safety issues in the property. In 2012, Walter G. Sellers caught fire, causing extensive damage (Dayton Daily News, 2012). The incident was thought to be due to an electrical fire. Because the Compact already had relationships in place with both HUD and the owner of Walter G. Sellers, it was able to act quickly in assisting the property maintain its Section 8 contract while being rehabbed. Tenants were housed off-site during this time and moved back in after rehabilitation was complete.

The Compact's technical assistance helped preserve 66 affordable housing units important for their surrounding community. Today, Walter G. Sellers offers seniors studio and one-bedroom apartments with various amenities.

### Golden Manor & Hi-land Terrace

North Columbus Jaycee Housing, a nonprofit that provides affordable housing for seniors and families, utilized the Ohio Preservation Loan Fund for two projects in a rural, small-town Hillsboro, Ohio. The Fund closed on an acquisition loan for Golden Manor and an equity bridge loan for Hi-Land Terrace Apartments. Without the Fund, these projects most likely would have been sold to a for-profit developer and lost as affordable housing in Hillsboro. Today, Golden Manor offers 44 accessible, one-bedroom units for seniors and individuals with disabilities, and Hi-Land Terrace Apartments provides 48 two- to four-bedroom townhomes for families.



### Berwick Hotel

Wallick-Hendy Development used an equity bridge loan to rehabilitate the historic, three- and four-story Berwick Hotel Apartments in downtown Cambridge, Ohio. The mixed-use project included a new exercise room, computer room, additional on-site management space, a reconfigured entryway, and apartments for low-income seniors (three efficiencies, 44 one-bedrooms, and one two-bedroom). The building also contained four ground-floor commercial spaces. Berwick Hotel's preservation was crucial for affordable housing as well as Cambridge's urban core.





### Doan Classroom Apartments

In Cleveland, Ohio, one of the City's longest operating CDCs, Famicos Foundation, used an acquisition loan and equity bridge loan from the Ohio Preservation Loan Fund for its Doan Classroom Apartments project. The building was initially constructed in 1905 as an elementary school and converted into affordable apartments in 1985 utilizing HUD funding. In 2008, HUD foreclosed on the property, vacated the building, and the City of Cleveland acquired the property from HUD—transferring it to Famicos Foundation for future affordable housing.

In addition to the Fund's financing, Doan Classroom Apartments also secured Neighborhood Stabilization Program commitments from the City, Cuyahoga County, and the state. It also utilized Short Term Multi-Family Revenue Bonds from the Cuyahoga Port Authority and LIHTCs. Today, Doan Classroom Apartments is an individually-listed landmark on the National Register of Historic Places. It provides four efficiencies and 41 one-bedroom apartments for seniors.

### Millennia Companies Housing Development

Millennia Companies, founded in 1995 in Cleveland, Ohio, had unprecedented growth over the past ten years, and the Ohio Preservation Loan Fund helped expand its preservation portfolio. Millennia Companies received 20 loans from the Fund to implement 18 projects across Ohio—preserving 1,196 units. Project examples included Log Pond in Newark, Ohio, a 9 percent LIHTC

rehabilitation project with 50 two- to four-bedroom apartments for families; International Towers in Youngstown, Ohio with 173 one-bedroom units for seniors; and Abbott's Manor, a 4 percent LIHTC rehabilitation project of a mid-rise building consisting of 82 studio and one-bedroom units for seniors in Willoughby, Ohio (American Preservation Builders, n.d.).

Today, Millennia Companies is a fully integrated real estate company and one of the nation's largest affordable housing preservation developers.



### Sunnyview Square Apartments

The Compact's tenant outreach efforts resulted in unexpected wins related to meeting the needs of seniors in Delaware, Ohio. When providing technical assistance for Sunnyview Square Apartments, the Compact connected its residents with a food box delivery program, which was identified as a need through tenant outreach. Although the Compact did not do food access work, it was able to connect the senior housing facility with a program that did.

Additionally, in 2011, OHFA awarded the Sunny View Square Apartments around \$2.5 million in tax credits towards its \$4 million rehabilitation project. It was one of 33 projects receiving funding that year out of about 125 applications (This Week News, 2011). Today, Sunnyview Square offers 30 one-bedroom apartments for low-income seniors.

# CONCLUSION

Over ten years, the Compact successfully maintained 11,646, representing over \$1.21 billion in total preservation investment, by conducting the following seven activities.

## Key Solutions Implemented

1. Created a scalable and sustainable \$18 million Preservation Loan Fund with financial products that assisted in preserving Ohio's affordable housing
2. Launched an online database for existing and potential owners of affordable rental housing—providing detailed information on at-risk affordable housing
3. Determined which affordable housing properties were most at risk of losing rental assistance or rent and occupancy restrictions based on income
4. Developed strategies to mitigate specific threats to at-risk projects
5. Identified, structured, and closed preservation transactions in Ohio
6. Provided technical assistance to potential owners and managers of at-risk housing
7. Conducted a collaborative policy effort to engage tenants, owners, community organizations, government officials, and financial institutions in affordable housing preservation, including convening a statewide *Affordable Housing Preservation Summit*

The Compact's **\$18 million** Ohio Preservation Loan Fund was the first of its kind available on a statewide basis in Ohio. The Fund provided predevelopment, acquisition, and equity bridge loans with below market interest rates and fees. It closed on **78 loans** totaling nearly **\$93.6 million**, which exceeded the Compact's goal for the Fund to revolve four times over. In total, the Compact supported **153 projects** throughout **63 percent** of Ohio's counties. Of its **11,646 preserved units**, almost **37 percent** were for seniors—reflecting the state's critical need to address housing regarding Ohio's growing aging population. Over **61 percent** housed families, and approximately **two percent** were permanent supportive housing units.



After assessing its impacts, it is clear that **the Compact successfully mitigated the loss of affordable housing in Ohio by expanding the number of preservation projects and guaranteeing quality units**. It accurately defined affordable preservation housing to reflect the state's needs at the time. Still, future efforts may want to consider broadening their scope to address current market conditions (e.g., preserve units for households with incomes up to 80 percent AMI, properties without expiring subsidies or restrictions but still need rehabilitation, and naturally occurring affordable housing).

**The Compact's Ohio Preservation Loan Fund offered unique financing mechanisms with fair underwriting, below market interest rates, great timing, and flexibility to catalyze more preservation projects**, and the Compact brought strong multi-sector collaboration that was not common in other states. It helped leverage additional affordable housing preservation resources (i.e., grant funds, investors, and Low-income Housing Tax Credits). It strengthened Ohio's preservation developers, some of which had unprecedented growth over the past ten years, and it worked with the Ohio Preservation Loan Fund's investors and borrowers to achieve their goals and complete projects that otherwise would not have been possible.

Additionally, **the Compact was influential for its partner organizations and the industry as a whole**. Ohio Capital Finance Corporation experienced considerable growth in its affordable housing preservation projects, attracted more capital, and doubled its capacity due to its participation in the Compact, and the Ohio Housing Finance Agency's priorities evolved positively for preservation over time. Furthermore, the Compact provided a benchmark for implementing preservation work in Ohio and helped the industry understand what it needed to do collectively.



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*Photos are from relevant projects' websites.*

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