

The City of Cincinnati Affordable Housing Trust Fund Operations Summary

Purpose: The City of Cincinnati Affordable Housing Trust Fund is a continuing, non-lapsing fund to be used to:

- develop and preserve affordable housing for renters and homeowners,
- promote fair housing in neighborhoods throughout Cincinnati, and
- increase affordable housing opportunities for low-income working families and other persons of low income.

Background: There is a critical shortage of affordable and accessible housing in the City of Cincinnati. Over 28,770 households in the city have an annual income below \$23,000, but pay more than 30% of their income on housing. More than half of the homes in Cincinnati were built before 1960 and researchers estimate that we need at least 18,000 more affordable housing units to provide enough affordable units for those that need it.

Income Limits: Rental and homeownership housing projects and activities that serve households up to 61% of the current area median income (AMI). At least 50% of the Trust Fund Resources must be spent on affordable housing for households with incomes between 0-30% of the current AMI. All housing units receiving support from the Affordable Housing Trust Fund must be affordable to households with an income below 61% of the current AMI.

What is the Affordable Housing Trust Fund established to do: Specific purposes are listed in the City Ordinance:

- Providing assistance, by loan, grant, operating subsidy, or otherwise, for the planning, production, maintenance, or expansion of affordable housing, including inclusionary housing. This could include support to rehabilitate vacant and abandoned housing in neighborhoods or other specific goals the City would like to achieve;
- Providing predevelopment activities for the acquisition, development, new construction, rehabilitation, and/or restoration of affordable housing;
- Providing affordable and fair housing-related services to low income households to assist them in obtaining housing and remaining stably housed;
- Providing administrative and planning costs for the operation of the Trust Fund provided such uses do not exceed 12% of the funds allocated each fiscal year.

How will the Affordable Housing Trust Fund be Administered: The Ordinance specifies that the Affordable Housing Trust Fund (AHTF) will be administered by Department of Economic and Community Development (The Department) with oversight from an appointed nine-member Oversight Board. The Oversight Board will work with The Department to determine and outline detailed parameters for effective administration of the Fund.

The Ordinance states that the Oversight Board shall review standards, policies, and goals for the Affordable Housing Trust Fund established by City staff, consistent with the purposes and policies set forth in the ordinance, including without limitation criteria for eligible projects, number and type of units funded, and scoring of applications for funding. This Oversight Board also has responsibility to approve or modify said standards and policies.

Based on the experience of successful housing trust funds across the country, the administration of the Affordable Housing Trust Fund will include:

- Release a Notice of Funding Availability (NOFA) at least twice per year as well as a Request for Proposals (RFP) at least once per year. Additional NOFAs and RFPs may be released at any time per the discretion of the Oversight Board.
- Ensure the activities of the Affordable Housing Trust Fund must meet the basic parameters outlined in the Ordinance and comply with all applicable city, state, and federal laws.
- Hold a Think Tank gathering at least twice a year open to all Residents of housing currently or formerly supported with Trust Fund Resources. The purpose of these gatherings will be for Residents to provide feedback on the conditions of the property, the professionalism of staff and the following of property management procedures.

How Will the Affordable Housing Trust Fund be Funded: The goal of this Ordinance was to provide ample flexibility and enable as many options for committing on-going funding to the Affordable Housing Trust Fund. The goal is for the Trust Fund to generate at least \$30 million annually. Loans, grants or allocations from the City or State are permitted. For example, the Mayor can place general fund dollars into the Trust Fund; The City Council can create dedicated funding sources and direct them into the Trust Fund; tax increment financing (TIF) proceeds can go into the Trust Fund.

It is imperative for the Affordable Housing Trust Fund to have both capital and operating funding.

We are advocating for the Trust Fund to have a variety of dedicated public revenue sources, including but not limited to:

- A percentage of the earning's tax;
- Voluntary payments into the Fund in exchange for property tax abatements;
- An entertainment tax which could be associated with sporting events, concerts, restaurants, bars, etc.;
- A percentage of the hotel tax;
- Impact fees required for the zoning and permitting approval of market rate developments (likely a dollar amount per square foot);
- Linkage fees required for the zoning and permitting approval of market rate developments. These are meant to make it such that people working in these market rate spaces can afford to live nearby;
- Taxing stock options (Fortune 500 and 1000 CEOs and other upper management are often paid much of their salary in stock options, which currently the City does not tax at all);
- Proceeds from the sale of public land;
- Allocation from the General Fund