FHAct50 Frequently Asked Questions

Q: How do housing tax credits work?
A: The Housing Tax Credit program is a public-private partnership that makes affordable housing financially viable for private owners and operators. Each year, Ohio is issued federal tax credits based on our population size. OHFA creates a scoring system, called the Qualified Allocation Plan (QAP), to determine how those resources will be distributed. Teams of developers, architects, accountants and other experts submit proposals under this competitive process. If successful, the applicant receives tax credits which it may then sell to investors in exchange for the equity needed to pay for its construction costs. In return, the investor will receive a dollar-for-dollar reduction in their federal tax liability paid in allotments over the next 10 to 15 years. Apartment buildings that use housing tax credits must remain affordable for 30 years and are inspected regularly for quality control. You can learn more about how the Housing Tax Credit program works online here.

Q: Does the program have a nickname or shorthand?
A: Yes, the program may be referred to as FHAct50 (pronounced “Fact50”).

Q: What makes a community “diverse and accessible?”
A: FHAct50 builds stable neighborhoods that find strength in the diversity of its residents’ incomes, experiences and cultures. OHFA also guarantees that all of the apartments it finances incorporate the latest age-in-place design standards to ensure that tenants of all ages and abilities are able to live safely in their homes. By creating spaces that reflect Ohio’s wealth of backgrounds and skills, all residents can pursue more enriched lives and better prepare themselves for the global marketplace.

Q: How were eligible cities selected?
A: Ohio only has a limited amount of resources available for this program; Ohio’s three largest cities were selected to ensure the funds could be rapidly deployed in areas with significant housing need and deep administrative capacity. The cities voluntarily opted into the program.

Q: How is this program funded?
A: Resources for this program were made available due to a temporary 12.5 percent increase in the amount of credits available, included in the Consolidated Appropriations Act of 2018. Additional funds left over from this increase have been attributed to a Strategic Initiatives fund to create a balance of resources statewide.

Q: Did the city have to contribute any matching funds?
A: No. The tax credit investment must be leveraged by market-rate development, not budgeted dollars.

Q: Do the cities have to forego other funding, or can they still compete under the Qualified Allocation Plan?
A: Developers can still complete for traditional tax credits under the Qualified Allocation Plan. To promote fairness and statewide balance, “Local Development Priority” points will not be available in FHAct50 cities. This means that most applications will need to meet four out of eight priorities in one section of the Qualified Allocation Plan to score perfectly, instead of satisfying four out of *nine* priorities. Other ways to score those points may include locating near public transit hubs and grocery stores or participating in other OHFA funding programs.

Q: How will cities select developments to receive credits?
A: The Target Area Plan, developed in consultation with residents, must identify the competitive selection process. The competition must be must be transparent and open to the public.

Q: How will the program be accountable to local residents?
A: The city must create a Target Area Plan through a public process; OHFA is providing administrative support to ensure the city has sufficient resources for authentic community engagement. The selection of individual units must be conducted in accordance with this Target Area Plan and must be open for public inspection. The Target Area Plan must create or otherwise empower a committee that is responsible for advising and consulting on TAP implementation and serves as a single point of community contact to partners and potential funders regarding the TAP. The committee must include, but is not limited to, low-income neighborhood residents. Each development financed with tax credits must include a local nonprofit in the ownership entity.

Q: How will program outcomes be measured?
A: OHFA's Office of Housing Policy is dedicated to using research-based data to drive OHFA's mission; this office will be responsible for all program evaluation. All program participants agreed to supply any necessary data for this review.

Q: How much money will this program generate for each city?
A: Cities will not receive any funds directly. Instead, they receive authority to supplant OHFA's competitive scoring requirements for those contained in their local Target Area Plan. The equity value of housing tax credits can fluctuate with market conditions and investor demand; however, this program could generate as much as $30 million in equity for each selected neighborhood.

Q: What partnerships must the city engage to successful execute the program?
A: The city must enter into any partnership it believes will further the Target Area Plan. This must include at least one high-impact partnership designed to promote resident wellbeing and neighborhood success, which may include a school district, anchor institution, social service provider, philanthropic organization, or legal rights or advocacy organization.