Workforce, Families and Children Symposium

Affordable Housing Overview
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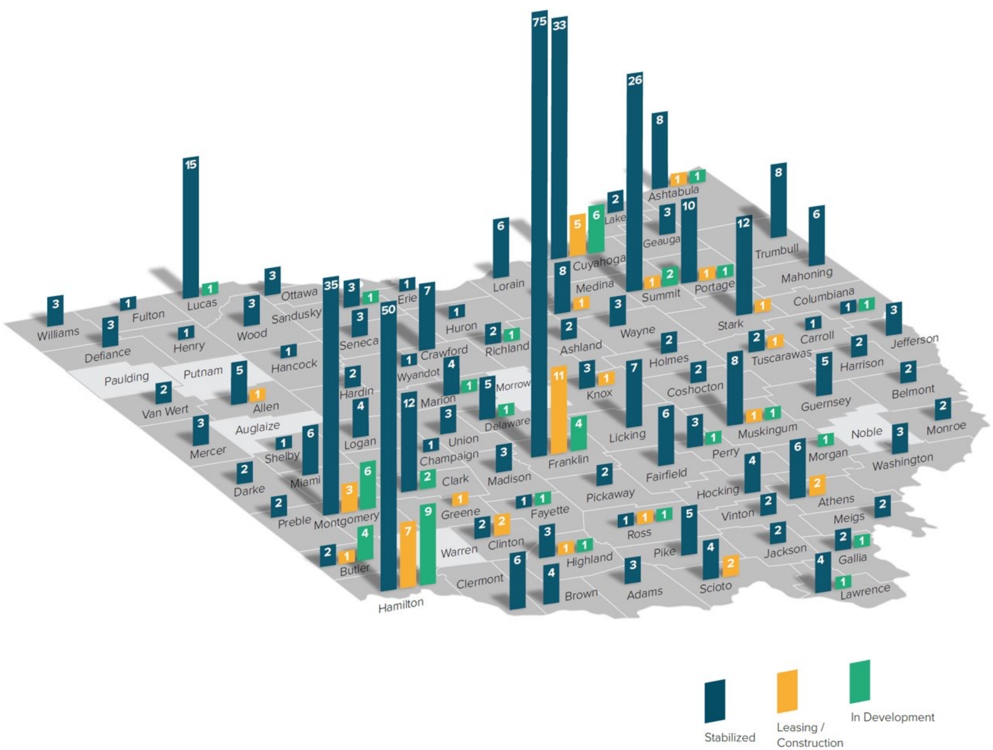
About OCCH

Ohio Capital Corporation for Housing

Not-for-Profit organization:
Founded in 1989

Mission:
To cause the construction or rehabilitation of affordable housing (OH, KY, IN, PA, WV, TN)

Results:
60,000 units of affordable housing, representing $5.9B equity investments across 1,000+ properties



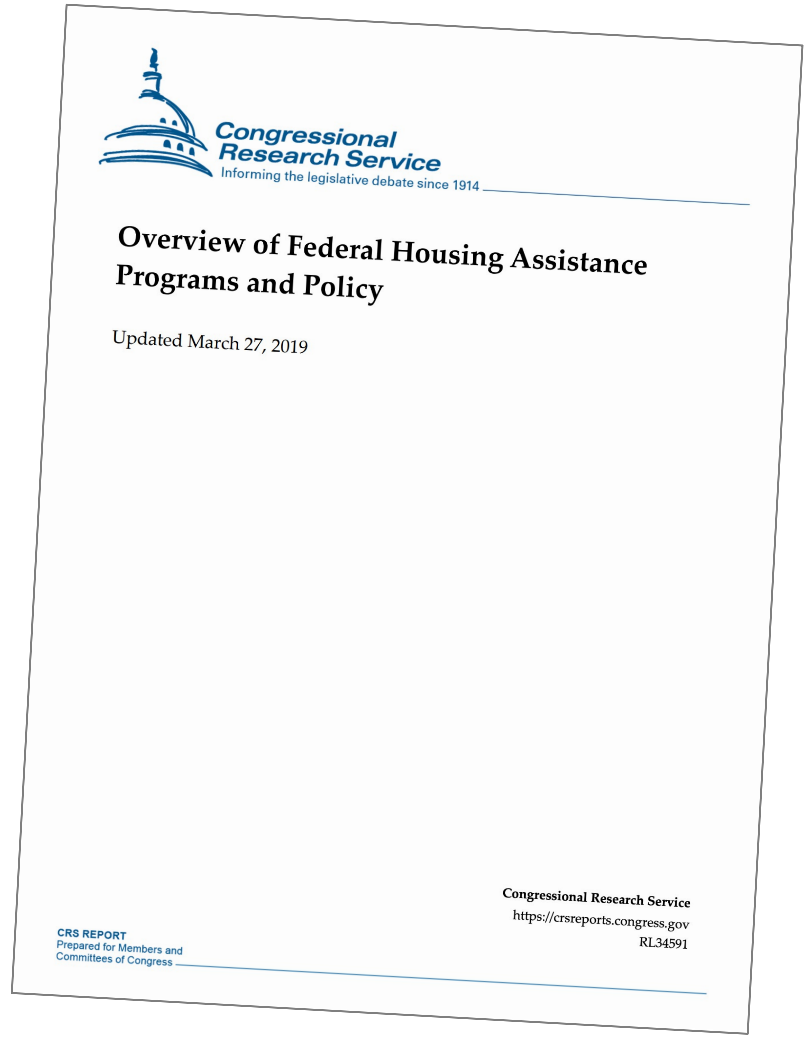
Affordable Housing Overview

It’s a VERY complicated landscape!

- Dozens of Federal programs over the decades…many have been formally retired or defunded

- Primary agencies are the U.S. Department of Housing and Urban Development (HUD); the U.S. Department of Agriculture (USDA); the U.S. Department of Treasury (IRS)

- The Low Income Housing Tax Credit (LIHTC) has been the primary driver of affordable housing development the past 20+ years



Congressional Research Service
Informing the legislative debate since 1914

Overview of Federal Housing Assistance Programs and Policy

Updated March 27, 2019

Congressional Research Service
https://crsreports.congress.gov
RL34591

CRS REPORT
Prepared for Members and Committees of Congress

Low Income Housing Tax Credit

About LIHTC or Section 42 Housing

The LIHTC was enacted as part of the Tax Reform Act of 1986 (P.L. 99-514) and provides incentives for the development of affordable rental housing through federal tax credits administered through the Internal Revenue Service. (The program is codified at 26 U.S.C. §42.) The tax credits are disbursed to state housing finance agencies (HFAs) based on population. HFAs, in turn, award the credits to housing developers that agree to build or rehabilitate housing in which a certain percentage of units will be affordable to low-income households. Housing developers then sell the credits to investors and use the proceeds to help finance the housing developments. The benefit of the tax credits to the purchasing investors is that they reduce the investor's federal income tax liability annually over a 10-year period.

[NOTE: Owners are required to file 30-year Deed Restrictions placing limitations on the amount of rent that can be charged to tenants and the income levels that tenants earn to be eligible to reside in the property at the time of original tenancy.]

HUD 202 / PRAC

About HUD 202 / PRAC Housing

Through the Section 202 Supportive Housing for the Elderly program, HUD provides funds to nonprofit organizations that in turn build rental properties for low-income elderly households (those where one or more persons are age 62 or older). It was created as part of the Housing Act of 1959 (P.L. 86-372).

[NOTE: Some HUD 202 properties are also known as PRACs as they received a Project Rental Assistance Contract. It is not uncommon for a HUD 202 property to be referred to as a HUD PRAC property.]

HUD 811 / PRAC

About HUD 811 / PRAC Housing

The Section 811 Supportive Housing for Persons with Disabilities Program was created in 1990 as part of the Cranston-Gonzalez National Affordable Housing Act (P.L. 101-625).

Through Section 811, HUD provides capital grants to nonprofit organizations to create rental housing that is affordable to very low-income households (income at or below 50% of AMI) with an adult who has a disability. The program also funds project rental assistance contracts to subsidize the rent paid by tenants. Housing built with capital grants may include group homes, independent living facilities, multifamily rental units, condominium units, and cooperative housing. Section 811 developers must provide supportive services to those residing in the units.

[NOTE: Some HUD 811 properties are also known as PRACs as they received a Project Rental Assistance Contract. It is not uncommon for a HUD 811 property to be referred to as a HUD PRAC property.]

HUD Project Based Section 8

About HUD Project Based Section 8 Housing

Under the project-based Section 8 rental assistance program, HUD enters into contracts with private property owners under which owners agreed to rent their housing units to eligible low-income tenants for an income-based rent, and HUD agreed to pay the difference between tenants' contributions and a rent set by HUD. Families are eligible to live in project-based Section 8 units if they are low-income (having income at or below 80% of the area median income), but 40% of units made available each year must be reserved for extremely low-income families (those with income at or below 30% of the area median income).

[NOTE: Some 'legacy' HUD programs such as Rent Supplement, Rental Assistance Payment, Section 8 Moderate Rehabilitation have gone through the 'Rental Assistance Demonstration' (RAD) conversion where old HUD programs are converted to a new Project-Based Section 8 Rental Assistance contract. As such, some properties referred to as 'RAD' properties fall under the Project-Based Section 8 category.]

USDA Section 515

About USDA Section 515 Housing

Under the Section 515 program, the Rural Housing Service of the USDA is authorized to make direct loans for the construction of rural rental and cooperative housing. (The program is codified at 42 U.S.C. §1485.) The loans are made at a 1% interest rate and are repayable in 50 years. Except for public agencies, all borrowers must demonstrate that financial assistance from other sources is not enough to enable the borrower to provide the housing at terms that are affordable to the target population.

[NOTE: Most RD 515 properties also participate in the USDA 521 program which provides rental assistance (RA) subsidies to help pay resident's rents. In doing so, USDA controls the income for this property.]

USDA Section 521

About USDA Section 521 Housing

Under the Section 521 program, rental assistance payments, which are made directly to owners of rental properties, make up the difference between the tenants' rent payments (30% of tenant income) and the USDA-approved rent for the Section 515 units. (The Section 521 program is codified at 42 U.S.C. §1490a.) Owners must agree to operate the property on a limited profit or nonprofit basis.

[NOTE: USDA Rental Assistance is typically paired with properties involved in either the RD 515 or RD 538 programs.]

USDA Section 538

About USDA Section 538 Housing

Under the Section 538 program, USDA guarantees loans made by private lenders to developers of affordable rural rental housing for low- and moderate-income households.

[NOTE: Many RD 538 also participate in the USDA 521 program which provides rental assistance (RA) subsidies to help pay resident's rents. In doing so, USDA controls the income for this property.]

Public Housing

About Public Housing

Low-rent public housing developments are owned and operated by local public housing authorities (PHAs) and subsidized and regulated by the federal government. (The program is codified at 42 U.S.C. §1437.) Generally, families are eligible to live in public housing if they are low-income (earning at or below 80% of area median income), but 40% of public housing units that become available in a year must be given to families that are extremely low-income (earning at or below the greater of 30% of area median income or the federal poverty guidelines). As in the two Section 8 programs, families living in public housing pay 30% of their adjusted income toward rent.

PHAs receive several streams of funding from HUD to help make up the difference between what tenants pay in rent and what it costs to maintain public housing. PHAs receive operating funds and capital funds through a formula allocation process; operating funds are used for management, administration, and the day-to-day costs of running a housing development, and capital funds are used for modernization needs (such as replacing a roof or heating and cooling system, or reconfiguring units).