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Hamilton County's Neighborhood Stabilization Program

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Hamilton County's Neighborhood Stabilization Program

Neighborhood Stabilization Program

Purpose

Over the last ten years, the number of foreclosure filings in Hamilton County has skyrocketed—climbing by more than 200%. In recent years, about half of the County's foreclosures are occurring outside the City of Cincinnati. In addition to the individual impact on families, an individual foreclosure costs the surrounding neighborhood tens of thousands of dollars in property value, along with an increasing backlog of blight and abandonment.

The U.S. Department of Housing and Urban Development's new Neighborhood Stabilization Program provides emergency assistance to state and local governments to acquire and redevelop foreclosed properties that might otherwise become sources of abandonment and blight within their communities. The ***Neighborhood Stabilization Program (NSP)*** *provides grants to every state and certain local communities to stabilize neighborhoods and stem the decline of values of neighboring homes. Hamilton County has received an allocation of nearly $8 Million dollars to stem the housing crisis*

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With these funds, the County is designing a program to reinvest in our communities, to remove blight and unsafe properties from our neighborhoods, to replace them with new commercial, residential and greenspace development, and to create job opportunities for our citizens.

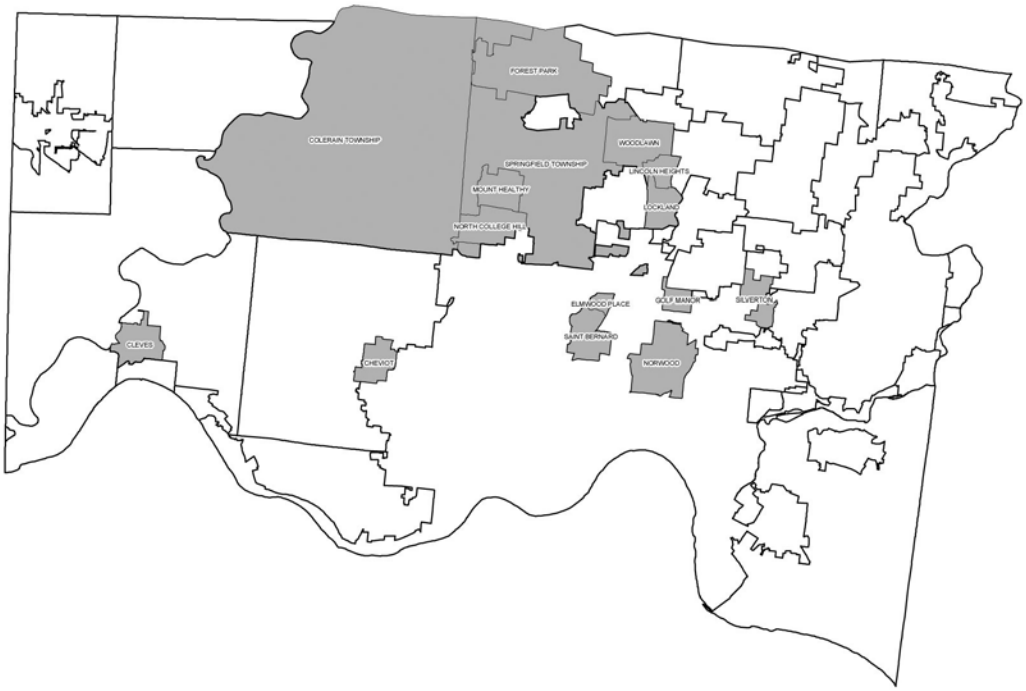
Targeted Communities

Determining Priority Communities

- To select communities to be targeted with NSP funds, Hamilton County reviewed foreclosure data from a variety of sources, including records from the Clerk of Courts and Auditor's office, as well as studies completed by Working in Neighborhoods (a non-profit developer and counseling agency), and data provided by HUD, including USPS vacancy rates, Low/Mod/Middle income data, Estimated Foreclosure abandonment risk score, HMDA high cost loan rates, and predicted 18 month underlying problem foreclosure rate. This data was examined at the community level, and broken down by census tract and block group.

- In the end, a total of **15 jurisdictions** within Hamilton County qualified for targeting, largely coming from Northern and Central parts of the County, but with some needs both East and West. Other communities will still have an opportunity to receive support for distinct foreclosure abatement projects. The map and spreadsheet below illustrate the impacted communities:

Neighborhood Stabilization Program
Priority Communities in Hamilton County



Jurisdiction	*Total Foreclosures 2007 & 2006*	*2008 Foreclosures*	*Total Foreclosures*	*Total Housing Units*	*Foreclosures as % of Total Housing Units (B+C)/D*	*≥ 50% of Block Groups with Foreclosure Risk Score 8 or Above?*	*Average of Predicted 18 Month Score 6 or Above*	*≥ 50% of Block Groups Eligible*
Colerain Township	500	344	844	23,093	3.65%	Yes	Yes	Yes
Springfield Township	371	239	610	14,478	4.21%	Yes	Yes	Yes
Forest Park	276	158	434	7,748	5.60%	Yes	Yes	Yes
Norwood	188	101	289	10,044	2.88%	Yes	Yes	Yes
North College Hill	153	76	229	4,488	5.10%	Yes	Yes	Yes
Cheviot	93	52	145	4,338	3.34%	Yes	Yes	Yes
Golf Manor	70	38	108	1,840	5.87%	Yes	Yes	Yes
Mt. Healthy	70	36	106	3,421	3.10%	Yes	Yes	Yes
Saint Bernard	56	31	87	2,195	3.96%	Yes	Yes	Yes
Cleves	38	37	75	1,020	7.35%	Yes	Yes	Yes
Lincoln Heights	56	17	73	1,762	4.14%	Yes	Yes	Yes
Elmwood Place	48	21	69	1,173	5.88%	Yes	Yes	Yes
Lockland	43	25	68	1,826	3.72%	Yes	Yes	Yes
Silverton	38	25	63	2,662	2.37%	Yes	Yes	Yes
Woodlawn	32	18	50	1,330	3.76%	Yes	Yes	Yes

DISTRIBUTION AND USES OF FUNDS

Eligible Uses

HUD has established the following eligible uses for the NSP funds:

- Establish financing mechanisms for purchase and redevelopment of foreclosed homes and residential properties;
- Purchase and rehabilitate homes and residential properties abandoned or foreclosed;
- Establish land banks for foreclosed homes;
- Demolish blighted structures;
- Redevelop demolished or vacant properties
- Hamilton County must use at least 25 percent of the funds appropriated for the purchase and redevelopment of abandoned or foreclosed homes or residential properties that will be used to house individuals or families whose incomes do not exceed 50 percent of the area median income

- **Activities funded by NSP are to benefit persons whose income does not exceed 120 percent of area median income (about $79,000 for a family of four). This is a far higher income limitation than other federal dollars allow.*

County Allocation Process

- The County hosted several working sessions with the 15 communities who will receive NSP funds, gathering their input on ways to allocate those dollars so that they most directly meet each community's needs;
- At these meetings, the County also surveyed those communities about their priorities among the eligible uses;
- From this input, the County created an **allocation framework** as follows:
    - Communities will each be allocated an amount of dollars up to a respective *spending cap* (see below), reflecting the relative number of foreclosures in each community;
    - The funds will be housed with the County, to be allocated to communities through a regular and straightforward application process—whereby communities identify and describe specific projects and the County reviews the application to ensure those projects meet NSP eligibility, and then allocates the requested dollars;
    - Communities can undertake as many projects as they wish up until they reach their "spending cap"; there will also be $400,000 available for non-targeted County communities, who still have foreclosure-abatement needs;
    - If a project generates dollars through project income (eg. through sales of a rehabilitated property), the dollars returned will be eligible for re-investment by that community (and will not count against their spending cap);
    - Based on the community input received, the specific amount of dollars eligible for each potential use is indicated in the second matrix below (although this will be subject to change as implementation occurs);
    - Overall, this approach allows each community to decide for itself the mix of investments that best suits its needs; and it also allows communities to determine for themselves the best way to implement

projects— directly, or in partnership with private and/or non-profit entities—as well as how best to leverage these investments with other public or private dollars.

Spending Caps by Community

Jurisdiction	*# Foreclosures 2006 - 2008*	*Funding Cap*	*Appraisal/Legal Services*	*25% rental*	*Admin*
Colerain Township	844	$585,000			
Springfield Township	610	$510,000			
Forest Park	434	$435,000			
Norwood	289	$375,000			
North College Hill	229	$350,000			
Cheviot	145	$300,000			
Golf Manor	108	$260,000			
Mt. Healthy	106	$260,000			
St. Bernard	87	$235,000			
Cleves	75	$230,000			
Lincoln Heights	73	$230,000			
Elmwood Place	69	$225,000			
Lockland	68	$225,000			
Silverton	63	$225,000			
Woodlawn	50	$215,000			
Balance of County		$400,000			
Subtotal		$5,060,000	$120,000	$1,993,000	$797,000
Total of all funds		$7,970,000			

NSP Activity Amounts

Activity	*Average Cost*	*# of homes*	*Cost/home*	*Total Cost*	*Program Income*	*# of homes*
Valley Homes Redevelopment (req'd 25% for low income)	25% of NSP funds	13	$153,308	$1,993,000		
Acquisition (for demolition)	avg. of $25,000 subsidy/house	40	$25,000	$1,000,000		
Demolition (residential)	avg. of $8500/house	85	$8,500	$722,500		
Demolition (commercial)	avg. of $16,500/commercial	20	$16,500	$330,000		
Acquisition (for rehab)	avg. of $40,000 subsidy/house	26	$40,000	$1,040,000	$832,000	20
Rehab or New Construction	avg. of $60,000 subsidy/house	26	$60,000	$1,560,000	$1,248,000	20
Homebuyer Downpayment Assistance	avg. of $5,000/buyer	26	$5,000	$130,000		
Homebuyer Soft Second Mortgage	avg. of $10,000/buyer	26	$10,000	$260,000		
Homebuyer Counseling	avg. of $750/buyer	26	$750	$19,500		
Appraisal and Legal Services	avg. of $1800/house	66	$1,800	$118,800		
Administration	10% of grant			$797,050		
Total				$7,970,850	$2,080,000	
Grand total (with anticipated program income)				$10,050,850		

Supportive Programs

While the County works to invest NSP funds for maximum impact, it will continue to work on other efforts that will 1) prevent foreclosures from happening in the first place, and 2) make the process of communities acquiring blighted/foreclosed property for reinvestment as expeditious as possible.

Hamilton County Homeowner Preservation Group:

- The Hamilton County Homeowner Preservation Group is a group of non-profit counseling agencies and lending institutions who teamed up with Hamilton County and the City of Cincinnati to assist residents who are in danger of losing their homes to foreclosure. The program connects homeowners with a local non-profit housing counselor though United Way's Help Line 211 (Dial 2-1-1);
- HCHPG also provides access to emergency assistance funds to help them refinance existing mortgages and get into more affordable, stable loans;
- The effort provides consumers protection by making it easier for homeowners to report fraudulent and deceptive practices that result in unwarranted financial strain and foreclosures—through Legal Aid and the Attorney General's office
- And it conducts Borrow Outreach Days and other educational programs aimed at teaching homeowners and homebuyers to prevent foreclosure.
- From 1/1/07 through 6/30/08, the Hamilton County Homeowner Preservation Initiative has saved approximately 700 homes from foreclosure, avoiding a property value loss of tens of millions of dollars.

Administrative Foreclosure:

- In order to assist communities with acquiring foreclosed and abandoned properties, the County Commissioners are committed to establish and implement an administrative tax foreclosure process as governed under HB 294.
- This process will allow for the timely and effective processing of abandoned properties that are in tax foreclosure.
- H.B. 294 allows for select tax foreclosures to be adjudicated more quickly by counties' Boards of Revision, to prevent properties from sitting vacant for months or years.