

## **SPECIAL ACHIEVEMENT**

Ohio's Neighborhood Initiative Program

*Doug Garver, Executive Director*

*Jeremy Myers, Director of Homeownership Preservation*

**2014 Entry Form**  
(Complete one for each entry.)

Fill out the entry name *exactly* as you want it listed in the program.

**Entry Name** \_\_\_\_\_

**HFA** \_\_\_\_\_

**Submission Contact** \_\_\_\_\_

**Phone** \_\_\_\_\_ **Email** \_\_\_\_\_

Qualified Entries must be received by **Tuesday, July 1, 2014**.

For more information about Qualified Entries, [click here to access the 2014 Entry Rules](#).

Use this header on the upper right corner of each page.

HFA \_\_\_\_\_

Entry Name \_\_\_\_\_

Communications	Homeownership	Rental Housing	Special Needs Housing
<input type="checkbox"/> Annual Report <input type="checkbox"/> Promotional Materials and Newsletters <input type="checkbox"/> Creative Media	<input type="checkbox"/> Empowering New Buyers <input type="checkbox"/> Home Improvement and Rehabilitation <input type="checkbox"/> Encouraging New Production	<input type="checkbox"/> Multifamily Management <input type="checkbox"/> Preservation and Rehabilitation <input type="checkbox"/> Encouraging New Production	<input type="checkbox"/> Combating Homelessness <input type="checkbox"/> Housing for Persons with Special Needs
Legislative Advocacy	Management Innovation	Special Achievement	Are you providing visual aids?
<input type="checkbox"/> State Advocacy <input type="checkbox"/> Federal Advocacy	<input type="checkbox"/> Financial <input type="checkbox"/> Human Resources <input type="checkbox"/> Operations <input type="checkbox"/> Technology	<input type="checkbox"/> Special Achievement	<input type="checkbox"/> YES <input type="checkbox"/> NO

## 2014 NCSHA Award Nomination

**HFA:** Ohio Housing Finance Agency  
**Category:** Special Achievement  
**Entry Name:** Ohio's Neighborhood Initiative Program  
*Doug Garver, Executive Director*  
*Jeremy Myers, Director of Homeownership Preservation*

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In the wake of the 2008 financial downturn that led to the foreclosure crisis and Great Recession, Ohio became a participant in the U.S. Department of the Treasury's Hardest Hit Fund (HHF) Program. The Ohio Housing Finance Agency (OHFA) implemented the HHF program for the state by launching a suite of mortgage assistance programs with the overriding goal of preventing foreclosures.

Prior to HHF many homeowners were forced to leave their homes due to foreclosure, leading to rapid home abandonment – especially in older, urban neighborhoods. A massive backlog of judicial foreclosure cases caused these abandoned homes to quickly deteriorate into blighted properties. Now, Ohio was faced with not only a foreclosure crisis, but a vacant property crisis as well. While demolition may be the most pragmatic remedy for dealing with vacant and blighted homes, it presents a paradox to agencies which support affordable housing and homeownership.

### INNOVATION:

How does a housing finance agency that promotes housing development and homeownership suddenly find itself sponsoring housing demolition? The answer goes back to the overriding HHF goal of preventing foreclosures. Conventional programs address this through mortgage assistance on behalf of borrowers, but vacant and blighted properties are physical problems which require a new solution. Indeed, to stabilize and prevent further foreclosures in a residential neighborhood, the blighting influences and persistent vacancies must be eliminated by demolition in order to preserve the surrounding viable households.

OHFA's innovation led to the creation of the Neighborhood Initiative Program (NIP), allocating \$60 million of HHF dollars to blight elimination efforts. Not just a demolition program, NIP requires properties to be owned by County Land Reutilization Corporations, commonly known as land banks. These land banks strategically target and acquire vacant and blighted property, contract the environmental abatement and demolition work, green the newly cleared sites, and then own and maintain the sites for up to three years after the blight has been removed. This comprehensive approach gives targeted Ohio neighborhoods a fighting chance to heal and adapt to the "new normal" in which we find our housing markets.

### RESPOND TO AN IMPORTANT STATE NEED:

It is estimated that there are 100,000 vacant and blighted homes in neighborhoods throughout the state. Blight elimination dollars from other sources such as local municipalities, HUD programs, and a unique program through the Ohio Attorney General are finite and fall short of demand.

Applications for NIP funding were highly competitive, demonstrating the need across the state to address vacant and blighted housing. It was clear from applications for NIP that blight is negatively impacting housing markets and neighborhoods. Land banks ultimately requested double the funding that was allocated to NIP.

#### ACHIEVE INTENDED RESULTS:

NIP, with its mission of preventing foreclosures is structured in strategic way. Target areas are required to be developed by OHFA's Land Bank partners, who know the detailed conditions and market dynamics of their service areas. Target areas are mapped and analyzed in order to best determine demolition sites.

Additionally, "tipping point" neighborhoods are often targeted for foreclosure prevention. "Tipping point" has many meanings, but in the case of NIP it is a residential neighborhood experiencing a marked decline with rising vacancies and falling home values. Most often, it is a majority owner-occupied market where residents maintain their properties and less than 20 percent of homes are blighted. OHFA believes it is in these neighborhoods that NIP will have the most impact in the battle against foreclosures through the removal of vacant and dilapidated properties.

Launched in early 2014, NIP has committed \$50 million, with a second round of funding scheduled later this summer. To date, 14 vacant, blighted homes have been successfully removed.

#### PROVIDE BENEFITS THAT OUTWEIGH COSTS:

NIP works in tandem with another innovative approach. By dealing exclusively with land banks, OHFA leverages the unique real estate powers that Land Banks are afforded by way of the Ohio Revised Code. Land banks are quasi-public agencies with dedicated revenue streams and the ability to acquire property in an expedited manner. Most importantly, land banks have blight elimination policies and procedures that make them very efficient and cost effective. The creation of green space following demolition can help bolster surrounding home values and help restore equity for existing homeowners.

Attachments: Sample Target Area Map  
News Release (2.28.13)  
Newsletter Article (Winter 2014)  
Before and After Photos





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John R. Kasich Governor of Ohio | Douglas A. Garver Executive Director

FOR IMMEDIATE RELEASE  
February 28, 2014

## **OHFA Awards 11 Counties a Portion of \$49.5 Million to Tackle Blighted Communities**

The Ohio Housing Finance Agency (OHFA) today announced the recipients of a program designed to help prevent foreclosures and stabilize local property values through the demolition of vacant and blighted homes across the state. Eleven counties with established land banks were awarded a portion of more than \$49.5 million available through the first funding round of the Neighborhood Initiative Program (NIP).

The 11 land banks, or entities acting on behalf of land banks, receiving funding through NIP include:

- Cuyahoga County Land Reutilization Corporation – \$10,118,750
- Lucas County Land Reutilization Corporation – \$6,000,000
- Central Ohio Community Improvement Corporation – \$5,825,000
- The Port of Greater Cincinnati Development Authority – \$5,065,000
- Montgomery County Land Reutilization Corporation – \$5,055,000
- Mahoning County Land Reutilization Corporation – \$4,266,250
- City of Canton – \$4,235,000
- Trumbull County Land Reutilization Corporation – \$3,221,250
- Lorain County Port Authority – \$3,005,000
- Summit County Land Reutilization Corporation – \$2,000,000
- Richland County Land Reutilization Corporation – \$773,750

OHFA received approval in August from the U.S. Department of the Treasury to utilize up to \$60 million of the state's remaining Hardest Hit Funds to prevent future foreclosures by stemming the decline in home values in communities affected negatively by vacant and blighted properties. Treasury allocated \$570.4 million of Hardest Hit Funds to OHFA in 2010 to administer the state's foreclosure prevention program, Save the Dream Ohio.

Available to the 17 Ohio counties that have an established land bank, applicants were required to focus efforts on target areas in which the demolition and greening of abandoned homes will assist in preventing a further reduction in property values

and possible foreclosure of neighboring occupied residential homes. Awardees are responsible for all aspects of the property acquisition and removal as well as plans for greening and ongoing maintenance of the property.

Funding amounts were awarded based on a number of factors including county population and the magnitude of vacant and blighted properties owned or identified for acquisition within the area. The maximum amount of assistance per property is \$25,000 with an estimated average amount of assistance of \$12,000.

“The Neighborhood Initiative Program will provide much-needed relief to Ohio counties with a large number of vacant and dilapidated homes,” said OHFA Executive Director Doug Garver. “This program will not only alleviate the burden of blighted neighborhoods on families, communities and Ohio’s economy, it will also help to keep individuals in their homes.”

OHFA will award the remaining NIP funds during a second funding round later this year. For additional information regarding NIP, please contact OHFA at 888-362-6432.

Save the Dream Ohio offers programs for homeowners struggling to pay their mortgages. Homeowners may apply for assistance online at [www.savethedream.ohio.gov](http://www.savethedream.ohio.gov) or by calling 888-404-4674.

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***About the Ohio Housing Finance Agency***

*OHFA is a self-supporting quasi-public agency governed by an 11 member board. The Agency uses federal and state resources to provide housing opportunities for families and individuals through programs designed to develop, preserve and sustain affordable housing throughout the state of Ohio. OHFA is also the administrator of the state's foreclosure prevention program, Save the Dream Ohio.*

# OHFA SHIFTS FOCUS TOWARDS TACKLING OHIO'S VACANT PROPERTIES

**CINDY FLAHERTY** — DIRECTOR OF HOMEOWNERSHIP

In August, OHFA announced the launch of the Neighborhood Initiative Program (NIP), which will make available up to \$60 million of remaining Hardest Hit Funds (HHF) for the acquisition and strategic removal of vacant and blighted residential properties throughout the state. OHFA obtained initial approval for NIP from the U.S. Department of the Treasury in July, and executed amended Term Sheets in December.

Eligible applicants will be land banks established under Section 1724 of the Ohio Revised Code or a local entity that has signed a cooperative agreement with the established land bank. The land bank must have the capacity and experience to administer the program.

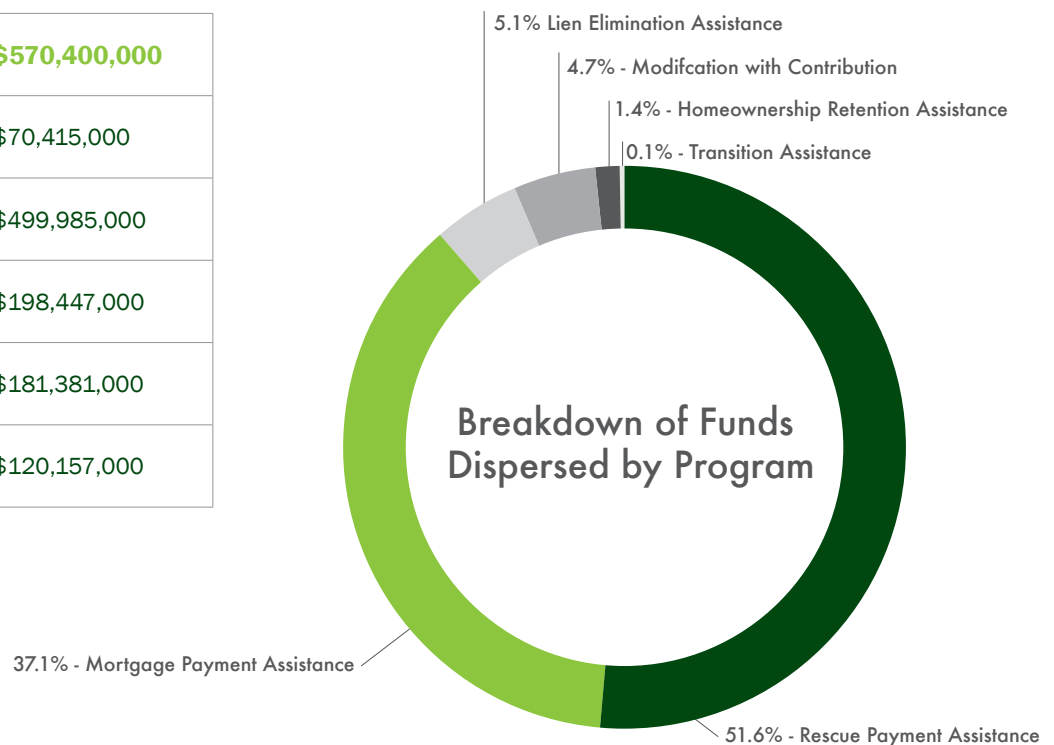
Eligible properties will be limited to vacant and blighted one to four unit residential properties owned by the land bank that qualify for lawful demolition under state or federal law. Properties listed on the federal historic register will not be eligible, and properties in local or federal historic districts will be subject to additional review and approval.

Each applicant will be required to submit a proposal that must address five key elements: experience and capacity; target area plan; acquisition strategy; demolition strategy and; greening, maintenance and disposition strategy.

The maximum amount of assistance will be \$25,000 per property which may only be used for acquisition, pay-off of an existing loan, approved demolition costs, greening and maintenance of the site, and administration. This will be secured by a three-year, zero percent non-amortizing lien in favor of Ohio Homeowner Assistance LLC. If the property is transferred for an eligible purpose such as a public improvement, approved side lot program or redevelopment, the lien will be released. After three years, any remaining liens will be released as long as covenants have been met.

OHFA issued a [Request for Proposals](#) on January 3. Responses are due on January 31. Awards will be announced on February 28. Up to \$50 million will be offered in the first round. A second round of funding will be offered for Land Banks that did not apply or were not successful in the first round, and for successful participants that qualify for additional funding. Any remaining funds will be allocated later, based on performance. Please email questions to [NIP@ohiohome.org](mailto:NIP@ohiohome.org).

<b>Ohio HHF Allocation</b>	<b>\$570,400,000</b>
Administration - Total Projected	\$70,415,000
Program Funds - Total Projected	\$499,985,000
Program Funds Dispersed by 11/30/13	\$198,447,000
Program Funds Reserved/Committed, including NIP	\$181,381,000
Remaining Program Funds	\$120,157,000



BEFORE



AFTER



This property in Cleveland's tipping point neighborhood of Shaker Square demonstrates easily identifiable blight and neglect, and the resulting demolition dramatically opens up the neighborhood.

BEFORE



AFTER



This example is in Cleveland's tipping point neighborhood of Collinwood, and although the exterior blight is more subtle, the interior was damaged well beyond repair. Note the new sidewalk as part of this site's contribution to bolstering surrounding properties.