

CUYAHOGA COUNTY HOUSING PROGRAM

JANUARY 2019



Photo: Tim Evanson - <https://www.flickr.com/photos/timevanson/35784672124/>

OVERVIEW

- National Foreclosure Crisis
- History and Impact of Demolition Programs
- Housing Market Snapshot
- Housing Program Overview
 - Primary Components
 - Funding
 - Other Factors

NATIONAL FORECLOSURE CRISIS

- Foreclosure rate quintupled from 2007 to 2011
- National foreclosure and delinquency rates only returned to pre-crisis levels in 2018
- Cuyahoga County's residential foreclosure filings remain higher than the national average

Foreclosure and mortgage delinquency rates

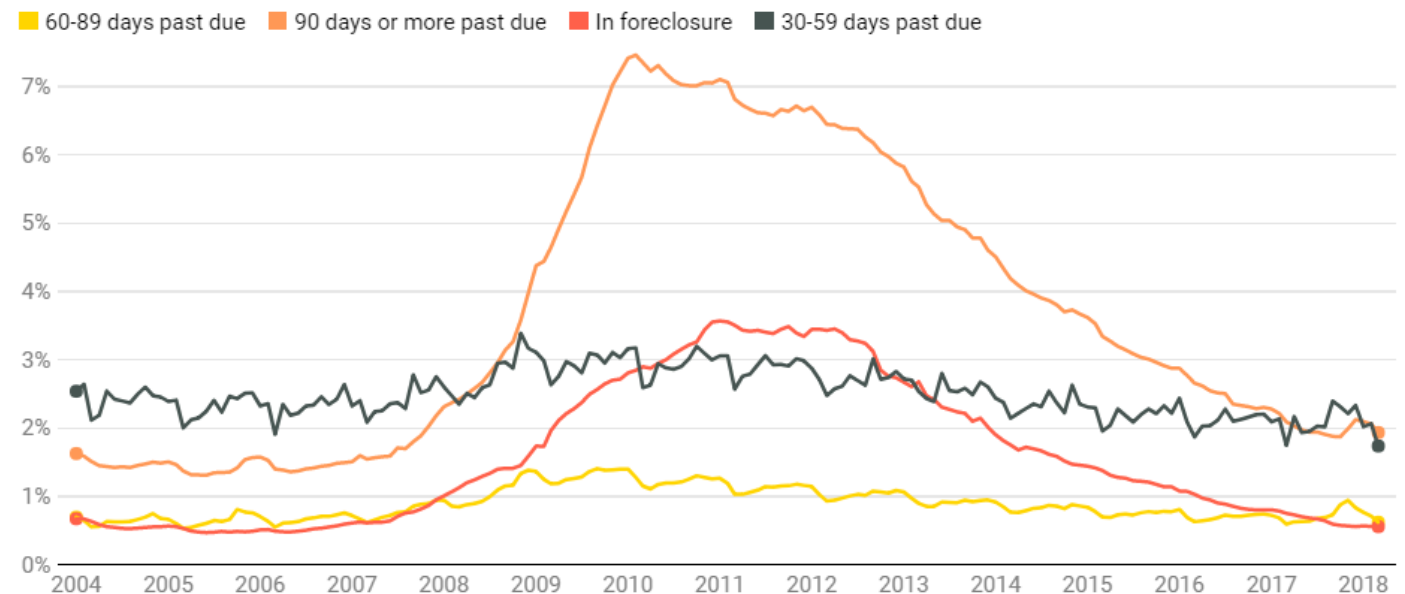


Chart: Jeff Andrews • Source: [CoreLogic](#) • [Get the data](#) • Created with [Datawrapper](#)

ESTABLISHMENT OF THE LAND BANK



The Ohio General Assembly enacted SB 353 in 2008, which authorized counties to establish Land Banks

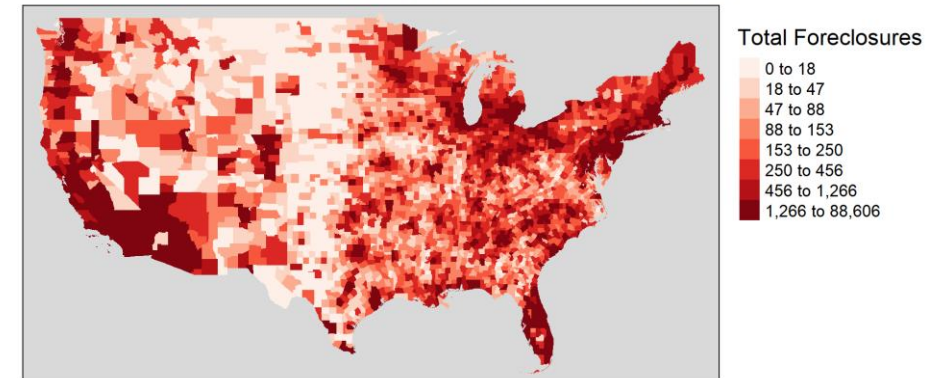
SB 353 was championed by then-County Treasurer Jim Rokakis and other Cuyahoga County stakeholders. Goals of the Land Bank included:

- Reclaim, rehabilitate, and reutilize vacant, abandoned, tax foreclosed or other real property
- Efficiently hold and manage properties pending their return to productive use
- Assist governments, community development corporations and other entities assemble land and clear title in a coordinated manner
- Promote economic & housing development

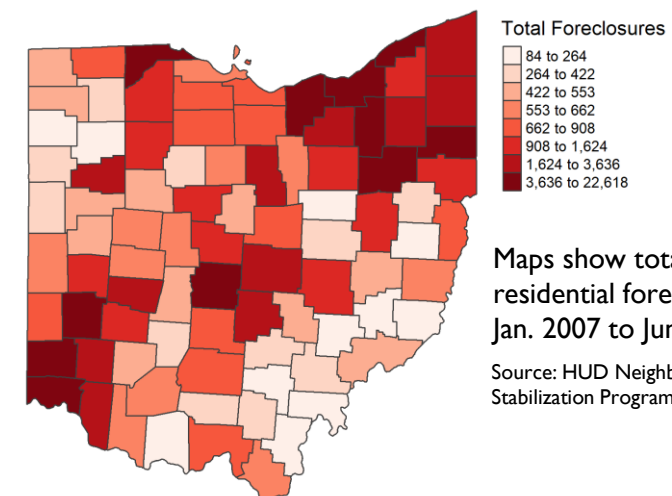
HARDEST HIT FUNDS

- The Troubled Asset Relief Program (TARP), included \$7.6 billion of Hardest Hit Funding (HHF).
- Additional \$2 billion was appropriated in 2016, for a total of \$9.6 billion
- For foreclosure prevention, including blight elimination
- Cuyahoga County has received \$60m in HHF to-date
- Federal requirements:
 - Funding expires in 2020
 - Residential demolition only
 - Land Bank must own parcels
 - 3-year holding requirement
 - Expedited Tax Foreclosure
 - 1,900 parcels in limbo

Foreclosures in US Counties



Total Foreclosures, OH Counties



Maps show total residential foreclosures Jan. 2007 to June 2008

Source: HUD Neighborhood Stabilization Program



CUYAHOGA COUNTY PROPERTY DEMOLITION PROGRAM

County Council made a \$50 million commitment in 2014

\$41 million appropriated to-date, \$8 million reserved for 2019

Over 2,600 structures have been approved for demolition

1,583 demolitions have been completed to-date

Flexible use of dollars

- Nuisance abatements AND Land Bank/city owned
- Does not require tax foreclosure acquisition
- Applies to residential and commercial structures up to \$100k

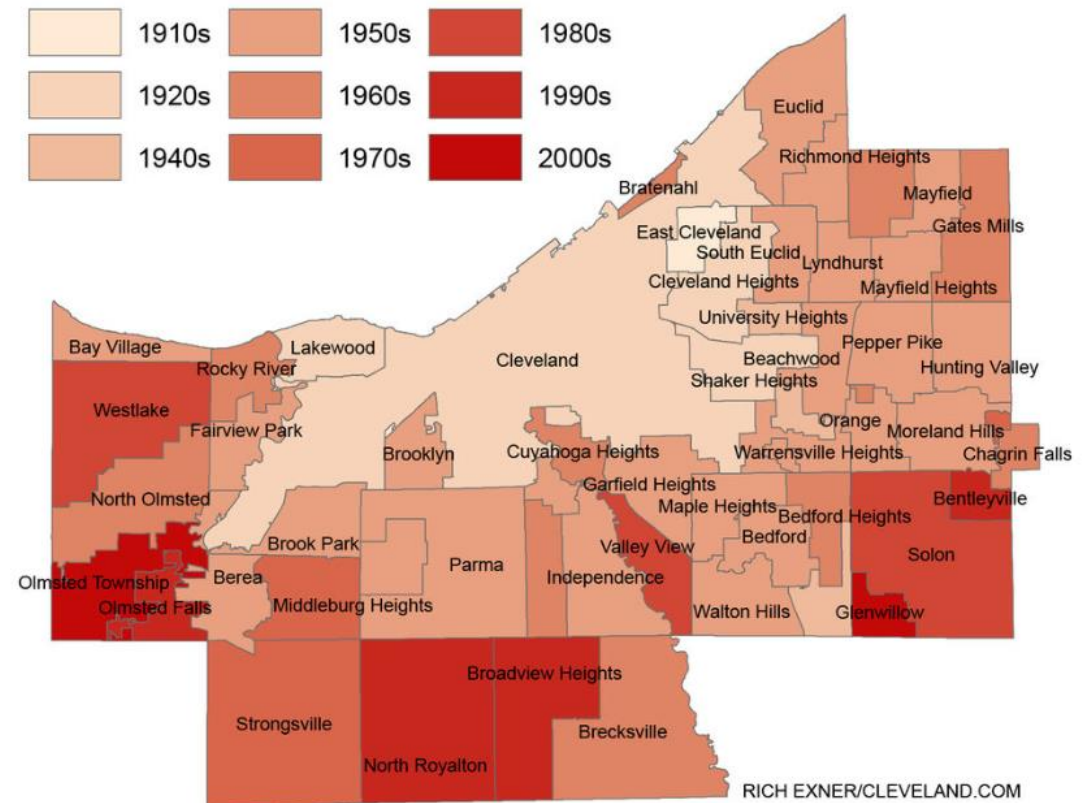
CUYAHOGA COUNTY HOUSING MARKET SNAPSHOT

- 75% of Cuyahoga County homes are over 50 years old
- Approximately 18,000 residential properties remain vacant – over 4.2% of the county’s overall housing stock
- Residential foreclosure filings remain higher than the national average at 1.34%

Take-away:

While demolition has reduced vacancy & removed the worst blight, substantial need still exists to put remaining vacant properties back into productive use before they deteriorate further

When the most homes were built



NEW HOUSING PROGRAM

Partnership between Cuyahoga County and Land Bank

- Council designed: Goals and policies will be identified by ordinance
- Land Bank driven: Fiscal agent & administrator of most program activities
- Funding: Combination of Land Bank DTAC revenues and county funds
- Consistent with long term strategic planning:
 - Addresses recommendations of the 2016 Housing Study commissioned by Council and the 2017 Housing Plan published by the Dept. of Development
 - Program will be incorporated as a core part of the Land Bank's strategic plan

COMPONENT ONE – HOME RENOVATION

Addresses the 7,000-10,000 vacant residential properties throughout the County that are still in fair condition and remain good candidates for rehabilitation

These are strategic investments are intended to eliminate remaining blight and stimulate private market activities

Two sub-parts:

- Short-term investor-supported rehabilitation
 - i.e. “Deed-in-escrow” program
- Land Bank in-house rehabilitation



COMPONENT TWO – HOME OWNER ASSISTANCE

Helping residents acquire affordable housing and keep homes in good repair

Two sub-parts:

- Home repairs – loans, grants, and technical assistance
- Small-dollar mortgages – origination, servicing, bundling, and loan loss reserves

The County's Division of Community Development will design the program, identify third-party providers, and conduct monitoring, oversight, and reporting

The Land Bank will act as the fiscal agent

Legislation dedicates at least \$1 million per year for this component

COMPONENT THREE – HOUSING MARKET

Strategic activities intended to spur private investment in the housing market

Three sub-parts:

- Emerging Markets – creation of real estate “comps” in areas of structural disinvestment
- New in-fill Construction – open-market sales
- Future Markets – strategic land assembly, concept development, feasibility studies, etc.



FUNDING

Six year program - \$5 million per year

- Extends Land Bank DTAC through 2025
- \$1 million per year from Casino Tax Revenues
- \$2.5 million in General Fund over the first few years as demolition activities wrap up

Two-thirds of direct funding would be supported by Land Bank DTAC and Reserves, the other one-third would come from the county's General Fund and Casino Tax Revenues

Opportunity to reinvest up to an additional \$10 million from program revenues

	2020	2021	2022	2023	2024	2025
County General Fund	\$1,500,000	\$500,000	\$500,000	\$ --	\$ --	\$ --
Casino Tax Revenues	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Land Bank DTAC & Reserves	\$2,500,000	\$3,500,000	\$3,500,000	\$4,000,000	\$4,000,000	\$4,000,000
Annual Total	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000

OTHER FACTORS

Prioritize affordable & middle-market neighborhoods

- 90% of Land Bank activity would take place in census tracts with a median home value at or below 175% of the countywide median single-family home value ~ \$200,000

Leveraging additional investment

- Secure additional funding from financial institutions, real estate developers, municipalities, townships, community development corporations, & charitable organizations

Reporting requirements

- Semi-annual reporting from the Land Bank and Development

Metrics and outcomes

- Acquisition and disposition of properties, program budget, contracting data, MBE/WBE, etc.
- Loan default rates, foreclosure rates, vacancy rates, home values, private investment activity

QUESTIONS?

