



Lift the Cap

OHIO HOUSING TRUST FUND

MAY 10, 2006

PRESENTED BY:

TOM STONE
PRESIDENT

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Welcome to the Ohio CDC Association's "Lift the Cap" off the Ohio Housing Trust Fund, a legislative luncheon presentation that will address utilizing the Ohio Housing Trust Fund to solve the urgent housing needs facing Ohio.

OHIO CDC ASSOCIATION

The Ohio CDC Association is a nonprofit, 501(c)(3) statewide membership organization of community development corporations (CDCs). We help CDCs build economically healthy communities by providing training and technical assistance, advocacy and public policy development.

Our key programs are:

- Training and technical assistance in affordable housing development, commercial revitalization, microenterprise, financial education and asset building;
- The Assets Ohio Project which helps 22 organizations provide more than 750 Individual Development Accounts, or IDAs, to low income families in the areas of homeownership, business start-up and education;
- The Ohio Community Revitalization Project, an AmeriCorps Program that places VISTA members at CDCs around the state. VISTA members develop affordable housing, provide homebuyer education and counseling, address vacant and dilapidated properties support job creation projects and conduct outreach and community organizing activities that revitalize the community;
- We also host two Conferences including "Tech Mix", a technology conference planned with the Ohio Community Computing Network (OCCN) for July 13 and an annual membership conference, to be held in Cincinnati on Sept. 19-21.



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OHIO HOUSING TRUST FUND

Created by House Bill 339 in 1991, the Ohio Housing Trust Fund is a flexible state funding source that provides affordable housing opportunities, emergency home repair, homeless services, and, in general improves housing conditions and opportunities for low-income Ohioans.

In 2003, the passage of House Bill 95, doubled the real estate recordation fee and created a permanent and dedicated funding source for the Trust Fund. While the revenue generated from these fees approaches \$75 million, currently the Trust Fund is restricted from receiving more than \$50 million dollars of this revenue or spending more than \$53 million in revenue, interest, recaptured or unexpended funds. The unused \$25 million dollars is currently placed into the state's general revenue fund.

We propose that by lifting these caps off the Trust Fund, the approximate \$25 million in excess revenue could be used to renovate housing; provide home repair and homeownership initiatives; create jobs, and fund new housing opportunities.

We are asking that the General Assembly to lift the cap to \$75 million and allow all of the recordation fee to be used for housing as originally intended. By allocating all of the record fee and interest to the Trust Fund Ohio, will have a powerful tool in combating the housing and community development problems facing our communities.

OHIO'S HOUSING NEEDS:

ACQUISITION AND REHABILITATION

Sometimes the problems our communities face seem dire. With Ohio's record foreclosure rate, we are in need of programs that help create economically stable communities. One of the greatest housing needs facing Ohio is the need for acquisition and rehabilitation.

Ohio is leading the nation in foreclosures and according to Policy Matters, there were 64,000 new foreclosure filings in 2005, an increase of over 8% from 2004. That is one foreclosure for every 71 households. Foreclosures affect all counties, both large and small. The top ten most affected counties include Cuyahoga and Montgomery but also include Brown, Highland and Marion Counties. The greatest growth in foreclosures occurred in rural counties, including Belmont, Gallia, Fayette and Lawrence counties.

When families lose a home through foreclosure, the property often sits vacant and is neglected. The damage to communities from these vacant properties lower property values, increase insurance rates, increase crime rates and create fire risks. According to the US Census, vacant housing in Ohio rose from 7.1 % in 2000 to 9.1% in 2004; that's more than 114,000 vacant homes statewide.

CDCs work to acquire vacant property, rehabilitate it and find a new buyer or demolish it and created other affordable housing.

Funding available for vacant, dilapidated properties and new construction on vacant is limited and is primarily available through the Ohio Housing Finance Agency through the Housing Development Assistance Program and through the Ohio Department of Development's Community Housing Improvement Program. Modest funding for pre-development grants and loans, and linked deposits to reduce financing cost is available through the Ohio Community Development Finance Fund.

While each of these programs allow for the acquisition and rehab of vacant properties, the actual numbers of vacant properties that are being rehabilitated with support for the Ohio Housing Trust Fund is small. This is due to difficulties with such environmental problems as lead, asbestos and mold which act as barriers to restoring these properties to useful life.

Ohio needs additional funding within the Trust Fund that specifically addresses the issues and costs associated with rehabilitation. While funding for the actual rehabilitation cost is critical, funding is also needed by nonprofit housing developers to acquire and hold properties and for training rehab specialists in the most cost-effective approaches to addressing environmental issues.

One successful debilitated homebuyer story that involved rehabilitation of a dilapidated property is the story of Dionne, who is a single mother with poor credit who wanted to purchase her first home. Dionne worked with Homes on the Hill, a CDC in Columbus, and after homebuyer education and counseling, Dionne purchased her first home, located on the appropriately named Joyful Street in Southwest Columbus.

HOME REPAIR

Job losses, resulting in a decrease in household income, higher utility bills, and an increase in the number of Ohioians 75 years and older are driving an increased need for home repair and rehabilitation services.



As first of the “Baby Boomers” become Golden Buckeye Card Holders, the number of Ohio households in need of home repair services will increase significantly.

Funding for home repair comes from two programs within the Ohio Housing Trust Fund and both of them have more applications than they can fund. These programs include the Housing Assistance Grant Program and the Community Housing Improvement Program.

For example, in 2005, the Office of Housing and Community Partnerships at the Ohio Department of Development received 66 applications requesting over \$11 million but were only able to fund 41 organizations at just \$4.5 million.

The Community Housing Improvement Program or CHIP received 84 applications from local governments for a total of \$44 million but was only able to fund \$36 million from 70 local governments. This amount includes funding from CDBG and HOME, which has been significantly reduced at the federal level, as well as the Ohio Housing Trust Fund.

Home repair grants range from \$5,000 to \$7,000 per household; homes that need more extensive work must often be turned down for services. In particular, homes where lead-based paint hazards exist must often be turned away because the grant levels aren’t adequate to cover the cost.

One example of home repair funded by the CHIP program was Ms. Kidd whose deck was dilapidated and dangerous. After working with Community Action of Washington-Morgan, Ms. Kidd has a brand new, wheelchair accessible deck, and a beautiful new front on her home.

HOMEOWNERSHIP INCENTIVES

Homeownership remains very popular with Ohioans throughout the state and funding is needed to help moderate-income Ohio residents purchase homes.

Sometimes, communities must acquire land and build new housing because there is a lack of any kind of housing. In this case, nonprofit developers need assistance with both acquisition and infrastructure costs, such as water and sewer, utility hook ups and streets and curbs.

Some Homeownership initiatives also provide viable solutions to preventing problems such as foreclosure. Individual Development Accounts or IDA are matched savings accounts whereby a family can save towards downpayment and closing costs for a home. Financial education, credit repair and homebuyer counseling are required before the family can purchase a home. In this way, the family has an important stake in the home and has the tools to appropriately maintain their home. The Housing Trust Fund is currently funding a special project to demonstrate the effectiveness of IDAs.

One example of how an IDA program can work comes from the Northwestern Ohio Community Action Agency in Defiance Ohio. Megan is a single mom who worked two jobs to make ends meet. Megan approached NOCAC about opening an IDA account. After attending the budget management and homeownership class and saving diligently in her IDA, Megan and her daughter just moved into their first home.

Homebuyer education, both and after purchase of the home, are needed to prevent future foreclosures. Funding is available in the Community Housing Improvement Program (CHIP) and the Housing Assistance Grant Program but the funding levels are inadequate for the demand. There are several counties in Ohio where homebuyer training and counseling is not available.

Finally, there is little funding within the Ohio Housing Trust Fund for counseling to prevent foreclosure. The most successful foreclosure prevention programs reach homeowners very early when the first signs of trouble appear, such as a predatory lending situation, job loss, divorce, high medical bills or other family crisis. New funding is needed to provide services on an ongoing basis to reach Ohio homeowners at risk of foreclosure.

RENTAL HOUSING

Another important need is rental housing. The need for affordable rental housing continues to outpace its availability. According to the National Low Income Housing Coalition, in 2005, an estimated 44% of Ohio renters were unable to afford a two-bedroom apartment at the Fair Market Rent of \$631 per month. “In order to afford this level of rent and utilities, without paying more than 30% of income on housing, a household must earn over \$25,000 annually. This translates into a housing wage of \$12.14 per hour.” (National Low Income Housing Coalition: 2005 Ohio Report)



Waiting lists for rental housing are extremely high from the largest counties to the smallest cities in the state. For example, in Bellefontaine a city with 13,000 people, the Logan Metropolitan Housing Authority has 400 people on its waiting list.

Programs funded by the Ohio Housing Trust Fund that support the development of affordable rental units are the Housing Development Assistance Program (both for housing credit projects and projects not receiving such credits), the Homeless Assistance Grant Program (supportive housing portion) and the Community Housing Improvement Program.

Increased funding is needed for all rental housing programs and particularly for small rental housing developments and supportive housing for the homeless and those with disabilities.

A situation faced by Ilene, a senior living in Southwestern Ohio illustrates the challenges faced by renters. After her husband of 40 years passed away, Ilene was forced to sell her home. After two days on the market, Ilene's home had sold and she was given 30 days to move. Ilene needed affordable rental housing. She approached East Central Ohio Housing Network and became the first resident of Gables at Countryside Lane, an affordable housing development in Cadiz Ohio. Ilene was so happy with Countryside Lane that now her twin sister Irene is also a resident!

JOB CREATION

Finally, while it may seem out of place, the Trust Fund plays an important role in job creation through microenterprise and community economic development. While Ohio's labor market has been improving lately, Ohio has lost 2.7% of its jobs since 2001 while the rest of the US has had moderate job growth of 1.9%. In particular, the transition from a manufacturing to a service economy has hurt employment opportunities for all Ohioans.

The movement of Ohio's population out of many urban and rural areas has added to economic distress, leaving many Ohioans without employment alternatives.

While most of the Ohio Housing Trust Fund is focused on affordable housing development, the Fund also has some small but targeted initiatives within the CDC Program to assist areas of distress to create both entrepreneurial and traditional employment opportunities.

The primary programs that focus on jobs within the Trust Fund are:

- Microenterprise Business Development Program
- Economic Development Grant Program
- Pre-Development Program
- Linked Deposit Program

The Microenterprise Program, administered by the Office of Housing and Community Partnerships at the Ohio Department of Development, provides about 10 grants per year to nonprofit organizations to assist in the development of local microenterprise businesses and to create and retain long-term jobs in the private sector. Microenterprises are defined as for-profit entities with five or fewer employees, one of whom owns the business.

The Economic Development Grant, Pre-Development and Linked Deposit Programs are administered by the Ohio Community Development Finance Fund. The Economic Development Grant Program provides up to \$100,000 for job creation and commercial revitalization projects that impact a low to moderate income community. Pre-Development provides funding for pre-development needs. Linked Deposits help to reduce the financing cost of an economic development project. These programs helped finance Middlebury Market place, a commercial revitalization project sponsored by the East Akron Neighborhood Development Corporation that helped create 60 full-time and 120 part-time jobs.

Each of these programs provide critical funding to allow an entrepreneur to start a business or for an economic development project to succeed. At this time of high unemployment and job uncertainty, each of these programs need additional funding to meet current demands.

LIFT THE CAP:

In conclusion, rehab of vacant housing, home repair, homeownership initiatives, rental housing, and job creation are our major concerns but the Ohio Housing Trust Fund is so much more. It also provides significant funding for homeless shelters and services to prevent homelessness as well as supportive housing for a wide range of households. These services are also very important in meeting the needs of housing needs of Ohioans.

We urge the Ohio General Assembly to increase its commitment to meeting Ohio's affordable housing needs and Lift the Cap Off the Ohio Housing Trust Fund in the next budget.

