

# Housing Our Future

## STRATEGIES FOR CINCINNATI AND HAMILTON COUNTY

May 2020



Annabelle's Place



Evanston Rehab



Walnut Hills Bungalow



Baldwin Grove

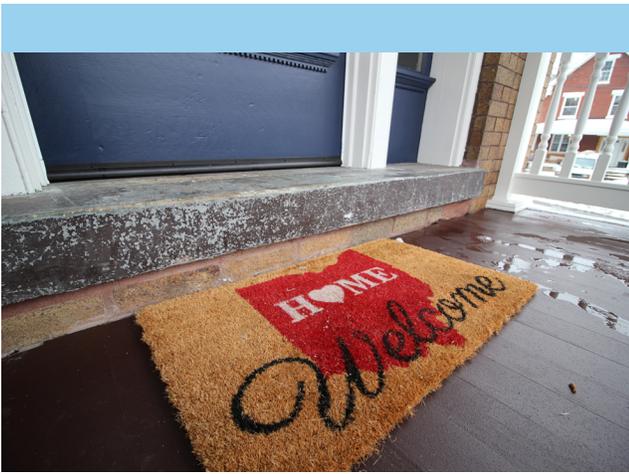
Cover photos (clockwise from top left):

Annabelle's Place. Volunteers of America (VOA) was awarded \$400,000 in Neighborhood Stabilization Program funds for the construction of 12 units of housing for women veterans. Photo Credit: VOA.

Evanston Rehab. One of six homes transformed by the Port's Homesteading and Urban Redevelopment Corporation for affordable homeownership. The City of Cincinnati, CDF, and LISC provided funds to help finance the rehab. Photo Credit: The Port.

Baldwin Grove in Springdale. A 100-unit senior housing project developed by the Cincinnati Metropolitan Housing Authority (CMHA). Baldwin Grove was CMHA's first independent LIHTC project and also its first RAD conversion. Photo Credit: CMHA.

Walnut Hills Bungalow. Transformed by the Port's Homesteading and Urban Redevelopment Corporation for affordable homeownership. The City of Cincinnati, CDF, and LISC provided funds to help finance the rehab. Photo Credit: The Port.



*A welcome mat at the home of Rebecca and Sam Lieberman. They rehabilitated the Walnut Hills property after purchasing it from the Hamilton County Landbank.*

Photo Credit: The Port

In the spring of 2020, our community finds itself in the midst of an unprecedented public health and economic crisis. This crisis has laid bare our collective shortcomings in protecting our most vulnerable neighbors—shortcomings that are longstanding and that are rooted in how we think about access to housing, how we allocate resources, and how we shape new development. ‘Housing Our Future’ presents a strategy for emerging from the crisis stronger, and for making our communities more resilient and just for the long term. Housing is a solid foundation for our regional economy and for individual residents and families.

The majority of the work to create this strategy was completed in 2019 and early 2020. People across the region were sounding the alarm then regarding the urgent need for more and better affordable housing. It is only louder now.

As we struggle to understand and live through the health and economic crisis that is the coronavirus pandemic, we must recognize that those among us who live in poverty will suffer disproportionately. Governor DeWine has said that the best way to fight this pandemic is to “stay home.” Imagine if you don’t have a home, or if the place you stay is unsafe and unhealthy, and you know you will not be able to pay the rent—soon. Ohioans have very few protections from eviction compared to the residents of other states. How terrifying this situation must be for a young mom with two children, or for a senior living alone with no one to check in on them.

There has been a good deal of healthy debate during this planning process about the best way forward, and about how much money should be dedicated to affordable housing. The need just got much bigger. Failing to address it at scale will make our recovery much harder and, for lower-income households, almost impossible. Coronavirus relief funds, like those allocated to Cincinnati and Hamilton County through the Federal CARES Act, should be used to carry out these strategies. In solving our housing problem, we will strengthen our local economy and help our entire community.

Tornadoes, floods, hurricanes, and all manner of disasters deal the biggest blows to the lowest-income people. This will be no different. If we can use this wake-up call as an opportunity to make the systematic, structural changes to our housing market that will lead to long-term social equity, we and our children will be the better for it.

Sincerely,

*Steering Committee*  
**HOUSING OUR FUTURE**

# Acknowledgments

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**'HOUSING OUR FUTURE'** is the collaborative effort of a broad coalition of stakeholders across Cincinnati and Hamilton County, representing the public, private, and non-profit sectors. These stakeholders participated in the Steering Committee and five Working Groups that met over the course of a year to develop a Strategy that focuses on the need to preserve and produce affordable housing, protect existing residents, and make underlying system changes that will increase:

- Access to Homeownership
- Production of Housing Units
- Preservation of Existing Affordable Housing
- Equitable Zoning and Policies
- Resources and Financing to Meet these Goals

In addition, this Strategy incorporates recommendations provided by the Eviction Task force, the Homeless Clearinghouse, and the Property Tax Working Group.

Steering Committee members include:

- **Kristen Baker**, Deputy Director, LISC Greater Cincinnati
- **Nia Baucke**, Director of Communications, Cohear
- **Jeff Beam**, Director of Development for Cincinnati, The Community Builders
- **Liz Blume**, Executive Director, Community Building Institute
- **Harold Brown**, Vice President of Strategy and Policy, Interact for Health
- **Mary Burke Rivers**, Executive Director, Over-the-Rhine Community Housing
- **Kevin Finn**, Founding President and Chief Executive, Strategies to End Homelessness
- **Jeanne Gollhofer**, President and Chief Executive, Cincinnati Development Fund
- **Dani Isaacsohn**, Founder, Cohear
- **Gregory Johnson**, Chief Executive Officer, Cincinnati Metropolitan Housing Authority
- **Jenece Jones**, Executive Director, Housing Opportunities Made Equal
- **Cali Khakoo**, Program Officer, LISC Greater Cincinnati
- **Robert Killins, Jr.**, Director of Special Initiatives, Greater Cincinnati Foundation
- **Joy Pierson**, Community Development Administrator, Hamilton County
- **Jessica Powell**, Vice President, Hamilton County Land Reutilization Corporation
- **John Schrider**, Director, Legal Aid Society of Southwest Ohio
- **Kathy Schwab**, Executive Director, LISC Greater Cincinnati
- **Steve Smith**, Principal, Model Group
- **James Wilson**, Vice President of Housing, Talbert House

This Strategy is also the result of an in-depth community engagement process that gathered input from hundreds of residents, neighborhood groups, advocates, and for- and non-profit developers. The process included three public meetings attended by over 200 individuals; meetings with 20 stakeholder groups with nearly 500 attendees; 50-plus interviews with local stakeholders; and the engagement of 50-plus 'Everyday Experts'—residents who directly confront housing affordability challenges in their everyday lives—through these meetings and independent focus groups.

Greater Cincinnati Local Initiatives Support Corporation (LISC) facilitated this planning process in collaboration with the Steering Committee. They would like to thank the Strategy's generous sponsors:

- Greater Cincinnati Foundation
- PNC Foundation
- JP Morgan Chase Foundation
- Bethesda Inc.'s bi3
- Wells Fargo
- The Manuel D. and Rhoda Mayerson Foundation
- BB&T Bank

The Steering Committee also thanks the *Housing Our Future* consulting team:

- Vincent Reina and Claudia Aiken, Housing Initiative at Penn (HIP)  
*PennPraxis, Weitzman School of Design, University of Pennsylvania*
- The Community Building Institute
- Cohear

\*\*\* More information about the planning process is included in the Strategy Guide that accompanies this document.

# Framing the Strategy

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## OUR VISION

The guiding vision for this Strategy is that everyone in Cincinnati and Hamilton County will have access to quality affordable housing in the places they want to live.

## OUR VALUES

This Strategy is founded on seven core values:

- Putting **people** first
- Promoting **choice**
- Fostering **diversity**
- Advancing **equity**
- Cultivating **collaboration**
- Challenging the status quo
- Confronting racist and discriminatory policies and practices

## OUR GOALS

This Strategy puts forth policies and programs designed to:

- **Protect** our most vulnerable residents
- **Preserve** and develop long-term affordability
- **Invest** in housing that builds strong, inclusive communities
- **Create** equitable growth without displacement
- **Build** the capacity for development and innovative ownership structures
- **Provide** pathways to sustainable homeownership and generational wealth creation

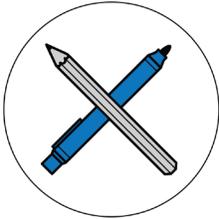
## OUR COMMUNITIES

The geography of intent for this Strategy is Hamilton County, and all 49 jurisdictions within Hamilton County, including the City of Cincinnati, inner suburbs, outer suburbs, and semi-rural places. For convenience, throughout this strategy, we refer simply to “Hamilton County” or “Cincinnati and Hamilton County.”

# How to Use this Strategy

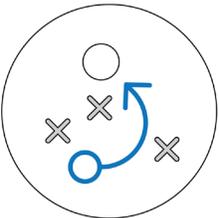
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This Strategy is designed to be a practical and accessible document that:



## 1. Makes the Case for Action

This Strategy leverages comprehensive data and local expertise to illustrate the full scope of housing needs in Cincinnati and Hamilton County in order to support advocates, policymakers, and practitioners in making the case for action.



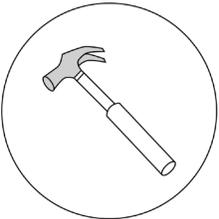
## 2. Identifies Strategic Actions

The Strategy identifies high-priority policies, programs, and regulatory changes that will advance goals related to housing affordability, quality, and access across Cincinnati and Hamilton County.



## 3. Identifies New Resources

Existing funding streams will not be sufficient to meet our housing needs. This Strategy proposes new resources that can fund the programs and policies we need.



## 4. Provides Over 100 Recommendations

The Strategy Guide that accompanies this document provides a suite of more than 100 detailed recommendations put forth by working groups that our local jurisdictions large and small, public agencies, non-profit organizations, philanthropists, and lending institutions can use to address housing needs in our communities.

# The State of Housing

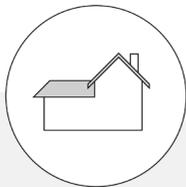
In Cincinnati and Hamilton County

Over the last decade, Cincinnati and Hamilton County have seen a **reversal of historic trends**, transitioning from population loss of more than 3,000 residents per year between 1970 and 2010, to gains of over 1,500 people per year since 2010. Housing production has also increased; Hamilton County local governments, including the City of Cincinnati, collectively issued permits for over 780 new residential buildings in 2018. This is an increase of about 80% since the depths of the Great Recession, when only 350-450 permits were issued per year.

Despite the growing housing stock, **housing prices have gone up rather than down**. Over 95% of residential building permits were for single family homes, whose median sales prices have increased by more than 45% since 2010. New rental units also tended to enter the market at the high end of the price spectrum.<sup>1</sup>

Rents are rising across the board in Hamilton County, and have risen especially quickly in certain areas.<sup>2</sup> Rents have increased by more than 25% in the last five years in Downtown Cincinnati and in nearby neighborhoods including Pendleton and the West End. **Meanwhile, incomes have stagnated**. The median Hamilton County household earns less today than they did a decade ago.<sup>3</sup> Only one of the five most common occupations in Hamilton County pays workers enough to allow them to afford the average Hamilton County home.

The combination of rising housing costs and stagnating incomes is creating **unprecedented housing affordability challenges**, with nearly one-third of Hamilton County residents paying more than 30% of their income for housing. Housing cost burdens are even more dire among low-income households. Nearly half of Hamilton County's 82,300 extremely low-income households are considered *severely* housing cost burdened.<sup>4</sup> Cincinnati and Hamilton County now have **a deficit of at least 40,000 units** affordable and available to extremely low-income households.<sup>5</sup>



**40,000** units

Deficit of housing affordable & available to extremely low-income households



**+6%**

Increase in median gross rent, 2012-2017, adjusting for inflation



**8.7%**

Eviction filing rate in 2014-2017 (one of the highest in Ohio)



**12,240** people

Number of individuals served by homeless system, 2018



**11.2%**

Risk of lead paint hazard, 2015, compared to 9.3% statewide

<sup>1</sup> Capstone Apartment Partners reports that in 2019, most new multi-family developments in the Cincinnati metro area are "high-end projects with chic ultra-modern aesthetics." Average rent for these "Class A" apartments is around \$1,700. Source: Capstone Apartment Partners. Ohio Markets Report. Cincinnati: 1st Quarter, 2019.

<sup>2</sup> Median rent for Hamilton County is \$775 as of 2017, compared with \$735 in 2010 (adjusting for inflation).

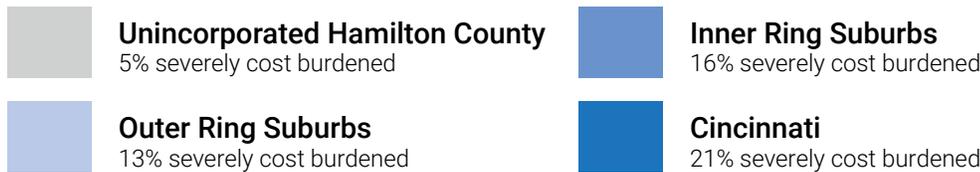
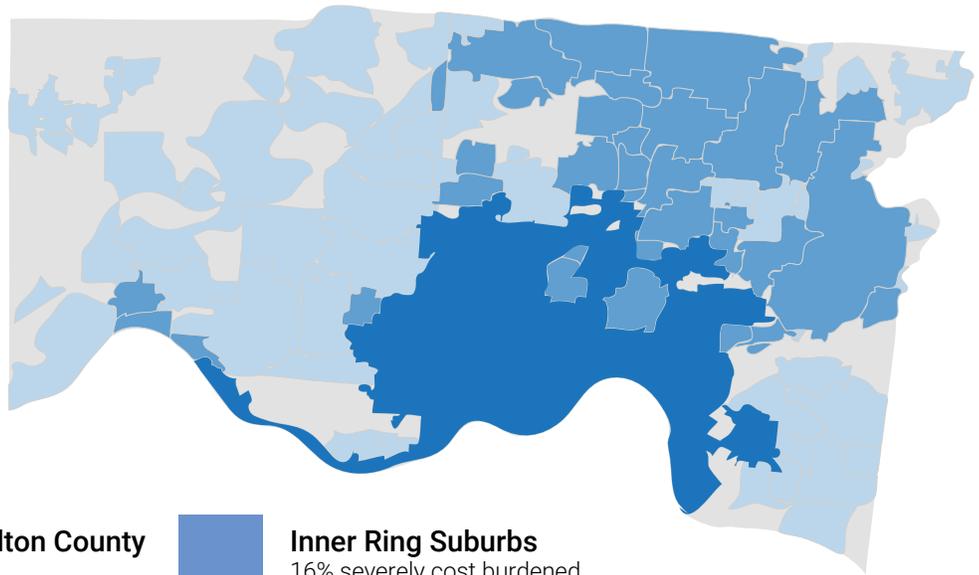
<sup>3</sup> The median Hamilton County household earns substantially less today (\$52,389) than it did in 2000 (\$60,458, in 2017 inflation-adjusted dollars) or 2010 (\$54,346), adjusting for inflation.

<sup>4</sup> Extremely low-income households are those earning 30% or less of area median income (in Hamilton County, this includes all households earning less than \$16,500/year). Severe housing cost burden occurs when housing costs consume more than 50% of households' income.

<sup>5</sup> See LISC Greater Cincinnati and Community Building Institute. Housing Affordability in Hamilton County. February 2017.

## HOUSING COST BURDENS

Hamilton County,  
ACS 2014-2018



Median gross rent for a  
2-bedroom unit

**\$ 831**

## MAXIMUM RENT BY INCOME Hamilton County, PUMS 2014-2018

Income Band	Percent of AMI	Percent of All Households	Median Household Income	Gross Rent Required to Prevent Rent Burden*
Extremely low income	0-30%	16%	\$9,217	\$230
Very low income	30-50%	11%	\$21,681	\$542
Low income	50-80%	15%	\$35,862	\$897
Moderate income	80-120%	16%	\$54,168	\$1,354
Middle & upper income	> 120%	43%	\$113,116	\$2,828

\*Gross rent includes utility costs. This value is calculated by dividing median household income by 12 to arrive at monthly income, then multiplying by 30%, since this is the accepted affordability threshold for the ratio of gross rent to income.

Exacerbating affordability challenges are **poor housing conditions**. Over 75% of homes within the City of Cincinnati are at least 40 years old. Homes located outside of the City, in other Hamilton County cities, villages, and townships, are generally newer, but first-ring suburbs show some signs of decline, including a shrinking tax base and a lack of new investment.<sup>1</sup> Low-income and especially immigrant families report living in unhealthy housing that they do not have the funds or power to address.<sup>2</sup>

The burden of unaffordable housing **does not fall equally** on all Cincinnati and Hamilton County residents. Black households disproportionately live in low-quality, unaffordable housing, far from jobs and good schools.<sup>3</sup> Neighborhoods where residents are predominantly black experience much higher rates of eviction than other neighborhoods in Hamilton County.<sup>4</sup> Black households also receive a disproportionately low share of home mortgages.

<sup>1</sup> See International City/County Management Association. "A Decade After the Great Recession: The Divergence of Hamilton County's First Suburbs." Presentation. Silverton Town Hall, May 3, 2019.

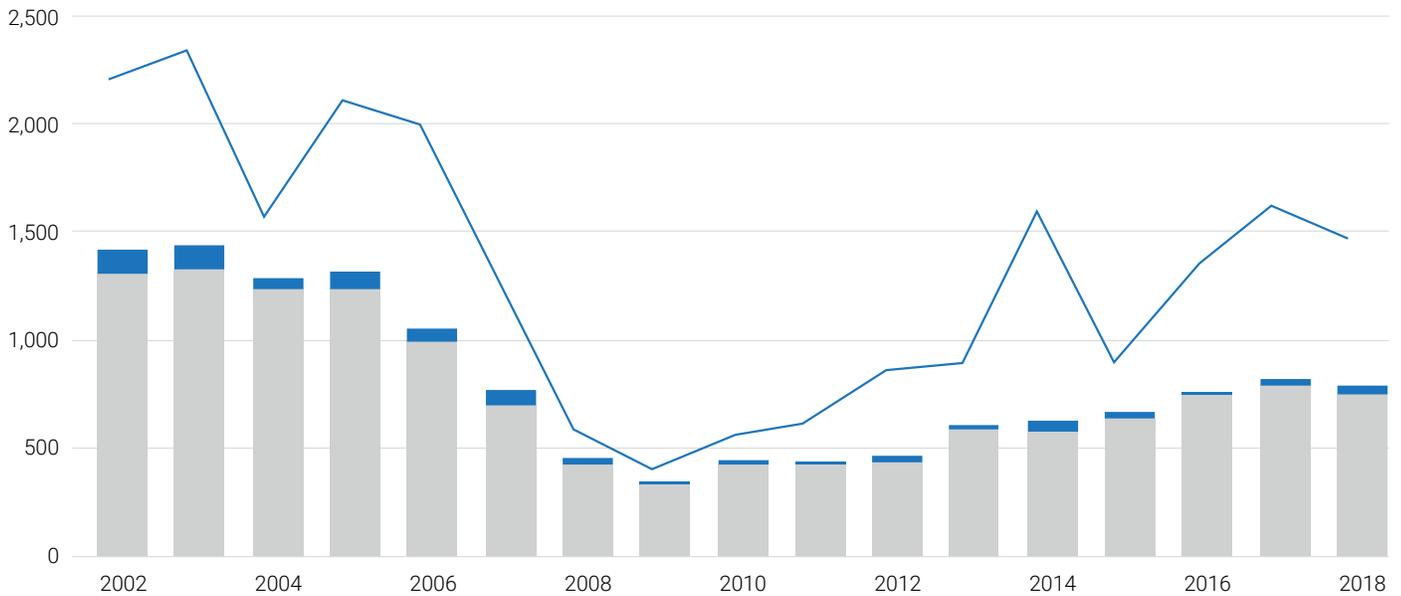
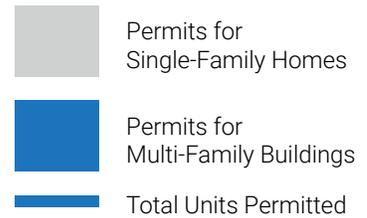
<sup>2</sup> See City of Cincinnati and Hamilton County. Fair Housing Assessment, 2019, pp.96-98.

<sup>3</sup> See City of Cincinnati and Hamilton County. Fair Housing Assessment, 2019, pp.60-89.

<sup>4</sup> Elaina Johns-Wolfe. "You are Being Asked to Leave the Premises": A Study of Eviction in Cincinnati and Hamilton County, Ohio, 2014-2017. University of Cincinnati, June 2018

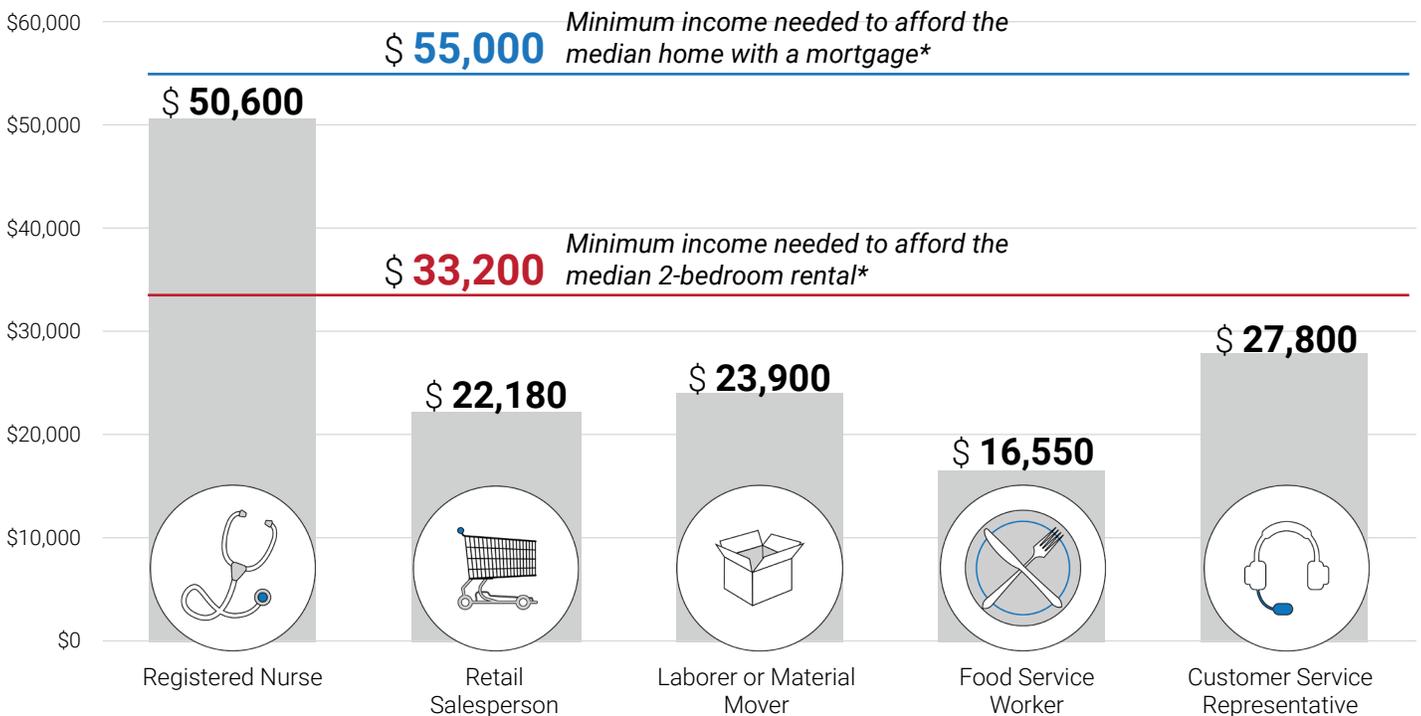
# RESIDENTIAL CONSTRUCTION

Hamilton County,  
U.S. Census Bureau 2002-2018



# THE TOP 5 JOBS DO NOT PAY ENOUGH TO AFFORD HOUSING

Cincinnati Metropolitan Area,  
BLS 2018 and ACS 2014-2018



\*This is the minimum income needed so that no more than 30% of the earner's income is spent on housing. Median housing costs are for Hamilton County in 2018.

# A Strategic Response

The complex, interlocking factors that cause housing unaffordability will not be solved by any one sector of the housing market. They require a strategic response that:

## 1. Produces new, affordable units

- There is a gap of **40,000** units affordable and available to extremely low-income households with incomes less than \$14,678. This group includes 55,600 Hamilton County households.
- At least **20,000** additional affordable units need to be produced over the next ten years.

## 2. Preserves existing units as livable and affordable

- Currently, at least **60,000** affordable subsidized and unsubsidized units (naturally occurring affordable housing) are in need of preservation and reinvestment.

## 3. Protects the most vulnerable residents from housing insecurity

- Nearly **49,000** households are severely housing cost burdened, paying more than half of their income for housing.
- An average of **12,400** evictions are filed in Hamilton County every year.
- In 2018, **12,240** people accessed emergency shelter or homelessness services.

## 4. Alters the underlying systems that affect our residents' ability to access quality housing and our region's ability to effect meaningful change

- Only **23%** of residentially zoned land in Cincinnati allows for anything more than single-family homes. The share is even lower in suburban jurisdictions.
- Real income for the median Hamilton County household has fallen by **\$8,000** since 2000.
- The share of families in poverty has increased by **20%** since 2000.
- The Cincinnati Metropolitan area remains one of the most racially segregated metropolitan areas in the country.

# Produce

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## **In order to meet housing needs, Cincinnati and Hamilton County must scale up the production of affordable homes.**

When the number of affordable and available homes in an area is less than the total number of households living in the same area, there is a housing affordability gap. Hamilton County currently has a gap of approximately 40,000 units affordable and available to the lowest-income households. In order to shrink this gap, this strategy sets a goal of developing **2,000 units** affordable to households earning 60% of county median income or below each year for the next ten years (for a total of 20,000 units by 2030).<sup>1</sup> Creating a healthy mix of housing affordable at different income tiers will ease pressure on the lowest-income residents. These production goals should be coupled with actions to raise wages, open markets, and create supports around existing affordable housing, which will allow an additional 20,000 households to access affordable housing over the next ten years.

In order to achieve this goal, we must address critical obstacles to affordable housing production. One barrier is the rising cost of construction. The cost of raw materials, development fees, construction labor, and land prices have all increased over the last five years. It now costs over \$250,000 to construct an average single-family home in Hamilton County; the costs can be even higher for affordable units which must meet federal and state standards.<sup>2</sup> The lack of land zoned for dense development also increases costs. Add to this the uncertainties associated with the development approval process. Fees and delays in development approval can add significantly to the expense of development. Affordable housing developers are often limited in their ability to overcome these challenges because of a lack of access to patient capital, bridge financing, and other resources.

Finally, Hamilton County also suffers from a skilled labor shortage in housing trades such as property management, home repair, and small-scale development or rehabilitation. Capacity-building interventions are needed to grow the pool of qualified housing trades professionals.

## **Key Actions**

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**CREATE NEW INCENTIVES FOR AFFORDABLE HOUSING.** Affordable Housing Trust Fund dollars should support, in part, the creation of new incentives for the construction of affordable and mixed-income housing. Incentives can take the form of grant awards, loans, credit enhancement, tax deductions, or the waiver of development fees for projects that include affordable units.

**TARGET HOUSING FUNDS TO VULNERABLE GROUPS.** New and existing funds for affordable development should prioritize units designed to accommodate low-income families with children, young adults transitioning out of foster care, seniors, individuals living with disabilities, and residents with other special needs.

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<sup>1</sup> Hamilton County median household income as of 2018 is \$54,976; 60% of AMI is therefore \$32,986. A home affordable at this income would cost no more than \$825 per month.

<sup>2</sup> Community Building Institute in Partnership with LISC Greater Cincinnati. Housing Affordability in Hamilton County. February 2017.



*The mixed-use Avondale Town Center opened in 2019. It features 119 housing units, a diverse mix of retailers, and the first grocery that the neighborhood has had since 2008. The development was made possible by a 2012 federal Choice Neighborhood Grant.*

Photo Credit: The Community Builders (TCB)

**SET COMMUNITY BENCHMARKS.** Jurisdictions should work together to set affordable housing benchmarks for each community. Such benchmarks can induce those communities that have good quality schools and other amenities but limited housing options to accept more affordable housing projects. Many areas throughout the country have already adopted “fair share” programs, either voluntarily (e.g., King County, Washington) or by state legislative or judicial mandate (New Jersey and California).

**EXPLORE OR SCALE UP ALTERNATIVE OWNERSHIP MODELS AND INNOVATIVE HOUSING TYPES.** One way to provide additional affordable units, while also building generational wealth and fostering a sense of community ownership, is to pursue alternative ownership models. The non-profit housing sector should explore how community land trusts, limited equity co-ops, homesteading, and renter equity models can work in Cincinnati and Hamilton County, and/or scale up existing models. An example of an alternative ownership model is “Dividend Housing,” in which renter households receive financial credits towards homeownership when they fulfill long-term lease agreements, participate in collaborative management, and share in the upkeep of common areas. Financial credits may be paid for by the decreases in vacancy, turnover, and operating expenditures associated with Dividend Housing. HUD’s longstanding Family Self Sufficiency program is another model that has been used successfully by the CMHA.

**FUND NEW AFFORDABLE AND MIXED-INCOME PROJECTS IN SUBURBAN COMMUNITIES.**

Incentives for affordable development should be targeted to those suburban communities with low poverty rates, high-performing schools, and other amenities in order to make them more accessible to low-income households.

**BUILD CAPACITY IN HOUSING TRADES.** There are many ways to expand the capacity of the private market to produce and manage more affordable housing. Local governments can support small-scale developers by offering low-interest loans and technical assistance. Greater Cincinnati’s housing organizations can help grow the pool of qualified contractors, property managers, and other skilled tradespeople through apprenticeship programs and technical assistance. Using a single entity as a clearinghouse for the development needs of a number of community-based or publicly subsidized home building and repair efforts can also provide a steady stream of work to small contractors and help them build capacity. Support should be targeted to female- and minority-led enterprises.

### **INCREASE ACCESS TO LENDING PRODUCTS.**

The City and County should work with lenders to create innovative home purchase financing products, such as small-dollar mortgages in the \$75,000-\$100,000 range. There is also an opportunity for loans that rely on alternative credit histories, such as histories of rental payments. By increasing access to lending products, we can ensure that households who are ready for home-ownership can access affordable options.

### **FUND MISSION-DRIVEN CDCs AND NON-PROFITS.**

The Greater Cincinnati region relies heavily on Community Development Corporations (CDCs) and non-profit organizations to develop affordable housing and to provide supportive housing services for vulnerable groups. In order to develop affordable and supportive units, CDCs must have access to patient, low-interest capital. The City and County should work with Community Development Financial Institutions (CDFIs) to create innovative financing mechanisms that can support and grow existing efforts.

## Community-Minded Developers Are Part of the Solution

When Doug Hinger of Traditions Group attended the Evanston Community Council meeting to present a new development project, he was expecting a skeptical community response. Evanston residents were not used to what Hinger was presenting—luxury, 2-bedroom, 2-car-garage homes priced upwards of \$400,000—and they didn't vote to approve the project right away.

While some developers might try to move forward without community approval or use strong-arm tactics, Hinger decided to become more engaged. He joined the housing committee led by a longtime resident, and committed to a Community Benefits Agreement. A key component of the agreement is that for each home sold as part of Hinger's project, \$1,000 will go to the Evanston Community Council's fund (for up to \$24,000). With this agreement in place, the majority of community council members voted in favor of the development.

The new production of housing of all kinds is critical to addressing our housing crisis. Yet as developers and homebuilders invest in disadvantaged neighborhoods, particularly African-American communities that have been exploited and neglected for decades, we must pair these investments with measures to target the benefits of growth to existing residents and mitigate the risk of displacement.

"I learned so much about Evanston and am looking forward to seeing what happens in the future," says Hinger. "People always ask, 'how do you get these projects through?' I tell them, start with a good project and listen to the community."

# Preserve

## Investments in maintenance and repairs are urgently needed to preserve our existing supply of affordable housing.

Cincinnati and Hamilton County have a substantial supply of low-cost housing units in need of investment and preservation. The majority of low-cost units in Hamilton County receive no subsidy, but this portfolio is shrinking. In 2010, there were nearly 141,000 units that cost less than \$800, but by 2018 this dropped to roughly 130,000.<sup>1</sup> Hamilton County is therefore losing about 1,375 low-cost units each year. This loss can be attributed to several problems. Interventions are needed to recapitalize these units to keep them affordable and livable for the long term.

One factor driving the reduction in affordable units is a lack of capital to perform repairs that are needed to keep these units livable and affordable for low-income households. Small landlords, who own many of the nation's low-cost units, face challenges in accessing capital for repairs.<sup>2</sup> When these repairs are deferred for too long, units may become uninhabitable or, in appreciating neighborhoods, they may be upgraded by landlords with more capital to accommodate higher-income households. Similarly, low-income homeowners and seniors living on fixed incomes often have difficulty raising the capital to make necessary home repairs.

Finally, there is the need to preserve existing subsidized housing. The Cincinnati Metropolitan Housing Authority (CMHA) supports roughly 25,000 units of housing, including 5,350 units of public housing, 11,600 units subsidized via Housing Choice Vouchers, and 8,000 units subsidized via other site-based HUD (U.S. Department of Housing and Urban Development) subsidies such as Project-Based Section 8, Section 202, and Section 811. About 6,000 units are subsidized via the Low-Income Housing Tax Credit (LIHTC) program. Subsidies can and do expire. LISC and the Community Building Institute (CBI) have estimated that 6,553 units will see their affordability contracts expire between 2020 and 2030, giving property owners the opportunity to raise prices to market rates.<sup>3</sup>

The preservation of existing housing, both in terms of quality and affordability, is critical to addressing Hamilton County's housing needs.

## Key Actions

**PROVIDE HOME REPAIR FUNDING TO LOW-INCOME HOMEOWNERS AND SMALL LANDLORDS.** The City, County, and non-profit organizations should work together to provide low-interest and deferred loans and/or grants for home repairs. Funds should be targeted to low-income owner-occupants and to small landlords whose properties are affordable to low-income tenants. Priority should be given to minority homeowners and seniors, who face unique barriers to accessing capital for repairs. Funds should be structured to encourage basic heating, cooling, and plumbing systems repairs and upgrades that will bring down energy costs.

**STRENGTHEN THE CODE ENFORCEMENT NETWORK.** Robust, data-driven code enforcement is essential to preservation efforts. The City, County, and smaller jurisdictions should invest in technological upgrades for code enforcement teams and collaborate to build a database that aggregates information about property conditions, tax delinquency, evictions, repeat code violations, and complaints. These data can help identify problem properties county-wide and prioritize them for inspection.

<sup>1</sup> The 2010 rent numbers are presented in 2018 dollars to make these rents comparable over time.

<sup>2</sup> "Small landlords" own a small number of properties, typically in 1-4-unit buildings. Mallach, Alan. "Challenges of the Small Rental Property Sector." New England Community Developments. Federal Reserve Bank of Boston, Issue 1, 2009.

<sup>3</sup> Community Building Institute in Partnership with LISC Greater Cincinnati. *Housing Affordability in Hamilton County*. February 2017.



*Milton Davis, a lifelong resident of Cass Avenue in Cumminsville, and Terry Lowery, his friend and neighbor of 20 years, are working together to rehab several early 20th century Cass Ave. homes purchased from the Hamilton County Landbank.*

Photo Credit: The Port

**MAXIMIZE OPPORTUNITIES TO PRESERVE EXISTING CMHA HOUSING.** Preserving our publicly subsidized housing stock is a critical part of achieving our vision of affordable and decent housing for all. CMHA should reinvest in its existing portfolio of 5,350 public housing units through the Rental Assistance Demonstration (RAD) program, especially by pursuing both 9% and 4% Low-Income Tax Credit (LIHTC) deals for RAD conversions. CMHA should also partner with local and national developers to increase the resources available to upgrade existing units and add new units. New RAD units should be targeted to areas where property values and housing prices are appreciating, in order to lock in affordability. RAD conversions should be accompanied by measures to protect tenant rights under new, private ownership.

**MAXIMIZE OPPORTUNITIES TO PRESERVE PRIVATELY OWNED SUBSIDIZED HOUSING.** Simultaneously, we must also preserve the approximately 8,000 privately owned, HUD-subsidized rental units throughout Hamilton County. A first step would be to develop an online preservation database to identify, assess, and prioritize at-risk subsidized properties. The City can assist by requiring property owners who receive public subsidy to notify the City, housing advocates, and residents when property affordability periods are within 24 months of expiring. Once at-risk properties are identified, the City, CMHA, and non-profit housing sector can target them for interventions using LIHTC and other funding.

**REQUIRE LONG-TERM AFFORDABILITY IN EXCHANGE FOR RENOVATION ASSISTANCE.** This idea emerged from the City of Cincinnati's Property Tax Working Group. The City and/or County would invest in a renovation program for small multi-family buildings throughout the region in exchange for long-term or permanent affordability commitments (current 30-year commitments are too short). Such a program would increase the quality of existing affordable housing and ensure that the investment does not result in conversion to more expensive, market-rate units.

**INCREASE SUPPORT TO ADDRESS TANGLED TITLE.** Low-income homeowners may also require legal assistance to resolve tangled title issues in order to access loans and other resources. Currently, programs like Legal Aid's Volunteer Law Program provide some assistance, but not enough to meet the needs of all homeowners struggling with tangled title. The City and County should explore the feasibility of a Tangled Title Fund to expand assistance.

## CREATE RENTAL REGISTRATION PROGRAMS.

The City and County should create rental registration programs that either require or incentivize landlords to register their properties. Examples of incentives include inspecting the properties of non-registered landlords at their own expense or requiring that landlords register their properties in order to file for eviction. A publicly accessible rental registry empowers renters to seek out high-quality housing and assists municipalities in managing periodic inspections, identifying problem properties, and enforcing quality standards, and distributing resources to encourage compliance. Registration programs must be developed in tandem, however, with new resources that help landlords upgrade their properties while retaining affordability.

### Tenant Organizing Can Lead to Better Housing

“ We residents banded together. We had to establish a council... The Homeless Coalition put us in touch with Legal Aid and it sky-rocketed from there. We needed to unite and fight back. ”

Ms. Kimetta has been living in the Alms in Walnut Hills for more than a decade. For much of that time, she had seen the worst side of subsidized housing: slumlord-style property managers, leaks that went ignored, sewage and mold issues, and tenants threatened with eviction whenever they tried to stand up for themselves. But instead of giving up, tenants began to organize and exercise their rights. In partnership with Legal Aid and the Homeless Coalition, they developed a set of demands and joined a lawsuit against the building's owners.

Ms. Kimetta was one of the leaders of that effort, and she has become a staunch believer in the collective power of residents to fight for safe, quality places to call home. The Alms residents ultimately won their suit, and under the building's new ownership they have seen many of their demands met: a new gym, updated elevators, a renovated ballroom, and many other improvements. Finally, the Low-Income Housing Tax Credit funding the building has received will help ensure affordable rents for the next three decades.

As Ms. Kimetta says, “If we did it, everybody can do it.”

# Protect

## As the region grows, we need to protect the housing stability of those who are most vulnerable to rising housing costs.

It is critical that as Cincinnati and Hamilton County grow, all residents share in the benefits of growth. In 2017, the Census Bureau estimated that nearly 30,000 households in Cincinnati, and another 23,000 in Hamilton County, devote 50% or more of their paycheck housing. This leaves little for food, transportation, healthcare, and other basic necessities. In addition, job insecurity and income volatility make it difficult for many households to pay housing costs on time.<sup>1</sup> Heavy cost burdens and wage insecurity leave households consistently vulnerable to housing instability and/or displacement.

Very low-income renters, black households, and persons living with disabilities are especially vulnerable to housing insecurity and are often subject to discrimination and exploitation. These inequities manifest themselves in many ways, including in eviction rates. Eviction affects nearly 9 out of every 100 renter-occupied units in Hamilton County in a given year, which is well above the national rate of 6.3 filings per 100 renter-occupied units. Furthermore, local eviction filings in Hamilton County are much more likely to be decided in the landlord's favor (48%) or dismissed (50%) than decided in favor of the tenant (2%). Less than 3% of tenants have legal representation in eviction court, compared to nearly 90% of landlords.<sup>2</sup> Low-income tenants are often reluctant to report poor housing conditions because they fear landlord reprisal, or because code enforcement actions may force them to move.

Low-income and minority homeowners and homebuyers are also vulnerable to discrimination and housing insecurity. In Hamilton County in 2017, black residents received only 6% of home purchase loans, even though they make up more than a quarter of the county's population. This is not just because fewer blacks apply for mortgages—it is also because those who do apply are less likely to be approved.<sup>3</sup> The realities of lender and realtor discrimination against minority homebuyers is well known.<sup>4</sup> Meanwhile, for existing low-income homeowners, tangled title, unexpected repair costs, and disadvantageous loan terms can all result in the loss of one's home.

Stronger tenant rights and advocacy can protect against discrimination and displacement, while more intentional support for lower-income homeowners can help keep them in their homes, building wealth for themselves and the next generation.

## Key Actions

**EXPAND TAX RELIEF FOR VULNERABLE HOMEOWNERS.** The City and County should increase tax relief (including tax freezes, abatements, and deferrals) for low- and moderate-income homeowners, especially seniors, and especially in neighborhoods that are rapidly appreciating. In addition, the City, County, and non-profit housing sector should increase outreach to homeowners who are eligible for the state Homestead Exemption to ensure that they are signed up for relief. The City and County should use tax delinquency data to identify homeowners at risk of foreclosure and target them for outreach. As the COVID-19 pandemic increases the risk of foreclosure, additional supports such as foreclosure prevention counseling and mortgage payment plans must be scaled up as well.

<sup>1</sup> Cohear. *Stories of the Housing Crisis in Cincinnati: The Urgent Need for a Better Path Forward*. June 2019.

<sup>2</sup> Elaina Johns-Wolfe. "You are Being Asked to Leave the Premises": A Study of Eviction in Cincinnati and Hamilton County, Ohio, 2014-2017. University of Cincinnati, June 2018.

<sup>3</sup> Home Mortgage Disclosure Act Data 2017. <https://www.consumerfinance.gov/data-research/hmda/explore>

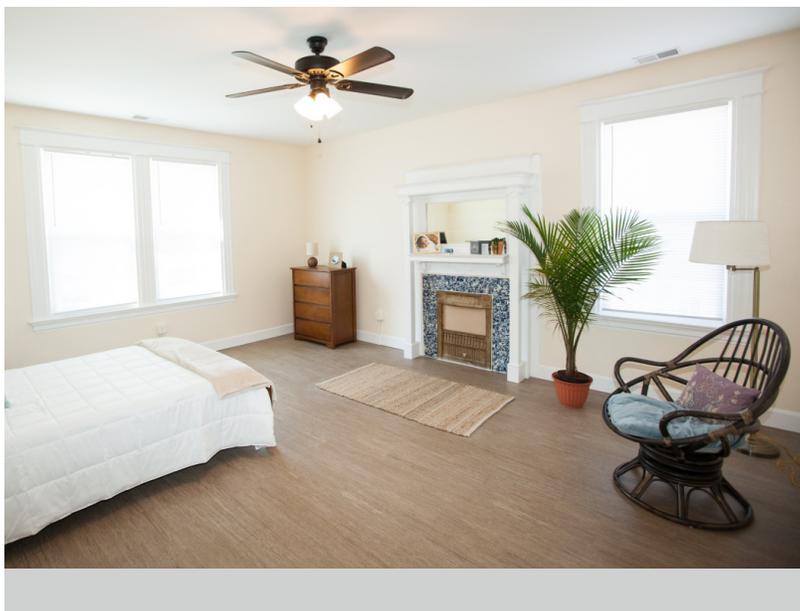
<sup>4</sup> U.S. Department of Housing and Urban Development (HUD). *Housing Discrimination Against Racial and Ethnic Minorities*. Office of Policy Development and Research, 2012. [https://www.huduser.gov/portal/Publications/pdf/HUD-514\\_HDS2012\\_execsumm.pdf](https://www.huduser.gov/portal/Publications/pdf/HUD-514_HDS2012_execsumm.pdf)

**TARGET INTERVENTIONS TO RAPIDLY APPRECIATING NEIGHBORHOODS.** When neighborhoods appreciate in value, the higher rents and property taxes may increase housing cost burdens for low-income households, leading to housing insecurity and even displacement. Affordable housing in appreciating neighborhoods may also become targets for code violation complaints that their residents cannot afford to address. Appreciating neighborhoods should therefore receive priority in housing assistance, including home repair loans and tax relief for homeowners, rehabilitation assistance for landlords, and financial assistance for renters. When assistance is given to landlords in these neighborhoods, it must be in exchange for long-term affordability commitments.

**ESTABLISH A COUNTY HOUSING COURT.** Currently, tenants have limited recourse to hold landlords accountable to housing quality standards. Hamilton County should establish a separate court to try housing cases. A dedicated housing judge provides expertise in complex local, state, and federal state housing laws, ensuring a fair and efficient process for both tenants and landlords. In some places, housing judges are also granted special powers beyond those of a neutral magistrate, including the ability to provide a remedy other than the one sought by the plaintiff if the judge believes it will be more effective. An independent housing court also provides a venue for services such as landlord-tenant mediation and legal counsel.

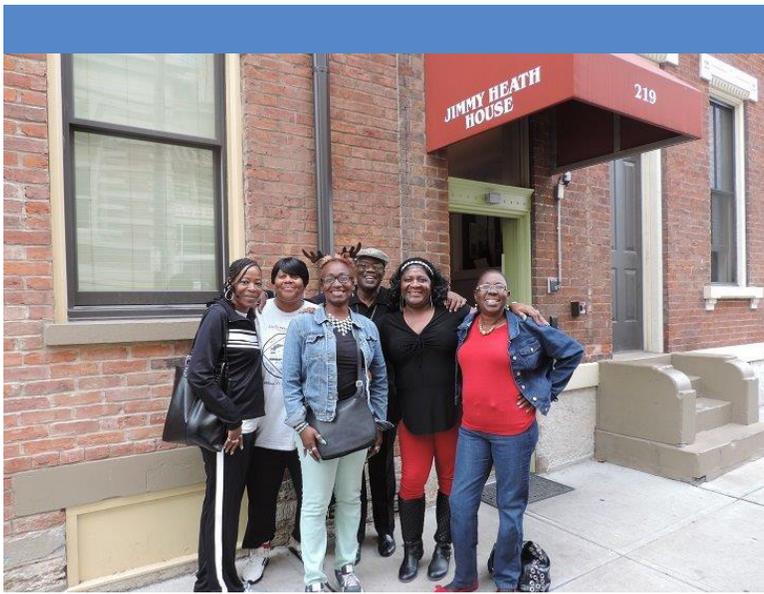
**CREATE A REGIONAL TENANT ASSOCIATION.** The City, County, CMHA, and non-profit housing sector should provide organizing and financial support to a regional Tenant Association. Such an association can provide a strong voice for renters and provide housing search and tenants' rights counseling, as well as eviction expungement services. The Tenant Association should work to build positive relationships between landlords (including the CMHA) and their tenants using mediation techniques. The City and County can increase outreach to tenants through the Tenant Association, for example by collaborating to create a 'Tenant Bill of Rights' that lays out tenant protections and available resources.

**ENFORCE AND EXPAND TENANT PROTECTIONS.** Local jurisdictions should enforce existing tenant protections; at the same time, housing advocates must work with localities to create new regulations and processes that protect tenants against exploitation. Key actions include: 1) enforcing City source-of-payment protections that prevent landlords from denying housing to voucher holders, and expanding them to the County; 2) a "just cause" eviction law requiring landlords to demonstrate a legitimate reason for eviction; 3) a standardized lease with clear, accessible terms that fairly balance the rights of landlords and tenants; and 4) access legal representation during eviction proceedings.



*Virginia Coffey House in western Norwood includes eight residential units that were completed in March 2019. The project is blocks away from the transitional shelter, Lydia's House, and provides Lydia's House residents with a nearby option for permanent housing with supportive services.*

Photo Credit: Hamilton County staff



*In 2010, the Jimmy Heath House was opened to serve chronically homeless individuals. The project has 25 units of housing, 24-hour front desk staff, a large community room and an outdoor courtyard for resident use. OTRCH partnered with 3CDC on the development of the building and now with Greater Cincinnati Behavioral Health Services (GCB) to provide on-site services. OTRCH recently established an Employment Support Program to assist residents overcome barriers to employment.*

Photo Credit: Over-the-Rhine Community Housing (OTRCH)

### **REDUCE DISPLACEMENT AND INCREASE ACCESS THROUGH COMMUNITY BENEFITS AGREEMENTS.**

Local jurisdictions should require developers who receive public investment in the form of publicly owned land, public funds, or tax exemptions to provide affordable housing (or payments in lieu) commensurate with the value of public benefit to their project. Community Benefits Agreements (CBAs), density bonuses, and the Equitable Development Rubric developed by the Peaslee Neighborhood Center to score new projects are three mechanisms for activating this requirement.

### **EDUCATE AND INCENTIVIZE LANDLORDS TO ACCEPT VOUCHERS.**

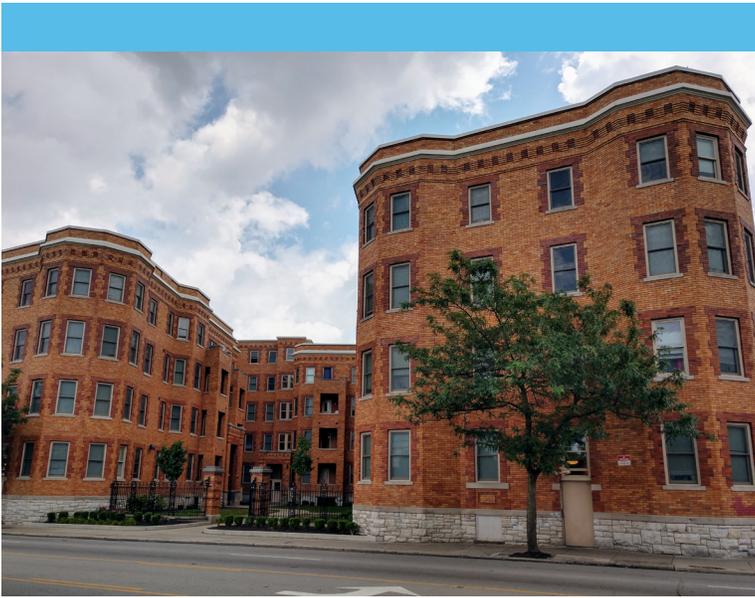
The CMHA distributes over 11,000 Housing Choice Vouchers (HCVs) to eligible households. Voucher recipients must seek out a rental unit in the private market. However, landlords have demonstrated reluctance to accept vouchers, either because of the red tape associated with the HCV program (landlords must comply with inspections and other regulations), or because they are biased against voucher holders, who are likely to be black or Latino/a. Thus, many voucher holders find themselves unable to use their voucher. Landlord counseling and incentives are proven to be effective ways to increase participation and expand housing opportunities for low-income households. Incentives can include cash bonuses, reimbursement for damages incurred by voucher holders, state and local income tax credits, interest-free rehab loans, and rent payment in case of arrearage. These should be accompanied by mobility counseling for families.

### **EXPAND HOMEOWNERSHIP OPPORTUNITIES AND INCREASE EQUITABLE WEALTH CREATION.**

More robust education and support is needed to help current and prospective homeowners tap into the wealth-building potential of homeownership. Key actions include expanding access to financial literacy counseling to low-income homeowners and homebuyers; providing emergency mortgage assistance to homeowners facing foreclosure; and providing legal counseling and estate planning services so that homes can safely pass from one generation to the next.

### **INCREASE SUPPORT FOR EXISTING EFFORTS.**

Many organizations, such as Housing Opportunities Made Equal (HOME), the Legal Aid Society of Greater Cincinnati, the Society of St. Vincent de Paul, and the Community Action Agency (CAA) are already doing the work of enforcing fair housing protections and assisting the most vulnerable households. However, available resources still fall short of need. For example, the Society of St. Vincent de Paul represents a lifeline for families facing eviction and homelessness. It receives nearly 10,000 calls each year but turns away more than half because of a lack of resources. A critical component of this Strategy is to adequately fund and support these organizations so that they can provide legal defense, emergency rent and mortgage assistance, and other services that meet the full scope of need throughout the county.



*After decades of disinvestment in Avondale, The Community Builders partnered with the City of Cincinnati and many other local partners to invest millions of grant and other funds in the restoration of distressed affordable housing, like the Poinciana Apartments.*

Photo Credit: The Community Builders (TCB)

## Senior Homeowners Want to Build Wealth and Protect their Neighborhoods



“ We’re going through a pandemic right now. Why are people calling me to try and buy my property? So they can just make my tenants homeless? ”

Ms. Toni lives in Madisonville with her grandson, down the street from her elderly mother, so leaving the neighborhood is not an option. Her family has been there her whole life, and she has seen Madisonville transform over the decades. It’s now one of the “hottest” destinations for people looking to flip houses or start families. Ms. Toni receives unsolicited requests from speculators on a regular basis, and is worried that seniors are being taken advantage of, especially amidst COVID-19 fears.

Ms. Toni also owns a rental property in Madisonville. Heading into retirement, Ms. Toni hopes either to keep the property as a source of income or sell it at a fair price. She would also love to downsize her own home, but there are no longer any smaller homes available at prices she can afford. She doesn’t want to contribute to making the neighborhood unaffordable, so she is hesitant to raise the rents or sell the house to the wrong buyer.

For Ms. Toni, growth in Madisonville is good, as long as seniors are protected from exploitation, current renters have options to stay in the neighborhood, and developers keep their promises to prevent displacement. So far, that hasn’t been her experience, but she remains hopeful.

# Systems Change

## **Achieving equitable housing access and affordability throughout Cincinnati and Hamilton County will require changing the existing systems that have left too many residents behind.**

Housing needs are not a function of the housing market alone. They are also the result of zoning codes and misconceptions about affordable housing, which limit development and neighborhood access; persistently low wages and limited access to job markets; a lack of public resources to assist residents and promote development; and a lack of accountability measures to ensure systemic change.

Zoning policies and community resistance to the construction of affordable housing limit the ability to provide new affordable units. Currently, 77% of residentially zoned land in Cincinnati does not allow for anything but single-family homes. The share is even higher in suburban jurisdictions. When land is not zoned in a way that allows for dense development by-right, developers must seek variances, which necessitate challenging public engagement processes.

Another overarching issue is persistently low wages. The median Hamilton County household makes substantially less today (\$52,389) than it did in 2000 (\$60,458, in 2017 inflation-adjusted dollars). The share of households earning \$25,000 or less has grown to include a quarter of all Hamilton County households (nearly 86,800 households). A recent report predicted that the Cincinnati Metropolitan Area would add 1.2 million new jobs by 2028, but most would be low-paying. Less than a third of the new jobs would pay enough for workers to maintain “self-sufficiency.”<sup>1</sup>

A lack of transportation options limits housing choices and increases cost burdens. Nearly 40,100 households in Hamilton County do not have a private vehicle. The Southwest Ohio Regional Transit Authority (SORTA) system provides frequent and reliable service only in the Cincinnati basin, however. Many parts of the county have no public transit coverage at all.<sup>2</sup> Without massive investment in convenient and cost-effective transit, households with few or no vehicles will continue to find it impossible to access housing or jobs in many high-opportunity neighborhoods.

Cincinnati and Hamilton County lack sufficient funding to implement meaningful affordable housing solutions. In 2018, Cincinnati’s City Council unanimously voted to create an Affordable Housing Trust Fund, which currently contains \$700,000. However, millions more dollars are needed to address the 40,000-unit deficit in Cincinnati and Hamilton County. The City and County must work together to identify new funding streams and increase their competitiveness for state and federal funds.<sup>3</sup>

Finally, Cincinnati and Hamilton County remain highly segregated. The Cincinnati Metropolitan Area is one of the most segregated metropolitan areas in the nation. Moreover, segregation has been increasing since 2010.<sup>4</sup> The segregation of neighborhoods by race and income creates disparities in access to transportation and quality education, which keeps many residents stuck in low-paying jobs, leaving them unable to afford better housing.

<sup>1</sup> In the Cincinnati MSA in 2018, \$41,198 is estimated to be the minimum wage needed for a household with one adult and one preschooler to be “self-sufficient,” i.e., meet basic needs without using public assistance programs. Source: University of Cincinnati Economics Center. Jobs Outlook 2028. August 2019. [https://economicsresearch.org/wp-content/uploads/2019/08/Jobs-Outlook-Infographic-8.21.19\\_final.pdf](https://economicsresearch.org/wp-content/uploads/2019/08/Jobs-Outlook-Infographic-8.21.19_final.pdf)

<sup>2</sup> City of Cincinnati and Hamilton County. *Fair Housing Assessment*, 2019, p.60.

<sup>3</sup> Cincinnati has fallen behind Cleveland and Columbus in competing for the Ohio Housing Trust Fund and Ohio Housing Finance Agency (OHFA) federal tax credit deals to finance affordable housing. Source: Nick Swartzell. “Here’s How Cincinnati Could Get Millions for Affordable Housing—and the Tradeoffs it Will Face.” *CityBeat*, September 4, 2018.

<sup>4</sup> The Cincinnati Metropolitan Area has a Black/White dissimilarity score of 71, which means that 71% of black residents would need to move to less segregated neighborhoods in order to achieve an even distribution of black and white residents across the metro area. Source: City of Cincinnati and Hamilton County. *Fair Housing Assessment*, 2019, p.43.

## Key Actions

### **EXPAND THE AFFORDABLE HOUSING TRUST FUND.**

The City of Cincinnati should identify new, recurring public funding sources to expand the Affordable Housing Trust Fund (AHTF). In addition, Hamilton County and local jurisdictions within the county should work together either to expand the AHTF into a county-wide housing trust fund or to create a parallel county fund. Sufficient funds should be added to the trust fund to ensure the annual production of at least 2,000 housing units for very low-income households. Available public funding sources would need to be matched in investments made by financial institutions, corporations, non-profits, and philanthropists.

### **MODIFY TAX INCENTIVES AND FUNDING PRIORITIES.**

Currently, the City and County award some priority for development subsidies to housing projects that are mixed-income and that include units affordable to those earning 30% of Area Median Income. Tax abatements, meanwhile, are awarded regardless of a project's affordability. In order to address our housing needs, affordable projects must be given greater incentive. For example, Cincinnati should modify its tax abatement policy so that rather than offering a blanket abatement, it requires projects in high-opportunity neighborhoods to include affordable units in order to receive tax benefits. In addition, it should expand the abatement to include 2-10-unit projects (which are not currently covered) on the condition that they include affordable units.

### **MAXIMIZE COMPETITIVENESS FOR STATE AND FEDERAL FUNDING.**

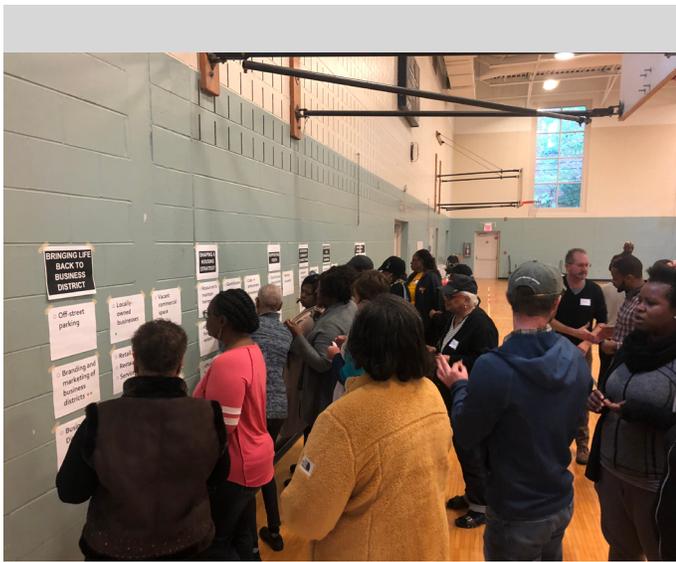
Currently, Cincinnati is less competitive than other Ohio cities for state and federal affordable housing funds. We must collaborate as a region to secure greater allocations of Low-Income Housing Tax Credits (LIHTC), block grants, and other resources.

**AMEND ZONING CODES.** Zoning codes limit the production, preservation, and location of affordable housing. For example, single-family residential zoning does not allow for enough density to make some affordable housing developments economically feasible. Developers must seek variances or zoning adjustments to develop denser housing in these areas, which increases the time and cost of development and also provides an opportunity for local residents who fear affordable housing development to oppose projects. The City of Cincinnati, Hamilton County, and the jurisdictions within the county should update their zoning maps and codes to allow for denser housing development. Larger jurisdictions can assist smaller ones by crafting model zoning provisions that incorporate accessory dwellings and offer density bonuses, parking reductions, and other incentives in exchange for affordability.



*CMHA was awarded over \$12 million in Neighborhood Stabilization Program funds in 2011 to build 60 affordable one- and two-bedroom senior housing units as part of the Reserve on South Martin in Mount Healthy.*

Photo Credit: Hamilton County staff



*Evanston community members gather at one of many meetings held as part of planning process for the Evanston Community Plan. The process began in the summer of 2018 and engaged both new and longtime residents, schools, churches, community institutions, and area businesses.*

Photo Credit: The Port

**CONDUCT AGGRESSIVE OUTREACH AND EDUCATION.** Zoning changes must be accompanied by outreach to challenge misconceptions about affordable housing, which often inhibit development. Housing advocacy organizations should work with local jurisdictions and neighborhood groups to engage and educate residents, elected officials, planning and zoning staff, and community leadership in order to transform their attitudes from Not-In-My-Backyard (NIMBY) to Yes-In-My-Backyard (YIMBY).

**CREATE A COMMUNITY CHALLENGE TO PAY A LIVING WAGE.** Hamilton County residents earning Ohio’s minimum wage of \$8.70 need to work two full-time jobs to afford the median two-bedroom rental unit. Some Cincinnati employers have already adopted a living wage of \$15 for their employees. A Community Challenge can encourage more employers to follow suit by rewarding them with positive publicity and other incentives.

**ADDRESS “CLIFF EFFECT” ISSUES.** The “cliff effect” occurs when a small increase in income leaves a household ineligible for benefits such as subsidized health insurance, the Supplemental Nutrition Assistance Program (SNAP), or subsidized housing. It can prevent low-income households from increasing their income and attaining self-sufficiency. Cincinnati and Hamilton county governments should work with state and federal legislators to reduce cliff effects for families in the region, for example by designing a revenue-neutral reduction in benefits as a family’s income rises (replacing the “cliff” with a “slope”).

**IMPROVE PUBLIC TRANSPORTATION.** The City of Cincinnati, Hamilton County, and the Southwest Ohio Regional Transit Authority (SORTA) must work together to better serve low- and moderate-income households by increasing frequency and convenience and adding new routes that expand access to job clusters and to affordable, high-opportunity areas throughout the county.

**CREATE A COORDINATED LEADERSHIP STRUCTURE.** In order to drive systemic change across jurisdictional boundaries, our region should establish a cross-sector body made up of for-profit, non-profit, and public agencies with subject matter expertise that will help implement coordinated efforts, such as setting up a regional housing trust fund and tracking progress towards shared goals.

**ADOPT A SET OF METRICS TO TRACK PROGRESS.** A common set of metrics encourage collaboration and enable us to hold ourselves accountable to our vision. A publicly accessible, digital dashboard should track annual progress towards strategic goals, including the implementation status of actions outlined in this Strategy (not started, launched, ongoing, or complete); the number of affordable units produced and preserved; the number of low-income homeowners, renters, and small landlords assisted; and the number of persons exiting homelessness.



*The Homesteading & Urban Redevelopment Corporation (HURC) acquired 1654 Jonathan, a vacant, condemned property, and five other homes in Evanston for total rehabs, receiving \$300,000 of City NOFA funding in 2017. HURC fully rehabbed the home, listed it and quickly sold it for \$145,000 in June 2019.*

Photo Credit: The Port

## Innovative Homeownership Models Are Critical for Closing the Racial Wealth Gap

“ When you own a property, that changes your family’s story. ”

For a young mother of two in Price Hill, the opportunity to buy a home has set her and her family on a new, upward trajectory.

Price Hill Will, a community development corporation, is committed to creating opportunities for homeownership. They launched a homesteading program in 2015, in which they purchase or receive donated homes that are then sold to people who otherwise wouldn’t be able to afford a home. Those new homeowners then put in “sweat equity” to get the home up to code and eventually acquire title.

For centuries, Black people have been prevented from accessing the average American family’s greatest wealth-building asset—a home. When millions of white families bought homes through federally backed loans after World War II, Black families were excluded through redlining. Coupled with racially predatory lending practices leading up to the 2008-2009 foreclosure crisis, discriminatory housing practices have created a massive racial wealth gap.

Programs like homesteading are therefore essential to creating new pathways to homeownership. The family in Price Hill was able to buy their home for \$21,000, and has a \$350 mortgage payment each month. Tens of thousands of working class families in Cincinnati can afford homeownership at those levels. In order to address our racial wealth gap, we must invest in the opportunity for more families like this one to own their home.

# Funding the Strategy

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## **Many of the actions above require additional resources. For this reason, the following funding recommendations are included.**

Cincinnati and Hamilton County are making significant efforts to increase funding for affordable housing production and preservation, and to assist residents facing housing crises.

In 2018, the City of Cincinnati created an Affordable Housing Trust Fund. In early 2019, the Cincinnati City Council approved the creation of a \$227,000 fund to provide emergency assistance to families on the verge of eviction. The City also offers up to \$600 in rental assistance and \$150 in moving assistance for tenants displaced by Cincinnati Code Enforcement activities and provides additional funding to Community Action Agency's Blueprint for Success program to abate senior homeowners' code enforcement violations. Finally, the City of Cincinnati provides funding for critical emergency repairs through People Working Cooperatively, Inc. (PWC) to income-eligible homeowners.

Hamilton County has invested over \$4 million in 2016 through 2018 to help create 444 affordable housing units. In 2019, it devoted \$775,000 in Community Development Block Grant (CDBG) and HOME funds to foreclosure and eviction prevention, homelessness housing and supportive services, housing and financial literacy counseling, downpayment assistance, and emergency home repairs. Several jurisdictions in Hamilton County, including Forest Park, Greenhills and Springdale, use Community Development Block Grant (CDBG) funds to assist income-eligible homeowners with \$1,000 to \$5,000 grants for external home repairs.

Nevertheless, available resources still fall far short of need. The Affordable Housing Trust Fund currently contains only \$700,000. Hamilton County implemented an eviction prevention program in August 2018 and the entire budget of \$150,000 had been expended in by mid-November 2019, showing clearly the need for additional funding. Additional resources are necessary to fully fund existing efforts and to introduce the new, strategic programs put forth in this Strategy. Partnerships like the recently announced investment made by the Greater Cincinnati Development Fund and the Greater Cincinnati Foundation in an Affordable Housing Impact Investment Pool demonstrate one way in which partners can come together to be competitive in federal funding applications and bring further resources to the development of affordable housing in our communities.

## **New Resources**

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### **CREATE A DEDICATED FUNDING STREAM FOR THE AFFORDABLE HOUSING TRUST FUND.**

As mentioned previously, the City of Cincinnati recently created an Affordable Housing Trust Fund (AHTF), but it does not yet have a dedicated funding stream that will replenish the fund. Possible funding streams could include document recording fees, hotel and/or Airbnb taxes, eviction filing fees, sheriff sale fees, or property tax funds recouped through revisions to the tax abatement policy or expiring abatements.

### **PROVIDE LONG-TERM MEZZANINE DEBT TO AFFORDABLE RENTAL PROPERTIES.**

Mezzanine financing is gap financing that can help developers access loans from traditional lending institutions for which they would not otherwise qualify. It occupies the middle of the capital stack—less risky than equity but riskier than senior debt. CDFIs should work with local jurisdictions to offer low-cost mezzanine loans for the purchase and rehabilitation of rental buildings, in exchange for maintaining long-term affordability.

**CREATE A LOW-INTEREST ACQUISITION AND PRE-DEVELOPMENT FUND.** Property acquisition funds allow affordable housing developers to act quickly to acquire land or buildings as they become available, rather than having to wait for traditional public funding cycles to come through with permanent financing. Local jurisdictions, lending institutions, and philanthropic organizations should work together to create a new fund to finance acquisition and pre-development costs for affordable housing projects. Municipal housing dollars will provide a one-time capital infusion, which will attract social impact capital and program-related investment dollars. Developers will benefit from longer loan terms and lower interest rates than the market provides.

**INCREASE SUBSIDY TO DEVELOPERS WHEN THEY INCLUDE MORE AFFORDABLE UNITS.** By developing affordable units, developers usually sacrifice some of the returns on their investment. In order to encourage affordable development, Cincinnati and Hamilton County should reverse this disincentive by increasing subsidies to developers as a function of the number of affordable units they include.

**CREATE A REVOLVING LOAN FUND FOR REPAIRS.** A revolving loan fund is a self-replenishing pool of money. As initial loans are repaid, the interest and principal are used to issue new loans. The City of Cincinnati and Hamilton County can work with a financial institution partner to set up a revolving fund that makes repair loans to low- and moderate-income homeowners and rental property owners, enabling them to make the repairs needed to keep their units in good condition. The City and County may provide the selected lender(s) with a loan loss reserve that covers losses on a share of the loan portfolio, which would allow lenders to broaden their underwriting criteria, lengthen the loan time frame, and reduce the interest rate.

## Key Policies

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**LOCAL AND STATE POLICIES.** The City of Cincinnati and Hamilton County should work together to increase their competitiveness for the federal Low-Income Housing Tax Credit (LIHTC), which is awarded according to the Ohio Housing Finance Agency's Qualified Allocation Plan (QAP). They should support affordable housing developers in pursuing not only 9% tax credit deals, but also more challenging 4% tax credits deals, by implementing a systematic approach to filling the financing gap created by the lower level of LIHTC subsidy. Local actors should also support efforts to create a state-level tax credit for affordable housing development, which are being spearheaded by the Ohio Housing Council.

**FEDERAL POLICIES.** At the federal level, key policies include the Neighborhood Homes Investment Act, a newly proposed tax credit that would support affordable homeownership, and the Affordable Housing Credit Improvement Act, which would revise existing LIHTC regulations to increase the amount of equity available for affordable housing, among other improvements.

# Glossary

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**AFFORDABLE HOUSING**—A housing unit for which the gross rent, mortgage payments, and other monthly housing expenses is less than 30% of a household’s monthly income.

**AFFORDABLE AND AVAILABLE HOUSING**—Housing is affordable and available when it both costs less than 30% of a household’s income and is either vacant or currently occupied by a household in the same or a lower income band. Housing that might be affordable to a low-income family, but is occupied by a higher-income one, is not considered available to the low-income family.

**AREA MEDIAN INCOME (AMI)**—The median household income for a given geography, usually a county or metropolitan area. The median income for Hamilton County in 2017 was \$52,389. Families qualify for housing subsidy based on their percent of AMI and their family size. The U.S. Department of Housing and Urban Development (HUD) provides an income eligibility calculator at <https://www.hudexchange.info/incomecalculator/>.

**HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME)**—A federal program administered by HUD that awards formula block grants to states and localities on an annual basis. Communities use these funds, often in partnership with local nonprofit groups, for a wide range of activities including building, buying, and/or rehabilitating affordable housing for rent or homeownership, or providing direct rental assistance to low-income households.

**HOMESTEAD TAX EXEMPTION**—An Ohio policy that allows seniors and “permanently and totally disabled” residents with incomes equal to or less than \$32,800 as of 2019 to reduce their property tax bills by shielding some or all of the market value (up to \$25,000) of their “homestead” (the owner’s dwelling and up to 1 acre of land) from all property taxes. The savings vary by location, because local property taxes vary; in Hamilton County, the annual property tax savings for the exempted homeowners range from about \$350 to \$740.

**HOUSING CHOICE VOUCHERS (HCV)**—Participating low-income households can use this federal subsidy, which is administered by the Cincinnati Metropolitan Housing Authority, to rent a unit in the private rental market. The rental unit must meet certain quality standards, and participating households must secure the unit within 120 days of receiving a voucher.

**HOUSING COST BURDEN**—The percentage of a household’s monthly income consumed by housing costs, including rent or mortgage payments, utility costs, and maintenance costs.

**LOW-INCOME HOUSING TAX CREDIT (LIHTC)**—A federal tax credit administered by state agencies such as the Ohio Housing Finance Agency. Affordable housing projects can compete for tax credits based on criteria set out in their state’s Qualified Allocation Plan (QAP). LIHTCs take the form of either a 9% tax credit, typically used for new construction, or a 4% tax credit, typically used for rehabilitation or for new construction that is financed with tax-exempt bonds. Each year for ten years, a tax credit equal to 9% or 4% of a project’s qualified basis (cost of construction) is claimed. Developers either use the credits or sell them to investors to raise capital.

**RENTAL ASSISTANCE DEMONSTRATION (RAD) PROGRAM**—A federal program created in 2011 that allows public housing authorities to convert a portion of their units from their original sources of HUD financing to project-based assistance. This allows for more financing flexibility to make needed capital repairs. RAD conversions may transfer public housing to a new owner or manager, and they may require resident relocation during repairs.

**TANGLED TITLE**—Homes have tangled title when the person living in that home, and claiming an ownership interest, is not actually listed on the deed. Tangled title may occur when a house is inherited, and the name change is not properly recorded. Rent-to-own agreements can also lead to tangled title.