



Seizing Opportunities to Develop and Preserve Affordable Housing

A Municipal Action Guide

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THE CHALLENGE

Aging housing stock, abandoned properties and foreclosures present urgent challenges for local governments as they look to preserve more affordable housing.

Properties in communities that traditionally served low to moderate-income residents are aging. Rehabilitation can be prohibitively expensive when the cost incurred to restore the structures must meet new building codes and environmental regulations. Vacant and dilapidated properties may be unoccupied for long periods due to absentee property owners and in some cases speculative buyers waiting to turn the properties into high-end units.

Run down and abandoned properties become a burden to

the local governments when delinquent taxes and liens result in reduced revenue. In many neighborhoods, these buildings have become eyesores and havens for crime activity in the community.

Further, the current crisis in the sub prime market is leading to a record number of foreclosures. This is especially true in low income and minority neighborhoods where revitalized homes are being lost due in part to predatory lending practices.

Moreover, the cost of land, materials, and labor for housing production and rehabilitation continues to rise. At the same time, funding for housing – especially federal programs that maintain affordability – is decreasing.

STRATEGIES

Developing and preserving housing are long-term priorities that require commitment of energy and resources over many years. Rather than viewing aging, abandoned and foreclosed properties solely as problems, local governments can seize them as opportunities to implement revitalization strategies to develop and preserve more affordable housing.

Municipalities can launch an advocacy campaign to build support for revitalization efforts in the community, adopt new policies, forge partnerships and create financing options to leverage private and federal revenue streams for the restoration, preservation, and adaptive reuse of properties in their communities.

ACTION STEPS

Here are some action steps for launching a revitalization plan:

Advocacy

- **Announce plans to revitalize neighborhoods.** Educate the community about the history and character of the community. Promote restoration to build civic pride, and for the potential revenues and economic gains for the municipality.
- **Provide resources** both human and financial to the revitalization efforts.
- **Be proactive in helping residents maintain their homes.** Intervene on behalf of residents by supporting non-profits who provide foreclosure prevention counseling. Ensure that sub prime lending offers fair and equitable terms by holding local

financial institutions accountable for community reinvestment.

Policies and Programs

- **Adopt policies and procedures to pave the way for revitalization.** Municipalities can designate special historic designations and building codes to retrofit neighborhoods to restore the character of a community. Revive those elements that make your community unique. Zoning and ordinances can be established to convert commercial buildings, and old school buildings to apartments, single-occupancy rooms for the homeless, and for special needs housing.
- **Conduct an assessment of properties in the community.** Assess the physical condition of city owned properties and the tax status. These are important starting places to develop a comprehen-

sive strategy for the conversion, demolition and reuse of aging, abandoned and foreclosed properties.

- **Offer incentives to developers and major employers for affordable housing.** Consider reducing fees for developers for revitalization projects. Ask major employers to promote homeownership in revitalized areas by providing grants to employees to move into these areas.

Partnerships

- **Identify resources in every sector of your community.** Community development corporations, colleges and universities, foundations, faith-based institutions, major employers and financial institutions should be enlisted as your proactive partners in the development of a plan to revitalize and stabilize the housing markets in your community.
- **Investigate foreclosures and commercial properties for sale in your city.** Representatives from financial institutions, real estate agents, and developers are key partners who can alert city officials of properties that may be purchased by the city. There may be opportunities for subsidized loans, special buy downs and long-term investment solutions available to assist homebuyers, especially low-to moderate-income buyers.

EXAMPLES OF PROGRAMS

Baltimore, Maryland (pop. 651,000): Baltimore's Project 5000 is an innovative and ambitious effort to return 5,000 vacant and abandoned properties to productive use. The project aggressively pursues tax sale foreclosures, quick-takes, and traditional acquisitions, transfers surplus vacant properties to the Housing Authority of Baltimore City, and calls on law firms, title companies, and related businesses to clear titles. The city identifies and tracks properties through a new electronic system that has proven to be more efficient. Between 2002 and 2006, the city has acquired 6,000 abandoned properties, returning 1,000 to private ownership and 2,000 are being programmed for a specific development outcome. Contact: Dawn Wood, Project Manager, Department of Housing and Community Development, (443) 984-1645. The website address is http://www.baltimorehousing.org/index/ps_5000.asp

Financing

- **Establish a housing trust fund.** This will ensure a dedicated stream of financing for your housing efforts. Examples of municipal fees that can be considered to generate funding for housing trust funds include deed tax, building permit fees, hotel/motel tax and impact fees. (See NLC's Municipal Action Guide, Housing Trust Funds, on the website at (http://www.nlc.org/about_cities/cityknownet.aspx))
- **Support the development of a community land.** Consider donating vacant city properties and the land to a non-profit for a community land trust. A non-profit then owns the land and arranges for the development of housing. The land is held permanently by the land trust. When homeowners sell, they must sell back to the land trust or to another lower income household for an affordable price. This trust ensures that housing stays affordable on this land.
- **Seek funding for revitalization from diverse sources.** The federal government offers funding for the development and preservation of affordable housing through the Department of Housing and Urban Development (HUD) and the Department of Agriculture for rural communities. The National Trust for Historic Preservation offers funding and technical assistance to municipalities. There are national organizations that also offer assistance. (See resources).

Eagan, Minnesota (pop. 63,500): Eagan's Housing Opportunities Enhancement (HOPE) program invests in and encourages the production of affordable housing. The program provides loans to housing developers who create or preserve affordable rental and owner-occupied housing in the county. The program provides loans up to \$500,000 per project or \$20,000 per unit. Units built by the developers are reserved for households whose incomes are not more than 50% of area median income and HOPE funded units are required to remain affordable for at least 15 years. The program won a 2006 Excellence Award sponsored by the National Association of Housing and Redevelopment Officials. Contact information: Dakota County Community Development Agency at (651) 675- 4400.

Hartford, Connecticut (pop.121,000): Hartford's Housing Preservation Loan Fund Program provides

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financing assistance to property owners for the rehabilitation of single and multi-unit housing structures. Maximum assistance is \$20,000 on one- to four-unit structures and \$30,000 on multi-unit apartment buildings. The program is funded by a Community Development Block Grant from the U.S. Department of Housing and Urban Development. Contact: Brian Mathews, Department of Development Services, (860)757-9031.

La Porte, Texas (pop. 31,000): La Porte's foreclosed property program quickly moves properties seized for non-payment of taxes. The program has resulted in expanded development in certain areas of the city for both residential and commercial properties. Conducted via a bidding process, the program has a waiting list of residents waiting to purchase properties. In its first year, a total of 93 homes and 17 new businesses have been created and tax roles have increased by \$14 million with little operating cost to the city. The program won a 2006 Public Works award from the Texas Municipal League. Steve Gillett, Director of Public Works, (281) 471-9650 email: publicworks@ci.la-porte.tx.us

NLC City Practice Briefs: Anti- Predatory Lending Ordinances and Foreclosure Prevention Practices are located on the NLC website at http://www.nlc.org/about_cities/cityknownet.aspx.

Porterville, California (pop. 34,000): Porterville's Orange Avenue Neighborhood plan revitalizes an economically depressed area. Obtaining 13 different local, state, federal and private grants, the city created a retail area, expanded existing roads, and improved affordable housing units in the area. The city worked with the school district to share facilities on the site, obtained permits from the Army Corps

of Engineers and the US Fish and Wildlife Services. A community center is included in the new development, which provides youth services and field trips. The project won a 2006 Helen Putnam Award sponsored by the League of California Cities. Contact: Denise Marchant, Community Development Department, (559) 782-7460.

Philadelphia, Pennsylvania (pop.1,500,000): Philadelphia's Neighborhood Transformation Initiative (NTI) targets blighted communities in an effort to increase property values and safety throughout the city. In collaboration with other city agencies, NTI uses public investments in select corridors of the city and leverages private funds. In 2006, the city issued a bond of \$150 million to be used by NTI. NTI works with developers to construct new affordable apartment buildings, businesses and warehouses in specific areas. NTI works to preserve historic buildings and facades so as to maintain a neighborhood's character and conducts intensive resident input before undertaking projects. Scott Wilds, Housing & Community Development Dept. (215) 686-9774 or scott.wilds@phila.gov

Winchester, Virginia (pop. 23,500): Winchester's Neighborhood Initiative program targets blighted areas of the city in hopes of revitalizing the community and increasing communication between the city and residents. In its first year, the program began a major redevelopment project that included rehabilitation of 20 vacant properties for affordable homeownership. In collaboration with for-profit and non-profit developers, Winchester will rehabilitate areas for commercial and residential use. Winchester's Neighborhood Initiative won a 2006 Achievement award sponsored by the Virginia Municipal League. Contact Vince Diem, Planning Department, (540) 667-1815.

RESOURCES

Federal Government

The Housing Preservation Grant (HPG) Program, administered through the US Department of Agriculture, provides grants to sponsoring organizations for the repair or rehabilitation of low- and very low-income housing. Assistance is also available to rental property owners to repair and rehabilitate their units, providing the units, are made available to very low and low-income families. Financial assistance provided by the grantee may be in the form of a grant, loan, interest reduction on commercial loans, or other comparable assistance. The population limit of towns served is 20,000. http://www.rurdev.usda.gov/rhs/mfh/brief_mfh_hpg.htm

U.S. Department of Housing and Urban Development (HUD)
www.hud.gov

Community Development Block Grant Program (CDBG) provides funding to develop housing principally for person of low and moderate income. Eligible activities include neighborhood revitalization; economic development, improved community facilities; infrastructure improvement and affordable housing. For more information, the website address is <http://www.hud.gov/offices/cpd/communitydevelopment/programs/>

HOME is the largest Federal block grant to state and local governments designed exclusively to create affordable housing for low-income persons. Participating jurisdictions may choose among a broad range of eligible activities, using HOME funds to provide home purchase or rehabilitation financing assistance to eligible homeowners and new homebuyers; build or rehabilitate housing for rent or ownership; or for "other reasonable and nec-

essary expenses related to the development of non-luxury housing," including site acquisition or improvement, demolition of dilapidated housing, and payment of relocation expenses. For more information, the website address is <http://www.hud.gov/offices/cpd/affordablehousing/programs/home/>

National Parks Service

The Federal Historic Preservation Tax Incentives program encourages private sector rehabilitation of historic buildings and is one of the nations most successful and cost-effective community revitalization programs. It generates jobs and creates moderate and low-income housing in historic buildings. The program is administered by the National Park Service and the Internal Revenue Service in partnership with State Historic Preservation Offices. The website address for more information is <http://www.nps.gov>.

The Historic Preservation Fund (HPF) provides grants to states, tribes, and local governments to use for activities like education, preparation of National Register nominations and development of comprehensive preservation plans. The HPF receives annual appropriations from Congress, and this federal money is matched by state dollars. The fund is administered in a partnership between the National Park Service and the states through state historic preservation offices, tribes and local governments. The website address is <http://www.nps.gov>.

National Organizations

The National Housing Trust is a national nonprofit dedicated to the preservation of existing affordable housing that focuses on multifamily housing assisted, owned or controlled by a federal agency. The Trust offers consulting services to local housing agencies, local governments, nonprofits, community development corporations, and low-income residents. Activities fall into four categories: public policy, technical assistance and training, below market loans to non-profits for affordable, multifamily housing, and as an owner/developer to purchase and renovate existing affordable housing. For more information, contact Tracey Kaufman at tkaufman@nhtinc.org or (202) 333-8931. The website address is www.nhtinc.org

The National Vacant Properties Campaign provides individuals, advocates, agencies, developers, non-profits, and others with information resources, tools, and assistance to support their vacant property revitalization efforts. The Campaign offers the following services to address the needs of jurisdictions across the country: vacant property systems assessments, vacant property training roundtables and strategies implementation. For more information, call (202) 207-3355. The website address is <http://www.vacantproperties.org/>.

National Trust for Historic Preservation

The Preservation Funds provide two types of assistance to non-profit organizations and public agencies: 1) matching grants from \$500 to \$5,000 for preservation planning and educational efforts, and 2) intervention funds for preservation emergencies. Matching grant funds may be used to obtain professional expertise in areas such as architecture, archeology, engineering, preservation planning, land-use planning, fund raising, organizational development and law as well as to provide preservation education activities to educate the public. Contact information: (800) 944-6847. The website address is www.nationaltrust.org.

The National Trust Loan Funds consists of two preservation revolving funds:

The Inner-City Ventures Fund (ICVF) provides financial assistance to organizations that serve low and moderate-income households or provide economic benefit in low and moderate-income communities.

The National Preservation Loan Fund (NPLF) provides funding for a variety of preservation projects. These may include establishing or expanding local and statewide preservation revolving funds, acquiring and/or rehabilitating historic buildings, sites, structures and districts, and preserving National Historic Landmarks.

Foreclosure Assistance

NeighborWorks America, a national non-profit. Foreclosure resources offered by NeighborWorks can be found at www.nw.org/network/foreclosure/default.asp.

The Homeownership Preservation Foundation is a nonprofit participant in the HOPE NOW alliance that collaborates with local governments, nonprofit organizations, borrowers and lenders to help families overcome obstacles that can result in the loss of their homes. The website, www.995hope.org, allows homeowners to begin online housing counseling sessions.

ACORN, a national non-profit, ACORN provides one-on-one mortgage loan counseling, first-time homebuyer classes, and helps clients obtain affordable mortgages through their unique lending partnerships. More information on ACORN can be found at www.acornhousing.org.

For more information on affordable housing programs, contact Bonnie Mann in the Center for Municipal Programs and Resources at (202) 626-3125 or at mnn@nlc.org.

