



2023

Closing the Wealth Gap through Home Equity & Asset Opportunities

Bill Fischer, Vice President of Community Development

THE PORT



The Port and Managed Entities – A Plan for Renewal

Strategic Framework

ECONOMIC EQUITY

Equity and inclusion have always been central values and business imperatives at The Port. Our economic equity plans address capacity building and development for minority-owned, women-owned, and small business enterprises.

PUBLIC FINANCE

Bringing innovative public finance tools to stimulate private sector investment in commercial real estate and redevelopment of complex sites

INDUSTRIAL

Growing Hamilton County by transforming historic industrial properties back into productive use to attract manufacturing jobs

NEIGHBORHOODS

Driving broad redevelopment of residential and commercial properties to promote thriving neighborhoods throughout Hamilton County

PUBLIC PROJECTS

Partnering with community organizations and institutions throughout Hamilton County to revitalize the City and County's most complex and disinvested real estate



The Port

Mission-Aligned Managed Entities



Hamilton County
Landbank

 A MANAGED ENTITY OF THE PORT

Hamilton County Land Reutilization Corporation

The mission of the Hamilton County Landbank is to return vacant properties to productive use through the tools statutorily provided to the Landbank and by leveraging the resources of the Landbank's executive arm, The Port.

www.HamiltonCountyLandbank.org



 A MANAGED ENTITY OF THE PORT

Homesteading & Urban Redevelopment Corporation

The HURC is dedicated to improving the quality of housing stock and increasing affordable homeownership, providing a quality product with minimal overhead for the homebuyer.

www.HURCCincy.org



Why?

To close the wealth gap through the transformation of real estate



Our neighborhood focus areas:



**RESIDENTIAL
DEVELOPMENT**



**BUSINESS DISTRICT
REVITALIZATION**



**MINORITY DEVELOPER
SUPPORT**



Why these focus areas?



RESIDENTIAL DEVELOPMENT

Largest source of
generational wealth
creation



BUSINESS DISTRICT REVITALIZATION

Small businesses
promote local
reinvestment



MINORITY DEVELOPER SUPPORT

Real estate ownership
& closing the wealth
gap



Residential Development





Residential Development

Progress to date:

- **HURC** – 40 completed homes since 2015; \$120,000 avg. sale price; \$45,000 avg. subsidy
- **HCLRC** – 76 completed homes since 2015; market-rate, sale prices was between \$200,000 - \$400,000, avg. subsidy \$20-30,000
- **ARPA** – 58 new construction homes, simple floor plan and slender design to fit narrow lots. Starting 2023-2025
- **Homeowner Repair Program** – Exterior repairs to legacy residents.
- **Creating Affordable Real Estate Equity“CARE Homes”** – 194 single-family homes acquired from out-of-town investor; turning rental into affordable homeownership



HURC | Evanston
Six Affordable Home Rehabs



Mt. Auburn Townhomes
Subsidizing affordable



REACH | Evanston
30 Market-Rate Homes

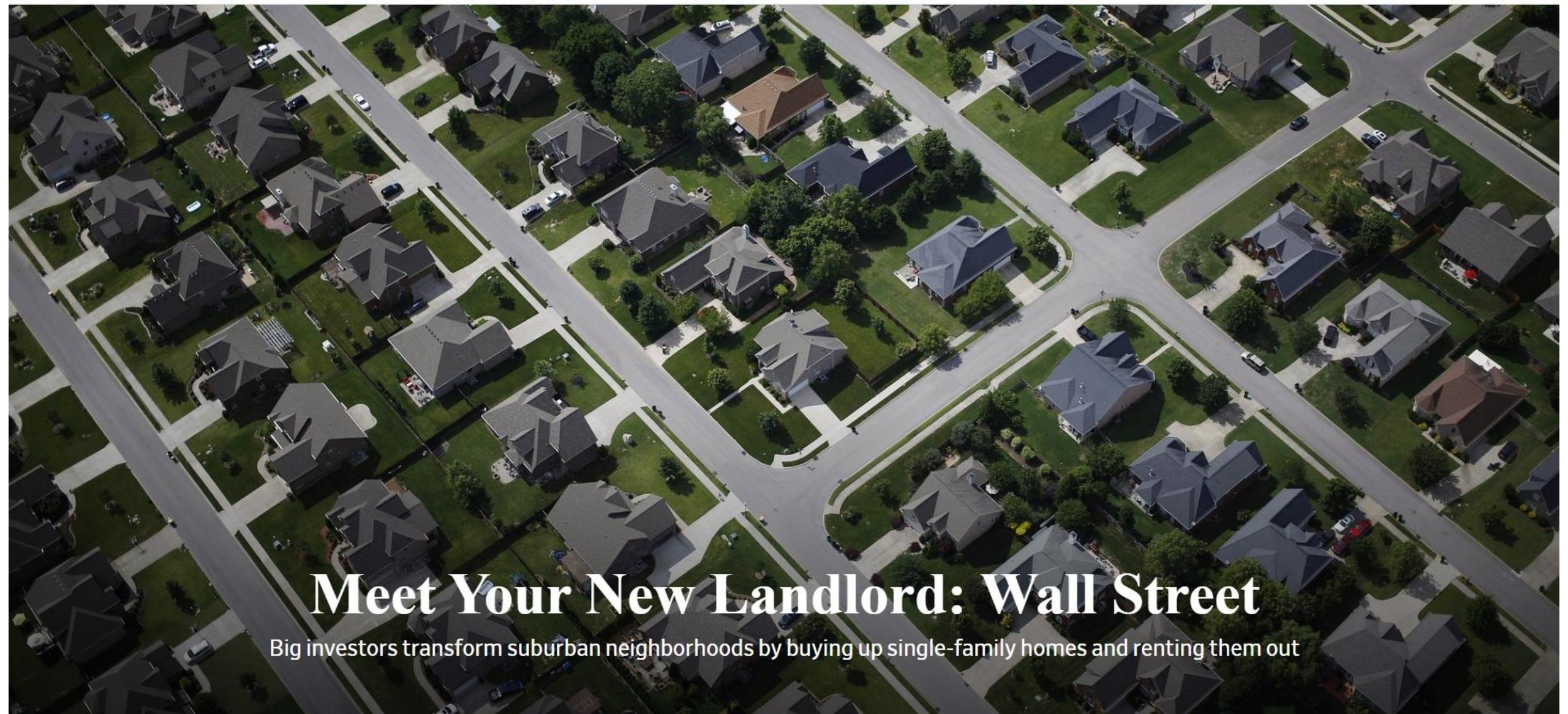


CARE Homes Initiative





THE WALL STREET JOURNAL.



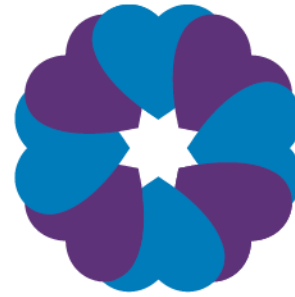
Meet Your New Landlord: Wall Street

Big investors transform suburban neighborhoods by buying up single-family homes and renting them out



CARE Homes Initiative

A pathway to
homeownership for
current residents



CARE Homes

THE WALL STREET JOURNAL.



PROPERTY REPORT

Cincinnati Agency Buys Nearly 200 Rental Homes, Thwarting Private Investors

City plans to upgrade rental homes and sell to tenants in affordable-housing effort

Enquirer coverage: Outside investors changing Greater Cincinnati's real estate landscape

Big investors are hogging American homes

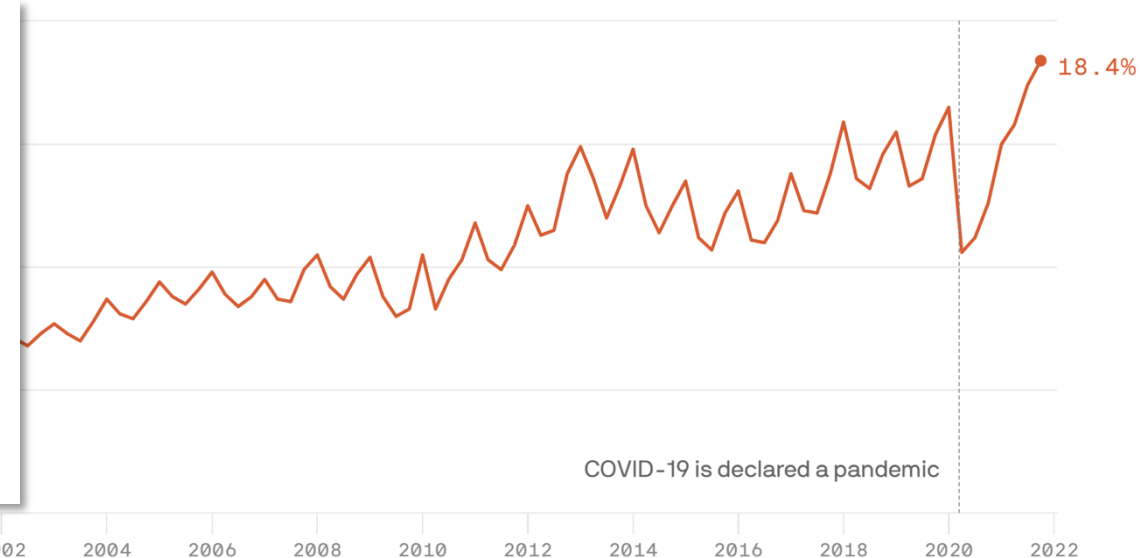
Share of all homes bought by investors

2000 Q1 to 2021 Q4

WHEN WALL STREET IS YOUR LANDLORD

With help from the federal government, institutional investors became major players in the rental market. They promised to return profits to their investors and convenience to their tenants. Investors are happy.

Tenants are not.



Data: Redfin; Chart: Jared Whalen/Axios

New Data: Cincinnati's Affordable Housing Gap Is 19,230 Units



Cincinnati Announces New Equitable Housing Policy Reforms

The city will make it easier for smaller, more diverse developers to gain access to local and state incentives.



Source: New York Times

Definitions

Institutional Investor: An organization that makes investments in a range of assets from stocks to real estate for profit

Real Estate Investment Trust (REIT): Institutional investor with a fund that invests in real estate rentals

iBuyer: An organization offering a wide collection of services for selling one's home, often providing more efficient and hands-off home sale to the seller

Problem

The Great Recession spurred the creation of Landbanks but also a new asset class for Institutional Investors.

Today, institutional investors are fundamentally changing the landscape of single-family housing throughout Hamilton County. Out-of-town investor-owners have been acquiring single-family homes at a prodigious pace.

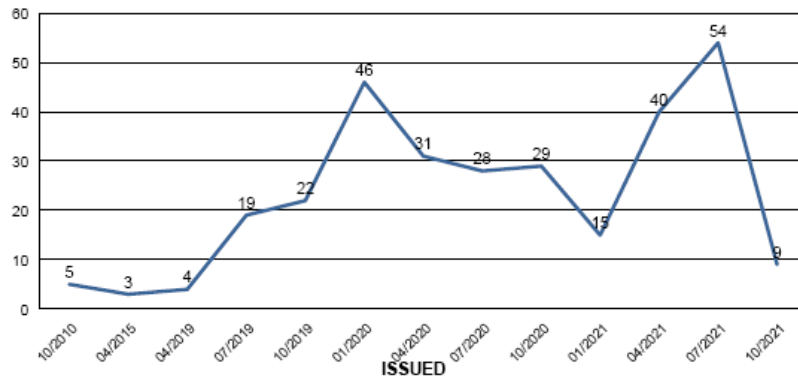
Long-term Impacts are unknown:

- Standards for property maintenance?
- Quality of life issues for tenants?
- Higher rents; high eviction rates?
- Code compliance issues?
- Fewer homes available to individual buyers; higher prices for homes across the board?

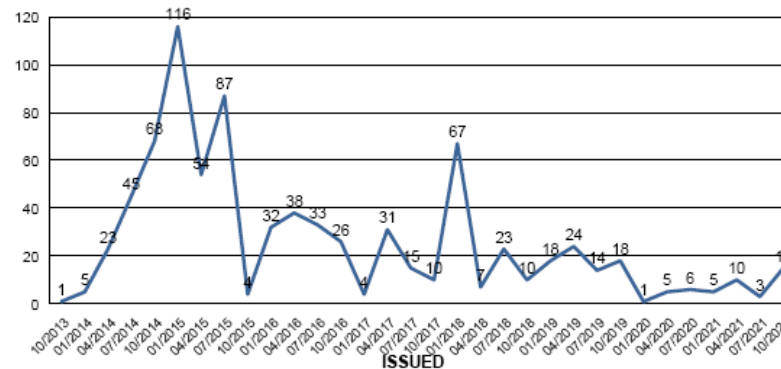
Code Compliance, City of Cincinnati

The Landbank was formed to interrupt a property's cycle of abandonment, blight, and tax-delinquency. Institutional Investors only perpetuate that cycle.

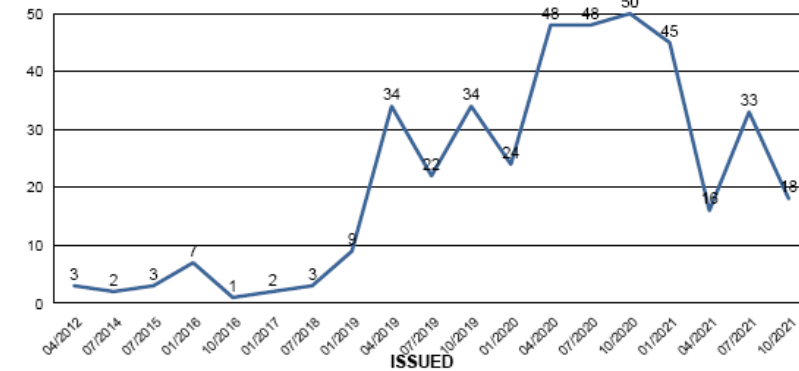
Vision + Beyond



Raineth

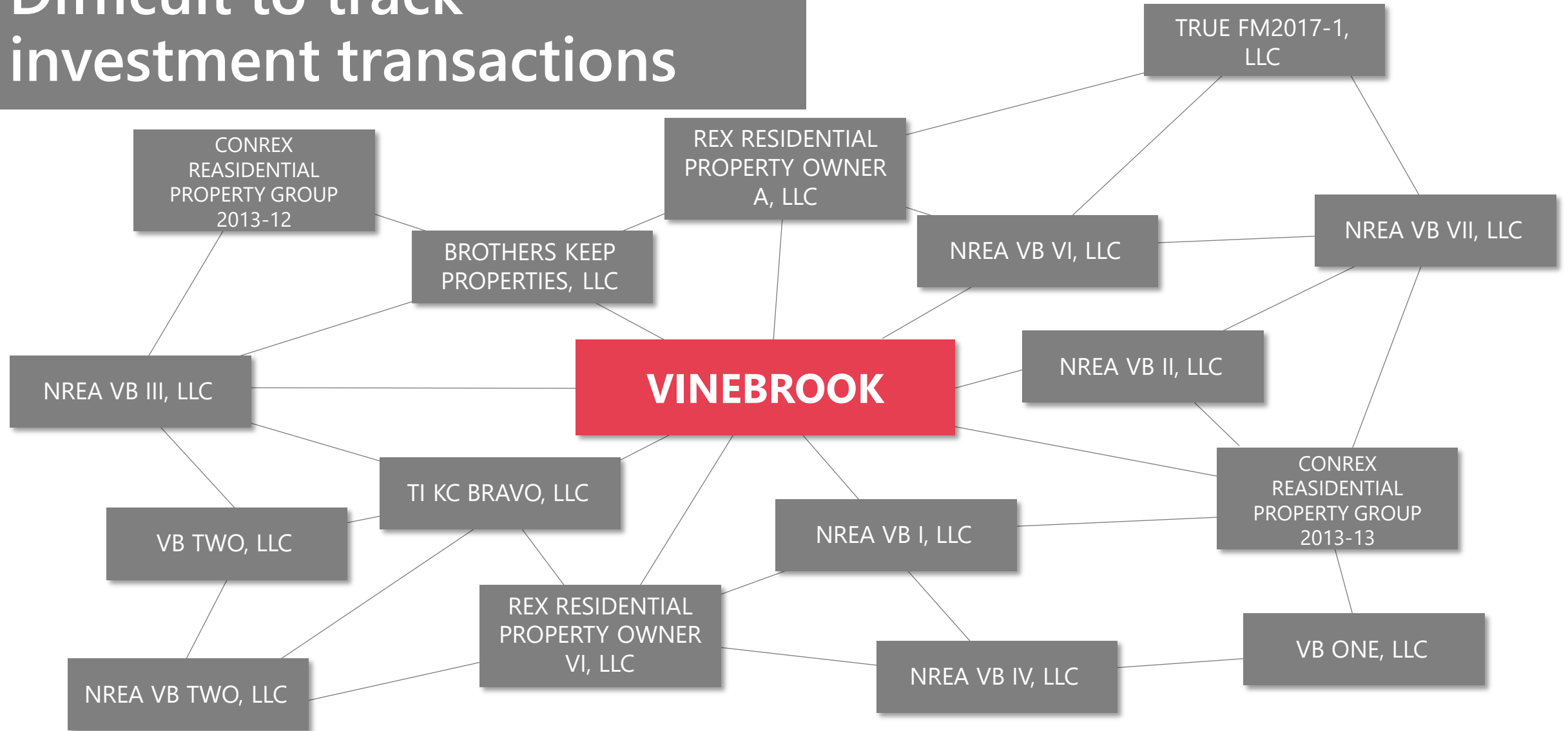


Vinebrook



— Violations

Difficult to track investment transactions

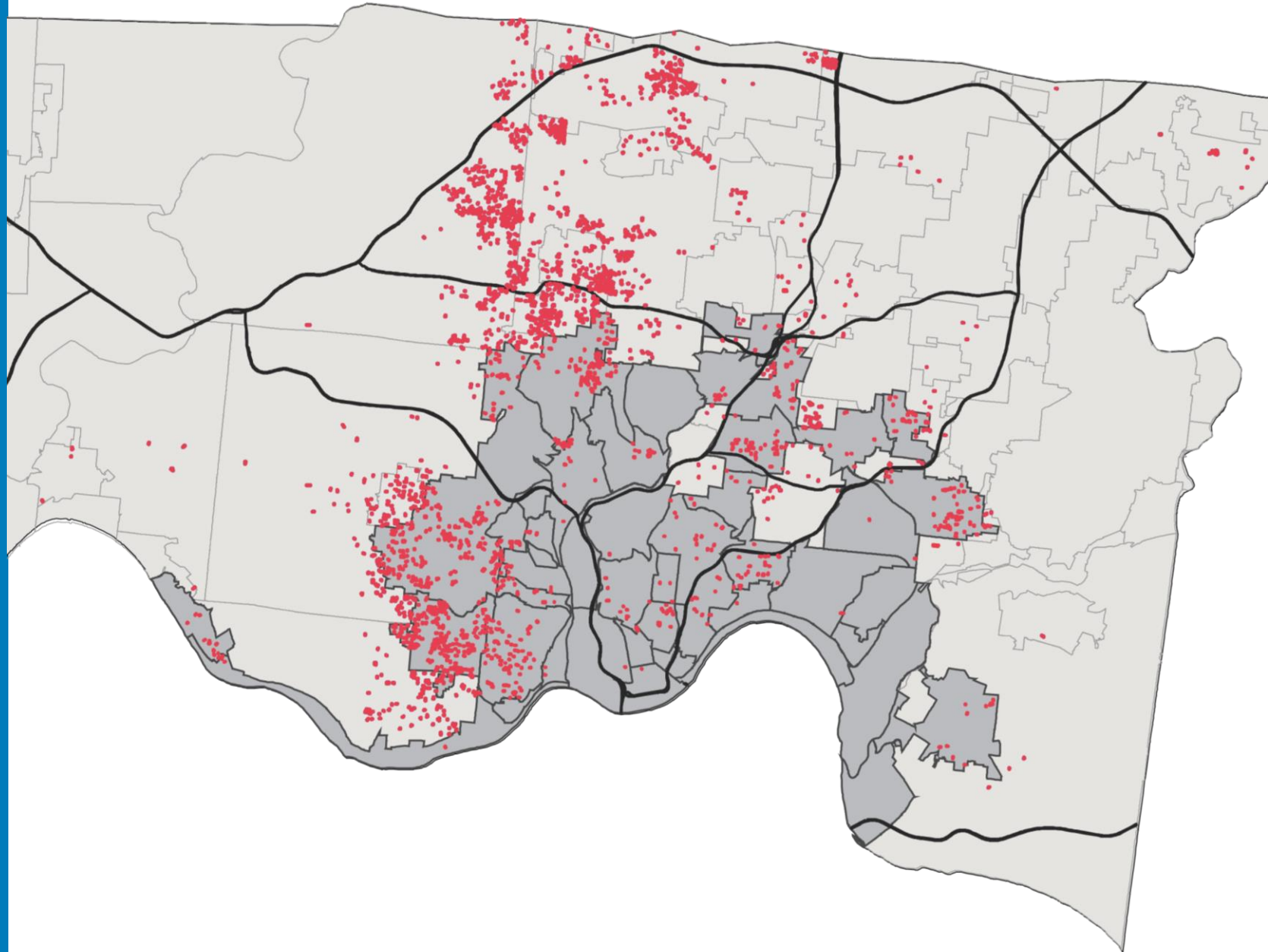




HAMILTON COUNTY | 2013 TO PRESENT

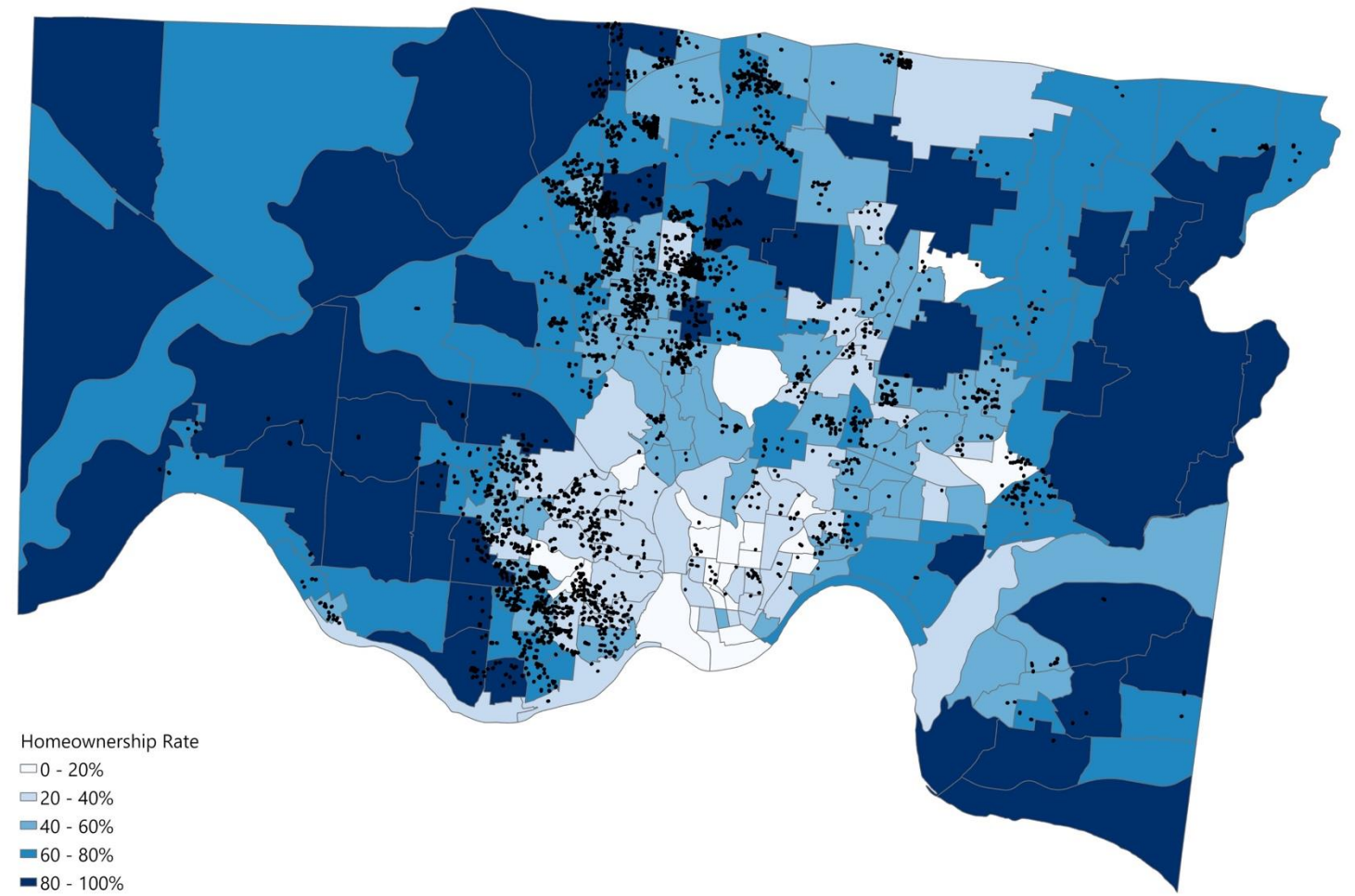
What We Found

More than 4,000 homes bought by Institutional Investors in Hamilton County



Homeownership Rates in Hamilton County

Institutional Investors' acquisitions have been overwhelmingly focused in communities with **lower homeownership rates.**



Concentrated in low & moderate income areas

Homeownership is vital for stability, equity and wealth creation for these communities & residents

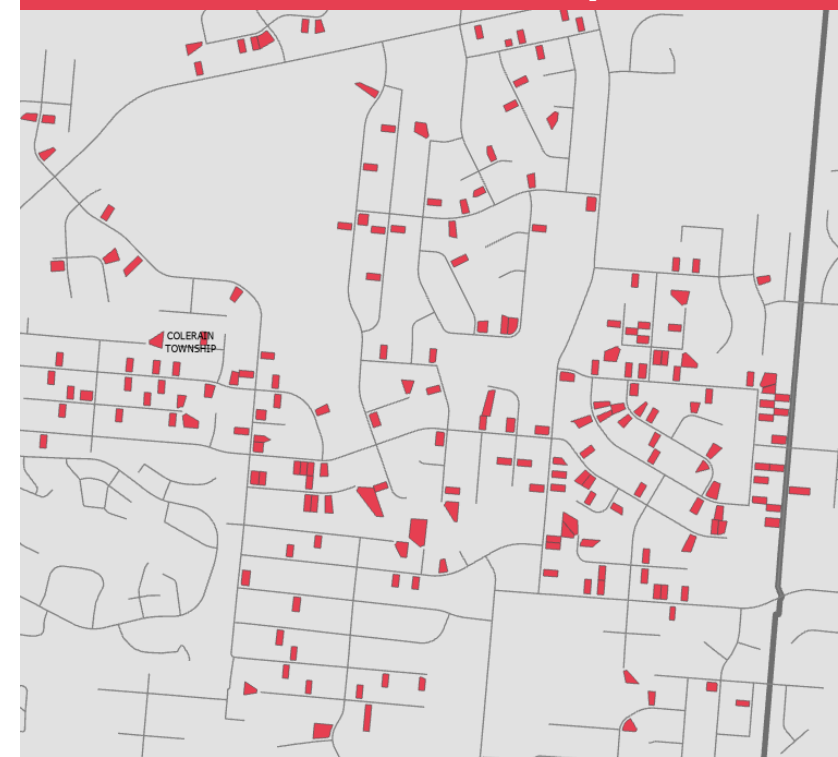
Springfield Township / Mt. Healthy



Springfield Township



Colerain Township





CASE STUDY: A Story of Two Homes



VINEBROOK

\$1,445/Month



Sale Date: 2/8/2019

Purchase Price: \$50,000

Rent: \$1,445

HOMEOWNER*

\$950*/Month



Sale Date: 9/8/2020

Purchase Price: \$142,500

Term: 30 years

Payment Starts*: \$950

*Current assumptions made for mortgage term and payment (insurance and PMI)



THE THREAT

Eviction and loss of
affordable
homeownership
opportunities



- Homeownership
- Wealth Creation
- Local Investment



- Rent \$ Leaving Region
- Fewer affordable homes = higher home prices
- Out-of-town landlords
- Displacement & lack of wealth creation
- Poor maintenance reduces surrounding home values



The Port's Acquisition of 194 Homes





THE OPPORTUNITY

A pathway to
homeownership for
current residents

- Prevent Immediate eviction
- Proceed with patience
- Minimize public subsidy – ideally to zero
- Qualify, vet, and train current tenants through local partners
- Maintain and improve properties
- Connection to down payment assistance and other resources
- Transition properties to homeownership
- When necessary, leverage partners for wraparound and support services.



THE HOMES



Westwood



Bond Hill



West Price Hill



Madisonville



Evanston



THE RISKS

- Can we vet this in time to make an offer?
- How will we stack up against Intense competition on price?
- How will we manage occupied property?
- What funds could possibly be available?
- Would partners and stakeholders support this high-risk acquisition?
- Will the Board tolerate this risk?
- Will our predictions and proforma be accurate?
- Ad nauseam!



GUIDING PRINCIPLES

A pathway to
homeownership for
current residents

- Five Year program
- Make homeownership the #1 priority
- Provide basic access to quality housing
- Ensure compassion and responsiveness to Tenant Needs
- Maximize the depth and breadth of our stakeholders and community partners
- Ensure the CARE Homes Initiative is a fiscally responsible operation



NEIGHBORHOODS: HOUSING | HAMILTON COUNTY | 2022

THE TEAM

Building a community of support



Metro Area Religious Coalition of Cincinnati

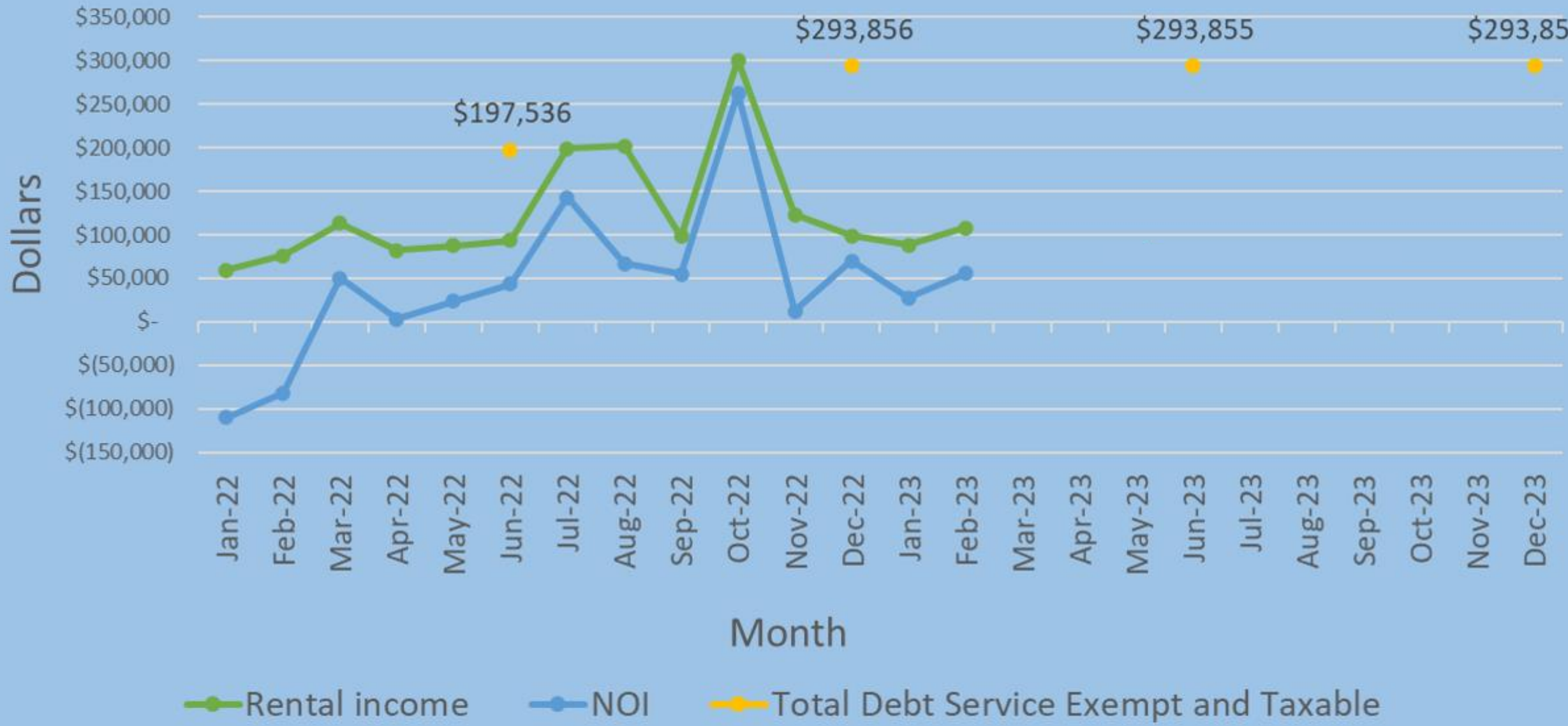


Creating Affordable Real Estate Equity

CARE Update



CARES NOI and Debt Service



CARE Initiative Update



CARE Homes Update

- February 2022: 160 tenants more than 1-month delinquent
- August 2022: 7 tenants are more than 1-month delinquent
- November 2022 New management company under contract
- Two properties sold to CDC partners (volunteer rehab program).
- 64 vacant properties - 27 properties under Renovation
- 35-40 remaining Vacant Properties in planning/scoping
- Working in Neighborhoods has 40 tenants enrolled in homebuyer and financial training.
- 2 tenants ready to purchase

	November 2022	December 2022	January 2023	February 2023	March 2023	April 2023	May 2023	June 2023	July 2023	August 2023	September 2023	October 2023	November 2023	December 2023	January 2024		
3527 Glenway	(\$16,100)	(\$14,560)	(\$27,027)	(\$27,027)		\$144,250						2714 Shaffer	(\$30,334)	(\$30,334)	(\$30,334)		
3525 Glenway	(\$5,300)	(\$11,280)	(\$25,108)	(\$25,108)		\$122,833						House 2	(\$30,334)	(\$30,334)	(\$30,334)		
3444 Fernside	(\$64,650)		(\$24,250)	(\$15,550)	(\$15,550)		\$168,750					House 3	(\$30,334)	(\$30,334)	(\$30,334)		
												House 4	(\$30,334)	(\$30,334)	(\$30,334)		
								1532 W H Taft	(\$30,334)	(\$30,334)	(\$30,334)	\$220,000					
								1443 Aster	(\$30,334)	(\$30,334)	(\$30,334)	\$149,167					
								3011 Costell	(\$30,334)	(\$30,334)	(\$30,334)	\$121,800					
								921 Woodlawn	(\$30,334)	(\$30,334)	(\$30,334)	\$161,633					
			811 McPherson	(\$16,879)	(\$16,879)	(\$16,879)	(\$16,879)		\$140,000				House 1	(\$30,334)	(\$30,334)		
			4717 Hamilton	(\$18,333)	(\$18,333)	(\$18,333)		\$153,980					House 2	(\$30,334)	(\$30,334)		
			1216 Texas	(\$15,318)	(\$15,318)		\$82,000						House 3	(\$30,334)	(\$30,334)		
			4 Walnut	(\$16,834)	(\$16,834)	(\$16,834)	(\$16,834)		\$47,021				House 4	(\$30,334)	(\$30,334)		
			1250 Iliff	(\$14,818)	(\$14,818)	(\$14,818)	(\$14,818)		\$121,800								
			2566 Mustang	(\$18,774)	(\$18,774)	(\$18,774)		\$174,080									
			8728 Desoto	(\$13,738)	(\$13,738)	(\$13,738)	(\$13,738)		\$142,780								
								1689 Grand	(\$30,334)	(\$30,334)	(\$30,334)		\$144,875				
								1940 Sunset	(\$30,334)	(\$30,334)	(\$30,334)		\$192,000				
								1682 Ashbrook	(\$30,334)	(\$30,334)	(\$30,334)		\$163,275				
								1734 Wyoming	(\$30,334)	(\$30,334)	(\$30,334)		\$122,000				
			5304 Sidney	(\$16,704)	(\$16,704)	(\$16,704)		\$189,800						House 1	(\$30,334)		
			159 Richardson	(\$11,010)	(\$11,010)		\$128,000							House 2	(\$30,334)		
			1018 Winfield	(\$20,098)	(\$20,098)	(\$20,098)	(\$20,098)		\$121,667					House 3	(\$30,334)		
			2814 Schafer	(\$11,416)	(\$11,416)	(\$11,416)	(\$11,416)		\$162,280					House 4	(\$30,334)		
								2479 Ontario	(\$30,334)	(\$30,334)	(\$30,334)		\$141,540				
								1930 Kinney	(\$30,334)	(\$30,334)	(\$30,334)		\$192,000				
								406 Purcell	(\$30,334)	(\$30,334)	(\$30,334)		\$98,800				
								1331 Beech	(\$30,334)	(\$30,334)	(\$30,334)		\$129,546				
								420 E Benson	(\$26,291)	(\$26,291)	(\$26,291)		\$141,540				
								3136 Harvard	(\$30,334)	(\$30,334)	(\$30,334)		\$192,000				
								1026 Considine	(\$21,107)	(\$21,107)	(\$21,107)		\$140,000				
								1621 Wyoming	(\$14,800)	(\$14,800)	(\$14,800)		\$103,600				
													3150 Saffer	(\$30,334)	(\$30,334)	(\$30,334)	\$114,000
													3552 Purdue	(\$30,334)	(\$30,334)	(\$30,334)	\$132,475
													1632 First	(\$30,334)	(\$30,334)	(\$30,334)	\$109,650
													3341 Cavanaugh	(\$30,334)	(\$30,334)	(\$30,334)	\$140,000
								8645 Desoto	(\$30,334)	(\$30,334)	(\$30,334)		\$104,520				
								6208 Chandler	(\$30,334)	(\$30,334)	(\$30,334)		\$207,480				
								2622 Hemlock	(\$30,334)	(\$30,334)	(\$30,334)		\$225,300				
								4904 Shirley	(\$30,334)	(\$30,334)	(\$30,334)		\$119,400				
													5727 Bramble	(\$30,334)	(\$30,334)	(\$30,334)	
													1037 Gilsey	(\$30,334)	(\$30,334)	(\$30,334)	
													555 E Epworth	(\$30,334)	(\$30,334)	(\$30,334)	
													2040 Ley	(\$30,334)	(\$30,334)	(\$30,334)	

Occupied

			6839 Griesmer	(\$10,840)	(Roof)										
			1427 Regent	(\$7,792)	(Roof)										

Reno acct balance - start
 Less capital spend
 Plus sale proceeds
Reno acct balance - end

	(\$86,050)	(\$25,840)	\$372,945	\$296,560	\$109,287	(\$80,185)	(\$64,238)	(\$121,139)	\$144,266	\$67,972	\$567,831	\$1,000,523	\$1,289,115	\$1,547,257	\$1,745,135
	\$0	\$0	(\$76,385)	(\$187,273)	(\$189,472)	(\$251,136)	(\$307,651)	(\$380,456)	(\$385,115)	(\$364,008)	(\$364,008)	(\$364,008)	(\$364,008)	(\$364,008)	(\$364,008)
			\$0	\$0	\$0	\$267,083	\$250,750	\$645,860	\$308,821	\$863,867	\$796,700	\$652,600	\$622,150	\$561,886	\$496,125
			\$296,560	\$109,287	(\$80,185)	(\$64,238)	(\$121,139)	\$144,266	\$67,972	\$567,831	\$1,000,523	\$1,289,115	\$1,547,257	\$1,745,135	\$1,877,252

In Construction
 Finished

	2	2	3	10	12	15	14	14	12	12	12	12	12	12	12
					2	4	5	10	14	20	24	28	32	36	40



CARE Contract Inclusion Tracker

Contractor Totals	SBE	WBE	MBE	Section 3	Non-Profit	No Inclusion
Unlimited Carpentry	\$207,831			\$133,590		
Kiaker Development			\$54,950			
CSR Collective	\$222,406					
O'Sullivan Exteriors	\$34,680					
Prestige Construction	\$262,173		\$262,173			
Iconic Homes	\$84,427					
Bouden Builders		\$44,400	\$44,400			

TOTAL	\$811,517	\$44,400	\$361,523	\$133,590	\$0	\$0	\$901,626
Percentage of Total Awarded Funds	90%	5%	40%	15%	0%	0%	



THE PORT

Community Outreach

WIN Homebuyer Outreach for Potential Homebuyers and Training



THE PORT

811 McPherson- East Price Hill

Typical Vacant Unit

- Renovation Work to Start This Month
- Expected Completion This May
- Estimated Sales Price \$140,000



THE PORT

3525 Glenway

CARE Rehab- Before





Before: 3525 Glenway



After: 3525 Glenway

THE PORT

3525 Glenway

- 3 Bedroom, 1 ½ Bath
- 1700 SQ Feet
- Renovations to be Complete Later This Month
- Estimated Sales Price \$123,000



THANK YOU



BILL FISCHER

Vice President, Community Development

wfischer@cincinnatiport.org

513-632-3765

