

DEPARTMENT OF ECONOMIC DEVELOPMENT

**SUMMARY FOR THE LEGISLATIVE FILE
ORDINANCE NO: 457-2021**

Project Type: Ordinance Amendment – Neighborhood Transformation Initiative
Project Name: Buckeye Pathway to Homeownership Program
Project Manager: Briana Butler
Ward/Councilperson: 6 - Griffin
City Assistance: Neighborhood Transformation Initiative – Housing Bonds

Project Summary and Discussion

As a result of the decline of Buckeye Shaker Area Development Corp., around 80 homes and 10 commercial properties were placed in receivership. The homes were a part of a LIHTC project called Cleveland New Homes I of which the residents entered into lease-purchase agreements. About half of the homes are now vacant. There are around 30 residents who are interested in buying their homes. The Administration has developed a program that provides a pathway to homeownership for the residents interested in purchasing their home out of receivership.

Given the circumstances surrounding this group of homes, several solutions are being proposed as part of the Mayor’s Neighborhood Transformation Initiative:

- Work with non-profit partners to determine residents’ ability to pay and best course of action whether it be purchasing their home or continuing to rent
- Use the existing contract entered in to between Cleveland Citywide Development Corporation and Community Housing Solutions to administer necessary repairs
- Contract with CHN Housing Partners to provide a Down Payment Assistance Program in the form of a soft second mortgage for 20% of the purchase price of the home
- Administer Partially Forgivable Mortgage Loans of up to \$20,000 to eligible residents

No additional funds are necessary to implement this program. The City has the ability to implement the Program as identified above, with existing Housing Bond funds allocated for the Mayor’s Neighborhood Transformation Initiative. The City’s Administration and Cleveland City Council approved the establishment of a NTI Housing Fund to advance the goals of certain housing programs.

Ordinance amendment is necessary. When the NTI Housing Fund Ordinance (Ordinance No. 563-17) was passed, the need for a mortgage program as financial assistance for owner-occupants of existing homes was not identified. Accordingly, this ordinance requires an amendment in order to implement the program.

NTI Housing Programs (Ordinance No. 563-17) – Required Amendments:

Due to the language in the existing legislation for the NTI Housing Programs (Ordinance No. 563-17), this ordinance will need to be amended. Reasons for the amendments are as follows:

- An amendment to the NTI Housing legislation (Ordinance No. 563-17) is required to allow of a mortgage loan program as financial assistance owner-occupants
 - o Amendment to be reflected in Sections 2 and 4

Amendments shall be reflected as follows:

Ordinance No. 563-17

Sections 2 and 4 should be deleted in their entirety and replaced with:

Section 2. That for new construction, the City will identify target areas and work with CCDC on the selection of developers by RFP and funding will be provided on a project-by-project basis; for mortgage loans and down payment assistance, funds will be limited to acquisition of houses newly constructed, renovated, rehabilitated or otherwise improved existing housing within the neighborhoods of the City of Cleveland in areas identified through the Housing Advisory Board, and CCDC will review underwriting for mortgages, down payment assistance, and homeowner rehabilitation, subject to City approved guidelines as further defined in Section 7; and

Section 4. That the Agreement shall provide for the administration of a Mortgage Loan Program, which will provide low interest and partially or fully forgivable loans as mortgages to be provided to purchasers for the acquisition of newly constructed, renovated, rehabilitated or otherwise improved existing housing under the Agreement.