

**Columbus and Franklin County Foreclosure Working Group  
Prevention and Recovery Advisory Plan  
October 2008**

## **Columbus and Franklin County Foreclosure Working Group**

### **Organization**

City Council  
City Council  
City of Columbus  
City of Columbus  
City of Columbus  
Columbus Foundation  
Columbus Housing Partnership  
Columbus Housing Partnership  
Columbus Housing Partnership  
Columbus Housing Partnership  
Community Research Partners  
Community Research Partners  
Consumer Credit Counseling Services  
Consumer Credit Counseling Services  
Danter Company  
Enterprise  
Enterprise  
Franklin County Economic Development and Planning  
Franklin County Treasurer's Office  
Greater Ohio  
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The Affordable Housing Trust  
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Data collection and analysis was completed by Community Research Partners with funding and guidance from Enterprise Community Partners.

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## **CONTENTS**

Executive Summary	i
Introduction	1
Foreclosure Working Group	1
Advisory Plan	1
Focus Area Selection	2
Strategies	4
Data Collection & Focus Area Analysis	5
Franklinton	5
Harrisburg Pike Triangle	7
Near East	8
Southside Livingston Park	10
Weinland Park	12
Wheatland	13
Westland	15
Northland	16
Appendices	21
A: Data Matrix	21
B: Data Continuums by Area	27
C: Demographic Table by Area	30
D: Presentation from Foreclosure Summit	39
D: Franklin County Foreclosure Map	50
E: Gross Rent by Area	51

# **Columbus and Franklin County Foreclosure Working Group Prevention and Recovery Advisory Plan**

## **EXECUTIVE SUMMARY**

The very real and tangible effects of the foreclosure crisis require an immediate and comprehensive plan to address the ways in which the crisis affects the local housing market and how these trends specifically affect Columbus and Franklin County neighborhoods. On June 23, 2008 Chair of Columbus City Council's Health, Housing and Human Services Committee, Charleta Tavares, the Affordable Housing Trust for Columbus and Franklin County and Enterprise Community Partners convened a Foreclosure Summit to highlight the issue of foreclosures throughout the county. Participants from both the public and private sector were welcomed to join the Working Group and contribute to the draft of the advisory plan.

### **COLUMBUS AND FRANKLIN COUNTY FORECLOSURE WORKING GROUP**

The Working Group was formed with the goal of generating an advisory plan for Columbus and Franklin County that will:

1. Prevent neighborhood decline associated with foreclosure in traditionally stable markets across Central Ohio;
2. Address the issue of backslide due to foreclosure in "tipping point" neighborhoods; and,
3. Focus resources in neighborhoods traditionally targeted by revitalization efforts, preventing further disinvestment and decline due to the foreclosure crisis.

### **ADVISORY PLAN**

The Columbus and Franklin County Foreclosure Working Group has identified a set of comprehensive strategies that seek to leverage existing resources, create cross jurisdictional partnerships and prioritize prevention. *This plan is advisory*; City and County officials will ultimately be charged with determining how and where funds are spent. It is understood that not all neighborhoods will benefit equally and that to have impact, funds will need to be targeted. Moreover, the Neighborhood Stabilization Program funds that will be available to the City and County have two statutory restrictions that need to be considered throughout the area assessment process. These funds may be used for a variety of activities but a nexus with foreclosed and vacant properties must exist and 25% of funds must be used to benefit households at or below 50% AMI.

### **FOCUS AREA SELECTION**

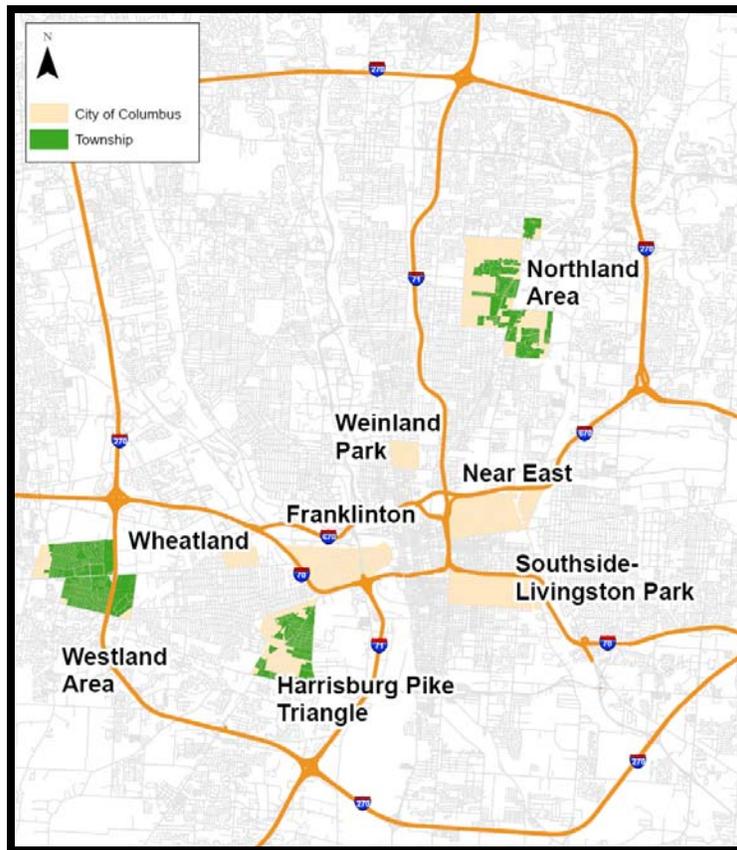
A total of eight areas have been considered by the Working Group. Due to limited resources to cover the costs of data collection and analysis, strategies are limited to these areas; however, an effort is made to identify strategies that may be applied to other areas of the City and County as decided by local government. As detailed below, all focus areas have issues with vacant and foreclosed properties and any one of these areas could use all potentially available funds to address foreclosed and vacant housing issues. The central city neighborhoods have demonstrated a historic problem with lower property values and vacancies, while several of the neighborhoods under the county jurisdictions are only recently beginning to show signs of decline; the foreclosure issue is compounding this trend.

Key considerations in area selection included:

- **Marketability:** Is there a for sale market? Is there a rental market? What is the general perception of the neighborhood and does the data support this perception?
- **Impact:** How would investment in the area change a neighborhood? Would the amount of potential funding available be sufficient to illicit change or prevent further decline?
- **Scale:** How large is the area and how concentrated are the foreclosed and vacant houses? How large is the combined investment?
- **Partners:** What other investments are being made by government, philanthropic and business entities in the area? If an area has significant investment already, should foreclosure funds also be spent there? What is the capacity of the organizations and entities in the area to manage a foreclosure prevention and recovery program?
- **Effect on Adjacent Areas:** Will investment in an area have a positive influence on adjacent neighborhoods? Will there be a “halo” effect?
- **Anchors and Community Assets:** Are there significant opportunities for neighborhood revitalization and development that would complement or augment targeted foreclosure funding?
- **Community Input and Existing Plans:** Would the approaches needed to address the foreclosure issues in a neighborhood align with the goals of that community and complement Area Plans?

The approach evolved to select several areas that could be seen as representative of different neighborhood types across Columbus and Franklin County. Selection was also guided by representation in the Working Group of entities working in or familiar with specific areas. Through a process of dialogue, the Working Group selected the following focus areas:

- Franklinton
- Near East
- Southside – Livingston
- Westland Area
- Harrisburg Pike Triangle
- Northland Area
- Weinland Park
- Wheatland Area



The areas are categorized in three ways:

### **Type 1: City-County Interface**

These areas are cross-jurisdictional and allow opportunities for foreclosure mitigation programs and infrastructure improvements through City-County partnerships. These areas have better single family for sale possibilities than other areas. City-County Interface areas exhibit the highest home ownership rates of all areas studied, as well as the lowest levels of foreclosure. Areas in this category include Northland, Westland and the Harrisburg Pike Triangle.

### **Type 2: Converging Investment Neighborhoods**

Weinland Park, Near East and Southside-Livingston Park all have been the target of substantial government and private investment; moreover, such investment is anticipated to increase significantly in the near future. All have challenging markets with high levels of foreclosure activity, but it is the general consensus that market conditions are likely to improve in these neighborhoods. All are geographically compact areas. A significant difference is that current acquisition prices in Southside-Livingston Park are substantially lower than the other two areas.

### **Type 3: Weak Market Neighborhoods**

Wheatland and Franklinton both have challenging markets. Recent activity in Franklinton has helped, but the home ownership rate remains low and Franklinton exhibits greater levels of vacant properties than Wheatland. Both areas show significant levels of foreclosures. These areas are geographically proximate but may have somewhat different markets. Additionally, the completion of the floodwall has resulted in higher appraisals for the Franklin ton area.

## **STRATEGIES**

A range of strategies have been identified to address foreclosure issues across the region in the short and intermediate term. The strategies seek to address the above classification of neighborhood types by considering both general characteristics and other unique or subjective knowledge. All approaches involve targeted initiatives to acquire vacant and foreclosed structures across Columbus and Franklin County. The time and method of property disposition varies and will depend on the locations selected as focus areas. Additionally, comprehensive efforts to provide foreclosure education and counseling services will be a critical component regardless of location.

Three dominant strategies are most relevant to the selected areas, as defined below:

### **Strategy 1:**

The goal of Strategy 1 is to implement a comprehensive acquisition and holding plan for the targeted area. This strategy may include acquisition and boarding of foreclosed, vacant homes; it may also include the demolition of such homes and the long-term holding of the property by local government for future redevelopment activities. Partnership with local entities to identify properties and manage acquisition will be necessary. Additionally, an outreach campaign marketing Foreclosure Prevention Counseling and Financial Fitness should be pursued to prevent further increases in the local foreclosure rate. By focusing resources in neighborhoods traditionally targeted by revitalization efforts, further disinvestment and decline due to the foreclosure crisis can be prevented. Strategy 1 is most appropriate for those focus areas defined as Weak Market Neighborhoods.

### **Strategy 2:**

Strategy 2 seeks to acquire and rehabilitate foreclosed and vacant homes with the goal of resale. This could be achieved through traditional resale programs or through the creation of a short term lease purchase program. The program would be available to residents needing additional time to complete homebuyer education programs; to repair credit; or, to identify and secure appropriate financing. Strategy 2 seeks to prevent neighborhood decline associated with foreclosure in traditionally stable markets and can also address the issue of backslide due to foreclosure in “tipping point” neighborhoods. Again, an outreach campaign marketing Foreclosure Prevention Counseling and Financial Fitness should be pursued to prevent further increases in the local foreclosure rate. Strategy 2 is most appropriate for those focus areas defined as City-County Interface. Strategy 2 can also be applied as a scattered site approaching, not limiting program activities to any one neighborhood, but addressing homes on a per unit basis.

### **Strategy 3:**

The third strategy combines elements of both Strategies 1 and 2, and adding a long-term rental component to the mix as appropriate. A targeted demolition program to achieve neighborhood stabilization would be pursued, as well as efforts to acquire and land bank homes with potential for future rehabilitation. Increased levels of subsidy to ensure affordability and to increase marketability of rehabbed homes to eligible buyers would be necessary and coupled with a program of Foreclosure Prevention Counseling and Financial Fitness. An outreach campaign marketing counseling and work-out funds would be promoted. Strategy 3 is most appropriate for those focus areas defined as Converging Investment Neighborhoods.

## **DATA COLLECTION & FOCUS AREA ANALYSIS**

Data collection and analysis was completed by Community Research Partners with funding and guidance from Enterprise Community Partners.