



Housing and Economic Recovery Act of 2008 is a \$3.92 billion dollar grant designed to address the foreclosures crisis in the United States.

Akron is a recipient of the grant in the amount of \$8.5 million from the federal government. The State is to give \$2.988 million

Federal Grant is

\$2,800,000	Financing Options for Home Ownership AND Acquisition of property
\$2,145,873	Housing for persons below 50% Area Median Income
\$1,500,000	Rehabilitation of property
\$1,180,000	Demolition of structures

State grant is

\$2,268,550	Residential development
\$ 600,000	Land Banks

1. **FINANCING MECHANISMS**

§2301(c)(3)(A) establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-seconds, loan loss reserves, and shared-equity loans for low- and moderate- income homebuyers;

2. **PURCHASE AND REHABILITATION**

§2301(c)(3)(B) purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties;

Relevant Definitions:

Abandoned. A home is abandoned when mortgage or tax foreclosure proceedings have been initiated for that property, no mortgage or tax payments have been made by the property owner for at least 90 days, AND the property has been vacant for at least 90 days.

Current market appraised value. The current market appraised value means the value of a foreclosed upon home or residential property that is established through an appraisal made in conformity with the appraisal requirements of the URA at 49 CFR 24.103 and completed within 60 days prior to an offer made for the property by a grantee, subrecipient, developer, or individual homebuyer.

Acquisition:

- Section 2301(d)(1) of HERA requires any purchase of a foreclosed-upon home or residential property under NSP be at a discount from the current market-appraised value of the home or property. Such discount shall ensure that purchasers are paying below-market value for the home or property.
- For mortgagee foreclosed properties, grantees must seek to obtain the “maximum reasonable discount” from the mortgagee, taking into consideration likely “carrying costs” of the mortgagee if it were to not sell the property to the grantee or subrecipient.

Rehabilitation

Direct homeownership assistance to persons whose incomes do not exceed 120% of median income.

- 24 CFR 570.202 Eligible rehabilitation and preservation activities for homes and other residential properties. Note that rehabilitation may include counseling for those seeking to take part in the activity.

3. LAND BANKS

§2301(c)(3)(C) establish land banks for homes that have been foreclosed upon;

Land Bank Uses:

- A land bank may not hold a property for more than ten years without obligating the property for a specific, eligible redevelopment in accordance with NSP requirements. HUD does not believe that holding property alone is sufficient to stabilize most neighborhoods.

4. DEMOLITION

§2301(c)(3)(D) demolish blighted structures;

5. REDEVELOPMENT

§2301(c)(3)(E) redevelop demolished or vacant properties

- New housing construction

