



Roadmap for Increasing Black Homeownership

Making generational wealth through homeownership available to everyone in Cincinnati and Hamilton County

October 2022

Housing Opportunities Made Equal of Greater Cincinnati, Inc.

Acknowledgments

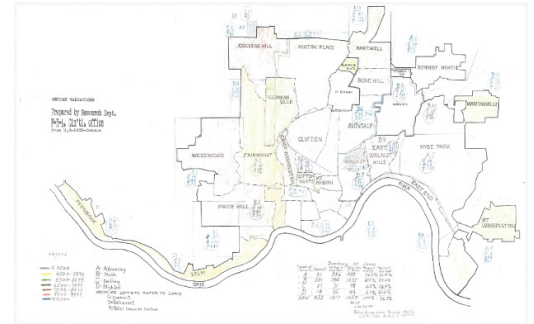
The Roadmap to Increasing Black Homeownership is a collaborative project. HOME would like to express a special recognition and thank all those who have helped carry out the Roadmap research and writing, including the Legal Aid Society of Southwest Ohio, Community Building Institute at Xavier University, and Action Tank.

Report design by GPD Creative Agency.

Endorsing Organizations

The Roadmap is supported by the following organizations:





Source: Drawn FHA Redlining map of Cincinnati (from The Ohio State University's library archives)

Introduction

Housing policies have been among the most potent tools society has employed over the past 100 years to segregate White households from Black households in the United States. Residential segregation results from zoning, lending, education policies, residential real estate practices, taxes, and public and private investments. These systems in the Cincinnati region have conspired to create vastly different outcomes for Black and White families, as highlighted in the [State of Black Cincinnati 2015: Two Cities](#) report published by the Urban League of Greater Southwestern Ohio.

Housing policies that have created residential segregation have taken many forms over the years:

- outright deed restrictions against the sale of properties to Black families,
- redlining that led banks to refuse loans in communities outlined in red on maps (communities Black families lived in),
- urban renewal programs that demolished thousands of homes in Black neighborhoods to make way for other uses,
- zoning codes that at first banned Black families and later required so much land area for each house that many locations became financially out of reach for many low- and moderate-income families, Black and White, and
- predatory lending practices that affected moderate-income homeowners, including Black families.

These are only some of the documented discriminatory practices; it does not include the racially-based intimidation and steering practices that have had a powerful impact on housing patterns for 200 years.

Today, the practice in the City of Cincinnati of granting tax abatements to all new construction and substantial renovation through the Residential Community Reinvestment Area (CRA) Tax Abatement Program has had the effect of privileging White neighborhoods and homeowners over Black neighborhoods and homeowners. A lawsuit filed against the City of Cincinnati highlights this impact and calls for remedies for Black homeowners.

The most significant indicator of systemic racism in the United States is the wealth gap between Black and White households. As homeownership is one of the most effective sources of wealth in our country, disparities in homeownership are one of the most critical factors contributing to the racial wealth gap. According to national studies using a segregation disparity index, Cincinnati is one of the most segregated cities in the United States. **Black homeownership in the Cincinnati Metro Area is around 33%, while White homeownership is approximately 73%—a 40% gap.**¹ This gap is one of the worst compared to other metropolitan areas. A Zillow study found that only two of the 58 largest metropolitan areas in the country had a more significant gap between Black and White homeownership than Cincinnati (Zillow Research, April 2021.) The gap in Cincinnati is also getting worse. Nationally, the Black homeownership rate went up by 0.5% between 2018 and 2019, but the Black homeownership rate in Cincinnati decreased by 1.7% over that same period.

¹ <http://zillow.mediaroom.com/press-releases?item=137710HousingAwealthgrows--almost>

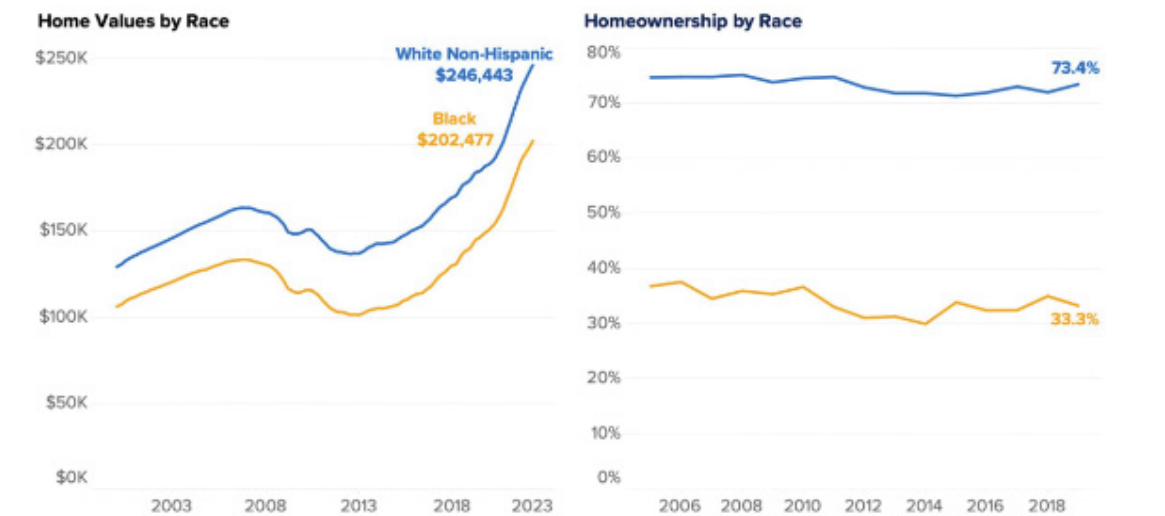


Image Source: Homeownership Disparities and Housing Value Disparities by Race in the Cincinnati Metropolitan Area, Zillow Analysis, April 2021

One of the most crippling outcomes of systematic racism targeted toward communities of color is the lack of access to a livable wage. Incomes have stagnated, and the median Hamilton County household earns less today than a decade ago. This is a result of both workplace discrimination and bias and the increased presence of socio-economic barriers to success. All these factor into what is driving the homeownership gap in Cincinnati. And yet, there are untapped opportunities for expanding homeownership. A recent study by the Urban Institute found that over 19 thousand local Black Millennials are mortgage ready.²

While creating pathways to increasing Black homeownership, we must also address the importance of supporting existing homeowners, especially legacy and low-income homeowners. We must protect and preserve the 33% of Black families that are currently homeowners. Demographers project that by 2040, the U.S. population aged 65 and older will double to 80 million, and their share of the total population will rise from 13 to 20 percent.³ Most seniors would prefer to age in place, but home modifications are critical to this process, and the costs can be prohibitive. Cincinnati has some of the oldest housing stock in the country, which makes it more likely homeowners will face costly repairs to maintain their housing.⁴ There are existing programs to assist homeowners with repairs, but they are challenging to navigate, overtaxed, and underfunded.

Amid a national housing crisis, Cincinnati finds itself at a

crucial tipping point. A coalition of civic leaders, non-profit agencies, philanthropic groups, and community housing providers led by the Local Initiatives Support Corporation (LISC) and the Greater Cincinnati Foundation (GCF) have come together over the past two years to create a comprehensive strategy to make housing in this region more just and inclusive. The [Housing Our Future](#) report documents that work. The City and the County worked together in 2019 to produce the [Fair Housing Assessment for Cincinnati and Hamilton County](#), which also calls for a more equitable housing market. In September 2021, Cincinnati USA Regional Chamber released their report [Embracing Growth Principles for Regional Housing](#) which analyzed our region's housing market and identified principles focused on growth, equality, economic mobility, and affordability.

These coalitions have created a comprehensive set of recommendations. When taken together, they would have a profound impact on the ability of Black households to compete fairly in the housing market in Cincinnati and experience the same ability to accumulate generational wealth through homeownership that many White households have been experiencing since at least the end of the Second World War. This Roadmap to Black Homeownership builds off the recommendations from those coalitions, focusing explicitly on expanding and preserving Black homeowners. The following policy recommendations aim to effectively combat the enormous homeownership gap within our City and County, and tap into the opportunities existing in a more equitable housing market.

To highlight the urgency of these issues and the need to move forward to implement change, we call on Cincinnati City Council and Hamilton County Commissioners to form a joint task force on the following proposals to address the issues of racial discrimination in housing in Cincinnati and to use the following recommendations to draft legislation to put these proposals into action. A portion of the Affordable Housing Trust Fund should be used to fund these recommendations to promote and preserve Black homeownership.

We call on all community stakeholders from the private and public sectors to implement practices and fund the following recommendations to create homeownership possibilities for all Cincinnatians.

² <https://www.urban.org/research/publication/barriers-accessing-homeownership-down-payment-credit-and-affordability-2018>

³ <https://www.census.gov/newsroom/press-releases/2018/cb18-41-population-projections.html>

⁴ <https://www.cincinnati.com/story/news/2021/05/20/cincinnati-ranks-no-4-oldest-housing-inventory-new-study-shows/5162745001/>

Recommendations



1. Expand Lending to Black and low-income homeowners that is fair and non-predatory.

- A.** Partner with lenders to ensure home loan products are available to borrowers with lower credit scores (between 580 and 650) and lower mortgage amounts (under \$50,000). Lower credit scores can be coupled with other creditworthiness considerations in order to ensure borrowers are qualified and able to sustain the cost of the home.
- B.** Develop Special Purpose Credit Programs with lenders to expand home loans specifically to Black borrowers to address the significant homeownership gaps.
- C.** Expand down-payment assistance and closing cost assistance to low-and-moderate income homeowners.
- D.** Research and initiate pilot programs on alternative credit scoring techniques that expand creditworthiness to qualified Black homebuyers.
- E.** Ensure equitable appraisal practices for home buyers, sellers, and homeowners refinancing their homes.
- F.** Fund housing counseling agencies certified by the U.S. Department of Housing and Urban Development to provide first-time home buying classes and counseling around home improvement and refinance options to Black homebuyers and homeowners.
- G.** Invest in nonprofit Community Development Finance Institutions (CDFIs) to create new and innovative programs to lend directly to low- and moderate-homebuyers.
- H.** Expand the homesteading program modeled on the current Price Hill Will program.
- I.** Fund fair housing organizations, including Housing Opportunities Made Equal (HOME), to investigate and enforce fair lending laws that ensure lending institutions are providing fair and equal access to loan products to Black borrowers and communities.

Price Hill Homesteading:

The Homesteading Program began in the Fall of 2015. Price Hill Will, the community development corporation for the three Price Hill neighborhoods, works in partnership with several local organizations (LISC, SC Ministry Foundation, Santa Maria Community Services, WIN, the Hamilton County Urban Land Reutilization Corporation, Legal Aid, and Catholic Charities of SW Ohio) to provide access to homeownership to families that would otherwise be unable to purchase a home. Price Hill Will identifies homes that are solid and stable, and have amenities families are looking for, such as room to expand and yard. A few houses have been donated to Price Hill Will, others are purchased for a minimal price from the Hamilton County Land Bank or at market value via private sales. Once acquired, Price Hill Will brings the homes up to code, and any building systems or building envelope issues that are in need of repair are addressed. Part of the criteria for selecting the families involves screening the applicants for home improvement skills. Price Hill Will then sells the homes to a very low-income family that has been approved by Santa Maria Community Services and WIN. Families sign a 5-year land contract and agree to complete a scope of work on their home. After 5 years of successful payments and home improvements, Price Hill Will transfers ownership of the home to the family outright, allowing them to build equity and maintain a stable home for their family's future.

Housing Our Future 2020 (HOF) Recommendations

“The City (and the County) should work with lenders to create innovative home purchase financing products, such as small-dollar mortgages in the \$75,000-\$100,000 range. There is also an opportunity for loans that rely on alternative credit histories, such as histories of rental payments. By increasing access to lending products we can ensure that households who are ready for homeownership can access affordable options.”

“More robust education and support is needed to help current and prospective homeowners tap into the wealth-building potential of homeownership. Key actions include expanding access to financial literacy counseling to low-income homeowners and homebuyers; providing emergency mortgage assistance to homeowners facing foreclosure and providing legal counseling and estate planning services so homes can safely pass from one generation to the next.”

Fair Housing Assessment for Cincinnati and Hamilton County 2019 Recommendations

“Goal 11 Access to private capital is a critical part of making housing available to protected classes. As the banking industry has responded to the housing crisis of 2008, loans for home maintenance and improvement and first time homebuyers has become much harder to acquire. Banks need to be encouraged to create lending products that serve these clients and make them widely available. Other creative funding initiatives like appropriately administered land contracts, homesteading, and other tools need to be piloted by Community Development Corporations and deployed.” (FHA)



2. Establish a loan and grant fund to support existing low- and moderate-income homeowners

Loans and grants should be made available to existing low- and moderate-income homeowners for the following purposes:

- A. Home repairs for interior and exterior repairs to bring properties to standards established in the City Housing Code.
- B. Home repairs to add accessibility features to allow homeowners to age in place.
- C. Emergency foreclosure assistance.
- D. Legal counsel for homeowners, including assistance with wills, estates, and resolving tangled title issues.



Housing Stock:

Housing Stock: Cincinnati has some of the oldest housing stock in the country, which makes it more likely homeowners will face costly repairs to maintain their housing. A 2021 study from Homes.com ranks Cincinnati No. 4 among cities with the oldest homes for sale in the U.S. The study found houses built prior to 2000 made up 61.6% of all listings in the city of Cincinnati in March 2021.

Source: <https://www.cincinnati.com/story/news/2021/05/20/cincinnati-ranks-no-4-oldest-housing-inventory-new-study-shows/5162745001/>

Fair Housing Assessment for Cincinnati and Hamilton County 2019 Recommendations

“Goal 2 Create City and County housing trust funds with the resources necessary to develop new affordable inventory, improve and preserve existing inventory, help low- and moderate-income property owners, and provide emergency eviction assistance.”

Housing Our Future 2020 (HOF) Recommendations

“The City and the County and non-profit organizations should work together to provide low-interest and deferred loans and/or grants for home repairs. Funds should be targeted to low-income owner-occupants and to small property owners whose properties are affordable to low-income tenants. Priority should be given to minority homeowners and seniors, who face unique barriers to accessing capital for repairs. Funds should be structured to encourage basic heating, Cooling and plumbing systems repairs and upgrades that will bring down energy costs.”

3.

Modify zoning to be more inclusive



- A. Modify the City zoning code to include Accessory Dwelling Units in single-family zones. Accessory dwelling units make multi-generational living practical and can substantially reduce the cost of housing for a household.
 - a. Specifically, add a definition of an accessory dwelling unit and add a provision to allow accessory dwelling units as permitted uses in all SF20 and SF10 zones, allowing for the dimension provisions currently provided for a dwelling unit in the SF 2 zone.
- B. Modify the zoning code to allow moderate intensities (one to three dwelling units) in areas currently zoned single-family (including all SF single-family subdistricts).
 - a. Specifically, increase the land area zoned RMX (Residential Mixed) in neighborhoods zoned mostly Single-Family. These mapped zones should be clustered along arterials, business districts, commercial uses, and other appropriate locations.
- C. Modify zoning to provide incentives to developers to include housing affordable to lower-income households in market-rate development.



Accessory Dwelling Unit Defined: An accessory dwelling unit (ADU) is a smaller, independent residential dwelling unit located on the same lot as a stand-alone (i.e., detached) single-family home. Source: Adapted from the [ABCs of ADUs](#)

Housing Our Future 2020 (HOF) Recommendations

“Zoning codes limit the production, preservation and location of affordable housing. For example, single-family residential zoning does not allow for enough density to make some affordable housing developments economically feasible. Developers must seek variances or zoning adjustments to develop denser housing in these areas, which increases the time and cost of developments and also provides an opportunity for local residents who fear affordable housing development to oppose projects. The City of Cincinnati, Hamilton County and jurisdictions within the County should update their zoning maps and codes to allow for denser housing development. Larger jurisdictions can assist smaller ones by crafting model zoning provisions that incorporate accessory dwellings and offer density bonuses parking reductions and other incentives in exchange for affordability.”

Embracing Growth Principles for Regional Housing 2021 Recommendations

"Local communities need to consider how they can practically increase housing density through zoning reforms. Again, the idea is to find an appropriate balance that recognizes the context and needs of a particular location. For some communities with high shares of single-family zoning, this might mean reducing lot size or square footage requirements to maximize the number of single-family units allowable. For others, "middle density" units might make more sense, while there are places in our region that can also accommodate larger structures that might support dozens or even hundreds of units."



4. Provide property tax relief to low-income homeowners in neighborhoods where property values are rising at a rate above the Countywide average.

- A. Increase funding to provide additional relief for homeowners at risk of property tax foreclosure.
- B. Expand outreach to homeowners who may be eligible for the state Homestead Exemption.



Defining Homestead Exemption:

The Homestead Exemption allows low-income senior citizens and permanently and totally disabled Ohioans to reduce their property tax bills by shielding some of the market value of their homes from taxation. Applications may be filed with the County Auditor on or before December 31 of the current calendar year. [Hamilton County Auditor Dusty Rhodes](#)

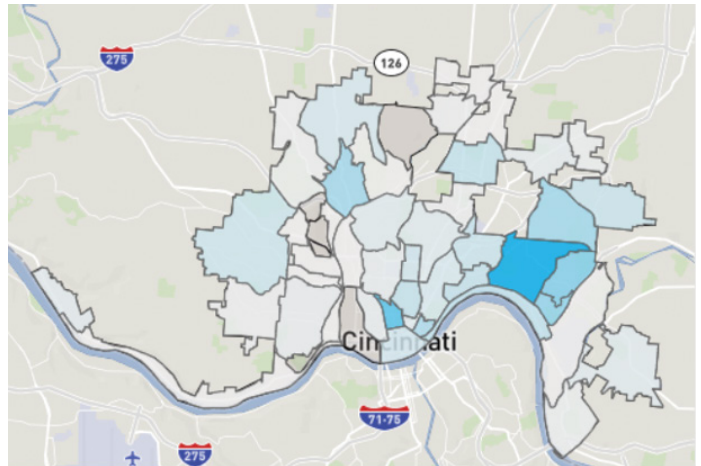
Housing Our Future 2020 (HOF) Recommendations

“The City and the County should increase tax relief (including tax freezes, abatements, and deferrals) for low- and moderate-income homeowners, especially seniors, and especially in neighborhoods that are rapidly appreciating. In addition, the City and the County and non-profit housing sector should increase outreach to homeowners who are eligible for the state Homestead Exemption to ensure that they are signed up for the relief. The City and the County should use tax delinquency data to identify homeowners at risk of foreclosure and target them for outreach. As the Covid-19 pandemic increases the risk of foreclosure, additional support such as foreclosure prevention counseling and mortgage payment plans must be scaled up as well.”



5. Modify tax abatement incentives to support Black homeowners and homeowners more directly in neighborhoods experiencing weak housing market performance that include a significant number of Black households.

- A. Target tax abatements to weak housing markets
 - a. Where median home sales average 40% or more under the city-wide average sale price, tax abatements should be granted on new investments over \$2,500.
 - b. The tax abatement program should be widely publicized, and materials should be provided to any property owners pulling permits.
- B. Waive the abatement application fee for low- and moderate-income homeowners.
- C. Limit tax abatements to affordable housing in high-cost neighborhoods
 - a. In communities where median home sales average 40% or more over the citywide average sale price, only affordable housing developments should be granted tax abatements.
- D. Restrict tax abatements in rapidly developing neighborhoods to legacy and low-income homeowners
 - a. In communities where median sales prices are accelerating more rapidly than the citywide average and were considered low and moderate-income communities in 2020, only residents who have lived in the community for at least two years will be granted tax abatements for home renovations.
 - b. New construction projects and substantial renovations may be granted tax abatements on a case-by-case basis with a preference for mixed-income projects.
- E. In all other communities, markets are assumed to be functioning normally, and no abatements are necessary to maintain a healthy housing market.



Map Source <https://insights.cincinnati-oh.gov/stories/s/kceu-xqtz>

Tax Abatements:

- Top five Cincinnati neighborhoods for tax abatements:
1. Hyde Park
 2. Over the Rhine
 3. Mt. Lookout
 4. Columbia Tusculum
 5. Oakley

Housing Our Future 2020 (HOF) Recommendations

“Currently the City and the County award some priority for development subsidies to housing projects that are mixed-income and that include units affordable to those earning 30% of area median income. Tax abatements meanwhile are awarded regardless of the projects affordability. In order to address our housing needs affordable project must be given greater incentive. For example, Cincinnati should modify its tax abatement policy so that rather than offering a blanket abatement, it requires projects in high-opportunity neighborhoods to include affordable units in order to receive tax benefits. In addition, it should expand the abatement to include 2-10 unit projects (which are not currently covered) on the condition that they include affordable units.”

6.

Create an independent, transparent monitoring process

A. Create a series of benchmarks that are reported annually, with 2019 serving as the baseline year, to track at a minimum;

- a.** changes in homeownership rates (by household #, race, and community), property values (by household #, race, and community),
- b.** abatements granted (by household #, race, community, value of abatement, and value of property)
- c.** housing production # (in categories affordable to households at 30-60% of area median income (AMI), 61-100% of AMI, and those available at prices affordable to those making over 100% AMI)
- d.** foreclosures (by household #, race, bank, and community)
- e.** new homeowners (by household #, race, bank, and community)
- f.** lending practices (by household #, race, bank, and community)



B. Data should be based on census data, City and County data, and Home Mortgage Disclosure Act (HMDA) data and be produced and reported annually by an independent entity and recommendations to continue increasing Black homeownership.

C. HOME's Enforcement Team will work with the independent monitoring team by testing the market to ensure that there is no discrimination.

Housing Our Future 2020 (HOF) Recommendations

“Adopt a set of metrics to track progress, a common set of metrics encourage collaboration and enable us to hold ourselves accountable to our vision. A publically accessible, digital dashboard should track annual progress towards strategic goals, including the implementation status of actions outlines in this Strategy. The number of affordable units produced and preserved, renters, and small landlords assisted, and the number of persons experiencing homelessness.”





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