

United States Senate

WASHINGTON, DC 20510

August 2, 2013

The Honorable Jacob J. Lew
Secretary
Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Dear Secretary Lew:

The market downturn in 2008 took an especially heavy toll on Ohio's economy. Unlike other parts of the country, which experienced a rapid boom and bust created by the housing bubble, Ohio's spike in foreclosures came on top of fourteen consecutive years of growing home defaults. Leading up to the crisis, predatory lenders that sought to take advantage of struggling families already hurt by the hollowing out of our nation's manufacturing base, and these families suffered disproportionately as jobs disappeared and home values fell. Two years after the market crash, Ohio's unemployment exceeded the national average, and nearly one in 20 homes were in foreclosure, one of the highest levels in the nation.

In 2010, the Hardest Hit Fund (HHF) provided Ohio with more than \$570 million in relief for distressed homeowners. Since then, the Ohio Housing Finance Agency (OHFA) has used Ohio's funds to provide housing counseling, payment assistance, mortgage modification assistance, and lien eliminations to help more than 10,000 Ohio homeowners. Nearly three years into Ohio's HHF program, just over one fifth of Ohio's HHF funds have been put to work assisting homeowners through OHFA's established programs. While foreclosures have fallen – from a high of more than 89,000 in 2009 to just over 70,000 in 2012 – and home sales are beginning to recover, an estimated 100,000 blighted properties continue to threaten neighborhoods throughout our state.

These vacant and blighted properties have been costly to local governments, which lose out on vital tax revenue while incurring additional costs for police enforcement and fire services. They have also been costly for nearby homeowners whose property values have been compromised. A Government Accountability Office (GAO) review of the effects of vacant properties cited multiple studies, including two of neighborhoods in Ohio, showing vacant properties reduced the value of nearby homes by 0.7 to 10.0 percent.

Under the current conditions placed on Ohio's HHF funding award, OHFA has been prevented from providing resources for demolition programs to address vacant and abandoned properties. Earlier this year, Michigan requested and received approval to use up to \$100 million of its nearly \$500 million HHF allocation for targeted demolition to address its most severely blighted properties. Through demolition, Michigan hopes to strengthen neighborhoods and increase the

value of its remaining housing stock as jobs return to the state. Ohio's newly submitted request to use \$60 million of its \$540 million in HHF funds was developed with significant input from a wide variety of stakeholders. It will provide value to Ohio's distressed communities while leaving funds available to continue to provide valuable housing counseling and other homeowner assistance.

Strengthening Ohio's housing market requires a variety of approaches. Every family who can afford to do so should be able to stay in their home, and the housing counseling and mortgage modification programs administered by OHFA and using HHF dollars have unquestionably contributed to this goal. But in many neighborhoods, abandoned homes have become magnets for criminal activity and severely depressed surrounding housing values. I urge you to grant OFHA's request to use up to \$60 million of its HHF allocation to address these blighted properties and strengthen Ohio's communities.

Sincerely,



Sherrod Brown
United States Senator