

*Cincinnati.* For those who know the city, the word Cincinnati brings to mind a dramatic landscape of rolling hills, a wide but gentle river, historic buildings and an unsurpassed collection of 1840-1900 architecture. A first time visitor will be struck by the city's unique topography with sloping streets reminiscent of San Francisco. Culturally, the city combines a bit of the Eastern, Midwestern and Southern United States into a place that's all its own.

Despite these amenities, the city's residential market has been challenged. Like most Midwestern cities during the past decade, the Cincinnati metropolitan area (MSA) experienced a dramatic growth of suburban living outside urban city boundaries. Households left the city for the suburban promise: new housing, more space, larger lots and, for families, suburban schools.

Cincinnati has been luckier than many cities because its core employment industries—educational services, manufacturing, and professional and technical services—have provided a relatively stable job base through the national recession. But many of the workforce leaves the city at dusk for housing in surrounding counties. To achieve the city's future planning goals of “creating and sustaining a thriving urban community” where “local pride and confidence is contagious,” Cincinnati must create a more competitive residential experience for its workforce, current and future residents.

**Purpose of this study.** This housing market study is meant to help the city better understand the strengths and weaknesses of its residential housing market. It pinpoints what type of housing the city needs more (and less) of. The ultimate goal of the study is to help Cincinnati create a balanced housing community—one that adequately serves its residents with the greatest needs—and offers new and exciting housing opportunities for existing and potential residents.

## What drives housing demand?

As a city tries to determine what kinds of residential housing it should plan towards, the following primary drivers of housing demand must be taken into consideration:

- **Desirability.** Nationally, what is the level of demand for relocating to the city? Is the city considered a “hot spot;” has it achieved a “best place to live” or “creative class” designation?
- **Economic health.** Can residents relocating to the city find good-paying jobs? Are corporations interested in moving to the city?
- **Demographics.** Do typically mobile resident groups—young adults (25-34 years old) and immigrants—have a presence in the city? Are they relocating here? Do residents with large disposable incomes want to live here? What are the age distribution, income and household composition of existing residents?
- **Affordability and type of housing.** Is housing affordable to a broad range of residents? Where are there affordability gaps? Does the city offer the types of housing that are competitive regionally and nationally?

**Demand factors in Cincinnati.** How do these demand drivers affect the housing market in Cincinnati?

**Desirability.** Current residents of Cincinnati know that the city is an interesting, fun place to live with new energy. But outsiders do not. Why not?

According to the stakeholders who contributed to this study, current perceptions of crime and compromised safety may prevent Cincinnati from attracting new residents. Although residents admitted that safety was a concern in some neighborhoods, the perception and reality of crime in many portions of the city did not align. Some residents blamed local media for the attention given to crime in the city, while other residents suspected that the unkempt appearance of some neighborhoods may be contributing to the perception that the neighborhood was unsafe. Others noted that school quality is an issue for attracting residents, especially families, into the city.

Residents also believe that the city has lost potential residents because of weak relationships with the city's corporate community and lack of marketing. Realtors participating in the public input process suggested that new residents look for safety, walkability, proximity to work and amenities when purchasing a new home—all of which the city possesses. Public input attendees suggested that the city reconnect with its corporate community to better sell Cincinnati as a desirable place to live and work. Without exposure to the benefits of living in Cincinnati, new residents may be steered towards other regional communities.

***This means that:*** If Cincinnati did a better job marketing its assets and dispelling its myths, current and new workforce and residents would be more attracted to the city.

**Economic health.** The city's unemployment rate is about the same as the national average. Cincinnati hasn't suffered terribly in the current economic recession, but it has not been immune to the recession either.

***This means that:*** Cincinnati's economic recovery will be slow, but the impact will be less severe than in other cities.

## **Demographics.**

- Twenty-nine percent of Cincinnati's residents are between the ages of 25 and 44. Cincinnati benefits from its many colleges and should ensure that graduating students can find the jobs and housing they desire in order to make their homes in the city.

***This means that:*** The city needs to seize the opportunity to heavily market long-term city living to these residents. Many in this age group are moderate- to high-income renters who work in the city. These current residents will be an important part of continued stabilization and revitalization. Improving the types of housing available for purchase will improve the likelihood that these renters become long-time city residents.

- The city's poverty rate has changed little during the past decade. This is good news considering that many cities in the U.S. experienced large jumps in poverty between 2000 and 2010. However, Cincinnati has historically had high poverty—especially among its youngest residents—and this remains the case.

***This means that:*** More economic development programs targeted to assist low-income individuals attain self sufficiency are needed, coupled with additional low-rent housing. Since 2000, the city lost many affordable rental units from its housing stock that helped to stabilize the lives of its poorest residents.

- Baby Boomers will become seniors in the next decade and their housing needs may change as they age.

***This means that:*** Low maintenance living—patio homes, homes with first floor master bedrooms and condos with accessibility features, all near transit and services—will grow in demand. The city’s traditionally historic housing stock may be difficult to adapt to the needs of the growing senior population. The city must focus on creating more low-maintenance, quality housing options near transit and health services for its growing senior population.

**Affordability and type of housing.** Overall, Cincinnati’s housing is affordable to all but its very low income renters, who would benefit from more affordable units.

In many communities, lack of affordable housing to buy or rent is a major barrier to future growth. Instead, in Cincinnati, limited housing type, housing quality and supply are barriers. The city’s primary housing products, although interesting and unique, have not been competitive enough to attract residents in the region.

There are, however, neighborhoods that lack housing priced for workforce and would benefit from increased housing price diversity.

This means that: The city needs to diversify its housing stock in terms of price ranges, product type and the mix of housing in each neighborhood.

## Top Findings from Housing Study

The quantitative and qualitative analyses conducted for this study revealed the following top housing needs:

**Homeownership options have decreased.** In 2000, 75 percent of homes for sale were affordable to households earning less than \$50,000 a year; by 2010, this proportion dropped by 60 percent.

Although the city remains affordable overall, a handful of neighborhoods have few affordable products for purchase. Neighborhoods on the east side and near downtown have experienced solid gains in average prices during the past decade. Starter homes are largely located on the far west and south central portions of the city.

**Rental affordability has worsened.** The city’s renters experienced a loss of purchasing power during the past decade, as the median rent rose while their incomes declined. In addition, the city lost more than 1,500 assisted units (vouchers, public housing properties and Section 8 project-based developments) between 2000 and 2010, making very affordable rentals even more difficult to find.

**Homeownership is low.** A focus on homeownership is important to ensure a new generation of residents who will stay and invest in the city. The city needs to make sure that people who want to buy in the city can.

Compared to peer cities, Cincinnati has a very low homeownership rate at 39.8 percent. The student population explains some of this, as does the city’s housing types—just 38 percent of all housing units are single family detached, which are most preferred by homeowners.

However, the city's low homeownership is not due to these factors alone. Lack of supply and reluctance of potential buyers to invest in the city are other major factors.

By our calculation, there are an estimated 19,000 renters earning between \$35,000 and \$75,000 who are likely potential candidates for homeownership. The homeownership rate of these renters is low (49 percent), especially given the city's affordability at this range. For example, Denver's homeownership rate among households earning \$35,000 to \$75,000 is 54 percent; Indianapolis, 64 percent; Charlotte, 59 percent; and Pittsburgh, 54 percent.

Thus, demand for ownership housing appears to be present—but supply is very limited. The 19,000 renters have a little more than 2,000 units for sale to choose from. Therefore, an estimated 10 percent of these renters could become owners in the city if they could find a home they prefer and are creditworthy.

As many stakeholders noted throughout our study, part of the low homeownership rate is due to the city's housing stock. Much of the city's housing is very old, beautiful, and full of character—which can also mean homes that need maintenance, are located on small lots and are more conducive to renting rather than owning. That said, younger, would-be-homeowners generally prefer unique housing, so the city's stock should be attractive to them. Indeed, most cities are trying to become more dense and develop attached products that appeal to young, first-time homeowners and new retirees.

A 2011 report by the Urban Land Institute (ULI)—its annual Emerging Trends—predicts that after 2012, when the economy is expected to begin recovering, echo boomers (young adults) will begin to buy discounted homes. ULI also reports that “developers (will) have less success with greenfield subdivisions and (should) concentrate on infill

areas. Attached homes (townhouses) and other forms of in-town housing (will) become more favored.”

**Housing and neighborhood quality has declined.** Despite the beauty of many of the city's homes, Cincinnati also contains a stock of obsolete homes that are either in disrepair or no longer align with modern housing preferences. Vacancy rates in the city are high, primarily because the city's built environment was constructed to accommodate a much larger population.

Opportunities exist for identifying outdated and dilapidated homes throughout the city and strategizing whether reconstruction or demolition would help meet the city's housing needs.

The city also contains homes that are in need of rehabilitation, but with market values that make rehabilitation uneconomical. In other words, the cost of rehabilitation would exceed the home's value. Public input participants felt that improving code enforcement and creatively reducing or improving vacant properties would help improve property values in neighborhoods where rehabilitations are currently uneconomical.

**Assisted housing is well dispersed, mostly.** Except for the east side neighborhoods, the city's affordable rental units are well dispersed throughout the city.

The city's public housing authority provides a vital role in housing the city's low income renters, almost 40 percent of whom earn less than \$15,000 per year. And it has done a good job making sure that its almost 12,000 assisted rental units are not heavily concentrated in any one area of the city. That said, dispersion could be improved if more units were located in the eastern neighborhoods.

**Political cohesion is lacking.** Public input attendees noted that the county and regional entities are important partners in order for the city to achieve its vision of being a thriving urban experience. Some noted a duplication of services between city and county government, which should be addressed in a time of budget constraints. Participants also noted that the city’s various departments operate in silos, which makes the residential and commercial permitting process inefficient and challenging, and prevents a coordinated approach to addressing the city’s needs.

**Development approval process could be improved.** Real estate professionals cited the need for a simplified permitting process and greater departmental leadership that fosters collaboration with other city departments. That said, developers and builders who participated in the study identified fewer administrative barriers to development than we hear about in other cities. However, they would like the process to be more streamlined, for steps to be completed concurrently, which would allow faster approval of projects and help to sustain construction employment.

A few tweaks to the development process, more incentives for development and an intentional and coordinated approach to achieving a housing plan should be the focus of the city, rather than a complete overhaul of the development review process.

**Geographic dispersion of amenities and services is unequal.** Residents suggested that factors improving quality of life were not equally distributed throughout the city. For example, while some neighborhoods are thriving, others struggle to receive basic services, such as garbage pickup and recycling. Public input attendees noted that active neighborhood councils often generate a stronger response from the city, which leads to better service provision. If a neighborhood lacks a strong neighborhood council, it will likely struggle with service provision.

## Recommendations and Action Items

To improve the residential experience in Cincinnati and create a more balanced housing market, we recommend the city do the following. These recommendations are framed around the Housing and Neighborhood Development Draft Goals established by the Housing Working Group.

It should also be noted that there have been many other recent reports analyzing the City’s housing market and recommending intervention strategies. In our assessment, the findings from the various reports recommend consistent strategies. For example, in a recent presentation, Alan Mallach, Senior Fellow at the Center for Community Progress, offered the following recommendations to Cincinnati:

Encourage infill and rehabilitation of existing housing, rather than promoting new construction on the urban fringe;

Build stable neighborhoods by targeting resources to viable areas at risk;

Capitalize on the City’s assets—historic character, walkable neighborhoods, natural features, proximity to employment;

Focus on sustainable homeownership;

Target high opportunity low-poverty areas for new rental housing production;

Improve the quality of existing privately-owned housing stock; and

Make sure housing investments strengthen neighborhoods, not simply add units to an already ample housing stock.

**INCLUDE** and **LIVE** goals:

*Each neighborhood of Cincinnati is racially, ethnically, and financially diverse.*

*Cincinnati's neighborhoods include a wide variety of housing types for residents in all stages of life.*

*The housing stock in all neighborhoods of Cincinnati includes more units that are quality and affordable to its residents.*

*Neighborhoods of Cincinnati include a mix of uses, including residential, retail, office, and recreation uses.*

To achieve these goals, the city should:

**Strategy: Add affordable housing to pricey neighborhoods; allow some gentrification in other neighborhoods.** To create a city that offers all residents a mix of housing opportunities across neighborhoods, some neighborhoods need to add affordability, while others need to add higher end housing stock. Many of the city's priciest neighborhoods (Hyde Park, Oakley, Linwood, Mt. Lookout, Clifton, East End) have few, if any, affordable rental or home purchase opportunities.

**Action items.** 1) To increase affordability, the city should work with local builders to identify parcels for new, mixed-income developments in high-cost areas. The city can help the developers acquire these parcels through its land bank and support creation of affordable housing through incentives (see below) and political support to deflect NIMBYism.

2) Because land costs in these areas are some of the highest in Cincinnati, the city should offer incentives—fee waivers, expedited development review, development subsidies and support against public

resistance to affordable housing in these neighborhoods—to make such developments happen.

3) The city must also add value to neighborhoods that surround high-demand areas to encourage some gentrification of these areas. This means focusing on safety, beautification and ensuring that basic services (e.g., trash pickup) operate at the same level as in higher cost areas. As one stakeholder eloquently put it: "Neighborhoods feel safer because of more people on the street. Much of safety is perception. The best way to improve safety is to *build neighborhoods.*"

As housing in the most popular neighborhoods becomes less affordable, surrounding neighborhoods will benefit as residents seek out substitutes. The city must convince new homeowners that they will reap a benefit from their investment in these areas.

4) The city should dedicate its financial and staff resources to improving the housing stock and neighborhood experience in the city's lowest income neighborhoods. This includes stronger code enforcement, community policing, provision of city services that are on par with higher income neighborhoods and strategic investments in public service and business nodes to stabilize the retail and commercial environment.

**Strategy: Continue to care for the neediest residents.** The city should work closely with the public housing authority to ensure that residents who are displaced through sold or demolished assisted housing are able to find suitable replacement housing. The city should also support and encourage the addition of housing choice vouchers and new construction of affordable rental units to alleviate housing costs for the many renters who are cost burdened. The loss of very affordable units in the last decade was significant and lowered rental affordability in the city.

**Action items:** 1) The city should also aggressively assist the housing authority with acquisition and construction of new low-income rental units in the city and regionally.

2) The city should set a goal of lowering the low income rental gap by one-fourth (i.e., creating 3,750 new units) in the next five years.

3) The city should help the housing authority bring back its self-sufficiency, job creation and training and substance abuse prevention programs that have been lost to budget cuts.

4) The city should also fund and support fair housing testing and enforcement activities to mitigate discrimination in housing.

5) Finally, residential rehabilitation efforts should include energy efficiency improvements to help make the housing stock more efficient and increase affordability by lowering utilities payments.

SUSTAIN and COMPLETE goals:

*The City of Cincinnati has a strategy to address its vacant and underutilized housing stock.*

*All aspects of neighborhoods are clean and well-maintained, including those that are publicly and privately owned.*

*Cincinnati's neighborhoods are inclusive and welcoming places to live, work, and play for the attraction and retention of residents in all stages of life.*

**Strategy: Create and actively promote a residential experience that is not available elsewhere.** Creating a "brand" for residential living in Cincinnati will not only help improve its economic development competitiveness, but also its draw in the region as a place to work and live.

**Action items.** 1) Cincinnati needs to brand itself.

Cities like Oklahoma City and Ogden, Utah have capitalized on the country's growing emphasis on recreation and health to change their images. Oklahoma City has invested in rowing and kayaking opportunities downtown, in addition to completing a 57-mile trail system, making sidewalk improvements and building a series of senior health and wellness centers. Ogden, Utah set a goal of becoming the

nation’s premier “high-adventure recreation capital,” has marketed this concept nationally and invested in a parkway running/biking and hiking system that links downtown to the foothills.

The city may also want to focus on sustainability. The city could set a goal for sustainability components of all neighborhoods (e.g., all residents should be able to walk/bike/bus to a grocery store or neighborhood market, a coffee shop, a restaurant, a fun retail experience) and market this to residents in nearby suburbs, where walkability is lacking.

As part of any sustainability plan, the city should market the savings from reduced transportation costs from living in the city (fuel, car purchase and lost time). The city may want to create an online demonstration showing how costs can be reduced by city living.

Many cities that have similar, or worse, demographic indicators than Cincinnati have recently reinvented themselves using who they are— manufacturing towns that have shrunk in population and suffered economic downturns, but which are very rich in character. As the country begins to resettle and expensive homes and lifestyles become impossible to maintain, a movement back to familiar, down-to-earth, comfortable and affordable living is beginning. This is also a brand that Cincinnati could adopt.

Part of the city’s “branding” needs to include the support and promotion of historically African American business nodes.

The city also needs to improve perceptions of safety, in addition to marketing itself as fun place to live and be after work. Consider a City of Cincinnati “You Tube” channel used for promotion of the city. Participate in online magazines like Rustwire.com. Let people submit videos of great things that are happening in Cincinnati! This could be

led by historic preservation groups or the Chamber of Commerce, partnering with the college community.

2) The city should continue and enhance, as redevelopment sites become available, the Citirama program. The city may want to change the name of Citirama to be more specific if its pairing with the Homearama program is discontinued.

Cincinnati should also consider a program like Richardson, Texas’ homeowner remodeling program. The purpose of the program is to:

- Encourage reinvestment in residential neighborhoods
- Help distinguish Richardson from surrounding communities by providing an economic incentive to prospective buyers
- Positively affect the value of the city’s housing stock
- Lower the financial hurdle for homeowners to make significant improvements to their homes
- Demonstrate a strong commitment by the city to reinvest in residential neighborhoods

The program provides upfront incentive payments equal to 10 times the increase in property taxes that result from the improvements. The program is available to any homeowner in the city who is not delinquent in taxes.

3) The city should continue its tax abatement program that provides incentives for both rehabilitation and new construction in the city. The city’s residential tax abatement program encourages rehabilitation and new construction of structures through property tax incentives, which are “available for any increased valuation that results from the

improvements to the property.”<sup>1</sup> Additional benefits are given to properties that meet LEED standards. All tax abatements are subject to approval from the Hamilton County Auditor’s Office.

It is difficult to determine whether the program is directly responsible for stimulating both new construction and rehabilitations in Cincinnati; however, there is no denying that the program has been accessed in recent years. According to the city, between 2007 and 2010, nearly 2,000 properties were certified for participation in the tax abatement program and an additional 104 properties qualified, meaning that an application has been processed by the city, but is waiting for approval from Hamilton County.<sup>2</sup>

The program has been particularly effective in spurring rehabilitation of housing units in the city. In 2007, 932 properties were certified for tax abatement, 645 of which were for improvements made through home rehabilitations. In 2008, 311 of the 478 properties certified for the program were improved through home rehabilitations.

The program is still valuable for spurring new construction in the city, as well. Developers interviewed as part of the study said this program is a powerful marketing tool when selling new properties in the city.

To ensure the program is helping the city “promote a residential experience that is not available elsewhere,” the city should monitor the number of program participants seeking LEED certification. For example, only four of the 932 certified properties in 2007 were LEED certified, and only nine properties were LEED certified in 2008. The

program provides a unique opportunity for the city to develop an inventory of energy efficient units, which could help differentiate Cincinnati from other communities in the region. If program participants are not seeking LEED certification, particularly when constructing new units, the city should strategize as to how to improve the incentive or investigate other ways to spur energy efficiency in its housing units.

4) The city should consider establishing a rental inspection program. Many cities have adopted such programs to protect renters who live in housing that is not well maintained by landlords. In most programs, all landlords are required to be registered with the city and must allow routine inspections of the units they own. A fee imposed by the landlords pays for the cost of inspections. Many cities also offer a rental rehabilitation program in conjunction with rental inspection requirements, available to landlords offering affordable units.

5) Finally, we recommend that the city work closely with the school board to coordinate school improvement initiatives with housing efforts. School quality and housing prices are linked, and the reality or even perception of a school can influence residents’ decisions about moving into a neighborhood. The city should meet regularly with the school district and discuss one another’s efforts and how they might work in tandem to revitalize neighborhoods.

**Strategy: Acquire and demolish or rehabilitate vacant and underutilized properties.** The city needs to develop an aggressive strategy for removing vacant and underutilized residential housing units using a combination of federal and general funds.

***Action items:*** 1) The first step is to inventory, identify and prioritize parcels for redevelopment potential.

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<sup>1</sup> <http://www.cincinnati-oh.gov/cdap/pages/-3521/>

<sup>2</sup> All information on the Residential Tax Abatement Program is taken from information provided directly from the city in a report entitled “Community Reinvestment Area Tax Exemptions (1-3 Units).”

2) Next, the city's intentions for acquisition and redevelopment—as well as available subsidies—should be made known to the development community.

3) The city should acquire housing along strategic corridors where transit systems will be improved and create mixed-income, mixed-use housing.

4) The city also needs to improve code enforcement and more aggressively enforce building code standards. Investors need to see that the city takes quality seriously.

5) The city should continue to fund rental rehabilitation and homeowner repair programs to ensure that the city's housing stock does not continue to fall into disrepair.

6) The city should explore using vacant parcels for small business creation and sustainability efforts. For example:

- With state funding, the Youngstown Business Incubator has provided free and reduced rent and equipment to startup software companies. Cincinnati could acquire and convert vacant commercial parcels into flexible sites for such companies.
- In Japan, a website enables fruit sellers to set up shop temporarily on unused land. These spaces might be in front of office buildings in business districts, spots temporarily vacant (parking lots). Tenants rent the space at relatively low costs by the hour, day or week. Such a program could be coupled with community gardening initiatives. Acquisition of land for neighborhood gardens and allowing residents to grow and share fruits and vegetables, produce honey and raise chickens is a growing movement (with Portland being the epicenter).

The city may also want to consider a Richardson, Texas, homeowner remodeling incentive program (see above).

**Strategy: Restructure the land bank program.** A land bank program can be a successful program for acquiring vacant residential and commercial parcels and readying them for more productive use. The largest problem with the city's existing land bank is that there are no economics of scale in developing scattered site homes. Land banks work best when they are used to assemble large parcels that can be developed into a small community of homes, apartments or mixed-use housing.

**Action items:** 1) The first step in making the city's land bank program work more efficiently is to dispose of the 40 to 50 lots the city currently owns.

The city should explore establishing a master agreement with local developers (nonprofit or for-profit) to acquire the lots at a deep discount and develop 2 to 3 approved housing prototypes on the lots. The homes should be restricted in their first sale to low- and moderate-income households, with a cap on appreciation to retain the initial subsidy.

2) If this is successful, the city should expand the land bank to acquire residential and commercial existing buildings, rezone them for residential or mixed use, demolish the units or ready the site for rehabilitation/new construction and then issue an RFP to the development community for proposals to purchase the lots and build mixed income residential units (perhaps with a small retail component), including for sale units in the 80 percent to 120 percent AMI range.

CONNECT goal:

*Each neighborhood of Cincinnati is walkable and livable, including safety and accessibility for all residents.*

**Strategy: Improve accessibility.** The extent of accessible housing in the city is unclear and as city residents age, accessible housing will grow in demand.

**Action items.** 1) The city should conduct an accessibility inventory/survey to determine the location and number of accessible residential units. The accessible units should be examined for their proximity to transit, recreation facilities that accommodate persons with disabilities and vital city services. The city should set a goal for improving the number of accessible units in desirable locations.

2) The city should also work with the architecture departments at its many local colleges to develop prototypes for making older homes accessible, perhaps acquiring a unit and demonstrating how affordable, accessible improvements can be made. In some cities, accessible housing fairs are conducted in conjunction with the Parade of Homes.

SUSTAIN and COLLABORATE goals:

*City and federal housing dollars are invested more strategically to have a greater impact rather than being split equally amongst all neighborhoods.*

*The City of Cincinnati has thriving clusters of neighborhoods that each have their individual, unique characteristics and coordinate together strategically to capitalize on the limited public funds available.*

**Strategy: Reprioritize funding.** In the past, the city has used its federal housing and community development funds on a variety of programs spread across many neighborhoods. As one attendee at the community meetings noted, “The city is starving 52 neighborhoods instead of feeding a few.”

The city should prioritize its limited funding to neighborhoods—or neighborhood clusters with similarities—with the greatest needs.

**Action items.** 1) Using demographic, housing market, health and crime/safety statistics, the city should characterize its neighborhoods by these indicators.

- **High performing:** Few vacant properties, few foreclosures, thriving business community, high performing schools, limited improvements needed to infrastructure, high housing prices, engaged leadership.
- **Stable or improving:** Moderate vacancies and foreclosures, close geographic proximity to high performing neighborhoods, changing or stable demographics, improving home prices, presence of private sector investment in market.
- **Needs investment:** High vacancy rates and foreclosures, high crime, concentrations of low income renters, few amenities and services, very affordable housing, declining property values, many vacant/underutilized commercial buildings, limited private investment and neighborhood market activity.

The city's annual allocation of housing and community development funds should be concentrated in the "needs investment" areas. The city should consider Section 108 loans to fund large, transformative investments in the "needs investment" areas. These areas should also be the focus of residential rehabilitation activities. The city can use other techniques to address the needs of the high performing and stable/improving neighborhoods.

*How this worked in Richmond, Virginia:* An example of how this might work is found in Richmond's successful Neighborhoods in Bloom revitalization effort. In 1999, Richmond focused its housing funding and crime reduction code enforcement efforts in 7 neighborhoods with the greatest needs. A total of \$21 million was invested in these neighborhoods over 6 years, resulting in an estimated \$51 million increase in property values. Overall, crime in the areas declined by 32 percent. The number of occupied homes and apartments in the neighborhoods increased by 11 percent; 395 homes or apartments were built or renovated.

2) In addition, we recommend that the city consider reallocating the housing and community development federal grants that are supporting economic development activities to neighborhood revitalization and housing activities if these programs do not have a demonstrated record of job creation. For example, a job training housing rehabilitation/construction program/job corps would provide youth and unemployed adults with skills while restoring the city's housing stock and stabilizing neighborhoods.

**Strategy: Implement a citywide housing strategy—and support it.** The recommendations and action items listed above are necessary, in the consultant's assessment, to create a better balanced and regionally competitive housing stock. They should be used by the city to craft a housing strategy that can be supported and implemented by both the planning and housing departments, as well as city leadership.

The city and departments may not decide to adopt or implement all of the recommendations listed above. Regardless, we believe that the following two elements are critical to the success of any housing plan:

- A concerted, strong marketing effort must be part of a housing strategy to publicize the benefits of city living. The city needs to instill an Austin-style attitude. The reemergence of Rust Belt cool (e.g., see the article in the New York Time Magazine about Braddock; many recent articles about Youngstown; online magazine Rustwire.com) provides an opportune time to do this.
- Changes will require very strong leadership. There is no solution to improving the housing stock that will make everyone happy: Preservationists will be angry about demolitions; advocates for renters will be unhappy with homeownership efforts; residents in tony neighborhoods will fight inclusion of affordable housing.

The city must decide on a housing strategy, implement it with all of city leadership and staff being behind it and wait for a few years to see results. Reprioritizing neighborhoods that should be the focus of investment will be particularly difficult, but is needed, especially with federal budget cuts.

As we have highlighted in this report, one of the most successful neighborhood revitalization programs in the U.S. is Richmond's Neighborhoods in Bloom program. Political cohesion was a large reason for this success, according to representatives from organizations active in the program. To quote:

- “The crafters of Neighborhoods in Bloom agree that committed leadership is vital to replicating the program in other communities. “The exact project is situationally dependent, but committed leadership is the key.”
- “Neighborhoods in Bloom was absolutely successful because it brought key partners together: city officials, community development corporations, the housing authority and civic leaders. They were forced to come together and to have a share division of the use of redevelopment funds. City leaders depoliticized the funding process. It took willpower on the part of the city council to understand the value of targeted funding in order to have the greatest impact.”

Indeed, this is what Cincinnati needs to strive for in implementing a housing plan and supporting activities.