Hardest Hit Fund
Blight Elimination Program

Using HHF Funds to Restructure IHCDA Demolition Loans
Indiana received 221.7 million dollars in Hardest Hit Funds (HHF).

191.4 million dollars was originally allocated for homeowner assistance.

Nearly 35 million dollars in direct mortgage payments have already been paid on behalf of qualifying Hoosier home owners.

An additional 76 million dollars has been set aside for currently enrolled homeowners.

Existing HHF homeowner assistance programs will remain in place.
• Homeowners apply at www.877GetHope.org

• A certified housing counselor will work with the homeowner to complete your application.

• If approved, homeowners may receive up to $30,000 of mortgage payment assistance or reinstatement assistance to bring them current on their mortgage.

• This is a free program. Homeowners should never pay for foreclosure prevention services.

Homeowners should Indiana’s Hardest Hit Fund as soon as they experience financial difficulty, at 1-877-GET-HOPE, that’s: (1-877-438-4673).
• Blighted and abandoned homes have a negative impact on Indiana communities.

• Blighted and abandoned homes:
  • Lower property values;
  • Drain community resources;
  • Drain law enforcement and emergency resources; and
  • Jeopardize public safety.

Why should blighted and abandoned homes be demolished?
The exact number of blighted and abandoned properties in Indiana is unknown. Estimates have suggested there may be as many as 50,000 blighted and abandoned properties in Indiana.

Indianapolis has over 10,000 blighted properties.

Gary has in excess of 7,000 blighted properties.

South Bend has in excess of 3,500 blighted properties.

Muncie has in excess of 2,500 blighted properties.
Where would Indiana obtain the funds to demolish blighted homes?

- IHCDA will make loans to qualifying applicants from its General Fund for the demolition of qualifying properties.

- The U.S. Department of the Treasury has approved the use of 75 million dollars of Indiana’s HHF allocation to restructure the demolition loans from the General Fund.
The U.S Department of the Treasury has APPROVED the use of 75 million dollars in HHF Funds to restructure loans for blight elimination.

The official application became available February 7, 2014.

Program documents are available at www.877GetHope.org/blight

Additional resources are also available at www.877GetHope.org/blight
The Blight Elimination Program (BEP) is designed to provide subsidies in the form of loans to allow applicants to acquire and demolish blighted residential structures.

Approved applicants will be able to demolish blighted properties and offer a variety of end uses for newly cleared lots.

The goal of the BEP is to stabilize residential property values and prevent foreclosures in Indiana neighborhoods and communities.

All applicants should keep the BEP goals in mind throughout the application process.
What entities may apply to the Blight Elimination Program?

- Cities, towns, counties or other units of local government may apply to the Blight Elimination Program.
- County officials may apply on behalf of unincorporated areas.
- Local units of government may work together to complete an application.
- Entities such as non profits, CDCs, land banks and EDCs may partner with applicants to assist in the application process.
- An applicant may have the assistance of a for profit entity to complete the application. Administrative funds are potentially available to the successful applicant. No administrative funds are available from the BEP for an unsuccessful applicant.
• Program Partner selection is left to the applicant.

• The applicant and Program Partner will work hand in hand for the duration of the program.

• The applicant should be satisfied that the Program Partner will assist in reporting and abide by the terms of the BEP.

• The selection of a quasi government agency such as a redevelopment corporation may trigger additional statutory requirements. IC 36-7-14-19(b)(1)

• Private organizations including faith-based organizations, for profit entities, not for profit entities (“NFPs”), community development corporations (“CDCs”), home owner associations (“HOAs”), economic development entities and land banks may serve as Program Partners.

An Applicant Must Select Program Partners
• A Program Partner is required to hold title to all lots prior to demolition.

• Each applicant must have at least one Program Partner to hold title to the lots.

• Applicants may elect to work with one Program Partner or multiple Program Partners.

• An applicant with questions concerning a proposed Program Partner should contact the Program Director or an HHF staff member.

• Applicants may be held accountable for the actions of their Program Partners including a breach of the participation agreement. For this reason applicants should select their Program Partners with extreme care.
The 92 counties in Indiana have been divided into six Funding Divisions based on population.

Local units of government will apply to the Funding Division that corresponds with the county where the unit of government is located.

Divisions will apply one at a time.

How will the BEP funds be allocated?
Funds were allocated to each Division based on the percentage of Indiana’s population located within that Division.

Division One contains Lake and Marion counties.

21.59 percent of Indiana’s population is located in Lake and Marion counties. Division One was allocated 21.59 percent of the program funding or $16,192,500.00.

Division Two contains counties with a population in excess of 250,000. Division Two contains Allen, Hamilton and St. Joseph counties. Division Two was allocated $10,447,500.
• Division Three contains counties with a population in excess of 100,000. Division Three contains twelve counties including Clark, Elkhart, Hendricks and Vanderburgh counties. Division Three was allocated $19,897,500.

• Division Four contains counties with a population in excess of 50,000. Division Four contains eleven counties including Bartholomew, Floyd, Grant, Hancock, Howard, Kosciusko and Morgan counties. Division Four was allocated $8,737,500.

• Division Five contains counties with a population in excess of 25,000. Division Five contains thirty-four counties including Clinton, Henry, Jackson, Jefferson, Miami, Noble and Shelby counties. Division Five was allocated $13,987,500.

• Division Six contains counties with a population of less than 25,000. Division Six contains thirty counties including Brown, Carroll, Fayette, Jay, Ohio, Orange and Perry. Division Six was allocated $5,737,500.
• An applicant wishing to receive BEP funding must apply to the BEP.

• The BEP is a competitive program.

• Submission of an application does not guarantee that an applicant will receive an award.

• The highest scoring applications from each Division will receive awards.

• IHCDA reserves the right to partially fund an application.
What types of structures are eligible for demolition?
Eligible Structures:

- Must be residential in nature.
- Must have four units or less.
- Must be vacant.
- Must score a sufficient score on the Site Evaluation Matrix.
- May not be listed on a local, state or national historic register.
- May not be a mixed use structure.
• A Site Evaluation Matrix ("SEM") must be completed for every property.

• The SEM was designed to create a standard for the residential structures that may be demolished through the BEP.

• The SEM focuses on determining the habitability and structural integrity of a property.

• The SEM also examines the impact of a property on public safety.

• The SEM was influenced by public feedback from eight public forums.
It’s not pretty. It’s not habitable.

The worst of the worst
The combined total of acquisition costs, demolition costs and approved expenses for a structure without a basement should not exceed $15,000.00.

The combined total of acquisition costs, demolition costs, approved expenses, and property maintenance fees for a structure with a basement may not exceed $25,000.00.

$25,000 is the maximum award available for any one structure under the terms of the BEP.

A table of approved expenses is located at www.877gethope.org/blight.
• A demand note will be executed for every property for which BEP funds are received.

• Each demand note will create a loan from IHCDA’s General Fund to cover the costs of acquisition, demolition and allowable expenses.

• The demolition loan from IHCDA will then be modified and replaced with a secured note and mortgage in favor of IHCDA for an amount not to exceed $25,000.00.

• The modified loan will be structured as a zero percent, non-amortizing loan, secured by a mortgage against the residential real estate.
Demand Note Requirements

- The loan modifications will have a limited term and will expire on December 31, 2017 ("Expiration Date").

- Prior to the Expiration Date, loans will be forgiven at a rate of 33.3% per annum as long as terms of the BEP are met. The unforgiven balance of the loan will be due on sale or transfer of the mortgaged property, provided there are net proceeds from the sale or transfer. The payoff amount, if any, will be provided at the time of sale or transfer.

- Demand Notes, loan modification agreements, and any and all mortgages required by the terms of the BEP must be executed by a Program Partner.
• Each applicant will submit a self-evaluation or self-score on the designated Application Evaluation Matrix.

• IHCDA will then score the application using the Application Evaluation Matrix.

• An applicant may earn bonus points for submitting a fully completed application on or before the deadline.

• Design and implementation of innovative demolition concepts may also earn an applicant bonus points.

Scoring
If there is a distinction between the applicant’s self score and IHCDA’s score the application will be referred to the Advisory Committee.

The following individuals will comprise the Advisory Committee:

- Trish Lewis, Federal Home Loan Bank of Indianapolis
- John Marron, Indiana University Public Policy Institute
- Marsh Davis, Indiana Landmarks
- Rachel McIntosh, Local Initiatives Support Corporation
- Sarah Dillinger, Real Estate Attorney
- Pat Gamble-Moore, IHCDA Board Member
**SB422 (Merritt, J) ABANDONED HOUSING. Effective July 1, 2014:**

- Requires the attorney general to establish and maintain a tax sale blight registry of all persons ineligible to participate in the tax sale.

- Provides that properties certified as vacant or abandoned may be sold outright at the tax sale. Reduces the interest rate for payments in excess of a minimum bid from 10% to 5%.

- Lowers the interest rate for refunds on certain tax sales from 6% to 5%.

- Provides that the notice to a record owner of property must occur six months, instead of nine months, after the date of the tax sale.

- Requires the executive of a county, city, or town to obtain a judgment that a parcel of real property is vacant or abandoned before a certification can be made to the county auditor for tax sales purposes.
Reduces the period from six to three months when a tax sale purchaser may petition the court for a judgment directing the county auditor to issue a tax deed if the real property is not redeemed from the sale.

Specifies that a property tax penalty for property sold by a county executive through a certificate of sale procedure is to be removed from the tax duplicate if the penalty is associated with a delinquency that was not due until after the date of the original tax sale but is due before the issuance of the certificate of sale by the county executive.

Requires, for tax deeds executed for real property sold at a tax sale, that the county auditor submit the tax deed directly to the county recorder for recording and charge the tax sale purchaser the appropriate recording fee.

Permits the county auditor to be the only signer of a sales disclosure form.
• Adds the term "blighted" in determining whether a building is an unsafe building.

• Requires a business entity that seeks to register to bid at a tax sale to provide a certificate from the secretary of state to the county treasurer.

• Prohibits foreign business associations that have not registered with the secretary of state from participating in the tax sale.

• Requires persons who purchase a property or certificate at a tax sale to reimburse the county for the costs of a title search.

• Permits a county to establish a paddle fee for persons who attend the tax sale.

• Requires the sheriff to notify the owner of a foreclosed property being sold at auction if the sale is canceled.