<u>Summary of The Restore our Neighborhoods Act of 2012</u>

- The U.S. Treasury Department will make available tax credit bonds (Qualified Urban Demolition Bonds) to states and local land banks for the purpose of demolishing vacant and abandoned **residential and commercial buildings** that are creating blight, inviting crime and dropping the property value in our neighborhoods.
- The Qualified Urban Demolition Bonds **will total $4 billion and will be divided into 2 different allocations**:
  - **$2 billion, divided equally amongst all 50 states ($40 million per state)**
  - **$2 billion, divided among Qualified States (Ohio will receive approx. $200 million)**
    - **The hardest hit states** will be eligible. To be eligible, the state must qualify for 3 out of the 4 of the following:
      1. Top 20 in percentage change in non-seasonal vacancy from 2000 to 2010,
      2. Top 25 among all states in unemployment over the last 12 months,
      3. Top 25 among all states in foreclosures for the most recent quarter available, and
      4. Top 20 among population decline between 2000 and 2010
    - **Qualified Formula:** The formula takes the total amount of non-seasonal vacant units in a state (defined by the 2010 Census), and divides that by the total number of qualified non-seasonal vacancies in the entire pool of qualified states.
      - For example: if a state had 100 non-seasonal vacancies, and the entire pool of states that meet the above criteria had 1000 non seasonal vacancies, that state would get 10% of $2 billion dollars ($200,000,000).
- Tax credit bonds are essentially interest free loans. **States will have the discretion to issue the bonds themselves or allow local land banks to issue them. 30 year terms**.
- The principal will be paid back by the State and local match at the end of the 30 year term. The local match can come from a variety of sources, both public and private, and can be combined. **The local match must be able to demonstrate they can pay the principal in full at the end of the 30 year term by putting initial seed money into an investment that would eventually yield the principal amount**, e.g. an initial of investment of $41 million is needed to yield $100 million in 30 years – if the principal amount is $100 million, the local match must invest $41 million to demonstrate it can and will pay back the principal over the 30 year term.
- Any unused allocation by all states will be re-distributed by the Secretary of the Treasury to Qualified States (hard hit states).
- The states have until 2 years after the enactment of the legislation to use their bond allocation before the Secretary redistributes.
- After 5 years, any bond allocation that a state has not used will be returned to the Secretary.
- **Proven method from Flint, Michigan: invested $3.5 million and positively affected 23,000 homeowners and preserved $120 million in property value**.