

UNDERWATER AMERICA

HOW THE SO-CALLED HOUSING "RECOVERY" IS
BYPASSING MANY AMERICAN COMMUNITIES

Cincinnati, Ohio

Nationally, there are widespread reports about a housing recovery. However, the Haas Institute's report, *Underwater America: How the So-Called "Recovery" Is Bypassing Many American Communities*, shows that this recovery has left behind the hardest-hit neighborhoods in cities like Cincinnati. In these housing "hot spots" too many homeowners are still underwater on their mortgage, which means they owe more than their homes are worth. These communities have already seen millions in wealth wiped out as a result of the foreclosure crisis, but for the homeowners who live in these hot spots, there is no relief in sight.

Moreover, even within these cities, working class communities of color are bearing a disproportionate share of the impact of the ongoing crisis. The same communities that were targeted for predatory mortgages in the first place and saw generations of wealth stripped away through foreclosures, are now concentrated in these housing hot spots, where they are more likely to be underwater on their mortgages.

The Housing Crisis in Cincinnati

Rank	ZIP Code	Percent of Homes Underwater	Percent Below Peak Home Prices	Home in Default or Foreclosure in 2013	Percent African American and Latino	Median Household Income
1	45205	46%	32%	213	48%	\$28,826
2	45204	43%	30%	60	37%	\$29,428
3	45216	43%	32%	103	27%	\$37,642
4	45237	39%	26%	228	75%	\$34,361
5	45207	38%	29%	64	71%	\$26,111
6	45211	37%	25%	345	35%	\$40,018
7	45214	37%	26%	38	70%	\$17,842
8	45224	36%	24%	181	56%	\$44,821
9	45238	35%	22%	412	17%	\$47,950
10	45232	29%	24%	22	79%	\$17,986
11	45203	27%	N/A	5	77%	\$12,730
12	45219	27%	4%	59	35%	\$22,479
13	45206	27%	8%	46	62%	\$24,153
14	45223	26%	11%	72	48%	\$30,520
15	45225	25%	22%	36	78%	\$16,735
16	45229	23%	12%	87	79%	\$22,222
17	45202	23%	0%	33	41%	\$40,379
18	45227	20%	7%	155	37%	\$48,608
19	45213	19%	5%	108	48%	\$53,135
20	45220	17%	1%	33	23%	\$29,149
21	45230	17%	6%	136	4%	\$64,675
22	45209	15%	0%	29	10%	\$52,670
23	45233	15%	15%	61	2%	\$78,760
24	45226	14%	6%	39	7%	\$77,790
25	45208	11%	0%	38	6%	\$78,531
	Citywide*	27%	17%	5,581	49%	\$33,708

Key facts about the housing crisis in Cincinnati

- 27 percent of Cincinnati homeowners were still underwater on their mortgages at the end of 2013, making it the 72nd hardest-hit city in the country with a population over 100,000.
- In hard-hit Cincinnati ZIP codes, home prices remain up to 32 percent below their peak levels.
- More than 5,500 homeowners in Cincinnati went into default or foreclosure in 2013.
- 49 percent of Cincinnati residents are African American and Latino, and they have been disproportionately impacted by the housing crisis. Underwater homes in Cincinnati are more heavily concentrated in neighborhoods with larger African American and Latino populations.
- Cincinnati families living in lower-income neighborhoods are more likely to be underwater on their mortgages.

Recommendations

The housing crisis is far from over for the families living in hard-hit cities like Cincinnati. We need action to ensure that any recovery does not leave behind the communities living in these hot spots. Local officials in these cities should explore all options at their disposal to more effectively address the crisis. Here are some key steps that should be taken immediately to ensure an equitable recovery for all homeowners:

1. Loan holders – banks, government sponsored enterprises (i.e., Fannie Mae and Freddie Mac, which are regulated by the Federal Housing Finance Agency, FHFA), and investors – should reduce the principal on underwater mortgages to current market values.
2. If loan holders are unwilling or unable to reduce the principal on underwater mortgages to current market values, they should allow these loans to be purchased by publicly-owned or nonprofit entities that are willing to restructure them with fair and affordable terms.
3. Local municipalities should use all options at their disposal to facilitate the goal of resetting mortgages to current market values, including the use of “reverse eminent domain” (the program proposed in Richmond, California and elsewhere) to acquire mortgages in order to restructure them with fair and affordable terms.
4. Banks, government sponsored enterprises like Fannie Mae and Freddie Mac, and investors that own *vacant homes* that have already been foreclosed upon should sell them to publicly-owned or nonprofit entities that can convert them to affordable housing units for residents of the community instead of selling them to speculators.
5. Local municipalities should use all options at their disposal to facilitate the goal of turning vacant, foreclosed homes into affordable housing. This includes the use of “reverse eminent domain” to acquire properties in order to convert them to affordable housing units for residents of the community and to prevent them from being purchased by speculators.

**ZIP codes for which Zillow did not have underwater mortgage data are not included in this table, but they are included in the total citywide counts. The citywide data on defaults and foreclosures was obtained by adding up the data for each individual ZIP code in the city. However, ZIP codes do not correspond exactly with city boundaries, so some of the ZIP codes included in the table or included in the citywide totals may not lie completely within Cincinnati city limits.*