**When do the bond funds have to be used?:** States have two years after enactment of the legislation to use their bond allocation.

CLEVELAND, OH - U.S. Representatives Marcia L. Fudge (OH-11) and Steven LaTourette (OH-14) today unveiled the Restore our Neighborhoods Act of 2012. This bipartisan legislation provides up to $4 billion for states and establishes land banks to issue 30-year bonds to finance demolition of vacant, foreclosed and abandoned homes throughout the nation.

“The staggering number of blighted homes is beyond what communities can handle alone. These vacant and foreclosed properties are a disease that infects entire neighborhoods. People who diligently pay their mortgages are affected because they see their property values plummet. Others, crushed under mortgages they can no longer afford, end up in foreclosure and property taxes go unpaid. I’m pleased to reach across the aisle and co-sponsor bipartisan legislation that will give all states, particularly the hardest hit states including Ohio, a tool to demolish these structures and stabilize our communities,” said Congresswoman Fudge.

Congresswoman Fudge joined Congressman LaTourette at a news conference to discuss the legislation outside a vacant home at 3445 East 69th Street in Cleveland. Forty percent of the

homes on that block are vacant, condemned or demolished. The City of Cleveland estimates nearly 8,000 homes are in need of demolition. It's estimated that more than 4,000 homes are in need of demolition in suburbs of the 11th District.

Congresswoman Fudge also indicated the need for demolition resources is a national problem. A Federal Reserve report indicates there are 19 million vacant homes nationwide. The bill is expected to be formally introduced this evening.

**How does it work?:** The Restore our Neighborhoods Act creates National Qualified Urban Demolition Bonds (QUDB) that will be divided equally into two pots of funding to be used on qualified demolition projects: $2 billion will be divided equally among all states (roughly $40M per state) and $2 billion will focus on states that have been “hardest hit” by the foreclosure crisis, also known as "qualified" states. Under the legislation, Ohio and several other states would qualify as hard-hit states.

**When do the bond funds have to be used?:** States have two years after enactment of the legislation to use their bond allocation.

**What happens to bond allocations that aren't used by states?:** Any unused allocation by a state will be re-distributed by the Secretary of the Treasury after two years to “qualified” states (including hard-hit states like Ohio).After 5 years, any bond allocation a state has not used will be returned to the Treasury Secretary (use it or lose it). Finally, if bonds are not used appropriately by a land bank, the land bank has to pay the government back by the terms described in the legislation.

**Does this bill impact Neighborhood Stabilization Funds?:** Yes, by allowing but not mandating greater flexibility in how those funds are used. The Neighborhood Stabilization Program (NSP) was established for the purpose of stabilizing communities that have suffered from foreclosures and abandonment. Currently, the NSP is in its 3

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reauthorization (NSP3) but only 10% of NSP funds are allowed to be used for demolition purposes. Under the new legislation, up to 100% of NSP funds can be used for demolition purposes in "qualified" or hard-hit states. This change simply allows states an option to pursue additional demolition projects.

**Do you need an existing land bank to use these demolition funds?:** No. States without land banks can participate.

**Is the legislation paid for?:** Yes. There are at least two possible offsets under consideration for the $4B cost.