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Residents to get extra help on housing

Counties with highest jobless rates could be in line to get money first

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WASHINGTON — South Carolina is one of five states that will share $600 million to minimize home foreclosures.

The Palmetto State will receive $138 million, the Obama administration said. The money is likely to become available later this year and is aimed at preventing foreclosures, preserving home values and sparking economic growth.

The state housing authority's spokesman, Clayton Ingram, said the agency hasn't determined which South Carolina counties will receive money provided under the so-called Hardest Hit Fund.

Counties with the highest unemployment rates potentially could be first in line to get a slice of the money.

Unemployment rates vary widely within the state. For instance, in December, the jobless rate ranged from 23.6 percent in Allendale County to 8.7 percent in Lexington County.

South Carolina, North Carolina, Ohio, Oregon and Rhode Island were chosen because they had the highest clusters of people living in counties where the unemployment rate averaged at least 12 percent in 2009, Obama administration officials said.

The administration plans to publish the program's funding guidelines in the next couple of weeks.

The South Carolina State Housing Finance and Development Authority is expected to submit its application by the summer. The state's plan has to satisfy the guidelines to win the administration's approval.

Treasury Assistant Secretary Herbert Allison said state housing agencies must figure out how best to use the money to help counties experiencing the highest unemployment levels and related problems like rising foreclosures and soaring property crimes.

The funds could be used for steps such as helping unemployed workers pay their mortgages to avoid foreclosure and modifying the terms of existing mortgages.

But the White House won't tell the states exactly what to do because only state authorities "know

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the problems in their areas and can experiment and innovate," Allison said.

Rep. John Spratt, the York Democrat who chairs the House Budget Committee, praised the Treasury Department for giving states the independence to devise their own solutions, because one size won't fit all foreclosures.

"Treasury is smart to let South Carolina have a hand in designing the relief we need in our mortgage markets," Spratt said in a statement.

"It's now up to South Carolina to spell out a plan of action that will help those who need help the most and who stand to benefit the most from assistance. The Treasury and the state need to realize that there is no cookie-cutter solution."

The $600 million program comes on top of a national effort that President Barack Obama outlined last week to reduce the growing number of foreclosures nationwide by doing things like sweetening incentives for lenders to forgive some mortgage debt and trim mortgage payments for out-of-work people.

Last year, five hard-hit states received extra federal help. They were Arizona, California, Florida, Michigan and Nevada. Home prices tumbled faster in those states than anywhere else in the U.S.