Housing Trends In Cuyahoga County

Presentation to Cuyahoga County Council

Frank Ford
Senior Policy Advisor, Western Reserve Land Conservancy
fford@wrlandconservancy.org

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Scope of the Research

Mortgage Delinquency and Foreclosure
- Cuyahoga County 1995 – 2016: 21 years
- Suburbs and Neighborhoods: 10 years (2007 – 2016)

Tax Delinquency and Foreclosure
- Tax Delinquency 2009 – 2016: 8 years
- Tax Foreclosure 2007 – 2016: 10 years

Vacant Property
- 2010 – 2016: 7 years

Home Sale Prices
- 2000 – 2016: 17 years
In 2007 mortgage foreclosures peaked at four times their rate in 1995. Except for a brief upswing in 2012, mortgage foreclosures have now declined to 1.4 times the 1995 rate.
Foreclosure filings have declined in all regions of the County.
Mortgage delinquency continues to fall; it dropped during 2016 from 3.04% to 2.63%; but it is still approximately 2.5 times the rate in the years prior to the foreclosure crisis.

Source: Data provided to the Cleveland Federal Reserve Bank by Lender Processing Services (LPS) Applied Analytics. Loans are 1st lien prime and subprime; all investor type; and all product type. Delinquency notations added by Frank Ford, Sr. Policy Advisor, Western Reserve Land Conservancy, 2-1-17.
Economic distress from the foreclosure crisis has impacted homeowners in multiple ways. Property tax delinquency on residential property has more than tripled over the past seven years.

Cuyahoga Residential Property Tax Delinquency - Dollars In Millions

309% increase since 2009

Source: NEO CANDO at Case Western Reserve University. All residential land use codes. Delinquency $1 or greater.
Although the number of residential delinquent parcels has increased, the overall increase in property tax delinquency is due more to the growing delinquency on each parcel.
The Prosecutor increased BOR foreclosures on abandoned property by 37% from 2015. Judicial tax foreclosures are up 25%, while foreclosures by private tax lien buyers are down 46%. Specifically, tax foreclosures by Woods Cove decreased from 1,083 in 2015 to 501 in 2016.
Vacancy and abandonment have been steadily decreasing since 2010.
Location of Vacant 1-3 Family Homes
In Cuyahoga County as of 4th Quarter 2016

Source: NEO CANDO at Case Western Reserve University based on 1st Quarter 2016 US Postal Data.

But abandonment remains high in predominantly African American communities
Approximately 72% of the homes likely needing to be demolished are in the City of Cleveland; 86% are in Cleveland and East Cleveland.
Blight Undermines Housing Market Recovery

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Cleveland West Side</td>
<td>$89,000</td>
<td>1,885</td>
<td>568</td>
<td>$60,000</td>
</tr>
<tr>
<td>Cleveland East Side</td>
<td>$80,000</td>
<td>4,359</td>
<td>4,678</td>
<td>$18,000</td>
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</tbody>
</table>

Sale Price and Foreclosure Filings: NEO CANDO at Case Western Reserve University.
Demo rating: Cleveland property survey, Western Reserve Land Conservancy, 2015.

Early in the foreclosure crisis home sale prices on the East and West side of Cleveland were similar. But the East Side was hit much harder by predatory lending and foreclosure. By 2015 the East Side had 8 times as many properties slated for demolition, and sale prices on the East Side had plummeted to less than one third of the West Side prices.
Sales Research Methodology

• 17 Years of data: 2000 – 2016
• 57 Suburbs
• 34 Cleveland Neighborhoods
• Arms-Length Sales Only, Excluding
  1) Sales at Sheriff Sale
  2) Transfers to financial institutions and HUD, Fannie Mae, VA, Freddie Mac
  3) $0 dollar transfers, gift transfers
  4) Sales of vacant lots
Market recovery is slowest in the areas with the greatest vacancy and blight.

Source: NEO CANDO at Case Western Reserve University.
Arms Length Sales = sales on 1-3 family residential property that exclude: 1) transfers at a Shf Sale, 2) $0 transfers and 3) transfers to a bank or Federal agency. 1-3 family includes condominiums; excludes vacant lots.
Median Price - Arms Length Sales 2000 - 2016
Ten East Inner Ring Suburbs

Source: NEO CANDO at Case Western Reserve University.
Arms Length Sales = sales on 1-3 family residential property that exclude: 1) transfers at a Shf Sale,
2) $0 transfers and 3) transfers to a bank or Federal agency.
Median Price - Arms Length Sales 2000 - 2016
Nine Eastside Cleveland Neighborhoods

Source: NEO CANDO at Case Western Reserve University.
Arms Length Sales = sales on 1-3 family residential property that exclude: 1) transfers at a Shf Sale, 2) $0 transfers and 3) transfers to a bank or Federal agency. 1-3 family includes condominiums; excludes vac lots.
Impact of Vacancy and Blight on African American Communities (Cleveland)

• 9,896 Vacant residential structures in Cleveland
  – 6,430 (65%) are in neighborhoods with 80% or greater African American population

• 5,246 of the vacant structures are likely demolitions
  – 3,878 (74%) of the likely demolitions are in neighborhoods with 80% or greater African American population.
<table>
<thead>
<tr>
<th>Neighborhood</th>
<th># of 1-3 unit Homes</th>
<th># Likely Demo</th>
<th>% Concentration of Likely Demo</th>
<th>2016 Median Sale Price</th>
<th>Neighborhood</th>
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<tbody>
<tr>
<td><strong>East Side 9% or More Likely Demo</strong></td>
<td></td>
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<tr>
<td>St.Clair-Superior</td>
<td>1956</td>
<td>280</td>
<td>14%</td>
<td>$ 12,700</td>
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<tr>
<td>Kinsman</td>
<td>1704</td>
<td>201</td>
<td>12%</td>
<td>$ 13,700</td>
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<td>Buckeye-Woodhill</td>
<td>1518</td>
<td>175</td>
<td>12%</td>
<td>$ 14,850</td>
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<td>Glenville</td>
<td>8678</td>
<td>991</td>
<td>11%</td>
<td>$ 14,513</td>
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<td>Hough</td>
<td>2330</td>
<td>246</td>
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<td>Mount Pleasant</td>
<td>5581</td>
<td>575</td>
<td>10%</td>
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<td>Broadway-Slavic Village</td>
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<td>Union-Miles</td>
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<td>Detroit Shoreway</td>
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<td>73</td>
<td>3%</td>
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<td>Ohio City</td>
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<td>38</td>
<td>2%</td>
<td>$ 145,000</td>
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<td>Tremont</td>
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<td>49</td>
<td>0</td>
<td>0%</td>
<td>$ 204,000</td>
<td>Downtown</td>
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The County Planning Commission’s 2016 Housing Study Suggests Shifting Demolition Funding to Rehab

What Would Be The Impact Of Such A Shift?
A recent study by Nigel Griswold looked at the impact that 1,081 rehabs had on surrounding property values between 2009-2015.

“Decision Support For Property Intervention: Rehab Impacts in Greater Cleveland 2009 – 2015, Dynamo Metrics, 2016”
The property value impact of rehab in the “Cleveland Crescent” area was only 0.46%; it ranged from 6.07% to 11.09% in all other areas.
What would be the impact of diverting demolition funding to rehab?

**Scope of the Problem**

- 15,474 Cuyahoga vacant homes
- 7,279 Vacant - most blighted & likely demo
- 8,195 Vacant - but may be feasible for rehab

**Impact of Diverting Demo $ to Rehab**

- $ 75,000,000 Available for demolition as of Fall 2016
- -$25,000,000 Divert to rehab (1,000 rehabs @ $25,000 each = $25,000,000)
- $ 50,000,000 Would be left for demolition
  - 7,279 Most blighted homes
  - -5,000 Demolished using $50,000,000
  - 2,279 Blighted homes would be left unaddressed