

Housing Trends In Cuyahoga County

Presentation to Cuyahoga County Council

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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

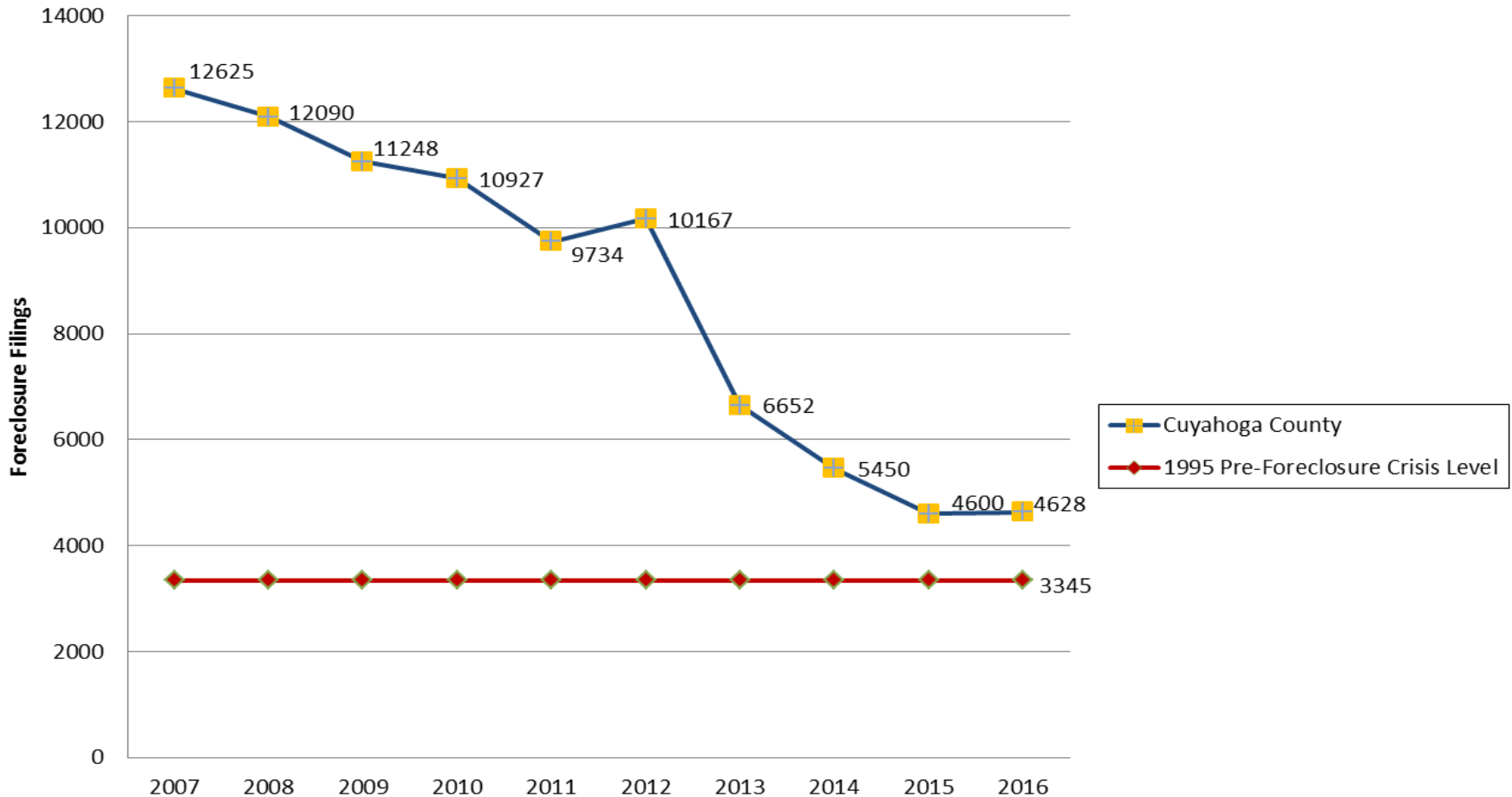
Vacant Property

- 2010 – 2016: 7 years

Home Sale Prices

- 2000 – 2016: 17 years

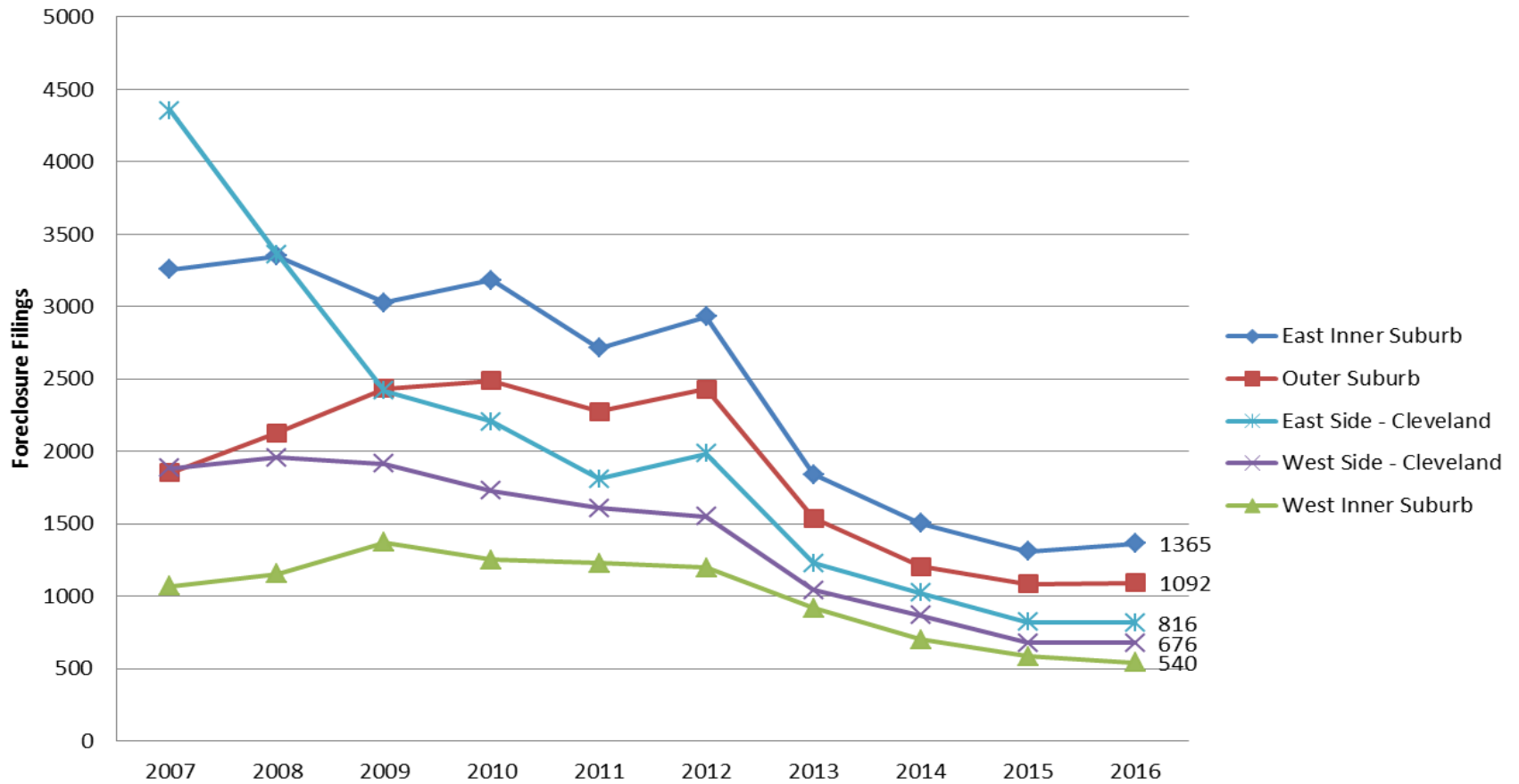
Cuyahoga Mortgage Foreclosure 2007 - 2016



Source: Data provided by NEO CANDO at CWRU; Policy Matters.

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.

Cuyahoga Mortgage Foreclosure 2007 - 2016 By Region

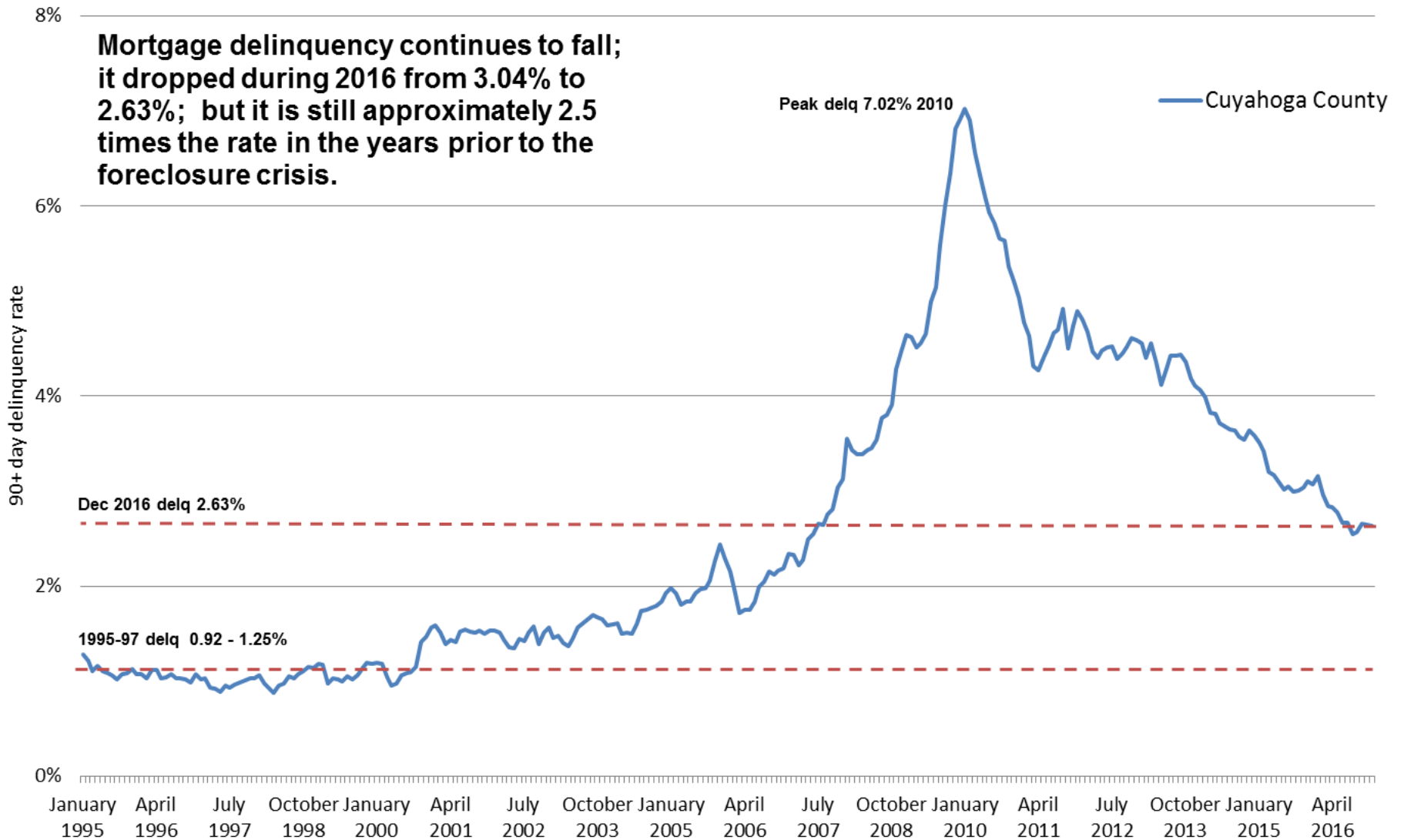


Source: Data provided by NEO CANDO at CWRU.

Foreclosure filings have declined in all regions of the County.

90+ Days Delinquency Rate

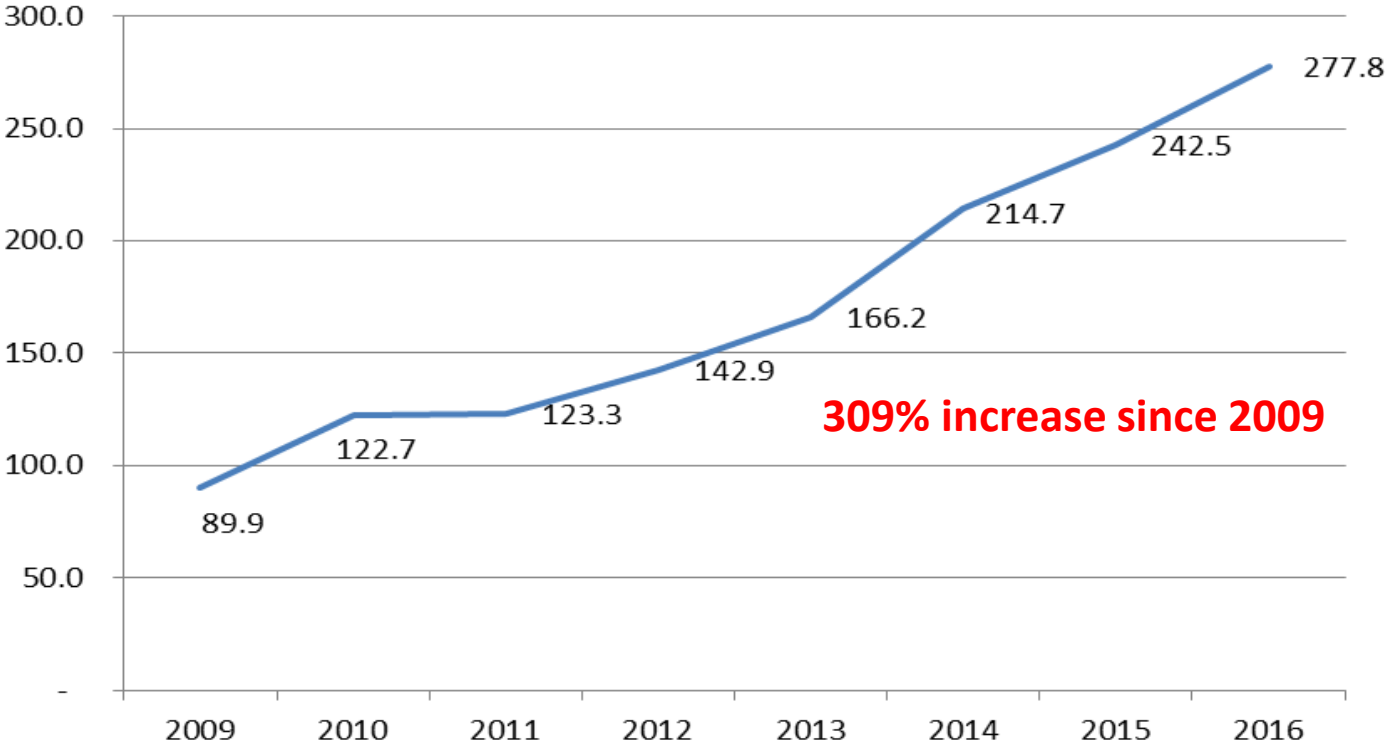
January 1995 - December 2016



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.

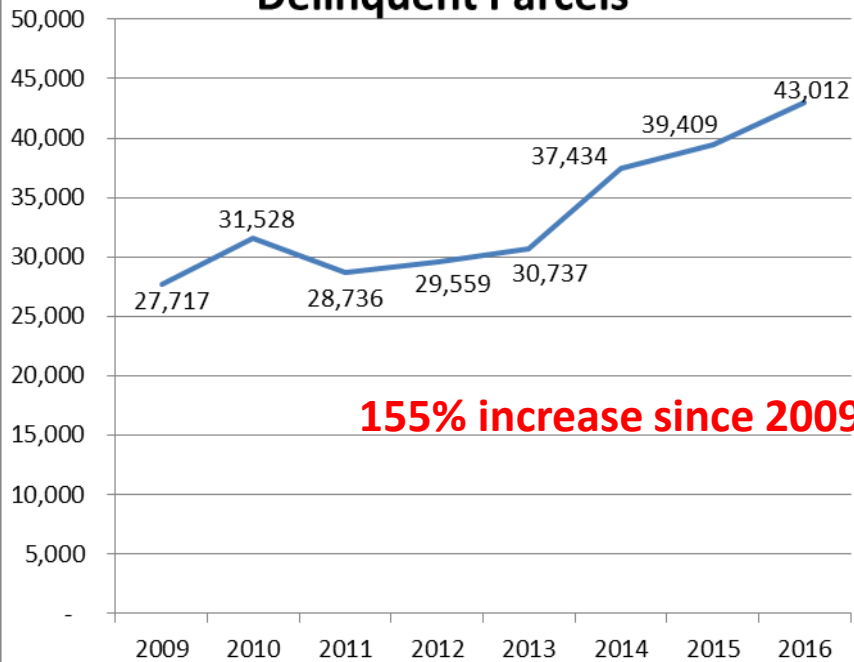
Cuyahoga Residential Property Tax Delinquency - Dollars In Millions



Source: NEO CANDO at Case Western Reserve University. All residential land use codes. Delinquency \$1 or greater.

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.

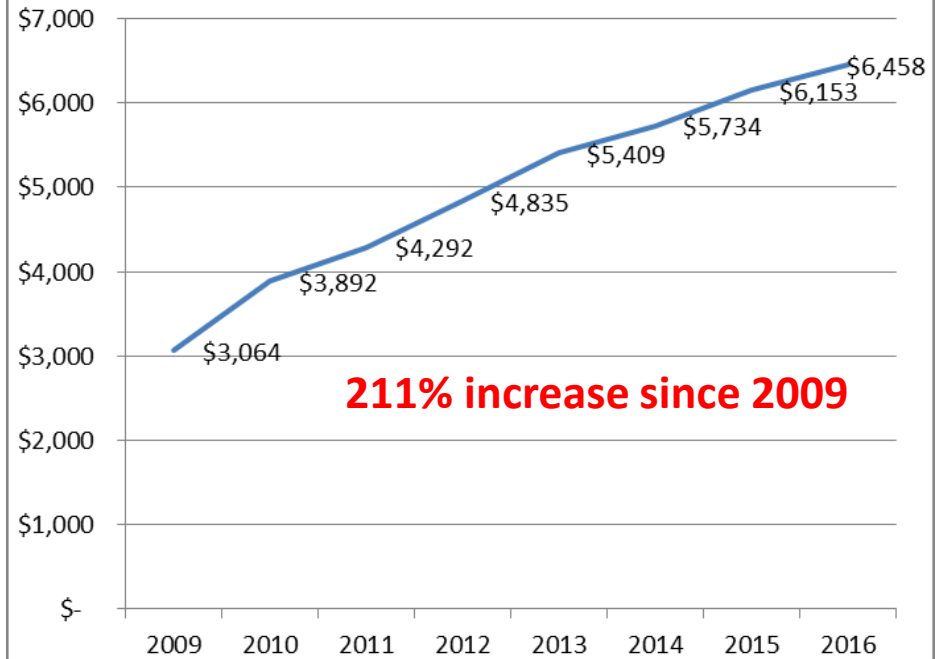
Number of Residential Tax Delinquent Parcels



155% increase since 2009

Source: NEO CANDO at Case Western Reserve University. All residential land use codes. All delinquency \$1 or greater.

Average Delinquency on Residential Parcels

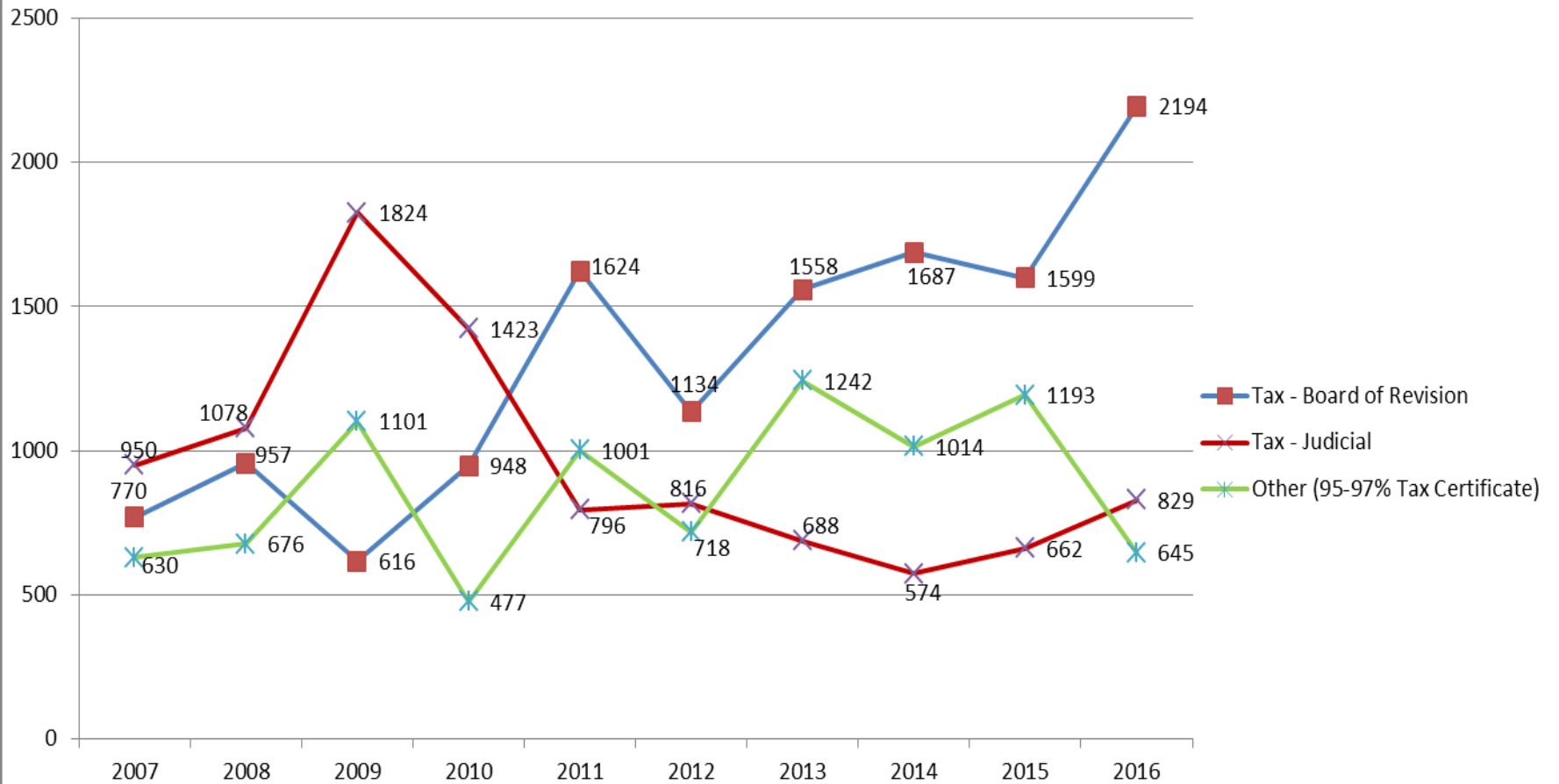


211% increase since 2009

Source: NEO CANDO at Case Western Reserve University. All residential land use codes. All 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.

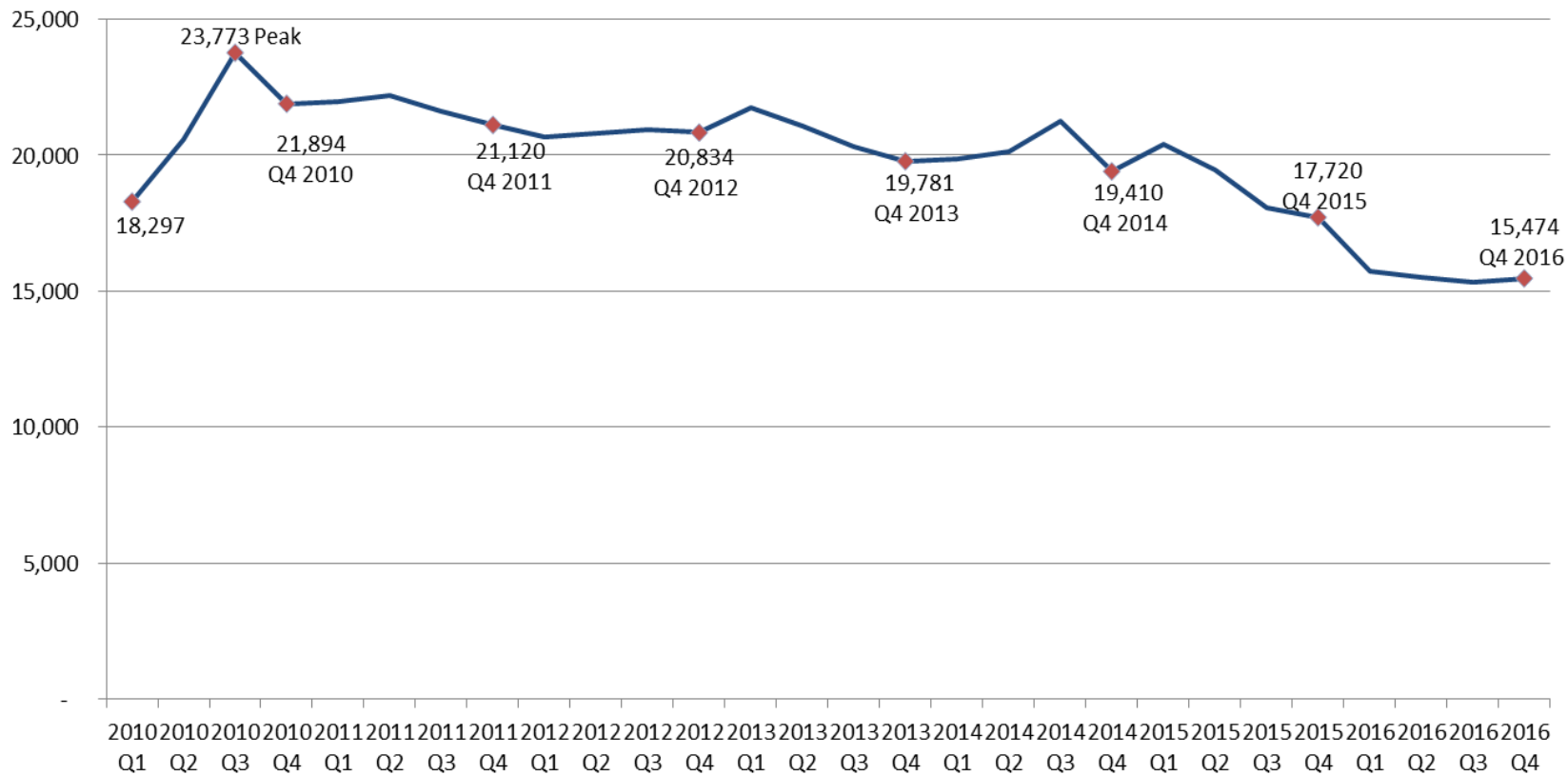
Cuyahoga Tax Foreclosure Filings By Type 2007-2016



Source: NEO CANDO at CWRU.

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.

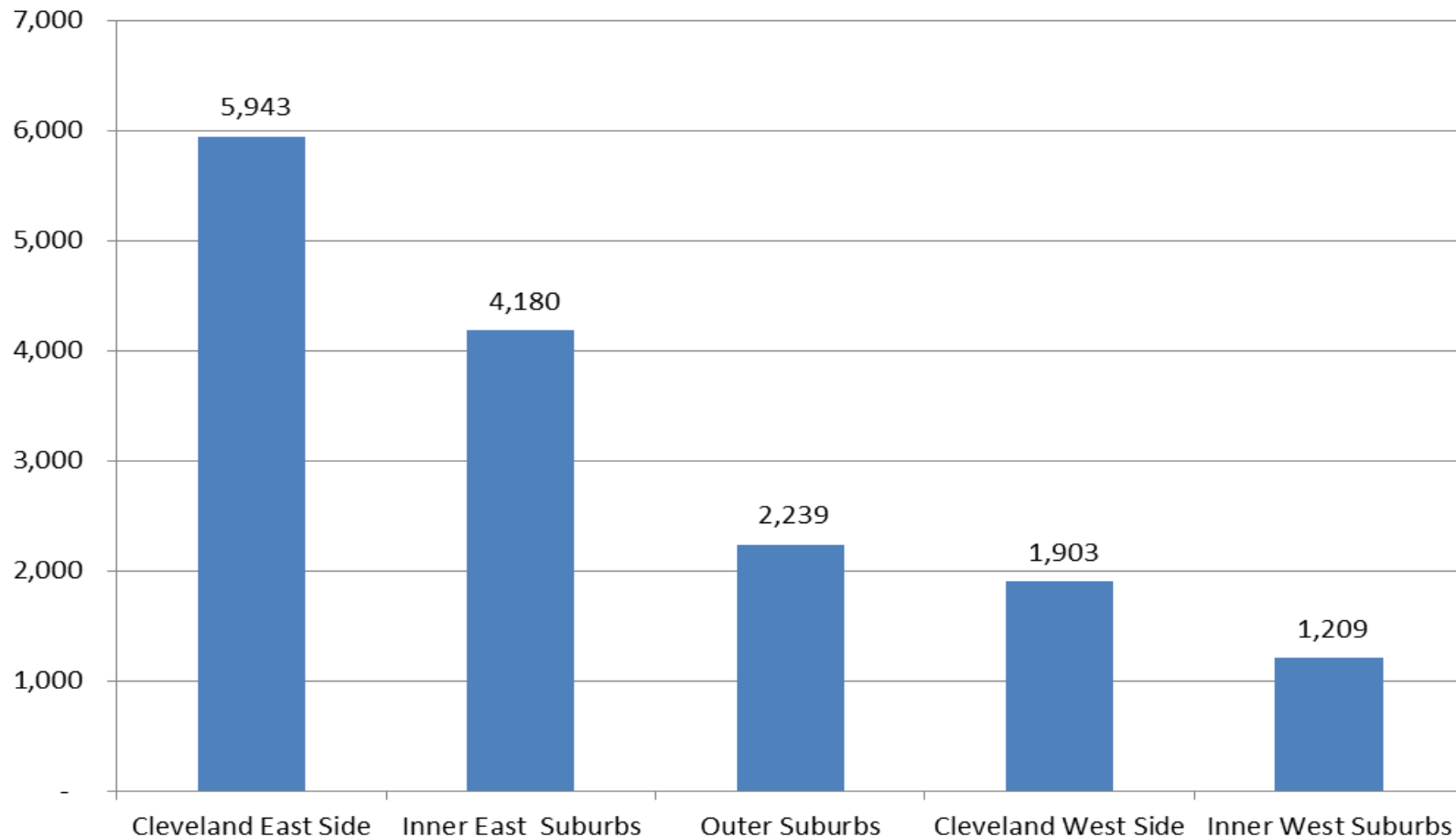
Vacant 1-3 Family Residential Structures in Cuyahoga County 4th Quarter 2010 - 4th Quarter 2016



Source: US Postal Data and NEO CANDO at Case Western Reserve University.

Vacancy and abandonment have been steadily decreasing since 2010.

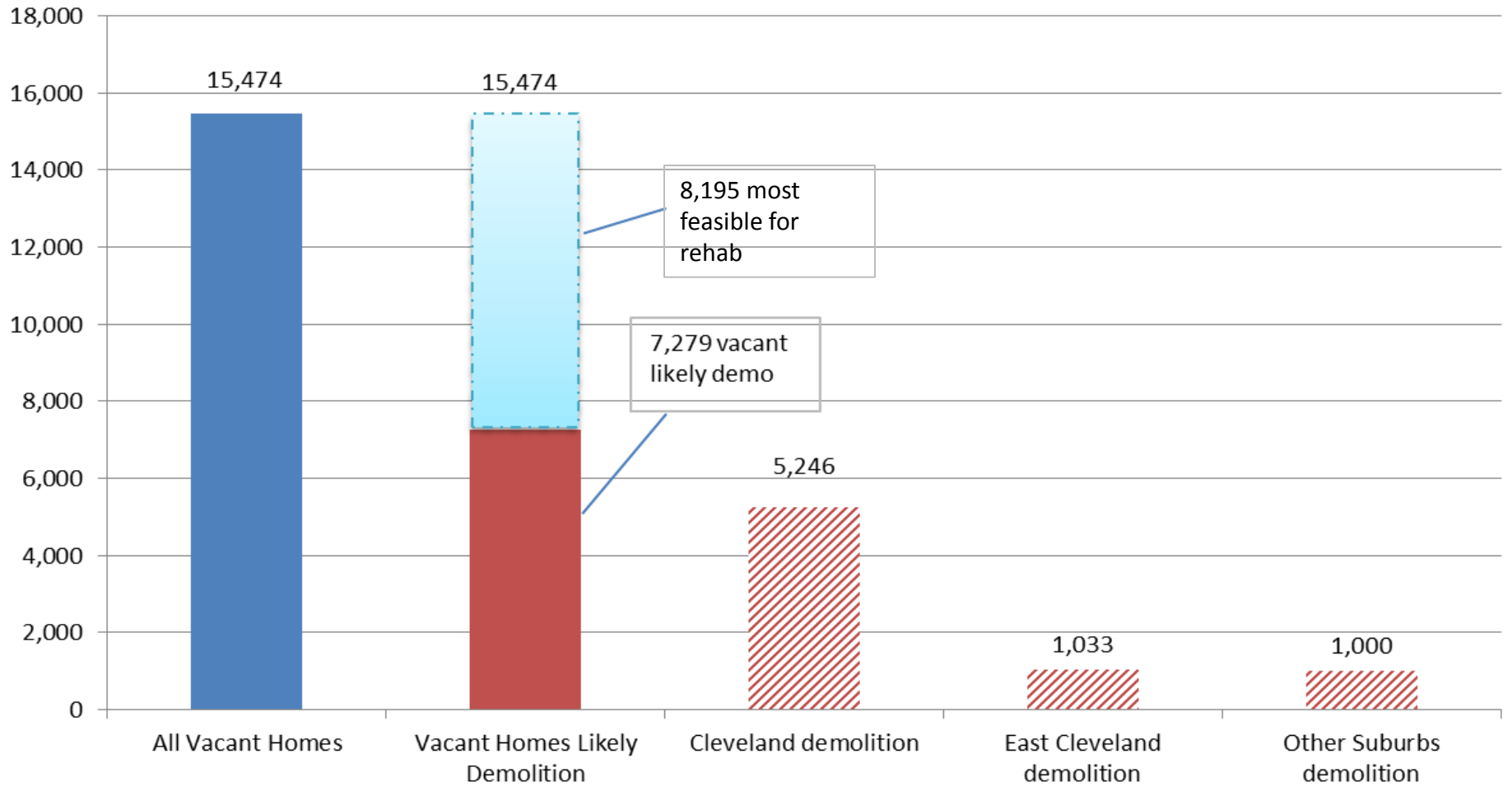
Location of Vacant 1-3 Family Homes In Cuyahoga County as of 4th Quarter 2016



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 10

Estimate: Approximately 7,200 of the 15,474 Vacant 1-3 Family Homes In Cuyahoga County Will Require Demolition



Sources: Cleveland survey conducted by Western Reserve Land Conservancy, summer 2015. East Cleveland survey conducted by Western Reserve Land Conservancy, summer 2014. The Other Suburbs estimate is based on 642 cumulative Suburban applications for demolition funding (excluding East Cleveland) reported in NEO CANDO as of January 18, 2017.

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

	Median Sale Price in 2005	Foreclosure Filings in 2007	Properties rated "Demo" in 2015	Median Sale Price in 2016
Cleveland West Side	\$89,000	1,885	568	\$60,000
Cleveland East Side	\$80,000	4,359	4,678	\$18,000
			5,246	

Sale Price and Foreclosure Filings: NEO CANDO at Case Western Reserve University.

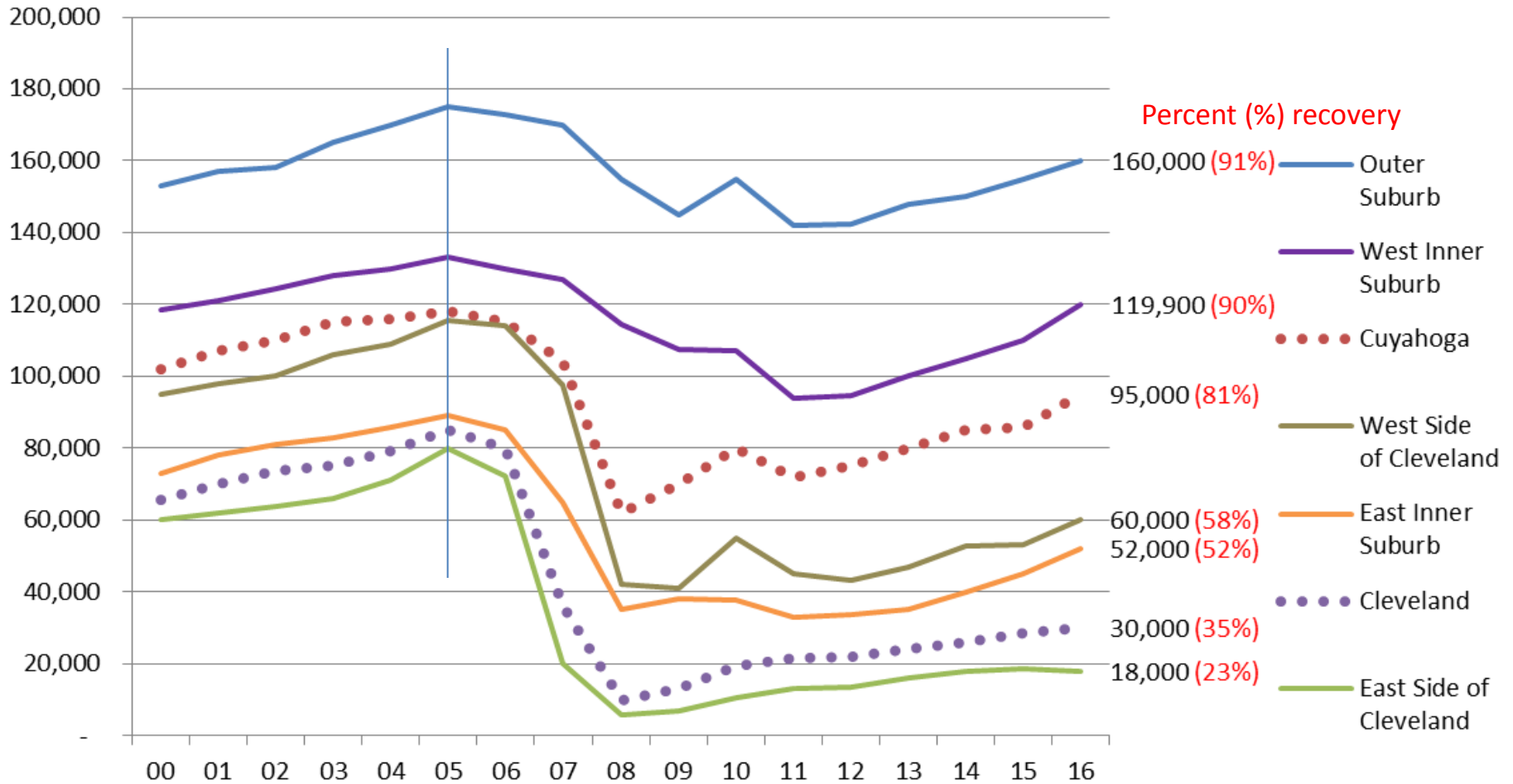
Demo rating: Cleveland property survey, Western Reserve Land Conservancy, 2015.

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

Median Price - Arms Length Sales Cuyahoga Regions 2000 - 2016



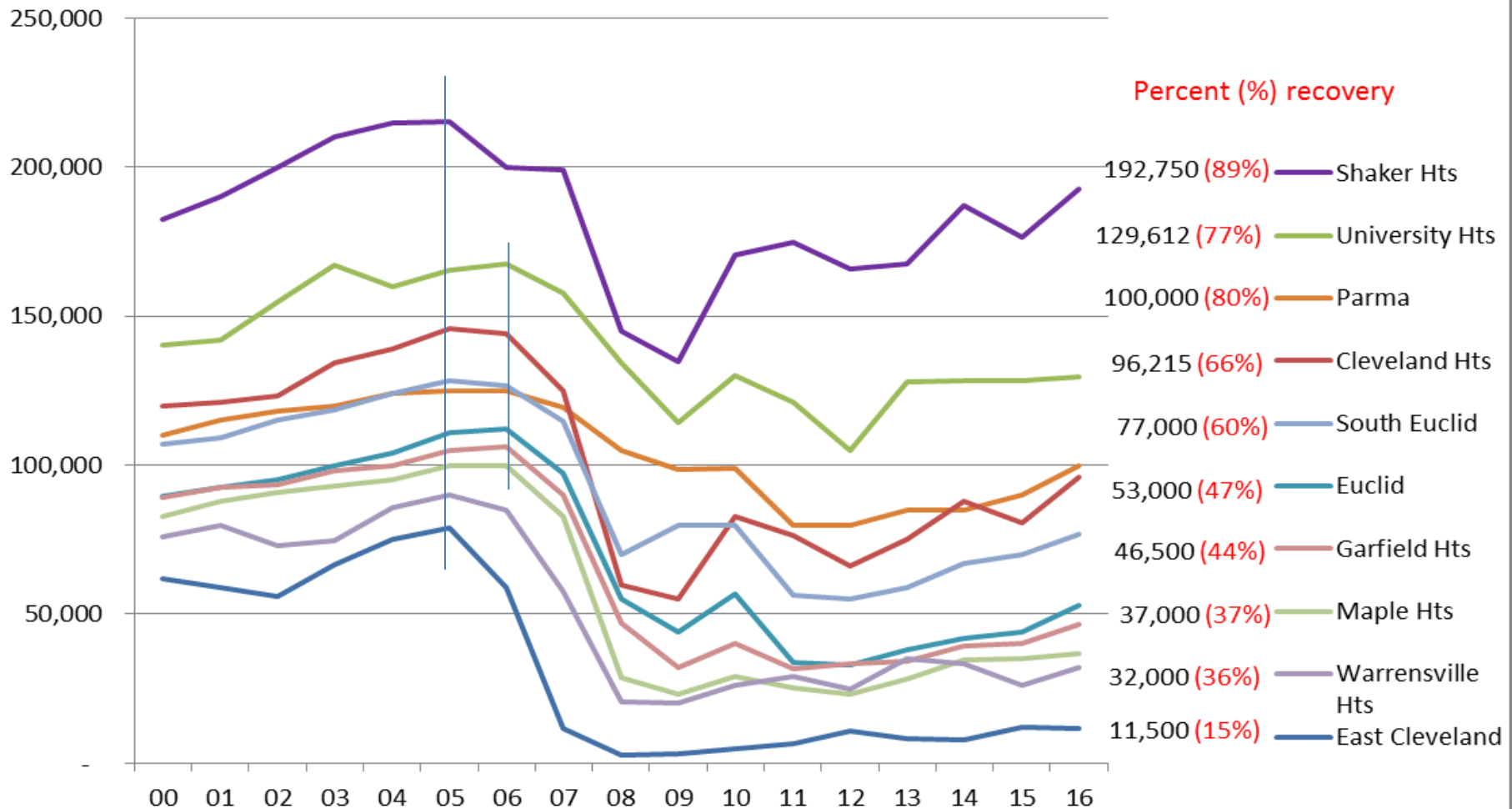
Source: NEO CANDO at Case Western Reserve University.

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.

Market recovery is slowest in the areas with the greatest vacancy and blight.

Median Price - Arms Length Sales 2000 - 2016

Ten East Inner Ring Suburbs

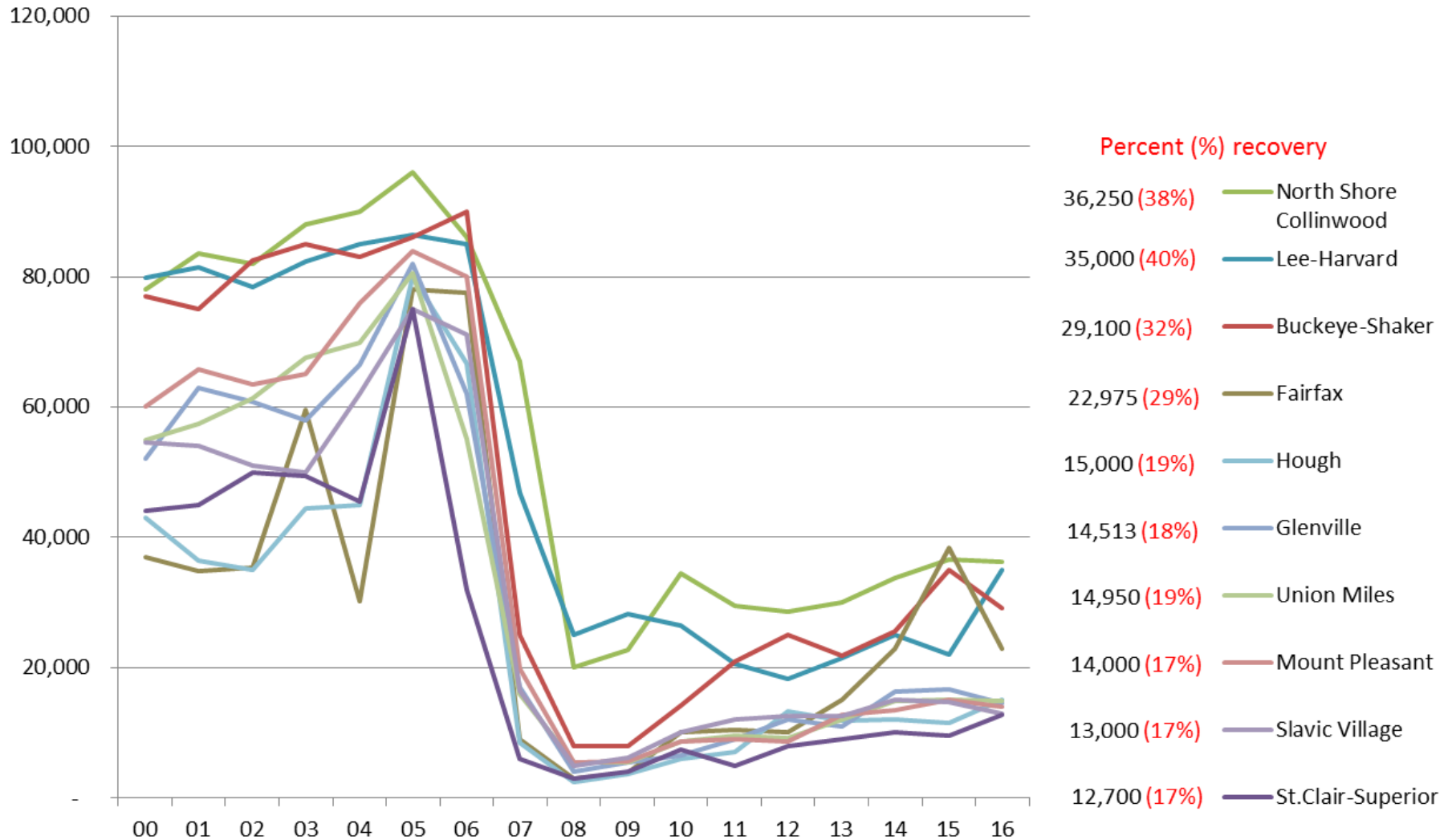


Source: NEO CANDO at Case Western Reserve University.

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.

Cleveland Neighborhoods - Home Sale Prices Are Lowest Where Blight Is Most Concentrated

Neighborhood	# of 1-3 unit Homes	# of Likely Demo	% Concentration of Likely Demo	2016 Median Sale Price	Neighborhood
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East Side 9% or More Likely Demo

St.Clair-Superior	1956	280	14%	\$ 12,700	St.Clair-Superior
Kinsman	1704	201	12%	\$ 13,700	Kinsman
Buckeye-Woodhill	1518	175	12%	\$ 14,850	Buckeye-Woodhill
Glenville	8678	991	11%	\$ 14,513	Glenville
Hough	2330	246	11%	\$ 15,000	Hough
Mount Pleasant	5581	575	10%	\$ 14,000	Mount Pleasant
Broadway-Slavic Village	7101	672	9%	\$ 13,000	Broadway-Slavic Village
Union-Miles	7086	645	9%	\$ 14,950	Union-Miles

West Side 3% or Less Likely Demo

Detroit Shoreway	2664	73	3%	\$ 75,000	Detroit Shoreway
Ohio City	1618	38	2%	\$ 145,000	Ohio City
Tremont	1881	36	2%	\$ 90,000	Tremont
Edgewater	1097	5	0%	\$ 110,000	Edgewater
Jefferson	6328	28	0%	\$ 46,525	Jefferson
Old Brooklyn	11104	30	0%	\$ 59,000	Old Brooklyn
Kamm's	9077	5	0%	\$ 102,750	Kamm's
Downtown	49	0	0%	\$ 204,000	Downtown

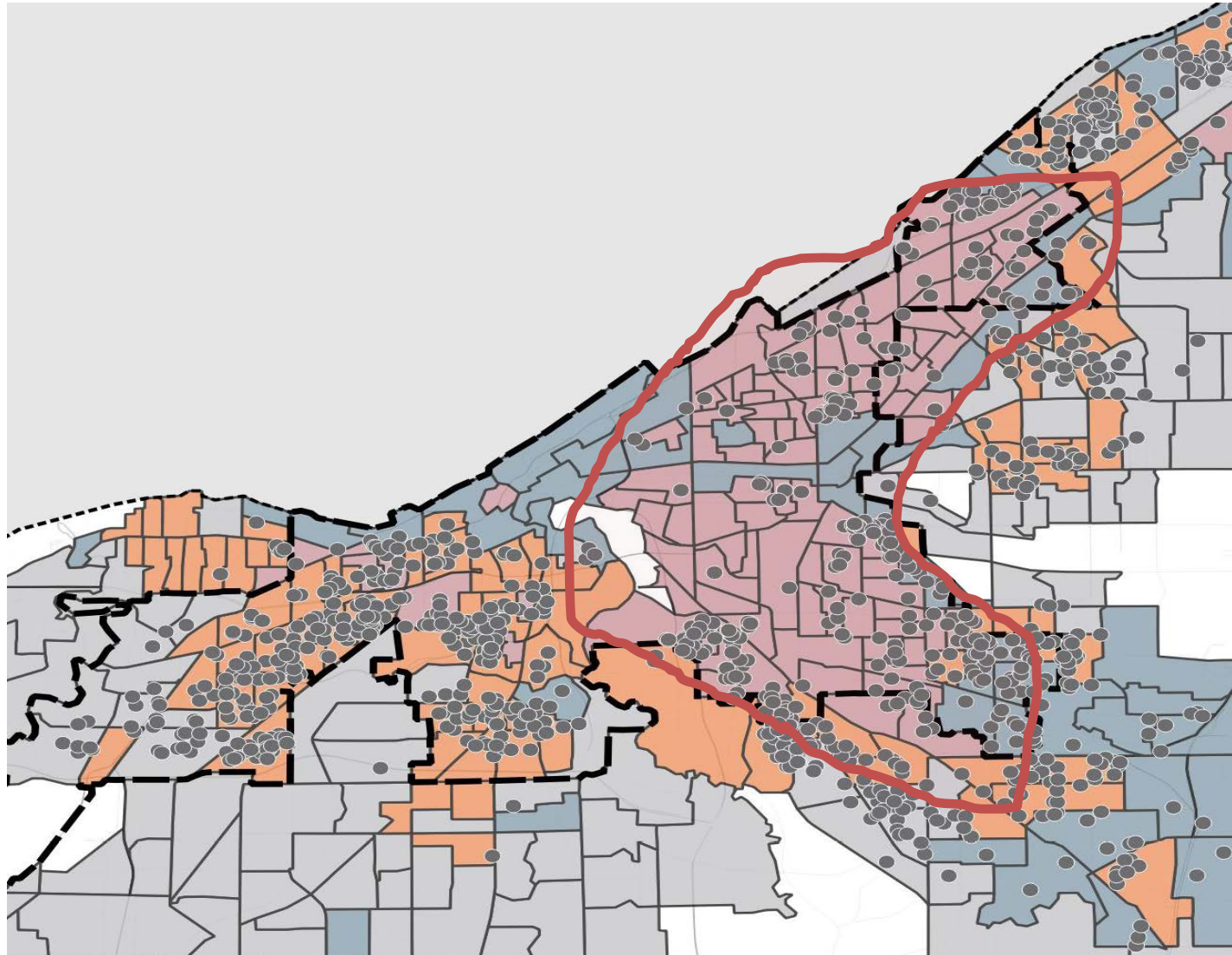
**The County Planning Commission's
2016 Housing Study Suggests
Shifting Demolition Funding to Rehab**

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