Cleveland Housing Plan 2030

Existing Conditions Report

July 2021

CONTENTS

1. EXECUTIVE SUMMARY

EXISTING CONDITIONS

This report analyzes key trends affecting housing demand, supply, and affordability in the City of Cleveland. The analysis will inform the Cleveland 10-Year Housing and Investment Plan, which will serve as a blueprint for housing programs, policies, and investments in Cleveland over the next 10 years, with the goal of giving Cleveland households access to decent, affordable housing and a range of housing options. This report is based primarily on data from the years 2010-2018, but incorporates earlier and more recent data where possible. Few data are yet available to capture the effect of the COVID-19 pandemic on Cleveland, but early evidence suggests that it will exacerbate existing vulnerabilities in the housing market. Key trends and conditions drawn from our analysis are summarized below.

SOCIOECONOMIC TRENDS

- The rate of population decline in Cleveland is slowing. Key demographic trends include the in-migration of younger, more educated residents; international in-migration; and aging in place.
- Household size continues to decline, with more and more households composed of just one or two members. A related trend is the increase in renter-ship as opposed to homeownership, since renter households tend to include fewer members.
- The share of both very young and senior-aged householders is growing as the share of middle-aged householders decline.
- Household incomes fell after the Great Recession and have not recovered.

THE HOUSING STOCK

- Most homes in Cleveland are single-family detached. Even in the rental market, this is true for about a third of homes. Most homes have 2-3 bedrooms, even as household sizes decline.
- Vacancy rates remain high, especially on the East Side. The number of severely deteriorated structures has declined due to demolitions, but the number of C-rated structures has grown, indicating continued maintenance challenges. Access to home improvement credit and City home repair assistance is limited.
- The volume of code violations has decreased since 2012, mostly due to a decline in condemnations.
- Home sales are rising, as are home prices. Outside investors continue to play a significant and two-edged role in Cleveland's housing market—providing needed captital but in some cases contributing to blight.
- There is a lack of housing supply at both the high end and middle of the market, which increases cost pressure on lower-quality units and steers prospective higher-income residents to other jurisdictions.

AFFORDABILITY

- Housing costs in Cleveland have declined, but housing has actually become less affordable as incomes have dropped and as deferred maintenance costs have accrued. As a result, over 20% of residents are severely housing cost burdened - meaning they must devote more than half of every paycheck to housing. By contrast, only 15% of Ohio residents are severely housing cost burdened.
- High housing cost burdens leave residents vulnerable to displacement, not just in neighborhoods that may be gentrifying, but also in low-cost neighborhoods where a cycle of evictions repeatedly displaces low-income residents.
- Affordability challenges are exacerbated by an increasingly decentralized job market, which makes it difficult for car-less households to access employment, and by an under-performing school system.

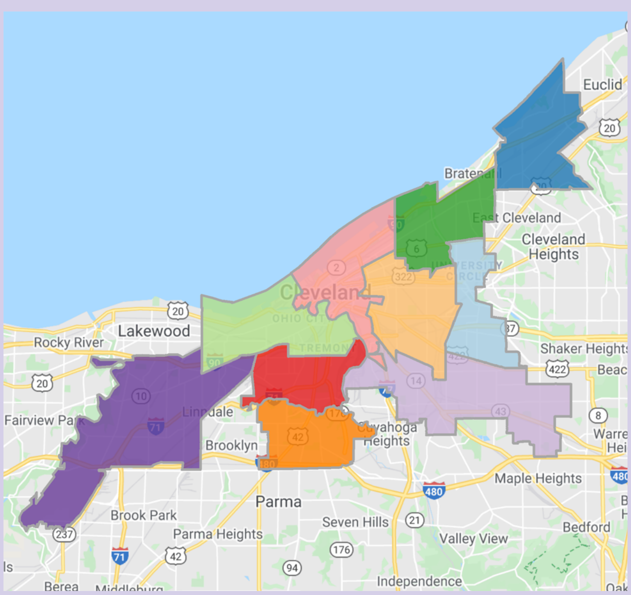
RACIAL INEQUITIES

- Racial and ethnic inequities appear in every component of Cleveland's housing market. Black and Hispanic residents have consistently lower incomes than White residents. They apply for mortgages at lower rates and are denied at higher rates. They are segregated into high-poverty neighborhoods with low-quality housing that is nevertheless unaffordable to many residents. Blacks are starkly overrepresented among those experiencing eviction and homelessness.
- These inequities are perpetuated in the school system and in the spatial mismatch of predominantly Black neighborhoods and stable, accessible jobs.

PUBLIC INVESTMENT

- Since 2014, the City has significantly reduced support for home repairs and rehab and development loans and other subsidies.
- Absent additional efforts to support private lending, City investments are unlikely to "prime the pump" for further private lending in distressed neighborhoods. Values have dropped so significantly that regulatory lending requirements have effectively redlined entire sections of the city.
- A City/County partnership is near to achieving the number of permanent supportive housing units set out by the Cleveland Housing First Initiative in 2006. But efforts to address less visible or chronic homelessness through greater housing affordability are crucial going forward.

NEIGHBORHOOD KEY



This report analyzes housing market trends at several levels of geography, including the city, county, metro area, census tract, zip code, and neighborhood. We use 10 study neighborhoods defined by the City of Cleveland and contiguous with census tract boundaries, as follows:

- Circle North | University Circle | Buckeye | Shaker | Larchmere
- Collinwood
- Detroit Shoreway | Ohio City | Tremont
- Glenville | Hough | Central
- Greater Downtown
- Metro West Neighborhoods
- Midtown | Opportunity Corridor | Fairfax
- Old Brooklyn
- Southeast
- West Park

2. DEMOGRAPHIC TRENDS

TOTAL POPULATION

Cleveland's population, like the county's, has declined since the 1980s. Since 2010, the city's population decreased by 5.33% while the county's decreased by 3.09%. The population of the Cleveland-Elyria-Mentor Metropolitan Area has also decreased, by 1.19%, since 2010.[1] However, the rate of decline in the city has slowed to about 1,060 net fewer persons per year, compared to a rate of nearly -7,000 in the 2000s. If this trend holds, we would expect Cleveland to reach a population floor of about 385,800 by 2040.

The number of households has also decreased by a much smaller percentage than population, which tells us that the number of persons per household (household size) is shrinking. As of 2018, there are about 170,000 households in the City of Cleveland, and 540,000 county-wide. The Center for Population Dynamics at Cleveland State University calculated that up to 93.5% of Cuyahoga County's population loss since 1970 might be explained by decreases in household size, rather than by households leaving the county. But in the City of Cleveland, decreases in household size only explain 34.6% of population losses since 1950.[1] There can be no doubt that the City of Cleveland continues to experience significant out-migration, and low levels of in-migration, resulting in the erosion of households as well as population.

According to Census data for the components of population change, Cuyahoga County lost 45,042 net residents between April 1, 2010, and July 1, 2019. This was despite a natural increase of 9,350 (the result of 136,186 births minus 126,836 deaths). The loss was due to net out-migration of 54,207 people. There was net in-migration from abroad (28,625 net in-migrants) but overwhelming domestic outmigration (82,832 net out-migrants).

These trends continued in the 2018-2019, with a net population loss of 6,646 that can be attributed to net domestic out-migration of 8,342 persons, despite a natural increase of 495 and net international in-migration if 1,220 residents.

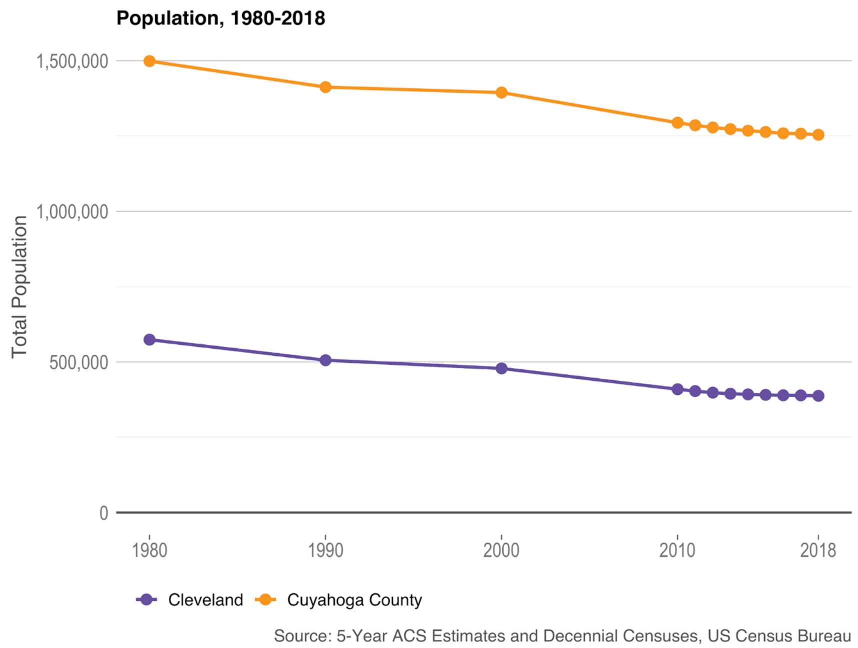


Table 1. Population Change 2010-2018

	2010	2018	% Change
City of Cleveland			
Population	409,221	387,398	-5.33%
Total Households	170,464	169,365	-0.64%
Cuyahoga County			
Population	1,293,825	1,253,783	-3.09%
Total Households	538,944	538,531	-0.08%
Cleveland Metro Area			
Population	2,086,589	2,061,766	-1.19%
Total Households	846,121	857,453	1.34%

[1] The Cleveland-Mentor-Elyria Metropolitan Area includes Cuyahoga County (which is its densest and most populous county) as well as the four adjoining counties of Lorain, Medina, Geauga, and Lake.
[2] Richey Piiparinen, Jim Russell, Charlie Post, and Kyle Fee. "Center for Population Dynamics Quarterly Brief July 2016: Population Loss and Development Trends in Cleveland." Maxine Goodman Levin College of Urban Affairs, Cleveland State University. https://engagedscholarship.csuohio.edu/cgi/viewcontent.cgi?article=2370&context=urban_facpub

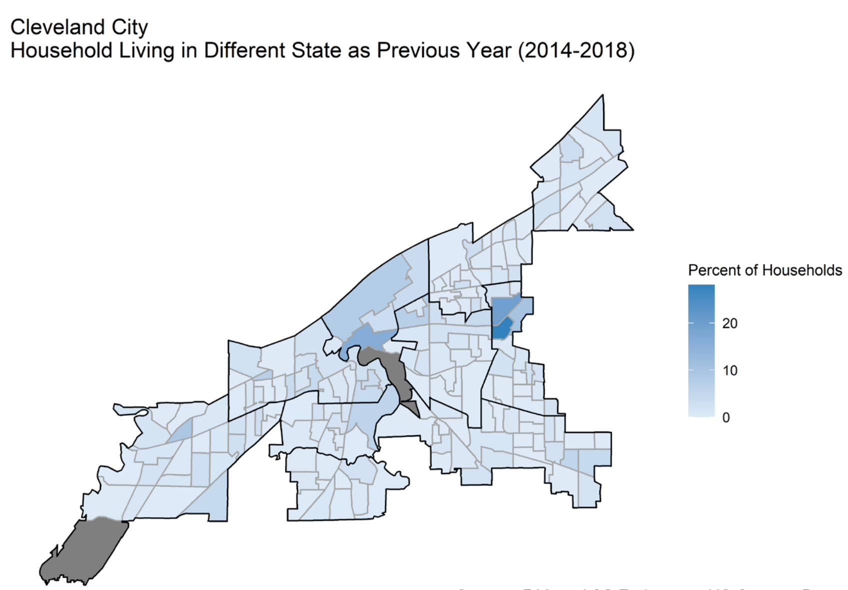
MIGRATION DYNAMICS

Households in Cleveland are more likely to have moved into their current unit within the last few years than are households in the county or metropolitan area as a whole (see Table 2). In fact, more than half of households in Cleveland moved in the last decade. The higher rate of mobility in Cleveland is linked to the higher share of city households that live in rental housing. When we focus on renters alone, mobility rates are almost identical across the city, county, and metro.

In-migration to Cleveland is principally from elsewhere in the U.S. (40%) or from other Ohio counties (38%), but an important share of in-movers come from abroad (22%). Not surprisingly, in-movers from a different state make up over 20% of households in University Circle, but they also make up a larger-than-average share in the Greater Downtown. The median in-migrant to Cleveland has a lower income than the median incumbent resident. Cleveland residents who lived in the same house a year ago have a higher median individual income ($20,200) compared to those who moved from a different Ohio county ($16,103), from a different state ($15,442), or from abroad ($8,439).

Table 2. Geographic Mobility by Year

	Moved in 2015 or later	Moved in 2010 or later
City of Cleveland		
Households	34,918	89,795
Share	21%	53%
Cuyahoga County		
Households	94,557	244,479
Share	18%	45%
Cleveland Metro Area		
Households	138,517	363,523
Share	16%	42%



Source: 5-Year ACS Estimates, US Census Bureau

Table 3. Geographic Mobility in Past Year, by Origin

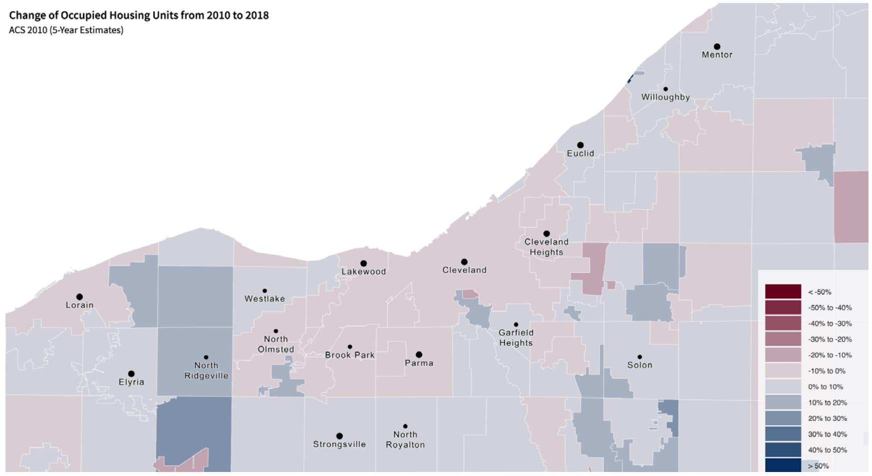
	City of Cleveland		Cuyahoga County		Cleveland Metro Area	
	Households	*Share*	*Households*	*Share*	*Households*	*Share*
Same House 1 Year Ago	306,407	80.1%	1,050,247	84.7%	1,759,767	86.3%
Moved within City/Town	44,421	11.6%	69,405	5.6%	92,320	4.5%
Moved from Different City, Same County	15,124	4%	71,599	5.8%	102,376	5.1%
Moved from Different Ohio County	6,334	1.7%	21,500	1.7%	47,305	2.3%
Moved from Different State	6,648	1.7%	19,308	1.6%	28,244	1.4%
Moved from Abroad	3,599	0.9%	7,654	0.6%	9,753	0.5%

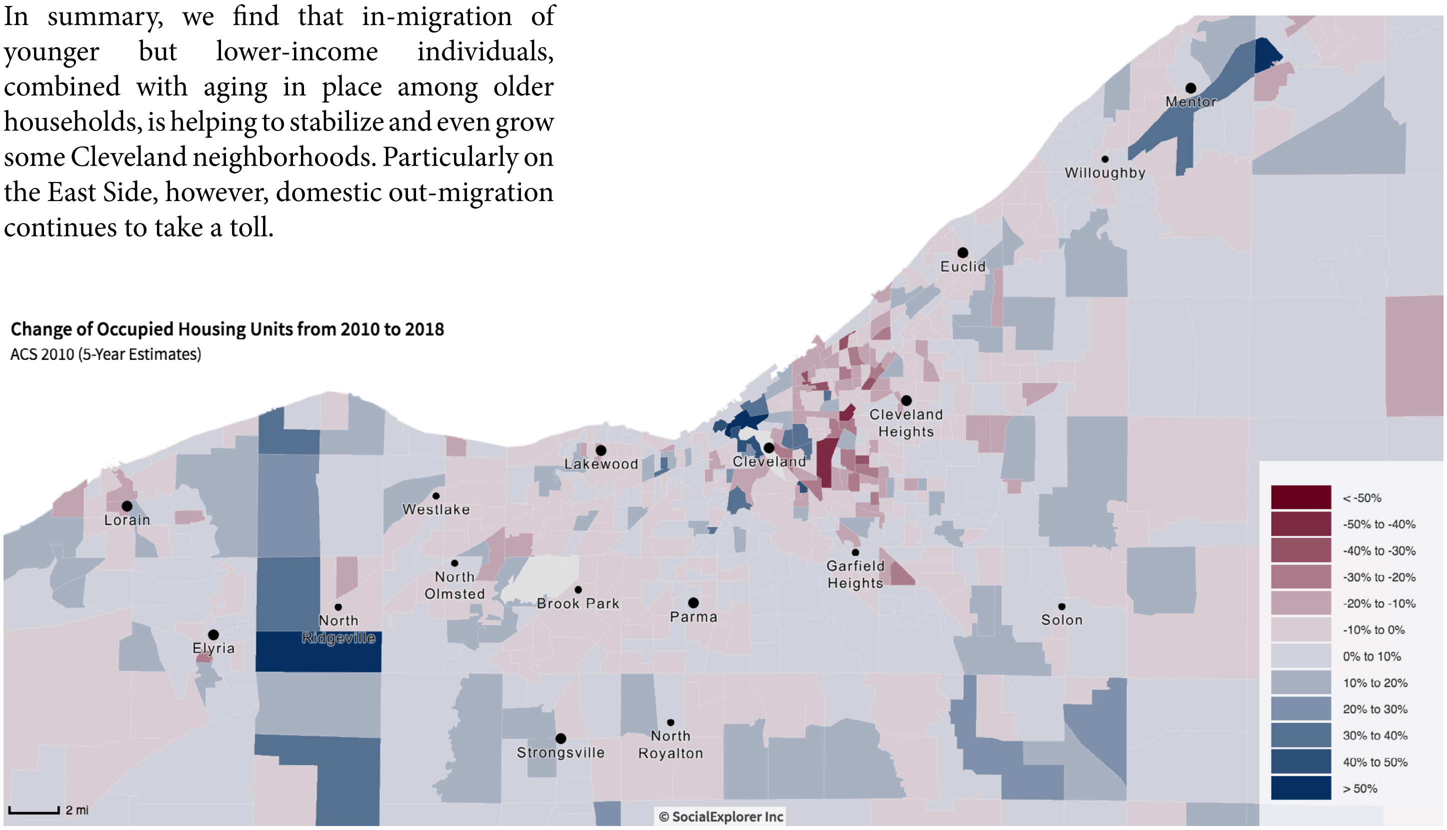
MIGRATION, CONTINUED

The typical in-migrant to Cleveland is relatively young (with a median age of 26.6 if they moved from a different Ohio county and 27 if they moved from a different state or from abroad). They are also more educated, with 32% having a college degree, compared to 16% of those who lived in the same house a year ago. In-migrants are most likely to be non-Hispanic White (50%), followed by Black (22%), Hispanic (19%), or Asian (10%).

If we look at the percent change, since 2010, in households by county subdivision, we see that Cleveland is experiencing a slow decline in population while some suburbs (though not Lakewood, Cleveland Heights, Parma, Brook Park, or North Olmsted) are experiencing gains. Zooming in to the census tract level, it becomes apparent that not all parts of Cleveland are losing households; indeed, some tracts in the downtown and on the West Side added more than 40% of their 2010 households by 2018. However, many tracts on the East Side are rapidly losing population.

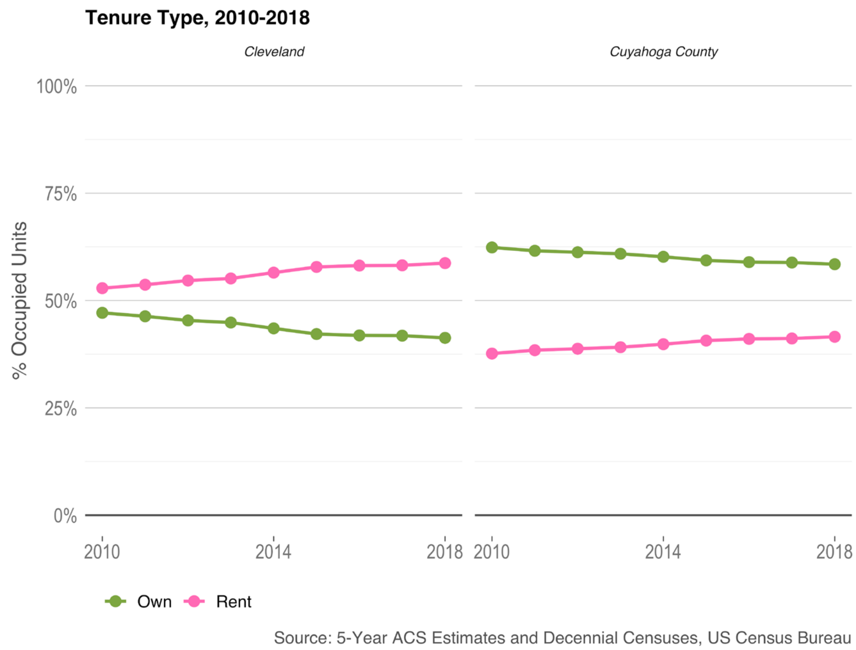
In summary, we find that in-migration of younger but lower-income individuals, combined with aging in place among older households, is helping to stabilize and even grow some Cleveland neighborhoods. Particularly on the East Side, however, domestic out-migration continues to take a toll.





TENURE

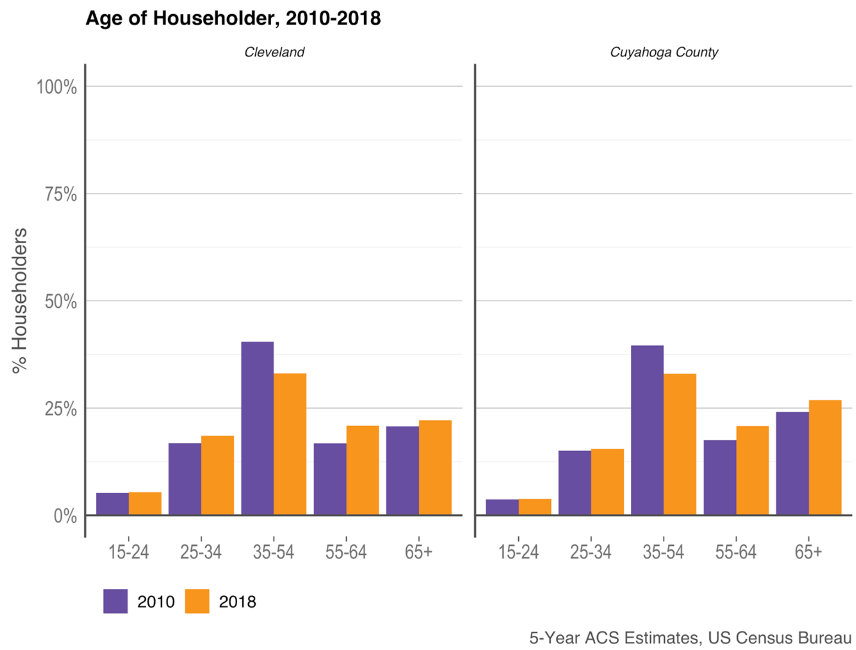
In Cleveland, renting is more common than owning a home, while in the county at large, the opposite is true. In both areas, however, the absolute number and share of renters is increasing while the number and share of owners is falling. Renters now make up 59% of Cleveland households, while homeowners make up 41%. The shares of renters and homeowners are 42% and 58%, respectively, in the county.



AGE

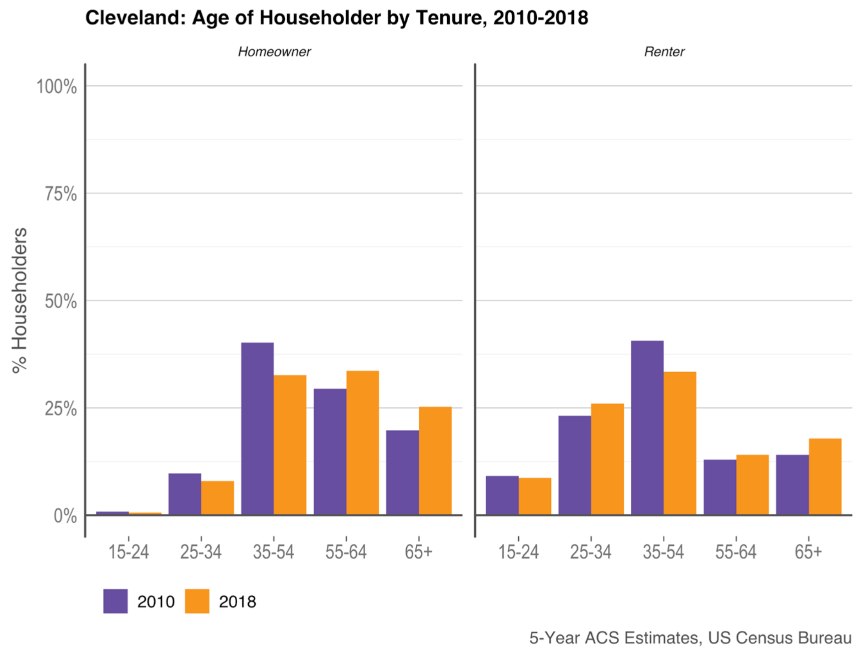
Middle-aged heads of household make up the largest share of householders in both Cleveland and Cuyahoga County, though this group has shrunk between 2010 and 2018. Meanwhile, the share of older and elderly householders has grown, particularly in the county. Younger householders (aged 34 or younger) have also become more predominant, especially in the city.

It is important to note that this shift in Cleveland's age composition is due as much to aging in place as to migration. In Cuyahoga County, the number of residents aged 65 and older increased by approximately 4,000 between 2017 and 2018, but during that period, 410 more seniors migrated out of the county than migrated in.



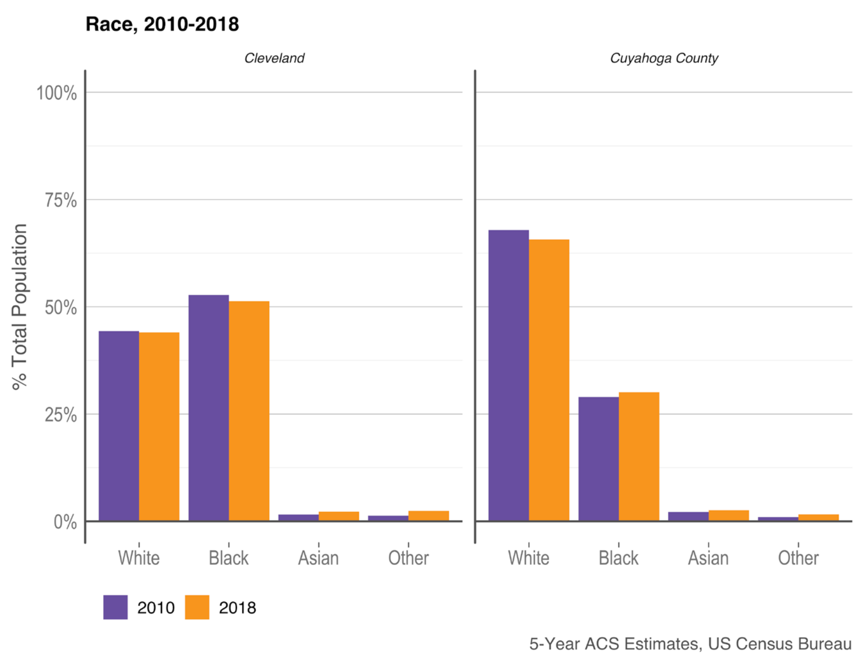
AGE, CONTINUED

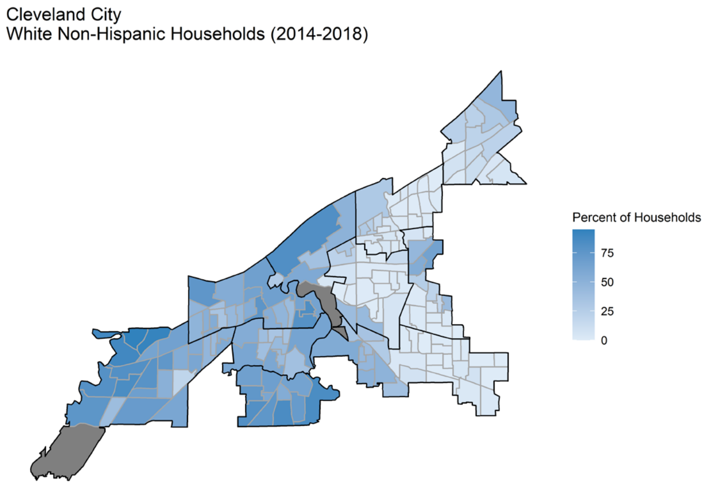
Householder age varies by tenure. In the City of Cleveland, renters tend to be younger than homeowners, with far more clustering in the 15-34 age groups than homeowners, who tend to be older and are becoming more so.

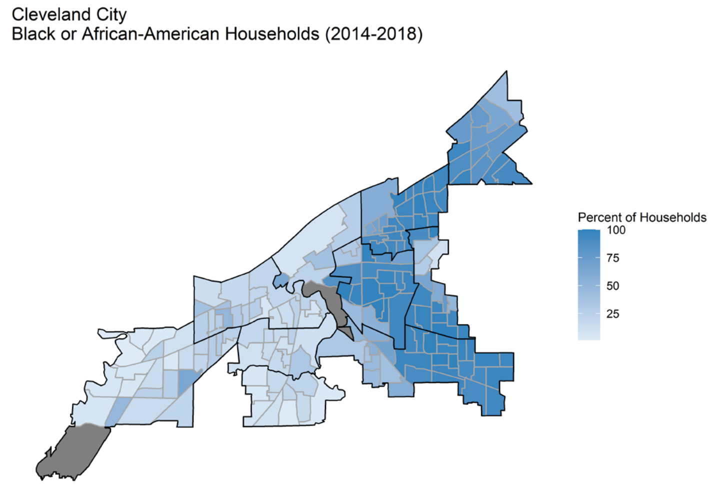


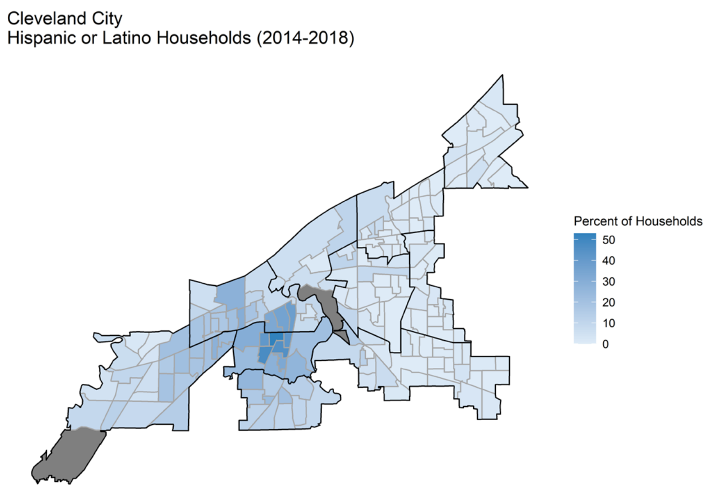
RACE AND SEGREGATION

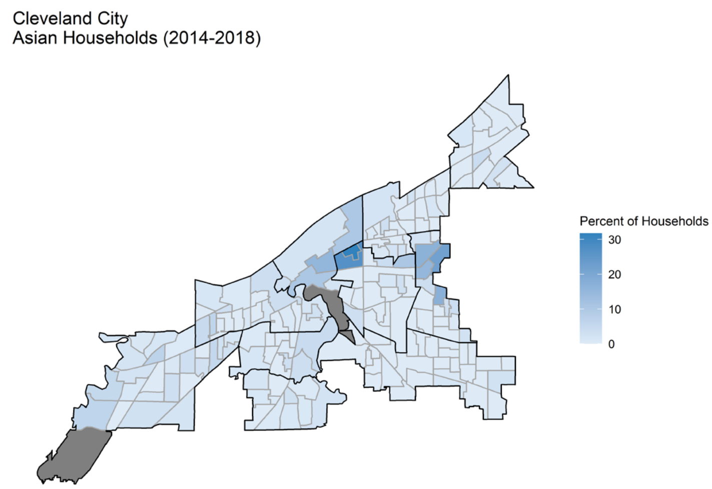
Both Cleveland and Cuyahoga County remain largely Black and White, though they are diversifying, with slightly more residents identifying themselves as neither Black nor White in 2018 than in 2010. In 2018, 38% of Cleveland householders are non-Hispanic White, 50% are Black, 2% are Asian, and 9% are Hispanic/Latino (the remainder identifying as "other"). In the county as a whole, 62% of householders are non-Hispanic White, 30% are Black, 3% are Asian, and 4% are Hispanic/ Latino.











Source: 5-Year ACS Estimates, US Census Bureau

RACE AND SEGREGATION, CONTINUED

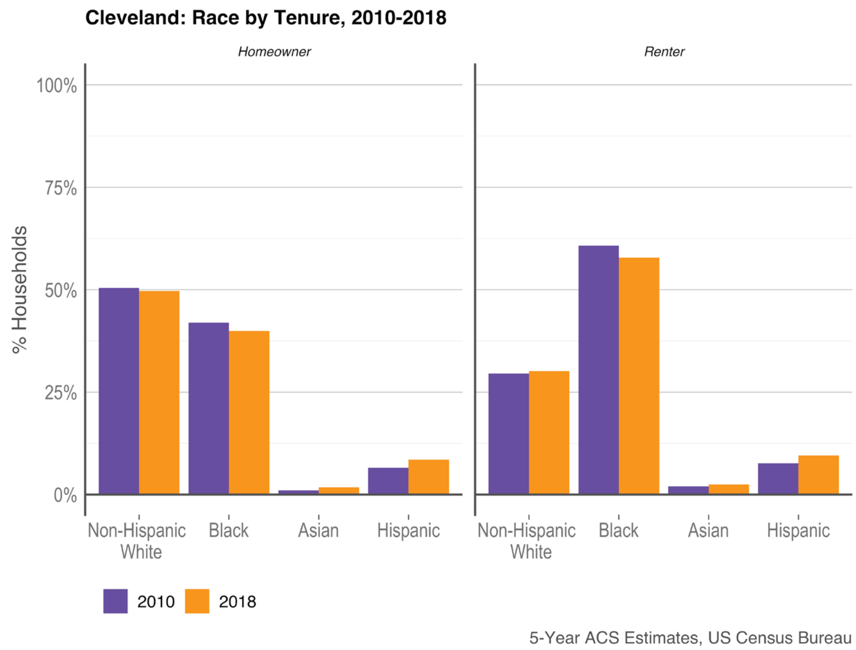
Cleveland and its greater metro area remain starkly segregated by race. In 2018, the Brookings Institution reported the Cleveland metro to be the fifth worst metro area in the nation in terms of Black-White segregation, after Milwaukee, New York, Chicago, and Detroit, with a segregation index value of 72.9 (meaning that about 73% of Blacks would need to relocate in order to be fully integrated with Whites). Furthermore, Cleveland had made very little progress in reducing segregation since 2000.[1] As shown in the maps above, White, Non-Hispanic households are concentrated on the West Side in neighborhoods such as West Park, Old Brooklyn, Metro West, and Detroit Shoreway-Ohio City-Tremont. Black households, by contrast are concentrated on the East Side. This includes the study neighborhoods of Collinwood, Glenville-Hough-Central, Circle North-University Circle-Buckeye-Shaker-Larchmere, Midtown-Opp Corridor-Fairfax, and Southeast. There are far fewer Hispanic and Asian households in Cleveland. In the median tract, Hispanics make up 3% of households and Asians make up less than 1%. The highest concentration of Hispanic households can be found in western areas such as Metro West and Detroit Shoreway-Ohio City-Tremont. There is a small concentration of Asian households in two neighborhoods: Midtown-Opp Corridor-Fairfax and Circle North-University Circle-Buckeye-Shaker-Larchmere.

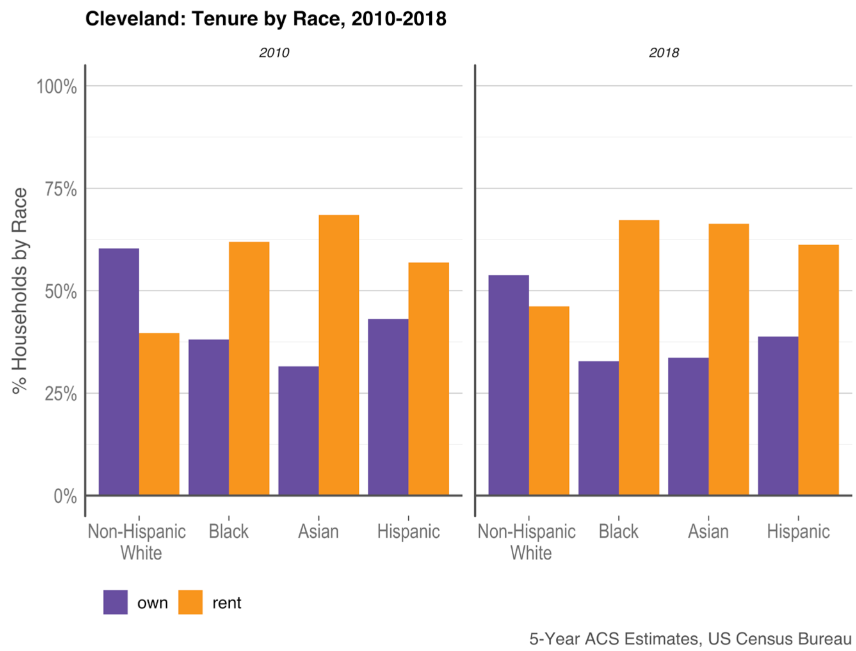
[1] Frey, William H. "Black-White Segregation Edges Downward Since 2000, Census Shows." Brookings Institution, December 17, 2018. https://www.brookings.edu/blog/the-avenue/2018/12/17/black-white-segregation-edges-downward-since-2000-census-shows/

RACE, CONTINUED

Focusing on the City of Cleveland, we see that renters are much more likely than homeowners to be Black, and slightly more likely to be Asian or Hispanic, while nearly 50% of homeowners are White.

This is made even more clear in the second graph at right: non-Hispanic Whites are the only racial/ethnic group in Cleveland that is more likely to own than to rent, although this may not always be the case—between 2010 and 2018, the gap between owning and renting for Whites shrank considerably. Meanwhile, Blacks, Asians, and Hispanics are all more likely to rent than own, and for Blacks and Hispanics, this is even more true in 2018 than it was in 2010.



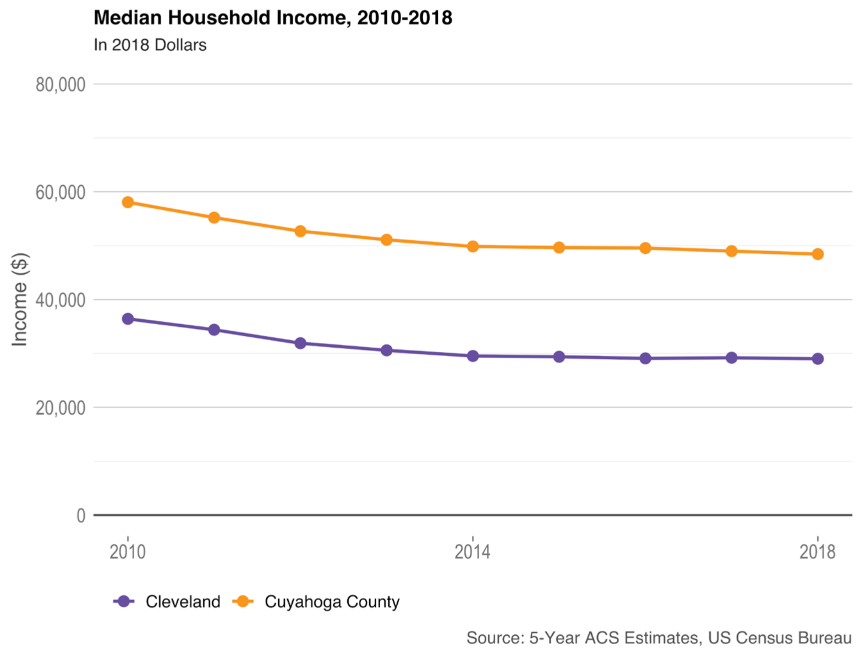


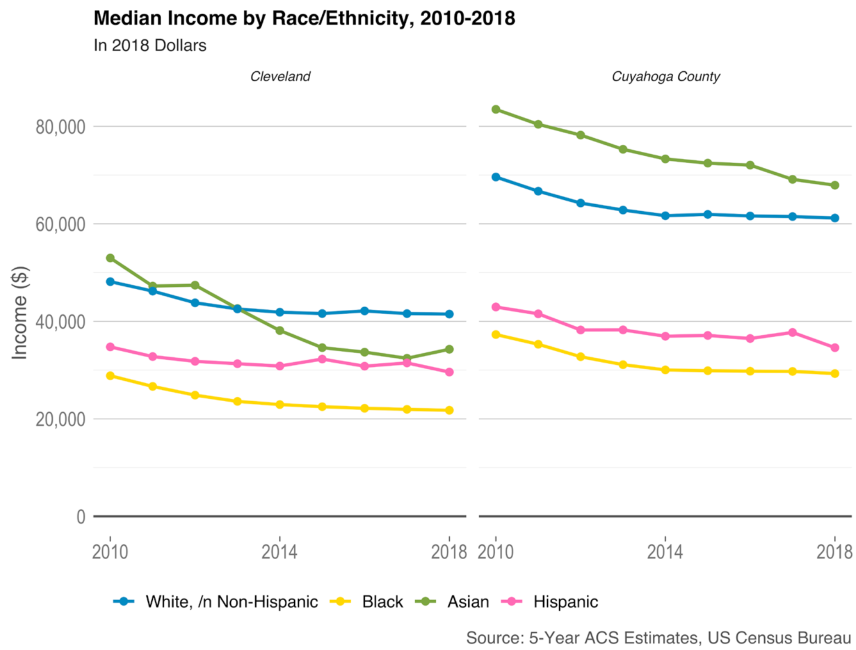
INCOME

Inflation-adjusted income in both Cleveland and Cuyahoga County decreased between 2010 and 2014 and then stabilized thereafter. The median Cleveland household makes $29,008 in annual income as of 2018, whereas the median household county-wide has an income of $48,435. Compare this to $36,421 in the city and $58,067 in the county in 2010 (in 2018 dollars).

The incomes of all racial/ethnic groups in Cleveland and Cuyahoga County have decreased, with the greatest inflation-adjusted decrease occurring for Asians, who fell from being the highest-earning group in Cleveland to the second highest by 2018. Blacks and Hispanics have consistently lower incomes, and Blacks in particular have seen a relentless decrease in their inflation-adjusted incomes. Black households in Cleveland now have a median income of only $21,769, which is below the poverty threshold for a family of four.

These numbers do not yet take into account the income losses associated with COVID-19. According to Household Pulse Survey Data collected by the U.S. Census Bureau for October 14-27th, 2020, 42% of the 8.8 million adult Ohioans surveyed have experienced a loss of employment income in their household since March 13th, 2020. This is very similar to the national figure of 45%. About 20% of Ohioans, and 24% of Americans, expected to lose employment income in the next 4 weeks. Loss of household employment income was more common among Black and Asian Ohioans (53% and 65%, respectively). It was also significantly more common among households that include children (50%, versus 38% for respondents whose households have no children). The likelihood of having lost employment income increased as household income decreased; thus, Ohioans in households earning less than $25,000 had lost income at a rate of 51%, but among those earning over $200,000, only 21% had lost income.[1]



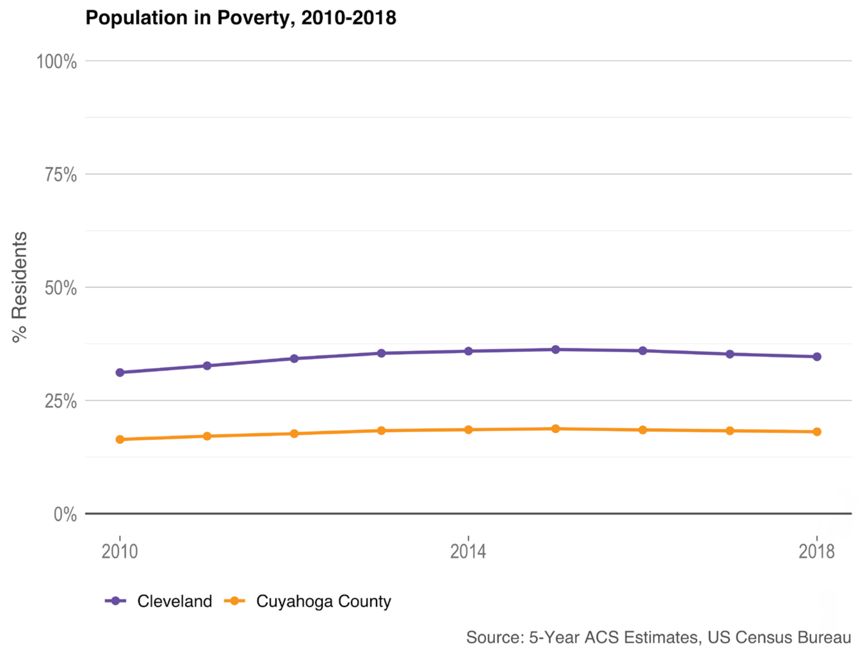


[1] U.S. Census Bureau. Household Pulse Survey, Week 17. https://www.census.gov/programs-surveys/household-pulse-survey/data.html

POVERTY

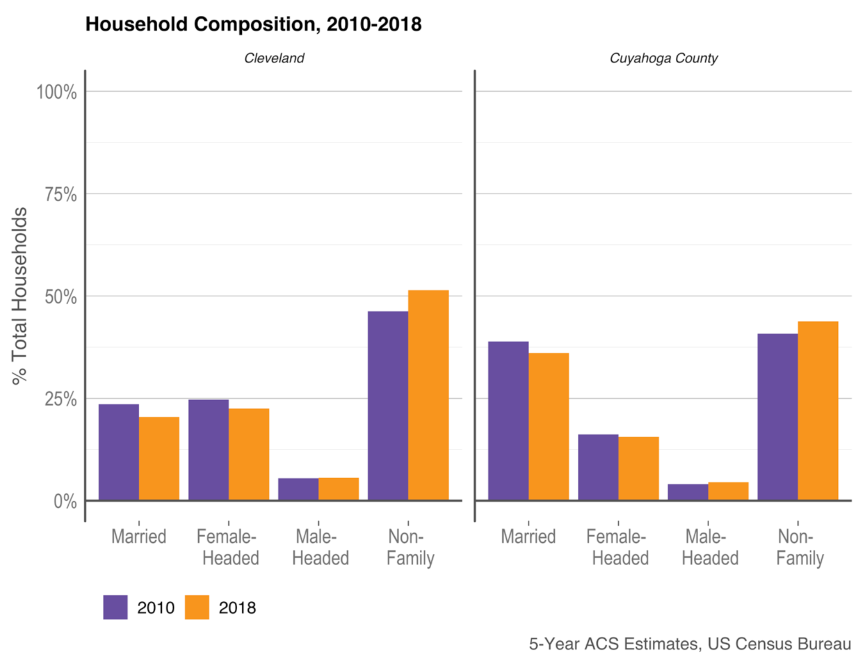
Not surprisingly, as incomes have decreased, poverty has increased. As of 2018, 34% of Clevelanders and 18% of residents county-wide are impoverished, compared to 31% and 16%, respectively, in 2010.

Between 2010 and 2017, the share of the city that falls into a Racially or Ethnically Concentrated Area of Poverty (R/ECAP), according to HUD's definition, expanded from about a quarter to nearly half. Over two-thirds (78%) of residents in these areas are people of color, 45% live below the poverty line, and 42% are housing cost burdened.[1]



HOUSEHOLD COMPOSITION

In both Cleveland and the county, non-family households predominate, compared with married couples and male- or female-headed family households.[2] Non-family households now make up over half of all households in the city, likely reflecting the increase in renter-ship and decrease in household size. Female-headed households are also common in Cleveland, but less so than in 2010.

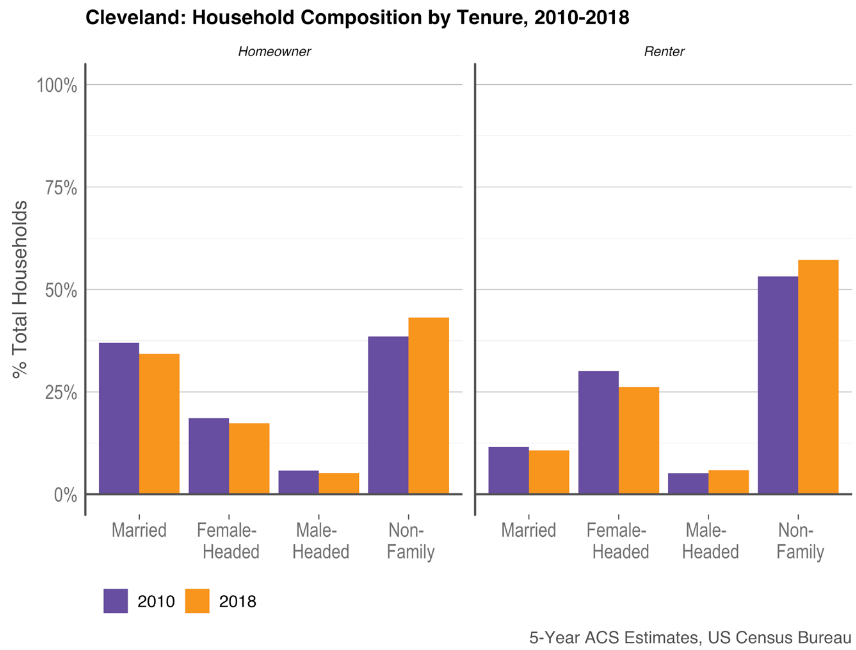


[1] R/ECAPs are census tracts where at least half of residents identify as people of color and the poverty rate is either greater than 40% or three times greater than the average poverty rate in the metropolitan area. Source: Norton et al. Cleveland Tax Abatement Study, July 2020.

[2] A nonfamily household consists of a householder living alone (a one-person household) or a household in which the householder shares the home exclusively with people to whom they are not related.

COMPOSITION, CONTINUED

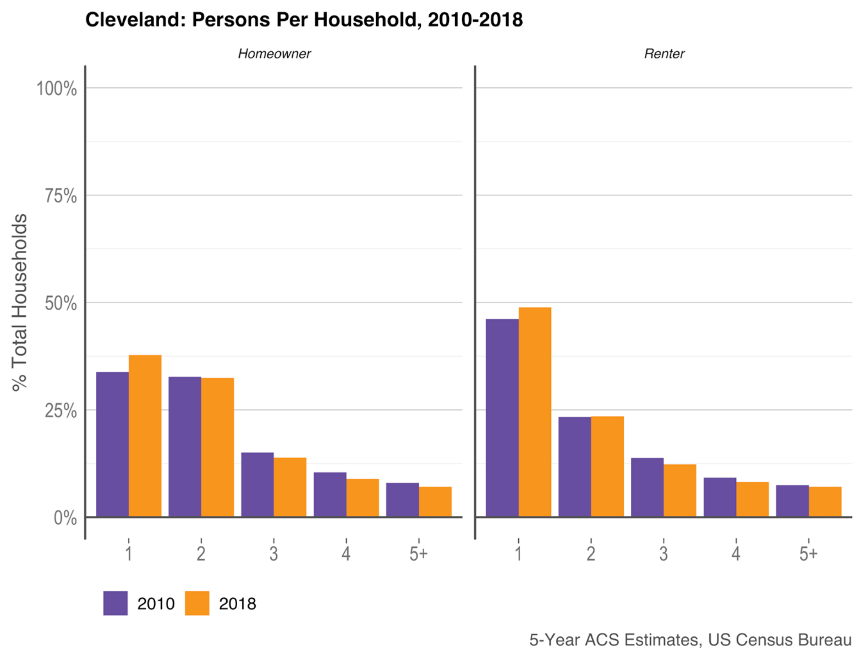
Breaking household composition out by tenure shows that non-family households are very common among Cleveland renters (at 57%). As such, the increase in renter-ship has likely helped drive the increase in non-family households. However, non-family households are fairly common (at 43%) among homeowners as well, and their share of all owner-occupant households has also grown since 2010. Meanwhile, all other composition types have shrunk.



HOUSEHOLD SIZE

Both Cleveland and Cuyahoga County households have been shrinking in size, with 1- and 2-person households making up a large and growing share of all households. In 2018, 44% of all households in Cleveland, and 38% of households county-wide, were single-person households.

Not surprisingly, single-person households are concentrated among Cleveland's renters, but 38% of owner-occupant households are also made up of only one person living alone. Since homeowners are also aging, this suggests issues of older, isolated homeowners who may find it difficult to maintain their home's condition or retrofit it in order to allow safe aging in place.

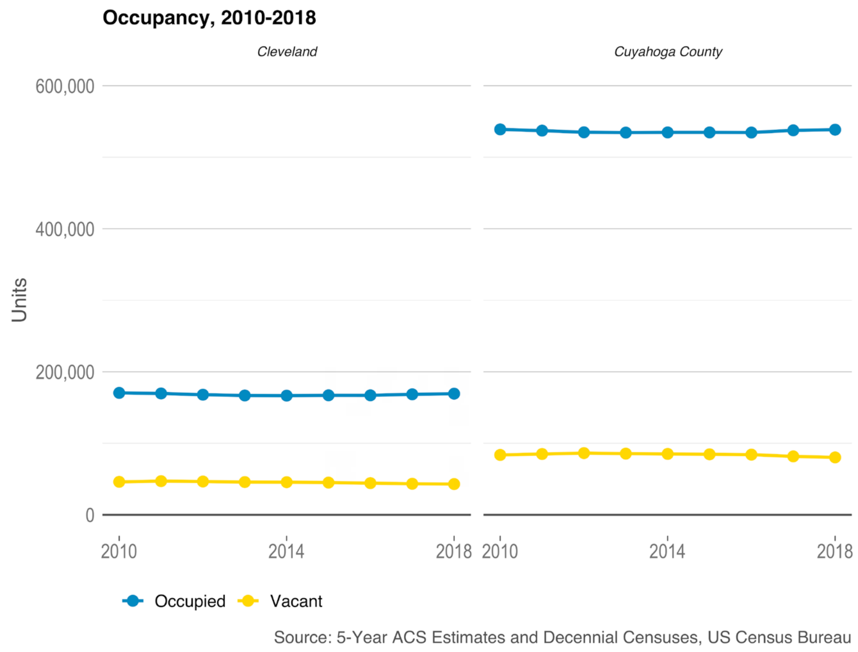


3. HOUSING SUPPLY

TOTAL UNITS

Both Cleveland and Cuyahoga County have fairly stable housing supplies comprising 212,347 units and 618,792 units, respectively. Cleveland's housing stock saw a net decrease of approximately 4,200 units between 2010 and 2018, while the county's shrank by only 3,845 (meaning that the suburban part of the county built new units to offset some of its losses). Vacancy rates decreased very slightly in both jurisdictions, according to American Community Survey estimates.

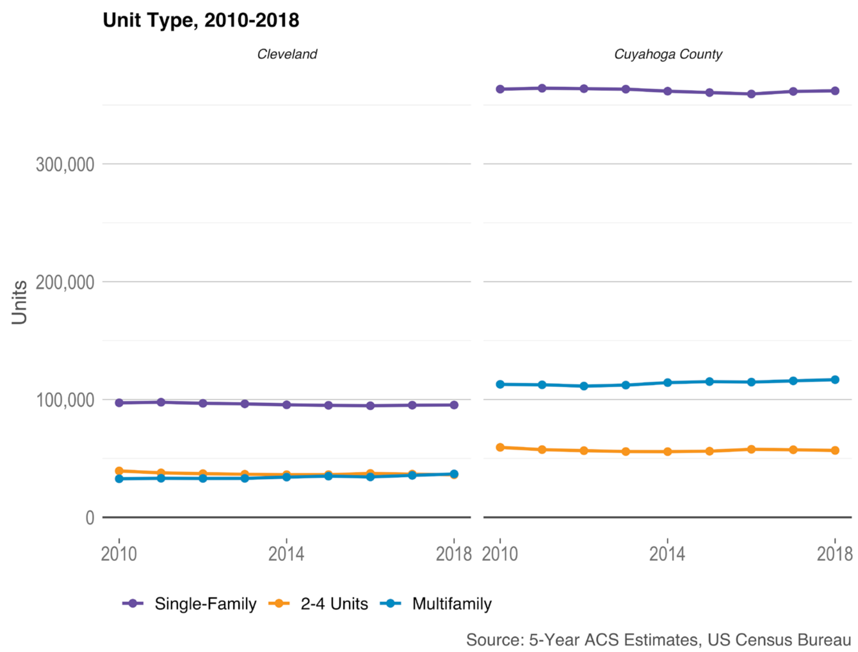
In 2010-2018, an average of 1,280 units were demolished by the City each year, but this does not account for the total number of units that drop out of the housing market on an annual basis. In 2018, according to the American Community Survey, Cleveland had about 34,000 units that were vacant and neither for rent nor for sale. In the average year since 2010, this number has increased by 690 units, in spite of demolitions. Thus we might estimate that 2,000 units drop out of Cleveland's housing market each year.



UNIT TYPE

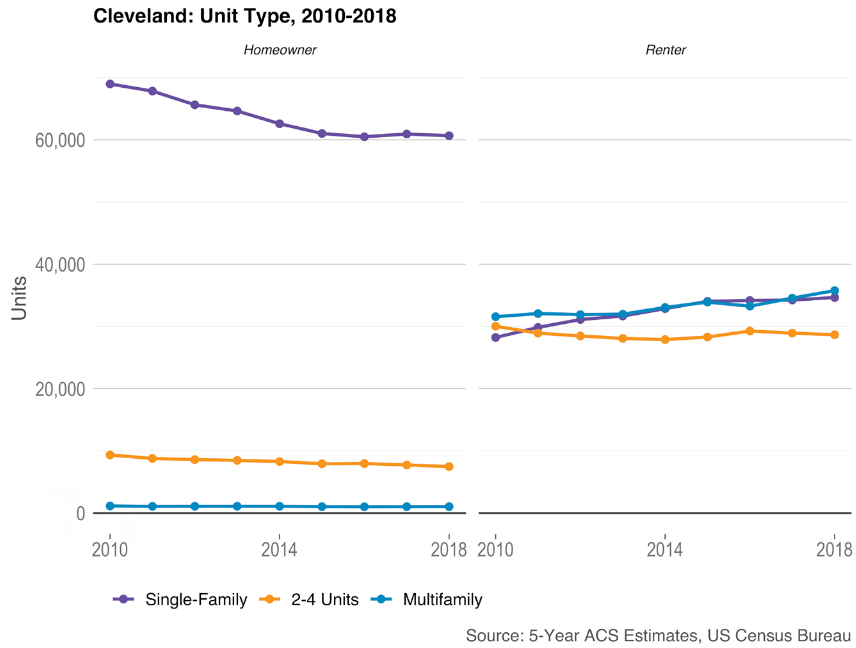
Single-family homes predominate in both the city and county, though much more so in the county. Interestingly, there are more multifamily homes (units in structures with 5+ units) in the suburban part of the county (80,032) than there are within the city borders (36,806).

When we break out unit type by tenure (see the following page), we find that homeownership units in the City of Cleveland are overwhelmingly single-family, but rented units have about an equal chance of being multifamily (36%) or single-family (35%), with smaller buildings of 2-4 units trailing behind at 29% of rentals. These percentages are not unusual in older cities with large stocks of row homes, but in Cleveland, the majority (80%) of single-family rentals are detached, stand-alone structures.



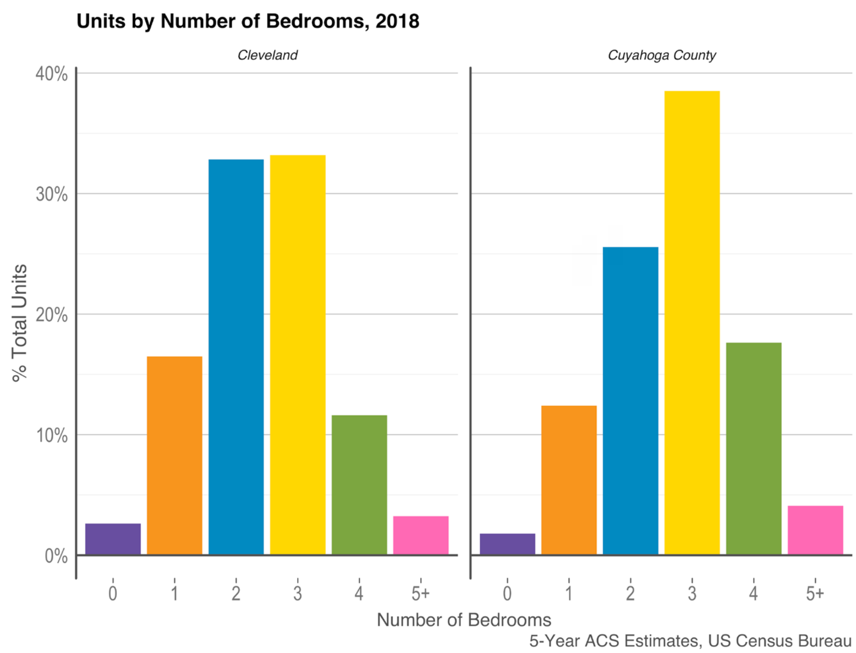
UNIT TYPE, CONTINUED

A report by the Poverty Center at Case Western Reserve University found that, in 2018, there were 103,386 rental units located in 54,786 rental properties in Cleveland. These properties were owned by 36,659 property owners. Further, about 42% of rental units are single-family structures; 24% are in doubles; 21% are in small buildings (3-20 units); and only 12% are in large buildings with over 20 units.[1]



UNIT SIZE

Most homes in the city have either two or three bedrooms, while those in the county skew larger (3+ bedrooms). Trends in home size have remained steady in both jurisdictions since 2010, with 1-bedroom units increasing only slightly, despite the increase in single-person households.



[1] Claudia Coulton, Francisca García-Cobián Richter, Youngmin Cho, Jiho Park, and Robert Fischer. Characteristics of Rental Properties and Landlords in Cleveland: Implications for Achieving Lead Safe Rental Housing. Center on Poverty and Community Development, Case Western Reserve University, September 2020.

ACCESSIBILITY

The Fair Housing Act Amendments of 1988 added disability as a protected class to federal fair housing law. The amendments were accompanied by Fair Housing Act Accessibility Guidelines, which developers were given three years to adopt before they went into effect in early 1991. In Cleveland, as of 2019, less than 10% of all occupied housing units have been built since the passage of the Fair Housing Act Accessibility Guidelines. Thus, less than 16,000 units of more than 170,549 total have been constructed since the passage of the guidelines. In Cuyahoga County as a whole, the percentage of occupied units built since 1990 is slightly higher, at 12%, representing about 65,000 units. But of these, only rental housing built in structures with four or more connected units are actually subject to the guidelines—likely less than 4,000 units in the city and 12,000 in the county.

By contrast, the 2015-2019 American Community Survey estimates that over 75,873 Cleveland residents, or 20% of the population, currently lives with a disability. Note that the ACS defines disability based on six survey questions that ask about hearing difficulty, cognitive difficulty, ambulatory difficulty, difficulty dressing or bathing (self-care), and difficulty doing errands alone such as visiting a doctor's office or shopping (independent living).

Rent tends to be higher in the 10,461 rental units built in Cleveland since 1990. The average gross rent in rental units built since 1990 is $868, compared to $661 for units built in the 1960s, '70s, and '80s, and $739 for units built before 1960. This is concerning because Cleveland residents living with a disability are disproportionately impoverished. The disability poverty rate is 39%, compared to the citywide poverty rate of 33%.

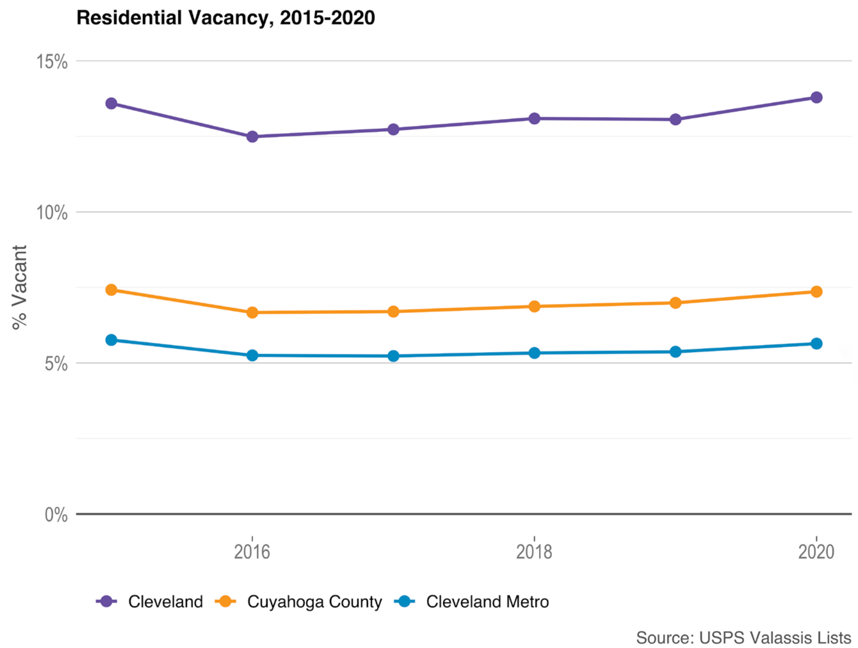
According to the 2019 American Housing Survey data for the Cleveland-Elyria metropolitan area (the most granular geography available), thousands of homes in the region have "accessibility problems," i.e., they are not accessible for occupant household members of at least 6 years of age who rely on assistance from another person in daily life or are living with a long-term condition. In total, about 41,200 units (5% of all units surveyed) are not accessible for their occupants with respect to entering the home or property; 21,400 units do not have an accessible bathroom, and 18,500 units do not have an accessible bedroom. Only 36% of households that include a member using a mobility device reported that their home meets their accessibility needs "very well."

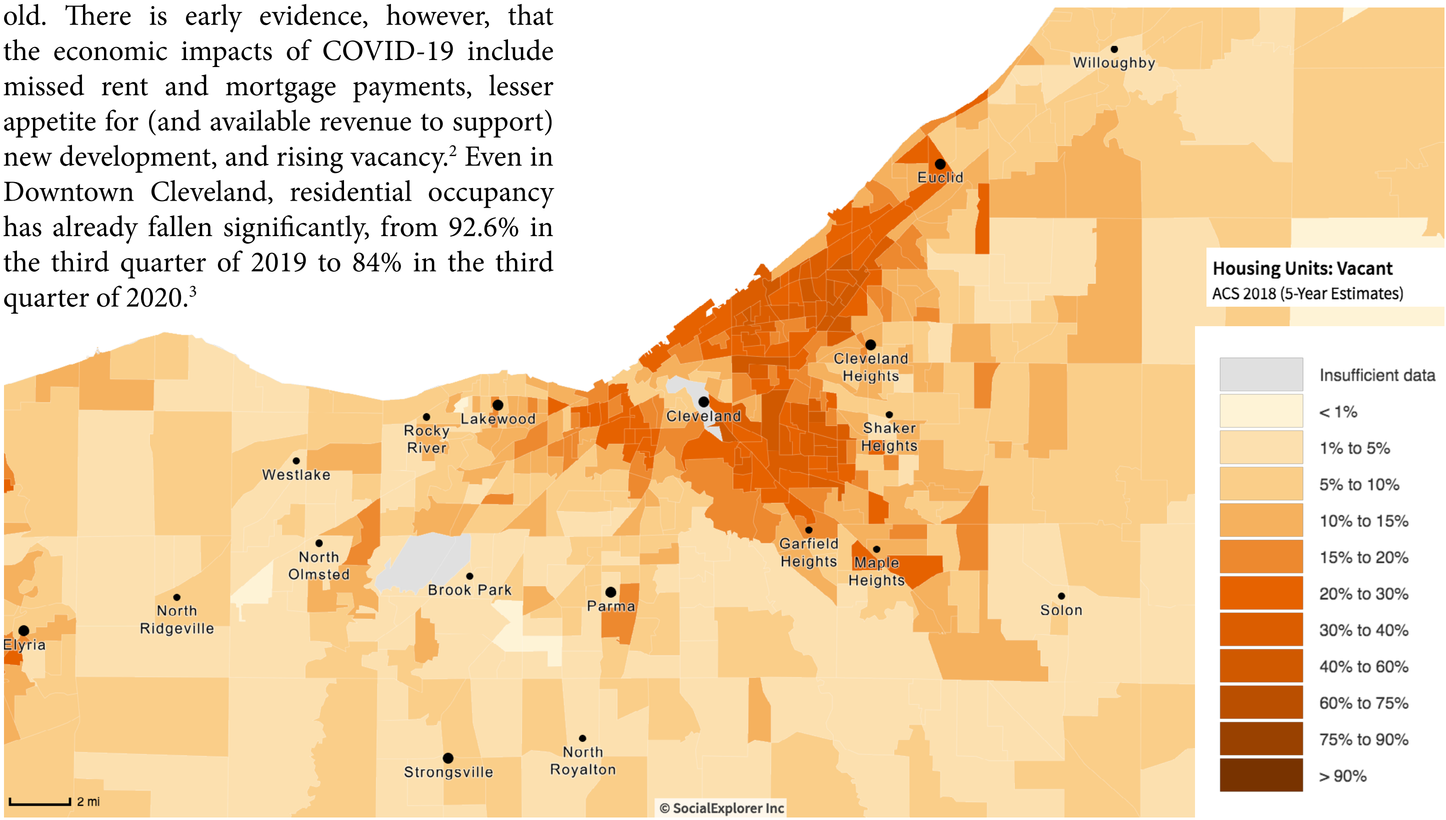
VACANCY

According to data maintained by the U.S. Postal Service, although vacancy decreased following the recession, it began rising again in Cleveland, Cuyahoga County, and the metropolitan area in 2019. As of the second quarter of 2020, the City of Cleveland has a vacancy rate of 13.79%, compared to 7.36% in the county and 5.64% in the metro area.

A 2015 property inventory by the Western Reserve Land Conservancy found 8% of Cleveland buildings to be vacant, and 18% of Cleveland lots to be vacant. Note, however, that these figures include not just residences, but also schools, churches, offices, shops, and industrial buildings.[1]

The COVID-19 pandemic is causing rapid change in housing markets that is difficult to track, given that even the most recent administrative and census data are 1-2 years old. There is early evidence, however, that the economic impacts of COVID-19 include missed rent and mortgage payments, lesser appetite for (and available revenue to support) new development, and rising vacancy.[2] Even in Downtown Cleveland, residential occupancy has already fallen significantly, from 92.6% in the third quarter of 2019 to 84% in the third quarter of 2020.[3]



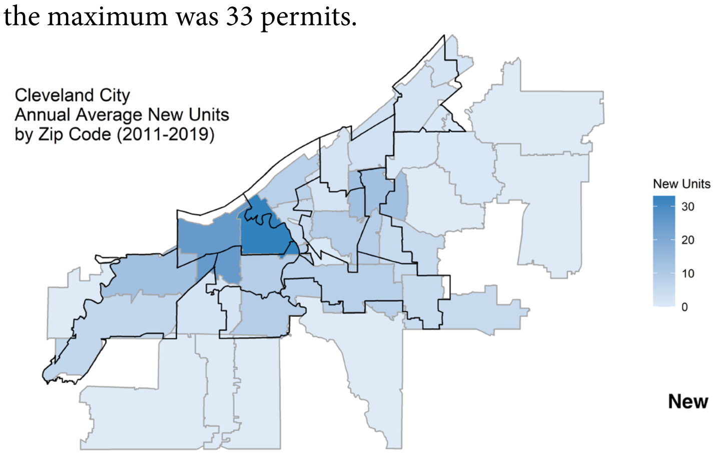


[1] Western Reserve Land Conservancy. Cleveland Neighborhoods by the Numbers: 2015 Cleveland Property Inventory, 2015. https://www.wrlandconservancy.org/wp-content/uploads/2016/08/ClevelandPropertyInventory_issuu_updated122016.pdf
[2] Development trends may not yet reflect softening demand for downtown rentals. See Eric Heisig. 2020. "Cleveland Planning Commission Gives OK to New Apartment Buildings as Vacancies Increase Downtown." Cleveland.com. August 22, 2020.
[3] Downtown Cleveland Alliance. Q3 Market Updates, 2019 and 2020. https://www.downtowncleveland.com/work/resources-reports

NEW UNITS

Data provided by the City of Cleveland Department of Building and Housing show that about 200 permits were awarded for new "residential" structures in 2019. Apartment buildings with four or more units are grouped with "commercial" structures and thus excluded from this count. Permitting has averaged 154 permits in 1-3 unit residential structures per year since 2010.

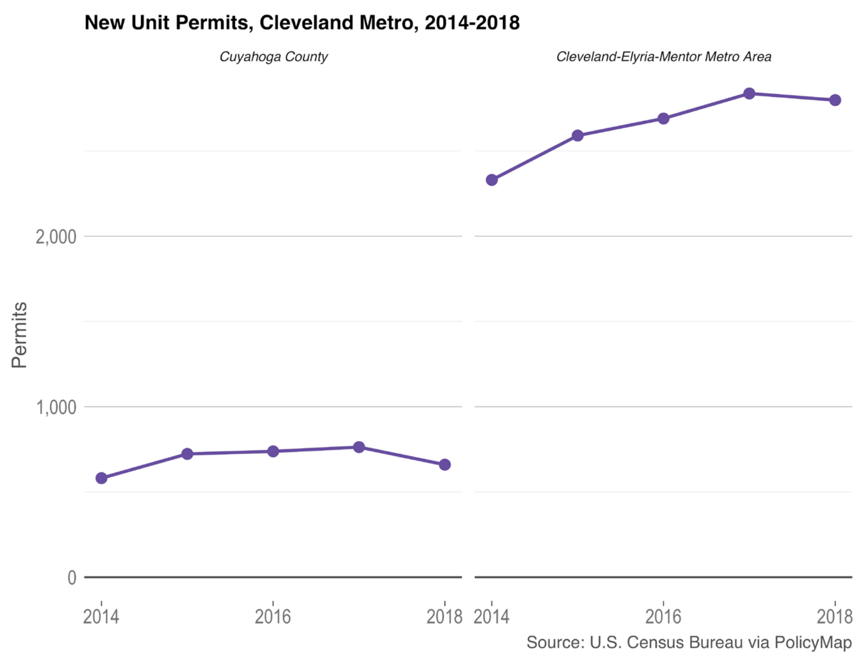
Permits for new 1-3 unit residences were concentrated in the Detroit Shoreway-Ohio City-Tremont and Greater Downtown study neighborhoods between 2010 and 2019, as shown in the map below. Across all zip codes, the median for new residential construction permits averaged over 2010-2019 was 0 permits, the 75th percentile was 2 permits, and the maximum was 33 permits.



Source: City of Cleveland

The number of permits for new residential construction in the county as a whole dropped steeply during the Great Recession and only began to rise again in 2013. Still, only 660 permits were awarded in 2018, compared to over 2,000 at the boom in 2004.

In contrast to permitting in the county, permitting in the metropolitan area has been rising since 2014 and reached nearly 3,000 permits in 2017 before dipping to 2,798 in 2018.



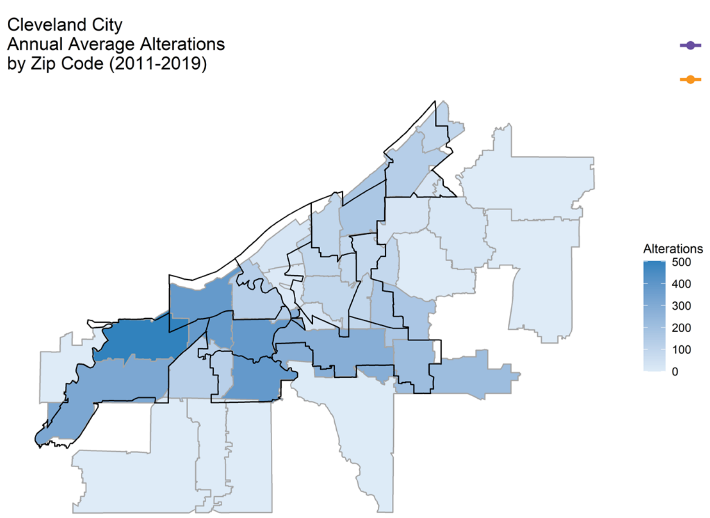
NEW UNITS, CONTINUED

The overwhelming majority of permits in the county have been and continue to be for single-family homes, with a small amount (10-20 permits per year since 2014) going to 2-unit structures and similar numbers going to structures with more than two units.

REHABS AND REPAIRS

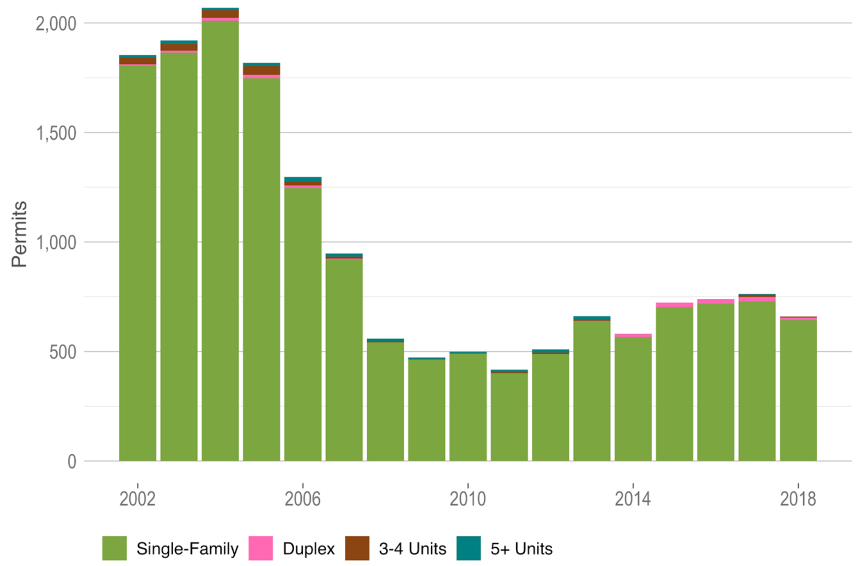
The City of Cleveland's Department of Building and Housing adjusted the way it catalogs permit data in 2014, which makes it difficult to compare permitting before and after that year. These data clearly show, however, that since 2014, permits for residential alterations (the orange line in the graph at right) and work on HVAC, electrical, and plumbing systems (in yellow) have increased in number. Permits to construct new residential structures (dark purple) are a tiny fraction of all residential building permits.

Annual average alterations permits are heavily concentrated in zip codes on the West Side of Cleveland. West Park has the highest number of alterations and Detroit Shoreway-Ohio City-Tremont, Metro West, and Old Brooklyn also have a relatively high number of alterations. The median number of alterations permits per zip code is 1, while the mean is 58 and the 75th percentile is 73 permits.



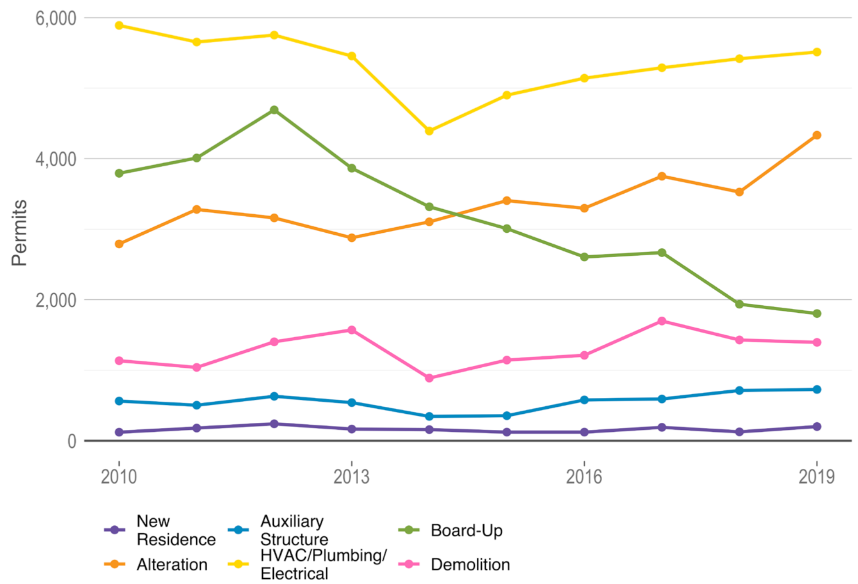
Source: City of Cleveland

New Unit Permits, Cuyahoga County, 2002-2018



Source: U.S. Census Bureau via PolicyMap

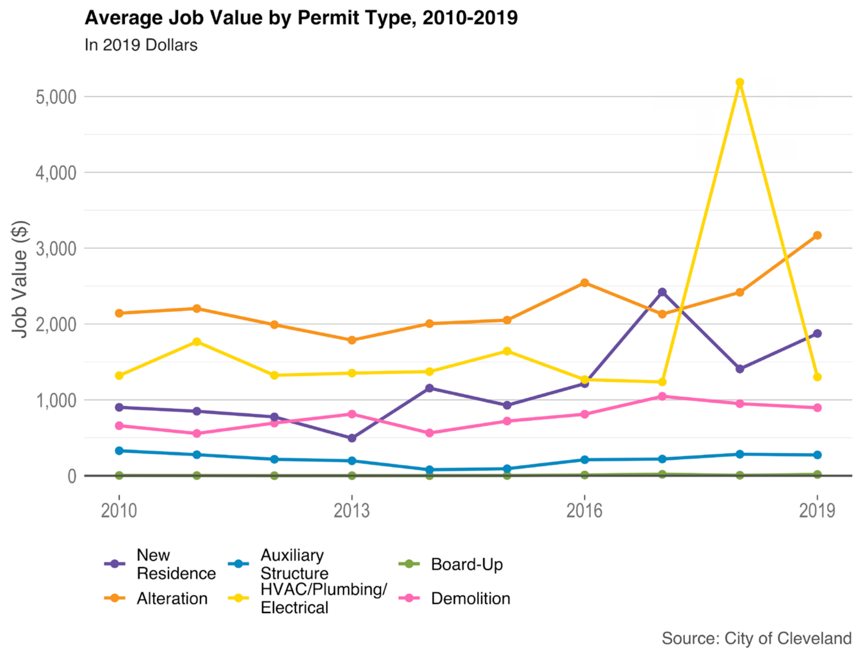
Permits by Type, 2010-2019



Source: City of Cleveland

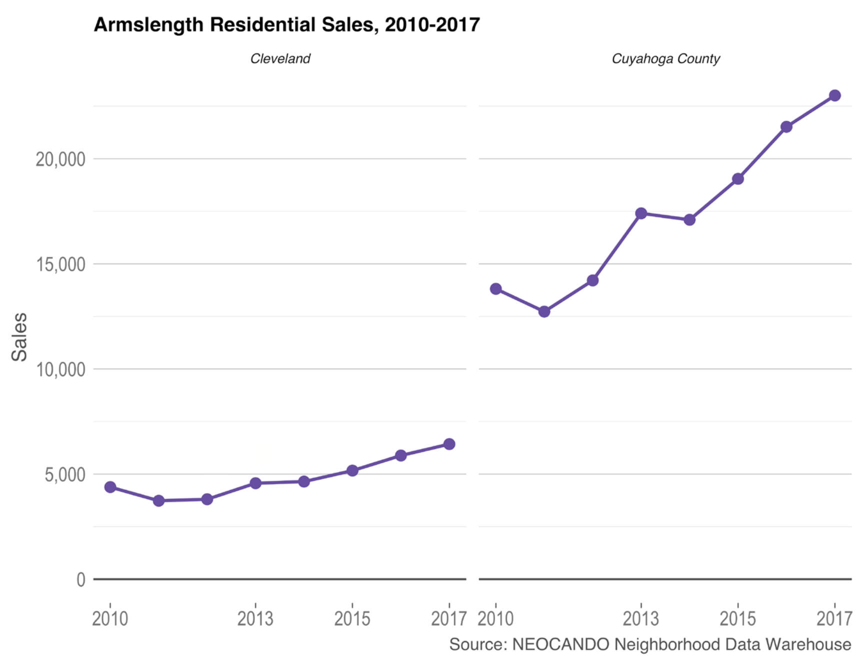
REHABS, CONTINUED

The graph at right shows the estimated value of all the work permitted. The data show that the value of alterations and new construction has increased since 2010. A spike in the value of HVAC, plumbing, and electrical work in 2018 is due primarily to a single permit for a $5 million plumbing job. This permit is most likely the result of a data entry error.



RESIDENTIAL SALES

The NEOCANDO database at Case Western Reserve University tracks arms-length residential sales. Arms-length sales are typical real estate transactions. They exclude sales between friends or family members, transfers between parent companies and subsidiaries, transfers to financial institutions or government agencies, and other sales which tend to artificially lower median sales prices. As the graph at right shows, the volume of arms-length sales has been rising in Cleveland, and more dramatically in Cuyahoga County, since 2011.



SALES, CONTINUED

Importantly, the recent study on the Cleveland Tax Abatement found that many housing market transactions in Cleveland are not traditional sales in which home-buyers use a conventional mortgage to purchase a home: "In recent years, most home sales in the city have been cash transactions in all census tracts, with the exception of the highest cost areas." Indeed, only 29% of home sales in Cleveland 2015-2019 were associated with a mortgage origination. Many residential transactions (about 41% 2015-2019) involve an institutional buyer (e.g., an LLC, bank, or investor); investor purchases were especially common in Cleveland's East Side.[1]

As the volume of sales has risen, so has the median sales price. The median sale in Cleveland was $37,000 as of 2017, and $101,000 in Cuyahoga County as a whole. Compare this to the inflation-adjusted 2010 median prices of $21,802 and $89,906 in the city and county, respectively. However, it is important to note that sales prices remain low, and that—according to the Cleveland Tax Abatement study—only 9 of the city's 462 block groups (2%) show home price appreciation to a degree that would be associated with a high risk of resident displacement.[2]

Meanwhile, the volume of residential sales for less than $10,000 has been falling over the past decade. Less than 15% of sales in the city, and less than 5% in the county, were transactions of less than $10,000 in 2017 (the most recent year for which data are available). This decrease may be related to efforts to discourage outside investors from scooping up low-cost real estate in the city, which became a concern following the foreclosure crisis of 2008.[3]

[1] Michael Norton, Jason Rosch, Randall Bauer, Alison Goebel, Kaela Geschke, and Jennifer Madden. Cleveland Tax Abatement Study. July 2020.
[2] Norton et al. Cleveland Tax Abatement Study. July 2020
[3] For more information, see "Outside Investment" on p.31.

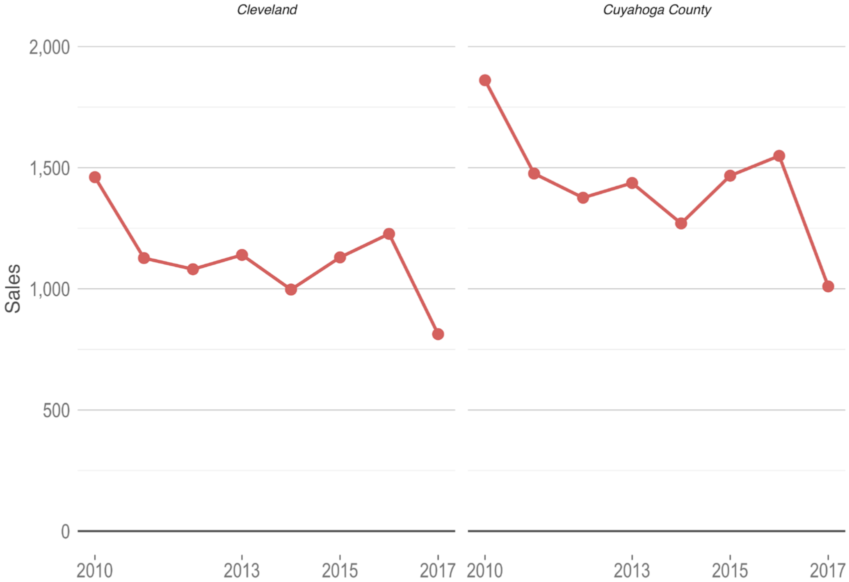
SALES, CONTINUED

When we view these less-than-$10,000 sales in absolute terms rather than as a percentage, we see that there has been less variation in their volume than we might expect. While they have decreased, especially since 2016, their decrease in the share of all sales is also a function of the increase in arms-length residential transactions overall. In 2017, there were still more than 800 sales of less than $10,000, out of 6,427 total sales.

Home sales appear to be scattered throughout the city. The median number of sales per census tract (if we average sales volumes 2010-2017) is 27 sales while the 25th and 75th percentiles are 14 and 37 sales, respectively. The West Park neighborhoods saw the highest volume of sales, but tracts in the Southeast study area and in the northeast corner of Collinwood were also active. Meanwhile, much of Midtown-Opp Corridor-Fairfax saw low home sales volumes.

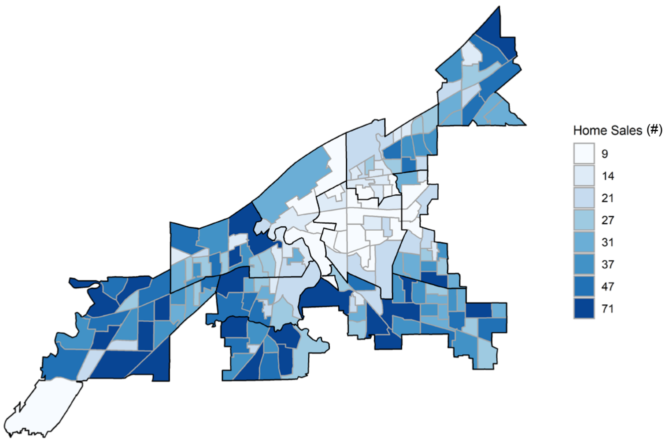
The average annual median home sale price is heavily skewed by Greater Downtown. Home sales averaged $228,981 in the highest-priced downtown tract, which was a stunning 1,035.8% higher than the citywide tract median value of $20,160. Outside of Greater Downtown, there are high sales prices in parts of Detroit Shoreway-Ohio City-Tremont.

Armslength Residential Sales Less than $10,000, 2010-2017



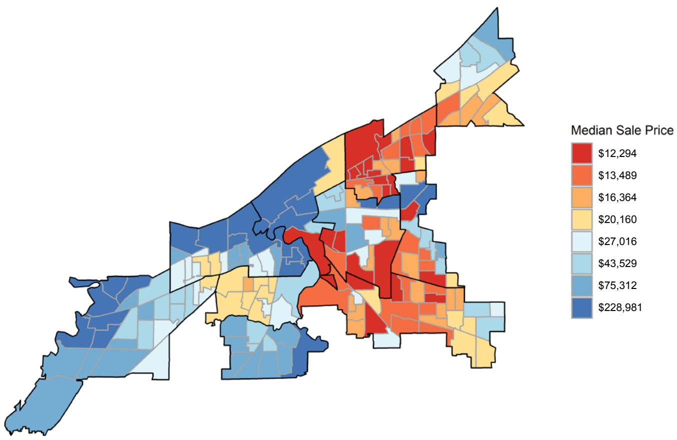
Source: NEOCANDO Neighborhood Data Warehouse

Cleveland City
Annual Average Home Sales
by Census Tract (2010-2017)



Source: NEOCANDO Neighborhood Data Warehouse

Cleveland City
Annual Average Median Sale Price
by Census Tract (2010-2017)

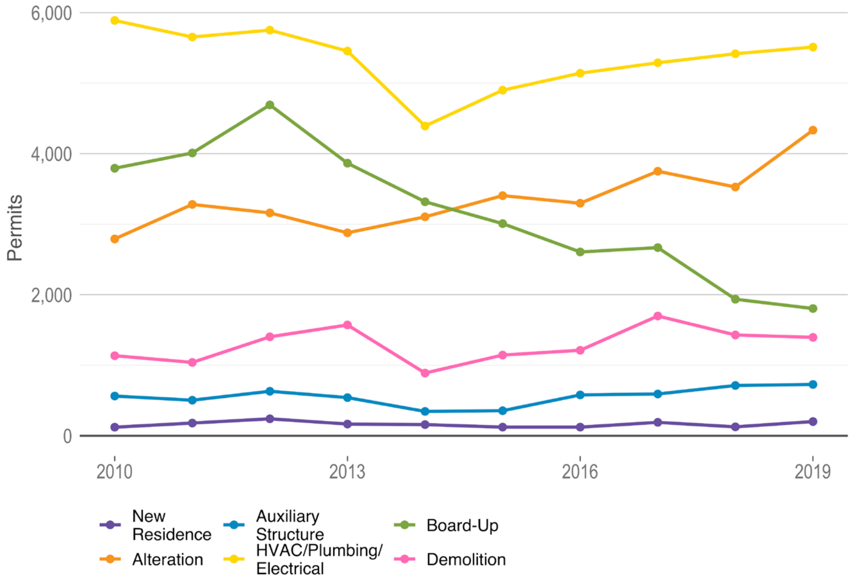


Source: NEOCANDO Neighborhood Data Warehouse

DEMOLITIONS

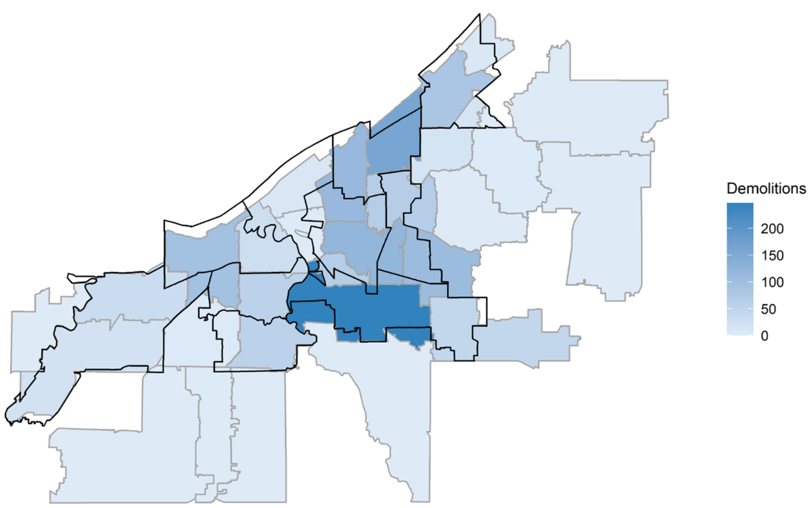
Residential demolition permits (pink) increased to a peak of nearly 1,700 in 2017 but fell to about 1,400 in 2019. Permits to board up vacant units (in green) have fallen dramatically, from nearly 5,000 such permits in 2012 to less than 2,000 in 2019. According to the Western Reserve Land Conservancy, a residential demolition costs approximately $10,000 per house. Between 2005 and 2015, the City of Cleveland spent $63.6 million to demolish deteriorated buildings, using federal stimulus funds, CDBG funds, a City bond issue, and City general funds. In addition, the Cuyahoga County Land Banks spent $7 million in four rounds of demolitions.[1] In 2016, the U.S. Department of the Treasury reauthorized the Hardest Hit Fund, which made $90 million in reimbursable demolition funds available to county land banks in Ohio (the funds must be spent by the end of 2020). The additional funding resulted in 3,750 demolitions in East Side neighborhoods between 2015 and 2018.[2]

Demolitions are concentrated in the Southeast study neighborhood of Cleveland (as shown in the map at right). If we average demolitions for each year 2011-2019, the median zip code saw 0 demolitions. Zip codes in the 75th percentile saw at least 13 demolitions. Yet in one zip code in the Southeast, the annual average for demolitions was 247.



Source: City of Cleveland

Cleveland City
Annual Average Demolitions
by Zip Code (2011-2019)



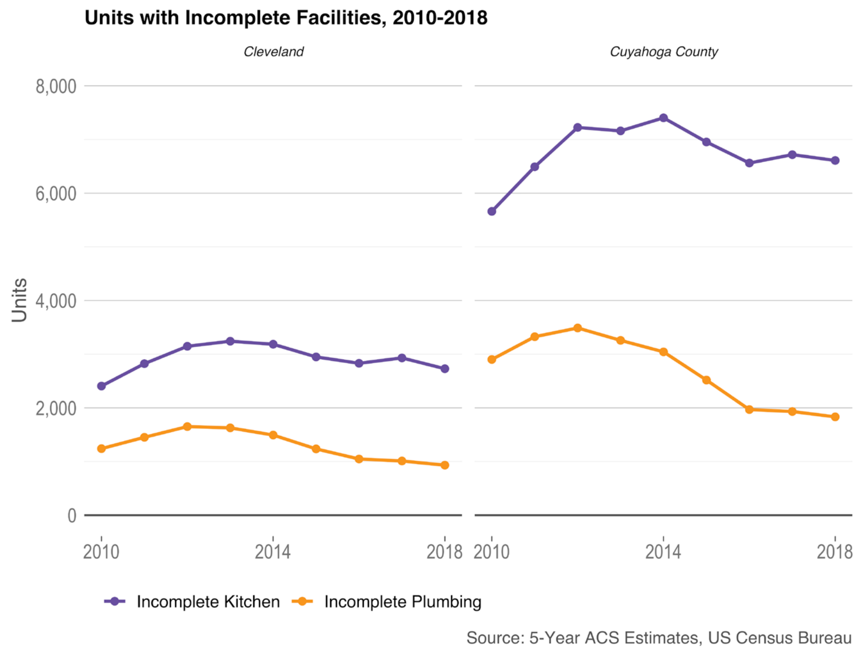
Source: City of Cleveland

[1] Western Reserve Land Conservancy. Cleveland Neighborhoods by the Numbers, 2015.
[2] Western Reserve Land Conservancy. Cleveland Neighborhoods by the Numbers: 2018 Update, 2018. https://www.wrlandconservancy.org/cleveland-propertyinventory2018/

4. HOUSING CONDITIONS

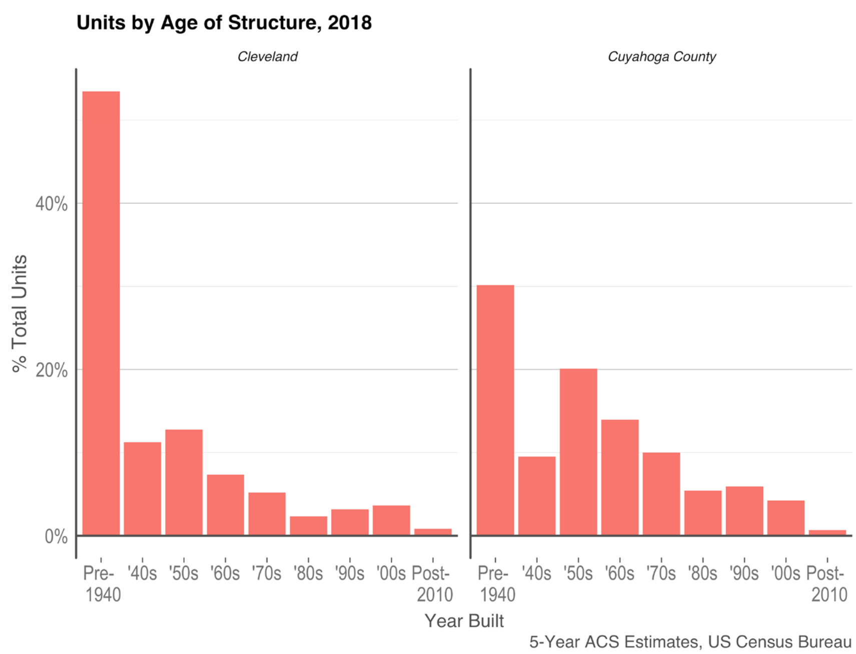
FACILITY COMPLETENESS

The American Community Survey includes very few data points on housing conditions. Incomplete plumbing and/or kitchen facilities can be an indication that a housing unit is in poor condition. Plumbing is classified as "incomplete" if a unit lacks any of the following: hot and cold running water, a flush toilet, or a bathtub or shower. Kitchens are incomplete if they lack either a sink with a faucet, a stove or range, or a refrigerator. The number of units in Cleveland and Cuyahoga with incomplete plumbing or kitchen facilities is very small; they each comprise less than 2% of the total stock. The number of units in this condition appeared to have increased slightly after the Recession, and then declined, but the margin of error is too large to draw any definitive conclusions.



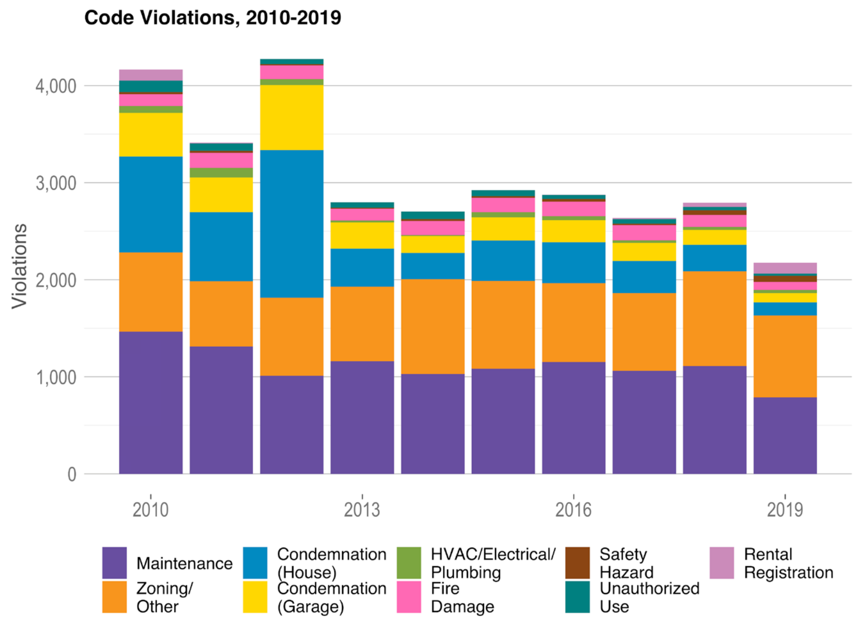
HOUSING AGE

A better indicator of housing conditions is structure age. AHS data show that the earlier a home was built, the less likely it is to have heating, central air conditioning, a complete kitchen, or complete plumbing. Using a measure of housing adequacy also based on AHS data, the National Association of Homebuilders finds that housing age and the share of inadequate units are directly correlated, except for a spike in poor-quality housing built in the 1970s. As shown in the graph at right, over 50% of housing in Cleveland, and about 30% in the county as a whole, was built before 1940 and is now over 80 years old. Only a very small share (4.9% in the city and 5.3% county-wide) was built in the last 20 years.



CODE VIOLATIONS

Code violations are not a reliable indicator of housing conditions because they may fluctuate as a result of code enforcement policy and capacity. Nevertheless, it may be useful to note that the volume of code violations has decreased since 2012, mainly as a result of declining condemnations of vacant homes and garages. In 2019, for the first time, zoning violations outnumbered maintenance violations. Enforcement of rental registration also stepped up in 2019.

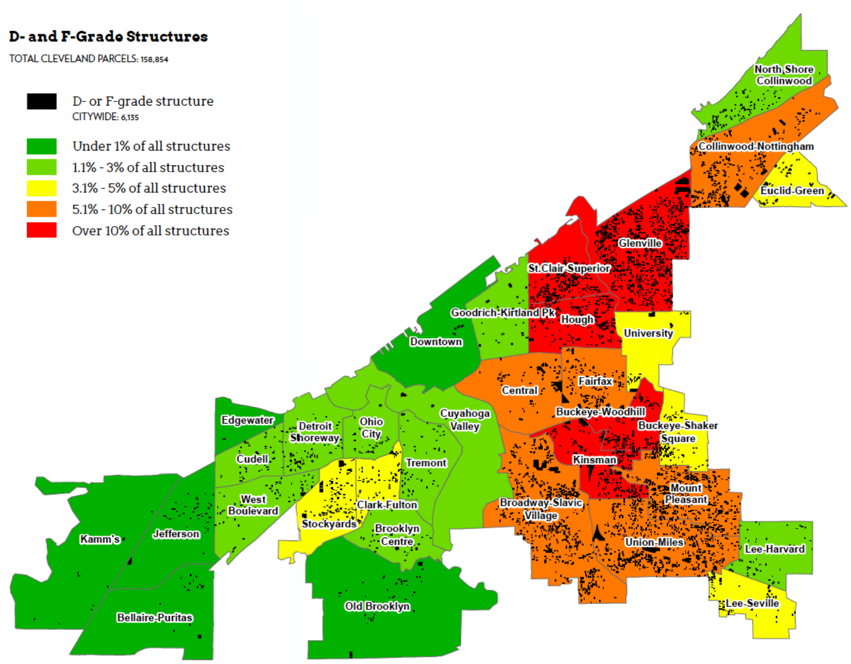


Source: City of Cleveland

PROPERTY INVENTORIES

Cleveland's Department of Building and Housing estimates the number of vacant and distressed properties in the city based on condemnations, board-ups, the County land bank's inventory, and property surveys. These properties have structures that either need to be razed or need to receive extensive rehabilitation. As of January 2021, there were 3,999 parcels with approximately 7,700 units considered to be vacant and distressed.

In 2015, the Western Reserve Land Conservancy's Thriving Communities program surveyed all 158,854 property parcels in the City of Cleveland, using a team of 16 surveyors and a property assessment application created by Loveland Technologies. The inventory assigned grades of A through F to each building in the city based on their exterior condition ("A" being excellent, and "F" being deterioration to the point of being unsafe). It found over 6,000 "deteriorated structures," i.e., structures graded D or F because they exhibited major exterior cracks, rotting wood, broken or missing windows, open holes, and/or were filled with trash. Among vacant structures, 37% were graded D or F. A large number of structures were found to be in excellent condition (about 48,500), good condition (about 50,000), or fair condition (20,300). Among occupied structures, only about 2% were "deteriorated."[1]



Source: Western Reserve Land Conservancy

[1] Western Reserve Land Conservancy. Cleveland Neighborhoods by the Numbers, 2015.

INVENTORIES, CONTINUED

Neighborhoods with high shares of D- or F-rated structures were overwhelmingly concentrated on the East Side of Cleveland. In 2018, the Land Conservancy updated its data for 13 neighborhoods on Cleveland's East Side (Broadway-Slavic Village, Buckeye-Shaker Square, Buckeye-Woodhill, Collinwood-Nottingham, Fairfax, Glenville, Hough, Kinsman, Lee-Harvard, Lee-Seville, Mount Pleasant, St. Clair-Superior, and Union Miles) that it considered to be most at-risk, based on vacancy, poor condition in 2015, and low home sales prices. The update found a total of 2,559 deteriorated structures in the 13 study neighborhoods (compared to 4,451 in 2015), out of 52,299 structures for which a grade was given. Only 12% of surveyed structures were vacant, compared to 16% in 2015. All 13 neighborhoods saw a decrease in the number of D- and F-rated structures, with St. Clair-Superior seeing the largest drop (15% to 17%). The update also found that the total number of structures on the East Side had decreased since 2015, while the share of vacant land had increased. Concerningly, however, the update found fewer A- and B-rated structures, and more C-rated structures, in 2018 than in 2015; despite demolitions, the remaining housing stock continues to deteriorate. If the share of C-rated structures on the East Side continues to increase at the same rate (+1.3 percentage points per year), over 40% of structures (~11,500 total) will be in only "fair" condition by 2030.[1]

A less formal property inventory was conducted in 2020 by Morgan Bulger at the Metro West Community Development Organization for the City-funded Healthy Homes Initiative. Bulger has surveyed 580 properties in Metro West's service area, which includes the Clark-Fulton, Brooklyn Centre, and Stockyards neighborhoods. Bulger found common issues to be missing or deteriorated siding, deteriorated soffits, broken and/or boarded windows, deteriorated roofing, and cracked or loose foundation masonry. About 19% of properties surveyed exhibited one or more of these serious issues.[2]

Using Cuyahoga County Fiscal Officer property characteristic records, the Poverty Center at Case Western Reserve University found in 2020 that many Cleveland rental properties continue to show signs of distress. Approximately 38% of properties are rated as being in "bad condition" and about 8% of properties have an open housing code violation. Using municipal property data and rental registration records, the Poverty Center further found that about 30% of rental properties had changed ownership within 3 years before 2018. About two-thirds of rental properties are owned by an entity with a Cleveland address, with the remainder usually having an address in Ohio. Corporate entities (LLCs, for example) accounted for only 23% of rental properties, with the rest titled in the name of individuals. Among landlords, about 43% owned at least one property in "bad condition"; 29% owned a property with very low assessed market value; and 30% owned a tax-delinquent property. Few owners (27%) had any of their properties in the rental registry; very few (7%) rented to a household using a Housing Choice Voucher.[3]

[1] Western Reserve Land Conservancy. Cleveland Neighborhoods by the Numbers: 2018 Update, 2018.
[2] Morgan Bulger. "Opportunity and Responsibility: Cleveland Needs to Step Up Our Home Repair Intervention." October 26, 2020.
[3] Coulton et al. Characteristics of Rental Properties, 2020.

OUTSIDE INVESTMENT

As the previous analysis has shown, investment in Cleveland's housing quality is sorely needed. And Greater Cleveland has in fact become one of the most profitable places in the country to flip houses and own rentals. Attom Data Solutions found that the median flipped home in Cleveland cost $60,000 and sold for $124,000 in 2019—a margin of more than 100%.[1]

Evidence shows, however, that not all investment is equal. A report published by the Joint Center for Housing Studies (JCHS) at Harvard University found that, following the foreclosure crisis, investor purchases of foreclosed-upon homes in Cleveland were frequently associated with negative outcomes, including abandonment, condemnation, demolition, and tax delinquency. The association was greatest for large, outside investors. Financial institutions often sold their distressed, foreclosed-upon properties in bulk, at "bargain basement prices." Out-of-state investors bought them sight unseen, and many did no or minimal renovation. Properties were sometimes flipped multiple times to different out-of-state investors, creating a "churning" effect that put them further out of the reach of "beneficial investors" (such as land banks or non-profits) who might be willing and able to address their blight.

Judge Raymond Pianka, who presided over the Cleveland Municipal Housing Court beginning in 1995 and was reinstated in 2007, implemented numerous programs to hold outside investors accountable to City building codes. The authors of the JCHS report found that aggressive code enforcement and penalties discouraged some of the most irresponsible investment activities, but did not result in out-of-state investors renovating properties to the standard that local investors did.[2]

Outside investors continue to play an important role in Cleveland. Local realtors reported that Cleveland is not only a national but a global market, with investors calling from Seattle and California but also from France, Australia, and China. Realtors felt that, when combined with good property management, outside investment could improve neighborhoods (but potentially drive up prices).[3, 4] Home values in Cleveland have dropped, but rents have increased, making it especially profitable to flip homes into rental businesses. Even during the pandemic, occupancy and rent collection rates remain high, and investment has boomed. Worryingly, a wave of pandemic-related foreclosures may have the result of freeing still more inventory for investors.[5]

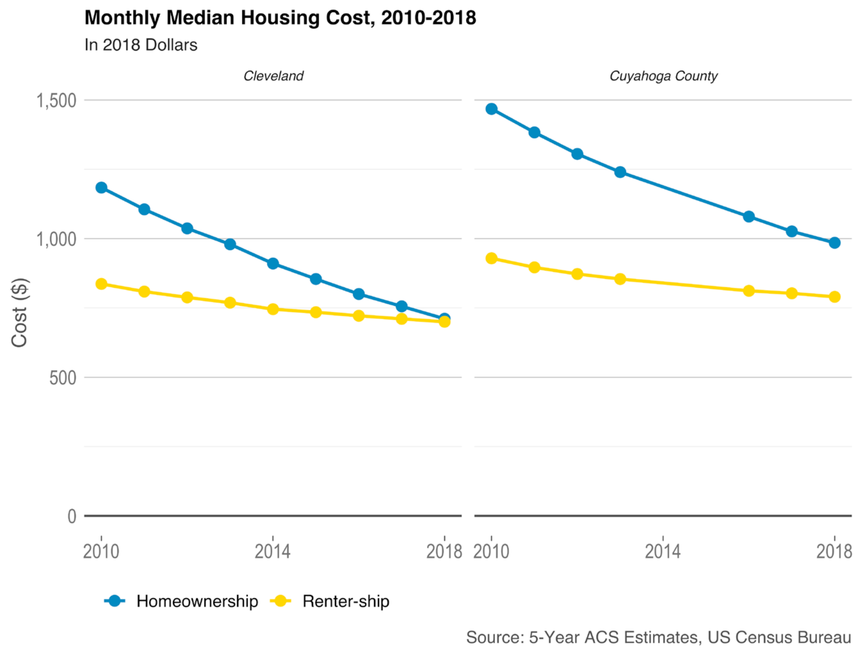
There is little data about the effects of investor landlords on housing quality or other factors. Absenteeism and investor churn may make it difficult for landlords to develop relationships with tenants or monitor their properties. As a result, out-of-state landlords may be less responsive than local ones to tenant maintenance requests or less willing to engage with tenants if they are late with their rent.[6]

[1] Ryan Dezember. 2020. "Cleveland is a House-Flipping Hot Spot, and Covid Adds Fuel." Wall Street Journal. June 8, 2020. https://www.wsj.com/articles/cleveland-is-a-house-flipping-hot-spot-and-covid-is-helping-11591629995
[2] Frank Ford et al. 2013. The Role of Investors in the One-to-Three Family REO Market: The Case of Cleveland." What Works Collaborative. Boston, MA: Joint Center for Housing Studies, Harvard University.
[3] Cleveland area realtors. Group interview. December 10, 2020.
[4] David Randall. 2016. "Real Estate Investors on U.S. Coasts Target Cheap, Out-of-State Markets." Reuters. October 7, 2016. https://www.reuters.com/article/us-usa-housing-investors/real-estate-investors-on-u-s-coasts-target-cheap-out-of-state-markets-idUSKCN1271FL
[5] Ibid, n.1.
[6] Shawn Donnan. 2020. "Two Cleveland Houses Tell a Story of America's Unequal Recovery." Bloomberg Businessweek. October 6, 2020. https://www.bloomberg.com/news/features/2020-10-06/cleveland-home-prices-tell-story-of-unequal-coronavirus-economic-recovery

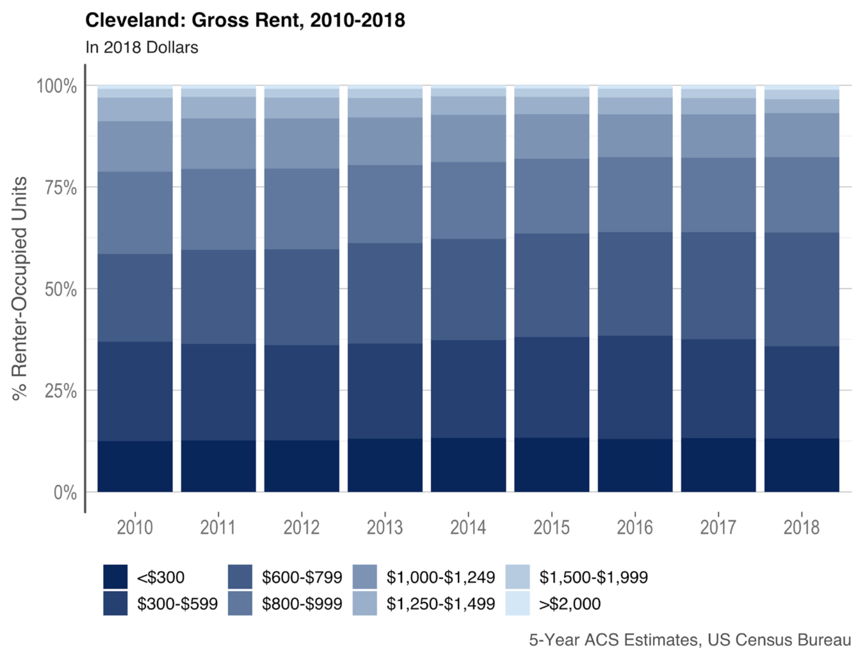
5. HOUSING AFFORDABILITY

HOUSING COSTS

Inflation-adjusted housing costs have fallen for both homeowners and renters since 2010, though much more steeply for homeowners. The median owner-occupant household in Cleveland now pays $711 in monthly housing costs (which include mortgage and insurance payments, utilities, real estate taxes, and any condo fees), while the average renter household pays almost the same amount ($700) in gross rent. The decrease in homeownership costs are no doubt linked to the increase in homes without a mortgage. In 2010, 25,137 units had no mortgage (31.3% of units), while in 2018, 30,395 units (43.5%) had no mortgage. Housing costs tend to be slightly higher in the county than in the city ($871 is the median for all households, whether they own or rent). Homeowners continue to pay more than renters in the county, though the gap is narrowing there, too.



The graph at right shows the evolution in the share of Cleveland renter households falling into eight inflation-adjusted rent brackets since 2010. The group of households paying between $300 and $600 in gross rent swelled between 2012 and 2016, before shrinking slightly by 2018. The group paying between $600 and $800 has continued to grow since 2016, absorbing all of the decreases in the lowest-rent brackets. Meanwhile, the top-paying brackets (those with over $1,250 in monthly gross rent) have shrunken since 2010. Since we know the absolute number of renter households in Cleveland is growing, this suggests that new renters are entering the rental market in the $600-$800 range and/or that households in formerly low-cost units are seeing their rents increase.



COSTS, CONTINUED

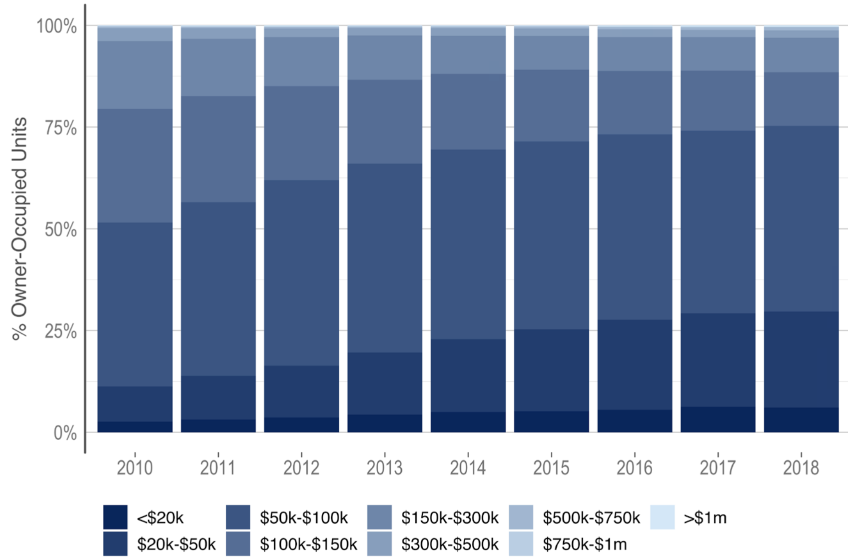
Much more dramatic is the increase, since 2010, in the share of owner-occupants with home values of $100,000 or less. This suggests that declining housing costs for homeowners are not just due to more households having paid off their mortgage; they are linked to declines in the real value of Cleveland homes, which trigger decreases in property taxes and other costs.

Home values vary significantly by census tract, as shown in the first map below. One census tract within the Greater Downtown neighborhood has a median home value of $387,500, which is 551% higher than the citywide tract median. More broadly, the highest median home values are concentrated in three neighborhoods: Greater Downtown, Detroit Shoreway-Ohio City-Tremont, and West Park. Although there are parts of Collinwood, Circle North-University Circle-Buckeye-Shaker-Larchmere with moderate or relatively high median home values, the map clearly shows that home values are higher on the West Side.

Similarly, the median rent in Greater Downtown is substantially higher than in the rest of Cleveland. In the census tract that comprises most of the Greater Downtown neighborhood, the median rent is $1,402, which is 98% higher than the citywide median of $709. The 25th percentile is $637 and the 75th percentile is $781, meaning that half of the median rents for Cleveland's census tracts fall within a range of less than $150. The Midtown-Opportunity-Corridor-Fairfax study neighborhood, by contrast, has relatively low rents.

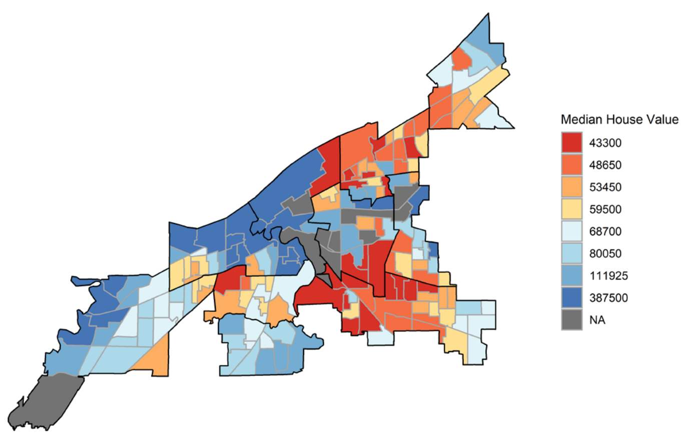
Cleveland: Home Values, 2010-2018

In 2018 Dollars



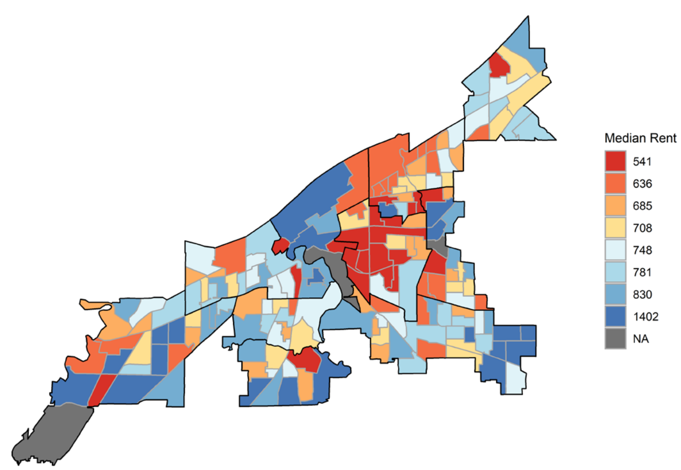
5-Year ACS Estimates, US Census Bureau

Cleveland City
Median House Value (2014-2018)



5-Year ACS Estimates, US Census Bureau

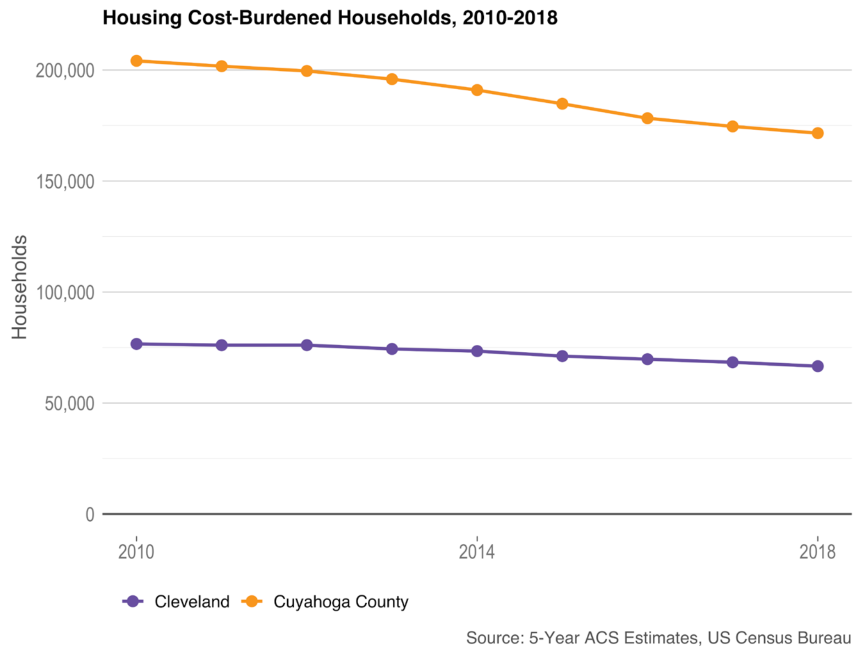
Cleveland City
Median Rent (2014-2018)



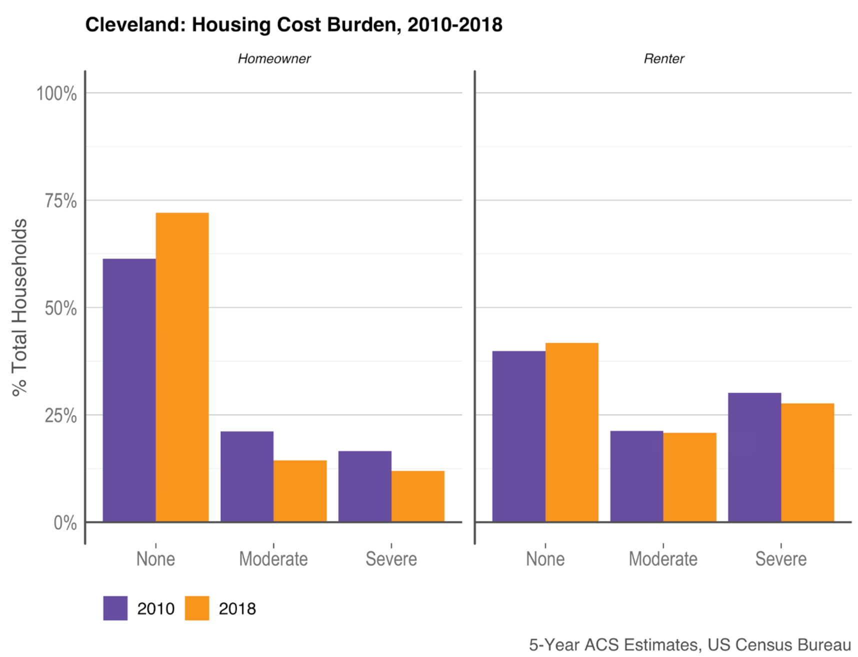
5-Year ACS Estimates, US Census Bureau

COST BURDENS

Housing cost burden is calculated as monthly housing costs divided by monthly household income. Households whose housing costs consume less than 30% of their income are not considered cost burdened. If housing costs consume 30-50% of a household's income, it is "moderately" housing cost-burdened; if they consume more than 50%, it is "severely" burdened. As housing costs have fallen, the share of households that are either moderately or severely housing cost-burdened has also fallen in both Cleveland and Cuyahoga County since 2010. Nevertheless, as of 2018, an estimated 42% of Cleveland households (more than 65,000 households) are cost burdened. About 54% of these are severely burdened. In the county as a whole, about 33% of households are cost burdened, slightly less than half of which are severely burdened.



The prevalence of housing cost burden has decreased among both Cleveland homeowners and, to a lesser extent, renters. In 2018, about 27% of Cleveland homeowners are cost-burdened, compared to 54% of renters.



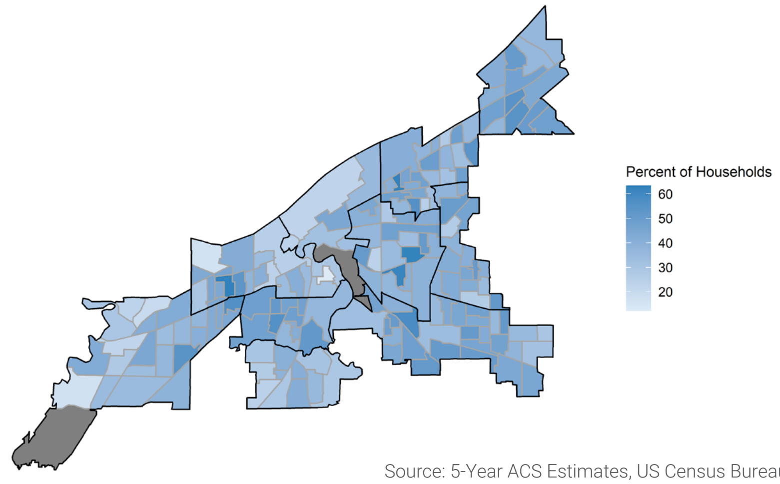
BURDENS, CONTINUED

Cost-burdened households make up a significant share of all households in most tracts in Cleveland. The median tract-level share of households that are cost burdened is 41% and the 25th and 75th percentiles are 35% and 47% percent, respectively.

The share of owner-occupied households that are cost burdened is lower overall than the share of rent-burdened households. In the bottom quartile of tracts, up to 20% of homeowners are cost burdened, while in the top quartile, at least 36% are cost burdened. These figures may be skewed by a census tract in Circle North-University Circle-Buckeye-Shaker-Larchmere, where the reported homeowner cost burden is 100%, which is either due to a very small sample size, a data collection error, or a high concentration of students with no reported income.

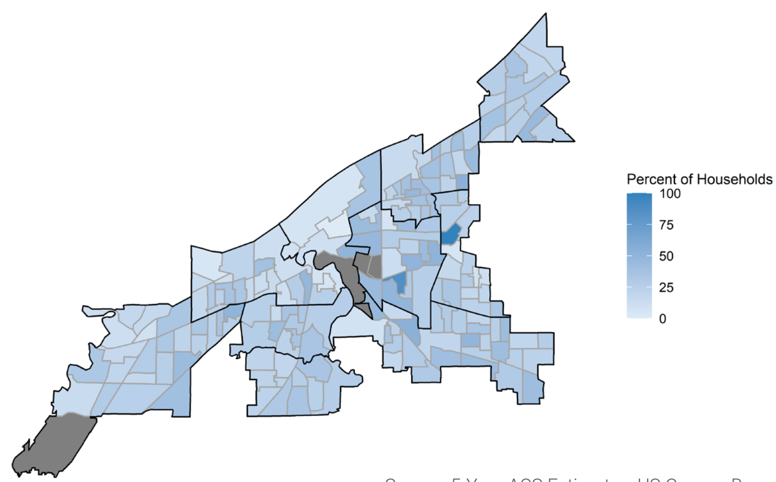
Rent burden also affects every area of the city. Across tracts, rent burden is more common than owner cost burden; while the tract median for owner cost burden was 41%, it is 52% for rent burden. Additionally, even in the bottom quartile of tracts, up to 42% of renters are rent burdened, while in the top quartile, at least 58% are rent burdened.

Cleveland City
Cost-Burdened Households (2014-2018)



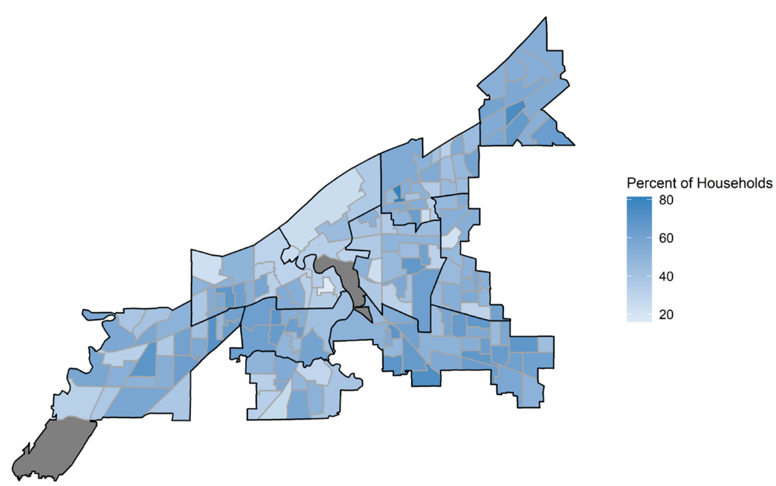
Source: 5-Year ACS Estimates, US Census Bureau

Cleveland City
Owner-Occupied
Cost-Burdened Households (2014-2018)



Source: 5-Year ACS Estimates, US Census Bureau

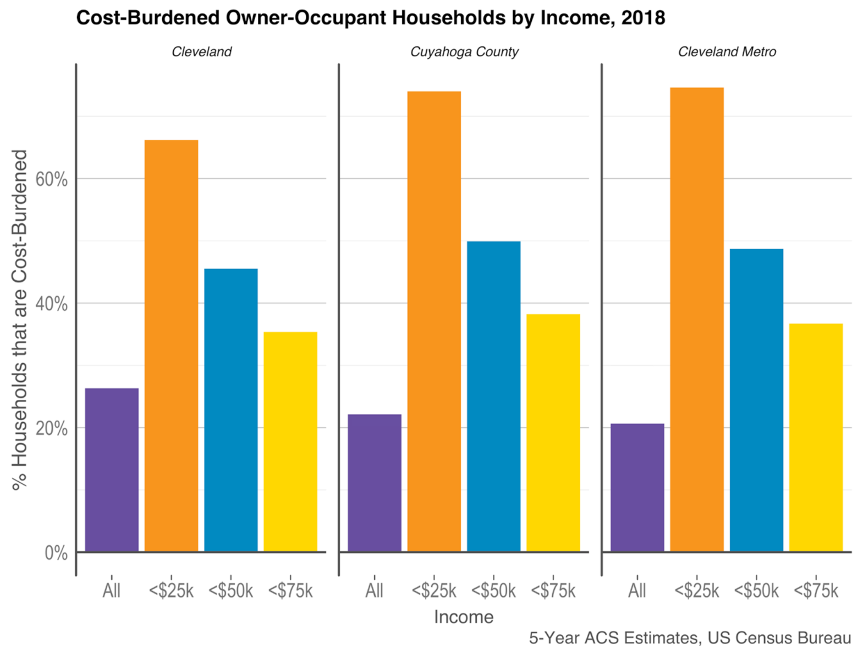
Cleveland City
Rent-Burdened Households (2014-2018)



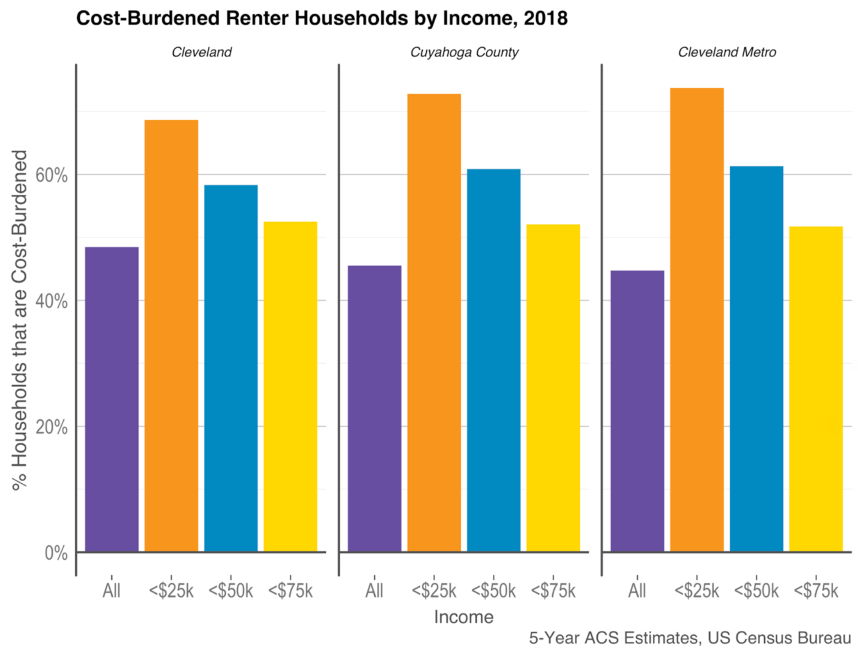
Source: 5-Year ACS Estimates, US Census Bureau

BURDENS, CONTINUED

The risk of cost burden increases sharply as household income decreases. The graph at right shows that upwards of 70% of owner-occupant households that live in Cuyahoga County or in the greater Cleveland-Elyria-Mentor Metropolitan Area and have annual incomes below $25,000 are cost burdened, compared to only about 20% of households overall. This is because housing costs tend not to drop below a certain floor, even for very low-income households, and thus eat up a large share of these households' incomes.



In Cleveland, Cuyahoga County, and the surrounding metropolitan area, renters are likely to be cost-burdened even with an annual income of $50,000. Cost burden is just as common among renters earning $25,000 or below as it is among homeowners at that income level, but it is much more common among renters earning $50,000, $75,000, or more, than among comparable owner-occupants. This indicates a pervasive lack of affordable rental housing for multiple segments of the market.



COVID-19 IMPACTS

COVID-19-related losses of employment income have clearly impacted Ohioans' ability to pay their housing costs. In the last two weeks of October 2020, 6% of Ohioans with a mortgage reported that their household is behind on mortgage payments in the Census Household Pulse Survey.

This is somewhat better than the national rate of 10%. However, the share behind on mortgage payments rose to 9% for Ohio respondents in households with children and 10% for extremely low-income respondents (those with household incomes $25,000 and below). In addition, 9% of Ohio homeowners with a mortgage reported no or slight confidence in their ability to pay November's mortgage payment.

Among Ohio renters, 18% reported that their household was behind on rent (compared to 16% of renters nationally). More than a third (37%) of Black renters were behind on rent (complete data for Hispanics and Asians are not available). About 29% of renters in households with children were behind on rent, compared to 12% of childless households. Rental arrears were most common in the $25,000-$35,000 household income band, at 29%, but affected more than 10% of every income band for which data are available. In addition, 32% of Ohio renters had no or slight confidence that they would be able to pay rent in November, compared to 27% nationally. Confidence was lowest among Blacks (63% had no or slight confidence) and households with children (44% had no or slight confidence).

Eviction moratoria and foreclosure prevention efforts have no doubt reduced or delayed the most negative housing outcomes. Nevertheless, among Ohioans with a mortgage, 1% said it was very likely they would be foreclosed upon in the next two months, and 14% said it was somewhat likely. Among renters, 11% believed it very likely they would be evicted in the next two months, and 25% thought it somewhat likely. These rates are similar to the national rates reported in the survey. They are much higher than pre-pandemic rates. In 2017, the Ohio foreclosure rate was 0.82% and the Cuyahoga County rate was 1.37%. The Ohio eviction filing rate in 2016 was 6.7%.[3]

[1] U.S. Census Bureau. Household Pulse Survey, Week 17. https://www.census.gov/programs-surveys/household-pulse-survey/data.html

[2] Foreclosure and eviction filing rates are from the Ohio Housing Finance Agency (OHFA) Office of Housing Policy. Ohio Housing Needs Assessment: Technical Supplement to the Fiscal Year 2019 Annual Plan, pp.88 and 107. https://ohiohome.org/news/documents/2019-Housing-NeedsAssessment.pdf

AFFORDABLE UNITS

Each year, the U.S. Department of Housing and Urban Development (HUD) receives custom tabulations of American Community Survey (ACS) data from the U.S. Census Bureau. These data, known as the "CHAS" data (Comprehensive Housing Affordability Strategy), demonstrate the extent of housing problems and housing needs, particularly for low-income households.

Using a methodology developed by the National Low Income Housing Coalition (NLIHC), we analyzed CHAS data for the most recent years available, 2013-2017. Based on this analysis, we estimate that Cleveland faces a deficit of 18,260 rental units affordable to extremely low-income households. "Extremely low-income households" are those making less than 30% of area median income; in Cleveland, this category includes the 43,010 households who earned the equivalent of $24,600 or below in 2013-2017 (adjusting for inflation and family size). "Affordable units" are those which cost a household no more than 30% of its monthly income. Cleveland had a slight surplus of units affordable to very low-income households (those making up to 50% of area median income, or $33,950 for a family of four).

If we focus only on units that are both affordable and available, however, there is a deficit of units both for extremely low-income households and very low-income households. "Available units" are units not already occupied by a higher-income household. It is important to make this distinction, because units that an extremely low-income family could hypothetically afford are often out of reach because they have been consumed by households with marginally higher (but still very low) incomes, whose choices are also constrained.

Zooming out to the county as a whole, there is a still larger deficit of affordable rental units. Cuyahoga County, as of 2017, faced a shortage of 33,300 units affordable to extremely low-income households.

Factoring in availability, there was a deficit of 45,815 rental units both affordable and available to extremely low-income households, and a deficit of 30,980 units for very low-income households. In other words, there are only 35 affordable and available units for every 100 extremely low-income renters in Cuyahoga County, and only 72 for every 100 very low-income renter households.

Cleveland-Elyria-Mentor is not among the worst metropolitan areas in terms its affordability deficit. According to the NLIHC, the metro has a deficit of over 58,000 units affordable and available to extremely low-income households. This translates to 41 units for every 100 extremely low-income households. By contrast, the Columbus metro has a smaller deficit of 51,500 units, but the average renter is worse off—there are only 29 affordable and available units for every 100 extremely low-income renters. The worst metros in the nation are Austin-Round Rock, Texas and Las Vegas-Henderson-Paradise, Nevada, with only 14 affordable and available units for every 100 extremely low-income renters.[1]

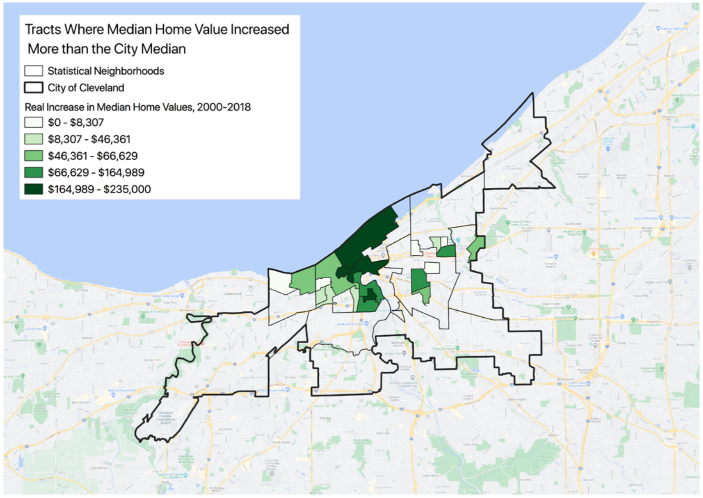
Table 4. Surplus/Deficit of Affordable Units, 2013-2017 Estimates

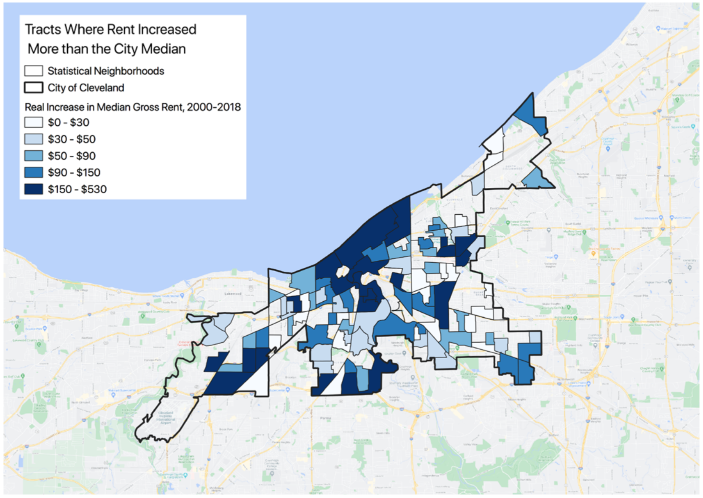
	Surplus/Deficit of Affordable Units	Surplus/Deficit of Available and Affordable Units
City of Cleveland		
Extremely Low-Income Renters	-18,260	-24,750
Very Low-Income Renters	6,140	-11,670
Cuyahoga County		
Extremely Low-Income Renters	-33,300	-45,815
Very Low-Income Renters	7,355	-30,980
Cleveland Metro Area		
Extremely Low-Income Renters	x	-58,388
Very Low-Income Renters	x	-30,867

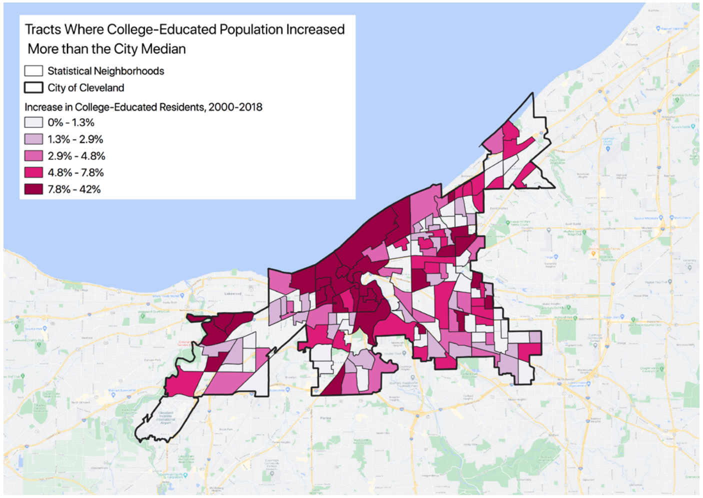
[1] National Low Income Housing Coalition. "Appendix B: Metropolitan Comparisons." The Gap: A Shortage of Affordable Homes. March 2020. https://reports.nlihc.org/sites/default/files/gap/Gap-Report_2020.pdf

GENTRIFICATION AND DISPLACEMENT

Gentrification has many different definitions, but broadly, it occurs when a population with higher income moves into a disinvested area, displacing residents either *directly* (causing existing, lower-income residents to leave) or *indirectly* (preventing lower-income residents from moving in). Signs of gentrification include increases in housing prices and changes in the population (e.g., increases in residents with college degrees). The maps below show Cleveland census tracts that saw greater-than-median increases in home values and rents, and in which the share of residents 25-plus with a college degree increased between 2000 and 2018. Very few tracts saw increases in home values during this period. The greatest inflation-adjusted increases (of over $150,000) occurred in tracts located Downtown and on the near West Side. Increases in median gross rent were more common. The highest rent increases (over $250, and up to $526) were also located in Near West neighborhoods like Tremont. Finally, the greatest increases in the share of residents aged 25-plus with a college degree occurred in Tremont and Ohio City. The conjunction of all three of these indicators in the same geographic area is indicative that gentrification occurred between 2000 and 2018.







GENTRIFICATION, CONTINUED

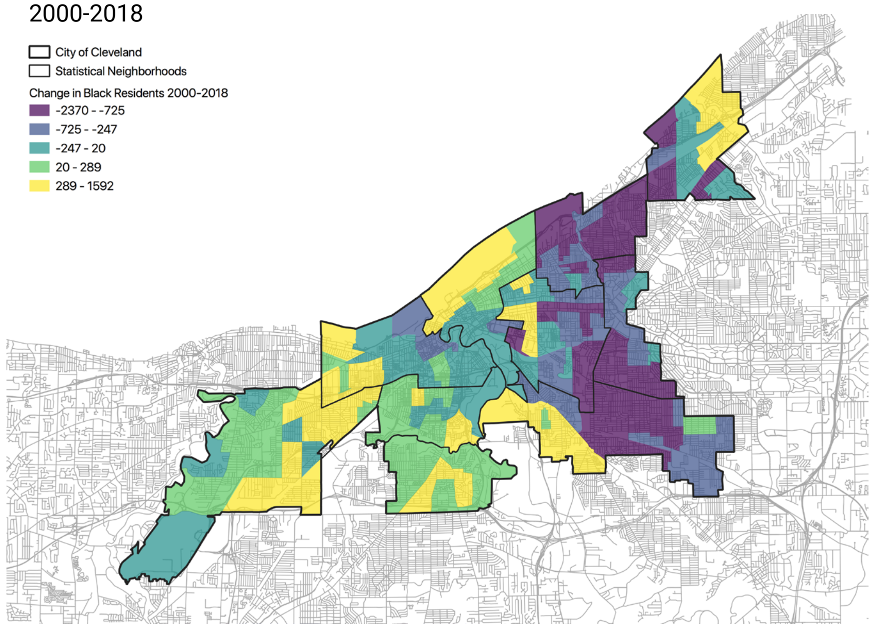
Across Cleveland's 225 census tracts, many tracts (37%) declined in rents or value 2000-2018. Another quarter (25%) could be considered "nongentrifiable," because they already had a median income higher than the city's average in 2000, and therefore were less likely to have populations vulnerable to displacement. Of the remaining tracts, 15% did not see significant increases in rents, home values, or college-educated residents. But the remaining 24% of tracts may have experienced some degree of gentrification.

Direct displacement is difficult to identify, especially in a city losing population. Cleveland lost population in 85% of its census tracts 2000-2018, with only 34 tracts seeing positive population change. Among these 34 tracts, most saw decreases in rents or home values, decreases in the White population, and increases in the Black and/or Hispanic population. Very few (5 in total) saw their White populations increase as their Black populations declined, which is a hallmark of displacement in segregated cities. Notably, these five tracts include those that saw the highest degrees of home value and rent increases, and the highest increases in the share of college-educated residents.

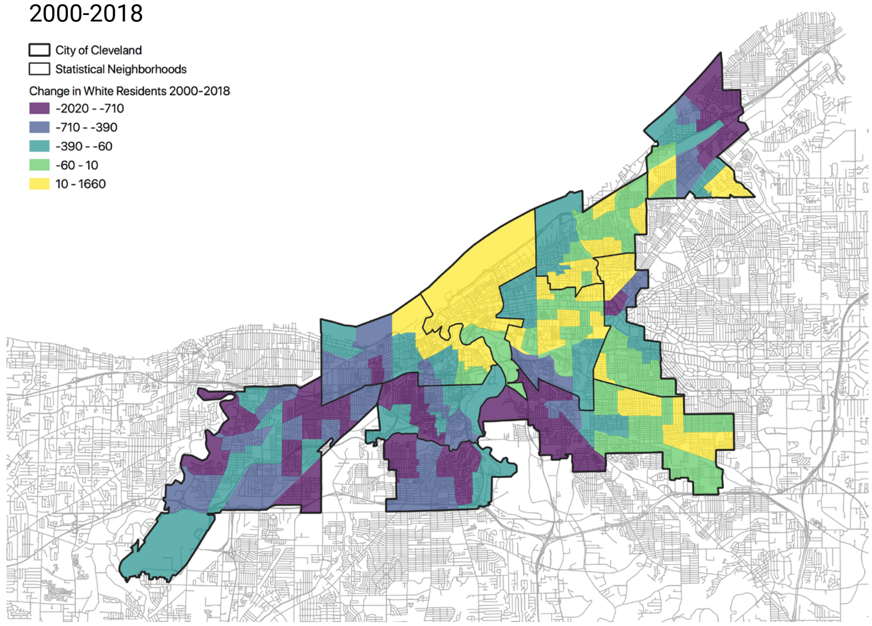
These findings are in line with those of the Cleveland Tax Abatement Study. The study, published in July 2020, found that there are a very limited number of areas where home prices have increased in recent years. Only 9 of the city's 462 block groups (2%) were found to have increases in home prices that would suggest a high risk of displacement. These block groups were found to be in Downtown, Tremont, Detroit Shoreway, Ohio City, and East of University Circle. The remaining block groups faced "steady pressure" (13%) or "declining pressure" (78%).

The study's "displacement risk ratio" is calculated as the change in the home price-to-income ratio over time. It does not include rents. The authors of the report remark that "rent levels typically follow changes in home prices," although they "tend not to decline even when home prices do."[1]

Change in Black Residents by Tract, 2000-2018



Change in White Residents by Tract, 2000-2018



Source: 5-Year ACS Estimates and Decennial Census, US Census Bureau

[1] Michael Norton, Jason Rosch, Randall Bauer, Alison Goebel, Kaela Geschke, and Jennifer Madden. Cleveland Tax Abatement Study. July 2020.

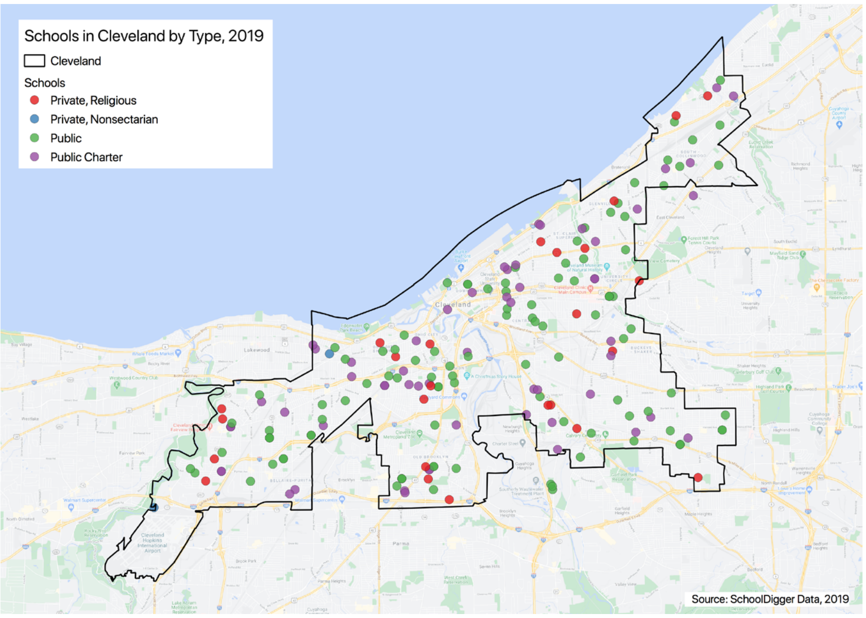
6. SCHOOLS, JOBS, AND TRANSPORTATION

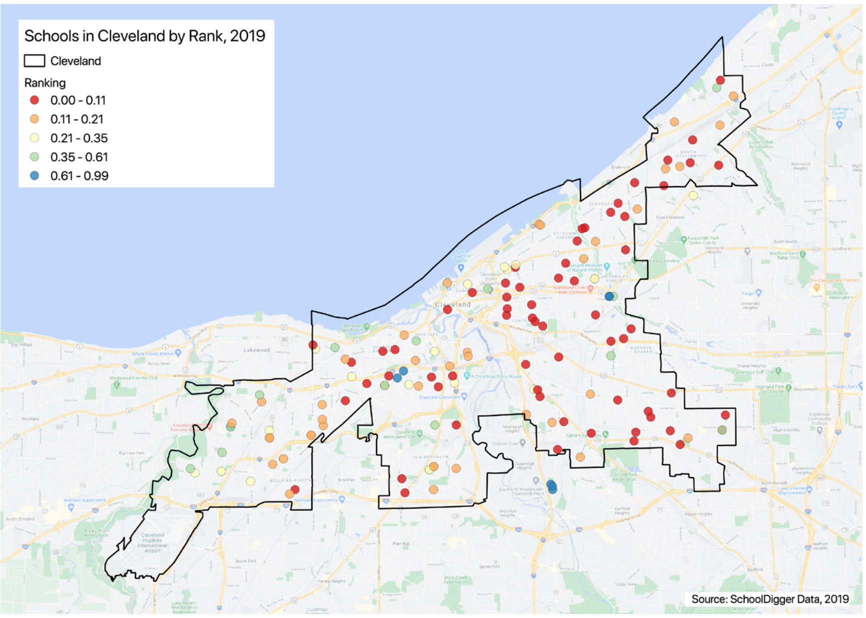
SCHOOLS

Schools and housing are linked in a host of ways. Housing quality issues, especially lead, affect students' educational outcomes.[1] The quality of schools is often a key factor in the housing location decisions of both teachers and families with children. In addition, property taxes are an important source of school funding, which means that racial and income inequities in the housing market are often perpetuated in the school system. Finally, schools affect housing demand and affordability in the long term by shaping the job readiness and earning potential of residents.[2]

The Cleveland Metropolitan School District (CMSD) includes 103 schools, including 17 "public charter" schools that receive public funding or other support. In addition, Cleveland has at least 27 private schools, the vast majority of which are religious (see map, upper right).[3, 4] In the 2017-18 school year, 45% of Cleveland K-8 students attended a charter or private school; the share reached over 60% in the Near West neighborhoods of Ohio City, Detroit-Shoreway, and Tremont.

Cleveland's school system has a legacy of racial conflict and fiscal problems. In the 1970s, a federal judge ordered the school system to desegregate through busing, constructing new schools, and reassigning students. The order faced opposition from the school board as well as many White parents, who transferred their children to private schools or moved (with government assistance) to racially segregated suburbs. By 1994, Black children represented 71% of enrollment in Cleveland Public Schools (CPS), up from 58% in 1976; the budget for educational programs and teachers had dropped; and attendance and student proficiency rates also declined.





[1] Veronica Gaitán. 2019. "How Housing Can Determine Educational, Health, and Economic Outcomes." Housing Matters. Washington, D.C.: Urban Institute. https://housingmatters.urban.org/articles/how-housing-can-determine-educational-health-and-economic-outcomes
[2]Annette Laureau and Kimberly Goyette (eds.). 2014. Choosing Homes, Choosing Schools. New York City: Russell Sage Foundation.
[3] Cleveland Metropolitan School District. 2020. "Our Schools." https://www.clevelandmetroschools.org/domain/24
[4] Cleveland Metropolitan School District. 2020. "CMSD/Charter School Collaboration." https://www.clevelandmetroschools.org/domain/2528
[5] Cleveland Metropolitan School District. 2020. "K-8 Enrollment and School Choice." https://www.clevelandmetroschools.org/cms/lib05/OH01915844/Centricity/domain/5454/ltp19/enrollment.html

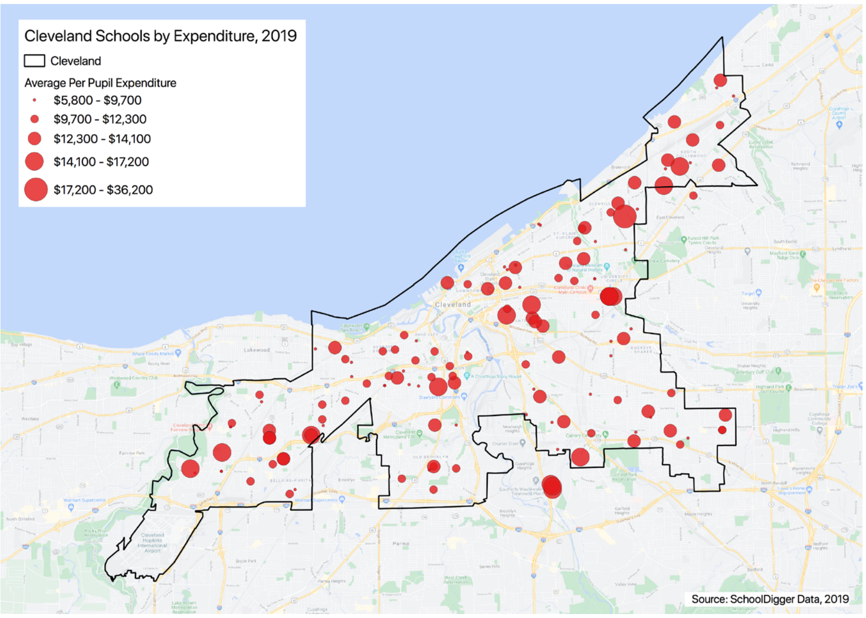
SCHOOLS, CONTINUED

In 2009, CPS had the third highest student dropout rate—at 66%—in the U.S.[1] Today, many of Cleveland's schools are ranked among the lowest in the state based on statewide math, English, and science proficiency tests (see map at right).

Recent years have brought some promising developments. Mayor Frank Jackson passed a $15 million school levy in 2015-2016. The school district has a new focus on increasing its number of high-performing schools and has seen some success. As of 2017, the graduation rate for public schools had increased to more than 60%. And in 2019, Cleveland became a member of the "Say Yes to Education" program, which fully funds students' college tuition and offers other school-based supports through public and private donations.[2]

A report from the Cleveland State University's Center for Urban Education points out that rankings based on testing are highly correlated with students' socioeconomic status and disabilities, which are out of schools' control. Perhaps more important is that many schools performed better in 2018-19 than expected based on their 2017 performance.[3] Many Cleveland schools also spend more than $15,000 per student (see map at right), which is higher than the nationwide average of $12,600.[4]

Yet these changes may be slow in altering negative perceptions of Cleveland schools. Interviews with Cleveland area realtors confirmed that perceived low school quality in Cleveland is still a major deterrent in the homeownership market.[5] At the same time, declining property values and vacant and tax-delinquent homes squeeze CMSD's budget. Finally, the fact that over 90% of students in Cleveland test below their grade level threatens their ability to secure stable and adequate employment, and thus their ability to invest in the housing market in the future. It remains to be seen whether the "Say Yes" program or other innovations can begin to reverse this cycle.



[1] Edward M. Miggins. "Cleveland Public Schools." Encyclopedia of Cleveland History. Case Western Reserve University. https://case.edu/ech/articles/c/cleveland-public-schools
[2] Patrick O'Donnell. 2020. "Say Yes to Education to Update Public on Eventful First Year." The Plain Dealer. March 9, 2020.
[3] Center for Urban Education. 2019. Performance of Greater Cleveland Public and Charter Schools, in Context, 2018-19. Cleveland State University, October 7, 2019.
[4] U.S. Census Bureau. 2020. "Spending Per Pupil Increased for Sixth Consecutive Year." Press Release, May 11, 2020. https://www.census.gov/newsroom/press-releases/2020/school-system-finances.html
[5] Cleveland area realtors. Group interview. December 10, 2020.

JOBS

Like the school system, the job market is inextricably linked with the housing market. The availability and quality of jobs determines residents' ability to pay for housing, as well as acting as a factor in housing locational decisions. The proximity of jobs to housing helps determine transportation costs, which also affect a household's ability to pay for housing.

Cleveland's local economy is increasingly dominated by the so-called "eds and meds," or higher education and medical institutions. The Cleveland Clinic Foundation, which is Ohio's largest employer as of 2019, is headquartered in Cleveland. The University Hospitals Health System and the MetroHealth System are also major local employers and among the 50 largest employers statewide. Case Western Reserve University and Cleveland State University are important employers as well. Collectively, education and health services accounted for nearly a quarter of all private sector employment in Cuyahoga County in 2018.[1]

Manufacturing, which was historically a mainstay of Cleveland's economy, today makes up a small and declining share of employment (11% of private sector jobs, down by 6.7% from 2013). Cleveland-based firms like Sherwin-Williams, Parker Hannifin, Lincoln Electric, and Swagelok remain important local players, but many production tasks have been automated.

As shown in the map and table at right, the City of Cleveland is home to only about 25% of the metropolitan area's jobs. In fact, Greater Cleveland's job market is decentralizing more than any other in the nation. Between 2000 and 2012, the number of jobs within an average commute (7.8 miles) fell by 27%—which represents the greatest decrease among America's 96 large metro areas. Losses in proximate jobs were concentrated in high-poverty and majority Black neighborhoods.[2]

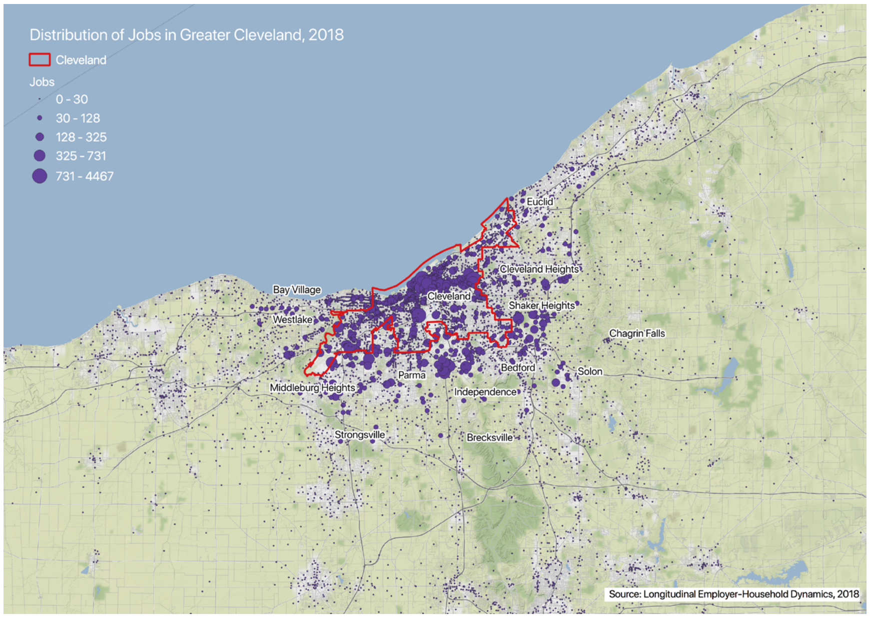


Table 5. Job Count and Share by Place (LEHD), 2005-2018

	2018		2010		2005	
Cleveland Metro Area	912,786	100%	842,847	100%	921,305	100%
City of Cleveland	226,716	24.8%	216,378	25.7%	224,760	24.4%
Mentor	24,799	2.7%	22,882	2.7%	24,236	2.6%
Westlake	22,851	2.5%	16,938	2.0%	17,475	1.9%
Elyria	18,759	2.1%	17,768	2.1%	21,432	2.3%
Parma	18,347	2.0%	18,343	2.2%	22,108	2.4%
Solon	16,935	1.9%	14,840	1.8%	15,831	1.7%
Strongsville	16,485	1.8%	14,324	1.7%	15,023	1.6%
Independence	16,371	1.8%	13,470	1.6%	15,162	1.6%
Beachwood	14,047	1.5%	15,715	1.9%	14,238	1.5%
Middleburg Heights	14,047	1.5%	14,000	1.7%	14,720	1.6%
All Other	523,429	57.3%	478,189	56.7%	536,320	58.2%

[1] Ohio Development Services Agency. 2020. "Cuyahoga County." Ohio County Profiles.
[2] Elizabeth Kneebone and Natalie Holmes. 2015. The Growing Distance Between People and Jobs in Metropolitan America. Washington, D.C.: Brookings Institution. https://www.brookings.edu/research/the-growing-distance-between-people-and-jobs-in-metropolitan-america/

JOBS, CONTINUED

The U.S. Census Bureau's Longitudinal Employer-Household Dynamics (LEHD) dataset show that, as of 2018, only about 60,000 people both live and work in the City of Cleveland. This represents a decline of nearly 20,000 workers since 2005. More Cleveland residents commute to the suburbs than work within the city, and the margin has increased since 2005. At the same time, however, over 200,000 individuals live in the suburbs but commute into the city for work, and this inflow has increased since 2005. This daily dance of in- and outflows puts pressure on the city's transportation infrastructure and means that the City is capturing less of the wealth generated through local employment opportunities, which is instead invested in housing and property *outside* of the city.

Cleveland's economy has been hit particularly hard by the COVID-19 pandemic. A report authored by Richy Piiparinen, Joshua Valdez, and Jim Russell found that the Cleveland metro area led Ohio in employment declines and has not recovered at the rate that Cincinnati and other Ohio metros have. In fact, in terms of percent job losses from July 2019 to July 2020, Cleveland ranked fourth worst among the nation's largest 40 metros. Cleveland job postings declined by 55% between January and August, which was the worst decline in the nation.

Unsurprisingly, job losses were concentrated in accommodation and food services. But thousands of professional, business, education and healthcare jobs also disappeared. Almost no other metros saw the declines in education and healthcare hiring that Cleveland has experienced. Piiparinen, Valdez, and Russell note that "there were signs of a softening in Cleveland's job market months before COVID-19 hit, particularly professional and business services and healthcare...This suggests possible structural weaknesses dampening local metro job growth."[1] These trends signal that the lessened ability to pay rent or mortgage payments will persist beyond the COVID-19 pandemic, and demands long-term solutions.

Table 6. Flows, Longitudinal Employer-Household Dynamics, 2005-2018

	Work in Area, Live Outside	Live in Area, Work Outside	Live and Work in Area
City of Cleveland			
2005	183,473	89,751	77,214
2010	190,013	69,154	64,165
2018	211,760	76,900	59,250
Cuyahoga County			
2005	247,407	121,709	450,663
2010	253,355	106,264	399,856
2018	284,305	124,798	419,183
Cleveland Metro Area			
2005	194,744	147,358	773,947
2010	194,285	137,543	705,305
2018	214,610	154,282	758,504

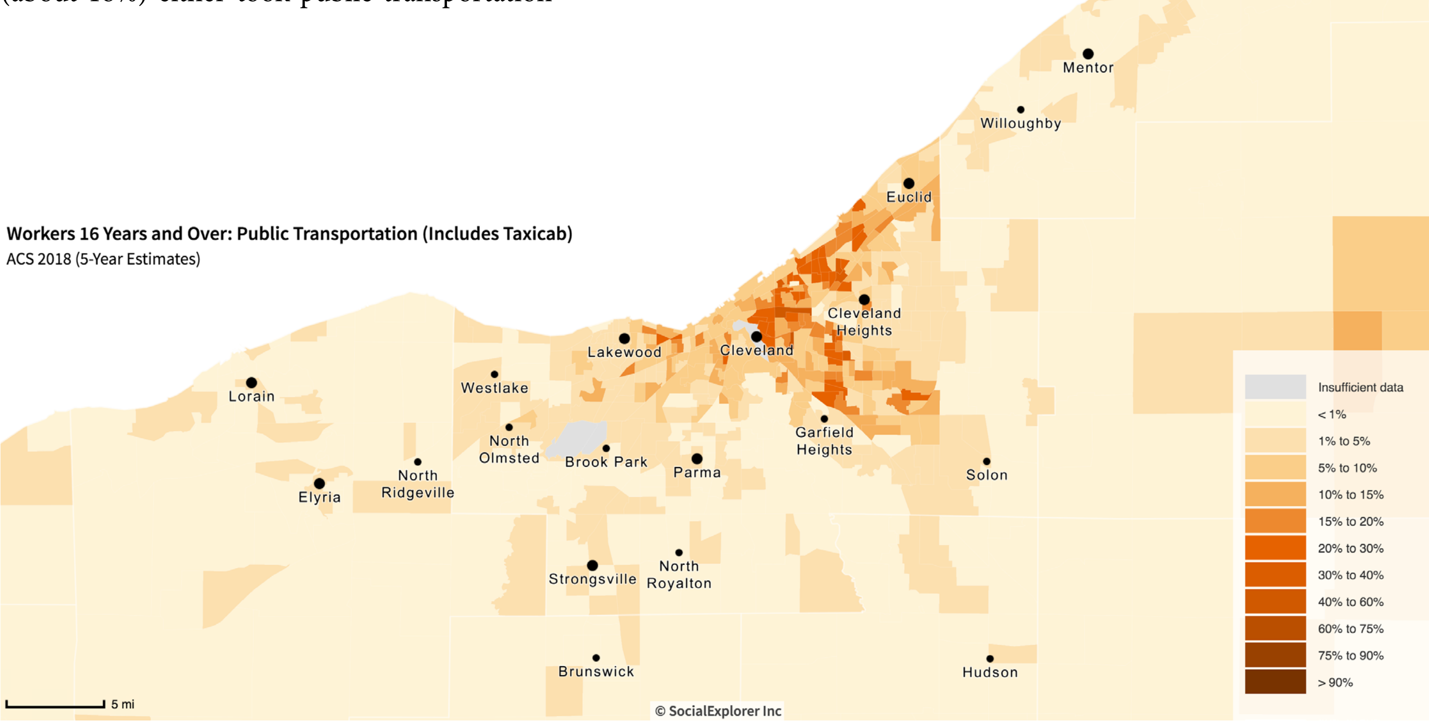
[1] Richey Piiparinen, Joshua Valdez, and Jim Russell. 2020. The Future of Growth Series: Volume 1. Maxine Goodman Levin College of Urban Affairs, Cleveland State University. http://thefutureofgrowth.com/series/

TRANSPORTATION

Transportation costs are often less visible than housing costs, but they can significantly affect how affordable it is to live in a certain neighborhood, depending on the cost and availability of transit, the proximity of jobs and other amenities, and the price of fuel.

In 2018, 80% of Cleveland workers and 87% of workers county-wide drove a car, truck, or van to work, and of these, the vast majority drove alone. Only about 10% of workers residing in Cleveland took public transportation to work. However, this share rose above 30% in some neighborhoods, especially those located close to Downtown whose residents are disproportionately Black and low-income (see map, below). These neighborhoods have high shares of households with no vehicle available to them. For example, while about 24% of households in Cleveland overall have no vehicle, over 40% of households the East Cleveland zip code 44104 have no vehicle, and a correspondingly high share of workers (about 18%) either took public transportation or walked to work. Concerningly, these are the same neighborhoods that saw the greatest declines in the share of nearby jobs 2000-2012.

Not having a car in Cleveland can make it very difficult to access less proximate jobs. The Greater Cleveland Regional Transit Authority (GCRTA) has suffered severe declines in state funding (support was cut by a staggering $37 million, or 84%, between 2000 and 2018). Low-density development and job sprawl have also led to declining ridership. As a result, the Authority had begun cutting employment and service hours even before the pandemic.[1] Dominic Matthew of the Fund for Our Economic Future (also known as FundNEO) notes that a car-less Cleveland resident living 16 miles away from a concentration of low-income jobs in the suburb of Solon faces a one-way bus commute of two hours with multiple transfers.[2] The hidden costs of transportation make housing in the urban core much less affordable than it appears.



[1] Flounsey R. Caver. 2019. "Greater Cleveland Regional Transit Authority: Future of Mobility." PowerPoint Presentation. https://urban.csuohio.edu/sites/csuohio.edu.urban/files/Future-Of-Mobility_012819.pdf

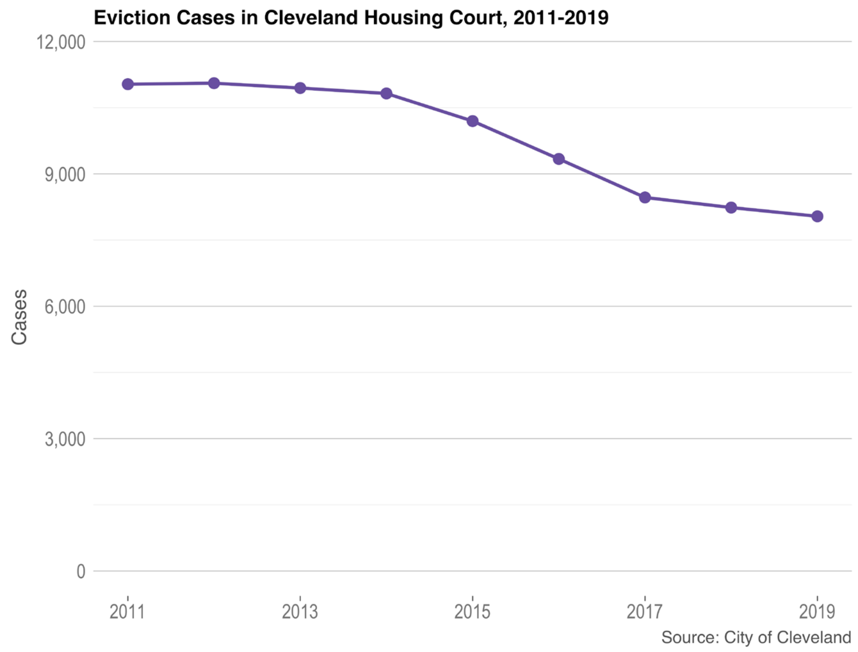
[2] Dominic Matthew. 2020. "'No Car, No Job; No Job, No Car': Tackling an Economic Paradox." Intelligent Transport. October 13, 2020. https://www.intelligenttransport.com/transport-articles/109582/no-car-no-job-no-job-no-car-tackling-an-economic-paradox/

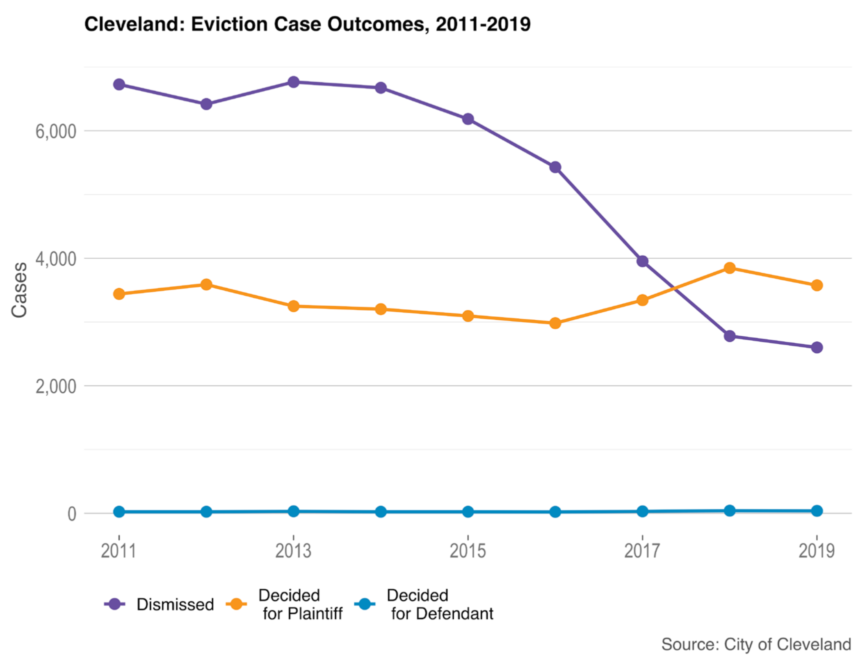
7. EVICTIONS, FORECLOSURES, AND HOMELESSNESS

EVICTIONS

While the volume of eviction cases in Cleveland's Housing Court has declined since 2012, the number of actual evictions has not. In 2019, 8,038 eviction cases were heard in Cleveland's Housing Court, compared to 11,055 in 2012. But the number of cases that result in a finding for the plaintiff (the landlord), and therefore in an eviction, was equally high in 2019 at 3,576 evictions as it had been in 2012. Meanwhile, the number of cases dismissed plummeted. The number of cases in which the defendant (the tenant) prevails remains a tiny share of all cases. Only 38 cases were decided in favor of the tenant in 2019.

In 2018, the Legal Aid Society of Cleveland contracted with the Center on Urban Poverty and Community Development (the Poverty Center) to study evictions using 1) in-person observation of eviction case hearings, 2) interviews with tenants appearing in eviction court, and 3) an analysis of eviction filing records linked with other administrative data. The study found that eviction filings have been declining since 2013, even as renter-ship has increased. The filing rate dropped to 8.11% by 2017, from 10.9% in 2013.[1] This is still substantially higher than the statewide filing rate for Ohio, which was 6.19% in 2016, according to Eviction Lab.[2] As of 2016, Cuyahoga County led the state with 19,502 eviction filings, or about 18% of all filings in Ohio. More populous Franklin County (where Columbus is located) came in second with 17,886 filings and Hamilton County (home to Cincinnati) came in third with 11,957 filings.[3]





[1] April Urban, Aleksandra Tyler, Francisca García-Cobián Richter, Claudia Coulton, and Tsui Chan. The Cleveland Eviction Study: Observations in Eviction Court and the Stories of People Facing Eviction. Report, Center on Urban Poverty and Community Development at Case Western Reserve University for the Legal Aid Society of Cleveland. October, 2019.
[2] Eviction Lab. Eviction Filing Rate, 2016. https://evictionlab.org/map/#/2016?geography=states&type=efr
[3] Ohio Housing Finance Agency (OHFA) Office of Housing Policy. Ohio Housing Needs Assessment: Technical Supplement to the Fiscal Year 2019 Annual Plan, p.88. https://ohiohome.org/news/documents/2019-HousingNeedsAssessment.pdf

EVICTIONS, CONTINUED

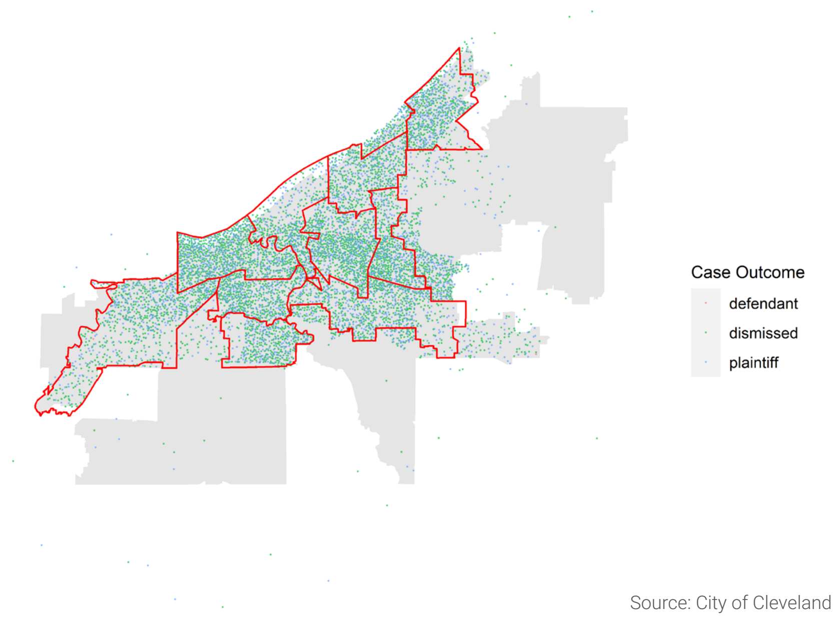
The Poverty Center found that most evictions (70%) were filed for only 1-3 months of delinquent rent, and that "for many cases observed, the eviction was filed after only a single month of delinquent rent, and the second month lapsed awaiting the eviction hearing." The first hearing in eviction court lasts for an average of only three and a half minutes, and results in a judgment for the plaintiff 59% of the time; 14% of cases were dismissed and 11% were sent to mediation.[1]

There is evidence that the inequity in eviction case outcomes is at least partially linked to legal representation. In 2019, 73% of landlords had representation in eviction cases, but only about 5% of tenants did. In the few cases where tenants were represented by a lawyer in 2011 through 2020, the judge ruled in their favor 6% of the time. In the cases where tenants did not have legal representation, the judge ruled in their favor less than 1% of the time.

The Poverty Center's study found that most tenants in eviction court are low-income, minority women with children. In interviews, tenants described employment and health issues that led to financial instability and missed rent; some attested that they had in fact tried to make full or partial rent payments that were refused by their landlords. Others withheld rent due to housing condition issues. When the tenant attended their eviction court hearing, the length of the hearing increased to nearly 6 minutes and the judge was slightly less likely to find in favor of the plaintiff (47% of the time, versus 61% when the tenant was absent).

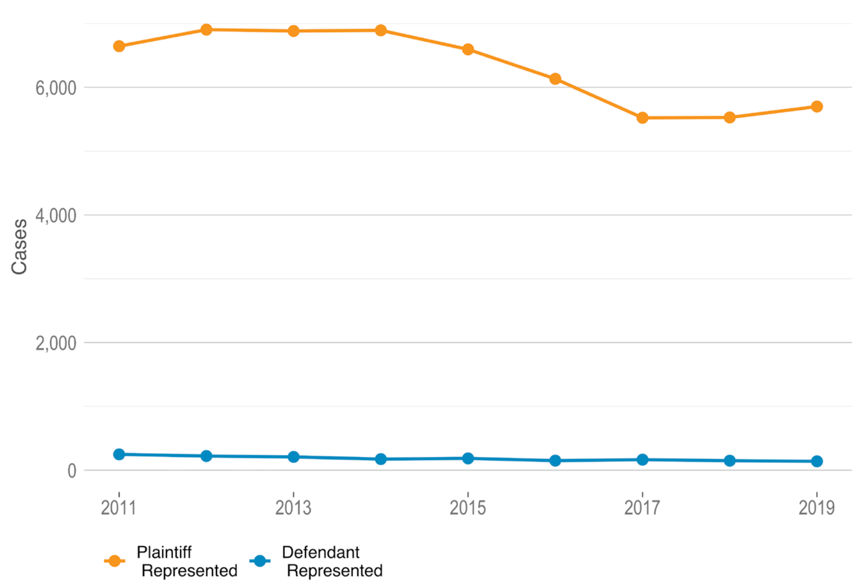
Evictions by Outcome

2011-2019



Source: City of Cleveland

Legal Representation in Eviction Cases, 2011-2019



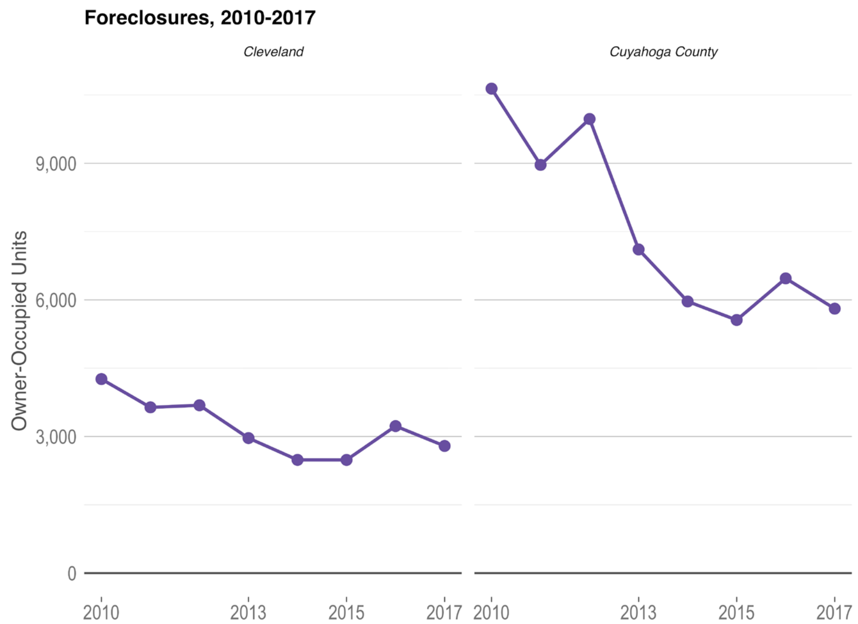
Source: City of Cleveland

[1] Urban et al. The Cleveland Eviction Study: Observations in Eviction Court and the Stories of People Facing Eviction. Poverty Center at Case Western Reserve University for the Legal Aid Society of Cleveland. October, 2019.

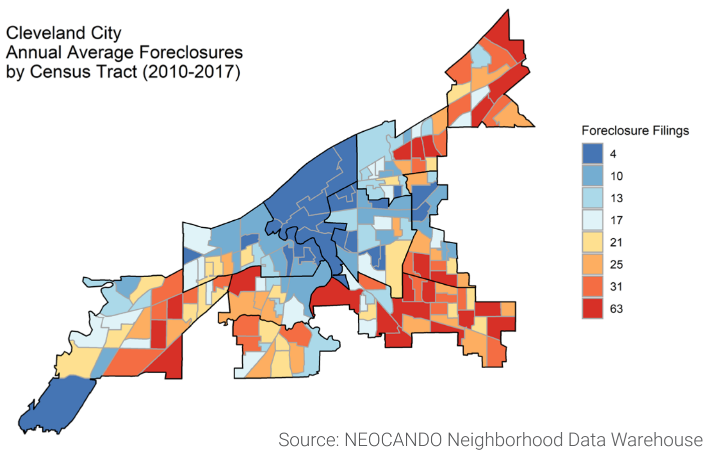
FORECLOSURES

A mortgage foreclosure occurs when a lender repossesses a property because the borrowers defaulted on their mortgage. Residential foreclosures in Cleveland, and especially in Cuyahoga County, have fallen off sharply since 2010. In 2017, there were about 2,800 residential foreclosures in the city and 5,800 in the county as a whole. Compare this to 2010 when there were nearly 4,300 foreclosures in the city and over 10,600 in the county. Foreclosed units account for 2.4% of all owner-occupied units in the City of Cleveland, and 1.34% of units in the county at large.

Foreclosures, averaged for the years 2010-2017, affect neighborhoods on both the East and West sides. Apart from Greater Downtown, most neighborhoods include census tracts with both low and high numbers of foreclosures. The median tract saw 17 foreclosures in the average year, while the 25th and 75th percentiles are 10 and 25 foreclosures, respectively.



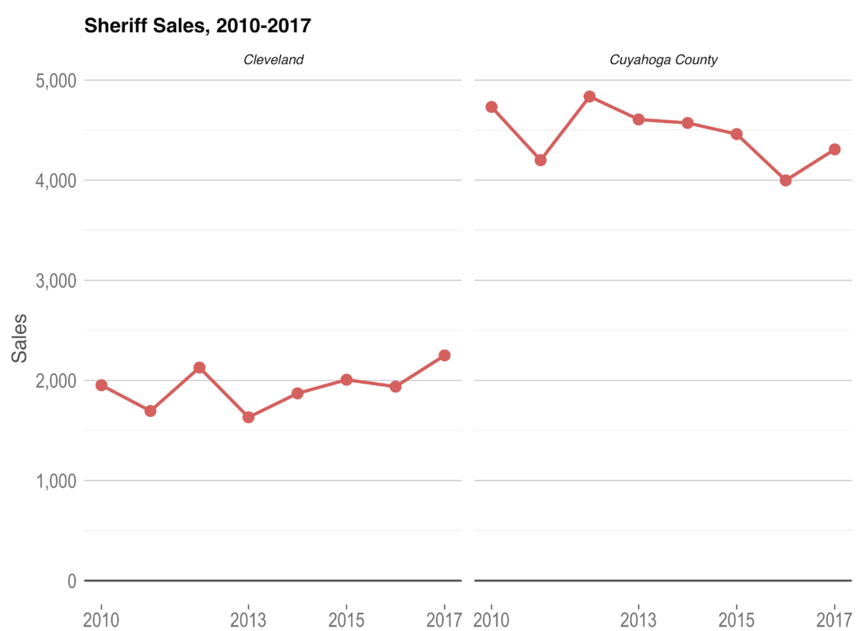
Source: NEOCANDO Neighborhood Data Warehouse



Source: NEOCANDO Neighborhood Data Warehouse

SHERIFF SALES

A sheriff sale is a public auction of a home that has been defaulted on. The proceeds of the sale are used pay back mortgage lenders, banks, and tax collectors. Sheriff sales are essentially foreclosures for which the process is governed by the county sheriff rather than by the private lender. In 2017, there were 2,250 sheriff sales in Cleveland and 4,308 in Cuyahoga County. The volume of sheriff sales has actually increased since 2017 in Cleveland, both as a share of owner-occupied units and in absolute terms.



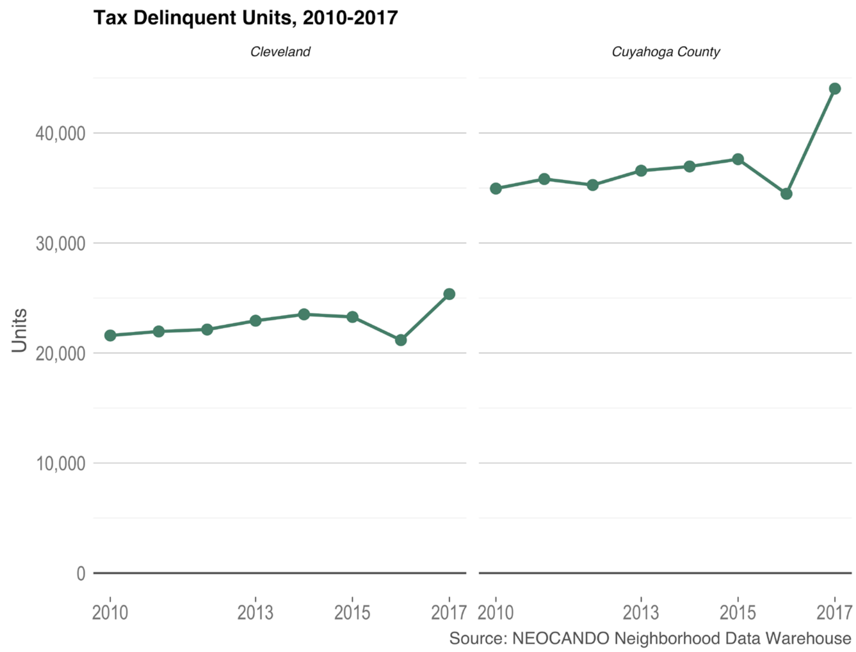
Source: NEOCANDO Neighborhood Data Warehouse

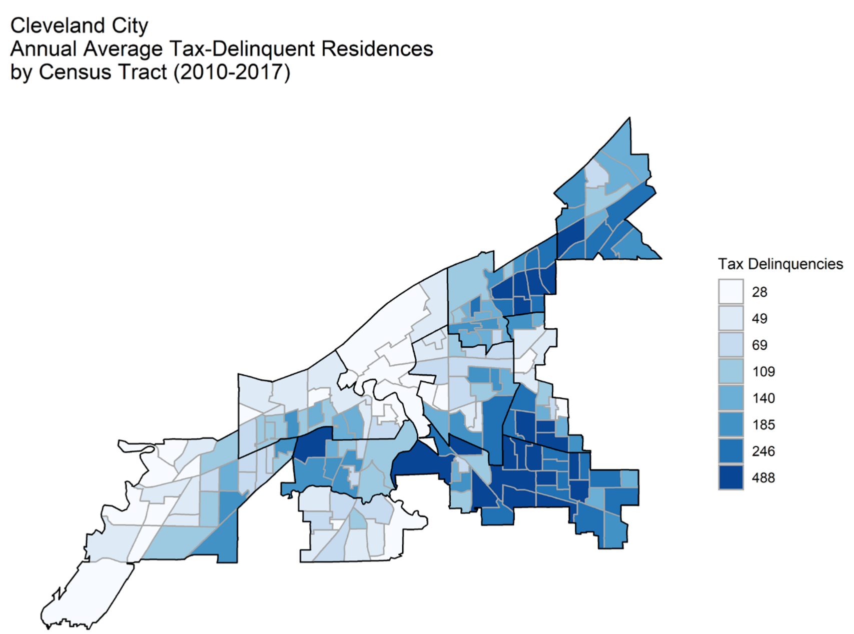
TAX DELINQUENCY

Residential tax delinquency affects over 25,000 units in Cleveland and nearly 45,000 in Cuyahoga County overall.[1] Delinquency rates increased sharply between 2016 and 2017. About 22% of all owner-occupied units in Cleveland were tax delinquent in 2017, compared to about 10% in the county as a whole.

Tax delinquency presents a huge cost to the City and County. The Vacant and Abandoned Property Action Council (VAPAC) reported in March 2015 that the county was owed $578 million in delinquent property taxes. The process of collecting these taxes is time- and staff-intensive. In order to save on administrative costs and recoup some of its losses, the County has sometimes sold delinquent tax lien certificates to for-profit enterprises. However, VAPAC found that such tax lien sales are risky, especially when they involve low-value properties, because they can allow tax lien buyers to charge excessive fees to struggling homeowners and further destabilize already distressed neighborhoods.[2]

In 2010-2017, certain neighborhoods saw high rates of tax delinquency: Southeast, Circle North-University Circle-Buckeye-Shaker-Larchmere, and Glenville-Hough-Central. There are comparatively few tax delinquencies in Greater Downtown and in neighborhoods on the West Side.



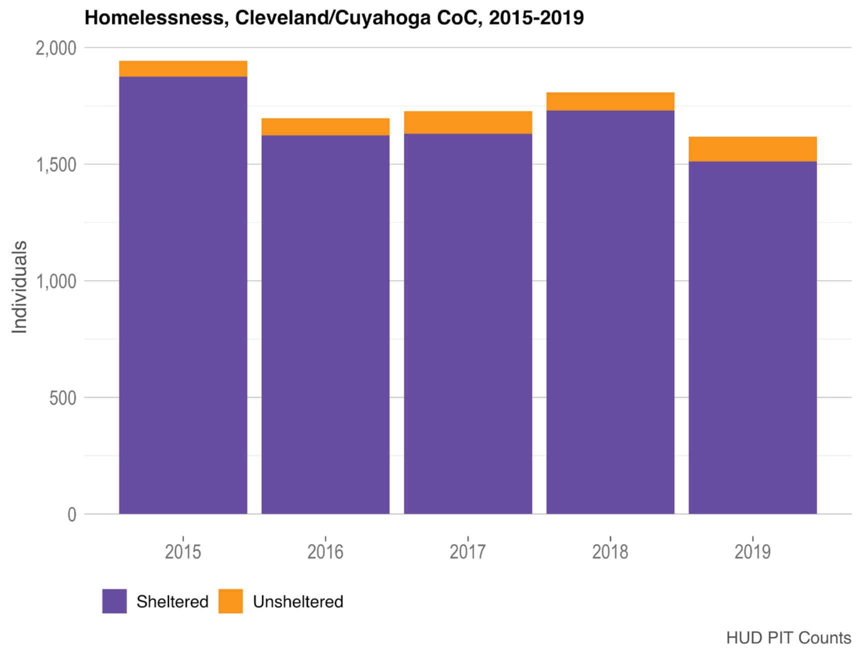


Source: NEOCANDO Neighborhood Data Warehouse

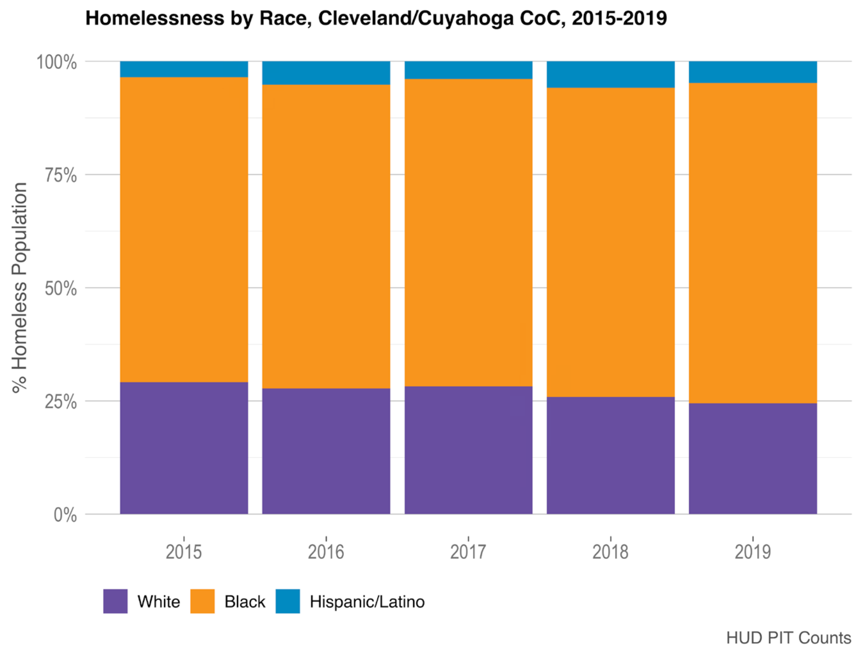
[1] The amount of delinquency is not tracked via NEOCANDO. It is unclear what the distribution of total delinquency is; many properties may owe only a minimal amount.
[2] Vacant and Abandoned Property Action Council. Property Tax Delinquency and Tax Lien Sales in Cuyahoga County, Ohio, March 1, 2015. https://www.wrlandconservancy.org/wp-content/uploads/2015/03/Cuyahoga-Tax-Liens-Sales-3-1-15.pdf

HOMELESSNESS

According to point-in-time counts conducted once in year, there were 1,618 homeless individuals in the Cleveland/Cuyahoga County Continuum of Care (which includes both the city and county) in 2019. This is a decrease since 2015, when there were nearly 2,000 homeless individuals counted. The vast majority (93%) of homeless individuals counted were residing in a shelter (either an emergency shelter or other form of temporary housing for the homeless). Point-in-time counts tend to underestimate the unsheltered homeless population, because they rely on volunteer-conducted tallies of sheltered and unsheltered people experiencing homelessness on a single night in January each year. These counts do not capture seasonal homelessness and often miss families living in hotels or motels, in their vehicles, or doubled up with other families.



The homeless population in Cleveland is primarily Black/African American (72% in 2019). Whites make up 25% and Hispanics/ Latinos make up 5%. Blacks made up a slightly larger share of the homeless in 2019 than they had in 2015.

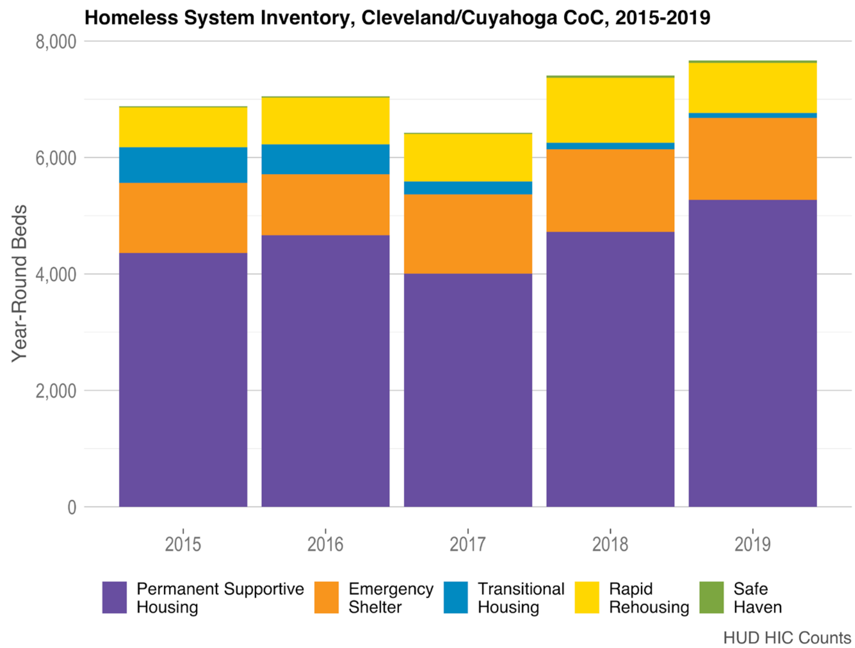


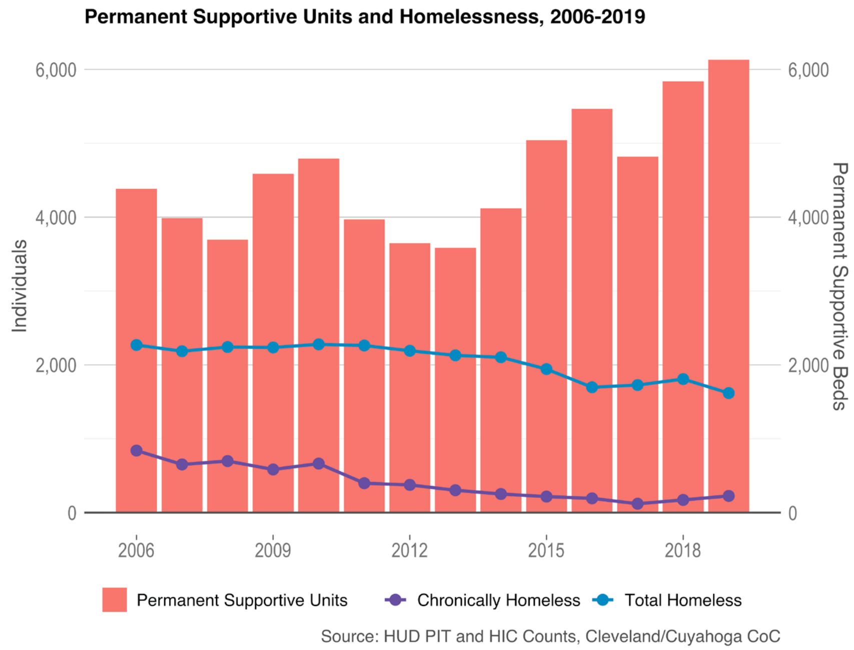
HOMELESS, CONTINUED

In 2019, the Cleveland/Cuyahoga County Continuum of Care included over 1,500 year-round shelter beds in emergency shelters, transitional housing, and safe haven shelters, and another 6,130 beds in rapid rehousing and permanent supportive housing facilities.

In 2002, a coalition of housing developers and service providers led by Enterprise Community Partners launched the Housing First Initiative in Cleveland and Cuyahoga County. The Initiative aims to end chronic homeless by providing subsidized permanent housing that is combined with wrap-around services. In 2006, the Initiative set the goal of developing 1,200 permanent supportive units. To date, the Initiative has produced 782 units in 13 buildings, plus over 260 scattered site units for adults, as a result of $132.6 million in capital investment and ongoing operating support. Since these efforts began, there has been a staggering 73.1% drop in chronic homelessness. Of those who access Housing First, only 4.8% return to homelessness. The Initiative is on track to meet its unit goal within the next 1-2 years.[1]

With the addition of over 1,000 units, and over 1,700 beds, of permanent supportive housing, the Cleveland/Cuyahoga County Continuum of Care now has a permanent supportive stock of over 6,000 units (see graph at right). Point-in-time counts tallied about 220 chronically homeless individuals in 2019, who we might expect to see access permanent supportive housing within the next two years as the Housing First Initiative continues to progress toward its ultimate goal. However, the total count of those experiencing homeless, though it has been trending downwards, remains over 1,500 individuals. This indicates that Cleveland and Cuyahoga County still have work to do to address seasonal and temporary homelessness that are the result of housing insecurity and income volatility, and that are more likely to affect families and children. This kind of homelessness can only be eradicated by addressing housing quality and affordability on a larger scale.



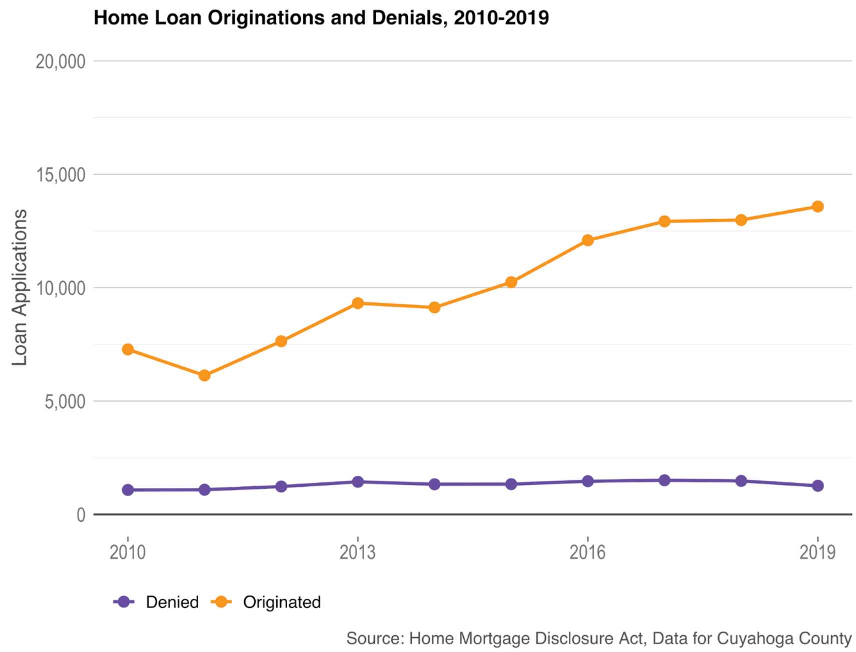


[1] Housing First Ohio. 2020. Enterprise Community Partners. https://www.enterprisecommunity.org/where-we-work/ohio/housing-first

8. LENDING

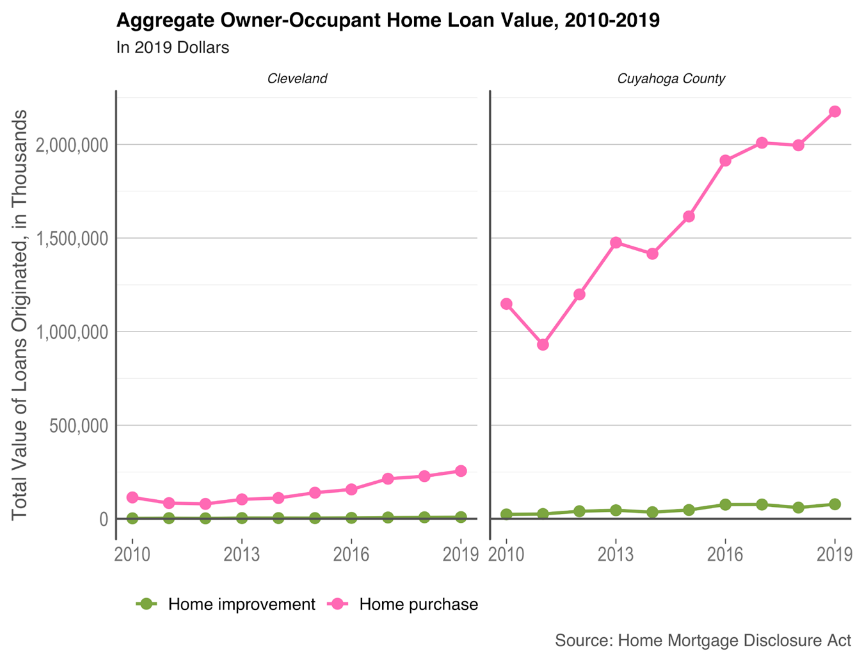
MORTGAGE ORIGINATIONS

Just as the volume of home sales has increased, so has the volume of first lien mortgage originations for the primary residences of owner-occupants, as shown in the graph on the right. In 2019, there were 13,577 mortgages originated in Cuyahoga County, compared to about half that number (7,277) in 2010. Meanwhile, mortgage loan denials have remained fairly constant, hovering between 1,000 and 1,500 denials per year since 2010. These data are collected by the Bureau of Consumer Finance pursuant to the Home Mortgage Disclosure Act (HMDA).



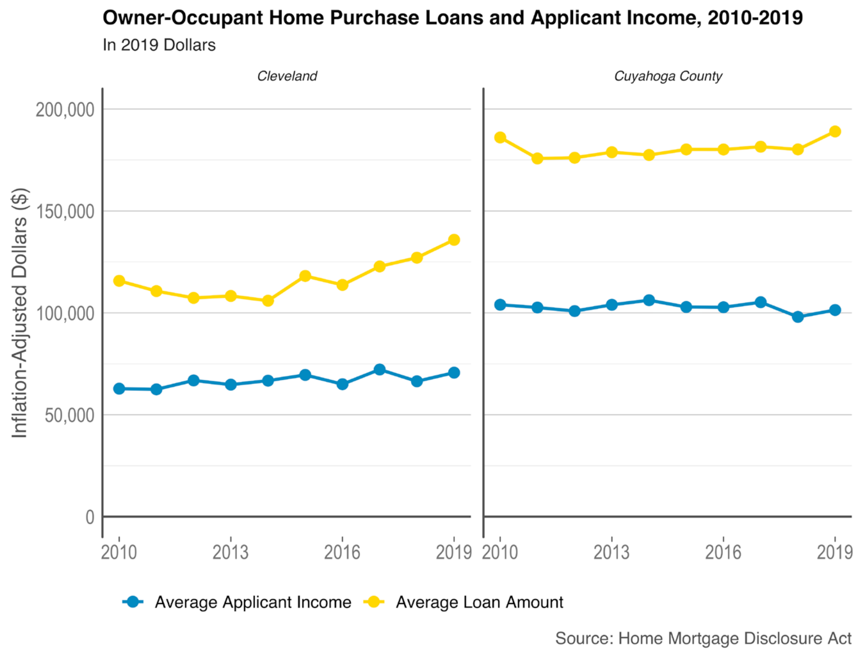
When we break out by geography, it becomes apparent that the number and total value of first lien mortgage originations for the primary residences of owner-occupants are increasing much more quickly in the county than in the city. In Cleveland, there were just over 1,000 home purchase loans originated in 2019 for a total value of about $255 million, compared to the County, where over 10,000 mortgages totaled to nearly $2.2 billion.

Home improvement loan volumes and values remain much lower , though they have increased in both the city and county since 2010.

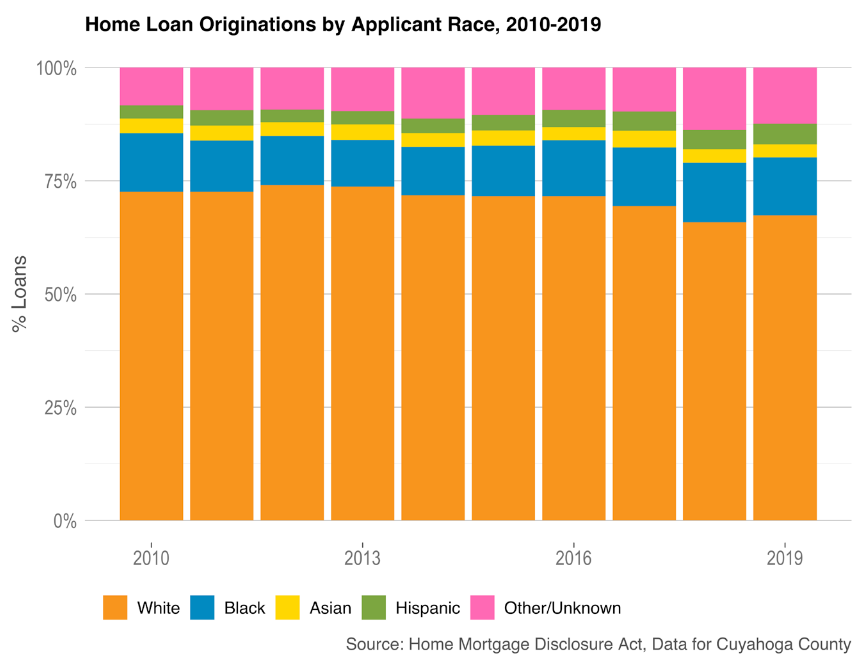


ORIGINATIONS, CONTINUED

For the average owner-occupant who receives a first lien mortgage in Cuyahoga County, neither their income ($101,400) nor their total loan amount ($189,000) has changed much since 2010. In the City of Cleveland, by contrast, the average loan amount has increased significantly (from $115,700 in 2010 to nearly $136,000 in 2019) and the income of the average loan recipient has also increased somewhat (from $62,800 in 2010 to $70,700 in 2019). This may suggest either that the city's housing market is strengthening and/or that low-income applicants are less and less able to access small loans.



Black applicants are conspicuously underrepresented among those approved for mortgages in Cuyahoga County, while White applicants are overrepresented. In 2019, of the 11,896 mortgages for which the applicant's race and ethnicity were reported, 77% went to White applicants, 15% to Black or African American applicants, 3% to Asian applicants, and 5% to Hispanic/Latino applicants. Compare this to Cuyahoga County as whole, where only 65% of households are White, but 30% are Black/ African American, 4% are Asian, and 4% are Hispanic.



ORIGINATIONS, CONTINUED

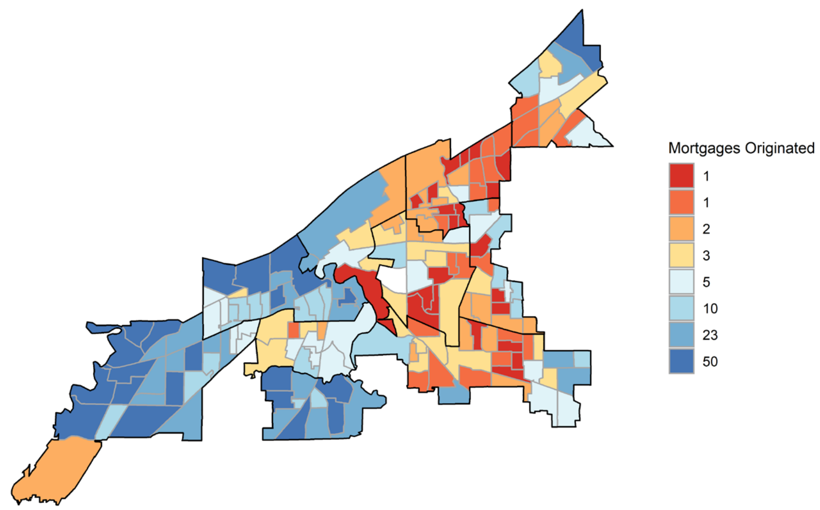
A 2018 study of mortgage lending patterns in Cuyahoga County conducted by the Fair Housing Center for Rights and Research notes that Cuyahoga County has a long history of racial segregation, mortgage redlining, and predatory lending based on race. The report found that "despite a demand for credit, people in predominantly African American neighborhoods [in Cuyahoga County] often cannot get mortgages to buy houses in their neighborhoods."

As the map in the upper right shows, mortgages are originated at much greater rates on Cleveland's West Side, especially in West Park and Detroit Shoreway-Ohio City-Tremont. The median tract saw only 14 mortgages originated in the average year, but one tract saw as many as 137.

This occurs for a variety of reasons, according to the Fair Housing Center. One reason is that many lenders refuse to make mortgages under an arbitrary minimum value (usually $50,000), with the result that it may be impossible to secure a mortgage loan in many Cleveland neighborhoods with median home values of less than $50,000, which, because of persistent segregation, tend to be majority Black. Another reason is the shift to online banking. Cuyahoga County lost 22 bank branches between 2016 and 2017 (making it 4th in the nation for loss of bank branches during that period). In a county where less than 20% of households have internet access in majority-Black neighborhoods, this means that many are cut off from mortgage lending.[1]

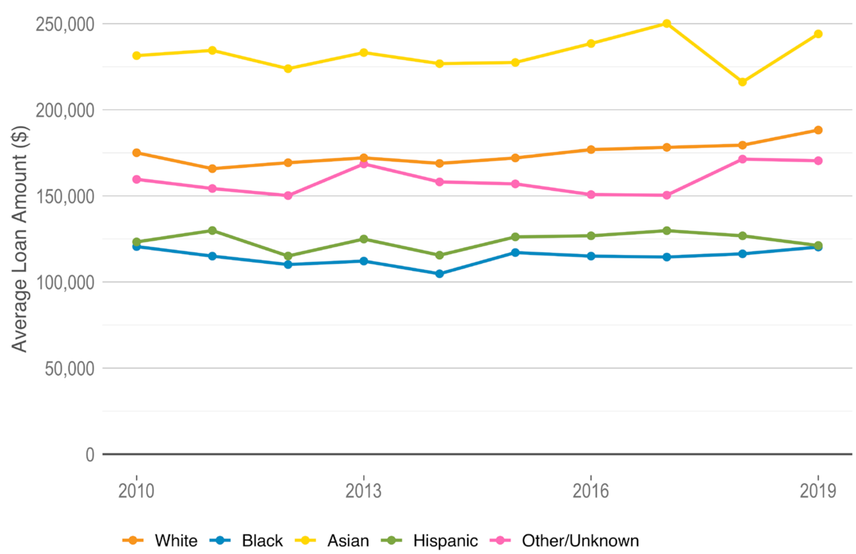
Black and Hispanic households also apply for and receive much smaller mortgage loans than Whites and Asians do (see graph at right). The average loan application amount for both Black and Hispanic households in 2019 was about $120,000, compared to $190,000 for White households and $244,000 for Asian households.

Cleveland City
Annual Average Mortgages Originated
by Census Tract (2011-2019)



Source: Home Mortgage Disclosure Act

Average Home Loan Amount by Applicant Race, 2010-2019
In 2019 Dollars

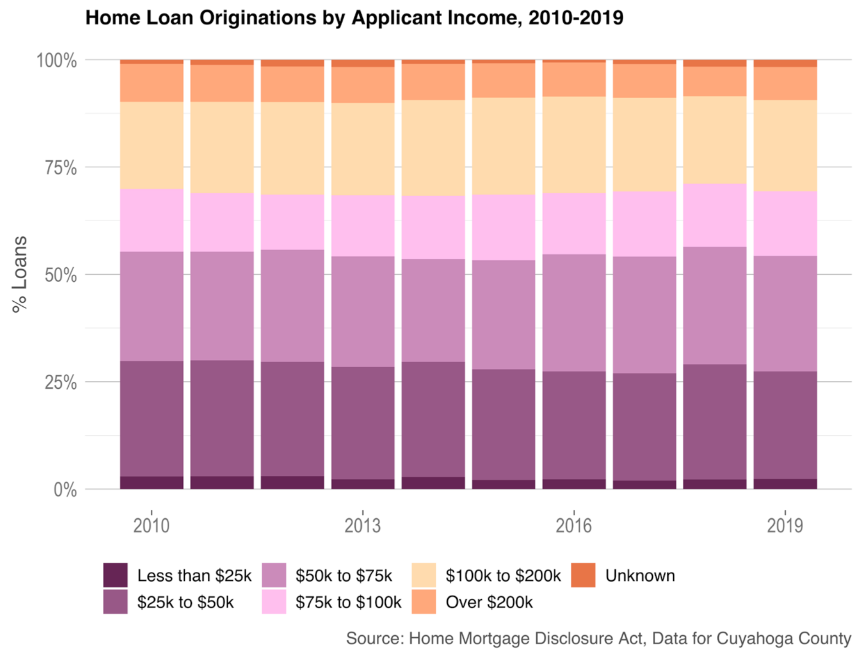


Source: Home Mortgage Disclosure Act, Data for Cuyahoga County

[1] Michael Lepley and Lenore Mangiarelli. Cuyahoga County Mortgage Lending Patterns. Fair Housing Center for Rights and Research, July 2018.

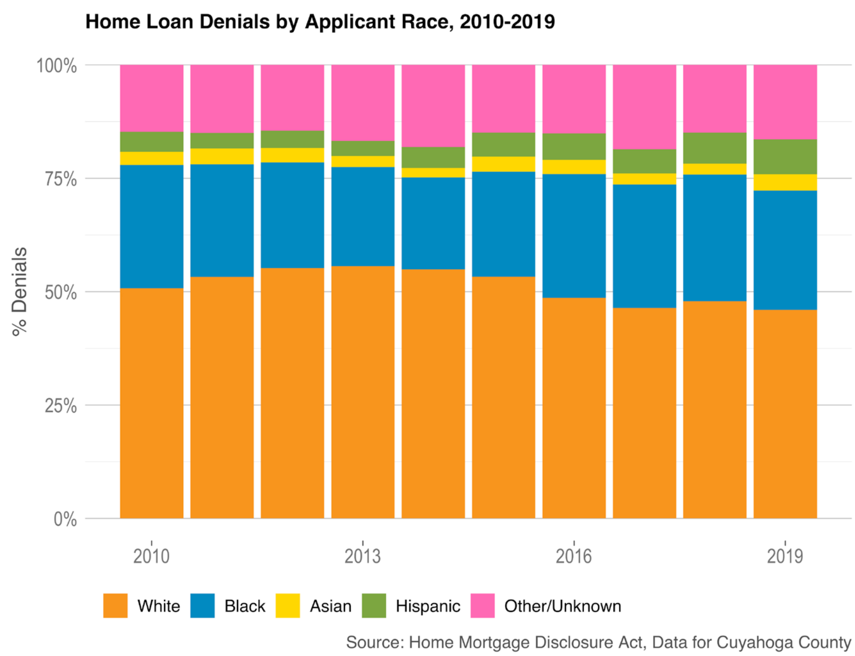
ORIGINATIONS, CONTINUED

A very small share of mortgages (about 2%) are approved for households earning less than $25,000, even though they make up 27% of Cuyahoga County's total households. Since, as we have seen, the median income for Black households is barely $30,000 in Cuyahoga County, income explains some (but not all) of their underrepresentation among mortgage recipients. Households with incomes between $50,000 and $75,000 are most heavily overrepresented, by contrast; they receive 27% of mortgages but only make up 17% of all households.



MORTGAGE DENIALS

Lenders denied 1,262 mortgage loan applications by owner-occupants for a principal residence in Cuyahoga County in 2019. This is a very similar total to past years. Among the applicants who reported their race and ethnicity, 55% of loan denials went to Whites, 31% to Blacks/African Americans, 4% to Asians, and 9% to Hispanics/Latinos. Thus, Whites are underrepresented among denied applicants and people of color are overrepresented, compared to their share of the population. Blacks are especially overrepresented among denials given that they make up only 16% of mortgage loan applicants. In fact, Blacks were denied for mortgages 16% of the time in 2019, compared to Whites, who were denied only 6% of the time. Blacks' share of loan denials has increased since 2014, as shown in the graph to the right.



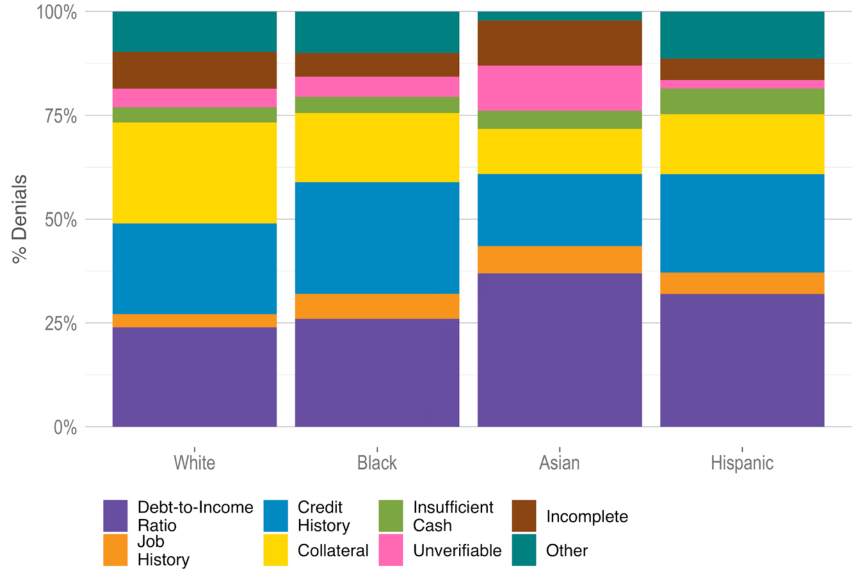
DENIALS, CONTINUED

The HMDA requires reporting on the reasons why applicants were denied. The principal denial reasons vary by race and ethnicity. Asians and Hispanics are more likely than other groups to be denied because of a too-high debt-to-income ratio, while Blacks are more likely to be turned away because of their credit history. Whites are more likely to be denied than other groups because the value or type of collateral was insufficient (most likely because an independent appraisal could not support the home-buyer's and home seller's agreed-upon sales price).

The Fair Housing Center for Rights and Research notes that lenders use credit scores as a theoretically race-neutral way to assess borrowers' risk, but in reality, borrowers of color are often excluded from the mainstream financial system and are instead "forced into a volatile, sometimes predatory, secondary credit market causing low credit scores, or they have no credit at all." As a result, borrowers of color are more frequently denied mortgages on the basis of their credit history.[1]

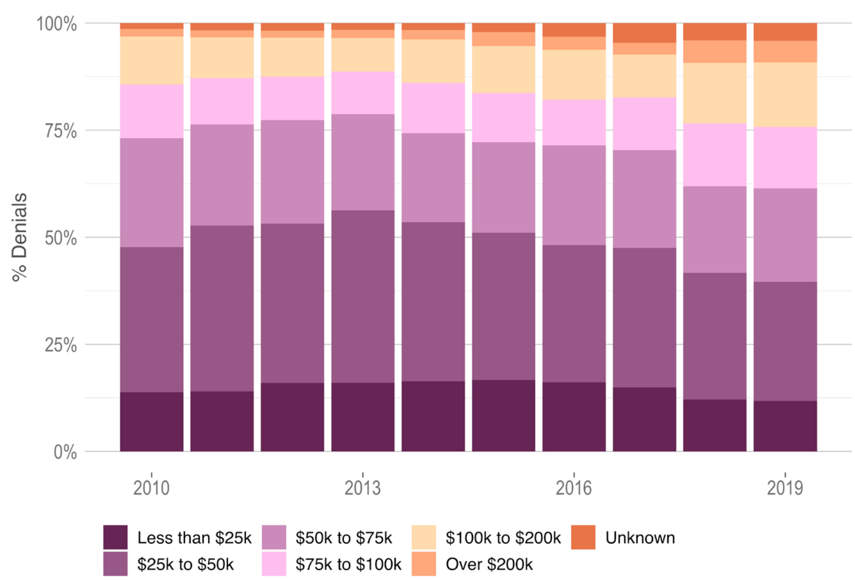
Purchase-loan denials are concentrated among applicants with incomes between $25,000 and $75,000 (62%). Far fewer denials go to applicants earning more than $75,000 (27%). Applicants earning less than $25,000 are denied at high rates, but they account for fewer overall denials (11%) for the simple reason that they make up a very small share (2%) of the mortgage applicant pool. The breakout of denials by income has remained fairly constant since 2010.

Home Loan Denial Reasons by Applicant Race, 2010-2019



Source: Home Mortgage Disclosure Act, Data for Cuyahoga County

Home Improvement Loan Denials by Applicant Income, 2010-2019

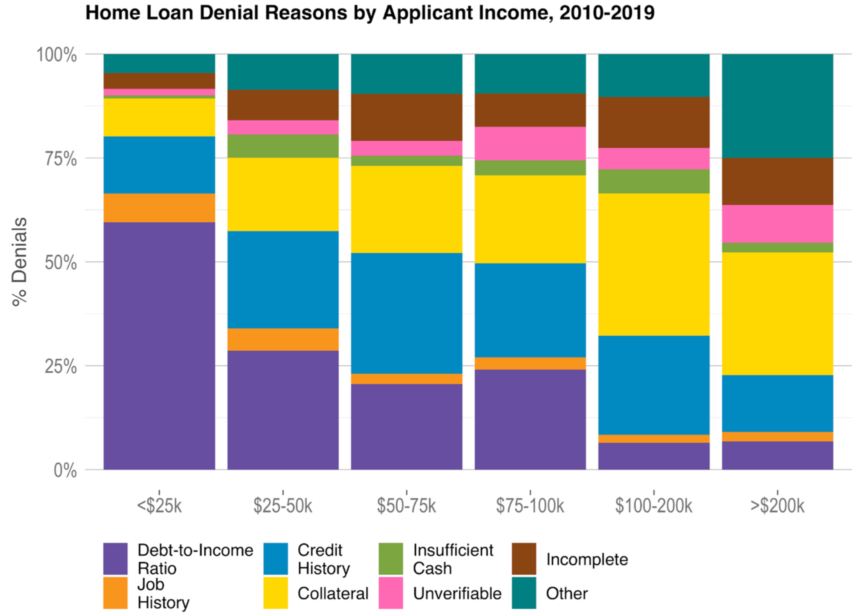


Source: Home Mortgage Disclosure Act, Data for Cuyahoga County

[1] Michael Lepley and Lenore Mangiarelli. Cuyahoga County Mortgage Lending Patterns. Fair Housing Center for Rights and Research, July 2018.

DENIALS, CONTINUED

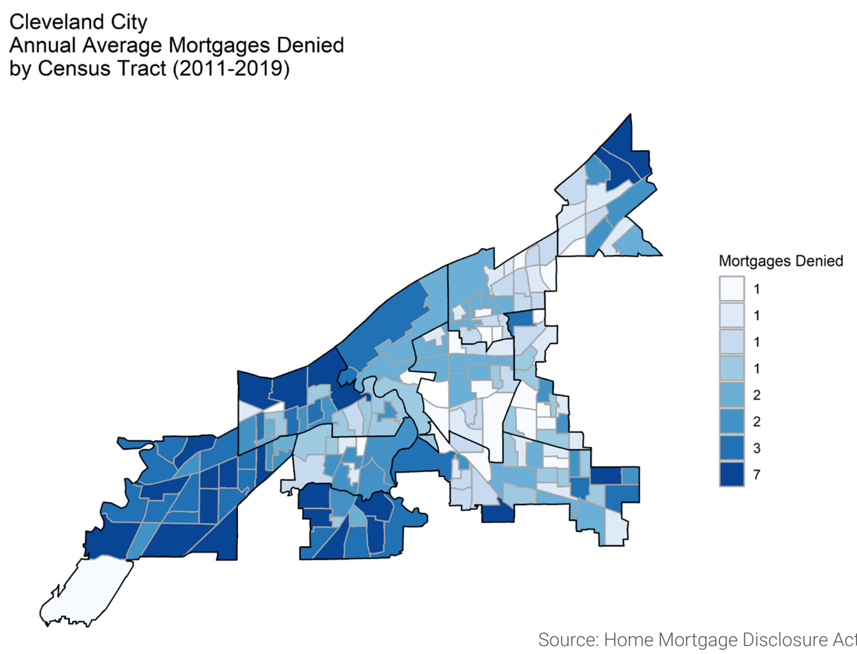
The reason for a mortgage denial correlates strongly with the applicant's income. Low-income applicants are far more likely to be denied on the basis of their debt-to-income ratio. Among higher-income applicants, insufficient collateral, unverifiable application information, and incomplete applications are more common reasons for denial. Interestingly, maintaining a satisfactory credit history presents a challenge for applicants across income bands.



Source: Home Mortgage Disclosure Act, Data for Cuyahoga County

A 2019 study of home mortgage lending in Cuyahoga County conducted by the Western Reserve Land Conservancy analyzed the actions taken by 380 lenders nationwide that received applications for a mortgage or home repair loan for a property in Cuyahoga County. It found that there were persistent and significant disparities in access to mortgage lending for Black borrowers and majority-Black communities, compared to Whites. In addition, Black borrowers were denied at higher rates than Whites, regardless of income. Huntington Bank, which is one of three banks in Cleveland that entered into a community benefits agreement to improve lending to underserved communities, stood out in terms of making home purchase and home improvement loans on the underserved East Side, in lending to low- and moderate-income borrowers, and in making small-dollar home purchase loans for $50,000 or less.[1]

The map on the right shows that the absolute volume of mortgage denials is highest on the West Side, but this is due to a much higher volume of applications in these neighborhoods. Applications on the East Side are denied at a proportionally higher rate.

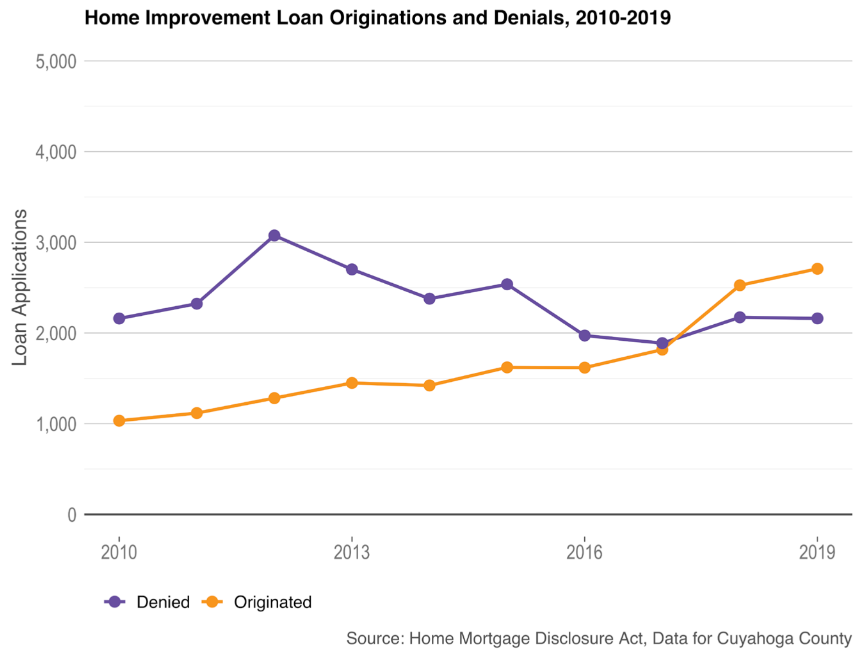


Source: Home Mortgage Disclosure Act

[1] Frank Ford. Home Mortgage Lending in Cuyahoga County: With a Focus on Three Lenders with Community Benefits Agreements. Western Reserve Land Conservancy, December 22, 2019.

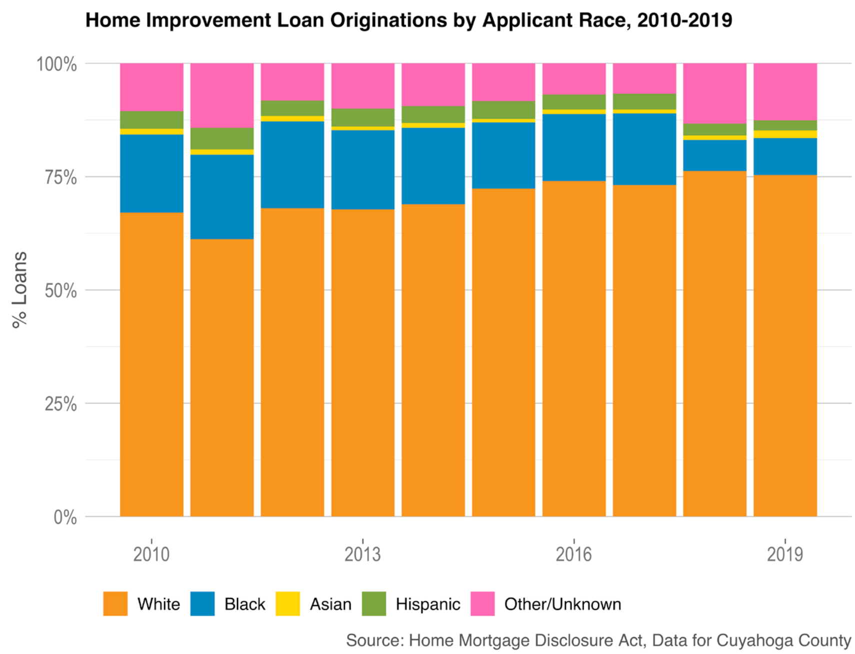
IMPROVEMENT LOANS

The Bureau of Consumer Finance tracks not just mortgage lending but also home improvement financing. The total number of home improvement loan applications in Cuyahoga County has increased from just under 3,200 in 2010 to over 4,800 in 2019, suggesting an increase in substantial home renovations undertaken by owner-occupants. Home improvement loans are denied at a far higher rate than mortgage loans, however. In fact, there were twice as many denials as originations in 2010. By 2017, the chance of being denied or approved was about equal, and only for the last two years have originations outnumbered denials by about 400 loans per year.



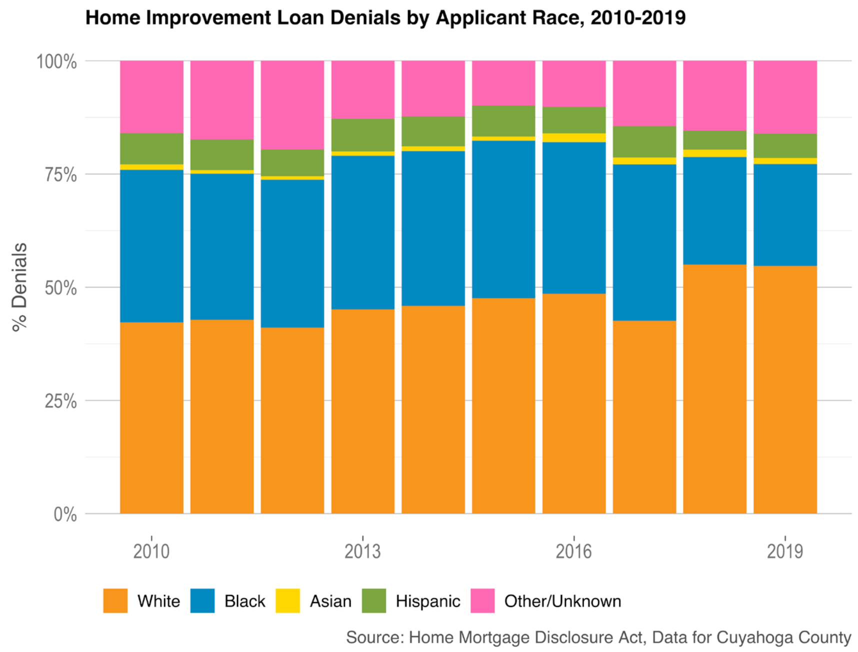
Also worth noting is that the average value of home improvement loans has increased since 2010, adjusting for inflation. This is true for all racial and ethnic groups, though the largest increases occurred for Asians. By 2019, the average home improvement loan was $62,972, compared to $32,712 in 2010.

Just as with purchase loans, Blacks are underrepresented among the recipients of home improvement loans. They receive only 8% of such loans, even though 30% of households in Cuyahoga County are Black/ African American. Asians and Hispanics are also somewhat underrepresented, receiving 2% of home improvement loans each, but making up 3% and 4% of households, respectively.

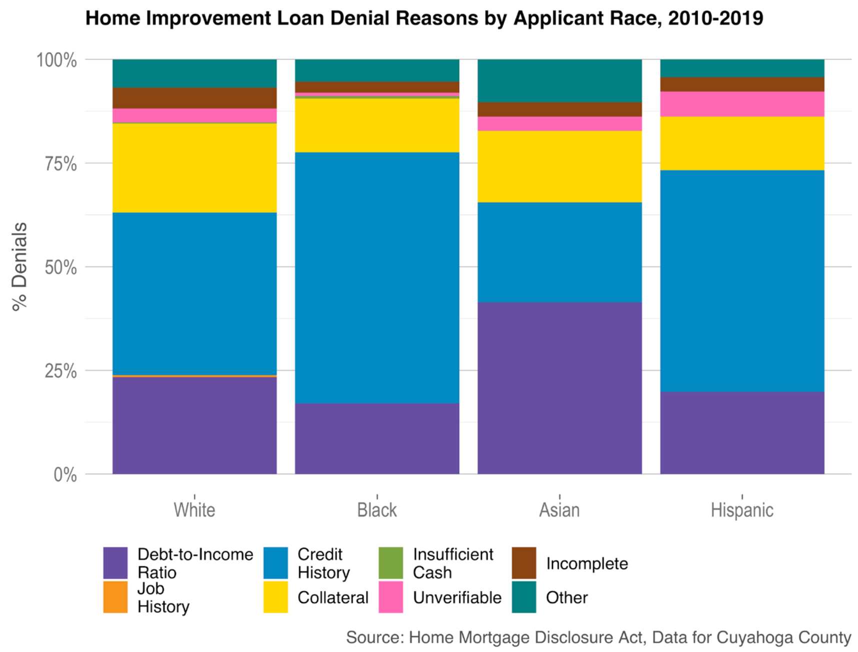


LOANS, CONTINUED

In 2019, Black and Hispanic applicants were denied for home improvement loans more than two-thirds of the time. Whites and Asians, by contrast, were denied only about 40% of the time. The unequal distribution of denials by race/ethnicity is evident in comparing the chart at right with the one on the previous page: Blacks and Hispanics make up a far larger share of denials than they do of originations.



For all races and ethnicities, too-high debt-to-income ratios, unsatisfactory credit histories, and insufficient collateral were the principal reasons denying home improvement loans. But credit history played an outsized role for Blacks and Hispanics, while debt was the number one reason for Asians' denials.

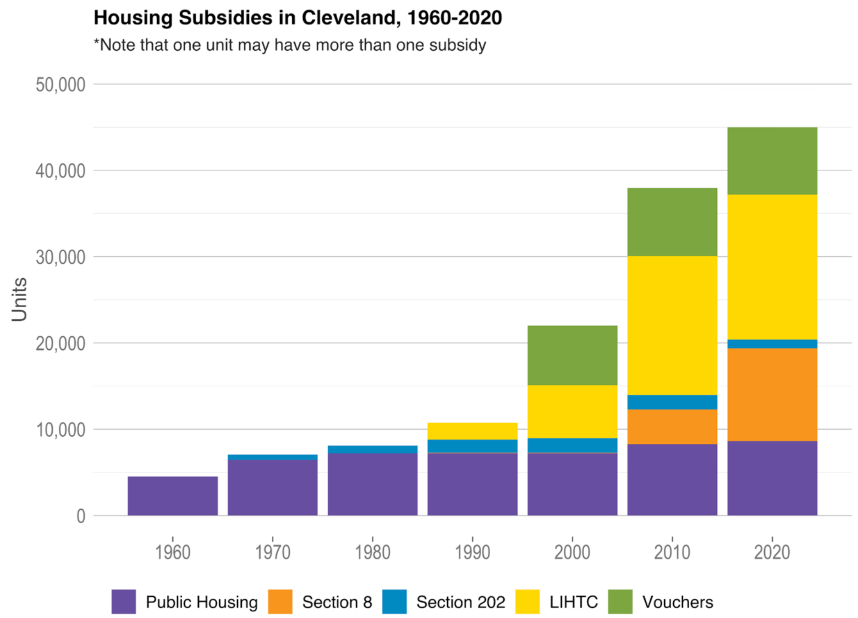


9. SUBSIDIES AND INVESTMENT

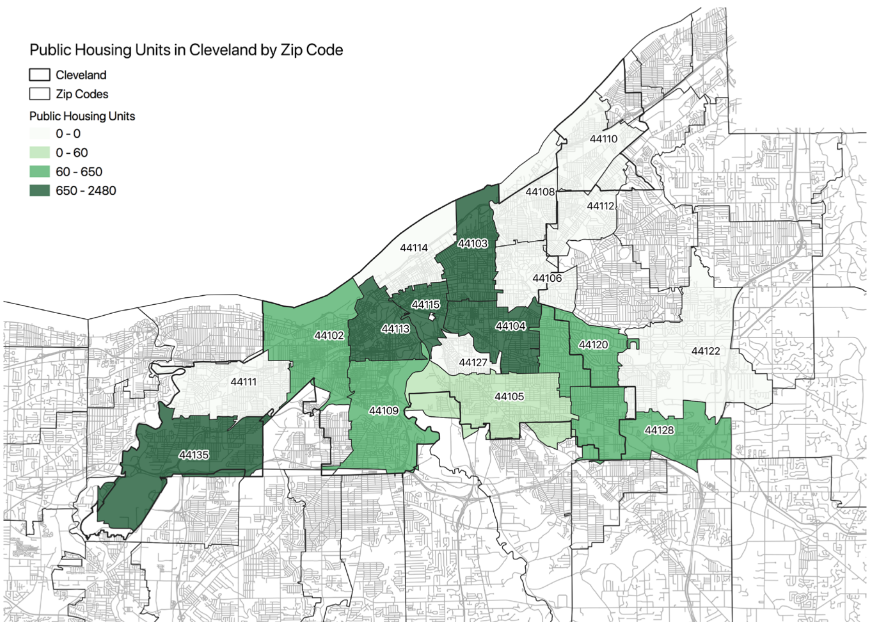
FEDERALLY SUBSIDIZED UNITS AND EXPIRATIONS

The composition of the subsidized housing stock in Cleveland has changed significantly since the 1960s. Although the public housing stock grew slightly in the 1970s and 80s, major growth in the subsidized stock did not occur until 2000, when Cleveland added thousands of Low-Income Housing Tax Credit (LIHTC) units and the Cuyahoga Metropolitan Housing Authority (CMHA) began granting Housing Choice Vouchers. By 2010, LIHTC had outpaced all other federal housing subsidies within the City of Cleveland, even as CMHA added new project-based Section 8 units. As of 2019, the composition of federally subsidized housing in Cleveland is as follows: 16,805 LIHTC units (making up 41% of all unit-subsidies); 8,354 project-based Section 8 units (20%); 8,291 public housing units (20%); 7,812 Housing Choice Vouchers (19%); and 708 Section 202 units (less than 1%). Note that subsidies often overlap, with one unit having multiple subsidies.

HUD's Picture of Subsidized Households publishes some data about the tenants of HUD-subsidized housing and about the neighborhoods in which subsidized units are located (these figures exclude LIHTC, which is subsidized through the Internal Revenue Service). As of 2019, 92% of HUD-subsidized housing in Cleveland was occupied. About 12% of residents had moved into these units within the past year. Families contributed an average of $235/month for their unit, while HUD spent $773 per family per month. HUD-subsidized households in Cleveland have extremely low incomes—averaging only about $9,900 per year. Most households are female headed (69%), about a third include children (33%), and many include disabled persons (25%). About 81% are non-Hispanic Black and 8% are Hispanic. The average family spent nearly 3 years on a waitlist and has lived in HUD-subsidized housing for close to 8 years. The average HUD-subsidized household lives in a census tract where nearly half (46%) of residents are in poverty, 78% of residents are people of color, and 68% of units are rentals.



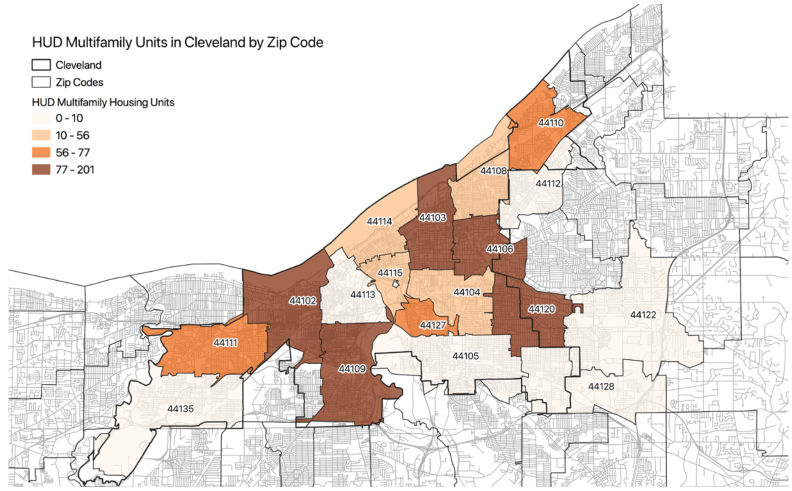
Source: National Housing Preservation Database & HUD POSH

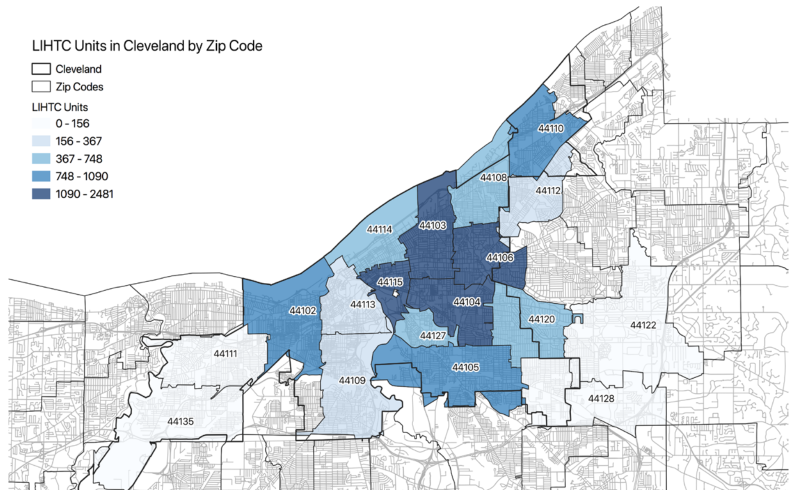


Source: National Housing Preservation Database

FEDERALLY SUBSIDIZED UNITS, CONTINUED

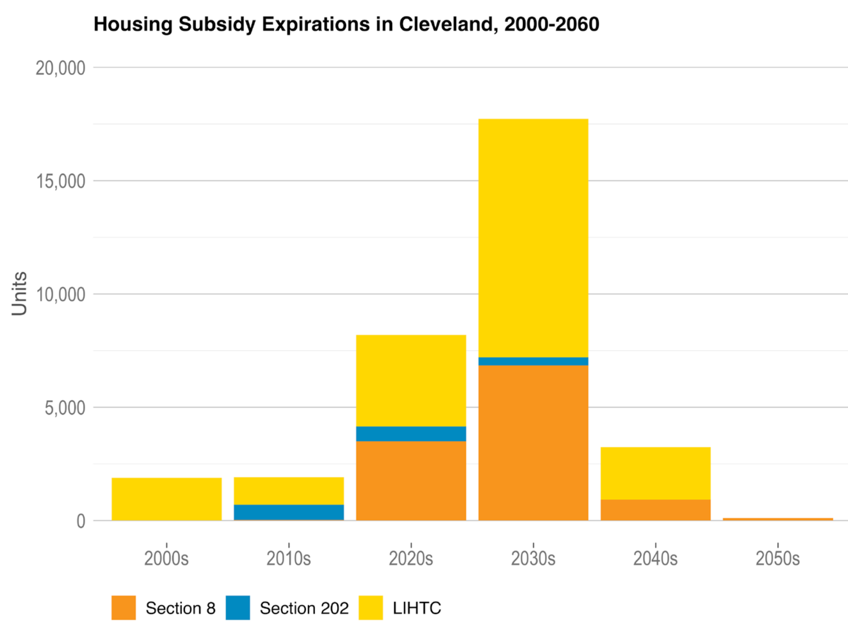
The maps on the previous page and at right show the concentration of HUD- and LIHTC-subsidized units throughout the City of Cleveland. Public Housing is concentrated in a ring around Downtown and in the West Park neighborhood in the far southwestern corner of the city. HUD multifamily housing (which includes housing subsidized through Section 8, Section 202, and Section 811) is concentrated on the East Side and near West Side of Cleveland. Finally, LIHTC units are clustered on the East Side.





Source: National Housing Preservation Database

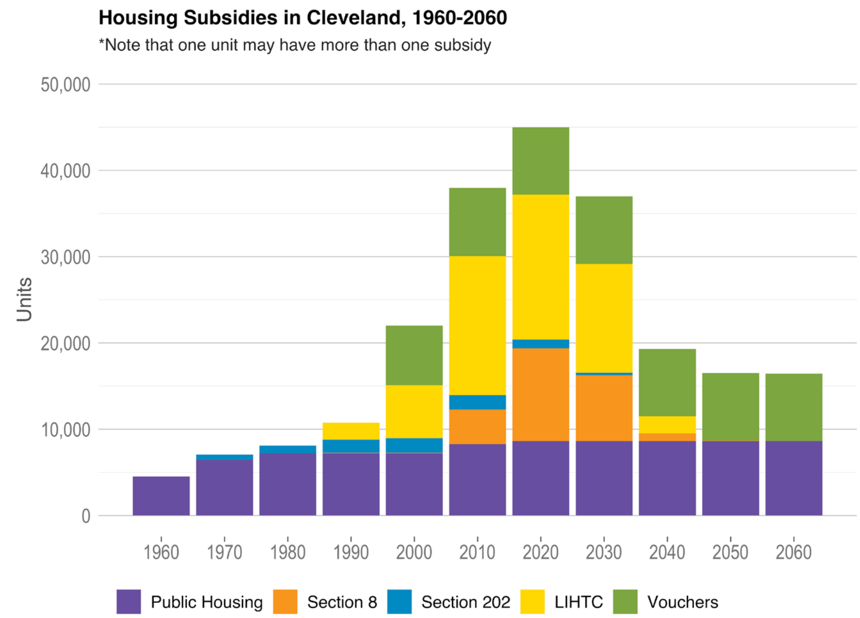
Some subsidy programs, including LIHTC, project-based Section 8, and Sections 202 and 811, subsidize privately owned rental housing. These subsidies are temporary—they expire after a certain affordability period (often 30 years) elapses. At that point, the property owner can choose to renew their contract or to start renting out their units at market rate (alternatively, they can remove their units from the rental market entirely). Many properties reaching their expiration dates require capital investment to make needed repairs. As shown in the graph below right, many LIHTC and Section 8 units in Cleveland will reach their expiration dates within the next 10 years. The Cuyahoga Affordable Housing Alliance (CAHA) has actively pursued interventions to preserve expiring units as affordable since 1997. Additional preservation funds are urgently needed.



Source: National Housing Preservation Database

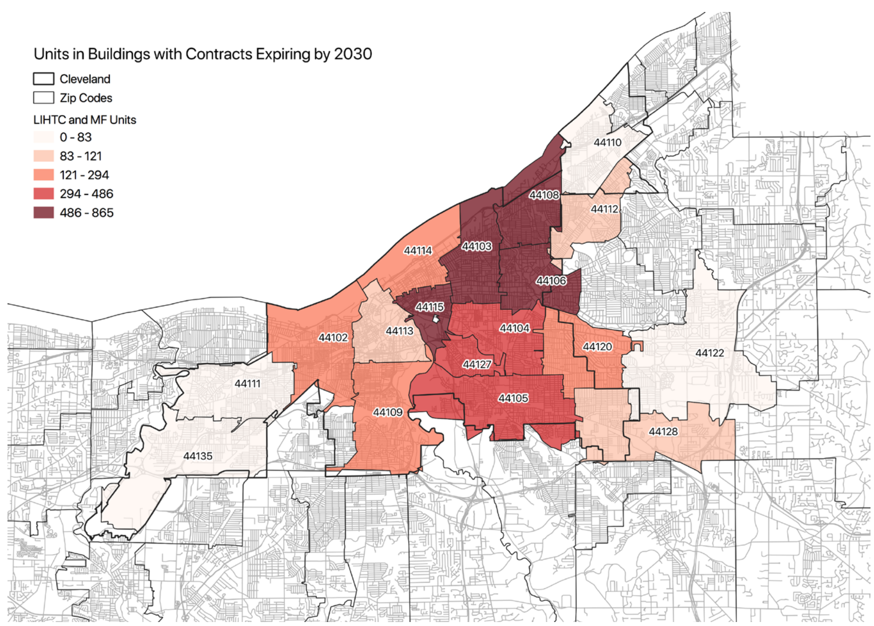
FEDERALLY SUBSIDIZED UNITS, CONTINUED

The graph at right shows what Cleveland's subsidized housing stock may look like by 2040 if units are allowed to expire without renewal and/or recapitalization.



Source: National Housing Preservation Database & HUD POSH

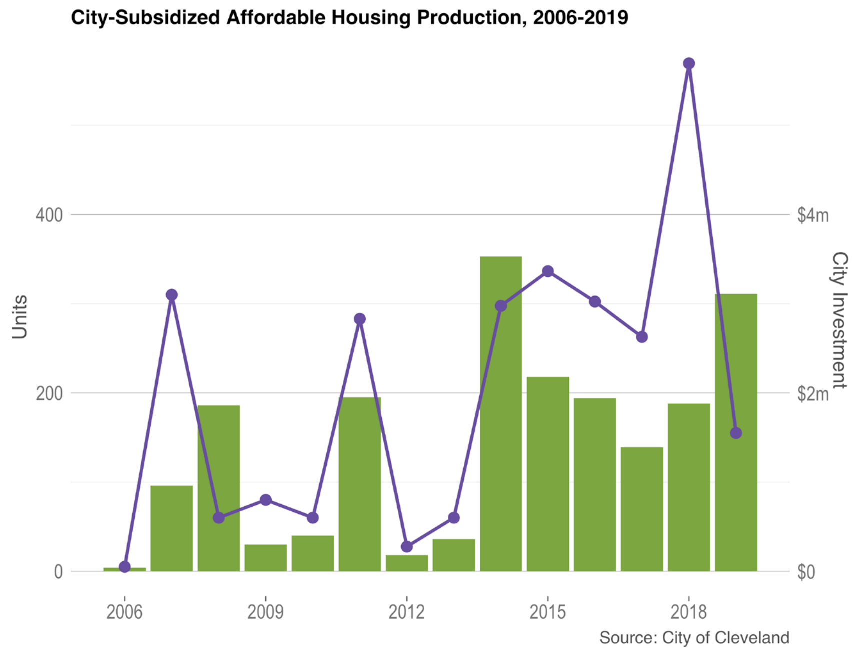
As shown in the map at right, the LIHTC and HUD Multifamily units at risk of expiring by 2030 are not spread evenly across the city but concentrated on the East Side, particularly in four zip codes: 44115, 44103, 44108, and 44106. The fact that expirations are clustered in this way means that they have the potential to negatively impact entire neighborhoods, particularly the neighborhoods of St. Clair-Superior, Glenville, Hough, Fairfax, Central, and Goodrich-Kirkland Park.



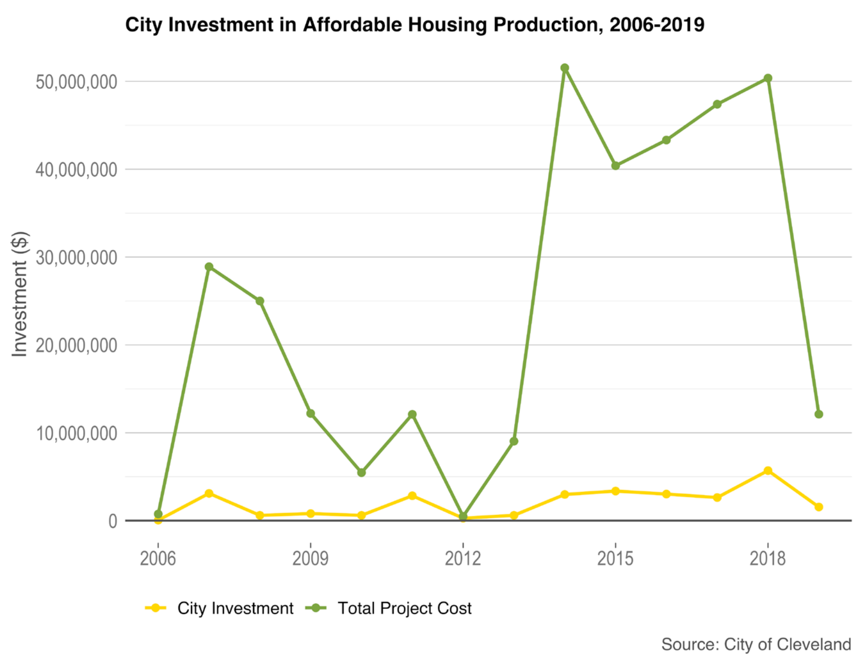
Source: National Housing Preservation Database

CITY-SUBSIDIZED AFFORDABLE HOUSING

The City of Cleveland also subsidizes the development of affordable housing, including single- and multi-family construction and rehab. Both the amount of subsidy (the purple line on the graph at right) and the number of units subsidized (in green bars) have increased substantially since 2006, the earliest year for which data are available, though the figures fluctuate year to year. In 2019, the City invested $1.55 million to subsidize 311 units. Because the units cost a total of $12.1 million to develop, the City had a leverage ratio of 7.81.



The graph at right compares the amount of the City's investment to the total cost of developing the subsidized units. The City's leverage ratio reached 18.04 in 2017, but dropped thereafter.



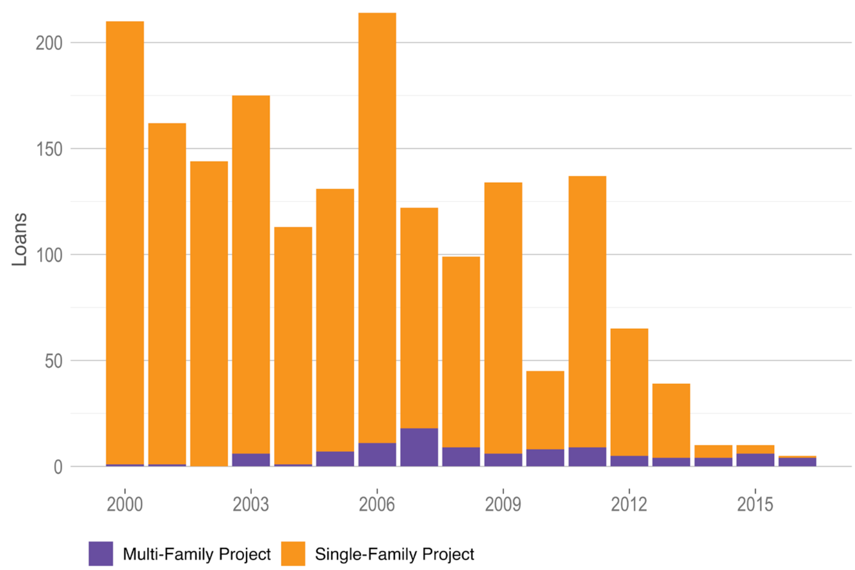
CITY LOANS FOR HOUSING DEVELOPMENT

One way the City invests in housing production is through Housing Trust Fund loans. Through a competitive proposal process administered by the Department of Community Development, the Housing Trust Fund provides HOME Investment Partnerships (HOME), Community Development Block Grant (CDBG), and other public funds for investment in housing development projects that provide affordable units and/or advance the City's neighborhood revitalization strategies. The number of loans awarded has decreased since 2000, as shown in the graph above right. In 2016, the last year for which data were available, only 5 loans for a total of $2.63 million were awarded to support the development of 151 units. Compare this to 2010, when 45 loans for a total of $12.97 million were awarded to support the development of 917 units.

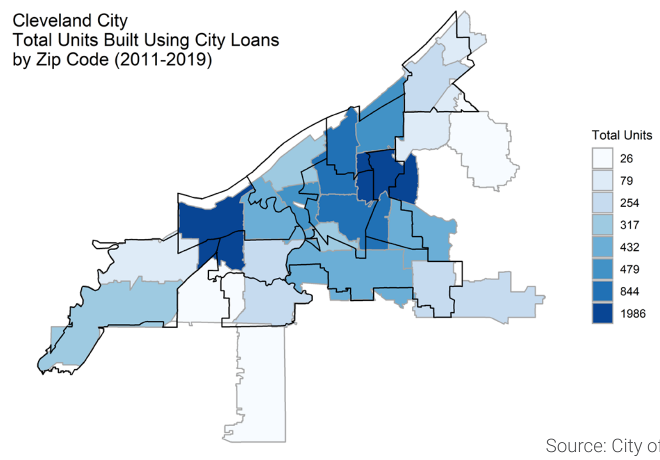
The total number of units built using City loans is heavily skewed by the Circle North-University Circle-Buckeye-Shaker-Larchmere neighborhood, which built 1,986 units in 2011 through 2019. By contrast, the median zip code built 305 units with the help of City loans.

The primary source loan funds is the HOME program, though the Neighborhood Stabilization Program (NSP) played an important role following the Recession in 2009-2013.

City Housing Loans Issued by Project Type, 2000-2016

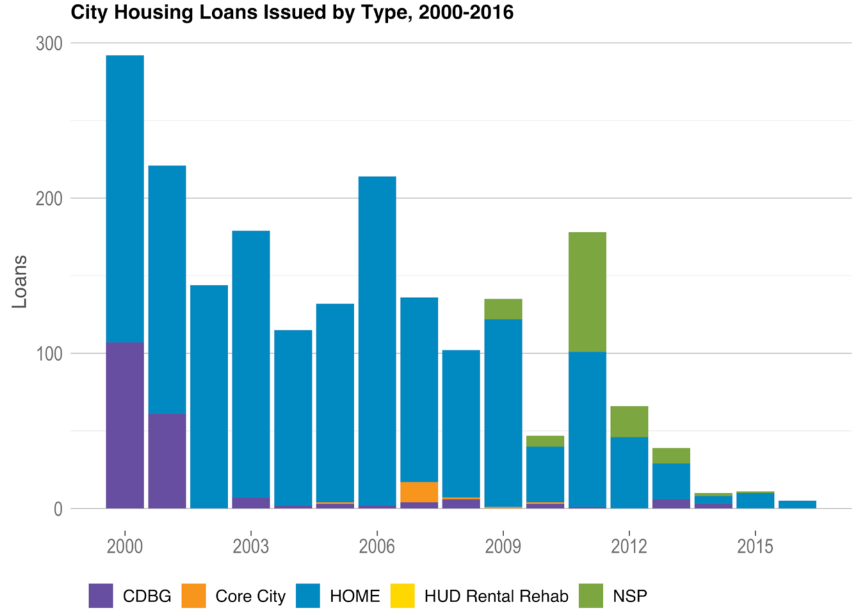


Source: City of Cleveland



Source: City of Cleveland

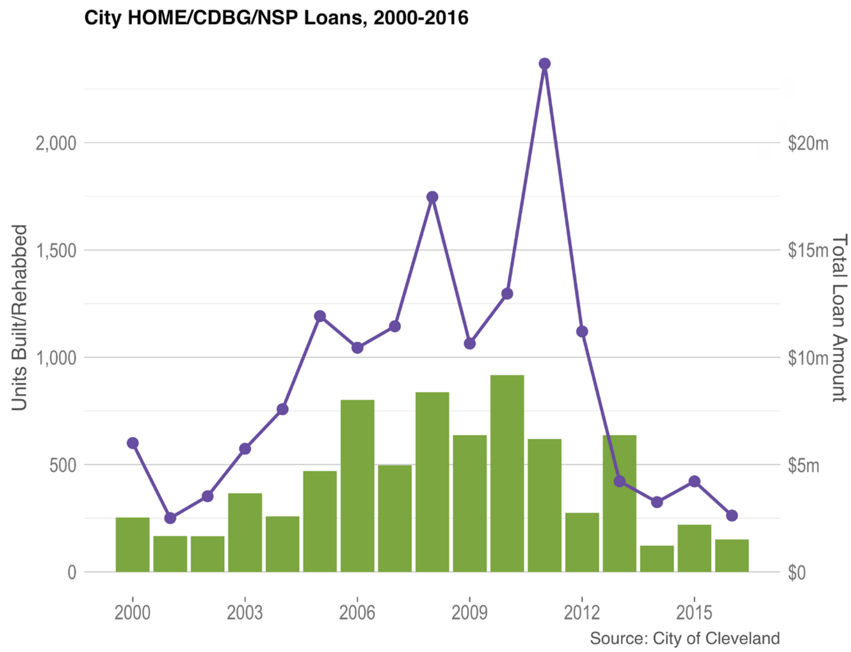
City Housing Loans Issued by Type, 2000-2016



Source: City of Cleveland

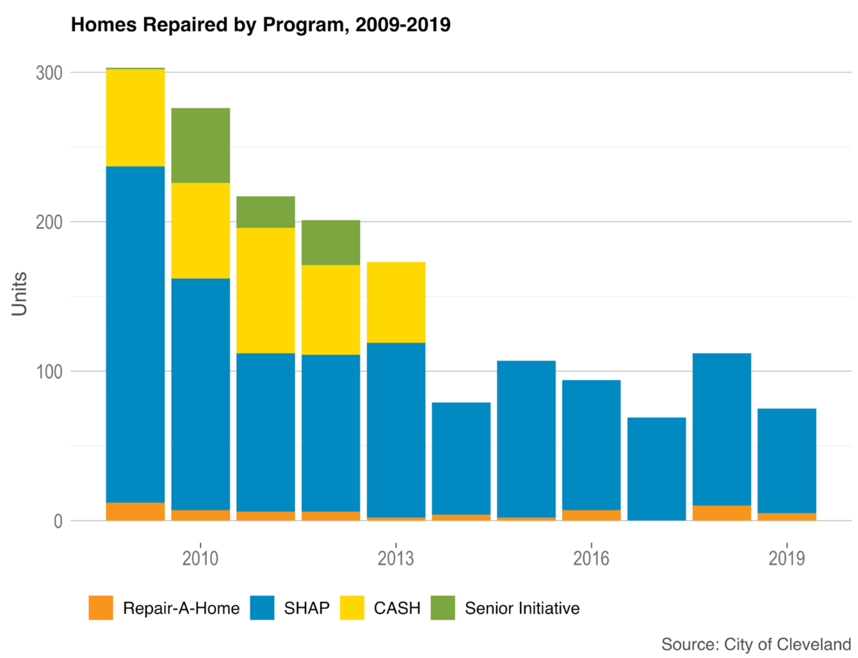
CITY DEVELOPMENT LOANS, CONTINUED

The graph at right juxtaposes the total amount loaned (in purple) with the number of units developed (in green). Lending peaked in 2011 at over $23 million. However, development peaked the year prior (2010). By 2016, both lending and development had fallen to a low not seen since 2001.



CITY HOME REPAIR PROGRAMS

The City of Cleveland's Division of Neighborhood Services administers a variety of programs to support home repairs. Repair-A-Home offers low-income homeowners low-interest loans for code-related repairs, mechanical repairs, or health-and-safety repairs. The Senior Homeowner Assistance Program (SHAP) provides grants to low-income Cleveland residents aged 60 or over, or disabled adults, who own a single- or two-family home in need of critical repairs. The Senior Initiative similarly provided home repair assistance through the cooperation of the City's Departments of Aging, Building and Housing, Community Development, Consumer Affairs, Public Health, and Law, but is no longer active. Finally, Cleveland Action to Support Housing (CASH) was formed in 1978 through a partnership between the City and local financial institutions and provided loans with below-market interest rates for home repairs.

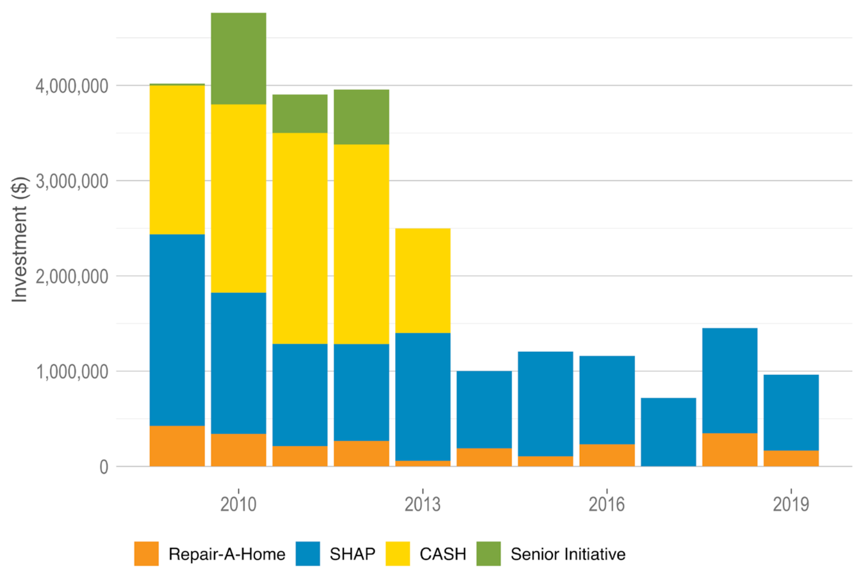


CITY HOME REPAIR PROGRAMS, CONTINUED

The number of homes repaired through these programs in 2019 was 75 for a total of $963,000 in loans and grants. Compare this to 2009, when over 300 homeowners were served for a total of $4 million.

Home repairs decreased for three reasons. First, HUD revised the income documentation required for CDBG-funded programs, making it more difficult to enroll households in these programs. The requirements have been relaxed during the COVID-19 pandemic, but only slightly. Second, there was a reduction in funding allocated by the City to home repair. Finally, the pool of lead-certified contractors eligible to perform home repairs has decreased within the last five years.

Homes Repair Investment by Program, 2009-2019

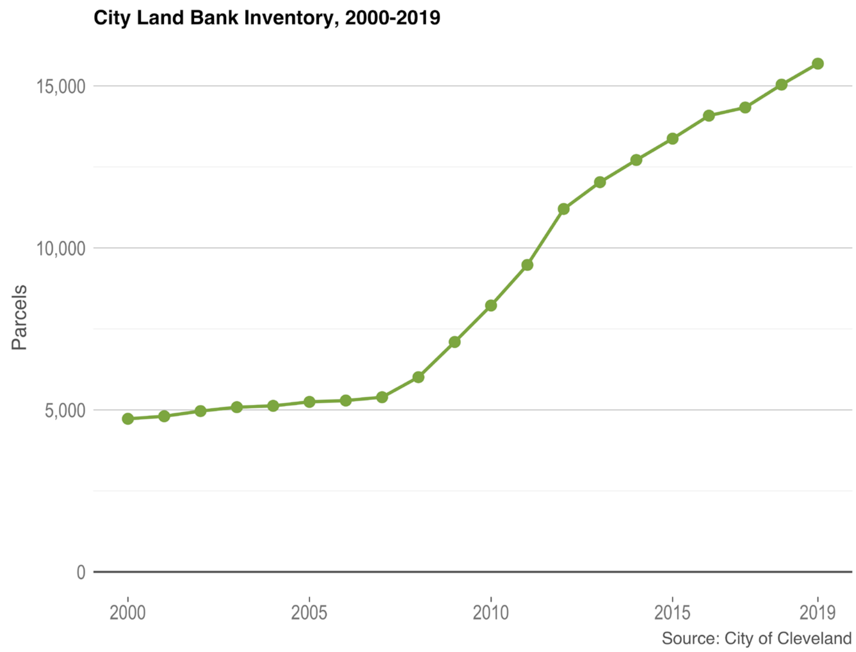


Source: City of Cleveland

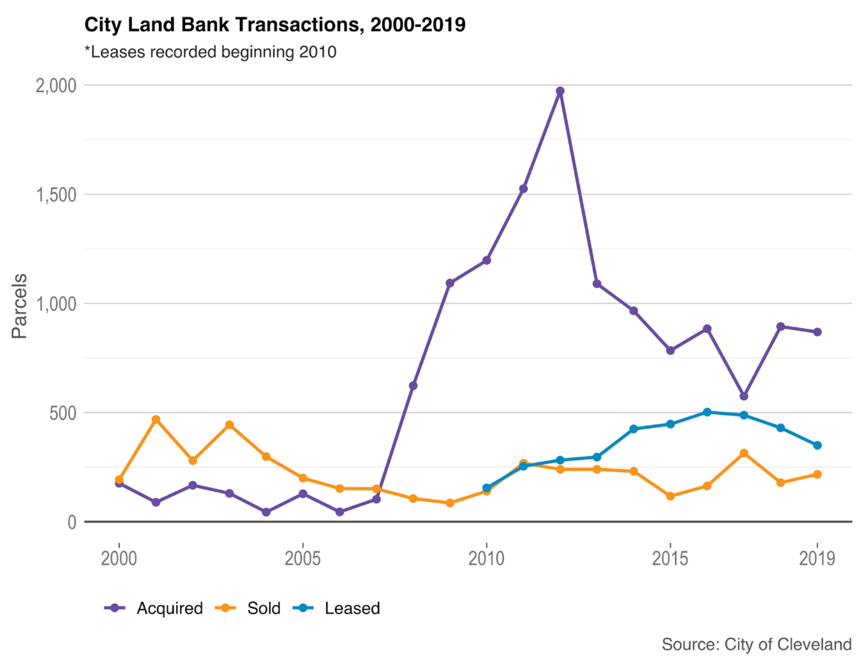
10. CITY LAND BANK

CITY LAND BANK

The City of Cleveland's Land Reutilization Program (also called the City Land Bank) acquires vacant lots with the goal of transferring them to responsible parties in order to return them to productive use. The City Land Bank can hold these vacant parcels for a relatively long period of time in order to assemble them for projects. By contrast, the Cuyahoga County Land Bank can acquire both lots and structures, and has greater flexibility in processing transfers, but holds them for a shorter period of time.[1] The City Land Bank also works to repurpose vacant lots for green uses. For example, the Land Bank has partnered with non-profits in the Re-Imagining Cleveland initiative to lease vacant land for vineyards, orchards, market gardens, pocket parks, and stream bed reconstruction, as well as sell the land to residents for side yards.[2]



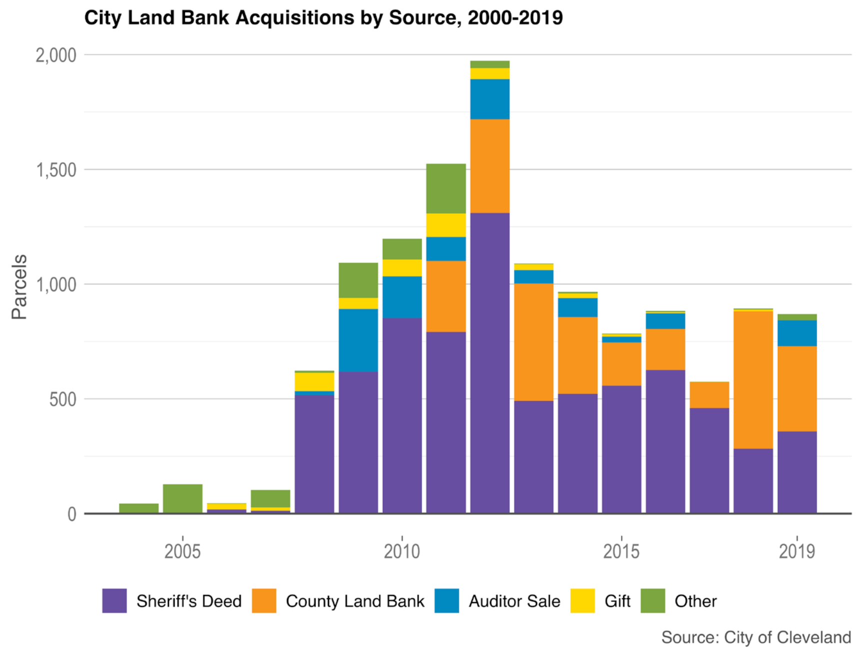
As of September 25, 2020, the City Land Bank held 15,943 parcels, for a total of about 1,840 acres of land, or 3.5% of the City's land area. The Land Bank's holdings have increased significantly since 2000, when the inventory included only 4,725 parcels. The Land Bank acquired much of its current inventory in the years following the Great Recession (2009-2015), when it acquired an average of over 1,400 parcels per year. At the same time, the Land Bank sells only about 225 parcels per year. Sale volumes have been fairly constant over the life of the land bank. The number of parcels leased or licensed began to be tracked only in 2010 when Re-Imagining Cleveland projects were initiated. Since then, about 360 parcels per year have been leased or licensed.



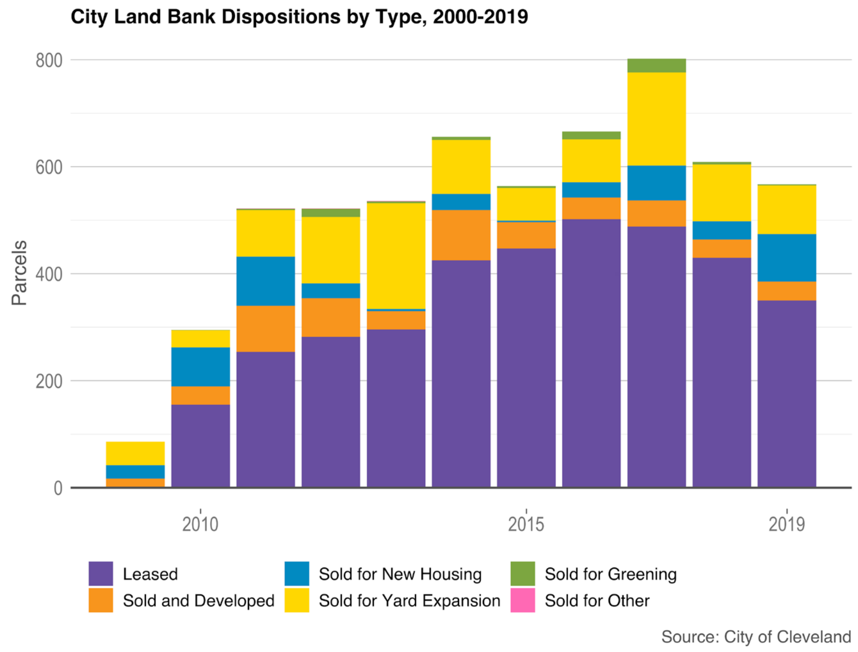
[1] Marsha Garrett. 2015. "City of Cleveland Land Bank." PowerPoint Presentation. February 3, 2015. https://cuyahoga.osu.edu/sites/cuyahoga/files/imce/Program_Pages/MarketGardener/Week%202%20ClevelandLandBank.pdf
[2] Cleveland Neighborhood Progress. 2020. "About." Re-Imagining Cleveland. http://www.clevelandnp.org/reimagining-cleveland/

LAND BANK, CONTINUED

The source of acquisitions for the Land Bank has varied over time. Beginning in 2008, sheriff's deeds (in purple) became a major source of the Land Bank's inventory. Auditor sales and forfeitures (in blue) also supplied over 100 parcels per year in 2009-2012. As Cleveland recovered from the Recession, these sources of land decreased, but did not disappear. The Cuyahoga (County) Land Bank became a major new source of land in 2011 and made up the majority of acquisitions in 2018 and 2019. The two land banks sometimes work together. For example, in 2012, they collaborated to identify and lease land to Koinonia, Cuyahoga County's largest private provider of services for people with developmental disabilities, to create an urban farm to serve and employ their clients.[1]



Most City of Cleveland Land Bank dispositions take the form of leases. Of those that are sold, the largest share go to residents for yard expansions as part of a strategy to transform distressed areas throughout the city. Some parcels are sold for new housing; the Trailside development in Slavic Village, which includes 58 new homes, was built on a 12-acre site that includes former land bank parcels.[2]

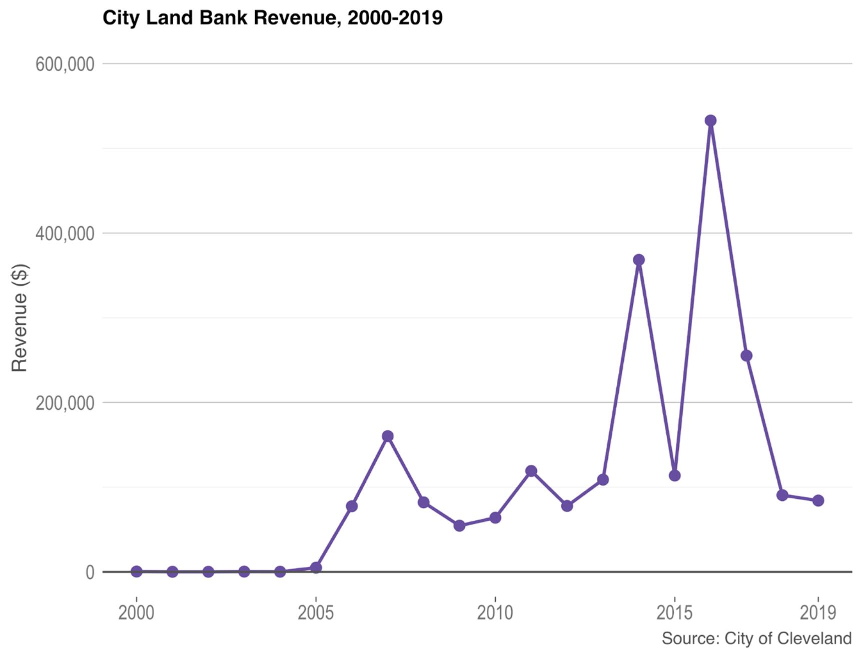


[1]Cuyahoga Land Bank. 2012. "Konoinia, Cleveland, and Cuyahoga Land Bank Work Together to Create and Urban Farm that Teaches People with Disabilities." Press Release. August 15, 2012. http://www.cuyahogalandbank.org/pressReleases/Koinonia_20120815.pdf
[2] City of Cleveland. "The City of Cleveland Land Bank at Work." https://clevelandohio.gov/sites/default/files/forms_publications/LandBank5SuccessStories.pdf

LAND BANK, CONTINUED

As the City of Cleveland Land Bank's inventory has increased, so has its revenue. The Land Bank recorded only $100 in revenue in 2001, but over $530,000 in 2016. Since then, revenue has declined. As of November 2020, year-to-date revenue was $109,330.

Residents and developers must complete an application to buy or lease land bank parcels. When such parcels are sold, their price is determined by the City of Cleveland's Board of Control. Lots for residential side yards are sold for $200, as are lots for new housing construction and for agriculture or gardening. Sales for other uses require an appraisal of fair market value. Lease terms are negotiated on a case-by-case basis and can take a long time—months or years—to finalize.



DATA LIMITATIONS

We are extremely grateful to the City of Cleveland, the Poverty Center at Case Western University, and other local partners for providing much of the data presented in this report. No dataset is perfect, however, and this report is subject to several limitations, including the following:

- In the City of Cleveland Department of Building and Housing's permit dataset, apartment buildings with four or more units are categorized as commercial rather than residential structures. The dataset does not not track the number of individual units permitted in commercial structures. Even for residential permits, the number of units is not consistently recorded. As a result, we do not know the total number of new homes permitted in Cleveland each year. In addition, permit categories changed in 2014, making it difficult to track permitting trends over time.
- In the City of Cleveland's Rental Registration database, rental property owners may be listed multiple times with slight variations in their business names and addresses. In some cases, multiple rental properties are listed as occupying the same address for overlapping periods. Further, many entries are incomplete. These limitations make it difficult to ascertain how many landlords are registered, how large their portfolios are, and what share live in the City of Cleveland or in Ohio.
- Eviction records provided by the Cleveland Municipal Court, while containing many important variables, did not capture the cause of an eviction filing (whether it be nonpayment of rent or another cause).