

5-25-2017

## Responding to Foreclosures in Cuyahoga County 2016 Update: Tenth Annual Report January 1 - December 31, 2016

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# Responding to Foreclosures in Cuyahoga County 2016 Update

Tenth Annual Report  
January 1 - December 31, 2016

May 25, 2017

Prepared for:  
Cuyahoga County Department of Development  
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*Photo credit: Molly Schnoke*



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## INTRODUCTION

The Levin College of Urban Affairs has been the evaluation and research partner for the Cuyahoga County Foreclosure Prevention Program (CCFPP) since the program was adopted in 2006. This report is an update to the County for 2016. The evaluation tracks progress and provides feedback about the program that can be used to improve and adapt it to meet the rapidly changing state and national context surrounding foreclosures.

Since the program began in 2006, the Cuyahoga County foreclosure prevention program has served a total of 29,135 homeowners at the five participating counseling agencies. In 2016 alone, 901 households were counseled. More than half (59%) of all homeowners that have completed counseling through the program have had a successful outcome. That is, they have reached an agreement with their lender that enables them to stay in their home or, if they choose, they are able to transfer title through a short sale or other means to another individual owner and move to a more affordable home.

As noted in previous reports, Cuyahoga County was one of the first localities in the country to develop a comprehensive response to the foreclosure crisis. The County's consistent role in funding, administering and evaluating the program over nine years has created a very effective system of agencies and programs, including foreclosure mediation, that have helped homeowners prevent foreclosure and contributed to stabilizing the housing market.

## METHODOLOGY

This report on the 2016 program year is the tenth annual report on the progress of the initiative.

The evaluation team uses a continuous learning model of evaluation, with feedback provided to the County on a regular basis and cumulatively in this annual report. Because of the County's longstanding interest in program assessment and evaluation, it now has ten years of data about foreclosure prevention activities in Cuyahoga County.

The information used in this report is drawn from the following sources:

1. Interviews with counselors from the participating housing counseling agencies, County Department of Development program administrators and a representative of 211 First Call for Help. (A detailed list can be found in Appendix C.)
2. Monthly county foreclosure counseling agency coordinating meetings.
3. Agency data on foreclosure counseling client demographics and outcomes provided to the County Department of Development.

4. Data on foreclosures provided by the Northern Ohio Data and Information Service of the Levin College and NEO CANDO at Case Western Reserve University.
5. 211 First Call for Help documentation of calls and referrals by service type and agency, a description of their referral process, and definitions of the service categories used.

Two important notes about the data:

1. From March 2006 to March 2008, client outcome data was gathered from agencies through a data request from the County Foreclosure Prevention Program office. This early data was not reported consistently across agencies and was limited in scope. With strong encouragement and support from the evaluation team, in 2008, the participating counseling agencies adopted the common reporting format of the then-new National Foreclosure Mitigation Counseling (NFMC) program. Agencies used the NFMC reporting platform and the evaluators were able to collect much more consistent and detailed information electronically about the outcomes of the counseling. Thus, we have continuous, consistent client outcome information from March 2008 forward.
2. In 2009, the County requested that we switch the reports from a program year (March through February) to a calendar year (January through December). This change resulted in a two-month overlap (January and February) in the 2009 program year.

Our work would not be possible without the full cooperation and assistance of the numerous County departments, the Court of Common Pleas mediation program and the participating counseling agencies. We especially wish to thank Ken Surratt, Deputy Director of Housing & Community Development, County Department of Development for his support.

## FORECLOSURE TRENDS

Ten years after the foreclosure crisis began to impact homeowners, Cuyahoga County residents have still not fully recovered. Housing prices are increasing but at rates below the national average. Mortgage foreclosure filings are declining and are at their lowest level since the crisis began. However, over the past two years, the number of tax foreclosures, while small compared with mortgage foreclosures, has been steadily increasing. Further, the County's eastern communities with high percentages of African American homeowners were among the first to experience the devastating effects of the wave of unsustainable mortgage financing and refinancing and are still among the last to see an end to the crisis, a trend that is being documented nationwide, but which is exacerbated here because of the highly segregated residential patterns in the County.

These trends are illustrated in figures 1-3 below. As figure 1 shows, the number of foreclosure filings in the County peaked in 2007 at 13,777; remained at over 13,500 for three years, and only began to decline in 2010. Filings reached their lowest point in 2015 but began to creep up again in 2016 to 7,465, slightly above 2014 levels. However, it is important to note that in 2015, when tax foreclosures began to increase, we started to break out the foreclosure filings by type.



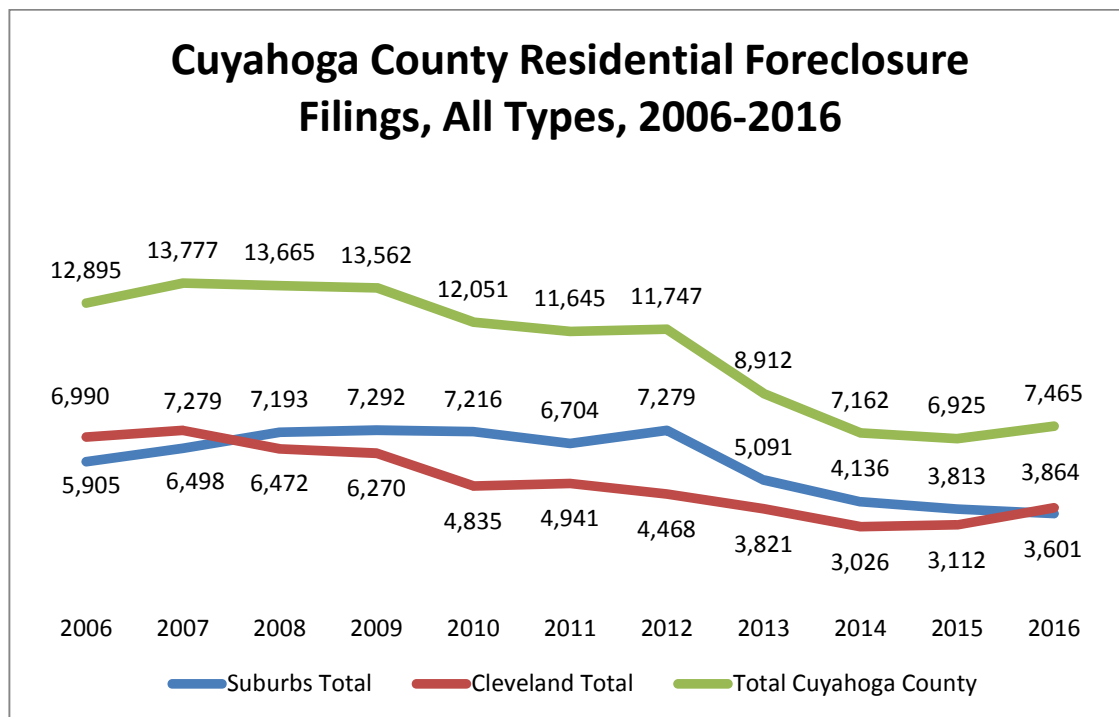
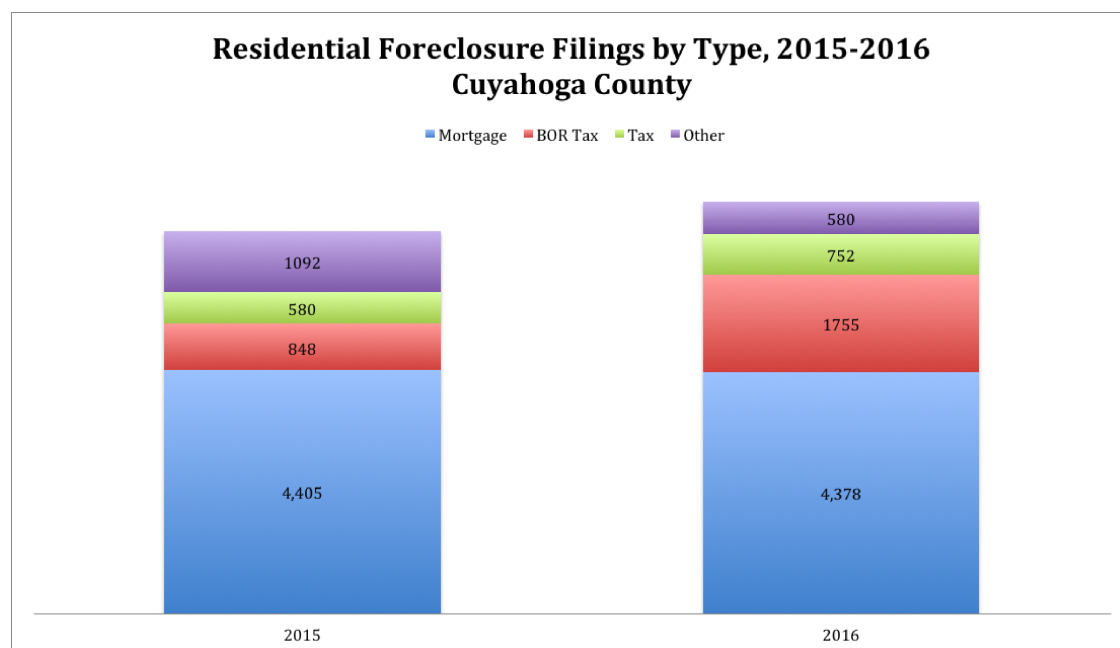
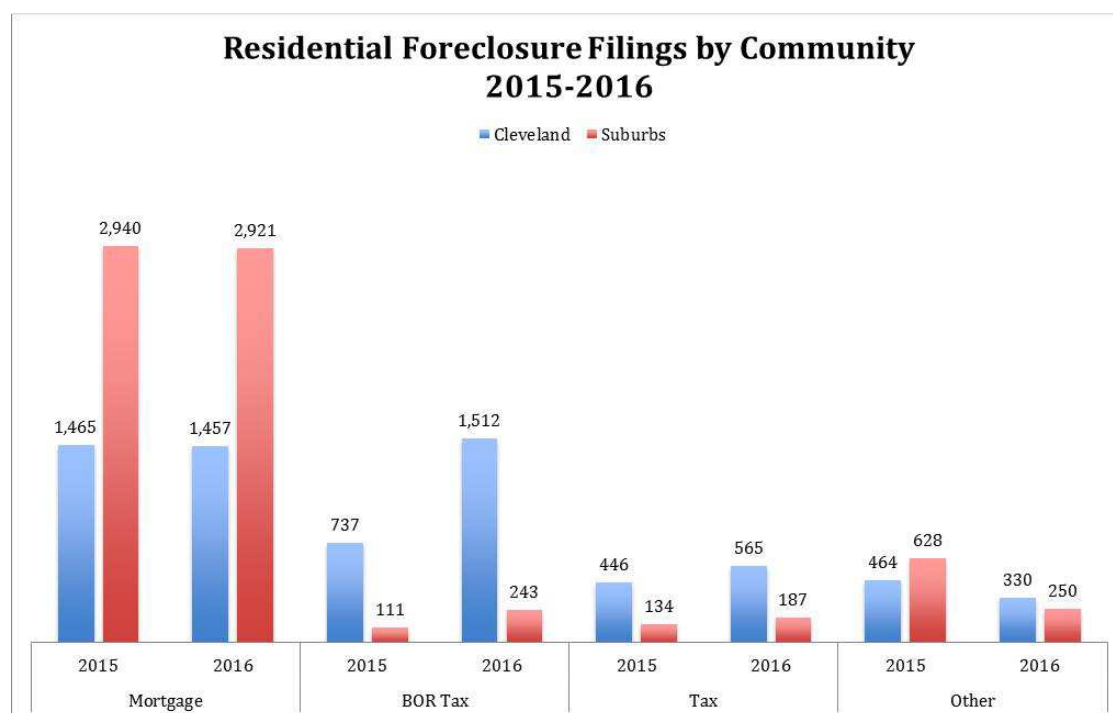
**FIGURE 1: FORECLOSURE FILINGS, 2006-2016**

Figure 2 illustrates that tax Board of Revision (BOR) tax foreclosures more than doubled from 2015-2016, accounting for the increase in total foreclosures, while the number of mortgage foreclosures actually declined very slightly. As Figure 3 shows, the majority of the BOR tax foreclosures were in the city of Cleveland. The BOR tax foreclosures can only be applied to vacant properties in tax foreclosure and offers an expedited process for moving these problem properties into the County Land Bank. So the increase in BOR tax foreclosures is actually a positive signal that problem properties are being addressed. Figure 3 also illustrates that the majority of mortgage foreclosures are in suburban parts of the county.

**FIGURE 2: RESIDENTIAL FORECLOSURE FILINGS BY TYPE**



**FIGURE 3: RESIDENTIAL FORECLOSURE FILINGS BY COMMUNITY**



**TABLE 1: ALL FORECLOSURE FILINGS (mortgage and all tax), EAST WEST COMPARISON**



Area	2007	2012	2013	2014	2015	2016	Percent Change, 2015-2016
East Side Clev	5,255	2,791	2,282	1,915	2,057	2,785	35%
West Side Clev	2,024	1,677	1,539	1,111	1,055	1,079	2%
East Suburbs	4,329	4,668	3,110	2,647	2,483	2,399	-3%
West Suburbs	2,169	2,611	1,981	1,489	1,330	1,202	-10%
EAST Cuy. County	9,584	7,459	5,392	4,562	4,540	5,184	14%
WEST Cuy. County	4,193	4,288	3,520	2,600	2,385	2,281	-4%
Clev Total	7,279	4,468	3,821	3,026	3,112	3,864	24%
Suburbs Total	6,498	7,279	5,091	4,136	3,813	3,601	-6%
<b>TOT. Cuy. County</b>	<b>13,777</b>	<b>11,747</b>	<b>8,912</b>	<b>7,162</b>	<b>6,925</b>	<b>7,465</b>	<b>8%</b>

Across the County, foreclosure filings increased by 8% overall but not all parts of the County were evenly affected. The number of filings on the east side of Cleveland actually increased by 35%, again, largely the result of BOR tax foreclosures. The majority of all foreclosure filings (69%) in the county continue to be concentrated in the predominantly African American neighborhoods on the east side of Cleveland and the inner-ring eastern suburbs, an increase in concentration of 3% from 2015.

**Funding Sources.** The County has drawn on a number of funding sources over the life of the Foreclosure Prevention Program:

- County General Funds
- Community Development Block Grant Funds
- Grants and donations

From 2006 to 2016, the program has received a total of \$7.45 million (Table 1.) Annual or program year funding has fluctuated from a high of close to \$1 million in the first year of the program, to a more sustainable \$250,000 from 2012 through 2015. Funding increased in 2016 to \$350,000. For the past three years, the County has dedicated a portion of the its Community Development Block Grant dollars to support foreclosure prevention counseling for clients living in the ‘Urban County,’ e.g. those cities in the County that are not direct entitlement cities. From 2011-2013, the County provided support for the counseling plus mediation program that supported the attendance of agency counselors at pre-mediation sessions at the Court of Common Pleas Foreclosure Mediation program’s offices. However, that funding ended in 2014 and for the past two years, funding has gone to support the five participating housing counseling agencies. The funding has been allocated on a competitive basis, with agencies submitting proposals to the County.

**Table 2: Sources and Commitments of Fund, March 2005 – December 2016**

Sources and Commitments of Funds for Foreclosure Prevention Program March 2005-December 2016							
Funds Source	2005-2011	2012	2013	2014	2015	2016	Total Program Commitments
<b>Community</b>							
Neighborhood Progress, Inc.	\$67,500						\$67,500
National City	\$75,000						\$75,000
PNC Foundation	\$47,500						\$47,500
Key	\$195,000						\$195,000
Freddie Mac	\$100,000						\$100,000
Fannie Mae	\$25,000						\$25,000
Miller Foundation	\$50,000						\$50,000
Chase	\$7,500						\$7,500
Ohio Savings/AmTrust	\$50,000						\$50,000
US Bank	\$10,000						\$10,000
Dominion Foundation	\$50,000						\$50,000
First Energy	\$10,000						\$10,000
Nord Family Foundation	\$50,000						\$50,000
Safeguard Properties	\$176,050						\$176,050
David S. Stein Foundation	\$1,000						\$1,000
Dollar Bank Foundation	\$25,000						\$25,000
Third Federal Foundaion	\$50,000						\$50,000
First Merit Bank, NA	\$500						\$500
Ocwen Loan Servicing	\$5,000						\$5,000
Eaton Charitable Fund	\$10,000						\$10,000
St. Lukes Foundation**	\$150,000						\$150,000
The Cleveland Foundation	\$250,000						\$250,000
<b>Subtotal</b>	<b>\$1,405,050</b>						<b>\$1,405,050</b>
<b>County</b>							
General Fund	\$572,500						\$572,500
CDBG	\$700,000	\$250,000	\$250,000	\$248,250	\$250,000	\$250,000	\$1,948,250
TANF	\$400,000						\$400,000
DTAC	\$3,030,000					\$100,000	\$3,130,000
<b>Subtotal</b>	<b>\$4,702,500</b>	<b>\$250,000</b>	<b>\$250,000</b>	<b>\$248,250</b>	<b>\$250,000</b>	<b>\$350,000</b>	<b>\$6,050,750</b>
<b>Total</b>	<b>\$6,107,550</b>	<b>\$250,000</b>	<b>\$250,000</b>	<b>\$248,250</b>	<b>\$250,000</b>	<b>\$350,000</b>	<b>\$7,455,800</b>

\* NPI pledged an additional \$75,000 that was redirected to another County Initiative at the request of the County Treasurer

\*\*2012 St. Luke's Foundation funding was for July 15, 2012-July 15, 2013

Table 3: Allocation of funds, 2005-2016

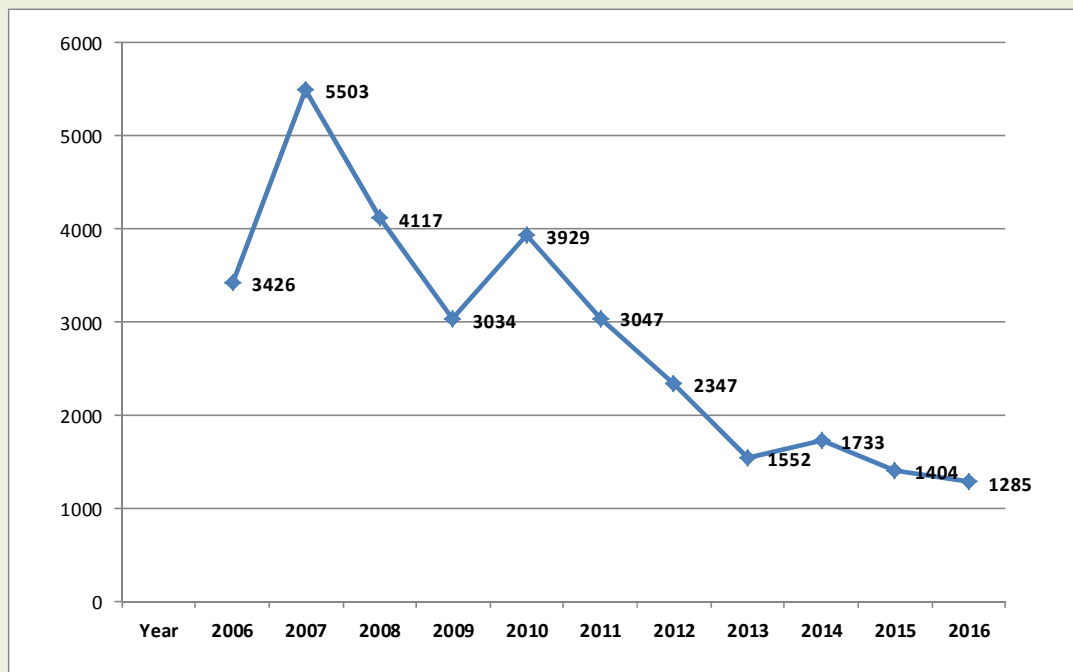
Allocation of Funds, Foreclosure Prevention Program (March 2005-December 2016)							
	2005-2011	2012	2013	2014	2015	2016	Total
<b>Counseling and Legal Services Agencies</b>							
Community Housing Solutions	\$483,022	\$53,000	\$61,200	\$62,500	\$50,000	\$70,000	\$779,722
ESOP	\$657,218	\$53,000	\$60,000	\$50,000	\$32,200	\$80,000	\$932,418
Cleveland Housing Network	\$411,638	\$60,000	\$20,600	\$62,500	\$90,000	\$140,000	\$784,738
Neighborhood Housing Services of Greater Cleveland	\$535,238	\$60,000	\$81,200	\$63,250	\$70,000	\$45,000	\$854,688
Home Repair and Resource Center	\$29,800	\$24,000	\$27,000	\$10,000	\$7,800	\$15,000	\$113,600
Counseling Plus Mediation	\$37,128	\$9,108	\$29,766	\$0	\$0		\$76,002
Housing Advocates	\$30,000						\$30,000
Cleveland Legal Aid Society	\$85,000						\$85,000
Cleveland Consumer Credit Counseling Services	\$12,500						\$12,500
Spanish American Committee	\$70,000						\$70,000
Consumer Protection Association	\$20,000						\$20,000
<b>Subtotal</b>	<b>\$2,371,544</b>	<b>\$259,108</b>	<b>\$279,766</b>	<b>\$248,250</b>	<b>\$250,000</b>	<b>\$350,000</b>	<b>\$3,758,668</b>
<b>Operating and Program Expenses</b>							
Foreclosure Prevention Program Administration and Operations	\$1,331,880	in-kind	in-kind	in-kind	in-kind	in-kind	\$1,331,880
Rescue Funds	\$1,602,841						\$1,602,841
Other Expenses	\$62,339						\$62,339
211 First Call for Help	\$60,000						\$60,000
<b>Subtotal</b>	<b>\$3,057,061</b>						<b>\$3,057,061</b>
<b>TOTAL</b>	<b>\$5,428,605</b>	<b>\$259,108</b>	<b>\$279,766</b>	<b>\$248,250</b>	<b>\$250,000</b>	<b>\$350,000</b>	<b>\$6,815,729</b>

## 211 FIRST CALL FOR HELP

United Way 211 Help Center has served as the primary point of contact for County residents seeking foreclosure assistance since the program began in March 2006 and have tracked called for foreclosure related assistance. From March 2006 through December 2017 “211” received 31,377 calls for foreclosure prevention assistance.

211’s role has evolved over the course of the program from being predominately a first point of contact to information tracking. By tracking calls for foreclosure related assistance, they can identify trends early on and are in a position to report them to counseling agencies on an ongoing basis.

**FIGURE 4: 211 FIRST CALL FOR HELP CALL VOLUME, 2006 - 2016**



Source: United Way of Greater Cleveland, 211 First Call for Help

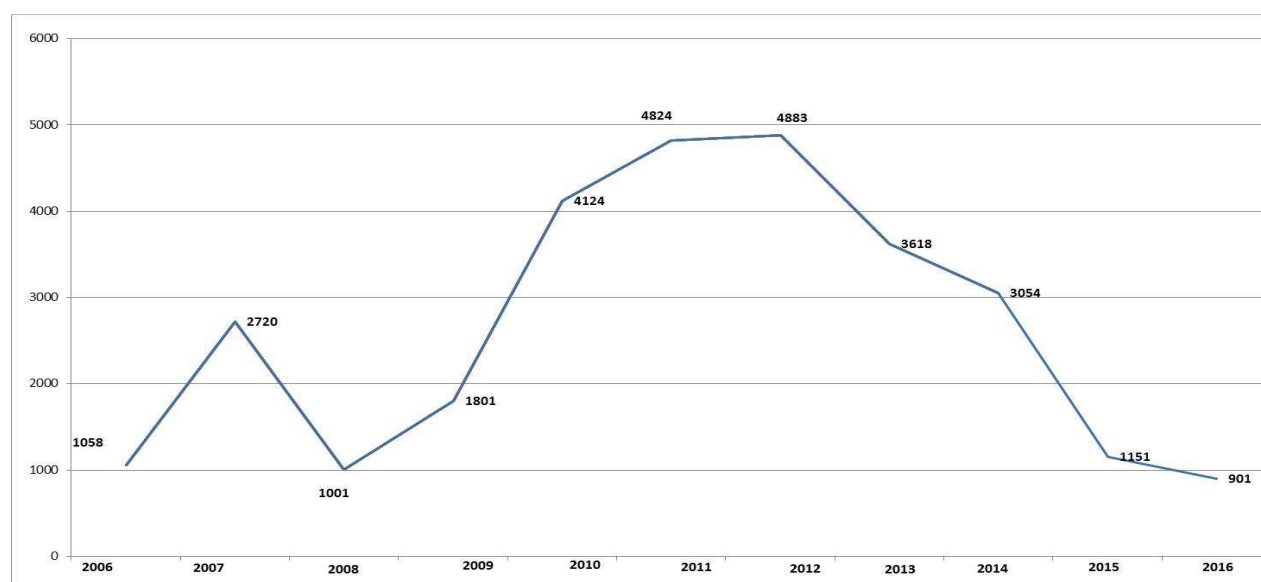
As Figure 4 illustrates, in 2016, “First Call for Help” received 1,285 calls for foreclosure assistance. Calls have been decreasing since their peak in 2007 and a secondary peak in 2010.

The overall decline in the number of calls for foreclosure prevention assistance experienced since the 2007 peak continues to be due to a number of factors. Foreclosure filings continue to decline as have overall clients to the foreclosure prevention program. Beyond that, there are several other entry points to the system for homeowners needing assistance than just 211. The

agencies have been operating foreclosure prevention counseling programs for a number of years now and some clients call the agencies directly or contact agencies through web portals. Over the years agencies have conducted direct outreach to and established relationships with communities across the county which in turn are able to assist their residents by making direct referrals to the agencies. Since 2008, the Cuyahoga County foreclosure mediation program became a source of referrals. The program is a resource for homeowners in foreclosure (every homeowner receives information about the mediation program and the counseling program along with the notice of foreclosure filing). And finally, homeowners find agencies through word-of-mouth referrals.

## FORECLOSURE PREVENTION COUNSELING CLIENTS

**FIGURE 5: CLIENTS SERVED, 2006-2016**



\*2008 represents 9 months.

From March 2006 through December 31, 2016, participating agencies have served 29,135 homeowners at risk of foreclosure. The number of clients peaked in 2011 and 2012 at 4,824 and 4,883 respectively. Since 2012 the year-over-year number of foreclosure clients has continued to decline. The number of clients served in 2016 was 901, the smallest number in 10 years.

The availability of funds to assist homeowners to pay their mortgage or bring their mortgage current appears to impact the number of clients seeking assistance both positively and negatively. As illustrated in Chart 4, the number of clients jumped in August 2007 when the County announced that rescue funds were available. A second surge came in September 2010 with the state's announcement of the "Hardest Hit Funds", which could provide an unemployed homeowner with up to \$35,000 to help with monthly mortgage payments. Ohio's program to distribute hardest hit funds ended in July 2014. In 2016, a second round of hardest hit funds

became available in the state of Ohio, however, the eligibility requirements were much more stringent than in the previous round and agencies reported that this had limited the number of homeowners who qualify for assistance with the program.

### DEMOGRAPHIC PROFILE OF COUNSELING CLIENTS

The demographic characteristics of clients served in 2016 looks much the same as it did from 2015, most notably in terms of racial composition. Table 4 displays the demographic characteristics of clients for the 4 most recent years of the program.

As illustrated in the following tables:

- The majority of clients seen by the agencies continue to be female. In the first year of the program (March 2006 to February 2007) 67% of clients were female. It has remained fairly consistent since then.
- The percentage of clients that are African American declined from a high of 81% in the first program year to a low of 54% in 2009.<sup>1</sup> Between 2009 and 2014, the percentage has stayed in the 54-60% range. In 2015 it increased to 66% and has remained there for 2016.
- The percent Hispanic has consistently been small (between 4 and 7 percent) although it increased in 2010 to a high of 12%. For the last 4 years it has remained stable at 4%.
- The percentage of clients age 62 or older had been growing, more than doubling from 7% in the first year of the program to 17% in 2014. It increased an additional 6% to 23% in 2015. Yet, the percentage declined for the first time in 2016 to 19%.
- The percentage of clients with incomes below 50% of Area Median Income (AMI) has in previous years stayed fairly consistent, ranging from 43-47%, indicating that the program has consistently been serving those in the County with the lowest incomes. In 2015 the percentage increased to 56%. It remains high at 56% for the current reporting year.

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<sup>1</sup> See 2012 report for demographic data 2006-2009.



**TABLE 4: DEMOGRAPHICS OF CLIENTS SERVED, 2013 – 2016**

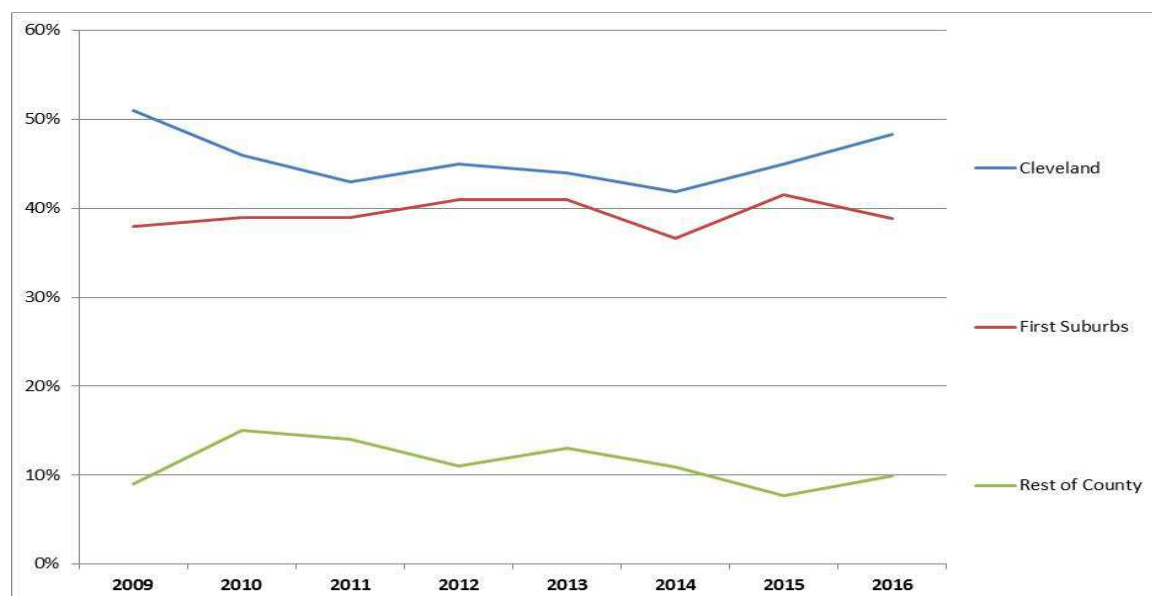
	2013		2014		2015		2016		Total	
<b>RACE</b>	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
White	1232	34%	912	30%	253	22%	215	24%	2612	23%
African American	2071	57%	1649	54%	759	66%	591	66%	5070	45%
African American & White	11	0%	15	0%	9	1%	20	2%	55	0%
American Indian/Alaskan	0	0%	1	0%	2	0%	2	0%	5	0%
American Indian & White	0	0%	2	0%	2	0%	1	0%	5	0%
American Indian & Black	6	0%	3	0%	1	0%	0	0%	10	0%
Asian	19	1%	19	1%	5	0%	10	1%	53	0%
Asian & White	2	0%	2	0%	0	0%	1	0%	5	0%
Native Hawaiian/Other Pacific Islander	1	0%	1	0%	1	0%	3	0%	6	0%
Other	118	3%	96	3%	27	2%	18	2%	259	2%
None Reported	157	4%	354	12%	66	6%	40	4%	617	5%
<b>Total</b>	<b>3618</b>	<b>100%</b>	<b>3054</b>	<b>100%</b>	<b>1151</b>	<b>100%</b>	<b>901</b>	<b>100%</b>	<b>8724</b>	<b>100%</b>
<b>ETHNICITY</b>	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Hispanic	160	4%	113	4%	46	4%	32	4%	351	3%
Not Hispanic	3351	93%	2607	85%	1029	89%	822	91%	7809	69%
None Reported	107	3%	334	11%	76	7%	47	5%	564	5%
<b>Total</b>	<b>3618</b>	<b>100%</b>	<b>3054</b>	<b>100%</b>	<b>1151</b>	<b>100%</b>	<b>901</b>	<b>100%</b>	<b>8724</b>	<b>100%</b>
<b>GENDER</b>	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Female	2194	61%	1722	56%	704	61%	597	66%	5217	46%
Male	1348	37%	1017	33%	381	33%	278	31%	3024	27%
None Reported	76	2%	315	10%	66	6%	26	3%	483	4%
<b>Total</b>	<b>3618</b>	<b>100%</b>	<b>3054</b>	<b>100%</b>	<b>1151</b>	<b>100%</b>	<b>901</b>	<b>100%</b>	<b>8724</b>	<b>100%</b>
<b>HOUSEHOLD COMPOSITION</b>	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Single Adult	481	13%	1267	41%	178	15%	21	2%	1947	17%
Female-headed Single	192	5%	102	3%	70	6%	390	43%	754	7%
Male-headed Single	26	1%	11	0%	15	1%	1	0%	53	0%
Married with no dependents	148	4%	95	3%	49	4%	7	1%	299	3%
Married with dependents	208	6%	80	3%	61	5%	6	1%	355	3%
Two or more unrelated	17	0%	9	0%	12	1%	3	0%	41	0%
Other	41	1%	66	2%	9	1%		0%	116	1%
None Reported	1317	36%	1411	46%	488	42%	26	3%	3242	29%
Head of HouseHold no sex specified	1188	0%	13	0%	309	27%	447	50%	1957	17%
<b>Total</b>	<b>3618</b>	<b>100%</b>	<b>3054</b>	<b>100%</b>	<b>1151</b>	<b>100%</b>	<b>901</b>	<b>100%</b>	<b>8724</b>	<b>100%</b>
<b>AGE</b>	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
62 and over	557	15%	467	15%	265	23%	172	19%	1461	17%
Under 62	2424	67%	1837	60%	651	57%	562	62%	5474	63%
None Reported	637	18%	750	25%	235	20%	167	19%	1789	21%
<b>Total</b>	<b>3618</b>	<b>100%</b>	<b>3054</b>	<b>100%</b>	<b>1151</b>	<b>100%</b>	<b>901</b>	<b>100%</b>	<b>8724</b>	<b>100%</b>
<b>INCOME</b>	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 50% of AMI	1595	44%	1303	43%	639	56%	508	56%	4045	36%
50-79% of AMI	936	26%	714	23%	302	26%	185	21%	2137	19%
80-100% of AMI	657	18%	377	12%	66	6%	62	7%	1162	10%
Greater than 100% of AMI	355	10%	241	8%	58	5%	60	7%	714	6%
None Reported	74	2%	419	14%	86	7%	86	10%	665	6%
<b>Total</b>	<b>3618</b>	<b>100%</b>	<b>3054</b>	<b>100%</b>	<b>1151</b>	<b>100%</b>	<b>901</b>	<b>100%</b>	<b>8724</b>	<b>100%</b>
<b>CREDIT RATING</b>	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
700 and up (excellent)	96	3%	93	3%	28	2%	26	3%	243	2%
680-699 (good)	52	1%	45	1%	19	2%	23	3%	139	1%
620-679 (fair)	208	6%	165	5%	75	7%	63	7%	511	4%
580-619 (poor)	200	6%	170	6%	72	6%	83	9%	525	4%
500-580 (bad)	685	19%	505	17%	196	17%	205	23%	1591	12%
499 and below (very bad)	391	11%	261	9%	100	9%	112	12%	864	6%
0	853	24%	494	16%	13	1%	22	2%	1382	10%
None Reported	1133	31%	1321	43%	648	56%	367	41%	3469	26%
<b>Total</b>	<b>3618</b>	<b>100%</b>	<b>3054</b>	<b>100%</b>	<b>1151</b>	<b>100%</b>	<b>901</b>	<b>100%</b>	<b>8724</b>	<b>100%</b>

## GEORGRAPHIC DISTRIBUTION OF COUNSELING CLIENTS

Looking across all agencies, Table 4 shows that the percentage of clients from Cleveland peaked in 2009 at 51% and has declined since then. It dropped to its lowest rate in 2014 at 42%. It increased in 2015 and has again increased in 2016 to 48%.

The percentage of clients from the first suburbs has remained relatively stable as has the percentage from the rest of the county. (It is important to note that the member communities that comprise the First Suburbs has changed since 2006 so we are not able to talk about trends other than city of Cleveland and County as a whole.<sup>2</sup>)

**FIGURE 6: GEOGRAPHIC DISTRIBUTION OF CLIENTS, 2009 - 2016**



## COUNSELING CLIENT TRENDS

We have identified a number of trends:

- Continued Economic stagnation in 2016.** Ohio's economy has performed below the national average for 48 out of the last 49 months<sup>3</sup>. Slim jobs gains and the loss of household income, the result of continued underemployment, remains the number-one reason people seek foreclosure prevention assistance. Agencies report that homeowners who have recovered from job loss experienced during the Great Recession faced

<sup>2</sup> First suburbs include: Bedford, Bedford Hts., Berea, Brooklyn, Brooklyn Heights, Brook Park, Cleveland Hts., East Cleveland, Euclid, Fairview Park, Garfield Hts., Lakewood, Parma, Maple Hts., Parma Heights, Shaker Hts., South Euclid, University Hts., Warrensville Hts.

<sup>3</sup> Ohio economy end '16 on upswing, Toledo Blade, January 21, 2017. Figures attributed to George Zeller.

persistent under-employment. For a number of homeowners in Cuyahoga County the economic recovery of the last 6 years has all but passed them by.

- **Foreclosures occurring County-wide.** Counseling agencies report that they continue to see homeowners from every corner of Cuyahoga County seeking assistance.
- **Negative Equity.** Agencies continue to report that they are seeing more homeowners who are seeking assistance that have additional housing issues. Counselors are seeing clients who have no equity in their homes. This limits their access to credit or home equity loans to make housing related repairs resulting in deterioration of the property.
- **Tax issues continued to increase in 2016.** Additionally, agencies indicated that there are more people that are seeking assistance who do not have a mortgage, are on fixed incomes and are unable to keep up with their property tax payments. Existing mortgage foreclosure programs such as NFMC cannot help people facing tax foreclosure.
- **Limited options** - Agencies report that many of the programs designed to help homeowners through the Great Recession have either expired or are winding down, leaving little options for assistance for homeowners.

For Northeast Ohio, 12 years after the beginning of the foreclosure crisis, housing problems remain, even as economic conditions have improved.

The recovery in the housing market remains slow and uneven. For Cuyahoga County, some communities have recovered, many still have only experienced modest increases in sale prices for homes and still some remain below levels from 2007. According to RealtyTrac, Ohio continues to have one of the highest foreclosure rates in the nation, though it is no longer in the top 5, dropping from number 6 in 2015 to number 9 in 2016.<sup>4</sup>

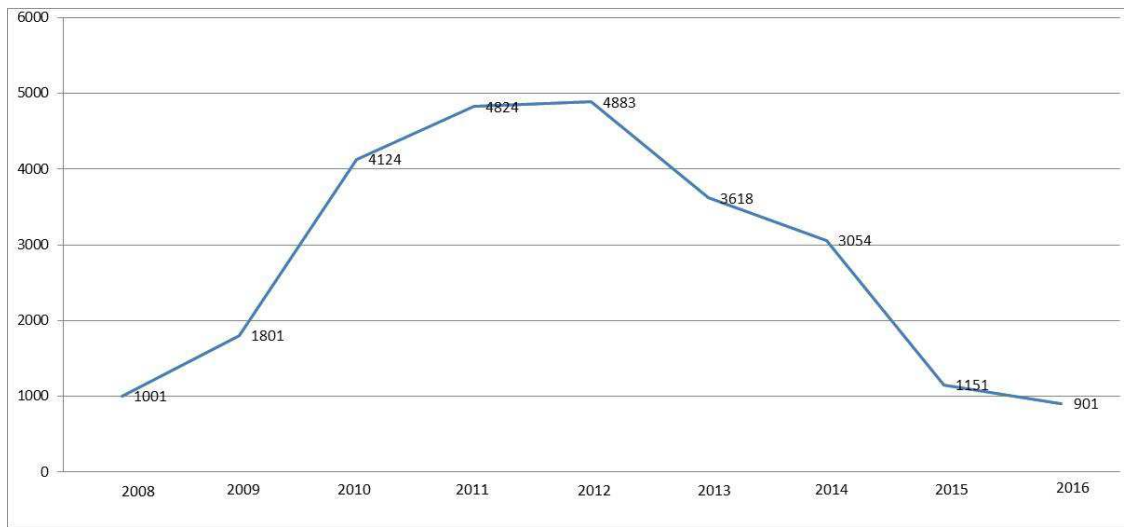
## PROGRAM AND CLIENT OUTCOMES

As Figure 7 illustrates, from 2008<sup>5</sup> to 2016, a total of 25,357 homeowners have been served by the participating counseling agencies. The annual number of homeowners served peaked in 2012 at 4,883. However, since 2012, the number has been steadily declining.

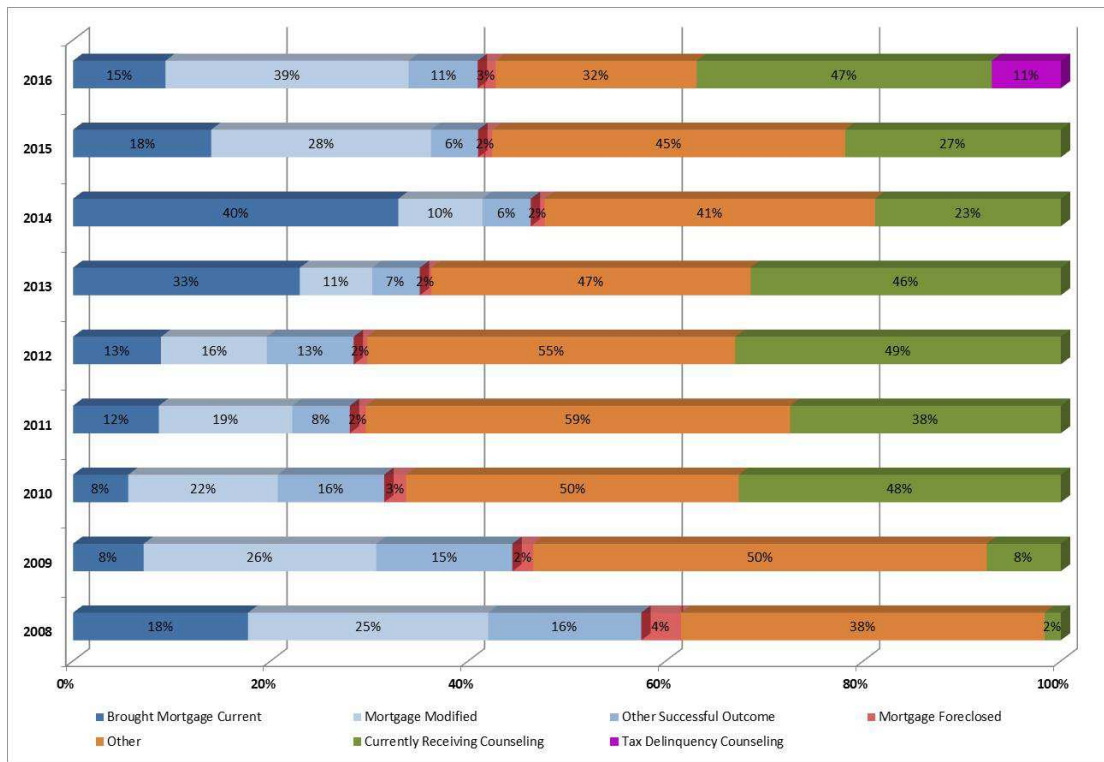
<sup>4</sup> Foreclosure Trends, <http://realtytrac.com>.

<sup>5</sup> We use 2009 as the base year because the 2008 data covers only 10 months, as described earlier in the report.

**FIGURE 7 : ALL CLIENTS BY ALL AGENCIES, 2008 – 2016**



**FIGURE 8 : CLIENT OUTCOMES BY ALL AGENCIES, 2008 – 2016**



Note: 2014 numbers represent only partial reporting for one of the participating counseling agencies.

In 2008, CCFPP agencies were able to successfully help 571 (53%) of counseling clients. The number of homeowners with successful outcomes increased steadily to 1,183 in 2011, leveled

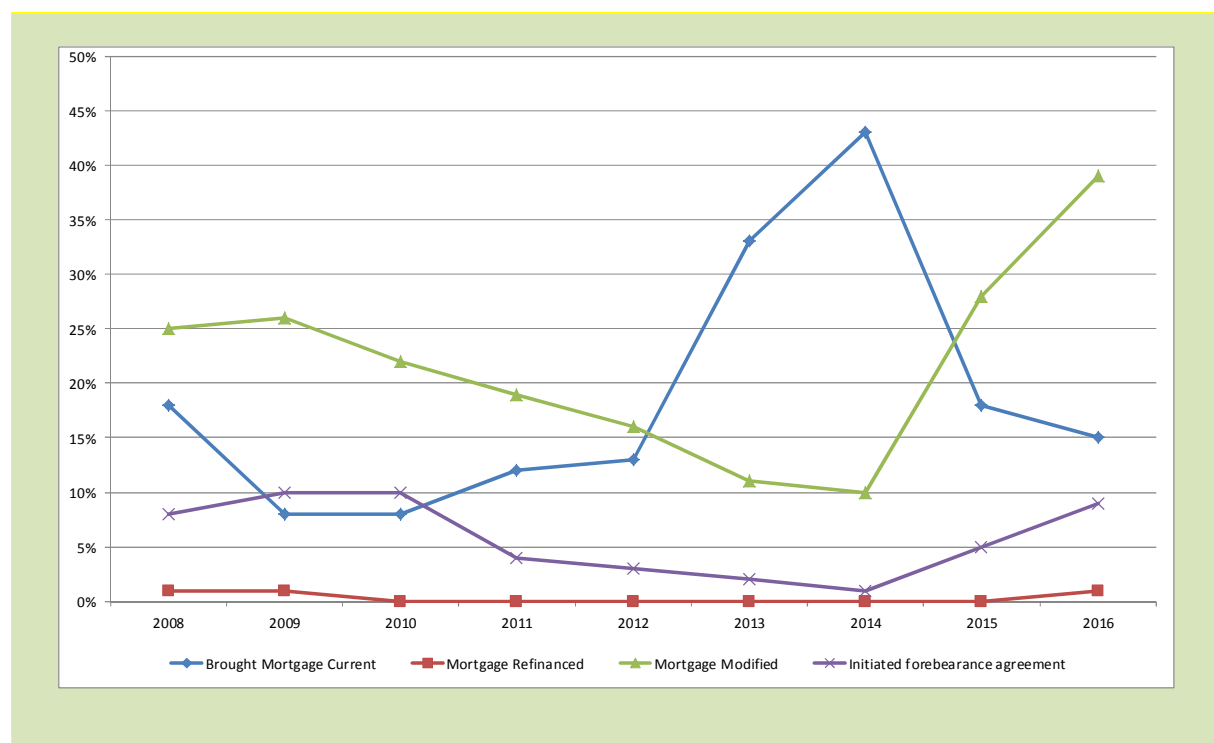
off a bit in 2012 at 1,076, declined slightly to 1,052 in 2013 and increased to 1,222 in 2014. However, the percentage of homeowners who achieved a successful outcome during that period declined from 2008-2011. It peaked in 2016 at 65%. Overall, from 2008 through 2016, agencies were able to successfully help 8,053 (59%) of all the homeowners.

The number of homeowners counted as “withdrew/suspended” reflects those who either cannot be served, go to another agency or withdraw for other reasons. It is emblematic of the stubbornly difficult financial situation of homeowners facing foreclosure, as discussed in other sections of the report, as well as the continuing drop in home values experienced in many communities across the county. This number increased from 197 (12%) in 2008 to a high of 1331 (44%) in 2011. However, the trend reversed in 2012 and the number of withdrew suspended declined. By the number of homeowners who withdrew or were suspended from counseling, dropped to only 29 clients (7%).

The “currently receiving counseling” outcome reflects people who are still “in process”. From 2010 to 2014, this number increased partly due to the state’s Restoring Stability (RS) program which experienced some delays as homeowners worked to learn of their eligibility. The number of homeowners who were currently receiving counseling in 2015 increased slightly to 27%, from the low of 2014’s 23%, reflecting the wind-down of that RS program in the second half of 2014. It again increased in 2016 to 47%, reflecting the increasing difficulty in helping homeowners as many of the programs from past years are no longer in effect.

The goal of the County’s program is to keep people in their homes or find them an affordable and suitable option. Therefore a range of outcomes is considered “successful” as detailed in Table 12.

Of the 273 clients with successful outcomes in 2016, 39% had their mortgage modified, while 15% brought their mortgage current. This continues a reverse over the previous years where a greater percentage of homeowners (42%) brought their mortgage current. This shift in outcomes can be attributed to the State’s Restoring Stability program. The most prevalent form of assistance offered under that program is mortgage payment assistance. Restoring Stability was able to provide eligible homeowners with monthly payments over an 18 month period of up to \$35,000 to bring their mortgages current. The result was an increase in mortgage payment assistance and a reduction in modifications. In mid-2014 Restoring Stability ended. With no prospect of payment assistance, mortgage modifications recaptured being the dominant outcome. A scaled-back Restoring Stability program was re-started in 2016, however it is far more limited in both scope and scale than the previous program.

**FIGURE 9: PERCENT OF CLIENTS WITH SUCCESSFUL OUTCOMES, 2008-2016**

The number and percentage of counseling clients who lost their home to foreclosure is consistently small, 3 percent of the total.

TABLE 5: CLIENT OUTCOMES BY AGENCY, 2016

	CHN		CHS		ESOP		HRRC		NHS		Total	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>SUCCESSFUL OUTCOME</b>												
Brought Mortgage Current	38	19%	10	10%	9	22%	5	14%	0	0%	62	15%
Mortgage Refinanced	1	0%	2	2%	0	0%	0	0%	0	0%	3	1%
Mortgage Modified	54	27%	55	56%	13	32%	21	58%	20	47%	163	39%
Referred homeowner to servicer with action plan no further counseling	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Initiated Forbearance	30	15%	0	0%	7	17%	0	0%	1	2%	38	9%
Received 2nd Mortgage	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Obtained partial claim loan from FHA Lender	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
<b>Subtotal</b>	<b>123</b>	<b>61%</b>	<b>67</b>	<b>68%</b>	<b>29</b>	<b>71%</b>	<b>26</b>	<b>72%</b>	<b>21</b>	<b>49%</b>	<b>266</b>	<b>63%</b>
<b>OTHER SUCCESSFUL OUTCOME</b>												
Executed deed in-lieu	2	1%	0	0%	0	0%	0	0%	0	0%	2	0%
Sold Property but not at Short Sale	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Pre-Foreclosure Sale or Short Sale	3	1%	0	0%	0	0%	1	3%	1	2%	5	1%
<b>Subtotal</b>	<b>5</b>	<b>2%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>1</b>	<b>3%</b>	<b>1</b>	<b>2%</b>	<b>7</b>	<b>2%</b>
<b>TOTAL SUCCESSFUL OUTCOME</b>	<b>128</b>	<b>63%</b>	<b>67</b>	<b>68%</b>	<b>29</b>	<b>71%</b>	<b>27</b>	<b>75%</b>	<b>22</b>	<b>51%</b>	<b>273</b>	<b>65%</b>
<b>FORECLOSURE</b>												
Mortgage Foreclosure	1	0%	4	4%	0	0%	0	0%	7	16%	12	3%
<b>ONGOING</b>												
Counseled and referred to social service or emergency	35	17%	1	1%	0	0%	0	0%	11	26%	47	11%
Foreclosure put on hold or in moratorium; final outcome unknown	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
counseled and referred to legal service	21	10%	3	3%	0	0%	0	0%	0	0%	24	6%
<b>Total</b>	<b>56</b>	<b>28%</b>	<b>4</b>	<b>4%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>11</b>	<b>26%</b>	<b>71</b>	<b>17%</b>
<b>OTHER</b>												
Other	5	2%	2	2%	6	15%	9	25%	1	2%	23	5%
Bankruptcy	5	2%	7	7%	0	0%	0	0%	1	2%	13	3%
Counseled on Debt Management or sent to Debt Management	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Agency Withdrew/Suspended	7	3%	15	15%	6	15%	0	0%	1	2%	29	7%
<b>Total</b>	<b>17</b>	<b>8%</b>	<b>24</b>	<b>24%</b>	<b>12</b>	<b>29%</b>	<b>9</b>	<b>25%</b>	<b>3</b>	<b>7%</b>	<b>65</b>	<b>15%</b>
<b>TOTAL</b>	<b>202</b>	<b>62%</b>	<b>99</b>	<b>33%</b>	<b>41</b>	<b>58%</b>	<b>36</b>	<b>75%</b>	<b>43</b>	<b>28%</b>	<b>421</b>	<b>47%</b>
Currently Receiving Counseling	125	38%	204	67%	30	42%	12	25%	109	72%	476	53%
<b>Total Clients Seen</b>	<b>327</b>	<b>100%</b>	<b>303</b>	<b>100%</b>	<b>71</b>	<b>100%</b>	<b>48</b>	<b>100%</b>	<b>152</b>	<b>100%</b>	<b>901</b>	<b>100%</b>

Table 5 shows client outcomes by housing counseling agencies for 2016. There is wide variation in the number of clients seen by each agency. The number of clients ranges from 48 for HRRC to 327 for CHN. HRRC is a smaller agency than the others and while it can assist people from across the County it primarily serves the Cleveland Heights area.

Looking at outcomes, there is also variation across agencies. As noted above, a mortgage modification is considered to be the most sustainable successful outcome. The percentage of clients with that outcome varies across all the agencies, ranging from 27-56%. There is wider variation in the percentage of clients who brought their mortgage current, ranging from 0% for NHS clients to 22% for ESOP clients. In 2015, the Restoring Stability program ended and there was a decrease for most agencies for this outcome. However, in 2016 OHFA received additional federal funds and initiated a scaled-back form of the program. Homeowners who had received



was a decrease for most agencies for this outcome. However, in 2016 OHFA received additional federal funds and initiated a scaled-back form of the program. Homeowners who had received unemployment from the State beginning in January of 2014 could apply for assistance from OHFA to receive mortgage payment assistance for 6 month with a cap at \$35,000. Agencies reported that this left out homeowners that had found employment, but remained under-employed and still could not make their mortgage payments.

There is a great deal of variation across agencies in the “still receiving counseling” outcome, though it has increased in 2016. Just over half, or 53% of clients were still receiving counseling from agencies in 2016. The outcome ranged from a low of 25% for HRRC to a high of 66% for CHS clients. Looking across all of the possible outcomes that are considered “successful” the percentages range from 71% for ESOP clients to 51% for NHS. Across all agencies, 65% of homeowners attained a successful outcome in 2016.

Some clients each year withdraw from counseling or have their cases suspended. Across all agencies in 2016, 7% of homeowners had withdrawn from counseling or had their cases suspended. This continues a downward trend. Examined by agency, the percentages ranged from a high of 15% at CHS to a low of 0% at HRRC. Clients may be reported as withdrew/suspended for a number of reasons, and it continues to be unclear why this variation, as well as the overall decline, have been observed for 5 consecutive years. As agencies add new programs to their offerings or adjust current ones, such as greater ability to assist homeowners who are in trouble on their taxes. With additional types of programs offered by agencies, homeowners seeking assistance may be less inclined to disengage with counseling.

## **TAX ASSISTANCE**

In 2015 the evaluation identified tax delinquency and tax foreclosure as a growing challenge for homeowners with 8% of all foreclosure filings countywide between 2006 and 2015 were tax delinquent (judicial). The report recommended that as agencies become more involved in helping homeowners facing tax delinquency and foreclosure, there is a need to work more closely with the County Treasurer’s Office.

Beginning in early 2016, the County began to explore ways to provide further assistance to homeowners in trouble on their taxes. Though tax foreclosure counseling was always available from the participating agencies, the county sought to develop more effective ways for the agencies to assist individuals who were in trouble with their taxes. Through the monthly meetings, representatives from the treasurer’s office began working with the housing counseling agencies to lay out a program that could assist homeowners who are trouble on their taxes.

Ohio law does not allow for county governments to adjust or lower property taxes, subsequently unlike programs such as the hardest hit fund, assistance to make payments cannot be provided

by the County. However the County Treasurer provided additional funding in the total amount of \$200,000 to housing counseling agencies to provide homeowners with counseling to assist them in getting current on their taxes through payment plans, EZ Payments and identifying those who qualified for a homestead exemption, thus lowering their tax burden.

The program began in May 2016. Through the end of 2016, 115 homeowners have applied with the County for payment plan or homestead exemption through the program. As Table 13 shows, 21 were deemed to be ineligible for a payment plan. Discussions with County staff indicate that the primary reason for ineligibility has been that homeowners were on previous payment plans leading them to exhaust their 5 year statutory window to work out the tax delinquency with the County. Additionally, a number of homeowners have tax lien certificate sales, for which the county is unable to offer a payment plan to those homeowners.

Of the 30% of applicants who were deemed eligible, but have yet to establish a payment plan, the County and housing counseling agencies report that these homeowners have yet to follow through in completing the payment plan process.

At the end of 2016, the County reported that fully half of those who applied to repay their taxes with the County were approved payment plans.

**TABLE 6: TAX ASSISTANCE OUTCOMES, ALL AGENCIES 2016**

	Number	Percent
Plan Established	57	50%
Eligible	34	30%
Not Eligible	21	18%
Paid in Full	3	3%
	115	100%

## MEDIATION PROGRAM

In 2008, the Supreme Court exhorted every County in Ohio to adopt a process for foreclosure mediation. The Cuyahoga County Court of Common Pleas formed a mediation sub-committee to develop a program that became operational in May 2008. It has been an important component of the foreclosure prevention services available to Cuyahoga County residents since that time.

A number of homeowners in mediation have worked with or are working with a counseling agency. And while counseling agencies continue to report that mediation is a valuable tool to assist clients in addressing foreclosures, the participation with the mediation program and the foreclosure prevention program has declined. For this reason, we did not include the examination of mediation outcomes for 2016.

## RECOMMENDATIONS

1. Create outreach and communications materials about the county tax counseling – agencies identified a need for greater communication about the program.
2. Extend focus of program to include other housing issues. Agencies reported seeing an increase in the interest and need for both pre-purchase and post-purchase counseling services. To some extent already occurring as agencies respond to on the ground needs.
3. Reframe housing counseling – agencies identified the need to rethink how counseling services are pitched to homeowners. Some agencies suggested creative ways to reach Cuyahoga residents and deploy needed housing services to the community through Human Centered Design practices<sup>6</sup>.
4. Expand the collaboration with the County's Department of Consumer Affairs and re-engage with other County departments including the Division of Senior and Adult Services.
5. Continue to work to include foreclosure prevention programs as part of any broader housing revitalization strategy that is developed as the County moves forward with its housing plan.
6. Expand availability of non-conventional financing. For the last few years, agencies have been reporting an increase in the need for access to financial resources, especially for elderly or fixed income residents, often as their homes fall into disrepair. Agencies frequently report that they have turned to community organizations such as the Hebrew Free Loan Association of Northeast Ohio, which provides interest free loans to individuals in need<sup>7</sup>. While they indicate that this pool of funds has been a valuable resource for the

<sup>6</sup> The process of keeping the people one is designing solutions for involved in the design and implementation process.  
<http://www.designkit.org/human-centered-design>

<sup>7</sup> <http://www.interestfree.org/loans/>

homeowners seeking assistance from their agencies, many homeowners often do not have a suitable guarantor for the loan to qualify.

## APPENDIX A: 2016 Cuyahoga County Foreclosure Prevention Program Service Delivery Partners



**Cleveland Housing Network (CHN)** - The Cleveland Housing Network (CHN) is Northeast Ohio's largest community development organization and energy conservation provider. Our mission is to build strong families and vibrant neighborhoods through quality affordable housing and strengthened financial stability. CHN works to foster sustainable neighborhoods through eco-friendly housing and education to improve the health, wealth and employability of Cleveland residents. CHN is widely known for our Lease Purchase Program which is now being replicated across the nation. This program allows low-income families the ability to lease a home at an affordable rate, with the option to gain significant equity upon purchase after 15 years of responsible residency. Since we began in 1981, CHN's evolution has resulted in the addition of programs and services designed to meet the needs of the low- and moderate income-families of our city, focusing on four core services:

**Housing Development and Property Management:** CHN develops and manages single- and multi-family homes in Cleveland that compliment neighborhood strategies. Affordability, sustainable homeownership opportunities, energy, indoor air quality and long term sustainability are core principles of our strategies. Each year, CHN develops between 100-300 single- and multi-family homes.

**Energy Conservation and Weatherization:** CHN is Northeast Ohio's largest energy conservation provider. Each year CHN completes over 7,000 home audits and inspections for low-income families, helping them to conserve energy and lower utility bills.

**Safety Net and Support Services:** CHN offers services to help families overcome emergencies and support them in their needs through utility assistance, foreclosure prevention and intervention, and EITC tax preparation assistance. Each year CHN completes more than 15,000 safety net and support services. In 2014 CHN began offering the Family Stability Initiative which provides eviction and foreclosure to families with children enrolled at 25 CMSD schools. This new program combines financial assistance, case management, and partnerships with local agencies to ensure student and family stability.

**Training and Education:** CHN operates one of the region's highest-capacity Community Training Centers (CTC), helping residents to manage and grow personal finances, enhance employment skills and preparing families to purchase, manage and build equity in their homes. Each year CHN provides training education to more than 2,000 individuals.



**Community Housing Solutions (CHS)** – Formerly known as Lutheran Housing Corporation, the mission of CHS is to assist low and moderate income families obtain and maintain safe, decent, and affordable housing. CHS provides both pre-purchase and foreclosure prevention counseling. CHS has 6 housing counselors and one housing counseling secretary. In addition

to housing counseling, CHS provides tool loan and home maintenance training, minor home repair, energy conservation and new housing construction services.



**Empowering and Strengthening Ohio's People (ESOP) -**

Empowering and Strengthening Ohio's People (ESOP) is a HUD-approved provider of housing and financial counseling services. Our counselors are trained to provide the following:

**Foreclosure Prevention** If you're struggling with unemployment, underemployment, low wages or excessive debt ESOP counselors can help you look at all the options available to save your home from foreclosure.

**Homebuyer Education & Pre-Purchase Counseling** -If you're thinking about buying a home but not sure where to start, ESOP's homebuyer education class is the place to be. Our counselors can help figure out if you can afford to buy, teach you the important basics of the home buying process, and provide you with the knowledge you'll need to secure an affordable mortgage and buy the right house for your budget and housing needs.

**Financial Literacy/Coaching** -Are you tired of living paycheck to paycheck. Are you sick of renting, being in debt or taking out payday loans to get by? Do you want to be financially healthy? Find the path to financial freedom. Whether you've had a foreclosure, want to buy a house, need get out of debt, or having a financial crisis, ESOP financial counselors can help you set financial goals and make a plan to achieve them.

**Senior Financial Empowerment** -If you're 55 or older ESOP has specific services geared to help you make good financial decisions, avoid financial fraud and exploitation, remain in your home, and maintain financial stability as you age.

**Senior Financial Education Workshops** -The program raises awareness among older adults and their caregivers on how to prevent elder financial exploitation and encourages advance planning and informed financial decision-making.

**Senior Property Tax Loan** -Every year thousands of Cuyahoga County's older homeowners fall behind on their property taxes. Without options, senior homeowners often resort to payday lenders, fall victim to a scam in an attempt to save their homes or have their taxes sold to third party companies that pile up fees and harass older homeowners. The ESOP Senior Property Tax Loan Program provides loans to homeowners age 55 and older to help them pay delinquent property taxes and avoid foreclosure.

**Benefits Checkup** -ESOP is a member of The Ohio Benefit Bank and can help connect you to programs and resources that can stabilize your household.

**Income Tax Preparation and Filing** -ESOP is a year round Volunteer Income Tax Assistance site. Don't pay for help filing your taxes and don't get caught up in a tax advance scheme. Volunteers at ESOP will help you file your taxes for FREE so you keep ALL of your refund.



**Home Repair Resource Center** – Home Repair Resource Center's mission is accomplished through a creative mix of self-help programs that include financial

assistance, education and skills training to enable homeowners – particularly homeowners of low or moderate income – to accomplish repairs on a contracted or do-self basis. Home Repair Resource Center offers financial assistance for home repairs, counseling & financial education, foreclosure interview, repair and education programs, and educational resources. HHRC is a HUD-approved counseling agency that serves all Ohio residents. It employs two full-time housing counselors. Neighborhood Housing Services of Cleveland - Neighborhood Housing Services of Greater Cleveland (NHSGC) is a not-for-profit, community development corporation incorporated in July 1975 as one of the charter organizations of NeighborWorks® America. The mission statement for NHSGC is to provide ongoing programs and services for achieving, preserving and sustaining the American dream of homeownership. NHSGC's programs include HomeOwnership Promotion - educational classes and loans for people interested in becoming homeowners and HomeOwnership Preservation - loan products, post-purchase counseling, foreclosure assistance to those occupants who are interested in maintaining and preserving not only the physical structure of the home, but also the ability to keep ownership. Counseling services are required in order to access any NHSGC program. In the pre-purchase curriculum, NHSGC staff work with individuals to secure better credit and become "mortgage ready". Post-purchase counseling includes home maintenance, interior design and budgeting classes. NHSGC currently has 6 full time housing counselors that serve residents of Cuyahoga, Lorain, Huron, Erie, and Medina Counties.



Neighborhood Housing Services of Cleveland - Neighborhood Housing Services of Greater Cleveland (NHSGC) is a not-for-profit, community development corporation incorporated in July 1975 as one of the charter organizations of NeighborWorks® America. The mission of NHSGC is to provide ongoing programs and services for achieving, preserving and sustaining the American dream of homeownership.

NHSGC's programs include HomeOwnership Promotion - educational classes and loans for people interested in becoming homeowners and HomeOwnership Preservation - loan products, post-purchase counseling, foreclosure assistance to those occupants who are interested in maintaining and preserving not only the physical structure of the home, but also the ability to keep ownership. Counseling services are required in order to access any NHSGC program. In the pre-purchase curriculum, NHSGC staff work with individuals to secure better credit and become "mortgage ready". Post-purchase counseling includes home maintenance, interior design and budgeting classes.