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Cleveland’s Slavic Village: Stabilizing a Neighborhood Hit Hard by the Foreclosure Crisis (2006-2017)

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Introduction

Cleveland’s Slavic Village (and Broadway) is a neighborhood on the southeast side of Cleveland bordering the industrial valley. It grew with the arrival of European immigrants attracted by the jobs in the factories in the adjacent valley. Centered at Broadway and East 55th Street, the bustling neighborhood had commercial strips and churches serving a growing population. The total population peaked at 60,257 in 1950. As de-industrialization occurred in post-World War II Cleveland, so too did it affect Slavic Village as jobs left. By 2000, its population was about half (30,524) of what it had been half a century earlier. However, Slavic Village had seen a slight increase (+3.6%) in its population between 1990 and 2000. The African-American percentage of the population increased tremendously over that decade: from only 3% to 26%. By 2016, it was estimated to be slightly over half the population.

Going into a new century, there were several negative factors indicating the overall decline of the neighborhood:

- An increasing poverty rate of 27% (double that in 1980);
- Reflecting the population loss, the number of vacant housing units increased, with 1,811 vacant in 2000;
- A reduction in the rate of home ownership to just under half (49%).

2000 saw the creation of the Slavic Village Development (SVD) (slavicvillage.org) CDC representing a composite of several community organizations dedicated to the revitalization of the neighborhood. It has created and been a partner in numerous revitalization programs in the neighborhood, markets the neighborhood and organizes events (such as an annual neighborhood summit), helps to organize and works with residents, and publishes a quarterly newsletter (Slavic Village Voice). In a 2006 study of the impact of SVD on the Slavic Village neighborhood (Krumholz, Keating, Star and Chupp), the efforts of this community development corporation (CDC) to develop social capital and its role in making important contributions to eight major projects were cited (“which brought about major changes in revitalizing Broadway”, Community Development, p. 45). These projects gave hope that Slavic Village was headed in the right direction with SVD playing a key role in revitalization efforts.

The Sub-prime Mortgage Crisis

However, as reported by the Slavic Village Vacant and Abandoned Property Task Force:

“Starting in approximately the year 2000, the home improvement mortgage market in Slavic Village came to be dominated by sub-prime lenders…The results of this sub-prime wave can be seen in the number of Slavic Village home foreclosures, which have increased six hundred percent since 2000. During this period, Slavic Village has also witnessed a dramatic increase in the number of abandoned and vacant homes” (p. 1). The Task Force concluded:
1) Irresponsible lending by sub-prime lending institutions has resulted in unconscionably high rates of foreclosure in the Slavic Village neighborhood – five times higher than the foreclosure rates made in Slavic Village by lending institutions that are locally-based.

2) The irresponsible lending of these institutions fueled and enabled speculative flipping which in turn led to even higher rates of foreclosure of flipped properties.

3) The abandonment of homes in Slavic Village – through judicial foreclosure – is being done by financial institutions that recklessly invested in bundled pools of risky sub-prime loans.

4) Properties foreclosed on, and then taken back by the lender at Sheriff’s Sale, are often sold to flippers/speculators whose practices frequently result in another foreclosure, perpetuating a cycle of abandonment. (p. 6)

“With a foreclosure toll now reaching into the thousands; with hundreds of homes left vacant, abandoned, vandalized, condemned and slated for demolition; with property values for the many well-kept neighboring homes in decline, the abusive sub-prime lending practices and resulting foreclosures documented in this report have been a catastrophe for Slavic Village”(p. 6).

The Task Force called upon governmental and civic, philanthropic and financial institution leaders to join it in calling for reforms. Its report listed ten proposed corrective actions. The recommendations of the Task Force were reinforced by a report (2008) by Cleveland-Marshall Law College Professor Kermit Lind, whose Urban Development Law Clinic represented SVD against flippers.
A September/October, 2006 article in *Mother Jones* magazine by Alyssa Katz provided graphic examples of the activities of sub-prime lenders like the Argent and Ameriquest mortgage companies. Her article begins with the example of East 76th Street in Slavic Village and resident Barbara Anderson:

“Of the 20 houses that stood on the Andersons’ block when they moved in, only 11 are still occupied; of the remaining 9 houses, 6 have been boarded up in the last two years by banks foreclosing on the owners. One has burned down; the others have had their siding pried off, row by row, and carried away in shopping carts. Only one house has been spared – it is clad in worthless vinyl”. Anderson was founder and president of the Bring Back the 70s Block Club and active in organizations addressing predatory lending issues. She was honored for this work at the 2007 Slavic Village Neighborhood Summit.

As the sub-prime mortgage crisis and the abandonment of foreclosed housing became a national phenomenon by 2007, Slavic Village became a nationally recognized example of this with numerous articles written about its plight, as well as in international publications. In a September 30, 2007 article in the *Washington Post* on the crisis, then Cuyahoga County Treasurer Jim Rokakis led with stories about the deaths of a 12-year old resident (“Cookie” Thomas) and a 78-year old resident of Slavic Village whose violent deaths he attributed to the crisis. Rokakis would become a leader in the creation of the Cuyahoga County land bank in 2009, which has since demolished thousands of abandoned nuisance properties in Cleveland, including many hundreds in Slavic Village. Rokakis has since been a leader in the creation of land banks throughout Ohio and a national voice for addressing the crisis. Cleveland City Councilmember (and former executive director of SVD) Tony Brancatelli, who grew up in the neighborhood, has been another key figure in
fighting back against foreclosures and those involved in its destructive impacts in Slavic Village. In a November, 2007 article (“Can Anyone Save Slavic Village?”) in Cleveland Magazine focused on the crime engulfing much of the neighborhood, Brancatelli said:

“There is no silver bullet. It’s going to take us a long time to climb out of this mess. When you start looking at vacant and abandoned property, when you look at the problems in the school district, when you start looking at a court system gone astray, when you lay all of these negative things out, it makes it significantly harder. I find the residents’ resilience absolutely incredible”.

Brancatelli and Rokakis were both featured in a June 2, 2008 article (“Mortgage and Madness”) in Newsweek about a flipper named Mark Kellogg who was the broker for 71 houses in Slavic Village from 2003 to 2006, all of which went into foreclosure. Many of Kellogg’s loans were provided by Argent Mortgage.

As an example of the international notoriety that Slavic Village gained because of the damage caused by flippers like Kellogg, David Jones of the U.K.’s Daily Mail wrote about it in a March 21, 2008 article:

“For to the shame of its 34,000 residents, many descended from the community’s fiercely hard-working Eastern European founders, this vandalized ghost-town is now recognized as the epicenter of American’s sub-prime mortgage catastrophe…Welcome to the subprime capital of America. The unwanted title was conferred after the discovery that during the second quarter of 2007, when the crisis first began, there were more high-risk mortgage foreclosures per capita here than anywhere in the United States”. Jones too introduced his U.K. readers to Mark Kellogg and Argent Mortgage.
Slavic Village as the urban face of the crisis was featured in the March 8, 2009 issue of the New York Times Sunday magazine. Author Alex Kotlowitz accompanied Tony Brancatelli on his rounds in Slavic Village. Kotlowitz also profiled Ray Pianka, the late Cleveland Housing Court judge who also was a hero in the unrelenting fight to prevent more flipping, foreclosures, and abandonment. Slavic Village and its plight were also featured in Edward McClelland’s book entitled Nothin’ But Blue Skies: The Heyday, Hard Times and Hopes of America’s Industrial Heartlands.

As these and other publications documented, Slavic Village was hit particularly hard as a targeted victim of the crisis even as states like California and Florida surpassed Ohio as having even more foreclosures as the United States was caught in the grip of the Great Recession. The 2010 U.S. Census showed the extent to which Slavic Village suffered over the previous decade. The total population fell to 22,432 and the number of vacant housing units soared to 3,587 – double the number in 2000 (as compiled by the Cleveland City Planning Department). The 2010-2014 American Community Survey Estimates showed that 46.3% of residents were living below poverty and 22.9% living in deep poverty (under 50% of the poverty line). It also showed that a majority (54.1%) were living in “unaffordable” housing (paying more than 30% of household income) with 73.1% of renters and 32.4% of homeowners in this situation. (Center for Community Solutions)

Recovery Efforts

Despite these discouraging data and a continuation of the foreclosure crisis, activists like Councilmember Brancatelli, now former Cuyahoga County Treasurer Rokakis, and Cleveland Housing Court Judge Pianka were among those who innovatively fought back
against the lenders and mortgage brokers largely responsible for the accelerated decline of the neighborhood.

Brancatelli partnered in one of the more imaginative events of the crisis. Convicted mortgage broker Mark Kellogg was jailed and had restitution imposed for mortgage fraud. However, in the case of mortgage broker Blaine Murphy (who used aliases and flipped several hundred homes in Cuyahoga County, including Slavic Village), a quite different sentence emerged. Instead of imprisonment, in addition to fines and considerable restitution (used to demolish abandoned nuisance homes) plus the rehabilitation or demolition of homes that he owned, Murphy was offered community service in Slavic Village. Murphy lived in the Forest City Park area of Slavic Village for about a year and forged a bond with its residents.

SVD under the leadership of Brancatelli’s successor Marie Kittredge engaged in a wide variety of activities to counter the negative impact of the crisis. SVD coordinates the efforts of the many block clubs and neighborhood associations in Slavic Village and the special committees that address the issues affecting the neighborhood (e.g., the Vacant and Abandoned Housing Committee) and helps to organize special events (e.g., the annual Pierogi Dash).

Before the Great Recession, SVD like other strong Cleveland CDCs engaged in the rehabilitation of housing and the construction of infill housing. In the midst of the crisis, funding for affordable new and rehabilitated housing became much more difficult to obtain. A temporary exception was the federal Neighborhood Stabilization Program (NSP). It did subsidize some new housing built by CDCs. And, beginning in 2008, SVD (and several other CDCs) participated in a Model Blocks program as part of the Strategic
Investment Initiative spearheaded by Neighborhood Progress, Inc. (NPI). Called the “Opportunity Homes” program, this demonstration program provided for the demolition of nuisance properties, the rehabilitation of some homes, and the construction of some new infill houses on East 74th and 75th Streets in order to give hope that the areas most affected by the crisis could be reborn.

2012 saw the beginning of two major affordable housing projects. “Trailside Slavic Village” is being developed on open land adjacent to the corporate campus of Third Federal Savings. Its goal is 95 for sale houses. By 2016 a first phase of ten homes was constructed and sold. It’s part of a Broadway Development initiative that includes Broadway Place, a 42-unit elderly housing project across Broadway from Third Federal. Another ambitious project that was launched was the “Slavic Village Recovery Project” (now ‘Slavic Village Rediscovered”). This is a partnership of several organizations: Forest City Enterprises, Robert Klein’s Safeguard Properties/SecureView, RIK Enterprises, NPI, and SVD. The basic concept is to rehabilitate at low costs in a designated area around 200 vacant homes provided by the Cuyahoga County land bank for sale without public subsidies. A 2015 evaluation by the Greater Ohio Policy Center found positive results both in sales and in the reception by the homebuyers and neighbors. The Greater Cleveland Neighborhood Housing Services which is located in Slavic Village is assisting with financial counseling. As of 2017, 42 homes had been purchased and rehabilitated. Housing sales prices ranged from $65,000 to $75,000.

Despite these positive projects, in 2016 the median single family home sales (only arms-length sales) price in Slavic Village was $13,000. This represented only 17% of the price at its peak over the period 2000-2016 which was $75,000 in 2005, the year before
the past decade began. This price dropped precipitously between 2006 ($71,100) and 2007 ($16,500) (NEO CANDO, CWRU).

Throughout the following years, SVD worked with NPI (now Cleveland Neighborhood Progress), the Cleveland Housing Network (now Housing Partners), the city of Cleveland, and the Cuyahoga County land bank to demolish nuisance properties and rehabilitate and build new affordable housing to the extent possible. The cumulative combined total of vacant nuisance properties demolished over the decade by the City of Cleveland and the Cuyahoga County land bank is 1,583. SVD continued to manage affordable housing and to provide weatherization services. It created a sweat equity program (“Neighbors Invest in Broadway”) to transform distressed vacant homes into home ownership opportunities primarily for Slavic Village residents. Through 2017, 75 homes have been sold and rehabilitated. In 2013, SVD received a Leadership in Community Innovation Award from Enterprise Community Partners for this program.

2006 saw the opening of the 2 ½ mile Morgana Run Bike trail (on an abandoned rail right of way) as part of SVD’s Active Living by Design efforts, the completion of the Cleveland Central Catholic High School addition, the completion of the Bessemer Avenue Extension, and the completion of a street and streetscape design for Fleet Avenue. In the next few years, a new athletic stadium at Central Catholic was dedicated in 2010 and a Warszawa farmers market was opened (more recently the “Slavic Village Market”). In 2012, the Cleveland Velodrome opened on Broadway on the former site of the St. Michael’s Hospital. In 2016, the makeover of Fleet Avenue into Cleveland’s first multi-modal “Complete and Green” street was completed. It has seen the opening of several new businesses promoted by Slavic Village native Anthony Traska (also
promoting the revival of the Slovenian National Home – “The Nash”): Saucisson, Triple Threat Press, and The Magalen. Trzaska is optimistic about the future of Slavic Village: “There’s a huge existing fabric that is here and there are also so many wonderful things going on in this neighborhood that no one else knows about. The only press, no offense, that we get is negative press all the way back to before we were ground zero of the foreclosure crisis. That was only seven years ago, but now we have so many great things going on. There’s the Fleetscape project, which is a $9 million complete and green street renovation of the street I’m standing on now” (Sandy, 2014).

The 2010 Slavic Village Neighborhood Summit was titled “Broadway’s Creative” and focused on the Arts. A variety of arts programs and events, including music and sculptures, were held. Previously, the Morgana Run mural “Pixelating Morgana” was dedicated and art benches were completed at Hyacinth Park. Slavic Village has arts-related organizations such as the Broadway School for Music and the Arts. In partnership with LAND Studio, a Cycle of Arches was created at East 49th Street and Broadway Avenue as a gateway to Slavic Village. Beginning in 2014 an annual “Rooms to Let” event has transformed abandoned homes scheduled for demolition into temporary venues for displays by local artists. 2015 saw the Cleveland Orchestra at Home in a Broadway Slavic Village residency with performances in various venues. City Music has also been a partner in the neighborhood. And on the rebuilt Fleet Avenue The Magalen, a mixed-use art gallery and studio, and Triple Threat Press opened.

In the wake of the numerous abandoned housing demolitions empty lots proliferated throughout the neighborhood. Responses included community gardens (ten), rain gardens and bio-retention basins. Four vacant lots were combined to create the Broadway and
Harvard Gateway Park honoring the neighborhood’s industrial and cultural heritage.

Another vacant lot became the site of the Village Market and the Village Stage, as well as an incubator for home-based neighborhood businesses.

Another major initiative is the Broadway P-16 MyCom educational program sponsored by the Third Federal Foundation in partnership with the Cleveland Metropolitan School District. Its aim is a child-centered collaborative model to increase literacy and graduation rates. Another major goal is to stabilize family life. The Cleveland Housing Network’s Family Stability Initiative has kept several dozen school-aged children from having to relocate during the school year due to an eviction, foreclosure, or other housing crisis. Programs at the MetroHealth Broadway Health Clinic and the in-school health clinic at Mound School have improved student health.

Throughout this decade SVD has developed strategic planning goals to continue the revitalization of Slavic Village. In July, 2007, SVD released a “Development Action Plan” in collaboration with City Architecture and NPI. The announced vision for the neighborhood was “becoming an active, vibrant neighborhood with a strong sense of connectedness and belongings” (p. 28). To achieve that vision goals were organized in the following categories: housing, safety and security, building community, commercial and business development, greenspace and transportation and infrastructure. The following year SVD released a follow-up report entitled “Transforming Slavic Village/Broadway”. In 2012, SVD updated the plan’s strategies and identified its accomplishments. In addition, SVD prepared a separate plan for the St. Hyacinth area.

In 2014 Marie Kittredge left SVD to work on the Opportunity Corridor transportation project, which will border a northern part of Slavic Village. In addition to the many
projects that SVD engaged in during her time as Executive Director, she promoted Slavic Village through an “I love Slavic Village” sticker. In 2009, she wrote an op-ed entitled “Slavic Village is battling back”:

“Broadway/Slavic Village’s response to the foreclosure crisis highlights Cleveland’s toughness, its creativity, its resilience and its vision as we manage the effects of an international meltdown. Here, we are embracing the opportunity to redesign our community as a sustainable 21st century, urban community-of-choice, moving from the epicenter of foreclosure to the epicenter of recovery…We still struggle with the problems of poverty, crime, and disinvestment, as do many urban neighborhoods, but we are in control and are defining our future. What distinguishes Cleveland’s recovery effort is the way we are fighting back…The emphasis is on intelligent and collaborative solutions. Fully engaged residents, businesses and nonprofit community development corporations are working in a coordinated and aggressive fashion with city government to stabilize the city”.

Kittredge was succeeded by Chris Alvarado, an urban planner who worked on the city’s Land Bank and previously at the Cuyahoga County Planning Commission.

A September, 2013 article in the Plain Dealer (“Slavic Village, devastated by the national housing crisis, fights its way back”) cited the recovery efforts to date in Slavic Village while noting the many problems still facing the neighborhood including population loss and vacant housing. While the rate of population decline was reduced, it was estimated that it did decline by about a thousand in 2014 compared to the 2010 Census. The housing vacancy rate peaked at 16.8% in 2010 and did decline to 13.5% by 2016, although this remains a very high vacancy rate.
As previously noted, much more has been accomplished since the publication of this article. In addition to previously mentioned institutions such as Third Federal and Central Catholic, other anchor organizations include several churches, the Boys and Girls Club, the Metro Health Center, and University Settlement. The Mill Creek housing development, largely untouched by the crisis, remains a strong residential asset with access to the Metropark system. Other recreational opportunities include the city’s only golf course.

An important indicator of the recovery efforts spearheaded by SVD is public and private investments in projects including art, green space, infrastructure, public art, and real estate. According to SVD, a total of $55.7 million since 2010 has been invested in completed projects and those under construction and planned. However, much remains to be done in attracting more investment in key areas like the rebuilt commercial part of Fleet Avenue and the East 55th Street and Broadway intersection which are both gateways to the neighborhood.

Conclusion

Slavic Village is only one of many Cleveland neighborhoods that were devastated by the foreclosure crisis. While it gained a national and international reputation for what it suffered, it also won a reputation for the persistent and innovative efforts of Slavic Village Development and other community organizations and anchor institutions as well as involved residents to combat predatory lending and the abandonment of foreclosed housing. These efforts have been recognized at the annual Slavic Village/Broadway Neighborhood Summits.
In assessing the outcome of the efforts over the past decade to both prevent the further decline of the neighborhood and also to promote its recovery, admittedly the record is somewhat mixed. Certainly, as the data cited above indicates, Slavic Village still suffers from what has occurred over longer than the past ten years: population loss (although at a slower rate) and increased poverty. Its housing prices overall remain significantly lower than the citywide rate and hundreds of empty and often abandoned homes constitute a higher than normal vacancy rate. These are characteristics shared by other Cleveland neighborhoods.

However, what sets Slavic Village apart from some of these neighborhoods is the variety and success of its continuing initiatives to revitalize the neighborhood. Despite the serious obstacles confronting it, there have recognizable gains in physical, economic, and social recovery improvements in Slavic Village. While they have not offset all of the negative factors affecting the neighborhood, they have spawned hope and engaged many of the residents and organizations to join in these efforts. SVD has been recognized as one of Cleveland’s strongest community development corporations and received awards for its efforts. As a result, there is the promise that Slavic Village can join other similar Cleveland neighborhoods which have enjoyed the benefits of longstanding revitalization efforts led by CDCs.

SVD’s current plan is its 2016-2018 Strategic Plan. It notes ten accomplishments “worthy of particular note”: engaged planning organizing, partnerships, education & opportunity, events, business development, housing, infrastructure, placemaking, public spaces. The plan states:
“The well-chronicled recent history of SVD has created a culture of commitment, creativity, and resilience, and the many assets the neighborhood possesses – especially its people – provide confidence that the goals articulated in this document can and will be achieved”. (p. 7)

The three thematic focus areas are: service, voice and development (p. 9).

A signal achievement in economic development was the selection in Spring, 2017 of Slavic Village in the “Cleveland Chain Reaction” economic development competition. Local investors pledged funding to support five new businesses to open in a Cleveland neighborhood. Ten Cleveland CDCs competed to host these businesses in their neighborhood. The winning businesses are expected to open in 2018.

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