social indicators 2003 - 2004

HOUSING

A report by The Center for Community Solutions and United Way Services

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THE CENTER FOR COMMUNITY SOLUTIONS
RESEARCH • PLANNING • ACTION
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OPENING LETTER

April 2004

To the Northeast Ohio Community:

In 1998, with increasing calls for accountability and effective investment of public and private resources to address community needs, United Way Services and The Center for Community Solutions (formerly the Federation for Community Planning) joined together to produce the five-volume Social Indicators series. This new volume — Social Indicators 2003-2004: Housing — continues a revised and expanded series that depict social, economic, health and housing conditions in our region.

Based on suggestions from users, we have revamped the report format to make them more user-friendly. We have also added maps and tables depicting other counties in Northeast Ohio, because many of the concerns that we explore extend beyond Cuyahoga County and impact our entire region.

We intend these reports to serve as both educational and planning tools. We believe that the prudent investments of our volunteers, our staffs, and our dollars, based on thoughtful analysis of reliable and focused data, will reap long-term benefits for our community.

We thank the Center for Housing Policy Research and the Northern Ohio Data and Information Service at the Maxine Goodman Levin College of Urban Affairs, Cleveland State University, for providing the Census and Cuyahoga County Auditor's data.

Special thanks go to our community partners who are supporting this project: The Cuyahoga County Board of Commissioners, The Bruening Foundation, The Cleveland Foundation, The George Gund Foundation, and the Mt. Sinai Health Care Foundation. The Community Solution's Williamson Family Fund and the Elizabeth Treuhaft Fund also provide continuing financial support for health and social service research initiatives. We are proud that both organizations have been able to provide in-kind support to this project.

Sincerely,

David S. Goodman
Chair, Board of Directors
The Center for Community Solutions

Alexander M. Cutler
Chair, Board of Directors
United Way Services of Greater Cleveland

PREFACE

Background

In 1998, United Way Services (UWS) and The Center for Community Solutions (formerly the Federation for Community Planning) began the Social Indicators Project, a seminal effort to provide an accessible, easily updated source of information on social trends and conditions in Cleveland and Cuyahoga County. This volume — *Social Indicators 2003-2004: Housing* — continues the revised and expanded series that depict social and economic conditions in Northeast Ohio.

The current series started with a new volume on *Education, Employment, and Income,* and continued with updates of *Children and Families* and *Community Health.* Still to come is an update of the previous volume *Profile of Older Persons in Cuyahoga County* (2001). And in 2004, we will prepare a new volume on *Youth Development.*

These volumes benefit from collaboration with the Cuyahoga County Board of Health, through their work with the Cuyahoga County Child and Family Health Services Program. The Center for Housing Policy Research (CHPR) and the Northern Ohio Data and Information Service (NODIS) at the Maxine Goodman Levin College of Urban Affairs, Cleveland State University, provided the data from the Cuyahoga County Auditor's Office and the Census Bureau.

United Way Services and Community Solutions intend these reports to provide information for program planning and resource allocation, serve as the general reference on the status of neighborhoods and communities, and function as an educational tool to assist in advocacy efforts. The reports will help the community focus on issues of concern, as well as mark our collective accomplishments in reversing negative trends and supporting positive ones.

UWS utilizes this information as the basis for developing new priorities and allocating resources that will measurably advance long-term dividends. Together, the Federation and UWS make this information available to agencies and organizations, community stakeholders, advocates, and policymakers to promote and facilitate sound, data-based decisions. The Center for Community Solutions will continue to collaborate with UWS on updating the Social Indicator reports so the community may count on having up-to-date information in the future.

Acknowledgements

The Center for Community Solutions' Research Team produced the analyses and wrote the commentary for this volume.

Mark Salling, Ph.D., Williamson Family Fellow for Applied Research and director of research, and ***Richard A. Marountas***, policy and planning associate, were the lead authors.

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Charlie Post and Ivan Maric of the Center for Housing Policy Research (CHPR) at the Maxine Goodman Levin College of Urban Affairs, Cleveland State University, provided the data from the Cuyahoga County Auditor's Office, and ***Tom Bier***, CHPR director, provided helpful suggestions on the data and its interpretation.

The Northern Ohio Data and Information Service at the Maxine Goodman Levin College of Urban Affairs, Cleveland State University, provided the 2000 Census data.

Edwin A. Balcerzak, Ph.D., director of health programs and social research at United Way Services provided insightful review and comments.

Sheryl MacLean, publications manager at Community Solutions, edited the volume and supervised graphic design and production.

Marie Smith designed and layed out the volume.

Composition and Organization

We used three factors to select indicators: (1) indicators must conform to accepted standards of data collection, reporting, and analysis as reflected in social science literature; (2) indicators must be useful to human service planners and service providers in Northeast Ohio; and (3) data on the indicators must be readily available. In general, we chose indicators for their relevance, their ability to be measured over time, the consistency of their meanings, and their conformity with rigorous collection and reporting standards. In addition, for reasons of both cost and future availability, we used only secondary source data - no data were collected specifically for this effort.

Like other reports in the Social Indicators series, where possible, we have focused data down to the neighborhood level in Cleveland and to municipalities in the suburbs, because social indicators can vary dramatically from community to community, and appropriate interventions may be most effective at the local level.

Based on suggestions from readers of the previous reports, we have revamped the report format to make it more "user-friendly." We have also added maps and tables showing other counties in Greater Cleveland because many of the concerns that we explore extend beyond Cuyahoga County and impact our entire region. For each indicator, we explain its importance and what we found. We show recent trends, and graphically compare the eight counties of Northeastern Ohio. For Cuyahoga County, Ohio's most populous, we compare Cleveland, the older, transitional suburbs, and the remainder of the county. We provide maps that show the relative prevalence of a condition within a population, and other maps that depict the number of people affected.

We recognize that data in this report have the potential to be used both in a positive way, to encourage development of public policies to improve health in our community, and in a negative way, to further isolate and stigmatize segments of the population that are already vulnerable. How the community collectively uses these data will test the measure of our resolve to improve the health and well-being of residents of Cleveland and Cuyahoga County. All those who participated in the development of this volume hope that all people across Northeast Ohio will reap the benefits of our efforts.

Executive Summary

More than just shelter, the region's housing is an economic asset, both for the owner and the community since it contributes significantly to taxes supporting schools, safety, and municipal services.

Housing is one of our basic needs. It provides shelter and comfort, and its neighborhood setting and location contribute to our access to work and resources, status in society, and sense of community. More than just shelter, the region's housing is an economic asset, both for the owner and the community since it contributes significantly to taxes supporting schools, safety, and municipal services.

Housing Demand

Demand in the housing market area, which increases with the number of households and their buying power, varies geographically and results in population movements. The eight-county region saw a lower mobility rate than the nation as a whole in 2000, with 40 and 45 percent having moved since 1995, respectively. This difference is partially explained by the slightly higher home-ownership rate in the region (69 percent regionally versus 66 percent nationally in 2000), but it also reflects the slower rate of growth in households – the nation increasing by 14.7 percent and the region by 6.6 percent.

Not surprisingly, the suburbanizing counties of Geauga, Medina, and Portage (including student turnover at Kent State University) had the highest proportions of movers from out-of-county. Most of these migrants came from Cuyahoga County. The City of Cleveland, with a high proportion of renters (51 percent), had the highest mobility rate in the county, followed by the remaining suburbs[1] of the county, which were growing in housing unit construction. Thus Cleveland's movers largely moved within the city and few (17 percent) arrived from out of the county. Cleveland and the transitional suburbs supplied most of the migration to the remaining suburbs and the neighboring counties.

Rental units often accommodate different household sizes and types than owner-occupied units. One-person households are more likely to rent homes than are larger households – only 22 percent of owner-occupied housing consisted of one-person households in the region in 2000, while 44 percent of rental units consisted of such households. Cuyahoga County, and Cleveland in particular, had the highest concentrations of one-person households in both owner and renter units. The one-person household increased in proportion of all households, nationally, regionally, and among almost all communities of the region in the 1990s. Larger households – those with five or more persons – declined by 3 percent nationally in the 1990s; but the region saw a much more significant decline (13 percent) in large families.

In addition to homeowners and renters, a significant proportion of the population lives in group quarters such as correctional facilities, nursing homes, and college dormitories. This housing serves more than 2 percent of the region's population.

Housing Supply

The region has seen continued new housing construction in the absence of household growth. Outward movement of households to new housing on the urban fringe creates housing abandonment and decreasing values and conditions in the central city and transitional suburbs.

Summit County saw the greatest growth in number of housing units (19,400 units) in the 1990s, much of this growth occurring in the northern communities that absorbed migration from Cuyahoga County. Medina (with a 31 percent growth rate) and Geauga counties grew the fastest proportionately in the 1990s, though Geauga's growth was less that 5,000 units. The remaining suburbs of Cuyahoga County also saw significant new housing (13 percent growth).

All together there were 82,000 more housing units in the region in 2000 than there were in 1990, and this new housing, in the absence of proportionate growth in households, resulted in both increasing vacancy rates and demolitions of housing in Cleveland and the transitional suburbs. Despite significant new construction in the city, Cleveland had a net loss of 8,500 units in the decade. The vacancy rate increased from 10.9 percent to 11.7 percent, even with fewer units.

Home ownership rates and family sizes are reflected in the types of housing structures present in the region and its communities. The region had a greater proportion of single-family unit structures than the nation in 2000 – 71 percent versus 66 percent. Cuyahoga County, Cleveland, and the transitional suburbs had higher rates of multiple-unit housing structures compared to the region as a whole, reflecting the presence of more renters and one-person households. Mobile homes were a significant portion of the housing stock in Ashtabula and Portage counties; both had 9 percent of their total number of units in this category.

With most of the newer housing built in the suburbanizing counties and communities of the region it is not surprising that the older housing stock is largely concentrated in the inner city and the transitional suburbs. Based on 2000 census data, the median age of housing in Cuyahoga County was 1954, meaning that half were built before that year and half were built since. This housing got younger by 2 years since the 1990 census largely because of some new construction as well as demolition of older housing. By comparison, however, the national housing stock and that of Medina and Geauga counties each got younger by 6 years in the decade. The median year of construction for housing in Medina in 2000 was 1975.

Based on data from the Cuyahoga County Auditor's Office, half of Cleveland's housing was been built before 1920. Some neighborhoods of the city, such as Tremont, Glenville, and Ohio City had housing that had a median year of construction that preceded 1900. Other neighborhoods of the city had much younger housing, including Downtown (1984), Riverside (1954), Puritas-Longmead (1950), and Lee-Miles (1950).

The condition of the housing stock, as determined by the Cuyahoga County Auditor's Office, largely, though not exclusively, reflects its age. While almost 5 percent of suburban housing was deemed to be only "fair-to-poor" (less than average) in condition, 40 percent of Cleveland's homes were in that category. Only 2.1 percent of housing in the remaining suburbs was less than average in condition and 41 percent were in "good-to-excellent" condition. Housing in the transitional suburbs was largely average in condition.

Cost and Availability

Housing has been viewed as a bargain in the region compared to other metropolitan areas and this is borne out in comparing median housing value to other metropolitan areas in the 2000 census. However, the median value grew faster in this region than it did nationally in the 1990s, thus reducing the competitive advantage of the region for cost of living considerations.

The value of housing is correlated with its age and condition, but it is also a function of location and building and lot size. Within the region the highest median value of owner-occupied housing in 2000 was in Geauga ($182,400), Medina ($144,400), and Portage ($123,000) counties, and these counties also saw the greatest increase in housing values in the region. While Cleveland easily had the lowest median housing value in the county in 2000 ($71,067), the city also had the greatest appreciation since 1990 - 33 percent versus 17 percent in the suburbs (even after inflation adjustment to the 1990 data). The smallest increase was found in the transitional suburbs – 14 percent.

The combination of owner-occupied housing costs and household incomes in a community provides the Housing Affordability Index (HAI). Affordability of home ownership in the region was only slightly better than that for the nation in 2000. Geauga County easily had the lowest affordability index among the counties of the region, while the HAI scores for Ashtabula, Summit, and Lorain counties indicate a relatively good ability to purchase homes given the incomes of households in those counties. Cleveland has a relatively average HAI compared to the county in 2000, but it did not improve at all while the affordability to own a home in the suburbs improved significantly in the 1990s, passing that of Cleveland in the process. The transitional suburbs provided the most affordability in the county in 2000.

EXECUTIVE SUMMARY

The remaining suburbs of Cuyahoga County had an average sales price for residential properties that was more than two and a half times as high as in the city of Cleveland ($190,867 versus $68,281) in 2001. But this difference is largely related to larger lot sizes in the suburbs. New housing development in the city in the 1990s resulted in sales price appreciation exceeding 18 percent, which was much faster than the 4 percent increase in the remaining suburbs. The transitional suburbs also experienced a greater increase (11 percent) than the remaining suburbs.

Increasing proportions of homeowners with a mortgage indicate willingness to invest in new purchases and increasing sales to new homeowners. This sign of strength in the housing market occurred even as there was ongoing outward movement of households due to new construction in adjacent counties and the remaining suburbs of the county. The city's homeowners with a mortgage increased from 58 percent to 68 percent of all owners from 1990 to 2000. The transitional suburbs saw mortgaged housing percentages rise from 60 percent to 68 percent, while the remaining suburbs saw an increase from 65 percent to 68 percent. Thus the city and transitional suburbs reached the same level of mortgage status as the county as a whole by 2000.

While mortgage activity signals a strong housing market, high-risk mortgages signal danger of financial over-extension by home purchasers. Cleveland's homeowners reduced their proportion of loans that were high-risk from 51 percent during the 1990-to-1993 period to 45 percent in the 1998-to-2001 period. Meanwhile, the proportion of loans that were high-risk mortgages increased in the transitional and remaining suburbs during this time - from 31 percent to 35 percent and from 7 percent to 12 percent, respectively.

Some more recent data suggest, however, that Cleveland's improved housing market was in some jeopardy by 2001, when the national and local economies began to slide. Conventional home purchase loan denial rates for 2001 increased significantly from earlier years of the 1990s. While conventional loan application denials are due to a variety of economic factors, the geographic distribution of these denial rates is clearly correlated with the distribution of African-Americans and Hispanics, continuing to raise questions about mortgage lending redlining practices.

Sheriff's sales, which result when loans go into default, were high in Cuyahoga County during the recession of the early 1990s, dropped during the strong economic growth of the mid-1990s, and increased again in the1998-to-2001 period when the economy showed signs of decline again. Cleveland had the highest rates of sheriff's sales in all three periods. Transitional suburbs also had higher rates than the remaining suburbs and peaked at 6.1 percent of all sales of residential properties in the 1998-to-2001 period.

There were fewer rental units and rents were higher in the suburban counties and in the suburbs of Cuyahoga County than in Cleveland in 2000. Median gross rent increased (even after adjusting for inflation) in Cleveland during the 1990s, while rents declined slightly in the suburbs of the county. Thus the cost of housing measured for both home ownership and rental units increased more significantly in the city than in the suburbs. And while housing affordability remained unchanged in regard to home ownership during the 1990s, the affordability of rental units, given median household income, decreased in the city. Rental housing affordability increased in other parts of the county during this period.

To help meet the housing needs of lower income households, the U.S. Department of Housing and Urban Development (HUD) provides housing subsidies for qualified renters in the county through the Section 8 voucher program, which is administered by the Cleveland Metropolitan Housing Authority (CMHA). More than 12,000 units in the Section 8 program in 2003 served almost 6 percent of the rental market of the county. Almost two thirds of these units were in Cleveland, serving more than 8 percent of the rental market; another 31 percent were in the transitional suburbs, providing more than 5 percent of rental housing; and fewer than three percent were in the remaining suburbs of the county, serving less than one percent of all renting households there. All of these totals were significantly more than were present only three years earlier. However, at this writing HUD has recently indicated that funding for the housing voucher program may be significantly cut in the coming year.

Housing as a Community Asset

The value of residential property extends to the community, most directly as assessed taxable valuation to support local services. Residential assessed valuation per parcel (which is a proportion of estimated market value) increased from almost $22,000 per property in 1990 to more than $30,000 in 2000, a 37 percent increase (after inflation adjustment). The highest average valuation was in Geauga County ($56,666). But the greatest percentage gains were in Lorain (60 percent) and Portage (55 percent). Cuyahoga County gained 35 percent in average valuation the 1990s. Most of this growth was in the remaining suburbs and Cleveland. Transitional suburbs lagged behind the remaining suburbs in value and growth rate. Cleveland's residential properties were still valued the lowest in the county and region, averaging less than $11,000. Lot sizes, however, which are larger in the outer suburbs and counties, explain most of this difference.

Residential property market value, while growing in real terms (above inflation), did not grow as rapidly as industrial and commercial property in Cuyahoga County in the mid-to-late 1990s, and thus lost ground as a resource for taxation. Industrial and commercial properties gained by 21.7 percent in average market value between 1994 and 2001, whereas residential properties gained 8.9 percent. Growth in suburban industrial and commercial land value was the greatest in the remaining suburbs, though again, this is largely due to larger lot sizes. Thus, evaluation of the role of residential property is best presented on a per acre basis. Cleveland, with less land for development than the remaining suburbs, still saw significant gains in total residential market value (11.6 percent) and value per acre (8 percent). Meanwhile the transitional suburbs saw loss in value per acre for residential property, indicating weak competitive position in regard to both the remaining suburbs and the City of Cleveland.

Homeowners continue to invest in their homes through home improvement loans (though not always used for home improvements), especially during the mid-to-late 1990s when the economy was strongest and homeowners felt most confident in acquiring debt. Clevelanders, in particular, received far more home equity loans in 1997 than they did in 1992 or 2001. Average loan amounts in 1997 were less than either 1992 or 2001, indicating that more homeowners were seeking smaller loans.

The value of properties to a community's tax base is lost when tax collection lags. Residential tax delinquency was greatest in the City of Cleveland in 1994 and worsened faster than it did in the suburbs by 2001, growing from 6.3 percent to 8.2 percent of properties and from $22 million to $30 million in total delinquency (after adjusting for inflation).

Opportunities

With suburbanization expanding faster in the adjacent counties the potential for further residential development of land in Cuyahoga County may be limited in regard to total acreage; but the economic potential that can be realized from development, including in Cleveland, is still enormous. When vacant land, land bank properties, and properties that were very significantly tax delinquent (and therefore potentially most acquirable for redevelopment) are combined, the county could see about 23,000 acres of new development and redevelopment, with more than 2,000 acres of this land in Cleveland.[2] If developed at the same market value as residential development that occurred in the 1990s, the county could realize an additional $11.6 billion in property values. The Cleveland share would be more than $1.4 billion. While the method to estimate the potential market value for new residential development may be argued, the conclusion that the City of Cleveland could realize enormous benefit from successful (re)development of properties that are under utilized is irrefutable.

We must conclude that, while many of the housing indicators in this volume highlight difficulties for the City of Cleveland and the transitional suburbs, there is also strong evidence for the potential to turn liabilities into assets. This is a challenge that is recognized by some leaders in the community and is well documented here.

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1. We separate the suburbs of the county into two types – the older, inner-ring suburbs, which we call "transitional suburbs" and the remaining suburbs. See the report for details about this delineation.
2. Not all land included in this calculation may be practically developable; nevertheless the discussion about such potential development is worthwhile having.