

### **PANEL 3 | Recovery Strategies from the Community Perspective**

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Moderator: Alyssa Lee, Pew Charitable Trusts  
Panelists: Tony Brancatelli, Cleveland City Council  
Tom Eggleston, HouseKey Properties  
Steve King, Urban Strategies Council

This third panel represented a diversity of perspectives from organizations working on local housing recovery, including from an elected official, a staff member of a nonprofit organization, and a private-sector property manager and investor. This diversity is important, noted moderator Alyssa Lee, because different markets require different community responses.

Steve King presented research by Urban Strategies Council showing that just 10 of the 30 most active investors in Oakland are based in the city. This, he said, raises concerns about the prevalence of absentee ownership and how this will affect the ongoing maintenance and management of those properties. He pointed to what he saw as a “mini-bubble” forming in Oakland in which qualified families looking to purchase a home are bidding well above asking prices yet still being outbid by investors. Research shows, King added, an owner occupant is six times more likely to retain ownership of an REO property compared to an investor.

Contrasting the situation in Oakland, Cleveland City Councilman Tony Brancatelli described neighborhoods beset by distressed and abandoned properties, widespread negative equity, and continuing declines in property values. “The residents are concerned that they can't make investments in their own property because they can't get loans for roofs, furnace repairs, driveways, any of the common things you may do in your community. So these residents are under stress and they, quite frankly, feel like prisoners in their own homes because they can't go anywhere,” he said.

Communities can undertake strategies to manage and monitor investment, King said, noting that the Oakland City Council passed a property ordinance requiring investors to register their non-owner-occupied properties with the city and have them inspected to ensure the properties are up to code. At the same time, he added, it is important to avoid making the city appear unattractive to outside investment. King also highlighted the work of the Oakland Community Land Trust, which acquires vacant, foreclosed homes, and renovates and sells the homes to working families earning 50 percent to 80 percent of area median income (\$45,150 to \$64,400 per year for a family of four in Oakland). The Trust ensures the long-term affordability of the homes by retaining ownership of the land and requiring the homeowner to resell at a price affordable to another limited-income buyer.

Tony Brancatelli discussed the wide range of strategies being undertaken in Cleveland, including mobilizing neighborhood block groups to clean up and secure abandoned properties and promoting community assets such as Rails to Trails projects. The city has mobilized neighborhood stabilization teams using data from Case Western Reserve University's community data system NEO CANDO to help determine how best to target scarce resources. In addition, city leaders have brought in local

stakeholders, such as Safeguard Properties and Forest City Development, to target new development in certain parts of the city where public and nonprofit resources can leverage investment. He also cited the city's emphasis on education initiatives to improve neighborhood schools to help retain current residents and attract prospective owner-occupants. The Cuyahoga Land Bank has been an especially important tool, Brancatelli said, to take control of properties and carry out demolitions. He cited the land bank's landmark partnerships with the U.S. Department of Housing and Urban Development and the government sponsored enterprises, adding, "We need the federal government to continue to step up."

Finally, Tom Eggleston of HouseKey Properties discussed the role of professional property management in maintaining property values and livability of neighborhoods where investors acquire properties. A tenant in an investor-owned, single-family rented home, he said, should receive the same level of services he or she would get in a multifamily apartment building. Eggleston suggested a "second look" program providing a 15-day window for purchases by investors who agree to a deed restriction that prohibits the sale of the property for five years (except to a tenant). He also suggested requiring that properties be managed by professional property managers. These wouldn't have to be the largest companies, he added, noting that small management companies could use existing software and technology to make managing scattered-site, single-family rentals more efficient.