

OPERATION “PREVENT”

A multi-faceted strategy by the City of Cleveland to identify and block serious threats to the stabilization of the city’s housing market and the city’s need to lay the foundation for eventual recovery.

Cleveland’s housing market is gravely threatened by the practice of “dumping” high risk properties at used car prices into the City’s already severely depressed market. GSE’s, mortgage banks, REO’s and auctions like E-Bay are dumping thousands of grossly devalued properties into Cleveland’s struggling neighborhoods. These properties have been infected by toxic mortgages, tax assessments, vandalism and neglect and according to studies by CWRU, NEO-CANDO and CSU College of Urban Affairs, the vast majority of these properties are being purchased for less than \$10,000 with little or no hope of bringing these properties back to code.

Unless these properties are restored to the City’s housing code, they will thwart Cleveland’s potential for market recovery. Without intervention and prevention, these properties will lurk, like the “living dead,” in Cleveland’s neighborhoods for decades to come. They will weigh against Cleveland’s housing market recovery and they will be the future targets of Cleveland’s demolition wrecking ball.

This pervasive and persistent practice, commonly called “churning,” is a mutation of the mortgage foreclosure crisis which has caused a global financial meltdown and catastrophic damage to neighborhoods across the country and throughout Cleveland.

OPERATION PREVENT will deploy a highly focused, collaborative, strategic initiative that will identify and combat all aspects of this deadly threat.

Operation Prevent Housing Action Data System (OPHADS)

Purpose: To develop an integrated data system that links and tracks already established data sets⁽¹⁾ which will provide the City of Cleveland real time information to take immediate action to diminish the impacts of both; substandard housing conditions, housing market activities which are decreasing housing values and neighborhood stability. The OPHADS will provide for a proactive prevention program to improve the City’s capacity to enforce existing city laws and allow multiple City departments to quickly identify actionable activities for stabilizing housing disinvestment as related to the high levels of abandonment, foreclosures and destructive market activities. Each one of these independent existing data sets, when shared and aggregated, can maximize the utility of the data and provide valuable information to assist another agency in its primary responsibility.

OPHADS Information Technology Development: There exist multiple data and information silos, which can provide the City with a comprehensive picture of housing; ownership status, building code status, utility service status, real estate transaction status, court status, occupancy status, foreclosure status, GIS data and various other data sets. The ability to maximize the utility of these independent data sets is limited by the fact that there is no systematic information management system through which this data can be shared in a time frame in which effective management decisions and requisite actions can be completed to adequately regulate existing City laws and develop new tools. The first part of developing and integrated data sharing system is to identify and build the information architecture (IT hardware and data system protocol) that can integrate these individual data silos. A consultant(s) contract will be required to develop this complex system through which all the individual partners can provide and share existing data. The goal is to have the information system designed and operational in 9 months.

OPHADS Operational Structure: The preventative utility of the integrated data base is predicated on the ability of the City to strategically insert itself into its residential markets by using its legal capacity to enforce law, taking timely coordinated action via City services and providing public information to diminish the effects of market destabilization. The integrated data system will require management to (1) coordinate the development of the OPHAD IT; (2) maintain the updating and the distribution of data. Personnel investments will require:

- Program Manager
- Data Analyst

Operational action activities are primarily linked to the jurisdiction of the Building & Housing Department, but also include other City operations and services. Examples of potential activities and services are as follows:

- Notification by Cleveland Public Power and Division of Water to the Building & Housing Department of utility turn-off. This identifies a potential vacant or foreclosed home. A court record check via the data system may identify a foreclosure action. The Building & Housing Department can check for code violations to be utilized in Certificate of Disclosure, board-up action or potential condemnation if warranted. Reverse notification by the Building & Housing Department to the public utility of board-up action may warrant utility turn off action and review of outstanding bills for collection.

- Property registration requirement (now being discussed by the Building & Housing Department) could allow notification of condemned building status to new owner (tracked via property sale check).
- Data screen for owners of multiple properties who are active in buying REO or HUD properties. Target code inspection activities to prevent churn sales.
- Provide staff and hardware support to the operation of the Code Enforcement Partnership initiative.
- Code Enforcement Partnership activities can provide data system (Building & Housing Department) of newly vacated or abandoned homes resulting in expedited board-up of other departmental action.
- Provide access to and support for the distribution of the ACCELA data base.
- Additional capacity for prosecutions for code violations or failure to provide Certificate of Disclosure or proposed property registration program.
- Data system identification of abandoned property can provide notification to Division of Parks & Recreation to add property to lot cutting list. System could provide better information on bill of lot cutting services.
- The system can provide improved cost recovery activities prior to transfer from License's and Assessments.

Personnel investments for operational structure for code compliance will require:

- Code Enforcement Partnership Coordinator
- Attorney
- Para-Legal

Summary: Systems development should be viewed as an infrastructure investment by the City, building the long-term infrastructure necessary for our long journey into “market recovery.” The development of operational capacity should be viewed as capacity building achieved through short-term contracts (18 months), redeploying City personnel, and supporting partnerships that will have long-term viability. This strategic program approach is aimed at addressing two primary goals: (1) the current “real time” challenges caused by the foreclosure crisis; and (2) investing in laying the data foundation and operational system infrastructure that is required to carry us from crisis to recovery in the long run.

(1) This table identifies the anticipated sources of information to be integrated and shared.

<u>Data Set Source</u>	<u>Data Set(s)</u>
Dept. of Building & Housing	ACCELA Data, Building-Code Violations, Board-up, Condemnation Data
Dept. of Community Development	Housing Market Typology Data, NSP & CDBG Project Data, Land Bank Data
County Recorder	Deed Filing information
County Court of Common Pleas	Foreclosure Filing Data
County Sheriffs Dept.	Sheriff Sale data
NEO-CANDO	Large Multi-Functional Data Base & Analysis
Private REO's	Bulk Sale Data
HUD	Bulk Sale Data
FHA	Bulk Sale Data
Water Division	Utility Shut-Off Data
CPP	Utility Shut-Off Data
City GIS	Geographic Data Base
First Energy	Utility Shut-Off Data
Dominion Gas	Utility Shut-Off Data
CDC'S	Vacant Home Data, Building Code Assessment Data
E Bay	Sale Listings
Dept. of License & Assessments	City Service Billing Data
CSU	RE Transaction Data
CLRC	Land Bank Data
County Auditor	RE Tax and Ownership Data
County Treasurer	RE Tax Status & Penalty Data