

# Foreclosures Force Suburbs to Fight Blight

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By [ERIK ECKHOLM](#)

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SHAKER HEIGHTS, Ohio — In a sign of the spreading economic fallout of mortgage foreclosures, several suburbs of Cleveland, one of the nation's hardest-hit cities, are spending millions of dollars to maintain vacant houses as they try to contain blight and real-estate panic.

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David Maxwell for The New York Times

A Home in Shaker Heights, Ohio, is advertised as for sale with no money down. [More Photos »](#)

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## Cleveland Hit Hard by Foreclosures

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David Maxwell for The New York Times

Rosa Hutchison Yates of Shaker Heights, Ohio, may be losing her home of 30 years after a refinancing deal created bills she could not pay. “When folks pay for a home, they expect to die in it,” Ms. Yates said. [More Photos >](#)

In suburbs like this one, officials are installing alarms, fixing broken windows and mowing lawns at the vacant houses in hopes of preventing a snowball effect, in which surrounding property values suffer and worried neighbors move away. The officials are also working with financially troubled homeowners to renegotiate debts or, when eviction is unavoidable, to find apartments.

“It’s a tragedy and it’s just beginning,” Mayor Judith H. Rawson of Shaker Heights, a mostly affluent suburb, said of the evictions and vacancies, a problem fueled by a rapid increase in high-interest, subprime loans.

“All those shaky loans are out there, and the foreclosures are coming,” Ms. Rawson said. “Managing the damage to our communities will take years.”

Cuyahoga County, including Cleveland and 58 suburbs, has one of the country's highest foreclosure rates, and officials say the worst is yet to come. In 1995, the county had 2,500 foreclosures; last year there were 15,000. Officials blame the weak economy and housing market and a rash of subprime loans for the high numbers, and the unusual prevalence of vacant houses.

Foreclosures in Cleveland's inner ring of suburbs, while still low compared with those in Cleveland itself, have climbed sharply, especially in lower-income neighborhoods that border the city. Hundreds of houses are vacant because they are caught in legal limbo, have been abandoned by distant banks or the owners cannot find buyers.

The suburbs here are among the best organized in their counterattack, experts say, but many suburbs elsewhere in the country have had jumps in foreclosures and are also working to stem the damage.

Outside Atlanta, Gwinnett and DeKalb Counties have mounted ant foreclosure campaigns while several towns south of Chicago are forcing titleholders to fix up empty houses, or repay the government for doing it.

Here in Ohio, there are more than 200 vacant houses in Euclid, a suburb of Cleveland north of here. In the last two years more than 600 houses in Euclid have gone through foreclosure or started the process, many of them the homes of elderly people who refinanced with low two-year teaser rates, then saw their payments grow by 50 percent or more.

Euclid has installed alarm systems in some vacant houses to keep out people hoping to steal lights and other fixtures, drug users and squatters. The city has hired three new building inspectors, bringing the total to nine, to deal with troubled properties and is getting a \$1 million loan from the county to cover the costs of rehabilitation, demolition and lawn care at the foreclosed houses. (When the properties are sold, such direct maintenance costs will be recovered through tax assessments.)

The Euclid mayor, Bill Cervenik, said the city, with a population of 53,000, was losing \$750,000 a year in property taxes from the empty houses.

At greatest risk in Cleveland's suburbs are the low- and moderate-income neighborhoods where subprime lending has soared. The practice involves lenders issuing mortgages at high interest rates for people with lower incomes or poor credit ratings, usually involving adjustable rates and sometimes no down payment and no investigation of the borrower's circumstances.

"What makes the subprime mortgages so devastating from a community perspective is that they're so concentrated geographically," said Dan Immergluck, a professor of city planning at the [Georgia Institute of Technology](#).

Rosa Hutchinson Yates, 62, had kept up payments on her tidy two-story house on Chagrin Boulevard in Shaker Heights for 30 years. Now, she may well lose the house because of a disastrous refinancing deal in 2003 that brought her \$24,000 in cash but bills she could not pay.

Ms. Yates, who has worked as a beautician and a cocktail waitress, was emotional and confused as she tried to explain what happened. Though she signed the closing documents, she said she did not realize that she was getting an adjustable rate mortgage that did not include taxes and insurance.

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