

Community Reinvestment Act Joint Public Hearing, August 12, 2010
Individual Presentations: Bob Jackimowicz

[Applause]

Bob Jackimowicz:

Good afternoon. My name is Bob Jackimowicz. I'm a policy advisor to the Cleveland City Council. Purpose for here -- purpose for being here today is to talk about the trends that are occurring in Cleveland in regard to -- that relate to CRA. And I want to say right up front I'm in full support of the comments that Frank Ford made here, because it's a critical issue in regards to city policy, city activities as it relates to neighborhood investment.

Ours is not a problem so much of a credit issue right now, although Cleveland has had a long, successful history of community development corporations working in conjunction with local banks. We've been nationally known for that. But the problem for us is because of the foreclosure crisis, in regards to not only local lenders but all the various lenders, regulated or not regulated, operating in Cleveland is the post-foreclosure, post-REA issues that have come up in trying to deal with these problems. The scale of it is such that, in the last two years, we've approximately 14,000 foreclosures. We estimate at this time we probably have another 9,000 homes at risk in regards to the various types of financing mechanisms that they have.

So we're looking ahead in terms of what the problems are going to be. The opportunities for renegotiating loans as a result of foreclosures have been very, very limited. The city's put a tremendous amount of resources into this by assisting and funding nonprofit corporations to provide for counseling. Our court -- local court system has tried to address that issue by instituting a mediation process with some limited success but has not seen the turnaround by the lending community reducing the loans that are workable to many of the families who could stay in the house. Nonetheless, the homes go into foreclosure and create even more problems in regards to vacant and abandoned housing for the city.

To kind of illustrate that, in 2005, the city boarded up 2,235 homes. In 2009, we've boarded up approximately 5,000 homes. The recent NSP funds that were made available to communities in light of the foreclosure issue, over 60 percent of our funding was geared for demolition. We just have so many vacant homes there that the only way we can retain local real estate values is to get the worst homes out and many that are not condemnable but are -- it's officially run down where they continue to drag down existing real estate values. Somebody asked a question earlier to Frank in regards to the suggestions that he made, would that limit lending. And I would contend it would not. In regards to being able to stabilize the existing values that we have for our homeowners who invested by getting rid of the stuff and forcing the banks to follow through with the foreclosure process, which they are not, would help stabilize those values greatly for us. Thank you.