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Home Repair Resource Center CRA Response

Home Repair Resource Center (HRRRC) is a community focused nonprofit that empowers homeowners to maintain their homes in order to build sustainable and diverse communities. Based in Cleveland Heights since its founding in 1971, HRRRC now serves the Greater Cleveland with its unique mix of services, which include hands-on home repair education; repair grants and loans for qualifying homeowners; a comprehensive resource library and technical assistance; homebuyer counseling and support services; housing counseling; and senior-senior focused project planning and supportive services. We seek to assist homeowners at all stages with the knowledge, skills and tools to maintain their homes, protect their investment and strengthen their communities.

Homeowners in Cleveland's inner ring suburbs face a unique set of challenges when it comes to maintaining their homes and preserving their investments. These communities are primarily composed of older homes constructed between the early 1900's and the 1950's. As with any aging housing stock, these homes need regular investments in maintenance and repair – and until recently, residents were able to make these investments, and the strength of these mostly residential communities reflected in the quality of their housing stock. Since 2005, however, these communities – like many others in northeast Ohio – have experienced a precipitous drop in home values. For the inner-ring suburbs on the East side of Cleveland, the market peaked in 2005, with a median sales price of \$115,700 for arms-length residential transactions. In 2015, the median sale price for arms-length residential transactions was \$53,000 – a mere 46% of the value a decade before. West-side inner-ring suburbs have also suffered, though not as greatly, with a decline from a 2005 peak of \$133,000 to \$110,000 in 2015. While the 2015 numbers represent some recovery (the East-side median bottomed out in 2009 at \$40,976, and the west-side in 2011 at \$92,950), inner-ring homeowners across the Cleveland area find themselves with greatly reduced equity in their homes.

As a result, of this lost equity, often in combination with credit issues, many inner-ring homeowners find themselves unable to obtain loans that they need to maintain and repair their holder homes. When they cannot access credit for home maintenance and repair, it often means that the work does not get done, and the condition and value of the home deteriorates, often rapidly. The effect of this deterioration is broad – even one deteriorated home on a block can depress neighborhood values, discourage investment, and undermine the stability of a neighborhood.

Cleveland's inner ring suburbs need access to credit for home repairs. Existing banking products fill some of the need, but substantial gaps remain. A review of Home Repair Resource Center's historic loan

information for Cleveland Heights and data from the Cleveland Restoration Society's Heritage Home Loan program (in particular data on loan denials) suggests that there is at least \$1.5 million in annual need for repair loans that is not being served in Cleveland Heights, South Euclid, and Euclid alone. These homeowners want to maintain their homes. They want to see their neighborhoods grow stronger. They can afford to make payments. But, when they go to their local bank for help, the answer is all too often "no."

Home Repair Resource Center has offered the Challenge Fund Loan Guarantee Program in Cleveland Heights since 1973. Based on an understanding that access to financing is a key part of homeowners' ability to maintain their homes, especially in a community dominated by an aging housing stock, HRRC raised a pool of private funds that has been used to guarantee loans for homeowners who were denied access to credit. Participating homeowners receive an intensive set of housing counseling and project support services for their home repair - staff works closely with each prospective loan recipient on budgeting, prioritizing repair needs, developing repair specifications, preparing them to interview contractors, and serving as a resource throughout the entire process.

Over the past four decades, HRRC has used this program to guarantee more than 1000 loans for homeowners in Cleveland Heights who were deemed too great a credit risk by their local banks. The vast majority have performed and have successfully repaid – the program boasts a success rate in excess of 94%. HRRC's guarantee has served as a mechanism for the program and its success, but it is not the reason for that success. The comprehensive and personalized counseling, education, and project support that participants receive is why this approach works – HRRC empowers our clients and works to set them up for success.

Home Repair Resource Center has a proven track-record of working with homeowners to ensure they are educated, supported and empowered to keep their home's and communities in good repair. Without provisions set forth by the Community Reinvestment Act, programs such as the Challenge Fund would not thrive; leaving residents in our community without access to the credit they need to complete necessary repairs. The fear is that the new proposed rule would shatter the relationships that have assisted in agencies such as HRRC in meeting the needs of homeowners throughout our region.

Home Repair Resource Center exists because of CRA and any regulation that would limit the rule would significantly affect the outcomes we are able to provide to residents of our community. Please take the comments in the letter and comments from our peers across the country seriously in so we're able to provide the crucial services that make our country better. Thank you.

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