



Cleveland's once-battered, still-divided housing market takes center stage at RNC panel

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CLEVELAND, Ohio – The nation's housing market emerged as a study in contrast during a Tuesday discussion in downtown Cleveland, as economists and experts highlighted the hurdles of buying a home, building wealth and pushing for thoughtful policy amid political fracturing.

Politico, a news organization, hosted the panel as part of a series of programming tied to the Republican National Convention. The company is holding court in the former Huntington Building at East Ninth Street and Euclid Avenue, where banquet space on the 21st floor now teems with vintage political posters, gadgets and writers clattering away on laptops.

Nela Richardson, chief economist for Redfin, likened the housing market to an onion with a healthy exterior and decomposition closer to its core. Homes are selling at a striking clip, aided by technology that puts a wealth of property information at buyers' fingertips.

Dig deeper, though, and there still aren't enough houses on the market. Prices have rebounded from the recession, hitting new highs in some cities. But many Americans still are underwater – burdened with mortgage debt that outweighs the value of their homes.

With low homeownership rates and stagnant incomes, apartment dwellers often are spending too much of their paychecks – 30 percent or more – on rent. Yet housing doesn't seem to be part of the national political conversation as the major parties crown their candidates.

"Housing has lost its place in our rhetoric about wealth creation," said Richardson, who works in Washington, D.C., for the Seattle-based real estate database and brokerage company.

She was joined by Mark Calabria, director of financial regulation studies at the CATO Institute, a think tank; Brian Montgomery, a business consultant and former assistant secretary of the U.S. Department of Housing and Urban Development; and Jim Rokakis, who oversees the urban-focused arm of the Western Reserve Land Conservancy here in Cleveland.

"No city was hit harder than Cleveland. No state was hit harder than Ohio," Rokakis said of the nationwide housing collapse and foreclosure crisis.

A Democrat and former Cuyahoga County treasurer, Rokakis described the local housing market as divided, with swift sales and climbing prices in some suburbs and pockets of the city but few signs of recovery across swaths of the region. In response to his fellow panelists from high-priced Washington, D.C., he said Cleveland – and its housing market – might as well be in a different country.

"The America that you're talking about is not the America that we see in the Midwest," he said, adding that Clevelanders, for the most part, aren't going to make money in real estate.

Redfin's latest monthly report, scheduled for release Thursday, does show that the local housing market continues to improve.

In the Cleveland-Elyria-Mentor area, the median – or middle – sale price for a home was \$145,000 in June, up 7.4 percent from a year before. Sales were up 11.3 percent from June 2015, the company found after crunching listing-service data.

New listings notably are down 9.8 percent from a year ago, making it tougher for buyers to find what they want. Based on the recent pace of purchasing, houses and condos currently on the market would sell out in 3.4 months. Supply keeps dwindling, making this a clear seller's market – though that depends on the property you're selling and the neighborhood it's in.

"Those numbers look a lot like Seattle or Boston," Richardson said during an interview after the panel discussion. "The same inventory struggles that you see in coastal cities, you're seeing here in Cleveland."

Still, prices here are relatively low, when you look at the national median sale price of \$276,000 for June. And homes are taking longer to sell than they are in other parts of the country. In June, roughly 13 percent of Cleveland-area homes went under contract within two weeks of hitting the market, Redfin found. Nationally, 26 percent of homes landed buyers that fast.

Asked about how housing should figure into the next president's priorities, panelists at Tuesday's event suggested looking at ways to reduce risk, spur lending and navigate a thicket of regulations. They questioned whether it will be possible to reform Fannie Mae and Freddie Mac, the mortgage giants that became wards of the federal government during the recession. They talked about the need for affordable rentals and creative housing programs crafted by cities.

And they agreed that owning a home, once seen as a surefire way to build personal wealth, isn't a one-size-fits-all solution for helping people achieve stability.

"I think we just assume that giving people homeownership fixes a lot of other problems in their lives," Calabria said, adding that job opportunities, income growth and access to credit are key. "If you go into homeownership with lots of other problems, it makes those problems worse, not better."