

# COLLATERAL DAMAGE: RENTERS IN THE FORECLOSURE CRISIS EXECUTIVE SUMMARY

The number of foreclosure filings in Cuyahoga County and across Ohio continues to rise. There were 13,729 new residential foreclosure filings in 2007, an eight percent increase from the previous year. Renters make up a significant portion of Cuyahoga County's households (more than one-third) but are often not considered in the foreclosure process. Renting families are often given little, if any, notice about the house going into foreclosure and may face significant costs when they leave.

This study investigates how renter families are affected by the foreclosure process. Among the findings specific to Cuyahoga County:

An estimated 3,918 foreclosure filings were rental units in 2007, an increase of 29 percent from the previous year. Rental foreclosure filings grew at a higher rate than owner-occupied foreclosure filings. Rental foreclosure filings represented nearly 30 percent of all residential property foreclosure filings in 2007.

More than 35 percent of foreclosure filings in Cleveland (2,586) and East Cleveland (175) affected rental units. The majority of inner-ring suburbs experienced increases in rental foreclosure filings including: Cleveland Heights (149), Euclid (148), Maple Heights (123), Garfield Heights (85), Parma (67), Shaker Heights (54), South Euclid (43), and Lakewood (42).

Record numbers of tenants are using the First Call for Help (2-1-1) and Cleveland Tenants Organization (CTO) for help dealing with foreclosure-related issues.

Tenants receive little to no notice about their rental property being in foreclosure. The purchaser often evicts tenants immediately, which hurts families financially and can dramatically disrupt their lives. The Cleveland Housing Court notes a near doubling in eviction filings against renters because of foreclosure filings.

Families displaced by a rental foreclosure can face high costs including lost and new security deposits, increased new rent, moving and storage costs, and property costs. Based on interviews and intake sheets from the CTO, the average cost for a family is more than \$2,500. Based on the estimated number of rental units, it is possible that renter families experienced \$10 million in losses because of foreclosure filings.

The report ends by recommending:

- Enacting state and federal laws that allow a renters' tenancy to survive the foreclosure process.
- Mandating a proper notice of foreclosure to renters of 90 days or more.
- Establishing a revolving, no- or low-interest loan fund to help renters with the new costs associated with moving.
- Encouraging banks to offer financial incentives rather than evictions.

*Read the full report and learn more about an economy that works for all:  
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3631 PERKINS AVENUE SUITE 4C-EAST, CLEVELAND, OH 44114 • 216/361-9801 • FAX: 216/361-9810  
1372 GRANDVIEW AVENUE SUITE 242, COLUMBUS, OH 43212 • 614/486-4601 • FAX: 614/486-4603

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