

**Introduction**

Reports and data from across the country show that sales of foreclosed properties now make up significant portions of housing sales in many communities, especially in hard-hit states such as California and Florida.<sup>1</sup> CRP decided to assess the situation in Franklin County, although it is not possible to make direct comparisons with communities in other states because of variations in the foreclosure process and available data. For this Data Byte, CRP analyzed data on sheriff's sales (see definition below) of 1-3 unit residential properties and condominiums, and assessed their share of housing sales within Franklin County and its school districts.

In 2008, sheriff's sales represented one in three (32%) sales of 1-3 unit residential properties in Franklin County and one in five (20%) condominium sales, up from 12% and 3% respectively in 2003 (Figures 1 and 2). Figures vary across school districts, but clearly the nature of the foreclosure problem has evolved over time to affect broader areas of the county.

**Definitions**

**Foreclosure** – a legal process by which a lender (or lien holder) can seize the property of the affected borrower. States vary in their foreclosure processes. In Ohio, the mortgage servicer will file a foreclosure complaint after 90 days of missed payments. The borrower has 28 days to respond. Unless the complaint is resolved, the property will go through legal proceedings and reach sheriff's sale.

**Sheriff's sale** – a process by which the sheriff will appraise the property's value and then sell it at a foreclosure sale or auction. Since not all properties with foreclosure filings reach sheriff's sale, the numbers for sheriff's sales are typically much lower.

**Valid sale** – a voluntary, private-market, arm's-length transaction between competent buyer and seller. The auditor considers these sales valid for comparables for revaluation purposes.

**Sales** - For this Data Byte, the term "sales" includes valid sales and sheriff's sales. Excluded are transactions that are not sales at arm's length, such as grants (e.g. will/estate), trades, and leaseholds.

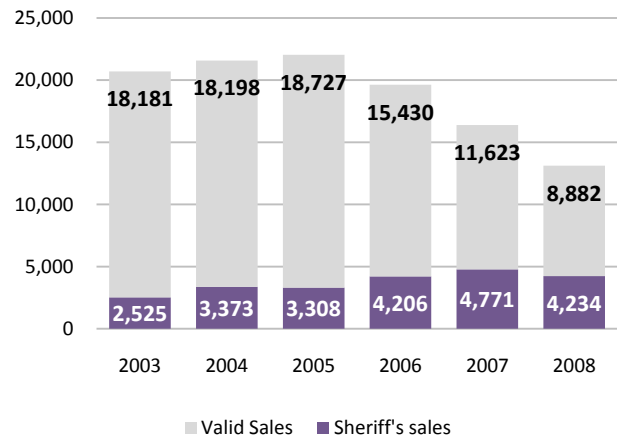
Source: State of Ohio, Foreclosure Timeline web site <http://www.com.ohio.gov/savethedream/ProcessTimeline.aspx>, Franklin County Auditor

**The countywide picture: number of sheriff's sales leveled off in 2008 but was a higher share of all sales**

Between 2007 and 2008, sheriff's sales of 1-3 unit properties in Franklin County declined by 11%, from 4,771 to 4,234. However, the number was much higher than historical norms, up 68% from 2003.

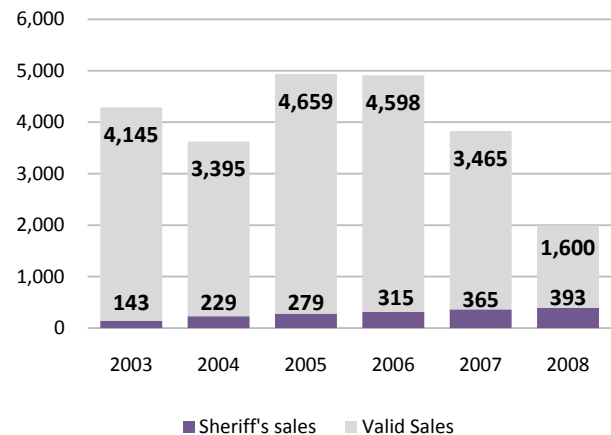
The number of sheriff's sales of condos increased just 8% between 2007 and 2008. While this increase was the smallest year-to-year increase in the 2003-2008 period, the 393 condo sheriff's sales in 2008 was nearly triple the number (143) in 2003.

Figure 1. Sheriff's sales and valid sales, 1-3 unit properties, Franklin County, 2003-2008



Source: Franklin County Auditor, Franklin County Sheriff's Office

Figure 2. Sheriff's sales and valid sales, condominium units, Franklin County, 2003-2008

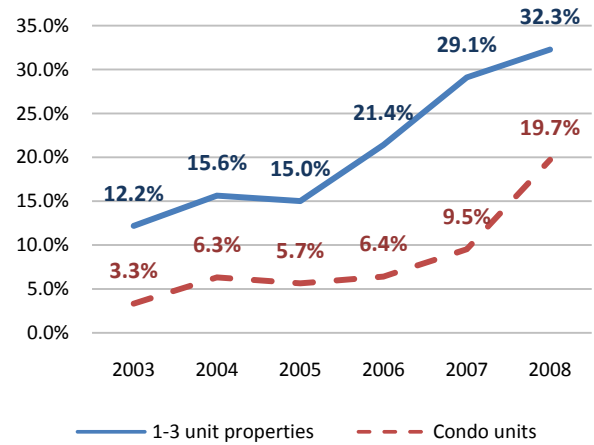


Source: Franklin County Auditor, Franklin County Sheriff's Office

Sheriff's sales leveled off in 2008, but they represented a far greater share of housing sales than in previous years (Figures 1 and 2). This is due in large part to a sharp drop in valid sales (see definition on previous page). Valid sales of 1-3 unit properties decreased from a peak of 18,727 in 2005, to only 8,882 in 2008. Valid condo sales also peaked in 2005, at 4,659, and were down to 1,600 in 2008.

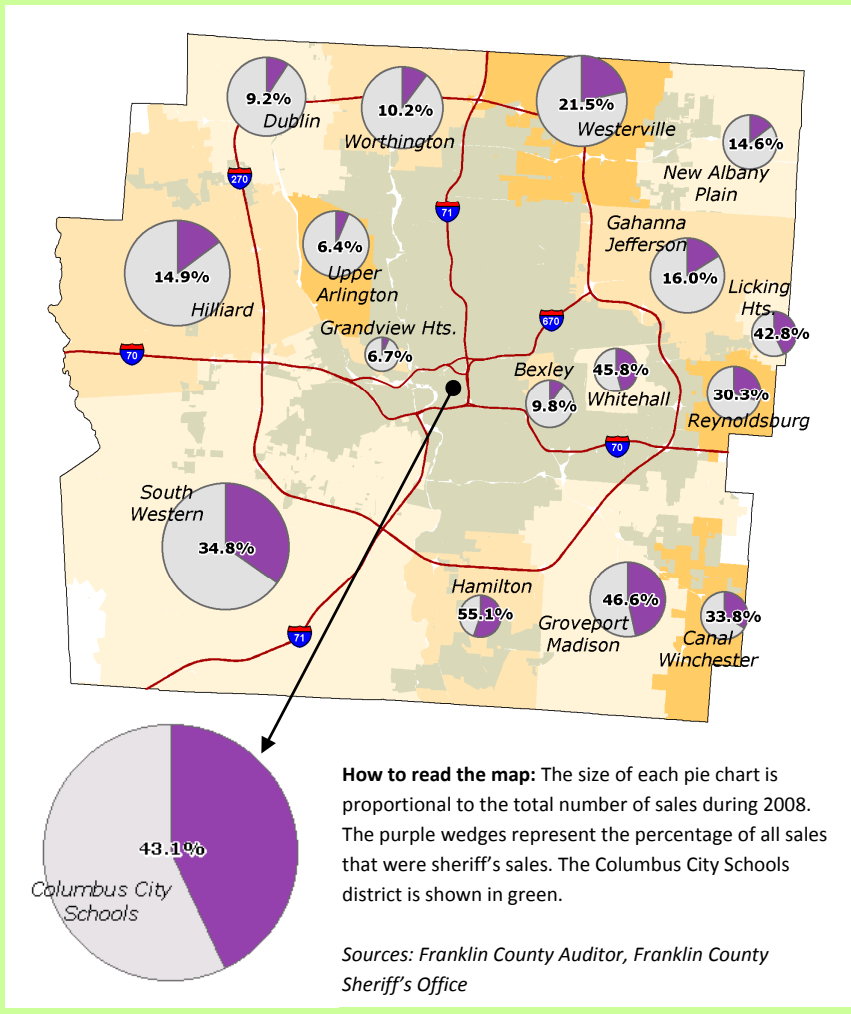
While sales of 1-3 unit properties and condos both included an increased share of sheriff's sales, the trend in condos appears to lag a year behind (Figure 3). The share of 1-3 unit property sales that were sheriff's sales increased most from 2005 to 2007, doubling from 15% to 29%. For condos, the greatest increase has been from 2006 to 2008, with a doubling in the share that was sheriff's sales from 2007 to 2008.

Figure 3. Percent of all sales that are sheriff's sales, 1-3 unit properties and condominium units, Franklin County, 2003-2008



Source: Franklin County Auditor, Franklin County Sheriff's Office

Figure 4. Sheriff's sales as percent of all sales by school district, 1-3 unit properties, 2008



Within Franklin County, foreclosure is not a problem exclusive to Columbus. In the Columbus City Schools district, 43.1% of all sales of 1-3 unit residential properties in 2008 were sheriff's sales. Three suburban districts – Hamilton, Groveport Madison, and Whitehall – had higher rates, at 55.1%, 46.6%, and 45.8% respectively. Even districts such as Gahanna Jefferson, Hilliard, and New Albany Plain Local had rates of 16.0%, 14.9%, and 14.6% respectively. Upper Arlington (6.4%) and Grandview Heights (6.7%) had the lowest shares of sheriff's sales.

**How to read the map:** The size of each pie chart is proportional to the total number of sales during 2008. The purple wedges represent the percentage of all sales that were sheriff's sales. The Columbus City Schools district is shown in green.

Sources: Franklin County Auditor, Franklin County Sheriff's Office

## The changing geography of foreclosure: a growing suburban problem

News coverage, academic research, and public policy have shifted from viewing foreclosures as a narrower subprime loan problem to a broader one, impacting neighborhoods and reflecting the impacts of the economic downturn and unemployment.<sup>2</sup> CRP wanted to see if the numbers supported the perceptions and anecdotes by analyzing school district data over time.

To conduct this analysis, CRP aggregated suburban districts<sup>3</sup> into four groups, based on their similarity in 2008 median housing sales price and median price per square foot (Table 1). The groupings also create more substantial pools of data for analysis. Because it is so much larger than the other districts, CCS is analyzed separately. A table with the school district-level data used for this analysis can be found in the Appendix at the end of this document.

*Table 1. Median sales price overall and per square foot, Franklin County school districts by groups, 2008*

School district	Median sale price	Price per sq ft
Franklin County	\$ 153,500	\$ 98
<b>Columbus City Schools</b>	105,000	77
Grandview Heights	248,000	172
Upper Arlington	287,750	161
<b>Group 1</b>		
Bexley	235,000	137
New Albany Plain	315,000	121
Dublin	260,000	119
Worthington	203,450	115
<b>Group 2</b>		
Hilliard	180,000	108
Gahanna Jefferson	189,900	104
Westerville	160,000	100
Licking Heights	157,000	93
<b>Group 3</b>		
Canal Winchester	149,900	88
Southwestern	129,000	87
Reynoldsburg	128,375	84
<b>Group 4</b>		
Groveport Madison	113,000	79
Hamilton	109,950	76
Whitehall	80,956	70

Source: Franklin County Auditor, Franklin County Sheriff's Office

Are the media, academics, and policymakers correct? It appears so. A growing share of the foreclosure problem in Franklin County is in suburban school districts (Figure 4; Tables 2 and 3). For 1-3 unit properties, the suburban districts contained 41% of all

Franklin County sheriff's sales in 2008, up from 34% in 2003. For condo units, the suburban districts' share of county sheriff's sales increased from 50% to 55% during the same period.

Although foreclosure remains a significant issue in the CCS district, this area saw a drop of nearly 600 sheriff's sales of 1-3 unit properties from 2007 to 2008, explaining virtually all the countywide decline. Group 4 school districts also experienced a decrease, from 425 to 401. On the other hand, sheriff's sales of 1-3 unit properties increased from 151 to 202 in Group 1 districts and from 360 to 387 in Group 2 districts.

*Table 2. Sheriff's sales, 1-3 unit properties, 2003-2008*

	2003	2004	2005	2006	2007	2008
Franklin County	2,525	3,373	3,308	4,206	4,771	4,234
City of Columbus	2,057	2,630	2,612	3,312	3,766	3,249
<b>CCS</b>	<b>1,620</b>	<b>2,018</b>	<b>1,978</b>	<b>2,552</b>	<b>3,026</b>	<b>2,440</b>
Non-CCS	437	612	634	760	740	809
<b>CCS outside Columbus*</b>	<b>55</b>	<b>59</b>	<b>51</b>	<b>80</b>	<b>77</b>	<b>72</b>
Other school districts	850	1,296	1,279	1,574	1,668	1,722
<b>Group 1</b>	<b>97</b>	<b>110</b>	<b>110</b>	<b>132</b>	<b>151</b>	<b>202</b>
<b>Group 2</b>	<b>191</b>	<b>290</b>	<b>262</b>	<b>334</b>	<b>360</b>	<b>387</b>
<b>Group 3</b>	<b>362</b>	<b>563</b>	<b>580</b>	<b>665</b>	<b>729</b>	<b>729</b>
<b>Group 4</b>	<b>194</b>	<b>328</b>	<b>322</b>	<b>436</b>	<b>425</b>	<b>401</b>

Source: Franklin County Auditor, Franklin County Sheriff's Office

\*Parts of the Columbus City Schools district are located outside of the boundaries of the City of Columbus.

*Table 3. Sheriff's sales, condominium units, 2003-2008*

	2003	2004	2005	2006	2007	2008
Franklin County	143	229	279	315	365	393
City of Columbus	131	199	244	275	320	320
<b>CCS</b>	<b>71</b>	<b>106</b>	<b>128</b>	<b>154</b>	<b>172</b>	<b>175</b>
Non-CCS	60	93	116	121	148	145
Other school districts	72	123	151	161	193	218
<b>Group 1</b>	<b>18</b>	<b>28</b>	<b>34</b>	<b>34</b>	<b>39</b>	<b>42</b>
<b>Group 2</b>	<b>24</b>	<b>40</b>	<b>50</b>	<b>47</b>	<b>50</b>	<b>55</b>
<b>Group 3</b>	<b>24</b>	<b>34</b>	<b>39</b>	<b>58</b>	<b>74</b>	<b>78</b>
<b>Group 4</b>	<b>6</b>	<b>21</b>	<b>28</b>	<b>22</b>	<b>30</b>	<b>43</b>

Source: Franklin County Auditor, Franklin County Sheriff's Office

**School districts with lower home prices still face greatest challenges**

Sheriff’s sales are much higher shares of all sales in school districts with lower home prices (Figures 5 and 6). Among 1-3 unit properties, sheriff’s sales represented 43% of sales in 2008 In the CCS district and 48% in the Group 4 school districts. As data is viewed across groups, a clear pattern exists between housing prices and the occurrence of sheriff’s sales. However, since 2003, sheriff’s sales have represented a growing share of home sales in all Franklin County school district groups.

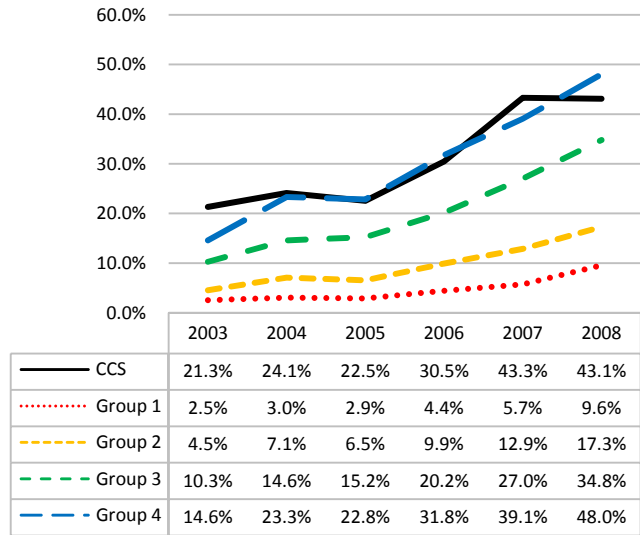
In the CCS district, sheriff’s sales are a much lower proportion of condo sales than they are of sales of 1-3 unit properties. While 43% of 1-3 unit property sales in CCS were sheriff’s sales in 2008, only 21% of condo sales were sheriff’s sales. Suburban school districts had more similar rates between 1-3 unit properties and condos. One possible reason for the gap between the two housing types in CCS may be the presence of many new, higher-end condo developments in and near downtown Columbus.

**Implications for Franklin County housing markets**

Across Franklin County, sheriff’s sales were a much higher percentage of housing sales in 2008 than in 2003. Controlling for housing prices by school district, this upward trend holds true from inner Columbus to the county’s more expensive housing markets. From 2003 to 2006, this trend was mostly attributable to the rise in the number of sheriff’s sales. From 2006 to 2008, the sharp decline in the total number of valid sales became a greater factor.

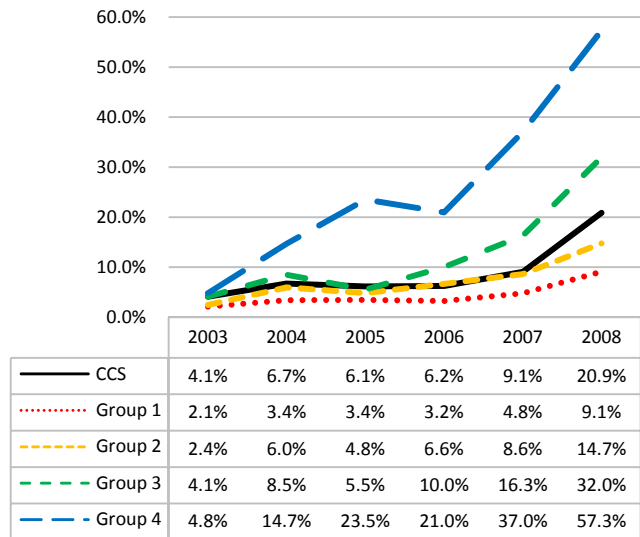
It is difficult to quantify the impact of this large supply of sheriff’s sale properties on the values and sales of other properties in Franklin County. CRP found that in 94% of sheriff sales in 2008, the mortgage-holding bank bought the property back. While sheriff’s sale properties are available to the public, it appears to be more commonly a mechanism for banks to obtain clear title. However, homes held by banks often remain vacant for long periods of time, are not well-maintained, and are resold at lower prices than similar occupied structures, all of which are negative housing market factors.

Figure 5. Sheriff’s sales as % of all sales, 1-3 unit properties, 2003-2008



Source: Franklin County Auditor, Franklin County Sheriff’s Office

Figure 6. Sheriff’s sales as % of all sales, condominium units, 2003-2008



Source: Franklin County Auditor, Franklin County Sheriff’s Office

## About CRP

Community Research Partners is a unique nonprofit research center that strengthens Ohio communities through data, information and knowledge. CRP works in a wide range of fields, including human services, education, health, housing, employment, safety, poverty, community development, and race and diversity. CRP is a partnership of the City of Columbus, United Way of Central Ohio, the John Glenn School of Public Affairs at The Ohio State University, and the Franklin County Commissioners.

CRP is a partner in the Urban Institute's National Neighborhood Indicators Partnership and is the Ohio partner for the national Working Poor Families Project. For more information regarding this document or CRP projects, program and services, you can:

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- Check out our web sites:  
<http://www.communityresearchpartners.org> or  
<http://www.datasourcecolumbus.org>  
<http://www.ohioworkforcecoalition.org>

## Endnotes/References

1. Palm Beach Post staff and wires (June 11, 2009) "Palm Beach County foreclosure filings spike 33 percent in May from April." *Palm Beach Post*.  
<http://www.palmbeachpost.com/business/content/business/epaper/2009/06/11/0611foreclosures.html>  
  
Taub, Daniel (June 25, 2009) "California, Vegas Home Prices Drop on Foreclosures." *Bloomberg*.  
[http://www.bloomberg.com/apps/news?pid=20601103&sid=aZlQUS\\_IIFeo](http://www.bloomberg.com/apps/news?pid=20601103&sid=aZlQUS_IIFeo)
2. Below is a brief list of sources that describe the evolution of the foreclosure problem:  
  
Been, Vicki (2008) "External Effects of Concentrated Mortgage Foreclosures: Evidence from New York City." Testimony Before Committee on Oversight and Government Reform, Subcommittee on Domestic Policy, May 21, 2008.  
  
Garber, Roberta, Jung Kim, Kerry Sullivan, Eben Dowell (2008) "\$60 Million and Counting: The Cost of Vacant and Abandoned Properties to Eight Ohio Cities." Community Research Partners, February 2008.  
  
Goodman, Peter S. and Jack Healy (2009) "Job Losses Push Safer Mortgages to Foreclosure." *New York Times*, May 24, 2009.  
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Gramlich, Edward M. "Subprime Mortgages: America's Latest Boom and Bust." *Subprime Mortgages: America's Latest Boom and Bust*. Washington, DC: The Urban Institute Press, 2007.  
  
Immergluck, Dan, and Geoff Smith (2006) "The External Costs of Foreclosure: The Impact of Single-Family Mortgage Foreclosures on Property Values." *Housing Policy Debate* (17:1).  
  
Schloemer, Ellen, Wei Li, Keith Ernst, Kathleen Keest (2006) "Losing Ground: Foreclosures in the Subprime Market and Their Cost to Homeowners." Center for Responsible Lending, December 2006.
3. Throughout this report, the suburban school district data only include the portion of the districts within Franklin County. The county figures also include small sections of four school districts (Jonathan Adler, Madison Plains, Olentangy, and Pickerington) that are otherwise primarily in other counties.

## Appendix

### Sheriff's sales and all sales, 1-3 unit properties, 2003-2008

	2003		2004		2005		2006		2007		2008		
	Sher. sales	All sales	Sher. sales	All sales	Sher. sales	All sales	Sher. sales	All sales	Sher. sales	All sales	Sher. sales	All sales	
Franklin County	2,525	20,706	3,373	21,571	3,308	22,035	4,206	19,636	4,771	16,394	4,234	13,116	
City of Columbus	2,057	12,698	2,630	13,491	2,612	13,811	3,312	12,657	3,766	10,515	3,249	8,436	
<b>CCS</b>	1,620	7,599	2,018	8,369	1,978	8,775	2,552	8,374	3,026	6,990	2,440	5,660	
Non-CCS	437	5,099	612	5,122	634	5,036	760	4,283	740	3,525	809	2,776	
<b>CCS outside Columbus</b>	55	204	59	214	51	196	80	228	77	173	72	169	
<b>Group 1</b>	Grandview Heights	2	112	5	102	3	91	8	106	1	92	7	104
	Upper Arlington	16	604	12	597	14	590	12	514	15	461	25	391
	Bexley	5	263	14	241	13	298	10	234	6	220	20	205
	New Albany Plain	13	590	14	597	17	669	19	405	30	350	38	261
	Dublin	30	1,242	34	1,192	29	1,146	33	886	49	745	51	553
	Worthington	31	1,022	31	898	34	1,028	50	841	50	767	61	599
<b>Grp 2</b>	Hilliard	78	2,050	110	1,966	90	1,906	125	1,538	135	1,259	149	1,003
	Gahanna Jefferson	45	924	69	920	53	882	71	794	73	670	80	499
	Westerville	68	1,235	111	1,202	119	1,224	138	1,031	152	869	158	736
<b>Group 3</b>	Licking Heights	26	416	42	398	36	447	59	413	47	246	77	180
	Canal Winchester	25	307	45	432	52	439	59	325	51	306	68	201
	Southwestern	280	2,301	421	2,506	429	2,380	487	2,103	540	1,800	505	1,453
	Reynoldsburg	31	496	55	516	63	538	60	456	91	346	79	261
<b>Grp 4</b>	Groveport Madison	114	865	181	906	187	918	257	899	244	708	238	511
	Hamilton	40	223	87	233	94	261	91	226	80	169	86	156
	Whitehall	40	242	60	267	41	231	88	248	101	211	77	168

Source: Franklin County Auditor, Franklin County Sheriff's Office

### Sheriff's sales and all sales, condominium units, 2003-2008

	2003		2004		2005		2006		2007		2008		
	Sher. sales	All sales	Sher. sales	All sales	Sher. sales	All sales	Sher. sales	All sales	Sher. sales	All sales	Sher. sales	All sales	
Franklin County	143	4,288	229	3,624	279	4,938	315	4,913	365	3,830	393	1,993	
City of Columbus	131	3,256	199	2,768	244	3,694	275	3,740	320	2,963	320	1,501	
<b>CCS</b>	71	1,739	106	1,582	128	2,084	154	2,469	172	1,899	175	839	
Non-CCS	60	1,517	93	1,186	116	1,610	121	1,271	148	1,064	145	662	
<b>Group 1</b>	Grandview Heights	0	15	1	19	1	28	0	30	1	35	0	14
	Upper Arlington	1	127	2	118	1	119	1	189	2	100	2	70
	Bexley	0	1	1	6	0	1	0	3	0	5	0	7
	New Albany Plain	0	31	2	38	1	51	2	51	1	36	3	18
	Dublin	7	407	7	369	10	467	14	490	13	391	16	212
	Worthington	10	275	15	279	21	322	17	290	22	249	21	141
<b>Grp 2</b>	Hilliard	17	634	28	369	29	633	29	395	25	342	27	220
	Gahanna Jefferson	1	183	1	135	1	197	2	151	5	83	3	65
	Westerville	6	167	11	166	20	209	16	161	20	155	25	88
<b>Group 3</b>	Licking Heights	0	206	3	60	7	229	13	148	20	124	30	65
	Canal Winchester	0	23	0	27	2	89	0	46	2	34	0	12
	Southwestern	23	305	30	262	30	333	39	315	48	245	44	144
	Reynoldsburg	1	50	1	51	0	57	6	70	4	51	4	23
<b>Grp 4</b>	Groveport Madison	4	104	13	96	19	93	18	75	19	59	18	40
	Hamilton	2	7	5	13	4	11	3	11	3	6	2	4
	Whitehall	0	14	3	34	5	15	1	19	8	16	23	31

Source: Franklin County Auditor, Franklin County Sheriff's Office