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MAGAZINE PREVIEW

## All Boarded Up

By ALEX KOTLOWITZ

TONY BRANCATELLI, A CLEVELAND CITY COUNCILMAN, yearns for signs that something like normal life still exists in his ward. Early one morning last fall, he called me from his cellphone. He sounded unusually excited. He had just visited two forlorn-looking vacant houses that had been foreclosed more than a year ago. They sat on the same lot, one in front of the other. Both had been frequented by squatters, and Brancatelli had passed by to see if they had been finally boarded up. They hadn't. But while there he noticed with alarm what looked like a prone body in the yard next door. As he moved closer, he realized he was looking at an elderly woman who had just one leg, lying on the ground. She was leaning on one arm and, with the other, was whacking at weeds with a hatchet and stuffing the clippings into a cardboard box for garbage pickup. "Talk about fortitude," he told me. In a place like Cleveland, hope comes in small morsels.

The next day, I went with Brancatelli to visit Ada Flores, the woman who was whacking at the weeds. She is 81, and mostly gets around in a wheelchair. Flores is a native Spanish speaker, and her English was difficult to understand, especially above the incessant barking of her caged dog, Tuffy. But the story she told Brancatelli was familiar to him. Teenagers had been in and out of the two vacant houses next door, she said, and her son, who visits her regularly, at one point boarded up the windows himself. "Are they going to tear them down?" she asked. Brancatelli crossed himself. "I hope so," he mumbled.

Prayer and sheer persistence are pretty much all Brancatelli has to go on these days. Cleveland is reeling from the foreclosure crisis. There have been roughly 10,000 foreclosures in two years. For all of 2007, before it was overtaken by sky-high foreclosure rates in parts of California, Nevada and Florida, Cleveland's rate was among the highest in the country. (It's now 24th among metropolitan areas.) Vacant houses are not a new phenomenon to the city. Ravaged by the closing of American steel mills, Cleveland has long been in decline. With fewer manufacturing jobs to attract workers, it has lost half its population since 1960. Its poverty rate is one of the highest in the nation. But in all those years, nothing has approached the current scale of ruin.

And in December, just when local officials thought things couldn't get worse, Cuyahoga County, which includes Cleveland, posted a record number of foreclosure filings. The number of empty houses is so staggeringly high that no one has an accurate count. The city estimates that 10,000 houses, or 1 in 13, are vacant. The county treasurer says it's more likely 15,000. Most of the vacant houses are owned by lenders who foreclosed on the properties and by the wholesalers who are now sweeping in to pick up houses in bulk, as if they were trading in baseball cards.

Brancatelli and others — judges, the police, city officials, residents — are grappling with the wreckage left

behind, although to call this the aftermath would be premature. Even with President [Barack Obama's](#) plan to help prevent foreclosures, the city is bracing for more, especially as more people lose their jobs. The city's unemployment rate is now 8.8 percent. Moreover, on some streets so many houses are already vacant that those residents left behind are not necessarily inclined to stay. "It just happens so fast, the sad part is you really have little control," Brancatelli told me. "It snowballs on the street, and you try to prevent that avalanche." Walking away from a house even makes a kind of economic sense when the mortgage far exceeds the home's value; Obama's foreclosure-prevention plan does little to address that situation. Now outside investors have descended on Cleveland; they pick up properties for the price of a large flat-screen TV and then try to sell them for a profit.

So much here defies reasonableness. It's what Brancatelli keeps telling me. A few months ago, he met with Luis Jimenez, a train conductor from Long Beach, Calif. Jimenez had purchased a house in Brancatelli's ward on [eBay](#) and had come to Cleveland to resolve some issues with the property. The two-story house has a long rap sheet of bad deals. Since 2001, it has been foreclosed twice and sold four times, for prices ranging from \$87,000 to \$1,500. Jimenez bought it for \$4,000. When Jimenez arrived in Cleveland, he learned that the house had been vacant for two years; scavengers had torn apart the walls to get the copper piping, ripped the sinks from the walls and removed the boiler from the basement. He also learned that the city had condemned the house and would now charge him to demolish it. Brancatelli asked Jimenez, What were you thinking, buying a house unseen, from 2,000 miles away? "It was cheap," Jimenez shrugged. He didn't want to walk away from the house, but he didn't have the money to renovate. The property remains an eyesore. "Generally, I'm an optimist, but none of this makes sense," Brancatelli told me. "Trying to give order to all this chaos is the big challenge."

Like others who have stayed in Cleveland, Brancatelli, who has lived in his two-story American Foursquare for 15 years, is trying to hold the wall against the flood. Of his ward, known as Slavic Village, he says: "It's one of the most resilient communities in the country. People are rolling up their sleeves and working. We can't wait for others to step in." This was a tone — the swagger of the underdog — that I heard from other Cleveland stalwarts during the weeks I spent in the city this winter. "Cleveland's a blue-collar community," Mayor Frank Jackson told me. "They're surviving-cultures. And we will fight back."

The task is achingly slow; each house its own battle. On one street I visited, in a ward near Brancatelli's, a third of the houses were abandoned. One resident, Anita Gardner, told me about the young family who moved in down the street a few years before. They spruced up the house with new windows, a fireplace, wood kitchen cabinets, track lighting and a Jacuzzi. When they lost the house to foreclosure, they left nothing for the scavengers. They stripped their own dwelling, piling toilets, metal screen doors, kitchen cabinets, the furnace and copper pipes into a moving van. "They said, 'Why should someone else get it?'" Gardner told me. "So they took it themselves." In December, Gardner's neighbor watched a man strain to push a cart filled with thin slabs of concrete down the street. It explained why so many of the abandoned homes in the city are without front steps, as if their legs had been knocked out from under them. Perhaps such pillage is part of the natural momentum of a city being torn apart. If you can't hold onto something of real value, at least get your hands on something.

Foreclosures are a problem all over the country now, but Cleveland got to this place a while ago. Cities, old and new, are looking at what's occurring in Cleveland with some trepidation — and also looking for

guidance. Already places as diverse as Atlanta, Chicago, Denver, Las Vegas and Minneapolis have neighborhoods where at least one of every five homes stands vacant. In states like California, Florida and Nevada, where many of the foreclosures have been newer housing, there is fear that with mounting unemployment and more people walking away from their property, houses will remain empty longer, with a greater likelihood that they will deteriorate or be vandalized. “There are neighborhoods around the country as bad as anything in Cleveland,” says Dan Immergluck, a visiting scholar at the Federal Reserve Bank of Atlanta and an associate professor in the city and regional planning program at [Georgia Tech](#). Local officials from other industrial cities have visited Cleveland to learn how it’s dealing with the devastation. “Cleveland is a bellwether,” Immergluck says. “It’s where other cities are heading because of the economic downturn.”

TONY BRANCATELLI, WHO IS 51, is a man of a birdlike build and intensity, but he also possesses a Midwestern folksiness, closing most conversations with a cheerful “alrighty.” Over the past couple of years, he has become a minor media star. Journalists from Sweden, Japan, China, Germany, Britain and France have visited him, drawn to his ward because of the high rate of foreclosures, at present two a day. Brancatelli’s world is defined by the borders of Slavic Village. It’s where he grew up and where he has lived for all but three years of his life. His license plate reads Slavic 1. (He tried to convince his wife to get plates that read Slavic 2, but she declined.) The neighborhood took root roughly a hundred years ago: diminutive, narrow homes — some no more than 900 square feet — built within walking distance of the steel mills now shuttered. The demographics have been changing over the past decade: African-Americans moving in, whites moving out. A common story. Unintentionally, it’s one of the few racially mixed communities in Cleveland.

Brancatelli’s mother worked as a waitress at a local diner, then as a clerk at a neighborhood Army-[Navy](#) store. His father was an auto mechanic. They divorced when Brancatelli was 12, yet Brancatelli describes his childhood in Slavic Village in nostalgic hues. “You always knew somebody,” he says. “You didn’t need formal day care. There was always somewhere to stay.”

He began working for the Slavic Village Development Corporation, a local nonprofit group, in 1988 and a year later became its director. The organization built and renovated storefronts and homes, bringing new people to the area. In fact, he met his wife when she bought a rehabbed house in the neighborhood. He stayed at the development group for 17 years until moving on to the City Council.

Cleveland has long been known for its unusually large number of nonprofit housing groups, and in the 1990s their impact on the city was noticeable. Under Brancatelli’s watch, Slavic Village Development constructed more than 500 new homes and rehabbed more than 1,000. Brancatelli measured success by the number of homes the group sold for more than \$50,000. “We started to see this incredible transformation,” he recalls. A local thrift, Third Federal Savings and Loan, built its new corporate headquarters in Slavic Village. Marc A. Stefanski, chairman and chief executive of Third Federal, told me, “There was a good feeling that, hey, this neighborhood’s coming back.” Throughout the city, there was a renaissance of sorts: new housing construction in the neighborhoods and, downtown, three sports stadiums and the [Rock and Roll Hall of Fame](#). Cleveland adopted the moniker “The Comeback City.”

But then Cleveland was hit hard — and early — by the foreclosure crisis. In 1999, Brancatelli noticed something peculiar: homes, many of which were in squalid condition, were selling for inflated prices. One

entrepreneur in particular caught Brancatelli's attention: 27-year-old Raymond Delacruz. He would buy a distressed property and, at best, make nominal repairs before quickly selling it for three or four times what he paid for it. The flips needed the cooperation of appraisers and the gullibility of home buyers. But the proliferation of mortgage companies — mostly based out of state and willing to provide loans with little documentation — also facilitated flippers. And the flippers justified the high prices to both home buyers and mortgage companies by pointing to the high prices nonprofit housing groups, like Brancatelli's, were getting for their new construction.

There was something else going on in the city that was even more destructive. Unlike fast-growing communities in Florida and California, Cleveland didn't see housing prices rise through the stratosphere. But even moderately rising property values created the conditions for subprime lenders to exploit strapped homeowners. Cold-calling mortgage brokers offered refinancing deals that would let homeowners use the equity in their houses to pay off other debts. A neighbor of Brancatelli's had medical problems and fell behind in her bills. She refinanced, then did it two more times, draining the equity in her house. "She used her house as an A.T.M.," Brancatelli says. "In the end, they just walked away. The debt exceeded the value of the house." In other instances, mortgage brokers would cruise neighborhoods, looking for houses with old windows or a leaning porch, something that needed fixing. They would then offer to arrange financing to pay for repairs. Many of those deals were too good to be true, and interest rates ballooned after a short period of low payments. Suddenly burdened with debt, people began to lose homes they had owned free and clear.

As early as 2000, a handful of public officials led by the county treasurer, Jim Rokakis, went to the Federal Reserve Bank of Cleveland and pleaded with it to take some action. In 2002, the city passed an ordinance meant to discourage predatory lending by, among other things, requiring prospective borrowers to get premortgage counseling. In response, the banking industry threatened to stop making loans in the city and then lobbied state legislators to prohibit cities in Ohio from imposing local antipredatory lending laws.

In the ensuing years, the city's real estate was transformed into an Alice-in-Wonderland-like landscape. Local officials began keeping track of foreclosed homes by placing red dots on large wall maps. Some corners of the map, like Slavic Village, are now so packed with red dots they look like puddles of blood. The first question outsiders now ask is, Where has everyone gone? The homeless numbers have not increased much over the past couple of years, and it appears that most of the people who lost their homes have moved in with relatives, found a rental or moved out of the city altogether. The county has lost nearly 100,000 people over the past seven years, the largest exodus in recent memory outside of New Orleans.

Banks are now selling properties at such low prices — many below what they sold for in the 1920s — you have to wonder why they bother to foreclose at all. (The F.D.I.C. estimates that each foreclosure costs a bank on average \$50,000, more than if they were to do a loan modification.) All of this leaves Brancatelli in a constant state of exasperation. When asked how he's doing, he often takes a breath and replies, "Another day in paradise."

O.V.V. IS A TERM OF ART that stands for Open, Vacant and Vandalized. Houses fitting this description have popped up like prairie dogs. They are boarded, unboarded, then boarded again, and the city can't keep up with the savvy squatters. They will prop the plywood over the front entrance to make it look as if it's nailed shut. One woman told me that she called the police last summer when she saw smoke coming out of

a vacant home across the street; it turned out that some young men were cooking on a grill inside.

On a dreary wintry day, Brancatelli took me to Hosmer Street, on which a fourth of the homes were foreclosed. As we strolled down the block, Brancatelli noticed something odd. Through a side window of one slender house, we could make out a waist-high pile of tree limbs and branches. The front door was off the hinges and propped against the entrance. We entered through the rear, where the door was gone altogether. "Hello," Brancatelli hollered, "City!" — an effort to both warn squatters and frighten animals. Earlier that day we entered another O.V.V. and heard footsteps upstairs. "They don't have a gun," he had assured me. He explained that scavengers know enough not to carry weapons because it would mean more prison time should they be caught. Even in O.V.V.'s, there are rules.

Inside, we found firewood and brush piled in the kitchen and front room. "The crap we deal with," Brancatelli muttered to himself. He snapped a photo with his cellphone and sent an e-mail message to the city's Building and Housing Department, urging the department to send someone to secure the house. He often does this two or three times a day. But finding a collection of timber like this is of particular concern; over the past year there have been more than 60 fires in his ward, all in vacant houses. The fire department tried stakeouts but has not caught anyone. The general belief is that the fires are set either by squatters trying to stay warm or by mischievous kids. Brancatelli, though, wonders aloud if it might be vigilantes who don't like the blight on their block. "Maybe I'm overthinking it," he says. More likely, he's projecting. He would like to see many of these houses just disappear.

This is Brancatelli's conundrum: many of the abandoned homes should be razed. They're either so old or so impractically tiny that they have little resale value, or they have been stripped of their innards and are in utter disrepair. There are an estimated one million lender-owned properties nationwide, and on average each house sits empty for eight months, a length of time that is only growing. Demolition, though, is costly: roughly \$8,000 a house. Two years ago, Litton Loan Servicing, a mortgage servicer, discussed giving the city a number of foreclosed homes. Free. The city told them that would be fine, but only if the company came up with money to pay for the necessary demolitions. The transaction never occurred.

Last summer, Congress appropriated \$3.9 billion in emergency funds for cities to acquire and rehab foreclosed properties. (An additional \$2 billion will be available under the recently enacted [economic-stimulus package](#).) The legislation was labeled the Neighborhood Stabilization Program, but Cleveland and a handful of other cities had to lobby hard to convince Congress that "stabilization" in their cities meant tearing down houses — not renovating them. Last month, Cleveland said it planned to use more than half of its \$25.5 million allotment to raze 1,700 houses. This presents an opportunity to reimagine the city, to erase the obsolete and provide a space for the new. (There's little money now to build, so imagine is the operative word.) Cuyahoga County is also establishing a land bank, a public entity that can acquire distressed properties and hold on to the land until improved economic times allow for redevelopment. The county hopes to persuade banks to unload their distressed properties, which the land bank would then raze, as well as give up some foreclosed properties in the suburbs, which the county could eventually renovate and sell.

Other cities — including Minneapolis, Youngstown, Detroit and Cincinnati — have put aside at least a third of their neighborhood-stabilization funds for demolition. "As properties stay vacant for longer periods of time," says Joe Schilling, a founder of the National Vacant Properties Campaign, "it's inevitable that even in some of the fast-growing communities, they'll have to look at demolition." Phoenix, for instance, has set

aside a quarter of its grant money to tear down abandoned homes.

Cleveland may use some of those demolition dollars on houses now owned by the federal government. Between the [Department of Housing and Urban Development](#) and entities like [Fannie Mae](#) and [Freddie Mac](#), the federal government has control of roughly a thousand abandoned properties in Cleveland. Across the street from the house with the timber inside sits a one-and-a-half story vacant property owned by HUD, which had guaranteed the last mortgage. On the front porch, a large picture window was wide open, but Brancatelli chose to enter through the front door. Going on a hunch, he punched the numbers in the address into the lockbox. The toilet was gone, as was the copper piping. HUD recently sold this house — for \$1,500 — but didn't inform the new owner that the house had been condemned. "They dumped the house," Brancatelli grumbled. "It's this kind of stuff that drives me nuts."

A few weeks ago Brancatelli persuaded HUD to let the owner out of his purchase. Then HUD offered to sell the city its distressed properties, including this one, for \$100 each. You might think this was something to celebrate. Brancatelli, though, is irked. As he sees it, the city will now have to use some of its emergency HUD financing to demolish houses that HUD was responsible for.

THE LIFE OF A CLEVELAND CITY COUNCILMAN has become one of answering complaints derived in one way or another from the foreclosure crisis. In November, Zachary Reed, who represents the ward near Slavic Village, received a pleading phone call from Cecilia Cooper-Hardy, a constituent and school-bus driver who lives next to a vacant house. Cooper-Hardy told Reed that as she was leaving for work at 5 one morning, she peered out her living-room window and noticed a pair of eyes staring back at her from behind a slit cut in a window shade next door. Reed had the house secured, but within days the boards were pulled off. Cooper-Hardy then purchased a pistol that she now keeps under her pillow. The local police commander calls her regularly, just to make sure everything's O.K., a routine he has adopted with others as well. Last summer, while Cooper-Hardy was doing yardwork, someone slipped in her back door. She hollered to a neighbor across the street who was drinking in the yard with friends. They rushed to her aid as the burglar fled. That neighbor is gone now. Another foreclosure. So every morning she offers up a prayer, and then she peeks out her living room blinds to see if there's anyone peeking back at her from the house next door. Reed, the councilman, told me, "If we don't get some help we're going to turn into a third-world nation."

Brancatelli doesn't necessarily disagree with the sentiment, but he continues to search for reasons to be sanguine. He insisted on driving me past a small store called Johnny's Beverage because, he told me, it was a key to his community's future. Johnny's Beverage sits in the middle of a residential block. Its facade is worn. Dark plastic sheeting covers the front windows so you can't see in. A hodgepodge of posters and handwritten signs advertise cold beer and wine, cigarettes and lottery tickets. A tattered American flag flaps in the breeze. When Jerome Jackson purchased the store three years ago, Brancatelli told him in no uncertain terms that he wasn't too happy about it and that he was going to oppose the transfer of the liquor license. It did not, after all, have the aspect of a family-friendly enterprise you would want in a residential neighborhood.

Jackson, who is 52 and barrel-chested, has a retiring demeanor. His perch is a narrow space separated from the rest of the store by counter-to-ceiling plexiglass. He had managed a store in another neighborhood and saved up to buy his own business. He renovated the upstairs and moved in (and hung the American flag

from a second-floor deck he built).

He then purchased a foreclosed house down the street, where his brother could live. The house next door to the store went into foreclosure, and Brancatelli heard that Jackson kept watch over it, chasing scavengers away and erecting a fence in the rear. He also heard that Jackson had alerted the city that there was a foot of water in the basement of the vacant, the result of pipes having been ripped out. (This is common; Brancatelli has seen back water bills for vacant houses as high as \$6,000.)

Brancatelli began to reconsider his opinion of Jackson. He was keeping an eye on the neighborhood — and he was committed to staying. Brancatelli decided to support the liquor-license transfer and then told Jackson that he would help get him the property next door, if he agreed to tear it down.

U.S. Bank, which owned the house, appealed a city condemnation order. “It’s the running joke,” Brancatelli told me. “The banks appeal the condemnations because they say they want more time to make repairs to put it on the market to sell. And I go to the hearings on a regular basis to say you shouldn’t get more time. Here, they owned it for more than six months and hadn’t made any repairs. They just want time to try to unload the property.” Jackson offered U.S. Bank \$2,000. He heard nothing. He upped his offer to \$3,000. Again, no response. When Brancatelli intervened and made it clear that U.S. Bank would be stuck with the \$8,000 demolition bill, the bank agreed to sell it for a dollar to the Slavic Development Corporation. The nonprofit group then turned it over to Jackson, who agreed to pay for the razing. “Imbeciles,” Brancatelli said more than once, referring to the banks. “They’re imbeciles.”

I spent an evening with Jackson in his store and watched as a young disheveled man came in and purchased a pack of cigarettes. He hovered around the plexiglass. “Do you want to buy some tools?” the man asked.

“No,” Jackson curtly replied.

Customers frequently offer Jackson sinks, cabinets and other scavenged items. He says that in the few years he has owned the store, the community has become more transient. “I don’t know nobody no more,” he said. “I don’t know who to trust.” Everyone calls him Johnny. They assume the store was named after him, even though it has been there for decades. The week before Christmas, two men rammed a van into the front of the store, intending to rob it. The van got stuck, and the robbers fled. But Jackson isn’t deterred. He says he hopes one day to knock down his store and build a row of small enterprises, including a restaurant and a barbershop. He is trying to buy another vacant house on the block. Brancatelli now fears he’ll lose Jackson. “I want to convince him we have a strategy for the neighborhood,” he told me. “The worst thing you can have happen is to have this store close up.”

BY MID-2007, IT BECAME CLEAR to Brancatelli that his was a city at the mercy of lenders and real estate wholesalers, who now owned thousands of abandoned properties in the city. Somehow, the city needed to hold these new land barons accountable for their vacant houses, so many of which were in utter disrepair.

Brancatelli and others looked to Raymond Pianka, the judge in the city’s lone housing court. In 1996, Pianka gave up his seat on the City Council to accept this judgeship. His judicial colleagues derisively refer to it as “rat court,” because its main function is to make sure that owners mow their lawns, trim their hedges, clean up their garbage, repair leaning porches or hanging gutters — in short, that they make their

homes inhospitable for rats. No one foresaw that this lowliest of courts would become one of the most powerful instruments in the city's fight for survival. "The court's the only tool we have," Brancatelli said. "When we get them into court, we can't let them go."

In 2001, when it became clear how Raymond Delacruz was wreaking havoc on city neighborhoods by flipping houses, it was Pianka who ran him out of town. The city's building and housing department cited Delacruz for code violations on a house he hadn't flipped fast enough. When he didn't show up in court, Pianka had his chief bailiff stake out Delacruz at a doughnut shop. Pianka placed him on house arrest, ordering him to spend 30 days in the dilapidated structure he owned but had not maintained. Shortly after his sentence was up, Delacruz moved to Columbus, where he continued his flipping, and was eventually convicted for fraud that included swindling a bank vice president.

Housing codes, which were established in the mid-19th century, set minimum standards for housing quality. They traditionally help maintain both a city's aesthetics and safety. In Cleveland today, they seem to be all that keeps the city from crumbling. In 2007, Pianka realized that the banks weren't showing up in court after being cited for code violations. "They were thumbing their noses at the city," he told me. "They were probably thinking, It's Municipal Court. What can they do? And we thought, How loud can this mouse roar?" Pianka set up what he called his Clean Hands Docket. If a bank didn't respond to a warrant, Pianka refused to order any evictions it requested.

Pianka's staff also dug up a little-used 1953 statute that allowed for trials in absentia, and every other Monday afternoon for the last year and a half Pianka has held trials with a judge and a prosecutor but no defendant. The first case involved Destiny Ventures, a firm based in Oklahoma that buys foreclosed properties in bulk and then sells them. It was cited in 2007 for violations on one of its houses, but didn't show up in court. The idea of a trial without a defendant was so unusual that when the prosecutor said he had no opening statement, Pianka prodded him. "You're going to waive opening statement?" he asked. "Don't you want to give the court a little road map about the strategy?" A housing inspector testified that Destiny Ventures had done nothing to correct the code violations on the vacant two-story clapboard house in question. The windows were punched out, the front door was wide open and roof shingles were missing. Pianka fined Destiny Ventures \$40,000, and then had a collection agency sweep the company's bank accounts for the money. Brancatelli celebrated by taping a copy of the check to his office wall. In a recent phone interview, an owner of Destiny Ventures, Steve Nodine, said, "It's unconstitutional the way they fine people." His firm now refuses to do business in Cleveland.

One morning this fall, I visited Pianka before his Monday court session. His office, on the 13th floor of the Justice Center, overlooks Lake Erie and the new Cleveland Browns Stadium. It might be one of the nicer views in the city, but he would just as soon overlook the city's residential neighborhoods. When I entered his chambers, he was on his computer scanning Web sites to tap into the real estate chatter. He found a Cleveland house on eBay selling for \$500. In the photos, Pianka could make out mold on the walls and noticed a large portable heater, which he said was illegal. He shook his head. He has no power to haul people into court. Building and housing inspectors issue citations for code violations, and then the city's law department decides whether to prosecute. Pianka hears only misdemeanor offenses, but he can both fine and jail defendants.

Pianka, who has a bushy mustache, often seems amused, so it's easy to underestimate his resoluteness. The

chief magistrate told me she has heard Pianka curse only once. It was in late 2007. He had fined [Wells Fargo](#) \$20,000 for code violations but told the bank he would rescind the fine if it spent that amount rehabilitating the structure. Wells Fargo fixed up the house, and it was, for Pianka, a success story. When he drove the chief magistrate to the address to show off the house, there was nothing there, just a vacant lot. The city, he discovered, had razed it, unaware of the repairs.

Pianka lives on a beautiful block in Cleveland's Detroit-Shoreway neighborhood, where there is a stunning variety of architecture. But even on his street, there have been three foreclosures. For months, Pianka helped keep watch on a majestic 19th-century Victorian down the street. One neighbor paid for the electricity so the vacant house would be protected against vandals by an alarm system. Pianka shoveled the snow in winter and often parked his car in the driveway so it would appear as if someone were living there.

Pianka is an amateur historian, and his office shelves are filled with books on Poland, his grandfather's native country. During my visit, he retrieved a book about wartime Warsaw and opened it to a photograph of a lone man with a wheelbarrow collecting bricks from the rubble of a building's ruins. "He's putting the city back together," Pianka told me. "We just have to make the best of things. We have to do it because nobody else will."

One of his assistants poked her head in the doorway. "It looks like we're going to have another packed house," she announced, and Pianka headed for the courtroom. A line of people snaked into the hallway. When the bailiff called their names, they approached the lectern, usually without an attorney. Pianka asked one man how he wanted to plead. "I plead whatever it takes," he replied. Most of the defendants are simply asking for guidance, or at least some understanding, and the word is that you can trust Pianka. "He's the most loved judge in Cleveland," Brancatelli told me. A good number of the defendants are facing foreclosure themselves and don't have the means to keep up their property. Until recently, many might have refinanced, but that is no longer an option.

One of the first cases I observed involved Sally Hardy, who is 52 and works as a housekeeper at a nursing home. She asked Pianka if she could confer briefly with the prosecutor, which she did, and then began to cry softly. "What'd you say to her?" Pianka asked the prosecutor in an attempt to lighten the mood. Hardy jogged out of the courtroom in tears. When she returned, Pianka apologized. "I'm sorry," he said. "These are emotional times, and sometimes it feels like the weight of the world is on your shoulders." Her house was in foreclosure, she told Pianka, but she had rescued it. Pianka brightened. "That's a great accomplishment," he told her. He ordered her into a program that assists struggling homeowners; a housing specialist will work with Hardy to find money to repair her roof and porch.

Mayra Caraballo, a 39-year-old mother of two, appeared in court in response to code violations on her home. She explained to Pianka that she no longer owned the house. She had lost her job at a processing plant, and an adjustable rate had kicked in on her mortgage, boosting her monthly payments to \$1,100, from \$800. She had left after receiving a foreclosure notice. The house was quickly stripped of everything but the furnace. Pianka asked a clerk to check into the house's ownership; he suspected that the lender had withdrawn the foreclosure at the last minute, as is becoming more common. The clerk tracked down the trustee on the mortgage, [Deutsche Bank](#), and confirmed that the foreclosure had indeed been withdrawn. Pianka calls these situations "toxic titles." "You're in limbo," Pianka told a shocked Caraballo. "There's no hope in your getting out of this property as a result of foreclosure. We're seeing this more and more."

Pianka sees these toxic titles as an effort by lenders to dodge responsibility for vacant houses. Later, I called Deutsche Bank to ask about Caraballo's house. "We don't own the property," a spokesman told me. "We're the owner of record, but the investors who bought the mortgage-backed securities own it." Pianka chuckled when I told him of the bank's response. "That's their mantra: we don't own it," he said. "It's handy for them to say, 'Oh, it's not us.' It's part of this big shell game they're playing." I checked in with Caraballo, too. She's now renting and working part time at a day care center. She told me that she would like to move back into the house, but she's not sure she has the money to replace all the hardware that has been stripped by scavengers or to make the necessary repairs.

Over the last year and a half, the housing court has collected \$1.6 million in fines from defendants who didn't show up for their trials. Last April, Pianka fined [Washington Mutual](#) \$100,000 for a vacant property on the city's west side. Washington Mutual, now owned by [JPMorgan Chase](#), appealed, and in December, the Eighth District Court of Appeals in Ohio ruled that trials in absentia were not permitted in misdemeanor cases, essentially putting an end to Pianka's efforts. JPMorgan Chase disputes the code violations, but a spokeswoman said the bank was not planning to send a representative to court to respond to the city's charges.

"We just have to figure out some other ways," Pianka told me. He has suggested that the city could name corporate officers when prosecuting code violations. He told me that a Cleveland police officer was so angered by all the abandoned properties that he volunteered last month to serve warrants to bank officers should they ever be issued. In the meantime, early last year, Cleveland sued 21 lenders, arguing that their vacant houses created a public nuisance, virtually destroying some neighborhoods. Ten of those lenders have since gone under, been acquired or gone into bankruptcy. The case is slowly winding its way through federal court.

"This crisis changes weekly," Pianka told me. "It's a torrent of water coming at us. We can divert it one way or another. But we can't stop it."

ON FEB. 29 LAST YEAR, Derek Owens, a 36-year-old police officer on patrol, spotted a group of young men drinking beer in the open garage of an abandoned house. Neighbors previously complained of teenagers both selling and using drugs in the row of vacant houses on the street. When Owens and his partner got out of their squad car, the men fled. As Owens chased them, one of the men stopped in the driveway of yet another abandoned house, turned around and opened fire. One shot hit Owens in the abdomen, and he died several hours later.

When Brancatelli heard of Owens's murder, he wondered who owned the abandoned house and garage where the young men were drinking. He made some phone calls and discovered that he knew the owners, Eric and Sheila Tomasi, a couple from Templeton, Calif., who had been buying up foreclosed houses in Cleveland as an investment. Eric Tomasi soon called. He had heard about the shooting. Brancatelli liked the Tomasis, and suggested that it might be a good idea to begin repairs on the house. The neighbors, he told Tomasi, were up in arms over the vacant houses in their community. The Tomasis soon sought permits to do work and began to fix up the house.

Brancatelli had met the Tomasis a few weeks earlier at a suburban hotel where a private company was auctioning off foreclosed homes. Brancatelli was there to scare off speculators. He passed out a flyer, which

read in part: “Dealing with the increasing problem of abandoned and vacant homes is at the forefront of our efforts to continue improving our community. . . . You should be aware that some of these homes were the source of incredible community concern and some resulted in criminal prosecution of mortgage brokers.”

This is what Brancatelli calls “the next tsunami” — companies and individuals who are buying foreclosed houses in bulk and then quickly selling them for a profit, often without making any repairs. The companies have appellations like Whatever Inc., Under Par Properties and Tin Cup Investments. Brancatelli thought all the equity had been wrung out of these properties, but clearly he was mistaken.

At this auction, Brancatelli was introduced to the Tomasis. They are both in their 40s. Before investing in real estate, Sheila Tomasi owned a small chain of clothing stores and Eric Tomasi was a mortgage broker and before that managed a chain of sporting-goods stores. Brancatelli found them surprisingly open, unlike some of the other wholesalers — or “bottom feeders” as some derisively refer to them — who wouldn’t return his phone calls or e-mail queries. He invited the couple to a gathering of local housing activists, and they laid out their business plan. Brancatelli was curious to find out how anyone was making money in a market where houses were selling for a few thousand dollars on eBay.

The Tomasis said that they owned about 200 houses in Cleveland. (They purchased 2,000 homes last year, in 22 states.) They explained that they, unlike most other wholesalers, provide each buyer with the mechanicals — pipes, a boiler, a furnace, all the basic materials that had been stripped — that the purchaser would then be responsible for installing. Brancatelli derived some comfort from this description. From his background with a nonprofit housing group, he knew the theory that people who put sweat equity into a house will be more committed to its upkeep and to making the mortgage payments. The financing the Tomasis laid out, though, made Brancatelli squirm. The purchaser would pay \$500 down and then make monthly payments of no more than \$450, which was below local rental prices. But the interest rate was 10 or 11 percent. What most concerned Brancatelli was that the Tomasis eventually hope to package the mortgages and sell them to investors.

“It’s Groundhog Day all over again,” Brancatelli remembers thinking to himself. “Intuitively, it doesn’t make any sense that a person from California would be buying hundreds of distressed properties in a place that’s in a downward spiral. It has nothing but the makings of someone coming to pillage our neighborhood.” But did that mean he shouldn’t work with the Tomasis? If he considered them the enemy, he wondered, where would that get him? Eric Tomasi assured Brancatelli and the others that they had a shared interest. “I want to put people in homes,” he said. “And you want to get homes occupied.”

Pianka says Brancatelli faces a difficult choice: work with the Tomasis to make sure their properties are maintained and then sold to people who make the payments, or contest the Tomasis’ efforts and lose any oversight. In December, while I was driving through Slavic Village with Brancatelli, we passed a Tomasi-owned house that wasn’t secured. He left a message for Tomasi: “Eric, calling about 6921 Gertrude. The door’s open in the back. Give me a call. Hope things are well.” Tomasi sent someone out to board it up. “Even if I didn’t like this guy, I don’t have the ammo to fight him,” Brancatelli later told me. “Let’s see if this is a model we can work with.”

THERE ARE REASONS to be wary. During my time in Cleveland, I came across two properties owned by

an investment company that goes by the name Thor Real Estate. The first I stumbled across while driving through the city's west side with Jay Westbrook, a city councilman. We passed a compact two-story house that had been vacant just a few weeks earlier. Westbrook peeked through the windows and, much to his surprise, saw some activity. A young, stocky man was inside installing new floors. He introduced himself as Oswan Jackson and told us he had just bought the house. He planned to move in with his wife, who was pregnant with their first child. He seemed disoriented, like many new homeowners, overwhelmed by the amount of work he needed to do. "I didn't know there were code violations," he told Westbrook. The foundation was failing and the roof needed replacing. He said the purchase price was \$24,580 for the house: \$500 down and \$290 a month. "We'll make it work for you," Westbrook cheerfully told him. "Welcome to the neighborhood." A few days later, after a colleague researched the property, Westbrook learned that the house had been in such poor condition that it was condemned three weeks after Jackson signed the contract — and that Jackson owed the back taxes on the property, which amounted to \$4,000. The last I spoke with Jackson, he planned to walk away from his new home.

The second house was on East 113th Street. The front steps were missing; piles of brush and rubbish clogged the driveway. One side was tagged by a local gang, an indication that it had been used as a gathering place. Posted to the front porch was a sign that read: 500 Down, 295 a month. In January on [Craigslist](#), the owner advertised it this way: "I have a beautiful home at 3637 East 113th Street, Cleveland, OH 44105 Move in now! No credit check!" One neighbor I spoke to wondered why anyone would want to buy it. "It looks like there's nothing left for that house to give," the neighbor said.

The dispiriting part of the story behind these houses, certainly from Brancatelli's point of view, is that Thor Real Estate had been in partnership with the Tomasis. The Tomasis say they are now separate entities, but in court, the Tomasis have admitted that properties have been transferred between the two companies, and on occasion Eric Tomasi has offered to speak for Thor on code-violation cases. Once again, it's hard to know who owns what.

In January, Sheila Tomasi appeared in housing court. Sheila Tomasi is a personable, cheerful woman with high cheekbones and honey-streaked hair. The Tomasis purchased a house for their own use near Cleveland, and she was back for a couple of weeks to appear in court and to check on their properties. It wasn't the Tomasis' first time in Pianka's court, and on that day, five of the Tomasis' properties were cited for code violations. During her appearance, she told the court about a new owner, a single mother of seven, who had hired a contractor to install new pipes provided by the Tomasis. But it was a shoddy job. So, the Tomasis hired a plumber themselves and paid him \$1,300 to redo the work. They added that charge to the woman's monthly mortgage payments. "I can't go to sleep at night if we can't give someone a good start," Tomasi told me on an earlier occasion. "You want to groom them and get all the hiccups out of owning a home: that they're getting all their improvements done, that they're paying their taxes. We want to make sure that everything's going O.K."

Tomasi also confirmed to the judge that they were considering the purchase of another 1,000 homes in the city. "That's the nature of what's happening here," Pianka sighed. "We feel in many ways helpless.

"You've moved to Cleveland at least temporarily," he said. "That's important, and taking care of your inventory properties, making sure you come into compliance with the law. There aren't enough inspectors to follow you around." Tomasi nodded. Pianka continued, "If we find out you have a property and it's flying

below the radar, there are going to be severe consequences.”

“Yes, your honor,” Tomasi replied.

Then, as if thinking aloud, Pianka said, “It is really tough being a city municipality because we’re subject to international banks, national banks, acts of Congress, buyouts of mortgages. . . . We have no control over those entities, so I guess we’re going to have to try to work with you.”

He fined the Tomasis \$50,000 but gave them time to either raze the properties or repair them. “I’d like you to appreciate what we’re dealing with in Cleveland,” he told Tomasi. “Now if you don’t have some good reason, I expect a good check made out to the clerk.”

Pianka left the bench shaking his head and later told me he better understood why Brancatelli was willing to work with the Tomasis. “What are you to do?” he said.

When I told Brancatelli about the court proceedings and about the Tomasis’ mention of purchasing another 1,000 homes, Brancatelli said, “It’s just really strange times.”

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This article has been revised to reflect the following correction:

Correction: March 8, 2009

The cover article on Page 28 this weekend about efforts by Cleveland and other cities to deal with the growing number of foreclosures misstates the name of an area in Louisiana with a recent exodus of people comparable to that of Cleveland. It is Orleans Parish, or New Orleans — not New Orleans Parish.

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