

IMPACT OF THE MORTGAGE FORECLOSURE CRISIS ON VACANT AND ABANDONED PROPERTIES IN CITIES

**A 77-City Survey
June 2010**



The United States Conference of Mayors

The United States Conference of Mayors

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FOREWORD

This is the fourth in The U.S. Conference of Mayors' series of reports on the efforts being made by mayors across the nation to minimize the problems that vacant and abandoned properties are creating in their cities, and to restore these properties to productive use as homes and businesses. And it is the third time that we are reporting on the impact of the continuing mortgage foreclosure crisis on the problems of vacant and abandoned properties, and on the extent to which the costly problems these distressed properties create have been exacerbated by the foreclosure crisis.

As homeowners in unprecedented numbers have been forced to abandon their properties in neighborhoods scattered across our cities, the greatly increased numbers of these properties have caused problems for greatly increased numbers of neighbors. They detract from their quality of life, depress their property values and, ultimately, can limit their economic opportunities. For city governments, these properties represent increased demands for services to maintain them physically, to secure them, to rehabilitate them as needed, to get them into the hands of new owners, or to dispose of them in other ways. And again this year, cities are forced to meet these demands in an environment in which a national economic downturn has translated into a dramatic drop in state and local revenues.

The Conference's Task Force on Vacant and Abandoned Properties developed its first publication on the successful strategies that mayors have developed to combat the problems posed by distressed properties in 2006. Two years later, in light of the severity of the mortgage foreclosure crisis, we updated and expanded the information contained in that first report. We also asked mayors to respond to a brief survey on the impact that the mortgage crisis was having on the existing problems of vacant and abandoned properties.

In 2008, mayors in 71 percent of the survey cities reported that the number of vacant and abandoned properties had increased during the previous 12 months as a result of the mortgage crisis. Well over half of the cities reported that the crisis had affected their ability to manage problem properties, and well over half rated the foreclosure problem in their cities as serious or very serious.

In 2009, the responses to the survey indicated how much more serious the problems of distressed properties have become as mortgage foreclosures continued to mount. That year,

- Almost half again as many mayors responded to the survey.
- Cities reporting increases in vacant and abandoned properties jumped to 93 percent.
- Those reporting that the crisis had affected their efforts relating to these properties jumped to 83 percent.
- Those rating the foreclosure problem as serious or very serious jumped to 67 percent.
- Cities viewing their foreclosure problem as not serious dropped from about one in five the previous year to only one in 20.

This year, the number of mayors responding to the survey increased again by a substantial number and, again this year, more than three in four survey cities saw their inventory of vacant and abandoned properties increase. Across all survey cities, the inventory of problem properties increased by an average of one-third. For some cities, the increase was 100 or 200 percent. And the outlook is not good: More than nine in 10 of the mayors expect their problems to continue or increase in the year ahead.

Again this year, mayors were asked to describe their use of the Neighborhood Stabilization Program (NSP), which provides targeted emergency assistance to state and local governments to acquire and redevelop foreclosed properties that might otherwise become sources of abandonment and blight. The NSP funds, first available in 2008, may be used to acquire land and property, to demolish or rehabilitate abandoned properties, or to offer down payment and closing cost assistance to low- to moderate-income homebuyers. They also may be used to create "land banks" to assemble, temporarily manage, and dispose of vacant land in order to stabilize neighborhoods and encourage re-use or redevelopment of urban property.

This survey illustrates the wide variety of ways in which mayors have applied the NSP funds to their property problems, and describes how additional funds could be put to good use, alleviating a wide range of property problems, if they were made available to our cities. From this survey, a clear picture emerges: Much more NSP funding is needed.

Through the Conference of Mayors Web site, our report is again being made available to mayors nationwide as part of the Task Force's plan to equip all mayors with resources they can use to combat increasingly serious abandoned property problems that continue to be exacerbated by the mortgage foreclosure crisis. As always, we are grateful to the mayors and staff whose participation in this year's survey will benefit colleagues in cities across this nation.



Tom Cochran
CEO and Executive Director

June 2010

EXECUTIVE SUMMARY

This is the fourth in a series of reports prepared by The U.S. Conference of Mayors on cities' efforts to combat problems of vacant and abandoned property. It updates and expands upon reports published in 2006, 2008, and 2009 and continues the Conference's focus on the impact of the continuing mortgage foreclosure crisis on the problems created by vacant and abandoned properties and on cities' efforts to manage them. Mayors in 77 cities in 30 states responded to a set of survey questions sent to them at the end of April.

Increase in Vacant and Abandoned Properties

This year, more than three in four of the survey cities have seen an increase in the number of vacant and abandoned residential properties as a result of the mortgage foreclosure crisis. Across these cities, the increase averaged 33 percent, with two of the cities reporting 200 percent increases and two others reporting increases over 100 percent. There are an estimated 146,057 vacant and abandoned residential properties in the cities able to provide an estimate of the size of their inventory. This represents an average of 2,247 properties per city, with counts ranging from over 10,000 in larger cities to fewer than 10 in smaller ones. Inventories of 1,000 or more residential properties were reported by just over one-third of the cities.

Sixty-three percent of the survey cities have seen an increase in the number of vacant and abandoned commercial properties during the last year as a result of the mortgage foreclosure and related credit crises. There are an estimated 15,413 vacant and abandoned commercial properties in the cities able to provide an estimate – an average of 285 properties per city. Nine of these cities reported having inventories of 500 or more; these include five cities that reported 1,000 or more problem commercial properties.

Impact of the Foreclosure Crisis on Vacant and Abandoned Property Efforts

Seventy-one percent of the survey cities reported that the mortgage foreclosure crisis has affected their approach to managing and disposing of vacant and abandoned properties, prompting them to take actions such as adding or modifying protocols and procedures (66 percent of these cities), ordinances (62 percent), and policies (57 percent).

Forty-seven percent of the cities say the crisis has also affected their ability to manage and dispose of their vacant and abandoned properties. Thirty-six percent of the cities have allocated additional city funds for the management and disposal of their properties, and 56 percent have identified the need to allocate even more funds from any source available.

Factors Influencing Foreclosures

To gauge the extent to which factors such as the availability of sub-prime mortgages, increased joblessness and attendant loss of income, or other factors influenced residential foreclosures in the survey cities, mayors were asked to rank the relative importance of sub-primes, joblessness, and other factors in precipitating foreclosures. The availability of sub-prime mortgages was ranked as the most important

factor by the largest number of mayors – 48 percent. Sub-primes were ranked as second most important by 37 percent. Increased joblessness and loss of income was ranked number one by 45 percent of the mayors responding and number two by 47 percent.

Impact of Neighborhood Stabilization and Other Funds on the Problems

Seventy-one percent of the survey cities received first-round Neighborhood Stabilization Program (NSP1) funds and are applying these funds to their current foreclosure-related vacant and abandoned property problems in a number of ways: All are acquiring vacant and abandoned properties; 92 percent are rehabilitating structures on properties; 68 percent are demolishing structures on properties; and 66 percent are assisting low- and moderate-income homebuyers with down payments and closing costs.

A much smaller group of survey cities (23 percent) received competitive NSP2 funds. All of these cities are applying the funds, in whole or in part, to acquiring vacant and abandoned properties, and most (87.5 percent) are using them to rehabilitate structures on properties. Among other applications of these funds: 56 percent are assisting low-and moderate-income homebuyers with down payments and closing costs, and 44 percent are demolishing structures on properties.

More than nine in 10 of the cities receiving NSP funds report that they are partnering with nonprofit organizations in the programs and activities they are conducting with these funds. And 84 percent of the cities report that they are applying other-than-NSP funds to alleviating their current property problems: Seventy-four percent of these cities are using their own funds; two-thirds are using funds from other federal sources; smaller groups are using state and private funds.

Assessment of the Problem

Nearly half of the mayors responding declared the current mortgage foreclosure problem in their city to be serious or very serious – the rating was very serious for 26 percent and serious for 23 percent. Another 38 percent said their problem was moderately serious, and just 13 percent rated it as not serious.

Rating the extent to which the continuing economic downturn was exacerbating vacant and abandoned property problems in their cities, 40 percent of the mayors said the effect of the downturn was significant; 55 percent said its effect was moderate. Only 5 percent felt the downturn was not exacerbating their problems.

Rating the extent to which their city's current fiscal condition was limiting their ability to respond to vacant and abandoned property problems, 38 percent of the mayors said they were significantly limited by their current condition; 43 percent said they were moderately limited. Nineteen percent of the mayors did not feel their fiscal condition was affecting their response to the problems.

Looking ahead, all but a few of the mayors responding (92 percent) are expecting mortgage foreclosure problems in their cities to increase or stay the same in the year ahead. Well over half expect the problems to increase; 39 percent expect no change. Just 8 percent of the respondents expect the situation to improve.

SURVEY FINDINGS

This report updates and expands upon The U.S. Conference of Mayors 2006, 2008, and 2009 reports on cities' efforts to combat problems of vacant and abandoned properties. At the end of April mayors were invited to respond to a brief set of questions on the impact that the mortgage foreclosure crisis was having on their vacant and abandoned properties and on their efforts to manage them. Responses to the survey questions were received from 77 cities of all sizes in 30 states in all regions of the country. A list of these cities follows at the end of this report.

Increase in Vacant and Abandoned Properties

Residential – There are an estimated 146,057 vacant and abandoned residential properties in the 65 survey cities able to provide an estimate of the size of their inventory. This represents an average of 2,247 properties per city, with counts ranging from well over 10,000 in Tucson and Chicago to fewer than 10 in smaller cities such as Sunnyvale and Richland. Inventories of 1,000 or more residential properties were reported by just over one-third of the cities.

This year, more than three in four of the survey cities (76 percent) have seen an increase in the number of vacant and abandoned residential properties as a result of the mortgage foreclosure crisis. Across these cities, the increase averaged 33 percent, with two of the cities reporting 200 percent increases and two others reporting increases over 100 percent. Twenty-nine percent of the cities reported increases of 10 percent and less.

In the majority of cases (70 percent) the cities' vacant and abandoned properties are single-family dwellings; 15 percent are condominiums and 15 percent are multi-family dwellings. Overall, the cities report that 43 percent of the mortgages involved were sub-prime.

Commercial – There are an estimated 15,413 vacant and abandoned commercial properties in the 54 survey cities able to provide an estimate – an average of 285 properties per city. Nine of these cities reported having inventories of 500 or more; these include five cities that reported 1,000 or more problem commercial properties.

Sixty-three percent of the survey cities have seen an increase in the number of vacant and abandoned commercial properties during the last year as a result of the mortgage foreclosure and related credit crises.

Impact of the Foreclosure Crisis on Problem Property Efforts

Seventy-one percent of the survey cities reported that the mortgage foreclosure crisis has affected their approach to managing and disposing of vacant and abandoned properties, prompting them to take actions such as adding or modifying protocols and procedures (66 percent of these cities), ordinances (62 percent), and policies (57 percent). Other measures or actions were reported by 57 percent of these cities.

Examples of specific actions were supplied by several cities:

- **Surprise** adopted a Foreclosed and Abandoned Property Action Plan which includes proactive code enforcement for property maintenance violations. The Mayor and Council adopted an ordinance implementing a fine schedule for repeat violators of property maintenance ordinances. An additional component of the action plan consolidates all of the educational, financial, and legal resources related to foreclosures for interested residents.
- **Atlanta's** Office of Buildings now requires a foreclosure inspection to be completed on all foreclosed properties for which building permits are sought.
- **Chicago** is aggressively demolishing more abandoned, vacant properties and insisting that financial institutions demolish vacant properties of no value. The City is prioritizing vacant structures using crime statistics and increasing the resources dedicated to combating the crime problem, increasing collaboration among city agencies and the courts, improving use of technology to communicate with financial institutions about troubled properties in Chicago communities (e.g., email alerts to registered vacant property owners regarding arrests, violations, fires, and other service calls), and providing notice via door hangers to neighbors when demolishing vacant properties on their block.
- **Bartlett** has established a foreclosure team to inventory, inspect, patrol, and clean up foreclosed properties as necessary.
- **Oak Park** has adopted a vacant building ordinance which allows the Village to monitor vacant buildings and require owners to establish a plan to bring the buildings back into use. It has also established a vacant building database which permits tracking of properties in foreclosure. In the majority of cases, ownership is transferred prior to the completion of the foreclosure.
- In **Indianapolis**, the Mayor has requested that each Indianapolis Metropolitan Police Department (IMPD) district prepare a list of the 25 most problematic vacant and abandoned properties from a public safety perspective. The objective of the Mayor's Top 25 initiative is to stabilize crime in neighborhoods by identifying their crime-ridden and nuisance properties. When a Top 25 problem property is removed from the list, another is added.
- **Rockville** has created an ordinance stating that, if a structure or part thereof is vacant and unfit for human habitation, occupancy, or use, and is not in danger of structural collapse, a code official is permitted to post a "Do Not Occupy" order on the premises and order the structure secured so it is not an attractive nuisance or open to entry by the general public. Upon failure of the owner to secure the premises within the time specified in the order, a code official will close the premises using any available public agency, or by private contract or arrangement, with the cost charged against the property where the structure is located via a lien.

Forty-seven percent of the cities say the crisis has also affected their ability to manage and dispose of their vacant and abandoned properties. Thirty-six percent of the cities have allocated additional city funds for the management and disposal of their properties, and 56 percent have identified the need to allocate even more funds from any source available.

Factors Influencing Foreclosures

In analyses of factors triggering the nation's residential foreclosure crisis, two are widely accepted as major contributors: first, the availability of sub-prime mortgages and, second, increased

joblessness and attendant loss of income. To gauge the extent to which these factors influenced foreclosures in the survey cities, and/or whether other influences were present, mayors were asked to rank the relative importance of sub-primes, joblessness, and other factors in precipitating residential foreclosures in their cities.

- Availability of sub-prime mortgages was ranked as the most important factor by the largest number of mayors – 48 percent. Sub-primes were ranked as second most important by 37 percent.
- Increased joblessness and loss of income was ranked number one by 45 percent of the mayors responding and number two by 47 percent.
- Other factors influencing residential foreclosures were ranked number one by 22 percent of the mayors and number two by 22 percent.

The single other factor most often cited by survey cities – including **Surprise, Fremont, Sunnyvale, Tallahassee, Chicago, Oak Park, Indianapolis, and South Bend** – was falling property values and loss of equity in homes which combine to leave homeowners “underwater” or “upside down” on their mortgages. In various ways, **Chula Vista, Atlanta, Bowling Green, and Boston** cited the imbalance between the houses buyers could actually afford and those they were encouraged and enabled to purchase.

Application of Neighborhood Stabilization and Other Funds

NSPI – The Neighborhood Stabilization Act, administered by the Department of Housing and Urban Development, was established by the Housing and Economic Recovery Act of 2008. Funds were distributed that year through a formula to all states and selected local governments. Seventy-one percent of the survey cities received first-round Neighborhood Stabilization Program (NSP1) funds and are applying these funds to their current foreclosure-related vacant and abandoned property problems in a number of ways:

- All are acquiring vacant and abandoned properties
- 92 percent are rehabilitating structures on properties
- 68 percent are demolishing structures on properties
- 66 percent are assisting low- and moderate-income homebuyers with down payments and closing costs
- 22 percent are maintaining already acquired properties
- 18 percent are cleaning up land

NSP2 – A second round of Neighborhood Stabilization Program funds, authorized in the American Recovery and Reinvestment Act, has gone to states, local governments, and nonprofits on a competitive basis. A much smaller group of survey cities (23 percent) received these NSP2 funds. All of these cities are applying the funds, in whole or in part, to acquiring vacant and abandoned properties, and most (87.5 percent) are using them to rehabilitate structures on properties. Among other applications of these funds: 56 percent are assisting low-and moderate-income homebuyers with down payments and

closing costs, and 44 percent are demolishing structures on properties. A few cities are maintaining already acquired properties and cleaning up land.

More than nine in 10 of the cities receiving NSP funds (91 percent) report that they are partnering with nonprofit organizations in the programs and activities they are conducting with these funds.

Comments on Impact – Officials in cities which have received NSP funds offered brief comments on the impact the funds are having, or are expected to have, in their targeted communities. Most of the comments referred to specific goals, plans, or projects:

Tucson – Approximately 90 homes have or will be purchased, rehabilitated, and sold under the Land Trust model.

Chula Vista – Anticipate removing up to 40 properties using the \$2.8 million received.

Denver – Through NSP1 and NSP2, will acquire, rehabilitate, resell, or provide as rentals a minimum of 500 units.

Wilmington – Project creating over 80 new, owner-occupied housing opportunities through the rehabilitation of vacant structures and/or new construction housing on vacant land. In addition, our efforts will result in the demolition of 10-15 of the most blighted structures in the City.

Fort Myers – With local property values having dropped severely (by 50 percent) over the last 12 months, NSP monies received can have a much larger impact due to the reduced cost of obtaining abandoned property. We partner with local nonprofits and contractors to keep people working and train displaced construction workers on energy efficient remodeling.

Chicago – NSP strategy is to target NSP investments as much as possible. We have identified “target zones” of approximately 12-16 city blocks within the various NSP-eligible community areas. Within these target zones, it is our goal to acquire and rehab as many of the vacant, foreclosed homes as possible and then get them re-occupied as quickly as possible. We expect that the NSP investments will help stabilize the blocks within the target zone, and we hope that the positive effects will spread to the blocks surrounding the target zone.

Oak Park – The Village felt that it was important to coordinate a regional response to the foreclosure problem. Many of our neighboring communities have a significant foreclosure problem which has led to an increase in abandoned and vacant buildings. A collaborative came together to pool resources to apply for NSP funds from Cook County. We believe that a strong subregion will work to each municipality’s advantage, and pooled resources allows the municipalities to rely on the strengths of members.

Indianapolis – NSP projects are focused in areas with high concentrations of abandoned and/or foreclosed/vacant properties, which are located within confined targeted areas, making for greater community impact.

Davenport – Allows speedier disposition of foreclosed properties; foreclosures at the low end of the spectrum are more attractive to buyers because of the rehab funds we provide.

Des Moines – Using NSP1 funds, will redevelop approximately 90 housing units. The largest impact will be the redevelopment of a three-acre abandoned apartment building.

Kansas City – Provides the ability to acquire and rehab 52 foreclosed properties.

Boston – Will reclaim and reoccupy 500 units of lender-owned foreclosed housing (REOs).

Westland – Will stabilize falling property values, improve structural and neighborhood conditions,

reduce density, and improve neighborhood pride in the Norwayne Subdivision.

Rochester – Will apply to expansion of the existing Home Rochester Program, which has rehabilitated 500 vacant homes for first time home buyers by establishing a financing pool for construction, financing acquisition and rehabilitation of vacant and foreclosed properties, and providing other services.

Schenectady – Used for redevelopment of 10 vacant, blighted, abandoned sites with new single family homes.

Allentown – HUGE! We were able to acquire 17 properties to date, each of which were drags on otherwise healthy blocks, including three along key commercial corridors. Most will go into the homesteading program and the larger properties will be rehabilitated with the help of both the public and four partners.

Easton – Currently two foreclosed properties have been acquired and are being rehabbed to Green Specifications for sale to qualified buyers.

Erie – Six new single-family homes and approximately 15 abandoned structures will be demolished and a large abandoned building will be rehabilitated to include six low-income apartments.

Vancouver – Will provide funding to purchase a large foreclosed subdivision for future development.

Many other cities were more general in their descriptions of the impact of NSP funding:

Surprise – Allows for long range occupancy of vacant properties that have become a nuisance for the community.

Fremont – Will revitalize neighborhoods and provide affordable housing to residents whose income is at or below 120 percent of median income for the area.

San Leandro – NSP1 and NSP2 funds will allow the City to acquire residential properties and place income-eligible households in these properties instead of these properties remaining foreclosed and vacant.

Bridgeport – Will have considerable impact as a welcome resource to fight the blight and abandonment and to speed up the reinvestment cycle.

Laurel – Will assist applicants with down payments to secure home loans.

Columbia – Will increase property values.

Camden – Using NSP2 funds, will arrest the decline in home values in the targeted census tracts, and reduce or eliminate the vacant and abandoned residential properties in those areas targeted in the NSP2 proposal.

Freeport – Will help to put residential foreclosed properties back on the market and eventually sold to first-time homebuyers.

Niagara Falls – Will contribute to elimination of slums and blight.

Syracuse – Enabled the City to acquire and rehabilitate vacant structures for resale, restoring these structures to performing units.

Akron – By providing more funds for a rehabbed property we are actually subsidizing the neighborhoods. We have also been able to provide jobs for contractors and subcontractors, providing an economic impact.

Columbus – Allows specific and targeted investment in neighborhoods with the best chance of success.

Philadelphia – Will reduce vacancy, push the market for housing, stabilize the market.

Reading – Will stabilize the five qualified census tracts through an aggressive housing rehab effort.

Charleston – Will impact the neighborhoods and residents by cleaning up blighted and abandoned properties and creating opportunities for persons who need affordable housing.

Dallas – Will reduce the number of foreclosed properties on the market.

Racine – Hope it will shore up the housing market in target neighborhoods and prevent blight.

Some of the survey cities commented on the moderate impact of the NSP funds, which was generally attributed to funding levels that are insufficient to meet their needs:

Orlando – Moderate impact, with funding providing for some strategic purchases which hopefully will serve to stimulate additional investment.

Tallahassee – Will help, but the amount is not nearly sufficient to address the problem.

Macon – Will help several targeted neighborhoods, though these funds are not nearly sufficient enough to tackle the vacancy/abandonment problem in Macon, which is due in large part to a loss and movement of population out of older neighborhoods in the inner city, and the subsequent degradation of the housing stock therein.

South Bend – NSP has been a significant aid in the stabilization of targeted areas, but additional funding is needed to have a widespread effect.

Lexington There will be a modest impact.

Garfield Heights – NSP1 funds could be used City-wide, but the City has only two small areas that are eligible for NSP2 funding. Both areas have high levels of vacant properties. Unfortunately, NSP2 funds cannot be used for improvement of occupied houses, even though many are blighted.

Arlington – Significant positive impact. Initial award of \$2 million was a good start, but Arlington needs more funding to continue the good work started.

Alexandria – Funding provided under the NSP1 program was very limited, and while it has been a useful resource for providing affordable home purchase opportunities, its overall impact in reducing the number of foreclosed properties has been limited.

Other Funds – Eighty-four percent of the survey cities report that they are applying other-than-NSP funds to alleviating their current property problems. With these funds:

- 75 percent are assisting low- and moderate-income homebuyers with down payments and closing costs
- 75 percent are demolishing structures on properties
- 68 percent are rehabilitating structures on properties
- 67 percent are acquiring vacant and abandoned properties
- 47 percent are cleaning up land
- 47 percent are maintaining already acquired properties
- 44 percent are establishing financing mechanisms for purchase or redevelopment of vacant or abandoned properties
- 30 percent are establishing land banks

Seventy-four percent of these cities are using their own funds to address their property problems, and in 66 percent of the cities, non-NSP funds are coming from other federal sources. State funds are being used by 29 percent, and private funds by 14.5 percent. Most of the cities citing specific sources of

funds being used named the Community Development Block Grant and HOME Investment Partnership Program.

Some of the survey cities offered descriptions of specific applications of other-than-NSP funds. **Riverside**, for example, secured a \$20 million line of credit from City National Bank to leverage the NSP1 funds and dedicated \$5 million in redevelopment funding to its "Targets of Opportunity" program, which is running concurrent with and sharing the same goals and objectives as the NSP program. **Oak Park** is working with the Illinois Housing Development Authority to promote the State's new first-time homebuyer program, Home Start, which will assist homebuyers with down payment and closing costs. The Village also has a Mortgage Credit Certificate program for first time homebuyers, administered by the State housing finance agency. And Community Development Block Grant funds are used to enable residents to secure zero percent loans of up to \$25,000 to update and weatherize their homes.

Assessment of Conditions Affecting Problem Properties

Severity of Foreclosure Problem – Asked to rate the severity of the current mortgage foreclosure problem in their cities, nearly half of the mayors responding (49 percent) declared the problem to be serious or very serious. (The rating was very serious for 26 percent and serious for 23 percent.) Another 38 percent said their problem was moderately serious, and just 13 percent rated it as not serious.

Impact of Downturn – Asked to rate the extent to which the continuing economic downturn was exacerbating vacant and abandoned property problems in their cities, 40 percent of the mayors said the effect of the downturn was significant; 55 percent said its effect was moderate. Only 5 percent felt the downturn was not exacerbating their problems.

Impact of Fiscal Condition – Asked to rate the extent to which their city's current fiscal condition, as a result of revenues lost during the continuing economic downturn, was limiting their ability to respond to vacant and abandoned property problems, 38 percent of the mayors said they were significantly limited by their present fiscal condition; 43 percent said they were moderately limited. Nineteen percent of the mayors did not feel their fiscal condition was affecting their response to the problems.

Looking Ahead – All but a few of the mayors responding (92 percent) are expecting mortgage foreclosure problems in their cities to increase or stay the same in the year ahead. Most (53 percent) expect the problems to increase; 39 percent expect no change. Just 8 percent of the respondents expect the situation to improve.

Greatest Potential Impact on Vacant and Abandoned Properties

Beyond documenting the extent of cities' vacant and abandoned property problems, the exacerbation of those problems by the mortgage foreclosure crisis, and the ways resources are being used to combat the problems, the survey attempted to capture information on the additional investments that mayors and others experienced in this area believe would lead to solutions to their property problems. To this end, survey respondents were asked for brief descriptions of the single initiative or activity in which

the investment of additional resources, if they were available, would have the greatest impact on the problem properties in their cities. The majority of the survey cities responded, and their responses indicate that additional funds would generally be invested in the continuation and expansion of the basic abatement programs and services they are already providing.

- **Tucson** – Job development and creation.
- **Surprise** – Continued neighborhood re-investment, taking the form of increased code enforcement for immediate impact and down payment assistance to sustain the vitality of the neighborhoods.
- **Chula Vista** – Abatement funds to maintain and manage abandoned pre-foreclosure properties.
- **Bridgeport** – Aggressive anti-blight enforcement, so as to compel action.
- **Wilmington** – Acquisition of additional vacant properties, and a special mortgage product to go along with that effort. Consumers who may have qualified a year or two ago are no longer able to get through underwriting, making the potential pool of homebuyers smaller. A mortgage product that has a little more risk would allow many of these vacant properties to be purchased and occupied while stimulating further investment in some City neighborhoods.
- **Orlando** – Abatement funds for cleaning, securing, and demolition. City’s budget for this has been cut in half, affecting public safety and neighborhood property value stabilization.
- **Fort Lauderdale** – Demolitions, board-ups, and cleaning of foreclosed properties.
- **Fort Myers** – Job creation and economic development – the number one concern for the area.
- **North Miami** – More neighborhood revitalization.
- **Tallahassee** – Foreclosure prevention and housing counseling.
- **Athens** – Land bank authority or neighborhood redevelopment authority to acquire and demolish vacant and abandoned property and redevelop it into safe, decent, and affordable (or mixed income) single family and multifamily residences.
- **Atlanta** – Code enforcement and demolition of vacant and abandoned properties.
- **Wailuku** – Down payment assistance.
- **Chicago** – Additional court funding, allowing for speedier orders to demolish vacant, troubled properties, and a flexible demonstration program at the federal level that would allow cities to use federal funding for demolition without the one-for-one replacement requirement which produces housing that is not needed in the current environment.
- **Schaumburg** – Rehabilitation of vacant properties to prepare for sale.
- **Bartlett** – Cleaning up vacant and abandoned sites and minimizing vandalism.
- **South Bend** – Demolition of blighted property as well as homes that do not meet modern consumer preferences but are not necessarily blighted, and new construction that meets modern consumer preferences.
- **Lexington** – Investments that keep existing homeowners from losing their houses to foreclosures. People walking out on bad investments does not appear to be a problem here, but people are starting to lose their houses due to loss of jobs and loss of income.
- **Bowling Green** – Job creation, giving people the opportunity to purchase homes and abandoned properties.
- **Rockville** – Enabling Code Enforcement to hire contractors to maintain the exterior maintenance of vacant, foreclosed, and abandoned properties.
- **Boston** – Loan modification with principal write-down to prevent foreclosures.

- **Westfield** – Additional tax title collections, auctions, and demolitions.
- **Westland** – More information on pre-foreclosures and more incentives for banks to revert properties to cities rather than investors.
- **Laurel** – Removal of two major, highly visible, abandoned commercial structures that require immediate action – the old Charity Hospital and the uncompleted Social Security Building.
- **Natchez** – Demolition.
- **Freeport** – Training for green tech jobs to lower unemployment and get more first time homebuyers into the marketplace.
- **Schenectady** – Demolition and establishment of land banks.
- **Syracuse** – Continued acquisition for rehabilitation and resale or demolition to remove blight and reduce the number of vacant structures.
- **Akron** – Maintain current staffing and avoid mandatory retirements, lay-offs, and furloughs of personnel with institutional knowledge in order to address more abandoned, foreclosed, and vacant property problems.
- **Garfield Heights** – Renovate vacant properties and offer incentives to encourage new homeowners to buy these properties.
- **Columbus** – Acquisition and rehabilitation of vacant properties.
- **North Royalton** – Razing houses, cleaning up debris, and placing houses in the City and/or County land bank.
- **Allentown** – Property acquisition.
- **Philadelphia** – The City’s Foreclosure Prevention Program.
- **Reading** – Lifting the slum/blight cap imposed by HUD regarding CDBG funds for demolition purposes (currently 30 percent minus the administrative funds and 108 loan payments) to gain more flexibility in tearing down deteriorated housing stock.
- **Charleston** – The City’s Homeownership Initiative, a first-time home purchase program for individuals and families earning up to 120 percent of the Area Median Income. The Initiative is a partnership between the City and six nonprofit organizations that provide prospective homebuyers with credit and budget counseling, homebuyer education, down payment assistance, and post-purchase counseling.
- **Denton** – Using existing City program, acquisition of vacant residential lots to build affordable housing.
- **Salt Lake City** – Purchase vacant properties to stop neighborhoods from being negatively impacted by the properties.
- **Richland** – Acquisition, clearance, and redevelopment.

Adding to Neighborhood Stabilization Program funding was cited as the best course of action by **Oak Park, Davenport, Arlington, and Racine**. Oak Park stated that NSP funds “were a good idea but there was not enough funding to address the problem. Additionally, funding was not given to individual communities but rather to large entities such as the county and/or state. Communities were then forced to compete for funding. A better alternative would have been to give municipalities (especially entitlement communities) their own allocation to use in the municipality.” Racine also recommended that more time be allowed to obligate NSP funds.

Binghamton argued that, without question, “the most effective investment Congress can make in communities is to dramatically increase the CDBG budget. If Congress wanted to ensure these funds were directed to alleviate the vacant property challenge, it could require that a percentage of this special allocation go toward demolition or property acquisition/rehabilitation activities. The CDBG is the most effective, flexible tool local governments have to build safer, healthier neighborhoods. We put local labor to work repairing homes, our streets, and our parks. We assist families to achieve homeownership, increasing the stability of neighborhoods. We assist small businesses with gap-financing loans and help create jobs. We demolish blight. We improve the services delivered by our network of care providers to seniors, veterans, and vulnerable youth and women. Yet, despite these achievements, Congress continues to underfund this program. The City of Binghamton is receiving 22 percent less CDBG funds than 15 years ago – not even counting inflation. This funding should be restored – and increased further.”

Irvine calls for “having financial institutions agree to reset mortgage amounts to the current appraised value in cooperation with a federally sponsored subsidy program.” **Indianapolis** believes “The greatest impact will come with any initiative that has the capability to redevelop these vacant and abandoned structures through programs such as receivership without any requirements on whom the end-user should be.” **Arlington** calls for additional resources to be linked with “mandated state or federal legislation giving cities authority to fix, beautify, and secure vacant properties.”

SURVEY CITIES

Surprise	Arizona	Bowling Green	Kentucky
Tucson	Arizona	Lexington	Kentucky
Chula Vista	California	Bossier City	Louisiana
Fremont	California	Rockville	Maryland
Irvine	California	Boston	Massachusetts
Riverside	California	Everett	Massachusetts
San Leandro	California	Westfield	Massachusetts
Sunnyvale	California	Westland	Michigan
Denver	Colorado	Laurel	Mississippi
Bridgeport	Connecticut	Natchez	Mississippi
Wilmington	Delaware	Columbia	Missouri
Fort Lauderdale	Florida	Camden	New Jersey
Fort Myers	Florida	Hackensack	New Jersey
Hallandale Beach	Florida	Binghamton	New York
North Miami	Florida	Freeport	New York
Orlando	Florida	Niagara Falls	New York
Pembroke Pines	Florida	Rochester	New York
Plantation	Florida	Schenectady	New York
Tallahassee	Florida	Syracuse	New York
West Palm Beach	Florida	Akron	Ohio
Athens-Clarke County	Georgia	Columbus	Ohio
Atlanta	Georgia	Garfield Heights	Ohio
Macon	Georgia	North Royalton	Ohio
Wailuku	Hawaii	Allentown	Pennsylvania
Arlington Heights	Illinois	Easton	Pennsylvania
Bartlett	Illinois	Erie	Pennsylvania
Chicago	Illinois	Philadelphia	Pennsylvania
Hoffman Estates	Illinois	Radnor	Pennsylvania
Joliet	Illinois	Reading	Pennsylvania
Niles	Illinois	Charleston	South Carolina
Oak Park	Illinois	Arlington	Texas
Orland Park	Illinois	Dallas	Texas
Schaumburg	Illinois	Denton	Texas
Indianapolis	Indiana	Salt Lake City	Utah
Marion	Indiana	Alexandria	Virginia
South Bend	Indiana	Richland	Washington
Davenport	Iowa	Vancouver	Washington
Des Moines	Iowa	Racine	Wisconsin
Kansas City	Kansas		