



The United States Conference of Mayors

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Mortgage Crisis and Recession Combine to Increase Vacant and Abandoned Properties, Decrease Cities' Ability to Cope with Problems

Providence, RI -- Very few of the nation's cities have escaped higher numbers of vacant and abandoned properties during the last year as a result of the nation's mortgage foreclosure crisis, according to a report on the problem released today in Providence by The U.S. Conference of Mayors, and all say the current recession is adding to their property problems.

Based on survey responses submitted by 60 cities of all sizes across the nation, 93 percent of cities saw an increase in their inventories of these problem properties, and 83 percent report that the mortgage foreclosure crisis has affected their efforts to respond. The cities say their code enforcement and maintenance staffs and budgets have been strained, they have had to develop new policies and procedures, and they have had to allocate additional funds to cope with the increase. Half of the cities say they have had to change their ordinances and policies governing these properties.

For all but three of the cities in the report, mortgage foreclosures pose serious problems: Two-thirds of the survey cities rate their problems as serious or very serious (36 percent serious, 31 percent very serious), and 29 percent rate them as moderately serious.

And in all of the survey cities, the current recession is adding to the problems being created by foreclosures: 59 percent say the economic downturn is significantly exacerbating their vacant and abandoned property problems, and the balance, 41 percent, say it is moderately exacerbating these problems. In nearly half of the cities, the ability to respond to the problems of vacant and abandoned properties is being significantly limited by the recession; in 45 percent, officials say their ability to respond is being moderately limited. The recession is not a factor in responding to problem properties in only four of the 60 cities.

In his Foreword to the report, Tom Cochran, the Conference's CEO and Executive Director, summarizes the situation, saying the growing numbers of problem properties "represent increased demands for services to maintain them physically, to secure them and, in many cases, to keep them from attracting the kind of criminal activity that further distresses neighborhoods and adds even more to city costs." And this year, he says, "cities have had to meet these demands in an environment in which a dramatic national economic downturn has translated into a dramatic drop in local revenues."

Officials in the survey cities are decidedly pessimistic about the foreclosure crisis in the year ahead: most cities (68 percent) anticipate that the problems will increase; 29 percent expect them to remain the same. Just two of the cities expect improvement.

Most of the survey cities described their use of the Neighborhood Stabilization Program, a new tool from the U.S. Department of Housing and Urban Development which provides targeted emergency assistance to state and local governments to acquire and redevelop foreclosed properties. Nearly three-fourths of the cities (73 percent) are receiving funds through the first round of the Program, which was established in the Housing and Economic Recovery Act of 2008. The funds are being used most frequently to: rehabilitate structures on properties (by 87 percent of the cities), acquire vacant or abandoned properties (by 80 percent of the cities), demolish structures on properties (by 58 percent), and provide assistance with down payments and closing costs to low- and moderate-income homebuyers (by 53 percent).

York (PA) Mayor John S. Brenner, Chair of the Conference's Task Force on Vacant and Abandoned Properties, says that the NSP funds have been helpful, as far as they go, but "four of five survey cities are reporting that the resources available through the NSP or other sources have not been sufficient to address the problems caused by foreclosures." Mayor Brenner says that, with 86 percent of the survey cities planning to apply for the second round of NSP funds, which are being provided through the new American Recovery and Reinvestment Act, "it's obvious that mayors aren't passing on any opportunities to get help with these problems."

Today's report from the Conference is the third in a series on cities' efforts to combat problems of vacant and abandoned property, updating and expanding upon reports published in 2006 and 2008. In addition to mayors' responses to the survey questions, the report contains descriptions of specific initiatives that 24 of the survey cities have launched, or plan to launch, to address problem properties. The report is available on the Conference's Web site, www.usmayors.org.