

Protect Our Communities: Enhance Municipal Power to Address the Foreclosure Crisis

The Foreclosure Crisis Threatens Our Communities

- In 2008, **more than 115,000 properties in Illinois** were subject to a foreclosure filing.
- **The vast majority of foreclosed properties** are not purchased by new owners – they revert to lenders and may then **sit vacant for months or years**.
- Vacant and abandoned properties **destabilize neighborhoods**:
 - They **depress home values**
Homes on blocks with a single abandoned property are worth \$6,000 less than similar homes on blocks with no abandoned property.
 - They **weaken the tax base**
The value of neighboring properties falls and abandoned properties are more likely to be tax-delinquent.
 - They **breed crime**
Crime rates are twice as high on blocks with an abandoned property than on similar blocks with no abandoned property.
- Vacant and abandoned properties **sap government resources**. Municipalities usually spend **at least \$5,000** and sometimes **as much as \$34,000** to maintain and secure a single vacant and abandoned property.

Municipalities Have Too Few Tools to Address the Problem

- Too often, municipalities only learn that a property is vacant and abandoned **after it has already caused problems** in the community.
- Even when a municipality knows that a property is vacant and abandoned, it is often very **difficult to track down the owner or lender**.
- Many municipalities **can't afford effective programs** to maintain vacant and abandoned properties. Municipalities almost never recover the costs of enforcing property maintenance codes, securing vacant buildings, and increasing police patrols.
- Even when vacant and abandoned properties are harming communities, municipalities have **limited powers to return them to productive use**.

New Tools Will Help Municipalities Confront the Foreclosure Crisis

Notice

Require mortgage servicers or other relevant entities to provide municipalities notice when a foreclosure action is initiated and completed, and when a tax sale is completed.

Land Banking

Authorize municipalities to create land banks, which can hold property at a time when there is no private market interest ensure adequate property maintenance, and package properties to promote economic development and community revitalization.

Property Maintenance

Authorize municipalities to create vacant and abandoned property ordinances, hold lenders responsible for maintaining vacant and abandoned properties, and recover the costs of maintaining vacant and abandoned properties.

For more information:

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