

# The Blight Fight: An Ordinance Roundup

From Binghamton, N.Y., to Chicago, to the foreclosure capital of Stockton, Calif., blight affects cities both big and small.

by **Scott Valletti**

Cities across the country are spending millions of dollars to maintain vacant houses and contain local blight and real estate panic - results of the continued economic fallout stemming from mounting foreclosures. Not only are these cities being forced to spend millions of dollars to maintain these homes, but the mortgage companies have lost millions as well.

In Chicago, Mayor Richard M. Daley's plan requires building owners to secure, maintain and illuminate their vacant homes and buildings. The owners' concern is that if they cannot afford these types of expenses, it would cause an outbreak of demolition across the city. Daley's ordinance further prohibits the use of plywood for boarding up properties that have been vacant for six months or longer. Instead, the homes need to be secured with either steel-panel board-ups or a functioning alarm system with an active account with a security company. The cost for these steel-panel board-ups is very costly - an expense incurred by the bank.

In many counties in California, such as Riverside County, there is a registration process for all distressed and abandoned homes. Paid registration is required on all properties in foreclosure that become vacant or show any of signs of vacancy. Registration on these homes is required annually, and the registration must include the

designation of a local property maintenance contact.

Stockton, Calif. - now considered the foreclosure capital of the world, with one out of every 30 homes going through some stage of foreclosure - is taking steps to hold banks more accountable for the homes they repossess. The Stockton City Council unanimously approved and immediately enacted an ordinance last summer that requires all banks and absentee owners of vacant properties to hire a property management company with a local contact number.

All contact information for the management company must be posted in the front window. The goal of the ordinance is to make it easier for the neighbors of blighted homes to call the owner directly instead of contacting the city itself, according to Ron Girard, who manages Stockton's Neighborhood Services division. Complicating matters is that the department is operating with the same number of code enforcement officers as it had prior to the onset of the foreclosure crisis, Girard told local media.

Prior to the Stockton ordinance's being passed, Gov. Arnold Schwarzenegger signed a law into effect on July 9, 2008, stating that local governments in California have the authority to levy fines of up to \$1,000 per day against banks and lenders that fail to maintain their foreclosed properties. Furthermore, the law prohibits excessive foliage growth that diminishes the value of surrounding properties, failing to

take action to prevent trespassers or squatters from remaining on the property or failing to take action to prevent mosquito larvae from growing in standing water.

Innumerable states and counties across the U.S. have their own version of vacant-property registrations, similar to what is found in Riverside County. In Milwaukee, a property recordation program requires all non-owner-occupied residential and commercial property owners to record ownership with the Department of Neighborhood Services. This is critical in the event of an emergency and in the speedy resolution of any complaints. Moreover, owners may face consequences if their properties are not properly recorded.

Daily fines range from \$150 to \$5,000, and fines can be placed as liens on the property. The ordinance states that it is the owner/seller's responsibility to notify the department of a new owner's name and address within 15 days of the sale or transfer of ownership interest. Most banks must do this within 15 days of the foreclosure sale. There is an additional \$35 recording fee for each property. This particular recordation program, unlike some of its counterparts, is long established, having been enacted in 1993.

Binghamton, N.Y., with a population of only 51,144, has a blight problem of its own: Close to 300 properties are vacant and abandoned.



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To better address this issue, Binghamton's mayor has worked diligently with the city council to develop and implement a more proactive approach to blight prevention. Owners of abandoned properties must register the buildings with the city within 30 days of a vacancy determination.

The owners must also submit annual maintenance plans or face heavy fines and penalties if they do not comply. As with Riverside County, Binghamton's program demands that proper-

ties be registered and a local property management company be appointed to maintain and care for these homes. The property management company must be accessible at all times to clear up any violations that may be reported to the homes they are managing.

Failure to comply may result in fines of up to \$500 on a first-offense conviction. In addition, Binghamton has elected a vacant property officer who is responsible for working with owners of the vacant homes. The offi-

cer was elected not only to enforce this ordinance, but also to connect owners of these homes with resources and city-approved procedures to return the homes into productive use.

Unfortunately, it is all too likely that foreclosures will only increase before we see any relief. With no clear solution to the foreclosure mess, municipalities, property preservation companies and servicers are left holding the bag - and the costs - when it comes to mitigating blight. **SM**