

FORECLOSURES EVERYWHERE -- NOW WHAT?

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Contact:

Dan Lavoie
Cell: (510) 418-1208
dan@policylink.org



Foreclosures Everywhere -- Now What?

New PolicyLink report highlights promising ways cities and states are dealing with the community impacts of widespread foreclosures

July 8, 2009 – The new PolicyLink report, **"Reclaiming Foreclosed Properties for Community Benefit,"** highlights promising practices that are already underway for localities looking to stabilize their local housing market and prevent blight from spreading.

With more than 5 million mortgages in some stage of foreclosure and more than 15 million Americans "underwater" with homes worth less than they owe on their mortgage, the foreclosure crisis remains a very real threat to countless communities.

"As foreclosed properties fester, communities are reeling from blight, crime, and property value decline," said Kalima Rose, a report co-author and the Director of the PolicyLink Center for Infrastructure Equity. "Thankfully, some proven strategies are showing communities how to reclaim their housing stock and get their cities back on track."

The report is available at www.PolicyLink.org/ForeclosureTool

With a **July 17th deadline** looming for cities and nonprofits to apply for nearly \$2 billion in federal Neighborhood Stabilization Program funding, the information in the tool is needed now more than ever.

Some of the most promising practices and stories featured in the report include:

Creating Community Land Trusts

Land trusts have been very successful at securing vacant properties and ensuring they remain affordable for years to come. In Providence, RI, city and state leaders acquired foreclosed properties in two of the hardest-hit areas and put covenants on their sale to ensure they remain affordable for decades.

Marketing Foreclosed Homes and Offering Tax Incentives to Buyers

Some cities with still-functioning housing markets have been able to attract new buyers to foreclosed properties. Boston has a trolley ride to take potential buyers on a tour of foreclosed properties. Los Angeles has hired marketers to tout the benefits of buying a foreclosed home. And other cities are offering low-interest loans or tax incentives to attract buyers.

Increasing the Cost for Owning Vacant Foreclosed Properties

Owners of foreclosed properties are often large investors who are waiting for the market to turn around -- and letting their properties fall into disrepair in the meantime. By imposing taxes or fines on properties that remain vacant for more than a year, cities and towns can change the incentive structure and make it easier to sell the property to someone who is willing to fix it and live in it.

Rehabbing or Demolishing Vacant Properties

In Cleveland, community leaders have started a six-neighborhood pilot program to identify properties that can be rehabbed and demolish ones that cannot. Getting new homeowners into salvageable properties and saving the upkeep and repair money on non-salvageable properties reduces the burden for local government. Other cities with excess housing stock and low demand are following suit.

[PolicyLink](http://www.PolicyLink.org) is a national research and action institute advancing economic and social equity. The organization's **"Equitable Development Toolkit"** – of which this report is a part – has been a key resource for community leaders, advocates, and residents pushing for more equitable communities.

PolicyLink in the News

"Fred Blackwell Speaks On Blacks Being Left Out of Urban Development," The Loop 21

"HUD Awards Grant to Oakland to Create Better Community," San Francisco Chronicle

"Innovative Policies Are Essential to Save Men Who Are at Risk," The Sacramento Bee

"On Jobs and Safety Net, Lawmakers Must Focus on Hard-Hit Minorities," CNN.com

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community leaders, advocates, and residents pushing for more equitable communities.

Funding for the tool was generously provided by [Living Cities](#). The opinions expressed in the report are those only of PolicyLink and not their funder.

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