



*Advancing Economic Security
and Community Prosperity*

Statement of Tom Feltner

In support of the proposed
Cook County Vacant Building Ordinance

My name is Tom Feltner, Vice President at Woodstock Institute. I would like to thank President Preckwinkle, the Board of Commissioners, and Commissioner Gainer for the opportunity to express Woodstock Institute's support for the proposed Cook County Vacant Building Ordinance.

In our recent report, *Left Behind: Troubled Foreclosed Properties and Servicer Accountability in Chicago*, we examined data on a segment of the universe of vacant properties in the City of Chicago. We connected these data to another data set of properties where we found that a foreclosure had been initiated in the Circuit Court of Cook County at some point between 2006 and the first half of 2010. The result was a list of vacant properties where we were unable to identify an outcome such as a completed foreclosure auction or subsequent property transfer.

We identified nearly 1,900 of these "red flag" properties in Chicago alone. We called them red flag properties because, as of October 2010, they were vacant and stuck at some point in the foreclosure process. To us, the red flags indicate a lack of effective ownership, oversight, and accountability for the maintenance, security and, possibly, the outcomes of these properties. A property that is in red flag status raises concerns that the property is in danger of falling into disrepair and having a significant negative impact on the community.

The Government Accountability Office issued a report in November 2010 examining the prevalence of servicers walking away from the foreclosure process and abandoning properties. The GAO found that, nationally, this is not a necessarily a common occurrence, but that when abandoned foreclosures occur, they are often associated with low-value properties in economically distressed communities.

These findings raised concerns about the impact that red flag properties have on the stability of communities that are already struggling with the foreclosure crisis and on municipalities, which is often the entity left to respond to problems occurring at these properties and also the entity that bears the costs of securing and, in many cases, demolishing these properties.

We recognize the obligations of homeowners, as well as the limitations to effective property maintenance faced by mortgagees under current law. We believe this proposed ordinance clearly delineates the rights and responsibilities of both, without infringing on the rights of homeowners or exposing mortgagees to unnecessary liabilities. This ordinance is critical to preserving the value of vacant properties for the owner of the collateral and preserving the value of surrounding properties.

Some financial institutions have taken steps to address these issues, and we applaud their efforts. We believe that we need tools in place to ensure that servicers have the ability to maintain responsible control over vacant properties that are still in the foreclosure process. However, for those properties where servicers have been unable or unwilling to exercise effective stewardship, we believe that this proposal will introduce much needed accountability.

For more information, please contact Tom Feltner, Woodstock Institute Vice President at (312) 368-0310 or tfeltner@woodstockinst.org.