

Ward	Vacant Properties as of August 2010			
	Properties on Vacant Buildings Index	Foreclosure-Associated Vacant Properties	Red Flag Vacant Properties	
1	Moreno	219	113	17
2	Fioretti	285	123	29
3	Dowell	591	295	52
4	Burns	169	68	14
5	Hairston	328	186	21
6	Sawyer	677	495	85
7	Jackson	617	446	84
8	Harris	561	402	51
9	Beale	684	469	101
10	Pope	385	271	45
11	Balcer	198	103	14
12	Cardenas	180	131	11
13	Quinn	302	258	16
14	Burke	237	198	23
15	Foulkes	913	712	112
16	Thompson	1,106	856	156
17	Thomas	1,081	841	158
18	Lane	475	386	40
19	O'Shea	165	119	18
20	Cochran	711	448	87
21	Brookins	541	417	49
22	Munoz	193	138	17
23	Zaleski	195	163	12
24	Chandler	842	558	87
25	Solis	157	62	8
26	Maldonado	323	205	31
27	Burnett	550	332	45
28	Ervin	770	540	79
29	Graham	366	292	30
30	Reboyras	279	211	22
31	Suarez	276	224	16
32	Waguespack	112	34	6
33	Mell	152	97	10
34	Austin	1,240	840	166
35	Colon	200	138	24
36	Sposato	316	258	26
37	Mitts	626	493	61
38	Cullerton	250	211	17
39	Laurino	122	91	6
40	O'Connor	123	70	6
41	O'Connor	102	73	7
42	Reilly	76	7	3
43	Smith	36	13	2
44	Tunney	41	11	4
45	Arena	168	128	9
46	Cappleman	41	3	1
47	Pawar	50	24	2
48	Osterman	45	13	4
49	Moore	91	34	1
50	Silverstein	153	74	11
City of Chicago		18,320	12,674	1,896

Properties on the vacant buildings index refers to those properties that were on the City of Chicago Department of Building's vacant building index as of August, 2010.

Foreclosure-associated vacant properties refer to properties on the vacant building index where a foreclosure had been filed between 2006 and the first half of 2010.

Red flag properties: are a subset of foreclosure-associated properties on the vacant buildings index that are linked to a foreclosure filing but not to a subsequent, determinable outcome such as a completed foreclosure auction or a property transfer.

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

My name is Tom Feltner, Vice President at Woodstock Institute. I would like to thank Chairman Suarez, Chairman Solis and members of the Joint Committee for the opportunity to express Woodstock Institute's support for the proposed vacant property 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 foreclosure data and found that many of these vacant properties were associated with a foreclosure initiated in the Circuit Court of Cook County at some point between 2006 and the first half of 2010. Many of these properties had completed the foreclosure process through auction or the property had changed hands, but for a particular troubling subset of these foreclosure-associated vacant properties 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 the City of Chicago. 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.

For those properties that have been in the foreclosure process for extended periods of time, in particular, we fear mortgagees may be delaying the completion of the foreclosure in order to defer the costs and accountability associated with taking ownership of a property at the end of the foreclosure process. In the worst case scenario, we are concerned that mortgagees have chosen to walk away from a property, or charge it off and consider it a loss.

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 economic distressed communities.

Our work and the work of the GAO raise concerns about the impact that red flag properties have on the stability of communities that are already struggling with the foreclosure crisis. These properties also directly impact the City, 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, ultimately demolishing these properties. A report prepared for the Homeownership Preservation Foundation put the municipal cost for addressing properties abandoned before foreclosure is completed at \$19,227. Based on this estimate the costs likely to be incurred as a result of the 1,896 red flag properties identified in our report exceed \$36 million.

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 mortgagees 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.