

Good Reading

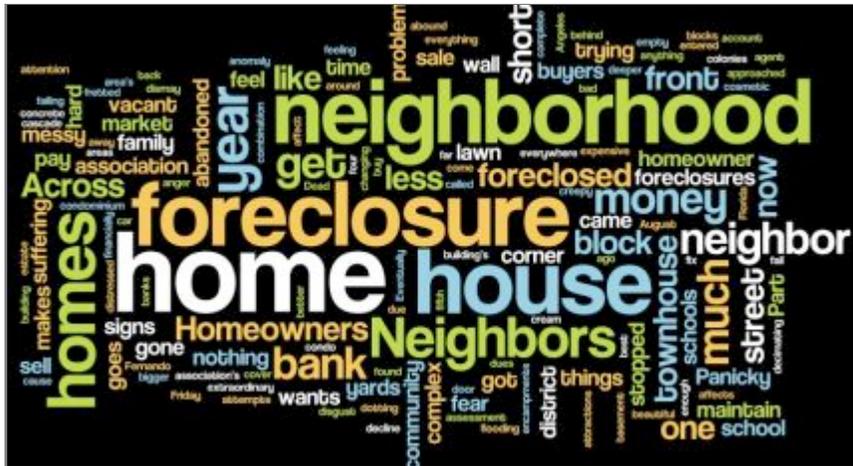
RESOURCES FOR EVERY STEP IN REAL ESTATE

Empty homes, worried neighbors: When foreclosed homes invade a neighborhood

Fears take a toll on residents living among abandoned, foreclosed houses

By **Heather Boerner**, Cyberhomes Contributor

Published: April 10, 2009



Neighbors move out, and fear moves in. (Illustration: [Wordle](#))

Jessica Gottlieb loves her Los Angeles neighborhood so much that when it came time four years ago to buy a bigger home for her growing family, she didn't look far. The family simply moved around the corner within their San Fernando Valley subdivision.

The neighborhood has everything she wants. She can park her car on Friday and not get back into it until she goes to work Monday because there are shops and restaurants a few blocks away. The rule in her house is that if you want ice cream, you have to walk to the corner to get it.

But now when she looks out her front window, the feeling that wells up is a combination of dismay, fear, disgust and anger. Across the street, weeds as tall as five-foot-six Gottlieb surround a modest two-bedroom house. It's been vacant for a few months, the victim of foreclosure. When she walks out her front door, Gottlieb scans for signs of homeless encampments.

And she worries about something deeper: that the decline in home prices due to foreclosed homes will cause a cascade of bad news for her neighborhood and her pocketbook. Homeowners are getting a reduction in their property taxes to account for homes having lost a fifth of their value in the past year, due largely to foreclosures. But that means less money for the school district. Less money for the school district could mean failing schools. And if

the schools fail, one of the main attractions of her neighborhood will be gone.

“Panicky? Oh yeah, you could say I’m panicky,” said Gottlieb. “The thought of my neighborhood tanking. ... That’s it. This neighborhood, this house, it’s what we’ve got. It’s what we worked for and it’s what we own. And it could be all gone.”

For now, Gottlieb is staying put, hoping today’s housing market is an anomaly rather than an ominous sign of things to come. More than 5.4 million homeowners were at least one month late with their payment or in some stage of foreclosure at the end of 2008, according to the [Mortgage Bankers Association](#). Foreclosed homes like the one across from Gottlieb’s are popping up everywhere, dotting expensive neighborhoods and decimating tenuous ones. And while those who are losing their homes to foreclosure get most of the attention, foreclosed homes don’t only hurt them. They harm those who are left behind, as well.

“There’s a stigma to a foreclosed home that affects a whole neighborhood,” said real estate agent Paul Gruenther of [Vanguard Realty GMAC Real Estate](#) in Jacksonville, Fla. “Neighbors are between a rock and a hard place. They’re suffering no matter what happens.”

Part of the problem is that foreclosed homes revert to bank ownership, and some say that banks don’t have much motivation to sell. Realtor Kit Clark of [Re/MAX Greater Metro](#) in Baltimore said she’s seen foreclosed homes sit vacant for a year or more before the bank puts the homes on the market. And short sales — attempts to sell homes before they go into foreclosure — are much the same because the bank wants to maximize the money it gets from a house to cover its investment. By the time a home is in short sale, homeowners often don’t have the money to maintain the house, so signs of an impending foreclosure abound: messy home, unkempt yards, worried neighbors.

If the home is part of a condo complex or homeowner association, a foreclosure or short sale can negatively impact neighbors.

“I know of an oceanfront condominium complex here in Florida with two homes in foreclosure,” said Gruenther. “The owners stopped paying HOA dues. That’s 20 percent of the association’s payments. The building is old enough that they’re trying to get the roof redone, but the people in foreclosure didn’t pay the assessment and now the association can’t do the repairs.”

Other suffering due to foreclosed homes is cosmetic — and psychological. There’s nothing like overgrown grass and messy yards to turn a neighborhood from a showpiece to an ordinary block, or worse. Dead lawns, swimming pools turned to tadpole colonies and vermin infestations are a few of the things that happen to abandoned homes.

Some neighbors have taken it on themselves to fix the problem. Gottlieb sent her gardener to the house across from her to tackle the tall vegetation. Gruenther recalled one neighbor who mowed the lawn of a house for a year without pay because he loved his block so much. Eventually he got frustrated and stopped.

Homeowner Candice Siegel of Potomac, Md., said a neighbor has called health services “more than once” for fear that squirrels were living in a foreclosed townhouse that shares a wall with her townhouse. Once, the neighbor entered the abandoned home, which the bank has owned for a year and a half, and found flooding in its basement.

“I hope that has nothing to do with anything on my side of the wall,” she fretted.

The hardest thing, observed Gruenther, is that most neighbors are house-proud, a state of mind that’s hard to maintain when you see the block changing in front of you.

He remembers showing a house to prospective buyers when a neighbor approached them. “The guy came out and said, ‘This is a beautiful community and this is the best street in the community,’” recalled Gruenther. “He was trying to pitch the home to these buyers.”

It was the man who'd been mowing his neighbor's lawn for a year.

Siegel shared the man's sentiment, adding that she would just like for someone to live in the empty townhouse. "It makes me feel better to have it inhabited," she said. "It makes the street feel more complete, less creepy."

Read More on: [neighborhoods](#), [foreclosure](#), [maintenance](#), [economic downturn](#), [short sale](#)

Comments