

Frances Espinoza and Deborah Goldberg: Banks must end bias in care of vacant homes

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Living next door to a foreclosed home can be a nightmare: No matter how well-kept your own home is or how spotless your record of on-time mortgage payments, the moment that house next door goes into foreclosure, your property value drops.

For many homeowners in communities of color, the nightmare is so much worse. Because these neighborhoods were flooded with toxic loans over the last decade, they contain disproportionate numbers of foreclosed homes. Worse, many of those homes have become eyesores, nuisances and outright dangers because the banks that own them fail to keep them in good repair.

A recent investigation in the Dallas-Fort Worth area by the North Texas Fair Housing Center and the National Fair Housing Alliance found that vacant, foreclosed homes in communities of color are maintained and marketed much more poorly than those in white communities. In Dallas-Fort Worth, 68 percent of the foreclosed properties in Latino neighborhoods and 60 percent of those in African-American neighborhoods had trash in the yard, compared with only 37 percent in white areas. Seventy-five percent of the homes in African-American neighborhoods had uncut grass and poorly maintained lawns, 2.34 times the rate in white communities.

The complete findings are described in a new report, "The Banks Are Back, Our Neighborhoods Are Not: Discrimination in the Maintenance and Marketing of REO Properties," which looks at bank-owned properties in Dallas-Fort Worth and eight other cities. It documents that missing gutters, broken or boarded windows, holes in the roof, water damage, overgrown lawns, accumulated trash, unsecured doors and other problems are much more common among foreclosed homes in communities of color. It also found these homes are more likely to be marketed for sale as distressed or foreclosed properties, or worse, left to deteriorate and not marketed at all.

Such shoddy practices are harmful to the individual properties, as well as to nearby neighbors and the entire community. Because the properties are concentrated in communities of color, they also violate our nation's fair housing laws. And they have a real impact on people's pocketbooks. The [Federal Reserve](#) estimates that Americans have lost \$7 trillion in home equity since 2006 as more than 4 million foreclosures have driven home values downward. African-American and Latino homeowners have suffered the most, losing 53 percent and 66 percent, respectively, of their household wealth since 2005, according to the [Pew Research Center](#).

For decades, owning a home has been a path into the middle class for millions of Americans. The slow, steady appreciation of home values has helped families build the wealth to send their kids to college, start a small business, get through tough times, pay for retirement, or pass along to the next generation. We must rebuild that path in order to restore our middle class. There are many creative strategies for revitalizing neighborhoods burdened by foreclosures and helping families get back on their feet: putting foreclosed homes back into productive use as much needed rentals, offering renters — including some former owners — programs to purchase these homes, promoting affordability through community land trusts, and land banking of vacant properties for future redevelopment to name just a few. But all of these strategies are made harder when the vacant homes are in poor condition.

It's time for the banks whose abusive lending practices helped cause the problem — and who are now making record profits — to step up to the plate and become part of the solution. The first step is to make sure that all of the properties they own through foreclosure are kept in good repair, regardless of where they are located.

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