



NEW YORK STATE SENATOR

Jeffrey D. Klein

Banks steal millions from Rockland homeowners after leaving foreclosed and ‘zombie’ properties in disrepair

JEFFREY D. KLEIN May 11, 2016

| ISSUE: **ZOMBIE HOMES, FORECLOSURE, BANKS**



Report details over \$11.4 million in property value resulting from neglect of bank-owned and abandoned homes

Spring Valley, NY— Senators Jeff Klein (D-Bronx Westchester) and David Carlucci (D-Rockland/Westchester), with community leaders, unveiled “The Great American Bank Robbery: Rockland County,” detailing over \$11.4 million in property value depreciation resulting from poorly maintained bank-owned homes and zombie properties.

Standing in front of a deteriorating zombie property, Senators Klein and Carlucci called for new legislation to monitor bank-owned homes, require banks to maintain zombie properties, levy major fines against persistent violators, and create a community reinvestment fund to rid communities of blight.

“The fallout of the subprime mortgage crisis hurts taxpaying homeowners the most. Banks, who own properties through foreclosure, let homes languish in awful states of disrepair that devalue surrounding homes even though they must by law maintain these properties. Worse, zombie properties that are in the legal limbo of foreclosure rot in communities throughout the state negatively impacting property values. This is a problem across New York State affecting homeowners’ greatest assets and we must hold banks accountable,” **said Senator Klein.**

“Owning a home is one of the most important investments a person will make in their lifetime. For many homeowners who have settled down in Rockland, zombie properties that have fallen into disrepair have blighted communities while simultaneously driving down property values. Rather than stand by and accept zombie properties as the status quo, we must adopt strict measures that will stem the tide of property value depreciation in Rockland,” **said Senator Carlucci.**

In Rockland, zombie properties plague the county, accounting for a whopping \$9.8 million in property value depreciation. Bank-owned homes resulted in \$1.8 million in property depreciation.

Studies show that homes within a 300-foot radius of a bank-owned or zombie home depreciate by 1.3 percent, an average \$5,000.

<https://lh5.googleusercontent.com/SF1Iu1J5NsoVuhTxNGBE596eSHI3fgU5iVMJSADoyy4T-OZO>

Wells Fargo is in the process of foreclosing on the majority of zombie properties in the area.

<https://lh4.googleusercontent.com/OWqU2VbIByu7QJyMzwYZpE-PL6eYSinj3qPCENqdapX5wA>

In Rockland County, 272 zombie properties impact 1,897 surrounding homes. Nearly 50 of those properties are awaiting foreclosure by Wells Fargo. The abandoned homes cost homeowners in Rockland \$9.8 million in lost property value.

To combat community blight and protect property values, Senators Klein and Carlucci called for the passage of legislation to hold banks more accountable for properties they own, passage of legislation to require banks to maintain zombie properties, the establishment of major fines for violators, and the creation a community reinvestment program.

The bank-owned property bill would increase transparency by creating a registry of foreclosed, vacant and abandoned properties in the state for the disposal of municipalities and the Office of the Attorney General, and grant the Attorney General the right to impose fines of \$1,000 per property and initiate legal proceedings against financial institutions violating of the law.

The zombie property legislation would require mortgagees and their loan servicing agents to maintain vacant properties from the point they are discovered to be abandoned, create a statewide registry of vacant and abandoned properties, and require the attorney general to set up a toll-free hotline for neighbors and community residents to report properties that they believe to be vacant and abandoned, report problems, as well as to find out information regarding the foreclosure status of these properties. The bill would also levy civil fines for violations - up to \$1,000 per day for each day the violation has persisted.

The community reinvestment program would create a council of housing experts to disperse funds to help refinance homes, or help communities create affordable housing, middle-class

homes or demolish dangerous structures. The program empowers communities to eliminate blight and take ownership of deteriorating parcels.

“RHAC welcomes the legislation proposed by Senators Klein and Carlucci. Zombie and bank owned properties have the potential to affect Rockland neighborhoods long after the foreclosure crisis has subsided, this legislation would stem the harm and help homeowners recover more quickly,” **said Stephanie Rojas, Housing Director, Rockland Housing Action Coalition.**

"Residents of Spring Valley deserve the opportunity to have equal access to safe, affordable housing in our community but in order to do that we must understand how we as a community can get access to financial institutions to support the purchase of properties. Zombie properties must be removed and I am proud to support the efforts of Senator Klein and Senator Carlucci," **said Cassandra Edwards, Executive Director, Advocating For Change. Inc.**