



NEW YORK STATE SENATOR

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Senators Klein & Bailey, Mayor Thomas, unveil 'Nightmare Neighbor Task Force' to identify & take action on abandoned properties in Mount Vernon

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| ISSUE: **BANKS, ZOMBIE PROPERTIES, ABANDONED HOMES, LEGISLATION**

New report shows the adverse effect of bank-owned, zombie and abandoned properties on home values in Mount Vernon

Mount Vernon, NY — **Senators Jeff Klein** and **Jamaal Bailey**, joined by **Mount Vernon Mayor Richard Thomas**, unveiled the 'Nightmare Neighbor Task Force' and new legislation to address the effects of bank-owned, zombie and abandoned properties in Mount Vernon.

The officials also released a new investigative report, "*Nightmare Neighbors: How Badly Maintained Homes Damage Neighborhoods*," detailing the negative impact bank-owned, zombie and abandoned properties have on neighborhood home values.

"The foreclosure crisis continues to negatively impact neighborhoods in Mount Vernon. We have made great strides in eliminating zombie properties and holding financial institutions liable for the properties they own, however there is still more to do. This joint task force and legislation will help Mount Vernon home owners maintain their home values and quality of life," **said Senator Klein.**

“According to a report compiled by Senator Klein and I, the City of Mount Vernon has suffered significant depreciation in property value, as well as a loss of much needed tax revenue due to the prevalence of zombie, foreclosed or abandoned properties in the city. Our task force, along with residents and leaders of this community will be vitally important in highlighting these properties and restoring these homes and neighborhoods accordingly. I want to thank Senator Klein for all his work on this issue, and with new legislation; we will be able to hold banks even more accountable for properties they own, and most importantly, held accountable in the communities that they do business in.,” **said Senator Bailey.**

“We must slay these zombie structures that are haunting Mount Vernon and eating away at property values. We know how dangerous these buildings can be but as Senator Klein and Bailey clearly show, the effect on our property values is unacceptable. Even before I took office, I advocated to the City Council that we allocate funds to tear these zombies down and invest in building Mount Vernon up. Mount Vernon homeowners have lost millions to these eyesores and it’s time for that to stop. This is why my administration invested over \$900,000 in rehabbing homes, reclaiming these abandoned eyesores, and seeing new homes rise again. This is the recipe for revitalization, and the proposed legislation will provide an essential ingredient for neighborhood transformation. We are encouraged by Senator Klein and Bailey’s advocacy for cleaning up Mount Vernon and I urge my colleagues in government to join us in tearing these structures down to build a new American dream.,” **said Mayor Thomas.**

In the fall of 2017, the offices of Senators Jeff Klein and Jamaal Bailey conducted a study to determine how bank-owned, zombie and abandoned properties in Mount Vernon affected the surrounding property values. In doing so, staff members discovered numerous properties that appeared abandoned, however weren’t identified as zombie houses through the Department of Financial Services (DFS) registry or bank-owned through the Office of the Assessor for the City of Mount Vernon.

In order to better keep track of any vacant properties, whether it be a zombie home, bank-owned home or an abandoned home, the two offices unveiled a new joint Nightmare Neighbor Task Force. To better track vacant homes throughout the city, constituents can call into either office to report them. Both offices will identify the owner, remind them of the duty to maintain under New York State law and work to clean up each property. If that property is not cleaned up, the offices will work with the Mayor of Mount Vernon and his administration to appropriately fine those responsible for maintenance and remediate the property and seek reimbursements.

Based on the office’s findings of bank-owned, publicly listed zombie properties and abandoned properties, which are vacant homes with an unknown owner, the offices released a shocking report, “*Nightmare Neighbors: How Badly Maintained Homes Damage Neighborhoods,*” which detailed how each type of property drastically depreciates the value or surrounding homes.

The investigation uncovered 21 bank-owned properties in Mount Vernon that impacted 764 surrounding homes for a total depreciation value of \$3.5 million. The ten zombie properties identified affected 396 nearby homes, causing a combined \$1.7 million in depreciation. Lastly, the six abandoned properties accounted for a total loss of \$1.04 million. The abandoned properties included in this report are homes that were observed to be vacant and in disrepair through site visits.

| Zip Code | # of Bank-owned Properties | Median Property Value | Depreciation Rate Per Property | Properties in 300-Foot Radius | Properties Impacted | Depreciation |
|-----------------|-----------------------------------|------------------------------|---------------------------------------|--------------------------------------|----------------------------|---------------------|
| 10550 | 10 | \$300,200 | \$3,903 | 44 | 444 | \$1,734,378 |

| | | | | | | |
|------------------|-----------|------------------|----------------|-----------|------------|------------------|
| 10552 | 8 | \$483,900 | \$6,291 | 25 | 203 | \$1,276,646 |
| 10553 | 3 | \$336,100 | \$4,369 | 39 | 117 | \$510,488 |
| TOTAL/AVG | 21 | \$373,400 | \$4,854 | 36 | 764 | \$3.521 M |

In order to combat the blight of bank-owned, zombie and abandoned homes, and to ensure the responsible owner maintains the property, Senators Klein and Bailey proposed new legislation to tackle the issue. Under existing New York State Law, banks are required to register pre-foreclosed zombie properties into the DFS registry. This is a critical tool for local governments, as they can easily locate the owner of neglected zombie property to enforce their duty to maintain. The officials proposed new legislation to expand the tracking tool to include all post-foreclosure bank-owned properties into the DFS registry, enabling local governments to track all bank-owned properties, both pre and post-foreclosure.

A separate proposal would expand the existing \$500 fine banks incur from local municipalities or DFS when they fail to maintain zombie properties. Under the new proposal, even post-foreclosure bank-owned properties could be penalized \$500 per day for failure to maintain. The banks would also be fined for failing to register their post-foreclosed properties.

The third component of the legislative solution will be to advocate for \$5 million for DFS in the upcoming state budget. This funding would enable localities to hire code enforcement officers to track vacant and abandoned properties and monitor the bank's compliance with the 2009 and 2016 laws. The money could also be used to hire attorneys to bring enforcement actions and fines against the banks for lack of compliance. DFS would also be responsible to step up their enforcement of these zombie and bank-owned homes.