

GAO Report Finds Surge in Vacant Properties Nationwide Drains Local Budgets

Washington, DC (Jan. 5, 2012) – Today, Rep. Elijah E. Cummings, Ranking Member of the House Committee on Oversight and Government Reform, and Rep. Danny K. Davis, Ranking Member of the Subcommittee on Health Care, District of Columbia, Census and the National Archives, sent a [letter](#) to Chairman Darrell Issa requesting a hearing in Chicago to examine the failure of mortgage servicing companies to maintain the growing number of abandoned properties nationwide and the impact of this failure on state and municipal budgets.

Cummings and Davis requested testimony from the CEOs of the nation's top banks and Fannie Mae and Freddie Mac, as well as federal and local officials who have encouraged banks to better address vacant properties, including Alderman Robert Fioretti and Cook County Commissioner Bridget Gainer.

A recent [report](#) by the Government Accountability Office (GAO) found that vacant properties increased 51% nationally, from 7 million in 2000 to 10 million in April 2010. GAO reported that these abandoned properties attract crime, aggravate public safety concerns, decrease the value of surrounding properties, and contribute to a loss of tax revenue. The report found that local governments expended millions of dollars on vacant properties that were not adequately maintained. In Chicago, for example, City officials told GAO that major banks owed millions of dollars in fines for failing to properly secure and register vacant properties.

Cummings and Davis proposed January 31, 2012, as a potential date for the field hearing. If Chairman Issa declines to hold an official Committee hearing, Cummings and Davis will seek to hold a forum sponsored by the minority.

Below is the full letter:

January 5, 2012

The Honorable Darrell E. Issa
Chairman
Committee on Oversight and Government Reform
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

We are writing to request authorization for travel and other expenses for a minority forum to be held in Chicago on the impact of the failures of banks and mortgage servicing companies to adequately maintain the growing number of vacant and abandoned properties across the country, with a particular focus on how these failures negatively impact state and municipal budgets. We would like to examine the situation in Chicago as a case study of this nationwide problem.

Pursuant to the agreement our staffs reached at the end of last year in consultation with the House Committee on Administration, we are submitting information about this forum for your review and consideration as a possible candidate for a field hearing to be held by the Committee or one of its subcommittees over the next two months. We respectfully propose January 31, 2012, as one potential date for a field hearing should you choose to hold one.

Inadequate Maintenance of Abandoned Properties

On November 4, 2011, the Government Accountability Office (GAO) issued a report entitled "Vacant Properties: Growing Number Increases Communities' Costs and Challenges." The report, which was requested by Committee Member Dennis Kucinich, found that an increasing number of vacant, abandoned, and foreclosed properties across the country are attracting crime, aggravating public safety concerns, decreasing the value of surrounding properties, and contributing to a loss of tax revenue. According to GAO, "non-seasonal vacant properties increased 51% nationally from 7 million in 2000 to 10 million in April 2010."

GAO determined that local governments have been forced to spend millions of dollars on vacant properties that are not adequately maintained or do not comply with local building or public safety standards. GAO examined data on vacant residential properties nationwide, including in Baltimore, Maryland; Chicago, Illinois; Cleveland, Ohio; Indio, California; Detroit, Michigan; Indianapolis, Indiana; Las Vegas, Nevada; Cape Coral, Florida; and, Tucson, Arizona.

In Chicago, city officials informed GAO that banks and mortgage servicing companies owe millions of dollars in fines dating back to 2008 for failing to secure and register vacant properties, among other violations. Local officials and community groups also told GAO that "they need more funds and increased oversight by federal regulators to ensure that servicers comply with local property maintenance codes."

Proposed Location and Panelists

We propose holding this minority forum or Committee field hearing at Malcolm X College of Chicago located at 1900 W. Van Buren Street in Chicago, Illinois. We have been in contact with school officials, and they have provided the enclosed quote for the use of their facilities. In addition, we propose the following panelists:

Panel 1

- Mathew Scirè
Director, Financial Markets and Community Investment
Government Accountability Office

- Andrew Mooney
Commissioner
Department of Housing and Economic Development, City of Chicago

- James Harney
Deputy Commissioner
Department of Buildings, City of Chicago

- Judy Frydland
Deputy Corporation Counsel, City of Chicago

- Bridget Gainer
Cook County Commissioner, 10th District

- Robert Fioretti
Alderman, 2nd Ward of Chicago

Panel 2

- Brian T. Moynihan (or designee)
CEO and President, Bank of America

- James Dimon (or designee)
Chairman of the Board and CEO, JPMorgan Chase

- John G. Stumpf (or designee)
Chairman, President and CEO, Wells Fargo & Company

- Josef Ackermann (or designee)
CEO, Deutsche Bank

- Michael J. Williams (or designee)
President and CEO, Fannie Mae

- Charles E. Haldeman, Jr. (or designee)
- CEO, Freddie Mac

If you would like any additional information about this proposal, please contact Leah Perry of the minority staff at (202) 225-5051. We look forward to working with you on this critical issue, and we thank you for your consideration of this request.

Sincerely,

Elijah E. Cummings
Ranking Member

Danny K. Davis
Ranking Member
Subcommittee on Health Care,
District of Columbia, Census
and the National Archives

cc: The Honorable Trey Gowdy, Chairman
Subcommittee on Health Care, District of Columbia,
Census and the National Archives