



CITY 101



## THE ZOMBIE EFFECT

ABANDONED HOMES HAVE A NUMBER OF NEGATIVE IMPLICATIONS FOR CITIES, AMONG THEM:

### CRIME

Vandalism, trespass, theft, and drug activity often occur in or around zombie homes

### PUBLIC SAFETY

Unmaintained homes or those occupied by squatters increase risk of fire, structural collapse, and other accidents

### PROPERTY VALUES

Zombie homes are often eyesores that affect street appeal and surrounding home values

### COMMUNITY COHESION

Abandoned homes separate neighbors and foster distrust

### TAX REVENUE

Declining values of zombie homes and surrounding homes limit cities' revenue potential for the properties

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# CLEANUP CREWS

A NEW BILL HELPS CITIES AND BANKS DEAL WITH NUISANCE PROPERTIES

**AN ABANDONED NUISANCE PROPERTY** impacts an entire neighborhood, attracting squatters, vandalism, and crime and reducing adjacent property values. Neighbors to such properties frequently call their city to complain. Exacerbating the problem, in 2016 the Supreme Court ruled in *Jordan v. Nationstar* that banks cannot access homes mid-foreclosure, even when the home is abandoned and a nuisance. With banks no longer able to perform maintenance on homes that are mid-foreclosure, the burden fell to cities to intervene and perform nuisance abatements.

During the 2018 legislative session, Rep. Tina Orwall (D-Des Moines) led a stakeholder process with cities, banks, and homeowner advocates that culminated in the passage of Engrossed Second Substitute House Bill 2057 (E2SHB 2057). This omnibus bill provides cities with greater tools to address nuisance properties and gives banks access to nuisance properties that are mid-foreclosure, all while protecting homeowner interests.

One of the main benefits of E2SHB 2057 is it allows cities to better recover costs for conducting nuisance abatements on homes that are mid-foreclosure. Under current law, cities are limited in their ability to recover the costs of conducting a nuisance abatement to a \$2,000 first-priority lien against the property. Cities dip into their general fund to complete nuisance abatements, taking away from other essential services.

E2SHB 2057 allows banks to secure homes that are mid-foreclosure, and allows cities increased cost recovery for conducting nuisance abatements. Under the bill, the city can send an affidavit or declaration finding a home to be (1) abandoned, (2) mid-foreclosure, and (3) a nuisance to a mortgage servicer. The mortgage servicer can then access the home to abate the nuisance and secure the property. If the mortgage servicer fails to do so, the city can conduct a nuisance abatement action under its current authority, and fully recover its costs by placing an unlimited first-priority lien on the property. (Cities may also place such a lien for their nuisance abatement costs on an unmaintained bank-owned property.)

The bill also provides a mechanism for a mortgage servicer to ask the city to issue an affidavit indicating that a home is abandoned and a nuisance. The city is responsible for responding and indicating that (1) the home is not abandoned and a nuisance; (2) the home is abandoned and a nuisance, and the mortgage servicer may secure the home; or (3) the city is unable to respond due to time or resource limitations.

The statutory framework in E2SHB 2057 will hopefully encourage banks to secure homes that are mid-foreclosure or bank-owned, and allow cities to fully recover costs if the bank fails to act and the city needs to conduct a nuisance abatement. **G**

**Briahna Murray** specializes in advocating for cities, counties, and other local governments to the Washington State Legislature and Executive Branch.

