SAVE AMERICA'S NEIGHBORHOODS

ENACT COMMUNITY STABILIZATION FUNDING NOW!

Neighborhood Stabilization Fact Sheet

DISTRICT OF COLUMBIA

The national foreclosure crisis is affecting not only individual families, but whole communities, cities and states that are struggling to manage the fallout of vacant and abandoned properties. Already tight state and municipal budgets are hard-pressed to cover the rising costs of boarding up abandoned properties, removing trash and combating increased vandalism, arson and property and personal crimes. Home prices are falling and middle-class wealth, long accumulated through home equity, is dwindling.

Congress must provide **a minimum of $4 billion** in federal neighborhood stabilization funding to help states, cities and communities reduce downward pressure on local housing markets. Both the House and Senate have proposed legislation to do just this. The funds provided would help to purchase vacant, blighted properties, rehabilitate them, and resell or rent them affordably to qualified families. Returning these properties to productive use is vital to overcoming the foreclosure crisis. And rehabilitation of these homes will also create construction jobs in an otherwise moribund sector.

As of the end of March 2008, District of Columbia had approximately **1,148** properties in foreclosure. Recent research indicates that the negative effect of these foreclosures can be felt up to a half a mile away and can depress property values for as long as five years.

Under the Senate-passed formula, District of Columbia stands to benefit from **$32.9 million** in direct funds for neighborhood stabilization with a multiplier effect of an additional **$71.0 million** as the grants are leveraged to create new jobs as houses are rehabilitated and returned to productive use. The estimated overall economic benefits of the neighborhood stabilization grants are **$103.9 million** in direct, indirect and induced activity at the state level.

It is estimated that these funds would be used to restore **417 properties** to productive use, providing safe, affordable housing to its occupants. Rehabilitating those houses is anticipated to generate **662 new jobs**, most of which will be in construction, but will also stimulate jobs in retail, business services and the restaurant industry.

In addition, localities can expect to see a direct return of **$0.7 million** in property taxes (since in many cases, banks will not pay taxes on properties they do not expect to sell) as well as a savings of **$4.2 million** on trash collection, police, and fire services that they must otherwise expend on foreclosed and abandoned properties. This analysis does not include the property tax revenues that will be retained from properties no longer at risk of significant declines from being in close proximity to foreclosed and abandoned houses.

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