

WASHINGTON, DC (December 20, 2011) – Today Rep. Jan Schakowsky and 15 House colleagues sent a letter to **the Federal Housing Finance Agency (“FHFA”) Acting Director Edward DeMarco calling on the agency to end legal obstructionism against states and localities with ordinances designed to protect communities from damage caused by abandoned properties.**

On December 12, the Federal Housing Finance Agency (“FHFA”) filed a lawsuit against the city of Chicago claiming that a city ordinance requiring mortgage servicers to report and properly maintain abandoned properties violated the terms of FHFA’s conservatorship of Fannie Mae and Freddie Mac. The city’s ordinance won agreement from major private lenders after several months of negotiation and is very similar to ordinances passed in states and localities nationwide to address the foreclosure crisis.

According to *The New York Times*, empty buildings are becoming more and more common as our housing crisis continues and are magnets for gang activity, depressing the value of nearby properties. According to the Chicago Police Department, drug abuse and burglaries are the most common crimes taking place in abandoned properties. The city spent over \$15 million in demolishing, boarding up and maintaining foreclosed buildings and garages in 2010. A GAO study confirmed that even one abandoned property inflicts immediate and considerable damage to surrounding home values. In light of those findings, it is important to mitigate the damage to neighborhoods that results from abandonment.

“This lawsuit is inappropriate and obtuse, especially since Chicago’s ordinance was agreed upon by major private lenders after months of negotiation,” said Rep. Schakowsky. “These ordinances can be critical in ensuring abandoned properties do not destroy our neighborhoods and negatively affect families. FHFA should refrain from wasting taxpayer resources on efforts that do not best serve the concerns of homeowners.”

The letter requests FHFA to evaluate potential taxpayer losses in the form of legal fees and whether the lawsuit undermines the agency’s responsibility to taxpayers.

A copy of the letter is available [here](#) .

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