

Congress of the United States

Washington, D.C. 20515

December 19, 2011

Acting Director Edward DeMarco
Federal Housing Finance Agency
1700 G Street, NW
Washington, D.C. 20552

Dear Mr. DeMarco:

On November 2, the city of Chicago passed an ordinance to require mortgage servicers to report abandoned properties and to properly maintain them. The terms of the ordinance were negotiated with lenders and other interested parties over several months. It is a logical and important step to mitigate the damage to neighborhoods that results from abandonment, and is very similar to ordinances passed in states and localities nationwide to address the foreclosure crisis, including the city of Las Vegas and New York state.

On Monday, December 12, the Federal Housing Finance Agency ("FHFA") filed a lawsuit against the city of Chicago claiming that the requirements of the ordinance violate the terms of FHFA's conservatorship of Fannie Mae and Freddie Mac. The city was taken by surprise by the suit, especially because all the major private lenders have agreed to the terms of the ordinance.

A GAO study confirmed that even one abandoned property inflicts immediate and considerable damage to surrounding home values. 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.

In light of those findings and our own experiences in our communities, we fail to understand why FHFA would stand in the way of this important ordinance.

We understand that the FHFA's objective in the conservatorship of Fannie Mae and Freddie Mac must be to minimize taxpayer costs. We believe the Chicago ordinance assists in meeting that goal by ensuring that abandoned properties are adequately maintained, which will in turn help sustain the value of the abandoned home as well as neighboring properties, many of which are likely backed or owned by Fannie Mae and Freddie Mac.

We ask that you evaluate your responsibility to the taxpayer in a broader context. Your opposition to the ordinance will result in taxpayer losses in the form of legal fees, and if FHFA wins its suit, those losses will be compounded when entire neighborhoods are allowed to be

Acting Director Edward DeMarco

December 19, 2011

Page 2

pulled down by abandoned homes. We strongly urge you to abandon FHFA's legal obstructionism for the benefit of our communities, the taxpayers, and the country.

We look forward to your prompt response.

Sincerely,

Jan Schenkley

Danny K. Davis

Don Cing

Forums

John Myers

George Miller

Bar Elh

David Jackson

Bob Flier

Melanie White

John F. Tamm

Corinne Brown

Zoe Loff

Elijah E. Tamm

Barbara Lee

Dennis J. Kucinich

Signatures:

Jan Schakowsky

Jesse Jackson, Jr.

Danny K. Davis

Bob Filner

Dennis Cardoza

Maxine Waters

Ed Towns

John F. Tierney

John Conyers

Corrine Brown

George Miller

Zoe Lofgren

Brad Miller

Elijah E. Cummings

Barbara Lee

Dennis Kucinich