

Thousands **of abandoned** properties scar neighborhoods across Montgomery County as communities struggle to cope with the sheer number **of** distressed **homes** and are stymied by the **owners'** ability to legally shield themselves from **responsibility**.

A two-month Dayton Daily News investigation found the problem is not confined to homeowners who got in over their heads and were driven from their **homes** by overwhelming debt or lost jobs.

One-third **of** the 6,108 **abandoned** properties in the county are owned by businesses or individuals with two or more properties on the **abandoned** list, the investigation found.

"Banks and lenders and investors play a disproportionate role in the problem **of** vacant, **abandoned** and poorly maintained properties," said Jim McCarthy, president and chief executive **of** the Miami Valley Fair Housing Center.

The Daily News investigation found businesses own more than 800 **abandoned** buildings and lots in the county.

Many of these incorporated as limited liability companies, a legal structure that can shield the **owners** and their partners from personal **responsibility** for housing-code violations and property taxes.

Local officials say they sometimes cannot locate the owner, especially with out-**of**-state companies, or they discover the business has dissolved and there is no one to hold accountable when properties are allowed to deteriorate.

At the same time, a drawn-out foreclosure process snags **abandoned** properties in a sort **of** limbo, where neither the owner nor the lender or loan servicer takes **responsibility** for upkeep or taxes. Years spent in foreclosure can leave an **abandoned** home virtually worthless.

"It is the damage to the community as a result **of** the aggressive foreclosures," said Jim Martone, president **of** Montgomery County's nonprofit developer CountyCorp. "It's like after the tsunami went through."

In the wake **of** that “tsunami” are neighborhoods marred by dilapidated firetraps attracting vagrants, prostitution and drug activity. Overgrown yards become neighborhood dumps. Boards cover up broken windows and doors. Vandals strip houses for siding, copper wiring and plumbing.

Many of the 6,108 houses are quite literally falling apart.

“What it does is it devaluates the whole area,” said Anjanette Frye, president **of** the Dayton Area Board **of** Realtors. “People don’t want to buy in that area. They don’t want to buy on that street. And you certainly don’t want to buy next to that property.”

Neighborhoods are not the only losers. The Daily News investigation found unpaid property taxes on the **abandoned** properties totaled more than \$46 million — money that should be going to schools, libraries, parks and human services. The **abandoned** properties are valued at nearly \$176 million, but have an average value **of** only \$28,733.

A full 1,217 **of** them are worth less than the overdue property taxes.

All the properties on the **abandoned** list, compiled by Montgomery County Auditor Karl Keith in December, have at least two years **of** tax delinquencies. They all have assessments for nuisances and the water service has been shut off.

“I think it was initially thought to be a city **of** Dayton problem, but now it’s growing out to a lot **of** the suburban neighborhoods,” Keith said. “The amount **of** abandonment and vacant housing throughout the county is dragging down property values.”

‘Unfit for human habitation’

In all, 22 local jurisdictions have **abandoned** property on the county list with the bulk — 5,291 — in Dayton. Trotwood ranks second with 340 and Harrison Twp. is third, with 180.

Abandoned properties, though, are a visible presence throughout the county, including in Kettering, which has 22 properties on the county’s list.

At 1309 Willowdale Ave. in Kettering, a bright orange city-posted sign declares the house, shrouded from street view by overgrown foliage, unfit for human habitation.

The house is owned by Donald L. Evans, who no longer lives there and couldn’t be reached for comment. Wells Fargo Financial filed for foreclosure on the house in January 2010 but failed to bid

on it at a sheriff's foreclosure sale.

The house, like **many** in the area, remains in foreclosure limbo.

Meanwhile, Evans owes \$8,230 in property taxes on the home, including those due this month. The city has posted orders for mowing and removal **of** debris and placed the house on its demolition list if a state grant is obtained, said City Manager Mark Schwieterman.

"The place is horrible. I worry about rodent's crossing over into my yard when the grass gets high," said neighbor Donna Carter. "There are broken windows and I'm so afraid someone will get inside and squat."

One **of** Harrison Twp.'s abandonments is an Interstate 75 landmark **of** sorts: the massive vacant former Dayton Executive Hotel at Needmore Road and I-75.

Owner Dayton Lodge Limited **of** Southfield, Mich., is nearly \$900,000 in arrears on property taxes dating to 2002 — more than any other property on the list — and has failed to make repairs or clear flooding. The township late last month declared the property a nuisance, the first step toward ultimately demolishing it, said Kris Mc-Clintick, assistant township administrator.

"It's a burden on us and the taxpayers wind up paying the bill," McClintick said.

Experts say the problem **of abandoned homes** was fueled by the mortgage foreclosure crisis, the Great Recession and population loss. But the Daily News investigation found the problem is perpetuated by weaknesses or loopholes in government, legal and financial systems and speculators who come to town trying to make a quick buck.

"There has been a lot **of** speculative buying and selling **of** delinquent properties," said Ali-son Goebel, associate director **of** the Greater Ohio Policy Center, a Columbus-based research group. "We sometimes call them 'zombie properties' because it is not really clear who is responsible for them."

Multiple players may be involved in foreclosures

In the years before the housing market crash, home mortgages were sold by loan originators and bundled into securities now held by multiple investors — creating a system where it is often difficult to determine who is in control **of** a foreclosure action.

Loan servicers, whose names are often not a public record, sometimes manage foreclosures. The foreclosure plaintiffs, often major banks, say they are simply trustees for the securities investors. They say they have no control over the servicers' decision to delay a foreclosure action — sometimes for years — and to allow the properties to decline, even though it hurts the value **of** the mortgage security investment.

"There are multiple players and there is the ability to basically sit and look at each other and say, 'It's not me, it's you,'" said Stephen D. Naas, president **of** CountyCorp. "What we've found is the servicers have no motivation to move the property, because they are being paid by the lender."

Gaps in the county's databases make it impossible to determine exactly how **many of** the properties are in foreclosure, but at least 30 percent have been in foreclosure since 2000 or gone to sheriff's foreclosure sale since 2005.

Nearly 61 percent **of** the 1,371 properties that county records show have gone to sheriff's foreclosure sale did not sell, most because the sale was canceled, vacated or the plaintiff failed to bid.

Spokespersons for Deutsche Bank National Trust Co., Wells Fargo and US Bancorp argued that they often are not the decision-makers in foreclosures, even though as trustees they must appear on foreclosure documents as plaintiffs.

"As trustee, DBNTC is not involved in the decision to bring or pursue foreclosures," said Deutsche spokesman Duncan King. "As trustee, DBNTC does not hire or compensate the loan servicer, nor does it have any role in or authority over the actions the servicer takes in the foreclosure process."

That answer doesn't sit well with State Rep. Dennis Murray, D-Sandusky, who sponsored a bill now stuck in committee that set deadlines forcing plaintiffs to complete foreclosures or turn over the property to counties and land banks for redevelopment.

"**Of** course they're going to deny any complicity or culpability or ability to affect the process," Sandusky said. "They do have the ability to move directly to the entity that holds the note, and in **many** instances these banks are trustees because they are the ones who originated the note."

Michael Van Buskirk, president **of** the Ohio Bankers League, said his group supports Sandusky's bill because it would speed up the foreclosure process, thereby leaving properties in better condition.

He said lenders are not the bad guys — at least not the ones who act honestly — but in deciding

whether to take possession **of** a foreclosed home they have an obligation to protect their mortgage security investors.

“In this crazy market we’ve had, and particularly if the home was vandalized, it will cost you more to take possession than it would to just simply walk away from it,” said Van Buskirk. “If you want to get back to a normal market where interest rates are affordable, you have to minimize the losses for the legitimate players.”

Don Huber **of** Huber Real Estate, whose family made its fortune building **homes** in Huber Heights and other communities, said lenders have contributed to the problem **of abandoned** properties through an aggressive foreclosure strategy that scared away homeowners and allowed the **homes** to decline in value while they languished in foreclosure.

“It’s a whole corrupt deal in that everybody is coming out much poorer,” Huber said. “The house is destroyed. The community is destroyed. The people are being kicked out and nobody’s making any money off it. Banks would be much better off if they renegotiated the loan.”

Maintenance a drain

Communities say dealing with the glut **of abandoned** properties is hitting their budgets at the same time they’re facing federal, state and local funding cuts.

Last year alone, Dayton spent \$1.3 million mowing and nearly \$92,000 boarding nuisance and **abandoned** property, very little **of** which is likely to be repaid by the property **owners**, said Tom Biedenharn, city spokesman.

Vacant structures also have a tendency to catch fire; last year, those fires cost \$1.5 million in structure losses, Biedenharn said.

Residents like La’Ron Harrison have to live with the blight **of abandoned** properties every day. Harrison’s Dayton home is sandwiched between two **of** those properties: a 137 Marathon Ave. house owned by Hudson Rentals LLC **of** Dayton and a 145-147 Marathon Ave., double owned by Montel Properties Inc. **of** Florida.

The roof on the green- and-white double is collapsing and the place is infested with cats and rodents.

Neighbors say they don’t allow children to play near the structure because **of** its unstable condition.

Vandals have been spotted inside burning candles and kerosene lamps, so fire is a concern.

In Dayton, 62 streets have two dozen or more **abandoned** properties, with the Santa Clara neighborhood off North Main Street being one **of** the hardest hit areas. **Abandoned** houses like the one at 19 Delaware Ave. are the norm, not the exception. Pale green paint peels from the house and shingles crumble, shredded trash litters the yard after a work crew mows and neighbors say they've seen vandals and kids inside the house.

"The house needs to go," said neighbor Chanta Henderson. "It makes everybody else's house look bad."

Tracking down **owners**

Communities find that chasing after **owners** using housing code violations as a weapon isn't always effective. **Many** don't show up in court or fail to comply with orders to make repairs.

Some are chronic offenders like Jan Singleton **of** Dayton, who owns 54 **abandoned** properties and continues to accrue back taxes and property-code violations despite the city's efforts. Other times, the city cannot determine who or where the owner is.

"That's the problem. You have an LLC, it has an address out **of** 'Nowhere, Texas,' and you can't find these people," said Dayton City Commissioner Nan Whaley. "So we continue to mow, board, put that on the property tax; mow, board, put that one on the property tax."

While jurisdictions can slap on assessments for the cost **of** boarding vacant structures and mowing, those assessments go on property tax bills that are already delinquent — in some cases dating to the 1960s. The county can foreclose on the taxes, but **many** properties are so dilapidated they won't sell at sheriff's auction and eventually are forfeited to the state.

American Tax Fund LLC buys some tax liens from the county to try to collect the back taxes or sell the properties, but even then there is no mechanism that keeps the property owner from accumulating additional back taxes or code violations.

Some housing advocates were excited last year when Montgomery County Commissioners formed a land bank to expedite acquisition **of** blighted properties for demolition or redevelopment.

But that too has proven to be a work in progress.

Under Ohio law, commissioners can allocate proceeds from delinquent property taxes to fund the land bank, shifting 5 percent **of** the receipts from the usual recipients to the land bank, said Montgomery County Deputy Treasurer Paul Robinson. That would generate about \$1 million annually for the land bank if commissioners approved it.

“There’s nothing to spend money on yet,” said Montgomery County Commission President Judy Dodge, a member **of** the land bank board, to explain why the commission hasn’t funded the land bank. “It’s like a new baby. Let’s get it walking. Once the land bank is mature, we’ll look at options.”

This summer, three commercial properties in Dayton are expected to be the first placed into the land bank.

A second chance

Homeowners who fall into foreclosure are often forced to leave their **homes**, even when the lender backs off.

Many never return, but Erica Grissom is the exception. Grissom, a single mother **of** two, moved out **of** her foreclosed 3691 Denlinger Road home in Trotwood just before it was scheduled for sheriff’s sale in 2008.

According to Grissom, she had her hours cut at work and fell behind on her mortgage payments. The lender — HSBC Mortgage Services Inc. **of** Florida — worked with her the first time it happened, but she fell behind again and the house was boarded up and Grissom was locked out, she said.

“It’s not like I just stopped paying my bill,” Grissom said. “I just wanted them to set up a plan like they did before.”

HSBC couldn’t be reached for comment.

Grissom thought she had lost the house and for five years rented an apartment paying \$600 a month. Then last year, she learned HSBC had canceled the sheriff’s sale in 2008 and done nothing since. The house still belonged to her and, after contacting Miami Valley Fair Housing Center and the bank, she was allowed to move back into the home along with her children in April 2011.

“I was shocked,” she said. “All that time I was paying rent, the money could have been going toward the mortgage.”

Grissom still owes more than \$15,000 in property taxes and assessments. She is applying for a \$25,000 Ohio's Restoring Stability Funds grant to help with taxes and mortgage.

"This is a second chance and I'm going to do everything I can to keep it," she said.

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Lynn Hulse and Joanne Huist Smith Staff Writers, 'Owners of vacant properties escape taxes, fostering blight - Abandoned homes a drag on communities. Montgomery County's 6,108 vacant sites strain its already tight budget. INVESTIGATIVE REPORT', *Dayton Daily News* (online), 1 Jul 2012 A1 <<https://infoweb-newsbank-com.oh0063.oplin.org/apps/news/document-view?p=NewsBank&docref=news/13FC0A4FE7B8BF38>>

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