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# **A Tale of Two Recoveries: Separate and Unequal**

**Bank of America Fails to  
Maintain Foreclosures in Gary, Indiana's  
African American Neighborhoods**

**SOUTH SUBURBAN HOUSING CENTER**

**John Petruszak, Executive Director**



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# **Methodology Used to Investigate Bank of America Foreclosures**

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# Methodology for Investigation

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- ❑ Neighborhoods selected for investigations were 50% or greater:
  - Majority African American
  - Majority Latino
  - Majority Non-White
  - Majority White
- ❑ Neighborhoods selected had high number of foreclosed homes owned or under the control of Bank of America in the zip codes evaluated.
- ❑ **100%** of Bank of America's REOs were evaluated within the zip codes.

# Evaluation Measures



- Curb Appeal
  - Accumulated mail, trash, overgrown or dead grass/shrubbery, invasive plants

- Structure
  - Unsecured/broken doors, locks, windows, damaged roof, fence, deck, holes, wood rot



- Signage
  - Trespass/warning signs, “bank owned” “Auction” and “For Sale” signs, broken/discarded signs, unauthorized occupancy





# Evaluation Measures

- Paint/Siding
  - Graffiti, severe peeling/chipped paint, damaged siding, missing/broken shutters
- Gutters
  - Missing, out of place, broken, hanging, obstructed
- Water Damage
  - Mold, discoloration, water damage, erosion
- Utilities
  - Tampered with or exposed



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# **National Data on Investigations**

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# Bank of America Nationwide Data

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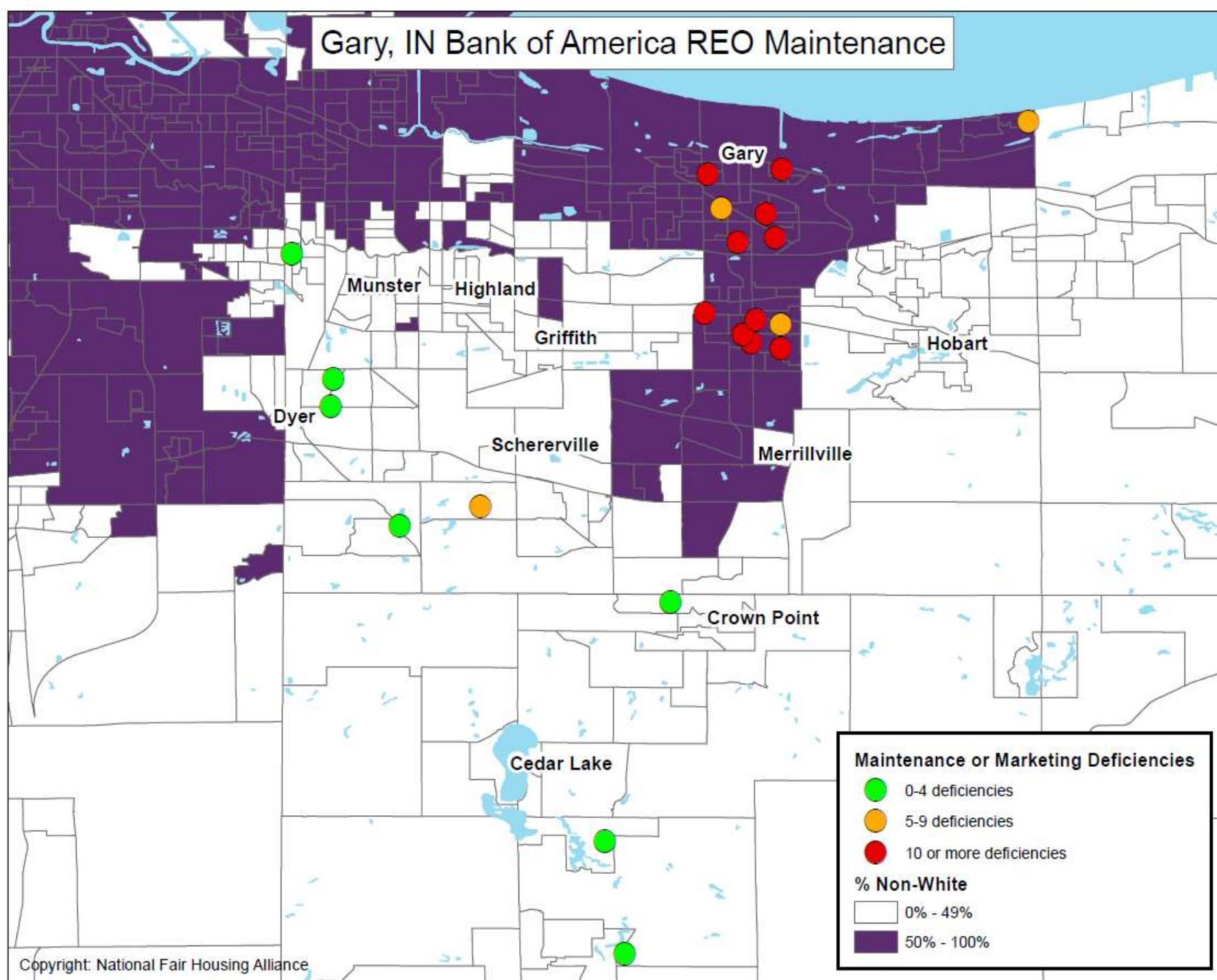
- ❑ The investigation encompasses 30 metropolitan areas including 201 cities. Zip codes within each city were identified and every Bank of America foreclosure in those zip codes was investigated.
  - **85 cities with predominately African American or Latino neighborhoods**
  - **116 cities with predominately White neighborhoods**
- ❑ The Fair Housing Partnership investigated **1,267** Bank of America foreclosures:
  - **567 in African American neighborhoods**
  - **130 in Latino neighborhoods**
  - **147 in Majority Non-White neighborhoods**
  - **423 in White neighborhoods**



# Gary Data

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- ▣ Between October 2013 and July 2016, the South Suburban Housing Center investigated **21 Bank of America foreclosures** in African American, Latino, and White neighborhoods in the Gary, IN metro area.
  
- ▣ Of these **21 Bank of America** foreclosures:
  - 13 were located in African-American neighborhoods
  - 8 were located in White neighborhoods



The South Suburban Housing Center is joining the National Fair Housing Alliance's HUD complaint against Bank of America alleging discriminatory treatment in its maintenance of its foreclosed homes in African American neighborhoods as compared to its properties in White neighborhoods.

This map show the poor quality of maintenance in Black neighborhoods. Notice there are **NO RED DOTS** in White neighborhoods.

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# Racial Disparities

Evidence showing Bank of America fails to maintain and market its foreclosures in African American neighborhoods as compared to maintaining its foreclosure in White neighborhoods.

# Gary's Racial Disparities

- ❑ **76.9% or 10 of the 13** Bank of America foreclosures in African American neighborhoods had **10 or more maintenance or marketing deficiencies**, while none of the 8 foreclosures in White neighborhoods had 10 or more deficiencies.
- ❑ **69.2% or 9 of the 13** Bank of America foreclosures in African American neighborhoods had **substantial amounts of trash or debris** on the premises, while only 12.5% or 1 of the 8 in White neighborhoods did.
- ❑ **84.6% or 11 of the 13** Bank of America foreclosures in African American neighborhoods had **overgrown or dead shrubbery**, while only 37.5% or 3 of the 8 foreclosures in White neighborhoods had the same problem.
- ❑ **76.9% or 10 of the 13** Bank of America foreclosures in African American neighborhoods had **broken or boarded windows**, while only 25.0% or 2 of the 8 foreclosures in predominantly White neighborhoods had the same problem.

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# Health and Safety Concerns



**American Heart Association**

<http://newsroom.heart.org/news/living-near-foreclosed-property-linked-to-higher-blood-pressure>

**National Center for Healthy Housing**

***How foreclosed homes and used tires can threaten public health in the age of Zika.***

**Washington Post Sonia Shah July 29, 2016**





Mosquito breeding grounds: These breeding grounds are found at too many foreclosed homes in communities of color across America simply because banks fail to do routine maintenance.





# ***How foreclosed homes and used tires can threaten public health in the age of Zika.***

Washington Post July 29, 2016

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- "...Just such an epidemic occurred in 2009, when dengue broke out in Florida."
- "When Florida Keys mosquito-control expert, Lawrence Hribar, explained what had happened, he didn't point to an invasion of bugs or infected people. He began his explanation with the following: "There were houses in foreclosure." The housing crisis forced 3.1 million American properties into foreclosure in 2008 alone, leaving behind a rash of abandoned homes and neighborhoods that have yet to be fully re-occupied. Even today, there are more than 1 million abandoned properties across the country, and Florida counts more "zombie closures" than almost every other state. And their neglect amplifies and spreads vectors of disease even more effectively than the wild landscapes they replaced."



"Today, abandoned properties and deteriorating infrastructure, brought on by housing crises and climate change, similarly threaten us with epidemics of mosquito-borne pathogens such as Zika.

...first...critically acknowledging and assessing our role in bringing about the conditions driving epidemics, whether abandoned homes or neglected neighborhoods, aging infrastructure or trade patterns. And then we would need to enlist a response not just from the biomedical establishment but from all sectors of society, from consumers to banks to builders."

# Health and Safety Impact on Neighbors Living by Foreclosed Properties.

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- ❑ Studies indicate that people living next to or near foreclosed homes suffer from stress, high blood pressure, asthma, and anxiety. People report feeling that their neighborhood is stigmatized by a foreclosed home—even a well-maintained foreclosure. These health conditions have to be intensified when you live next to a poorly maintained foreclosure with boarded windows, unlocked doors, graffiti, dead animals, or trash left on the property.
- ❑ Bank of America is guilty of allowing these conditions to fester at its poorly maintained foreclosed homes in communities of color across the United States.

# American Heart Association

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- ❑ The American Heart Association examined families living in an upper middle class neighborhood outside of Boston where there was one well-maintained foreclosed home. AHA found:
- ❑ “The increases in blood pressure observed could be due in part to unhealthy stress from residents’ perception that their own properties are less valuable, their streets less attractive or safe and their neighborhood less stable,” said Mariana Arcaya, Sc.D., M.C.P.
- ❑ “Safety could also be a concern that affects their ability to exercise in these neighborhoods.”
- ❑ “Because the study involved predominately white, middle-class, suburban neighborhoods with single-family homes, research on different populations in urban and rural settings is needed,” Arcaya said.





# **The Impact of Vacancy on Health.**

**According to the  
National Center  
for Healthy  
Housing...**

07/16/201





# **Increase in Crime**

**Abandoned homes and vacant buildings cause rapid neighborhood decay and blight.**  
*(Broken Window Theory)*

**Residents feel unsafe walking on streets with boarded homes, broken windows, unsecured doors.**





# **Poor Quality of Life**

**Boarded up housing and vacancies contribute to social isolation, anxiety, and feelings of stigmatization.**

**Residents' fear of crime in neighborhoods with high vacancy rates may cause significant barriers to exercise and physical activity.**



A photograph showing a group of brown rats in a filthy, outdoor setting. One rat in the foreground is eating from the ground. A large white plastic bag is on the right. The scene is dimly lit, suggesting nighttime or a dark area.

## **Unsafe Neighborhood**

**Unattended and  
unmaintained  
properties result in:**

**Illegal dumping and  
rodent infestation**

# Health Risks

Vacancy, along with other housing indicators, is associated with pre-term birth and poor birth outcomes that can increase the risk of developing other diseases, such as asthma, later in life.



# **Bank of America's Poorly Maintained Foreclosures in African American Neighborhoods From 2013 to 2016**

**A Stark Tale of Two Recoveries:  
Separate and Unequal**





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This Bank of America foreclosure in an African American neighborhood was listed for sale on Bank of America's website, yet it does not have a "for sale" sign posted.

It is also severely overgrown. Let's take a closer look...





The front of this Bank of America foreclosure is covered in invasive plants and overgrown shrubbery, and a ripped screen hangs off of the front porch.





Bank of America left a dead, fallen tree in the side yard of the home. It now sits among overgrown grass and shrubbery.





Bank of America has left the home covered in invasive plants and there are holes leading into the home. The gutters are also obstructed.





Bank of America has chosen to board rather than replace broken windows and is creating blight in the neighborhood.





These neighbors have well maintained homes and yards, and have to live next to the poorly-maintained Bank of America REO.





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This Bank of America foreclosure in an African American neighborhood was also listed on Bank of America's website, and again it has no "for sale" sign.

This property has overgrown grass and shrubbery, broken and boarded doors and windows, trash, and more...





Bank of America  
has failed to  
remove fallen tree  
branches covering  
the sidewalk.  
This home is  
unappealing from  
the curb.





As you take a closer look, the front doors of this Bank of America foreclosure are boarded, and debris covers the front steps.





Bank of America  
has left these  
windows  
completely open  
and leaves the  
home open to the  
elements.





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This home is listed for sale on Bank of America's website, yet the back porch is covered in trash and debris.

How does Bank of America expect to market and sell this home in this condition?





This well-maintained neighbor must live next door to the deplorably maintained Bank of America property. The neighbors cannot even use the sidewalk in their neighborhood because of the fallen tree.





The neighbors across the street are also well-maintained with clean yards free of trash and debris.





This Bank of America foreclosure in an African American neighborhood has trash, overgrown grass and shrubbery, and boarded windows.





There is no “for sale” sign – only a public auction sign negatively marketing the home.

This poorly maintained Bank of America REO ultimately sold to an out-of-state investor.





The next-door neighbors have well-maintained homes and lawns but are stuck living next to Bank of America's poorly maintained foreclosure property.





This Bank of America foreclosure in an African American neighborhood, only a few blocks from the REO just shown, also has no “for sale” sign and the overgrown grass can be seen from the curb.





The front door is secured with a padlock and the rusty screen door is damaged.

The mailbox is also full – a telltale sign that no one from Bank of America is regularly visiting the home.





The backyard's grass is completely overgrown, with overgrown shrubbery along the fence line. Bank of America has not been at this property to mow the lawn in a long time.

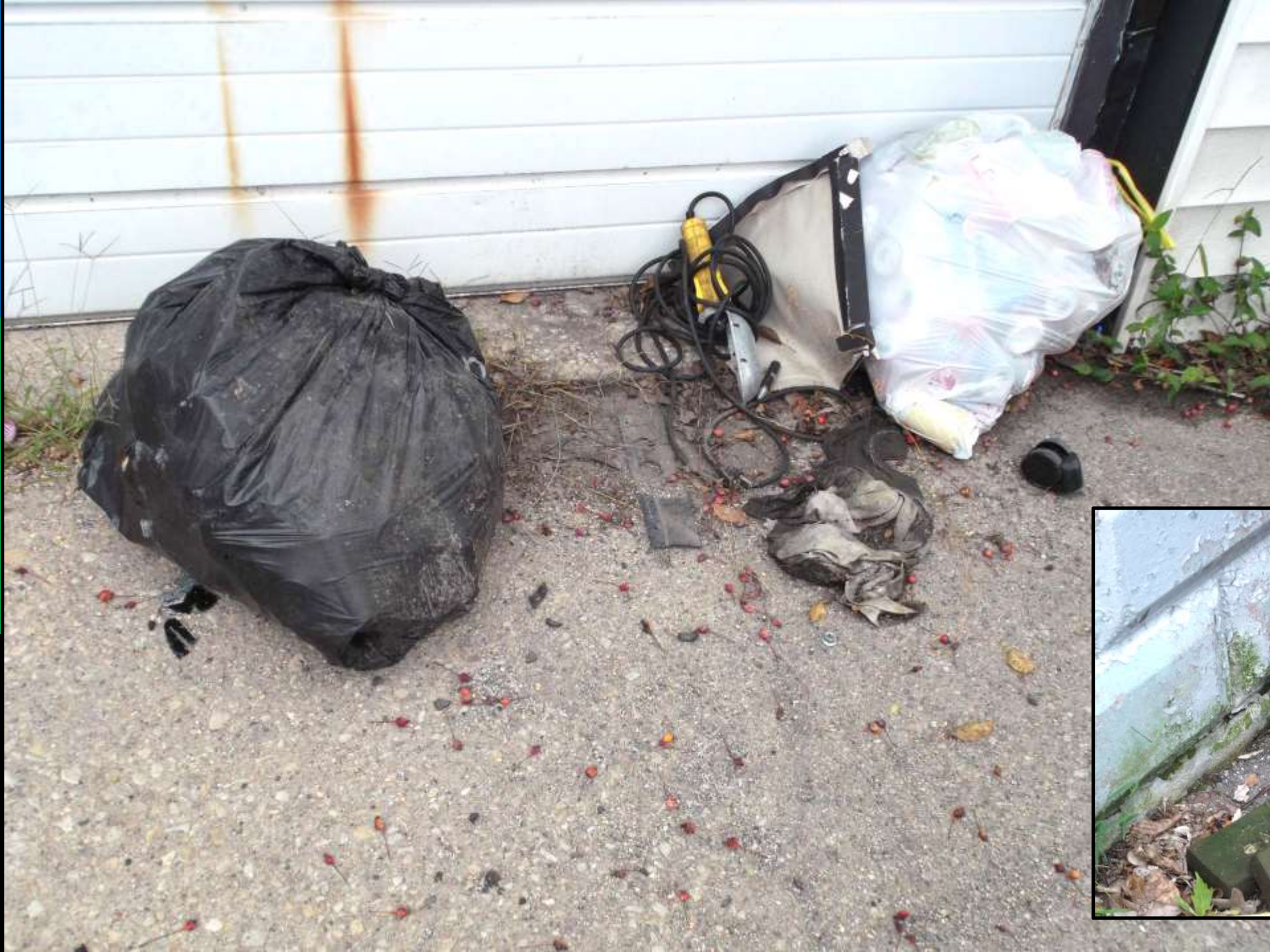




The back of the home is also overgrown, with overgrown grass, invasive plants, and dead tree branches.







Piles of trash and debris are all around the Bank of America property, inviting vermin like insects and rodents.







This home's air conditioning unit lays damaged among overgrown grass and other debris.





Neighbors of the poorly maintained Bank of America REO have manicured lawns and shrubbery and must live next door to Bank of America's eyesore.





This Bank of America foreclosure in an African American neighborhood does not have a “for sale” sign marketing the home but looks relatively clean and maintained from the front. However, when we go around back...

8/12/2015 11:36





The back of this Bank of America foreclosure is severely covered in invasive plants, and a pile of trash sits by the back door.





Large plants are growing in the home's gutters – it is clear that Bank of America has neglected this home for a long time.





Bank of America has neglected these gutters for so long that plants have grown and then died in the gutters.





Bank of America has failed to repair a broken window, leaving dangerous sharp edges of glass.





This Bank of America foreclosure in an African American neighborhood does not have a “for sale” sign marketing the home, and is overgrown with trash on the front porch.

8/12/2015 10:40





Bank of America has allowed the property's grass to become overgrown and has allowed for weeds to accumulate around the perimeter of the home.

8/12/2015 10:43





Bank of America discarded furniture from the previous family in the backyard. How can Bank of America market this home to an owner occupant in this shape?





Bank of America has left multiple windows broken or boarded around the property.





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**How does Bank of America maintain its  
foreclosures in White neighborhoods?**

**Is the grass cut?**

**Are the shrubs trimmed?**

**Did the bank remove all the family's belongings?**





This Bank of America foreclosure in a White neighborhood in Crown Point has a recently mowed and edged lawn and has no accumulated mail in the mailbox.

The property is free of trash and debris and also has no overgrown shrubbery or broken doors or windows.





The backyard of this home is just as clean and well-maintained as the front. Bank of America cleaned this foreclosure home up nicely and made it presentable for an owner-occupant buyer.





This Bank of America foreclosure in a White neighborhood in Schererville has a professional “for sale” sign in the front yard and is mowed with trimmed shrubbery.





The side yards are free of leaves and grass clippings. The family's belongings have been properly removed by the Bank. The yard is neatly maintained.





The backyard is mowed and there are no invasive plants or overgrown weeds or shrubs.

This home was well-maintained and properly marketed, and ultimately sold to an owner-occupant.





Here is a Bank of America property in a White neighborhood in Munster. This yard is maintained and all of the shrubs have been trimmed.

There is a “for sale” sign and another sign providing information about financing the home.







The shrubs on the side of the home are trimmed and neat. The grass is mowed and there are no broken or damaged windows.





The maintenance of the back of this Bank of America property is consistent to the front – the yard is clean and well-maintained.

This home also sold to an owner-occupant.



# **Tale of Two Recoveries: Separate and Unequal**

**Bank of America fails to take care of its foreclosed homes in African American neighborhoods.**