

## **SAN DIEGO'S RESPONSE TO THE FORECLOSURE CRISIS**

*by: Diane Silva-Martinez, Chief Deputy, San Diego City Attorney's Office*

The City of San Diego was one of the first cities nationwide to develop a Vacant Properties Program to address vacant structures which are unsecured or boarded. The program was developed in 1993 and has been replicated by other cities such as Phoenix and Los Angeles. An important component of the program is the ability of a "Vacant Properties Coordinator" with an economic development background to make a detailed assessment of each property and identify the obstacles preventing the property from being put to productive use. The Coordinator's goal is to establish a dialogue with property owners to first assist them in timely rehabilitating the property, but ultimately issuing administrative penalties or referring the case for prosecution if the owner is not compliant. Owners of vacant properties are required by law to file a "Statement of Intent" form (attached) in which the owner must outline how the property will be put to productive use, e.g., sold, leased, or rehabilitated if appropriate. Failure by the owner to make a good faith diligent effort to implement the plan within a 90 day period may result in administrative penalties.

In response to the recent foreclosure crisis in San Diego, City staff first made a greater effort to address vacant structures in established priority areas: near schools, parks, transient corridors, and high crime areas. Due to budget restraints, staff increased efforts to educate community groups on how to identify the appropriate responsible person in REO properties so that citizens can directly contact financial institutions with complaints regarding long term vacancy, crime, or maintenance. City staff tracked those geographic areas where the highest number of foreclosures were anticipated. The City's Redevelopment Agency funded a code enforcement position to specifically address vacant properties in one area of the City with the highest number of foreclosures. The newly elected City Attorney has pledged to commit greater resources to proactively address vacant properties and City staff is diligently applying for grants.

In November 2008 San Diego's Mayor convened a short term taskforce with the objective to "review all community activities, efforts, and conditions regarding: 1) the level of assistance required to prevent and slow the level of foreclosures and defaults of residential homes; and 2) to expand and create programs to preserve San Diego's neighborhoods". Members of the taskforce included developers, Bank of America representatives, members of the real estate industry, various non profit counseling agencies and staff from the Redevelopment Agency, Housing Commission, Neighborhood Code Compliance, City Attorney's Office, and other stakeholders. Some of the more significant recommendations and observations of the taskforce include:

- San Diego was fortunate to already have in place a nationally recognized program consisting of *Community Housing Works*, the *Housing Collaborative* and the San Diego Housing Commission which successfully provide foreclosure prevention counseling and assistance and first time homeowner buyer programs funded by substantial federal grants.

- There was a need for more outreach and more accessible information to the public on foreclosures. The City immediately established a separate website, [www.foreclosuresandiego.org](http://www.foreclosuresandiego.org) to provide resource and assistance to the public.
- Due to the high number of foreclosures and their negative impact, it was recommended that the City amend San Diego's Vacant Structures Ordinance to also include foreclosed vacant properties.
- No new laws were needed to address maintenance requirements on vacant properties, as San Diego's Vacant Structures Ordinance already had strict maintenance requirements prohibiting graffiti, waste, trash, debris, etc. Similarly, the Municipal Code addressed weeds which were a fire hazard. The County already had an active program to abate stagnant pools and to address concerns regarding West Nile Virus. In addition, California Civil Code 2929.3 was enacted in 2008 (effective until 2013) and allowed for civil fines for "...failure to maintain foreclosed vacant properties."
- Neighborhood Watch Programs and the Police Department's Reserve Senior Volunteer Patrol personnel would be used to assist identifying and monitoring foreclosed properties.
- Reject amending the Vacant Structure's Ordinance to include a registration requirement for all vacant structures, including foreclosed properties. Strongly influencing this decision was the fact that a cooperative relationship existed between local financial institutions and the City. Enforcement efforts traditionally began with allowing owners the opportunity to comply before imposing penalties and there was a desire not to merely enact an ordinance for the purpose of generating fees or penalties. The requirement to file a "Statement of Intent" under the existing Vacant Structures Ordinance already served many of the same purposes as a registration ordinance, in that the owner must establish a dialogue with the City, maintain the property, and commit to a time frame to put the property to productive use. Registering properties would require additional work by staff when resources were already strained.
- Establish with the County Recorder's Office a form similar to the City's Statement of Intent Form that would be filed by financial institutions along with the deed after a Trustee Sale. The San Diego Association of Realtors volunteered to develop the form which would include all contact information, e.g., asset manager responsible for the property, so that citizens, law enforcement and the City can easily identify a responsible person to contact. The form and procedures were recently approved by the County Board of Supervisors.

In sum, San Diego's response thus far to the enormous problem of foreclosures has been influenced by its own individual characteristics and political and economic climate. The ability of law enforcement, code inspectors, and prosecutors to more proactively address those neighborhoods hardest hit by foreclosures will depend on the ability to access grants and convincing community groups and volunteers to actively take a role. While not every scenario is perfect, for the most part, local realtor groups and financial institutions have stepped up to provide more accountability and are choosing to be part of the solution.



**The City of San Diego  
Vacant & Boarded Structures  
STATEMENT OF INTENT**

Owners of vacant and boarded structures are required to file a written Statement of Intent with the City which proposes a rehabilitation plan and timeline to bring structures back into productive use. Your failure to submit a Statement of Intent for approval will result in the assessment of a quarterly civil penalty per structure (San Diego Municipal Code Section 54.0315).

*Mail or fax the completed Statement of Intent form to: Vacant Properties Coordinator, 1200 Third Avenue, M.S. 51N, San Diego, CA 92101-4106. Fax number (619) 236-5920.*

**PROPERTY INFORMATION**

Property Address: \_\_\_\_\_

Parcel Number: \_\_\_\_\_ Date Boarded: \_\_\_\_\_

**OWNERSHIP INFORMATION**

Property Owner

Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

Telephone: ( ) \_\_\_\_\_ Day \_\_\_\_\_ Evening

**Responsible Party** (check one)  Owner, listed above  Other, see below

The Responsible Party is the person in charge or control of the structure who is not the owner (i.e. property manager, conservator, trustee, etc.)

Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

Telephone: ( ) \_\_\_\_\_ Day \_\_\_\_\_ Evening

Lien Information

Lien Holder(s): \_\_\_\_\_

Loan Number: \_\_\_\_\_

**PLAN & TIMELINE FOR STRUCTURE**

Please use the space below to describe the specific actions to be taken, completion date/timeline and regular maintenance plan during the period of vacancy. Add additional sheets as necessary.

**REHABILITATION PLAN**

\_\_\_\_\_

\_\_\_\_\_

Building Permit #: \_\_\_\_\_ Completion Date/Timeline: \_\_\_\_\_

**DEMOLITION PLAN**

\_\_\_\_\_

\_\_\_\_\_

Building Permit #: \_\_\_\_\_ Completion Date/Timeline: \_\_\_\_\_

**PLAN TO ACTIVELY SELL OR LEASE THE STRUCTURE**

\_\_\_\_\_

\_\_\_\_\_

Listing Date: \_\_\_\_\_ Asking Price: \_\_\_\_\_

Agent Phone: \_\_\_\_\_ Asking Price: \_\_\_\_\_

Appraised Value: \_\_\_\_\_ (if appraised value is not available, please give purchase price and time of purchase) \_\_\_\_\_

Please check the appropriate box(es):

- I give the City permission to provide interested parties with the listing information.
- Property is in escrow and is anticipated to close on: \_\_\_\_\_

**OTHER**

\_\_\_\_\_

I hereby represent and warrant that the information provided in the Statement of Intent is true, complete and accurate to the best of my knowledge. Should any of the information contained in this Statement of Intent change, I will notify the City of San Diego within 15 days of the change. I also understand that it is my responsibility to regularly monitor the property while it is vacant and boarded to keep it clean, secure and free from graffiti, trash, weeds and debris.

\_\_\_\_\_  
Signature of Property Owner/Responsible Party

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name of Property Owner/Responsible Party