

Washington Examiner

Bedroom community blues: foreclosure crisis creating suburban slums

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Washington Examiner

October 22, 2009



Neighbors have gone from worrying about curb heights to fighting to keep drug dealers from setting up shop in boarded-up homes, such as this one in Manassas. (David Sherfinski/For The Examiner)

Two years of economic collapse have pockmarked the D.C. region's affluent suburbs with blight and experts are worried that the foundering cul-de-sacs and towns are on the verge of becoming the region's next ghettos.

"What you're looking at now is a structural problem," Brookings Institute scholar Christopher Leinberger said. "We have structurally overbuilt the fringe...It ain't coming back."

Foreclosures per 10,000 homes:

» Arlington: 68

- » Alexandria: 87
- » Montgomery: 88
- » D.C.: 115
- » Fairfax: 189
- » Prince George's: 219
- » Loudoun: 343
- » Prince William: 722

Look out below?

Percent change in home values in the D.C. region, 2007-08

- » Downtowns (D.C., Arlington, Alexandria): up 3.4 percent
- » Inner suburbs (Fairfax, Montgomery and Prince George's Counties): down 3.2 percent
- » Outer suburbs (Loudoun, Prince William and Frederick Counties): down 25.6 percent.

Source: Council of Governments

Consider, for instance, Prince William County's Georgetown South community. The signs there used to say, "For sale." Then they said, "foreclosed." Now they say, "For rent."

Neighbors who just a few years ago worried about curb height or speed bumps now find themselves fighting to keep drug dealers from setting up shop in boarded-up homes.

"It's yanked the feet out of a number of associations," said Georgetown South community manager Christi Strader.

The foreclosure crisis has hit the outer suburbs hardest. According to the latest figures from RealtyTrac, a company that markets repossessed homes, at least one in every 136 homes in the U.S. went into some stage of foreclosure in the third quarter of 2009 alone. In parts of Woodbridge, Va., though, the ratio was one in 53. In parts of Upper Marlboro, Md., it was one in 46.

The crisis is undermining entire communities. Between 2007 and 2008, property values in Washington's outer suburbs dropped by nearly \$111,000 per home, the Metropolitan Washington Council of Governments reported.

"That's the market telling you something," Leinberger said. "When the market value is less than replacement, there's no incentive to put the next dollar into a house. That's the definition of a slum."

Plummeting property values means falling tax revenues. That means fewer public services -- which means fewer resources to stop the rot. Every jurisdiction in the area is facing budget problems, but they're most acute in the outer suburbs. Loudoun, for instance, is trying to fill a \$73-million revenue shortfall. At one point last year, Prince William had a projected revenue shortfall of \$190 million.

With vacant homes on the block and empty treasuries at city halls, neighbors like Linda Crudup, president of the Kettering Community Association in Upper Marlboro, are fending for themselves.

"You see a house that's not being maintained and you do the research, you find out it's been foreclosed," she said. "We're seeing a lot of vandalism by teenagers. Broken windows, doors kicked in on the vacant houses. It's a real problem."

Petty vandalism and uncut lawns may be the least of suburbs' problems. Many once-prosperous communities find themselves confronting the kind of grinding poverty that would have been unthinkable just a few years ago. Between 2005 and 2009, homelessness in Prince William County jumped by 25 percent, the Council of Governments reported. It jumped by more than 63 percent in Loudoun.

As in Georgetown South, many once single-family, owner-occupied homes are now being converted into rental properties. Tales are now pouring in from nearly every bedroom community about overcrowding, housingcode violations, blight and petty crime -- the kind of problems those suburbs were created to escape.

"It's a huge black eye," Fairfax County Supervisor Jeff McKay, D-Lee, whose district is littered with hundreds of boarded-up McMansions. "They're infecting entire neighborhoods. That's the tip of the iceberg, I think."