



One reason why more homes have become empty, Busler said, is that a delay in foreclosures due to legal issues between the federal government and banks is still being felt — and will be for some time.

“Many of the homeowners that were delinquent in their mortgages had (foreclosure) delayed in federal court because of government action,” Busler said of the outcry over “robo-signings” in which mortgage companies signed them electronically and didn’t review them.

So for months, those same homeowners were able to stay in their homes as the legal process was in limbo. But now, following a settlement with the nation’s five largest banks — in which the companies agreed to pay \$25 billion and as much as \$2,000 to mortgage-holders who were affected by robo-signings — the foreclosures have now been actively ongoing for several months, and homeowners have been forced to leave their homes.

Then there are short sales, a method many homeowners use to avoid foreclosures. A short sale is when a bank agrees to allow a home to be sold at below what the mortgage is worth, with the bank then writing off the difference — though doing so will impact homeowners’ credit ratings, so that they would then not be able to get a federally backed mortgage for two years.

James Schroeder, an attorney and real estate agent with Keller Williams in Northfield, said the stock of homes going through short sales is growing.

“As soon as you get one processed, there’s another two or three right behind it,” Schroeder said.

In addition, more and more short sales are being bought by investors.

“Before that, people who would buy were families looking to move,” he said. “Now it’s investors, cash buyers, people sitting waiting for a good deal” — which, if it delays someone actually moving into a house, only increases the vacancy rate.

That directly leads into the rise in rentals, he said.

“A lot of people are going to move to rentals after short sales,” Schroeder said. “They’re (barred) from federally backed financing for two years, so they have to move into a rental or move in with family. They’re hoping that after two to three years, they’ll have financing enough to buy a house. Until then, you’re going to see the rental market get tighter and tighter.”

Locally, the rental market in Atlantic County has even seen jumps in unexpected places, he said, including near the locations of The Richard Stockton College of New Jersey satellite campuses in Hammonton and Egg Harbor City.

In the meantime, Schroeder thinks that it will take five years or so for the region to get through the “short-sale crisis,” unless steps are taken, such as dropping the two-year federal financing ban — but any such changes are only talk at the moment, he said.

“The second time around, people may be getting a house that’s a little bit more affordable,” Schroeder said. “Maybe somebody who was living in the \$500,000 house range might go to a rental for two to three years and buy again in the \$200,000 to \$300,000 range. People like me at \$250,000, maybe they’ll drop into a condo at \$150,000 — and frankly, there are a lot of good deals at those tiers.”

But beyond the specifics of real estate sales is the pressing matter than underlies everything in this economy — unemployment.

“Many people who lost their homes did so because they were unemployed,” Busler said. “As long as the unemployment rate stays as high as it is — and it’s higher in Atlantic County than nationwide — homeownership will remain low and houses will remain vacant. The question is whether the economy can grow enough to bring the unemployment rate down.”

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