

Local foreclosure activity down in January from 2012

By: Emily Hoerner February 14, 2013

Local foreclosure filings jumped in January from December but dropped from a year earlier, offering an indecisive snapshot of the housing market's recovery in the Chicago area.

The area ranked seventh nationally in foreclosure activity, with one in 293 housing units having foreclosure filings this month, according to a report by RealtyTrac Inc., an online market for distressed property. From December to January foreclosure filings rose 22.6 percent, while they dropped 6 percent from last year.

The state didn't fare much better, holding the third-highest rate, behind only Florida and Nevada.

With home sales on the rise and prices stabilizing, the market appears to be on the rebound from the five-year economic slump that has plagued the nation. But foreclosures remain a concern, and experts are wary of claiming victory just yet.

"I think we've got a ways to go before we can expect to see a true recovery, and one reason for that is because of the foreclosure pipeline," said Geoff Smith, executive director at the DePaul Institute of Housing Studies.

Some states use a non-judicial process, allowing lenders to repossess homes almost entirely outside of the courts. Other states, like Illinois, require lenders to go through the courts, slowing down the process.

"Unfortunately, the wave of foreclosure activity, combined with a lot of delays, created this backlog that the court system doesn't have the capacity to move through as quickly," Mr. Smith said.

Daren Blomquist, vice president of RealtyTrac, said in an email that his data suggests foreclosures take an average of 697 — almost two years — days in Illinois, while the national average is only 414 days.

"With the judicial system, sure, they don't churn through as quickly as in California, but it gives people more of an opportunity to avoid foreclosures," said Katie Buitrago, a policy and communications associate at the Woodstock Institute, a Chicago-based non-profit. "Our system tries to exhaust all avenues before taking it to foreclosure."

And although states with shorter foreclosure processes see lower filings, Ms. Buitrago said the judicial system works better with what she sees as an ineffective way to deal with economic housing market distress.
