

There goes the neighbourhood: mortgage crisis sees suburbs slump

As the banks foreclose on loans across the US, worried householders watch their tree-lined streets change

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- **Dan Glaister** in Elk Grove
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The front of a boarded up house in Cleveland, Ohio. Photograph: Timothy A Clary/ AP

Susan McDonald doesn't look like an activist. She drives a nice car, wears smart clothes and appears to be the embodiment of the neighbourhood personal banker she is during office hours. But after work McDonald has another life. It is then that the mother of three turns into a neighbourhood organiser, determined to mobilise her community to battle for a way of life that many believe is in peril.

McDonald is a self-confessed suburbanite and president of the Franklin Reserve Neighbourhood Association, a new development in the city of Elk

Grove, 15 miles south of the California capital, Sacramento. Franklin Reserve, a collection of imposing houses stationed on anonymous cul-de-sacs bearing improbable names - Snow Leopard Circle, Fox Trotter Way - is at the heart of what some see as a struggle for the soul of suburbia.

The full onset of the mortgage foreclosure crisis, coupled with demographic changes, rising fuel prices and a host of other factors means that the suburbs could be on the way out. One analyst has postulated a future in which the suburbs, which once promised so much domestic happiness, are transformed into the new slums, with rampant crime fuelled by poverty and decay. The term "slumburbia" was not far behind.

Franklin Reserve, a walled but not gated community of 15,000 people, appears to be a prosperous development. But there are signs that all is not well. Some front lawns are unkempt, and for sale signs abound, almost matched by signs offering properties for rent. On Caprezzo Way a five-bedroom, three-bathroom house, complete with pool, is on the market for \$550,000, probably \$100,000 less than it would have been advertised for a year ago. Across the street a more ominous sign of the mortgage foreclosure crisis is taped to the wrought iron gate of a stucco house on Cortino Way. "Notice to quit," it declares, telling the defaulting occupants they have three days to leave.

McDonald moved to Elk Grove four years ago, attracted by suburban life. "We always had an eye out for Elk Grove," she says. "We had an opportunity to buy a new home in a new location, with award-winning schools, and Elk Grove had the reputation of being a friendly, family-oriented community."

Fast growth spurred by cheap mortgages saw the proposed 10-year development completed in just four years. The amenities, however, lagged behind, and once the mortgage crisis started to bite, McDonald began to notice changes.

"I took my kids for a walk in the park and saw some graffiti," she says. "I started by posting this in a chatroom for Elk Grove and a lot of people said yes, I've seen this too."

Soon after, McDonald and seven others took the decision to form a neighbourhood association. Today, the group has 400 members, a lawn-mowing task force, a good neighbour ordinance before the city council and a vibrant online message board.

Sitting in the bright spring sunshine outside Juice It Up on Elk Grove Boulevard, Scott Braithwaite has seen things start to fall apart in the three years since he moved to the city from Boston.

"We're living in paradise here, right?" he says. "There's a lot of money here, a lot of disposable income. A lot of people are angry. They don't like to see their property values diminished.

"You see a lot of homes in our neighbourhood that are empty, and have been for ages, upscale homes with weeds growing in the yard. I've noticed very nice houses being built, but 10-15-year-old cars in the driveway. Then the cars disappear, and they're replaced by empty driveways."

But empty driveways and unmown lawns are the least of suburbia's problems, according to Christopher Leinberger, an urban theorist and visiting fellow at the Brookings Institution in Washington DC. Leinberger, who wrote an analysis of the problem in the Atlantic Monthly, argues that suburbia is doomed, condemned by the mortgage crisis and demographic change.

"For the past 50 years we've left the city and headed to the suburbs," he says. "Now the pendulum is swinging back, aided by \$4 per gallon gas."

The move has also been helped by cultural and demographic changes, argues Leinberger. Couples are having children later in life, so the need for the suburban mansion with five bedrooms and a huge garden is not quite as pressing. And popular culture not only identifies suburbia as the place of dystopian nightmares, but promotes urban living as the embodiment of that most important of 21st century values: sexy fun. Potential buyers are being seduced by the concept of walkable, urban living over driveable, suburban living.

"Transport now accounts for 19% of household costs, compared to 3% a hundred years ago," says Leinberger. "At some point this country has to get serious about reducing carbon emissions. The built environment is responsible for 72% of our carbon emissions. It's a very significant lever that we're going to have to pull if we're serious about this."

"We have seen an increase in crime," says Elk Grove police department spokesman Christopher Trim, "but a lot of what the neighbourhood association would consider crime is blight, and would not be a law enforcement issue." The city council has also addressed the issue, recently announcing that it would install security cameras in some of the city's parks.

Franklin Reserve is particularly vulnerable. Its fast growth coincided with the cheap mortgage boom, attracting buyers who had little stake in the community. With no down payment on a property, they had nothing to lose but their credit rating should they default.

"There were a lot of people from the Bay area [the San Francisco Bay, a two-hour commute away] that came out here and bought four houses, a lot of speculators and a lot of people from here who shouldn't have been able to buy but were buying five-bedroom houses," says local real estate agent Norm Schriever.

Now things are different. "Small retailers are going out of business," Schriever says, "restaurants, car shops, clothing stores, people are really tightening their belts. Everybody's coming down to earth. It was needed, everybody got high on the hog."

Leave Franklin Reserve and cross Elk Grove Boulevard and you find Laguna Ridge, the next large-scale residential development scheduled for the city. Absorbing the lessons of fast-growth Franklin Reserve, city planners and home builders got part of Laguna Ridge right. The infrastructure was put in place ahead of the houses. At night, street lights glow on the 1,900 acre site, a vision of safety and suburban fulfilment. But by day it is a different story. Construction has all but halted, and only a handful of homes are completed. The 2009 completion date for the 8,000 or so homes seems a long way off.

But what most alarms urban theorists is what might become of these developments once people can no longer afford to live there. Unlike the inner city that was abandoned in the latter half of the last century, it is hard to adapt suburban developments to other uses. "These spaces are custom made for residential only," says Leinberger. "They don't convert easily to retail or office or hotel."