



Inland News

One of the Inland's hottest housing developments does a cool-down



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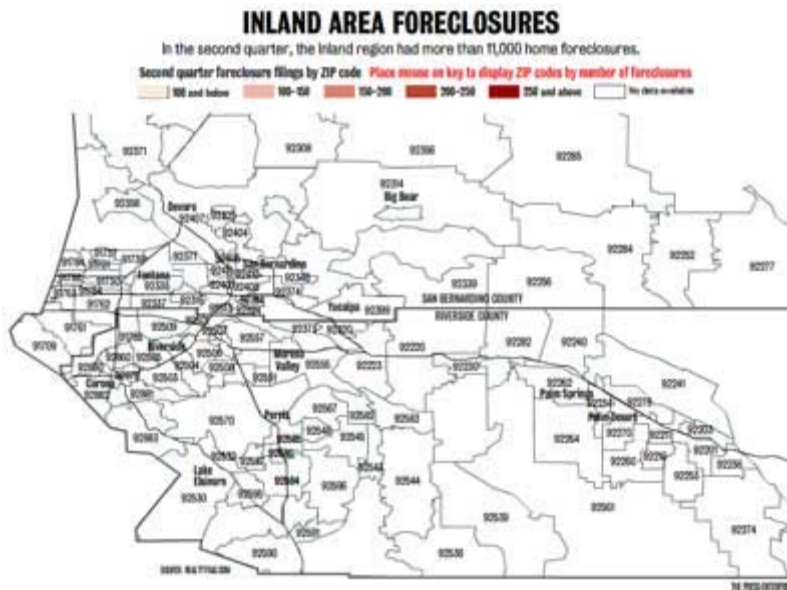
By **DUANE W. GANG**
The Press-Enterprise

FONTANA - Just north of Interstate 210 sits one of this city's marquee developments -- the "Beverly Hills of Fontana" as one resident recently described it.

Sierra Lakes includes more than 1,800 homes, an 18-hole championship golf course, 62 acres of retail development and a 20-acre park

As the Inland area has grown, adding 771,000 people in six years, Sierra Lakes is typical of the developments that have attracted them.

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And like other areas with vast tracts of new development, Fontana and the Sierra Lakes community are now bearing the brunt of the slumping housing market. Thousands of foreclosures are recorded in the area each month.

"Where there is boom there is now bust," Fontana Councilwoman Janice Rutherford said in an interview.

Riverside and San Bernardino counties saw more than 11,300 foreclosures and notices of default in the second quarter of this year alone. Fontana had more than 700, as did the cities of San Bernardino, Riverside, Moreno Valley and Corona, according to RealtyTrac, which compiles real estate data.

Now, some residents are on edge, and Fontana and other city officials are looking at ways to maintain the look and feel of their communities as foreclosed homes begin dotting the landscape, even if it means using city crews or, like other cities, going after banks and other institutions to force them to maintain the homes.

"When a home in a neighborhood is foreclosed, typically the landscaping begins to go unmaintained, the home falls into disrepair," Rutherford said at a recent council meeting. "That creates a blight problem for the neighbors who are still there. It creates a value problem for homes in the neighborhood that are not in foreclosure."

Signs of the Times

In Sierra Lakes, the southwest corner of the 700-acre development had the highest density of foreclosures and defaults in the city during the second quarter, according an analysis of foreclosure data by The Press-Enterprise. Property values are dropping by more than 10 percent in some parts of the development, the San Bernardino County tax assessor's office reported.

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Stan Lim / The Press-Enterprise

The Sierra Lakes development in northern Fontana had the highest density of foreclosures and defaults in the city during the second quarter of 2007, and property values are dropping by more than 10 percent in some parts of the neighborhood.

For-sale signs dot dozens of streets throughout Sierra Lakes. Brown lawns mark foreclosed, vacant and unsold homes, as do the warning signs and notices posted on windows. Dusty fliers and sun-bleached, unread newspapers sit on front porches and driveways, waiting to be retrieved by homeowners not likely to return.

A large plywood sign propped against the garage door of one Sierra Lakes home begs someone to come to the homeowner's aid. "Help!" reads the sign in orange-neon paint. "Going to foreclosure." The sign says the home is worth \$530,000 but will sell for \$440,000, scratched down from \$450,000.

"We are barely holding on here," said Jean Beauford, 35, who bought into Sierra Lakes three years ago and has seen her monthly mortgage payment jump from \$1,641 to \$2,500 because of an adjustable interest rate.

At the same time that foreclosures are on the rise, home values are declining and sales dropping off.

Nearly 500 homeowners in Fontana received property tax reductions this year because the value of their house declined, for a combined \$15 million decline in assessed value, the assessor's office reported. That's an average of \$30,000 per home.

County officials expect the number of people receiving temporary reductions, through Prop. 8, to rise sharply when they study property values again in January.

Meanwhile, Riverside County reassessed values on more than 31,000 residential and commercial properties earlier this year, and saw a \$610 million decline.

"You see a lot of pockets, and these pockets are in new developments. As the downturn continues, you will see these pockets grow," said Jim Erwin, a former assistant San Bernardino County assessor, who left the office last week. "It will appear that a virus is consuming the map."

The glut of unsold new homes on the market and new foreclosed homes is what accounts for most of the drop in values, Erwin said. Other factors, such as cosmetics and the look and feel of a neighborhood, can push values down but those have a less of an effect, he said.

Nahum and Bertha Ambriz have lived in Sierra Lakes for about two years. The couple and their three children live next door to a foreclosed home. Nobody has lived in it for at least eight months, Nahum Ambriz, 46, estimates.

As two of their children played in the front yard, right at a stark demarcation line between green and brown grass, the couple said they are worried as neighborhood home prices fall.

"Right now, we're OK," Nahum Ambriz said. "But later, I don't know."

Pitching In

Facing the decline, Fontana is starting to gather a list of foreclosed homes and notifying banks that they, too, must be responsible property owners, Rutherford said.

The city also is considering notifying residents and urging them to pitch in to help maintain foreclosed homes in neighborhoods. City crews might be called in to help.

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A plywood sign with neon-orange lettering sits in front of a Sierra Lakes home, pleading for help to prevent a foreclosure.

"We are exploring options," Rutherford said. "I do have a concern about how our neighborhoods look and feel."

Councilman John Roberts wants something done, especially when it comes to those brown lawns, the tell-tale sign of a foreclosed or vacant home.

"It really sends a horrific message to the community when they start seeing different lawns turn brown in their neighborhood," Roberts said at a council meeting. "It has the effect of reducing the value of the neighborhood."

As the person faced with pressing people to keep their property appearance up, Ted Porlas, the city's code enforcement manager, said, "Folks are angry and they want someone to be angry at."

But there is only so much the city's eight code enforcement officers can do.

It's not practical to go out and inspect every foreclosed home. Currently, officers respond only to complaints, but at the same time do check nearby homes and neighborhoods out of fairness, Porlas said.

In addition, many foreclosed homes are taken over by large companies, making the problem more difficult, he said.

"It really isn't effective to prosecute a corporation criminally for a brown lawn," he said.

Facing the same issue, Murrieta in Southwest Riverside County is considering a law to impose civil penalties on homeowners, including banks and other financial institutions, that do not maintain the homes they are trying to sell. The council is set to take up the law this month.

Back in Fontana, code enforcement has about 1,200 active cases, with less than 5 percent from foreclosed homes, Porlas said

But the numbers are rising. "The numbers are ratcheting up, surely," he said.

"Staff talks about it more often these days," Porlas said. "Certainly, more than the same period last year."

'We Haven't Seen the Last'

Shelbie Gatten, 26, lives next door to a vacant house in Sierra Lakes. Trash litters its yard. A broken basketball hoop teeters in the driveway.

"It is not just this one," she said. "We see plenty. It would be nice if they at least would keep it up. I don't know how they expect to sell it."

Kevin Parhm's girlfriend bought into Sierra Lakes about a year ago. As he took a break recently from washing a car at her home, Parhm, 38, a Rancho Cucamonga-based loan officer, said the housing crisis will only get worse.

"If you had a pulse, you could get a loan," Parhm said, pointing to house after house on the street that is now vacant.

"All areas have been hit hard, especially the new development," he said. "Until the market bottoms out, it is not going to change. We haven't seen the last."

To be sure, much of Sierra Lakes remains an idyllic place. Children play in the streets. Mothers take their children for afternoon strolls. Golfers tee off on the community's lush course. Even the foreclosed homes, despite seeing better days, are not yet falling down.

There are fewer foreclosures on Delta Woodall's street in Sierra Lakes. It was one of the areas first built. She reminds friends who live in other cities that the northern end of Fontana is a pleasant place to have a home.

Even with the foreclosures on the rise, it's less noticeable on her street.

"It still is upheld," she said of the neighborhood.

Still, even Woodall, 34, is worried. Her son has a friend in the neighborhood whose family home went into foreclosure. And she bought her home 2½ years ago and has "a bad loan and our payment just went up," she said.

"It is a fear if you bought at the peak," Woodall said at the possibility of a foreclosure. "It is a scary thought."

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