

HOUSE No. 02131

The Commonwealth of Massachusetts

PRESENTED BY:

Benjamin Swan and

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying bill:

An Act relative to reducing damage caused by the current foreclosure crisis in the historic districts of Massachusetts.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
<i>Benjamin Swan</i>	<i>11th Hampden</i>
<i>William N. Brownsberger</i>	<i>24th Middlesex</i>
<i>Gloria L. Fox</i>	<i>7th Suffolk</i>
<i>Denise Provost</i>	<i>27th Middlesex</i>

HOUSE No. 02131

By Representatives Mr. Swan of Springfield and Ms. Coakley-Rivera, a petition (accompanied by bill, House, No. 2131) of Provost and others relative to foreclosures in the historic districts of Massachusetts Joint Committee on Housing.

The Commonwealth of Massachusetts

In the Year Two Thousand Eleven

An Act relative to reducing damage caused by the current foreclosure crisis in the historic districts of Massachusetts.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 Be it enacted by the Senate and House of Representatives in General Court assembled, and by
2 the authority of the same, as follows:

3 WHEREAS, the many Massachusetts urban neighborhoods recognized as Historic Districts in
4 Massachusetts were successful middle class communities when they were initially developed;
5 and

6 WHEREAS, after World War II residents and homeowners in many of these Historic District
7 communities were victimized by red-lining by banking institutions and racial steering by some
8 unscrupulous real estate agents, and real estate values in the community were depressed, causing
9 housing abandonment and demolition of many historic homes; and

10 WHEREAS, in response to this decline residents worked many years to protect these Historic
11 Districts from destruction and to obtain recognition of the communities value as Historic
12 Districts; and

13 WHEREAS, since designation as Historic Districts homeowners and citizens in the officially
14 recognized Historic Districts in Massachusetts have worked successfully to encourage families to
15 stay in and move to the community and to invest in restoration of the historic homes there; and

16 WHEREAS, as a result of the investments and other efforts of many new and old residents and
17 homeowners in the Historic Districts the community's real estate values stabilized and increased
18 in relation to other communities within cities, and these Districts have come to be seen as assets
19 the their larger urban communities; but then

20 WHEREAS, since 2007 the increase of foreclosures in the said Historic Districts in
21 Massachusetts have increased as a result of the large number of so-called "Sub-prime" mortgage
22 loans made in the course of the past several years were defaulted on by buyers abused by
23 unscrupulous banks and lending companies; and

24 WHEREAS, these foreclosures have resulted in a large number of real estate auctions within the
25 said District, while at the same time conditions in the lending market have been disrupted
26 resulting in a reduced number of families being able to access financing for home purchase; and

27 WHEREAS, credible studies and reports have documented that the large number of foreclosures
28 and auctions in the said Historic Districts have resulted in reduced sales prices and an increase in
29 the number of vacant and vandalized houses, and have undermined the value of all houses in the
30 District and made financing for purchase and restoration of the historic homes in Historic District
31 impossible to access for most families;

32 WHEREAS, many new foreclosure auctions are planned by banks and their agents and these
33 market conditions show every indication of continuing for the foreseeable future;

34 THEREFORE, the time has arrived for the Massachusetts Legislature to provide the Historic
35 District Communities and the Cities and Towns of Massachusetts with the tools to protect and
36 build on the many accomplishments of the decades following recognition of these Districts as
37 official Historic Districts, without damaging the legitimate interests of banks and other financial
38 institutions which have invested in mortgages and other financial interests related to real estate
39 within the said Historic District:

40 SECTION 1. Creation of a Historic District Stabilization Committee shall be authorized by this
41 legislation, such Committee to be made up of residents of the area, homeowners, interested real
42 estate brokers, community - based organizations based in the District including the Historic
43 District Community Development Corporation, if any, construction professionals working in the
44 area, and local banking professionals with interests in the District.

45

46 Formation of such Committee shall take place upon petition of any Chapter 40(f) community
47 development corporation active within the said historic district to the Secretary of State of the
48 Commonwealth, or if no such organization exists, petition of any non-profit corporation active
49 within the said Historic District having among its corporate purpose housing development or
50 community improvement. Such organization shall be authorized to initiate formation of a
51 Stabilization Committee as a Chapter 180 non-profit corporation, which shall have board of not
52 less than seven members including representation including real estate brokers with a history or
53 work within the historic district, bankers and mortgage professionals with a history or work

54 within the historic district, homeowner counseling agencies with a history or work within the
55 historic district, homeowners residing in the historic district, non-homeowner residents residing
56 within the historic districts, and contractors with a history or work within the historic district.
57 Subsequent to the initial organization of the committee permanent professional representatives
58 shall be elected by members of the groups they represent who have agreed to work with the
59 Stabilization Committee program. This shall take place within one year after formation of the
60 Committee.

61 SECTION 2. The said Historic District Stabilization Committee shall be authorized, by this
62 legislation, commencing upon the effective date of the passage of this bill, to acquire by eminent
63 domain any real estate or real estate related property interest including mortgages, tax obligation,
64 assignments of mortgages, or any other interest relating to any real estate mortgage in default
65 within the community in consideration of fair market value as determined by certified
66 Massachusetts Real Estate Appraisers, and shall be authorized to pay for these interests with
67 proceeds of eventual sales of the said property interests.

68 SECTION 3. The said Historic District Stabilization Committee shall be required to carry out a
69 methodical study of the Historic District Community and real estate market in cooperation with
70 the Planning Department of the City in which the District is situated, the Regional Planning
71 Commission, and certified Massachusetts Real Estate Appraisers, to measure the economic
72 capacity of likely home buyers and the Historic District , and to use the data developed by the
73 said study to establish a Community Appraisal Framework setting forth the probable future value
74 of real estate within the Historic District Community.

75 SECTION 4. The said Historic District Stabilization Committee shall be required to work with
76 residents on each street within the District and City officials to carry out an inventory of all
77 properties impacted by default of bank or tax obligations, and a.) shall refer all property occupied
78 by homeowners or former homeowners to mortgage counseling agencies to determined whether
79 these families can feasibly service new mortgage financing set at not more than the fair market
80 value of the based on the Community Appraisal Framework at market interest rates, b.) Assume
81 management of all occupied properties and determine if the current tenants can afford to remain
82 in the said properties and whether such continued occupancy is feasible in the context of the
83 condition of the occupied properties, c.) Assume management of all vacant properties and if
84 possible repair these properties so that they can be kept occupied by caretakers or tenants, as
85 determined by the Committee, and not depress or otherwise damage the value or livability of
86 adjoining and nearby houses, and d.) Restore all vacant and damaged houses to livability and
87 marketability at all times carrying out all work in accordance with the Secretary of the Interior's
88 Standards for Rehabilitation as set by the U.S. Department of the Interior, and e.) Take all other
89 measures as determined by the Committee to best preserve and enhance value of property within
90 the Historic District and the health and welfare of Historic District residents.

91 SECTION 5. The said Historic District Stabilization Committee shall be required to market all
92 properties and interests acquired in accord with the Community Appraisal Framework created as
93 mandated herein, and shall establish mechanisms to create and maintain a Housing Center to
94 work with all real estate professionals and community agencies to carry out this task so as to best
95 preserve and enhance value of property within the Historic District and the health and welfare of
96 Historic District residents. Proceeds of all sales shall be used to compensate all sellers of real
97 estate interests for their property, less appropriate expenses of sales and management.

98 SECTION 6. In the event that any community is eligible for designation as an historic district
99 under the criteria set forth in the National Historic Preservation Act of 1966, but is not now so
100 designated officially, that community may be entitled to the protections of this Act upon petition
101 of 51% of the property owners of such community and filing of such signatures with the
102 Historical Commission of their respective municipality, or with the City or Town Clerk if no
103 Historical Commission exists. In the event such an election is made, continuation of all
104 protections provided herein shall be conditional on formal creation of a local historic district as
105 defined by Chapter 40C of the Massachusetts General Laws within 180 days of such election.

106 SECTION 7. The provisions of this legislation are intended to protect Historic Districts
107 victimized by the present foreclosure crisis. Therefore all protections provided herein shall be
108 restricted to those Historic Districts included within the Stabilization Target Areas as defined by
109 the U.S. Department of Housing and Urban Development based on number/percent of
110 foreclosures, subprime mortgages and mortgage defaults and delinquencies, as adopted in
111 conjunction with the Neighborhood Stabilization Program in 2008 and thereafter.

112 SECTION 8. The said Historic District Stabilization Committee shall be required to utilize the
113 services of local residents to the maximum degree feasible for all restoration, management, and
114 marketing services.

115 SECTION 9. The said Historic District Stabilization Committee shall be authorized to hire
116 personnel, make contracts, issue debentures as it deems needed to finance its activities, and take
117 any other action as needed to carry out the above purposes.

118 GENERAL PROVISIONS: Due to the fact that this Act addresses emergency situations in
119 communities, its provisions shall take effect upon passage.