

**HOUSE . . . . . No. 1141**

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**The Commonwealth of Massachusetts**

PRESENTED BY:

***Benjamin Swan***

*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 adoption 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:	DATE ADDED:
<i>Benjamin Swan</i>	<i>11th Hampden</i>	<i>1/13/2015</i>
<i>David Gaby</i>	<i>Western Mass COSH 640 Page Boulevard Springfield, MA 01104</i>	<i>1/13/2015</i>
<i>Gloria L. Fox</i>	<i>7th Suffolk</i>	<i>9/12/2019</i>
<i>Mary S. Keefe</i>	<i>15th Worcester</i>	<i>9/12/2019</i>

**HOUSE . . . . . No. 1141**

By Mr. Swan of Springfield, a petition (accompanied by bill, House, No. 1141) of Benjamin Swan and others relative to foreclosures in the historic districts of the Commonwealth. Housing.

[SIMILAR MATTER FILED IN PREVIOUS SESSION  
SEE HOUSE, NO. 1161 OF 2013-2014.]

**The Commonwealth of Massachusetts**

**In the One Hundred and Eighty-Ninth General Court  
(2015-2016)**

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

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

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

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

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

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

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

27           WHEREAS, credible studies and reports have documented that the large number of  
28 foreclosures and auctions in the said Historic Districts have resulted in reduced sales prices and  
29 an increase in the number of vacant and vandalized houses, and have undermined the value of all

30 houses in the District and made financing for purchase and restoration of the historic homes in  
31 Historic District impossible to access for most families;

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

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

40 SECTION 1. Creation of a Historic District Stabilization Committee shall be authorized  
41 by this legislation, such Committee to be made up of residents of the area, homeowners,  
42 interested real estate brokers, community - based organizations based in the District including the  
43 Historic District Community Development Corporation, if any, construction professionals  
44 working in the 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)  
47 community development corporation active within the said historic district to the Secretary of  
48 State of the Commonwealth, or if no such organization exists, petition of any non-profit  
49 corporation active within the said Historic District having among its corporate purpose housing  
50 development or community improvement. Such organization shall be authorized to initiate  
51 formation of a Stabilization Committee as a Chapter 180 non-profit corporation, which shall

52 have board of not less than seven members including representation including real estate brokers  
53 with a history or work within the historic district, bankers and mortgage professionals with a  
54 history or work within the historic district, homeowner counseling agencies with a history or  
55 work within the historic district, homeowners residing in the historic district, non-homeowner  
56 residents residing within the historic districts, and contractors with a history or work within the  
57 historic district. Subsequent to the initial organization of the committee permanent professional  
58 representatives shall be elected by members of the groups they represent who have agreed to  
59 work with the Stabilization Committee program. This shall take place within one year after  
60 formation of the Committee.

61 SECTION 2. The said Historic District Stabilization Committee shall be authorized, by  
62 this legislation, commencing upon the effective date of the passage of this bill, to acquire by  
63 eminent domain any real estate or real estate related property interest including mortgages, tax  
64 obligation, assignments of mortgages, or any other interest relating to any real estate mortgage in  
65 default 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  
69 out a methodical study of the Historic District Community and real estate market in cooperation  
70 with 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  
76 with 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  
92 market all properties and interests acquired in accord with the Community Appraisal Framework  
93 created as mandated herein, and shall establish mechanisms to create and maintain a Housing  
94 Center to work with all real estate professionals and community agencies to carry out this task so  
95 as to best preserve and enhance value of property within the Historic District and the health and  
96 welfare of Historic District residents. Proceeds of all sales shall be used to compensate all sellers  
97 of real 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  
99 district under the criteria set forth in the National Historic Preservation Act of 1966, but is not  
100 now so designated officially, that community may be entitled to the protections of this Act upon  
101 petition 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  
113 utilize the services of local residents to the maximum degree feasible for all restoration,  
114 management, and marketing services.

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

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