HOUSE DOCKET, NO. 2176 FILED ON: 1/20/2011

HOUSE . . . . . No. 2131

The Commonwealth of Massachusetts

PRESENTED BY:

Benjamin Swan and Cheryl A. Coakley-Rivera

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:
Benjamin Swan	*11th Hampden*
William N. Brownsberger	
Gloria L. Fox	*7th Suffolk*
Denise Provost	*27th Middlesex*

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HOUSE . . . . . No. 2131

By Representatives Swan of Springfield and Coakley-Rivera of Springfield, a petition (accompanied by bill, House, No. 2131) of Benjamin Swan, Cheryl A. Coakley-Rivera and others relative to foreclosures in the historic districts of Massachusetts. 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:

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

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

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

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

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

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

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

WHEREAS, credible studies and reports have documented that the large number of foreclosures and auctions in the said Historic Districts have resulted in reduced sales prices and an increase in the number of vacant and vandalized houses, and have undermined the value of all houses in the District and made financing for purchase and restoration of the historic homes in 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.

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

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