HOUSE DOCKET, NO. 1121 FILED ON: 1/15/2019

HOUSE . . . . . No. 1327

The Commonwealth of Massachusetts

PRESENTED BY:

Bud L. Williams

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:
Bud L. Williams	*11th Hampden*	*1/15/2019*
Mindy Domb	*3rd Hampshire*	*2/1/2019*
Carlos González	*10th Hampden*	*1/22/2019*
David Allen Robertson	*19th Middlesex*	*2/1/2019*
José F. Tosado	*9th Hampden*	*1/16/2019*
Chynah Tyler	*7th Suffolk*	*1/31/2019*

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HOUSE . . . . . No. 1327

By Mr. Williams of Springfield, a petition (accompanied by bill, House, No. 1327) of Bud L. Williams and others relative to reducing damage caused by the current foreclosure crisis in the historic districts of the Commonwealth. Housing.

The Commonwealth of Massachusetts

In the One Hundred and Ninety-First General Court
(2019-2020)

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;

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

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

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

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

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

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

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

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

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

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

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

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