

Massachusetts Alliance Against Predatory Lending

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AN ACT RELATIVE TO VACANT, FORECLOSING AND FORECLOSED PROPERTY IN THE COMMONWEALTH

Senate Docket 1572, Main Sponsor: Senator L'Italien
House Docket 2826, Main Sponsors: Representative Frank Moran

What Does This Bill Do?

This bill defines additional municipal options of a registration and security program and a refundable cash bond program to address sanitary code challenges created vacant, foreclosing, and foreclosed properties. These model along existing programs and provide a means for any city and town to adopt these programs without the need to create from scratch the registration and security program provides municipalities that adopt this program with a process for requiring owners of vacant, foreclosing, and foreclosed properties to register with the municipality and provide a registration fee that will allow the municipality to properly contact and address code violations in these properties. It also defines the responsible administrator in the municipality and provides clear expectations of the maintenance of liability insurance on the property, posting of a responsible party to contact if the property needs attention, ensures that the health and safety of occupants in these properties will be protected through proper maintenance of the properties, requires notification to the municipality when these properties are vacant, and provides a standard for inspection and compliance by the property owner.

In addition, if the municipal parties so chooses further information related to the fire protection and floor plan for instance for a large building can be provided for the protection of fire personnel should there be a fire. It requires the party to responsible for a vacant, foreclosing, or foreclosed property to secure the property as needed and to obtain a certificate of compliance with these and similar provisions.

Second, it provides for the creation of a refundable cash bond program for an amount to be set by the municipality. The bond will only be used to meet necessary sanitary codes provisions should the owner of the property not fulfill their legal obligations. It provides that the responsible party will be notified of any needs to maintain the property and should they not respond timely that the municipality can draw down on the refundable cash bond and if necessary lien the property or take other enforcement actions.

Other Bills Filed include:

Facilitating Alternatives to Foreclosure, Preventing Unnecessary Vacancies of Foreclosed Homes, Foreclosure Review Division of Superior Court and more

How Will the Municipal Options to Enforce Sanitary Code in Vacant, Foreclosing and Foreclosed Properties work?

This legislation provides a description of explicit municipal programs to address the sanitary code impacts of vacant, foreclosing, and foreclosed properties upon municipalities. These specifically designed programs supplement but do not replace the existing municipal powers to specify and extend sanitary code provisions for the health and safety of residents of municipalities as per traditional municipal police powers.

Specifically, this bill identifies a version of vacant, foreclosing, and foreclosed properties registration and securitization programs that exist in some communities. It provides detail and specifications to facilitate the ease of municipalities instituting such a program. It also provides similarly for a refundable cash bond program to address the expenses presently being imposed upon municipalities beyond their budgetary capacity to ensure code compliance by owners of properties that are vacant, foreclosing or foreclosed. This money is necessary to make affordable municipal action where the owner is neglecting their legal obligation to maintain and repair residential property that is vacant, where foreclosure has started or after foreclosure while owned by the foreclosing entity.

Why Do We Need this Act to Define Additional Municipal Options for Code Enforcement?

These programs are critically important because of the municipal impacts of vacant properties or properties that are in foreclosure. Traditionally, cities and towns have had to bear the costs of maintaining such properties for the safety of surrounding residents and property owners through their existing resources. With the vast expansion of

vacant properties in Massachusetts, for instance between 2000 and 2010 there was a 72% increase in vacant residential (non seasonal rental) properties in Massachusetts. This remarkable increase in vacant residential properties has continued since that report. Studies show that municipalities can spend [quote _____ and some of the other studies] per residential property.

While the standard enforcement actions for municipalities was to lien such properties for the monies when they must spend money to maintain or repair them to meet basic safety standards, this strategy has become a significant and sometimes prohibitive cost to municipalities as they wait for recompense through a lien on the property.

Registration has turned out to be a critical element even for liening properties because the ownership of such properties especially in foreclosure or post foreclosure is often legally clouded; properly identifying the responsible party consumes significant municipal resources. A registration program provides this basic piece of information for municipalities that need to lien such properties. However, given the significant increase in such properties the delay in waiting for payment created by liening has also turned out to be prohibitive. Worcester that imposed the first refundable cash bond has found it to be incredibly successful both in deterring the abandonment of ownership duties to repair and in maintaining such properties. With many times more properties in transition and distress, it ensures sufficient municipal resources in its code enforcement division to inspect and maintain properties that otherwise can literally become life threatening. Many of these properties still have occupants where the owner is unreachable or has not continued to meet the legal requirements to ensure sanitary code compliance. And even if the properties are empty those without bonds they have literally started to collapse endangering surrounding residents and passersby.

Properties that are vacant and not properly secured and maintained create havens for criminal activities and dangerous public health situations such as increase in mosquito populations and rodents.

Will this Bill cost or save the Commonwealth money?

Neglected and Vacant properties cost everyone; this Bill costs the Commonwealth nothing and will save municipalities millions in outlaid monies which they cannot afford to wait to have repaid. One foreclosed home has a devastating ripple effect on surrounding home values (In Boston alone, one vacated foreclosure costs neighbors, residents and the City itself from \$190 thousand to \$1.072 million). Well maintained properties will protect our housing market, neighborhoods and municipalities to weather this period with the least long-term deterioration and negative economic impact.

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MAAPL MEMBERS/SUPPORTING ORGANIZATIONS: *Action for Boston Community Development, Inc., Action for Regional Equity, Alliance of Providers of Legal Services to Individuals Facing Foreclosure, ARISE for Social Justice, Arlington Community Trabajando, Boston Tenants Coalition, Brazilian Women's Group, Brockton Interfaith Community, Carpenters Local 40, Carpenters Local 107, Charles Hamilton Houston Institute For Race & Justice, Chelsea Collaborative, Chinese Progressive Association, City Life/Vida Urbana, Coalition for Social Justice, Community Economic Development Ctr of S.E. MA, Community Labor United, Democratic Socialists of America, Dorchester People for Peace, Era Key Realty Services, ESAC, Fair Housing Center of Greater Boston, Greater Boston Legal Services, Greater Four Corners Action Coalition, Green-Rainbow Party of MA, Harvard Legal Aid Bureau, Homeowner Options for MA Elders, Jewish Alliance for Law and Social Action, Lawrence Community Works, Lawyers' Committee for Civil Rights Under Law, Lynn United for Change, Legal Assistance Corporation of Central Mass, Mass Advocates for Children, Mass AFL-CIO, Mass Coalition for the Homeless, Mass Community Action Network, Massachusetts Fair Housing Center, Mass Jobs With Justice, Mass Law Reform Institute, Mass Welfare Rights Union, Merrimack Valley Labor Council, NAACP N.E. Area Council, National Community Reinvestment Coalition, National Consumer Law Center, National Lawyers Guild, Neighbor-to-Neighbor, Neighborhood Legal Services, New England United for Justice, North Shore Labor Council, Oiste?, Organization for a New Equality, Painters District Council 35, Pleasant St. Neighborhood Network Center, Southbridge Community Connections, Springfield No One Leaves Coalition, Survivors Inc., Tri-City Community Action Program, UE Northeast Region, Union of Minority Neighborhoods, United Auto Workers Mass CAP, United Food & Commercial Workers 1445, United For a Fair Economy, United Steel Workers Local 5696, Volunteer Lawyers Project, Worcester Anti-Foreclosure Team.*