

Renewing Massachusetts Neighborhoods

*The Attorney General's Office
Abandoned Housing Initiative*



BI-ANNUAL REPORT
APRIL 1, 2019

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MISSION STATEMENT:

Ensuring safer neighborhoods through blight reduction and the creation of safe, habitable homes.



THE ATTORNEY GENERAL'S ABANDONED HOUSING INITIATIVE

Vacant and abandoned properties can have a dramatic impact on the neighborhoods around them. They present real **safety concerns** that pose dangers to our communities. They **tax the resources** of our fire and police departments. Vacant and abandoned properties **bring down property values of surrounding areas** and represent lost dollars for cities and towns in the form of unpaid property taxes.

The **Abandoned Housing Initiative** (AHI for short) is a **statewide initiative** within the Attorney General's Office created to help cities and towns battle the issues that arise from vacant and abandoned houses.

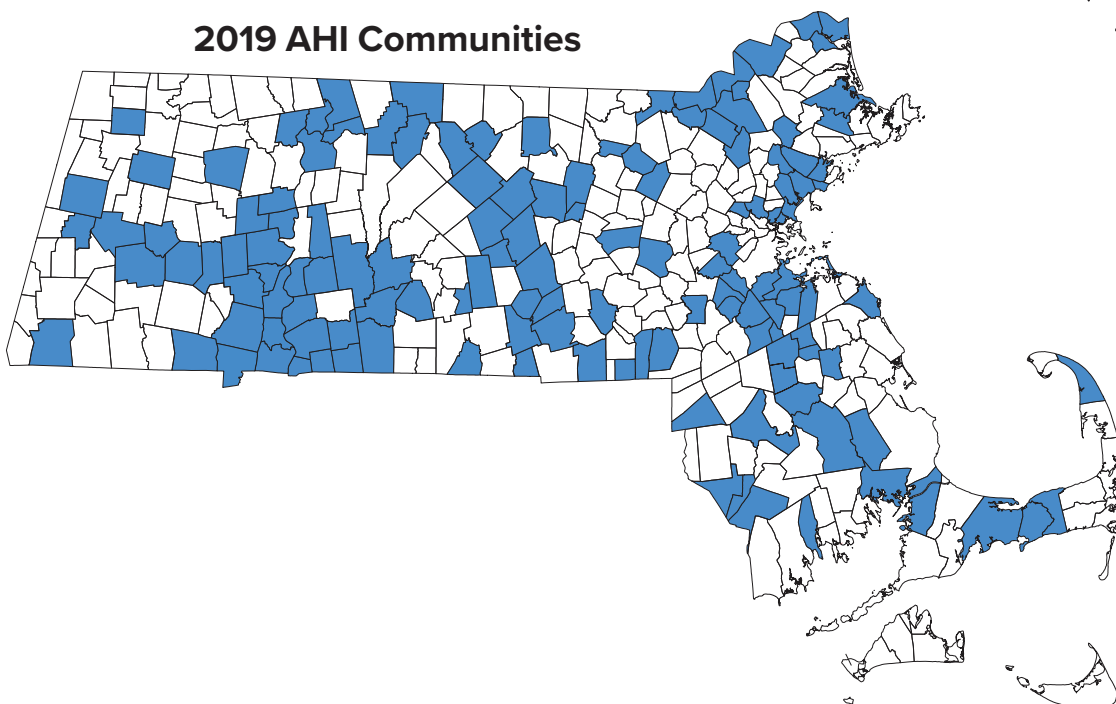
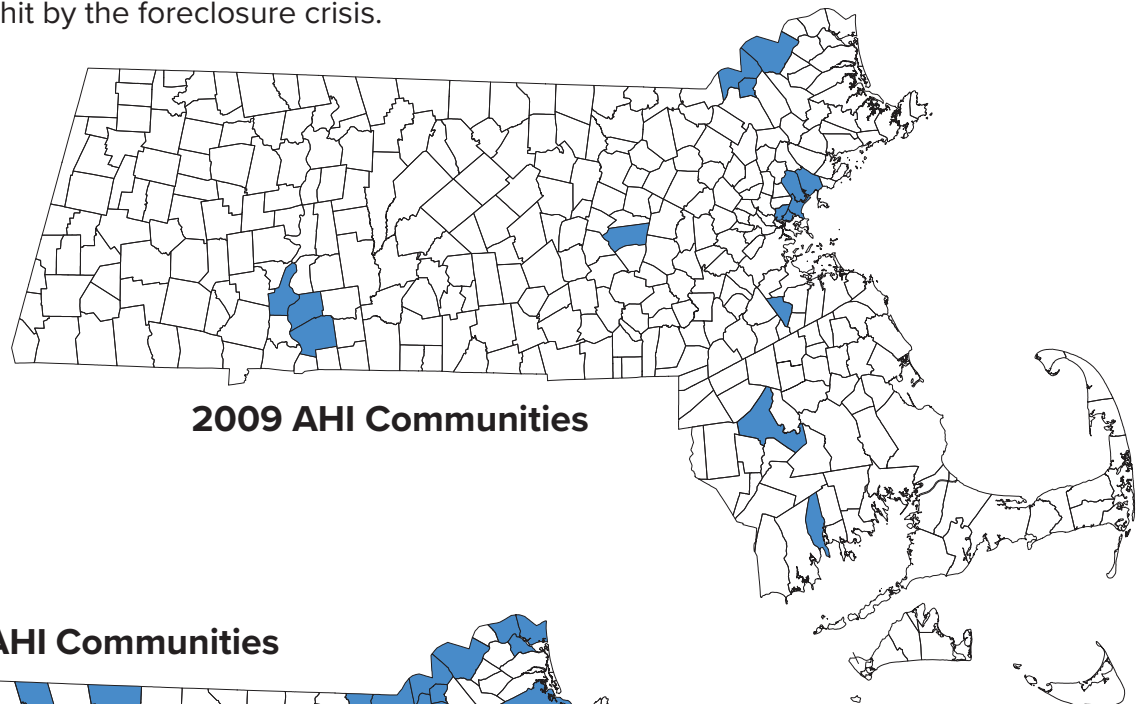
Our mission is to ensure safer neighborhoods through blight reduction and the creation of safe, habitable homes. As of January 1, 2019, AHI is working with **140** cities and towns across the state. We are working to address more than **300** properties in urban, suburban, and rural communities. AHI uses a combination of techniques that range from working with property owners to litigation.

Our goal is to improve vacant, residential properties in poor condition so that they meet health and safety requirements. Using this toolkit we have seen hundreds of properties made livable again.

HISTORY OF THE ABANDONED HOUSING INITIATIVE

AHI originated in 1995 as the Abandoned Housing Task Force. The Task Force formed in association with the Attorney General's Safe Neighborhoods Initiative in Fields Corner, Dorchester. Using the newly enacted receivership statute, the Attorney General's Office launched pilot projects to address abandoned properties in Boston and Springfield, consulting with both cities. Working together, they focused on vacant properties that no one was caring for or maintaining. Volunteers from across the Attorney General's Office staffed the Task Force, working on abandoned housing issues in addition to their regular caseload.

In 2008, the foreclosure crisis overwhelmed the nation and led to a dramatic increase in the number of abandoned properties. The Attorney General's Office responded. The Abandoned Housing Task Force evolved into AHI and became a more focused effort based in the Office's Trial Division. In 2009, the Federal Neighborhood Stabilization Program, provided a \$235,000 grant to AHI. The grant allowed the Attorney General's Office to expand its efforts into many of the areas hardest hit by the foreclosure crisis.



In 2011, the federal grant expired. Still facing large numbers of abandoned and vacant properties, the Attorney General's Office dedicated its own funds to further expand AHI. The federal grant funds had required AHI to work within certain census tracts, limiting the number of cities and towns that AHI could work in. Once those restrictions were removed, AHI began expanding into communities across the Commonwealth. Since January 2014, AHI has added 88 new municipal partnerships. As of January 1, 2019, AHI is working with 140 cities and towns, representing more than a 150% increase over that time.

AHI's partnerships with cities and towns across the Commonwealth have led to a significant number of properties returned to livable conditions. Since 2014, AHI has filed more than 340 petitions for the appointment of a receiver. In 2017-2018, AHI's efforts led to 364 successful results. AHI's efforts during this time also led to the recovery of nearly \$1 million in unpaid property taxes.

ABANDONED HOUSING INITIATIVE

How does AHI work?

AHI uses the enforcement authority of the State Sanitary Code to turn blighted, vacant, and abandoned homes around. Working in close partnership with cities and towns, the Attorney General's Office seeks out owners of abandoned residential properties. AHI encourages owners to repair their properties and make them secure. If owners refuse, then AHI attorneys can ask a court to appoint a receiver to bring the property up to code, making it safe to live in once again.

What is a receiver?

A receiver is a person or organization appointed by a court to care for a property. A receiver will visit a property, evaluate its condition, and make a recommendation to the court on the best course of action. In many cases, the receiver will recommend making repairs to the house. In those cases, the owner may pay for the repairs after they are completed, or the property may be sold to pay for the cost of the repairs. In other cases, the receiver may recommend other actions to make the property safe. In a receivership, the receiver pays for the costs of the repairs and recovers his or her costs at the end of the receivership. The court monitors and approves all of the receiver's activities. The owner never loses title to the property during the receivership and only risks a change in ownership if the receiver is not paid at the conclusion of repairs.

Success!

In 2017-2018, AHI saw a number of successful receiverships.

AHI SUCCESSES 2017-2018



Before

385 Reed Street, New Bedford

Vacant since at least 2015, when the owner died, this single family house had fallen into serious disrepair. The ceiling was collapsing in areas, numerous windows were broken, and it was believed there was deteriorating asbestos in the house.

In the Fall of 2016, the Attorney General's Office sought the appointment of a receiver. The court appointed Excalibur Property Management/Joseph Carvalho. Despite having failed to take care of the property before it was put in receivership, the mortgage company for the property kept breaking in to the property over the course of the receivership, delaying the completion of the repairs. The court found the mortgage company to be in contempt of court and ordered it to pay some of the attorneys fees and costs for the Attorney General's Office and the receiver. The receiver then completed the rehabilitation of the property and it was sold to a new buyer in late 2018.



After





8 Dalton Street, Wilbraham

This single-family property in Wilbraham was full of trash, both inside and out, and did not have working utilities. The conditions at the property led the Town to condemn it in the fall of 2016. The property was also more than \$40,000 behind on its taxes. In addition, the town ended up spending its own funds to clean up the trash outside as a safety precaution. The property was also broken into frequently. At the time that AHI visited the property with the Town's building commissioner, someone had gotten in through a window and was inside the house.

The Attorney General's Office requested the court appoint a receiver. The court appointed TM Properties, Inc. on December 20, 2016. The work was completed by mid-October 2017. The property was listed for sale by the receiver and sold on November 1, 2017. When the property was sold, the receiver paid over \$43,000 in back taxes to the Town of Wilbraham. In addition, approximately \$6,000 was returned to the former owner's family.



92-94 Ward Street, Worcester

This three-family house in Worcester was frequently broken into and contained drug paraphernalia. The City condemned the property in July 2015. It was missing pipes, wiring, and appliances when AHI first inspected the property with the City.

The Attorney General's Office petitioned the court for the appointment of a receiver. The court appointed Nedryd, LLC in January 2016. The receiver made repairs to the entire structure. Once the property became habitable, the receiver rented out all of the units ensuring that the property would not be broken into again.. The receivership was completed and the property sold at auction in late 2017.



AHI Successes 2017-2018

122 Norwich Circle, Medford

The City of Medford contacted AHI regarding an unsecured property in which the owner had recently passed away. Not only was the home in an unsanitary condition, but the deceased owner possessed, and even manufactured, a large cache of guns and ammunition. Compounding this urgency, the City knew of no heirs or relatives to contact.

Within 24 hours, AHI successfully petitioned the Somerville District Court for the emergency appointment of a receiver. The receiver secured the property against unlawful entry. The receiver also coordinated with Medford Police for the safe removal and storage of all weapons and ammunition.

Later in the process, heirs to the estate were located. The heirs were then able to assume the remaining clean-out of the property. The property has since been sold.



Courtesy of "The Buliung Group Realty" / Interior design to "MB Buliung Designs"



Courtesy of "The Buliung Group Realty" / Interior design to "MB Buliung Designs"

GRANT PROGRAMS

In 2012, the Attorney General's Office entered into a nationwide settlement with the largest mortgage servicers in the country regarding improper foreclosure practices. The settlement returned millions of dollars to Massachusetts consumers and also provided money to the Commonwealth to address issues remaining from the foreclosure crisis. AHI used those funds to launch multiple grant programs providing assistance to repair abandoned and vacant properties across the Commonwealth.

AHI Receivership Fund

Unpaid taxes, high-interest construction loans, and razor-thin margins can make receivership projects unworkable. Since June 2013, the AHI Receivership Fund has provided crucial financial help to receivership projects on challenging abandoned residential properties across Massachusetts.

The AHI Receivership Fund serves as a revolving loan fund for receivers. On projects where the costs of the repairs make the project unworkable, a portion of the loan can be forgiven, allowing the project to go forward. Created with an initial funding of \$2 million in 2013, four grantees distributed the funds to receivership projects in their geographic regions. An additional \$2 million in funds were allocated to the program for the 2015-2017 grant period.

Since 2013, the AHI Receivership Fund has assisted with financing the rehabilitation of 88 severely blighted properties. The repaired properties now contain 181 housing units that would have remained uninhabitable due to significant financial obstacles. Because of the revolving nature of the loans, the \$4 million program was able to fund \$7.80 million in property rehabilitation efforts.

In 2018, the AHI Receivership Fund was renewed with an additional \$1.25 million in funding. It is anticipated that grantees to administer the program will be announced in early 2019.

88

Severely Blighted Properties

181

Housing Units

\$4.0 Million = \$7.8 Million

in programmatic funding

in property rehabilitation efforts

PRESERVING A HISTORIC HOME

Howland House, New Bedford

The AHI Receivership Fund provided a \$110,000 loan and a \$15,000 grant to support a major renovation of the historic Howland House in New Bedford. The property was built in 1834 in the Federal/Greek Revival style for the wealthy Howland family.

Following a major fire in 2005 and five years of vacancy, the Waterfront Historic Area League (WHALE) saved the property from demolition and began a multi-phase restoration effort.



To complete the project, WHALE partnered with the AGO, the City of New Bedford, and several other public and private entities to secure the necessary funding and construction expertise. Non-profit developer TRI, Inc. managed the construction and purchased the property after completion. The restoration created eight new apartments — five of which are designated as affordable housing, one that is wheelchair accessible, and one adapted for people with hearing impairments. In December 2017, Howland House had a grand opening to celebrate its restoration.

REVIVING A COMMUNITY HAZARD



214 East Street, Clinton

The single-family house at 214 East Street in Clinton was struck by fire in 2016. The fire caused a hole in the roof, which allowed weather and animals to enter the property and sped up the deterioration of the property. The house also had a large amount of trash and debris both inside and out, including vehicles and hazardous materials. The community surrounding the house was significantly impacted by the poor condition of the property.



In March 2017, the Attorney General's Office sought the appointment of a receiver to repair the property. The court appointed R.C. Rheault Construction as the receiver. With a loan from the AHI Receivership Fund of just over \$127,000, the receiver removed all of the trash from the property, repaired the roof and other damage, and made the house a place where someone can, once again, live. The receiver completed his work in the summer of 2018 and the house is expected to be occupied soon.



Strategic Demolition Fund

Some properties are not viable for receivership or other forms of rehabilitation. With no means of dealing with these properties, they can continue to deteriorate and pose hazards to communities. Cities and towns across the Commonwealth have sought to demolish these properties, but the cost can be prohibitive.

Beginning in 2015, the Attorney General's Office made \$500,000 available to fund strategic demolitions across Massachusetts. To qualify for a strategic demolition grant, applicants needed to show an urgent need for demolition. The proposal also needed to provide a plan for the future use of the land, focusing on an end-use beneficial to the entire community. To help assure the success of the program, applicants had to commit or secure additional funds to pay for part of the demolition or the reconstruction. In 2018, the Attorney General's Office committed an additional \$250,000 to continue the Strategic Demolition Fund through 2019.

Library Commons, Holyoke

Way Finders, a community development corporation in Western Massachusetts, applied for demolition funds to assist with the development of Library Commons in downtown Holyoke. Across the street from the newly-renovated Holyoke Public Library, Library Commons is just blocks from an elementary school and the YMCA. This ambitious project will result in the creation of 47 apartments, 39 of which will be affordable housing units. Using a \$50,000 grant from the Strategic Demolition Fund, Way Finders demolished two vacant buildings. It will now restore two existing buildings and construct another to complete the project.



432 Washington Street, Haverhill

Sitting vacant since 1998, the St. George's Church experienced a severe lack of maintenance and accelerated deterioration which made the structure unsalvageable. Using a \$50,000 Strategic Demolition Grant, Bread and Roses Housing, a non-profit Community Housing Development Organization, will demolish the building. In its place, Bread and Roses will construct 10 affordable, owner-occupied housing units. Construction is expected to begin in mid-2018 with a targeted move-in date for new owners in summer 2019.



1911 Main Street, Athol

Vacant for several years, the house located at 1911 Main Street in Athol was deteriorating rapidly. More pressing, however, the house itself was blocking the view of emergency vehicles as they exited the hospital next door and entered oncoming traffic. As part of its efforts to improve medical access in this underserved area and to improve safety around the hospital, the Town of Athol sought assistance from the Attorney General's Office through its grant program. Using a grant of \$11,500 from the Strategic Demolition Fund, the Town demolished the dilapidated house, improving critical sightlines for emergency vehicles and making the entire area safer for the community.

Ambulance view pre-demolition



Post-demolition view to the hospital.



TECH Grant

In November, 2018, the Attorney General's Office announced the Technology to Enrich Community Housing – or TECH – Grant. The TECH Grant is designed to assist cities and towns in the purchase or licensing of advanced code enforcement software. Through the use of newer, more advanced technology, the Attorney General's Office believes that cities and towns will be better able to identify problem properties and provide a more comprehensive approach to improving those properties. By taking advantage of newer software programs, cities and towns will have the tools to address problem properties more quickly, minimizing their harmful effects on the neighborhoods around them. For properties that a city or town struggle to get repaired, improved technology will also make it easier to work together with the Attorney General's Office on receivership cases.

Distressed Properties Identification and Revitalization Grant

The Attorney General's Office established the Distressed Properties Identification and Revitalization Grant to assist cities and towns in preventing foreclosed upon properties from becoming dangerous and blighted. In 2013, the Attorney General's Office awarded over \$1 million dollars as well as training to assist 22 cities and towns in identifying properties owned by banks and financial institutions. The cities and towns would then work with the banks toward returning the properties to productive use. For properties where an immediate sale was unlikely, cities and towns worked with the banks to make sure the properties were safe and secure.

Between 2013-2015, 649 bank-owned properties were returned to productive use in the participating cities and towns. In 2016, the grant was renewed for an additional two years and an additional \$1 million. At the conclusion of the grant, more than 900 bank-owned properties had returned to productive use in the following cities and towns.

Adams	Holyoke
Ashburnham	Lawrence
Athol	Leominster
Barnstable	Lowell
Brockton	Lynn
Chicopee	Montague
Fall River	New Bedford
Fitchburg	North Adams
Greenfield	Orange
Haverhill	Springfield

If you are interested in learning more about how AHI may be able to help your community, please contact us at abandonedhousing@mass.gov. Or, call us at (617) 727-2200 and ask for Abandoned Housing.



AHI Team on Liberty Street, New Bedford in July 2015



Members of the AHI Team at Howland House grand reopening in December 2017



Howland House ribbon cutting in December 2017



AHI Team on Lincoln Street, Worcester in March 2017



Members of the AHI Team, mid-renovation July 2017



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