



# Redeveloping Neighborhoods and Revitalizing Housing Markets: A Tale of Two Cities

## New Bedford, MA

Rita Farrell, MA Housing Partnership  
Michael Galasso, The Resource, Inc.

## Baltimore, MD

Julie Day, Baltimore Housing  
Michael Braverman, Baltimore Housing

# Addressing Blight and Abandonment in New Bedford, MA

Reclaiming Vacant Properties  
Conference

June 21, 2012



# About the Massachusetts Housing Partnership

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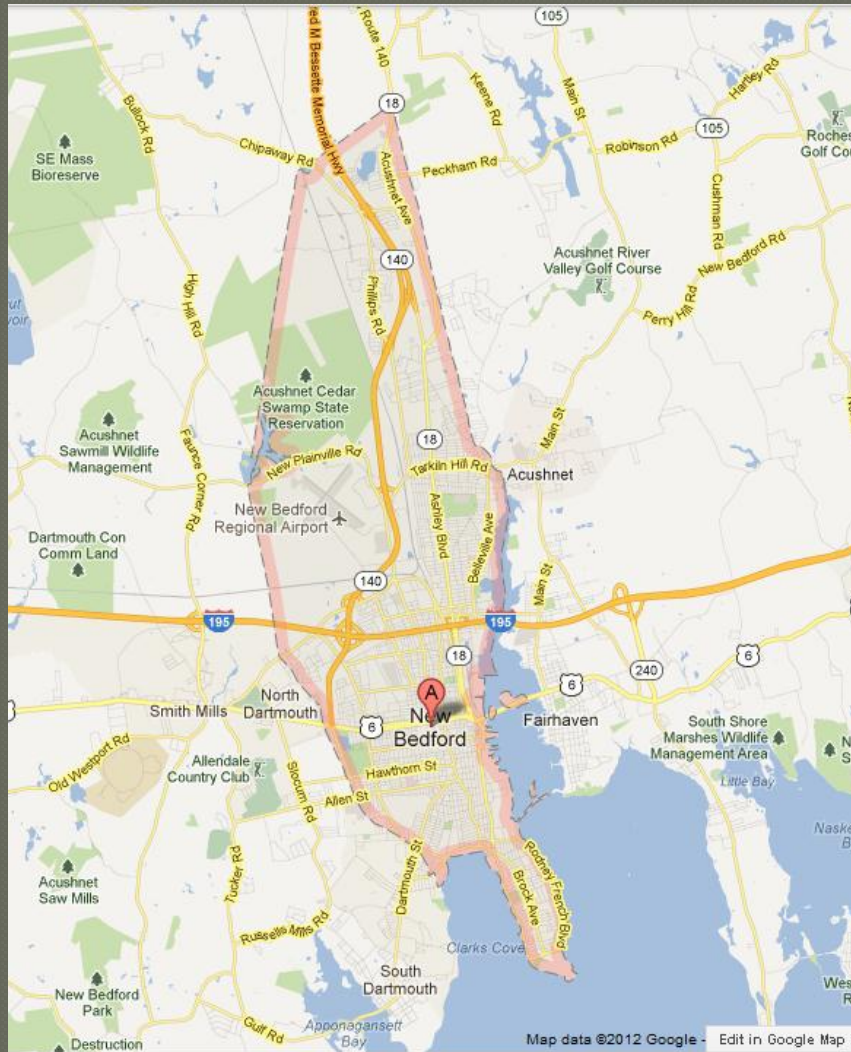
- Quasi-public affordable housing agency
- Lender for affordable rental developments
- Soft Second Mortgage Program
- **Community Housing Initiatives**
  - Technical Assistance to Municipalities, Non-profits and Housing Authorities
  - Workshops, Publications & Web Resources
  - Receivership Initiative



# New Bedford



# New Bedford





# New Bedford/Baltimore

2010 US Census	NEW BEDFORD	Baltimore
Total Population	95,072	620,961
Total Housing Units	43,029	296,615
Occupied Housing Units	38,729 / 90%	238,392 / 80.4%
Vacant Housing Units	4,300 / 10%	58,223 / 19.6%
Owner-occupied Housing Units	17,096 / 44.1%	118,655 / 49.8%
Renter-occupied Housing Units	21,633 / 55.9%	119,737 / 50.2%
Median Value Owner-Occupied Single Family Home	\$244,900	\$160,400
Median Household Income	\$31,616	\$39,386
% of Households Below Poverty	22.2%	21.3%
Unemployment	38.2%	37.8%

# New Bedford/Baltimore

2010 US Census	NEW BEDFORD	Baltimore
Total Population	95,072	620,961
Total Housing Units	43,029	296,615
1-unit, detached	12,733 / 29.7%	42,705 / 14.4%
1-unit, attached	2,030 / 4.7%	155,175 / 52.3%
2 units	7,716 / 17.9%	17,098 / 5.8%
3 or 4 units	12,142 / 28.2%	17,624 / 5.9%
5 or more units	8,368 / 19.4%	63,573 / 21.4%
Age of Housing Stock		
Built 1939 or earlier	59%	40.3%

# Housing Stock

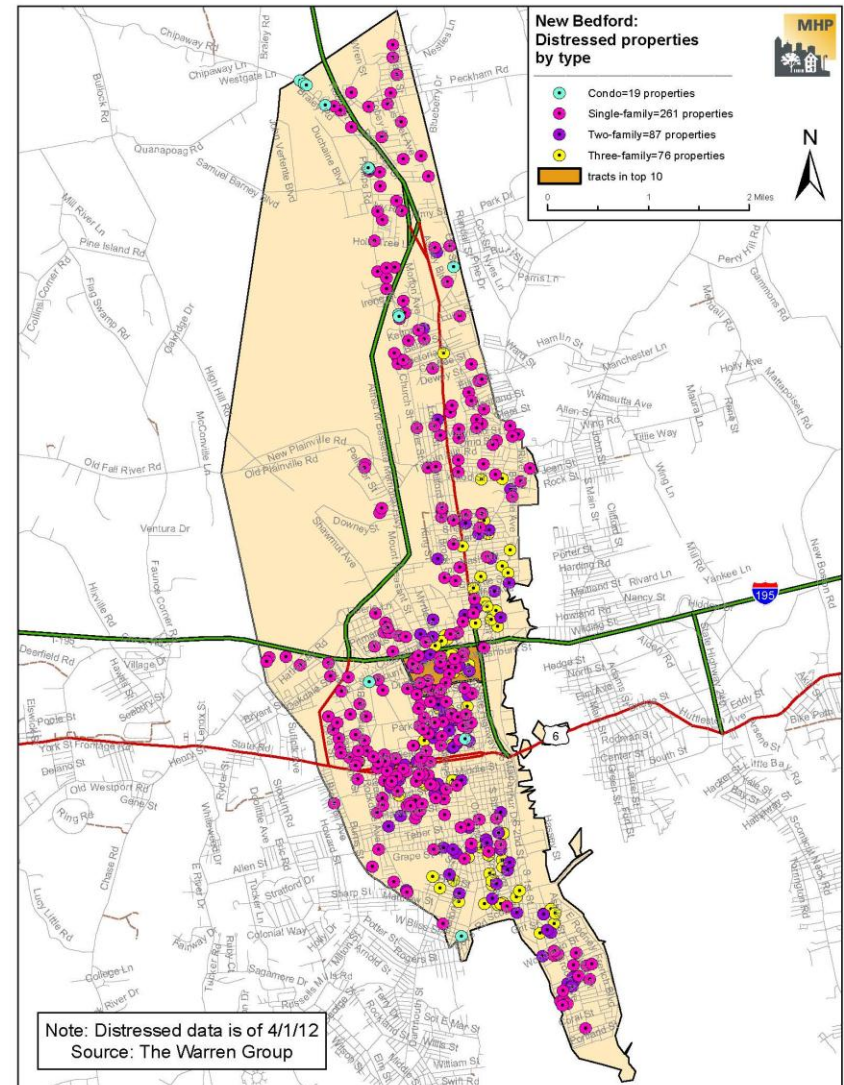
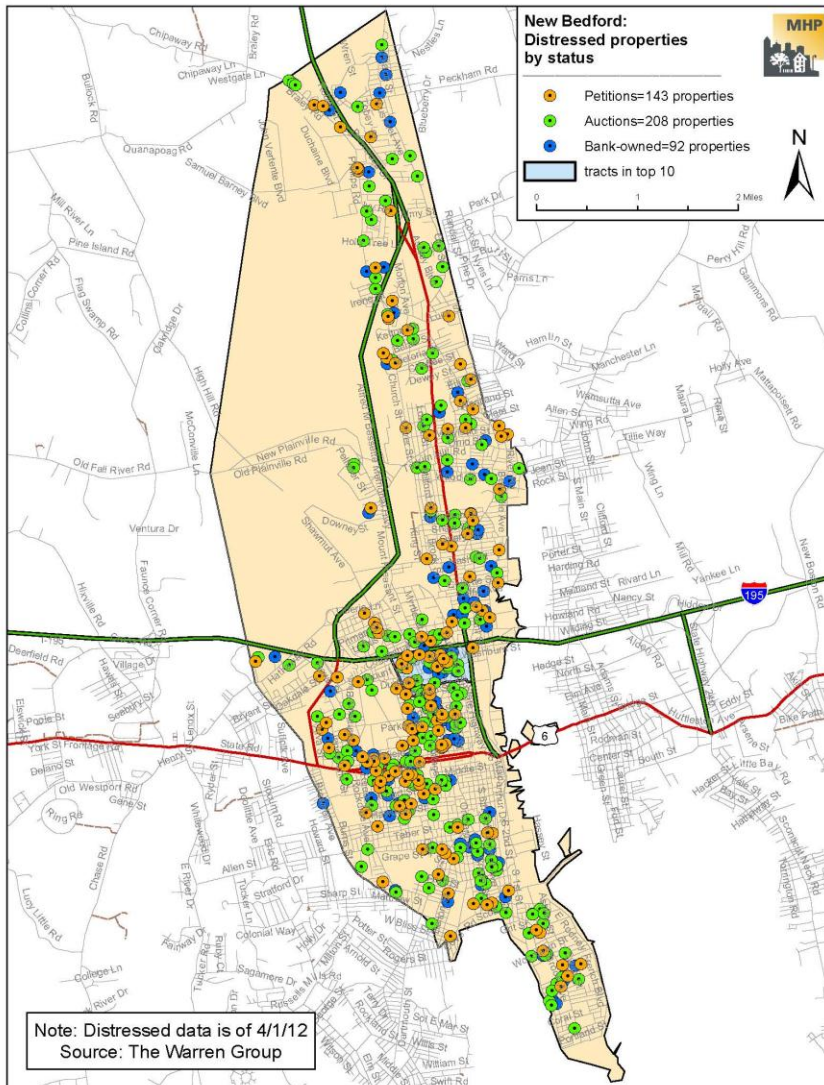




# Housing Stock



# New Bedford



# New Bedford

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## ● Outline of New Bedford's issues

- Age of housing stock
- Minimal public transportation
- Unemployment
- Foreclosures
- Declining values
- Declining income



# Strategies & tools to address foreclosures & blight

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- ◉ Acquisition and redevelopment
- ◉ Demolition
- ◉ Targeted code enforcement
- ◉ Vacant properties registration
- ◉ Prevention and abatement of nuisances ordinance
- ◉ RECEIVERSHIP

# What is Receivership?

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Legal tool to gain temporary control of property whose owner has violated the state sanitary code and whose property poses health and safety hazards

# Key Provisions in Statute

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- Provides for the property to be placed under the control of a judicially supervised receiver who has the power to collect rents, make repairs, and when necessary to borrow money.
- Provides a mechanism to cover costs by allowing the receivership to have a priority lien on the property



# Neighborhood Stabilization



Why is receivership being used as a neighborhood stabilization tool?

- Owners of occupied & unoccupied properties have walked away
- Property conditions a threat to tenants & neighborhoods
- Soft market but demand for affordable, safe and code compliant housing still high

# Attorney General's Abandoned Housing Initiative

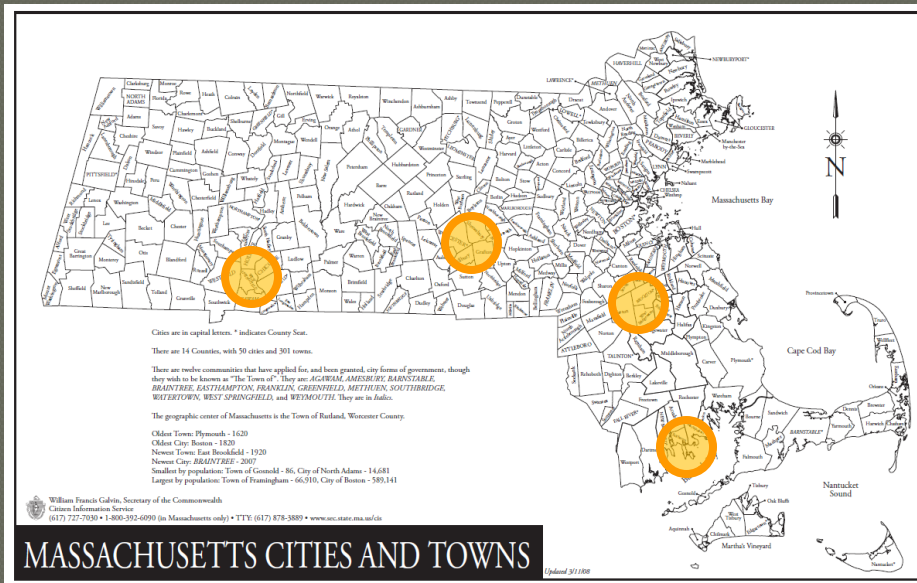
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- City identifies problem properties
- Code officials et al seek out owner to correct deficiencies
- No response- contact with AGO staff to pursue owner
- Assess suitability for receivership
- Pursue appointment of a receiver at housing court

# MHP Receivership Initiative: Four City Pilot

**Springfield      Worcester**  
**New Bedford      Brockton**

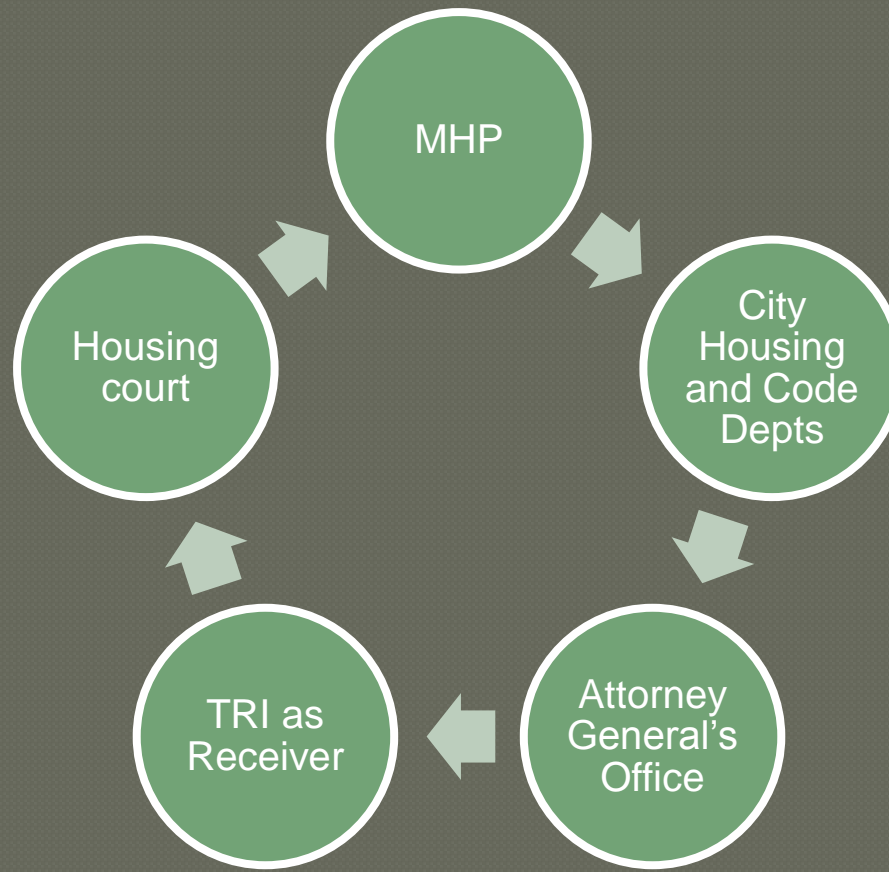
- Trainings & receivership handbook
- Funding for municipal staff
- Work housing courts
- Loan programs for receivers
- Collaboration with Attorney General's office





# Collaborative Approach

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# The Resource Inc. - TRI

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- Non-profit housing and community development consulting and development
- Founded in 1994
- CDBG administrator for southeastern MA communities
- Receiver and developer in cities of New Bedford and Brockton

# The Resource Inc. - TRI

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- TRI's role in New Bedford
  - Organizes and manages interdepartmental meetings
    - Code enforcement
    - Building inspection
    - Police and Fire
    - CDBG/Community Development Office
    - Board of Health
    - Mayor's Office
    - Attorney General's Office
  - Worked to identify candidates for receivership together



# Receivership as a Strategy

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- What does receivership do for a community?
- Deliberate focus on targeted neighborhoods
  - NSP designated
  - Stronger market
  - Nearby amenities – parks, commercial areas
- Combined receivership with other resources
  - Park clean up
  - Sidewalks
  - Lighting

# Receivership First Steps

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- ◉ Identify need
- ◉ Political support
- ◉ Assemble team
- ◉ Identify properties
- ◉ Documentation
- ◉ Reports



# Receivership Process

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- ◉ Identify buildings
- ◉ Contact owners / lien holders
- ◉ Demand building be brought up to code
- ◉ Action / non-action
- ◉ Go to Housing Court
- ◉ HC appoints receiver
- ◉ Receiver brings building up to code
- ◉ Exit strategy

# Receivership In Action



245 Purchase Street



# Responsibilities of a Receiver

- Qualifications
- Need to have a business plan
- Accounting
- Insurance / bonding

COMMONWEALTH OF MASSACHUSETTS  
BRISTOL, SS. HOUSING COURT DEPARTMENT  
SOUTHEAST DIVISION  
CIVIL ACTION NO. 11H83CV00136NB

ATTORNEY GENERAL  
COMMONWEALTH OF MASSACHUSETTS,  
Petitioner,

v.

JOSEPH P. FORTES,  
Respondent.

**RECEIVER'S MOTION  
FOR APPROVAL OF PROPOSED BUDGET.**


NOW COMES the Receiver, The Resource, Inc. for Community and Economic Development, a Massachusetts non-profit corporation, and hereby moves this Honorable Court to approve the Receiver's Proposed Budget. The Receiver seeks approval of a budget in the amount of Five Hundred Seven Thousand Six Hundred Twenty-Five (\$507,625.00) Dollars for the rehabilitation construction on the property located at 245 Purchase Street, New Bedford, Massachusetts ("Property").

In support hereof, the Receiver states that the Property is an unoccupied two-family dwelling unit owned by Respondent, Joseph P. Fortes. Carrington Mortgage Services, LLC, is the servicer of a mortgage on the Property that was issued by New Century Mortgage Corporation. The Property is a multi-family dwelling unit located in the South Central neighborhood of New Bedford. The property is abandoned and vacant and the Respondent has failed to manage and maintain the Property in compliance with relevant State Sanitary Code, State Building Code, State laws and regulations. Further, the Property has numerous long-

# Developing the Renovation Plan

- Work write-up
- Budgets
- Court approvals
- Financing the rehab work
- Sources of financing
- Local Bank involvement
- HOME/ NSP
- Perfecting your lien

**JOHN A. SAARI LLC.**  
HOUSING REHABILITATION CONSULTANT  
CONSTRUCTION MANAGER  
Phone: 508-274-1813/Fax: 508-548-4445/Email: [jasaari@verizon.net](mailto:jasaari@verizon.net)  
HOUSING REHABILITATION PROJECT WORK WRITE – UP



Prepared by: John A. Saari  
Date: June 24, 2011  
Project # TRINB10-03  
Location of Proposed Work: 245 Purchase Street New Bedford, MA

**General:**

A. Contractors are responsible for verification of field conditions, measurements and quantities. Permits and permit fees and inspection fees are to be included in all bids. The costs of providing all labor and all materials shall be included in all bids. All completed work shall meet Section 2 of the State Sanitary Code, all requirements of the State Building Code and the Local Building Department. Additionally, the Contractors shall conform to the requirements of the Federal and State Lead Paint laws; all bidding Contractors have been provided with written copies of the Lead Paint Inspection Reports illustrating the scope of the de-leading work.

B. The General Contractors and their Sub- Contractors are required to provide T.R.I copies of the appropriate Licenses, and Liability and Workmen's Compensation certificates naming TRI and its Lenders as additional Insured.

I have listed below the scope of work required for the two (2) unit structure located at 245 Purchase Street. It is to be understood by the bidding Contractors that this list is to be utilized as an outline of the Scope of Work and a guide for job costing. All the work when completed, whether stated or implied, shall comply with the requirements of Paragraph A. All questions and clarifications related to the work shall be presented in writing via e-mail to John A. Saari at [jasaari@verizon.net](mailto:jasaari@verizon.net). All questions must be submitted and received 3 business days prior to the bid date. My contact phone number is (508) 274-1813.

**Basement:**

**A. General Labor/ Masonry:**

1. The Contractor shall remove all wood partitions, all trash, all work benches etc. and properly dispose of the debris.
2. The Contractor shall clean and then patch all granite/masonry foundation walls (interior and exterior), sealing all cracks and penetrations with non-shrinking grout.

**B. Plumbing & Heating:**

1. In the basements the Plumbing Contractor is to remove three (3) abandoned boilers, three (3) abandoned water heaters and the abandoned oil storage tanks; all abandoned piping shall also be removed from the basement.

# Completion: What now?

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- ◉ Direct sale to buyer upon Court approval
- ◉ Set auction, hire auctioneer
- ◉ Foreclose on lien
- ◉ Final reporting to Court
- ◉ Receivership dismissed

# Challenges

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- ◉ Finding qualified receivers
- ◉ Debt and subsidy financing
- ◉ Property condition & soft market: Cost of necessary rehab > value
- ◉ Emergency nature of the process
- ◉ Stressed code enforcement department



# Meeting the Challenges

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- ◉ Training receivers
- ◉ Securing public & private resources e.g. CDBG, AG settlement \$, bank financing
- ◉ Be selective about target properties and confirm exit strategy
- ◉ Leadership to insure coordination amongst municipal departments

# Receivership Results



Before



After

205 Summer Street

# Receivership Results



89 Purchase Street



# Receivership Results

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Before



After

122 – 124 South Sixth Street



# Contact Us

## RITA FARRELL

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Massachusetts Housing  
Partnership  
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## MICHAEL GALASSO

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michael@theresource.org  
508-696-3285

# VACANTS to VALUE

Stephanie Rawlings-Blake, Mayor



**Michael Braverman**  
Deputy Commissioner, Permits and Code Enforcement

**Julie Day**  
Deputy Commissioner, Land Resources





# Baltimore Housing Statistics

Open Violation Notices as of June 1, 2012	28,316
Vacant Building Notices as of June 1, 2012	15,856
Citations Issued, FY '11	60,408
Calls for Service (311), FY '11	71,644
City-owned Properties as of June 1, 2012	7,129
Buildings	2,964
Lots	4,255
V2V Booster Incentives Awarded as of June 1, 2012	50





# Baltimore City's Vacancy Challenge

- Fifty years of population and job loss has devastated the housing market in many of the City's lowest income neighborhoods.
- Baltimore City is plagued by decades of property abandonment resulting in 16,000 vacant and boarded buildings.
- The majority of Baltimore's boarded structures - approximately 11,000 - are highly concentrated in severely distressed areas. Unfortunately, there is insufficient development demand in those areas to support wholesale rehabilitation in the foreseeable future.
  - A limited number of emerging markets can be identified within distressed areas. With resource intensive assistance from code enforcement, these emerging markets can support the rehabilitation of 700-1000 vacant properties.
- The remainder of the abandoned properties - approximately 5,000 - are scattered throughout mostly transitional neighborhoods. These areas have otherwise healthy housing markets that could support the rehabilitation of these vacants.





## Baltimore's Challenge: 16,000 Vacant Properties

**63%** (10,000 Vacants)

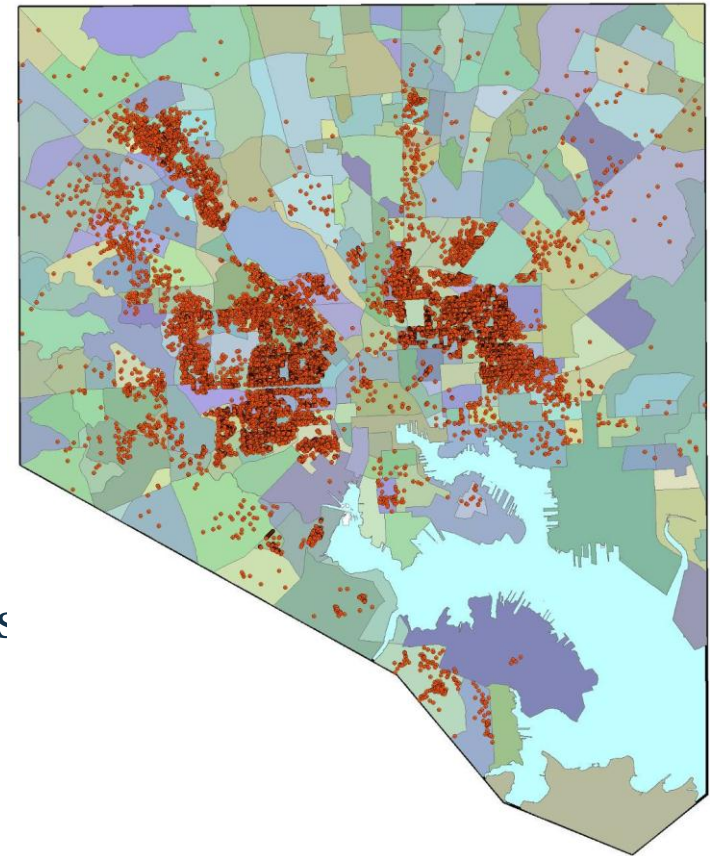
Located in Distressed Markets without  
Development Demand

**31%** (5,000 Vacants)

Located in Middle Markets

**6%** (1,000 Vacants)

Located in Distressed Markets Near Areas  
of Strength





# The Vacants to Value Approach

Vacants to Value is a new initiative which utilizes the private market to maximize the repair and rehabilitation of blighted properties. Vacants to Value uses different strategies on different blocks depending on the housing market:

**STRATEGY 1: STREAMLINE THE DISPOSITION  
PROCESS**

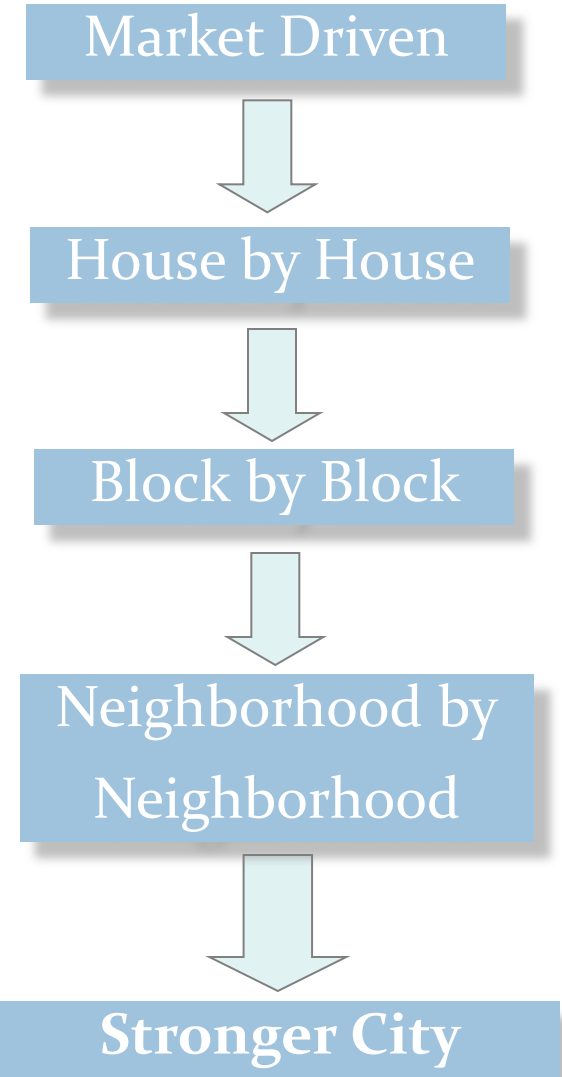
**STRATEGY 2: STREAMLINE CODE ENFORCEMENT  
ON TRANSITIONAL BLOCKS**

**STRATEGY 3: FACILITATE INVESTMENT IN  
EMERGING MARKETS NEAR AREAS OF  
STRENGTH**

**STRATEGY 4: TARGETED INCENTIVES**

**STRATEGY 5: SUPPORT LARGE-SCALE  
DEVELOPMENT IN DISTRESSED AREAS**

**STRATEGY 6: MAINTAIN, CLEAR, HOLD AND  
IDENTIFY NON-HOUSING USES**





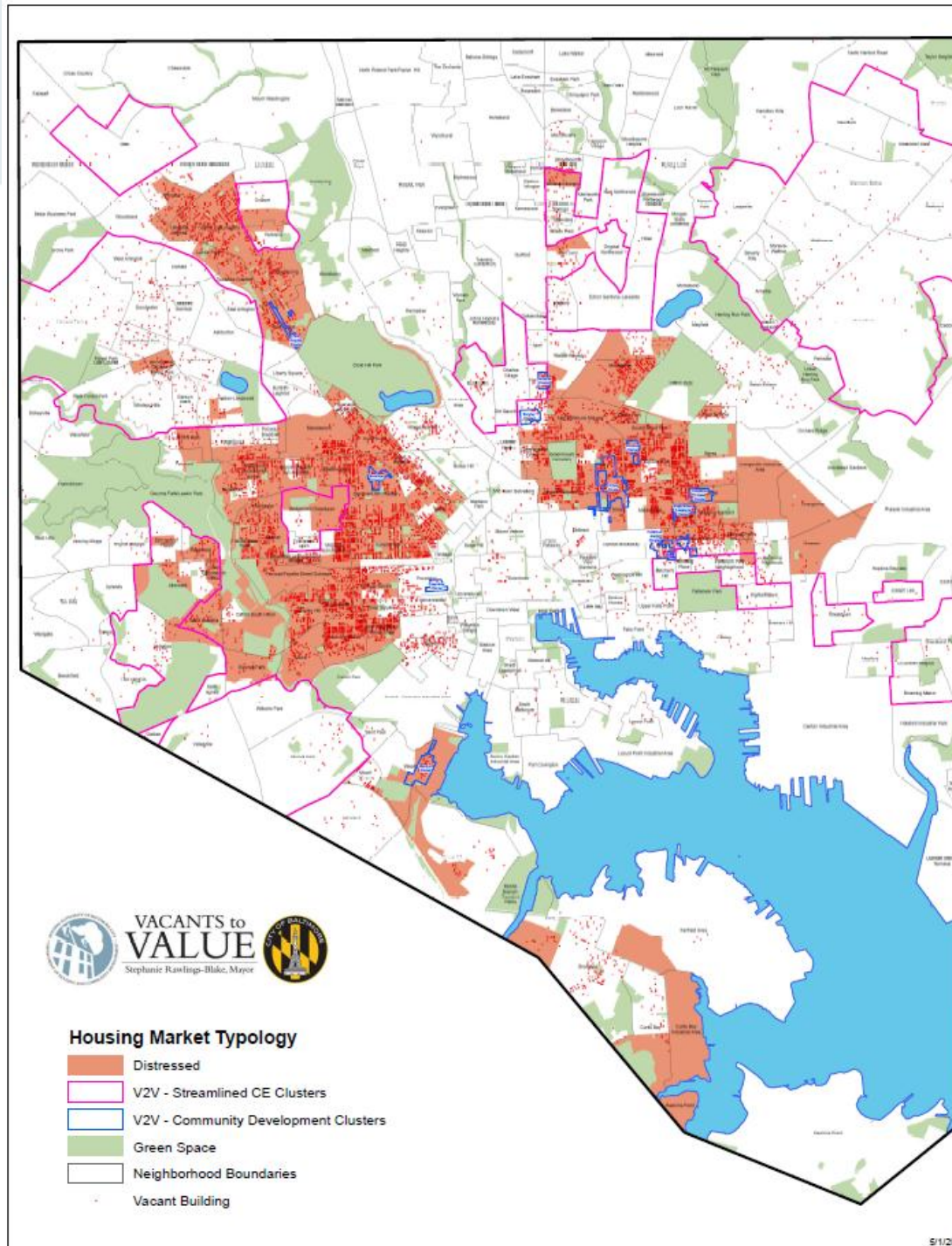
## Streamlining the Disposition Process

- Update antiquated and expensive processes
  - New property valuation policy
- Reduce land transaction times
  - Remove stumbling blocks to settlement
- Enhance marketing strategies for city-owned property
  - Hire in-house marketing agents
  - Develop web tool to easily search city portfolio
  - Conduct routine marketing events in the community
- Enhance & identify non-housing land use alternatives
  - Adopt-a-lot program enhancements
  - Create side yard policy



**BALTIMORE  
HOUSING**  
Building A Better Tomorrow, Today.

## V2V Target Areas







## Community Development Clusters

Where developers have the means to rehabilitate every vacant house on a strategically selected block, they can effectively restart a housing market. Using their expansive toolkit, Code Enforcement attorneys can require every owner of vacant property on a block to either rehabilitate or sell to someone who can. When necessary, attorneys can force the auction of vacant properties that cannot be rehabilitated or sold because they are truly abandoned or “upside down.” As long as there is at least one capitalized developer, the block will be rehabilitated.

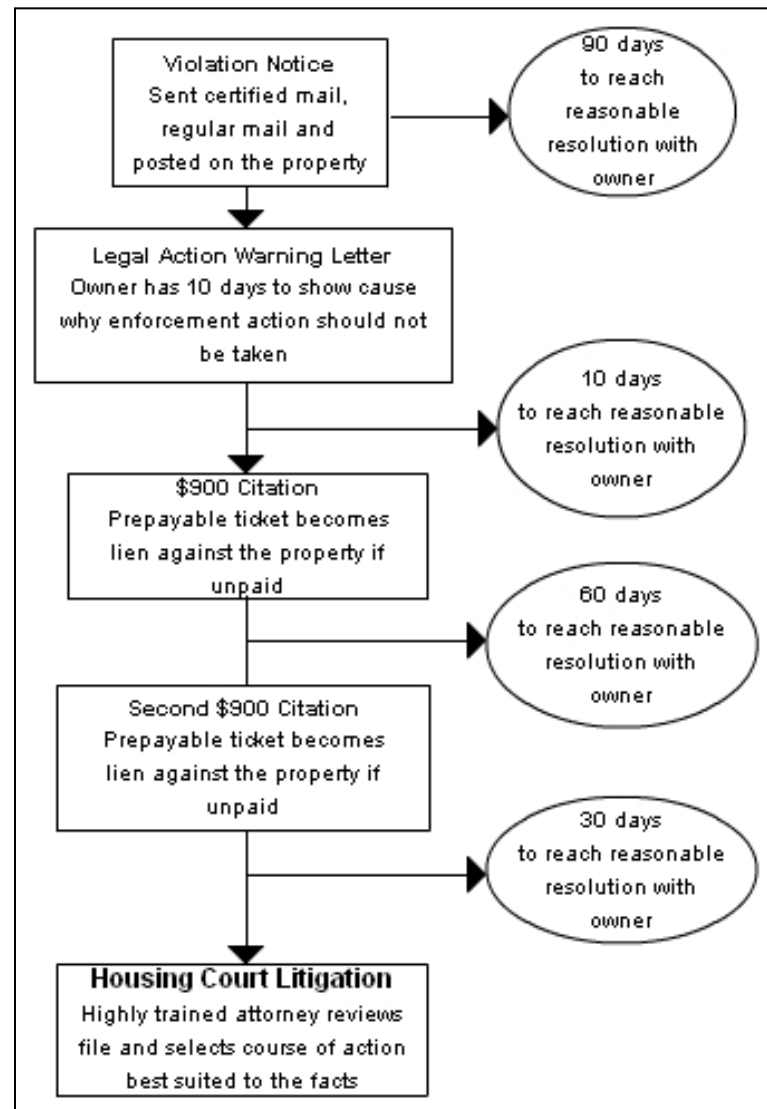
This strategy does not rely on tax-payer subsidies to create value nor in general does it rely on costly and time consuming municipal acquisition and disposition strategies as a precursor to rehabilitation.



# Streamlining Code Enforcement

## The Code Enforcement Timeline

New tools and business processes have been programmed into code enforcement's automated business systems.

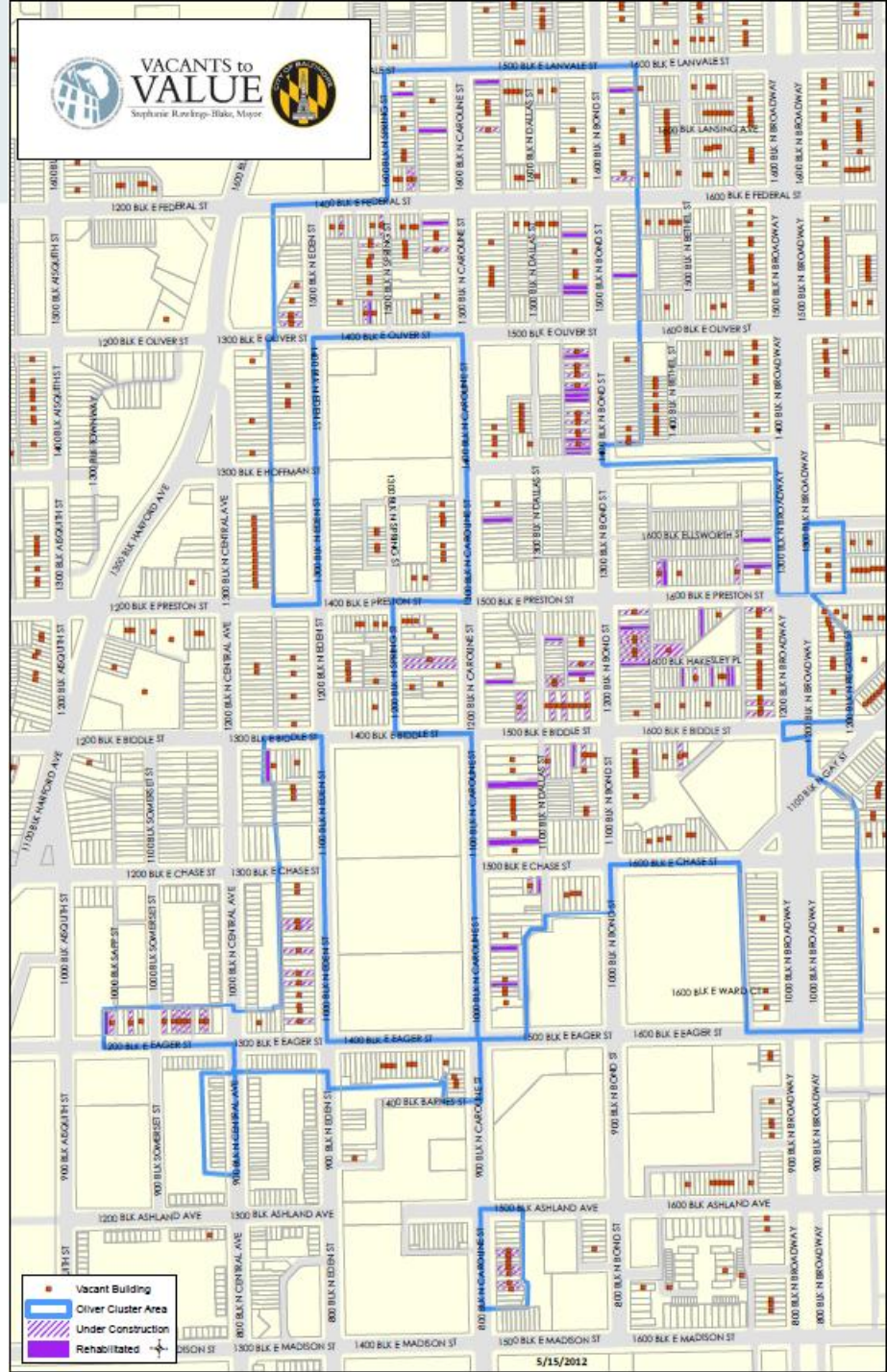




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## Mapping Outcomes





# Using Data to Manage and Measure Success

## FOCUS AREAS - Emerging Market Phase: CDC\_1 (Report Name: V2V-Focus Area-CDC)

Focus Areas	Start-Up Metrics			Current Status		Activity										Legal		Permits, Revenue and Investments Leveraged					City Demo	
	# of Properties in Focus Area	Vacant on Start Date	Publicly owned Vacants	# currently vacant	vacants currently Publicly Owned	Not previously Vacant Added since start date	Abated VBN since start date	Cancelled VBN since start date ( Owner Change)	VBN Not Yet Re Issue	# Citations issued for Fail to abate VBN	# Citations Mailed (VBN )	# Citations issued for Failing to abate Int/Ext Notice	# Citations Mailed (Int/E xt)	# Cancel (all other)	Re Issue New Owner	Vacant Notice Cases Filed	Itemized Notice Cases Filed	Permit Issue During Phase VBN	Permit Not Expire VBN	Permit Revenue	Est Cost of Work	Private Dollars Leveraged	Targeted	Completed
500 blk Castle St	94	25	0	25	0	4	5	6	0	0	0	0	0	6	6	6	0	4	4	\$9,311.00	\$635,100.00	\$350,000.00	0	0
Barday	304	48	22	34	0	5	24	6	0	0	0	0	0	2	2	5	0	16	9	\$56,653.00	\$5,760,885.00	\$1,680,000.00	0	0
Chase Street	347	21	1	17	0	5	6	4	0	0	0	0	0	6	4	2	0	5	5	\$10,922.00	\$261,354.00	\$420,000.00	0	0
Duncan Street	165	42	15	34	0	6	14	18	0	0	0	0	0	3	3	3	0	14	11	\$13,776.64	\$408,000.00	\$980,000.00	0	0
Jefferson St	134	49	6	18	4	0	27	15	0	0	0	0	0	6	2	2	0	10	7	\$32,544.00	\$950,769.00	\$1,890,000.00	0	0
Lower Caroline St.	226	64	26	48	7	5	22	32	0	0	0	0	0	2	1	3	0	24	23	\$52,362.00	\$2,599,807.00	\$1,540,000.00	0	0
North Rose Street	110	22	0	20	0	7	10	7	0	0	0	0	0	4	4	2	0	3	2	\$6,667.00	\$132,750.00	\$700,000.00	0	0
Park Heights	249	33	3	57	5	28	5	9	0	0	0	0	0	1	0	10	0	15	7	\$7,127.00	\$236,695.00	\$350,000.00	0	0
Port Jefferson	112	32	2	19	2	4	8	2	0	0	0	0	0	2	0	1	0	5	5	\$7,241.00	\$279,598.00	\$560,000.00	0	1
Rutland Avenue	315	109	13	52	3	4	56	15	0	0	0	0	0	9	3	4	0	6	4	\$25,198.24	\$635,137.00	\$3,920,000.00	0	27
Sandtown	383	53	17	52	4	9	8	9	0	0	0	0	0	2	0	7	0	21	20	\$26,241.00	\$1,252,800.00	\$560,000.00	0	0
Upper Caroline St.	452	121	18	108	10	13	20	16	0	0	0	0	0	14	11	10	0	21	11	\$23,091.16	\$923,343.00	\$1,400,000.00	0	2
Westport	470	75	2	82	2	21	13	15	0	0	0	0	0	2	1	16	0	23	14	\$16,526.00	\$386,232.00	\$910,000.00	0	0
<b>Total</b>	<b>3361</b>	<b>694</b>	<b>125</b>	<b>566</b>	<b>37</b>	<b>111</b>	<b>218</b>	<b>154</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>59</b>	<b>37</b>	<b>71</b>	<b>0</b>	<b>167</b>	<b>122</b>	<b>\$287,660.04</b>	<b>\$14,462,470.00</b>	<b>\$15,260,000.00</b>	<b>0</b>	<b>30</b>



## Before and After





# Before and After





## Successes

- Increased efficiency
  - Land Resources transfer times three times faster
  - 175% increase in city-owned property sales
  - Generated \$1.8 million in revenue from property sales (FY10-FY12)
  - Code Enforcement attorney time freed up by citations
- Community development in V2V target areas
  - Nearly \$35 million in private investment leveraged (includes only construction costs as reflected by permit applications, not “all-in” costs)
  - 760 rehabs underway or complete
  - Conducted 22 V2V marketing events, drawing over 1,600 participants
- Partnerships
  - A dozen for- and non-profit V2V developer partners, with more looking to join us everyday
  - Citywide initiative with Rec. & Parks, BPD, DOT, and Planning all acting as partners



## Our Progress

	Demolitions	Private Investment based on Permits (construction costs only)	Permit Revenue	Non VBN \$250 Citations	Receivership Pending Filing	Receivership Filed	Rehabbed or Rehab Underway	VDN \$900 citation	Vacants at Start	# of Areas
Streamlined Code Enforcement	n/a	\$15,768,547	\$461,061	608	279	132	338	536	1092	57
Community Development Clusters	36	\$19,099,292	\$384,829	n/a	153	230	435	n/a	1122	24





## Lessons Learned

- Operationalizing new large-scale approaches requires lots of oversight to ensure implementation
- Building partnerships with other City agencies takes ongoing time and effort
- Doing things differently can lead to unexpected risks and consequences
- Realities of community perception after long-term disinvestment
- Messaging is imperative



[www.baltimorehousing.org](http://www.baltimorehousing.org)



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