The Commonwealth of Massachusetts
Department of Community Affairs
141 Milk Street, Boston 02109

FRANCIS W. SARGENT
GOVERNOR

LEON CHARKOUDIAN
COMMISSIONER

Down to Paul Healy
for supporting motion
& copies to committees

February 24, 1972

Re: S. 1060 and H. 1842 -- An Act to Establish a Revolving Rehabilitation Mortgage Fund to Improve Deteriorating Housing and Prevent the Spread of Urban Decay

Dear Mr. Mayor:

The above-mentioned bills are identical. S. 1060 is sponsored by William M. Bulger and John Joseph Moakley and is scheduled for hearing on March 7, 1972 at 10:30 a.m., Room 473B, State House. H. 1842 is sponsored by David S. Liederman and is scheduled for hearing on March 1, 1972 at 10:30 a.m., Room 473B, State House.

Enclosed for your review is a copy of one of the pertient bills. The purpose of these bills is to financially assist all cities and towns in the prevention of blight and abandonment of housing. The program is summarized in the enclosed sheet issued by the Office of Representative Liederman and, further, in the statement issued by the Department of Community Affairs. We would like to clarify that the local agencies referred to in both bills can be any one of the three local enforcing agencies--Boards of Health, Housing Inspection Departments or Building Departments.

In order to effect successful passage of this legislation, it will require full spport. If you would like to testify on either of the above-mentioned dates, please contact Representative Liederman's Office at 727-2369 at your earliest convenience.

Should you like further information concerning this legislation, please do not hesitate to contact me at 727-6916/17.

Sincerely yours,

Charles J. Dinezio

Charles J. Dinezio, Coordinator
Office of Code Development

CJD:lm

Enclosures

REVOLVING REHABILITATION MORTGAGE FUND

H. 1842 Urban Affairs March 1, 1972

This legislation creates a rehabilitation program in the Department of Community Affairs for neighborhoods not eligible for federal assistance. Funded by a $20 million bond issue, the Department of Community Affairs would loan money to local boards of health, housing inspection divisions, or local code enforcement agencies to acquire substandard or abandoned property. The local agencies may either rehabilitate these structures themselves or may sell them to individuals for rehabilitation. The loan will be paid back to DCA as the property is sold or leased to individuals or local housing authorities.

In addition, the state will pay the salaries of additional housing inspectors, relocation expenses, and one-half the cost of demolition for any structure that is beyond rehabilitation.

To qualify for state money, the local community would have to be certified by DCA as having:

(1) instituted an inspection program for all residential buildings;
(2) coordinated local agencies' efforts to meet the housing crisis;
(3) blight in the neighborhood in which the structure is located, or a trend toward blight in that area; and
(4) that the structure is substandard and in violation of applicable codes.

Finally, the legislation will establish a $50 million bond issue to meet the needs of individual homeowners. This program will be set up in the Massachusetts Housing Finance Agency and will cost the state nothing. It will be a mortgage fund for low-cost rehabilitation loans to individuals in cities and towns certified as eligible under the above criteria. This would enable a qualified individual owner to borrow money at low interest rates to rehabilitate his own home before it becomes so bad that governmental intervention is necessitated.

This legislation provides a relatively inexpensive and uncomplicated mechanism for improving sub-standard housing, for reacting to local conditions, and for taking pressure off the demand for new housing. It involves individuals and local agencies in housing programs, but still maintains overall planning and review for the state. Most important, it expands programs that have been tried and proven successful in Model Cities and concentrated code enforcement areas for the whole state.

Cost: $600,000 per year interest subsidy
cost of salaries, relocation and demolition
DCA administrative costs, if any

Information prepared by the Office of Representative David S. Liederman

MASSACHUSETTS DEPARTMENT OF COMMUNITY AFFAIRS

Statement in Favor of Senate 1060 and House 1842 of 1972

Enactment of either Senate 1060 or House 1842 would be landmark state legislative action designed to stop the spread of blight and abandonment of housing in the communities of the Commonwealth at nominal cost compared to other alternatives attempted. The program provides financial assistance to qualified communities to conduct systematic surveys of residential properties to determine the existence and extent of substandard housing in violation of housing codes. Financial assistance is also provided to qualified owners in the form of low interest loans to perform the required rehabilitation of their property.

A major feature of the bill provides the qualified local agency with eminent domain powers to demolish, rehabilitate or insure the rehabilitation of structures by others on a timely basis to prevent complete deterioration of the structure and neighborhood.

The legislation is designed along the lines of the Federal "117" program, one of the more popular housing assistance programs currently sponsored by HUD. The proposed program covers neighborhoods not eligible for federal assistance, and, in addition, has features intended to promote greater cooperation among local agencies concerned with housing in order to bring a well coordinated, concentrated effort to bear on solving the problems of inadequate living accommodations for over 200,000 families in the Commonwealth.

An important feature of this legislation is its emphasis upon using existing agencies both at the local and state level, who are already involved in many aspects of this program and are very familiar with operations of similar programs. In addition, this program could be eligible for federal block grant assistance, and is in line with the current HUD thinking on regional solutions to pressing community problems, particularly the problem of abandoned housing.

We urge your favorable consideration of this legislation to provide an effective tool to the communities of the Commonwealth in the efforts to maintain adequate housing for all residents.

CITY OF CAMBRIDGE

Mayor Ackermann

19.

In City Council,
March 6, 1972.

WHEREAS:-

Hearings will be held on House Bill 1842 on March 1, 1972 at 10:30 A.M. and Senate Bill 1060 is scheduled for hearing on March 7,1972 in Room 473B, State House, Boston, and

WHEREAS:-

The enactment of these two bills would be landmark legislative action designed to stop the spread of blight and abandonment of housing in the communities of the Commonwealth and would provide the localities concerned with eminent domain powers to demolish, rehabilitate or insure the rehabilitation of structures by others on a timely basis and prevent complete deterioration of the structure and the neighborhood through existing agencies both on a local and state level, therefore be it

ORDERED:-

That the City Council go on record favoring Senate Bill 1060 and House Bill 1842 the same being entitled "An Act to Establish a Revolving Rehabilitation Mortgage Fund to Improve Deteriorating Housing and Prevent the Spread of Urban Decay".

City Council March 6, 1972

Adopted by the affirmative vote

of 7 members

Paul E. Healy

City Clerk

65 19.

ORDER

Council to go on record in favor of
Senate Bill 1060 and House Bill 1842

March 6, 1972

Mayor Ackermann

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