

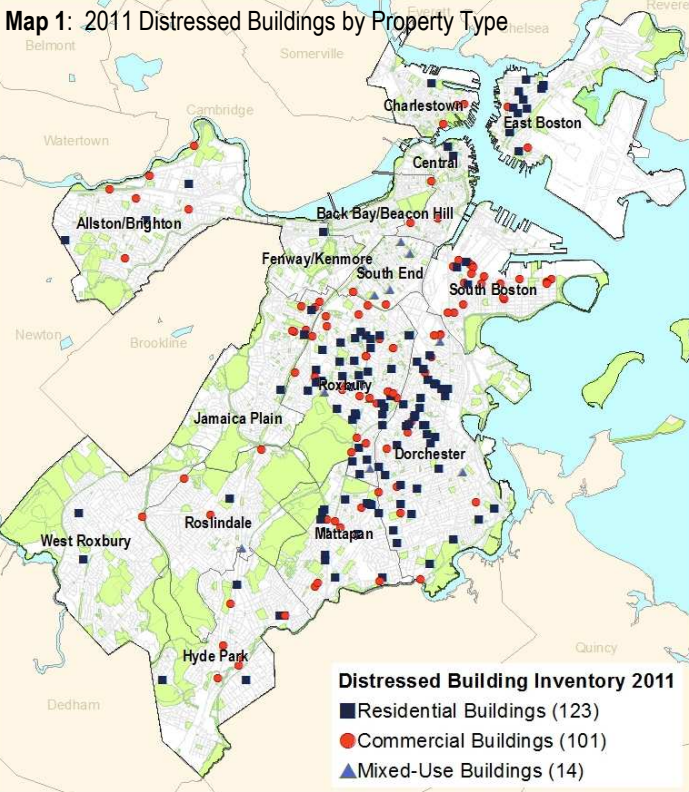


Trends 2011

Distressed Buildings

CITY OF BOSTON/THOMAS M. MENINO, MAYOR

DEPARTMENT OF NEIGHBORHOOD DEVELOPMENT EVELYN FRIEDMAN, CHIEF AND DIRECTOR



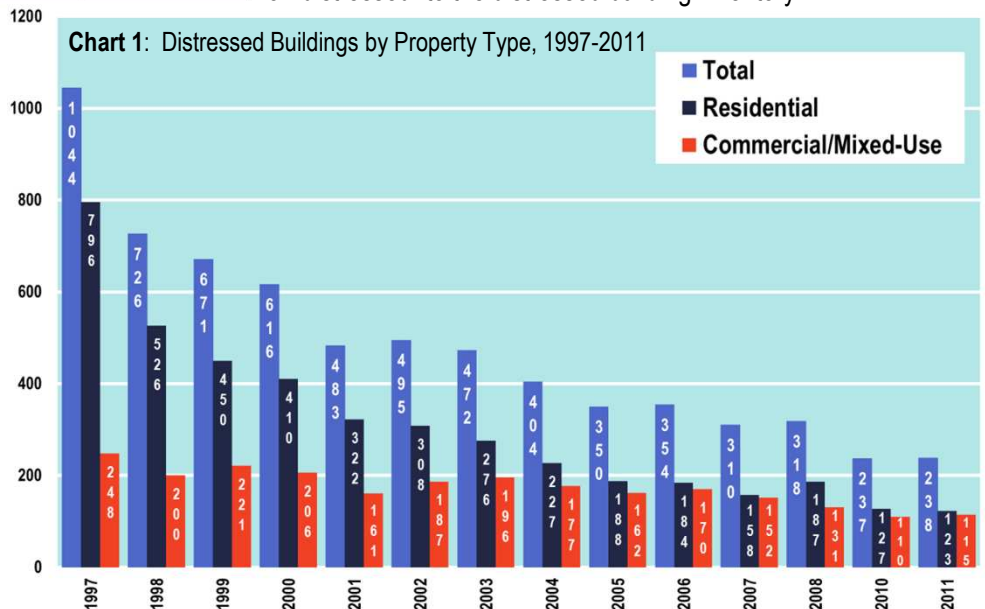
SURVEY OVERVIEW / METHODOLOGY

A distressed building is any residential, commercial, industrial, or mixed-use building (excluding sheds and garages on residential property) that is not occupied and has visible signs of physical distress (i.e., boarded, burned, open to the elements, or otherwise deteriorated). Buildings used for storage may be surveyed as distressed if they are boarded or appear otherwise unoccupied. From 1999 to 2007, these buildings were identified as “abandoned” in DND’s survey. DND changed the terminology to “distressed” with the 2008 survey due to owner concerns about the potential legal implications of identifying a building as “abandoned.”

DND conducts a street-by-street survey in areas of the city with historically higher incidences of distress. For the rest of the city, the survey is limited to properties identified through previous surveys, resident complaints, and Inspectional Services Department’s Project Pride, which secures dangerous buildings. For each building, a photo is taken and form completed from a visual inspection of the property’s exterior. In 2008, DND also began surveying Real Estate Owned (REO) properties (i.e., foreclosed bank-owned properties) and adding those that meet the definition of “distressed” to the distressed building inventory.

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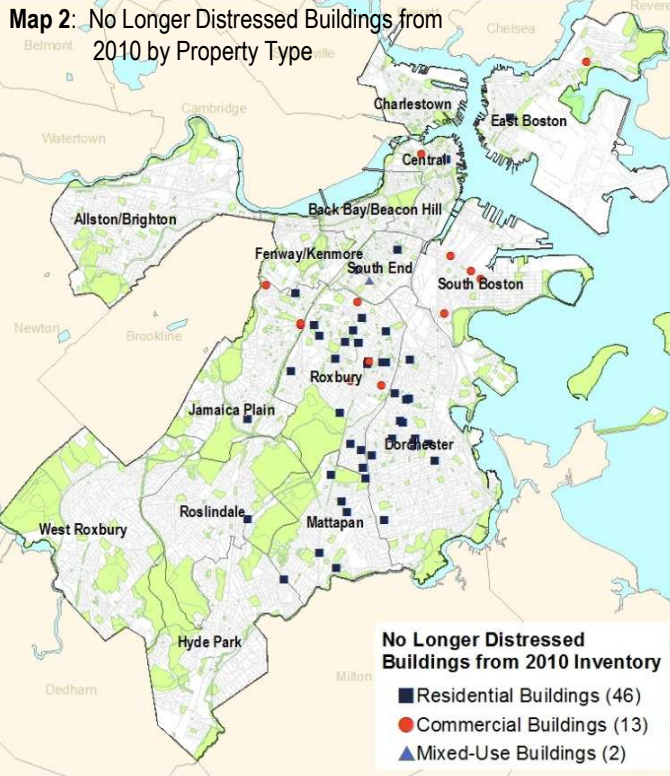


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SURVEY HIGHLIGHTS

Findings from DND's fourteenth annual survey are from data collected between October 2011 and December 2011. Since the survey began in 1997, the total number of distressed buildings has decreased by 77%, from 1,044 to 238; the number of distressed residential buildings has decreased 85%, from 796 to 123; and the number of distressed commercial and mixed-use buildings has decreased 54%, from 248 to 115 (see Chart 1, page 1).

Since 2010, the total number of distressed buildings increased by one property to 238. Distressed residential buildings decreased 3%, and distressed commercial and mixed-use buildings increased 5%.

Of the 238 buildings identified as distressed in 2011, 62 were newly added. Meanwhile, 61 buildings identified as distressed in 2010 were renovated, demolished, or no longer are distressed.

CHANGES IN INVENTORY

Map 1 (see page 1) shows the 238 buildings identified as distressed in the 2011 survey:

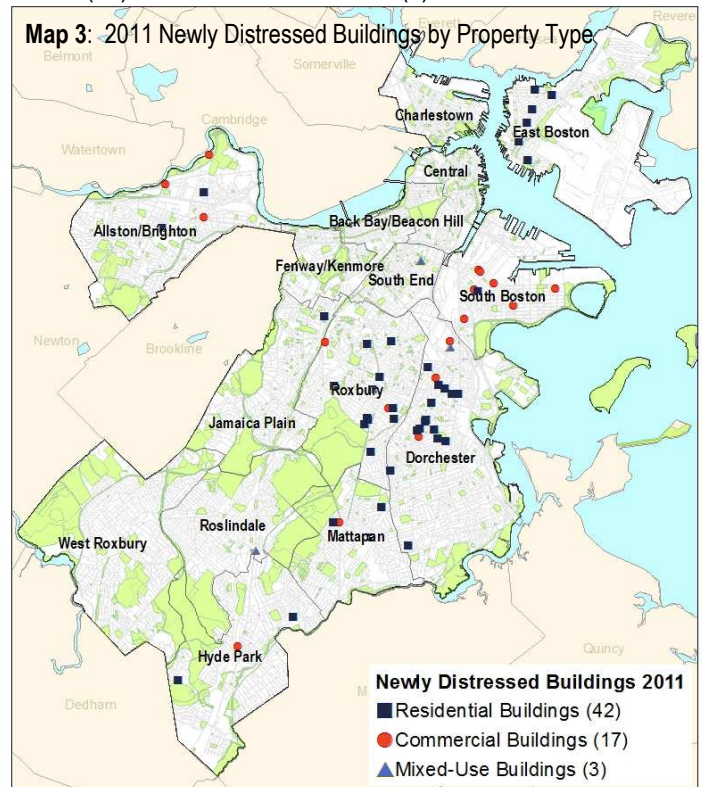
- 52% (123) are residential buildings.
- 42% (101) are commercial, and 6% (14) are mixed-use.

Map 2 shows the 61 buildings from the 2010 survey that were found to be no longer distressed at the time of the 2011 survey:

- 75% (46) are residential buildings.
- 21% (13) are commercial, and 3% (2) are mixed-use.

Map 3 shows the 62 buildings added to the distressed building inventory in 2011:

- 68% (42) are residential buildings.
- 27% (17) are commercial, and 5% (3) are mixed-use.





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RESIDENTIAL BUILDINGS BY NEIGHBORHOOD

The number of distressed residential buildings is at an all time low since DND began surveying. Since 1997, there has been an 85% decrease in the number of distressed residential buildings citywide, from 796 to 123 buildings, and, since 2010, a 3% decrease. Table 1 shows how the inventory of distressed residential buildings has changed in 2011 compared to 1997 and 2010, and Chart 2 shows how residential buildings are distributed across Boston's neighborhoods.

The majority (83%) of distressed residential buildings are concentrated in four neighborhoods: Dorchester (39), Roxbury (37), Mattapan (14), and East Boston (12). This concentration has increased slightly since 1997, when 79% of distressed residential buildings were in these four neighborhoods, and it has remained the same since 2010, when 83% of distressed residential buildings were in these four neighborhoods.

Roxbury, Dorchester, Mattapan, and East Boston also have seen the greatest reduction in volume of distressed residential buildings since 1997. Roxbury has 270 fewer distressed residential buildings than it did in 1997, Dorchester has 127 fewer, Mattapan has 87 fewer, and East Boston has 40 fewer. Since 2010, the greatest reduction in volume of distressed residential buildings occurred in Roxbury (-7) and Mattapan (-4).

All neighborhoods with 25 or more distressed residential buildings in 1997 have had significant decreases in distressed residential buildings between 1997 and 2011, but the greatest were in Hyde Park (-89%), Jamaica Plain (-92%), Mattapan (-86%), Roxbury (-88%), and South End (-100%).

Since 2010, the number of distressed residential buildings increased in Allston/Brighton, Dorchester, East Boston, Hyde Park, and South Boston. Of these, East Boston is the only neighborhood in which the number of distressed residential buildings increased by more than two. No neighborhood had more distressed residential buildings in 2011 than it did in 1997.

Chart 2: 2011 Distressed Residential Buildings by Neighborhood

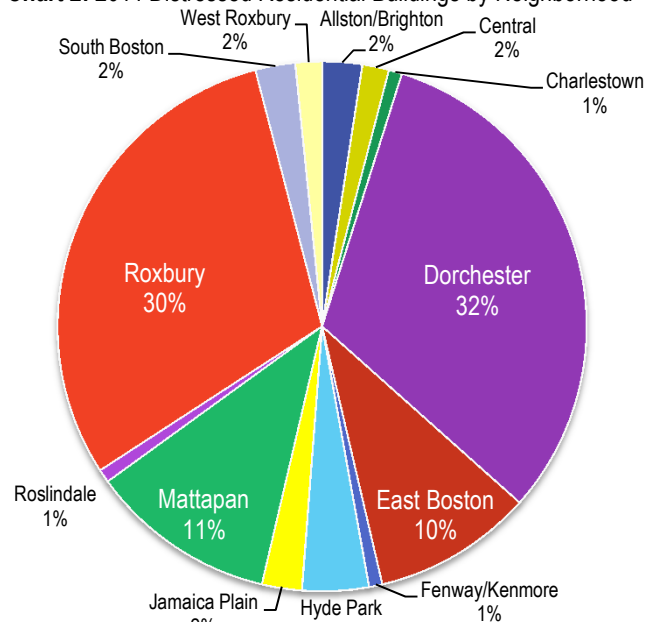


Table 1: Distressed Residential Buildings by Neighborhood

Neighborhood	Res. Buildings			% Change 97-11	2011 % Share
	1997	2010	2011		
Allston/Brighton	3	1	3	**	2%
Back Bay/Beacon Hill	2	0	0	**	0%
Central	14	3	2	-86%	2%
Charlestown	1	1	1	**	1%
Dorchester	166	37	39	-77%	32%
East Boston	52	7	12	-77%	10%
Fenway/Kenmore	1	1	1	**	1%
Hyde Park	44	3	5	-89%	4%
Jamaica Plain	37	4	3	-92%	2%
Mattapan	101	18	14	-86%	11%
Roslindale	11	2	1	-91%	1%
Roxbury	307	44	37	-88%	30%
South Boston	7	2	3	**	2%
South End	47	2	0	-100%	0%
West Roxbury	3	2	2	**	2%
Citywide	796	127	123	-85%	-

** % Change not calculated for neighborhoods with fewer than 10 distressed buildings in 1997



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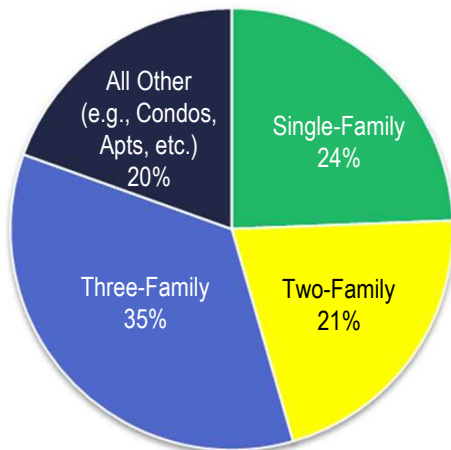
RESIDENTIAL BUILDINGS

Table 2 and Chart 3 show the composition of distressed residential buildings by property type in 1997, 2010, and 2011.

Table 2: Distressed Residential Buildings by Property Type

Property Type	1997		2010		2011	
Single-Family	239	30%	31	24%	30	24%
Two-Family	175	22%	28	22%	26	21%
Three-Family	287	36%	37	29%	43	35%
All Other	95	12%	31	24%	24	20%

Chart 3: Distressed Residential Buildings by Property Type, 2011



The overall number of distressed residential buildings decreased between 2010 and 2011, with the largest decrease (-23%) experienced by residential buildings in the “other” property type category, such as apartment buildings. Distressed single- and two-family buildings also declined slightly, but three-family buildings increased by 6 (16%). With this increase, three-family buildings now account for over a third of distressed residential buildings, up from 29% in 2010. Since 1997, the composition of distressed residential buildings has not changed much, however, there has been a small shift away from single-family buildings and towards those in the “other” category.

TAX STATUS

Since 1997, the proportion of distressed residential buildings that are publicly owned or tax-exempt has shrunk to 2%, while the proportion of privately-owned residential buildings with taxes owed has grown from 16% to 27% of distressed residential buildings (see Charts 4 and 5). Despite this increase, the number of privately-owned distressed residential buildings for which the City can begin tax foreclosure takings remains small. Furthermore, the median amount of taxes owed by these private owners of residential buildings is only \$12,241, a low amount that generally does not lead to tax title foreclosure.

Chart 4: Distressed Residential Buildings Tax Status, 1997

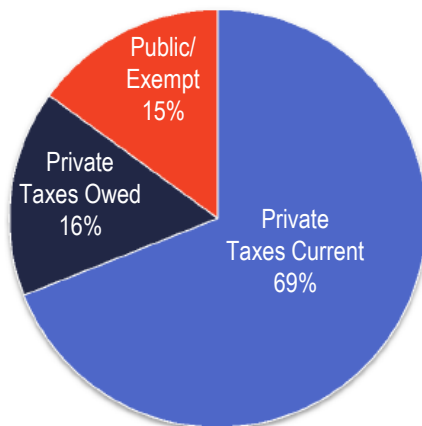
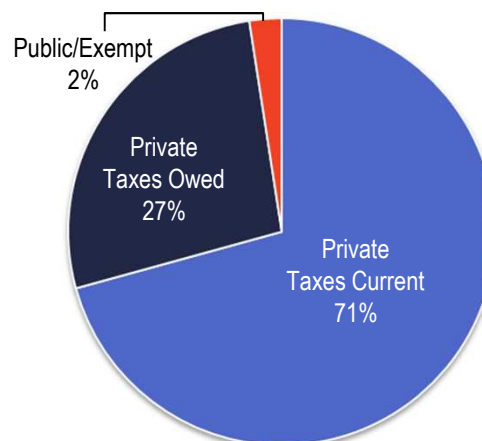


Chart 5: Distressed Residential Buildings Tax Status, 2011





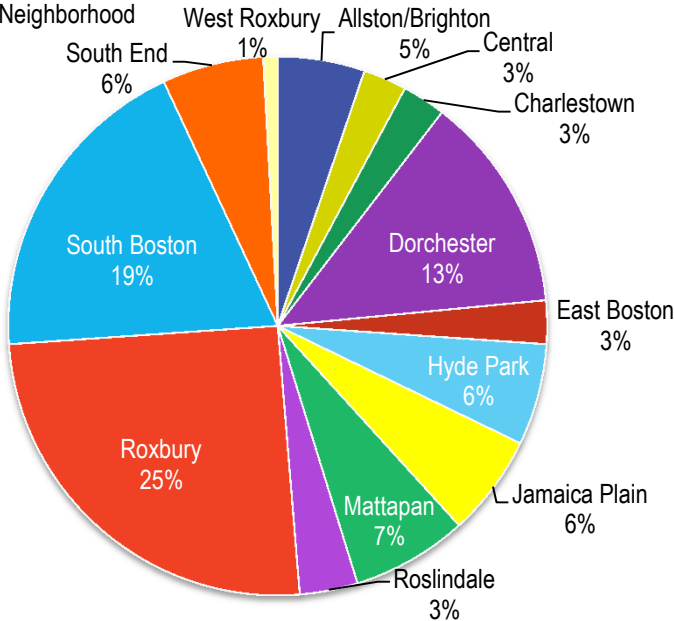
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Chart 6: 2011 Distressed Commercial/Mixed-Use Buildings by Neighborhood



COMMERCIAL & MIXED-USE BUILDINGS BY NEIGHBORHOOD

The number of distressed commercial and mixed-use buildings has fluctuated over the years, but it also has trended downwards. Since 1997, there has been a 54% decrease in the number of distressed commercial and mixed-use buildings, from 248 to 115; however, there has been a 5% increase since 2010, when it reached a record low of 110 (see Table 3).

Of neighborhoods that had 25 or more distressed commercial and mixed-use buildings in 1997, Central and East Boston saw the greatest percentage decrease since 1997 (-90%). Roxbury had the greatest reduction in volume with 48 fewer distressed commercial and mixed-use buildings in 2011 than there were in 1997. Each year, however, Roxbury persistently has the most distressed commercial and mixed-use buildings. From 2010 to 2011, Allston/Brighton, Dorchester, Hyde Park, Mattapan, Roslindale, and South Boston experienced an increase in distressed commercial buildings, however, none increased by more than three buildings. All other neighborhoods either remained the same or decreased.

Chart 6 shows how distressed commercial and mixed-use buildings are distributed across Boston's neighborhoods. Unlike distressed residential buildings, which are concentrated in Dorchester, Roxbury, Mattapan, and East Boston, distressed commercial and mixed-use buildings are spread throughout the city. The majority (57%) of distressed commercial and mixed-use buildings are located in Roxbury, South Boston, and Dorchester.

Often, commercial and mixed-use buildings are more difficult to survey accurately than residential buildings since buildings that actively are used as warehouses may be boarded up and appear derelict and distressed. This may be especially true in South Boston, where the increase from 2 to 22 buildings since 1997 may be due to a more rigorous survey in an area in which old industrial buildings are becoming obsolete and new residential development is underway or in initial planning phases.

Table 3: Distressed Commercial/Mixed-Use Buildings by Neighborhood

Neighborhood	Com. Buildings			% Change 97-11	2011 % Share
	1997	2010	2011		
Allston/Brighton	5	3	6	**	5%
Back Bay/Beacon Hill	1	0	0	**	0%
Central	30	4	3	-90%	3%
Charlestown	0	3	3	**	3%
Dorchester	30	12	15	-50%	13%
East Boston	30	4	3	-90%	3%
Fenway/Kenmore	4	0	0	**	0%
Hyde Park	13	6	7	-46%	6%
Jamaica Plain	15	10	7	-53%	6%
Mattapan	13	7	8	-38%	7%
Roslindale	5	3	4	**	3%
Roxbury	77	30	29	-62%	25%
South Boston	2	19	22	**	19%
South End	22	8	7	-68%	6%
West Roxbury	1	1	1	**	1%
Citywide	248	110	115	-54%	-

** % Change not calculated for neighborhoods with fewer than 10 distressed buildings in 1997



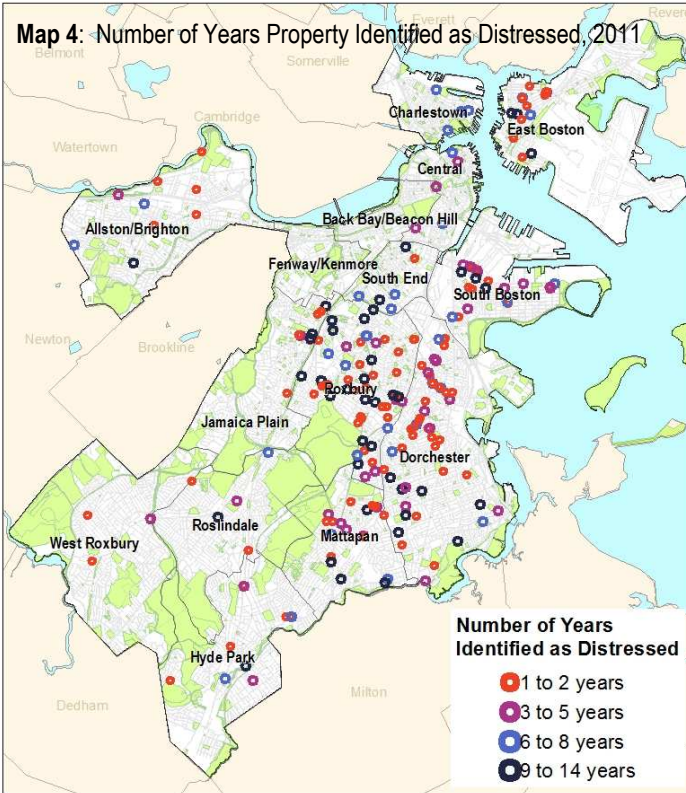
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Map 4: Number of Years Property Identified as Distressed, 2011



NUMBER OF YEARS DISTRESSED

Some distressed buildings reappear on the survey year after year. Table 5 includes a count of distressed buildings by neighborhood in 2011 and the number of years they have been identified as distressed in DND's annual survey. The majority of buildings (58%) on the 2011 survey have been identified as distressed 5 or fewer times.

Map 4 shows the locations of distressed buildings by years of distress. In 2011, 55% of recently distressed (1-2 years) and 58% of persistently distressed (9-13 years) buildings were concentrated in Roxbury and Dorchester. These two neighborhoods, however, account for only 38% of buildings distressed between 3 and 8 years. Fenway/Kenmore only has one distressed building, but this residential building has been on the list every year since 1997.

Table 5: Average Number of Years Distressed, 2011

Neighborhood	Total	1-2 Years	3-5 Years	6-8 Years	9-14 Years
Allston/Brighton	9	5	1	2	1
Back Bay/Beacon Hill	0	0	0	0	0
Central	5	0	3	2	0
Charlestown	4	0	0	4	0
Dorchester	54	27	10	7	10
East Boston	15	9	1	2	3
Fenway/Kenmore	1	0	0	0	1
Hyde Park	12	5	2	2	3
Jamaica Plain	10	4	2	0	4
Mattapan	22	7	5	2	8
Roslindale	5	2	1	1	1
Roxbury	66	26	6	6	28
South Boston	25	8	10	3	4
South End	7	1	0	3	3
West Roxbury	3	2	1	0	0
Citywide	238	96	42	34	66

PROPERTIES IN TAX TITLE

Table 4 provides a breakdown of taxes owed for all property types. Of the 238 buildings surveyed as distressed in 2011, \$1 million is owed collectively for 49 of the privately-owned properties. This is a decrease from 2004, the first year these data were reported, when \$4.4 million in taxes was collectively owed for 77 properties.

Table 4: Tax Arrearage by Assessing Land Use, 2011

Land Use	Total Taxes Owed	Median Taxes Owed	Total Properties
Single-Family	\$166,155	\$9,043	12
Two-Family	\$80,867	\$10,009	6
Three-Family	\$203,629	\$16,001	12
Other Residential	\$48,058	\$2,482	3
Commercial	\$419,751	\$18,930	12
Industrial	\$51,706	\$25,853	2
Mixed-Use	\$42,569	\$21,284	2
TOTAL	\$1,012,736	\$14,187	49



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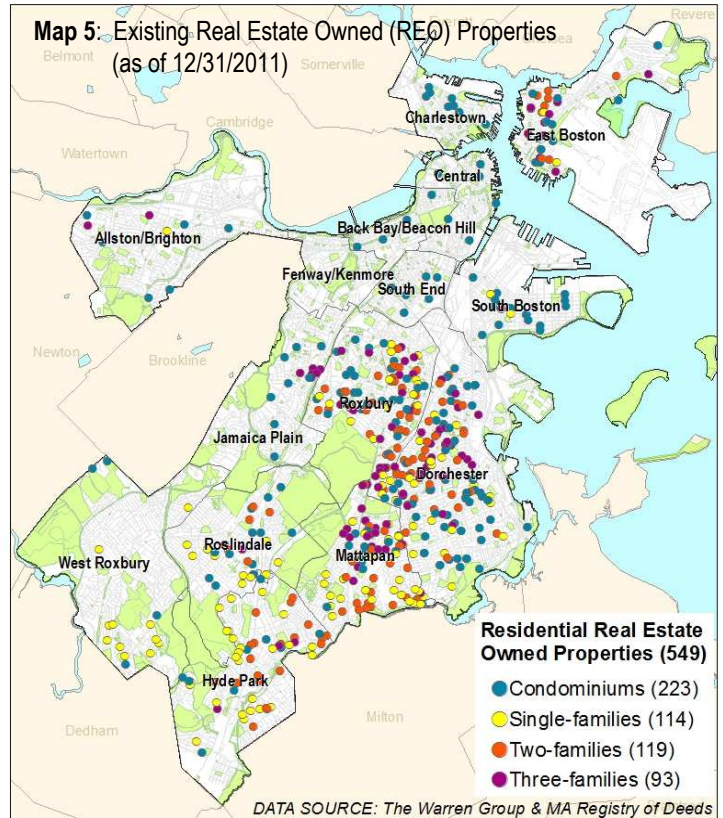
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PRIVATE MORTGAGE FORECLOSURE

Boston has been dealing with high volumes of private mortgage foreclosures since 2005, even though mortgage lenders recently have slowed their foreclosure proceedings in response to the 2010 “robo-signing” scandal. From 2005 to 2011, 10,811 properties have been petitioned, and 4,361 properties have been foreclosed on (see Table 6). Map 5 shows the 549 properties that were Real Estate Owned (REO) as of December 31, 2011. Vacant REO properties can pose a risk to neighborhoods by attracting crime and lowering local property values. Over time, these properties also may begin to deteriorate and show signs of physical distress.

While the private mortgage foreclosure crisis has had an impact on Boston’s distressed building inventory, it has not been as significant as expected. The majority of distressed properties have no recent foreclosure activity. Of the 238 distressed properties identified in the 2011 survey, only 13% (32) have foreclosure deeds registered during the last 5 years and an additional 2% (5) have foreclosure petitions, the first step in the foreclosure process, filed in the last 2 years. Of the 62 Buildings added to the 2011 inventory, the rates are slightly higher with 18% (11) foreclosed on in the last 5 years and 5% (3) petitioned in the last 2 years.

In February 2008, Mayor Thomas M. Menino established the multi-departmental Foreclosure Intervention Team (FIT) to comprehensively address the foreclosure crisis—from prevention



through reclamation of REO properties—in targeted areas. As a part of this initiative, DND also began surveying REO properties. Between 2008 and February 2012, DND has surveyed 1,814 REO properties. Of those, only 8% (91) were identified as distressed and added to the annual distressed property survey over the years. Of the 238 properties identified as distressed in the 2011 survey, 14 were bank-owned as of fall 2011, when DND conducted the survey.

Supplementing the City’s efforts, the Boston City Council adopted An Ordinance Regulating the Maintenance of Vacant, Foreclosing Residential Properties in February 2008. The ordinance requires property owners to register vacant or foreclosing residential properties with the City and identify a local individual or company to maintain vacant properties. The Department of Inspectional Services is responsible for enforcing the ordinance.

Table 6: Foreclosure Activity, 2005 - 2011

Year	Total Petitioned Properties	% Change Petitions	Total Foreclosure Deeds	% Change Foreclosure Deeds
2005	613	-	60	-
2006	1,393	127%	261	335%
2007	2,432	75%	703	169%
2008	1,900	-22%	1,215	73%
2009	2,200	16%	776	-36%
2010	1,541	-30%	821	6%
2011	732	-52%	525	-36%



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CITY STRATEGY

Since 2003, when the City began tracking the outcomes of distressed residential buildings, the overall number of distressed residential buildings has decreased by 55% with 479 residential buildings coming out of a distressed condition. The majority (78%) were renovated and put back in use, 10% were demolished, and 12% had other outcomes, such as re-occupancy without rehab work (see Table 7). While many are no longer distressed, 336 residential buildings have been added to the inventory between 2003 and 2011.

The City's multi-pronged distressed building strategy has been instrumental in reducing distressed buildings. Implemented by DND, the strategy includes the following major components:

- The distressed buildings survey and this trends report examine the causes of distress and prioritize properties for action. In addition, a list of privately-owned distressed buildings is published on the City's website to encourage potential developers to contact owners and purchase properties. DND also contacts private property owners included in the survey to clarify the status of the building and offer advice or assistance with financing, renovation, or marketing.

- DND's Boston Home Center, Office of Business Development, and Neighborhood Housing Development divisions may provide funding, project management, or technical assistance to eligible private building owners and developers to renovate and redevelop distressed buildings.



Distressed building before and after renovation

Table 7: Trends in Distressed Residential Buildings, 2004-2011

Change in Inventory	Residential Buildings
- Renovated 2004 - 2011	372
- Demolished 2004 - 2011	50
- Other Outcome 2004 - 2011	57
+ Newly Abandoned 2004 -2011	336

- DND's Real Estate Management Division, through the Real Estate Disposition Initiative, uses Requests for Proposals to dispose of tax-foreclosed distressed buildings.

Finally, Project Pride, a cooperative effort of DND, Inspectional Services, and the Sheriff's Department, combats illegal activity on City-owned and privately-owned distressed properties by boarding and securing buildings. The costs are recovered by the City through a lien placed on the property.



Distressed building before and after renovation

Distressed Buildings Trends is published by the Policy Development and Research division of the City of Boston Department of Neighborhood Development.

For more information about this publication, contact Laura Delgado at (617) 635-0240 or ldelgado.dnd@cityofboston.gov. For previous reports and a map and list of currently distressed properties go to www.cityofboston.gov/dnd/pdr/Distressed_Buildings_Reports.asp