



## CITY OF WORCESTER, MASSACHUSETTS

Michael V. O'Brien  
City Manager

Attachment for Item #

January 29, 2008

TO THE WORCESTER CITY COUNCIL

COUNCILORS:

The attached white paper entitled "SAVE Our Neighborhoods" is forwarded for the review, consideration, and deliberation of your Honorable Body.

Please refer to the cover message included in this document for an extensive description of this action plan. Please also note that adoption of a resolution is requested under separate cover as item 9F and that transfers associated with this item are included as items 9G and 9H.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Michael V. O'Brien", written over a horizontal line.

Michael V. O'Brien  
City Manager



# **S.A.V.E** **OUR NEIGHBORHOODS**

An Action Plan to Stabilize, Assist, Value and Enforce to Preserve our  
Neighborhoods in the Context of the Rise in Mortgage Foreclosures and the  
Increases in “Problem Properties” Citywide



**MICHAEL V. O'BRIEN**  
**CITY MANAGER**

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CITY OF WORCESTER

January 29, 2008

Madame Mayor and Members of the City Council:

We are blessed to live in a community defined by many different neighborhoods and a diverse range of housing stock. It is clear that Worcester's greatest strength is drawn from its neighborhoods and the people who live within them, whether it be the urban lofts of Shrewsbury Street or Main South, the three-families of Grafton Hill, the historic districts on Salisbury Street, or the single-family homes of the east and west sides. The overwhelming majority of home and property owners in our City take great pride in caring for their homes, rental properties, or businesses. They comprise the very fabric of these neighborhoods. Time and again, however, we have seen the impact that even one negligent property owner can have on an entire neighborhood. The health and safety of tenants is jeopardized, and oftentimes the property condition deteriorates rapidly, becoming a source of blight and crime within the neighborhood.

We are now faced with even greater strain on our neighborhoods due to national and regional economic trends, in particular the epidemic of mortgage foreclosures. Approximately 789 complaints dictating intent to foreclose were filed in Worcester in calendar year 2006. Approximately 1,413 complaints were filed during the period beginning January 2007 and ending in November 2007. All told, 4,220 mortgages in Worcester are either already foreclosed, are in the foreclosure process or are at risk of entering the foreclosure process within the next 24 months.

Foreclosures are often the result of a property owner's inability to pay an escalating monthly mortgage. Oftentimes, these escalating costs are due to so-called "re-setting" of a mortgage's annual percentage rate as dictated by a short-term adjustable-rate mortgage (ARM). The property owner "walks away" not only from the mortgage bill, but from management of the property, leaving it in limbo and without management, eventually in the custody of a bank or large financial institution that often is located out-of-state. I use the term "eventually" for another disturbing trend is the delay in the physical transfer of ownership from the mortgagee to the mortgage holder. A typical foreclosure transfer, prior to this national epidemic, was 30-60 days. The trend now is 4-6 months, leaving properties without defined ownership and management for the current mortgagee has literally walked away and the bank or lending institution has yet to take on the responsibilities of rightful ownership. In most cases, there are tenants within these properties. All of these properties then have the increased potential to become problems (degradation, safety, crime, etc.) when left without local ownership or management in the absence of proactive monitoring and enforcement. This trend could dramatically impact property tax revenue. It is estimated that in Worcester County the potential exists for a loss of \$247 million in existing property valuation. Nationwide, foreclosures on sub-prime home loans in 2005 and 2006 will reduce property values nationally by \$233 billion.

I continue to chair an interdepartmental and interdivisional ad-hoc committee to develop both short and long term solutions to address the both the foreclosure epidemic, as well as the realities of an increasing trend of problem properties. This ad-hoc committee consists of the Department of Health and Human Services (lead by Code/ Housing Divisions), Worcester Police Department, Worcester Fire

Department, Law Department, License Commission, the Divisions of Economic and Neighborhood Development, the Division of Technical Services, and the Treasurer's Office. This body of work also includes collaborations with various public and private agencies such as the Registry of Deeds, the CDCs and others, to leverage the very best practices, procedures and policies to address this issue. Immediate steps have been taken to improve upon the City's efforts in this regard such as the Property Review Team as referenced in my previous report to City Council in June of 2007, as well as the recent December 2007 report as to the Nuisance Ordinance and enforcement (see attachments).

**SAVE (Stabilize – Assist – Value – Enforce) Our Neighborhoods** is a comprehensive action plan that builds upon this foundation to further stabilize our neighborhoods in the face of the increasing rate of foreclosures and other strains on our housing stock. This action plan focuses on three areas:

- **Foreclosure Education, Prevention and Management;**
- **Re-organizing City Government for Improved Regulation of Private Property; and**
- **Enhanced Enforcement and Monitoring of Current and Potential Problem Properties**

This is a living and breathing process and I believe this to be the "beachhead" of necessary, proactive actions to stem this tide at the local level for time is of the essence. I expect that further enhancements can and must be made to this Plan as the State, the Federal Government and the financial community grapple with this foreclosure crisis and begin to bring their resources and plans to bear to assist. I look forward to working cooperatively with your Honorable Body, our State and Federal Legislative Delegations, our partners in the State and Federal Administrations, the judicial system (Housing Court) and with the numerous community stakeholders identified in this plan to foster its implementation and enhancements forthwith.

Respectfully submitted,



Michael V. O'Brien  
City Manager

# Executive Summary

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## **Foreclosure Education, Prevention and Management**

The Worcester office of the NeighborWorks Homeownership Center, with the support of the Division of Neighborhoods and Housing, was designated in May as a foreclosure counseling center as part of the National Foreclosure Hotline. In June, the City Council authorized the re-allocation of Community Development Block Grant funds to support staffing of this hotline. Property owners are educated as to their options based on their personal situation. Additionally, the City has been designated by the Patrick-Murray Administration as one of five pilot communities to receive a portion of funds as part of a statewide MassHousing homeownership counseling and financial assistance initiative.

Education alone will not resolve many situations. My Administration is identifying potential, available funds to support intervention to ensure proper management of vulnerable properties in the foreclosure process. This is an absolute must to address the growing number of instances where the current owner has walked away and the mortgage holder has yet to take the deed. This intervention would take the form of designating “receivers” through Housing Court, the cost of which would be recouped through super-liens on these properties (“first-in-line”). We are currently reviewing the allocation of Community Development Block Grant Funds and will need to recommend the reallocation of funds to support the management of these designated vulnerable properties by court appointed receivers, when warranted. The CDC’s and other neighborhood organizations, which had previously been allotted CDBG funds for new housing production within the community, will be asked to cooperate in the retooling of these previous CDBG contracts and allotments in order to meet this new need to provide the services required of receivership. These receivership arrangements are intended to ensure responsible management of these vulnerable properties, allowing tenants to remain, until the property deed is transferred and rightful ownership established. CDBG funds would also be recommended for support services for tenants who will be forced from their spaces (transitional assistance) to prevent a surge of homelessness and to finance the boarding up of properties that must be condemned for they are unsafe and not fit for human habitation.

## **Re-organizing City Government for Improved Regulation of Property**

The systems and governmental organizations of the past are no longer sufficient to address the increasing number of vulnerable properties that are, and have the potential to be, compromised by mortgage foreclosure and/ or have become “problem properties”. We must have a singular, overarching inspectional services agency to monitor private property with direct lines of authority and clear tables of organization. All this must be accomplished in order to better enforce the state laws and City ordinances that have been established to protect the safety residents, as well as the condition of entire neighborhoods,

This public safety agency, to be designated as the Department of Inspectional Services, would be charged with enforcement of the state Building Code, the state Housing and Sanitary Code, State public health laws, as well as City ordinances that have been promulgated to preserve the condition of private property and the safety of the City’s residents. The Department of Inspectional Services would include the following existing City Divisions: Division of Buildings and Zoning, Division of Housing, and Division of Health Inspections. The Department of Inspectional Services would be headed by a Commissioner of Inspectional Services, who would retain singular responsibility for enforcement of state building, housing, and public health laws. The Commissioner would be a senior manager, a

Cabinet-level position reporting directly to the City Manager. The Commissioner would work in conjunction with the existing public safety agencies (Police and Fire) and Law Department to ensure the safety of private property within our City. I have submitted a formal reorganization under a separate cover that addresses these necessary enhancements. Please note that I intend to work within our current fiscal parameters, as well as the Five Point Plan, in the implementation with and upon City Council review and approval.

## **Enhanced Enforcement and Monitoring of Current and Potential Problem Properties**

The Property Review Team (PRT) will continue to exist as a multi-departmental initiative. Under the direction of the Commissioner of Inspectional Services, this group will focus its efforts on properties “flagged” due to public safety concerns, deteriorating condition and/ or negative neighborhood impacts. The PRT will utilize the resources of the new Department of Inspectional Services, the Worcester Police Department, the Worcester Fire Department, the License Commission, the Divisions of Economic and Neighborhood Development, the Law Department, the Treasurer’s Office, and the Department of Public Works and Parks.

Information sharing has been institutionalized in the form of a Property Analysis Database that was developed by the City’s Division of Technical Services. This database is a singular repository for permitting, inspection, public safety, legal, and financial information from City departments including: Building Code Enforcement, Housing Code Enforcement, Public Health, the Worcester Police Department, the Worcester Fire Department, the Law Department, the Department of Public Works and Parks, and the Treasurer’s Office. Staff assigned to the PRT is able to view real-time information on a property from all reporting City departments on a single computer screen, saving time and resources while allowing staff to take a holistic view of the issues of that property. It also ties directly into information from the Worcester County Registry of Deeds, allowing review of potential foreclosure deeds for real-time ownership information. Additionally, City departments will also be able to review nearly all City interaction with a property and property owner from their computer on a day-to-day basis.

The PRT is enabled to conduct a proactive review of at-risk properties using information captured in this database, including up-to-date lists of properties that have been foreclosed or are about to be foreclosed from the Registry of Deeds and other sources,. The Administration will initiate proactive neighborhood evaluation by and through the three person “Nuisance Team” - the “eyes on the street” of the newly-created Keep Worcester Clean / Nuisance Ordinance Enforcement Group. This will be further enhanced by regular Housing Inspector interaction with our crime watch groups better trained to track the condition of properties and to ensure properties are properly managed. This oversight is in addition to existing departmental operations that as a rule submit a potential problem property for PRT review. This will also be further enhanced by cross-training across Departmental lines. Properties identified as “problem properties” will be submitted to the PRT and will be quickly triaged as to the appropriate action for the particular situation. Action will include the following: ongoing monitoring, enforcement through Housing Court, receivership to stabilize management of the property, condemnation, and board-up to secure the property. Properties designated as problems will be subject to interdepartmental enforcement and monitoring at this level until such time as any pending issues have been resolved and the property owner has exhibited an ongoing track record for compliance. The Administration is also in discussion with our State Delegation regarding legislation that would allow fines associated with Housing Code violations to be tacked onto quarterly real estate tax bills, further strengthening the City in dealing with problem property owners.

The Worcester Fire Department conducts ongoing analysis of structural fire trends through there is no evidence of an increase in arson at this juncture. Fire Prevention officers, by virtue of their enforcement responsibilities under the PRT, will provide up-to-date information on trends in structural fires to the entire PRT. I have re-established the Arson Hot-Line at **(508) 799-8651** (WPD Arson Squad 24-Hour Number), as well as a \$5000 reward for information leading to a conviction of arson. We need to anticipate all potential facets of these challenges and put the necessary systems in place to address them.

Every effort will be made to keep residents and tenants in their homes. The City has finalized a process and a protocol for condemning a property and for re-locating the tenants of that property, to address instances in which a property is in the process of foreclosure and, absent significant repair, is unfit for human habitation. The City has been in discussions with the Housing Court and, based on those discussions, is in the process of entering into an agreement with a housing services provider for case management of tenants who are being evicted as a result of a City condemnation. This would include the need of finding those tenants alternate. The City will be designating a separate allocation and revolving fund for relocation costs, which will be placed as a lien on the property, or potentially on the quarterly real estate tax bill (Legislation) to ensure the City is reimbursed for all re-location costs.

# Background

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Home mortgage foreclosure activity throughout the nation continues to make local, state and national headlines. While Massachusetts and New England are not necessarily the hardest hit regions to date (in comparison to many Midwestern and Southwestern states) the rate of sub-prime adjustable-rate mortgages now entering the Massachusetts foreclosure process is perhaps the most troubling, including Worcester property owners with adjustable-rate mortgages. Home prices rose faster in this region over the last several years than in other parts of the country and as one might expect, they are now falling faster. Many Worcester borrowers who purchased at the highest prices utilized sub-prime adjustable-rate mortgages, making their home affordable at that time. Now, with adjustable interest rate about to reset, borrowers are having trouble making the adjusted higher monthly payments and will continue to face financial challenges as the interest rates are adjusted and re-set. Reduced property valuations may prevent borrowers from refinancing or selling as standard loan-to-value underwriting thresholds cannot be met with decreased equity. An increase in the local inventory of homes for sale is exacerbating the issue and existing federal and state government programs and regulations are not designed to address the issue or “reign in” out-of-state lenders.

In the City, from January, 2006 through December 3, 2007 (23 months), financial institutions filed 2,202 Notices of Intent to Foreclose (complaints) resulting in 633 Foreclosure Deeds. Looking forward, in the next 24 months, 2,018 Adjustable Rate Mortgages are scheduled to re-set. These statistics represent 4,220 mortgages in the City of Worcester either already foreclosed, in the foreclosure process, or at-risk of entering the foreclosure process.

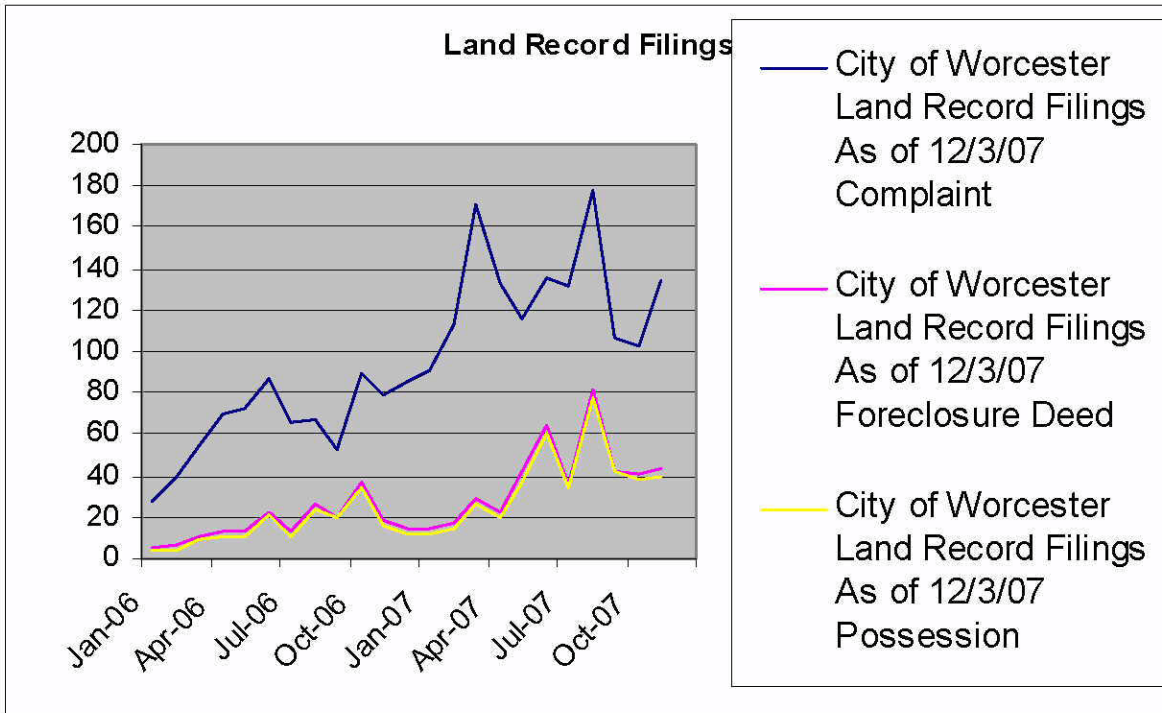
The City ranks 9<sup>th</sup> among the top 20 communities in the state where Notices of Intent to Foreclose and Foreclosure proceedings are in process, according to statistics from the Warren Group consulting firm. As of the end of the 3rd quarter of 2007, Worcester County was ranked 32nd among the nation's top 100 metropolitan areas in terms of foreclosure activity, according to a study released by Realty Trac Inc. Indications are that those filings will increase in correspondence with the number of mortgage interest re-set dates approaching in 2008 and 2009.

This situation has and will no doubt continue to have a significant negative effect on our neighborhood quality-of-life and revitalization efforts. Addressing the problem requires comprehensive, pro-active municipal outreach, prevention methods and a neighborhood stabilization strategy in order to effectively respond to this issue on the local level. Resources are needed to not only address homeowner assistance for foreclosure prevention, but also to stabilize and manage properties threatened by foreclosure and abandonment that, if unmanaged, will further erode our neighborhoods' fabric and our city's economic base.

According to a recent report by the National Center for Responsible Lending, housing foreclosures result in a “spillover” effect on surrounding properties which not only affects the foreclosed property, but also further depresses local housing values throughout the community. According to this report, foreclosures on sub-prime home loans in 2005 and 2006 will reduce property values nationally by \$233 billion. In Worcester County, the report estimates that \$247 million in existing property value will be lost due to foreclosure, assuming current foreclosure complaints proceed to lender possession.

In the city of Worcester, in January of 2006 twenty-six (26) foreclosure complaints (petitions) were filed in the Worcester Registry of Deeds. In that same month a total of five (5) properties were actually foreclosed upon. By August of 2007 foreclosure complaints spiked at one hundred seventy eight (178). In the same month of August 2007 a total of eighty one (81) properties were foreclosed

upon. The graph below depicts the overall rise in both foreclosure petitions and foreclosure deed filings in the city.



The graph indicates two important realities. First, the number of land record complaints filed is increasing, indicating that more and more property owners are not current on their mortgages. Second, and most importantly, the properties that have a complaint filed but for which the mortgage holder (bank) has not taken possession exist in limbo, with no person or organization to be held accountable for the maintenance and management of the property.

The table on the next page provides the foreclosure complaint, foreclosure deed and possession filings data. It illustrates, as the graph does above, the spike in complaints and foreclosure deed filings in August 2007. For the most recent three months for which we have data the trend remains at 100 to 134 foreclosure complaints and 41 to 44 foreclosure deeds each month.

**City of Worcester Land Record Filings As of 12/3/07**

Date	Complaint	Foreclosure Deed	Possession
Jan-06	27	5	4
Feb-06	40	7	4
Mar-06	54	10	9
Apr-06	70	13	11
May-06	72	13	11
Jun-06	87	23	21
Jul-06	66	13	11
Aug-06	67	26	24
Sep-06	52	20	20
Oct-06	90	37	34
Nov-06	79	18	16
Dec-06	85	14	12
Jan-07	91	15	12
Feb-07	113	17	15
Mar-07	171	29	26
Apr-07	133	23	20
May-07	116	42	37
Jun-07	136	64	61
Jul-07	132	36	34
Aug-07	178	81	78
Sep-07	107	42	42
Oct-07	102	41	38
Nov-07	134	44	39
Dec-07			
<b>Total</b>	<b>2202</b>	<b>633</b>	<b>579</b>

Complaint: Mort Co files the complaint (generally 30 days prior to foreclosure) formally announcing their intent to foreclose unless full payment is received.

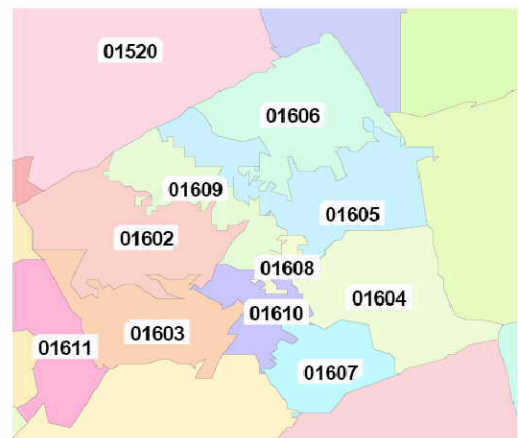
Possession: Mortgage Company files prior to imminent foreclosure (often filed at same time as foreclosure deed).

Foreclosure Deed: Filed at the time of foreclosure to indicate taking.

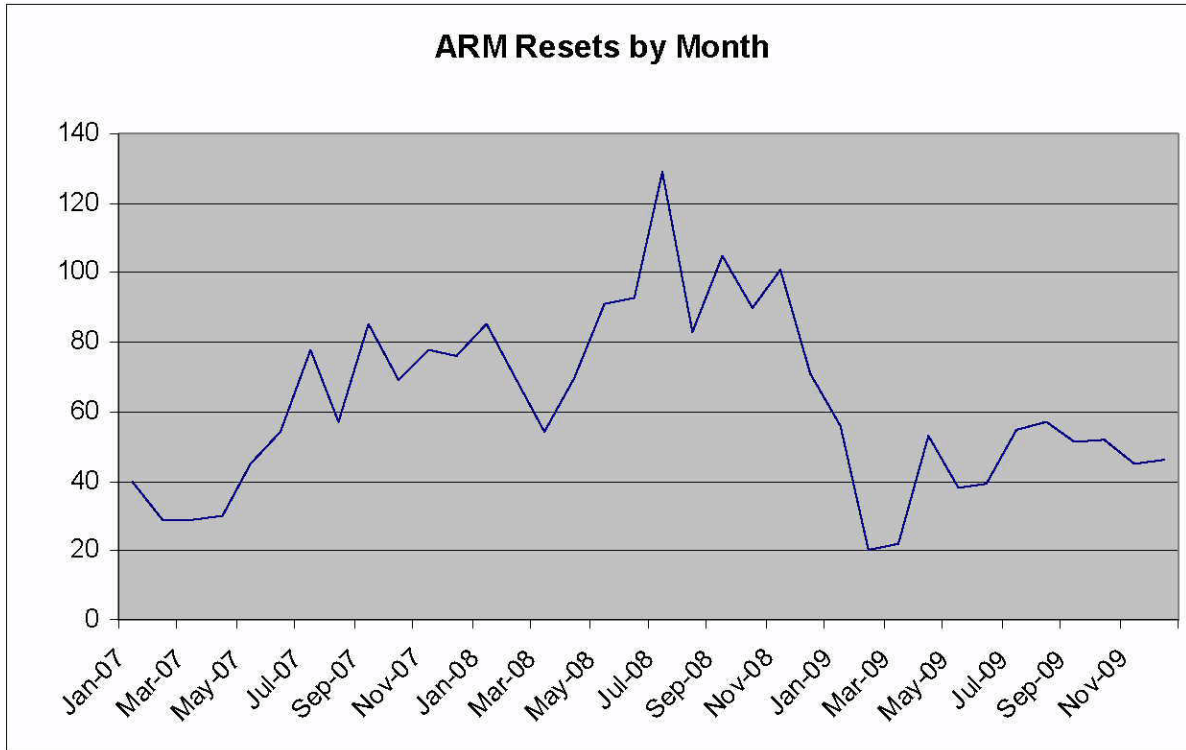
While our community is facing a wave of foreclosure now, there is the potential for many more foreclosures from now through 2009. The following table shows the number of homeowners who have mortgages with an interest rate that will be reset (adjusted upwards) between November of 2007 and November of 2009.

**ARM Resets #s 2007 to 2009 ~ sorted by Zip Code and Property Type**

Zip Code	Condo	Single family	Two family	Three family	TOTAL
01602	16	215	18	11	260
01603	39	198	38	53	328
01604	88	206	52	70	416
01605	44	179	33	42	298
01606	18	227	14	8	267
01607	35	42	8	15	100
01608	3	1	2	4	10
01609	16	77	10	34	137
01610	47	36	25	94	202
	<b>306</b>	<b>1181</b>	<b>200</b>	<b>331</b>	<b>2018</b>



The following chart indicates when adjustable rate resets will take place over the coming 24 months.



The trends are clear: mortgage foreclosure in the City has increased in the past year, and will increase even more in the coming year.

# Foreclosure Education, Prevention and Management

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Over the past several months the Division of Neighborhoods and Housing Development has been coordinating with local, state, and national organizations/agencies to develop a concrete strategy which responds to existing and pending foreclosure trends. Future interagency coordination protocols, financial strategies, and identification of resources to address foreclosure issues will continue to be developed in the coming months.

Division of Neighborhoods and Housing Development actions to date include the following:

- In May of 2007, the NeighborWorks<sup>®</sup> HomeOwnership Center of Worcester (NWHOC) was designated as a participant in the national NeighborWorks<sup>®</sup> HomeOwnership Foreclosure Prevention Hotline, and is the local counseling and referral agency for the Hotline (1-888-995-HOPE). Outreach and education material is currently available and will be distributed through various local media outlets.
- CDBG funds were also recommended and approved by City Council in early 2007 to build staff capacity and expertise in foreclosure prevention at the NeighborWorks<sup>®</sup> HomeOwnership Center.
- In August, 2007, DNHD testified in support of Attorney General Martha Coakley's proposed regulatory amendments to M.G.L. Chapter 39A, designed to reduce the incidence of deceptive and predatory lending in Massachusetts.
- In September, 2007 the City hosted a Homeownership Summit at the NeighborWorks<sup>®</sup> Homeownership Center of Worcester, which focused exclusively on the issue of foreclosure. Participants included the Massachusetts Housing Partnership, the Massachusetts Commission of Banks, and numerous local private and public non-profit organizations. Subsequent interagency coordination has been ongoing with State Housing officials to identify existing programs and develop new programs which could assist with foreclosure intervention and prevention. Subsequent to the September Summit, MassHousing awarded \$60,000 to the City's HomeOwnership Center to support our ongoing foreclosure prevention activities.
- The Commonwealth has authorized \$2 million statewide for homeownership counseling, and MassHousing also announced the availability of \$250 million in "rescue funds" for victims of predatory lending. In announcing these initiatives, Governor Patrick designated Worcester as one of five Pilot communities where funds will be targeted.
- In late December the Massachusetts Housing Partnership Fund awarded \$87,800 to the HomeOwnership Center specifically to focus efforts on assisting those homeowners in Worcester facing an adjustable rate reset in the next 24 months. The NeighborWorks<sup>®</sup> HomeOwnership Center now has secured enough financial resources for two professionals to provide foreclosure prevention services to homeowners.
- Since October, 2007 the Division of Neighborhoods and Housing Development and the NWHOC have been meeting weekly to devise immediate, medium term, and long term strategies for foreclosure intervention and prevention. Other agencies involved with strategy development include the Worcester Housing Court, Legal Assistance of Central Massachusetts,

the Registrar of Deeds, local banks, the Mass Housing Partnership, the Department of Housing and Community Development, and local neighborhood groups and Community Development Corporations. As you know, additional City Departments also involved in this effort include Health and Human Services, Code Enforcement, Public Safety, Law, Technical Services, Treasurer, and other staff support within the Administration. Foreclosure data is also being overlaid into the Property Analysis System developed by the Division of Technical Services. This application will prove to be a valuable tool to pro-actively identify and target clusters of foreclosure activity in key neighborhood areas.

While much progress has been made regarding foreclosure prevention and intervention, additional efforts are required to identify and develop organizational capacity and to secure financial resources necessary to ensure that an efficient and effective program is in place to address current and future foreclosure activity.

Research continues regarding “best practices”, however the Administration is confident that the initial steps outlined below will provide a solid organizational foundation upon which we can build. The City’s strategy includes the following critical components:

1. Develop an immediate response system to secure and stabilize properties either threatened by foreclosure or already foreclosed. (detailed further in separate enforcement section)
  - Identify mortgage holders and enforce maintenance obligations on foreclosed properties.
  - Identify and educate tenants in properties threatened by foreclosure.
  - Identify resources required to stabilize abandoned properties.
  - Identify and facilitate the Housing Court appointment of housing receivers to stabilize occupied properties threatened by foreclosure or already foreclosed.
  - Maintain and manage database on properties in the foreclosure process.
  - Mobilize neighborhood organizations and Community Development Corporations to collaborate on foreclosure issues.
  
2. Continue outreach and education efforts regarding foreclosure process.
  - Educate public (homeowners and tenants) regarding available foreclosure services.
  - Initiate public “Mortgage Triage Clinics” in January, 2008 to be held throughout the City over the next 12 months.
  - Continue to build staff capacity at the Worcester NeighborWorks® Homeownership Center to address foreclosure issues.
  - Contact all property owners in foreclosure or with mortgage re-sets pending regarding available assistance.
  - Contact all mortgage holders and loan service organizations regarding foreclosure obligations and/or foreclosure alternatives.
  
3. Secure financial resources for “catch up” and “soft second” loans to homeowners; to capitalize housing receivers; to facilitate “short sale” purchases; and purchases of properties at discount from mortgagees in possession.
  - Identify available Community Development Block Grant balances
  - Seek out private Foundation and Bank/Lender assistance.
  - Pursue available state funding for foreclosure prevention program.
  - Identify gaps in available state and federal funding, and lobby accordingly.

- Re-focus future CDBG/HOME program funding to incorporate identified foreclosure prevention needs.

The Division of Neighborhoods and Housing Development will continue to collaborate with all municipal departments, as well as local, state and federal organizations and agencies, to aggressively seek and secure resources needed to address the issue and implement the above strategy.

Property owners who are in need of assistance are encouraged to contact the national hotline, where their information will be captured and where they will be connected to the Worcester NeighborWorks Homeownership Center for assistance. That hotline is:


# 888-995-HOPE

## Having Trouble Paying Your Mortgage?


# 888-995-HOPE

[www.995hope.org](http://www.995hope.org)

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NeighborWorks® connects homeowners to the Homeownership Preservation Foundation's 888-995-HOPE hotline




homeownership preservation foundation


### NeighborWorks® Center for Foreclosure Solutions

- ✓ Works with community and business leaders to establish intervention programs in cities with high rates of foreclosure.
- ✓ Conducts a national Ad Council public education campaign to reach struggling homeowners.
- ✓ Standardizes counseling and certifies practitioners through the NeighborWorks® Center for Homeownership Education and Counseling.
- ✓ Conducts research to develop innovative solutions.

**Our efforts have already helped thousands of homeowners. Working together we can create a nation of vibrant communities all are proud to call home.**



**Visit [www.nw.org/foreclosuresolutions](http://www.nw.org/foreclosuresolutions)**



# Re-organizing City Government for Improved Regulation of Property

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The challenges we are facing and that will arise in the future call for a new approach to enforcement and oversight of private properties. Existing “complaint-based” systems have been effective in regulating most properties that are owner-occupied or owned by a Worcester-area resident. In an increasingly global economy, and as a result of the rapid turnover of non-owner occupied properties associated with the housing boom of the late 1990’s and early 2000’s, the City must be prepared for what lies ahead. The City can expect to see an increasing volume of properties requiring enforcement action due to absentee landlords and in a variety of cases, no directly accountable person or entity.

Current building and housing inspection operations are located as divisions of the Department of Health and Human Services, alongside the Divisions of Public Health, Elder Affairs, Disabilities, Human Rights, Veteran’s Services, and the Worcester Public Library. While this arrangement was sufficient for a number of years, the evolving needs in the field of property regulation require a more focused organization.

The recommended proposal creates a singular agency responsible for the condition of private property, entitled the Department of Inspectional Services and overseen by a Commissioner of Inspectional Services. The Department of Inspectional Services would consist of the Division of Buildings and Zoning, the Division of Housing, and the Division of Health Inspections operating with similar missions of ensuring public safety through inspections and oversight.

**Existing:**

Department of Health and Human Services

*Headed by Commissioner of Health and Human Services*

Division of Code Enforcement

Division of Housing Enforcement

Division of Public Health

Office of Elder Affairs

Office of Disabilities

Office of Human Rights

Office of Veteran’s Services

Worcester Public Library

**Proposed:**

Department of Inspectional Services

*Headed by Commissioner of Inspectional Services*

Division of Buildings and Zoning (formerly Code)

Division of Housing (formerly Housing)

Division of Health Inspections

The existing human services divisions would remain intact, along with the community health, nursing, and public policy components of the existing Division of Public Health, as part of the cabinet-level Department of Health and Human Services.

The proposed Department of Inspectional Services would be a public-safety focused organization with a Commissioner directly accountable to the City Manager. The Commissioner would also be charged with chairing the PRT.

Preliminary assessments indicate a need for more substantial information management systems within the department. Accordingly, the Administration is in the midst of developing a new complaint management system to support the new interdepartmental Keep Worcester Clean / Nuisance Ordinance Enforcement Team. This system will be based on the foundation of the successful Department of Public Works and Parks Customer Service Request System. While phase I of this development calls for the system to be utilized only for Nuisance Ordinance enforcement, the Administration intends to expand its use to monitor all Housing Enforcement complaints. Housing Inspectors would be equipped with up-to-date laptop computers to allow for direct information entry and access to case histories, ensuring the timely exchange of data. The Administration will be submitting recommendations to support these much-needed improvements for review of the City Council in the next few months. A complete table of organization adjustment will be included in the Fiscal Year 2009 City Budget proposal.

# Enhanced Enforcement and Monitoring of Problem Properties

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The interdepartmental initiative on problem properties is overseen by the City Manager, however oversight will be vested in the Commissioner of Inspectional Services as chair of the Problem Properties Working Group upon approval of the proposed departmental reorganization. Similar to the Keep Worcester Clean initiative chaired by the Commissioner of Public Works and Parks, the Working Group consists of cabinet members and division heads from the following departments and divisions:

Department of Inspectional Services (presently Health and Human Services)	
Worcester Police Department	Worcester Fire Department
License Commission	Division of Neighborhoods/Housing
Law Department	Division of Economic Development
Treasurer's Office	Department of Public Works/Parks
Division of Technical Services	

The Working Group identified, as its first priority, the development of a database to link information from various City departments and divisions. The Technical Services Division has completed the development of a new *Property Analysis System*, a management tool that can be used to view and analyze property data that is stored in several different databases within City systems. Using the latest Microsoft development tools, a new computer program and database have been developed that allows key users throughout the City to quickly retrieve data for display; data that previously required user access to multiple individual databases. This data includes:

- Assessing data including address and owner
- Code complaints, related violations and responses
- Housing court cases
- Health licenses, permits and inspections
- Public safety incidents (Police and Fire)
- Vacant building information
- Back taxes owed

The original focus of the system was to assist in identifying potential problem properties, before they get to the point of being a problem, and to allow the team members to electronically track which properties are actual problems. Tracking tools include the recording of activities and notes that can be entered by members of the team. The manager of the PRT can periodically request an updated electronic list of potential problem properties. This list is created by selecting addresses from the Assessor's database and calculating a problem score by reviewing all complaints and incidents for the address. Individual addresses can be selected to display the detailed information about each complaint, police incident, fire incident, etc. Once a potential problem property is selected, it can be reviewed and, if appropriate, flagged so that it can be tracked by the team.

As the application design progressed, it became apparent that the system could be enhanced to include additional sources of data, from both within the City, such as licenses issued by the License Commission, and from sources outside the city, such as complaints and foreclosures recorded by the Registry of Deeds. In addition, a link to GIS will be available that will eventually allow for the creation of GIS maps based on selected property conditions (current problem, former problem, foreclosed properties, etc).

Hardcopy reports are being designed that can be used to capture data, such as a chronological list of all events at a single address, and a history of court cases.

The Property Analysis System was designed so that additional sources of data can easily be incorporated into the property review process, making it a truly valuable tool for the City of Worcester administration to use. Having the ability to quickly retrieve complete data about an address, and display it on a single screen, should prove to be a valuable tool in addressing problem properties in the City.

The Working Group collaborates on policy and practice, however day-to-day implementation occurs through the inspectors assigned to the **Property Review Team (PRT)**. The PRT consists of personnel assigned to resolve problem properties through enforcement and property owner assistance:

Department of Inspectional Services (presently Health and Human Services)	
Worcester Police Department	Worcester Fire Department
Law Department	Division of Neighborhoods/Housing

The PRT meets weekly, under the day-to-day direction of the Director of Housing, with a specified agenda to review the following:

- previously designated problem properties
- properties identified as potential problems through the Property Analysis System
- lodging houses
- college dormitories and fraternity/sorority houses
- vacant buildings
- buildings raided by vice-squad or other Police Department action
- properties from the foreclosure list
- properties scheduled for adjustable rate mortgage re-set
- properties identified as subject to foreclosure by the Registry of Deeds

These meetings will provide a recurring forum for assessing specific properties on an ongoing basis. Properties will be discussed, and decisions made, as to a plan of action for each property. A detailed description of possible actions is discussed further in this report.

The PRT will conduct joint inspections and a schedule will be created to best address the above mentioned properties. The team will utilize one of two available vehicles (one fire vehicle, one police vehicle) for joint inspections and property visits. The team will have full radio contact, with the assistance of Communications, a channel will also be dedicated for their use renamed “PRT”. All appropriate enforcement action will be taken based on joint inspections.

In addition to the PRT representatives, district Housing inspectional staff, Fire Prevention staff, and KWC/Nuisance Ordinance Inspectors will be provided with updated list of properties that are vacant. These additional resources will aid the PRT in monitoring the vacant buildings and their status. Any changes will be immediately reported to PRT for follow up and enforcement. All inspections, whether complaint-based or status- monitoring, will be logged into the Property Analysis System by PRT clerical staff. At the beginning of each week, the Property Review Team will run a status report for any additional potential problem properties within the City, based on the previous week and weekend activity

The Worcester Fire Department conducts ongoing analysis of structural fire trends through there is no evidence of an increase in arson at this juncture. Fire Prevention officers, by virtue of their enforcement responsibilities under the PRT, will provide up-to-date information on trends in structural fires to the entire PRT. The Arson Hot-Line at **(508) 799-8651** (WPD Arson Squad 24-Hour Number) has been re-established, as well as a \$5000 reward for information leading to a conviction of arson. The Administration is anticipating all potential facets of these challenges and has put the necessary systems in place to address them.

The PRT will also review properties referred to it by inspectors, other City personnel, neighborhood watch groups (via Housing Inspectors who are already attending neighborhood meetings), or properties designated by the City Manager. Additionally, Housing Inspectors will be assigned to conduct proactive monitoring of vulnerable streets and neighborhoods. These proactive inspections will take place first utilizing limited Saturday overtime, and will eventually be replaced with net new hours once out-of-town constable responsibilities are transferred from City Inspectors to a contracted constable service provider. The Director of Housing will forward potential problem properties to the PRT for review, joint inspection, and action.

The PRT will have, amongst it's palate of options, the following solutions to problem properties:

- Monitoring, for properties that have been well-maintained, are occupied, and are on the road to full stabilization within a neighborhood;
- Standard enforcement through Housing Court for properties with violations and an accountable owner;
- Receivership, for properties that are occupied and are in good condition but no longer have a vested owner or manager;
- Condemnation, for properties that are in poor condition and unsafe, but are still occupied;
- Board-up; for properties that are vacant but not secure and may be inhabited by squatters.

Examples of some of the most difficult properties are as follows:

### **Receivership**

The property conditions that would result in a receivership could be severe in that they may pose a risk to the occupant and the properties surrounding it, but enforcement actions taken have not rectified the sanitary code violations and the City is compelled to condemn, resulting in the homelessness. The building is viable and the tenancies can be persevered if the conditions are corrected. In a majority of these cases foreclosure has been initiated by the mortgage holder and neither the mortgage holder nor the property owner will respond to court orders to repair in a manner timely enough to make the property safe and habitable for the occupants. A case study example for this would be the property located at 128 Lincoln Street. This is a six-family brick structure that was fully occupied. The building had several serious violations including inoperable and missing smoke detectors, no carbon monoxide detectors, insufficient hot water, and no heat in several units. Appointing a receiver to a property in these conditions allows for preservation of the tenancies and not only prevents homelessness but limits the City's need to provide emergency relocation assistance. A court-appointed receiver would be able to maintain and preserve the building in the transitional period during foreclosure proceedings.



### **Condemnation**

The property conditions that would result in condemnation are severe in that the conditions have been deemed to materially endanger the health and safety of the occupant and the surrounding properties. The conditions are often not able to be quickly repaired. These conditions could be the result of a fire, burst water pipes, a broken sanitary line, or loss of utilities. A case study for this is 90 Burncoat Street. On Friday January 11, 2008 a three alarm fire severely damaged this three story lodging house. The damaged resulted in partial collapse of the roof, third floor and chimneys. The conditions will require extensive rehabilitation before occupancy will be allowed. The severity of the fire and the use group of the structure would cause Housing to hold insurance proceedings until rehabilitation is completed.



### **Emergency board-up**

The property conditions that would require emergency board up are ones that have been vacated and enforcement actions have been exhausted through the court system and the problem remain unabated. A requested to properly secure the building is made through DHND utilizing earmarked Block grant funding. A case study for this type of action is 66 Richland Street. The building was condemned because of the sanitary code violations in the occupied building. The occupant vacated and the building remained unsecured and open to unlawful entry. The building was secured by the DHND contractor and the tenants referred for housing placement services.



The Working Group will continue to review PRT operation in the coming months. Where necessary, the Group will make recommendations for changing in City Ordinance, state Law, and PRT or other City operations and protocol to ensure the PRT operates with maximum capability and effectiveness.

This property surveillance and enforcement strategy provides the City with an aggressive and innovative manner to effectively address problem properties in general, and an anticipated increase in foreclosed properties in particular. By coordinating multiple city departments, engaging business and financial institutions, and educating and encouraging the participation of community leaders, this expansive strategy will effectively stabilize our most valued asset, our neighborhoods.

# Action Plan Summary

Category	Task	Responsibility	Status
Education & Prevention	Establish counseling center for Worcester residents	NeighborWorks & DHND	Complete
	Expand counseling capacity at NeighborWorks through state \$\$	NeighborWorks & DHND	DNHD working with State
	Secure property owner assistance/gap funding from state	DHND	CM to brief delegation; DHND working with state
	Approach CDC's to assist in property management	DHND	Ongoing
	Re-allocate CDBG funds to support property management	DHND and CDAC	DHND developing proposal for CDAC and City Council review
	Engage local banks to provide property owner assistance	DHND and CM	DHND developing detailed request
Re-organization	Develop reorganization proposal	CM and Law	Complete
	City Council deliberation and approval	City Council	Pending
	Evaluate new Department of Inspectional Services' technology needs	CM/Budget/DIS	Ongoing and for FY 2009 capital budget
	Evaluate new Department of Inspectional Services' staffing needs	CM/Budget/DIS	For FY 2009 budget
	Transition Housing Enforcement orders to new system	DPWP	Phase I due March 15; phase II later this year
Enhanced enforcement	Develop singular Property Analysis Database	Technical Services	Complete
	Establish KWC / Nuisance inspection team	DPWP	Due March 15
	Develop plan for proactive monitoring	Housing Enforcement	Complete
	Appropriate funds to support Housing Enforcement overtime	City Council	Pending before Council
	Appropriate funds to support new condemnation protocol	City Council	Pending before Council
	Engage Housing Court as to enhanced enforcement	CM	Ongoing
	Re-establish Arson Hotline	WFD	Complete