



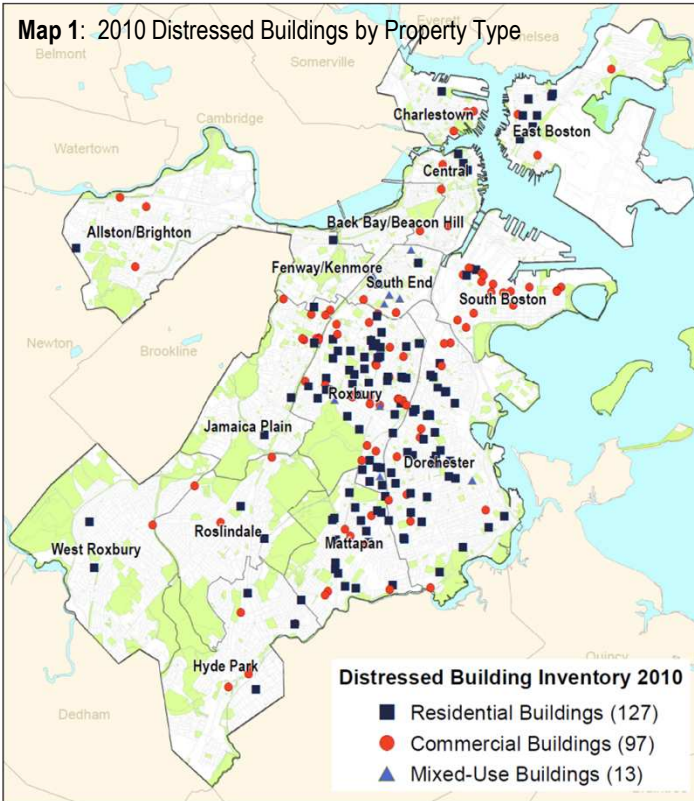
Trends 2010

Distressed Buildings

CITY OF BOSTON/THOMAS M. MENINO, MAYOR

DEPARTMENT OF NEIGHBORHOOD DEVELOPMENT EVELYN FRIEDMAN, CHIEF AND DIRECTOR

Map 1: 2010 Distressed Buildings by Property Type



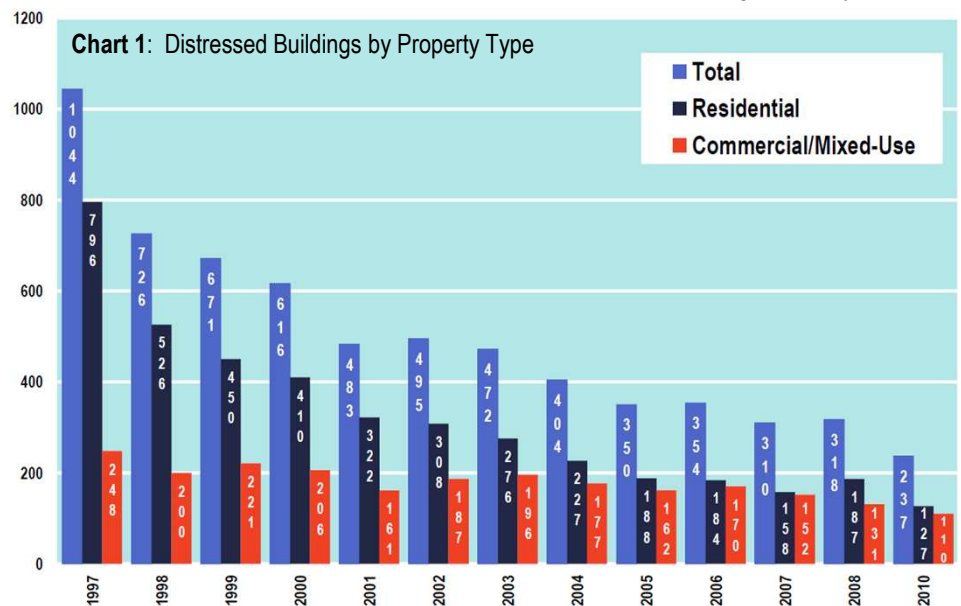
SURVEY OVERVIEW / METHODOLOGY

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 by previous surveys 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 using a handheld GPS device. In 2008, the City began surveying Real Estate Owned (REO) properties, which are bought back by lenders at foreclosure auctions. REO properties that meet the definition of “distressed” are added to the distressed building inventory.

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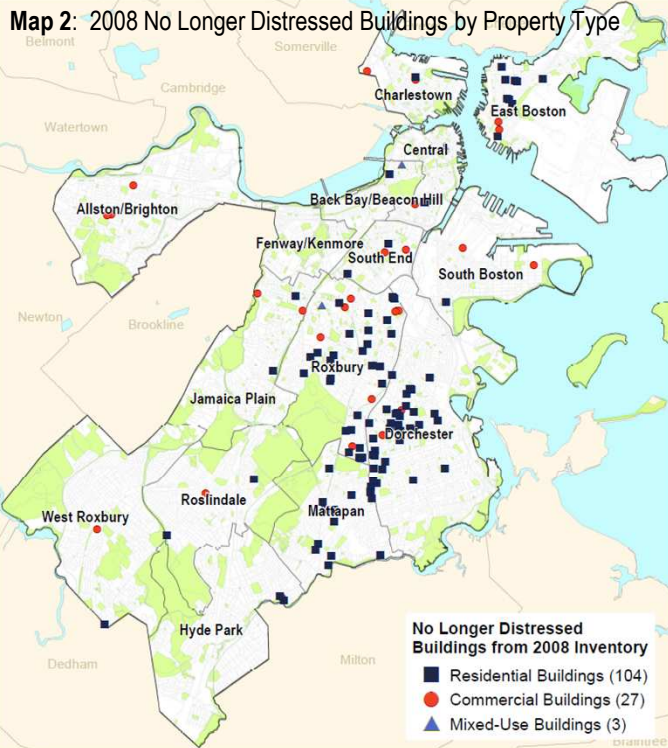


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CHANGES IN INVENTORY

Map 1 (page 1) shows the 237 buildings identified as distressed in the 2010 survey:

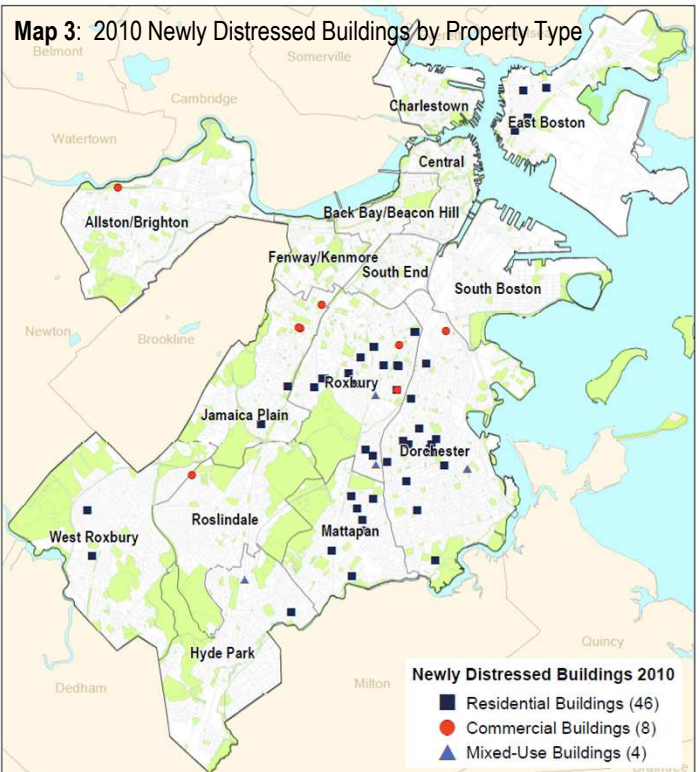
- 54% (127) are residential buildings.
- 41% (97) are commercial, and 5% (13) are mixed-use.

Map 2 shows the 134 buildings from the 2008 survey that were found to be no longer distressed at the time of the 2010 survey:

- 78% (104) are residential buildings.
- 20% (27) are commercial, and 2% (3) are mixed-use.

Map 3 shows the 58 buildings added to the distressed building inventory in 2010:

- 79% (46) are residential buildings.
- 14% (8) are commercial, and 7% (4) are mixed-use.



SURVEY HIGHLIGHTS

Findings from DND's thirteenth annual survey are from data collected between March 2010 and February 2011. (Due to a staffing shortage, 2009 data are not available.) Since the survey began in 1997, the total number of distressed buildings has decreased from 1,044 to 237 (-77%); the number of distressed residential buildings has decreased 84%, from 796 to 127; and the number of distressed commercial and mixed-use buildings has decreased 56%, from 248 to 110 (see Chart 1, page 1).

Since 2008, the total number of distressed buildings decreased 25%, from 318 to 237. Distressed residential buildings decreased 32%, and distressed commercial and mixed-use buildings decreased 16%.

Of the 237 buildings identified as distressed in 2010, 58 were newly added. Meanwhile, 134 buildings identified as distressed in 2008 were renovated, demolished, or no longer are distressed.



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RESIDENTIAL BUILDINGS BY NEIGHBORHOOD

The number of distressed residential buildings is at an all time low since DND began surveying in 1997. Since 1997, there has been an 85% decrease in the number of distressed residential buildings citywide, from 796 to 123 buildings, and, since 2008, a 31% decrease. Table 1 shows how the inventory of distressed residential buildings has changed compared to 1997 and 2008, and Chart 2 shows how residential buildings are distributed across Boston's neighborhoods.

The majority (78%) of distressed residential buildings are concentrated in three neighborhoods: Roxbury (44), Dorchester (37), and Mattapan (18). While this concentration has increased since 1997, when 72% of distressed residential buildings were in these three neighborhoods, it has remained stable compared to 2008.

Roxbury, Dorchester, and Mattapan also have seen the greatest reduction in volume of distressed residential buildings since 1997. Roxbury has 262 fewer distressed residential buildings than it did in 1997, Dorchester has 128 fewer, and Mattapan has 83 fewer. Since 2008, the greatest reduction in volume of distressed residential buildings occurred in Dorchester (-26), Roxbury (-15), Mattapan (-5), and East Boston (-5).

Of neighborhoods with 25 or more distressed residential buildings in 1997, East Boston, Hyde Park, Jamaica Plain, Mattapan, Roxbury, and South End all experienced a reduction of 82% or greater between 1997 to 2010.

Between 2008 and 2010, only two neighborhoods, Jamaica Plain and West Roxbury, experienced an increase in distressed residential buildings, and the increase in each was only by one building. Every neighborhood had fewer distressed residential buildings in 2010 than in 1997.

Chart 2: 2010 Distressed Residential Buildings by Neighborhood

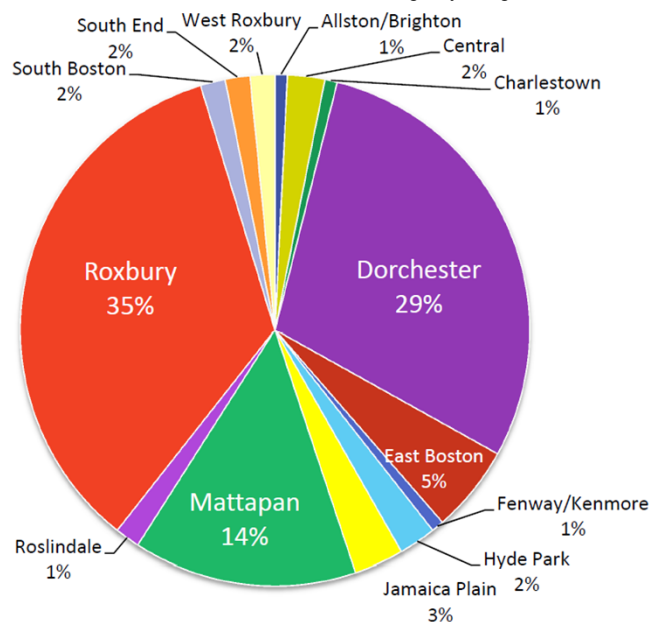


Table 1: Distressed Residential Buildings by Neighborhood

Neighborhood	Res. Buildings			% Change 97-10	2010 % Share
	1997	2008	2010		
Allston/Brighton	3	1	1	**	1%
Back Bay/Beacon Hill	2	1	0	**	0%
Central	14	5	3	-79%	2%
Charlestown	1	2	1	**	1%
Dorchester	166	63	37	-78%	29%
East Boston	52	12	7	-87%	6%
Fenway/Kenmore	1	1	1	**	1%
Hyde Park	44	4	3	-93%	2%
Jamaica Plain	37	3	4	-89%	3%
Mattapan	101	23	18	-82%	14%
Roslindale	11	4	2	-82%	2%
Roxbury	307	59	44	-86%	35%
South Boston	7	3	2	**	2%
South End	47	5	2	-96%	2%
West Roxbury	3	1	2	**	2%
Citywide	796	187	127	-84%	-

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



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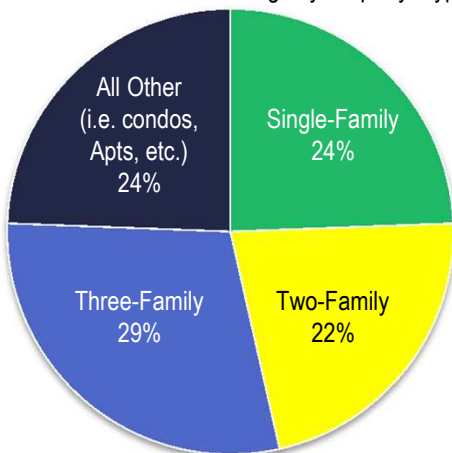
RESIDENTIAL BUILDINGS

Chart 3 and Table 2 show the composition of distressed residential buildings by property type in 1997, 2008, and 2010. In 2010, each residential property type accounted for approximately a quarter of the total residential inventory.

Table 2: Distressed Residential Buildings by Property Type

Property Type	1997		2008		2010	
Single-Family	239	30%	47	25%	31	24%
Two-Family	175	22%	28	15%	28	22%
Three-Family	287	36%	69	37%	37	29%
All Other	95	12%	43	23%	31	24%

Chart 3: Distressed Residential Buildings by Property Type, 2010



The proportion of distressed residential buildings that are single- and three-family buildings has decreased since 1997, while the proportion of buildings in the “All Other” category (e.g., condominiums, tax-exempt, and multi-family buildings) has more than doubled.

Since 2008, the composition of distressed residential buildings has shifted away from three-family buildings and towards two-family buildings. This, however, is largely due to declining numbers of single-, three-, and “All Other” distressed residential buildings.

TAX STATUS

Since 1997, the proportion of distressed residential buildings that are publicly owned/tax-exempt has shrunk to 6%, while 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 \$9,533, a low amount that generally does not lead to tax title foreclosure.

Chart 4: Distressed Residential Buildings Tax Status, 1997

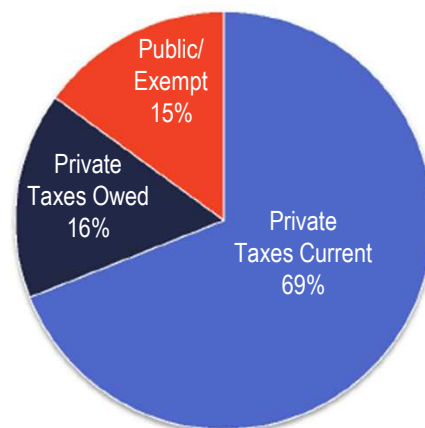
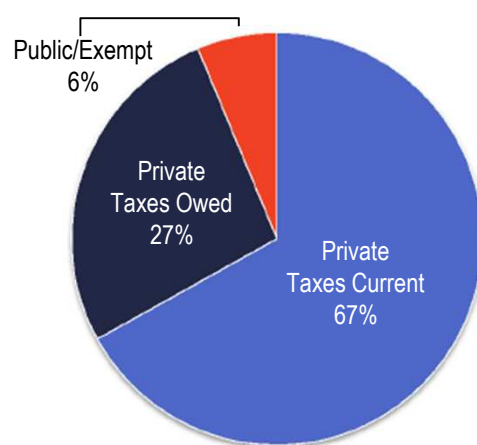


Chart 5: Distressed Residential Buildings Tax Status, 2010





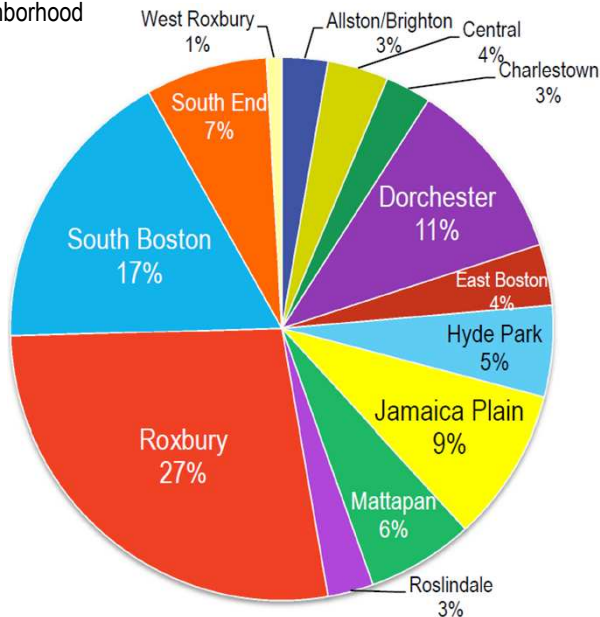
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Chart 6: 2010 Distressed Commercial/Mixed-Use Buildings by Neighborhood



COMMERCIAL & MIXED-USE BUILDINGS BY NEIGHBORHOOD

While the number of distressed commercial and mixed-use buildings has fluctuated over the years, since 2006, it has been steadily declining, from 170 to 110 distressed commercial and mixed-use buildings. Since 1997, there has been a 56% decrease in the number of distressed commercial and mixed-use buildings, and, since 2008, a 16% decrease (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 (-87%). Roxbury has seen the greatest reduction in volume with 47 fewer distressed commercial and mixed-use buildings in 2010 than there were in 1997. Each year, however, Roxbury persistently has the most distressed commercial and mixed-use buildings. From 2008 to 2010, all neighborhoods experienced a reduction or no change in the number of distressed commercial buildings, and Roxbury saw the greatest reduction in volume with 6 fewer buildings.

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

Neighborhood	Com. Buildings			% Change 97-10	2010 % Share
	1997	2008	2010		
Allston/Brighton	5	5	3	**	3%
Back Bay/Beacon Hill	1	1	0	**	0%
Central	30	6	4	-87%	4%
Charlestown	0	5	3	**	3%
Dorchester	30	12	12	-60%	11%
East Boston	30	6	4	-87%	4%
Fenway/Kenmore	4	0	0	**	0%
Hyde Park	13	6	6	-54%	5%
Jamaica Plain	15	11	10	-33%	9%
Mattapan	13	7	7	-46%	6%
Roslindale	5	4	3	**	3%
Roxbury	77	36	30	-61%	27%
South Boston	2	21	19	**	17%
South End	22	10	8	-64%	7%
West Roxbury	1	1	1	**	1%
Citywide	248	131	110	-56%	-

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

Chart 6 shows how distressed commercial and mixed-use buildings are distributed across Boston's neighborhoods. Unlike distressed residential buildings, which are concentrated in three neighborhoods, distressed commercial and mixed-use buildings are spread throughout the city. The majority (78%) of distressed commercial and mixed-use buildings are spread out over six neighborhoods: Roxbury, South Boston, Dorchester, Jamaica Plain, South End, and Mattapan.

Often, commercial and mixed-use buildings are more difficult to survey accurately than residential buildings since buildings that actively are used as warehouses often are boarded up and may appear derelict and distressed. This may be especially true in South Boston, where the increase from 2 to 19 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.



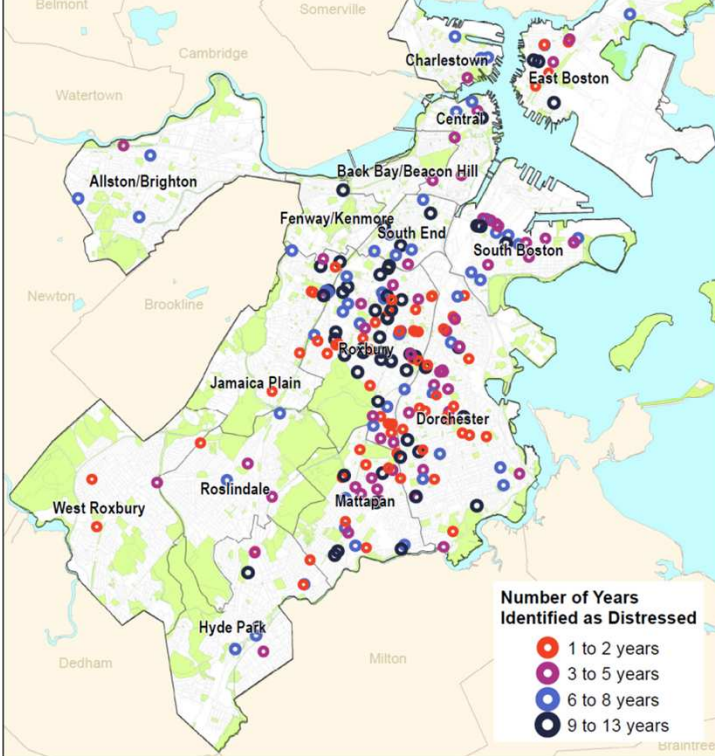
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Map 4: Number of Years Property Identified as Distressed, 2010



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 2010 and the number of years they have been identified as distressed in DND's annual survey. The majority of buildings (53%) on the 2010 survey have been identified as distressed 5 or fewer times.

Map 4 shows the locations of distressed buildings by years of distress. In 2010, 78% of recently distressed (1-2 years) and 71% of persistently distressed (9-13 years) buildings were concentrated in Roxbury, Dorchester, and Mattapan. These three neighborhoods, however, account for only 48% 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.

Table 5: Average Number of Years Distressed, 2010

Neighborhood	Total	1-2 Years	3-5 Years	6-8 Years	9-13 Years
Allston/Brighton	4	0	1	3	0
Back Bay/Beacon Hill	0	0	0	0	0
Central	7	0	4	2	1
Charlestown	4	0	1	3	0
Dorchester	49	19	14	8	8
East Boston	11	4	2	2	3
Fenway/Kenmore	1	0	0	0	1
Hyde Park	9	2	2	3	2
Jamaica Plain	14	5	2	3	4
Mattapan	25	8	7	4	6
Roslindale	5	1	2	2	0
Roxbury	74	26	9	11	28
South Boston	21	0	11	7	3
South End	10	1	1	5	3
West Roxbury	3	2	1	0	0
Citywide	237	68	57	53	59

PROPERTIES IN TAX TITLE

Table 4 provides a breakdown of taxes owed for all property types. Of the 237 buildings surveyed as distressed in 2010, 55 are held by private owners in tax arrears. Combined, these owners owe \$1.4 million, \$1.1 million (80%) of which is owed by 18 property owners.

Table 4: Tax Arrearage by Assessing Land Use, 2010

Land Use	Total Taxes Owed	Median Taxes Owed	Total Properties
Commercial	\$932,702	\$25,812	15
Industrial	\$11,730	\$3,182	3
Mixed-Use	\$66,280	\$22,622	3
Single-Family	\$121,472	\$5,918	12
Two-Family	\$83,793	\$9,533	7
Three-Family	\$183,105	\$15,903	11
Other Residential	\$29,919	\$1,752	4
TOTAL	\$1,429,002	\$10,923	55



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PRIVATE MORTGAGE FORECLOSURE

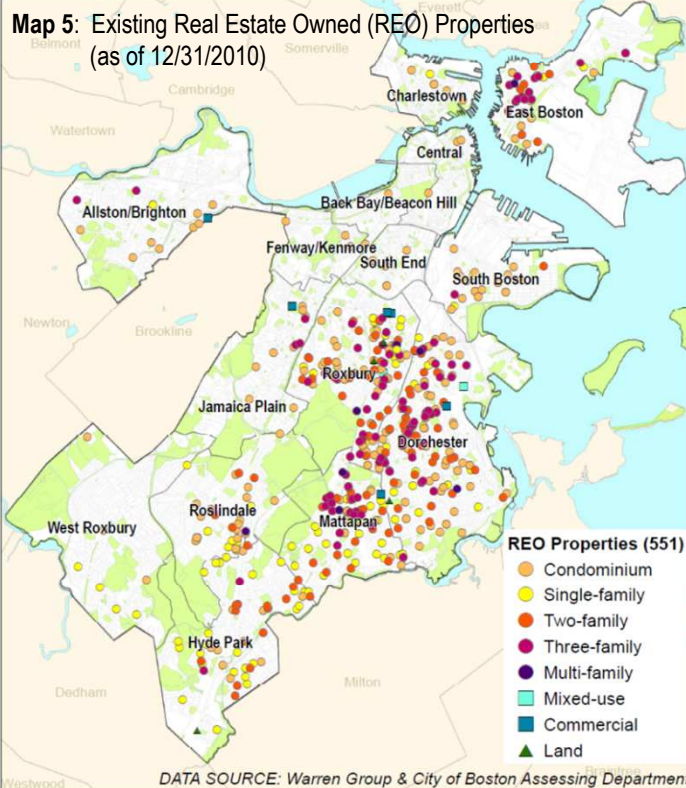
Boston has experienced a significant increase in private mortgage foreclosures over the past five years. From 2005 to 2010, 10,079 properties were petitioned and 3,836 properties were foreclosed on (see Table 6). Map 5 shows the 551 properties that were Real Estate Owned (REO) as of December 31, 2010. Vacant REO properties pose a potential risk to neighborhoods by attracting crime and lowering local property values. Over time, these properties 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 237 distressed properties identified in the 2010 survey, only 16% (39) have foreclosure deeds registered during the last 5 years and an additional 2% (6) have foreclosure petitions, the first step in the foreclosure process, filed in the last 2 years. Of the 58 Buildings added to the 2010 inventory, the rates are slightly higher with 29% (17) foreclosed on in the last 5 years and 5% (3) petitioned in the last 2 years.

Table 6: Foreclosure Activity, 2005 - 2010

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%

In February 2008, Mayor Thomas M. Menino established the Foreclosure Intervention Team (FIT) to comprehensively address the foreclosure crisis—from prevention through reclamation of REO properties—in targeted areas. The FIT is a multi-departmental team that addresses all issues that surround foreclosure and abandonment and is comprised of the following departments: Mayor's Office; Boston Housing Authority; Boston Police; Boston Redevelopment Authority; Inspectional Services; Neighborhood



Development; Neighborhood Services; Parks and Recreation; Property Management; Public Health Commission; Public Works; Rental Housing Resource Center; and Transportation. Building on the City's early efforts to address foreclosure, the FIT began surveying all REO properties, starting in two fragile areas in Dorchester and Roxbury with high rates of foreclosure-related blight. As of December 2010, over 2,100 REO properties have been surveyed, and the original two designated FIT areas have shown signs of improvement.

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.



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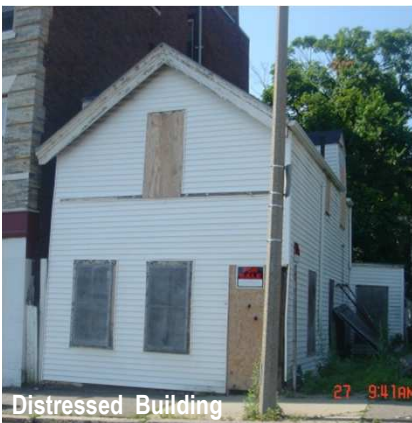
CITY STRATEGY

Since 2003, when the City began tracking the outcomes of distressed residential buildings, the overall number of distressed residential buildings has decreased by 54% with 430 residential buildings coming out of a distressed condition. The majority (81%) were renovated and put back in use, 11% were demolished, and 7% had other outcomes, such as re-occupancy without rehab work (see Table 7). While many are no longer distressed, 289 residential buildings have been added to the inventory between 2003 and 2010.

Table 7: Trends in Distressed Residential Buildings

Change in Inventory	Residential Buildings
- Renovated 2004 - 2010	349
- Demolished 2004 - 2010	49
- Other Outcome 2004 - 2010	32
+ Newly Abandoned 2004 -2010	289

private building owners and developers to renovate and redevelop distressed buildings.



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

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.

- The Foreclosure Intervention Team, which targets areas with concentrated foreclosures and distressed buildings, has provided foreclosure prevention and intervention assistance; purchased REO properties with the guidance of local community-based organizations; heightened police presence; made physical street improvements; increased code enforcement; and removed graffiti.

***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

- DND's Boston Home Center, Office of Business Development, and Neighborhood Housing Development divisions may provide funding, project management, or technical assistance to eligible