



April 27, 2010

The Honorable _____
Massachusetts State Senate
State House Room _____
Boston, MA 02133

Dear Senator _____,

It is our understanding that *Senate 2394, An Act to Stabilize Neighborhoods*, is scheduled for a Senate vote this week.

The thrust of this bill is to provide much needed solutions to prevent and minimize the negative impact that foreclosures have had and continue to have on homeowners, tenants, cities, towns, and local communities. Specifically the bill would assist:

- **Tenants** residing in properties that are foreclosed with the following protection:
 - Eviction protection for tenants who are in good standing and continue to pay rent by codifying “just cause eviction” and defining “just cause.”
- **Homeowners** by creating stronger requirements for lenders such as:
 - A new mediation process for engaging in mediation and loan modifications. While this mediation process is voluntary, lenders that decide not to enter this process will have to wait 150 days to foreclose on the property. Current law requires lenders to wait 90 days to foreclose on a property and will continue to be required to wait 90 days if they participate in the new mediation process; and
 - Requiring lenders to provide homeowners experiencing foreclosure with a statement of homeowners rights along with mortgage delinquency notices; and
 - Subjecting lenders who commit mortgage fraud to criminal penalties; and
 - Requiring lenders to develop a consumer education and counseling program with regards to reverse mortgage programs.
- **Cities, Towns and Communities** by:
 - Requiring the Attorney General to develop a two year pilot program to implement a “Massachusetts abandoned property registry.” The registry shall require all property owners, including lenders, trustees, and service companies, to properly register and maintain vacant and/or foreclosing properties located in the state; and
 - Allowing a city or town to accept a new state law that exempts charitable organizations from property taxes for the purpose of creating affordable housing. The tax exemption shall not extend beyond seven years, would begin on the date of purchase, and end when the property is leased, rented, or otherwise disposed of.

A Boston Globe article on April 23, 2010, reported that the Warren Group identified that foreclosure petitions and deeds increased remarkably in March 2010 from February 2010 and in comparison with last year.

“Petitions, the first phase of a foreclosure process, rose in number to 2,581 in March, a 21.6 percent increase from February...” “Foreclosure deeds, filed when a homeowner officially loses title to a property, surged to 1,389 in March - 51.4 percent more than in February and the highest number for any month in more than a year.”¹

Also worrisome is the number of homeowners with so-called “negative equity” or who are “under water.” There are 234,000 households in Massachusetts for whom the value of their home is less than the outstanding mortgage amount. This jumped to 16% from 11% of all homeowners in 2009.² While most of these homeowners will continue to pay their mortgages, this is a clear example of their insecure position in this housing market.

It should be of grave concern to legislators that in this broken system, thousands of Massachusetts residents have or will soon lose their homes; many are homeowners who were victims of unscrupulous lending practices or who deserve help and cannot get it. Many more are blameless tenants.

It is a known fact that many foreclosed properties are abandoned and remain vacant, and are then a target for vandalism and locations of undesirable activity. This is a serious concern for cities, towns and communities who themselves are struggling financially. Abandoned vacant properties result in reduced property values, blighted neighborhoods and increased criminal activity. All of these factors are a drain on the limited finances of the cities, towns and municipalities.

For the foregoing reasons we ask that you vote favorably for Senate 2394.

The Massachusetts Catholic Conference is the Public Policy office of the Roman Catholic Church in Massachusetts representing the Archdiocese of Boston and the Dioceses of Fall River, Springfield and Worcester. The Conference works to educate the public and lawmakers on Catholic social teaching in order to develop sound public policy that seeks the common good.

The Planning Office for Urban Affairs is a non-profit housing developer affiliated with the Roman Catholic Archdiocese of Boston that develops affordable and mixed-income housing and advocates for housing justice. The Planning Office is also Co-Chair of the Coalition for Occupied Homes in Foreclosure (COHiF), a broad coalition of housing advocates and professionals from across the state, that strongly supports the passage of this bill and has first-hand knowledge that such legislation will help the situation of thousands of Massachusetts families and communities.

Sincerely,



Lisa B. Alberghini
President
Planning Office for Urban Affairs



Edward F. Saunders, Jr. Esq.
Executive Director
Massachusetts Catholic Conference

¹ The Boston Globe, “Mass. Foreclosure Petitions Rise 21%”, J. McKim, April 23, 2010.
http://www.boston.com/business/articles/2010/04/23/foreclosures_up_21_in_mass_for_march/

² The First American CoreLogic, “The Negative Equity Report”, February 23, 2010.
<http://www.facorelogic.com/newsroom/marketstudies/negative-equity-report.jsp>