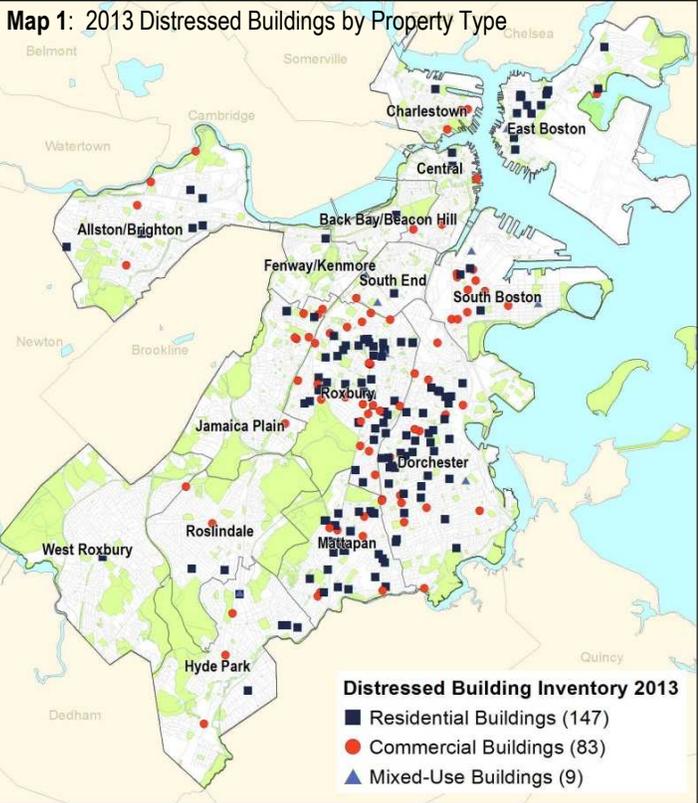




# Distressed Buildings Trends 2013

CITY OF BOSTON/MAYOR MARTIN J. WALSH

DEPARTMENT OF NEIGHBORHOOD DEVELOPMENT SHEILA A. DILLON, CHIEF AND DIRECTOR



## SURVEY HIGHLIGHTS

The Department of Neighborhood Development began surveying distressed buildings in 1997. 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 signs of physical distress (i.e., boarded, burned, open to the elements, or otherwise deteriorated).

Map 1 shows the 239 buildings identified as distressed in 2013:

- 61% (147) are residential buildings.
- 35% (83) are commercial, and 4% (9) are mixed-use.

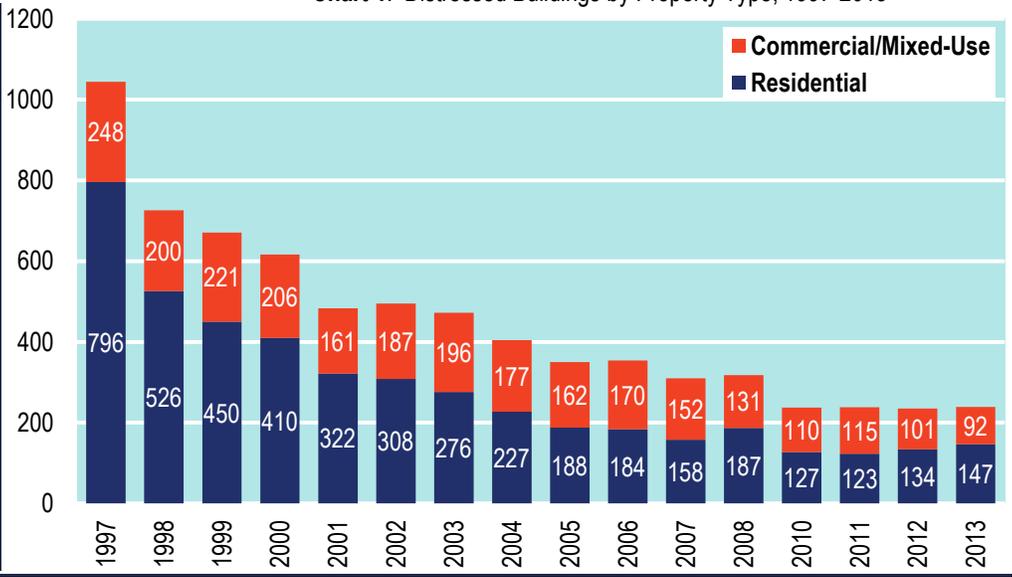
Since 1997, the inventory of distressed buildings decreased 77% from 1,044 to 239 (Chart 1). Residential buildings declined 82%, and commercial and mixed-use buildings declined 63%.

The inventory of distressed buildings increased slightly since 2012, from 235 to 239. While 55 buildings were renovated or demolished in the last year, including 18 that had been distressed for five or more years, 59 buildings were newly identified as distressed.

**Chart 1: Distressed Buildings by Property Type, 1997-2013**

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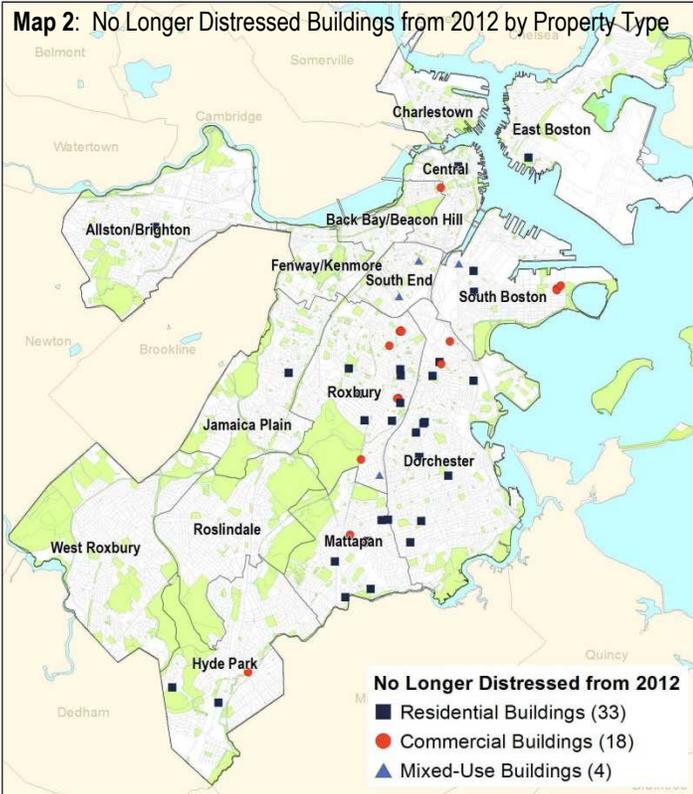
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**Map 2: No Longer Distressed Buildings from 2012 by Property Type**



## CHANGE IN INVENTORY

Since 2012, the total number of distressed buildings has increased by 4 properties (2%), from 235 to 239.

Map 2 shows the 55 buildings from the 2012 survey that were found to be no longer distressed at the time of the 2013 survey:

- 60% (33) are residential buildings.
- 33% (18) are commercial, and 7% (4) are mixed-use.

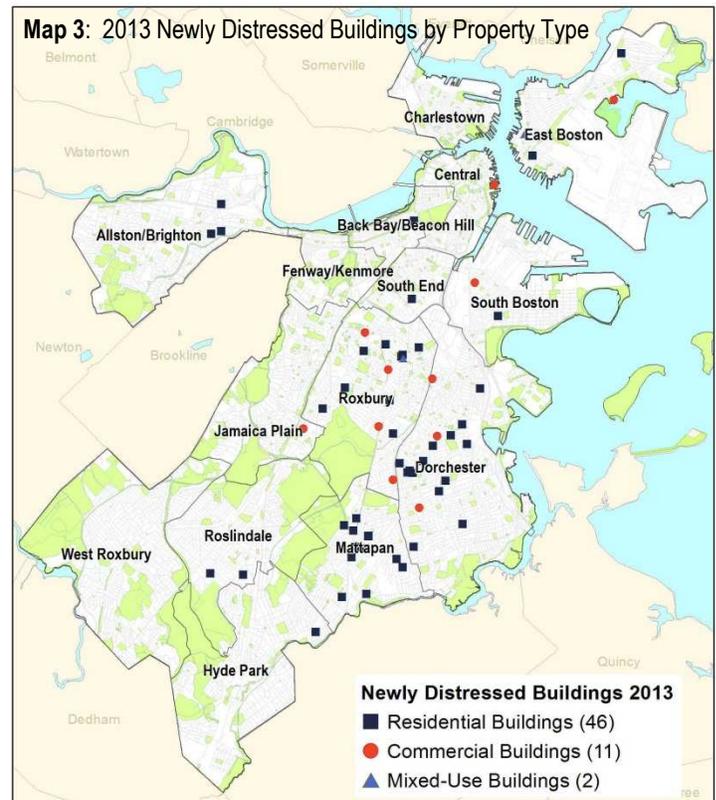
Map 3 shows the 59 buildings added to the distressed building inventory in 2013:

- 78% (46) are residential buildings.
- 19% (11) are commercial, and 3% (2) are mixed-use.

## SURVEY METHODOLOGY

Findings from DND's fifteenth annual survey are from data collected between August 2013 and December 2013. DND conducts a street-by-street survey in certain 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, fire reports, and the Inspectional Services Department's Project Pride, which secures dangerous buildings. For each building, a photo is taken and data are collected from a visual inspection of the property's exterior. During the height of the foreclosure crisis, from 2008 through 2012, DND also surveyed bank-owned properties and added those that met the definition of distressed.

**Map 3: 2013 Newly Distressed Buildings by Property Type**





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## RESIDENTIAL BUILDINGS BY NEIGHBORHOOD

In 2013, there were 147 distressed residential buildings in Boston, down 82% from 1997, but up 10% since 2012 (Table 1). This is the second year in a row that the number of distressed residential buildings has increased. The majority (82%) of distressed residential buildings are concentrated in four neighborhoods: Roxbury, Dorchester, Mattapan, and East Boston. This concentration has increased slightly since 1997, when 79% of distressed residential buildings were in these four neighborhoods.

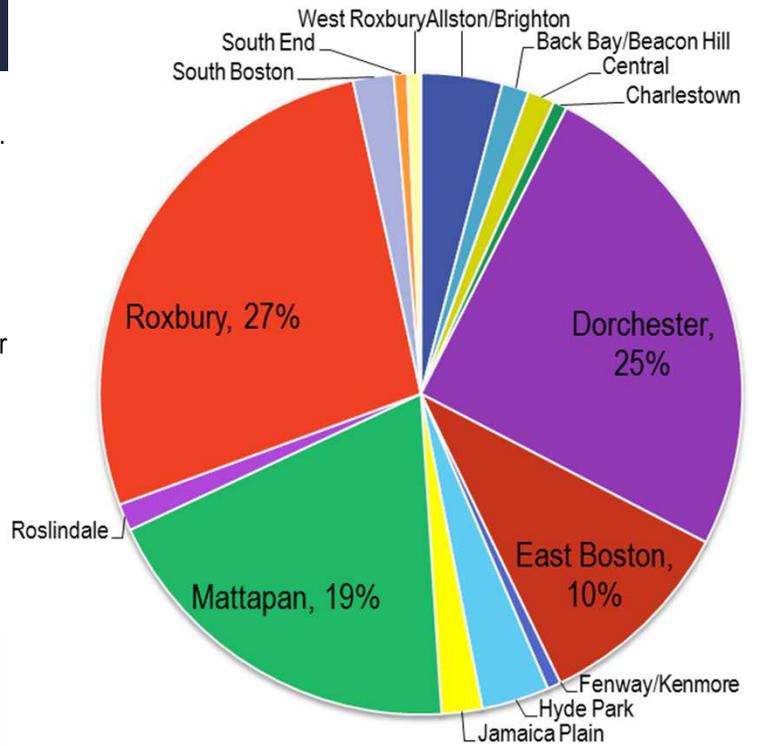
Roxbury, Dorchester, Mattapan, and the South End have seen the greatest reduction in volume of distressed residential buildings since 1997. Roxbury has 267 fewer distressed residential buildings than it did in 1997, Dorchester has 129

Table 1: Distressed Residential Buildings by Neighborhood

Neighborhood	Res. Buildings			% Change 97-13	2013 % Share
	1997	2012	2013		
Allston/Brighton	3	4	6	**	4%
Back Bay/Beacon Hill	2	1	2	**	1%
Central	14	3	2	-86%	1%
Charlestown	1	1	1	**	1%
Dorchester	166	35	37	-78%	25%
East Boston	52	14	15	-71%	10%
Fenway/Kenmore	1	1	1	**	1%
Hyde Park	44	6	5	-89%	3%
Jamaica Plain	37	4	3	-92%	2%
Mattapan	101	22	28	-72%	19%
Roslindale	11	0	2	-82%	1%
Roxbury	307	38	40	-87%	27%
South Boston	7	4	3	**	2%
South End	47	0	1	-98%	1%
West Roxbury	3	1	1	**	1%
<b>Citywide</b>	<b>796</b>	<b>134</b>	<b>147</b>	<b>-82%</b>	<b>-</b>

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

Chart 2: 2013 Distressed Residential Buildings by Neighborhood



fewer, Mattapan has 73 fewer, and the South End has 46 fewer. All neighborhoods with 10 or more distressed residential buildings in 1997 have had significant decreases in distressed residential buildings between 1997 and 2013, but the greatest were in the South End (-98%), Jamaica Plain (-92%), and Hyde Park (-89%).

Since 2012, the number of distressed residential buildings increased in eight neighborhoods. The greatest increase occurred in Mattapan, which had six more distressed residential properties in 2013 than it had in 2012. Regardless, Mattapan still has 72% fewer distressed residential properties than it did in 1997.

Central Boston, Hyde Park, and South Boston were the only neighborhoods to have a decrease in distressed residential buildings between 2012 and 2013. Allston/Brighton is the only neighborhood to have an increase in distressed residential buildings between 1997 and 2013.



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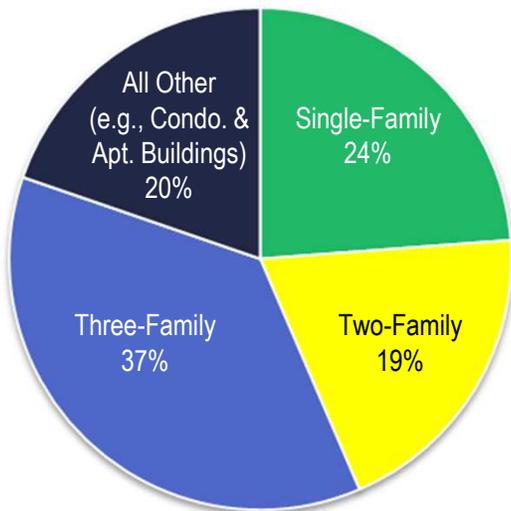
## RESIDENTIAL BUILDINGS

Table 2 and Chart 3 show the composition of distressed residential buildings by property type in 1997, 2012, and 2013.

**Table 2:** Distressed Residential Buildings by Property Type

Property Type	1997		2012		2013	
Single-Family	239	30%	34	25%	35	24%
Two-Family	175	22%	25	19%	29	19%
Three-Family	287	36%	48	36%	54	37%
All Other	95	12%	27	20%	29	20%

**Chart 3:** Distressed Residential Buildings by Property Type, 2013



The number of distressed residential buildings increased between 2012 and 2013 for all residential property types, but two-family homes increased by the greatest percentage (16%). In 2013, three-family buildings accounted for 37% of distressed residential buildings, up from 36% in 2012. Since 1997, the composition of distressed residential buildings has not changed much, but there has been a small shift away from single-family buildings and towards those in the “other” category, which includes apartment buildings, rooming houses, and condominium buildings.

## TAX STATUS

Since 1997, the proportion of distressed residential buildings that are publicly owned or tax-exempted has shrunk from 15% to less than 1%, while the proportion of privately-owned residential buildings with taxes owed has grown from 16% to 27% of distressed residential buildings (Chart 4). Despite this increase, the number of privately-owned distressed residential buildings for which the City can begin tax foreclosure takings remains low. The median amount owed for distressed residential buildings decreased from \$17,449 in 2012 to \$7,074 in 2013. This amount generally does not lead to tax title foreclosure.

**Chart 4:** Distressed Residential Buildings Tax Status, 2013

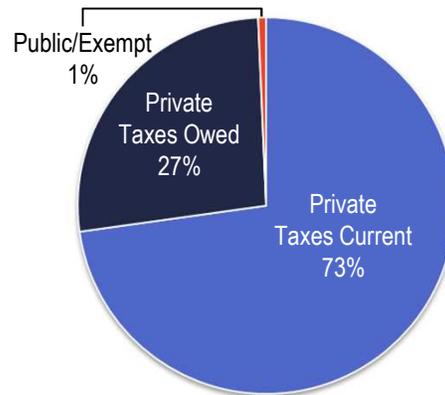


Table 3 provides a breakdown of taxes owed for all property types. Of the 239 buildings surveyed as distressed in 2013, over \$900,000 is owed collectively for 53 of the privately-owned properties. This is a decrease from 2004, the first year these data were reported, when \$4.4 million in taxes was collectively owed for 77 properties.

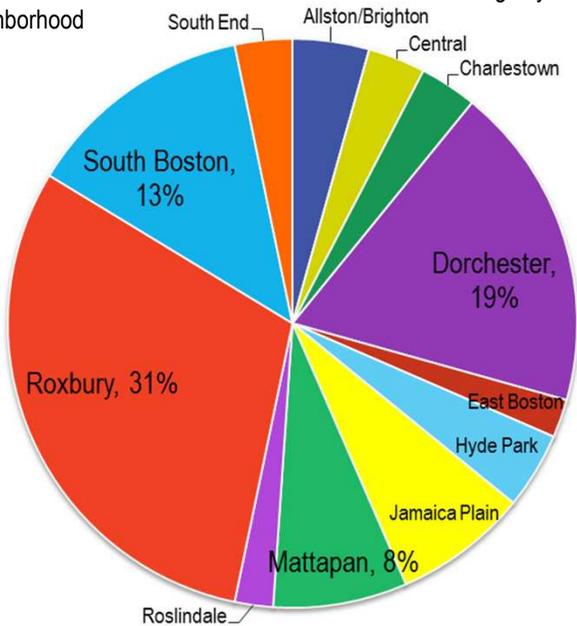
**Table 3:** Tax Arrearage by Assessing Land Use, 2013

Land Use	Total Taxes Owed	Median Taxes Owed	Total Properties
Single-Family	\$122,968	\$7,678	10
Two-Family	\$204,410	\$17,493	12
Three-Family	\$152,763	\$5,041	10
Other Residential	\$51,470	--	7
Commercial	\$323,373	\$22,596	12
Mixed-Use	\$58,698	--	2
<b>TOTAL</b>	<b>\$913,680</b>	<b>\$8,681</b>	<b>53</b>



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Chart 5: 2013 Distressed Commercial/Mixed-Use Buildings by Neighborhood



## COMMERCIAL & MIXED-USE BUILDINGS BY NEIGHBORHOOD

The number of distressed commercial and mixed-use buildings declined 9% in 2013 compared to 2012, and it is at an all-time low since DND began surveying. Since 1997, there has been a 63% decrease in the number of distressed commercial and mixed-use buildings, from 248 to 92 (Table 4).

Of neighborhoods that had 25 or more distressed commercial and mixed-use buildings in 1997, East Boston saw the greatest percentage decrease since 1997 (-93%), and Roxbury had the greatest reduction in volume with 49 fewer distressed commercial and mixed-use buildings in 2013 than there were in 1997. Each year, however, Roxbury persistently has the most distressed commercial and mixed-use buildings. From 2012 to 2013, Central Boston, Dorchester, East Boston, and Jamaica Plain experienced an increase in distressed commercial and mixed-use buildings, however, none increased by more than two buildings. The number of distressed commercial and mixed-use buildings in all other neighborhoods either remained the same or decreased.

Chart 5 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 (62%) 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 12 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 4: Distressed Commercial/Mixed-Use Buildings by Neighborhood

Neighborhood	Com. Buildings			% Change 97-13	2013 % Share
	1997	2012	2013		
Allston/Brighton	5	4	4	**	4%
Back Bay/Beacon Hill	1	1	0	**	0%
Central	30	2	3	-90%	3%
Charlestown	0	3	3	**	3%
Dorchester	30	16	17	-43%	18%
East Boston	30	0	2	-93%	2%
Fenway/Kenmore	4	0	0	**	0%
Hyde Park	13	5	4	-69%	4%
Jamaica Plain	15	6	7	-53%	8%
Mattapan	13	9	7	-46%	8%
Roslindale	5	2	2	**	2%
Roxbury	77	31	28	-64%	30%
South Boston	2	15	12	**	13%
South End	22	7	3	-86%	3%
West Roxbury	1	0	0	**	0%
<b>Citywide</b>	<b>248</b>	<b>101</b>	<b>92</b>	<b>-63%</b>	<b>-</b>

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



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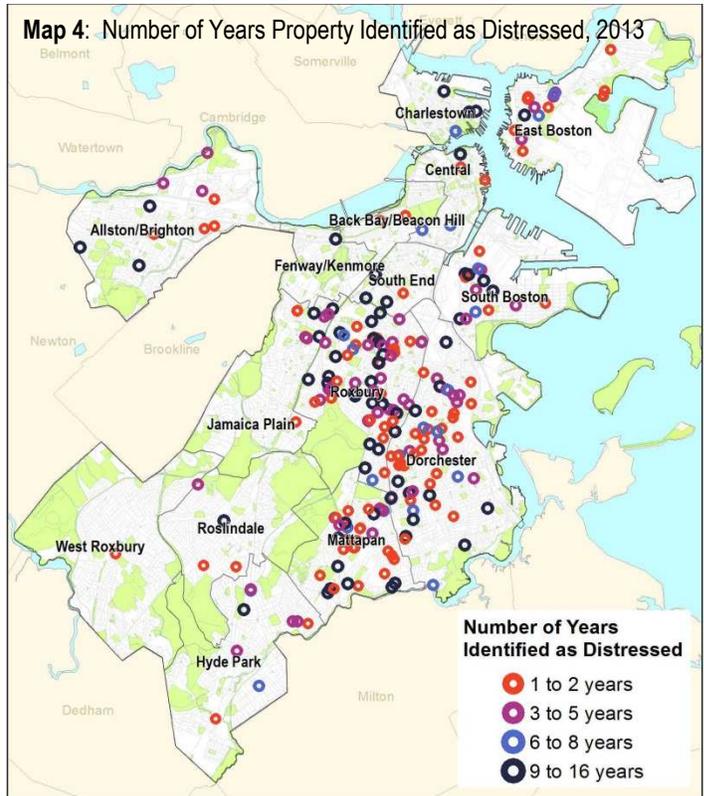
## NUMBER OF YEARS DISTRESSED

Some distressed buildings reappear on the survey year after year. Table 5 includes a count of distressed buildings by neighborhood in 2013 and the number of years they have been identified as distressed in DND's annual survey. The majority of buildings (63%) on the 2013 survey have been identified as distressed 5 or fewer times.

Map 4 shows the locations of distressed buildings by years of distress. In 2013, with 26 buildings identified as distressed at least 9 years, Roxbury has the most persistently distressed buildings. Fenway/Kenmore only has one distressed building, but this residential building has been on the list every year since 1997. Similarly, every neighborhood, except for Back Bay/Beacon Hill and West Roxbury, has at least one persistently distressed property. With 45% of its buildings identified as distressed within the last two years, Dorchester has the highest percentage of newly distressed buildings.

Table 5: Average Number of Years Distressed, 2013

Neighborhood	Total	1-2 Years	3-5 Years	6-8 Years	9-11 Years	12-16 Years
Allston/Brighton	10	4	3	0	3	0
Back Bay/Beacon Hill	2	2	0	0	0	0
Central	5	2	0	2	1	0
Charlestown	4	0	0	1	3	0
Dorchester	54	24	12	7	5	6
East Boston	17	9	5	2	0	1
Fenway/Kenmore	1	0	0	0	0	1
Hyde Park	9	2	4	2	0	1
Jamaica Plain	10	3	4	0	1	2
Mattapan	35	19	5	2	4	5
Rosindale	4	2	1	0	1	0
Roxbury	68	18	21	3	7	19
South Boston	15	4	4	2	2	3
South End	4	1	0	0	2	1
West Roxbury	1	1	0	0	0	0
<b>Citywide</b>	<b>239</b>	<b>91</b>	<b>59</b>	<b>21</b>	<b>29</b>	<b>39</b>



## PRIVATE MORTGAGE FORECLOSURE

Boston dealt with high volumes of private mortgage foreclosures from 2005 through 2010, but foreclosure deeds have since declined significantly. Nevertheless, 232 foreclosure petitions (the first step in the foreclosure process) were filed in 2013, 94 properties were foreclosed on, and 237 properties were bank-owned at the end of the year.

Just as foreclosure activity has been declining, the foreclosure crisis has been affecting fewer properties on the Distressed Building Survey in recent years. Of the 239 buildings identified as distressed in 2013, only 3% (13) have foreclosure deeds registered during the last 5 years, down from 7% in 2012, and only 3 have foreclosure petitions filed in the last 2 years. Furthermore, only 3 were bank-owned as of December 31, 2013, down from 4 in 2012.



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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 47% with 543 residential buildings coming out of a distressed condition. The majority (78%) were renovated and put back in use, 12% were demolished, and 11% had other outcomes, such as re-occupancy without rehab work (see Table 6). While many are no longer distressed, 424 residential buildings have been added to the inventory between 2003 and 2013.

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 6: Trends in Distressed Residential Buildings, 2004-2013

Change in Inventory	Residential Buildings
- Renovated 2004 - 2013	422
- Demolished 2004 - 2013	63
- Other Outcome 2004 - 2013	58
+ Newly Abandoned 2004 -2013	424

▪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 [Laura.Delgado@Boston.gov](mailto:Laura.Delgado@Boston.gov). For previous reports and a map and list of currently distressed properties go to [www.cityofboston.gov/dnd/pdr/Distressed\\_Buildings\\_Reports.asp](http://www.cityofboston.gov/dnd/pdr/Distressed_Buildings_Reports.asp)