The housing market crash touched every state in the U.S., Massachusetts being no exception. Harsh and myopic foreclosure policies in Massachusetts catalyzed evictions and caused crippling outcomes for (former) homeowners as well as the communities they reside in through the ripple effect of home vacancy. To mitigate this and move communities towards increasing stability, Massachusetts legislators introduced a bill that would allow current homeowners who have been foreclosed upon to remain in their homes at fair market rent until new homeowners can take on the mortgage.

■ The Bill
S.728: An Act preventing unnecessary vacancies in foreclosed homes.

■ Excerpt from Storybook
Ramon Suero, a resident of Dorchester, bought a condominium with a ‘no-money-down’ mortgage from a notorious subprime lender: Option One. Option One gave him a mortgage with a very low interest rate that would balloon in a couple of years after the low-interest teaser expired. When Ramon’s interest rate shot up, he was unable to afford his mortgage and found himself in a financial crisis. This is a classic example of what has happened to thousands of people across the state...If An Act to Prevent Unnecessary Vacancies in Foreclosed Homes were already law, then Ramon would have been able to stay in his home at an affordable rate instead of being forced into eviction through the trickery of Option One.

■ Elevator Speech
Because of the subprime mortgage crisis, evictions have been on the rise and have caused devastating outcomes for homeowners as well as the communities these homeowners reside in. In the last twelve years, Massachusetts experienced a staggering 72.2% increase in vacancies as a direct result of evictions. In response to this dilemma, S.728: An Act to Prevent Unnecessary Vacancies in Foreclosed Homes aims to provide help by allowing people to remain in their homes while paying fair market rent in lieu of their mortgage until new occupants who can afford the
mortgage can be found. This bill keeps honest, hardworking people in their homes and promotes their economic stability as well as their community’s. How? First, a vacant home is a blight on the community and may potentially dissuade new residents from purchasing property nearby. Second, vacant homes are targets for use for illegal activity or for being vandalized. Third, a vacant home’s price drops significantly, which can cause a decrease in property values throughout the community.

S.728: An Act to Prevent Unnecessary Vacancies in Foreclosed Homes will address all of these problems and strengthen the economic health of communities. The proposed bill allows for the homeowners in foreclosure to continue living in their homes while the bank finds owners who can afford the mortgage, thus benefiting the homeowner and the community. This bill will keep more people in their homes and more communities in Massachusetts economically vibrant. I am asking you to support this bill for the good of the Commonwealth of Massachusetts.

Op-Ed

More than five years after the beginning of subprime mortgage crisis, thousands of homeowners in Massachusetts are still facing eviction. By now, we are all well aware of how this happened. Lenders [banks] tricked homeowners into accepting mortgages that were initially affordable, with very low or no interest rates. After a few years, interest rates shot up and homeowners found themselves with staggering mortgages, which often led to foreclosure and eviction. In the last twelve years, Massachusetts has experienced an astonishing 72.2% increase in eviction-related vacancies, due to the subprime mortgage crisis. The crisis was vast and it was devastating. And it is still happening.

However, several Massachusetts legislators are trying to come to the aid of homeowners by introducing legislation, S.728: An Act to Prevent Unnecessary Vacancies in Foreclosed Homes, which will allow homeowners to remain in their homes while paying fair market rent in lieu of their mortgage until the lenders can find new occupants who can afford the mortgage. This legislation attempts to restore the homeowner’s dignity and also promotes economic stability for individuals and communities.

How? A foreclosure crisis such as the one many Bay Staters are experiencing can very easily ripple throughout a community. First, a vacant home is a blight on the community and may potentially dissuade new residents from purchasing property nearby. Second, vacant homes are targets for use for illegal activity or for being vandalized. Third, a vacant home’s price drops significantly, which can cause a decrease in property values throughout the community. Additionally, a vacant home earns the bank that financed its purchase exactly $0, although the banks believe evictions are necessary scare tactics to get other homeowners to somehow scrape together the money for bloated payments on their underwater mortgages.

The main opposition to this bill is the Massachusetts Bankers Association (MBA). From the perspective of the MBA, homeowners who face foreclosure are given a sufficient amount of time to pay what is owed and are further given fair warning before they are evicted. The MBA believes that prolonging evictions may encourage homeowners to neglect their financial obligations to banks and further delays the property from being occupied by people who can afford the mortgage. But a vacant property is much harder to sell than one that is currently occupied and the cost of a vacant property is much greater to the banks as well as the community, costing anywhere from $190,000 to $1,000,000. This cost of vacancy outweighs any potential downsides to having continual occupancy.

The proposed bill, S.728: An Act to Prevent Unnecessary Vacancies in Foreclosed Homes does much to protect homeowners and communities and is ultimately a win for the Commonwealth of Massachusetts. It is imperative that our legislators demonstrate their belief in the value of the Commonwealth and pass this bill.

Excerpts from Campaign Journals

Jacob

The Jobs with Justice dinner led to a follow-up meeting I had with a campaign advocate and supporter, Bill Okerman. Okerman and I met to further discuss the housing crisis. Speaking with him one-on-one was very helpful because I was able to get his full attention and found that he was very knowledgeable and responsive to every question I had. Okerman introduced an idea to me that I found very interesting: the idea that Jobs with Justice (and similar activist organizations) would have more success if, instead of picketing companies, they targeted the government [through lobbying].

Dylan

(from a City Life/Vida Urbana Bank Tenant Association meeting)

I knew the foreclosure crisis was an issue, but it was not until I could hear some firsthand accounts that I really started to see how this bill could change lives. The people
at the meeting...have been treated unfairly by the banks and need extra protection to get back on their feet. They were not the people who the banks claim they are: some lazy good-for-nothing bums looking for a safety net from the government.

■ Update
As of April 11, 2013, S.728 was in the Joint Committee on the Judiciary awaiting a hearing date.