

Distressed Buildings Trends 2015

SURVEY HISTORY

The Department of Neighborhood Development began surveying Boston's distressed buildings in 1997. A distressed property 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 210 buildings identified as distressed in 2015. This consists of 59% residential, 18% commercial, 12% exempt, 5% industrial and 6% mixed use, according to Assessing's use code listings. In terms of the total building stock, less than 0.3% of all property is distressed: roughly 0.2% of residential property (not including condos); 0.9% of commercial property; 0.3% of exempt property; 2.4% of industrial property; and, 0.6% of mixed-use property.

Chart 1 shows distressed residential and other property types for the last 17 surveys.

Since 1997, the inventory of distressed buildings has decreased by 80% from 1,044 to 173. Residential buildings declined 85% while all others declined 79%.

This downward trend has continued with the most recent survey. We believe that the City's assistance, combined with the wider impact of market forces, shows an indication of sustained activity at the lower end of Boston's property market. Chart 1 shows these changes since DND began conducting these surveys.

Please note: there was no survey conducted in 2014.

Map 1: Distressed Buildings 2015

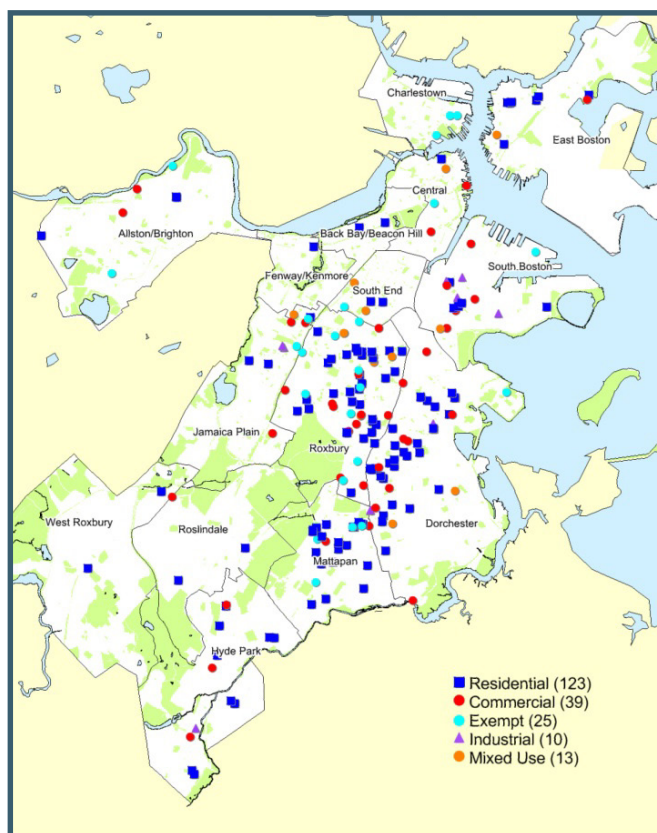
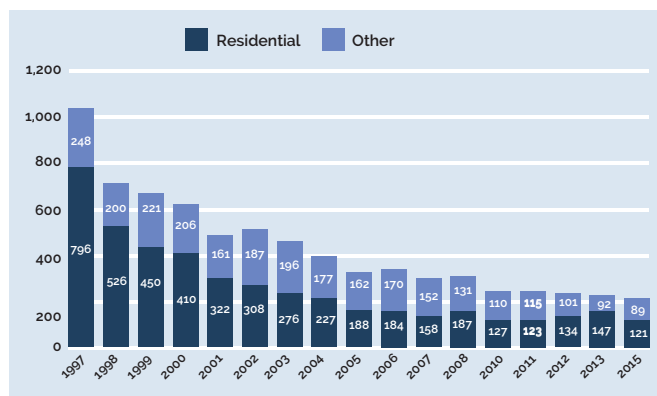


Chart 1: Distressed Buildings by Property Type, 1997-2015



SURVEY METHODOLOGY

Findings from DND's seventeenth survey are from data collected in July and August 2015. DND conducts a street-by-street survey in certain areas 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.

CHANGE IN INVENTORY

Since 2013, the total number of distressed properties dropped by approximately 12%. The maps on this page show changes of all property types from the 2015 survey.

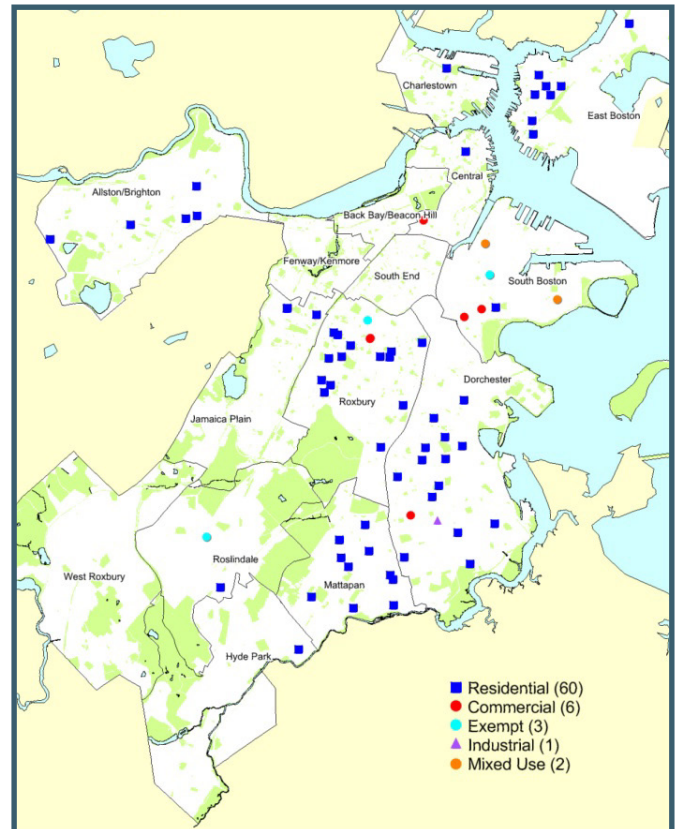
Map 2 shows the 72 buildings from the 2015 survey that were found to be no longer distressed since the previous survey:

- 83% residential
- 9% commercial
- 4% exempt
- 3% mixed-use
- 1% industrial

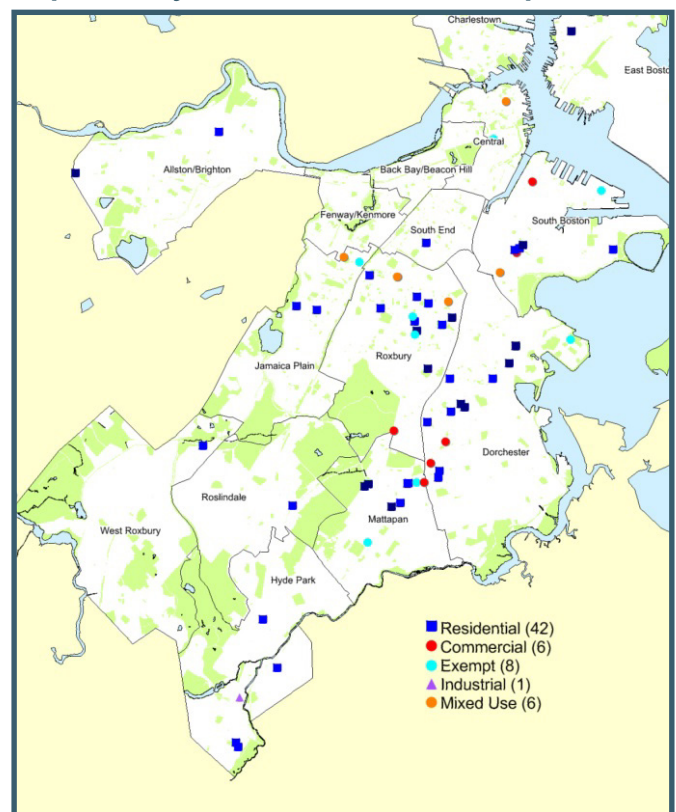
Map 3 shows the 63 buildings added to the distressed building inventory in 2015:

- 67% residential
- 13% exempt
- 10% commercial
- 9% mixed-use
- 1% industrial

Map 2: Properties No Longer Distressed



Map 3: Newly Identified Distressed Properties 2015



RESIDENTIAL BUILDINGS BY NEIGHBORHOOD

In 2015, there were 123 distressed residential buildings in Boston, down 85% from 1997, and down 16% since 2013 (**Table 1**).

The majority (70%) of distressed residential buildings are concentrated in three neighborhoods: Roxbury, Dorchester and Mattapan. This concentration has decreased slightly since 1997, when 72% of distressed residential buildings were in these three neighborhoods.

Roxbury, Dorchester, Mattapan, and the South End have seen the greatest reduction in volume of distressed residential buildings since 1997. Roxbury has 272 fewer distressed residential buildings than in 1997, Dorchester has 136 fewer, Mattapan has 80 fewer and the South End has 45 fewer.

All neighborhoods with 10 or more distressed residential buildings in 1997 have had significant decreases in distressed residential buildings between 1997 and 2015, but the greatest percentage declines were in the South End (-95%), Jamaica Plain (-92%), and Roxbury (-89%).

Since 2013, the number of distressed residential buildings increased only slightly in four neighborhoods. The greatest increase occurred in Hyde Park, which had three more distressed residential properties in 2015 than in 2013. Regardless, Hyde Park still has 82% fewer distressed residential properties than it did in 1997.

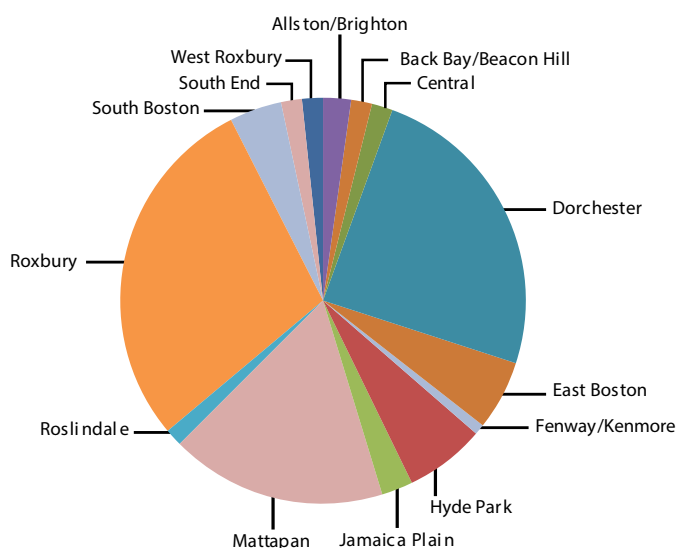
The pie chart (**Chart 2**) shows the distressed properties in each neighborhood as a percentage of the total.

Table 1: Residential by Neighborhood, 1997, 2013 and 2015.

Neighborhood	Res. Buildings			% Change 97-15	2015 % Share
	1997	2013	2015		
Allston/Brighton	3	6	3	**	2.4%
Back Bay/Beacon Hill	2	2	2	**	1.6%
Central	14	2	2	-86%	1.6%
Charlestown	1	1	0	**	.00%
Dorchester	166	37	30	-86%	24.4%
East Boston	52	15	7	-87%	5.7%
Fenway/Kenmore	1	1	1	**	0.8%
Hyde Park	44	5	8	-82%	6.5%
Jamaica Plain	37	3	3	-92%	2.4%
Mattapan	101	28	21	-79%	17.1%
Roslindale	11	2	2	-82%	1.6%
Roxbury	307	40	35	-89%	28.5%
South Boston	7	3	5	**	4.1%
South End	47	1	2	-95%	1.6%
West Roxbury	3	1	2	**	1.6%
Citywide	796	147	123	-85%	-

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

Chart 2: 2015 Distressed Residential Buildings by Neighborhood



RESIDENTIAL BUILDINGS

Table 2 and **Chart 3** show the composition of distressed residential buildings by property type in 1997, 2013, and 2015

Distressed buildings of all residential property types declined by 16% between 2013 and 2015. The only category that showed an increase is single family properties, up by 6% (two buildings) since 2013.

Since 1997, the composition of distressed residential buildings has changed little. The majority are single-family or three-family buildings.

Table 2: Distressed Residential Buildings by Property Type, 2015

Property Type	1997		2013		2015	
Single-Family	239	30%	35	24%	37	30%
Two-Family	175	22%	29	19%	19	15%
Three-Family	287	36%	54	37%	44	35%
All Other	95	12%	29	20%	23	20%
Total Residential	796	100%	147	100%	123	100%

Chart 3: Distressed Residential Buildings by Property Type, 2015 R1 single family, R2 two-family, R3 three family while Other is condominiums and apartment buildings

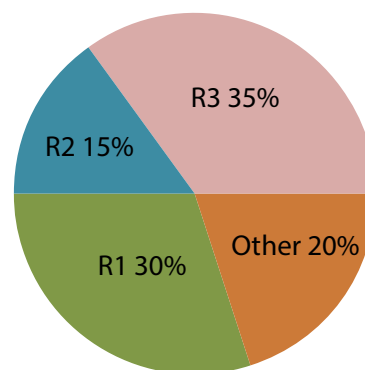
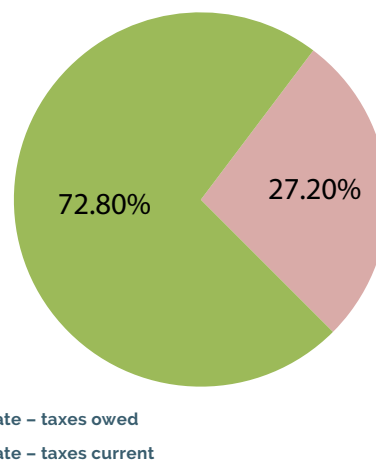


Chart 4: Distressed Residential Buildings Tax Status, 2015



TAX STATUS

Since 1997, the proportion of distressed residential buildings that are publicly owned or tax-exempt 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 increased from \$7,074 in 2013 to \$9,728 in 2015. This amount generally does not lead to tax title foreclosure.

Table3: Tax Arrearage by Assessing Land Use, 2015

Land Use	Total Taxes Owed	Median Taxes Owed	Total Properties
Single-Family	\$111,511.41	\$2,844.99%	12
Two-Family	\$190,098.78	\$20,527.67	7
Three-Family	\$425,689.36	\$5,647.10	13
Other Residential	\$147,702.86	\$13,809.67	7
Commercial	\$563,807.12	\$38,209.15	14
Mixed-Use	\$13,076.11	\$5,602.06	3
Total	\$1,451,885.64	\$9,728.39	56



COMMERCIAL & MIXED-USE BUILDINGS BY NEIGHBORHOOD

The number of distressed commercial and mixed-use buildings declined 44% in 2015 compared to 2013, and it is at an all-time low since DND began surveying. Since 1997, there has been a 79% decrease in the number of distressed commercial and mixed-use buildings, from 248 to 52 (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 61 fewer distressed commercial and mixed-use buildings in 2015 than there were in 1997. Each year, however, Roxbury has the most distressed commercial and mixed use buildings. From 2013 to 2015, no neighborhood experienced an increase in distressed commercial and mixed-use buildings, while Central remained steady at 3.

Chart 5 shows how distressed commercial and mixed-use buildings are distributed across Boston's neighborhoods. As with distressed residential buildings, there is a concentration in Dorchester and Roxbury. The remainder are spread fairly evenly throughout the city. The majority (63%) of distressed commercial and mixed-use buildings are located in Roxbury, South Boston, and Dorchester.

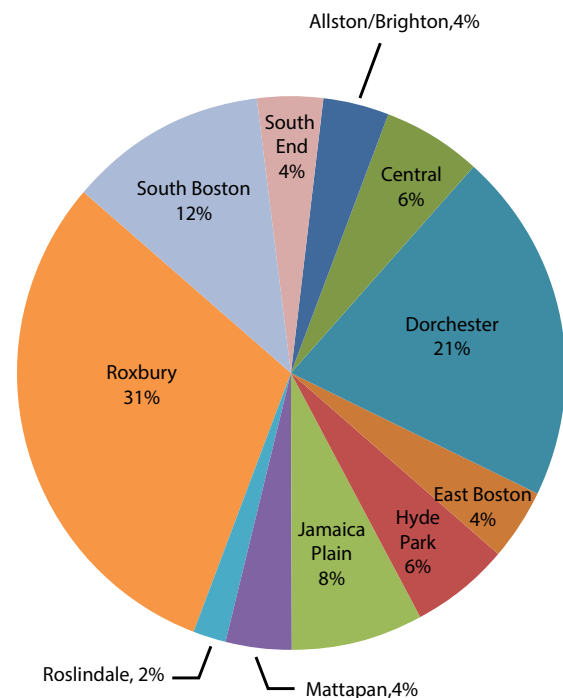
Often, commercial and mixed-use buildings are more difficult to survey accurately than residential buildings, since buildings that actively are used as warehouses may be boarded up and appear derelict and distressed. This may be especially true in South Boston, where the increase from 2 to 6 buildings 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 by Neighborhood

Neighborhood	Com. Buildings			% Change 97-15	2015 % Share
	1997	2013	2015		
Allston/Brighton	5	4	2	**	4%
Back Bay/Beacon Hill	1	0	0	**	0%
Central	30	3	3	-90%	6%
Charlestown	0	3	0	**	0%
Dorchester	30	17	11	-63%	21%
East Boston	30	2	2	-93%	4%
Fenway/Kenmore	4	0	0	**	0%
Hyde Park	13	4	3	-77%	6%
Jamaica Plain	15	7	4	-73%	8%
Mattapan	13	7	2	-85%	4%
Roslindale	5	2	1	**	2%
Roxbury	77	28	16	-79%	31%
South Boston	2	12	6	**	12%
South End	22	3	2	-91%	4%
West Roxbury	1	0	0	**	0%
Citywide	248	92	52	-79%	-

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

Chart 5: 2015 Distressed Commercial/Mixed Use by Neighborhood

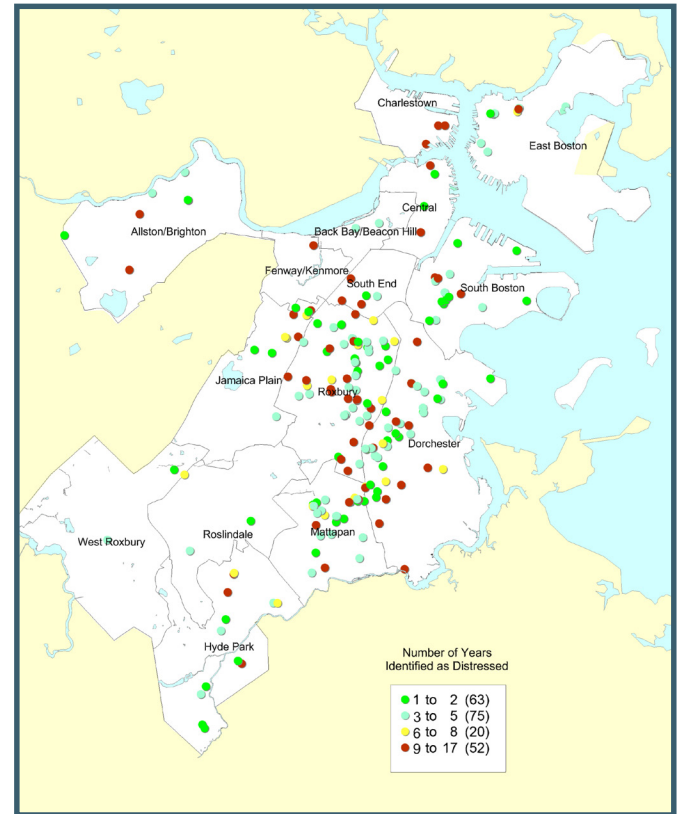


NUMBER OF YEARS DISTRESSED

Some distressed buildings reappear on the survey year after year. Table 5 includes a count of distressed buildings by neighborhood in 2015 and the number of years they have been identified as distressed in DND's annual survey. The majority of buildings (72%) on the 2015 survey have been identified as distressed 5 or fewer times.

Map 4 shows the locations of distressed buildings by years of distress. In 2015, with 42 buildings identified as distressed at least 9 years, Roxbury has the most persistently distressed buildings (14). Fenway/Kenmore has only 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 49% of its buildings identified as distressed within the last two years, Dorchester has the highest percentage of newly distressed buildings.

Map 4: Distressed Buildings



PRIVATE MORTGAGE FORECLOSURE

Boston dealt with a high volume of private mortgage foreclosures from 2006 through 2012, but foreclosure deeds have since declined significantly. Nevertheless, 322 foreclosure petitions (the first step in the foreclosure process) were filed in 2014 and 499 were filed in 2015, while there were 102 foreclosure deeds in 2014, and 139 deeds in 2015.

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 210 buildings identified as distressed in 2015, only 5.7% (12) have foreclosure deeds registered during the last 5 years, down from 7% in 2013, and only 7 have foreclosure petitions filed in the last 2 years.

Table 5: Number of Years Distressed, 2015

Neighborhood	Total	1-2 Years	3-5 Years	6-8 Years	9-17 Years
Allston/Brighton	7	2	3	0	2
Back Bay/Beacon Hill	2	1	1	0	0
Central	5	3	0	0	2
Charlestown	3	0	0	0	3
Dorchester	45	22	10	6	7
East Boston	10	3	6	1	0
Fenway/Kenmore	1	0	0	0	1
Hyde Park	13	5	5	2	1
Jamaica Plain	11	5	2	1	3
Mattapan	28	16	6	3	3
Roslindale	3	2	1	0	0
Roxbury	59	25	16	4	14
South Boston	16	9	4	0	3
South End	5	2	0	0	3
West Roxbury	2	1	1	0	0
Citywide	210	96	55	17	42

CITY STRATEGY

Within the last ten years, the overall number of distressed residential properties has decreased by nearly 50% with 482 residential buildings coming out of a distressed condition. In that same period (table 6) 68 were demolished and 466 were newly identified as distressed.

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:

A list of privately-owned distressed buildings is published on DND'S website to provide potential developers the opportunity 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 Buildings Trends is prepared by the Policy Development and Research division of the City of Boston Department of Neighborhood Development.

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Table 6: Trends in Distressed Residential Buildings, 2004-2015

Change in Inventory	Residential Buildings
- Renovated 2004 - 2015	482
- Demolished 2004 - 2015	68
- Other Outcome 2004 - 2015	58
+ Newly Abandoned 2004 - 2015	466

Distressed building before and after renovation



Distressed building before and after renovation

