



**Worcester
Municipal
Research
Bureau**

AN INDEPENDENT VOICE FOR RESPONSIBLE GOVERNMENT

**REVITALIZING WORCESTER'S
NEIGHBORHOODS:
RECOMMENDATIONS FROM
RESEARCH BUREAU FORUMS AND
REPORTS**

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EXECUTIVE SUMMARY

Because a number of the City's neighborhoods are faced with deteriorating conditions and there is no comprehensive program to address these problems, the Research Bureau sponsored a series of forums on neighborhood revitalization in the Spring of 2000. The observations about and recommendations for neighborhood revitalization that are summarized below were generated by the participants in these forums. Several additional proposals were updated from the Research Bureau's report #97-2 that addressed the disposition of distressed properties in particular and neighborhood revitalization more generally.

- Neighborhood revitalization means establishing or restoring a "sense of community" which includes knowing your neighbors, sharing similar aspirations, trusting your neighbors, feeling safe, and having relative stability among the neighborhood's population.
- Building or re-building community requires the participation of and cooperation among neighborhood residents and their organized neighborhood associations; businesses and non-profit institutions such as colleges and community development corporations; and municipal government.
- Each of these groups accomplish some tasks on its own that improve the quality of life in the neighborhoods. For example, neighborhood associations undertake projects such as neighborhood cleanups and planting community gardens that encourage residents to get to know one another and take responsibility for maintaining the physical environment.
- Collaboration among these various groups can stabilize neighborhoods. Examples of successful collaborations include Becker College/Elm Park neighborhood and Clark University/University Park neighborhood.
- Certain aspects of neighborhood revitalization require action by municipal government. Such actions include: providing developers with a clear understanding of the permitting process and providing more guidance going through it; improving the responsiveness of municipal departments to requests for changing street lights, adding trash receptacles, painting crosswalks, addressing speeding problems, and repairing hazardous

sidewalks; expediting land takings of abandoned or vacant property or assisting in the abatement of taxes when there is a plan for rehabilitating it. (The City is currently working with the Commonwealth's Department of Revenue to implement this program.)

Additional proposals from the Bureau's research that would have an impact on neighborhood revitalization include the following:

- The City should develop an integrated land records database. An accurate and comprehensive inventory of property-based information that can be shared by public agencies and authorities is necessary for planning and land management purposes. In order to achieve this goal, the Geographic Information System (GIS) division needs additional staff and should be shifted to the Information Services Department, which has primary responsibility for maintaining municipal data.
- The City should regularly review the assessment of property in low-income neighborhoods to determine whether it is over-assessed compared to more expensive housing. If it is, property taxes should be reduced accordingly, since the property tax assessment rate has a large and significant effect on abandonment rates.
- The City Council should work with the state delegation to approve legislation that requires tenants to deposit their rent in an escrow account while they are waiting for building code violations to be repaired.
- The City should design incentives that encourage property owners to pay their delinquent taxes before their properties enter the foreclosure process. These include a high-visibility ad campaign that publicizes names of the worst offenders and the amount they owe.
- The City should continue to use receivership as a tool for dealing with housing that has serious code violations.

- Over the longer term, both legislation governing rental property and the manner in which it is currently being administered need to be considered with a view to determining whether landlords are being unduly prevented from expelling uncooperative tenants who "trash" apartments, avoid paying rent, etc., in a timely fashion.
- To prevent the loss of viable properties to demolition, the City Manager and the City Council should expand the powers of the City Manager's Enforcement Team (CMET). They should develop procedures to identify and re-use recently abandoned residential properties before they are vandalized or suffer serious damage.
- The City should develop a community-based "Land Stewardship Demonstration Program" for vacant-land maintenance.

INTRODUCTION

In the spring of 2000, the Research Bureau sponsored a series of forums designed to discuss the most serious problems facing the residents of various neighborhoods in Worcester and to offer some proposals for addressing them so as to promote neighborhood revitalization. The panelists were representatives from neighborhood associations, neighborhood business associations, community development corporations and other non-profit institutions, and state and municipal governmental agencies. They were selected for their expertise on neighborhood issues and represented a broad cross-section of the City's neighborhoods. The first part of this report will summarize the recommendations of the participants and the major themes that emerged from these discussions. The second part will recapitulate some of the still-relevant proposals from the Research Bureau's report #97-2 issued three years ago that addressed the disposition of distressed properties in particular and neighborhood revitalization more generally.¹

¹The full text of this report is available on the Research Bureau's website: www.wmr.org.

I. WHAT CONSTITUTES NEIGHBORHOOD REVITALIZATION?

According to the participants who addressed this issue, neighborhood revitalization means establishing or restoring a "sense of community." The elements that make for "community" include the following: knowing your neighbors, sharing similar aspirations (e.g. the importance of educating children), trusting your neighbors, feeling safe, and having relative stability among the neighborhood's population. Well-maintained housing and the absence of vacant store fronts and abandoned property also contribute importantly to a "sense of community." Some neighborhoods have these characteristics; others are struggling to develop or improve them. In order to develop this "sense of community," the panelists discussed the steps that should be taken and the organizations and agencies most appropriate for implementing them. To the extent that these measures, as outlined below, can be successfully implemented, a "sense of community" could take hold, and a neighborhood could become revitalized.

There was consensus among the panelists that building or re-building community requires the participation of and cooperation among three kinds of groups: neighborhood residents and their organized neighborhood associations; for-profit and non-profit institutions such as colleges, hospitals, community development corporations (CDCs) and businesses; and municipal government. Nevertheless, the participants believed that each of these groups could accomplish some tasks on its own that would improve the quality of life in the neighborhoods. What follows is a summary of the recommendations that each could undertake on its own as well as the kinds of projects that require extensive collaboration among the various groups.

II. THE ROLE OF RESIDENTS AND NEIGHBORHOOD ASSOCIATIONS

The forum participants mentioned a number of projects that residents could undertake without the aid of government. These include organizing block parties and neighborhood cleanups, planting flowers and community gardens;² preparing newsletters outlining neighborhood issues, events, and meetings; notifying government agencies of public safety issues, graffiti, and abandoned property. The immediate purpose of all these

²For the benefits of community gardens for neighborhood revitalization, see, for example, "One Pepper Plant at a Time," *Worcester Magazine*, June 28, 2000, pp. 10-18.

activities is for neighbors to get to know one another, and to take responsibility for maintaining their physical environment. The long-term goal is to build trust among neighbors and pride in the neighborhood, to make the environment attractive for remaining and raising families.

III. THE ROLE OF BUSINESSES AND NON-PROFIT INSTITUTIONS

All neighborhoods have businesses and non-profit institutions such as churches, colleges, hospitals and clinics that can anchor a neighborhood, serve as a stabilizing factor, and work toward addressing their common interests with neighborhood residents. One participant, the owner of a small business, discussed the need to work with residents on ways of making a neighborhood more attractive: fixing up facades, keeping sidewalks clean, eliminating abandoned property, and improving parks and public gardens. Neighborhood improvements influence business and homeowner decisions to stay and expand, and ultimately lead to lower taxes for all. He contended, however, that property classification and the resulting differential tax rates have led to adversarial relationships between business owners and residents, when a more collaborative relationship in addressing issues of common concern could benefit everyone.

Several panelists discussed the collaborations that have developed among local colleges, hospitals, churches, and non-profit institutions such as community development corporations and Worcester Community Housing Resources. While the examples below are by no means exhaustive, they serve to illustrate the importance of these partnerships for the City's neighborhoods. Becker College and Worcester Community Housing Resources have worked with neighborhood residents to rehabilitate deteriorating property. The College's acquisition of a number of historic properties has anchored real estate values and enhanced neighborhood pride. As a result, no substantial infusion of public funds is needed in this part of the Elm Park area. Clark University and the Main South CDC have had a long-standing relationship with neighborhood residents to improve housing and business opportunities and to make University facilities available to neighborhood residents. Clark provides neighborhood residents with access to its swimming pool and other athletic facilities. It also offers faculty and staff a cash incentive to buy homes in the Main South neighborhood. More recently, that collaboration has been expanded to include the Worcester Public Schools (WPS), which opened a new school for the benefit of the

Main South neighborhood. (This will be discussed below in more detail.) UMass Memorial Healthcare has adopted a similar model working with the East Side CDC and neighborhood residents. It has hired an outreach worker to work with individual residents on housing, health and employment issues. All Saints' Church, Worcester Interfaith, and Worcester Community Housing Resources have been working with the Crown Hill Neighborhood Association on rehabilitating abandoned housing and providing programs for neighborhood youth.

IV. THE ROLE OF MUNICIPAL GOVERNMENT

There was general agreement among the participants that certain aspects of neighborhood revitalization required action by city government. A number of suggestions were made to municipal officials:

- Provide potential developers with a clearer picture of the City's development priorities.
- Change the permitting process. It is currently adversarial, disrespectful, and expensive. Potential developers need a clearer understanding of the process and more guidance in going through it. (The Chief Development Officer did hire a staff member for this purpose, but he has since left.)
- Provide adequate notice to businesses and residents of municipal projects such as work on water and sewer lines that have the potential to disrupt regular business, and assist the neighborhood in compensating for the disruption.
- Improve the responsiveness of municipal departments to requests for changing street lights, adding trash receptacles, painting crosswalks, addressing speeding problems, and repairing hazardous sidewalks.
- Establish a neighborhood cabinet consisting of representatives of the major line departments and neighborhood residents to look at neighborhood issues in a comprehensive manner. Such a group might be able to see patterns

that could be addressed more effectively and efficiently than when each department works separately. (The Office of Planning and Community Development is currently working with representatives of various neighborhoods to develop a neighborhood cabinet that will "ensure that all of Worcester's neighborhoods are clean, safe and attractive, and places where children can be raised and educated well, and where businesses can thrive." Agencies and individuals would be expected to submit their plans to the cabinet for informational purposes so that coordination can occur and their work can be supplemented.)³

- Use the GIS system to store comprehensive data about each piece of property, and link each department to all this information which is currently stored in separate departments. The data should include size, location, assessed value, current taxes, taxes owed, current and previous owners, current and previous uses, etc. (This proposal is similar to the Research Bureau's recommendation in report #97-2 to develop an integrated land records database, as described below.) The entire property information system should be available on the City's website so that it is accessible to all interested agencies and citizens alike.
- Expedite land takings of abandoned or vacant property, or assist in the abatement of taxes when there is a plan for rehabilitating it. (In fact, the City has been working with the Commonwealth's Department of Revenue to implement the provisions of M.G.L. Ch. 58, Sect. 8 that will allow the City Assessor to abate up to 75% of unpaid taxes on abandoned residential property of six units or less which is to be rehabilitated into six units or less of residential property. Tax abatement may make it possible for abandoned

³This proposal is similar to one recommended by the Research Bureau in report #97-2 to establish a neighborhood development cabinet similar to the economic development cabinet. We suggested that it meet on a regular basis to expedite the implementation of neighborhood plans. It should include representatives from OPCD, Public Health and Code Enforcement, Law Department, Treasurer's Office, Assessor's Office, and Departments of Public Works, Police, Fire, and Parks, Recreation, and Culture. It should report quarterly to the City Manager and the City Council on its progress. Representatives of neighborhood groups should serve in an advisory capacity on this cabinet. (p. 20)

property to be redeveloped when the amount of back taxes and other costs would otherwise make it financially unfeasible for a developer to rehabilitate a property and still realize a return on his investment.⁴⁾

V. THE ROLE OF THREE-WAY COLLABORATION

As noted above, the panelists were in agreement that extensive neighborhood revitalization would require the joint efforts of neighborhood residents and neighborhood associations, for-profit and non-profit institutions, and municipal government. The best example of this kind of collaborative venture is in the Main South area, where Clark University, the Main South CDC, and the Worcester Public Schools are using public education as a means of improving opportunities for neighborhood youth and as a tool for neighborhood revitalization. The University Park Campus School, which opened three years ago under the auspices of the WPS and Clark, is open to families who reside in Main South's University Park revitalization target area. Upon successful completion of the program that covers grades 7-12, students may matriculate to Clark University free of charge assuming they meet standard entrance requirements. The results to date have been impressive: the second-highest MCAS scores in the City, the highest history/social science MCAS scores, the highest attendance rate in the City, the lowest mobility rate (0.53% compared to the highest mobility rate of 74%). The CDC assists the students and their families with housing and other services that may be required for continued residency. In addition to improved academic performance, residents report that neighborhood stability has improved and community pride has increased.

Extensive rehabilitation of housing is another tool that is instrumental to neighborhood revitalization and requires similar collaboration among neighborhood associations, for-profit and non-profit institutions, and municipal government. Different City agencies are responsible for a variety of tasks: determining the most efficient means of obtaining

⁴In report #97-2, the Research Bureau recommended using the provisions of this law. Since many abandoned properties have accrued more in liens than the property is worth, these properties will not be rehabilitated without substantial subsidies from the state and Federal governments, part of which must be used to pay off the liens. If the statute to abate taxes on such properties were utilized, the cost to the buyer of acquiring the property would be substantially reduced, the likelihood of rehabilitation would be greater, and the City's tax base and future revenues would increase. (p. 21)

abandoned or distressed property; sale of property to a private party or a quasi-public

entity; code enforcement; administering state and Federal funds to help finance these projects; and administering the permitting process. All these activities must be coordinated with the CDCs as well as affordable-housing agencies that identify and qualify potential tenants or homebuyers and banks that provide the financing to supplement government grants to make rehabilitation and ultimate sale possible.

VI. ADDITIONAL RECOMMENDATIONS FOR NEIGHBORHOOD REVITALIZATION

Three years ago, the Research Bureau issued a report on distressed property in Worcester (#97-2). Based on the presentations made at the Research Bureau's forums, it is clear that a number of the recommendations are still relevant and may help Worcester's public officials and residents in their efforts toward neighborhood revitalization. The proposed neighborhood cabinet might be able to facilitate the implementation of a number of these recommendations. While there is no universal panacea for restoring neighborhoods, utilizing the appropriate strategies in each case may help promote that goal.

1. The City should prioritize its neighborhood revitalization efforts so that those areas in greatest need are addressed first. Within those priorities, the City should also establish an overall neighborhood revitalization agenda that focuses on what residents want their neighborhoods to look like. This should include a policy for managing and disposing of its inventory of vacant lots and abandoned buildings, managing open space, and developing housing. What kind of housing is needed, and what should be done to promote its development? What should be done to attract small businesses and stores that make a viable neighborhood?

2. The City should fully utilize the resources available for helping cities to implement their neighborhood revitalization agenda. This includes applying for funds from local and national foundations and state and Federal agencies dealing with neighborhood and community development. It should also include borrowing from banks and insurance companies. For example, Boston deposits a small portion of its Community Development Block Grant (CDBG) funds into a local bank in interest-bearing accounts. For every dollar deposited and held as security, the bank would lend four dollars to first-time homebuyers.

3. The Office of Planning and Community Development should have a separate section for neighborhood revitalization that works with neighborhood and community development organizations and those with expertise in urban design, land use and traffic to prepare updated comprehensive plans for each neighborhood. These should include plans for vacant lots, abandoned buildings, combining abutting parcels, reuse of former industrial sites, etc. The planning process should include review of such issues as zoning regulations, density and market conditions. The City's Geographic Information System, with its ability to map all the land parcels and pertinent information, should greatly facilitate this process. The neighborhood revitalization section should determine which vacant or abandoned parcels, if taken by eminent domain and appropriately redeveloped, would contribute to significant revitalization of a neighborhood. The power of eminent domain should be used under such circumstances. A neighborhood plan is the first step for addressing distressed property problems. The neighborhood revitalization section should be held accountable for the implementation of the plan.

4. The City should develop an integrated land records database. An accurate and comprehensive inventory of property-based information that can be shared by public agencies and authorities is necessary for planning and land management purposes. In order to achieve this goal, GIS division needs additional staff and should be shifted to the Information Services Department which has primary responsibility for maintaining municipal data.

Land records data items should be available to City agencies for planning and management purposes. Extracts from existing departmental databases should be combined to form an integrated property-based information system. While the responsibility for creating and maintaining specific databases-such as property tax assessments or building code violations-should remain with individual departments, property records must be accessible to other agencies through a comprehensive information search and retrieval system. When combined with the expanding mapping and analysis capabilities of the City's GIS division, these data will become an essential resource for developing and implementing neighborhood plans.

5. The City Council should work with the state legislative delegation to introduce legislation that would shorten the period during which owners can redeem property on which there are liens. In Ohio, that period was reduced from five years to two weeks. The

Treasurer should work with the Land Court to expedite the time it takes to complete the foreclosure process. In Boston, that process has been reduced to one year.

6. The City should regularly review the assessment of property in low-income neighborhoods to determine whether it is over-assessed compared to more expensive housing. If it is, property taxes should be reduced accordingly, since the property tax assessment rate has a large and significant effect on abandonment rates according to a 1992 study of abandonment rates in New York City.⁵ The study's authors found that over-assessment of low-income neighborhoods aggravated property-owners' cash-flow problems because they could not raise rents sufficiently to cover their maintenance plus high taxes. Abandonment led to fires and overcrowding in nearby buildings, which promoted further fires and abandonment. In addition to losing a revenue-generating asset, the abandoned buildings became a revenue-draining liability because of the need to house displaced tenants, to cope with crime and fire which abound in vacant buildings, and to cover demolition of units in blighted areas. The City would probably save money by reducing assessment rates on buildings where the probability of abandonment is high because of the costs that will be incurred as a result of abandonment.

7. The City Council should work with the state delegation to approve legislation that requires tenants to deposit their rent in an escrow account while they are waiting for building code violations to be repaired. Under current Massachusetts law (M.G.L. Chapter 239, Section 8A), known as the rent withholding law passed in 1965, tenants can remain in an apartment and not pay rent for it until after all repairs are completed, and they are ordered to pay back rent or move. Many tenants just move out, not to be found again, having not paid rent for many months.⁶ It is not uncommon for landlords to declare bankruptcy after paying for all repairs demanded by tenants while not receiving any rent. Rent escrow is already established in about 35 states and was ruled constitutional by the U.S. Supreme Court in 1972.

⁵David Arsen, "Property tax Assessment Rates and Residential Abandonment: Policy for New York City," *American Journal of Economic and Sociology*, vol. 5, no. 3 (July, 1992), pp. 361-377.

⁶See, for example, "Tenants from Hell," *Worcester Magazine*, July 26, 2000, pp.10-16.

8. The City should design incentives that encourage property owners to pay their delinquent taxes before their properties enter the foreclosure process. These include a high-visibility ad campaign that publicizes names of the worst offenders and the amount they owe, and denial of various licenses and permits for individuals who are delinquent on their property taxes. The City of Toledo has implemented similar measures.

9. The City should continue to use receivership as a tool for dealing with housing that has serious code violations. In 1993, M.G.L., Chapter 111, Section 127I was enacted to provide for the appointment of receivers by the courts of the Commonwealth to undertake and oversee the rehabilitation of residential properties with persistent, unremedied code violations. The legislation was intended to permit tenants and other occupants of residential properties to seek the appointment of such a receiver with the independent authority to undertake required repairs after notice and an opportunity to cure was provided to the landlord and creditors of record. The Receivership Statute has two important features. First, it limits the receiver's liability to the work actually undertaken at the property. Second, the costs and expenses incurred by the receiver in fulfilling its duties become a priority lien recoverable against both the landlord and the property prior to any pre-existing liabilities other than outstanding real estate taxes.

10. Over the longer term, both legislation governing rental property and the manner in which it is currently being administered need to be considered with a view to determining whether landlords are being unduly prevented from expelling uncooperative tenants who "trash" apartments, avoid paying rent, etc., in a timely fashion, as is suggested by the recent *Worcester Magazine* article entitled "Tenants from Hell" (July 26, 2000). The sort of tenant behavior highlighted in this story tends to weaken neighborhoods; to lower the value of rental real estate, thus deterring investment in it; to deter the construction of new rental buildings; to raise the rents paid by other, law-abiding tenants (so as to compensate owners for the cost of repair and lost rent), and even to deter owners of owner-occupied two- or three- family housing from renting vacant apartments at all. (This last effect has been confirmed by the Research Bureau in conversations with representatives of neighborhood associations.)

11. To prevent the loss of viable properties to demolition, the City Manager and the City Council should expand the powers of the City Manager's Enforcement Team (CMET). They should develop procedures to identify and re-use recently abandoned

residential properties before they are vandalized or suffer serious damage. A direct reporting system, such as a telephone hot line, needs to be developed to allow individuals and community groups to inform the City about recently abandoned properties. This "rapid intervention unit" should have adequate resources to perform this function. The reporting system should be publicized at community meetings, through community policing and public affairs events, and via the municipal-access cable TV channel.

12. The City should file a Home Rule Petition as was done in Boston to modify Chapter 30B, the Uniform Procurement Act, so the City is no longer required to follow a lengthy advertising and bidding system to sell small foreclosed lots to abutters.

13. The City should develop a community-based "Land Stewardship Demonstration Program" for vacant-land maintenance. The City should work with the Massachusetts Audubon Society, the Regional Environmental Council, or other groups to develop a target demonstration program for the long-term maintenance of vacant land, modeled on community land trusts. The objectives of land trusts are to acquire, hold, and maintain land for community benefit. Such a benefit may take the form of new housing development, making plots of land available for neighborhood gardening, or providing permanent open space for the community.

Under this Land Stewardship Program proposal, the City would donate surplus public property in a targeted area to a land trust organization. This organization might be an existing community land trust or a community development corporation. The organization would then use this new capital asset in its neighborhood revitalization efforts. The City might also help the land trust organization to acquire other properties, as needed, to create a site assemblage that is appropriate for reuse.

Any transferred public land would be subject to specific performance requirements on the part of the receiving organization. One such requirement should be that the land be actively tended and well-maintained, and not just permitted to remain fallow. Other requirements might include development controls similar to those used in urban-renewal areas. The City would retain reversionary rights to this land in the event performance requirements are not met.

The land trust organization could use its properties for any purpose permitted under its

existing zoning classification. The City might also support zoning changes or variances if a proposed use was in accord with a sanctioned neighborhood plan. This land might be used for new residential or commercial development, or could remain open space. (It should be noted that community land trusts pay taxes on the property they own.)

CONCLUSION

According to the July issue of *Builder* magazine, Massachusetts was ranked as the most difficult place in the nation to build homes because there are too many jurisdictions and too many regulations. These obstacles contribute to the Commonwealth's unenviable ranking of third in the nation in terms of the ratio of median home price to median income, according to a 1998 study funded by the Heinz Foundation.⁷ These problems need to be addressed in a serious and systematic fashion. In the meantime, however, the regulatory obstacles and the costs of building make it imperative for the City to facilitate the reuse of distressed properties in a timely and cost effective manner. Besides providing much-needed housing at a more affordable price than new construction, productive utilization of distressed properties will greatly contribute to neighborhood revitalization.

⁷Sum et al, "The Road Ahead: Emerging Threats to Workers, Families and the Massachusetts Economy" (MASS Inc.), 1998, Chapter 6. In 1990, the national median house price was 2.64 times the national median household income. In Massachusetts, the median home cost 4.28 times the median income of Massachusetts households.