

MICHAEL V. O'BRIEN  
CITY MANAGER



CITY OF WORCESTER

May 13, 2008

Chairpersons Eugene L. O'Flaherty and Robert S. Creedon Jr.  
and members of the  
Joint Committee on the Judiciary  
Rooms 138 and 413c  
State House  
Boston, MA 02133

Subject: Support for Senate bills #2662, 2663, 2664

Dear Chairpersons O'Flaherty and Creedon and Committee Members:

On behalf of the City of Worcester, I write in general support of the above-referenced bills and to thank you for promptly hearing these important bills today. As you are probably aware, the City of Worcester, unfortunately, ranks among the highest in the Commonwealth in terms of the rate of foreclosures-- particularly involving sub-prime mortgages.

The rate of foreclosure starts in our community far surpasses the rate at which loan servicers and their investors and REO's, scattered throughout the nation, are able to responsibly manage. While we respect the needs of investors and lenders to try to recover their investment, in the meanwhile, the costs of foreclosure is being externalized on our responsible residents and taxpayers. Our public safety, future tax base, and the very fabric of some of our neighborhoods hangs in the balance of this very important issue.

Our administration has conducted board-ups and placed liens on more properties in the last 3 months than in previous three years combined. In some of our more vulnerable neighborhoods, building's, from which owners have "walked" away from and from which tenants have been persuaded to take "cash for keys", are going vacant at an alarming rate. This trend monopolizes the invaluable time, energy and financial resources of our sanitary code and building inspectors, police and fire officials. Simply securing buildings is not the only cost we bare. We are now faced with the prospect of systematically monitoring these vacant properties to prevent vandalism and crime and other associated threats to public safety, which are apt to occur after a building is vacated and boarded. Many accounts have already been made about the theft of copper, building materials and fixtures from foreclosed properties in vulnerable neighborhoods.

Any steps the Commonwealth can take, such as the bills before you, to slow the pace of foreclosure until more comprehensive solutions for our community can be derived, is well worthy of your consideration and support.

Our community has not been sitting on our hands waiting for others to fix our problems. We've aggressively supported and participated in national, state and local initiatives to prevent foreclosure to include:

- promoting the Commonwealth's HOME Saver product.
- promoting the use of the national HOPE hotline for owners who need counseling
- serving on numerous taskforces sponsored by the State.
- Establishing the City of Worcester S.A.V.E. plan to help Stabilize, Enforce, Assist and Value our neighborhoods.
- Employing the use of the Commonwealth's housing receivership statute.
- Supporting the NeighborWorks HomeOwnership Center of Worcester's application to the Division of Banks (DOB)/Department of Housing and Community Development (DHCD) to establish foreclosure prevention services.

We have much first hand experience to date, and, based on this, we are sure that much more needs to be done to address the issue of rising incidents of foreclosure and the significant threats this issue poses to communities throughout the Commonwealth. The bills before you may provide the time for solutions to be developed. We stand ready to work with all stakeholders to develop these solutions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Michael V. O'Brien', with a long horizontal line extending to the right.

Michael V. O'Brien,  
City Manager