

MassHousing's Annual Neighborhood Hub Webinar Series

# Renew and Repair:

Healthy, Safe, and Affordable Homes in Massachusetts



The Neighborhood Hub



MASSHOUSING



The Commonwealth of Massachusetts'

# The Neighborhood Hub

**Francis Jhoan Goyes Flor**  
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# About MassHousing



The Neighborhood Hub



Arlington Point  
Lawrence, MA

# MassHousing

The Massachusetts Housing Finance Agency

We are an **independent quasi-public agency** created by the Massachusetts Legislature in 1966.

We provide financing for the **creation + preservation** of affordable housing and affordable **home mortgage loans** to homebuyers.



The Neighborhood Hub



# About The Neighborhood Hub



The Neighborhood Hub



MASSHOUSING

# The Neighborhood Hub

At MassHousing

## FY2020 Budget

\$750,000 for neighborhood stabilization TA

2019

Research and Lobbying from MACDC, MassINC, and the Gateway City Caucus



The Neighborhood Hub

Program inception

2020

COVID-19



The Neighborhood Hub

Program launched!

## FY2021 & FY 2022 Budget

\$750,000 for neighborhood stabilization TA

# The Neighborhood Hub

At MassHousing

## Goals:

Support the **revitalization** of neighborhoods with a high rate of **vacant, abandoned, or underused** housing structures.

Provide **equitable technical assistance** for interventions tailored to the needs of local communities.

Encourage **partnerships** between municipalities and their local/regional community organizations.

# The Neighborhood Hub

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## Program Details:

Length	<b>2 Years</b>
Participants	<b>Municipalities &amp; Local Partners</b>
Grant Amount	Up to <b>\$100,000</b>
Preferences	<b>COVID-19</b> Impacted Communities <b>2008 Recession</b> Impacted Communities

MassINC



The Hub  
Advisory





# The Neighborhood Hub

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## Project Themes:

### Organizational Improvements

**Internal organizational support** for municipalities and/or their community partners to address neighborhood stabilization challenges.

### Reuse Plans & Strategies

Creation of **plans for specific neighborhoods** or areas that have a high rate of homes that are vacant, abandoned, or in need of other repairs.

### Regulations & Incentives

Development of **regulations and/or incentives to mitigate the disrepair of homes** owned by households or landlords.

### Property ID & Prioritization

Identification of **private and/or public properties in need of repair**, as well as their prioritization for redevelopment.

# The Neighborhood Hub

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## Program Components:

- Bi-weekly to monthly one-on-one **check-ins with each city team**
- Bi-monthly **check-ins with all teams**
- **Newsletters** with upcoming opportunities and teams' progress
- **Annual webinar** to showcase neighborhood stabilization efforts in the Commonwealth



The Neighborhood Hub



## Housing in the Gateway Cities

### Presented by the Neighborhood Hub

The Neighborhood Hub is a multi-agency partnership that includes:

- MassHousing
- MassDevelopment
- Massachusetts Housing Partnership (MHP)
- Massachusetts Association of Community Development Corporations (MACDC)
- Massachusetts Institute for a New Commonwealth (MassInc)
- Department of Housing and Community Development (DHCD)
- In collaboration with the Attorney General's Office



**Thank You!!**  
**Gracias!!**

**Francis Jhoan Goyes Flor**  
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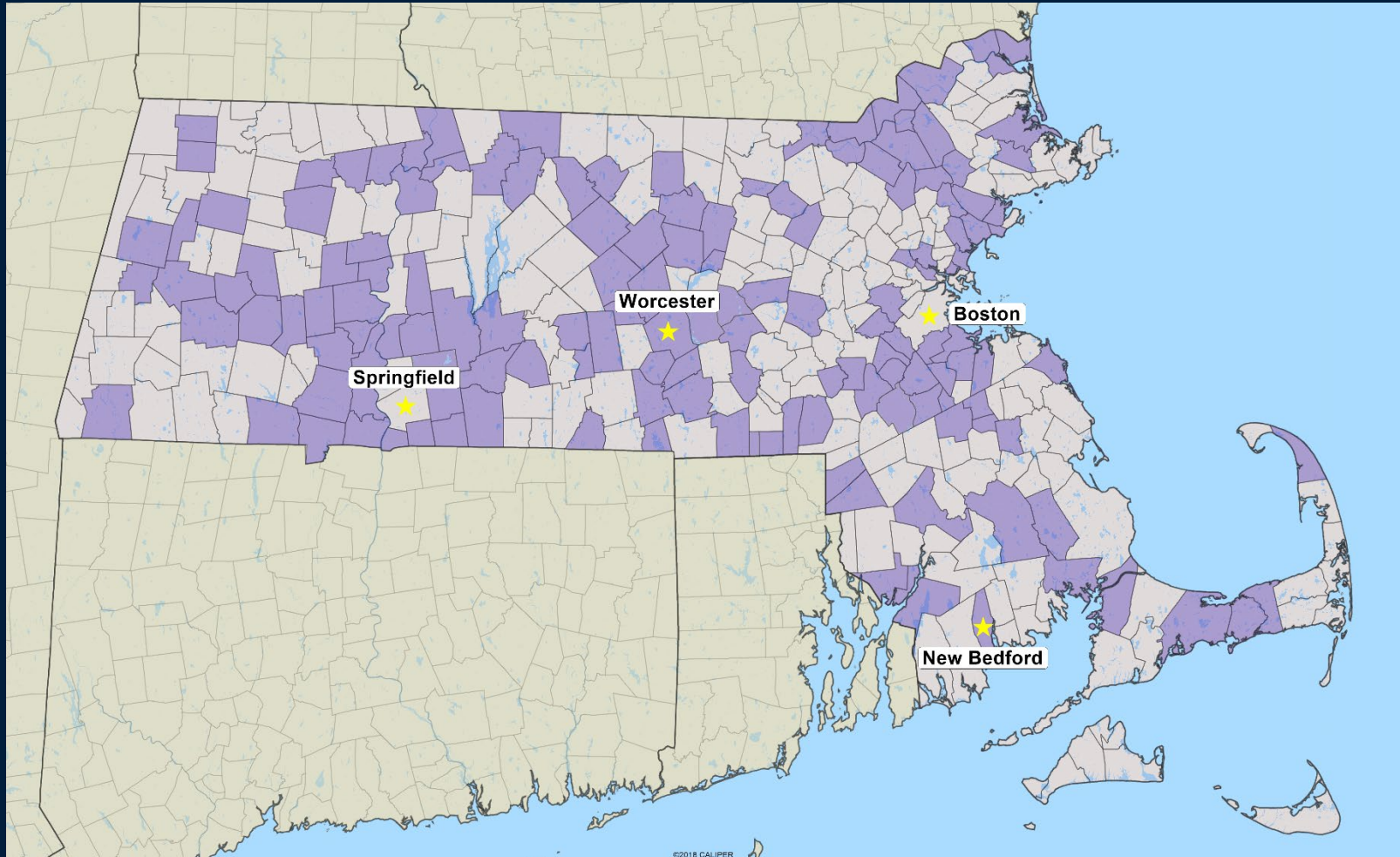


The Neighborhood Hub



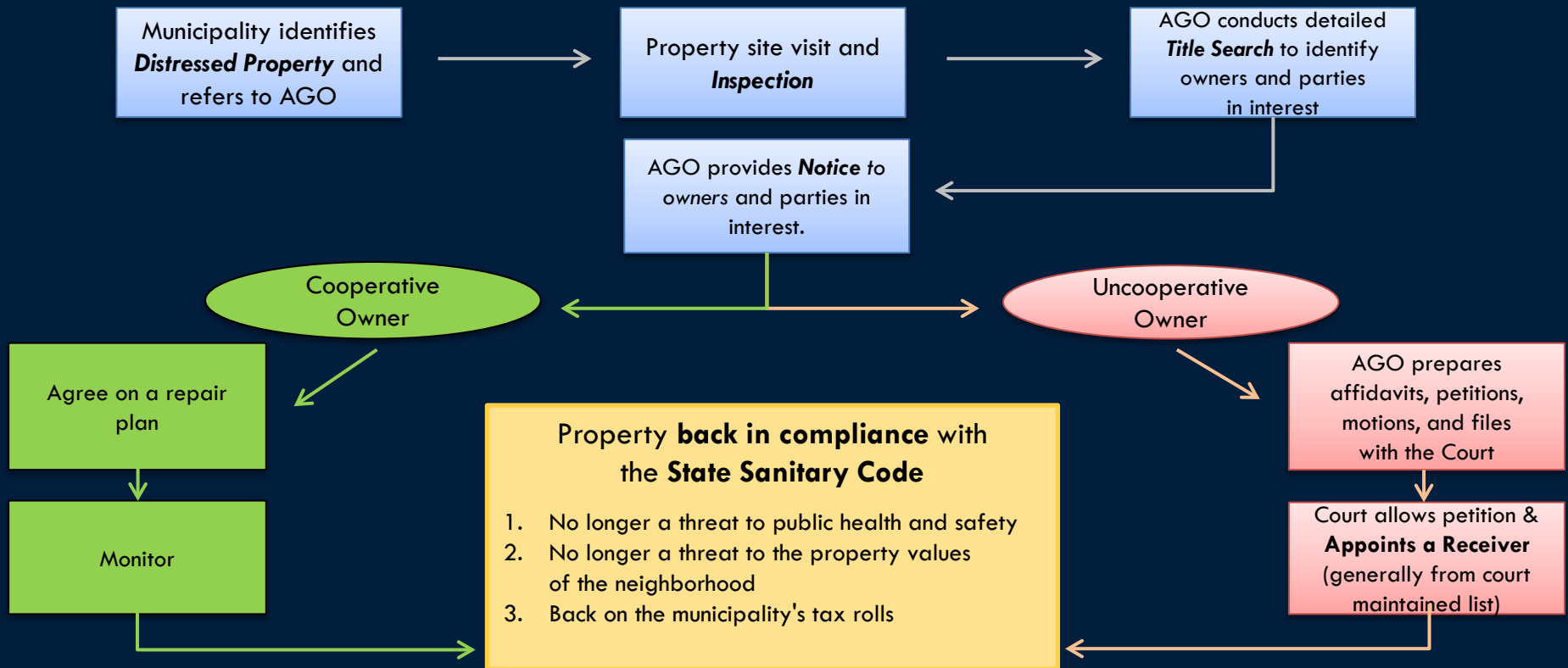


# Community Partnerships - 2021





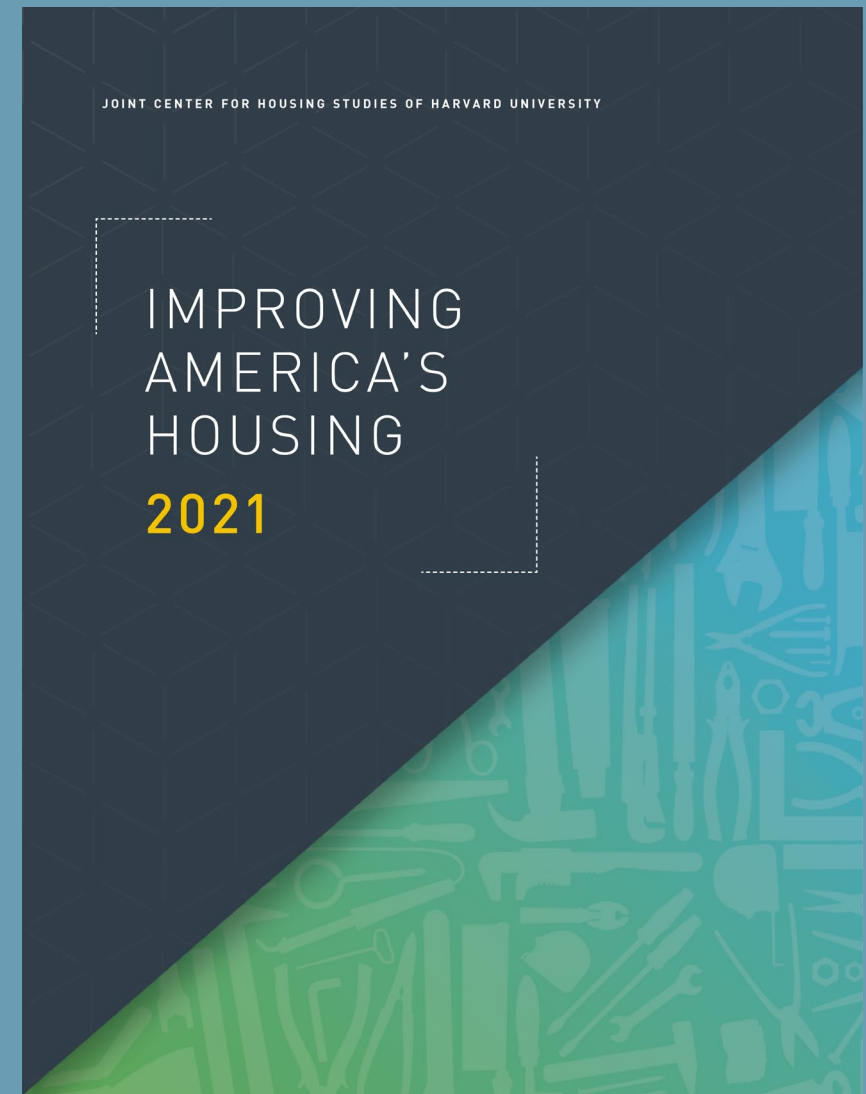
# NRD Receivership Process



# Improving America's Housing

Abbe Will, Senior Research Associate &  
Associate Project Director, Remodeling Futures

MassHousing Neighborhood Hub Symposium  
Home Repairs, Rehabs, & Remodels  
September 30, 2021

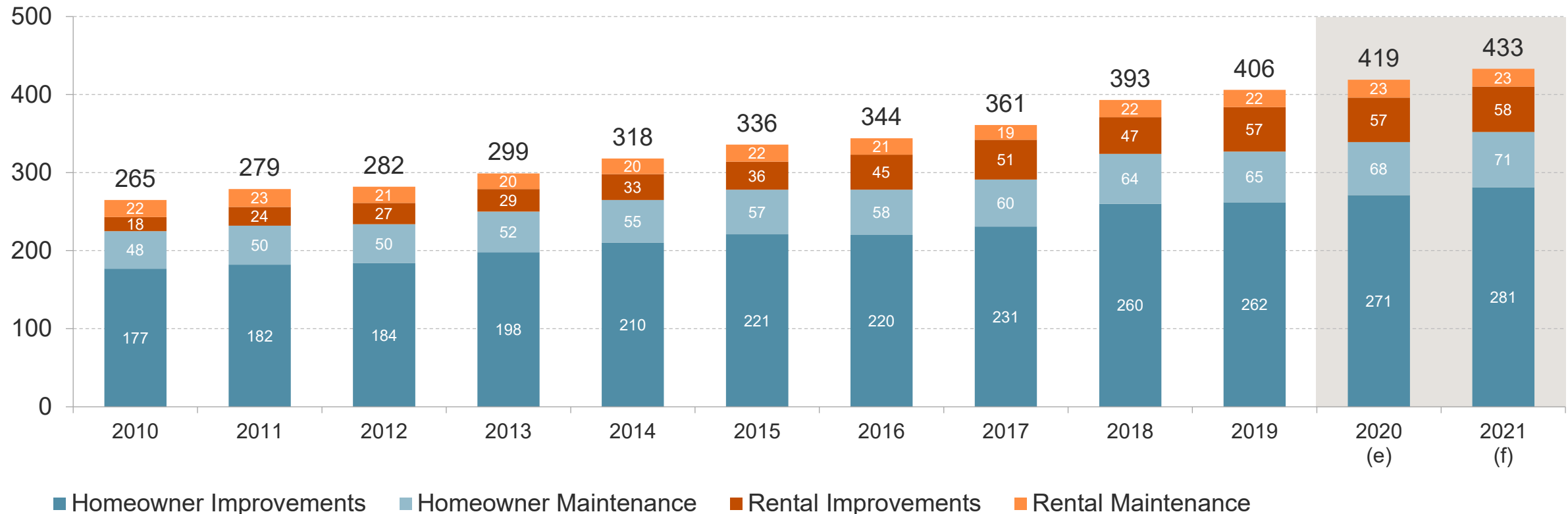


# Report Themes

- Steady expansion of home remodeling market in years leading up to COVID-19 pandemic continued in 2020 with over 3% growth to nearly \$420 billion.
- **Shorter-term sources of strength:** focus on home-related activities & surge in DIY, growth in multigenerational households, increased mobility and homeownership
- Market strength **shifting from higher-cost coastal areas** to more affordable interior metros.
- Pandemic further concentrated spending for **exterior replacements** and **outside property improvements** as owners more often deferred remodels, additions, and other discretionary interior projects.
- Age 55+ owners account for over half of spending in US, but **wave of younger households moving into homeownership**, pushing up their share of market spending.
- Owners with income and job loss **at risk as safeguards lift** even though their financial situation still precarious.
- **Longer-term market prospects are positive** with deferred projects, opportunity to convert vacant commercial spaces to housing, continued aging of the housing stock and population, as well as increasing incidence and severity of natural disasters

# The Home Remodeling Market Is Continuing Its Steady Expansion Despite the Pandemic

Market Spending (Billions of dollars)



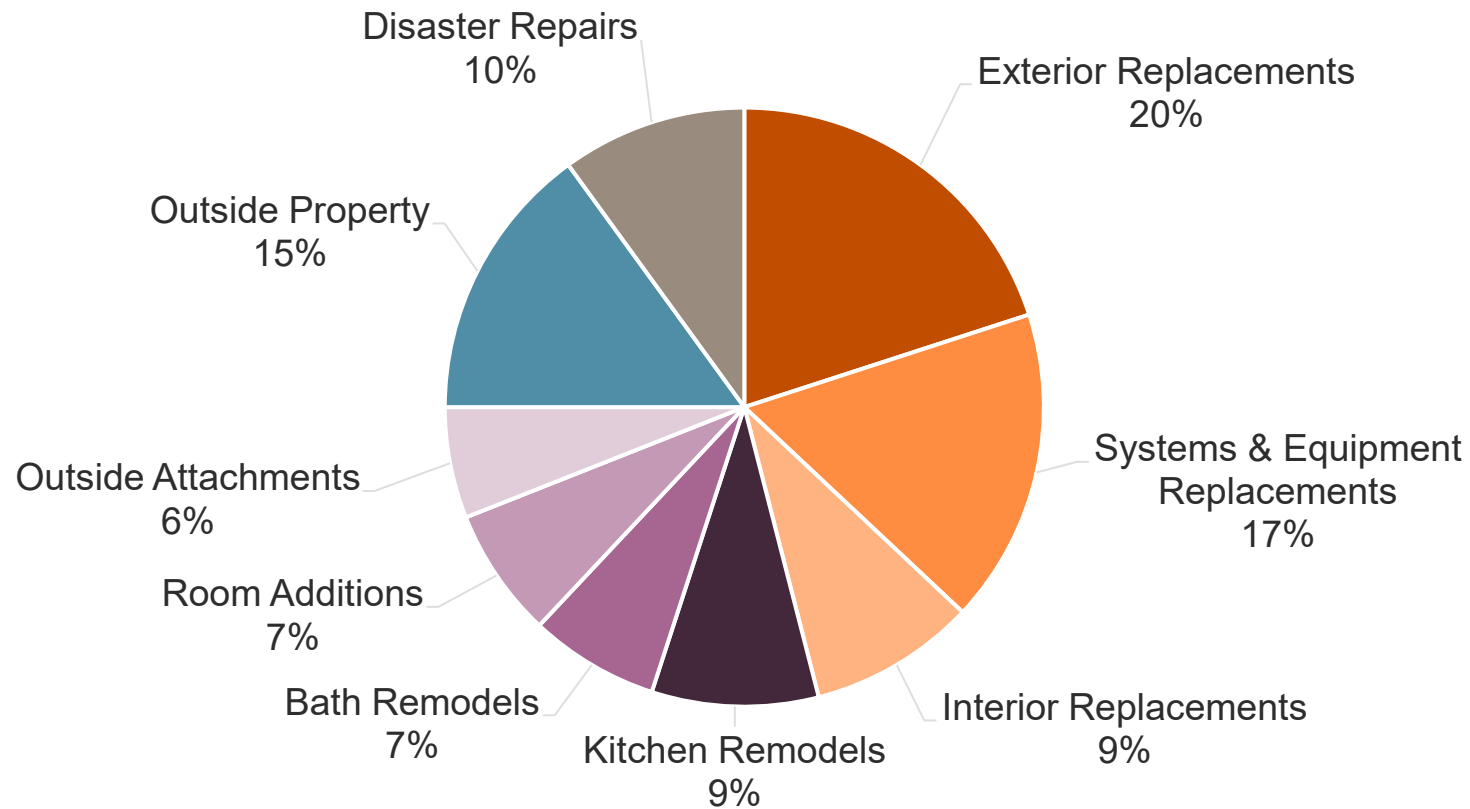
Note: Estimated (e) and forecasted (f) values are modeled using the 2020:Q4 Leading Indicator of Remodeling Activity (LIRA).

Source: JCHS analysis of US Department of Housing and Urban Development (HUD), American Housing Surveys; US Department of Commerce, Retail Sales of Building Materials; US Census Bureau, Surveys of Residential Alterations and Repairs (C-50); National Apartment Association (NAA), Surveys of Operating Income & Expenses; and LIRA.



# Improvements to Lot & Yard and Disaster Repairs Now Account for 1 in 4 Dollars Spent

## Share of Home Improvement Spending, 2019



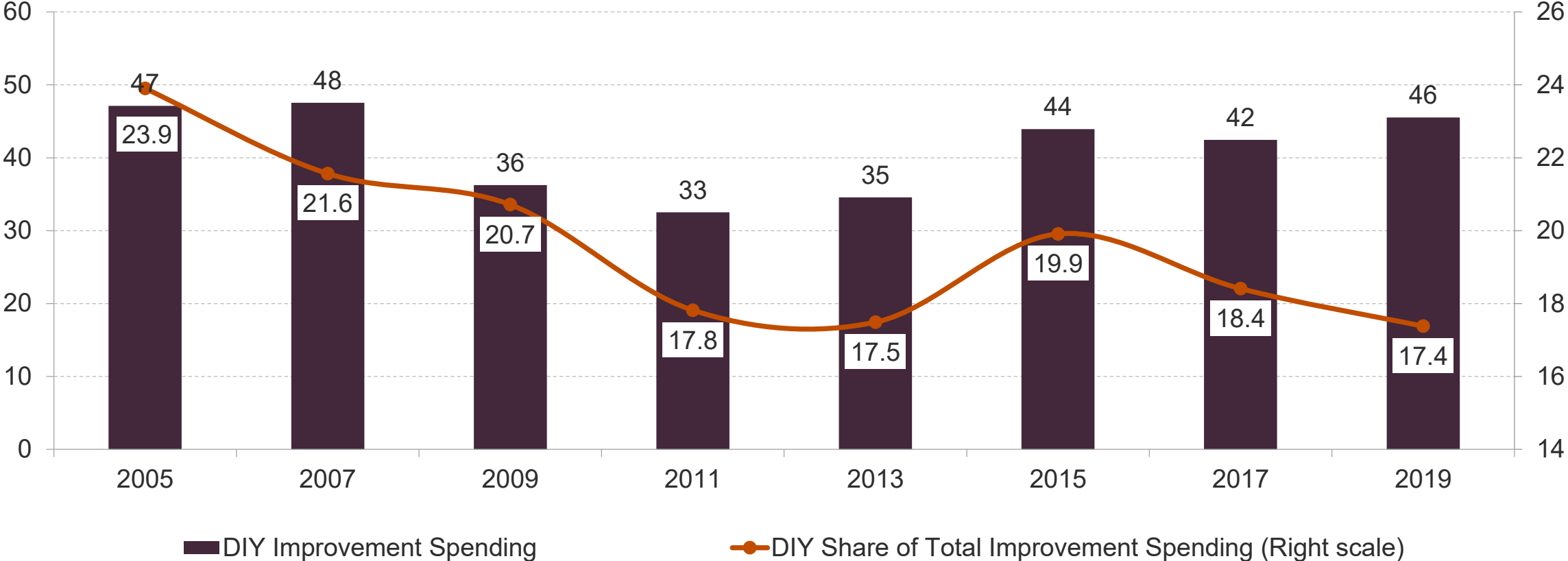
Notes: Outside attachments include porches, decks, patios, terraces, garages, and carports. Outside property includes driveways, walkways, fencing, walls, sheds, detached garages, septic tanks, landscaping, swimming pools, tennis courts, other recreational structures, and other improvements to lots or yards.

Source: JCHS tabulations of HUD, 2019 American Housing Survey.

# Although DIY Improvement Spending Was Up in 2019, Its Share of the Market Dropped to a New Low

Billions of Dollars

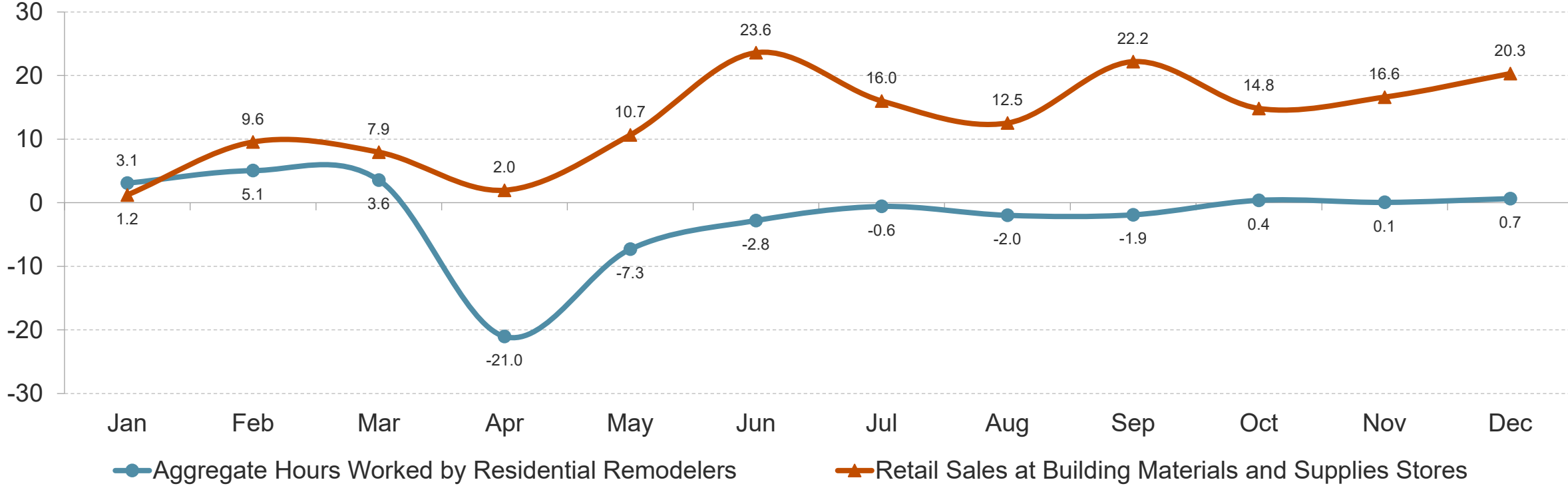
Percent



Source: JCHS tabulations of HUD, American Housing Surveys.

# Professional Remodeling Activity Gradually Recovered in 2020 from a Pandemic-Induced Drop, While Sales of Home Improvement Products Rebounded Much More Sharply

Year-over-Year Change, 2020 (Percent)

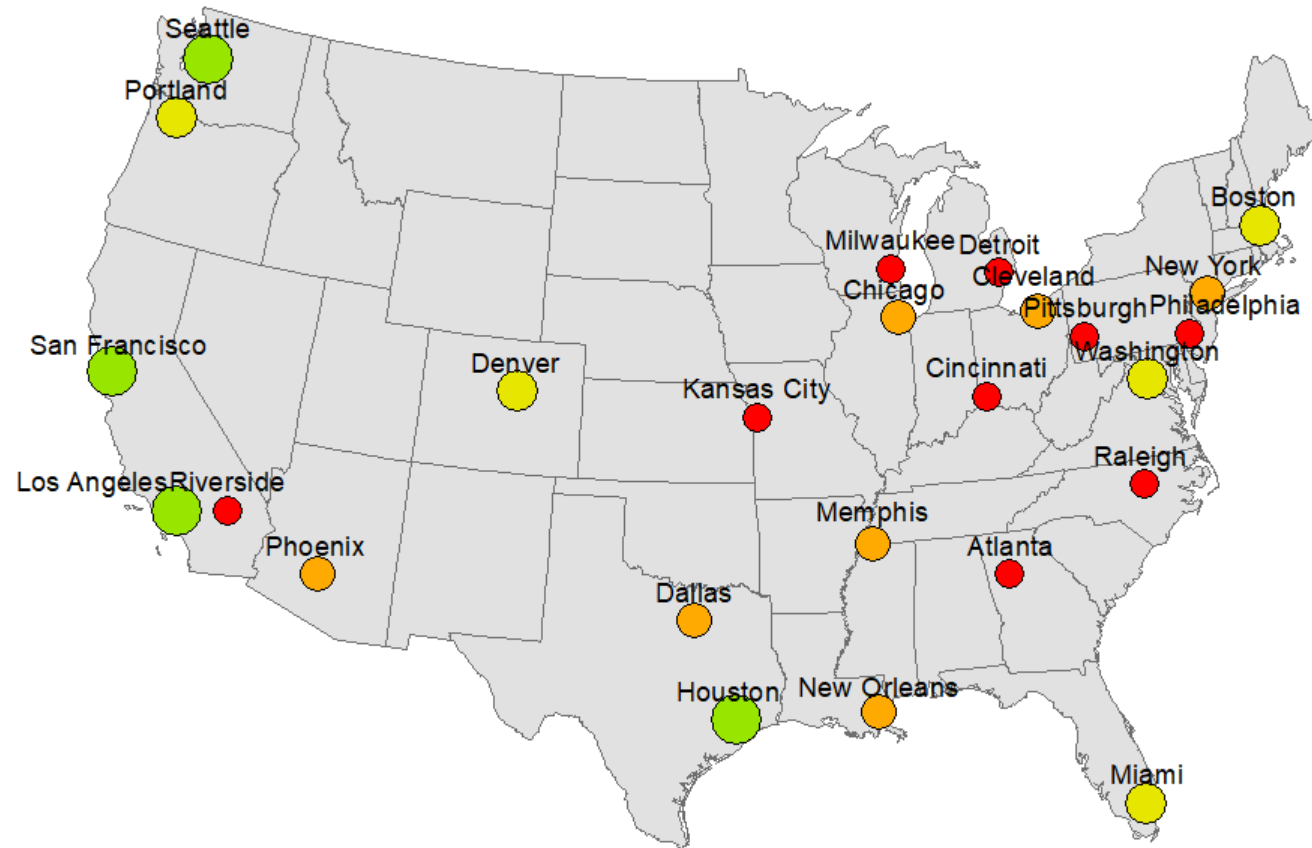
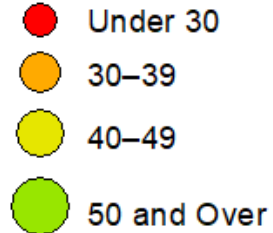


Notes: Aggregate hours worked is the product of number of payroll employees and average weekly hours worked. Building materials and supplies dealers include home centers, paint and wallpaper stores, and hardware stores.

Source: JCHS tabulations of US Bureau of Labor Statistics, Current Employment Statistics and US Department of Commerce, Monthly Retail Trade Survey.

# In Most Higher-Cost Metros, Top-Spending Homeowners Make Up 40 Percent or More of the Improvement Market

Share of Expenditures  
by Owners Spending at  
Least \$50,000 in 2019  
(Percent)

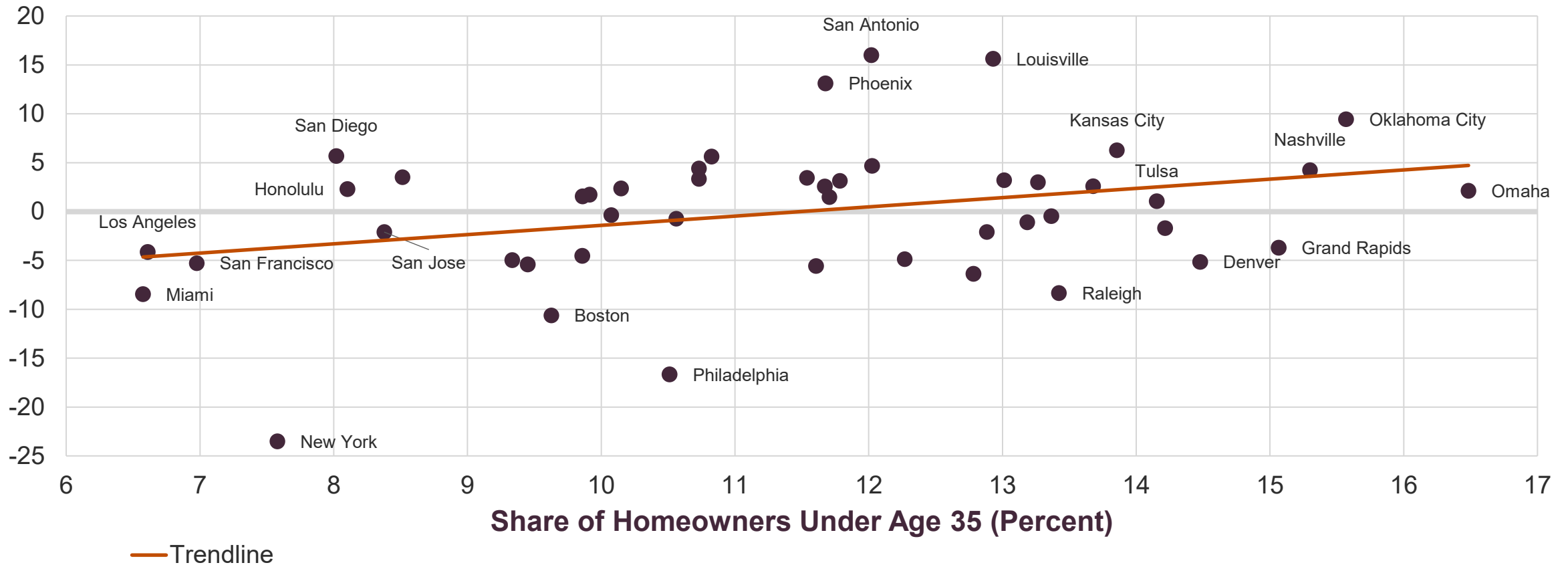


Notes: Data are for 25 metros available in the 2019 AHS, including the 15 largest by population. See [Table A-3](#) for more detailed data on spending concentration and median incomes and home values.

Source: JCHS tabulations of HUD, 2019 American Housing Survey.

# Remodeling Activity Picked Up Last Year in Many Metros with Larger Shares of Younger Owners

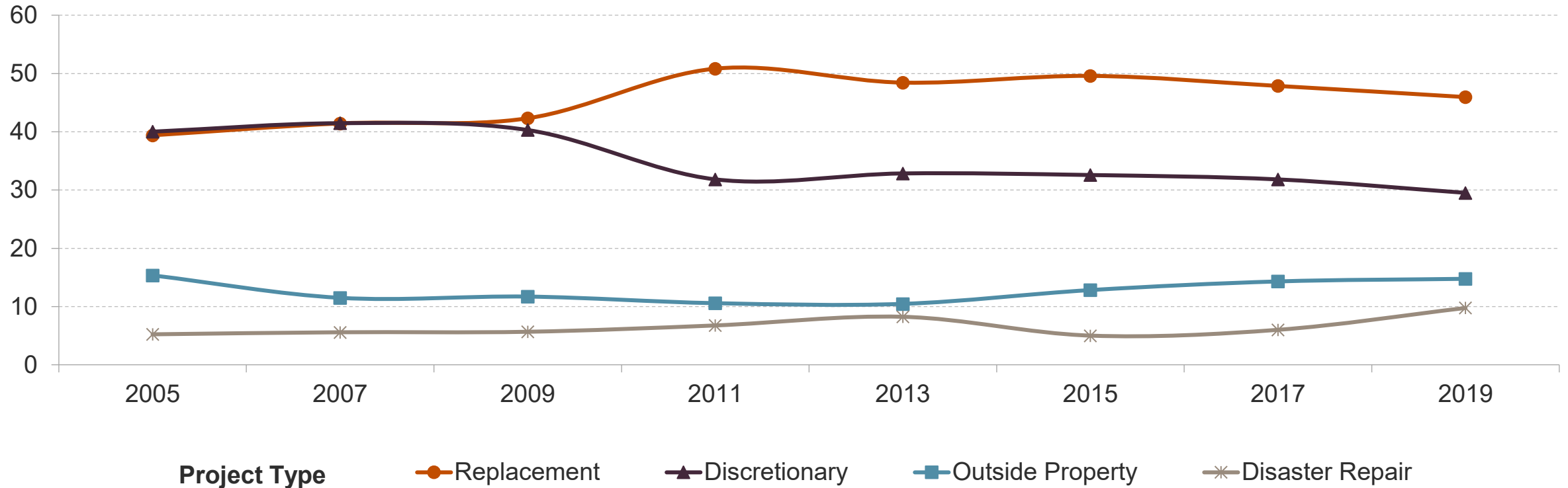
Change in Residential Properties with Remodeling Permits, 2020 (Percent)



Notes: Data are for 47 of the largest metros by population with sufficient permit reporting coverage. Share of owners under age 35 is for 2019. The metro average change in permitted properties is -0.1%, and the average share of homeowners under age 35 is 11.4%. See [Table A-5](#) for more detailed data.  
 Source: JCHS tabulations of BuildFax and US Census Bureau, 2019 American Community Survey.

# While Replacement Projects Still Account for About Half of Homeowner Expenditures, Property Improvements and Disaster Repairs Have Become a Growing Share

Share of Spending (Percent)

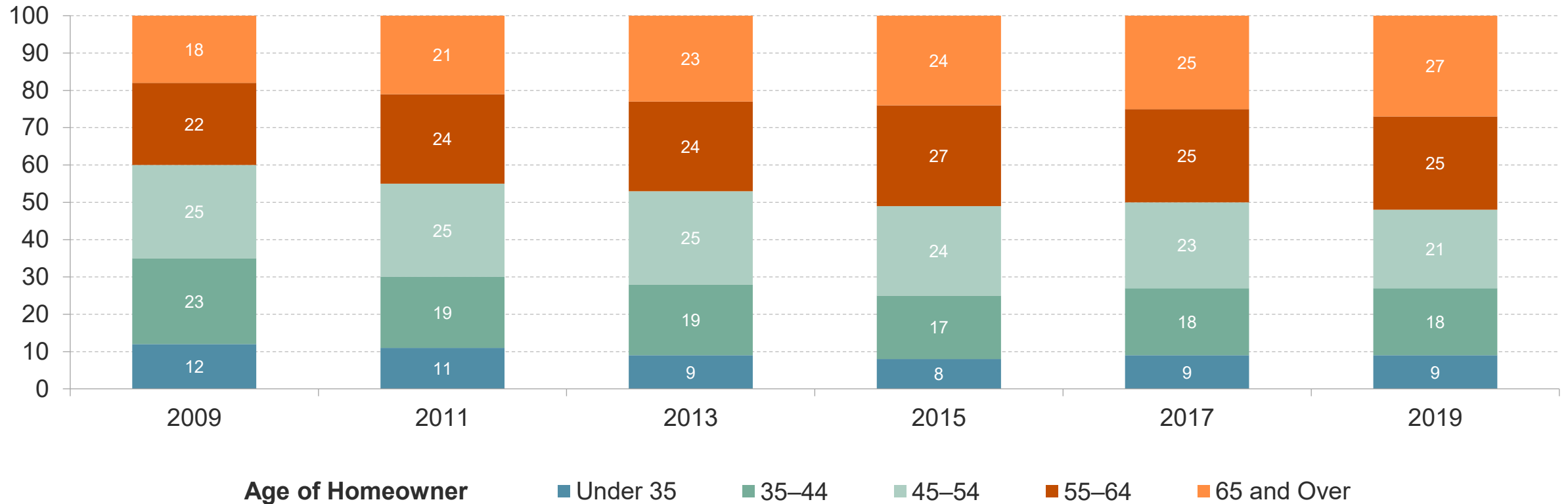


Notes: Replacement projects include exterior, systems and equipment, and interior projects. Discretionary projects include kitchen and bath remodels, room additions, and outside attachments. Outside property includes such projects as driveways and walkways, fencing, sheds, landscaping, and recreational structures. See [Table A-1](#) for more detailed definitions of project categories.

Source: JCHS tabulations of HUD, American Housing Surveys.

# Older Owners Continue to Increase Their Share of Home Improvement Spending

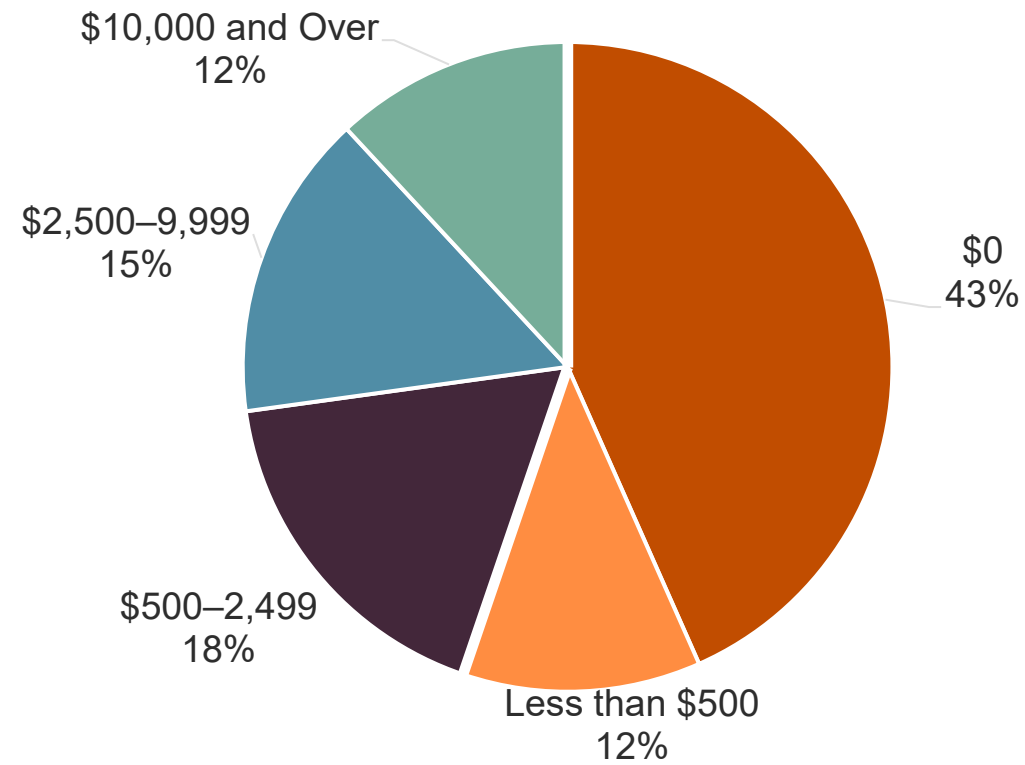
Share of Spending (Percent)



Source: JCHS tabulations of HUD, American Housing Surveys.

# Over Half of Owners Spent Little or Nothing to Maintain or Improve Their Homes in 2019

Share of Owners by Spending Levels



Source: JCHS tabulations of HUD, 2019 American Housing Survey.



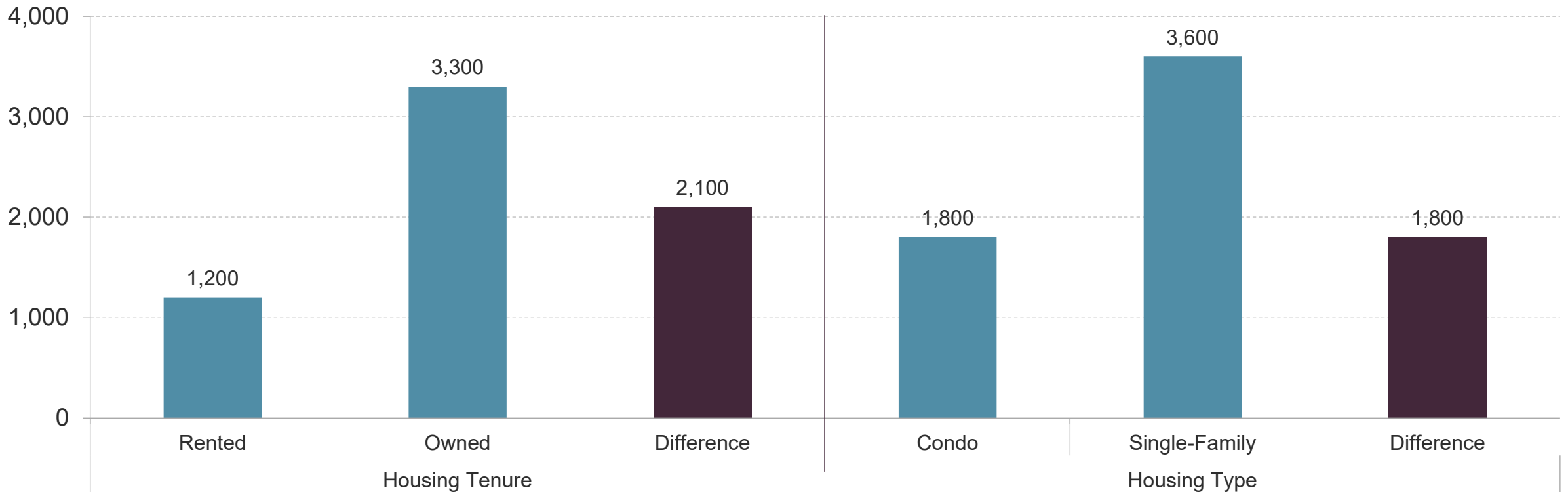
# Changes to the Home Improvement Industry Resulting from the Pandemic that May Persist

- I. Focus on home and home-related activities
  - Larger homes with **more multipurpose spaces**: work, learn, exercise, play
  - Bigger lots, more features for **outdoor living**
  - Accommodations for **multigenerational households**: ADUs & accessibility retrofits
  - **Healthy home upgrades**: air filtration & ventilation, no-touch/automated products
  
- II. Changing locational decisions
  - Growing demand for lower density neighborhoods, and resulting de-urbanization of major cities
  - Telecommuting offers **more (and more affordable) housing options**
  
- III. Increase in **homeownership**
  - Fewer renting options in suburbs/exurbs/rural areas
  - Flexibility to design home around household needs



# Improvement Spending Varies Considerably with Housing Tenure and Type

Average Annual Per-Unit Spending (Dollars)

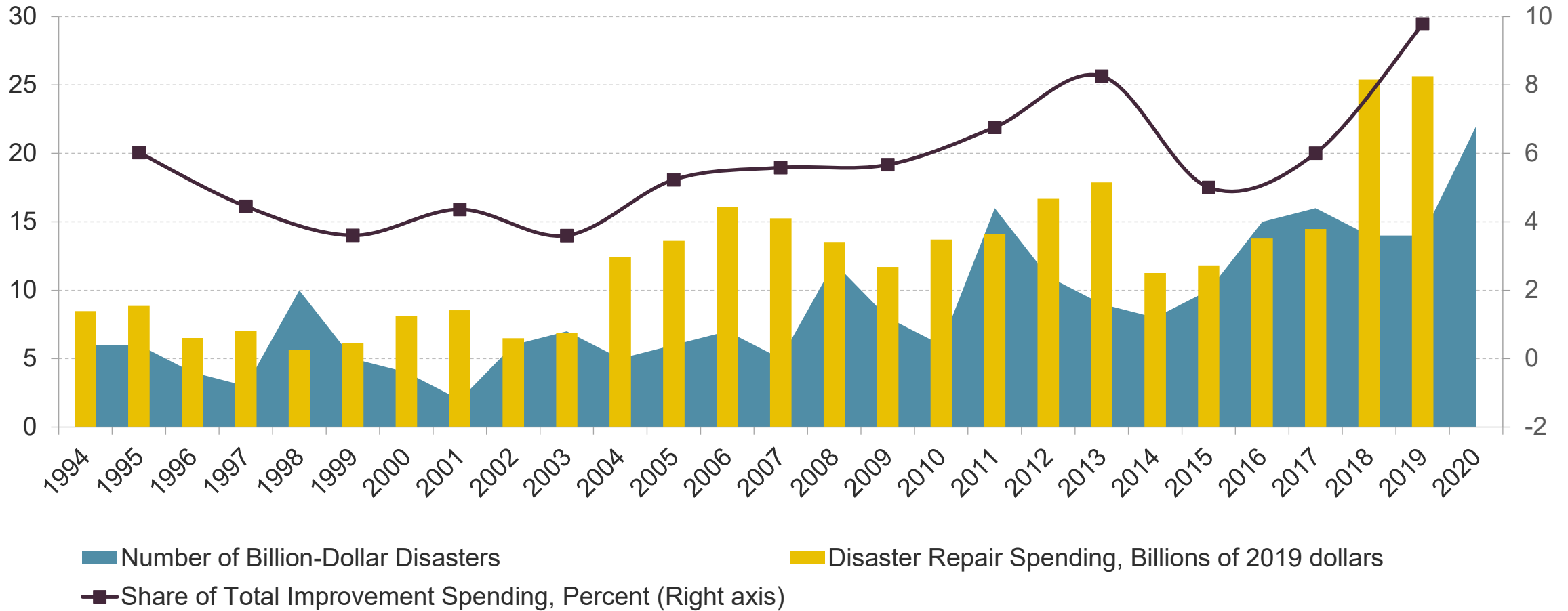


Notes: Estimates are average per-unit spending in 2019. Single-family homes are detached. Spending on rented units is by owners of the property.  
Source: JCHS analysis of HUD, 2019 American Housing Survey and NAA, 2020 Survey of Operating Income & Expenses.

# Longer-Term Remodeling Market Prospects are Positive

- I. Deferred **discretionary** projects
  - Interior remodels, room additions, bigger kitchens and pantries
- II. Opportunity to **convert vacant commercial spaces** to housing
  - Elevated WFH reduces need for office space; Retailers moving increasingly to online sales
- III. **Aging** of the housing **stock**
  - In 2019, the median owner-occupied home was 40 years old, up from 34 in 2009 and 29 in 1999
- IV. Favorable **demographics**
  - Aging of the population: Owners age 55+ increased share of spending from 40% in 2009 to 52% in 2019; real per-owner expenditure rose from \$2,500 to \$3,100
  - Millennial wave reaching prime ages for first-time homebuying
- V. Increasing incidence and severity of **natural disasters**
  - Disaster repairs 10% of improvement spending in 2019, double its historical share and reaching a new high of \$26 billion.
  - 2020 set new record of 22 billion-dollar disasters in US (NOAA)

# Size of the Disaster Reconstruction Market Has Grown with More Frequent and Severe Storms



Note: Billion-dollar disasters are events that generate over \$1 billion in damages after adjusting for inflation.  
 Sources: JCHS tabulations of NOAA, U.S. Billion-Dollar Weather and Climate Disasters; and HUD, American Housing Surveys.

# Thank You!

Data tables, interactive charts, and more  
available at:

<https://www.jchs.harvard.edu/improving-americas-housing-2021>

Questions?

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[www.linkedin.com/in/abbewill](https://www.linkedin.com/in/abbewill)



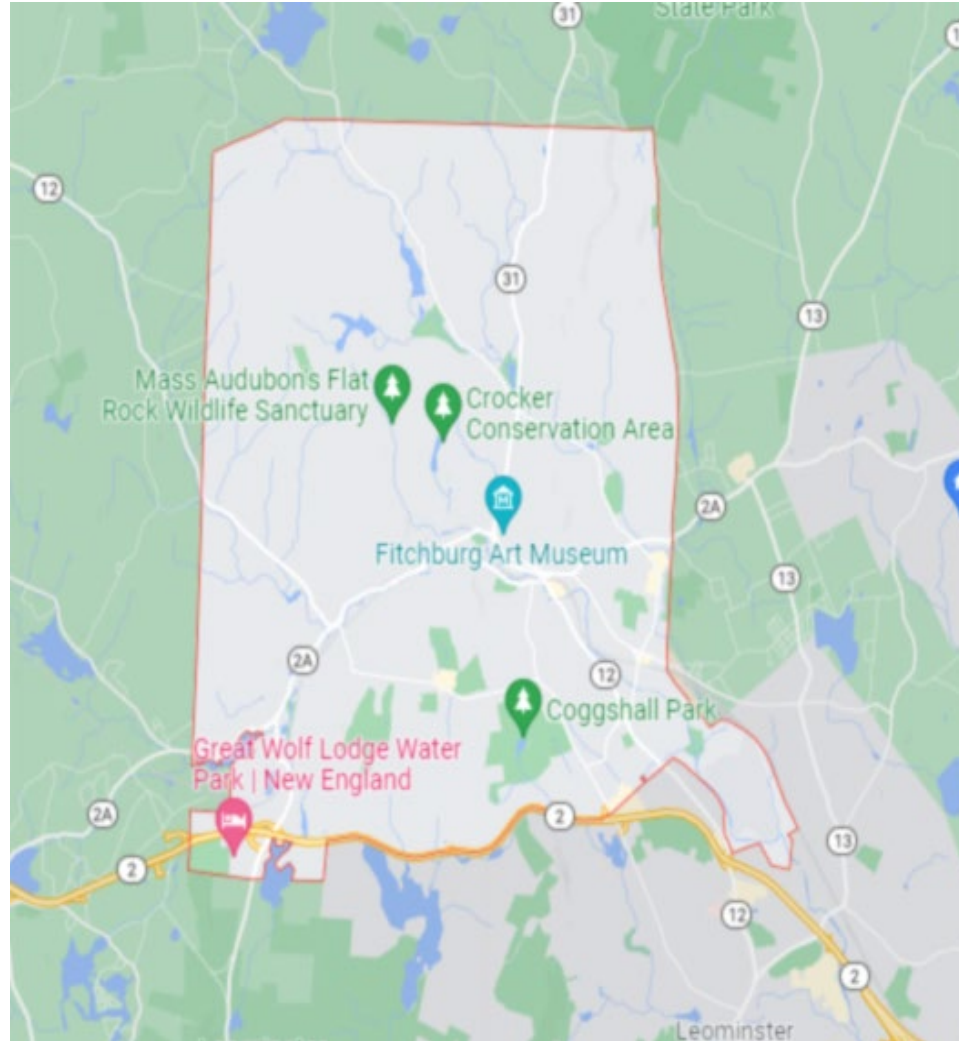
# Vacant Property Intervention Project

Liz Murphy, Director of Housing & Development  
Consultant, Barrett Planning Group, LLC  
Fitchburg, MA



# Fitchburg-who are we?

- ▶ Gateway City
- ▶ Populations of \$42,000
- ▶ 37% minority
- ▶ Median income of \$57,207
- ▶ Bus/train station downtown- we are last stop on commuter rail
- ▶ Airport, small but growing
- ▶ Housing market becoming very competitive
  - ▶ Average home prices increased from \$204,000 in 2018 to \$330,000 in 2021
- ▶ Construction/Repair costs are similar to Boston costs
- ▶ Growing arts & culture community



# Remember that 2008 foreclosure crisis?

- ▶ Hit Fitchburg hard
- ▶ The City had a tough time keeping track of foreclosing properties & finding contacts when problems came up
- ▶ Fitchburg's Board of Health created a Vacant Property Registry- finalized in early 2012
- ▶ Fees to register were set low- \$100 annually
- ▶ Foreclosing banks started registering and at the height of foreclosure, we had over 200 registering annually
  - ▶ the registry did its job well and Fitchburg is out of the foreclosure crisis



# Times have changed, vacancy characteristics have changed

- ▶ Now, most of the vacant properties that exist are;
  - ▶ long term vacant properties
  - ▶ have development barriers
  - ▶ in disrepair and blighting
  - ▶ privately owned
  - ▶ pass from owner to owner without repair
  - ▶ primarily multifamily residential, commercial, and industrial

Long vacant properties are more likely to be deteriorated and cost more to renovate.

# Long Vacant Properties



- ▶ Vacant over 20 years
- ▶ Has sold numerous times
- ▶ has development challenges- shares a faulty fire escape with property behind it.
- ▶ Sold again March 2021 for \$90,000
- ▶ Is currently on the market

# Long Vacant Properties

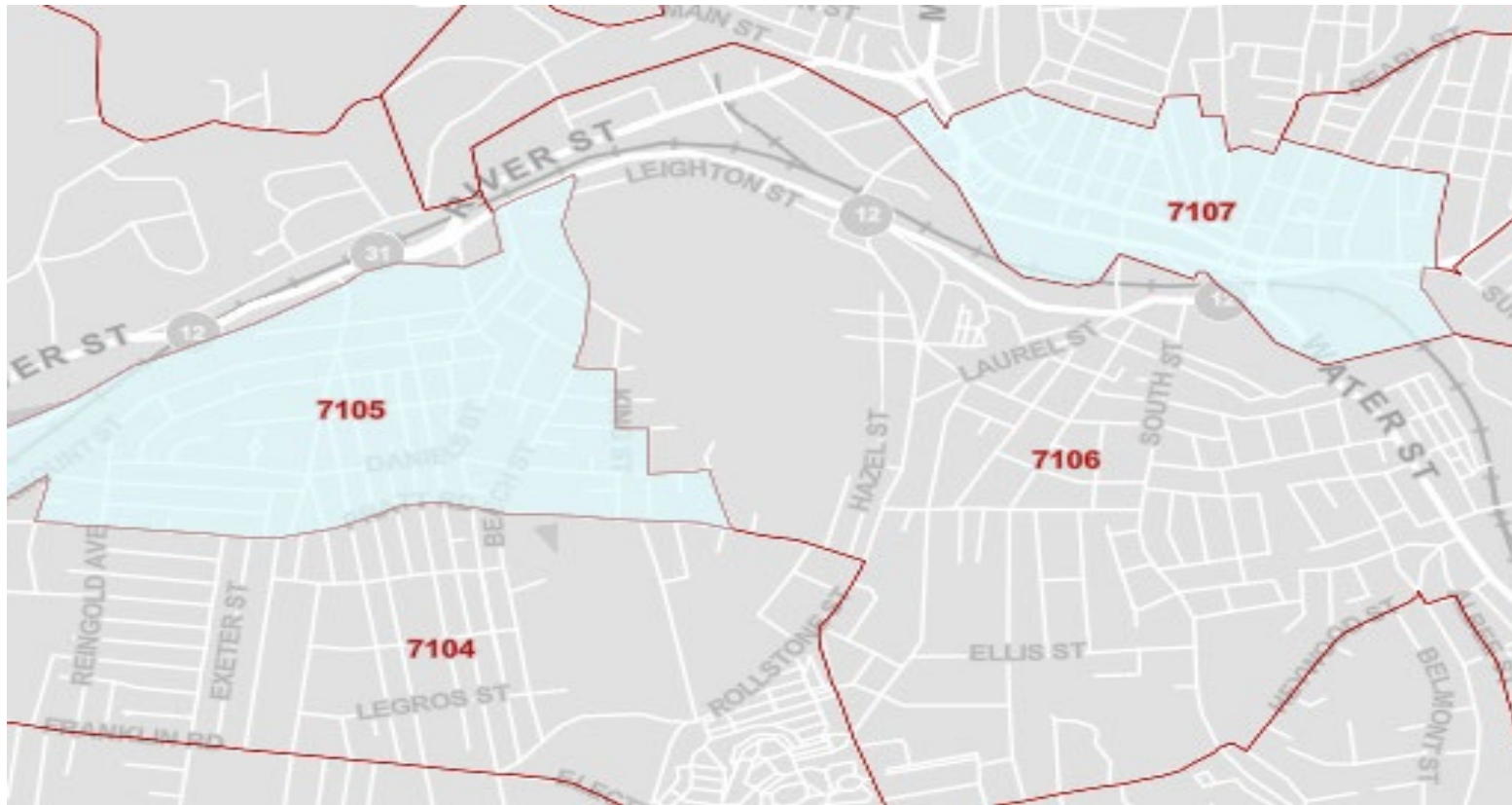


- ▶ Vacant over 10 years
- ▶ Sold in July 2020 for \$155,000
- ▶ No parking, but within 4 blocks of a parking garage.



- ▶ Vacant over 10 years
- ▶ Part of parcel that includes a Main St. building with shared utilities
- ▶ Within two blocks of each other

# Long Vacant Properties



- ▶ Tract 7105
- ▶ Population 3395
- ▶ 57% minority
- ▶ Median income \$44,526
- ▶ Tract 7107
- ▶ Population 1800
- ▶ 56% minority
- ▶ Median income \$17,105

# We need to change in order to respond to today's needs

Through the Neighborhood Hub Program- we're creating a new vacant property registry and structure that considers:

- ▶ A review of best practices within the state and the country
- ▶ Reasonable deterrents to holding vacant property long term
- ▶ Includes residential, commercial, and possibly industrial properties
- ▶ Incorporates minimum maintenance standards to avoid added costs of deterioration
- ▶ Incorporates input from residents and stakeholders in the community
- ▶ Connects vacant property with developers, ensuring affordable housing is included in redevelopment
- ▶ Creates a revolving acquisition fund for nonprofit developers of affordable housing to assist them in being able to respond to opportunities quickly.

Through the Hub program, we engaged with Barrett Planning Group to assist us

An initial review of existing Vacant Property Registry Ordinances:

- ▶ Most VPRO's fall into three main types:
  - ▶ the vacant and abandonment model
  - ▶ the foreclosure model
  - ▶ the hybrid model

# Types of Vacant Property Registry Ordinances:

- ▶ The vacant and abandonment model
  - ▶ requires owners to register after a specific duration of vacancy
  - ▶ employed by communities with long term challenges
  - ▶ often used in conjunction with escalating fee structure year-over year
  - ▶ steep fines/fees imposed are focused on eliminating the vacancy, or the vacant property

# Types of Vacant Property Registry Ordinances continued:

- ▶ The foreclosure model (Fitchburg's current model)
  - ▶ requires registration on notice of default or intent to foreclose
  - ▶ approach is aimed at encouraging mortgage lenders to maintain property through the foreclosure process
- ▶ The hybrid model
  - ▶ most common in recent years and shares characteristic with both above



# Example: Wilmington Delaware, population 70,898:

- ▶ Self-supporting through fees and very effective
- ▶ 30 days to register, billed annually Nov. 1
- ▶ Takes in at least \$350,000 annually, sometimes over 1 Million
- ▶ City posts list of vacant properties/owners online- motivation for owners to take action
- ▶ Inspectors get to know vacancies to provide evidence of vacancy and records of inspections
- ▶ Unpaid fees, violations and tickets are liens against the property
- ▶ Escalating fee structure for vacancy time period
  - ▶ Zero > 1 year, \$500 > 2 years , \$1000 > 3 years, \$5000 >4 years \$10,000 > 5 years \$2000 added each year after. \$20k by year 10.

# Vacant Property Registration Ordinances in Massachusetts:

- ▶ 56 Massachusetts towns have VPRO's
- ▶ A majority charge a fee
- ▶ Many of the fees are low to encourage registration
- ▶ Most of the escalating or variable fee structures were in Gateway Cities

# Community Input

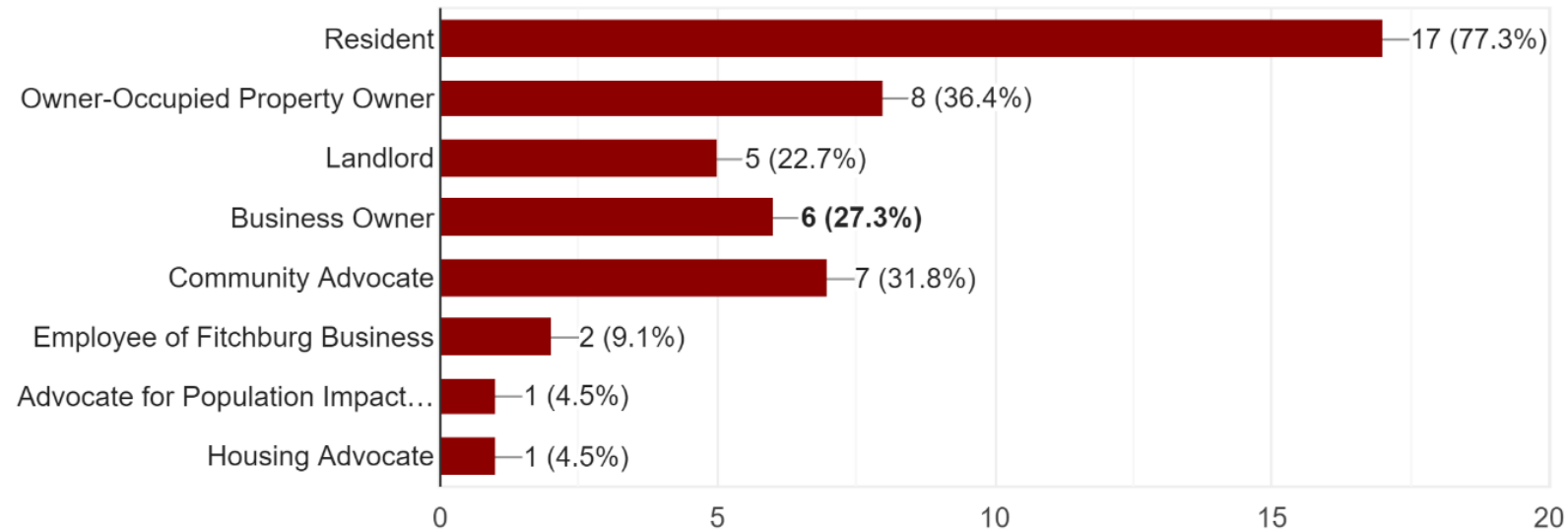
- ▶ Collected input from staff, City Council, residents, other stakeholders and advocates through focus groups and online surveys
- ▶ Responses:
  - ▶ 47 in total
  - ▶ 25 from the City staff and City Councilors
  - ▶ 22 from the community

# Community Input Continued

- ▶ Breakdown of the community responses
  - ▶ Several identified as multiple roles in the community.

Please check the box (or boxes) that best describes your role:

22 responses



# Community Input Continued

- ▶ Out 47 respondents:
- ▶ Two did not think we should have a registry
- ▶ Four wanted more information
- ▶ Overall, the community is supportive of the direction we'd like to move in with a VPRO
- ▶ 87% supported the registry updates- this does not include the 4 wanting more info
- ▶ All three focus group participants were supportive of the registry changes

# Community Input Responses:

- ▶ 87% support fining those notified but failing to register
- ▶ 72% support adding commercial property to the registry
- ▶ 75% support escalating fee structures, with 14% reporting the need more info
- ▶ 70% supported higher fee structures by types of properties, specifically multifamily and commercial properties
- ▶ 86% support publishing the registry
  - ▶ We will continue discussion on publishing owner names or names & addresses
- ▶ 85% supporting requiring a minimum maintenance standard for vacant properties
  - ▶ The intent is to avoid deterioration of the vacant property
- ▶ 86% support requiring property insurance
  - ▶ We are still looking at whether we legally can

# Next Steps:

- ▶ Meet with Affordable Housing group to discuss:
  - ▶ How does the registry treat developers of affordable housing when holding vacant property
    - ▶ do they pay the same fees, reduced fees, apply for waiver?
    - ▶ what's a reasonable amount of time for holding property
  - ▶ Mechanisms to connect suitable vacant property with developers
  - ▶ Creation of a revolving acquisition fund for quick acquisition of affordable housing when opportunity arises
- ▶ Outline ordinance for review with staff & Legal
- ▶ **send full ordinance to City Council for adoption.**

# Lessons Learned:

- ▶ This isn't a silver bullet, its one of many tools in our toolbox.
- ▶ Engaging in community input can be a great opportunity to educate the community, garner support and understand and hopefully address concerns that come up.
- ▶ Its critical to design an ordinance that's nimble and can respond to the dynamics of a housing market as it changes over time.



# Thank you

Liz Murphy

Director of Housing and Development

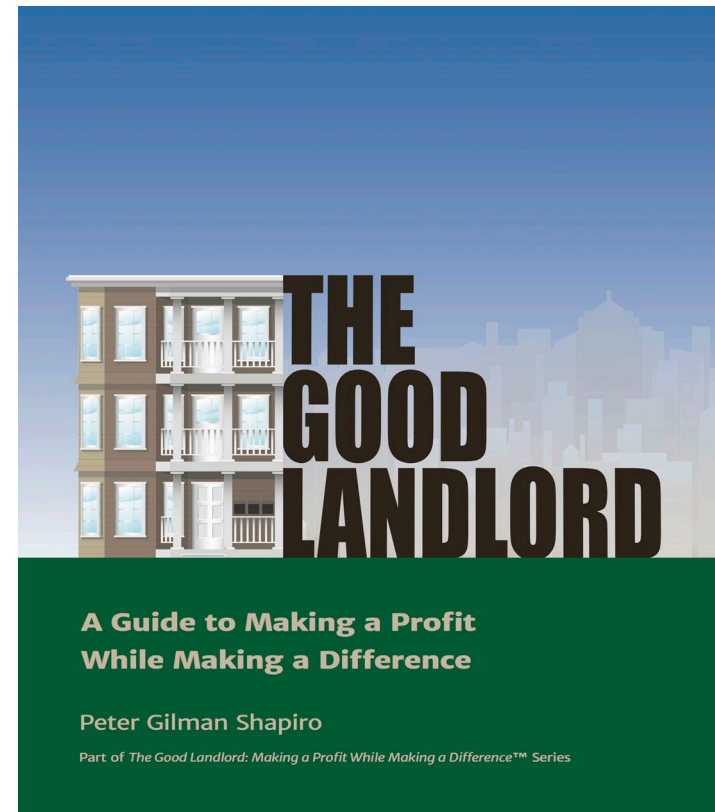
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978-829-1897

# Peter Shapiro – Good Landlord Consulting Services

- Former **program director** for **Homelessness Prevention and Housing Mediation** services at Just-A-Start Corp.
- **Statewide Helpline Counselor** for MassLandlords – legal education, coaching, assisted negotiation
- **Landlord Counselor and Mediator** for City of Boston Dept of Neighborhood Development Office of Housing Stability
- **Book Author:** *The Good Landlord: A Guide to Making a Profit While Making a Difference*
- **Small Landlord** for 31 years in Boston – four 3-deckers and a lodging house.



# What is MassLandlords

- a. Statewide association of over 2,200 members
- b. Over 7,500 on email list
- c. **Mission: to provide better rental housing**
- d. Provides landlord training, coaching, service provider directory, entity formation savings, rent collection, newsletter, message boards, facebook group, credit screening discount, events, helpLine, Home Depot discounts, search evictions, and more
- e. Certified Massachusetts Landlord (CML)



# Today's Agenda

- Who are the small landlords?
- What challenges do small landlords face?
- **Three ideas** to help stabilize small landlords, their tenants and their neighborhoods



# Who are the small landlords?



# A snapshot of landlords

- 
- Conceived by: Jeanne Charn, Senior Lecturer on Law and Director, Bellow-Sacks Access to Civil Legal Services Project at Harvard Law School.

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## Four kinds of landlords

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### ***Developer/Converter***

- Can be large or small
- Buys low, converts, then sells high
- Spends little money on maintenance

### ***Old-Time Slumlord!***

- Spends little or nothing on maintenance
- “Milks” the unit, then often abandons it
- Dodges legal requirements

### ***Long-term Residential, Mixed-Income Landlord***

- Seeks long-term appreciation, not short-term gain
- Invests in maintenance and management
- Pursues long-term, stable tenancies using public funding whenever possible to preserve affordability

### ***Owner-Occupier or Small Landlord***

- Owns only one or a few properties only
- Buys a building to meet his or her own living expenses and to generate income

# A snapshot of landlords (*continued*)

1. **The developer/converter**, whose purpose is to buy at a low price and convert as quickly as possible to a luxury unit, condominium, or co-op for resale at a higher price, occupies a growing share of the housing market. S/He may be large or small. S/he tends to invest modest sums in maintenance of the units that remain in his control, holding on to some rental units as a source of working capital for upgrading others. Some are hands-on contractors and managers, while others are absent in their tenants' lives. The emphasis for these landlords is on renovation and conversion rather than maintaining current housing for tenants.
2. **The old-time slumlord** who “milks” units to their limit and then, frequently, abandons them to city control. This landlord owns substandard housing but, in contrast to the developer, does nothing to improve it, minimizing maintenance expenses and sidestepping legal requirements. These days, there are fewer landlords of this type, thanks to rental housing laws and tenant advocacy. Most city governments do catch up with their most flagrant slumlords.
3. **The long-term residential mixed-income landlord** who is motivated by the appreciation of an investment over years, rather than immediate gain. This landlord is law-abiding and responsible in maintenance of units. She rents to a mix of tenants, including those who receive federal, state or local affordable housing / rental assistance funds. Mixed-income landlords are typically torn between financial and social goals, all the more because their relationships with and concerns for their tenants are long-term. They may be drawn toward providing more luxury units to increase return on investment and to minimize the complexities that come with renting to low-income tenants. At the same time, many landlords in this group actively seek to preserve mixed-income housing.
4. **The owner-occupier or small landlord** who owns one or a few smaller buildings and has bought these buildings to meet his or her own housing needs. This landlord expects to pay the mortgage with rental income, and therefore lives with the interdependence of the landlord-tenant relationship in its most dramatic form. In Boston, small landlords control over half the rental housing stock, a significant enough share to exert some political and economic influence.

# Fact: Small landlords own half our nation's housing

The divvy looks like this:

- 25.8 million units -- just over half of all U.S. rental supply -- are owned by corporations \*
- All the rest -- 22.7 million rental units -- are owned by individuals. These landlords likely own single units, duplexes and small multi-family buildings. We often call them “mom-and-pop” landlords. \*

[\*] 2015 American Housing Survey

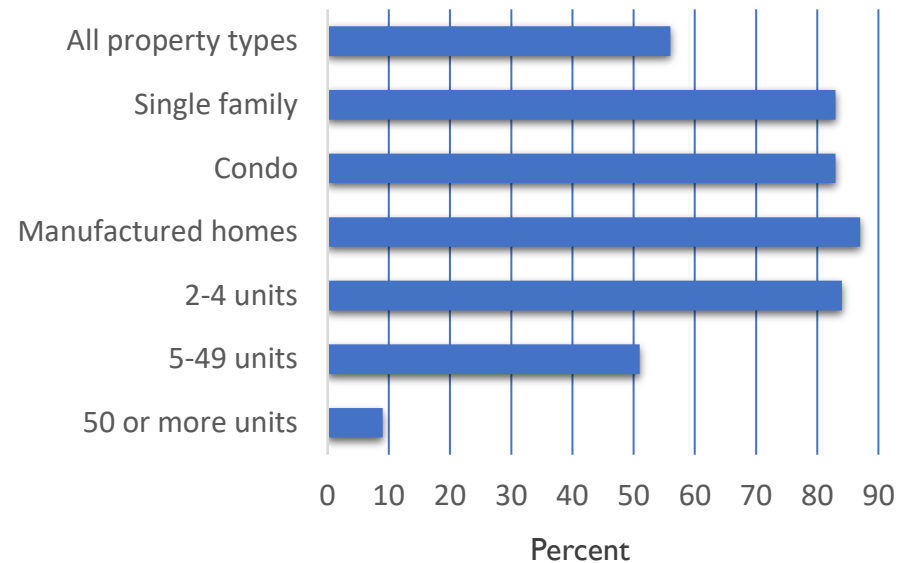




# Individuals, not corporate entities, own a big share of small rental properties

Individuals own about 85% of 2–4 unit rental properties in the United States and, by contrast, only about 9% of 50+ unit rental properties.

## SHARE OF RENTAL UNITS OWNED BY INDIVIDUALS 2001



- Individuals own about 85% of 2-4 unit rental properties in the United States and, by contrast, only about 9% of 50+ unit rental properties
- Source: Harvard Joint Center for Housing Studies tabulations of US Census Bureau 2001 Residential Finance Survey

# Over 50% of total residential units are in small buildings

**More than half of all US rentals** -- small structures: single-family homes and 2 - 4 unit buildings.

**Another quarter of our housing stock** -- multifamily buildings with 5-19 units,

**The rest** -- equally divided between 20 - 49 unit buildings and 50 or more unit buildings.

Distribution of rental housing stock by property type, US Census 2000

Category	Number of Units	Percentage of Total
1 unit, detached	8,531,853	23.9%
1 unit, attached	2,087,994	5.9
2 units	3,301,854	9.3
3 to 4 units	4,254,351	11.9
5 to 9 units	4,332,461	12.1
10 to 19 units	3,748,728	10.5
20 to 49 units	3,049,458	8.6
50 or more units	4,798,031	13.5
■ Mobile home, RV or boat	1,558,858	4.4
<b>TOTAL</b>	<b>35,663,588</b>	<b>100.0%</b>

# Boston's rental units: almost half are in small buildings

**Total units in Boston (2010):** **264,908**

-- Total small rental properties (1–6 units) (2010): 122,545

-- Small rental properties / total units = 46%

Data: City of Boston Department of Neighborhood Development

Property Type	Owner-Occupied	Investor-Owned	% Owner-Occupied	% Investor-Owned	Total
1-Family	25,846	4,645	84.8%	15.2%	30,491
2-Family	11,584	5,957	66.0%	34.0%	17,541
3-Family	6,618	7,267	47.7%	52.3%	13,885
4-6 Unit Building	542	1,968	21.6%	78.4%	2,510
Condominium	30,859	27,259	53.1%	46.9%	58,118
All	75,449	47,096	61.6%	38.4%	122,545

# Backing into it: accidental landlords

- Many small landlords never *really* intend to become professional landlords.
- They end up buying a building-in-need because they knew they could fix it up
- They inherit a property
- They think it's a "good investment" without thinking about managing it

*Allan Mallach, Landlords at the Margins: Exploring the Dynamics of the one to Four unit Rental Housing Industry (Cambridge, MA: Joint Center for Housing Studies, Harvard University, 2007, [www.jchs.harvard.edu](http://www.jchs.harvard.edu): A substantial percentage of these landlords are "inadvertent" landlords who "backed into" the business of property ownership (Mallach pgs. 27-28)*



# Holding on -- In it for the long term

- “The typical property owner has held onto her property for ten years or more and has no plans to sell in the next five years. [*Small landlord expert Allan Mallach*]
- Fact: Nearly two-thirds of those owning 5 – 9 unit buildings have owned their properties for more than 10 years \*
- These small landlords have historically been long-term owners, holding onto their properties for retirement income, long term capital gains, or to pass onto their children. \*
- However, recent data indicates a trend towards speculative behavior.

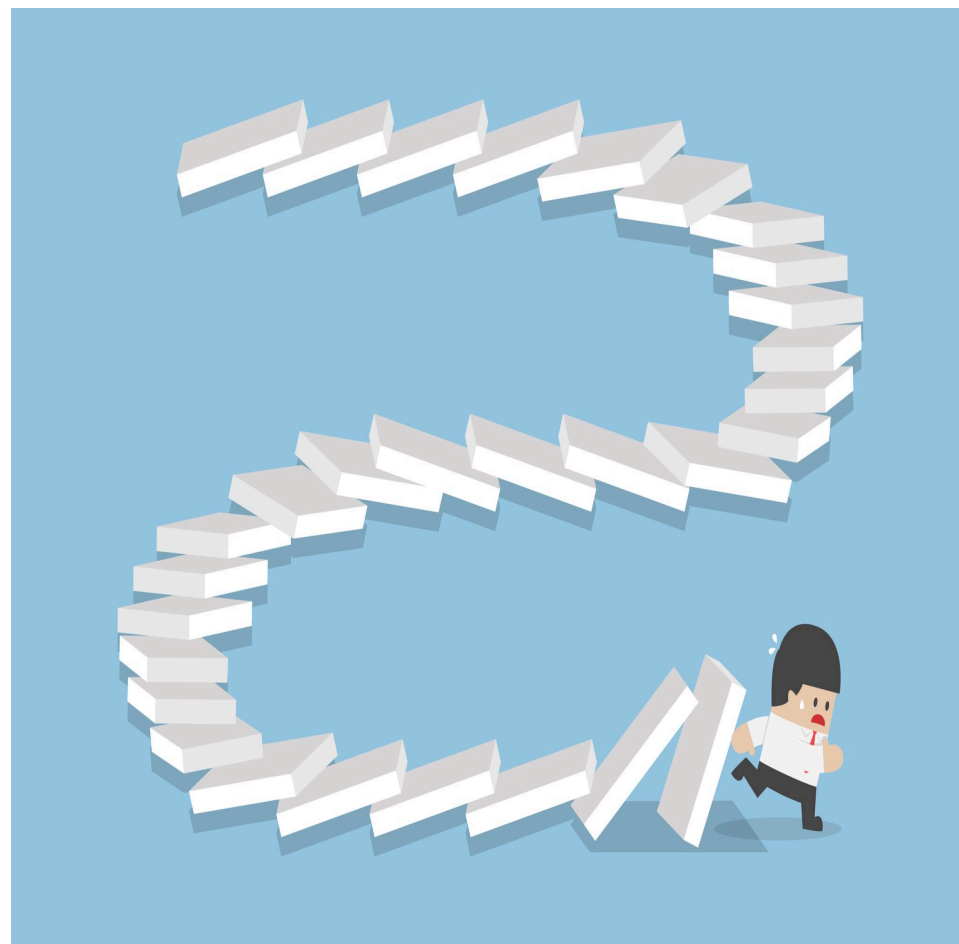
\* 1995 Property Owners and Managers Survey – POMS)



# Individual owners are declining as a slice of all owners

- Two-thirds of properties with 5 to 24 units used to be owned by individuals \*
- Individual's share fell to two-fifths from 2001–2015 \*
- Harvard University's Joint Center for Housing Studies found that as large, Wall Street-backed investors purchased the buildings, they raised rents more quickly.

[\* Joint Center For Housing Studies Research report: See <https://www.washingtonpost.com/business/2021/08/10/eviction-moratorium-landlords/>]



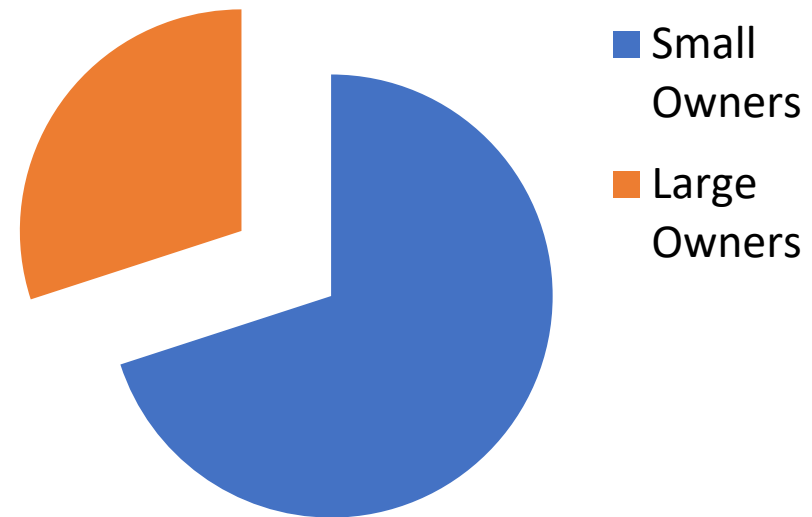
# Small landlords house a large proportion of low income tenants

70% of all lower-income households live in these 1 - 4 family properties.

(Donovan, 2002, based on data from the Annual Housing Survey – US Census).



## Low Income Households



# Small landlords: less profit driven

## Small landlord rents: more affordable

- Small landlords: spend less per unit than do larger owners, (treat their time as sweat equity)
- Small landlords: minimize spending to keep rents lower and avoid vacancies.
- Small landlords: less than half earn a profit (compared to 3/4ths of owners with 50+ units ) \*
- Mallach: “In the final analysis, a low ratio of maintenance and management expenses to rental income is a threshold condition of the viability of the one to four rental industry.”

\* (Mallach, Landlords at the Margins, pg 38). (based on *1995 Property Owners and Managers Survey*).

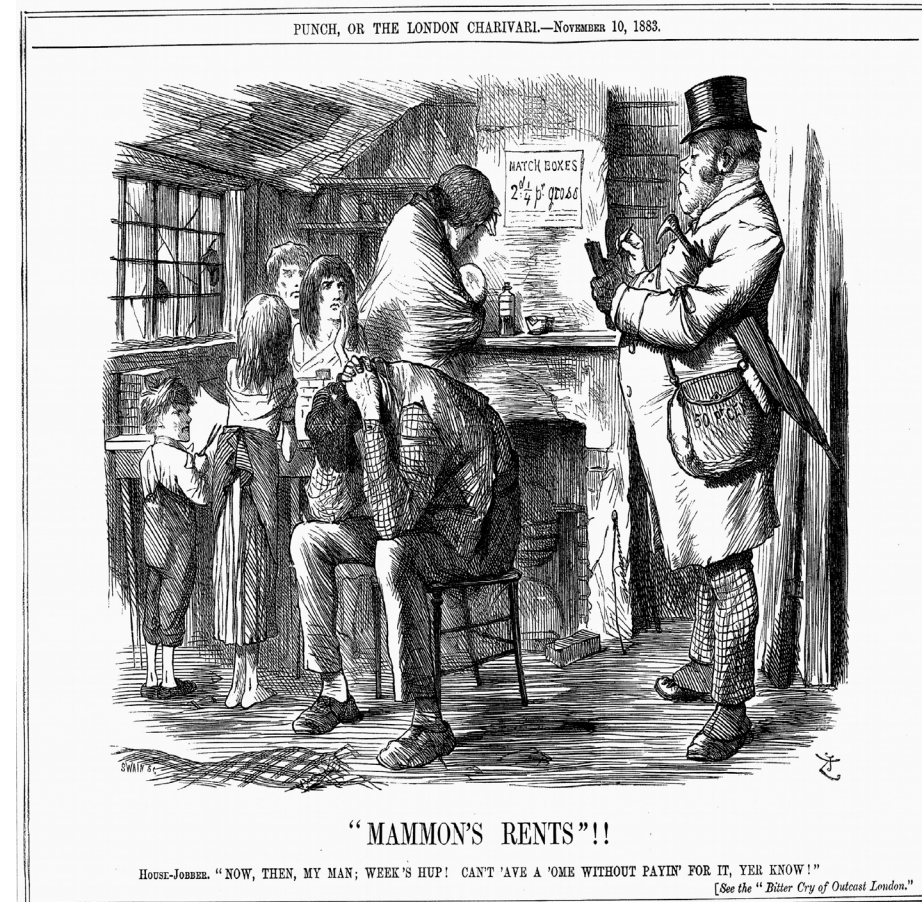




# Perception vs. Reality: small landlord rents are lower than what the news tells us

- 51.6% of all monthly Boston rents were less than \$1,500 \*
- 30.8% of all Boston monthly rents were less than \$1,000. \*
- Data likely comparable to other urban neighborhoods across Massachusetts.
- So-called “median rents” quoted in the news media are about \$1,000 higher (for Boston) than the Census data because they don’t account for informal markets but, rather, are based on realtors’ listings (Zumper, Rent Café, Trullia, Zillow, etc.),

[\* According to 2017 US. Census data from based on random sampling,



# Eviction: small landlords are more flexible than large landlords

## Large landlords:

1. evict at over two to three times the rates of small landlords.
2. file eviction for less money owed
3. are more likely to file repeatedly against the same tenants without removing them (serial filing) . (They use eviction as a rent collection strategy)
4. Keep formal decision-making and arms-length relationships with tenants make eviction a routine business practice.

## Small landlords:

have informal, personal relationships with tenants which makes eviction a morally fraught decision

- Henry Gomory: The Social and Institutional Contexts Underlying Landlords' Eviction Practices  
<https://bit.ly/3zvHULc>



# What challenges do small landlords face?



# Small landlords have limited access to professional help and resources

## Large landlords hire:

- property managers
- maintenance staff
- resident service coordinators
- accountants
- leasing professionals
- lawyers
- other professionals

**Small landlords can't afford these professionals.**

**Small landlords also have limited access to refinancing**



# Small landlords: many don't know the law and can't protect themselves legally

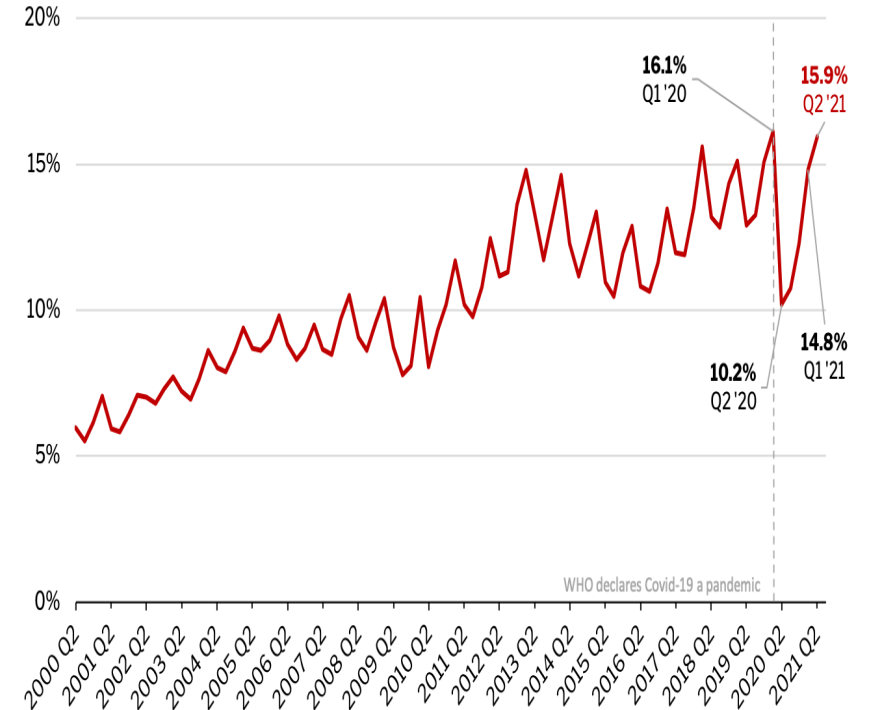
- Of 70,000 Massachusetts small landlords, only 2200 are members of MassLandlords.
- Only 7,000 on MassLandlords email list
- Many small landlords can't afford prevailing legal fees
- MA. Eviction Diversion Initiative funds approximately **\$10M for 100 tenant legal services staff** and a **small fraction for landlord lawyer assistance (Approx 2 FTE for landlords)** (approx. figures)



# Small landlords: An endangered species

- **Huge increase in sales 2<sup>nd</sup> quarter 2021 compared to 2<sup>nd</sup> quarter 2020**
- Real estate investors purchased 67,943 U.S. homes in the second quarter of 2021—the highest quarterly figure on record.
- That's up 15.1% from the prior quarter, and up 106.7% from the second quarter of 2020, when activity in the housing market was stalled due to pandemic restrictions.

Investor Market Share Nears Pre-Pandemic Levels  
Share of purchased U.S. homes bought by investors

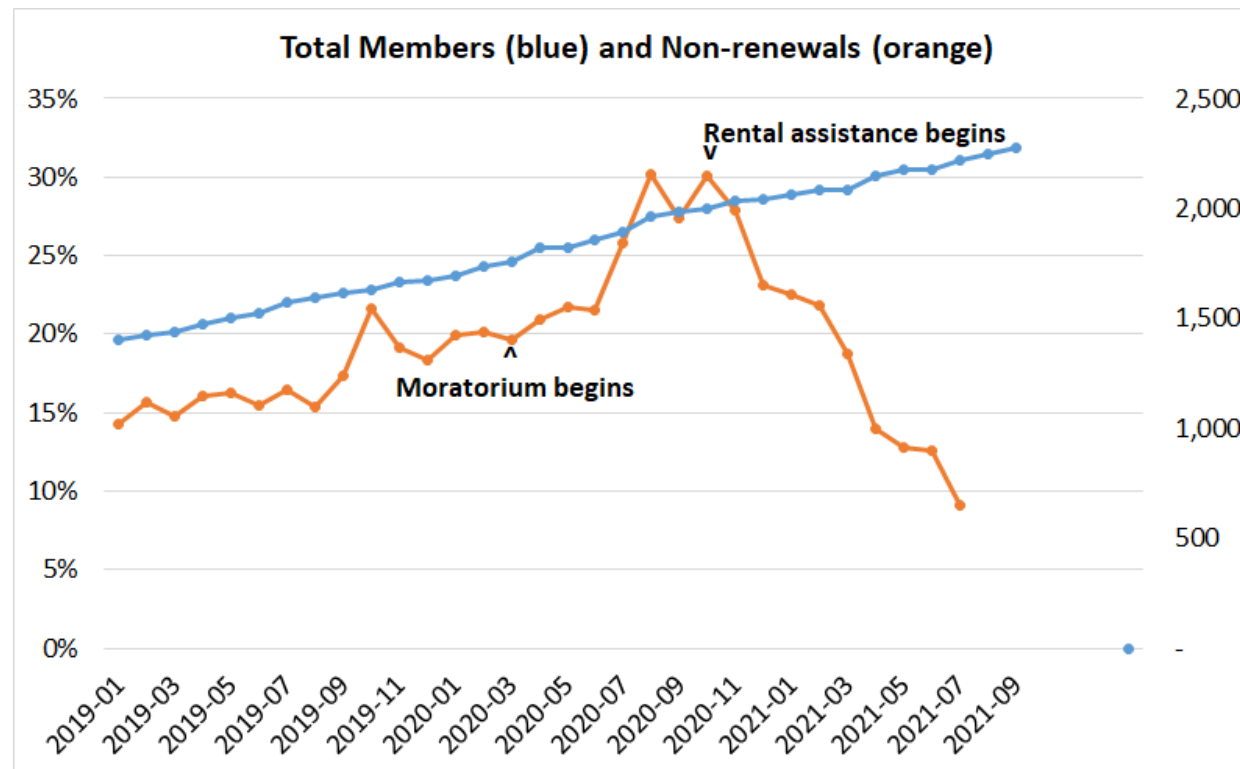


Source: Redfin analysis of county records

REDFIN

<https://www.redfin.com/news/investor-home-purchases-q2-2021/>

# Once 2020 Moratorium announced, MassLandlords membership renewal rates sank



# Sell off by small landlords accelerated by key factors

- 2008-2009 market crash and housing collapse
- 2020-2021 pandemic cost landlords substantial income: <https://bit.ly/3hWF6R9> JCHS: **HOW HAS THE PANDEMIC AFFECTED LANDLORDS? 9/25-21** Elijah de la Campa, Vincent J. Reina
- Enhanced tenant rights legal climate

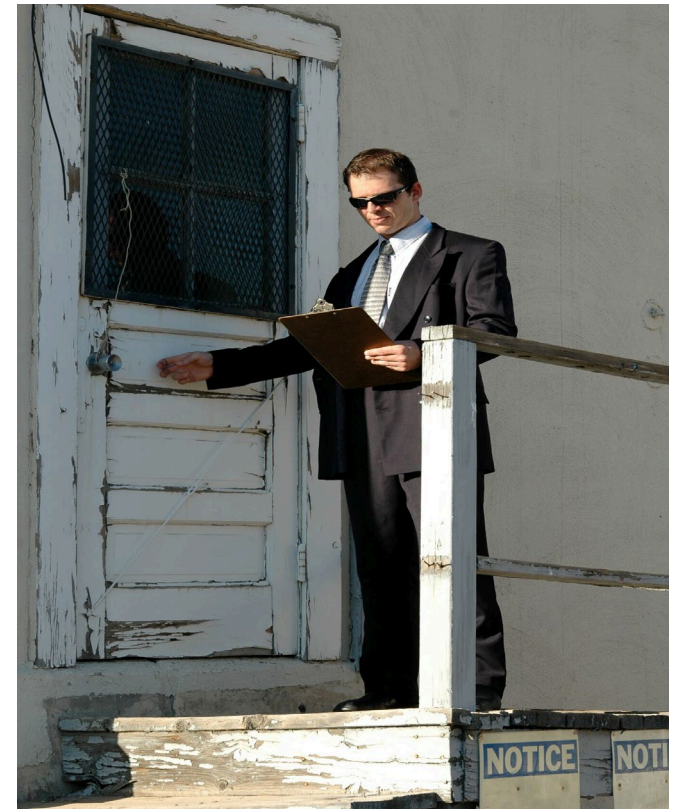




# When small landlords fail, tenants and neighborhoods lose

Without professional intervention, when issues escalate, many landlords will be more likely to:

- **Lose income** from rental arrearages
- **Pay** legal/professional fees they can't afford
- Spend unexpected **time** and **money** on eviction
- Risk **losing** their own housing and livelihoods
- Leave their tenants without affordable housing
- Cause their **neighborhoods** to fall apart due to building deterioration and foreclosure.



# How to stabilize these small landlords

**Neighborhood Hub is a great solution**



# What else can be done?

**The goal for small landlords is to:**

- Fix up their units
- Improve property management
- Maximize rent collection
- Keep rents affordable
- Prevent evictions unless absolutely necessary



# To improve stability of small landlords: Three solutions

## 1. Affordable Property Management

## 2. Certified Massachusetts Landlord

<https://masslandlords.net/certification/>

- Level one: Pledge
- Level two: Test
- Level three: Ongoing education

## 3. Landlord Counseling



# Affordable property management for eligible small landlords

- 3% charged on rent collection vs. 6-8%
- \$30-40 vs \$60-\$80/hour for handy person
- 5% vs. 20% commission on large jobs
- Free/affordable landlord counseling
- Affordable accounting and lawyer help



# Promote Certified Massachusetts Landlord

- Send info through tax or water bills
- Promote through local housing authorities, nonprofit housing orgs, city, state, social service agencies, social media
- Incentive approaches (Allan Mallach)



# Landlord Counseling – Basics

- Landlord Counseling available from early stages right through court and afterwards
- Offered by :
  1. City of Boston Office of Housing Stability  
[www.boston.gov/departments/neighborhood-development/office-housing-stability/landlord-counseling](http://www.boston.gov/departments/neighborhood-development/office-housing-stability/landlord-counseling)
  2. Berkshire County Regional Housing Authority  
<https://bcrha.com/legal-educational-counseling-program/>
  3. MassLandlords Statewide Helpline (masslandlords.net)  
<https://masslandlords.net/helpline/>

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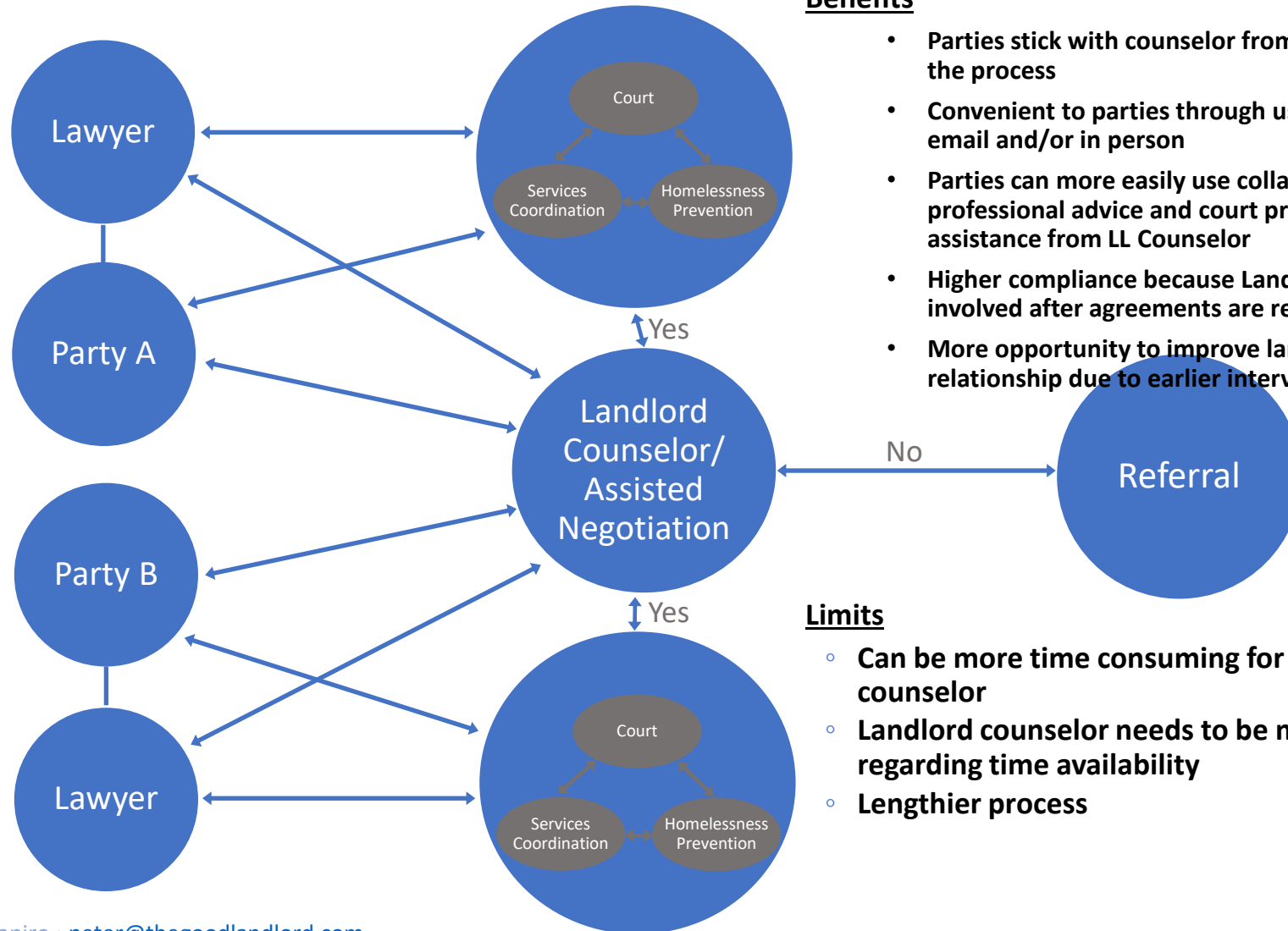
# Distinguishing landlord counseling from legal representation

	LAWYER/LITIGATION	LANDLORD COUNSELOR
Fees	Fees are high	Free
Privacy	Case made public	Decisions are not made public. Communication can remain private
Timetable	Out of your hands	It's your decision. Can control the timing
Compliance	Hard to enforce	More likely to comply
Participation	Not up to you	Participation and communication is encouraged. Parties assisted pre-trial through post-trial stages
Outcome	Someone else decides	You are in control





# Landlord Counseling/Assisted Negotiation Model



## Benefits

- Parties stick with counselor from early to late stage in the process
- Convenient to parties through use of telephone, text, email and/or in person
- Parties can more easily use collateral services, professional advice and court procedures with assistance from LL Counselor
- Higher compliance because Landlord Counselor stays involved after agreements are reached
- More opportunity to improve landlord-tenant relationship due to earlier intervention

## Limits

- Can be more time consuming for the landlord counselor
- Landlord counselor needs to be more flexible regarding time availability
- Lengthier process

# Thank you!

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