
The Commonwealth of Massachusetts

EXECUTIVE DEPARTMENT,
STATE HOUSE, BOSTON, May 18, 1964.

To the Honorable Members of the Senate and House of Representatives:

The field of Urban Renewal has long been the subject of comment because of its inability to provide adequately for the maintenance of the character of the neighborhood by rehabilitation of present housing rather than the demolition and rebuilding method which often causes numerous hardships on families being permanently relocated out of their neighborhoods. Existing housing is the only major source of housing for moderate and lower income groups, but surveys show that one-fourth of that supply is now substandard or defective.

Federal legislation provides for rehabilitation of housing by owners on a voluntary basis at usual interest rates at the discretion of the banks in the community. We have noted that in Urban Renewal Project Areas especially where homes are owned or occupied by older people and people of moderate or low income there is a reluctance on the part of banks to loan money, for rehabilitation even at current rates of interest.

This legislation submitted to you today will allow a housing authority to encourage neighborhood economic and social upgrading by making it possible to finance rehabilitation by issuing bonds or notes, guaranteed by the Commonwealth. The money so obtained would be used to provide mortgage money within an Urban Renewal Project Area for rehabilitation by individuals of their own homes, or would be used by the Housing Authority itself to rehabilitate dwellings and to rent, or sell them, giving preference to those who presently occupy these dwellings. The rate of interest on such mortgages and the rents charged will reflect the extremely low interest rates paid by Housing Authorities on notes or bonds guaranteed by the Commonwealth. The Housing Authorities would not be in competition with private banks in this program because the private banks are generally reluctant to loan money on

mortgages in Urban Renewal Project Areas. Under this legislation the individual now living in the property is given an opportunity, during the period of his lease, to build up his own equity in the property looking towards the ultimate purchase of the property. During that time he can become familiar with the benefits and responsibilities of home ownership.

It is the intent of this legislation to encourage as much as possible the rehabilitation by private owners of property capable of restoration in the Urban Renewal Areas. It is also the intent of this bill to restore property to private ownership as soon as practicable in those instances where takings are necessary and that a preference be given to the present occupants of the property. The city or town in which such a project is located will also benefit substantially by having a more solid tax base.

With the President calling for a forward look in Urban Renewal in furtherance to his war on poverty, we feel that this legislation will help immensely in the implementation of this great aim.

Respectfully submitted,

ENDICOTT PEABODY,
Governor of the Commonwealth.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Sixty-Four.

AN ACT PROVIDING FOR THE REHABILITATION OF DWELLING ACCOMMODATIONS.

1 *Whereas*, The deferred operation of this act would tend to
2 defeat its purpose, which is to provide decent, safe and sanitary
3 housing in urban renewal areas by rehabilitating existing hous-
4 ing which is substandard and relieving housing shortages, and
5 by making loans to home owners in such areas for the purposes
6 of bringing their homes up to the housing code requirements of
7 the local communities and rehabilitation standards of the urban
8 renewal areas and for rehabilitation with funds borrowed by
9 local housing authorities on notes and/or bonds guaranteed by
10 the commonwealth with the approval of the state housing
11 board, therefore it is hereby declared to be an emergency law,
12 necessary for the immediate preservation of the public con-
13 venience.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 Chapter 121 of the General Laws is amended by adding at
2 the end thereof the following new section:—

3 *Section 26III (a)* It is hereby declared: (i) that there exist
4 in certain cities and towns in the commonwealth substandard
5 dwelling houses in urban renewal areas which constitute a
6 serious and growing menace and create a housing shortage, in-
7 jurious to the public health, safety, morals and welfare of the
8 residents of the commonwealth, and the declarations heretofore
9 made in the housing authority law with respect to such dwelling
10 houses are hereby reaffirmed; (ii) that while certain of such
11 dwelling houses may require acquisition and clearance as pro-
12 vided in other parts of the housing authority law because the
13 state of deterioration may make impracticable the reclamation
14 of such dwelling houses by conservation or rehabilitation, others

15 of such areas are in such condition that they may, through the
16 means provided in section 26III subsections (a) through (g), in-
17 clusive, be conserved or rehabilitated in such a manner that
18 the conditions and evils hereinbefore enumerated may be alle-
19 viated or eliminated so that such property acquired or rehabili-
20 tated may be returned to or remain in private ownership and
21 be available as decent, safe and sanitary housing; and (iii) all
22 powers conferred by said section 26III subsections (a) through
23 (g), inclusive, are for public uses and purposes for which public
24 money may be expended and said powers exercised.

25 (b) The commonwealth, acting through and by the board,
26 may enter into a contract or contracts with a housing authority
27 for state financial assistance in the form of a guarantee by the
28 commonwealth, of bonds and/or notes of a housing authority
29 issued to finance the acquisition and rehabilitation of dwellings
30 within the limits of an urban renewal project area. The guaran-
31 tee of the commonwealth of notes and/or bonds of a housing
32 authority shall be executed on each note and/or bond by the
33 chairman of the board. The amount of notes and/or bonds
34 guaranteed by the commonwealth under this section shall not
35 exceed twenty million dollars.

36 (c) In addition to its other powers under the provisions of
37 this chapter, a housing authority shall have the power to plan
38 and undertake the rehabilitation of dwellings within the limits
39 of an urban renewal project area, and may acquire by pur-
40 chase, deed or grant or take by eminent domain, hold, improve,
41 rent, lease for a period not in excess of five years, with options
42 to lessees or tenants to purchase during such five-year period,
43 grant, sell, convey, as condominiums, or deliver possession, of
44 such property in accordance with such terms and conditions as
45 it may determine, and shall have the power to make mortgage
46 loans for the purpose of financing the rehabilitation of dwellings
47 within the urban renewal project area, subject to such regula-
48 tions as the board may make as to interest rates, maturity dates
49 and other terms and conditions.

50 (d) A rehabilitation project shall be any work or undertak-
51 ing involving the rehabilitation of a dwelling or dwellings in an
52 urban renewal project to provide decent, safe and sanitary
53 housing; such work or undertaking may include buildings,
54 land, equipment, facilities and other real or personal property

55 for necessary, convenient or desirable appurtenances, site prepa-
56 ration or improvement.

57 (e) At any time, but not later than forty years from the
58 effective date of this act, when the board shall determine a
59 public exigency, emergency or distress no longer exists in a
60 particular city or town, a rehabilitation project, or a part of
61 any such project with the land appurtenant thereto, rehabili-
62 tated or reconstructed under this section may, at the direction
63 of the board, be sold for the fair market value thereof as de-
64 termined by the board, but not for less than the total of the
65 outstanding obligations of the housing authority with respect
66 to such project if the whole is sold, or not for less than that
67 percentage of the total cost of the part sold bears to the total
68 cost of the entire project if a part is sold. So long as any notes
69 and/or bonds issued by a housing authority to finance the cost
70 of a project under this section and guaranteed by the common-
71 wealth are outstanding, the proceeds of any sale of such project
72 shall be paid by the housing authority into the Housing Au-
73 thority Bonds Sinking Fund and shall be expended from time
74 to time by the state treasurer to pay interest and principal of
75 any notes and/or bonds issued by such housing authority to
76 finance such project.

77 (f) Owners of dwellings rehabilitated with financial assist-
78 ance under this section shall, during the period of five years
79 following the completion of such rehabilitation and in any
80 event during the period any mortgage loan made under this
81 section to finance such rehabilitation shall be outstanding, and
82 subject to such regulations as the board may make, give prefer-
83 ence in the selection of tenants for such dwellings, first to the
84 individuals or families in occupancy thereof last prior to such
85 rehabilitation and second to other residents of the city or town
86 in which the dwellings are located, and who desire to live in
87 such dwellings and are able to pay rents charged other in-
88 dividuals or families for similar or comparable dwellings in the
89 urban renewal project area.

90 (g) The provisions of sections 26I to 26HH excluding sec-
91 tions 26AA, 26BB, 26FF and 26GG shall, so far as apt, be
92 applicable to projects rehabilitated under this section and to
93 housing authorities while engaged in developing and adminis-
94 tering such projects; provided, that the limitations on the

95 powers of a housing authority with respect to families of low
96 income found in section 26P shall not apply to rehabilitation
97 projects. The provisions of sections 44A to 44L, inclusive, of
98 chapter one hundred and forty-nine of the General Laws shall
99 not apply to rehabilitation projects as set forth in this section.



