

## 2.3 - Foreclosure Monitor: All signs point to increase in activity

### Distress down year over year but petitions up 67 percent since May

*(Foreclosure Monitor is an effort by MHP to help public officials determine how best to use their resources to help homeowners and neighborhoods hard-hit by foreclosure).*

**By Tim H. Davis**

BOSTON, Nov. 7, 2011 --- While foreclosure distress appears to have declined since a year ago, recent increases in foreclosure activity signal that foreclosure distress is set to increase throughout the rest of 2011 and into 2012.

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Foreclosure Monitor's quarterly analysis of Warren Group data shows that the number of housing units in distress has declined 29 percent in Massachusetts from Oct. 1, 2010 to Oct. 1, 2011. However, as explained in the [June Foreclosure Monitor](#), this decline is due to lenders slowing their foreclosure activity in the wake of the "robo-signing" scandal. Lenders appear to be resuming the foreclosure process, as petitions in Sept. 2011 were 67 percent higher than the low of 699 in May 2011.

Problems still persist for lenders attempting to foreclose, despite the recent news that states and lenders were nearing a [deal](#) that would provide the largest lenders legal relief in exchange for a cash settlement and refinancing mortgages of underwater borrowers. In addition, a number of completed foreclosures may be in legal limbo due to the recent "[Belivacqua](#)" ruling by the Massachusetts Supreme Judicial Court.

Broad efforts to resolve the foreclosure morass at the federal level don't appear forthcoming, but tools are needed to resolve both the economic difficulties of distressed homeowners and the legal/financial binds that lenders have in completing foreclosures.

A [recent report](#) by the Federal Reserve Bank of Boston's New England Public Policy Center highlights mediation programs, found in all of the New England states *except* Massachusetts, as a promising way to prevent some foreclosures, and speed up the return of properties to market where a foreclosure is unavoidable.

Distressed properties are units where a foreclosure petition has been filed, an auction has been scheduled, or a property has been foreclosed and taken back by the bank (known as "REO" or "real estate owned"). Given the large number of multi-families in Massachusetts, it's important to measure the number of units, rather than the number of properties affected by foreclosure.

### Communities: Chelsea, Lawrence, Lynn see significant declines

The largest declines in the top 20 municipalities from Oct. 2010 to Oct. 2011 were in Chelsea (-49 percent), Everett (-41 percent), Leicester (-40 percent), Carver (-39 percent) and Revere (-37 percent).

Rank/ Municipality*	Total Housing Units in Municipality (2010 Census)	Total Distressed Units (Oct-1- 2011)	Number of Distressed Units per 1,000 Housing Units			Rank One Year Ago
			1-Oct-10	1-Oct-11	Percent Change	
1. Brockton	35,552	1,068	42.25	30.04	-28.9%	1
2. Plympton	1,043	28	23.97	26.85	12.0%	23
3. Randolph	12,008	302	32.15	25.15	-21.8%	3
4. North Brookfield	2,058	51	25.75	24.78	-3.8%	17
5. Springfield	61,706	1,459	30.92	23.64	-23.5%	6
6. Winchendon	4,199	95	29.05	22.62	-22.1%	8
7. Lynn	35,776	792	34.55	22.14	-35.9%	2
8. Lawrence	27,137	597	31.99	22.00	-31.2%	4
9. Fitchburg	17,117	359	31.08	20.97	-32.5%	5
10. Hardwick	1,218	25	22.17	20.53	-7.4%	28
11. Athol	5,231	106	28.68	20.26	-29.3%	9
12. Worcester	74,645	1,482	27.80	19.85	-28.6%	12
13. Barre	2,176	43	21.14	19.76	-6.5%	35
14. Warren	2,211	43	24.42	19.45	-20.4%	21
15. Taunton	23,896	462	24.15	19.33	-19.9%	22
16. Templeton	3,139	60	25.49	19.11	-25.0%	18
17. Blackstone	3,628	69	25.36	19.02	-25.0%	19
18. Brookfield	1,493	28	26.79	18.75	-30.0%	14
19. Acushnet	4,118	76	19.18	18.46	-3.8%	52
20. Berkley	2,187	40	21.03	18.29	-13.0%	36
<b>Massachusetts</b>	<b>2,808,254</b>	<b>29,489</b>	<b>14.79</b>	<b>10.5</b>	<b>-29.0%</b>	

Source: MHP analysis of foreclosure data. Distressed properties are all those properties where a foreclosure petition has been filed or an auction scheduled in the previous year, or is bank held (up to two years).

\*Only municipalities with 1,000 units of housing or more were ranked.

As a result, all of these cities are no longer in the top 20 as of Oct. 2011. Of the cities that remain, Lynn had the largest decline in distress (-36 percent), dropping from the second most distressed in Oct. 2010 to the seventh in Oct. 2011. Despite a 29 percent decline in distress in Brockton, it remains the most distressed municipality in Massachusetts.

Boston ranked 140<sup>th</sup> of the 293 municipalities with at least 1,000 housing units in terms of distress, but had the highest *number* of distressed units due to its sheer size. As of Oct. 1, 2011, Boston had 2,519 distressed units, a 35 percent decline from last year.

Worcester had the second highest number of distressed units (1,482), closely followed by Springfield (1,459). Brockton, with 1,068 distressed units, had the fourth highest number of distressed units.

Eleven of the top 20 municipalities are in Worcester County. Among the top 20, there was an increase in distress in only one municipality --- the small Plymouth County community of Plympton, with a 12 percent increase in distress.

The rate of distress continues to rise in suburban and rural communities as compared to Boston and the state's [24 Gateway cities](#). One year ago, Foreclosure Monitor reported that for the first time, there was more distress in suburban/rural communities (50.6 percent) than in urban areas (49.4 percent). That gap has now widened, with 52.1 percent of the distress in suburban/rural communities and 47.9 percent in the Boston/Gateway cities.

Here's how this shift has evolved since 2008:

**10/1/2008**

Gateway Cities & Boston - 58.7 percent

Remainder of state - 41.3 percent

**10/1/2009**

Gateway Cities & Boston - 54.3 percent

Remainder of state - 45.7 percent

**10/1/2010**

Gateway Cities & Boston - 49.4 percent

Remainder of state - 50.6 percent

**10/1/2011**

Gateway Cities & Boston - 47.9 percent

Remainder of state - 52.1 percent

**Zip codes: Despite easing, Worcester County areas lead top 20**

From July 2011 to October 2011, Templeton re-took the top spot on the list of most distressed zip codes. Brockton's 02302 was the most distressed zip code in July

In what may be a sign of mild improvement, seven of the top 20 most distressed zip codes are in Worcester County, down from eight in July and nine in April (four are in Worcester and three are in suburban/rural areas).

Rank/Town*	Zip Code	Total Housing Units in Zip Code (2000 Census)	Total Distressed Units (Oct-1 2011)	Number of Distressed Units per 1,000 Housing Units			
				10/1/2010	10/1/2011	Percent Change	Rank One Year Ago
1. Templeton	01468	1,294	54	57.96	41.73	-28.0%	1
2. Brockton	02302	11,387	398	46.11	34.95	-24.2%	2
3. Worcester	01603	7,044	218	39.75	30.95	-22.1%	9
4. Springfield	01109	10,850	324	40.55	29.86	-26.4%	8
5. Springfield	01108	10,802	310	41.38	28.70	-30.6%	7
6. Brockton	02301	23,450	667	41.62	28.44	-31.7%	6
7. Springfield	01151	3,635	102	28.34	28.06	-1.0%	35
8. Lynn	01905	8,684	237	41.80	27.29	-34.7%	5
9. North Brookfield	01535	1,902	51	27.87	26.81	-3.8%	38
10. Springfield	01107	4,076	107	26.74	26.25	-1.8%	41
11. Randolph	02368	11,547	302	33.43	26.15	-21.8%	20
12. Winchendon	01475	3,645	95	33.47	26.06	-22.1%	19
13. Lawrence	01841	14,732	383	41.81	26.00	-37.8%	4
14. Worcester	01607	3,429	89	30.04	25.96	-13.6%	31
15. Lowell	01850	5,911	153	34.51	25.88	-25.0%	16
16. Springfield	01104	9,425	243	31.83	25.78	-19.0%	23
17. Worcester	01604	14,712	369	31.47	25.08	-20.3%	25
18. Boston (Mattapan)	02126	9,710	243	35.94	25.03	-30.4%	14
19. Boston (Dorchester)	02121	9,846	244	37.27	24.78	-33.5%	10
20. Worcester	01610	8,455	208	36.07	24.60	-31.8%	13

Source: MHP analysis of foreclosure data. Distressed properties are all those properties where a foreclosure petition has been filed or an auction scheduled in the previous year, or is bank held (up to two years).

\* Only zip codes with at least 1,000 housing units are ranked.

Springfield contains five of the most distressed zip codes, up from three in July. While there was a decline in distress from Oct. 2010 to Oct. 2011 in all of the top 20 zip codes, the decline was smallest in Springfield's 01151 (-1 percent) and 01107 (-1.8 percent).

Within Boston, Mattapan's 02126 (19th) and Dorchester's 02121 (20th) continue to make the top 20, but both had declines in distress from Oct. 2010 to Oct. 2011 of over 30 percent. Dorchester's 02122 improved the most, with a decline of 47 percent from last year.

Please note that the rate of distress will continue to rely on 2000 housing unit counts, as the U.S. Census Bureau has yet to release 2010 zip code-level counts. (housing unit counts have been adjusted for municipal and census tract level analyses).

### Census Tract: Brockton continues to have the highest levels of distress

While the number of housing units in a zip code can range from dozens to more than 20,000, the number of units in a census tract generally ranges from a 1,000 to 3,000, providing a smaller area of analysis that shows us where the high levels of distress are in urban neighborhoods.

Rank/Town*	Census Tract	Total Housing Units in Census Tract (2010 Census)	Total Distressed Units (Oct-1 2011)	Number of Distressed Units per 1,000 Housing Units			
				10/1/2010	10/1/2011	Percent Change	Rank One Year Ago
1. Worcester	732400	2,458	117	47.19	47.60	0.9%	34
2. Brockton	511000	1,089	50	55.10	45.91	-16.7%	17
3. Brockton	511500	1,544	70	60.23	45.34	-24.7%	9
4. Brockton	511301	1,823	79	58.15	43.34	-25.5%	11
5. Lynn	206500	1,160	50	62.07	43.10	-30.6%	6
6. Boston (Mattapan)	100300	1,262	54	43.58	42.79	-1.8%	45
7. Brockton	510400	1,260	53	81.75	42.06	-48.5%	1
8. Boston (Mattapan)	100200	1,013	42	63.18	41.46	-34.4%	5
9. Worcester	733000	1,396	57	47.99	40.83	-14.9%	32
10. Springfield	802300	2,552	103	54.86	40.36	-26.4%	18
11. Brockton	510501	1,252	50	48.72	39.94	-18.0%	29
12. Worcester	731900	2,255	90	66.96	39.91	-40.4%	2
13. Springfield	800400	2,411	95	45.21	39.40	-12.8%	40
14. Brockton	510100	1,727	67	43.43	38.80	-10.7%	48
15. Lynn	206300	1,312	50	60.98	38.11	-37.5%	7
16. Springfield	802200	1,260	48	52.38	38.10	-27.3%	22
17. Boston (Dorchester)	091900	1,380	52	60.14	37.68	-37.3%	10
18. Lawrence	250500	1,072	40	48.51	37.31	-23.1%	30
19. Lowell	310400	1,208	45	48.84	37.25	-23.7%	28
20. Lawrence	250600	1,745	65	52.72	37.25	-29.3%	20

Source: MHP analysis of foreclosure data. Distressed properties are all those properties where a foreclosure petition has been filed or an auction scheduled in the previous year, or is bank held (up to two years).

\*Only census tracts with populations greater than 1,000 are ranked.

Brockton continues to suffer, with six of the 20 hardest hit census tracts. Brockton's 510400 continues to improve. It had the highest rate of distress for much of 2010, but a 49 percent decline in distress since Oct. 2010 has contributed to the tract's movement to fourth place in July and seventh place in October.

Worcester's tract 732400 had the highest rate of distressed units, with a 0.9 percent increase over a year ago. Two other Worcester census tracts are in the top 20. Boston tracts occupy three of the top 20 tracts, down from five tracts the year before. Among Boston tracts in the October 2010 top 20 list, the largest decline was in Dorchester's 091700 (-54 percent).

Of the remaining tracts, three are located in Springfield, two each are located in Lawrence and Lynn, and one is located in Lowell.

### For more information

The following links are provided for readers to directly access regular sources of foreclosure and real estate trends, some of which are mentioned in the preceding analysis:

- Foreclosure data: The Warren Group released September 2011 foreclosure [deed and petition data](#) for Massachusetts, showing a 17.2 percent decline in the number of foreclosure deeds over September 2010

and a 50.6 percent decline in the number of foreclosure petitions. On a monthly basis, there was a 21.3 percent decline in foreclosure deeds from Aug. to Sept. 2011, but August had 937 foreclosure deeds filed, the highest number in a single month since Aug. 2010, just before the "robo-signing" scandal reduced foreclosure activity. Nationally, foreclosure activity (as reported by [RealtyTrac](#)) was down 38 percent from Sept. 2010 to September 2011, and down six percent from Aug. 2011. Despite this monthly decline, RealtyTrac officials believe that increases in previous months are a sign that banks are set to resume once-stalled foreclosure processes.

- Real estate sales data: At the end of October, [The Warren Group](#) and the [Massachusetts Association of Realtors \(MAR\)](#) released their monthly real estate sales figures. The two agencies use somewhat different data sets for analysis. The Warren Group reported a 6.6 percent increase in the number of single family sales from Sept. 2010 to Sept. 2011, and a 0.5 percent increase in single family sales prices, while the Mass. Association of Realtors reported a 10 percent increase in single family sales and a 1.7 percent increase in single family sales prices. Over the last year, comparing monthly sales data has been complicated by the federal homebuyer tax credit, which expired in the spring of 2010. Sufficient time has passed since the expiration that annual comparisons have become more reliable. In addition, both August and September single-family sales volumes (using Warren Group data) are comparable to the three-year average for each of these months, signaling some recovery in the market.

The [S&P/Case-Schiller Price Index](#) shows that housing markets across the country are weak, with annual price declines from Aug. 2010 to Aug. 2011 in every metro measured except Detroit and Washington, D.C. While sales prices declined 1.7 percent in Boston from 2010 to 2011, only Denver, Detroit and Washington D.C., performed better. From April 2011 to Aug. 2011, seasonally adjusted prices increased each month in Boston, with a total price increase of two percent over the period.