

FORECLOSURE TRENDS 2017

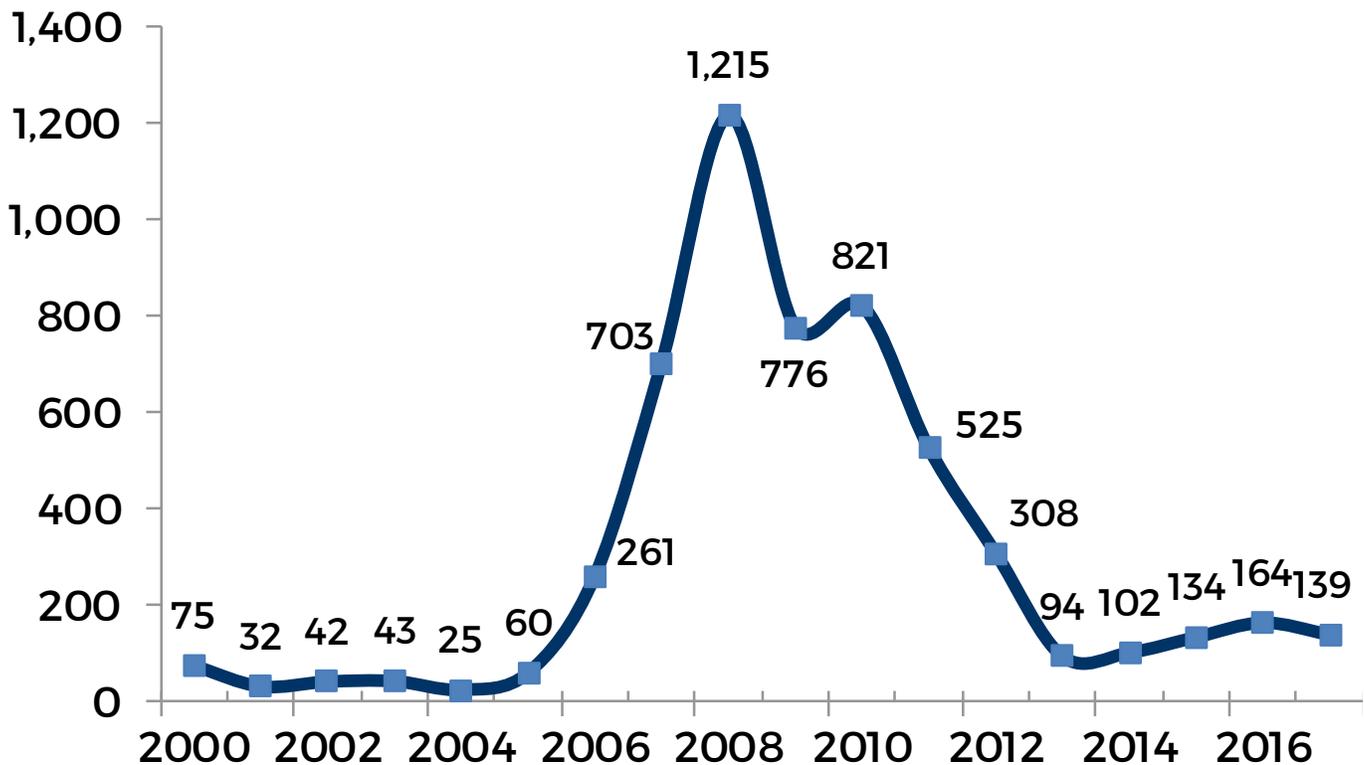
2017 FORECLOSURE OVERVIEW

- Foreclosure initiations (petitions) decreased by 22%, from 533 in 2016 to 418 in 2017.
- The percentage of homeowner petitions has remained the same at 59% (259 total) in 2017. Four neighborhoods had 63% (263 total) of all petitions: Dorchester (85), Mattapan (64), Roxbury (64) and Hyde Park (50)¹
- Completed foreclosures (deeds) decreased by 15%, from 164 in 2016 to 139 in 2017.
- Forty-two percent (58 total) of the 2017 foreclosure deeds were on homeowners.
- Sixty-two percent (87 total) of 2017 foreclosure deeds occurred in the same neighborhoods as petitions: Dorchester (31), Hyde Park (21) Mattapan (19) and Roxbury (15).
- Among the top ten most populous Massachusetts cities, Boston ranks ninth in the rate of foreclosure petitions and foreclosure deeds per 1,000 residential parcels respectively.
- Boston's foreclosure petition rate (3.4/1,000) and foreclosure deed rate (1.1/1,000) is 30% less than the statewide rate for petitions (4.8/1,000) and less than half the statewide rate of foreclosures (2.7/1000).
- At year-end 2017, the City identified 140 real estate owned (REO) properties, down 36% from 218 at the end of 2013. Only 52 (24%) of the original 218 properties remain REO, a reduction of over 50%.

¹ Neighborhoods are defined by the Department of Neighborhood Development's geographic boundary referred to as Planning Districts and may not necessarily align with neighborhood boundaries from other sources.

FORECLOSURE PETITION	A lender must file a petition in Land Court to begin the foreclosure process.
FORECLOSURE DEED	Issued at the completion of the foreclosure process, including the auction.
RESIDENTIAL PROPERTY	Condominiums, one-, two-, and three-family homes as designated by the City of Boston Assessing Department.

CHART 1. FORECLOSURE DEEDS IN BOSTON, 2000-2017



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FORECLOSURE PETITIONS

Foreclosure petitions decreased by 115 (-22%) from 533 in 2016 to 418 in 2017, suggesting that the backlog of unprocessed petitions is continuing to dissipate. As in 2016, 63% of petitioned properties were in: Dorchester (85), Mattapan (64), Roxbury (64), and Hyde Park (50), despite the fact that these neighborhoods hold only one-third of all residential properties in Boston. Dorchester, the neighborhood with the most petitions, saw a 33% (42) decline, the most significant decrease. Noteworthy declines in foreclosures occurred in Roxbury (-18), South Boston (-15), and Hyde Park (-14). Only Mattapan (+7) and Charlestown (+4) saw an increase in the number of petitions.

Sixty-two percent of the properties petitioned were condominiums and single-families; 38% were two-and-three family properties. Comparatively, Boston's residential housing stock (by parcels) is composed of 75% condominium and single-family properties, while 25% are multi-family (2-3 units).² Therefore, 2017 petitions of multi-family are overrepresented relative to Boston's housing stock, in part due to 66 fewer condominiums and 30 fewer single-family properties being petitioned in 2017 versus 2016. The foreclosure of multi-family properties is particularly troubling because it impacts both owners and tenants; any increase in multi-family foreclosures is being carefully monitored for such displacement.

Some owners of petitioned properties avoid foreclosure through mortgage modifications, write-downs, refinances, or short sales. In 2017, the Boston Home Center (BHC), a division of Boston's Department of Neighborhood Development, closed 36 of 74 petition-related cases, with 28 (78%) resolutions that averted foreclosure (primarily loan modifications), while 8 (22%) received counseling or home preservation services, were foreclosed or denied workouts, withdrew or were non-responsive. Declines in foreclosures occurred in Roxbury (-18), South Boston (-15), and Hyde Park (14). Only Mattapan (+7) and Charlestown (+4) saw an increase in the number of petitions.

² Residential is defined as real property of 1-3 dwelling units excluding multi-use properties, accessory land, apartments (4+units), and parcels with multiple houses.

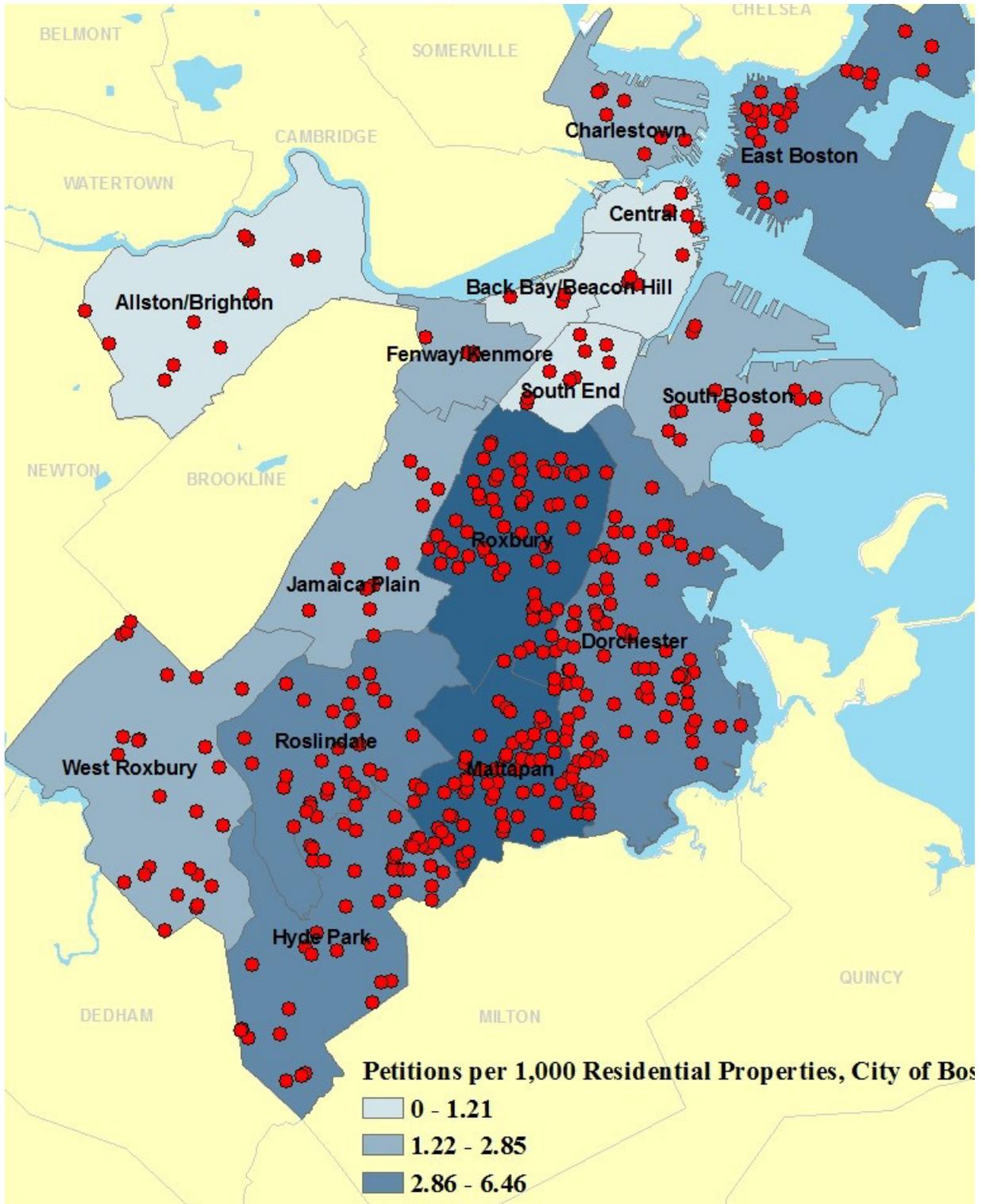
TABLE 1. FORECLOSURE PETITIONS BY NEIGHBORHOODS & PROPERTY TYPE

	TOTAL	2016				TOTAL	2017				ALL	# CHANGE			
		CONDO	1-FAM	2-FAM	3-FAM		CONDO	1-FAM	2-FAM	3-FAM		CONDO	1-FAM	2-FAM	3-FAM
Allston/Brighton	18	6	7	5	3	12	4	5	1	2	-6	-2	-2	-2	0
Back Bay/Beacon Hill	10	8	0	0	2	3	3	0	0	2	-7	-5	0	0	-2
Central	14	11	2	0	1	8	8	0	0	0	-6	-3	-2	0	-1
Charlestown	3	1	1	1	0	7	3	3	1	0	4	2	2	0	0
Dorchester	127	31	43	28	25	85	21	22	24	18	-42	-10	-21	-4	-7
East Boston	26	9	5	4	8	26	5	6	9	6	0	-4	1	5	-2
Fenway	5	5	0	0	0	5	5	0	0	0	0	0	0	0	0
Hyde Park	64	14	37	13	0	50	4	31	12	3	-14	-10	-6	-1	3
Jamaica Plain	16	7	5	2	2	12	5	3	1	3	-4	-2	-2	-1	1
Mattapan	57	7	24	17	9	64	6	30	17	11	7	-1	6	0	2
Roslindale	33	15	10	6	2	30	5	11	10	4	-3	-10	1	4	2
Roxbury	82	20	17	17	28	64	18	14	16	16	-18	-2	-3	-1	-12
South Boston	31	16	7	2	6	16	7	4	2	3	-15	-9	-3	0	-3
South End	16	14	2	0	0	9	6	2	0	1	-7	-8	0	0	1
West Roxbury	31	7	22	0	2	27	5	21	1	0	-4	-2	-1	1	-2
CITYWIDE	533	171	182	93	87	418	105	152	94	67	-115	-66	-30	1	-20



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MAP 1. FORECLOSURE PETITIONS AND RATE BY NEIGHBORHOOD, 2017



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FORECLOSURE DEEDS

Foreclosure deeds decreased by 25, a 15% drop from 164 in 2016, to 139 in 2017. Sixty-two percent (87) occurred in the usual top four neighborhoods: Dorchester (31), Hyde Park (21), Mattapan (19) and Roxbury (15). There was, however, a 53% increase in foreclosures in Roslindale, from seven to 15 (53%). The densest cluster of these occurred on the Roslindale/Hyde Park border (Map 2). Aside from Roslindale, only East Boston and Fenway/Kenmore saw increases in foreclosures. Except for Charlestown, every neighborhood had at least one foreclosure. Roxbury saw the most significant decrease in foreclosures from last year, with nine fewer foreclosures in 2017.

TABLE 2. FORECLOSURE DEEDS BY NEIGHBORHOODS & PROPERTY TYPE

	2016					2017					# CHANGE				
	TOTAL	CONDO	1-FAM	2-FAM	3-FAM	TOTAL	CONDO	1-FAM	2-FAM	3-FAM	ALL	CONDO	1-FAM	2-FAM	3-FAM
Allston/Brighton	4	3	2	0	1	3	3	0	0	1	-1	-3	3	0	-1
Back Bay/Beacon Hill	2	2	0	0	0	4	4	0	0	0	2	2	0	0	0
Central	3	3	0	0	0	3	3	0	0	0	0	0	0	0	0
Charlestown	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Dorchester	35	11	11	6	7	31	11	9	5	6	-4	-2	0	-1	-1
East Boston	7	1	3	2	1	11	5	3	0	3	4	2	2	-2	2
Fenway	1	1	0	0	0	5	5	0	0	0	4	-1	5	0	0
Hyde Park	30	5	15	6	4	21	10	7	4	0	-9	2	-5	-2	-4
Jamaica Plain	2	1	0	0	1	2	2	0	0	1	0	-1	2	0	-1
Mattapan	24	3	12	6	3	19	3	7	6	3	-5	4	-9	0	0
Roslindale	7	4	2	1	0	15	9	4	2	0	8	0	7	1	0
Roxbury	24	7	4	9	4	3	3	0	0	0	-3	-5	3	0	-1
South Boston	6	5	0	0	1	6	5	0	0	1	5	4	0	0	1
South End	4	4	0	0	0	1	1	0	0	0	-3	-4	1	0	0
West Roxbury	13	3	9	1	0	10	5	5	0	0	-3	2	-4	-1	0
CITYWIDE	164	55	56	31	22	139	63	39	19	18	-25	-16	7	-12	-4

Property mix for foreclosed properties was 73% condominiums and single-families and 27% multi-families, a property mix more closely resembles the makeup of Boston's residential housing stock than the proportions seen in the 2017 petitioned properties. Single-families saw an increase (+7), while the remainder decreased from four to 16 fewer as compared to last year.

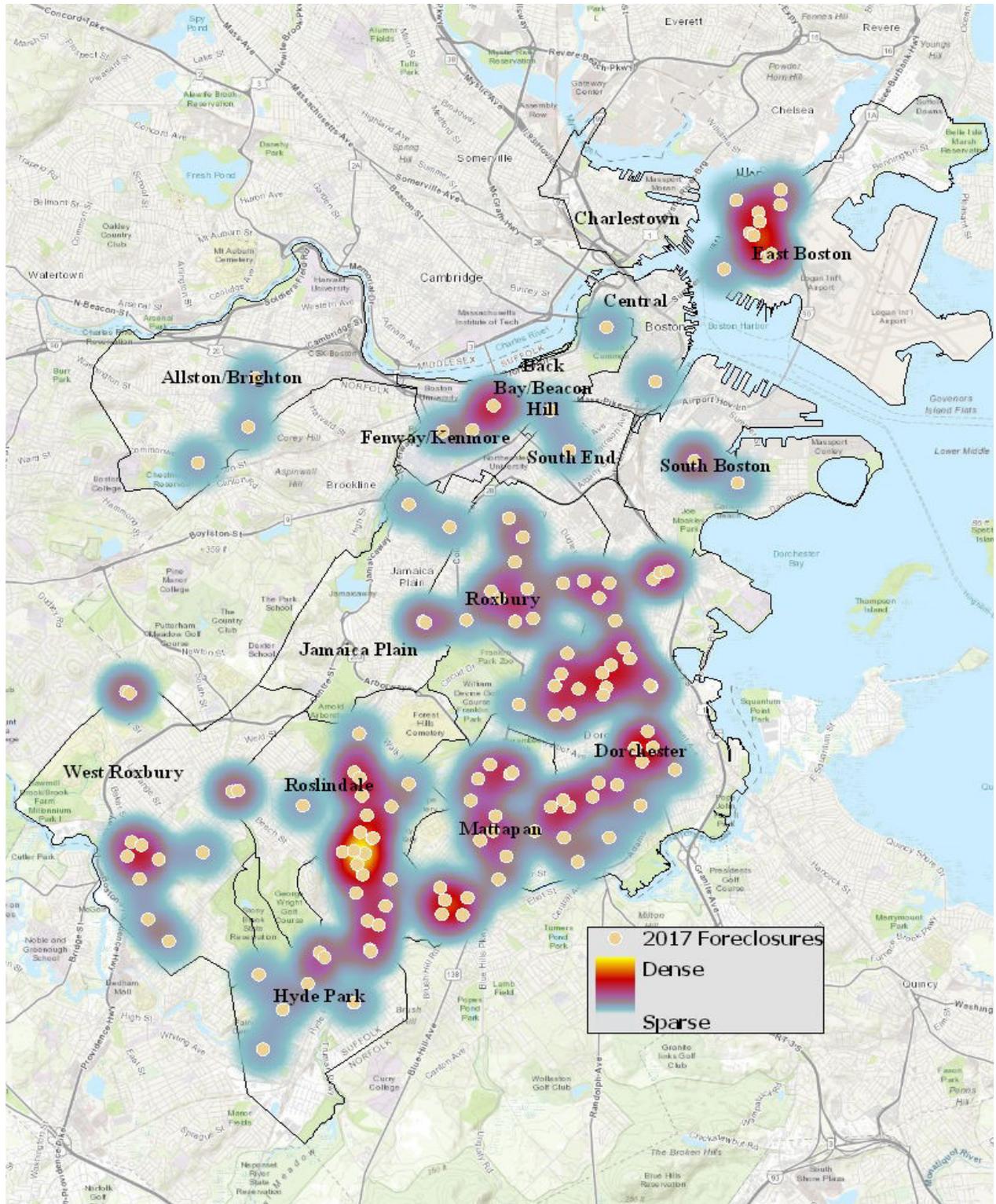
The number of condominium foreclosures increased in 2017. In associations with less than four units, such foreclosures can destabilize the whole association, since missed condo fee payments have a greater impact. Overall, the proportion of foreclosures in small associations remained the same, but the number increased by five.

TABLE 3. PERCENTAGE OF FORECLOSED CONDOMINIUMS WITH FOUR UNITS OR FEWER

YEAR	FORECLOSED CONDOMINIUMS	FORECLOSED CONDOMINIUMS IN SMALL ASSOCIATIONS (≤ 4 UNITS)	% SHARE SMALL ASSOC.
2013	36	11	31%
2014	47	18	38%
2015	61	25	41%
2016	55	15	27%
2017	63	20	27%

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MAP 2. FORECLOSURE DEEDS, 2017



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TENANCY

Table 4 compares foreclosure petitions by owner-occupancy vs. investor-ownership. During the recent housing crisis, foreclosures were primarily on investor-owned properties. Since 2011, however, 56-59% of foreclosure petitions have been on owner-occupied properties. Despite this, the number of homeowners petitioned decreased 17% from 313 in 2016 to 259 in 2017. Petitions of owner-occupants do not inevitably lead to foreclosure. In 2017, there was just one additional owner-occupied foreclosure (**Table 5**), compared to 2016.

TABLE 4. OWNER-OCCUPANCY & FORECLOSURE PETITIONS, 2008-2017

YEAR	OWNER-OCCUPIED	INVESTOR OWNED	TOTAL	% OWNER-OCCUPIED
2008	722	1,178	1,900	38%
2009	968	1,232	2,200	44%
2010	748	793	1,541	49%
2011	418	314	732	57%
2012	520	370	890	58%
2013	131	101	232	56%
2014	179	142	322	56%
2015	295	205	500	59%
2016	313	220	533	59%
2017	259	159	418	59%

TABLE 5. OWNER-OCCUPANCY & FORECLOSURE DEEDS, 2008-2017

YEAR	OWNER-OCCUPIED	INVESTOR OWNED	TOTAL	% OWNER-OCCUPIED
2008	296	919	1,215	24%
2009	185	591	776	24%
2010	242	579	821	29%
2011	196	329	525	37%
2012	103	205	308	33%
2013	35	59	94	37%
2014	34	68	102	33%
2015	54	80	134	40%
2016	57	107	164	35%
2017	58	81	139	42%

The City of Boston's residential exemption tax status in the Assessing database is used to identify whether a foreclosed property is owner-occupied. To receive this exemption, an owner must live at a property on January 1st of the taxable year and submit appropriate documentation. Owner-occupied units are likely underestimated using this data source, but it is currently the best available dataset. In **Table 6**, it is assumed that properties without the exemption are tenant-occupied, and that owner-occupied two- and three-family homes have one or two rental units. Properties foreclosed in 2017 house 194 units. **Table 7** may overestimate the number of tenants affected because it assumes that all units are occupied at foreclosure. Using this method, however, it is estimated that up to 133 (69%) tenant-occupied households may have been displaced as a result of foreclosure.

TABLE 6. ESTIMATE OF TENANT-OCCUPIED HOUSING UNITS IN FORECLOSED PROPERTIES, 2010-2017

YEAR	# OF FORECLOSED PROPERTIES	# OF HOUSING UNITS	EST. UNITS TENANT OCCUPIED	%
2010	821	1,244	996	80%
2011	525	780	549	70%
2012	308	466	363	78%
2013	94	137	102	74%
2014	102	135	101	75%
2015	134	181	127	70%
2016	164	239	183	77%
2017	139	194	133	69%

TABLE 7. FORECLOSED PROPERTIES BY PROPERTY TYPE AND NUMBER OF HOUSING UNITS

PROPERTY TYPE	FORECLOSURES	HOUSING UNITS	TENANT UNITS
Condo	43	43	43
1-Fam	19	19	19
2-Fam	9	18	18
3-Fam	10	30	27
TOTAL INVESTOR-OWNED	81	110	107
Condo	20	20	0
1-Fam	20	20	0
2-Fam	10	20	10
3-Fam	8	24	16
TOTAL OWNER-OCCUPIED	58	84	26
TOTAL	139	194	133



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REAL ESTATE OWNED PROPERTY

A property becomes Real Estate Owned (REO) or lender-owned, when it is taken back by the lender at a foreclosure auction, instead of being purchased by a third-party. This occurs when the purchase price offered is lower than the amount the lender is owed. Of the 139 properties foreclosed in 2017, lenders bought back 64 (46%), a decrease of 45 (20.5%) from last year and the lowest percentage in the past ten years.

Over the course of a year, the REO inventory is in flux as some properties become REO at auction while private buyers may purchase other properties. At year-end 2017, the City identified 140 properties that were still REO after considering properties that were either sold or foreclosures that were rescinded in Land Court (see [Chart 2](#)). This change represents a decrease of 23 REOs compared to the 2016 year-end count.

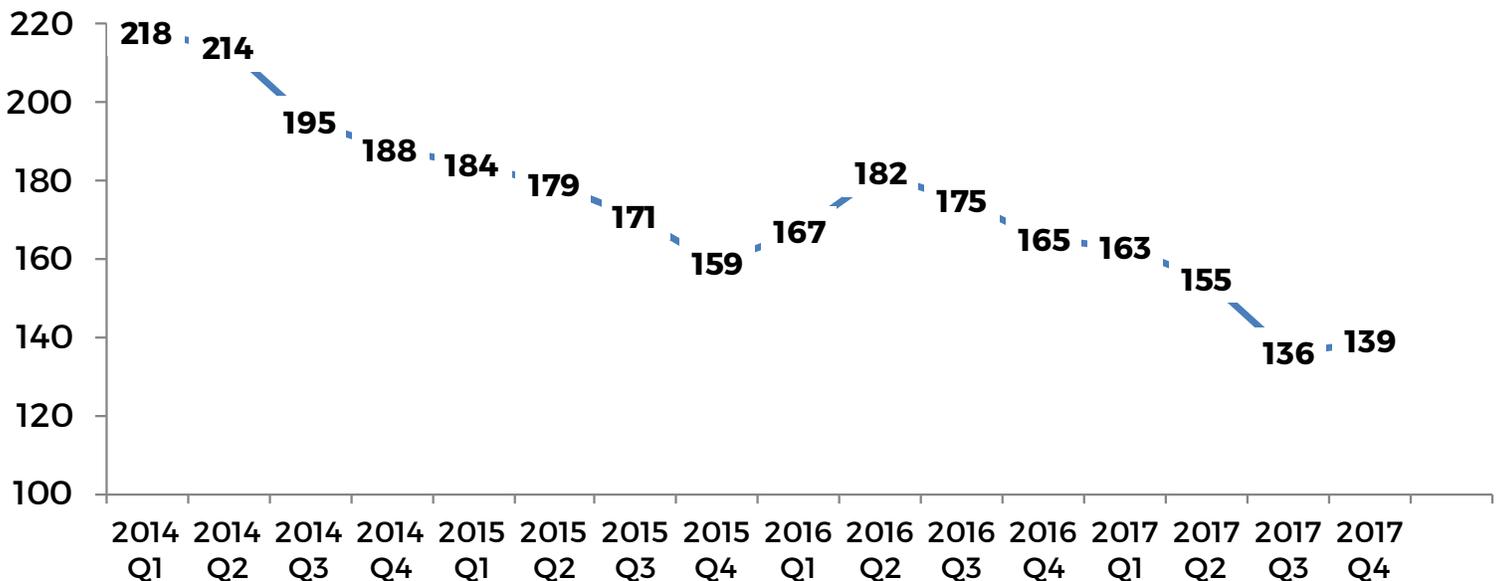
While the goal outlined in *Boston 2030* was to reduce the number of REO properties by 50% by 2016, the current REO count of 140 represents a 36% decline from the 2013 end of year count of 218 REOs. However, only 52 (24%) of the original REOs remain, a significant reduction from the original set.

TABLE 8. PERCENTAGE OF REO PROPERTIES, 2008-2017

YEAR	REO	PRIVATE BUYER	TOTAL FORECLOSURES	% REO
2008	1,148	67	1,215	94.5
2009	636	140	776	82.0
2010	633	188	821	77.1
2011	408	117	525	77.7
2012	230	78	308	74.7
2013	55	39	94	58.5
2014	60	42	102	58.8
2015	72	62	134	53.7
2016	109	55	164	66.5
2017	64	75	139	46.0

Vacant REO properties can pose a significant risk to neighborhoods by attracting crime and lowering local property values. Over time, REOs can begin to deteriorate and show signs of physical distress, adding to the City's distressed building inventory and ultimately destabilizing communities. For these reasons, properties that remain REO for long periods of time are of greater concern than properties that are resold quickly. The City is working with several local partners to purchase suitable REOs for redevelopment into long-term affordable housing, preventing speculative investors and more potential displacement.

CHART 2. START OF QUARTER REO COUNT 2014-2017



FORECLOSURE TRENDS 2017

LOAN ANALYSIS

Of the 139 foreclosure deeds recorded in 2017, 55% resulted from refinancing and 44% were from home purchase loans (see Table 9). Most of these foreclosures (76 or 55%) were on fixed-rate mortgages. The remaining 63 (45%) foreclosure deeds were on adjustable-rate mortgages (ARMs). The number and percentage of foreclosures on ARMs has increased by 1-% since 2014.

Table 10 shows that the median age in years between mortgage origination and foreclosure petition increased to 11.1 years in 2017, up from 10.2 years in 2016. The median time between mortgage origination has been increasing steadily since 2007 when the median age was only 1.4 years. The growth in the median age of the mortgage to 11.1 years reflects that the majority of mortgages that are being foreclosed on today originated during the last housing crisis in which borrowers were often the victims of predatory lending and unfavorable loan terms. This is confirmed in Chart 3 (page 9) which shows foreclosures by date of origination.

Even though the 2017 residential median sales price is 70% above the 2007 price (Chart 4, page 9), the tightened credit market has made it difficult for some borrowers to refinance if they cannot afford their mortgage payment despite the increase in home equity. While in 2017, the borrowing standards have loosened as banks react to a decreased pool of borrowers, these changes likely occurred while these mortgages were already in foreclosure proceedings and borrowers may not have been aware of such changes. The changes involve Fannie Mae and Freddie Mac accepting higher levels of debt to qualify for a loan, and major credit agencies dropping tax liens and other civil judgments when these liens have incomplete information.

**TABLE 9. FORECLOSURE DEEDS 2014-2017
PURPOSE OF LOAN AND TYPE**

PURPOSE OF LOAN	2014	2015	2016	2017
Home Purchase	49	58	78	61
Refinance	53	76	83	77
Unknown/Other	0	0	3	1
% Refinance	52%	57%	51%	55%
TYPE OF LOAN	2014	2015	2016	2017
Fixed Rate	66	79	92	76
Adjustable	36	55	72	63
Unknown/Other	0	0	0	0
% Adjustable	35%	41%	44%	45%

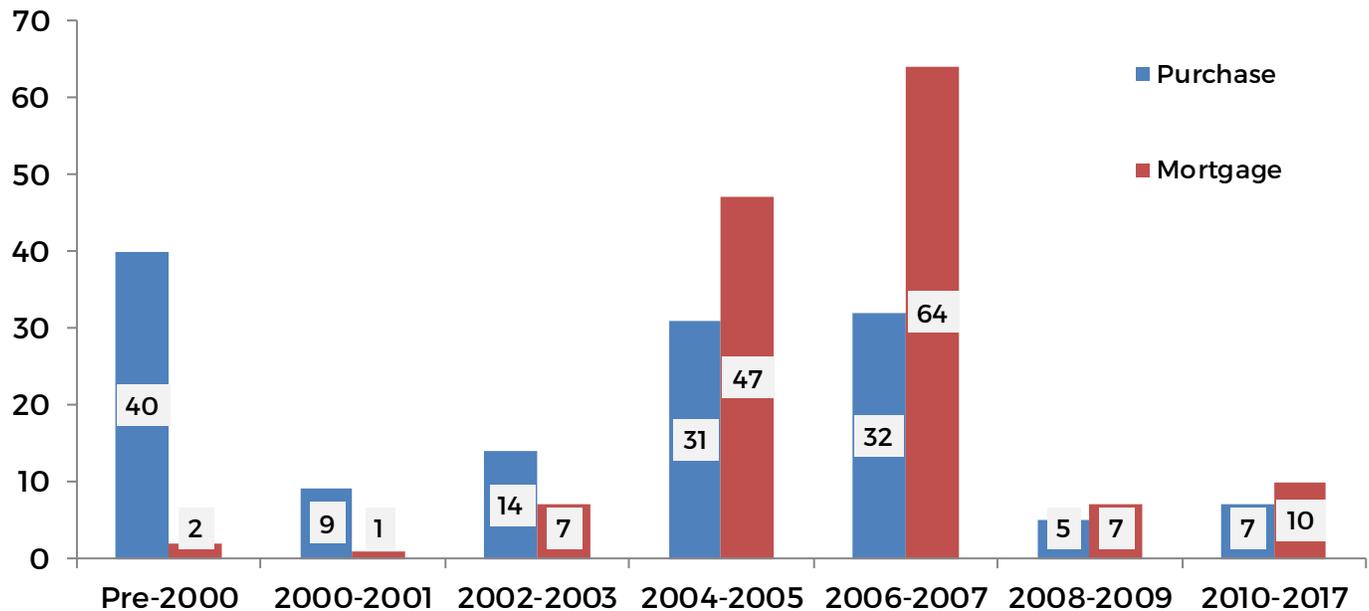
**TABLE 10. YEARS OWNED & AGE OF MORTGAGE
AT TIME OF PETITION FILING, 2007-2017**

PETITION YEAR	YEARS OWNED	MORTGAGE AGE
2007	2.2	1.4
2008	3.4	2.1
2009	4.7	3
2010	6	4.2
2011	7.7	5.1
2012	8.7	6.1
2013	11.4	7.2
2014	9.8	8.4
2015	10.3	9.0
2016	15.8	10.2
2017	13.0	11.1

FORECLOSURE TRENDS 2017

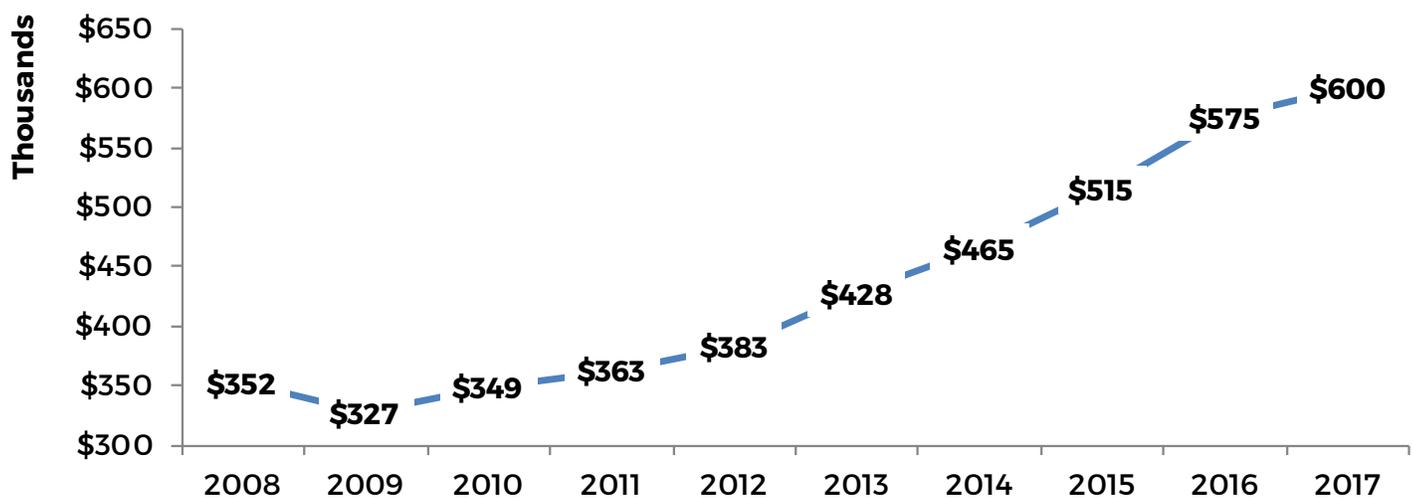
LOAN ANALYSIS, continued

CHART 3. YEAR PURCHASED AND MORTGAGE ORIGINATED (FORECLOSURE DEEDS 2017)³



³There are three foreclosures for which the original purchase date of the property could not be found.

CHART 4. BOSTON RESIDENTIAL MEDIAN SALE PRICE, 2008-2017



FORECLOSURE TRENDS 2017

REGIONAL AND STATE CONTEXT

The following tables show foreclosure petitions and deeds per 1,000 residential parcels (single-family, multifamily, and condominiums) for Massachusetts cities with populations over 90,000 as well as for the whole state. Boston ranks ninth (9th) for foreclosure petitions and eighth for foreclosure deeds among the top ten most populated Massachusetts municipalities in 2017, a rate significantly below that of the state and that of comparable cities. In addition, Boston's 2017 petition rate (3.4/1,000) is about 30% less than the Massachusetts' rate (4.8/1,000).

TABLE 11. FORECLOSURE PETITION RATE FOR TOP 10 MOST POPULATED MASSACHUSETTS CITIES

RANK	MA CITIES POP ≥ 90,000	2016	2017	CHANGE	2016 FORECLOSURE RATE PER 1,000 RESIDENTIAL PARCELS	2017 FORECLOSURE RATE PER 1,000 RESIDENTIAL PARCELS	CHANGE
1	BROCKTON	400	331	-68	18.1	15.0	-3.1
2	SPRINGFIELD	607	435	-172	17.0	12.2	-4.8
3	LYNN	212	194	-18	11.2	10.3	-1.0
4	WORCESTER	496	357	-139	12.9	9.3	-3.6
5	NEW BEDFORD	244	180	-64	12.0	8.8	-3.2
6	FALL RIVER	150	131	-19	9.3	8.1	-1.2
7	LOWELL	195	157	-38	9.0	7.2	2.1
8	QUINCY	95	96	1	4.0	4.1	0.1
9	BOSTON	533	418	-115	4.4	3.4	-1.0
10	CAMBRIDGE	19	21	2	0.9	1.0	0.1
	TOTAL COUNT	2,951	2,321	-630	8.7	6.8	-1.9
	MASSACHUSETTS	11,744	9,304	-2,440	6.1	4.8	-1.3

Boston's foreclosure rate (1.1/1,000) is less than half of the state's rate (2.7/1,000), and the total rate for comparative cities (3.8/1000).

TABLE 12. FORECLOSURE DEED RATE FOR TOP 10 MOST POPULATED MASSACHUSETTS CITIES

RANK	MA CITIES POP ≥ 90,000	2016	2017	CHANGE	2016 FORECLOSURE RATE PER 1,000 RESIDENTIAL PARCELS	2017 FORECLOSURE RATE PER 1,000 RESIDENTIAL PARCELS	CHANGE
1	SPRINGFIELD	338	285	-53	9.5	8.0	-1.5
2	WORCESTER	268	286	-18	7.0	7.4	0.5
3	BROCKTON	171	155	-16	7.7	7.0	-0.7
4	NEW BEDFORD	188	132	-56	9.2	6.5	-2.8
5	FALL RIVER	118	85	-33	7.3	5.3	-2.1
6	LYNN	90	84	-6	4.8	4.4	-0.3
7	LOWELL	118	96	-22	5.4	4.4	-1.0
8	QUINCY	30	34	4	1.3	1.4	0.2
9	BOSTON	164	139	-25	1.3	1.1	-0.2
10	CAMBRIDGE	3	7	4	0.1	0.3	0.2
	TOTAL COUNT	1,488	1,303	-185	4.4	3.8	-0.6
	MASSACHUSETTS	5,858	5,323	-535	3.0	2.7	-0.3



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REGIONAL AND STATE CONTEXT, continued

Boston's total foreclosure activity rate (6.2/1,000) is nearly half of the state rate and over 60% lower than the than the total rate for the comparative cities (16.2/1,000).

TABLE 13. TOTAL FORECLOSURE ACTIVITY (PETITIONS, SALES, AND DEEDS) PER 1,000 PARCELS

RANK	MA CITIES POP ≥ 90,000	2016 DEEDS	2017 DEEDS	CHANGE	2016 FORECLOSURE RATE PER 1,000 RESIDENTIAL PARCELS	2017 FORECLOSURE RATE PER 1,000 RESIDENTIAL PARCELS	CHANGE
1	BROCKTON	874	791	-83	39.5	35.6	-3.9
2	SPRINGFIELD	1,412	1,133	-279	39.6	31.8	-7.9
3	WORCESTER	1,132	1,013	-119	29.4	26.3	-3.1
4	LYNN	483	433	-50	25.6	22.9	-2.7
5	FALL RIVER	419	338	-81	26.1	20.9	-5.2
6	NEW BEDFORD	585	404	-181	28.7	19.8	-8.9
7	LOWELL	520	406	-114	23.9	18.6	-5.3
8	QUINCY	196	212	16	8.3	9.0	0.8
9	BOSTON	959	759	-200	7.9	6.2	-1.7
10	CAMBRIDGE	32	41	9	1.5	1.9	0.4
	TOTAL COUNT	6,612	5,530	-1,082	19.4	16.2	-3.2
	MASSACHUSETTS	25,474	21,500	-3,974	13.2	11.1	2.1