

**CITY *of* BOSTON**

**FORECLOSURE  
UPDATE: 2019**

# 2019 FORECLOSURE OVERVIEW

*Boston entered 2020 with foreclosures at their lowest point since 2004. The economic stress created by the COVID-19 Pandemic is likely to result in a substantial increase in foreclosures in 2021.*

## Foreclosure Petitions

- From 2018 to 2019, foreclosure petitions (the first legal step in the foreclosure process) decreased by 11 percent, from 336 to 300.
- In 2019, there were 183 foreclosure petitions (61 percent of all foreclosure petitions) filed against owner-occupant homeowners. This percentage is down from 62 percent of all foreclosure petitions in 2018.
- Four neighborhoods had 59 percent (196 total) of all petitions: Dorchester (64), Mattapan (50), Roxbury (45) and Hyde Park (37).<sup>1</sup>

## Foreclosure Deeds/Completions

- From 2018 to 2019, total foreclosure deeds (foreclosure completions) decreased 61 percent, from 103 to 40.
- Of 2019's foreclosure deeds, 43 percent (17 deeds) were issued to owner-occupant homeowners.
- Sixty three percent of completed foreclosures were in four neighborhoods: Hyde Park (11), Dorchester (8), Mattapan (4), and Roxbury (4).

## Bank/Lender Owned (REO) Properties

- At the end of 2019, there were 91 bank/lender owned properties (also known as REO or "Real Estate Owned"), a 58 percent decrease from 2013, when there were 217 REO properties.

## Boston Compared to Other Massachusetts Municipalities

- Among the top ten most populous Massachusetts cities, Boston ranks 8th in the rate of foreclosure petitions and 9th for foreclosure deeds per 1,000 residential parcels, respectively.
- Boston's foreclosure petition rate (2.4/1,000) and foreclosure deed rate (0.3/1,000) is lower than the statewide rate for petitions (3.0/1,000) and less than a quarter of the statewide rate of foreclosures (1.3/1000).

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



# 2019 FORECLOSURE OVERVIEW

## DEFINITIONS AND STEPS IN THE PROCESS

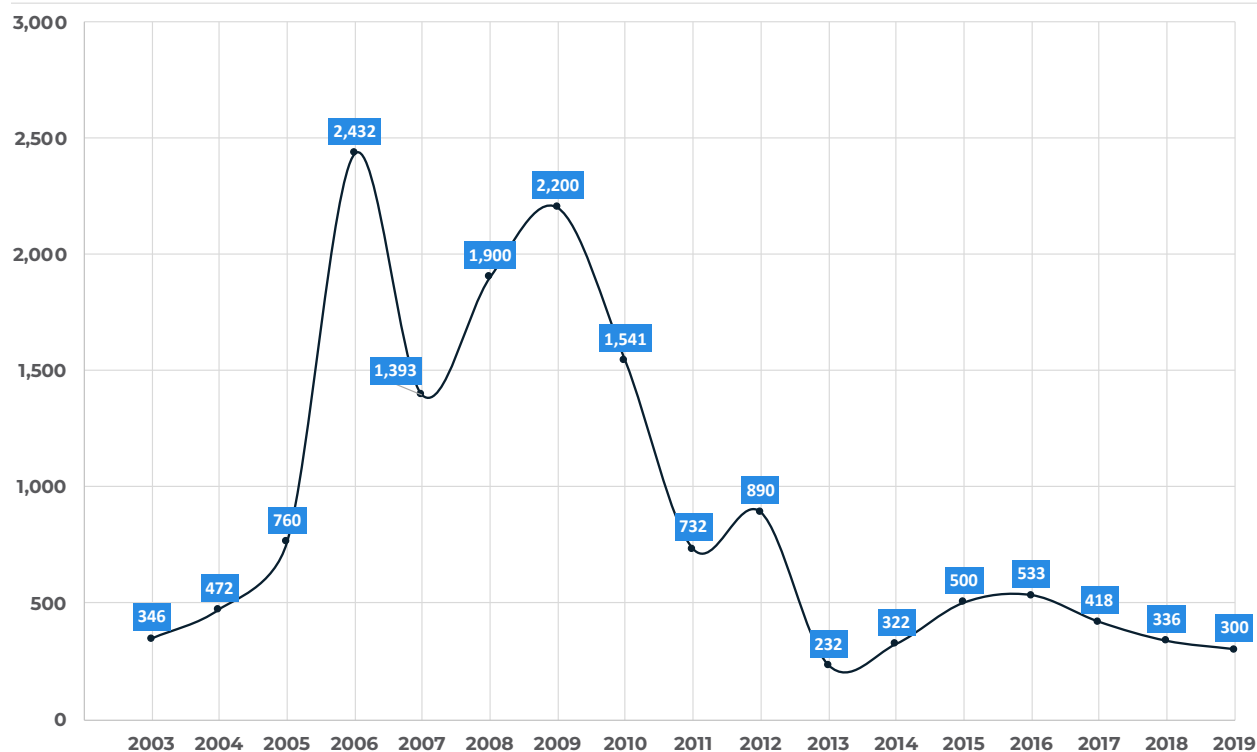
<b>RESIDENTIAL PROPERTY</b>	Condominiums, single, two-, and three-family homes as designated by the City of Boston Assessing Department.
<b>FORECLOSURE</b>	Taking possession of a property because of a default by the homeowner, typically for not meeting mortgage obligations.
<b>NOTICE OF DEFAULT</b>	A notification, sent by the lender to the borrower, after 90 days of missed mortgage payments.
<b>FORECLOSURE PETITION</b>	A lender must file a notification in Land Court to begin the foreclosure process. This petition is the first public part of the foreclosure process, and can be found at the Registry of Deeds.
<b>FORECLOSURE AUCTION</b>	Before a lender can take possession of the property or sell it to a third party, they must hold an auction, which is advertised in a local newspaper.
<b>FORECLOSURE DEED</b>	Issued after the foreclosure process, including the auction. The deed represents the forced sale of the property back to the lender or third party, and is filed with the Registry of Deeds.
<b>REO PROPERTY</b>	This stands for Real Estate Owned properties, which are properties that lenders take into their possession after a foreclosure sale is completed. The lender then sells the property through traditional outlets, such as a realtor. In depressed housing markets, the lender may hold these properties for a significant amount of time.



# FORECLOSURE PETITIONS

**Note:** Larger versions of the charts in this report may be viewed by clicking on them.

## CHART 1. FORECLOSURE PETITIONS IN BOSTON, 2003-2019



Foreclosure petitions decreased from 336 in 2018 to 300 in 2019, a decrease of 36 (-11 percent). Fifty-eight percent of petitioned properties occurred in four neighborhoods: Dorchester (64), Mattapan (50), Roxbury (45), and Hyde Park (37), even though these four neighborhoods have only one-third of the total residential properties in Boston. However, the concentration of petitions in these neighborhoods decreased from last year when it was 72 percent. Dorchester, Hyde Park, and Mattapan saw double-digit decreases in petitions filed since the previous year. Dorchester saw the most significant reduction with 20 fewer petitions since last year. The neighborhoods with the greatest numeric increase in foreclosure petitions were East Boston, South Boston, and West Roxbury.



# FORECLOSURE PETITIONS

**TABLE 1. FORECLOSURE PETITIONS BY NEIGHBORHOODS & PROPERTY TYPE**

	FORECLOSURE PETITIONS: 2018					FORECLOSURE PETITIONS: 2019					CHANGE				
	TOTAL	CONDO	1-FAM	2-FAM	3-FAM	TOTAL	CONDO	1-FAM	2-FAM	3-FAM	TOTAL	CONDO	1-FAM	2-FAM	3-FAM
ALLSTON-BRIGHTON	15	8	4	3	0	13	3	5	5	0	-2	-5	1	2	0
BACK BAY/BEACON HILL	5	5	0	0	0	9	6	3	0	0	4	1	3	0	0
CENTRAL	2	2	0	0	0	6	6	0	0	0	4	4	0	0	0
CHARLESTOWN	1	0	1	0	0	3	1	1	1	0	2	1	0	1	0
DORCHESTER	84	13	26	24	21	64	13	21	15	15	-20	0	-5	-9	-6
EAST BOSTON	6	2	1	1	2	12	2	1	4	5	6	0	0	3	3
FENWAY/KENMORE	2	2	0	0	0	2	2	0	0	0	0	0	0	0	0
HYDE PARK	48	7	33	5	3	37	2	26	9	0	-11	-5	-7	4	-3
JAMAICA PLAIN	18	7	2	5	4	11	3	4	3	1	-7	-4	2	-2	-3
MATTAPAN	57	1	23	19	14	50	4	23	10	13	-7	3	0	-9	-1
ROSLINDALE	17	3	10	3	1	16	5	7	4	9	-1	2	-3	1	-1
ROXBURY	54	10	11	21	12	45	13	8	10	14	-9	3	-3	-11	2
SOUTH BOSTON	6	4	0	1	1	11	7	2	1	1	5	3	2	0	0
SOUTH END	7	6	0	0	1	2	2	0	0	0	-5	-4	0	0	-1
WEST ROXBURY	14	5	6	2	1	19	2	15	1	1	5	-3	9	-1	0
<b>CITYWIDE</b>	<b>336</b>	<b>75</b>	<b>117</b>	<b>84</b>	<b>60</b>	<b>300</b>	<b>71</b>	<b>116</b>	<b>63</b>	<b>50</b>	<b>-36</b>	<b>-4</b>	<b>-1</b>	<b>-21</b>	<b>-10</b>

Of the 300 properties with petitions, 62 percent were condominiums and single-family homes, while 38 percent were two-and-three family properties. Comparatively, Boston's residential housing stock (by parcel) is composed of 75 percent condominium and single-family properties, while 25 percent are multi-family (2-3 units).<sup>2</sup> Therefore, the petitions of multi-families continue to be overrepresented relative to Boston's housing stock. The foreclosure of multi-family properties can be particularly troubling because it impacts both owners and tenants, as will be discussed in the section on owner type.

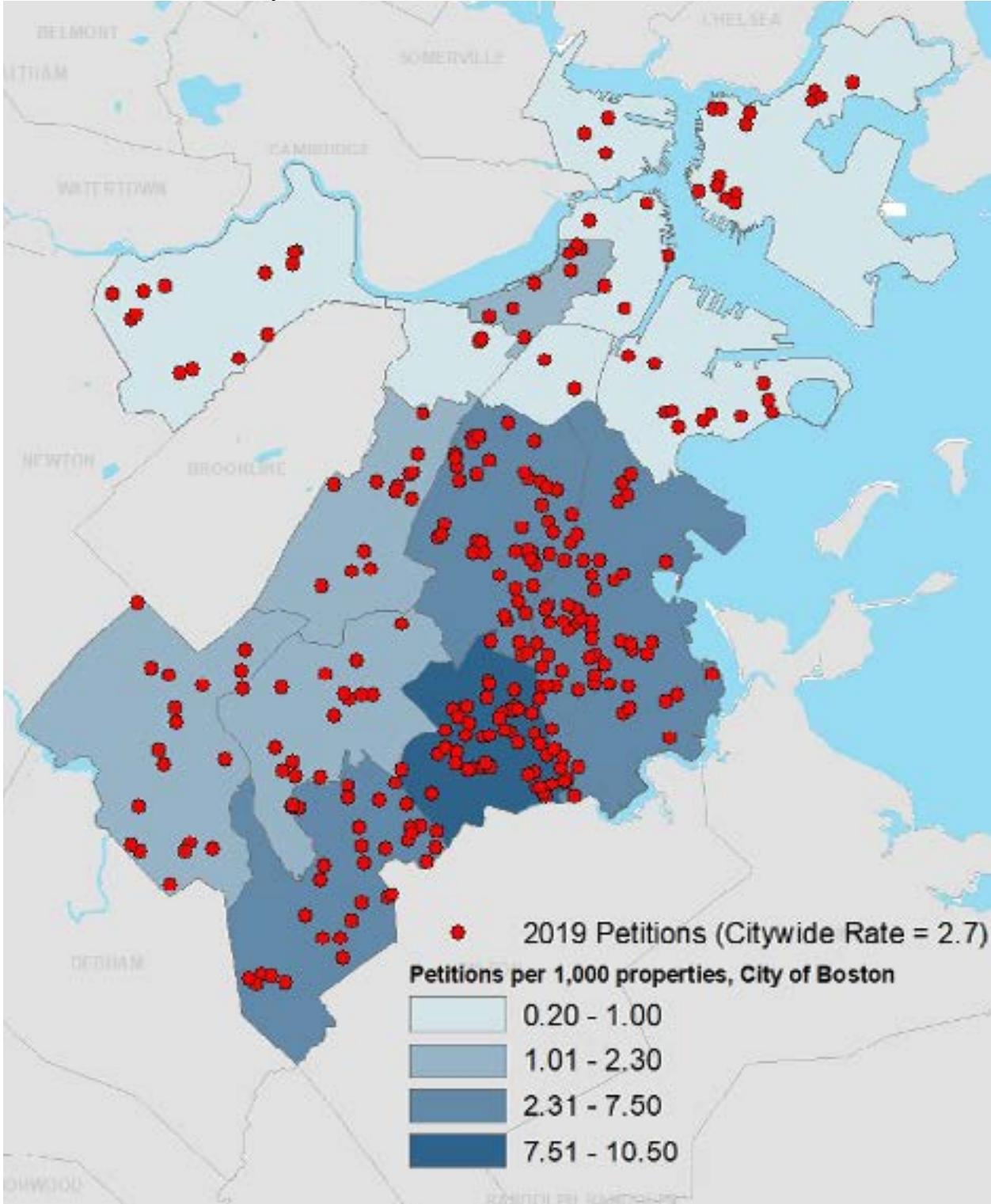
Most owners of petitioned properties avoid foreclosure through alternative resolutions, such as mortgage modifications, mortgage write-downs, refinances, or short sales. The Boston Home Center (BHC) is a division of the City's Department of Neighborhood Development, which helps Boston residents purchase, improve, and keep their homes. In 2019, the BHC resolved 53 foreclosure related cases, of which 40 (75 percent) resulted in favorable resolutions that prevented foreclosure (primarily loan modifications). In comparison, 13 (25 percent) received but were foreclosed upon or denied workouts.

<sup>2</sup> Residential is defined here as a property with one to three dwelling units. This excludes multi-use properties, accessory land, apartments (4+ units), and parcels with multiple houses.



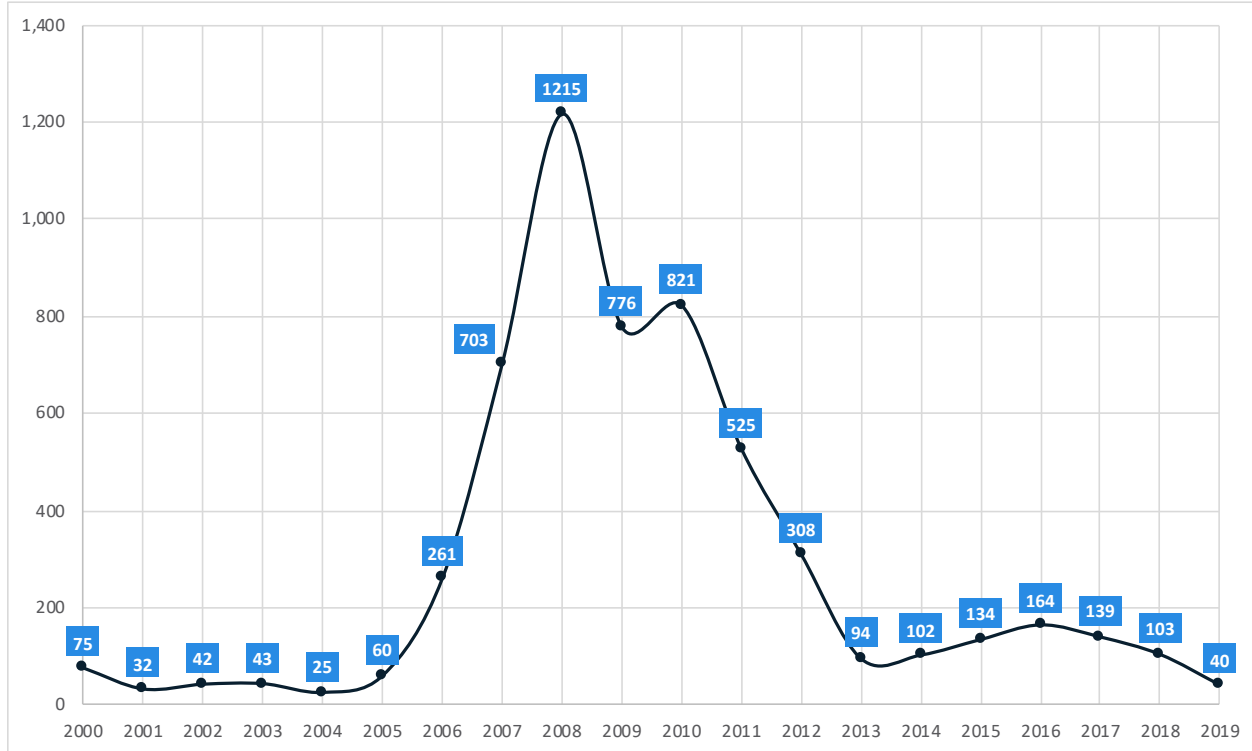
# FORECLOSURE PETITIONS

MAP 1. FORECLOSURE PETITIONS AND RATE BY NEIGHBORHOOD, 2019



# FORECLOSURE DEEDS

## CHART 2. FORECLOSURE DEEDS IN BOSTON, 2000-2019

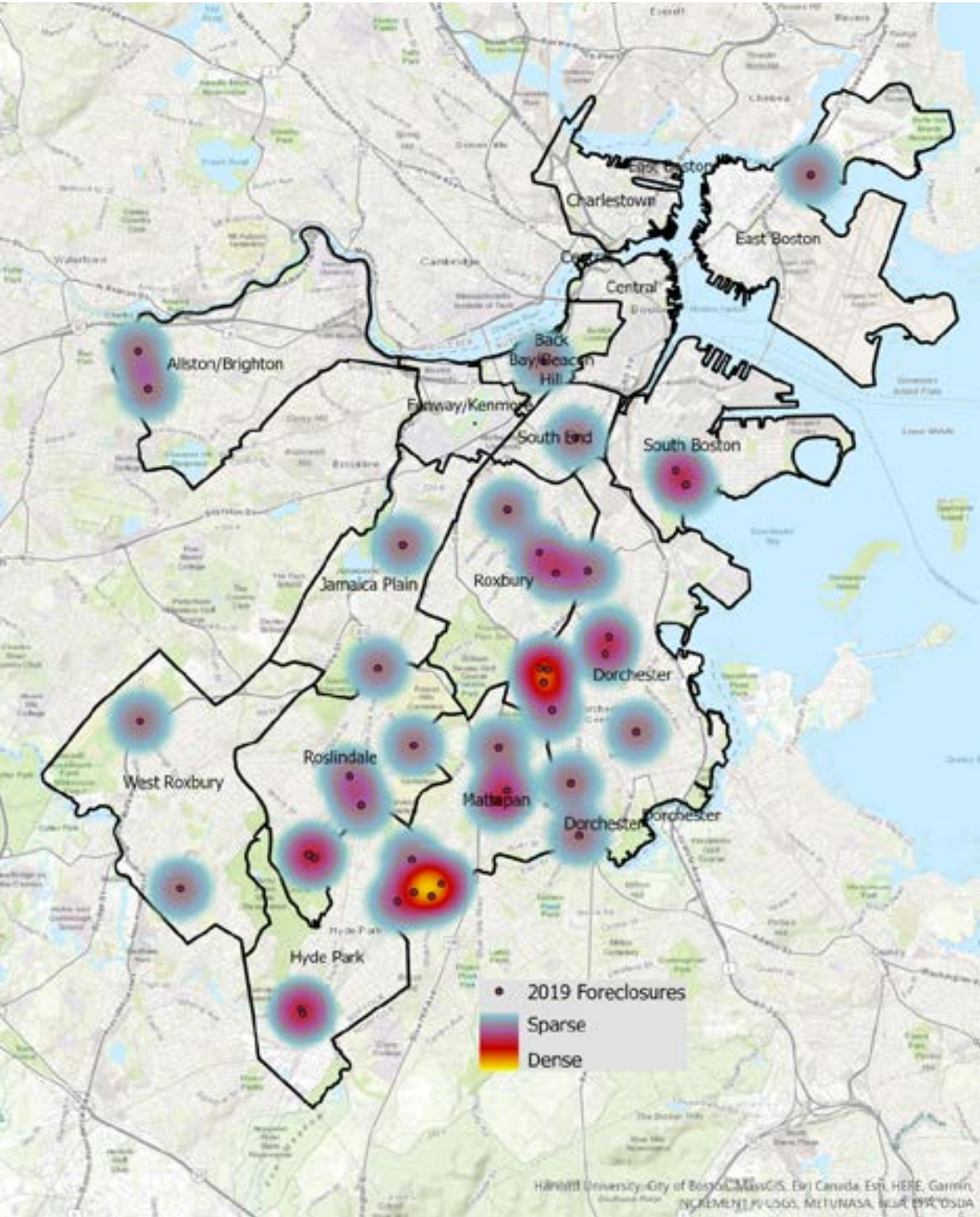


The number of foreclosure deeds decreased by 63, a 61 percent drop from 103 in 2018 to 40 in 2019. Sixty-three percent of foreclosures (27 total) occurred in the same top four neighborhoods as petitions: Hyde Park (11), Dorchester (8), Mattapan (4), and Roxbury (4). No neighborhoods saw an increase in foreclosures. Seventy percent of foreclosed properties were condominiums and single-family, while 30 percent were two- or three-family properties. No property types saw a rise in foreclosures. The densest cluster of foreclosures in 2019 occurred near River Street in Hyde Park ([Map 2](#)).



# FORECLOSURE DEEDS

## MAP 2. FORECLOSURE DEEDS, 2019





# FORECLOSURE DEEDS

**TABLE 2. FORECLOSURE DEEDS BY NEIGHBORHOODS & PROPERTY TYPE**

	FORECLOSURE DEEDS: 2018					FORECLOSURE DEEDS: 2019					CHANGE				
	TOTAL	CONDO	1-FAM	2-FAM	3-FAM	TOTAL	CONDO	1-FAM	2-FAM	3-FAM	TOTAL	CONDO	1-FAM	2-FAM	3-FAM
ALLSTON-BRIGHTON	3	2	0	0	1	2	1	0	1	0	-1	-2	1	1	-1
BACK BAY/BEACON HILL	1	1	0	0	0	1	1	0	0	0	0	-1	1	0	0
CENTRAL	1	1	0	0	0	0	0	0	0	0	-1	-1	0	0	0
CHARLESTOWN	1	1	0	0	0	0	0	0	0	0	-1	-1	0	0	0
DORCHESTER	24	7	7	4	6	8	0	2	5	1	-16	-5	-7	1	-5
EAST BOSTON	4	1	2	1	0	1	0	1	0	0	-3	0	-2	-1	0
FENWAY/KENMORE	1	1	0	0	0	0	0	0	0	0	-1	-1	0	0	0
HYDE PARK	18	5	8	4	1	11	2	7	1	1	-7	2	-6	-3	0
JAMAICA PLAIN	1	1	0	0	0	1	1	0	0	0	0	-1	1	0	0
MATTAPAN	22	4	13	4	1	4	0	2	1	1	-18	-2	-13	-3	0
ROSLINDALE	9	5	2	1	1	3	1	2	0	0	-6	-3	-1	-1	-1
ROXBURY	10	3	0	3	4	4	2	0	1	1	-6	-3	2	-2	-3
SOUTH BOSTON	3	1	1	0	1	2	2	0	0	0	-1	-1	1	0	-1
SOUTH END	1	1	0	0	0	1	1	0	0	0	0	-1	1	0	0
WEST ROXBURY	4	1	3	0	0	2	0	2	0	0	-2	1	-3	0	0
CITYWIDE	103	35	36	17	15	40	11	16	9	4	-63	-19	-25	-8	-11

From 2018 and 2019, there were 19 fewer condominiums foreclosed. Foreclosures of condominiums can be more detrimental to small condo associations because buildings with larger associations are better able to mitigate the negative impacts of a foreclosure. For example, any missing condo fee payments due to foreclosure would have a more significant effect on small budgets. The percentage of condominium foreclosures in small associations (buildings with fewer than four units) has remained virtually the same compared to last year. However, in 2019 there were just three foreclosed condos in small condo associations.



# FORECLOSURE DEEDS

**TABLE 3: PERCENTAGE OF FORECLOSED CONDOMINIUMS WITH FOUR UNITS OR FEWER**

YEAR	FORECLOSED CONDOS IN SMALL ASSOCIATIONS (FOUR UNITS OR FEWER)	FORECLOSED CONDOS	PERCENTAGE SHARE IN SMALL ASSOCIATIONS
2013	11	36	31%
2014	18	47	38%
2015	25	61	41%
2016	15	55	27%
2017	20	63	32%
2018	9	35	26%
2019	3	11	27%



## OWNERSHIP TYPE

**Table 4** breaks out foreclosure petitions by ownership type. The number of owner occupant homeowners petitioned in 2019 decreased from 207 in 2018 to 183, a 16 percent decrease. During the 2000s, foreclosures were primarily on investor-owned properties. During the last decade, while the number of owner occupants receiving a foreclosure petition has declined numerically, owner occupants has risen steadily as a percentage of total petitions, stabilizing over the last three years as just above 60 percent. While over half of petitions affect owner occupants, not all petitions lead to foreclosure. Homeowners in foreclosure have better access to foreclosure counseling and prevention resources than investors.

**TABLE 4: FORECLOSURE PETITIONS BY OWNER OCCUPANCY, 2010-2019**

YEAR	OWNER-OCCUPIED	INVESTOR-OWNED	TOTAL	PERCENTAGE OWNER-OCCUPIED
2010	748	793	1,541	49%
2011	418	314	732	57%
2012	520	370	890	58%
2013	131	101	232	56%
2014	179	143	322	56%
2015	295	205	500	59%
2016	313	220	533	59%
2017	259	159	418	62%
2018	207	129	336	62%
2019	183	117	300	61%

In 2019, there were just 18 fewer owner-occupied property foreclosures completed than in 2018 (Table 5), falling to 17. Reducing the number of foreclosure completions on owner-occupied homes in the City of Boston to less than 20 per year is one of the goals of Mayor Walsh's comprehensive housing policy for Boston, which is discussed in *Housing a Changing City: Boston 2030*. This goal was met in 2019.



## OWNERSHIP TYPE

**TABLE 5: FORECLOSURE DEEDS BY OWNERSHIP TYPE, 2010-2019**

YEAR	OWNER-OCCUPIED	INVESTOR-OWNED	TOTAL	PERCENTAGE OWNER-OCCUPIED
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%
2018	35	68	103	34%
2019	15	25	40	38%

The residential exemption status from the City of Boston's Assessing Department is used to identify whether a foreclosed property is owner-occupied. To receive a residential exemption from the City, an owner must live at a property on January 1st of the upcoming tax bill year and submit appropriate documentation to the Assessing Department. Owner-occupied units likely are underestimated using this data source. However, it remains the most reliable and accessible source to identify owner-occupied properties. We assume that all properties without a residential exemption are investor owner and rented out to tenants and that the owner-occupied two- and three-family homes have one or two rental units, respectively, to estimate the number of tenant-occupied units affected by foreclosure.

The 40 properties foreclosed in 2019 comprise 57 units of housing. This estimate likely overestimates the number of tenants affected because it relies on the Assessing Department's residential exemption status and assumes that all units are occupied at the time of foreclosure. Using this method, however, it is estimated that up to 42 tenant-occupied housing units were or may be displaced as a result of foreclosures.



## OWNERSHIP TYPE

**TABLE 6: ESTIMATE OF THE NUMBER OF TENANT-OCCUPIED HOUSING UNITS IN FORECLOSED PROPERTIES, 2010-2019**

YEAR	NUMBER OF FORECLOSED PROPERTIES	NUMBER OF HOUSING UNITS	ESTIMATE OF NUMBER OF RENTAL UNITS	PERCENTAGE RENTAL UNITS
2010	821	1244	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	136	70%
2018	103	150	115	77%
2019	40	57	42	74%



# OWNERSHIP TYPE

**TABLE 7: NUMBER OF RENTAL UNITS, BY OWNERSHIP AND PROPERTY TYPE, 2019**

PROPERTY TYPE	FORECLOSURES	OWNER-OCCUPIED UNITS	RENTAL UNITS	TOTAL UNITS
<b>INVESTOR-OWNED PROPERTIES</b>				
CONDOMINIUMS	11	0	11	11
1-FAMILY	4	0	4	4
2-FAMILY	8	0	16	16
3-FAMILY	2	0	6	6
<b>TOTAL INVESTOR-OWNED</b>	<b>25</b>	<b>0</b>	<b>37</b>	<b>37</b>
<b>OWNER-OCCUPIED PROPERTIES</b>				
CONDOMINIUMS	5	5	0	5
1-FAMILY	7	7	0	7
2-FAMILY	1	1	1	2
3-FAMILY	2	2	4	6
<b>TOTAL OWNER-OCCUPIED</b>	<b>15</b>	<b>15</b>	<b>5</b>	<b>20</b>
<b>TOTAL</b>	<b>40</b>	<b>15</b>	<b>42</b>	<b>57</b>



## LENDER 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 investor. This process often occurs when the purchase price offered is lower than the amount the lender is owed. Of the 40 properties foreclosed in 2019, lenders bought back 52 (52.5 percent), a 2.5 percent increase from last year.

**TABLE 8: PERCENTAGE OF REO PROPERTIES, 2010-2019**

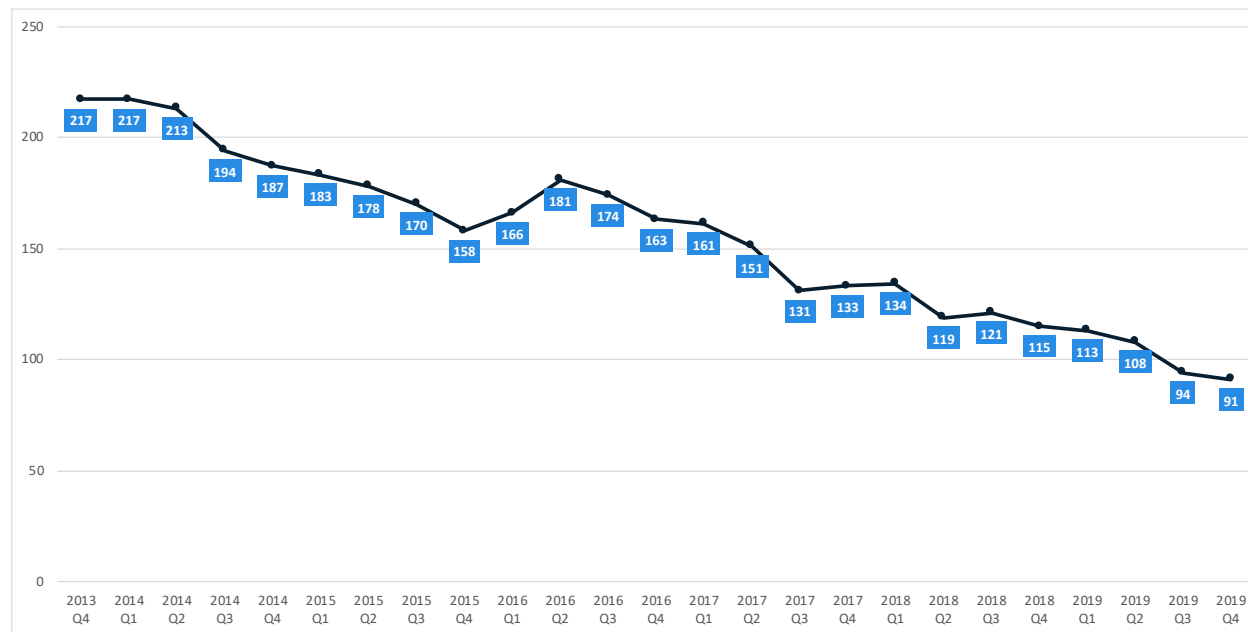
YEAR	REO	PRIVATE BUYER	PERCENTAGE OF TOTAL FORECLOSURES	PERCENTAGE REO
2010	633	188	821	77.1%
2011	408	117	525	77.7%
2012	230	78	308	74.7%
2013	55	39	94	58.5
2014	60	42	102	58.8%
2015	72	62	134	53.7%
2016	109	55	164	66.5%
2017	64	75	139	46.0%
2018	52	51	103	50.5%
2019	21	19	40	52.5%

Throughout a year, the REO inventory is in flux as some properties become REO at auction, and lenders may sell properties that they own. At year-end 2019, the City identified 91 properties that were still REO after considering properties that were either sold or foreclosures that were rescinded in Land Court (see **Chart 3**). This change represents a decrease of 22 REOs compared to the 2018 year-end count (113).



# REAL ESTATE OWNED PROPERTY

## CHART 3. REO END OF QUARTER COUNTS, 2014-2019



While the goal outlined in **Boston 2030** was to reduce the number of REO properties by 50 percent by 2016, the current REO count of 91 represents a 58 percent decline from the 2013 end of year count, meeting the goal albeit three-years later. Furthermore, only 27 (12 percent) of the 217 properties from the 2013 year-end count remain, indicating significant turnover in the REO housing stock.

Vacant REO properties can pose a risk to neighborhoods by attracting crime and lowering local property values. Over time, REO properties can begin to deteriorate and show a sign 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 are a more significant concern than properties that banks resell quickly.





## REGIONAL AND STATE CONTEXT

The following tables show foreclosure petitions, foreclosure deeds, and total foreclosure activity (including foreclosure sales) per 1,000 residential parcels (single-family, multi-family, and condominiums) for Massachusetts cities with populations over 90,000 and for the entire state. Boston ranks eighth (8th) for foreclosure petitions and ninth (9th) for foreclosure deeds among the top ten most populated Massachusetts municipalities in 2019. Boston's 2019 petition rate (2.4/1,000) is lower than the state rate (3.0/1,000).

**TABLE 9: FORECLOSURE PETITION RATE FOR TOP 10 MOST POPULATED MASSACHUSETTS CITIES**

RANK	MASSACHUSETTS CITY (POPULATIONS OVER 90,000)	2018 PETITIONS	2019 PETITIONS	CHANGE	2018 FORECLOSURE PETITION RATE PER 1,000 RESIDENTIAL PARCELS	2019 FORECLOSURE PETITION RATE PER 1,000 RESIDENTIAL PARCELS	CHANGE
1	SPRINGFIELD	697	306	-391	19.5	8.5	-11.0
2	BROCKTON	299	171	-128	13.4	7.7	-5.8
3	NEW BEDFORD	137	124	-13	6.7	6.0	-0.7
4	LYNN	136	100	-36	7.2	5.3	-1.9
5	WORCESTER	397	197	-299	10.3	5.1	-5.2
6	FALL RIVER	164	73	-91	10.1	4.5	-5.6
7	LOWELL	163	86	-77	7.5	3.9	-3.5
8	BOSTON	336	300	-36	2.7	2.4	-0.3
9	QUINCY	107	52	-55	4.5	2.2	-2.4
10	CAMBRIDGE	22	10	-12	1.0	0.5	-0.6
	TOTAL COUNT	2,458	1,419	-1,039	7.2	4.1	-3.1
	MASSACHUSETTS	10,724	5,816	-4,908	5.5	3.0	-2.5

Source: The Warren Group, DND analysis

Boston's foreclosure rate (0.3/1,000) is less than a quarter of the state's rate (1.3/1,000) and even better compared to the ten most populated municipalities (1.7/1,000).



# STATE CONTEXT

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

RANK	MASSACHUSETTS CITY (POPULATIONS OVER 90,000)	2018 DEEDS	2019 DEEDS	CHANGE	2018 FORECLOSURE RATE PER 1,000 RESIDENTIAL PARCELS	2019 FORECLOSURE RATE PER 1,000 RESIDENTIAL PARCELS	CHANGE
1	SPRINGFIELD	296	182	-114	8.3	5.1	-3.2
2	BROCKTON	125	70	-55	5.6	3.1	-2.5
3	NEW BEDFORD	107	64	-43	5.2	3.1	-2.1
4	WORCESTER	201	117	-84	5.2	3.0	-2.2
5	FALL RIVER	89	39	-50	5.5	2.4	-3.1
6	LYNN	80	40	-40	4.2	2.1	-2.1
7	LOWELL	84	33	-51	3.8	1.5	-2.3
8	QUINCY	26	15	-11	1.1	0.6	-0.5
9	BOSTON	103	40	-63	0.8	0.3	-0.5
10	CAMBRIDGE	1	3	2	0.0	0.1	0.1
	TOTAL COUNT	1,112	603	-509	3.2	1.7	-1.5
	MASSACHUSETTS	4,491	2,536	-1,955	2.3	1.3	-1.0

Boston's total foreclosure activity rate (5.0/1,000) is half of the state rate and over 60 percent lower than the overall rate for the comparative cities (14.1/1,000).



# STATE CONTEXT

**Table 11: Total Foreclosure Activity (Petitions, Sales, and Deeds) per 1,000 Parcels**

RANK	MASSACHUSETTS CITY (POPULATIONS OVER 90,000)	2017	2018	CHANGE	2018 FORECLOSURE ACTIVITY PER 1,000 RESIDENTIAL PARCELS	2019 FORECLOSURE ACTIVITY PER 1,000 RESIDENTIAL PARCELS	CHANGE
1	BROCKTON	791	653	-138	35.6	29.3	-6.3
2	SPRINGFIELD	1,133	1,177	44	31.8	32.9	1.2
3	WORCESTER	1,013	766	-247	26.3	19.8	-6.4
4	LYNN	433	418	-15	22.9	22.1	-0.9
5	FALL RIVER	338	321	-17	20.9	19.8	-1.1
6	NEW BEDFORD	404	329	-75	19.8	16.1	-3.7
7	LOWELL	406	323	-83	18.6	14.8	-3.8
8	QUINCY	212	184	-28	9.0	7.8	-1.2
9	BOSTON	759	620	-139	6.2	5.0	-1.2
10	CAMBRIDGE	41	44	3	1.9	2.0	0.1
	TOTAL COUNT	5,530	4,835	-695	16.2	14.1	-2.1
	MASSACHUSETTS	21,500	19,473	-2,027	11.1	10.0	-1.1

