



DEPARTMENT OF NEIGHBORHOOD DEVELOPMENT EVELYN FRIEDMAN, CHIEF AND DIRECTOR

INTRODUCTION

This *Foreclosure Trends* report covers changes in Boston's residential foreclosures from 1990 to 2010, with a more detailed look at foreclosure activity between 2005 and 2010.

The recession of the early 1990s brought a rapid increase in foreclosures, peaking at 1,679 foreclosure deeds registered in 1992. By 1997, foreclosures returned to their pre-recession levels and remained low through 2005. In 2005, which was also when Boston housing prices peaked, foreclosures started to rise again and continued to do so through 2008, when they reached 1,215. A decline in foreclosure deeds was seen in 2009 (-36%), and, while they rose slightly in 2010 to 821, they remain 32% below 2008's peak (see Chart 1).

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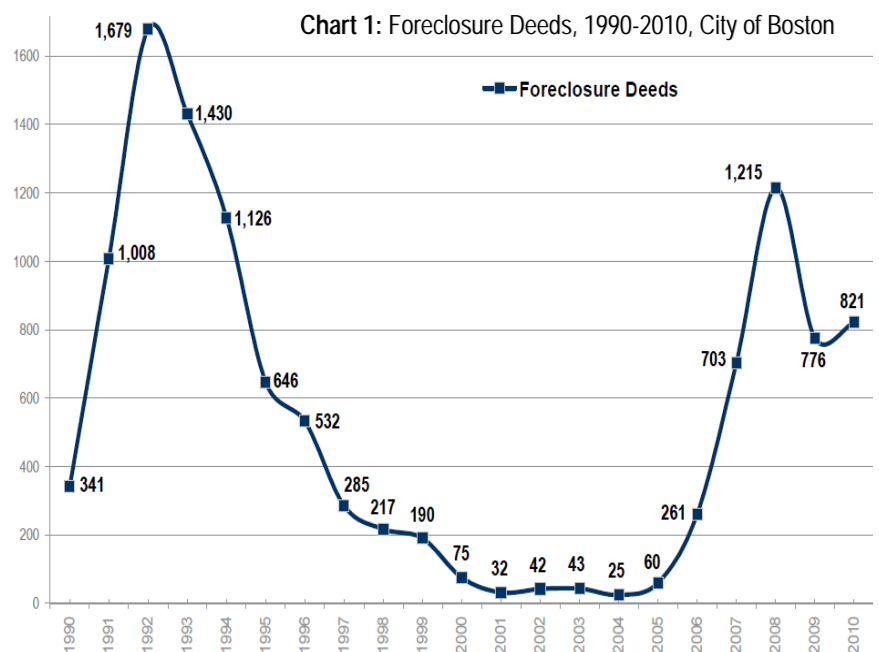
Foreclosure Petition: A lender must file a petition in land court to begin the foreclosure process.

Foreclosure Deed: The same as a foreclosure sale, this is the completion of the foreclosure process, including the auction.

Residential Property: Includes one-to-three family properties and condominiums based on data from City of Boston Assessing Department.

2010 FORECLOSURE OVERVIEW

- There were 821 foreclosure deeds registered in 2010, a 6% increase compared to the 776 foreclosure deeds registered in 2009.
- There were 1,541 properties petitioned in 2010, a 30% decrease compared to the 2,200 properties petitioned in 2009.
- In 2010, the median age of a petitioned mortgage was 4.2 years, up from 3 years in 2009.
- In 2010, 44% of foreclosed mortgages were Adjustable Rate Mortgages (ARMs), 29% of which foreclosed before their first reset date.
- In 2010, 66% of petitioned properties and 76% of foreclosure deeds were located in five neighborhoods: Dorchester, East Boston, Hyde Park, Mattapan, and Roxbury.
- The percentage of foreclosed properties that were bought back by the foreclosing entities at auction sales (Real Estate Owned properties) increased from 48% in 2005 to 77% in 2010.





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FORECLOSURE PETITIONS

A foreclosure petition is the first step in the foreclosure process, however, not all petitions result in foreclosure deeds. Sometimes, homeowners are able to resolve the problem before a foreclosure auction is scheduled and/or the foreclosure is complete, e.g., through mortgage modifications, refinancing, or by selling the property. In 2010, the number of foreclosure deeds was 53% of the number of petitioned properties, up from 35% in 2009.

Table 1 shows the number of petitioned properties in 2009 and 2010 by neighborhood and property type. In all but two neighborhoods, petitioned properties decreased or remained the same compared to 2009. Condominiums, which account for 34% of foreclosure petitions, experienced the greatest percentage decrease (-36%).

Similar to foreclosure deeds, the majority (66%) of petitioned properties were in Dorchester, East Boston, Hyde Park, Mattapan, and Roxbury. To get a clearer sense of where high foreclosure areas exist in the city, it is (continued on next page)

Map 1: Foreclosure Petitions, 2010

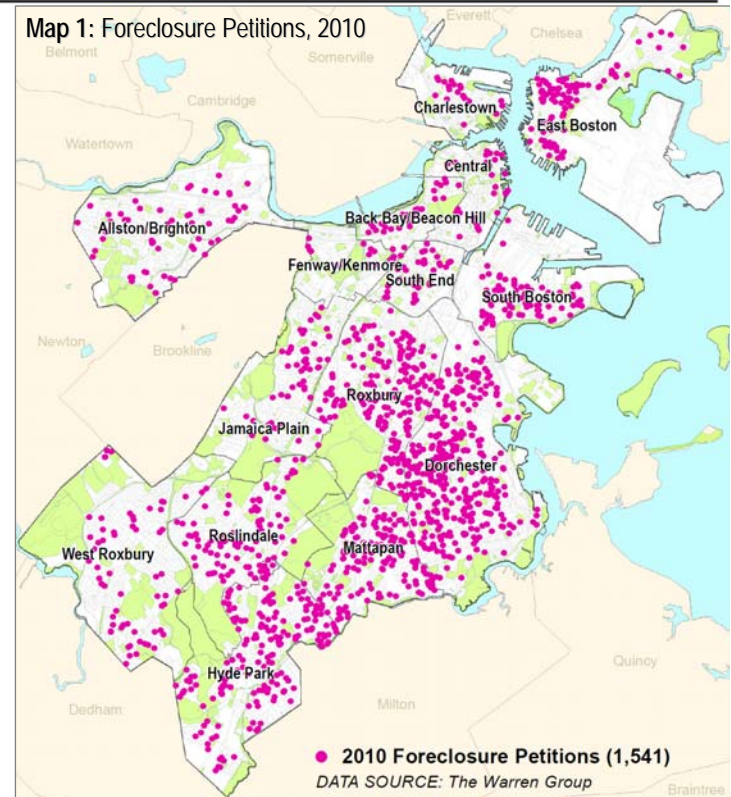


Table 1: Foreclosure Petitions by Neighborhood & Property Type

	FORECLOSURE PETITIONS - 2009					FORECLOSURE PETITIONS - 2010					% 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	93	50	20	18	5	67	40	9	13	5	-28%	-20%	**	-28%	**
BACK BAY/BEACON HILL	31	27	2	1	1	34	33	0	0	1	10%	22%	**	**	**
CENTRAL	33	32	1	0	0	33	32	0	1	0	0%	0%	**	**	**
CHARLESTOWN	22	11	9	0	2	25	17	8	0	0	14%	55%	**	**	**
DORCHESTER	603	246	97	108	152	379	117	75	84	103	-37%	-52%	-23%	-22%	-32%
EAST BOSTON	166	38	13	50	65	113	25	23	19	46	-32%	-34%	77%	-62%	-29%
FENWAY/KENMORE	14	14	0	0	0	12	11	0	0	1	-14%	-21%	**	**	**
HYDE PARK	237	36	133	60	8	183	20	101	52	10	-23%	-44%	-24%	-13%	**
JAMAICA PLAIN	63	27	10	12	14	58	30	8	8	12	-8%	11%	**	**	-14%
MATTAPAN	245	57	80	63	45	145	24	48	40	33	-41%	-58%	-40%	-37%	-27%
ROSLINDALE	149	46	46	38	19	100	29	35	24	12	-33%	-37%	-24%	-37%	-37%
ROXBURY	339	107	47	74	111	201	43	35	59	64	-41%	-60%	-26%	-20%	-42%
SOUTH BOSTON	94	65	16	7	6	86	54	18	8	6	-9%	-17%	13%	**	**
SOUTH END	41	38	3	0	0	40	34	4	1	1	-2%	-11%	**	**	**
WEST ROXBURY	70	19	37	12	2	65	15	43	5	2	-7%	-21%	16%	**	**
CITYWIDE	2,200	813	514	443	430	1,541	524	407	314	296	-30%	-36%	-21%	-29%	-31%

*No % Change is calculated for neighborhoods with fewer than 10 petitions



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useful to look at the percentage of housing units petitioned by census tract. This analysis normalizes the data and also shows concentrations within larger neighborhoods, such as Dorchester.

There were five census tracts located in Dorchester, Hyde Park, and Roxbury that had petition rates greater than three times the citywide rate of 0.61% (See Map 2). Portions of Dorchester, East Boston, Hyde Park, Mattapan, Roslindale, Roxbury, and South Boston have census tracts with petition rates greater than twice the citywide rate. Meanwhile, all neighborhoods except Allston/Brighton, Charlestown, and Fenway/Kenmore include at least one census tract with a petition rate that is greater than the citywide rate. This demonstrates a spatial shift in foreclosure petitions from 2009, when petitions were concentrated in Dorchester, Hyde Park, Mattapan, Roslindale, and Roxbury, and all other neighborhoods had petition rates less than two times the citywide rate.

In March of 2009, in the Massachusetts Land Court case of U.S. Bank v. Ibanez, Judge Keith C. Long invalidated two foreclosure sales because the foreclosing lenders failed to show proof that they held ownership of the mortgages through assignments. This ruling ultimately affected thousands of foreclosures with securitized mortgages across the state. Because of this decision, any pending or completed foreclosures for which the lender did not physically hold the assignment to the property at the time of auction were brought into question, and lenders since have begun "re-foreclosing" on properties. This impacts foreclosure numbers because multiple petitions and foreclosure deeds are filed for the same property.

A review of foreclosure petitions and deeds going back to 2005 shows that approximately 7% (60) of 2010 foreclosure deeds and 1% (20) of 2010 foreclosure petitions were "re-foreclosures" (see Table 2). These petitions were filed on properties for which a foreclosure deed had been filed previously for the same property and borrower.

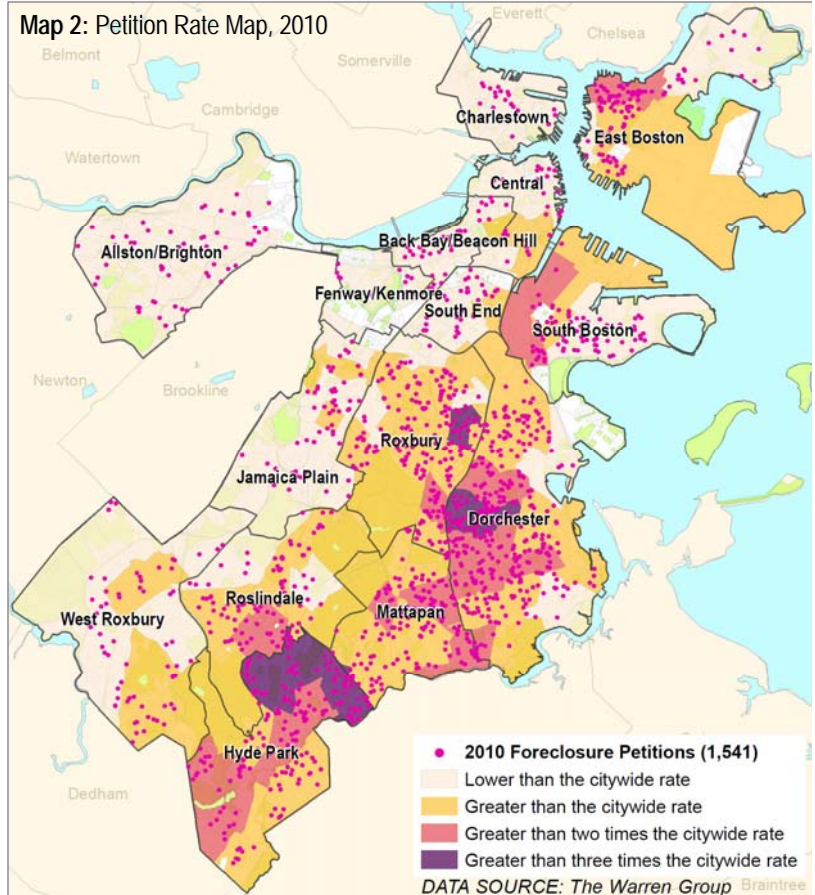


Table 2: US Bank vs. Ibanez Analysis, 2010 Foreclosure Deeds and Petitions

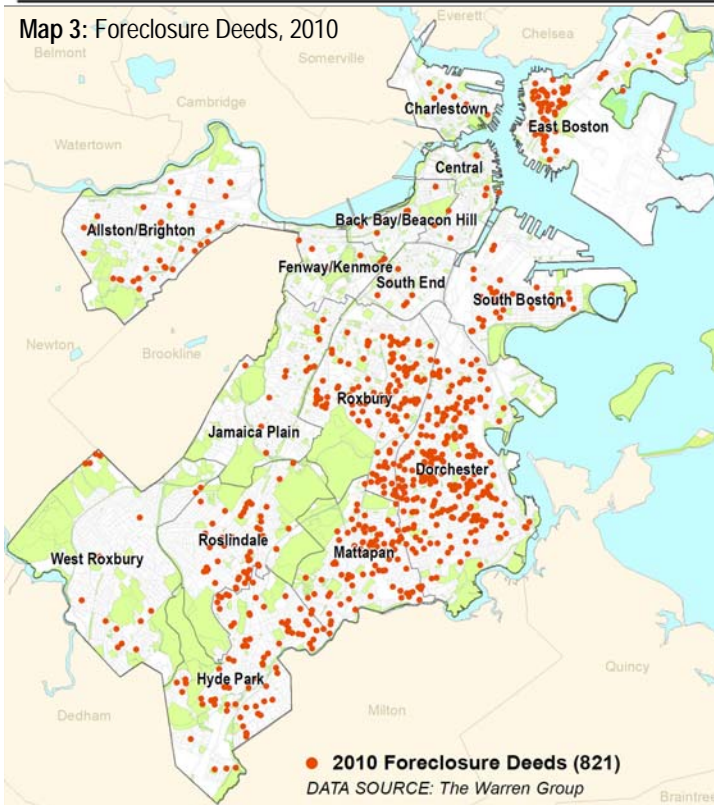
2010 DEEDS	COUNT	%
"Re-foreclosure" on Property	60	7%
New Foreclosure Deed	761	93%
Total	821	100%

2010 PETITIONS	COUNT	%
Petition on Foreclosed Property	20	1%
New Foreclosure Petition	1,521	99%
Total	1,541	100%



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Map 3: Foreclosure Deeds, 2010



FORECLOSURE DEEDS

The number of foreclosure deeds by neighborhood and property type are shown below in Table 3, as well as the percentage change between 2009 and 2010. Five neighborhoods – Dorchester, East Boston, Hyde Park, Mattapan, and Roxbury – comprised 76% of foreclosure deeds in 2010, slightly down from 80% in 2009; yet, these neighborhoods comprise only 35% of residential properties. Due primarily to a jump in foreclosed condominiums, Allston/Brighton experienced the greatest increase (20) and percentage increase (111%) in foreclosure deeds.

In 2010, foreclosure deeds increased for all property types except three-family properties (-10%). This is a shift from 2009, when foreclosure deeds decreased for all property types. Approximately 58% of foreclosed condominiums were in small residential properties with three or fewer units, down from 90% in 2009.

During the fall of 2010, some of the major mortgage lenders in the U.S. suspended foreclosures in order to deal with claims that “robo-signers” improperly signed foreclosure documents. Many of these delayed foreclosures will likely proceed in 2011.

Table 3: Foreclosure Deeds by Neighborhood & Property Type

	FORECLOSURE DEEDS - 2009					FORECLOSURE DEEDS - 2010					% 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	18	12	0	5	1	38	26	3	6	3	111%	117%	**	**	**
BACK BAY/BEACON HILL	5	4	1	0	0	9	9	0	0	0	**	**	**	**	**
CENTRAL	7	7	0	0	0	9	9	0	0	0	**	**	**	**	**
CHARLESTOWN	6	3	1	1	1	11	8	2	0	1	**	**	**	**	**
DORCHESTER	234	126	27	31	50	250	122	29	48	51	7%	-3%	7%	55%	2%
EAST BOSTON	68	23	8	10	27	62	21	4	14	23	-9%	-9%	**	40%	-15%
FENWAY/KENMORE	4	4	0	0	0	5	5	0	0	0	**	**	**	**	**
HYDE PARK	66	14	25	23	4	81	16	33	29	3	23%	14%	32%	26%	**
JAMAICA PLAIN	14	8	1	3	2	14	9	2	0	3	0%	**	**	**	**
MATTAPAN	97	24	23	27	23	90	27	29	14	20	-7%	13%	26%	-48%	-13%
ROSLINDALE	35	13	12	7	3	52	27	17	8	0	49%	108%	42%	**	**
ROXBURY	158	76	16	26	40	143	63	20	26	34	-9%	-17%	25%	0%	-15%
SOUTH BOSTON	39	31	7	1	0	34	29	4	1	0	-13%	-6%	**	**	**
SOUTH END	9	8	1	0	0	6	6	0	0	0	**	**	**	**	**
WEST ROXBURY	16	7	5	2	2	17	8	8	1	0	6%	**	**	**	**
CITYWIDE	776	360	127	136	153	821	385	151	147	138	6%	7%	19%	8%	-10%

*No % Change is calculated for neighborhoods with fewer than 10 deeds



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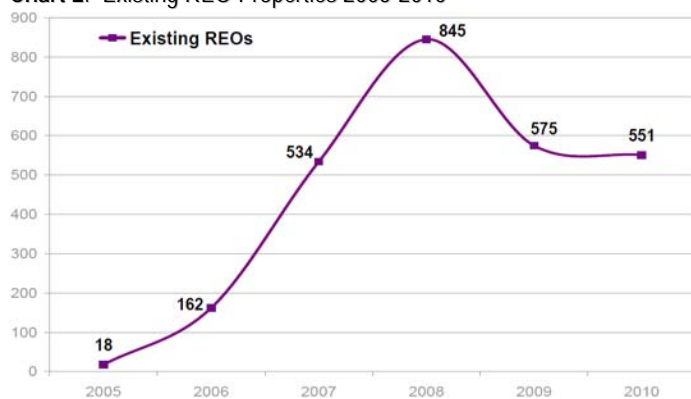
REAL ESTATE OWNED (REO) PROPERTIES

In order to foreclose on a property, a bank must advertise and hold an auction. At the foreclosure auction, the foreclosing entity wants to recover the outstanding mortgage amount and any related costs. If the auction bids do not cover these costs, the entity will "buy back" the property and then hire a real estate agent to sell the property. If this occurs, the property may remain Real Estate Owned for up to a few years. Of the 821 properties that went to foreclosure auction in 2010, banks bought back 77% (633), down from 82% in 2009 (see Table 4).

Over the course of a year, the REO inventory is constantly in flux as some properties become REO at auction and others are sold back to the private market. Chart 2 provides point-in-time counts of properties that are actively bank-owned at the end of each year. As of December 31, 2010, there were 551 existing REO properties in the city (see Map 4).

Vacant REO properties pose a significant risk to neighborhoods by attracting crime and lowering local property values. Over time, these properties begin to deteriorate and show signs of physical distress, adding to the city's abandoned 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. Properties that were actively REO as of December 31, 2010 have been bank-owned for a median of 262 days (see Table 5).

Chart 2: Existing REO Properties 2005-2010



Map 4: Existing REOs, 12/31/2010

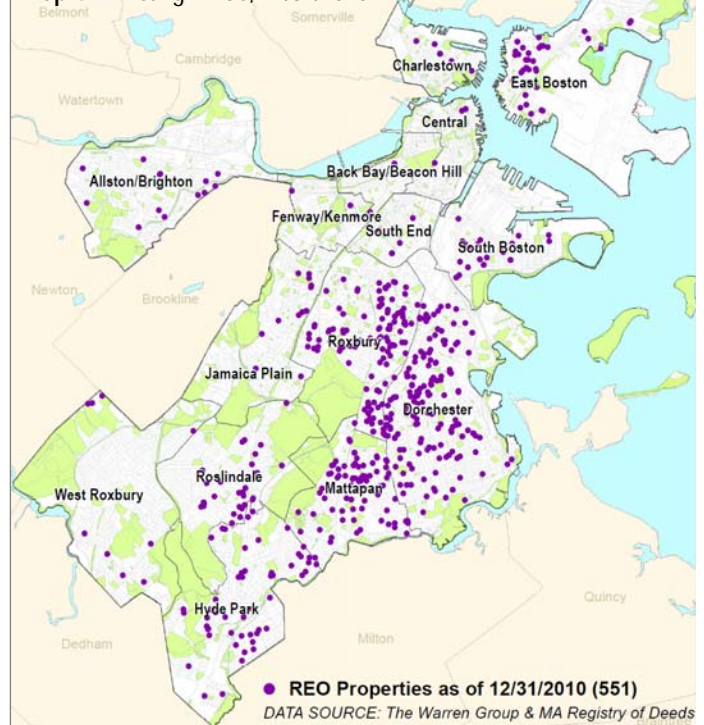


Table 4: Percentage of Properties that Become REO, 2005-2010

YEAR	TOTAL FORECLOSURES	PRIVATE BUYER	REO
2005	60	31	29 (48%)
2006	261	50	211 (81%)
2007	703	60	651 (93%)
2008	1,215	67	1,148 (95%)
2009	776	140	636 (82%)
2010	821	188	633 (77%)

Table 5: Age of REOs, 12/31/2010

PROPERTY TYPE	REO PROPERTIES	MEDIAN DAYS REO
Condominium	228	237
One-Family	98	224
Two-Family	106	277
Three-Family	97	327
Other	22	327
All	551	262



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AGE OF MORTGAGE

Homeowner economic distress also can be measured by the "age" of a mortgage (the length of time between the mortgage origination date and the foreclosure petition). Table 7 reveals that the median number of years between the mortgage and the foreclosure petition increased to 4.2 years in 2010 from 3 years in 2009. From 2005 to 2007, the majority of properties that were petitioned had mortgages that were less than two years old. In 2008 and 2009, the majority of properties that were petitioned had mortgages greater than two years old. In 2010, another shift is witnessed with the majority of mortgages being over three years old and 31% older than five years.

Table 6: Time between Mortgage and Foreclosure Petition, 2010

AGE OF MORTGAGE	2005	2006	2007	2008	2009	2010
% Less than 1 yr	34%	31%	30%	10%	2%	1%
% 1 yr to 2 yr	36%	37%	36%	36%	16%	5%
% 2 yr to 3 yr	15%	18%	17%	30%	33%	16%
% 3 yr to % 5 yr	7%	8%	11%	20%	37%	48%
% Greater than 5 yr	8%	6%	6%	4%	12%	31%
Median Years of Mortgage	1.3	1.4	1.4	2.1	3.0	4.2

YEARS PROPERTY OWNED

Similar to age of mortgage trends, the median number of years between the initial purchase of the property and the filing of a foreclosure petition increased from a low of 2.2 years in 2007 to 6 years in 2010 (see Table 8). While the percentage of properties owned for less than two years increased between 2005 (38%) and 2007 (47%), it since has decreased annually to only 3% of properties in 2010. For the first time, the majority (62%) of petitioned properties were owned for over five years.

Table 7: Year Mortgage Originated, 2010 Foreclosure Deeds

YEAR ORIGINATED	TOTAL	%
pre-2005	134	16%
2005	153	19%
2006	255	31%
2007	212	26%
2008	64	8%
2009	3	0%
2010	0	0%

Analyzing the age of the mortgage and number of years the property was owned provides a better understanding of real estate conditions at the time the mortgage was originated. In 2010, 50% of petitioned properties had mortgages that were originated during the peak of the real estate market in 2005 and 2006. With 2010 market values up from 2009, but still only near 2003 values and volumes (see Chart 3, page 7), it can be assumed many of these properties have lost equity. The decrease in value and loss in equity make it increasingly challenging for homeowners to refinance or sell the property if they can not afford their mortgage payments. Furthermore, 26% of mortgages were originated in 2007 just before Boston's unemployment rate began to rise and the U.S. entered an economic recession, thereby leaving many without a job and means to pay their mortgages.

Table 8: Number of Years Property Owned at Time of Foreclosure Petition Filing, 2005-2010

YEARS OWNED	2005	2006	2007	2008	2009	2010
% Less than 1 yr	21%	18%	22%	5%	1%	0%
% 1 yr to 2 yr	17%	22%	25%	19%	8%	3%
% 2 yr to 3 yr	7%	12%	12%	20%	16%	8%
% 3 yr to % 5 yr	12%	11%	11%	21%	28%	27%
% Greater than 5 yr	43%	37%	30%	35%	47%	62%
Median Years Owned	3.7	2.5	2.2	3.4	4.7	6.0



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LOAN ANALYSIS

DND expanded its foreclosure deed data collection in 2007 to achieve a better understanding of the types of mortgages that were being foreclosed. Data are limited to information available at the county registry; however, some data, including information related to home purchases versus refinances and adjustable rate mortgages, are available. Annual Percentage Rates (APR) also were available for the majority of ARM mortgages, but not for fixed mortgages.

Of the 821 foreclosure deeds registered in 2010, 425 (52%) were home purchase loans, and 396 (48%) were refinances (see Chart 4). This is an increase in refinanced mortgages that went into foreclosure compared to 2009, when 316 (41%) foreclosure deeds were the result of refinanced mortgages.

In 2010, 364 (44%) of foreclosure deeds were ARMs while 457 (56%) were fixed rate mortgages (see Chart 5). This is a decrease from 2009, when 439 (57%) of foreclosure deeds were ARMs. Of the 364 ARMs in 2010, 106 (29%) foreclosed before their first adjustable reset date, while 258 (71%) foreclosed after their first adjustable reset date (Chart 6). Since 2007, when DND began collecting ARM data, the percentage of mortgages that foreclosed after their reset dates has steadily increased each year from 28% in 2007 to 71% in 2010, suggesting that foreclosures are impacted more by the date of origination than by the reset date. For foreclosure deeds registered in 2010, the median initial APR of ARMs was 7.250%, and the median maximum APR of ARMs was 12.875%.

Chart 3: Citywide Residential Property Median Prices, 2002-2010

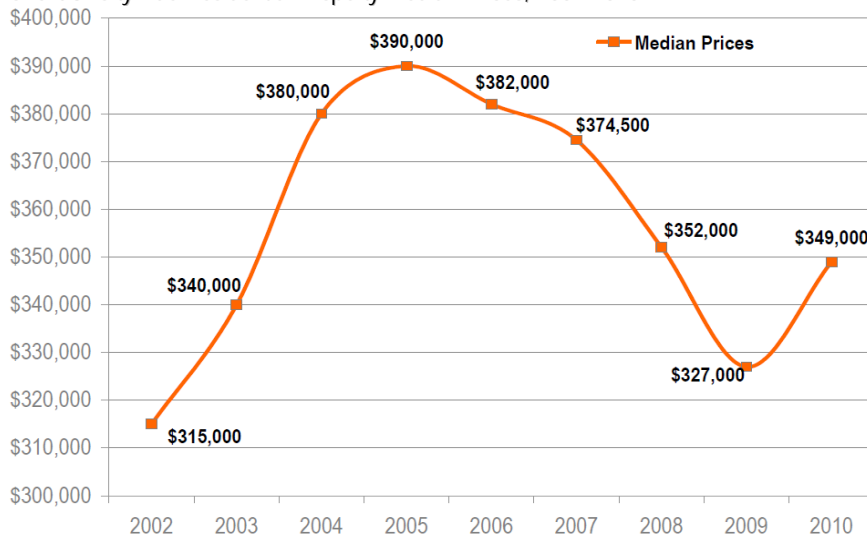
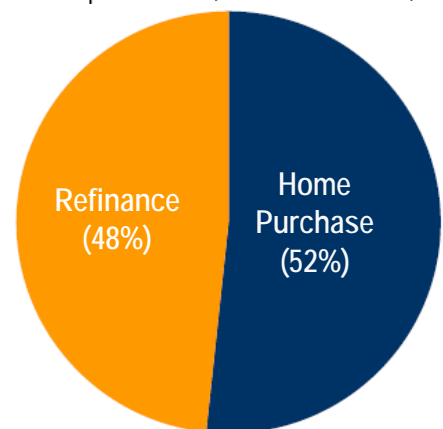
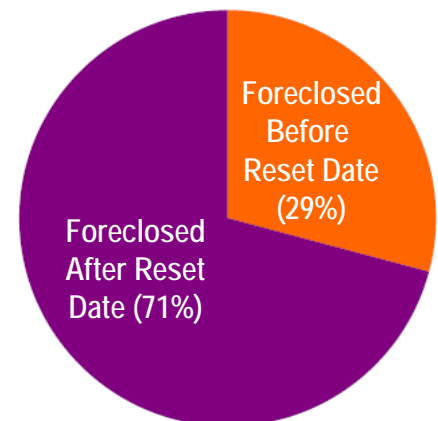
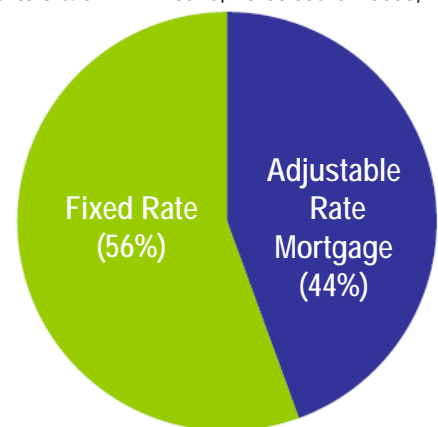


Chart 4: Purpose of Loan, Foreclosure Deeds, 2010



Charts 5 & 6: ARM Loans, Foreclosure Deeds, 2010





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TENANCY

To identify whether a foreclosed property is owner-occupied, the residential exemption status from the City's Assessing Department is used. To receive residential exemption from the City, an individual must live at the property on January 1st of the upcoming tax bill year and submit appropriate documentation to the Assessing Department. Owners of properties purchased after January 1st must wait until the following year to apply for an exemption. It can be assumed that it takes as long as two years for properties to receive residential exemption and for the change in status to be updated in Assessing data. Since 3% of 2010 foreclosed properties were purchased within the last two years, we must assume owner-occupied units most likely are underestimated using this data source (see Chart 7). Thus far, this is the most reliable and accessible source to identify owner-occupied properties.

The percentage of foreclosure deeds that were for owner-occupied properties decreased between 2006 (32%) and 2008 (24%). It remained level in 2009 and rose in 2010 to 29% (see Table 9). The percentage of petitioned properties that were owner-occupied also increased from 44% in 2009 to 49% in 2010 (see Table 10). With rising property values, investors (including owners of second homes) may be less likely to "strategically default," i.e., walk away from a property for which they can afford the mortgage. At the same time, with a high unemployment rate, homeowners are finding fewer avenues to avoid foreclosure.

Estimating the number of tenant-occupied properties also is challenging based on Assessing data. To estimate this, the profile of properties owned for more than two years is projected for the 3% owned for less than two years, and the owner-occupied properties involving two- and three-family homes are assumed to have one or two rental units, respectively. Using this method it is estimated that about 80% (996 out of 1,244) of housing units being displaced through foreclosure are tenant-occupied. That is four times the number of homeowners being displaced by foreclosure.

Chart 7: Residential Exemption for Foreclosure Deeds, 2010

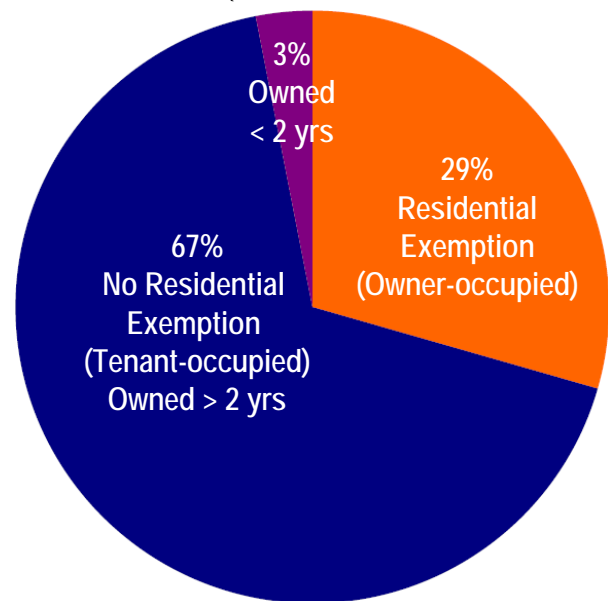


Table 9: Owner-occupancy for Foreclosure Deeds, 2006-2010

YEAR	FORECLOSURE DEEDS			
	OWNER-OCCUPIED	INVESTOR-OWNED	TOTAL	% OWNER-OCCUPIED
2006	83	178	261	32%
2007	202	501	703	29%
2008	296	919	1,215	24%
2009	185	591	776	24%
2010	242	579	821	29%

Table 10: Owner-occupancy for Foreclosure Petitions, 2006-2010

YEAR	FORECLOSURE PETITIONS			
	OWNER-OCCUPIED	INVESTOR-OWNED	TOTAL	% OWNER-OCCUPIED
2006	692	893	1,585	44%
2007	975	1,457	2,432	40%
2008	722	1,178	1,900	38%
2009	968	1,232	2,200	44%
2010	748	793	1,541	49%



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Table 11: 2010 Foreclosure Activity¹ for U.S.

RATE RANK	US STATES	FORECLOSURE RATE (%)
1	Nevada	9.42
2	Arizona	5.73
3	Florida	5.51
4	California	4.08
5	Utah	3.44
6	Georgia	3.25
7	Michigan	3.00
8	Idaho	2.98
9	Illinois	2.87
10	Colorado	2.51
--	United States	2.23
25	Massachusetts	1.32

Table 12: 2010 Foreclosure Activity¹ for Metropolitan Areas

RATE RANK	TOP 100 US METROPOLITAN AREAS	FORECLOSURE RATE (%)
1	Las Vegas-Paradise, NV	10.88
2	Cape Coral-Fort Myers, FL	8.40
3	Modesto, CA	7.34
4	Phoenix-Mesa-Scottsdale, AZ	7.27
5	Miami-Fort Lauderdale-Pompano Beach, FL	7.08
6	Riverside-San Bernardino-Ontario, CA	6.95
7	Stockton, CA	6.94
8	Merced, CA	6.93
9	Orlando-Kissimmee, FL	6.86
10	Vallejo-Fairfield, CA	6.25
--	United States	2.23
134	Boston-Cambridge-Quincy, MA-NH	1.24

NATIONAL AND REGIONAL CONTEXT

Tables 11 -13 provide an overview of foreclosure activity at the state and national level. Each table provides a foreclosure rate for comparison purposes. To calculate a foreclosure rate, Tables 11 and 12 divide total properties entering a stage of foreclosure by the total number of housing units, and Table 12 divides total foreclosure petitions by the total number of housing units.

The national foreclosure rate increased from 2.21% in 2009 to 2.23% in 2010, but the foreclosure rate in Massachusetts decreased from 1.33% in 2009 to 1.32% in 2010 and dropped in rank from 22nd to 25th among the fifty states. Nevada's rate of 9.42% is over seven times higher than Massachusetts' rate (see Table 11).

The foreclosure rate in the Boston-Cambridge-Quincy metropolitan area decreased from 1.31% in 2009 to 1.24% in 2010 and dropped in rank from 110th to 134th among the nation's top metropolitan areas. The Las Vegas/Paradise metropolitan area had a rate eight times higher than the Boston metropolitan area.

When compared to the seven other Massachusetts cities with populations over 90,000, Boston ranked 7th in 2010 (see Table 13). With a very low rate of 0.35%, Cambridge is the only large city in the state with a lower foreclosure rate than Boston's 1.07%. In 2009, Boston had a rate of 1.53% and ranked 5th among large Massachusetts cities.

Table 13: Foreclosure Petition Activity² for MA Cities

RATE RANK	MA CITIES (POP>90,000)	FORECLOSURE RATE (%)
1	Brockton	2.41%
2	Springfield	1.75%
3	Worcester	1.46%
4	Lowell	1.41%
5	New Bedford	1.17%
--	Massachusetts	1.02%
6	Fall River	0.79%
7	Boston	0.65%
8	Cambridge	0.17%

¹Source: www.realtytrac.com. "The household numbers are based on the US Census Bureau's estimates of total housing units. Foreclosure filings include foreclosure-related documents in all three phases of foreclosure: Default – Notice of Default (NOD) and Lis Pendens (LIS); Auction – Notice of Trustee Sale and Notice of Foreclosure Sale (NTS and NFS); and Real Estate Owned (REO) properties (that have been foreclosed on and repurchased by a bank)."

²Source: The Warren Group.



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BOSTON'S ANTI-FORECLOSURE CAMPAIGN

Boston's anti-foreclosure campaign has four primary elements:

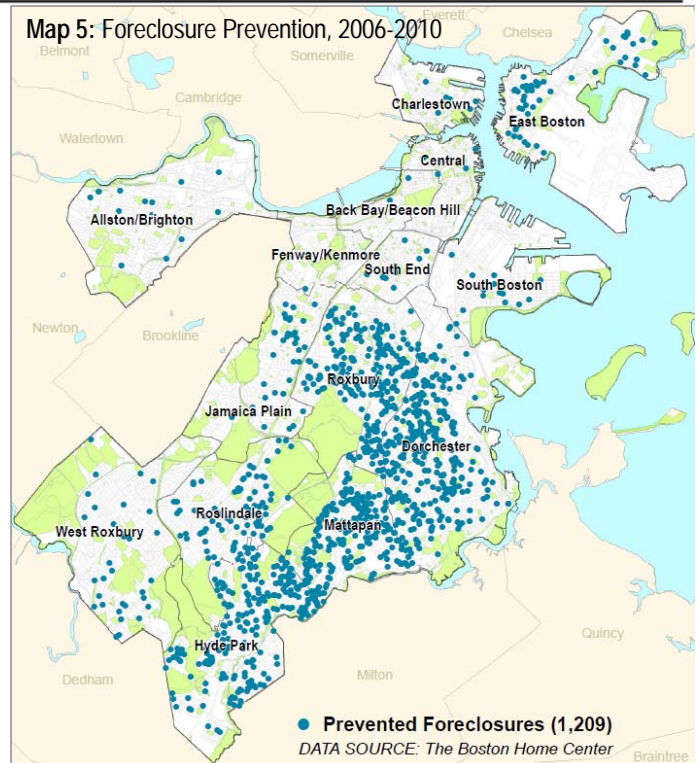
- 1) Foreclosure Prevention: Helping homeowners make good financial decisions to prevent them from ever getting into foreclosure trouble;
- 2) Foreclosure Intervention: Helping homeowners who find themselves in foreclosure trouble to keep their homes;
- 3) Reclamation of Foreclosed Properties: Fighting rising neighborhood disinvestment by getting bank-owned foreclosed properties back into the hands of homeowners and responsible investors; and
- 4) Neighborhood Stabilization: Targeting City services and resources to neighborhoods with high inventories of bank-owned properties.

FORECLOSURE PREVENTION AND INTERVENTION

With the increase in foreclosures, the City has responded with expanded foreclosure services. Helping homeowners make good financial decisions to prevent them from ever getting into foreclosure trouble is the most cost effective way of keeping foreclosures in check. Boston's foreclosure prevention hotline, 617-635-HOME, offers direct one-on-one foreclosure intervention counseling services through the Boston Home Center and Foreclosure Prevention Counseling Network.

Today, the Boston Home Center partners with its eight community-based agencies, which received training from experts in the field, such as the National Consumer Law Center and NeighborWorks America, to provide foreclosure intervention counseling. A letter is sent to all homeowners who receive foreclosure petitions informing them of the City's program and contact information. Through a networked client tracking and information system, the Boston Home Center keeps track of all referrals as they progress through the foreclosure intervention process. Since the program's inception in October 2006, 1,209 homeowners averted foreclosure with assistance from the Foreclosure Prevention Counseling Network (see Map 5), preserving over \$390 million in home values. Had all of these homeowners gone into foreclosure, Boston's foreclosure rate would have been 34% higher.

Map 5: Foreclosure Prevention, 2006-2010



The City also has expanded educational services to include *Meet The Lenders* workshops, which help homeowners and homebuyers connect with *Preferred Lenders*, and monthly seminar series, such as "Living Within Your Means," "How to Buy A Home that Needs Work," and "Purchasing Foreclosed Property." Recent efforts also have included outreach through community health centers and weekly visits to Boston neighborhoods by a DND staff person who does outreach to businesses, churches, civic and community groups, non-profit agencies, and linguistic minorities. The Boston Home Center has increased targeted prevention efforts in high-foreclosure areas through monthly foreclosure mailings, which provide details of services available through the City. The Boston Home Center also continues to host Foreclosure Prevention Workshops and Servicer Day events and has begun monthly Foreclosure Clinics in partnership with non-profit agencies.



DEPARTMENT OF NEIGHBORHOOD DEVELOPMENT EVELYN FRIEDMAN, CHIEF AND DIRECTOR

RECLAMATION OF FORECLOSED PROPERTIES

Not all foreclosures can be prevented, and properties that become REO and vacant present risks to neighborhoods by attracting crime and lowering property values. In turn, violent crime and decreased property values increase the likelihood of foreclosure in neighborhoods. This cycle has led to a concentration of REO properties in low-income Boston neighborhoods. Since 2008, the City of Boston has aimed to reverse this effect by purchasing REO properties in areas of high foreclosure and putting them back into productive use.

The U.S. Department of Housing and Urban Development's Neighborhood Stabilization Program (NSP) I and II (<http://www.cityofboston.gov/dnd/nsp.asp>) provided Boston with a combined \$22.8 million in funding to reclaim REO properties and stabilize areas of the city that have been hit hardest by the foreclosure crisis. With NSP funding and the City's affordable housing programs, such as Leading the Way III, the City has directly acquired 51 REO properties (113 units in total), which are in the process of being renovated and sold to homebuyers and responsible for- and non-profit developers (see Map 6 and Table 14). Furthermore, to address the hardship foreclosure presents for renters and help prevent evictions, the City has implemented a policy of acquiring occupied properties and allowing tenants to remain in the properties while the properties are REO and after the properties are resold. Of the 113 units acquired, 17 were occupied by renters at the time of acquisition.

In addition to directly acquiring REO properties, the City is providing funding to help homebuyers and for- and non-profit developers acquire REO properties. As of January 2011, the City has helped homebuyers purchase 158 REO units and developers purchase 59 REO units (see Table 15). In total, \$123 million in City-led investments have been made in the NSP area over the last two years.

Map 6: NSP Target Areas & Acquired REOs, 12/31/2011

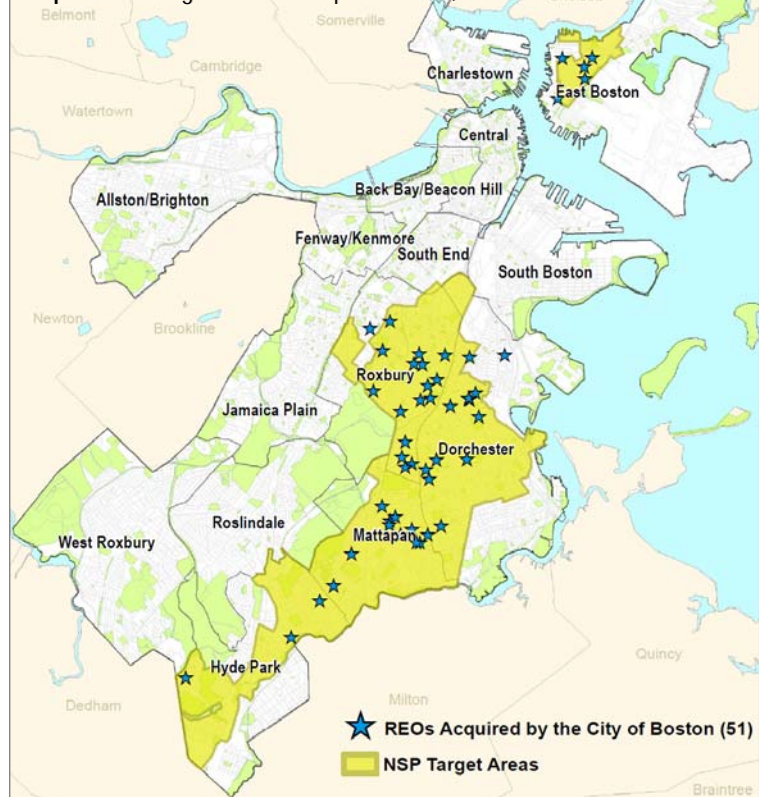


Table 14: City-acquired REOs by Neighborhood, 12/31/2010

NEIGHBORHOOD	REO PROPERTIES	REO UNITS
Dorchester	15	37
East Boston	5	11
Hyde Park	3	5
Mattapan	11	18
Roxbury	17	42
Citywide	51	113

Table 15: REOs Reclaimed with City Assistance, 12/31/2010

METHOD OF RECLAMATION	REO UNITS
Reclaimed through City Acquisition	113
Reclaimed by Private Developers with City Assistance	59
Reclaimed by Homeowners with City Assistance	158
Total	330



DEPARTMENT OF NEIGHBORHOOD DEVELOPMENT EVELYN FRIEDMAN, CHIEF AND DIRECTOR

NEIGHBORHOOD STABILIZATION

REO acquisition is a critical component of Boston's anti-foreclosure campaign; however, with 551 active REOs, vacant REO properties still exist, negatively impacting neighborhoods. To stabilize communities with large inventories of REO properties and high levels of crime, the City of Boston has taken actions to reduce the negative impact on property values, improve public safety, and hold owners of vacant and REO properties responsible for their maintenance.

In February 2008, Mayor Thomas M. Menino established the Foreclosure Intervention Team (FIT) to comprehensively address the foreclosure crisis—from prevention through reclamation of REO properties—in targeted areas. The FIT is a multi-departmental team that addresses all issues that surround foreclosure and abandonment and is comprised of the following departments: Mayor's Office; Boston Housing Authority; Boston Police; Boston Redevelopment Authority; Inspectional Services; Neighborhood Development; Neighborhood Services; Parks and Recreation; Property Management; Public Health Commission; Public Works; Rental Housing Resource Center; and Transportation.

In 2008, two FIT areas were identified in the neighborhoods of Dorchester and Roxbury, where there were high concentrations of



Before: Home in Dorchester FIT area

REO properties and violent crime. In these areas, the City provided foreclosure prevention and intervention assistance; purchased REO properties with the guidance of local community-based organizations; heightened police presence; made physical street improvements; increased code enforcement; and removed graffiti. Two new FIT areas will be announced in 2011.



After: Ribbon cutting at Hendry Street home in the Dorchester FIT area

Also in 2008, DND staff began surveying REO properties to identify problem areas that require attention from City departments. Through this process, letters offering assistance are sent to the owners of vacant properties that show signs of physical distress. If no response is received, the property is added to the City's Distressed Property Survey. Supplementing the City's efforts, the Boston City Council adopted *An Ordinance Regulating the Maintenance of Vacant, Foreclosing Residential Properties* in February 2008. The ordinance requires property owners to register vacant or foreclosing residential properties with the City and identify a local individual or company to maintain vacant properties.

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Note on Data Sources: Foreclosure deed data were obtained from The Warren Group (pre-2003 and 2008-2010) and the Suffolk County Registry of Deeds (2003-2007). Foreclosure petition data were obtained from www.real-estate-analyst.com (2003 and 2004) and The Warren Group (2005-2009). Owner-occupancy and property type data were obtained from City of Boston Assessing Department. Sales data were obtained from The Warren Group.