

Housing

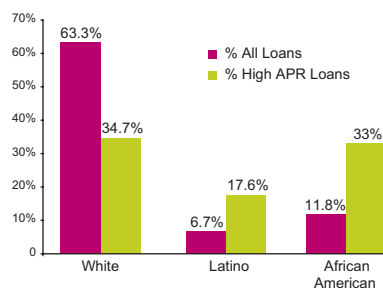


Dramatic increases in home prices fueled by low interest rates and the growing availability of sub-prime mortgages created a bubble that peaked in 2005 and then deflated, resulting in global economic collapse in late 2008. Declining home prices and increasing foreclosures—particularly in low-income neighborhoods targeted by predatory lenders—have resulted in both higher levels of family homelessness and higher rents. Boston and the Commonwealth are at the forefront of developing strategies to keep people in their homes.

Foreclosures & Subprime Lending

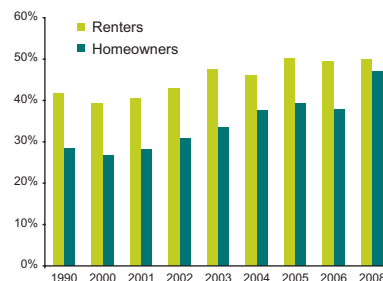
The City of Boston recorded 1,215 foreclosure deeds in 2008, up from 703 in 2007. However, the pace of activity declined slightly in early 2009, perhaps due to a new 90-day “right to cure” period in effect since May 2008.

Total Lending & High APR Loans by Race/Ethnicity, Boston, 2007



Source: Massachusetts Community & Banking Council

Percent of Households Paying More than 30% of Income to Housing Boston, 1990 - 2008



Source: US Census Bureau Decennial Census & American Community Survey

According to Boston’s Department of Neighborhood Development, of the 64% of petitioned properties that ended up in foreclosure, 72% were Adjustable Rate Mortgages, and two-thirds were located in three neighborhoods—Dorchester (34%), Roxbury (20%) and Mattapan (12%)—where the majority of families of color with children reside. Roslindale experienced the greatest rise in foreclosures: jumping 135% from 2007-2008.

Subprime lenders are the most prevalent originators of loans that have gone into foreclosure, often involving Adjustable Rate Mortgages (ARMs) and High Annual Percentage Rate (APR) loans, which can be indicative of predatory lending. According to the BRA, 72% of foreclosed mortgages in Boston were Adjustable Rate Mortgages (ARMs).

By Race, Ethnicity: In 2007, 12% of all home purchase and refinance loans in Boston were High APR Loans: 11% to Boston’s white borrowers; 23% to Latino; and 25% to African American borrowers.

By Boston Neighborhood: From 2004 to 2006, Boston neighborhoods with the highest rates of High APR Loans were Mattapan (37%), Roxbury (33%), Hyde Park and Dorchester (both 29%), and East Boston (24%), according to Boston’s Department of Neighborhood Development. All of these neighborhoods have higher than average percentages of residents of color and families with children.

Housing Costs

In 2007, a median-income household could afford to purchase a median-price home in 46 of Greater Boston’s 161 communities—up from 19 in 2005. However, the Greater Boston Housing Report Card, produced by the Dukakis Center for Urban and Regional Policy at Northeastern University, shows that homes were affordable to first-time buyers in just 6 of those communities in 2007. And an analysis of the 2008 American Community Survey shows that in Boston, 47% of homeowners and 50% of renters spent 35% or more of their household income for housing. While home prices have declined slightly since their peak in 2005, rental prices have increased.

According to the S&P/Case-Shiller Home Price Index, home prices in Metro Boston declined by more than 16% between their peak in September 2005 and December 2008. During the last housing recession, from 1988 to 1992, Greater Boston’s home prices declined by 16%, then increased by 189% from a trough in January 1992 to their peak in September 2005.

Median Home Price: The median home price in Boston for 2008 was \$352,000, down 6% from 2007. The neighborhoods with the greatest decline were: Mattapan (24%); East Boston (22%); and Dorchester and Roxbury (each 17%). Median home prices increased in Allston/ Brighton (3%); Back Bay/Beacon Hill (6%); and Central Boston (7%). **Median Asking Rent:** The median advertised asking rent in Boston increased by 9% from \$1,700 in 2007 to \$1,850 in 2008. Advertised rents increased by more than 20% in 6 Boston neighborhoods: Charlestown (35%); South Boston (27%); West Roxbury (26%); Back Bay/Beacon Hill (25%); Jamaica Plain (23%); and Roxbury (22%). Median rents only fell in Hyde Park (-21%) and Dorchester (-6%).

Housing Production & Stability

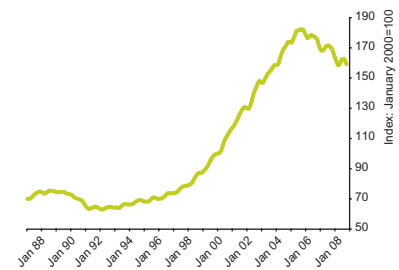
Between 2003 and June 2007, 10,969 new units of housing were permitted in Boston, meeting Mayor Menino’s “Leading the Way” goals, but in the first three quarters of 2008, permits dropped about 40% from 2004 levels.

Public & Subsidized Housing: Through 2008, Massachusetts lost 12,359 subsidized units and is at risk of losing 24,546 more by December 31, 2012 through “expiring use.” On the brighter side, since 2006, the Boston Housing Authority has received Hope IV grants to rehab Maverick Landing in East Boston, Franklin Hill in Dorchester and Washington Beach in Roslindale.

Student Housing: On average, more than 1,000 dormitory beds have been added annually in Boston since 1990—an effort by colleges and universities to reduce competition for apartments between students and family households—although the BRA estimates that roughly 24,000 undergrad and graduate students continue to live off campus.

Homelessness: Boston’s annual census of the homeless population, undertaken each December, found 7,681 homeless people in 2008, an increase of 11% over 2007. The number of homeless children in Boston increased 24% over the past year, and the number of homeless families 22%.

S&P/Case-Shiller Home Price Index
Metro Boston, 1987-2008



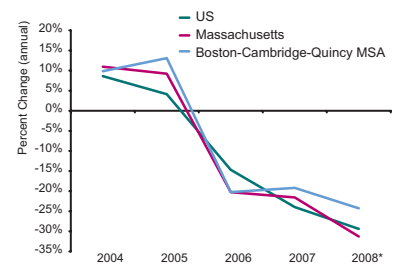
Source: Standard & Poors

Citywide Weighted Median Rents
(one, two and three bedroom)
Boston, 2001-2008



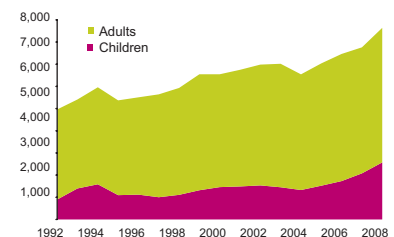
Source: City of Boston Department of Neighborhood Development

Change in Single-Family Building
Permits, Greater Boston, MA and US,
2003 - 2008*



Source: US Census Building Permit Survey; NU CURP Housing Report Card *January-September, annualized.

Count of Homeless Adults and Children
City of Boston 1992-2008



Source: City of Boston Annual Homeless Census