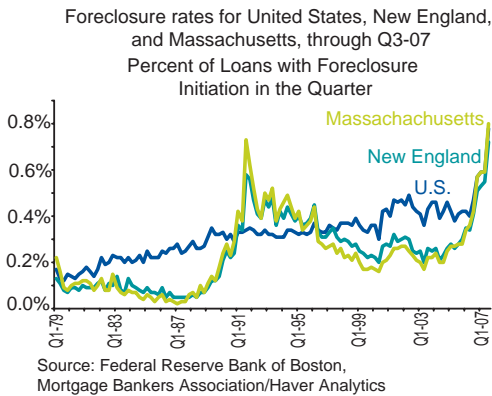


# Data Snapshot: Foreclosures

March 2008

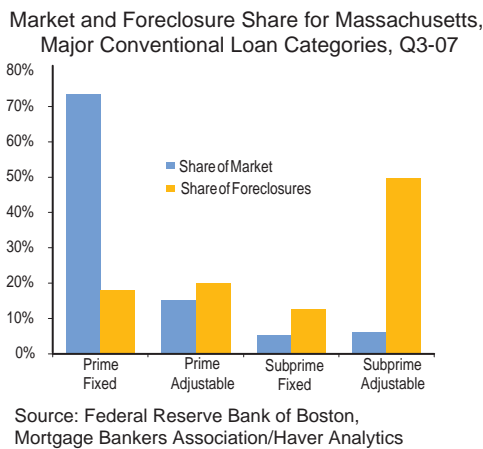
JOHN LAWARE  
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**The faltering housing market is affecting the entire economy.** At the center of this problem is subprime lending and foreclosures. The wave of foreclosures not only destabilizes individuals' lives, it threatens to destabilize entire neighborhoods. This report provides a snapshot of the foreclosure and subprime lending data, as a starting point for policy discussion.

## Foreclosure Activity in Massachusetts

According to the Federal Reserve Bank of Boston, foreclosure action in Massachusetts increased from 0.28% of loans in Q3 2005 to 0.80% of loans in Q3 2007. This compares with the United States as a whole, in which rates increased from 0.41% to 0.78% during the same period. According to Federal Reserve Bank of Boston research, Massachusetts, compared to other states, ranked 33rd in foreclosure activity in Q3 2005, but 13th in Q3 2007.



Federal Reserve Bank research also reveals that of the foreclosure action taken in Massachusetts during the 3rd Quarter of 2007, 50% of mortgages were subprime, adjustable rate loans, even though they made up only 6% of the loan market share. For this reason, understanding subprime lending is key to understanding the geography of foreclosures.

## High-APR Loans, Owner-Occupied Homes, Greater Boston's 16 Biggest Cities and Towns, 2006

	High-APR Loans	Total Loans	High APR %
Lynn	938	2,640	36%
Revere	537	1,555	35%
Malden	376	1,431	26%
Framingham	407	1,635	25%
Boston	3,361	13,687	25%
Weymouth	363	1,694	21%
Peabody	275	1,346	20%
Salem	222	1,208	18%
Medford	248	1,418	17%
Quincy	359	2,261	16%
Somerville	222	1,414	16%
Waltham	167	1,228	14%
Arlington	83	1,053	8%
Newton	138	1,858	7%
Cambridge	104	1,504	7%
Brookline	82	1,266	6%

Source: Jim Campen/MCBC, 2006 HMDA data.

## Greater Boston\* Subprime Lending Patterns

According to a study released in February by Jim Campen and the Massachusetts Community & Banking Council, from 2004 to 2006, 37,448 High-APR\*\* loans were made to owner-occupant homeowners in Greater Boston. High-APR loans increased from 7.4% of first mortgages in 2004 to 18.5% in 2006.

This study also reports that in 2006, Greater Boston's 16 largest cities and towns accounted for 46% of owner-occupant mortgages in the region, but 53% of the High-APR mortgages. Of these municipalities, the High-APR lending rate varied from 6% in Brookline to 25% in Boston and Framingham and 36% in Lynn.

\* Greater Boston is defined as the 101 cities and towns in the Metropolitan Area Planning Council (MAPC) region.

\*\*There are varying definitions of "subprime loan." Here, "High-APR" refers specifically to subprime loans that have an annual percentage rate that is at least three points above the current interest rate of US Treasury bonds.

## Subprime Lending Patterns, (continued)

A recent Federal Reserve Bank of Boston analysis of loan performance data found that as of October 2007, there were 36 zip codes in Greater Boston with more than 200 active subprime loans. Together, these zip codes contained 14,552 securitized subprime loans. **As a percent of housing units, Randolph had the highest subprime rate, at 6.2%.** Boston's Mattapan (02126), Hyde Park (02136) and Dorchester (02124) neighborhoods had rates ranging from 4.7% to 5.9%. Bellingham, Everett, Rockland, Revere and Chelsea also had rates higher than 3.5% (See map 1).

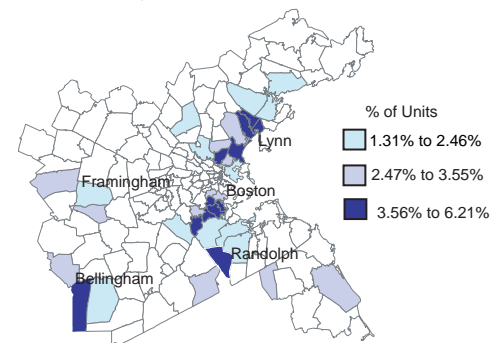
### A Snapshot of Boston

According to data provided by the City of Boston, foreclosures in Boston increased from 60 in 2005 to 703 in 2007, and, given current foreclosure rates, could reach nearly 1,200 in 2008.

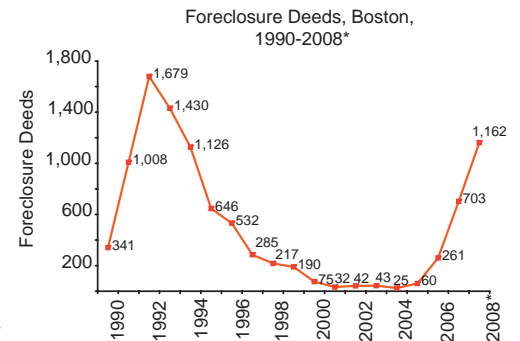
The number of foreclosure petitions (initial legal proceedings) increased from 591 in 2005 to 2,432 in 2007, and the number of petitions that resulted in a foreclosure sale increased from 10% in 2005 to 29% in 2007. This means that fewer homeowners are able to resolve their mortgage difficulties before the foreclosure is completed.

A recent Federal Reserve Bank of Boston analysis found that from 2005 to August 2007, the prevalence of subprime lending varied dramatically across the city, from less than 50 subprime mortgages per 1,000 mortgages in Back Bay to well over 200 per 1,000 in parts of Dorchester, East Boston, Hyde Park, Mattapan and Roxbury. Map 2 reveals this lending disparity, with the highest subprime lending rate occurring in a census tract in the Bowdoin-Geneva section of Dorchester, with 316 per 1,000, or 31.6% of mortgage lending, compared to a citywide rate of 12.1%.

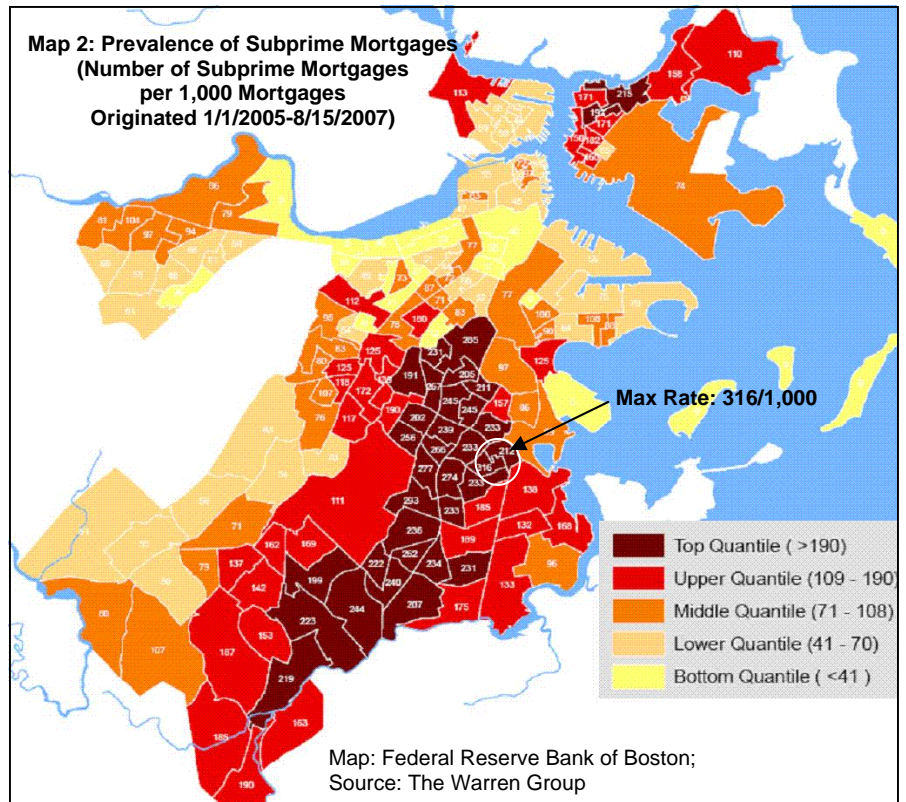
Map 1: Active Subprime Loans as Percentage Share in All Housing Units, MAPC Zip Codes, 10/2007



Map: The Boston Foundation  
Source: Federal Reserve Bank of Boston, American Loan Performance



Source: City of Boston Department of Neighborhood Development  
\*TBF annualized figure based on deeds from 1/1/08-3/3/08



Map: Federal Reserve Bank of Boston;  
Source: The Warren Group

This *Data Snapshot* was created by the Boston Foundation's Boston Indicators Project for the John LaWare Leadership Forum. This report draws on the newest data and research available from federal, state and local agencies, local research institutes and partner organizations. For a link to these data sources and the John LaWare Leadership Forum, see [www.bostonindicators.org](http://www.bostonindicators.org) or [www.tbf.org](http://www.tbf.org).