

Merrimack Valley housingreport



MIDDLESEX NORTH
REGISTRY OF DEEDS

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Where is the Market Heading?

Richard P. Howe Jr.

When viewed from the recording counter of the Registry of Deeds, the pace of home refinancing seems to be increasing slightly. The lawyers tell us that for every new mortgage that goes through, there might be two more that are denied, not because of poor credit, but because the amount of the existing mortgage on the property exceeds the current fair market value, leaving the homeowner unable to borrow enough to pay off the original mortgage. Being “underwater” is the term commonly used to describe this condition and there is no real way to quantify how many homeowners find themselves in this predicament.

Notwithstanding this anecdotal evidence of an uptick in activity, recording statistics for the first six weeks of 2009 send a mixed message. The Middlesex North Registry District consists of the city of Lowell and the towns of Billerica, Carlisle, Chelmsford, Dracut, Dunstable, Tewksbury, Tyngsborough, Westford and Wilmington. The number of deeds recorded in the entire district from January 1 through February 15 was down 7% in 2009 when compared to the same time last year. When the numbers for Lowell and the nine towns are counted separately, the decrease is the same for both. Mortgages tell a different story. Overall, the number of mortgages recorded is up 5%, but when Lowell is considered by itself, the number of mortgages is down 21%.

cont. on pg.3

Deeds, Mortgages, and Foreclosure Recorded

January 2008 and January 2009 Compared

	Haverhill		Lawrence		Lowell		Methuen	
	Jan-08	Jan-09	Jan-08	Jan-09	Jan-08	Jan-09	Jan-08	Jan-09
Deeds	56	77	74	91	111	89	74	36
Mortgages	132	130	111	110	222	158	143	132
Foreclosure Deeds	10	10	34	30	23	29	6	5

Editorial Note

We have created a new section within this issue of the Merrimack Valley Housing Report called Upcoming Events. Within this section, we will list upcoming housing events within the Merrimack Valley that are free and open to the public. Please send announcements of upcoming events to David_Turcotte@uml.edu

How will the Economic Stimulus Bill Impact Housing in the Merrimack Valley?

David Turcotte

The \$787 billion American Recovery & Reinvestment Act (AARA) signed by President Obama on February 17, 2009 is intended to stimulate economic activity and create new jobs, which if successful should lead to increased real estate sales activity and decreased numbers of foreclosures. The first-time homebuyer credit could motivate eligible buyers to purchase their first home. Under this bill, first-time home buyers who purchase a home after Jan. 1, 2009 and before Dec. 1, 2009 may be eligible for a refundable tax credit of up to 10% of the purchase price, with a maximum credit of \$8,000. However, this credit begins to phase out for individuals with incomes over \$75,000 and married couples earning over \$150,000. Unlike the 2008 tax credit,

homeowners will not need to repay this credit unless they sell their home within 36 months. Some additional impacts of the stimulus include the following:

- Millions for Massachusetts in funding to green residential buildings through energy efficiencies improvements and renewable energy installations. Included is over \$100 million in increased funding to weatherize low-to-moderate income homes. Homeowners, tenants, and landlords who rent to low-income families can get more information about weatherization programs by calling 1-800-632-8175.
- Mitigation of negative impacts caused by foreclosed and abandoned homes by providing more resources to redevelop foreclosed and vacant housing.
- Infrastructure funding for bridges, sidewalk, and street improvements needed for mixed-use developments, such as the Hamilton Canal Project in Lowell could fuel the construction of several hundred units of housing. █

Housing Trends in the Lawrence/Methuen/Haverhill Area

David Turcotte

Sales activity increased in both Haverhill and Lawrence in January 2009 when compared with the same month in 2008. Haverhill saw the biggest jump as deeds recorded in January 2009 increased 37.5% with 77 from the first month's total of 56 in 2008. However, when compared to December 2008 totals of 97, last month's totals actually declined by about 20%. Lawrence also experienced an increase of about 23% with 91 deeds recorded during the first month of 2009 when compared to last January's total of 74. Nevertheless, recorded deeds in January 2009 declined by 18% from December 2008 total of 111. Conversely, Methuen actually only recorded 36 deeds last month, a 51% decline from January 2008 total of 74. The 36 deeds recorded in January was significantly less than December totals of 67. It is unclear why Methuen trended significantly in the opposite direction.

On the other hand, the number of mortgages recorded within Haverhill and Lawrence during the months of January in 2008 and 2009 were basically unchanged. Although, both cities saw slight declines in mortgage filings last month when compared to December 2008. Then again, Methuen experienced a small decline in mortgage filings from January 2008 to the same month in 2009. Conversely, Methuen saw a 15% increase in January 2009 from the 115 mortgages recorded in December 2008. Overall, foreclosures stayed the same in Haverhill and Methuen during the first months of 2008 and 2009, while Lawrence experienced a slight reduction of about 12%. Yet, Haverhill did see a 41% decline in foreclosure deeds filed in January 2009 from the 17 recorded in December 2008. In conclusion, the pace of foreclosures in the region remain steady, but the jury is still out on whether the federal stimulus bill and the Obama administration's Homeowner Affordability and Stability Plan can reduce the foreclosure rate in the near term. █

Market cont. from pg.1

In contrast, the nine towns taken as a group have seen a 13% increase in the number of mortgages recorded. This suggests that homeowners in Lowell are more likely than homeowners in the towns to be underwater on their existing loans and therefore unable to refinance. Those who are unable to refinance often face foreclosure. Overall, the number of foreclosure deeds recorded was up 37%. The number from Lowell was up only 34% while the number from the towns rose 42%. This dramatic rise in town foreclosures suggests that despite the concurrent increase in town refinancings, there are still many suburban owners in jeopardy of losing their homes.

Finally, we have seen a transformation of the lender lineup. Two of the most active lenders over the past five years, Wells Fargo and Deutsche Bank, have all but disappeared from our index in 2009. Looking at mortgages on property in Lowell during the first six weeks of 2009, we find that the most active lender was Bank of America (16 mortgages), followed by Countrywide (14), Enterprise Bank and Trust (13), Salem Five (12), First Eastern Mortgage Co (9), and Jeanne d'Arc Credit Union, Lowell Five Cent Savings Bank and Sovereign (all with 8). These numbers suggest that despite the dire state of the economy, we might be witnessing a renaissance of local banks as the prime lenders in the regional housing market.█

Upcoming Events in the Merrimack Valley

The Greater Lowell Interfaith Forum on Homelessness-March 1, 2009

The public is invited to this informative and inspiring event to learn how you can be part of the solution. This event will be held at the Christ United Church, 180 East Merrimack Street, Lowell, MA 01852 from 2:00-4:00 PM (registration begins at 1:30pm). Keynote speakers include Lt. Governor Tim Murray and Reverend Liz Walker. Child care will be available at the event. RSVP to Brent Rourke at 978-459-0551 x219 or email brouke@comteam.org by Feb. 26th.

Foreclosure Prevention Workshop-April 2, 2009

Governor Deval Patrick, Lowell City Manager Bernie Lynch and local nonprofit Coalition for a Better Acre are co-sponsoring this workshop for Merrimack Valley homeowners at the Doubletree Hotel on Thursday, April 2, 2009 from 2:00pm to 8:00pm. The event will bring troubled borrowers face to face with lenders for on-site loan modifications and work-out plans, in an effort to stave off foreclosures and keep families in their homes. For more information or to sponsor this event contact Suzanne Frechette, Coalition for a Better Acre at 978-452-7523 or email Suzanne.Frechette@cbacre.org

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Richard P. Howe Jr., Editor
Richard.Howe@sec.state.ma.us

David Turcotte, Editor
David_Turcotte@uml.edu

John Fraser, Research Assistant/Writer
John_Fraser@student.uml.edu

Center for Family, Work, and Community
University of Massachusetts Lowell
600 Suffolk Street, First Floor South
Lowell, MA 01854
Tel. (978) 934-4682
www.uml.edu/mvhousing

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To begin receiving this monthly e-publication, please e-mail David Turcotte at David_Turcotte@uml.edu.