Merrimack Valley
housing*report*

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Ample Affordable Housing; How Much Does the Merrimack Valley Truly Need?

By Sarah Pike

From first time home buyer to public housing contractor, many minds have been troubled with the question, "What is affordable?" According to the United States Department of Housing and Urban Development (HUD), a household that pays more than thirty percent of its annual income on rent is at risk of failure to pay other necessary costs such as food, transportation, and medical costs.[1] With talk of raising rent costs and a "tough economy" it is worth examining how the Merrimack Valley is succeeding at providing affordable housing according to this HUD standard definition.

Using the American Community Survey (ACS) three year estimates, it appears as if many United States and specifically Merrimack Valley residents are struggling to obtain affordable housing using the HUD measurement.

The average monthly gross rent (MGR) in the country is $878. With the national Median Household Income (MHI) at $51,484, an US citizen could afford on average an apartment rent of $1,287 a month making national private housing seem very affordable. However, HUD stated that approximately 12 million renters and homeowners pay more than 50% of their annual income on housing. [1] One of the reasons for the huge discrepancy is the number of US residents who make far less than the mean income. According to ACS data, there are 55,758,348 households making less than $50,000 annual. Out of those 55,758,348 households, 39,794,285 of them make less than

(continued on page 3)

Deeds, Mortgages, Foreclosures and Orders of Notice Recorded

March 2012 and March 2013 compared

	Haverhill		Lawrence		Lowell		Methuen	
	Mar-12	Mar-13	Mar-12	Mar-13	Mar-12	Mar-13	Mar-12	Mar-13
Deeds	97	81	63	81	137	155	74	66
Mortgages	167	152	102	115	240	268	114	189
Foreclosure Deeds	10	4	10	4	27	3	9	3
Orders of Notice	27	12	22	16	33	11	18	14

Signatures

By Richard P. Howe Jr.

April 5, 2013

As e-commerce becomes more prevalent in real estate, the question of what constitutes a valid signature is asked more often. To understand signatures in the digital age, the best starting point is the law of traditional signatures.

Massachusetts General Laws chapter 4, section 7 states in clause 38 that "if the written signature of a person is required by law, it shall always be his own handwriting or, if he is unable to write, his mark." While the plain meaning of this statute seems to require a pen on paper, cursive-style signature, subsequent court cases suggest that a stamped signature is also legally effective provided the person whose signature is reproduced by the stamp intends that the stamp constitute his signature. Other court decisions have held that a signature made by a stranger is valid provided that the signature is made in the presence of and at the request of the person whose signature it purports to be.

The provision in the statute which allows one who is unable to write to execute a document with "his mark" has long been a part of real estate practice. While only a mark such as an "X" is required, the common practice is to encircle that mark with text as follows:

His
John X Smith
Mark

The computer age has increased the options available for "signing" a document. For a familiar scenario, consider withdrawing money from your savings account. Formerly, you entered the bank, signed a withdrawal slip, presented it to the teller, and received your money. Now, you insert your debit card into an ATM machine, punch in your PIN and receive your money. In that case, the PIN is the equivalent of your signature.

Massachusetts formalized the legality of electronic signatures in 2004 with the adoption of the Massachusetts Uniform Electronic Transactions Act (Massachusetts General Laws chapter 110G) which gives electronic signatures and documents the same effect as their paper-based equivalents. The Middlesex North Registry of Deeds began recording docu**ments**

(continued on page 4)

Ample Affordable Housing from Page 1

$35,000 annual, making the average cost of renting exceed the recommended 30%.

The numbers for Lawrence and Lowell are even more startling. The estimated MGR for Lawrence is $923. With a MHI of $31,319, the median monthly rent a household could afford is $780. That is a drastic $143 difference, just for the median income earnings in the city limits. However, due to many Lawrence residents living far below the median, even those numbers do not accurately represent how difficult finding "affordable" housing can be. According to ACS data, 14,689 households in Lawrence make less than $37,000 annual, which would be the minimum annual income necessary to afford the average monthly rent cost in Lawrence without exceeding the recommended 30%. Trying to find affordable housing on a minimum wage job would be extremely difficult. The ACS states 36% of Lawrence residents who make less than $20,000 annual pay more than 30% of their annual income. This leaves less than $14,000 to spend on all other costs for the entire year.

Lowell has a MHI of $50,313 and the highest of our comparative regions at a $944 average MGR. With a relatively high MHI, it may seem as if the approximate $1257 monthly rent payment would be obtainable for many residents., However, this is yet again not true; an estimated 22% of individuals in Lowell with an annual income of less than $20,000 pay more than a third of their annual income on housing. An estimated 14,500 households in Lowell make less than the $37,700 annual necessary to afford the average cost of an apartment within the city limits.

This Data shows very clearly that housing across the board is becoming less "affordable", regardless of income level, despite the decline in residential real estate values since the housing bubble bust. Please see figure 1-Percent of Population Paying 30 or More Percent of Annual Income on Housing. Although the Merrimack Valley Housing Report has no policy recommendations at this time, we will continue to monitor housing issues in the hopes of spreading awareness.

Figure 1:Percent of Renters Paying 30 or More Percent of their Income on Rent

Income	United States	Lawrence	Lowell
< $20,000	25.10%	36.40%	22.40%
$20,000 - $34,999	14.50%	15.20%	15.60%
$35,000 - $49,999	5.60%	5.40%	7.90%
$50,000 - $74,999	2.70%	0.60%	2%
$75,000 or greater	0.70%	0.20%	0.10%

Source: U.S. Census Bureau, 2009-2011 American Community Survey

1. http://www.hud.gov/offices/cpd/affordablehousing/

Signatures (continued from page 2)

electronically in 2005 and the annual percentage of documents recorded by that method has increased steadily until this year when 40% of all documents arrive at the registry electronically. To date, all electronically recorded documents are based on paper originals. The current practice consists of an attorney, mortgage company or other authorized entity scanning an original document that bears a "wet" signature (i.e., ink on paper) and transmitting it to the registry via a secure internet connection. The Massachusetts UETA provides a more expansive definition of a signature: "An electronic sound, symbol or process attached to or logically associated with a contract or other record and executed or adopted by a person with the intent to sign the record."

As technology becomes more widely accepted in the field of real estate, our understanding of what constitutes a signature will have to evolve. Perhaps the "sound" authorized by UETA would be an audio recording of the individual acknowledging an identified document. Certainly a string of letters and numbers associated with encryption software could be used and would be more secure and more resistant to forgery or fraud than a traditional wet signature.

In determining what complies with current legal requirements, history can provide a useful guide. Some of the earliest documents on record at this registry involve conveyances from leaders of the indigenous people to English colonists. Not having access to the English alphabet and penmanship, the earliest Americans signed documents with unique stick figures called pictographs. The mark of Passaconaway, the leader of the Pawtuckets who inhabited this portion of New England, is reproduced below. Such "signatures" have been recognized as legally valid for nearly 400 years. Keeping that in mind will assist us in comprehending the evolution of signature law and technology as we move into the future.

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