

# Merrimack Valley

## *housingreport*

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University of  
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## A Mid-Year Look at Real Estate Trends

By Richard P. Howe Jr.

The last day of June is often the busiest recording day of the year at the registry of deeds. Businesses trying to beat the end of the fiscal year and homeowners deferring moves until school is out are big factors. This year, with eligibility for the Federal home buyer tax credit dependant on closing by June 30, we anticipated the last day of last month to be exceedingly busy. We were wrong.

The 301 documents recorded this June 30 were more than we currently see on an average day, it was far from an extraordinary amount. On that day in 2003, for example, we recorded 922 documents. As recently as 2007, there were 628 recordings that day. Even in 2009, already in the midst of the real estate slump, there were 484 documents recorded. While a single day's statistics cannot yield any grand conclusions, it

is one indicator among many.

Recording statistics for the first half of 2010 also suggest that real estate may still be sliding. The overall number of documents recorded from January through June 2010 is 11% less than for the same period in 2009. The decrease was particularly steep for mortgages. Their numbers dropped 33%, from 8021 in 2009 to 5374 in 2010. These numbers confirm what we have heard from attorneys at the recording counter: It's exceedingly difficult to obtain financing these days. Even after preliminary approval is given, many loans are disallowed before they close. This extreme tightening of lending standards, presumably in reaction to excessively liberal practices of a few years ago, is severely suppressing any recovery of the real estate market.

*Con't on pg 3*

## Deeds, Mortgages, Foreclosures and Orders of Notice Recorded

*June 2009 and June 2010 compared*

	Haverhill		Lawrence		Lowell		Methuen	
	June-09	June-10	June-09	June-10	June-09	June-10	June-09	June-10
Deeds	111	112	112	125	146	162	84	93
Mortgages	230	145	150	135	299	224	236	165
Foreclosure Deeds	9	19	12	24	19	29	1	9
Orders of Notice	19	21	29	21	33	29	16	11

## Ending Homelessness: A Successful Case Study

*By Ed Cameron & Kristin Ross-Sitcawich*

The Merrimack Valley Regional Network to End Homelessness (MVRN) is a pilot initiative funded by the Massachusetts Interagency Council on Housing and Homelessness. With Community Teamwork Inc. as the convening agency, the MVRN focuses on preventing homelessness for at risk families and ending homelessness for chronically homeless individuals. MVRN also seeks to change the fragmented systems which impact homelessness.

One client in particular highlights how a new way of working across systems can have a positive impact. A 38 year old, single male with a reported and verified history of chronic homelessness for twenty years between Lowell, Lawrence and Haverhill had been living in a tent in the woods along the Merrimack River for 10 years and had been hospitalized and/or utilized emergency room services over 20 times in the 6 months prior to being referred to the MVRN.

This client suffers from cirrhosis of the liver, alcohol dependency, depression, anxiety and schizophrenia and is currently prescribed 10 medications. He was referred to the MVRN by a homeless outreach clinician from Eliot Community Health Services.

The MVRN case manager completed an assessment at this client's campsite in December 2009. The client had indicated at that point in time that he was willing to move into an apartment. The MVRN phoned a landlord who agreed to allow this gentleman to move into a unit, with assurances that the case manager would offer ongoing support. The client agreed to move and was housed by the end of the business day. The MVRN case manager was able to pull together community resources to secure basic items, such as food, blankets, pillows, toiletries, to hold this client over for the weekend.

The following week, the MVRN case manager was able to secure a new representative payee for this client to ensure that his rent and household bills are paid each month, as well as budgeting out spending money each month.

Upon entry into his new home, this client had no financial resources, no food stamps and no money to pay for prescribed medications. The MVRN case manager contacted community resources for food supply and was able to procure an adequate food supply for this client to get him through the month. Since this client had no funds available to pay for his prescribed medication refills, Eliot CHS was able to furnish this client with the necessary funds to secure the appropriate medication.

A referral was facilitated for furniture and household goods through the Lowell Wish Project. The client was able to obtain furniture; household items (pots, pans, dishes, sheets, towels, etc.) to outfit his new apartment.

The case manager meets with the client once per week to develop a schedule of tasks for him to complete each week, developing a budget with his new rep-payee to be able to identify bills that must be paid each month. The client was able to secure a new cell phone and is now able to phone his case manager when he completes a task or is in need of encouragement or advice in resolving difficulties he might encounter.

Since he has been housed his monthly social security payment, his monthly food stamp entitlement has increased and he has applied for fuel assistance to subsidize his utility bills. Thus far, this client is able to remain stable and with MVRN case management and community supports, this client will be able to remain stable and has experienced a decreased need for emergency medical services and hospitalization. █

*A Mid-Year Look at Real Estate Trends  
Con't from pg.1*

This difficulty in obtaining financing along with factors such as low values relative to the peaks of 2005-06 and persistently high unemployment have all contributed to an increase in foreclosure activity this year. For the first six month of 2010, the number of orders of notice recorded rose 120% from 298 to 655. Foreclosure deed recordings were also up substantially, rising from 195 to 345, an increase of 77%.

While Congress's recent extension to September 30, 2010 of the home buyer tax credit deadline for closing will salvage some deals, it will not be enough to offset other negative factors suggesting that a robust recovery for real estate is still far over the horizon. █

## Foreclosed Properties: Two Markets

*By Keith Vaillancourt*

Following last month's article discussing mortgages, order of notices, foreclosures and deeds for 2010, this article will discuss housing values of previously foreclosed condominiums, single and multi-family units. The information was collected from the Northern Essex District Registry of Deeds (Lawrence) and the Middlesex North Registry of Deeds (Lowell).

The property's original value on the deed at the time of purchase was compared to the deed value of the property after the unit had been foreclosed and purchased by a new homeowner. The sample includes properties that were sold at auction, Real Estate Owned (REO), and units that were bought before 2003, roughly when the housing bubble began.

The composition of the study included: Lowell, (12 condos and 17 single-family units), Lawrence (26 multi-family and 13 single family units) from deeds registered in May and June.

The first table displays the average and median values of those deeds registered for May and June. On a similar note, the Warren Group had reported last month that the year-to-date median condo price in Massachusetts was \$250,000, while the median price for a single family home in Massachusetts had increased at \$290,000. It shouldn't be a surprise that foreclosed properties in weaker urban markets have significantly less value, even when prices on average are increasing slightly throughout the state.

Lowell Current Value		
Condo	Avg:	\$73,592
	Med:	\$57,500
Single	Avg:	\$170,833
	Med:	\$171,000

Lawrence Current Value		
Multi	Avg:	\$159,085
	Med:	\$157,184
Single	Avg:	\$112,308
	Med:	\$100,000

The table below displays the change in value between the time the property was first purchased and after foreclosure and repurchase in 2010.

Lowell - Chg in Property Values		
Condo	Avg:	-\$81,463
	Med:	-\$78,500
Single	Avg:	-\$39,360
	Med:	-\$42,500

Lawrence - Chg in Property Values		
Multi	Avg:	-\$75,465
	Med:	-\$115,200
Single	Avg:	-\$81,985
	Med:	-\$71,000

These particular numbers don't appear to be very promising in the overall regional housing market, especially when order of notices and foreclosures are higher this year compared to 2009. The positive development that could be taken away from this analysis, mid-year, is that these foreclosed properties are being bought by new homeowners, hopefully under more affordable responsible circumstances. At least in May, the total of foreclosed properties bought in Lawrence and Lowell exceeded the number of new foreclosures within these cities.

Probably the best outcome for the region during the remainder of the year would be moderate reductions

in orders and foreclosures, with marginal increases in deeds and median home values. Of course, a better outcome would be that all residents are able to find affordable and stable housing, regardless if it's single/multi-family homeownership or rental. █

Note: There were more foreclosed properties bought in May and June than what was included in the sample. Information regarding multi-family units in Lowell and condo units in Lawrence weren't included because the number of units didn't constitute a decent sample size (at least 10). A few other units (single, condo, multi) were excluded from the sample because the original deed on the property could not be located.

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