

Merrimack Valley

housingreport

An e-publication of UMass Lowell and the Middlesex North Registry of Deeds



University of
Massachusetts
Lowell

MIDDLESEX NORTH
REGISTRY OF DEEDS

Volume 4, Issue 11 November 2011

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The Shadow Story

By Mike Poore

The shadow inventory, a widely ignored statistic by the mainstream media, can give a broader view into the housing market's future. Housing inventory is the total number of all the current properties listed on the market, also known as Multiple Listing Service (MLS). Private listings have become more popular over the last few years. These numbers are hard to quantify due to the fact that they are listed in various places, such as newspapers, ads, and online listings. Lowell, for example, has an additional 53 properties (10% of MLS) in its inventory when factoring in private listings from Isoldmyhouse.com and Forsalebyowner.com. True housing inventories are higher than MLS when factoring in these private sales. The shadow inventory represents houses which have yet to hit the market. Although there are several ways of defining it, it can be narrowly defined as the REO properties (bank owned properties) which have yet to hit MLS listings. This definition can be limited because it does not take into account pre foreclosure (Orders of Notice) or auction

properties, which this article includes. This article leaves out the homes which have yet to file a notice of default, because these numbers are unavailable.

Compiling statistics from four communities in Merrimack Valley and four communities in various locations in the state, we can explore the implications of the shadow inventory's impacts on future housing prospects. Lowell for instance has 422 properties listed on the market; its shadow inventory (pre foreclosure +auction+ REO) is 313. This makes Lowell's total housing inventory 735. We can then take the ratio of shadow inventory to real inventory and in this case it is .74. In some of the hardest hit areas in California this ratio is above 3. Lawrence on the other hand has a bit more shadow inventory than Lowell. At first observation the city only has 246 active market properties which is about half of Lowell.

Con't on Pg 3

Deeds, Mortgages, Foreclosures and Orders of Notice Recorded

November 2010 and November 2011 compared

	Haverhill		Lawrence		Lowell		Methuen	
	Nov-10	Nov-11	Nov-10	Nov-11	Nov-10	Nov-11	Nov-10	Nov-11
Deeds	102	84	90	70	127	123	72	101
Mortgages	205	141	103	73	258	182	182	175
Foreclosure Deeds	7	10	11	18	22	18	2	8
Orders of Notice	22	17	26	23	44	32	29	17

Community Teamwork, Inc. Representative Payee Program

Do you have clients who receive SSI and/or SSDI and are having a hard time managing their money? If so, Community Teamwork, Inc. may be able to offer your client some assistance with our Representative Payee Program.

The Representative Payment Program provides financial management for SSI and SSDI beneficiaries who are challenged with managing their money and do not have friends and family to serve as their payee. As an Organizational Representative Payee provider, CTI will assume the financial management of beneficiaries' SSI and SSDI payments, ensuring their financial responsibilities are met. Once enrolled in the program, CTI will receive the participant's SSI and/or SSDI check(s) and pay their rent and utilities with the funds. A nominal fee of 3% will be deducted from their funds for administration fees and any remaining funds will be budgeted and distributed to the client in agreed upon regular intervals.

Who are some of our clients? Some of our participants have become permanently housed after long periods of homelessness, or they are at an immediate risk of being evicted from their housing and with the program's assistance, they are able to work out a payment plan and remain housed. Some might be struggling with substance use and know they are at risk for mismanaging their money. And others are required by Social Security to have a Rep Payee but do not have anybody who can serve in that capacity.

How do you have your client get started? Applicants or their advocates should contact Patty Graham at CTI

at 978-654-5615 to start the process. The first step is to have the applicant's medical provider or therapist complete a form indicating the applicant could benefit from some financial assistance. Once this form is complete, a meeting will be set up to complete the intake process. During this meeting, paperwork will be completed including the application that will get sent to the Social Security Administration applying for CTI to become the applicant's representative payee. The program will be explained in more detail to the applicant and also answer any questions that still remain. And finally we will also work on a preliminary budget during this meeting.

Once we've been notified by Social Security that CTI has been approved to be the applicant's representative payee CTI will start to receive their monthly benefits by direct deposit. They will then be brought to bank to open up two bank accounts. The first bank account will be in CTI's name for the benefit of the participant. This is the account that all the monthly expenses will be paid from, including rent and utilities. The second bank account will be in the participant's name and will include a debit card. Once the participant's monthly financial obligations have been met, the remaining funds will be transferred to their debit card at intervals that are most convenient for the participant. Most participants prefer to receive their funds weekly but we are able to work out most any arrangement.

Participants are expected to meet with Patty at least monthly to review their budget and make any necessary adjustments, discuss participant needs and just an overall check in.

Con't. on Pg 4

Looking to Showcase Your Vacancy or Looking to Move?

Community Teamwork Inc. (CTI) developed a new website designed to help landlords showcase their vacancies, and tenants to easily find them.

This free service is offered throughout the Merrimack Valley and the North Shore.

For more information go to:

www.nearlistings.org or contact Avi Glaser at aglaser@comteam.org

The Shadow Story Con't from Pg 1

This looks like a positive for the city, but the shadow inventory for Lawrence is 242, making a ratio of .98. Consequently for each property listed on the market, there is a second property which has yet to hit the market. Lawrence's housing inventory is actually double what the public sees.

Haverhill and Methuen's ratio is .5 representing a 50% increase in housing inventory if the shadow properties were taken into account. The one variable with the shadow properties is when they will hit the market. If a large number of properties hit the market together, this may increase the chance of further downward pressure on housing prices.

The total viewable inventory for the eight cities is 4,057, Worcester having the most with 980 properties and Lawrence with the least at 246. The total shadow

inventory for the eight cities is 2,463. Again Worcester having the most shadow properties with 598 and Methuen having the least with 90. The shadow to real ratio for the 8 cities is .61. (See chart below)

This hidden inventory may hinder the housing recovery; many home owners are unable to sell under current market conditions, and adding additional inventory will put more downward pressure on the market. The more troubled areas have a higher number of properties in their shadow inventory. The question still remains what to do with the large number of foreclosed and empty properties in the area. More than four years into the crisis, the question still remains, have we hit bottom? Housing has historically been the corner stone of the US economy. It will be important for stability now and in the future, the shadow inventory is just one more piece to the complex puzzle of housing. 

	Lowell	Lawrence	Haverhill	Methuen	Springfield	Worcester	Brockton	New Bed
Order of Notice	71	66	39	32	173	162	143	55
Auction	74	53	42	37	138	152	114	64
REO	168	123	108	21	236	284	90	18
T o t a l "Shadow"	313	242	189	90	547	598	347	137
MLS Total "Real"	422	246	376	278	798	980	487	470
Total	735	488	565	268	1345	1578	834	607
S h a d o w : Real Ratio	0.74	0.98	0.5	0.5	0.68	0.61	0.71	0.29

The Merrimack Valley Housing Report thanks its major sponsors:

**Merrimack Valley Regional Network to End Homelessness
&
Community Teamwork Inc.**

*Community Teamwork, Inc. Representative Payee Program
Con't from Pg 2*

CTI has been offering this program since April of this year. Since that time, we've seen many benefits of the program, including;

- Participants knowing their housing is stable because their rent and utilities will be paid, which in turn will prevent any future episodes of homelessness;
- Participants learn vital budgeting skills and how to live within their means;
- Participants learn how to work out payment plans with creditors to whom they may owe money

and the satisfaction that comes with paying off a debt;

- Participants learn everyday banking skills at a local neighborhood bank;
- Participants learn how to save for a goal.

Many thanks to Eastern Bank for assisting our clients with their banking needs!

If you have any question or would like more information, please contact Patty Graham at 978-654-5615. 



CTI & Just A Start Mediation for Results will be offering a special workshop!

Building Real Security through Landlording

Four evening sessions designed to help landlords enhance their business

For details contact Avi Glaser e-mail aglaser@comteam.org.

The *Merrimack Valley Housing Report* is published by UMass Lowell and the Middlesex North Registry of Deeds

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This project is funded in part by the Office of the Chancellor and the Office of Outreach. UMASS LOWELL

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