

Letter: Foreclosure relief can come at no cost to taxpayers

Jun 8, 2010

To the editor:

It's no secret how hard the foreclosure crisis has hit the Merrimack Valley. As of April 2010, Lawrence is still the city with the second-highest rate of foreclosed and bank-owned properties and petitions filed, with 988 distressed units.

The crisis looms across the region, in cities and suburbs alike. The number of foreclosure petitions filed in Methuen has quadrupled in the last year. At the beginning of the year, Essex County had one of the highest rates of delinquent mortgages in all of Massachusetts: 4.2 percent of all mortgages in the county were 90-days delinquent. The economic stability of thousands of families is at risk.

The Merrimack Valley is not unique in its struggle to preserve homeownership. With high unemployment and a significant number of underwater loans (where the homeowner owes more than the value of the home), the foreclosure crisis has spread to every Massachusetts community. Thousands of middle-class families and seniors, already struggling in a recession, are still at risk of losing their homes to foreclosures by out-of-state banks. The Federal Reserve reports that there are more than 33,320 Massachusetts homeowners that are at least 90-days delinquent on their home loan and an additional 30,622 homes that are currently in the foreclosure process or lender-owned. Delinquency rates have increased across every region of the commonwealth and are at levels that threaten economic recovery.

In addition to family displacement, foreclosure brings a host of negative consequences that strain local economies: it worsens neighborhood blight, causes neighboring property values to fall, burdens already-stretched municipal budgets, stresses the rental market and contributes to homelessness.

The Massachusetts Legislature has a chance to take action and provide families and neighborhoods with new tools to address this crisis. In April, the Senate voted unanimously to enact Senate Bill 2407, An Act to Stabilize Neighborhoods. Sen. Susan Tucker, chairwoman of the Senate Housing Committee, championed this legislation. In order to prevent further distress, the Merrimack Valley Project, along with

Lawrence Community Works and Arlington Community Trabajando, urge the House to pass quickly its version of this important bill.

Sponsored by dozens of Democrats and Republicans, An Act to Stabilize Neighborhoods creates additional incentives for homeowners and lenders to work together to modify unsustainable loans, protects tenants of foreclosed properties from unnecessary eviction, and criminalizes mortgage fraud. If enacted, it will help homeowners, protect blameless tenants from displacement, protect neighborhoods from further decline, and provide relief to municipalities that are struggling with the impacts of property value decline and abandonment, all at no cost to the taxpayer.

The foreclosure crisis was a significant factor in the economic downturn and unless lawmakers act on these bills to proactively address the problem, the recession will drag on longer than necessary. Stabilizing home prices and property values by preventing foreclosures and mitigating their impacts will undoubtedly help the economy continue to improve.

Rosemarie Buxton

President

Merrimack Valley Project

Lawrence