

Urban areas bearing foreclosure brunt

BY LISA VAN DER POOL
JOURNAL STAFF

Foreclosures in Massachusetts are surging — and hitting less-affluent communities far harder than suburban and rural parts of the state, even after variations in population are figured in, a Boston Business Journal analysis of data compiled by The Warren Group and the U.S. Census Bureau indicates.

What emerges when home foreclosures

are analyzed as a function of population is an unmistakable pattern that poorer, urban communities endure a far higher foreclosure rate than more affluent cities and towns.

The initial sting of foreclosure, the foreclosure petition, has cast a shadow across most Massachusetts communities. But the number of homes being taken back by financial institutions, termed the foreclosure deed, is 10 to 20 times higher in less afflu-

ent cities.

In Fitchburg, for example, the 193 foreclosure deeds filed year-to-date through August constituted 4.94 foreclosure deeds for every 1,000 residents. In Brockton, the year-to-date figure is 3.52 foreclosure deeds per 1,000 residents. In Springfield, the figure was 3.24; Lawrence, 2.82; and Worcester had 2.86 foreclosure deeds per thousand.

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EXECUTIVE PROFILE

Shock to the system

Zoll's Packer takes firm stand against health reform as he leads his company back from tough '09

BY JULIE M. DONNELLY
JOURNAL STAFF

Richard Packer runs a company that sells devices that literally bring people back to life — heart defibrillators. But earlier in his career, while working for Texas Instruments, he helped make the guidance system for a bomb that Israel dropped on a nuclear facility in Iraq in 1981.

"It wasn't until I worked at Zoll, that I felt what I was making could make a strong positive impact," Packer said.

Packer is the CEO of **Zoll Medical Inc.**, with 1,575 employees, 635 of whom work in Massachusetts. Packer is currently steering the Chelmsford-based device company though a

minefield of economic and regulatory challenges that have eaten at profits, and threaten to raise costs. The company was hit hard by the recession, which constrained budgets for big customers like ambulance companies. Net income fell to \$9.6 million in fiscal 2009, down from \$23.4 million for 2008. But the

PLEASE SEE PACKER, PAGE 23



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RICHARD PACKER

Title: CEO, Zoll Medical Corp.

Age: 53

Education: Bachelor of Science in engineering, Rensselaer Polytechnic Institute, 1979; master's in information systems, RPI, 1980; MBA, Harvard Business School 1985

Residence: Marlborough

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FORECLOSURES: Weighted for population, disparity is huge

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In wealthier locales, the figures are very different.

Weston had zero foreclosure deeds filed through August. Wellesley had all of two — for a population of 26,000 people. Cambridge had 24 deeds for a population of more than 100,000 — a rate of 0.24 deeds per thousand people.

Experts cite a number of factors in the disparity.

One is income.

Worcester had median household income of \$44,890 in 2008. Weston's figure: \$197,904.

"That pattern is to be expected," said **Chris Foote**, senior economist at the **Federal Reserve Bank of Boston**. "And while I haven't seen a formal breakdown of the importance of particular cities to foreclosures during the early '90s, I would expect the same pattern to emerge. One big reason is that foreclosures occur when two things happen at the same time. One is negative equity and some sort of job loss, so if you have a city or town where prices have fallen a lot and where people may be more sensitive to unemployment fluctuations ... you would expect foreclosures to be concentrated in those areas."

Indeed, cities and towns with high concentrations of bank-owned properties in New England have a host of other socio-economic issues plaguing them, according to the Federal Reserve Bank of Boston. ZIP codes with four or more bank-owned properties per square mile have "higher property crime rates, higher rates of low-birth weight babies, higher unemployment rates and weaker small-business activity," according to a September speech in Washington, D.C., given by **Eric Rosengren**, president and CEO of the Federal Reserve Bank of Boston.

Rosengren's speech also focused on the effect of foreclosure on children and how communities plagued by foreclosure need a more holistic approach to the problem.

"A foreclosure is likely to mean not only a loss of home, but also a disruption in where, or whether, kids are in school. Since foreclosure is often related to unemployment, marital stress, or physical ailments, the foreclosure is likely to make it difficult for even the most determined student to excel," said Rosengren in his speech.

Meanwhile wealthier towns and cities in the state haven't been immune to the filing of foreclosure petitions, but they seem to have been more able to dodge the foreclosure bullet.

In Weston, for instance, there have been 16 foreclosure petitions filed so far this year. But there have been no foreclosure deeds year-to-date. In Concord, where foreclosures have dropped 33 percent year-to-date to just two com-

BEARING THE BURDEN

Communities with the highest number of foreclosure deeds through Aug. 31.

	2009	2010	INCREASE
1. Worcester	330	493	49%
2. Springfield	329	492	49%
3. Dorchester	266	337	26%
4. Brockton	247	332	34%
5. Lowell	163	253	55%
6. New Bedford	119	246	106%
7. Lynn	195	231	18%
8. Lawrence	160	203	26%
9. Fitchburg	77	193	151%
10. Fall River	107	186	74%
11. Haverhill	84	164	95%

Source: The Warren Group

pleted foreclosures, there have been 13 foreclosure petitions this year.

"It's not like a train wreck where once it's out of the station you can't stop it," said **Zev Gewurz**, a director in the real estate practice of law firm **Goulston & Storrs** in Boston.

Still, stopping the foreclosure process takes liquid cash and other resources.

"My guess is that people in more well-to-do communities have more safety valves," said **Tim Warren**, CEO of the Warren Group. "The other thing is that if it's a nice town and the house hasn't deteriorated, it should be easier to find some solution that the bank would accept. The toughest situation is when the property is surrounded by a lot of other foreclosed properties."

Charlie Ognibene, a partner in the finance group at law firm **Edwards Angell Palmer & Dodge** in Boston, agrees that higher income families have tools to fight foreclosure.

"To stop a foreclosure process you need to do one of two things, litigate it to a standstill or negotiate and refinance your way out of it. That is more difficult for someone in the lower income areas," said Ognibene.

Meanwhile, the foreclosure crisis in Massachusetts shows no signs of stopping. This year so far, there have been a total of 9,887 completed foreclosures, that number already beats the total number of foreclosures in the state last year: 9,269. Year to date, there have been 18,358 foreclosure petitions, down slightly from last year's pace.

"I'm more optimistic about the real estate market's recovery than about foreclosures suddenly dropping down to half of what they are," said Warren.

Foote said that the "question really is when are housing prices going to rise again? Because as long as you have people with negative equity, you will have foreclosures."

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