

# TRENDS IN DELINQUENCIES AND FORECLOSURES IN ALASKA

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Community Development Research  
Federal Reserve Bank of San Francisco

# National Trends

- According to John Williams, Director of Research at the FRBSF, the economic outlook is for a slow and modest recovery
  - ▣ Unemployment still a major concern, and unlikely to see significant drops in the unemployment rate in the next year
  - ▣ While the housing market appears to be stabilizing, recovery is muted, and construction starts and home sales are both down in the most recent period
  - ▣ Growth of real gross domestic product (GDP), the broadest measure of the strength of the economy, is hovering around 2 percent in the current quarter
- Large “shadow” inventory of properties in delinquency or some stage of the foreclosure process also remains a concern

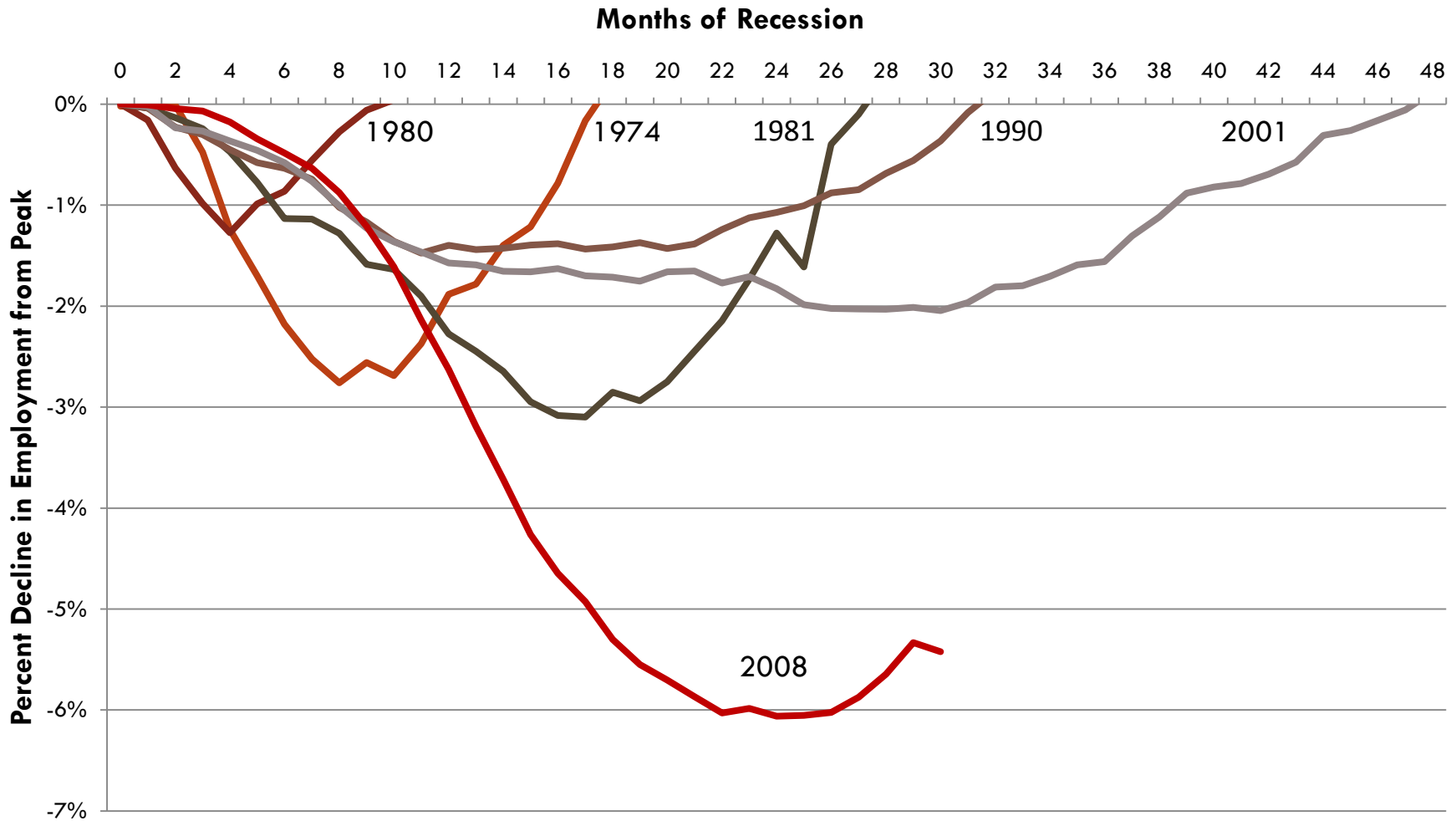
# National Trends

# Unemployment continues to hover around 10%



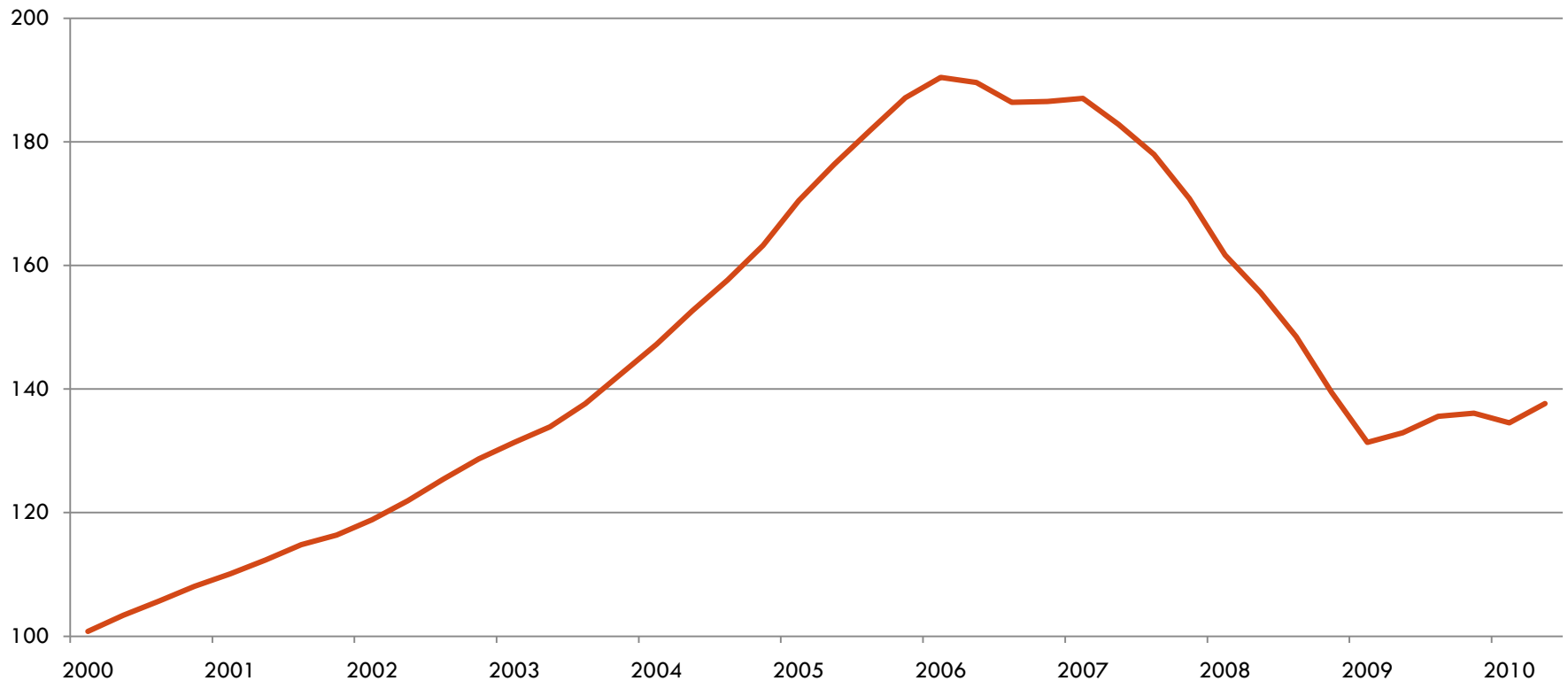
Source: Bureau of Labor Statistics, September 2010

# Depth of this economic downturn eclipses past recessions



# Case-Shiller shows tepid housing recovery

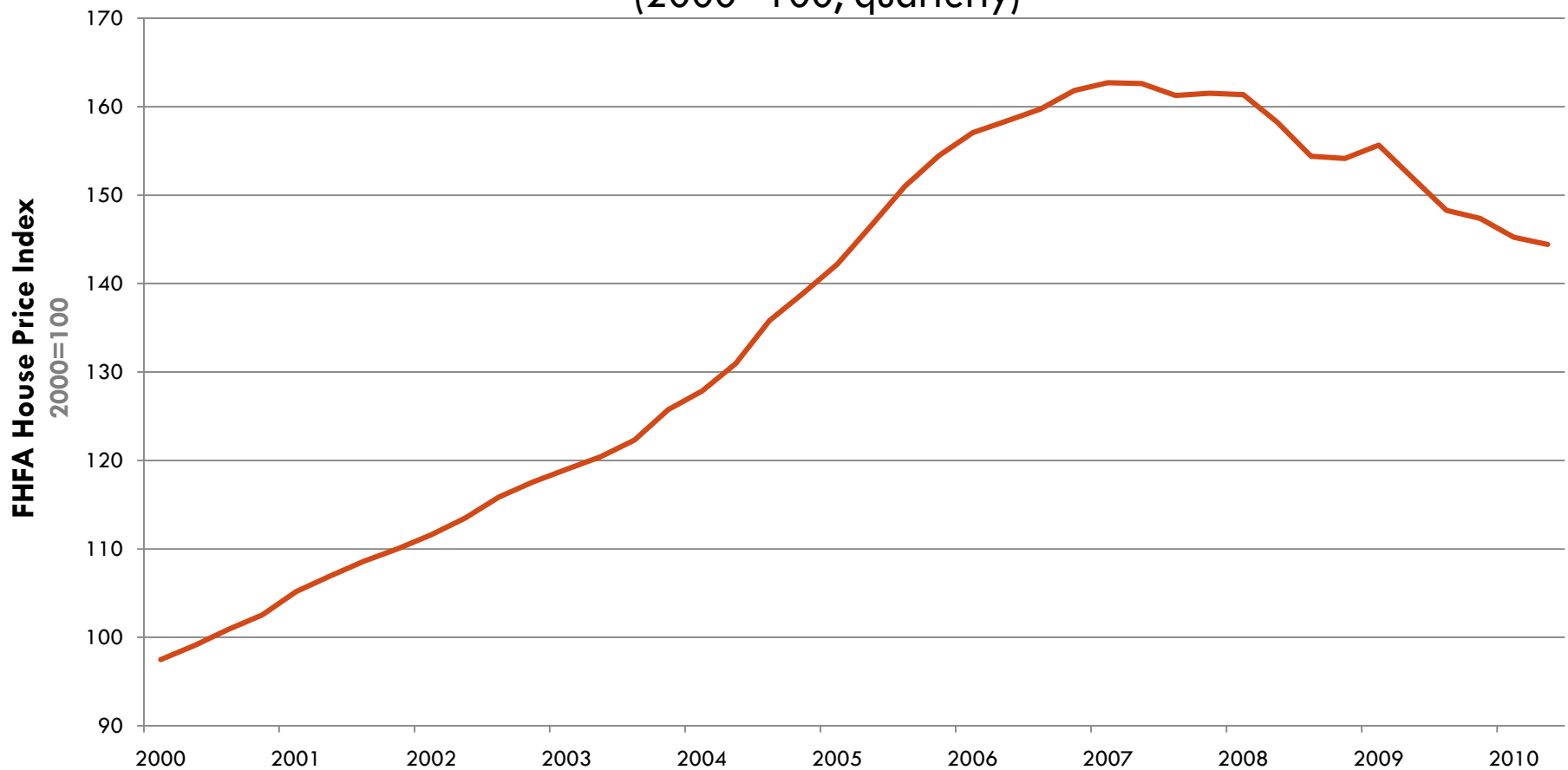
**Case-Shiller National House Price Index**  
(2000 = 100, Quarterly)



Source: Case - Shiller Home Price Index

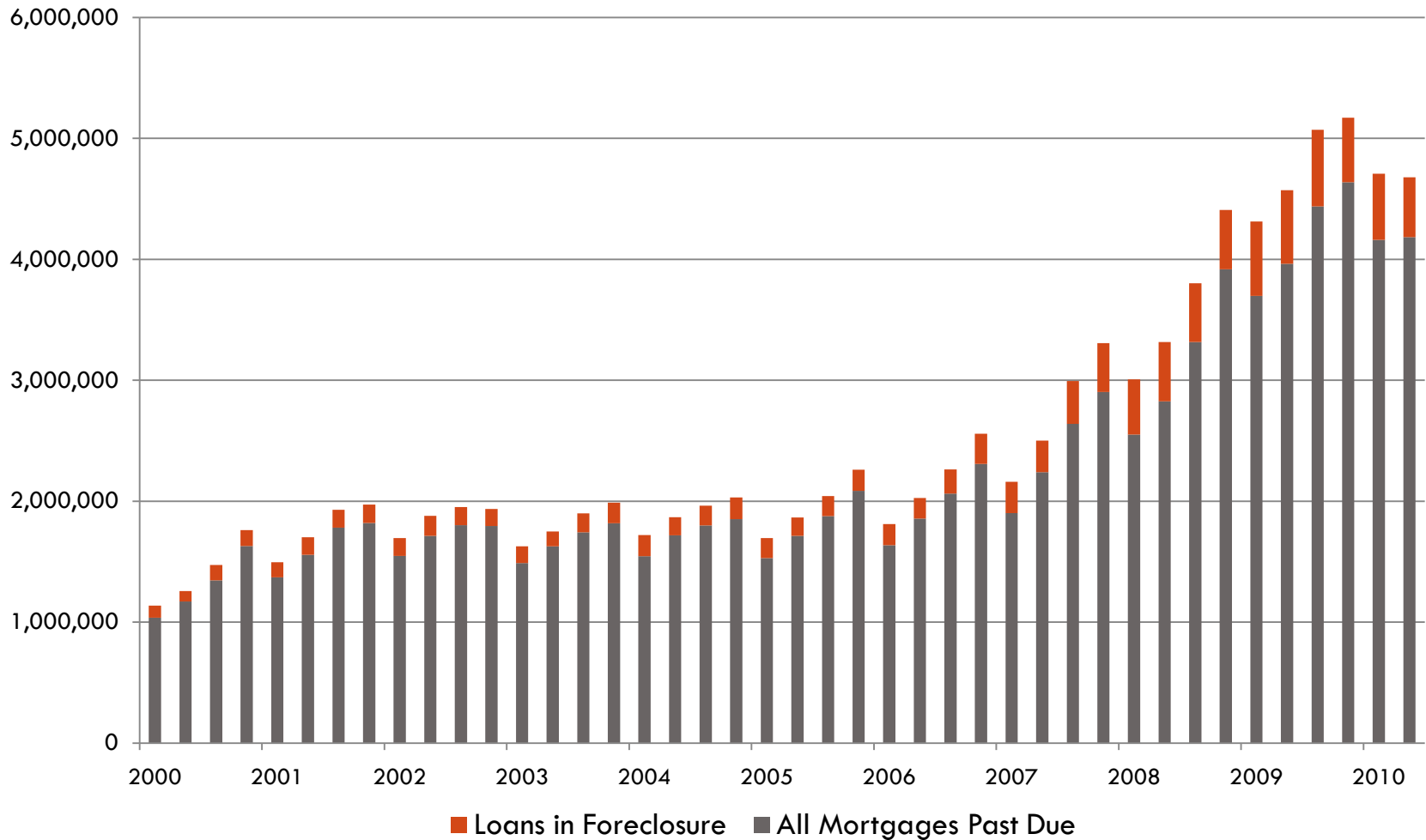
# FHFA House Price Index continues to fall, reflecting activity at lower end of market

**FHFA (formerly OFHEO) House Price Index**  
(2000=100, quarterly)



Source: Federal Housing Finance Agency (formerly OFHEO)

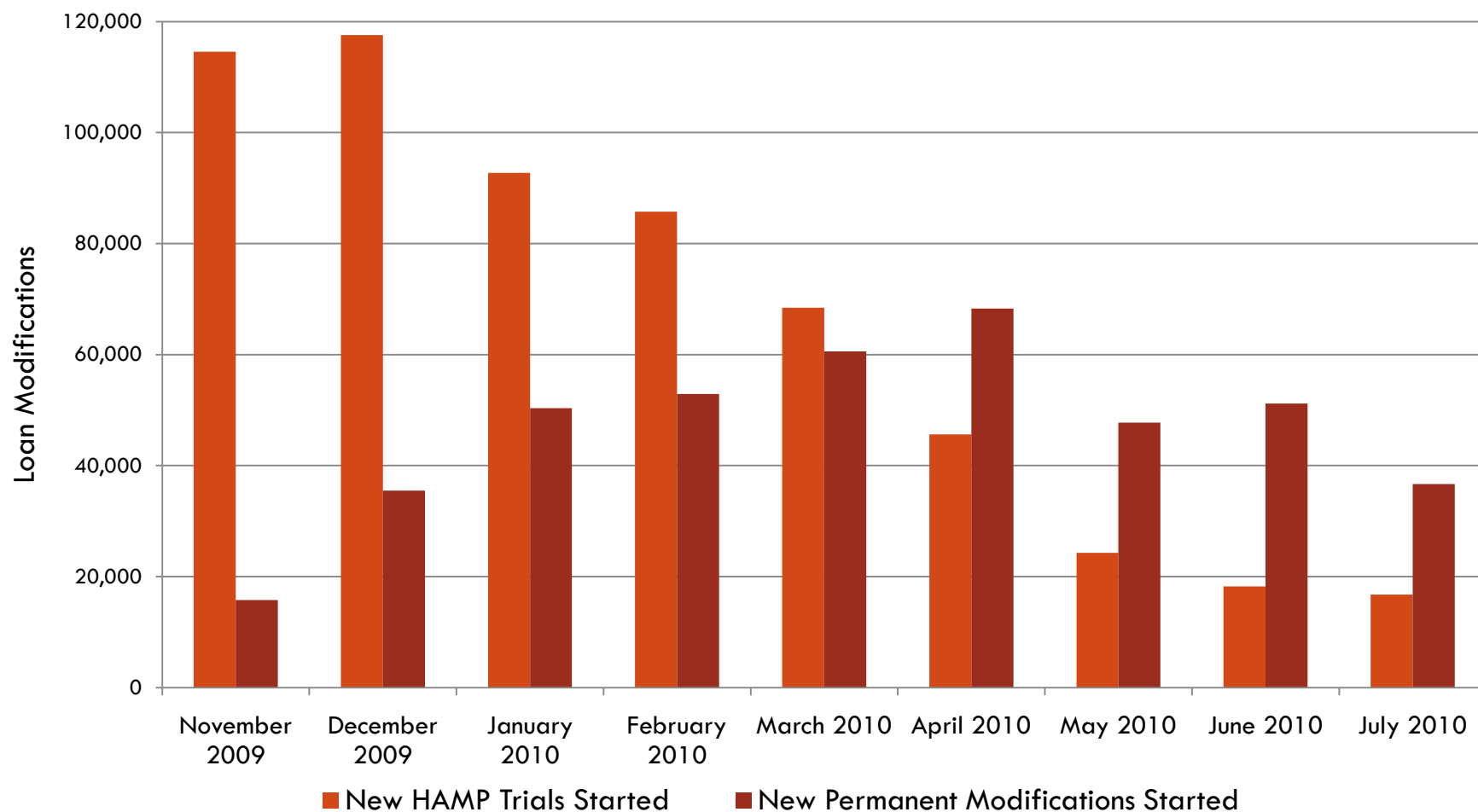
# Overall delinquencies drop, but still more than 4.5 million homes in distress



Source: Mortgage Bankers Association, National Delinquency Survey



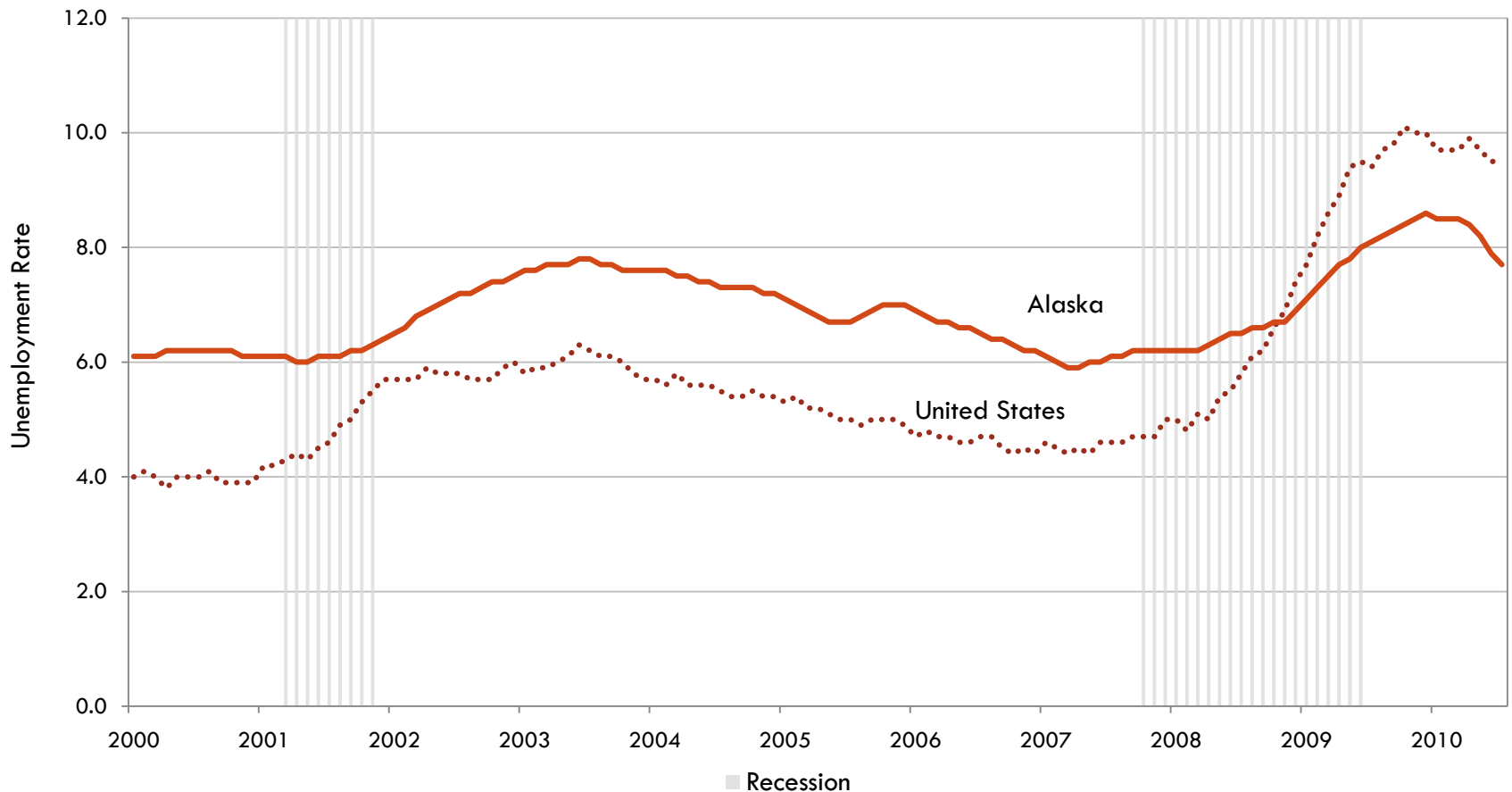
## HAMP modifications down slightly in July; borrowers still face challenges in obtaining permanent modifications



Source: HAMP Service Performance Report Through July 2010

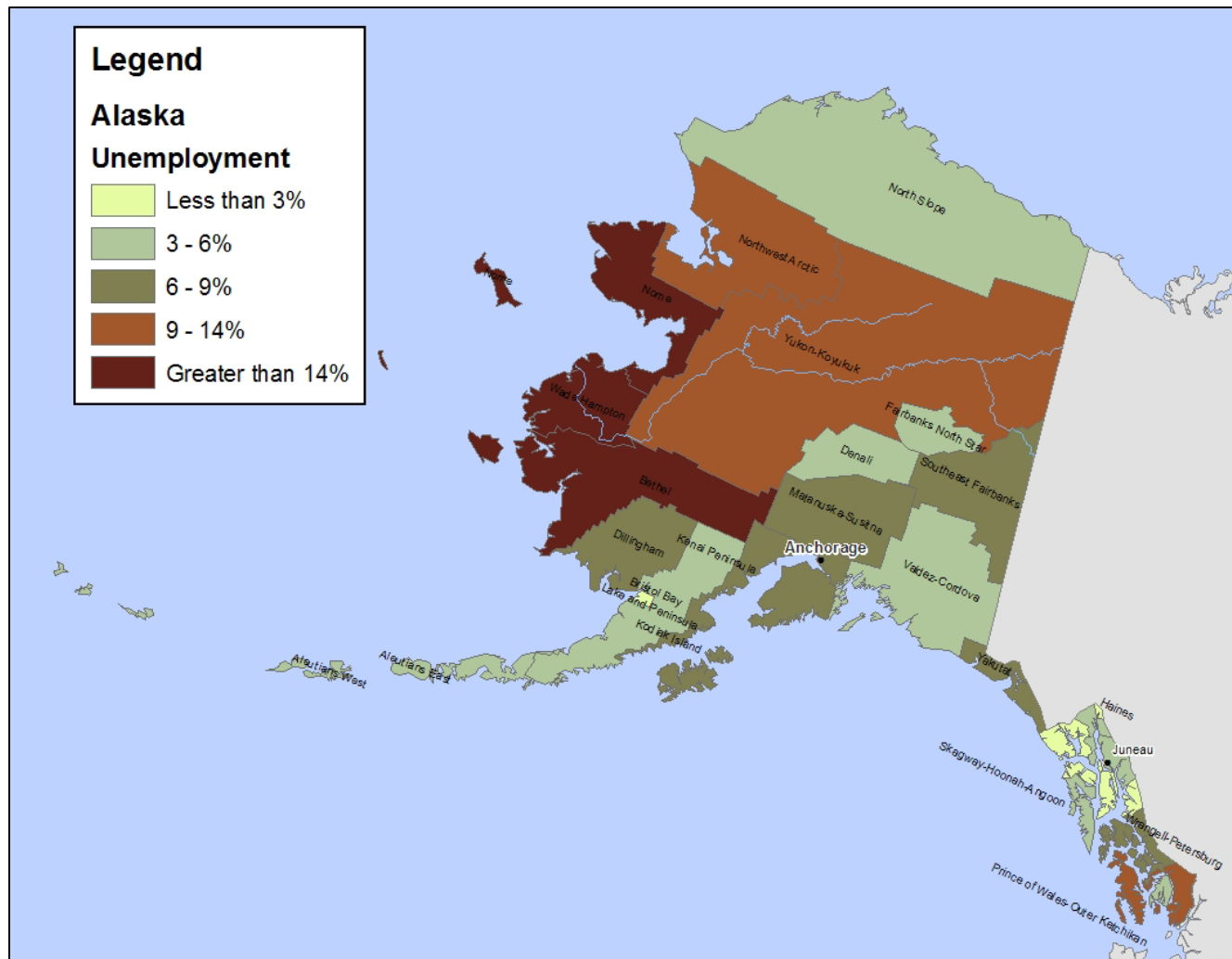
# Alaska Trends

# Unemployment rate in Alaska currently below national average



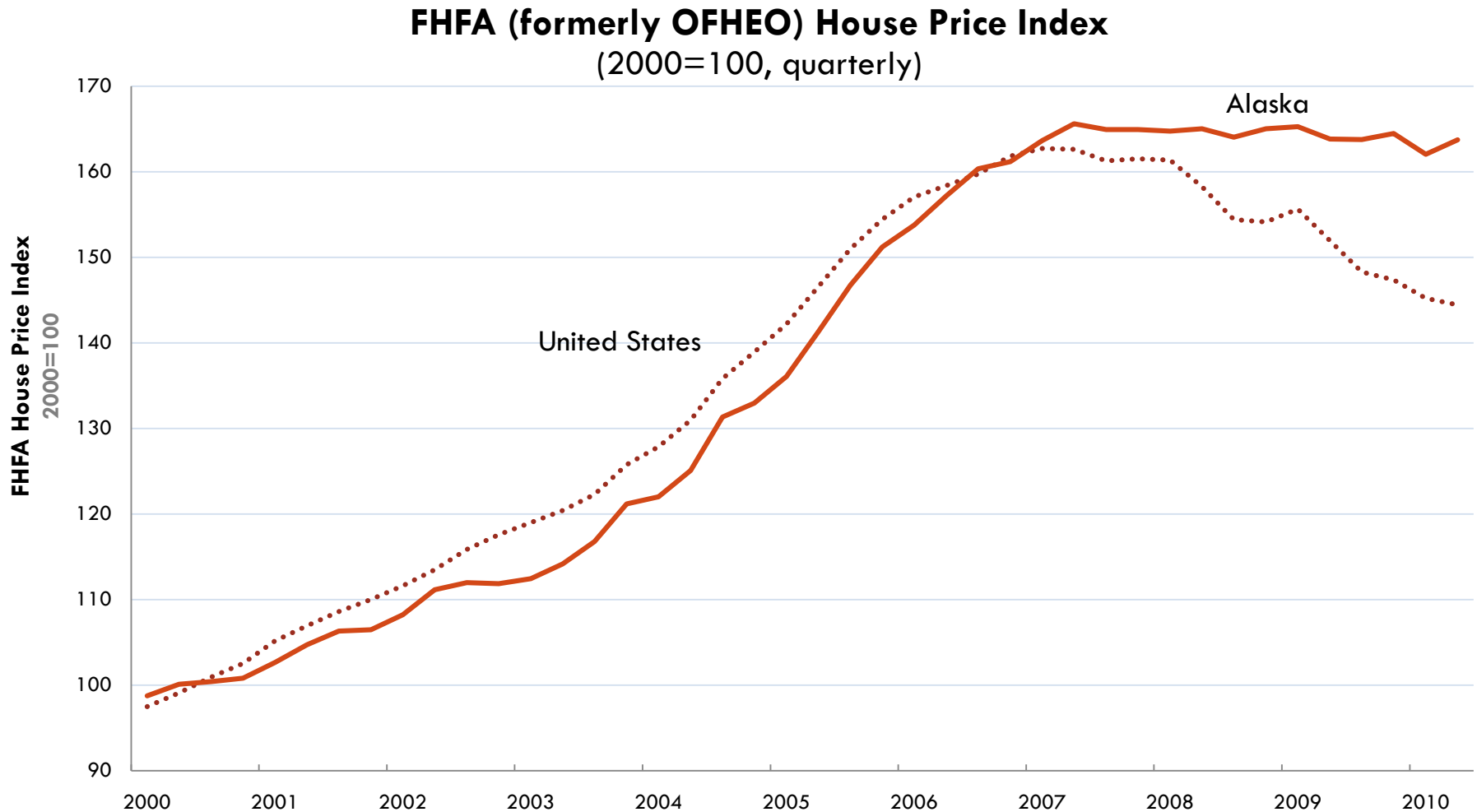
Source: Bureau of Labor Statistics

# Unemployment rates in Alaska by county



Source: Bureau of Labor Statistics, July 2010

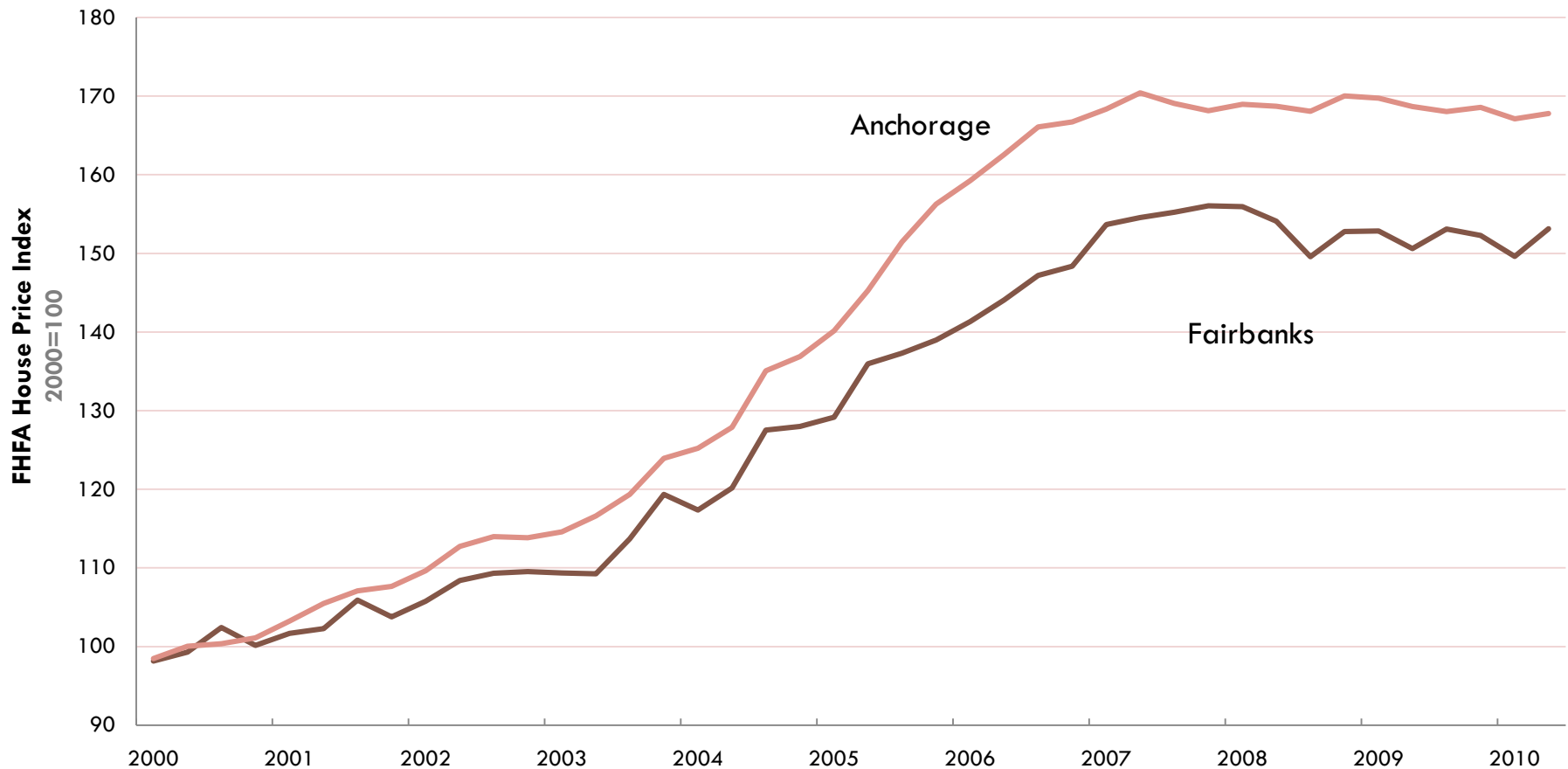
# Alaska's real estate market remains fairly stable



Source: Federal Housing Finance Agency (formerly OFHEO)

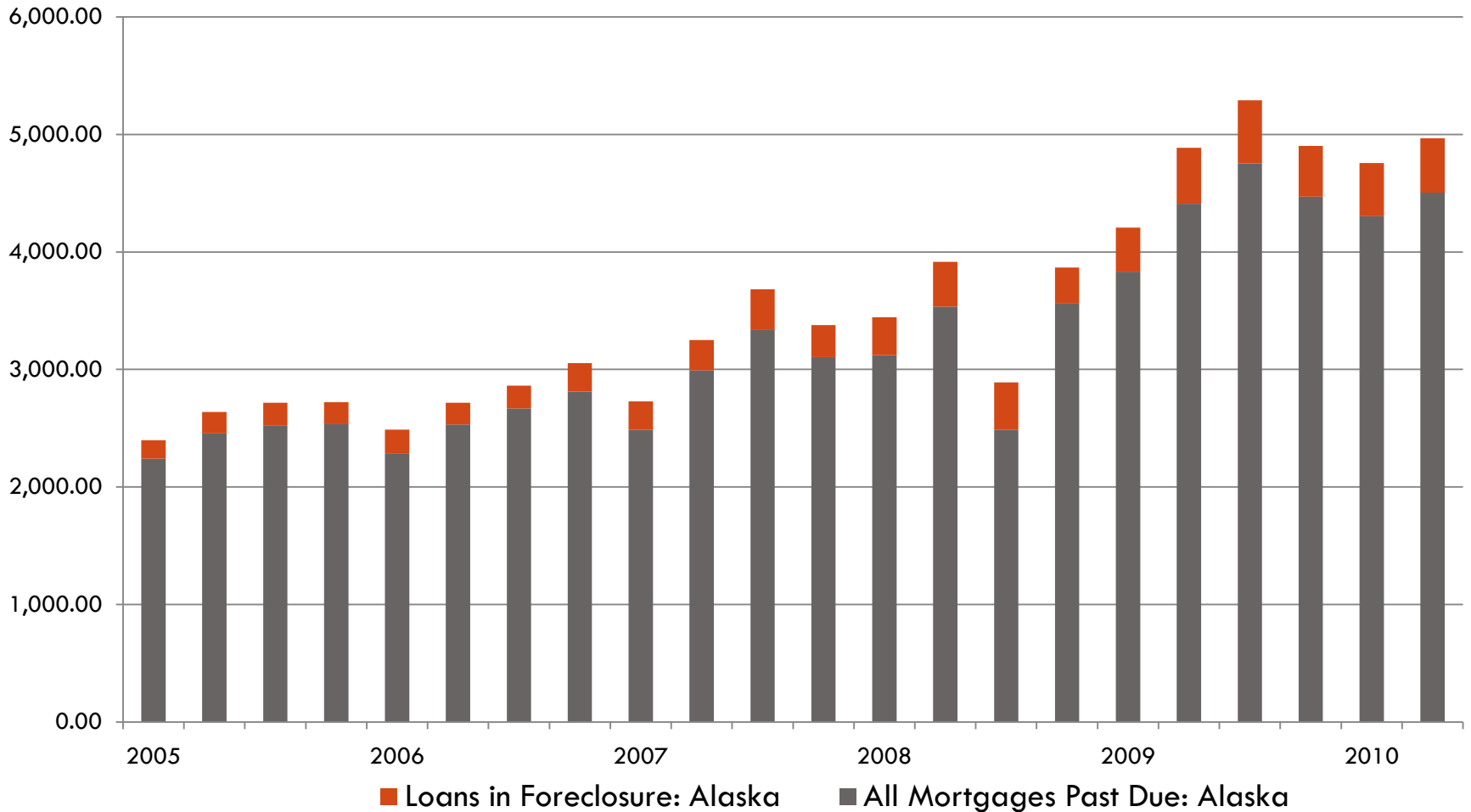
# House price changes at the metro level

**FHFA (formerly OFHEO) House Price Index**  
(2000 = 100, quarterly)



Source: Federal Housing Finance Agency (formerly OFHEO)

# Alaska foreclosures and delinquencies are holding steady



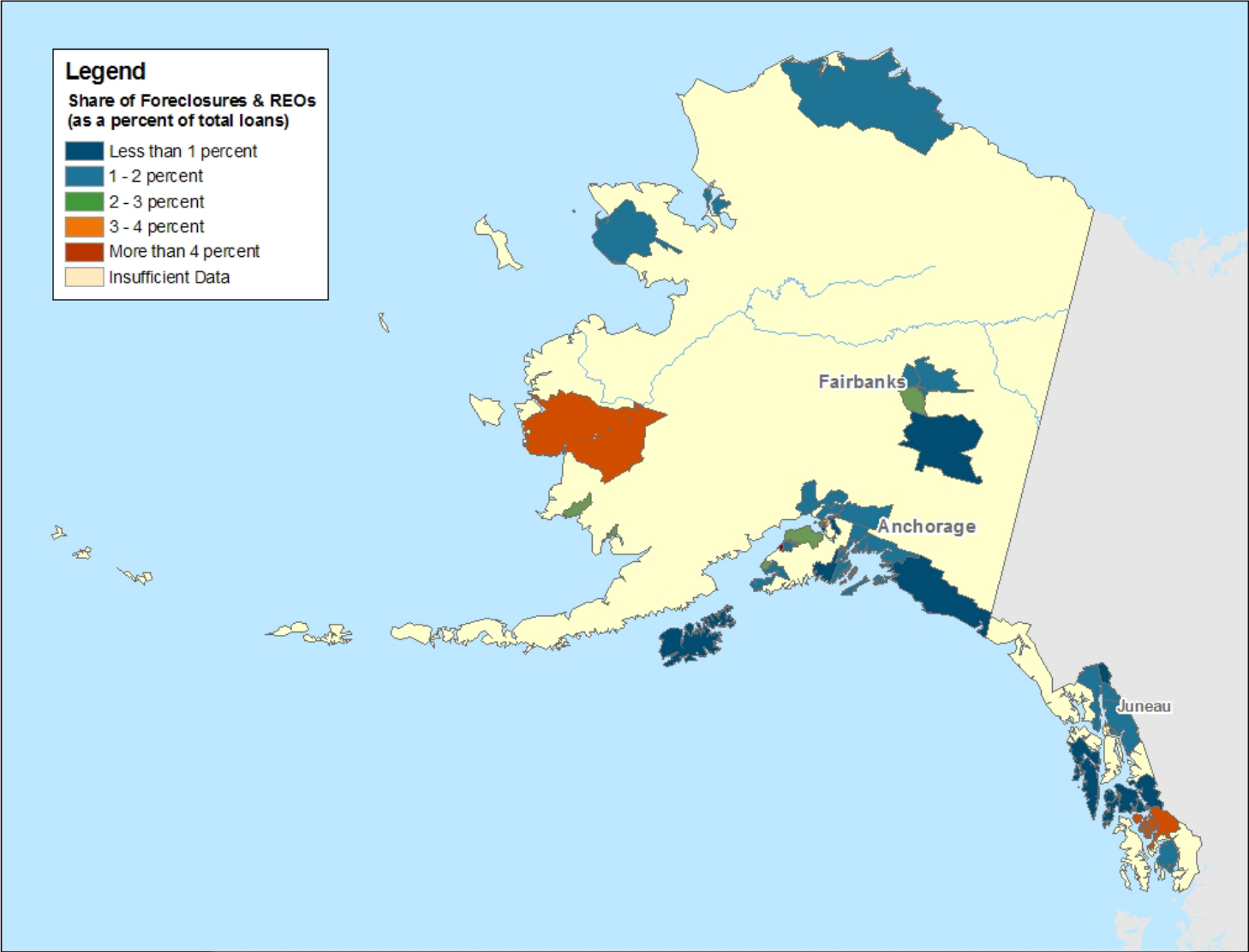
Source: Mortgage Bankers Association, National Delinquency Survey

# Alaska Foreclosure Data Maps



# Areas Affected by Concentrated Foreclosures

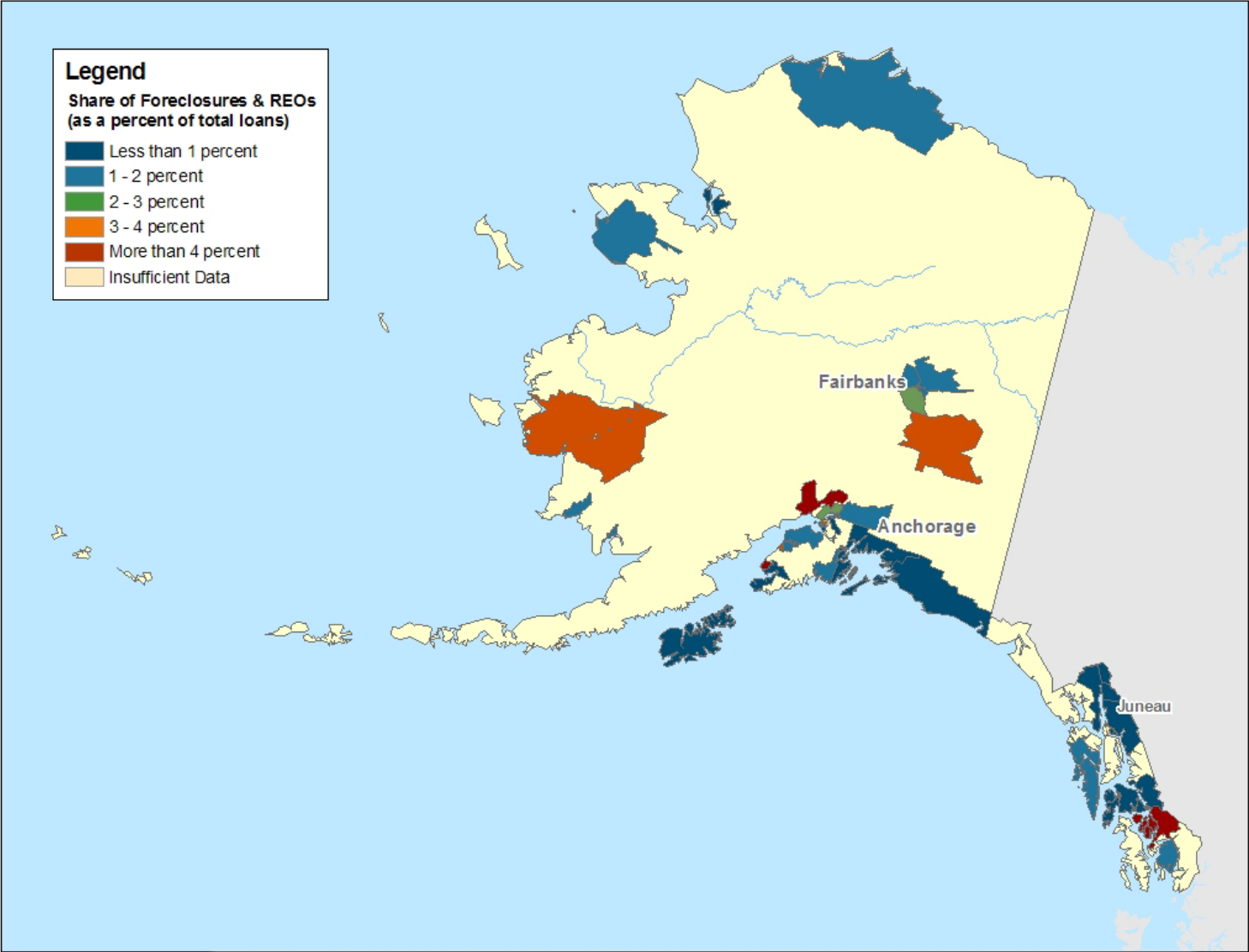
February 2010



Source: Lender Processing Services Inc. Applied Analytics & FRBSF Calculations

# Areas Affected by Concentrated Foreclosures

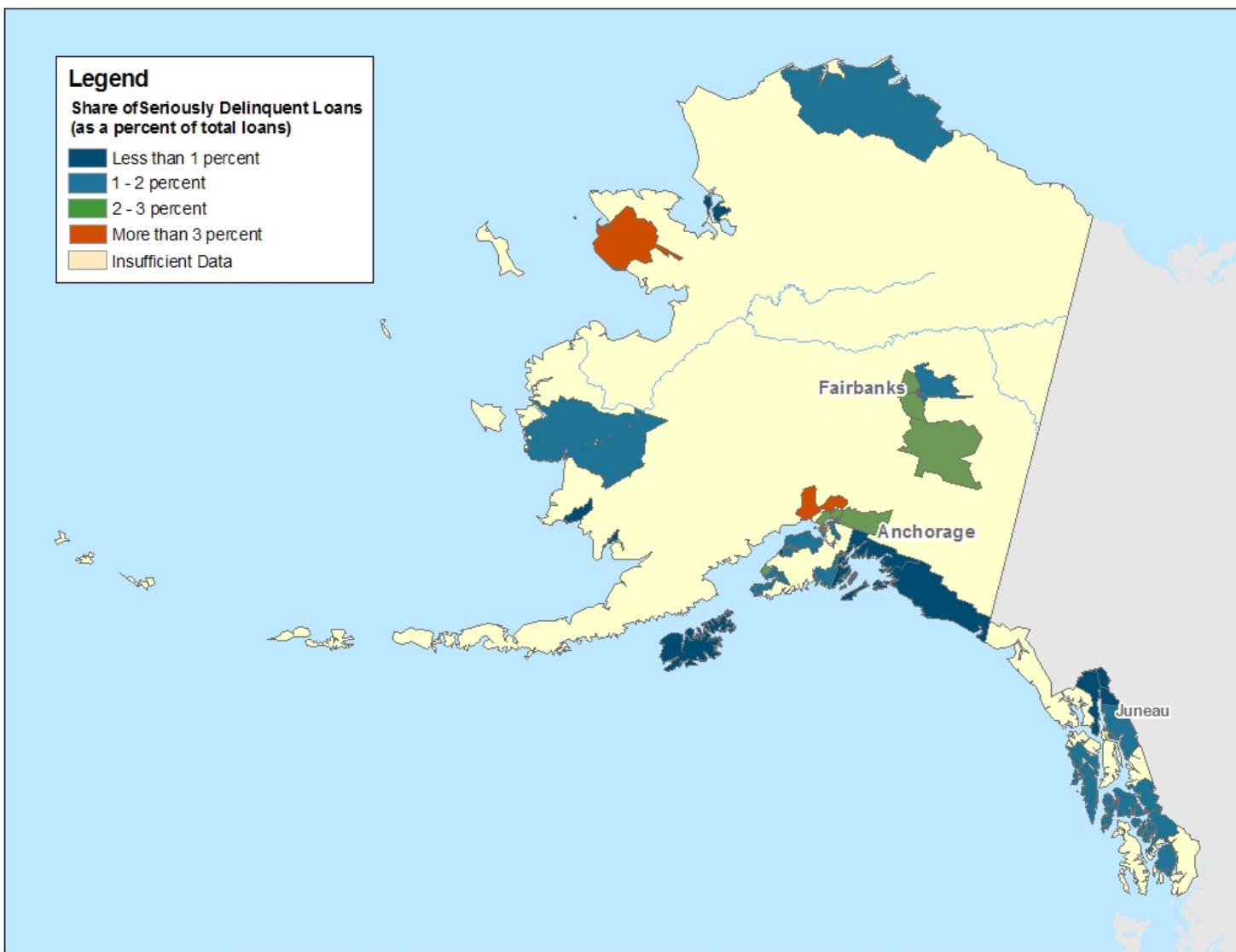
July 2010



Source: Lender Processing Services Inc. Applied Analytics & FRBSF Calculations

# Areas at Risk of Additional Foreclosures

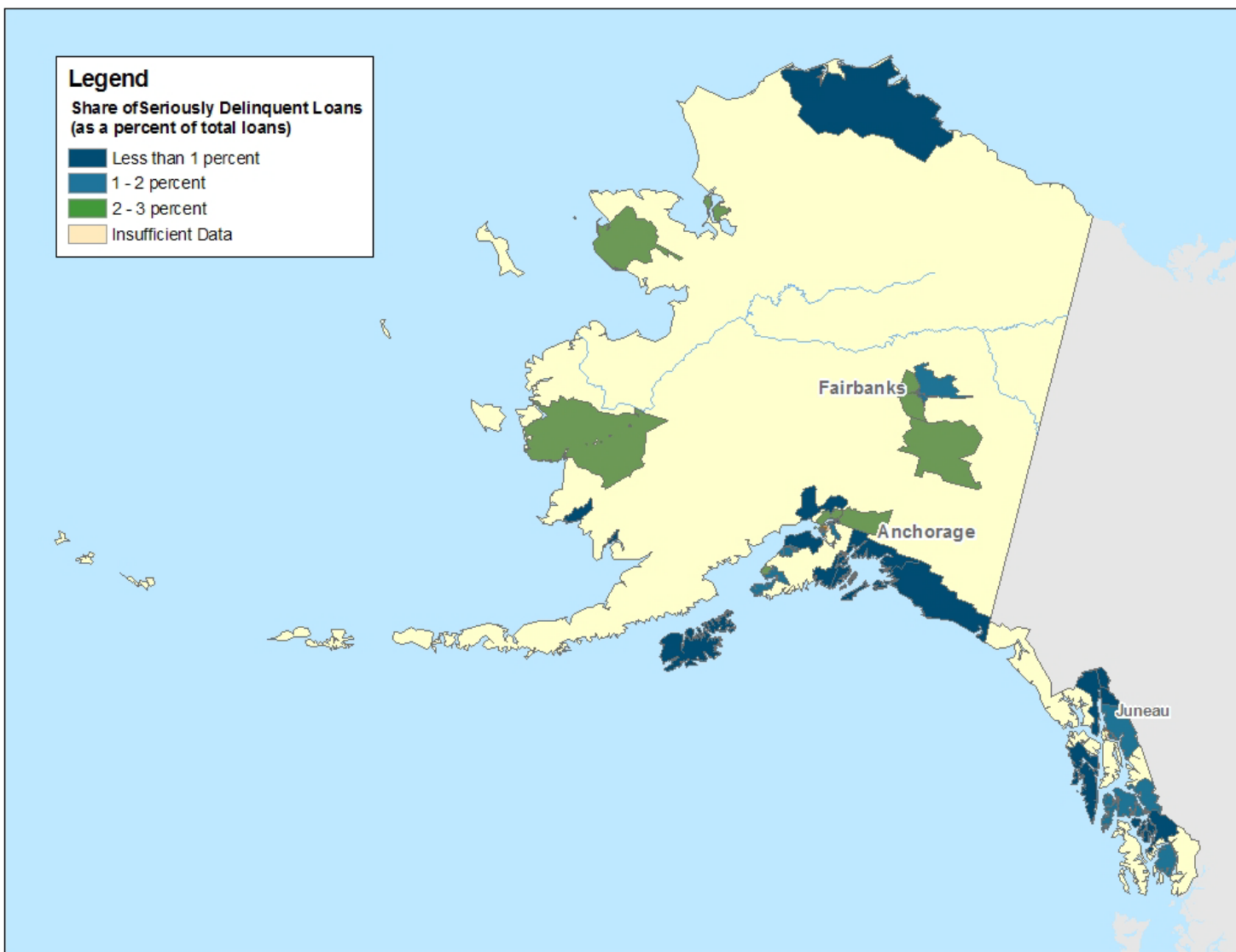
February 2010



Source: Lender Processing Services Inc. Applied Analytics & FRBSF Calculations

# Areas at Risk of Additional Foreclosures

## July 2010



Source: Lender Processing Services Inc. Applied Analytics & FRBSF Calculations

# Conclusions

# Continued Need for Foreclosure Prevention

- Alaska may see an increase in delinquencies and foreclosures, especially if unemployment rises; important to reach borrowers with 'preventable' foreclosures
  - Borrower Outreach Events
    - Create a foreclosure prevention workbook - For an example of Arizona's, see [http://www.pima.gov/current/2008\\_November%20English%20Workbook.pdf](http://www.pima.gov/current/2008_November%20English%20Workbook.pdf)
  - Making Homes Affordable
    - Federal program provides both loan modification and refinance options
    - Online form available that allows borrowers to assess if they qualify for the program
      - <http://makinghomeaffordable.gov/eligibility.html>

# Preventing Foreclosure Scams

- Foreclosure scams are proliferating, especially in markets with investor interest
  - ▣ Some counties are sending notices to all delinquent borrowers to warn them about foreclosure scams
  - ▣ Free media kit available from the Federal Reserve which includes a PSA and other resources:  
<http://www.federalreserveeducation.org/pfed/mediakit.cfm>
  - ▣ NeighborWorks PSA: <http://www.youtube.com/nwpad>
- Other 5 Tip brochures and resources available from the Federal Reserve  
<http://www.federalreserve.gov/consumerinfo/fivetips.htm>

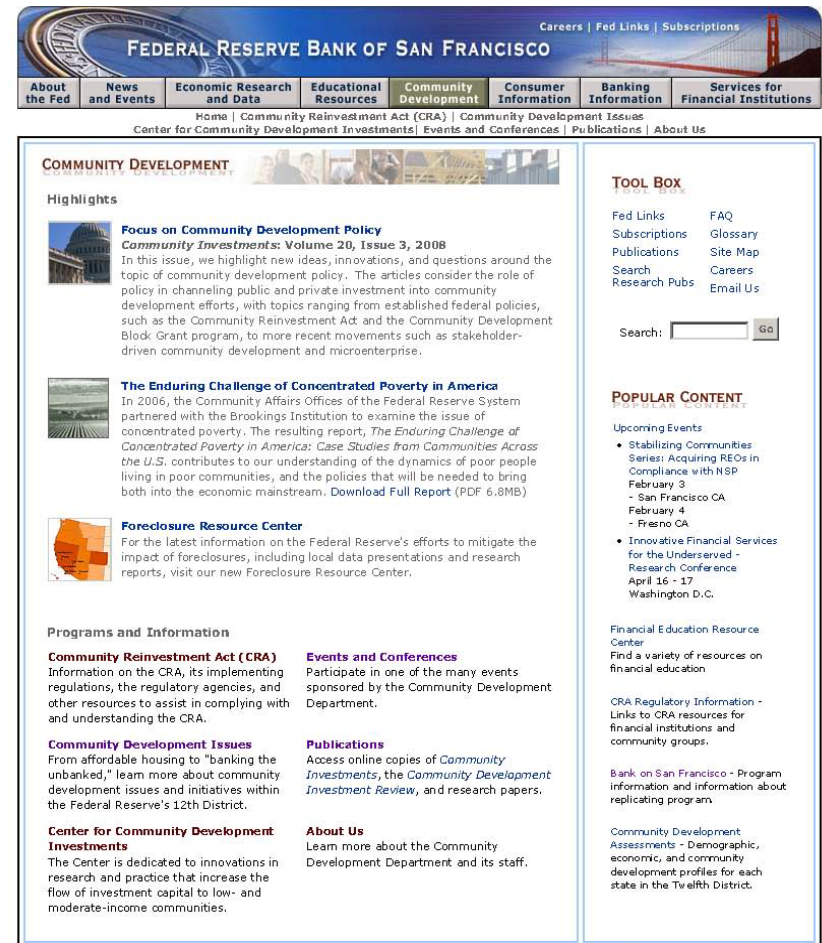
# Stabilizing Communities and Helping Families After Foreclosure

- Develop service delivery and resources for families who go through foreclosure
  - ▣ Rental housing assistance
  - ▣ Credit repair
  - ▣ Minimizing disruption for children (e.g. allowing them to finish the school year in their old school)
- Minimize negative spillover effects of vacant properties on surrounding neighborhood
  - ▣ Ensure servicer maintenance of REOs
  - ▣ Work with lenders/servicers to acquire and rehab foreclosures for affordable housing



# For More Information: FRBSF Community Development Website

- Links to other resources and research on foreclosure trends and mitigation strategies
- All publications, presentations available on our website
- Conference materials also posted shortly after events



<http://www.frbsf.org/community/>