TRENDS IN DELINQUENCIES AND FORECLOSURES IN NORTHERN CALIFORNIA

January 2011
Even though NBER officially announced the recession’s end in June of 2009, pace of recovery remains slow.

- Unemployment rate in November rose to 9.8% from 9.6%, demonstrating continued weakness in the labor market.
  - On the more positive side, the private sector has been adding jobs each month, and part of the rise in unemployment is due to an increase in the labor force—that is, the number of people who started looking for work.

- Housing is the one major sector of the economy where we still do not see signs of recovery.
  - New and existing home sales remain near historic lows, and inventories of foreclosed homes remain very high.

- Public sector budget crisis in many states is of major concern, and threatens viability of services to LMI communities.
National Trends
Unemployment continues to hover around 10%

Source: Bureau of Labor Statistics, November 2010
Recovery, particularly in labor market, remains elusive

Source: Bureau of Labor Statistics, November 2010
Case-Shiller Index shows continued softness in housing market

Source: Case-Shiller Home Price Index
FHFA House Price Index rises slightly in 3rd Qtr of 2010

Source: Federal Housing Finance Agency (formerly OFHEO), includes refinancing and is not seasonally adjusted
Nationally, delinquencies drop in 2010, but still more than 4.5 million homes in distress

Source: Mortgage Bankers Association, National Delinquency Survey
Despite improvement, high rates of delinquency remain concentrated in western and southern states.
HAMP modifications down; borrowers still face challenges in obtaining permanent modifications

Source: HAMP Service Performance Report Through October 2010
Household debt falling from 2008 peak

Total Debt Balance and Composition

- Mortgage
- Auto Loan
- Credit Card
- Student Loan

Source: Federal Reserve Bank of New York
Many states within 12th District face severe budget shortfalls

Total End-of-Year Shortfall as Percentage of 2010 Budget

Source: Data from Center for Budget and Policy Priorities
California Trends
California’s unemployment still well above national average

Source: Bureau of Labor Statistics
Unemployment rates particularly high in Central Valley and Inland Empire

Source: Bureau of Labor Statistics, October 2010
California house prices appear to be stabilizing

FHFA (formerly OFHEO) House Price Index
(2000=100, quarterly)
Northern California house prices steady

FHFA House Price Index: Northern California
(2000 = 100)

Source: Federal Housing Finance Agency (formerly OFHEO)
Number of delinquent mortgages seems to be stabilizing, but number of properties in foreclosure process rises.

Source: Mortgage Bankers Association, National Delinquency Survey
Average household debt falling from 2008 national peak

Source: Federal Reserve Bank of NY

Household debt includes: mortgage accounts, HE revolving accounts, auto loans, credit cards, and student loans
State & Local Data Maps
Areas Affected by Concentrated Foreclosures
July 2010

Legend
Share of Foreclosures & REOs (as a percent of total loans)
- Less than 2 percent
- 2 - 4 percent
- 4 - 6 percent
- 6 - 8 percent
- More than 8 percent
- Insufficient Data

Source: Lender Processing Services Inc. Applied Analytics
Areas at Risk of Additional Foreclosures
July 2010

Legend
Share of Loans 90+ Days Delinquent (as a percent of total loans)
- Less than 3 percent
- 3 - 6 percent
- 6 - 9 percent
- 9 - 12 percent
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Conclusions
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/