

# TRENDS IN DELINQUENCIES AND FORECLOSURES IN SOUTHERN CALIFORNIA

January 2011

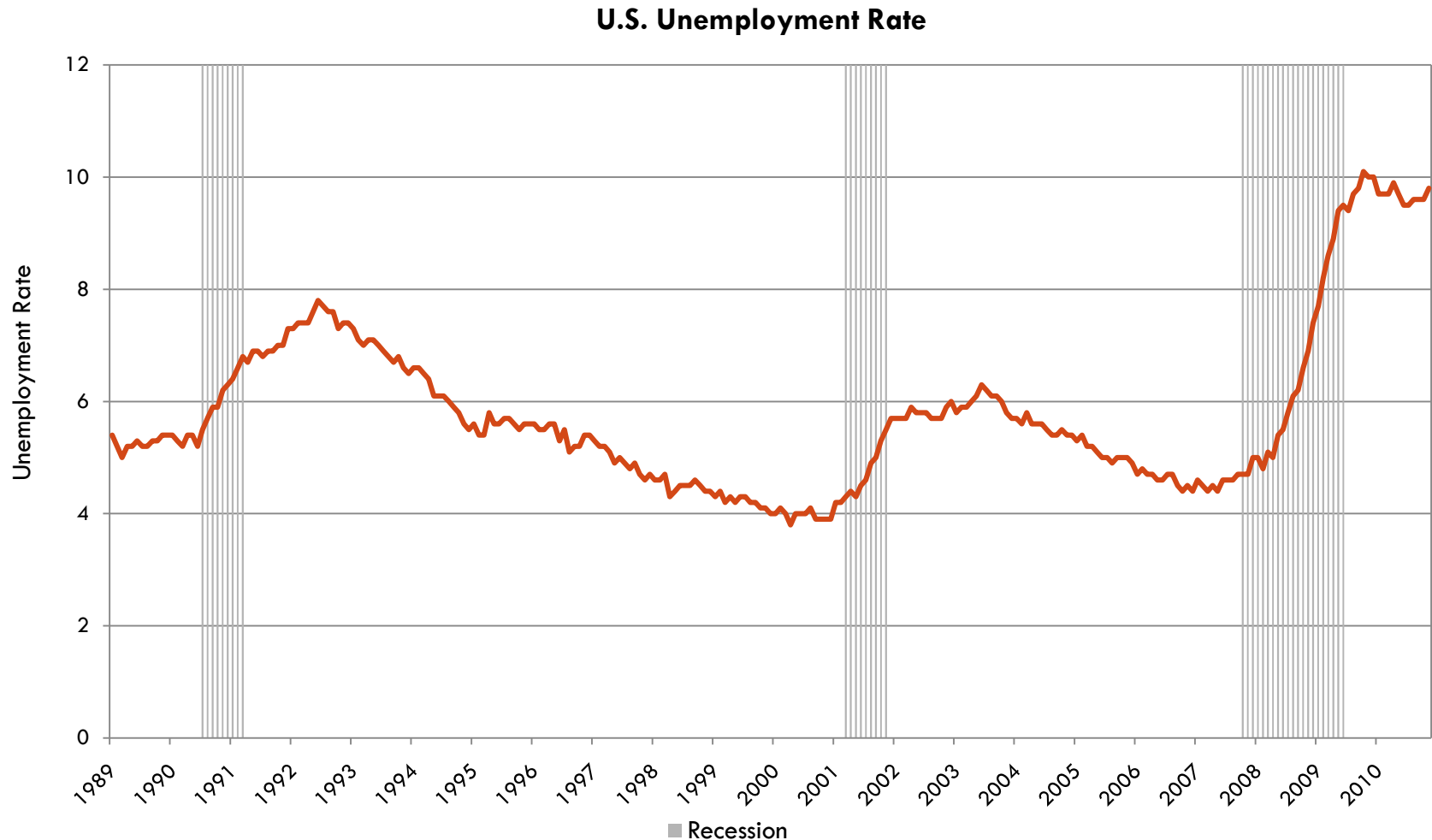
Community Development Research  
Federal Reserve Bank of San Francisco

# National Trends

- 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

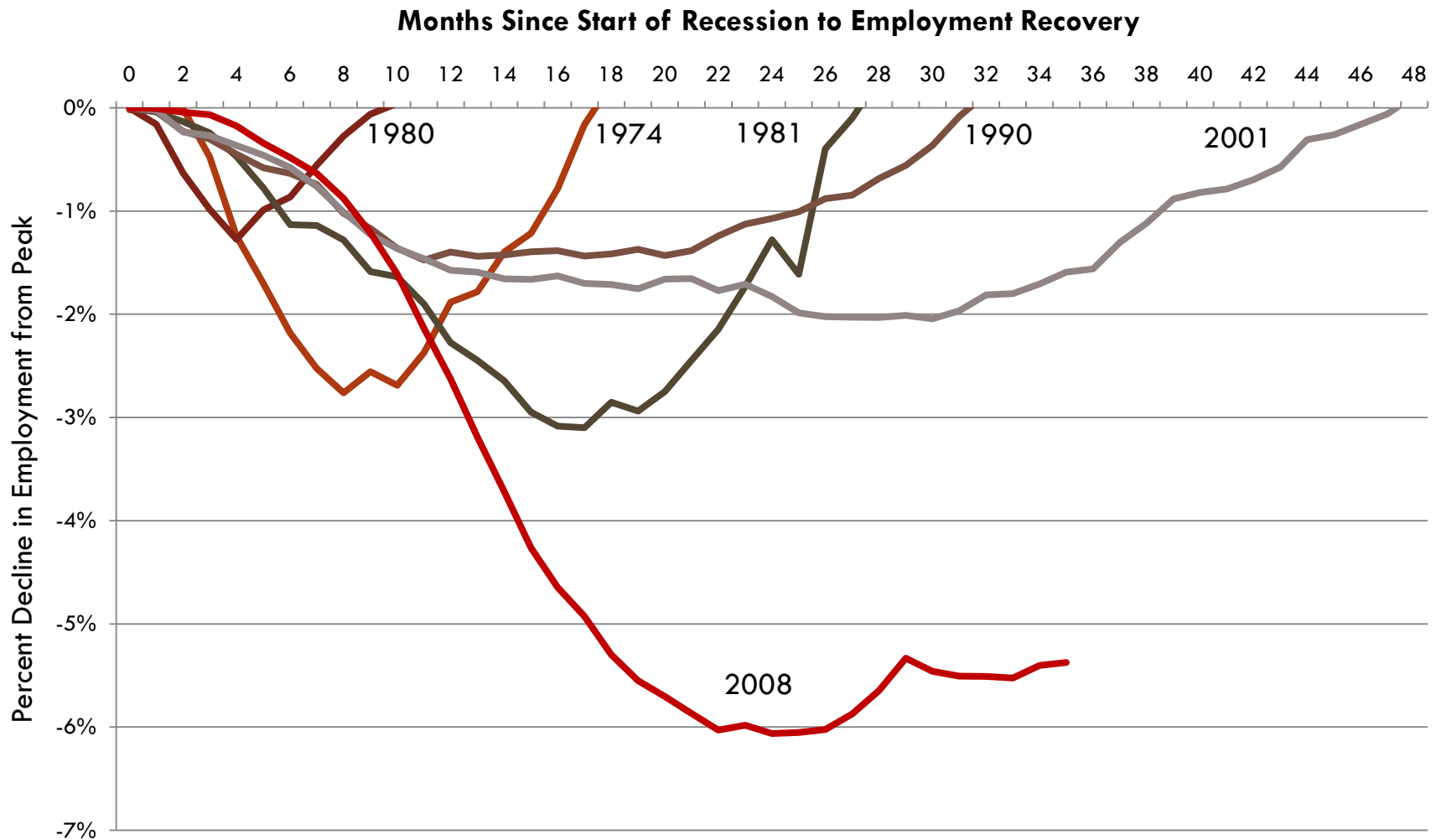
# National Trends

# Unemployment continues to hover around 10%



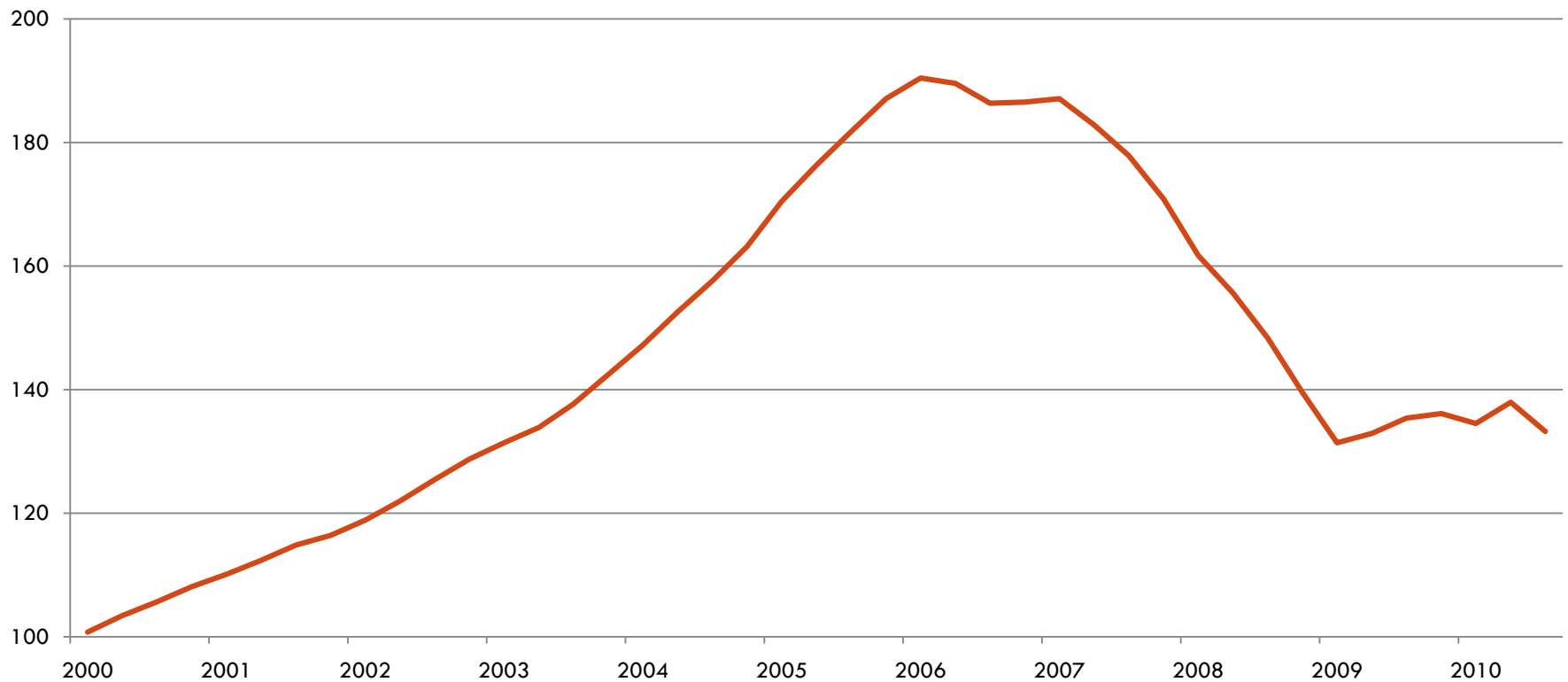


# Recovery, particularly in labor market, remains elusive

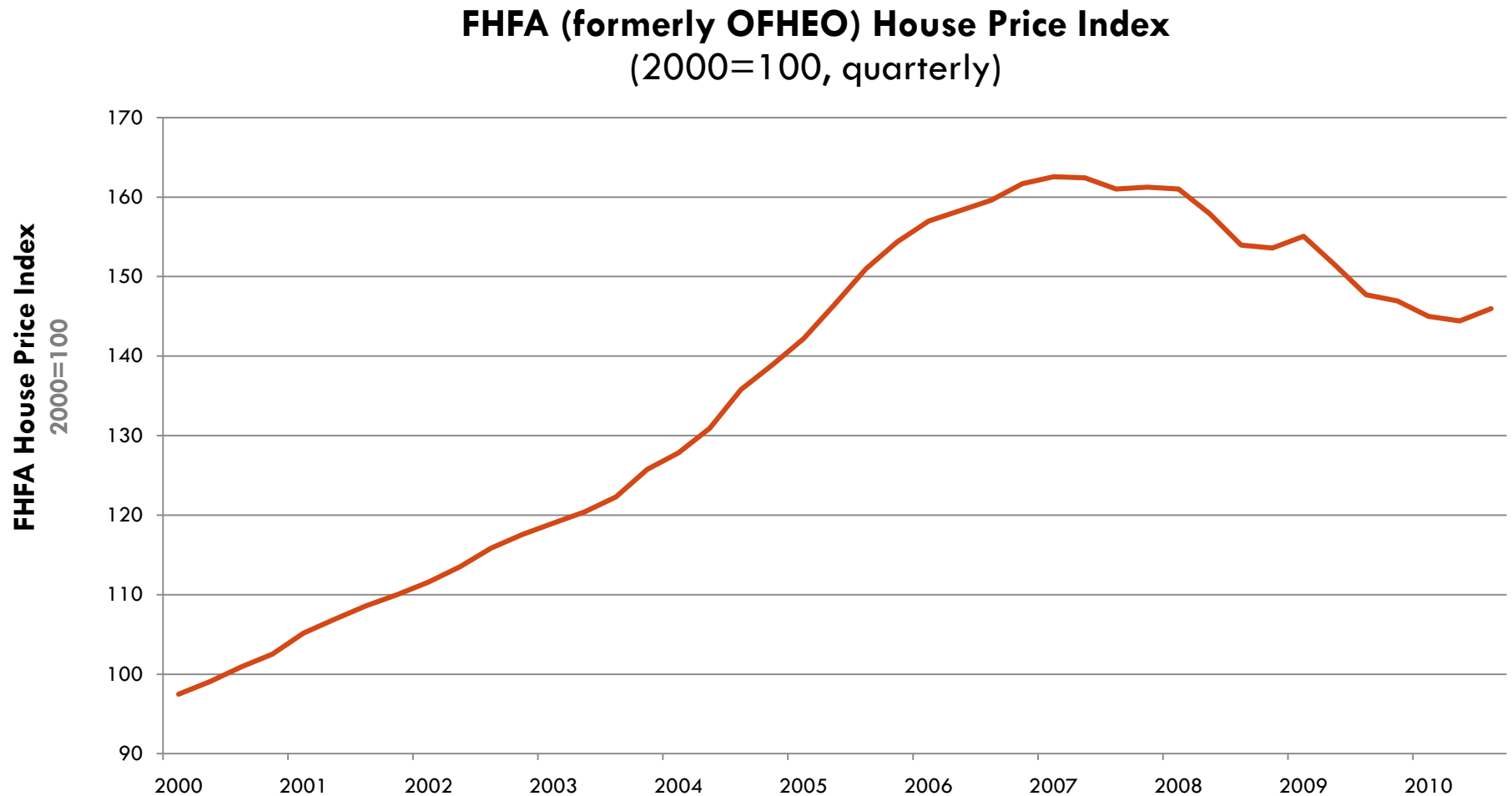


# Case-Shiller Index shows continued softness in housing market

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

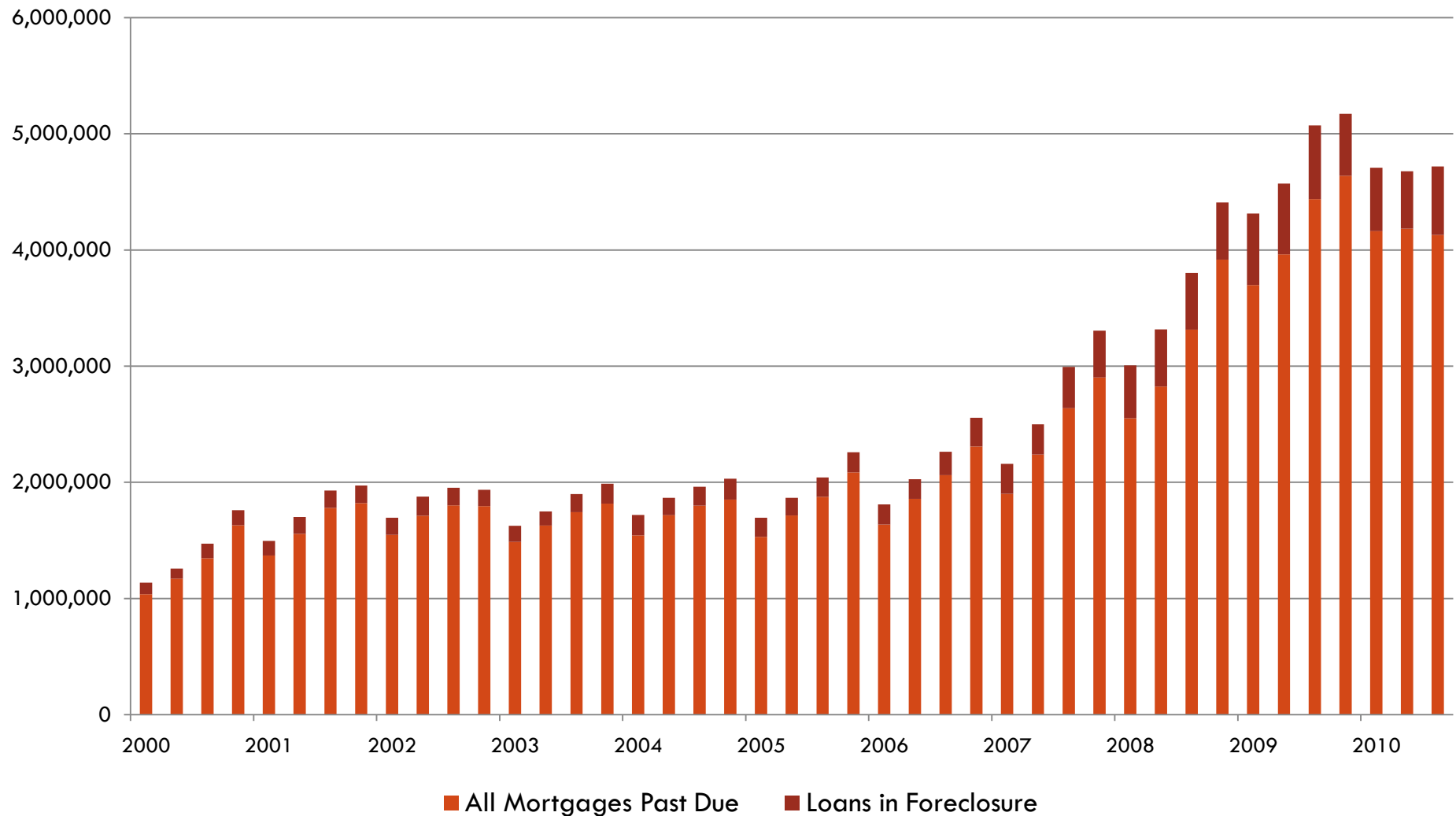


# FHFA House Price Index rises slightly in 3<sup>rd</sup> Qtr of 2010



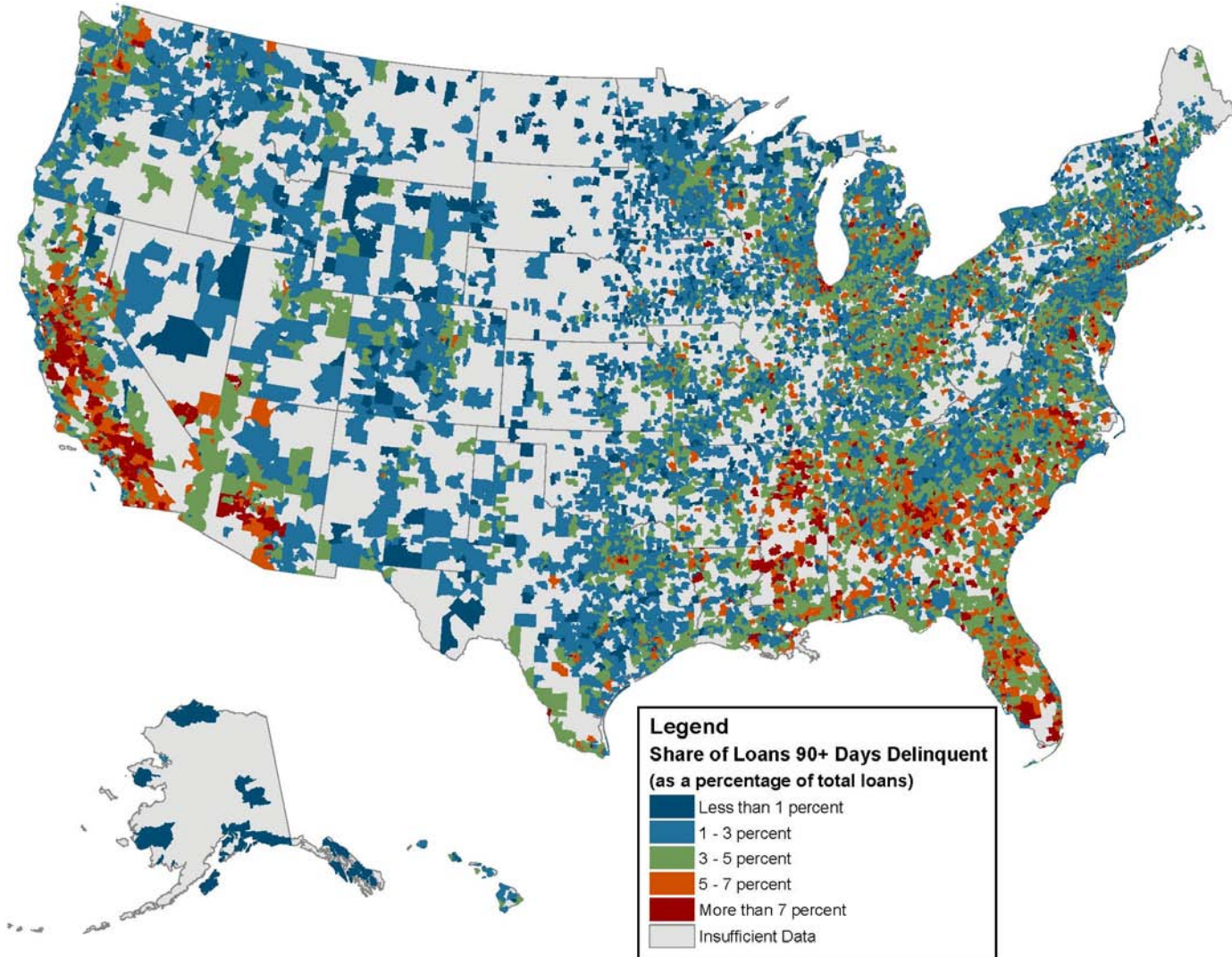
Source: Federal Housing Finance Agency (formerly OFHEO), includes refinancing and is not seasonally adjusted

# Nationally, delinquencies drop in 2010, but still more than 4.5 million homes in distress

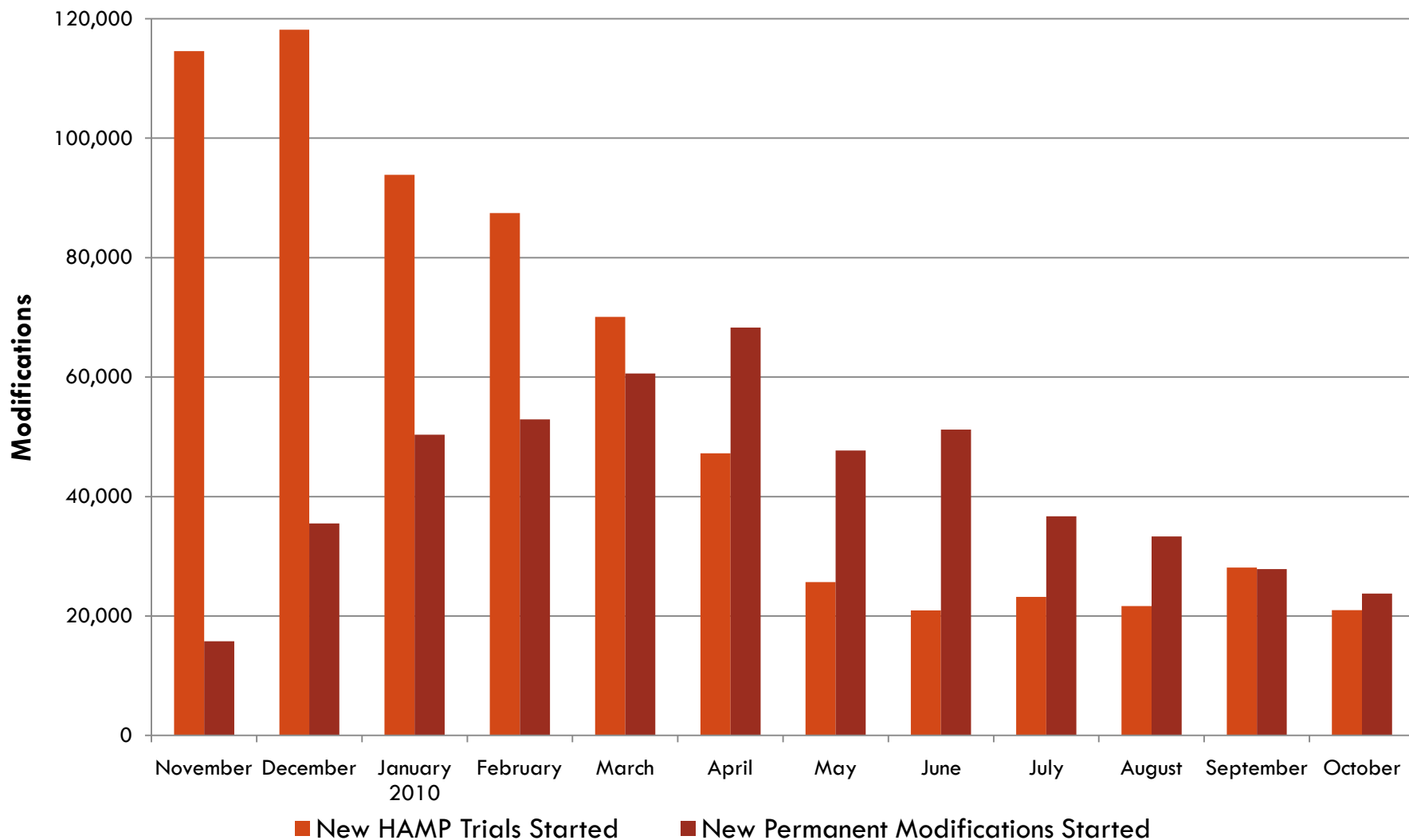


Source: Mortgage Bankers Association, National Delinquency Survey

# Despite improvement, high rates of delinquency remain concentrated in western and southern states



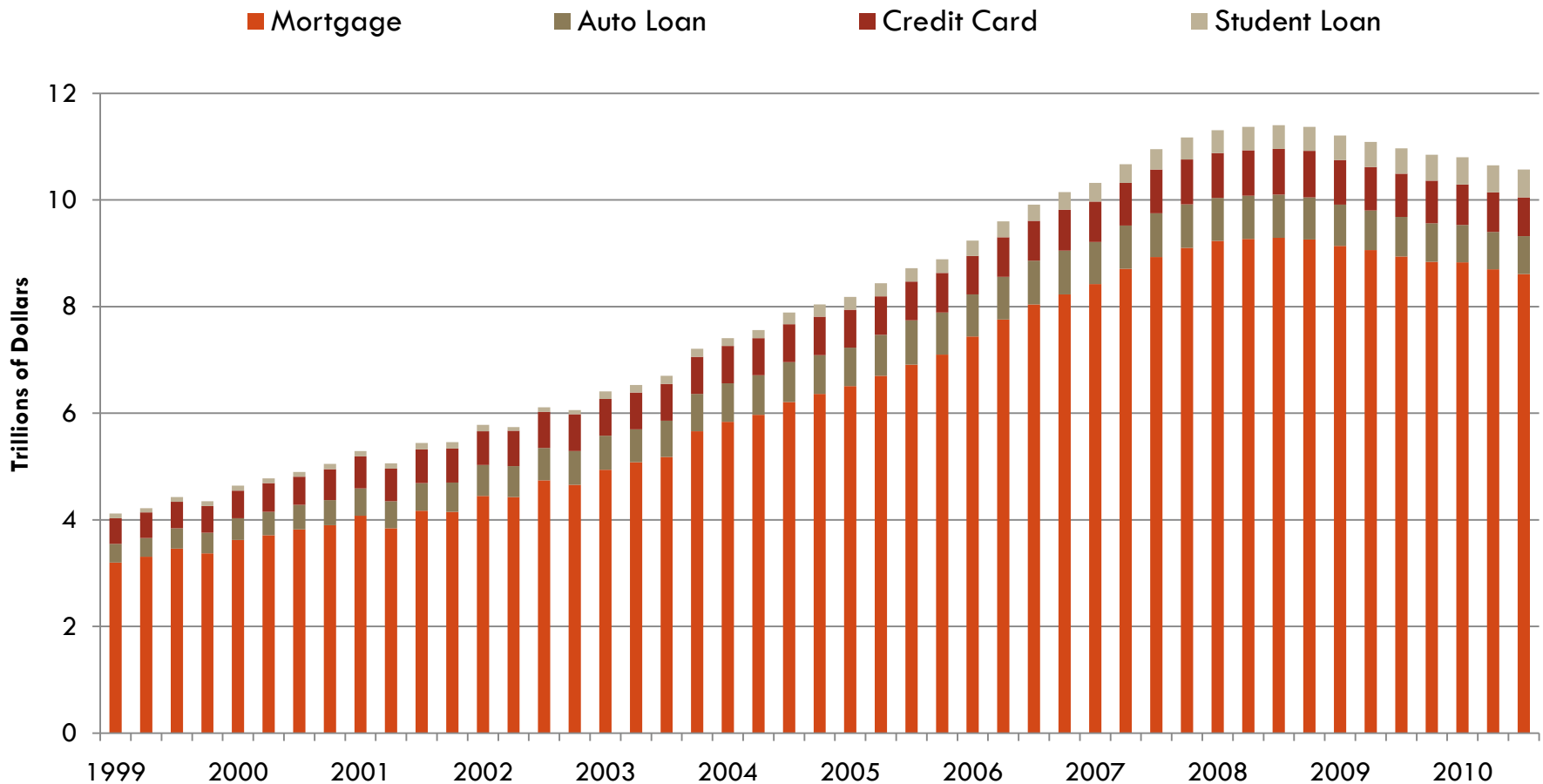
# HAMP modifications down; borrowers still face challenges in obtaining permanent modifications



Source: HAMP Service Performance Report Through October 2010

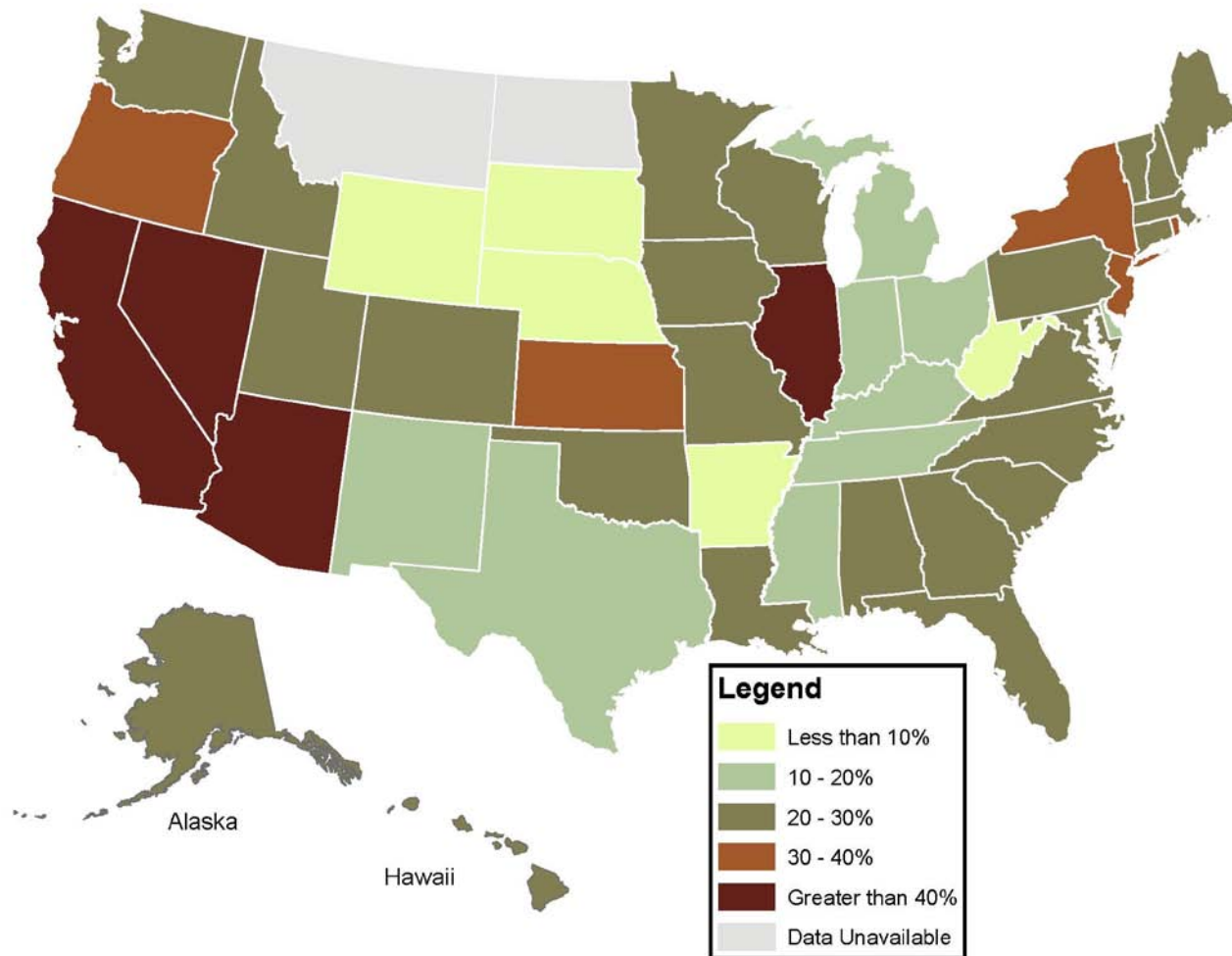
# Household debt falling from 2008 peak

**Total Debt Balance and Composition**



# Many states within 12<sup>th</sup> District face severe budget shortfalls

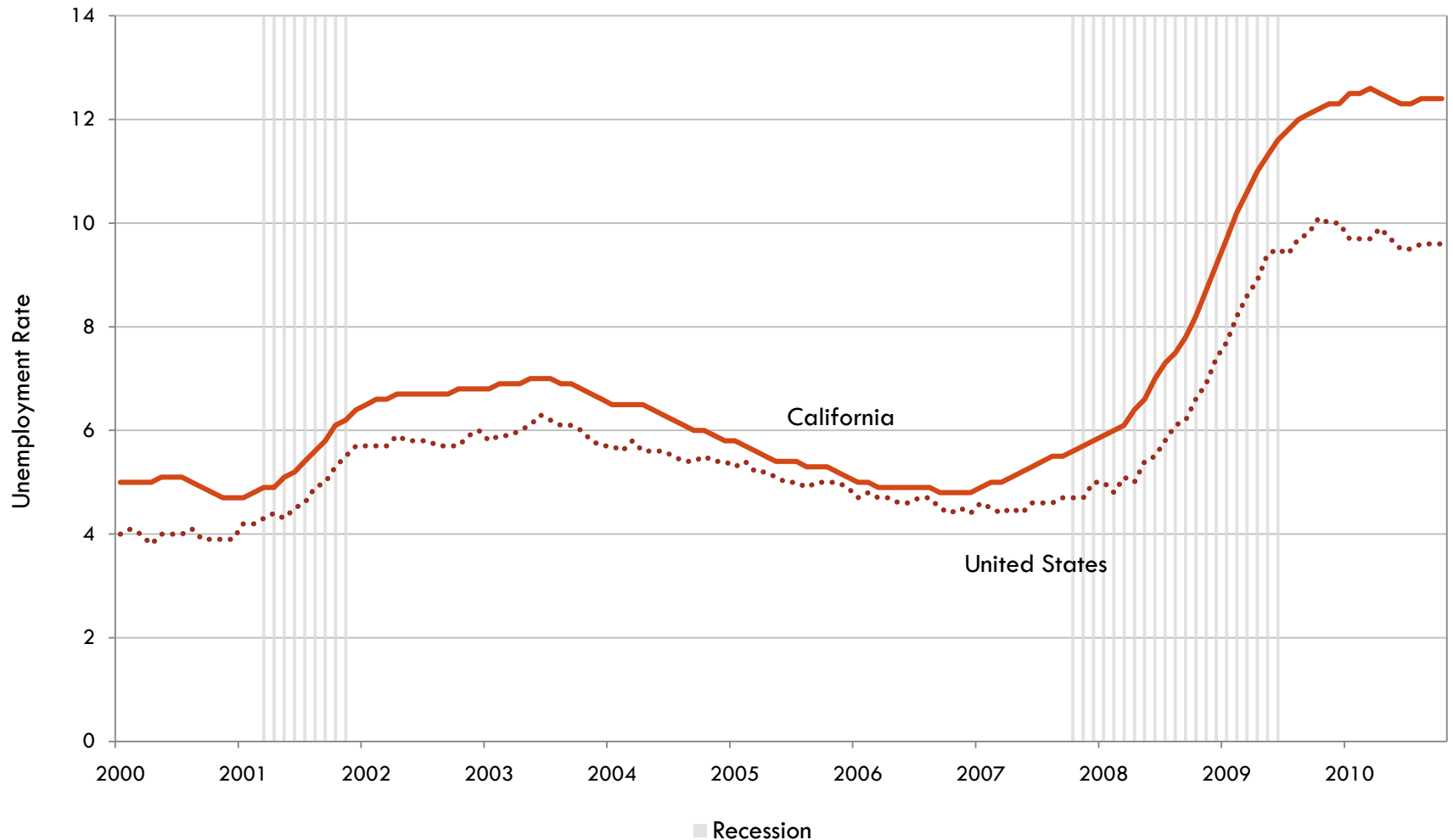
Total End-of-Year Shortfall as Percentage of 2010 Budget





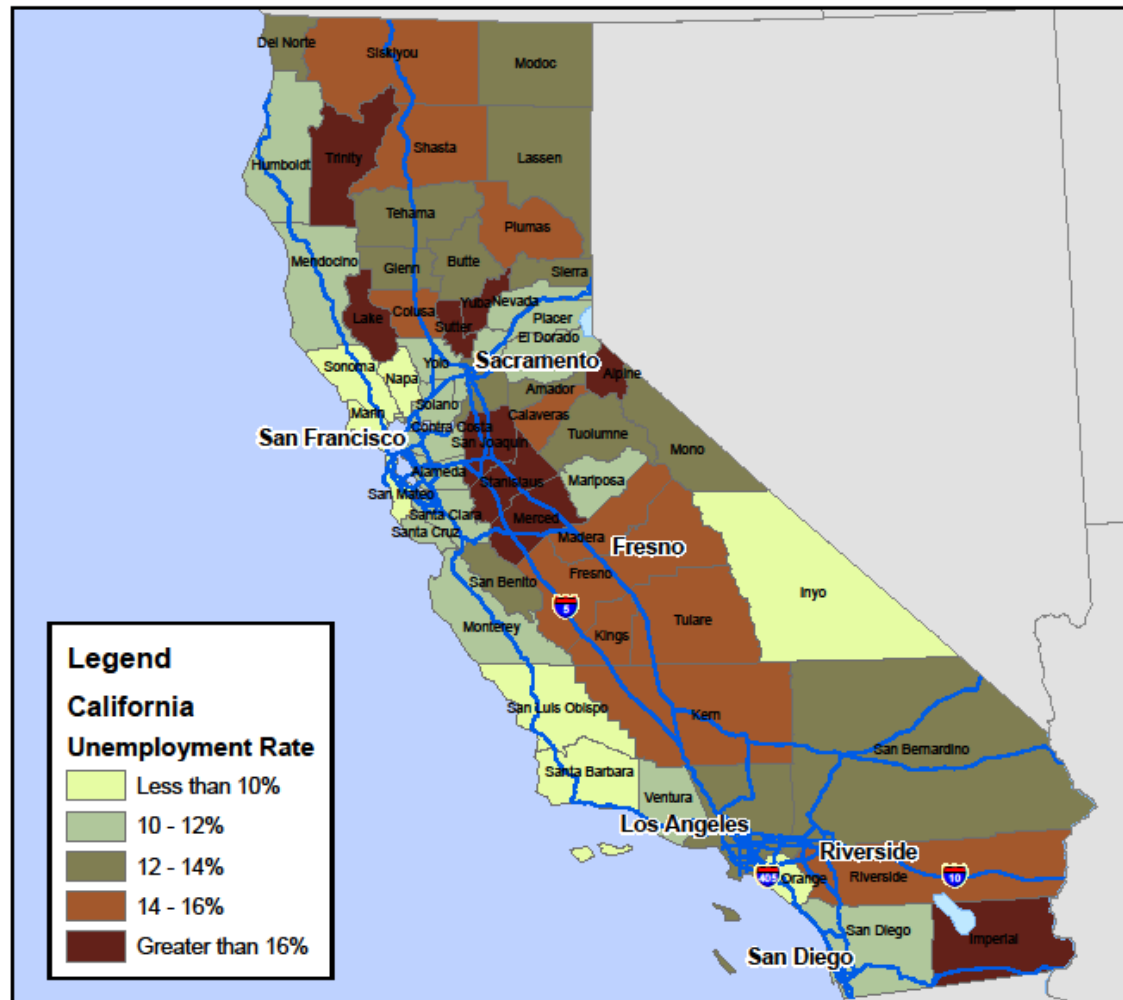
# California Trends

# California's unemployment still well above national average



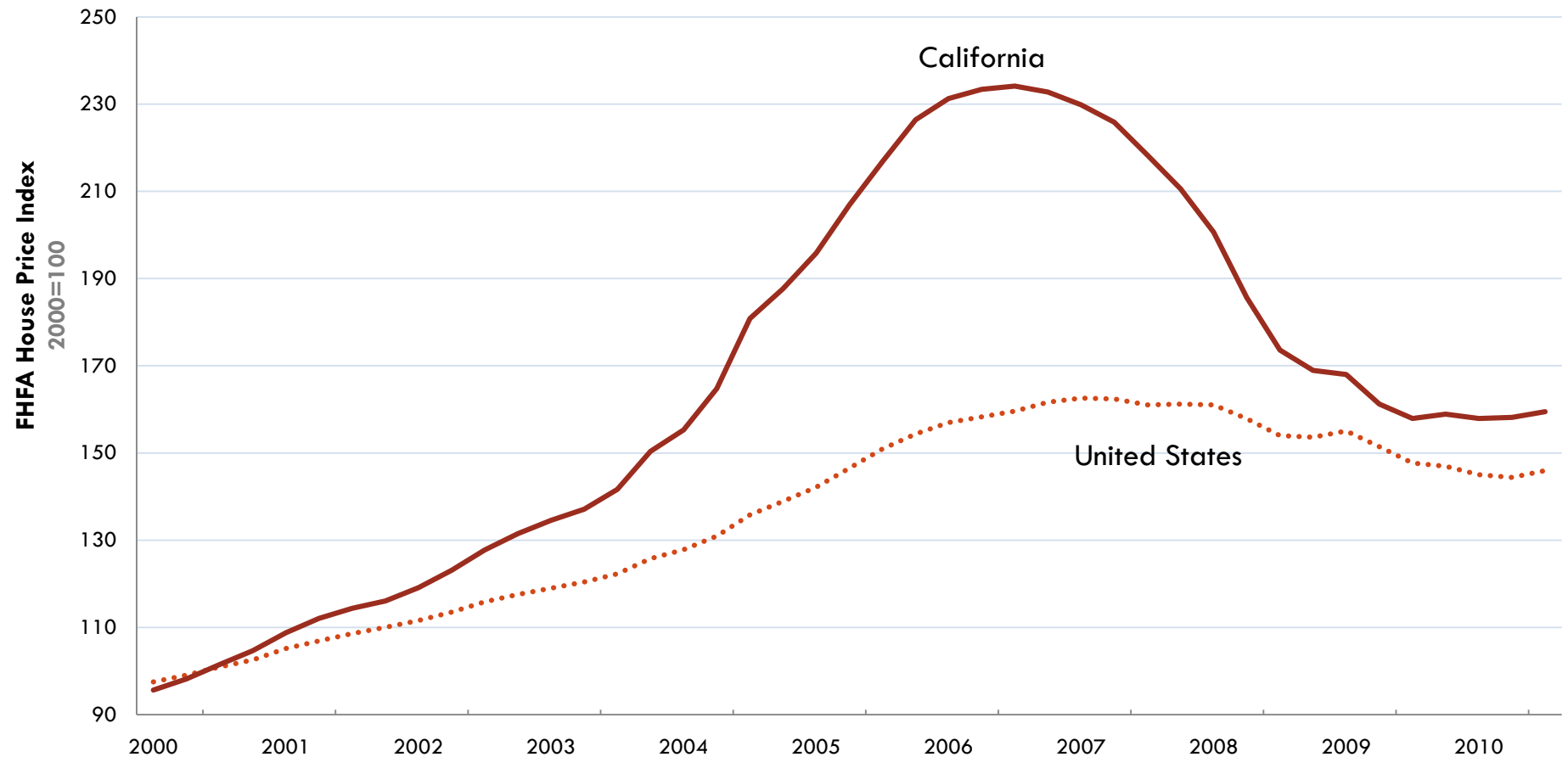
Source: Bureau of Labor Statistics

# Unemployment rates particularly high in Central Valley and Inland Empire



# California house prices appear to be stabilizing

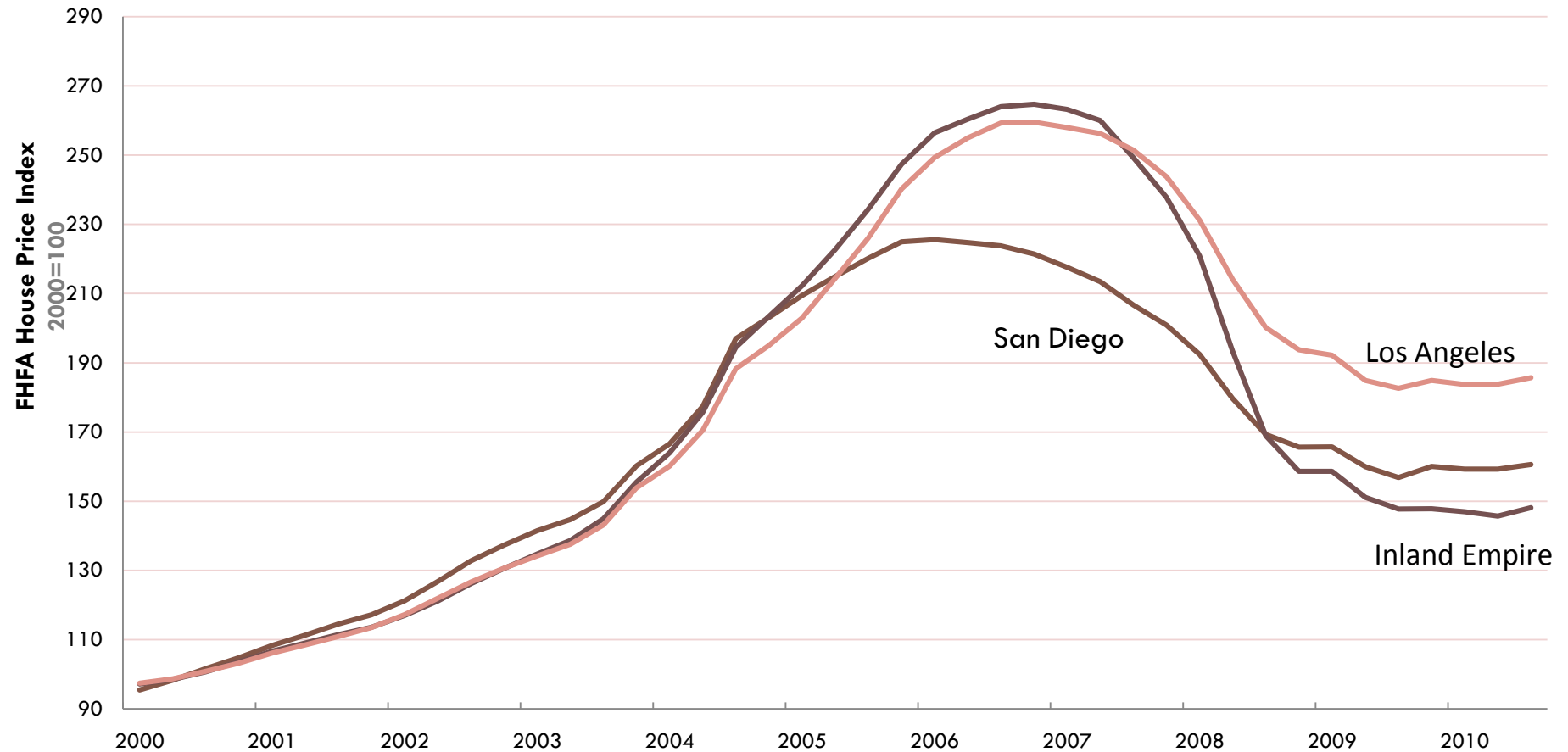
**FHFA (formerly OFHEO) House Price Index**  
(2000=100, quarterly)



Source: Federal Housing Finance Agency (formerly OFHEO)

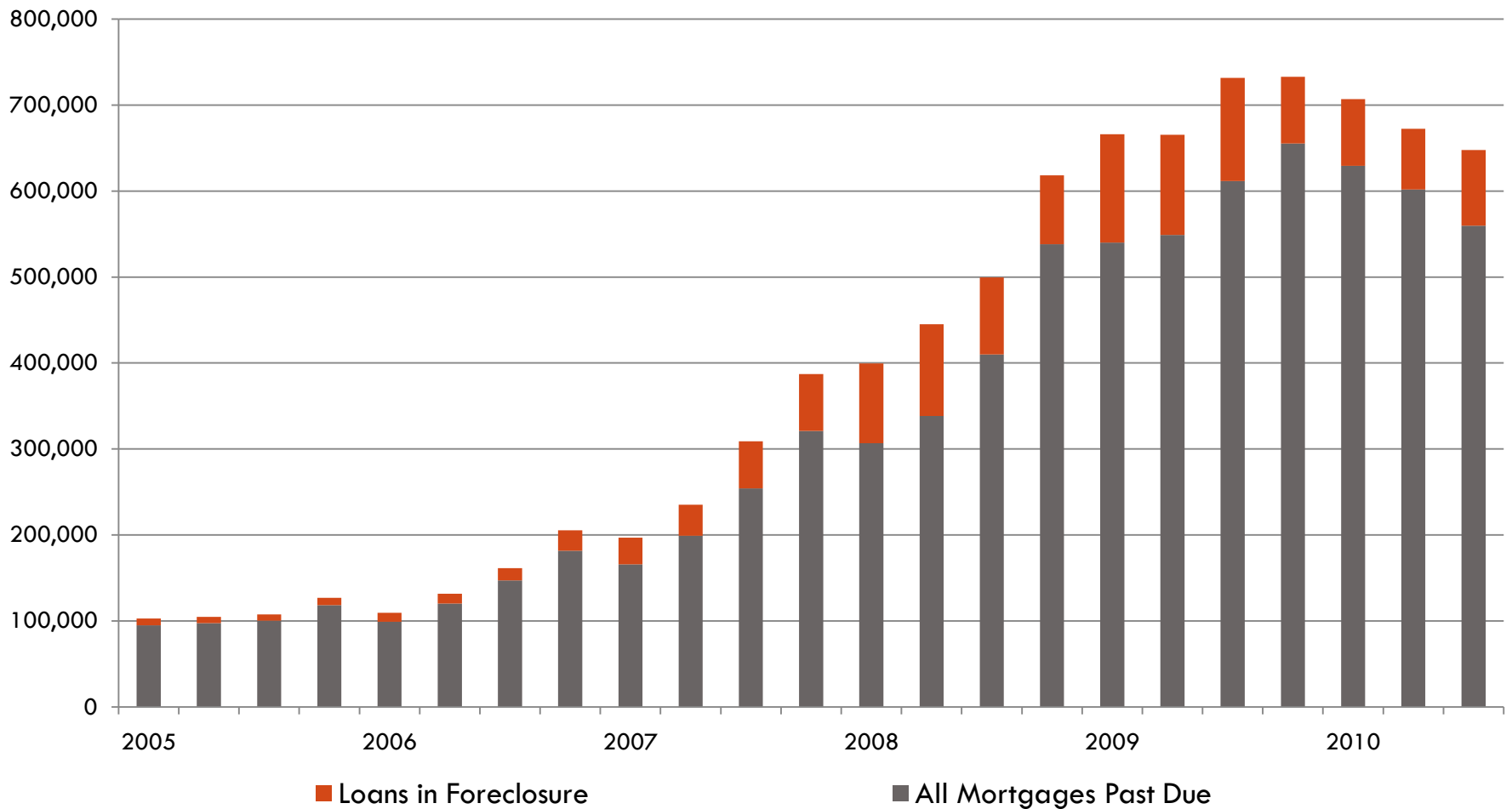
# Southern California MSA house prices also seem to be stabilizing

**FHFA House Price Index: Southern California**  
(2000 = 100, quarterly)

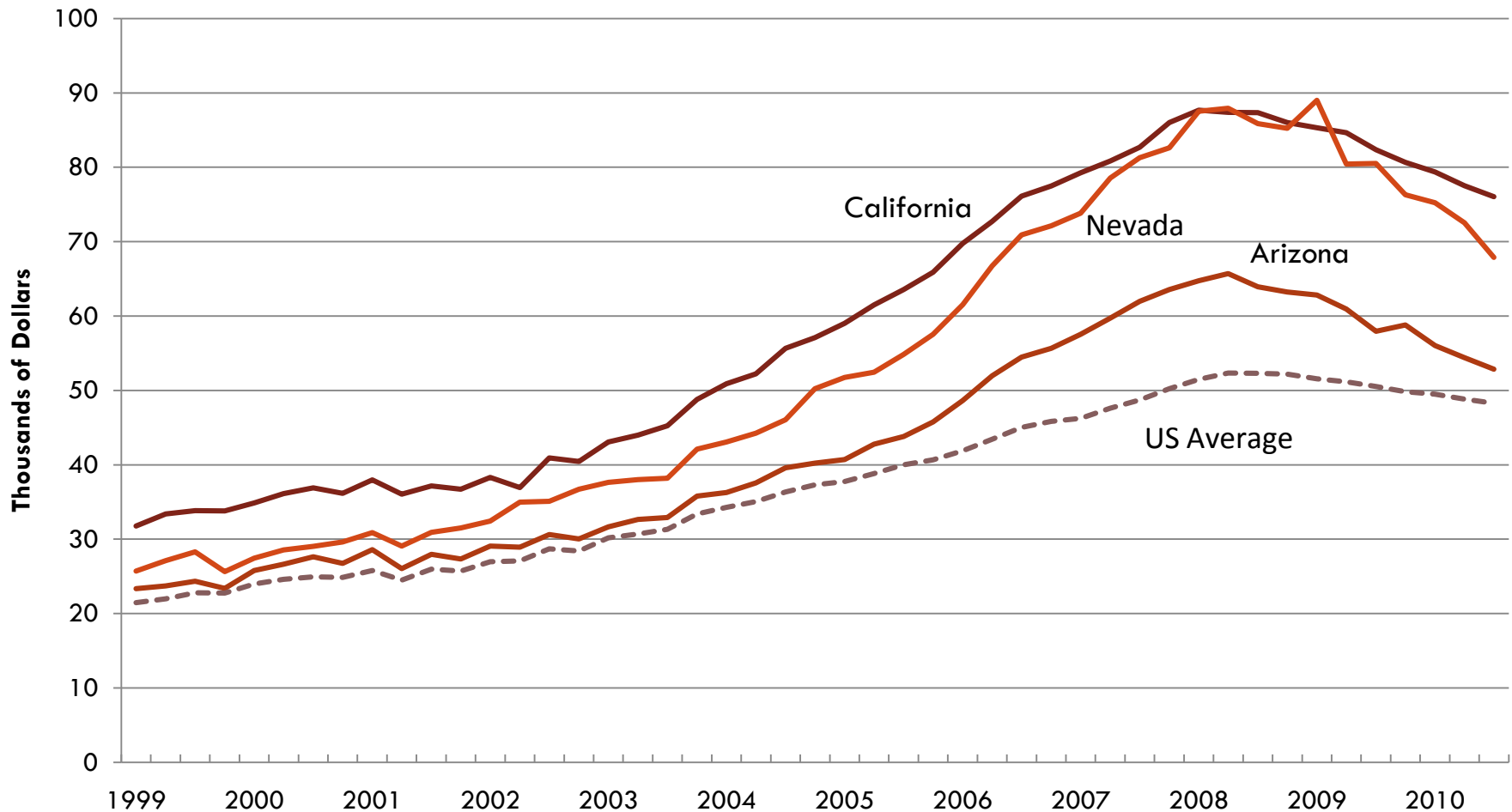


Source: Federal Housing Finance Agency (formerly OFHEO)

# Number of delinquent mortgages seems to be stabilizing, but number of properties in foreclosure process rises



# Average household debt falling from 2008 national peak



Source: Federal Reserve Bank of NY

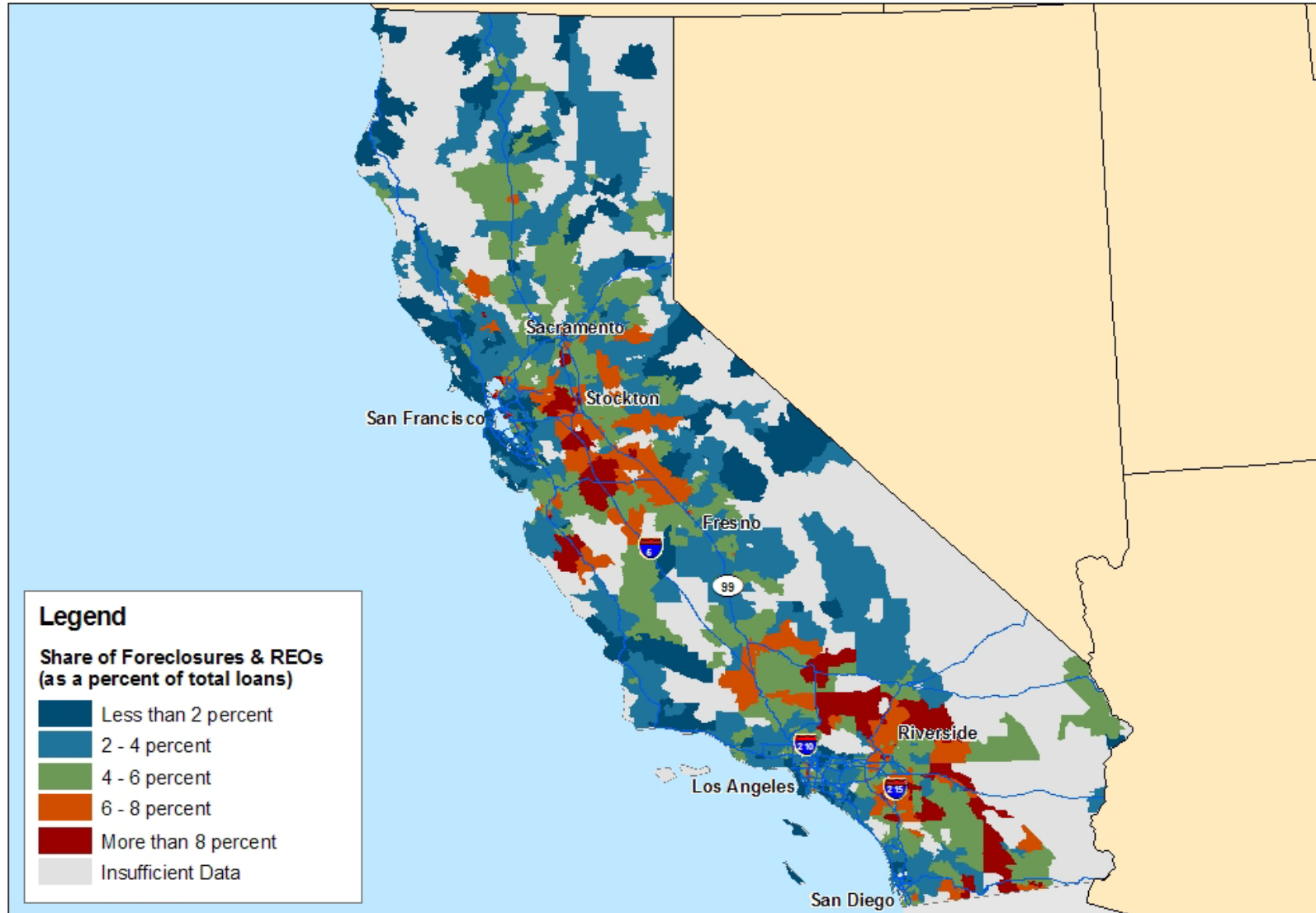
Household debt includes: mortgage accounts, HE revolving accounts, auto loans, credit cards, and student loans

# State & Local Data Maps



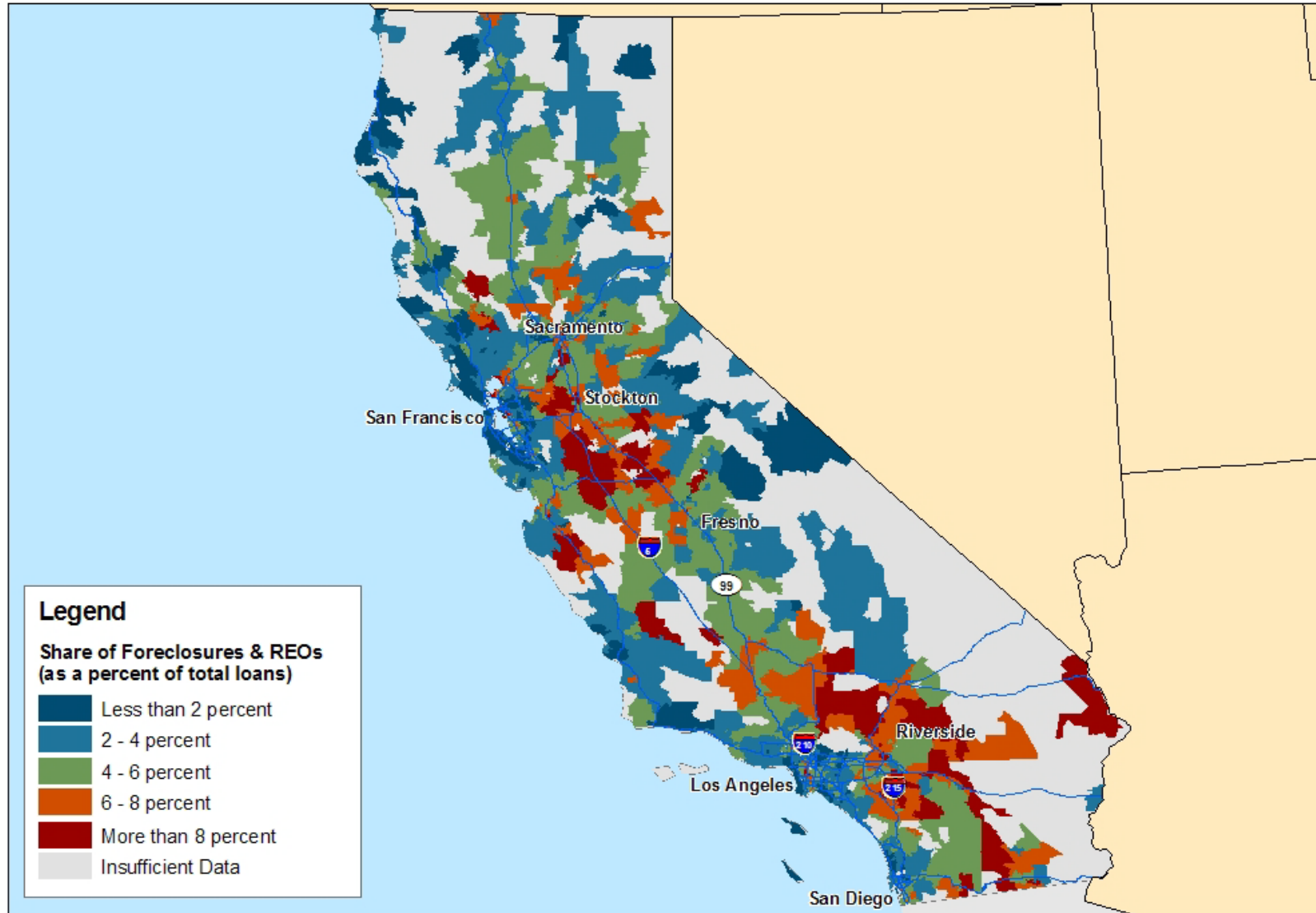
# Areas Affected by Concentrated Foreclosures

July 2010



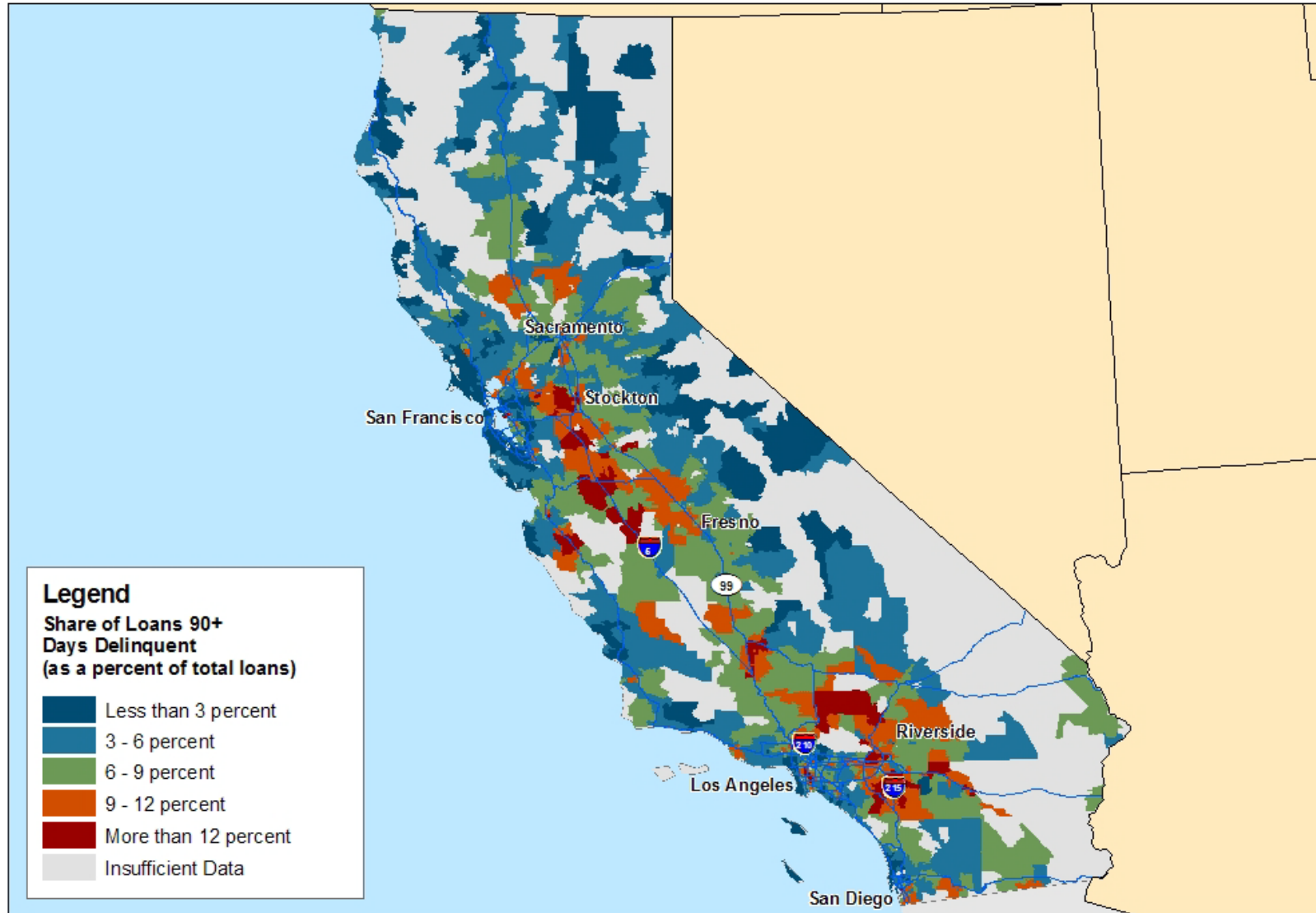
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November 2010



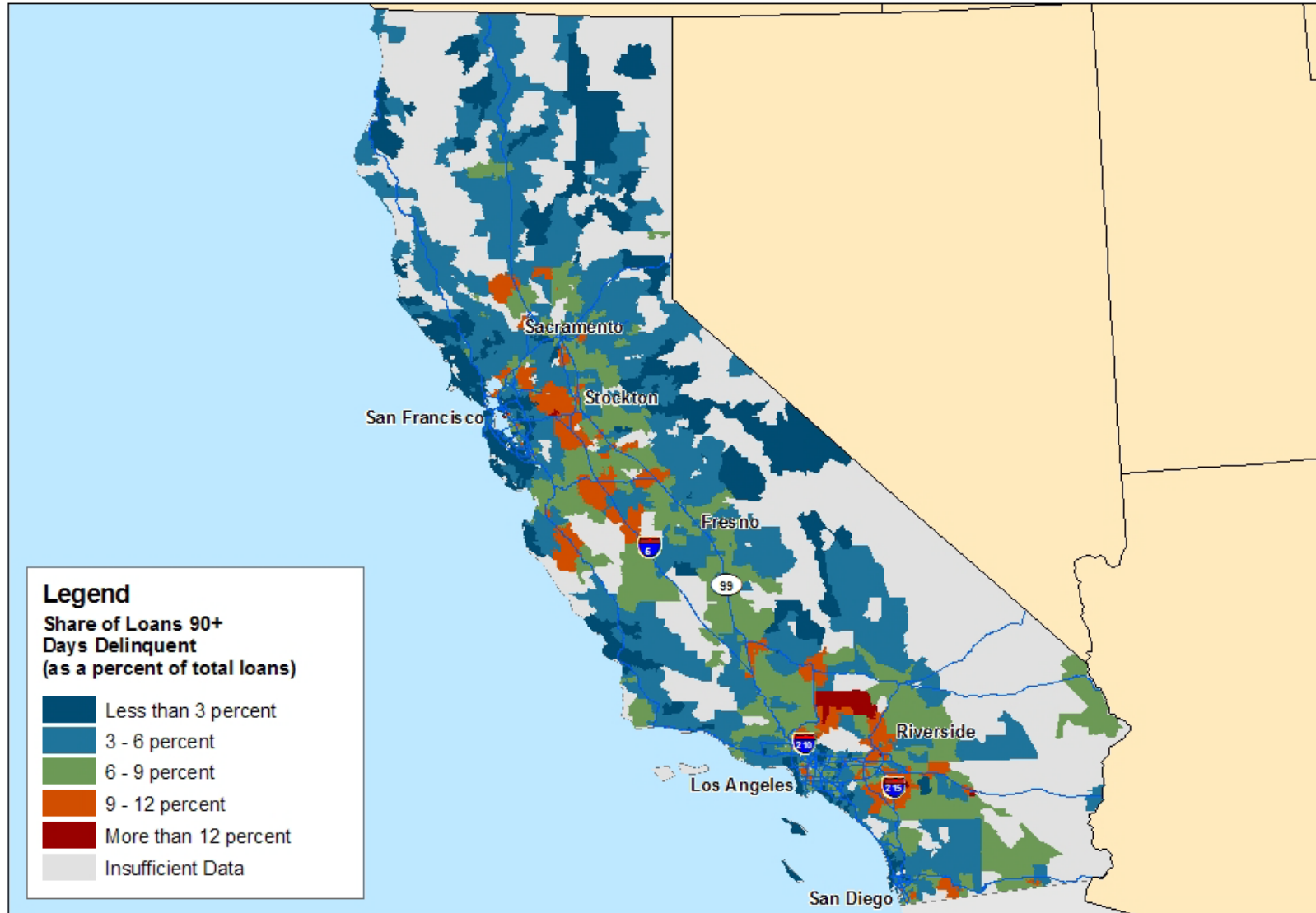
## Areas at Risk of Additional Foreclosures

July 2010



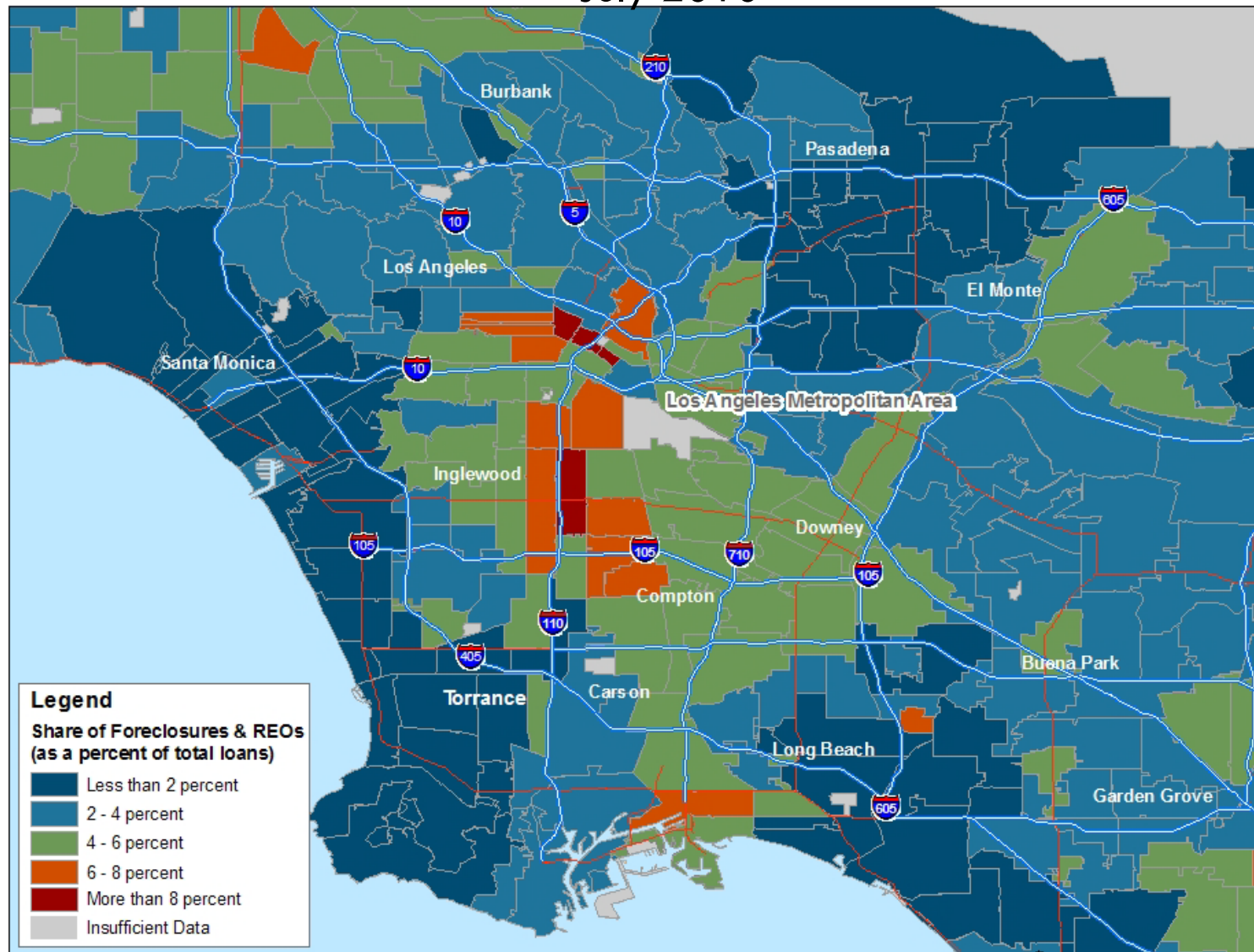
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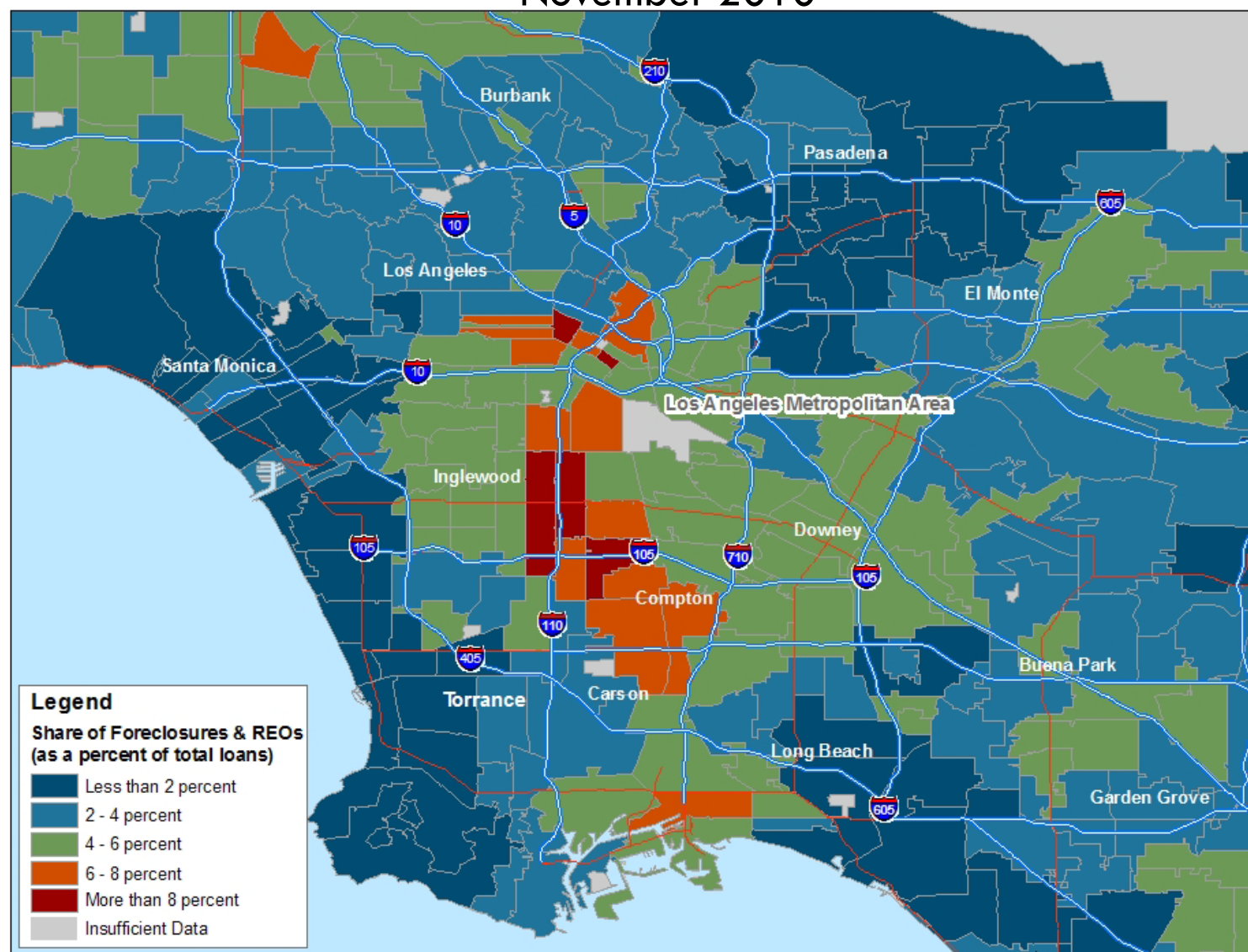
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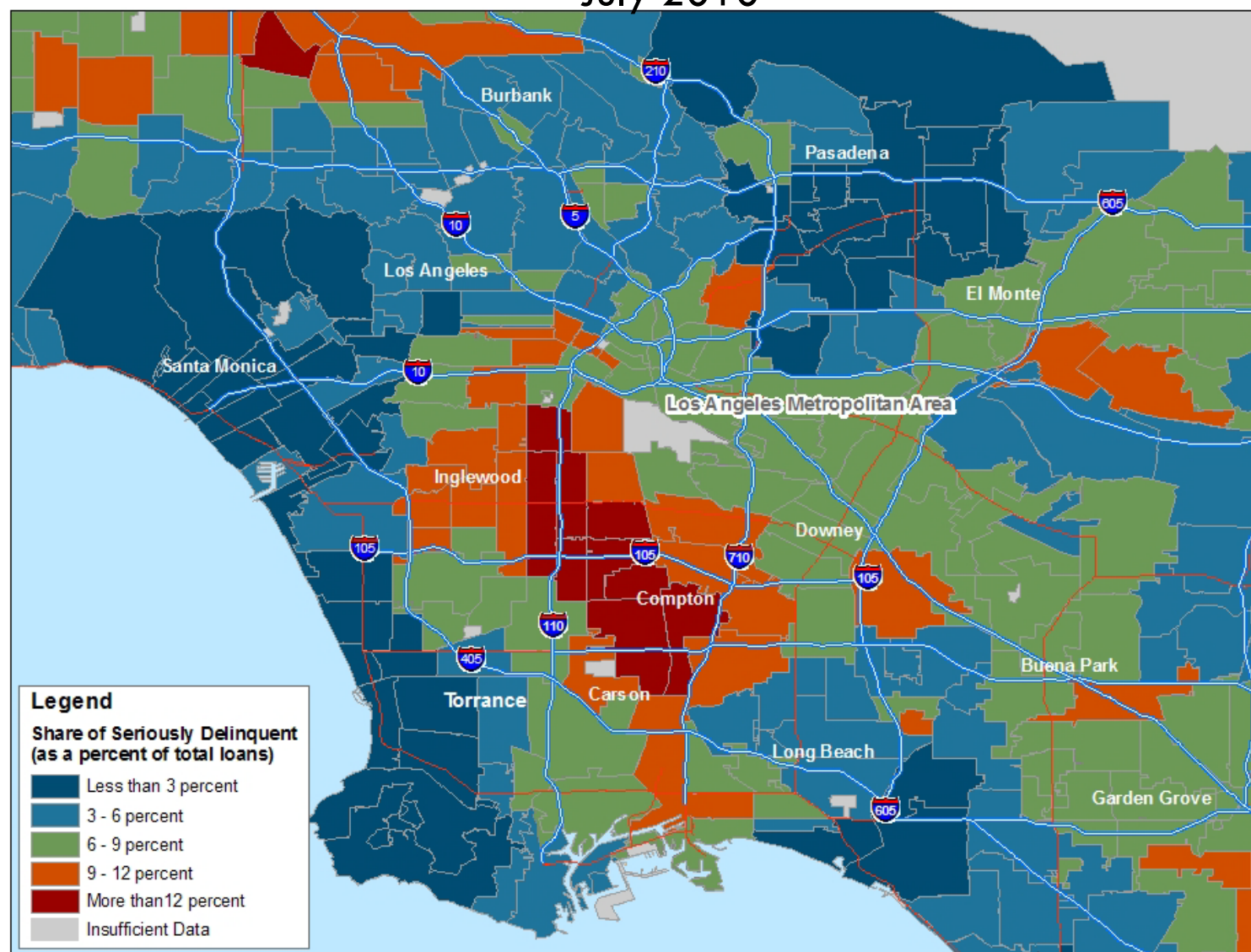
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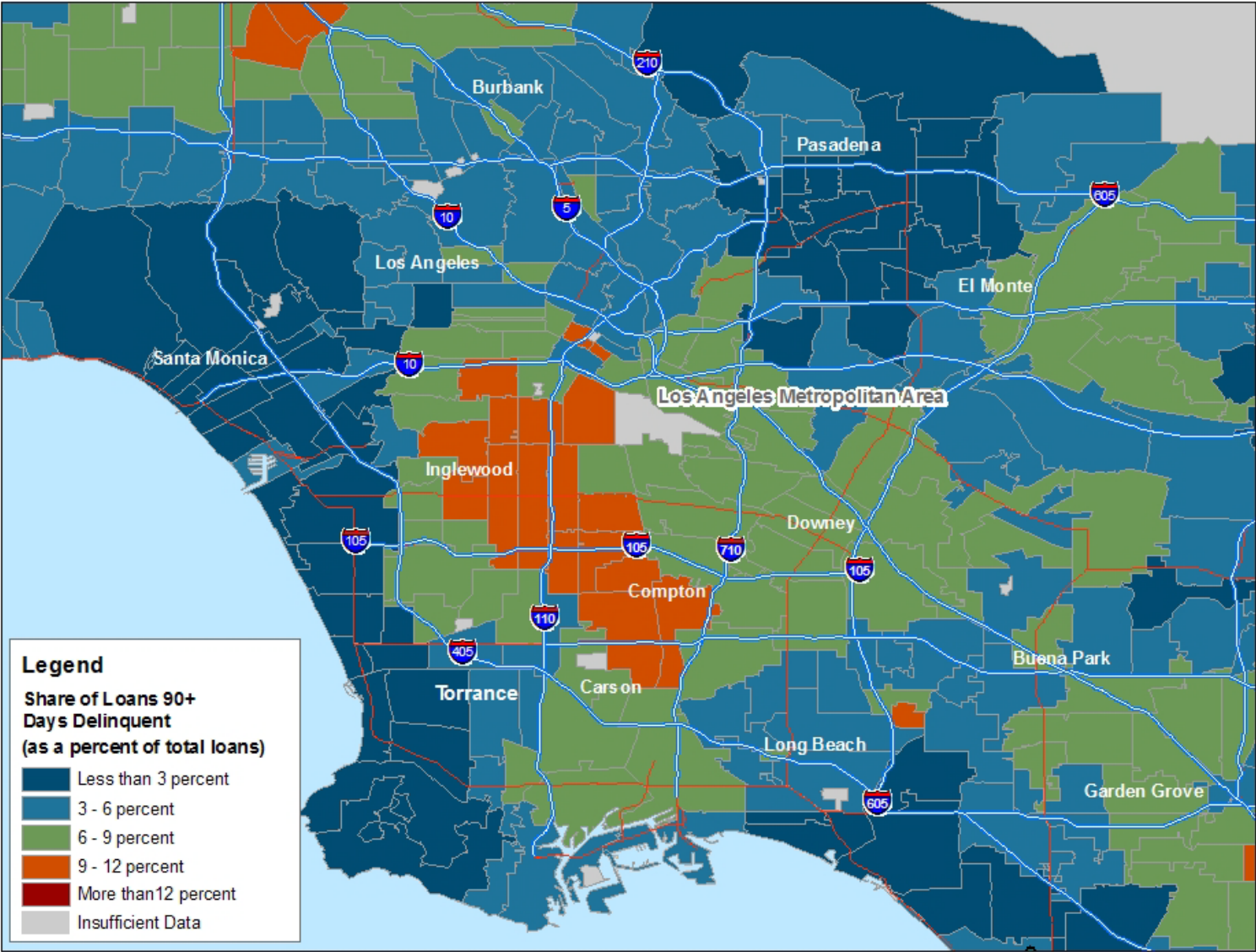
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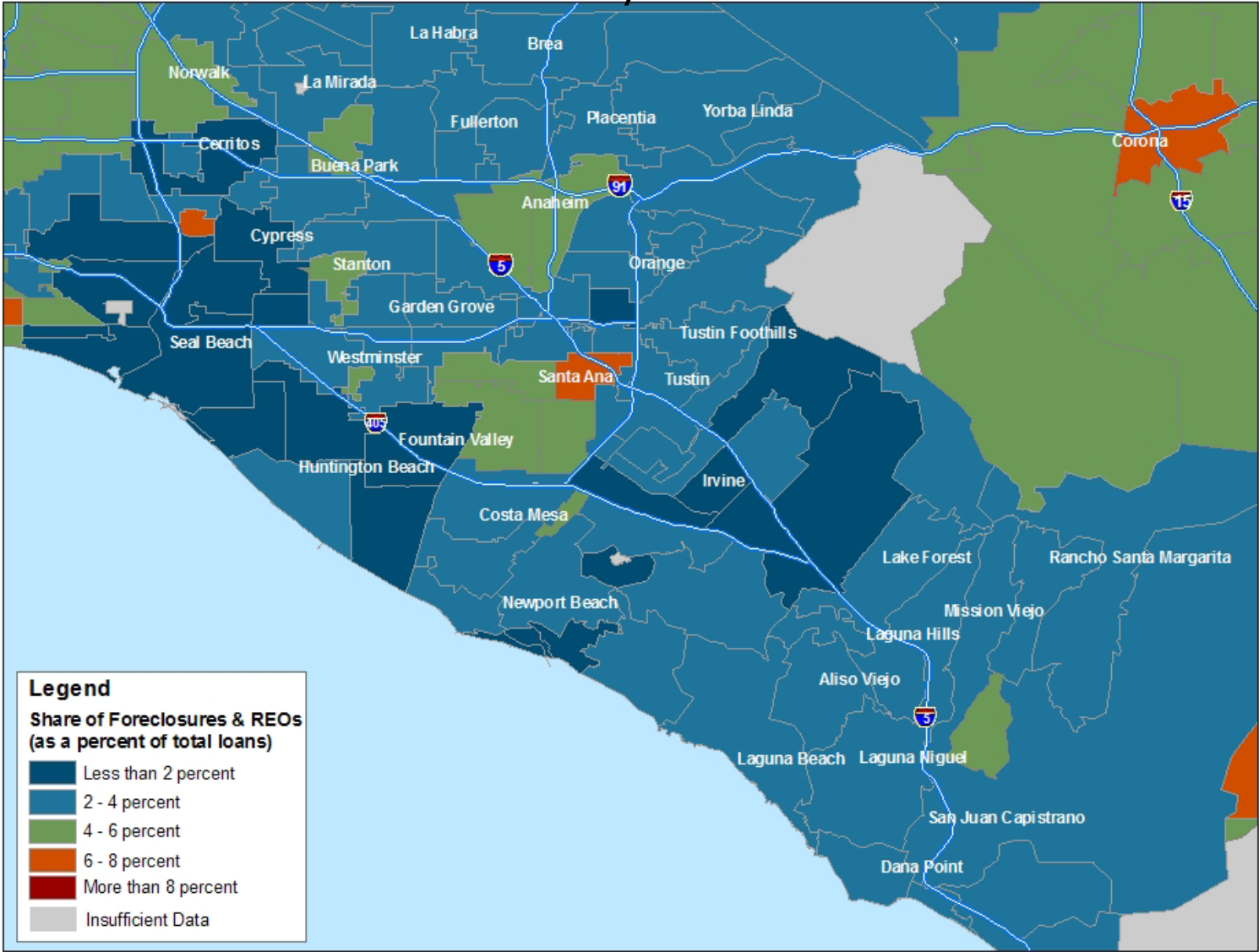
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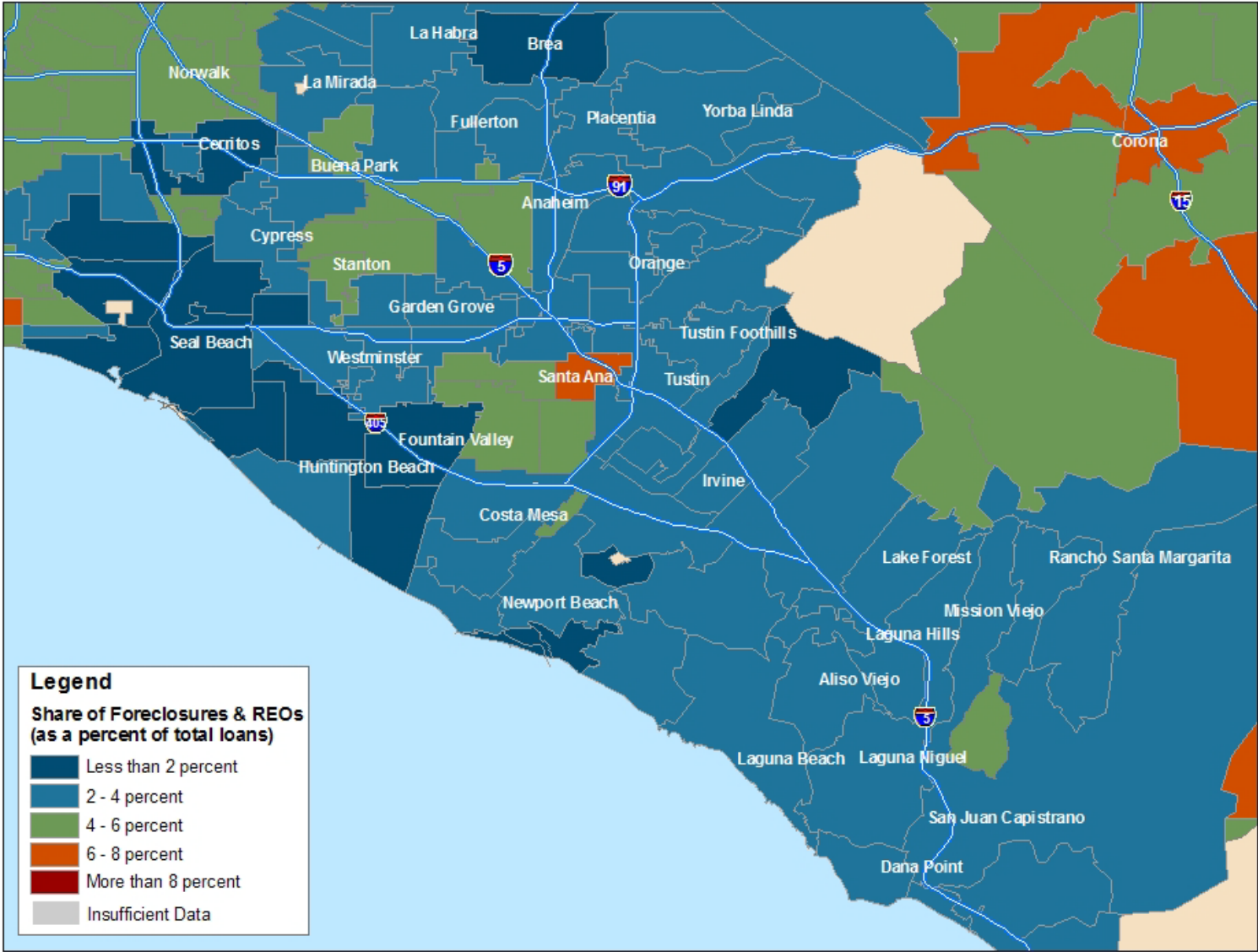
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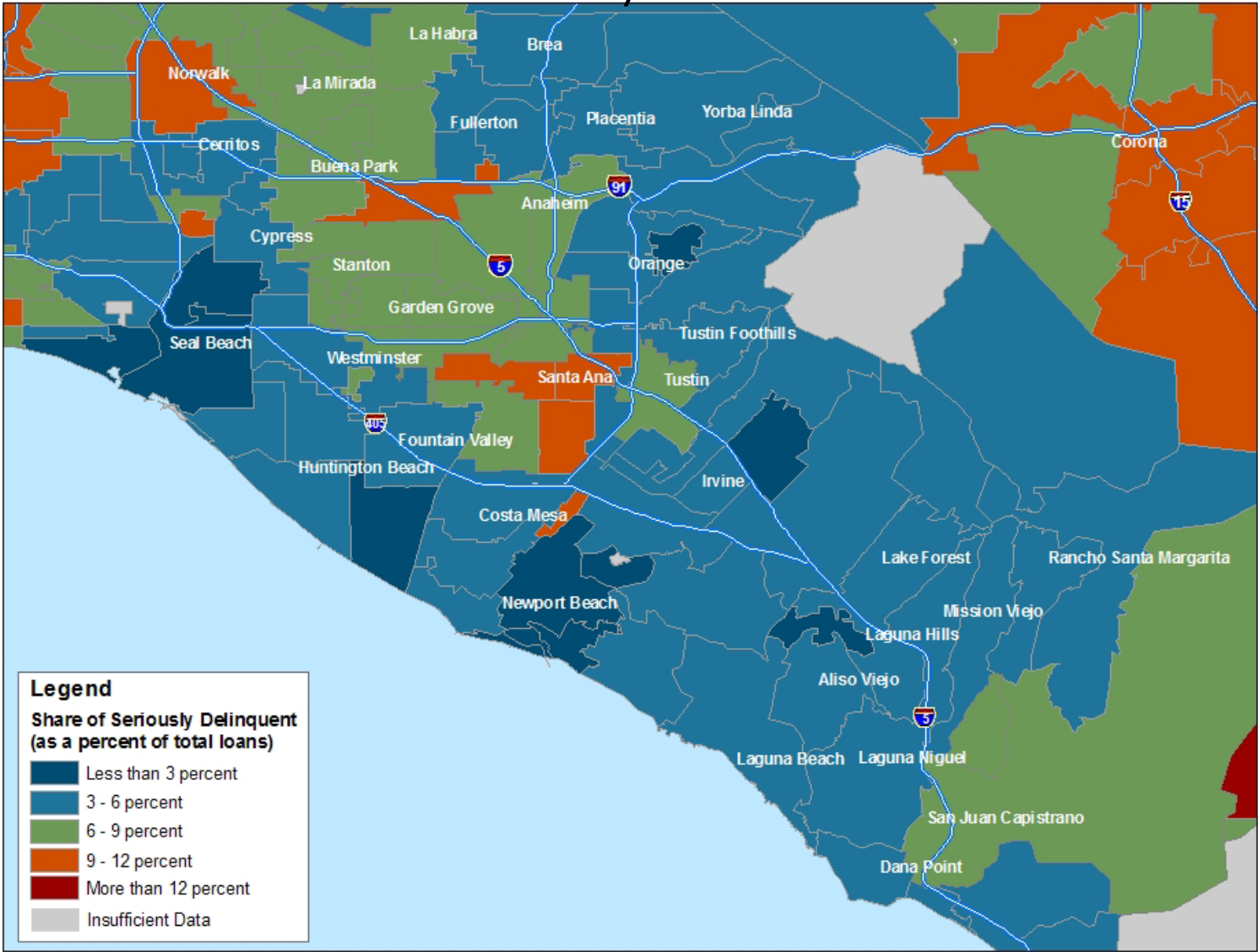
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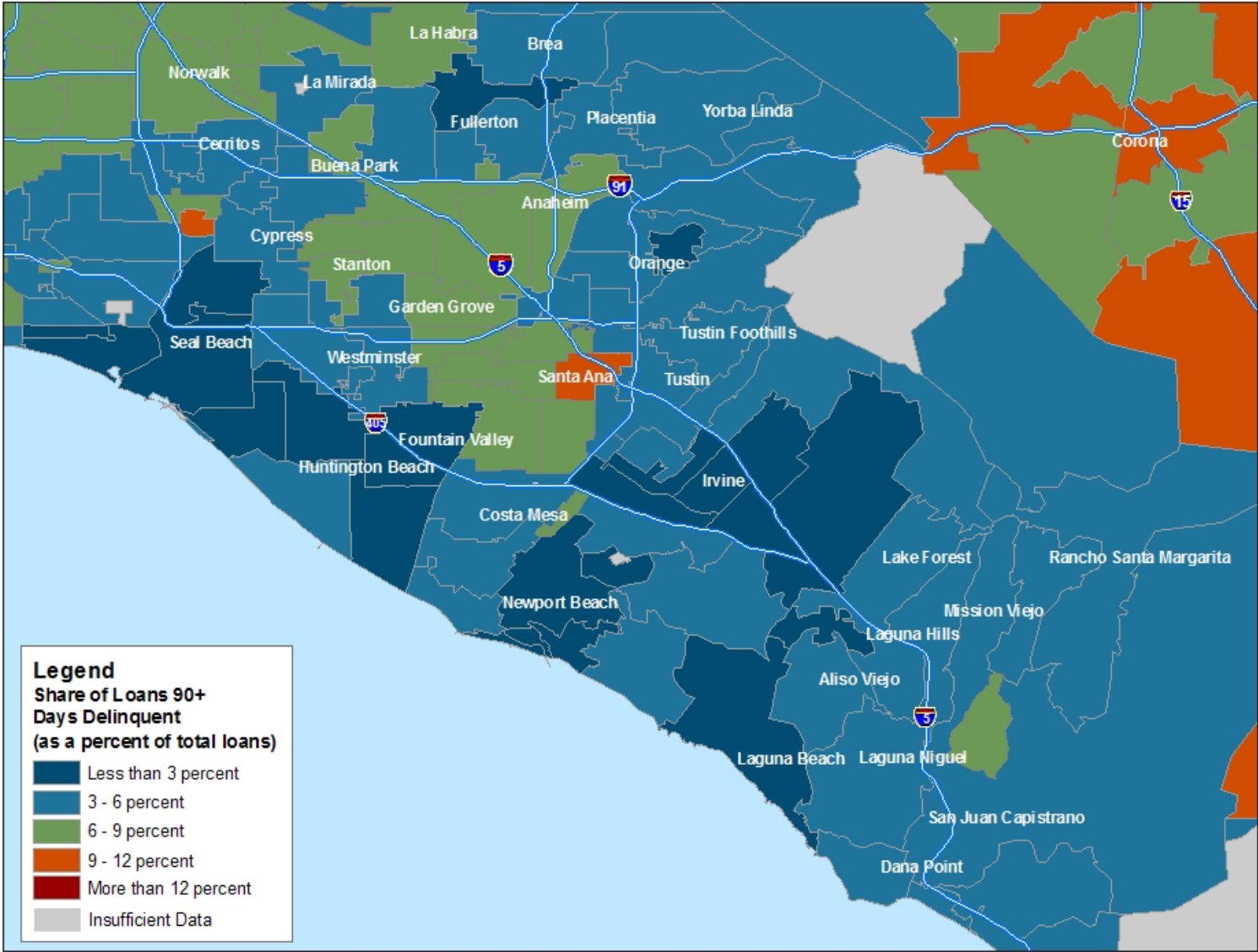
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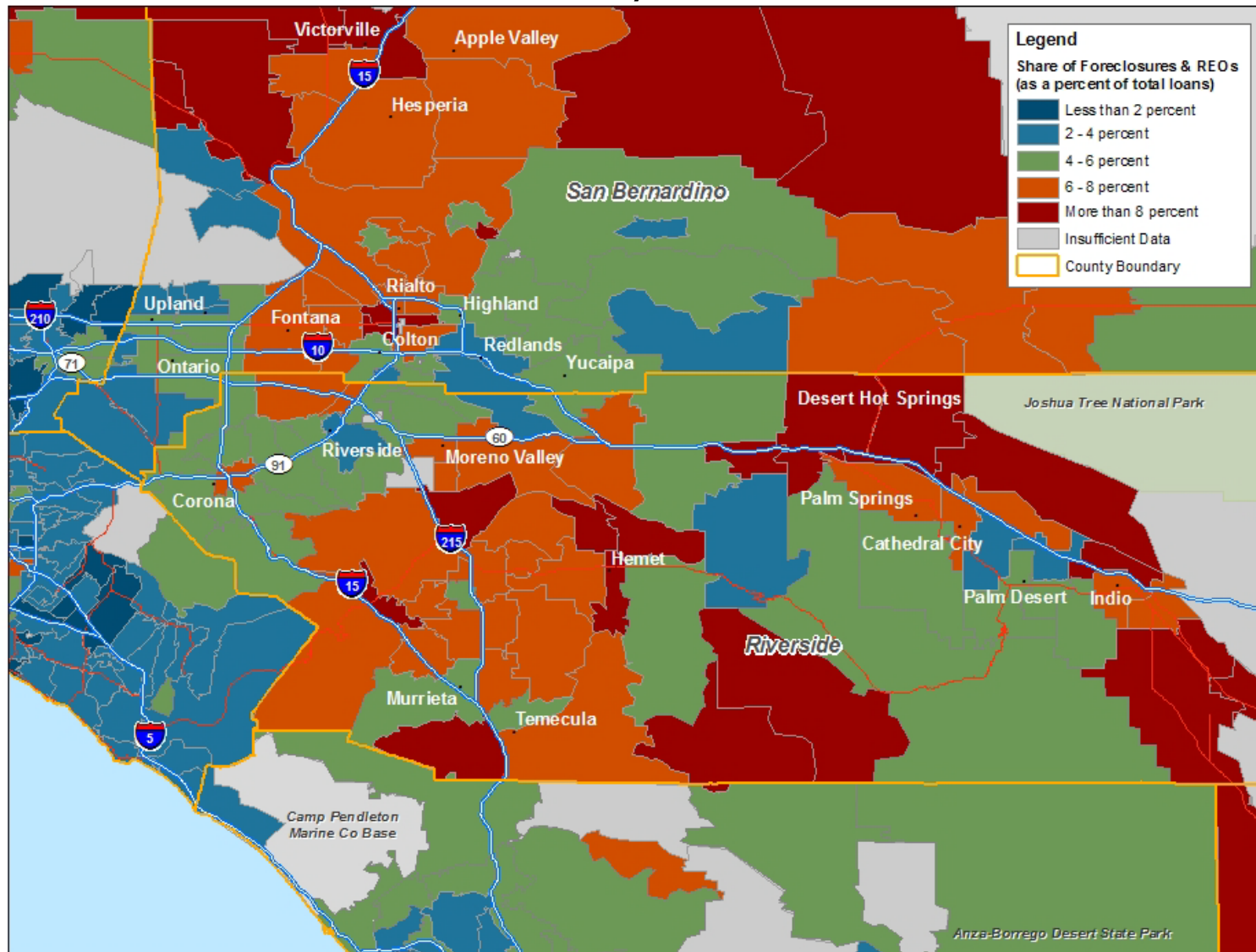
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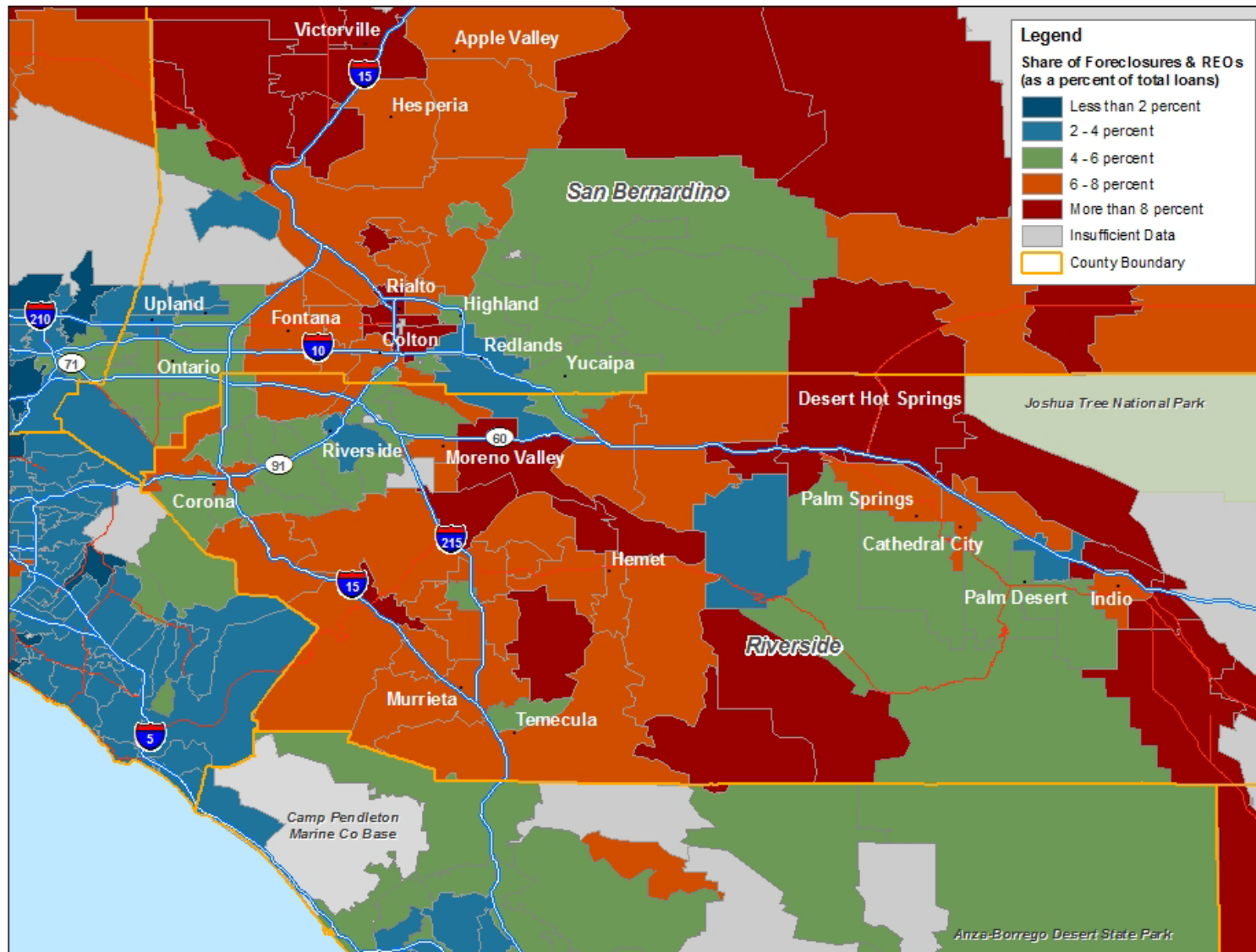
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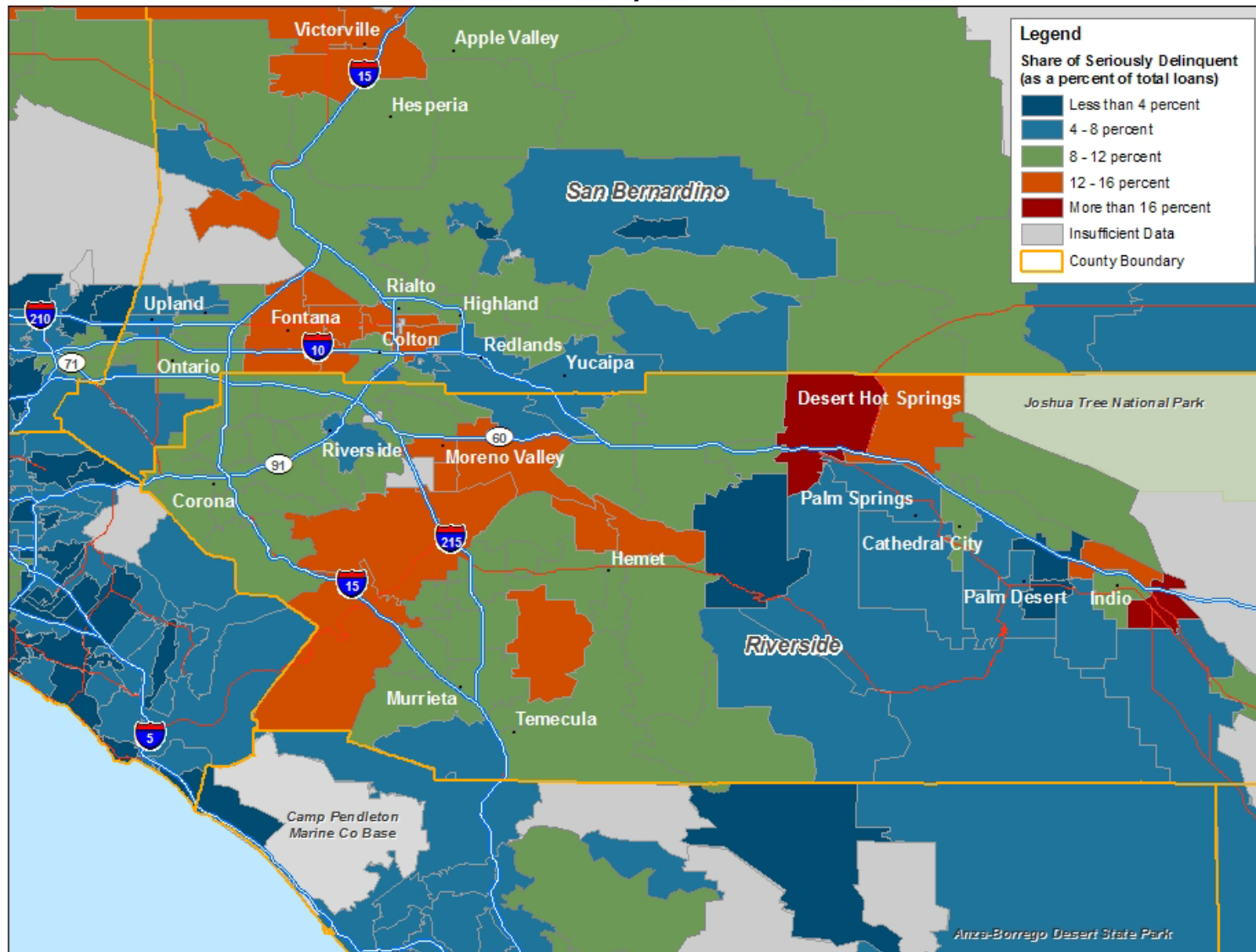
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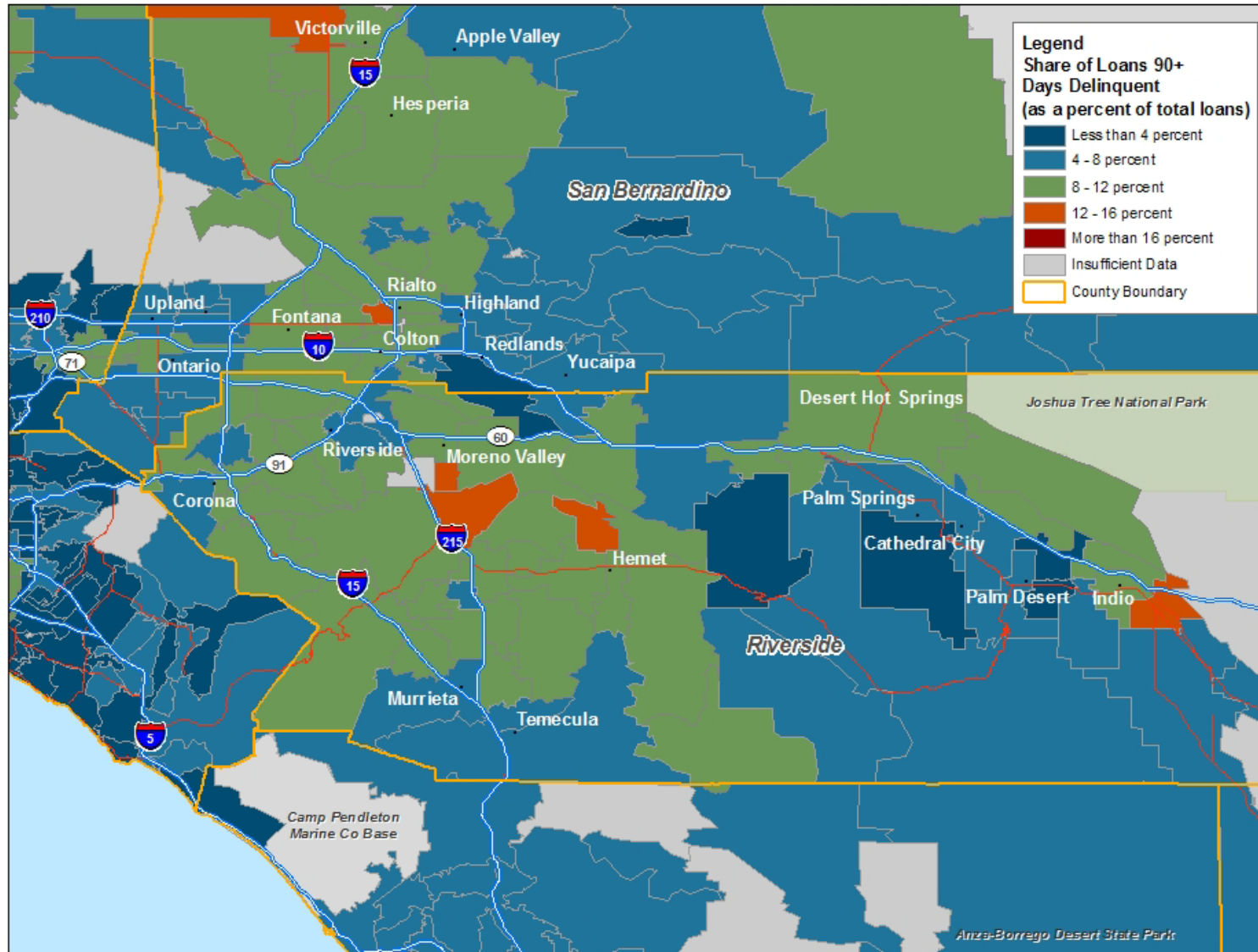
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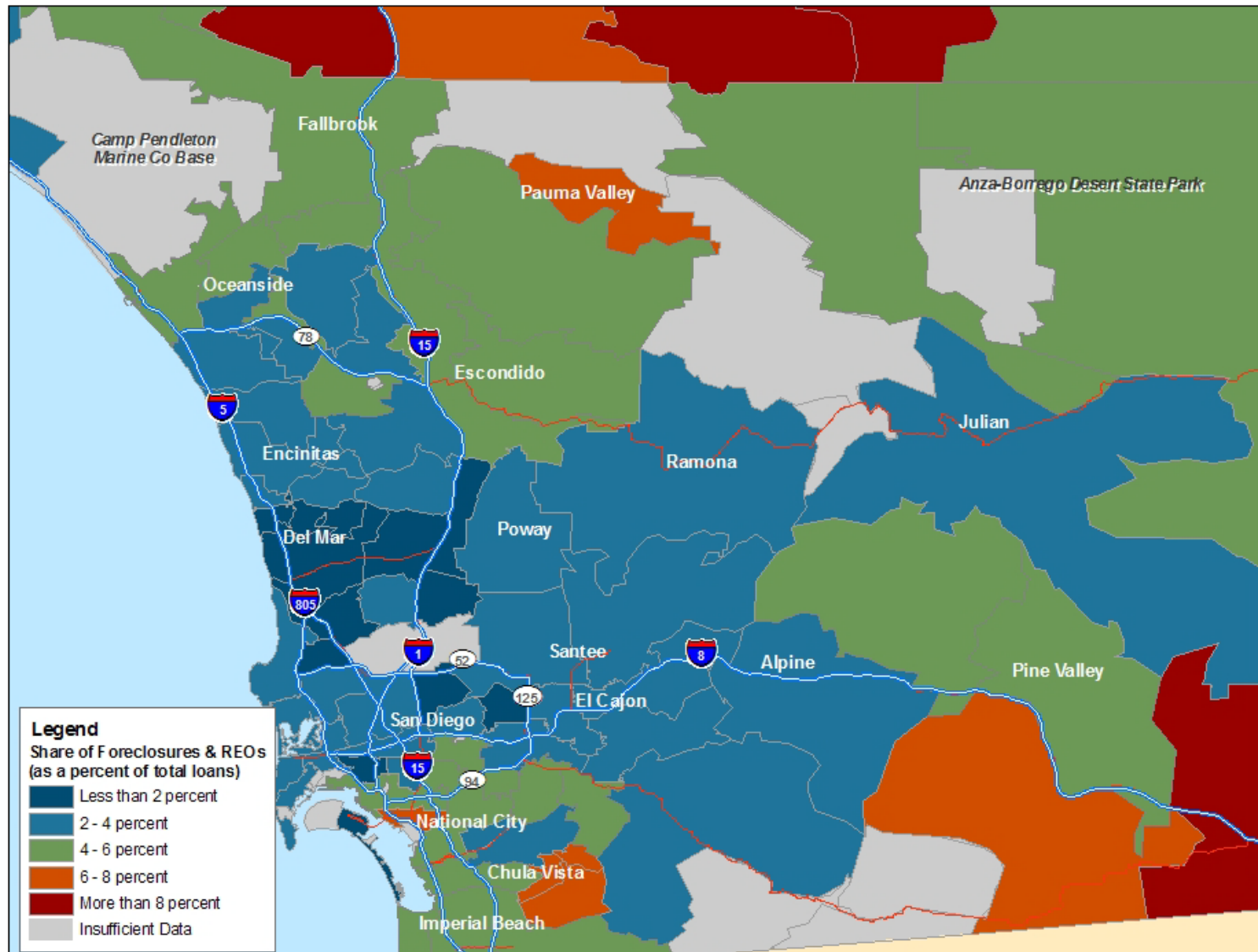
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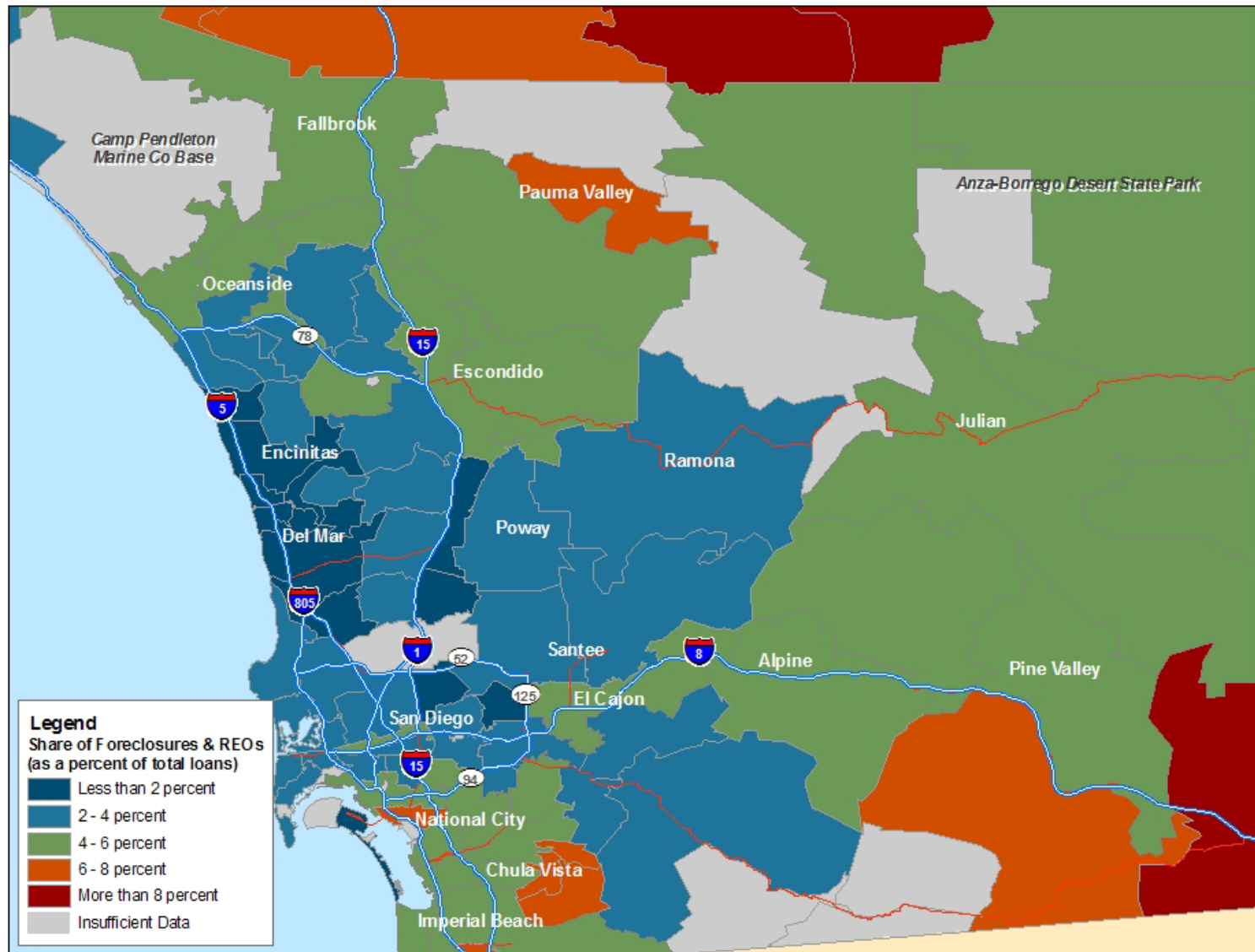
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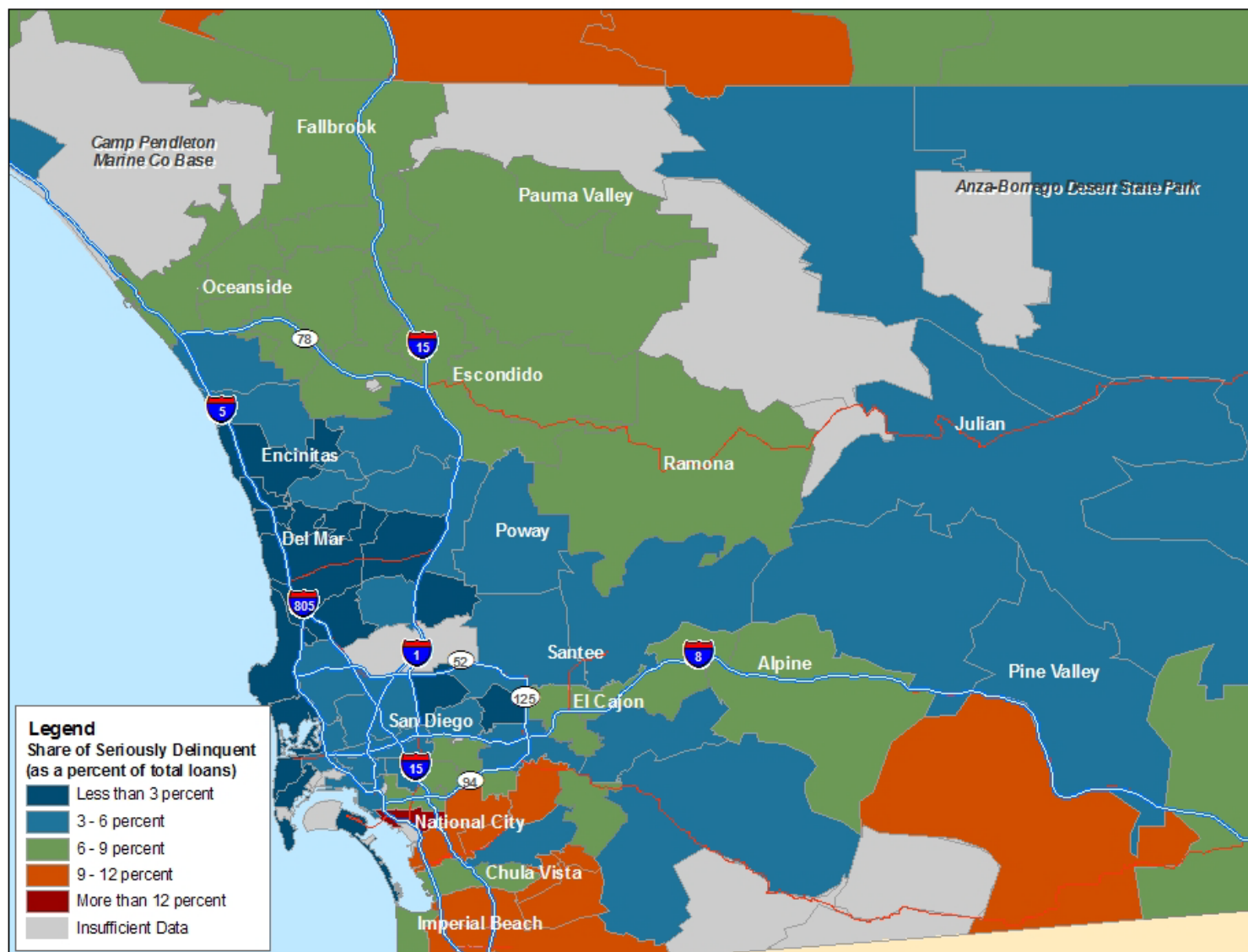
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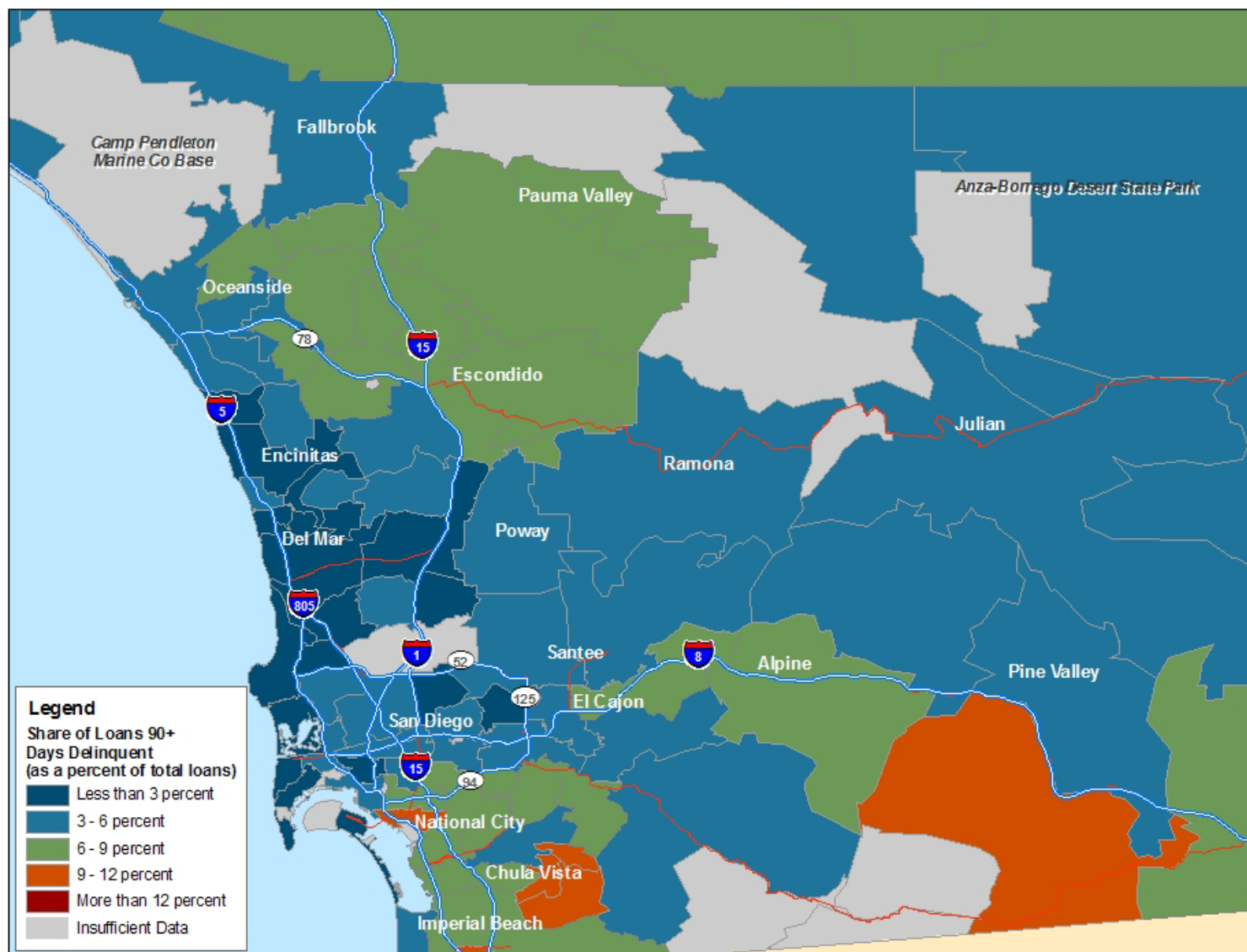
# Neighborhoods at Risk of Additional Foreclosures

## July 2010



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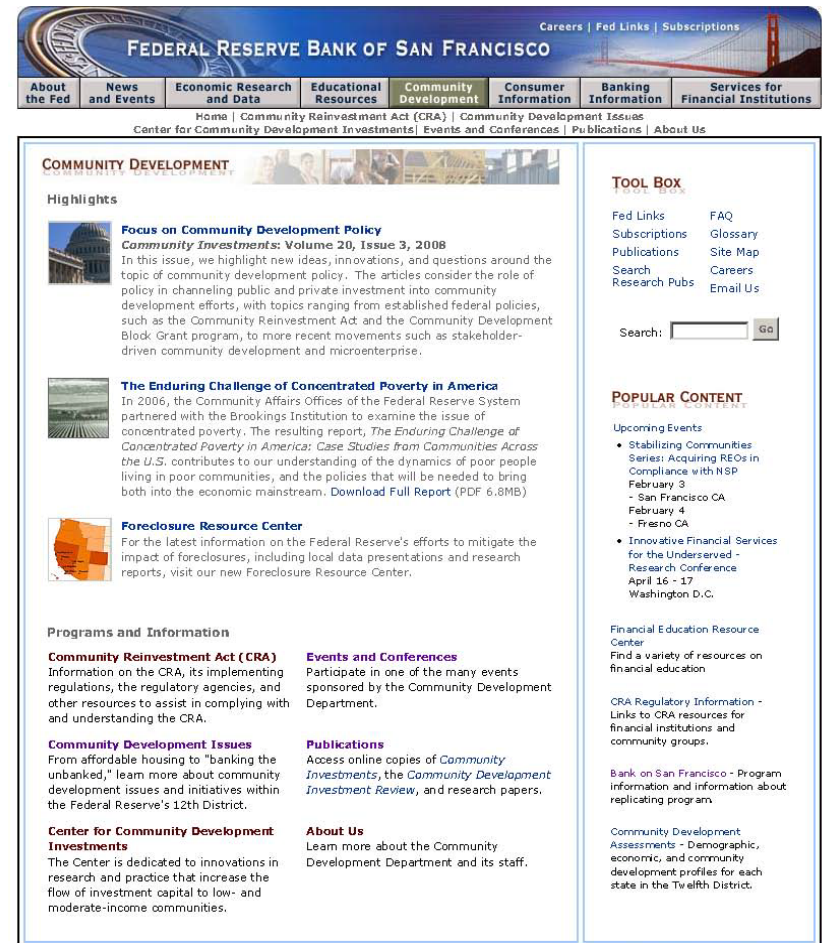
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# Conclusions

# 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/>