

TRENDS IN DELINQUENCIES AND FORECLOSURES IN CENTRAL CALIFORNIA

January 2011

Community Development Research
Federal Reserve Bank of San Francisco

National Trends

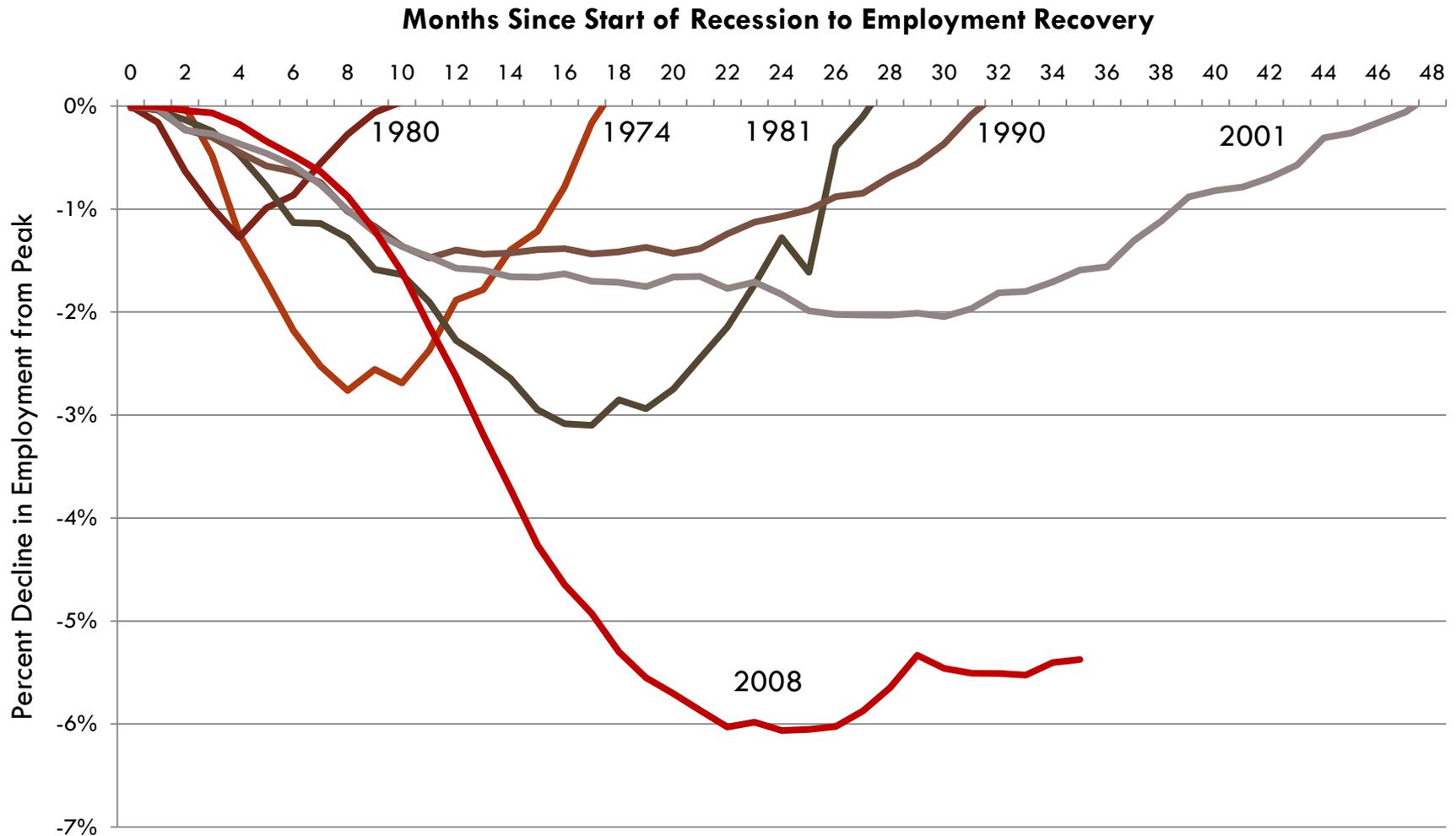
- Even though NBER officially announced the recession's end in June of 2009, pace of recovery remains slow
 - Unemployment rate in November rose to 9.8% from 9.6%, demonstrating continued weakness in the labor market
 - On the more positive side, the private sector has been adding jobs each month, and 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%

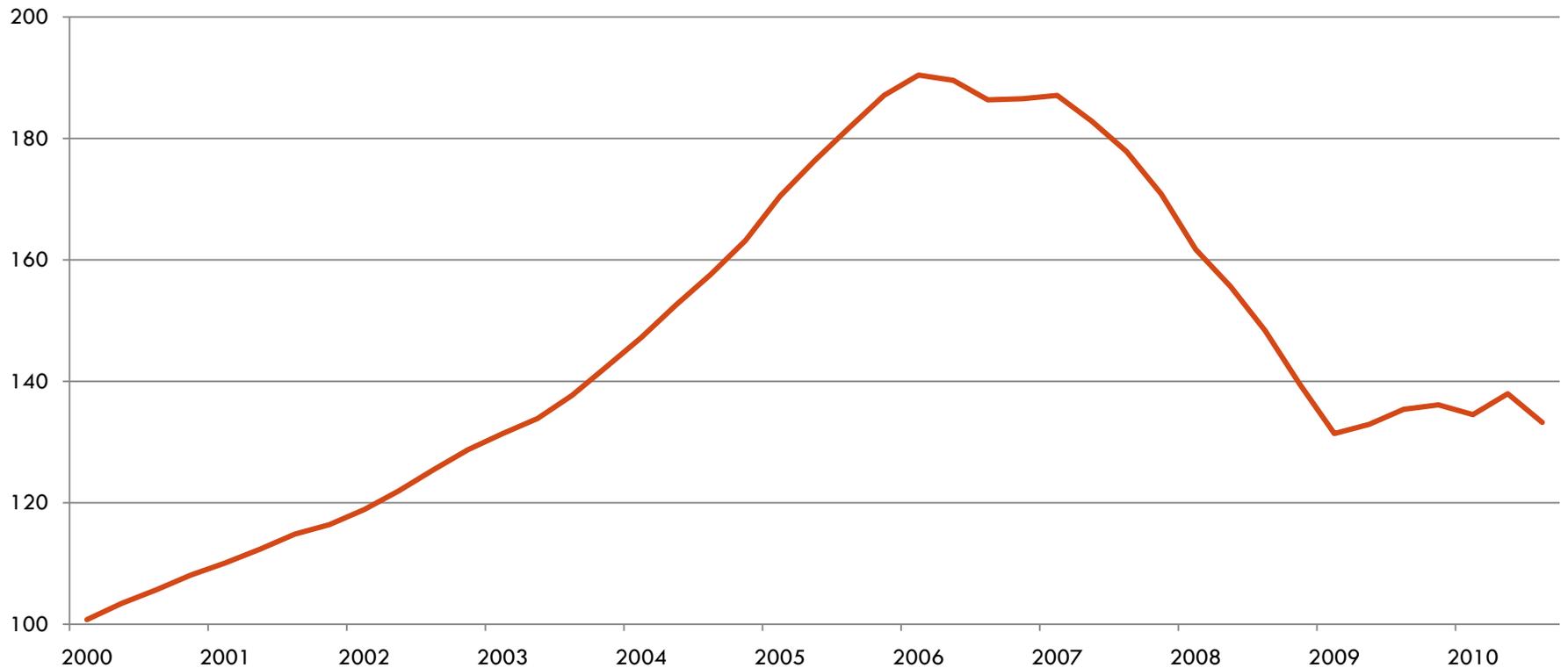


Recovery, particularly in labor market, remains elusive



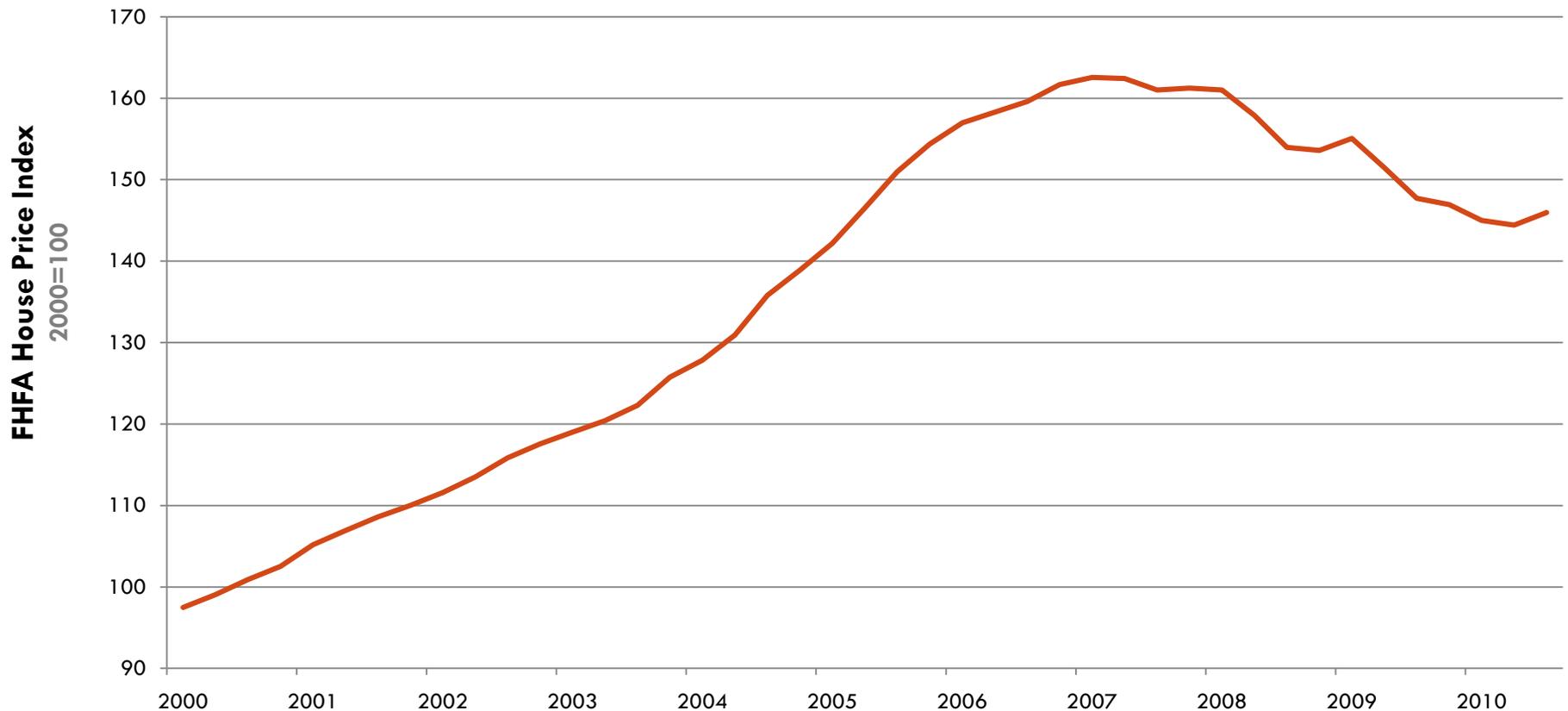
Case-Shiller Index shows continued softness in housing market

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



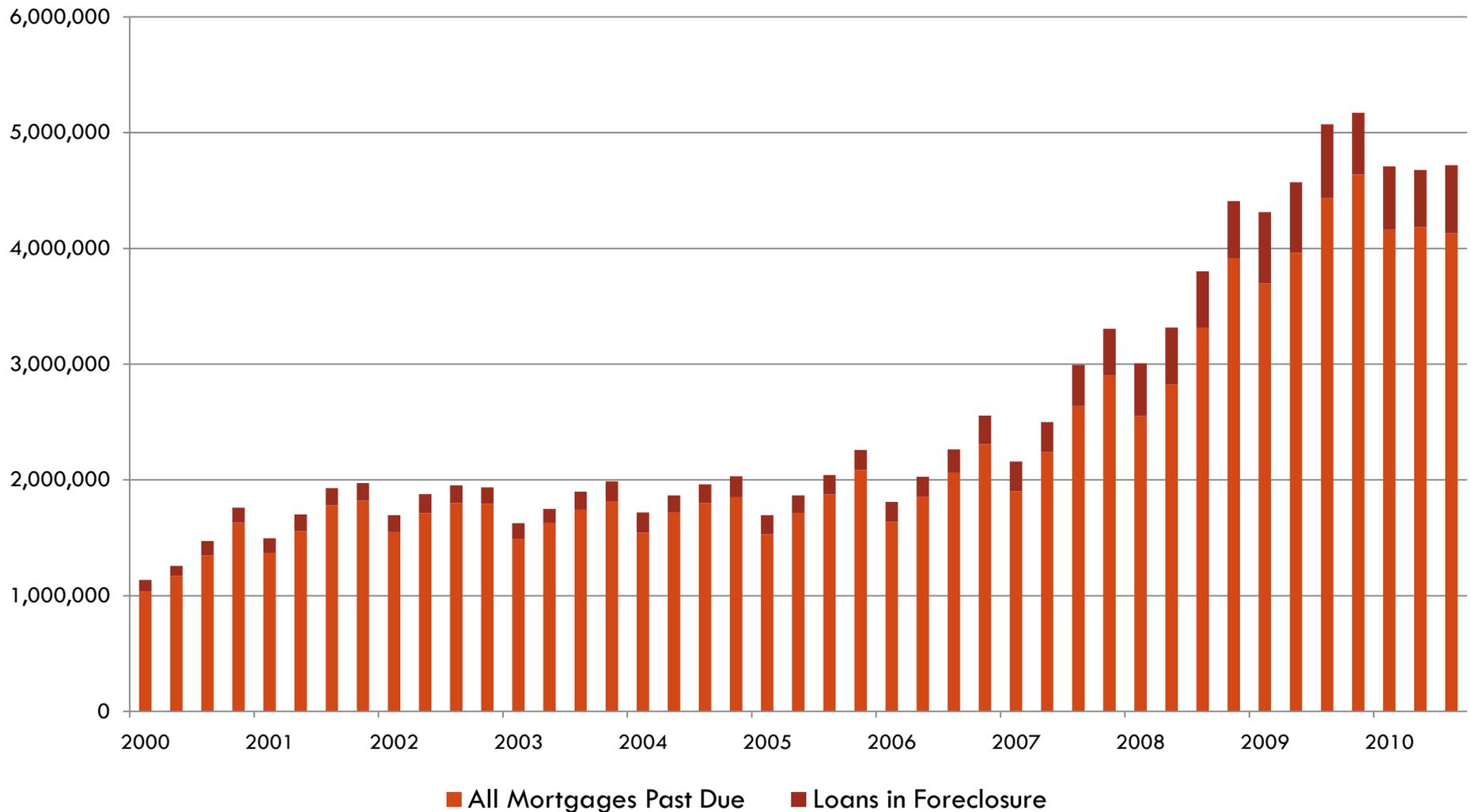
FHFA House Price Index rises slightly in 3rd Qtr of 2010

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



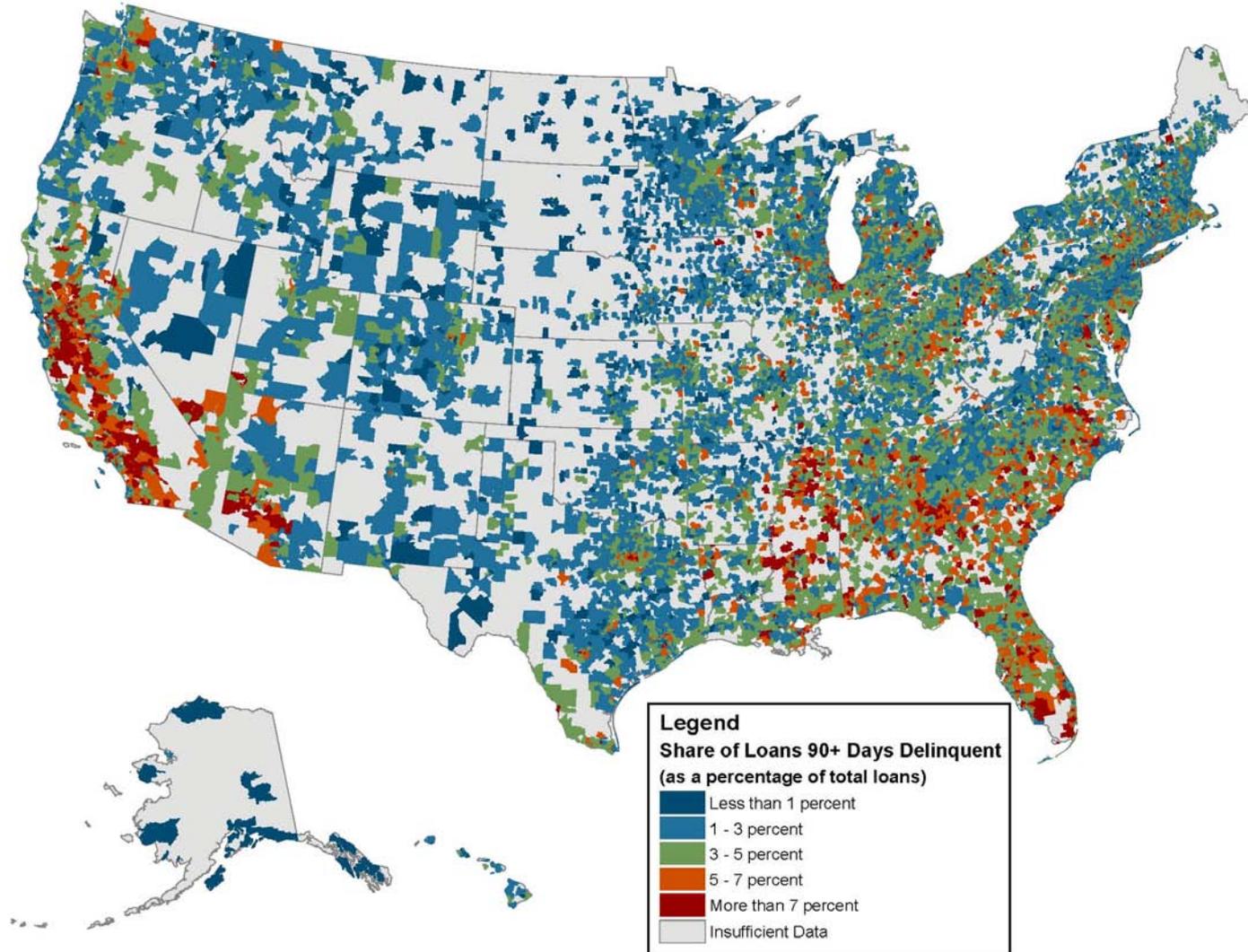
Source: Federal Housing Finance Agency (formerly OFHEO), includes refinancing and is not seasonally adjusted

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

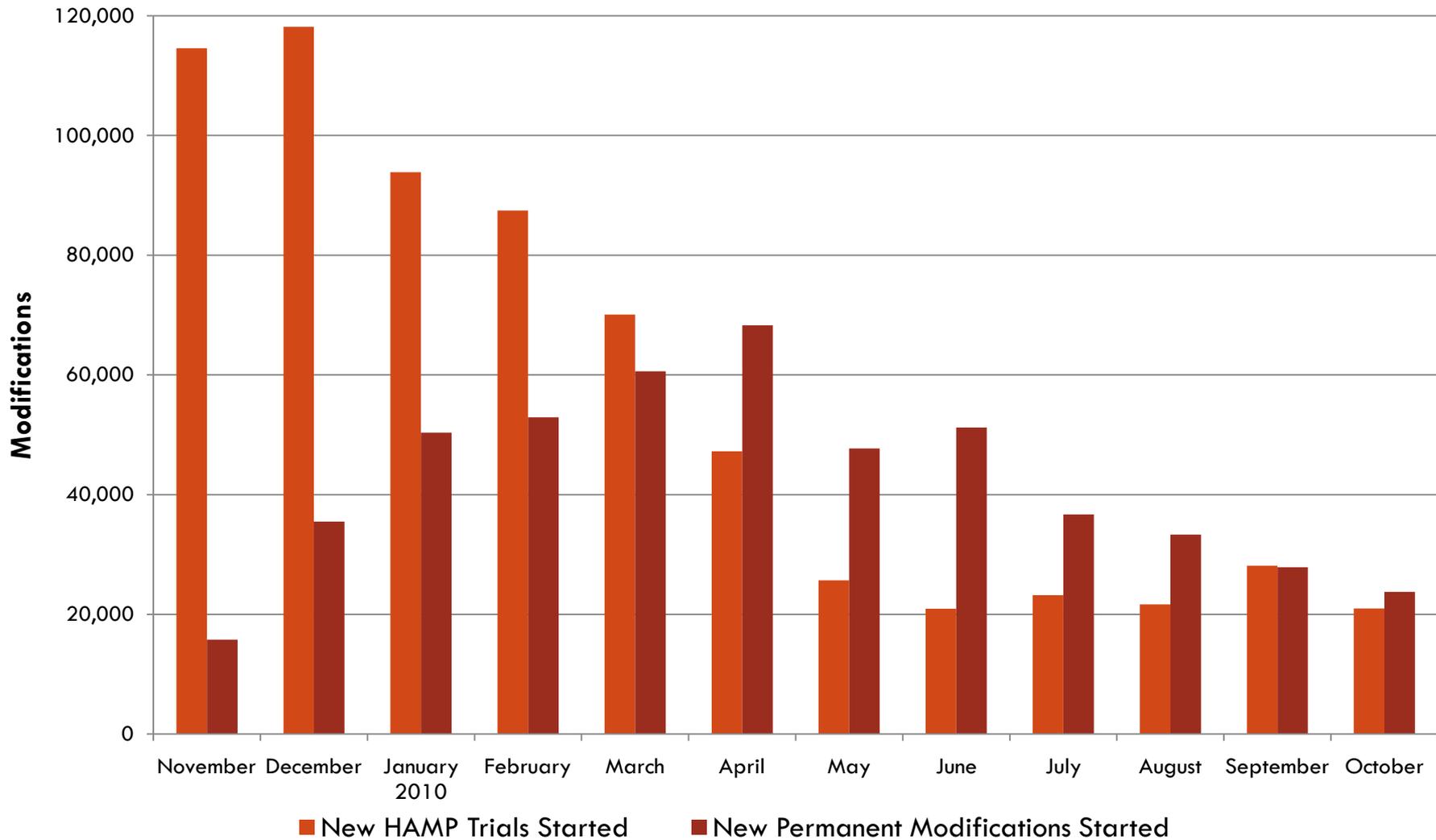


Source: Mortgage Bankers Association, National Delinquency Survey

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

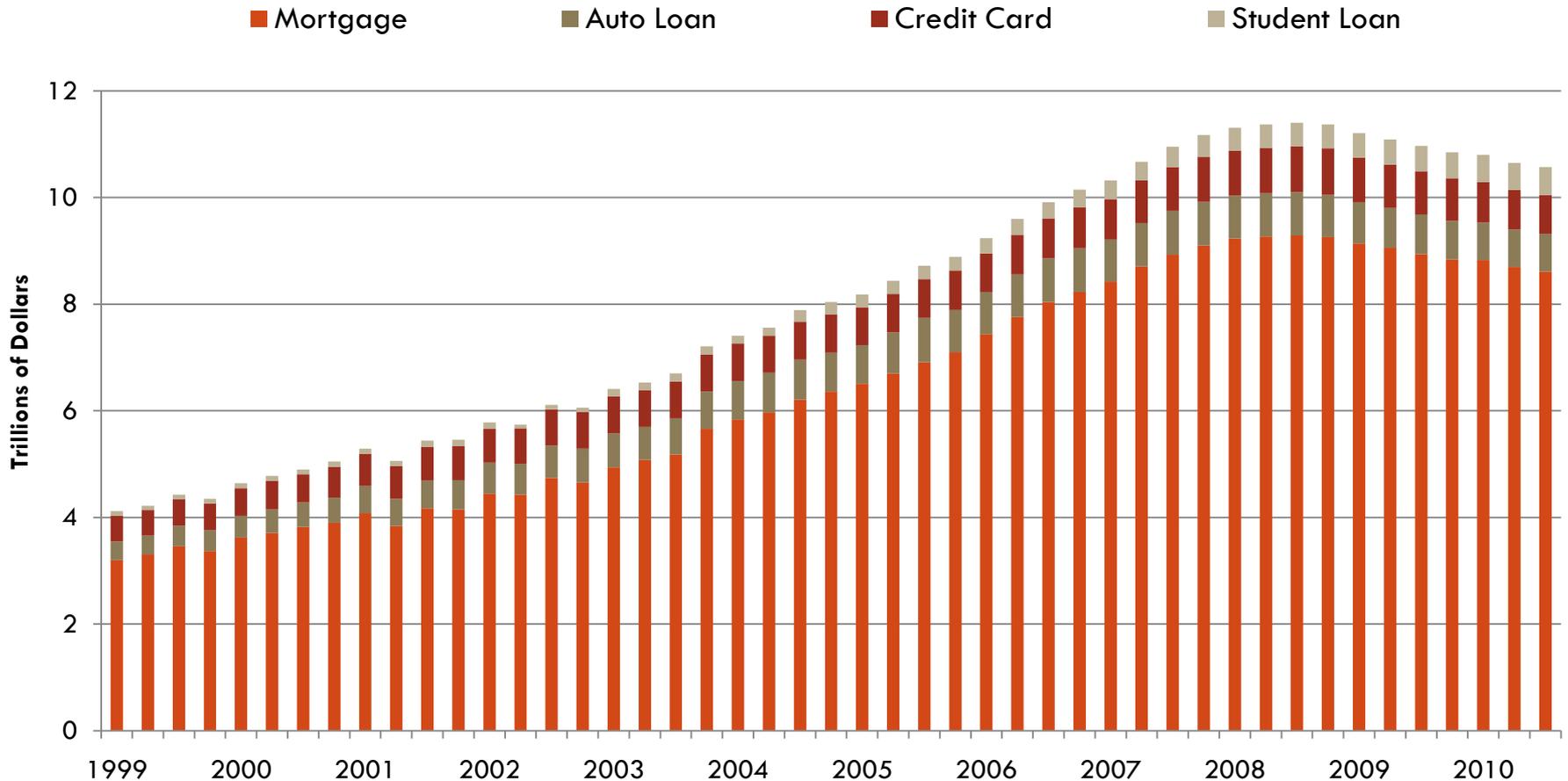


HAMP modifications down; borrowers still face challenges in obtaining permanent modifications



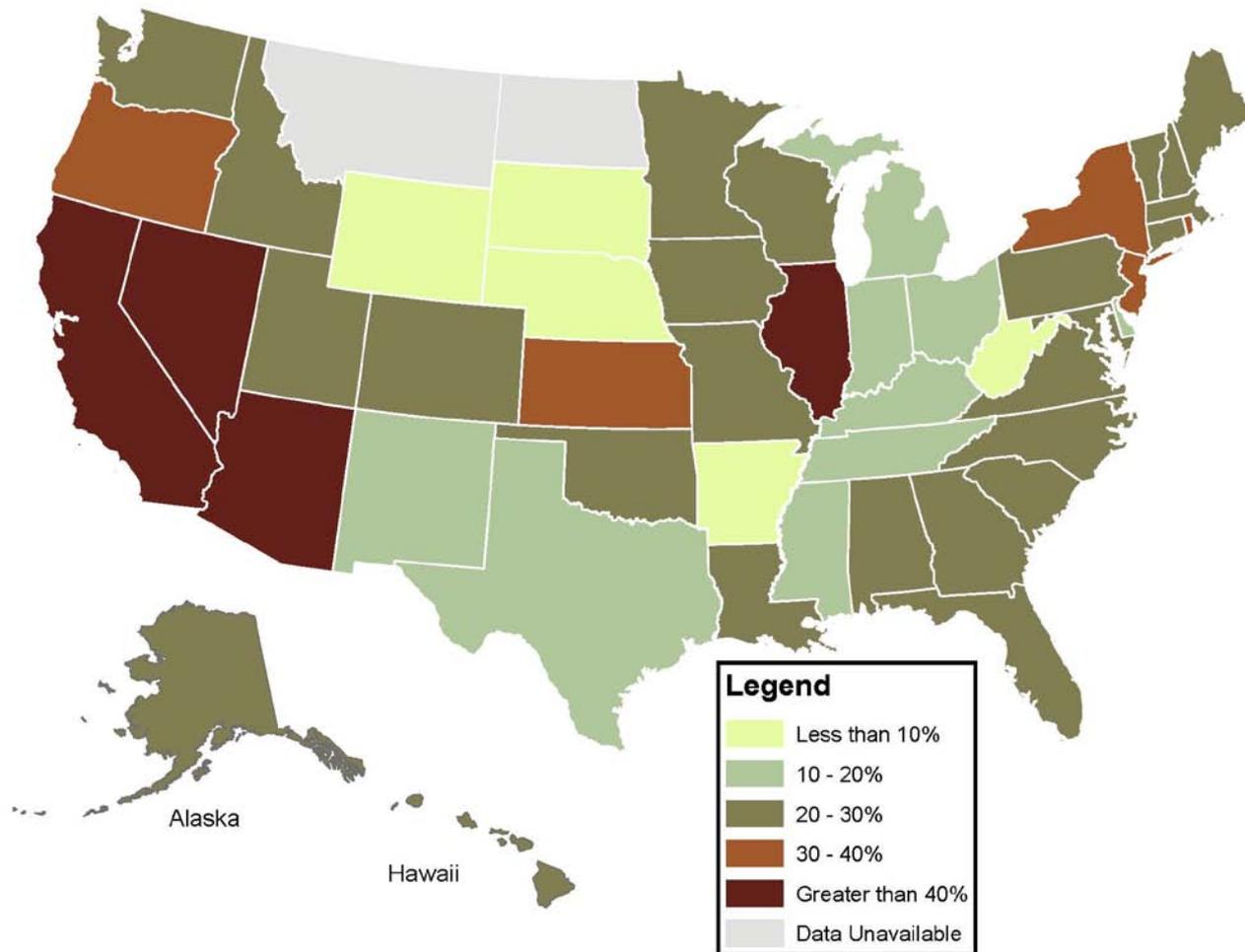
Household debt falling from 2008 peak

Total Debt Balance and Composition



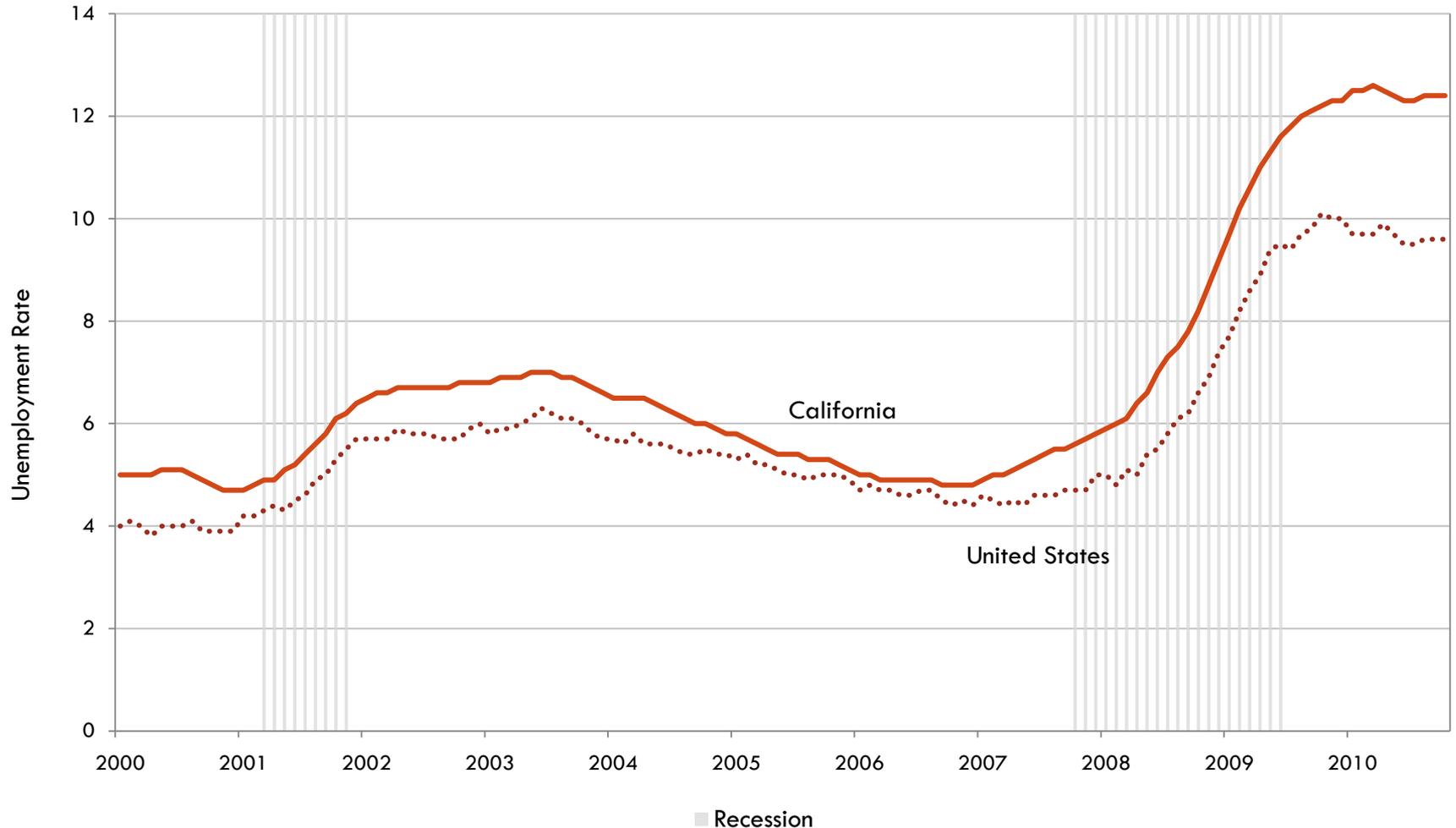
Many states within 12th District face severe budget shortfalls

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



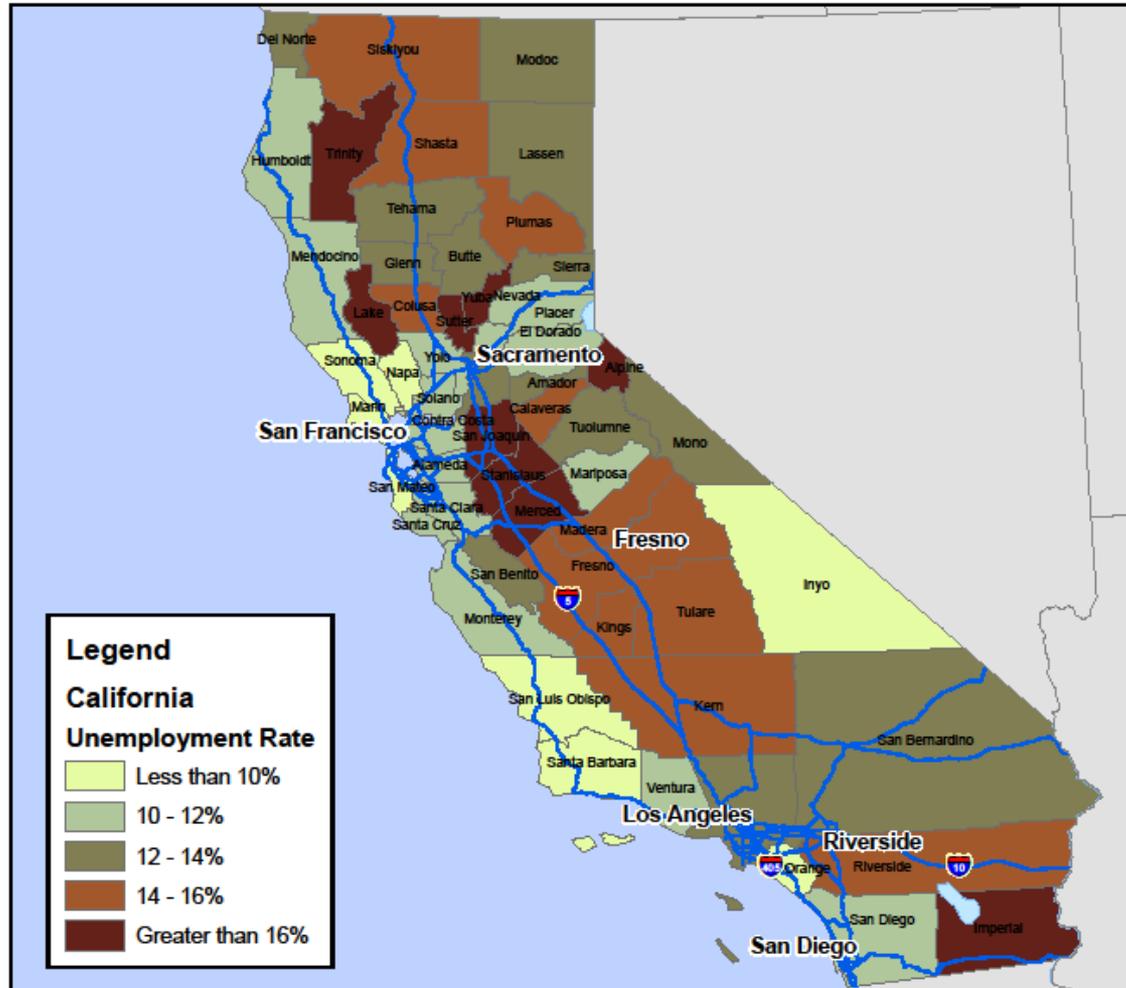
California Trends

California's unemployment still well above national average



Source: Bureau of Labor Statistics

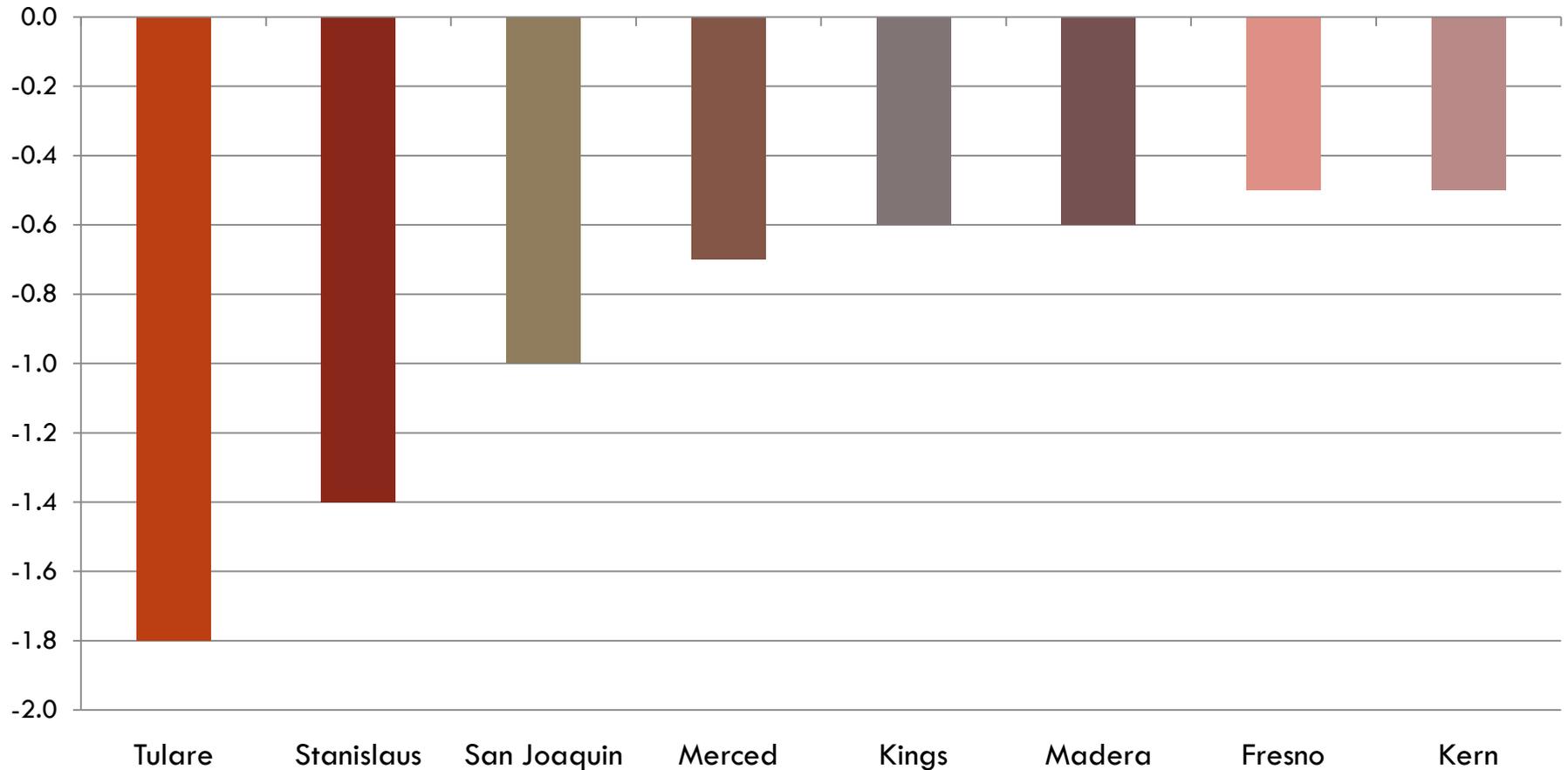
Unemployment rates particularly high in Central Valley and Inland Empire



Unemployment in Central Valley still high, but improving

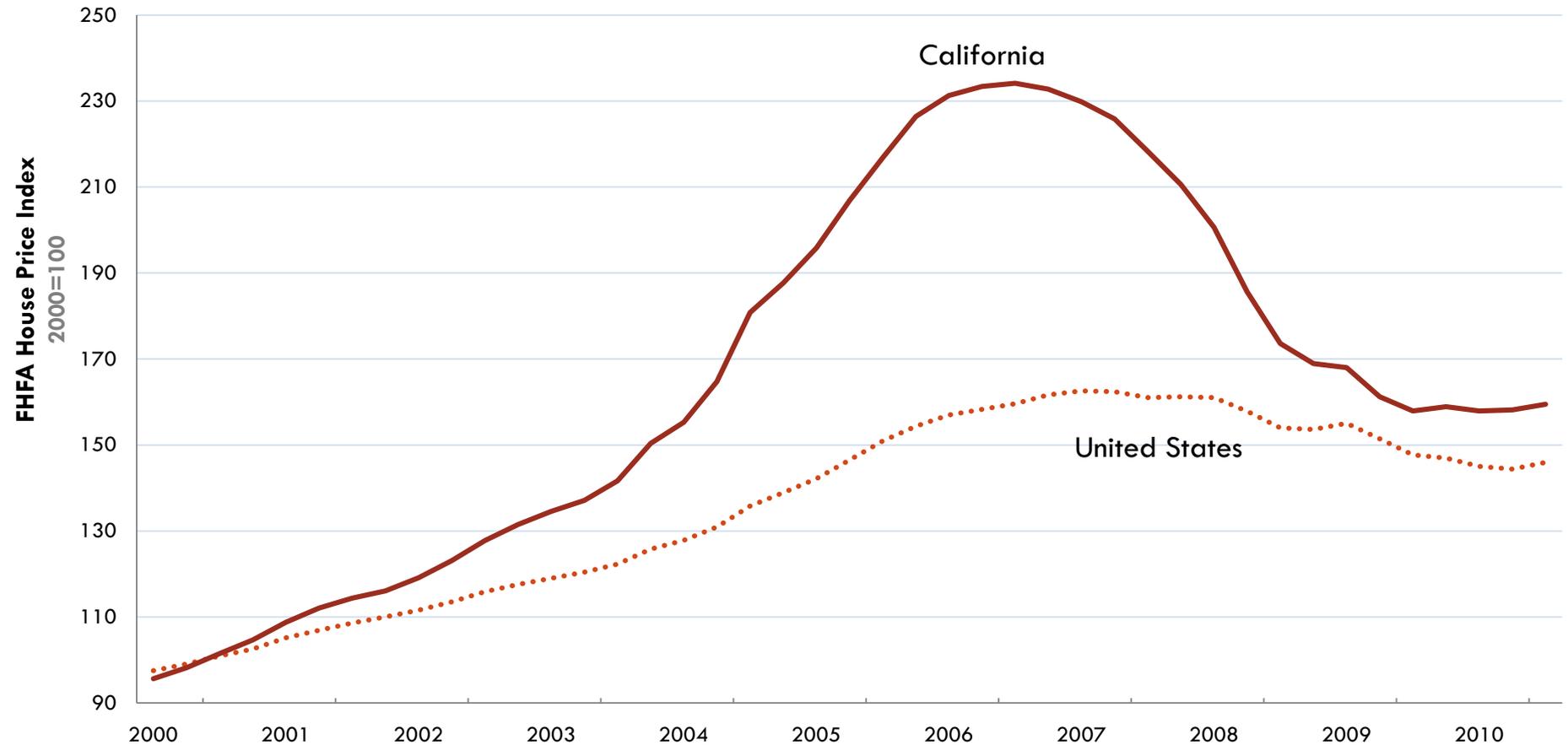
Unemployment Rate Percentage Point Change

July - October 2010



California house prices appear to be stabilizing

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

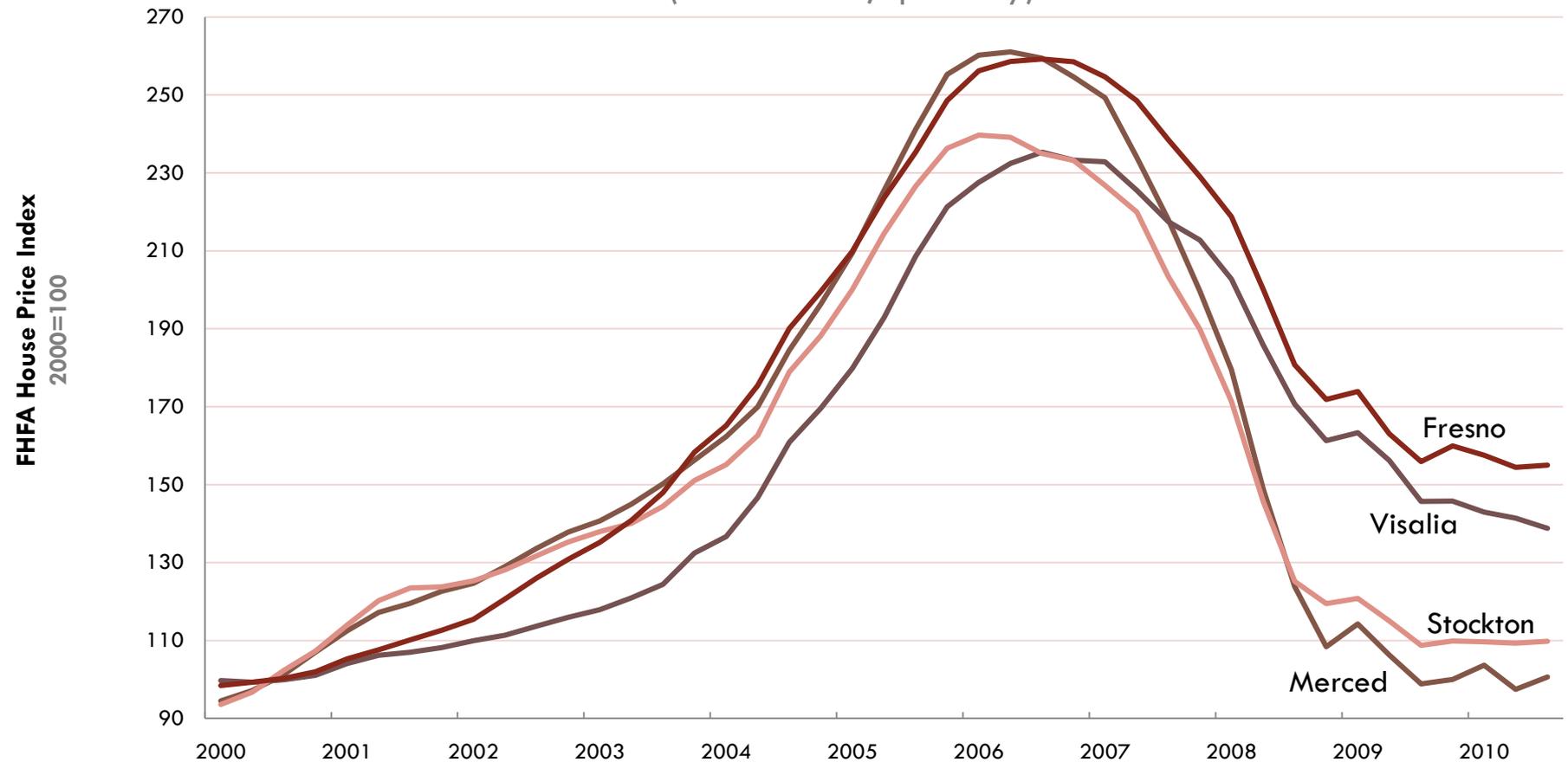


Source: Federal Housing Finance Agency (formerly OFHEO)

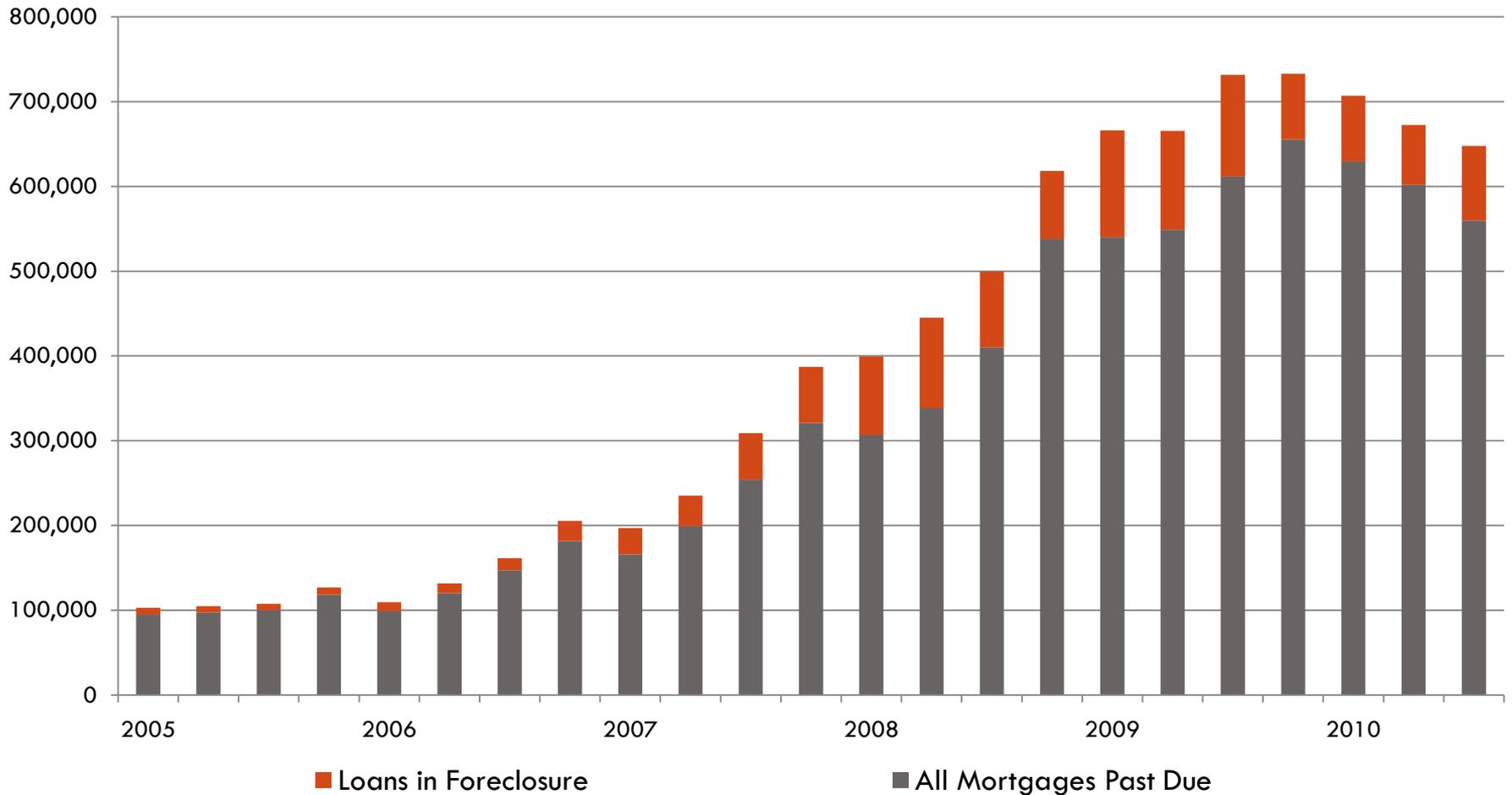
Housing markets in the Central Valley saw greatest declines, but also starting to stabilize

FHFA (formerly OFHEO) House Price Index: Central California

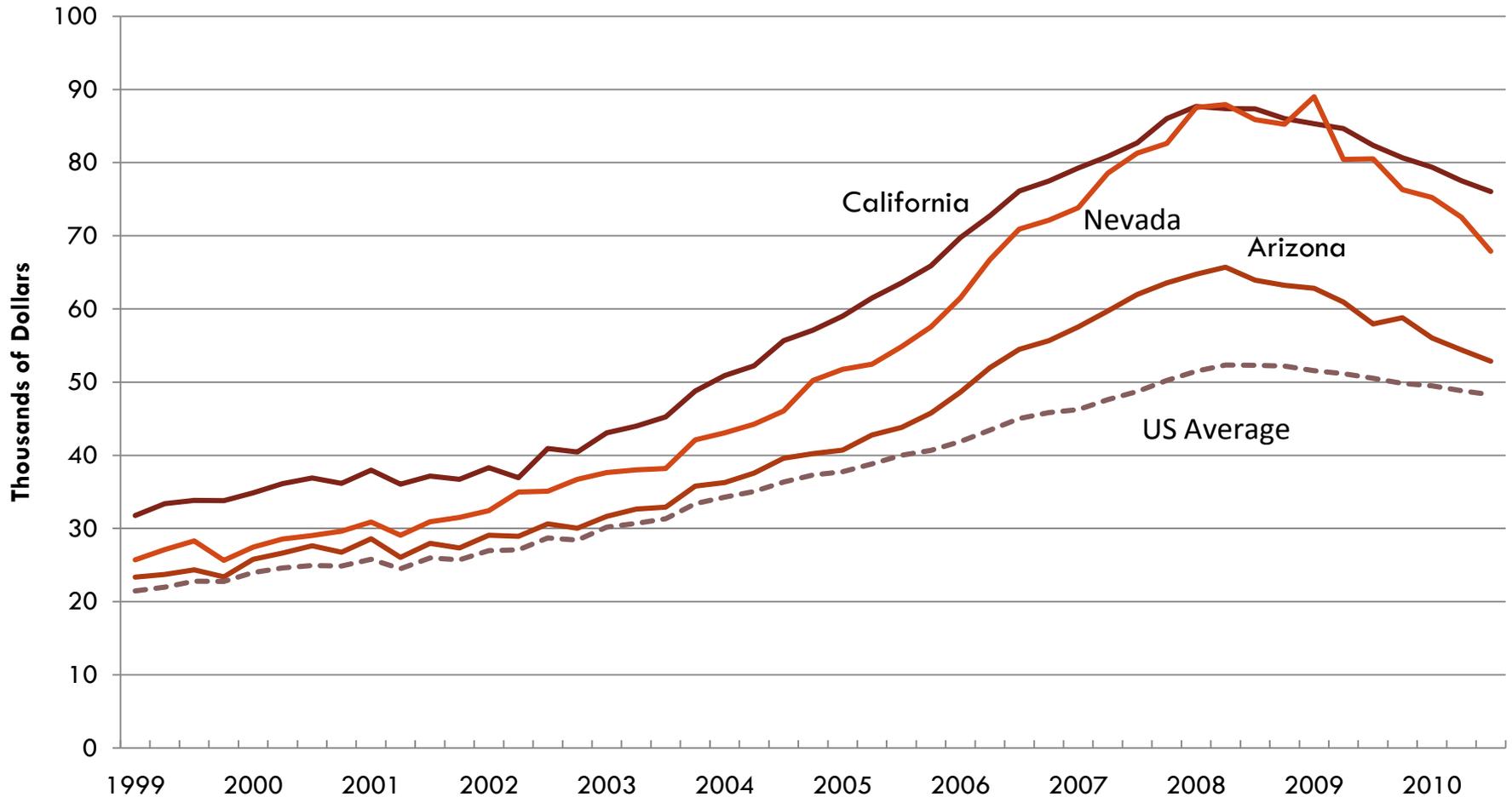
(2000 = 100, quarterly)



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



Average household debt falling from 2008 national peak



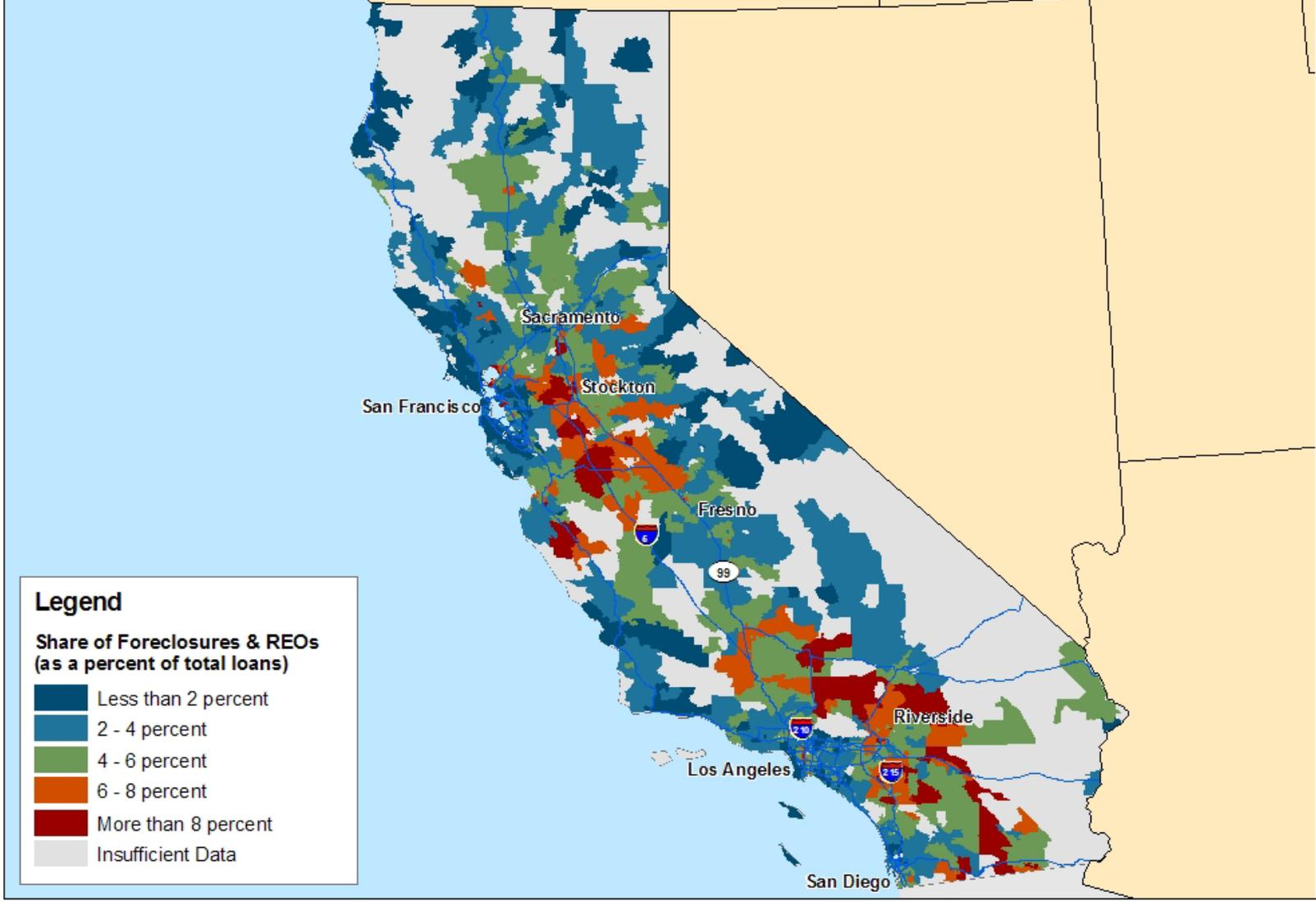
Source: Federal Reserve Bank of NY

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

State & Local Data Maps

Areas Affected by Concentrated Foreclosures

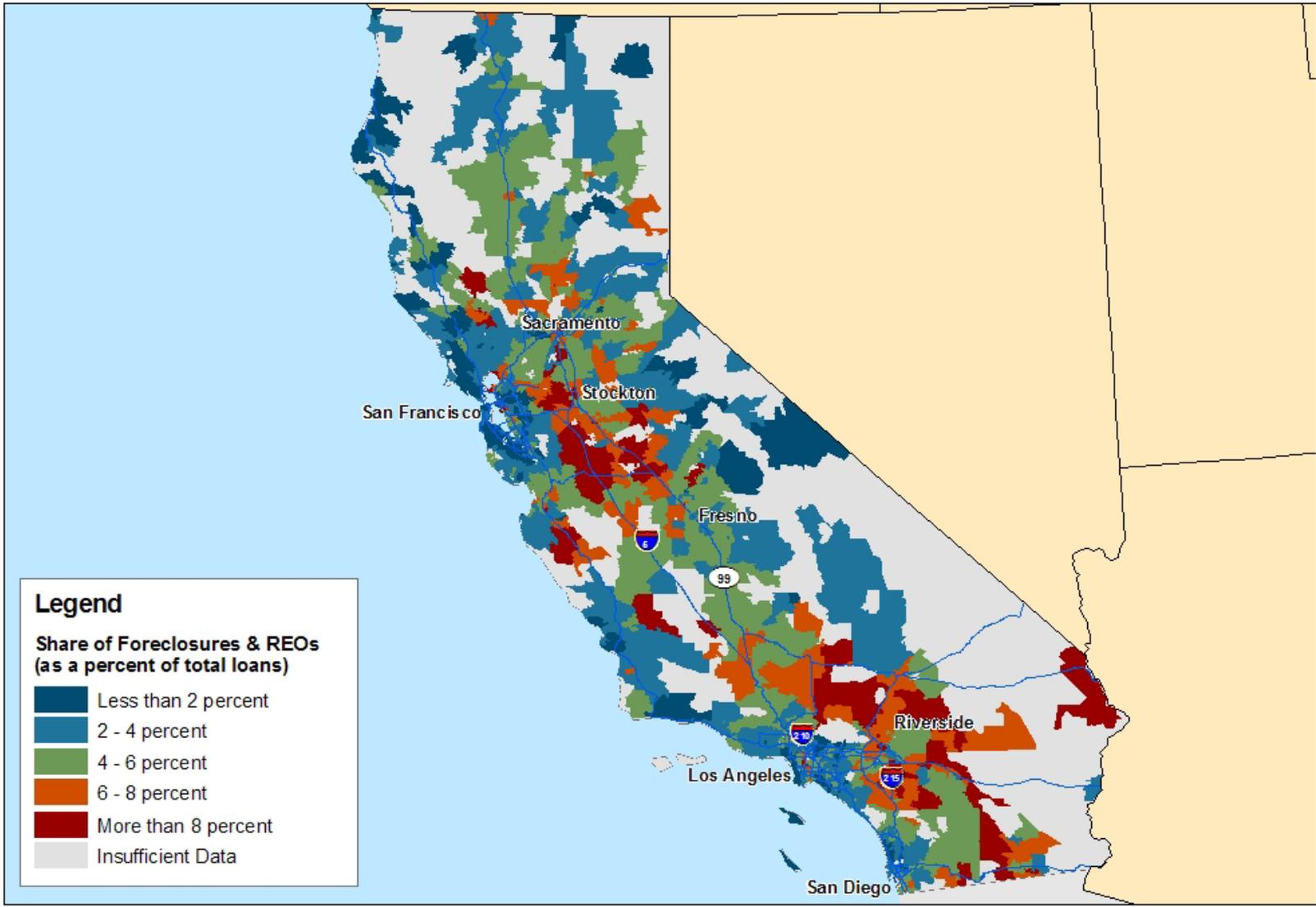
July 2010



Source: Lender Processing Services Inc. Applied Analytics

Areas Affected by Concentrated Foreclosures

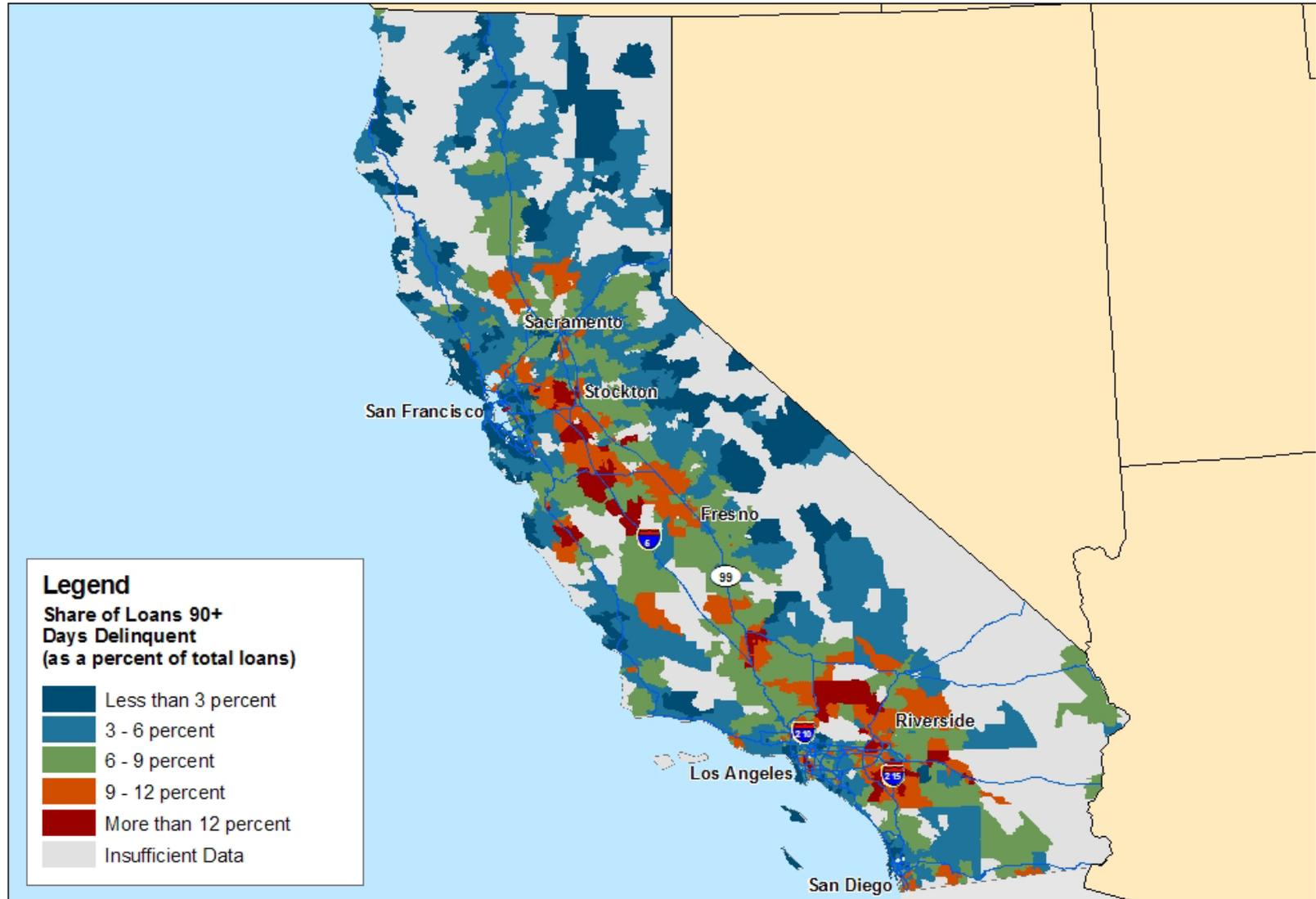
November 2010



Source: Lender Processing Services Inc. Applied Analytics

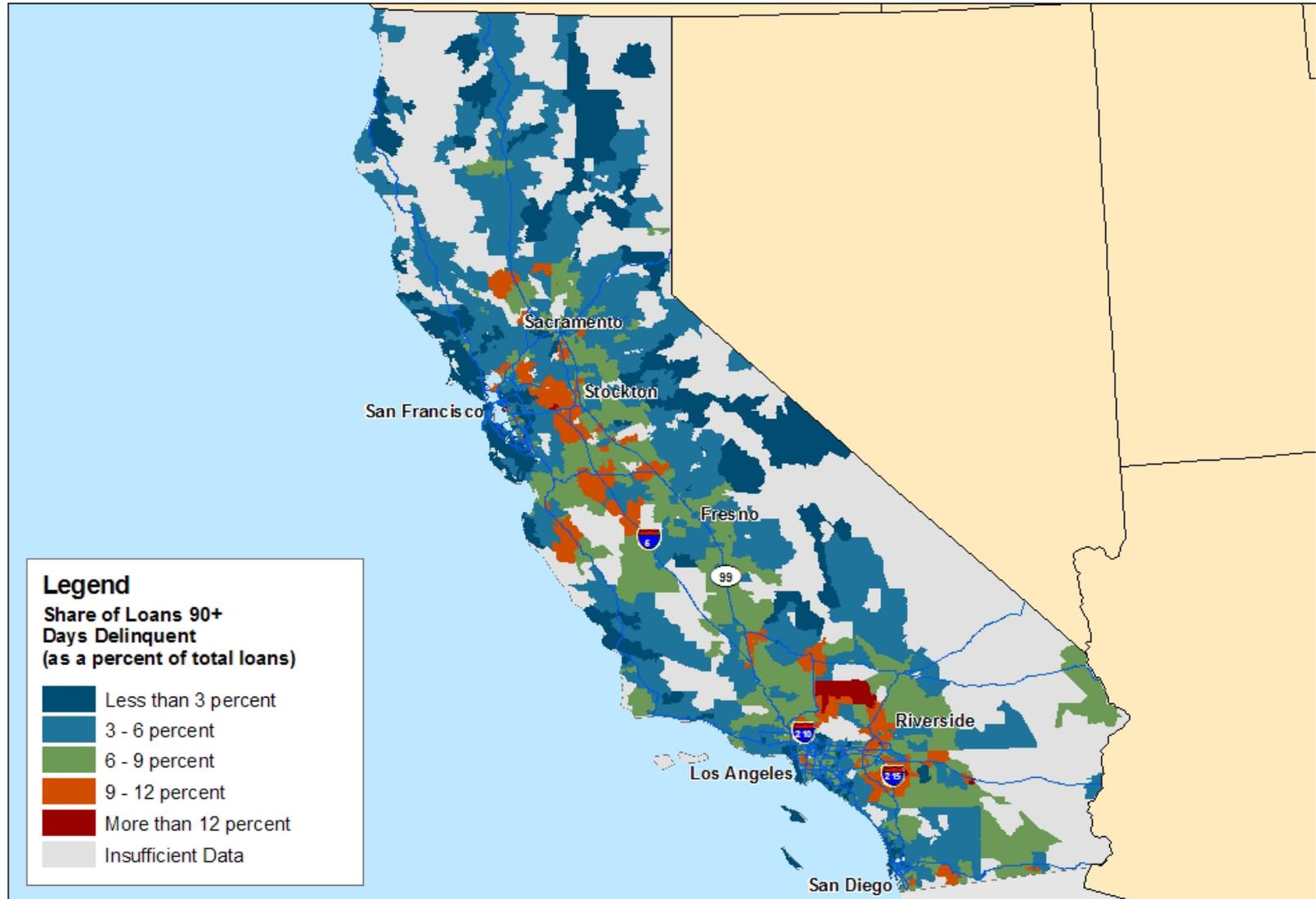
Areas at Risk of Additional Foreclosures

July 2010

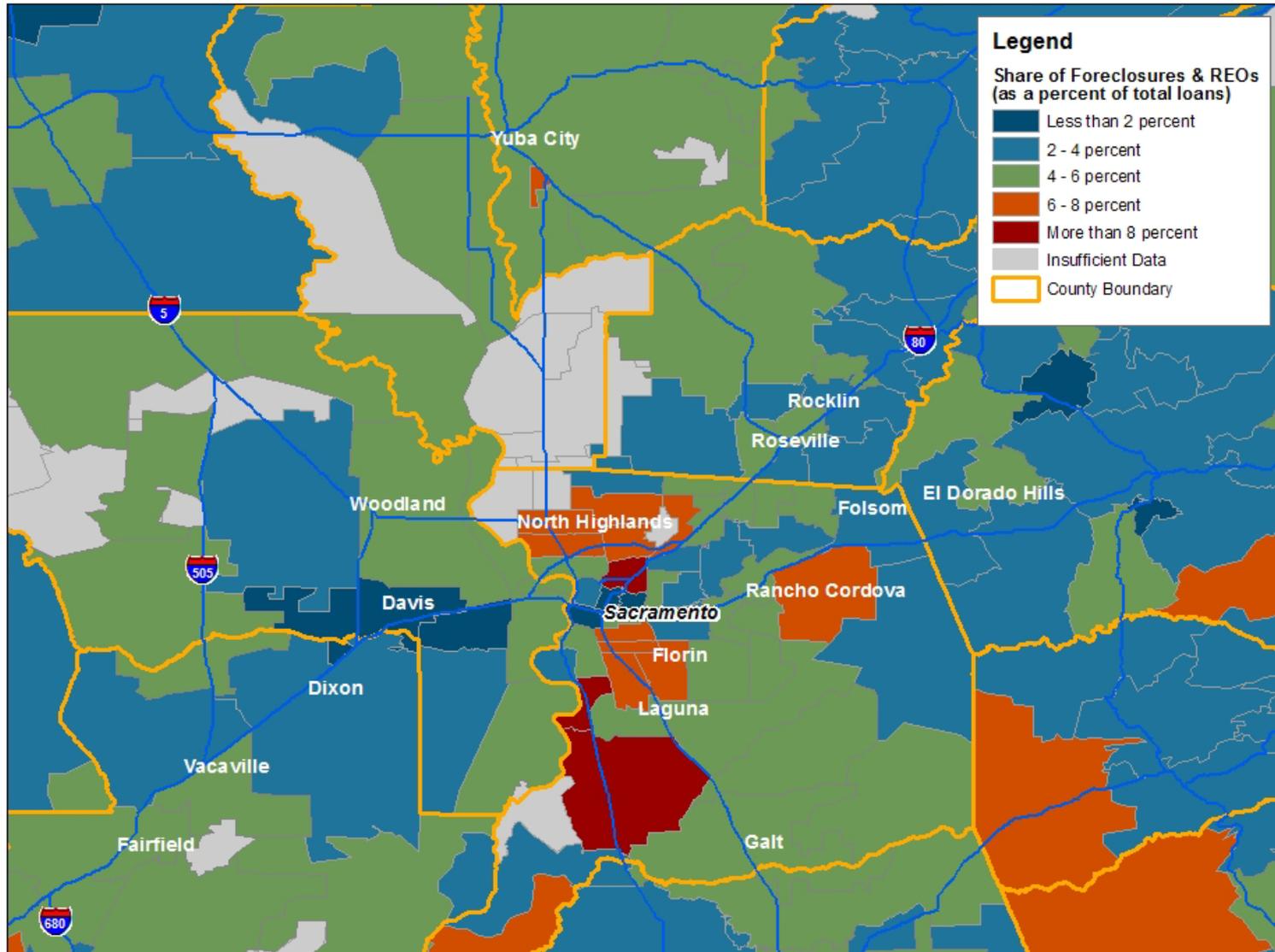


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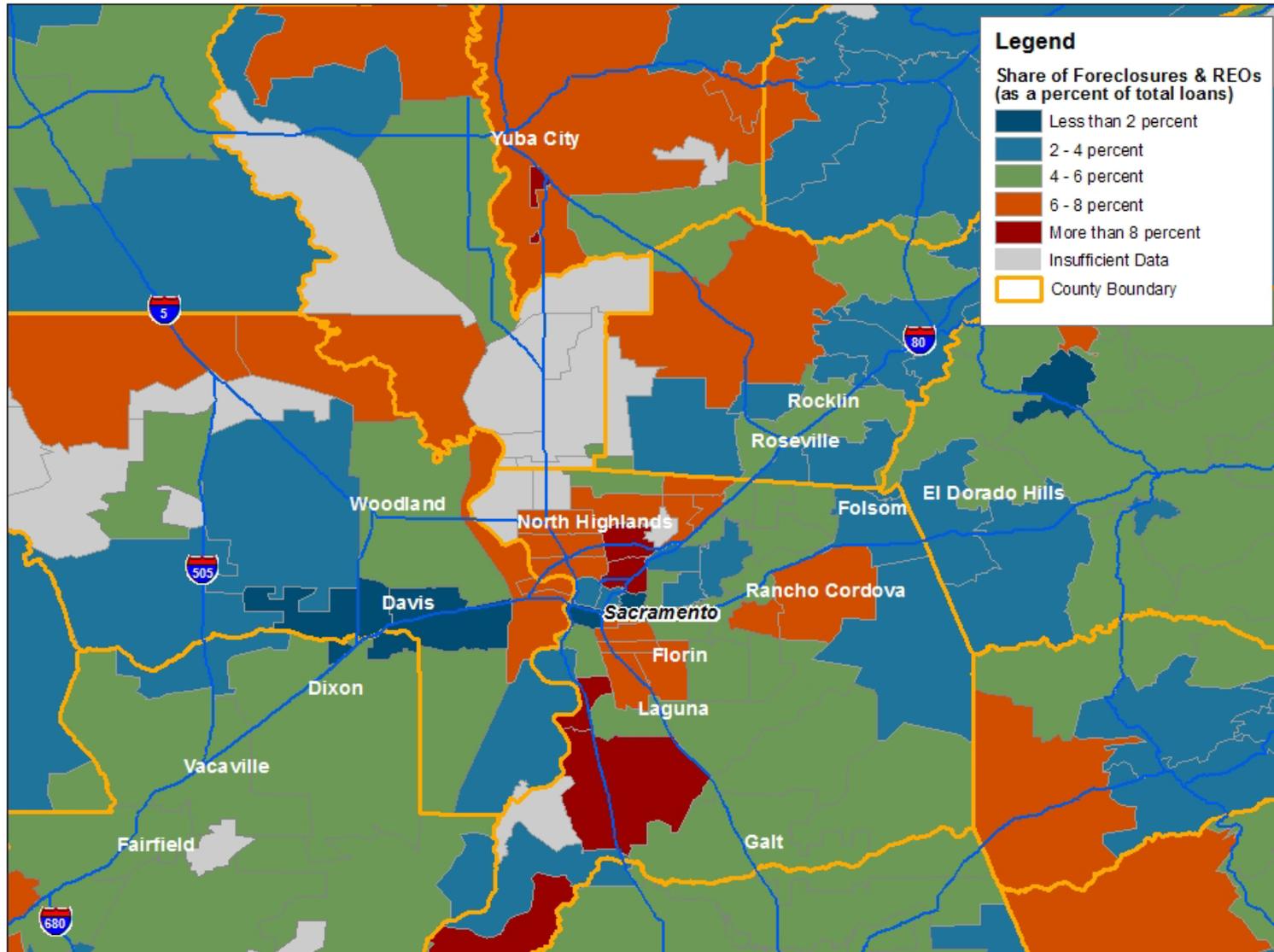


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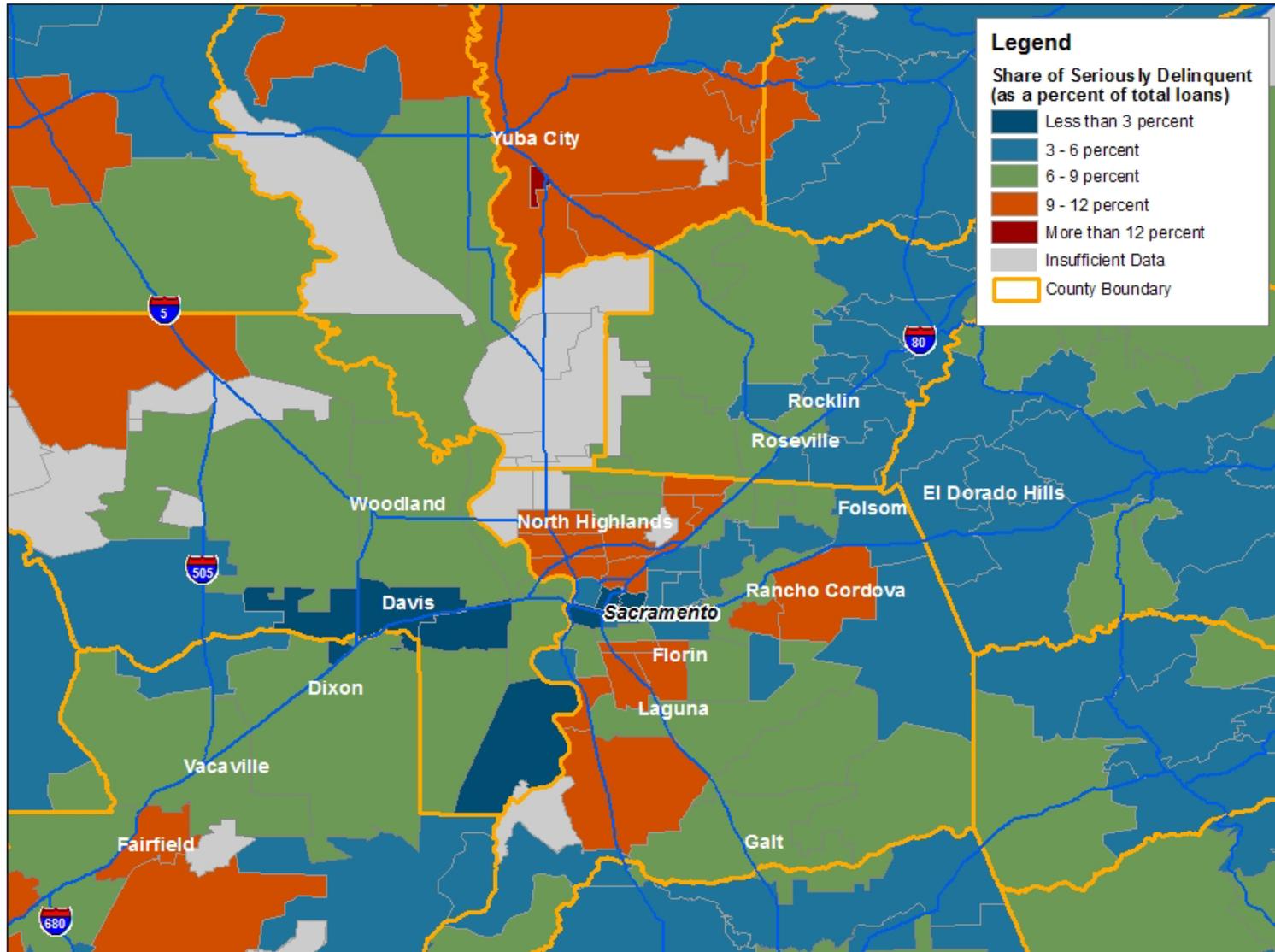


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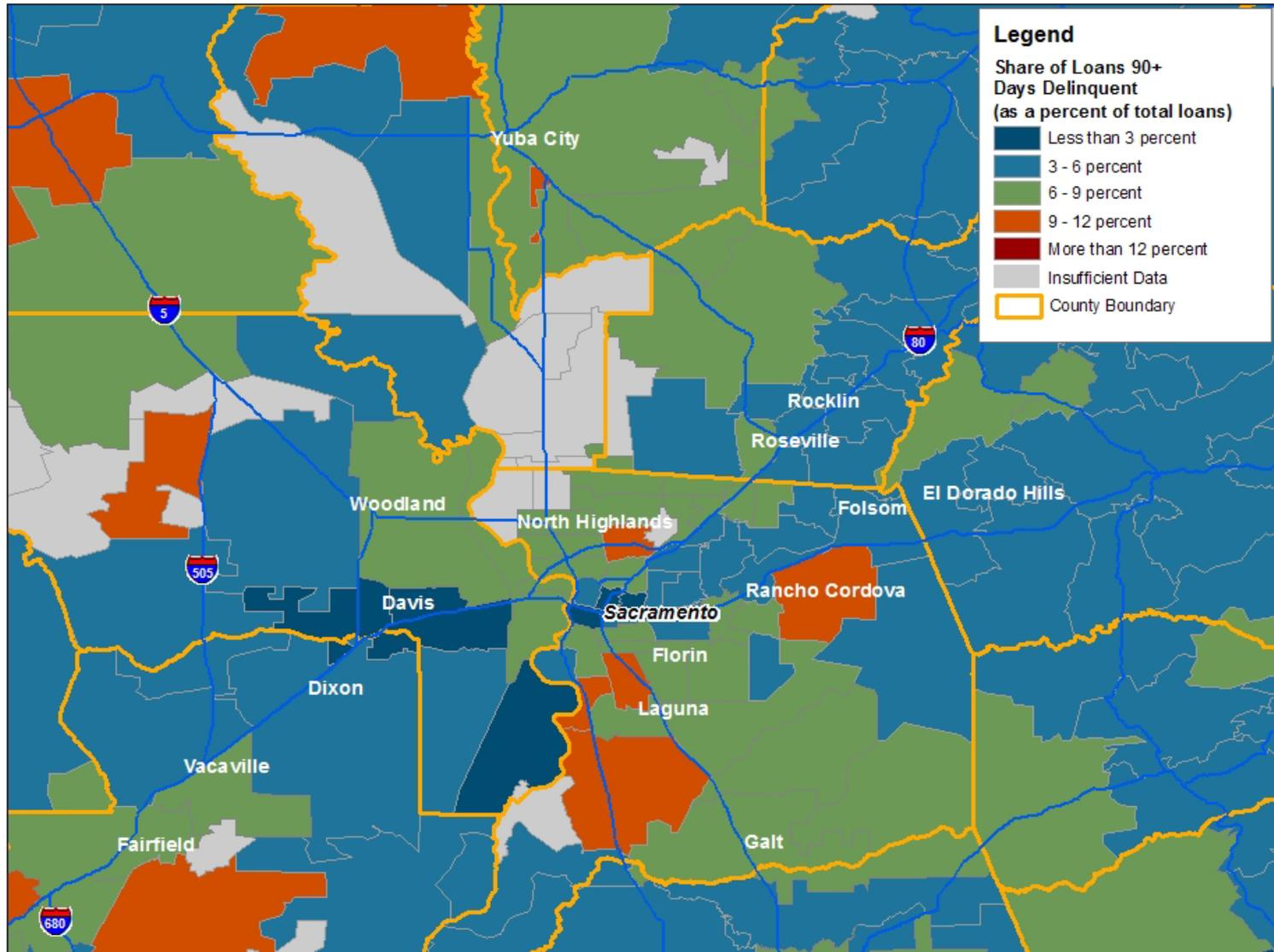


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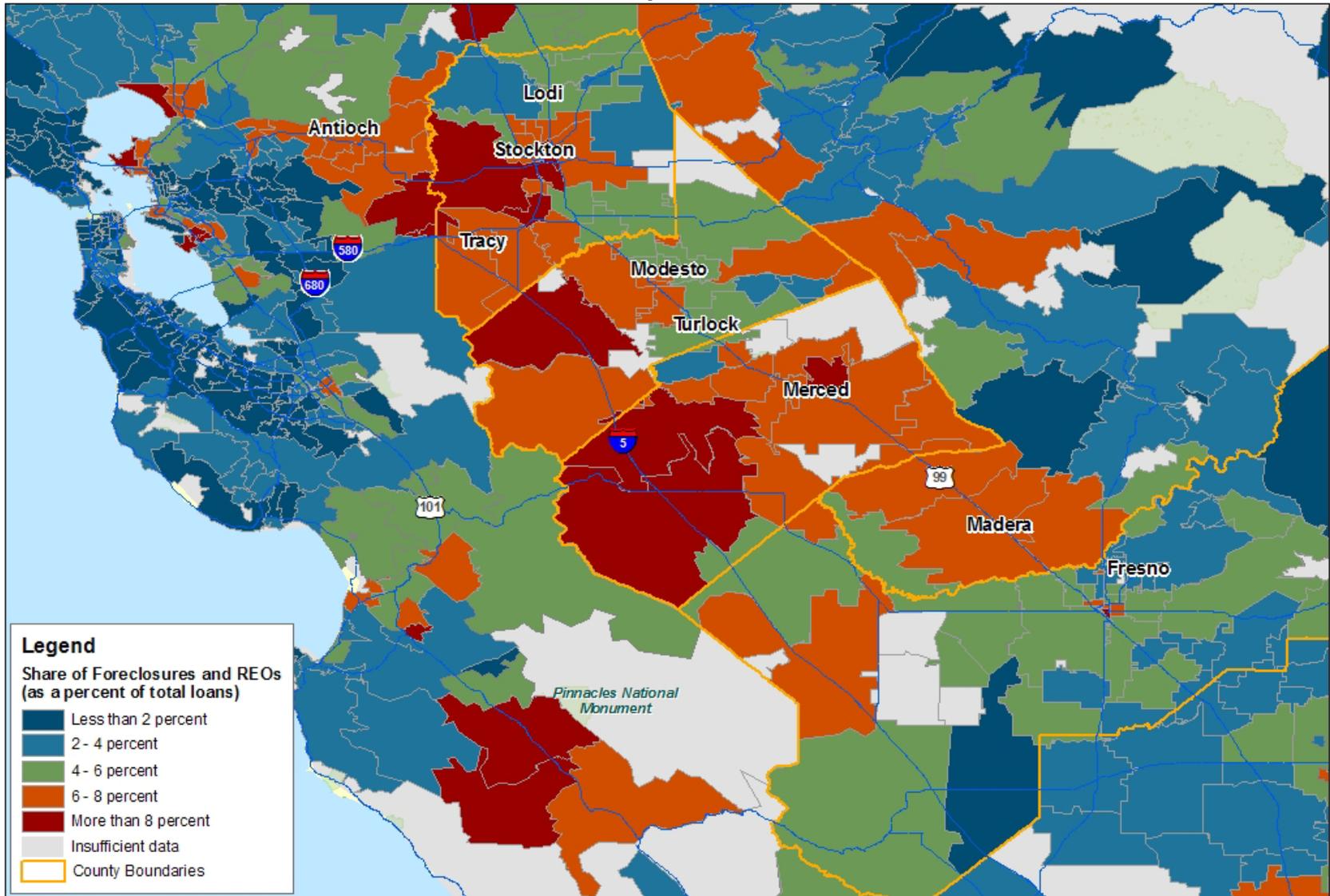
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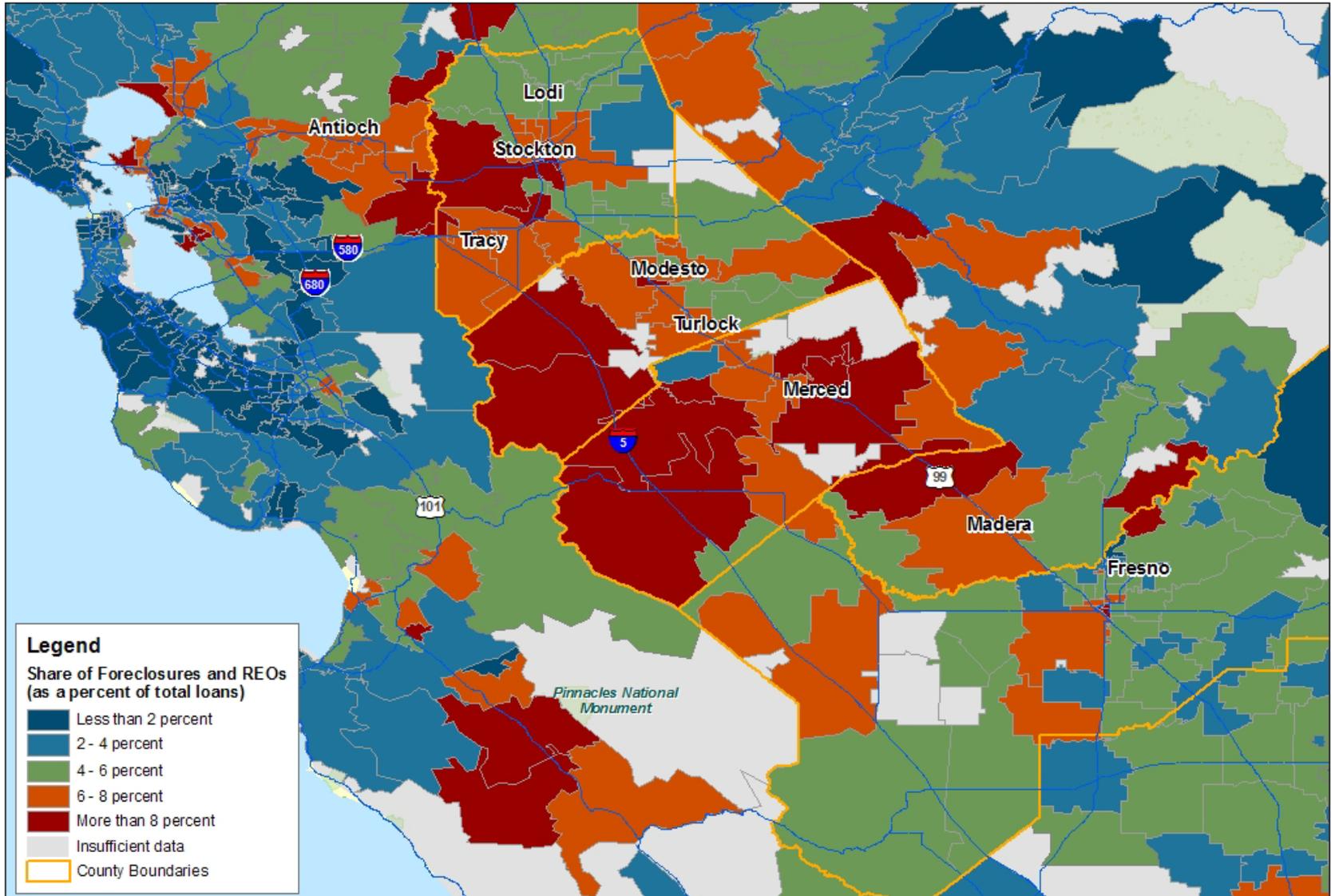
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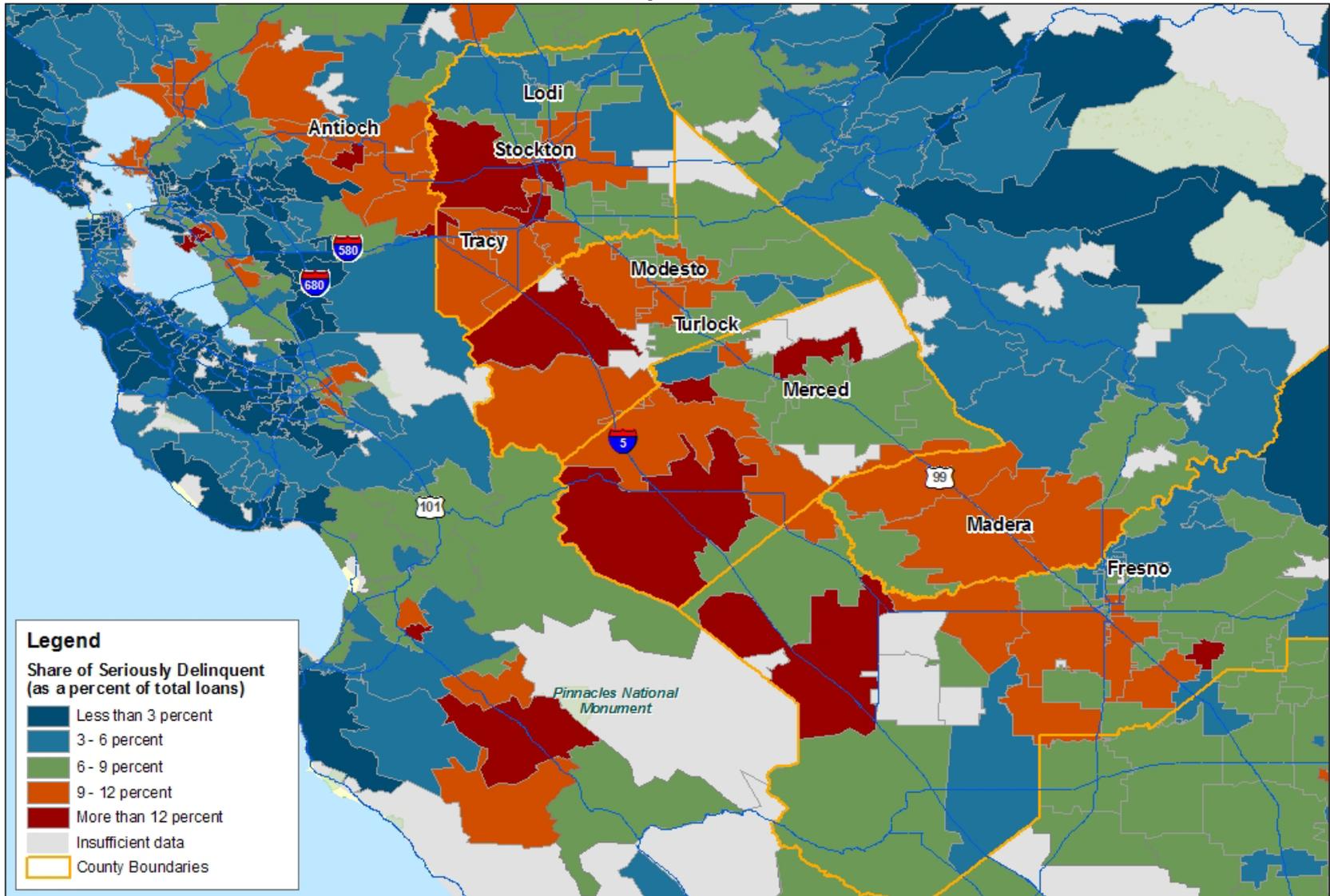


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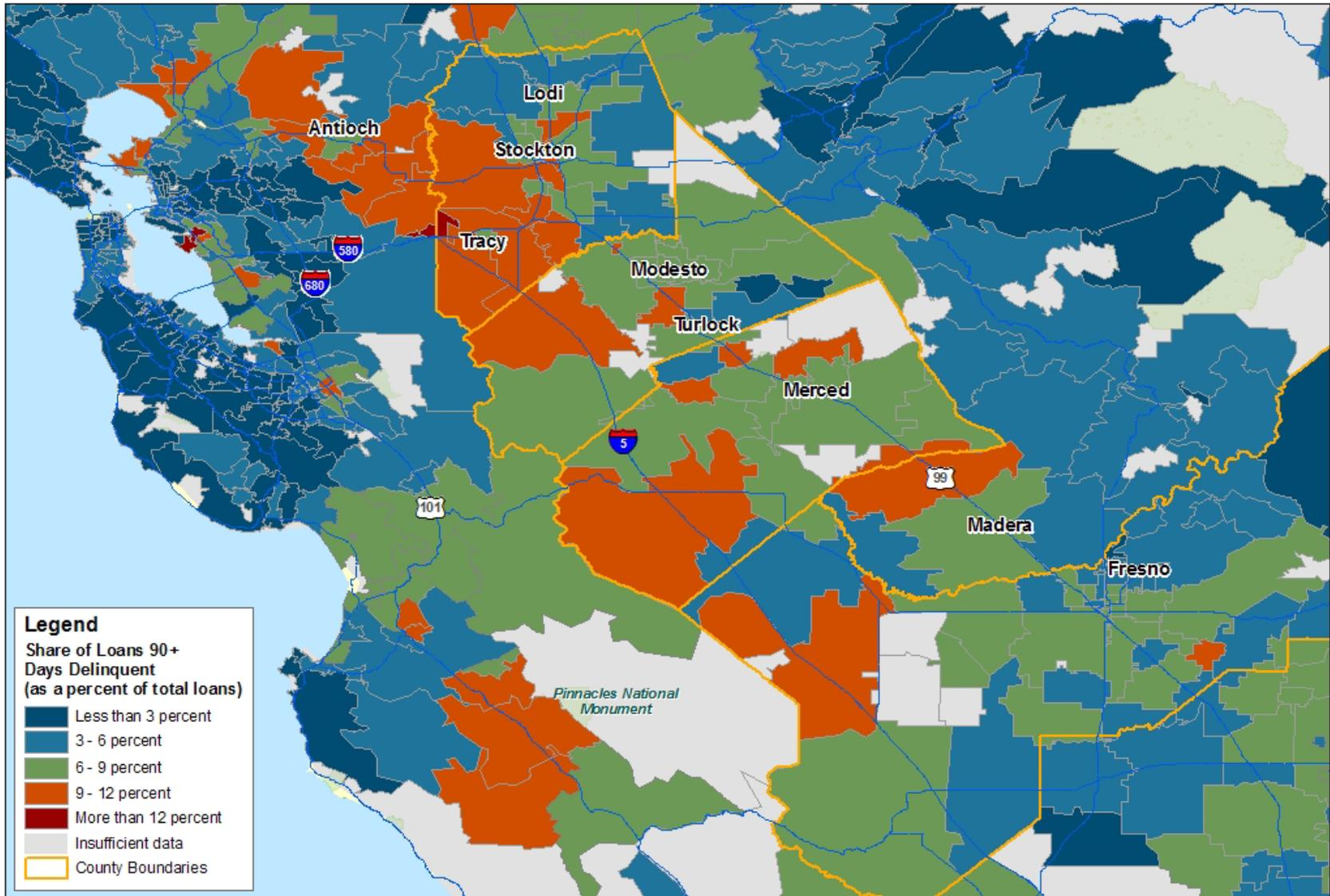


Areas at Risk of Additional Foreclosures July 2010



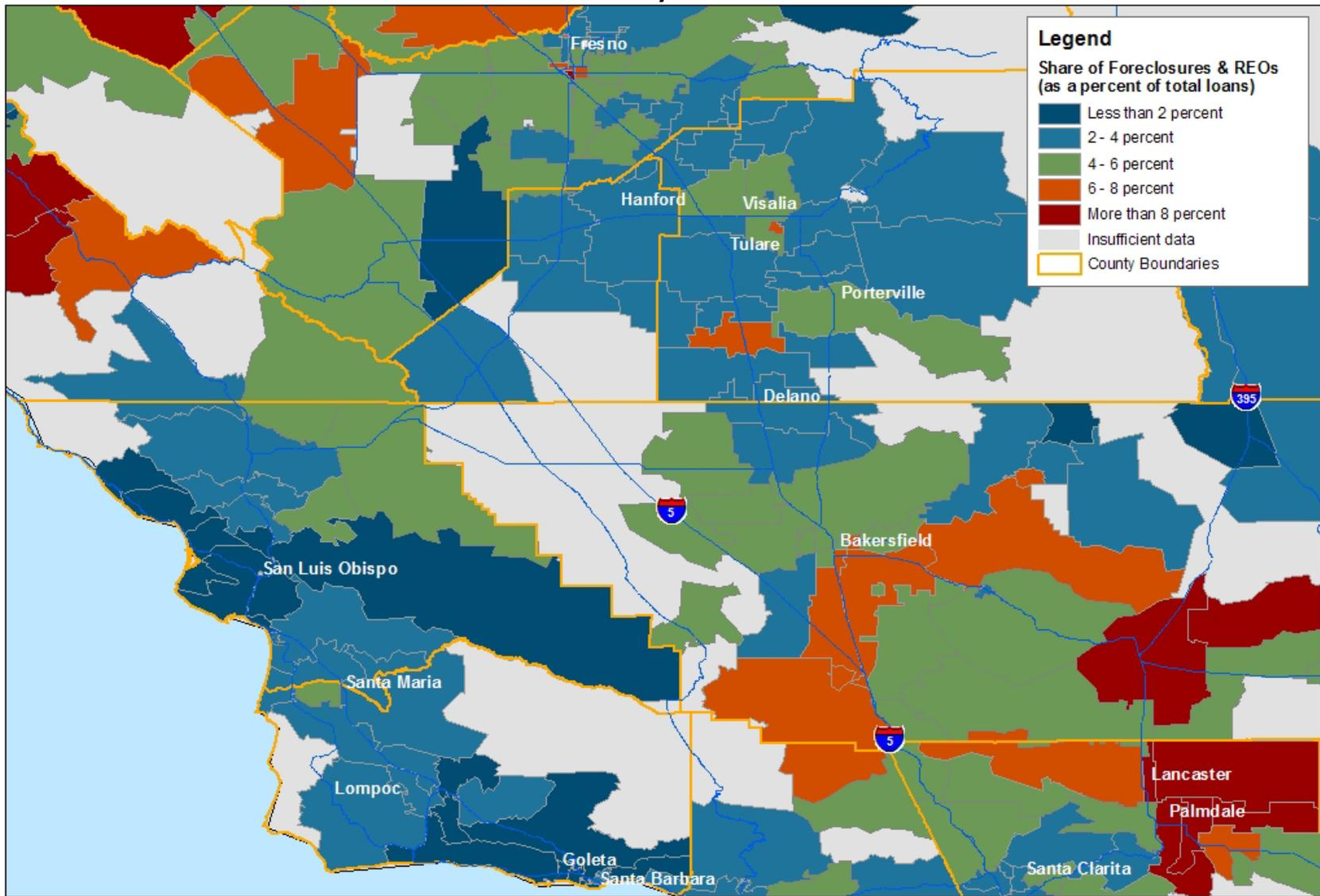
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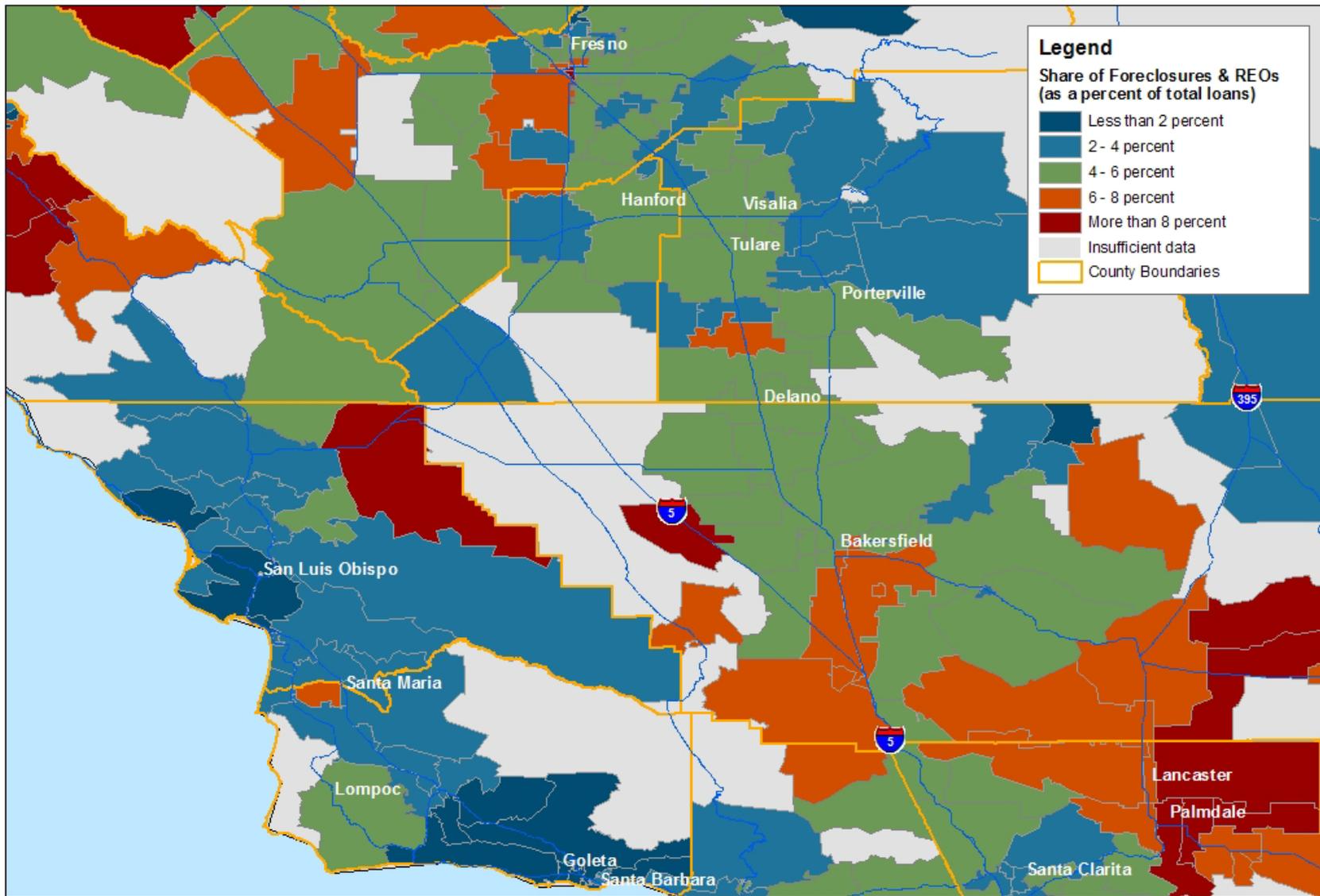
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Source: Lender Processing Services Inc. Applied Analytics

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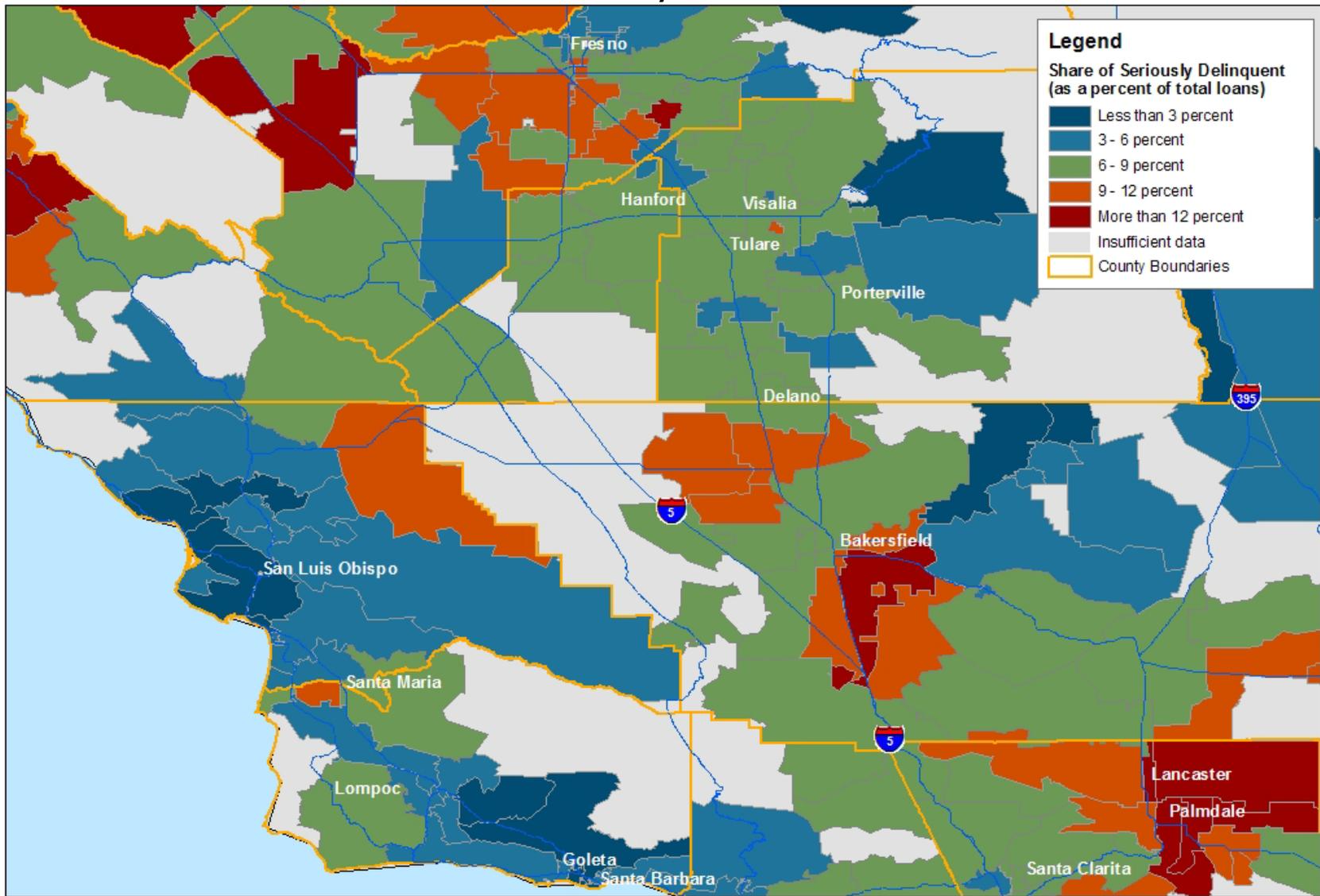
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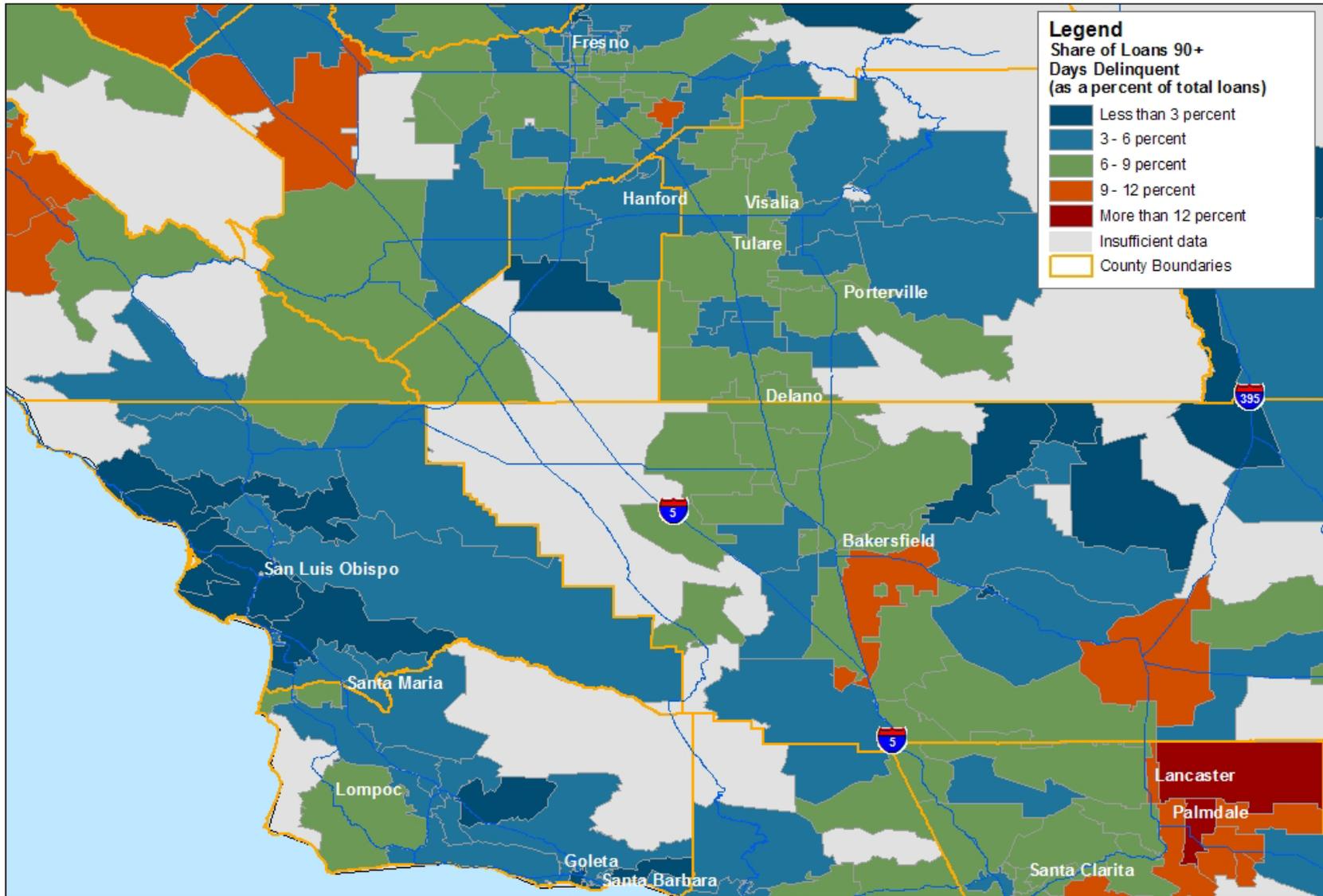
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Areas at Risk of Additional Foreclosures

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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

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COMMUNITY DEVELOPMENT

Highlights

Focus on Community Development Policy
Community Investments: Volume 20, Issue 3, 2008
In this issue, we highlight new ideas, innovations, and questions around the topic of community development policy. The articles consider the role of policy in channeling public and private investment into community development efforts, with topics ranging from established federal policies, such as the Community Reinvestment Act and the Community Development Block Grant program, to more recent movements such as stakeholder-driven community development and microenterprise.

The Enduring Challenge of Concentrated Poverty in America
In 2006, the Community Affairs Offices of the Federal Reserve System partnered with the Brookings Institution to examine the issue of concentrated poverty. The resulting report, *The Enduring Challenge of Concentrated Poverty in America: Case Studies from Communities Across the U.S.* contributes to our understanding of the dynamics of poor people living in poor communities, and the policies that will be needed to bring both into the economic mainstream. [Download Full Report \(PDF 6.8MB\)](#)

Foreclosure Resource Center
For the latest information on the Federal Reserve's efforts to mitigate the impact of foreclosures, including local data presentations and research reports, visit our new Foreclosure Resource Center.

Programs and Information

Community Reinvestment Act (CRA)
Information on the CRA, its implementing regulations, the regulatory agencies, and other resources to assist in complying with and understanding the CRA.

Events and Conferences
Participate in one of the many events sponsored by the Community Development Department.

Publications
Access online copies of *Community Investments*, the *Community Development Investment Review*, and research papers.

Center for Community Development Investments
The Center is dedicated to innovations in research and practice that increase the flow of investment capital to low- and moderate-income communities.

About Us
Learn more about the Community Development Department and its staff.

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Upcoming Events

- Stabilizing Communities Series: Acquiring REOs in Compliance with NSP
February 3
- San Francisco CA
February 4
- Fresno CA
- Innovative Financial Services for the Underserved - Research Conference
April 16 - 17
Washington D.C.

Financial Education Resource Center
Find a variety of resources on financial education

CRA Regulatory Information - Links to CRA resources for financial institutions and community groups.

Bank on San Francisco - Program information and information about replicating program

Community Development Assessments - Demographic, economic, and community development profiles for each state in the Twelfth District.

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