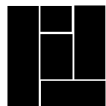


ANNIE E. CASEY FOUNDATION
MAKING CONNECTIONS INITIATIVE

REVISED DRAFT

**MORTGAGE LENDING AND
THE SUBPRIME CRISIS IN
CASEY NEIGHBORHOODS**

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EXECUTIVE SUMMARY

This brief examines recent changes in mortgage market conditions in the metropolitan areas and neighborhoods selected as a focus for support by the Annie E. Casey Foundation: its ten Making Connections sites, three Civic Sites, and Washington DC.¹ The analysis relies primarily on annual data since 1997 from the Home Mortgage Disclosure Act (HMDA) data series. We present some information on conditions and trends in the late 1990s (1997-2000) but concentrate on those in this decade (2000-2006), a period that witnessed the most dramatic changes in the history of the U.S. mortgage market, particularly for low-income neighborhoods. Major findings are:

Mortgage Market Activity

- While conditions have begun to deteriorate since 2006, it is important to recognize that the 2000-2006 period was one of remarkable expansion in mortgage market activity in the Casey neighborhoods. In Making Connections neighborhoods on average over this period, the home purchase loan origination rate (number originated per 1,000 units in 1-4 unit structures) went up from 33 to 56 (an increase of 65 percent), and the median mortgage amount (constant 2006 \$) increased from \$91,000 to \$131,000. The average rate of increase in mortgage amounts was 6.3 percent per year. Such performance was unheard of for distressed urban neighborhoods in the 1980s and early 1990s.
- Casey neighborhoods still lag behind averages for their own metropolitan areas by these measures, but they were generally, if slowly, closing the gap. From 2000 to 2006 on average, Making Connections neighborhood loan origination rates increased from 55 to 76 percent of their metro averages, and average of the loan amounts grew from 59 to 72 percent of their metro averages.
- While trends were positive everywhere, there were still marked variations across Casey neighborhoods by these measures. Neighborhood loan origination rates in 2006 ranged from 22 (San Antonio) to 103 (Denver). Median 2006 loan amounts ranged from \$57,000 (Baltimore) to \$323,000 (Oakland); 2000-06 annual changes in loan amounts, from -2.2 percent (Denver) to +13.0 percent (Providence). Neighborhood loan amounts in 2006 ranged from 32 percent of the metro average (Baltimore) up to 108 percent of the metro average (Atlanta).

The Subprime Crisis

- As with the nation, Casey metros and neighborhoods saw major increases in subprime lending over this period. For the Making Connections metros, the subprime share of all loans went up from 6 percent in the late 1990s to 13 percent over the 2002-2006 period.

¹ The Making Connections sites are Denver, Des Moines, Hartford, Indianapolis, Louisville, Milwaukee, Oakland, Providence, San Antonio, and White Center and the Civic Sites are Atlanta, Baltimore, and New Haven.

The subprime share in the neighborhoods during the latter period was more than twice as high: 28 percent.

- A better measure of the seriousness of the problem is the rate of subprime originations per 1,000 units since it reflects the “density” of subprime lending. The 2002-2006 average for the Making Connections neighborhoods at 12 loans per 1,000 units was quite high: (71st percentile for all neighborhoods in the top 100 metros). There was again a wide range with the Providence neighborhood at the top (31) and the San Antonio neighborhood at the bottom (3).
- By this measure, six Casey neighborhoods are at very *high risk* in terms of a likely high density of foreclosures and negative spillover effects (scores in the top quartile for all tracts in the top 100 metros). They are: Providence, New Haven, Hartford, White Center, Milwaukee and Oakland. Four were in the *moderate risk* group (2nd quarter of the metro distribution): Indianapolis, Denver, Washington DC, and Des Moines. Only two had scores that fell in the bottom half of the distribution: Louisville and San Antonio.
- Loan Performance data on foreclosure incidence for the central counties of the Casey metros have a similar distribution and thus roughly corroborate these categories of comparative risk.

Change in the Composition of Borrowers

- This period also saw sizeable increases in the share of all loans going to investors as opposed to owner occupants. Over the 2002-2006 period the average investor share for the Making Connections metros was 10 percent, but it reached a much higher share in their neighborhoods: 27 percent. Those with the highest investor shares of all borrowers were Louisville (55 percent), Baltimore (51 percent), and Indianapolis and Milwaukee (both at 46 percent). The lowest investor shares were found in White Center, San Antonio and Oakland (11 to 13 percent range).
- There were also some notable changes in the composition of owner occupant borrowers. Because home prices were going up so rapidly during this period, it took more income to buy a home in 2006 than in 2000, so the share of all borrowers from high-income groups went up some almost everywhere. In eight Casey neighborhoods, the high-income share of borrowers was significant in 2006 (range from 18 to 73 percent) and had gone up rapidly since 2000 (from 7 to 53 percentage points increase). Surprisingly, the traditional gentrification stereotype (high income whites moving into minority neighborhoods) fits only two cases: Denver and Baltimore. In all others, the new high-income borrowers were minorities themselves: Hispanics predominated in Oakland, Providence and New Haven, blacks in Atlanta and Hartford, and a mix of minorities in White Center. In the other six neighborhoods, there were not many high-income borrowers (13 percent or less in 2006) and racial change was comparatively modest.

Implications

- While detailed data are not yet available for these sites since 2006, national statistics show that mortgage market conditions have changed markedly everywhere since then. Property values have declined and mortgage lending has collapsed, particularly in the subprime market. While the trends of first half of this decade are surely not continuing, they still offer clues as to what to watch out for next.
- Most important, efforts to mitigate foreclosure problems and address spillover effects are critical for those neighborhoods where the density of subprime lending has been in the top quarter of all tracts nationally: Providence, New Haven, Hartford, White Center, Milwaukee and Oakland.
- In this period of transition, improvement strategies will differ for neighborhoods where investors have made up a very large share of all borrowers: Louisville, Baltimore, Milwaukee, and Indianapolis. Finally, neighborhoods that witnessed notable changes in the racial and income composition of borrowers over the last few years might be prone to more instability as the market turns down: Denver and Baltimore, but also Oakland, Providence, New Haven, Atlanta and Hartford.

1. INTRODUCTION

This brief examines recent changes in mortgage market conditions in the Casey metropolitan areas and selected neighborhoods, based primarily on information provided in the Home Mortgage Disclosure Act (HMDA) data files.

Under HMDA, lenders are required to file reports on virtually all mortgage applications they receive in metropolitan areas. The reports include data on the location (census tract) of the property, race and income of the borrower, and whether the mortgage was denied or originated. While the Act's purpose was to provide a basis for assessing discrimination in mortgage lending, the reports also provided for the first time a basis for monitoring housing market activity year-by-year at the neighborhood level.² Although data on the volume and prices of home sales provide more complete and direct measures of local housing markets, HMDA figures on the volume and dollar amounts of purchase mortgage originations offer good proxies that are comparable across the nation.³ HMDA also identifies subprime lenders and high interest rate loans, information which is not generally available from local administrative records. The extent of subprime lending is a critical indicator of prospects for Casey neighborhoods, particularly given the current wave of foreclosures and their potential spillover effects.⁴

The decade from 1997 to 2006 was a period of unprecedented change in America's mortgage markets. Section 2 of this brief reviews trends in market activity over this period, starting with the national story and then focusing in on the experience in the 14 Casey metros and finally in the selected neighborhoods within them. Section 3 examines the incidence of subprime lending in a similar fashion, first telling the story at the national level and then for Casey metros and the neighborhoods. Section 4 examines trends in the composition of borrowers in the neighborhoods (changes in the share that were investors as opposed to owner occupants and, among owner occupants, changes in share by income and race). Finally, Section 5 discusses implications and suggests additional research that should prove valuable.

Annex A discusses the foreclosure process and explains how differences in state laws cause variations in that process. Annex B provides data like that in the main text for the sub-

²A comprehensive review of HMDA data and its possible uses is provided in Pettit and Droesch, 2007. See also Avery et al, 2007.

³Galster, et al, 2004, have shown that mortgage approval rates and loan amounts calculated from HMDA data are "strong, consistent predictors" of a number of key measures of neighborhood wellbeing. For an earlier analysis of HMDA data for Casey neighborhoods, see Pettit and Kingsley, 2005.

⁴ For a national analysis of possible spillover effects, see Center for Responsible Lending, 2008.

neighborhoods that make up Casey neighborhoods. Annex C provides basic reference data (e.g., total number of housing units, percent owner occupied, total number of home purchase mortgages originated) for the neighborhoods.

One caution must be kept in mind. The data examined here relate primarily to owner-occupied housing, but the rate of homeownership in the sites varies substantially. As of 2000, in four sites – Des Moines, Indianapolis, San Antonio and White Center - over half the households in the Casey neighborhoods owned their home. In the other sites the range was from the very low 8 percent homeownership in Hartford to 35 percent in Washington. The trend in mortgage values shown in this paper, for example, is therefore a much better indicator of overall housing market conditions in San Antonio neighborhoods than it is in Hartford, where renters predominate. Nonetheless, even for areas with low homeownership, HMDA indicators are useful, as long as we keep in mind they cover a small portion of the housing units and resident population.

2. MORTGAGE MARKET ACTIVITY

The National Story. Almost all local housing markets, along with local economies, performed well in the booming national economy of the late 1990s. In the first few years after the turn of the millennium, however, things changed. The economy slowed down, quite seriously in some cities but, to the surprise of many, housing markets generally accelerated. Most observers credit low interest rates as the most important factor in maintaining dynamism in housing when the economy became sluggish.

HMDA data confirm this much of the story and amplify it by shedding light on the influences of expanding homeownership. In the 1990s, new federal policies were designed to increase homeownership in general,⁵ and among low-income and minority populations in particular. The mortgage industry began to pay attention to the new policy incentives but also began to recognize the real market opportunities it had been undervaluing before. Whatever the mix of causation, the period was one of marked change, bringing national homeownership rates to the unprecedented level of 66 percent in 2000 before the subprime crisis (to be examined in a later section) began to undermine the market.⁶ In the 100 largest metropolitan areas:

- The mortgage origination rate (the number of home purchase loans originated per 1,000 existing housing units in 1-4 unit structures) grew from 38 in 1997 to 47 in 2000 and then yet more rapidly to reach 66 in 2005, before dropping back to 58 in 2006. (Throughout this analysis, we use the number of housing units in one-to-four family structures as of the 2000 Decennial Census as the denominator for standardized indicators, consistent with HMDA recording).⁷
- The median inflation-adjusted amount of such loans grew from \$124,000 in 1997 to \$135,000 in 2002 and again to \$165,000 in 2005 - an average annual increase of 2.9 percent in the former period, but 3.8 percent in the more recent one. Continuing increases in early 2006 mask the market decline in the later part of year, with the median purchase amount going up again to \$168,000 for the year as a whole.

⁵ See discussion of “The Evolution of this Market” in Section 2 of Gramlich, 2007, and Carr, 2008.

⁶ See Kathryn L.S. Pettit and G. Thomas Kingsley, Forthcoming.

⁷ This includes single-family homes, condominiums, manufactured homes, and owner occupied and rental housing units in buildings with two-to-four units. Nationally comparable data on this denominator are not available at the neighborhood level since 2000, but using the constant 2000 number should not distort the indicators by much in most cases since the size of the housing stock in a neighborhood typically changes very slowly. There would be distortion, however, where the size of the stock has changed markedly since 2000. Accordingly, we do not present indicators relying on this denominator for the only two Casey neighborhoods where a notable stock change has occurred: Atlanta and Baltimore. (While updated data are available for metropolitan areas, we use 2000 data at that level as well to be consistent with the neighborhood level indicators).

There were important differences in these trends, however, between metros. The volume of mortgage lending went up almost everywhere, but while most metros saw impressive increases in median loan amounts, some experienced declines. The hottest markets were all in California and Florida. The six at the top (with average annual increases in mortgage amounts above 10.5 percent) were Riverside, Bakersfield, Fresno, Los Angeles, Modesto and Sarasota. The five at the bottom saw decreases in loan amounts of one percent or more per year: Detroit, Denver, Indianapolis, Raleigh and Dallas.

Figure 1: National Mortgage Origination Rates by Neighborhood Poverty Level

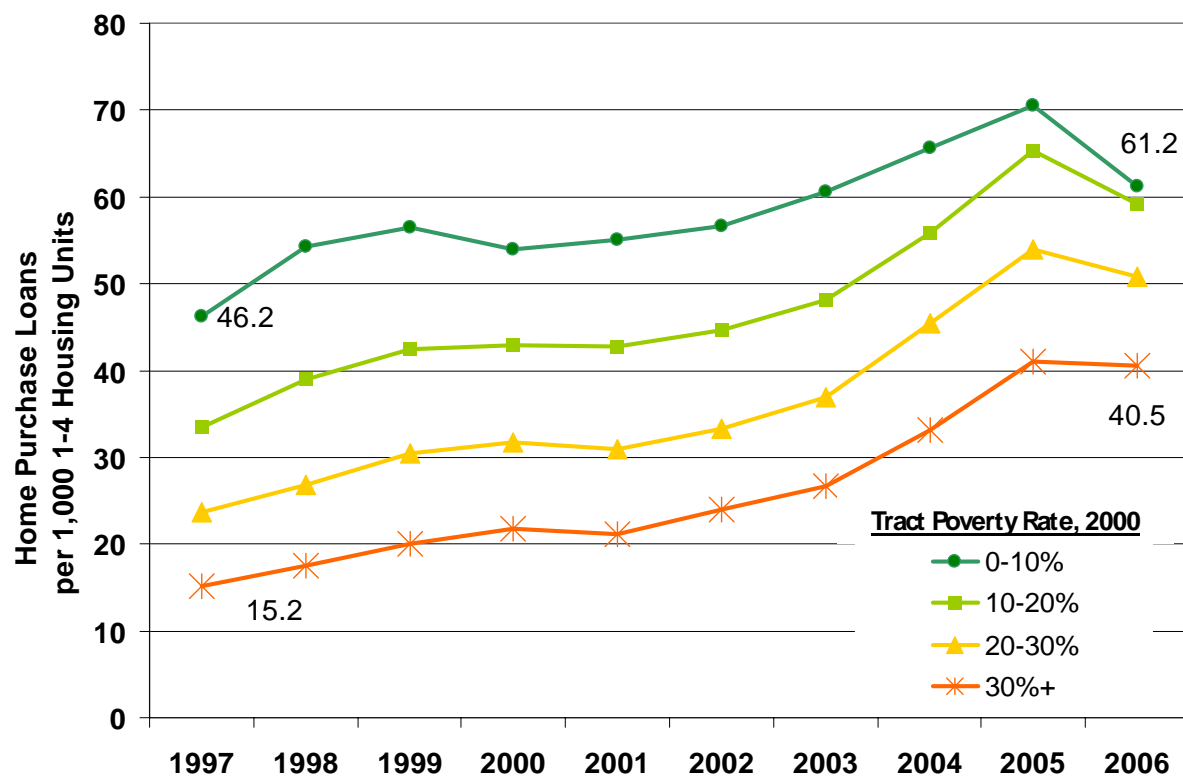


Figure 1 shows how mortgage lending has changed in neighborhoods with different poverty rates in the top 100 metros nationwide. There was a substantial gap between these groups in the level of activity in 1997 (again, measured by loans originated per 1,000 units in 1-4 unit structures). Lending activity was by far highest in low poverty neighborhoods (at 46) and lowest in high poverty neighborhoods (at only 15), with levels for the two other categories falling in between. It was this dramatic difference that drove policy makers in the late 1990s to try to expand mortgage lending in poor neighborhoods.

The graph shows that these policies, accompanied by the new interest by lenders, succeeded. For all categories, mortgage lending activity increased modestly through 2000, leveled off through 2002, and increased sharply between then and 2005, before turmoil in the market led to sharp declines over the subsequent year. By 2005 the gaps were still significant: (rate of 71 for the low poverty neighborhoods compared to 41 for the high poverty group) but they had become smaller as the volume of mortgage activity in moderate and high poverty neighborhoods accelerated over this period.

The pattern is similar when we consider change in mortgage amounts. For low poverty neighborhoods, the median loan value increased 33 percent from \$141,000 in 1997 to \$187,000 in 2006. The level for high poverty neighborhoods began much lower (\$74,000 in 1997), but it rose more than twice as fast as the low poverty group – up 72 percent to \$127,000 in 2006. As a result, the loan amount for high poverty tracts in 2006 reached 68 percent of that for the low poverty group, up notably from 52 percent in 1997.

Table 1
Home Purchase Mortgages Originated in Casey Metropolitan Areas
Basic Metropolitan Area Trends, 1997-2006

	Loans originated/ 1,000 housing units		Median loan amount (2006 \$ thousands)		Pct. change/year med. loan amount	
	2000	2006	2000	2006	1997-00	2000-06
100 Largest Metros	47	58	135	168	2.9	3.7
Making Connections						
Average	59	79	148	173	2.9	1.9
Denver	101	115	178	156	6.3	(2.2)
Des Moines	57	92	114	116	3.7	0.4
Hartford	48	59	136	169	0.3	3.7
Indianapolis	60	84	125	107	1.6	(2.6)
Louisville	48	57	105	107	2.9	0.3
Milwaukee	44	58	129	138	0.8	1.2
Oakland	64	63	280	416	5.6	6.8
Providence	41	48	135	200	2.3	6.8
San Antonio	53	99	96	105	3.0	1.5
Seattle	68	110	184	217	2.7	2.8
Other Sites						
Atlanta	81	144	145	132	3.6	(1.6)
Baltimore	54	76	137	178	(0.3)	4.5
New Haven	45	58	129	170	0.2	4.7
Washington DC	89	117	171	252	(0.9)	6.7

Source: Urban Institute analysis of Home Mortgage Disclosure Act data

Trends for Casey Metros. Table 1 shows the trends for the 14 Casey metros. Consistent with the national experience, the volume of lending (origination rate per 1,000 units) went up notably in all of these areas except Oakland (by far the most expensive housing market). On average, the origination rate in the Making Connections metros was considerably higher than that for the top 100 metros (79 versus 58 in 2006). There were notable differences among the sites by this measure, however. In 2006, lending was most active in Atlanta (144 loans per 1,000 units) Washington (117) and Denver (115). It was least active in Providence (48), New Haven (58), and Milwaukee (58).

In contrast, the average mortgage amount, for the Making Connections metros rose comparatively slowly - from \$148,000 in 2000 to \$173,000 in 2006, an increase of 1.9 percent per year in contrast to the 3.7 percent average for the top 100 metros. That is because a larger share of the Making Connections metros had weak housing markets. Median mortgage amounts actually declined in two of them (Denver and Indianapolis) and grew at an annual rate of less than 2.0 percent in four more (Louisville, Des Moines, Milwaukee, and San Antonio). The highest growth rates among the Making Connections metros occurred in Oakland and Providence (6.8 percent increase per year).

Trends for Casey Neighborhoods. By and large, market activity in the Casey neighborhoods followed similar patterns to those for higher poverty tracts noted earlier. The housing market in almost all of these impoverished neighborhoods improved consistently through 2006 and began to close gaps in relation to their own metropolitan areas. Given the relationships, the probability is that property values went up as well.

From 2000 to 2006 in Making Connections neighborhoods, the average mortgage origination rate increased from 34 to 56 per 1,000 units (closing the gap by moving from 55 to 76 percent of the average for their metros) and the average median loan amount increased in real terms from \$91,000 to \$131,000 (also closing the gap by moving from 59 to 72 percent of the metro average). The average rate of increase in the neighborhood loan amounts from 2000 to 2006 was 6.3 percent, well above the 1.9 percent average for the Making Connections metros.

While trends were positive everywhere, there were still marked variations across neighborhoods by these measures. Neighborhood loan origination rates (per 1,000 units) in 2006 ranged from 22 (San Antonio) to 103 (Denver).⁸

⁸As noted earlier (Footnote 6) comparable data for this indicator are not available for the Atlanta and Baltimore neighborhoods because sizeable changes in the number of units in 1-4 unit structures have occurred since 2000. More specifically, Phase I of the East Baltimore Development Initiative (EBDI) involved acquisition of 916 properties as of 2006, representing about 45 percent of the 2000 housing units in the EBDI area. (See <http://www.ebdi.org/timeline.html>.) In the Atlanta Neighborhood Planning Unit V, revitalization of two public housing complexes (McDaniel Glenn HOPE VI revitalization and The Pittsburgh Civic League Apartments) stimulated other

Table 2
Home Purchase Mortgages Originated in Casey Neighborhoods
Neighborhood-Data and Metro Comparisons, Basic Trends, 1997-2006

	Loans/ 1,000 units	Neigh. % of metro loans/1,000 units		Median loan amount (2006 \$ thousands)		% chg./yr. med.loan amt. (\$)	Neigh. % of metro med. loan amt. (\$)	
	2006	2000	2006	2000	2006	2000-06	2000	2006
Making Connections								
Average	56	55	76	91	131	6.3	59	72
Denver	103	80	89	156	136	(2.2)	88	87
Des Moines	51	46	55	62	72	2.5	55	62
Hartford	61	54	102	76	135	10.2	56	80
Indianapolis	41	44	49	61	60	(0.2)	49	56
Louisville	32	54	55	54	62	2.4	51	58
Milwaukee	55	51	96	46	81	10.0	35	59
Oakland	49	63	77	159	323	12.6	57	78
Providence	68	62	142	87	180	13.0	64	90
San Antonio	22	25	22	50	60	3.0	52	57
White Center	79	72	72	159	203	4.1	87	94
Other Sites								
Atlanta	NA	NA	NA	132	143	1.3	91	108
Baltimore	NA	NA	NA	47	57	3.3	34	32
New Haven	56	65	96	89	156	9.8	69	92
Washington DC	72	30	61	103	160	7.6	60	63

Source: Urban Institute analysis of Home Mortgage Disclosure Act data

- Five Casey neighborhoods had high origination rates (above 90 percent of the 2006 average for their metros): Providence, Hartford, Milwaukee, New Haven and Denver.
- Six others had middle range neighborhood origination rates (49 to 77 percent of metro average): Oakland, White Center, Washington DC, Des Moines, Louisville and Indianapolis.
- The site at the low end, San Antonio, had a rate much below its metro (22 percent of the metro average).

Median 2006 loan amounts, ranged from \$57,000 (Baltimore) to \$323,000 (Oakland); 2000-06 annual changes in loan amounts, ranged from a loss of 2.2 percent (Denver) to a gain of 13.0 percent (Providence). Neighborhood loan amounts in 2006 ranged from a low of 32 percent of the metro average (Baltimore) up to 108 percent of the metro average (Atlanta).

new development in the area, contributing to an overall 24 percent increase in the number of single-family housing units from 2000 to 2007.

- Of the five lower priced neighborhoods (Milwaukee, San Antonio, Louisville, Indianapolis, & Des Moines), four had flat or modest prices from 2000 to 2006 (-0.2 to +3 percent change). Milwaukee was the outlier, with increases of 10 percent each year.
- The moderate price cities, Hartford and Providence, had fast paced growth of 10.2 and 13.0 percent respectively.
- Although Denver, Oakland, and White Center all began in 2000 with roughly the same higher price level (\$156,000 to \$159,000), they followed three different trajectories over the next six years. Denver actually lost ground; White Center saw some growth, and Oakland's prices more than doubled.
- Four neighborhood had relatively high loan amounts (above 90 percent of the 2006 metro average) – Atlanta, White Center, New Haven, and Providence.
- Five had middle range neighborhood loan amounts (62 to 87 percent of metro average) Denver, Hartford, Oakland, Washington DC, and Des Moines.
- Five had lower loan amounts (below 60 percent of metro average) – Milwaukee, Louisville, Indianapolis, San Antonio and Baltimore.

3. THE SUBPRIME CRISIS

The National Story. The subprime mortgage market, offers loans to people with impaired or limited credit histories in return for higher rates and fees. It has made an important contribution, allowing many low- and moderate-income families to become homeowners that never could have qualified for loans in the market of the early 1990s. However, the downside is now also well-known. Predatory or irresponsible lending terms set up borrowers for financial difficulties from the start, and even loans with reasonable terms imposed less stringent standards for credit histories and down payment amounts. Thus, subprime loans bear a much higher risk of foreclosure than is typical in the prime market. Actually, it is expected that most borrowers with subprime loans will not default on their mortgages, but the share likely to experience foreclosure (estimated in one at least study at around one in five for 2006 loans)⁹ is the highest in history and is undermining market confidence generally.

In the largest 100 metros, subprime lending grew modestly from 3 percent of all home purchase loans in 1997 to 8 percent in 2002, but then accelerated to 16 percent in 2005 before dropping back to 11 percent in 2006.¹⁰ The rate went up from 1 subprime origination per 1,000 units in 1997 to 3 in 2002, but then climbed to 10 in 2005 before dropping to 6 in 2006.

Again, there was considerable variation across the top 100 metropolitan areas. Subprime origination rates (2002-2006 annual average)¹¹ range from a low of 0.8 per 1,000 units per year (Syracuse) to a high of 26 (Riverside). The top five by this measure (all above 16 loans per 1,000 units) were Riverside, Stockton, Modesto, Las Vegas and Bakersfield. The five lowest were Syracuse, Buffalo, Rochester, Madison, and Lancaster (all below 2.0).

In 2005 within these metros (the peak year for subprime lending), subprime loans accounted 31 percent of all loans in neighborhoods with poverty rates of 30 percent or more; 25 percent in neighborhoods with poverty rates in the moderate 10-30 percent range; and only 13 percent in neighborhoods with poverty below 10 percent. Mortgage origination rates, however, had a

⁹ Schloemer et al, 2006.

¹⁰ In this brief, we define subprime loans to be conventional loans (i.e., not government-insured) originated by lenders identified by the U.S. Department of Housing and Urban Development as specializing in subprime. Specifically, subprime lenders are defined as those with subprime loans accounting for at least half of their conventional lending in that year. Since 2004, the HMDA files also present data on "high cost" loans, which may be a better definition in some respects. However, we rely on the standard definition because it is the only one that permits comparative analysis of changes in rates over the 1997-2006 period as a whole.

¹¹ In much of the rest of this brief, we use the annual average of the subprime origination rate from 2002 through 2006 to represent the level of subprime activity in our analysis. This is because the rates vary from year to year, and choosing the value for any one year might not reliably represent the level for the period as a whole. This can be important that the tract level where mortgage origination rates can differ notably from one year to the next. While this may not be as much of an issue at the metropolitan level, we use the same five year average to be consistent with tract comparisons.

different pattern. Subprime origination rates were higher for the moderate poverty group (13 per 1,000 units) than either the low poverty group (9) or the high poverty group (11). This pattern makes sense given that more families purchase their own homes in moderate income neighborhoods than in the highest poverty ones, but these households also likely have weaker credit and less financial education than buyers in the lowest poverty areas. Since a higher density of subprime lending increases an area's risk of experiencing negative spillover effects, this finding highlights the vulnerability of middle-income neighborhoods and calls for careful monitoring and program responses in neighborhoods that have not been historically served by public programs for distressed areas.

Subprime Trends for Casey Metros and Neighborhoods. Table 3 shows that the Casey metros indeed shared in the experience of mushrooming subprime lending through 2006. For the top 100 metropolitan areas, the subprime lender share of all loans went up from 5 percent in the 1997-2001 period to 12 percent in the 2002-2006 period. The subprime share of all loans in Making Connections metros followed a similar trend - from 6 percent for the early period to 13 percent in 2002-2006. In the latter period, metropolitan Oakland, Providence and New Haven had the highest subprime shares (19-20 percent). The lowest were in Des Moines (7 percent), Milwaukee (9 percent) and Louisville (10 percent).

Circumstances were quite different for selected neighborhoods in these metros. With fair consistency, the Making Connections neighborhoods had much higher subprime shares than the metros for 1997-2000 (23 percent on average) and typically, the neighborhood shares did not change by as much over 2002-2006 (going up to 28 percent on average). The neighborhoods with the highest subprime shares in the latter period were Providence (50 percent), New Haven (41 percent) and Indianapolis (36 percent). Those with the lowest subprime shares were Denver (14 percent) and Baltimore and Washington DC (both at 15 percent).

This measure is not a good indicator of probable impact, however. An area could have a very high subprime share but a very low volume of total lending so that the number of risky loans was very small in relation to the size of the housing stock. A much better measure for this purpose is the rate we have noted above: the number of subprime loans per 1,000 housing units. This can be thought of as the "density" of subprime lending and it is the density that generally heightens the risk of foreclosure and negative spillover effects from foreclosures like declines in property values and increasing crime rates.

This measure shows greater contrasts. Since the overall volume of subprime lending was much higher in 2002-2006 than in the late 1990s, the subprime lending rate was much higher in this later period. For the Making Connections neighborhoods, the average rate increased from 4 per 1,000 units in 1997-2000 up to 12 in 2002-2006 (Table 3).

Table 3
Subprime Mortgages Originated in Casey Neighborhoods
Neighborhood-Data and Metro Comparisons, 1997-2006

	Subprime pct. of home purch.mortgages				Neighborhoods		
	Metro. Areas		Neighborhoods		Subprime loans/ 1,000 units		100 metro. percentile 2002-06
	1997-00	2002-06	1997-00	2002-06	1997-00	2002-06	
Making Connections							
Average	6	13	23	28	4	12	71
Denver	6	15	11	14	4	10	67
Des Moines	4	7	17	18	3	7	50
Hartford	5	14	29	34	5	17	81
Indianapolis	7	13	38	36	6	11	68
Louisville	4	10	11	18	2	5	38
Milwaukee	5	9	38	30	7	14	76
Oakland	9	20	13	30	3	13	75
Providence	7	19	40	50	6	31	94
San Antonio	6	13	19	24	1	3	24
White Center	6	14	11	23	4	14	77
Other Sites							
Atlanta	7	15	22	34	NA	NA	NA
Baltimore	7	10	59	15	NA	NA	NA
New Haven	9	19	33	41	5	18	83
Washington DC	3	11	21	15	2	7	52

Source: Urban Institute analysis of Home Mortgage Disclosure Act data

The 2002-2006 range for this indicator across neighborhoods was wide: from a low of 3 (San Antonio) to a high of 31 (Providence).¹² The last column on Table 3 shows how this indicator for each neighborhood translates into the distribution for all census tracts in the 100 largest metros. For example, the highest subprime rate among the neighborhoods (Providence) is the equivalent of the 94th percentile on the full metro tract distribution; i.e., only a six percent of all tracts had a higher score.

- By this measure, six Casey neighborhoods should be thought of as high risk in terms of a likely high density of foreclosures and negative spillover effects (scores in the top quarter for all tracts in the top 100 metros). They are: Providence (31), New Haven (18), Hartford (17), White Center (14), Milwaukee (14) and Oakland (13).

¹² Again, comparable data for this indicator are not available for the Atlanta and Baltimore neighborhoods.

- Four were in the *moderate risk* group (2nd quarter of the metro tract distribution): Indianapolis (11), Denver (10), Washington DC (7), and Des Moines (7).
- Only two had scores equivalent to the bottom, *low risk*, half of the distribution: Louisville (5) and San Antonio (3).

As noted earlier, subprime loans are not a problem in and of themselves. The problems arise because they have a much higher probability of foreclosure than prime loans and it is a significant concentration of foreclosures and accompanying vacancies that can have such a damaging effect on neighborhoods. The share of subprime loans likely to enter foreclosure varies across the country, so we thought it useful to see if foreclosure data were consistent with the above rating of comparative risk.

Table 4
**Percent of Subprime Mortgages, Payments Not Current
 and Proxy for Neighborhood Foreclosure Risk, December 2007**

	County pct.subprime mortgages not current				Calc. neigh. rate
	Total	Payments past due		Foreclos. pipeline	
		30-59 dy.	60+ dy.		
United States	35	11	14	9	NA
Making Connections					
Average	37	12	15	10	1.3
Denver	41	12	20	8	0.9
Des Moines	32	13	15	4	0.3
Hartford	35	10	14	10	1.7
Indianapolis	38	12	13	13	1.4
Louisville	32	11	12	9	0.4
Milwaukee	38	11	14	13	1.7
Oakland	38	12	13	12	1.6
Providence	40	10	16	14	4.4
San Antonio	34	12	13	9	0.3
White Center	38	12	16	10	1.4
Other Sites					
Atlanta	29	13	13	3	NA
Baltimore	36	9	15	13	NA
New Haven	22	8	10	4	0.8
Washington DC	33	13	15	6	0.4

Source: First American Loan Performance data file

To do this we examined First American Loan Performance data for the central counties of each of the Casey metropolitan areas (Table 4).¹³ The table shows that in December 2007 for the United States as a whole 35 percent of all outstanding subprime mortgages had payments past due for 30 days or more (11 percent were past due by 30-59 days, 14 percent were past due by 60 days or more but had not yet received a notice of foreclosure and 9 percent were in the foreclosure pipeline).¹⁴ These percentages were close to the same for Making Connection central counties on average. But there were notable differences between sites. The foreclosure pipeline percent varied from lows of 3 to 4 percent (central counties of metropolitan Atlanta, Des Moines and New Haven) to a high of 14 percent (Providence).

The entries in the last column in this table are the product of the foreclosure pipeline percent on this table and the subprime loan rate on the last table. For example, the Denver foreclosure pipeline rate (8 percent) applied to the Denver subprime rate (10 per 1000 units) yields a potential foreclosure pipeline density of 0.9 per 1,000 units. Ranking the neighborhoods by this measure produces a list very similar to the ranking by subprime rate presented above.¹⁵ This suggests that using the subprime rate as a proxy for foreclosure risk works reasonably well for the Making Connections neighborhoods.

¹³ LoanPerformance data are not publicly available at a level that would enable us to construct this information for Casey neighborhoods. The file contains information on owner-occupied mortgage loans that have been securitized into a product that is categorized as subprime. It is estimated to cover about half of the outstanding subprime loans. For a discussion of this source, see Mayer and Pence, 2008.

¹⁴ This total does not include any loans that have already been foreclosed. The "foreclosure pipeline" includes those that received some notice of foreclosure and are still in processing. The amount of time between a lender filing for foreclosure and the completion of the process differs depending on applicable state law. See Annex A for details.

¹⁵ The bottom four sites are the same on both lists (Washington DC, Des Moines, Louisville and San Antonio) and the top five are also the same except for one, New Haven, which shifts to a lower group when the foreclosure pipeline measure is used.

4. CHANGE IN THE COMPOSITION OF BORROWERS

Investor Loans. Another feature of the booming housing market in the first half of this decade was a marked increase in the share of all sales of 1-4 unit properties purchased by individuals for investment purposes. This was also reflected in the mortgage market and the trend was particularly strong in low income neighborhoods. In the Making Connections metros on average, the share of purchase loans made to investors (as opposed owner occupants) went up from 6 percent over 1997-2000 to 10 percent over 2002-2006. In the latter period, the investor share in the neighborhoods was more than 2.5 times the metro average: 27 percent.

Table 5
Investor Mortgages Originated in Casey Neighborhoods
Neighborhood-Data and Metro Comparisons, 1997-2006

	Investor pct. of home purch.mortgages				Neighborhoods investor loans/ 1,000 units	
	Metro. Areas		Neighborhoods		1997-00	2002-06
	1997-00	2002-06	1997-00	2002-06		
Making Connections						
Average	6	10	18	27	5	12
Denver	7	9	15	18	9	16
Des Moines	4	7	12	23	3	10
Hartford	4	7	18	27	4	17
Indianapolis	6	11	20	45	4	16
Louisville	8	11	52	55	11	16
Milwaukee	8	11	33	46	7	20
Oakland	6	7	11	13	3	5
Providence	7	11	13	16	3	10
San Antonio	6	12	5	13	1	2
White Center	6	9	5	11	3	8
Other Sites						
Atlanta	6	13	18	28	NA	NA
Baltimore	5	11	51	51	NA	NA
New Haven	6	10	17	26	4	13
Washington DC	3	7	6	20	1	10

Source: Urban Institute analysis of Home Mortgage Disclosure Act data

Growing shares of investor ownership in distressed neighborhoods may be positive, if the investors are nonprofit housing providers for example, but they may increase instability if the investors are absentee landlords. The latter implies a larger share of owners with a comparatively weaker stake in the community over the long term. Second, it implies that a larger share of the families that may be evicted due to foreclosures will be renters.

Among Casey neighborhoods, those with the highest investor shares of all borrowers were Louisville (55 percent), Baltimore (51 percent), and Indianapolis and Milwaukee (both at 46 percent). The lowest investor shares were found in White Center (11 percent) and San Antonio and Oakland (each at 13 percent).

Since overall lending volumes varied in different ways, the investor lending rates (investor loans per 1,000 units) did not follow the same pattern. For this measure, highest was Milwaukee (20 loans per 1,000 units), followed by Denver, Indianapolis and Louisville (all at 16). At the bottom were San Antonio (2) and White Center (8).

The Composition of Owner Occupant Borrowers. This unique period also saw notable changes in the composition of owner occupant borrowers in some Casey neighborhoods. Because home prices were going up, it took more income to buy any home in 2006 than it did in 2000, so the share of all borrowers from high-income groups went up almost everywhere. In Making Connections neighborhoods, on average, the percent of borrowers in the low income group went down from 66 percent in 2000 to 49 percent in 2006, while the share in the high income group doubled, increasing from 12 to 24 percent (Table 6).¹⁶ Change by race/ethnicity was less notable: on average, the Hispanic share went up modestly from 23 to 27 percent as the black share remained constant (at 22 percent), and the share of borrowers that were white or of other races went down slightly. These numbers, however, do not paint a useful picture because they average out markedly different changes that occurred across neighborhoods.

In eight Casey neighborhoods, the high-income share of borrowers was significant in 2006 (range from 18 to 73 percent) and had gone up rapidly since 2000 (with a range of 7 to 53 percentage points). Surprisingly, the traditional gentrification stereotype (high-income whites moving into minority neighborhoods) appears to fit in only two cases: Denver and Baltimore. In all others, the new high-income borrowers seem to be other minorities themselves: Hispanics predominated in Oakland, Providence and New Haven, blacks in Atlanta and Hartford, and a mix of races in White Center. (See Tables 6 through 8)

¹⁶ We define income groups according to the system used by the U.S. Department of Housing and Urban Development (HUD) where, because individual incomes are related to local median incomes, price differences are implicitly taken into account and it is possible to compare shares across sites meaningfully. Calculations are done by household size, which also avoids distortion. Low income includes households with incomes below 80 percent of the local median, middle income includes those between 80 and 120 percent of median, and high income includes those above 20 percent of median.

Table 6
**Change in Composition of Owner-Occupant Borrowers
 by Income, 2000 to 2006**

	Metro HUD median		Pct. of borrowers by income					
	median income		Low (<80% med.)		Mid.(80-120% med.)		High (120%+ med.)	
	2000	2006	2000	2006	2000	2006	2000	2006
Making Connections								
Average	71	73	66	49	22	27	12	24
Denver	74	68	45	33	33	38	23	29
Des Moines	74	73	87	85	8	12	5	3
Hartford	73	71	72	50	19	29	9	21
Indianapolis	70	68	71	66	21	21	8	13
Louisville	72	80	65	64	18	30	17	6
Milwaukee	68	65	82	74	13	19	5	7
Oakland	60	59	49	8	31	19	20	73
Providence	72	67	66	16	22	38	13	46
San Antonio	71	93	74	66	19	23	6	11
White Center	79	84	54	26	33	44	13	30
Other Sites								
Atlanta	58	64	33	15	33	34	34	51
Baltimore	50	53	86	52	9	26	5	22
New Haven	77	60	67	48	25	34	8	18
Washington DC	97	90	95	59	4	32	1	10

Source: Urban Institute analysis of Home Mortgage Disclosure Act data

- The most dramatic change was in the Oakland neighborhood where the high-income share went up from 20 to 73 percent (+53 percentage points) and the Hispanic share increased from 11 to 32 percent (+21 points). Providence saw the next most significant change in this group with the high-income share up 34 points and the Hispanic share up 17 points. New Haven's high-income share went up by 10 points and its Hispanic share by 5 points.
- With the traditional gentrification cases, change was not quite so dramatic. In the Denver neighborhood, the high-income share went up by 7 points (to reach 29 percent) and its white share by 9 points (to reach 79 percent). In Baltimore, the high-income share increased by 18 points (to reach 22 percent) and its white/Asian and-other minority share increased by 20 points (to reach 38 percent).

Table 7
**Change in Composition of Owner-Occupant Borrowers
 by Race/Ethnicity, 2000 to 2006**

	Percent of borrowers by ethnicity/race							
	Hispanic		Non-Hisp. Black		Non-Hisp. White		NH Asian & Other	
	2000	2006	2000	2006	2000	2006	2000	2006
Making Connections								
Average	23	27	22	22	42	40	13	11
Denver	21	13	2	3	70	79	7	4
Des Moines	15	18	13	16	63	58	9	8
Hartford	22	24	36	44	36	32	6	-
Indianapolis	3	5	13	18	78	74	6	3
Louisville	-	4	57	42	41	54	2	-
Milwaukee	7	6	70	70	16	10	7	14
Oakland	11	32	11	16	25	18	54	34
Providence	47	64	13	11	32	19	7	7
San Antonio	92	92	1	1	4	6	3	2
White Center	12	14	4	5	52	47	32	35
Other Sites								
Atlanta	0	6	52	70	41	20	6	3
Baltimore	2	4	78	57	15	22	5	16
New Haven	30	35	37	38	29	23	3	4
Washington DC	-	7	93	87	6	4	1	3

Source: Urban Institute analysis of Home Mortgage Disclosure Act data

- In Casey's Atlanta neighborhood, the high-income share went up by 17 points and its black share by 18 points. In Hartford, the high-income share increased by 12 points and the black share by 8 points. In White Center, the high-income share went up by 17 points (to reach 30 percent), but there was little change in composition by race.

In the other six neighborhoods, there were not as many high-income borrowers (13 percent or fewer in 2006) and racial change was comparatively modest.

- Indianapolis – 13 percent high-income borrowers, small increase in blacks and Hispanic offset by declines in whites and other races
- San Antonio – 11 percent high-income, no change in 92 percent Hispanic share
- Washington DC – 10 percent high-income, still mostly black borrowers with modest increase in Hispanics.
- Milwaukee – 7 percent high-income, blacks remain dominant (70 percent), slight decrease in whites compensated for by increase in the Asian/other race group

- Louisville – 6 percent high-income, 13 percentage point gain in whites (must be mostly lower income) offset mostly by decline in the black share
- Des Moines – 3 percent high-income, modest decrease in whites, and increase in Hispanic and black borrowers

Table 8

**Percentage Point Change in Share of Borrowers
by Income and Race/Ethnicity, 2000 to 2006**

	By income (% local median)			By race/ethnicity			
	Low (<80%)	Middle (80-120%)	High (120%+)	Hispanic	NH black	NH White	NH Asian & Other
Making Connections							
Average	(18)	6	12	4	0	(2)	(3)
Denver	(12)	5	7	(7)	1	9	(3)
Des Moines	(2)	4	(2)	3	3	(5)	(1)
Hartford	(22)	11	12	2	8	(3)	(6)
Indianapolis	(5)	(0)	5	2	5	(3)	(3)
Louisville	(1)	12	(11)	4	(15)	13	(2)
Milwaukee	(7)	5	2	(1)	(0)	(6)	7
Oakland	(42)	(12)	53	21	6	(7)	(20)
Providence	(50)	16	34	17	(3)	(13)	(1)
San Antonio	(8)	4	5	(0)	(0)	2	(2)
White Center	(28)	10	17	2	1	(5)	2
Other Sites							
Atlanta	(18)	1	17	6	18	(21)	(3)
Baltimore	(34)	16	18	2	(21)	7	11
New Haven	(19)	9	10	5	1	(7)	1
Washington DC	(37)	28	9	7	(7)	(2)	1

Source: Urban Institute analysis of Home Mortgage Disclosure Act data

5. IMPLICATIONS

While detailed data are not yet available for these sites after 2006, national statistics show that mortgage market conditions have changed markedly everywhere since then. Property values have declined and mortgage lending has collapsed, particularly in the subprime market. While the trends of first half of this decade are surely not continuing, they still offer clues as to what to watch out for next.

Most important, efforts to mitigate foreclosure problems and address spillover effects are critical for those neighborhoods where the density of subprime lending has been in the top quarter of all tracts nationally: Providence, New Haven, Hartford, White Center, Milwaukee and Oakland. In this period of transition, improvement strategies should differ for neighborhoods where investors have made up a very large share of all borrowers: Louisville, Baltimore, Milwaukee, and Indianapolis.

Finally, neighborhoods that witnessed notable changes in the racial and income composition of borrowers over the last few years might be prone to more instability as the market turns down: Denver and Baltimore, but also Oakland, Providence, New Haven, Atlanta and Hartford.

In applying these findings to support Making Connections strategies, the next step should be obtaining more information at the local level. Of first importance in all sites, is determining what share of investor borrowers were nonprofits as opposed to absentee landlords.

NeighborhoodInfo DC has coded ownership on its property level data file for Washington DC in this way, permitting city officials and leadership groups to follow up in appropriate ways with both groups independently (see methods explained in Tatian, 2007). An additional overlay, classifies all properties by whether or not they are subsidized and, if so, under what program (Tatian and Kingsley, 2008).

Programmatic approaches would vary with local circumstances. However, with this information and searches of records on the local foreclosure pipeline (see definitions in Annex A), it should be possible, for example, to target appropriate outreach to absentee landlords on that list. The timing might be right, for example, to encourage a sale to the city or a nonprofit affordable housing developer. For nonprofit owners that are themselves in the foreclosure process, this information should provide insights on how best to target additional assistance.

ANNEX A

STATE FORECLOSURE LAWS

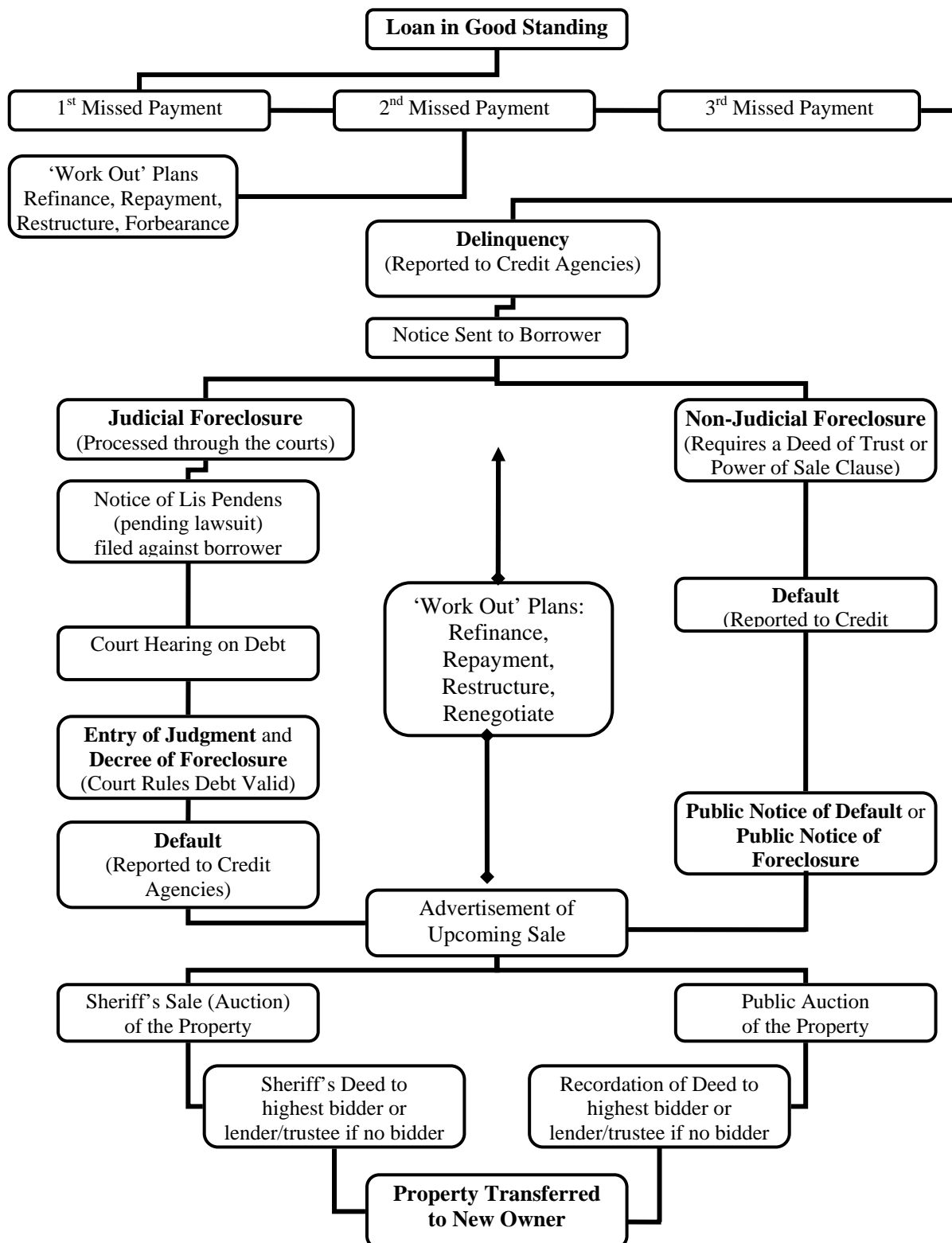
As mentioned in the text, the share of subprime loans that will be foreclosed will vary across the country. In addition to economic and housing market factors, state policy can deter or facilitate the foreclosure process through its legal framework. For example, state law determines whether a lender has to go through the judicial process with court review in order to sell the property, the amount of time required between notifying the borrower of the foreclosure filing and the actual sale, and whether homeowners can redeem their property for a limited time after a sale if they are able to pay some of the amount owed. The influence of various aspects of the legal framework deserves more in-depth treatment, but the table below documents the basic characteristics of the state legal systems governing the foreclosure process in the Casey sites. For reference, Table B2 illustrates the generalized steps of the foreclosure process for jurisdictions with judicial and non-judicial systems.

Figure A1
Summary of State Foreclosure Laws

City	State	Judicial	Non-Judicial	Process Period (Days)	Redemption Period (Days)	Sale/NTS
Making Connections						
Denver	Colorado	•	•	145	None	Trustee
Des Moines	Iowa	•	•	160	20	Sheriff
Hartford	Connecticut	•		62	Court Decides	Court
Indianapolis	Indiana	•		261	None	Sheriff
Louisville	Kentucky	•		147	365	Court
Milwaukee	Wisconsin	•	•	290	365	Sheriff
Oakland	California	•	•	117	365 (Jud. Only)	Trustee
Providence	Rhode Island	•	•	62	None	Trustee
San Antonio	Texas	•	•	27	None	Trustee
Seattle	Washington	•	•	135	None	Trustee
Other Sites						
Atlanta	Georgia	•	•	37	None	Trustee
Baltimore	Maryland	•		46	Court Decides	Court
New Haven	Connecticut	•		62	Court Decides	Court
Washington, D.C.	District of Columbia		•	47	None	Trustee

Source: RealtyTrac.com
<http://www.realtytrac.com/foreclosure-laws/foreclosure-laws-comparison.asp>

Figure A2: Generalized Mortgage Foreclosure Process



ANNEX B

CONTRASTS BETWEEN SUB-NEIGHBORHOODS

Tables A1 and A2 present data similar to those reviewed above for the sub-neighborhoods for eight of the 10 Making Connections sites (the remaining two, Milwaukee and Oakland do not have sub-neighborhoods). Tables A3 and A4 do the same for the sub-neighborhoods that make up the overall focus neighborhoods in the Civic Sites and Washington DC.

Our question in this section is whether the conditions and trends noted above for the neighborhoods as a whole are reasonably good characterizations for the sub-neighborhoods as well. Overall, we find very few cases where there are noteworthy contrasts between sub-neighborhoods. Milwaukee and Oakland do not have sub-neighborhoods and we find no differences in these indicators worth commenting on for Des Moines, Providence, Baltimore, and Washington DC. Variations of note elsewhere are:

- *Denver*. Origination rates and median mortgage amounts in Sun Valley are considerably below those of the other three neighborhoods. Sun Valley also has the highest 2002-2006 subprime loan share (40 percent) but the highest subprime rate than was in Cole (16). Sun Valley also had the biggest jump in high-income borrowers from 2000 to 2006 and it was the only neighborhood where a significant (40 percent) share of the borrowers was African American.
- *Indianapolis*. Given the strong differences in racial composition between the two neighborhoods, there were surprisingly few differences in these indicators. However, from 2000 to 2006, Martindale Brightwood experienced a noteworthy jump in high-income borrowers (6 to 22 percent) and in white borrowers (33 to 54 percent) – indications of gentrification that did not stand out when the two neighborhoods were averaged.
- *Louisville*. Phoenix Hill and Smoketown saw increases in high income borrowers and white borrowers. Shelby Park also saw an increase in white borrowers but not with high incomes. California experienced a decrease in the shares of both white and high income borrowers.
- *San Antonio*. Quadrant 4 saw substantially higher mortgage origination rates (subprime and total) than the other three neighborhoods, but those rates remained low compared to other sites.
- There were also modest increases in the high-income borrower shares in Quadrants 2 and 4, but these did not represent major shifts.

- *White Center.* The only difference of note is that Boulevard Park saw a decrease in the white borrower share compensated by an increase in the share for Asians, while White Center saw very little change in borrower composition.
- *New Haven.* The Dwight neighborhood had origination rates (total and subprime) quite a bit below those for the other neighborhoods.

Table B1
Home Purchase Mortgages Originated in Making Connections SubNeighborhoods
Home Purchase Mortgage Activity

	No.loans origin.	Loans originated/ 1,000 housing units		Median loan amount (2006 \$ thousands)		Pct. change/year med. loan amount		Pct. originated subprime		Subprime orig./year per 1,000 1-4 units		Pct. loans investor	Investor orig./year per 1,000 1-4 units	
	2006	2000	2006	2000	2006	1997-00	2002-06	1997-00	2002-06	1997-00	2002-06	2002-06	1997-00	2002-06
Denver	504	81	103	156	136	13	(6)	11	14	4	10	18	9	16
Auraria/Lincoln Park	161	120	112	162	148	13	(4)	8	10	4	9	19	13	21
Baker	195	78	105	163	138	12	(5)	10	10	5	7	13	10	12
Cole	137	55	99	142	124	17	(7)	23	27	4	16	23	5	19
Sun Valley	11	26	48	126	104	(6)	(13)	-	40	-	10	25	8	10
Des Moines	470	27	51	62	72	6	2	17	18	3	7	23	3	10
Cent.Des Moines East	260	28	53	61	72	7	3	19	19	4	7	20	3	9
Cent.Des Moines West	210	25	48	63	73	5	1	15	17	3	6	28	3	11
Hartford	166	26	61	76	135	15	6	29	34	5	17	27	4	17
Asylum Hill	78	30	67	53	87	2	5	20	26	5	17	20	4	16
Frog Hollow	88	24	56	100	176	24	13	39	44	6	17	37	5	17
Indianapolis	644	27	41	61	60	7	(0)	38	36	6	11	45	4	16
Martindale Brightwood	183	17	42	56	60	(0)	1	47	40	5	12	46	3	15
Southeast	461	30	41	62	60	9	(0)	36	34	6	10	45	4	16
Louisville	189	26	32	54	62	8	2	11	18	2	5	55	11	16
California	97	28	30	49	57	15	2	16	24	3	6	60	11	16
Phoenix Hill	29	26	35	88	100	4	4	3	6	1	1	31	6	9
Shelby Park	45	25	37	53	63	9	5	5	13	1	4	59	13	19
Smoketown	18	20	26	56	82	(2)	13	7	19	2	3	59	10	14
Milwaukee	498	22	55	46	81	1	12	38	30	7	14	46	7	20
Washington Park	498	22	55	46	81	(2)	(97)	38	30	7	14	46	7	20
Oakland	206	40	49	159	323	13	7	13	30	3	13	13	3	5
Lower San Antonio	206	40	49	159	323	(2)	(96)	13	30	3	13	13	3	5
Providence	693	25	68	87	180	3	10	40	50	6	31	16	3	10
Elmwood	236	28	65	82	211	3	12	41	53	6	31	12	3	7
South Providence	209	18	73	83	164	1	10	41	52	6	31	17	3	10
West End	248	28	66	92	168	5	9	41	47	5	30	19	3	13
San Antonio	787	13	22	50	60	2	(1)	19	24	1	3	13	1	2
Quadrant 1	183	13	21	49	54	2	(2)	25	24	1	3	15	1	3
Quadrant 2	112	10	11	47	57	1	1	17	19	1	2	17	0	2
Quadrant 3	103	8	12	48	57	3	2	20	21	1	2	12	0	1
Quadrant 4	389	22	45	56	66	(0)	(2)	16	27	1	6	11	1	4
White Center	655	49	79	159	203	7	5	11	23	4	14	11	3	8
Riverton-Boulevard Park	281	54	83	164	206	7	6	11	23	4	16	12	2	9
White Center	374	47	76	158	200	8	4	10	22	3	13	10	3	7

Source: Urban Institute analysis of Home Mortgage Disclosure Act data

Table B2
**Home Purchase Mortgages Originated in Making Connections SubNeighborhoods,
 Income and Ethnicity/Race of Borrowers**

	Pct. of borrowers by income						Percent of borrowers by ethnicity/race							
	Low (<80% med.)		Mid.(80-120% med.)		High (120%+ med.)		Hispanic		Non-Hisp. Black		Non-Hisp. White		NH Asian & Other	
	2000	2006	2000	2006	2000	2006	2000	2006	2000	2006	2000	2006	2000	2006
Denver	45	33	33	38	23	29	21	13	2	3	70	79	7	4
Auraria/Lincoln Park	35	41	42	31	23	28	16	10	0	1	74	84	10	6
Baker	47	28	27	39	26	33	14	7	0	2	81	87	5	4
Cole	62	33	23	45	15	22	43	27	10	6	41	64	5	3
Sun Valley	50	0	25	43	25	57	50	40	0	40	50	20	0	0
Des Moines	87	85	8	12	5	3	15	18	13	16	63	58	9	8
Cent.Des Moines East	93	87	6	10	2	3	16	18	7	6	72	67	5	9
Cent.Des Moines West	81	82	10	15	10	3	14	19	21	30	51	46	14	5
Hartford	72	50	19	29	9	21	22	24	36	44	36	32	6	0
Asylum Hill	70	48	20	30	10	22	7	9	39	44	46	47	7	0
Frog Hollow	75	53	17	28	8	19	41	40	32	44	23	16	5	0
Indianapolis	71	66	21	21	8	13	3	5	13	18	78	74	6	3
Martindale Brightwood	76	51	18	27	6	22	0	1	65	40	33	54	2	4
Southeast	70	73	21	18	9	9	4	7	4	8	86	83	6	2
Louisville	65	64	18	30	17	6	0	4	57	42	41	54	2	0
California	61	69	17	31	22	0	0	6	75	81	22	13	3	0
Phoenix Hill	45	29	36	47	18	24	0	0	8	0	92	100	0	0
Shelby Park	75	82	17	18	8	0	0	5	44	26	56	68	0	0
Smoketown	100	67	0	22	0	11	0	0	100	33	0	67	0	0
Milwaukee	82	74	13	19	5	7	7	6	70	70	16	10	7	14
Washington Park	82	74	13	19	5	7	7	6	70	70	16	10	7	14
Oakland	49	8	31	19	20	73	11	32	11	16	25	18	54	34
Lower San Antonio	49	8	31	19	20	73	11	32	11	16	25	18	54	34
Providence	66	16	22	38	13	46	47	64	13	11	32	19	7	7
Elmwood	61	17	23	37	16	46	49	70	14	13	29	13	8	4
South Providence	78	16	8	41	14	43	46	62	26	15	23	14	5	10
West End	63	14	28	36	9	50	46	60	6	5	40	29	8	6
San Antonio	74	66	19	23	6	11	92	92	1	1	4	6	3	2
Quadrant 1	68	67	23	28	9	5	90	94	3	0	2	5	5	1
Quadrant 2	77	70	20	20	3	10	92	93	0	0	5	7	3	0
Quadrant 3	71	84	21	9	8	8	89	88	0	3	8	6	3	3
Quadrant 4	78	60	16	25	7	15	94	91	1	1	3	5	2	2
White Center	54	26	33	44	13	30	12	14	4	5	52	47	32	35
Riverton-Boulevard Park	48	24	35	43	17	33	15	13	5	7	61	50	19	30
White Center	59	27	32	45	9	28	10	14	3	3	44	44	43	38

Source: Urban Institute analysis of Home Mortgage Disclosure Act data

Table B3
Home Purchase Mortgages Originated in Casey Site Neighborhoods
Home Purchase Mortgage Activity

	No. loans origin.	Loans originated/ 1,000 housing units		Median loan amount (2006 \$ thousands)		Pct. change/year med. loan amount		Pct. originated subprime		Subprime orig./year per 1,000 1-4 units		Pct. loans investor	Investor orig./year per 1,000 1-4 units	
	2006	2000	2006	2000	2006	1997-00	2002-06	1997-00	2002-06	1997-00	2002-06	2002-06	1997-00	2002-06
Atlanta	1,016	NA	NA	132	143	1	(1)	22	34	NA	NA	28	NA	NA
Tract 004400	61	NA	NA	150	171	15	(0)	20	27	NA	NA	34	NA	NA
Tract 004600	53	NA	NA	153	108	8	(6)	5	19	NA	NA	22	NA	NA
Tract 004800	5	NA	NA	174	162	11	(5)	6	39	NA	NA	17	NA	NA
Tract 004900	133	NA	NA	197	166	12	(5)	8	15	NA	NA	13	NA	NA
Tract 005501	216	NA	NA	136	160	27	(3)	27	40	NA	NA	33	NA	NA
Tract 005600	85	NA	NA	143	164	12	(3)	33	36	NA	NA	26	NA	NA
Tract 005700	155	NA	NA	84	130	13	1	56	44	NA	NA	44	NA	NA
Tract 005800	103	NA	NA	91	127	3	(4)	37	33	NA	NA	31	NA	NA
Tract 006300	205	NA	NA	80	132	9	3	47	46	NA	NA	33	NA	NA
Baltimore	181	NA	NA	47	57	2	2	59	15	NA	NA	51	NA	NA
East Side Revitalization A	12	NA	NA	62	55	7	5	59	13	NA	NA	47	NA	NA
East Side Surrounding Tr	169	NA	NA	46	57	1	1	59	15	NA	NA	51	NA	NA
New Haven	1,081	29	56	89	156	7	10	33	41	5	18	26	4	13
Amity	106	36	63	96	165	4	10	29	41	5	17	14	2	7
Dixwell	53	17	43	71	164	(7)	16	28	34	4	15	28	3	14
Dwight	30	8	25	122	192	14	7	24	31	2	7	27	2	7
Fair Haven	301	38	67	93	159	9	10	40	44	7	25	27	6	18
Fair Haven Heights	100	60	64	80	150	2	6	33	35	8	19	16	5	11
Hill	253	24	54	94	146	23	10	34	43	4	16	32	4	13
Newhallville	136	17	55	78	157	12	14	39	47	4	19	31	2	14
West River	66	22	57	87	185	3	13	33	43	5	15	32	4	12
West Rock	36	40	40	77	125	(1)	1	21	31	4	11	14	2	6
Washington, DC	522	27	72	103	160	(4)	7	21	15	2	7	20	1	10
Deanwood	184	28	67	111	179	(0)	9	15	14	1	7	24	2	12
Fort Dupont Park	170	25	53	102	186	(5)	10	24	19	2	6	16	1	7
Marshall Heights	168	30	124	94	150	(6)	13	34	10	3	9	21	1	16

Source: Urban Institute analysis of Home Mortgage Disclosure Act data

Table B4
Home Purchase Mortgages Originated in Casey Site SubNeighborhoods
Income and Ethnicity/Race of Borrowers

	Pct. of borrowers by income						Percent of borrowers by ethnicity/race							
	Low (<80% med.)		Mid.(80-120% med.)		High (120%+ med.)		Hispanic		Non-Hisp. Black		Non-Hisp. White		NH Asian & Other	
	2000	2006	2000	2006	2000	2006	2000	2006	2000	2006	2000	2006	2000	2006
Atlanta	33	15	33	34	34	51	0	6	52	70	41	20	6	3
Tract 004400	31	6	46	43	23	51	-	7	50	83	42	10	8	-
Tract 004600	41	71	45	3	14	26	-	-	90	81	5	10	5	10
Tract 004800	-	-	43	-	57	100	-	-	17	100	83	-	-	-
Tract 004900	18	16	27	26	55	58	-	2	37	29	57	67	6	2
Tract 005501	29	6	44	27	26	67	3	3	43	74	53	18	-	6
Tract 005600	18	9	55	25	27	65	-	8	67	81	22	10	11	2
Tract 005700	61	11	17	44	22	44	-	16	79	75	12	-	9	9
Tract 005800	58	23	26	34	16	44	-	4	63	61	21	36	16	-
Tract 006300	81	14	19	48	-	38	-	8	70	88	25	5	5	-
Baltimore	86	52	9	26	5	22	2	4	78	57	15	22	5	16
East Side Revitalization A	95	33	-	33	5	33	-	-	95	50	-	-	5	50
East Side Surrounding Tr	81	53	14	25	5	22	3	4	68	57	24	23	5	15
New Haven	67	48	25	34	8	18	30	35	37	38	29	23	3	4
Amity	61	48	30	39	9	14	10	18	55	37	31	35	4	10
Dixwell	72	52	28	35	-	13	-	23	83	48	11	16	6	13
Dwight	75	61	25	26	-	13	-	24	60	33	40	33	-	10
Fair Haven	69	48	24	36	7	16	51	54	21	20	23	25	4	1
Fair Haven Heights	70	42	25	41	5	18	34	42	24	26	39	26	3	7
Hill	59	52	25	24	16	24	38	41	22	37	38	20	3	2
Newhallville	80	40	11	38	9	22	6	11	65	73	26	13	3	3
West River	71	48	24	30	5	22	16	22	53	64	31	9	-	4
West Rock	66	64	34	33	-	3	10	11	68	50	23	32	0	7
Washington, DC	95	59	4	32	1	10	-	7	93	87	6	4	1	3
Deanwood	95	51	3	40	1	9	-	5	88	87	9	6	3	2
Fort Dupont Park	99	53	1	37	-	10	-	5	96	91	4	2	-	3
Marshall Heights	90	71	10	19	-	10	-	11	97	82	3	3	-	4

Source: Urban Institute analysis of Home Mortgage Disclosure Act data

ANNEX C

REFERENCE DATA TABLES

Table C1

Basic Housing Stock and Home Mortgage Characteristics of the Casey Neighborhoods

	Total Hsg. Units	Num. 1-4 fam. Housing Units	Pct. 1-4 fam. Housing Units	Pct. owner-occupied	No. home purchase originations		Purchase Loans/1,000 units	
	2000	2000	2000	2000	2000	2006	2000	2006
Making Connections								
Average	13,599	10,613	72	36	281	481	34	56
Denver	7,657	4,891	64	32	398	504	81	103
Des Moines	11,818	9,260	78	52	246	470	27	51
Hartford	9,948	2,738	28	8	72	166	26	61
Indianapolis	16,681	15,625	94	52	418	644	27	41
Louisville	8,754	5,999	69	31	156	189	26	32
Milwaukee	9,567	9,062	95	33	202	498	22	55
Oakland	7,906	4,233	54	19	170	206	40	49
Providence	13,426	10,225	76	23	259	693	25	68
San Antonio	39,246	35,795	91	62	474	787	13	22
White Center	10,988	8,299	76	51	410	655	49	79
Other Sites								
Atlanta	7,190	4,430	62	29	321	1,016	72	229
Baltimore	10,496	8,904	85	31	113	181	13	20
New Haven	29,423	19,428	66	24	571	1,081	29	56
Washington DC	12,365	7,296	59	35	197	522	27	72

Source: Decennial Census 2000 and Home Mortgage Disclosure Act

Note: This table lists the 2000 housing units and per-unit loan rates for Atlanta and Baltimore for reference only, and should not be compared to the other sites. See footnote 8 in the main text for more details.

Table C2

Basic Housing Stock and Home Mortgage Characteristics of the Making Connections SubNeighborhoods

	Total Hsg. Units	Num. 1-4 fam. Housing Units	Pct. 1-4 fam. Housing Units	Pct. owner-occupied	No. home purchase originations		Purchase Loans/1,000 units	
	2000	2000	2000	2000	2000	2006	2000	2006
Denver	7,657	4,891	64	32	398	504	81	103
Auraria/Lincoln Park	2,897	1,432	49	20	172	161	120	112
Baker	2,556	1,851	72	40	144	195	78	105
Cole	1,714	1,377	80	48	76	137	55	99
Sun Valley	490	231	47	3	6	11	26	48
Des Moines	11,818	9,260	78	52	246	470	27	51
Cent.Des Moines East	5,538	4,889	88	63	137	260	28	53
Cent.Des Moines West	6,280	4,371	70	41	109	210	25	48
Hartford	9,948	2,738	28	8	72	166	26	61
Asylum Hill	6,273	1,164	19	8	35	78	30	67
Frog Hollow	3,675	1,574	43	7	37	88	24	56
Indianapolis	16,681	15,625	94	52	418	644	27	41
Martindale Brightwood	4,676	4,392	94	58	76	183	17	42
Southeast	12,005	11,233	94	50	342	461	30	41
Louisville	8,754	5,999	69	31	156	189	26	32
California	3,582	3,267	91	49	90	97	28	30
Phoenix Hill	2,673	832	31	9	22	29	26	35
Shelby Park	1,462	1,215	83	34	30	45	25	37
Smoketown	1,037	685	66	31	14	18	20	26
Milwaukee	9,567	9,062	95	33	202	498	22	55
Washington Park	9,567	9,062	95	33	202	498	22	55
Oakland	7,906	4,233	54	19	170	206	40	49
Lower San Antonio	7,906	4,233	54	19	170	206	40	49
Providence	13,426	10,225	76	23	259	693	25	68
Elmwood	4,786	3,611	75	25	101	236	28	65
South Providence	3,787	2,860	76	24	53	209	18	73
West End	4,853	3,754	77	21	105	248	28	66
San Antonio	39,246	35,795	91	62	474	787	13	22
Quadrant 1	9,739	8,653	89	63	112	183	13	21
Quadrant 2	10,844	9,975	92	58	104	112	10	11
Quadrant 3	9,419	8,433	90	55	69	103	8	12
Quadrant 4	9,244	8,734	94	72	189	389	22	45
White Center	10,988	8,299	76	51	410	655	49	79
Riverton-Boulevard Park	4,918	3,385	69	52	181	281	54	83
White Center	6,070	4,914	81	50	229	374	47	76

Source: Decennial Census 2000 and Home Mortgage Disclosure Act

Note: This table lists the 2000 housing units and per-unit loan rates for Atlanta and Baltimore for reference only, and should not be compared to the other sites. See footnote 8 in the main text for more details.

Table C3
Basic Housing Stock and Home Mortgage Characteristics of the Casey Site SubNeighborhoods

	Total Hsg. Units 2000	Num. 1-4 fam. Housing Units 2000	Pct. 1-4 fam. Housing Units 2000	Pct. owner- occupied 2000	No. home purchase originations		Purchase Loans/ 1,000 units	
					2000	2006	2000	2006
Atlanta	7,190	4,430	62	29	321	1016	72	229
Tract 004400	751	296	39	8	15	61	51	206
Tract 004600	547	125	23	10	23	53	184	424
Tract 004800	975	169	17	5	8	5	47	30
Tract 004900	981	837	85	67	95	133	114	159
Tract 005501	954	723	76	32	58	216	80	299
Tract 005600	717	329	46	22	14	85	43	258
Tract 005700	580	422	73	24	29	155	68	367
Tract 005800	770	675	88	43	37	103	55	153
Tract 006300	915	854	93	39	42	205	50	240
Baltimore	10,496	8,904	85	31	113	181	13	20
East Side Revitalization A	2,074	1,750	84	30	28	12	16	7
East Side Surrounding Tr	8,422	7,154	85	31	85	169	12	24
New Haven	29,423	19,428	66	24	571	1081	29	56
Amity	1,911	1,690	88	45	61	106	36	63
Dixwell	1,906	1,239	65	20	21	53	17	43
Dwight	3,675	1,192	32	8	9	30	8	25
Fair Haven	5,828	4,510	77	25	170	301	38	67
Fair Haven Heights	3,269	1,560	48	26	94	100	60	64
Hill	6,203	4,710	76	25	111	253	24	54
Newhallville	2,933	2,469	84	34	43	136	17	55
West River	1,637	1,149	70	21	26	66	22	57
West Rock	2,061	909	44	16	36	36	40	40
Washington, DC	12,365	7,296	59	35	197	522	27	72
Deanwood	4,366	2,758	63	41	78	184	28	67
Fort Dupont Park	4,926	3,182	65	37	78	170	25	53
Marshall Heights	3,073	1,356	44	26	41	168	30	124

Source: Decennial Census 2000 and Home Mortgage Disclosure Act

Note: This table lists the 2000 housing units and per-unit loan rates for Atlanta and Baltimore for reference only, and should not be compared to the other sites. See footnote 8 in the main text for more details.

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