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The Housing Crisis: Getting a Ground-Level View

By JANET ROBERTS

With anecdotal evidence suggesting the number of foreclosures was mounting in the New York metropolitan area, The New York Times set out to try to quantify the extent of the problem — not just from a regional or county-level view, but down to the street level.

After acquiring data that included the property addresses of more than 182,000 homes in foreclosure from January 2005 through August 2008, The Times used mapping software to plot the foreclosed properties and then computed the percentage of residential properties in foreclosure at various geographic levels.

Over all, the analysis of the data found a regionwide crisis rooted most strikingly in black and Hispanic neighborhoods, where foreclosure rates are soaring and homeowners are four times as likely to hold expensive subprime mortgages than whites with similar incomes.

Because borrowers sometimes go into default more than once, multiple foreclosure filings existed for about 17 percent of the properties. The Times eliminated these duplicate filings from its rate calculations, counting each property once. Also eliminated were thousands of records representing liens filed by homeowners' associations, contractors, taxing authorities and others to collect on debts unrelated to home mortgages. Because it was impossible to identify all of these debts, it is likely that some remain in the data, slightly inflating the counts of properties in foreclosure.

The foreclosure crisis is closely tied to the large numbers of high-cost mortgage loans written from 2005 to 2007, so the newspaper also analyzed national mortgage lending data collected for those years under the terms of the Home Mortgage Disclosure Act. All banks, credit unions and savings and loans with assets of more than $33 million and offices in metropolitan areas are required to report mortgage application data to the federal government.

From this data, The Times counted conventional and high-cost loans granted to borrowers buying one- to four-family nonmanufactured homes that they intended to occupy. The newspaper defined high-cost loans as primary-lien mortgages with an interest rate at least three points more than comparable treasury bonds or secondary liens with a rate at least five points more than comparable bonds.

The Times categorized borrowers by race and income. For mortgages with more than one applicant, the race of the first applicant was used. In assigning income categories, The Times compared applicant income to the median family income, published by the United States Department of Housing and Urban Development, in the borrower's metropolitan statistical area. Borrowing from research published by Thomas M. Shapiro, director of the Institute on Assets and Social Policy at Brandeis University, The Times assigned income categories as follows:

- Low income: less than 50 percent of the HUD median.
- Moderate income: 50 percent to 80 percent of the HUD median.
- Middle income: 80 percent to 120 percent of the HUD median.
- High income: 120 percent to 200 percent of the HUD median.
- Highest income: more than 200 percent of the HUD median.

References to “upper income” groups in the articles combine the high- and highest-income borrowers.

A third level of analysis relied on mortgage delinquency data from First American CoreLogic, which compiles loan performance data from the nation’s largest servicers and from all Fannie Mae and Freddie Mac primary-lien outstanding loans. The company, which estimates that its database covers 85 percent of all residential mortgage loans nationwide, provided data from January 2005 through March 2009. Data from February and March 2009 are preliminary. First American estimates that 20 percent of the data from those months has not yet been collected.

No one company or government agency had or was willing to provide complete address-level foreclosure records for the region surrounding New York City, so The Times acquired and standardized address-level data from the following sources:

New York City: PropertyShark provided records of lis pendens filed by lenders. A lis pendens document, filed with the property deed, notifies the public that a foreclosure action is pending. The Furman Center for Real Estate and Urban Policy at New York University provided residential building counts, which The Times used to compute the default rate for the city’s census tracts and community districts. Because there are no public records of foreclosures involving cooperative apartments, co-ops were excluded from the analysis. The Furman Center estimates that co-ops make up one-third of the city’s mortgageable residential properties.

- Long Island and Westchester County: The Long Island Real Estate Report provided lis pendens and auction sales data for Nassau and Suffolk Counties. For Westchester, the newspaper acquired lis pendens data from the county clerk. The Westchester clerk’s office could not provide address-specific data for 2005, so Westchester was omitted from any regional rate calculations that covered the full 44 months of foreclosure activity analyzed. In comparing Westchester with the rest of the region, The Times computed multiyear rates covering January 2006 through August 2008. For its rate calculations in all three counties, the newspaper used residential building counts that it generated by using mapping software to plot property addresses from the tax assessment rolls.

- Connecticut: The Warren Group provided lis pendens records, auction sales data and residential building counts for Fairfield, Hartford, Litchfield and New Haven Counties.

- New Jersey: American Foreclosures, publishers of NJLisPendens.com, provided foreclosure records, which the company compiled from court documents filed when lenders initiated foreclosure actions. Western Technologies Group provided residential property data, which The Times used to generate residential building counts for all New Jersey census tracts and ZIP codes.

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