

News

Sub-Prime Market Heads Skyward

WNYC Newsroom

NEW YORK, NY April 12, 2007 —The city's sub-prime loan market is sky-high, according to a report by New York University's Furman Center. It shows these loans with inflating interest rates tripled between 2002 and 2005 from 6.5% percent to 23%.

REPORTER: Nationally, about 17% of loans are sub-prime. Ingrid Gould-Ellen co-directs the Furman center and says the loans are concentrated in low income neighborhoods.

GOULD-ELLEN: There were 5 neighborhoods in 2005 where more than half of the home purchasing loans were sub-prime - Brownsville, Jamaica, East New York, Williamsbridge and Belmont East Tremont in the Bronx.

REPORTER: The sub-prime market came under intense scrutiny after foreclosures began to skyrocket nationally. NYU's report also shows those who make less than \$50,000 a year are struggling the most to keep their homes. About 75% of these home owners spend more than half their income on housing costs.