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Update on the Housing Crisis in ZIP Code 53206

by John Pawasarat and Lois M. Quinn, Employment and Training Institute, University of Wisconsin-Milwaukee, 2007

The housing crisis appears to be unabated in pockets of the central city, based on **HMDA (Home Mortgage Disclosure Act)** data collected federally from lending institutions in metropolitan areas on loans for home purchases, refinancing and home repairs. (Home equity loans taken out for consolidation of credit card debt are not reported in this database unless some part of the loan proceeds is intended for home improvements or home purchase.) A 13-year analysis of mortgage lending in zipcode 53206, one of Milwaukee’s poorest central city neighborhoods, showed continued borrowing and reliance on subprime and high-interest cost loans.

1. In 2006 mortgage borrowing activity continued to rise in zipcode 53206 in contrast to an overall slowdown in the county. The number and dollar amounts of loans were at an all-time. Mortgages issued in 2006 totaled $93 million, up from $75 million in 2005, $55 million in 2004, and $25 million in 2003.
2. Dramatic increases in high-risk mortgages were seen in zipcode 53206, Milwaukee’s poorest neighborhood. Here, 75% of all mortgages issued in 2006 were high-risk (either subprime or high-interest rate loans), up from 65% just two years earlier.

![Growing % of Milwaukee County Housing Loans That Are Subprime or High-Cost](image)

3. A majority of lending activity for owner-occupied housing in the 53206 zipcode area in 2006 was for home refinancing loans, although there continue to be significant numbers of home purchases. In 2006, zipcode 53206 recorded 418 refinancing loans (a high for the twelve years analyzed), followed by 302 home purchase loans (another 12-year high). Home repair loans, which had totaled 204 loans in 1993, were down to 73 in 2006.

![Number of Owner-Occupants Refinancing Mortgages in Zipcode 53206](image)
4. The vast majority (85%) of housing loans to owner-occupants in zipcode 53206 were made to single purchasers rather than 2-person co-signers. These trends are consistent with concerns about the largely single-parent families of the neighborhoods seeking out or being targeted for housing loans (including refinancing loans) they can ill-afford.
5. Investors are continuing to obtain housing loans for properties in zipcode 53206 at record levels.

6. The dollar total of housing loans in zipcode 53206 is at an all time high both for owner-occupants and for investors, with most of the money borrowed through high-risk loans.
Dollar Total of Housing Loans for Investor-Owned Properties in Zipcode 53206

For more information, see the University of Wisconsin-Milwaukee Employment and Training Institute website at www.eti.uwm.edu.