

2007

Update on the Housing Crisis in ZIP Code 53206

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Recommended Citation

Pawasarat, John and Quinn, Lois M., "Update on the Housing Crisis in ZIP Code 53206" (2007). *ETI Publications*. 65.
https://dc.uwm.edu/eti_pubs/65

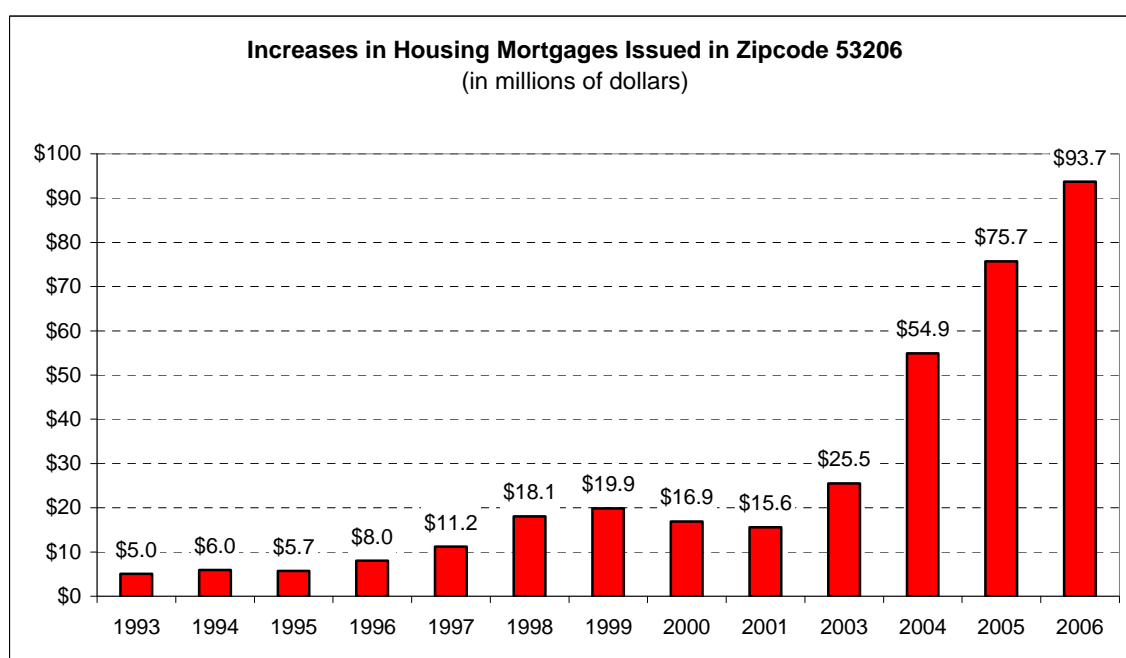
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Update on the Housing Crisis in ZIP Code 53206

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.

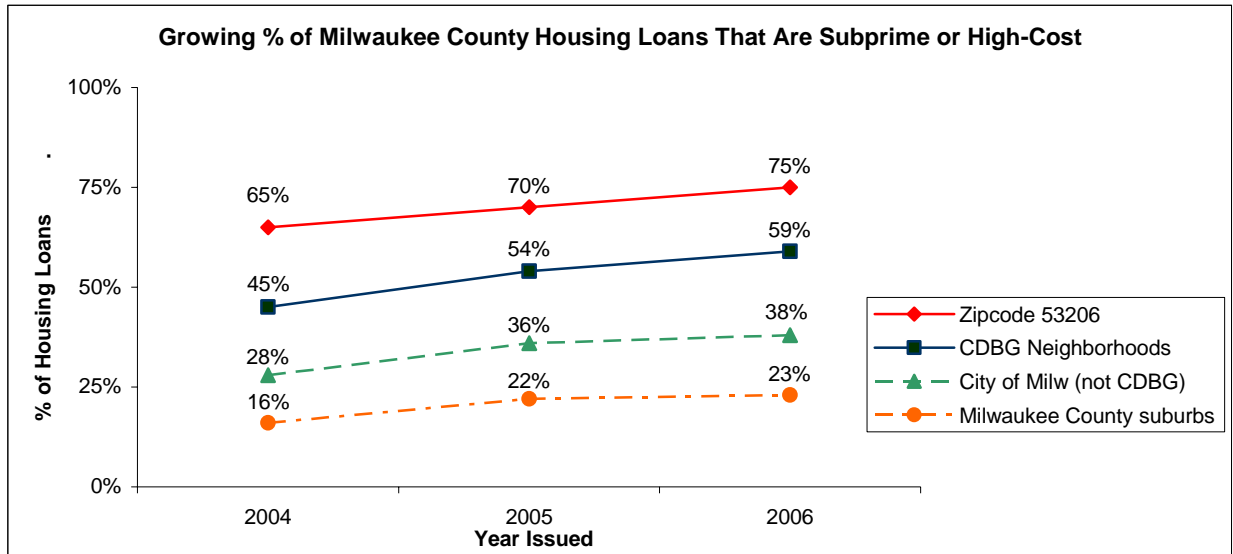
1. In 2006 mortgage borrowing activity continued to rise in zipcode 53206 in contrast to an overall slowdown in the county. The number and dollar amounts of loans were at an all-time. Mortgages issued in 2006 totaled \$93 million, up from \$75 million in 2005, \$55 million in 2004, and \$25 million in 2003.



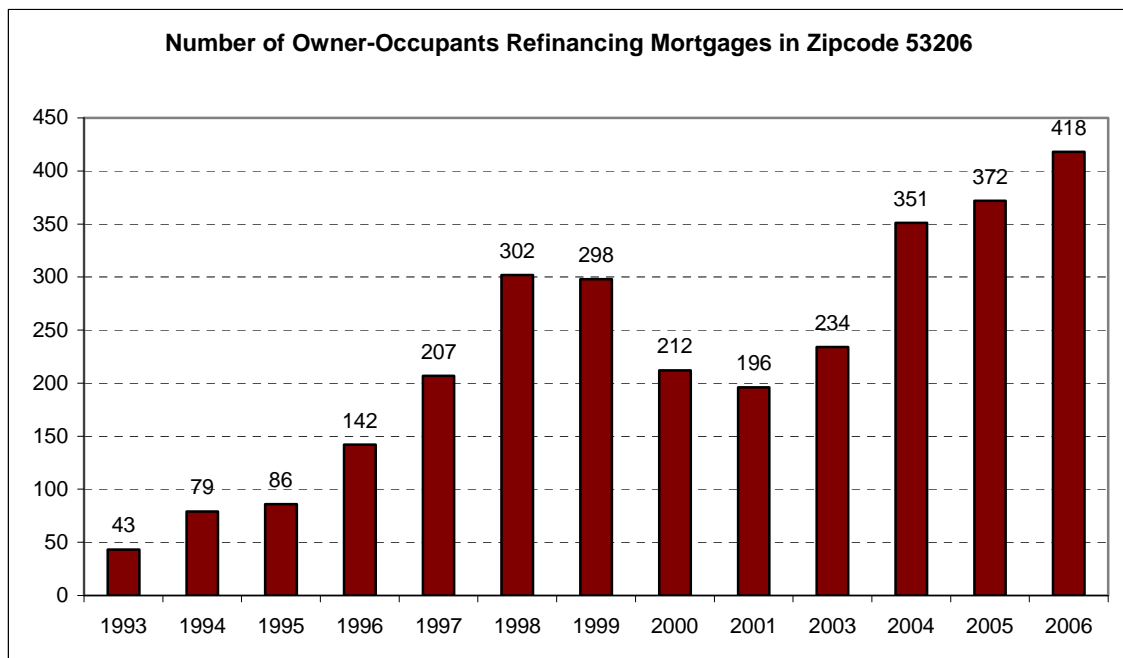
Mortgages Issued in Milwaukee Zipcode 53206

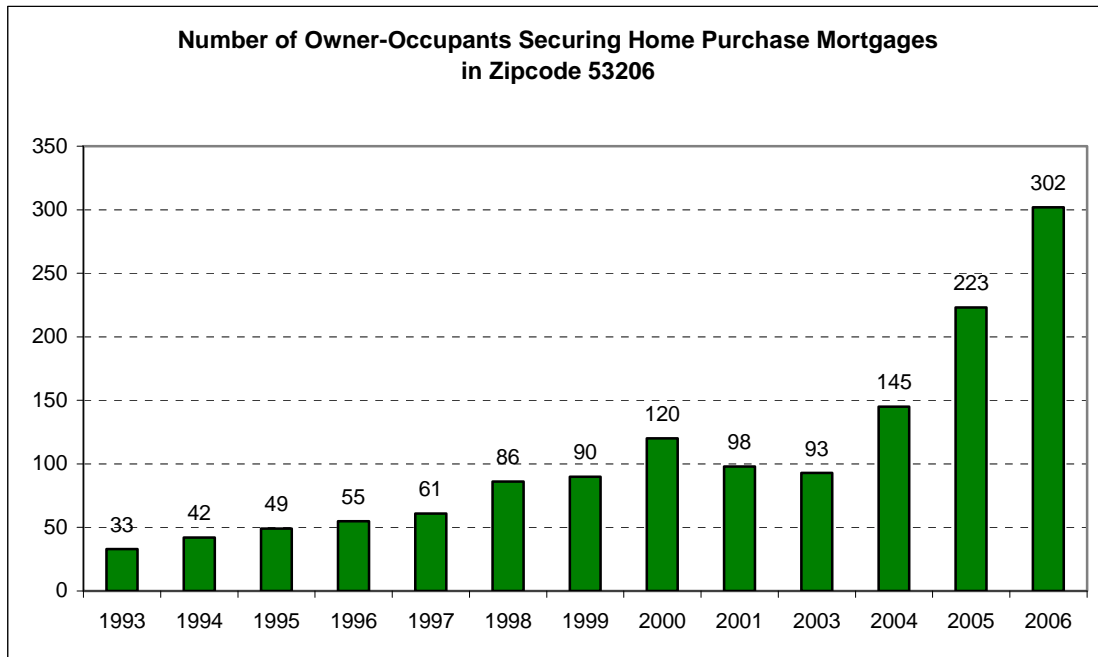
Year	<u>Number of Mortgage Loans:</u>			Total Loans	Total Loan Amounts (in millions)	% of loans that are subprime or high-cost
	Subprime Loans	High-Interest Rate Loans	Other Loans			
1993	11		327	338	\$5.023	
1994	15		391	406	\$5.954	
1995	43	(included in "other" category until 2004)	276	319	\$5.704	
1996	111		293	404	\$8.011	
1997	229		273	502	\$11.172	
1998	441		236	677	\$18.060	
1999	332		274	606	\$19.874	
2000	281		255	536	\$16.917	
2001	141		315	456	\$15.603	
2003	223		407	630	\$25.533	
2004	399	261	355	1,015	\$54.907	65%
2005	533	356	372	1,261	\$75.705	70%
2006	542	481	335	1,358	\$93.694	75%

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.

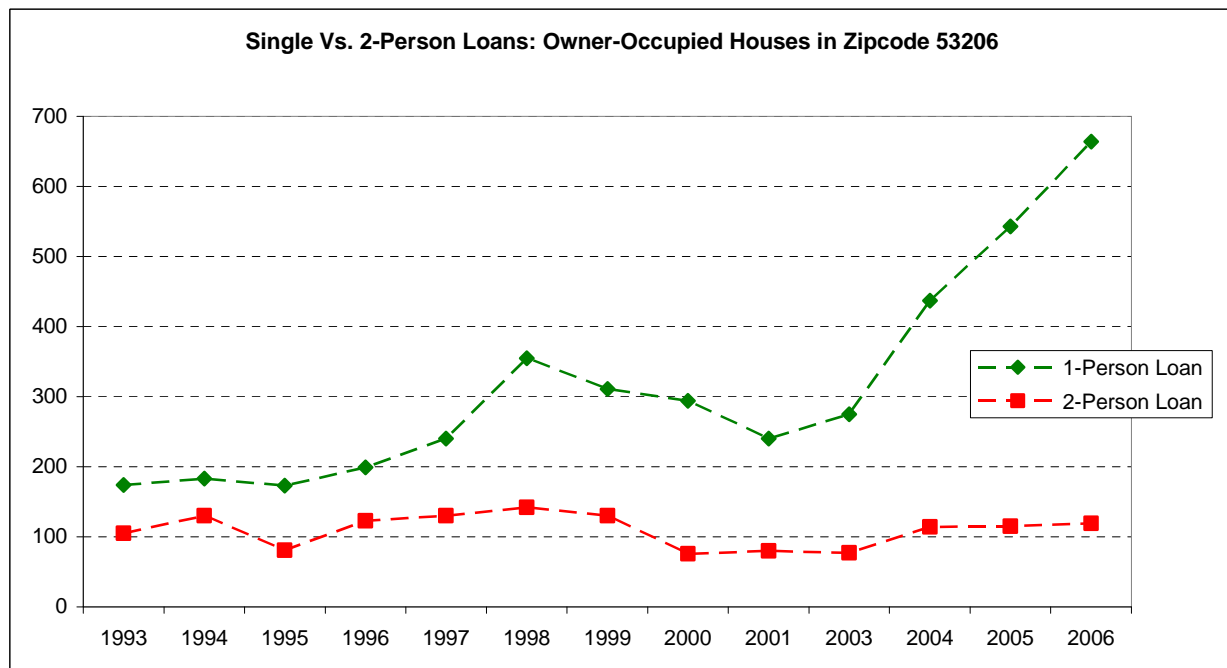


3. A majority of lending activity for owner-occupied housing in the 53206 zipcode area in 2006 was for home refinancing loans, although there continue to be significant numbers of home purchases. In 2006, zipcode 53206 recorded 418 refinancing loans (a high for the twelve years analyzed), followed by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

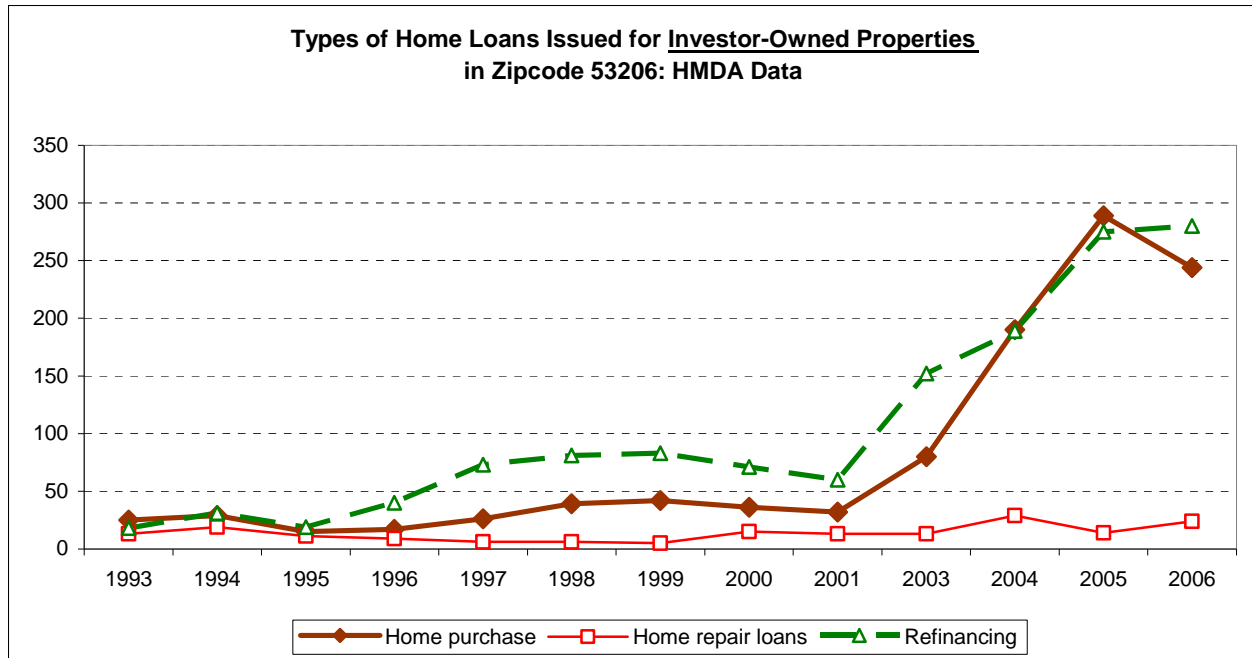




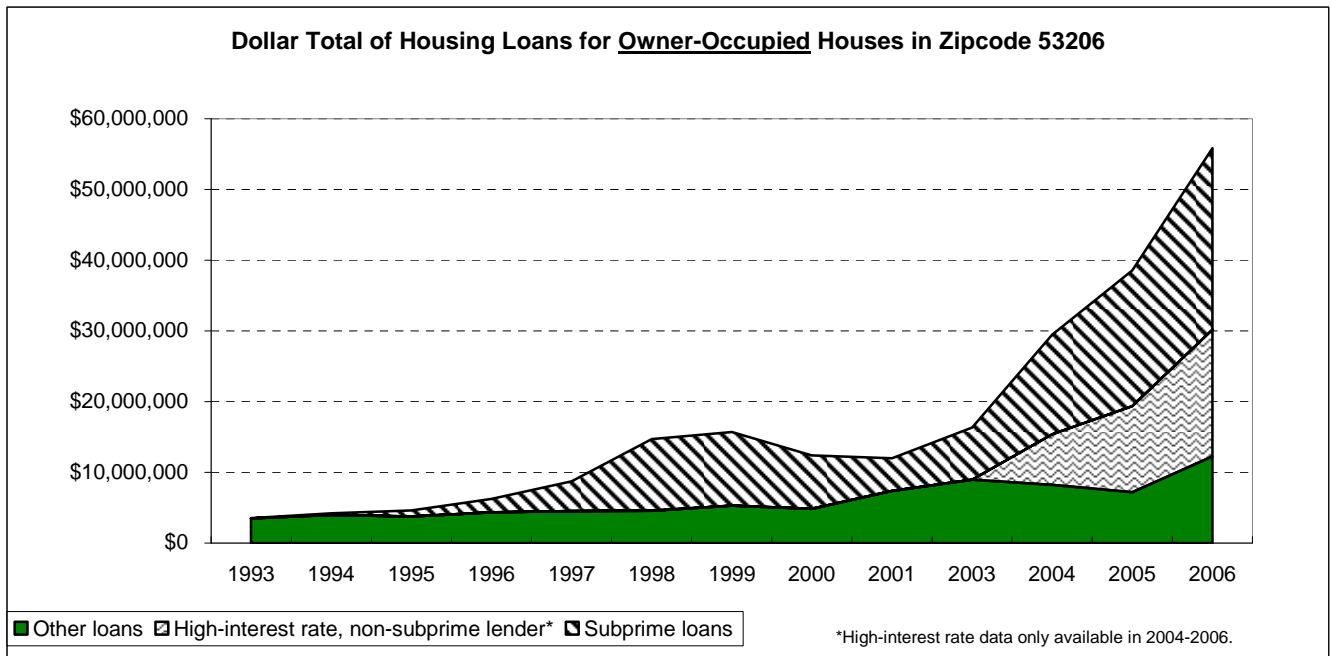
4. The vast majority (85%) of housing loans to owner-occupants in zipcode 53206 were made to single purchasers rather than 2-person co-signers. These trends are consistent with concerns about the largely single-parent families of the neighborhoods seeking out or being targeted for housing loans (including refinancing loans) they can ill-afford.

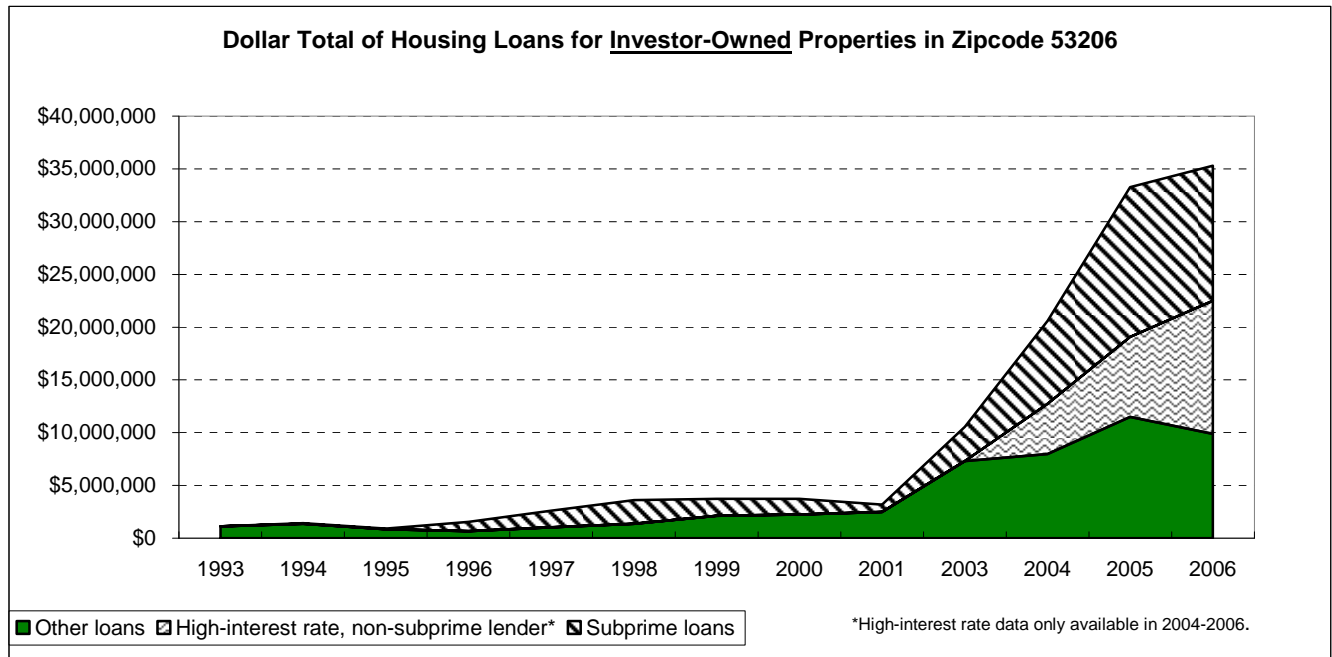


5. Investors are continuing to obtain housing loans for properties in zipcode 53206 at record levels.



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.





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