



Effects of the Foreclosure Crisis on California’s Minority Homeowners

CRL Policy Brief June 20, 2012 Contact Paul Leonard (510) 379-5500 or Lara Flynn (916) 444-3509

As the nation struggles through the sixth year of the foreclosure crisis, there are no signs that the flood of home losses in America will recede anytime soon. California, through its African-American and Latino homeowners in particular, has and will continue to suffer dramatic losses of both homes and wealth, and will see an erosion of decades of socioeconomic progress in our communities.

California is only halfway through the foreclosure crisis: Data from CRL’s report, *Lost Ground, 2011*¹ show that 9.3 percent of all loans originated between 2004 and 2008 – 581,000 – have already resulted in completed foreclosure, but that another 8.9 percent (549,000) were at immediate risk of foreclosure.

California African-Americans and Latinos are more than twice likely as non-Hispanic Whites to be foreclosed: Although the majority of borrowers who have been foreclosed upon are white, California’s Latino and Black borrowers are more than twice as likely as whites to have lost their homes to foreclosure. These higher rates reflect the fact that African-Americans and Latinos were consistently more likely to receive loans with high-risk features, even after accounting for income and credit status. Among borrowers with a FICO score of over 660 (indicating good credit), Latinos received a high-interest rate loan more than three times as often as white borrowers.

CA Metro Areas (MSA)	Completed Foreclosure Rates 2004-2008 Loans			
	White	Hispanic	Black	Asian
Bakersfield, CA	9.6%	16.1%	13.5%	14.3%
Fresno, CA	7.9%	12.3%	10.8%	16.9%
Los Angeles-Long Beach-Glendale, CA	4.7%	9.7%	7.6%	6.4%
Modesto, CA	13.5%	23.5%	21.4%	23.2%
Oakland-Fremont-Hayward, CA	6.1%	17.7%	12.7%	7.2%
Oxnard-Thousand Oaks-Ventura, CA	4.8%	13.4%	8.3%	5.8%
Riverside-San Bernardino-Ontario, CA	11.0%	17.0%	14.5%	15.7%
Sacramento--Arden-Arcade--Roseville, CA	9.7%	20.7%	17.9%	16.9%
San Diego-Carlsbad-San Marcos, CA	7.0%	16.5%	11.6%	10.1%
San Francisco-San Mateo-Redwood City, CA	1.7%	9.5%	4.0%	3.9%
San Jose-Sunnyvale-Santa Clara, CA	3.1%	15.4%	6.6%	3.8%
Santa Ana-Anaheim-Irvine, CA	4.6%	13.0%	8.9%	6.4%
Santa Rosa-Petaluma, CA	6.0%	20.9%	13.3%	8.9%
Stockton, CA	12.3%	22.9%	19.9%	22.0%
Vallejo-Fairfield, CA	10.3%	20.2%	15.2%	18.1%

Racial and ethnic differences in foreclosure rates persist despite income: Racial and ethnic disparities in foreclosure rates cannot be explained by income, since disparities persist even among higher-income groups. Nationally, approximately 15 percent of higher-income Latino borrowers and 10 percent of higher-income African-American borrowers have lost their home to foreclosure, compared with 4.6 percent of higher-income non-Hispanic white borrowers. For decades, owning a home has been the most accessible way to build wealth and gain a foothold in the middle class. Especially for lower-income families and middle-class minority borrowers, this crisis has undone decades of economic and wealth-building progress.

¹ <http://www.responsiblelending.org/mortgage-lending/research-analysis/lost-ground-2011.html>