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Commentary

The Trajectory of REOs in Southern California Latino Neighborhoods: An Uneven Geography of Recovery

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Abstra

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(REO) pr… es heavily
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sale to a… f majority
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Acknowledgments

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Notes

1. Rivera et al. (2008) estimate that Latinos will experience a net loss of at least $75.8 billion for subprime loans made between 1998 and 2006. In a study of 25 Latino households that foreclosed, Bowdler, Quercia, and Smith (2010) found that they experienced an average loss of about $89,000.

2. California foreclosure counts are provided primarily by two companies, DataQuick and RealtyTrac. DataQuick reports trustee's deeds (completed foreclosures) recorded, while RealtyTrac reports notices of trustee sale and REOs. DataQuick was a better source fo ... at auction.

3. Conv ... d from
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4. Our ... Community
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likely ch ... may bias our
estimates. In particular, communities with higher foreclosure rates may have

experienced faster housing filtering and minority population growth, among other shifts (Lauria & Baxter, 1999; Y. Li & Morrow-Jones, 2010). We address this issue further in the conclusion.

5. Census tracts in Los Angeles, Riverside, and San Bernardino counties were matched to nearest elementary schools by entering the address associated with their centroid into the California School Finder search engine. Tracts were only matched to regular schools; charter, alternative, special education, and continuation schools were not included. School data for the 2006–2007 school year was compiled from Ed-Data and the California Department of Education. About 4% of properties in the Inland Empire were missing nearest elementary school data due to new school construction.

6. There is unresolved debate about the best way to identify urban or inner-city, suburban, and exurban communities, let alone whether such designations are useful (Nelson & Sanchez, 1999). Our definition loosely corresponds with Marcelli (2004)'s housing age-based delineation of the Southern California exurbs (defined as “suburbs” in his article). On average, 37% of the housing stock in the sample exurban tracts was built after 1980 compared to only 15% in the suburban and urban tracts.

7. Paul Willen at the Federal Reserve Bank of Boston and Stefano Giglio at Harvard University contributed to the keyword compilation. Real estate owned keywords included [illegible] es of major U.S. and [illegible] s such as “llc,” “llp [illegible]

8. Fami [illegible] yer name field. Lis [illegible] vestors included [illegible] c., and Property [illegible] the studied com [illegible]

9. Ofte [illegible] last names. At times [illegible] ne name as the sam [illegible]

10. Altho [illegible] cy status, the fact [illegible] of the LLC investors [illegible] during the

studied period suggests speculative intentions. One way to tease out occupancy status is by examining mortgage records. However, given the size of our sample, the possibility of buyers misrepresenting their status when applying for a mortgage, and the fact that one-third of the family trust investors and two-fifths of the LLC investors had no recorded loan information, we decided that pursuing this method would be unproductive.

11. See Appendix E Census List of Spanish Surnames in the “Downloads” section at http://fcds.med.miami.edu. The approximately 12,500 names on the list were culled from Spanish-surname lists developed by the U.S. Census and New Mexico's SEER's Guest Program, as well as underrepresented Caribbean and South American names present in the Miami phonebook.

12. This process involves converting the data from wide to long form, or from a file of foreclosures to a file of foreclosure months, with each row representing a foreclosure during a particular month that it was on the market. Properties that foreclosed in January 2007 may have up to 36 rows of data, while properties that foreclosed in June 2009 may have only one row of data. Properties that sold at auction, the omitted category, are counted as month 0. The dependent variable is dichotomous, accounting for whether or not a foreclosure sold in a given month, with sales receiving a 1. Once a property ... at risk of being so... a foreclosu... his type of discrete-...

13. We e... model fit over clu... ntage black and Lati... at risk, with the n... lining with a prop... n increasi... ed to, the model fi... rion differen...

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15. The Academic Performance Inxex measures spring test performance; it ranges from 200 to 1,000.

16. There were no majority Latino census tracts in exurban northern Los Angeles County in our sample.

17. Properties located in fast-growing Riverside and San Bernardino counties had an average square footage of 1,547, compared to 1,232 among properties located in the Los Angeles suburbs or the cities of Los Angeles, Long Beach, Riverside, San Bernardino, and Ontario.

18. It is important to note that our measures of median home prices at the census tract level are almost certainly biased by their inclusion of both foreclosure auction and REO sales that tend to depress prices. However, our measures of median sales price in 2007 and foreclosure rate 2007–2009 are not as highly correlated as one might expect ($r = -0.35$). Still, it is likely that changes in neighborhood foreclosure rates are driving price changes at this relatively small geography, making it difficult to tease out the relative effects of each of these factors.

An unexpected geography of opportunity in the wake of the foreclosure crisis: low-income renters in investor-purchased foreclosures in Phoenix, Arizona
Source: Informa UK Limited
High-Risk Lending, Deregulation, and the Undermining of America's Mortgage Market
Source: Cornell University Press
Speculating in crisis: the intrametropolitan geography of investing in foreclosed homes in Atlanta
Source: Informa UK Limited
Residential Mortgage Foreclosure and Racial Transition in New Orleans
Source: SAGE Publications
Spatial Analysis of Clustering of Foreclosures in the Poorest-Quality Housing Urban Areas: Evidence from Catalan Cities
Source: Multidisciplinary Digital Publishing Institute
The Impact of Residential Mortgage Foreclosure on Neighborhood Change and Succession
Source: SAGE Publications
Who Buys Foreclosed Homes? How Neighborhood Characteristics Influence Real Estate-Owned Home Sales to Investors and Households
Source: Informa UK Limited
Heterogeneity in Income: Effects of Racial Concentration on Foreclosures in Los Angeles, California
Source: Informa UK Limited
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