

**HOME MORTGAGE LENDING AND FORECLOSURES  
IN THREE NEW YORK CITY NEIGHBORHOODS:  
Bedford-Stuyvesant, Brooklyn  
Cypress Hills, Brooklyn  
Jamaica, Queens**

**SUMMARY OF FINDINGS  
1998-2000**



Neighborhood Economic Development Advocacy Project

*Prepared for the New York Mortgage Coalition  
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This study was prepared by Deyanira Del Río and edited by Sarah Ludwig, of the Neighborhood Economic Development Advocacy Project (NEDAP). NEDAP is a resource center that provides legal, technical, and policy support to community groups in New York City's low income communities and neighborhoods of color. NEDAP prepared this study at the request of the New York Mortgage Coalition.

Note to readers: This document does not provide background or other explanatory information on subprime mortgage lending and its relationship to predatory mortgage lending, particularly in the refinancing market. For an introduction to the subject, please refer to the following helpful websites:

Coalition for Responsible Lending—[www.responsiblelending.org](http://www.responsiblelending.org)  
Center for Community Change—[www.communitychange.org](http://www.communitychange.org)  
NEDAP—[www.nedap.org/nyrl.html](http://www.nedap.org/nyrl.html)

For more information, please contact NEDAP at (212) 680-5100, or visit NEDAP's website at [www.nedap.org](http://www.nedap.org).



## HOME MORTGAGE LENDING AND FORECLOSURES IN THREE NEW YORK CITY NEIGHBORHOODS

# EXECUTIVE SUMMARY

## I. INTRODUCTION

The Neighborhood Economic Development Advocacy Project (NEDAP) prepared this summary report to accompany maps and charts showing home mortgage lending and foreclosure data for three New York City neighborhoods:

- Bedford-Stuyvesant, Brooklyn
- Cypress Hills, Brooklyn
- Jamaica, Queens

The purpose of the research is to create a baseline assessment of prime and subprime mortgage lending in three communities where the New York Mortgage Coalition has funded outreach and organizing under its anti-predatory lending project, the Homeownership Stabilization Initiative (HOSI).

NEDAP analyzed lending and foreclosure data in relation to neighborhood demographic characteristics, including race, income, and housing composition. NEDAP also created maps showing data findings for New York City and for the three target neighborhoods close-up. This summary serves as a brief narrative guide to maps and charts that follow; it is not intended as a comprehensive report or detailed analysis of neighborhood lending.

## II. METHODOLOGY

NEDAP examined all home mortgage lending data reported under the Home Mortgage Disclosure Act (HMDA), for the years 1998 – 2000. The analysis focused on the relative market share of prime and subprime lenders, as defined by the percentage of the lending market occupied by prime and subprime lenders respectively. NEDAP compared the neighborhood market share data to that for the entire borough and the New York Metropolitan Statistical Area (MSA) at large. NEDAP also researched foreclosure data in Brooklyn and Queens, in the form of foreclosure actions, or “*lis pendens*,” filed over the one-year period, from July 9, 2001 through June 24, 2002.

At the request of the New York Mortgage Coalition, NEDAP defined the neighborhoods as follows: Jamaica, Queens, as encompassed by Queens Community Board 12; Bedford-Stuyvesant, as encompassed by Brooklyn Community District 3; and specific census tracts within Cypress Hills, Brooklyn, as provided by the Cypress Hills Local Development Corporation. Subprime lenders were identified using the list of subprime lenders published by the U.S. Department of Housing & Urban Development [Randall M. Scheessele, “Manufactured Home and Subprime Lender List,” HUD (1999)].

### III. KEY FINDINGS IN THE THREE HOSI COMMUNITIES

#### A. Refinancing Loans

➤ **Subprime lenders held a disproportionately high concentration of refinancing loans in all three target communities. (See NYC-Map 1.)**

In 2000, subprime lenders made more than half of all refinancing loans in Jamaica, Queens (56 %). In Queens, overall, subprime lenders made 43 % of all refinancing loans in 2000. (See Jamaica-Chart 1.)

In Bedford-Stuyvesant, Brooklyn, subprime lenders made 65 % of all refinancing loans in 2000. In Cypress Hills, Brooklyn, they made 59 %. By contrast, subprime lenders made 47 % of refinancing loans in Brooklyn as a whole, and 36 % of refinancing loans in the New York metropolitan area. (See Bedford-Stuyvesant-Chart 1 and Cypress Hills-Chart 1.)

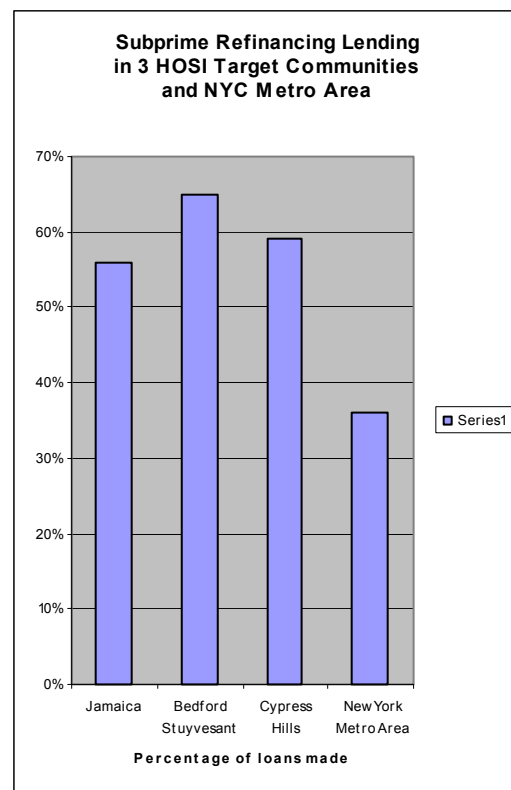
➤ **Prime conventional loans made up a relatively small percentage of refinancing loans.**

In Bedford-Stuyvesant, Brooklyn, for example, prime conventional loans comprised just 31 % of all refinancing loans made in 2000, compared with 50 % in Brooklyn as a whole. (See Bedford-Stuyvesant-Chart 2.)

➤ **Race is the single greatest factor in the degree to which subprime lending is concentrated. Subprime lenders' refinancing lending is highly concentrated in all three HOSI neighborhoods, which are predominantly non-white.**

All three neighborhoods are more than 75 % non-white. (See NYC -Map 4.) Income levels in the three communities vary, however. The populations of Bedford-Stuyvesant and Cypress Hills, Brooklyn are predominantly low and moderate income, whereas Jamaica, Queens residents are largely middle and upper income. (See NYC-Map 5.) Despite significantly higher income levels, subprime lenders made more than half of all refinancing loans, in Jamaica.

Subprime lenders made more than 65 % of all refinancing loans in Bedford-Stuyvesant, Brooklyn, in 2000. By contrast, subprime lenders made 1 in 3 refinancing loans in the New York City metropolitan region overall.



## **B. Home Purchase Loans**

### **➤ Subprime lenders had almost no market presence in the home purchase market.**

In Jamaica, Queens, for example, subprime lenders made only 7 % of all home purchase loans in 2000. This rate is consistent with numbers for Queens and the New York region overall, at 6 % and 5 %, respectively. (See [Jamaica–Chart 3.](#))

According to NEDAP’s research, however, subprime lenders had a significantly higher share of the home purchase loan market in HOSI target neighborhoods, in 1998. This presence declined over the period, 1998 - 2000, in all three target communities. For example, subprime lenders made 30 % of home purchase loans in Bedford-Stuyvesant in 1998 (compared to 15 % in Brooklyn and 9 % in the New York MSA). In 1999, subprime lenders made 15 % of home purchase loans in Bedford-Stuyvesant, and in 2000, they made 9 %. (See [Bedford-Stuyvesant–Chart 3.](#))

### **➤ Prime lenders also had negligible presence in the home purchase market.**

Prime lenders’ conventional home purchase loans made up a dramatically small percentage of all home purchase loans in the three target communities. In 2000, only 40 % of all home purchase loans in Jamaica, Queens were conventional prime loans. This is in stark contrast to Queens as a whole, where prime conventional loans constituted 79 % of all home purchase loans. (See [Jamaica–Chart 4.](#))

In Brooklyn as a whole, 3 out of 4 home purchase loans made in 2000 were prime conventional loans. In Bedford-Stuyvesant and Cypress Hills, by contrast, prime conventional loans comprised less than half of the home purchase market – 48 % and 41 %, respectively. (See [Bedford-Stuyvesant–Chart 4](#) and [Cypress Hills–Chart 4.](#))

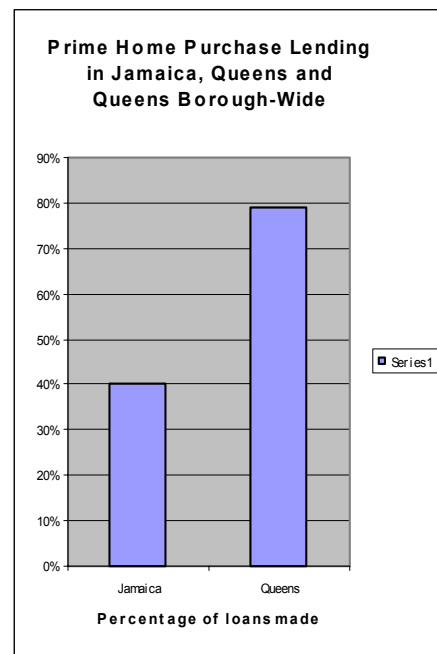
The discrepancy in prime lending is accounted for by the disproportionately high share of government-insured loans, such as through the FHA program, in the three HOSI target communities .

## **C. Foreclosures**

### **➤ Foreclosure actions were concentrated in the three target communities, where subprime lenders dominated the refinancing loan market.**

Mortgage defaults, measured by foreclosure actions filed on 1-4 family dwellings, were concentrated in the same communities where subprime lenders made a preponderance of refinancing loans. (See [NYC-Map 3.](#)) Bedford-Stuyvesant and Cypress Hills, Brooklyn and Jamaica, Queens – all communities where subprime lenders controlled more than half the refinancing market – experienced among the highest concentrations of foreclosures in Brooklyn and Queens, in the one-year sample period examined in this study.

In 2000, only 40 % of all home purchase loans in Jamaica, Queens were made by conventional prime lenders.



#### IV. NEIGHBORHOOD SNAPSHOTS

NEDAP examined, in detail, each of the three HOSI target communities, and created detailed zoom-in maps showing the market share of both prime and subprime lending at the census tract level.

##### **HIGHLIGHTS AND COMPARISONS:**

##### **Bedford-Stuyvesant, Brooklyn (Brooklyn Community District 3—pop. 143,867)**

- Of the HOSI communities, had the highest market share of subprime refinancing loans, in 2000, at 65%.
- Of the HOSI communities, had the highest market share of prime conventional home purchase loans, in 2000, though, at 48 %, lags far behind Brooklyn and the New York City region.
- Was the only HOSI neighborhood to experience a steady increase, from 1998 - 2000, in both the number and percentage of conventional home purchase loans made by prime lenders.

##### **Cypress Hills, Brooklyn (pop. 55,945)**

- Encompasses a smaller research area than the other two HOSI target communities, with only 21 census tracts.
- Saw a net increase in prime conventional home purchase lending, as a percentage of overall lending, from 1998 (28 %) to 2000 (41%).

##### **Jamaica, Queens (Queens Community District 12—pop. 223,602)**

- Of the three HOSI target communities, had the lowest market share of conventional home purchase loans made by prime lenders (40 %) in 2000 — even though its residents have a substantially higher median income.
- Has housing stock composed largely of owner-occupied, 1-to-4 family units, in contrast to Bedford-Stuyvesant and Cypress Hills, Brooklyn, where owner occupancy rates on 1-to-4 family dwellings is low. (See [NYC-Map 6.](#))

#### V. CONCLUSION

The research summarized in this report provides but a snapshot of residential mortgage lending and foreclosure patterns in the three HOSI target communities. More research is needed to determine flows of mortgage credit over time and to ascertain whether local organizing and education efforts have a measurable impact on lending patterns. Lending patterns in the three HOSI target communities corresponded to national trends in the refinancing mortgage lending market. Readers are advised not to construe local conditions as reflective of neighborhood factors, *per se*. From 1999 to 2000, for example, lending in the three communities corresponded to a significant drop in refinancing lending by prime lenders, nationwide. During that period, subprime refinancing lending also decreased somewhat, but occupied an increased percentage of refinancing loans overall.

Subprime lenders clearly dominate the refinancing mortgage market in all three neighborhoods. There is a strong correlation between concentrations of refinancing loans made by subprime lenders and neighborhood racial composition. Likewise, there is a clear relationship between the predominance of subprime loans and high concentrations of foreclosure actions filed, by neighborhood. Subprime lenders have a negligible share of the home purchase market in the three communities, consistent with New York City and the MSA overall. Prime conventional lenders are also relatively absent, as FHA loans occupy a disproportionate share of home purchase loans in all three communities.

NEDAP looks forward to continuing to track lending and foreclosure patterns, in the context of neighborhood demographics, in the three HOSI target communities.