

COMMUNITY INDICATORS

Update on Foreclosure Issues in Wisconsin (2009)

Community Indicators are intended to stimulate thoughtful dialogue about your community. They can help identify potential issues, opportunities and problems facing your community. This communication piece is also intended to increase use and understanding of readily accessible demographic data on the web.

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An analysis of civil foreclosure court cases in Wisconsin provides the most accurate assessment of the foreclosure issue within the State of Wisconsin. The number of civil cases involving a home foreclosure in 2008 was up about 21% in Wisconsin over 2007. Only a portion of foreclosure cases end in a Sheriff's sale, but this data provides the best indicator of the problem and is available from a public sector source. For a ten minute tutorial on how to access this data on-line, see:

http://www.uwex.edu/li/camtaasia/foreclosures/foreclosure_filings.html

An analysis of civil court cases involving a home foreclosure indicate that the number of properties facing foreclosure in Wisconsin are up about 21% in 2008 over 2007. This is slightly lower than the 26% increase between 2006 and 2007. In 2008, there was slightly less than one foreclosure case (.91) for every 100 housing units in Wisconsin (A total of 23,263 properties in civil court).

That rate varies from a low in Menominee County of .18 foreclosure cases per 100 housing units to a high of 1.83 cases per 100 housing units in St. Croix County.

2008

of Foreclosure Cases Per 100 Housing Units (Unique Properties)

Top Ten Wisconsin Counties

Menominee
Florence
Bayfield
Crawford
Portage
Forest
Iron
Door
Price
Grant

0.18
0.34
0.35
0.36
0.38
0.39
0.41
0.41
0.44
0.48

Bottom Ten Wisconsin Counties

Adams
Waupaca
Marquette
Racine
Milwaukee
Kenosha
Rock
Polk
Pierce
St. Croix

1.13
1.14
1.20
1.26
1.29
1.32
1.33
1.45
1.46
1.83

While the media has relied heavily on private sector data sources such as RealtyTrac and Foreclosure.com to report on the foreclosure crises, there is often a misunderstanding of what these data sources are reporting. When foreclosure filings are reported, that includes default notices, auction sale notices and bank repossessions. Typically there

are numerous filings for the same property and often numerous lenders filing for the same property. In other words, the number of filings is not a good indication of the number of properties facing foreclosure. Secondly, these firms cater to individuals interested in purchasing foreclosed properties and the amount of time devoted to collecting this information varies from County to County. The data collected here by Andy Lewis and Dr. Russ Kashian (U.W. Whitewater, Fiscal and Economic Research Center) looks simply at the number of properties facing foreclosures and removes multiple cases involving the same property (an analysis of “unique properties”).

In the last year, only two counties had a drop in the number of properties involved in a civil foreclosure case. Almost half (31) of the Counties experienced an increase of more than 25%, but most of these Counties, with the exception of Dane, didn’t have a large number of cases. The number of foreclosure cases per 100 housing units provides the best way of comparing counties with very different population densities.

**2007-2008
% Increase in Foreclosure Cases (Unique Properties)**

To view an Excel Worksheet with foreclosure case data for all Wisconsin’s Counties (2000-2008), see: <http://tinyurl.com/08wifor-xls>

This worksheet includes pivot charts which calculate:

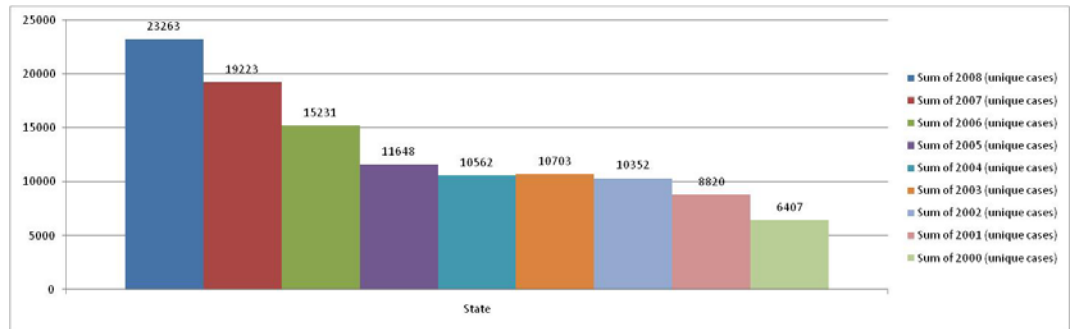
- The number of foreclosure cases by county (2000-2008)
- % Change in Foreclosure cases (2000-2008 & 2006-2008)
- # of cases per 100 housing units
- County Rankings

Top Ten Wisconsin Counties		Bottom Ten Wisconsin Counties	
Monroe	42.5%	Langlade	-6.4%
Wood	45.3%	Manitowoc	-3.2%
Dane	46.9%	Fon du Lac	0.0%
Portage	50.7%	Menominee	0.0%
Bayfield	53.3%	Pepin	0.0%
Jackson	56.8%	Clark	1.0%
Sauk	58.5%	Washburn	2.4%
Marquette	59.7%	Crawford	3.1%
Adams	61.7%	Iron	4.2%
Vernon	75.6%	Price	4.7%

While some Counties like Dane (+46.9%), Sauk (+58.5%), and Racine (+39.9%) experienced a rapid annual increase in foreclosure activity in 2008, other hot spots in the State experienced a slowdown in the increase of foreclosure cases. Milwaukee County which has 24% of the states foreclosure cases in the last two years, experienced a 51% annual increase in 2007 but had a 10.8% increase in 2008.

Between 2000 and 2008, foreclosure cases in the state were up 263%, with an increase each year with the exception of 2004.

of Foreclosure Cases (unique properties) in Wisconsin 2000-2007

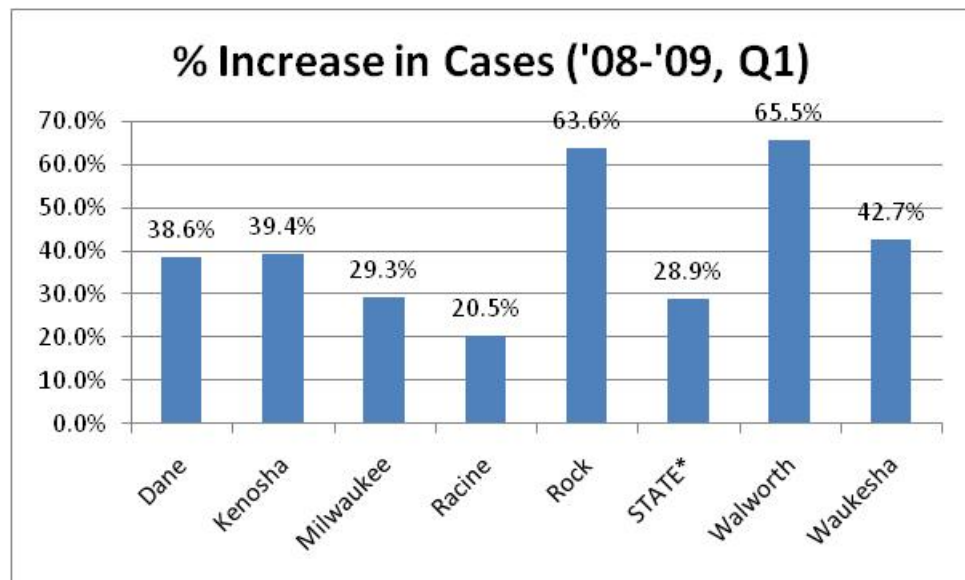


Southeast Wisconsin has a number of Counties with both a high rate of foreclosure and volume of cases. The Counties of Milwaukee, Kenosha, Racine, Rock and Waukesha, had a combined total of 7,835 properties facing foreclosure (41% of the total number for the 71 counties reporting civil cases on the CCAP system).

The first quarter numbers for 2009 do not indicate that foreclosure cases have reached their peak in the state. The number of cases in Wisconsin increased by 29% between the first quarter of 2008 and the first quarter of 2009, and many of our most urban Counties showed increases exceeding the state average.

To view an Excel Worksheet with foreclosure case data for 71 of the 72 counties in Wisconsin (First Quarter, 2009), see: <http://tinyurl.com/wiforg1-09-xls>

This worksheet does not include data for Portage County which does not report to the Wisconsin Circuit Court Access system. Data from Portage County will be collected for year-end reports.



Seven Counties (Brown, Dane, Kenosha, Milwaukee, Racine, Rock, and Waukesha) make up more than half of the foreclosures in the state. Rock County which has been impacted by the collapse of the auto industry and adjacent county Walworth County experienced increases of over 60% in the third quarter. Milwaukee County, which had seen a drop in foreclosure activity in 2008 had a 29% increase in cases in the first quarter and had 23% of the state's 7,693 total cases.

On the other hand 16 counties saw no increase or a drop in foreclosure activity in the first quarter of 2009.

% Increase in Foreclosure Cases (Q1 '08 – Q1 '09)

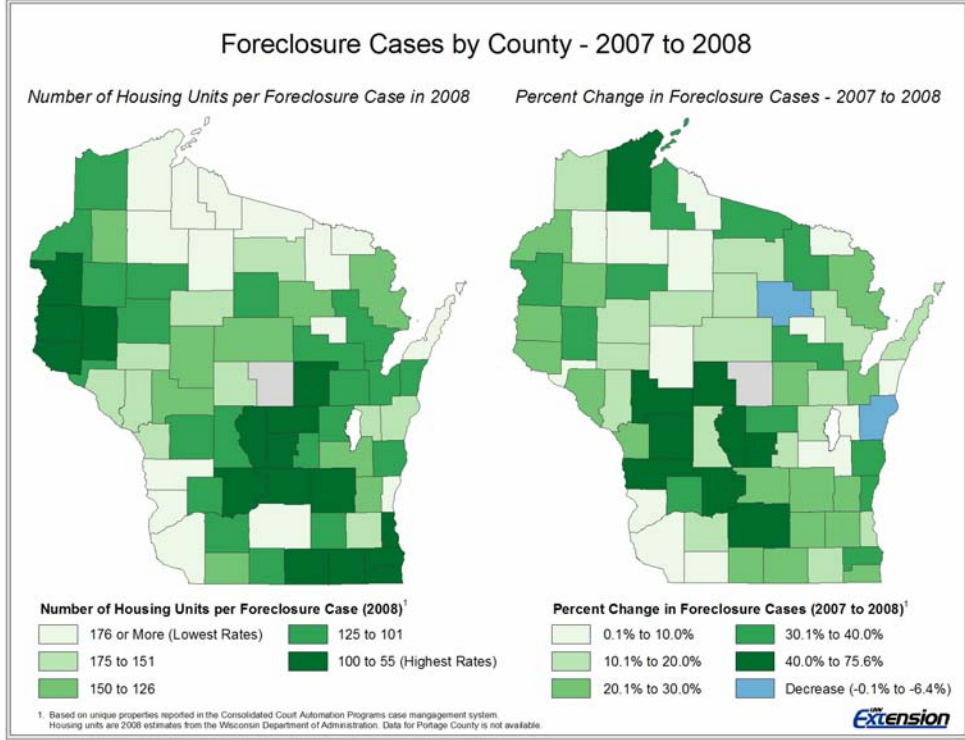
COUNTY	% Increase (Without Duplicates)
Richland	-61.5%
Buffalo	-42.9%
Grant	-31.6%
Iowa	-24.1%
Vernon	-21.1%
Lincoln	-19.4%
Kewaunee	-19.0%
Rusk	-14.3%
Calumet	-13.2%
Ashland	-12.5%
Iron	-12.5%
Marquette	-10.7%
Trempealeau	-3.8%
Burnett	0.0%
Forest	0.0%
Pierce	0.0%

While the trends in Wisconsin do not appear positive, everything is relative. As the *USA Today* documented (3-10-09), More than 50% of the foreclosure activity in the Country resides in 35 counties. None of those 35 counties are within the State of Wisconsin. Home values in cities like Cleveland and Detroit have plummeted to 1920's levels.

That's not to say we don't have a foreclosure crisis in Wisconsin, but the scale of the problem does not compare to that being experienced by states like California, Florida, Ohio, Michigan and Nevada.

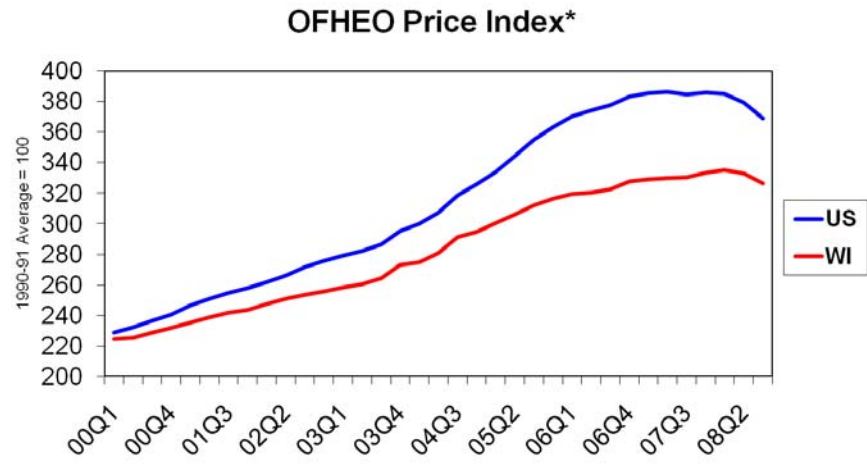
Even within the state of Wisconsin, most of the biggest foreclosure problems can be found in a cluster of counties in Southeast Wisconsin, Northwest Wisconsin and Central Wisconsin. And the problems that lead to foreclosure are not likely always the same within the various regions.

To download maps showing foreclosure case data for 2007-2008 by County or by Census tract, See: <http://tinyurl.com/wiformaps>



While the causes of foreclosure activity cannot be gleaned from the civil case data, in general there is no reason to think the contributing factors in Wisconsin are not the same as those experienced nationally. The first wave of foreclosures was related to lending with high loan to value ratios to borrowers with weaker credit histories. Much of that wave has hit the default process already, but will continue for a few more years. The lower foreclosure rates in Wisconsin might be related to more conservative lending and borrowing practices in the state. In addition, housing values in the state did not rise as rapidly as some markets in the Country and will also not drop significantly.

Home Prices: Wisconsin Appreciation More Moderate than US

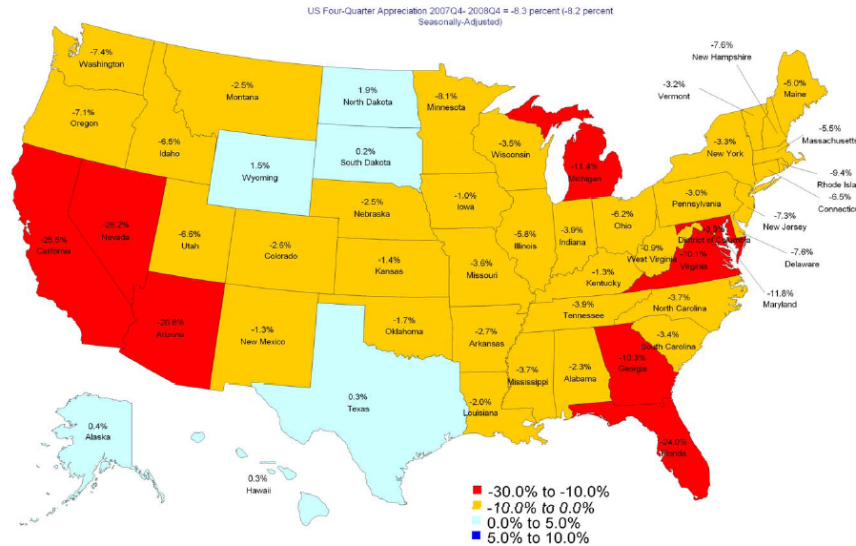


Source: Office of Federal Housing Enterprise Oversight, <http://www.ofheo.gov/>

At the national level, home purchase prices dropped 8.3% between 2007 and 2008 while home prices in Wisconsin experienced a more modest decline of 3.5%

Four-Quarter Price Change by State: Purchase-Only Index (Not Seasonally Adjusted) 2007-2008

Four-Quarter Price Change by State: Purchase-Only Index (Not Seasonally Adjusted)

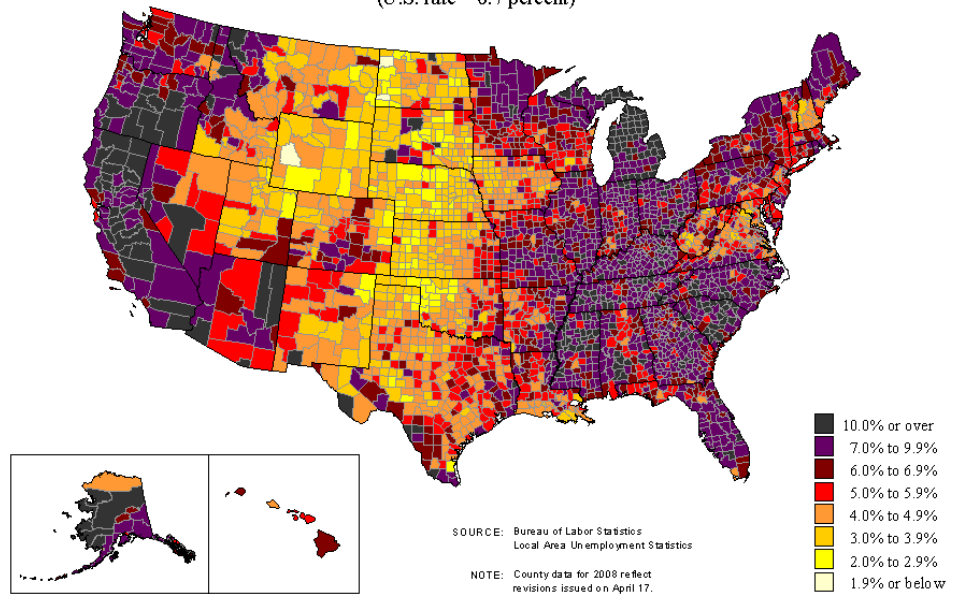


Source: Source; OFHEO, <http://www.ofheo.gov/media/hpi/4q08hpi.pdf>

The second wave of foreclosures is lagging but is tied closely to rising unemployment in a soft housing market. While many of the loans caused by the first wave of foreclosures can be restructured into more reasonable terms, no amount of restructuring will likely help a household that has lost employment or a major source of income. As of March, 2009 Wisconsin's unemployment rate was equal to that of the nation (8.5%) and ranked 31 out of the 50 states. While again, unemployment rates are below those in the worst parts of the country, Wisconsin had 8 metro areas with an unemployment rate higher than the nation. Only the metro areas of Madison, Oshkosh-Neenah, La Crosse, and Eau Claire had unemployment rates lower than the national average. The average monthly unemployment rate (April 2008 – March 2009) has been averaging about 6.7% in the U.S.

**Unemployment rates by county,
April 2008 – March 2009 averages**

(U.S. rate = 6.7 percent)



Source: Bureau of Labor Statistics, <http://www.bls.gov/lau/maps/twmcort.gif>

The Center for Community and Economic Development will continue to collect and monitor data on foreclosures, but in the short term, none of this will be pleasant for families or neighborhoods.

This data has been extracted from the cases entered into Wisconsin's Consolidated Court Automation Programs (CCAP). Multiple cases for the same properties were eliminated so that only unique properties were examined for this analysis. Portage County does not enter data on civil cases and will only be included in year-end totals. Obviously, not all civil cases result in a foreclosure. A further analysis of the cases would provide information on the actual number of foreclosures.

While private sector data on foreclosure filings might be the only source of data to do comparisons between States, the CCAP data is the most reliable, unbiased data for providing insights into the actual number of properties facing foreclosure. At the present time, Counties are not required to report sheriff sales, but a number of Register of Deeds offices are voluntarily reporting sheriff sales to Dr. Russ Kashian at U.W. Whitewater.

