

To: CM Diana Reyna
From: Michael Hickey, **Center for NYC Neighborhoods**
Date: February 7, 2011
Re: Foreclosures and Female Headed Households

As a part of its oversight and reporting management, CNYCN tracks the impact of the foreclosure crisis on those homeowners who identify as single female head of household. In conversation with CM Diana Reyna, she strongly recommended that we conduct some additional analysis of this population to learn how they were faring in the current foreclosure crisis. She proposed that we may wish to share these findings with the Women's Caucus of the New York City Council, as well as any recommendations about improving outreach or services.

We were surprised by what we discovered. In short, these homeowners appear to be more resilient in the current foreclosure climate than expected. Our initial discoveries regarding Single Female Head of Household (SFHH) include that they had:

- Only slightly lower cost originating mortgages (\$365K SFHH vs. \$383K on average);
- A decreased likelihood of having an adjustable rate mortgage (32% SFHH vs. 37% on average);
- Significantly less risk of receiving a foreclosure notice (23% SFHH vs. 32% on average);
- Less likelihood of having a mortgage APR above 8% (15% SFHH vs. 18% on average);
- A greater likelihood of achieving a mortgage modification (41% SFHH vs. 31% on average); and
- A significantly higher average reduction in their monthly mortgage payment after modification (\$1,400 SFHH vs. \$970 on average).

SFHH are also disproportionately African American (66% SFHH vs. 53% on average) and they were more likely to suffer from loss of income as the primary reason for their mortgage default (55% SFHH vs. 46% on average).

Our initial intuition was that SFHH would be more vulnerable and less likely to succeed in getting modifications – however, the contrary appears to be true. While SFHH appear to enter mortgage distress about the same as any other group, and while they are more likely to enter mortgage distress because of a drop in income or loss of a job, they also appear more able to access supports and persist in achieving quality mortgage modifications. Apparently, SFHH have other attributes that are helping them to navigate the complex process of foreclosure modification with greater success, such as the ability to better access and make use of additional supports. We should also note that SFHH were more likely to have children in the home (SFHH had 1.8 children / household, while the average was less than 1.3). They may therefore be more motivated to create stability in their home, and more likely to persist through the typically year-long process of accomplishing a modification. This is all very interesting, and flies in the face of the

usual bias that says single mothers of color lack capacity to effectively manage their economic lives.

Recommendations:

CNYCN would like to recommend developing a partnership with the Women’s Caucus to assist with outreach to SFHH. CNYCN can use tools such as mailings, automated calls, and even events to connect more directly to this audience. Women’s Caucus leaders could lend their voices and names to these efforts in order to create the trust necessary to improve engagement.

Furthermore, as with all our homeowners, while there are many who succeed in saving their home, there are more who do not. Developing support networks and additional resources to meet the needs of SFHH who lose their homes is a critical consideration, especially given the reality that these women are more likely to have children who also suffer from the displacement and negative economic impacts of a foreclosure.

Finally, additional study of this population could yield important insights that would improve services for SFHH, and perhaps for all CNYCN clients.