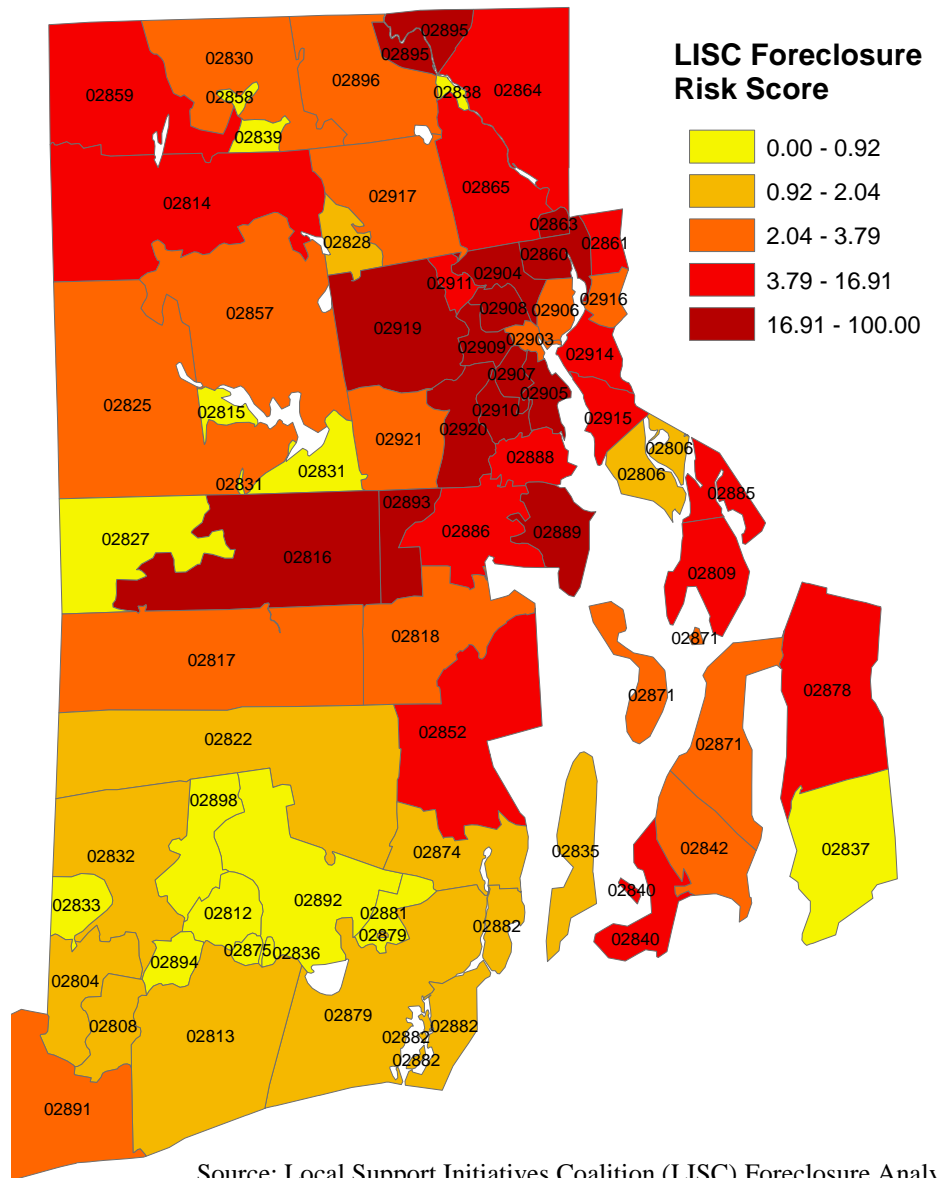


Which ZIP codes in Rhode Island have been hardest hit by the foreclosure crisis?

The LISC Foreclosure Risk Score helps to identify which ZIP codes have been hardest hit by the foreclosure crisis relative to the other ZIP codes in a state. This score takes into account loan data from June 2009, including foreclosures, subprime lending and delinquencies for an area. The component scores (Foreclosure, Subprime and Delinquency) discussed below can be used to analyze the crisis more in-depth.

The map shows that the ZIP codes in Rhode Island hardest hit by the crisis (darkest shade) are mainly located in Providence County and in the areas of Warwick and West Warwick in Kent County on the northern edge of Rhode Island. ZIP codes 02909 and 02907 located in the city of Providence have the highest level of foreclosure risk relative to all ZIP codes in the state. ZIP codes in southeastern Rhode Island generally have lower foreclosure risk scores relative to the rest of the state.



It may be necessary to divert more resources and attention to prevention and neighborhood stabilization efforts in areas with higher risk scores. We recommend taking a closer look at the [housing market](#) activity and community assets in your areas of interest while developing a strategy to mitigate the impacts of the foreclosure crisis. For example, spending resources to rehab houses for re-sale may not be the most efficient strategy if homes are not selling at all in a neighborhood with a lot of abandoned properties, but may be a great idea if there is still sufficient market demand in that neighborhood. ([See the related section of the Foreclosure-Response.org Policy Guide on developing a coordinated response strategy.](#))

The LISC component scores can help you understand important variations in foreclosure risk patterns. A few ZIP codes have a lower foreclosure component scores than their delinquency component scores. This

means that these ZIP codes have had a relatively small foreclosure problem as of June 2009, the higher delinquency score suggests that you might expect the number of foreclosures to have increased in these areas in the next few months. Table 1 lists ZIP codes in Rhode Island that have higher delinquency scores than foreclosure scores. ZIP code 02809 in Chepachet has only 4.2% of the risk on the foreclosure score of the highest ZIP code in the state, but 8.7% of the risk of the highest ZIP code on the delinquency score. Based on this information, it might be worth closely monitoring foreclosures in the Chepachet area to see if the problem is worsening.

Table 1

<i>ZIP Code</i>	<i>City/Town</i>	<i>Foreclosure Risk Score</i>	<i>Rank</i>	<i>Foreclosure Component Score</i>	<i>Rank</i>	<i>Delinquency Component Score</i>	<i>Rank</i>
02814	Chepachet	4.24	28 th	2.71	37 th	8.65	25 th
02859	Pascoag	5.69	23 rd	2.66	39 th	8.56	26 th
02916	Rumford	3.29	33 rd	1.68	45 th	7.19	29 th
02842	Middletown	2.70	40 th	1.17	49 th	5.44	37 th
02813	Charlestown	1.99	45 th	0.87	55 th	4.57	39 th

Other ZIP codes may have relatively lower levels of foreclosure risk as of June 2009 but may have had higher risk for subprime lending. These areas should be monitored as well since subprime loans are usually more costly than prime loans and are therefore more likely to go into foreclosure.¹ Table 2 shows ZIP codes in Rhode Island that have higher subprime scores than foreclosure scores.

Table 2

<i>ZIP Code</i>	<i>City/Town</i>	<i>Foreclosure Risk Score</i>	<i>Rank</i>	<i>Foreclosure Component Score</i>	<i>Rank</i>	<i>Subprime Component Score</i>	<i>Rank</i>
02859	Pascoag	5.69	23 rd	2.66	39 th	8.46	21 st
02891	Westerly	3.41	32 nd	2.07	42 nd	3.95	29 th
02835	Jamestown	1.98	46 th	0.81	56 th	3.79	32 nd

The underlying causes of the foreclosure crisis may also be different. For example, ZIP code 02818 (East Greenwich), has a low level of subprime lending risk (score: 1.96) but a higher level of delinquency risk (score: 5.79). In this ZIP code it may be that foreclosures are due more to loss of jobs and/or income rather than having loans that were high cost and unaffordable from the start, as might be the case in an area with higher subprime risk scores.

For areas with subprime or delinquency scores that are higher than their foreclosure component score, local officials and non-profits may want to ensure there are good foreclosure prevention resources in place and continue to monitor the level of foreclosures. ([See the related section of the Foreclosure-Response.org Policy Guide on preventing foreclosures.](#))

¹ See, for example, the Mortgage Bankers Association's [National Delinquency Survey](#) for the third quarter of 2008 [PDF]. While 6.99 percent of all loans for 1- to 4- unit residential properties were in foreclosure, the foreclosure rate for prime loans was 4.34 percent, while the rate for high-cost subprime loans was more than 4.5 times as high, at 20.03 percent. See also, [Walker and Winston, 2008](#).