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**Drive ‘Til You Qualify:
Credit Quality and Household Location**

Andrew Hanson, Kurt Schnier, Geoffrey K. Turnbull, “Drive ‘Til You Qualify: Credit Quality and Household Location,” *Regional Science and Urban Economics*, 42 (1-2), January 2012, pp. 63-77. doi: 10.1016/j.regsciurgeco.2011.06.001

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Abstract. A deeper understanding of the credit-sorting process is essential when considering the extent to which home foreclosures are driven by price contagion or an underlying spatial pattern of mortgage quality. Adapting household location theory, we find that credit constrained households follow “drive-‘til-you-qualify” behavior leading to rising credit quality with distance from the CBD while unconstrained households exhibit declining credit quality. Individual level mortgage loan-to-income data for the 100 largest MSAs show credit constrained behavior either throughout the urban area or concentrated in the suburbs. Meta analysis of the credit sorting estimates identify MSA characteristics associated with each pattern.

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