

REBUILDING NEIGHBORHOODS, RESTORING HEALTH

A report on the impact of foreclosures on public health



PRODUCED BY A PARTNERSHIP BETWEEN
Causa Justa :: Just Cause &
Alameda County Public Health Department

ACKNOWLEDGEMENTS

This report was jointly produced by Causa Justa :: Just Cause (CJJC) and the Alameda County Public Health Department (ACPHD). Many individuals and organizations contributed thoughtfully, tirelessly, and wholeheartedly to its development. We especially acknowledge and thank all the East and West Oakland residents who shared their personal insights and experiences through the door-to-door survey and one-on-one interviews. The foreclosure crisis has deeply impacted many of these residents, and it is their voices and stories that we seek to underscore and augment in this report.

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Report Funder

The California Endowment



EXECUTIVE SUMMARY

An epidemic of foreclosures has struck Alameda County, and Oakland in particular. Between 2006 and 2009, 42,553 property owners in Alameda County and 14,941 property owners in Oakland received a notice of default on their mortgage loan. In Oakland, this means about 1 in 4 mortgages began to enter into foreclosure during this 4-year period. Low-income communities of color in East and West Oakland have been especially hard hit. Unfortunately, the situation is poised to get worse as more adjustable rate mortgages reset, unemployment rates remain unabated, and subprime lending persists, particularly in communities of color.

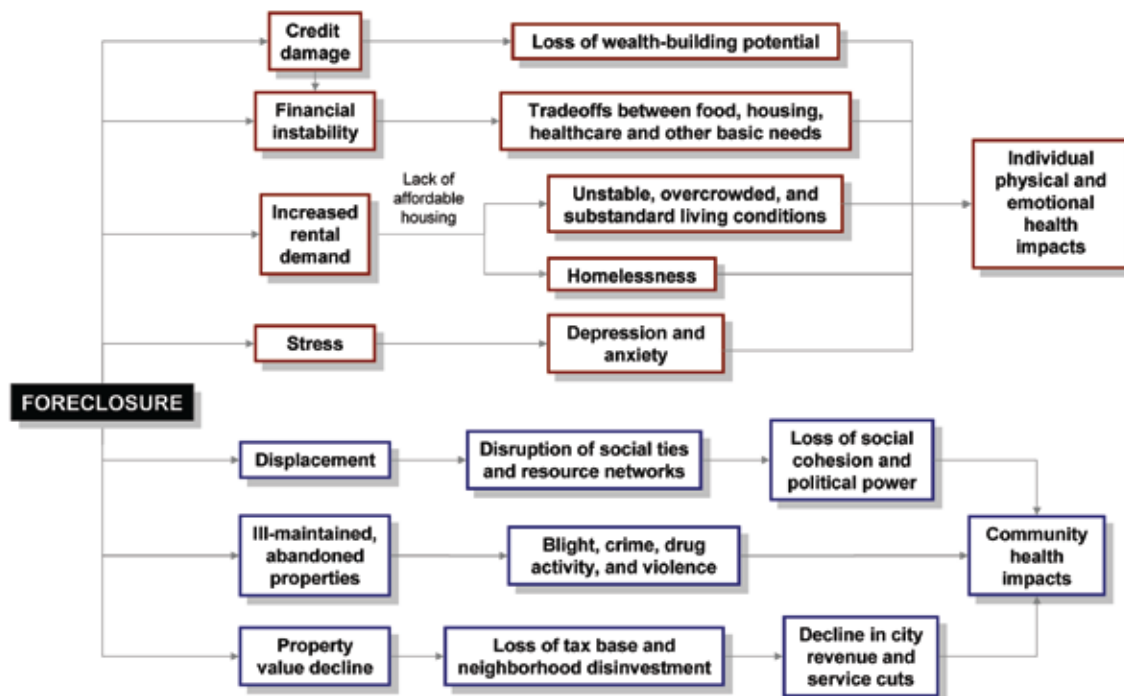
The economic repercussions of this foreclosure crisis are at the forefront. But foreclosures are also creating devastating health impacts – not only for individuals and families undergoing the process, but whole communities that are reeling from its ripple effects and aftershocks. This report aims to tell that untold story from the voices and experiences of community members that have been heavily impacted. The health impacts

of foreclosure are particularly detrimental since many of the neighborhoods with the highest foreclosure rates already bear the burden of the poorest health outcomes countywide.

Causa Justa :: Just Cause (CJJC) and the Alameda County Public Health Department (ACPHD) have partnered to assess and help alleviate health impacts of foreclosure in Oakland’s hardest hit neighborhoods. During the summer of 2009, CJJC went door-to-door in select East and West Oakland neighborhoods to conduct an in-depth survey on the health impacts of foreclosure (N=388 residents). Survey findings, supplemented by local data and recent secondary research, are presented in this report.

This report examines the many pathways by which foreclosures are taking toll on individual and community health. Below is a summary of key findings regarding these pathways, followed by recommendations to prevent and mitigate further health impacts of foreclosure.

Pathway Diagram of Individual and Community Health Impacts of Foreclosure



Key Findings

Financial Instability: Loss of Wealth and Struggles to Make Ends Meet

One of the most direct ways that foreclosure is impacting health is through its crushing effects on the financial stability of individuals and households. The foreclosed are making tough choices with health implications, like paying for food, housing, or healthcare. According to our survey:

- Residents currently or recently experiencing foreclosure are 3 times less likely to feel their income is enough to cover basic living expenses (compared to those not experiencing foreclosure).
- About 4 in 10 residents currently or recently experiencing foreclosure report that they have to limit spending on food and household maintenance/utilities when they lack money. Over 3 in 10 report they forego medical care.
- Risks are particularly dire since over three-fourths of those currently or recently experiencing foreclosure have children in their household.

Unemployment and Underemployment: Intensifying the Foreclosure Crisis

Problems of financial instability and the foreclosure crisis are exacerbated by unemployment and underemployment. In the surveyed communities:

- Over 1 in 5 residents is unemployed, and problems of underemployment are widely evident. More than 1 in 4 full-time workers and 2 in 3 part-time workers are looking for more or better work.
- The rate of foreclosure is over 2 times higher among the unemployed compared to those working full-time or part-time.
- Of those who are working, the rate of foreclosure is nearly 3 times higher among the underemployed (as measured by those who are working and yet seeking additional work)



Joan Phillips has lived in her East Oakland home for the past 55 years. She was forced to take a job with a lesser salary last year and continues to fight to get a loan modification from her bank.

Housing Instability: Forced Out of Homes and into Unhealthy Living Conditions

Being without financial resources and affordable housing options, many of the foreclosed are being forced to live in unstable, unaffordable, or substandard living conditions that create stress and health hazards. In our survey:

- 43% of tenants living in current or recent foreclosed buildings are worried about being evicted or forced to move out, in spite of the Just Cause for Eviction ordinance in Oakland.
- 31% of tenants in foreclosed buildings report they are now living in unhealthy places where there are substandard conditions like mold, rodents, and cockroaches.
- Those currently/recently experiencing foreclosure are at 2 times greater risk of living in more crowded living situations with five or more persons.

Residents experiencing foreclosure and related problems of housing instability are significantly more likely to report that their physical health has become worse over the past 2 years.



Kimberly Isaac fought illegal eviction, water shut-offs, mold, and persistent vector issues when a bank took over the West Oakland duplex where she and her children were tenants.

Psychological Distress: The Heavy Emotional Toll of Foreclosures

Experiences of foreclosure—as well as worry about foreclosure risk—can have crippling effects on the emotional wellbeing of individuals and families. According to our survey:

- Residents currently/recently experiencing foreclosure are 2 times more likely to report that their mental/emotional health has become worse over the past 2 years.
- Foreclosed residents are over 2 times as likely to report that they've experienced problems of stress, depression, or anxiety over the past month (compared to those not foreclosed on).
- Besides actual experiences of foreclosure, worry about personal and neighborhood risk of foreclosure is associated with greater rates of emotional health decline.

“Foreclosures are depressing. They decrease morale and leave people with no sense of ‘home’.”

Mass Displacement: Uprooting Residents from Neighborhoods and Schools

Homes root people in strong networks of community ties and neighborhood resources, and foreclosures can disrupt these health-promoting social connections. Among those currently experiencing foreclosure:

- More than one-half have been long-standing residents of the neighborhood—33% for 10 or more years and another 19% for 5 to 10 years.
- Almost two-thirds report that they have access to family or friends, a school their children go to, or church they attend in their neighborhood.

“People who have been in the neighborhood for years are getting kicked out.”

Foreclosures can decrease social cohesion (i.e., levels of trust, interaction, and willingness to help and work together to solve problems) and

increase isolation within communities. In addition, central community institutions, such as schools, can be destabilized by mass displacement and homelessness resulting from foreclosures.

Vacant Foreclosed Properties: Spawning Blight, Crime, and Neighborhood Decay

The foreclosure crisis has left behind vacant, neglected properties that are blighting neighborhoods and introducing community health risks. In addition to being an eyesore and visual threat to stability, vacant properties can become magnets for pests, vandalism, trespassing, drug dealing, and other illegal activities. According to our survey:

- 43% of residents report that the amount of drug activity in their neighborhood has increased over the past 2 years
- 39% report that the amount of violence has risen, and 47% of residents feel their neighborhood is not a safe place to live.

“Foreclosed properties are abandoned and falling apart. Trash has built up and yards are overgrown. People are squatting in them. Drug dealers have made territories.”

Economic Fallout: Plummeting Property Values and City Revenue

Foreclosures, particularly when concentrated in a particular area, can have a depressing effect on property values. Property value decline diminishes tax revenue streams that fund municipal services essential to community health. Declining property values (and neighborhood conditions) can spur neighborhood disinvestment or invite property speculation by investors from outside the community—which have long-term impacts on community composition, stability, and health. In our surveyed communities:

- 65% of residents report that property values have declined in their neighborhood over the past 2 years.

Key Recommendations

A combination of community organizing and policy/practice solutions are needed to mitigate and prevent further health impacts of the foreclosure crisis. Causa Justa :: Just Cause continues to advance neighborhood organizing around foreclosures using a variety of methods, such as:

- Creating a foreclosure prevention “clinic” where homeowners and tenants get peer support to advocate and negotiate with banks and financial institutions around their individual loans;
- Supporting neighbors to defend each other against the threat of tenant or homeowner evictions through “home defense” actions;
- Engaging residents in foreclosure policy efforts and mobilizations beyond the local level (state and federal) that are being led by other community, policy, labor, or faith organizations.

Changes in policy and practice are also essential to prevent foreclosures, address housing instability and health, and keep the foreclosure crisis from repeating. Below are examples of policies and practices that could be implemented at the federal/state/local levels:

Prevent foreclosures

1. Federal legislation should include foreclosure relief for families that have experienced sudden, unavoidable unemployment or suffered a significant loss of income.
2. Enact a statewide mandatory loan mediation program that requires banks to go to court mediation with borrowers before allowing the property to go into foreclosure.
3. Increase the availability of loan counseling for homeowners at risk of foreclosure, as well as for tenants in foreclosed buildings.
4. Implement an Alameda County-wide eviction moratorium for households whose banks will not attempt loan modifications and for tenant-occupied foreclosed housing where tenants continue to pay rent.

5. Improve the current federal Home Affordable Modification Program (HAMP).

Address housing instability and health

6. Support collaborations between schools and health/housing/community organizations to develop comprehensive programs for mitigating the impact of foreclosures.
7. Increase referrals across housing and health agencies and co-locate housing and health services so households facing foreclosure can get needs met in one stop.
8. Enact state-level legislation that prohibits utility shut-off in foreclosed tenant buildings.
9. Pass a local foreclosure registration ordinance that applies to both vacant and tenant-occupied properties.
10. Reuse foreclosed properties for affordable housing, using models such as the Oakland Community Land Trust.

Keep the foreclosure crisis from repeating

11. Enact federal legislation that will tighten regulation of banks so as to prevent predatory, high-risk lending and increase accountability.

“Oakland is going bankrupt. Foreclosures are affecting loss of the city’s tax base and services in the city.”



Signs like the one above have been posted on lawns on almost every other block in the areas of East and West Oakland where we surveyed.





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