

# 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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# FOREWORD



## **Charlene Wedderburn**

Causa Justa :: Just Cause  
Board Chair, Member and  
West Oakland Resident

How does one put a face on some of the most daunting statistics that negatively impact health and housing here in Oakland? As a native of Oakland and long-time health and housing advocate, I know through personal experience that African Americans/Blacks are disproportionately the face and real lives that make up these horrific statistics that persist and plague our communities.

As the disparity gap widens, there are those who benefit at the expense of African Americans/Blacks. Many are misled into believing that what is needed is more money to figure out how to deal with this dilemma. A lack of money is not the issue, rather how that money is allocated and who gets to spend it. While money is being pumped into research grants, non-profit agencies, public health institutions, sizeable salaries, creation of work places, consultants, workshops/seminars, etc., all in the pursuit to supposedly decrease and eliminate this gap, it continues to grow. A large portion of the money that organizations receive to provide services to this population should go to development and investment in the people through tangible assets and resources that will create productivity which leads to self-sufficiency and a sense of pride and self worth.

We know that African American/Black communities have been targeted with predatory lending practices to racialized health care practices where there is lack of access and in many cases sub-standard care. African American/Black folks have become the sub-economy for many who would not have livelihoods if this segment of our population were to become empowered to realize self-sufficiency and self-determination.

We are at a critical juncture in our history. So much havoc has been wreaked upon a community that has been lulled to sleep through welfare programs that create dependency and learned helplessness, a criminal justice system that isn't just, an

educational system that has low to no expectations of our children, depletion of public housing stock as a safety net, and the American dream of homeownership snatched from under our feet with the highest foreclosure rates of any group of people—all of which negatively impact the general health and well-being of our communities, not only here in Oakland, but nationwide.

A new approach is needed in which the voices of the African American/Black community which has been most affected by these negative impacts, needs to be invoked. This community will necessarily have to rise up and take its rightful place as well as ownership of its personal responsibility for helping to eradicate the burdensome realities of health and housing disparities because herein lay the experts.

Causa Justa :: Just Cause and the Alameda County Public Health Department are beginning this work through “Rebuilding Neighborhoods, Restoring Health: A Report on the Impact of Foreclosures on Public Health.” It is imperative that organizations such as these work in concert with the experts (folks most impacted) to actualize real change and solutions to an age-old problem.

As quoted from the report, “The multi-faceted nature of the foreclosure crisis requires a holistic and comprehensive approach to solving it and preventing it from happening again.”



## **Anthony Iton, MD, JD, MPH**

The California Endowment  
Senior Vice President,  
Healthy Communities

As we witness the profound and seemingly inexorable environmental devastation associated with the disastrous deep-sea oil spill in the Gulf of Mexico, many Americans feel a visceral and somewhat sickening sense of frustration and helplessness. This slow-motion environmental and economic catastrophe forces us to reconsider whether there are clearer limits to the risks we are willing to take to satiate our appetite for “cheap” energy.

The disaster also acutely crystallizes the question of how we strike the right balance between private sector risk-taking and effective regulation that protects the interests of vulnerable populations and other precious resources. While the BP oil spill is the most recent and dramatic example of our relatively hands-off approach to aggressive private sector risk-taking, the banking and foreclosure crisis and resultant world economic crisis are a reflection of the very same phenomenon.

Ultimately, decisions about the design of policies that balance these competing interests come down to a question of values. Unfortunately, it appears that we are still struggling in this country to reach a stable consensus on the core values that should serve as the underpinning of our social policy and more clearly define the role of government. Consequently, we are witnessing a stark polarization between notions of individual responsibility, market justice, laissez-faire capitalism, and small government versus notions of social responsibility, environmental stewardship, sustainability, equity, and fairness. Policies that are firmly grounded in the latter values will help steer us away from inevitable and extreme environmental and economic crises that are propelled by the reckless and profit-blinded actions of a handful of private sector actors that feel no meaningful regulatory constraints or consequences.

Until those who are strongly committed to a sense of social and environmental stewardship engage more effectively in the values battleground, we will continue in the “damage control” mode that has us cleaning up toxic spills, burying masses of people abandoned by Katrina-like events, and trying to mitigate the health and social consequences of economic disasters such as the foreclosure crisis. This vivid report reminds us of the undeniable human health costs of inaction.

The foreclosure crisis, in conjunction with the associated surge in unemployment and larger economic recession, has focused renewed attention on the human health consequences of large-scale social crises. While the association between housing stability and homeownership and health has been documented in the public health literature, the direct effects of foreclosure on health have only recently begun to be explored. Thus this

ground-breaking and highly anticipated report by Causta Justa :: Just Cause (CJJC) and the Alameda County Public Health Department (ACPHD) will greatly advance our understanding of this issue and provide a tool for communities, advocates, and policymakers to employ in the design of thoughtful preventive and intervention strategies.

The report uses empirical data gathered from hundreds of Oakland residents living in foreclosure hotspots to illuminate in compelling detail the profound acute and sustained consequences of the foreclosure crisis, and the larger issue of housing instability, on human health. The report convincingly elucidates the fact that these health consequences are interactive and synergistic and occur at both the individual-level and the larger community-level; thus wreaking havoc not only on isolated families, but also on whole neighborhoods in Oakland and Alameda County. The report brilliantly delineates key pathways through which these health consequences occur and thereby offers policymakers a much deeper insight into the inter-relatedness of housing policy and health policy. Furthermore, the report prescribes cogent city, county, state, and federal policy approaches to mitigating the immediate consequences of the foreclosure crisis in Oakland and Alameda County and preventing future crises.

Prior research by ACPHD has demonstrated that people who live in certain low-income neighborhoods in Alameda County can expect to die, on average, a decade or more before residents of the rest of the County. These low-income neighborhoods represent a constellation of socially hazardous conditions that are not natural, but instead the legacy of man-made policy. Through portraying the tight relationship between the foreclosure crisis and the physical and emotional health of Oakland and Alameda County residents, this report invites us to dedicate ourselves to the creation of new social policy and systems change that better reflect the values of equity, social justice, environmental stewardship, and community responsibility. This work aligns squarely with the mission, vision, and practice of The California Endowment, which salutes CJJC and ACPHD for demonstrating the data-driven, inter-sectoral, values-centered leadership that sustainable progress in health equity demands.



# 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.

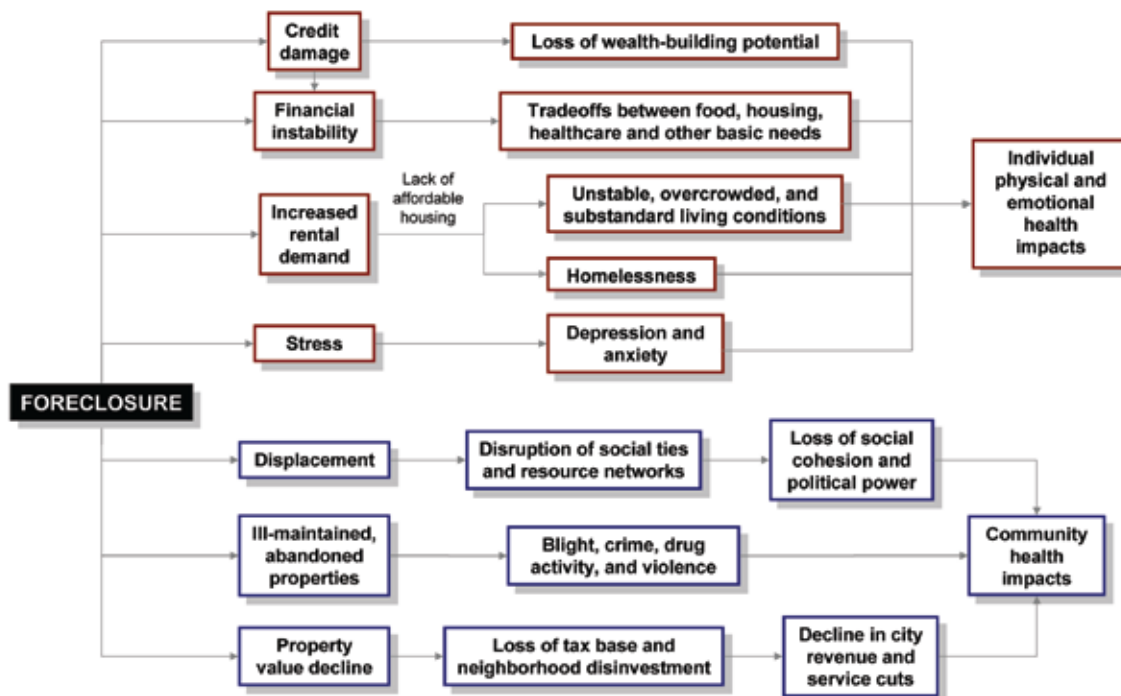
The economic repercussions of this foreclosure crisis are at the forefront. But foreclosures are also creating devastating health impacts – not only for individuals and families undergoing the process, but whole communities that are reeling from its ripple effects and aftershocks. This report aims to 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.*

# REBUILDING NEIGHBORHOODS, RESTORING HEALTH:

## A Report on the Impact of Foreclosures on Public Health

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### BACKGROUND:

#### Roots of the Foreclosure Crisis

Until the current foreclosure crisis began sweeping the nation in 2006 and 2007, homeownership was widely regarded as the cornerstone of the American Dream – symbolizing economic security, status, and the pathway to a better future. The pervasiveness of this view implies that opportunities to own a home have been equally available to all, obscuring the fact that people of color have faced and continue to face discriminatory policies and practices that are barriers to homeownership. In order to contextualize this report’s discussion of the impact of the foreclosure crisis on health, we must begin by recognizing the crisis’ roots in this nation’s long history of policies that privileged some neighborhoods and homebuyers over others.

Historically, federal housing policy increased access to homeownership among whites, while increasing housing instability and displacement in communities of color. For instance, the Federal Housing Authority (FHA), established in 1934, and the GI Bill, passed in 1944, made homeownership, and thus entry into the middle class, a reality for millions of Americans. However, discriminatory lending practices such as redlining – a government-condoned practice where banks refused to grant home-purchase loans in certain areas based on their ethnic/racial composition – denied many people of color from accessing these government-supported homeownership opportunities. Furthermore, until the 1960s, FHA-backed loans were biased toward funding for suburban housing, facilitating “white flight” from cities to the suburbs, while under-funding loans for home improvement and construction in urban areas.<sup>1</sup> This directed housing resources away from urban centers with large communities of color to the burgeoning, almost exclusively white, suburbs.

The suburbs grew and the inner cities rapidly declined, as a result of government policies that subsidized suburbanization and disinvested in inner city communities. Population loss through white flight, falling property values, and out-migration of manufacturing and retail jobs from the cities to the suburbs contributed to a severely weakened economic base.<sup>2</sup> Further complicating issues in California was the passage of Prop 13 in 1978. Prop 13 lowered property taxes on both residential and commercial property, contributing to the long-standing fiscal problems facing cities and the state. States’ and cities’ declining tax base coincided with the rise in need for services. As jobs left the cities, poverty increased. Additionally, cities’ population loss contributed to an inability to maintain community assets, such as schools, grocery stores, and local businesses. With city governments unable to meet the growing demand for services, conditions in inner city neighborhoods fell into steep decline. Historically working class communities went from being economically, politically, and socially vibrant places to depressed, blighted areas.

Government urban renewal policies and real estate speculation contributed to further instability and displacement in the urban core. The Housing Act of 1949 provided federal funding to cities to acquire and redevelop areas perceived as slums, widely known as “urban renewal.” Beginning in the 1940s and continuing until the 1970s, urban renewal programs displaced whole communities of color, further weakening community bonds and increasing segregation.<sup>3</sup> Real estate speculators were able to take advantage of depressed property values by buying up lots of land, reselling the housing at substantially higher prices, and eventually pricing long-term homeowners out of their neighborhoods.



CJJC's "Can Oakland Trust Wells Fargo?" Campaign, Summer 2009

This history of housing discrimination, urban decline, and neighborhood instability and displacement is the context for the current foreclosure crisis. While some of the most discriminatory government policies were outlawed decades ago, practices have not changed and de facto racism continues. For instance, racial discrimination in the housing lending industry was outlawed through the Fair Housing Act of 1968 and the Home Mortgage Disclosure Act of 1975, which mandated bank disclosure of lending practices by race and location of loan applications for home purchasing, refinancing, or improvements.

Evidence indicates that people of color continue to experience discrimination as they attempt to access home purchase loans. Data in Alameda County, from as recently as 2006, shows that 34% of African American loan applicants in the highest income category were denied home mortgage loans, while only 29% of White applicants in the lowest income category were denied. Latinos and low-income Asians were also much more likely than Whites overall and high-income Asians to be denied home purchase loans.<sup>4</sup> Though there is evidence of discrimination in home lending, federal enforcement of existing laws is insufficient for holding banks accountable and ensuring equitable access to home mortgage lending opportunities.<sup>5</sup>

As people of color, particularly African Americans and Latinos, continued to experience discrimination in the housing lending industry, the subprime loan market exploded. Subprime loans are loans that carry a higher interest rate than prime loans because the borrower is considered at higher risk of non-repayment. Government failure to strongly regulate the practices and actions of banks contributed to the targeting of sub-prime loans for home purchase, improvement and refinancing to these same populations.<sup>6,7</sup> In fact, evidence shows that a majority of higher-cost subprime loans made in the few years before the start of the foreclosure crisis were made to African American and Latino borrowers who could have qualified for lower-cost prime loans.<sup>25</sup> While subprime loans are not necessarily

predatory, the widespread practice of combining subprime loans with features like adjustable rates and balloon payments made these loans predatory, as they made it very unlikely that the borrower would be able to repay the loan. Since subprime loans are more likely than prime loans to end in foreclosure, the current foreclosure crisis is particularly impacting these communities.

The foreclosure crisis is further devastating communities of color in urban areas that have suffered from decades of policies rooted in discrimination. Nationally, foreclosures due to sub-prime loans are expected to result in a loss of wealth for people of color amounting to between \$164 billion and \$213 billion. This is considered the greatest loss of wealth to communities of color in modern U.S. history.<sup>7</sup> On the other hand, by 2006, subprime loans generated almost \$1 trillion for the banking industry nationally.<sup>8</sup> Foreclosed communities are experiencing another wave of decline, as houses sit vacant and blight spreads. Households who have owned their homes for decades – people who are the foundation of the community – are being forced out through foreclosure and speculation. Interrupting the cycle of disinvestment and decline, and making stable homeownership equally available to all, is critical to rebuild these neighborhoods and restore their health.



# INTRODUCTION:

## Foreclosures as a Public Health Crisis

While often viewed as an economic or housing problem, mass foreclosures are, in fact, a public health crisis. Foreclosures create devastating health impacts – not only for those individuals and families undergoing the process, but also whole communities that are reeling from its ripple effects and aftershocks. This report examines how the foreclosure epidemic is taking toll on individual and community health in Oakland’s hardest hit neighborhoods.

Many of the neighborhoods experiencing the highest foreclosure rates already bear the burden of the poorest health outcomes countywide, with the life expectancy in these areas being up to 10 years less than other areas of the county.<sup>9</sup> Current research indicates that these differences are driven primarily by social and economic conditions, such as access to housing, jobs, wealth-building opportunities, education, parks, and grocery stores.<sup>10</sup> The potential loss of health, wealth, and stability in these communities presents an acute public health crisis that must be mitigated.

This report describes in detail the pathways by which foreclosures are threatening individual and community wellbeing. Everything from physical and emotional health, to school stability, to neighborhood cleanliness, to property values and community safety are being affected. Important social bonds and relationships between neighbors are being torn apart as people are forced from their homes. Foreclosures are changing the very make-up and nature of Oakland neighborhoods and not in positive, healthy ways.

This report is a critical product of a groundbreaking partnership that has been forged between Causa Justa :: Just Cause (CJJC) and the Alameda County Public Health Department (ACPHD) to assess and help alleviate health impacts of the foreclosure crisis in some of Oakland’s most vulnerable neighborhoods. In addition to describing the multitude of impacts

that foreclosures are having on individual residents and neighborhoods, we provide recommendations to help mitigate and prevent further health impacts in this report.

Through our community-based work, we recognize the seriousness of this crisis and have seen first-hand the depth of its impacts. We realize that complex factors and conditions created this unnatural disaster, and that creative and holistic solutions are needed to address it. Most clearly of all, we see the need to act quickly and decisively to address the various aspects of the problem before it gets any worse. This report is our attempt to make sense of this troubling moment and hopefully begin to take steps towards creating a brighter tomorrow for our families, communities, and city.



# RESEARCH SCOPE & METHODOLOGY

In an effort to reach out to highly affected communities, begin to mobilize residents, provide resources and assistance when possible, and investigate the health impacts of foreclosure, CJJC went door-to-door during the summer of 2009 to conduct an in-depth, semi-structured survey. The survey included questions about housing and neighborhood conditions, experiences with and worry about foreclosure, individual and community-level impacts of foreclosure, and health and work status. CJJC also asked questions to plan and prioritize its on-the-ground organizing efforts in these neighborhoods to meet their greatest needs. The findings of this survey, supplemented by local data and recent secondary research, are presented in this report.

The neighborhoods we surveyed were selected using the following methodology:

1. We examined maps of foreclosure rates by census tract for Oakland and identified the most highly impacted areas. However, these areas were too large for the purposes of this survey, so we decided to use the Department of Housing and Urban Development's (HUD) Foreclosure Abandonment Risk Scores, which were at the Oakland census block group level.

HUD created the Foreclosure and Abandonment Risk Score to make sure it targeted Neighborhood Stabilization dollars to areas with the highest level of risk for foreclosure. This score uses a combination of foreclosure risk factors and vacancy rates to rank census blocks groups from 1-10, with 1 being the lowest risk and 10 being the highest risk. Foreclosure risk is estimated based upon:

- The extent to which loans have been high cost or highly leveraged,
- If home values in the metropolitan areas have fallen and by how much, and
- The unemployment rate in 2008 and change between 2007 and 2008.

Our sampling plan focused on high-risk census block groups that scored 9 or 10.

2. To narrow the sample areas, we then overlaid the Foreclosure Abandonment Risk Score map with a Notice of Default map.

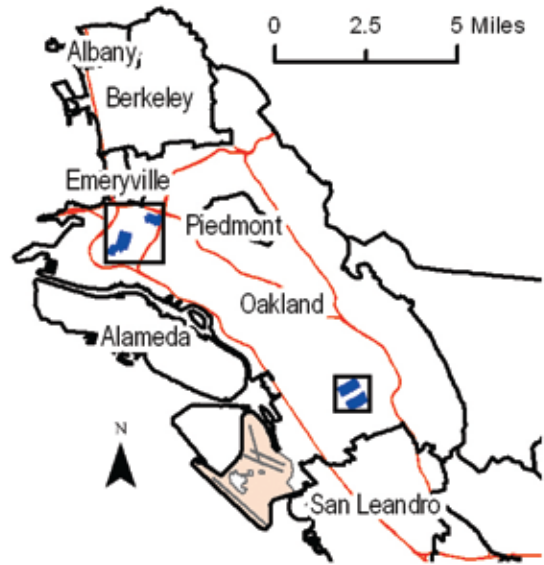
Notices of Default (NOD) are legal notices from the lender giving the homeowner 3 months to make up past payments. NODs are widely considered the first publicly recorded step in the foreclosure process. We included the NOD data to ensure that the sample area would include places where there were a high percentage of households actually beginning the foreclosure process. The NOD and Foreclosure Abandonment Risk Score areas combined gave us an indication of communities facing the greatest foreclosure risks and displacement pressures.

3. To further hone our sample area, we considered crime rates. Crime rates were used as a proxy for neighborhood disorder or distress. Since CJJC would continue organizing residents in the areas we chose to sample, we wanted to make sure the sample plan covered some of Oakland's neighborhoods with the highest need for mobilization in response to foreclosures as well as broader neighborhood disorder/distress.
4. The location of other neighborhood-based initiatives was also taken into consideration. For instance, in an effort to leverage Mayor Dellums' investments in specific East and West Oakland neighborhoods through the California Urban Communities Collaborative (CUCC), we made sure that the survey sampling areas overlapped with the CUCC boundaries.
5. To arrive at the final target neighborhoods, we took into account current concentrations of CJJC's Oakland membership by voting



precinct. These particular areas were selected to strategically align CJJC’s general community outreach with its civic engagement (voter education and mobilization) and foreclosure prevention work. As such, neighborhoods were selected where CJJC had a sufficient base of members to build upon, effectively organize, and fight against foreclosure and other unjust housing conditions in these areas.

Here is a map that shows the target neighborhoods where door-to-door surveying was conducted.

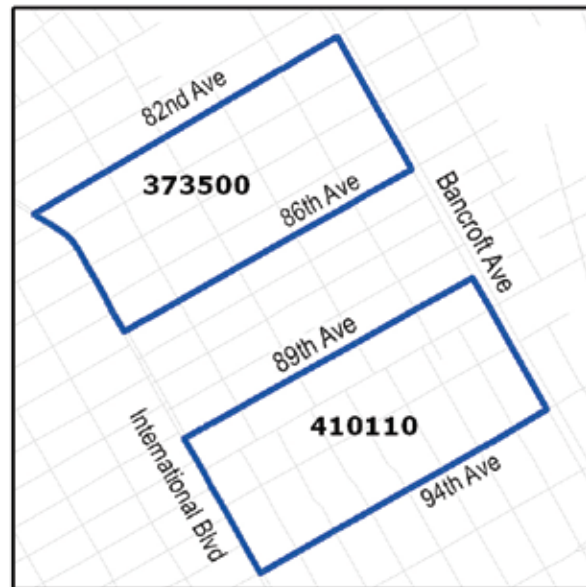


### Surveyed Neighborhoods in West and East Oakland

West Oakland



East Oakland



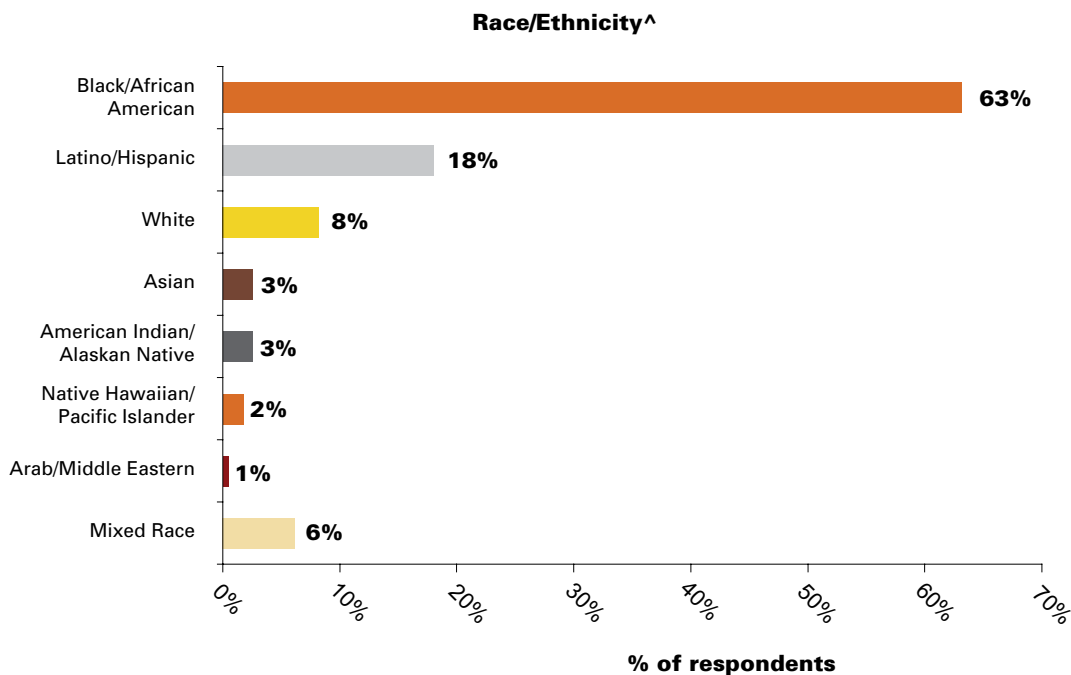
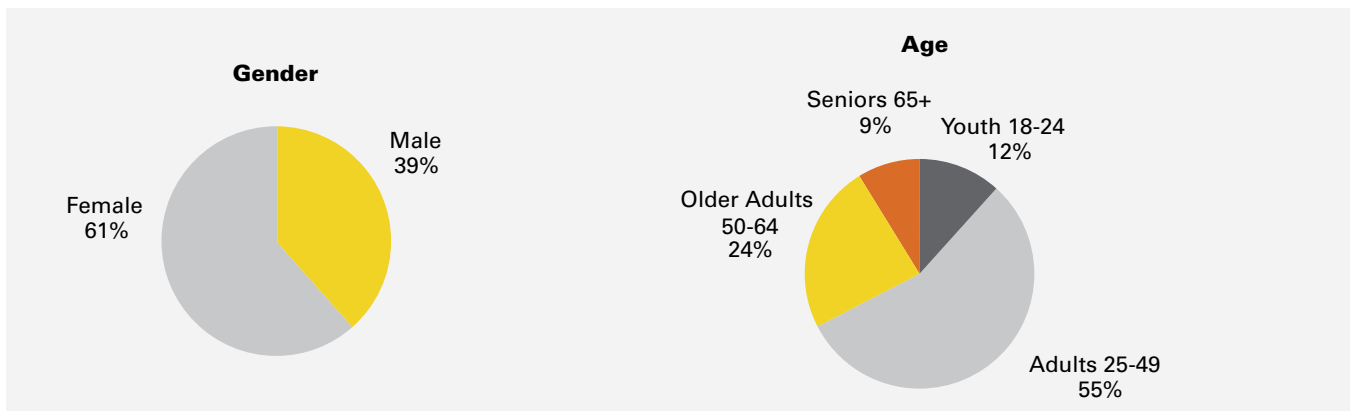
# SURVEY SAMPLE

We surveyed a total of 388 residents in East and West Oakland target neighborhoods. As shown in Figure 1, the survey sample was largely female, but males were also substantially represented. More than half of those surveyed included adults (between ages 25-49), but youth, older adults, and seniors also responded to the survey. The sample was predominantly comprised of people of color, most of whom were African Americans (63%) as well as Latinos (18%).

The sample included residents who have lived in the neighborhood for varying lengths of time, with the largest proportions of residents having lived in their neighborhood for 1 to 5 years and 20+ years. Tenants renting from private landlords or living in public/section 8 housing represented two-thirds of the sample, and home owners comprised much of the remaining one-third. (Figur 2, next page).

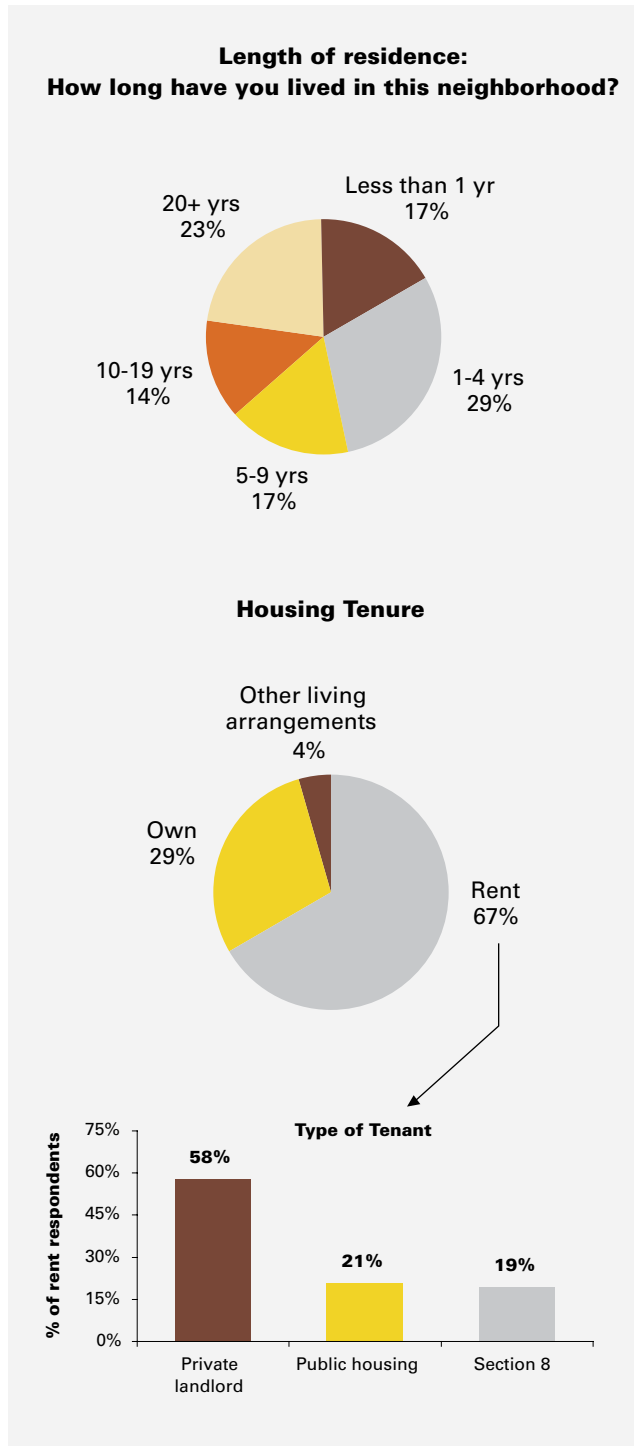
Most of those surveyed lived in households with 3 or more people, and a majority (60%) had children living with them. (Figure 3, next page).

**Figure 1: Sample Demographics by Gender, Age, and Race/Ethnicity**

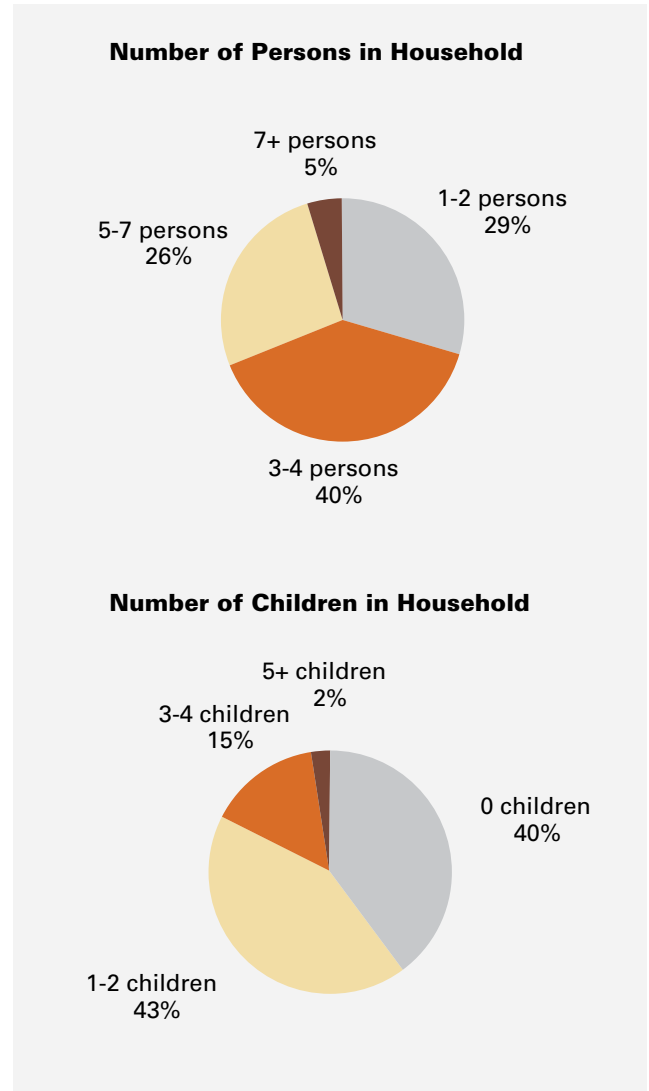


<sup>^</sup>Some respondents identified with more than one racial/ethnic category.

**Figure 2: Sample Demographics by Length of Residence and Housing Tenure**



**Figure 3: Sample Demographics by Household Size**



# RESEARCH FINDINGS

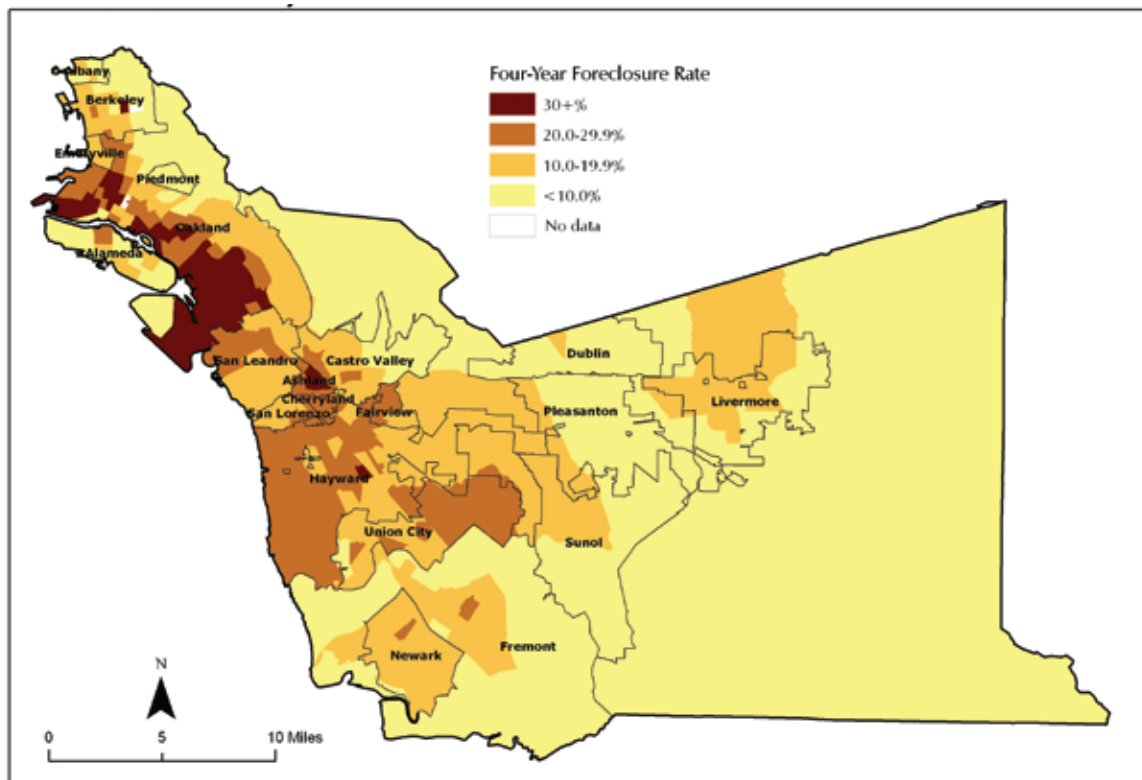
## Oakland's Low-income Communities of Color Hardest Hit

An epidemic of foreclosures has struck Alameda County, and Oakland in particular. The Oakland-Fremont-Hayward Metropolitan Statistical Area (MSA) ranks #24 out of 378 MSAs in terms of projected foreclosure rates for subprime loans originated in 2006.<sup>11</sup> Figure 4 illustrates that:

- In Alameda County, the highest rates of notices of default have been concentrated in West and East Oakland, as well as parts of San Antonio/ Fruitvale, Ashland, Hayward, and Berkeley<sup>12</sup>.
- Between 2006-2009, about 1 in 4 mortgages in Oakland began to enter into foreclosure (i.e., owner received a notice of default).

Our survey data underscores how foreclosures have been hard-hitting and far-reaching in East and West Oakland neighborhoods. Not all notices of default end in foreclosure. Survey respondents were asked if they are currently experiencing or have experienced a foreclosure within the past 2 years. 13% of residents report that they have experienced a current or recent foreclosure. 39% of residents report that they have a family member or neighbor that has recently undergone foreclosure. A majority of residents (59%) report that some or many homes in their neighborhood have been foreclosed upon over the past 2 years (Figure 5, next page).

**Figure 4: Rates of Notices of Default in Alameda County, 2006-2009<sup>^</sup>**



<sup>^</sup>Rates are calculated based on the number of notices of default issued between 2006-2009 divided by the approximate number of mortgages as of 2008.

Source: CAPE, with data from HUD and from First American Title via Urban Strategies Council.

**Figure 5: Widespread Experiences of Foreclosure in Surveyed Neighborhoods**

**Over 1 in 10 residents are currently experiencing a foreclosure or have been foreclosed on in the past 2 years.**



**Nearly 4 in 10 residents have a family member or neighbor that has recently experienced a foreclosure.**

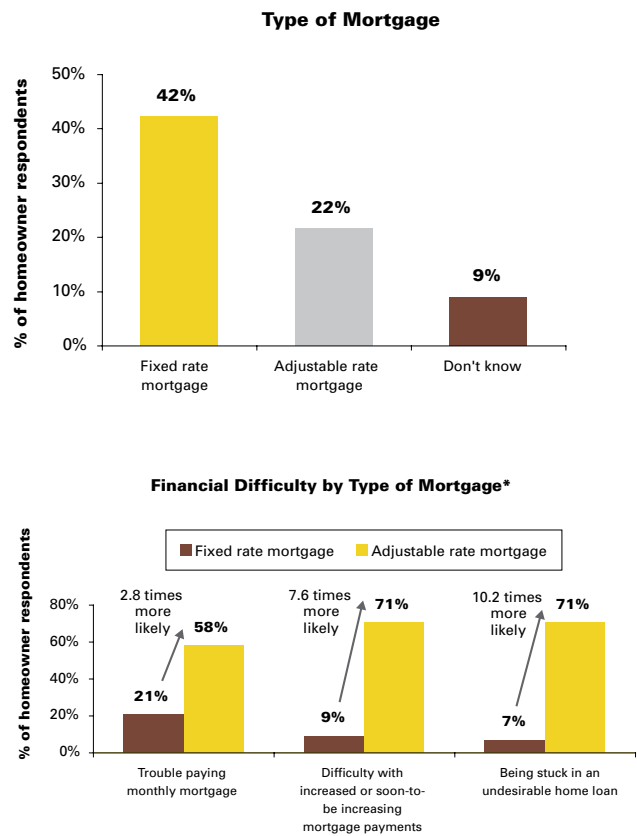


**Almost 6 in 10 residents report that some or many homes have undergone foreclosure in their neighborhood over the past 2 years.**



For some homeowners, particularly those with adjustable rate mortgages (ARMs), the threat of foreclosure looms. There are likely to be more foreclosures on the horizon in these communities, as ARMs reset, homeowners face difficulty refinancing underwater loans, and unemployment continues to strain homeowners' ability to cover mortgage costs. Figure 6 shows that 22% of surveyed homeowners report that they have an adjustable rate mortgage. A majority of homeowners with ARMs report that they are having trouble paying their monthly mortgage (58%), difficulty with increased or increasing mortgage payments (71%), or are stuck in an undesirable home loan (71%).

**Figure 6: Threat of More Foreclosures on the Horizon**



\*Statistically significant relationships and differences between groups based on chi-square testing ( $p \leq 0.05$ ) are denoted with an asterisk here and throughout the report.

**Over 1 in 5 homeowners has an adjustable rate mortgage. This puts them at increased risk of being unable to pay their mortgage, afford increased payments once loans reset, or modify loans to more desirable terms.**





# Multiple Assaults on Individual and Community Health

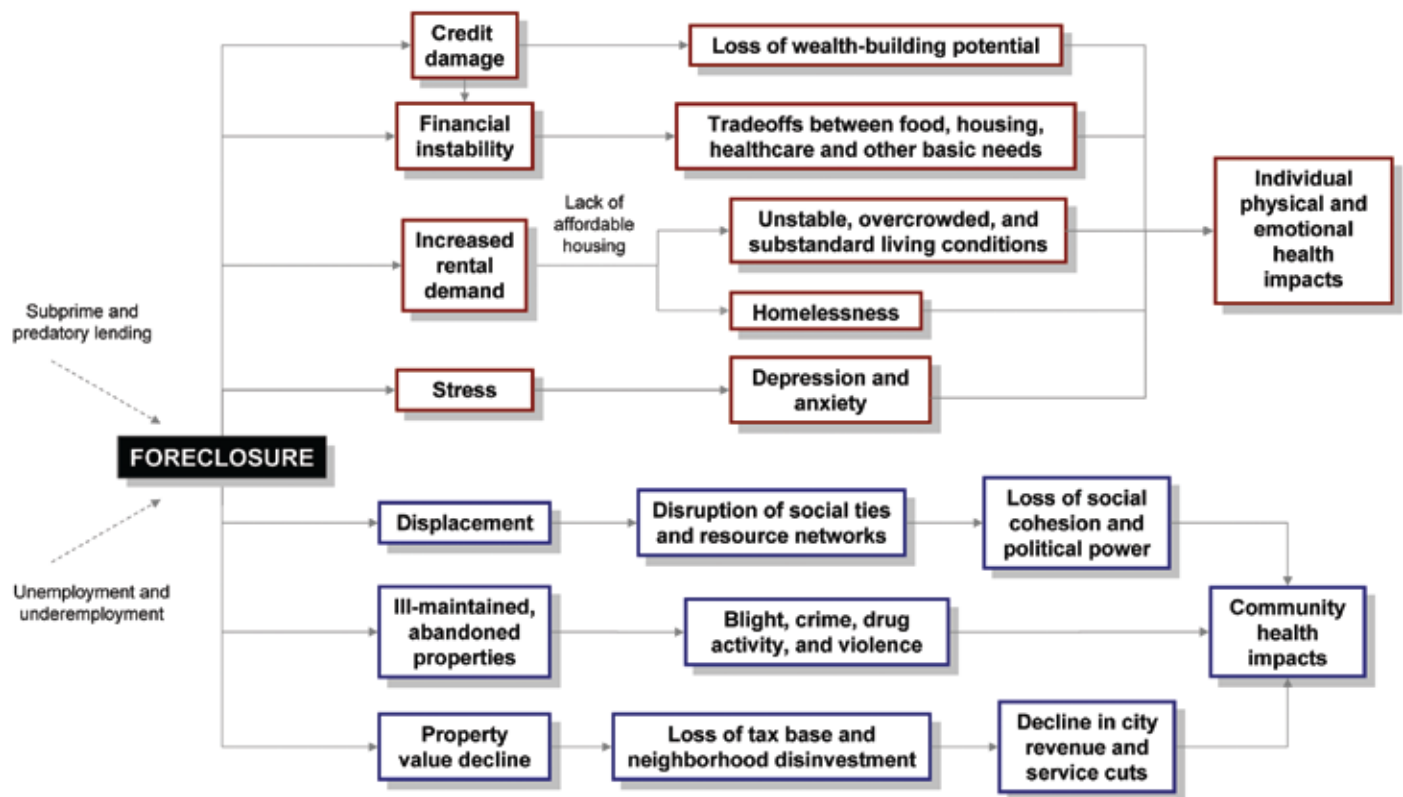
This survey identifies multiple pathways by which foreclosures are taking toll on individual and community health in Oakland. Individual households and families undergoing foreclosure are suffering from physical and emotional health impacts as a result of financial instability, unhealthy housing conditions, and overwhelming stress.

Moreover, foreclosed households/families are not the only ones experiencing health impacts of foreclosure; whole communities are reeling from the shock of foreclosure's ill effects. Foreclosures are

disrupting social bonds and resource connections; undermining school stability and performance; spawning blight, crime, and other deleterious neighborhood conditions; and diminishing economic capital within communities—all of which have negative health consequences.

Below is a pathway diagram illustrating these individual and community-level health impacts. More in-depth findings on each pathway will be subsequently presented. (Figure 7).

**Figure 7: Pathway Diagram of Individual and Community Health Impacts of Foreclosure**



## 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. Beyond causing the loss of homes, foreclosures lead to a loss of equity that is highly significant since this constitutes the greatest financial asset held by many homeowners. In addition, a foreclosure is a credit-killing event—it has lasting

effects on future loan borrowing, home ownership, and wealth-building potential. When individuals/families are stripped of their accumulated and potential wealth, it can have long-lasting and multi-generational consequences. The health implications are profound, since wealth is a primary portal through which the prerequisites for good health are obtained.

### Foreclosures and Loss of Wealth for People of Color

Wealth is strongly linked to better health. Wealth provides a buffer during hard times so that a family can still meet its basic need for housing, food, and transportation, even when income is temporarily disrupted, such as with the loss of a job. Limited wealth, on the other hand, forces families to make unhealthy trade-offs, such as deciding between purchasing nutritious food, medical care, or child care. Wealth also allows families to make investments in the areas of education or training, which in turn improves their job prospects and increases their incomes. Additionally, wealth allows families to secure housing in neighborhoods where they are less likely to be exposed to crime and environment hazards, such as diesel pollution, and have access to quality schools—all of which are essential for good health.

The intergenerational transfer of wealth—the passing of wealth from parents to children—is one way families not only maintain economic security, but improve their economic status with each passing generation. For example, young adults whose parents help them pay for college enter into life with less debt and are more competitive in the job market, improving their chances for long-term economic health. In this country, homeownership is a primary way families build and transfer wealth from one generation to the next.

According to United for a Fair Economy's report, *Foreclosed: State of the Dream*<sup>13</sup>, **the total loss of wealth for people of color due to subprime loans taken out in the last eight years is estimated between \$164 billion and \$213 billion.**

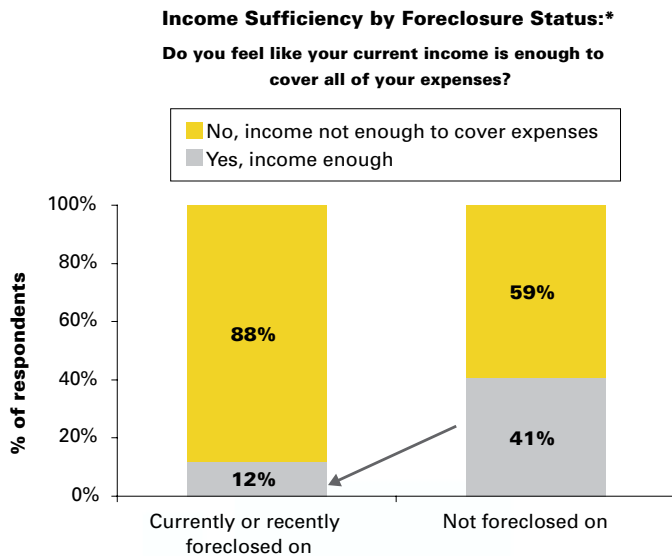
United for a Fair Economy asserts that this is the greatest loss of wealth for people of color in modern US history. Specifically, African American subprime loan borrowers will lose between \$71 and \$92 billion and Latino borrowers will lose between \$75 billion and \$99 billion due to subprime loans.

The discriminatory lending practices that resulted in communities of color being targeted for sub-prime loans are directly responsible for the fact that this loss of wealth is disproportionately concentrated in Latino and African American communities. United for a Fair Economy reports, "If subprime loans had been distributed equitably, losses for white people would be 44.5% higher and losses for people of color would be about 24% lower. This is evidence of systemic prejudice and institutional racism."

Even before the foreclosure crisis began, United for a Fair Economy estimated that, based on the rate of wealth accumulation between 1982 and 2004 among Euro-Americans, as compared to African Americans, it would take 594 years before both racial groups had equal access to wealth. Given the current massive loss of wealth in the African American community, it will probably take much longer.

Besides long-term effects on wealth and health, foreclosures can create immediate financial hardship in households struggling to make ends meet on a daily basis. In our survey, only 12% of those currently or recently experiencing foreclosure felt their income is enough to cover all their living expenses compared to 41% of residents that have not experienced foreclosure (Figure 8).

**Figure 8: Lack of Income to Cover Basic Needs of the Foreclosed**



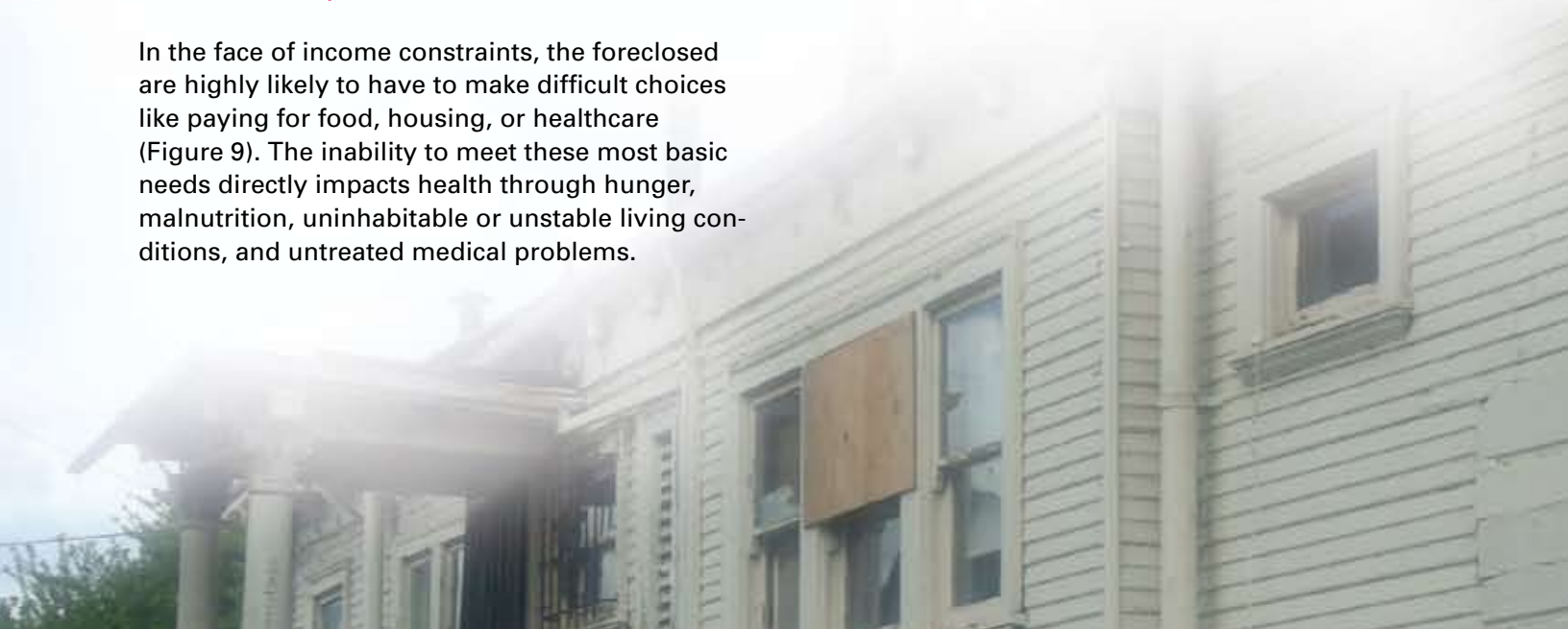
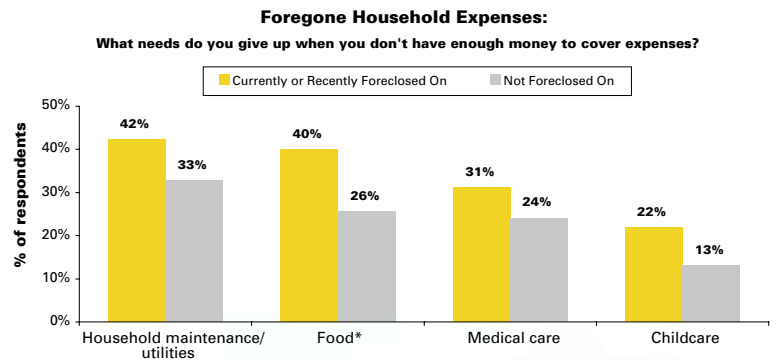
**The foreclosed are 3.4 times less likely to feel they can make ends meet.**

In the face of income constraints, the foreclosed are highly likely to have to make difficult choices like paying for food, housing, or healthcare (Figure 9). The inability to meet these most basic needs directly impacts health through hunger, malnutrition, uninhabitable or unstable living conditions, and untreated medical problems.

Our survey reveals that:

- About 4 in 10 residents currently or recently experiencing foreclosure report that they limit spending on food and household maintenance/utilities when they lack money.
- Over 3 in 10 foreclosed residents report that they forego medical care.
- Risks are particularly dire since over three-fourths of those currently or recently experiencing foreclosure have children in their household.

**Figure 9: Unhealthy Tradeoffs in Foreclosed Households**



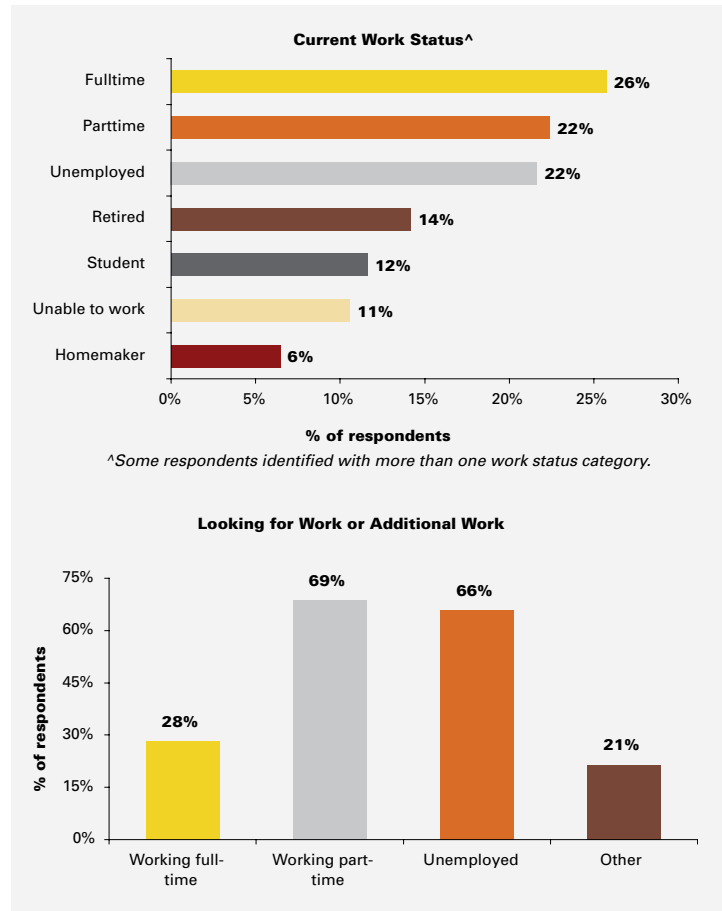
# Unemployment and Underemployment: Intensifying the Foreclosure Crisis

Problems of financial instability and the foreclosure crisis are exacerbated by unemployment and underemployment. Many of the communities hardest hit by foreclosure are also suffering from the highest rates of joblessness. While predatory lending drove the initial waves of foreclosure, unemployment is increasingly compounding the problem for many residents. In the surveyed communities, 22% of residents report they are unemployed. Underemployment is also pervasive, with 28% of full-time workers and 69% of part-time workers reporting that they are looking for work or additional work (Figure 10, on right).

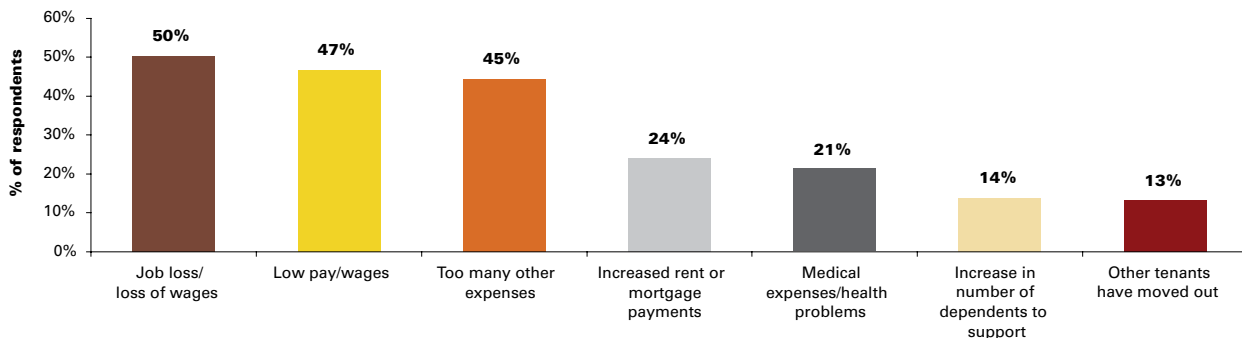
Job or wage loss and low pay are the main reasons reported for why residents have trouble paying their rent or mortgage. Among those having difficulty paying monthly rent or mortgage, 50% say the problem is due to job/wage loss and 47% attribute low pay (Figure 11, below). This suggests that unemployment and underemployment are key drivers of the continued foreclosure crisis in these communities.

*The top reasons why residents have trouble paying rent or mortgage are job/wage loss and low pay.*

**Figure 10: High Rates of Unemployment and Underemployment in Foreclosed Communities**



**Figure 11: Main Reasons for Trouble Paying Rent or Mortgage**



*Over 1 in 5 residents are unemployed. More than 1 in 4 full-time workers and 2 in 3 part-time workers are looking for more or better work.*

Our survey shows that the unemployed and underemployed are at increased risk of foreclosure (Figure 12, next page). The rate of foreclosure is about 2.5 times higher among the unemployed (23%) compared to those working full-time (9%)

or part-time (10%). Of those who are working, the rate of foreclosure is 2.7 times higher among the underemployed (as measured by those who are working and yet seeking additional work).

## Joan Phillips

### Fighting Foreclosure in the Face of Wage Loss

CJJC member since 2010



Joan has lived in her East Oakland home for the past 55 years, her whole life. She inherited her home from her parents, who passed it down to her and her sister. Due to the current economic crisis, Joan had to change jobs, and her salary was cut.

Since then, she has been trying to get the bank to modify her home loan. “We need to make the banks more accessible to people—one person would say one thing, then another something else. The banks would have me running around, with different representatives telling me different things.”

After almost a year, Joan is still working to get her loan modified. “I had to do a lot of paperwork, backtrack, and get a lot of check stubs, verifications, bank statements, and proof of ownership. It’s taking lots of time—I started in June of 2009. There aren’t any laws that are strong enough to make sure that banks are acting responsibly.”

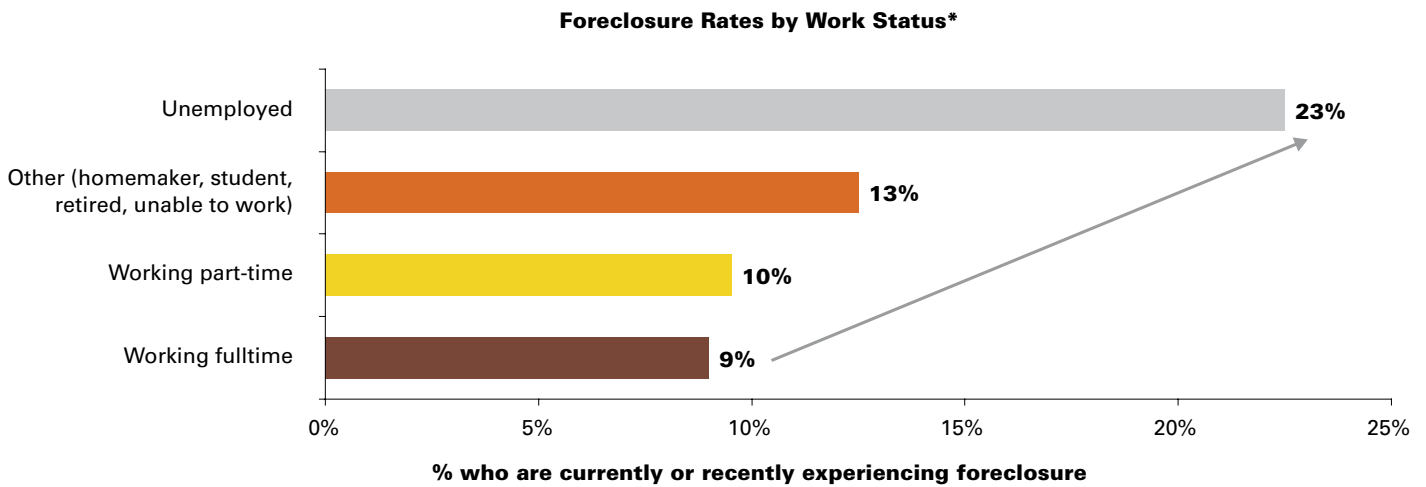
“Banks need to be reasonable, listen to people’s stories, and have compassion for what they are going through.” Often the loan officers that are in charge of modifying loans do not speak directly to the borrower. There needs to be laws that make the banks speak to borrowers before foreclosure and transparency in the modification process. “One week they say it will take 6-8 weeks and then you don’t hear from the banks for months, and during this time, you’re still expected to be making payments.”

Joan continues to fight to get a loan modification from Bank of America so she can be granted lower monthly payments that she can afford on her reduced income.

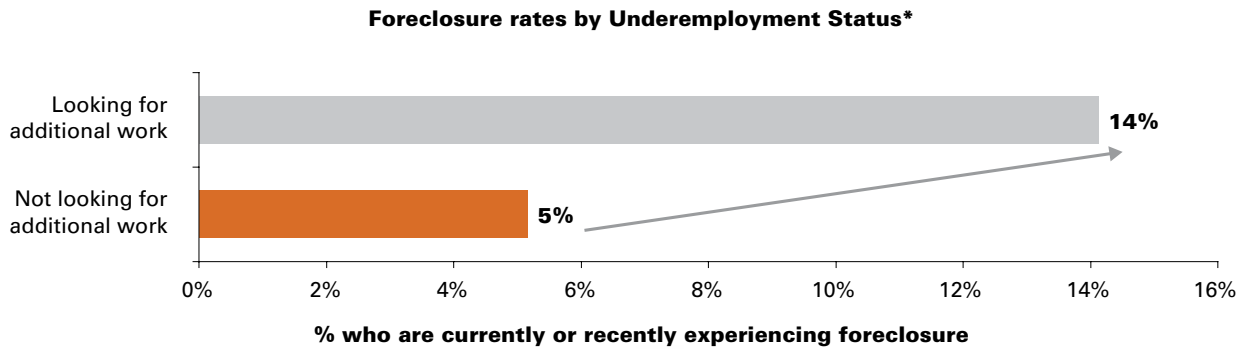




**Figure 12: Higher Rates of Foreclosure among the Unemployed and Underemployed**



*The unemployed are over 2 times more likely to be undergoing foreclosure than the working.*



*The underemployed are nearly 3 times more likely to be undergoing foreclosure.*



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

As people lose their homes to foreclosure, demand for rental properties tends to increase. In Alameda County, declining vacancy rates and rising rental prices suggest that demand for affordable rental housing has exceeded its supply. The rental vacancy rate has decreased from 7.4% in 2004 to 1.8% in 2008, and the average rental price has increased from \$949 in 2004 to \$1,108 in 2008. The increase in rental demand and pricing has been dampened by foreclosed individuals doubling up with roommates, friends, and family (instead of moving to rentals) as well as unsold condos and foreclosed homes being turned into rentals. While these forces are softening the rental market, affordable housing options for the foreclosed continue to be in short supply.

In surveyed communities, 62% of residents currently or recently experiencing a foreclosure assert that the availability of affordable housing in their neighborhood has decreased over the past 2 years (Figure 13, on right).

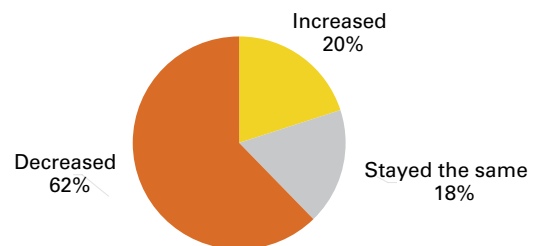
Being without financial resources and affordable housing options, many of the foreclosed are being forced to live in unstable, unaffordable, or substandard living conditions that create stress and health hazards. Figure 14 (below) shows that many tenants in currently or recently foreclosed buildings are now living in unstable

housing situations where they worry about being evicted or forced to move out, in spite of the Just Cause for Eviction ordinance in Oakland. Others are residing in places with unaffordable rent or substandard living conditions like mold, rodents, and cockroaches. Some report that basic utilities like water or heat have been illegally shut off or threatened to be shut off. Still others have become homeless—doubling up with friends and relatives and without a regular place to live.

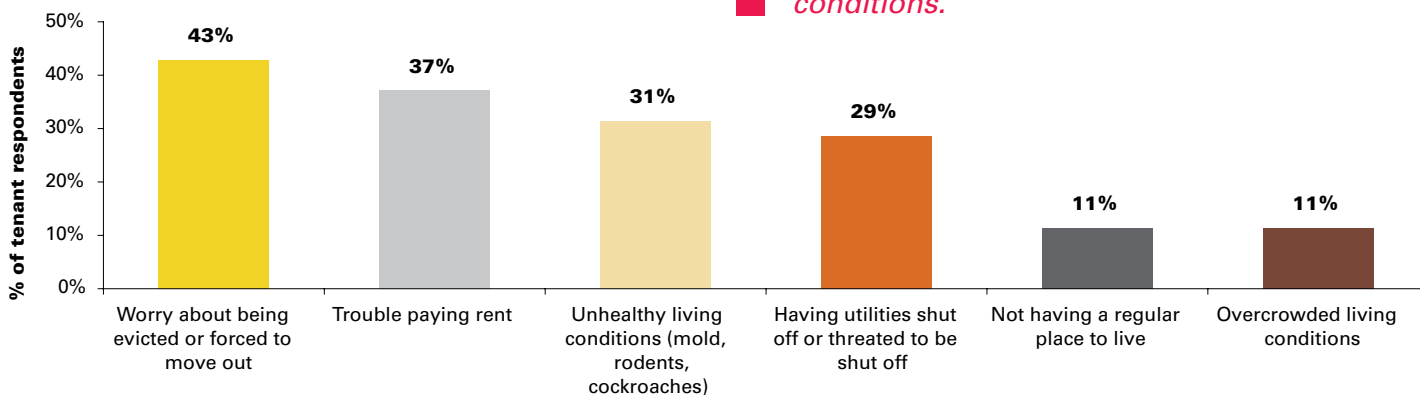
**Figure 13: Lack of Affordable Housing in Foreclosed Communities**

*Over 6 in 10 foreclosed residents report availability of affordable housing has declined.*

**Perceptions about affordable housing supply:**  
Over the past 2 years, would you say the availability of affordable housing has increased, stayed the same, or decreased?



**Figure 14: Problems of Housing Instability among the Foreclosed**



*Many tenants that have currently/recently experienced foreclosure are now living in unstable, unaffordable, or substandard conditions.*

## Kimberly Isaac

### Right to Stay and Live in Habitable Conditions

CJJC member since 2000



In the summer of 2006, when Kimberly was 8 months pregnant with the youngest of her 7 children, Countrywide Bank foreclosed on the West Oakland Duplex she had been renting in for the past 10 years and tried to illegally evict her. For 2 years, Kimberly and her family fought the bank's illegal eviction.

Over the period when the bank was their landlord, Kimberly and her family experienced water shut-offs, mold, and persistent vector issues. "The mold was making my kids sick....The kids were throwing up, they couldn't eat, and they would just lie around. It was kinda like the flu, but I knew it wasn't the flu because they kept getting sick month after month. I told the doctor about it, and she actually wrote a note to the property owners."

Once banks foreclose on a tenant occupied property, they become landlords. "When they (the banks) take over, they are the ones who are supposed to maintain it." Kimberly's story led our fight to keep water on for tenants in foreclosed properties.

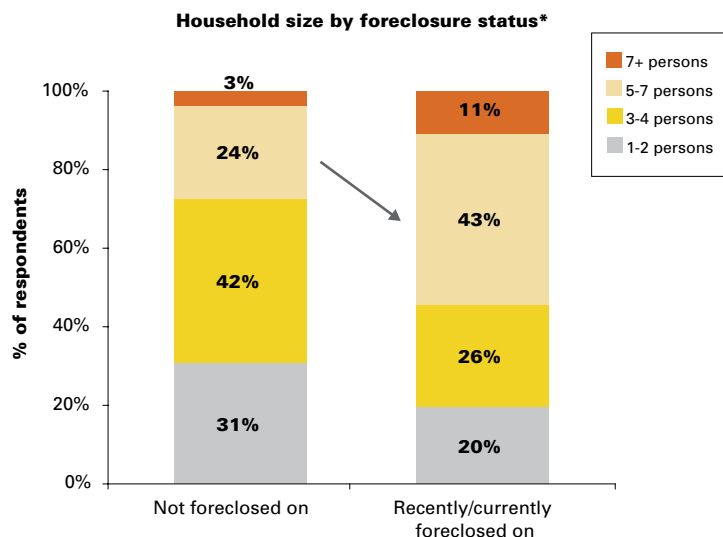
Oakland tenants are protected from being evicted in foreclosure by the Just Cause eviction law, so when the banks foreclose on a property and stop paying the water bill, it's an indirect method to illegally evict people from their homes by making them uninhabitable. "They (banks) need to be held responsible, instead of tricking people and telling them they need to move. I didn't let them—I fought back. A lot of people right now are homeless because they didn't know their rights."

In our survey, over half (or 54%) of those currently/recently experiencing foreclosure report they are living with five or more persons compared to just over one-fourth (or 27%) of residents not foreclosed on—a 2 times greater risk of living in more crowded living situations (Figure 15).

Housing instability and foreclosures are significantly related to poorer health outcomes (Figure 16, next page). According to our survey:

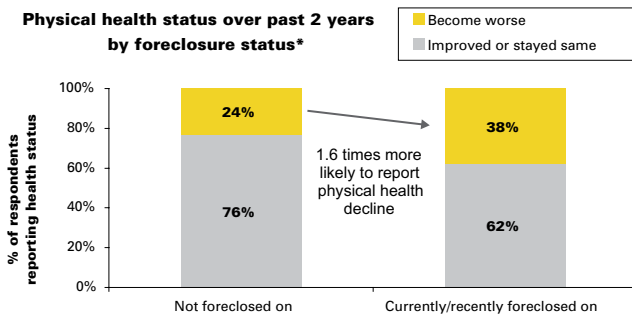
- Residents who have experienced foreclosure within the past 2 years are 1.6 times more likely to report that their physical health has declined over this time period.
- Tenants experiencing greater problems of housing instability, like worry about eviction, unaffordable rent, or crowded living conditions—in general or as a result of foreclosure—are also more likely to report physical health decline.

**Figure 15: Crowded Living Conditions among the Foreclosed**

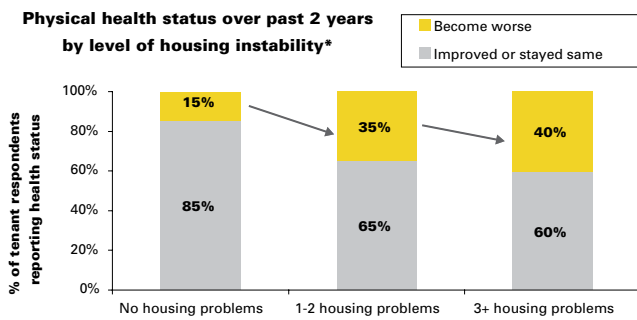


**The foreclosed are 2 times more likely to live in housing with 5+ persons.**

**Figure 16: Foreclosure and Physical Health Decline**



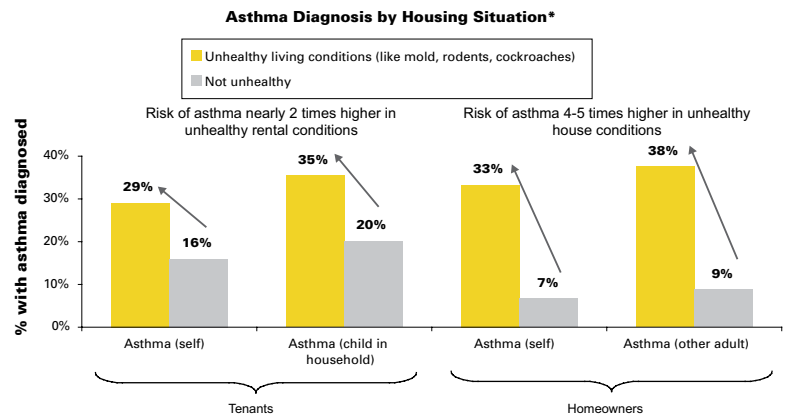
*Residents experiencing foreclosure and housing instability are more likely to report physical health decline over the past 2 years.*



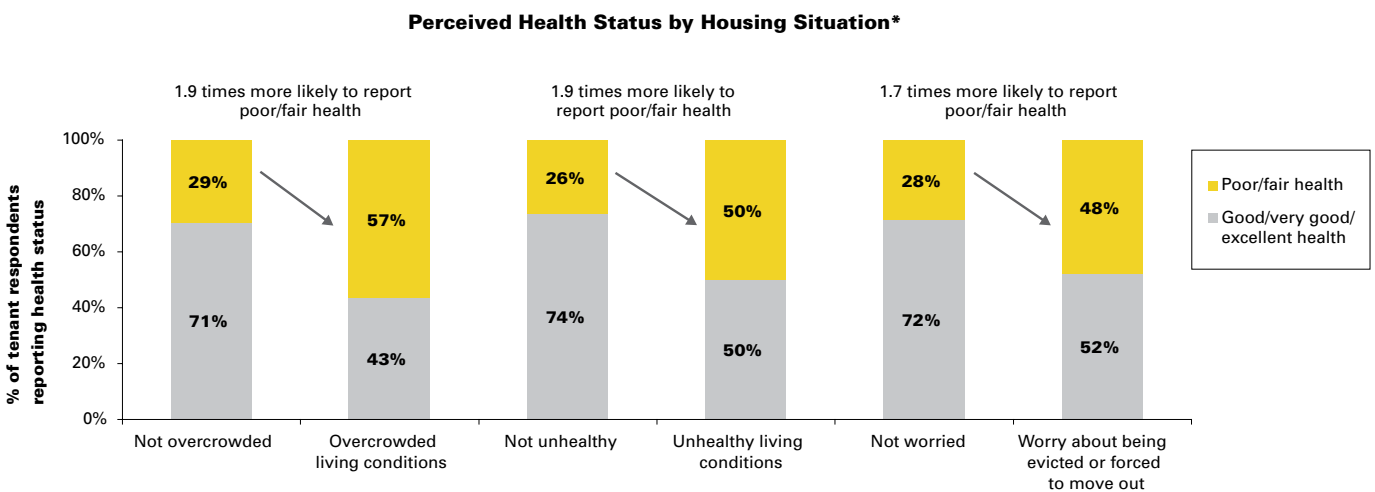
Unhealthy living conditions like mold, rodents and cockroaches put children and adults at increased risk of asthma and other respiratory problems. The reported rate of asthma diagnosis is 1.8 times higher among tenants in unhealthy rental conditions and 4.3-5.0 times higher among homeowners (Figure 18).

**Figure 18: Increased Risk of Asthma in Unhealthy Living Conditions**

Tenants living in overcrowded, unhealthy (with mold, rodents, or cockroaches), or unstable (in terms of worry about eviction or forced move-out) housing conditions are more likely to report poor or fair health (as opposed to good, very good, or excellent health) (Figure 17). Self-reported health status is a widely used and reliable measure of general physical well-being<sup>14</sup>.



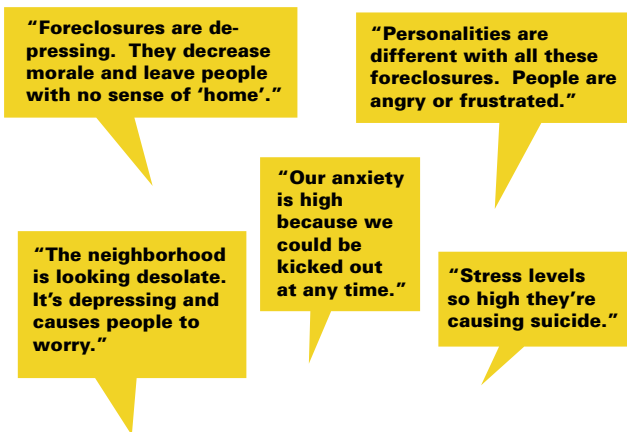
**Figure 17: Negative Housing Conditions and Self-Reported Health Status**



# Psychological Distress: The Heavy Emotional Toll of Foreclosures

In addition to physical health impacts, foreclosures can have crippling effects on the emotional wellbeing and stability of individuals/families. Experiences of foreclosure, as well as worry about foreclosure risk, cause tremendous psychological distress. Stress due to housing instability is associated with a greater likelihood of developing hypertension, lower levels of psychological well-being, and increased visits to the ER. Surveyed residents described how foreclosures can lead to feelings of depression, hopelessness, anxiety, overwhelming stress, and anger (Figure 19).

**Figure 19: Residents Speak Out on Foreclosures and Psychological Distress**

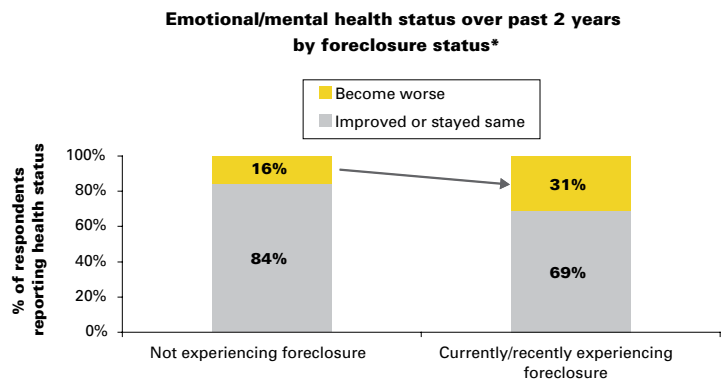


Our survey suggests that foreclosures are having negative impacts on emotional/mental health. Specifically:

- Almost one-third (or 31%) of residents currently/recently experiencing foreclosure report that their mental/emotional health has become worse over the past 2 years, compared to 16% of residents not experiencing foreclosure—a 2-fold difference in risk (Figure 20, top right).
- In addition, 44% of foreclosed residents report that they have experienced problems with stress, depression, or anxiety over the past month, compared to 20% of those not foreclosed on—a 2.2 times greater rate of mental/emotional health problems (Figure 21, lower right).

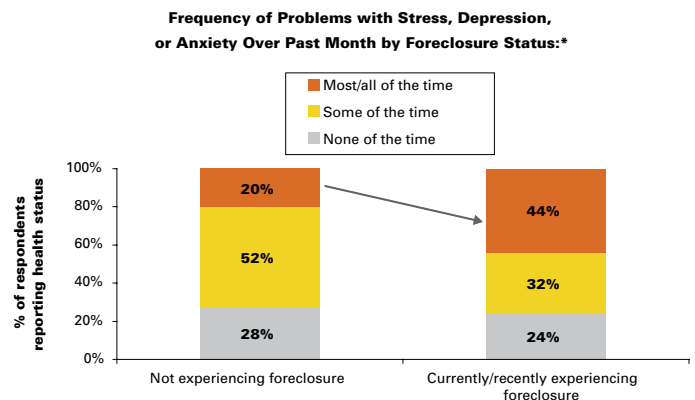
- Problems of housing instability associated with foreclosure, like worry about eviction from foreclosed buildings or not having a regular place to live, are contributing to reduced emotional wellbeing (Figure 22, next page).

**Figure 20: Emotional Health Decline among the Foreclosed**



*The foreclosed report 2 times higher rates of emotional health decline over the past 2 years.*

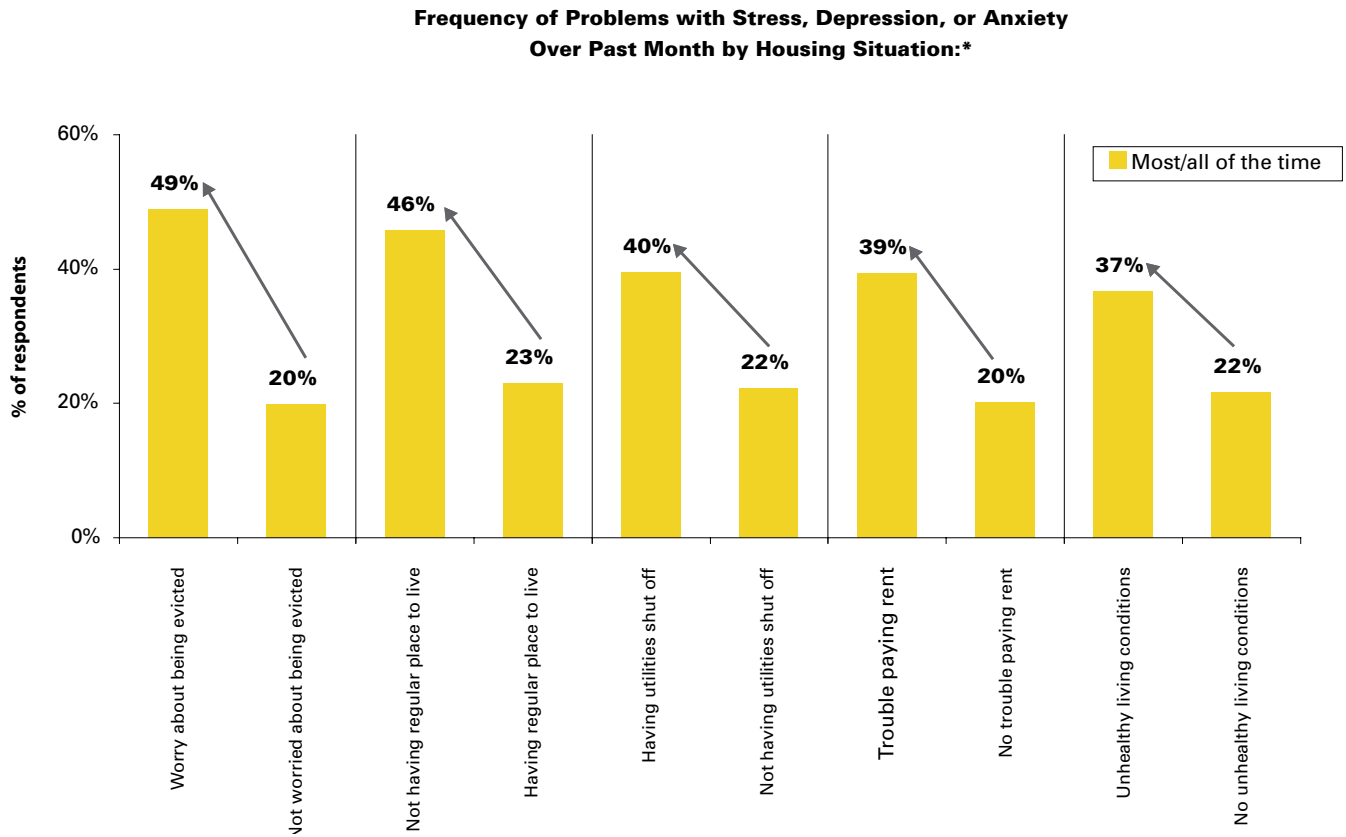
**Figure 21: Emotional Health Problems among the Foreclosed**



*The foreclosed report over 2 times greater rates of stress, depression, or anxiety in the past month.*



**Figure 22: Housing Instability and Emotional Health Problems**



**Problems of housing instability associated with foreclosure are reducing emotional wellbeing**



## Karen Mims

# The Wear and Tear of Foreclosures on the Mind and Body

CJJC member since 2009



Karen started to fight for her home in 2007, before her home was sold in a foreclosure sale to Aurora Loan Services, a division of Lehman Brothers. She fought the bank for 3 years but had to stop because the stress and anxiety were getting to her. “I’ve been mentally exhausted, and since I had to leave my home, I’ve been sleeping on my daughter’s couch. I have back problems and an existing injury to my leg that has gotten worse since this whole thing started.”

“The whole fight has been wearing on me financially and physically. I’m a senior citizen on a fixed income. I couldn’t afford to keep fighting this bank in court.” Karen has used every method to get to the bank—

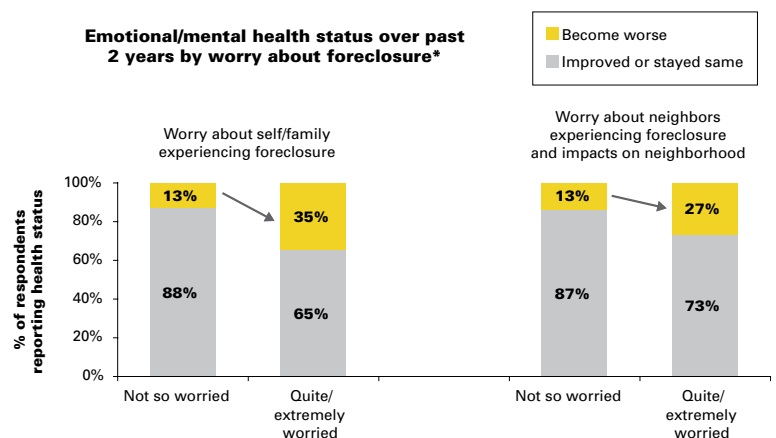
phone calls, community support, direct actions, and a lawsuit. In addition to all of that, she has worked with many organizations and lawyers to try to keep her home. “I spent a whole year sick, in the bed, making calls to lawyers and to the bank to try to get a loan modification.”

This May, Karen dropped the lawsuit that she had against Lehman Brothers for foreclosing on her home. “The whole process has been wearing on my body, since I was forced to leave my home at the end of 2009. I have been having stomach problems from stress. It has been hard to eat and hard to continue to fight.”

In addition to actual experiences of foreclosure, worry about foreclosure at the individual and neighborhood levels is affecting emotional well-being. In the surveyed communities, those who have felt quite or extremely worried about self/family or neighbors experiencing foreclosure are 2.0-2.8 times more likely to report that their mental or emotional health has declined over the past 2 years than those who were not so worried. (Figure 23).

Above and beyond threats to individual health, foreclosures are impacting the health of whole communities. Foreclosures can deplete social networks, exacerbate blight and crime, and rob neighborhoods of revenue and political power. All of these things perpetuate poor physical and emotional health of communities.

**Figure 23: Worry about Foreclosure and Emotional Health Decline**



*Those who are quite/extremely worried about foreclosure are 2-3 times more likely to report emotional health decline.*

# 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 life-sustaining social connections. Our survey underscores that when residents are forced to leave their neighborhoods, they can lose substantial ties to people and institutions that are critical to their health and wellbeing, like schools, churches, medical homes, community-based organizations, and workplaces.

Figure 24 (right) illustrates that among those currently experiencing foreclosure, 67% report that they have access to family or friends, a school their children go to, or church they attend in their neighborhood. More than one-third goes to a doctor's office or clinic (38%), community organization for support or services (35%), or place where they work in their neighborhood (37%). More than one-half (52%) have been long-standing residents of the neighborhood—33% for 10 or more years and another 19% for 5 to 10 years. If displaced from the neighborhood, they would lose many of these health-protective ties to people and resources.

When asked about the impact of foreclosure on their community, several residents described how long-established ties are being disrupted and how neighborhood stability and cohesion is being threatened (Figure 25).

## Figure 25: Residents Speak Out on Foreclosure-Related Displacement

**"People who have been in the neighborhood for years are getting kicked out."**

**"The neighborhood feels less stable. People talk with each other less often."**

**"People who know the community are moving out. People who move in don't know about the community."**

## Figure 24: Disruption of Neighborhood Ties to People and Resources

**Almost 7 in 10 of those who are currently experiencing foreclosure have family and friends they can rely on, a school their child/children go to, or church they regularly attend in their neighborhood.**



**Nearly 4 in 10 of those who are currently experiencing foreclosure have a doctor's office or clinic that usually go to for medical care, a community organization they rely upon for support or services, or place where they work in their neighborhood.**

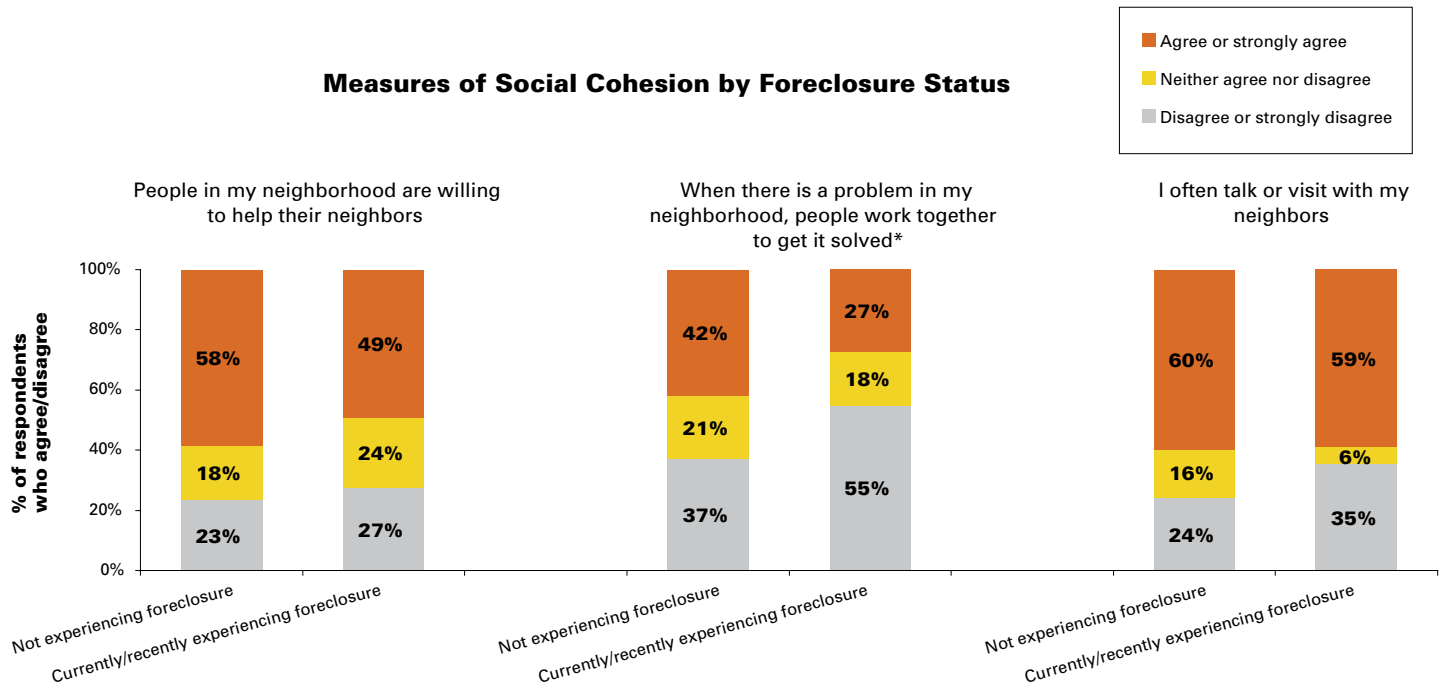


**Over 3 in 10 of those who are currently experiencing foreclosure have lived in their neighborhood for 10 or more years. Another 2 in 10 have been there for 5 to 10 years.**



Our survey suggests that foreclosure is decreasing levels of social cohesion and increasing isolation within communities. Simply put, social cohesion is about level of trust, interaction, and willingness to help and work together with others within a community. In our survey, those currently or recently experiencing foreclosure are significantly less likely to feel that people in their present neighborhood work together to get problems solved. They are also less likely to feel that neighbors are willing to help each other and more likely to disagree that they talk or visit often with their neighbors, although these trends were not statistically significant (Figure 26, next page).

**Figure 26: Reduced Social Cohesion among the Foreclosed**



**Foreclosures are decreasing levels of social cohesion within communities**

Evidence supports the relationship between strong social cohesion and better physical and mental health, and conversely, the association between social isolation and higher rates of disease and death.<sup>15,16,17,18</sup> Loss of social cohesion and collective efficacy—or willingness of neighbors to look for each other and intervene when problems arise—can also diminish political power to band together and fight for change and healthier living conditions within communities<sup>19</sup>.

Children—and the schools they attend—are particularly hard hit when families are forced to leave their homes and neighborhoods. In addition to dealing with the stress of foreclosure and housing instability on their families, children must leave behind friends, teachers, and schools. Research suggests that problem behaviors often emerge

and academic performance suffers when students are uprooted from their schools. Students with 2 or more school changes are about 2 times less likely to be proficient in reading or math than their stable peers and more likely to be held back and eventually drop out. In fact, frequent school moves can reduce the likelihood that a student will graduate by more than 50%<sup>20</sup>.

In addition to academic impacts, schools must absorb the shocks of mass displacement and homelessness resulting from foreclosures. A recent study of Oakland Unified School District (OUSD)<sup>21</sup> reveals that:

- About 20-40% of all students during the 2007-2008 school year were at risk of foreclosure at the top 10 OUSD schools with the greatest percentage of students at risk. (Figure 27, next page).
- In addition, the number of homeless students (1,500 in 2008-2009) in OUSD has increased by 50% over the past year<sup>22</sup>.



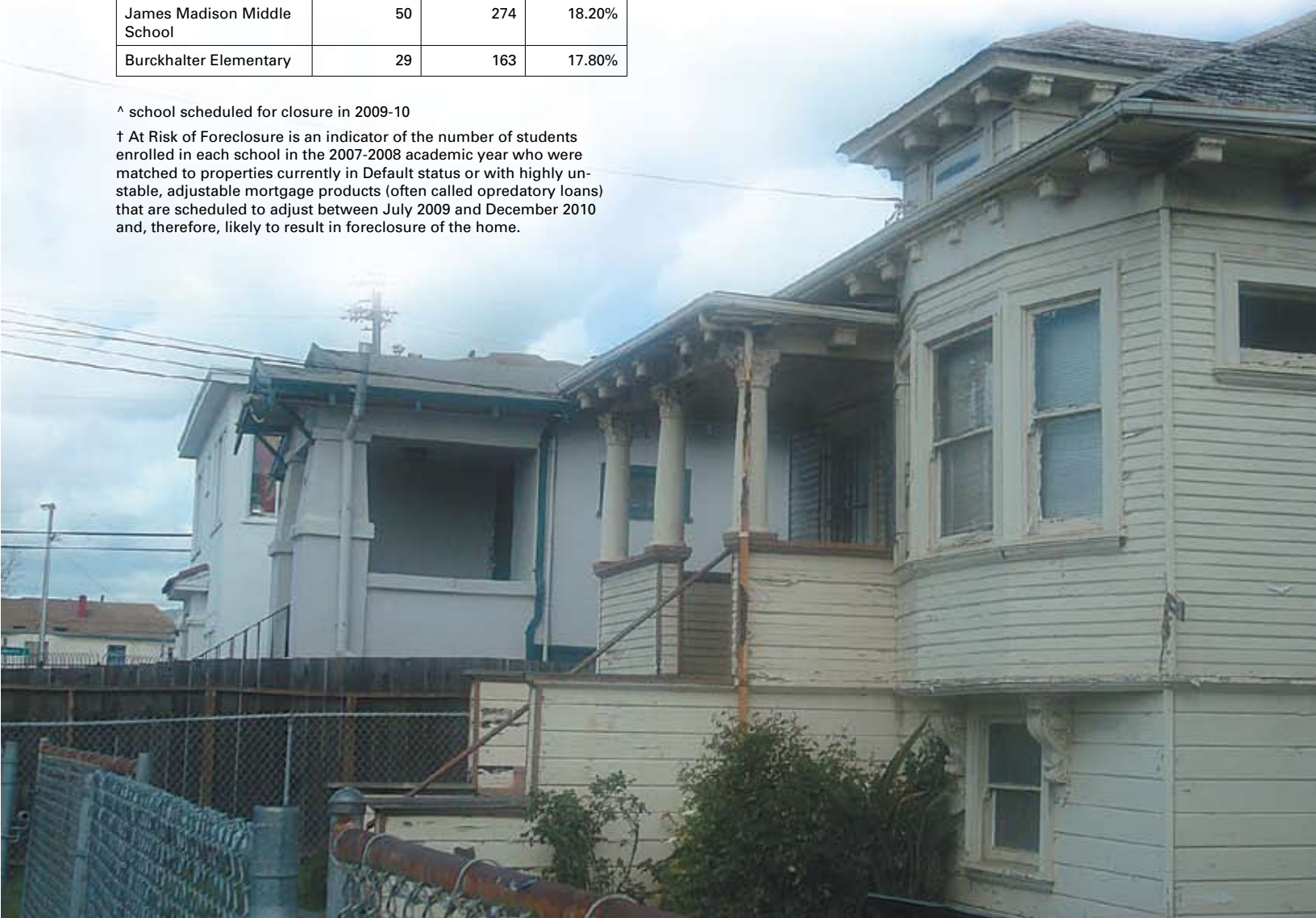
**Figure 27: OUSD Schools with the Greatest Percentage of Students at Risk of Foreclosure†**

School	Students At Risk	OUSD 08-09 Enrollment-Count	Percentage
Webster Academy <sup>^</sup>	29	72	40.30%
Lockwood Elementary <sup>^</sup>	27	81	33.30%
Peralta Creek Middle School <sup>^</sup>	16	68	23.50%
Whittier Elementary <sup>^</sup>	16	72	22.20%
Business Information Tech HS	68	340	20.00%
New Highland Academy	66	335	19.70%
EnCompass Academy	47	247	19.00%
RISE	58	310	18.70%
James Madison Middle School	50	274	18.20%
Burckhalter Elementary	29	163	17.80%

<sup>^</sup> school scheduled for closure in 2009-10

† At Risk of Foreclosure is an indicator of the number of students enrolled in each school in the 2007-2008 academic year who were matched to properties currently in Default status or with highly unstable, adjustable mortgage products (often called opredatory loans) that are scheduled to adjust between July 2009 and December 2010 and, therefore, likely to result in foreclosure of the home.

The movement or loss of so many students within OUSD, as well as rising rates of homelessness, could substantially affect school stability and success. Longer-term impacts on health could be severe, since educational performance and attainment are such important determinants and predictors of health outcomes<sup>23</sup>. Additionally, schools with active community and parents are more likely to thrive. Instability in the community and student population can negatively impact the quality of the school environment. When this happens, all students, now and in the future suffer—as do communities—since stable, well-performing schools are an essential component of thriving communities.





## Vacant Foreclosed Properties: Spreading Blight, Crime, and Neighborhood Decay

The foreclosure crisis has left behind many vacant, neglected properties that are blighting neighborhoods and introducing community health risks. These properties are often ill-maintained, with trash built up and yards overgrown. In addition to being an eyesore and visual threat to stability, vacant properties can become magnets for pests (rodents and mosquitoes), vandalism, trespassing, drug dealing, and other illegal activities. Studies show that high foreclosure rates contribute to higher levels of violent crime<sup>24</sup>. Community safety is further threatened and blighted conditions persist when foreclosures displace homeowners and leave behind fewer concerned residents with watchful eyes or tidying hands.

In the surveyed communities, residents identified how conditions in their neighborhoods have declined over the past 2 years in the face of foreclosures.

- 43% of residents report that the amount of drug activity in their neighborhood has increased.
- 39% report that the amount of violence has risen.
- 47% of residents assert that their neighborhood is not a safe place to live.

Residents further described the deteriorating conditions they are seeing in their neighborhoods, including abandoned, run-down properties; unkempt lawns; squatting and loitering; trash and vandalism; drug dealing and use; and crime and violence (Figure 28).

**Figure 28: Residents Speak Out on Deteriorating Neighborhood Conditions**

**“Houses are boarded up, no upkeep; more drug activity; more loitering; more stolen cars dumped in front of houses. It looks like nobody cares.”**

**“There are a lot more abandoned buildings and they’re not taken care of. Links to poverty, robberies, murders. There’s a mindset change. People become more greedy, and there is an increase in home invasions and desperation.”**

**“Vandalism, drug activity, and crime rates have all increased. 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. Neighborhoods are unsafe.”**

**“There’s empty houses, garbage on the street, abandoned cars, more transient looking people, people going through trash, and emotional depression that everyone feels. It takes forever to see any progress.”**

**“Foreclosures make the neighborhood look bad. The banks don’t take care of foreclosed properties.”**



## Maria Ramirez

### Rising Blight and Neglect in Foreclosed Neighborhoods

CJJC member since 2009



Maria Ramirez and her family have lived in their East Oakland home for a little over 10 years. In 2009, Wachovia began to foreclose on the family's home. Maria fought back and won a loan modification, but many of her neighbors have not been as lucky. "I have a friend that got kicked out of their home. The property is now empty—it's used for selling drugs and violence happens there."

Maria and her family live in the 94621 zip code of East Oakland, which has one of the highest concentrations of foreclosures in the city. "People are scared to be in our neighborhood because they see the deterioration." Much of this is a recent phenomenon in many parts of East Oakland. "The problem has gotten worse over the last 3 years. The neighborhood is looking like a slum—a dump with more drugs being brought in and sold." Blight in her neighborhood and in many other parts of Oakland has gotten increasingly worse since 2007.

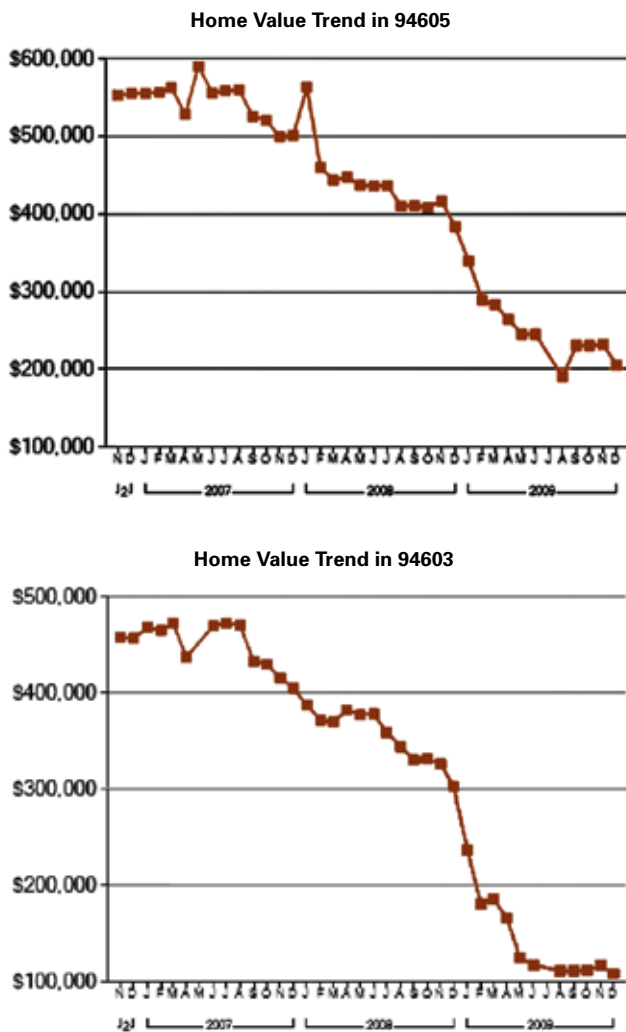
"The banks should realize that it is better to negotiate than to turn our neighborhood into a dump." Banks must be held accountable—by the community, and by officials that we elect to protect our interests. Instead, "people are disillusioned, they're deceived. We get no response from the government. They don't give us attention, they don't listen to us. We need to unite, organize our communities, and get the government and banks to listen to us."



# Economic Fallout: Plummeting Property Values and City Revenue

Foreclosures, particularly when concentrated in a particular area, can have a depressing effect on property values. Research suggests that each foreclosure within an eighth of a mile (essentially a city block) of a single-family home results in a decline in property value between 0.9% and 1.136%. In low to moderate-income neighborhoods, the decline jumps to between 1.44% and 1.8% for each foreclosure<sup>25</sup>.

**Figure 29: Property Values in Hard-Hit East Oakland Zip Codes, 2007-2009**



According to RealtyTrac data<sup>26</sup>:

- **Property values in East Oakland zip codes 94605 and 94603—which include some of Oakland’s neighborhoods hardest hit by foreclosures—have declined over 60%-70% between 2007-2009** (Figure 29, left).

In our surveyed communities:

- 65% of residents report that property values have declined in their neighborhood.
- 56% report that it’s hard to sell a home in their neighborhood.

Falling property values diminish critical property tax streams that fund essential municipal services, like public schools, building and park maintenance, garbage collection, and police. Thus, foreclosures can lead to cuts in city services that are critical for public health and wellbeing. Declining property values and neighborhood conditions can spur continued neighborhood disinvestment and loss of capital and services for those living in hard-hit communities. It can also invite property speculation by investors from outside the community who are looking to buy up bargain investment opportunities and sell or rent them out for a profit—and with minimal investment or upkeep<sup>27</sup>. This type of speculative activity has historically hurt neighborhoods as long-time residents are pushed out due to their inability to compete financially with investors and new residents with higher incomes.

Residents spoke about depressed economic conditions and concerns with gentrification that are arising from the foreclosure crisis (Figure 30, next page).



### Figure 30: Residents Speak Out on Economic Decline and Neighborhood Gentrification

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

**“With all these foreclosures and vacant properties, it becomes a ghost town and drives out business.”**

**“You see white people coming in to buy up foreclosed homes and a racial shift in the neighborhood.”**

**“Gentrification is up dramatically in the last year – from 80% black to 30% or something like that.”**

**“People coming in and changing the neighborhood – lots of investors coming in and buying up property and having auctions.”**

Declining property values, loss of tax base and city services, persistent unemployment and poverty, and more displacement—related to both new foreclosures and gentrification—are certain to have long-term, serious impacts on community health and wellbeing.



*West Oakland: a house for sale, one that’s dilapidated, and a neighboring house where the owner’s equity is being brought down by the vacant and foreclosed properties on their block.*



*Right to Stay action, August 2009, East Oakland.*

# CONCLUSIONS & ORGANIZING, POLICY, & PRACTICE IMPLICATIONS

There is a housing crisis in Oakland driven most recently by skyrocketing foreclosures. Low-income African Americans and Latinos are the most severely impacted by this crisis. These households – some of whom have been in their houses for decades and others who were just beginning to realize the “American Dream” of homeownership – were targeted for predatory subprime loans. Unable to keep up with ballooning payments, or faced with unexpected loss of income due to sudden unemployment, these families are being forced to leave their homes, often times uncertain of their next steps. Furthermore, various federal efforts meant to address the foreclosure crisis have not gone deep enough to provide true relief in these communities.<sup>28</sup> Not enough homeowners are receiving loan modifications, and tenants remain extremely vulnerable to evictions and displacement as a result of foreclosures.

This report documents what happens to health among those impacted by foreclosure. As housing instability increases, stress rises, and with increased stress, health suffers. Households are reporting declining physical and emotional well-being, as well as being forced to make decisions that will further put health at risk, such as choosing between rent and food, or living in overcrowded or substandard conditions in exchange for affordable rent.

Additionally, the consequences of the foreclosure crisis spreading most rapidly in low-income communities of color extend well beyond individual families being forced to leave their homes. Neighborhoods pockmarked by vacant housing are struggling with increased crime and violence. Social bonds are broken as families leave the neighborhood, leaving the entire community less prepared to deal with problems. As attendance at local schools decline when families are foreclosed on and forced to move out and the numbers of homeless students increase, school stability is threatened. Local government is also experiencing

steep declines in property tax revenue as a result of the foreclosure crisis, crippling its ability to provide essential, health promoting services.

Unfortunately, the foreclosure crisis is continuing at record levels and is poised to get worse. About 60% of Pay Option Adjustable Rate Mortgages issued in the US were issued in California, and, nationally, 1 million of these mortgages are scheduled to reset in the next four years.<sup>29</sup> Furthermore, lenders are denying credit in communities most impacted by foreclosure and in need of refinancing loans and new investment. For instance, the percentage of prime loans made in Oakland’s neighborhoods of color dropped from 45% in 2006 to 34% in 2008.<sup>30</sup> There is also evidence that subprime loans are still disproportionately being sold in neighborhoods of color, as opposed to predominantly white neighborhoods. Finally, with unemployment remaining steady and in some places on the rise, more households will continue to struggle to pay their mortgages. There is a great need to act decisively and quickly to address what will be another swelling tide of foreclosures in our neighborhoods.

## Organizing Solutions

The multi-faceted nature of the foreclosure crisis requires a holistic and comprehensive approach to solving it and preventing it from happening again. While policy solutions that get to the heart of the problem are critical, engaging local residents and organizations in coming together to both understand and collectively take action is equally important. Resident and neighborhood organizing has to be a driving component of the overall strategy to address the foreclosure crisis. In addition to providing an opportunity to link residents with much needed services and support, direct outreach to individuals impacted by foreclosure provides valuable insight. It is only through this type of engagement that a real assessment can be made of the scope of the problem and





the solutions most needed to address it. Mass foreclosures have threatened community bonds and stability, and so we must respond by mobilizing, rebuilding, and empowering neighborhoods to stop impacts of the foreclosure crisis and be armed with tools to say “never again”.

Some of the methods that Causa Justa :: Just Cause has utilized in advancing neighborhood organizing around foreclosures include:

- Doing direct outreach in neighborhoods with high risk and rates of foreclosure;
- Creating a foreclosure prevention “clinic” where homeowners and tenants get peer support around advocating and negotiating 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;
- Creating opportunities for neighbors who live

close to each other to meet and talk about the problems caused by foreclosure in their community and how to respond to the crisis;

- Supporting residents in meeting and advocating with elected officials for specific policy solutions
- 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.

Through this work, we have learned that we must broadly engage people in neighborhoods disproportionately impacted by foreclosure – not just the individuals directly experiencing the crisis. It is only when everyone in the community understands that their family’s health, the quality of education at their local school, the value of their home, and the safety of the neighborhood is being impacted by the foreclosure crisis and that they all have an interest in addressing the problem that real, effective change can happen.



## Policy and Practice Solutions

Changes in policy and practice are essential to keep families in their homes, mitigate impacts of foreclosure, and prevent this crisis from repeating itself. Policies that will tighten regulation of the lending industry and improve the loan modification process must be enacted at the federal and state levels. In addition, there are local policies and practices that can help prevent foreclosures and mitigate impacts of foreclosure on individual and community health. Examples of policies and practices that can help prevent the spread and reoccurrence of the foreclosure crisis are discussed below.

### Prevent foreclosures

- 1. Federal legislation should include foreclosure relief for families where one or more bread winners have become suddenly and unavoidably unemployed or suffered a significant loss of income.** This could include:
  - Temporary mortgage payment relief
  - Immediate qualification for loan mediation and possibly modification
  - Guarantee that families with school-aged children and seniors receive special eviction protections
- 2. Require state-wide loan mediation.** Increase the number of loan modifications by requiring banks and financial institutions to go to court mediation with borrowers before allowing the property to go into foreclosure. Several states have implemented foreclosure mediation programs.

- 3. Support and increase the availability of loan counseling for homeowners at risk of foreclosure, as well as for tenants in foreclosed buildings.** Such efforts can include “Foreclosure Prevention Fairs,” housing clinics, and other venues where housing advocates and loan officers from the big banks are available to help households navigate the loan modification process.
- 4. Implement an Alameda County-wide eviction moratorium for households whose banks will not attempt to negotiate loan modifications and for tenant-occupied foreclosed housing where tenants continued to pay rent even after the building has gone into foreclosure.** Work with those responsible for approving and enforcing evictions to ensure that banks are held accountable for attempting to modify loans before foreclosing on a property. Furthermore, allow tenants to continue to rent foreclosed properties until the property is re-sold, as it is better for the community and new owners of the home if the property does not sit vacant and contribute to blighted conditions.
- 5. Improve the current Home Affordable Modification Program.** The federal HAMP program was created to help struggling homeowners avoid foreclosure. However, HAMP is not effectively reaching households in low-income communities of color. It is necessary to expand the current HAMP program to include consequences for financial institutions who fail to modify loans, to require clear appeals and grievances processes, and to make loan modification and grievance data readily available, among other changes.

### Address housing instability and health

- 6. Support collaborations between schools and health, housing, and community organizations to develop comprehensive programs for mitigating the impact of foreclosures on students, parents, and communities.**
  - Work with housing/community advocates to identify schools severely impacted by foreclosures.



- Do outreach and education to parents around foreclosures.
- Provide needed housing and health resources and services to families both through referrals and on-site school programs.

**7. Increase referrals across housing and health agencies and co-locate housing and health services so that households facing foreclosure can get their needs met in one-stop.** This could include convening housing/health fairs and periodically stationing health service providers at foreclosure clinics. Health service providers could include nurses, mental health specialists, and benefits enrollment specialists for Medi-Cal, food stamps, and other benefits programs. Finally, this could include creating toolkits that help housing and health providers connect families impacted by foreclosure with all of the resources they need.

**8. Enact State-level legislation that prohibits utility shut-off in foreclosed tenant buildings.** Tenants in Oakland are protected by the Just Cause for Eviction Ordinance (Measure

EE). This means that they cannot be evicted from their rentals simply because the property has gone into foreclosure. However, there have been hundreds of cases across Oakland of banks and landlords neglecting to pay for water once the dwelling begins the foreclosure process, despite the fact that the tenants continue to pay rent. State-level legislation that prohibits utility shut-off in foreclosed tenant buildings in Oakland would allow the East Bay Municipal Utilities District (EBMUD) to put liens on the properties where the banks and landlords refuse to pay water bills for their tenants, as a way to illegally force them out of their homes. Non-payment of water bills create uninhabitable housing conditions for tenants who have a right to stay in properties after they have been foreclosed on.





**9. Pass and enforce a foreclosure registration ordinance that applies to both vacant and occupied buildings.** The City of Oakland passed a Foreclosure Vacancy Registration Ordinance that requires banks to register their ownership of properties they foreclose on and holds them to maintaining compliance with habitability codes. Additionally these institutions are required to secure and maintain the properties that are vacant as a result of foreclosure. This policy needs to be strictly enforced. Additionally, the current ordinance only applies to vacant housing. This policy should be expanded to include occupied foreclosed buildings so that tenants are not forced to live in uninhabitable conditions.

**10. Reuse foreclosed properties for affordable housing.** Real estate speculation is increasing in neighborhoods heavily impacted by foreclosure. In order to both expand the supply

of affordable housing and prevent speculation and displacement, support and expand models such as the Oakland Community Land Trust, created through the joint efforts of Urban Strategies Council and Alliances of Californians for Community Empowerment. The Oakland Community Land Trust is transforming 200 vacant foreclosed houses into permanently affordable homes.

### **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.** Support the creation of something like the proposed Consumer Financial Protection Agency, which would have the authority to enact consumer protection rules for credit cards, bank accounts and other financial products, monitor for compliance, and penalize violators.



# LIMITATIONS & TECHNICAL NOTES

This report examines the health impacts associated with foreclosure in select neighborhoods of East and West Oakland. The survey method used in this report does not establish causal links but rather suggests associations between predictor variables (e.g., foreclosure status, foreclosure worry, housing instability) and outcome variables (e.g., self-reported health status, physical health decline, emotional health problems, reduced social cohesion). A one-time cross-sectional design was used (with data collected at one point in time rather than longitudinally), and there are no comparison groups (e.g., communities in Oakland with low foreclosure rates).

The overall sample size is fairly robust (N=388), but some subgroup analyses involved smaller numbers of respondents (e.g., n=51 for the recently or currently foreclosed subgroup) that could reduce reliability of findings. The door-to-door method of recruitment helps to bolster the extent to which the survey sample is representative of the population in the target neighborhoods

because each household is approached to participate in the survey. However, there is some potential for non-response bias in the survey sample if certain groups are unwilling or unable to participate in the survey. For example, some foreclosed residents may be living in transient living situations (e.g., homeless, in shelters, with family members in other neighborhoods) and thus they were not available to participate in this door-to-door household survey. Finally, there is some risk of response bias, if respondents felt that they should answer certain questions in particular ways; although efforts were taken in terms how questions were worded and asked to minimize likelihood of this type of bias.

Analysis of survey data included descriptive statistics and chi-square testing with significance threshold of  $p \leq 0.05$  to examine relationships and differences among variables under investigation. SPSS software was used for statistical analyses, and ArcGIS was used for spatial analysis and to create maps.





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