
REBUILDING NEIGHBORHOODS, RESTORING HEALTH

A report on the impact of foreclosures on public health.



PRODUCED BY A PARTNERSHIP BETWEEN
the Alameda County Public Health Department
and Just Cause Oakland



INTRODUCTION

Foreclosure, Health, and What We Can Do About It

The incidence of foreclosure in Oakland is not randomly assigned to neighborhoods. The neighborhoods that bear the burden of the poorest health outcomes are the same neighborhoods experiencing high foreclosure rates. These neighborhoods were targeted by predatory lenders who leveraged community bonds to spread outrageous financing schemes among Oakland's low-income residents. Urban legends of loan officers attending neighborhood block parties and church services while pushing "liar's loans" have run rampant. Watching housing instability over time, one can almost hear the conversations passed between neighbors about the "good deals" to be had at the peak of the housing bubble. But as that bubble burst, not only are individual home owners and renters feeling the health impacts

of this economy, whole communities are reeling from the shock.

Home-ownership is a cornerstone of the American Dream. In recent years in America we have witnessed factors that, while initially making homeownership and its wealth-building benefits accessible for many, ultimately resulted in the current foreclosure crisis. The foreclosure crisis did not "just happen." At the root of the crisis lay federal policy decisions; unfair, unsustainable, and in many cases deceptive mortgage lending practices;¹ and the aggressive push of easy-credit into low- and moderate-income communities.² These factors came together to maintain a housing bubble that created huge short-term profits for few; the full negative effects of which remain to be seen.

It will be the empowerment of neighborhoods to stop the impacts of the foreclosure crisis and be armed with the tools to say “never again”.

Our local communities have been hard hit by foreclosures. Alameda County ranks number thirteen in the country in house values and property tax base lost due to this crisis.³ In February 2009 alone, there were over 2,500 foreclosed properties in Alameda County⁴ and nearly one-third (847 of 2586) of these were in Oakland. In 2008, 38,797 properties underwent Foreclosure in Oakland.⁵ These properties were concentrated most heavily in East Oakland zip codes 94605, 94603 & 94621.⁶

Because of this disproportion, especially affected are those in low-income communities of color. The areas of Alameda County with the highest rates of foreclosures are areas of the greatest concentrations of low income and African-American and Latino residents. In these areas, “subprime” loans were aggressively marketed to people of color for both home purchase and re-finance, including those who could have qualified for less-costly and more reasonable “prime” loans.⁷ These subprime loans often did not require lenders to consider long-term affordability for the borrower, and most included an adjustable rate mortgage component (ARM). Under ARMs, interest rates “exploded” after a few short years, pushing monthly payments far out of reach for many borrowers. In 2006, Latino and African-American borrowers in the Oakland area were between three and four times more likely to receive subprime loans for their home purchase compared to white borrowers (27.3% of African-American, 20.0% of Latino, and 5.8% of

White borrowers).⁸ In Oakland, neighborhoods of color were 23.6 times more likely to get a higher cost refinance loan than white neighborhoods.⁹ Furthermore, More than 20% of the properties facing foreclosure nationwide are rentals. Because rental properties often are home to multiple families, renters make up roughly 40% of the families facing eviction.¹⁰

While the grave economic impacts of this crisis are evident, the foreclosure epidemic also has serious health impacts – not only for those individuals and families who undergo the process, but also for those living in impacted communities. This brief outlines those health impacts. This brief is the first part of a historic collaboration between Just Cause Oakland and the Alameda County Public Health Department, who are working together in Oakland’s hardest hit neighborhoods to understand the extent of the foreclosure crisis. These neighborhoods were chosen because of their disproportionate burden of health and social inequities, as well as their potential for organizing to save their neighborhoods. Following this brief, during the Summer of 2009, JCO and ACPHD will conduct outreach and data collection, the results of which will be published in a report to follow. However, the main product of this partnership will not be data—it will be the strengthening of the communities we work in. It will be the empowerment of neighborhoods to stop the impacts of the foreclosure crisis and be armed with the tools to say “never again”.



“YOUR HEALTH AND MY HEALTH”: The Individual Impacts of Housing Instability

One of the most direct ways in which foreclosure impacts health is through its crushing effects on the financial stability of individuals and households. Beyond losing one’s home, foreclosure leads to a loss of equity. A foreclosure is a credit-killing event—it has lasting effects on future home ownership and wealth building potential. On top of dealing with economic loss, foreclosed individuals and families have to find and pay for another place to live. The foreclosure crisis has increased demand for rental properties, and rental prices have consequently risen.¹¹ High rental payments mean less income left over for food, medical care, and other basic household needs.¹²

Poor housing quality

Being without financial resources and affordable housing options, many of the foreclosed are moving in with relatives or friends, turning to emergency shelters, or ending up on the streets.¹³ Crowded and substandard living conditions in these places present multiple health risks, including infectious diseases like tuberculosis, respiratory infections, and psychological distress.¹⁴

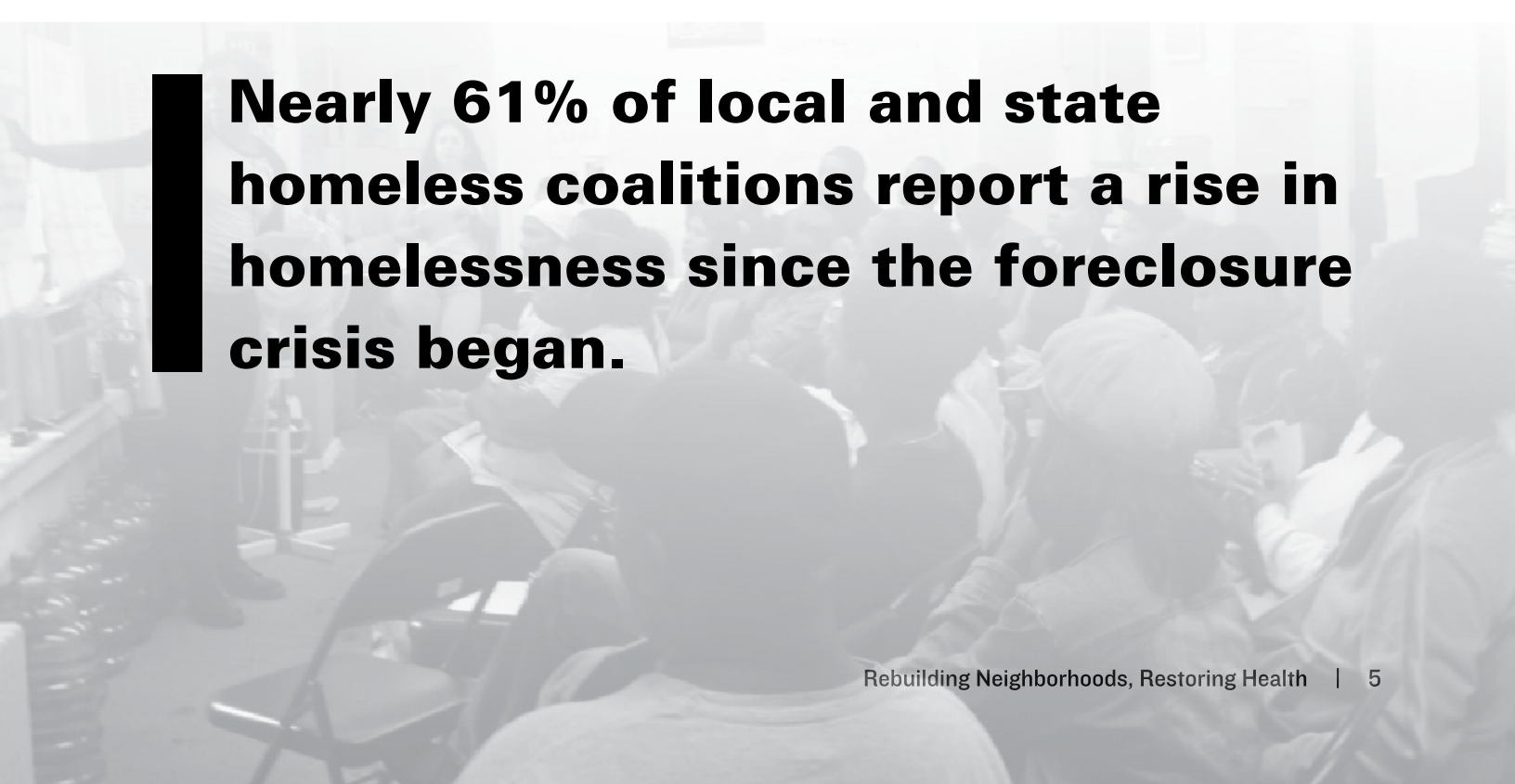
Nearly 61% of local and state homeless coalitions report a rise in homelessness since the foreclosure crisis began.¹⁵ Many foreclosed properties are multi-unit buildings that are

renter-occupied. While tenants have a right to habitable homes at all stages of the foreclosure process, they are facing abhorrent conditions like being locked out of their homes, having utilities shut off, and being evicted and put out onto the streets with little to no notice.¹⁶ In cities with local “just cause eviction” ordinances (such as Los Angeles, Oakland, and San Francisco), most tenants are not legally required to move as a result of a foreclosure but many owners evict them anyways.¹⁷

Stress and other household effects

Foreclosures can have crippling effects on the well-being and stability of families. Worry about, and actual experiences of foreclosure, 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.¹⁸ The stress of foreclosures can lead to feelings of hopelessness, worthlessness, anxiety, and depression. Stress experienced by parents can seep down to their children. In addition to the trauma of being forced to leave one’s home, social ties can be disrupted in the face of foreclosure. Children and teenagers must leave behind friends, neighbors, schools, and teachers. Research suggests that problem behaviors often emerge and academic performance suffers when students are uprooted from their schools.¹⁹



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“OUR HEALTH” The Community Impacts of Housing Instability

Community Health Defined

The term “community health” is much more than the aggregation of many individuals—a community is greater than the sum of its parts. The housing crisis has shown the world that strong, vibrant communities are a critical component of a solid global economy. Communities have their own personalities, values and histories; these core traits are passed down through generations. When communities are stable and healthy, those living within them are given a much greater chance at success. When communities are stable and healthy, politicians and other decision-makers are much more likely to listen to the resident’s concerns. When communities are stable and healthy, neighbors reach out to each other and work together to provide a safe space for everyone within. Healthy communities have a wide array of services, a firm grasp over their own destiny, and a bright future.

Foreclosure can threaten community health a number of ways above and beyond the threats to individual health. By rocking neighborhoods off their stable foundations, foreclosure and economic turmoil can deplete social networks, introduce blight and crime, as well as contribute to a loss of revenue and political power. All of these things perpetuate poor physical and mental health.

Foreclosure, Blight and Crime

Just as the impetus for the Foreclosure crisis was contagious, so too are the effects. When one home on the block enters foreclosure, the entire neighborhood is affected—not only financially, through a loss of property values, but also through the impact of blight and crime. The term “blight” refers to vacant or abandoned property that has fallen into disrepair. Blighted buildings can be an eyesore for the rest of the community—it is a visual threat to stability, and a singular

reminder of impending crisis. Blight can serve as a sign of hopelessness, or a lack of investment in the neighborhood. Blight can also serve as an invitation for crime—vacant and abandoned properties are magnets for trespassing, drug activity, and prostitution. Studies have found that the presence of blight in childhood can have particularly powerful health effects; holding all else equal, children in blighted neighborhoods performed more poorly in school and exhibited more health problems than their counterparts in more attractive neighborhoods. These effects were also found to carry over into adult working life.²⁰

The Strength of Social Networks and Social Capital

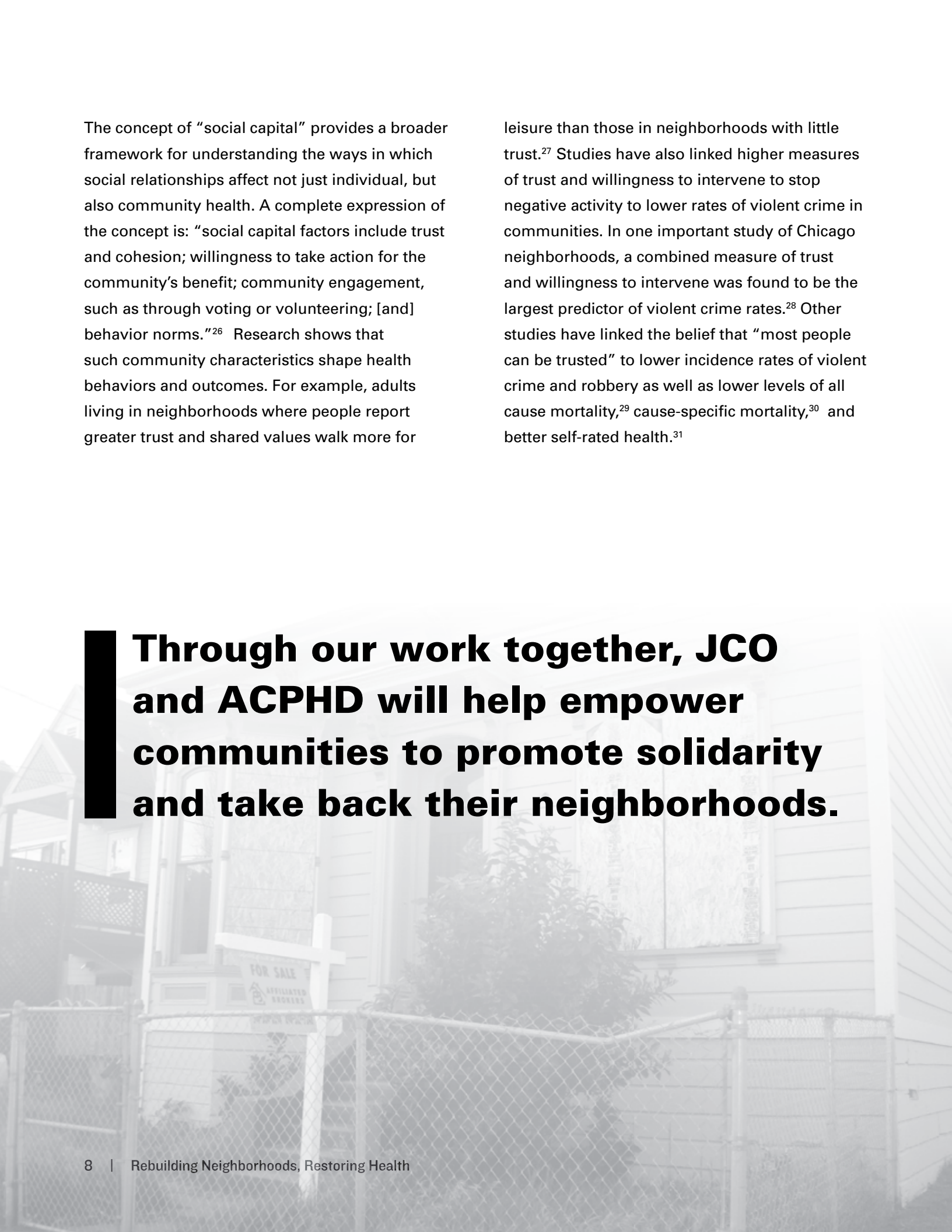
Good social relations and strong support networks improve health, and housing instability breaks up those strong social ties. Evidence supports the relationship between strong social cohesion and better physical and mental health,²¹²²²³ and conversely, the association between social isolation and higher rates of disease and death. The pathways of this relationship are varied. Strong networks of caring neighbors may share information about, or even model,

health behaviors. There is also evidence that having another person invested in your well-being improves self-image and sense of control, which in turn improves mental health.²⁴ From a practical perspective, Oakland neighborhoods facing the burden of housing instability are also facing the burden of a whole host of other social problems—when communities are healthy fewer people tend to be isolated, and therefore less vulnerable to neglect. It is less likely that, when caring neighbors are a part of your life, you will have to shoulder any crisis alone. One study of urban isolation found that death at the time of the 1995 heat wave in Chicago was linked to differences in individual social relationships and supportive institutions in a poor neighborhood. The elderly residents living alone who had a helpful neighbor, friend, relative, or service provider to visit and help them cope with the heat were less likely to die from the high temperatures than other elders who were almost always isolated from social contact and support.²⁵ Additional research shows that being socially isolated is associated with increased rates of premature death and poorer chances of survival after cancer and heart attack.

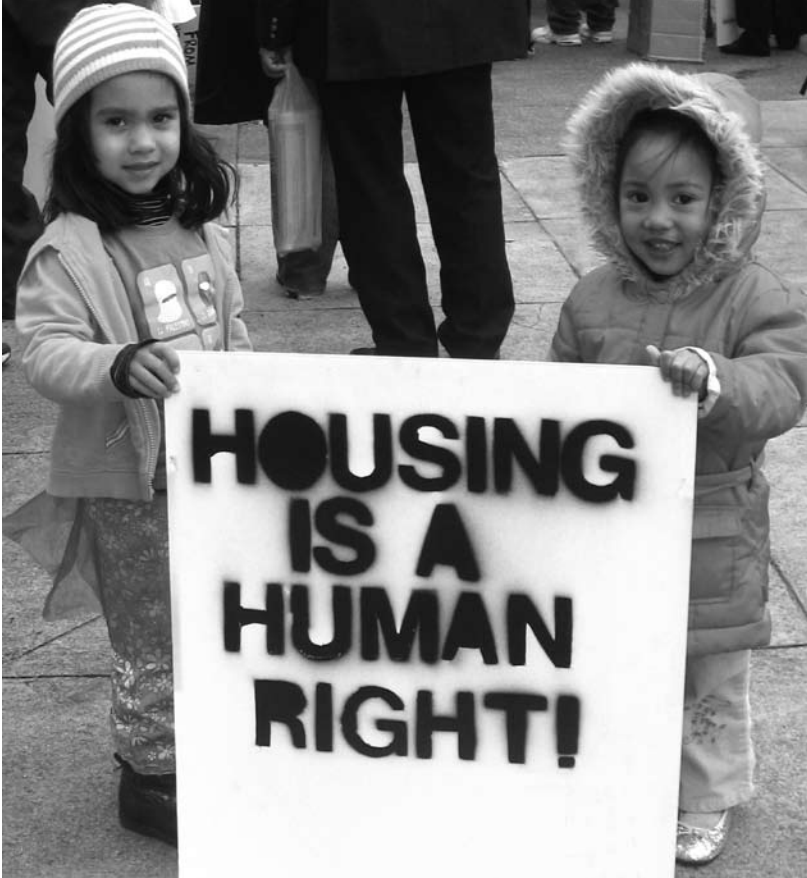
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The concept of “social capital” provides a broader framework for understanding the ways in which social relationships affect not just individual, but also community health. A complete expression of the concept is: “social capital factors include trust and cohesion; willingness to take action for the community’s benefit; community engagement, such as through voting or volunteering; [and] behavior norms.”²⁶ Research shows that such community characteristics shape health behaviors and outcomes. For example, adults living in neighborhoods where people report greater trust and shared values walk more for

leisure than those in neighborhoods with little trust.²⁷ Studies have also linked higher measures of trust and willingness to intervene to stop negative activity to lower rates of violent crime in communities. In one important study of Chicago neighborhoods, a combined measure of trust and willingness to intervene was found to be the largest predictor of violent crime rates.²⁸ Other studies have linked the belief that “most people can be trusted” to lower incidence rates of violent crime and robbery as well as lower levels of all cause mortality,²⁹ cause-specific mortality,³⁰ and better self-rated health.³¹



Through our work together, JCO and ACPHD will help empower communities to promote solidarity and take back their neighborhoods.



FIGHTING THE IMPACTS OF FORECLOSURE THROUGH COMMUNITY EMPOWERMENT

In neighborhoods already overburdened with social and health inequities, the cumulative impacts of the effects of the foreclosure crisis can become too much to bear. Disinvestment may grow, and as neighborhoods lose businesses and tax revenue, they also lose political power and agency. The story of American Politics boils down to wealth and influence; when entire neighborhoods are broken down by this financial instability, they are less likely to be incorporated into the policymaking process. We have seen the ill effects of what happens when policy is created in a vacuum, with little attention paid to the needs of our most vulnerable neighborhoods. It was this lack of

foresight that resulted in the mess we have on our hands today.

To improve community health, we must strengthen bonds within communities and help build bridges to external organizations and institutions with power and resources. Moreover, we will need to engage and mobilize communities so they can advocate for change in their economic, physical, social, and service environments. *Empowerment* is vital for *changing* the structural factors that perpetuate negative community conditions.³² Through our work together, JCO and ACPHD will help empower communities to promote solidarity and take back their neighborhoods.

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