



Broken Homes, Broken Dreams

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Broken Homes, Broken Dreams: What Happens to Families after Foreclosure

- Interdisciplinary Research Team
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 - David Rothstein, M.A., *Policy Matters Ohio*
- Project endorsed by the CWRU Social Justice Alliance and funded by the CWRU Office of the Provost
- Cooperation from NHS, CHN, ESOP, and Legal Aid



Research Questions

1. What experiences lead up to the foreclosure?
(Open-ended story beginning with when and how mortgages obtained up to and including the foreclosure)
2. What resources—formal and/or informal, including social networks—did they call upon in dealing with their foreclosure experience?
3. What has been the meaning and impact of foreclosure for themselves and their families, including on their health?
4. What public policies could help during different stages of the foreclosure process?



Outline

- Foreclosures in Ohio
- Recent research on the relationship between home foreclosures and health
- Preliminary findings from interdisciplinary alliance pilot study on families' experience with home foreclosures
- Themes

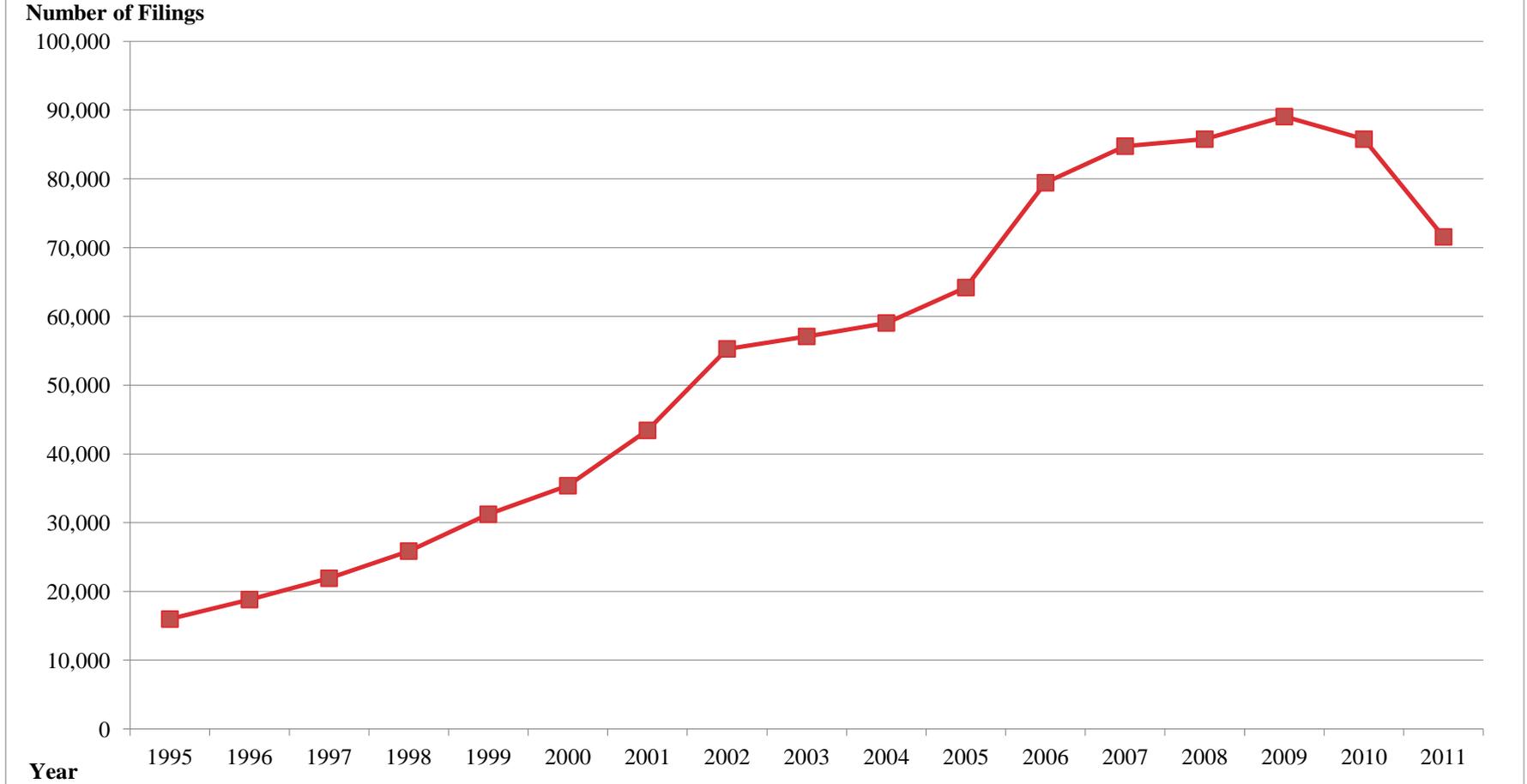


Effects of Foreclosure

- Major stressor for families who've often already experienced one or more initial precipitating event(s) (e.g., job loss, divorce, health problems, etc.)
- Residential mobility and instability have negative effects, related to detrimental outcomes for children and families
- Vacant, abandoned, and transient properties break fabric of communities



Ohio Foreclosure Filings, 1995-2011



Source: Policy Matters Ohio 2012; Ohio Supreme Court, Policy Matters Ohio review of filings in U.S. district courts. Data include federal filings beginning in 2004 and ending in 2008.



Foreclosures in 2011

- Cuyahoga County: highest rate in state, nine filings per 1,000 people and 11,544 foreclosures
- One foreclosure filing for every 71 housing units
- More than 500,000 underwater mortgages, 8% of mortgages are seriously delinquent or in foreclosure
- The loan-to-value ratio in Ohio is more than 76 percent, (mortgage holders have less than 25 percent ownership in their home mortgages)
- More than one in three homes is under water
- Foreclosures are taking longer to process, an average of 674 days

- Source: Policy Matters Ohio Report: *Home Insecurity 2012: Foreclosures and Housing in Ohio*



Behavior/Mental Health Issues

Children

- Diminished self image affects behavior and emotions
- Multiple behavior issues, including violence
- Emotional distress, experiences of loss
- Children seeing selves as financial and emotional burden on parents
- Multiple school performance issues

Parents

- Decreased self-esteem
- Decreased confidence in parenting ability
- Increased fear
- More marital problems
- Increased addiction
- Employment interruptions



Neighborhood/Community Issues

- Fiscal stress/deterioration of services, smaller tax base for area school systems
Families who move often face new neighborhoods with
 - Changes in lifestyle
 - More crime, social disorder
 - Worse school systems
 - Fewer community resources and activities for youth



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Physical Health Issues

- Financial troubles decrease amount of money available for health insurance, medications, nutritious foods, and health care, threatening overall health
- Foreclosure associated with significant increases in
 - suicide attempts
 - heart attacks
 - stroke
 - non-elective visits (i.e. unscheduled visits for urgent or emergency care) and for conditions including urinary tract infections, gastrointestinal problems, chest pain and dysrhythmias
 - Effects strongest for Hispanics
 - Largest estimated effects on heart attack and stroke among blacks



Homeowners in default or foreclosure

- Medical issues
 - Higher rates of major depression, hypertension, and heart and renal disease
 - poorer mental health
 - more physical symptoms
 - Injured children
- Medical issues often a reason for undergoing foreclosure
 - Owing money for medical expenses/bankruptcies
 - Homeowner or family member medical issues
- Use of medical services
 - Do not fill prescriptions because of cost
 - Less likely to have a primary care physician or outpatient visit
 - More likely to visit the emergency department
- Sources: (Pollack & Lynch, 2009; Pollack, Kurd, Livshits, Weiner, & Lynch, 2011; Pollack, Lynch & Cannuscio, 2010; Shardell, Asch & Lipman, 2011; Libman, Fields & Seagert, 2012)



Project Summary

- Pilot study
- Recruitment via housing counseling agencies, Legal Aid, snowball sampling
- Key Informants
 - Family member who lived with a child <18 at the time faced foreclosure (N=29)
 - Service providers who work with families undergoing foreclosure (N=16)

Sample

- 84% female
- 68% African American
- Approximately half owned homes in the city of Cleveland
- 80% had household incomes < \$50K at time of home purchase



(Some) Reasons for Facing Foreclosure

- Losing job or having hours cut
- Spouse/partner losing job or having hours cut
- Death of a spouse (one to suicide after job loss)
- Birth of a child with medical issues
- Leaving a job to take care of an ailing spouse or parent
- Excessive medical expenses
- Taking out large loans on the home for home repairs (sometimes very large loans)



Overview

- Attempts to Avoid Foreclosure
 - All had attempted to work with their banks (requesting modifications to the terms of their loans) with little success
 - Most sought housing counseling and/or legal assistance
 - Many had filed for bankruptcy
- Respondents expressed a feelings of powerlessness, frustration, and injustice at their banks' inability and/or unwillingness to work out loan modifications
- Respondents expressed extreme anxiety about their situations, not knowing whether they would have to give up their home
- Those who had already moved as a result of foreclosure were in many ways in a better place psychologically (small N)



Feelings about Facing Foreclosure

- Shame, embarrassment (hid their situation from their children, other family, friends)
- Anxiety (what will happen to us?)
- Feeling like a failure
- Weary, exhausted, worn down by the process
- Angry/frustrated
 - Many said they wanted to make payments
- Sad
- Confused
- Guilt



Self-reported effects on own and health of family members

- I've aged 20 years in the last two years so, I've never felt worse and it's my fault...
- My husband is always stressed. [He] now is working seven days a week sometimes, sometimes 12 hours a day, ...and then he has to maintain medical for all the children...



- For me the biggest thing was are they going to put a big sign up in our front yard for our neighbors to know...?.
- It puts a strain on families, it puts a strain on the relationship between parent and children, it puts a strain on our marriage even though it did not cause divorce or separation because we have a good external support group for that. But through the process I had to increase my depression medication and in the 4th year, 4th or 5th year I had a quadruple bypass.
- I am terrified. My kids need a place to be. My nieces and grandkids need this place. We are the family house...They all go to the same school.



Meaning of the Experience

- “this is up there next to death. This causes tremendous [stress]- but relationships have been ruined because of this. So, I mean, I hope that as you interview other people, I hope they’re able to express this it’s a mental, emotional devastating experience.”



Coping

- Prayer
- Exercise
- Church
- Talking with others about experience
- Seeking help
 - Housing counselors



Key Themes

- More than financial damage
- Separation from community/neighborhood
- Time!
- Homeowners facing foreclosure might benefit from coordinated, affordable health and social services
- Disruption of personal and community social goals
- Quest for fairness



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Future Research

- Larger N
- Longitudinal work examining long term effects
- What are the cultural models of home ownership?
 - How are these models distributed; has the foreclosures crisis changed the meaning of the American Dream, and for whom?
- Are effects of foreclosure different/less severe for non-parents and/or those not living in families, and those in higher income categories?

