California: foreclosures and homeless on the rise

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Stagnating wages, increasing unemployment and rising food and fuel prices are driving a wave of foreclosures in California, forcing hundreds of thousands into destitution. The housing crisis has left many working class families homeless or forced to go to food banks to survive day to day.

Rising unemployment in California is adding to the foreclosure crisis. The July unemployment rate of 7.3 percent, a 12-year record, combined with nearly 2 percent of all residential loans entering into foreclosure across the state (compared to a 1.6 percent nationally), is driving increasing numbers of California working families into homelessness.

According to statistics released September 12 by RealtyTrac, an online seller of foreclosed homes, foreclosure filings increased 12 percent nationally in August 2008 compared to July and were up 27 percent compared to August 2007. In California, foreclosure filings were reported on 101,724 homes in August, 40 percent higher than July and 75 percent higher than August 2007.

Of the 230 cities tracked nationwide by RealtyTrac, eight California cities were among the top 10 metropolitan areas with the highest foreclosure rates in August. In Stockton, 1 in every 50 households received a foreclosure filing during the month. Oakland, California, the state's eighth-largest city, reported one foreclosure filing for every 60 households and is eighth on the list. Sacramento, California's capital, is tenth on the list. One in every 130 homes in the state is in foreclosure, the highest proportion in the United States.

According to the *Los Angeles Times*, only about one third of homeowners on the foreclosure filings list are able to avoid giving up their home to the bank.

Adjusted for inflation, median household incomes in California fell from $56,000 in 2000 to $55,000 in 2007, and are expected to drop further in 2008. As income levels stagnate and unemployment rises, the number of homeowners who cannot pay their loans also increases.

While the initial wave of foreclosures mainly involved people who had been drawn into risky sub-prime and negative amortization loans, the new wave includes those with conventional loans. Statistics recently made public by the Mortgage Bankers Association show that foreclosures on adjustable-rate loans to prime borrowers are now growing much faster than subprime foreclosures.

On September 10, the system that administers California's unemployment compensation announced that it faces a $1.6 billion deficit by the end of 2009 and would need to borrow from Washington. This would be only the second time since the 1930s that the state has been forced to borrow from the federal government. Due to restricted access to unemployment compensation, only about half of the state's 1.35 million unemployed actually qualify for six months of unemployment benefits (50 percent of their wages while working, with a cap of $450 per week—a paltry sum, given the high cost of living in the state).

California's homeless population is very different from that of the 1970s and 1980s, when it largely comprised some of the more marginalized sections of the population, including the drug addicted and the mentally ill. Among the newly homeless are former construction workers, real estate loan officers, teachers and others. As in the 1930s, entire layers of the working class are being deprived of the basic right to decent shelter, driven into shelters, food banks and even their own cars.

Fitting in with California's car-driven society, an alternate form of homelessness, people living in their

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campers or cars, is increasingly common. In the coastal city of Santa Barbara, where rents are high even by California standards, municipal authorities have made 12 gated parking lots available to those living in their cars, the first such program in the United States.

The California law that prohibits people from sleeping in their cars in public streets and highways is being ignored in other California cities, particularly for those homeless who park their vehicles in municipal park roads or other out-of-the-way areas.

The WSWS interviewed Dwight Smith, director of Isaiah House, an emergency shelter in Santa Ana that is attempting to provide services for the rising numbers of homeless in California. (See accompanying video).

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