

Detroit: Jobs scarce as home foreclosures hit record

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Home foreclosures in the Detroit Metropolitan area set a record for the first six months of 2010, according to figures released by RealtyTrac based in Irvine, California. There were 47,563 foreclosures from January to June, representing a 35 percent increase from the first six months of 2009, the previous record for home foreclosures.

Meanwhile, despite a small, largely statistical, decline in unemployment in June, Michigan's unemployment rate of 13.2 percent still ranked it second highest among the 50 states, just behind Nevada. It was the first time in the past 50 months that Michigan did not have the top spot.

The decline in Michigan's June unemployment rate was almost entirely caused by a drop in the labor force, as discouraged workers gave up the hunt for jobs. Some 47,000 fewer workers were seeking jobs in Michigan last month compared to June 2009. Meanwhile, Michigan employers added just 3,000 jobs in June. When people who have quit looking and part-timers seeking full-time work are counted, Michigan's rate of unemployment and under-employment is 21.7%.

Judy Putnam from the Michigan League for Human Services told the WSWS, "We know that people are out there looking and there are no jobs available. There have been anecdotal reports of food banks experiencing huge increases in needs."

"Cash assistance caseloads are on the rise. We did a survey for the first three months of 2010 and it averaged just under 80,000—the highest caseload in three years. You have to have a very low income, be in deep poverty, to qualify. We question whether the state has the ability to take on more caseloads."

In April, *Forbes* named the Warren-Troy-Farmington Hills area in the northern Detroit suburbs as the worst "city" in the nation to find a job. Detroit-Livonia-Dearborn ranked fourth-worst overall, with a 13.7 percent unemployment rate, and second-worst amongst large cities. The real unemployment rate in the city of Detroit, the poorest big city in the United States, is close to 50 percent.

A sharp indication of this distress is the rise in home foreclosures. According to data compiled by the Southeast Michigan Council of Governments, one in 28 properties in the city of Detroit is in foreclosure. Of an estimated 341,554 housing units in Detroit, only an estimated 246,447 are

occupied. When the foreclosure rate is calculated with respect to the number of occupied properties it rises to one in 20 in foreclosure.

For Detroit and surrounding Wayne County the report found 1 in 34 homes in foreclosure. The cities of Lincoln Park and River Rouge both had 1 in 28 homes in foreclosure. Redford Township had 1 in 23 homes in foreclosure. Dearborn, the home of the Ford Rouge complex and Ford World Headquarters, had one in 29 homes in foreclosure.

A foreclosure aid phone line set up by the State of Michigan last week was overwhelmed with calls and crashed soon after it opened. Michigan and several other states, including California and Nevada, recently started their own foreclosure prevention programs targeted to unemployed people and those with reduced incomes. Michigan offered unemployed homeowners up to \$750 a month in cash assistance and a principal reduction of \$15,000. However, major mortgage lenders in Michigan are so far refusing to participate, making it unlikely that those in need will actually receive promised assistance.

A WSWS reporting team spoke to workers outside a Michigan Department of Human Services office in northwest Detroit. At mid-morning the office was packed with those seeking assistance. A guard on duty told the WSWS that there were often lines outside the office in the morning when it opened, adding, "On the Tuesday after the July 4 holiday it was off the hook."

Marshall Humphreys told the WSWS that his family recently lost both homes they owned to foreclosure. "We had paid one quarter of a million in loans and we had just \$80,000 in equity," he said. "They just foreclosed on our house in Redford. We bought it for \$130,000 and now it is worth \$50,000. I have another little one on the way, due in November."

He said that he had not worked since the start of the year: "I was a plumber for three and one-half years and then got laid off. After that I worked in landscaping.

"Michigan is hurting bad. As far as (Michigan) Governor

Granholm, I think a lot more could be done.”

Nekita Warren told the WSWS that she had been studying to be a doctor at a medical school in the Dominican Republic, but recently returned to Michigan to give birth to a child. She was at the Department of Human Services office to apply for food stamps. “I don’t like this,” she told the WSWS. “I would rather get a job than have to deal with this. I wasn’t able to work for three months because I had a C-section. When I am here, I feel like I have to beg. I wish there was an easier way to do it. I never had to be on aid before. I am just trying to get back on my feet.”

She noted that there were many working adults, both men and women, applying for state assistance. “It used to just be women with babies applying for assistance. Now men have to come in here. So many are losing their homes because of foreclosures and they gave billions for the bailout.”

According to a statement issued by the Michigan League for Human Services, by mid-July some 104,000 unemployed workers in Michigan had been impacted by the delay in congressional passage of an extension in unemployment benefits. The MLHS said that the state of Michigan had few resources to absorb additional unemployed into cash assistance programs and that non-profit organizations report being “strained to the breaking point.”

The refusal by Congress to extend COBRA assistance, which helps unemployed workers pay for health insurance, will have a devastating impact. According to the MLHS, Cobra subsidies helped 83,000 Michigan households in 2009 and the first three months of 2010. Without these subsidies, the unemployed will face huge increases in health care costs, forcing many to go without coverage.

Meanwhile, the failure of Congress to appropriate additional funding for Medicaid, the joint federal-state health insurance program for those with low incomes, means Medicaid recipients face further reductions in services. Michigan alone stands to lose \$500 million.

An older worker, who did not wish to be identified, said he had been impacted by the extended delay by Congress in extending jobless benefits: “I work in the restaurant business and I have been out of work for two and one-half years. My unemployment just ran out, I am getting evicted next month and I have no food in the house. They cut my food stamps from \$200 a month to \$6 a month. They said there was a problem in the system. I am here to try and get it straightened out.

“It is rough when you go on interviews. They look at your grey hair and don’t want you.”

Asked about the delay in passage of the unemployment extension, he replied, “I wouldn’t vote for anyone who is in office right now.”

Gwendolyn Davis told the WSWS, “I just graduated from college and I can’t find a job. I have a B.A. degree in business administration, so I can imagine what it is like for those who don’t have a degree. Right now I am in the Co-op program at Henry Ford Community College; you get a grade but you also get paid for working part-time.”

Gwendolyn said she was seeking assistance for medical care. “I am on a Medicaid spend-down program. I have to pay a deductible of \$130. My understanding is that it was a one-time payment, but some people are saying that it is per visit.”

Asked about the response of the government to the economic crisis and the distress facing millions of unemployed workers, Gwendolyn replied, “I don’t understand how you can give GM and the banks all that money while you have all these people standing out here that they put out of work in the first place. The banks are not hurting. The people in the streets are hurting.” She said that instead of billions to bail out Wall Street, “you could give billions to create jobs.”

Tamara Cowan told the WSWS that she was trying to support a family working as a telemarketer making just \$10 an hour, while paying rent of \$800 per month. “Telemarketing is a bad job to have right now because of the economy. It is not what I really want to do, but I have kids. You don’t get raises, but they have a bonus structure.”

She said that she had come to the DHS office to apply for child care assistance. “I applied May 17,” she said, “and here it is July and I haven’t heard anything. My child care provider is weary of waiting for her money.”

Asked her reaction to the response of the Obama administration and Congress to the jobs crisis, Tamara said, “They are all too laid back. It is not really affecting them. They can go to the grocery store without a problem.”



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