2010 sets US home foreclosure record

Andre Damon
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US home foreclosures hit a new record in 2010, as millions of families faced a disastrous combination of joblessness, falling wages, and plunging home values. The latest foreclosure figures, released Thursday by Realtytrac.com, come amidst a bout of negative economic statistics that underscore the depth of the social crisis.

Approximately 2.8 million properties had foreclosure actions taken against them in 2010, about 1 in 45 US households in all and an increase of 2 percent over 2009. The number of properties repossessed by banks jumped 14 percent, to over one million.

The new record comes in spite of an 11 percent curtailment of foreclosure filings and evictions in the fourth quarter. This short-term decline resulted from voluntary moratoriums put in place by some banks after it came to light that mortgage lenders were systematically falsifying documentation in order to speed Americans out of their homes. In the immediate aftermath of the scandal the Obama administration ruled out any punishment or investigation of the banks, and foreclosure processing accelerated.

Experts say the worst is yet to come. “The 2010 numbers came out significantly lower than we expected as a result of the mortgage documentation scandal,” said Daren Blomquist, director of marketing communications for Realtytrac, in a telephone interview. “But those foreclosures which were halted—about a quarter million—will simply be pushed to next year.”

Realtytrac was already projecting record levels of foreclosures next year before the mortgage scandal, and now estimates that foreclosure levels could be between 10 percent and 20 percent higher in 2011 than in 2010.

The Obama administration has done nothing to help homeowners. The administration’s Home Affordable Modification Program (HAMP), which was tacked onto the bank bailout for publicity, has provided permanent mortgage modifications to only a tiny fraction of those in need.

The congressional oversight panel for the bank bailout pointed out last month that the program “will prevent only 700,000 foreclosures—far fewer than the three to four million foreclosures that Treasury initially aimed to stop, and vastly fewer than the eight to 13 million foreclosures expected by 2012.”

Moreover, the plan does not entail any reduction to the principal owed by homeowners; it merely adjusts monthly payments. In this it is fundamentally no different from actions taken by the banks on their own behalf in order to reduce losses on foreclosures.

The foreclosure crisis is relentlessly driving down the value of homes, the major source of wealth for most US families.

Zillow.com, the online real estate database, announced this week that its index of home values fell for the 53rd consecutive month in November, and that home values have fallen 26 percent since June 2006. “That’s more than the 25.9 percent decline in the Depression-era years between 1928 and 1933,” wrote Katie Curnutte, the site’s PR Manager, in a blog post.

The Case-Shiller index, which tracks prices in 20 major cities, has fallen even more, showing a remarkable 30 percent drop over the same period.

The deepening foreclosure crisis and the ongoing collapse of the US housing market is being driven by

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mass joblessness and a far-reaching assault on wages.

"Joblessness is the number one reason people lose their homes," Blomquist noted. "As long as unemployment remains high, foreclosures will remain a persistent problem."

This week's initial jobless claims report offered no relief. The number of first-time benefit seekers grew by 35,000, to 445,000, the second consecutive weekly increase and the largest number since late October. There has been no statistically significant improvement in jobless claims in the past year, with the present level being essentially unchanged from the 456,000 claims reported on January 2, 2010.

The weekly jobless claims report from the Labor Department also reversed the much-touted improvement in the figure seen in December. The jobs situation supposedly improved that month, as the unemployment rate fell to 9.4 percent (a decline largely attributable to shrinkage of the workforce due to long-term unemployment), non-farm payrolls crept up by 100,000 (less than the number needed to keep pace with growth in the labor force), and jobless claims fell three weeks in a row.

Barack Obama seized on the December jobs report to proclaim an economic recovery, noting in a speech the day after the release of the December jobs figures that "each quarter was stronger than the last," and that "the pace of hiring is picking up."

The past several days have seen a number of mass layoffs. Steelcase, the office furniture company, announced that it will close three North American Factories on January 12, putting hundreds out of work. Lockheed Martin, the aircraft maker, said Thursday that it will cut 250 jobs at a plant in Eagan, Minnesota, which is slated for closure.

Even more drastic are cuts planned for the public sector. The Charlotte-Mecklenburg Schools system in North Carolina announced this week that it will cut 1,500 jobs as part of a budget-reduction program. The school system plans to supplement the layoffs with school closures and the slashing of programs.

More cuts are on the way. States are facing combined budget deficits of $140 billion for 2011. Costs have soared as a result of increased joblessness and poverty, straining social infrastructure to the breaking point. At the same time revenues have fallen by almost a third from their 2008 levels.

Despite the dire consequences posed by further cuts to state spending, there will be no relief from the federal government. "We have no expectation or intention to get involved in state and local finances," declared Federal Reserve Chairman Ben Bernanke in testimony before congress Wednesday, adding that states "should not expect loans from the Fed."

The financial elite, meanwhile, is demanding more spending cuts to make up for the multi-trillion-dollar bailout of Wall Street carried out by the Federal Reserve and the US Treasury, and the latest round of tax give-aways to the rich signed into law by Obama in December.

Moody's, the debt rating agency, said Thursday that the US government faces a downgrade of its AAA debt rating if it does not take further steps to cut social spending. "Future costs must be brought under control if these countries are to maintain long-term stability in their debt-burden credit metrics," the agency wrote in an email memo.

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