

JUST THE FACTS: THE ECONOMIC AND SOCIAL IMPACT OF HOME FORECLOSURES TO CALIFORNIANS

THE ECONOMICS OF A CRISIS:

The impact of the current nontraditional mortgage situation is not isolated to individual borrowers or investors – it is being felt broadly by individuals, communities, and all levels of government.

The high numbers of foreclosures along with the weakening real estate market are taking a heavy toll on the economy, especially at the state level.

The reduction in income in housing-related industries is also trickling into other parts of the economy as demand for other goods and services declines.

Inventories of unsold homes are up, which does two things 1) makes property values drop – decreasing prices and equity and 2) reduces taxable income state and local governments rely on.

Residential investment and consumer spending are dropping dramatically as a direct result of decreased home equity wealth and fewer and more expensive credit options due to this crisis.

THE COMMUNITY IN CRISIS:

The social impact of the foreclosure crisis is also taking a heavy toll. Families experiencing extreme financial hardship are at greater risk of social instability and communities with high numbers of vacant houses are reporting increased levels of crime and blight.

Foreclosed homes adversely affect sellers as well, adding to the inventory of homes competing for buyers and negatively affecting the perceived value of nearby property.

A half million Californians have non-traditional loans that will jump to higher rates in the next two years. *90 Days of Hope* features real California families who have been through the stresses of facing foreclosure and gives them a platform to tell how they received real help to successfully work with their lenders to keep their homes. The families share their personal, sometimes uncomfortable stories to give real hope to others to inspire them to take action about their situation.

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2007 by the numbers:

- 239,032** Number of foreclosure filings in California
- 84,057** Number of foreclosed homes in California
- \$80,000** The nationally estimated loss each subprime related foreclosure costs the homeowner, lender and community at large
- 5** Number of the top 10 metropolitan areas with the highest foreclosure rates that are in California
- 1** Number of foreclosure filings for every 60 households in the Stockton, Inland Empire, Sacramento, Bakersfield, Oakland, Fresno and San Diego metropolitan areas

2008 by the numbers:*

- \$8.3 Billion** Amount the Los Angeles metropolitan economy is expected to shrink
- \$5.4 Billion** Amount the San Francisco Bay Area economy is expected to shrink
- \$4 Billion** Collective amount of tax revenue California cities can expect to lose in property, sales and transfer taxes
- 16%** Expected reduction in home prices in California

*As reported by the U.S. Conference of Mayors:
The Mortgage Crisis: Economic and Fiscal Implications for Metro Areas,
November 2007, www.usmayors.org/metroeconomies/1107/report.pdf