

Mass Foreclosures? Not in Our Backyard!

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Anyone who's done it since the 1960's knows it's tough to buy a house in Santa Cruz County. In 1977 I borrowed a down payment to get into modest digs valued at four times my annual income. Five years later I couldn't have qualified for the loan. Refinanced twice; finally burned the mortgage two years ago. If I hadn't known the rules, ignored predatory lenders and had a steady job, I'd still be paying rent today.

While speculators drove prices sky high around here, we all watched children and good friends leave town for places where they could hope to own a home. Today, many folks who did get a toehold and some equity can no longer make their payments, or owe more than their houses are worth. They've joined the millions (maybe one out of five American homeowners) now headed into foreclosure. That's a massive, continuing transfer of wealth from the working poor and middle class to the high rollers. A bonanza for real estate investors, it's a disaster for neighborhoods. Healthy communities have long-time homeowners, affordable rentals and vigorous locally-owned businesses. All these are at risk today, when 3,000 Santa Cruz County properties, most in Watsonville or Live Oak, are in "preforeclosure" if not already foreclosed. Where's the solution?

So far, only veteran bankers have been assigned to help fix the financial system whose collapse they themselves caused. So however much we support President Obama, waiting hopefully for Washington to solve the foreclosure problem is a fool's game. The House passed a bill allowing bankruptcy judges to reduce mortgage debt and reset interest rates to avert foreclosures. The bankers stalled that bill in the Senate. Details and prospects for a proposed \$275 billion housing stimulus, with \$75 billion in "foreclosure relief" are only just emerging. So far, they look like helping only people with good credit, leaving most of those threatened out in the rain.

Our broke and broken state government can't help much. The Governor, in any event, generally vetoes bills that benefit working Californians. County government implements state law. But our three chartered city governments may have wiggle-room to pass foreclosure abatement measures like Salinas did, imposing fees on owners of empty houses as incentive to find ways of keeping folks in their homes.

People facing primary home foreclosures are not the "losers" they're made out to be. They've worked hard with a legitimate goal. Some fell for "affordability loan" scams a few years back; others simply lost their jobs. They're under water now; but they have options. People in default everywhere are finding that some can keep their homes, if they steer clear of scammers with quick fixes, seek expert assistance, organize to pressure lenders and officials, and don't just fall by the wayside one by one. That's especially true when and where better-off neighbors stand with them.

Foreclosure resisters have devised a variety of demands aimed at lenders, city councils, judges, and sheriffs' departments. They've even organized direct action to prevent evictions. The most promising tactics put pressure on lenders to renegotiate mortgages at current market values with fixed and lowered interest, or rent their properties to owners in default with an option to repurchase within a set period of time.

Help is available locally from the Consumer Credit Counseling Service, the Consumer Affairs section of the District Attorney's office, the Superior Court Self-Help Center, California Rural Legal Assistance, the Watsonville Law Center and lawyers Purdy and Simmons, who've collaborated to develop informational resources and provide free workshops for people facing foreclosure.

In Los Angeles, churches working with the Industrial Areas Foundation have obtained modifications for many by approaching banks with organized cohorts of threatened borrowers, and some extra muscle from civic leaders. A similar effort is now underway in Watsonville. To find out more, call COPA at 728-3210.

The economy is a human creation; humans can reshape it. The economy we need draws strength from private enterprise, and is regulated by a genuinely democratic authority to serve the common good. The one we have, in which corporations run amok, has been deregulated to serve high-risk investors. Politicians can conceivably fix this; but ordinary citizens must generate the demands to which politicians respond. That's real democracy. We all helped make this mess; and in the end only we can clean it up.