Chapter 28

Negative Effects of Home Foreclosures on Mental and Physical Health Risks

Owusu Kizito

InvestiGroup LLC, USA

ABSTRACT

The rising rate of home foreclosures which stands at approximately 1 in 92 households in the United States has raised a national alarm. Medical issues account for approximately half of all home foreclosure filings and it appears that approximately 1.5 million American homeowners could lose their homes to foreclosure every year. The phenomenological method was applied to explore the problems through the participant’s lived experience. Four core themes were revealed: foreclosure process resulting in hospitalization of family and foreclosure associated with the lack of family’s health insurance, family health and the foreclosure process, and foreclosure and the negligence of doctor’s prescription, foreclosure as perceived loss of money and finally homeownership, displacement and housing instability as a reason for depression. The study provides a framework for local practitioners and decision makers in identifying the consequences on the physical and mental health of the participants and their families and providing a workable foreclosure response system.

INTRODUCTION

A critical national concern has developed because of the growing number of home foreclosures in recent years, which currently stands about one in 92 households in the United States (Realty Trac, 2007). This situation has wide social implications, including unknown health-related consequences to the individuals involved. According to Robertson, Egelhof, and Hoke (2008), medical crises are among the major causes of home foreclosures, along with other factors such as rising interest rates, loose lending, a flat real estate market, and irresponsible borrowers. Approximately half of all home foreclosure filings result from family medical crises, and approximately 1.5 million American homeowners could undergo foreclosure each year.

Negative Effects of Home Foreclosures on Mental and Physical Health Risks

It appears the threat of losing a home can be stressful enough to make a homeowner sick, and researchers have shown a correlation exists between foreclosure rates and people’s health using the states of Arizona, New Jersey, Florida, and California as examples (Kalita, 2011). Kalita (2011) explained that researchers at Princeton University and Georgia State University found that a 7.2% and 8.1% rise in emergency visitations and hospitalizations occurs for hypertension and diabetes, respectively, among people aged 20 to 49 years, and 12% more anxiety-related hospital visits occur for every increase of 100 foreclosures in the same age category. Thirty-nine percent more hospital visits occur for suicide attempts for the same rise in foreclosures among the same age group.

The consequences of home foreclosures on affected families include eliminating the entire savings of the homeowners and causing unknown health-related concerns (Robertson et al., 2008). Other repercussions involve leaving significant debt on the homes they no longer own and having harmful consequences on neighborhoods and local communities. Home foreclosures reduce the return on investment for investors and lenders and upset the national goal of homeownership that influences social policy. As explained by Robertson et al. (2008), medical crises account for about half of all home foreclosure filings, which was previously unknown to policy makers and scholars; equally unknown are the health ramifications to persons undergoing foreclosure. The study involved investigating the lived experiences of the potentially negative consequences home foreclosures have on the physical and mental health of northern New Jersey homeowners. The study focused on the physical and mental health consequences and involved sampling 25 individuals in the process of foreclosure to explore their health consequences and analyze the findings to provide recommendations. The results may be particularly useful for local legal practitioners, state and local officials, and other decision makers in suggesting solutions for a workable local foreclosure response system.

PROBLEM STATEMENT AND RESEARCH OBJECTIVES

The general problem is that even though “stress is a normal part of everyday life, . . . the high levels of anxiety, shame, uncertainty, and fear likely associated with home foreclosure may contribute to a host of physical and mental illness” (Kingsley et al., 2009, p. 3). The health-related concerns of home foreclosures on families are mostly unexplored (Housing Program of Jefferson Parish, 2007). The specific problem is that the potential deleterious consequences of home foreclosures on physical and mental health remain generally unknown. Families in foreclosure may have more health problems than do their unaffected counterparts (Childs, 2008). Kalita (2011) found a rise of 100 foreclosures accounted for 12% more emergency and hospital visits for the individuals involved, and for an increase of 100 foreclosures, 39% more suicide-attempt patients went to emergency rooms and were hospitalized.

The purpose of this qualitative phenomenological study was to examine the participant’s lived experiences of the possible negative consequences of home foreclosures on physical and mental health in northern New Jersey. To fulfill the objectives of the study, 25 homeowners in the process of foreclosure participated in interviews to investigate the as-yet undetected health-related concerns brought about by home foreclosures. Older adults might especially feel the consequences of foreclosure because of the chronic health conditions that make relocation and adjustment to new neighborhoods stressful. The most intense demonstration of the possible impairment to mental health is the suicide rate of individuals before, during, or after foreclosure with its related financial problems (Kingsley et al., 2009).