

California Renters in the Foreclosure Crisis
Third Annual Report
January 2011



**TENANTS
TOGETHER**

California's
Statewide Organization
for Renters' Rights

TENANTS TOGETHER

Tenants Together is a nonprofit organization dedicated to defending and advancing the rights of California tenants to safe, decent, and affordable housing. As California's only statewide renters' rights organization, Tenants Together works to improve the lives of California's tenants through education, organizing, and advocacy.

In 2010, Tenants Together continued to lead efforts to mitigate the impact of the foreclosure crisis on tenants. Among other activities, Tenants Together advocated for stronger tenant protections after foreclosure, operated California's only tenant foreclosure hotline, released its Action Guide for Tenants in Foreclosure Situations, and delivered its *2010 Win-Win Proposal: A Proposal for Banks to Continue Renting to California Tenants After Foreclosure* to all major national banks.

TENANT FORECLOSURE HOTLINE

Tenants Together is in a unique position to report on the human impact of the foreclosure crisis on tenants. The organization operates California's only hotline exclusively for tenants in foreclosure situations. California tenants can reach the **Tenant Foreclosure Hotline** toll free at 1-888-495-8020 or submit an online intake form at www.tenantstogether.org/hotlineintake to get a call back from a counselor. Since launching, the hotline has assisted more than 5,000 tenants.

FORECLOSURE REPORT

This is our third annual foreclosure report. Through our reports, we track recent developments affecting tenants in foreclosed properties, provide analysis of year-end foreclosure data, and make recommendations to protect and expand the rights of tenants in foreclosure situations.

SPECIAL THANKS to Tenants Together's Hotline Counselors for their assistance in making this report possible: Elizabeth Aakhus, Rod Brown, Judith Buranday, Joshua Cruz, Sam Davidson, Heather Freinkel, Pedro Galvao, Christian Gribneau, Matt Hale, Margaret Hough, Nadia Iqbal, Michel Kim, Ryan Murphy, Chandani Patel, Andrew Stephenson, Ray Yetka, and Temnee Wright.

ABOUT THE AUTHOR

This report was authored by Gabe Treves, Tenants Together's Program Coordinator. Mr. Treves is in charge of Tenant Together's foreclosure-related work. His work to expand and protect the rights of tenants in foreclosure situations includes managing the Tenant Foreclosure Hotline as well as pressuring banks to adopt more sensible policies, engaging regulatory agencies to assure compliance with existing tenant protection laws, and working with the media to bring attention to the plight of tenants caught up in the foreclosure crisis. Mr. Treves's research experience includes six years as a labor union researcher.

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EXECUTIVE SUMMARY

This is Tenants Together's third annual foreclosure report. These reports are designed to shed light on the plight of tenants in foreclosure situations and offer solutions to this ongoing crisis.

Tenants are innocent victims in a foreclosure crisis they did nothing to create. In 2010, tenants and their communities continued to suffer from banks' inhumane and irrational policies to evict all occupants of their foreclosed properties. The results have been devastating, with hundreds of thousands of California tenants needlessly displaced and communities left with vacant homes and blight.

This report consists of four sections: section one describes the state of the crisis facing tenants in foreclosure; section two highlights recent developments affecting tenants; section three presents Tenants Together's research findings from a detailed analysis of 2010 property records; section four presents recommendations to mitigate the impact of the foreclosure crisis on California tenants.

Key 2010 developments reported:

- The clarification and extension of the 2009 Protecting Tenants at Foreclosure Act.
- The enactment of laws to protect tenants against utility shutoffs (SB 120) and from negative credit impacts of post-foreclosure evictions (SB 1149).
- The expansion of just cause for eviction laws in the cities of Los Angeles, San Francisco, and Santa Monica.
- The launching of an investigation by the California Attorney General into the treatment of tenants after foreclosure by banks, private investors, and their agents.
- The revelation that banks improperly foreclosed on many properties as part of the "robo-signing" scandal, calling into question the validity of many post-foreclosure evictions.

Key 2010 research findings reported:

- At least 38 percent of homes in foreclosure were rentals.
- More than 200,000 California renters were directly affected by home foreclosures in 2010 alone, most of whom have been displaced from their homes.
- From 2009 to 2010, the foreclosure rate for single-family homes decreased almost 10 percent, while the foreclosure rate for apartment buildings with 5 or more units increased almost 30 percent.
- The massive displacement of tenants across California remains, first and foremost, a problem caused by banks, with an estimated 79 percent of foreclosed properties acquired by financial institutions.

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- Private investors increased their share of foreclosed properties from 15 percent in 2009 to 21 percent in 2010.

Key Recommendations include:

- Make the federal Protecting Tenants at Foreclosure Act permanent and expressly provide a private right of action for tenants whose rights are violated under the act.
- Pass more local just cause for eviction laws to stop eviction of tenants after foreclosure.
- Step up enforcement efforts to hold violators of tenant-protection laws accountable.

SECTION 1: AN OVERVIEW OF THE CRISIS

Tenants are innocent victims in a foreclosure crisis they did nothing to create. In 2010, tenants and their communities continued to suffer from banks' inhumane and irrational policies to evict all occupants of their foreclosed properties. The results have been devastating, with hundreds of thousands of California tenants needlessly displaced and communities left with vacant homes and blight.

I. Banks Maintain Irrational and Costly Policies to Evict Tenants After Foreclosure

Despite efforts to persuade banks to continue to rent to tenants after foreclosure, most banks have stubbornly continued their mass eviction of tenants.

By driving tenants out, banks are turning away huge amounts of money in potential rental income. Tenants Together estimates that banks forfeited over \$755 million in rental income in 2010 alone. Additionally, banks are incurring costs for lawyers to litigate eviction cases and for real estate agents to negotiate 'cash-for-keys' deals. Once the properties are vacated, they become prime targets for vandalism, further contributing to plunging property values, and creating legal liability for banks as the owners of blighted vacant property. Furthermore, banks continue to tarnish their standing in local communities by maintaining their policies to evict innocent tenants.

II. The Impact of the Foreclosure Crisis on Tenants Continues to Grow

The ongoing displacement of tenants, often in direct violation of their rights and the financial institutions' own rental policies, continues to have a devastating impact on tenants and their communities.

A. Impact on Tenants

Many tenants do not find out their homes have been foreclosed until they are facing imminent displacement. A foreclosure can impact every aspect of a tenant's life: Tenants in pre-foreclosure situations often face health hazards as their defaulting landlords become unresponsive to their needs and let their homes deteriorate. Once a foreclosed property is acquired by a bank, habitability problems often go from bad to worse. After tenants are displaced, most are denied the return of their security deposits and many struggle to find suitable housing alternatives. Many tenants are forced to live far from their jobs, schools, and social networks, while others end up homeless. In addition, despite paying their rent on time, a

growing number of tenants are being displaced from their second, third or even fourth home in recent years, all because of their landlords default on the mortgage. This undermines housing stability and is particularly traumatic for seniors, families with children, and persons with disabilities.

B. Impact on Communities

When tenants are displaced as a result of foreclosure, the entire community is affected. Areas with high foreclosure rates suffer from prolonged vacancies and blight when homes are emptied of tenants, and property values decline accordingly. Homelessness rises due to widespread evictions, requiring more government services and related costs. Further, when tenants are forced to move away from the community, stores lose customers, businesses lose employees, and schools lose students.

III. Banks, Private Investors, Real Estate Agents, and Eviction Law Firms Continue to Violate Tenant-Protection Laws

Despite the adoption and expansion of tenant-protection laws and rental policies, banks and private investors that acquire properties at foreclosure continue to contract with real estate agents and eviction law firms that routinely harass and mislead tenants in foreclosure situations.

A. Real Estate Agents

Real estate agent misconduct toward tenants is rampant in California. Banks and private investors contract with real estate agents to vacate and sell their foreclosed properties. Many of these real estate agents see tenants as obstacles to the commission they will receive once the property is sold. Real estate agents are empowered by banks and private investors to offer tenants “cash-for-keys,” a cash incentive to move out quickly. Many real estate agents employ misinformation and scare tactics to pressure tenants into signing these agreements. In accepting the ‘cash-for-keys’ offers, many tenants sign away their legal rights to stay in their homes without ever being informed of their legal rights.

In 2010, at the request of Tenants Together, the California Department of Real Estate (DRE) launched several investigations into real estate agents’ treatment of tenants after foreclosure. To date, the DRE has not disciplined a single licensee over violations of the PTFA or other tenant-protection law.

B. Eviction Law Firms

Eviction law firms regularly file improper eviction lawsuits against tenants living in foreclosed properties. Most tenants move out rather than fight these improper lawsuits because they do not

know their rights, cannot afford legal representation, and/or do not want to take the risks associated with litigation.

Tenants Together research indicates that a small number of eviction lawyers handle the majority of bank evictions. These include the Endres Law Firm (Davis); Pite Duncan (San Diego); Randall Naiman Law Offices (San Diego); Jackson & Associates (Irvine); McCarthy & Holthus (San Diego); the Law Offices of Les Zieve (Huntington Beach); and Ruzicka & Wallace (Irvine), among others.

IV. A Growing Number of Tenants Have a Right to Stay in Their Homes After Foreclosure

As a result of federal and local laws, as well as rental policies of certain financial institutions, a growing number of tenants have the right to stay in their homes after foreclosure.

A. Most Tenants with Long-Term Leases Can Stay in Their Homes Under the Federal Protecting Tenants at Foreclosure Act

The federal Protecting Tenants at Foreclosure Act entitles most tenants living in foreclosed properties who have long-term leases the right to stay in their homes through the term of their lease. Thirty-three percent of California tenants who have called Tenants Together's Tenant Foreclosure Hotline report having a long-term lease. Based on this rate, approximately 68,000 California tenants would have the right to stay in their homes through the end of their lease after foreclosure.

B. Tenants in Some California Cities Can Stay in Their Homes Under Local Laws

In the 15 California cities with just cause for eviction ordinances, most tenants in foreclosed homes have the right to stay in their home. In the City of Los Angeles, more than 6,000 rental units were foreclosed in 2010 (eight percent of California's total foreclosed rentals), affecting over 16,000 tenants. These tenants should have the right to stay in their homes under Los Angeles' local eviction ordinance.

C. Most Fannie Mae, Freddie Mac, and JPMorgan Chase Tenants Can Stay in Their Homes Under the Financial Institutions' Rental Policies

The federally sponsored financial institutions Fannie Mae and Freddie Mac, along with JPMorgan Chase, are major post-foreclosure landlords that have adopted more sensible and tenant-friendly policies. Freddy Mac's and JPMorgan Chase's rental policies allow tenants to enter into new month-to-month leases, while Fannie Mae's rental policies give tenants the option to enter into a new month-to-month lease or a new 12-month lease after foreclosure. Although

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these policies come short of providing long-term security for tenants and have been mired in implementation problems, they represent a significant step in the right direction.

Fannie Mae acquired more than 7,900 foreclosed rental units in California in 2010 (10.5 percent of California's total foreclosed rentals), affecting approximately 21,000 tenants. Most of these tenants have the right to sign new rental agreements and stay in their homes under Fannie Mae's rental policies.

SECTION 2: 2010 DEVELOPMENTS

This section highlights recent developments affecting tenants in foreclosure situations.

I. Legislative Update

A. The Protecting Tenants at Foreclosure Act Is Clarified and Extended

On May 20, 2009, President Obama signed into law the Protecting Tenants at Foreclosure Act (PTFA), which protects most tenants in foreclosure situations. The PTFA provides tenants with the right to a 90-day notice to vacate after foreclosure. The PTFA also requires new owners after foreclosure to allow tenants with leases to continue occupying the property until the end of the lease term, with the exception that the lease can be terminated on 90 days notice if the unit is sold to a buyer who intends to occupy the property as a primary residence. The PTFA also provides similar protections for Section 8 voucher holders and clarifies that post-foreclosure owners assume Housing Assistance Payments (HAP) contracts on foreclosed properties.

The PTFA is important for California tenants, not only because it provides tenants more time to stay in their homes after foreclosure, but also because it clarifies that banks and other post-foreclosure owners assume the obligations of pre-foreclosure landlords. Post-foreclosure owners had maintained that they were not “successors” under California law and therefore were not responsible for repairs, return of security deposits, and other landlord obligations. The passage of the PTFA made those arguments untenable.

On July 21, 2010, President Obama signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law 111-203). Section 1484 of the PTFA extends the sunset date of the PTFA from December 31, 2012 to December 31, 2014 and clarifies that the PTFA protects all bona fide tenants who entered into a lease before the transfer of title by foreclosure, resolving a dispute as to whether leases entered into after foreclosure notices but before the trustee sale survived foreclosure. As a result, any tenant who enters into a bona-fide lease prior to the trustee sale should be able to enforce the lease after the foreclosure.

B. Stronger Statewide Utility Shut-Off Protections Are Enacted

The California Legislature enacted SB 120, a bill that extends protections against utility shutoffs to renters living in single-family homes. The bill plugs up a major loophole that resulted in utility shutoffs that endangered the health and safety of tenants living in foreclosed single-family homes. Tenants now have the right to be notified of impending utility shutoffs, to put accounts in their own names without liability for delinquent amounts owned by the landlord, and to deduct

from their rent any costs they incur for utility services that were the responsibility of the landlord. The bill, sponsored by the Western Center on Law and Poverty and authored by Senator Alan Lowenthal (D- Long Beach), went into effect January 1, 2010.

C. New Bill Strengthens Tenant Protection From Blacklisting

The California Legislature enacted SB 1149, a bill that protects tenants from negative credit impacts of post-foreclosure eviction cases and imposes new notice requirements on banks and other post-foreclosure owners that seek to displace tenants from their homes. The bill, authored by Ellen Corbett (D- San Leandro) and co-sponsored by the California Reinvestment Coalition, the Western Center on Law & Poverty, and California Rural Legal Assistance Foundation, went into effect January 1, 2011.

D. Law Authorizes Pilot Project for Representation in Eviction Cases

A new law, AB 590 (Assemblymember Mike Feuer, D- Los Angeles), authorizes a pilot project for the right to counsel in certain civil matters such as evictions. Commencing July 1, 2011, the bill requires the Judicial Council to develop pilot projects in selected courts for the appointment of counsel to represent low-income persons in civil matters “involving critical issues affecting basic human needs.” Assuring a right to counsel for tenants in post-foreclosure evictions is essential to making sure that tenants’ rights are followed. In many cases where tenants are able to find counsel, they prevail against obviously illegal evictions by banks after foreclosure, but in most cases, tenants are unrepresented and do not know how to assert their rights on their own in court.

E. Local Just Cause for Eviction Laws are Expanded

In cities with local ordinances restricting the legal grounds for evictions (‘just cause for eviction laws’), foreclosure alone is not a legal basis for eviction. Presently, 15 California cities have such laws. In 2010, Los Angeles and San Francisco extended their eviction protections to cover all tenant-occupied units after foreclosure. Santa Monica expanded its eviction protection law to include multi-unit, non-rent-controlled buildings. The passage and expansion of just cause for eviction laws represents a cost-free and effective way to stop evictions of tenants after foreclosure.

II. Court Update

A. Trial Courts Start Dismissing Evictions Based on Ambiguous Post-Foreclosure Notices

After acquiring property through foreclosure, banks routinely serve a single notice upon all occupants of the property, reciting various timeframes, legal rights and requirements that apply differently depending on the type of occupant. Banks typically do not perform due diligence to determine whether the occupant resides as a tenant or former homeowner at the property, instead

servicing notices designed to cover all possible situations. It has become standard practice in California for the eviction law firms after foreclosure to issue notices informing occupants that they have 3, 60 or 90 days to vacate, depending on various circumstances. To be valid under California law, notices to terminate tenancy must be unambiguous and clearly terminate tenancy as of a particular date. Recently, Superior Court judges in Alameda County and Santa Barbara County dismissed eviction lawsuits on grounds that the underlying notices to quit were ambiguous and invalid.

B. District Court Rules Against Private PTFA Enforcement -- Case is on appeal

A federal district court in the case of *Logan v. U.S. Bank* held that the PTFA does not provide a private right of action for a tenant. In the case, the tenant sued U.S. Bank alleging violation of the Protecting Tenants at Foreclosure Act (PTFA). Judge Margaret Morrow of the Central District of California concluded that there is no private right of action for damages under the PTFA. The tenant has filed an appeal with the Ninth Circuit Court of Appeals. The appeal is pending.

III. Regulatory and Enforcement Update

A. California Attorney General Launches Investigation of Tenants' Rights Violations

On June 28, 2010, at the urging of a coalition of tenants' rights advocates led by Tenants Together, California's then Attorney General Edmund G. Brown Jr. launched an investigation to ensure post-foreclosure landlords acquiring tenant-occupied foreclosed properties and their agents comply with tenant protection laws. The Attorney General required that twenty-four banks, loan services, private investors, and law firms provide information about their policies and procedures when dealing with tenant-occupied foreclosed properties and explain how they promote or preserve tenancies after foreclosure.

B. Attorneys General in all Fifty States Launch Joint Investigation of 'Robo-Signings' Scandal

The validity of hundreds of thousands of foreclosures came under public scrutiny as Wells Fargo Bank, GMAC, OneWest Bank, and JPMorgan Chase employees, who came to be called 'robo-signers,' testified in court that they routinely and methodically signed off on thousands of foreclosure documents a month without confirming their accuracy. Numerous lawsuits have been filed against these mortgage lenders, challenging their right to possession of the foreclosed properties they acquired, many of which are tenant occupied. In California, an invalid foreclosure may provide a defense to eviction.

In response to the robo-signing scandal, the attorneys general of all 50 states announced a joint investigation into the mortgage lenders' foreclosure process. The investigation, which did not

impose a foreclosure moratorium on the involved mortgage lenders, is ongoing at the time of the release of this report.

V. Publications

A. Causa Justa : Just Cause Leases *Rebuilding Neighborhoods, Restoring Health: A report on the impact of foreclosure on public health*

The Bay Area-based nonprofit organization Causa Justa :: Just Cause assessed the health impact of foreclosures by surveying 388 Oakland residents (including both homeowners and tenants) and published its findings in its report, *Rebuilding Neighborhoods, Restoring Health: A report on the impact of foreclosure on public health*. Among other findings, the report concluded that “31% of tenants living in foreclosed buildings report they are now living in unhealthy places where there are substandard conditions like mold, rodents, and cockroaches.”

B. Tenants Together Releases *Without Justification: Banks Continue Mass Displacement of Innocent Tenants*

In addition to releasing its second annual foreclosure report, Tenants Together delivered its *2010 Win-Win Proposal: A Proposal for Banks to Continue Renting to California Tenants after Foreclosure* to all major, national banks. In November, 2010, Tenants Together released, *Without Justification: Banks Continue Mass Displacement of Innocent Tenants after Foreclosure*. The report analyzes the banks’ responses to the *Win-Win Proposal* and compares their rental policies.

SECTION 3: 2010 RESEARCH FINDINGS

Tenants remain innocent and forgotten victims of the foreclosure crisis. Most analyses of the crisis routinely underestimate the impact of foreclosure on renters by focusing on the number of *properties*. This report places renters at the center of its study by reporting the total number of foreclosed *units*. The difference is significant, as units in multi-unit properties are far more likely to be renter-occupied than single-family homes.

This report's research findings result from a detailed analysis of property records of all foreclosed residential properties in California in 2010.*

I. Scope of the Crisis

The foreclosure crisis has had a devastating impact on tenants. Using conservative standards, our research indicates that in California, in 2010:

- 200,021 total residential units were foreclosed
- 75,522 of these foreclosed units were rentals
- 38 percent of total residential foreclosed units were rentals
- 204,000 renters were directly affected by foreclosure

These figures represent a conservative estimate. A significant number of tenants in foreclosure situations were not captured by our data source because many tenants:

- Live in homes that were falsely registered as 'owner-occupied.' False owner occupancy claims are prevalent, particularly in properties in foreclosure where owners sought more attractive loan packages reserved for owner-occupied home buyers.
- Reside as boarders in owner-occupied homes. Many of these tenants are brought on by owners in default to help pay the mortgage.
- Live in accessory units, including illegal dwelling units.
- Are displaced by foreclosure even if their homes are not foreclosed. These include tenants living in homes that are sold through a short sale or deeded back to the bank to avoid foreclosure.

*All property records reviewed were sourced from ForeclosureRadar.com. The number of rental units was determined by property type. Single-family homes and condominiums are 29% and 31% rentals, respectively, based on analyses of ForeclosureRadar data by the National Low Income Housing Coalition. Eighty-four% of the units in 2-unit buildings are rentals, and 87% of the units in 3-4 unit buildings are rentals, based on American Community Survey (ACS) 2009 data. Apartment buildings of five or more units are considered 100% rental units. To determine the total renters affected, the number of rental units was reduced by California's rental vacancy rate (5.8% according to ACS' 2009 California data profile) and the resulting number of occupied units was multiplied by California's average rental household size (2.88 persons per household according to ACS' 2009 California data profile).

II. Types of Properties Being Foreclosed

In 2010, the majority of renter-occupied properties were single-family homes and condominiums. However, over 33 percent of the renters affected by foreclosure lived in multi-unit buildings, many of which were large apartment complexes.

Type of Properties Foreclosed and Total Renters Affected in 2010

	Rental Units Foreclosed by Property Type	Percentage of Total Rental Units Foreclosed by Property Type	Total Renters Directly Affected
Single-Family Home	42,111	55.8%	114,245
Condominium	8,334	11.0%	22,611
Multi-Family 2-4 Units	17,083	22.6%	46,347
Multi-Family 5+ Units	7,993	10.6%	21,685
Total	75,552	--	204,887

As the table below shows, since 2008, the rate of foreclosed multi-unit buildings has increased significantly, while the rate of foreclosed single-family homes has decreased. This trend is likely to continue as more loan modification programs target owner-occupied properties (which are primarily single-family homes and condominiums), while multi-unit rental properties continue to fall by the wayside and into foreclosure.

Change in Rate of Foreclosure by Property Type

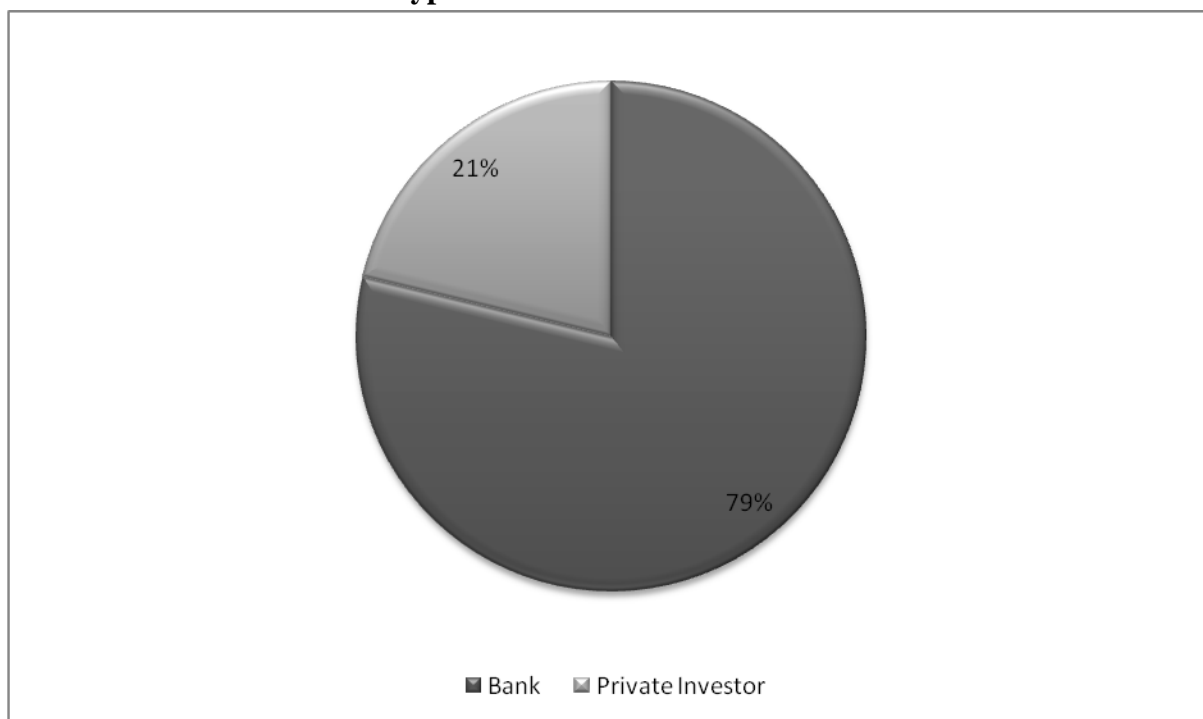
	2008 to 2009	2009 to 2010
Single-family homes	-3.1%	-9.5%
Condominium	+12.9%	+7.6%
Multi-Family 2-4	+14.1%	+2.3%
Multi-Family 5+	+69.5%	+28.6%

III. Post-Foreclosure Landlords

A. Banks Are the Largest Post-Foreclosure Landlords

In 2010, financial institutions acquired 142,305 foreclosed properties, while private investors acquired 38,359 foreclosed properties, resulting in a 79%-21% split.

Type of Post-Foreclosure Landlord



The financial institutions acquiring large numbers of foreclosed properties include Fannie Mae, Freddie Mac, California Housing Financial Agency, Wells Fargo Bank, Aurora Loan Services, IndyMac, JPMorgan Chase, Bank of America, OneWest, HSBC, US Bank, and Deutsche Bank.

B. Private Investors Boost their Share of Foreclosure Acquisitions

In 2010, private investors acquired 38,359 foreclosed properties, increasing their share of total foreclosure properties from 15 percent in 2009 to 21 percent in 2010.

The private investors acquiring large numbers of foreclosed properties include Maxim Properties; SD Coastline; Rancho Horizon, LLC; Jamke Rentals, REO Properties II, LLC; and the CA Equity Management Group, Inc.

IV. Rental Foreclosures by County

Impact of the Foreclosure Crisis on Tenants at the County Level

Tenants across the state have been hit hard by the foreclosure crisis. In 2010, the counties with 5,000 or more foreclosed rental units were: Los Angeles, Riverside, Sacramento, and San Bernardino.

Renters Affected by Foreclosure by County*

County	Total Foreclosed Units	Total Foreclosed Rental Units	Percent of Foreclosed Units that are Renter Occupied	Total Renters Affected
ALAMEDA	6,753	2,715	40%	7,365
AMADOR	292	84	29%	228
BUTTE	1,011	396	39%	1,073
CALAVERAS	375	115	31%	313
COLUSA	111	35	32%	95
CONTRA COSTA	7,749	2,640	34%	7,162
DEL NORTE	75	25	34%	69
EL DORADO	1,203	409	34%	1,110
FRESNO	6,621	2,758	42%	7,482
GLENN	106	36	34%	99
HUMBOLDT	226	94	42%	255
IMPERIAL	1,019	333	33%	903
KERN	7,599	2,825	37%	7,665
KINGS	394	129	33%	350
LAKE	658	197	30%	534
LASSEN	189	63	33%	171
LOS ANGELES	37,288	16,904	45%	45,860
MADERA	1,228	415	34%	1,125
MARIN	600	225	37%	609
MARIPOSA	52	16	30%	42
MENDOCINO	292	98	34%	267
MERCED	2,643	904	34%	2,453
MONO	80	33	41%	90
MONTEREY	2,194	748	34%	2,030
NAPA	670	266	40%	722
NEVADA	630	219	35%	594
ORANGE	8,688	2,965	34%	8,044
PLACER	2,557	820	32%	2,224

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County	Total Foreclosed Units	Total Foreclosed Rental Units	Percent of Foreclosed Units that are Renter Occupied	Total Renters Affected
PLUMAS	59	17	29%	46
RIVERSIDE	22,038	6,938	31%	18,823
SACRAMENTO	14,726	6,279	43%	17,033
SAN BENITO	348	115	33%	311
SAN BERNARDINO	18,490	6,398	35%	17,356
SAN DIEGO	13,313	4,769	36%	12,938
SAN FRANCISCO	1,265	766	61%	2,078
SAN JOAQUIN	7,270	2,777	38%	7,534
SAN LUIS OBISPO	999	332	33%	902
SAN MATEO	1,686	691	41%	1,874
SANTA BARBARA	1,237	415	34%	1,126
SANTA CLARA	4,494	1,597	36%	4,333
SANTA CRUZ	739	254	34%	690
SHASTA	1,013	356	35%	965
SISKIYOU	209	74	36%	202
SOLANO	4,036	1,343	33%	3,643
SONOMA	2,254	819	36%	2,222
STANISLAUS	5,625	1,974	35%	5,357
SUTTER	644	224	35%	609
TEHAMA	474	174	37%	473
TRINITY	44	13	29%	35
TULARE	2,560	873	34%	2,368
TUOLUMNE	411	157	38%	425
VENTURA	3,085	1,077	35%	2,923
YOLO	862	294	34%	799
YUBA	778	298	38%	808

*Counties with less than 30 foreclosed rental units were excluded from the above-summary table

*Please note that for single-family homes, the state average of foreclosed rental units was used

SECTION 4: RECOMMENDATIONS

In our first two annual reports, we made a number of recommendations to protect and expand the rights of tenants in foreclosure situations. Many of our initial recommendations were adopted, including the increase of the eviction notice period for tenants to 90 days, the provision that existing leases survive foreclosure, the strengthening of laws to protect tenants from utility shut-offs, and the enactment and expansion of local just cause for eviction laws. In 2010, more of our recommendations were adopted, including the enactment of laws to provide the right to counsel in certain civil matters such as evictions (AB 590) and the strengthening of protections for tenants facing eviction after foreclosure (SB 1149), as well as the launch of an investigation by the California Attorney General into the treatment of tenants by banks after foreclosure.

Despite these steps in the right direction, there remains a long way to go to assure fairness and justice for California's tenants caught up as innocent victims of the foreclosure crisis. Most banks refused to adopt more responsible policies towards tenants. Government action remains essential. Tenants Together makes the following recommendations to protect tenants from further abuse:

- The federal Protecting Tenants at Foreclosure Act must be made permanent and expressly provide a private right of action for tenants whose rights are violated under the act.
- More California cities should enact just cause for eviction laws to provide their residents with long-term protection against foreclosure eviction.
- California counties should notify tenants when a notice of default is filed with the County Recorder's Office.
- Enforcement agencies must step up their efforts to assure compliance with tenant-protection laws and hold banks and their agents accountable for violating tenants' rights.
- Funding for legal services for tenants in foreclosure situations must be increased and tenants should be provided a right to counsel in eviction cases.

CONCLUSION

As our 2009 and 2010 tenant foreclosure reports make clear, the foreclosure crisis continues to affect a huge number of tenants and their communities. Despite some steps in the right direction, the situation remains unacceptable, with tenants being driven from their homes and entire communities suffering because of the limitation of certain tenant-protection laws and the short-sighted conduct of banks and private investors.

Tenants Together will continue work to protect and expand the rights of tenants in foreclosure situations as well as to track developments and quantify the impact the foreclosure crisis is having on tenants and their communities.