

MEMORANDUM

To: Bay Area Regional Steering Committee on Homelessness

From: HomeBase

Date: July 17, 2009

Re: The Impact of the Recession on the Bay Area

Background

The Regional Steering Committee (“RSC”) discussed the current economic crisis, and strategies to deal with reduced funding at its October 17, 2008 meeting. The RSC recently covered budget-related topics during its last meeting, in July 2008. It regularly discusses state and federal budgets and assesses their impacts on work addressing homelessness. Some of the meetings that covered this were in March 2006, March and July 2005, and July and September 2004. We discussed advocacy efforts related to securing funding for services to homeless people in housing in March 2004.

Need Snapshot: Demonstrates the Importance of New & Expanded Funding

Organizations in the Bay Area Region that are serving low-income populations and working to address the broad economic recovery issues need expanded funding to continue serving those in need in the community. The following data provides a snap shot of the recent impact of the Recession on the Bay Area. This economic need demonstrates the importance of new and expanded funding opportunities in these regions.

San Francisco/San Mateo/Santa Clara

- A Bureau of Labor and Statistics news release notes that in May 2009, of the 32 metropolitan divisions in the United States, the San Francisco-San Mateo-Redwood City region experienced the 5th largest over-the-year percentage decrease (-4.7%) in nonfarm payroll employment.¹
- Unemployment rates jumped to 9.5 percent in metropolitan San Francisco and 11 percent in metropolitan San Jose, ranking them 71st and 84th, respectively, of the 100 metropolitan areas surveyed. This is particularly significant for San Francisco, which has traditionally been a low-unemployment area.²
- Greater San Francisco, which includes large parts of the East Bay, had 5.31 foreclosures per thousand homes as of March 2009. That earned it a rank of 83.³
- Metropolitan San Jose had 4.51 homes per thousand in foreclosure and ranked 80th.⁴

¹ Bureau of Labor and Statistics (<http://www.bls.gov/news.release/metro.nr0.htm>)

² Brookings Institution (<http://www.bls.gov/news.release/metro.nr0.htm>)

³ Brookings Institution (<http://www.bls.gov/news.release/metro.nr0.htm>)

⁴ Brookings Institution (<http://www.bls.gov/news.release/metro.nr0.htm>)

Alameda

- As resultant from the housing crisis, tax assessments fell \$13.6 billion in the fiscal year that will end June 30th 2009. “Our assessment roll will go down 2 percent, and we’ve never had a year-to-year drop ever in stats going back to 1958,” he said.
- In particular, the economic picture for Oakland of Alameda County is looking bleak. Oakland City Council has discussed filing for bankruptcy protection in the midst of a \$100 million budget deficit.⁵
- Out of Oakland’s next year’s general fund of approximately \$415 million, police costs are estimated at \$212 million, fire protection service \$103 million and \$41 million in debt service payments. This leave \$60 million to pay for all other services, from library services to recreation centers to public works. This calculation doesn’t include \$50 million more in deferred debt service in a budget proposal presented to the council in May 2009 by Mayor Ron Dellums.
- Bruce Kern, executive director of the East Bay Economic Development Alliance, said that in addition to its direct employees, Nummi indirectly supports 35,000 jobs with a network of transportation, warehousing and parts suppliers, which suggest further job losses beyond the nearly 5,000 employees directly employed by Nummi.⁶

Solano

- In the Solano County FY2009/10 Proposed Budget, the Solano County Statistical Profile indicates:
 - The 2008 Assessment Roll of \$45.8 billion decreased by (4%) over the prior year’s roll value and represents property ownership in the County as of January 1, 2008.
 - Declines in property assessments, and in turn property tax revenues, are expected to continue through FY2012/13. Given the current trend information, projected property tax revenues in FY2013/14 will be 82% of what the County was receiving in FY2007/08.
 - Major factors for the lowering assessment roll are the high number of foreclosures and dramatically reduced median price of residential homes.
 - In 2008, Solano County had the 14th highest rate of foreclosures in the nation. The trend in 2009 continued with approximately 1,875 households receiving foreclosure notices in April 2009, up 33% over a year earlier.
 - The median price for homes sold in Solano County went from \$450,000 in March 2007 to \$180,000 in March 2009.”
 - Solano County filed for Chapter 9 Bankruptcy last year in May 2008 due to extraordinary budget woes with an estimated \$16 million budget deficit at the time of filing and a tremendous rate of foreclosures with one in ten households in foreclosure proceedings.⁷

⁵ San Francisco Chronicle (<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2009/06/09/BARI183DJB.DTL>)

⁶ (<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2009/06/30/MNAB18FS5J.DTL&type=autos>)

⁷ Senator Barbara Boxer’s December 2008 Report “The Realities of Recession in California: A Statewide Report by U.S. Senator Barbara Boxer Recession December 2008

Monterey/Santa Cruz

- As of March 2009, Monterey County and neighboring Santa Cruz County have a 15.7% and 13.6% unemployment rate respectively, well above the already exceeding high unemployment for the State (11.5%).⁸
- As resultant from Monterey County investing approximately \$1 billion in both Washington Mutual and Lehman Brothers, 60 percent of which belonged to the K-12 school system, the County had to lay off teachers.
- The County's Washington Mutual-Lehman investment has put pressure on Monterey's credit rating, and the County is anticipating problems securing short-term notes.
- Foreclosures are at an all-time high in Monterey County. The Assessor is also expecting a delinquency rate of approximately 5 percent, or \$28 million, from the \$563 million current tax roll. Prior year delinquent property taxes set an all time high record of \$43 million at the end of FY 2007-08.

Contra Costa

- Contra Costa County lost \$116 million in property taxes as of December 2008 because of the high foreclosure rate in the County.
- County Administrator David Twa has predicted more revenue losses – a 2 percent to 8 percent decline in assessed property values next year.
- On December 9, 2008, Contra Costa Supervisors cut \$18.5 million from the Employment and Human Services Department, sending more than 100 pink slips to department employees. These cuts could eliminate 203 positions, about half of them staffed.

San Mateo

- San Mateo County's projected budget deficit for fiscal year 2008-09 is \$41.1 million. This is up from \$28.6 million in September 2008.
- The report indicates that the increase is largely due to the housing market crisis and the stock market crash, and County officials expect next year's budget will likely be further negatively impacted as the State deals with its budget crisis that has yet to be resolved as of July 1, 2009.

Kings

- The unemployment rate in May 2009 was 14.4%, up from 10.1% in July 2008.⁹
- King's county's dairy industry was significantly impacted by the collapse in milk prices that began in late 2008. By mid-2009, the price paid to milk producers had dropped to a point that is far below the cost of production. Milk prices are not expected to really recover until January 2010.

For more information, please contact Cynthia Nagendra, Staff Attorney at Cynthia@homebaseccc.org or (415) 788-7961 x.310

⁸ California Employment Development Department

⁹ <http://www.labormarketinfo.edd.ca.gov/>