



March 21, 2008 ♦ Vol. 8, No. 2

Foreclosures Bringing Illegal Evictions to Oakland

People who bought property with subprime loans are not the only ones losing their homes in the foreclosure crisis.

In Oakland, an increasing number of renters are being kicked out of their homes after banks foreclose on rental properties. Many are families – good tenants who have never missed a rent payment. But they are being forced out because banks can realize more profit from a vacant property.

Based on the evidence we are seeing in City Attorney's Office, a large number of evictions resulting from bank foreclosure are deceitful, unjust and flagrantly illegal under local and state law. They not only violate the City's Just Cause for Eviction ordinance, which protects tenants from arbitrary evictions, but they represent an unfair business practice under California law.

In one typical case, a family renting a home in East Oakland got an alarming letter just before the beginning of this school year. The letter, from an Orange County-based attorney representing HSBC Bank, informed the family that their home on Capistrano Drive had gone through foreclosure, and that their rent was going up from \$750 to \$10,000 a month – even though they had just signed a year lease with their landlord.

For a couple with four children – one of them an infant – a \$9,250 “rent increase” is really just an eviction. There is one circumstance under which such an eviction would be legal in Oakland – if the new owner of the property wanted to move in and live there. But somehow I doubt that Mr. HSBC Bank from New York is planning to relocate to East Oakland anytime soon.

It's hard to say how many Oakland tenants are being evicted because of foreclosures. By all accounts there has been a dramatic spike in the number of cases this year. According to some estimates, about 20 percent of all foreclosures in California are rental properties.

Usually evictions are done by bank “agents” – sketchy brokers and lawyers who are hired to do jobs that respectable banks don't want to do themselves.

Some bank agents are infamous in our community for sleazy tactics such as banging on tenants' windows and threatening to change the locks or dump tenants' property in the garbage. The threat of eviction is often accompanied by a “cash-for-keys” offer. Tenants are told they can either fight eviction or take \$500 to move out. But in this rental market, it's close to impossible to cover moving expenses with \$500 or even \$1,500.

Some tenants are facing more than just eviction. Landlords who default on their mortgages often disappear with tenants' security deposits, and families in foreclosed buildings have lost heat and water for months at a time because banks have failed to continue service – which is their responsibility as the new owners.

My office is taking steps to make sure some of the worst actors cannot continue to violate tenants' rights and engage in unfair business practices in Oakland. Look for updates on legal developments in the near future.

Banks and their agents usually back down every time my office intervenes on behalf of tenants. But we know there are many more cases we never hear about. If you believe you are being wrongly evicted because of foreclosure, if the apartment or home where you pay rent has been foreclosed, or if your utilities have been shut off following foreclosure, please call the Oakland City Attorney's Hotline at 510-BE-ALERT.

Respectfully,

A handwritten signature in black ink, appearing to read "John Russo".

John Russo

Oakland City Attorney