Foreclosure in the Family Harms School Performance, Report Finds

As politicians and activists pass blame between so-called irresponsible homeowners and greedy banks, a new report focuses on what its authors call the collateral costs of the bad housing market: The effect of foreclosures on children in New York City’s public schools.

The report’s authors say foreclosure negatively affects children’s schooling, both increasing absences (often because families must move and seek temporary housing elsewhere) and lowering academic performance. Students from foreclosed homes also show symptoms of trauma or stress, authors say. And the effects spread beyond individual kids — a large amount of students entering and leaving can disrupt whole classes or grade levels.

“For kids, foreclosure can mean having to change schools, breaking friendship networks and damaging their academic progression,” says Ingrid Ellen, professor of public policy and co-director of the Furman Center for Real Estate & Public Policy at New York University and an author of the study. “But the numbers underscore that this isn’t just a problem for individual kids but that there may be institutional problems.”

18,525 New York City schoolchildren were living in homes facing foreclosure during the 2006-07 school year, a number that was up sharply from the 2003-04 school year, according to a report out this week from the Furman Center.

Ellen says the authors focused on the 2006-07 school year so they could track students from the beginning of the foreclosure crisis. She says the number of schoolchildren living in homes facing foreclosure has risen as foreclosures in New York City have increased by 36% in the last four quarters.

“We can expect a 36% increase in the number of kids affected,” she says. “We’re probably talking more than 25,000 kids at this point, which is about 3% of public schoolchildren.”

New York City hasn’t been hit as hard as the rest of the country in the foreclosure crisis. However, the number of properties receiving a notice of foreclosure each year more than doubled between 2000 and 2009. Last year, nearly 21,000 properties received notice of foreclosure, with certain neighborhoods such as Northern Brooklyn and Southeastern Queens hit the hardest.

“The performance of these already disadvantaged schools may decline further as a large share of their students face residential upheavals and turnover increases,” Ellen says.
The city’s black neighborhoods have been hardest hit by foreclosures, so a disproportionate amount of black students are likely to continue to be affected, she says.

When a family loses a home to foreclosure and is forced to move, Department of Education rules state that students should stay in their schools of origin unless a student’s parents choose otherwise. These students are then eligible for free transportation to their old school, the regulations say.

The next phase of the NYU study, which was partly funded by financier George Soros’ Open Society Institute, will track these students to see how many foreclosed-upon students stayed in their schools, switched schools or left the school system entirely. That phase is slated to be released in the next few months.

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