

REAL ESTATE



THE IN-THE-RED BLUES

Housing market fallout lands on therapy couch. Shrinking equity can raise stress level, lower sense of self-worth. **PAGE K7**

Mortgage crisis wreaking havoc on peace of mind

Therapists see surge in patients stressing over their home values

By Heather Boerner

SPECIAL TO THE CHRONICLE

In the 37 years William Horstman has been practicing in San Francisco as a therapist, he's never seen patients spend more time worrying about their home values — and their personal sense of wealth — than they do today. That includes the years after the 1989 Loma Prieta earthquake that devastated the housing market.

"The market has risen dramatically in the past 10 years and, in San Francisco, that remains true today. But people don't feel it," said Horstman, who estimates that 10 to 15 percent of his clients' therapy time is spent on the hous-

ing market.

What they feel is the stress of a market that's swiftly and strongly adjusting. Bay Area cities such as Antioch, East Palo Alto, Oakland and Richmond have skyrocketing foreclosure rates and plunging home sales. Compared with the same time last year, home prices dropped more than 10 percent in Napa and Solano counties, according to DataQuick, an information services company. Meanwhile, home prices dipped by more than 5 percent in Alameda and Sonoma counties, and the number of sales nose-dived in many areas by nearly half in October compared with the year be-

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Therapists seeing surge in stress over home values

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fore.

Indeed, therapists and financial planners say what local homeowners are feeling is a financial insecurity that touches their work lives, their relationships and their sense of financial and personal worth.

"As your equity goes down, your psychological sense of worth can go down," said Jan Edl Stein, a

marriage and family therapist who practices in San Francisco and Marin.

At the core of that financial insecurity is a sense of deprivation: not enough money, not enough time and not enough support. There's been an increase in anxiety, depression and sleep disorders, Horstman said.

"What they feel is a sense of impending doom, especially in combination with world events. People are not approaching the housing market in a logical fashion. It's binge-purge. The binge was riding on high income, easy credit and easy access to equity. When people suddenly have, in their minds, a catastrophe that's not of their own making, it has a much larger impact on their psyches. What develops is a sense of helplessness and being out of control."

Cutting back, checking out

Take San Jose homeowner Elizabeth Potts Weinstein, for example. As a certified financial planner and attorney, she makes plenty of money. But already, she's planning on scaling back her family vacation from two weeks in Disney World to one weekend at Disneyland because she sees her home value going down.

"There's a feeling of less wealth that does translate to behavior," she said. "The amazing thing is that I'm a certified financial planner and attorney, so I should know better. I would never advise a client to think of home equity as real money, but I fell into that trap myself."

In the next six months, Weinstein would like to move from her two-bedroom, two-bath home to a larger house. As the housing market continues to slide, she said she's constantly reconfiguring how much money she'll need for a down payment. She's hesitant to spend anything extra in case the drop continues.

For people more immediately caught in the crisis, the emotional effects are intense, said therapist Vivian Hankin, a marriage and family therapist based in Berkeley. Two of her clients have moved out of the area because they couldn't afford to keep their homes.

"They were just devastated because they couldn't keep their houses," she said. "They had to go back and find less-expensive places to live in the country. And they still have to worry about how

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DEANNE FITZMAURICE / *The Chronicle*

Therapist Jan Edl Stein observes that “as your equity goes down, your psychological sense of worth can go down.”

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to make it because they have to get new jobs and have to get new friends. They have to start all over again.”

Other clients, she said, are stuck with the dreaded double-mortgages, having bought a new house and being unable to sell their old one. “They’re so scrunched for money that they’re talking about being afraid to buy anything, even shop for groceries,” she said. “Some are even cutting back on medications prescribed by their family doctors or psychiatrists.”

Many clients, she said, have dropped out of therapy because priorities have changed: “They have to be food, shelter, utilities, the basics. Anything beyond that isn’t possible.”

The fear factor

Even if you don’t have a house on the market or face foreclosure, chances are you know someone who does. Certified financial planner Robert Enright, partner in Walnut Creek’s Burton/Enright Group, calls that level of stress

combined with bad news on TV and the radio noise that “perpetuates a spiral on the psychological side.”

“We are cautioning our clients to focus on their financial picture,” he said.

But it’s not easy to block out, especially if your sense of wealth shrinks with each new news report. Even some of Enright’s wealthy clients are spooked. Some are holding off on buying things like boats and furniture. Others are asking Enright to reconfigure their investments to be more conservative.

“They want to build a bunker,” he said. “They made the personal decision to invest more conservatively even though they are financially independent so they can sleep at night.”

Indeed, insomnia and obsession with money seem to be contributing to a larger feeling of anxiety about the housing market, said Marin therapist Stein.

“I definitely have had clients who have been so obsessed with their finances and worrying about it that they’re staying up late at night,” she said. “It’s all they can

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think about and it's extremely disruptive to their lives."

How disruptive? Therapists say that relationships are suffering because of the market. One of the signs of more successful people is that they have high levels of social cohesion and social adaptability, said psychologist Horstman. They draw together with their loved ones during a crisis and are able to adapt to shifts in the market without tremendous resistance. But when people feel poorer because their home's value has dropped —

or they're afraid it has — they work more and become less flexible in their thinking.

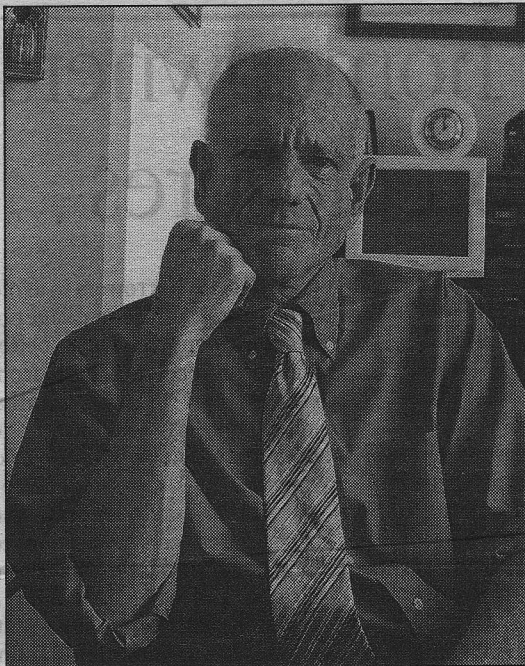
"Overworking is the hallmark of the day," he said. "My whole list of patients, except for the few who are independently wealthy, are all working much harder than they've ever worked. They feel a foreshortening of time. They have no time whatsoever to do anything but work and sleep."

And because of that, they aren't leaning on family or getting the support they need.

"Here you have people living not really in the moment, but just

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COVER STORY



William Horstman, a therapist who practices in San Francisco, says that at the core of homeowners' financial insecurity is a sense of deprivation: not enough money, not enough time and not enough support.

LIZ HAFALIA / *The Chronicle*

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going on a treadmill without taking any stimuli in," he said. "They don't relax. They don't sleep."

Perspective

The good news is that this market will pass. And the market is faring better in the Bay Area than in other parts of the country. For instance, the area's foreclosure rate may be higher now, but it's still lower than in much of the country. Therapists are encouraging

clients to focus on their reality instead of news headlines.

Therapist Stein, who owns a home in the Bay Area, said her friends keep warning her that she's in a financially precarious situation.

"I can feel the potential it has to undermine my sense of self-esteem," she said. "But I simply refuse to go there. I'd rather come up with a creative solution and remember: I am not my house."

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