

BEYOND DOLLARS AND CENTS: NON-FINANCIAL IMPACTS AND
IMPLICATIONS OF THE FORECLOSURE CRISIS FOR LOW-INCOME MINORITY
COMMUNITIES

by

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CHAPTER I

INTRODUCTION

Towards a Comprehensive Understanding of Hardest Hit Urban Areas

By now the foreclosure crisis has been explored from numerous perspectives and across geographies (Immergluck, 2009; Immergluck, 2010; Saegert, Fields, & Libman, 2011; Lin, Rosenblatt, & Yao, 2009; Ross & Squires, 2011; Quercia, Stegman, & Davis, 2007; Schuetz, Been, & Gould Ellen, 2008; Smith & Duda, 2009; Smith & Duda, 2008; Sumell, 2009). Studies have documented the existence of separate mortgage markets for white and minority households and the uneven spatial impacts of foreclosures, which have left many low-income minority neighborhoods devastated (Immergluck, 2011; Immergluck, 2010; Crump, Newman, Belsky, Ashton, Kaplan, Hammel, & Wyly, 2008; Kinsley, Smith, & Price, 2009; Smith & Duda, 2009; Smith & Duda, 2008). Empirical studies have made the connection between subprime lending and foreclosure (Gerardi & Willen, 2009; Quercia et al., 2007; Immergluck & Smith, 2004; Smith & Duda, 2009), and the impact of foreclosures at the neighborhood and municipal level (Immergluck, 2011; Apgar & Duda, 2005; Immergluck, 2008; Immergluck & Smith, 2006a; Immergluck & Smith, 2006b; Mallach, 2006; Schuetz et al., 2008).

Though most of this research centers on financial loss to property owners, neighborhoods, and municipalities, some studies have also documented personal and household impacts (Saegert, Fields, & Libman, 2009; Ross & Squires, 2011; Fields, Justa, Libman & Saegert, 2007; Fields, Libman & Saegert, 2010). More recently, scholars

are turning their attention to the links between foreclosures and health (Libman, Fields, & Saegert, 2012; Pollack, Kurd, Livshits, Weinger, & Lynch, 2011). However, the psychosocial impacts of the foreclosure crisis are just beginning to be understood, and few studies have examined the impacts of concentrated foreclosures on non-homeowner populations. In particular, there has been very little discussion about how the next generation of low-income homebuyers—those who are actively pursuing homeownership—thinks about and navigates landscapes of foreclosure. Neighborhood environments shape perceptions and social relationships, which in turn are likely to influence the health and stability of neighborhoods.

This is important because it is likely that neighborhood stabilization will remain a top priority for place-based community-based organizations (CBOs) and community development corporations (CDCs)—a specific type of CBO—for years. Most efforts continue to see homeownership as the primary stabilization mechanism. However, there has been little consideration of how aspiring homeowners evaluate neighborhoods, and the precise impact that vacant, foreclosed homes have on their confidence in a neighborhood. If the key to stabilization is homeownership, where will the demand come from? Are there certain points at which neighborhoods are just too inundated with foreclosures to attract interest beyond speculators?

A behavioral economic model would suggest that aspiring homebuyers would avoid high foreclosed areas in favor of better neighborhoods. However, such an explanation fails to consider psychological attachments and social relationships that could potentially mitigate neighborhood effects. It also neglects to acknowledge the degree to which low-income families of color are segregated into disadvantaged housing niches in

the first place. Little is known about the process through which neighborhood foreclosures affect ideas about community among those who could play an immediate role in helping stabilize neighborhoods. Thus far, neighborhood stabilization efforts have mostly been diffuse and have failed to make large impacts on neighborhoods, as non-profit developers compete with investors and speculators to purchase properties (Mallach, 2010). Absent from stabilization approaches are concerted strategies to rebuild communities rather than just rehab properties. A deeper exploration of aspiring homeowners could provide new insight into how people perceive and interact with neighborhoods. This, in turn, could help place-based CBOs to better employ stabilization and community building efforts.

More research is also needed to provide an empirical justification for a continued focus on homeownership. For example, it isn't entirely clear whether the efforts of CBOs and CDCs prior to the mortgage foreclosure crisis—i.e. homeowner education and affordable housing development—have better positioned constituents in at-risk neighborhoods to weather the foreclosure storm. Some research has indicated that community land trusts (Thaden & Rosenberg, 2010) and individual development account (IDA) programs (Rademacher, Wiedrich, McKernan, Ratcliffe, & Gallagher 2010) are associated with less delinquency and foreclosure. However, further examinations of CBO homeownership efforts are needed to better understand the supply side of stabilization.

A key aim of many CBOs, particularly those with a place-based orientation, is also to strengthen communities by fostering a strong sense of community, social capital, and neighborhood confidence and commitment. Rising foreclosures and declining neighborhood conditions present challenges beyond homeownership rates, such as

disruptions in social networks, sense of community, neighborhood confidence, and household health. Nowhere are these effects likely to be more salient than among the most disadvantaged low-income households. With many of the hardest hit urban areas experiencing high numbers of multi-family building foreclosures, very low-income renters are likely to be impacted by forced mobility. In addition, living in proximity to so many vacant buildings likely exerts a negative effect on neighborhood attachments and overall well-being.

The totality of impacts of the foreclosure crisis on low-income and minority communities—including aspiring homeowners as well as very low-income renters—has yet to be sufficiently explored. Housing scholars have argued that a true understanding of the relationship between health and housing necessitates an ecological perspective (Saegert, Klitzman, & Freudenberg, 2003; Libman et al., 2012). This orientation underscores the fact that broader processes such as markets and policy have stacked the deck against low-income minority areas. Therefore, highlighting the experiences within these communities is important for directly informing CBO efforts and advocating for systems-level change. CBOs can potentially play a critical role as drivers of successful homeownership and community building where government policy and markets fail.

However, the field of community development would also benefit from a deeper exploration of foreclosure impacts beyond the physical and financial, and beyond current homeowners. This study aims to shed new light on how foreclosures affect neighborhood psycho-social processes that are expected to relate to overall well-being. Further, it seeks to provide new insight on the future prospects of neighborhood stability and low-income homeownership in struggling areas. Gaining a better understanding of these concepts will

inform the future efforts of CBOs in building stable communities and opportunities for sustainable low-income homeownership.

Background & Context: Foreclosure Crisis for Low-Income Minority Communities

Race, Subprime Lending, and Foreclosure

Before expanding on the impacts of the foreclosure crisis, it is necessary to acknowledge where it came from. The effects of the crisis are far from random, and have distinct spatial patterns that interact unevenly with low-income, minority neighborhoods. Subprime lending was the vehicle, but market forces of capital accumulation were the drivers of the crisis. By now it has been discussed at length in the literature; risky subprime lending was largely responsible for the flood of defaults and foreclosures, especially in minority neighborhoods (Gerardi & Willen, 2009; Immergluck, 2009; Immergluck & Smith, 2004; Quercia et al., 2007; Smith & Duda, 2009).

However, in order to fully understand the disparate impacts of the foreclosure crisis, it is first necessary to acknowledge the degree to which it is part of a larger process of racial discrimination in mortgage markets. Ashton (2009) analyzes the overextension of subprime lending from a conventional market perspective and a critical geography perspective. This framework is particularly useful in that it illustrates how the conventional market perspective focuses on the “microfoundations of credit markets.” The assumption is that financial markets adapt and innovate in order to connect products with those previously excluded from access. Therefore, the emergence of the subprime market is viewed as a natural completion of market processes and inherently good, as it provides access to homeownership for those previously denied. Indeed this argument has

been advanced by housing scholars (Pennington-Cross, Yezer, & Nichols, 2000) who note that subprime loans are utilized by those with lower credit scores and lower amounts of wealth and are therefore important and legitimate financial products. However, even these authors note that African Americans are more likely to receive subprime loans, regardless of credit score.

On the other end of the theoretical spectrum is the critical geography perspective of market competition drawing on the theories of David Harvey (1999). Here the explosion of risky lending in the early 2000s (Immergluck, 2009) is viewed as a consequence of heightened institutional competition for new and greater sources of revenue. Competition between financial firms leads to overspeculation, more risk taking, and overextension. Whereas the conventional market perspective assumes financial products respond to demand, Harvey's model illustrates that market competition as a system necessarily works to secure profits for lending institutions at the expense of the consumer. A similar perspective is held by Wyly and colleagues (2006; 2007) who discuss how capital accumulation necessitates spatial inequality, where low-income and minority households are segmented into separate housing markets. Saegert and Evans' (2003) housing niche model also critiques the spatial inequalities facilitated by housing markets and policy.

There has been plenty of scholarship illustrating the relationship between subprime loans and foreclosure. The share of subprime mortgage originations reached 23% nationally in 2006, and subprime loans have performed more poorly nationally, particularly in Chicago between 1999 and 2006 (Lin et al., 2009). The severe delinquency rate, a predictor of foreclosure, was higher in Chicago each year during this time period

(Lin et al., 2009). Adjustable rate mortgages (Foote, Gerardi, Goette, & Willen, 2008; Pavlov & Wachter, 2006; Rose, 2008), high loan-to-value ratios (Foote et al., 2008.; Kelly, 2008), and pre-payment penalties (Quercia et al., 2007), all typically associated with subprime loans, have been shown to be predictive of default and foreclosure. Some have argued that falling housing prices, and the resulting negative equity and inability to refinance, were more to blame than the loan products themselves (Foote et al., 2008). However, others have made the connection between financialization of economies and radicalized risk to the most vulnerable households (Crump et al., 2008; Ashton, 2009; Saegert et al., 2011).

In keeping with an ecological perspective on housing, it is important to consider the degree to which market forces interact unevenly with the most vulnerable housing niches occupied by minority and low-income families. Although some popular narratives of the foreclosure crisis have discussed the role of “greedy individuals” getting in over their heads with a mortgage (Saegert et al., 2009; Chicago Sun-Times, 2007, cited in Robertson, Egelhof, & Hoke, 2008), scholarly research has illuminated the ways in which minority households and neighborhoods are more likely to be relegated into the risky subprime mortgage market. Williams, Nesiba, and McConnell (2005) presented longitudinal HMDA data between the years of 1993-2001, illustrating how African American households and neighborhoods became far more likely to receive a subprime loan during a subprime lending boom period. Boehm and colleagues (2006) found that after controlling for borrower, property, and loan characteristics, black households paid significantly higher annual percentage rates (APR) than whites did for both conventional

purchase and refinance loans. Boehm et al. (2006) also found that Hispanic households paid higher APRs for purchase but not refinance loans.

The disparity in lending practices in the subprime market has been noted elsewhere even before the mortgage crisis that began in 2007. Prior to 2000, subprime loans were originated in greater shares for leveraged refinancing (Immergluck & Wiles, 1999; Wyly et al., 2006), and were demonstrated to be utilized disproportionately in African American neighborhoods (Immergluck & Wiles, 1999). Two studies of large American cities by the same group of authors (Calem, Gillen, & Wachter, 2004; Calem, Hershaff, & Wachter, 2004) found that, controlling for neighborhood and borrower characteristics—including credit worthiness—predominantly black census tracts were more likely to receive subprime loans. Further, even white borrowers in predominantly black neighborhoods were more likely to receive a subprime loan. Low educational attainment is also associated with subprime lending, a finding that lends to the interpretation that subprime lenders target buyers who may lack a sophisticated financial understanding of mortgage products. Additional research looking at national data has shown that African American households are more likely than similar white households to receive a high rate subprime mortgage with a prepayment penalty, irrespective of credit score or loan-to-value ratio (Gruenstein-Bocian, Ernst, & Li, 2008).

Not all scholars agree that the subprime market is inherently predatory, pointing to the fact that its function is to provide access to credit for segments of the population who would otherwise not qualify for a prime loan (Freeman, Galster, & Malega, 2006; Pennington-Cross et al., 2000). Indeed, African Americans have been shown to be three times more likely than whites to have a risky credit score (Howell, 2006). However, this

provides as much evidence of structural inequality as it does to justify segmented subprime lending. Empirical studies illustrate this point. Wyly and colleagues (2006) employed a comprehensive mixed methods approach to the study of race and lending. Predatory lending is defined as one or more of the following: 1) transactions that leave the borrower with substantial net loss, 2) unscrupulous business practices in search of profit, 3) deliberate attempts to deceive, and 4) practices that erode the rights of the borrower. The authors frame their discussion in relation to geographies of inequality that are inherent in systems of capital accumulation, arguing that more recent discriminatory lending practices are a part of the same system that facilitated mortgage exclusion through redlining in the 1950's and 1960's.

This perspective can be thought of as parallel to Saegert and Evans' (2003) ecological concept of housing niches. Urban capital accumulation necessitates possession through dispossession. Whereas landlords charged premiums for subpar housing in African American neighborhoods in the 1950s and 60s due to a lack of renter options, financial institutions such as subprime mortgage companies in the current era charged a similar premium for access to loan products. In both cases the system of capital accumulation creates spatial inequalities as mortgage companies (or landlords in previous eras) search for more yield (Ashton, 2009) from those who have no other options.

Wyly and colleagues (2006) found that, controlling for income level, debt level and a proxy of credit worthiness, African Americans in Baltimore were more than twice as likely to be in the subprime market. Further, there was even more segmentation into subprime where borrower race had not been reported, illustrating the degree to which lenders likely underreport race in an effort to circumvent federal lending regulations

(expanded on further in Wyly et al., 2007). Lenders in African American neighborhoods were also highly involved in securitizing loans that are sold on the market, providing an illustration of how the structure of global capital markets influences spatial inequalities through segmented subprime lending.

Since personal credit histories feature so prominently in the origination of mortgages, and as a key variable of study in relation to segmented subprime lending, there are a few important points to note. A low FICO score simultaneously serves as an exclusionary mechanism to prevent African Americans from access to prime credit and as a means of keeping them in the subprime market. It has been found that African Americans are more likely to have risky credit histories, but scholars have also noted that many subprime lenders underreported repayment history—a source of building credit—in order to keep the borrower from being eligible for a prime loan later on (Howell, 2006).

Although some argue that subprime lending is less a function of race than it is of accurately priced risk (Pennington-Cross et al., 2000), studies have illustrated the disparate role of aggressive third party lenders, or mortgage brokers. Studies completed well in advance of the foreclosure crisis of 2007-2008 established that third-party originated mortgages were more likely to default than mortgages issued from retail (traditional banks and thrifts) lenders (LaCour-Little & Chun, 1999; Alexander, Grimshaw, McQueen, & Glade, 2002). Third party-originated mortgages, such as those issued by brokers, are typically subprime and include aggressive sales tactics and disparate racial impacts (Apgar & Calder, 2005). A 2003 national study (Kim-Sung & Hermanson, 2003) pointed out that 56% of households with broker-originated loans were solicited by the broker, whereas only 24% of borrowers with retail lender-originated

loans were solicited by the lender. Further, 64% of African American borrowers utilized a mortgage broker compared to 38% of white borrowers.

Although this may not be direct evidence of disparate predatory lending, it is nonetheless strong circumstantial evidence of the industry actively recruiting borrowers for risky loans. It should also be noted that there had been little federal oversight of third party mortgage originators and no safeguard in place to ensure such lenders did not purposely overcharge and take advantage of consumers under the guise of expanding access to credit or compliance with the Community Reinvestment Act (CRA).

Studies even prior to the foreclosure crisis documented the relationship between subprime lending in African American neighborhoods and subsequent high default and foreclosure rates (Immergluck & Smith, 2004). More recent studies continue to illustrate the disparate spatial impacts of subprime lending and home foreclosure. Immergluck (2011; 2010; 2008) analyzed lending and foreclosure patterns and found that home foreclosures were highly concentrated in African American communities. Subprime market penetration was linked with low education and hot housing markets, and foreclosures were highest in previously hot markets that had begun to cool. Subprime mortgages were discussed as having a foreclosure rate between 10 and 20 times higher than prime loans. The trends are exacerbated in cooling markets.

Perhaps one of the best studies to explain the relationship between high foreclosures and subprime lending in African American neighborhoods was conducted by Gerardi and Willen (2009) using Boston data. The authors combined HMDA data with deed registry data in order to match individual borrower characteristics with historical homeownership experience. They found that subprime mortgage holders were 5 times

more likely to experience foreclosure. Black households were 3 times more likely than white households to experience foreclosure. Although subprime lending provided ownership opportunities for black households, when taking into account sales and foreclosures, the authors argue that such risky lending does not actually provide any increase in the rate of African American homeownership. Finally, falling housing prices in these neighborhoods translates into higher risk for more foreclosures, and a decrease in the share of African American homeownership. Racial segregation has also been shown to be a large, independent driver of the foreclosure crisis, even when looking at national data across different cities (Rugh & Massey, 2010).

Neighborhood Level Impacts of Foreclosures

Much of the research on the foreclosure crisis has focused on its neighborhood and municipal-level impacts. This section briefly highlights the disparate impacts for minority communities to create a context for the proposed study. Vacant, lender-owned property—referred to as Real Estate Owned (REO)—show higher concentrations in communities of color, especially African American communities (Immergluck, 2010a; Immergluck, 2010b; Smith & Duda, 2009). The prospect of future neighborhood stability in these areas is dire. The projected absorption time of these properties in communities where the population is 80% African American or greater is 25% longer than in areas with minority populations less than 50% (Immergluck & Smith, 2006b). This is especially problematic because REO properties are more likely to sit vacant for longer periods of time, and further destabilize communities in the form of decreased property values and increased crime. Perhaps predictably, the longer foreclosed properties sit

vacant, the higher the likelihood of vandalism and significant property deterioration (Mallach, 2006).

In Chicago, Smith and Duda (2008) brought further attention to the disproportionate effects on minority neighborhoods. They found that census tracts with an 80% or greater minority population had 41.6 foreclosures per 1,000 people in 2007, as compared with 8 foreclosures per 1,000 people in tracts with less than 10% minority population. Apgar and Duda (2005) attempted to estimate the cost of foreclosed properties on the City of Chicago, which range from \$30 administrative costs in the best case scenario, to more than \$30,000 for a property that sits vacant for an extended period of time. Included in the cost estimate is the assumption that vacancy attracts criminal activity, vandalism, theft, and arson that will require an increase in maintenance costs and city services.

Numerous studies have shown that foreclosures exert a negative effect on surrounding property values. Immergluck and Smith (2006a) controlled for 40 different property and neighborhood characteristics in Chicago to explain the impact of single family home foreclosures. Hedonic price models showed that each single foreclosure leads to a .9 to 1.1% decrease in property value for every home within an eighth of a mile. Schuetz et al. (2008), arguing that hedonic price models must utilize longitudinal data rather than cross-sectional in order to control for pre-existing differences in micro-neighborhood housing markets, looked at the impact of foreclosures in New York over a period of seven years. Their findings suggest that foreclosures do negatively affect nearby properties, though not in a linear fashion. There may be a threshold effect, where property values did not necessarily decline if only a few foreclosures occurred in

proximity but did decline if several were concentrated nearby. This study also found further evidence that neighborhoods with lower property values, in general, are more vulnerable to concentrated foreclosures and subsequent decreased property values. Such areas are typically populated with low-income households. Even in New York, with its high-priced housing markets, property values are vulnerable to the effects of nearby foreclosures.

Lin et al. (2009) looked at a longitudinal sample of home foreclosures in the Chicago MSA and attempted to control for differences in housing market cycles. Results indicated that negative spillover effects of home foreclosures are greater during down cycles. The negative impact on surrounding properties was greater in 2006, the beginning of the slump, than it was in 2003, a boom year. Negative spillover effects of each foreclosed property were greatest between zero and two years after the date of foreclosure. This pattern tapered off to non-significance after five years. In addition, effects were greater for older properties, as would be expected. The authors also found that foreclosures negatively impact the value of surrounding properties up to .9km. Finally, this study points out that foreclosures impact the price of surrounding properties through the appraisal process. When determining a sales price of a property, real estate agents look at nearby comparables, and the discount price of foreclosures will necessarily lower the price of comparables and therefore the property itself.

A study looking at Cleveland (Sumell, 2009) provided yet more confirmation that foreclosures disproportionately affect low-income and minority households. Each foreclosure in a census tract reduced home sales prices by 2.5%. Negative price impacts were greater in lower income areas, those with a higher proportion of minority

populations, and those with older housing stock. Low-income and minority neighborhoods have higher proportions of risky lending and are thus most susceptible to the volatility of the housing crisis. In addition, they also face the brunt of declining real estate values (Boehm et al., 2006; Howell, 2006; Pavlov and Wachter, 2006; Schuetz et al., 2008; Williams et al., 2005; Wyly et al., 2006;). Earlier studies (Baxter & Lauria, 2000; Lauria & Baxter, 1999) showed that a high rate of foreclosure during an economic downturn in New Orleans during the 1980's led to racial transition in some neighborhoods. Low-income white areas experiencing high foreclosure and vacancy quickly transitioned to predominantly African American, suggesting a tipping point phenomenon with foreclosures as a mediating factor. However, it is important to note that this occurred during a time period where capital shifts favored migration away from urban areas, unlike more recently where financialization drove rapid price appreciation and gentrification in urban areas immediately prior to the current foreclosure crisis.

Apgar and Calder (2005) note that concentrated foreclosures discourage families and businesses from moving into such neighborhoods, creating further instability and stigmatization. The economic outlook for many low-income minority neighborhoods is troublesome. Further, there is still comparatively little known about the psycho-social implications for households within highly unstable neighborhoods. As low-income minority households are further segmented into rapidly declining neighborhoods in many urban areas, how does this impact the opportunities and benefits that residents derive from home and community? High mobility and transition in declining neighborhoods is bound to, at the very least, disrupt social networks and by extension individual well-being. The implications of disruption in social networks are still not fully understood, nor

are the long-term implications for minority homeownership. Do residents who can afford mobility lose confidence in their community and seek to move elsewhere? If so, will minority neighborhoods with high foreclosures be left with even less income diversity, less homeownership, and higher concentrations of poverty? These questions are very relevant to place-based CBOs and CDCs who face the challenge of stabilizing and strengthening areas with concentrated foreclosures, and are central to this inquiry.

CHAPTER II

STUDY CONCEPTS AND VARIABLES OF INTEREST

Study Overview

This study explores the non-financial impacts of high foreclosure concentrations in low-income minority communities. It anticipates relationships between personal housing instability, neighborhood housing instability, and disruptions in psycho-social processes thought to be related to individual well-being. It also seeks to provide insight on the future prospects of low-income minority homeownership, and social dimensions of neighborhood stability by focusing on a sample of prospective homeowners. Further, it investigates the experiences of very low-income renters in high foreclosure neighborhoods. And finally, it explores the potential role that community-based organizations may have played in fostering stable homeownership and the use of more traditional mortgage products among previous home purchasers.

Data analyses are divided into three sections: 1) exploration of past CBO homeownership efforts, 2) analysis of aspiring low-income homebuyers, and 3) analysis of very low-income households in struggling areas. The overarching theme that connects these three areas of inquiry is the idea that targeted place-based interventions are crucial for the viability of low-income urban areas. In order to develop effective place-based interventions, it is important to understand how all residents—not just homeowners—experience place and community. It argues that future CBO and CDC efforts should work

to build civic capacity and sense of community among all populations, in conjunction with bricks and mortar stabilization and development efforts.

The setting for the study is Chicago, with particular attention paid to the west side communities of Austin and West Garfield Park. This also represents the primary service area of a 30-plus-year old community development corporation, (pseudonymously named) “Choice Community Corporation” (CCC). CCC’s previous low-income affordable housing development efforts are of primary interest, as are the current low-income homeownership counseling efforts of CCC and two other organizations.

The west side is one of Chicago’s areas hit hardest by foreclosures starting in 2007. The community area of Austin, for example, has had the single greatest number of foreclosure filings each year since 2007 (3,438 total from 2007-third quarter 2010) of all of Chicago’s 77 community areas (Woodstock Institute, 2010). The homeownership rate for Chicago’s west side in 2009 was 36%, and 33% of all persons are in poverty (American Community Survey, 2009). It thus represents an ideal geographic location to further examine the impacts of concentrated foreclosures in low-income minority neighborhoods.

First, a longitudinal examination of past housing efforts was conducted to evaluate the degree to which the CBO was successful in fostering stable low-income minority homeownership in an area decimated by the foreclosure crisis. Second, survey data with participants of low-income pre-purchase homeownership counseling are examined. This inquiry looks at how neighborhood phenomena—both perceived and actual phenomena such as foreclosures and crime—impact psycho-social variables and ultimately influence future neighborhood confidence and commitment. Third, surveys

with very-low income households in Chicago’s west side neighborhoods are examined to better understand how concentrated disadvantage—crime, foreclosures, etc.—may be impacting psycho-social variables and overall well-being among the most vulnerable households. This demographic group—very low-income renters—has received very little empirical attention but is uniquely relevant due to the high number of multi-family building foreclosures on Chicago’s west side, and the fact that 33% of the population is in poverty (American Community Survey, 2009).

Figure 1 below provides a general overview of study variables and a theoretical model of expected relationships, which are informed by the proceeding literature review. The research questions and hypotheses follow this review and provide further depth regarding expected outcomes.

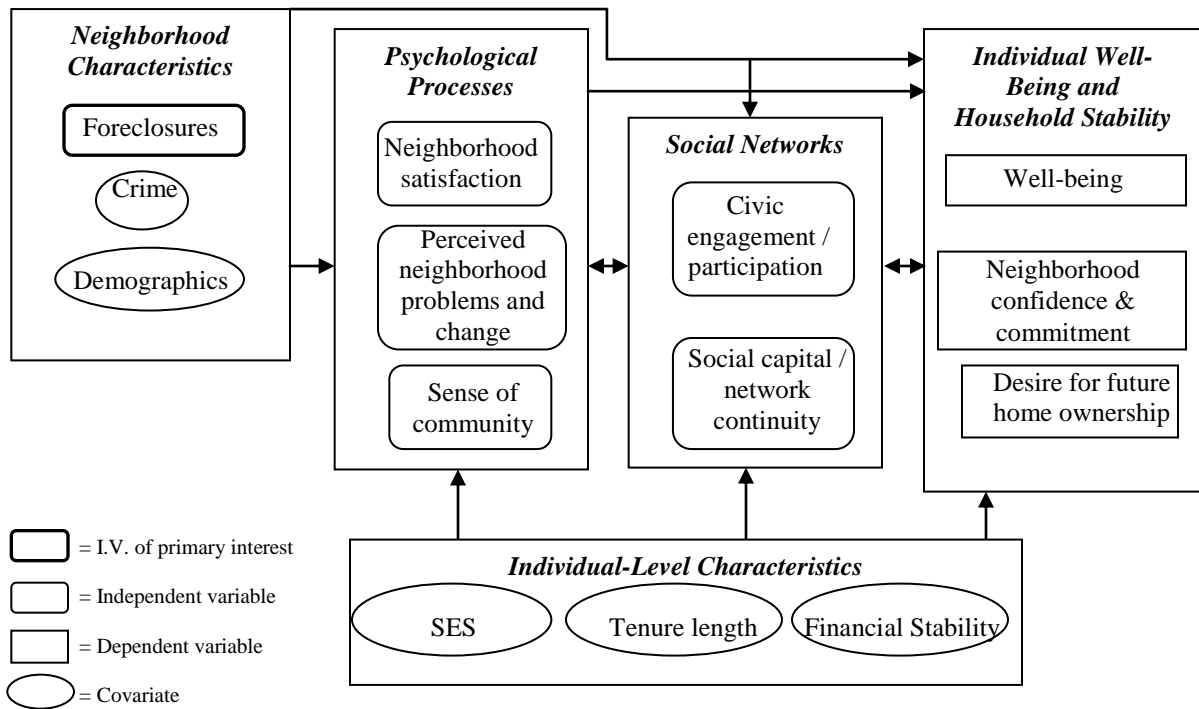


Figure 1. General Overview of Study Variables

Literature Review: Homeownership, Community-Based Organizations, Psycho-Social Processes, and General Well-Being

Low-Income Minority Homeownership

The prevailing policy wisdom prior to the subprime mortgage crash (and with current stabilization efforts) was that homeownership should be encouraged for everyone. For example, the Clinton administration's National Homeownership Strategy specifically aimed to broaden homeownership among low-income and minority households. Under George W. Bush, the American Dream Down Payment initiative provided first time low-income homebuyers with down payment assistance (Rohe, Quercia, & Van Zandt, 2007). Indeed the social benefits of homeownership have been well-established (DiPasquale & Glaeser, 1999; Rohe & Stegman, 1994; Rohe, Van Zandt, & McCarthy, 2002; Rossi & Weber, 1996).

For example, homeownership has been found to have positive psychological benefits such as life satisfaction and positive self-esteem (Rossi & Weber, 1996) as well as community benefits such as stabilized property values, maintained properties, and reduced crime rates (DiPasquale & Glaeser, 1999; Rohe et al., 2002). Homeowners have also been discussed as being more invested and active in their communities than renters (Rohe et al., 2002). Homeownership increases opportunity sets for individuals—enhanced personal wealth, psychological and physical health, youth development—and opportunity structures such as civic participation. These structures are thought to lead to more stable neighborhoods and less housing turnover.

The relationship between civic participation and neighborhood stability is cyclical; stability is thought to foster deeper attachments to home and neighborhood, in

turn leading to longer tenure and deeper involvement. However, participation is also related to amenity enhancement of the home and thus less significant of a finding for low-income home owners who cannot necessarily afford to upgrade their homes (DiPasquale & Glaeser, 1999). Other studies that considered low-income homeownership and neighborhood participation (Rohe & Stegman, 1994) found that low-income home owners were more likely to participate in block clubs, but not necessarily other community organizations.

A major problem with many of these studies, however, is the propensity to oversample white and middle class households (Manturuk, Lindblad, & Quercia, 2010). More recent work has provided a deeper exploration with samples of low-income and minority homeowners, though utilizing data collected before the financial sector collapse and subsequent foreclosure crisis. For example, recent low-income homeowners, compared to renters, were shown to be more satisfied with their life, their neighborhood, and possess larger social networks (Manturuk et al., 2010). However, these positive outcomes are dependent upon the owner being financially stable enough to afford needed repairs, and living in a neighborhood that is also stable and socially healthy.

As discussed previously, racial discrimination in mortgage markets causes spatial segmentation, especially for African Americans (Rugh & Massey, 2010; Crump et al., 2008; Williams et al., 2005). National studies have shown that the pattern has only continued for new low-income minority home buyers. Purchasers typically can only afford homes in low-income minority areas, and many choose suburban areas just outside of the central city (Belsky & Duda, 2002). Still, there has been at least some evidence that new low-income minority households tend to experience increases in neighborhood

quality when they become home owners (Katz Reid, 2007). However, even before the foreclosure crisis it was apparent that low-income minorities purchased properties in areas where the median home value was less than areas where low-income white households purchased (Denton, 2002; Lacour-Little & Green, 1998), further reproducing the wealth gap (Bond & Williams, 2007; Williams et al., 2005) .

Neighborhood quality has been one of the recurring themes in critiques of low-income minority homeownership. Cummings, DiPasquale, and Kahn (2002) found that participants in a Philadelphia homeowner training program ended up purchasing homes in lower quality neighborhoods. Van Zandt and Rohe (2006) evaluated a homeownership pilot program and found that 76% of new home buyers moved to different census tracts. In addition, African Americans largely moved to areas with a lower median home value, were more likely than participants who rented to live in predominantly black neighborhoods, and witnessed no increase in neighborhood quality. At least two recent studies, however, have provided new evidence that homeownership programs for low-income minority buyers have helped participants realize improvements in neighborhood quality after purchase (Santiago, Galster, Kaiser, Santiago-San Roman, Grace, & Linn, 2010; Katz Reid, 2007). Again, however, these studies utilize data collected prior to the housing market collapse. A new economic reality necessitates a new understanding about the prospects for future low-income minority homeownership, as well as neighborhood quality. Alarming, even in the years leading up to the crash, national homeownership exits were growing rapidly and disproportionately for black households (Turner & Smith, 2009).

Homeownership rates are declining as quickly as foreclosures are growing in many neighborhoods. For CBOs working within these areas, the question is not necessarily how to create homeownership opportunities for low-income minorities in better neighborhoods; it is how to stabilize neighborhoods through community-building and successful homeownership. Neighborhood confidence has long been thought to be a key component of stabilization and revitalization (Varady, 1986), and confidence has been linked to the quality of the built environment (Taylor, Shumaker, & Gottfredson, 1985), perceptions of safety (Brown, Brown, & Perkins, 2004), and decisions to stay versus move out of a neighborhood (Taylor et al., 1985).

Similar to recent works (Katz Reid, 2007; Santiago et al., 2010) this study seeks to expand the understanding of how low-income minority homeownership and neighborhood quality might intersect after the rules of the game have been altered by the housing crash. Rather than evaluating the neighborhoods of recent home purchasers, this study seeks to gain an understanding of how residents evaluate their current neighborhoods—how they connect psychologically and socially—and what it implies for future neighborhood stability. Do these residents possess attachments and social networks that could precipitate a desire to purchase a home and contribute for the betterment of their current neighborhood? Alternatively, do foreclosures and neighborhood decline create such disruptions in quality of life that fleeing the neighborhood becomes the ultimate priority? To that end, this study provides a deeper exploration into how residents in low-income, primarily black areas evaluate their current neighborhoods, what impacts rising foreclosures have had, and what it all means for future neighborhood confidence.

Health and Well-Being

General health and well-being is important to consider because there has been a rich body of literature describing its relationship to housing. Although there is certainly no dearth of research on the impacts of foreclosures, most work focuses on homeowners. The intersection of health and housing has been noted mostly by scholars related to public health (Cairney & Doyle, 2004; Dunn, 2002; Evans, Wells, & Moch, 2003; Saegert et al., 2003; Shaw, 2004) and has also received attention in relation to foreclosures, specifically (Libman et al., 2012; Collins, 2007; Libman, Saegert, & Fields, 2008; Nettleton & Burrows, 2000; Robertson et al., 2008; Saegert et al., 2009).

From a public health perspective, housing is considered a social determinant of health in that it is a major factor in explaining health disparities, especially in populations of color. Shaw (2004), for example, describes two main ways in which housing affects health. The first is through “hard” ways, where poor housing conditions directly affect physical health (e.g. illness poor housing, homelessness, etc.). Less direct “hard” impacts may include proximity to services, employment, and environmental features. “Soft” effects, on the other hand, are related to general well-being (e.g. sense of purpose, psychological attachments, and ontological security). Direct “soft” effects include the relationship between housing insecurity, debt and mental health, and general well-being. More indirect “soft” effects may include sense of community and social capital at both individual and neighborhood levels. These “soft” effects of housing are especially relevant to this study and the current foreclosure crisis; however, given that many low-income families hardest hit are likely to experience deteriorating home and neighborhood conditions, “hard” effects are also somewhat relevant.

In a review of studies related to housing and mental health, Evans et al. (2003) noted that dissatisfaction with housing and neighborhood is negatively correlated with psychological well-being (including happiness, anxiety, depression, optimism, and overall well-being). The link between housing deficiencies and psychological well-being has also been confirmed in other studies. Macintyre, Ellaway, Hiscock, Kearns, Der, & McKay (2003) found that housing problems (deficiencies in both home and housing fixtures), area problems, and lack of area amenities were related to both depression and anxiety. This Scottish study also noted that these findings were exacerbated for renters as opposed to home owners. Dunn (2002) introduces the element of control in linking health outcomes to a lack of housing choice due to socioeconomic status. Those unhappy with their home, networks, or neighborhood but unable to move were more likely to exhibit negative health outcomes. The author also found evidence that self-reported monthly housing cost burden was related to poor general and mental health.

This latter finding was expanded on by Cairney and Doyle (2004) who examined psychological distress in relation to both housing tenure and mortgage status. Controlling for demographic and socioeconomic variables, the authors found that renters reported the highest levels of psychological distress, and homeowners with no debt reported the lowest levels. Homeowners with housing debt reported more stress than those without a mortgage. Further, the absence of debt mediated the effect of stress level on overall psychological distress. Stressful experiences for homeowners without a mortgage had less of a negative effect than both home owners with a mortgage and renters. Credit card debt has also been linked to anxiety (Drentea, 2000) as well as depression (Zimmerman

& Katon, 2005). British scholars (Brown, Taylor, & Wheatley-Price, 2005) found non-mortgage related debt to be associated with lower ratings of overall well-being.

In addition to physical and psychological well-being, researchers have linked ontological security to housing (Shaw, 2004; Saegert et al., 2012). Housing can provide a stable sense of meaning and security that is important for overall well-being and health. Key to the concept of ontological security is the notion of control and constancy in both social and physical environments (Dupuis & Thorns, 1998). Other studies argue that it has more to do with a quality home setting in terms of the dwelling, environment, and relationships (Hiscock et al., 2001). The most salient feature of a quality environment is most certainly the home, but it also extends to the neighborhood as well.

Housing scholars concerned with the quality of the built environment have noted the importance of neighborhood conditions. Cohen, Mason, Bedimo, Scribner, Basolo, & Farley (2003) link the presence of boarded up windows in the neighborhood living area with mortality risk. The authors hypothesize that these detrimental environmental features are associated with less opportunities to engage with the community and establish meaningful relationships that could potentially mitigate risky health behaviors. Saegert and Evans (2003) introduce the concept of housing niches to describe the degree to which market and political forces dictate the segmentation of the population into specific niches of housing. Low-income and minority groups typically occupy a niche with the least amount of access to amenities, services, and the highest exposure to physical and environmental health threats. The structural inequalities inherent in housing niche segmentation translates into poorer health for these populations and less perceived social control and access to social capital as a means of attaining better housing and

amenities. Further, it has been well established that low-income and minority communities are at much higher risk for housing debt due to the dual mortgage market (Apgar & Calder, 2005; Howell, 2006; Williams et al., 2005; Wyly et al., 2006; Wyly et al., 2007).

Therefore, housing niches occupied by low-income and minority households are at even greater risk for poor health outcomes associated with the foreclosure crisis. It is also important to consider the bi-directional link between housing and health. Easterlow, Smith, & Mallinson (2000) discuss this multifaceted relationship and its uneven impacts on low-income and minority households. Spatial inequalities in housing lead to uneven distribution of health services, as well as health outcomes. Further, those with poor health face additional challenges in utilizing housing to build wealth through homeownership. Therefore, housing impacts health, and in turn health status can limit housing choices even further and exacerbate spatial inequalities.

Research linking housing and health creates a clear picture of how low-income and minority households can be expected to be at increased risk for poor health in the current economy, as these housing niches are also hardest hit by the foreclosure crisis (Rough & Massey, 2010; Immergluck, 2011; Smith & Duda, 2008; 2009). Research on the relationship between health and foreclosure is comparatively thin even though the foreclosure crisis has spawned renewed interest in the topic. Nettleton and Burrows' (2000) UK study illustrated that mortgage possession (foreclosure) leads to increased depression, anxiety, low self-esteem, and low self confidence. These physical and emotional symptoms were also linked to a loss of personal empowerment in addition to financial loss. Anecdotal evidence of the current foreclosure crisis points to the fact that

struggling homeowners often feel depressed, fearful, and experience higher stress. Also, some may experience a sense of shame that creates a barrier to reaching out to family and friends for help (Fields et al., 2007). And even though most struggling homeowners reach out to their lender, servicer, or non-profit agency for help, most receive very little (Fields et al., 2010; Saegert et al., 2009).

The relationship between foreclosure and health, like housing in general, has also been shown to be bi-directional. Some studies have demonstrated that medical issues are strongly related to foreclosure (Collins, 2007; Robertson et al., 2008). In a study of over 1,500 Chicago households in 2005, Collins (2007) found that medical problems were the second most common reason, behind loss of employment, cited by home owners as a cause of mortgage delinquency. Surveys of households that experienced foreclosure found even greater evidence of the role of medical problems. Half of survey respondents reported a medical cause, and when considering other categories of health-related problems such as medical bills or inability to work due to a health issue, 70% of respondents had experienced health or medical related distress prior to foreclosure (Robertson et al., 2008). Another study found that homeowners experiencing foreclosure reported significantly higher rates of depression, psychological distress, and hypertension (Pollack & Lynch, 2009). Approximately a third of respondents fit criteria for major depression. Experiencing foreclosure has been shown to have negative health impacts on par with unemployment or the dissolution of a marriage (Taylor, Pevalin, & Todd, 2007).

Research has clearly linked foreclosure and health, but a full understanding that includes psycho-social impacts requires an ecological perspective of foreclosure (Libman et al., 2012; Libman et al., 2008). In considering the ecology of mortgage default,

research needs to go beyond homeownership and health in order to illuminate the ways in which low-income and minority communities bear the brunt of social, economic, and political forces that all contribute to housing and health deficiencies. Vulnerable housing niches such as Chicago's west side are likely to be at risk for further negative "soft" health outcomes such as loss of social networks, sense of community, community participation, and confidence that have yet to be explored, especially among non-homeowner populations. Such psycho-social variables could potentially mediate individual and household health and well-being, and perhaps neighborhood stability as well.

Psycho-Social Processes

The increased mobility caused by foreclosures and homeownership exits are likely to disrupt social networks and bonds between neighborhood residents. In addition, physical neighborhood decline is likely to impact psychological processes such as neighborhood satisfaction, sense of community, and expectations of mobility, which in turn could influence social networks and social capital. Social capital has largely been described in the literature as relating to the bridging and bonding of social networks (Putnam, 1996; Saegert, 2001). It has been discussed as an individual level construct (Van Der Gaag & Snijders, 2005) or a collective structure and process (Bourdieu, 1977; DeFilippis, 2001). It has been shown to have many positive impacts in communities, such as neighborhood stability (Temkin & Rohe, 1998), housing revitalization (Saegert & Winkel, 1998), and sense of community (Bothwell, Gindroz, & Lang, 1998). It can also

mediate the relationship between homeownership and successful housing revitalization (Saegert & Winkel, 1998).

Social capital is consistently shown to be higher among homeowners than renters (Manturuk et al., 2010; Van Der Gaag & Snijders, 2005), as homeownership is theorized to enhance opportunities for residents to interact, thereby providing opportunities to expand networks (Rohe et al., 2002). It is thought that neighbors establish ties based on expectations of permanence, and therefore place more value on relationships with homeowners (Coffe, 2009). Thus, communities with higher turnover have less social capital (Coffee, 2009). Low-income residents are also thought to expand networks and resources through homeownership (Grinstein-Weiss, Yeo, Greeson, & Despard, 2008). At the same time, informal neighborhood bonding is thought to be a precursor to successful low-income homeownership (Brisson & Usher, 2007).

Social capital has also been discussed as having a cognitive component: sense of community (Perkins & Long, 2002). Sense of community is a concept that stresses the mutual transaction between person and community. Its four components—membership, influence, fulfillment of needs, and shared emotional connection—describe the complex manner in which people derive benefits from a community (McMillan & Chavis, 1986). Sense of community has been shown to be an important precursor to organized community participation (Chavis & Wandersman, 1990; Perkins, Brown, & Taylor, 1996; Perkins, Florin, Rich, Wandersman, & Chavis, 1990) and political participation (Hughey, Speer, & Peterson, 1999).

Participation in voluntary organizations such as neighborhood groups is considered to be a formal indicator of social capital, as participation is necessary for

organizing and forming networks, especially at the neighborhood level. Such neighborhood networks, in turn, are important in fostering sense of community. The degree of informal neighboring behavior that individuals engage in—the exchange of information and favors—also plays a role in how much sense of community is perceived within the neighborhood, and how much formal participation takes place (Chavis & Wandersman, 1990; Perkins & Long, 2002). And, informal interaction between neighbors has been shown to be a significant predictor of sense of community (Prezza, Amici, Roberti, & Tedeschi, 2001).

These overlapping psycho-social constructs are important because they contribute to overall neighborhood stability and confidence among residents. Residents who form bonds and act collectively on behalf of the neighborhood can achieve positive outcomes, such as a reduction in neighborhood violence (Sampson, Raudenbush, & Earls, 1997) and housing revitalization (Saegert & Winkel, 1998). Mobilization and willingness to act also predicts higher overall neighborhood health (Browning & Cagney, 2002). And, social trust has also been linked to health in communities (Subramanian, Kim, & Kawachi, 2002).

Neighborhoods with high foreclosure rates and instability are likely to experience breakdowns in networks that foster these processes and interactions, due to high turnover and mobility, and increasing crime and vacant houses. Although there is current research interest in how foreclosures impact the most vulnerable housing niches (Fields, Libman, & Saegert, 2007; 2010; Saegert et al., 2009), there is still much to learn about non-homeowner populations, especially aspiring homeowners. Saegert and Evans (2003) discuss how low-income and minority communities suffer the greatest risks in terms of

housing location, including access to social capital. It has been established that the foreclosure crisis has disproportionately affected communities of color (Rough & Massey, 2010; Smith & Duda, 2009) and that areas with high foreclosure experience greater crime (Immergluck & Smith, 2006b).

The manner in which residents perceive problems in their neighborhoods has varying effects. Some research suggests that the perception of problems is sometimes associated with a sense of community (Brodsky, O'Campo, & Aronson, 1999) and individual participation in grass-roots voluntary community organizations (Perkins, et al., 1990; 1996). It is thought that the response to perceived problems is to band together with others to protect against or respond to the threat. However, this is not always the case, as the same authors show that residents of high crime areas often display less sense of community (Brodsky, et al., 1999). This latter finding is also consistent with Robert Sampson's notion that a neighborhood's collective efficacy—cohesion and shared expectations of social control—is associated with high crime areas (Sampson, 2012; Sampson, et al., 1997).¹

The larger point is that in many African American neighborhoods in Chicago, concentrations of foreclosures and abandoned properties are so great that social networks and “soft” health variables are likely to decline for all residents, not just struggling homeowners. It is possible that sense of community and social networks provide a buffer against these neighborhood effects. However, it is equally likely that neighborhood effects are responsible for disruptions in psycho-social processes. For these reasons, further empirical examination of these variables is necessary to advance the overall

¹ Although collective efficacy is a distinct concept, it can be thought of as related to psychological sense of community, and will be discussed further in the concluding chapter.

understanding of the foreclosure crisis, and, more importantly, the understanding of vulnerable housing niches in general.

CBOs and Homeownership

As noted previously, public policy has favored homeownership over rental housing, and many non-profit CBOs provide opportunities for low-income minority homeownership. However, most strive to go beyond the transaction of housing sale to foster educated, engaged, and committed home owners. Few studies have considered the potential for CDCs, or CBOs in general, to have better positioned constituents in low-income and minority communities to successfully maintain homeownership amidst rising foreclosures. Organizations can, in theory, play an important role in stabilizing neighborhoods and mitigating foreclosure impacts by developing new homes, rehabbing foreclosed homes, and educating first time home buyers to make sound choices in financial products. Further, as many such place-based organizations continue providing homeowner education, it is important to understand the ways in which participants (potential homeowners) evaluate their neighborhoods. How do individual experiences in an area of high foreclosures impact future choice of neighborhood? Do potential homeowners possess social networks and attachments that could mitigate the impact of neighborhood decline on future neighborhood commitment? These questions are important as they can directly inform place-based CBO homeownership and community-building strategy.

Calem and Wachter (1999), in their assessment of a low-income home-buyer program, showed that participants were no more likely to default than those with FHA-

backed loans. Results also indicated that default risk decreases for properties in areas where sufficient market activity is happening, highlighting the fact that market downturns are likely to negatively impact default rates. Research at the beginning of the second boom in subprime lending suggested that flexible underwriting and changes in down-payment requirements led to increased minority homeownership rates nationally (Bostic & Surette, 2001; Quercia, Wachter, & McCarthy, 2003), though we now know that minority homeownership exits increased disproportionately shortly thereafter as subprime rates began to reset (Turner & Smith, 2009). It has been noted regularly that lender interest in minority neighborhoods can be described as a process of repeated capital extraction, where lenders benefited from high subprime interest rates, and additional fees through repeated refinancing to maintain consumption (Immergluck and Wiles, 1999; Sullivan, Warren, & Westbrook, 2000). The consequences for minority neighborhoods are foreclosures and a growing black-white wealth gap (Gerardi & Willen, 2009; Smith & Duda, 2009; Williams et al., 2005; Wyly et al., 2007).

Nonetheless, there is at least some evidence that home buyer counseling programs are effective in facilitating successful low-income and minority homeownership. Hiraad and Zorn (2001) reported a 19% lower default rate for those who had attended pre-purchase counseling. Face-to-face counseling delivered by non-profits was found to be the most effective form of counseling, reducing the likelihood of 60-day default by 41%. Rohe, Quercia, Van Zandt, & Kosarko (2003) evaluated the individual and neighborhood impacts of a pre-purchase education program. Results indicated that new homeowners had significantly expanded their social networks, though many struggled to keep mortgages current. The degree to which new homeowners are satisfied with their home

and neighborhood may depend on the type of organization providing pre-purchase services. Those with an external accountability orientation—such as HUD-certification—have been shown to predict greater satisfaction (Carswell, James, & Mimura, 2009).

However, not all research on low-income homebuyer programs has been positive. Studies have suggested that most clients in post-purchase counseling programs already have difficulty keeping mortgages current, and continuing participation is not consistent and effective in avoiding foreclosure (Saegert, Justa & Winkel, 2005). Duda and Belsky (2001) found that although most low-income home purchasers experienced price appreciation, a significant amount also lost money due to unforeseen costs or neighborhood depreciation. Van Zandt and Rohe (2006) found that most first time low-income home purchasers did not end up moving into higher quality neighborhoods, though more recent studies have challenged this finding (Santiago et al., 2010). Aside from providing homeownership services, CDCs often attempt to revitalize distressed neighborhoods through affordable housing development. New housing developments can produce some home improvement spillover effects (Perkins, Larsen, & Brown, 2009). CDC housing developments have also been shown to increase surrounding property values (Galster, Temkin, Walker, & Sawyer, 2004; Park, 2008). Overall, evidence of homeownership counseling's efficacy is somewhat murky, especially now that the foreclosure crisis has erased some of the gains in low-income minority homeownership.

The most common means of evaluating such programs—loan performance—does not quite capture the breadth of outcomes over the long term. A few recent studies; however, have shown that programs can facilitate resilient low-income homeowners. A recent Urban Institute report found that Individual Development Account (IDA) clients

were less likely to utilize high interest loans and face foreclosures than comparable low-income households (Rademacher et al., 2010). Spader and Quercia (2009) also evaluated mortgage choice—choosing better products—rather than just loan performance, and found that pre-purchase counseling was helpful in ensuring that participants avoided subprime loans.

Non-profit CBOs are currently playing a large role in working with struggling homeowners to keep mortgages current and avoid foreclosure, though without broad success (Fields et al., 2010; Saegert et al., 2009). Collins (2007) reported that length of participation in foreclosure counseling programs, particularly in-person, was associated with decreased probability of foreclosure. However, others point out that individual approaches such as foreclosure counseling are not highly effective and many non-profits lack the capacity or power to influence defaults (Fields et al., 2007; 2010). Given the magnitude of foreclosed homes and high unemployment, foreclosure counseling alone is unlikely to have a significant and immediate impact on communities. For place-based CBOs working in low-income minority urban areas, the challenge of stabilizing neighborhoods and improving communities is steep. Banks continue to refrain from lending and unemployment remains very high, which calls into question the traditional model of fostering homeownership as a means of community building. More research is needed to better understand household experience in troubled neighborhoods, which could inform community-building strategies. CBOs can play an important role in increasing civic capacity and social capital through community-building initiatives rather than just brick and mortar home development. The definition of civic capacity favored here draws from Saegert (2006) and involves community residents achieving collective

influence and access to resources. Community-building is a potential route to resilience in areas with high foreclosures. This study seeks to provide insight into this area, as well as the future state of low-income minority homeownership in troubled communities.

Research Questions and Hypotheses

As stated above, this study aims to generate new knowledge about non-financial impacts of the foreclosure crisis for low-income minority communities. It goes beyond current homeowners to consider aspiring homeowners. By exploring dynamic psycho-social processes, it attempts to create a more complex and nuanced understanding of the overall health and stability of neighborhoods hardest hit by foreclosures. The study also explores impacts for a sample of very low-income residents who are also likely to be affected by the crisis. The model and literature summarized above anticipate relationships between the physical environment and psycho-social processes thought to be important components of neighborhood stability and well-being. One of the immediate aims is to understand the ways in which these processes can predict expected future mobility vs. neighborhood confidence and commitment. A second objective is to explore the degree to which nearby foreclosures impact these processes, through both perceptions and actual neighborhood effects.

The broader goal is to inform policymakers and non-profit CBOs, who are faced with the challenge of stabilizing and rebuilding struggling communities. The longstanding bias in both policy and community development practice has been toward facilitating low-income homeownership. To that end, this study surveys a sample of prospective home buyers to better understand their experience and what it might say

about future neighborhood homeownership. Before considering survey results; however, the paper first examines the historical place-based housing efforts of a longstanding Chicago CDC. Since this project is concerned with *place*—specifically, vulnerable housing niches—it is important to ground discussions in the reality of place-based practice. This first area of inquiry frames all subsequent analyses and discussion around the idea of place-making, and its usefulness as a policy and practice concept. It will compare the homeownership history of former CDC clients with a random community sample of owners to see if programmatic efforts translated into more successful homeownership.

Finally, in what can be thought of a parallel line of inquiry, this study will also assess the experience of a sample of very low-income renters. This demographic is largely absent from the literature but uniquely relevant to vulnerable housing niches—especially low-income black neighborhoods in Chicago—where the number of multi-family rental building foreclosures is also very high. The research questions and hypotheses are summarized below.

1. Do place-based Community Development Corporation homeownership efforts contribute to stability and homeowner resilience, even in the presence of high foreclosure rates?

Hypothesis: Homeowners who purchased a home from a non-profit CDC, when compared to a random, matched community sample, will be less likely to have experienced foreclosure, utilized subprime loans, engaged in leveraged refinancing, and will be more likely to have ultimately stayed in their home longer.

2. How do surrounding neighborhood foreclosures impact neighborhood confidence?

Hypothesis: The perception that foreclosures are a big problem in the neighborhood will be associated with less confidence in the neighborhood

3. Does sense of community mediate the relationship between neighborhood foreclosures and neighborhood confidence?

Hypothesis: Sense of community will predict neighborhood confidence and also act as a mediator between perceptions about nearby foreclosures and neighborhood confidence.

4. How do perceptions about foreclosures impact the general well-being of residents, particularly very low-income residents in vulnerable housing niches?

Hypothesis: Negative perceptions about neighborhood foreclosures will be negatively associated with self-reported general well-being.

CHAPTER III

STUDY I: SUCCESS OF PAST CBO HOMEOWNERSHIP EFFORTS

Setting

This section of the paper essentially looks backward to look forward, providing analysis of past CDC homeownership efforts in a community that would become, years later, one of the areas in Chicago hardest hit by the foreclosure crisis. As much of this project seeks to provide insight into how neighborhood conditions may be affecting the next generation of aspiring low-income homeowners—a population of key significance for place-based housing interventions—it is important to understand if past efforts to foster sustainable homeownership were ultimately successful given the magnitude of the recent foreclosure crisis. “Choice Community Corporation” (CCC) is a community development corporation that has been operating in Chicago’s west side for over 30 years, developing affordable homes and providing a broad range of social and economic services, including homeownership counseling. Although CCC has developed affordable housing for the majority of its existence, the bulk of its development activities occurred between 1996 and 2008.

CCC is an optimal organization to examine because its mission during this period made explicit mention of building a “community of choice” on the west side, or creating a place in which individuals and families would ostensibly choose to invest. This philosophy is congruent with many housing interventions—most recently HUD’s Choice Neighborhoods Revitalization Initiative—that specifically aim to stabilize low-income

communities through homeownership, and share at least some implicit connection to Wilson's (1987) notion that concentrated poverty is perpetuated by the absence of a stable middle class of homeowners.

CCC's affordable homes were sold to low and moderate-income individuals and families at or below 80% of area (citywide) income, and most received some combination of one-on-one homeownership counseling or education classes. Although the organization's service area includes the three contiguous, predominantly low-income African American communities of Austin, East Garfield Park, and West Garfield Park, nearly all of the affordable housing developments were constructed in the West Garfield Park community. Chicago's African American communities on the south and west sides of the city have, in general, borne the brunt of the foreclosure crisis, as illustrated in the figures below, and as expected based on numerous Chicago studies (Smith & Duda, 2009; Immergluck & Smith, 2006a; Immergluck & Smith, 2006b).

The target area for CCC's housing intervention, West Garfield Park, has a slightly lower foreclosure rate than some of its surrounding communities. However, its rate is still quite high compared to the city overall and it shares a similar history to many African American communities on the south and west sides, having suffered the same patterns of white flight, redlining, disinvestment, and crime. In short, it is an area of high concentrated disadvantage (Sampson et al., 1997) and an ideal setting to examine the impact of a nearly two decade long housing intervention. Given how deeply the crisis has affected communities of color over the past several years, spurring a disproportionately high rate of black homeownership exits and exacerbating the wealth gap (Shapiro, Meschede, & Sullivan, 2010; Turner & Smith, 2009; Gerardi & Willen, 2009), West

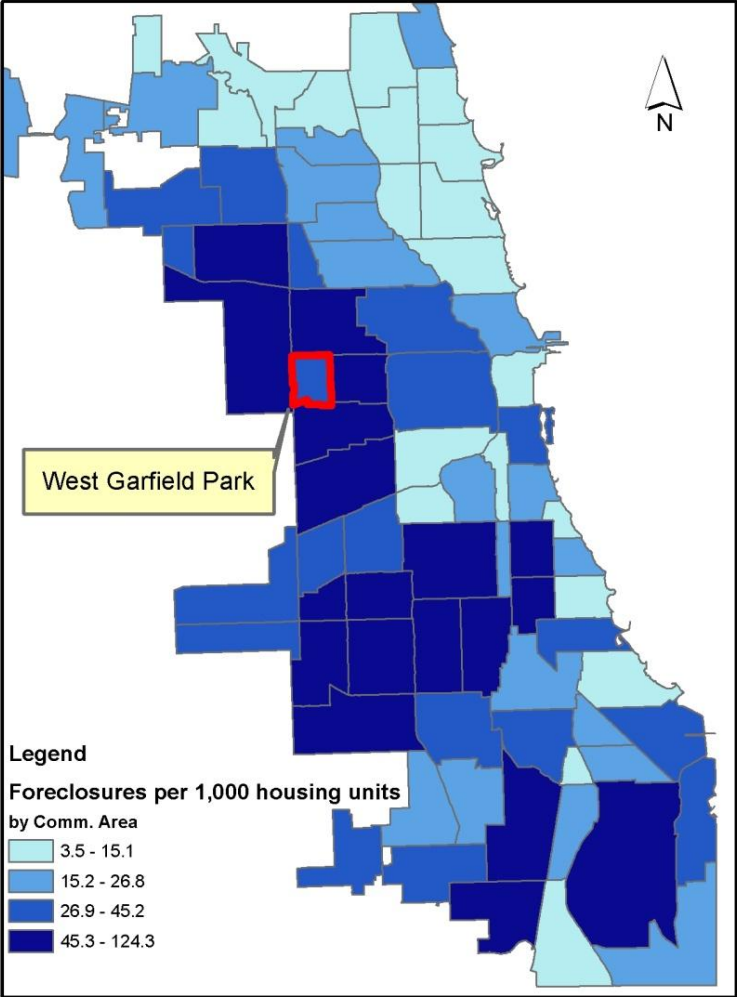
Garfield Park is where the rubber should meet the road if indeed place-based housing interventions can be successful.

West Garfield Park is 96% African American (American Community Survey, 2009) and ranks among the highest Chicago community areas in terms of poverty, crime, and home foreclosures. Table 1 below displays its degree of disadvantage compared to the City of Chicago as a whole. The median household income is less than half of what is typical for the entire city. Nearly 40% of families are in poverty, and violent crime and foreclosure rates are notably higher than Chicago averages. The maps below illustrates the spatial concentration of foreclosure filings (Figure 2), buildings identified by the City as chronically vacant and in need of demolition (Figure 3), and how these phenomena overlap with African American segregation (Figure 4).

Table 1. West Garfield Park Characteristics Compared to City of Chicago Averages

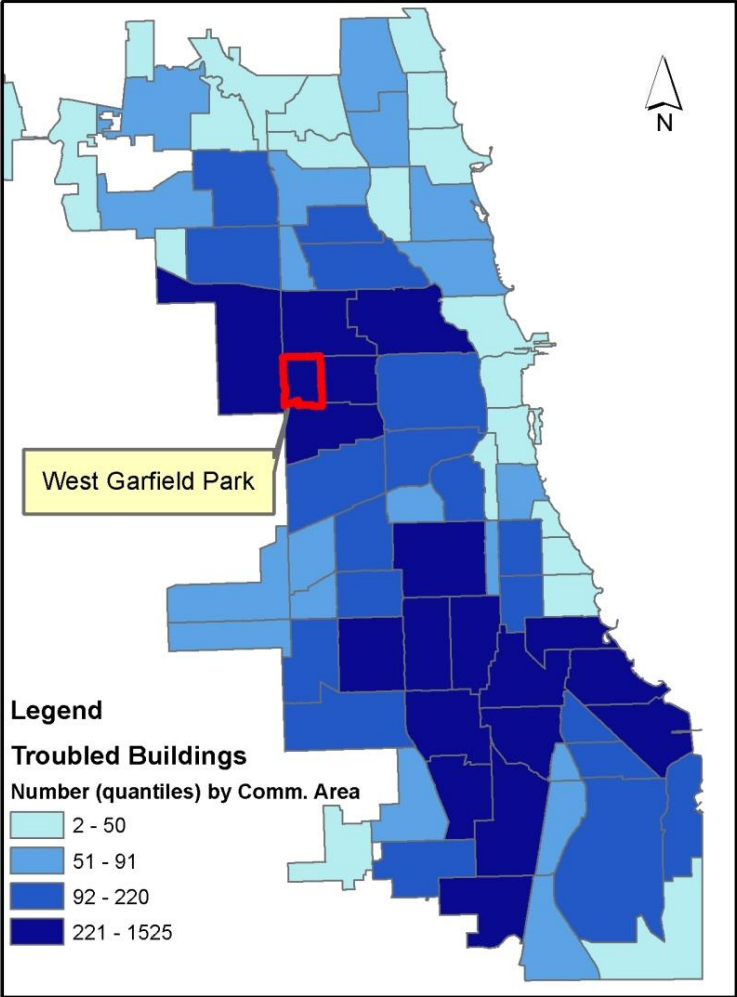
	West Garfield Park	City of Chicago
Percent African American	95.6	32.9
Percent of families below poverty	38.7	20.9
Median household income	\$22,804	\$46,877
Percent of homes that are vacant	22.4	13.8
Foreclosures per 1,000 housing units 2007-2010 a	42.2	30.1
Foreclosures per 1,000 households 2007-2010 a	53.0	34.7
Violent crimes per 1,000 people 2011 b	83.1	29.2

All data from 2009 American Community Survey 5-year estimates except: a) Woodstock Institute; and b) Chicago Police Department



Foreclose data from Woodstock Institute Quarterly Foreclosure Updates

Figure 2. Foreclosure Filings per 1,000 Housing Units 2007-2010 by Chicago Community Area



Troubled Building data obtained from the City of Chicago Web Data Portal

Figure 3. Troubled Buildings 2009-2011 in City of Chicago by Community Area

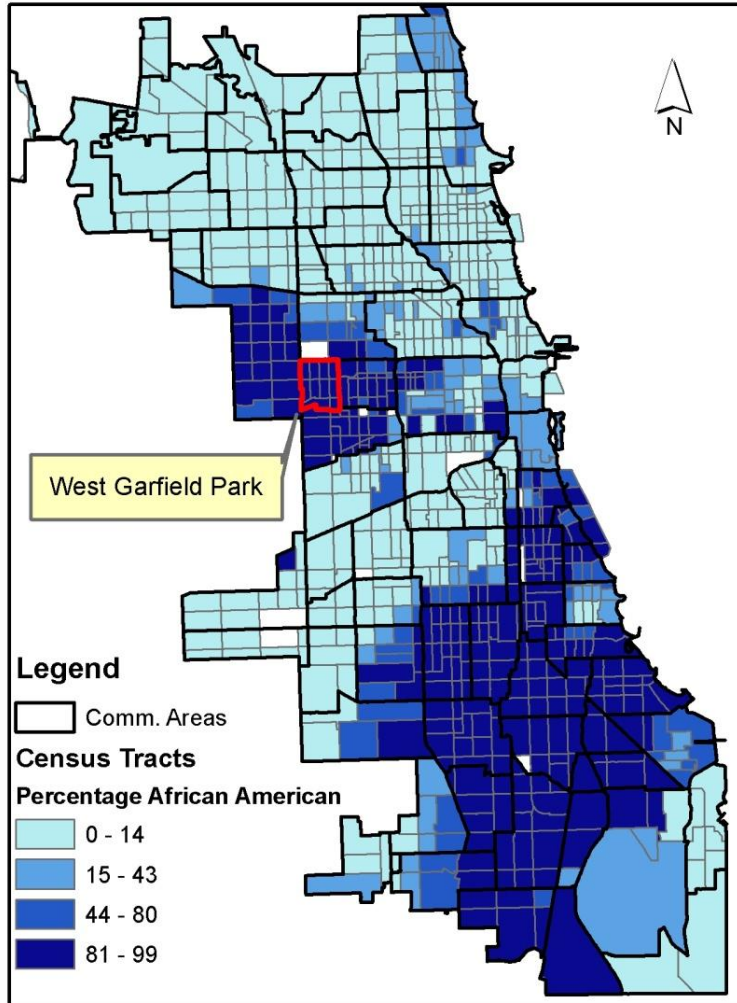


Figure 3. Chicago African American Population by Tract, 2009 American Community Survey

Sample and Method

CBO Sample

The research questions of interest are whether or not those who purchased affordable homes from a non-profit CDC were more likely than the community at large to a) avoid subprime or non-traditional loan products, b) avoid leveraged home refinance, c) avoid foreclosure, and d) ultimately stay in their homes longer. Since CCC's goal was to

educate prospective buyers and foster long-term homeownership, it is expected that clients would have fared better than a random market sample in each of these categories.

Previously discussed literature (Hirad & Zorn, 2001; Rademacher et al., 2010; Spader & Quercia, 2009) provides justification for the expectation that pre-purchase homebuyer clients would perform better in terms of loan choice and foreclosure. However, previous studies do not provide a longitudinal retrospective that spans nearly two decades to capture two waves of subprime lending—refinancing and origination—as well as the recent foreclosure crisis. Leveraged refinancing is crucial due to early scholarship on subprime lending that illustrated the degree to which repeated capital extraction through subprime refinance disproportionately affected communities of color (Immergluck & Wiles, 1999; Wyly et al., 2006). So called subprime “cash-out” refinances have been shown to be a greater share of total refinances than subprime purchases were of total purchases over the decade leading up to the foreclosure crisis (Mayer & Pence, 2008). Furthermore, most studies do not evaluate homeownership efforts in relation to place-based outcomes, especially in areas most impacted by the crisis, making this approach unique in its focus

CCC provided a database of all the affordable homes it sold between 1996 and 2008 (N=99). Again, all homes were sold to buyers whose income was at or below 80% of area income, and all participated in either face-to-face counseling or homebuyer education classes. The types of properties sold consisted of condominiums (37%), single family homes (27%), townhomes (25%), and two-flats (12%). The database contained addresses and/or property identification numbers (PINs), allowing for cross-referencing with Cook County property databases. Through cross-referencing and triangulation

between several data sources, described further below, the variables noted in Table 2 were added to the database. Then, a random matched-pair sample of West Garfield Park home purchasers was created with the same variables, the method of which will also be discussed below.

Table 2. Final Variables in CCC Intervention vs. Matched Sample Database

<i>Variable Name</i>	<i>Description</i>
OrigMortgage1	First position home purchase mortgage year originated and amount
OrigMortSub2	Subordinate mortgage(s) amount
SubOrig (1=yes)	Likely subprime or non-traditional first position loan
AddMort	Subsequent mortgage(s) year originated and amount
LevRefi (1=yes)	Any refinance at amount greater than original purchase mortgage
SubRefi (1=yes)	Any refinance loan determined likely subprime or non-traditional
Foreclose1 (1=yes)	Any lis pendens foreclosure filing with Cook County
Foreclose2 (1=yes)	Lis pendens foreclosure followed by certain ownership exit
YearExit	Year CCC buyer sold or otherwise transferred ownership (if applicable)
InHome (1=yes)	No ownership transfer as of 1/1/2012

The process of triangulation to build the database and arrive at the binary outcome variables began with documenting the entire transaction history of each CCC property using the publicly available Cook County Recorder of Deeds web-based property search tool. Each PIN search yielded every transaction for that particular property, including all loan originations, loan amounts, lender name for each loan, lis pendens foreclosures, and property sales or transfers. This initial step enabled the classification of subsequent loans as leveraged, as any subsequent mortgage greater than the original purchase loan amount was coded as a leveraged refinance. Second, to determine whether a property had gone through foreclosure, lis pendens noted in the online transaction history were compared with a database from the Recorder of Deeds listing all foreclosure filings between 2000

and 2009. This step was necessary because not all lis pendens are foreclosure filings. If a lis pendens was noted in the transaction history and also listed in the foreclosure database, the property was coded affirmatively as experiencing a foreclosure (Foreclose1). Then, a third coding step was conducted to determine whether the foreclosure actually led to a homeownership exit. If in the transaction history there was a judicial sale or other property transfer noted within two years of the lis pendens foreclosure, the property was coded affirmatively for the second foreclosure variable (Foreclose2).

To make a determination whether the first position home purchase loan or subsequent refinance loans were likely subprime or non-traditional, a coding hierarchy was used involving three databases, displayed below in Figure 4. The first step utilized a Cook County Recorder of Deeds database that contained detailed loan information by PIN for mortgages originated between 2000 and 2009. The database is extensive but not exhaustive of all mortgages in the County, and there is significant variability in the level of detail provided for each mortgage. However, this database was potentially relevant to 86% of total loans (both original purchase and refinances between 2000 and 2009) contained in the CCC homebuyer sample, and 77% of the matched sample, with the rest having originations prior to 2000 or after 2009. If a loan fell between these years and could be matched to detailed entries in the Cook County Mortgages database, it was coded as likely subprime or non-traditional if it had an adjustable rate.

In addition, for each loan in the database with an origination between 2004 and 2010, a match was attempted with the Home Mortgage Disclosure Act (HMDA) database. Starting in 2004, HMDA coded loans as “higher-priced” if the interest rate

spread was 3 or more percentage points above a comparable prime rate security—either the 30-year U.S. Treasury note or London Interbank Offer Rate (LIBOR). This category of loan has been a traditional method of defining loans as subprime, though there are issues with this that will be discussed in greater detail later. HMDA rounds each loan amount to the nearest \$1,000 to protect confidentiality; however, it is still possible to match loan amounts from a separate database if there are no other loan amounts of the same value and in the same census tract for a given year in the HMDA database. Loans were coded as likely subprime or non-traditional if matched with a unique HMDA loan within the same census tract, for the same amount, the same origination type, and noted to be a higher-priced loan. Where multiple possible matches existed in HMDA for a given loan, (i.e. same census tract, amount, origination type) a determination could be made if all potential matches had the same rate-spread value (i.e. either higher-priced or not).

If more than one potential match existed and rate-spread values differed—with at least one value affirming a higher-priced rate-spread—then the lender name (contained in the Cook County Recorder of Deeds database) was cross-referenced with the HUD Subprime and Manufactured Home Lender Database. This database contains a list of all U.S. lenders who, between the years of 1995-2006, specialized primarily in subprime lending. If the lender was on the HUD list, the loan was coded as likely subprime or non-traditional. If there was no match for a given loan in the HMDA database, the lender name was then cross-referenced with the HUD Subprime and Manufactured Home Lender Database, and coded as positive if the lender was on the list for the year of loan origination.

Loans in the CCC database with originations between 2000 and 2003 were matched with the Cook County Recorder of Deeds and HUD lender databases, following the aforementioned coding strategy. And finally, loans originated prior to 2000 were only cross-referenced with the HUD lender list and coded as likely subprime or non-traditional in the event of a lender match. All loans in the CCC sample—home purchase loan and subsequent refinance—had originations prior to 2010.

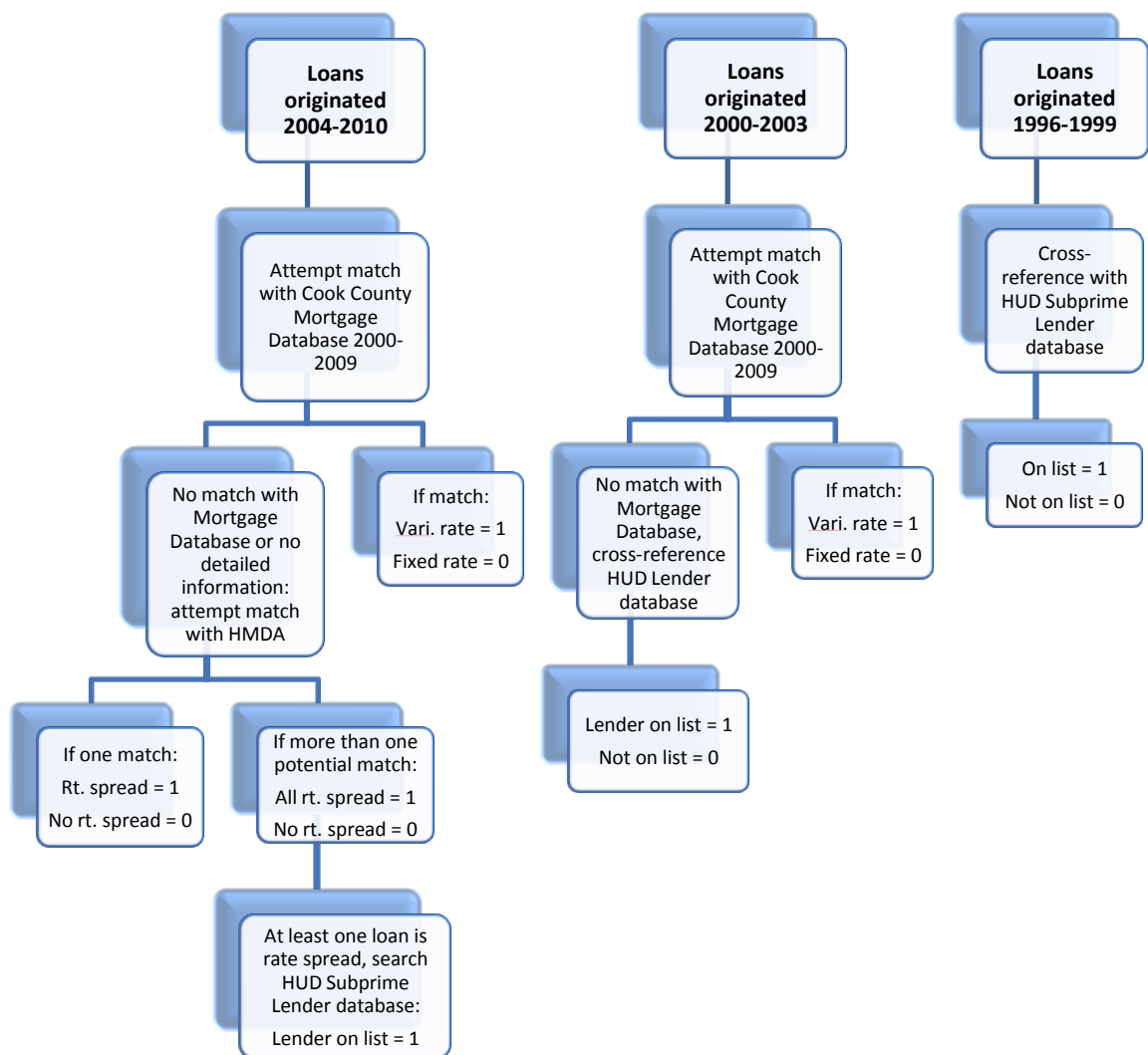


Figure 5. Method for Coding Loans as Likely Subprime or Non-Traditional

Random Matched-Pair Sample

After outcome variables were determined for all CCC homeowners, a random matched-pair sample of West Garfield Park homeowners was created. The first step utilized a Cook County Recorder of Deeds database that contained ownership transfers by property between 2000 and 2009, which provided a record of the most recent transfer of ownership for a given property, whether through sale, warranty deed, or other transfer. It also contained information on the sale price of the property if there was a sale. Since nearly all CCC properties were built in the West Garfield Park community, with the exception of 6 homes in neighboring East Garfield Park, the Cook County property transfer database was filtered to include only West Garfield properties. Then, it was sorted by year and sale price. The criteria for matching properties with the CCC sample included: 1) only residential properties (single family, townhome, or condo), 2) with a new owner who entered the property in the same year, 3) with a loan amount that was within 10% of the value of its corresponding CCC property.

After potential matches were sorted by sale price, a random property was selected. Its PIN number was then cross-referenced with the Cook County Recorder of Deeds property transaction history search tool to determine its home purchase loan amount. If the amount was within 10% of the corresponding CCC property, it was selected as a match. If the loan amount was not within this range, another random property was selected from the pool, and the process repeated until a match was found. Since the ownership transfer database did not cover any years prior to 2000, this process was used only for properties with a homeownership start between 2000 and 2008, or 70% of the sample.

For properties with a homeownership start between 1996 and 1999, a slightly different matching method was used. West Garfield properties were searched, block by block using the Cook County Recorder of Deeds online property search tool, until matches were found. This was possible because the first seven digits of a PIN indicate the city, area, and block in which the property is located. Using a list of all West Garfield Park blocks, a sequential property by property search was conducted for each block until matches were found using the online property search tool (e.g. for a block with the County property code of 16-10-100, each property was searched, starting with 16-10-100-001 up through the remaining number of properties on the block). The first West Garfield Park property that matched a corresponding CCC property, using the match criteria listed above, was selected (i.e. residential property, same year, loan amount within 10% of CCC property loan amount).

Once the entire matched-pair sample was created, the transaction history of each matched property was also documented, including subsequent loan amounts, foreclosure filings, and year of ownership exit. Finally, the same method for determining the outcome variables of interest, discussed previously and further outlined in Figure 5, was used for the matched-pair sample. Table 3 below presents the frequency, mean, and standard deviation of all loans by year, illustrating the degree of relatedness between the CCC and matched sample.

Table 3. First Position Purchase Loan Characteristics by Year

Year	Frequency (%)	CCC Sample (N=99)	Matched Sample (N=99)
		Mean Amount (SD)	Mean Amount (SD)
1996	13 (13%)	\$61,790 (14,272)	\$65,990 (17,538)
1997	9 (9%)	\$79,462 (15,144)	\$81,039 (16,330)
1998	5 (5%)	\$72,593 (13,274)	\$74,389 (15,404)
1999	7 (7%)	\$71,207 (38,698)	\$72,657 (36,873)
2000	2 (2%)	\$84,825 (29,097)	\$78,300 (28,001)
2001	9 (9%)	\$108,871 (21,307)	\$110,427 (22,930)
2002	7 (7%)	\$124,006 (27,964)	\$125,834 (23,457)
2003	4 (4%)	\$121,388 (47,960)	\$125,128 (53,153)
2004	6 (6%)	\$138,715 (29,163)	\$143,415 (33,880)
2005	19 (19%)	\$134,890 (53,886)	\$139,712 (60,193)
2006	14 (14%)	\$106,483 (26,852)	\$107,204 (22,013)
2007	2 (2%)	\$197,432 (37,120)	\$194,250 (18,031)
2008	2 (2%)	\$216,547 (102,598)	\$225,008 (125,147)

Methods

Identifying and defining subprime loans—through HMDA or otherwise—is an imperfect science, which has been discussed at length elsewhere (Mayer & Pence, 2008; Haughwout, Mayer, & Tracy, 2009; Wyly et al., 2006). HMDA has been estimated to cover approximately 80% of all home loans (Avery, Brevoort, & Canner, 2007), but the higher-priced rate-spread category is not a perfect proxy for subprime loans. The problem lies in the imperfect comparison with a comparable maturity. For example, an adjustable rate mortgage (ARM) with an overall contract length of 30 years would be compared to long-term security (such as the U.S. T-note), even though the adjustable rate is based on a shorter-term security. Thus, the degree of variability and higher-priced status of ARMs is not necessarily accurately reflected in HMDA. However, in many cases this may actually lead to an underrepresentation of ARMs in the rate-spread category (Mayer & Pence, 2008). Second, some lenders use U.S. Treasury notes and others use LIBOR as the basis

for determining higher-priced rate-spreads. Though the yield curve of both has historically been similar, LIBOR has been consistently higher than U.S. Treasury rates since 2006. So, the higher-priced loan category may over or underreport actual subprime loans in some cases due to changes in the yield curve, and depending on whether LIBOR or U.S. Treasury was used as a comparable maturity (Schweitzer & Vankatu, 2009). Nevertheless, numerous studies have used the HMDA higher-priced loan category as a proxy for subprime loans (Gerardi & Willen, 2009; Wyly et al., 2006; Haughwout et al., 2009), and in general it has been suggested that HMDA actually provides a conservative estimate of subprime loans (Mayer & Pence, 2008).

Using the HUD Subprime and Manufactured Home Lender list to identify subprime loans is also an imperfect method. This database, which was updated yearly by HUD from 1995 to 2006, listed only lenders who reported originating mostly subprime loans. Even though a lender is on the list, it is not a given that every loan it originated during that year was subprime. However, a larger source of bias is the fact that prime lenders who also originated subprime loans are excluded from the list. Overall, the HUD database is more likely to underreport subprime loans than over report (Gerardi, Shapiro, & Willen, 2007).

Several studies have also attempted to match individual loans from separate databases with HMDA for the purpose of identifying subprime loans. For example, Gerardi and Willen (2009) reported successfully matching 60% of loans from a Massachusetts Recorder of Deeds database, and researchers at the New York Federal Reserve reported matching 70% of loans in the Loan Performance database with a unique HMDA loan (Haughwout et al., 2009).

The matching method used in this study is more comprehensive than most and has several advantages. First, rather than weighing in on the debate about what does and does not definitively constitute a subprime loan, this study instead identifies loans that are most likely to be problematic or risky. This includes what scholars define as subprime based on HMDA definitions, as well as ARMs, which have been shown to consistently predict foreclosure or at the very least perform poorly compared to traditional fixed rate mortgages (Foote et al., 2008; Rose, 2008; Chomsisengphet & Pennington-Cross, 2006). Although not all ARMs are subprime, they have proven to be more risky than most traditional loan products in part because of differences in the two indexes to which they are tied—LIBOR and U.S. Treasury rates. The rates of these two indexes have historically been very similar; however, beginning in 2007 the two rates diverged, with LIBOR rates being consistently higher than Treasuries (Schweitzer & Vankatu, 2009).

So, beginning in 2007, borrowers with loans tied to LIBOR ended up paying much higher rates, putting them at greater default risk. Further, as the popularity of ARMs rose after 2001, the share of subprime ARMs rose even faster, so that by 2006 approximately 50% of ARMs were subprime (Agarwal & Ho, 2007). The divergence in rates muddles the definition of subprime ARMs; however, even without a definitive subprime definition it is clear that ARMs were riskier than most traditional products, and were growing even more risky as the 2000s wore on. Because of these reasons, ARMs are included in the coding scheme. Ultimately, of primary interest is the degree to which homebuyers chose products that put them at less risk of foreclosure, not whether subprime loans could be identified with absolute confidence.

Utilizing more than one database and definition of what constitutes a risky loan—the outcome variable here defined as “likely subprime or non-traditional”—also allows for a higher match rate. In the CCC sample, a match or determination was made for 88% of first-position home purchase loans. The rate was 92% for the random matched-pair sample. At least part of this high match rate, however, can be explained by the simple matching criteria for loans prior to 1996, which received a determination based on whether or not the lender was in the HUD subprime lender database.

A determination on the subprime/non-traditional status of refinance loans was possible for 99% of both the CCC and matched-pair samples. This high rate was possible due the fact that homeowners in both samples who refinanced tended to do so more than once, and in some cases, many times. To be coded affirmatively as likely utilizing a subprime loan, only one of the homeowner’s refinance loans needed to be a subprime/non-traditional loan. Thus, the 99% rate should not be confused as a match of all loans, but is rather a determination of whether the homeowner *ever* used such a loan. Having several refinances increases the chances that at least one would be subprime/non-traditional, especially given how common subprime refinances had been over the decade leading up to the foreclosure boom (Mayer & Pence, 2008).

To test the hypotheses, six chi-square tests were run to determine the differences between CCC and the random community sample on the following outcomes: 1) likely subprime or non-traditional home purchase loan, 2) leveraged refinance, 3) likely subprime or non-traditional refinance loan, 4) foreclosure filing, 5) foreclosure filing and homeownership exit, and 6) whether or not the purchaser is still in the home as of 1/1/2012. Pearson’s chi-square test allows for testing independence between samples

when using dichotomous outcome variables. Then, relative risk ratios were calculated to determine the risk, or likelihood, of a random sample experiencing each outcome relative to that of the CCC group.

Results

Results of the chi-square tests are listed below in Table 4. CCC home buyers were significantly less likely to use a subprime loan for the purchase ($p < .05$). The likelihood of utilizing a subprime purchase loan was 1.7 times higher for the community-at-large sample relative to CCC buyers (35% of the WGP sample vs. 21% of CCC buyers). The CCC group was also significantly less likely to leverage their home value through refinance ($p < .05$). The community-at-large group was nearly one and one half times (1.42) more likely to use a leveraged refinance (46% vs. 32%), although there was no difference between groups in utilization of subprime refinance loans. In terms of foreclosure outcomes, there were highly significant differences between the two groups. The random community sample was over two and one half times as likely to have experienced a foreclosure filing (2.58) than the CCC group (47% vs. 18%, $p < .001$). And, the community sample was over twice as likely to have definitely exited homeownership after the foreclosure filing (2.13) than the CCC group (39% vs. 18%, $p < .001$). Finally, and unsurprisingly given these findings, the CCC homebuyers were twice as likely (2.04) to still be in their homes than the community sample (69% vs. 34%, $p < .001$).

Table 4. Results of Chi-Square Tests for CCC Housing Group vs. Random Matched Sample

Variables	Total N	N (1=yes)	Percent	Pearson's X ²	Relative Risk Ratio
Grouping					
CCC housing group	99	-	-	-	-
Random community sample	99	-	-	-	-
Likely subprime / non-traditional 1st position home purchase mortgage					
CCC housing group	87	18	20.7		
Random community sample	91	32	35.2	4.61*	1.70
Leveraged refinance					
CCC housing group	99	32	32.3		
Random community sample	98	45	45.9	3.82*	1.42
Likely subprime / non-traditional refinance					
CCC housing group	98	17	17.3		
Random community sample	98	20	20.4	0.3	1.18
Eventual foreclosure filing					
CCC housing group	99	18	18.2		
Random community sample	98	46	46.9	18.57**	2.58
Eventual foreclosure with ownership exit					
CCC housing group	99	18	18.2		
Random community sample	98	38	38.8	10.27**	2.13
Still in home					
CCC housing group	99	68	68.7		
Random community sample	98	33	33.7	24.17**	2.04

* $p < .05$
** $p < .001$

The hypotheses were largely confirmed based on these results, with the only exception being the use of subprime or non-traditional refinance loan products. Although slightly fewer CCC homeowners utilized such a loan, the difference was not significant. This could at least partially be explained by the ubiquity of subprime/non-traditional refinance loans, translating into a greater likelihood that all homeowners would be lured into such products. Most important, however, is the fact that the CBO housing intervention appeared to have succeeded in facilitating more stable, long-term

homeowners than what was typical for the area. Although CCC homebuyers were much less likely to experience a foreclosure, 18% of them eventually did, which at face value appears to be a high rate even though it was much lower than the random sample.

However, it should be remembered that this outcome is evaluated longitudinally, which gives us a more accurate picture of just how unstable homeownership is in the community over time. Results indicate that over the long run more households experience foreclosure than are accounted for when looking at cross-sectional or yearly foreclosure rates. Nevertheless, it is hard to accurately interpret this without having any insight into the reasons behind foreclosures. Given the degree to which West Garfield Park and other poor communities of color have been disproportionately impacted by foreclosures and consequent rapidly declining property values, it is possible that strategic defaults could be an issue. The implications of these findings will be discussed further in the discussion chapter after considering survey data results.

CHAPTER IV

STUDY II METHODS: SURVEYS OF ASPIRING HOMEOWNERS AND VERY LOW-INCOME HOUSEHOLDS

This section of the paper turns our attention to the present to examine the impacts of neighborhood-level phenomena on the next generation of low-income homebuyers and very low-income households, two groups underrepresented in the literature. The broad objective is to provide insight into how neighborhood conditions affect psycho-social variables thought to be related to healthy, stable neighborhoods. An additional objective is to better understand how neighborhood conditions and processes might affect the decisions of prospective homebuyers whether to invest in their location or move elsewhere. Hence, this section is also concerned with the question of what factors might contribute to (or impede) a low-income area being perceived as a “community of choice” for aspiring homebuyers.

It is hypothesized that high concentrations of foreclosures will negatively predict confidence and commitment in the current neighborhood. However, this relationship is expected to be mediated by psychological and social processes—sense of community and social networks. It is also expected that general well-being will be negatively impacted by surrounding foreclosures.

Aspiring Homeowner Sampling

To test this, a cross-sectional survey sample was collected of both groups during 2011. For the aspiring homeowner group, surveys were administered at pre-purchase homebuyer workshops of three different organizations, at six locations in the City of Chicago. The workshops all targeted low-income homebuyers and followed similar curricula of topics related to successful homeownership, including financial knowledge, credit building, mortgage products, the home buying process, and post-purchase sustainability. The sampling strategy was devised to capture a large percentage of residents who live in low-income minority areas throughout the city. Although workshop attendance was not restricted to residents of a particular geography, it was thought that workshops would draw heavily from surrounding low-income areas. Thus, the six different locations were chosen to provide diverse geographic representation of different low and moderate-income areas.

At the end of each workshop attended, the researcher would introduce the study and solicit participants. Those who chose to complete the survey were given a ten dollar cash payment funded by a Vanderbilt Dissertation Enhancement Grant. The first organization, "Choice Community Corporation" (CCC), held workshops on the City's west side. Surveys were collected at four different workshops between May and August 2011. In addition, online surveys were sent 100 previous CCC participants who had completed the workshop in 2010 and early 2011. Although this represents a slight deviation in methodology, it was carried out due to the organization's interest in the study and willingness to share contact information to follow up with recent participants.

Surveys were also collected from participants of Neighborhood Housing Services (NHS) homebuyer workshops. NHS is the largest provider of homebuyer education to low-income participants in the City of Chicago, with offices in several locations. Data collection took place at 10 workshops in 4 different areas between May and October of 2011. Surveys were also translated into Spanish and collected at three workshops exclusively for Spanish speakers. Finally, one workshop was attended at North Side Community Federal Credit Union in October of 2011. As mentioned earlier, each organization has a similar mission of providing homeownership services for low-income individuals, ensuring a consistent demographic sample across organizations. The overall response rate for the sample (N=200) was 68%. However, this number is slightly misleading since in-person data collection yielded a response rate of at least 90%, while the online response rate for previous CCC participants was only 18%. A breakdown of participants by organization and location is listed below in Table 5, and a map of locations is illustrated in Figure 6.

Table 5. Aspiring Homeowner Survey Response by Location

	Total N	Survey Response Rate (%)
CCC West side	25	93
CCC Online	18	18
NHS Central	20	95
NHS North Lawndale	54	90
NHS Roseland	39	98
NHS Back of the Yards	29	91
North Side Federal	15	100
<i>Total</i>	<i>200</i>	<i>68</i>

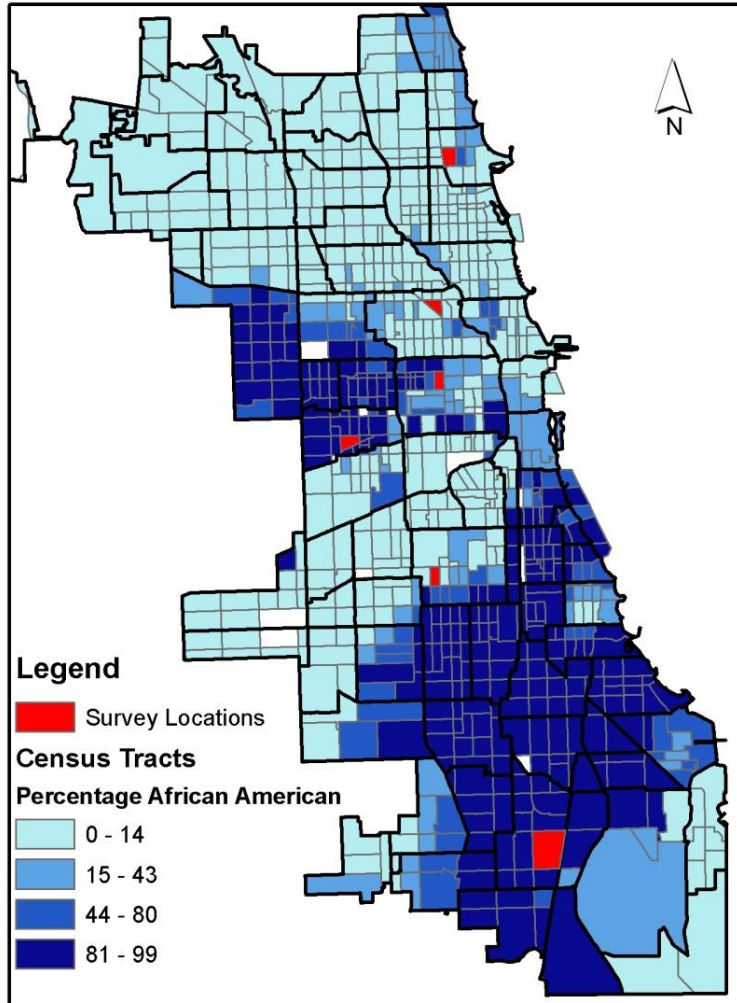


Figure 6. Survey Site Locations by Percent African American Tract Population (2009 ACS)

Survey respondents were also asked to list their address or nearest intersection for the purpose of analyzing unique neighborhood contexts. All addresses were geocoded and mapped using ArcGIS software. Figure 7 below illustrates the spatial distribution of the sample. Respondents were largely clustered on the south and west sides of Chicago, but other areas were represented as well, providing a well-rounded sample of low-income neighborhoods. Successful mapping was possible for 94% of the sample, with 84% of respondents residing within the City of Chicago.

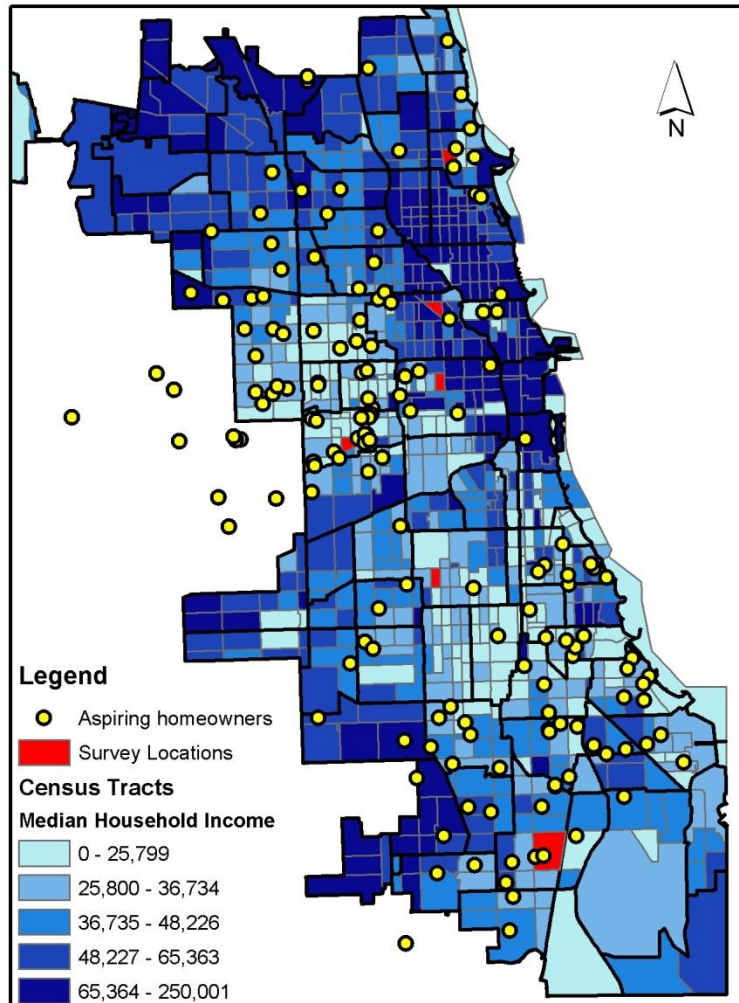


Figure 7. Aspiring Homeowner Sample by Chicago Tract Median Household Income (2009 ACS)

The sampling strategy was intended to capture renters who had not yet entered into homeownership; however, a small percentage of workshop attendants actually turned out to be homeowners who were attending workshops for informational purposes. In addition, 33% of previous CCC participants had indeed purchased a home since completing the workshop. The final sample includes 88% renters and 12% owners, most of whom are recent homeowners. Though this was somewhat unexpected, those who are recent homeowners could potentially provide additional insight into where new home

buyers choose to purchase, and are were thus still included in the study. As a result, all analyses control for the influence of tenure, which will be discussed in greater depth shortly.

Very Low-Income Household Sampling

Separately, data were collected from a sample of very low-income individuals. Participants were recruited from CCC's Family Case Management program, which only serves clients below a certain income threshold. Its participants are predominantly African American residents of Chicago's west side. The program manages each participant to ensure that they receive referrals to appropriate services and coordinates various government benefits. The recruitment strategy utilized CCC employees, who distributed envelopes with a description of the study, survey measures, consent form, and a return envelope to program participants. Those who were interested in participating completed the survey and mailed it back to the PI. Everyone who returned a survey received a \$10 payment through the mail. The response rate for this sample (N=80) was 30%. Due to a lower than expected response rate, the survey was also offered to part-time CCC employees of an in-home care program. Most are also west side residents, and most have an annual income that places them below the poverty threshold.

An additional 22 surveys were collected from low-income CCC employees, the justification being that most part-time employees make an annual salary that still places them below poverty. The same data collection method was used for this group, with envelopes being distributed and participants mailing in the survey if they were interested in participating. The response rate for this group was 38%. Basic descriptive analyses showed that the employee group was indeed similar to the program participant group in

terms of economic variables, with the exception of employment. For instance, all of the CCC employees surveyed reported an annual household income below \$30,000, compared to 79% of program participants. Likewise, 63% of employees reported they were just making ends meet or falling behind on bills, compared to 67% of program participants. These similarities alone provide justification for the inclusion of the employees; however, since this sampling was done largely out of convenience, all analyses controlled for the potential influence of being a CCC participant vs. a program participant. The sampling strategy was devised to capture predominantly low-income renters, though homeowners were not excluded. The total sample, including program participants and part-time employees (N=101) was 83% renter. There were slightly more renters in the program participant group (85%) than the part-time employee group (78%). The potential influence of tenure was also controlled for in all analyses. Figure 8 below displays the spatial distribution of the entire very low-income sample. Almost all respondents were residents of predominantly low-income African American communities on Chicago's west side.

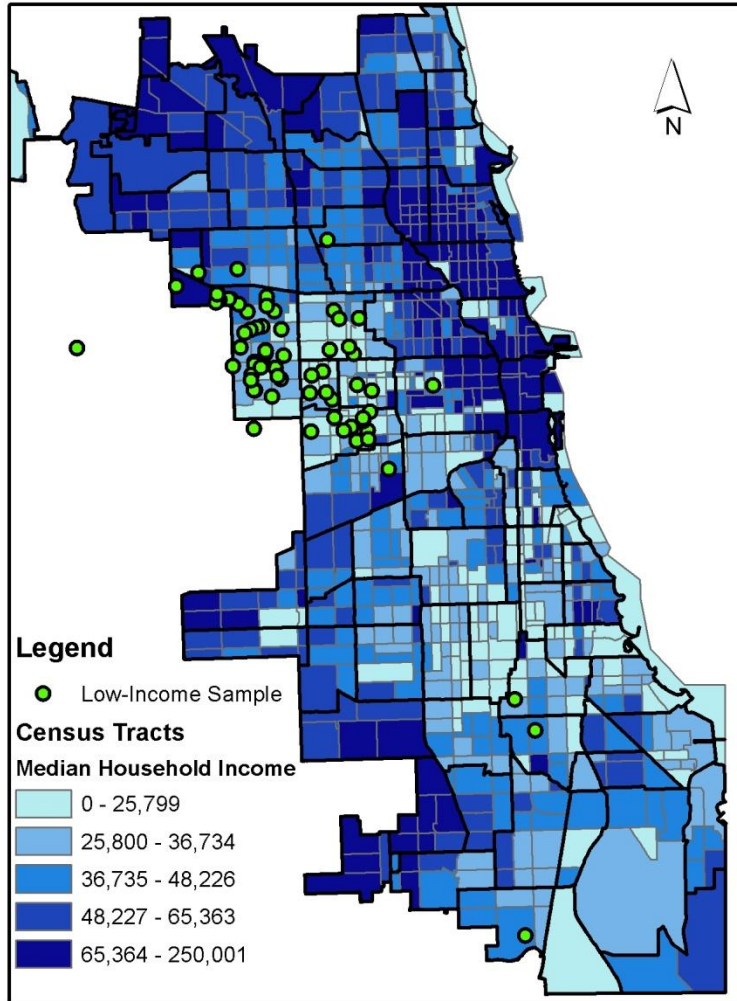


Figure 8. Very Low-Income Sample by Chicago Tract Median Household Income (2009 ACS)

Measures and Data Sources

Both groups received the same survey, which is included as an appendix. The aspiring homeowner group was asked some additional questions about homeownership desire and confidence. Most measures were instruments that had been validated and published elsewhere, though several items and open-ended questions were designed specifically for this study. Multiple secondary data sources were also utilized as neighborhood-level variables.

General Health and Well-Being: The SF-12 is a 12-item ($\alpha=.82$) self-reported overall health assessment that measures both physical and mental health components (Ware, Kosinski, & Keller, 1996). A minor adjustment was made to this instrument so that all items use the same scale. It includes a temporal component that attempts to gauge perceived changes in health over the past year.

Neighborhood Confidence: Neighborhood confidence is measured by a three-item ($\alpha=.70$) scale adapted from previous work on psychological connections with community (Galster & Hesser, 1988; Brown et al., 2003; 2004). This measure gauges whether participants are confident enough in the neighborhood to commit to staying there. Questions ask participants to rate their confidence about the neighborhood improving, and their propensity to choose to continue living in the neighborhood in the future.

Social Capital / Networks and Continuity: The survey includes a modified five-item version of a resource generator survey (Van der Gaag & Snijders, 2005), which has been used recently in studies about social capital and low-income homeownership (Rohe et al., 2007; Manturuk et al., 2010). The resource generator asks participants to identify the total number of people in their networks who could be used as a resource in different scenarios. For the purposes of this study, participants will be asked to identify resources *in their neighborhood*, and how these resources compare to one year ago. Authors of previous studies have defined social capital as the total number of people (resources) identified by this generator. Given the vague definition of the construct here, and keeping in mind important critiques of social capital that note its lack of connection with real power (DeFillippis, 2001), this study favors defining this construct as social networks rather than social capital. Nevertheless, the resource generator is valuable in quantifying

tangible social resources available to participants, and whether those resources have been increasing or decreasing within the past year.

Civic Participation: Civic participation is defined as voluntary participation in an organization or association such as a school, church, block club, community based organization, or local government meeting within the past year (Brown et al., 2004; Perkins et al., 2009). This five-item scale ($\alpha=.63$) measures self-reported participation (yes=1, no=0) in the aforementioned associations during the past year. Given the relatively low reliability of the scale, a small modification was made. In addition to scaling the items, a sum participation score was generated for each participant based on the total number of different organizations they engaged with. Similar to the resource generator above, questions were added to gauge whether participation in each category had increased or decreased over the past two years, thus creating a separate scale measuring *Change in Civic Participation*. The five-item ($\alpha=.63$) scale was used in conjunction with a separate variable that simply noted *Net Participation Change*, based on whether total aggregate participation increased or decreased in the past two years.

Sense of Community: Sense of community is measured by an eight-item ($\alpha=.92$) Brief Sense of Community Scale (Peterson, Speer, & McMillan, 2008). The scale assesses psycho-social connections with the respondent's neighborhood. The core dimensions of the sense of community scale are needs fulfillment, group membership, influence, and shared emotional connection.

Neighborhood Satisfaction: The survey also uses a three-item ($\alpha=.93$) measure adapted used in previous studies on psychological connection to neighborhood (Brown et al., 2003; Perkins et al., 1996). It measures the degree to which participants are satisfied

with their home, the block they live on, and their neighborhood. Whereas sense of community seeks to measure a psycho-social transaction between person and neighborhood/community, the satisfaction scale seeks to measure the degree to which the respondent is satisfied with multiple nested aspects of a neighborhood. This would include perceptions about the physical characteristics and amenities, which are not necessarily captured by the construct of sense of community.

Perceived Neighborhood Problems and Perceived Change in Problems: The six-item *Perceived Neighborhood Problems* scale ($\alpha=.86$) asks participants to rate the degree to which they perceive crime, vacant or foreclosed housing, schools, employment, gentrification, and quality affordable housing to be problems in their neighborhood. Separately, participants also rated how they perceived each of these issues to have changed over the past two years (gotten better=2; stayed the same=1; gotten worse=0). The six-item *Perceived Neighborhood Problem Change* scale had a reliability coefficient of $\alpha=.84$. Although these items all held together well as a scale, individual items were also used for some analysis. For instance, perception of vacant and foreclosed housing was utilized as its own variable to understand its unique contribution to the variance of outcome variables.

Perceived Safety: This four-item scale ($\alpha=.90$) measured the degree to which respondents report feeling safe in their home and surrounding neighborhood both during the day and at night. This scale had been used in previous work related to neighborhood conditions and psycho-social outcomes (Brown et al., 2004).

Homeownership Confidence: A three-item scale ($\alpha=.65$) was created to assess the degree to which the aspiring homeowner group was confident that homeownership would

allow them to improve the quality of their living space, their neighborhood, and increase their wealth.

Additional Items: Numerous additional questions were asked of participants to better understand their feelings about staying in their neighborhood vs. leaving, and personal experiences with foreclosure. After indicating whether they would choose to continue living in their current neighborhood for the foreseeable future, participants were asked to list their reasons for wanting to stay or leave. This provided an opportunity to obtain a richer qualitative understanding of how respondents evaluated their neighborhoods. Participants were also asked questions about their personal experience with foreclosure. These included whether they had lived in a building that had gone through foreclosure—or had personally gone through foreclosure—and what the outcome was. In addition, questions also asked whether any friends, family, neighbors, or church members they know were forced to move due to foreclosure. This generated a total number for each person to represent the number of acquaintances they knew who had their lives disrupted by a foreclosure, providing another measure of social network disruption.

Covariates: The survey also collected demographic data to be used as covariates in analyses. Variables included race/ethnicity, income, age, household size, education, employment status, employment stability, tenure, tenure length, economic hardship (ability to pay bills), and voting behavior.

Secondary Data Sources for Neighborhood Context: In addition to survey data, this study utilizes secondary data to analyze neighborhood contexts of participants, including two different sources for vacant/foreclosed homes. First, home-level data on

foreclosure filings from the Cook County Recorder of Deeds between 2007 and 2009 were mapped using ArcGis software. These years represented the first boom in foreclosure filings. Given that Illinois is a judicial state, where the lag time between foreclosure filing and completion often takes longer than a year, this period of filing data is likely to correspond to actual vacancies present during the time of survey data collection. Second, address-level *Troubled Vacant Building* data from the City of Chicago Department of Buildings—between the years of 2009 and 2011—were also mapped and used as a measure of actual vacant buildings in neighborhoods. Incident-level crime data from the Chicago Police Department for the first three quarters of 2011 were also mapped using ArcGIS software. Violent crime and all crimes were mapped and used as separate variables.

For each of these three data sources, calculations were made in ArcGIS to determine the total number of each phenomena—foreclosure filings, troubled buildings, violent crime, total crime—that occurred within one-quarter and one-tenth of a mile of survey respondents, giving each participant a unique value. Crime and foreclosure data were also aggregated to larger geographic regions for use in multi-level modeling. Data from the 2009 American Community Survey were also aggregated to larger regions for multi-level modeling, including percent poverty, percent African American population, percent vacant homes, and household income. Details of how neighborhood phenomena data were used will be discussed in more depth in the data analysis section. Tables 6 and 7 below list all variables collected in the study.

Table 6. All Study Variables

Variable Name	Description
GenWell	SF-12 General Well-Being scale
MentWell	Mental Well-Being subscale of SF-12
PhysWell	Physical Well-Being subscale of SF-12
SOC	Brief Sense of Community scale
NeighCon	Neighborhood Confidence and Commitment scale
NeighStay (1=yes)	Plan to stay in the same neighborhood
Satisfaction	Neighborhood Satisfaction scale
Safety	Perceived Safety scale
Problems	Perceived Neighborhood Problems scale
ProbChange	Perceived Change in Problems scale
VacProb	Perception vacant and foreclosed homes are problem in neighborhood
CrimeProb	Perception crime is problem in neighborhood
VacChange	Perception of change in vacant/foreclosed homes in past 2 years
CrimeChange	Perception of change in crime in past 2 years
CivicPart	Civic Participation scale
CivicChange	Net change in Civic Participation
NetResTot	Total neighborhood network resources
NetResChg	Net change in resources in past year
Tenure (1=owner)	Owner or renter
TenLength	Length of time living in community
Income	Household Income
Educate	Educational attainment
AfrAmerican (1=yes)	African American
Latino (1=yes)	Latino
Age	Age
Employ (1=yes)	Currently employed
EconHard	Getting ahead, stable, just getting by, or falling behind
<i><u>Neighborhood</u></i>	
ForEighth	Number of foreclosure filings 2007-2009 within 1/10 mile of respondent
ForQuart	Number of foreclosure filings 2007-2009 within 1/4 mile of respondent
VacEighth	Number of vacant/troubled buildings within 1/10 mile of respondent
VacQuart	Number of vacant/troubled buildings within 1/4 mile of respondent
CrimeEighth	Number of 2011 crime incidents within 1/10 mile of respondent
CrimeQuart	Number of 2011 crime incidents within 1/4 mile of respondent
VioEighth	Number of 2011 violent crime incidents within 1/10 mile of respondent
VioQuart	Number of 2011 violent crime incidents within 1/4 mile of respondent

Table 7. Second Level Variables for Multi-Level Models

Variable Name	Description
Foreclose	Number of foreclosure filings 2007-2009 per 1,000 housing units
Troubled	Number of troubled/vacant buildings 2009-2011 per 1,000 housing units
Crime	Total 2011 (through 3rd quarter) incidents per 1,000 people
Violent	Total 2011 (through 3rd quarter) violent incidents per 1,000 people
PctPov	Percent of households in poverty according to 2009 ACS
PctBlk	Percent of African American households according to 2009 ACS
PctVac	Percent of homes that are vacant according to 2009 ACS
Income	Median Household Income according to 2009 ACS

Approach to Data Analysis

Prior to testing the theoretical model presented in Chapter 1, descriptive statistics are used to provide more information about the neighborhood context within which the study takes place. GIS maps illustrate how the samples are distributed spatially across low-income minority neighborhoods. Descriptive comparisons between the two survey groups along key study variables are examined to determine whether separate analyses for each group are appropriate. Next, qualitative theme analysis of open-ended items give an initial exploration into the reasons participants gave for desiring to stay or leave their current neighborhood. Simple correlations between key variables also provide some initial clues about how the theoretical model will hold up. More importantly, correlations allow for examining potential multicollinearity among variables. Finally, the theoretical model and hypotheses are tested using hierarchical multiple OLS regressions and hierarchical linear models (HLM).

Analyses Related to Aspiring Homeowner Sample

The first set of analyses predicted neighborhood confidence following the theoretical model outlined in Chapter 1. It was expected that high concentrations of vacant, foreclosed homes

would assert a negative influence on neighborhood confidence. It was also expected that this relationship could be mediated by sense of community. Given that concentrated foreclosures are so strongly associated with crime, all models control for crime to determine whether foreclosures predict neighborhood confidence beyond crime. Traditional OLS regression assumes independence of all observations, making it impossible to model neighborhood data. Therefore, two separate analyses were run to first model *perceptions* about neighborhood foreclosures and crime, and then actual foreclosure and crime effects.

Models tested the direct relationship between perceptions and neighborhood confidence and whether sense of community played a mediating role. Hierarchical multiple OLS regressions were run following the steps identified by Baron and Kenny (1986). Two separate models were run to test these relationships and establish mediation. First, a regression was run to predict neighborhood confidence. Entering variables into the model in different blocks allowed for testing the effect of perceptions about foreclosures and crime with and without sense of community in the model.

Relevant demographic covariates were entered into Step 1, followed by perceptions about neighborhood foreclosures at Step 2, perceptions about neighborhood crime at Step 3, and sense of community at Step 4. Again, the reason variables were entered into different blocks is due to the interest in the unique contribution of foreclosure perceptions above and beyond perceptions of crime. Separating crime and foreclosures is important because concern about one is likely related to concern about the other. Adding the variables in different blocks allows for parsing out variance uniquely associated with how people feel about vacant, foreclosed homes in their neighborhood.

Next, a separate OLS regression model was run using the same variables but predicting sense of community. This allowed for testing the degree to which sense of

community acted as a mediating variable as expected. Finally, a Sobel test was conducted to determine whether any mediation effect was significant. These two regression models provide initial insight into how neighborhood level phenomena, namely foreclosures and crime, affect confidence in the neighborhood. Again, however, these models are limited to *perceptions* about foreclosures and crime. One of the fundamental assumptions of OLS regression is that observations are unique and independent so that all un-modeled contextual information (error) is uncorrelated. When individuals share the same context, they share the same error, which violates this assumption. Thus, initial regression analyses use *perceptions* about foreclosures and crime as a proxy for actual conditions. Multi-level modeling is necessary to test for actual neighborhood effects.

The second part of the analysis moved from modeling perceptions about foreclosures and crime to modeling actual foreclosures and crime at the neighborhood-level. To that end, two hierarchical linear models (HLM) were run to determine whether neighborhood confidence and sense of community differed across neighborhoods. Due to limited sample size, only two level-1 predictors were used—key predictors identified by the previous regressions. Foreclosed homes² and violent crime³ were used as level-2 predictors.

In an effort to model the spatial effects of foreclosures using HLM, survey data were organized by 23 geographic regions. These regions were developed in an intentional manner to cluster together communities with similar demographics while also attempting

² The definition here is homes on the City of Chicago's list of Troubled Buildings (between 2009 and 2011), which are homes that have been formally identified as vacant and problematic. Data were geocoded and the variable used was the rate of foreclosed homes per 1,000 area homes (identified through the 2010 American Community Survey).

³ Violent crime here is defined as homicide, assault, battery, and sexual assault per 1,000 people in each area in 2011. Data come from the Chicago Police Department, All Crimes 2001-2011 dataset, and area population was derived from the 2010 American Community Survey.

to ensure a relatively even amount of survey cases per group. The concepts of geographic neighborhoods or communities are admittedly fluid, contested, and socially constructed. This calls into question the degree to which any geographic definition can objectively be considered a neighborhood or community; however, much research has been conducted on Chicago neighborhoods using the 77 community areas, the boundaries of which have been consistent since the 1930s (Sampson, 2012; Sampson et al., 1997). For the purposes of this study, some Chicago community areas were combined to form larger regions, and two communities were split into separate areas so that each level-2 region would have an N of 6-9 survey cases. Figure 9 below illustrates the 23 geographic regions used for multi-level modeling. Although these level-2 units are likely too large to be considered neighborhoods per se, they can nevertheless at least provide a preliminary exploration into actual vs. perceived effects of foreclosures and crime.

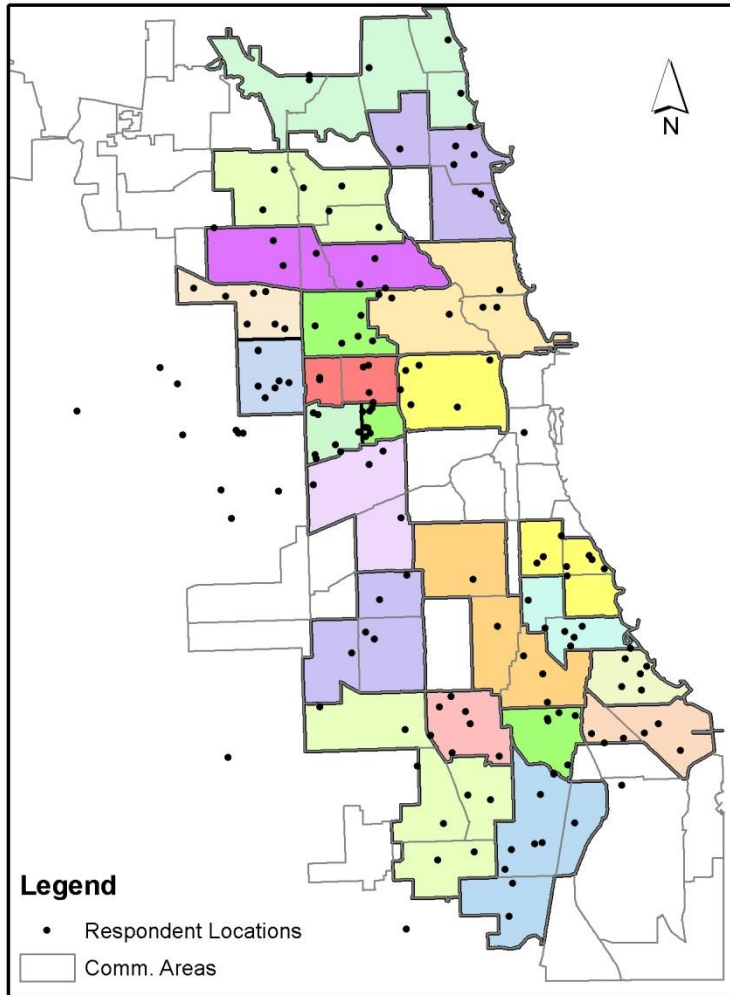


Figure 9. Map of 23 Chicago Geographic Regions Used for Hierarchical Linear Models

The N at both level-1 (total N=166 with valid address; 6-9 cases per level-2 unit) and level-2 (N=23) are relatively small for the use of HLM. Maas and Hox (2005) examined how sample size affects the accuracy of multi-level modeling. They show that with samples of 30 or fewer level-2 groups, regression coefficients are typically unbiased even if the sample is as small as 10 groups of 5 units. However, standard errors are more likely to be estimated too small with lower sample sizes. Further, larger sample sizes are known to be more important when the aim is to detect cross-level interaction (slopes)

rather than main effects (intercepts). Therefore, sample size requirements are not as stringent when estimating intercepts, which can more easily be estimated with greater precision (Hofmann, 1997; Kreft, 1996). This study is mostly interested in the main effect (i.e. effect of vacant/foreclosed home rate on neighborhood confidence and sense of community) rather than cross-level effects. In addition, previous studies investigating neighborhood effects have utilized a similar sample size at level-1 (see for example Brown et al., 2004). Again, although the HLM analyses are limited by low sample sizes at both level-1 and level-2, they provide a method of triangulation between perceptions of neighborhood phenomena and the actual phenomena. These limitations of the results and their interpretability are discussed further in the results and discussion sections.

Next an OLS regression was run to examine the degree to which the same set of variables predicts general well-being. And finally, a separate, exploratory OLS regression was run to examine whether confidence in homeownership was at all related to perceptions that foreclosures are a problem in the neighborhood or psycho-social variables. Homeowner confidence was measured by a 3-item likert scale that asked how confident respondents are that homeownership would allow them to improve their home, neighborhood, and wealth. Although the survey respondents are presumably all actively pursuing homeownership, there is still potentially something to be learned regarding their confidence in it. Workshop attendees come from different neighborhoods and have likely had unique experiences within those neighborhoods. If we accept the premise that neighborhoods exert influence on individuals then we can accept that confidence may be altered by geographies of foreclosure, even among those who are taking active steps to pursue homeownership. Selection bias would most certainly be an issue if the aim was to

use this group to generalize to the population at large. However, the aim of this exploratory analysis is less about generalizability and more about providing useful information to CBOs and others interested in place-based housing interventions. In addition to the OLS regression, an HLM was run to test whether homeownership confidence differed significantly by geographic area.

Analyses Related to Very Low-Income Sample

The first analysis for this group was also concerned with neighborhood confidence. However, the motivation for understanding this variable was slightly different than previous analyses with the aspiring homebuyer group. The aspiring homebuyer group—a sample spread across the city—provided an opportunity to compare across different neighborhoods and understand how conditions, and perceptions of conditions, may affect the purchase decisions of this group. The very low-income group, on the other hand, was concentrated in one geographic region—Chicago’s west side—known to have high foreclosures and crime. So, these analyses with very low-income respondents serve as a case study of the most vulnerable neighborhoods rather than looking at differences across areas.

Although low-income residents of this area may be expected to exhibit low confidence in their neighborhood, this analysis seeks to understand whether psychosocial variables—social resources, sense of community—predict confidence beyond the perception of neighborhood problems. An OLS regression predicting neighborhood confidence was run using demographic covariates, perceptions of crime and foreclosures, sense of community, neighborhood satisfaction, and social resources as independent

variables. Also of interest was whether or not the respondent had personally had to move as a result of a building foreclosure, and whether or not the respondent had acquaintances who had to move because of a foreclosure. Next, a separate OLS regression was run predicting sense of community with the same variables. Lastly, a third and final OLS regression was run to determine if perceptions of neighborhood conditions and psychosocial variables predict general well-being.

CHAPTER V

STUDY II RESULTS: ASPIRING HOMEOWNERS AND VERY LOW-INCOME HOUSEHOLDS

Sample Characteristics

The intent of the sampling strategy was to capture two distinct ends of the low-income spectrum—one on the cusp of homeownership and the other struggling with economic security. Table 8 below illustrates who these two samples actually represent, and how they differ along study variables of interest. Both groups were predominantly African American or Latino, with slightly more Latino representation in the aspiring homeowner group. The majority of both samples were female (67% for aspiring homeowners vs. 77% for very low-income), and had at least one child living in the home (67% for aspiring homeowners vs. 77% for very low-income). As mentioned previously, although sampling strategy for both groups was to target renters, a small percentage of each group turned out to be homeowners (12% of the aspiring homeowner group vs. 17% for the very low-income group). However, additional economic characteristics of the homeowners—including income and economic hardship—were in line with the rest of the sample, justifying their inclusion in analyses while controlling for tenure.

The majority of the aspiring homeowner group (82%) had an annual household income less than \$60,000. Since income was collected as a categorical variable rather than an actual amount, it is not possible to identify, definitively, whether incomes in this category are at or below the area median. However, given that the area median household

income is close to \$50,000, it is safe to assume that the majority are below this threshold. Nearly all of the survey participants in the very low-income group reported an annual household income that is below \$45,000 (93%). A solid majority (82%) had an annual income below \$30,000, and nearly half (47%) were below \$15,000. In terms of reported economic hardship, only 20% of aspiring homeowners reported they were falling behind or just able to pay bills, compared to 66% of the very low-income sample. It is clear from the demographic profile that the sampling strategy did in fact largely capture mainly very low-income renters. For the aspiring homeowner group, it is apparent that a small percentage is at or above the area median household income, making income an important control variable in regression analyses.

Comparing neighborhood experience, the very low-income group is surrounded by more crime and vacant homes, which is expected given that almost all reside in west side areas with high crime and foreclosure rates. The low-income sample was also more likely to report that crime, foreclosures, and affordable housing are problems in their neighborhood. Aspiring homeowners were slightly more likely to have acquaintances or friends who have experienced foreclosure, though both groups had equally experienced foreclosures personally (7% each). Finally, mean responses were higher for aspiring homeowners on all study variables of interest, confirming the need to run group analyses separately.

Table 8. Descriptive Data by Survey Group

	Aspiring Homeowner (N=200)		Low-Income (N=101)	
	Mean/Pct.	SD	Mean/Pct.	SD
<i><u>Demographics</u></i>				
African American (1=yes)	73%	-	88%	-
Latino (1=yes)	21%	-	10%	-
White (1=yes)	3%	-	1%	-
Other (1=yes)	3%	-	1%	-
Female (1=yes)	67%	-	77%	-
Age (over 35)	65%	-	64%	-
At least one child in home	65%	-	68%	-
<i><u>Socioeconomic Factors</u></i>				
Tenure (1=renter)	88%	-	83%	-
Household Income <\$15,000	8%	-	47%	-
Household Income <\$30,000	34%	-	83%	-
Household Income <\$45,000	63%	-	93%	-
Household Income <\$60,000	82%	-	99%	-
Educational Attainment (At least HS diploma/GED)	98%	-	87%	-
Educational Attainment (College or graduate degree)	40%	-	11%	-
Full-time employed (1=yes)	72%	-	39%	-
Economic hardship (Behind or just able to pay bills)	20%	-	66%	-
<i><u>Neighborhood Experiences</u></i>				
Vacant homes a problem: 1 (no) to 4 (very big problem)	2.56	1.05	2.95	.91
Crime a problem: 1 (no) to 4 (very big problem)	2.78	.95	3.21	.77
Affordable housing: 1 (no) to 4 (very big problem)	2.69	1.01	3.04	.87
Vacant buildings within 1/10 mile	4.63	6.84	6.68	6.93
Violent crimes within 1/10 mile	23.29	20.15	32.21	22.8
Number of acquaintances moved due to foreclosure	1.36	5.66	.75	1.63
Personally had to move due to foreclosure	7%	-	7%	-
Would like to stay in current neighborhood (1=yes)	55%	-	49%	-
<i><u>Psycho-Social Processes</u></i>				
Civic Participation	1.74	1.47	1.60	1.49
Perceived Safety	3.15	.71	2.83	.81
Sense of Community	3.27	.93	2.83	.95
Total Resources	18.98	24.85	11.73	18.69
Neighborhood Confidence	2.34	.66	2.25	.66
Homeownership Confidence	2.68	.40	-	-
Neighborhood Satisfaction	3.52	1.15	3.41	1.14
General Well-Being	3.88	.60	3.34	.64

Aspiring Homeowners

Buying Into the Neighborhood vs. Moving Out

Respondents were asked whether they hoped to purchase a home in their current neighborhood or move elsewhere. They were also asked to list the reasons behind their choice. Even prior to modeling survey variables, these responses tell an important story about the most immediate factors that drive decision-making (see Table 9). When those who had not yet purchased a home were asked why they desire to stay or leave the current neighborhood, a slight majority (53%) professed a desire to stay. Based on qualitative coding, the most frequently cited reason for ‘wanting to stay’ was simply ‘liking or identifying with the community or neighborhood’ (38%). In second was ‘social or family ties within the neighborhood’ (26%).

Both types of response provide initial evidence that psycho-social processes are a key component of neighborhood confidence and commitment. Additional reasons for wanting to stay included ‘advantages about the location or amenities offered’ (20%), ‘transportation’ (13%), and ‘proximity to work’ (11%). ‘Safety’ and the ‘overall neighborhood environment’, respectively, were mentioned by 10% of respondents. The latter environment category includes comments about the neighborhood aesthetic such as the quality of homes and the overall built environment. Perhaps surprising—given that most of the survey sample resides in predominantly low-income areas—is that only 7% mentioned affordability as a reason they would like to stay in their current neighborhood.

Table 9. Reasons Cited for Desiring to Stay or Leave Current Neighborhood

<i>Would like to purchase in current neighborhood (N=87)</i>	
Reasons Mentioned	Pct. Cited Reason
Generally like or identify with the community	38%
Social/Family ties	26%
General Location / Proximity to amenities	20%
Quiet / Peaceful	16%
Transportation	13%
Proximity to work	11%
Neighborhood environment	10%
Crime/Safety	10%
School quality	8%
Feasible homeownership	7%
Proximity to school	6%
Want to contribute to improving neighborhood	3%
Neighborhood changing for the better	3%

<i>Would like to purchase in different neighborhood (N=76)</i>	
Reasons Mentioned	Pct. Cited Reason
Crime / Safety	25%
Desire better neighborhood / Complaints about current environment	24%
Affordability / Value / Feasible homeownership elsewhere	13%
Proximity to work	12%
Desire a location with more amenities / resources / space	11%
Just desire a change	9%
Identify with different type of neighborhood/community	8%
School quality	8%
Too noisy	7%
Would like better home/apartment	5%
Changing demographics in current area	5%
Proximity to school	5%
Social/Family ties elsewhere	4%
Transportation related	3%

Slightly less than half of aspiring homeowners (47%) reported a desire to leave their current neighborhood and purchase elsewhere. The most frequently cited reason of this 47% for desiring to leave had to do with ‘crime or safety’ concerns (25%), followed closely by general complaints about the ‘neighborhood environment’ (24%). Comments about the neighborhood environment often contained references to vacant homes as well

as general upkeep of properties. These two categories of safety and environment are perhaps not surprising, given that crime and incivilities have been linked with low neighborhood confidence (Brown et al., 2004). Nonetheless, their importance to survey respondents provides additional justification for digging further into the role that crime and foreclosures play in shaping the perceptions of would-be homeowners.

‘Affordability’ (13%), ‘proximity to work’ (12%), and ‘general amenities and resources’ (11%) were the next most frequent responses. What is clear from brief content analysis of these open-ended responses is that crime and neighborhood conditions matter, but so do social relationships and psychological identification with neighborhood and community. The logical question then becomes, to what extent do positive psycho-social processes provide a buffer against the deleterious effects of neighborhood conditions? The following analyses seek to answer this question and further unpack the relationship between individuals and their neighborhood environments.

Predicting Neighborhood Confidence

The following regressions predict neighborhood confidence, defined by a three-item scale measuring the degree to which respondents are confident that the neighborhood will improve, and their desire to stay. The independent variables represent neighborhood conditions but use participant *perceptions* about crime and foreclosure as a proxy for actual conditions. Bivariate correlations were used to justify perception as a reasonable proxy. For example, the actual number of vacant/foreclosed homes within a half mile of a respondent was correlated with the degree to which foreclosed homes were perceived to be a problem in the respondent’s neighborhood ($r = .438, p < .01$). Likewise,

the degree to which respondents viewed crime to be a problem in their neighborhood was also correlated with the actual number of violent crimes occurring within a half mile ($r = .412, p < .01$). Table 10 below shows bivariate correlations between these proxies and other potential predictors of neighborhood confidence.

Table 10. Correlations Among Key Variables

Variable	1	2	3	4	5	6	7	8
1. Neigh. Confidence								
2. Sense of Community	.617**							
3. Neigh. Satisfaction	.572**	.676**						
4. Perceived Safety	.486**	.634**	.665**					
5. Total Resources	.200**	.231**	.258**	.122				
6. 1-Yr chg. in Resources	.121	.198*	.156*	.129	.527**			
7. Total Engagement	.152*	.061	.001	.052	.279**	.250**		
8. Change Engagement	.186*	.121	.115	.101	.159	.056	.318**	
9. Perceive vacants a problem	.104	-.384**	-.331**	-.337**	-.063	-.076	.132	-.084
10. Perceive crime a problem	-.165*	-.465**	-.415**	-.470**	.066	-.056	.208**	-.093
11. Perceived chg. in vacant	.319**	.418**	.413**	.237**	.201**	.194*	-.028	.157
12. Perceived chg. in crime	.453**	.456**	.391**	.407**	.070	.044	.024	.253**

* $p < .05$; ** $p < .01$

Tenure and other demographic variables were entered into the first step—homeowner, African American race, household income, and length of time lived in current home—to illustrate the unique variance that control variables predict (see Table 11 for each predictor and their respective blocks). Only 6% of neighborhood confidence

variance (adjusted R²) is explained by the four variables. As expected, those who already own a home display more confidence in their neighborhood— $F(4, 195) = 4.28, p < .01$.

Table 11. Neighborhood Confidence: Hierarchical Multiple Regression Results

Variables	B	SE	β	t	Adjusted R ²
<i>Step 1</i>					.062
Homeowner (1=yes)	.446	.141	.223*	3.153	
African American (1=yes)	-.077	.103	-.052	-.748	
Household income	.049	.035	.098	1.389	
Months lived in home	.001	.000	.102	1.434	
<i>Step 2</i>					.135
Homeowner (1=yes)	.366	.137	.183*	2.670	
African American (1=yes)	-.074	.100	-.050	-.739	
Household income	.067	.034	.135	1.977	
Months lived in home	.001	.000	.115	1.677	
Perceive foreclosures a problem in neighborhood	.017	.047	.026	.353	
Perceived change in foreclosures (getting worse)	.321	.079	-.298**	4.077	
<i>Step 3</i>					.222
Homeowner (1=yes)	.366	.130	.183	2.811	
African American (1=yes)	-.059	.095	-.040	-.622	
Household income	.065	.033	.130*	1.983	
Months lived in home	.001	.000	.093	1.415	
Perceive foreclosures a problem in neighborhood	.063	.056	.098	1.129	
Perceived change in foreclosures (getting worse)	.137	.086	-.127	1.600	
Perceive crime problem in neighborhood	-.034	.062	-.048	-.557	
Perceived change in crime (getting worse)	.386	.087	-.349**	4.456	
<i>Step 4</i>					.468
Homeowner (1=yes)	.167	.110	.083	1.514	
African American (1=yes)	.018	.082	.012	.224	
Household income	.017	.028	.035	.628	
Months lived in home	.000	.000	.008	.147	
Perceive foreclosures a problem in neighborhood	.075	.047	.115	1.603	
Perceived change in foreclosures (getting worse)	-.008	.073	.007	-.106	
Perceive crime problem in neighborhood	.096	.055	.133	1.747	
Perceived change in crime (getting worse)	.259	.073	-.234**	3.536	
Sense of Community	.291	.055	.418***	5.310	
Neighborhood Satisfaction	.152	.042	.268***	3.604	
Total Social Resources	-.001	.002	-.022	-.378	
Total Civic Engagement	.032	.026	.071	1.269	

* $p < .01$ ** $p < .001$

Step 2 added the perception that foreclosed homes were a problem, as well as the perceived change in this problem over the past two years (whether it had gotten worse). Foreclosure variables were included to ascertain the unique role neighborhood foreclosures play separate from other variables such as crime. This distinction between foreclosures and crime is important since both were highly cited by respondents in open-ended responses, and crime and foreclosures are highly correlated in most neighborhoods.

Step 2 explained an additional 7% of neighborhood confidence variance, $F(6, 193) = 6.191$, $p < .001$, with the perception that foreclosed homes are getting worse being the only significant predictor ($\beta = -.298$, $p < .001$). It is apparent that the perception of foreclosures as a neighborhood problem is related to neighborhood confidence. However, it is the perception that the problem is getting worse that is most important. If respondents perceive this to be the case, they have less confidence in the neighborhood. Still, this finding accounts for a relatively small amount of variance, indicating that other processes are perhaps more important.

Next, Step 3 added to the model the two Likert-scaled items related to perceptions of neighborhood crime—the degree to which it is perceived as a problem, and the degree to which it is perceived to have changed over the past two years (gotten worse). These variables explained an additional 9% of the variance (adjusted R^2), $F(8, 191) = 8.101$, $p < .001$. Again, as was true with foreclosures, what was significant was not the actual perception of crime as a problem, but the perception that crime had gotten worse over the past two years ($\beta = -.349$, $p < .001$). Believing that crime had gotten worse negatively predicted neighborhood confidence. More importantly, the addition of crime to the model

reduced foreclosure-related variables to non-significance. Thus, perceptions of both foreclosures and crime share the same predictive influence on neighborhood confidence, but the perception that crime is getting worse is the strongest of those related predictors.

Finally, the fourth and final step of the OLS regression model added neighborhood satisfaction and sense of community as predictors, which explained an additional 24% of adjusted R^2 variance, $F(12, 187) = 15.614, p < .001$. Sense of community ($\beta = .418, p < .001$), neighborhood satisfaction ($\beta = .268, p < .001$), and perceived change in crime ($\beta = -.242, p < .001$), were all highly significant predictors of neighborhood confidence. Further, the influence of tenure and all other demographic variables were not significant when controlling for sense of community and neighborhood satisfaction. Overall, this model had a moderate to high adjusted R^2 , explaining 47% of the variance of neighborhood confidence.

Feeling a psychological sense of community is the single most important factor in whether or not aspiring homebuyers are confident in their current neighborhood. This is true above and beyond the perception that foreclosures and crime are neighborhood problems. Neighborhood satisfaction, also a key predictor, differs from the construct of sense of community in that it is thought to capture neighborhood features such as amenities, apart from the psycho-social connections that are a part of sense of community. The findings of this model are congruent with the most frequently cited reasons for wanting to stay in the neighborhood in the open-ended response item—‘liking or identifying with the community,’ ‘social ties,’ and ‘location/amenities.’ The perception that local crime is changing is still an important part of the equation, but its influence decreases once sense of community is added to the model. The reduction in the

importance of perceptions around crime may suggest that a sense of community serves as a partial mediator between neighborhood conditions and confidence in that neighborhood.

Sense of Community as a Mediating Variable

Sense of community appears to be a crucial component of feeling committed and confident about residing in a place. The next logical step is to explore the mediational role of sense of community in the relationship between perceived neighborhood problems—crime and foreclosures—and neighborhood commitment.

The theoretical model presented in this project predicts that neighborhood-level phenomena such as foreclosures and crime affect neighborhood confidence by first impacting psycho-social processes such as sense of community. Such a relationship would involve some type of mediational role. Baron and Kenny's approach (1986) is perhaps the most widely used to judge whether mediation has occurred. It advanced the use of hierarchical multiple OLS regression models to establish the different predictive paths of at least two independent variables on a dependent variable. This is typically followed by a Sobel test to determine whether the indirect mediating effect is statistically different than zero.

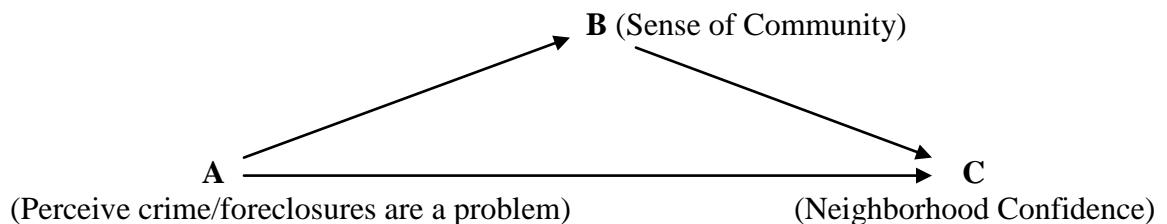


Figure 10. Variable Mediation Model

As Figure 10 illustrates, in order for mediation to be established, 1) neighborhood phenomena—perceptions that crime or foreclosures are a problem—would predict neighborhood confidence (path AC). Then, 2) entering sense of community (B) into the same equation would significantly predict confidence (path BC), while also reducing the direct relationship between perceptions of neighborhood phenomena and confidence (AC). Finally, 3) a separate regression would be run to illustrate that perceiving crime / foreclosures to be a problem also predicts sense of community (path AB).

Having already established the first two steps in the previous regression predicting neighborhood confidence, we move on to the third step, predicting sense of community. The same variables from the previous model were also used in a hierarchical multiple regression predicting sense of community. As displayed in Table 12 below, variables were again entered in blocks in order to parse out the unique influence of demographics, as well as perceptions of both neighborhood foreclosures and crime.

In Step 1, the same demographics used in the previous model predicted 9% of sense of community (adjusted R^2) variance, $F(4, 195) = 5.855, p < .001$. Owning a home ($\beta = .175, p < .05$) predicted greater sense of community, which was largely expected. Household income was also a positive predictor ($\beta = .138, p < .05$), while being African American was associated with a lower sense of community ($\beta = -.208, p < .01$).

Step 2 added items related to perception of neighborhood foreclosures. These two items—the degree to which foreclosures are perceived as a problem, and the degree to which foreclosures are getting worse—explained an additional 17% of adjusted R^2 variance, $F(6, 193) = 12.828, p < .001$, beyond demographic covariates. Both foreclosure related variables were found to be important. The perception that foreclosures are a

problem in the neighborhood of residence was associated with lower sense of community ($\beta = -.239, p < .01$). The perception that foreclosures in the neighborhood had gotten worse the past two years, as in the prior regression, predicted lower sense of community ($\beta = -.271, p < .01$).

Table 12. Sense of Community: Hierarchical Multiple Regression Results

Variables	B	SE	β	T	Adjusted R ²
<i>Step 1</i>					.089
Homeowner (1=yes)	.503	.200	.175*	2.512	
African American (1=yes)	-.446	.146	-.208**	-3.054	
Household income	.099	.050	.138*	1.983	
Months lived in home	.001	.001	.132	1.888	
<i>Step 2</i>					.263
Homeowner (1=yes)	.365	.182	.127*	2.006	
African American (1=yes)	-.372	.132	-.174**	-2.809	
Household income	.123	.045	.172**	2.725	
Months lived in home	.001	.001	.148*	2.348	
Perceive foreclosures a problem in neighborhood	-.223	.063	-.239**	-3.568	
Perceived change in foreclosures (getting worse)	.420	.104	-.271**	4.017	
<i>Step 3</i>					.343
Homeowner (1=yes)	.352	.172	.123*	2.054	
African American (1=yes)	-.315	.126	-.147*	-2.505	
Household income	.104	.043	.146*	2.427	
Months lived in home	.001	.001	.150*	2.495	
Perceive foreclosures a problem in neighborhood	-.042	.074	-.045	-.566	
Perceived change in foreclosures (getting worse)	.291	.113	-.188*	2.566	
Perceive crime problem in neighborhood	-.282	.081	-.273**	-3.461	
Perceived change in crime (getting worse)	.292	.114	-.184*	2.553	

* $p < .05$ ** $p < .01$ *** $p < .001$

Step 3 again added perceptions about crime separately in order to determine the degree to which the effects of foreclosure perceptions change when crime is taken into consideration. An additional 8% of variance is explained by the two crime perception variables, $F(8, 191) = 14.010, p < .001$. The perception that crime is a problem in the neighborhood was negatively associated with sense of community ($\beta = -.273, p < .01$).

Further, believing that crime problems are getting worse was also a significant negative predictor of sense of community ($\beta = -.184, p < .05$). Even when adding the crime variables, the belief that foreclosures had gotten worse still negatively predicted sense of community ($\beta = -.188, p < .05$). In addition, all previously significant demographic covariates continued to be significant, including African Americans' lower sense of community ($\beta = -.147, p < .05$).

The results of these regression models tell us several things. First, how people perceive crime to be changing in their neighborhood—in this case getting worse—is a direct predictor of neighborhood confidence, controlling for all other variables. Second, perceptions about neighborhood foreclosures are important, just not necessarily as important as perceptions of crime and safety. However, sense of community does appear to act as a partial mediator between perceptions about neighborhood foreclosures and neighborhood confidence. The models have confirmed relationships which satisfy traditional criteria for partial mediation, following steps laid out by Baron and Kenny (1986): 1) perceptions that foreclosures have gotten worse in the past two years negatively predict sense of community, 2) sense of community predicts neighborhood confidence, and 3) the effect of foreclosure perceptions on neighborhood confidence is reduced when including sense of community in the model. A Sobel test confirmed that this mediation effect was significant ($t = 2.33, p = .02$).

These results support the hypothesized mediation role that sense of community plays between perceptions about foreclosures and neighborhood confidence. However, rather than acting as a “protective buffer,” sense of community appears to be the mechanism through which surrounding foreclosures (perceptions) negatively impact

neighborhood confidence. In other words, there was no direct relationship between perceptions of foreclosures and neighborhood confidence—as hypothesized—but only an indirect relationship via a reduction in sense of community. However, the belief that crime is getting worse appears to be much more important in predicting neighborhood confidence.

Although these regression models give us insight into how people perceive their neighborhood environments, they do not give us information about actual direct neighborhood effects. In short, they do not tell us the degree to which subjective perception is objective reality. Perceptions about crime are very important, likely because they are immediately associated with feeling safe in one's home or neighborhood. However, it is possible that these perceptions are driven by foreclosed homes or other environmental characteristics at the neighborhood level. Therefore, multi-level models are necessary to examine direct neighborhood effects.

Hierarchical Linear Modeling (HLM) Sense of Community

Several exploratory analyses with the present data indicate that multi-level modeling could be an important tool in unpacking the relationship between neighborhood phenomena and psycho-social outcomes. For example a one-way ANOVA was run to observe the mean difference in sense of community by proximity to vacant, foreclosed homes. This independent foreclosure variable was split into quartiles based on the number of troubled vacant homes within ¼ mile of each survey respondent. Results show that not only are there significant differences between groups, $F(3, 182) = 8.606, p < .001$,

there is potentially a threshold effect whereby homes in the highest quartile show the lowest sense of community. Figure 11 illustrates this effect.

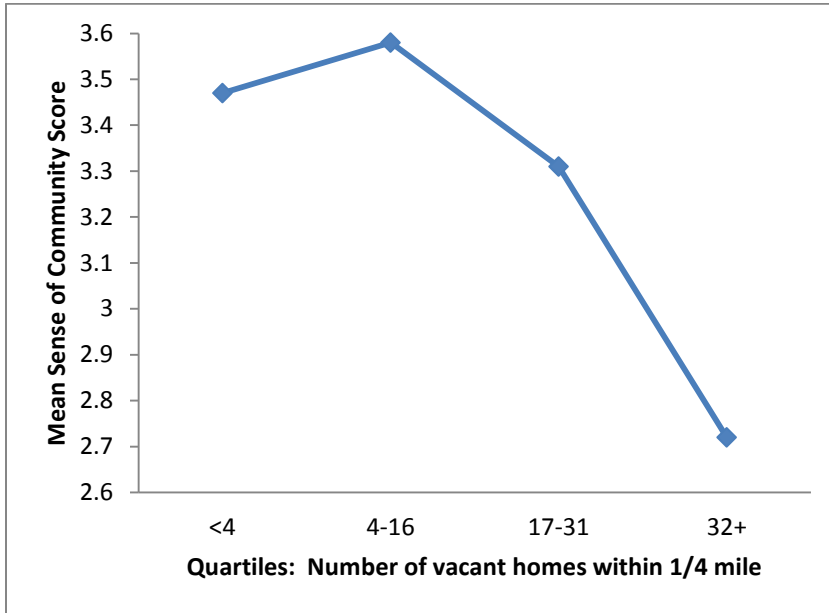


Figure 11. Mean Sense of Community by Quartiles of Vacant Homes Within 1/4 Mile

Those in the fourth quartile, who have 32 or more vacant homes within 1/4 mile of their residence, have a precipitously lower mean sense of community score than the other groups. While this analysis does not control for other factors likely associated with vacant homes, at the very least it shows us that there is very likely some sort of neighborhood effect at work.

In order to justify the use of HLM, a first step is to test the unconditional model (intercept-only), or the degree to which the variables of interest vary across geographic units. Little or no variation would render HLM inappropriate. Large variation would indicate that much of the variance is explained by geography. The unconditional model of neighborhood confidence showed no significant variance across level-2 groups

(geographies), suggesting that HLM is not appropriate for this dependent variable.

Neighborhood confidence did not appear to be related to geography in general.

Next, an unconditional model was run predicting sense of community. This test confirmed that sense of community did vary significantly across geographic groups, $X^2(22) = 44.273, p < .01$. With an intraclass correlation of .124, approximately 12% of the variance could be found among the level-2 geographies. Therefore, while HLM is not an appropriate test for predicting neighborhood confidence, it is appropriate for predicting sense of community.

An HLM was run predicting sense of community using two level-1 predictors that were significant in OLS models—perception that crime is a problem and self-identification as African American. Due to sample size limitations, two separate HLMs were run, one with violent crime rate and one with the vacant home rate at level-2 (labeled *vacant homes*). Violent crime did not predict sense of community, but vacant homes did. Therefore, the final model specification and its results are shown below:

$$\text{Level-1 Model: } Y = \beta_0 + \beta_1(\text{CRIME}) + \beta_2(\text{AFRICANAMERICAN}) + r$$

$$\text{Level-2 Model: } \beta_0 = \gamma_{00} + \gamma_{01}(\text{VAC1000}) + U_0$$

$$\beta_1 = \gamma_{10} + U_1$$

$$\beta_2 = \gamma_{20} + U_2$$

CRIME and AFRICANAMERICAN are grand-mean centered, whereas VAC1000 is uncentered, due to the fact that the latter is a continuous variable with a meaningful zero point. Table 13 below shows the results of the final model.

Table 13. Hierarchical Linear Model Predicting Sense of Community

Fixed Effects	Coefficient	Standard Error	T-ratio	df	p Value
Intercept, γ_{00}	3.49	.132	26.427	21	.000
Level 2 (Geographic Area)					
Vacant homes per 1,000, γ_{01}	-.014	.005	-2.356	21	.028
Level 1 (Individuals)					
Crime a problem, γ_{10}	-.424	.098	-4.328	164	.000
African American, γ_{20}	-.231	.245	-.943	164	.357
Random Effects	Standard Deviation	Variance Component	df	X ²	p Value
Intercept, U ₀	.347	.12	14	28.90	.001
Level 1, R	.769	.591			

The model illustrates that the level-2 variable *vacant homes* was a significant negative predictor of sense of community, apart from the influence of perceived crime and African American ethnicity at level-1 ($p=.028$). The rate of vacant homes (per 1,000 area homes) in the geographic region of residence explained significantly more variance than the level-1 predictors alone, $X^2 = 28.90$ ($p=.001$). The vacant home rate accounted for 21% of level-2 variance. Also, once accounting for vacant homes and other sources of level-2 variance, African American race/ethnicity was no longer a significant negative predictor of sense of community. Perceived crime, however, was the strongest predictor of sense of community ($\beta = -.424$, $p<.001$).

A lower sense of community was associated with the prevalence of vacant homes. Sense of community was also shown earlier to be related to the perception that vacant homes were a problem. These findings combined indicate that vacant and foreclosed homes likely have an indirect effect on neighborhood confidence for aspiring homeowners. They appear to lower psychological sense of community, which is strongly related to neighborhood confidence. This appears to be the case even beyond perceptions

of crime, which we already know to be an important predictor of neighborhood confidence. The implications and limitations of these findings will be further elaborated on in the concluding chapter.

Confidence in Homeownership

A final analysis for the aspiring homeowner group sought to examine what survey variables, if any, were related to confidence about being a successful homeowner. Given the unprecedented foreclosure crisis, the disproportionate homeownership exits for African Americans, the disparate effects of the crash on minority communities, and the dearth of lending for new homeowners, it is appropriate to examine whether demographics or psycho-social variables predict confidence in homeownership. An interesting question to ask post housing crisis is, has faith and confidence in homeownership changed or does the dream remain? Although the survey data cannot answer this question directly, they can examine whether neighborhood phenomena predict confidence in homeownership. The following models sought to explore whether demographics, neighborhood perceptions, psycho-social processes, and actual neighborhood conditions were at all related to feeling more confident about future homeownership.

An OLS regression predicting reported confidence in homeownership was run using demographics, variables related to neighborhood perceptions, and psycho-social variables. Table 14 displays the results, which indicate that very little of homeownership confidence variance is explained by the model. Only 4% of adjusted R^2 variance is predicted, $F(14, 161) = 1.553$, $p = .098$, a very small and insignificant amount. The

length of time participants had lived in their homes ($\beta = -.163, p < .05$), and the total number of social resources in the neighborhood ($\beta = .159, p < .05$), were the only significant predictors. With the former being a negative and the latter positive, these two would seem to be contradictory. The longer one lives in a home, the more social resources in their neighborhood they would be expected to acquire. However, it is possible that the more resources a person has in their neighborhood, the more likely it is that those resources include homeowners. The more successful homeowners the person interacts with, perhaps the more confident they are themselves about their own homeownership prospects. What is more important, however, given the small effect size general non-significance of the model, is that confidence in homeownership does not seem to be shaken by phenomena happening at the neighborhood level—at least not by perceptions of neighborhood phenomena. Even if respondents identify crime, foreclosures, and affordable housing to be problems in their neighborhood, this has little to no effect on their confidence in homeownership.

Table 14. Homeownership Confidence: OLS Regression Results

Variables	B	SE	β	t	Adjusted R ²
					.042
Household income	-.008	.023	-.030	-.373	
Months lived in home	-.001	.000	-.163*	-2.114	
Civic participation	.010	.021	.038	.457	
Civic participation change in last year	.143	.075	.153	1.901	
Perceive foreclosures a problem in neighborhood	.014	.037	.040	.375	
Perceive crime a problem in neighborhood	-.015	.042	-.038	-.347	
Perceive affordability a problem in neighborhood	.044	.037	.107	1.174	
Perceived change in foreclosures	-.075	.057	-.129	-1.322	
Perceived change in crime	-.018	.057	-.031	-.318	
Perceived change in affordable housing	.070	.058	.105	1.200	
Total neighborhood resources	.002	.001	.159*	2.001	
Know any neighborhood acquaintances who have experience a foreclosure (1=yes)	-.007	.061	-.009	-.109	
Ever personally experienced a foreclosure (1=yes)	.132	.114	.090	1.152	
Sense of community	.046	.035	.121	1.294	

* $p < .05$

An unconditional HLM model was run to test whether there was any difference in homeownership confidence across neighborhoods. Results indicate that confidence in homeownership did significantly vary by geography. $X^2(22) = 38.635, p = .015$. The intraclass correlation was .108, indicating that approximately 11% of the variance lies between level-2 groups. Subsequent models, however, showed that the vacant home rate, violent crime rate, and poverty rate did not significantly predict homeownership confidence variance. The takeaway point of all of these analyses is that there are many low-income individuals who fill workshop after workshop in hopes of attaining the homeowner dream. Their confidence in successful homeownership does not seem to be influenced by neighborhood phenomena such as foreclosures, or even witnessing other neighborhood friends and acquaintances experience foreclosure. For years the goal has been to provide a path to homeownership for low-income households with the hope that

many would be able to move to a better neighborhood. Now, with so many neighborhoods stuck in decay and awash in a sea of vacant homes, it is unlikely that scattered rehabilitation efforts will produce tangible results any time soon. Given the importance of sense of community to neighborhood confidence and commitment, new strategies should be considered to rebuild the social fabric of neighborhoods along with the physical environment.

Predicting General Well-Being

Before moving on to the very low-income survey group, it should be noted briefly that OLS regressions were run to test the hypothesized relationship between perceptions of foreclosures and crime, psycho-social processes, and general well-being. It was hypothesized that negative perceptions about foreclosures and crime would be associated with lower self-reported well-being. However, models that included these variables, in addition to demographic covariates, sense of community, neighborhood satisfaction, and social networks—as specified in the theoretical model presented in Chapter 1—failed to significantly predict any variance of self-reported well-being. Furthermore, an unconditional HLM model indicated that well-being did not vary significantly between geographic areas. These results are somewhat surprising, especially the non-relationship between sense of community and well-being. These two variables have been linked in previous studies (Peterson et al., 2008). Nonetheless the results warrant at least a partial rejection of the hypothesis. However, a similar model was run predicting general well-being for the very low-income group and will be discussed in the next section.

Very Low-Income Households

Desire to Stay in Neighborhood vs. Move

Low-income respondents were also asked whether they would like to stay in their current neighborhood or leave. A minority (41%) expressed a desire to stay in their current neighborhood. The most frequently cited reason for wanting to stay was having ‘social ties with family or neighbors’ (36%). Although this was an important reason cited by aspiring homeowners as well, in the case of the very low-income group, it was by far the most important response related to wanting to stay. Less frequently cited was generally ‘liking or identifying with the neighborhood/community’ (20%) or ‘being near school, work, or other amenities’ (16%). Although some discussed the ‘neighborhood environment,’ these responses were less frequent (8%).

Table 15. Very Low-Income Sample Reasons Cited for Desiring to Stay or Leave

<i>Would like to stay in current neighborhood (N=25)</i>	
Reasons Mentioned	Pct. Cited Reason
Social/Family Ties	36%
Generally like or identify with the community	20%
Proximity to work or school or other amenities	16%
Neighborhood environment	8%
Transportation	8%
Too old to move	4%
Affordability	4%
<i>Would like to move to different neighborhood (N=34)</i>	
Reasons Mentioned	Pct. Cited Reason
Desire better neighborhood / Complaints about current environment	29%
Crime / Safety	24%
Desire a change	12%
Would like better home/apartment	12%
Don't identify with the type of community	6%
Neighborhood is changing	6%
School related	6%
Affordability	6%
Other	3%

A majority of respondents (59%) expressed a desire to move to a different neighborhood. The most frequently cited reason had do with the ‘neighborhood environment,’ such as the conditions (29%), followed closely by concerns about ‘crime and safety’ (24%). Less frequent were comments about the ‘home’ (12%), and a general ‘desire for change’ (12%). It is clear that neighborhood conditions and crime are the most important factors in whether a respondent expressed a desire to leave their current neighborhood. It is also clear that social ties and community identity are important for low-income households. These findings again provide justification for exploring perceptions of foreclosures and crime, social resources, and sense of community further

with OLS regressions. Of course, an important limitation of these analyses is that they do not account the fact that many low-income households do not have many options in terms of mobility. Analysis of these open-ended responses assume that residents have a choice about leaving, when in reality affordable housing options are extremely limited for most low-income households. This will be discussed further in the next chapter.

Predicting Neighborhood Confidence

Prior to modeling the data, simple bivariate correlations (Table 16 below) were run to examine the relationship between predictors and outcomes of interest. As expected, neighborhood confidence was associated with neighborhood satisfaction and sense of community. Perceptions of changes in neighborhood crime and foreclosures are also strongly associated with neighborhood confidence. However, of particular interest is that the number of acquaintances the person has in the neighborhood who have had to move due to a building foreclosure is negatively related with neighborhood confidence ($r = -.200, p < .01$). This was not the case with the aspiring homeowner group. Having acquaintances who experienced foreclosure was not correlated with or predictive of neighborhood confidence for aspiring homeowners.

Also of note is that perceptions about crime were the only variables correlated with sense of community. The perception that crime is a problem in the neighborhood ($r = -.226, p < .05$), and the perception that it is changing ($r = .326, p < .01$) were both related to sense of community. Further, the perception that crime ($r = -.225, p < .05$) and foreclosures ($r = -.243, p < .05$) are a problem is correlated with self-reported general well-being.

Table 16. Simple Correlations of Potential Predictors for Very Low-Income Sample

Variable	1	2	3	4	5	6	7	8
1. Neighborhood Confidence								
2. Neighborhood Satisfaction	.613**							
3. Sense of Community	.553**	.686**						
4. General Well-Being	.084	.053	-.055					
5. Number of acquaintances w/ foreclosure	-.200**	-.142	-.109	.009				
6. Total Resources	.090	.102	.203	-.026	-.068			
7. 1-year change in Resources	.023	.089	.088	.158	.006	.129		
8. Civic Engagement	.172	.038	.185	-.024	.134	.345**	.214	
9. Perceive vacants a problem	-.070	-.093	-.136	-.225*	.159	-.010	-.199	-.154
10. Perceive crime a problem	-.250*	-.277**	-.226*	-.243**	.164	.002	-.173	-.135
11. Perceived chg in foreclosures	.401**	.148	.239	.083	-.150	-.040	.229	-.072
12. Perceived chg in Crime	.463**	.226	.326**	.200	-.162	.032	.062	.057

* $p < .05$; ** $p < .01$

Results of the OLS regression predicting neighborhood confidence are displayed below in Table 17 below. Neighborhood satisfaction (satisfaction with the home, block, and neighborhood) was the strongest predictor of confidence ($\beta = .439, p < .001$). The perceptions that crime ($\beta = -.201, p < .05$) and foreclosures ($\beta = -.163, p < .05$) are getting worse were significant negative predictors. Since a small percentage of the sample was homeowners, tenure was used as a control variable. Notably, owning a home did not predict confidence in the neighborhood. Also notable is that sense of community was not a significant predictor as it was in previous analyses with the aspiring homeowner group. This model explained 46% of R^2 variance, $F(7, 93) = 13.111, p < .001$.

Table 17. Very Low-Income Neighborhood Confidence OLS Regression Results

Variables	B	SE	β	t	Adjusted R ²
Household economic situation	.048	.063	.061	.767	.459
Months living in community	.000	.000	-.024	-.278	
Tenure (1=own)	.087	.137	.050	.631	
Perceived change in crime (getting worse)	.233	.097	-.201*	2.398	
Perceived change in foreclosures (getting worse)	.193	.098	-.163*	1.969	
Neighborhood Satisfaction	.253	.058	.439***	4.320	
Sense of Community	.103	.078	.150	1.334	

* $p < .05$ ** $p < .01$ *** $p < .001$

In this analysis, we again saw that respondent perceptions of how neighborhood conditions are changing, particularly foreclosures and crime, predicts neighborhood confidence. Variables related to social networks were not significant in any of the models and were therefore excluded in favor of parsimony, which was also necessary due to the low sample size. For example, social resources in the neighborhood and the number of acquaintances who have experienced foreclosure did not significantly explain neighborhood confidence variance.

It is important to note that sense of community was not a significant predictor but neighborhood satisfaction was. For neighborhood confidence, it appears that being generally satisfied with the neighborhood is more important than feeling a psychological connection with it. To explore this further, an OLS regression was run with the same variables predicting neighborhood satisfaction. Interestingly, the model explained less than 10% of the variance, with ‘perception that crime is a problem’ being the only significant predictor.

Predicting General Well-being

Given the amount of literature linking housing and health—and the dearth of studies considering low-income households in areas with high foreclosures—one final analysis was run predicting self-reported general well-being. The model presented in Table 18 included demographic covariates (tenure, employment, household income), perceptions about changes in neighborhood crime and foreclosures, neighborhood satisfaction, and sense of community. Several other variables that were initially thought to be related to well-being—social resources, changes in social resources, personally experiencing a building foreclosure, and having neighborhood acquaintances who have moved because of a foreclosure—were excluded because they did not explain any of the variance. In fact, the final model only explained a very small amount of general well-being variance ($R^2=.111$), $F(7, 93) = 2.777$, $p < .01$.

Table 18. Very Low-Income Well-Being OLS Regression Results

Variables	B	SE	β	t	Adjusted R ²
Tenure (1=owner)	.001	.173	.001	.008	.111
Currently unemployed	-.213	.174	-.130	-1.220	
Household Income	.193	.079	.277*	2.431	
Perceived change in crime (getting worse)	.311	.122	-.280*	2.549	
Perceived change in foreclosures (getting worse)	-.001	.120	.000	-.005	
Neighborhood Satisfaction	.053	.073	.095	.726	
Sense of Community	-.167	.088	-.253	-1.894	

* $p < .05$

The only significant predictors in the model were household income ($\beta = .277$, $p < .05$), and perception that neighborhood crime is getting worse ($\beta = -.280$, $p < .05$).

Income is expected to be a predictor of well-being, as it allows access to better housing,

health care, food, amenities, etc. Surprisingly, sense of community was negatively related to well-being, although this relationship was not significant. These findings again illustrate that crime is the most immediate and impactful neighborhood condition. In particular, the perception of how crime is changing (getting worse) is an important driver of sense of community and overall well-being.

Although perceptions about foreclosures are not significant when controlling for crime, it is likely that the *actual* effect of vacant houses contributes to crime and disorder, which in turn negatively affects well-being. Although this project sought to establish a direct connection between neighborhood housing conditions and well-being, it is perhaps more relevant to discuss overall neighborhood conditions. Concentrated disadvantage is so severe in neighborhoods like Chicago's west side that it may not be methodologically sound to consider just one feature, such as foreclosed homes, without considering the confluence of other negative factors that impact the well-being of the most vulnerable residents.

CHAPTER VI

DISCUSSION

This project contained three unique areas of inquiry, and this section contextualizes and links them together both theoretically and practically. First, key findings are summarized, then multi-level implications are discussed, and finally, future research directions are considered. The findings are relevant to a number of different topic areas, including community development, community building, neighborhood stabilization, neighborhood safety, community health, and spatial processes of disadvantage. This section provides a conceptual framework for understanding how the findings transect each of these areas.

The research questions sought to fill gaps in the literature related to the foreclosure crisis. Specifically, it explored how foreclosures might be impacting the decisions of the next generation of low-income homeowners, those who are going through homebuyer workshops and hoping to purchase a home soon. Of interest were the factors and mechanisms that drive neighborhood commitment vs. expectations of mobility. Second, it considered the experiences of a population bereft of mobility options: very low-income households in an area of high foreclosures and concentrated disadvantage. Finally, it examined the efforts of a place-based organization working to improve this same disadvantaged area. Separately, these areas of inquiry provide clues for understanding how neighborhood conditions and social processes interact, and the

efficacy of community-based organizations. Taken together; however, they provide a strong argument for critical approaches to urban community building.

Summary of Key Findings

Study I Results of CBO Analysis

Chapter 3 provided a longitudinal analysis of one CBO's efforts to facilitate stable low-income homeownership in the West Garfield Park Community on Chicago's west side. Results illustrated that those who purchased a home from the CBO—over a 16-year period—were less likely to have experience a home foreclosure. They were also less likely than a random community sample to utilize subprime loans and engage in leveraged refinancing. Unsurprising, given these findings, was that those who purchased from the CBO were more likely to still be in their homes through 2011. The only non-significant difference between the CBO homeowner group and the random sample was the use of subprime refinance loans. However, this is perhaps not totally unexpected, given that subprime refinances comprised such a large share of all refinance loans over the decade prior to the foreclosure boom (Mayer & Pence, 2008).

Another noteworthy finding related to this analysis was the high percentages of both CBO and community samples who eventually experienced a foreclosure. The CBO group was much better off than the random community sample, which had a foreclosure rate of 47%, yet ultimately 18% of CBO home purchasers still experienced a foreclosure. At first glance, these numbers seem extremely high. They are indeed high, but mainly because foreclosure rates are typically discussed in a cross-sectional manner. Most studies report the foreclosure rate as the number of foreclosures in a given year divided

by the total number of mortgages or area homes that year. However, the data in this study uncover just how insidious the crisis is for some areas. Tracking mortgages longitudinally uncovers the odds of a person eventually experiencing a foreclosure, whether after one year or ten. This percentage is much higher than traditional one-year definitions of area foreclosure rate. The implication is that homeownership in the community of focus—West Garfield Park—is extremely unstable over the long term. This finding calls into question the use of homeownership strategies as the only means of stabilizing neighborhoods, a theme that will be touched upon throughout this discussion.

Study I Limitations of CBO Analysis

There are several limitations to this analysis that should be acknowledged. First, the relatively small sample size (N=99 in both the CBO “treatment” and random matched community samples) is certainly not ideal in generalizing to an entire community area, though the steps taken to select a random match for each CBO home purchaser at least partially address this. Second, neither sample controls for any other potential predictors of the outcome variables, such as income, education, and ethnicity. However, such controls were not possible with the data available, and the methodology employed represents the best approach to answering the research question. Since the mission of the organization and thus the research question is explicitly place-based, we are most interested in whether or not CBO constituents end up better off than community-at-large residents, regardless of demographic profile. So, the results cannot tell us why, definitively, CBO home purchasers are better off than at-large residents, they can only

tell us that they are. Similarly, results also cannot tell us why a mortgage holder experienced a foreclosure, only that he or she did.

Study I Strengths and Implications of CBO Analysis

Although there are clear limitations, the findings nonetheless provide evidence that CBOs can play a strong role in facilitating stable low-income homeowners who are more likely to stay in a neighborhood. This is a relatively unique approach to understanding organizational impact related to homeownership and the foreclosure crisis. Typically, low-income homeownership programs—Individual Development Accounts (IDAs), counseling, workshops—are evaluated in terms of their immediate outcomes, such as whether or not the individual purchased a home and saw an improvement in neighborhood quality (Santiago et al., 2010; Katz Reid, 2007). Now that the Great Recession has ushered in unprecedented homeownership exits by families of color, much of the gains associated with these programs are called into question.

Few studies have explored this question with longitudinal data that factor in the housing crash. A recent IDA evaluation looked at homeownership over a ten-year period and illustrated that IDA participants were no more likely to be homeowners in 2009 than a control group (Grinstein-Weiss, Sherraden, Gale, Rohe, Schreiner, & Key, 2011). However, there was no examination of whether foreclosures were responsible for homeownership exits. Another recent study did look at foreclosure outcomes, and presented evidence that IDA participants are less likely to have experienced a foreclosure (Rademacher et al., 2010). The analyses in Chapter 3 confirm the efficacy of homeownership programs in helping homeowners avoid foreclosure, though there is no

way to know whether the CBO that provided the programs is unique or reflective of most curricula.

Perhaps just as important, the results illustrate the power of an organization to produce a homeownership impact in a vulnerable housing niche, even if the impact is small. Most homeownership programs have an implicit liberal market framework—the idea that homeownership should be a vehicle of wealth creation and upward neighborhood mobility. Such an outcome is dependent on a housing market that provides equal and abundant choices. The exhaustive scholarship on segregated mortgage markets suggests this is not the case (Williams et al., 2005; Wyly et al., 2007; Saegert et al., 2011). The evidence of low-income homeownership programs fostering improved neighborhood quality through mobility is thin at best (Katz Reid, 2007; Cummings et al., 2002; Van Zandt & Rohe, 2006). If low-income minorities do not necessarily improve their wealth or neighborhood through homeownership—largely due segregated markets—it begs the question whether place-based community-building strategies might be a better alternative. I will return to this question shortly.

Study II Aspiring Homeowner Results

Chapters 4 and 5 explored the idea of homeowner mobility, but from the perspective of a low-income sample that was actively pursuing homeownership. Of interest were the factors that predicted confidence and commitment to the current neighborhood versus a desire to move elsewhere. This presented a logical extension of the findings in Study I, where we saw that CBOs can be impactful in fostering more stable homeowners. Study II moved on to explore the potential demand side for homes in

low-income areas. Analyses sought to uncover the degree to which foreclosures might be eroding neighborhood confidence. Theoretically, confidence is related to more than just the built environment, so analyses explored whether foreclosures affect neighborhood confidence through psycho-social processes. The exploration of psychological and social mechanisms related to neighborhood foreclosures—particularly in non-homeowner populations—is a unique contribution to the literature.

Individual perceptions were used as proxies for actual neighborhood foreclosures and crime. Results revealed a nuanced relationship between perceptions of foreclosures and neighborhood confidence. The belief that foreclosures are a problem was not nearly as important as the belief that foreclosures are getting worse in the neighborhood. In other words, people seem to evaluate their neighborhood in a dynamic fashion, and the belief that it is declining is very important. It is also clear that perceptions of neighborhood crime are even more important predictors of confidence. Again, the belief that crime is getting worse in the neighborhood is what is most significant.

Perhaps the most important finding of the chapter, however, was that psychological sense of community plays a large role in predicting neighborhood confidence. Sense of community was also shown to be a potential mechanism—or mediator—through which nearby foreclosures impact neighborhood confidence. The perception that foreclosures are getting worse in the neighborhood, even when controlling for crime, is associated with decreased sense of community. Therefore, we see that sense of community partially mediates the relationship between foreclosure perceptions and neighborhood confidence. Taking these findings a step further, to better understand the relationship between neighborhood phenomena and sense of community, we find that

sense of community is dramatically lower when the respondent lives in immediate proximity to concentrated foreclosures. Then, using multi-level modeling, we see that vacant homes in the surrounding area do in fact predict a reduction in sense of community.

Study II Limitations of Aspiring Homeowner Analyses

There are several limitations to these analyses. Multi-level modeling is one of the best approaches to unpacking the relationship between the physical environment, psychosocial variables, and neighborhood confidence. However, the small sample size only allowed for very basic HLMs at geographies that are far too large to be considered neighborhoods. Nonetheless, the significant model at the very least provides an additional clue that geographies of foreclosure are important in shaping sense of community. Due to the HLM limitations, the results relied mostly on perceptions about neighborhood phenomena, which are not necessarily accurate reflections of reality. Sampson (2012) has shown that a neighborhood's reputation is reproduced over time and is ultimately a stronger predictor of perceived disorder than actual observed disorder. It is possible that reported perceptions about foreclosures and crime are actually influenced by shared neighborhood perceptions that have been shaped and reproduced over time. An additional limitation is the high number of predictors relative to the small sample size. Analyses related to these proxy variables—especially testing for mediation effects—are well suited for structural equation modeling; however, the low sample size is again a prohibitive factor.

Study II Strengths and Implications of Aspiring Homeowner Analyses

The strength of these results is that they do not rely on just one type of analysis for drawing conclusions. For example, open-ended responses about expected neighborhood mobility provide an additional dimension for understanding the previously discussed results. Although it is easy to focus on the deleterious impacts of neighborhood foreclosures, the silver lining in these findings is that foreclosures are not the most frequently cited reason for wanting to purchase a home in a different neighborhood. Only 24% of those who expressed a desire to purchase a home elsewhere cited something about the quality of the neighborhood environment. Conversely, open-ended responses also provide some support for this project's theoretical model by showing the importance of psychological and social connections to a neighborhood. Of those who indicated a desire to buy in their current neighborhood, 38% mentioned something about liking or identifying with their community, which is perhaps indicative of sense of community. Further, 26% who want to stay cited social or family ties within their community as a reason.

So, although foreclosures and crime certainly exert a negative influence on neighborhood confidence, the results of this study hint at another potential route to stabilizing neighborhoods beyond bricks and mortar: place-based community-building. Neighborhood confidence is tied to more than just the built environment. Therefore, neighborhood stabilization strategies may achieve better results by incorporating efforts to foster a strong sense of community and social ties among residents. Although it was hypothesized that social ties within a neighborhood would also be an important mediator between neighborhood phenomena and confidence, this turned out not to be the case. The

number of social resources within the neighborhood—and changes in those resources—did not significantly predict neighborhood confidence. However, given that social relationships were a frequently cited reason for wanting to stay in a community—and social resources were correlated with neighborhood confidence—it is clear that more analyses are necessary to further explore the relationships between these variables. This is perhaps the most important contribution of this study, and its implications for theory and practice will be discussed shortly.

Study II Results of Very Low-Income Analyses

Finally, Study II also replicated the OLS regression analyses on a sample of very low-income residents of Chicago's west side. This was done to broaden the understanding of how vulnerable housing niches—and foreclosures specifically—might be impacting this demographic group that is less frequently discussed in reference to homeownership, foreclosures, and neighborhood confidence. Very low-income residents who do not have an immediate pathway to homeownership are often lost in urban policy discussions. The promotion of homeownership above all else has the very real effect of stigmatizing renters, who certainly make up the majority of residents in low-income areas (Goetz, 2007). Yet this group is strongly impacted by the foreclosure crisis too. Mobility due to rental building foreclosures is high and many do not have the option to move to a better neighborhood elsewhere. Thus, survey data can help tell a more complete story about hard-hit urban areas.

Although this sample likely does not have the same mobility prospects as the aspiring homeowner sample, neighborhood confidence was examined nonetheless.

Results showed that perceptions about crime and foreclosures worsening were negative predictors of neighborhood confidence. In addition, and unlike the aspiring homeowner group, sense of community was not associated with neighborhood confidence.

Neighborhood satisfaction, on the other hand, was the most significant predictor. It has been suggested elsewhere that residents of high crime areas withdraw out of fear, and thus a lack of sense of community could be the result of purposeful disengagement from what is seen as a dangerous environment (Brodsky, 1999). Satisfaction, on the other hand, has more to do with generally liking the home and neighborhood environment (Perkins et al., 1990).

Sense of community does not appear to change how very low-income individuals view their long-term neighborhood prospects. It is possible, as Brodsky (1999) suggests, that fear of crime inhibits positive engagement with the surrounding community. This would again underscore the degree to which low income renters are stigmatized and stuck in segregated, high crime, declining areas (Goetz, 2007).

This point is further illustrated in the final analysis concerning very low-income resident general well-being. It was hypothesized that perceptions of foreclosures would predict overall well-being. However, the regression model explained very little variance. The belief that crime is getting worse was a negative predictor and income was a positive predictor. It should also be noted that the perceptions that crime and vacant homes are a problem are at least correlated with general well-being, indicating that further inquiry may be necessary. Although the aim was to uncover nuanced relationships between perceptions of neighborhood conditions, psycho-social variables, and well-being, there are several explanations for the failure of this study to do so.

Study II Limitations of Very Low-Income Analyses

One of the most immediate limitations is that there was little variability in the independent variables related to neighborhood perceptions. For example, the distribution of items related to foreclosures and crime were heavily skewed. The majority of very low-income respondents perceived that crime and foreclosures were a big problem, and getting worse. This severe restriction essentially renders the effect of perception variables to null. The issues with these independent variables are due to the fact that the sample resides almost entirely in a disadvantaged area, as opposed to the more spatially distributed aspiring homeowner sample. There is likely little variability between perceptions because the entire area is disadvantaged. Further, this also limits any comparison between the two survey samples. Finally, the sample size of the very low-income group was very small, limiting the number of predictors that could be used in regression models. A larger sample size could perhaps help tease out findings that are not immediately apparent.

Study II Strengths and Implications of Very Low-Income Analyses

Although results of these analyses were somewhat thin, one of the strengths is that they provide an initial clue for understanding the ways in which neighborhood conditions impact the most vulnerable households. General well-being did not have numerous significant predictors. However, it is perhaps likely that general well-being is impacted by structural inequality in general, and economic insecurity in particular (Immergluck, 2012), rather than merely the surrounding homes. The results of this analysis hint at this point, as income was one of only two significant predictors of well-being. Unfortunately,

this study is limited in its ability to connect foreclosures and health. More nuanced, multi-level modeling, structural equation modeling, and detailed qualitative work would be helpful in uncovering these connections.

Theoretical and Practical Implications of Findings

This section turns our attention to the theoretical and practical implications of this project. A conceptual framework for understanding the results can be found at the heart of a recent debate among urban theorists. Imbroscio (2012) recently provided a critique of what he referred to as traditional Liberal Urban Policy. This paradigm, according to Imbroscio, espouses the idea that economic opportunities for the poor will be enhanced by the ability to move to better neighborhoods. Examples of this approach can be seen in policies that sought to relocate residents of public housing through programs such as HOPE VI and Move to Opportunity (MTO). He goes on to argue that most policymakers, practitioners, and even academics accept the efficacy of this paradigm.

Meanwhile, a critical theory lens illustrates that policies promoting opportunity through market means fail to take into account the fact that capital does not flow to all areas equally. Further, profit taking is predicated upon a cycle of repeated capital extraction, whereby some neighborhoods improve and others do not. The supply of good, improving neighborhoods is finite, and poor families of color inevitably end up in neighborhoods on the losing end of capital.

This has been demonstrated repeatedly and highlighted throughout this paper (Crump et al., 2008; Rugh & Massey, 2010; Wyly et al., 2007; Immergluck, 2011; Saegert et al., 2011). Extending Imbroscio's argument beyond public housing families to

low-income homeowners, we again see that the promised benefits of neighborhood improvement through homeownership are elusive (Grinstein-Weiss et al., 2011). So, whether very low-income renter or first-time homeowner, the same argument holds—mobility does not necessarily produce the promised benefits. Instead of focusing on mobility and access to better neighborhoods, Imbroscio argues for a placemaking paradigm, and critical urban policy (Davies & Imbroscio, 2010). This approach recognizes the inherent failure of the market to provide access to better neighborhoods, and thus argues for urban policies that enhance economic opportunities of the urban poor by devoting resources to improving the most troubled areas. The placemaking paradigm argues for a shift toward an explicit, comprehensive focus on remaking disinvested places.

Although there is a straw man quality to this argument, as noted by Squires (2012), and it is certainly easier to theorize than implement, a so-called placemaking paradigm is congruent with the findings of this project. Imbroscio is largely conceiving of placemaking via state intervention but I extend this argument to call for more bottom-up approaches to placemaking in addition to policy imperatives. Massive state redeployment of resources, in addition to reigning in capital, is certainly necessary for successfully remaking the worst-off places. However, the results of this project indicate that community building efforts are also necessary to foster stronger psychological and social connections between individuals, organizations, and neighborhoods.

An immediate application of this framework is neighborhood stabilization—particularly those areas hardest hit by the foreclosure crisis. First, the results of this project make it is clear that place-based development efforts can in fact produce stable,

long-term homeownership. In the years leading up to the crash, most low-income homeownership efforts focused on helping new homeowners move into better neighborhoods (Santiago et al., 2010). This goal; however, is contradictory to neighborhood stabilization efforts. In order to stabilize hardest-hit urban neighborhoods, it is necessary to attract homeowners who are confident and committed to the neighborhood, rather than speculators and investors who see a profit opportunity in rock bottom prices.

This inevitably brings us to the importance of sense of community, which this project found to be the biggest predictor of neighborhood confidence. Stabilization efforts might have more impact if they were coupled with community building that fosters 1) increased neighborhood interaction and engagement, 2) creative and non-traditional approaches to housing, 3) homeownership opportunities for current neighborhood residents, 4) organization around neighborhood safety, and 5) organized opposition to predatory capital processes. Thus, one of this study's contributions to practice is to add more support for the idea of improving psycho-social transactions between individuals and neighborhoods. Simply put, place-based organizations should be doing more organizing and outreach to increase sense of community among neighborhood residents.

Nowhere has this importance been made more apparent than through the work of Robert Sampson and the ongoing Project on Human Development in Chicago Neighborhoods (Sampson, 2012; Sampson et al., 1997). Sampson's work has repeatedly documented the importance of collective efficacy, or the idea of shared expectations for social control and collective action in a place. Collective efficacy has repeatedly been shown to be associated with neighborhood improvement and reduced violence (Sampson,

2012; Sampson et al., 1997). Conversely, shared perceptions of disorder within a community are predictive of future decline, crime, and other features of concentrated disadvantage. Sampson theorizes that a reciprocal process of exchange between individuals and neighborhood features is reproduced over time, leaving the worst-off neighborhoods stuck in a glut of shared expectations of disorder and moral cynicism.

Sampson makes a compelling case through sophisticated multi-level explorations of neighborhood effects, while wading carefully into the controversial topic of culture of poverty. However, this work is incomplete in that it does not fully account for the transactional processes that shape collective efficacy at the community level, or the larger, often predatory role that capital plays in producing disadvantaged housing niches. In addition, his conceptualization of collective efficacy fails to account for its overlap with other psycho-social variables such as sense of community. At the same time, the role that capital processes play in continually extracting wealth from disadvantaged communities cannot be ignored. Cultural explanations cannot fully account for the degree to which constant capital extraction processes wreak havoc on both the physical environment and psycho-social processes.

Further, if shared perceptions about disorder are important predictors of future decline, a potential route to breaking this cycle is facilitating sense of community across all neighborhood tenure groups, not just homeowners. This again speaks to the need for an increased focus on community building, such as power-based organizing and civic engagement, both of which are associated with sense of community. Since perceptions about crime and safety are so important, local organizing efforts should also be geared toward collaborating around neighborhood safety. The larger point is that psycho-social

processes should be considered an important component of neighborhood stability and the work of CBOs. CBOs have the potential to play a strong role in this area. In fact, it could be argued that any advantages that CBOs may have are strictly contingent upon their ability to build power in their community. In Chicago, for example, where local politics permeates everything, having the support of the Alderman is crucial to getting projects done, and Aldermen will not support an organization unless they have organized power. Yet, CBOs are increasingly expected to think and act as for-profit corporations and pursue neoliberal market-based strategies, such as marketing the community as a commodity in order to attract investors (DeFilippis, Fisher, & Shragge, 2010). Such approaches do not build power and should be seen as antithetical to placemaking.

Currently, most neighborhood stabilization efforts have been scatter-shot approaches, and targeted impacts have been elusive. Non-profit developers must compete with investors to even find properties to purchase for rehabilitation (Mallach, 2010). Given the challenges and uncertainties of bringing neighborhoods back—many of which are likely to remain stuck for very lengthy periods of time (Ashton, 2011)—it is clear that more creative approaches are necessary. Crucial to a placemaking orientation is moving beyond traditional homeownership approaches to focus instead on helping enhance interpersonal and interorganizational ties within communities. Any serious placemaking focus must foster new structures and processes that allow low-income renters to expand their networks, attachments, and resources within the neighborhood.

The idea that place and local ties are important is certainly not a new one. On the contrary, there is a wealth of scholarship that has illustrated the importance of place attachment and sense of community to all populations, including very low-income

renters. For example, Manzo and Perkins (2006) illuminate the ways in which place identity and attachment are related to sense of community, neighboring activities, and participation in organizations. Even in the worst neighborhood and housing conditions, people form strong bonds and attachments, and such bonds are an impetus for action. Leavitt and Saegert (1990) illustrated how local attachments drove low-income African American women to fight for their landlord-abandoned building even though it was severely distressed. Similarly, Feldman (2004) documented how low-income women developed strong bonds of mutual support and self-governance all while facing the threat of public housing relocation. In fact, the desire of poor resident to stay put despite neighborhood conditions has been documented over and over (Goetz, 2011; Leavitt & Saegert, 1990), and mobility—especially forced mobility—seriously disrupts and stifles the benefits that individuals derive from community (Manzo, Kleit, & Couch, 2008).

This project builds on this rich literature and provides yet another argument for moving beyond neoliberal homeownership only approaches. More creative approaches to housing—including community land trusts and shared equity coops—that enhance people’s ability to stay put are necessary if hardest hit areas are ever to be remade into healthy communities. Both of these are potential routes to foster more stable, committed residents (Thaden, 2010; Saegert, Greer, Thaden, & Anthony, 2012). Further, since perceptions of safety are so important, organizations should link safety campaigns with other community-building efforts. If we don’t take seriously the idea of placemaking, any efforts at stabilization would seem to risk simply waiting for neighborhoods to be ruined again by speculative capital. Rehabilitating houses in scatter-shot fashion is akin to

washing windows when there are birds on the roof. In the best case scenario, stabilization may just pave the way for another round of profit taking (Goetz, 2011).

Placemaking is, again, obviously easier theorized than executed. We cannot ignore the constant presence of systems that continually interact unevenly with low-income minority communities—predatory and non-traditional financial products, historical processes of repeated capital extraction, and mass incarceration just to name a few. Thus, it is important that community-building and organizing be done for the explicit purpose of challenging capital processes. Popular anger with financial institutions has created a ripe opportunity for organizing. I close this section with an example of a community-based coalition in Chicago that illustrates this point. After a community bank, long known for its investment in local affordable housing, failed and was handed over to a large Wall Street bank, an ad hoc community coalition immediately formed. Through organizing and confrontation, they were ultimately able to pressure the bank into committing \$3 million dollars to stabilization efforts. Although this is certainly a small victory and the dollar figure a drop in the bucket, they established streamlined access to REO properties for targeted rehabilitation. Rather than competing with investors, they were able to go right to the source. This small success story illustrates how local ties and organizing are critical to challenging the drivers of market inequality. In remaking place, speaking truth to power is important, but speaking power to capital is perhaps even more important.

Conclusion and Future Directions

This project approached several areas of inquiry through a critical lens, and ultimately calls for a stronger placemaking focus in hard-hit urban areas. Although the

level of analysis was largely individual, it sought to uncover the various ways that people are impacted by capital and neighborhood processes that are far from random. It showed how a disparate housing market has had disastrous effects for the most vulnerable places. However, rather than throwing in the towel on struggling neighborhoods, it sought to uncover silver linings and pathways to successfully remaking these places. One such silver lining is the potential role that CBOs can play in stabilizing neighborhoods if they combine placemaking-focused development with community-building efforts that enhance sense of community and cohesion among all neighborhood groups.

Along those lines, this study calls for further research that examines the ways in which CBOs can make progress in facilitating rooted and committed residents. This means action research projects that go beyond short-term outcomes and focus on the broader, long-term impacts to overall neighborhood ecology. Such projects should also seek to build the capacity of CBOs to be better placemakers and community-builders. Following Carswell and colleagues (2009), much more research is needed to understand the characteristics of organizations and programs that most strongly predict satisfied and committed residents. Other important areas of inquiry include exploring what might predict shared sense of community and collective efficacy across tenure groups. This would necessarily involve comprehensive mixed-methods approaches that examine the broader neighborhood ecology. On the flip sides, action research that helps to practically inform organizing and community-building efforts could also be very useful.

Research should explore how cohesion and collaboration between organizations is established and remade over time. Multi-level modeling could be instrumental in further understanding the degree to which CBOs can potentially mediate deleterious

neighborhood effects. At the individual-level of analysis, larger studies employing structural equation modeling could be instrumental in unpacking relationships between neighborhood phenomena, psycho-social relationships, and well-being. In addition, qualitative studies are necessary for drawing out rich themes and more grounded findings related to these topics. Finally, and perhaps most importantly, all future inquiries into this area should be informed by a critical urban placemaking lens to help individuals and organizations challenge capital and establish a right to place.

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APPENDIX: SURVEY MEASURES

Current address: _____

What year and month did you move into this residence? YEAR: _____ MONTH: _____

What year and month did you move into this community? YEAR: _____ MONTH: _____

Do you currently own or rent your home (*please circle*)? **Own Rent**

If you selected “Rent,” please skip to question #1

If you own your home, what was your previous address: _____

What were the biggest reasons you chose your current home and location?

1. How satisfied are you with these aspects of your home/unit?	Very satisfied	Mostly satisfied	Somewhat satisfied	Unsatisfied	Very unsatisfied
a. Construction	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Attractiveness of exterior	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Inside of home / unit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2. How much is your current monthly rent? _____

Questions 3-6 ask questions about prospective home purchase. If you have already purchased a home, please skip to question 8.

	Very interested	Somewhat interested	Uninterested
3. How interested are you in purchasing a home?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	More interested now	Same as 12 months ago	Less interested now
4. How does your interest in purchasing a home compare to 12 months ago?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Often	Sometimes	Never
5. How often do you search real estate listings for a home to purchase?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	More than once	At least once	Never
6. Have you met with any lenders in the past 12 months regarding a loan for a home purchase?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

7. Would you like to purchase a home in the neighborhood you currently live in? *(please circle)*

Yes **No**

a. What are your reasons for wanting to stay or wanting to leave?

b. If you answered No, where would you prefer to move?

City: _____ Community: _____

c. If you answered No, is there anything that would make you change your mind about wanting to leave the community?

	Very confident	Somewhat confident	Not confident
8. How confident are you that purchasing a home will allow you to improve the quality of your living space?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. How confident are you that purchasing a home will allow you to improve the quality of your neighborhood	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. How confident are you that purchasing a home will allow you to increase your wealth?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

11. In the past year, have you attended a meeting at any of the following?	Yes	No	
a. Church volunteer or church group	<input type="checkbox"/>	<input type="checkbox"/>	
b. School volunteer or parent-teacher association	<input type="checkbox"/>	<input type="checkbox"/>	
c. CAPS (Chicago Alternative Policing Strategy) or police beat meetings	<input type="checkbox"/>	<input type="checkbox"/>	
d. Block club or Neighborhood Association	<input type="checkbox"/>	<input type="checkbox"/>	
e. Other voluntary community organization	<input type="checkbox"/>	<input type="checkbox"/>	
If yes, please describe: _____			
12. For each of the above organizations, has your participation increased or decreased in the past 2 years <i>(if this is not applicable please check N/A)?</i>	Increased	Decreased	N/A
a. Church or church group	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. School or school association	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. CAPS or beat meetings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Block club	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Other voluntary organization (if described above)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

13. For the following statements, please check whether you strongly agree, agree, are neutral, disagree or strongly disagree.	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
a. I can get what I need in my neighborhood	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. This neighborhood helps me fulfill my needs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. I feel like a member of this neighborhood	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. I belong in this neighborhood	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. I have a say about what goes on in this neighborhood	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. People in this neighborhood are good at influencing each other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. I feel connected to this neighborhood	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h. I have a good bond with others in this neighborhood	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

14. How attached do you feel to:	Very attached	Somewhat attached	Neutral	Not really attached	Not at all attached
a. the block you live on	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. the neighborhood you live in	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. How proud are you of:	Very proud	Somewhat proud	Neutral	Not really proud	Not at all proud
a. your neighborhood	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. your block	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. your house	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16. How satisfied are you with:	Very satisfied	Somewhat satisfied	Neutral	Somewhat unsatisfied	Very unsatisfied
a. your neighborhood as a place to live?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. your block as a place to live?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. your house as a place to live?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	Very unhappy	Somewhat unhappy	Happy to move	Don't really care	
17. If for some reason you had to move to another neighborhood, how would you feel?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	Very likely	Somewhat likely	Unlikely	Very unlikely	
18. How likely is it that you will choose to continue living in your current neighborhood for the next two years?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
19. In the next 2 years do you feel the conditions:	Get better	Stay the same	Get worse	Don't know	
a. on your BLOCK will	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
b. in your neighborhood will	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
20. How safe do you feel during the day:	Very safe	Somewhat safe	Somewhat unsafe	Very unsafe	Don't know
a. in your HOME?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Outside in your NEIGHBORHOOD?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21. How safe do you feel at night:					
a. in your HOME?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Outside in your NEIGHBORHOOD?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22. In the past year in your neighborhood, how much of a problem are the following:	Very big problem	Somewhat of a problem	Not much of a problem	Not a problem at all	Don't know
a. vacant or foreclosed homes and buildings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. crime	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. schools	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. employment opportunities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. gentrification	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h. quality affordable housing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
23. In the past 2 years in your neighborhood, how have the following changed:	Gotten Better	Stayed the same	Gotten worse	Don't know	
a. vacant or foreclosed homes and buildings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
d. crime	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
e. schools	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
f. employment opportunities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
g. gentrification	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
h. quality affordable housing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

<i>The following questions ask about your general health</i>	Much better	Somewhat better	The same	Somewhat worse	Much worse
24. Compared to one year ago, how is your health in general now?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
25. The following questions are about activities you might do during a typical day. How often does your health now limit you in these activities?	Always	A lot	Sometimes	Rarely	Never
a. Moderate activities such as moving a table, pushing a vacuum.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Climbing several flights of stairs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
26. The next few questions are about your health over the last month:	Always	A lot	Sometimes	Rarely	Never
a. How often have you accomplished less than you would like due to health?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. How often were you limited in the kind of activity you did due to health?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. How often have you accomplished less than you would like due to emotional problems (such as feeling depressed or anxious)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. How often have you been less careful in work or other activities than you would like due to emotional problems (such as feeling depressed or anxious)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. How much did pain interfere with your normal work and activity level?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. How often have you felt calm and peaceful?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. How often have you felt you had a lot of energy?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h. How often have you felt downhearted and depressed?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i. How much of the time has your physical health interfered with social activities?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

27. Other than the people living with you, how many people in your NEIGHBORHOOD do you know who...	Number of people you KNOW CURRENTLY (if none please write zero)	Number of people you KNEW 1 YEAR AGO (if none please write zero)
a. Could help you move to a new home?		
b. Would bring you food or medicine if you were sick?		
c. Gives good advice for handling stress?		
d. Could help you find a job?		
e. Would lend you money if you needed it?		
f. Is active in the community?		

28. Have any of the following people YOU KNOW PERSONALLY had to move in the past 3 years due to foreclosure?	Yes	If yes, how many?	No	Don't know
a. Close friends in your neighborhood	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
b. Your immediate neighbors	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
c. Family members in your neighborhood	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
d. Church members in your neighborhood	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
29. How important are each of the following to your life?	Very important	Somewhat important	Not important	
a. Close friends in your neighborhood	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
b. Your immediate neighbors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
c. Family members in your neighborhood	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
d. Church members in your neighborhood	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

30. Have you had to move at any time in the past 3 years because the building you were living in went through foreclosure (*please circle*)?

Yes No Don't know

a. If yes, how many times in the past 3 years have you had to move? _____

b. Please describe where you moved and how this has impacted your life? _____

31. Has the building you are currently living in had foreclosure proceedings started (*please circle*)?

Yes No Don't Know

a. If yes, what are your future housing plans?

If you a homeowner please answer questions 32 and 33. If not, please skip ahead to 34.

32. Are you current on your mortgage payments (*please circle*)? **Yes No**

a. If no, how many days overdue is your payment? _____

b. Reason: _____

33. Have you had foreclosure proceedings started (*if no please skip to 30*)?

Yes No

a. If yes, did you receive any of the following (*circle*)?

Forbearance Trial modification Permanent modification Repayment plan

b. Please briefly describe your experience working with the lender?

34. What is your age?	18-24 <input type="checkbox"/>	25-34 <input type="checkbox"/>	35-44 <input type="checkbox"/>	45-54 <input type="checkbox"/>	55-64 <input type="checkbox"/>	65-74 <input type="checkbox"/>	75+ <input type="checkbox"/>
35. What is your gender?	Male <input type="checkbox"/>	Female <input type="checkbox"/>					
36. What is your ethnicity?	African American <input type="checkbox"/>	Asian <input type="checkbox"/>	Caucasian <input type="checkbox"/>	Latino <input type="checkbox"/>	Other: _____		
37. What is the highest grade you completed in school?	Less than high school <input type="checkbox"/>	High school graduate <input type="checkbox"/>	Some college <input type="checkbox"/>	College degree <input type="checkbox"/>	Graduate degree <input type="checkbox"/>		
38. How many people under 18 years of age in your household?	None <input type="checkbox"/>	One <input type="checkbox"/>	Two <input type="checkbox"/>	Three <input type="checkbox"/>	Four <input type="checkbox"/>	Five <input type="checkbox"/>	Six or more <input type="checkbox"/>
39. Which best describes your annual household income?	Under \$15,000 <input type="checkbox"/>	\$15,000 to \$29,999 <input type="checkbox"/>	\$30,000 to \$44,999 <input type="checkbox"/>	\$45,000 to \$59,999 <input type="checkbox"/>	\$60,000 to \$74,999 <input type="checkbox"/>	\$75,000 to \$100,000 <input type="checkbox"/>	Over \$100,000 <input type="checkbox"/>
40. Are you currently employed?	Full Time <input type="checkbox"/>	Part Time <input type="checkbox"/>	No <input type="checkbox"/>	Retired <input type="checkbox"/>	If yes, how many hours / week? _____		
41. Have you been unemployed at any time in the last 3 years?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	For how long? _____				
42. Is your spouse or someone else in your household employed?	Yes, Full time <input type="checkbox"/>	Yes, Part time <input type="checkbox"/>	Unemplo yed <input type="checkbox"/>	Retired <input type="checkbox"/>	No spouse or other <input type="checkbox"/>	If yes, how many hours / week? _____	
43. Has he/she been unemployed at any time in the last 3 years?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	For how long? _____				
44. Which of the following best describes your household financial situation?	Getting ahead / saving money <input type="checkbox"/>	Stable <input type="checkbox"/>	Just able to pay bills <input type="checkbox"/>	Falling behind on bills <input type="checkbox"/>			
45. Are you registered to vote?	Yes <input type="checkbox"/>	No <input type="checkbox"/>					
46. Did you vote in the last	Yes	No					
<i>Presidential election?</i>	<input type="checkbox"/>	<input type="checkbox"/>					
<i>Local election?</i>	<input type="checkbox"/>	<input type="checkbox"/>					