

Foreclosure Counseling with Latino Households: Policy
Assumptions in a Changing Demographic Landscape

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Abstract

Foreclosure Counseling with Latino Households: Policy Assumptions in a Changing

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Social work practice and scholarship was historically rooted in the development and analysis of policy (Rodriguez, Ostrow, & Kemp, 2016). Yet, little work has extended our knowledge base on the factors surrounding the development of housing policy and its impact on the populations we serve. The dearth of housing policy research within social welfare is particularly troubling in light of the recent foreclosure crisis (2007-2012). Notably, low-income and Latino households were disproportionality represented in the foreclosure crisis (Hall, Crowder, & Spring, 2015; Rugh, 2014), suggesting that foreclosure mitigation policies should have been crafted with these groups in mind. This dissertation aims to investigate how these households fared in the development of foreclosure mitigation policies, in order to understand how responsive policy makers can be to the context of social problems. Using a three-paper format, this dissertation investigates the development, implementation, and impact of the National Foreclosure Mitigation Counseling (NFMC) program. The dissertation uses a policy process centered conceptual framework to explain how certain groups were left out of NFMC's purview. Each paper addresses one of the three levels of social work practice: micro, mezzo, and macro. Results indicate that, beyond being adversely impacted by the foreclosure crisis, communities of color

have reaped little benefit from foreclosure mitigation policy as a result of the social constructions they are assigned during the policy making process. Latino households in particular, while experiencing a rising contender status in the federal housing policy arena, are nonetheless not benefiting from foreclosure mitigation policy in ways commiserate with the impact of the crisis on this demographic group. Recalibrating the social work research agenda toward policy study is the most direct way to address the social and economic conditions that prevent the most vulnerable from claiming and exercising full citizenship in the United States today.

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DEDICATION

This work is dedicated to the many people responsible for its development and completion:

To Hugh, my biggest supporter. I love you Sunshine.

To Elías, the person who taught me what unconditional love feels like and pushed me through the final stretch of this project. I love you more than there are atoms in the universe.

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To Omar, the best brother I could ever ask for.

To my mother, who taught me the meaning of hard work and perseverance.

To my grandparents, for coming to this country in the hopes of a more secure future and succeeding.

INTRODUCTION

Social policy, and in particular housing policy, was at the center of the social work profession for much of its early history (Rodriguez et al., 2016). The interest was partially born out of the glaring social inequities of the Industrial Revolution: households who could not afford their rents were usually immigrants, with limited English proficiency, little formal education, and often employed in the meanest aspects of the production process. Although not without its problems (see Park & Kemp, 2006), the settlement house movement sought to address the disparities in housing for the poor and working class, and to translate their observations to actionable policy demands. Social work's pioneers were philosophically inclined to investigate the democratic process and sought to have a direct impact on government through their focus on affordable housing and its concurrent issues, advocating for equitable social policy through a developing community organizing framework (McClenahan, 1922; Steiner, 1925; Lindeman, 1933, 1939, 1956).

The profession's founders understood that social policy, and housing policy in particular, is a primary mechanism through which social issues are addressed in the United States: social policy creates and mitigates the "environmental forces that create, contribute to, and address problems in living" (NASW, 2015). Social work's pioneers, scholars and practitioners alike, became expert in the iterative policy-making cycle: problem identification, policy development, implementation, and evaluation.¹ Of particular import were the systems that facilitated this cycle (e.g., financial, social services, etc.), the implementation of those systems (e.g., Federal Reserve, Department of Health and Human Services), and the organizations that made implementation possible (e.g., banks, non-profit agencies). Social work's founders were

¹ For instance, social workers in the earlier part of the 19th century were responsible for the development of the first U.S. housing policy (the Wagner Steagall Housing Act of 1937), the establishment of the Children's Bureau (1912) now part of DSHS.

principally interested in the role of the profession in building democracy in the United States, particularly democratic decision-making (Betten & Austin, 1990), by organizing communities to make direct demands of government vis-a-vis fair and equitable social policy.

Contemporary social work has limited its involvement with housing as a topic of research and practice. For example, in January 2014 the Grand Challenges of Social Work initiative was announced at the Society for Social Work Research (SSWR) conference in New Orleans, LA. The initiative was “designed to focus a world of thought and action on the most compelling and critical social issues of our day” (Sherraden et al., 2014). Twelve issue areas have been identified in a profession-wide effort to chart a course of scholarship into the 21st century. While “ending homelessness” has been identified as one of these areas, the interventions identified focus on individuals rather than systems (Henwood et al., 2015). A similar phenomenon is seen in social work research in general: although the critical role of housing in daily life has been demonstrated in the social welfare literature (see for example Clampet-Lundquist, 2003; Luken & Vaughan, 2003; Reilly & Woo, 2003), little scholarship has extended our knowledge base on the factors surrounding the development of housing policy and the impact of that policy on the populations we serve.

The dearth of housing policy research within social welfare is particularly troubling in light of the recent foreclosure crisis. It is generally accepted that one of the main causes of the foreclosure crisis was the perpetuation of racist housing policy and practices (U.S. Dept. of Housing and Urban Development, 2010). Notable examples include redlining, reverse redlining, as well as the targeting of minority households with risky subprime mortgage products. As a result of these policies and practices, the foreclosure crisis disproportionately impacted communities of color. Yet, social welfare researchers have not endeavored to investigate ways in which these policies can be revised to mitigate this type of market failure (a notable exception is Castro-Baker, 2014). The topic of foreclosures is particularly compelling because of the myths surrounding homeownership in the United States: while renters also experienced

insurmountable losses as a result of the crisis, Americans generally eschew renting for owning their home because of what homeownership has come to represent in American mainstream culture.

Homeownership in American culture is defined as a social rite of passage and psychological state of being. Ownership of a home is viewed as the pinnacle of American citizenship: it is a social status symbol of identity, belongingness, adulthood, and responsibility. This conceptualization of ownership conflates the act of owning with the owner: it ascribes to the owner positive qualities related to successful, sustained market participation. A homeowner is a socially responsible, morally upright individual who provides for their family by literally providing them with a “piece” of American soil, while contributing to the economic well being of their community and country (Saegert, Fields, & Libman, 2009; McCormack, 2014). Psychologically, then, homeownership becomes an identity, a classification imparting a higher level of worth onto the individual/household who has achieved this status.

Understood through this conceptualization, the loss of the “homeowner” status is akin to the loss of the self. It follows that losing a home to foreclosure can therefore be seen as an involuntary phenomenon and, given the added layer of disproportionality in incidence, tantamount to forced displacement (Martin, 2010). Conversely, the loss of an owned home is, symbolically, a tacit surrender of one’s identity as a moral, responsible American citizen. Indeed, foreclosure is seen as a personal failure (Saegert et al., 2009; McCormack, 2014), admittance that one cannot “keep up with the jones.” The result is a social definition of homeownership that entangles two narratives: home as social-psychological phenomenon and home as a physical/psychological need.

The mythos surrounding homeownership and its social/psychological implications is paradoxically useful and problematic. Its usefulness lies in the relationship between the two narratives: home as need and status symbol has built a collective desire by American society to protect the homeowner. Because homeownership is seen as a status hard earned, as well as a

basic need, homeownership and homeowners have been deemed worthy of government intervention on their behalf to safeguard them from market fluctuations and build on the idea of home as sustainable financial investment. The problem lies when one uses the narrative of home as status symbol to blame households for market failures that precipitate the loss of a home as need. This dissertation does not attempt to disentangle these two narratives, but instead chooses to critique their conflation while using them to make a point about the need for comprehensive housing policy reform in light of the demographic characteristics of those who are entering the housing market under the most recent homeownership expansion policy push (Drew, 2013).

A housing policy drive seeking to expand homeownership to low-income households resulted in an unprecedented increase in U.S. homeownership rates, and was the catalyzing force in the recent foreclosure crisis (Drew, 2013). Attempting to address a dip in homeownership rates and increasing frustrations with public housing outcomes (Drew, 2013), policy makers saw low-income households as an “untapped market.” Housing legislation sought ways to make homeownership accessible to low-income households, since they could not access the traditional fixed rate, thirty-year conventional mortgage. Importantly, these households were mainly comprised of low-income communities of color. Immigrant households are of particular concern, as they steadily increased their share of the population and the housing market in the years leading up to the foreclosure crisis (Myers & Liu, 2005):

...among owner-occupied households, the foreign born accounted for 5.5 percent of growth in the 1970s, 10.5 percent in the 1980s and 20.7 percent in the 1990s. This rising share signifies a doubling of foreign-born presence in home sales each decade.... (p. 353)

Latino households, in particular, were a driving force in the growth of foreign-born households in the United States during each of the years noted (see Stepler, & Brown, 2016), and as such were disproportionality represented in the homeownership expansion as well as the ensuing foreclosure crisis (Hall, Crowder, & Spring, 2015; Rugh, 2014). The over-representation of low-income and Latino households in both phenomena suggests that foreclosure mitigation

policies would have been crafted with these groups in mind. Thus, an in-depth look at how these households fared in the development of foreclosure mitigation policies is warranted, in order to ascertain how responsive policy makers can be to the context of social problems.

Given the targeted nature of the primary causes of the foreclosure crisis and its disproportionate impact on households of color, it is clear that scholarly investigation of the policies that facilitated these conditions is a matter of social justice. The principal aim of such investigations must be the development of effective policy advocacy strategies (Jansson, 2014) to ameliorate the suffering of those forcibly removed from their homes, as well as preventing a similar incident from taking place in the future. In other words, the prime directive of social welfare scholarship centered on housing policy in general, and the foreclosure crisis in particular is moving social policy toward the extension of social citizenship to those purposely excluded. Housing policy is the nexus at which structural barriers and historical social disparities meet. Foreclosure mitigation policies, therefore, must be examined to understand if and how disparities and barriers in access to foreclosure mitigation services were reinforced in the face of the greatest economic crises since the Great Depression.

This dissertation seeks to strengthen the social welfare field's knowledge base regarding the development and impact of foreclosure mitigation policy. It accomplishes this by focusing on the primary consumer level policy enacted in the aftermath of the crisis: the National Foreclosure Mitigation Counseling (NFMC) Program. Section I of this introduction briefly describes the state of knowledge around three key issues: communities of color and foreclosure, the spatial characteristics of foreclosure trends, and the social construction of homeownership in the U.S. Section I also provides the dissertation's conceptual framework. Section II defines the central research issue of the dissertation, while Section III details the research aims, approach, and main research questions of the project. Section IV describes the methodological approach for the project.

I. Literature Review & Conceptual Framework

Literature Review

The Social Construction of Homeowners & Homeownership

How are Latinos socially constructed in the American policy development/political process? Magaña and Short (2002) use content analysis and the social construction and policy design theory to investigate the social construction of Mexican and Cuban immigrants by American politicians. Using 495 English-language newspaper articles, the authors find that Mexican immigrants were constructed as more negative than Cuban immigrants. This construction was most perpetuated by Republican politicians running for federal office. The authors postulate that, because Cuban immigrants have had a historically strong relationship to the Republican Party, are anti-Communism, and have a higher socio-economic status than Mexican immigrants, the negative social construction of Mexican immigrants is more socially permissible. Further, the authors hypothesize that, as the presence of Latino immigrants grows within the U.S. population, and thus their political power increases, a change in social construction might be possible. For example, Latino voter support for current politicians seeking election to federal office is increasingly viewed as a necessity for securing American presidential elections. Future research examining the social construction of Latinos in the political policy process, therefore, will shed light on whether opportunities for social citizenship are increasing proportionate to the rise of the Latino share of the American population.

McCormack (2012) conducted in-depth interviews with 36 households in danger of losing their home to foreclosure where approximately half of respondents identified as Latino and over 60% identified as immigrants. The author found homeownership is tied to feelings of comfort, security (physical, psychological, and financial) and, importantly, successful transition into adulthood, American citizenship, and middle-class status. When asked about their interactions with banks and non-profit agencies in attempting to ameliorate pending home foreclosures, respondents noted feelings of shame and failure at having their hard-won status

threatened so suddenly, as well as confusion over a process that they once believed to be equitable and now question. Specifically, respondents reported believing that homeowners and banks enter mortgage agreements in good-faith and for the advancement of the American ideals of ownership and material success: the foreclosure process shook this belief and left many respondents feeling out of control of their homes. “Immigrants, particularly those whose first language is not English, are at an even greater disadvantage in their interactions with the bank...The symbolic link between homeownership and citizenship can also create vulnerability among immigrants desperate to avoid foreclosure” (McCormack, 2012, pp. 432-433). Thus, homeownership for Latino and immigrant households is a symbol of American citizenship that has been made tenuous in the face of the foreclosure crisis. The social construction of Latino and immigrant households has exacerbated this tenuousness, as these households have had to manage a changing sense of self in the face of “failing” to sustain their homeownership/citizenship claims.

Examining how homeowners at-risk of foreclosure negotiate responsibility for the foreclosure crisis, McCormack (2014) finds that respondents engaged in a dual-narrative of responsible homeownership put at risk by larger systemic carelessness.

On the one hand, by imagining an irresponsible homeowner, they [*homeowners experiencing foreclosure*] attribute responsibility to at least some of the individuals at risk, On the other hand, by juxtaposing themselves with that image and aligning themselves with the ideal homeowner, they emphasize not only their relative blamelessness but also the structural underpinnings of the crisis. (McCormack, 2014, p. 277)

While respondents engaged in active inquiry of the systemic factors impacting their at-risk status, this analysis did not mitigate their narratives of self-blame and perceptions of failure at successful transition into adulthood, American citizenship, and financial stability. This suggests that the American rhetoric of personal responsibility far outweighs knowledge of structural failures precipitating the foreclosure crisis in developing a personal understanding of the causes of foreclosure. This finding is in line with the first proposition of the social

construction and policy design theory posited in this dissertation: the social construction of these households has delivered specific messages about responsibility for failure and their subsequent ability to make claims to the government for redress. And, while not unique to Latino households, the thread is much more salient in reference to legitimized citizenship status.

Latinos & Foreclosure

Between 1990 and the early 2000s, Hispanic and foreign-born households were a large part of the unprecedented rise in homeownership rates in the United States (Myers & Liu, 2005; Becerra, 2012). This rise in Hispanic homeownership was primarily the result of a preponderance of sub-prime mortgage products, over-represented in communities of color (Rugh, 2014; Allen, 2011; Anacker & Carr, 2011; Rugh & Massey, 2010; McConnell & Marcelli, 2007; Boehm, Thistle, & Schlottmann, 2006; Calem, Gillen, & Wachter, 2004). During the first four years of the foreclosure crisis, Hispanic households were twice as likely to lose or be in danger of losing their homes to foreclosure, compared to other demographic groups (Bocian, Li, Reid, & Quercia, 2011).

Bocian and colleagues (2011) estimate almost twice as many Latinos and African Americans lost their homes to foreclosure than whites during the first three years of the foreclosure crisis (8% compared to 4.5%, respectively). Further, Bocian et al's results indicate that an estimated 17% of Latino homeowners have lost, or are in danger of losing, their home as compared to 11% of African Americans and 7% of non-Hispanic white homeowners at the time of publication. "As a direct consequence of foreclosure, the median wealth of Hispanics fell 66 percent, the largest decrease for any racial or ethnic group in the country" (Becerra, 2012, p. 6). These trends have continued well past the "accepted end" of the crisis, denoting the vulnerability of Hispanic households in the housing market (Cahill & Franklin, 2013; Pfeiffer & Molina, 2013). Further, despite compelling evidence showing that communities of color, and Hispanics in particular, have been hardest hit by foreclosures, these demographic groups have experienced limited access to foreclosure counseling (Collins, Schmeiser, & Urban, 2013).

Race, Ethnicity, and Loan Modifications

While no studies to date have investigated barriers to accessing foreclosure counseling for minority households, some have examined the impact of race and ethnicity on obtaining loan modifications. Collins and Reid (2010) examined a merged dataset of proprietary loan information and data from the Home Mortgage Disclosure Act (HMDA), and found that “conditional on being in default, there are no significant racial and/or ethnic differences in who received a loan modification, nor are there any significant differences in the types of modifications received” (p. 4). Been and colleagues (2013) examined loan data in New York City between 2008 and 2010 and found that the race or ethnicity of a borrower did not significantly impact the probability of that borrower obtaining a loan modification. Further, Been et al. (2013) found that receiving foreclosure counseling services increases the likelihood of obtaining a loan modification, but do not parse out these findings by race and ethnicity. Similarly, Collins and Schmeiser (2013) found that counseling aids in preventing foreclosure, but noted that the mechanism(s) through which counseling operates require further study. Results from the third paper of this dissertation indicate language preference and immigration status may be two factors limiting the effectiveness of foreclosure counseling in Latino households.

Demographics and Foreclosure Spatial Trends

Some scholars have argued that the main explanation for the cause of mortgage default is purely economic, but research on the spatial trends of foreclosure paints a different picture. Scholars ascribing to the economic explanation contend that mortgage default is caused by a household losing their ability to maintain payment on a mortgage (cf. Elmer & Seeling, 1998) or failing to acquire sufficient equity to deter default (cf. Clauretje & Sirmans, 2014). For instance, Pedersen and Delgadillo (2007) found that census tracts with high-minority populations are significantly more likely to experience foreclosure and default, but argue that this propensity might be explained by the economic disadvantage of the area in which minority households live, as opposed to their “minority” status. However, the socio-historical context of an area appears to

be a greater predictor of foreclosure and default than economic ability alone. Specifically, historical practices of racial segregation, and the predatory lending techniques that targeted communities of color for no credit before the crisis and high risk subprime loans just before the crisis have resulted in communities of color being disproportionately impacted by foreclosure (Immergluck, 2011; Gerardi & Willen, 2008; Squires & Kubrin, 2005).

For example, in examining the socio-historical factors leading up to the foreclosure crisis' manifestation in San Francisco, Schafran (2013) notes that foreclosure crisis can be understood as the consequences of urban policies aimed at rapid suburbanization. These policies produced "a new geography of race and class, which laid the urban underpinnings of the contemporary foreclosure crisis" (Schafran, 2013, p. 666). Importantly, the author finds that spatial foreclosure trends in San Francisco are closely related to patterns of exurbanization exhibited by communities of color:

African-Americans have been leaving San Francisco in significant numbers over the course of the neoliberal era, the city losing almost half of its population in arguably the greatest out-migration of blacks from a major US city in the last 40 years...the spaces in which these communities have grown...have been hammered by the foreclosure crisis. This experience is shared by many Filipinos. (Schafran, 2013, p. 678)

In addition, several studies have noted that foreclosures tend to cluster spatially in areas with high minority presence. For example, Lichtenstein and Weber (2014) investigated spatial trends in foreclosure in Alabama and found that foreclosures were heavily clustered in historically black neighborhoods. Findings from this study suggest that the foreclosure crisis has exacerbated historical geographic patterns of segregation. Similarly, Brown and colleagues (2012) examined the spatial patterns of foreclosures in 81 metropolitan statistical areas (MSAs) at the zip code level. The authors found that zip codes with high foreclosure clusters were areas with tell-tale signs of economic distress: high rates of subprime lending, high unemployment, and precipitously declining housing values. Although the authors do not specify the racial and ethnic makeup of these zip codes, the exemplars they give are clearly cities with in which the

majority of the population are people of color: Stockton, CA, Detroit, MI, and Memphis, TN. Together, these studies suggest that the geography of foreclosure appears to be tied to the historical social constructions of communities of color, with policy burdens being heaped on these low-resource, negatively constructed groups. However, the literature on the spatial characteristics of foreclosure does not describe the specific demographic mechanisms that shape the foreclosure experience for these groups.

Conceptual Framework

The current dissertation seeks to bring together two policy process perspectives as a guiding conceptual framework with which to investigate the impact of foreclosure mitigation policy on low-income Latino/a households: first, the policy process cycle, and second, the social construction in policy design theory. The policy process cycle is a heuristic tool employed by policy scholars that captures the iterative policy-making process. The process is understood as iterative because (1) each stage builds upon the last, (2) a full revolution through the cycle leads to a new cycle, and (3) each new revolution through the cycle builds upon the lesson learned from the last. Figure 0.1 below offers a diagram of the policy process cycle.

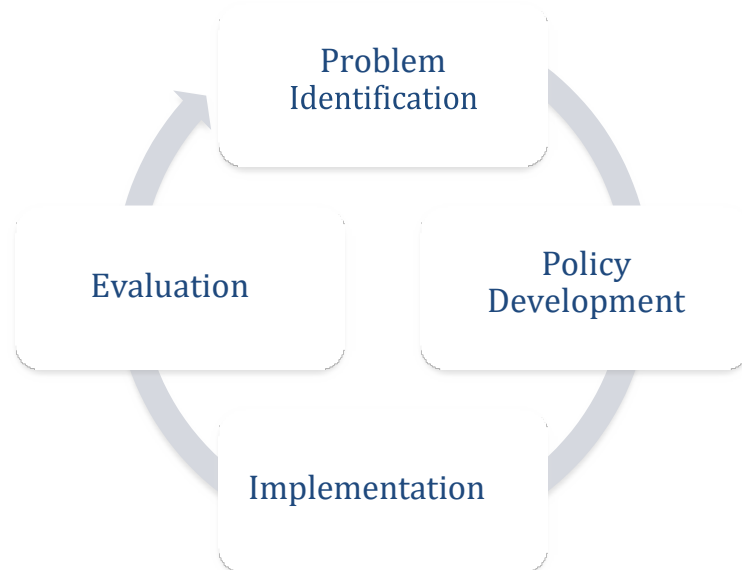


Figure 0.1. The Policy Process Cycle (adapted from Sabatier, 2007)

The first stage of the policy process cycle is problem identification. When a social problem gets the attention of policy makers and/or the public, a process to operationalize the nature of the problem begins. Following problem identification, the process of developing potential solutions begins the policy development process, the second stage of the cycle. The development process is characterized by policy makers agreeing on a particular course of action, including policy adoption. Following policy adoption, the third stage of the cycle, policy implementation, begins. The implementation phase involves (1) resource allocation, (2) infrastructure development/reorganization, and (3) process planning (i.e., the development of a logic model flow for how the policy/program will be executed, which includes inputs, outputs, activities, as well as short and long-term goals). Key actors in the implementation phase include government agencies and their private sector partners, typically non-profit organizations.

Finally, the evaluation stage builds processes and mechanisms by which the policy will be evaluated for effectiveness, efficacy, and adherence to its proposed logic model flow. Like implementers, evaluators can be from either the private or public sector, depending on the implementation structure of the policy.

While the policy process cycle allows researchers to develop a basic concept of how policy develops, it only offers a heuristic model of process. In order to discern why certain policy decisions are adopted and implemented, or to understand why the evaluation of policies privilege certain groups over others when describing outcomes, researchers turn to the theoretical model developed by Helen Ingram and Anne L. Schneider, social construction and policy design. This is the second theory employed in this dissertation's conceptual framework. The theory proposes that policymakers socially construct target populations in either negative or positive terms, and then develop policies that distribute benefits and burdens in line with those constructions (Ingram, Schneider, & DeLeon, 2007). Policy design has social and political consequences regarding material well-being, real and symbolic interactions with government, and the social/political citizenship of target groups. "In politics, then, there is a real and

continuing struggle to gain acceptance of particular constructions and their consequences” (Ingram et al., 2007, p. 95).

The social construction and policy design theory employs six propositions to explain how policy makers socially construct target groups, and the consequences of those constructions “on the political orientation and participation patterns of target groups” (Ingram et al., 2007, p. 97). Proposition one holds that policy designs create opportunities and messages to differently constructed groups about government behavior and the nature of their treatment by government, impacting the political orientation and participation patterns of target groups. These messages denote who matters in the eyes of the government, the nature of the political process, and whether certain groups have a seat at the table (as noted in the findings of McCormack, 2014, above). Proposition two states that the allocation of benefits and burdens to target groups depends upon the extent of their political power, as well as their social construction (i.e., deserving or undeserving). Figure 2 below offers the theory’s matrix model of social construction. The y-axis denotes political power, while the x-axis denotes social construction.

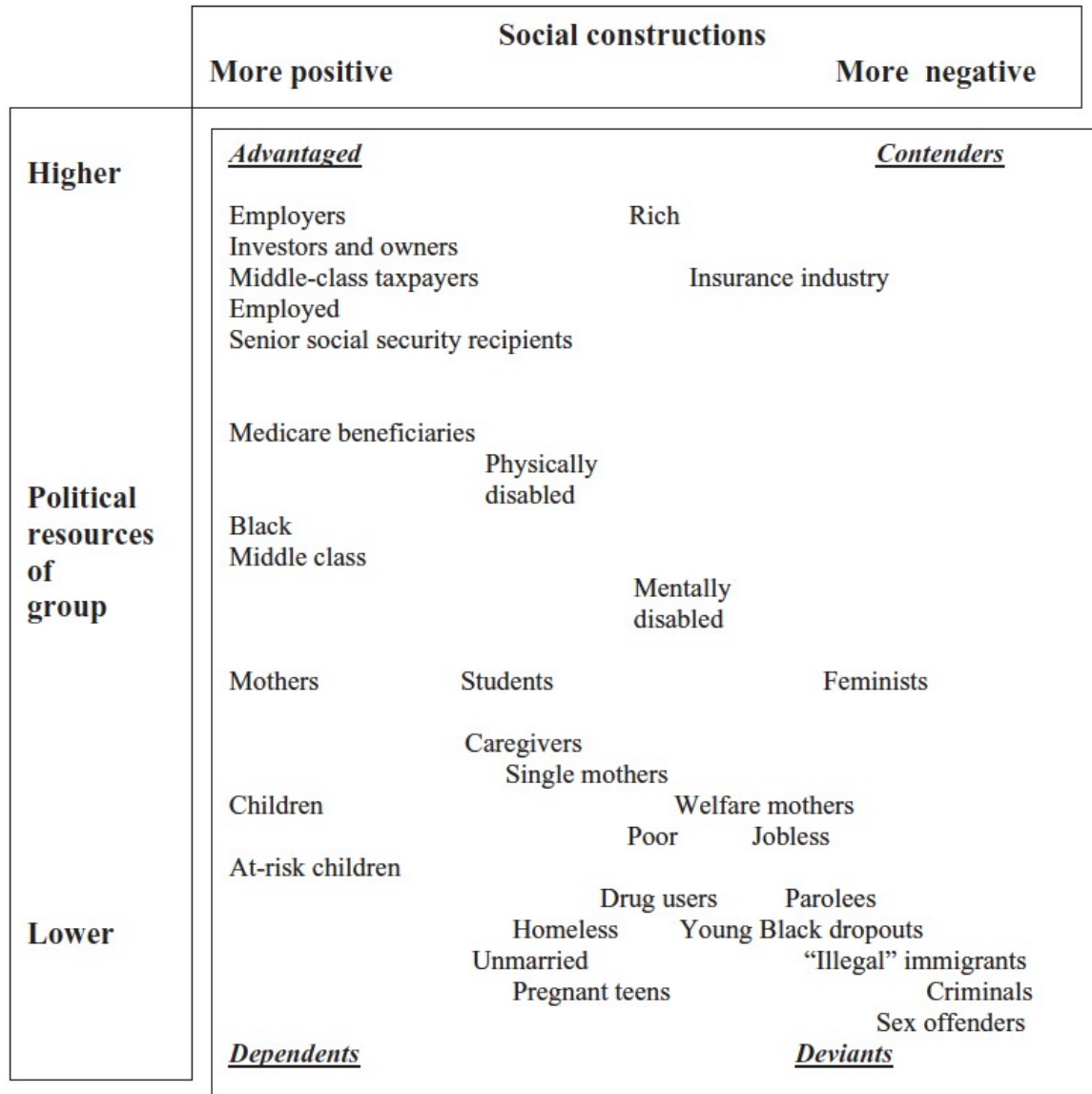


Figure 0.2. Social Construction in Policy Design (from Schneider & Sidney, 2009)

According to proposition three, policy design elements, such as rules, logic models, and delivery structures vary depending on the social construction of target groups. Importantly, the theory postulates “target populations are often subdivided in policy design so as to direct benefits to the most powerful and positively constructed of the subgroups” (Ingram et al., 2007, p. 104). Proposition four holds that policymakers, particularly elected officials, respond to and perpetuate the social construction of target groups in anticipation of public approval or disdain. Specifically, policy designs are institutionalized overtime and, as policy consequences “feed

forward” to encourage/discourage the political participation of target groups, “policy designs come to exert a powerful reinforcement of social constructions, prevailing power relationships, and institutional cultures” (Ingram et al., 2007, p. 106). In proposition five, the theory postulates that the social construction of target groups can change, principally through the policy design process. The ripeness of conditions for change can often be found in the unintended consequences of previous policy designs. Lastly, proposition six holds that, within regressive policymaking contexts, differences in policy design are associated with different patterns of policy change. Thus, the social construction in policy design theory can help identify who benefits from change and “whether changes impact the conditions of democracy” (Ingram et al., 2007, p. 112).

This dissertation seeks to integrate these two policy process perspectives to develop a framework for understanding the process by which certain groups are left-out of the benefits of foreclosure mitigation policy. Specifically, the project seeks to show that the social construction of communities of color, namely Latino households with limited English-language proficiency, has led to federal foreclosure mitigation policies that are incongruent with the demographic reality of the changing American population. I hold that the social construction of target groups within policy design is most salient during the problem identification and policy development stage of the policy process. Whether an issue is framed as a social problem depends almost entirely upon who is constructed as the victim vs. the perpetrator. These constructions impact policy implementation by leaving out target groups from the benefits of policy, for example, by placing greater burden on these groups to prove their deservingness. Further, the exclusion of these groups is often ignored or downplayed in the evaluation stage, perpetuating the process of exclusion as the policy process cycle continues into its next iteration. Table 0.1 below summarizes.

Table 0.1
Conceptual Framework by Paper

Paper Title	Theoretical Context
Dissertation Introduction	Problem Identification: Social Construction of policy targets begins/carried over from institutional memory
A Spatial Analysis of Foreclosure in Washington State: The Importance of Demographics in Understanding the Foreclosure Crisis	Implementation: Dependents & Deviants left out of policy purview
Can we afford the American Dream? The Social Construction of Homeowners in a Time of Demographic Change	Policy Development: Policy designed to benefit advantaged & contenders
Does Foreclosure Mitigation Counseling with Low-Income Latino/a households Successfully Mitigate Foreclosure?	Implementation: Dependents & Deviants left out of policy purview
Dissertation Conclusion	Evaluation: Focuses on policy outcomes/impact for Advantaged & Contenders

II. Nation of Homeowners is Unconquerable: Housing Policy in the Face of Market Failure

In the United States, homeownership has long been viewed as the single biggest step towards the fulfillment of the American Dream. Owning your home is deeply connected to tenets central to the American version of “the good life”: autonomy, freedom, choice (McCormack, 2014) and property ownership. Indeed, some have argued that homeownership is symbolically equivalent to citizenship in the United States (Perrin, 1977). U.S. federal housing policy is a testament to the centrality of homeownership in American life: since its inception in the 1930s, housing policy in the United States has primarily sought to protect homeownership and homeowners.² After the WW II housing boom, U.S. housing policy increased access to homeownership by providing increased tax-credits on both sides of the supply and demand

² The very first policy enacted regarding homeownership in the U.S. was the Home Owner’s Loan Corporation (HOLC) act of 1933, by FDR. The act established the HOLC, which provide privatized mortgage refinancing (HUD 2014). [HUD User.org HUD timeline]

equation: home-buyers were outfitted with mortgage interest tax deductions, while developers were given the low-income housing tax credit to help ensure affordability in new developments. Overtime, U.S housing policy makers moved to make homeownership to households previously unable to afford it: low-income households (Shlay, 2006). As early as the 1970s, U.S. housing policy has sought to address poverty through asset accumulation, with homeownership as the chief strategy.

Recent U.S. housing policy initiatives have moved to commodify and privatize housing by reducing rental subsidies and moving low-income renters into homeownership, privatizing and downsizing public housing, and increasing tax credits to homeowners (Saegert et al., 2009). For example, the Quality Housing and Work Responsibility Act of 1998 used the principles enumerated above to dramatically restructure public housing and develop a pathway to move residents out of public housing and into the housing market. Included in the act's nine overarching aims were the deregulation of public housing authorities, creating and incentivizing self-sufficiency opportunities for public housing residents, and the consolidation of rental subsidy programs into "a single-market driven program" (Hunt et al., 1998, p. 2). Franklin Delano Roosevelt once said, "a nation of homeowners is unconquerable": U.S. housing policy has been trying to make this vision a reality from its inception.

The recent foreclosure crisis of the early 2000s threatened the homeownership status of millions of households. Beginning as early as 2005, millions of homeowners across the country either defaulted or were in danger of defaulting on their mortgages. Several studies have shown that the roots of the foreclosure crisis lay in the preponderance of subprime mortgage products in the late 1990s- early 2000s (Brueckner, Calem, & Nakamura, 2011; Bocian et al., 2011), and predatory lending techniques targeting buyers with little or no capital to invest in a home purchase (Calem et al., 2004). Indeed, the foreclosure rate for subprime loans between 2005 and 2010 quadrupled, from 3.3% in 2005 to an alarming 14.5% in 2010 (U.S. Census 2011).

Comparatively, prime loans between 2005 and 2010 also quadrupled, from .4% to 3.5%, although the magnitude is dramatically less pronounced (U.S. Census, 2011).

Importantly, policy research has shown that communities of color were not only over-represented in both sub-prime products and predatory lending schemes (Anacker & Carr, 2011), but they have also sustained high asset losses as a result of the ensuing foreclosure crisis (Bayer et al., 2013). Hence it is crucial to understand if and how foreclosure mitigation policies are supporting these households in navigating the after-effects of foreclosure. Although low-income white households have also been impacted by the foreclosure crisis,³ this dissertation focuses on households of color because of the disproportionate impact of the crisis in those households and communities nationwide.

The National Foreclosure Mitigation Counseling (NFMC) program was the first federal response to the foreclosure crisis at the consumer level.⁴ Passed as part of the Consolidated Appropriations Act of 2008, and re-appropriated funds with the passage of the Housing and Economic Recovery Act (HERA) later that same year, the NFMC was designed to provide a dedicated stream of federal funding for the increased provision of housing counseling to households in danger of foreclosure. The aim of the NFMC is to mitigate foreclosure by providing funding to HUD-certified housing counseling agencies to provide foreclosure mitigation counseling. The aim of counseling is to help distressed homeowners by identifying the most appropriate solution for a given household, be it maintaining ownership of the home through a loan modification, or an outcome less financially impactful than foreclosure (e.g. short sale). Thus, while retaining ownership of a home is the most desirable programmatic outcome, the NFMC theoretically accepts that home ownership may not be in the best financial interest of

³ For example, Cuyahoga County in Ohio (Cleveland) has struggled with a foreclosure rate among the highest in the nation.

⁴ HAMP, or the Home Affordable Modification Program, was initiated in 2009 to provide incentive to mortgage servicers for the increased provision of loan modifications.

a household. Since its inception in 2008, the NFMC has appropriated nearly \$800 million.⁵ Neighbor Works America, Inc. administers the program who subcontracts with various HUD-approved housing counseling agencies across the nation for the provision of services. The NFMC is currently in its 9th round of funding.

Evaluations of the NFMC have argued that foreclosure counseling has effectively helped households evade foreclosure and prevent recidivism, most typically by facilitating the acquisition of mortgage modifications. In the evaluation for NFMC funding rounds one & two, Mayer et al. (2011) found that households who received foreclosure counseling and a loan modification through the NFMC paid an average of \$176 less in their monthly payment, 7.8% less than their payment would have been without counseling. Notably, when examining the effects of race and ethnicity on counseling outcomes, the authors found no substantial differences in modification payment reductions, probability of re-default, or in the likelihood of obtaining a loan modification. The authors note that no outcomes were substantially less than those of non-Hispanic whites, suggesting that NFMC implementation is able to adequately address structural barriers to loan modification for minority households.

Temkin et al. (2014) conducted the evaluation for NFMC rounds three through five, with comparable results. The authors find that foreclosure counseling resulted in a \$61 monthly mortgage payment reduction, smaller than the \$176 payment reduction reported by Mayer et al. (2011), but still larger than payment reductions received by non-counseled borrowers. Further, findings from the Temkin et al. (2014) evaluation indicate that foreclosure counseling increased the odds of receiving a loan modification and, in cases where loan modifications were not obtained, still helped households retain ownership of the distressed property. Moreover, Temkin et al. (2014) find that foreclosure counseling has a slightly positive impact on Black and

⁵ For details on the NFMC program, see <http://www.neighborworks.org/Homes-Finances/Foreclosure/Foreclosure-Counseling-%28NFMC%29>

Hispanic households receiving a loan modification, compared to non-Hispanic Whites. Most notably, however, the authors declare: “while positive and statistically significant, the increase to the probability of black and Hispanic NFMC clients [receiving a loan modification] when compared to non-Hispanic white NFMC clients was not material” (Temkin et al., 2014, p. 42). In light of the extensive research demonstrating the disproportional impact of the foreclosure crisis on households of color, dismissing the impact of foreclosure counseling on these communities is tantamount to denying the existence of structural racism and oppression which has been part of the lived experience of millions of American households.

Purpose of Research

The foreclosure crisis has threatened the financial, social, and psychological well-being of millions of households across the nation. Given the centrality of housing policy to the mission and values of the social work profession, it is imperative that social welfare scholars understand the scope and reach of the NFMC. Foreclosure counseling effectiveness has been narrowly addressed within the housing field, focusing mainly on the effects of race and ethnicity on acquiring a loan modification (Collins, 2010, 2013; Been et al., 2013). Evaluations of the NFMC have had a similar loan modification outcome focus (Mayer et al., 2011; Temkin et al., 2014). Of interest to social welfare scholars, this work has not adequately addressed the effectiveness of foreclosure counseling programs in communities navigating structural barriers to housing market participation, such as Latino/as and other communities of color.

Concurrently, it is important to understand the spatial relationship between race/ethnicity and foreclosure trends. While the literature indicates that foreclosure trends across the country are related to the spatial distribution of communities of color (Schafran, 2013; Immergluck, 2011; Gerardi & Willen, 2008; Squires & Kubrin, 2005), no work to date has sought to disentangle the relationship between key demographic characteristics, such as English language proficiency, on the spatial distribution of foreclosures. Understanding how demographic characteristics impact foreclosure trends will shed new light on the nature of

housing policy design and provide insight as to whether opportunities exist for the extension of social citizenship to vulnerable groups vis- à-vis homeownership.

Given that the Latino population in the United States has increased by six-fold since 1970 and is predicted to increase by 114.8% by 2060 (Colby & Ortman, 2015), and the centrality of homeownership in the dreams of American immigrants, understanding the reach of foreclosure mitigation policy will shed light on the prospects of financial assimilation for immigrants. Investigating the underlying assumptions of foreclosure mitigation programs implemented in immigrant communities will allow social welfare policy scholars to identify key gaps in federal social safety net policies. Are some communities left out of the equation? Whom are these policies looking to serve?

III. Can We Afford the American Dream?

Research Aims

Given the centrality of homeownership to both notions of American citizenship and identity formation, and the disproportionate impact of foreclosure on communities of color before and after the foreclosure crisis, this dissertation has three over-arching aims:

1. To investigate whether patterns exist in the spatial distribution of foreclosures, given language use, race, and ethnicity
2. To juxtapose policy assumptions in foreclosure mitigation policy to the demographic reality of households most impacted by the foreclosure crisis
3. To analyze the implementation of foreclosure mitigation policy in a community potentially left out of the policy's purview

Research Approach

To meet these aims, the current dissertation project will employ a mixed-methodological approach and a three-paper format. A mixed-method approach is selected in order to generate

substantive inferences from qualitative and quantitative data sources. A three-paper format is selected in order to integrate three key areas of investigation: foreclosure trends across Washington state, an examination of foreclosure policy assumptions and their implications given the demographic reality of foreclosure trends, as well as the implementation of foreclosure mitigation counseling policy with a community potentially left out of its purview: immigrant, Spanish-speaking households.

Research Questions

Offered below is a summary of the research questions driving each paper within the current dissertation project:

Paper 1: A Spatial Analysis of Foreclosure in Washington State: The Importance of Demographics in Understanding the Foreclosure Crisis

1. What are the racial, ethnic, and language characteristics of zip codes with the highest foreclosure rates in Washington State?
2. How does language preference and English proficiency impact the preponderance of foreclosure?
3. Are Spanish speakers more likely to face foreclosure in Washington State?

Paper 2: Can we afford the American Dream? The Social Construction of Homeowners in a Time of Demographic Change

1. Are homeowners divided into subgroups with differing social constructions? By what mechanisms?
2. What are the implications of that construction given what is known about the relationship between foreclosure trends and race, ethnicity, and language preference?

Paper 3: Does Foreclosure Mitigation Counseling with Low-Income Latino/a Households Successfully Mitigate Foreclosure?

1. How does race, ethnicity, and language preference impact the outcome of foreclosure mitigation counseling in Latino/a communities?
2. How do street-level bureaucrats implement foreclosure mitigation policy when providing services to immigrant Latino/a households?

The three papers of this dissertation investigate the policy process, and its impacts, from all three levels of social work practice: macro, mezzo, and micro. Paper 1 examines the context of foreclosures in Washington State through an examination of the spatial distribution of nativity, as exemplified through factors like race, ethnicity, and language use. Paper 2 extends paper 1 by analyzing the developmental process of foreclosure mitigation policy and investigating how American homeowners were socially constructed therein. Finally, paper 3 examines the consequences of those social constructions for homeowners seeking foreclosure mitigation counseling and the street-level bureaucrats (e.g., social service providers) charged with its implementation.

IV. Data & Methods

To address the gaps identified in the literature above, the current dissertation employs a three-paper format. Within that format, each paper will use a different set of data and methods to answer the paper's research questions. Table 0.2 below summarizes each paper, its analytic methods, and relevant data set(s). Paper 1 examines the impact of nativity on foreclosure trends in Washington State. Proprietary data from RealtyTrac, Inc. detailing foreclosure rates at the zip code level for WA between 2007-2013 are used. These are paired with American Community Survey (ACS) 2012 5-year estimate data on demographic characteristics for each zip code. The analysis will use spatial autocorrelation (Moran's I) to examine whether foreclosure rates are clustered, dispersed, or random given race, ethnicity, and language preference. The spatial autocorrelation method has been used in previous studies examining the spatial characteristics

of foreclosure (*see for example* Lichtenstein & Weber [2014] and Brown et al. [2012]). In addition, multivariate multiple regression is used to discern the impact of factors related to nativity (namely, language use and ethnicity) on foreclosure rates in Washington State zip codes during each year of the foreclosure crisis.

Paper 2 elaborates on paper 1 by examining the social construction of homeowners and potential subgroups during the development of the NFMC program. Its dataset includes congressional hearings from the Committee on Financial Services⁶ pertaining to foreclosure mitigation as well as the law containing the NFMC implementation language, public law 110-161. The final data set includes four hearings and one public law. These data are all part of the public domain, and thus do not require IRB approval for use. The data were manually coded in Dedoose (2015) using hypothesis coding (Saldaña, 2009), in which codes are developed based on a theory of what will be found in the data before the data are actually collected.

Paper 3 brings together results from the first two papers to the micro level, by conducting a case study of the implementation of the NFMC in a social service agency serving a predominantly Latino/a client base. Two data sets are used, allowing for a mixed methods approach: (1) administrative data and, (2) in-depth qualitative interviews.⁷ The quantitative administrative dataset is over 75% Latino, allowing for an in-depth look at how race, ethnicity, and language use impact foreclosure counseling outcomes. The administrative data is analyzed using binomial logistic regression, to investigate the impact of demographic characteristics on losing or keeping your home through foreclosure mitigation counseling. Next, qualitative interviews with the host agency's foreclosure counseling staff are used to explore how foreclosure counselors negotiate NFMC implementation rules in the context of a Latino/a,

⁶ The Congressional committee on financial services contains the congressional housing subcommittee, which originated the NFMC program and other related foreclosure mitigation programs and policies.

⁷ The use of this data for research has been approved under IRB study #46041.

predominantly Spanish-speaking client-base. Comparisons are made between findings from paper 2 and the reality of NFMC implementation in Latino/a communities.

Table 0.2.
Methods by Paper

Paper # and Title	Analysis Method	Data
Paper 1: A Spatial Analysis of Foreclosure in Washington State: The importance of nativity in Understanding the Foreclosure Crisis	Spatial Autocorrelation Multivariate Multiple Regression	RealtyTrac Inc. Washington State Foreclosure rates at the zip code level (2007-2013) ACS 2012 5-yr estimate demographic data for Washington State
Paper 2: Can we afford the American Dream? The Social Construction of Homeowners in a Time of demographic change	Hypothesis coding	Congressional hearing from committee on financial services pertaining to foreclosure mitigation programs, NFMC implementation law (P.L. 110-161).
Paper 3: Does Foreclosure mitigation counseling with Low-Income Latino households successfully mitigate foreclosure?	Case Study: Binomial Logistic Regression Qualitative thematic coding	Administrative data from implementation of NFMC in Seattle, WA, w/predominantly Latino households (2008-2013) In-depth qualitative interviews with complete foreclosure counseling staff of NFMC administering agency

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PAPER 1.
A SPATIAL ANALYSIS OF FORECLOSURE IN WASHINGTON STATE:
THE IMPORTANCE OF NATIVITY IN UNDERSTANDING THE FORECLOSURE CRISIS

The recent U.S. foreclosure crisis brought increased attention to the role of race and ethnicity on the access to and sustainability of homeownership in the United States. Specifically, foreclosure trends across the country were highest in communities of color (Pedersen & Delgadillo, 2007; Gerardi & Willen, 2008). These communities were the targeted recipients of the risky mortgage products that led up to the housing bubble bursting (Drew, 2013) and have suffered large economic setbacks as a result. Particularly hard hit were Latino households (Hall, Crowder, & Spring, 2015; Rugh, 2015; Becerra, 2012; Bocian, Li, & Ernst, 2010), who it is estimated have lost as much as 60% of total household wealth as a result of the crisis (Bocian et al., 2010).

While scholarship centered on the foreclosure crisis has noted the asymmetric distribution of its impacts, there has been little work investigating the mechanisms by which these asymmetries have manifested. And, although much has been written about the disproportionate impact of the foreclosure crisis on communities of color, its effects on the foreign born is much more nebulous. Indeed, the relationship between nativity and foreclosure incidence is little explored in the literature to date (*notable exceptions include* Allen [2011] and McCormack and Mazar [2013]).

Disentangling the effects of the foreclosure crisis on specific demographic groups necessitates an examination of its spatial patterns. Several scholars have noted that the crisis had a distinctly geographic dimension, hitting hardest in areas with populations where the majority of residents were people of color (Schafran, 2013; Immergluck, 2011; Gerardi & Willen, 2008; Squires & Kubrin, 2005). And while geographies with a large presence of Latino households were particularly at a disadvantage (e.g., Hall et al., 2015), no work has separated

the effects of Latino ethnicity with foreign-born status. An existing gap in the literature, therefore, pertains to the foreign-born make-up of areas hardest hit by the foreclosure crisis.

Given the centrality of homeownership in the “American dream” envisioned by immigrant households (McCormack, 2012; McCormack & Mazar 2013), there is a demonstrable need to examine the specific relationship between nativity and foreclosure incidence. Further, examining that relationship through a spatial lens will facilitate a comparison of the demographic factors that may have exacerbated the severity and reach of the foreclosure crisis. The aim of this paper is to examine the effect of nativity on the spatial distribution of foreclosures in Washington state. Section I below offers a review of the literature on the spatial stratification of communities of color and the geography of the foreclosure crisis. Section II offers a description of the methods used within the paper: a combination of spatial autocorrelation and multivariate multiple regression techniques. Section III offers the results of the analysis, while section IV offers a discussion of the results, with implications for how policy makers can understand the effect of the foreclosure crisis on foreign-born households and develop appropriate interventions.

I. Literature Review

Roots of the Foreclosure Crisis

The immediate roots of the foreclosure crisis lay in the preponderance of subprime mortgage products in the late 1990s- early 2000s (Brueckner, Calem, & Nakamura, 2011; Bocian et al., 2010), and the predatory lending techniques that pushed these products onto buyers with little or no capital to invest in a home purchase (Calem, Gillen, & Wachte, 2004). Indeed, the foreclosure rate for subprime loans between 2005 and 2010 quadrupled, from 3.3% in 2005 to an alarming 14.5% in 2010 (U.S. Census, 2011). Comparatively, prime loans between 2005 and 2010 also quadrupled, from .4% to 3.5%, but at a much slower pace (U.S. Census, 2011). Gerardi and Willen (2008) found that borrowers who purchased their homes with a subprime loan

between 1990-2007 had an almost 20% chance of losing their home to foreclosure, 7 times higher than households who purchased their home with a prime loan. Importantly, a long history of racial segregation, predatory lending techniques that targeted communities of color before the crisis, and the preponderance of high risk subprime loans in the same communities just before the crisis has resulted in home foreclosures disproportionately impacting communities of color (Immergluck, 2011; Gerardi & Willen, 2008; Squires & Kubrin, 2005).

The impact of subprime loans was particularly disastrous in urban neighborhoods. Using the state of Massachusetts as a case study, Gerardi and Willen (2008) found that subprime loans were heavily concentrated in urban neighborhoods throughout the state, specifically those that were majority communities of color. This concentration has made minority homeownership tenuous at best and unsustainable at worst, contrary to the original neoliberal goals that led to the unprecedented expansion in credit that precipitated the housing boom/bust (Drew, 2013). The authors report a high correlation between subprime loans and foreclosures, partially attributing this correlation to selection effects: Households who use the subprime market tend to have characteristics shown to “induce higher rates of default, such as poor credit histories, high initial loan-to-value ratios, and high debt-to-income ratios” (Gerardi & Willen, 2008, p. 7). In other words, recipients of subprime loans tend to be more financially leveraged than prime borrowers, exacerbating the effects of subprime products.

Similarly, Brown and colleagues (2012) examined the distribution of mortgages that were near or at default in ninety-one metropolitan areas during the fourth quarter of 2008, at the zip code level. The authors specifically looked at the geographic distribution of delinquent mortgages in order to define observed spatial patterns. Results indicate that cities like Seattle, WA, exhibited spatial clustering of high mortgage delinquency areas, and in most cases those areas consisted of neighborhoods with an over-representation of subprime mortgage products. Immergluck and Smith (2005) found that subprime lending is the most important determinant of foreclosure rates in the Chicago metropolitan area. The authors argued that the racial

disparities in lending were too large to be explained by credit history alone. Said another way, there was at least a targeted effort in these low-income communities to sell specific types of products, or at worse a malicious, predatory intention to sell certain kinds of products to certain groups during the heat of the housing bubble, with implications for the spatial distribution of foreclosures.

Some scholars have argued that race and ethnicity have little to do with the causes of mortgage default, and offer economic reasons as a primary explanation: either a household has lost their ability to maintain payment on the mortgage (cf. Elmer & Seeling, 1998) or they do not have enough equity to deter default (cf. Clauretie & Sirmans, 1999). Pedersen and Delgadillo (2007) found that census tracts with high-minority populations are significantly more likely to experience foreclosure and default, but argue that this propensity might be explained by the economic disadvantage of the area in which minority households live, as opposed to their “minority” status.

Spatial Distribution of Foreclosures: Disproportionate Impact

But research on the spatial trends of foreclosure paints a different picture: the socio-historical context of an area appears to be a greater predictor of foreclosure and default than the economic ability of a household alone. For example, in examining the socio-historical factors leading up to the foreclosure crisis’ manifestation in San Francisco, Schafran (2013) noted that the crisis could be understood as the consequences of urban policies promoting rapid suburbanization. These policies produced “a new geography of race and class, which laid the urban underpinnings of the contemporary foreclosure crisis” (Schafran, 2013, p. 666).

Importantly, the author reported that spatial foreclosure trends in San Francisco are closely related to patterns of exurbanization exhibited by communities of color:

African-Americans have been leaving San Francisco in significant numbers over the course of the neoliberal era, the city losing almost half of its population in arguably the greatest out-migration of blacks from a major U.S. city in the last 40 years...the spaces in which these communities have grown...have been hammered by the foreclosure crisis. (Schafran, 2013, p. 678)

Studies have also noted that foreclosures tend to cluster spatially in areas with high minority presence. For example, Lichtenstein and Weber (2014) investigated spatial trends in foreclosure in Alabama and found that foreclosures were heavily clustered in historically black neighborhoods. Hall and colleagues (2015) conducted an in-depth analysis of the spatial and racial variation of the foreclosure crisis (2005-2012) by examining foreclosure rates for all census tracts across the entire U.S. Their results indicate that foreclosures varied widely and significantly, both in terms of geography and time. Particularly hard hit were metro areas with large shares of African American and Latino households. Interestingly, the authors noted that spatial variations corresponded to individual level variations in the likelihood of experiencing foreclosure: compared to whites, African American and Latino households were considerably more likely to experience foreclosure during and after the crisis: “A central point to take away from this analysis is that in each region, neighborhoods containing sizable shares of African American and Latino populations tended to be the most heavily burdened by foreclosure in almost every division of the country” (Hall et al., 2015 p. 231). Pairing their foreclosure data with data from the Panel Study of Income Dynamics (PSID), the authors also found that “by 2013, about one in thirteen whites had experienced a foreclosure start, more than one in six black homeowners did, and nearly one in four Hispanic homeowners had gone through a foreclosure” (p. 233). Together, these studies suggest that the geography of foreclosure appears to be tied to the historical social constructions of communities of color. However, the literature on the spatial characteristics of foreclosure does not describe the specific demographic mechanisms that shape the foreclosure experiences of these groups

Several studies have examined other key aspects of the relationship between race and the foreclosure crisis. Kuebler (2012) examined whether neighborhood racial composition has an effect on mortgage approvals: results indicate that the racial composition of a neighborhood is far more important in determining loan origination than applicant race, decreasing the likelihood of obtaining a mortgage by as much as 23% in some instances (Kuebler, 2012).

Lichtenstein and Weber (2014) conducted a case study of the foreclosure crisis in a small southern city and found that foreclosures occurred most in the predominantly Black areas. Thus, there is strong indication within the literature that communities of color have not only historically been at a disadvantage in the housing market, but the foreclosure crisis *exacerbated* these inequities.

Still other studies have sought to disentangle the impact of economic characteristics from those of race and ethnicity, with differing degrees of success. Scholars have found that high foreclosure rates are positively related to changes in neighborhood population - particularly the percentage of the population that is black or female headed, median income, as well as the unemployment rate (Li & Morrow-Jones, 2010). Similarly, Silverman and colleagues (2013) found that the percentage of vacant properties (as a result of foreclosure, for example) increases in census tracts with higher concentrations of black households. Nonetheless, research indicates that race and economics are generally not easily separated when it comes to housing in the United States. For example, Dong and Hansz (2015), examining how urban forms and neighborhood demographics are related to the depth and duration of the foreclosure crisis, found that high risk lending is a very strong predictor of recession depth, agreeing with much of the previous research which suggested that predatory and high-risk lending was a major reason low income and minority neighborhoods were hardest hit by the crisis. The study results suggest that the consequences of the crisis were “regressively distributed, with poorer and minority households particularly burdened” (Dong & Hansz, 2015, p. 18).

Homeownership and Racial/Ethnic Segregation

As noted in the introduction, much of the literature on foreclosures (pre and post 2008) holds that communities of color have suffered larger, longer-term financial impacts than white communities. Particularly effected were Latino households, although the mechanisms for this disproportionality are unclear. Importantly, a body of work within the housing literature has broadly examined the effect of ethnicity on sustaining homeownership status. Cutler, Glaeser,

and Vigdor (2007) looked at the effect of ethnic concentration on the educational and labor outcomes of young (ages 20 to 30) immigrants to the United States. They were particularly interested in understanding whether there were any positive economic effects of living in an ethnic enclave. The authors found a pattern of negative selection into enclave neighborhoods that obscures a mean positive impact on immigrant outcomes: ethnic concentration is beneficial to young immigrants in so far as the ethnic group in question has high levels of human capital to begin with. “Groups with very low education levels...appear to suffer negative consequences associated with living in an enclave community” (p. 772). Friedman Tsao, and Chen (2013) examined the segregation of communities of color from whites, both in terms of renting and homeownership, using Census 2000 data. The authors found that black renters have a lower level of segregation than black homeowners from whites, “contrary to the notion that homeownership represents an endpoint in the residential assimilation process” (p. 1477). Interestingly, as their households attain greater wealth and are more assimilated to the host country, “attainment” for Hispanic and Asian households translates into “favorable residential outcomes,” vis-à-vis moving to better, more racially integrated neighborhoods, etc.

Hall (2013) examined the patterns and causes of immigrant residential segregation for 10 immigrant groups in established, new, and minor destination cities. Results indicate that immigrants in new destination cities are more segregated than in established destinations. Immigrants to minor destination cities are even more segregated. Acculturation, socioeconomic status, demographics, housing, nor economic characteristics/features were enough to explain the higher levels of segregation in the models, suggesting a more subtle mechanism for segregation. Fischer (2013) merged American Community Survey (ACS) and Home Mortgage Disclosure Act (HMDA) data (1992-2010) to investigate residential segregation between 1) black homeowners from white homeowners, 2) white homeowners from black homeowners, and 3) black and white households from each other. Results indicate black renters experienced more segregation than black homeowners, suggesting that becoming a homeowner does not translate

to more diverse neighborhoods. The author also found that increases in income parity between whites/blacks, as well as a rise in black lending, are associated with declines in black/white segregation between 1990 and 2010. Further, metro areas with a higher percentage of subprime loans to black households experienced increases in segregation. This last point is important for Washington, as there is good evidence that subprime loans were concentrated in communities of color (Chapman, 2009). The implication is that subprime lending negates gains made by homeownership for communities of color by creating and reinforcing economic inequalities.

Another dimension in which to investigate the impact of ethnicity/nativity on housing outcomes might be looking at how partnered individuals fare in the housing market. Iceland and Nelson (2010) examined housing patterns for households of mixed-nativity - where each partner was born in a different country - to investigate whether they were less segregated from native-born households than from foreign-born households. Results indicate that mixed-nativity households tend to be less segregated from certain native born groups. "Among foreign-born Asians and Hispanics, those with a native born non-Hispanic white spouse are considerably less segregated from native born white households than from other foreign-born Asian and Hispanic households" (p. 869). Iceland and Scopolliti (2008) reported that the foreign born, across all racial and ethnic categories, are more segregated from native-born non-Hispanic whites than are their U.S. born "counterparts." Importantly, the study results indicate that segregation patterns for Hispanic and Asian household can be explained by foreign-born characteristics generally associated with higher levels of segregation: English language ability, income level, and homeownership status. Recent immigrants have higher levels of segregation than those who immigrated earlier, which is expected, as groups with limited English language proficiency tend to live together to pool resources.

A review of the literature suggests that the foreclosure crisis hit Latino and other communities of color first, continuing toward everyone else at a decidedly tempered comparative pace. However, little evidence has been collected to date on the mechanisms

through which this disproportionate impact occurred. Further, the effect of the foreclosure crisis on Latino households should be disentangled from the impact of the crisis on foreign-born households more broadly. In addition, such disentanglement should also account for the mechanism(s) by which foreign-born status may impact foreclosure trends. The current study seeks to add to the literature on the role of nativity in the foreclosure crisis by analyzing zip code level foreclosure data from RealtyTrac, paired with ACS (2012) demographic data. Three research questions are posed:

1. What are the racial, ethnic, and language characteristics of zip codes with high percentages of foreclosure rates in Washington state?
2. How does language preference and English proficiency impact the preponderance of foreclosure?
3. Are Spanish speakers more likely to face foreclosure in Washington State?

II. Data and Methods

Data

In order to analyze the spatial distribution of foreclosures in Washington State, as well as further investigate the relationship between foreclosure and nativity, the current study employs two data sources. Foreclosure trend analysis employs proprietary data from RealtyTrac, Inc. between 2007 and 2013. The data provide counts for housing units experiencing one of the following foreclosure events:

Notice of Default (NOD): A notice of default is typically the first step in the process of foreclosure in Washington State. A mortgage loan servicer notifies the property owner that payment has not been rendered on the mortgage loan and attempts to collect the payment(s) owed. A NOD is typically mailed 60 days after the first missed payment.

Lis Pendens (Litigation pending) (LIS): If a judicial action is commenced, including a judicial foreclosure, a lis pendens, a notice that litigation is pending, is often recorded. Judicial foreclosures are much less common in Washington than non-judicial foreclosures conducted through trustees' sales.

Notice of Trustee's Sale (NTS): A notice of trustee's sale informs the homeowner a date has been set on which the property will be sold at auction by a trustee appointed by the mortgage lender. The date, time, and location of the auction are included in the notice. In Washington State, the NTS can be sent out as early as 30 days following the NOD and must be sent out at least 120 days before the scheduled trustee's sale.

Notice of Foreclosure (NFS): The notice of foreclosure accompanies the Notice of Trustee Sale and indicates the amount the homeowner must pay to reinstate the mortgage and the date by which it must be paid.

Real Estate Owned (REP): A real estate owned property (also referred to as bank owned property) is a foreclosed property that reverted back to the lender at public auction. Ownership of the property is then transferred to the bank.

The data quantify the number of occurrences of each of these 5 steps of the foreclosure process listed above for 598 zip codes in Washington State, between 2008 and 2013. In addition, the data separate the number of unique properties in the counts. This "number of unique housing units in some stage of foreclosure" per year were used to construct foreclosure rates for each zip code. In turn, these rates are used as the dependent variable in the multivariate regression analysis described in the methods section below.

The RealtyTrac data are acquired at the zip code level. Zip Codes are not actual geographic boundaries, but rather road routes developed by the U.S. Postal Service for mail delivery. As a result, the U.S. census has developed Zip Code Tabulation Areas (ZCTAs) in order to compile demographic information for these areas. ZCTAs are geographic representations of zip codes developed using census block group geographic boundaries, which are then aggregated to reflect the primary zip code coverage of a given area. ZCTAs are not exact replicas of U.S. postal service zip codes, as postal zip codes are dynamic, changing with postal service mail delivery needs, generally on a monthly basis. However, in most cases, ZCTAs are reflective of the primary zip code in a given area.

The RealtyTrac data are paired with ACS 2012 5-year estimate data detailing demographic characteristics for each zip code. In addition to standard demographic variables (i.e., age, race and ethnicity), the current study also includes variables detailing the percentage of the foreign-born population, as well as language ability.

II. Methods

Analysis began by using the RealtyTrac data to identify foreclosure hotspots, defined as the top 20 zip codes in a given year with the highest foreclosure rates. Following descriptive analysis, spatial autocorrelation using the Moran's I statistic is employed to examine whether foreclosure rates and demographic characteristics are clustered, dispersed, or random. The spatial autocorrelation method has been used in previous studies examining the spatial characteristics of foreclosure (*see for example* Lichtenstein & Weber (2014) and Brown et al (2012). Following spatial autocorrelation analysis, the ACS and RealtyTrac datasets are merged to analyze the effect of demographic characteristics on foreclosure rates using the R statistical software package (R Core Team, 2015).

The outcome of interest in the current study is the foreclosure rate for a given year, but analysis must take into account that the six years of data are all dependent. Multivariate

multiple regressions allows for a linear regression in which there are two or more dependent variables (Fox & Weisberg, 2011). The equation is generally the same as standard linear regression:

$$Y_{(n*m)} = X_{(n*k+1)} B_{(k+1*m)} + E_{(n*m)}$$

Where Y is a matrix comprised of n observations on m dependent variables, X is a model matrix with columns for $k+1$ regressors, B (beta) is a matrix of regression coefficients, with one column for each dependent variable, and E (epsilon) is a matrix of errors (Fox & Weisberg, 2011, p. 1). In the current study, the dependent variable Y is a matrix of foreclosure rates for 2007 thru 2013 (inclusive). Independent variables include median income, as well as the percentage of the population in a zip code that speaks a language other than English, rents housing, is foreign born, income falls below the federal poverty line, as well as the English language proficiency in a zip code.

The multivariate model differs from the univariate in the assumption regarding errors: the multivariate model assumes the dependent variables are correlated. The dependent variable being foreclosure rates for multiple years, analysis must account for each year's foreclosure rate being related to the year's both preceding and following. An individual linear regression model for each year would be biased because the standard errors would not take into account the dependence between all years. Further, all response variables have a similar dependence. As a result, multivariate analysis is used to allow for analysis that takes into account the dependence between years for the dependent and independent variables.

Data are available for 598 zip codes in Washington State. Zip codes do not correspond to any population threshold or geographic characteristic, but are based on postal delivery routes, "linear features associated with a combination of street segments and rear property lines" (Grubestic, 2008, p. 139). As a result, the current study uses the ZCTA equivalent of zip codes, described earlier. Of the 598 ZCTAs available for analysis, 262 of these have populations under 2,000, indicating that the ZCTA corresponds to a sparsely populated rural area. In such

locations, foreclosure rates may be misleadingly high, as there are a smaller number of housing units. Further, including low population areas will lead to large standard errors. As a result, zip codes with populations less than 2,000 persons are removed, for a final $n = 336$. The final models are also weighted using the population average for each zip code.

Removing nearly half of zip codes leads to several limitations. Firstly, results from the current study are not generalizable to low-population rural areas. In addition, it is important to conduct sensitivity tests to ascertain what if any other differences can be found between zip codes with populations less than 2,000 vs. over 2,000. Table 1.1 below offers a side by-side demographic comparison of both categories, using the variables included in the final analysis. Zip codes with populations less than 2,000 persons earn approximately 30% less than larger zip codes, corresponding to a 5 percentage point increase in the percentage of the population who are poor. As might be expected, zip codes with greater than 2,000 persons are more diverse than smaller population zip codes and have a higher percentage of renters.

Table 1.1.
Demographic Averages

Characteristic	Under 2000	Over 2000
% Poor	18%	13%
% Rent Housing	26%	33%
% Hispanic	9.30%	11.50%
% Speak Other Language	9%	16%
% Speak Spanish	6%	9%
% Foreign Born	6%	12%
Median Income	\$41,610	\$59,490

Figures 1.1 through 1.4 below offer additional sensitivity diagnostics to ascertain the effect of removing the less populated zip codes from the final analysis. Figures 1.1 and 1.2 are violin plots of foreclosure rates for each zip code group. Violin plots combine box plots and

kernel density plots, the latter of which has been turned on its side and mirrored. The aforementioned plots indicate that foreclosure rates in the more populated zip codes are lesser in degree but denser in frequency.

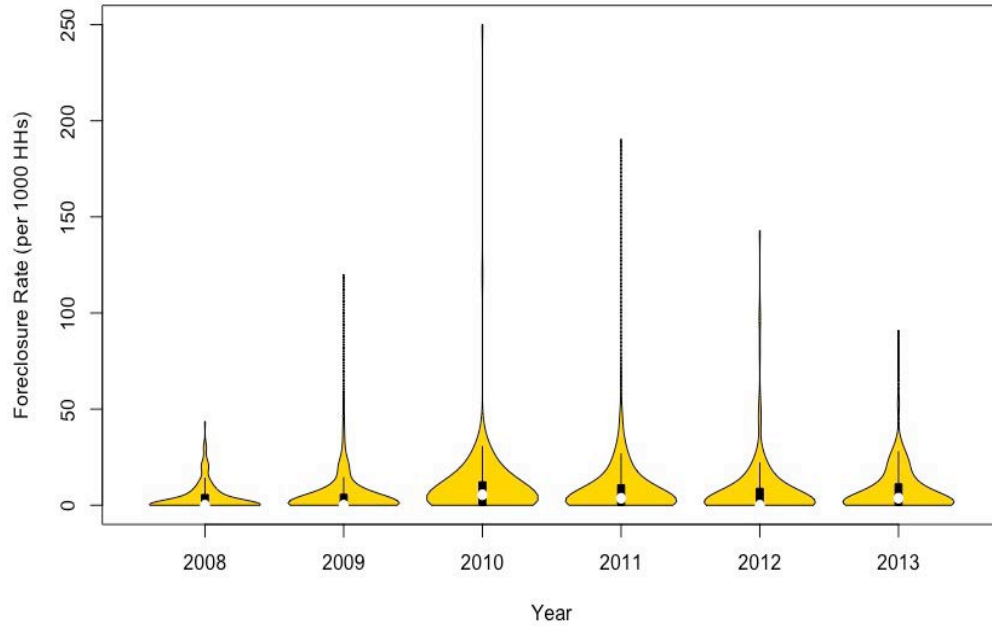


Figure 1.1. Violin Plot of foreclosure rates for zip codes with populations less than 2000 persons.

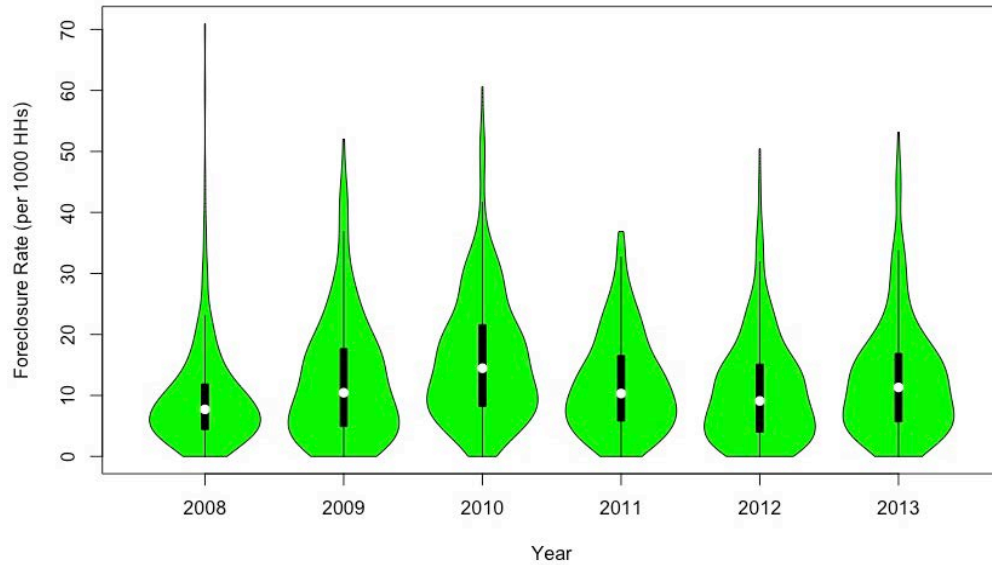


Figure 1.2. Violin Plot of foreclosure rates for zip codes with populations of 2000 persons or greater.

Figures 1.3 and 1.4 use violin plots to show the distribution of racial categories in both zip code groups. While the white populations in both groups appear to be comparable, zip codes with smaller populations have a higher American Indian/Alaska Native population (AIAN), in addition to a higher population of households who identify as an “other” race. Given these differences, the results from the current study may likely under estimate the significance of these groups. However, larger zip codes have a higher percentage of black households, indicating that estimates involving these populations will likely be sufficiently sensitive.

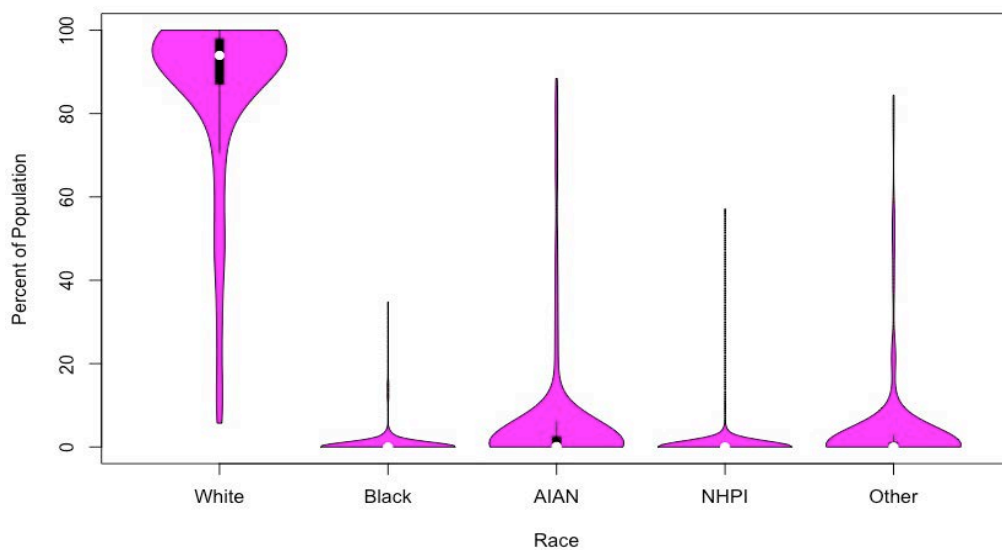


Figure 1.3. Violin Plot showing the distribution of racial categories in zip codes with less than 2000 persons.

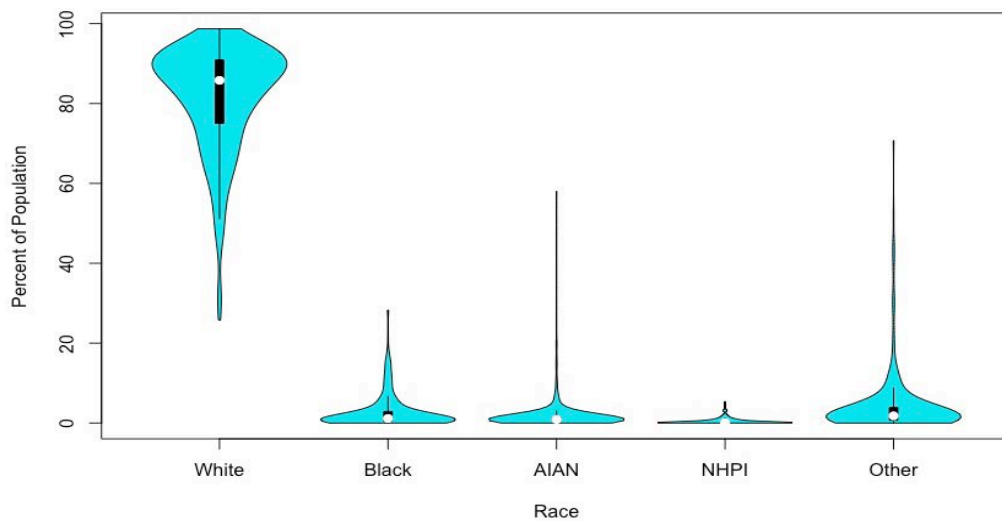


Figure 1.4. Violin Plot showing the distribution of racial categories in zip codes with 2000 persons or greater.

III. Results

Descriptive Statistics

Figure 1.5 below shows the distribution of foreclosure rates, calculated as the number of housing units in some stage of foreclosure per every 1,000, in Washington State for each year between 2008 and 2013, inclusive. Predictably, foreclosure rates in Washington State were lowest in 2008, with an average of approximately 5 housing units per every 1,000 experiencing foreclosure. With the exception of 2009, the remaining years see higher average rates: all stay fairly close to 10 housing units per every 1,000. The foreclosure crisis in Washington State seems to peak in 2010, yet there appears to be a new increase in foreclosures in 2013.

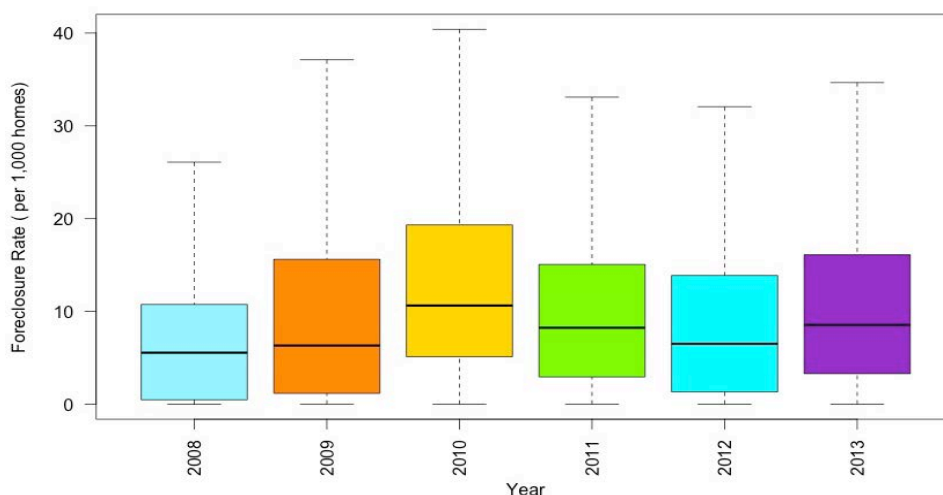


Figure 1.5. Washington Foreclosure Rates (2008-2013)

Boxplots illustrate the average number of foreclosures in Washington State for each year of data.

Foreclosure Hotspots

As described in the introduction, a foreclosure hotspot is a zip code that has one of the highest 20 foreclosure rates in a given year, for a minimum of four year within the current sample. Tables 1.2 through 1.7 offer the top 20 zip codes in each year with the highest foreclosure rates, as well as key demographic characteristics: the percentage of the population within a zip code (1) whose income falls below the Federal poverty line, (2) speaks a language other than English, (3) is foreign born, (4) identifies as Hispanic, as well as (5) the racial composition of the zip code. Several patterns emerge from the foreclosure hotspot tables

concerning the racial, ethnic and language characteristics of foreclosure hotspots. First, the majority of these hotspots have diverse populations. Some zip codes have as many as 30% of the population identifying as foreign born, and nearly half have Hispanic and Black populations at or above 10%. Relatedly, over half of foreclosure hotspot zip codes have over 10% of their population speaking a language other than English. The percentage of the population in these foreclosure hotspots identifying as American Indian/Alaska Native (AIAN), as well as native Hawaiian/Pacific Islander (NHPI) is unsurprisingly small, given the description of limitations noted earlier. Importantly, nearly all zip codes, across all years, have populations in which at least 10% earn incomes below the Federal poverty line. Overall, foreclosure hot spots appear to be racially and ethnically diverse, and comprised of significant percentages of poor households.

Following generation of descriptive statistics, Pearson correlation coefficients were calculated for all available demographic characteristics and foreclosure rates in each year. Appendix A includes scatterplot matrices depicting the relationship between foreclosure rates and correlated demographic variables. Correlated variables are included in the final multivariate regression analysis.

Table 1.2
Race, Ethnicity, and Language Characteristics for Top 20 Zip Codes in Washington State (2008)

Zip Code	Foreclosure Rate	Population	% Poor	% Black	% AIAN	% Asian	% NHPI	% Other	% Hispanic	% Other Language	% Foreign Born
98375	60.05	27,475	10.50%	6.00%	0.30%	5.40%	1.30%	5.10%	13.79%	17.40%	13.60%
98404	46.15	32,422	24.60%	14.90%	3.40%	13.00%	2.10%	9.60%	20.32%	29.00%	20.40%
98360	42.07	11,733	7.40%	0.70%	0.70%	1.00%	0.70%	1.00%	6.09%	7.10%	4.60%
98349	37.08	4,275	10.90%	0.90%	2.90%	0.50%	0.00%	1.00%	3.02%	6.20%	2.50%
98418	36.71	9,641	20.40%	13.90%	2.10%	10.00%	0.30%	1.20%	6.14%	16.20%	10.70%
98329	36.69	10,135	10.40%	0.80%	1.20%	2.00%	0.00%	0.40%	2.35%	5.10%	5.60%
98387	32.97	43,955	10.20%	9.80%	1.20%	4.90%	3.00%	1.70%	10.51%	14.00%	8.10%
98391	30.94	44,687	7.50%	0.90%	0.50%	2.00%	0.10%	1.60%	4.50%	5.20%	3.90%
98405	30.87	22,117	23.40%	15.80%	1.30%	5.20%	0.10%	2.00%	9.54%	11.70%	8.70%
98408	30.56	19,362	16.60%	10.00%	1.10%	7.90%	2.20%	5.20%	14.22%	19.80%	15.00%
98498	29.41	26,762	10.20%	9.50%	1.30%	8.90%	1.60%	2.80%	11.79%	17.10%	13.20%
98205	28.84	11,344	7.80%	1.10%	0.50%	3.50%	0.30%	2.80%	8.68%	13.00%	11.00%
98597	27.77	20,910	15.60%	1.40%	0.80%	3.30%	0.40%	2.20%	8.19%	7.80%	5.60%
98671	27.33	21,960	10.20%	0.30%	1.00%	1.60%	0.30%	1.00%	3.51%	5.10%	3.80%
98409	26.45	23,125	19.50%	15.30%	1.90%	5.60%	0.90%	4.00%	15.23%	24.90%	18.50%
99001	26.09	3,793	34.60%	8.60%	1.80%	3.90%	1.40%	6.30%	18.11%	13.20%	7.60%
98569	24.25	5,753	8.30%	0.20%	0.90%	1.80%	0.60%	2.00%	3.96%	7.20%	4.10%
98338	23.20	23,369	8.70%	1.90%	0.90%	1.90%	0.40%	1.00%	5.59%	8.30%	3.60%
98445	22.65	29,651	10.90%	9.60%	0.70%	8.40%	5.40%	1.70%	6.34%	15.60%	11.50%
98031	22.61	33,627	12.30%	11.30%	0.40%	20.30%	3.00%	5.40%	13.30%	41.40%	28.80%

Table 1.3
Race, Ethnicity, and Language Characteristics for Top 20 Zip Codes in Washington State (2009)

Zip Code	Foreclosure Rate	Population	% Poor	% Black	% AIAN	% Asian	% NHPI	% Other	% Hispanic	% Other Language	% Foreign Born
98375	47.79	27,475	10.50%	6.00%	0.30%	5.40%	1.30%	5.10%	13.79%	17.40%	13.60%
98387	45.02	43,955	10.20%	9.80%	1.20%	4.90%	3.00%	1.70%	10.51%	14.00%	8.10%
98349	44.73	4,275	10.90%	0.90%	2.90%	0.50%	0.00%	1.00%	3.02%	6.20%	2.50%
98404	42.82	32,422	24.60%	14.90%	3.40%	13.00%	2.10%	9.60%	20.32%	29.00%	20.40%
98294	42.50	6,579	9.80%	0.00%	0.30%	1.10%	0.00%	4.40%	10.41%	9.00%	4.90%
98424	42.31	9,893	12.10%	11.60%	2.10%	17.40%	1.60%	4.10%	13.76%	30.90%	25.20%
98360	41.08	11,733	7.40%	0.70%	0.70%	1.00%	0.70%	1.00%	6.09%	7.10%	4.60%
98418	40.79	9,641	20.40%	13.90%	2.10%	10.00%	0.30%	1.20%	6.14%	16.20%	10.70%
98205	40.07	11,344	7.80%	1.10%	0.50%	3.50%	0.30%	2.80%	8.68%	13.00%	11.00%
98047	39.50	6,382	20.10%	1.80%	1.20%	3.60%	5.20%	12.00%	21.76%	33.60%	26.00%
98252	37.54	8,226	5.00%	1.40%	0.20%	1.60%	0.00%	1.30%	4.13%	7.20%	5.80%
98671	37.12	21,960	10.20%	0.30%	1.00%	1.60%	0.30%	1.00%	3.51%	5.10%	3.80%
98391	36.52	44,687	7.50%	0.90%	0.50%	2.00%	0.10%	1.60%	4.50%	5.20%	3.90%
98329	35.90	10,135	10.40%	0.80%	1.20%	2.00%	0.00%	0.40%	2.35%	5.10%	5.60%
98405	34.91	22,117	23.40%	15.80%	1.30%	5.20%	0.10%	2.00%	9.54%	11.70%	8.70%
98682	34.19	54,999	11.60%	2.30%	0.70%	5.60%	0.90%	3.70%	9.52%	18.90%	14.40%
98408	33.04	19,362	16.60%	10.00%	1.10%	7.90%	2.20%	5.20%	14.22%	19.80%	15.00%
98607	32.75	27,909	6.30%	1.40%	0.50%	6.40%	0.20%	1.40%	4.30%	12.30%	10.10%
98597	32.44	20,910	15.60%	1.40%	0.80%	3.30%	0.40%	2.20%	8.19%	7.80%	5.60%
98445	30.61	29,651	10.90%	9.60%	0.70%	8.40%	5.40%	1.70%	6.34%	15.60%	11.50%

Table 1.4
Race, Ethnicity, and Language Characteristics for Top 20 Zip Codes in Washington State (2010)

Zip Code	Foreclosure Rate	Population	% Poor	%Black	%AIAN	%Asian	%NHPI	% Other	% Hispanic	% Other Language	% Foreign Born
98349	60.62	4,275	10.90%	0.90%	2.90%	0.50%	0.00%	1.00%	3.02%	6.20%	2.50%
98360	53.63	11,733	7.40%	0.70%	0.70%	1.00%	0.70%	1.00%	6.09%	7.10%	4.60%
98375	50.52	27,475	10.50%	6.00%	0.30%	5.40%	1.30%	5.10%	13.79%	17.40%	13.60%
98294	49.87	6,579	9.80%	0.00%	0.30%	1.10%	0.00%	4.40%	10.41%	9.00%	4.90%
98205	49.77	11,344	7.80%	1.10%	0.50%	3.50%	0.30%	2.80%	8.68%	13.00%	11.00%
98569	47.45	5,753	8.30%	0.20%	0.90%	1.80%	0.60%	2.00%	3.96%	7.20%	4.10%
98404	45.48	32,422	24.60%	14.90%	3.40%	13.00%	2.10%	9.60%	20.32%	29.00%	20.40%
98252	42.03	8,226	5.00%	1.40%	0.20%	1.60%	0.00%	1.30%	4.13%	7.20%	5.80%
98387	40.86	43,955	10.20%	9.80%	1.20%	4.90%	3.00%	1.70%	10.51%	14.00%	8.10%
98272	39.92	25,051	6.70%	2.20%	0.90%	2.60%	0.20%	2.50%	14.11%	15.00%	9.30%
98424	36.67	9,893	12.10%	11.60%	2.10%	17.40%	1.60%	4.10%	13.76%	30.90%	25.20%
98251	36.38	4,992	8.50%	1.20%	2.20%	0.50%	0.40%	1.30%	5.27%	9.60%	7.60%
98408	35.38	19,362	16.60%	10.00%	1.10%	7.90%	2.20%	5.20%	14.22%	19.80%	15.00%
98329	35.38	10,135	10.40%	0.80%	1.20%	2.00%	0.00%	0.40%	2.35%	5.10%	5.60%
98418	35.35	9,641	20.40%	13.90%	2.10%	10.00%	0.30%	1.20%	6.14%	16.20%	10.70%
98405	35.02	22,117	23.40%	15.80%	1.30%	5.20%	0.10%	2.00%	9.54%	11.70%	8.70%
98391	34.22	44,687	7.50%	0.90%	0.50%	2.00%	0.10%	1.60%	4.50%	5.20%	3.90%
98030	34.11	30,474	19.20%	12.40%	0.30%	14.90%	1.60%	5.40%	16.35%	42.90%	34.20%
98445	34.03	29,651	10.90%	9.60%	0.70%	8.40%	5.40%	1.70%	6.34%	15.60%	11.50%
98580	33.16	9,941	13.30%	0.40%	2.40%	0.80%	0.00%	1.60%	3.20%	3.80%	3.40%

Table 1.5
Race, Ethnicity, and Language Characteristics for Top 20 Zip Codes in Washington State (2011)

Zip Code	Foreclosure Rate	Population	% Poor	% Black	% AIAN	% Asian	% NHPI	% Other	% Hispanic	% Other Language	% Foreign Born
98294	36.86	6,579	9.80%	0.00%	0.30%	1.10%	0.00%	4.40%	10.41%	9.00%	4.90%
98375	36.33	27,475	10.50%	6.00%	0.30%	5.40%	1.30%	5.10%	13.79%	17.40%	13.60%
98569	35.33	5,753	8.30%	0.20%	0.90%	1.80%	0.60%	2.00%	3.96%	7.20%	4.10%
98360	34.93	11,733	7.40%	0.70%	0.70%	1.00%	0.70%	1.00%	6.09%	7.10%	4.60%
98258	33.57	30,939	8.10%	0.40%	1.30%	2.70%	0.80%	1.00%	7.47%	7.70%	5.30%
98349	33.55	4,275	10.90%	0.90%	2.90%	0.50%	0.00%	1.00%	3.02%	6.20%	2.50%
98205	32.67	11,344	7.80%	1.10%	0.50%	3.50%	0.30%	2.80%	8.68%	13.00%	11.00%
98387	31.03	43,955	10.20%	9.80%	1.20%	4.90%	3.00%	1.70%	10.51%	14.00%	8.10%
98424	30.26	9,893	12.10%	11.60%	2.10%	17.40%	1.60%	4.10%	13.76%	30.90%	25.20%
98662	29.52	32,044	13.80%	2.10%	0.70%	3.80%	0.90%	1.80%	6.49%	19.40%	14.80%
98252	29.19	8,226	5.00%	1.40%	0.20%	1.60%	0.00%	1.30%	4.13%	7.20%	5.80%
98251	28.67	4,992	8.50%	1.20%	2.20%	0.50%	0.40%	1.30%	5.27%	9.60%	7.60%
98404	28.64	32,422	24.60%	14.90%	3.40%	13.00%	2.10%	9.60%	20.32%	29.00%	20.40%
98241	28.05	2,065	22.00%	0.00%	6.70%	0.10%	0.00%	0.00%	1.36%	1.00%	0.60%
98047	27.83	6,382	20.10%	1.80%	1.20%	3.60%	5.20%	12.00%	21.76%	33.60%	26.00%
98272	27.68	25,051	6.70%	2.20%	0.90%	2.60%	0.20%	2.50%	14.11%	15.00%	9.30%
98030	27.66	30,474	19.20%	12.40%	0.30%	14.90%	1.60%	5.40%	16.35%	42.90%	34.20%
98408	27.40	19,362	16.60%	10.00%	1.10%	7.90%	2.20%	5.20%	14.22%	19.80%	15.00%
98391	27.26	44,687	7.50%	0.90%	0.50%	2.00%	0.10%	1.60%	4.50%	5.20%	3.90%
98321	26.56	13,758	8.30%	0.20%	0.80%	1.80%	0.20%	0.50%	3.26%	3.00%	2.60%

Table 1.6
Race, Ethnicity, and Language Characteristics for Top 20 Zip Codes in Washington State (2012)

Zip Code	Foreclosure Rate	Population	% Poor	% Black	% AIAN	% Asian	% NHPI	% Other	% Hispanic	% Other Language	% Foreign Born
98360	50.43	11,733	7.40%	0.70%	0.70%	1.00%	0.70%	1.00%	6.09%	7.10%	4.60%
98241	43.90	2,065	22.00%	0.00%	6.70%	0.10%	0.00%	0.00%	1.36%	1.00%	0.60%
98252	43.63	8,226	5.00%	1.40%	0.20%	1.60%	0.00%	1.30%	4.13%	7.20%	5.80%
98418	37.80	9,641	20.40%	13.90%	2.10%	10.00%	0.30%	1.20%	6.14%	16.20%	10.70%
98294	37.73	6,579	9.80%	0.00%	0.30%	1.10%	0.00%	4.40%	10.41%	9.00%	4.90%
98387	37.40	43,955	10.20%	9.80%	1.20%	4.90%	3.00%	1.70%	10.51%	14.00%	8.10%
98375	34.85	27,475	10.50%	6.00%	0.30%	5.40%	1.30%	5.10%	13.79%	17.40%	13.60%
98408	34.28	19,362	16.60%	10.00%	1.10%	7.90%	2.20%	5.20%	14.22%	19.80%	15.00%
98251	33.08	4,992	8.50%	1.20%	2.20%	0.50%	0.40%	1.30%	5.27%	9.60%	7.60%
98258	32.75	30,939	8.10%	0.40%	1.30%	2.70%	0.80%	1.00%	7.47%	7.70%	5.30%
98404	32.07	32,422	24.60%	14.90%	3.40%	13.00%	2.10%	9.60%	20.32%	29.00%	20.40%
98391	31.46	44,687	7.50%	0.90%	0.50%	2.00%	0.10%	1.60%	4.50%	5.20%	3.90%
98349	30.02	4,275	10.90%	0.90%	2.90%	0.50%	0.00%	1.00%	3.02%	6.20%	2.50%
98321	28.33	13,758	8.30%	0.20%	0.80%	1.80%	0.20%	0.50%	3.26%	3.00%	2.60%
98445	28.29	29,651	10.90%	9.60%	0.70%	8.40%	5.40%	1.70%	6.34%	15.60%	11.50%
98424	27.95	9,893	12.10%	11.60%	2.10%	17.40%	1.60%	4.10%	13.76%	30.90%	25.20%
98270	27.50	46,145	12.60%	1.40%	1.30%	5.60%	0.40%	1.80%	9.42%	14.30%	9.90%
98272	27.21	25,051	6.70%	2.20%	0.90%	2.60%	0.20%	2.50%	14.11%	15.00%	9.30%
98338	26.86	23,369	8.70%	1.90%	0.90%	1.90%	0.40%	1.00%	5.59%	8.30%	3.60%
98580	25.63	9,941	13.30%	0.40%	2.40%	0.80%	0.00%	1.60%	3.20%	3.80%	3.40%

Table 1.7
Race, Ethnicity, and Language Characteristics for Top 20 Zip Codes in Washington State (2013)

Zip Code	Foreclosure Rate	Population	% Poor	% Black	% AIAN	% Asian	% NHPI	% Other	% Hispanic	% Other Language	% Foreign Born
98360	53.14	11,733	7.40%	0.70%	0.70%	1.00%	0.70%	1.00%	6.09%	7.10%	4.60%
98418	47.87	9,641	20.40%	13.90%	2.10%	10.00%	0.30%	1.20%	6.14%	16.20%	10.70%
98349	46.50	4,275	10.90%	0.90%	2.90%	0.50%	0.00%	1.00%	3.02%	6.20%	2.50%
98251	43.55	4,992	8.50%	1.20%	2.20%	0.50%	0.40%	1.30%	5.27%	9.60%	7.60%
98375	43.48	27,475	10.50%	6.00%	0.30%	5.40%	1.30%	5.10%	13.79%	17.40%	13.60%
98387	43.08	43,955	10.20%	9.80%	1.20%	4.90%	3.00%	1.70%	10.51%	14.00%	8.10%
98252	42.99	8,226	5.00%	1.40%	0.20%	1.60%	0.00%	1.30%	4.13%	7.20%	5.80%
98404	37.30	32,422	24.60%	14.90%	3.40%	13.00%	2.10%	9.60%	20.32%	29.00%	20.40%
98294	36.86	6,579	9.80%	0.00%	0.30%	1.10%	0.00%	4.40%	10.41%	9.00%	4.90%
98408	36.62	19,362	16.60%	10.00%	1.10%	7.90%	2.20%	5.20%	14.22%	19.80%	15.00%
98258	34.66	30,939	8.10%	0.40%	1.30%	2.70%	0.80%	1.00%	7.47%	7.70%	5.30%
98580	34.27	9,941	13.30%	0.40%	2.40%	0.80%	0.00%	1.60%	3.20%	3.80%	3.40%
98409	33.91	23,125	19.50%	15.30%	1.90%	5.60%	0.90%	4.00%	15.23%	24.90%	18.50%
98241	32.93	2,065	22.00%	0.00%	6.70%	0.10%	0.00%	0.00%	1.36%	1.00%	0.60%
98391	32.65	44,687	7.50%	0.90%	0.50%	2.00%	0.10%	1.60%	4.50%	5.20%	3.90%
98338	32.63	23,369	8.70%	1.90%	0.90%	1.90%	0.40%	1.00%	5.59%	8.30%	3.60%
98445	32.55	29,651	10.90%	9.60%	0.70%	8.40%	5.40%	1.70%	6.34%	15.60%	11.50%
98597	32.18	20,910	15.60%	1.40%	0.80%	3.30%	0.40%	2.20%	8.19%	7.80%	5.60%
98328	31.77	9,639	8.30%	0.10%	0.90%	0.80%	0.40%	1.10%	4.32%	3.50%	3.70%
98576	31.18	4,297	5.60%	0.50%	1.50%	0.80%	0.00%	0.10%	1.75%	6.10%	2.20%
98329	30.92	10,135	10.40%	0.80%	1.20%	2.00%	0.00%	0.40%	2.35%	5.10%	5.60%

Spatial Autocorrelation

Spatial autocorrelation measures the distribution of events within a geographic area (depicted as a polygon) using z-scores. A negative z-score indicates a spatial distribution that is disbursed; a positive z-score indicates a clustered distribution; a z-score close to zero indicates a random distribution. Table 1.8 below offers the results of the spatial autocorrelation analysis, conducted in Arc GIS 10.3 software (Environmental Systems Research Institute, 2011). Results indicate foreclosures in Washington State were spatially clustered during all six years of available data. Interestingly, demographic characteristics pertaining to race and ethnicity are also spatially clustered, with the notable exception of foreign born who speak Spanish and are naturalized citizens. This is an intuitive finding, given that foreign born households who have become naturalized citizens, though they speak a different language in addition to English, are likely well assimilated and thus better integrated residentially.

Table 1.8
Spatial Autocorrelation Analysis

Variable	Pattern Type	Moran's Index	Z-Score	P-value
HU in Foreclosure (2008)	Clustered	.5017	26.612	0.000
HU in Foreclosure (2009)	Clustered	.5294	27.995	0.000
HU in Foreclosure (2010)	Clustered	.5479	28.902	0.000
HU in Foreclosure (2011)	Clustered	.5659	29.857	0.000
HU in Foreclosure (2012)	Clustered	.5354	28.286	0.000
HU in Foreclosure (2013)	Clustered	.5118	27.046	0.000
% Poor	Clustered	.1118	6.006	0.000
% White	Clustered	.2503	14.428	0.000
% American Indian/Alaska Native	Clustered	.2410	14.326	0.000
% Black	Clustered	.3514	20.422	0.000
% Native Hawaiian/Pacific Islander	Clustered	.0485	6.156	0.000

Variable	Pattern Type	Moran's Index	Z-Score	P-value
% Other Race/ethnicity	Clustered	.4466	26.125	0.000
% Hispanic				
% Foreign Born	Clustered	.4356	25.014	0.000
% Foreign Born Naturalized Citizens	Clustered	.4053	23.323	0.000
% Foreign Born Not Citizens	Clustered	.3695	21.374	0.000
% Foreign Born Who Speak Spanish Naturalized Citizens	Random	.0034	.295	.767
% Foreign Born Who Speak Spanish Not Citizens	Clustered	.0723	4.478	0.000
% Foreign Born who Speak Spanish	Clustered	.1514	8.720	0.000
% Speak English very well	Clustered	.1928	11.471	0.000
% Speak English Not Well	Clustered	.4394	25.447	0.000

As in previous research, spatial autocorrelation results suggest that demographically similar people tend to live together (*for example* South et al., 2005). What is less clear is whether they live together out of choice or because of structural pressures preventing them from living in other population arrangements. As a result, the spatial clustering of certain groups in the population is suggestive of reinforced patterns of structural racism. To learn more about the underlying reasons for these spatial patterns, we turn to multivariate multiple regression analysis.

Multivariate Multiple Regression

Descriptive statistics have indicated foreclosure hotspots have significant percentages of communities of color, households whose incomes fall below the poverty line, and foreign-born households. Spatial autocorrelation analysis indicated both foreclosure hotspots and demographic characteristics are spatially clustered in Washington State, at the zip code level. Analysis now seeks to examine how demographic characteristics associated with nativity, such

as language preference, impact the preponderance of foreclosure. In particular, the current study is interested in whether Spanish speakers are more likely to face foreclosure in Washington State.

Analysis employs a multivariate multiple regression design, as described above. The average population in a zip code weights the models, across all six years of data. Included covariates are correlated with the dependent variable, per bivariate analysis.⁸ Following regression analysis, multivariate analysis of variance (MANOVA) is conducted in order to test the null hypothesis that all covariates are the same across all six years of data (Fox & Weisberg, 2011). Table 1.9 below offers a summary of the results.⁹

Table 1.9
Summary Table of Multivariate Multiple Regression Results

	2008	2009	2010	2011	2012	2013
(Intercept)	19.01***	21.77***	30.74***	21.39***	20.93***	27.97***
Median Income	-0.02	0.00	-0.06	-0.03	-0.03	-0.07
% Speak Other Language	39.52	79.52*	50.76	53.90*	35.48	20.54
% Rent Housing ◇	-25.45***	-30.06***	-34.77***	-23.33***	-23.28***	-29.41***
% Black †	103.95***	91.93***	92.84***	65.86***	82.33***	105.46***
% AIAN †	-6.14	-7.73	-9.14	-10.82	-1.81	-9.50
% Asian †	-43.36*	-93.82***	-74.71***	-71.40***	-58.46**	-41.83*
% Poor	-0.11	-6.64	-13.84	-10.55	-6.79	-7.39
% Speak Spanish	-34.78	-82.59*	-68.16*	-73.38***	-60.54**	-41.02
% Do Not Speak English At All	-38.09	-44.02	-66.74	-15.16	8.05	-7.60
% Foreign Born	-56.69	-20.87	-21.91	-8.45	-15.77	-36.28
% Foreign Born NOT Citizens	64.51*	38.02	80.94*	47.44	46.45	68.10*

Note. † Referent = white | ◇ Referent = Own Housing. *Significance* : ***,.001, ** 0.01, * 0.05

⁸ Scatterplot Matrices showing bivariate analysis results are included in the Appendix A.

⁹ Year-by-year tables can be found in the Appendix B.

Results indicate race and ethnicity significantly impacted foreclosure rates in Washington state, net of other factors. For every percentage increase in the black population, foreclosure rates increased for every year of data by 65 housing units per every 1,000 on the low end and an astonishing 105 housing units per 1,000 on the higher end ($p < .001$), net of other factors. Given the effect of economic downturns on communities of color generally, as well as the known effect of the foreclosure crisis on African American specifically, in the case of Washington state these findings are still dramatic. Black households constitute approximately 3.6% of Washington State's population (ACS, 2012), yet undeniably these results suggest they were the most adversely impacted group in the state.

Surprisingly, results indicate that an increase in the Spanish -speaking population results in a decrease in a zip code's foreclosure rate by a minimum of 35 housing units per every 1,000, consistent across four years of data with varying statistical significance. This indicates Spanish language preference is not a predictor of increased foreclosures within the state. Similarly, a percentage increase in the Asian population decreases the foreclosure rate in a zip code by at least 40 housing units per every 1,000 consistently across all years of data, with varying statistical significance. However, an increase in the percentage of the population speaking a language other than English, or foreign born who are not citizens, increases the foreclosure rate in Washington state zip codes by a minimum of 20 housing units per every 1,000, with varying statistical significance. These results suggest the mechanisms by which nativity had an impact on foreclosures in Washington State alternated between immigrant statuses and speaking English as a second language.

Importantly, the third response variable that remained statistically significant throughout all six years of study data was the percentage of renters in a zip code. As the percentage of renters in a zip code increased, foreclosure rates in a zip code decreased by at least 20 housing units per every 1,000. Taken together, these results paint an interesting picture of the foreclosure crisis in Washington State. First, results suggest the most adversely impacted

population across all years of the foreclosure crisis were African Americans, as well as those phenotypically identified as black. Second, while many areas of the country experienced adverse housing impacts in the rental market, this does not appear to be the case in Washington State. Finally, results indicate that households identified as Asian were not adversely impacted by the foreclosure crisis in Washington State.

Following the multivariate multiple regression, MANOVA analysis is conducted to test the null hypothesis that the means of all response variables are the same across all six years of data. Results indicate that all covariates, with the exceptions of the percentage of the population who cannot speak English or are foreign born, are significantly different across all six years of data.

Table 1.10
MANOVA Summary

	Df	Pillai	approx F	num Df	den Df	Pr(>F)	
Median Income	1	0.15	9.99	6.00	343.00	0.00	***
% Speak Other Language	1	0.12	7.47	6.00	343.00	0.00	***
% Rent Housing	1	0.13	8.51	6.00	343.00	0.00	***
% Black	1	0.23	16.97	6.00	343.00	0.00	***
% AIAN	1	0.01	0.69	6.00	343.00	0.66	
% Asian	1	0.06	3.81	6.00	343.00	0.00	**
% Poor	1	0.02	1.00	6.00	343.00	0.43	
% Speak Spanish	1	0.14	9.54	6.00	343.00	0.00	***
% Do Not Speak English At All	1	0.01	0.65	6.00	343.00	0.69	
% Foreign Born	1	0.04	2.12	6.00	343.00	0.05	
%Foreign Born NOT Citizens	1	0.05	3.00	6.00	343.00	0.01	**
Residuals	348						

Significance: ***.001, ** 0.01, * 0.05

IV. Discussion

The recent foreclosure crisis brought renewed attention to the role of race and ethnicity on the accessibility to and sustainability of homeownership in the United States. Much research has been conducted to identify disproportionately affected populations, with many scholars indicating that communities of color have been the nexus of the crisis throughout its evolution (Hall et al., 2015; Rugh, 2015; Schafran, 2013; Becerra, 2012; Immergluck, 2011; Bocian et al., 2010; Gerardi & Willen, 2008; Squires & Kubrin, 2005). However, although much has been written about the disproportionate impact of the foreclosure crisis on communities of color, its effects on the foreign born is much less clear. Similarly, while scholarship has highlighted the disproportionate disadvantage of Latino households during the foreclosure crisis, little work has separated the effects of Latino ethnicity with foreign-born status.

Thus, the current study uses Washington State as a case study to address a gap in the literature regarding the foreign-born make-up of areas hardest hit by the foreclosure crisis. While limited to zip codes with 2,000 persons or more, three research questions are assessed using zip code foreclosure and demographic data. First, the study investigates the 20 zip codes with the highest foreclosure rates for at least four years of the study sample (2007-2013), termed foreclosure hotspots, in order to assess their demographic characteristics. Over half of the hotspots count at least 10% of their populations as either Hispanic or black. Similarly, over half of all foreclosure hotspots have populations of foreign-born households, as well as households who speak a language other than English, at or near 30%.

The second research question asks how language preference and English language proficiency impacts foreclosure rates. Results show an increase in the percentage of the population speaking a language other than English increases foreclosure rates in Washington state zip codes by at least 20 housing units per every 1,000. Further, an increase in the percentage of the population who are foreign born and not citizens increases foreclosure rates in Washington state zip codes by a minimum of 40 housing units per every 1,000 in all years of the

study sample. Relatedly, the third research question asks whether Spanish speakers were more likely to face foreclosure. Importantly, results demonstrate that a larger population percentage of Spanish speakers decreased the foreclosure rates of Washington zip codes by at least 35 housing units per 1,000 across all study years. Although limited as a result of the zip code level unit of analysis, the current study provides evidence of the mechanisms by which nativity impacts foreclosures.

Results suggest that the most adversely impacted population in Washington State by the foreclosure crisis was the African American population, as well as those phenotypically identified as black. This finding is staggering given that blacks comprise less than 5% of the state's population. This disproportionate impact suggests that state and federal housing policy has not gone far enough in preventing racism and discrimination within the market. Much has been written about the adverse impact the foreclosure crisis has had on communities of color, but some might suggest that the studies are skewed because they take place in majority-minority cities like Chicago (Immergluck, 2011; Immergluck & Smith, 2005). The current study adds dimensionality to these previous works by highlighting similar results in a state with a small minority population.

Further, these findings suggest a need for foreclosure mitigation policy that can respond to the mechanism that placed households of color at such a disadvantage within the housing market: structural racism. Indeed, communities of color were the main participants in the housing boom that precipitated the foreclosure crisis, in so far as their over-representation occurred as a result of a shift in federal policy toward privileging homeownership (Saegert et al., 2009). Yet, though policy sought to increase access to homeownership, it failed to offer mechanisms to make that ownership sustainable (Drew, 2013), resulting in the over-representation confirmed by the current findings. Importantly, such an expansionist agenda would not have been necessary had communities of color not also been subject to growing income and wealth inequality, in addition to discriminatory housing policy (Squires & Hyra,

2010). Future work examining the development of foreclosure mitigation policy is needed to ascertain the extent to which demographic impacts were taken into account.

Equally pressing are the findings concerning the role of language preference on foreclosure rates, and what they indicate for the impact of the foreclosure crisis on immigrant households. Although higher percentages of Spanish speakers within a zip code resulted in decreases in foreclosure rates, two other variables point to a differential impact of the foreclosure crisis on immigrant communities in Washington State. The percentage of the population who were foreign-born and not citizens, as well as those speaking a language other than English, were consistent predictors of higher foreclosure rates, though with varying statistical significance. Given that a higher percentage of Spanish-speakers was a predictor of decreased foreclosure rates, more work is needed to untangle the specific populations that are being adversely impacted. Nonetheless, these results demonstrate that foreign-born households were at a marked disadvantage during the foreclosure crisis.

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PAPER 2.
CAN WE AFFORD THE AMERICAN DREAM? THE SOCIAL CONSTRUCTION OF
HOMEOWNERS DURING THE 2007 FORECLOSURE CRISIS

Introduction

Since the 1970s, there has been a concentrated policy drive to expand homeownership in the United States (Drew, 2013; Schellenberg, 1987). There have been several iterations of the drive, aimed at expanding access to mortgage credit to varying portions of the population. The most recent phase of this policy push took place in the late 1990s and has resulted in unsustainable mortgages, massive property loss, and an economic crisis not seen since the Great Depression. Unsurprisingly, the 2007 foreclosure crisis was born from this latest iteration of the “ownership expansion.” This foreclosure crisis has been so impactful that it has put into question the feasibility of the homeownership ideal for all Americans.

The policy drive that propelled the 1990s homeownership expansion was specifically aimed at low-income households, as well as households of color (see Drew, 2013, Schellenberg, 1987). Homeownership has historically been out of reach for these populations, resulting in an inequitable distribution of the real and assumed advantages gained through homeownership, such as wealth, educational outcomes, and social mobility (Drew, 2013; Barreto, Marks, & Woods, 2007; Grinstein-Weiss, Key, Guo, Yeo, & Holub, 2013; McCarthy, Van Zandt, & Rohe, 2001; Rohe, Van Zandt, & McCarthy, 2002a; Rohe, Van Zandt, & McCarthy, 2002b). To illustrate, 2004 was the first time in American history that a majority of “minority” households owned their own homes (Baretto et al., 2007). Deregulation of the mortgage market, the rise of the subprime mortgage¹ and loose underwriting standards across all markets characterized the

1 Sub-prime mortgages are characterized by low loan-to-value ratios, high interest rates, and prepayment penalties. These loans were sold to consumers, then repackaged into securities and sold to investors.

expansion. Built on such shaky ground, the latest homeownership expansion push came to a grinding halt in late 2007, when the mortgage market collapsed.

As the housing bubble burst, Congress sought to address the resulting financial fallout through various programs aimed at re-stabilizing the mortgage market. The National Foreclosure Mitigation Counseling (NFMC) program, passed as part of the Housing and Economic Recovery Act (HERA) of 2007, was arguably the only consumer level program developed to address the crisis. It provides federal funding for foreclosure counseling services, which are delivered through housing counseling agencies approved by the department of Housing and Urban Development (HUD). The aim of the program is to facilitate mortgage workouts for households, in order to avoid foreclosure: the primary outcome of interest is a loan modification, in which the principal, interest rate, or both aspects of a mortgage are reissued based on the households' current financial situation.

Although the national push for homeownership expansion had low-income and households of color at its center, it is debatable whether these households have benefitted from the federal policy response. Foreclosure counseling in general, and NFMC in particular, has shown marked differences in both uptake and outcomes for households of color (Collins et al., 2013). Latino households were particularly hard hit during the foreclosure crisis, having been a large part of the housing bubble's inflation in the late 1990s (Myers & Liu, 2005; Becerra, 2012). Their disproportionate representation in the housing bubble resulted in nearly 60% of estimated Latino wealth erosion as a result of the foreclosure crisis (Bocian, Li, & Ernst, 2011). Despite this disproportionate impact, low-income households and households of color in general are not overly represented in foreclosure counseling implementations. For example, according to the second national evaluation of the NFMC program (Temkin, Mayer, Calhoun, Tatian, & Georger, 2014), African Americans comprised 23.56% of NFMC counseled households; Hispanics 18.99%, Asians 3.22%. Given what is known about the differential impact of the foreclosure

crisis on marginalized households, and the respective foreclosure rates of these households, one might expect the NFMC program uptake numbers to be much higher.

While much work has examined the disparate impact of the foreclosure crisis on low-income and households of color (Hall, Crowder, & Spring, 2015; Rugh, 2014; Allen, 2011; Anacker & Carr, 2011; Rugh & Massey, 2010), no work to date has examined the origins of the differential foreclosure counseling usage and outcomes for these households. Further, Latino households, having been the source of a large percentage of the housing boom and disproportionality represented in the bust, are curiously absent from targeted foreclosure mitigation counseling implementations. A possible explanation for this paradox might be found in the policy development process itself. Specifically, the development of the NFMC program may have included policy assumptions that treated various categories of homeowners differently, distributing burdens and benefits in such a way as to limit the ability of certain households to capitalize on the policy as implemented.

The current paper employs the social construction in policy design theory developed by Schneider and Ingram (1997) to investigate how homeowners were conceptualized during the development of the NFMC program. Transcripts from congressional hearings discussing possible federal responses to the crisis, as well as the law implementing the program itself,² are analyzed using a qualitative method known as hypothesis coding (Saldaña, 2009). Section I discusses the literature on homeownership and its conceptualization in American housing policy, as well as the role of homeownership in the immigration process. Section II provides an overview of the social construction in policy analysis theory, while Section III offers the data and methods employed in the study. Section IV enumerates the results, and Section V offers a discussion of the findings in light of the current literature on foreclosure mitigation counseling with low-income and households of color.

2 While the NFMC was passed as part of HERA, funding for the statute, and actual wording regarding its implementation, was passed as part of the Consolidated Appropriations Act of 2008 (P.L. 110-161).

I. The Centrality of Homeownership in American Life

American housing policy began with a move to shore up homeownership during a financial crisis. In 1933, President Franklin Delano Roosevelt signed into law the Home Owner's Loan Corporation (HOLC) Act. The HOLC provided privatized mortgage refinancing to homeowners who were in danger of losing their homes to foreclosure during the Great Depression. At the time, homeowners were generally the well to do, but the establishment of the HOLC began a chain reaction of government sponsored enterprise (GSE) development, culminating in Fannie Mae, Ginnie Mae, Freddie Mac, and the Federal Housing Administration (FHA) — all built to expand the homeownership ideal to the middle class. FDR's assertion, "A nation of owner's is unconquerable" has been at the heart of national housing policy ever since.

Saegert and colleagues (2009) problematized the primacy of the homeownership ideal by showing how neoliberal practices have led to this ownership "expansion." Public and private entities joined forces to increase ownership rates by expanding access to credit in financially isolated communities. Expanding credit access to households who would not normally qualify necessitated the deregulation of financial markets and innovation in mortgage products. Further, "this new consensus replaced state-based entitlements such as public housing and housing vouchers with a market-based emphasis on individual responsibility" (Saegert, Fields, & Libman, 2009, p. 300), as evidenced by policies such as the 1998 Quality Housing and Work *Responsibility* Act [emphasis added]. Prior policies aimed at addressing inequality in homeownership access were based in the public sector: Fair Housing Act of 1968, Equal Credit Opportunity Act of 1974, Home Mortgage Disclosure Act of 1975, and the Community Reinvestment Act of 1977 as examples. Although aimed at making the wealth-generating powers of homeownership accessible to all Americans, the "homeownership expansion" shift has only succeeded in reproducing the inequality it sought to mitigate (Saegert et al., 2009). Indeed, "the foreclosure crisis suggests that the most straightforward goal for expanding homeownership, the accumulation of wealth and its intergenerational transmission, has gone awry for many of the

very households it was intended to benefit: minorities, female-headed households, and low-income families” (Saegert et al., 2009, p. 302).

Several have argued that the foreclosure crisis was, in fact, caused by the homeownership expansion itself (Drew, 2013; Immergluck, 2011; Saegert et al., 2009). Saegert and colleagues (2009) have highlighted the contradictions between the “goals of homeownership” and the actual experiences of new homeowners. They conducted and analyzed focus groups in five cities with households in danger of foreclosure and the social service providers attempting to aid them. The authors found that people define “homeownership” as a status that an individual who cares for their family attains, while owning a home is the act of a citizen who cares for their country/neighborhood/culture, etc. The homeowners who were interviewed attempted to get help from their lenders when they got into financial trouble, believing that financial institutions were obligated to share risk:

... [many of the] homeowners assumed that the U.S. financial and political systems that invited them into homeownership so enticingly would work with them to achieve that goal. They believed that homeownership was within their reach if they abided by their part of the bargain. When they found themselves unable to pay their mortgages because their incomes and life circumstances changed, they expected that there would be a fair and reasonable way to manage this difficulty over an extended period of time...the actual practice homeowners confronted revealed a completely nontransparent marketplace and financial system that was usually stacked against them. (Saegert et al., 2009, pp. 312-313)

As a result of their interactions with lenders and the lack of intervention on their behalf by the state, many of the homeowners reported disappointment in the American Dream, believing that the homeownership bargain had not been honored (Saegert et al., 2009).

Importantly, other qualitative studies looking at the experience of immigrant households during the foreclosure crisis have shown evidence of a very similar story. McCormack (2012) conducted in-depth interviews with 36 households in danger of losing their home to foreclosure. Approximately half of respondents identified as Latino and over 60% identified as immigrants. When asked about their interactions with banks and non-profit agencies in attempting to ameliorate pending home foreclosures, respondents noted feelings of shame and failure at

having their hard-won status threatened so suddenly, as well as confusion over a process (homeownership) that they believed to be equitable. Specifically, respondents reported believing that homeowners and banks enter mortgage agreements in good-faith and for the advancement of the American ideals of ownership and material success: The foreclosure process shook this belief and left many respondents feeling out of control of their homes. “Immigrants, particularly those whose first language is not English, are at an even greater disadvantage in their interactions with the bank... The symbolic link between homeownership and citizenship can also create vulnerability among immigrants desperate to avoid foreclosure” (McCormack, 2012, pp. 432-433). Homeownership for immigrant households is a symbol of American citizenship that has been made tenuous in the face of the foreclosure crisis.

Homeownership in the United States is much more than just a financial transaction, or even the fulfillment of a basic human need for shelter. Homeownership is tied to feelings of comfort, security (physical, psychological, and financial), and, importantly for immigrants, successful transition into American citizenship and middle-class status (McCormack, 2012; Fields, Libman, & Saegert, 2010; Constant, Roberts, & Zimmerman, 2009). Indeed, homeownership is seen as a marker of assimilation for immigrants, indicating acceptance of the norms of their new country (Constant et al., 2009). The foreclosure crisis for immigrant households was more than a financial crisis: it called into question their very relationship with American society (Saegert et al., 2009).

Whether immigrant or native-born, households who experienced the foreclosure crisis were often torn between blaming themselves for the tenuousness of their homeownership status or the financial systems that did not take care to assure they could sustain their mortgages. When homeowners at-risk of foreclosure were asked who they thought was responsible for the crisis, they engaged in a dual-narrative of responsible homeownership put at risk by larger systemic carelessness:

On the one hand, by imagining an irresponsible homeowner, they [*homeowners experiencing foreclosure*] attribute responsibility to at least some of the individuals at risk. On the other hand, by juxtaposing themselves with that image and aligning themselves with the ideal homeowner, they emphasize not only their relative blamelessness but also the structural underpinnings of the crisis. (McCormack, 2014, p. 277)

While respondents were actively aware of the systemic factors impacting their homeownership-at-risk status (i.e., the subprime market, predatory lending, the proliferation of risky financial products), this awareness did not change their narratives of self-blame, or their perceptions of failure. This suggests that the American rhetoric of personal responsibility far outweighs any awareness or knowledge of structural failures. In other words, the broader social construction of these households in housing discourse (i.e., immigrant, low-income) has delivered specific messages to the households themselves about their responsibility and their subsequent ability to make claims to the government for redress.

Homeownership is held as the highest mainstream ideal in American society; it is even tied to individual perceptions of well-being beyond mere finances. Barretto and colleagues (2007) examined how owning a home impacts a person's assessment of their quality of life across five policy indicators: education, public safety, transportation, housing, and the economy. The authors found that "being a homeowner increases the probability of assigning a better grade for jobs and economic issues by 3.5%, for housing issues by 4.8%, and for public safety by 2.6%" (p. 329). Homeowners rated their quality of life on all policy issues, save transportation, higher than renters. Importantly, race and ethnicity also impact an individual's perception of quality of life along these policy domains. For example, African Americans tended to assess their quality of life regarding jobs and public safety issues lower than whites, while Asian/Pacific Islanders' opinions on housing matters were significantly different from whites. Regarding perceptions on quality of life "African Americans have significantly lower assessments than non-Hispanic whites" (p. 9). While homeowners, regardless of their race or ethnicity, had higher assessments of their quality of life, renters' perceptions were mediated by their race or ethnicity: "Do

homeowners simply pack up their racial or ethnic identities to store away with other little-used belongings” (Barreto et al., 2007, p. 335)?

Part of the difference in the perception of well-being between renters and homeowners may be due to the social construction of homeowners in society at large – i.e., the ways in which perceptions about homeowners are created via social practices. Renters are often seen as immoral, unethical, and unclean; nearby homeowners will often claim that renters undermine the aesthetics of a neighborhood because they fail to demonstrate care for the community or for themselves (Cheshire, Walters, & Rosenblatt, 2010). Interestingly, renters may be less segregated than homeowners racially and ethnically. Friedman and colleagues (2013) found that black renters are less segregated from whites than black homeowners, suggesting homeownership may not be the great equalizer it is portrayed as, socially or financially.

The literature on social mobility and immigrant assimilation indicates that homeownership is much more than a financial decision: it is a rite of passage. Moving from lower class to middle class, from resident to citizen, from immigrant to American, a process that is implicated in homeownership, is at the very heart of the American Dream. Seeing the increased opportunities for homeownership under the “homeownership expansion” period, immigrant households, low-income households, and households of color jumped at the chance to obtain their piece of that Dream. Those households did not count on the proliferation of risky mortgage products under the sub-prime market, the mechanism that made this expansion possible. Indeed, the demographic groups that were to benefit from the expansion were at the mercy of predatory lenders and high-risk financial products with very poor disclosures, leading to the over-representation of low-income, communities of color in the foreclosure crisis (Rugh, 2015; Allen, 2011; Rugh & Massey, 2010; Gerardi & Willen, 2008; McConnell & Marcelli, 2007).

The centrality of homeownership in American life necessitates in-depth exploration of the policies and programs enacted in the name of securing this most revered status in the aftermath of the 2007 foreclosure crisis. The disproportionate impact of the foreclosure crisis on

already marginalized populations makes examining the reach of foreclosure mitigation policy imperative for understanding the future of homeownership for these populations. The underlying assumptions of foreclosure mitigation programs implemented in low-income, minority, and/or immigrant communities will allow policy scholars to identify key gaps in federal social safety net policies. The aim of this paper is to examine the social construction of homeowners in the deliberations leading up to and the enactment of the NFMC program. Three research questions are asked:

1. Are homeowners divided into subgroups with differing social constructions?
2. If so, by what mechanisms are homeowners subdivided?
3. What are the implications of the social construction of homeowners given what is known about the relationship between foreclosure trends and race, ethnicity, and language preference?

II. Social Construction in Policy Design

In order to discern why certain policy decision are adopted and implemented, or to understand if/how/why policies privilege certain groups over others in distributing benefits or burdens, researchers turn to the theoretical model developed by Anne L. Schneider and Helen Ingram: Social construction and policy design (1997). This theory proposes that policymakers socially construct target populations in either negative or positive terms, and then develop policies that distribute benefits and burdens in line with those constructions (Schneider & Ingram, 1997; Ingram et al., 2007). Policy design has social and political consequences in terms of material well-being, real and symbolic interactions with government, and the social/political citizenship of target groups. “In politics, then, there is a real and continuing struggle to gain acceptance of particular constructions and their consequences” (Ingram et al., 2007, p. 95).

Social construction in policy design is built on eight assumptions, pertaining to three topics: the model of the individual, power, and the political environment (Pierce et al., 2014). The first assumption holds that individuals cannot process all of the information necessary to make informed policy decisions, relying instead on “mental heuristics” to decide what information is most relevant to a given situation (Pierce et al., 2014). Second, those heuristics are biased and lead to the confirmation of information that affirms the heuristic. Third, individuals use social constructions to subjectively evaluate their environments. Fourth, “social reality is boundedly relative where individuals perceive generalizable patterns of social constructions within objective conditions (Pierce et al., 2014, p. 4). The fifth assumption holds that power is not equally distributed amongst persons within a political environment. According to Schneider and Ingram (1997) within policy design, power has three aspects, or “faces”: (i) power to influence directly, (ii) power to influence indirectly, and (iii) the power to influence the perceptions, wants, and needs of others (Schneider & Ingram, 1997, p. 75). The sixth assumption of the social construction in policy design theory states that policy creates politics, which feed forward into new policies and new politics (Pierce et al., 2014). Seventh, policies send messages to groups and individuals that effect their political participation and, eighth, policy is created in a politically uncertain environment (Schneider & Ingram, 1997; Pierce et al., 2014).

The above assumptions relate to the social construction and policy design theory’s world-view concerning how society functions and the relationships between people. Based on these, the theory puts forward six propositions explaining how policies socially construct target groups, and the consequences of those constructions “on the political orientation and participation patterns of target groups (Ingram et al., 2007, p. 97). First, policy designs create opportunities and messages to differently constructed groups about government behavior and the nature of their treatment by government, impacting the political orientation and participation patterns of target groups. These messages denote who matters in the eyes of the government, the nature of the political process, and whether certain groups have a seat at the table (as in McCormack,

2014 above). Second, the allocation of benefits and burdens to target groups depends upon the extent of their political power as well as their social construction (deserving or undeserving).

According to proposition three, policy design elements, such as rules, logic models, and delivery structures vary depending on the social construction of target groups. Importantly, the theory postulates “target populations are often subdivided in policy design so as to direct benefits to the most powerful and positively constructed of the subgroups” (Ingram et al., 2007, p. 104). Proposition four holds that policymakers, particularly elected officials, respond to and perpetuate the social construction of target groups in anticipation of public approval or disdain. Specifically, policy designs are institutionalized over time and, as policy consequences “feed forward” to encourage/discourage the political participation of target groups, “policy designs come to exert a powerful reinforcement of social constructions, prevailing power relationships, and institutional cultures” (Ingram et al., 2007, p. 106). Proposition five states that the social construction of target groups can change, principally through the policy design process. Whether conditions are ripe for change can be discerned through the unintended consequences of previous policy designs. Lastly, proposition six holds that, within regressive policymaking contexts, differences in policy design are associated with different patterns of policy change. Thus, the social construction in policy design theory can help identify who benefits from change and “whether changes impact the conditions of democracy” (Ingram et al., 2007, p. 112).

Schneider and Ingram (1997) further describe the fundamental policy elements that should be assessed to discern how social constructions have been employed within a particular policy. *Goals, or problems to be solved*, refer to the purpose of policy: the set of issues that the policy has been built to address. Importantly, while the goals of policy are often stated in technical terms, at their root these are social constructions of problems or desired ends (Schneider & Ingram, 1997). *Target populations* are the groups whose behavior or state of being is the object of change in policy design. Target populations may be synonyms with current groups, as in the case of race, class, ethnicity, and they may be newly produced by policy.

Importantly, target groups may also be subdivisions of larger groups, broken down into finer and finer distinctions (Schneider & Ingram, 1997).

Target groups are marked for the *benefits and/or burdens* of a policy design depending on their social construction and their political power. *Advantaged* groups have a large amount of political power and are viewed positively in society: they are the “deserving” groups whose actions are seen as moral, patriotic and socially desirable. These groups reap the most benefits from policy, such as the middle class, veterans, and persons with a white phenotype. *Contenders* have political power but are viewed negatively by society. Examples include rich persons, such as Wall Street bankers and CEOs (Schneider & Ingram, 1997). Benefits directed toward contenders are often well hidden within policy designs, while burdens are described as much more punitive than they actually are. *Dependents* are groups in society with little to no political power but positive (though little valued) social constructions, such as children, the poor, and mothers (Schneider & Ingram, 1997). Benefits directed towards dependents are often means-tested and governed by other entities, yet burdens are rare. Finally, *deviants* have no political power and are negatively constructed in society, such as those convicted of a crime and undocumented immigrants. Deviants are rarely the objects of beneficial policy designs, “and the extent of burdens will be greater than needed to actually achieve effective results” (Schneider & Ingram, 1997, p. 122). Figure 2.1 below offers a matrix of the relationship between social construction and political power for target groups.

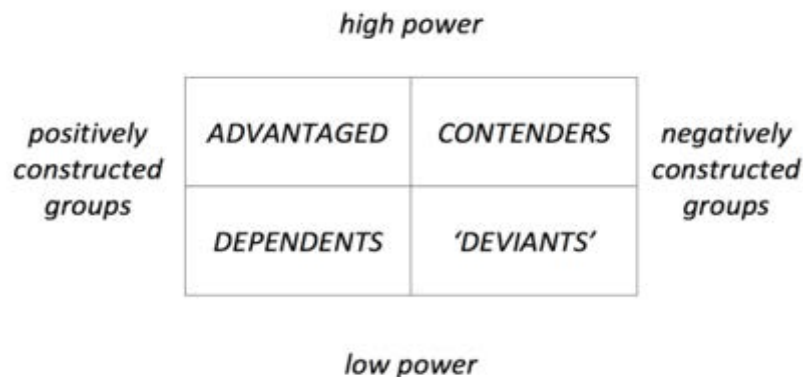


Figure 2.1. The Relationship between Social Construction and Power. A target group's social construction will depend on (1) their political power and (2) how they are seen by society at large. Source: Schneider & Ingram (1997)

The next elements of policy design are *agents*, the policy deliverers. “Agents have the power or influence to act to achieve policy results under mandates they receive from statues or on the basis of directives received from other agencies (Schneider & Ingram, 1997, p. 89). The relationship between agents and target groups defines the next element of policy design, the *implementation structure*. According to Schneider and Ingram (1997) implementation refers to the value added to policy design: additions or subtractions made to policy design or operation. *Theories and assumptions*, the next element of policy design, refer to the implicit or explicit premises of policy design (Pierce et al., 2014). These are often key in discerning the social construction of target groups, knowledge, institutional culture, and power relationships (Schneider & Ingram, 1997). Relatedly, *rationales* are the explanations that are given to justify policy design. “*Rules* are the procedural aspects of policy design and indicate who is to do what, where, and when” (Schneider & Ingram, 1997, p. 97). Rules designate who is eligible, when policy action are to be taken and by whom, as well as altering or reinforcing power distributions by specifying giving advantages or disadvantages to certain groups (Schneider & Ingram, 1997).

The last elements of policy design are known as *policy tools*: These compel behavior from targets or agents to attain the aims of policy. There are four types of tools that can be employed, according to Schneider and Ingram (1997). *Authority tools* dictate the actions of targets & agents, assuming that they want to follow order from the “wiser” higher levels of

government. *Incentives and sanctions* assume targets and agents are motivated by self-interest, and thus coerce behavior using sticks or carrots. *Capacity-building tools* aid target groups and agents in fulfilling policy by providing training, education, technical assistance or information (Schneider & Ingram, 1997). *Symbolic or horatory tools* are mainly “proclamations, speeches, or public relations campaigns through which government exhorts people to take the actions needed by the policy” (Schneider & Ingram, 1997, p. 95). Finally, *learning tools* leave the solutions of problems up to agents and targets groups while encouraging them to act.

There have been several applications of the social construction in policy design theory that investigate the development of homeownership policy and the construction of Latinos within the American polity. For example, Magaña and Short (2002) used content analysis to investigate the social construction of Mexican and Cuban immigrants by American politicians. Using 495 English-language newspaper articles as their data source, the authors found that Mexican immigrants were constructed as more negative than Cuban immigrants. This construction was most perpetuated by Republican politicians running for federal office. The authors postulate that, because Cuban immigrants have had a historically strong relationship to the Republican Party, are anti-Communism, and have a higher socio-economic status than Mexican immigrants, the relatively negative social construction of Mexican immigrants is more socially permissible. Further, the authors hypothesize that, as the presence of Latino immigrants grows within the U.S. population, and thus their political power increases, a change in social construction might be possible. For example, Latino voter support for current politicians seeking election to federal office is increasingly viewed as a necessity for securing American presidential elections.

Drew (2013) uses the social construction in policy design theory to examine the development of the “homeownership expansion,” which the author holds is specifically tied to low-income homeownership and is the underlying cause of the foreclosure crisis. The author traces the origins of the expansion to the private property imperative held in the U.S.

constitution. More practically, however, the author demonstrates how federal policy sought to alleviate pressure on rental programs, address the social problems seen in public housing developments, and address disparities in national homeownership rates by making it “easier” for these households to access mortgage credit. And yet, “the social construction of homeownership in general, and of low- income households and the private mortgage market as target populations for policy interventions, led to policies that were designed only to increase low-income access to mortgage finance, and not to facilitate sustained and successful homeownership outcomes” (Drew, 2013, p. 625).

The crux of the social construction in policy design theory is that social constructions are strategically used for political gain mainly in degenerative policy environments (Schneider & Ingram, 1997). The current paper seeks to understand the creation of the NFMC program in such a policy environment. The context of NFMC’s passage is anything but simple: a national economic crisis precipitated by previous faulty policy decisions, in a climate of increased surveillance and mistrust of immigrants. According to Schneider and Ingram (1997) “policy design is a function of social construction and power, creating a proposition of target populations” (p. 6). Said another way, the assumption is that policy design(PD) is constant, while social construction(S) and power(P) are the potential variables, an equation that can be written as $f(SC+P) = PD$. This assumes that, based on policy design, social construction and power can and do change. The current paper begins with the hypothesis that the NFMC program was passed to aid “homeowners.” However, “homeowners” as a group were subdivided into categories that were constructed as more or less deserving of federal intervention, per their dominant social constructions and political power.

III. Data & Methods

The Policy

The current study focuses on the NFMC program for its analysis, as it was the first federal response to the foreclosure crisis at the consumer level³. Passed as part of the Consolidated Appropriations Act of 2008, and re-appropriated funds with the passage of the HERA later that same year, the NFMC program was designed to provide a dedicated stream of federal funding for the increased provision of housing counseling to households in danger of foreclosure. The aim of NFMC is to mitigate foreclosure by providing funding to HUD-certified housing counseling agencies to provide foreclosure mitigation counseling. The goal of foreclosure-counseling is to help distressed homeowners by identifying the most appropriate solution for a given household, be it maintaining ownership of the home through a loan modification, or an outcome less financially impactful than foreclosure (i.e., short sale). Thus, while retaining ownership of a home is the most desirable programmatic outcome, the NFMC program theoretically accepts that home ownership may not be in the best financial interest of a household. Since its inception in 2008, the NFMC program has been appropriated nearly \$800 million⁴. The program is administered by Neighbor Works America, Inc. who subcontracts with various HUD-approved housing counseling agencies across the nation for the provision of services.

Data & Sampling

Congress and the Senate are the sites of deliberation and legislation of law in the United States. The NFMC program was passed as part of HERA and funded in the Consolidated Appropriations Act of 2008 (P.L. 110-161). The current study uses hearings from the

³ HAMP, or the Home Affordable Modification Program, was initiated in 2009 to provide incentive to mortgage servicers for the increased provision of loan modifications.

⁴ For details on the NFMC program and NeighborWorks American Inc., see <http://www.neighborworks.org/Homes-Finances/Foreclosure/Foreclosure-Counseling-%28NFMC%29>

congressional committee on financial services (where the housing subcommittee resides), as well as public law 110-161, to serve as the data set. Four hearings are examined, a purposive sample chosen for the main topics up for discussion in each: legislative responses up for consideration by Congress to the foreclosure crisis.

- “Possible Responses to Rising Mortgage Foreclosures (April 17th, 2007) [hearing 1]
- “The Expanding American Homeownership Act of 2007: H.R. 1852 and related FHA modernization Issues” (April 19th, 2007) [hearing 2]
- “Legislative and Regulatory Options for Minimizing and Mitigating Mortgage Foreclosures” (September 20th, 2007) [hearing 3]
- H.R. 5679, The Foreclosure Prevention and Sound Mortgage Servicing Act of 2008 (April 16th, 2008) [hearing 4]
- Public Law 110-161. “Consolidated Appropriations Act, 2008” [The Act]

Data were collected by manual download from the hearing archive of the congressional committee on financial services, found online at <http://archives.financialservices.house.gov/hearings110.shtml>.

Within these hearings were a total of 37 unique witnesses, representing business, industry, public service, and various advocacy groups. Table 2.1 details the witness names, affiliations, and hearings in which they were present.

Table 2.1
Summary of Non-Committee Hearing Witnesses

Witness	Title & Affiliation	Hearings Attended
Sheila C. Bair	Federal Deposit Insurance Corporation	Hearing 1
David Berenbaum	Executive Vice President, National Community Reinvestment Coalition	Hearing 1
Janis Bowdler	Senior Policy Analyst, Housing, National Council of La Raza	Hearing 1
Hon. John H. Dalton	President, Housing Policy Council, The Financial Services Roundtable	Hearing 1
Douglas A. Garver	Executive Director, Ohio Housing Finance Agency	Hearing 1
Hon. Marcy Kaptur	Representative in Congress from the State of Ohio	Hearing 1
George P. Miller	Executive Director, American Securitization Forum, also representing the Securities Industry and Financial Markets Association	Hearing 1
Hon. Michael R. Turner	A Representative in Congress from the State of Ohio	Hearing 1
Kenneth D. Wade	Chief Executive Officer, NeighborWorks America	Hearing 1, Hearing 3
Hon. Brian D. Montgomery	Assistant Secretary for Housing-Federal Housing Commissioner, U.S. Department of Housing and Urban Development	Hearing 1, Hearing 4
Daniel H. Mudd	President and Chief Executive Officer, Fannie Mae	Hearing 1, Hearing 2
Richard F. Syron	Chairman and Chief Executive Officer, Freddie Mac	Hearing 1, Hearing 2
Hon. Ben S. Bernanke	Chairman, Board of Governors of the Federal Reserve System	Hearing 2
Harry H. Dinham	CMC, Past-President, National Association of Mortgage Brokers, The Dinham Companies	Hearing 2
Hon. Alphonso Jackson	Secretary of Housing and Urban Development, U.S. Department of Housing and Urban Development	Hearing 2

Witness	Title & Affiliation	Hearings Attended
Judith Liben	Massachusetts Law Reform Institute	Hearing 2
Bruce Marks	Chief Executive Officer, Neighborhood Assistance Corporation of America	Hearing 2
Hon. Henry M. Paulson Jr.	Secretary of the Treasury, U.S. Department of the Treasury	Hearing 2
Alex J. Pollock	Resident Fellow, American Enterprise Institute	Hearing 2
John M. Robbins	Chairman, Mortgage Bankers Association	Hearing 2
Jason Allnut	Vice President for Credit Loss Management, Fannie Mae	Hearing 3
Steve Bailey	Chief Executive for Loan Administration, Countrywide Financial Corporation	Hearing 3
Ingrid Beckles	Vice President, Servicing and Asset Management, Freddie Mac	Hearing 3
Judith Caden	Director, Loan Guaranty Service, U.S. Department of Veterans Affairs (VA)	Hearing 3
Tom Deutsch	Deputy Executive Director, American Securitization Forum (ASF)	Hearing 3
Julia Gordon	Policy Counsel, Center for Responsible Lending	Hearing 3
David G. Kittle	CMB, President and Chief Executive Officer, Principle Wholesale Lending, Incorporated, and Chairman-Elect, Mortgage Bankers Association (MBA)	Hearing 3
Laurie Maggiano	Deputy Director, Office of Single Family Asset Management, Federal Housing Administration, U.S. Department of Housing and Urban Development	Hearing 3
Schwartz, Faith	Executive Director, HOPE NOW Alliance	Hearing 3
Stein, Kevin	Associate Director, California Reinvestment Coalition	Hearing 3
Twomey, Tara	Senior Counsel, National Consumer Law Center (NCLC)	Hearing 3

Witness	Title & Affiliation	Hearings Attended
Lautaro “Lot” Diaz	Vice President, Community Development, National Council of La Raza	Hearing 4
Iona C. Harrison	GRI, National Association of Realtors	Hearing 4
William P. Killmer	Group Executive Vice President for Advocacy, National Association of Home Builders	Hearing 4
John M. Robbins CMB	Chairman, Mortgage Bankers Association	Hearing 4
Ed Smith Jr.	Chairman, CAMB Government Affairs Committee, Chief Executive Officer, Plaza Financial Group, California Association of Mortgage Brokers	Hearing 4

Notably, although the sample contains four hearings, several attendance patterns emerge indicating the tone and direction of conversations during the general foreclosure mitigation discussions in the house. One pattern concerns government entities: there are a total of nine government organizations represented in the sampled hearings, but four of them have attendance patterns that are particularly interesting. The department of HUD is represented in all four hearings, twice by the same individual (Brian Montgomery, Assistant Secretary for Housing and Federal Housing Commissioner). This pattern is not surprising, given the agency’s lead role in shaping and implementing federal housing policy. The executive director of Neighborworks America is present at two hearings (Kenneth Wade), each held to identify specific legislative strategies for responding to the foreclosure crisis. Fannie Mae and Freddie Mac are represented in the same two hearings as Neighborworks America, Inc.⁵

An additional attendance pattern concerns the participation of what appear to be key non-profit and industry organizations. The sampled hearings contain testimony from five non-profit organizations, three think tanks, and five industry groups. Three of the industry groups

⁵ Neighborworks America Inc. is the new name of the Neighborhood Reinvestment Corporation, a government-sponsored organization:
http://portal.hud.gov/hudportal/HUD?src=/hudprograms/nrc_nwa

are related to mortgage origination: National Association of Mortgage Brokers, Mortgage Bankers Association, and the California Association of Mortgage Brokers. These mortgage industry groups were represented across three hearings, although not all were at each hearing. Interestingly, the only industry group that was represented during two separate hearings was the American Securitization Forum (ASF), a securities industry advocacy group whose membership reportedly “encompasses all aspects of the industry, including issuers, investors, financial intermediaries, rating agencies, legal and accounting firms, trustees, servicers, guarantors, and other market participants” (American Securities Forum, 2016).

The majority of the non-profits present in the sampled hearings were related to housing. Examples include the National Community Reinvestment Coalition and the Neighborhood Assistance Corporation of America. However, one organization pertained to a specific demographic group: the National Council of La Raza. Established in 1968, the National Council of La Raza (NCLR) is “the largest national Hispanic civil rights and advocacy organization in the United States” (National Council of La Raza, 2016). The organization was represented in hearings one and four: these topics of these two hearings regarded considering possible responses to the crisis (hearing 1) and considering the pros and cons of an actual policy proposal (hearing 4). To be included in the two first steps of the policy process suggests that NCLR, and the demographic group they represent, are important enough *politically* to be an integral part of the policy development process. The inclusion of NCLR in these specific hearings, despite being the only speakers to explicitly discuss Latinos, also suggests that Latinos may have been disproportionately impacted during the foreclosure crisis.

Methods

As the social construction and policy design theory proposes nine fundamental policy elements which should be used to assess the use of social constructions in policy design, the current study employs a method of qualitative coding that can be paired with existing theory. Hypothesis coding (Saldaña, 2009) uses a predetermined list of codes, which are based on some

theory about what will be found in the data “before they have been collected or analyzed” (Saldaña, 2009, p. 3). Given that the current study aims to apply the social construction in policy design theory to the development of a specific policy, the NFMC program, the codebook should be comprised of the elements described by the theory as key in impacting the social construction of target groups. As such, the codebook used to analyze the sample hearings is comprised of the aforementioned nine basic elements of policy design, enumerated on pages 13-16 in this paper.

The current study takes a deductive approach to qualitative research (Gilgun, 2011). As a result of seeking to test policy design theory, and having such an aim from the outset of the investigation, the qualitative work presented here looks to “add dimension to sensitizing topics” (Gilgun, 2011, slide 5) within the social construction in policy design theory (e.g., target populations, agents, etc.). Specifically, the study considers the development of NFMC in the context of a housing crisis disproportionately impacting communities of color and households with low incomes. As such, the “target population” element of policy design is specifically under consideration within the current study.

I gathered, coded, and analyzed all data within this study, an approach that is customary within many qualitative research traditions. To add rigor and trustworthiness to my findings, I employed two strategies identified by Padgett (1998) (as cited by Bowen, 2005), prolonged engagement and creating an audit trail. Prolonged engagement refers to spending extended time embedded within the community of research subjects, in order to gain depth of understanding in regards to their culture and worldview (Lundy, 2012). Recall that the data are obtained from the congressional committee on financial services, the site of the deliberations regarding legislative responses to the foreclosure crisis. I have been studying this committee for three years, beginning my analysis of their legislative process with a project regarding the National Housing Trust Fund Act of 2008. As a result, I have read over ten years of hearings from this committee (1997–2008), and have become very familiar with the opinions, roles, and

responsibilities of its membership during the aforementioned timeframe. While I have yet to meet any of the representatives and witnesses that appear within the committee over this time period, having read their testimony and dialogue over the course of a decade adds trustworthiness to the interpretation of the analysis results, given my familiarity with the context of the hearings.

Auditing in qualitative research refers to the documentation and review of decision-making processes regarding research events, such as coding and data collection (Rodgers, 2008). During the current study, every effort was made to ensure the development of the codebook and its application and interpretation were well documented via memos. This documentation process was facilitated through the use of the Dedoose qualitative software package (Dedoose, 2015).⁶ Further, throughout coding and analysis, memos were continuously referenced to support consistent code application and data interpretation, as well as to ensure uniformity in the coding approach. In addition to memos, the existing literature on the social construction in policy design theory was periodically referenced during coding and interpretation to ensure policy elements were defined accurately and identified consistently. Employing an audit trail strengthens the rigor of the current findings by ensuring a systematic approach to coding, analysis and interpretation.

IV. Results

Definition of Problem to be Solved/Goals

During each of these hearings, several key groups vied for the ability to define the problem to be solved: policymakers, advocates, and industry. Each of these groups fell into two categories: (a) those who wanted to find ways to legislate the restructuring of subprime mortgages en masse and (b) those who wanted to let the market play out its correction.

⁶ Codebook and memos are available upon request.

Members of the former group cited the prevalence of foreclosures to date: nearly 3 million households by April 2007, while 2 million more mortgages were scheduled to reset over the course of 2008.

“...when those payments go up as much as they do, they really blow up in the homeowner's face.” (Congressman Bacchus, hearing 1)

Further, those who wanted to intervene were convinced that the majority of households who were facing foreclosure should never have received those mortgages in the first place. The implication, of course, is that these households were either uneducated or misled, a problem definition that justifies intervention:

“The majority of people who face foreclosure today have gotten into mortgages that they should not have gotten into.” (Congressman Bacchus, hearing 1)

Given that there was no reason for servicers to intervene on behalf of these households, the federal government has to intervene because it is a problem no one else can solve. Further, there was nothing on the books currently to prevent a similar crisis happening in the future, precisely because there was no incentive for the servicer to intervene:

“In my view, the fundamental problem is that the mortgage servicers have no legal obligation to engage in reasonable loss mitigation efforts to keep a borrower in delinquency in his or her home even where that borrower may have been the victim of a predatory or unaffordable loan. The only duty is to the investment trust that holds the bundle of mortgages they service. Simply put, absent a statutory duty of some kind, I am concerned that consumers have little leverage with mortgage servicers in the current crisis and will continue to lack it in the future.” (Congresswoman Maxine Waters, hearing 4)

Similar to the comment above, the majority of comments defined the problem as one begun by servicers who used the subprime market to prey on unsuspecting consumers. Subprime mortgages have nonconventional features, like prepayment penalties, balloon payments, and so forth. Many of the companies that sold these mortgages to these homeowners have since gone bankrupt or have been absorbed by other entities, making it difficult for homeowners to figure out who actually holds their loan and what the terms are.

“The other question I have is, in this day and age, who really is your lender? It used to be you walked down the street, you knew your neighborhood banker, because you owned the local grocery store or whatever, and you knew who they were. Now, I am not. It is an 1-800 number in a lot of cases you have to call. There is no personalization. That, I think, makes it more difficult when you begin to drown in debt, for you to be able to pick up the phone and call an unknown person to say I need help, help me.” (Congresswoman Capito, hearing 2)

“Homeowners have no choice in selecting a servicer. If the servicer doesn't provide them with the help they need, they are not able to take their business to a different servicer. Typical market incentives are absent here. That is why this is an appropriate area for the government to step in with legislation.” (Julia Gordon, Policy Counsel, Center for Responsible Lending, hearing 4)

Relatedly, subprime mortgages were securitized to mitigate risk on the part of the investor. However, loan securitization prevents those mortgages from being refinanced, because they cannot be unbundled. Thus, finding the current holder of the loan did not mean modification was going to be possible.

Those who defined the problem as a market correction held that it should be left to its own devices, citing the generalizability of the foreclosure crisis:

“what we're dealing with is the deflation of a classic credit-inflated asset bubble. Financial markets and governments have been here many times before. In response, it's sensible to have temporary programs to bridge and partially offset the impact of the bust and to reduce the changes of a housing sector debt deflation.” (Mr. Pollock, Resident Fellow, American Enterprise Institute, hearing 3)

The essential argument here is that there was increased credit access nation-wide, which resulted in almost no liquidity in the market. The main problem, then, is liquidity, not delinquent mortgages or the alleged predation that brought them about.

A second anti-intervention problem definition referred to the context-specific nature of the foreclosure crisis. Foreclosure rates varied from state to state, locality to locality, and individuals in this camp believed that any problem definition (therefore any intervention) should be left to the those levels of government:

“Finally, we have to remember that many States and localities face very different challenges in enforcement and in keeping people in their homes, and localities need to come up with solutions that are particular to their localities.” (Congresswoman Maloney, hearing 1)

Target Populations

Hearing testimony across all participants emphatically indicates that homeowners were the primary advantaged targets of NFMC and other policies aimed at mitigating foreclosures. However, as hypothesized, homeowners as a group were subdivided in such a way that their secondary constructions shaped their primary treatment under these policies. The group that was the clear favorite was middle class homeowners:

“...for most American families, the deed to a home is the membership card in the middle class. It is also the most important investment they will ever make...American homeowners, the American middle class, needs someone on their side. American business has someone on their side. The American homeowners need someone on their side. They need Congress on their side, and I hope we will be.” (Congressman Miller, hearing 1)

Middle-class homeowners, specifically, were seen as most deserving of federal intervention during the foreclosure crisis. Hearing testimony quickly begins to probe the complexity of the homeowner group; however, when thinking about homeowners who were part of the most recent ownership expansion:

“...the major issue for Congress is to balance the interest of assisting homebuyers who are **low- and moderate-income first-time buyers**, while ensuring that they avoid the pitfalls of subprime markets and unintended consequences such as foreclosure.” (Congressman Miller, hearing 1, emphasis added)

The rhetoric changes from middle-class homeowners who need Congress by their side, to low and moderate-income homeowners who need to avoid pitfalls and unintended consequences.

This group of homeowners is seen through the lens of their more dominant social construction: dependents:

“...do you believe that the persons who have fallen, who have become prey of subprime lenders, are in fact responsible themselves for what has happened to them considering that with great intentionality, those subprime lenders market the poorest communities, the minority communities, and those who probably have the least financial literacy in our society?” (Congressman Cleaver, hearing 1)

“...sure, I think that a borrower has a responsibility not to lie on their mortgage application, and not to commit fraud, but the relationship is very uneven. All of the risk is carried by the borrower, and all the information and credit enhancement and protections are available to the lenders and to the investors.” (Jane Bowdler, senior policy analyst, NCLR, hearing 1)

In keeping with the Social Construction and Policy Analysis theory, the dialogue above indicates that homeowners constructed as *dependent* are victims, duped as a result of their poor financial knowledge into overly risky mortgage products. While they have a responsibility to be honest, they are not responsible for their foreclosure risk: that is the lender's fault.

Unsurprisingly, lenders, servicers, banks and the like are seen as contenders. As predicted by the theory, they are seen as greedy, selfish entities that do not care about the households they leave in their wake:

“The lenders created the problem. The brokers also created the problem, but the problem is, you can't find them. They are like roaches; once you step on one, there are about five more. But the lenders are out there, and they created the problem, so they need to fix it. So what's the answer? Take what people can afford. Take their net income, their required liabilities they have to pay every month, their required expenses, determine what they can afford, and say to the lenders, restructure the loans.” (Bruce Marks, CEO, Neighborhood Assistance Corporation of America, hearing 2)

In the above quote, lenders are compared to household pests, painted as the worse actors of the foreclosure crisis. Policymakers were very clear that any federal policy intervention would be very careful not offer any benefits to these non-deserving entities:

“52 percent of the people who are in subprime loans are not low- and moderate-income people. There's about another 8 to 10 percent, and I'm sure these overlap, that are investors, all right. Now I don't think anybody who is in this body really wants to say, how do we develop a program to bail out either those people, necessarily, or to bail out the holders of the securities.” (Richard F. Syron, Chairman & CEO, Freddie Mac, hearing 1)

As predicted by the theory, the comment above is clear that investors or other well-to-do types will not benefit from any foreclosure mitigation policies. Interestingly, contenders appeared to be aware of their social construction and actively sought to remind policymakers that, without them, the American Dream would not be possible:

“There is a strong and beneficial link between mortgage lending and the capital markets. Through the process of securitization, mortgage financing has been made available to thousands of American families who otherwise may not have been able to become homeowners. The two organizations that I represent here, the American Securitization Forum and the Securities Industry and Financial Markets Association, together represent all major categories of participants in the

secondary mortgage market.” (George P. Miller, Executive Director, American Securitization Forum, also representing the Securities Industry and Financial Markets Association, hearing 1)

By positioning themselves as the path toward the American Dream for subprime market households, contenders construct themselves as a necessary part of the market, an integral piece of social mobility, despite the high risk associated with its usage.

The last group of homeowners is socially constructed as “emergent contenders” (Schneider & Ingram, 1997). These are previously dependent or deviant groups who are rising to be contenders, as a result of increasing political power. Although their social constructions tend to be mixed, emergent contenders are general seen more negatively. In the case of the foreclosure crisis, Latinos are still seen as (deviant) immigrants, but increasing numbers and political importance is beginning to shift their social constructions:

“The rising rates of foreclosure are a concern to us all. Homeownership is supposed to be your ticket to the middle-class. Well, research now predicts that 1 in 12 Latinos will be in foreclosure soon....

“I want to draw your attention to the latest scam targeting Latino families. Our counseling agencies have seen an alarming increase in companies posing as foreclosure consultants. They advertise through the “We pay cash for homes” flyers in a lot of poor neighborhoods. They charge high fees and promise to help the borrower cure their default. The tricks they use against the families vary but most have the same tragic ending. Families are swindled out of their last dollars and the deed to their home. Once again, we see the absence of legitimate players in Latino neighborhoods being quickly filled by predators.” (Jane Bowdler, senior policy analyst, NCLR, hearing 1)

The inclusion of a group like the NCLR in hearings regarding the foreclosure crisis indicates that policy makers are aware that Latinos are (1) adversely impacted by the crisis and (2) voters with numbers that can be effectively mobilized. The commentary by Ms. Bowdler indicates a desire to use that increasing political power to address the specific concerns of the Latino community: predatory lending and the adverse financial impact of the crisis.

The NCLR representative was the only speaker during the hearings to explicitly address Latinos, making it important to consider falsification in defining Latinos as *emergent contenders*. In order to classify Latinos as advantaged, there would be evidence of them (1)

represented in each hearing, (2) discussed at length by multiple speakers, (3) described as deserving of government assistance within the context of the crisis, and (4) the tone of those discussion would have been positive. As noted above, there is evidence of none of these items within the data sample. Conversely, were Latinos to have been constructed as deviants, any mention of them as a group would reference how little they deserved intervention, how important it would be to make sure they do not benefit from any legislative response, and would enumerate ways to unduly burden the group with negative policy consequences. Again, such evidence is not present in any of the hearings.

A dependent social construction would have included evidence of vulnerability within the foreclosure crisis, similar to the evidence presented above for low-income households and households of color. Although the NCLR representatives did make mention of the victimization of Latinos, no one else did, which means that their vulnerability is not necessarily accepted within this policy environment. Similarly, a contender construction would have been evidenced by dialogue indicating the importance of Latinos in finding solutions to the foreclosure crisis whilst simultaneously ascertaining that they were undeserving of policy benefits. Importantly, a contender construction would also have included hidden policy benefits embedded within the policy implementation itself, P.L. 110-161. While there is evidence that Latinos are important to the legislative solutions to the foreclosure crisis, there is no dialogue to solidify this assertion. Instead, this suggests that it was important to have the Latino “voice” present, while not necessarily engaged with directly: political power amidst a somewhat negative construction. That is the defining characteristic of the emergent contender.

Agents

The most discussed agents within the data set were the GSEs, or government sponsored enterprises: Fannie Mae, Freddie Mac, FHA, and to a lesser extent Ginnie Mae. Debates revolved around how best to utilize these agencies to intervene in the crisis.

“President Bush, H.R. 1852, numerous Members of Congress and the FHA itself, as Secretary Jackson was saying this morning, have suggested using the FHA as a means to create a refinancing capability for these subprime mortgages, and I think this makes sense, because the FHA is and always has been since its creation in 1934 a subprime lending institution.” (Alex J. Pollock, resident Fellow American Enterprise Institute, hearing 3)

Said another way, Mr. Pollock is arguing that the FHA should intervene on behalf of low-to-moderate income households, as they were “intended” to do. Interestingly, the sentiment was shared by some of the other GSEs:

“Freddie Mac shares the committee's deep concern that low- and moderate-income and minority families may be disproportionately hurt by rising levels of subprime mortgage foreclosures in that some communities, as we've heard about here today, with high concentrations of these mortgages will be seriously affected.” (Richard F. Syron, chairman and CEO, Freddie Mac, hearing 2)

Although acknowledging that the GSEs have a role in safeguarding the fortunes of the less fortunate, and admitting that the foreclosure crisis appears to be impacting vulnerable populations adversely, the consensus throughout the hearings appeared to be that the GSEs alone were not enough to stem the tide of impending mortgage resets:

“The plain fact of the matter is that Freddie Mac and Fannie Mae together are not powerful enough at this point in time to dictate what the market can do.” (Richard F. Syron, chairman and CEO, Freddie Mac, hearing 2)

Thus, the primary agents of the foreclosure crisis were not agencies part of the formal governing structure, but non-profits and private industry:

“My first reaction any time we have a problem like this is to go to the consumer groups, go to the industry, go to the regulators, and find out from them, is there any consensus? Are there some things we can do?” (Congressman Bacchus, hearing 1)

Benefits & Burdens

The distribution of benefits and burdens within these hearings is in keeping with the social construction of the target group in question. For example, middle class homeowners were, as expected, given most of the benefits of policy:

“In addition, we support initiatives to provide temporary tax relief on canceled or forgiven mortgage debt, and believe the bankruptcy code should be amended to

give borrowers a chance to work out their mortgage. Homeowners should not be punished because they reached out to their lenders to restructure their loans to keep their home.” (Alex J. Pollock, resident, Fellow American Enterprise Institute, hearing 3)

Homeowners should be given the most benefit of the doubt within foreclosure policy design, while contenders should be kept from directly benefitting from policy design specifically:

“...clearly there are some people we are not going to be able to help especially and I always said the yuppies who had this extravagant decision to have two or three cars and a huge house they cannot afford. But the people that we are looking at basically are middle-income people, firemen, police, teachers, nurses, and I think that these persons get one shot.” (HUD Secretary Jackson, hearing 3)

The burdens of policy should be on those who are least deserving, i.e., the yuppies with the huge houses, while middle-class homeowners should be kept at the center of the benefits.

Importantly, there was a very frank discussion that occurred throughout these hearings regarding the benefits and burdens of loan modifications. Specifically, policy makers inquired multiple times about how incentivized servicers are to provide loan modifications:

“Mr. Shays. So there is really no incentive for the servicer to negotiate?”

Ms. Maggiano. Well, there is an incentive for the servicer to negotiate, because we provide them financial incentives, and we monitor their performance.”
(dialogue between Congressman Shays and Ms. Maggiano, Deputy Director, Office of Single Family Asset Management, Federal housing Administration, HUD, hearing 4).

Contenders, though described as the cause of the crisis in the majority of hearing dialogue, are powerful enough to warrant inquiry into “what’s in it for them” in order to get them to modify a loan.

“We have found, however, that while mandates may provide clarity, the best way to encourage effective delinquency management is to combine carrots with sticks. We, therefore, reinforce good behavior by providing financial incentives on a per loan basis for completing repayment plans, modifications, and foreclosure alternatives. These incentives are in addition to the fees that we pay the servicers contractually for our mortgages. We also absorb these incentives rather than pass them on to our already distressed borrowers because we believe that they are cost effective in the long run.” (Ingrid Beckles, VP, Servicing and Asset Management, Freddie Mac, hearing 4)

Importantly, the above comment illustrates how the NFMC program, buoyed by HAMP, was implemented. Servicers are encouraged to engage in loan modifications with households, in exchange for various perks, including outright cash incentives, etc. Thus, lenders and servicers are actually receiving several policy benefits, although in hearing they are being lambasted as the cause of the foreclosure crisis.

Theories & Assumptions

The theories and assumptions that undergirded foreclosure mitigation policy design decisions were predominantly about the role of the federal government in a crisis that was primarily in the private market. The debate revolved around the subprime market: a market developed to spread the risk of risky loans. The main questions concerned (1) investors whose money was tied into the securities that comprised the subprime market and (2) the homeowners who needed the terms of their mortgages changed. Loan modification became the preferred tool, as it kept families in their homes but made it so that the mortgages remained viable for the lending institution. However, contenders working within the subprime market took great exception to the proposition that the federal government would intervene between a lender and borrower:

“Requiring servicers to apply forbearance or to prevent foreclosures indiscriminately, outside the terms of loan and servicing agreements, would violate the sanctity of those contracts and create perverse incentives in the marketplace. That would hurt subprime investors who, in the case of pension funds or mutual funds, are investing on behalf of individuals. Such steps would also create large disincentives for investors to buy subprime mortgage-backed securities in the future, which would keep homeownership out of the reach of some worthy borrowers.” (George Miller, Executive Director of American Securitization Forum, also represented the securities industry and financial markets association, hearing 1)

Any federal policy that presumes to intervene on a legal contract would make investing a moot endeavor, the arguments goes, as well as creates a moral hazard for consumers. This positions the subprime market as a potentially democratizing force, suggesting that it alone could not be

responsible for the simultaneous expansion and contraction in American homeownership.

Advocates disagreed, citing the profit motive as the subprime market's true *raison d'être*:

“The first thing we should be clear about is that the subprime lending crisis was never about homeownership; it was about generating billions of dollars in fees for brokers, for investment bankers, for lenders, and for the rating agencies. There are six major players out there, those four plus the borrowers and the investors. Right now the two who are holding the responsibilities and are being hurt financially are primarily the borrower, but to a lesser extent, the investors.”
(Bruce Marks, CEO of Neighborhood Assistance Corporation of America, hearing 2)

Policy Tools

The NFMC statute does not make robust use of policy tools, likely as a result of the temporary nature of the policy design. The NFMC program was developed in response to a specific crisis, and as such will be ended when the effects of the crisis have been deemed to end. Nonetheless, there appears to be one use of a *learning tool* within the NFMC policy design, allowing the Neighborhood Reinvestment Corporation (NRC) to investigate which areas of the country are in most need based on their exposure to the subprime market:

Other than areas with high rates of defaults and foreclosures, grants may also be provided to approved counseling intermediaries based on a geographic analysis of the Nation by the NRC which determines where there is a prevalence of sub prime mortgages that are risky and likely to fail, including any trends for mortgages that are likely to default and face foreclosure. (Statute 2442)

Rationales

During the hearings included in the dataset, the primary rationale used by those advocating intervening in the housing market was the need for federal government to alleviate the effects of the housing market correction:

“We believe because of the market failure, and not to be an apologist for regulators or industry, NCRC strongly believes government must play a role to make up for the market failure, the regulatory inaction here.” (David Berenbaum, Executive VP, National Community Reinvestment Coalition, hearing 1)

The counter-rationale, of course, was that states and localities know best regarding the struggles begin felt in their areas. Yet, using the same rationale, policy makers were able to argue for federal intervention:

“The lenders are better off not losing these borrowers to foreclosure, since it creates a ripple effect in the communities where the properties are located, creating vacancies, blight, arson, etc.” (Congresswoman Maxine Waters, hearing 1)

Importantly, a second rationale offered in favor of federal intervention described the type of lender that was presumed to be the main culprit of faulty dealings within the subprime market:

“I think it's worth pointing out also that the defaults in the subprime area have by and large not been with loans made by federally regulated banks or savings and loans. Most of the problems have been loans by nonbanks, non-savings and loans regulated by the State.” (Mr. Gillmor, hearing 2)

The rationale used by industry to justify tempered federal foreclosure mitigation policy was to find a middle ground between the needs of distressed homeowners and lenders:

“In evaluating the legislation, we believe that Congress should ensure it enhances borrowers' chances to remain in their homes; does not deprive investors of the value of their investments; and preserves for all consumers the benefits of reasonably priced mortgage credit by maintaining the essential elements of the mortgage contract.” (David G. Kittle, President and CEO, Principle Wholesale Lending Inc. & Chairman-elect, Mortgage Bankers Association, hearing 4)

The above comment appears to be advocating for equal distribution of benefits and burdens as a guiding rationale. In fact, there is a subtler argument in effect: the Federal government cannot and should not get between two parties who have made a contractual agreement. To do so would be to undermine the entire capital market system, regardless of whether a contract was fair or if all parties were not privy to all of the terms. Thus, any Federal policy intervention should be moderate at best.

Rules

Statute 2442 in the 2008 Consolidated Appropriations Act appropriates funds for and enumerates the procedures to implement NFMC. The NRC⁷ was to implement the program within 60 days of the Act's enactment. In addition to this timing rule, the statute describes who is eligible to receive services using NFMC funds:

⁷ Now Neighborworks America, Inc.

Mortgage foreclosure mitigation assistance shall only be made available to homeowners of owner-occupied homes with mortgages in default or in danger of default. These mortgages shall likely be subject to a foreclosure action and homeowners will be provided such assistance that shall consist of activities that are likely to prevent foreclosures and result in the long-term affordability of the mortgage retained pursuant to such activity or another positive outcome for the homeowner. No funds made available under this paragraph may be provided directly to lenders or homeowners to discharge outstanding mortgage balances or for any other direct debt reduction payments. (Statute 2442)

NFMC policy design denotes the target groups eligible to receive support from these enacted funds (homeowners in danger of default), while simultaneously placing limits on how the funds can be disbursed to those groups (only through services received, not actual intervention). Interestingly, the NFMC's design also requires and describes means-testing for potential program participants, as well as a general blueprint for how foreclosure counseling should work on the ground:

The use of Mortgage Foreclosure Mitigation Assistance by approved counseling intermediaries and State Housing Finance Agencies shall involve a reasonable analysis of the borrower's financial situation, an evaluation of the current value of the property that is subject to the mortgage, counseling regarding the assumption of the mortgage by another non-Federal party, counseling regarding the possible purchase of the mortgage by a non-Federal third party, counseling and advice of all likely restructuring and refinancing strategies or the approval of a work-out strategy by all interested parties. (Statute 2442)

Other rules included in the statute refer to the qualification of the service providers, as well as specific demarcations of funds for administrative purposes, trainings, etc.

Implementation Structure

The NFMC's implementation structure is very loosely described in its implementing statute:

The Neighborhood Reinvestment Corporation ("NRC"), shall make grants to counseling intermediaries approved by the Department of Housing and Urban Development (HUD) or the NRC to provide mortgage foreclosure mitigation assistance primarily to States and areas with high rates of defaults and foreclosures primarily in the sub prime housing market to help eliminate the default and foreclosure of mortgages of owner-occupied single-family homes that are at risk of such foreclosure. (Statute 2442)

The NRC, now Neighborworks America Inc., is charged with using the appropriated funds to administer the NFMC program nationwide, through the use of HUD approved housing counseling agencies. According to Schneider and Ingram (1997), “Because policy design contain an architecture or blueprint of the policy content as it is received or produced by an actor in the system, policy implementation can be measured by the difference between the design received and the one produced by a particular actor in the system” (p. 89).

The implementation structure is thus most easily discerned through various implementations of the NFMC program, a topic that is under consideration in the next paper.

V. Discussion & Conclusion

Beginning in 1970s, there has been a concentrated policy drive to expand homeownership in the United States (Drew, 2013; Schellenberg, 1987. The most recent phase resulted in a foreclosure crisis that disproportionately impacted the communities the expansion was purported to help: low-income households and communities of color. Though there have been several federal policy initiatives to address the crisis, it is debatable whether these households have benefitted from the federal response. The current paper sought to examine the social construction of homeowners in the deliberations leading up to and the enactment of the NFMC program, arguably the only federal foreclosure crisis intervention at the consumer level. Employing the social construction and policy design theory developed by Schneider and Ingram (1997), three research questions are asked: (1) Are homeowners divided into subgroups with differing social construction; (2) if so, by what mechanisms?; and, (3) what are the implications of those constructions given what is known about the relationship between foreclosure trends, race, ethnicity, and language preference?

The current study finds that homeowners were indeed subdivided into three groups, demarcated through the group’s economic and social identities. The NFMC program’s main targets were middle-class homeowners: the advantaged group. Advantaged homeowners

received the majority of NFMCA benefits: intervention between themselves and their lender, the ability to restructure a defaulting loan, etc. Homeowners who were identified as low-income and from communities of color were constructed as dependents. These households comprised the largest portion of subprime borrowers and, as a result were seen as being in default through no fault of their own. They were “duped” into mortgages they should never have had and, thus warranted federal intervention on their behalf, albeit tempered by many concessions to the contenders blamed for their situation: lenders. The final group of homeowners is comprised of a former deviant group, now an emergent contender: Latinos. As immigrants, their social construction is seen as deviant – undeserving and immoral – but growing political importance has made them a group that must be contended with, as evidenced by their representation in some of the hearings.

The implication of these constructions within foreclosure mitigation policy is, simply, the great homeownership expansion failed. The ownership expansion was characterized by an “opening up” of the homeowners group to “new members” – low-to-moderate income households, households of color – in essence, groups who hitherto were unable to access homeownership. The mad rush for new members (i.e., the ballooning of the subprime market) meant that no one examined the *conditions under which* folks were joining. As a result, new groups were able to become members of the homeownership group, but they lost their membership quickly. Results suggest that the loss of membership was most directly tied to the homeowner’s social construction: while the homeownership group was open for new members, “homeowner” as a social construction was not.

Housing policy has not changed much in the United States; since its beginnings with the HOLC in 1938, it has always sought to expand homeownership. The 2007 foreclosures crisis was the result of a flawed policy assumption: homeownership is good for everyone, so communities that have historically been unable to access it should be ushered in however possible. Embedded within that assumption is another – who “counts” as a homeowner, who can become a

homeowner, is subject to change. In fact, the design of the NFMC program illustrates that the rules for joining the homeownership group remain the same, or so little changed as to be nearly identical.

The social construction in policy design theory holds that “social construction and power is a function of policy design creating a proposition of feed-forward impacts” (Schneider & Ingram, 1997, p. 6), where feed-forward impact refers generally to the consequences of policy. Pierce and colleagues clarified that the converse was also at the core of the theory:

Either policy design is a function of social construction and power creating a proposition of target populations, or social construction and power is a function of policy design creating a proposition of feed-forward impacts. (p. 6)

The policies of the 1980s and 1990s that “expanded” homeownership suggested that the positionality of low-income and communities of color had changed such that their social construction and power were variable and policy design was constant: $f(SC+P) = PD$. Such a conclusion would have resulted in a sustainable expansion of homeownership – positive feed-forward impacts. Instead, the NFMC program’s design shows that the rules remained the same while the policies were shifted slightly: social construction and power are constants and policy design is variable: $f(PD) = SC+P$. This results in the cementing of the social constructions for the two populations targeted by the expansion.

In addition to applying the social construction in policy design theory to the recent foreclosure crisis, the current study adds to the literature regarding the emergent contender target population. Specifically, it is perhaps the first illustration of how the *emergent contender* target group operates in a policy context. Further, the current study illustrates the mechanisms by which an *emergent contender* might be identified: (1) multiple invitations to testify publicly (2) without being engaged in public dialogue concerning the evidence put forth by the group. These mechanisms provide a beginning conceptualization of the process of change that characterizes a target group caught between two constructions, like the *emergent contender*. As the political power of a negatively constructed group increases, the group finds a seat at the

policy table, but continues to struggle to have their grievances acknowledged publicly by those seated. Future research would do well to examine the point at which dialogued commences, in order to define the moment at which a group fully emerges as a contender.

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PAPER 3.
FORECLOSURE MITIGATION COUNSELING IN LOW-INCOME
LATINO COMMUNITIES: INSIGHTS FROM SEATTLE,

Introduction

The foreclosure crisis of 2007-2008 threatened to end the American Dream of home ownership for millions of households. In response, several programs aimed at stabilizing the mortgage market and relieving the burden of homeowners trapped by unfavorable mortgage products were enacted, among them the National Foreclosure Mitigation Counseling (NFMC) program. The NFMC program seeks to increase the availability of housing counseling for distressed homeowners. The underlying assumption is that increased access to housing counseling will help homeowners facing foreclosure increase their financial knowledge (i.e., developing and maintaining a household budget), navigate the financial system (i.e., helping households understand loan modification application requirements), and ultimately safeguard their home ownership status (i.e., housing counselors can serve as intermediaries between homeowners and financial institutions).

Foreclosure counseling effectiveness has been narrowly addressed within the housing field, with scholars such as J. Michael Collins and colleagues (2010, 2013) and Neil Mayer and colleagues (2011) arguing that the financial education provided in these programs has effectively helped households sustain home ownership, most typically by changing financial behavior. Evaluations of NFMC have reached similar conclusions (Mayer, Tatian, Temkin, & Calhoun, 2011, Temkin, Mayer, Calhoun, Tatian, P. A., & Georger, 2014). However, these works have not adequately addressed the effectiveness of foreclosure counseling programs in communities such as Latinos/Hispanics and other communities of color that must also navigate structural barriers to market participation.

The current study addresses this gap by examining administrative data from implementation of NFMC at a community based non-profit organization, primarily serving

Latino households, in Seattle, WA. The paper's aim is to investigate the relationship between demographic characteristics and foreclosure counseling outcomes by examining an implementation of foreclosure counseling with Latino households. Section I offers a brief background of the NFMC program and foreclosure counseling effectiveness literature, including the two NFMC program evaluations completed to date. Section II describes the sequential mixed method design (Teddlie & Tashakkori, 2009) employed in the study, which brought together multinomial logistic regression and semi-structured in-depth interviews. Section III offers the results of the quantitative analysis, while section IV details the findings from the in-depth interviews. Finally, Section V discusses the implications of the findings for vulnerable communities navigating structural barriers to effective housing market participation.

I. Background

The National Foreclosure Mitigation Counseling Program

The National Foreclosure Mitigation Counseling program was the first federal response to the foreclosure crisis of the early 2000s at the consumer level.¹ Through congressional appropriation, the NFMC program was designed to provide a dedicated stream of federal funding for the increased provision of housing counseling to households in danger of foreclosure. The aim of NFMC is to mitigate foreclosure through the most appropriate solution for a given household, whether it is maintaining ownership of the home through a loan modification, or an outcome less financially impactful than foreclosure (i.e., short sales). Thus, while retaining ownership of a home is the most desirable programmatic outcome, the NFMC program theoretically accepts that home ownership may not be in the best financial interest of a household, or even possible. Since its inception in 2008, the NFMC program has been

¹ A secondary program, HAMP, or the Home Affordable Modification Program, was initiated in 2009 to provide incentive to mortgage servicers for the increased provision of loan modifications. It works in conjunction with the NFMC.

appropriated nearly \$800 million.² Neighborworks America³ administers the program, an umbrella organization of more than 240 community development organizations, which subcontracts with HUD for the provision of services. The NFMC program is currently in its 10th round of funding.⁴

National evaluations of the NFMC program have argued that foreclosure counseling has effectively helped households evade foreclosure and prevent recidivism, most typically by facilitating the acquisition of mortgage modifications (Temkin et al., 2014; Mayer et al., 2011). In an evaluation for NFMC funding rounds 1 & 2, Mayer et al. (2011) found that households who received foreclosure counseling and a loan modification through the NFMC program paid an average of \$176 less in their monthly payment, 7.8% less than their payment would have been without counseling. When examining the effects of race and ethnicity on counseling outcomes, the authors found no substantial differences in modification payment reductions, probability of re-default, or the likelihood of obtaining a loan modification across groups. With no differential outcomes reported by race and/or ethnicity, that evaluation suggests that NFMC implementation is able to adequately address structural barriers to loan modification for minority households.

Temkin et al. (2014) conducted an evaluation for NFMC rounds three through five, with comparable results. The authors found that foreclosure counseling resulted in a \$61 monthly mortgage payment reduction, smaller than that \$176 payment reduction reported by Mayer et al. (2011), but still larger than payment reductions received by non-counseled borrowers. Further, findings from the Temkin et al. (2014) evaluation indicate that foreclosure counseling increased the odds of receiving a loan modification and, in cases where loan modifications were

² For details on the NFMC program, see <http://www.neighborworks.org/Homes-Finances/Foreclosure/Foreclosure-Counseling-%28NFMC%29>

³ For more on Neighborworks America, see <http://www.neighborworks.org/About-Us>

⁴ The NFMC was funded through the 2008 Consolidated Appropriations Act (P.L. 110-161), which passed in late 2007. The first round of funding began 6 months after passage in 2008.

not obtained, counseling still helped households retain ownership of the financially distressed property. Moreover, Temkin et al. (2014) found that foreclosure counseling has a slightly positive impact on Black and Hispanic households receiving a loan modification, compared to non-Hispanic Whites. Specifically, the authors estimated interaction models to determine if NFMC counseling had a differential impact on black or Hispanic households. They do not provide the actual equations or coefficients, describing their findings instead:

while positive and statistically significant, the increase to the probability of black and Hispanic NFMC clients [receiving a loan modification] when compared to non-Hispanic white NFMC clients was not material. (Temkin et al. 2014, p. 42)

Said another way, while findings from the second evaluation indicate that foreclosure counseling does have differential impacts for Black and Hispanic households, the authors dismissed these findings as insignificant.

Thus, together these evaluations suggest that NFMC successfully mitigates foreclosure for distressed households, independent of any structural barriers that may prevent them from doing so. Although these studies found no significant outcome differentials based on household race and ethnicity, neither investigates the impact of such as factors as English-language proficiency, and immigration status on counseling outcomes. The literature suggests that not only are minority households disproportionately impacted by foreclosures (Schafran, 2013; Immergluck, 2011; Gerardi & Willen, 2008; Squires & Kubrin, 2005), but Latino households in particular may be uniquely at risk (Hall, Crowder, & Spring, 2015), particularly as a result of limited English-language proficiency and the implications of immigration status on interactions with financial institutions.

Latinos, Foreclosure, and Foreclosure Counseling

Between 1990 and the early 2000s, Hispanic and foreign-born households were a large part of the unprecedented rise in homeownership rates in the United States (Myers & Liu, 2005; Becerra, 2012). This rise in Hispanic homeownership was primarily the result of a preponderance of sub-prime mortgage products, over-represented in communities of color

(Rugh, 2015; Allen, 2011; Anacker & Carr, 2011; Rugh & Massey, 2010; Boehm, Thistle, & Schlottmann, 2006; Calem, Hershaff, & Wachter, 2004). In contrast to conventional mortgage products, sub-prime mortgages are characterized by low loan-to-value ratios, high interest rates, and prepayment penalties. During the first 4 years of the foreclosure crisis, Hispanic households were twice as likely to lose or be in danger of losing their homes to foreclosure, compared to other demographic groups (Bocian, Li, Reid, & Quercia, 2011). These trends have continued well past the “accepted end”⁵ of the crisis in 2012, denoting the vulnerability of Hispanic households in the housing market (Cahill & Franklin, 2013; Pfeffier & Molina, 2013). Further, despite compelling evidence showing that communities of color, and Hispanics in particular, have been hardest hit by foreclosures, these demographic groups have experienced limited access to foreclosure counseling (Collins, Schmeiser, & Urban, 2013).

The disproportionate impact of the foreclosure crisis on communities of color begs two questions: (1) do race and/or ethnicity affect the likelihood of receiving foreclosure counseling, and (2) do race and/or ethnicity affect the outcome of foreclosure mitigation assistance. Toward the former, Been, Weselcouch, Voicu, and Murff (2013) found that receiving foreclosure counseling services increases the likelihood of obtaining a loan modification, but do not parse out these finding by race and ethnicity. Collins, Schmeiser, and Urban (2013) found that, compared to white borrowers, communities of color tend to seek out foreclosure counseling at lower rates. Toward the latter, Collins and Reid (2010) examined a merged dataset of proprietary loan information and Home Mortgage Disclosure Act (HMDA) data and found that “conditional on being in default, there are no significant racial and/or ethnic differences in who received a loan modification, nor are there any significant differences in the types of modifications received” (p. 4). Been et al. (2013), whose data set included foreclosure-counseling variables, found that the race or ethnicity of a borrower did not significantly impact

⁵ While many have declared the foreclosure crisis over as of 2012, in fact the recovery has been heavily place specific.

the probability of that borrower obtaining a loan modification. Collins et al. (2013), in their investigation, found that receiving foreclosure counseling improved the likelihood of a households obtaining a loan modification by about 6%, with an extra 4% bump for African American households. Importantly, Collins and Schmeiser (2013) found that foreclosure counseling aids in preventing foreclosure, but note that the mechanism(s) through which counseling operates requires further study.

While there is evidence that foreclosure counseling may aid households of color in obtaining foreclosure cures, like loan modifications, there is no in depth exploration of the role of ethnicity in foreclosure counseling uptake or outcomes. Given what is known about the particular foreclosure vulnerability of Latino households, distinguishing the effects of ethnicity in foreclosure counseling outcomes is a critical part of developing successful foreclosure mitigation policy. Importantly, there are no studies to date that have examined the role of English-language ability and immigration status, two key indicators of ethnicity, in determining foreclosure-counseling outcomes. The current paper fills this gap by investigating the impact of these potentially important characteristics on the achievement of two key foreclosure-counseling outcomes with Latino households: losing or keeping a home.

The Data Source: El Centro

The current study examines the implementation of the NFMC program between 2007-2013. The study uses both administrative data and in-depth qualitative interviews to investigate the outcomes of Latino households receiving foreclosure counseling. Both data sets were collected at a non-profit community based agency located in Seattle, WA: El Centro de La Raza. For the purposes of this paper, the agency will be called “El Centro,” meaning “the center.” El Centro was founded in 1972, at the tail end of the civil rights movement. A multi-ethnic coalition of community advocates supported a small group of Latino activists in occupying an abandon elementary school in a majority-minority neighborhood of Seattle. The occupiers were seeking a place that could be used to house services for the community: today El Centro boasts over 20

programs ranging in scope from early childhood education to homelessness services. A particular point of pride is the agency's capacity to provide services in a client's preferred language and in a culturally appropriate form: nearly all staff at El Centro are bilingual and many have personal experiences and connections to Latino culture.

Clearly, El Centro is not your typical social service agency. With such longevity in the community, El Centro has built a reputation for dependable, culturally appropriate services for the region's Latino residents. When Seattle city government is looking for an agency to partner with on Latino issues, El Centro is whom they call. The City and the community see El Centro as both an ally and advocate of and for the Latino community. El Centro's de facto status as the preferred Latino social service agency in Seattle translates to El Centro representing the best chance at a positive outcome for Latino, Spanish-speaking clients to escape foreclosure through foreclosure mitigation counseling.

II. Methods

The current study employs the case study method to investigate the impact of demographic characteristics on foreclosure counseling outcomes with predominantly Latino households. The case study began with the collection of quantitative administrative data from the implementation of NFMC at El Centro between January 2008 and December 2013. The case study was conducted with the entire foreclosure counseling staff at El Centro, which totaled three persons. In addition, the executive director of the organization was interviewed, to get a better understanding of how the foreclosure counseling staff, and the department they worked in, fit in the larger mission and vision of the organization. The total sample size, seemingly small, is an actual strength of the current study. These four persons encompass all three levels of workers within the organization (direct service, management, and executive leadership), providing a complete view of the various points of interface between foreclosure counseling and the community serviced by El Centro. While the small sample size limits the generalizability of

results to small foreclosure counseling units within community-based agencies, including the entire department in the case study will offer invaluable insight into the realities of financial service provision to immigrant households.

In addition to reflecting the views of all levels of service providers for this agency, the case study portion of this paper also benefits from a prolonged exposure to the organization in general and the foreclosure counseling staff in particular. I spent over one year at El Centro before beginning analysis on both the quantitative and qualitative data found in this study. During my time at El Centro I helped put together small reports for funders and city council members, attended multiple all-city foreclosure counselor meetings, and was introduced to many of the other agencies working with households in danger of foreclosure. While I was not involved in any direct service provision to clients, I was introduced to some as a student observer, and helped with intake information on a limited basis. I learned about the multiple data systems foreclosure counselors used in their day-to-day work tasks, and was allowed to sit in department meetings where servicers would come in to share about the latest changes to foreclosure mitigation procedures, and other relevant information. As a result, the analysis contained herein benefits from an in-depth knowledge of the agency's culture, standard operating procedures, city-wide reputation and, most importantly, from direct observation over a substantial time period.

Upon the completion of data analysis, several questions emerged about how certain demographic characteristics came to hold the explanatory value they did in quantitative analysis. Thus, the current study employed an emergent, sequential mixed-method design (Teddle & Tashakkori, 2009) to investigate the relationship between foreclosure counseling outcomes and demographic characteristics. The details of the quantitative and qualitative portions of analysis are given in the sub-sections below.

Analytic Approach

Quantitative Data

The quantitative data in the current study are composed of administrative data from implementation of the NFMC program at El Centro. The data span 5 years of NFMC implementation, from January 2008 (funding round 1) to December 2013 (funding round 7). Variables include standard demographic characteristics such as age of household held and income, type of loan, mortgage payment amount, name of loan servicer (aggregated to three tiers, described further below), reason for default, loan status at contact, length of counseling relationship (defined as the number of days between intake and final observation), credit score and outcome. There were 24 possible outcomes for households receiving foreclosure counseling, a testament to the complexity of foreclosure counseling provision. These were aggregated into 4 possible outcomes. Table 3.1 below defines each.

Table 3.1
Counseling Outcome Codes and Definitions

Outcome Code	Definition
Lost Home [n= 47]	Includes deeds-in-lieu, foreclosure, sold house (short sale and non-short sale), tax sale, or condemnation
Kept Home [n=102]	Includes forbearance agreements, second mortgage, rescue funds, refinance (FHA and non-FHA products), loan modifications of various types
Still Receiving Services [n=184]	Includes foreclosure moratoriums, loan modifications, referral to outside agencies for additional services, and paperwork compilation still in progress
Unknown Outcome [n=155]	Includes voluntarily leaving counseling or other outcomes designated as “other,” such as loss of household member

Although households who are still receiving services can be technically said to have received a loan “cure” at the end of data collection, it is unknown whether they have kept or lost their home. Households in the “unknown outcome” category, have similar unknown counseling outcomes. Thus, to ensure the interpretability of results, analysis focuses only cases who either

kept or lost their home, for a final $n = 149$. Binomial logistic regression is used for the final quantitative analysis, the basic structure of which can be expressed as follows:

$$\log_e \left(\frac{\pi}{1 - \pi} \right) = \beta_0 + \sum_{j=1}^p \beta_j X_j$$

Where X_1 = prefers Spanish, X_2 = hybrid loan (y/n), X_3 = Privately Held Loan (y/n), X_4 = Reason for Default (Loan payment or expenses increased), X_5 = Reason for Default (Illness or Death of Family Member), X_6 = reason for Default (Other reason for), X_7 = Reason for Default (Not in Default), where the referent for $X_5 - X_7$ is “reduction or loss in income.” The final model specifications include variables significantly correlated with outcome, as shown in Table 3.2 in the Results.

Qualitative Data

Following the analysis of the quantitative data, several questions arose regarding the mechanisms through which certain pivotal demographic characteristics operated within the foreclosure counseling process. To gain more insight into these mechanisms, I conducted in-depth, semi-structured interviews with the entire foreclosure counseling staff at El Centro. The staff is composed of two foreclosure counselors and one manager. For added context, I also interviewed the agency executive director. The questions asked ranged from describing the person’s duties within the foreclosure counseling team to describing their experiences working with El Centro’s main clientele, Spanish speaking households in various stages of the immigration process. All four interviews were videotaped with consent of the participants, each lasting between 45 and 60 minutes. Videos were coded using the Dedoose qualitative software package (2015).

The coding scheme used was a two-round thematic coding scheme (Saldaña, 2009). In the first round, conceptual themes were coded using generalized descriptors. Following identification of pertinent text, round 2 of coding consists of identifying blocks of text related to 5 questions which emerged out of the quantitative analysis:

1. How does El Centro's homeownership center respond to the specific needs of its foreclosure-counseling clients?
2. How does language preference affect foreclosure-counseling outcomes from the perspective of service providers?
3. Under what circumstances does foreclosure counseling not work for El Centro's clients?
4. What are the particular difficulties of dealing with mortgages secured with Individual Tax Identification Numbers (ITIN)?⁶
5. What makes foreclosure counseling with El Centro's client population most effective?

Thus, the current study paper employs a sequential mixed-method analytic approach in order to fill in the gaps between the lived experience of foreclosure counseling and results from quantitative data analysis.

III. Quantitative Results

Descriptive Statistics

Between 2008-2013, 498 separate households received foreclosure counseling at this agency under the NFMC program. Removing households with missing data and unknown counseling outcomes, the final sample size is 149. Before examining the characteristics of those who remained in the sample, examining the differences between those who were removed and those who remained will allow for a full consideration of potential biases developed a result of

⁶ Individuals who use an ITIN number for identification purposes do not have a social security number that can be used for the same. That is, they are at a place in the immigration process that has either precluded securing a social security number or they have been given a social security number that cannot be used for identification purposes (i.e., the number can only be used to obtain work). Holding and/or using an ITIN number does not necessarily mean that a person is an undocumented immigrant, but according to the foreclosure counseling staff at El Centro, often times it is a soft indicator of undocumented status.

removing over half of the sample. Table 3.2 shows the characteristics of the household removed from the sample (n = 339), while Table 3.3 offers the characteristics of households who remained in the sample.

Table 3.2
Descriptive Statistics for Removed Clients

Outcome (n=339)	Still in Counseling (n = 184)	Unknown Outcome (n=155)
Avg Duration in Counseling (days)	50.38	42.17
Avg Age of Household Head	43.17	NA
Avg Household Income per year (\$)	\$42,326.00	\$43,156.00
Avg PITI at Intake	\$1,791.00	\$1,782.00
Prefer Spanish (%)	76.63	60.65
Hispanic (%)	84.24	65.81
ITIN (%)	9.24	8.55
Race (%)		
<i>Other Race</i>	10.87	13.55
<i>White</i>	45.11	34.84
<i>No Race Specified</i>	44.02	51.61
Family Size (%)		
<i>1 to 3</i>	29.35	47.06
<i>4 to 7</i>	65.76	45.10
<i>7 or more</i>	4.89	7.84
HUD AMI		
<i>less than 50% below AMI</i>	30.98	40.00
<i>between 50-79% below AMI</i>	42.93	34.84
<i>between 80-100% below AMI</i>	22.83	20.65
<i>greater than 100% AMI</i>	3.26	4.52

Outcome (n=339)	Still in Counseling (n = 184)	Unknown Outcome (n=155)
Education (HH) (%)		
<i>0-8</i>	41.76	35.29
<i>GED/HS</i>	35.71	28.10
<i>Vocational Certificate/Some College/Associates</i>	4.95	11.11
<i>Bachelor's or Greater</i>	17.58	25.49
Type of Loan servicer (%)		
<i>National Banks that were part of the Foreclosure Settlement</i>	60.33	66.45
<i>Other National Banks</i>	28.80	25.81
<i>Regional</i>	10.87	7.74
Reason for Default (%)		
<i>Reduction/Loss of Income</i>	67.93	60.65
<i>Loan Payment/Expenses Increased</i>	7.07	7.10
<i>Illness or Death of Family Member</i>	5.98	6.45
<i>Other</i>	17.93	18.06
<i>Not in Default</i>	1.09	7.74
Loan Status at Contact		
<i>Current</i>	22.83	32.26
<i>30 to 60 days late</i>	10.87	9.03
<i>61 to 90 days late</i>	14.67	7.74
<i>91 to 120 days late</i>	8.70	7.74
<i>120 days late or more</i>	42.93	43.23
Interest Type		
<i>Fixed Rate currently under 8%</i>	40.98	49.03
<i>Fixed rate currently 8% or greater</i>	3.83	4.52

Outcome (n=339)	Still in Counseling (n = 184)	Unknown Outcome (n=155)
<i>ARM currently under 8%</i>	40.44	36.13
<i>ARM currently at 8% or greater</i>	14.75	10.32
Loan Type		
<i>Interest Only</i>	29.35	23.87
<i>Hybrid Loan</i>	25.54	17.42
<i>Option ARM</i>	17.39	12.26
<i>VA or HFA Insured</i>	10.33	17.42
<i>Privately Held</i>	37.50	47.10

In general, who were removed from the sample have comparable characteristics to those who remained. Specifically, along dimensions of specific import for the analysis at hand (i.e., race, ethnicity, Spanish language preference), there are no discernible differences between the two groups. Differences do arise, however, with respect to family size and loan status. Sixty-five percent of households who were still in counseling at the end of the study period reported families with between four and seven members, a larger percentage than all other sample groups. Importantly, those who were still in counseling at the end of the study period, as well as those with unknown outcomes, reported the largest periods of default: over 40% in each group were 120 days or more late on their mortgage payment. Compared to those who remained in the sample, these groups were in perhaps more difficult financial positions, given their number of family members and their loan status at contact. Thus, results of this study are biased towards households who were slightly better off financially at the inception of foreclosure counseling. In addition, although removing households with unknown outcomes is necessary for interpretability of results, the power of the study is dramatically decreased as result of removing half of the original sample. However, because of its mixed method approach, the current study

remains generalizable to community-based agencies engaged in foreclosure counseling with Latino populations.

Turning to households who remained within the study sample, over three-quarters self-identified as Latino, while 56% of the sample did not identify with a racial category. This lack of identification with a race is not surprising: Latino's tend to identify ethnically and do not typically subscribe to American racial interpretations, at least not as 1st generation immigrants⁷. Twelve percent (appx. 19 households) had an identifiable ITIN number on file. Nearly 40% of household heads in the sample did not have a high school or equivalent education, indicative of the potential vulnerability of these households in the housing market. Sixty one percent of households had a mortgage from a national bank that was part of the National Foreclosure Settlement⁸, indicating that their mortgages may have been particularly susceptible to financial malpractice. Yet, approximately 53% of households had a fixed mortgage loan with an interest rate under 8%. Over half (59%) of all households reported reductions or losses in income as their primary reason for default, commiserate with the fact that two-fifths of households in the sample earned below 50% of the Seattle area median income. Table 3.4 lists all sample demographic characteristics by outcome.

⁷ For an in-depth exploration into Latino/Hispanic ethnic and racial identity, see Mora (2014)

⁸ For more on the National Foreclosure Settlement, see http://www.justice.gov/ust/eo/public_affairs/consumer_info/nms/

Table 3.3
NFMC Client Characteristics by Outcome

Outcome (n=149)	Lost House (n = 47)	Kept House (n=102)
Avg Duration in Counseling (days)*	63.87	43.69
Avg Age of Household Head	40.32	44.19
Avg Household Income per year (\$)	\$43,117	\$46,007
Avg PITI at Intake	\$1,921	\$1,724
Prefer Spanish (%) **	91.49	70.59
Hispanic (%)	89.36	75.49
ITIN (%)	8.51	14.85
Race (%)		
<i>Other Race</i>	10.64	12.75
<i>White</i>	29.79	32.35
<i>No Race Specified</i>	59.57	54.9
Family Size (%)		
<i>1 to 3</i>	38.29	36.27
<i>4 to 7</i>	51.06	55.88
<i>7 or more</i>	10.64	7.84
HUD AMI		
<i>less than 50% below AMI</i>	38.3	45.1
<i>between 50-79% below AMI</i>	38.3	29.41
<i>between 80-100% below AMI</i>	21.28	19.61
<i>greater than 100% AMI</i>	2.13	5.88
Education (HH) (%)		
<i>0-8</i>	37.78	39.22
<i>GED/HS</i>	37.78	34.31
<i>Vocational Certificate/Some College/Associates</i>	4.44	4.9
<i>Bachelor's or Greater</i>	20	21.56
Type of Loan servicer (%)**		
<i>National Banks that were part of the Foreclosure Settlement</i>	51.06	66.67
<i>Other National Banks</i>	27.66	28.43
<i>Regional</i>	21.28	4.9
Reason for Default (%)***		
<i>Reduction/Loss of Income</i>	44.68	66.67
<i>Loan Payment/Expenses Increased</i>	10.64	7.84

Outcome (n=149)	Lost House (n = 47)	Kept House (n=102)
<i>Illness or Death of Family Member</i>	6.38	7.84
<i>Other</i>	38.3	11.76
Not in Default	0	5.88
Loan Status at Contact		
<i>Current</i>	46.81	52.94
<i>30 to 60 days late</i>	8.51	4.9
<i>61 to 90 days late</i>	6.38	5.88
<i>91 to 120 days late</i>	12.77	2.94
<i>120 days late or more</i>	25.53	33.33
Interest Type		
<i>Fixed Rate currently under 8%</i>	42.55	58.82
<i>Fixed rate currently 8% or greater</i>	10.64	2.94
<i>ARM currently under 8%</i>	31.91	29.41
<i>ARM currently at 8% or greater</i>	14.89	8.82
Loan Type		
<i>Interest Only</i>	30.43	15.69
<i>Hybrid Loan **</i>	34.04	11.76
<i>Option ARM</i>	17.02	10.78
<i>VAorHFInsured</i>	12.77	20.59
<i>PrivatelyHeld***</i>	14.89	50.98

Note: * refer to significant correlation with outcome at $p=.05$ (*).
 $p=.01$ (**), or $p<.001$ (***)

Discussed in depth in section IV of the current study, a household with an ITIN number was described by foreclosure counselors as particularly vulnerable in the foreclosure mitigation process, as it was typically indicative of an undocumented household head. Interestingly, holding an ITIN number had no discernible correlation with outcome. This is likely due to the

low number of households within the sample who are identified as having an ITIN ($n = 19$).⁹ Further, although households may present with an ITIN number, it does not indicate absence of a social security number. Conversely, it is possible that household heads who held an ITIN did not present it, or that the number was not recorded during intake. Although comprising a small part of the sample, ITIN is included in the logistic regression analysis due to its reported significance in the qualitative interviews. Further, Spanish language preference is likely a suitable proxy for denoting both ethnicity and immigration status as it is associated with recent immigration (Rumbaut, Massey, & Bean, 2006).

Binomial Logistic Regression

Table 3.4 below offers results for the binomial logistic regression analysis. Coefficients are exponentiated for interpretability. Results indicate that the loan servicer and structure of the mortgage at intake has a significant impact on the odds of losing your home, despite receiving foreclosure counseling and net of other factors. Within the current sample, a mortgage serviced by a regional bank, compared to a mortgage serviced by a NFSB, increases the odds of a household losing their house by a factor of .19 ($p=.05$). A hybrid mortgage at intake increases the odds of a household losing their home by a factor of .29 ($p=.05$). Alarming, a privately held mortgage at intake, referring to a mortgage serviced by a non-bank entity, increases the odds of losing your home by a factor of 4.42 ($p<.001$). This is very significant, but not unexpected, given the nature of the foreclosure crisis: non-bank servicers arose in response to the “homeownership expansion” and made a business of selling mortgages with high interest rates and low loan-to-value ratios. Although beyond the scope of the current paper, future research on the effects of

⁹ At the inception of the NFMFC's implementation by El Centro, the foreclosure counseling staff who were in place were apt to include ITINs as part of household case files. However, the current staff are aware that this is an easy way for a household to be tracked by government agencies, as NFMFC case data is directly reported to HUD, who can in turn report individuals to the Department of Homeland Security and the like. In order to protect their clients, and retain a certain amount of plausible deniability, the foreclosure counseling staff at El Centro does not include ITIN numbers on any paper documentation. As a result, the number of identifiable households with ITINs in the data are far below the number actually receiving services.

the foreclosure crisis would benefit from a deeper exploration of the role of private mortgage servicers.

Table 3.4
Binomial Logistic Regression Results

	Exp. Coef.	95% Confidence Interval	Std. Error	z-value	Pr(> z)	
(Intercept)	6.87	0.75	3.35	0.65	2.95	0.00 ***
Duration	1.00	0.00	0.01	0.00	0.10	0.92
Spanish	0.32	-2.54	0.03	0.64	-1.80	0.07
ITIN	1.46	-0.93	1.84	0.69	0.54	0.59
Hybrid	0.29	-2.44	-0.07	0.60	-2.06	0.04 *
Privately Held	4.42	0.48	2.61	0.54	2.77	0.01 **
Increased Expenses+	1.56	-1.20	2.13	0.84	0.53	0.60
Illness/Death+	1.15	-1.44	1.92	0.84	0.16	0.87
Other+	0.28	-2.33	-0.28	0.52	-2.48	0.01 **
No Default+	7440000.00	-127.76	NA	1510.00	0.01	0.99
Other National⊕	0.83	-1.14	0.79	0.49	-0.38	0.71
Regional⊕	0.19	-3.12	-0.37	0.69	-2.43	0.01 **

Note. + referent = reduction/loss of income | ⊕ referent = National Foreclosure Settlement Banks (NFSB). Signif. codes: *** 0.001; ** 0.01; * 0.05

El Centro was chosen as a case study site because it provides services in Spanish and is highly regarded by the Latino community for its ability to provide services in culturally appropriate ways. Analysis results regarding Spanish language preference are therefore particularly surprising: Spanish language preference increases the odds of losing your house by a factor of .32 ($p=.01$), net of other factors. Further, recall from the section above that an ITIN number, while not correlated with outcome, was described as a significant part of the foreclosure counseling experience at this agency during qualitative interviews. Analysis indicates

that having an ITIN increases the odds of losing your home by a factor of 1.46, although the result is not statistically significant. However, ITIN numbers are related to another variable within this analysis. Foreclosure counselors reported that some reasons for default were not easily captured by the categories listed in their reporting templates. Specifically, the “other” reason for default category was used to indicate when a household (1) involuntarily lost someone in the household due to an immigration issue and (2) when the mortgage in question was secured using an ITIN. Importantly, results indicate that having an unknown reason for default, compared to a reduction or loss in income, increases the odds of a household losing their home by a factor of .28 ($p = .05$).

The analysis above indicates that, in addition to loan structure and origination, a household’s language preference and immigration status increases the odds of that household losing its home. How can it be that having a Spanish language preference makes a household more susceptible to losing their home, despite receiving services in their own language in an agency renowned for its work within the Hispanic/Latino community? Quantitative results also indicate that the odds of losing one’s home increases if there is an undisclosed reason for default. Clearly, this “other reason for default” category is capturing issues within this sample that warrant further exploration. In order to investigate these complex quantitative findings further, the next sequence in the analytic approach brings to bear qualitative in-depth semi-structured interviews.

IV. Qualitative Results

The data for the qualitative portion of the current study are derived from four in-depth, semi structured interviews conducted with the entirety of the foreclosure counseling staff at El Centro, as well as the agency’s executive director. The interview questions ranged in topics from descriptions of the staff member’s job responsibilities and training to describing the hardest and easiest cases they have ever worked on. In addition, questions were asked regarding the two

quantitative puzzles described above: 1) the role of language preference in foreclosure counseling outcomes, and 2) the significance of the “other” reason for default. Responses were coded using the five major question themes from the interviews. These questions are used to organize the results from qualitative analysis, given below.

The Effect of Language Preference on Foreclosure-Counseling Outcomes

Quantitative analysis of El Centro’s NFMC data indicates that the odds of losing a house increase with Spanish-language preference, net of other factors. Interviews with staff provided additional insights into the impact of Spanish-language preference on foreclosure counseling outcomes:

“A lot of our homeowners do not speak English as a first language, and so it’s hard to navigate a system where, for us [English speakers] even at times, it’s a challenge. So for someone who can’t even speak the language...it’s just another barrier for them.” (Foreclosure counselor 1)

For the Spanish-language preferring foreclosure counseling clients at El Centro, the agency is often times the only way they can interface with the English-only financial world. Buying and sustaining a home becomes exponentially problematic when you do not speak the dominant language. The staff at El Centro is aware that the limitations presented by language far surpass the ability of the household to communicate. Often times, language preference is indicative of recent immigration, which brings additional complications regarding identity documentation and a household’s ability to interface with the myriad systems required to secure financial well-being.

A central concern for immigrant households is its ability to identify itself. This concern is related to the second major puzzle from the quantitative analysis. As mentioned briefly above, when the foreclosure counseling staff were asked about the significance of the “other” reason for default category, they indicated that it typically stands for two specific household circumstances for their clients. The first was described as a situation in which the household has involuntarily lost a family member as a result of an immigration issue (such as deportation). Far more

frequently, however, the “other” classification was indicative of a household securing their now troubled mortgage with an individual tax identification number (ITIN) in lieu of a social security number, making modification of the mortgage near impossible.

“When folks come in the door, I would say 40-50% of the foreclosure caseload are ITIN [*Individual Tax Identification Number*] borrowers. And navigating financial systems with an ITIN is very challenging. And I feel as though immigrants, or anyone that speaks English as a second language...were targeted by mortgage brokers. Because...everyone wants the American Dream of owning a house, right?” (Homeownership Center Manager)

Households who used an ITIN to secure their mortgages during the housing bubble frenzy now find themselves in the precarious position of having a mortgage that cannot be linked to a real person using standard identification criteria:

“*[Regarding borrowers who obtained their mortgages with an ITIN]* That has been, I think, one of the main challenges in this foreclosure process. And we still don’t know how we’re going to get over that hump. And it’s a big one that’s gonna cause a lot of our community to lose their home...servicers are asking...how can we modify a loan if we can’t identify really who this is?” (Foreclosure Counselor 1)

“Right now I'm in a mediation that has been in process for almost a year. And a lot of it has been held up due to, unfortunately, the immigration status of this homeowner...We've finally reached out to the Attorney General of our state to see what help they can offer us...but at this point we're at a standstill.... We've gotten responses from the lender stating that its not due to anything of their immigration status. It really comes down to of missing documents, which is a tactic many lenders use, and have used in the past, to stall any resolution on properties or accounts.” (Foreclosure Counselor 2)

During the data collection process, the number of ITINs that appeared in either the paper or electronic NFMC client case files at El Centro¹⁰ was counted. In total, only fifty (50) ITINs were identified in the files, out of 498 total NFMC participants. When asked about why staff felt nearly half of all clients held an ITIN while only 50 were found in clients’ files, foreclosure-counseling staff reported that the discrepancy was due to temporal differences in

¹⁰ ITINs and SSNs have the same number of digits (9), but ITINs always start with the number 9, whereas SSNs do not. Thus, ITINs can be easily discerned from SSNs.

implementation: prior foreclosure-counseling liberally recorded ITIN's, while the current team was more judicious with the numbers it recorded.

Challenges of Mortgages Secured with ITIN Numbers

According to staff members, a large number of the households that walked into the foreclosure-counseling department at El Centro hold mortgages secured using ITIN numbers. According to the IRS, ITINs are issued for tax filing purposes only and have not ever been valid for identification, at any time (<https://www.irs.gov/Individuals/General-ITIN-Information>). Yet, in the lead up to the foreclosure crisis, El Centro's clients often secured their mortgages using this very form of identification:

"They [*households*] were able to get their loans many, many years ago and now the servicer's aren't looking at files because of a discrepancy in a social security number...." (Foreclosure Counselor 1)

Much has been written about the predatory lending practices that lead up to the foreclosure crisis, but this is perhaps the first account of how those practices operated in immigrant communities. El Centro staff has reported that many of their clients were able to secure mortgages using ITINs, but now find themselves in the untenable position of holding an unsustainable mortgage without the ability to modify it.

"I honestly have seen it [happening the most] after the Consumer Financial Protection Bureau changes have come out, which was January 2014. Because prior to this year, we were able to obtain loan modifications for these types of homeowners without any issue." (Foreclosure Counselor 1)

In response to the lax documentation practices that lead up the foreclosure crisis (<http://www.justice.gov/ust/national-mortgage-settlement>), and in order to enforce compliance to new identity requirement stipulated by the so-called war on terror (http://www.ffiec.gov/bsa_aml_infobase/pages_manual/olm_011.htm), the Consumer Financial Protection bureau (CFPB) requires that mortgage lender be exceptionally thorough when it comes to identity documentation. As a result, households that once used their ITINs for financial transactions are finding that they are no longer recognized as persons in that very same

system. The regime of documentation that has developed as a result of the foreclosure crisis and the so-called war on terror has excluded whole segments of the population from accessing services for which they are eligible and entitled. This comment is a telling description of how federal policy aimed at mitigating the effects of the foreclosure crisis backfired on some of the most vulnerable households attempting to navigate its aftermath.

Finding no redress in foreclosure mitigation policy, households who secured their mortgages with an ITIN are left to navigate the remnants of their American Dream, turned nightmare, on their own:

“And so it’s now in some situations that these folks are getting victimized twice. They’re getting victimized by deceptive mortgage brokers to sign on to mortgages that they shouldn’t have had or maybe couldn’t have afforded in the first place, and utilizing erroneous information. And now they’re being victimized again because the bank is like, ‘We’re not going to recognize your ITIN number, and therefore we’re not going to consider you for a loan modification, and your only option is to be foreclosed on.’” (Homeownership Center Manager)

An ITIN was sufficient identification for households purchasing a house prior to the foreclosure crisis, even though it has always been illegal to use an ITIN for identification purposes.

Tragically, the foreclosure crisis and the “war on terror” have resulted in security measures that now prevent these households from using foreclosure mitigation programs to help them get out of the precarious financial positions they find themselves in. As a result, though eligible for the tools used in foreclosure mitigation counseling, such as loan modifications, these households will be subject to the foreclosure nonetheless.

When Foreclosure Counseling *Does Not Work*

Given El Centro’s clientele base and its community accountability mission, foreclosure-counseling staff have had to adapt their techniques to address the specific needs of their predominantly Latino, immigrant, Spanish-speaking clients. Despite their extensive experience with these vulnerable households, and their general success,¹¹ El Centro’s staff finds that

¹¹ El Centro’s Homeownership Center saw 20% of its clients keep their home as a result of foreclosure counseling, compared to 9.6% who lost their home.

foreclosure counseling was not built with their community in mind. For example, the time allotted by funders for counseling delivery does not take into account the complexity of the financial lives of El Centro's clients and the time needed to make a proper accounting of it:

“...Funding structures don't accommodate for the length of time that it can take for a resolution. And that length of time can take long because maybe a homeowner isn't a typical homeowner. Like, maybe they have 3 or 4 sources of income that is a little bit more challenging to provide documentation for. Or maybe they are a small business owner that's never had to prepare a profit and loss [statement] before....Can you imagine how hard it might be if I have 3 or 4 sources of income and every time I come in its like 2 to 4 weeks apart and so I'm constantly having to bring in new, updated information? It's sort of not worth it.”
(Homeownership Center Manager)

El Centro, as an agency, has developed a specialization in the lived experiences of a specific group of people in order to deliver services in a way that is more responsive to their needs. That type of tailoring and sensitivity requires time to execute. This comment suggests that foreclosure mitigation counseling is not flexible enough to either document the sometimes financially complex lives of immigrants.

In addition to inadequate funding structures, the very nature of foreclosure prevents foreclosure mitigation counseling from being as effective as it could be with El Centro's community. For example, the amount of competing information regarding government-sponsored programs can oftentimes work against foreclosure counselors:

“I feel like there are some things that happen were we get a little sabotaged. Like, we're working with someone and they're in mediation...and we've gotten them a trial modification. And they, for whatever reason stop communicating...we pick up the communication, and it turns out that they got so freaked out by so much other information that they chose to do a short sale on a property.”
(Homeownership Center Manager)

Conflicting information can be so overwhelming that, though a household has tentatively obtained the outcome they were looking for from foreclosure counseling, they abandon the prospect of successful resolution for something less scary:

“And it's like, 'But you got to keep the house, which is what you told me that you wanted' ...People are just inundated with information. They don't know who to trust.” (Homeownership Center Manager)

Further complicating matters, mis-information makes it difficult for financially vulnerable households to discern whom they can trust:

“And, there's conflicting information, right? And there's scammers. And so, when someone is getting told like seven different messages about one thing, they sort of have to navigate ‘Who do I believe?’” (Homeownership Center Manager)

Anecdotal evidence from both foreclosure counseling staff and clients indicates that misinformation also called into question the trustworthiness of households' social networks. These informal discussions indicated that a primary way that predatory lending worked in the Latino/Hispanic, Spanish-language preferring communities served by El Centro was through word of mouth. Individuals and organizations looking to profit from the subprime mortgage market would look for ways to quickly build trust in these communities, then spread the misinformation their products were based off of. For example, during informal conversations, foreclosure counseling staff indicated that many in El Centro's community bought their house through mortgage brokers that hired Spanish-speaking community members who assured their neighbors that everything about these programs was valid and legal:

“So, a ton of folks are signing information that they didn't know or understand what they were signing, but the person sitting across from them were telling them, "This is an ok thing, this is going to help you get your house." Of course I'm not gonna tell you if anything that I'm doing is illegal or not because I might be making my dollars until I can't make my dollars anymore, and then I'm out.” (Homeownership Center Manager)

Having been the recipients of faulty information in the past regarding housing and homeownership, El Centro's clients now find that their ability to trust people/groups/organizations claiming to have the solution to their financial problems has been severely strained.

Efficacious Foreclosure-Counseling

El Centro's foreclosure counseling clients and staff, in order to mitigate and ideally avoid foreclosure, must navigate complex systems that were not built with their demographic characteristics in mind. Language preferences, issues with identification documentation,

difficult to document work arrangements, all of these require both expertise born out of several years of practice, as well as strategies and tools that have been proven effective in securing desirable foreclosure mitigation outcomes. As a result, the overall success rate of El Centro's NFMC implementation (20% of clients retain their homes) is noteworthy. What experiences has staff found to be most effective in making this 20% a reality? The first is working with servicers who have a vested interest in the community:

“In the past, we did have one servicer that had a local homeownership center...we were able to build a relationship with a single point of contact there. It made it just a little bit easier. We had direct contact there who knew us by our first names: ‘Hi X, hi Y, this is the scoop on this.’” (Foreclosure Counselor 1)

Although likely an exception to the norm, working with a mortgage servicer that is both aware and willing to work with the challenges impacting a community's financial well-being is instrumental in facilitating the navigation of foreclosure mitigation.

A second practice foreclosure counseling staff at El Centro find increases the effectiveness of foreclosure mitigation counseling involves sharing their client's stories. Communicating what they learn from client cases to organizations that have political power within local, state, and national housing policy arenas helps El Centro maintain a concrete pathway between practice and policy:

“It [foreclosure mitigation counseling] also works well when we are able to take experiences that homeowners have to other entities, like the Washington State Attorney General's office, or perhaps legal aid, or perhaps the National Council of la Raza and say ‘Hey, this is happening. Cut it out. Do what you can do in your power system to make it stop.’” (Homeownership Center Manger)

An example of this practice is the on-going struggle with ITIN mortgages. El Centro staff have communicated the difficulties they have experienced mitigating these mortgages to Washington State law organizations. These non-profit law entities (many of whom have their own programs to help distressed homeowners out of foreclosure) have begun to build a class action suit with which to address the issue at the state level.

Lastly, perhaps the most discussed practice involved in successful foreclosure mitigation counseling at El Centro involves building an effective rapport with the clients themselves. Dealing with foreclosure is a challenge for any household, yet the challenge when the best way to mitigate the foreclosure is through an undesirable outcome for the household, such as relinquishing ownership of the property. The foreclosure counseling staff at El Centro has had to develop a practice style that can effectively communicate the reality of a household's financial situation while offering hope of recovery:

“I wish I could say foreclosure counseling works well when people get to keep their house. But, if someone can't afford to be in their house, then that's not the best option for them... Housing counseling works well when we are able to communicate effectively... I tell staff, ‘We are in the unfortunate position of having to tell people things they don't want to hear. And sometimes we have to tell them those things over and over again.’” (Homeownership Center Manger)

Bringing to bear over 40 years of service to the Latino/Hispanic, Spanish-language preferring community in Seattle, WA, El Centro has built a repertoire of tools and strategies that have facilitated its implementation of the NFMC program. As a result, El Centro has been able to effectively avoid foreclosure in 20% of the cases it has seen since it began NFMC implementation. The final area of inquiry in the qualitative portion of this study involves understanding these strategies in the context of the specific needs of El Centro's client base.

El Centro's Response to Foreclosure-Counseling Client Needs

After 5 years of implementing NFMC, El Centro's foreclosure counseling staff have identified three key practices that help increase the chances of a successful foreclosure mitigation: working with mortgage servicers who are vested and embedded in the community, maintaining a reciprocal pathway between practice and policy, and developing an effective client-communication style. El Centro serves a client base struggling to make claims to social citizenship through the seminal American transaction of purchasing a home. As such, how does El Centro modify its implementation of NFMC to take this into account? It does so by implementing a three-pronged strategy that capitalizes on its practice strengths and builds an

effective platform for policy advocacy. The three strategies are: 1) developing and delivering culturally appropriate services, 2) building an on-site knowledge base, and 3) strategic advocacy.

The first strategy El Centro employs involves developing culturally appropriate practices with regard to the foreclosure counseling services it provides:

“There is a difference between having language and knowing and participating and being familiar with culture. We’re culturally appropriate. And we have that sensitivity.” (Homeownership Center Manager)

This cultural participation and sensitivity permeates the delivery of services administered by the foreclosure counseling staff at El Centro. One example involves the concurrent implementation of a culturally significant practice known as a “lending circle” to aid households recovering from the financial damage caused by undergoing foreclosure proceedings. Lending circles are a common practice in Latin America, referred to colloquially as “tandas” or “asociaciones,” depending on the country. A group of people come together and loan each other money, each taking their turn depending on what was decided by the group. El Centro has taken up practice and, with the help of a partner agency, turned it into a zero-interest, zero-fee loan that can be used to establish or improve credit:

“Lending circles...it is basically a group of people get together and they loan each other money. It's a very common practice in most Latino cultures...basically we are taking the value of the social capital within the immigrant community and we're bringing it from the margin to the center. We're basically recording previously unrecorded activity to the [credit] bureaus.” (Homeownership Center Manager)

Importantly, households can use either a SSN or an ITIN as identification to access a loan through this strategy. In this way, El Centro is using its knowledge of the Latino/Hispanic community to aid in the financial recovery from the foreclosure crisis while simultaneously advancing the economic interests of its clients and the community as a whole.

Interviews with foreclosure counseling staff also indicate that the national trainings programs they are required to attend, both for NFMC and pre-purchase counseling, do not take into account the culturally specific needs of El Centro’s clientele:

“I don’t think any of the trainings I have ever attended has ever addressed that: cultural difference. In some ways, it’s very narrowly focused on looking at every homeowner or household as the same; everyone operates the same. And, obviously, for us it’s so not that. And so, it’s like, taking those trainings and hearing what I learn from them with a grain of salt at the same time, because I know that it can’t always be tailored to the type of people that we serve every day.” (Foreclosure Counselor 2)

El Centro’s organizational commitment to working with the Spanish-language preferring, Hispanic/Latino population often means that they are dealing with issues not often seen in other foreclosure housing counseling agencies. Varying immigrant statuses, language needs, and the concurrent issues that arise mean that foreclosure counselors at El Centro must develop specialized tools and strategies to effectively work with their clients. The second implementation strategy developed by El Centro as result is an on-site knowledge base of best practices. Staff at El Centro learn more on the job than through mandated trainings, which translates into an ever-deepening service specialization that remains unparalleled in the region by becoming the pre-eminent agency in the region serving Latinos, especially in their own language and with an appreciation for the cultural context in which they operate.

This service specialization strategy often places El Centro in a tenuous position in relation to both its funders and the greater non-profit community. Specifically, when working with potentially allied political interests, El Centro cannot build relationships with pertinent organizations if it refers to its clients as “immigrants.” Instead, the organization has had to develop a different vocabulary with which to effectively advocate on behalf of the community it serves, a kind of strategic advocacy:

“The way that I’m able to have conversations with folks who are at different institutions that can influence policy is, I can talk to them as ‘consumer protection,’ ‘consumer rights.’ The minute I talk about it as, ‘this group of immigrants was taken advantage of,’ it falls on deaf ears. So, it’s very interesting who will listen when, based on what word.” (Homeownership Center Manger)

El Centro’s third implementation strategy, strategic advocacy, involves generalizing the lessons of their on-site knowledge building strategy. Specifically, when discussing their clients to allied interests, El Centro staff must flatten the complexity of their clients into a package that makes

them comparable to other households in the housing market. At first glance, this will likely be seen by many as smart and strategic - obviously advocacy organizations want to build the largest coalition possible by describing their community's needs as similar to those of many others. However, this can result in a policy development and/or implementation process that neglects the characteristics that made these households vulnerable in the first place: differing language preferences, issues with identification documentation, etc. Strategic advocacy, while helpful in scaling up mainstream concerns, can omit powerful differences that result in the perpetuation of policy gaps, ascertaining continued financial difficulty in vulnerable communities.

V. Discussion

The current study aimed to investigate the relationship between the unique demographic characteristics of Latino/Hispanic households and foreclosure counseling outcomes. Using a case study approach, paired with a sequential mixed method design, the study brought together administrative data from the implementation of NFMC at the agency "El Centro" between 2007 and 2013, as well as semi-structured in-depth interviews with the agency's foreclosure counseling staff. Three research questions were posed, pertaining to both the effectiveness of foreclosure counseling with Latino/Hispanic households as well as the mechanisms through which foreclosure counseling operates in these communities.

The first question asked whether race, ethnicity, and language preference impacted the outcome of foreclosure mitigation counseling. Results from the current case study indicate that having a Spanish language preference increases the odds of losing your home, despite receiving foreclosure mitigation services, net of other factors. While race and ethnicity variables did not indicate a differential impact on foreclosure counseling outcomes, results do show that the presence of an ITIN (as captured through the "other" reason for default variable) increases the odds of losing your home. The second research question asked how street level bureaucrats implemented foreclosure mitigation policy when providing services to immigrant Latino

households. Results show that a three-pronged approach which includes (1) developing and delivering culturally appropriate services, (2) building an on-site knowledge base, and (3) strategic advocacy has resulted in specialized service delivery able to navigate the complex needs of immigrant Latino, and particularly Spanish-speaking, households.

Results from the quantitative portion of the study indicate that foreclosure counseling is moderately successful with low-income Latino/Hispanic households. While 20% of the households within the administrative data sample kept their homes, compared to 9.6% who did not, Spanish language preference increased the odds of losing a home. In addition, indicating an “other” reason for default resulted in a .28 increase in the odds of losing a home within the sample. Qualitative analysis of the in-depth interviews indicates that this “other” reason for default is most commonly associated with using an ITIN to secure a mortgage, which prevents a household from modifying the mortgage under the NFMC program. As a result, though eligible for the tools used in foreclosure mitigation counseling, such as loan modifications, these households will be subject to the foreclosure nonetheless. This points to the precariousness of housing for immigrant, Spanish language preferring Latino communities as a direct result of the foreclosure crisis. This precarity is based on tenuous claims of legitimacy that these households have attempted to make, through their pursuit of homeownership. In other words, the foreclosure crisis has resulted in a denial of social citizenship to immigrant, Spanish-language preferring households.

In order to address the issues faced by the community they serve when dealing with foreclosures, El Centro has developed a three-pronged implementation approach to NFMC that capitalizes on their agency strengths while building an advocacy platform with which to inform further NFMC policy development. This implementation approach involves (1) building culturally appropriate services, (2) developing an on-site knowledge base of best practices, and (3) employing strategic advocacy.

Employing a case study design allows for the identification of policy gaps that may have previously been indiscernible. Indeed, one of the utilities of the case study approach is its ability to deeply engage with specific populations or groups that might be under-represented in larger studies. This depth of engagement facilitates the examination of phenomenon relevant to applied social science inquiry for the purposes of ameliorating social issues. Comparing the results of this study with prior NFMC evaluations, results suggest that race and ethnicity, proxied in the current study by the language preference variable, is perhaps a greater factor in determining foreclosure-counseling outcomes than previously indicated.

The current study shines new light on the experiences of Latino/Hispanic households during the lead up to the foreclosure crisis, and within the principal consumer-level policy response that sought to ameliorate it. The study also offers crucial information about the issues immigrant populations who prefer to speak another language navigate while attempting to avoid foreclosure. Interviews with El Centro's staff indicate that the lead up to the crisis saw households with a Spanish-language preference targeted for mortgage products that were secured with information that could not legally be used for identification purposes (ITINs). Updates to financial transaction identification requirements by entities like the CFPB and the Department of Homeland Security make it impossible for these households to modify their mortgages under the NFMC program. As a result, there is a significant policy gap within the NFMC program that omits the conditions under which potentially thousands, if not millions, of households acquired their mortgages during the housing bubble frenzy of the late 1990s-early 2000s. Further research into the quantity and quality of mortgages secured under these auspices, as well as policy pathways for property retention, is of paramount importance.

Despite receiving services in their preferred language within a culturally sensitive agency, households with a Spanish language preference in this sample saw a greater relative risk of losing their home. This finding suggests that households who prefer to speak Spanish are more susceptible to a variety of mortgage default issues that foreclosure counseling alone can

not help mitigate: irreparable loan products secured with improper identification documentation, problematic interactions with financial institutions, and the compounding issue of immigration status. Future research examining the mechanisms by which households with Spanish language preference acquired and defaulted on their mortgages may offer more insight into the types of services that may be needed to support Latino/Hispanic households, as well as other immigrant communities, in retaining their piece of the American Dream.

It is important to note that more households were able to retain their homes than not in the current sample ($n = 102$ compared to $n=47$, out of a total $n= 488$). While many households were still receiving services at the end of the study period, these numbers suggest that approximately half of those households ($n = 252$) may very well be able to retain their homes or otherwise find a favorable outcome by receiving foreclosure counseling. Admittedly, the NFMC program does not consider the sale of a distressed property an unsatisfactory outcome, particularly if it leaves a household financially better off than retaining an unsustainable loan. However, the results of the current study indicate that loan characteristics alone do not adequately explain a counseling outcome resulting in the relinquishing of a property. Demographic factors are uniquely important in understanding where foreclosure counseling falls short of facilitating home retention.

The current study is not without limitations. Foremost is that the data included here are from the implementation of the NFMC program in one city, in one agency, and are thus not conclusively generalizable. However, these findings are important enough to merit consideration for how to re-imagine foreclosure counseling with immigrant populations. The centrality of Spanish language preference in increasing the risk of losing a home is emblematic of a failure by foreclosure counseling to mitigate structural barriers to effective housing market participation for Latino/Hispanic households, and indeed may suggest the same for other vulnerable communities. While the case study approach presents limiting factors for broader

generalizability, it allows for social scientific inquiry into areas of social life that may otherwise go unheeded.

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Conclusion

The social work profession was founded to support the continued development of a democratic nation in the midst of profound change. Social policy, in particular, was understood by the profession's founders to be the principle mechanism through which social issues are addressed in the United States: social policy creates and mitigates the "environmental forces that create, contribute to, and address problems in living (NASW, 2015). Founding social workers developed significant levels of expertise in the problem identification, development, implementation, and evaluation of social policy and, as a result, were responsible for the institutionalization of many of the social programs we are fighting to maintain today, such as social security and public housing (Rodriguez et al., 2016).

The shift away from policy that has occurred over the last several decades (see Rodriguez et al., 2016) has also resulted in a shift away from some of the topics that were once central to the profession. In particular, labor, poverty, and housing have all suffered a dearth of social work scholarly and professional attention since the 1960s. Interestingly, the critical role of housing in daily life has been demonstrated in the social welfare literature (see for example, Clampet-Lundquist, 2003; Luken & Vaughan, 2003; Reilly & Woo, 2003), albeit peripherally. Little social welfare scholarship has extended our knowledge base on the factors surrounding the development of housing policy and the impact of that policy on the populations we serve. The lack of housing policy research within social welfare is particularly troubling in light of the recent foreclosure crisis.

Housing policy is the nexus at which structural barriers and historical social disparities meet. The primary goal of social welfare scholarship centered on housing policy in general, and the foreclosure crisis in particular, then, is moving social policy toward the extension of social citizenship to those purposely excluded. Foreclosure mitigation policies must be examined to understand if and how disparities and barriers in access to foreclosure mitigation services might

have been alleviated or reinforced in the face of the greatest economic crises since the Great Depression.

This dissertation sought to strengthen the social welfare field's knowledge base regarding the development and impact of foreclosure mitigation policy. In particular, the dissertation illustrates the multiple levels at which policy operates, as well as highlights the various aspects of the policy process cycle, by examining the development and implementation of the National Foreclosure Mitigation Counseling (NFMC) program. Because the policy process cycle is a heuristic tool used to show how policy develops, the project also employs the social construction in policy design theory (Schneider & Ingram 1997) to help explain how and why certain groups may have been more affected than others by foreclosure mitigation policy. Thus, the current dissertation pairs two policy-process theories to form a conceptual framework that helps explain how marginalized groups may be left out of the NFMC program's purview.

The dissertation project had three aims. The first was to investigate whether patterns exist in the spatial distribution of foreclosures, given language use, race, and ethnicity in Washington State zip codes. The second aim was to juxtapose policy assumptions in foreclosure mitigation policy to the demographic reality of households most impacted by the foreclosure crisis. The third aim was to analyze the implementation of foreclosure mitigation policy in a community potentially left out of the policy's purview. The three papers in this dissertation investigate the policy process, and its impacts, from all three levels of social work practice: macro, mezzo, and micro.

The first paper, "A Spatial Analysis of Foreclosure in Washington State: The Importance of Nativity in Understanding the Foreclosure Crisis," examines the effect of nativity on Washington foreclosure rates. Three research questions are asked:

1. What are the racial, ethnic, and language characteristics of zip codes with high percentages of foreclosure rates in Washington state?

2. How does language preference and English proficiency impact the preponderance of foreclosure?
3. Are Spanish speakers more likely to face foreclosure in Washington State?

Results indicate, between 2008 and 2013, the year 2010 had the highest foreclosure rates, with approximately 20 out of every 1,000 housing units being foreclosed on. Foreclosure hotspots, i.e., the 20 zip codes with the highest foreclosure rates in each year of study (2008 to 2013), were found to have large shares of poor and foreign-born households. Interestingly, spatial autocorrelation analysis indicates that foreclosure rates, ethnicity, and language preference are clustered spatially. Multivariate multiple regression analysis shows that speaking Spanish does not increase foreclosure rates, but that the percentage of the population who speaks a language other than English, is Black, and/or is a foreign born non-U.S. Citizen does. Given that a higher percentage of Spanish-speakers was a predictor of decreased foreclosure rates, future research would do well to further investigate the specific populations being adversely impacted.

The second paper, "Can we afford the American Dream? The Social Construction of Homeowners during the 2007 Foreclosure Crisis," extends paper 1 by analyzing the developmental process of foreclosure mitigation policy and investigating how American homeowners were socially constructed. Using the social construction in policy design theory developed by Schneider and Ingram (1997), three research questions are asked:

1. Are homeowners divided into subgroups with differing social construction?
2. If so, by what mechanisms?
3. What are the implications of those constructions given what is known about the relationship between foreclosure trends, race, ethnicity and language preference?

Using congressional hearings, the NFMC enactment policy, and qualitative hypothesis coding, results indicate that homeowners were indeed subdivided into three groups, demarcated

through the groups' economic and social identities. Middle-class homeowners were the primary policy targets: the advantaged group. These received the majority of NFMC benefits: intervention between themselves and their lender, the ability to restructure a defaulting loan, etc. Subprime borrowers, composed predominantly of low-income households and households of color, were socially constructed as dependents: they were in default through no fault of their own. They were "duped" into mortgages they should never have had as a result of their poor financial knowledge, warranting federal intervention on their behalf. That intervention was means-tested, however, and tempered by many concessions to the contenders blamed for their situation: lenders. The last group of homeowners was at one time socially constructed as deviant, but during the course of the foreclosure crisis mitigation hearings began emerging as contenders: Latinos. This is evidenced by the fact that, while represented at half of the sample hearings by the National Council of La Raza, these Latino representatives were not invited to dialogue during the same. The implication is that Latinos were politically powerful enough to be at the table, but not so powerful as to be directly asked about their circumstances. As a result of these constructions, the homeownership expansion policies that precipitated the foreclosure crisis increased access to homeownership without making it sustainable. Specifically, while the "homeownership" construction was open for new members, the mainstream image of the American "homeowner" was not.

The final paper, "Foreclosure Mitigation Counseling in Low-Income Latino Communities: Insights from Seattle, Washington" uses a mixed-method case study design to examines the consequences of homeowners' social construction during the implementation of the NFMC program in a community-based social service agency predominantly serving Latino households. The paper poses two research questions. The first asks whether race, ethnicity, and language preference impacts the outcome of foreclosure mitigation counseling. Results indicate that having a Spanish language preference in a foreclosure counseling setting increases the odds of losing your home, despite receiving foreclosure mitigation services in Spanish, net of other

factors. Race and ethnicity variables did not indicate a differential impact on foreclosure counseling outcomes; however, results indicate that the presence of an ITIN (as captured through the “other” reason for default variable) also increases the odds of losing your home. The second research question asks how street level bureaucrats implemented the NFMC program when providing services to immigrant Latino households. Results indicate a three-pronged approach: (1) developing and delivering culturally appropriate services, 2) building an on-site knowledge base, and 3) engaging in strategic advocacy efforts. Results from the quantitative portion of the study indicate that foreclosure counseling is moderately successful with low-income Latino/Hispanic households.

Papers two and three, taken together, also offer an interesting perspective on the development of Latinos as a political force. Paper 2 shows that Latinos during the course of foreclosure mitigation hearings were invited to the table, but not invited to dialogue about the issue at hand; Paper three indicates that foreclosure counselors have to hide the ethnicity and immigration status of their Latino clients and present them instead as victimized “consumers.” These two findings point to a tension in the process of a group developing a political voice, specifically in regard to the varying scales at which social constructions operate. On the one hand, advocacy groups at the national level actively deploy group identity, working to change the group’s current construction as a means toward building power on the national scale. Conversely, groups at the local level hide group identity as a result of the smaller scale: building power in this arena requires coalition-building across difference, which requires accentuating commonalities and minimizing differences. Future work should engage in an in-depth exploration of these tensions and their implications for the social construction in policy design theory.

The evidence found through this dissertation research further highlights three key issues for American housing policy. The first is, heartbreakingly, not surprising: communities of color, immigrants, and low-to-moderate income households continue to reap the least benefit from

housing policy. Second, the aforementioned communities were disproportionately impacted by the foreclosure crisis. Even in Washington State, where the percentage of the population identifying as black is approximately 3.6% (ACS, 2012), a higher percentage of this group within a zip code result in staggering foreclosure rate increases over the entirety of the foreclosure crisis. Third, a key mechanism explaining both the disproportionality of the foreclosure crisis's impact and why marginalized households are reaping the least advantages from housing policy is the social construction of these groups. The great homeownership expansion sought to increase access to ownership specifically for these households, yet it remained unsustainable as a result of their implicit and/or explicit labeling as deserving or undeserving of policy intervention, based on assumed and/or implied qualities. In sum, the way American society views these groups has real and measurable impacts on the development, implementation, and evaluation of social policy.

What is the role of the social work profession in addressing these issues? Beyond raising awareness, the results of this research suggest an urgent need for the development of macro-level interventions that hone in on the implicit areas of policy development. Specifically, social welfare scholars and professionals are called to engage in real-time with the legacies of systemic racism by facilitating the development of social policies that equitably distribute the benefits and burdens of policy. Further, social welfare scholars are called to bring social scientific rigor to the analysis of the policy process and develop interventions that address the implicit aspects of the process, where the aforementioned groups most typically fall through the cracks.

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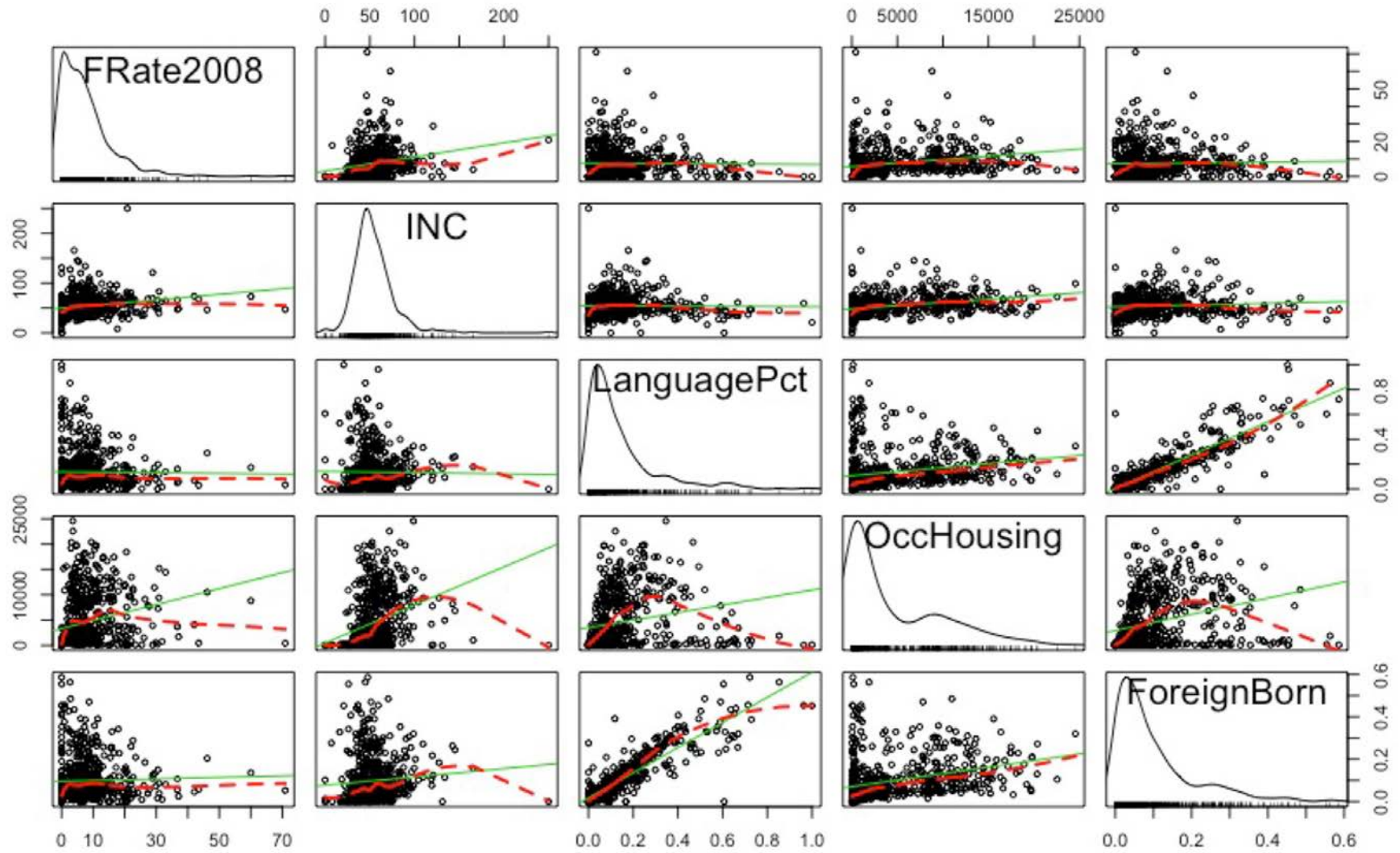
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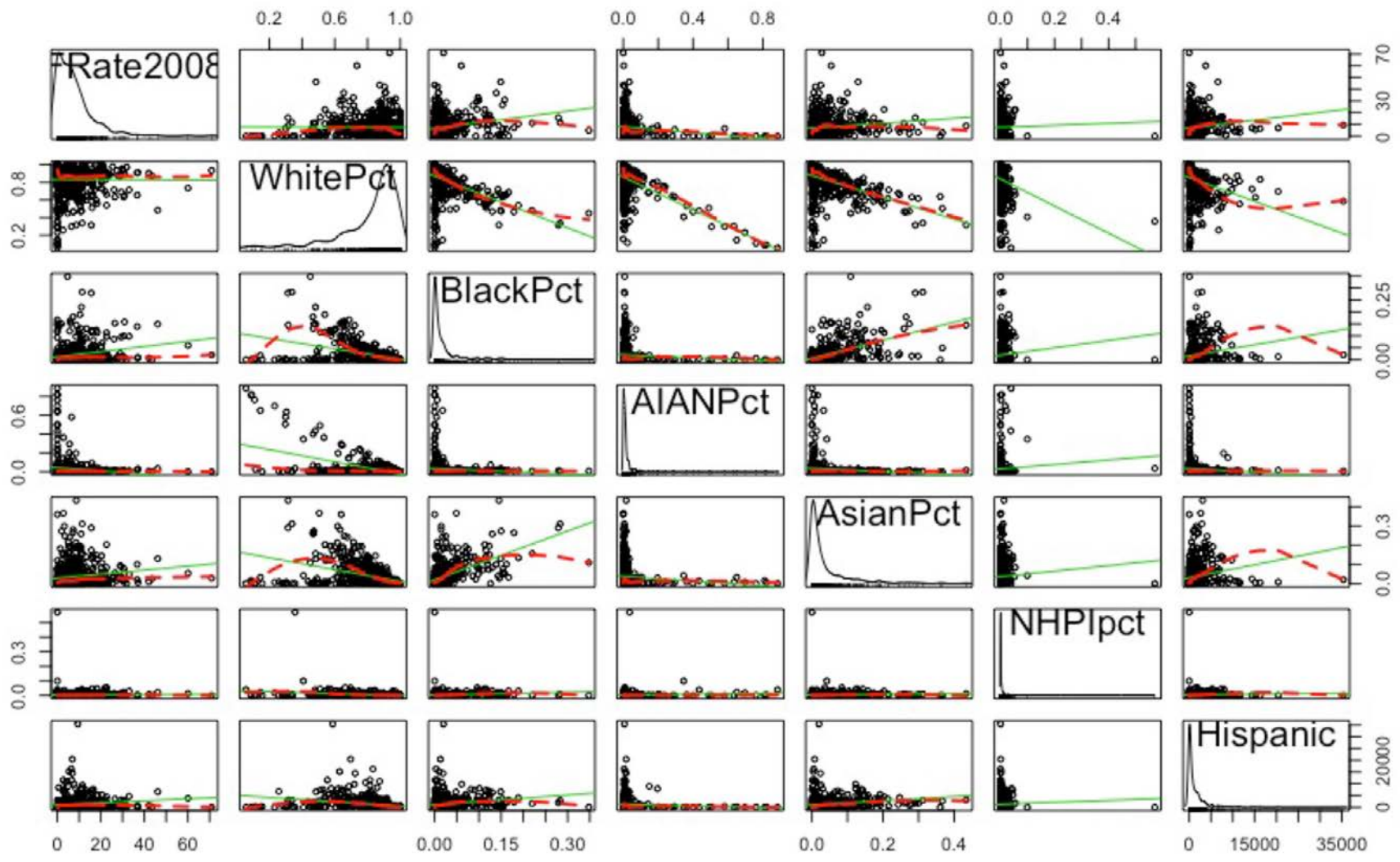
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APPENDIX A
SCATTERPLOT MATRICES DEPICTING THE RELATIONSHIP BETWEEN
FORECLOSURE RATES AND CORRELATED DEMOGRAPHIC VARIABLES

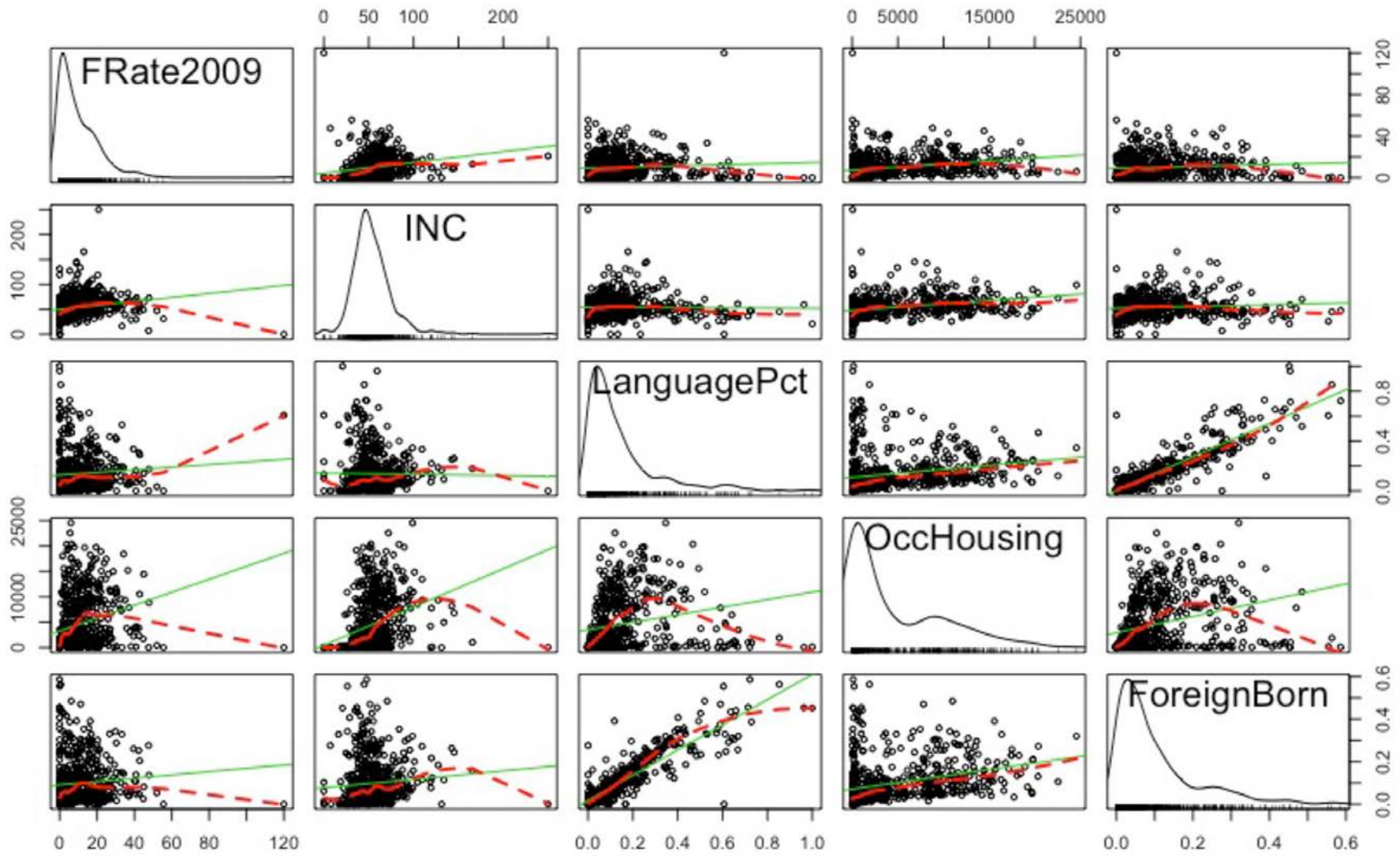
Relationship between 2008 Foreclosure Rates and Demographic Variables



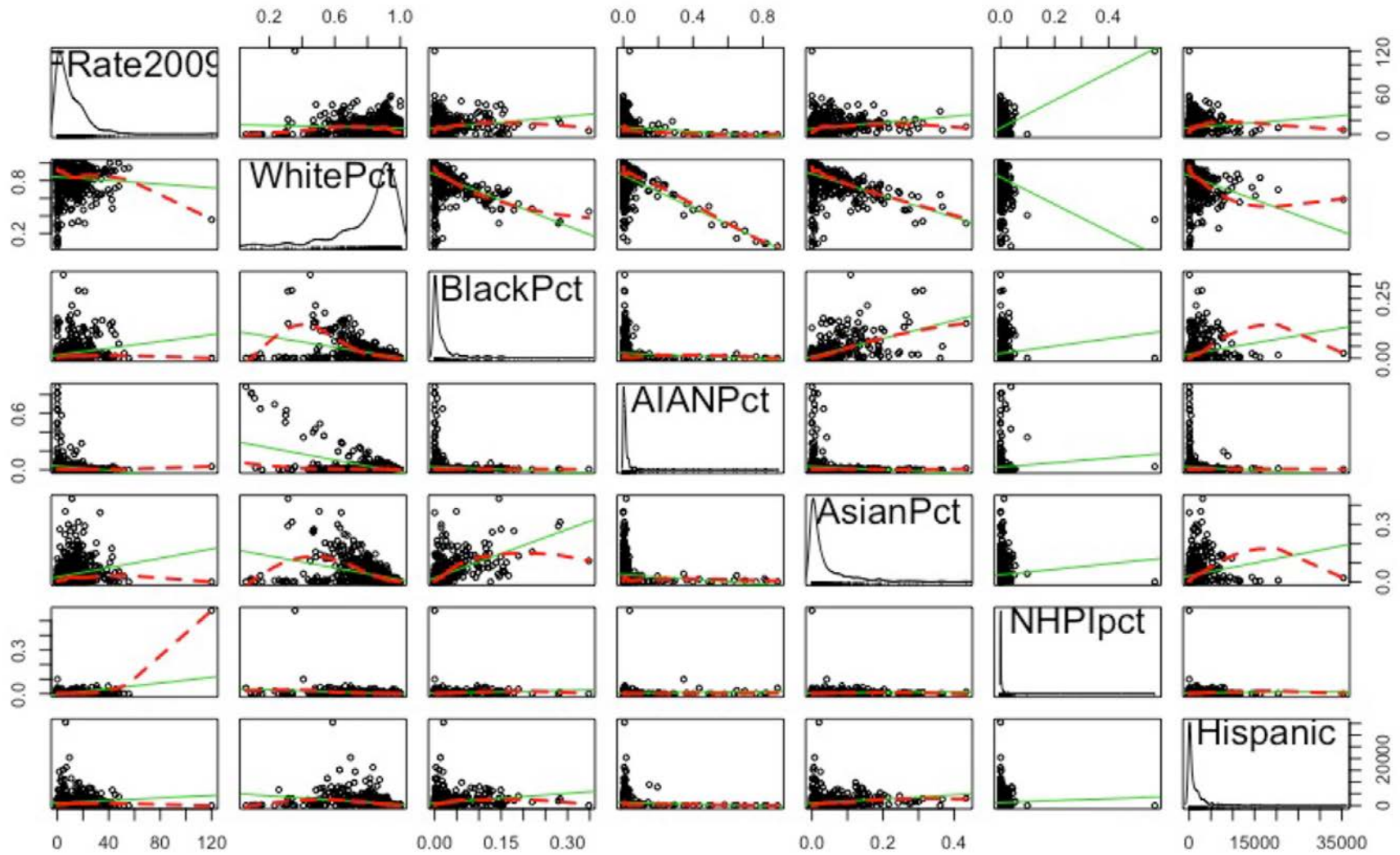
Relationship between 2008 Foreclosure Rates and Demographic Variables



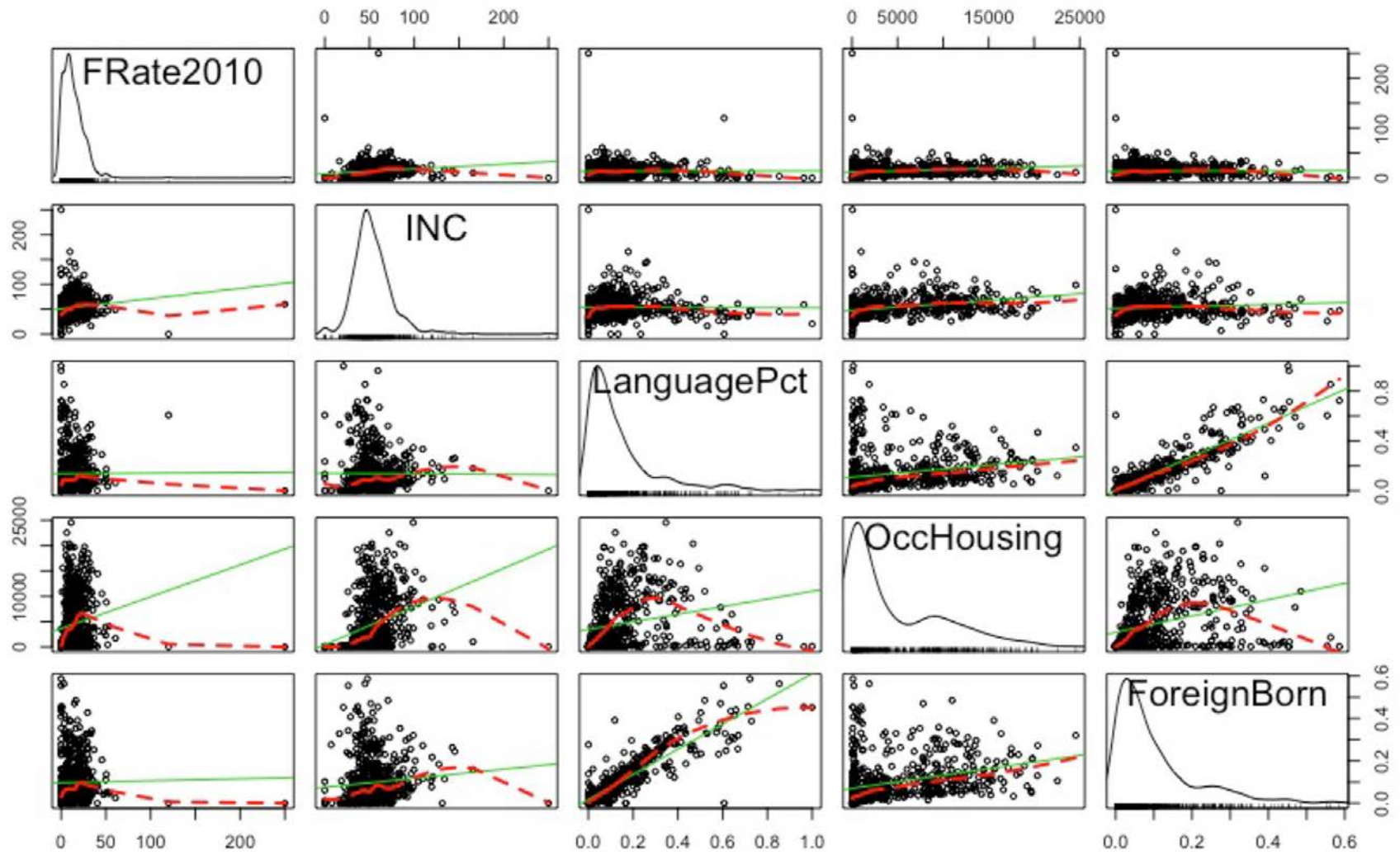
Relationship between 2009 Foreclosure Rates and Demographic Variables



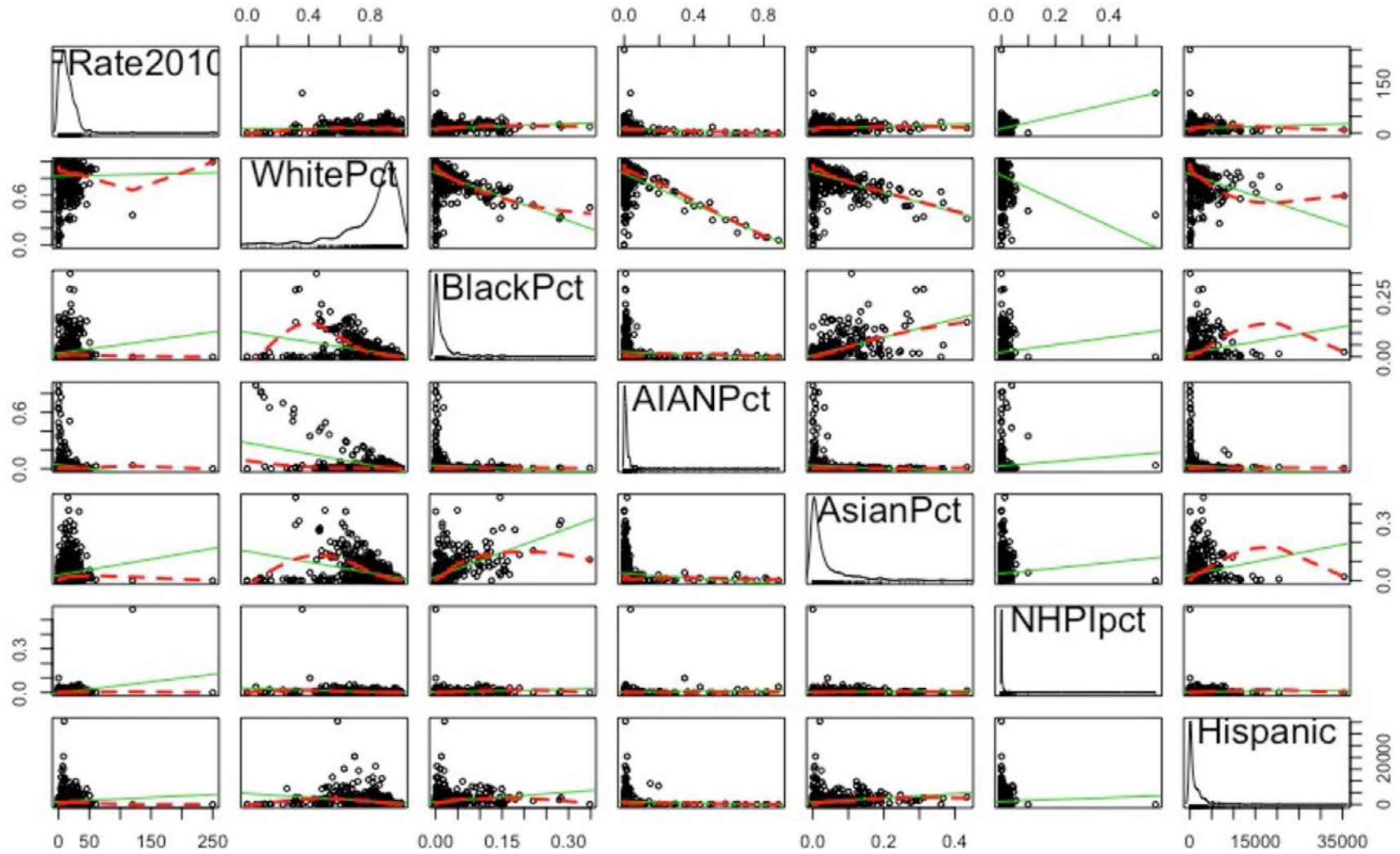
Relationship between 2009 Foreclosure Rates and Demographic Variables



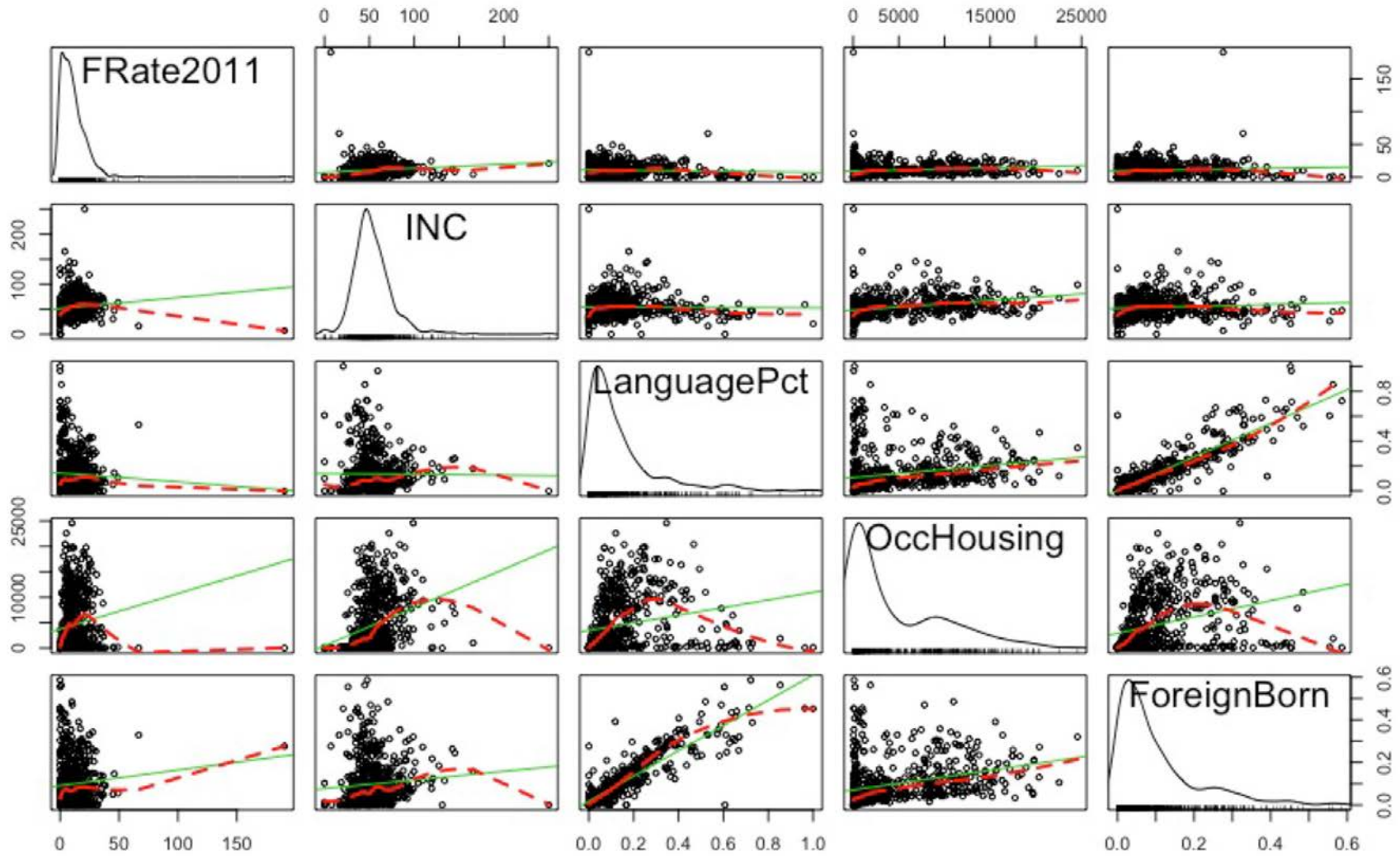
Relationship between 2010 Foreclosure Rates and Demographic Variables



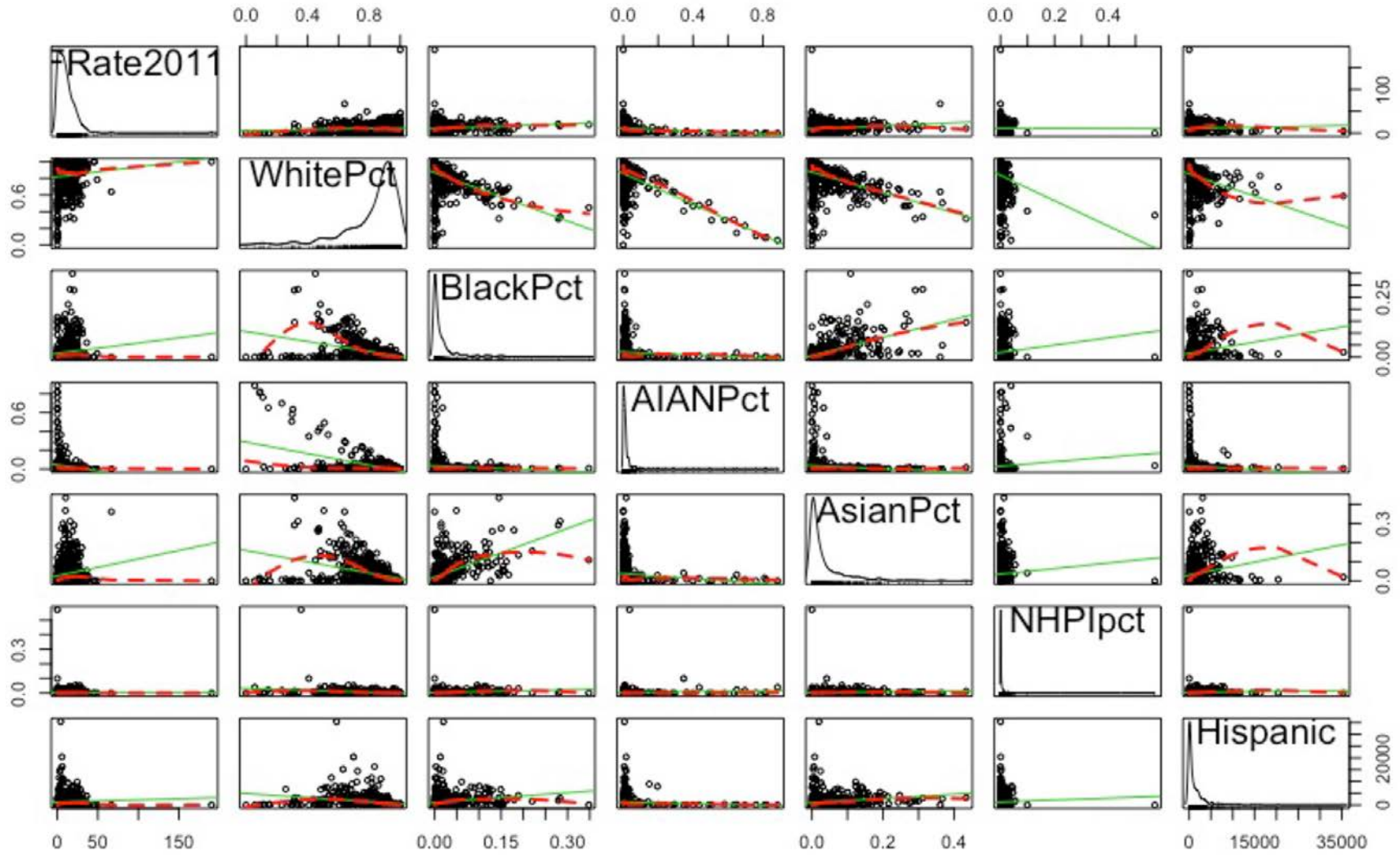
Relationship between 2010 Foreclosure Rates and Demographic Variables



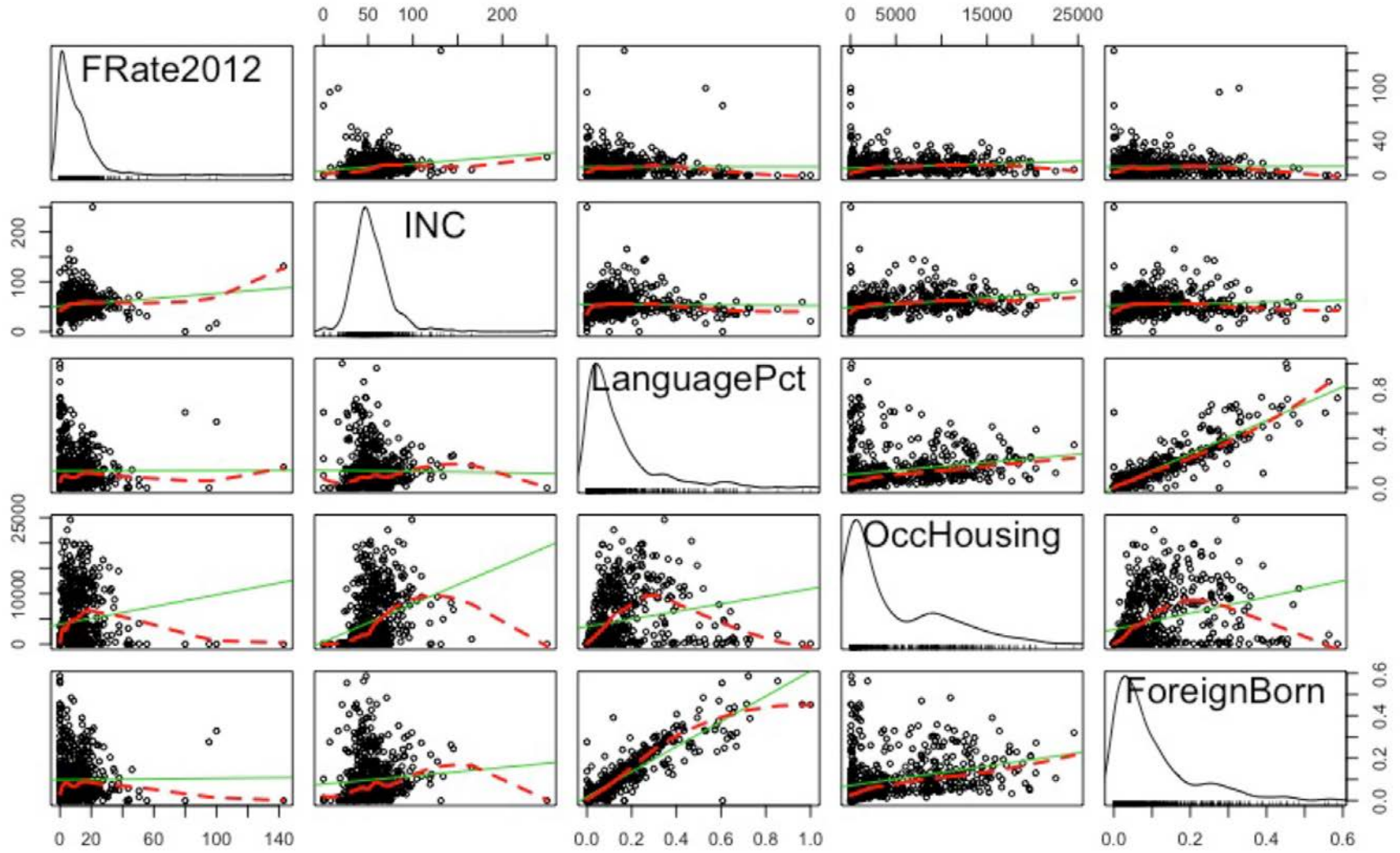
Relationship between 2011 Foreclosure Rates and Demographic Variables



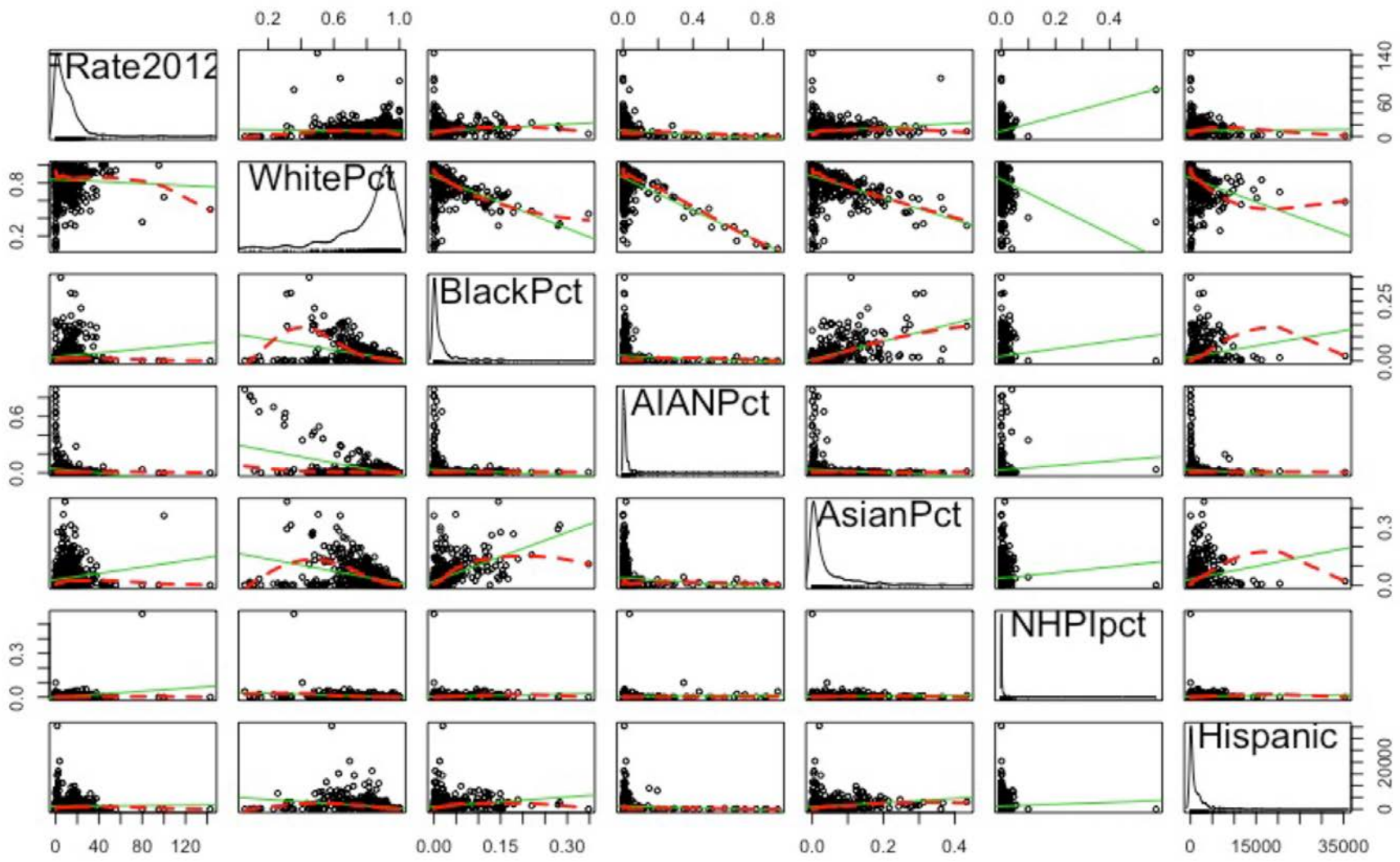
Relationship between 2011 Foreclosure Rates and Demographic Variables



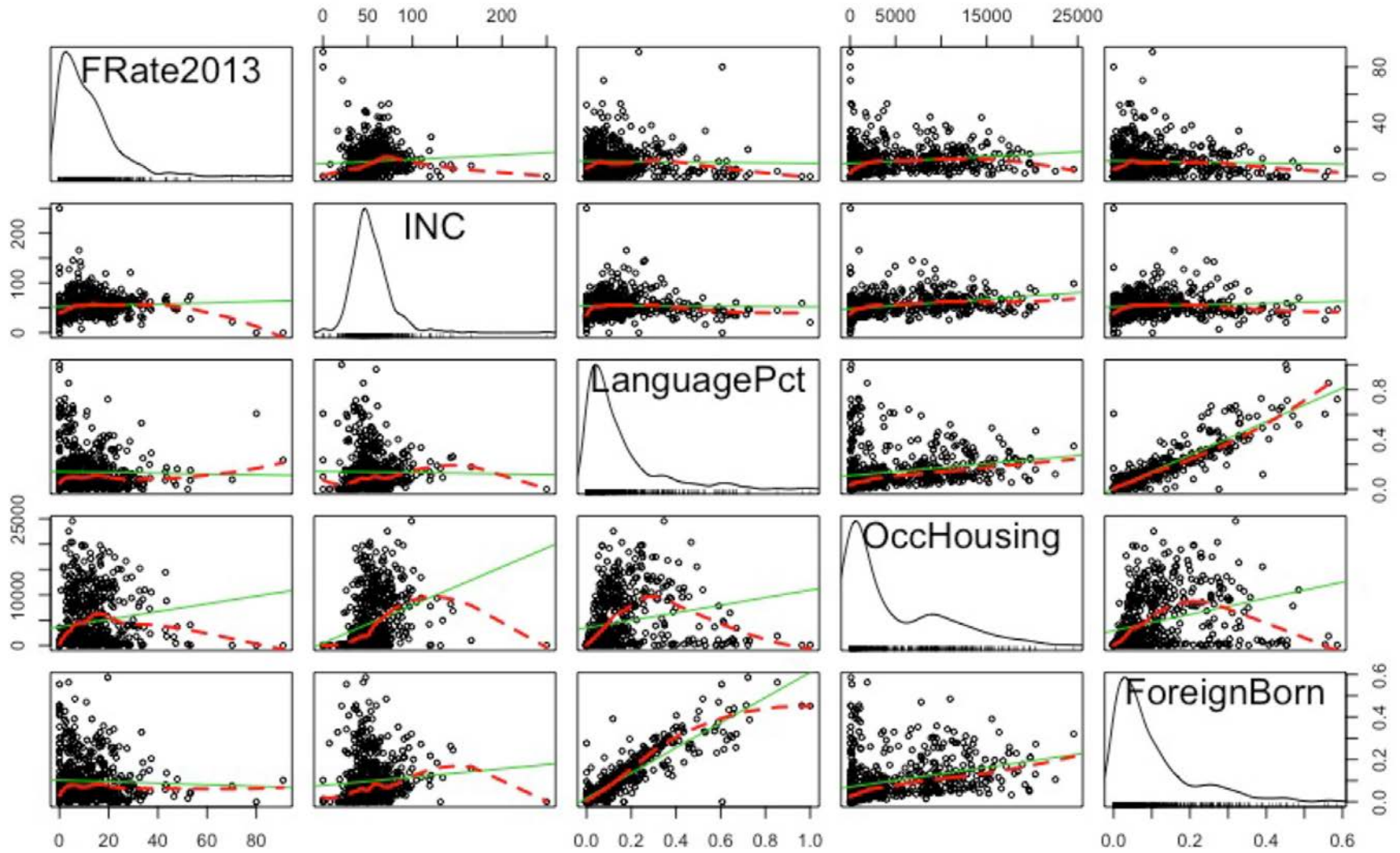
Relationship between 2012 Foreclosure Rates and Demographic Variables



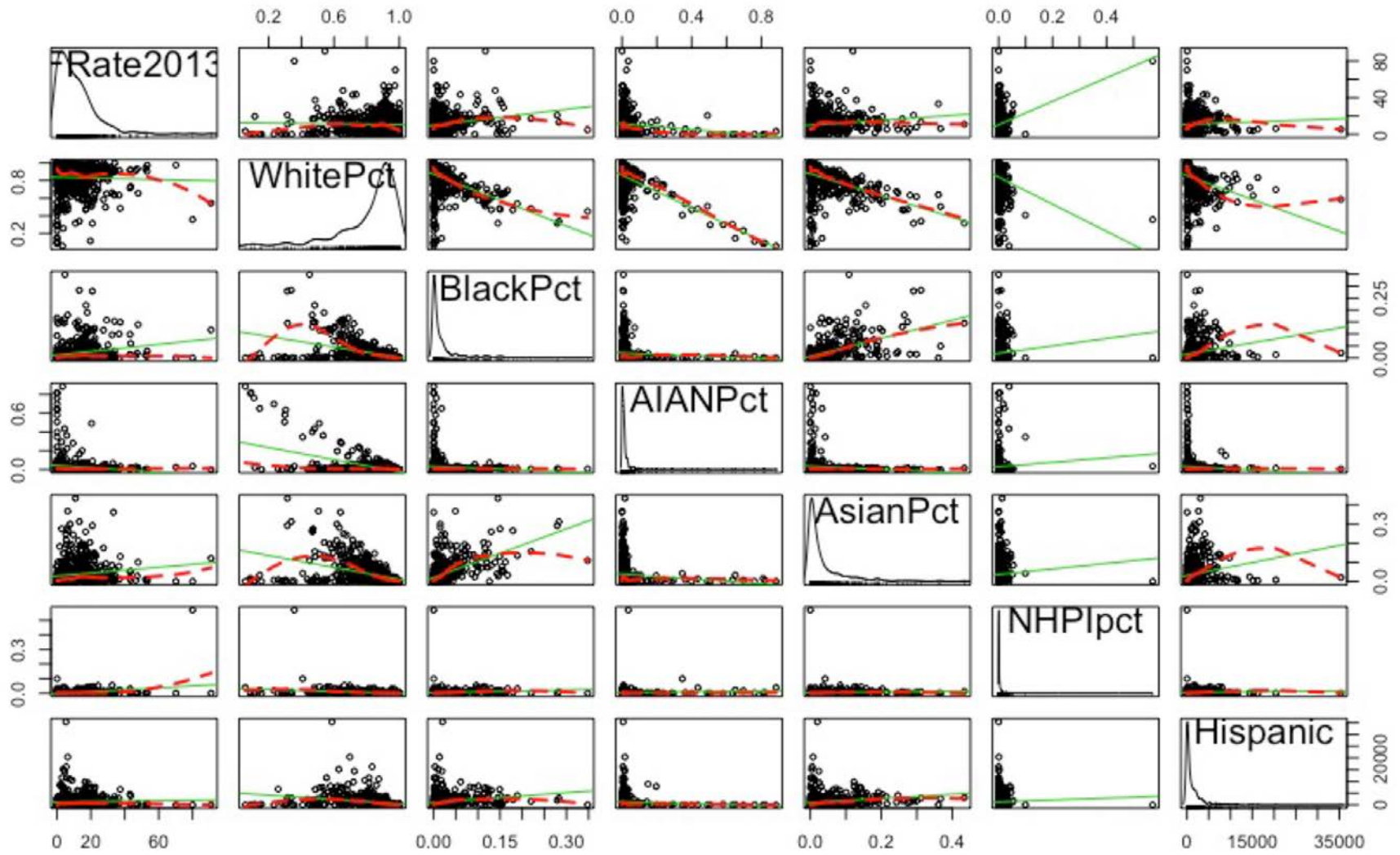
Relationship between 2012 Foreclosure Rates and Demographic Variables



Relationship between 2013 Foreclosure Rates and Demographic Variables



Relationship between 2013 Foreclosure Rates and Demographic Variables



APPENDIX B
YEAR-BY-YEAR TABLES

Table B.1
Multivariate Multiple Regression Results for 2008 Foreclosure Rates

	Estimate	Std. Error	t-value	Pr(> t)	
(Intercept)	19.010	3.592	5.292	0.000	***
Median Income	-0.019	0.038	-0.514	0.608	
% Speak Other Language	39.515	25.182	1.569	0.118	
% Rent Housing	-25.450	3.536	-7.196	0.000	***
% Black	103.948	11.849	8.772	0.000	***
% AIAN	-6.143	17.617	-0.349	0.728	
% Asian	-43.356	17.827	-2.432	0.016	*
% Poor	-0.109	9.894	-0.011	0.991	
% Speak Spanish	-34.781	21.528	-1.616	0.107	
% Do Not Speak English At All	-38.087	58.775	-0.648	0.517	
% Foreign Born	-56.692	31.588	-1.795	0.074	
%Foreign Born NOT Citizens	64.509	28.389	2.272	0.024	*

Note: Significance codes: '***' 0.001 '**' 0.01 '*' 0.05. Residual standard error: 897.5 on 348 degrees of freedom. Multiple R-squared: 0.286. Adjusted R-squared: 0.2635. F-statistic: 12.68 on 11 and 348 DF, p-value: < 2.2e-16.

Table B.2
Multivariate Multiple Regression Results for 2009 Foreclosure Rates

	Estimate	Std. Error	t-value	Pr(> t)	
(Intercept)	21.772	4.432	4.912	0.000	***
Median Income	-0.002	0.047	-0.044	0.965	
% Speak Other Language	79.524	31.070	2.559	0.011	*
% Rent Housing	-30.064	4.363	-6.890	0.000	***
% Black	91.929	14.620	6.288	0.000	***
% AIAN	-7.729	21.735	-0.356	0.722	
% Asian	-93.823	21.995	-4.266	0.000	***
% Poor	-6.644	12.207	-0.544	0.587	
% Speak Spanish	-82.593	26.561	-3.110	0.002	**
% Do Not Speak English At All	-44.024	72.516	-0.607	0.544	
% Foreign Born	-20.872	38.973	-0.536	0.593	
%Foreign Born NOT Citizens	38.015	35.026	1.085	0.279	

Note. Significance codes: '****' 0.001 '**' 0.01 '*' 0.05. Residual standard error: 1107 on 348 degrees of freedom. Multiple R-squared: 0.2829. Adjusted R-squared: 0.2603. F-statistic: 12.48 on 11 and 348 DF, p-value: < 2.2e-16.

Table B.3
Multivariate Multiple Regression Results for 2010 Foreclosure Rates

	Estimate	Std. Error	t-value	Pr(> t)	
(Intercept)	30.745	4.407	6.976	0.000	***
Median Income	-0.056	0.046	-1.214	0.225	
% Speak Other Language	50.759	30.895	1.643	0.101	
% Rent Housing	-34.769	4.339	-8.014	0.000	***
% Black	92.844	14.538	6.387	0.000	***
% AIAN	-9.138	21.613	-0.423	0.673	
% Asian	-74.705	21.871	-3.416	0.001	***
% Poor	-13.843	12.139	-1.140	0.255	
% Speak Spanish	-68.162	26.412	-2.581	0.010	*
% Do Not Speak English At All	-66.737	72.108	-0.926	0.355	
% Foreign Born	-21.908	38.754	-0.565	0.572	
%Foreign Born NOT Citizens	80.940	34.829	2.324	0.021	*

Note. Significance codes: '****' 0.001 '***' 0.01 '*' 0.05. Residual standard error: 1101 on 348 degrees of freedom. Multiple R-squared: 0.2925. Adjusted R-squared: 0.2701. F-statistic: 13.08 on 11 and 348 DF, p-value: < 2.2e-16.

Table B.4
Multivariate Multiple Regression Results for 2011 Foreclosure Rates

	Estimate	Std. Error	t-value	Pr(> t)	
(Intercept)	21.387	3.535	6.050	0.000	***
Median Income	-0.031	0.037	-0.842	0.401	
% Speak Other Language	53.905	24.783	2.175	0.030	*
% Rent Housing	-23.329	3.480	-6.703	0.000	***
% Black	65.856	11.662	5.647	0.000	***
% AIAN	-10.824	17.337	-0.624	0.533	
% Asian	-71.396	17.544	-4.069	0.000	***
% Poor	-10.548	9.737	-1.083	0.279	
% Speak Spanish	-73.383	21.187	-3.464	0.001	***
% Do Not Speak English At All	-15.162	57.843	-0.262	0.793	
% Foreign Born	-8.453	31.087	-0.272	0.786	
%Foreign Born NOT Citizens	47.443	27.939	1.698	0.090	

Note. Significance codes: **** 0.001 *** 0.01 ** 0.05. Residual standard error: 883.3 on 348 degrees of freedom. Multiple R-squared: 0.2812. Adjusted R-squared: 0.2585. F-statistic: 12.38 on 11 and 348 DF, p-value: < 2.2e-16.

Table B.5
Multivariate Multiple Regression Results for 2012 Foreclosure Rates

	Estimate	Std. Error	t-value	Pr(> t)	
(Intercept)	20.928	3.778	5.539	0.000	***
Median Income	-0.025	0.040	-0.631	0.528	
% Speak Other Language	35.482	26.486	1.340	0.181	
% Rent Housing	-23.284	3.720	-6.260	0.000	***
% Black	82.332	12.463	6.606	0.000	***
% AIAN	-1.811	18.529	-0.098	0.922	
% Asian	-58.455	18.750	-3.118	0.002	**
% Poor	-6.792	10.406	-0.653	0.514	
% Speak Spanish	-60.540	22.642	-2.674	0.008	**
% Do Not Speak English At All	8.047	61.818	0.130	0.897	
% Foreign Born	-15.772	33.223	-0.475	0.635	
%Foreign Born NOT Citizens	46.454	29.859	1.556	0.121	

Note. Significance codes: '***' 0.001 '**' 0.01 '*' 0.05. Residual standard error: 944 on 348 degrees of freedom. Multiple R-squared: 0.2555. Adjusted R-squared: 0.232. F-statistic: 10.86 on 11 and 348 DF, p-value: < 2.2e-16.

Table B.6
Multivariate Multiple Regression Results for 2013 Foreclosure Rates

	Estimate	Std. Error	t-value	Pr(> t)	
(Intercept)	27.97084	4.03149	6.938	1.95E-11	***
Median Income	-0.068	0.042	-1.596	0.111	
% Speak Other Language	20.538	28.262	0.727	0.468	
% Rent Housing	-29.407	3.969	-7.409	0.000	***
% Black	105.455	13.298	7.930	0.000	***
% AIAN	-9.500	19.771	-0.481	0.631	
% Asian	-41.833	20.007	-2.091	0.037	*
% Poor	-7.395	11.104	-0.666	0.506	
% Speak Spanish	-41.023	24.160	-1.698	0.090	
% Do Not Speak English At All	-7.604	65.962	-0.115	0.908	
% Foreign Born	-36.281	35.451	-1.023	0.307	
%Foreign Born NOT Citizens	68.105	31.861	2.138	0.033	*

Note. Significance codes: '****' 0.001 '***' 0.01 '**' 0.05. Residual standard error: 1007 on 348 degrees of freedom. Multiple R-squared: 0.2779. Adjusted R-squared: 0.2551. F-statistic: 12.18 on 11 and 348 DF, p-value: < 2.2e-16.

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EDUCATION

PhD **University of Washington** August 2016

Dissertation Title: Foreclosure Counseling with Latino Households: Policy Assumptions in a Changing Demographic Landscape

MSW **University of Pennsylvania** June 2010

Concentration: Macro Social Work Practice

BA **Alfred University** December 2005

Areas of Concentration: Clinical Counseling and Child Psychology

Minor: Critical Discourse Studies

AWARDS, HONORS, GRANTS, & FELLOWSHIPS

UW Graduate School Presidential Dissertation Fellowship	Spring 2016
UW GO-MAP Dissertation Fellowship	Fall 2015-Winter 2016
Population Reference Bureau, Policy Communication Fellowship	Summer 2015
Hubert Project Fellowship, University of Minnesota	Spring 2015
Institute of Translational Health Sciences (NIH TL1)	Summer 2014
University of Washington, West Coast Poverty Center Social Policy Research Fellowship	2012-2014
University of Washington, Graduate School Fund for Excellence and Innovation Fellowship	2011-2012

RESEARCH INTERESTS & EXPERIENCE

Interests

Housing (Federal housing policy, foreclosures, and affordable housing), demography (urban communities of color, immigration/migration of immigrants, consequences of demographic change) and mixed-methods research (Big data, supervised/unsupervised machine learning).

Experience

Trajectories of Households Receiving Foreclosure Mitigation Counseling 2013-2014

Principal Investigator

Lead a team of 3 in converting administrative data from implementation of a Federal foreclosure mitigation-counseling program into research data. Submitted and received approval of IRB application. Analyzed data using event history analysis methods.

Development of the National Housing Trust Fund Act of 2007 2012-2014

Principal Investigator

Lead a team of 4 in the content analysis of 63 Congressional Hearings from the Congressional Committee on Financial Services. Responsible for inputting results into R for automated content analysis of an additional 543 Congressional Hearings using supervised machine learning.

Northwest Justice Project, Seattle, WA Summer 2014

Research Consultant

Developed and executed a research plan to map foreclosure rates, using Arc Map 10.2, at the zip code and census tract level for Washington State for a group of four community-based service organizations. Funded by Washington State Department of Commerce.

Fred Hutchinson Cancer Research Center, Seattle, WA 2012-2014

Research Assistant

Analyzed quantitative and qualitative data sets pertaining to HIV/AIDS vaccine-research attitudes and awareness within communities of color, translated research materials from English to Spanish, and assisted in maintenance of fidelity to research protocols.

Hospital of the University of Pennsylvania 2010-2011

Clinical Research Assistant

Responsible for conducting all lab tests for eight clinical pharmaceutical trials, specimen retrieval, case report form management, subject screenings, and assisted with IRB and Sponsor reviews.

TEACHING INTERESTS & EXPERIENCE

Interests

Policy practice, community organizing, political process, contemporary socio-political movements, and critical pedagogy.

Experience

Macro Practice IV: Community & Organizational Change Practice, Sole Instructor Spring 2015

Responsible for all teaching materials, including readings, lectures, and class activities. Required generalist MSW course.

Macro Practice III: Organizational, Community, and Policy Practice, Sole Instructor Winter 2015

Responsible for all teaching materials, including readings, lectures, and class activities. Required generalist MSW course.

Intellectual and Historical Foundations of Professional Social work Practice, Sole Instructor Fall 2014

Responsible for all teaching materials, including readings, lectures, and class activities. Required generalist MSW course.

(TA) Fall 2012

Incoming Ph.D. Student Social Justice Orientation, Co-Facilitator

Focused on theories of social justice within social work scholarship and practice. Required Ph.D. student orientation.

September 2014, 2013, 2012

Introductory & Advanced Social Welfare Research & Evaluation, Course Tutor

Mentored graduate students to learn and use statistical software, develop and implement an original research design, and develop a final project proposal and report

Winter 2013

Spring 2014

Building Competencies for Intergroup Dialogue Facilitation, Teaching Assistant

Collaborated on curriculum development, co-facilitated exemplar IGD co-facilitation, and independently lead class sessions.

Fall 2012

Invited Lectures

Organizational, Community, and Policy Practice

Spring 2014

2014

Facilitated a graduate class discussion on the role of community organizing in social work practice, including an experiential learning exercise on the community organizing process.

2014 Facilitated a graduate class discussion on the role of community organizing in social work practice, which included a 45 minute experiential learning exercise on the community organizing process.

Community Service Learning

Winter 2013

Facilitated an undergraduate class discussion on the role of community organizing in social work practice, including an experiential learning exercise on the community organizing process.

Poverty and Inequality

Fall 2012

Facilitated class discussion on the role of social work practitioners and scholars in the development of federal housing policy. Lectured on theories of public policy development from agenda setting through policy implementation.

Intellectual and Historical Foundations of Professional Social work Practice

Fall 2011

Facilitated class discussion on the role of community organizing in social work practice, helped to debrief the film, "Poverty Outlaw."

PUBLICATIONS & PRESENTATIONS

Peer-Reviewed Publications

Rodriguez, M. Y., Ostrow, L., & Kemp, S. P. (2016). Scaling Up Social Problems Strategies for Solving Social Work's Grand Challenges. *Research on Social Work Practice*, 1049731516658352.

Rodriguez, Maria Y. (2014). "¿Podemos Darnos el Lujo del Sueño Americano? Can we afford the American Dream?" University of Minnesota: Hubert Project. Url: <http://www.hubertproject.org/hubert-material/354/>.

Under Review and In-Process

Rodriguez, M. Y. Policy Process Theory in the Age of Big Data: Applying data science methods to the study of the policy process. [*Under Review*]

Baker-Castro, A. & **Rodriguez, M.Y.** Capturing Meaning and Impact in Real-Time: Mixed Methods and Supervised Machine Learning in Big Data Policy Analysis [*Under Review*]

Rodriguez, M. Y. Does Foreclosure Mitigation Counseling with Low-Income Latino/a households Successfully Mitigate Foreclosure? [*In Process*]

Rodriguez, M.Y. Can we Afford the American Dream? The Social Construction of Homeowners in a Time of Demographic Change. [*In Process*]

Rodriguez, M.Y. A Spatial Analysis of Foreclosure in WA State: The Importance of Demographics in Understanding the Foreclosure Crisis. [*In Process*]

Reports

Rodriguez, M.Y. (2015) WA State Foreclosures: Rates, Numbers, and Demographic Characteristics at the Zip Code Level (URL: <https://www.nwjustice.org/washington-state-foreclosure-mapping-report>). Produced for the Northwest Justice Project.

Rodriguez, M.Y. (2015) WA State Foreclosures: Rates, Numbers, and Demographic Characteristics at the Neighborhood Level. Produced for the Northwest Justice Project.

Academic Presentations

Baker-Castro, A. & **Rodriguez, M. Y. (2015, November)** *From Epistemology to Public Policy: Checks and Balances on the Use of Big Data in Policy Analysis*. Paper presentation at the Association for Public Policy Analysis and Management Conference, Miami, FL [Accepted]

Rodriguez, M. Y. (2015, April) *Foreclosure Mitigation Counseling in Low-Income Latino Communities: Household Trajectories in Seattle, WA*. Paper presentation at the Urban Affairs Association Conference, Miami, FL.

Rodriguez, M. Y. (2015, January) *"The National Housing Trust Fund Act of 2007: Using Supervised Machine Learning to Test Policy Process Theory in a Social Welfare Context"*. Poster presentation at the Society for Social Work and Research, New Orleans, LA.

Rodriguez, M. Y. (2013, April) *"The National Housing Trust Fund Act of 2007: Inter-coalitional Conflict and the use of Evidence in Federal Housing Policy Development"*. Poster presentation Translating Social Justice through Public Scholarship: Policy and Practice for Social Change Research Symposium, University of Washington School of Social Work Seattle, WA.

Other Professional Presentations

Rodriguez, M. Y. *"Foreclosure Counseling Effectiveness and Trajectories"* Presented preliminary event history analysis findings from analysis of seven years of National Foreclosure Mitigation Counseling (NFMC) implementation data. El Centro de la Raza Board of Directors, Seattle, WA. **August 2014**

Rodriguez, M. Y. *"Foreclosure Counseling Effectiveness: Comparing NFMC Rounds 1 & 7"* Presented findings from the implementation of the National Foreclosure Mitigation Counseling (NFMC) program. El Centro de la Raza Homeownership Center staff, Seattle, WA. **May 2014**

Rodriguez, M.Y. *"The Possibilities of a Cross-Field Approach to Sustainable Educational and Community Development in Nicaragua"*
Presented Semillas Digitales community centered 10 year strategic plan for a OLPC school-based program in rural Nicaragua, Philadelphia PA **June 2010**

ADDITIONAL PROFESSIONAL EXPERIENCE

- Cultures of Resistance, Philadelphia PA** June 2011-2013
Web and Outreach Team
 Coordinated volunteer opportunities with organizational network members, updated social justice-oriented film screenings on network website
- Training for Change, Philadelphia PA** June 2010-2012
Consultant
 Developed and facilitated trainings/workshops with organizations and groups engaging in social justice through direct action and community organizing. Completed 200 hour Super-Training for Social Action Trainers
- Women's Community Revitalization Project** June 2009-2011
Community Organizer
 Engaged community residents in a grassroots campaign to convert vacant, city-owned land into an affordable community land trust in North Philadelphia, attended community meetings with elected officials, facilitated inter-organizational coalition building
- Episcopal Community Services, Philadelphia PA** June 2008-2009
Vocational Advantage Program Intern
 Responsible for implementing grant-funded program utilizing vocational assessment measures and Cognitive Therapy techniques to facilitate gainful employment initiatives with homeless women.
- Bethesda Project (Our Brother's Place), Philadelphia PA** March 2007-2009
Life Skills Counselor
 Provided ongoing case management for 10-20 men in large, urban homeless shelter for single men

PROFESSIONAL AFFILIATIONS & SERVICE

Service

Chair, Dean-sponsored PhD Student Speaker Series, UW SSW	2012-2013
Chair, Social Justice Committee, UW SSW	2011-2013
President, Board of Directors, Casino Free Philadelphia	2011-2012
Member, Organizing and Advocacy Committee, Casino Free Philadelphia	2010-2011

Professional Affiliations

Association for Public Policy and Management	2015 - Present
Urban Affairs Association	2015- Present
Society for Social Work and Research	2015 - Present
Association for Community Organization and Social Administration	2014-Present
Center for the Study of Demography and Ecology (Student Affiliate)	2013-Present