LOW-INCOME HOMEOWNERSHIP FOR INTERGENERATIONAL MOBILITY – THE
ROLE OF INTERMEDIARIES IN RISK MITIGATION

BY

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DISSERTATION

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Homeownership is an important marker of achievement and personal wealth for most Americans. It provides a sense of stability and is an essential conduit through which families access opportunity in the form of schools, jobs, urban services, and communities (Rohe et al., 2001). For low-income and minority households, including immigrant families, the idea of owning a home is also a marker of territorial rights and economic citizenship (Drew & Herbert, 2013; Grinstein-Weiss et al., 2011; Reid, 2014; Rohe & Lindblad, 2014). However, the complexities of risk-based pricing in mortgage markets, entrenched space and social stratification in city regions, remnants of historical disadvantage for marginalized racial groups, and the inherent risks of poverty make it difficult for low-income and minority households to reap the benefits of homeownership in ways White and higher-income households in better-quality neighborhoods do. Low-income households require deep subsidies, engaged support, and intermediation not just in accessing and sustaining homeownership but also in negotiating the broader aspects of urban living, such as sustaining through daily life, engaging productively in labor markets, and recovering from destabilizing life events like job loss, change in family configurations and unforeseen expenditure. My dissertation contributes to the discourse on housing and poverty-risk mitigation by providing essential insights on the bottom-up, multi-faceted and sustained facilitation provided by non-profit institutions in the Chicago metropolitan region for low-income and historically disadvantaged communities. I answer the following three critical questions to explore the breadth of institutional support available to low-income and minority households. What types of institutions form the geography of intermediary support, and
what are their areas of work? And how does access to intermediary institutions impact low-income homeowners? How are these socio-spatial relationships constituted? I approach these questions qualitatively, quantitatively, and through a mixing of methods. The qualitative component consists of a multiple case study research entailing in-depth interviews of 22 respondents, participant observation, and study of annual reports and policy documents of intermediary organizations in the Chicago city region. The qualitative assessments then feed into a quantitative spatial evaluation of intermediary locations, a study of outcomes from the home loan process using the Home Mortgage Disclosure Act data for 2019 and a comparative analysis across 2011, 2015, and 2019 for low-income households.

My research makes four main contributions for urban theory, research, and practice: 1) it deciphers the complexity of poverty risk and debt-risk in a neoliberal housing policy environment for low-income and marginalized groups, 2) it throws light on the influence of hitherto unexplored community agents and their practices in influencing social and economic outcomes for low-income communities, 3) it provides a new understanding of urban spatial opportunity through community-based lenses and 4) it reinforces the need for mixed-methods research in informing planning and policies for urban development.

Structures of urban spatial opportunity are often associated with goods, institutions, and peer influences that accompany white affluence in the United States. However, in reality, low-income and historically marginalized communities often require more powerful intermediation to navigate the inequitable terrain of labor, credit and housing markets, as well as political arenas from which to make their voices heard. For low-income and marginalized households, the importance of stable housing and access to wealth through property ownership is also far more significant. It offers them the ability to exercise their rights to territory and citizenship and alters
life chances and socio-economic outcomes over generations. Through my research, I provide compelling evidence of the need to develop community institutions towards the restitution of racial and spatial justice. Further, I show how state-led housing policy and low-income homeownership support can reduce financial and non-financial risks for households with intersectional attributes of race, gender, family composition, and citizenship status through proactive community engagement.

In my analysis of tangible effects of intermediaries using the Home Mortgage Disclosure Act data, the results show that proximal access to intermediaries does not move the compass in enabling improved access to mortgage loans or loans of higher quality. Property values, lien status, and financial characteristics of the applicant are the strongest drivers of outcomes in both cases. Minority status is an essential adverse driver of access to mortgages. While these are crucial measures of success, preliminary insights from a qualitative assessment of households show that low-income households have unconventional trajectories for building wealth through homeownership and make unexpected tradeoffs to hold on to the home asset. Building wealth in the home and cashing out the equity they have built from time to time is key to low-income households’ finance management strategy and, at the same time, the result of inadequate knowledge or availability of other leverageable asset-building mechanisms. Also, some of the valuable support intermediaries provide during destabilizing circumstances do not fit conventional definitions of success in the study of homeownership trajectories. I conclude by calling for more consistent and reliable housing policy support across space and time for the different stages in the lifecycle of homeownership and continued investment in building capacities of community institutions, especially in disadvantaged neighborhoods.
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I dedicate this work to my daughter Meenakshi and my spouse Bala who motivate me every day to exceed expectations and at the same time remind me of how important it is to pause, smile, and enjoy some sunshine!
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CHAPTER 1: MAKING LOW-INCOME HOMEOWNERSHIP WORK

Homeownership is an important marker of achievement and personal wealth for most Americans. It provides a sense of stability and is an essential conduit through which families access opportunity in the form of schools, jobs, urban services, and communities (Rohe et al., 2001). For low-income and minority households, including immigrant households, the idea of owning a home is also a marker of territorial rights and economic citizenship (Drew & Herbert, 2013; Grinstein-Weiss et al., 2011; Reid, 2014; Rohe & Lindblad, 2014). However, the housing policy arena facilitating homeownership for low-income households has been rife with debate and controversy as to the usefulness of housing support interventions, especially in the aftermath of the housing and economic crisis of 2009. The crisis precipitated the extent of exposure and vulnerabilities of low-income households as evidenced by the erosion of personal wealth, displacement, and the spiraling effect of loss of credit worthiness for the majority of homeowning low-income and minority households (Squires, 2015). Several research studies in the aftermath of the crisis advocate against low-income homeownership owing to the inability of low-income households to be astute, discerning consumers in financial and real estate markets, since adverse outcomes have long term consequences for their life chances and economic mobility (Belsky & Duda, 2002; Shlay, 2006).

One of the most noted reasons homeownership is thought to pose greater risk for low-income household, is because these families are also inherently vulnerable to social and economic shocks in the form of income volatility, housing, and labor market downturns, and most importantly, lack of assets to rely upon (Kingsley et al., 2009; Reid, 2014; E. N. Wolff, 2010). Low-income families are also prone to “tenure transitions” or the propensity to move in and out of homeownership, and are often unable to sustain ownership for 5 to 7 years – a
minimum threshold considered vital for building wealth (Belsky & Duda, 2002; Haurin & Rosenthal, 2004). Racial segregation, lower neighborhood opportunity, and disinvestment in predominantly African American and Latino neighborhoods, along with targeted predatory lending practices, further exacerbate the negative financial and non-financial consequences of entering into a long term mortgage debt associated with homeownership for low-income and minority households (D. Bocian et al., 2011; Bradford, 2002a; Calem et al., 2004). Spatially targeted predatory lending and disinvestment projects in the lead up to the crisis have also reinforced historical patterns of urban isolation from spatially distributed opportunity in the form of labor market opportunities, goods amenities, and institutions (Galster & Sharkey, 2017a). The ensuing effects of neighborhoods interact with risks posed by intersectionality, including poverty, race, gender, age, and family composition to impact individual life chances (Reese et al. 2013, Galster and Sharkey 2017, Arturson 2002, Small and Feldman 2012, Katz, Kling and Liebman 2001, Chetty and Hendren, Harvard Scholar 2015) and therefore impact the sum of benefits from low-income homeownership.

On the other hand, proponents of low-income homeownership view the enormous benefits that homeowners in stable living environments accrue. Homeownership has shown promise as a vital instrument for asset creation and wealth transfers for low-income households (Boehm & Schlottmann, 2008; Herbert et al., 2014). Forced savings for the down payment while purchasing a home and even modest gains on equity over time allow owners to create wealth in ways that renters never manage. Evidence from projects like the Community Advantage Program (CAP) shows that a well-designed mortgage product, careful underwriting, along with appropriate subsidy and support, dramatically increases chances of success at building equity and leveraging of benefits from homeownership for low-income and racial minority families.
(Manturuk et al., 2012; Quercia et al., 2011). Even amidst the crisis, support in the form of pre-purchase counseling and foreclosure prevention counseling has been known to help low-income, and minority families navigate mortgage markets and accrue positive outcomes (Jefferson et al., 2012; Turnham & Jefferson, 2012). Studies also point to the non-financial benefits of homeownership: better education outcomes for children, labor market outcomes for adults, higher levels of community ties, and more significant exercising of enfranchisement (Couch 2013, Reid 2013).

From social justice and public policy standpoint, the provision of a conducive policy and institutional environment for low-income families to benefit from ownership represents a crucial anti-poverty intervention, one that holds the promise of reducing racial wealth gaps in the United States (McCargo & Strochak, 2018). Despite the mixed results from policy approaches in the space of low-income homeownership, low-income households, and predominantly minority families continue to attribute great importance to homeownership (Reid, 2014). There are three essential reasons why this is so. First, centuries of institutionalized racism from slavery to redlining and still prevalent racism in real estate and mortgage markets, have prevented racial minorities, mainly African American households, from owning property and building wealth; the intergenerational effects of which are seen to this day in the form of racial wealth gaps and spatial segregation in cities. Homeowners collectively sway the politics of space in ways renters never manage to (Colen et al., 2019; Gee & Ford, 2011; O’Brien et al., 2020). Secondly, property ownership continues to be one of the most valued and significant ways of saving and building generational wealth in the United States (Herbert et al., 2014). Perhaps for these reasons, even undocumented immigrants living a life of precarity on a daily basis invest all their savings in the home as a means of achieving stability, as my analyses reveal. Lastly,
homeownership offers low-income and minority households greater housing stability. Consistently more numbers of low-income and minority renters are evicted every year than homeowners who have undergone foreclosure (Robustelli et al., 2020). Therefore, when supported, homeownership is more promising as a tool in reversing racial injustices of the past. Therefore, this dissertation seeks to address how housing policy can mitigate risks associated with poverty and historical disadvantage and improve chances of deriving benefits from homeownership for low-income and minority households.

The “tensions between social and economic functions of housing” between “serving the needs of the poor and creating conditions conducive to private investment” have caused housing policy directions to perpetuate systemic inequality in the United States (Tighe & Mueller, 2012). The deregulation of housing finance, expansion of credit through secondary mortgage markets, and technological advances in the mortgage industry, leading to the increase of non-prime and innovative mortgage products including adjustable-rate mortgages (ARMs), negative amortization loans, and interest-only mortgages, marked significant shifts in housing finance and policy starting in the early 1990s. While the Clinton administration adopted the goal of increasing homeownership rates for low-income and minority households to close racial wealth gaps in the country, faulty underwriting standards and excessive leverage led to surging mortgage delinquencies. They ultimately resulted in the worst financial crisis in recent times. The focus of housing policy since the housing crisis has been to tighten finance regulations and prevent foreclosure (Schwartz, 2014), which has made access to and sustenance of homeownership more difficult for low-income and minority households.

In the aftermath of the crisis of 2009, the federal government has put in place several safeguards in the administration of non-prime loans through the Dodd Frank Act (2010), the
2013 Home Ownership and Equity Protection Act (HOEPA) rule in the form of mandates for declaration of high-cost loans, and Ability to Repay (Qualified Mortgage) rules, to protect vulnerable consumers of mortgage finance (Fisher & Fox, 2019). From time to time, the government has also provided crisis response with relief funding like TARP after the housing crisis and the emergency rental and mortgage assistance during the COVID 19 pandemic. However, competing demands on state-led housing policy, including affordable housing support, make state-provided protections unreliable for vulnerable populations. Community-centric institutional development and empowerment become essential to mediate relationships with the state and other actors to channel policy measures and resources to communities based on their dynamic needs. Moreover, for several decades now, community-based institutions and non-profit intermediaries have been helping government agencies in delivering housing and other social development programs. Thus, strengthening institutional networks could provide pathways for a more robust system of social protections that help low-income and minority households in their housing experiences.

1.1 RESEARCH GOALS

In the past, community intermediaries providing social services and human services within communities have also provided support for housing access and neighborhood stabilization. Community Development Corporations (CDCs) have been particularly successful in addressing community needs around housing and social development in cities around the country, including Chicago (Rohe & Bratt, 2003; Thomson & Etienne, 2017). The decimation of CDCs since the crisis has caused the space of non-profit intermediary work in housing and community development to transform considerably in the past ten years. There are several gaps in our understanding of what types of institutions currently mediate the different spaces of
support that low-income and minority households require. Two studies by the Department of Housing and Urban Development (HUD) provide detailed information on the outcomes of housing counseling – particularly pre-purchase counseling and foreclosure-prevention counseling, highlighting crucial evidence on the importance of the facilitation toward positive results for low-income and minorities households (Jefferson et al., 2012; Turnham & Jefferson, 2012). At the same time, the importance of community development, empowerment, and human services providers for low-income and minorities has been underscored in an immense body of scholarship. While housing literature has dealt with the outcomes of housing counseling, and community development literature has dealt with the broader spaces of social support and community empowerment, the impacts of the two together on low-income homeownership are yet to be investigated. Thus, one of my first research goals is to explore who performs intermediation in low-income homeownership and what other community institutions are critical for intermediation to work. If CDCs are no longer the key agencies undertaking the multi-faceted work associated with access to affordable housing, home ownership, and social services, what types of institutions have taken over the mantle?

The second goal of this research is to explore how we can gauge the impact of the facilitation and support offered by the community intermediaries. The more widely accepted method is to assess if there is quantifiable evidence of wealth creation through homeownership where support and facilitation are available compared to where it is not. Therefore, I explore how access to hand holding for homeownership and broader social support influences the household’s ability to navigate the financial industry and access ‘Quality Mortgages.’ The terms of mortgage finance and refinance have been studied as the singularly important determinants of wealth building, and considerable attention has been accorded to exploring the relationships between

The third goal is to evaluate these relationships spatially. This is to understand some of the factors that cause variation in intermediary-intermediary relationships and intermediary-households’ relationships across spatial geographies of cities. The spatial constitution of these relationships also helps us think of how housing policy can enhance access to critical intermediary networks and provide more reliable protections for low-income and minority communities. Most importantly, this work allows me to challenge conventional wisdom about property ownership and wealth building in the discourse about access to spatially distributed opportunity in urban regions.

This research's fourth and final goal is to bring forth a social justice framing to the analysis of low-income homeownership. I seek to understand if community work offers pathways for a transformative theory for planning and housing policy that has the potential to dismantle structural impediments that have historically and more contemporarily deprived low-income households and communities of color of property rights and if community work offer mechanisms to subvert their dispossession. I offer new ways of interpreting social justice in urban analysis by examining if, in reality, the claims for redistributive justice and structural change through community work are intertwined when community work, as carried out by the institutions and agents, bears the hallmarks of radical planning practices.

Together these research goals aim to move the locus of power in urban planning and development to communities. I aim to provide analysis frameworks that seek to understand the
uniqueness of challenges associated with poverty, historical marginalization, and urban vulnerability as outcomes of socio-political processes in a neoliberal capitalist setting. Through the research, I imagine a future where the nuances of affordable housing policy support are constructed and delivered through terms that are negotiated through the collective agency of low-income households themselves. This is because the end goal of urban transformations in social justice potentially must be to ensure that every person has access to a life of dignity and to strive towards a point in our collective social consciousness where gender, skin color, and neighborhood of residence would not affect a person’s life chances.

1.2 PLAN OF THE DISSERTATION

In this dissertation, I explore the spatial manifestations of relationships between policy, institutions, and communities in the space of low-income homeownership to analyze the differential outcomes fostered by intersectionality and the variability of these relationships across the geography of a city region. In the following sections, I summarize the content of different chapters in this thesis.

In Chapter 2, I explore the literature on the importance of asset creation, the work of non-profits, and what affects the propensity of households to build wealth through homeownership. I also provide essential conceptual frameworks that give shape and direction to this research. I explore the aspect of ‘low-income risk’ in the context of homeownership and its intersections with spatial opportunity in the current literature. I do so to examine trajectories of ‘risk’ that must be mitigated for low-income households to reap the benefits of homeownership. I foreground the life cycle of low-income homeownership to demonstrate the variety of negotiations and navigations that families must conduct to buy and sustain a home. A surprisingly considerable number of low-income Americans continue to be unbanked or
underbanked. Exogenous factors including minimal wages, downgrading of work and associated social protections, high cost of living, and housing cost burden have made saving impossible. The ‘credit society’ necessitates much focus on building credit worthiness rather than savings. Wealth building initiatives are few outside of saving through homeowning. One might say that several rungs are missing in the ladder of wealth building for low-income households of which housing may be a part.

In Chapter 3, I describe my research methods, strategies, and process. I also reflect on what types of changes I had to make to my methodology in the context of the COVID-19 pandemic-induced lockdown that included most of my fieldwork period. My ambitious research design of conducting 350 surveys changed to resorting to rehashing one of the readily available mountains of data which only partially serves my purpose.

In Chapter 4, I answer my first research question, wherein I decipher the work of different types of community institutions as they support low-income households in the various stages of homeownership and fulfill these communities' broader social support needs. In my study, I find that the intermediaries, including housing institutions, community-based organizations, and faith-based institutions, are networked and work to serve extremely vulnerable populations, including women-headed families and communities of color. They contribute to neighborhood stability through multiple housing interventions, including purchase and rehab of foreclosed and blighted properties, engage in neighborhood asset creation and management; enable access to legal assistance and finance; contribute to social development through leadership and job training programs; and offer family support programs and help communities organize. Thus, these institutions strengthen local ties and improve community participation in socio-political processes. I also partially answer the third research question about
the spatial constitution of the intermediary-intermediary relationships and how they vary across the geography of the Chicago region.

Chapter 5 examines the tangible outcomes from proximal access to some of these institutions for low-income households. Using the Home Mortgage Disclosure Act data, I conduct three types of analyses. First, I examine how intermediaries influence loan approval odds for each loan type – home purchase, home repair, home refinance, and cash-out refinance. Second, I evaluate if the intermediaries influence loan quality. Third I conduct some of these analyses using cross-sectional data of three time periods to assess if the findings are consistent over time. I also answer a portion of the third question regarding the spatial characteristics that determine the location of intermediaries. When I investigate neighborhood determinants of intermediaries’ spatial locations, the regression analyses show that these institutions tend to co-locate in predominantly minority neighborhoods. They are also overwhelmingly present within the city. The series of binary logistic regressions using Home Mortgage Disclosure Act data on loan outcomes show that proximity to institutions does not affect the probability of receiving a loan. Individual financial characteristics, minority status, and property values do. These institutions also do not influence the quality of loans. However, preliminary insights from my in-depth interviews allow me to characterize “success” from access to intermediaries differently. I evaluate some alternative measures and develop ideas for future research.

In Chapter 6, I discuss the implications of my work for the broader conversations on homeownership support and spatial justice. I also lay out a conceptual framework for community-based support and discuss learnings for housing policy. More consistent homeownership support, more expansive financial literacy campaigns, and access to savings and short-term credit avenues designed in consideration of the cash-flow and wealth management
strategies of low-income households, could reduce their propensity of liquidating their equity in the home from time to time or having to renegotiate loan modifications multiple times with their lenders. Homeownership support is a part of composite facilitation that interacts with intersectional attributes of individuals and communities and influences their life decisions while mediating the effects of structural inequalities. Sustained access to policy and institutional support can thus enable intergenerational mobility.
CHAPTER 2: TOWARDS A TRANSFORMATIVE THEORY FOR HOUSING POLICY

Homeownership as the ‘American Dream’ has been extensively studied and written about in sociological literature and is deeply embedded in the expectations and aspirations of Americans. Integral to the modernization project (Harvey, 1991), homeownership has been viewed as a desirable and stabilizing influence indicative of good personal values, status, and economic security. However, housing policy has historically promoted a divided strategy based on race and economic class in enabling access to and sustenance of homeownership. Ethnic and race-based differentials in property ownership can be traced back to slavery, the construction of white identity, and racial hierarchy. Its reification in law could be considered the basis for decades of institutional racism in housing and urban policy (Harris, 1993). This institutionalized racism has taken many forms. From the infamous redlining maps of the Home-Owners Loan Corporation and racial segregation of African Americans and other minority groups, neo-liberal capitalist tendencies have exacerbated racial and class wealth gaps. The flexible accumulation needs of post-modern capitalism through international secondary mortgage markets and their US-based investments led to massive predatory lending in underserved markets consisting primarily of low-income and racial minority households. The resultant sub-prime crisis of the last decade has led to the skewing of ownership and wealth in the country.

In the 90s, scholars like Oliver and Shapiro (Oliver & Shapiro, 2006) expounded on the value of helping low-income and indigent households build assets to enable intergenerational wealth and economic mobility. Many of Shapiro’s points about the importance of asset creation continue to be valid for the future as we recover from the pandemic. Not surprisingly, the Biden administration has made election promises supporting homeownership for disadvantaged community groups (Kromrei, 2021). The systemic failures in the lead-up to the crisis and
templates of economic recovery after should provide us with adequate guidance on empowering our most vulnerable households and communities. In this literature review, I examine lessons from the past in reviewing the importance of asset creation for the poor and understanding what caused dispossession and wealth erosion during and after the housing crisis.

2.1 IMPORTANCE OF ASSET CREATION FOR THE POOR

Today’s most serious racial injustices … are a legacy of past racism … [T]he biggest racial problem facing the country isn’t discrimination, but rather the deep inequality that has created almost two different Americas … – Richard Thompson Ford

Rules of inheritance and succession are, in a way, the genetic code of a society. They guarantee that the next generation will, more or less, have the same structure as the one that preceded it. – Lawrence M. Friedman

Strand (2010) opens her report on the unfairness of inheritance laws in the United States with the above two quotes. Wealth inequality owing to differences in property ownership and access to opportunity have perpetuated structural inequalities between whites and people of color in the United States. Shapiro and Oliver (2001) call wealth the “fundamental fault line of social stratification.” While economic inequality is often measured through differences in income, it is wealth that provides households and families with the ability to pass on advantage and create opportunity. For low-income families, wealth also helps to sustain and recover from economic shocks. However, the widening racial wealth gap reduces the propensity of low-income and minority households to recover from economic uncertainties. For the majority of American households’ home equity represents over half of their asset value. For minority households the share of home equity is greater. However, the divide in the mean wealth between racial groups widens in the lower economic classes (Amadeo, 2021). Excessive leverage, bankruptcy laws that unfairly disadvantage racial minorities, and decades of disproportional incarceration of black and
Hispanic men have further made it difficult for them and their progeny to accrue wealth (Strand, 2010). Therefore, wealth as a dimension of racial stratification cannot be neglected in the formulation of policies that pursue racial justice.

The advantages and disadvantages of low-income homeownership have been studied extensively in housing research. One of the purported disadvantages is that low-income households never manage to build wealth in ways higher-income households do through homeownership. This is because higher-income households can invest in newer homes, appreciating markets, and time the purchase and sale of the property to be most beneficial. Low-income families are also more likely to buy into poor neighborhoods with poor quality housing and may be burdened with unforeseen maintenance costs (Herbert & Belsky, 2006; Zandt & Rohe, 2011). They are also more likely to buy in neighborhoods of lower asset appreciation and have less flexibility in the timing of purchase and sale. Higher-income households also receive far better terms on mortgage loans while purchasing a property or refinancing due to risk-based pricing in credit markets (Belsky & Duda, 2002). Therefore, when we compare mortgage market experiences and outcomes across income groups, supporting low-income homeownership through policy interventions may seem less desirable. In theory, there are better returns on investment in treasury bills and a range of other savings mechanisms (Turner & Luea, 2009). But for several reasons, low-income and minority households continue to prefer homeownership (McCabe, 2018). To put this in perspective, housing equity roughly accounts for about 26 percent of the net wealth of owners in the highest income quintile and 80 percent for owners in the lowest income quintile (Belsky and Calder 2004). The home still serves as a vehicle for saving and wealth-building, mainly when households can make a sustained investment in a long-
term self-amortizing mortgage, and there is some level of appreciation in asset value (Beracha & Johnson, 2011).

While the need for timely and periodic credit for managing poverty risk has been underscored, risk-based pricing and rampant racism in mortgage and credit markets have long been a concern in American society. Studies in the aftermath of the housing crisis demonstrate that predatory lenders exploited the persistent credit needs of low-income and racially marginalized households in underserved markets. Unscrupulous lenders promised loans to enable debt consolidation and home repairs while often trapping families in unaffordable high-cost mortgages resulting in delinquency, foreclosure, and displacement (Faber, 2018; Rugh & Massey, 2010; Wyly & Ponder, 2011).

High transaction costs associated with mortgage finance reduces viable gains from ownership and the chances of sustaining ownership for low income and minorities (Bocian et al., 2011; Bocian et al., 2008). Haurin and Rosenthal (2004) found that one percentage point increase in home loan interest rate was associated with a 30 percent increase in chances of ownership termination. The controversial yet widely quoted Boston Fed study found as early as 1990 that even after controlling for a range of property and personal financial characteristics, minority borrowers were far more likely to be denied loans compared to non-Hispanic white borrowers. In the lead up to the crisis, even during the proliferation of sub-prime mortgage markets, the difference in mortgage denial rates for blacks was almost double that of white borrowers, and denial rates between Hispanic and non-Hispanic borrowers grew to nearly ten percentage points by 2008 (Hirasuna & Allen, 2012). Low-income and minority borrowers continue to be steered towards higher-priced loans and more significant insurance premiums (Faber, 2018).
Financial hardships imposed by predatory credit, loss of home, bankruptcy, and wealth erosion have spiraling and mutually reinforcing effects in the lives of low-income households (Squires, 2015). Poor and reduced credit scores reduce their ability to access certain kinds of jobs. The psychological nature of the hardship also leads to negative health consequences (Manturuk et al., 2012). Therefore, intermediation with mortgage and credit markets is extremely important for effective homeownership facilitation. Effective intermediation could influence homeownership outcomes and the broader social and economic outcomes for low-income and racially marginalized households and their progeny. Therefore, evaluating the effectiveness of intermediaries by examining differences in mortgage process outcomes is a valuable way of understanding their impacts on low-income households.

2.2 A HISTORY OF HOMEOWNERSHIP SUPPORT FOR LOW-INCOME AND MINORITY HOUSEHOLDS

The most dominant form of support for homeownership in the United States has been through mortgage-interest deduction subsidies. However, poor and minority households cannot benefit from these deductions as their incomes do not cross the thresholds necessary for these subventions to apply. Homeownership policies including such tax deductions thus reflect the economic motive underpinning housing policy historically in the country. This section provides an overview of housing policies explicitly targeted at enabling low-income homeownership through demand-side facilitation.

Post-World War II efforts at providing impetus to homeownership to boost the economy, including the GI bill of rights and the Housing Act of 1948 that provided federal dollars for FHA mortgage insurance, mostly excluded racial minorities. The ensuing redlining and exclusionary zoning of suburban neighborhoods and blockbusting of inner cities made it impossible for minorities to own property and accrue wealth (Oliver & Shapiro, 2006). In the 1990s, during the
Clinton era, entry barriers for low-income and minority homeownership were reduced through various measures. The lowering of down-payment regulations was made possible by FHA and Fannie Mae. The changes to the Home Mortgage Disclosure Act enabled increased scrutiny of racial discrimination, and changes to the Community Reinvestment Act enhanced investments in low-income and racial minority neighborhoods (Eggers & Burke, 1996; Evanoff & Segal, 1997) and were the more effective of fair housing initiatives (Landis & McClure, 2010). Technological advances made it possible for mortgage lenders to build innovative loan products through risk-based pricing. Mortgage lenders also reduced down-payment requirements considerably by building the risk into mortgage insurance premiums (Collins, 2002).

Subsidies for first-time homebuyers to encourage low-income homeownership are not new in the United States. Section 235, created in 1968, was the first of its kind voucher-based ownership program where the difference between 20% of the household income and housing costs was covered by federal subsidy. In a span of just four years, the program provided homeownership to over 400,000 households. While the program addressed entry barriers, it did not address the long-term vulnerabilities of low-income families. Owing to corruption and the inability of households to sustain mortgage payments and costly home repairs, the program was shut down in 1973 (Hays, 2012; Welfeld, 1992). Current voucher-based ownership programs implemented by local Public Housing Authorities (PHAs) provide subsidies in the form of the difference between 30% of household income and housing costs, including debt-servicing typically for 15 years. Between 2015 and 2021, the program has served over 95,000 households nationwide (HUD, 2021). In Chicago, the voucher-based ownership program, also called the Choose-to-own program, has helped 664 families since 2002. Over 1/4th of the program
participants have now left the program and assumed full responsibility for the mortgage
payments (The Chicago Housing Authority, 2019).

Mortgage revenue bonds issued by state Housing Finance Agencies (HFAs) have also
helped subsidize mortgage loans for first-time homebuyers. However, the market for tax-exempt
bonds reduced considerably after the housing crisis. The Obama administration introduced the
New Issue Bond Program (NIBP) through directives to Fannie Mae and Freddie Mac to purchase
new HFA bonds. This program was later extended until 2015. HOME investment partnerships, a
second community block grant program created in 1990, provided necessary assistance for
home-buying and owner-occupied rehabilitation of properties. Another significant aspect of this
program was that it required participating states and localities to allocate at least 15% of the
annual funds for community-based nonprofit organizations. The HOME program is also often
combined with the LIHTC program to provide price-controlled affordable rental housing
(Herbert et al., 2001).

Federal and local subsidies that alleviate entry barriers for low-income homeownership
have undeniably been substantial. My literature review shows that while government support for
low-income homeownership was uneven across time and often marred by other objectives, the
non-profit sector closely understood the nature of poverty risk and the need for active and
continuous demand-side facilitation. Government programs were often motivated by the need to
boost the construction industry and provide avenues for capital flows or, as in earlier periods,
tackle the “culture of poverty” through homeownership and the establishment of good values.
However, it is the role of community-based non-profits strengthened with the emergence of
Community Development Corporations (CDCs) between the 1970s and 1990s that the
importance of more holistic and multi-sectoral facilitation for poor and minority households has
been underscored. There is no standard definition of what type of institution constitutes a CDC. These are usually non-profit agencies to improve declining neighborhoods by bringing in investments to support real estate development. Over time these organizations also engaged in social support (Zielenbach, 2000). CDCs have successfully involved in both the demand side facilitation and supply side of affordable housing stock, engaging in a range of activities from counseling to intermediation and mortgage assistance targeting various stages of low-income homeownership from home buying, home maintenance, and foreclosure prevention for low-income households along with the provision of human services. CDCs also channeled programmatic support from government and non-government programs, including Community Development Partnerships (CDPs), financial intermediaries including Enterprise Foundation, Neighborhood Reinvestment Cooperation, and Local Initiatives Support Corporation (LISC). They expanded the economic, technical, and political support for the community development movement (Vidal, 1997). Of these, the NeighborWorks America Homeownership program was particularly lauded for expanding homeownership for racial minorities. NeighborWorks America’s program included low-cost loans and financial assistance for home purchase, repairs, and renovations (Schwartz, 2014). The work of non-profits in the demand side facilitation of low-income homeownership is discussed in greater detail in the following section.

2.3 NON-PROFIT WORK IN HOUSING AND COMMUNITY DEVELOPMENT

Since the 1980s, housing legislation in the United States has increasingly required set-asides for funding non-profit involvement in affordable housing. Increase in non-profit participation occurred concurrently with public housing disinvestment and the privatization of the affordable housing (Swanstrom, 1999). In the space of low-income homeownership, purchase assistance programs like FHA insured mortgages and down payment assistance programs funded
through HOME investment partnerships, and Community Development Block Grant (CDBG) funds particularly underscore the role and importance of intermediary institutions, especially as local governments primarily administer these funds through non-profits (Collinson, 2014; Immergluck, 2007). The revision of the Community Reinvestment Act (CRA) in 1995 diverted significant funding to non-profit intermediaries from banks and financial institutions, thereby contributing to their enhanced roles in housing and community development in recent times (Immergluck, 2007). CRA funding has also improved the role of mortgage institutions in low-income homeownership and has been linked with positive outcomes such as greater neighborhood stability (Fitzgerald & Vitello, 2014) and fewer tenure transitions for low-income homeowners (Spader & Quercia, 2008). In addition to these funding sources, foundations and other private entities are also significant funding sources for non-profits engaged in community work. Community Development Partnerships (CDPs) like the Ford foundation’s Local Initiatives Support Corporation (LISC) have been active in enabling organizational development and raising funds and resources for a range of non-profits institutions (Liou & Stroh, 1998; Nye & Glickman, 2000). Community Development Financial Institutions (CDFIs) have been conduits for the CRA lending and have enhanced fair housing and fair lending objectives in the United States. Notably, community development credit unions have effectively enabled low-income and minority communities to access financial services, including low-cost financial services, affordable loans, financial literacy, and home ownership education (Nembhard, 2013). Before the crisis, mortgage lending portfolios of CDFIs constituted about a third of their financing activity. However, Wolff and Ratcliffe (2008) note that CDFI mortgage lending “is too small to provide a true alternative in the mortgage loan market.” Historically CDFI loans provided gap financing mortgage products, thus complimenting mainstream mortgage loans. CDFIs are also
known for their innovation in foreclosure prevention and recovery programs due to their proximity to disadvantaged communities (Wolff & Ratcliffe, 2008).

2.3.1 The rise and demise of Community Development Corporations

When we examine the role of non-profit intermediaries in scholarship on support for low-income homeowners in the last few decades, two distinct bodies of work emerge. One set of studies explore various aspects of Community Development Corporations (CDC). CDCs have been considered as “critical participants in urban revitalization strategies.” During the 1990s and the 2000’s CDCs also played a pivotal role in stabilizing low-income communities and neighborhoods (Blanchet-Cohen, 2015; Immergluck, 2005; Kellogg & Keating, 2011; Mcquarrie, 2011; Smith, 2016; J. S. Yin, 1998). Through multi-sectoral but complimentary work on housing, social and economic development, and community organizing, their work has been vital in legacy cities, including Chicago (Rohe & Bratt, 2003; Thomson & Etienne, 2017). CDCs did it all. And that may have been one reason that CDCs were constantly confronted with the challenges of funding, undercapitalization, talent retention, and long-term viability (Bratt & Rohe, 2004; Rohe & Bratt, 2003).

The structure of CDC funding and the instabilities therein, especially dominant reliance on developer fees, caused several of these institutions to cease operations in the wake of the housing and economic crisis of 2009 (Thomson & Etienne, 2017). The decimation of CDFIs in the aftermath of the crisis and poor federal support in bolstering institutions that spearheaded social innovation like the Shore Bank in Chicago and several other community development corporations can be attributed to partisan politics and neo-liberalist tendencies (Post & Wilson, 2011). While others critique flaws with the internal arrangements of these institutions, their inability to withstand the economic crisis is not an indictment of the community development
model itself. Even before the crisis, scholars pointed to more robust network building and disaggregation of services provided by non-profits like Community Development Corporations. This disaggregation did occur after the crisis. Multiple institutions now mediate the spaces of community development, housing development, and housing facilitation. Some of the agencies and their changing roles are discussed below.

2.3.2 Housing counseling as an emergent response

An important emerging area of scholarship highlights the role of housing counseling in supporting low-income homeownership. While housing counseling services have been prevalent since the 1960s, their roles have become more prominent since the 1990s along with the growth of affordable home ownership programs (McCarthy & Quercia, 2000). Started with the intention of reducing defaults and foreclosures, housing counseling now entails a much wider net of facilitation, including home purchase counseling, facilitating access to market agents like realtors, building inspectors, and post-purchase and foreclosure prevention counseling and intermediation with mortgage finance institutions. Before the housing crisis of 2009, housing counseling evaluation studies noted that effective housing counseling was associated with greater residential satisfaction (Carswell et al., 2009; Kromer, 1999; Turner, 1998) and lower propensity for loan default (Hirad & Zorn, 2001). Post-crisis HUD studies also show similar characteristics and trends (Jefferson et al., 2012; Turnham & Jefferson, 2012). The population served by pre-purchase counseling are often low-income, female, and minorities with little by way of savings and lower credit scores and often seeking home-buyer assistance programs. The counseling services – homebuyer workshops and one-on-one counseling-serve as essential self-assessment tools on readiness for home purchase. Households who undergo counseling are less likely to purchase homes on impulse and are found to be current on mortgages when compared to
households that do not (Herbert et al., 2008; Turnham & Jefferson, 2012). Foreclosure prevention counseling also has demonstrated positive impacts, especially on low-income and minority households. More indigent clients are known to prefer in-person counseling rather than telephone counseling. They require timely intervention (Jefferson et al., 2012) and extensive mediation with mortgage finance institutions to prevent foreclosures (Collins, 2007; Collins et al., 2011; Ding et al., 2008; Mayer et al., 2011; Quercia & Cowan, 2008). Today housing counselors receive certification and oversight from the department of housing and urban development (HUD). They work from within HUD-approved housing agencies and receive administrative fees for counseling work from federal Community Planning and Development programs. In addition, they also receive administrative fees from state and local programs and projects.

2.3.3 Other types of support for low-income households

In addition to housing support, low-income communities also receive broader support for collective mobilization and access to human services. Community development work can augment their repertoire of capabilities and provides forums for their participation in the political process, thus enhancing low-income communities’ feelings of self-agency (Berger et al., 1977; Zimmerman & Rappaport, 1988). The services carried out by community-based social service organizations and their networks also mediate relationships between communities and the more powerful entities in the urban scape including government, health-care systems, education services, and financial institutions (Backman & Smith, 2000; Foster-Fishman et al., 1998; Wallach & Mueller, 2006). While the importance of community development, empowerment and human services provision for low-income and minorities has been underscored in an immense body of scholarship, how direct support for low-income homeownership and broader
aspects of community support interact is not well understood. We have little scholarship on how
the mediating agents in the two distinct areas relate to each other and how they influence
households' lived experiences, particularly low-income homeowners. This chapter in the
dissertation seeks to fill some of these gaps. Knowledge of these relationships and the synergies
and divergences in their practices could provide pathways to explore the potential of community-
based support in mitigating low-income risk. This research could offer crucial insights for
affordable housing policy.

2.4 THE RADICAL NATURE OF COMMUNITY WORK

Research on community-based protections provides new focal points to examine
variegated low-income vulnerability in dynamic socio-political conditions. When it comes to
acquiring or sustaining homeownership, low-income households require greater access to social
protections and powerful intermediation. This is because low-income households are often
predisposed to vulnerability owing to historical disadvantage, racial discrimination, lower access
to education opportunities, lower access to financial literacy programs, savings and credit
options, and lower access to combined material assets and social capital. Therefore, they find it
challenging to navigate the labyrinth of twisted bureaucratic procedures and negotiations
associated with long-term mortgage debt and fraudulent and discriminatory practices of financial
and real estate markets. Their access to social protections and intermediation is often embedded
in housing choices. Therefore, theoretically, community work and housing support could provide
pathways for a transformative theory for housing policy (Friedmann, 2011). However, past
literature on the transformation potential of community institutions and their practices illustrates
a divided opinion of how radical and transformative community work is.
Theorizations and scholarly work in planning for social equity are polarized based on whose work can legitimately transform societies. The different viewpoints call to question the ‘ontological alterity’ of the actors through contesting claims across four distinct areas – political location, value systems, motives, and epistemic identities of the institutions involved in community engagement. Scholars that consider disruptive social practices as catalysts of change differentiate between civil-society institutions and non-profits and citizens’ collective and social movements. Civil-society institutions are viewed, in fact, as conduits for furthering capitalist hegemonies both through upfront co-optation and through more subversive exploitation tactics in the name of intermediation and participatory planning (Ferguson, 2008; Harvey, 2007; Matthews et al., 2015; Miraftab, 2009). These scholars call out Community Development Corporations (CDCs) that attempt to elicit citizens’ buy-in for planning projects (Laskey & Nicholls, 2019) and community organizations' complicity in deceptive benefits sharing agreements (Rosen & Schweitzer, 2017).

Many non-profit institutions also increasingly rely on markets and government partnerships to conduct activities in the communities they serve, in ways often seemingly incongruent to their mission of empowering community voices through organizing and activism. Thus they are thought to participate in depoliticizing power and material differentials that led to the marginalization of their constituents (DeFilippis, 2004; Imbroscio, 2006; Kirkpatrick, 2007; Marquez, 1993; Stoecker, 1997). Also, the locally bounded nature of non-profit interventions at the neighborhood level makes invisible the multi-scalar social processes that led to and perpetuated underlying inequalities (DeFilippis, 2004; Escobar, 2001; Fraser et al., 2003; Purcell, 2006), focusing instead on distribution rather than structural change (Miraftab, 2009, 2017). These scholars valorize spontaneous, insurgent, and activist, social movements and practices for
truly transformative social development over the opaquer structures of organized civil society. Similarly, they uphold the epistemic privilege of lived experiences over professional analysis (Huq, 2020).

The other school of thought views the role of civil society institutions and community organizations as mediative. Bridging divides between scientific and experiential knowledge and using political strategies to subvert hegemonic power projects of subjugation; their practices are considered radical. The proponents of intermediary work also contend that the purification of epistemic identities between subaltern knowledge and the ‘other’ is often fallacious and counterproductive (Rancière, 1999; Tironi, 2015). Nonprofit and community institutions conduct bridge-building activities to improve political voice and representation and advance a “critical analysis of the economic and political conditions that shape urban development and inequality” by constructing networks and mobilizing resources (Hum, 2010).

Empowerment theories in community psychology literature suggest that community development work that includes communities in organization-level decision making devises strategies for enhancing their repertoire of capabilities and provides forums for their participation in the political process enhance low-income communities’ feelings of self-agency (Berger et al., 1977; Zimmerman & Rappaport, 1988). The services carried out by community-based social service organizations and their networks also mediate relationships between communities and other place-focused institutions, including government, health-care systems, education services, and financial institutions (Backman & Smith, 2000; Foster-Fishman et al., 1998; Wallach & Mueller, 2006). Therefore, community work is constituted as networks and relationships that call for processes beyond citizens collectives and spontaneous social movements with the crucial mission of empowerment. Thus, these practices achieve tangible material differences in the
immediate future and incrementally challenge the more extensive socio-structural processes of domination (Hudson et al., 1979).

By drawing upon the vast literature discussed in this chapter, I evaluate my findings from an exploratory sequential mixed methods research thesis answering questions about the range of intermediary practices that serve to mitigate some of the well-understood risks associated with low-income homeownership. The next chapter synthesizes this understanding in the form of a lifecycle of homeownership and the set of exogenous factors that determine outcomes at different stages for low-income and minority households.
CHAPTER 3: SETTING UP THE RESEARCH DESIGN

In the fall of 2017, I presented at the Participate Chicago conference organized by Prof. Janet Smith at the University of Illinois at Chicago. Part of the conference theme included field visits to neighborhoods on the South side of Chicago. I remember being in one community center near Englewood, listening to community organizers and their work in fending off developments that would have contributed to gentrification. “How do homeowners’ figure in the organizing work,” I asked. The community worker answered that both homeowners who lived there and mom & pop owners who rented out properties to tenants in these neighborhoods needed the community organizations to connect them lawyers to stave off aggressive developers who sought to buy their properties that had code violations and to lenders for non-predatory credit to help rehab their properties.

I remember being in shock and awe of the power these community institutions exerted in negotiating with the city on behalf of the poor and minority communities. In India, this type of community organizing would be considered a ‘law and order’ problem, and these institutions would have been blamed for coming in the way of economic progress. But here, the collective agency of neighborhood constituents helped them assert their rights to stay in their homes and the city. The community institutions were like a firewall between them and people who were out to displace them. This was undoubtedly a form of resistance and struggle. But did these institutional networks then hold the key to enable access to homeownership and asset creation? Could they potentially show us how we can reverse the widespread dispossession that happened during the crisis, especially to minorities? Have we been looking at urban spatial opportunity from the wrong end of the telescope?
When I began my research study, much of the country was yet recovering from the crisis. Prolific scholars who advocated vociferously on the potential of low-income homeownership in the 90s were now being reticent on the subject, turning to less controversial asset creation tools such as Individual Development Accounts and baby bonds (see Oliver & Shapiro, 2019). My decision was then to study homeownership with fresh eyes. I wanted to understand low-income vulnerability through the eyes of intermediaries that support them. Unlike lending institutions or the city or households, these institutions are uniquely positioned to understand the evolving nature of vulnerability and the more extensive processes of markets, institutions, and politics that impact communities. These institutions also hold the institutional memory of community-centric response to the crisis and after. This is something I needed since I am new to the US context. I also wanted to understand why despite all the risks, the racial segregation, and the insufficient value appreciation of property, low-income and minority households continue to buy homes. Lastly, I wanted to understand to what extent intermediaries mediate their homeownership experiences.

To conduct this research, I decided to use the Chicago city region as the site of inquiry. This decision was an important one and, in many ways, shaped the trajectory of doctoral research. Chicago bears the distinction of being an important global city and the posterchild for urban development that has reinforced its historical patterns of racial and class-based segregation over several decades. However, the region is also home to a host of intermediary institutions and social justice coalitions that work on behalf of low-income communities, helping them negotiate the urban landscape. I provide a detailed description of the history of community work in Chicago in this chapter under the section titled “case study” and descriptive assessment of low-income homeowners.
To understand the socio-spatial relationships between intermediaries and disadvantaged households and their influences on the homeownership experience, I ask the following three questions in my doctoral research:

(1) Who are the agents that mediate the different stages of low-income homeownership, and how do they do so?

(2) How do social relationships between intermediaries and between intermediaries and households vary across the geography of the city region?

(3) How do these agents change the outcomes from homeownership for low-income and minority households?

For the first research question, I wanted to get how institutions work, how they network with each other, and what types of practices are involved in their service provision strategy. I also wanted to examine how these institutions understand and respond to compounding disadvantage and vulnerability. A qualitative approach to this section of the study was an obvious choice. I expected to conduct a range of interviews with people at different levels in non-profit organizations. For the second question, I expected to take a qualitative and quantitative approach, with the latter being informed by the qualitative studies. Quantitative studies are usually rife with proxy ways of measuring real-world phenomena. When they are not backed with solid field studies, these measures often become reductionist. Mixing of methods is one way to overcome these limitations. For the final research question, my original intention was to use a quantitative approach to examine the tangible aspects of intermediation by collecting data through household surveys and a qualitative approach to understanding the intangible elements of intermediation by understanding lived experiences of low-income households.
However, the COVID 19 pandemic and the subsequent lockdown laid waste to the best-laid plans. I could only partially conduct surveys and interviews, and therefore I had to reorient the ways I made measurements and conducted my analyses. I decided to utilize readily available Home Mortgage Disclosure Act (HMDA) datasets to aid in the investigation. In my view, the reorientation of methods is sub-optimal, and a compromise made out of necessity. I evaluate the methods and provide more detailed descriptions in the later part of this chapter.

I conducted 22 interviews over 34 hours with people at housing agencies, community institutions, and regional government and non-profit organizations for the qualitative study of institutions. The interviewees within the non-profits included heads of institutions, community workers, housing counselors, and field office directors. I also shadowed the housing counselor and the field office director at the NHS East Hazel Crest office, where for me, the network of intermediaries was most difficult to decipher. I joined them as they worked with a local support group on providing school kits for kindergartners and later through home-buying workshops and a trolley tour for potential homeowners. These excursions allowed me to understand how some of these people engaged in community development roles far beyond written mandates on roles and responsibilities. Some of the people I interviewed allowed me more time, and I could go back and ask many questions. Paramount among these was my discussions with people at the South West Organizing Project. I value these discussions as they were open to responding to my questions on diverse topics like complex matters of program implementation to explaining vernacular expressions I was completely unfamiliar with (for instance, “Street Organizations”).

The three types of institutions that are the focus of my study – housing institutions, multi-sectoral community institutions, and religious institutions provide essential support for homeownership and the interlinked non-housing spaces in low-income households’ lives. They
respond to the risks posed by intersectionality through their practices. These practices include the use and bridging of multiple knowledges, power negotiations, and caregiving to stabilize communities. They also help disadvantaged households navigate daily life and destabilizing life circumstances by assisting households to access a broader range of social support available across the metropolitan geography of Chicago. However, the availability of support across the region is highly connected to local programmatic support available in housing and community development. Community work and policy support also mutually reinforce each other.

To understand the spatial characteristics that explained some of the variability in intermediaries' location, I paired Info USA data with spatial locations of business in the Chicago region with the American Community Survey data of 2019 (5 YR). The results show that these institutions tend to locate next to each other and in minority tracts. In my analysis of tangible effects of intermediaries using the Home Mortgage Disclosure Act data, the results show that intermediaries do not move the compass in enabling improved access to mortgage loans. They are statistically significant only with a very small effect size in determining the quality of mortgages. Property values, lien status, and financial characteristics of the applicant are the strongest drivers of outcomes in both cases. Minority status is an important negative driver of access to mortgages. Neighborhood characteristics affect odds of loan approval and the quality of mortgages only marginally.

Further details of the analyses are provided in chapters 4 and 5. In this chapter, I lay out the reasons for choosing the Chicago region as my site of inquiry. Then I explain some of the conceptual aspects of low-income homeownership, which help me frame my research. Lastly, I discuss how mixed methods research serves me for the questions I seek to answer and how I conducted the qualitative and quantitative analysis.
3.1 CASE STUDY - CHICAGO REGION

The city of Chicago is an excellent site of inquiry for my research project for several reasons. The city has been infamous for its racist policies, deeply embedded racial segregation in neighborhood communities, and discriminatory housing interventions, including dismantling public housing communities. Affordable housing projects are also highly contested. The housing and economic crisis of 2008 is known to have disproportionately impacted low-income communities of color, leading to falling property prices, disinvested neighborhoods, and an increase in communities with concentrated poverty (Smith, 2006). However, the region is also home to a host of intermediary institutions and social justice coalitions that work on behalf of low-income communities, helping them negotiate the urban landscape. The city also provides a rich history and legacy of social movements and community development. The meteoric rise of CDFIs and CDCs and their subsequent fall after the recession offers the opportunity to study new institutional networks and practices that have emerged since the housing crisis. In this section, I trace some of this history and current discussion topics in housing and community development in the city and its region. I also provide an overview of the study region and the characteristics of low-income households in the city region.

3.1.1 Community development in Chicago

“To extract lessons from Shorebank’s failure one must understand its remarkable history. Shorebank innovated at every turn—economically, socially, and organizationally. For almost four decades, it stood for the proposition that neither race nor wealth nor geographic location should bar an individual from access to capital to buy a home, build a business, or develop a community. The bank’s motto, “Let’s Change the World,” served as a marketing device and a rallying cry for progressive community activism. In time, however, it also became a political red flag, stirring to action opponents of the causes Shorebank advocated” (Post & Wilson, 2011).
The city of Chicago has a vibrant history of community development and social work. The Chicago School of Social Work and pioneers of community organizing like Saul Alinsky were instrumental in the early organizing movements, including the Chicago Area Project (CAP) and The Back of the Yards Neighborhood Council (BYNC). The widely used Alinsky’s “direct action” model of organizing was premised on including socially marginalized community members to build on their exploitation and neglect experience to solve their problems (Halpern, 1996). One of the organizations I eventually studied, the South West Organizing Project, continues to draw inspiration from the work of Alinsky.

Chicago is also the birthplace of Shorebank— the first commercial community development bank in the U.S founded in 1973 (Von Hoffman, 2003). Touted as a progressive example of social enterprise, the Shorebank inspired community development financial institutions and shaped federal community investment legislation. Shorebank was also an innovative enterprise. The Shorebank Corporation was a complex entity that included nonprofit organizations that provided complementary services to banking and nonbanking clients and a commercial mission-driven banking enterprise. Together these institutions revolutionized community lending and the comprehensive development of minority neighborhoods in the city. The failure of this institution in the aftermath of the economic recession is considered to be in part a failure of the federal government to under the catalytic nature of the organization’s work and inherent issues in the nature of the organization itself (Post & Wilson, 2011).

The post-crisis interventions, including the Obama government’s place-based initiatives such as Strong Cities, Strong Communities (SC2) and Promise Zones, Choice Neighborhoods programs, have further directed investments to revitalize struggling neighborhoods containing distressed public or HUD-assisted housing. These programs were infamous for demolishing the
projects and vouchering out of assisted housing residents, primarily Black and Latino communities, and disruption of their community networks and the development of mixed-income projects through the HOPE VI program in their place. However, the programs also necessitated organizations focused on housing to expand their menu of support services for the community, including service provider agencies (Bellantoni, 2009; HUD PDR, n.d.).

Thus, the history of community work resides alongside high levels of segregation in neighborhoods and conspicuous discrimination in mortgage finance and real estate markets. Among metropolitan regions in the country, the Chicago region ranks 5th in segregation with a dissimilarity index between White and Black of 83.6 (Segregation: Dissimilarity Indices, 2005).

These contradictions, in part, make the Chicago region an apt place to understand how facilitation around housing and particularly low-income homeownership is currently carried out. The city region provides a rich legacy of community development to understand how new institutional networks are fostered and how the different housing and non-housing aspects of the demand side facilitation work to serve the diverse needs of low-income and minority households.

3.1.2 Defining the study geography

The census bureau defines the extent of the Chicago region as the Chicago-Naperville-Elgin metropolitan statistical area, the 3rd largest in the country that includes 14 counties across three states – Illinois, Indiana, and Wisconsin. Notable demographic shifts have happened in the Chicago MSA since the 2010 census. The overall population increase in the MSA has been 6.86%, with a total population of 10,108,834. The city of Chicago’s population increased by 0.68% between 2010 and 2017, and it houses 27% of the MSA population. Between 2010 and 2017, the most significant increase in population has been in Kenosha county, Wisconsin, accounting for 82% of the population increase in the Chicago-Naperville-Elgin Metropolitan
area. I limit my area of study to the metropolitan region of Chicago within the state of Illinois (comprising of 9 counties) or the ‘Chicago-Naperville-Joliet, IL metropolitan division.’ This is to maintain consistency across data sets and a consistent state-level governance framework across sites of inquiry.

3.1.3 Characteristics of low-income households in the region

As per the Public Use Micro Sample (PUMS) 2016 5yr estimates\(^1\), about 42% of all households in the study region are low-income households earning less than 80% of the area median income. The key factors differentiating this group from other income groups are their incomes, education levels, and employment outcomes. Only 36% of low-income owners have some college degree, while the rates are 59% and 80% for middle- and higher-income categories. Low-income renters are worse off, with only 27% of the households with adults who have some college degree. 46% of the low-income households are owners. In comparison, 69% of middle-income and 80% of high-income households are owners. About 619,869 households (20% of total) in the study region are low-income homeowners.

Table 1. Distribution of low-income homeowners in the MSA (Source: PUMS 2017 5Yr)

<table>
<thead>
<tr>
<th>County</th>
<th>Total number of low-income homeowners</th>
<th>% to total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chicago</td>
<td>157986</td>
<td>25%</td>
</tr>
<tr>
<td>Cook</td>
<td>221113</td>
<td>36%</td>
</tr>
<tr>
<td>Dekalb</td>
<td>6788</td>
<td>1%</td>
</tr>
<tr>
<td>Dupage</td>
<td>61858</td>
<td>10%</td>
</tr>
<tr>
<td>Kane</td>
<td>36878</td>
<td>6%</td>
</tr>
<tr>
<td>Kendall Grundy</td>
<td>13118</td>
<td>2%</td>
</tr>
<tr>
<td>Lake</td>
<td>46623</td>
<td>8%</td>
</tr>
<tr>
<td>McHenry</td>
<td>23573</td>
<td>4%</td>
</tr>
<tr>
<td>Will</td>
<td>51932</td>
<td>8%</td>
</tr>
</tbody>
</table>

\(^1\) I conducted this study in 2018 when I was writing the dissertation proposal. At that time 2016 PUMS was the most current estimates available.
The main expenditures, especially for low-income families, are housing and transportation-related costs. 49% of the low-income owners are moderately (spending more than 30% of their household income) or severely (spending more than 50% of their household income) housing cost-burdened. In comparison, only 25% of middle-income households and 7% of high-income households are cost-burdened. As expected, low-income renters are worse off, with 69% of the households either moderately or severely cost-burdened.

Only 9% of low-income owner households have no cars, while 34% of low-income renter households have no vehicles. Therefore, it is not surprising that low-income renters are highly concentrated in Chicago (51%) and the rest of Cook County (24%), where ample public transportation enables access to jobs and social amenities. Nevertheless, about 9000 low-income owner households and 29,000 low-income renter households living in the suburban and collar counties have no cars.

**The city and suburb** - Most low-income homeowners are concentrated in the city of Chicago (25%) and Cook County (36%). The rest of the low-income households live predominantly in the collar counties of DuPage, Will, and Lake within the study region.

**Race makes a difference** - In every income category, Whites are predominantly owners – 62% of low-income, 75% of middle-income, and 83% of high-income. In every income category, non-Hispanic Blacks have the lowest rates of homeownership - 28% of low-income, 54% of middle-income, and 71% of high-income. There is also considerable difference across education levels and employment outcomes.

**The disparate impact of housing costs** – African American (62%) and Latino (58%) low-income households are more likely than white (44%) low-income households to be moderately or severely cost-burdened (spending more than 30% and 50% of their incomes on housing and
related costs). Minority renter households again present a bleaker picture, with 75% Blacks and 67% Latinos being moderately or severely cost-burdened.

**Stability vs. Mobility** - Low-income households are on average less mobile than moderate and high-income households. The average length of stay in the same residence is about 19 years for low-income owners compared to 16 for high-income owners. In comparison, the average length of stay for low-income renters is eight years. Low-income owners are far less mobile than low-income renters. Low-income homeowners (67%) are more likely to have lived in their current residence for over ten years when compared with low-income renters (less than 17%). The average length of stay in residences is comparable across different races in low-income homeowners. 73% of Black, 58% of Latino, and 70% of White low-income owners have stayed in their homes for over ten years.

**Vulnerable groups and race effects** - Homeownership rates are very low for women-headed households (with children) across all income categories - 17% of low-income owners, 29% of middle income, and 29% of high income. Within low-income, ownership rates are meager for African American women-headed households (16%). More than 67% of African American grandparent-headed households with children are renters. In comparison, only 29% of white grandparent-headed households are renters.

I conducted a study of conventional dimensions of opportunity that includes education quality, health quality, transportation access, and neighborhood quality and constructed a combined measure of spatial opportunity at the census tract level using average Z scores (refer Synthesis Paper 2). The map below shows the quantile distribution of these measures and tracts' locations, predominantly of low-income owners (refer to synthesis paper 2). Predominantly low-income and predominantly homeowner tracts measure over 60% on both variables (based on
ACS 2018 5 YR estimates). On average, 68.4% of the families in these neighborhoods are low-income or earning less than 300 times the federal poverty level (for detailed descriptions of comparisons across federal poverty measures and HUD median incomes for the Chicago region, refer to synthesis paper 2). However, these neighborhoods are typically not high poverty areas (commonly described as neighborhoods with more than 30% below the federal poverty line), with an average of 19% of families below the federal poverty line. There are about 2.5 times as many owners as renters. On average, only about 12.4% of the adults have educational attainment of bachelor’s degree or higher, and the average unemployment rate is 13%. The city of Chicago and Cook County have very high unemployment rates. The median family income is about USD 49,000. On average, 37% of the owner households in the tracts are housing cost burdened. At least 70% of the tract populations are non-white, with the city of Chicago tracts having more than 90% of non-white families.

Table 2. Descriptive statistics of opportunity categories

<table>
<thead>
<tr>
<th>Variable</th>
<th>N</th>
<th>Mean</th>
<th>Median</th>
<th>Std. Deviation</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Opportunity in the metropolitan region</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transportation opportunity</td>
<td>2030</td>
<td>3.384</td>
<td>3.714</td>
<td>1.169</td>
<td>0.000</td>
<td>5.000</td>
</tr>
<tr>
<td>Health opportunity</td>
<td>2030</td>
<td>0.000</td>
<td>-0.037</td>
<td>1.000</td>
<td>-0.047</td>
<td>33.264</td>
</tr>
<tr>
<td>Neighborhood opportunity</td>
<td>2030</td>
<td>0.000</td>
<td>-0.158</td>
<td>0.674</td>
<td>-1.850</td>
<td>2.620</td>
</tr>
<tr>
<td>Education opportunity</td>
<td>2030</td>
<td>0.000</td>
<td>0.031</td>
<td>0.303</td>
<td>-2.208</td>
<td>0.991</td>
</tr>
<tr>
<td>Combined opportunity</td>
<td>2030</td>
<td>0.000</td>
<td>-0.060</td>
<td>0.407</td>
<td>-0.652</td>
<td>10.948</td>
</tr>
</tbody>
</table>
Table 2 continued.

*Opportunity in ‘Predominantly low income and predominantly homeowners’ tracts*

<table>
<thead>
<tr>
<th>Opportunity</th>
<th>N</th>
<th>Mean</th>
<th>Standard Deviation</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation opportunity</td>
<td>93</td>
<td>3.703</td>
<td>4.000</td>
<td>0.650</td>
<td>1.875</td>
</tr>
<tr>
<td>Health opportunity</td>
<td>93</td>
<td>-0.037</td>
<td>-0.039</td>
<td>0.009</td>
<td>-0.047</td>
</tr>
<tr>
<td>Neighborhood opportunity</td>
<td>93</td>
<td>-0.191</td>
<td>-0.234</td>
<td>0.447</td>
<td>-1.276</td>
</tr>
<tr>
<td>Education opportunity</td>
<td>93</td>
<td>-0.099</td>
<td>-0.109</td>
<td>0.258</td>
<td>-1.062</td>
</tr>
<tr>
<td>Combined opportunity</td>
<td>93</td>
<td>-0.109</td>
<td>-0.149</td>
<td>0.184</td>
<td>-0.588</td>
</tr>
</tbody>
</table>

Since most of these tracts are within the city, as the table of opportunity measures show, predominantly low-income owner tracts have more significant than average access to transportation opportunities. However, they score lower than average on all the other opportunity categories. The combined opportunity in the region represented in quantile intervals is presented below.
Figure 1. Combined opportunity at tract level in the metropolitan region of Chicago
3.2 UNDERSTANDING THE DUAL RISKS OF POVERTY AND LONG-TERM MORTGAGE DEBT

Before embarking upon a research project that seeks to throw light on how intermediaries mediate the homeownership experience for disadvantaged communities, in this section, I describe what we know about poverty risk and its interaction with risks owing to homeownership. I also explain what we know about the different stages of low-income homeownership and how risk addressed through housing facilitation. These descriptions provide the conceptual and methodological framework for the research.

3.2.1 Tenure transitions

Low-income homeownership is a dynamic process of tenure decisions and transitions over the life of households and families. Tenure transitions or the process of moving in and out of homeownership, impose considerable financial (loss of wealth, loss of credit rating) and non-financial costs (loss of health, adverse impacts on educational outcomes for children) on low-income and minority households (Shapiro, Meschede and Osoro 2013, Boehm and Schlottmann 2004, Haurin and Rosenthal 2004, Belsky and Duda 2002). Housing-related (excessive leverage, sudden repairs) and other non-housing instabilities (change in employment, income, family structure, changes in spending) often exacerbate the propensity for tenure transitions (Cole, 2014; Reid et al., 2017). These instabilities associated with a life of poverty interact with personal characteristics – ambition, self-efficacy, risk behavior (Galster & Sharkey, 2017b; Reid et al., 2017). However, mediating circumstances and the proper support and facilitation can change an individual’s repertoire of capabilities (Reece & Gambhir, 2008; Rosenbaum et al., 2010). Thus conceptually, mitigating the risks associated with instabilities (housing and non-housing) of low-income families will enhance their chances of sustaining ownership and reduce the negative financial and non-financial consequences of tenure transitions. Over time these
measures could improve self-efficacy and life chances enabling the intergenerational transfer of wealth and upward social and economic mobility.

3.2.2 Intermediaries and the life cycle of low-income homeownership

An assessment of institutional structures would include examining the role of agents, institutions, and their networks – in public organizations, private enterprises, and non-profits, and community organizations. Of these, by and large, it is non-profits and community organizations that mediate the political arenas by helping disadvantaged community groups leverage their collective agency in negotiating with more powerful actors in the urban environment. Their community development work can augment disadvantaged community groups' collaborative capabilities and provide forums for their participation in the political process, thus enhancing low-income communities' feelings of self-agency (Berger et al., 1977; Zimmerman & Rappaport, 1988). These intermediaries also assume the dual role of communicating local needs while working as conduits through which state & other actors implement programs and projects and channel funds for interventions relevant to low-income communities. These non-profits, CDFIs, community organizations, and social enterprises thus serve as social safety nets for low-income families (Hayes et al., 2015). A study of how these organizations hedge risks and possibly build resilience for low-income owners through their networks and integrated service provision strategies can therefore be a valuable exploration in the context of facilitating sustenance of low-income homeownership.

As discussed, earlier tenure transitions that exacerbate low-income risk are caused by the compounding of financial liabilities owing to housing and non-housing problems communities face. Exogenous shocks, including market failures and changing policy environments, further aggravate the situation. Therefore, in this research, I study how the local policy environment,
institutions, agents, and practices intervene in the intrinsically linked ‘housing and non-housing spheres’ of support low-income families require. Past research provides compelling evidence of the importance of local intermediaries in different segments of the ‘low-income homeownership value chain’ – starting from pre-purchase counseling, non-predatory mortgage finance, foreclosure prevention assistance, asset management, and renovation loans (Jefferson et al., 2012; Turnham & Jefferson, 2012). However, in the context of sustaining ownership, we do not have a complete picture of how intermediaries intervene in the non-housing spheres in the life cycle of families, how services are integrated between housing and non-housing spheres and if access to a specific combination of institutions and practices are more successful than others at enhancing the resilience of disadvantaged and vulnerable communities. For instance, access to non-predatory mortgage credit is necessary for success from a home purchase. This area of study has benefitted from extensive research. However, access to non-predatory short-term credit is vital to hedge against exigencies such as health expenditure or loss of income, resulting in a negative spending spiral and loss of ownership. Equally important could be asset management services and counseling services that would help families make informed decisions on financial management not only at critical junctures in their lives but as an ongoing practice through dynamic facilitation. Related interventions could include training and placement services. In the figure below, I present a conceptual model exhibiting the different stages of homeownership and the work of intermediaries.
3.2.3 Spatial opportunity structures and intermediary support

Multiple disciplinary perspectives view neighborhoods as central determinants of life chances (Sampson, 2008, 2012). Empirical investigations have documented a range of social and economic outcomes brought forth by uneven geography of residence on individual aptitudes, education outcomes, the physical and mental health of children and adults, and labor force participation (Chetty, Hendren, and Katz 2016; Galster and Sharkey 2017; Darcy and Gwyther 2011; Cheshire 2012; van Ham et al. 2014; Galster and Killen 1995). Jason Reece at the Kirwan Institute for the Study of Race and Ethnicity that pioneered and carried out the preparation of a large number of opportunity maps in the country, defines opportunity as follows, “a place that provides access to quality schools, healthy food and recreational options, stable and supportive housing, sustainable employment, and strong social networks.” Conversely, opportunity-deprived communities, according to Reese, “lack access to steady employment, essential services, and good schools, and often live in unsafe environments” (Reece et al., 2013).
However, when comparing where conventionally defined spatial opportunity is available versus where access to intermediary support and housing policy support is open for low-income households, city-regions in the United States present paradoxical arrangements. For instance, the city of Chicago offers several programs that subsidize first-time home buyers, counseling programs, foreclosure prevention programs, grants, and loans for home maintenance. More importantly, there is an intricate web of intermediaries that provide a range of services (housing-related services, short-term credit, counseling, asset management, training and placement services, substance abuse counseling), drawing upon varied funding sources. In comparison, neighborhoods in collar counties like Kane or Will may fit the conventional definition of ‘opportunity neighborhoods’ but may lack intermediaries and support systems low-income families require.

However, the predominant thrust within housing policy has been to enable access to conventionally defined spatial opportunity structures and racial integration through deconcentrating of minority and poor neighborhoods as a means to achieving these objectives. This thrust has led to several hallmark consent decrees and quasi-experiments, including the Gautreaux Consent Decree, Moving to Opportunity for Fair Housing Demonstration Program, and the Thompson Consent Decree and resultant Baltimore Housing Mobility Program. In other words, policies and programs for economic integration on the supply side of low-income housing have hardly acknowledged that residential location in an ‘opportunity neighborhood’ does not preclude the need for sustained access to housing and non-housing intermediaries for low-income families, including owners. Given that gains from homeownership are accrued over more extended periods of time, low-income owners continue to deal with the same level of instability and risk in their lives even after ownership. Therefore, a part of the objective of this research will
be to examine the role of institutional intermediaries as spatially distributed opportunity structures.

Many scholars have indicated that low-income homeownership facilitation must be multi-faceted (Rohe & Stewart, 1996), long-term, and sustained (Elugardo and Klein 1998). The intention here is to examine this proposition by defining and prioritizing the different facets of spatially mediated facilitation. Hayes et al. (2015) show that ‘community oriented’ non-profit density, especially for critical services like emergency services, employment, and financial services, is much lower in low-poverty tracts where other dimensions of opportunity like schools and employment opportunities are greater. So, there are apparent trade-offs low-income families make in how they locate themselves.

3.3 A MIXED METHODS RESEARCH DESIGN

My research study has two essential parts. Since the role of CDCs in housing support has considerably reduced in the Chicago region, the first part of my research seeks to understand what types of support are currently available, who provides this support, and how. The analysis of roles, practices, and interrelationships between intermediary institutions necessitates field research. The second part of my research aims to inquire into ways in which the support is valuable. Thus, the study includes an exploratory component and an explanatory component. In the former, the unit of analysis is the formal social organization of intermediaries, and in the latter, it is low-income households (Babbie, 2007). Analyzing practices of community organizations and making one on one relationships to the effectiveness of their work is highly complex, both between organizations and between neighborhoods. Also, since communities and neighborhoods are essentially dissimilar, it is hard to parse out the effect of community interventions since a control group is challenging to establish (Baum, 2001). Instead, a
systematic process of knowledge-building focussed on low-income communities can help us gather more definitive evidence of impact (Fulbright-Anderson & Auspos, 2006). Therefore, understanding the practices of institutions requires an in-depth analysis of how different institutions operate and what precursors and relationships allow them to work in varied contexts.

Also, the boundaries between the operational methods of the intermediaries and the context of operation are not evident. However, knowing some of the variables of difference across space could allow for a cross-case comparison of phenomena and outcomes. Moreover, given what I already know about the Chicago region from the preliminary analysis, multiple case studies would help me discern which sets of analytical outputs and conclusions are generalizable (R. Yin, 2019). For these reasons, I chose to analyze intermediary institutions through a multiple case study research design, picking different broad locations with the Chicago region. Manning Thomas (1996) further notes that “there is a community response to evaluation that may differ from the scholarly application.” Therefore, mixing methods could help assess community institutions' work in ways beyond normative assumptions of success.

To discern the importance of local intermediaries, I compare low-income owners in the city who have greater access to intermediaries; with those in suburban counties with lower access to intermediaries. I evaluate how each group navigates their housing and non-housing-related instabilities through spatially mediated opportunity structures and the propensity for each group to sustain ownership and possibly accrue financial and non-financial advantages from ownership over the long term. Mixing methods offers the chance to assess the normative and interpretive aspects of intermediary work in ways that triangulate findings in each method (Gaber & Gaber, 1997). Methodological triangulation offers the potential to either employ multiple strategies of analyzing the same data (within-method mixing) or using dissimilar data collection techniques to
analyze the same phenomenon (between-method mixing). Methodological triangulation is especially necessary for explaining and understanding complex social phenomena. Therefore, methodological triangulation or mixing of methods makes three presumptions – (1) empirical data for understanding the phenomenon requires multi-faceted pieces of information, (2) mixing methods offset the disadvantages of single methods, and (3) the different research methods do not share the same weaknesses. My research employs the “between-methods mixing” type of mixed methods research. There are thus two main components to this mixed methods research. A qualitative assessment of intermediaries, their networks, and practices explains their efficacy and spatial variability. These analyses help me construct the spatial and quantitative model that allows triangulation of the institutions' spatial variability and efficacy.

Mixing of methods can also make five essential types of contributions to urban research. By triangulation or “convergence” of multiple methods, mixing can help improve the validity of results. Sequential “development” of quantitative and qualitative methods, with the first informing the second, could enhance the strength and sensitivity of additional research methods. Mixing of methods also offers “complementarity” to understand the multi-faceted nature of the phenomenon. Fourth, mixing methods allows for “expansion” or expanded interpretation, where the outputs of distinct methods applied help analyze each other. Lastly, mixing methods allows for “initiation,” where findings from the different methods do not converge. Initiation allows for new interpretations of phenomena and opens new lines of inquiry for the research (Gaber & Gaber, 1997).

I answer the three research questions through an iterative process of analyzing the qualitative and quantitative research outputs and using the different results to inform each other. For instance, I first made maps of conventional opportunities in the region and compared them
with intermediaries as “opportunity.” These presented extremely contrasting patterns with low-opportunity tracts with the city showing up as “high opportunity” for access to intermediaries. Using the PUMS data analysis, I located broad locations with predominantly low-income homeowners. I also attempted to trace the policy support available for the different stages of homeownership – home buying, home repair, and foreclosure interventions by scouring government websites (Illinois Housing Development Authority (IHDA), county governments, housing authorities, and a few city governments). From these analyses, I noted that the geography of social support through intermediaries closely matches the geography of policy support for housing and other services. I made notes of some of these programs to include in my interviews to understand their usefulness. Based on some of the understanding from this work, I undertook a preliminary reconnaissance visit to talk to a few different types of intermediaries in August 2019.

For my preliminary field work, to connect with intermediaries in different locations of the MSA, I contacted Housing Action Illinois (HAI), a coalition of housing organizations in the state of Illinois. In the first round, I interviewed people from four institutions, (1) NHS of Chicago - a housing agency working primarily in the City of Chicago and Cook county, (2) Chicago Community Loan Fund (CCLF) – a Community Development Finance Institution (CDFI), (3) Respond Now – an organization working to prevent homelessness and ensuring food security in the south suburban Cook County, and (4) Community Partners for Affordable Housing (CPAH) – a housing agency working in Lake county.

This round of discussions helped me understand the importance of policy and government support in the work of intermediaries associated with affordable housing. I also understood that the nature of support and the level of resources available in the neighborhoods of
Chicago are likely to considerably exceed support available in south-suburban Cook County, which has the highest concentration of low-income homeowners in the MSA. These two geographies could present uniquely contrasting case studies in the work of intermediaries. NHS works in both these geographies. Keeping the institution constant allows analysis of differential access to policy support within a single intermediary institutional framework.

Preliminary discussions with CPAH about their work in Lake County presented a few peculiarities. While the dollar value of subsidies for homeownership is lower than in the City of Chicago, the county government is proactive in enabling partnerships between housing and non-housing agencies in the region. The low-income population served by CPAH is predominantly Latinos and immigrants. A CPAH staff member mentioned that many of them are unsure of their territorial rights and sometimes do not even have bank accounts.

The variability of policy support and preliminary insights on access to social support led me to design a multiple case study design for assessing intermediary networks in the region. Thus, I selected NHS and CPAH to explore their practices, partnerships, and geographies of operation. I also intended to use these housing institutions to recruit households for surveys and detailed interviews. Two concerns led me to add one more housing agency and geography to the list of case studies. Given the dynamic nature of the policy environment in which these housing agencies work, it has been challenging to sustain communication. Diversifying my risk by working with different organizations has led to more numbers of responses.

3.4 QUALITATIVE ASSESSMENT OF INTERMEDIARIES IN THE CHICAGO REGION

As discussed earlier, I employ a qualitative multiple case-study approach and select four broad locations in the Chicago region for the assessment of intermediaries. The primary case study is in Chicago, with smaller comparative studies in South Suburban Cook, Lake, and Will
counties. I decided to start with housing intermediaries since they seemed to have the broadest spatial area of influence and whose work was directly related to homeownership facilitation. In my preliminary interactions with housing agencies, they indicated how they partner with neighborhood organizations. As I started investigating those organizations, it was clear that my best bet was to trace a path towards intermediaries closer and closer to communities and households with the neighborhoods.

I draw upon 22 in-depth interviews (12 with housing institutions, 6 with non-housing institutions, and 4 with regional government and non-profit institutions) totaling more than 34 hours of interview data and participant observation at intermediary institutions. In addition, I studied local policy documents on housing, and a range of reports, public profiles, and media files prepared by different non-profit institutions available online.

I interviewed various people within the institutions I studied – directors, housing counselors, community workers, and volunteers to assess and triangulate their experiences and practices. Fieldwork began in September 2019 and concluded in September 2020, allowing for examining changes in institutional capacity and programming as a result of the COVID 19 pandemic. I started with Housing Action Illinois (HAI), a state-level coalition of housing non-profits, and through them connected with three non-profit housing institutions working in the four case study regions – NHS of Chicago, Community Partners for Affordable Housing (CPAH) of Lake County, and the Community Service Council (CSC) of Northern Will County.

A system of referrals exists, from banks and community institutions to housing non-profits for home-purchase counseling; and from churches, alderpersons, and local community institutions to housing agencies for foreclosure-prevention counseling. Of the various institutions performing community work, community and place-based institutions are considered
indispensable for housing institutions as pathways into neighborhoods and building trust within communities. Similarly, community and place-based institutions often partner with other smaller institutions, including faith-based institutions and neighborhood clubs. Therefore, I decided to interview people at the multi-sectoral community and place-based institutions, and faith-based institutions in addition to the interviews at housing agencies. Housing institutions primarily provide support through counseling, access to government grants and subsidies, and by helping households negotiate with other actors associated with housing and real estate. Multi-sectoral community and place-based institutions anchor themselves in specific neighborhoods and regions and provide a range of services that their constituents require. Faith-based institutions offer a range of community services that could overlap with those of the other two types of institutions. However, their primary work is in delivering faith.

I chose not to focus on two crucial nodes of referrals in this study. First, alderpersons are essential nodes of referrals for housing and all other types of social and human services. They also perform important roles in influencing fund flows at the neighborhood level. While both aldermen’s offices within the city of Chicago and the mayors’ offices outside the city could be interesting sites from which to understand community development needs, these sites by themselves do not engage in any particular service provision. Besides, they are very much within the range of “state” institutions.

Similarly, public schools are important sites of support and locations from which the other institutions studied here conduct their activities. However, public schools simply serve as multifunctional social spaces and are not institutional entities whose primary mission is community work or services related to housing and are therefore not included in this study. The types of institutional relationships studied in this chapter are not consistent across the
metropolitan geography of Chicago and do not constitute a representative sample. However, they are representative of one prominent structure of institutional partnerships that currently provide integrated and multi-faceted community support and intermediation. A schematic of the partnerships I studied in the different geographies is provided here:

Table 3. Representative institutional partnerships within the city of Chicago and in suburban locations

<table>
<thead>
<tr>
<th>Type of institution</th>
<th>City of Chicago</th>
<th>Will county</th>
<th>Lake county</th>
<th>South-suburban Cook</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing non-profit</td>
<td>NHS</td>
<td>CSC</td>
<td>CPAH</td>
<td>NHS</td>
</tr>
<tr>
<td>Community service organization</td>
<td>SWOP</td>
<td>SCC</td>
<td>Mano a Mano</td>
<td>Not evident</td>
</tr>
<tr>
<td>Faith-based and other</td>
<td>IMAM, St. Rita</td>
<td>Not evident</td>
<td>Not evident</td>
<td>Not evident</td>
</tr>
</tbody>
</table>

In this section of the study, I quote from in-depth interviews with different members of several institutions listed in the table above. I include a narrative profile of some of the institutions often referred to in the subsequent analyses.

**Neighborhood Housing Services (NHS)**

NHS is a HUD-certified housing agency that works in the Chicago, South Suburban Cook County & Elgin region of the metropolitan area. Along with Neighborhood Lending Services (NLS), they educate and assist homeowners and first-time home buyers. NHS provides a range of workshops, one-on-one counseling, and intermediation “to help people buy, fix and keep their homes.” They also foster community partnerships and invest in the preservation and rehabilitation of affordable housing. Since it began, in 1975 NHS has served more than 245,315 families.
**Community Service Council of Northern Will County (CSC)**

CSC in Northern Will County began its practice by providing clinical counseling services. Later they obtained certification for housing and financial counseling also. Like NHS, they also offer a range of workshops and one-on-one counseling for homeowners and first-time home buyers. Being relatively new to housing counseling, they partner with the Spanish Community Center at Joliet to provide housing services.

**Community Partners for Affordable Housing (CPAH)**

CPAH is a HUD-certified housing agency that serves the northern suburbs, particularly within Lake County. Three organizations came together to form CPAH as it exists today. The Lake County Residential Development Organization, an off-shoot of the Lake County Housing Authority, the Affordable Housing Corporation of Lake County (AHC) set up by a task force of the County government and CPAH (originally a Community Land Trust) merged in 2019. CPAH provides a range of services, including rental assistance, rental housing, property management, HUD-certified housing counseling, down payment assistance, owner-occupied rehabilitation, accessibility improvements, foreclosure counseling, financial counseling, community land trust programming, inclusionary housing administration, housing rehabilitation, project management, and new construction.

**South-West Organizing Project (SWOP)**

Formed in 1996, SWOP is a broad-based organization of 45 Christian, Muslim, and Jewish faith institutions, public and private schools, and other institutions in Southwest Chicago. SWOP is known for its efforts to community concerns, including safety, political activism, assistance for immigrants, and interventions in public schools. SWOP organizes predominately in five Chicago community areas: Chicago Lawn, Gage Park, West Elsdon, West Lawn, and
Ashburn. The five SWOP neighborhoods are 62% Latino, 27% African American, and 10% White.

**Spanish Community Center of Joliet (SCC)**

SCC describes itself as a social organization interested in the welfare of Latinos, immigrants, and low-income people. In addition to social services that include employment, legal assistance, and education, SCC also offers housing counseling in partnership with CSC, immigrant services, a food pantry, and subsidized child-care.

3.4.1 The nature of field work

The interviews were semi-structured and iterative to get at the roles different members of organizations play. People in the headquarters of housing institutions were relatively easier to talk with as they had designated office spaces and, therefore, reliable locations where they could be found. At my behest, the NHS director of housing facilitation provided me with office space and allowed me to interview several housing counselors in the same location. The field office directors were much harder to get to. They seemed to be doing tasks of collaboration and intermediation that I did not expect. Therefore, I offered to shadow them at their workplace, follow them around and ask them questions as and when they had time. This type of participant observation paid off. This is because field office directors indeed have very dynamic roles. Their job is to foster partnerships with institutions already existing in neighborhoods, using multiple avenues and methods. There is no structured manual for doing this work. For instance, the field office director of the NHS in West Humboldt Park gave financial self-defense classes in local churches and facilitated farmers' markets and street festivals. The field office director at the East Hazel Crest office of NHS assists a local youth group supporting incarcerated youth to reintegrate and local women’s groups. In addition, they also participate in the counseling of
households. Because of my insistence in helping out somehow, I also got to attend a trolley tour in south suburban Cook organized by the NHS Hazel Crest office in partnership with Citi Bank and the South Suburban Land Bank. This tour allowed me to talk with various event participants that included institutional members and low-income homebuyers. It also allowed me to see what types of homes are available on offer to low-income households in predominantly black neighborhoods. However, the most insightful instance of the in-depth inquiry was an hour-long drive along with the director of the Hazel Crest office around the different cities in South Suburban Cook. Viewing these neighborhoods through the eyes of someone who grew up there and had an immense interest in improving those places' quality was priceless.

I had information on the types of institutions NHS partnered with in the city. Similarly, I also had information about CSC’s and CPAH’s partners in the suburbs through multiple interviews in the fall of 2019. However, at the beginning of 2020, I had a challenging time establishing contact with people at all three housing institutions. An NHS employee mentioned that large programs like the Illinois Hardest Hit were coming to an end during one brief conversation. Subsequently, the revenues from administrative fees diminished. Therefore housing counselors within NHS had to look for other revenue-generating avenues, including rental counseling. Therefore, next, I made attempts to cold call some of the community institutions to continue interviews. Of the multiple emails I sent out and calls that I made, people from the South-West Organizing Project (SWOP) and the Spanish Community Center (SCC) responded. I conducted multiple rounds of interviews with people at SWOP and their member partners and SCC. I also attempted to connect with Mano a Mano at Lake county, but a formal interview did not materialize.
In addition to these interviews, I also interviewed people at the Chicago Metropolitan Agency for Planning (CMAP), the Metropolitan Mayors Caucus (MMC), and the Metropolitan Planning Council (MPC). These three regional organizations were able to draw upon their experiences to answer some of my questions around spatial disparity in access to intermediaries.

3.4.2 Analytical strategies

For each of the three housing institutions, I built logic models for various stages of housing service provision highlighting points where referrals are made to other intermediaries and the conditions under which they are made. The following is a schematic logic model. The models do not vary substantially across the three different housing institutions.

The diagram shows the four types of counseling provided by NHS and details of the practice. It also indicates intermediary institutions that make referrals to the housing agency at
different stages and institutions to whom referrals are made. By analyzing how referrals are made and received between intermediary organizations in each case study geography, I then constructed network diagrams that depict the landscape of social support for low-income homeowners in different case study locations. The milestones in the lifecycle of ownership and intermediary intervention's broad nature at different stages are known from past research and policy briefs. Therefore, the first step of the analysis was to test if the three housing institutions confirm the assumptions associated with the life cycle through a deductive analysis of interviews with executive heads of housing institutions.

I then prepared case-based descriptions to analyze known theoretical prepositions and assessment of practices. The particularities of local jurisdiction regarding policy and government support demonstrated why intermediary practices vary across the geography. These descriptions have been substantiated with analysis of secondary data like policy documents and interviews of regional institutions. For analyzing patterns of networking and relationship building between housing and non-housing intermediaries as it connects to the different stages in the life cycle of low-income homeownership and to discern nuances in practices based on particularities of case study regions, I used an inductive process for analysis in the case descriptions.

I voice recorded some of the interviews where I felt comfortable asking for participants to be recorded. I made shorthand notes during interviews and then recorded the details after the session was complete. I then reviewed these interviews, identified themes, and made detailed memos. The organization-level logic models, the case-specific descriptions, and network diagrams allowed me to synthesize rival explanations through an argumentative interpretation of convergence and divergence of practices between the different case studies (R. Yin, 2019).
3.5 QUANTITATIVE ASSESSMENT OF LOAN OUTCOMES

Past research shows that mortgage finance terms and quality are amongst the strongest determinants of the success or failure of low-income homeownership. These factors are known to influence the ability of households to hold on to ownership tenure and accrue wealth and non-financial benefits from homeownership. Therefore, one of the best ways of capturing the importance of intermediaries would be to quantify the tangible benefits of intermediary work in the form of their ability to mediate relationships with the mortgage finance industry and make households more discerning consumers. In other words, if my research provides evidence of causal relationships between intermediation and mortgage financing outcomes, the results could have an immense impact on low-income homeownership policy. For these reasons, I added a quantitative component to my research design (Babbie, 2007).

In my original dissertation proposal, I intended to examine the effects of access to intermediary institutions on low-income ownership through primary surveys of 350 households. Through analysis of survey output, I planned to investigate how differential use of intermediary services, (operationalized by use of services and access to grant support in the different stages of homeownership), changes the known determinants of financial outcomes from low-income homeownership such as quality of loan, length of tenure and extent of liabilities (while controlling for race, income, family composition and age of the householder, and neighborhood quality). All of these variables were to be captured through the survey of households. I planned to recruit households by establishing connections with neighborhood churches. The administration of surveys proved to be challenging even before the COVID 19 pandemic induced lockdown in the state of Illinois (since mid-March 2020) due to disruption of communication with housing agencies. As I began establishing contacts with community institutions through cold calls, people at the Brighton Park Neighborhood Council (BPNC) and South West
Organizing Project of Chicago (SWOP) agreed to help me with survey recruitment. While BPNC decided to include the recruitment material in their newsletter, SWOP took a more hands-on approach through their field staff. I translated my survey to Spanish and set up both the English and Spanish versions online on survey monkey. In the last year, I received 20 responses in both languages, of which 15 survey responses are usable. The fifteen survey responses also helped me recruit five people for in-depth interviews. Through the surveys and interviews I gathered, preliminary insights show that having access to intermediaries matters for low-income and minorities, especially during shocks like income loss due to the pandemic and critical life decisions (summary of analysis included in chapter 5). In retrospect, this was an ambitious approach to collect the information I needed, especially in an unfamiliar context.

As a result of these challenges in recruitment, I amended the measures and methods of data collection. Instead of measuring the extent of utilization of intermediaries from the surveys, I examined physical access to intermediaries using a spatial data set from Info USA. I use the Info USA dataset first to plot the locations of intermediaries in the Chicago Metropolitan Statistical Area (MSA). Next, I examine critical drivers of neighborhood characteristics collated from the ACS 2019 (5 YR) dataset that explains their spatial location. Pairing these data with loan records available in the HMDA dataset of 2019, I then examine how proximal access to intermediaries affects loan approval odds for different types of loans and the quality of the approved loan. Proximal access could be a useful proxy measure to understand the effect of intermediaries since the institutions I studied here rely heavily on one-on-one interactions and community group organizing for their work. I explain the need for physical proximity in greater detail in chapter 4. I also analyzed the effect on loan outcomes on multiple cross-sectional data
using HMDA data from 2011, 2015, and 2019 to ensure that the findings are consistent across time.

The Home Mortgage Disclosure Act of 1975 (HMDA) requires many mortgage lending institutions predominantly operating in metropolitan areas to provide information about their lending to the Consumer Financial Protection Bureau (CFPB), and this data is in the public domain. The data is in the form of de-identified loan records with census tract designations of properties and includes variables such as details of loan (reason, pricing, insurance, term); applicant and co-applicant demographics (age, race, income, credit score), and the outcome of the loan process. The HMDA datasets are widely utilized to understand patterns of mortgage lending in the country. The HMDA data sets, however, have several well-documented limitations. For instance, it does not include information about the borrower, such as credit scores or down payment amounts. I discuss some of these limitations in chapter 5.

3.6 ESTABLISHING “LOW-INCOME” FOR THE STUDY

Low-income households are the focus of this research study. Intermediation through community work is essential primarily for low-income and minority households and consequently so is proximal access. Therefore, in this research I limit my universe to the low-income households seeking credit for purchase or maintenance of homes meant for personal use.

The Department of Housing and Urban Development defines low-income as those households earning up to 80% of the area median income. This is the most commonly used definition in housing research. The thresholds are calibrated based on total household income and family size for each city region and these changes annually. These definitions have some limitations in their ability to discern temporary versus persistent poverty and other researchers have deliberated on the issue. At the same time the HUD definitions are considered better than
the federally defined poverty levels which do not capture dynamics of local cost of living across the nation, and therefore a localized relative measure such as the HUD definition speaks to that limitation.

Defining “low-income” while dealing with diverse datasets can be a complex issue. For definition of income categories in HMDA data, I have used the Community Reinvestment Act definition of low (up to 50% AMI), moderate (50% to 80% AMI), middle- (80% to 120% AMI) and upper- (above 120% AMI) income categories. The ratio of loan applicant’s income to Federal Financial Institutions Examination Council’s (FFIEC) median family income (same as HUD definitions) provides the threshold for categorization. I conduct my analysis for those applicants whose income ratios are up to 80%. This improvisation is required as HMDA data sets do not contain information on household size and therefore HUD income definitions cannot be utilized. The HUD’s 80% area median income threshold for a family of four in 2019 is $ 72,800. In the HMDA dataset this threshold is $83,000 based on the CRA definition. The American Community Survey data of the US census does not provide a cross tabulation of income by family size and therefore I collated data using the readily available nearest lower income threshold of $ 74,999 (in the sheet S2503).

3.7 CONCLUSION

The nuanced nature of intermediary work and differences across space necessitates a multiple case-study design with field-based research for understanding their varied practices and inter-organizational partnerships. For the same reasons, their impact on low-income households cannot be captured through purely quantitative research methods. The use of quantitative methods alone could lead to incomplete assessments of impact and influence on the complex aspects of buying and sustaining homes and deriving benefits from it. Therefore, a mixed-
methods research design employing “between-methods mixing” offers the greatest potential for
generalizability and triangulation of findings.

My research makes four novel contributions for housing research and more specifically in
research on low-income homeownership. Firstly, my doctoral research evaluates the nature of
social relationships between intermediaries and between intermediaries and households by taking
an eco-systems view of the support. I evaluate the relationships directly by studying institutions,
by studying geographies and by studying process flows within these institutions and outside of
them. Secondly, in the past housing facilitation has not been viewed as an active aspect of the
system of housing support and that is an important contribution of my work. Thirdly, while
institutional practices, relationships and outcomes have been evaluated in other spaces like
community development and community organizing, it has not been centered in research on
spatial geographies and more specifically on low-income homeownership. Finally, a qualitative
plus quantitative mixed methods research that together help to decipher what works and what is
missing is also novel contribution of this work.

In the following two chapters, I lay out the research strategies and methods for answering
the questions. I answer the first research question and a portion of the third research question in
the Chapter 4 around the landscape of intermediary work and practices and how they differ
across the metropolitan geography. In chapter 5 I discuss the spatial characteristics of
neighborhoods that determine the location of different types of intermediaries. I also provide
detailed analysis of the tangible outcomes from proximal access to intermediaries.
CHAPTER 4: SUPPORTING THE AMERICAN DREAM AND BEYOND

Sherry was determined to buy a new house. And when she finally did, she had a feeling that things were going to finally turn around for her and her child. She was euphoric partly because she was able to make a down-payment of $35,000 for the home she had purchased. It all started on the day her loan officer put her in touch with a housing counselor at Neighborhood Housing Services. Combining three different homeownership support programs for income qualified households, the housing counselor along with other partners, helped Sherry buy her first home with substantial equity.

On the other side of town, a different woman also named Sherry finally finished paying the mortgage installments on her home and had a deep sense of accomplishment about it. However, she still shuddered as she recounted how she had nearly lost her home, when Wells Fargo attempted to fraudulently foreclose on the house where she was raising her two teenage daughters. To prevent foreclosure, Sherry had filed for bankruptcy under the advisement of her church pastor, who was also a housing counselor. While the bankruptcy and attorney fees set her back, she managed to keep her home. Both Sherries are African American single moms earning incomes at less than 80% of the median. Both are homeowners in the city of Chicago, and both were able to access the right kind of help at the right time.

The space of non-profit intermediary work in housing and community development has transformed considerably in the past ten years in the United States. Two studies by the department of Housing and Urban Development (HUD) provide detailed information on the outcomes of housing counseling – particularly pre-purchase counseling and foreclosure-prevention counseling, highlighting crucial evidence on the importance of the facilitation toward positive outcomes for low-income and minorities households (Jefferson et al., 2012; Turnham &
Jefferson, 2012). Housing non-profits, however, perform only some of the roles and facilitation that low-income communities need to navigate the complex terrain of homeownership. Community and place-based organizations, human service organizations, faith-based institutions, Community Development Financial Institutions (CDFIs), local representatives including aldermen, and others mediate the interrelated spaces of low-income homeownership, household micro-economic decision making, labor force participation, civic engagement, neighborhood stabilization and place-making. Thus, they have the potential to impact social and economic outcomes for low-income households.

In this chapter I explore the important types of non-profit intermediary institutions who intervene in low-income homeownership and in the daily lives of low-income households in different regions in the Chicago metropolis, by providing facilitation and support directly to low-income households. Next, I examine the types of relationships these critical intermediaries foster with each other and with agents in the larger landscape of housing and community development. Lastly, I evaluate how these relationships and the practices of the intermediary institutions influence the process of acquiring and sustaining homes, and the lived experiences of households in low-income neighborhoods. This chapter thus throws light on the current breadth of intermediary work and the variations seen across the spatial geography of the Chicago region.

4.1 CATEGORIES, NETWORKS AND PARTNERSHIPS

The three types of institutions I study here – housing institutions, community service institutions and faith-based institutions have overlapping and reducing service geographies. The size of the service geography also bears an inverse relationship to the proximity to communities and knowledge of their constituents needs and experiences. With respect to facilitation of homeownership, the larger, well-networked housing agencies with their coalition memberships
may have a better understanding of housing policy, the workings of government and partnerships with financial institutions, but may not fully comprehend the complexities of low-income risk and nature of their vulnerabilities. However, grass-roots organizations are able to fill these gaps in their knowledge owing their proximity to communities. At the same time, they may not have the networks and reach to fulfill needs of their constituents. The symbiotic partnerships are thus a critical part of the intermediary infrastructure. This understanding is useful in particular to evaluate the quality of facilitation in case study locations where these hierarchical structures are absent. The nature of relationships and partnerships between the institutions is elaborated in the following sections.

4.1.1 Housing agencies and community service institutions

Of the intermediary institutions, housing non-profits perform directly traceable social support functions in facilitating low-income homeownership during the home-buying, home maintenance, foreclosure prevention and reverse mortgage stages. Within the city of Chicago, the housing institutions partner with different community service institutions in the neighborhood areas they operate. For instance, NHS of Chicago partners with the South West Organizing Project (SWOP) in the Chicago Lawn neighborhood, and with Preservation of Affordable Housing (POAH) in Woodlawn.

Both Chicago Lawn and Woodlawn were targeted for the city’s Micro-Markets Recovery Program (MMRP). NHS provided down payment assistance and pre-purchase counseling in both these neighborhoods as part of the MMRP program, working through partnerships with the place-based agencies, by setting up neighborhood field offices. The field offices play two important roles. The field office directors work on creating partnerships with community-based institutions, churches and neighborhood collectives; and the housing counselors within the field
offices work on establishing networks of local service providers including building inspectors, realtors, contractors, insurers, loan officers and so on. The community service institutions important partners for the housing institutions and are often powerful gatekeepers of the neighborhoods within which they operate. They are also able to leverage their community connections to assist housing institutions. For instance, SWOP had been working in the Chicago Lawn neighborhood well before the MMRP started. SWOP along with Brinshore Reclaiming Southwest Chicago worked to buy and rehabilitate over 50 properties in Chicago Lawn to stabilize the neighborhood. In addition, SWOP also created lists of interested homebuyers and renters for the neighborhood utilizing its community connections through its other service offerings, thus making MMRP down payment assistance facilitation smoother for NHS.

Within the suburban Chicago cases, similar partnerships are evident, but the relative agency of the different institutions vary. The CPAH in Lake County sometimes partners with Mano a Mano, multi-sectoral service provider that works in Round Lake Park. However, CPAH does not have community partners as a standard practice. In Will county, the CSC of Northern Will County, being relatively new at housing work, partners with the Spanish Community Center (SCC), an experienced multi-sectoral community institution and offers its housing counseling services through SCC’s office. The more prominent housing non-profit is the Will County Center for Community Concerns and it does not partner with SCC. However, the Spanish Community Center is a crucial anchor institution in Will county and provides space and legitimacy to two housing counselors – one from CSC of Northern Will County and the other from the city of Joliet working to prevent foreclosures during the pandemic.

In South Suburban Cook, NHS partners with the South Suburban Land Bank (SSLB) and the South Suburban Mayors and Managers Association (SSMMA). In a strict sense the later are
not community service institutions and these institutions do not differ in spatial hierarchy. In my exploration I did not find any strong multi-sectoral community service institutions in the south suburbs. I discuss this further in the section titled “the fragmented landscape of community work”.

4.1.2 Community service institution and faith-based institutions

Within the city, the community-based institutions partner with local institutions with smaller service geographies. For instance, SWOP works through its member institutions that are predominantly religious and faith-based institutions in five predominantly Latino and African American neighborhoods of Chicago - Chicago Lawn, Gage Park, West Elsdon, West Lawn, and Ashburn. These institutions have service geographies that are subsets of the areas that SWOP serves. The Preservation of Affordable Housing (POAH) and the West Humboldt Park Development Council (WHPDC), two other place-based anchor institutions partner with neighborhood groups and faith-based institutions.

The religious and faith-based institutions enable SWOP to effectively deliver its programs such as immigration counseling, education, health, leadership training and housing programs. For instance, the Inter-Muslim Action Network and St. Rita’s church in southwest Chicago are both members of SWOP. Both institutions provide sites and safe spaces for SWOP’s activities in addition to conducting community building activities themselves. The relationship between community service institutions and local institutions with smaller service geographies like religious institutions is less evident in the suburban locations. The interview respondent in the Spanish Community Center of Will County, a place-based institution noted that churches in Joliet and around Will County are unwilling to undertake synergistic social service provision despite having considerable reach within low-income communities. In the table below I outline
the roles and service geographies of the institutions and reliability of their presence in the community.

Table 4. Roles, service geographies and reliability in community work

<table>
<thead>
<tr>
<th>Institution type</th>
<th>Roles</th>
<th>Typical Service Geographies</th>
<th>Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing non-profit</td>
<td>Housing counseling, financial counseling, budgeting, delivery of home-buying assistance</td>
<td>Notionally at the county level, more focused delivery of services in locations where policy support is available and in locations of specialized programs like the MMRP within Chicago or the city of Joliet within Will</td>
<td>They pack and leave when the program is over in specific neighborhood areas</td>
</tr>
<tr>
<td>Community service institutions</td>
<td>Multi-sectoral – immigration, education, system of care, youth programs, neighborhood investment and delivery of government assistance</td>
<td>Groups of neighborhoods. Typically located in places with higher densities of low-income or marginalized communities, with easy physical access to these communities</td>
<td>Their work depends on years of trust building and the embedded nature of their work. The coverage of these institutions is not uniform across the city region.</td>
</tr>
<tr>
<td>Faith-based institutions</td>
<td>Primary responsibility is the delivery of faith. May or may not offer one or more services such as housing counseling, personal development counseling, childcare</td>
<td>Neighborhoods or parts of neighborhoods</td>
<td>Embedded in their communities with notionally the closest links to its constituents</td>
</tr>
<tr>
<td>Neighborhood groups</td>
<td>Day to day concerns of residents. May or may not offer facilitation services</td>
<td>Neighborhoods</td>
<td>Embedded in their communities with notionally the closest links to its constituents</td>
</tr>
</tbody>
</table>

4.1.3 Enabling access to a wider network of services

SWOP and its religious partners connect their constituents to other institutions based on need. They have ongoing partnerships with Cara an institution engaged in preventing recidivism through job training and reintegration counseling services. They partner with legal aid offices in the city for enabling access to legal services. They also partner with immigration attorneys for
helping their growing constituents of undocumented immigrants many of whom are homeowners. In addition, they partner with hospitals and health clinics to provide timely health care services. Therefore, within the city connecting to any node of service (see Figure 1) theoretically enables connection to a wider network of service infrastructure for low-income households. NHS also provides referrals and connections to many of these institutions either directly or through the community and place-based organizations.

Figure 4. Networks of intermediary support in the space of low-income homeownership within the city of Chicago

4.2 SUPPORT THROUGH HOUSING AND COMMUNITY DEVELOPMENT

As discussed earlier, housing counseling work is the most crucial aspect of housing support entailing counseling, mediating relationships with mortgage institutions and other entities and enabling access to government assistance. In this section I explain the roles and practices of housing counselors in the three stages of ownership – home purchase, home
maintenance and foreclosure prevention. In addition, I also explain the other types of handholding housing counselors provide.

4.2.1 Engaging with prospective buyers

The beginning of the engagement with the housing non-profit for the low-income household aspiring to purchase a home, are the home buying workshops that are intense 8-hour sessions. They include a range of topics that help clients reflect on their credit servicing capabilities, personal finances, personal debt, what to expect in the process of home buying, the characteristics of home and neighborhoods they should consider, what to expect post-purchase, programmatic assistance available, and so on. An NHS counselor notes:

“The hardest part of this for most people who've never purchased a home is that beginning step. Am I ready? How's my credit? How much money do I need to have saved? Once they pass that hurdle and get it, get the preapproval, they're happy, you know, and they pretty much will go on and do everything else by themselves”.

Engagement beyond the workshop is not necessary although many of them continue to seek support of various kinds over the term of the home buying process with the timeframe for engagement ranging from 6 weeks to 6 months or longer. Housing counselors then help homebuyers to select mortgage finance institutions and provide “warm introductions” to loan officers, as opposed to the clients having to make cold calls. These one-on-one engagements help clients make informed choices about the financial institutions, reduce back and forth with lending institutions resulting from incomplete financial documentation, and help them prepare for the interactions with the lending institution, which are often known to be intimidating for low-income households. This is the most crucial aspect of the home-purchase facilitation and could deeply influence home sustenance. Turnham and Jefferson (2012) note that the majority of
low-income homeowners that received this counseling continued to fulfill their mortgage obligations 18 months after home purchase. In addition to this facilitation the housing counselors, based on requests from clients, often provide choices of realtors, home inspectors and insurance agents. Another important aspect of the home buying facilitation is providing access to subsidies for down payment and closing costs. For instance, at the time of the interviews the NHS was administering down payment assistance through the MMRP program. The MMRP program provided down payment assistance of $15,000 for low-income households. For non-MMRP neighborhoods the city of Chicago administers the Home Buyer Assistance program and provides up to 7% of purchase price towards down payment and closing costs. In addition, banks have a range of offers and discounts available for income qualified households. These programs change with time and location. Experienced counselors with knowledge of programs and through their relationship building are able to often combine different types of home buying assistance programs to maximize benefit for their clients.

The home buying facilitation process does not vary widely between the city and suburban locations. However, the number of home buying assistance programs, the dollar value of the subsidies and the ratio of housing counselors to home buyers are considerably lower in the suburbs.

4.2.2 Home maintenance assistance

Housing non-profits also provides support for home maintenance including replacement of roof, HVAC, plumbing and so on, either by channeling program funds or by enabling access to credit. As in the case of foreclosure prevention they get referred to by Aldermen or community organizations. In the city of Chicago there are a range of programs for home repairs including in MMRP areas that offer up to $17,000 in forgivable loans. In comparison however
counselors in the South Suburban Cook office note that there are far fewer assistance opportunities. A housing counselor notes:

“Those programs come, and they go very, very quickly. Right. But there needs to be something more consistent in the way of grants, but we just don't have that. Right. So, for most people they have to take out a loan to see if they can get a new roof.”

Where loans are sought for home maintenance, the housing counselors investigate the extent of back-end debt on the property, (ensuring they do not cross a maximum of 45% with the new loan) before connecting households to financial institutions. Housing agencies and their partners also connect households to construction specialists who help them in selection of contractors.

4.2.3 Preventing foreclosure

Housing counselors train for a variety of roles and the same counselors offer both pre-purchase and foreclosure prevention counseling. Some specialized counseling needs like reverse mortgage counseling requires further certification. Households needing foreclosure prevention services are often referred to counselors through churches and parishes, community service institutions, local support groups and Aldermen. Counselors at NHS note that foreclosure clients are usually older, poorer and represent a range from being on the verge of missing payments to being over two years delinquent. Jefferson et al., (2012) find that most foreclosure clients in the study made unsuccessful attempts to contact their lenders before receiving foreclosure prevention counseling. My interview respondents also confirmed this issue.

Here again the housing counselors facilitate the engagement with lenders after ascertaining the nature of intervention needed for themselves, through multiple interactions with the clients. The interventions are often based on the stage of delinquency and the loan
modification programs available. Several federal and state programs including the Illinois Hardest Hit (IHH) after the 2009 housing crisis were administered through non-profits. Agencies were empaneled as administrators and Illinois Housing Development Authority (IHDA) conducted the outreach to communities. Housing counselors then counseled clients and helped channel funds to income qualified households. At the time of the interviews, ten years after the foreclosure crisis, programs like the Illinois Hardest Hit (round two) were coming to an end, giving rise to a visible tension amongst housing counselors. One counselor noted:

“See people say that the foreclosure crisis is over, but it really isn't. And just looking at this, look at all of these boxes that I have back here. Those are all ‘hardest hit’ clients from 2016 to current. Does that look like the foreclosure crisis is over?”

4.2.4 Financial education and short-term assistance

Financial education and budgeting assistance are often ongoing programs for homeowners and renters who seek assistance from the housing agencies. Housing counselors provide the bulk of financial education and financial budgeting support for low-income households. Both with households with low credit scores (below 620) aspiring for ownership; and with foreclosure prevention clients who are interested, they encourage clients to reflect on their financial practices in daily life. The facilitation includes, more detailed examination of finances, debt consolidation and reduction strategies, renegotiation of non-housing debt, opening of new lines of credit (secured credit cards) for those who do not have at least 3 credit lines and encouragement of savings.

Similarly, during foreclosure prevention counseling, counselors offer to conduct more in-depth examination of personal finances, help with expenditure reduction strategies, counsel their clients on prudent practices and so on. Housing counselors in the neighborhood field offices thus
offer a friendly face for community households to receive valuable counseling on important household level finances.

During times of extreme difficulty, the housing counselors also connect households to charitable organizations including food pantries, institutions like CEDA that help with electric bills, and organizations like Respond Now that prevent homelessness by helping with rent or mortgage payments.

4.2.5 Broader community support

Housing facilitation alone cannot help low-income households build wealth through homeownership. Housing and its spatial context and woven into the daily lives of low-income households in multiple ways. Contextual issues can affect ownership as can personal household problems and these reinforce each other. A community worker at SWOP rightly points out:

“Nobody wants to go move in a house where the school or the neighborhood school is, is horrible. Nobody, nobody wants to move into a community where, um, there's violence and, and drug activity everywhere. So, all these matter to us.”

Therefore, how institutions offer social support in interrelated aspects of people’s life such as job placement, health care access, education, neighborhood safety and neighborhood stability matter for personal and community health and affect the stability of homeownership.

Moreover, the timely assistance available to help households deal with destabilizing situations like the pandemic induced lockdown on the foreclosure crisis in 2009 impacts the risks associated with low-income homeownership. Community-based multiservice institutions and faith-based institutions fulfill these needs in addition to mediating relationships between households and housing non-profits. Thus, they enable low-income households to build their sense of self-efficacy, individual capabilities and awareness (Backman & Smith, 2000).
Individual and community health also have impact on real estate markets. Foreclosures can induce further foreclosures, disinvestment and blight as can an increase in crime rate. These aspects also affect the propensity for wealth building through low-income homeownership (Immergluck & Law, 2014; Perkins et al., 2017).

For instance, SWOP through its outreach offers to households’ participation in the South-West System of Care (SWSOC), to assist them in different areas of their life. Based on individual family needs they are referred to partner institutions or other service providers within SWOP. Offered through public schools in the neighborhood along with their Parent Mentor program, the SWSOC connects households to centers of job training, health care institutions, youth leadership programs, housing counseling and other services. The Spanish Community Center in Will county works through the Illinois Welcoming Center funded by the state to connect incoming immigrant households to a variety of needed services including available public assistance through the Department of Child and Family Services (DCFS). Many of these institutions also connect their constituents to charities who provide small pots of money at critical times for payment of utility bills and the like. The religious and faith-based institutions are extensively involved in community activities in the neighborhood often hosting after school care and youth activities. Working to prevent blight and engaging in issues including neighborhood crime prevention and prevention of recidivism through their youth engagement programs these institutions also work towards creating safer neighborhood environments. Interfaith programs bring together community groups and create a sense of belonging and collective agency. For instance, in June of 2019 in the southwest of Chicago, the Cardinal of the arch diocese gathered a crowd of 300 people to come in support of the “Reclaiming and
Rebuilding Community” initiatives along with a speaker from the Intercity Muslim Action Network (IMAN) and the Rabbi from the Beth Shalom Synagogue.

4.3 INTERMEDIARY PRACTICES – EXPLORING PERFORMATIVE EXPRESSION

The three types of institutions I explore work individually and together to provide a system of support of which homeownership facilitation is a part. Their practices are nuanced as they employ multiple identities (Sandercock, 1998) in different situations – from fund raising to community organizing. They also leverage multiple knowledges (Friedmann, 2011; Tironi, 2015)– from highly complex subjects like risk-based pricing, dynamic policy and legislation, the workings of government agencies and so on, along with an intimate understanding of the lived experiences of different intersectional groups and the instabilities of poverty. The nuances in their practices and how they negotiate multiple arenas are often performative in expression.

In each of the following sections I analyze the enmeshed performances of the non-profit actors through ‘knowledge bridging, power wielding and care giving’ specifically in the areas of housing counseling, creating agency and community building. ‘Knowledge bridging’ performances refer to bridging scientific and experiential knowledge in delivering their services. ‘Power wielding’ performances are typically in negotiating larger power structures on behalf of their marginalized constituents, particularly but not exclusively homeowners. ‘Care giving’ performances are built on a deep sense of empathy and with the motive to empower. I provide a few instances of each below.

4.3.1 Knowledge bridging

There are several instances of knowledge bridging performances in the work of housing counselors. Housing counselors are very conscious of predatory lending and its repercussions on low-income homeownership. To protect their clients these counselors engage in the practice and
performance of preparing ‘electronic lists and scores’ (Leyshon & Thrift, 1999). These are not credit scores of the ‘sub-prime subjects’ but lists and scores of the mortgage finance institutions and their loan products. They use an ‘algorithm driven decision making’ to shortlist financial institutions, products and ‘deals’ for their clients and provide them with choices. A housing counselor asserts, 

“So when they select one of my lenders…, um, they're gonna get a pretty good rate and a good product. Um, they're gonna treat the clients with respect and everything like that, because they know that if one of my clients that I send them, comes back and tells me anything negative, then that's a possibility that I'm not going to send you another client; because these people, they're vulnerable. They don't really know what they're stepping into…”.

The director of a housing agency wrote the following note while explaining how he encourages his clients to change their attitude to debt and emphasizes the importance of loan preapproval for all types of loans for his low-income clientele. In this note he demonstrates the importance of understanding risk-based pricing and knowing what one is worth:

A counselor explains the difference between buying a car with loan pre-approval (left column in figure below) versus without preapproval at the car dealer (right column in figure below). 
Housing institutions typically create field offices only for the duration of neighborhood level programs. The institutional memory and historical knowledge of development interventions rests within community and place-based institutions. When asked how he came into his current role at SWOP, a community worker said,

“it really stems from my own experience, growing up on the South side of Chicago, I was exposed to a whole lot of lack of resources. Um, poor schools, individuals really living paycheck to paycheck and violence. And drug activity all around me. Um, and unfortunately, even though I had a really strong family base, um, I made the decision to join the street organization again…”
These institutions are more embedded in their neighborhoods, with their community workers from the communities and therefore have the lived experiences of instability and isolation from spatial opportunity. Thus, these institutions are best positioned to understand and respond to the changing needs of the community. The same community worker explains how they set their agenda,

“So we began youth organizing through a church. we had a drop-in center for 300 young people. and we had a number of different opportunities for them, but I realized that that wasn't enough. Then we shifted over to youth organizing around issues that deeply impacted young people, around zero tolerance policies and Chicago public schools, um, making sure like fighting for resources for schools, like fighting against closing schools”.

The knowledge bridging work of the range of institutions have been particularly acute in the midst of the COVID-19 pandemic with rapidly evolving policy and legislative action, not just related to homeowners, but also related to tenants and communities. For instance, SWOP is working with DePaul University to track properties that are more than 90 days behind on payments during the pandemic. Learning from their neighborhood stabilization strategies deployed after the housing crisis of 2009, they seek to prevent foreclosures through early interventions by helping households in need. Housing counseling agencies are at present working in close concert with legal aid offices of Chicago to prevent fraudulent foreclosures and evictions during the pandemic. They constantly communicate with state and local governments to keep them updated of changing conditions on the ground.

An interview respondent at Spanish Community Center undertakes creative accounting and management of finances from diverse sources to figure out how they can be deployed amidst the pandemic. It is especially challenging since the majority of her constituents are
undocumented immigrants – both renters and owners who have been struggling to avoid eviction and foreclosures. Managing funding from the city, the state and federal funds she notes,

“The good thing is that there's also state assistance. We're still waiting to hear more details it's specifically through the welcoming center (for immigrants). And we hope that it doesn't have the same kinds of requirements so that this wouldn't bar so many people from the assistance…

4.3.2 Power negotiations

Counselors and community workers derive immense power owing to their local and regional institutional networking arrangements, their coalition building and lobbying practices with government and finance institutions, and their ability to bridge knowledges. Embedded in their community work are therefore various performances of power negotiations with other actors of state and capital as well as with community interests in mediating low-income homeownership and the political spaces of interaction.

For instance, in foreclosure prevention housing counselors examine all possible ways to help clients at risk of foreclosure, using their personal and professional relationships to negotiate terms for their clients. With years of experiences housing counselors are able to assert themselves to collection departments and lenders in ways low-income clients are simply unable to. These instances show an involvement beyond the call of the job of the counselor and a personal commitment to make things better for their vulnerable clients. One housing counselor notes,

“… And well, I know the guidelines, I'm certified, I speak with them (lenders) and say, you know what, let me talk about foreclose intervention… According to my experience, this borrower qualifies for this. Right? Why haven't you offered it? I never ask, ‘can you please’, I always ask, ‘why haven't you offered it yet’?”
Where invested counselors are available the quality of facilitation during life destabilizing circumstances like foreclosure can significantly impact socio-economic outcomes for the low-income families. The institutional frameworks within which the housing counselors are located – whether within large institutions like NHS or within smaller units like churches, can also affect their ability to negotiate with the large financial institutions on behalf of their customers, and in turn influences foreclosure prevention outcomes for clients.

Mediating political spaces through power negotiations is also an important function in community work. A community worker at SWOP said,

“We are building systems that hold police accountable, but at the same time improve relationships between the community and the police…”

All three community service institutions I studied – SWOP, SCC and Mano a Mano, work with undocumented immigrants, challenging “reified lines of difference along nationality” (Huq, 2020). A range of activities in these institutions center around providing legitimacy and stability to the lives of undocumented immigrants through invented spaces of dialogue (Miraftab, 2009). For instance, these institutions lobbied for in-state tuition fees in high schools for children of immigrant families and temporary visa drivers’ licenses for the adults. They also provide ongoing immigration related services. During the pandemic induced lockdown, they raised resources independently for immigrant families who were not supported by the government’s CARES relief funding.

4.3.3 Care-giving performances

The counselors and community workers in the intermediary institutions have a deep understanding of the risks posed by intersectionality, and often seek to nuance their practices to
address them. Their attitude to the work often demonstrates a commitment beyond the call of duty. The women counselors at NHS in south suburbs noted their excitement about being successful in a particular clients’ case,

The girl wanted a condo apartment. Now… condos require an extra layer of approval… the building’s got to be approved and the condo association has to be approved. We started making calls and the end of the day the condo didn’t work out. It had $67,000 in unpaid fees. She couldn’t have known that but that would have been trouble down the line. Now we didn’t want this girl to lose out... her loan was approved and everything… So… Cathy gets on her horse and finds her a property next week!

Another senior counselor spoke about his popularity in the Latino community among senior homeowners,

“for me particularly is not bragging about it, … they have people coming here because they were told about how when you run into trouble go and see Damien. If he can’t do it, nobody will…”

He recalls that many of the senior homeowners lose property after having completed the mortgage loan when they are unable to make tax and insurance payments on time. He attributes some of the problem to the cultural values associated with Latino families such as the compulsion to send money back to Mexico and bearing the financial burden of raising grandchildren. The counselor spends considerable time helping seniors including helping them access tax credits and sorting out their financial issues.

Community service institutions and often faith-based institutions being in closer proximity to their constituents have been particularly cognizant of their needs during the pandemic. While some of their services revolve around established mandates and funding, there are other cases where mandates are established based on dynamic community needs and funding
is sought consequently. For instance, Mano a Mano in Lake county has set up a community fund called “a Tanda” using community contributions to help undocumented immigrant families in their communities. SWOP’s work through the Parent Mentor program also serves the dual purpose of providing spaces for mutual support and aid in the form of women’s collectives. These women’s collectives have reinvented ways of mutual support during the pandemic by conducting interaction and emotional support sessions online. SWOP is also active in job training and placement, often engaging in one-on-one youth counseling, working to keep them “off street organizations”. Not just in daily life but also in extremely traumatic and destabilizing circumstances, these community institutions step up. When the state typically attempts to establish order through incarceration, community institutions do the work of reestablishing a sense of togetherness with love. A community worker remembers the aftermath of 9/11;

“Following 9/11, people were throwing bricks and rocks at people congregating in our local mosque. We organized pastors and nuns from our local churches to form prayer groups around the mosque during prayer times…”

After the death of George Floyd, neighborhoods in Chicago saw an upsurge in gang violence and a reduction of police presence owing to the pandemic. During this time community and faith-based institutions worked together to help keep the peace in these neighborhoods. Faith based institutions being the closest and most well networked with communities have had greatest outreach for relief measures during the pandemic induced lockdown. The St. Rita’s Church in Southwest Chicago also a member of SWOP, contributed to the needs of the community through individual and collective fund raising. They distributed over 20,000 masks in the local schools. They also provided 400 cooked meals each week and packed produce and boxed lunches for
people. When I asked them if they knew of homeowners who accessed the food pantries, they responded that many of their elderly homeowners did and continue to need these services.

4.4 THE FRAGMENTED LANDSCAPE OF COMMUNITY WORK

To respond to increasing interest in promoting regional equity, the Chicago Metropolitan Agency for Planning (CMAP) makes meagre attempts at working with interested suburban communities, making strategic plans called ‘Homes for a Changing Region’ for improving the status of affordable housing and the involvement of non-profit intermediaries in the suburbs. Officials at the CMAP however note that in the suburban Chicago some regions are more receptive of affordable housing and housing support interventions than others. Resonating what I found during field work they note that particularly towns and municipalities in south-suburban Cook show little interest in participating in redevelopment efforts. Neighborhood Housing Services had a meagre and dwindling presence in south-suburban Cook. I was also not able to locate a single powerful place-based community service organization like SWOP, SCC or Mano a Mano, engaging in work at the intersection of human service provision, neighborhood development and community activism. There are a few charities in these regions - like CEDA that helps with electricity bills, Respond Now runs food pantries and Family Christian Health gives health services. However cohesive community action is absent.

Officials at CMAP indicate that this is owing to a vicious cycle of disinvestment, reducing tax base and further disintegration of communities. My interview respondent in south suburban Cook, paints a picture of despair as she steers through blocks after blocks of shop fronts with payday loans, liquor stores and slot machines. She notes,

“This is really what the administration allows to happen in their time, we’re in Harvey it’s another town that is struggling... and it struggles because of the corruption and it struggles
because of the lack of education to the residents about how your government is being ran…
good people that still live in these towns and they work and they love where they live and
they want to see a prosper. But when you have who you elected to represent, would go
against that and that's what happens in a lot of the small towns. The feel of power. I could do
what I want to do. It becomes a dictatorship and not a democracy”.

While community and place-based institutions have the immense potential to anchor
neighborhoods and communities, their thriving depends on the ability of collective social
movements to lobby for sustained government investment and for government institutions to be
interested and invested in the region or the cause, as is evident in the positive relationships
between Lake county administration and the non-profits such as CPAH and Mano a Mano in
Lake county, and the Spanish Community Center and the city of Joliet in Will county. Housing
and all other aspects of community development, including homeownership support can be
effectively delivered only when there is local interest in sustaining and nurturing these anchor
institutions.

4.5 CONCLUSION

In his argument about the ‘non-profitization of housing policy’, Swanstrom (1999) points
out that it is often difficult for non-profits to successfully meet double bottom lines and moreover
issues remain about the vertical and horizontal equity of housing delivered through non-profits.
Here vertical equity issues point to the inability of community work to focus more energies on
poorer and more marginalized individuals, and horizontal equity issues point to the inability of
community work to provide equal treatment to everyone at the same location in the income
distribution. While these concerns could be valid, from my research here it is evident that as far
as low-income homeownership is concerned, non-profits and community institutions perform
indispensable support by intervening directly in the different stages of homeownership and indirectly through the support they offer through the broader space of community development.

In my exploration of the current landscape of intermediaries working with low-income homeowners, I find that they serve extremely vulnerable populations including women headed families and communities of color. I have observed instances of women counselors working after office hours to support single mothers, as I have observed Latino counselors spending extended time attending to old Latinx households and helping them with finances and taxes. Relationship building and trust building are at the center of community work as is a deep understanding of the risks posed by intersectionality drawn often from lived experiences. Both community workers as well as institutional heads, particularly in place-based and community institutions are from the community and have a firsthand understanding of the issues in their neighborhoods.

While many of the institutions have adapted to the needs of the pandemic induced lockdown, by offering their services remotely, they have emphasized multiple times the sanctity of in-person interactions in fostering mutual trust and for better efficacy in delivering programs and organizing communities. Their spatial proximity to their constituents matters as does their ability to reach out their institutional partners. It is for these reasons that the housing institutions establish field presence and spend considerable resources on building relationships within neighborhoods.

To deliver services, they straddle widely different worlds from regional networking and fund raising to community organizing, using overt and covert identities. While in theory this could dilute grassroots work, the institutions I have studied closely demonstrate considerable commitment to their mission and communities they serve. Most importantly these institutions network with each other and the multi-scalar landscape of human service provision to enable
access to social support not only for homeowners but for all low-income households. This represents an evolution from the erstwhile CDC model where all the demand-side and supply side services including social services and human services were encompassed within the same institution.

The work of intermediary networks studied here, is particularly crucial in supporting low-income homeowners because of the transient nature of homeownership in the face of intrinsic poverty risk. Tenure transitions or moving between owning and renting are part of the process through which low-income households attempt to acquire and build wealth through property ownership. The success of this endeavor in large part depends on the social contracts and protections through mediation and policy support that is available for all low-income households. Thus by supporting households and communities through destabilizing life circumstances, tenure transitions, and by influencing the lifecycle of economic productivity, these community institutions not only provide social support but are also important agents of social capital (DeFilippis, 2001) and incremental social transformations (Beard, 2003).

Integrated community support has thus moved away from the all-encompassing CDC model to a more disaggregated network of organizations. While currently housing counseling notionally is part of a federated structure, wherein HUD provides housing counselor training and oversight, in reality HUD approved housing agencies cannot rely solely on federal administrative fees for their funding. All the organizations I studied have to leverage their collective agency through coalition building for accessing funding from disparate sources including contracts with the city, CRA lenders and philanthropies. Changes in programmatic support from time to time and across spatial regions, affect their ability to respond to housing and community development needs of their constituents.
The unevenness of the policy landscape in a metropolitan region and the consequent spatial differences in the spread, reach and practices of community-based intermediaries pose important questions for regional and spatial equity in extremely racially segregated urban geographies like Chicago. The type of access and facilitation available in one location is not available across jurisdictional boundaries within the same city region. The facilitation necessary for supporting low-income households build wealth including through homeownership treads grounds between activism and service provision. This is evident in how the three types of organizations studied here work together. Therefore, while addressing geographic and temporal disparities in access to housing policy support (homeowner assistance, neighborhood revitalization projects) and non-housing policy support (for public schools, health care, etc.) can spur the work of housing and community institutions in unserved and underserved geographies, and the momentum needed to build community and respond to their dynamic and changing needs and provide powerful political intermediation requires a social movement or a united call for action. Therefore, the question is, what sets of locational qualities catalyze social movements in geographies where community momentum is absent? This is particularly relevant in policy discussions that seek to enhance access for low-income households to suburban and more affluent neighborhoods where other types of opportunity in the form of good schools and improved amenities exist. This is an area that merits further research. These types of studies could serve to throw light on spatial justice concerns in access to community-based social protections and could expand debates on how community institutional structures and specific practices can provide avenues for reliable risk reduction for all low-income households. All of these have important implications for housing and community development policy seeking to
enable upward economic mobility and wealth building for low-income and minority communities.
CHAPTER 5: ASSESSING THE TANGIBLE AND INTANGIBLE EFFECTS OF INTERMEDIARY WORK

In the preceding chapter of the dissertation, I demonstrated that three types of institutions – HUD certified housing organizations, community and place based multi-service institutions and religious organizations work in tandem to support low-income households irrespective of tenure and between tenure transitions. From the point of view of these institutions and the few household interviews I conducted, their work is crucial for low-income and minority households not only in supporting access to and sustenance of homeownership, but also in the broader aspects of ascertaining their rights and territoriality in urban settings.

In the previous chapter I also demonstrated that spatial proximity is important for intermediaries to deliver services in neighborhoods. Housing institutions headquartered in the city establish field offices in the neighborhoods where they intend to operate. Community and place-based institutions deliver their services through the local public schools and religious institutions. Religious institutions work with their neighborhood constituents both to deliver faith and other services. In the suburbs also community and faith-based institutions work with city and county governments and anchor themselves in specific locations to deliver their services. Spatial access and proximity thus unequivocally matter for the embedded nature of community work (Roman & Moore, 2004). Therefore, proximity measures could serve as viable proxy to understand which areas are served and which areas are not, in a city region.

My original intention was to supplement a quantitative assessment of the impact of intermediaries with a qualitative assessment of the support by talking with a range of low-income households. From the fifteen surveys and five interviews I gathered, preliminary insights show that having access to intermediaries matters for low-income and minorities especially during
shocks like income loss owing to the pandemic and while making critical life decisions. A third of the survey respondents received home buying assistance and a third received foreclosure prevention assistance. A third of the respondents also received non-housing assistance including job training and placement, and citizenship related services in the last two years. All 15 respondents accessed emergency care from their neighborhood religious institutions or community non-profit during the start of the pandemic. Of the five households I interviewed, at least three of them took bold steps in buying, saving or selling their homes because they received timely and reliable advice and support during difficult times. This provides preliminary evidence that community support can augment the repertoire of individual capabilities, influence important economic decisions and therefore influence risks owing to historical disadvantage and isolation from opportunity. These findings also provide direction for continuing qualitative evaluations that could lead to a better understanding of how to construct quantitative evaluation models for measuring the impact of community work.

In this chapter I examine how proximal access to intermediaries affect the outcomes of the mortgage loan process. Financial outcomes of low-income homeownership and the propensity for asset creation have been known to be associated with quality of mortgage loan, equity in the asset (Bocian et al., 2011; Bocian et al., 2008; Bradford, 2002b; Calem et al., 2004), and the length of time for which ownership is sustained (Haurin & Rosenthal, 2004). If intermediary access significantly alters even some of these measures, the findings will have important consequences for urban and housing policy. For this analysis, I employ two publicly available datasets – the American Community Survey 5-year estimates, and the Home Mortgage Disclosure Act data. I also use one proprietary dataset – the Info USA spatial data of businesses in the state of Illinois. I explore where the three different types of intermediaries are located in
the Chicago MSA and what types of neighborhood characteristics best predict their spatial location. Next, I explore whether access to intermediaries significantly affect loan approval rates for low-income applicants. And for those low-income applicants whose loans are approved, I examine if access to intermediaries significantly influences loan quality. I run some of these tests across time – after the crisis in 2011, the most recent time period 2019 for which HMDA data is available and one interim year – 2015. These initial steps at quantifying the effects of access to intermediaries have the potential to be extended and developed further to understand how intermediaries can more effectively intervene in homeownership and wealth creation for low-income and minority households.

5.1 SPATIAL LOCATION OF INTERMEDIARIES IN THE CHICAGO REGION

Spatial access to intermediary institutions has not been measured in recent times. However, an important body of research that measures spatial access in urban regions is in the analysis of access to health services. Evaluation of relative usefulness of the measures relies on understanding how the parameters of distance measure (cartesian or other), aggregation methods (tracts or tract centroids) and accessibility measure (type of feature) yield results (Apparicio et al., 2017). As such the different types of institutions I evaluate here, do not have fixed service geographies. Also, multiple institutions in an area increase the level of service in the neighborhoods. Therefore, proximity measures like Euclidean distance or Network Distance don’t work. For these reasons I chose Kernel Density measures.

5.1.1 Using the info USA data and NAICS codes to create a spatial data set

I obtained an Info USA dataset for 2018 which included businesses within the state of Illinois. Businesses in this spatial database are in the form of point data that can be retrieved by their Standard Industrial Classification Code (SIC) as well as by North American Industry
Classification System (NAICS) Code and Location. The rest of the datasets employed in the analysis are from 2019 which is the most current data available. As such I do not expect the year discrepancy to lead to problems since 2019 was relatively uneventful with no major political or market changes that would have caused businesses to shut down or move. The year 2020 may have had more substantial changes owing to the pandemic.

Using the spatial dataset, I first I extracted data on all businesses for the Chicago MSA. Next, I created three new point datasets, one for each intermediary type. For HUD certified housing institutions, I used the institution name data available on the HUD website to select data points from the Info USA data. This dataset includes all the locations (main offices and field offices) of the different HUD certified institutions. There are 36 HUD approved housing institutions in 86 locations in the Chicago MSA within the state of Illinois. Next, I looked for NAICS codes of the community institutions I studied – SWOP, Spanish Community Center and Mano a Mano. Their 8-digit NAICS code is 62419012 (classified as “Social Services and Welfare organizations”). Using this code, I created another point dataset for community and place-based institutions. I also conducted checks of other institutions with 6-digit NAICS code 624190 to ensure that I do not omit other important institutions that provide multiple services and anchor communities. In my spot checking (picking of institution names and checking their website) I did not find others that merited inclusion. The final dataset includes 1,275 data points for community and place-based institutions. Lastly, I looked for the 6-digit NAICS code for religious institutions. I then extracted data corresponding to NAICS code 813110. I checked to ensure that all the faith-based institutional partners working with SWOP in the city of Chicago were included in this data set since they cover a diverse range of religious institutions. The final
dataset of the religious institutions has 6,688 data points. The following maps show the
distribution of data points in the study region.

Figure 6. Distribution of HUD certified housing agencies, community & place-based
institutions and religious institutions, against population density at the tract level in the Chicago
MSA (IL)

All three types of institutions are more densely clustered within the city of Chicago. The
number of data points by jurisdiction is provided in the table below.

Table 5. Intermediary institution locations by jurisdiction

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Religious institutions</th>
<th>Community service institutions</th>
<th>Housing institutions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Per capita (Low-income)</td>
<td>Number</td>
</tr>
<tr>
<td>City of Chicago</td>
<td>2513</td>
<td>0.001502</td>
<td>619</td>
</tr>
<tr>
<td>Rest of Cook</td>
<td>1846</td>
<td>0.001460</td>
<td>291</td>
</tr>
<tr>
<td>DeKalb</td>
<td>118</td>
<td>0.001900</td>
<td>22</td>
</tr>
<tr>
<td>DuPage</td>
<td>632</td>
<td>0.001705</td>
<td>87</td>
</tr>
<tr>
<td>Grundy</td>
<td>52</td>
<td>0.002152</td>
<td>9</td>
</tr>
<tr>
<td>Kane</td>
<td>374</td>
<td>0.001475</td>
<td>59</td>
</tr>
</tbody>
</table>
Table 5 continued.

<table>
<thead>
<tr>
<th>Type of institution</th>
<th>N+</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Religious institutions</td>
<td>2014</td>
<td>.00</td>
<td>177.110</td>
<td>23.190</td>
<td>25.559</td>
</tr>
<tr>
<td>Housing institutions</td>
<td>2014</td>
<td>.00</td>
<td>4.570</td>
<td>.788</td>
<td>.949</td>
</tr>
<tr>
<td>Community institutions</td>
<td>2014</td>
<td>.00</td>
<td>85.820</td>
<td>7.104</td>
<td>9.373</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>2014</td>
<td>.00</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

To calculate the access measure of the data points for each of the three datasets at the level of the census tract, I used Kernel density calculation rather than proximity measures like Euclidean distance or Service Area Coverage. This is because an area can be better serviced with more numbers of housing counselors or community workers. Kernel Density is a distance decay function weighted by the number of amenities in an area (Knaap et al., 2013). Using a raster function, Arc GIS assigns the highest value at the location of the point and diminishing values within a search radius. The tract values are then calculated from the zonal statistics function. The final tract value is the sum of all values in the raster grid within the tract divided by the tract land area. The descriptive statistics of tract values for the different intermediaries is provided below:

Table 6. Kernel density values of intermediaries at tract level within the Chicago MSA

<table>
<thead>
<tr>
<th>Type of institution</th>
<th>N+</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Religious institutions</td>
<td>2014</td>
<td>.00</td>
<td>177.110</td>
<td>23.190</td>
<td>25.559</td>
</tr>
<tr>
<td>Housing institutions</td>
<td>2014</td>
<td>.00</td>
<td>4.570</td>
<td>.788</td>
<td>.949</td>
</tr>
<tr>
<td>Community institutions</td>
<td>2014</td>
<td>.00</td>
<td>85.820</td>
<td>7.104</td>
<td>9.373</td>
</tr>
</tbody>
</table>

In the above table N refers to number of tracts.

5.1.2 Determinants of spatial location of intermediaries

To evaluate the effects of space on the location of intermediaries I developed three OLS regression models. In each model I regressed access to each intermediary institutional type with access to other institutions, socio-economic variables of people in the tract and housing characteristics of the tract. To control for unknown effects of spatial geographies I also included
flags for the city of Chicago, the rest of Cook County and all other counties in the Chicago region. I used natural log of median home value to reduce the relative positive skew in this variable towards a more normal distribution. The following table shows the descriptive statistics of the DVs and IDVs used in the three models.

**Table 7. Descriptive statistics of variables for determining spatial location of intermediaries.**

<table>
<thead>
<tr>
<th>Variables</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Black</td>
<td>2009</td>
<td>.000</td>
<td>100.000</td>
<td>21.256</td>
<td>31.782</td>
</tr>
<tr>
<td>% Hispanic</td>
<td>2009</td>
<td>.000</td>
<td>99.100</td>
<td>22.193</td>
<td>24.130</td>
</tr>
<tr>
<td>% Adults with education attainment higher that bachelors</td>
<td>2014</td>
<td>.000</td>
<td>3.908</td>
<td>.339</td>
<td>.290</td>
</tr>
<tr>
<td>% Households housing cost burdened</td>
<td>2014</td>
<td>.000</td>
<td>63.080</td>
<td>31.256</td>
<td>8.520</td>
</tr>
<tr>
<td>% low-income households</td>
<td>2014</td>
<td>.000</td>
<td>98.480</td>
<td>53.501</td>
<td>20.492</td>
</tr>
<tr>
<td>% low-income homeowners</td>
<td>2014</td>
<td>.000</td>
<td>75.970</td>
<td>24.778</td>
<td>12.146</td>
</tr>
<tr>
<td>% low-income renters</td>
<td>2014</td>
<td>.000</td>
<td>98.480</td>
<td>28.722</td>
<td>21.269</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>2009</td>
<td>.000</td>
<td>45.900</td>
<td>7.192</td>
<td>6.425</td>
</tr>
<tr>
<td>% Below federal poverty line</td>
<td>2008</td>
<td>.000</td>
<td>74.000</td>
<td>10.503</td>
<td>10.903</td>
</tr>
<tr>
<td>% Housing units vacant</td>
<td>2008</td>
<td>.000</td>
<td>56.300</td>
<td>9.011</td>
<td>7.221</td>
</tr>
<tr>
<td>Median home value</td>
<td>1988</td>
<td>20200</td>
<td>1548500</td>
<td>274695</td>
<td>160327</td>
</tr>
<tr>
<td>Kernel density – Religious institutions</td>
<td>2014</td>
<td>.000</td>
<td>177.110</td>
<td>23.190</td>
<td>25.559</td>
</tr>
<tr>
<td>Kernel density – Housing institutions</td>
<td>2014</td>
<td>.000</td>
<td>4.570</td>
<td>.7889</td>
<td>.949</td>
</tr>
<tr>
<td>Kernel density – Community institutions</td>
<td>2014</td>
<td>.000</td>
<td>85.820</td>
<td>7.104</td>
<td>9.373</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>1988</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

N refers to number of census tracts.

Of the 2014 tracts within the Chicago MSA in the state of Illinois, 26 tracts have missing values. The missing values by indicator are summarized in the table below:
Table 8. Summary statistics of missing values

<table>
<thead>
<tr>
<th>Variable</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Missing Count</th>
<th>Percent</th>
<th>Low</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median home value</td>
<td>1988</td>
<td>274695.62</td>
<td>160327.543</td>
<td>26</td>
<td>1.300</td>
<td>0</td>
<td>94</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>2009</td>
<td>7.192</td>
<td>6.425</td>
<td>5</td>
<td>.200</td>
<td>0</td>
<td>190</td>
</tr>
<tr>
<td>% Below federal poverty line</td>
<td>2008</td>
<td>10.503</td>
<td>10.903</td>
<td>6</td>
<td>.300</td>
<td>0</td>
<td>97</td>
</tr>
<tr>
<td>% Housing units vacant</td>
<td>2008</td>
<td>9.011</td>
<td>7.221</td>
<td>6</td>
<td>.300</td>
<td>0</td>
<td>129</td>
</tr>
<tr>
<td>% Black</td>
<td>2009</td>
<td>21.256</td>
<td>31.782</td>
<td>5</td>
<td>.200</td>
<td>0</td>
<td>353</td>
</tr>
<tr>
<td>% Hispanic</td>
<td>2009</td>
<td>22.193</td>
<td>24.130</td>
<td>5</td>
<td>.200</td>
<td>0</td>
<td>182</td>
</tr>
</tbody>
</table>

a. Number of cases outside the range (Q1 - 1.5*IQR, Q3 + 1.5*IQR).

Five of the tracts with missing values have no population. Three of these tracts within the city correspond to locations of the O’Hare and Midway airports and railway yards. The other two tracts are suburban tracts in Lake and South Suburban Cook Counties. These five tracts correspond to missing values in all of the variables listed above. An additional six tracts have no owner-occupied property and therefore median home value is not calculated for these tracts. Fifteen other tracts have all data points except for median home values. The reason for this exclusion is not clear. These tracts have an average population of 2484 people per tract and a total population of 34780. Interestingly all of these tracts have over 30% minority population and 11 of the 15 tracts have over 80% minority population. Five of the 15 tracts are in suburban counties and the rest are within the city of Chicago.

When I attempted to fit regression models with these variables for all three types of intermediaries, I observed some common issues. A preliminary regression analysis was run with the DV and IDVs. To address issues of multicollinearity I removed variables with values of Variance Inflation Factor greater than 6. For instance, I included the percentage of low-income owners and removed the percentage of low-income renters. I also removed values with non-significant Pearson correlation values below 0.05. Partial plots showed that relationships
between the DV and IDVs were linear. I verified this by fitting linear, quadratic and cubic regression lines in each partial plot and ascertaining that the difference in R squared values were not more than .05. A second regression showed non-homogeneity of variance exhibited by scatterplots of residuals versus predicted values in all three cases. Moreover P-P plots indicated violation of the assumption of multivariate normality. Test of Intra-Class Correlation Coefficient (ICC) for the three DVs show values more than 0.1 indicting non-independence of observations. Durbin Watson statistics showed positive autocorrelation possibly owing to spatial autocorrelation in the data. Since the kernel density of intermediaries in the tract is a spatial dataset, I also examined the Moran’s I statistic in Arc GIS for the three kernel density variables. Moran’s I is a measure of global spatial autocorrelation, which indicates the extent to which similar values of a variable are clustered together spatially. In this case Moran’s I is positive and significant in all three cases indicating that high and low values of access to intermediaries are more spatially clustered than would be expected if the underlying spatial processes were random.

Some of the scholars have used two-stage least squares spatial autoregressive models to deal with the spatial clustering effects (Nelson et al., 2021). However Ordinary Least Squares method with Huber-White’s Robust Standard Errors are often used in housing research to address heteroscedasticity owing to non-independence of observations between tracts (Bartram, 2019; Laidley, 2014). This makes the models simple and interpretable. I ran three OLS models with robust standard errors, one for each type of intermediary. I initially included spatial flags for the city of Chicago, the rest of Cook County and all other counties. The resultant model disregarded the city variable. However, since the location within the city is important (as shown by the maps above), I removed all spatial flags except location within the city. The other predictor variables include socio-economic characteristics of populations within the tract, housing related variables.
and access measures to the other two types of institutions. The final model specification is as follows:

\[ Y = \beta_0 + \sum_{j=1}^{p} \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \ldots + \beta_j X_j + \epsilon \]

where \( Y \) is the dependent variable or the location of intermediaries, \( \beta_0 \), is the intercept of the model, \( X_j \) corresponds to the \( j \)th explanatory variables of the model \((j = 1 \text{ to } p)\), and \( \epsilon \) is the random error with expectation 0 and variance \( \sigma^2 \). The details are presented in the Appendix. A summary of outputs is presented here.

5.1.3 Spatial determinants of religious institutions

A regression of kernel density values for religious institutions on socio-economic characteristics and spatial characteristics at the tract level shows that the independent variables accounted for a significant 59.6% of the variance in kernel density values for religious institutions. \((F [20, 1967] = 145.345, \text{MSE} = 258.152, p < .001)\). The coefficients with adjusted standard errors are given below:

<table>
<thead>
<tr>
<th>Parameter</th>
<th>( B )</th>
<th>Robust Std. Errora</th>
<th>( t )</th>
<th>Sig.</th>
<th>95% Confidence Interval</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Lower Bound</td>
</tr>
<tr>
<td>Access to housing institutions</td>
<td>2.082</td>
<td>1.133</td>
<td>1.837</td>
<td>.066</td>
<td>-.140</td>
</tr>
<tr>
<td>Access to community institutions</td>
<td>.827</td>
<td>.133</td>
<td>6.220</td>
<td>&lt;.001</td>
<td>.566</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>-.238</td>
<td>.145</td>
<td>-1.635</td>
<td>.102</td>
<td>-.522</td>
</tr>
<tr>
<td>Percentage below federal poverty line</td>
<td>.082</td>
<td>.100</td>
<td>.814</td>
<td>.416</td>
<td>-.115</td>
</tr>
<tr>
<td>Vacancy rate</td>
<td>.295</td>
<td>.110</td>
<td>2.693</td>
<td>.007</td>
<td>.080</td>
</tr>
<tr>
<td>Percentage housing cost burdened</td>
<td>16.685</td>
<td>7.169</td>
<td>2.327</td>
<td>.020</td>
<td>2.625</td>
</tr>
</tbody>
</table>
Table 9 continued.

| Percentage Black | .213 | .029 | 7.364 | <.001 | .157 | .270 |
| Percentage Hispanic | .051 | .030 | 1.700 | .089 | -.008 | .109 |
| Percentage low-income homeowners | -4.577 | 5.005 | -.914 | .361 | -14.392 | 5.238 |
| Percentage adults with no college degree | 8.970 | 4.528 | 1.981 | .048 | .090 | 17.850 |
| Log of median home value of tract | 5.986 | 1.485 | 4.031 | <.001 | 3.074 | 8.899 |
| Chicago flag | 11.149 | 1.656 | 6.732 | <.001 | 7.901 | 14.397 |
| Rest of Cook county flag | .037 | .977 | .038 | .970 | -1.879 | 1.953 |
| Will county flag | -3.910 | .869 | -4.501 | <.001 | -5.613 | -2.206 |
| McHenry county flag | -3.012 | .910 | -3.310 | .001 | -4.797 | -1.228 |
| Lake county flag | -4.123 | .919 | -4.488 | <.001 | -5.925 | -2.321 |
| Kendall county flag | -3.580 | 1.099 | -3.256 | .001 | -5.736 | -1.423 |
| DeKalb county flag | -2.896 | 1.539 | -1.882 | .060 | -5.914 | .121 |
| DuPage county flag | -.337 | .871 | -.387 | .699 | -2.046 | 1.371 |
| Grundy county flag | -3.694 | 1.308 | -2.825 | .005 | -6.259 | -1.129 |
| Kane county flag | 0\(^b\) | . | . | . | . | . |

Note: a. HC3 method

The analysis shows that access to community institutions, median value of property, location within the city, tract vacancy rate, percentage of Black population, percentage of cost-burdened households and percentage of adults with no college degree are significant positive predictors of location of religious institutions. Location within suburban counties of Will, McHenry, Lake, Kendall and Grundy are significant negative predictors.

Obviously religious institutions are located overwhelmingly within the city of Chicago. They are located within low-income black communities with severe housing problems. This analysis provides evidence that churches and other faith-based organizations are likely to locate closer to their constituents.
5.1.4 Spatial determinants of community institutions.

A regression of kernel density values for community institutions on socio-economic characteristics and spatial characteristics at the tract level shows that the independent variables accounted for a significant 62.5% of the variance in kernel density values for community institutions. \( F [20, 1967] = 163.888, \text{MSE} = 33.093, p = <.001 \). The predictor coefficients with adjusted standard errors are given below:

Table 10. Parameter Estimates with Robust Standard Errors – Community Institutions

<table>
<thead>
<tr>
<th>Parameter</th>
<th>B</th>
<th>Robust Std. Error*</th>
<th>t</th>
<th>Sig.</th>
<th>95% Confidence Interval</th>
<th>Lower Bound</th>
<th>Upper Bound</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access to housing institutions</td>
<td>3.669</td>
<td>.464</td>
<td>7.902</td>
<td>.001</td>
<td>2.759 – 4.580</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Access to religious institutions</td>
<td>.106</td>
<td>.013</td>
<td>8.114</td>
<td>.001</td>
<td>.080 – .132</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>-.139</td>
<td>.040</td>
<td>-3.480</td>
<td>.001</td>
<td>-.217 – -.061</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percentage below federal poverty line</td>
<td>.046</td>
<td>.027</td>
<td>1.717</td>
<td>.086</td>
<td>-.007 – .098</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vacancy rate</td>
<td>.133</td>
<td>.041</td>
<td>3.253</td>
<td>.001</td>
<td>.053 – .214</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percentage housing cost burdened</td>
<td>9.286</td>
<td>2.624</td>
<td>3.539</td>
<td>.001</td>
<td>4.139 – 14.432</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percentage Black</td>
<td>-.021</td>
<td>.010</td>
<td>-2.016</td>
<td>.044</td>
<td>-.041 – -.001</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percentage Hispanic</td>
<td>.012</td>
<td>.010</td>
<td>1.239</td>
<td>.215</td>
<td>-.007 – .032</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percentage low-income homeowners</td>
<td>-6.786</td>
<td>1.504</td>
<td>-4.511</td>
<td>.001</td>
<td>-9.737 – -3.836</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percentage adults with no college degree</td>
<td>-13.329</td>
<td>1.904</td>
<td>-6.999</td>
<td>.001</td>
<td>-17.063 – -9.594</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Log of median home value of tract</td>
<td>-1.374</td>
<td>.590</td>
<td>-2.327</td>
<td>.020</td>
<td>-2.532 – -2.16</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chicago flag</td>
<td>1.564</td>
<td>.575</td>
<td>2.721</td>
<td>.007</td>
<td>.437 – 2.691</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rest of Cook County flag</td>
<td>-1.191</td>
<td>.415</td>
<td>-2.872</td>
<td>.004</td>
<td>-2.004 – -2.378</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Will county flag</td>
<td>.013</td>
<td>.433</td>
<td>.031</td>
<td>.975</td>
<td>-.835 – .862</td>
<td></td>
<td></td>
</tr>
<tr>
<td>McHenry county flag</td>
<td>-.799</td>
<td>.427</td>
<td>-1.870</td>
<td>.062</td>
<td>-1.637 – .039</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lake county flag</td>
<td>-2.551</td>
<td>.465</td>
<td>-5.486</td>
<td>&lt;.001</td>
<td>-3.463 – -1.639</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kendall county flag</td>
<td>-.780</td>
<td>.547</td>
<td>-1.426</td>
<td>.154</td>
<td>-1.852 – .292</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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Table 10 continued.

<table>
<thead>
<tr>
<th>Flag</th>
<th>Coefficient</th>
<th>Standard Error</th>
<th>p-value</th>
<th>Coefficient</th>
<th>Standard Error</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>DeKalb county flag</td>
<td>-.873</td>
<td>.653</td>
<td>1.336</td>
<td>.182</td>
<td>.2.154</td>
<td>.409</td>
</tr>
<tr>
<td>DuPage county flag</td>
<td>-2.404</td>
<td>.400</td>
<td>-6.003</td>
<td>&lt;.001</td>
<td>-3.189</td>
<td>-1.619</td>
</tr>
<tr>
<td>Grundy county flag</td>
<td>1.191</td>
<td>.554</td>
<td>2.152</td>
<td>.032</td>
<td>.106</td>
<td>2.277</td>
</tr>
<tr>
<td>Kane county flag</td>
<td>0b</td>
<td>.</td>
<td>.</td>
<td>.</td>
<td>.</td>
<td>.</td>
</tr>
</tbody>
</table>

Note: a. HC3 method

The analysis shows that location of religious and housing institutions, presence within the city, tract vacancy rate, presence of cost burdened households, median value of property and location within Grundy are significant positive predictors of location of community institutions. Presence of black communities, unemployment rate, low-income homeowners, adults with no college degree, median value of tract, location within the rest of Cook County and location within Lake and DuPage counties are significant negative predictors of location of community institutions. Clearly community institutions do not locate themselves in high poverty neighborhoods or in predominantly minority neighborhoods. However, they do tend to locate in proximity with the other two types of institutions.

5.1.5 Spatial determinants of housing institutions

A regression of kernel density values for housing institutions on socio-economic characteristics and spatial characteristics at the tract level shows that the independent variables accounted for a significant 64.9% of the variance in kernel density values for housing institutions. \( F [20, 1967] = 181.712, MSE = 0.313, p = <.001 \). The predictor coefficients with adjusted standard errors are given below:
The analysis shows that location of community institutions, location within the city, unemployment rate, percentage of minority populations, percentage of adults with no college degree and median value of properties within the tract are significant positive predictors of location of housing institutions. Locations within other suburban counties except Kendall are also significant positive predictors of location of housing institutions.
The results of these models are consistent with what I found in the qualitative analysis. All three types of intermediaries are overwhelmingly located within the city. These institutions are also likely to co-locate. Religious institutions tend to locate near community institutions, community institutions are located near both religious and housing institutions and housing institutions tend to locate near community institutions. As indicated by the qualitative analysis, they tend to locate near community institutions to leverage their spread and reach within the neighborhood communities they intend to serve. The spatial hierarchy that I found in my field research also shows up in the quantitative models.

Many of these institutions also tend to locate in low-income Black neighborhoods with multiple housing issues. Black inner-city neighborhoods are known for the legacy of community organizing work and social movements and the continuation of organizing traditions is visible in how the service intermediaries also locate themselves. Suburban neighborhoods are negative significant predictors of location of all three types of intermediaries. My point about the lack of community institutions in south-suburban cook is also validated in these results. It is interesting that tract poverty is a non-significant predictor of access to intermediaries.

The quantitative model further ascertains the spatial variability in availability of non-profit service infrastructure. The city of Chicago has about 32% of the region’s population and about 50% of the region’s population below the federal poverty level and 37% of the population below 80% median income. The vast majority of the low-income population therefore resides in suburban tracts with much lower access to intermediary networks. As discussed in the previous chapter this brings forth implications for spatial equity in access to intermediaries, especially for high-poverty suburban tracts.
5.2 OUTCOMES FROM LOAN APPLICATIONS

In this section I examine if the access to intermediaries alters the prospects of homeownership for low-income households in the city region. In other words, I examine the hypothesis that access to non-profit intermediaries will improve chances of access to mortgage credit and better-quality mortgages since institutions mediate the environment and prepare low-income households for the mortgage process through counselling and engaged facilitation. I examine these relationships during different stages in the life cycle of low-income homeownership namely – home-buying, home repairs and home-refinance stages using the Home Mortgage Disclosure Act (HMDA) data for 2019 first. I repeat the analysis using a simpler model with comparable data available for 2011, 2015 and 2019 for low-income households in the Chicago MSA within the state of Illinois to ascertain if causal trends between mortgage loan outcomes and access to intermediaries from cross-sectional data analysis are also consistent across time. The comparative analysis would also reveal if 2019 were an unusual year for any reason.

Mortgage market outcomes have many known determinants. Obvious factors include personal financial characteristics of the loan applicants and the characteristics of the property for which the loan is being sought. Mortgage finance institutions typically make mortgage products more attractive with lower interest rate, 30 years self-amortizing mortgages and with fewer loan origination fees based on the strength of the financial characteristics of the applicant. Particularly credit scores, the annual income of loan applicants based on IRS filings, stability of the income, value of collateral or the property in question, down payment saved are all attributes that determine the quality of the loan in terms of interest rate, rate spread, costs of origination and the length of term of the mortgage. These models presented below are therefore constructed with available data and therefore do not include the full range of known predictors.
5.2.1 The probability of receiving a loan.

As discussed earlier the HMDA dataset provides information about the loan’s purpose, whether home purchase, home repairs, refinancing and others. It also provides data on loan process outcomes, whether loan is approved, denied, etc. Denial rates have been studied extensively to provide empirical evidence for the rampant racism in mortgage markets (Haupert, 2019; Hirasuna & Allen, 2012). Particularly low-income minorities including African American and Hispanic populations are more predisposed to loan rejection (Dymski, 2006; Faber, 2018; Hwang et al., 2015; M. A. Turner, 1999). Along with socio-economic characteristics of the loan applicant, neighborhood effects or tract characteristics, particularly racial segregation are also known to affect mortgage loan application outcomes (Chan et al., 2013; Rugh & Massey, 2010). Neighborhood characteristics and racial factors are also known to together exacerbate negative outcomes from loan applications (Been et al., 2009).

In this research my interest is to discern the effects of access to intermediaries on loan application outcomes, particularly examining interactions with the SES of loan applicants across minority status, gender and age. To do so I control for applicant’s financial characteristics, as well as property and neighborhood characteristics. Since the dependent variable is whether the loan was approved or not, a binary categorical variable, I use binary logistic regression for the analysis. Here the estimated coefficients are interpreted in the form of odds ratios – in this case the odds of a low-income loan applicants with certain characteristics are denied a loan divided by the odds that the base case applicant is denied a loan. I repeat the model for different types of loans since I expected that the effect of access to intermediaries would be pronounced in the post-home purchase stages in the lifecycle of homeownership.
I also examined other scholarly articles to explore the types of limitations with the data that they uncovered and how they dealt with them. For instance Hirasuna and Allen (2012) point out that race and ethnicity indicators are not reported consistently across the HMDA dataset. To control for selection bias imposed by non-reporting of race or ethnicity they include a dummy variable in their model (one if reported, zero otherwise). They also create variables based on combined race, ethnicity, gender and family composition characteristics instead of separate dummy variables for each. They do so to overcome potential non-independence of some of these group characteristics. I chose to include the dummy variable for overcoming the selection bias but chose to retain separate dummy variables for the SES characteristics and included interaction variables in my model. I also chose to create a unified variable of minority status since my intention is to understand broad trends in the data. Detailed assessment of specific group characteristics should ideally be carried out using combined socio-economic characteristics.

About 38.7% of the loan records were of applicants earning up to 80% of the median income. As such there is considerable difference across all types of indicators for those in the low-income category and those who are not. I pair the loan records with American Community Survey 2014-2019 5 year dataset from the US Census based on the tract codes available in the loan records. This provides additional neighborhood level covariates such as percentage of population below the federal poverty level, racial composition, median value of properties and unemployment rates of the tracts. I also pair loan records with the Kernel Density values of intermediary institutions obtained from the spatial data analysis. Descriptive statistics comparing the two groups are presented below:
Table 12. Descriptive statistics of low-income and other applicants

<table>
<thead>
<tr>
<th>Variables</th>
<th>Not low income</th>
<th>Low income</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Applicant SES and financial characteristics</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minority status</td>
<td>27.6%</td>
<td>46.9%</td>
</tr>
<tr>
<td>Female only applicant</td>
<td>16.7%</td>
<td>33.9%</td>
</tr>
<tr>
<td>Age above 62 years</td>
<td>10.5%</td>
<td>20.2%</td>
</tr>
<tr>
<td>Average income</td>
<td>161,069</td>
<td>46,522</td>
</tr>
<tr>
<td>Median income</td>
<td>121,000</td>
<td>50,000</td>
</tr>
<tr>
<td>Debt to income ratio above 45%</td>
<td>27.3%</td>
<td>47.8%</td>
</tr>
<tr>
<td>Debt to income ratio above 36%</td>
<td>79.8%</td>
<td>93.4%</td>
</tr>
<tr>
<td><strong>Property characteristics</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average property value</td>
<td>442,615</td>
<td>241,735</td>
</tr>
<tr>
<td>Median property value</td>
<td>355,000</td>
<td>205,000</td>
</tr>
<tr>
<td>Secured by first lien</td>
<td>89.3%</td>
<td>91.7%</td>
</tr>
<tr>
<td>Secured by subordinate lien</td>
<td>10.7%</td>
<td>8.3%</td>
</tr>
<tr>
<td><strong>Loan Purpose</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Home purchase loans</td>
<td>42.6%</td>
<td>47.1%</td>
</tr>
<tr>
<td>Home repair loans</td>
<td>8.1%</td>
<td>8.4%</td>
</tr>
<tr>
<td>Home refinance loans</td>
<td>34.2%</td>
<td>29.5%</td>
</tr>
<tr>
<td>Cash-out refinance</td>
<td>15.1%</td>
<td>14.9%</td>
</tr>
<tr>
<td><strong>Action taken</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan originated</td>
<td>84.3%</td>
<td>72.4%</td>
</tr>
<tr>
<td>Loan approved but not accepted</td>
<td>2.3%</td>
<td>2.7%</td>
</tr>
<tr>
<td>Loan denied</td>
<td>13.4%</td>
<td>24.9%</td>
</tr>
<tr>
<td><strong>Denial reason</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt-to-income ratio</td>
<td>3.0%</td>
<td>9.9%</td>
</tr>
<tr>
<td>Employment history</td>
<td>0.1%</td>
<td>0.4%</td>
</tr>
<tr>
<td>Credit history</td>
<td>3.3%</td>
<td>5.6%</td>
</tr>
<tr>
<td>Collateral</td>
<td>3.3%</td>
<td>3.2%</td>
</tr>
<tr>
<td>Insufficient cash (down payment, closing costs)</td>
<td>0.4%</td>
<td>0.6%</td>
</tr>
<tr>
<td>Unverifiable information</td>
<td>0.6%</td>
<td>0.8%</td>
</tr>
<tr>
<td>Credit application incomplete</td>
<td>1.4%</td>
<td>2.3%</td>
</tr>
<tr>
<td>Mortgage insurance denied</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Other</td>
<td>1.2%</td>
<td>1.9%</td>
</tr>
<tr>
<td>NA</td>
<td>85.4%</td>
<td>74.4%</td>
</tr>
<tr>
<td>Exempt</td>
<td>1.3%</td>
<td>0.9%</td>
</tr>
</tbody>
</table>
Table 12 continued.

**Loan characteristics**

<table>
<thead>
<tr>
<th></th>
<th>Average loan amount</th>
<th>Median loan amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average loan amount</td>
<td>301,733</td>
<td>167,456</td>
</tr>
<tr>
<td>Median loan amount</td>
<td>255,000</td>
<td>155,000</td>
</tr>
<tr>
<td>Average loan to value ratio</td>
<td>79</td>
<td>81</td>
</tr>
<tr>
<td>Average loan term</td>
<td>326</td>
<td>335</td>
</tr>
<tr>
<td>Average Interest rate</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Average percentage of loan costs to loan amount</td>
<td>1.68</td>
<td>2.95</td>
</tr>
</tbody>
</table>

**Tract characteristics**

<table>
<thead>
<tr>
<th></th>
<th>Average % of minority population</th>
<th>Average unemployment rate</th>
<th>Average % of population below federal poverty level</th>
<th>Average of median value of owner-occupied property</th>
<th>Average of number of loan applicants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average % of minority population</td>
<td>32.3</td>
<td>45.39</td>
<td>5.1</td>
<td>345,041</td>
<td>378</td>
</tr>
<tr>
<td>Average unemployment rate</td>
<td>4.5</td>
<td>6.3</td>
<td>8.2</td>
<td>233,009</td>
<td>334</td>
</tr>
<tr>
<td>Average % of population below federal poverty level</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average of median value of owner-occupied property</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average of number of loan applicants</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Access to intermediaries**

<table>
<thead>
<tr>
<th></th>
<th>Kernel density value of access to religious institutions</th>
<th>Kernel density value of access to community institutions</th>
<th>Kernel density value of access to housing institutions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>15.37</td>
<td>5.69</td>
<td>0.5</td>
</tr>
<tr>
<td></td>
<td>14.61</td>
<td>3.84</td>
<td>0.47</td>
</tr>
</tbody>
</table>

The data from the table above shows that low-income households are more likely to be minorities, female only applicants and aged applicants (above 62 years) when compared to higher income groups. Low-income households on average have a third of incomes but buy properties at half the value and apply for loans half the size as higher income loan applicants. This is possibly owing to the inadequacy of affordable housing stock in the city region. Low-income households are more likely to apply for home purchase loans. Their loan denial rates are ten percentage points higher than that of higher income groups. They are also three times more likely to be denied loans owing to overleverage as indicated by debt-to-income ratios when compared with loan applicants from higher income groups. Low-income applicants are also more likely to be from tracts with higher percentages of minorities, poor and higher unemployment.
rates, with average median home values about a $100,000 lower than that of higher income applicants.

For extracting the final dataset, I used only those loan records where the ratio of applicant income to median income of the MSA is up to 80%, the occupancy was for principal residence (and not for investment or secondary residence), and the loan outcome was either “Loan originated”, “Application approved but not accepted” or “Application denied”. Applications that were either incomplete or withdrawn or solicited only pre-approval were removed. I used loan applications for home purchase, home improvement, refinance and cash-out refinance. After data cleaning I arrived at a final analytical sample of 71,891 loan records in the Chicago MSA from the HMDA 2019 dataset. About 5% of the sample had property values missing, and less than 5% of the cases where loan was approved had interest rate and rate spread values missing. Since the missing values were 5% or less I did not conduct further analysis of these cases.

My basic model includes loan approval as the dependent variable. Both loans originated and those approved but not accepted are recoded as 1. Loans denied are recoded as zero and the rest of the cases are considered missing values. The independent variables include borrower minority status, gender, age, income, debt-to-income ratio, property characteristics and tract characteristics included in the table above. Loan amount, property value and median value of homes at tract level are log transformed to reduce positive skew and normalize the data. The basic regression equation for these models can be expressed as:

\[
\ln \left[ \frac{p}{1 - p} \right] = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + ... + \beta_t X_t + e
\]

where \( p \) is the probability that a borrower’s loan application is approved; \( \ln[p/(1 - p)] \) is the log odds ratio, or logit; \( \alpha \) is the intercept; \( X_1, X_2, \text{ and } X_3 \) represent the control variables; and \( e \) is the error term.
I repeated the binary logistic regression four times for the exploring the odds ratio across different stages in the life cycle of ownership – home purchase, home improvement, refinance and cash-out refinance. The Intraclass Correlation Coefficient shows that the assumption of independence of observations is not violated in the four models described here. Logistic regression does not assume homoscedasticity. Cooks D and Leverage values did not warrant any removal of outliers. The detailed outputs are included in Appendix.

**Odds of approval in home purchase loans**

In the case of home purchase, the omnibus test of model coefficients shows that the model fits the data significantly better than a null model, LR $\chi^2(21)= 3836.084$, p<.001. For borrowers whose applications were denied, the model predicted loan denial outcomes correctly 26.3% of the time and for the cases loans were approved the model predicted loan approval correctly 99.4% of the time. The classification accuracy for the intercept-only model is 86.1% and for the final model is 89.2%. This shows that the model offers a reasonable degree of predictive power. The pseudo $R^2$ statistic Nagelkerke $R^2$ is 24.4%. Using predicted probabilities of loan approval, I calculated an $R^2$ of 32.8%. In other words, the predictors account for 32.8% of the variance in the dependent variable. The odds ratios are presented below.

<table>
<thead>
<tr>
<th>Variables</th>
<th>B</th>
<th>S.E.</th>
<th>Wald</th>
<th>df</th>
<th>Sig.</th>
<th>Exp(B)</th>
<th>95% C.I. for EXP(B)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Lower</td>
<td>Upper</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Female only (1)</td>
<td>.190</td>
<td>.071</td>
<td>7.052</td>
<td>1</td>
<td>.008</td>
<td>1.209</td>
<td>1.051 - 1.390</td>
</tr>
<tr>
<td>Age over 62 years (1)</td>
<td>-.102</td>
<td>.104</td>
<td>.964</td>
<td>1</td>
<td>.326</td>
<td>.903</td>
<td>.737 - 1.107</td>
</tr>
<tr>
<td>Minority status (1)</td>
<td>-.563</td>
<td>.094</td>
<td>36.141</td>
<td>1</td>
<td>&lt;.001</td>
<td>.570</td>
<td>.474 - .684</td>
</tr>
<tr>
<td>Natural log of applicant income</td>
<td>1.194</td>
<td>.136</td>
<td>76.961</td>
<td>1</td>
<td>&lt;.001</td>
<td>3.300</td>
<td>2.527 - 4.309</td>
</tr>
<tr>
<td>Debt to Income Ratio</td>
<td>-.119</td>
<td>.002</td>
<td>2283.674</td>
<td>1</td>
<td>&lt;.001</td>
<td>.888</td>
<td>.884 - .892</td>
</tr>
<tr>
<td>Natural log of property value</td>
<td>2.245</td>
<td>.138</td>
<td>264.358</td>
<td>1</td>
<td>&lt;.001</td>
<td>9.437</td>
<td>7.200 - 12.370</td>
</tr>
<tr>
<td>Subordinate lien (1)</td>
<td>-.717</td>
<td>.104</td>
<td>47.726</td>
<td>1</td>
<td>&lt;.001</td>
<td>.488</td>
<td>.398 - .598</td>
</tr>
</tbody>
</table>

Table 13.  Determinants of odds of loan approval for home purchase
When we examine only low-income borrowers applying for home purchase loans, the two most significant positive predictors are property value and income of the loan applicant(s). The odds of loan approval increase by 844% for every unit increase in property value and by 230% for every unit increase in applicant’s income. Every unit increase in access to religious institutions increases odds of approval by 0.3%. Access to other two intermediary institutions are non-significant predictors of loan approval. Interestingly female-only applicants have 20% greater odds of loan approval when compared to male-only or joint applicants. The odds of loan approval increased by 0.6% for minority borrowers in tracts with higher percentage of
minorities. The three most significant negative predictors are minority status of borrowers, lien status on the property for which loan is sought and median value of housing units in tracts. Non-minority borrowers have a 43% increase in odds of loan approval. Properties secured with first lien have a 51% increase in odds of loan approval. One unit decrease in log of median home value of tract increases odds of loan approval by 60%. One unit decrease in debt-to-income ratio increases the odds of loan approval by 11.2%. The odds of loan approval increase by a 0.9% for every unit decrease in percentage of tract minority population. The odds of loan approval increase by a 1.7% for every unit decrease in percentage of vacant properties in the tract. The age and education attainment of borrowers was non-significant for low-income borrowers. Every unit decrease in Debt-to-income ratio increases odds of loan approval by 11%. First lien status increases odds of approval by 62%. Every unit increase in tract unemployment rate and vacancy rate reduces odds of approval by 3% each. Surprisingly, college education greater than bachelors reduces odds of approval by 36%. Being aged and minority reduces odds of loan approval by 27%.

**Odds of approval in home improvement loans**

In the case of home improvement, the omnibus test of model coefficients shows that the model fits the data significantly better than a null model, $\chi^2(21)= 1237.457$, $p<.001$. For borrowers whose applications were denied, the model predicted loan denial outcomes correctly 85.3% of the time and for the cases where loans were approved the model predicted loan approval correctly 55.6% of the time. The classification accuracy for the intercept-only model is 65.3% and for the final model is 75%. This shows that the model offers a reasonable degree of predictive power. The pseudo $R^2$ statistic Nagelkerke $R^2$ is 34.9%. Using predicted probabilities
of loan approval, I calculated an $R^2$ of 20.1%. In other words, the predictors account for 20.1% of the variance in the dependent variable. The odds ratios are presented below.

Table 14. Determinants of odds of loan approval for home improvement

<table>
<thead>
<tr>
<th>Variables</th>
<th>B</th>
<th>S.E.</th>
<th>Wald</th>
<th>df</th>
<th>Sig.</th>
<th>Exp(B)</th>
<th>95% C.I.for EXP(B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female only (1)</td>
<td>-.068</td>
<td>.104</td>
<td>.427</td>
<td>1</td>
<td>.513</td>
<td>.935</td>
<td>.763 .1145</td>
</tr>
<tr>
<td>Aged (1)</td>
<td>.409</td>
<td>.104</td>
<td>15.475</td>
<td>1</td>
<td>.001</td>
<td>1.505</td>
<td>1.228 1.846</td>
</tr>
<tr>
<td>Minority status (1)</td>
<td>-.463</td>
<td>.193</td>
<td>5.756</td>
<td>1</td>
<td>.016</td>
<td>.629</td>
<td>.431 .919</td>
</tr>
<tr>
<td>Natural log of applicant income</td>
<td>1.555</td>
<td>.269</td>
<td>33.451</td>
<td>1</td>
<td>.001</td>
<td>4.736</td>
<td>2.796 8.021</td>
</tr>
<tr>
<td>Debt to Income Ratio</td>
<td>-.073</td>
<td>.003</td>
<td>470.559</td>
<td>1</td>
<td>&lt;.001</td>
<td>.930</td>
<td>.924 .936</td>
</tr>
<tr>
<td>Natural log of property value</td>
<td>.358</td>
<td>.260</td>
<td>1.890</td>
<td>1</td>
<td>.169</td>
<td>1.430</td>
<td>.859 2.383</td>
</tr>
<tr>
<td>Subordinate lien (1)</td>
<td>-.508</td>
<td>.081</td>
<td>39.287</td>
<td>1</td>
<td>&lt;.001</td>
<td>.601</td>
<td>.513 .705</td>
</tr>
<tr>
<td>Percentage of minorities in tract</td>
<td>-.002</td>
<td>.003</td>
<td>.273</td>
<td>1</td>
<td>.602</td>
<td>.998</td>
<td>.993 1.004</td>
</tr>
<tr>
<td>Percentage of owner-occupied units in tract</td>
<td>.000</td>
<td>.000</td>
<td>1.663</td>
<td>1</td>
<td>.197</td>
<td>1.000</td>
<td>1.000 1.000</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>-.036</td>
<td>.012</td>
<td>9.951</td>
<td>1</td>
<td>.002</td>
<td>.964</td>
<td>.943 .986</td>
</tr>
<tr>
<td>Percentage below federal poverty line</td>
<td>-.005</td>
<td>.007</td>
<td>.430</td>
<td>1</td>
<td>.512</td>
<td>.995</td>
<td>.981 1.010</td>
</tr>
<tr>
<td>Vacancy rate</td>
<td>-.031</td>
<td>.009</td>
<td>11.392</td>
<td>1</td>
<td>.001</td>
<td>.969</td>
<td>.952 .987</td>
</tr>
<tr>
<td>Natural log of median value of property in the census tract</td>
<td>.510</td>
<td>.391</td>
<td>1.700</td>
<td>1</td>
<td>.192</td>
<td>1.665</td>
<td>.774 3.585</td>
</tr>
<tr>
<td>Adult educational attainment bachelor’s degree or higher</td>
<td>-.122</td>
<td>.258</td>
<td>.225</td>
<td>1</td>
<td>.635</td>
<td>.885</td>
<td>.534 1.466</td>
</tr>
<tr>
<td>Access to religious institutions</td>
<td>.000</td>
<td>.003</td>
<td>.003</td>
<td>1</td>
<td>.955</td>
<td>1.000</td>
<td>.993 1.007</td>
</tr>
<tr>
<td>Total number of loan applications in the tract</td>
<td>-.001</td>
<td>.000</td>
<td>3.067</td>
<td>1</td>
<td>.080</td>
<td>.999</td>
<td>.999 1.000</td>
</tr>
<tr>
<td>Access to housing institutions</td>
<td>-.100</td>
<td>.083</td>
<td>1.470</td>
<td>1</td>
<td>.225</td>
<td>1.105</td>
<td>.940 1.300</td>
</tr>
<tr>
<td>Access to community institutions</td>
<td>-.012</td>
<td>.011</td>
<td>1.241</td>
<td>1</td>
<td>.265</td>
<td>.988</td>
<td>.968 1.009</td>
</tr>
<tr>
<td>Minority status (1) by Percentage of minorities in tract</td>
<td>.001</td>
<td>.003</td>
<td>.024</td>
<td>1</td>
<td>.877</td>
<td>1.001</td>
<td>.994 1.007</td>
</tr>
<tr>
<td>Female only (1) by Minority status (1)</td>
<td>.000</td>
<td>.158</td>
<td>.000</td>
<td>1</td>
<td>1.000</td>
<td>1.000</td>
<td>.733 1.364</td>
</tr>
<tr>
<td>Aged (1) by Minority status (1)</td>
<td>-.349</td>
<td>.159</td>
<td>4.804</td>
<td>1</td>
<td>.028</td>
<td>.705</td>
<td>.516 .964</td>
</tr>
<tr>
<td>Constant</td>
<td>-7.709</td>
<td>2.175</td>
<td>12.559</td>
<td>1</td>
<td>&lt;.001</td>
<td>.000</td>
<td>.000 1.000</td>
</tr>
</tbody>
</table>
A discussion of significant predictors is included here. When we examine only low-income borrowers applying for home improvement loans, the log of the borrower income has the largest odds ratio of 4.736. Properties secured by first lien have a 40% increase in odds of loan approval. Aged borrowers have 50% higher odds of loan approval. Non-minorities have 63% greater odds of approval than minorities. Higher debt-to-income ratio, unemployment rate and vacancy rate marginally reduce the odds of loan approval. The interaction of minority status and elderly status reduces odds of approval by 30%. Access to intermediary variables are non-significant predictors of loan approval.

**Odds of approval in home refinance loans**

In the case of home refinance loans, the omnibus test of model coefficients shows that the model fits the data significantly better than a null model, $\chi^2(21)= 3601.475$, $p<.001$. For borrowers whose applications were denied, the model predicted loan denial outcomes correctly 60.1% of the time and for the cases where loans were approved the model predicted loan approval correctly 93.1% of the time. The classification accuracy for the intercept-only model is 67.9% and for the final model is 83%. This shows that the model offers a reasonable degree of predictive power. The pseudo $R^2$ statistic Nagelkerke $R^2$ is 45%. Using predicted probabilities of loan approval, I calculated an $R^2$ of 31%. In other words, the predictors account for 31% of the variance in the dependent variable. The odds ratios are presented below:
Table 15. Determinants of odds of loan approval for home refinance

<table>
<thead>
<tr>
<th>Variables</th>
<th>B</th>
<th>S.E.</th>
<th>Wald</th>
<th>df</th>
<th>Sig.</th>
<th>Exp(B)</th>
<th>95% C.I.for EXP(B)</th>
<th>Lower</th>
<th>Upper</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female only (1)</td>
<td>.040</td>
<td>.077</td>
<td>.275</td>
<td>1</td>
<td>.600</td>
<td>1.041</td>
<td>.895 . . . . . . . .</td>
<td>.895</td>
<td>1.211</td>
</tr>
<tr>
<td>Aged (1)</td>
<td>-.304</td>
<td>.078</td>
<td>15.117</td>
<td>1</td>
<td>.000</td>
<td>.738</td>
<td>.633 . . . . . . . .</td>
<td>.633</td>
<td>.860</td>
</tr>
<tr>
<td>Minority status (1)</td>
<td>-.340</td>
<td>.138</td>
<td>6.105</td>
<td>1</td>
<td>.013</td>
<td>.712</td>
<td>.544 . . . . . . . .</td>
<td>.544</td>
<td>.932</td>
</tr>
<tr>
<td>Natural log of applicant income</td>
<td>-.871</td>
<td>.140</td>
<td>38.651</td>
<td>1</td>
<td>&lt;.001</td>
<td>.419</td>
<td>.318 . . . . . . . .</td>
<td>.318</td>
<td>.551</td>
</tr>
<tr>
<td>Debt to Income Ratio</td>
<td>-.148</td>
<td>.004</td>
<td>1745.956</td>
<td>1</td>
<td>&lt;.001</td>
<td>.863</td>
<td>.857 . . . . . . . .</td>
<td>.857</td>
<td>.869</td>
</tr>
<tr>
<td>Natural log of property value</td>
<td>1.515</td>
<td>.213</td>
<td>50.529</td>
<td>1</td>
<td>&lt;.001</td>
<td>4.549</td>
<td>2.996 . . . . . . . .</td>
<td>2.996</td>
<td>6.908</td>
</tr>
<tr>
<td>Subordinate lien (1)</td>
<td>-.472</td>
<td>.109</td>
<td>18.574</td>
<td>1</td>
<td>&lt;.001</td>
<td>.624</td>
<td>.504 . . . . . . . .</td>
<td>.504</td>
<td>.773</td>
</tr>
<tr>
<td>Percentage of minorities in tract</td>
<td>-.005</td>
<td>.002</td>
<td>5.548</td>
<td>1</td>
<td>.019</td>
<td>.995</td>
<td>.990 . . . . . . . .</td>
<td>.990</td>
<td>.999</td>
</tr>
<tr>
<td>Percentage of owner-occupied units in tract</td>
<td>-.000</td>
<td>.000</td>
<td>.128</td>
<td>1</td>
<td>.720</td>
<td>1.000</td>
<td>1.000 . . . . . . . .</td>
<td>1.000</td>
<td>1.000</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>-.018</td>
<td>.009</td>
<td>3.773</td>
<td>1</td>
<td>.052</td>
<td>.982</td>
<td>.965 . . . . . . . .</td>
<td>.965</td>
<td>1.000</td>
</tr>
<tr>
<td>Percentage below federal poverty line</td>
<td>-.007</td>
<td>.006</td>
<td>1.404</td>
<td>1</td>
<td>.236</td>
<td>.993</td>
<td>.982 . . . . . . . .</td>
<td>.982</td>
<td>1.004</td>
</tr>
<tr>
<td>Vacancy rate</td>
<td>-.020</td>
<td>.007</td>
<td>7.894</td>
<td>1</td>
<td>.005</td>
<td>.980</td>
<td>.966 . . . . . . . .</td>
<td>.966</td>
<td>.994</td>
</tr>
<tr>
<td>Natural log of median value of property in the census tract</td>
<td>.372</td>
<td>.286</td>
<td>1.699</td>
<td>1</td>
<td>.192</td>
<td>1.451</td>
<td>.829 . . . . . . . .</td>
<td>.829</td>
<td>2.540</td>
</tr>
<tr>
<td>Adult educational attainment bachelor’s degree or higher</td>
<td>-.047</td>
<td>.169</td>
<td>.078</td>
<td>1</td>
<td>.781</td>
<td>.954</td>
<td>.685 . . . . . . . .</td>
<td>.685</td>
<td>1.328</td>
</tr>
<tr>
<td>Access to religious institutions</td>
<td>-.002</td>
<td>.003</td>
<td>.482</td>
<td>1</td>
<td>.487</td>
<td>.998</td>
<td>.993 . . . . . . . .</td>
<td>.993</td>
<td>1.003</td>
</tr>
<tr>
<td>Total number of loan applications in the tract</td>
<td>.000</td>
<td>.000</td>
<td>.034</td>
<td>1</td>
<td>.854</td>
<td>1.000</td>
<td>1.000 . . . . . . . .</td>
<td>1.000</td>
<td>1.001</td>
</tr>
<tr>
<td>Access to housing institutions</td>
<td>.000</td>
<td>.069</td>
<td>.000</td>
<td>1</td>
<td>.995</td>
<td>1.000</td>
<td>.874 . . . . . . . .</td>
<td>.874</td>
<td>1.145</td>
</tr>
<tr>
<td>Access to community institutions</td>
<td>.007</td>
<td>.008</td>
<td>.929</td>
<td>1</td>
<td>.335</td>
<td>1.007</td>
<td>.992 . . . . . . . .</td>
<td>.992</td>
<td>1.022</td>
</tr>
<tr>
<td>Minority status (1) by Percentage of minorities in tract</td>
<td>.003</td>
<td>.003</td>
<td>1.773</td>
<td>1</td>
<td>.183</td>
<td>1.003</td>
<td>.998 . . . . . . . .</td>
<td>.998</td>
<td>1.009</td>
</tr>
<tr>
<td>Female only (1) by Minority status (1)</td>
<td>-.047</td>
<td>.118</td>
<td>.158</td>
<td>1</td>
<td>.691</td>
<td>.954</td>
<td>.758 . . . . . . . .</td>
<td>.758</td>
<td>1.202</td>
</tr>
<tr>
<td>Aged (1) by Minority status (1)</td>
<td>-.274</td>
<td>.126</td>
<td>4.739</td>
<td>1</td>
<td>.029</td>
<td>.761</td>
<td>.594 . . . . . . . .</td>
<td>.594</td>
<td>.973</td>
</tr>
<tr>
<td>Constant</td>
<td>2.729</td>
<td>1.517</td>
<td>3.235</td>
<td>1</td>
<td>.072</td>
<td>15.323</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

A discussion of significant predictors is included here. When we examine only low-income borrowers applying for home refinance loans, the log of the property value is a significant and positive predictor of loan approval and has the largest odds ratio of 4.549. This is
as expected. Non-aged borrowers have a significant 26% increase in odds of loan approval when compared with aged borrowers. Minority status reduces odds of approval by 30%. Surprisingly the log of borrower income is a significant negative predictor of loan approval with odds ratio at 0.419. Debt-to-income ratio is as expected a significant negative predictor of loan approval with an increase in odds of approval of 14% with every unit decrease in debt-to-income ratio. Homes secured by first lien have an increase in odds of 37.6% of loan approval as compared by those secured by subordinate lien. Vacancy rate increases odds of approval by 2% for every unit decrease in tract vacancy rate. Access to institutional intermediaries are non-significant predictors of loan approval. Every unit increase in tract minority population reduces odds of approval by 0.5%. The interaction of minority status and elderly status reduces odds of approval by 24%.

**Odds of approval in cash-out refinance loans**

Finally, in the case of loan applications for cash-out refinancing the omnibus test of model coefficients shows that the model fits the data significantly better than a null model, $\chi^2(21)= 2339.518$, $p<.001$. For borrowers whose applications were denied, the model predicted loan denial outcomes correctly 55.1% of the time and for the cases where loans were approved the model predicted loan approval correctly 92.1% of the time. The classification accuracy for the intercept-only model is 62.8% and for the final model is 78.3%. The pseudo $R^2$ statistic Nagelkerke $R^2$ is 35.5%. Using predicted probabilities of loan approval, I calculated an $R^2$ of 31%. In other words, the predictors account for 31% of the variance in the dependent variable. The odds ratios are presented below:
Table 16. Determinants of odds of loan approval for cash-out refinance

<table>
<thead>
<tr>
<th>Variables</th>
<th>B</th>
<th>S.E.</th>
<th>Wald</th>
<th>df</th>
<th>Sig.</th>
<th>Exp(B)</th>
<th>95% C.I.for EXP(B)</th>
<th>Lower</th>
<th>Upper</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female only (1)</td>
<td>.043</td>
<td>.075</td>
<td>.331</td>
<td>1</td>
<td>.565</td>
<td>1.044</td>
<td>.902</td>
<td>1.208</td>
<td></td>
</tr>
<tr>
<td>Aged (1)</td>
<td>.041</td>
<td>.073</td>
<td>.311</td>
<td>1</td>
<td>.577</td>
<td>1.041</td>
<td>.903</td>
<td>1.201</td>
<td></td>
</tr>
<tr>
<td>Minority status (1)</td>
<td>-.275</td>
<td>.147</td>
<td>3.522</td>
<td>1</td>
<td>.061</td>
<td>.759</td>
<td>.570</td>
<td>1.012</td>
<td></td>
</tr>
<tr>
<td>Natural log of applicant income</td>
<td>.785</td>
<td>.155</td>
<td>25.633</td>
<td>1</td>
<td>&lt;.001</td>
<td>2.191</td>
<td>1.617</td>
<td>2.969</td>
<td></td>
</tr>
<tr>
<td>Debt to Income Ratio</td>
<td>-.116</td>
<td>.003</td>
<td>1224.802</td>
<td>1</td>
<td>&lt;.001</td>
<td>.890</td>
<td>.885</td>
<td>.896</td>
<td></td>
</tr>
<tr>
<td>Natural log of property value</td>
<td>.667</td>
<td>.211</td>
<td>10.006</td>
<td>1</td>
<td>.002</td>
<td>1.948</td>
<td>1.289</td>
<td>2.945</td>
<td></td>
</tr>
<tr>
<td>Subordinate lien (1)</td>
<td>-.966</td>
<td>.138</td>
<td>49.016</td>
<td>1</td>
<td>&lt;.001</td>
<td>.381</td>
<td>.290</td>
<td>.499</td>
<td></td>
</tr>
<tr>
<td>Percentage of minorities in tract</td>
<td>-.001</td>
<td>.002</td>
<td>.213</td>
<td>1</td>
<td>.645</td>
<td>.999</td>
<td>.995</td>
<td>1.003</td>
<td></td>
</tr>
<tr>
<td>Percentage of owner-occupied units in tract</td>
<td>.000</td>
<td>.000</td>
<td>2.276</td>
<td>1</td>
<td>.131</td>
<td>1.000</td>
<td>1.000</td>
<td>1.000</td>
<td></td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>-.030</td>
<td>.009</td>
<td>11.107</td>
<td>1</td>
<td>.001</td>
<td>.970</td>
<td>.953</td>
<td>.988</td>
<td></td>
</tr>
<tr>
<td>Percentage below federal poverty line</td>
<td>.007</td>
<td>.006</td>
<td>1.338</td>
<td>1</td>
<td>.247</td>
<td>1.007</td>
<td>.995</td>
<td>1.018</td>
<td></td>
</tr>
<tr>
<td>Vacancy rate</td>
<td>-.029</td>
<td>.007</td>
<td>17.405</td>
<td>1</td>
<td>&lt;.001</td>
<td>.972</td>
<td>.959</td>
<td>.985</td>
<td></td>
</tr>
<tr>
<td>Natural log of median value of property in the census tract</td>
<td>.521</td>
<td>.297</td>
<td>3.082</td>
<td>1</td>
<td>.079</td>
<td>1.684</td>
<td>.941</td>
<td>3.014</td>
<td></td>
</tr>
<tr>
<td>Adult educational attainment bachelor’s degree or higher</td>
<td>-.441</td>
<td>.187</td>
<td>5.546</td>
<td>1</td>
<td>.019</td>
<td>.643</td>
<td>.446</td>
<td>.929</td>
<td></td>
</tr>
<tr>
<td>Access to religious institutions</td>
<td>-.005</td>
<td>.003</td>
<td>4.560</td>
<td>1</td>
<td>.033</td>
<td>.995</td>
<td>.990</td>
<td>1.000</td>
<td></td>
</tr>
<tr>
<td>Total number of loan applications in the tract</td>
<td>.000</td>
<td>.000</td>
<td>.164</td>
<td>1</td>
<td>.686</td>
<td>1.000</td>
<td>.999</td>
<td>1.000</td>
<td></td>
</tr>
<tr>
<td>Access to housing institutions</td>
<td>.014</td>
<td>.068</td>
<td>.042</td>
<td>1</td>
<td>.838</td>
<td>1.014</td>
<td>.888</td>
<td>1.158</td>
<td></td>
</tr>
<tr>
<td>Access to community institutions</td>
<td>.011</td>
<td>.008</td>
<td>1.964</td>
<td>1</td>
<td>.161</td>
<td>1.011</td>
<td>.996</td>
<td>1.027</td>
<td></td>
</tr>
<tr>
<td>Minority status (1) by Percentage of minorities in tract</td>
<td>.003</td>
<td>.003</td>
<td>1.552</td>
<td>1</td>
<td>.213</td>
<td>1.003</td>
<td>.998</td>
<td>1.008</td>
<td></td>
</tr>
<tr>
<td>Female only (1) by Minority status (1)</td>
<td>.104</td>
<td>.117</td>
<td>.778</td>
<td>1</td>
<td>.378</td>
<td>1.109</td>
<td>.881</td>
<td>1.396</td>
<td></td>
</tr>
<tr>
<td>Aged (1) by Minority status (1)</td>
<td>-.313</td>
<td>.119</td>
<td>6.982</td>
<td>1</td>
<td>.008</td>
<td>.731</td>
<td>.579</td>
<td>.922</td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>-3.282</td>
<td>1.593</td>
<td>4.242</td>
<td>1</td>
<td>.039</td>
<td>.038</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The log of income and log of property value are the two significant positive predictors of loan approval with odds ratios of 2.191 and 1.948 respectively. Higher debt to income ratio and subordinate lien status reduces odds of loan approval by 11% and 62% respectively.
Unemployment rate and vacancy rate at the tract level also reduce odds of loan approval by 3% each. The interaction of elderly status and minority status reduces odds of loan approval by 27%. Access to housing and community intermediaries are non-significant predictors of loan approval. Access to religious institutions reduces odds of loan approval by 0.5%.

**Conclusion**

The results of this analysis are not surprising. In all four cases the likelihood ratio chi-square tests showed significant results indicating that the model containing the predictors is a significant improvement in fit over the intercept-only model. A summary table of findings is included here:

**Table 17. Summary table of determinants of loan approval for different types of loans**

<table>
<thead>
<tr>
<th>Variables</th>
<th>Home purchase</th>
<th>Home improvement</th>
<th>Home refinance</th>
<th>Cash-out refinance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female only (1)</td>
<td>1.209***</td>
<td>0.935</td>
<td>1.041</td>
<td>1.044</td>
</tr>
<tr>
<td>Age over 62 years (1)</td>
<td>0.903</td>
<td>1.505***</td>
<td>0.738***</td>
<td>1.041</td>
</tr>
<tr>
<td>Minority status (1)</td>
<td>0.570***</td>
<td>0.629***</td>
<td>0.712**</td>
<td>0.759</td>
</tr>
<tr>
<td>Natural log of applicant income</td>
<td>3.300***</td>
<td>4.736***</td>
<td>0.419***</td>
<td>2.191***</td>
</tr>
<tr>
<td>Debt to Income Ratio</td>
<td>0.888***</td>
<td>0.930***</td>
<td>0.863***</td>
<td>0.890***</td>
</tr>
<tr>
<td>Natural log of property value</td>
<td>9.437***</td>
<td>1.430</td>
<td>4.549***</td>
<td>1.948***</td>
</tr>
<tr>
<td>Subordinate lien (1)</td>
<td>0.488***</td>
<td>0.601***</td>
<td>0.624***</td>
<td>0.381***</td>
</tr>
<tr>
<td>Percentage of minorities in tract</td>
<td>0.991***</td>
<td>0.998</td>
<td>0.995**</td>
<td>0.999</td>
</tr>
<tr>
<td>Percentage of owner-occupied units in tract</td>
<td>1.000</td>
<td>1.000</td>
<td>1.000</td>
<td>1.000</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>0.990</td>
<td>0.964***</td>
<td>0.982</td>
<td>0.970***</td>
</tr>
<tr>
<td>Adult educational attainment bachelor’s degree or higher</td>
<td>1.000</td>
<td>0.885</td>
<td>0.954</td>
<td>0.643***</td>
</tr>
<tr>
<td>Percentage below federal poverty line</td>
<td>1.003</td>
<td>0.995</td>
<td>0.993</td>
<td>1.007</td>
</tr>
<tr>
<td>Vacancy rate</td>
<td>0.983***</td>
<td>0.969***</td>
<td>0.980***</td>
<td>0.972***</td>
</tr>
<tr>
<td>Natural log of median value of property in the tract</td>
<td>0.403***</td>
<td>1.665</td>
<td>1.451</td>
<td>1.684</td>
</tr>
<tr>
<td>Access to religious institutions</td>
<td>1.003***</td>
<td>1.000</td>
<td>0.998</td>
<td>0.995**</td>
</tr>
<tr>
<td>Access to housing institutions</td>
<td>0.956</td>
<td>1.105</td>
<td>1.000</td>
<td>1.014</td>
</tr>
<tr>
<td>Access to community institutions</td>
<td>0.994</td>
<td>0.988</td>
<td>1.007</td>
<td>1.011</td>
</tr>
<tr>
<td>Total number of loan applications in the tract</td>
<td>1.000</td>
<td>0.999</td>
<td>1.000</td>
<td>1.000</td>
</tr>
<tr>
<td>Minority status (1) by Percentage of minorities in tract</td>
<td>1.006***</td>
<td>1.001</td>
<td>1.003</td>
<td>1.003</td>
</tr>
</tbody>
</table>
Table 17 continued.

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Female only (1) by Minority status (1)</td>
<td>0.873</td>
<td>1.000</td>
<td>0.954</td>
<td>1.109</td>
</tr>
<tr>
<td>Aged (1) by Minority status (1)</td>
<td>1.198</td>
<td>0.705**</td>
<td>0.761**</td>
<td>0.731***</td>
</tr>
<tr>
<td>Constant</td>
<td>0.014***</td>
<td>0.000***</td>
<td>15.323</td>
<td>0.038**</td>
</tr>
<tr>
<td>R²</td>
<td>.328</td>
<td>.201</td>
<td>.310</td>
<td>.310</td>
</tr>
<tr>
<td>N</td>
<td>26476</td>
<td>4243</td>
<td>9269</td>
<td>7762</td>
</tr>
</tbody>
</table>

Note: **, *** indicates significance at the 95%, and 99% level, respectively

Loan applicant income and value of the property strongly drive loan outcomes across all four types of loans. Minority status, higher debt-to-income ratio, subordinate lien status of property and a few tract characteristics like vacancy rate reduce odds of loan approval. Access to housing and community intermediaries don’t significantly change the odds either way when we look at the cross-sectional data. In the case of home purchase loans every unit increase in proximity scores of religious institutions leads to a 0.3% increase in odds of loan approval. And in the case of cash-out refinance loans, every unit increase in proximity scores of religious institutions leads to a 0.5% decrease in odds of loan approval.

These findings are consistent with past research that has pointed out the racialized nature of mortgage lending in the country. The proximal access to intermediaries is not enough to surmount the overwhelming nature of the other drivers of loan outcomes such as income inequalities and racism in the mortgage lending industry.

5.2.2 Loan outcomes across time

To ensure consistency of results across time, I carried out another binary logistic regression combining loan records for 2011, 2015 and 2019. The year 2011 is useful since consumer protection laws were just being implemented and it was in the middle of the foreclosure crisis. 2015 captures the period of market recovery and 2019 captures the most current status of mortgage lending. Although 2020 data is not available at this point, we can
expect that the data will show another downturn. The time series binary logistic regression is across all loan purposes for low-income households earning less than 80% of the median of the respective year. The Intraclass Correlation Coefficient is 0.043 and therefore I did not accommodate for non-independence of observations in the model. Logistic regression is robust to non-homogeneity of variance.

The results indicate that the model fits the data significantly better than a null model, $\chi^2(14)= 15089.926, p<.001$. The Nagelkerke $R^2$ or the pseudo $R^2$ is 11.5%. The classification table shows that the model predicted loan denial rates correctly 19.5% of the time and loan approval rates correctly 94.2% of the time. The classification accuracy for the intercept-only model is 69.4% and for the final model is 71.3%. The odds ratios are presented below:

Table 18. Odds of loan approval across time

<table>
<thead>
<tr>
<th>Variables</th>
<th>B</th>
<th>S.E.</th>
<th>Wald</th>
<th>df</th>
<th>Sig.</th>
<th>Exp(B)</th>
<th>95% C.I.for EXP(B)</th>
<th>Lower</th>
<th>Upper</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female only (1)</td>
<td>.137</td>
<td>.011</td>
<td>150.250</td>
<td>1</td>
<td>&lt;.001</td>
<td>1.147</td>
<td>1.122</td>
<td>1.172</td>
<td></td>
</tr>
<tr>
<td>Minority status (1)</td>
<td>-.185</td>
<td>.013</td>
<td>207.416</td>
<td>1</td>
<td>&lt;.001</td>
<td>.831</td>
<td>.810</td>
<td>.852</td>
<td></td>
</tr>
<tr>
<td>Natural log of real income</td>
<td>2.219</td>
<td>.033</td>
<td>4519.738</td>
<td>1</td>
<td>&lt;.001</td>
<td>9.194</td>
<td>8.618</td>
<td>9.808</td>
<td></td>
</tr>
<tr>
<td>Subordinate Lien (1)</td>
<td>-1.512</td>
<td>.021</td>
<td>5257.311</td>
<td>1</td>
<td>&lt;.001</td>
<td>.221</td>
<td>.212</td>
<td>.230</td>
<td></td>
</tr>
<tr>
<td>Access to religious institutions</td>
<td>-.001</td>
<td>.000</td>
<td>5.197</td>
<td>1</td>
<td>.023</td>
<td>.999</td>
<td>.998</td>
<td>1.000</td>
<td></td>
</tr>
<tr>
<td>Access to housing institutions</td>
<td>.083</td>
<td>.012</td>
<td>49.091</td>
<td>1</td>
<td>&lt;.001</td>
<td>1.087</td>
<td>1.062</td>
<td>1.112</td>
<td></td>
</tr>
<tr>
<td>Access to community institutions</td>
<td>.001</td>
<td>.001</td>
<td>.471</td>
<td>1</td>
<td>.493</td>
<td>1.001</td>
<td>.998</td>
<td>1.003</td>
<td></td>
</tr>
<tr>
<td>Natural log of median home value in the tract</td>
<td>-.431</td>
<td>.045</td>
<td>92.014</td>
<td>1</td>
<td>&lt;.001</td>
<td>.650</td>
<td>.595</td>
<td>.710</td>
<td></td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>-.017</td>
<td>.001</td>
<td>137.318</td>
<td>1</td>
<td>&lt;.001</td>
<td>.983</td>
<td>.980</td>
<td>.986</td>
<td></td>
</tr>
<tr>
<td>Percentage below federal poverty line</td>
<td>-.001</td>
<td>.001</td>
<td>1.031</td>
<td>1</td>
<td>.310</td>
<td>.999</td>
<td>.997</td>
<td>1.001</td>
<td></td>
</tr>
<tr>
<td>Vacancy rate</td>
<td>-.015</td>
<td>.001</td>
<td>149.422</td>
<td>1</td>
<td>&lt;.001</td>
<td>.985</td>
<td>.983</td>
<td>.988</td>
<td></td>
</tr>
<tr>
<td>Minority Population %</td>
<td>-.006</td>
<td>.000</td>
<td>355.820</td>
<td>1</td>
<td>&lt;.001</td>
<td>.994</td>
<td>.993</td>
<td>.995</td>
<td></td>
</tr>
<tr>
<td>Flag 2011</td>
<td>-.429</td>
<td>.015</td>
<td>777.917</td>
<td>1</td>
<td>&lt;.001</td>
<td>.651</td>
<td>.632</td>
<td>.671</td>
<td></td>
</tr>
<tr>
<td>Flag 2015</td>
<td>-.244</td>
<td>.014</td>
<td>295.941</td>
<td>1</td>
<td>&lt;.001</td>
<td>.784</td>
<td>.762</td>
<td>.806</td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>-6.335</td>
<td>.283</td>
<td>501.900</td>
<td>1</td>
<td>&lt;.001</td>
<td>.002</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The significant odds ratios are discussed here. Every unit increase in the log of real income increases odds of approval by a factor of 9.1. Being female increases odds of approval by 14.7%. Being minority reduces odds of approval by 16.9%. Subordinate lien status reduces odds of loan approval by 77.9% when compared to properties secured by first lien. Every unit increase in access to housing intermediaries increases odds of loan approval by 8.7% and every unit increase in access to religious institutions reduces odds of loan approval by .1%. Tract characteristics like unemployment rate, vacancy rate and percentage of minority population are all negative significant predictors and marginally reduce odds of approval. Surprisingly every unit increase in the median value of property in the tract reduces odds of approval by 35%. Loan applicants in 2011 and 2015 had lower odds of loan approval when compared with applicants in 2019.

5.2.3 Impact on loan quality

After the housing crisis of 2009, consumer protection regulations in the form of the Dodd Frank Act (2010) defines qualified mortgages as loan products that do not include interest only payment periods (where monthly payments do not include a portion of the principle loan amount), negative amortization (principle outstanding does not reduce over the life of the loan), mortgages with Balloon Payments (a larger than usual one-time payment at the end of the loan term), no-documentation loans, loan terms that are longer than 30 years, debt-to-income ratios greater than 43% (with exemptions for loans sold to the GSEs), points and fees scaled based on loan amounts (typically 3%). In addition, the Dodd Frank Act (2010) identifies high-cost loans as those whose points and fees are higher than 8%. Those loans secured by a consumer’s principal dwelling is subject to Home Ownership and Equity Protection Act of 1994 (HOEPA), as
implemented in Regulation Z (12 CFR 1026.32) if the loan has a high interest rate or high fees.
In the HMDA data set these are denoted by the HOEPA status and the rate spread. Rate spread is
the difference between the Annual Percentage Rate on the loan and the surveyed market APR for
prime loans of comparable type (amount, lien status, etc.). Quercia et al (2007) also found that
Adjustable Rate Mortgages (ARMs) are highly associated with foreclosure risk as are extended
prepayment penalties. These features of mortgage products individually and interactively impede
chances of low-income households to derive benefits and build wealth through ownership often
setting them up for economic and personal losses in the form of damaged credit scores,
consequently reduced access to labor, insurance and rental housing markets and deep emotional
stress. These factors also cumulatively affect low-income neighborhoods with reduced property
values and spiraling effects of disinvestment, increasing vacancy rates, propensity for increasing
crime and so on. I examined the quality of data for some of the loan quality parameters available
in the HMDA 2019 dataset. Sub-prime mortgages are very few in the HMDA 2019 dataset.
Several variables have substantial number of missing values. Variables with records in less than
5% of the cases were therefore excluded from my model. Many scholars have noted that HMDA
data potentially under reports on sub-prime loans. Moreover, critical variables like credit score of
the applicant and down payment amount are unavailable. Therefore, working with the available
data presents limitations for my analysis of the effect of intermediaries.
Table 19. Variables on mortgage quality

<table>
<thead>
<tr>
<th>Mortgage feature</th>
<th>Remarks on inclusion in the model</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest only payment periods</td>
<td>Cases less than 5% - EXCLUDED</td>
</tr>
<tr>
<td>Negative Amortization</td>
<td>Cases less than 1% - EXCLUDED</td>
</tr>
<tr>
<td>Mortgages with Balloon Payments</td>
<td>Cases less than 1% - EXCLUDED</td>
</tr>
<tr>
<td>Loan terms that are longer than 30 years</td>
<td>Cases less than 1% - EXCLUDED</td>
</tr>
<tr>
<td>Points and fees</td>
<td>Included (only available from 2018)</td>
</tr>
<tr>
<td>HOEPA status</td>
<td>Cases less than 1% - EXCLUDED</td>
</tr>
<tr>
<td>ARM</td>
<td>Cases less than 1% - EXCLUDED</td>
</tr>
<tr>
<td>Prepayment penalty term</td>
<td>Cases less than 1% - EXCLUDED</td>
</tr>
<tr>
<td>Interest rate</td>
<td>Included (only available from 2018)</td>
</tr>
<tr>
<td>Rate Spread</td>
<td>Included</td>
</tr>
</tbody>
</table>

For the purpose of constructing a continuous dependent variable of loan quality I attempted dimension reduction using Principal Component Analysis using the variables – interest rate, rate spread, and points and fees as a percentage of loan amount. First, I reverse coded the variables for consistency with description of loan quality - higher values to indicate better loan quality and lower values to indicate lower or poorer loan quality. Next, I conducted dimension reduction in SPSS. The Bartlett’s test of sphericity was significant indicating that the variables intercorrelate. This is carried out by evaluating the observed correlation matrix against an “identity matrix” (a matrix with ones along the principal diagonal and zeroes everywhere else). However, the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy however shows a figure of 0.49 which is lower than the cutoff of 0.6 that is considered acceptable. However, for the purpose of my research I only require a unidimensional variable that best captures the variance in three variables of interest that could help understand the quality of the loan. Therefore, I used principal component analysis and extracted one factor score. I used this factor score as the dependent variable to examine if access to intermediaries significantly predicts loan quality when controlling for applicant SES, applicant financial characteristics, property characteristics, and neighborhood quality. The factor loadings are provided in the table below.
Table 20. Factor loadings for principal component of loan quality

<table>
<thead>
<tr>
<th>Variables</th>
<th>Component 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan costs (reverse coded)</td>
<td>.324</td>
</tr>
<tr>
<td>Interest rate (reverse coded)</td>
<td>.873</td>
</tr>
<tr>
<td>Rate spread (reverse coded)</td>
<td>.902</td>
</tr>
</tbody>
</table>

As before I examined the assumptions of regression. A preliminary regression analysis was run with the DV and IDVs. To address issues of multicollinearity I removed variables with values of Variance Inflation Factor greater than 6. I also removed values with non-significant Pearson correlation values. Partial plots showed that relationships between the DV and IDVs were linear. I verified this by fitting linear, quadratic and cubic regression lines in each partial plot and ascertaining that the difference in R squared values were not more than .05. A second regression showed non-homogeneity of variance exhibited by scatterplots of residuals versus predicted values in all three cases. Moreover P-P plots indicated violation of the assumption of multivariate normality. Test of Intra-Class Correlation Coefficient (ICC) for the DV show values 0.07 indicating that non-independence of observations could be a problem. Durbin Watson statistics is 1.49 showed positive autocorrelation possibly owing to spatial autocorrelation in the data. Cooks D and Leverage values did not warrant any removal of outliers.

To account for the non-independence in the data, I ran a general linear model with Huber-White’s robust standard errors (Bartram, 2019; Laidley, 2014). A regression of Loan Quality of originated loans to low-income borrowers on socio-economic characteristics of loan applicant, property related characteristics, neighborhood quality and values of access to intermediaries shows that the independent variables accounted for a significant 12.8% of the variance in Loan Quality. \( F [13, 31001] = 350.926, MSE = .832, p = .000 \). Since the overall variance explained is
not large, I did not disaggregate the analysis by loan purpose. The coefficients with adjusted
standard errors are given below:

Table 21. Determinants of loan quality - parameter estimates with Robust Standard Errors

<table>
<thead>
<tr>
<th>Parameter</th>
<th>B</th>
<th>Robust Std. Error&lt;sup&gt;a&lt;/sup&gt;</th>
<th>t</th>
<th>Sig.</th>
<th>95% Confidence Interval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercept</td>
<td>-6.470</td>
<td>.338</td>
<td>-19.144</td>
<td>&lt;.001</td>
<td>-7.132 -5.808</td>
</tr>
<tr>
<td>Access to religious institutions</td>
<td>-.002</td>
<td>.001</td>
<td>-3.786</td>
<td>&lt;.001</td>
<td>-.003 -.001</td>
</tr>
<tr>
<td>Access to housing institutions</td>
<td>-.038</td>
<td>.014</td>
<td>-2.628</td>
<td>&lt;.001</td>
<td>-.066 -.010</td>
</tr>
<tr>
<td>Access to community institutions</td>
<td>.006</td>
<td>.001</td>
<td>4.685</td>
<td>&lt;.001</td>
<td>.003 .008</td>
</tr>
<tr>
<td>Natural log of median property value in tract</td>
<td>.249</td>
<td>.049</td>
<td>5.064</td>
<td>&lt;.001</td>
<td>.153 .345</td>
</tr>
<tr>
<td>Location in the city</td>
<td>.061</td>
<td>.022</td>
<td>2.848</td>
<td>.004</td>
<td>.019 .104</td>
</tr>
<tr>
<td>Percentage of tract minority</td>
<td>-.002</td>
<td>.000</td>
<td>-6.007</td>
<td>&lt;.001</td>
<td>-.002 -.001</td>
</tr>
<tr>
<td>Vacancy rate</td>
<td>-.006</td>
<td>.001</td>
<td>-4.020</td>
<td>&lt;.001</td>
<td>-.009 -.003</td>
</tr>
<tr>
<td>Subordinate lien</td>
<td>-.592</td>
<td>.199</td>
<td>-2.978</td>
<td>.003</td>
<td>-.981 -.202</td>
</tr>
<tr>
<td>Natural log of property value</td>
<td>2.227</td>
<td>.091</td>
<td>24.536</td>
<td>&lt;.001</td>
<td>2.049 2.405</td>
</tr>
<tr>
<td>Debt to income ratio</td>
<td>-.011</td>
<td>.001</td>
<td>-11.464</td>
<td>&lt;.001</td>
<td>-.013 -.009</td>
</tr>
<tr>
<td>Natural log of loan amount</td>
<td>-1.038</td>
<td>.094</td>
<td>-11.101</td>
<td>&lt;.001</td>
<td>-1.222 -.855</td>
</tr>
<tr>
<td>Minority status</td>
<td>-.095</td>
<td>.012</td>
<td>-7.820</td>
<td>&lt;.001</td>
<td>-.119 -.071</td>
</tr>
<tr>
<td>Aged</td>
<td>-.062</td>
<td>.019</td>
<td>-3.312</td>
<td>.001</td>
<td>-.099 -.025</td>
</tr>
</tbody>
</table>

The output of the OLS regression shows that property value, location in the city and
median value of properties in the tract are significant positive predictors while minority status,
the size of loan, debt-to-income ratio and subordinate lien status are significant negative
predictors of loan quality. Both proximity to religious institutions and housing institutions are
significant negative predictors of loan quality while proximity to community institutions is a
positive predictor of loan quality.
5.3 CONCLUSION

In this study, I attempt to quantify the impact of access to community intermediaries who intervene in low-income homeownership. I first examine where they are located within the metropolitan region of Chicago. Next, I examine if they alter outcomes in terms of loan approval and loan quality using HMDA data. All three types of intermediaries are clustered within the city of Chicago. They also tend to locate near each other. These institutions are present in tracts with higher percentage of minorities and lower percentage of adults with higher educational attainment. However, 79% of the low-income loan applicants in 2019 across all loan types are from suburban tracts. In theory, the spatial disparity in access to intermediary networks could affect the experiences of low-income households particularly in high poverty tracts. However, the proximal access to intermediaries as modeled by their spatial location does not matter for low-income borrowers across loan types when I examine their effect on the odds of loan approval. The value of the property used as collateral, the minority status and financial characteristics of the borrower drive loan approval outcomes. In the case of loan quality, access to all three types of intermediaries are significant predictors of loan quality although the effect sizes are very small (less than 0.1). As discussed earlier, my quantitative models have several limitations. Important covariates describing financial characteristics of borrowers like credit scores and down-payment made, are missing. Spatial proximity maybe an inadequate way of modeling the impact of intermediaries on low-income households. Quasi-experimental designs as employed to study the effects of housing counseling (Collins et al., 2011; Herbert et al., 2008; Turnham & Jefferson, 2012) may be more suited for the study of impacts of community development. This could be because the overall access to intermediaries is still very minuscule compared to the volume of low-income loan applicants.
The findings in this chapter however provides some insights for where community development work can usefully intervene when it comes to accessing mortgage credit. The one side of the mortgage lending process is that it is rife with racial discrimination and poor minorities are doubly impacted. However, studies show that racial and ethnic minorities are more likely to have insufficient credit history or activity and hence are more likely to be “credit invisible” (Courchane & Ross, 2019). The HMDA 2019 data also shows that a lower percentage of racial and ethnic minorities are denied loans owing to high debt-to-income ratios than non-minorities. A greater percentage of them are denied loans because of lack of credit history and inadequate collateral. Financial literacy is an area of work that community intermediaries are currently engaged in, and this work can address the issue of credit invisibility. Therefore, greater investment through resources and capacity building in community institutions is necessary. There is a small body of evidence that shows that Individual Development Accounts may enable better outcomes from low-income homeownership (McKernan et al., 2011). Appropriate savings mechanisms like IDA could be strategically promoted with the help of intermediaries, thus addressing the needs for collateral and cash for down-payment for low-income households aspiring for homeownership.
CHAPTER 6: POLICY IMPACT AND CONCLUSION

The complexities of risk-based pricing in mortgage markets, entrenched space and social stratification in city regions, and the inherent risks of poverty make it difficult for low-income and minority households to reap the benefits of homeownership in ways White and higher-income households in better-quality neighborhoods do. Low-income and minority households continue to grapple with historical disadvantage and their intrinsic vulnerability in withstanding economic and personal shocks. Therefore, they require deep subsidies, intense support, and intermediation not just in accessing and sustaining homeownership, but also in negotiating the broader aspects of urban living, such as sustaining through daily life, engaging productively in labor markets and recovering from destabilizing life events like job loss, change in family configurations and unforeseen expenditure. In comparison higher income households benefit not only from assets, savings and homeownership but also from the social capital they foster owing to their education, social status and intergenerational advantages. My dissertation demonstrates pathways to bridge these differences by making important contributions to the discourse on housing and poverty-risk mitigation. I provide insights on the bottom-up and multi-faceted facilitation provided by non-profit institutions in the Chicago metropolitan region for low-income and historically disadvantaged communities by answering the following three important questions. What types of institutions form the geography of intermediary support and what are their areas of work? And how does access to intermediary institutions impact low-income homeowners? How are these socio-spatial relationships constituted?

6.1 IMPORTANT CONCLUSIONS FROM THE RESEARCH

My literature review shows that housing and community development institutions have been critical participants in promoting housing access and stability, in neighborhood
revitalization efforts and in combating racial injustices in core city regions for several decades. These institutions have reinvented themselves and their practices based on evolving political environments, housing policy changes and changing market dynamics. In the past decade since the housing crisis of 2009 however, perhaps owing to diminishing interest in low-income homeownership and the overwhelming distress in poor neighborhoods crumbling under the pressure of foreclosures, few studies capture how the landscape of housing support have evolved beyond the CDC model. A few studies discuss the impact of housing counseling services but not of other community work. The existing studies however evaluate primarily a binary conception of success and failure – whether foreclosure prevention counseling resulted in foreclosure prevention or not, whether home purchase counseling resulted in home purchase and reduced mortgage delinquency or not. These studies do not explore the long term and variegated influences of these and associated intermediation in the context of unconventional trajectories of financial decisions that enable access to wealth and support for low-income and minority households.

The exploration of the interconnected and multi-scalar nature of community support for housing access and beyond, that I carried out through the dissertation research has been one of the most rewarding and insightful of experiences. I demonstrate how housing counseling agencies, community-based multisectoral institutions and religious institutions work together and with each other to create a system of support of which homeownership facilitation is a part. The robustness of the system influences avenues for wealth building through low-income homeownership, improved participation in the labor force, greater satisfaction from community life and pathways for intergenerational economic mobility. I particularly elucidate those factors that are not conventionally associated with homeownership and wealth building, such as
assisting households through bankruptcy, helping immigrants receive temporary visa drivers licenses, or counseling youth against joining street organizations.

Housing and community support from below, is an extensive network of institutions and evolving practices seeking to address the specific needs of different community groups. The racialized nature of housing and credit markets have necessitated a community support practice that recognizes vulnerabilities associated with group identity, and at the same time celebrates collective strength in them. Black women counselors and community workers collaborate with black realtors and black women loan originators and go well beyond the call of duty to support single black mothers in accessing homeownership support dollars and housing markets. Latino counselors attend to elderly Latino and immigrant households after office hours at their homes, helping them access property tax abatements, file appeals and negotiate on their behalf with lenders and insurers to provide the best possible outcomes. The community workers and counselors leverage their embedded knowledge of these communities and familiarity with their cultural values. These informal interactions are at the core of community work and are vital risk-mitigation mechanisms for the disadvantaged. Community work is possible because of the ability of these institutions to draw upon multiple knowledges and evolve their mandates based on the dynamic needs of their constituents. Their ability to draw upon multiple knowledges derives from two related determinants. These include their distance from communities, their distance from systems of power that make policy and influence programmatic direction of monetary spending across space, and their ability to foster networks and work with each other. Their effectiveness within communities also rests upon their ability to locate themselves in a spatial context and build trust over time. The pandemic induced lock down forced these institutions to
explore avenues online, but online and remote assistance have in no way replaced the much-needed one-on-one interactions and care.

Ongoing spatially and temporally consistent anchor programs like the System of Care, Parent Mentor program and the Illinois Welcoming Center programs provide legitimacy particularly to place-based and community institutions. The spatial and temporal consistency has two important implications for access to social support. This allows organizations that access and run the programs to build their constituency effectively. Put another way their work also relies on being able to serve a threshold of population belonging to somewhat similar social groups and the availability of programmatic funding. However, this also implies that where such programs are not available or there are no anchor institutions to run the programs, there could be serious gaps not just in provision of services related to the programs, but also in the ability of institutions to leverage these types of programs to build community and organize them for other needs.

Similar programs in the housing support space – home buying assistance, home repairs, foreclosure prevention and elderly foreclosure prevention and age-in-place type of programs are extremely varied across the geography of the city region and across time.

This research provides new directions for scholarship and practice to explore causal effects of spatial opportunity structures in the form of institutional support in urban regions. The analysis of neighborhood determinants of spatial location of intermediaries using Ordinary Least Squares regression with robust standard error methods, show that all three types of intermediaries are overwhelmingly present within the city of Chicago and they tend to co-locate. The three types of institutions studied here also tend to be located within minority neighborhoods. The city of Chicago with 37% of the population below 80% of the area median income has over half of the intermediaries in the region. Thus, the geography of intermediary
support that serves as veritable social capital and as community based social protections, is fragmented across city regions and the deprivation is especially acute in high-poverty sub-urban neighborhoods. South Suburban Cook is a case in point. On the other hand, affluent white communities have little need for intermediaries to mediate political arenas or negotiate with lenders. Owing to their advanced education status, assets and social capital they are more easily able to overcome setbacks and economic shocks unlike poorer and minority households. My research thus throws light on the variability of urban experiences and the differences in what constitutes spatially distributed opportunity in urban regions across class and race.

Spatial access to community-based support is crucial not only because it informs and influences micro-economic decisions of households but also because the collective efforts of the web of intermediaries enable stabilization and development of neighborhoods. Their work in the urban environment de-centers planning as expert-driven exercises and moves the locus of power back to communities, in ways that make tangible and material differences to the lives and life experiences of marginalized groups. Neighborhood stabilization programs around the country have been channeled to locations with strong voices from below. While Micro Market Recovery Program areas within the city, support poor households to access and sustain ownership with sizeable dollar grants in addition to bolstering affordable housing production and rehabilitation, neighborhoods across the invisible jurisdictional line in South Suburban Cook are in a state of dereliction and disrepair. Pockets in Joliet in Will County continue to have problems with overcrowding and multiple problems with housing conditions. Therefore, variable access to intermediaries across the city region is a cause for concern, as is the inequitable landscape of policy support. Does availability of programmatic support through state and non-profit coalitions catalyze the work of community-intermediaries or do community institutions and collective
movements attract policy support? Which comes first? At the outset in the context of places like South Suburban Cook, providing equitable access to institutional support appears to be a wicked problem. With failing housing markets, underwater loans that no benefactor or CDFI is willing to renegotiate and modify, few programs for home repairs and rather disinterested local governments, how can community mobilizing be fostered? This question merits further inquiry and could be relevant in addressing social justice and spatial justice concerns in a variety of contexts from tackling poverty in cities of the Global South, to addressing community resilience of Black and Native American communities in South Louisiana combating climate change and natural disasters.

In my analysis of tangible effects of intermediaries using the Home Mortgage Disclosure Act data, the results show that intermediaries do not move the compass in enabling improved access to mortgage loans. They are statistically significant only with a very small effect size in determining quality of mortgages. Property values, lien status and financial characteristics of the applicant are the strongest drivers of outcomes in both cases. Minority status is an important negative driver of access to mortgages. Neighborhood characteristics affect odds of loan approval and the quality of mortgages only marginally. While spatial access to intermediaries matters, spatial locations may not be the best measure of access or effectiveness. Nevertheless this analysis shows that there is need to expand access to community support and intermediary services to more effectively mitigate risks owing to social and economic differences across the metropolitan geography.

The more important insight for me is that this exploration of interactions between poverty risk and community support, calls to question the conventional metrics of success with which low-income homeownership is typically measured. Comparisons are made to examine whether
low-income households are able to buy homes in appreciating markets, are able to make consistent mortgage payments and sustain ownership long enough to build equity, and eventually transfer that wealth across generations. And inevitably since low-income and minority households do not fulfill those criteria in the face of predatory market systems, destabilizing life events and labor market downturns, low-income homeownership is considered a lost cause. My research shows that low-income households have unconventional trajectories for building wealth through homeownership and make unexpected tradeoffs to hold on to the home asset. I go back to Sherry who filed for bankruptcy with the help of Legal Aid and her church pastor to save her home from being fraudulently foreclosed and eventually paid off her mortgage debt. Sherry knew the short-term and long-term costs of her decision and still wanted to save her home. I think of the housing counselor from Neighborhood Housing Services, who noted that low-income and minority households have no choice but to go through loan modification multiple times. Their attempt to save their home through sustained difficulty not because of some misplaced longing for the American Dream or the perceived social stigma around moving out of ownership. But it is potentially because they are aware of the equally if not more tenuous nature of the alternative – renting. Building wealth in the home and cashing-out the equity they have built from time to time is key to low-income households’ finance management strategy and at the same time the result of poor knowledge or availability of other leverageable asset building mechanisms.

6.2 A CONCEPTUAL MODEL OF SOCIAL SUPPORT

At the beginning of this research, I expected that non-profit support for low-income homeownership will fit neatly into a lifecycle model of homeownership – starting with homebuying, and then through home maintenance, foreclosure prevention and elderly assistance.
While specific assistance is required in each of these stages, my research shows that homeownership support is a part of a composite facilitation that interacts with intersectional attributes of individuals and communities, impacts their life decisions while mediating the effects of structural inequalities. At its best the composite facilitation offered by the range of institutions influences asset creation, homeownership, participation in the labor force and political agency for low-income and disadvantaged communities thus influencing their ability to create wealth and chances for economic mobility. Sustained access to policy and institutional support can thus enable intergenerational mobility.

Figure 7. A conceptual model of social support for low-income and minority households

6.3 IMPLICATIONS FOR PLANNING SCHOLARSHIP

My doctoral research speaks to important debates within housing policy on low-income homeownership support and the effects of space and neighborhood contexts (Chapple & Goetz, 2011; Goetz, 2018). All four of my case study locations are racially segregated predominantly Latino and/ or Black neighborhoods. The metrics with which the success of homeownership is conventionally assessed in housing scholarship, carries an implicit bias towards dispersal
paradigms and reaffirms stigma associated with poverty and blackness (or color). Renting in neighborhoods of “opportunity” is valorized over owning in central city regions. Properties are expected to provide improved value in places with proximity to White amenities and social role models. This is considered superior to building wealth in a home asset in a poor inner-city neighborhood. The reason given is the differentials is median home values and the reduced propensity for value appreciation of property. However as discussed earlier the use value and exchange value of the home is different for lower-income households. Moreover, my doctoral research shows that both policy support and critical institutional support through webs of non-profit intermediaries that channel policy support dollars to income qualified households, tend to cluster within city regions. Thus, if institutional support is constituted as spatial opportunity, then the city of Chicago is unequivocally “opportunity rich” from the lenses of low-income and historically disadvantaged communities who need them.

Goetz (2018) points out that “not all forms of racial/ethnic clustering are to be condemned or seen as evidence of oppression”. What then distinguishes the “ghetto” from the “functional ethnic enclave”? My doctoral research demonstrates that the presence of robust webs of institutions engaged in community work providing forums for mutual aid and support, fulfills Young’s call for differentiated solidarity by leveraging the collective strength of racial and class identity in the neighborhoods of Chicago and outside of it. The proximity and access to informal safety nets and social capital which helps low-income and minority households sustain through their lived experiences, irrespective of housing tenure and between tenure transitions are “more important than the co-location of Black and White bodies” and is in fact a form of resistance to injustice (Pastillo, 2014). These discourses and my own research problematize housing policy interventions that treat dispersal and mobility as antidote for enclaves of people of color,
primarily because they neither respond to the specific material needs of economic and racial
disadvantage, nor do they address differences in power and agency of different social groups. As
my work shows through the collective organization of networks of intermediaries, the true
pursuit of racial justice entails access to political and economic power for the poor and people of
color that only some level of spatial clustering brings (Imbroscio, 2010).

In every democratic society with a relatively free market, property rights determine and
calibrate social stratification. When this is so, we as planners and policy analysts cannot pursue
social justice without enabling opportunities for acquisition of property rights. Supporting low-
income homeownership in the United States is therefore paramount in the pursuit of racial justice
(Oliver & Shapiro, 2001). Supported homeownership can help households build wealth over time
in ways supported rental housing cannot. An asset ladder conception of housing support
(Morrow-Jones & Wenning, 2005) for low-income households wherein supported rental housing
and self-sufficiency counseling together provides a rung in the ladder for then accessing wealth
through property, could be particularly useful for low-income and disadvantaged community
groups. The pursuit of racial and economic justice through housing can be carried out only when
we accept that current frameworks of risk-based mortgage credit pricing frames low-income
households as high-risk. Therefore, mitigation of this risk through continuous and reliable
support and more long-term structural changes including reorganization of credit market
practices are crucial. Finally, disparities in property value appreciation and equity gains across
racialized housing markets only reinforce the need for minority homeownership support. As long
as whiteness is property these differences will remain. Therefore, housing policy interventions
and scholarship has to be more deterministic about moving the locus of power affirmatively
towards minority community groups.
6.4 TAKE-AWAYS FOR POLICY

My study shows that low-income and minority households will benefit from the following policy interventions. These interventions are particularly important if the Biden administration seeks to bridge the Black homeownership gap.

**More consistent housing support**

At present government led programs for homeownership support are unreliable and inequitable in urban geographies. For instance, programs assisting income-eligible first-time homebuyers vary across the city region. Loan modification assistance programs especially those provided by the state government vary with time. At the time of the field work, housing counselors mentioned that the most effective of programs – the Illinois Hardest Hit, was ending and therefore many of these institutions were scrambling to reorganize their cash flows and reprioritize their service offerings. At the same time, applications for loan modification and foreclosure prevention had not dried up. Moreover, support for home repairs is virtually non-existent. Homeowners quite often have to rely upon Home Equity Line Of Credit (HELOCs) or a home equity loan, both of which are expensive for people with low-credit scores. Also these programs dilute home equity for already vulnerable communities. One of the biggest takeaways for housing policy is that the different levels of government must provide more reliable assistance and policies that direct private and philanthropic funding during the different stages in the lifecycle of low-income homeownership. This is particularly critical for reducing the racial wealth gap and Black-White homeownership gaps.

**Invest in community institutions**

Strengthening community institutions will enable the development of the housing support eco-system. More reliable homeownership support programs will also enable more consistent service provision from housing counselors. Removing variability of policy support across the
city region will enhance choice for low-income households and will also create critical demand for affordable housing developers, and non-profit service providers in suburban neighborhoods. Community institutions that anchor communities and participate effectively in both activism and advocacy as well as in providing necessary services are more difficult to foster through expansion of homeownership policy support. Investment in institutional capacity building of existing community institutions such as churches, community centers and other small collectives may help strengthen them over time. While not directly associated with homeownership these institutions are important for enabling political voice and agency in disadvantaged and minority communities. Such interventions are crucial for furthering racial and spatial justice goals in the United States.

**More expansive financial literacy programs**

As my research shows many black households are denied loans not because they are overleveraged but because they are credit invisible and lack adequate credit histories. Historical and more contemporary distrust of banking systems have to be addressed. More consistent homeownership support, more expansive financial literacy campaigns, and access to savings and short-term credit avenues designed in consideration of the cash-flow and wealth management strategies of low-income households, could reduce their propensity of liquidating their equity in the home from time to time, or having to renegotiate loan modifications multiple times with their lenders. Programs like the family self-sufficiency program incentivize savings, credit score improvements and acquisition of skill among HUDs voucher participants have shown great promise. Programs like these adapted for low income and minority households could go a long way to help improve mortgage outcomes for these households.
References


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The Chicago Housing Authority. (2019). *Choose to Own Homeownership Program* | The Chicago Housing Authority. https://www.thecha.org/residents/services/choose-to-own-homeownership-program


APPENDIX A- INSTITUTIONAL INTERVIEW GUIDE

About the institution (to be pre-filled from web sources where possible and then verified during interview)

1. Name of Institution:

2. Key purpose:

3. Sector areas of service:

4. Key demographic served:

5. Geographic area of service provision:

6. Weblinks, annual reports, case studies, other documentation

Sources of funding

1. Government
   - Administration of government programs – which ones, under which policy
     - Specific tasks undertaken for each
   - One time or periodic contributions and purpose

2. Philanthropic
   - Term, goal, tasks, funding cycles

3. Private sector
   - Term, scope of work, services rendered

4. Beneficiary contribution/ memberships

Partnerships with other intermediaries

1. Linkages

2. Nature of partnerships (contractual, informal) – convergence of policy agenda and priorities, convergence of service areas and geographies
   - How did it come to be?
   - What are the areas of synergy?
3. Type of interface – day to day, data sharing, etc.

4. Anecdotal examples of where joint strategies and partnerships worked and where it did not.

Service provision
1. Types of households and families

2. Typical household demographics in their area of outreach

3. Key types of services provided and nature of engagement with beneficiaries – day to day, one time

4. Some stories of how they intervened and what worked and what didn’t, what could have been done better
   a. Ask for stories pertaining to different types of households they have served

5. Do local connections, presence in the neighborhood matter?

6. How do they navigate challenges? What else needs to be done to help their demographic and extend their service provision capacities? Who has the power/ability to do it?

7. How do they measure impact?

8. What are the future strategies?

9. Who are the competing actors?

Challenges
1. In sources of funding, in making partnerships, in interfacing with people