

“The Social Impact of Home Rehabilitation in Low-Income Neighborhoods”

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Erin M. Graves is a policy analyst with the Federal Reserve Bank of Boston with an interest in low-income housing and the sociological dynamics of neighborhoods. Currently, she is conducting a mixed-method longitudinal study on the impact of neighborhood stabilization efforts in high-foreclosure neighborhoods. Her prior research focused on alternatives to home ownership and the impact of home foreclosures on children’s well-being. Graves has published work at the Fed on alternatives to homeownership and on the social impact of foreclosures in high-foreclosure neighborhoods. She previously worked as a postdoctoral fellow at the Massachusetts Institute of Technology (MIT) on an analysis of the Chicago Housing Authority’s renewal plan, which received funding from the MacArthur Foundation. She has a PhD in urban planning and sociology from MIT, a master’s in planning from the University of Illinois–Chicago, and a bachelor’s degree from Stanford University. Her work has been published in *Journal of the American Planning Association* and *City & Community*. She also has a forthcoming chapter on home ownership among low-income families.

Summary and Findings: Compared to previous U.S. recessions, mortgage defaults and foreclosures increased much more sharply, and there were typically higher concentrations of foreclosures in lower-income urban centers. Due to the impact of the crisis, the federal government provided aid for the purchase and rehabilitation of foreclosed housing in high-foreclosure areas. The program, the Neighborhood Stabilization Program (NSP), issued \$7 billion to agencies to rehabilitate foreclosed housing in highly affected areas. The economic and social impact of the program has not been established. A large-scale quantitative evaluation can determine its economic impact. However, a smaller-scale mixed-method study is needed to assess the social impact. This study aims to answer the research question, Does rehabilitating abandoned, foreclosed homes improve neighborhood social and physical conditions?

In this study, I employ mixed methods to investigate the social impact of rehabilitating abandoned, foreclosed homes in Boston. I assess the social and physical conditions of blocks that received the NSP intervention both before and after it occurred, and then compare these indicators to a control group of blocks that did not receive the intervention. My assessments include interviewing residents who live on the blocks where the intervention had taken place, measuring their sense of community and assessing the physical conditions of the block to determine the incidence of incumbent upgrading.

Implications for Policy and Practice: Results suggest that policies that aim to improve social conditions need to be more explicit about the mechanisms through which improvements can be achieved and require implementors to report on their attempts to improve social order. My results indicate that neighborhood social conditions in NSP neighborhoods have improved, but likely not due to the NSP intervention, since improvements occurred in both the treatment and control conditions. Rather, the observed improvements are more tightly correlated with higher levels of physical order. Moreover, assessments of neighborhood physical order are not related to the presence of a foreclosed home in the neighborhood or to the rehabilitation of foreclosed homes. Researchers, policymakers, and practitioners need to know more about the link between home price changes, physical distress, and social disorder when seeking to promote neighborhood-level foreclosure intervention policies or implement a neighborhood stabilization strategy.