

Lynne M. Dearborn Honored with New Researcher Award by the Architectural Research Centers Consortium for Housing Work with ESLARP

Financing, Foreclosure and the Residential Environment: Identifying and Remediating Housing

Deficits for Low-income Homeowners is a multi-year action-research project which engages both quantitative and qualitative research methods. This research endeavor allied the investigator, Lynne Dearborn, with both the St. Clair County (Illinois) Intergovernmental Grants Department (IGD) and the non-profit organization, Land of Lincoln Legal Assistance Foundation. The project applied several cycles of data collection and analysis to identify the extent and physical impact of residential foreclosure at scales ranging from the county, to the neighborhood, to the homes of individual low-income homeowners.

The first cycle of the project included the examination of a twenty-percent sample of residential foreclosures filed with the County Clerk of St. Clair County from 1996 through 2000. This phase of the project provided an understanding of the extent of foreclosure, location of foreclosed properties, characteristics of mortgage financing and residential properties involved and the impact of subprime lending on foreclosures. Data on mortgage foreclosures, loan terms and property assessments were collected to develop proxies that would signal which of the mortgages that faced possible foreclosure in the county were predatory in nature. Using statistics derived from these proxies and comparing them to thresholds suggested in government and consumer protection reports, suspected predatory loans were examined to highlight chronological and spatial trends in foreclosures and lending and to identify prominent lenders involved in this set of foreclosures. Statistical correlations among foreclosures, loan terms and US Census demographic information were also examined. Findings from this cycle of the project indicate that foreclosures in St. Clair County increased from 1996 through 2000 and disproportionately affected geographic areas with concentrations of minority and low-income individuals, hampering community redevelopment efforts in areas where these borrowers reside. The available statistical data show

correlation between primary race in a geographic area and indicators of predatory lending. As a result of this cycle of the project, St. Clair County IGD modified procedures for support of subprime borrowers and now requires property inspection for individuals receiving County down payment assistance grants.

The second cycle of the project incorporated interviews with individuals who provide service to low- and moderate-income homebuyers and homeowners in St. Clair County as well as low-income individuals in the county who have experienced mortgage foreclosure. The perceptions and personal experiences of these two groups of individuals regarding mortgage lenders, mortgage brokers, and contractors in the home buying and owning processes provide illustrations of the types of deceptive practices experienced by low-income populations when they aspire to the American Dream of homeownership. These qualitative data also provide a better understanding of the pervasive confusion concerning credit and the responsibilities of professionals in real estate transactions. Findings from this cycle of inquiry suggest that specific loans and practices in the lending process were designed to prey on minority and low-income homeowners. This part of the project spurred the inclusion of Metro-East St. Louis in the Coalition to Promote Reputable Lending and the Metropolitan St. Louis Foreclosure Prevention Task Force as well as increased efforts by St Clair County to offer financial literacy and consumer counseling to first-time homebuyers.

Working primarily with Land of Lincoln Legal Assistance Foundation, during the third cycle of this action-research project, Professor Dearborn documented the physical conditions of homes where deceptive practices were used to ensnare low-income, first-time homebuyers in the purchase of substandard residential properties. Property documentation was used by Professor Dearborn to provide expert witness testimony on the extent and causes of basic housing and property deficits, and costs and processes of remediating those deficits in twenty cases that involved predatory lending and purchase fraud. Professor Dearborn's testimony in this collection of cases has resulted in changes to the ways that judges involved view these types of cases. Setting a precedent for similar cases in Illinois, judges in this set of cases have

required sellers, mortgage brokers, and property appraisers to pay reparations to the homebuyers. As a result, the low-income homeowners have been able to make needed repairs on the properties to render them livable for their families.

In the final cycle of this action-research endeavor completed in the spring of 2007, Professor Dearborn returned to five of the twenty homes visited in the previous cycle. Documentation of post-repair property conditions has provided advice to both the homeowners and the lawyers at Land of Lincoln on the repair work that has been completed on the homes. Further, post-repair documentation conducted as part of this project has prompted staff at Land of Lincoln to increase oversight of the contractors employed for these repairs and to monitor financial transactions of homeowners in the repair process.

The significance of this research lies in the fact that the provision of safe, healthy residential environments for those in all social strata is a critical contemporary issue in an increasingly urban world. Many architects approach the provision of basic housing as a primarily physical endeavor. However, this research demonstrates that physical concerns necessarily intersect with economic, social, political and legal conditions when designers wish to offer families a healthy place to live. The problems addressed by this research are critical components of a socially, culturally, economically, politically and environmentally sustainable urban future which will afford everyone the opportunity for a safe and healthy residential environment.

The discourse of architecture, in both the academy and practice, is bereft of any substantive engagement with these issues. This research adds to the body of knowledge within an expanded understanding of architecture by addressing issues of residential quality for disadvantaged populations in an era when home ownership has become the *defacto* means by which shelter is offered to a majority of the US population. It brings the social, cultural, economic and political dimensions of the physical environment to the fore for students and allows them the opportunity to engage with a complex, real-world

set of issues and clients so that they can prepare to engage the same set of issues as they become professionals.

The action-research highlighted here has been presented to students in both seminars and studio courses. The methodology which employs cycles of investigation, reflection, and action/application to improve real-world outcomes provides a useful model for architecture students as they take on design in school and as they contemplate a way to practice architecture, regardless of building type. For students who are interested in housing design, this research has provided a framework for several graduate studios taught by Professor Dearborn. Students in these studios have been exposed to the multiple dimensions of housing through this research and have been required to engage these complexities of housing through their design work.

