inSocialWork Podcast Series

Episode 64 - Dr. Anna Santiago, Dr. George Galster, and Renee Nicolosi: Where People Live Matters: Using Housing Policy as an Anti-Poverty and Asset-Building Intervention

[00:00:08] Welcome to living proof a podcast series of the University at Buffalo School of Social Work at www.socialwork.buffalo.edu. We're glad you could join us today. The series Living Proof examines social work research and practice that makes a difference in people's lives. The University of Buffalo School of Social Work is making a difference every day through that generation and transmission of knowledge promotion of social justice and service to humanity. We offer MSW and PHD programs continuing education programs and credits online courses licensor exam preparation professional seminars and certificates and much much more. To learn more about the UB School of Social Work please visit www.socialwork.buffalo.edu. Hi from Buffalo home of one of the most affordable housing markets in the country. I'm your host Peter Sobota. Many social workers are all too familiar with an entitlement program safety net that encourages recipients to remain just poor enough to maintain eligibility for the entitlement benefits. In this episode we'll hear from three professionals who are implementing and researching the impact of programs that go significantly beyond that short term substance. Previous research has demonstrated that where people live matters and that neighborhood environments have a significant influence on the well-being of their residents. Our guest in this episode Dr. Anna Santiago. Dr. George Galster and Renee Nicolosi discuss their contributions to the research that expands the social work knowledge base and how not only to protect against the negative influences of poverty in poor neighborhoods but also how to improve those neighborhoods and most important assist lower income people to build financial educational and human capital.

[00:02:07] Specifically our guests tackle the question can a subsidized housing counseling program or homeownership program that informs educates and practically assists low income persons not only purchased their own home but provide an asset building intervention that develops competencies that help people become. Among other things more financially literate increase their household income and hourly earnings. Dr. Santiago and Galster and Ms Nicolosi describe the Home Ownership Program in Denver. Their longitudinal research their findings and the continuing challenges to sustaining homeownership. Perhaps you've heard of the foreclosure crisis in the United States. You may be surprised to learn about some of the findings of our guests research our guests findings challenge the conventional wisdom about low income homeowners. They conclude their discussion by identifying opportunities and practice implications for social workers in this area. Dr. Anna Maria Santiago is the Leona Divis Marguerite Heyn and Professor of Community Development at the Bendel School of Applied Social Services at Case Western Reserve University in Cleveland. Dr. George Galster is the Clarence B. Hilarie professor of urban affairs at the Department of Urban Studies and Planning at Wayne State University in Detroit. Renee Nicolosi is resident and community services program manager at the Denver Housing Authority. Dr. Kelly Patterson is assistant professor here at the School of Social Work. Dr. Patterson interviewed our guests by telephone Professor Santiago and Galster would you please describe the Denver Housing Study and its goals. We have been involved with one form or another of Denver policy making since late 1989.

[00:03:57] When I was asked to participate in a information session at the behest of city council who was raising questions about the Denver Housing Authority scattered site housing program at that point which was acquiring single family homes and using them for public housing in non poor neighborhoods and that was creating a good deal of controversy. Several years later we were asked by the Department of Housing and Urban Development to conduct several analyses of that scattered site public housing programs and we were looking at whether it affected property values and crime rates in the nearby areas to the detriment of the local population will be discovered in our research that it was not. And this gave us a variety of entrees into the public housing authority and they gave us unprecedented access to their programs and they have fortunately a goodly number of very innovative programs and one of them besides their scattered site program was a program that they developed to try to help residents of public housing and Section 8 voucher certificate holders to improve their social and financial and human capital. In ways that could eventually allow them to move out of public housing or support from subsidized housing and buy their own homes and that became the genesis of the Denver housing study that we have now been pursuing for about a decade. Try to follow these participants in the program and to see how they do especially after they buy homes moving through a very challenging economic crisis that we've had for the last three years. The Denver Housing Study is a longitudinal study we've been tracking participants in the homeownership program that is operated by the Denver Housing Authority.

[00:05:48] Since 1999 actually and we've been following a group of folks first of all to see the extent to which participation in the program has fostered different kinds of asset building including increasing human capital assets such as education and training financial assets such as savings and different kinds of assets such as cars and checking account retirement accounts and so forth as well as social capital asset building so the degree to which they've been able to build old ties within their communities but also especially ties that link them to other resources. So that's in the hopes of seeing whether or not participation in such kind of asset building programs improves the well-being of low income families. In addition we are one of the goals that we have been involved in is to trace what happens to folks that actually make it to homeownership which is of course one of the assets that they could acquire and to see the extent to which participation in the program help them select appropriate homes improve neighborhood quality and also accrue other kinds of financial assets purchased in order to do this study. We have been following several cohorts of program participant our program participants in the general phase of the program or what we also called Phase 1 of the program. Just about 500 people. We've been tracking them from the time they started the program which was in around 2000 until the current time. And then we have another group of participants that were homebuyers and participants of what we call the phase 2 of the problem the homebuyers club which is a roughly 300 that were in each year. And then what we've been able to do though is to be able to look at program effects we're trying to compare those who graduated from those who did not.

[00:07:56] And so in both of these phases and both of these cohorts we have some comparison groups so we compare our HOP participants in the general phase with those who started that program but dropped out prior to reaching the homebuyer's. And then for our home buyers club participants we look at those who completed that phase of the program and graduated via homeownership with those who actually dropped out of the program. And in that particular comparison group we have people who opted not to buy at all. And then we also have people who dropped out of the program and also went on to buy a home. Subsequently we have a current funding from the Ford Foundation that allowed us to add another comparison group of home buyers and those were people who were public housing resident who left DHA to buy homes but they had no interaction at all with the homeownership program. So effectively we have these HRP program graduates that were homeowners but then we have homeowners that were drop out. We have home buyers club participants who opted not to buy a home. And then we also have this group of non HOP home buyers. So we have several comparison groups. So in order to have a better path of assessing program effect we have used this kind of quasi experimental design in our study and using these as our treatment and control group for comparison group. Okay. Thank you. Ms. Nicolosi would you please describe the Denver Housing Authority's homeownership program which will refer to here after as HOP Denver Housing Authority is a Dupree's counseling agency so we can serve clients from the public but we focus on residents of the Denver Housing Authority public housing residents and Section 8 residents who are on subsidized housing.

[00:09:56] The program is designed to train educate counsel clients to become more financially stable and financially independent. So there's a couple of levels of programming that clients are working towards getting to home buyers club which are those people who are assessed to be one year away or less from being able to get a mortgage to buy a home. So at any given time there's between 15 and 30 families that are participating in a Home Buyers Club but most of the participants which is usually between three and five hundred residents are participating in the general level of programming which includes work on the five barriers to homeownership which is going to be income credit that savings and job stability. They have their own case manager the case manager does an assessment with them of where they are on those five areas and then they work together to set goals to get to where all five of those barriers are no longer barriers. We have matching savings accounts to help with savings. We have that reduction plans for it to reduce debt. We do credit repair. We don't do credit repair for the client though. The whole philosophy of the program is to teach the client so that they can make the changes themselves. And I think it shows that recidivism is less because they have made all those changes themselves during the whole time of participation and our studies show that the average turnaround time for residents from joining the program to graduating and buying a house is about three years. It's taken a few people three months it's taken some people nine years.

[00:11:36] So one of the things I think that's very different about this program from other counseling programs is the longevity that is allowed in the program so that we can take people who are on welfare or subsidized housing. You don't have to have a job to get in a program. You don't have to have any money your credit can be terrible. We're working from wherever the client is to helping them to build so that they can work towards self-sufficiency and homeownership. Key to the program is to be in the homeownership program. The client has to also be in the self-sufficiency program because first and foremost our program has always been about safe and affordable homeownership and preventing foreclosure. So everything that we do is to get the person where they are financially stable enough that homeownership is a good choice for them. And then when they get to the place that they're one year away or less from being able to qualify for a mortgage somebody can have a couple of items on their credit report or a debt or two to pay down. They join the Home Buyers Club which is more intensive group and they are required to come to class once a month. They have peer support there. They have advanced education and real estate lending credit repair all that. They have their own case manager who works with that level of participation. And then when they're ready to meet with the mortgage lender we have the lenders come to our offices so the client feels that they're in a safe environment. We sit with them while they get their prequalification from their lenders. We work with the real estate agents. We go to the inspections. We go to the closing.

[00:13:09] So we work with the client all the way through to closing. So let me ask you something about the Home Buyers Club once they graduate from that is that graduating into buying a home or is there another step after that. No when they join Home Buyers Club they're on the path to homeownership and it usually takes about a year. Some people can do it in less than a year. We require at least three months in the home buyers club and a full day home purchase class that we teach if in one year the person is not ready. They're under no obligation. We practice no pressure. So we've had people in homebuyers buyers club for three years especially we had one client who is a third generation of public housing and she'd been ready for homeownership for quite some time but she was very nervous about it. So we let them stay home buyers club so they can stay there however long they want. What level of assistance did they get as far as locating a home. We work with real estate agents who have experience working with low and moderate income populations to and we tell them that you know we'll have clients say that they want to buy before we assess that we think it's a good time for them to buy. And one of the ways that you can move that along faster maybe not the best way is they could get a loan that might be questionable.

[00:14:27] So our policy is we only approve 30 year fixed interest rates so we might say you're not ready right now based on 30 year fixed interest rate and the price of housing the way to get around that is to get a more questionable loan product and maybe move into a neighborhood that's got lower priced houses. So we talk with a client about the fact that this is a financial investment for the future and you want to look at is that house going to be a financial return for you over the next five to 10 years. And we have these conversations with real estate agents also for an agent a real estate agent and a lender to be on our list of approved referrals. They have come in and meet with the homeownership coordinator who does a whole orientation with them to explain the program how we're trying to coach the clients that it's about financial security for them in the future and that we don't want them to advise the client to make choices that are not in their best interest. Once the clients then graduate into home ownership what's their relationship to the Denver Housing Authority. We are always there for them in fact I had a client call me the other day who bought a house I think eight years ago and she lost her job and she's been helping and so I'm helping her so we send mailings calendars newsletters to all of the clients who've bought a home through our program at least once a year. We try to send questionnaires periodically. We always tell them in their FAQ as part of the homebuyer's quote training is that you know bad things happen everybody and they have this resource even after they're gone and they should always call us because sometimes we have resources that they might not have.

[00:16:06] So we encourage their communication with us however long it takes. Okay great. Professor Galster Professor Santiago what objective measures do you have for HOP graduates about how they have done compared to other reference groups. What we've done in the study is is to design our data collection efforts to correspond to these two different phases of the program. And so when they're in what Rene referred to as the general phased or we call Phase 1 of HOP we have collected data from the administrative records that are held by the program as well as through surveys that we've conducted with relative trends over the period from the time when they started the program up to second year of the program and into the third year of the program and some of the measures that we have for these folks in the general phase include whether there have been changes in their education and training. So it looks at human capital gains we look at considerable details about earnings and employment as well as financial assets as well as that. And then we certainly have been collecting information about the kinds of classes that they have been taking when they have been in HRP. So those are some of the things that we've been doing with those folks and the general phase in the second phase of the study when they're in the Home Buyers Club and moving into homeownership. We also have looked very extensively at the administrative data that we have for these clients.

[00:17:43] So we have a pretty good idea about what their financial profile looks like at the time of starting the Home Buyers Club at the time when they actually are purchasing a home and then through a series of surveys that we've conducted with them after homeownership we've been seeing what's happened to them post purchase. So again in terms of human capital education employment earnings in terms of financial assets and debt and certainly we've been documenting very carefully home appreciation for the homeowners. And in addition we've been collecting several kinds of neighborhood quality data. We have information from the Census Bureau so that we can look at the kind of neighborhoods that they've moved in in terms of the census tracts both pre and post purchase the Petone Foundation has a neighborhood fax database and there are 77 neighborhoods that are identified in the town database. Those are roughly comparable to two census tract areas but they provide us with information about crime child abuse and neglect rates things that you wouldn't pick up on the census so we can look at both the neighborhoods from where they came and the neighborhoods in which they have purchased homes to see whether or not there have been improvements in quality of life. And as I mentioned we've been certainly been following over the last three four years or so. What's happened in terms of home values and with the housing crisis we've been also looking at foreclosures and what's been happening with sound. Because one of the big issues in one of the big arguments that's been raised with low income homeownership is OK you can maybe get people into homes into buying a home but can you really sustain homeownership and so we're really very interested in the sustainability aspect of the program. Well though is home ownership the only benefit of the Shilpi program. Are there other goals that can be realized through the program.

[00:19:37] Of course yeah I mean homeownership is not for everyone and some people won't get there. But along the road to homeownership here increasing financial literacy and financial stability. So somebody who might not have understood about interest rates or credit reports who might have felt completely out of control with that aspect of reality. We see significant changes in behavior. So we also track who has increases in credit score who has increases in income decreases and that increases in savings. So even if participants don't accomplish home ownership there is a wide scope of people who are accomplishing their financial goals. Approximately what percentage of people are going through the self-sufficiency and HOP program as opposed to just your general population of low income subsidized housing residents. It's hard to say probably. I think we have about 20000. Section 8 public housing residents. And then you have to factor in how many of those are able bodied versus how many of those are disabled elderly maybe monolingual non speakers which would make it more difficult for them to pursue self-sufficiency goals. I can tell you that at any given time we have about three to five hundred residents enrolled in the homeownership program and the self-sufficiency programs we've had in the last 15 years. Over 2000 people come through that program. The relatively small fraction and those who participate at least what we've been able to document in our study is that the fraction of those who actually get to the final stage the Home Buyers Club is about 20 percent of those who start. So we're talking about one in five.

[00:21:25] Getting to that final phase however we've been spending some time looking at that fractional folks who drop out for whatever reason and to see whether or not there actually have been some gains that have been accrued by virtue of participating at some level in nature. Well this is a good place for Professor Goestenkors Fessor Santiago to please highlight some of the major findings as we've just alluded to. Many of the folks that participate in HOP don't make it to the finals they do which is the Home Buyers Club. And what we have found at this point thus far is that those who do participate in that first phase have seen significant gains in hourly earnings. Also in terms of gains in household income and one of the things that we're very interested in is whether or not they've been able to accrue assets. And so one of the things that we have found is that each of the participants as a whole have had significantly increased their assets held in things like checking accounts what we've seen is a number of folks going from what we call on banks that have no kind of transaction account and therefore make it virtually impossible to accrue assets. So we've seen again two or half of the participants holding such transaction accounts. We have found that there are significant gains in other kinds of assets like retirement accounts some with personal savings and other kind of assets like cars and business assets. One of the things that we've also found is that people who stayed in the program instead of those who dropped out are significantly more likely to hold these kinds of assets.

[00:23:10] So even though as a whole those who participate at some level seem to improve in terms of the assets they held there the gains are greater for those who actually stay in the program. And for those folks who actually get all the way through the Home Buyers Club and are successful in buying the home there I think the evidence is very clear that they've been extremely successful by any benchmark. A lot of people have predicted for example that low income home buyers generally don't do very well in terms of home appreciation compared to the rest of the market and that's just not been the case in Denver. We've seen that regardless of when the people are coming out of HOP Home Buyers Club have bought their homes that they shouldn't have an early perform as well as the generic for home buyer who bought their homes in the same year they're doing as well if not better than the market as a whole let alone other low income home buyers who aren't coming through HOP. So they're clearly buying houses that appreciate in value they're by and large better neighborhoods than what would normally be the case for low income buyers and perhaps most significantly considering the mortgage meltdown that we've seen and the high foreclosure rates in most of our metro areas the HOP graduates although unfortunately some have foreclosed their way to foreclosure is significantly lower than the generic Denver homeowner. Again not even counting other low income homeowners. And so this is a huge success story in terms of not only getting into homeownership but sustaining homeownership in an incredibly difficult time for everybody. Professor Galster could you also speak about the changes in their neighborhood quality.

[00:24:57] Yes we've found that variety of dimensions of neighborhood quality have improved substantially as a consequence of I'm buying housing. It's just not the case as might be suspected that in order to buy a house. The only house you can afford is in a really terrible neighborhood that just as often the case in Denver the graduates from HOP have been able to not only get decent and affordable housing but it's also an usually decent and solid neighborhood neighborhoods that have a decent quality of life and have allowed for home appreciation into the future. So this again is part of the success story not only the houses are decent but the neighborhoods are different and that's building a foundation for quality of life and financial security into the future. And one of the things that we've also noted is that there's significant differences between those who have graduated from the program versus those who have dropped out of the program or those that were never. And on the program at all and bought homes that's one of our comparison groups. We have a whole group of about 275 homebuyers who are in public housing who left public housing to buy homes that they had had no contact whatsoever with HOP prior to purchase. And as George had mentioned the HOP graduates have experienced significantly higher gains in home appreciation that median annualized home appreciation rate for graduates that averages four point eight percent. Just to give you a comparison those who dropped out of the program who bought homes only saw an average increase of less than 1 percent. And then the other thing that they are significantly less likely to experience negative appreciation especially in this time of the housing crisis.

[00:26:44] About 1 in 6 HOP glad to experience some negative appreciation in their home values. However this is much lower than the 27 percent of homebuyers that never were in HOP and almost half of the home buyers that were a HOP drop out. The other thing that we've noticed is that HOP graduates are still in their homes. About 85 percent of them resided in the homes that they had purchased which is again very different than than those who had dropped out or never won the program. And what's important to note even with the foreclosures is that HOP grads did not have any foreclosures at all until 2004. Though for the first nine years of the program none of the folks had dropped out. And so it's only really been in this more unstable housing market that we've seen the rise in foreclosures and it's obviously it's affected more than just low income homebuyers but their rate of foreclosure is less than half the rate of dropouts or people who never bought in the program. Well let me ask you what about the average price of the homes that the graduates are purchasing. The average price the median purchase price was about 130000. And so what's important is it sounds like a lot. If you're from the Midwest like we are but that's certainly even a little bit lower than the median for the for the Denver metro area. But one of the things that was very important to note is that the HOP graduates experienced the largest gains in home values. For example 2008 which is when we have some of our last measures of appreciation those homes that started out around 130000 dollars.

[00:28:27] The average value is now about one hundred and seventy seven thousand dollars. Did you also measure that against the dropouts. What's interesting about the dropouts is that the HOP drop out bought homes that were more expensive to begin with. So their median purchase price at time of purchase was about one hundred and seventy one thousand dollars. However when we looked at by 2008 they did have some appreciation because we've already noted they had a little bit but the average value of their homes by 2008 had only risen to about 185 thousand. So so the gains are much much smaller. What do you attribute the successes of the program's graduates to well I've got my ideas I'll throw out there and I'm sure my colleagues can add more or offer some alternative opinions. But I think there are several elements to the success of the program. I'm going to focus at the at the very end in terms of the home buying club. I think that the home buying club is a terrific service. And number one improving the financial sophistication of the participants they learn for example what it means to shop for a good house in a good neighborhood. They know what it means to have a good mortgage and safe debt versus unsafe debt and they know what it means to have come on by a predatory lender and they know how to say no. And all of this kind of financial literacy I think serves them well both as they're buying a house and then later after they've bought that house and are trying to sustain homeownership. So I think the financial literacy component and financial sophistication training if you will is terrific and crucial.

[00:30:18] The second dimension is that not only does the Housing Authority work with them closely prior to purchase but as Renee mentioned they continue to offer resources and assistance to them post purchase. And I think this is a dimension of the issue that's often neglected very few counseling agencies that try to help people buy houses continue to work with them. When people face challenges after they've purchased that home and I think this is a terrific service that DHA provides that is important for sustaining homeownership not just achieving in the first place. And as for the actual financial transactions as Rene mentioned there is a requirements for HOP homebuyers to buy through a traditional fixed rate 30 year term mortgage. Now that might seem old fashioned to some of us who like these exotic products with zero down payments and interest only and all sorts of flexible interest rates that can be modified over the course of a loan. Well all of those sophisticated things look great when the market is going up but we now see very clearly how bad they turn out to be when the market goes down and of course the market will always go down at some point. And so to be if you will conservative and old fashioned in terms of the mortgage products turn out to be a stroke of genius here. And this is I think a primary reason of why these folks have been able to stay in their homes at much higher rates than than other kinds of generic home buyers let alone other kinds of low income home buyers.

[00:31:56] It also helps of course that the downpayment assistance that's often given to HOP homebuyers is Anshul they get grants for substantial thousands of dollars from various agencies and foundations to assist with that down payment which means that these folks have equity in their home going forward that is substantial. So when you have enough equity upfront even if you're the value of your home goes down a little bit it doesn't mean you're underwater as quickly as someone who's coming in with a very low downpayment kind of product. So I think all of the both bottom line financial dimensions of the transaction as well as the softer financial skills that have been taught to the HOP graduates and then that support both pre and post purchase that the housing authority does that trio of things I think is is absolutely the core of the success of the program at the home buying end of it. I would like to underscore that to me as a practitioner I cannot really adequately significance of behavior change that I see that the average resident or client when they join the program if you did a survey of them to assess their understanding of financial literacy it's surprising. I mean I can't tell you how many residents clients do not understand that a 21 percent interest rate is bad and why it's bad they don't understand how interest is accrued. They don't understand that you have to pay to borrow money. And I can tell you I can't tell you how many real estate agents and lenders I've had tell me that where they typically would tell a client that they're serving here's the loan product. That's it's a one sided conversation with our clients who have come from subsidized housing.

[00:33:48] They will interact with a real estate agent and a lender and ask educated questions because now they understand and they didn't understand before. So I think that's pretty significant. I would like to add that one of the things that really makes the program unique but also a tribute to the success of the program is the fact that it is not just a one day workshop on homeownership topics or it's not a 20 hour set of classes or trainings that might occur. It's a relationship but it's a longstanding relationship. I know that we actually have worked with a number of clients from the time that they first even thought about homeownership when we started our pilot work in 1999 and we've been able to see them through not only the purchase of their original home and in some cases in subsequent homes. And the ideas that they've had a relationship with the housing authority that has been long term and it doesn't. And the minute you sign that mortgage and I think that that's really important. No absolutely no it's obvious that you've had some major successes with the HOP program. But what are key areas where improvements in HRP could be made from the data that we have collected with both program participants and the general level as well as with homebuyer's post purchase. One of the things that is certainly of concern is the indebtedness that these families are encumbering very quickly during the program and also very quickly after buying a home. While some of that makes sense because it may be investing in schooling or training or possibly a vehicle to get to work. There's quite a bit of indebtedness that's related to consumption i.e. credit card debt.

[00:35:47] And that is certainly disconcerting because that is well is undermining people in the general level their ability to move into homeownership. And then for those who are homeowners it's eroding any equity that they might be gaining in their homes. Ms Nicolosi did you want to add to that. I think that and I don't know how to solve this. I mean Dr. Santiago knows because we've talked about it. I think one of the barriers to self-sufficiency in general terms is self-esteem so you can do self-esteem building through coaching in case management. But sometimes that's a harder battle to solve. So that's an issue that you and you need grant funding for this type of thing and I've never seen any grant funding for that type of programming and I don't know how you would do that. But that's a barrier that I would like to come up with a solution for one day. For instance when you talk about self-esteem is it the idea that they don't believe they can own a home that it's not attainable for them. I think so. I mean when I first started the program I had lots of resistance because people would get very angry with me tell me that I was trying to trick them because it's not possible they can't do it over time as you have residents who are buying houses than other residents can see that yes that is possible intangible but if you have self-esteem issues and sometimes you think well that's possible intangible for other people but not for yourself. So when you have clients who have low levels of education very little job stability family dynamics that are not supportive.

[00:37:28] All of those things affect somebodies ability to perceive that they can make gains like that. I'm curious do you have mechanisms in place to get the word out about your program is in Denver do they cover this type of program in the media as far as the successes of some of the graduates. This is the resident community services department. We have lots of stuff efficiency programs through this department. We do a newsletter every month that goes out to all public housing residents we have a Web site that we're upgrading so it includes this kind of information in a newsletter. We highlight successes of other program participants. We do not just homeownership articles that general self-sufficiency articles and we you know try to take Koodo as people accomplish goals because then they become role models for other residents. We've had for five years a homeowner reunion in homeowners who would come in and they would speak to people in homebuyer's Kleban in a homeownership program about what was great about homeownership what was difficult about homeownership. We had a peer mentoring program where clients could match up with home owners to be coached from their perspective as somebody that maybe they can relate to more. We had a home ownership fair in June of 2009. We had about 30 providers from other agencies partners. And we advertised to the city at large and we had about 500 people come. We had classes we had resources. So I can't say that the media independently has highlighted the successes of the program but we try to get exposure for the program where we can.

[00:39:07] So given the kind of housing market and foreclosure crisis what are the challenges to sustaining programs such as HOP as well as low income homeownership. Well I think that there are many challenges but what I would like to emphasize to begin with is that I believe that the United States is in danger of making some bad decisions about low income home ownership policy. I think there might be a tendency to overreact and to see some of the very high foreclosure rates that especially recent low income home buyers have been experiencing as evidence that we made a huge mistake in ever thinking that low income people could be successful homebuyers and I think if we take that approach that would be very unfortunate because if there's any lesson from our evaluation of the homeownership program that the Denver Housing Authority it is that you can do it right. And when you teach people about financial literacy and consumer budgeting and the appropriate credit card use and debt management and so forth that you can get very successful home ownership experiences even from folks who have relatively modest incomes. And so I think one of the real challenges is that good programs like the HOP program in Denver don't get pushed aside or ignored in this counterreaction to say that oh we made a terrible mistake and we're just never going to go back to try to push for low income homeownership. So I think that kind of the political or psychological challenges. The first one that I would worry about and try to urge that we not fall prey to but even past that challenge I think there's some several other things that we do have to worry about. Obviously the economy remains a huge issue.

[00:40:58] Projections are that the nation as a whole is probably not going to be growing too strongly in the next couple of years and that means there's probably not going to be a robust job growth and that means that the chances of low income folks getting income stability are going to be mitigated in the future and that's going to make it very difficult for them to attain or sustain homeownership that they currently have it. The good side that weak economy is probably going to mean that there's going to have low mortgage interest rates for the foreseeable future and I suspect that some of our HRP folks might be inclined to perhaps refinance their mortgages and make that more financially beneficial situation for them. I'm not sure how many other low income folks will take advantage of these low interest rates because historically they've been less likely to refinance in good times compared to higher income groups. The other issue that I'd flag as a worry is the one that Professor Santiago mentioned earlier and that is that some of the HOP graduates have been basically burning off their home equity through increasing consumer debt and it's hard to criticize them for this because by golly most Americans are doing exactly the same thing. So it's hardly unusual behavior. And so we sent a little bit pompous by saying well they shouldn't do that. Well most Americans shouldn't do that either.

[00:42:23] However it does mean in the case of low income folks that if you don't have much home equity left because you've already consumed it that when a unexpected expense happens or when an unexpected health problem or layoff or divorce happens that there won't be as much financial cushion to fall back on. And there'll be a greater chance that that homeownership won't be sustainable. So I think that it's a real worry about the long term and then the other last thing I'd mention as a challenge for the future is fusional political support for organizations like the Denver Housing Authority and the family self-sufficiency program which do in fact help low income people move from a position of needing public subsidy to a position where they don't need that subsidy. And after all I think anybody of any political stripe has to recognize that government programs that help people who are needy but get them to the position where they are no longer needy is exactly what we want. The public sector to be doing. Obviously nobody wants to encourage dependency but these programs clearly show that they can foster dependency and yet I think in all of this rush to budget cutting. But some of these valuable programs like a true pay might get pushed off budget discussion. I think that would be a very very serious mistake. Ana did you have anything else. I concur with everything that Professor Galster was mentioning. I would add a couple of things. Some of the challenges that we need to also consider would be looking at those who don't get to that level of buying a home. And what are some ways that we can continue to foster asset building in those families. We know from our work with the HOP participants in the general phase of the program that even though there are match savings accounts available to them take up rate is very small only about 10 percent.

[00:44:26] Sign up for those net savings accounts and maybe what programs like Itoh P.A. need to think about. Are there other types of assets besides buying a home is that those savings account could be used for like the ID aid programs that exist in demonstrations across the country. That would be one thing I do want to mention that what might be a good thing for some of the Denver homeowners are those who are potential homeowners. Is that because of the housing crisis the prices of homes dropped in Denver and so it's made it a more affordable market. And the challenge now is for folks that actually are potential buyers to not be basically scared off and to be too afraid to go to dive into homeownership which is what I'm saying. Ms Nicolosi is what I'm saying is that a lot of the residents are scared about homeownership. So part of our marketing strategy is to point out to public housing in Section 8 residents that the foreclosure crisis that happened didn't happen because homeownership is bad it happened for the most part or in the beginning anyway because people need not the best choices of loan products. So that's something that we are working on. But I think that to move from low and moderate income one of the few ways to do that is to build asset through home ownership. And so for me I think if home ownership is done properly it's of it's very good and I hate for now what I'm hearing is that and I know homeownership isn't for everyone but homeownership could be for a lot of people if it's done right and then it could help make them more financially stable.

[00:46:09] Do you feel that the social work profession should be more involved with the housing of low income residents. Well I think that there are certainly opportunities for social work practitioners especially in community practice to get involved more directly with these kinds of initiatives for the most part. Much of the service provision with homeownership counseling has tended to be with the practitioners who are not necessarily social workers. They may be in human services but I think there are some other dimensions such as the self-esteem issue that her name mentioned that perhaps social workers make more uniquely qualified to address. And so I think that from that perspective that would be useful also in terms of community practice because the housing plus approach that has been more widespread in the last decade or so is one that provides not only the basic shelter but also providing services to support both family residents and the larger community in which they reside in so community development initiatives that are occurring in neighborhoods where there is subsidized housing could certainly benefit by helping folks that are involved and knowledgeable about community practice. Ms. Nicolosi do you see a place for social workers in these kinds of programs such as family self-sufficiency and the homeownership program in Denver. Yes it's kind of a complicated answer because what I've ascertained from working in this area for a long time is that to Coach people on specific calls that have to do with spectacle understandings like say if I'm going to help somebody buy a house would I do that better.

[00:47:58] If I had background in real estate or in lending and I think the answer to that is yes because it would be hard for me to coach a client and contract law if I don't understand real estate contracts or how that whole process works. On the other hand that's further along in the process. I think you also have to have somebody who has an understanding of what the doctor Santiago is talking about because you also have social issues. So you kind of have both so if you had somebody who was a real estate agent but didn't understand the social perspective I don't think they would be as effective. But if you had somebody who has a master's degree in social work hypothetically but didn't have any background in real estate and lending would that person be effective in coaching somebody on how to buy a house. So I think you kind of need both. And I don't know how hard that is to get currently. You have case workers are they they are not social workers though. We have people who have to have a degree in human service area. I think we're unusual in that we're bigger housing authorities so some housing authorities might just have one or two people that work on self-sufficiency programs. We have a pretty good sales team. So then within the team we can have people who have expertise on real estate lending and other people who have expertise in social work. So I think that has helped us out. Are you covering them for three years. The answer is that minimally we're following them for three years minimum only because so many of the folks we have this subgroup 20 percent of them move on to the next phase. And so.

[00:49:32] So the answer is as minimally we have watched them for three years in terms of their purchase of patients the general phase of the program once they came to home buyers club we've been following the home owners and the people in the home buyers club pretty much from the beginning of the study until currently. So we have talk that we've actually been following from most of the last decade. So you began in 1999. We did our pilot work in 1999 and we started collecting data on the general population folks prospectively so we picked them up from 2001 through 2004 minimally but for the homeowners we actually went back and interviewed all the homeowners. From 1995 forward are we attempted to sell all of the homeowners in the program are part of our study. So we've been following retrospectively and prospectively all the home owners. Well I just wanted to thank Dr's Galster and Santiago and Ms. Nicolosi say from the Denver Housing Authority. Thank you for taking the time today to talk about the very important work you are doing in Denver. Thank you. Our pleasure. Thank you. You've been listening to Dr. Anna Maria Santiago. Dr. George Galster and Ms. Renee Nicolosi discuss their homeownership program and research on living proof. The podcast series at the school of social work. Hi I'm Nancy Smyth professor and dean at the University of Buffalo School of Social Work. Thanks for listening to our podcast. For more information about who we are our history our programs and what we do we invite you to visit our website at www.socialwork.buffalo.edu. At UB we are living proof that social work makes a difference in people's lives.