Introduction—Foreclosure Crisis in the United States: Families and Communities at Risk

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THE REAL ESTATE FORECLOSURE CRISIS THAT BEGAN IN 2006 WAS A GLOBAL CRISIS involving multinational financial institutions that devastated families and communities across the globe. Yet, the United States was clearly the epicenter of this crisis. The foreclosure crisis was a principal factor in the reduction of the home ownership rate in the United States from 69 percent in 2006 to 63 percent in 2013. Major banking interests employed questionable and fraudulent lending practices that introduced new words, such as "subprime lending" and "predatory practices," into the public discourse. The American public, especially the American homeowner, realized that the worm that turned the apple brown was birthed by US banking interests. The resultant real estate "bubble" that burst exposed the inability of governmental regulations to keep abreast of changes in lending practices taking place in US banks and other financial institutions. More important, it also exposed the collateral damage caused by the foreclosure crisis—homeowners joining the ranks of the homeless, increased crime in neighborhoods with a large number of foreclosed properties, increasing numbers of children and families falling into poverty, and increased demand on public and social services. The American Dream of owning a home as a means of shoring up security for one's children and for one's old age was shattered for American families by the home foreclosure crisis. While the foreclosure crisis destroyed the quality of life enjoyed by many homeowners, the banking industry created new niches for profiting from the crisis. For example, private investment funds became an important tool for purchasing foreclosed homes

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and transforming them into rental properties (Reckard 2014). JP Morgan increased its investment in multifamily lending to accommodate the increasing numbers of homeowners that became renters due to the foreclosure crisis (Berry 2014).

Approximately four million American homeowners experienced foreclosure between 2007 and 2012 (Schwartz and Dewan 2012). In 2010 alone, when foreclosures were at their national peak, nearly 2.9 million properties, or about one in 45 housing units, were in foreclosure in the United States (RealtyTrac Staff 2011). By September 2012, foreclosure filings in the United States had declined to 180,427, the lowest figure reported since July 2007. Analysts attribute this decline in part to economic improvements and to the impact of recent court rulings and legislation regulating the lending practices and the foreclosure process in various states. The decline in foreclosures has been uneven, however, with some states reporting rising levels of foreclosures in 2012 (Schmit 2012). As of 2013, the national foreclosure rate was still more than double what is was before home values began to decline in 2007, while more than one out of seven homeowners had an "underwater mortgage" that was worth more than the value of the home (Dewan 2013).

This special issue focuses on the various ways in which the real estate foreclosure crisis affected families and communities in the United States. The real estate foreclosure crisis was created by the contradictions inherent in global financial capitalism. Yet the very financial capitalists who caused this crisis found ways to profit from its aftermath and government bailouts. Meanwhile, families and communities suffered from the impacts of this crisis. Families lost their homes and savings. Displaced families left their neighborhoods and doubled up with other family members or friends. Children transferred from their schools, disrupting their friendships and their education. The home foreclosure crisis transformed entire neighborhoods and communities into empty wastelands. Abandoned homes left neighborhood stores struggling to find customers. Yards filled with overgrown weeds, mosquitoes infested abandoned swimming pools, and drug addicts found shelter in vacant properties. Neighborhood property values plummeted and shortfalls in property tax collections created growing deficits for local governments and school districts.

The contributions in this special issue focus on how the home foreclosure crisis transformed the American Dream of home ownership. In "The Foreclosure Crisis, the American Dream, and Minority Households in the United States: A Descriptive Profile," Adalberto Aguirre, Jr., and Ruben Martinez provide a broad overview of the disproportionate impacts of the US foreclosure crisis on racial and ethnic minorities. They discuss how black and Latino households were more likely to face foreclosure, experience a foreclosure, and encounter disproportionate exposure to subprime and predatory home lending practices. They also show that, on average, black and Latino households lost more in equity wealth than white households did due to the foreclosure crisis. The authors suggest that the foreclosure crisis has thus made the American Dream even more difficult to attain, especially for black and Latino families.

In "Blueprint for the American Dream: A Critical Discourse Analysis of Presidential Remarks on Minority Homeownership," Vanesa Estrada employs a critical discourse framework to analyze presidential discourse on public policies that contributed to racial inequalities in homeownership. She examines presidential remarks, press releases, and official reports regarding the home foreclosure crisis in order to discuss how presidential discourse imagined the presumed causes and remedies to racial inequality in home ownership. In particular, she details how the narrative of the "predatory lender" and "naïve buyer" worked to build popular support for policies targeting racial and ethnic minorities while exonerating the structural causes of inequality.

The home foreclosure crisis not only displaced families, it also transformed cities. In "The Foreclosure Crisis and Neighborhood Sentiments: Learning from Las Vegas," Batson et al. explore how the crisis negatively affected Las Vegas residents' views of their own neighborhoods. Consistent with broader national patterns, they find that foreclosure rates are highest in neighborhoods where working-class and minority families are concentrated. Using evidence from surveys, they show that, compared to other residents, those living in areas with high foreclosure rates reported significantly lower levels of neighborhood satisfaction and quality of life while they perceived higher levels of physical disorder and crime. Moreover, although foreclosure rates do not seem to influence residents' attachment to the city of Las Vegas, higher foreclosure rates were associated with lower levels of neighborhood attachment.

In "The Impacts of Foreclosure on Collective Efficacy and Civic Engagement: Findings from Two Central California Communities," Weffer et al. explore the impacts of the foreclosure crisis in California's Central San Joaquin Valley through the eyes of rural and urban residents. Using survey data, the authors find that foreclosures raise concerns about crime, blight, and lower property values. They also find that respondents who personally know friends or family members affected by foreclosure are less likely than other respondents to volunteer or work with others to solve community problems. They also find evidence that having personal ties to foreclosure reduces perceived levels of collective efficacy; those who personally know victims of the foreclosure crisis report that their neighbors are less willing to intervene to solve social problems. The authors conclude that the foreclosure crisis has weakened the social fabric of communities and democratic practices of civic engagement.

In "Losing a Home to Mortgage Foreclosure," Prohaska and Lichtenstein suggest that foreclosures are not a temporary setback, but are instead related to chronic experiences of financial-related stress. Their survey of 180 Alabama homeowners finds that problems with paying mortgages frequently led to high and moderate levels of stress, and that the experience was equally stressful whether or not they actually lost their home to foreclosure. They also find that foreclosure-related problems were frequently linked to job loss, divorce, illness, or increased mortgage payments, and that many of these financial problems and stresses continued even after foreclosure occurred. Their findings thus provide evidence that the foreclosure crisis is intimately linked to broader structural problems, such as predatory lending, the lack of access to health care, and the lack of good-paying jobs in the labor market. They suggest that job-creation policies, tougher sanctions on predatory lenders that target racial minorities, and expanding access to subsidized health insurance could help to address these problems and reduce the incidence of foreclosure.

Prohaska and Lichtenstein's article and Ellen Reese's "Defending Homes and Making Banks Pay: California's Home Defenders League" make it clear that the foreclosure crisis created many obstacles to popular mobilization. Prohaska and Lichtenstein suggest that those experiencing foreclosures and defaults suffer from high levels of stress. Even so, efforts to mobilize struggling homeowners to protect their homes and their rights have not been in vain. Ellen Reese explores how the Alliance of Californians for Community Empowerment (ACCE) has organized homeowners and built alliances to prevent foreclosures and to "make banks pay" for the impacts of the economic crisis. ACCE's campaign helps to show that homeowners facing foreclosure can be organized, and that combining protest and advocacy can help them to modify their loans and prevent foreclosure. This campaign also shows how organized homeowners can contribute to the larger movement for economic justice, thereby promoting greater government regulation of the home loan industry and greater taxation of the wealthy.

Finally, J. Gregg Robinson's "Political Cynicism and the Foreclosure Crisis" studies surveys and interviews of residents in El Cajon, California. It provides evidence that the experience of foreclosure can increase the desire for greater governmental action and heighten levels of political participation. His findings suggest that those enduring foreclosure-related housing problems expressed greater levels of cynicism about government waste, but also greater support for governmental action to help struggling homeowners, compared to the rest of the city and nation. Moreover, the combination of a foreclosure-related problem and political cynicism significantly increased support for governmental solutions to the foreclosure crisis and increased levels of political activism, controlling for other factors. Robinson's in-depth interviews of individuals with foreclosure-related problems also provides evidence that, far from demobilizing the public, political cynicism sometimes encourages political action.

Overall, the contributors make clear that the foreclosure crisis has shattered the American Dream and that the loss of equity wealth has made it even less obtainable for many working-class families, especially black and Latino ones (Aguirre and Martinez). The issue provides evidence that the foreclosure crisis has increased concerns over crime and blight, reduced neighborhood satisfaction, and the perceived quality of life (Batson et al. and Weffer et al.). There is a mixed assessment of whether the foreclosure crisis will further weaken or help to reinvigorate civic engagement and American democracy. Contributors also provide evidence that foreclosure has weakened residents' attachments to neighborhoods (Batson et al.), increased their levels of personal stress (Prohaska and Lichtenstein), and reduced their perceptions of collective efficacy and willingness to intervene to solve social problems (Weffer et al.). Moreover, those hardest hit by this crisis are more politically cynical, yet they are more favorable than others to governmental intervention (Robinson) and no less attached than other residents to their home cities (Batson et al.). When those affected by the foreclosure crisis are supported by community organizations, they have mobilized for, and won, improvements in financial lending practices and policies (Reese).

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