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Engaging the Nonprofits in Louisville Housing Market for Low-Income Households

Joshua Omoniyi Odetunde
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Joshua Odetunde

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M.U.P., University of Wisconsin-Milwaukee, 1983

B.S., University of Nigeria, Enugu, Nigeria, 1980

Submitted in Partial Fulfillment
of the Requirements for the Degree of
Doctor of Philosophy
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Abstract

Nonprofit organizations often work in partnership with government agencies to empower low income people in the housing market through government subsidized mortgage loans. In spite of this assistance, homelessness and substandard housing is pervasive among low income households because this population primarily relies on the rental housing market, leaving a gap in practice and knowledge related to how nonprofits provide assistance to the overwhelming majority of low income consumers in need of housing. The purpose of this case study was to use social justice theory to explore how the nonprofit sector, as an economic force, provides assistance to and empowers low income consumers in acquiring federally subsidized housing in the Louisville housing market. Data were collected from documents from nonprofit housing organizations and 5 interviews with directors of nonprofit organizations whose principal mission is to assist low income people acquire housing. Data were inductively coded and organized around key themes and ideas. Key findings of this study indicated that these 5 leaders of nonprofit organizations perceived a certain degree of empowerment among low income individuals; they also perceived that rental subsidies and public housing are viewed by consumers as entitlements. However, none of the housing units of the organizations is being purposely managed as landed capital asset that could be occupied on various negotiable lease terms, as in the housing market, for empowering low income people to ensure social justice. Therefore, positive social change may be encouraged if nonprofit housing organizations engage in social entrepreneurial leaseholds to complement the public policy and empower low-income households.

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Dedication

This dissertation is dedicated to the glory of God in memory of my wife, Florence Olayinka Odetunde, who went home to be with our Lord Jesus Christ on November 8, 2014 and, to our children Michael Oluwatosin, Juliana Oluwatoyin, and James Oluwatobi. I believe the journey of life is meaningless without contributing something for the good of humanity. My heart desire is that you will all see your careers as your unique God-given abilities to contribute to social change for a more humane society. Never stop trying to do your best for the good of people around you wherever you find yourselves. A loving community of people is the one you help to build.

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I am particularly grateful that Dr Cassandra Caldwell readily accepted to serve as the Chairperson of my dissertation committee. I was concerned she might not be able to see me through the completion of this dissertation when she joined GE Transportation as the Global Leader for Diversity and Community. She assured me that she would. Also, I am grateful that Dr Mi Young Lee readily accepted the nomination to serve on my committee even though our prior contact was only in the virtual coursework in Advanced Mixed Methods Reasoning and Analysis that she taught me. Her critiques actually helped me to identify a clear path for this research. The research would not have moved to the approval stage of the Institutional Review Board (IRB) of Walden University without the invaluable contributions of the University Research Reviewer (URR), Dr Mary Bruce with the assistance of Dr Tanya Settles as well as the coordination of Walden University Research Center. Invaluable insights were gained from colleagues as well. While taking full responsibility for this dissertation, all critiques and suggestions have been taken into account. The Walden University Dissertation Editor, Timothy McIndoo, did an excellent job in making this final product readable and to conform to required APA standards. From this experience, I see dissertation as a journey to discovery that can sometimes be long. I must confess that my greatest challenge was having an idea seeming so obvious intuitively but becoming elusive as one tries to get it across through conventional academic research channels. But the rigor of sound research methodology is worth it because it led to other discoveries in the critical thinking process.

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Chapter 1: Introduction to the Study

Introduction

Ensuring that every household is empowered to access the local housing market is a social justice issue. This public policy issue in the United States' housing market is clearly implied in the Housing Act of 1949 that declared "the goal of a decent home and a suitable living environment for every American family." The living environment has to be suitable because housing needs are met through improvements on land which is held in common for the mutual survival of people in every community. To ensure social justice, the homeless and low-income households should also be able to gain access to such homes in decent living environment as landed property rights. A home is not just a shelter for living. It is commonly conceptualized as "bundles of heterogeneous housing attributes" (Kain & Quigley 1975, p. 1) or bundles of rights to a particular unit from legal perspectives. This conceptualization of the housing attributes is generally overlooked in land use planning as well as in public policy. Yet, understanding those attributes is essential to ensure social justice for the homeless and low-income households in the local housing market.

Every household needs leveraging or empowerment in form of long-term low mortgage rate to have a home. It was pointed out in the remarks at Brookings Institution that virtually all mortgages are financed and guaranteed by the government one way or the other (Greenspan, 2011). Therefore, supply of housing in the United States is largely influenced by this public policy of leveraging households to meet their housing needs through long term financing as capital assets so that households could gain access based

on their periodic incomes. Logically, it is commonly thought that low-income households need to be subsidized to meet their housing need for shelter because they cannot obtain mortgage loans directly from financial institutions. However, the supply side of the housing market tends to be positively reinforced further by such income subsidies without proportionately empowering the homeless and low-income households to gain direct access to mortgage loan financing. Thus, the homeless and low income households are largely restricted to renting in order to meet their housing need for shelter. Even then, their incomes still have to be subsidized. This unintended consequence is perpetrated because the nonprofit providers tend to focus “almost exclusively on producing assisted housing” (Vidal, 2002, p. 223) on the demand side in terms of value, use, and development without particular attention to the tenure aspect of managing landed property (Enemark, 2009). Housing market is thought to comprise of public housing or subsidized rental housing for low-income households and other market- rate housing. Public housing is often differentiated from subsidized rental housing though beneficiaries of the later are also subsidized from public fund. This dichotomous conceptualization of housing market is reflected even in academic research. Quercia and Galster (1997) based their research on the premise that “major proposed changes to the public housing program will force public housing authorities to compete with private sector providers for tenants” (p. 535). The general assumption is that the homeless and low income households only need safe, decent, adequate, and affordable rental housing. Public policy to make housing affordable does not always take into account that housing, as a landed property, should also be conceptualized as capital assets that the homeless and low-

income households could as well use to improve their productive potentials and living conditions as those in the middle class. Hence, it is necessary to investigate how to also systemically leverage or empower low-income households to gain access into their local housing market instead of creating a culture of dependency on public subsidies.

The housing industry has different important dimensions that have to be taken into account to leverage low income households in the housing market of a free market economy. Being landed property, the physical, legal, economic, social, religious, and many other aspects of its ownership have to be considered for robust public policies that minimize conflicts. However, the only three dimensions of housing industry on which Vidal (2002) based discussion on the role of nonprofits were ownership status, type of structure, and subsidy status. Housing units could be owner-occupied. The units could be occupied on various lease terms or monthly rents. In terms of structure, housing units could be single-family, duplex, or multifamily. In the housing market, individual households could be leveraged to gain access to desired housing units as capital resource assets at market rate; or individual households could qualify for public subsidy of market rate capital value and/or periodic payments to meet housing needs on the demand side. These various dimensions make legal possession and use of housing unit a complex issue (Mintz-Roth, 2008). There are various objectives as well as subjective factors that consumers also take into account as owners, lease holders, renters, and even investors (Nelson & Rabianski, 1988; Carliner & Ahluwalia, 2004; Nelson, 2006; Piazzesi, Schneider, & Tuzel, 2007). All these considerations make supply and demand of housing more complex than the simple demographic equation of households and housing units.

Besides, public policy in the housing market (including fiscal and monetary policies) is intertwined with the supply and demand of housing in the United States (Hoyt & Garen, 2005; Pozdena, 2010; Randazzo, 2010; Wallison & Pinto, 2012). Therefore, scholars calling for re-thinking of the public policy of promoting home ownership (Randazzo, 2010; Landis & McClure, 2010) have to also critically examine how to ensure social justice in leveraging the homeless and low income households in this housing market.

This issue of social justice is explained further using the history of housing finance in the literature review. The housing market crisis that threatened the economic stability of the United States since 2008 also brought to light this underlying issue of social justice in the seeming dichotomy between market rate housing and public housing programs (Acharya, Philippon, Richardson, & Roubini, 2009; and Poole, 2010). The crisis shows the need to also conceptualize public housing programs within the larger context of the housing market. The executive summary of the What Works Collaborative (2012) aptly stated that “the housing needs of low-income families and vulnerable populations occur (and must be addressed) in the context of the larger housing market” (p. 2). A dichotomous concept of housing market has evolved. The proprietary interests as renters or leaseholders that are commonly accessible to low-income households have to be constructed and managed to prevent exploitation or perpetual dependence as well as increase the standard of living for all income classes (Scully, 2008 and Cheneval, 2006). This systemic issue of social justice makes the nonprofit sector indispensable to complement public policy in the housing market for the homeless and low-income households.

Background of the Study

The housing market crisis led to significant increase in the number of home foreclosures in many cities in the United States, including the metropolitan area of Louisville, Kentucky. Apart from the decline in property values, many residential properties became vacant and abandoned (Government Accountability Office [GAO], 2011). Some scholars referred to this as the bursting of the housing market bubble in the United States (McKibbin & Stoeckel, 2006; Follain & Giertz, 2013). Researchers have shown that credit boom, housing bubble, inadequate income for mortgage services, and sub-prime mortgages account for the crisis (Acharya, Philippon, Richardson, & Roubini, 2009; and Poole, 2010). Therefore, scholars have called for a rethinking of public policy that promotes homeownership (Randazzo, 2010; Landis & McClure, 2010). Such calls, however, have ignored the issue of social justice for the homeless and for low-income households in the housing market.

Comparing housing-related statistics in Louisville on the demand side with some direct consequences of the housing market crisis in terms of financing supply of housing in the same metropolitan area of Kentucky illustrates this buried issue of social justice. From the State of Metropolitan Housing Report 2011, a total of 9,130 persons accessed homeless services between January and December 2010. If a typical low-income household was not homeless, the renter was either paying excessive amount relative to household income or occupying inadequate housing. About 48% of households in rental units could not afford a two-bedroom unit at fair market rent (Vick, Norton, Smith, Heberle, Scroggins, and Weinstein, 2011). A 2-year study on the cost of homelessness by

Louisville Coalition for the Homeless had estimated that a homeless person costs the community over \$6,000 a year (Barber, Stone, Deck, Morris, Seelye, and Clark, 2008). People were homeless or occupying inadequate housing not because houses were unavailable in the market. Rather, in terms of financing supply of housing, in the same housing market environment, the number of home foreclosures rose to a total of 6, 817 in 2010 while the number of vacant or abandoned residential properties became a significant issue (Metropolitan Housing Coalition, 2011). How to deal with vacant or abandoned properties became such a significant issue in the Louisville Metropolitan area that on April 28, 2011, a day-long summit was convened to come up with innovative solutions (Metropolitan Housing Coalition, 2011). This mismatch of supply and demand in the housing market revealed an underlying issue of social justice in which public housing programs are conceived as distinct from market rate housing.

Foreclosed residential properties could be sold to other homeowners; they could be purchased by investors and moved into the rental housing market; or they could be left vacant or abandoned. If such residential properties were left vacant or abandoned while there were homeless households with increased demand for rental housing in the same housing market, that situation revealed the irony of the dichotomy between market rate housing and public housing or socially allocated housing. Although potentially available houses outstripped demand, it is not in terms of households that actually need housing, but in the form of foreclosure properties left vacant or abandoned. The market is inefficient when resources are wasted on “producing the wrong mixture of goods and services” (Steinberg, 2006, p. 119). Although direct correlation between the number of

homeless households annually and the number of residential properties foreclosed and left vacant or abandoned annually is not supported with available statistical data, a logical question could still be raised about the efficiency of the housing market. How the homeless and low-income households could be empowered to ensure social justice in the housing market should be investigated.

The issue of how to ensure social justice for the low income households persists even if all the properties that went into foreclosure passed into the rental housing market because the rental housing market remains inaccessible to them as well. Rental housing market remains inaccessible because renting and homelessness are the only options for millions of low-income households. The homeless and the low-income households are in the same housing market with a diverse cross-section of American households with higher incomes (Alexander, et. al., 2011). It would be illogical that rentable or rental housing units were foreclosed upon and left vacant or abandoned in the same housing market. The United States Government Accountability Office (GAO, 2011) found that there is correlation between increased number of vacant properties and increased number of foreclosures resulting largely from increased unemployment. This issue of how nonprofit housing assistance programs and services of organization could complement public policy in the housing market to ensure social justice for low-income households was critically examined in the literature review in Chapter 2.

Although nonprofit organizations in Louisville metro have variety of housing assistance programs and services that influence the housing market in terms of supply and demand, homelessness and insufficient number of affordable housing units remain a

major issue. It is not clear how low-income households are also being leveraged to gain direct access into the housing market as empowered and active participants instead of beneficiaries of charitable or entitlement programs. Housing assistance programs and services by organizations are generally designed to subsidize income in one way or another. Beneficiaries are qualified for public housing programs because their incomes fall below specified levels. As if attempting to meet the housing needs of low-income households outside the larger context of the housing market, those housing units have to be differentiated from market rate housing in terms of supply and demand.

The Louisville Metro Housing Authority (LMHA) is the largest nonprofit agency that is directly involved. Table 1 below presents a comprehensive picture of public housing in Louisville. It should be pointed out that although LMHA is a nonprofit agency, it is largely established by government initiative as opposed to nonprofit agency established by civic initiative. The implications of the subtle difference will be discussed in the literature review. The mission statement of LMHA “is to provide quality, affordable housing for those in need, assist residents in their efforts to achieve financial independence, and work with the community to strengthen neighborhood” (Louisville Metro Housing Authority, 2012, para. 1). Although this mission statement suggests involvement both on the demand and supply sides of the housing market, conceptualization remains ambivalent. Thus, rather than being leveraged to gain access to the housing market, qualified low income households are subsidized to participate, as consumers, on the demand side of the housing market such as public housing for low income households, private housing market accepting vouchers, and affordable housing

programs. While the Moving to Work (MTW) housing voucher and affordable housing programs seem like direct intervention on the demand side, the implicit assumption is that demand for housing depends on households becoming financially self-sufficient rather than acquiring housing as capital asset to improve productive potentials and become self-sufficient. With programs and services based on such misconceptions about housing need, the tendency is to focus on supply rather than empowering or leveraging the low income individual to ensure social justice through more efficient operation of the housing market. Also, though demand is generally thought of in terms of household income (Poole, 2010), it is reasonable to assume from individual viewpoint that there are at least two equally valid reasons an individual may demand housing in a free market economy. The demand for housing could be to meet basic necessity for shelter. A dwelling place has to be in possession of the household for private and exclusive use. The demand for housing could also be to acquire a transferrable capital asset in form of valuable improvements on land for possession and use over a considerable number of years. Understandably, the latter aspect of demand for housing may seem like a less obvious desire in an individual with low income. However, these two important reasons still have to be taken into account to empower the individual and in order to ensure social justice for the low-income households in the housing market.

Misconceptions about housing need and housing as investment most likely reinforced the apparent dichotomy between public housing and market rate housing in the larger context of the housing market. Hence, the low-income households have to perpetually depend on public subsidies. In table 1 below it is shown that LMHA owns

and manages over 3,800 units and provided housing assistance in various forms to over 14,000 households in 2011. The housing units LMHA owns and manages include “four family housing communities, five housing communities for disabled and senior citizens, and a growing number of scattered site properties” (LMHA, 2011, p. 3). In addition, housing assistance is provided “for over 700 public housing units located at its mixed-income and mixed-finance sites that are privately owned and managed” (LMHA, 2011, p. 3). The funding sources of LMHA include rental incomes, U.S. Department of Housing and Urban Development (HUD) annual operating expenses subsidy and Capital Improvement funds, and periodic grants from HUD and the City’s Community Development Block Grant (CDBG). While various programs are designed to assist the low income population by subsidizing market rates, they are not being empowered as active participants in the larger context of the housing market.

Table 1.

Louisville Metro Public Housing

PUBLIC HOUSING	Base Year as of 12/31/1998	Base Year Adjusted for merger in 2003	Projected as of 7/1/2011	Projected as 6/30/2012
Public Housing _LMHA Owned and Managed				
Family developments	3306		1888	1801
Elderly/Disabled Developments	1133		1295	1295
Scattered sites	185		707	719
SUB-TOTAL LMHA Managed	4624	4802	3890	3815
HOPE VI Mixed Finance			712	727
Grand Total Public Housing Units			4602	4542
LEASED HOUSING			Projected as of 7/1/2011	Projected as of 6/30/2012
MTW Housing Choice Vouchers				
MTW Tenant Based	684	7253	9601	9601
MTW Direct Access – (HOPWA, P for F, Mainstream, Olmstead)			350	350
MTW Special Referral – Louisville Scholar House, Downtown Scholar House, Stoddard Johnston Scholar House Villager, Day Spring, and Well Spring			121	182
Sub-total			9601	9601
Non-MTW Housing Choice Vouchers				
HUD – VASH Program			200	200
Total Vouchers	684	7253	9801	9801
HUD Special Programs				
Willow Place Mod Rehab	65		65	65
YMCA SRO Certificate	41		41	41
St Vincent Du Paul/Roberts Hall Certificates	24		24	24
TOTAL Certificate	130		130	130
Grand Total Leased Housing	814	7383	9931	9931
Grand Total Housing Stock	5438	12185	14,533	14,473

Note. HUD – Housing and Urban Development Department, SRO – Single Room

Occupancy Certificates, MTW – Moving-To-Work Housing program, VASH – Veteran
Administration Supportive Housing, HOPWA – Housing Opportunity for People With
Aids, P for F – Partnership for Families. Adapted from LMHA FY 2012 Annual Plan p.

It is not surprising that public housing is now evolving into Housing Opportunities for People Everywhere (HOPE VI) in cities including Louisville metropolitan area. Even then, the barrier of ambivalent dichotomous conceptualization of the housing market in terms of market rate and subsidized housing remains. Though HOPE VI housing program is based on the concept of mixed-finance of mixed-income neighborhoods to integrate housing market participants for social leverage of one another, low income households generally remain consumers on the demand side as renters. The need to ensure social justice for the low income population in the housing market remains buried in public policy.

Furthermore, Table 1 above shows there were 712 housing units under HOPE VI program in 2011 projected to increase to 727 in 2012. The categories in the table also reflect various housing assistance programs and other nonprofit organizations that collaborate with Louisville Metro Housing Authority to assist low income households. The face of public housing started changing in Louisville with HOPE VI program in 1996 when two of the largest old public housing developments in West Louisville were demolished to make way for mixed income neighborhood with rental housing units and single family homes. Another 65-year old public housing development east of Louisville downtown has been demolished to make way for two-phase HOPE VI program. Thus, it would be seen from the table that multi-unit public housing such as family developments and elderly/disabled developments are projected to reduce in 2012. The

number of units in Family Developments, in particular, was projected to reduce considerably; from 3306 as of 1998 to 1801 in 2012.

There are other housing programs that focus on certain transitional housing needs such as the Louisville Scholar special referral HCV or, rehabilitation needs such as Housing Opportunities for People with Aids (HOPWA). Again in Table 1 above, there are other such rehabilitation needs including Partnership for Families (P for F), Housing and Urban Department (HUD) Veteran Administration Supportive Housing (VASH), and other HUD special rehabilitation programs such as Single Room Occupancy (SRO) of the Young Men Christian Association (YMCA). While institutional housing needs may have to be distinguished in conceptualizing public housing within the larger context of the housing market, the housing needs of the low income households are generally subject to the same forces of demand and supply in the housing market. Hence, transitional housing for low-income households tends to be commonly provided in form of institutional homes. Such nonprofit home rehabilitation programs along with housing research and advocacy programs, however, are pointing to the need to ensure social justice in the housing market.

Apart from those already mentioned, there are other nonprofit civic organizations in Louisville metropolitan area that provide housing assistance programs for low income households. The Fuller Center for Housing and River City Housing are typical examples because they are both nonprofit organizations by civic initiatives attempting to address the issue of social justice in the housing market. Unlike the nonprofit organizations that have been discussed or mentioned above, the Fuller Center for Housing and River City

Housing appear to focus more on the housing needs of low income households in the larger context of the housing market institution. One of the founding board members of River City Housing, Cleve Parkins, pointedly identified the challenge for Nonprofits in the housing market in his remark that the problem is with housing prices rising faster than incomes for most people in Louisville (River City Housing, 2012). Therefore, their housing assistance programs focused on pulling public and private resources together to provide affordable financing in form of down payment assistance or forgivable second mortgage. River City Housing also work with neighborhoods because they believe affordable housing is needed everywhere despite the stigma of affordability that seems to imply lower costs and/or lower quality (River City Housing, 2012). On the other hand, Fuller Center for Housing appear to focus on working with individual low income households to harness community resources for rehabilitation of existing homes or for becoming a homeowner. Their programs usually involve both financing and direct involvements of Fuller Center for Housing volunteer construction workers as well as the beneficiaries to minimize costs. One could infer from the foregoing that while some Louisville nonprofits assist low income households in the housing market by subsidies others attempt to leverage them to become homeowners as much as possible. The critical elements of leveraging low income households in the housing market were further examined from literature in chapter 2.

Problem Statement

Despite the nonprofit housing assistance programs and services being provided by various local organizations in Louisville, many low-income households remained

homeless. They continued to occupy inadequate housing or renters continued paying excessive amounts relative to household incomes in the housing market (Vick, Poe, Sharia, Norton, and Brooks, 2010). Louisville Metropolitan Housing Authority (LMHA) had 8659 applicants on the waiting list for public housing and another 15,735 applicants for Housing Choice Voucher (HCV) in 20011 (LMHA, 2012, p. 24). While researchers continued to indicate increasing demand for affordable housing (Hurst and Rigdon, 2012), the number of foreclosures in the housing market continued to increase with significant number of such houses being left vacant or abandoned (Vick, Norton, Smith, Heberle, Scroggins, and Weinstein, 2011). Scholars proposed rethinking of the public policy of promoting homeownership (Apgar, 2004; Randazzo, 2010; Landis & McClure, 2010) without considering the social justice implications for the homeless and low income households. Other researchers had pointed out that affordability is a public policy issue that should equitably apply to all beneficiaries in the larger context of the housing market (Pardee and Gotham, 2005 and Williams, 2003). Therefore, a study was needed to understand how the housing assistance programs and services of nonprofit organizations in metropolitan Louisville Kentucky complement the public policy of leveraging the access of households into the housing market. Specifically, a study is needed to understand how the low income households gain access into the local housing market through those assistance programs and services, without being exploited, in order to ensure social justice.

Purpose of the Study

The purpose of this study was to gain some insights about how various housing assistance programs and the services were being provided by the nonprofits in the local housing market of metropolitan Louisville Kentucky. The insights gained were used to evaluate how those programs and services complement public policy of leveraging households to gain access into the local housing market to ensure social justice for those households whose incomes are below prevailing standard living conditions. The study involved exploring how various housing assistance programs and services were provided and how the programs and services empower low-income households to gain access into the larger context of the local housing market. The extent to which various programs and services were purposely designed or developed to assist low income beneficiaries seeking to meet their needs in the larger context of the local housing market were explored and evaluated. Although programs and services are expected to align with mission goals of various organizations, how those programs and services are developed depends on how the management of each organization understands the housing needs of the low income households in the larger context of the housing market. Therefore, the research involved a qualitative investigation of the housing assistance programs and services of nonprofit organizations. This involved questioning the objectives of various programs and services to understand how leveraging the homeless and low income households in the housing market might have been taken into account. The management of the nonprofit organizations were asked to give deeper insights into some objectives of programs and services. The insights gained were critically examined in light of literature review about

public policy in the housing market to evaluate the hypothesis that the programs and services were designed to complement the policy of leveraging low-income households.

Nature of the Study

Public policy in the housing market is a systemic phenomenon with several facets including monetary policies, real estate transactions, land management, land use planning, various regulations of consumer behaviors and development costs. Generally, the purpose of public policy in leveraging households in form of long-term mortgage loans to have homes in the United States and to stimulate economic activities in the housing market could be inferred from the law. The goal of leveraging every household to gain access into the local housing market could be implied from the Housing Act of 1949 mentioned earlier, though it has not been feasible. Therefore, nonprofit organizations seeking to complement the policy would require a clear understanding of the public policy in the housing market. Nonprofit organizations should be able to conceptualize their housing assistance programs and services within the larger context of the local housing market in order to ensure social justice for low income households. Nonprofit organizations not only have to understand how individual households could gain access to the local housing market; they have to understand the social justice implications of being able to gain access into the local housing market in the United States. The negative impacts of not being able to access safe, decent and affordable housing could be obvious, the effectiveness of the assistance programs and services developed in response to those challenges would depend on how the social justice implications of gaining access into the housing market were understood. The mission

focus of the engaged nonprofit organizations remained a major factor as well. Nonprofit housing assistance programs and services could be designed in response to housing needs of low-income households without ensuring social justice because of the systemic limitation. In the local housing market, the number of housing units could increase without the homeless and low-income households gaining access because of the systemic limitation. Furthermore, even though it could be more costly people could prefer to rent because homeownership incentive became moribund for systemic failure. Since conventional housing market has been responding to affordability using various strategies to subsidize direct beneficiaries, leveraging or empowering the homeless and low-income households as active participants in the market would remain a systemic social justice issue.

This systemic issue of leveraging or empowering the homeless and low-income households as active participants in the local housing market could be explored both qualitatively and quantitatively. How the systemic issue is currently addressed could be investigated using exploratory mixed methods research approach (Rocco, Bliss, Gallagher, and Pérez-Prado, 2003). However, the dearth of literature for research instruments and limited resources precluded this approach. There are other reasons for not using mixed methods research approach. The fact that the role of nonprofit organizations as the third sector of the economy is largely based on assumptions without clear boundaries would make it difficult to collect relevant data. Besides, it could not be determined if the systemic issue of social justice was the focus of the charitable nonprofit organizations providing housing assistance programs and services for the homeless and

low-income households. While the study required a pragmatic reasoning and analysis of mixed methods (Johnson and Onwugbuzie, 2004, p. 16), appropriate research instruments have not been developed. Therefore, an exploratory qualitative research design in form of case study was used for this study instead. Since it was not the typical phenomenological study or an attempt to develop some theories, the method of qualitative data analysis used was more like evaluating the programs and services (Ritchie and Spencer, 2002). It involved investigating how the nonprofit organizations developed and designed their various programs and services to assist the homeless and low-income households in the local housing market. It was like evaluating processes, diagnosing strategies, or identifying the role of participants in the organizations that were investigated in order to gain some insights and explain various contexts. The goal was to use some insights gained to evaluate the hypothesis that the programs and services were designed to complement public policy in the housing market in order to ensure social justice for the homeless and low-income households. Attempt was made to explore the extent to which the objectives of those programs and services could help low-income households desire to become less dependent on public support and empower them as active participants in the larger context of the local housing market.

Although the systemic issue of social justice is an applied policy issue, the qualitative research design was exploratory as required in basic theoretical research. Nonprofit organizations that provide various forms of housing assistance programs and services were selected as case study. However, the study focused on the systemic issue of how their programs and services were designed to complement public policy in the

housing market in order to ensure social justice for the homeless and low-income households by leveraging them to gain access as well. Since this was not a typical phenomenological study, the approach to the qualitative data analysis was more like applied policy research (Ritchie and Spencer, 2002, p. 305). The research method is discussed in detail in chapter 3. It should be noted that attempt was made to maintain a theoretical stance overall because of the fundamental assumption about nonprofit organizations as the third sector of the economy as well as the uniqueness of housing market in different localities.

Research Questions and Hypothesis

This study was guided by the following over-arching research question:

How are the housing assistance programs and services of the nonprofit organizations in the metropolitan area of Louisville, Kentucky, complementing the public policy of leveraging access to the local housing market in order to ensure social justice for the homeless and low-income households?

While the research goal is to understand how various housing assistance programs and services complement public policy in the local housing market, it is also about gaining further insight into the extent to which nonprofit organizations develop or adapt their various programs and services to ensure social justice for low-income households in the local housing market. The hypothesis is that nonprofit organizations will normally develop or adapt various housing assistance programs and services to ensure social justice for low-income households in the housing market irrespective of their mission focus. It will also depend on how the organizations understand the housing needs of those

homeless and low income households in the context of their local housing market. The null hypothesis is vice versa. Nonprofit organizations do not usually perceive affordable housing needs as means of empowering low income households to ensure social justice and promote societal value or public interest of enhanced standard of living in the community. Nonprofit organizations providing housing assistance program do not understand the housing needs of the homeless and low-income households in the context of the local housing market. The assumption here is that if the housing needs of the homeless and low-income households were understood within the context of the local housing market, organizations would normally develop, redevelop, adapt, or modify their programs and services like any other business enterprise.

Theoretical Base

The conceptual framework for this study is that nonprofit organizations make up the third sector of the economy while governmental institutions make up the public sector and individuals including for-profit establishments make up the private sector. Gidron, Kramer and Salamon (1992) extensively explored the relationships between Government as public sector and nonprofit organizations as the third sector. Werther and Berman (2001) based entire book on the notion of managing nonprofit organizations as the third sector of the economy. The division into sectors is based on the notion of a market economy in which supply and demand for goods and services determine prices for efficient allocation or distribution. However, the nonprofit sector arises because profit incentives in prices have to be publicly managed to ensure equitable distribution of certain essential goods and services or free charitable distribution of the non-monetized

goods and services. This is in line with scholarly theories of nonprofit organizations or civil society (Hansmann, 1987; Salamon & Anheier, 1998; Boettke & Prychitko, 2002; Feiock & Andrew, 2006; and Whitaker & Drennan, 2007). The major difference between for-profit private establishments and nonprofits is the profit distribution constraints (Glaeser, 2003) and not profit making. Since they are not owners, if the nonprofit should make profit it must not be distributed as personal incomes among members, employees, management, founders or organizers (Glaeser, 2003) but can be used to expand or enhance the mission objective or social justice cause of the civil society. Therefore, nonprofit organizations usually have some charitable mission objectives similar to public interest. In this study, the public interest is to ensure social justice in the housing market for the low income population to promote increased overall standard of living. This makes the nonprofit sector indispensable because while profit oriented free market economy and democratic governance tend to promote liberty, individual achievements, and competition with profit incentives, the nonprofit sector develops innovative approaches to promote social values for community empowerment (Letts, Ryan & Grossman, 1999). However, Salamon (1998) rightly pointed out that ideological blinders often prevent clear assessment of this role. Despite this, as Salamon (1994) had posited a “global upsurge” (p.109) of the nonprofit sector through civic initiatives are unstoppable as awareness grows. It is aptly stated, “if representative government was the great social invention of the eighteenth century, and bureaucracy—both public and private—of the nineteenth, it is organized private, voluntary activity, the proliferation of nonprofit organizations, that is the great social innovation of the latter

twentieth century” (Salamon & Anheier, 1996, p. 1). The third sector of the economy is probably going to become indispensable in the twenty-first century as tangible social contributions to economic growth and development become more monetized and the difference between private and public possessions becomes more and more blurred.

Theoretically, nonprofit organizations are thought to have a number of origins and they could be indispensable for those reasons as well. Salamon and Anheier (1998) explored six such theories including heterogeneity, supply-side, trust, welfare state, interdependence, and social origins theories of nonprofits. All the theories point to the fact that nonprofit organizations could thrive under various circumstances though the shape and character of the nonprofit sector could differ from one society to another depending on the constellation of social forces giving rise to those organizations. People voluntarily organize themselves in private for various common purposes other than religion or politics and without profit motives because not every form of tangible social contributions has been efficiently monetized. In explaining one of the three roles of pure money, Prendergast and Stole (2001) pointed out that “introducing money into an economic environment changes the bargaining power of sellers which can cause them to price inefficiently” (p. 2). Thus, there is an indispensable role for the nonprofit sector to ensure social justice for the low income households in the housing market. The nonprofit civil society envisaged in this conceptual framework is the third sector of the economy comprising of social enterprises that channel possible profits for mutual development of individual potentials and community empowerment. The goal is not to supplant profit incentives built into prices to enhance productive or risky services. It is to channel profits

in the overall interest of the community. The goal is not to substitute public services but to complement them to ensure social justice. This is discussed further in line with meeting the housing needs of the homeless and low income households within the larger context of the housing market in the literature review in chapter two.

Definition of Terms

The following terms or phrases need to be explained as used in this research work to ensure clear understanding.

Affordable Housing: According to the United States Department of Housing and Urban Development (HUD) affordable housing executive guidelines require not paying more than 30% of household annual income on housing. Otherwise, the household would have difficulty paying for basic necessities such as food, clothing, transportation and medical care. Therefore, various forms of public assistance programs are developed to make housing affordable at market rate especially for a low income household. Affordability based on this guideline does not have to take into account that housing is also a capital resource for improving individual productive potentials as well as living conditions.

Capital Asset: a property the owner intends to hold while deriving benefits from it for a period. It could be any form of property.

Capital Market: technically it refers to trading of securities; or bonds market or stock market where governments and companies, including financial institutions, raise money for long-term debts or capital assets. In this dissertation it refers to various

financial institutions where individuals could obtain substantial long-term loans for housing finance as capital asset.

Common-Interest Community: The term probably evolved from common interest in real estate developments such as condominiums, retirement communities, vacation timeshares, cooperative housing, and others. However, Korngold (2015) traced the history of common interest communities to the 19th century. Conceptually, they can be said to include neighborhood associations and homeowner association since they also comprise of individual units seeking to protect some common interests. Nowadays, the focus of many neighborhood associations is to protect equitable value of individual property.

Dichotomous housing market: I invent the conceptual phrase in this dissertation in attempt to describe the ambivalent tendency to think of housing needs differently in terms of supply and demand in the housing market. How the market supply housing for consumption is different from how people demand housing for consumption; hence, there is ambivalent dichotomy in the conceptualization of housing needs. The institutionalized ambivalent dichotomy needs to be synchronized for the nonprofit sector seeking to ensure social justice for the homeless and low income households in the housing market.

Equitability: Social justice requires access to fair allocation of basic resource-need such as land and housing or private property rights irrespective of individual financial capability. Although the distribution of such basic resource-need may not be equal, it has to be equitable. This makes equitability one of the basic principles of social justice.

Harvey (2009) exhaustively discussed the issue of social justice and the city that could offer more insight.

Equity: refers to the worth of real estate (market value) less total amount the owner owes on the real estate. Conceptually, it may be likened to fairness and equity in social justice. Preservation of this equity is the issue at stake in the housing market.

External costs: refer to those costs to the public at large that have not been added to the costs of producing particular goods or services.

Free Market: Generally, a market may be defined as any system or institutionalized means that enables free flow of information among sellers and buyers for exchanges of desired items or goods and services. It does not have to be a particular venue as it was traditionally assumed (MacLennan, 2012). Hence, in a free market environment transactional exchanges are largely dictated through supply and demand, notwithstanding the inadvertent distortion arising from introducing money as means of exchange.

Goods: in economics refers to any product or commodity that can be sold or exchanged with another.

Housing: Although it is commonly conceived as adequate, safe, and decent improved physical space or property occupied by people as individuals in the community, it is a landed property that should be distinguished from other forms of tangible properties or economic goods. Very far back, Ely (1917) rightly pointed out that “private property right in land is the foundation of the building and loan associations of this country which probably are furnishing more people with homes of their own than any

other single agency” (p. 18). From economic points of view, housing is not just a consumer item; it is an investment item or a capital resource for improving economic conditions. From legal points of view it is not just a property it is a bundle of rights to a property.

Housing market or Housing Market institution: technically housing market refers to the performance of Housing Market Index rather than the Housing Market Index itself. In the context of this dissertation housing market institution refers to a system of economic transactions and exchanges in which individual household in the community could acquire different bundles of real property rights as residential places to live and/or use for other valuable purposes. It is a system that could be viewed as an evolving institution that enables marketing of housing units or residential properties in the United States. Rental housing market is only a part of this system.

Lease: refers to right to occupy and use property (particularly real estate) for agreed upon period. Such property is sometimes referred to as leasehold.

Leveraging and Subsidy: Leveraging should be differentiated from subsidy because the latter involves direct income transfer complicating the economics of public assistance programs. Generally, it is reasonable to assume that public policy is to leverage or empower households to gain access into the housing market. Perhaps the best known example of leveraging households to gain access into the housing market is mortgage rates. Leveraging is used to encourage economic transactions in the mortgage market (Geanakoplos, 2010). When mortgage rates are low home buyers are able to obtain long term mortgage loans so that monthly repayment is affordable. Leveraging

became a common feature of not only the mortgage market but the financial market as a whole following the economic crisis that started in 2008 (Crotty, 2009). In terms of public policy, leveraging means using monetary and fiscal policies to encourage economic activities, especially in the housing market that is the focus in this research.

Market: In this dissertation it refers to a system or an institution that has evolved for certain transactional exchanges of bundles of rights in housing as economic goods.

Market Failure: refers to inability to ensure fair and equitable distribution of certain goods and services that are needed for basic survival.

Nonprofit Mutual Intervention: Steinberg (2006) defined a nonprofit organization as “one precluded from distributing its surplus resources in financial form to those in control of the organization” (p. 118). Thus mutual nonprofit intervention implies there could be cooperation or agreement among free market participants about what should be done together generously for the benefit of all without supplanting individual profit motive.

Public Housing and Public Housing Programs and Services: It seems to be generally accepted that the public housing introduced in 1937 was to be some form of temporary or transitional housing program, and that the program was not originally intended for warehousing the poorest segment of the population (Stoloff, 2004; Pinnegar, 2007; Theodos, Popkin, Guernsey & Getsinger, 2010). There was implicit assumption that every household would normally aspire to gain access into the housing market. However, scholars as well as policy makers inadvertently tend to lump the temporary transitional public housing programs and services with subsequent public policy housing

programs to leverage households to gain access into the housing market. This can be inferred from the current struggle to evolve economically rational approach for using section 8 rental housing program subsidies as mortgage subsidies for low income households.

Public Policy in the housing market: Public policy is all-encompassing; so also is the phrase “public policy in the housing market” or public policy and housing market. I used the phrase frequently in this dissertation. Wherever this phrase is found throughout this dissertation, it is intended to convey the general tendency to encourage economic activities or transactions through various public policies or regulations in the housing market institution, particularly leveraging households to gain access.

Social allocation: refers to making certain basic goods and services available based on individual need rather than individual ability to pay for them. In Europe housing provided with governmental support for such basic needs are referred to as social housing. In the United States they are referred to as public housing.

Social Capital: (as conceived in this study) refers to substantial benefits, usually not monetized, accruing to individuals from the society or the community at large.

Social Justice: Social justice is essentially concerned with fairness and equity in “the distribution of goods and services that affect individual well-being” (Deutsch, 1975) to ensure individual rights to life, liberty, and pursuit of happiness. However, as conceived in this study, it involves finding ways to maintain fair and equitable distribution of basic goods and services in a free market economy in line with the democratic principles of governance. It is not about the political ideology; neither is it

“the intellectual divide between academia and the policy making establishment and the cultural divide between government and civil society” (Taylor-Gooby, 2005, p. 1). In this context, social justice is concerned with existing “social institutions that distribute material resources and social position” (Jackson, 2005, p. 360) as well as existing political system committed to “alleviation of poverty and the diminution of inequality” (Jackson, 2005, p. 360) in terms of basic needs for decent living conditions. It is an attempt to explore how existing nonprofit organizations as a sub-system complements the system of public policy in the housing market to empower the homeless and low income households.

Assumptions

The fundamental assumption is that nonprofit organizations emerge in a civil society or they are established for specific mission or public purpose that complements public policy other than for making profit solely. Since public policy in the housing market is generally to leverage households, it is reasonable to assume that nonprofit organizations assisting the homeless and low income households are complimenting this public policy in order to ensure social justice. This is in line with the role of nonprofit organizations that are initiated by concerned citizens or common interest communities, independent of Government action, to correct market failure or pursue nonprofit public cause for charitable purposes. These assumptions are at the heart of the origin theory of nonprofit organizations as discussed earlier. In addition, an implicit assumption in this dissertation is that there could be various innovative approaches that nonprofit organizations can use to leverage low income households to gain access into the housing

market rather than perpetually depending on public subsidy, especially if their low income status is not due to any permanent disability that renders the individual economically unproductive. It is assumed that the apparent dichotomy between market rate housing and publicly assisted housing is misconceived because nonprofit organizations also use the same income criterion as in the market to allocate basic housing needs to ensure social justice. This misconception inadvertently validates mismatch of “economic transaction in a social relationship” (Cropanzano & Mitchell, 2005, p. 887). It is assumed that conceptualization of housing needs of the low income population as integral part of the local geographical housing market is the way to eliminate mismatch in supply and demand for housing in a free market economy. Furthermore, it is assumed that rather than subsidizing low-income households perpetually nonprofit organizations would generously leverage them to ensure social justice depending on how their housing needs are understood or how the issue of social justice is perceived. Housing need is not just about occupying safe, decent, adequate, and affordable housing unit. It is about enhancing people’s productive potentials through improved living condition. It is also about protecting households against exploitation in order to ensure social justice.

Limitations

The major implication and limitation of the foregoing assumptions is that nonprofit organizations are not necessarily initiated in direct response to public policy but some predetermined mission goals based on their origins. Even where nonprofit organizations are initiated in direct response to public policy, such policy does change

overtime and the organizations may not have control on the changes other than to adapt. Another major implication and limitation of those assumptions is that though nonprofit organizations usually depend on social leverage, they are also fully informed and actively engaged in the free market economy. People will perceive apparent disproportionate leveraging of the low income households as generosity for public good or social justice (mutual nonprofit intervention) rather than redistribution of wealth and disincentive. Investment in housing could be seen as a way of “raising productive potential” (Scully, 2008, p. 1) of individuals rather than mere income redistribution. Therefore, this research is not an attempt develop a predictive model of how the housing assistance programs and services of various nonprofit organizations could complement public policy.

Specifically, this study is limited to understanding how engaged local nonprofit organizations attempt, through their various programs and services, to ensure social justice for the homeless and low income households by complementing the public policy of financially leveraging households to gain access into the local housing market. The research is limited to showing a path to social change among various participants in the local housing market. It is limited to developing a conceptual understanding of how housing assistance programs and services might or might not be leveraging low income households in the larger context of the housing market. It is attempting to provide some insights for bridging the apparent dichotomy between public housing and/or subsidized housing and market rate housing in order to ensure social justice for low income households and complement public policy of leveraging households to gain access into the housing market. It is a limited attempt to introduce innovative real estate management

approaches in the larger context of the local housing market through engaged nonprofit organizations as social enterprises for reconciling various participants in the market in order to ensure social justice for the homeless and low income households.

Delimitations

While ensuring social justice in the housing market is at the heart of this study, the focus is not perception of social justice as a phenomenon. Rather, social justice is assumed to be part of societal value that can be recognized when pointed out as in this research. In the context of this research, it is simply an attempt to depict how nonprofits could compliment public policy to ensure efficient allocation of housing as essential economic good in the larger context of the housing market and free market economy. Furthermore, this is not an attempt to undermine the role of public housing programs designed to address specific social issues that cannot be addressed in the housing market. For example, nursing homes and specialized assisted living facilities for people with permanent disabilities cannot be classified as housing needs for low income households for the purposes of this dissertation. The systemic focus for investigating this issue of social justice in the housing market will be the nonprofit organizations that help to make housing accessible to the homeless and low income households.

Significance of Study and Social Change Implications

The underlying assumption of free market economy is that every individual has equal access to compete and achieve some measure of success in acquiring basic needs for survival. The impacts of the complexities of the free market itself on individual performances are often ignored or taken for granted. Individuals can only assume but

cannot take personal responsibility for the freedom of others in the allocation of essential goods for survival in a democratic society. Even then, the distinction between public goods and private possessions has become blurred. In order to ensure that the low income population also has access to safe, decent, adequate, and affordable housing, various forms of subsidy and rental assistance programs have been developed. However, those approaches have not been able to overcome the obstacle of affordability in a free market economy because “while rental housing is the home of choice for a diverse cross-section of Americans, it is also the home of necessity for millions of low-income households” (Alexander, et al., 2011, p. 1). This raises the significant issue of social justice for the homeless and the low income households in the housing market. To underscore the significance of this issue of social justice, “in 1991, 70% of adults said owning a home was important to being in the middle class; today, just 45% feel this way” (Morris, 2013, p. 1). The Joint Center for Housing Studies of Harvard University reported that “reversing the long up-trend in homeownership, American households has increasingly turned to the rental market for their housing” (Fernald, 2013, p. 1). Thus, the nonprofit housing sector could be facing the challenges of the changing perspectives about real property possession in a free capitalist market economy. The desire of people to own their homes could become moribund.

Housing is commonly thought of in terms of affordability rather than in terms of need and availability. In the highlights of their research works, Turner and Kingsley (2008) pointed out that majority of low-income households renting still need assistance. Thousands of households are homeless not because they do not need housing; but

because they cannot pay the prevailing rents though their situation may be attributed to several other factors. Obvious dichotomy has evolved between market rate housing and public or assisted housing though the same income criterion and/or credit-worthiness are used in their allocations. It is understood that allocation of housing to ensure social justice still has to be considered along with economic productivity because of its impacts on trajectories of need (Bramley, Pawson, White & Watkins, 2010). Hence, this study had envisaged that the findings would point to a path for social change and inform public policy on how public housing is conceived within the larger context of the housing market. The findings could help evolve more efficient local housing market that ensures social justice for the homeless and low income households with the complementary role of the local nonprofit organizations.

It was also envisaged that findings could inform strategic objectives of the programs and services of nonprofit organization attempting to complement public policy in order to ensure social justice in the housing market for the low-income households. The social change implication could be empowering the low-income households to become active participants in the local housing market. They could become active participants when owners who had built significant equities in their homes use innovative leasehold arrangements to leverage and encourage them. Rather than perpetually depending on public support in rental subsidies, low-income households could prefer such arrangements. Furthermore, ensuring social justice for the homeless and low-income households could increase the efficiency of the housing market in terms of supply and

demand as well as minimize wastage of productive resources in form of vacant or abandoned residential properties.

Summary and Transition

While on the supply side, the housing market crisis led to significant increase in the number of home foreclosures and vacant/abandoned properties in many cities in the United States, thousands of poor and low income households are unable to gain access to the market on the demand side. Despite increased number of homes being foreclosed upon and passed into the rental housing market; those rental properties are still not affordable for the poor and low income households. Therefore, this research will attempt to gain insight into how the housing assistance program and services of the nonprofit organizations in Louisville metropolitan area complement public policy in the housing market in order to ensure social justice for the homeless and low income population.

To provide sufficient theoretical base for this research, the following chapter contains review of literatures that gave further insights into the systemic issue of attempting to ensure social justice by complementing public policy in the housing market. The literature review also informed how to this systemic issue was qualitatively investigated in Chapter 3. The results of the study were presented and explained in detail in Chapter 4. This led to the discussions, conclusion and recommendation for social change in Chapter 5.

Chapter 2: Literature Review

Introduction

The purpose of this study was to gain some insights about how various housing assistance programs and the services were being provided by the nonprofits in the local housing market of metropolitan Louisville Kentucky. The insights gained were used to evaluate how those programs and services complement public policy of leveraging households to gain access into the local housing market to ensure social justice for those households whose incomes are below prevailing standard living conditions in the United States. The over-arching research question was how the programs and services of the nonprofits complement the public policy of leveraging access to the local housing market in order to ensure social justice for the homeless and low-income households. Current research literature does not address how nonprofit organizations could develop or adapt their housing assistance programs and services to complement public policy of leveraging households to gain access into the local housing market in order to ensure social justice for the homeless and low-income households. The gap in literature raised the research question about this major aspect of the economy in the United States.

Literature Review Strategies

The focus of literature review was largely on the relationship between the housing market and public policy in the United States. The insights from the review were used to shape the research instrument for this qualitative case study, which critically explored how the housing assistance programs and services of Louisville nonprofit organizations could complement public policy in the local housing market. The initial strategy was to

go to the data base for Public Policy and Administration including Political Science Complete, Business Source Complete, Sage Premier, ProQuest Central, and Academic Search Complete using some of the various terms already listed in the definitions of terms. It was observed that there is the tendency in literature to take for granted the tremendous amount of economic activities in the housing industry when focusing on the financial market. Academic Search Complete was used more intensively because of its interdisciplinary data base. The search results were as follows:

Housing Market in the United States 719

Housing Policy in the United States 314

Nonprofit Sector in the United States 97

Housing Policy and Housing Market Bubble in the United States 2

Nonprofit Housing Policy in the United States 1

Public Policy in the Housing Market in the United States 3

The dart of literature connecting housing market, housing policy, the nonprofit sector, and consequently public policy in the housing market could be seen from those results. It became imperative to depend on professional experiences and practical knowledge of Louisville Metropolitan area of Kentucky using chain of academic work references as discovered since the focus is more of applied policy research. They include publications from the Joint Center for Housing Studies of Harvard University, U.S. Department of Housing and Urban Development, Urban Institute, the John Hopkin Institute for Policy Studies, and Lincoln Institute for Land Policy. Therefore, it was assumed throughout the literature search that the housing assistance for the homeless and

low-income households by the nonprofit organizations would normally fit into the larger context of that housing market in order to ensure social justice. The goal was to show the connection and significance of public policy in the housing market from literature review. The knowledge gained from this review was also used to identify and critically examine some insights about the housing assistance programs and services of the nonprofit organizations and how those programs and services could be complementing the public policy in the local housing market.

Social Justice and Public Policy in the Housing Market

It should immediately be pointed out here that social justice in this context is not concerned with controversial political ideology of redistributive justice to correct market failure by the state. Rather, it is an attempt to critically examine and reconcile “values from the national culture” (Yukl, George, & Jones, 2010, p. 522), such as capitalist economic values, democratic political values, individualism, competition, and personal achievements with the principles and practical challenges of a free market economy under democratic governance. It is a search for common ground among various participants in the housing market. In the context of American culture, housing is a basic capital asset every household needs in order for those in the household to become functional members of the community because of the rights and privileges ownership confers for possession and use. Owners, renters, leaseholders, and investors demand housing for a variety of purposes (Carliner & Ahluwalia, 2004; Nelson, 2006; and Piazzesi, Schneider & Tuzel, 2007). These dimensions of demand for housing, at times conflicting, are compounded by various land use planning issues, fiscal planning issues,

and other social factors with significant impacts on the financial ability of households to gain access into the housing market. Such housing market would require transparent and effective interactions among the various participants to match supply and demand for free and efficient market where people could meet basic housing needs without exploitation.

Scholars have expressed the view that social justice is not compatible with a free market economy. Eikenberry and Kluver (2004) argued “that the market-based model of public management, with its emphasis on entrepreneurialism and satisfying individual clients’ self-interest, is incompatible with democratic accountability, citizenship, and an emphasis on collective action for the public interest” (p. 132). However, social justice is not exclusively about human behavior. Miller identified three assumptions needed to elaborate the principle of social justice: “a bounded society with a determinate membership”; “identifiable institutional structure to which principles of justice can apply and which can be modified in line with these ideals”; and “some agency, classically the state, that is capable of initiating and directing the institutional changes necessary to create social justice” (Jackson, 2005, p. 357). Furthermore, the labor force in the market economies had come to accept free market concept because of its freedom of choice and opportunities but probably oblivious of “moral individualism” (Driver & Martell, 1996, p. 8) at the core of the free market economy. Perhaps it is because the “concept of money” (Caruso, Vohs, Baxter & Waytz, 2012, p. 1) as store of wealth tends to obviate belief about the twin concept of individual freedom and personal responsibility. Free market requires democratic governance. A market institution cannot be free unless individual participant is free. At the same time, a free individual participant only assumes

but does not have to take personal responsibility for the freedom of others. Thus, mutual nonprofit intervention would be indispensable to ensure social justice in such a free market institution.

Collective responsibility is indispensable in a progressive housing market institution. Hence, common interest communities such as homeowners association, neighborhood associations, cooperative housing, and condominiums have become common features (Korngold, 2015). Similarly, the nonprofit sector as business entities should ideally depend on “our collective best inclinations: generosity, inclusivity, and determined optimism” (Letts, Ryan & Grossman, 1999, p. 1) to ensure social justice in the housing market institution. Housing is a major need that must be met before other social supports can be accessed (Bennett, 2005). It is aptly stated in the website of Habitat for Humanity, “what the poor needs is not charity but capital, not caseworkers but co-workers” (Habitat for Humanity, 2010, para. 3). Every household in the community needs housing as capital asset to be functional in a capitalist free market economy. Probably because of the similarity of rental housing units and owner-occupied homes in terms of meeting obvious housing need such as adequate physical space, decency and safety, as well as affordability, the actual housing needs of low income households, as capital resource assets, are commonly overlooked in public policy reasoning and analysis. Bratt (2007) traced the history of nonprofit involvements even in tenement housing to the 20th century. Currently, nonprofit participation even in owner-occupied homes has become indispensable, particularly for many of those regarding themselves as middle income Americans to retain their status because housing remains the largest expense-item

of most of the households (Quigley & Raphael, 2004; Reichenberger, 2012). Unlike many other western countries, housing policies in the United States tend to focus on regulating housing market as in a free market economy (Koebel, 1995). Thus, substantial involvements of the nonprofit sector would be inevitable to redress the social justice issues in the history of public policy in housing market in the United States.

The Housing Market and Public Policy in the United States

Thinking clearly, coherently, and consistently about housing market and public policy as a subject matter is critical to understanding how the housing assistance programs and services of the nonprofit organizations may complement public policy in order to ensure social justice for the low income households. MacLennan (2012) argued:

“that there remain unsettling gaps between how academia conceptualizes and analyses housing markets and how serious commercial sector interests such as banks, major builders, real estate investment companies and governments, both local and national, grapple with the most basic questions of market structure and functioning let alone more nuanced estimates of housing demand and supply” (p. 6).

The author listed those considered to be serious or significant participants in the housing market. Nonprofit organizations providing housing assistance programs and services for low-income households are no less significant among the “serious” or significant sector interests seeking to grapple with questions about housing market structures and functioning though MacLennan did not include that sector. The omission is another pointer to the apparent dichotomy that has evolved between public housing commonly

differentiated from subsidized rate housing, though both depend on public subsidies, and market rate housing. Hence, attempt was made to first examine some critical dimensions of housing market and public policy that make both a subject matter of interest and a system in this literature review. Housing market and public policy should be viewed as a system for practical reasons. A holistic view is not only critical to the understanding of housing market and public policy; it is critical to understanding the issue of social justice for the homeless and low income households. The nonprofit sector should be able to think clearly, coherently, and consistently about public policy in the housing market to develop or adapt programs and services that are complementary.

Economics and the Housing Market

Housing market and public policy should be considered as a subject matter or a system because macro-economic and micro-economic aspects of housing supply and demand are linked by public policies and, both aspects must always be taken into account for effective and progressive public policy. One cannot be fixated on the macro-economic aspects for a coherent theory of housing market. For example, Maclennan (2012), indentified rising incomes, growing household numbers, shifting costs of housing supply, rising borrowing rates for the construction sector, and rising land costs based on macro-economic reasoning. The tendency is to underestimate the impacts of the micro-economic aspects such as consumer behavior and other related factors. Thus, public policy might focus almost exclusively on macro-economic aspect such as monetary policy without addressing the actual needs of the people. Inadvertently, this problem may have been compounded by the artificial division of governmental responsibilities for fiscal and

monetary policies to ensure stable free market economy in the United States. For example, Follain and Giertz (2013) recommended placing “counter-cyclical capital requirements” (p. 38) on financial institutions as better than monetary policy to prevent future housing price bubbles without reference to the gross inefficiency of the housing market in terms of supply and demand. The researchers were fixated on the macro-economic aspects of the housing market. However, this is not an attempt to offer a counter-recommendation but to show the need for balanced viewpoint.

On the other hand, when fixated on the microeconomic aspects of housing market the tendency is to underestimate the impacts of the macroeconomic aspects. For example, residential segregation is generally attributed to race rather than differences in household incomes (Kain & Quigley, 1975; Turner, et. al., 2013). Thus, public policy has focused almost exclusively on the issue of racial discrimination and the needs arising from gentrification or urban renewal as housing problems rather than the issue of how to leverage the low income households to gain access into the housing market to ensure social justice. The Department of Housing and Urban Development (HUD) defines as impediment to fair housing choice “any actions, omissions, or decisions taken because of race, color, religion, sex, disability, familial status, or national origin which restrict or which have the effect of restricting, housing choices or the availability of housing choice” (Metropolitan Housing Coalition, 2010, p. 3). Although such public policies still tend to leverage access into the housing market, the exclusive focus on microeconomic aspect of housing market underestimates the impacts of the macroeconomic aspects of the housing market.

Even current trends in composition of types of structure in suburban housing show that both micro-economic and macro-economic aspects of housing market institution should always be considered in planning. Larco (2010) pointed out that most of the current literature on suburban developments does not discuss multifamily housing despite the fast growing rate of that sector of the housing market. This is because the focus of discussion is usually on micro-economic issues such as property values, burdens of developments on local schools, transportation networks, or social services. Thus, the opportunities to plan for appropriate mix of multi-family and single family homes brought about by macro-economic changes in demographic composition of suburban population are often overlooked.

Land Policy and the Housing Market

Furthermore, housing market and public policy should be thought of as a subject matter or a system because of various land use regulations that impact housing supply directly. Land use control is essential in the overall interest of the public. Regulating the use of land inevitably affect housing supply (Eicher, 2008). Land use regulations impacts housing market in various ways because housing is typically attached to land in a fixed location unlike other economic assets. The implication is that housing can rarely be allocated in a free market without touching on the issue of social justice. White and Allmendinger (2003) reviewed “some of the key articles and research examining the relationship between planning regulation and its impact on the housing market in the UK and the US” (p. 953). They rightly pointed out that the articles all reflect the mainstream economics, mainly concerned with outcomes rather than social justice. They found that,

both in the UK and US, demand for housing has increased as a result of demographic changes and economic growth necessitating critical examination of the relationship between “the planning system and the housing market” (p. 953). Although the focus of their work was land use planning, they were able to bring the complex interactions of housing market and public policy to light by combining “behavioral analyses of the relationship between planning and housing development” (p. 953). Their research work clearly showed that land value, intertwined with the housing market, is a societal creation. The value of land comprises of not just land and property characteristics, but location factors, demand factors, fiscal factors, and “factors of externalities including zoning factors” (p. 963). Despite the sophisticated the information and communication technology, every market economy still has to deal with the four aspects of tenure, value, development, and use of land (Enemark, 2009). Therefore, public policy relating to the housing market cannot be considered simply in terms of supply and demand while ignoring the social justice implications for the low income population.

In fact, without modifying local factors, public policy could inadvertently make housing the exclusive right of certain income levels at the expense of the low income population. This can be inferred from the analytic framework that Jones, Leishman, and Watkins (2005) sought to develop to “generate insights into the working of the local land and property market” (p. 215) in UK, so as to provide some guide for decision making in planning policies. Their conceptual framework was the spatial distribution of urban housing submarkets. They analyzed the migration between and within submarkets in Glasgow to show the significant role of price structures in those interactions. They

concluded that the housing market system has the potential to “exacerbate the ever widening social and economic divide between those able to access the owner-occupied market and those excluded from it” (p. 230). This underlying issue of social justice in public policy may not be obvious if housing market was simply conceptualized in terms of public or subsidized rate housing and market rate housing.

Even the widely acclaimed HOPE VI housing program (Popkin, 2009) has not resolved the apparent dichotomy between public housing and market rate housing to ensure social justice for the low income population. Home ownership is still contingent on attaining certain income levels rather than leveraging the low income households to also gain access to the housing market. Although research showed the housing program as helping residents to move towards self-sufficiency (Popkin, 2009); many of the displaced residents are usually not able to come back because they fall below the income level criteria. Theodos, Popkin, Guernsey, and Getsinger, (2010) pointed out the need to make the housing program inclusive of the hard-to-house. According to the researchers, “in many U.S. cities, public housing has served as the housing of last resort for decades, with the poorest and least desirable tenants warehoused in the worst developments” (p. 1). While holding to “the primacy of market mechanism” for efficient allocation of resources, the housing program continued to grapple with the long borne out trajectory “of the immediacy of market failure on low-income and inner-city neighborhoods since the late 1960s” (Pinnegar, 2007, p. 466). Since the HOPE VI housing program was conceived as a way of replacing public housing with mixed income neighborhood, not all returning displaced residents can be accommodated. Perhaps the major achievement of

HOPE VI housing program is linking other social support programs with the housing needs of the low income population and the homeless people. However, the low income and homeless households are still faced with the social justice issue of how to gain access to housing as capital asset market or homeownership. It could be seen even from the foregoing that housing market and public policy are also intertwined with respect to land use regulations.

Real Property Law and the Housing Market

Again, housing market and public policy should be considered a subject matter or a system because of real property laws that distinguish housing from moveable properties that individuals can possess and use exclusively. This distinction is an indispensable element of the housing market because the value of real estate and bundle of rights attached to physical location can hardly be separated (Demsetz, 2003). Although a housing unit is a tangible asset like any real estate, it can also be conceptualized as an intangible asset or bundle of rights such as rights to shelter, privacy, security, location, use, or exchange. It is an asset as well as a consumable item. Even pre-manufactured mobile homes require designated locations to be useful. Indeed, the bundle of rights makes a housing unit a valuable and marketable asset as long as individuals can internalize some of the external costs and benefits (Demsetz, 2003). This intangible concept of housing had evolved long ago. Colean (1950) had stated this more aptly that “physical control of land and of land uses sets the framework for financing operations no less than the legal strictures on the rights in real property” (p. 19). Thus, real property laws make the relationship of the housing market and public policy to be interwoven.

In fact, there could be untapped potentials for innovative housing supply in real property laws, especially for nonprofit organizations, because much of the focus of housing market and public policy in the United States remain on housing as tangible asset. Long ago, Siegel (1947) quoted Justice Cardozo that “Law is a living thing” (p. 30) in light of which Siegel also referred to law as “a tool, an instrument of the community and the policies by which it is governed” (p. 30). Real property laws have not been too much impediment to housing in the United States. Following the World War II, even when there were unprecedented housing problems in the United States, legal tools were “the least of the obstacles” (Siegel, 1947, p. 30). Since real property laws have not constituted many impediments to housing developments in Anglo-American history, the use of law as a tool and the flexibility of law as a living thing are probably the major factors in the upward trend in homeownership and expansion of the housing market. Thus, President Franklin Roosevelt notably said “a nation of homeowners is unconquerable.” By thinking of housing market and public policy as a subject matter or system; it is logical to assume that nonprofit organizations could identify innovative proprietary interests from flexible real property laws for leveraging low income households. Demsetz (2003) aptly theorized that “emergence of new property rights takes place in response to the desires of the interacting persons for adjustments to new benefit-cost possibilities” (p. 350). This is necessary because increasing number of low-income households are unable to gain access to the housing market while the middle and upper income households enjoy government subsidies on multiple homes (Carroll, O’Hare & Swagel, 2011). Substantive real property rights are essential element for leveraging low-

income households to gain access into the housing market and to improve the economic status of their households as well. Otherwise they will be living perpetually on public support because they cannot realize their potentials.

The Housing Market and Public Policy as an Interdisciplinary Issue

Public policy in the housing market is an interdisciplinary issue. Even from the foregoing, it is obvious that thinking of the housing market and public policy as a subject involve other academic disciplines such as economics, law, real estate management, public policy and administration, as well as various aspects of the housing industry itself. To marry emerging models and insights that may be based on some assumptions about their relationships (MacLennan, 2012) require thinking of public policy in the housing market as a subject. Besides, historical impacts of public policy in the housing market cannot be ignored. Being able to connect interdisciplinary insights is critical because the housing market remains a dynamic institution that requires innovative approaches to meet various housing needs through supply and demand in a free market economy. Public policy requires thinking through diverse expert opinions to provide pragmatic solutions to public concerns. Housing market is a major part of the economy in the United States. Therefore, it is necessary to be able to think of the housing market and public policy as a subject in order to grapple with some basic questions about the market structures and functioning to ensure social justice for the homeless and low-income households.

Inclusive Public Policy in the Housing Market

Ideally, every household deserves housing as capital asset, or a home as declared in the Housing Act of 1949, to meet their needs like middle or high income households.

Low-income households also deserve to own the houses they occupy to meet their basic need for safe, decent, adequate, and affordable shelter. However, owner occupied housing and rental housing are currently treated as distinct for low-income households in academic and policy discussions even though housing market institution is the same (Apgar, 2004, Abromowitz, 2013). Housing has always been recognized as capital asset to be built for individual household by communal effort as needed (Integrated Financial Engineering, Inc., 2006). This concept of housing as a basic capital resource need is critical to put public housing in the larger context of the housing market. This concept of housing as basic capital resource need along with the foregoing coherent thought of housing market and public policy as a subject matter would help policy makers and participants in the local housing market understand the issue of social justice for the low-income households. The apparent dichotomy between market rate housing and public housing gives participants in the local housing market the impression that household income has to be low enough to even qualify for empowerment or leveraging in the market. However, the public is to empower every household. Besides, value is largely a societal creation. Hence, property tax used to be regarded as the fairest and it used to be the major source of government revenue in the United States and Canada (Eckert, Gloudemans, and Almy, 1990). Today, however, sales and utility taxes have taken over. Subsidies in form of excluding from the taxable incomes of homeowners imputed rents, mortgage interests, and property taxes were calculated to have resulted “in nearly \$304 billion of foregone tax revenue in 2010 with the benefits accruing disproportionately to middle- and upper-income households” (Carroll, O’Hare, and Swagel, 2011 p. 1). It has

been mentioned earlier that Alan Greenspan pointed out in his remarks at Brookings Institution that virtually all mortgages are financed and guaranteed by the government one way or the other (Greenspan, 2011). Usually the impact of this public policy in the housing market as well as individual financial well-being is taken for granted. The policy is not considered as assistance to homeowners. Despite the significant influence of the public policy, housing market is generally considered part of the private sector of the economy as distinct from social allocation of public housing.

The interwoven relationship of the housing market and public policy is, perhaps, well illustrated by the history of Fannie Mae and Freddie Mac (Pickert, 2008; DiVenti, 2009). When Fannie Mae was created in 1938 by President Franklin D. Roosevelt and the Congress it helped to boost economic activities in the housing industry. Low and middle income households who would not have been considered credit worthy could apply for long-term loans from banks and financial institutions (Pickert, 2008; DiVenti, 2009). In addition to the home insurance of the Federal Housing Administration in the 1934 Act, the injection of government capital fund into the housing market made it possible to expand housing mortgage loans at very low long term interest rates. Specifically, the goal set in the Housing Act of 1949 was for every American to have a decent home in a suitable living environment as Edson (2011) pointed out. The legislation clearly implied that housing is a public policy issue. Along with other related legislations to combat anti-social behaviors in the housing market, the capital fund injection into the market enabled most of the households in the middle and upper income levels to become home owners and maintain their homes as individual capital assets. Fannie Mae grew very large and

continued to operate as government agent in the housing market until 1968 when President Lyndon Johnson took it out of government portfolios to become a publicly traded company. Even then it remained the dominant source of capital fund in the housing market. This historical fact reveals that up until 1968 the federal government was using its financial strength to boost private capital markets through its agency, Fannie Mae, which could borrow like no other financial institution (Ellen, Tye, & Willis, 2010). Even after 1968 Freddie Mac, more or less a replacement, had to be launched two years later to avoid monopoly in the market. Freddie Mac also grew to become publicly traded in 1989 as another dominant source of capital fund in the market. Though publicly traded, they both retained their implicit government guarantee that enabled them to continue funding the housing market like no other financial institution could have been able to do. Also, their market operations and practices continued to be largely influenced by public policy (Schwartz, 2009; DiVenti, 2009). The fact that these finance companies are created for the public and therefore must respect public policy is generally ignored when they are criticized for failure.

Therefore, it betrays the concept of social justice to make low-income households dependent on subsidized public housing and label them as consumers when in fact public policy boosted the housing market to improve living standard thereby making the market less accessible to the low-income households. Perhaps, this is the reason Edson (2011) is of the view that affordable housing has never been the primary objective of those legislations relating to it. It is Edson's view that even during the New Deal era legislatures were primarily concerned with stabilizing "the housing market for middle-

income Americans by creating a mechanism to encourage banks to lend money for home purchases” (Edson, 2011 p. 4). However, housing every American family is the declared goal of the Housing Act of 1949 as Edson also acknowledged. It could be remarked here that the problem of the low-income households is linked with race history and consequently the labor market in the United States, though that issue is outside the scope of discussion in this dissertation. It suffices to re-emphasize that housing market and public policy are intertwined and that housing is a basic capital resource need that every household would normally make some effort to have irrespective of incomes. Hence, low income households spend up to 50% of their income on housing (Quigley and Raphael, 2004). Public policy tied income to housing; expanded the housing market; and make the market inaccessible to low-income households. Despite this, Geithner (2011) in his remarks at Brookings Institution thought that the footprint of the government in the housing market should be substantially reduced by winding down Fannie and Freddie. This is probably because, inadvertently, these social justice implications of housing market and public policy evolved overtime while the interwoven relationships of housing market and public policy are often taken for granted.

Other Social Justice Issues and the Housing Market

Furthermore, housing related public issues rarely took back stage in the United States since the great depression. Landis and McClure (2010) showed that there were 10 major Federal Housing legislations from 1937 to 1990 and 16 other housing related federal legislations from 1934 to 2008 on “Table 1” (p. 321) of their research work. The U.S Department of Housing and Urban Development listed 43 Congressional and

Presidential actions establishing their major programs relating to Housing and Urban Development from 1934 to 1998 (HUD, 2000). The impacts of the various legislations and governmental actions on individual financial status are generally taken for granted. However, the Millennial Housing Commission (2002) rightly acknowledged that “Federal support for the housing sector has been tremendously successful for most households” (p.1). The equitability of the impacts of public policy on household mobility from rental housing market to homeowners housing market or vice versa is generally assumed. Demand for rental housing is seen as market trend resulting from “continued household formation” (Pendall, Freiman, Myers, & Hepp, 2012, p. 6) rather than the social and economic forces that influence household formation. Studies have not been found to show if public policy in the housing market is making upward mobility of the low income households more or less difficult. Yet, the implicit assumption in studies seems to be that it is cheaper to rent even in single family homes. Demand for rental homes is assumed to be the normal aspiration of low income households even though survey shows single-family renters is growing fast and that most of the single family renters desire to eventually move to homeownership (Cook, 2013). Going by what seems to be the general assumption; people with low incomes do not desire the right to choose between renting and owning their homes. The implication of this implicit assumption is that low income households either rent or become homeless. This is reinforced by the apparent dichotomy between market rate housing and public housing. Perhaps, Anderson (2010) rightly asserted that “homelessness is one of the greatest challenges to our construction of democracy” (p. 1). However, the goal in this research is not to show

whether low income households should own or rent homes. The goal is to explore how nonprofit organizations complement public policy in order to ensure social justice for low income households in their bid to gain access into the larger context of the housing market to make choices. There should be some ways for low income households to also gain access into the housing market if some of them are willing to tie as much as 50% of their incomes to meet their housing needs while 25% on the average is spent on housing by the population of U.S households (Quigley & Raphael, 2004). The social justice issue is that rental housing is not a choice but a necessity for low income households as pointed out earlier.

Affordability, Social Justice and Housing Market

Making affordable housing, as capital asset, accessible to every household should be the normal public policy in the housing market in order to ensure social justice. Hence, developing affordable housing programs for low income households to gain access into the housing market is becoming the normal housing supply to the market (McClure, 2006). Even then, many low income households are not gaining access to the housing market. For example, it is estimated that Louisville would need about 57, 974 units of affordable housing (34,057 for rental and 23,917 for homeownership) in the five-year plan, though “the cost of housing is lower than many other metropolitan areas” (Hurst & Rigdon, 2012, p. 3). It is pertinent to compare that number of units needed with the number of home foreclosures filed in Louisville Metro from January through September of 2012 totaling 3,512 (Vick, Norton, Smith & Heberle, 2012). These statistics corroborate the U.S Census data of 2011 that 114, 870 people in Louisville live in

poverty with “so little income that the market cannot provide any housing that is affordable to them” (Hurst & Rigdon, 2012, p. 5). This fact raises questions about affordability in the housing market. How would houses be affordable when housing prices are determined by supply and demand with many of those on the demand side unable to afford the prices? How would affordable housing units be provided outside the larger context of that housing market environment? These questions arise from some assumptions implicit in the concept of affordable housing and the housing market.

Quigley and Raphael (2004) had put forward more straightforward questions based on their reasoning from basic economic principles: “Is housing unaffordable? Why isn’t it more affordable?” (p. 191). The researchers posited that public concern about affordability is for two reasons. The first reason is that housing is the single biggest expense item of most families (25% on the average, 50% for low income households). The second reason for concern is the rapid increases in housing prices and rents in many cities in the United States. Moreover, the concept of affordable housing is confused with “the distribution of housing prices, the distribution of housing quality, the distribution of income, the ability of households to borrow, public policies affecting housing markets, conditions affecting the supply of new or refurbished housing, and the choices that people make about how much housing to consume relative to other goods” (Quigley & Raphael, 2004, pp. 191 – 192). The researchers see the issue of affordability as a normal phenomenon of housing market and public policy rather than a phenomenon of intertwined relationship of both. The researchers also imply that the issue of affordability

should not be seen as something out of the ordinary. It is the way the housing market functions as modified by public policy.

The implicit assumption in the public policy of affordable housing program is that the construction or renovation costs, land or location costs, and even financing can be curtailed to make housing affordable for low income households while largely ignoring the equitable value of housing as capital asset. Thus, recommendations to ensure housing affordability have included tax increment financing, infill incentives, land banks, shared equity housing, community land trusts, housing trust funds, and strategies to control overall development costs (Vick, Poe, Sharia, Norton, & Brooks, 2010). This is not to imply that this assumption was built into the concept of affordable housing programs from inception. To be sure, affordable housing as if implying low income housing is not a new concept. According to Edson (2011), a President's Housing Commission was appointed by President Theodore Roosevelt as far back as 1908 "to look into the need for decent housing for low-income Americans" (p. 4). Federal aid was recommended though it is not known if it was implemented. The social justice issue of excluding low income households from the housing market had been recognized for long. Therefore, the implicit assumption in the public policy that housing can be made affordable for low income households may have evolved as an extension of the apparent dichotomy between public or subsidized housing and market rate housing. Thus, public policies attempt to reduce either the cost of producing, purchasing or renting through variety of subsidies sometimes stimulating supply and at times stimulating demand. Nonprofit organizations and for-profit businesses also seek innovative approaches to include low income

households in the housing market by developing various programs to qualify for those subsidies. The nonprofit sector has been partnering with the Government as housing providers for low income households since the 1960s starting in 1959 with explicit invitation to participate in the low-interest loan program for elderly housing under Section 202 (O'Regan & Quigley, 2000). Since then, various public policy programs have been developed by the federal government such as the Low-Income Housing Tax Credit (LIHTC); Home Investment Partnerships (HOME); HOPE I, II, III, and YOUTHBUILD; Hope for Elderly Independence (HOPE IV); HOPE VI; Section 8 Housing Programs; Housing Trust Fund (HTF); Self-Help Homeownership Opportunity Program (SHOP); and Homeownership Zone (HOZ) initiative. These programs are usually implemented in cooperation with the State and Local Governments. Also, they usually require participation of community-based nonprofit organizations.

However, public policy to make housing affordable for low income households have always been known to have unintended adverse consequences for practical limitations of free market economy and democratic governance. Teitz and Chapple (1998) hypothesized that Federal public housing programs was “actually increasing the incidence of urban poverty” (p. 56). Although various strategies such as the HOPE VI programs, scattered sites of public housing, and section 8 housing voucher have been adopted for spatial distribution of poor households; the systemic issue of inability of low income households to gain access into the housing market remains. HOPE VI housing programs exclude those that are hard to house (Theodos, Popkin, Guernsey & Getsinger, 2010). It is well known that those usually “forced out of Hope VI housing are of lower

income than those who remain” (National Coalition for the Homeless, 2007, p. 3). Pardee and Gotham (2005) used a systemic approach to analyze “the HOPE VI and Section 8 housing programs in New Orleans, LA, to address whether they can be effective anti-poverty strategies” (p. 1) and found that “market-centered programs, together with sizeable cuts in federal assistance, are shifting many low-income housing residents to the private market, resulting in economic distress for these families” (p. 1). This is a clear indication of ambivalent dichotomous conceptualization of the housing market. Another indication is the city of Springfield in dilemma whether to attract community developments that stimulate strong housing market or to preserve affordable housing (Browne et al., 2011). The dilemma is that preserving affordable housing implies weaker housing market. The implication is that affordable housing is not just about reducing costs but how to integrate low income households into the housing market so that they also have choices of meeting their minimum housing needs that are possible within the property law and land use requirements to avoid exploitation and/or homelessness.

Low Income Households in the Larger Context of the Housing Market

From all of the foregoing, one can reasonably infer that though leveraging every household to gain access into the housing market in order to ensure social justice has not been precisely recognized as public policy, every charitable housing assistance programs and services can rightly be viewed as attempting to address this social justice issue. Hence, one can reasonably assume that the goal of public policy in affordable housing is to also enable low income households gain access into the housing market if complemented by the nonprofits as it will be discussed latter. Once accepted into public

housing residents can stay as long as they are complying with the terms of their leases (National Coalition for the Homeless, 2007), though it is not public policy to leave them perpetually dependent on public support. At the same time, it is not public policy to leave them for exploitation or homelessness. Since subsidies are granted on sliding scale, it is reasonable to assume that beneficiaries qualifying for less rental subsidies would rather own than rent because their contributions to rent subsidy could be towards ownership. In fact, societal value of homeownership as a social justice issue is obvious from various forms of nonprofit interventions for many homeowners adversely impacted by the housing market crisis.

Indeed, there is probably no shortage of federal, state, and local government as well as nonprofit housing assistance programs to leverage low income households and even homeless people. Many of them have been mentioned earlier. Ironically, however, this multiplicity in itself portends problem for a typical low income household/individual for several reasons. It does not only require knowing about the uncountable assistance programs, it requires knowing the charitable purposes of each program, the target population, how each program is set up, and how an individual in need qualifies or could gain access. Even with the internet, it is not a simple task to come up with all the information needed as soon as needed. Thus, low income households/individuals need leveraging to gain access into the housing market that goes beyond low interest loans, grants, subsidy, and/or even financial counseling for real estate. They also need education about the value of real estate ownership and continued professional property management and maintenance support to navigate the larger context of the housing market and avoid

foreclosure following access. They need to be able to gain access because “homeless families tend to have little access to programs that would provide services to improve their circumstances” (National Center on Family Homelessness, 2012, p. 1). This complementary role of nonprofit organizations will be discussed further.

A critical examination of some of the existing housing assistance programs gives further insights into the complexities of assisting low income households in the larger context of the housing market. The federal Home Investment Partnership Program (HOME), mentioned earlier, could be described as public policy attempting to strike the delicate balance between leveraging low income households or individuals to gain access into the housing market and subsidizing developers or providers of affordable housing. The program requires that specified percentages of the tenants in funded rental housing should be low income households. To be grouped as low income “families must have incomes that are no more than 60% of the HUD-adjusted median family income for the area” (National Coalition for the Homeless, 2007, p. 4). The housing development plan has to be consolidated with development plan of the local government jurisdiction. Low income households or individuals cannot benefit directly from such program unless local nonprofit organizations are able to tap into this source of funding in cooperation with state and local governments. The insight to gain from the example of this housing assistance program is that low income households may not be engaged in programs designed to assist them without the involvements of community-based nonprofit organizations. This critical element of engaging the low income beneficiaries is discussed a little latter.

Another public housing program, Section 8 of the Housing Act of 1937, is basically a rental housing program even with all the subsequent amendments and its evolution into the housing voucher program. It is probably the most direct attempt at temporarily leveraging low income households/individuals to gain access into the rental housing market but not into homeowners housing market. Thompson (2006) identified five dates with core mission shifts in the U.S. Department of Housing and Urban Development (HUD) from 1934 to 1987. Assisting low income renters was identified as the major shift in 1937. One can reasonably infer from historical accounts that rental housing was not intended to provide a stepping stone to homeownership. Quigley (2007) pointed out that “by some accounts, public housing was thought to be transitional housing to be occupied by households for short periods of time until they could enter the economic mainstream” (p. 2) because the 1937 shift was due to housing shortage following the great depression. However, though rental housing sub-market and homeowners housing sub-market have continued to evolve as two parallel sub-markets, the tendency has been to assume that the former is a stepping stone to the latter in public policy and in the housing market. The implicit assumption of public policy in the housing market is that one only needs safe, decent, and affordable housing in terms of rental or monthly payments to become functional and self-sufficient. Renting a home to meet housing need is assumed to be the same as becoming a homeowner to meet housing need.

Thus, it is understandable if the focus of the nonprofit organizations engaged in variations of Section 8 housing program have been to meet the needs of low income households or individuals for safe and decent living environment at affordable rent but

not their needs to acquire housing as capital resource assets for self-sufficient functional living as those in the middle or upper income levels of the society. The proprietary interests available in the housing market for low income households and/or individuals are between renting and homelessness. Yet, despite the wide range of solutions often proffered for the social menace of homelessness, “there is a general consensus that permanent, affordable housing is the most critical component” (Schwartz, Viola, Tousignant, Cosentino & Quiñonez-Skinner, 2007, p. vi) for any plan to be successful. Providing safe and affordable rental housing seems to be a reasonable approach to complement public policy to ensure social justice for low income households. However, if conceived within the larger context of the housing market that solution does not take into account that affordable rental housing could also be “home of choice” (Alexander, Baker, 2011, p. 1) for a cross section of Americans who are not necessarily low income households. Thus, developers have to be legally constrained to make housing units affordable. Mulroy and Elwart (1996) pointed out that when this public policy approach was used in the 1960s “developers were allowed to opt out of these rent restrictions after 20years” (p. 245) leading to displacement of many poor tenants in the 1980s. Consequently, as Davenport (2003) also pointed out, “the supply of affordable units continues to decline as landlords find it more profitable to convert formerly government-subsidized units into market-rate apartments and luxurious condominiums” (p. 2). The insight from the foregoing is the implicit assumption that rental housing is a stepping stone to homeownership in public policy and in the housing market. Therefore, nonprofit housing assistance that would leverage a low income household requires much more

innovative approaches than just rental subsidies to enable them gain access into the housing market as well as complement public policy in order to ensure social justice. It requires engaged nonprofit organizations conceptualizing the housing need of the homeless and low income households within the larger context of the housing market. Otherwise, leveraging households to meet housing need in the market could become another entitlement program.

There is a subtle difference between merely subsidizing low income households and leveraging them to gain access into the housing market. While rental housing could provide a means to progressively address the housing needs of low income households within the larger context of the housing market, it is usually not for that purpose. Given the nature of U.S. free market economy and the labor market, the dynamics of housing market is heavily dependent on a mix of rental housing and homeownership. This is because supply and demand are essential features for any functional market (Paciorek, 2012), and housing price is a “function of housing rental” (Tse & Webb, 1999, p. 2361). Coupled with population mobility and demographic dynamics, a mix of rental housing and homeownership is inevitable. Theoretically, housing may be provided in various bundles of rights that are accessible to low income households through the rental housing market. This can be inferred from property law theory that “a willing buyer and a willing seller can create an infinite variety of enforceable contracts for the exchange of recognized property rights, and can describe these property rights along a multitude of physical dimensions and prices” (Merrill & Smith, 2000, p.5). This would require innovative property management strategies because, pragmatically, “property forms are

fixed and limited in number” (Merrill & Smith, 2000, p. 5). Again, this reinforces the need to engage beneficiaries as it will be further discussed.

A mix of rental housing and homeownership will always be needed in the housing market. Besides providing means of housing choice for low income households, it is said that rental housing market benefits low income households socially (Carlson, Haveman, Kaplan & Wolfe, 2010) and help to significantly reduce homelessness (Wood, Turnham & Mills, 2008). Therefore, it is reasonable to infer that these benefits reinforce section 8 housing program as a step in the right direction to enable low income households gain access into the larger context of the housing market. However, though this type of housing assistance program “has never been an entitlement” (Mierzwa, Nelson & Newburger, 2011, p. 69); inadvertently, it is being treated as such rather than a subsidy program to leverage low income households or individuals. The implication is that beneficiaries are not effectively engaged in the choices they have to make in order to meet their housing needs. A beneficiary has to qualify and wait for admission into Housing Choice Voucher (HCV) subsidy on the one hand and market herself/himself to the landlord willing to accept the voucher subsidy on the other hand. The beneficiary is in dilemma whether to employ the social leverage needed in gaining direct access into the housing market or work within the restrictions of the “entitlement” program.

Thus, the indispensable role of a nonprofit intermediary is that of an arbitrator or an honest broker with fiduciary relationships with the beneficiary and the landlord rather than a benefactor-contractor administering subsidy programs. This role is needed to inform the beneficiary about the use of subsidy program as leverage rather than

entitlement. On the other hand, the role is needed to inform the landlord about the costs and benefits as a benefactor in the subsidy program. The landlord is the actual benefactor but may be more interested in profit rather than the social benefit of empowering the low income individual or household. The goal of the nonprofit intermediary as an arbitrator is to enhance the social leverage by informing the market transactions for mutual benefits. This critical element of transactions in real estate among the participants is needed to ensure social justice for low income households in the larger context of the housing market. Thus, in a way, this research attempted to gain some insights into the extent this type of critical function has been built into the housing assistance programs and services of Louisville nonprofit organizations.

Nonprofit Organizations and Housing Need

Putting the indispensable role of the nonprofit sector in perspective, the current ambivalent dichotomous housing market could be seen as housing assistance trickling down the free market economy in form of public policy programs with monetary values to low income households/individuals. However, the assistance is inevitably intercepted by interested parties ranging from state and local government agencies to various individuals as it trickles down. Those individuals may be other households who also need housing; investors or developers who see avenues to make some profits; and agencies or nonprofit organizations trying to channel the assistance. Even if the housing assistance is provided in form of direct subsidy to income it cannot be utilized in the housing market for the most benefits that are needed by individuals or households because it still has to be channeled so that it will not become a mere transfer of money that discourages

productivity (Scully, 2008). This will be explained further. To encourage economic activities of improvements on land, housing market should be able to respond to the forces of supply and demand to determine prices with profit incentives. Thus, the housing market institution requires nonprofit organizations as common interest community (Korngold, 2015), particularly for the homeless and low income households in the larger context of the local housing market as distinct from neighborhood associations. Such organizations should be able to harness the housing assistance trickling down from various federal, state, and local government programs as well as philanthropic sources. On the other hand, such organizations should be able to determine the actual housing needs of the low income households as if those organizations are accountable to them. This role is indispensable to ensure social justice for the low income households or individuals. Since a market system exists to encourage free economic activities, prices would have to be determined with some profit incentives. Hence, profit maximization is usually assumed in economic theory (Anderson & Ross, 2005). It does not matter that housing is an essential capital resource need; distribution through free market would always require some profit incentives or benefits. Transactions using money as the medium of exchange usually require profit incentives to function effectively.

Low-income households or individuals should to be empowered by programs and services that the nonprofit organizations design for their benefits without encouraging perpetual dependence on public subsidies. This civic engagement through nonprofit organizations is indispensable for ensuring social justice for low-income household or individual homeowner in the housing market. In addition to other forms of assistance, a

major role of nonprofit organizations is to provide information and ensure transparent transactions among the parties. This is at the heart of any free market system. Low income households/individuals are empowered when the grants, subsidy, or loans received are not just received as entitlements but as complementary to their efforts. Tatian, Kingsley, Parilla, and Pendall (2012) have aptly observed that interventions involving social mechanisms, particularly at neighborhood level, have to be “demand driven rather than being mandated via some theory at the top” (p. 19). Local nonprofit organizations that serve the low-income households directly in the local housing market should be able to recognize the fiduciary relationship of their roles rather than seeing themselves as benefactors because it could involve some form of land trusts.

Thus, the complementary role of the nonprofit sector in public policy in the housing market is indispensable to equitably enhance the economic status of low income households as those in the middle and upper income levels. It is indispensable because housing market and public policy are intertwined as explained earlier. Individual households can only benefit directly from public policy of leveraging access tied-up with the housing market system. In order to remain economically valuable, the monetary value of public policy benefits cannot be transferred to the low income households directly as it is pointed out earlier. It is stated more aptly in economic terms that “if tax revenue is merely redistributed from some people to others, rather than spent on raising productive potential, the net consequence will be lower national income” (Scully, 2008, p. 1). Therefore, to complement public policy, the role of nonprofits in the housing market must be mutually beneficial on the supply side and on the demand side. Since the role of

the third sector of the economy is not to eliminate profits that enable trades and competition to thrive in free market economy, as discussed earlier, the goal of nonprofit enterprise is to channel profits for equitable distribution of public policy benefits. To make public policy mutually beneficial, engaged nonprofits have the indispensable dual role as a for-profit business venture and a social entrepreneur that seeks to raise the productive potential of every member of the community through adequate housing. Housing is conceived in terms of need to enhance productive potentials in the larger context of the housing market rather than just the physical need to occupy a safe, decent and adequate built-up space. This conceptual approach to meeting housing need is critical because “the sphere of personal moral authority is secured for us by the system of private property rights that are derived from the principle of the right to life” (Machan, 1988, p. 91). Although property rights are often thought of in terms of protecting individuals; “protection of property rights also supports our authority to do productive, useful, virtuous acts” (Machan, 1988, p. 105). Housing, as a private property, does not only meet physical and economic needs; it meets social and psychological needs (Dunn, Hayes, Hulchanski, Hwang & Potvin, 2006). Therefore, the indispensable role of nonprofits in the housing market goes beyond making housing affordable; the way people think about housing needs have to be put in correct perspective in order to ensure social justice.

Implications of the Literature Review

The implication of all of the foregoing is that housing supply to the local market should be conceptualized in terms of financial leveraging for capital assets. Therefore, access into the housing market has to be categorized as ladders of leveraging in order to

fully ensure social justice for the homeless and low income households. The highest category that gives equal access to the housing market would require personalized programs and services provided by nonprofit organization. Personalized program is a critical element because of the subtle difference between providing professional services and charitable services. Unlike the middle and upper income households, the homeless and low income households cannot afford the services of professionals such as real estate agents, mortgage loan brokers, real estate broker, financial planners, and even professional property managers who are directly engaged in the housing market institution. However, since their housing needs have to be met in the same housing market environment they also need those services not only to determine their housing needs but to also negotiate the housing market institutional environment and help manage their investments. Besides, the homeless and low income households have to determine which government housing assistance program would provide the leverage needed and how. It is critical for nonprofit organizations to understand and recognize this critical role since public policy in the United States is not to eliminate the housing market but to regulate it so that housing is accessible to every household. Since, unlike many other Western economies, public policy in the United States is to encourage micro-economic activities in the housing market direct subsidies are “primarily directed to for-profit housing” (Koebel, 1995, p. 1). Even houses provided directly by the government are allocated using income eligibility criteria as in the housing market through various nonprofit organizations. Unlike other consumer items that are needed in the households, housing is also a basic capital resource item. Renting a house to meet housing need is not

the same as owning a house to meet housing need. Housing assistance programs/services must be able to help participants determine the type of housing they need, evaluate their financial status, find housing assistance programs, and/or develop unique plan for affordable housing in order to ensure social justice. The ultimate goal is not just to occupy safe and decent housing but to meet this need at affordable price in the context of the housing market.

Therefore, perhaps next to the above category is direct leveraging to meet long term housing needs as homeowners. This should be distinguished from rental subsidies that create landlord tenant-relationships. Rental lease should be distinguished from leasing with option to purchase. In the latter, the lease purchaser enters “into a lease with the sponsor for the purposes of occupying a property for up to 24 months during which the Lease Purchaser would become mortgage eligible and prepare to purchase” (Neighborhood Housing Services of Greater Cleveland, 2010). There are varieties of this type of lease arrangement. The time agreed upon to exercise purchase option could even be more than 24 months. Unlike rental lease, leasing with option to purchase does not only leverage the tenant to save towards the down payment for purchase, the tenant is empowered to negotiate and explore variety of alternatives in the housing market. This approach gives room for various innovative approaches among interested parties to negotiate and leverage low income households.

Next to this category could be programs/services that focus mainly on helping participants to source various forms of assistance to develop plans that could leverage them to meet their housing needs. This should be distinguished from nonprofit

organization developing innovative assistance programs such as leasing with option to purchase to complement public policy as in the previous paragraph. In this category, programs/services mainly help to develop plans that could leverage participants to meet housing needs. The focus in this case is mainly to provide professional services at affordable fees. Following this category could be housing programs and housing assistance services that simply provide affordable housing for purchase while individuals are determined to be eligible when applications are received. Similarly, the following category could be programs or services that simply provide affordable housing for rental lease while eligible individuals seek to be allocated. The next category will be public assistance programs or services that are developed to help beneficiaries with employment to improve finances for housing especially if beneficiaries have unrealized potentials to improve financially and individual source of income is an inhibiting factor. Following this, one could classify into a lower category in terms of access to the housing market programs or services that provide transitional shelter and some immediate basic needs or public assistance programs or services that provide emergency shelter and some immediate basic needs including food. Below this category will be public assistance programs or services that provide rehabilitation shelter, some immediate basic needs, and link or restoration to rental or homeowner housing. In this category, helping beneficiaries to gain access to the housing market may be or may not be the major goal because of other social welfare services that are needed by beneficiaries. Perhaps the lowest category will be public assistance programs or services that simply create awareness about homelessness and low income housing needs as well as provide information to providers.

This is considered the lowest category where the focus is almost exclusively on the supply side in terms of advocacy. A clear understanding of the housing market in the United States shows the inadequate housing for low-income households is not just a supply side issue. Advocacy has to be coupled with educating, mentoring, and leveraging prospective beneficiaries on the demand side in order to ensure social justice. Since these implied categories are based entirely on logical reasoning from literature review they have to be investigated for analysis with empirical data. Hence, the objectives of various existing housing assistance programs and services of typical nonprofit organizations in Louisville metropolitan area of Kentucky were explored in light of those categories. The qualitative research approach used was explained in detail in chapter three of this dissertation. It should be pointed quickly that this is not an attempt to analyze social justice as a factor in the housing market. The goal was simply to explore the extent the social justice issue of empowering the homeless and low-income households to also gain access into the housing market was taken into account as the nonprofit organizations develop or adapt various housing assistance programs or services. Ideally, it should be as easy as determining the number of low income households moving into the housing market from subsidized public housing programs. However, the obvious dichotomy in the housing market precludes this approach. It is not known if the beneficiaries of subsidized public housing programs are being leveraged or how they are being leveraged to gain access into the housing market in order to ensure social justice as it has been shown in this literature review. This research is an attempt to explore how.

Government Initiative Versus Civic Initiative

It is necessary to point out a subtle difference between nonprofit by government initiative and nonprofit by civic initiative that may be overlooked in the bid to ensure social justice. In the statement for public discussion by the Nonprofit Profit Sector Strategy Group (NPSSG) of Aspen Institute (2001), it was pointed out that relationship between nonprofit sector and government could be cooperative, complementary, or adversarial, all of which should be seen as “important to the effective functioning of a vital democracy and the successful promotion of the public good” (p. 4). There is the tendency to compromise the nature of these various relationships and consequently their innovative and indispensable functions where nonprofit organization is initiated or formed by the government as it now seems to become the feature in the housing industry.

Instead of complementing public policy in the housing market to ease the burden of government, the organization could become a public service contracting agent circumscribed by various rules and regulations preventing innovativeness. In fact, Gidron, Kramer, and Salamon (1992) are of the view that such nonprofit organizations should be considered “outer fringes” (p. 25) of the nonprofit sector because they tend to depend so heavily on government contracts that they become more like the government department funding them. Louisville Metro Housing Authority (LMHA) is perhaps an example. LMHA emerged as nonprofit agency by State legislation because the constitutionality of the federal government owning, developing, and in turn providing housing to private individuals which is generally considered to be private market functions, “was successfully challenged in a 1996 lawsuit, *United States vs. Certain*

Lands” (Louisville Metro Housing Authority, 2013, para. 3). This is not largely a civic-driven demand for social justice in the housing market. However, one could infer from previous discussion that the indispensable role of nonprofit organization in the housing market has to be demand-driven in order to ensure social justice. An emerging proposition that may be worth researching is whether nonprofit by civic initiative is likely to be demand-driven while nonprofit by government initiative is likely to be supply-driven. This subtle difference is pointed out here so that the indispensable complementary role of the nonprofit sector to ensure social justice in the housing market envisaged in this research could be clearly understood.

Furthermore, it has been pointed out in the first chapter that the nonprofit sector should ideally depend more on “our collective best inclinations: generosity, inclusivity, and determined optimism” (Letts, Ryan & Grossman, 1999, p. 1) whereas Governments tend to depend on “their sovereign power to collect coercive payments – taxes” (Mikesell, 2011, p. 335). Nonprofit organizations that emerge from civic initiatives would tend to find innovative ways of appealing to the collective best inclinations if the boundaries between such organizations and for-profit housing providers are defined clearly enough to avoid conflicting interests. This subtle feature is also critical to understanding the indispensable role of the nonprofit sector in ensuring social justice in the housing market as envisaged in this research. Therefore, this research is based on the hypothesis that various housing assistance programs and services complementary to public policy could be developed or adapted to ensure social justice for the homeless and low income households in Louisville metro housing market. It defeats the purpose of this

research to simply assume that nonprofit organizations do not consider the social justice implications of their housing assistance programs and services. The research instrument developed for this purpose was also critically examined in chapter three of this dissertation.

Summary

Housing is a basic resource need for safe, decent, adequate, and affordable living place as much as it is a capital resource asset that enhances productive potentials for self-sufficient living conditions. Hence, public policy and housing market institution in the United States have always been intertwined and should always be considered as a systemic subject for coherent and consistent rational analysis of related issues. This literature review showed that, historically, it could be inferred that public policy has been to leverage every household to gain access into the housing market. However, housing assistance programs for the poor and low income households are usually designed to subsidize market rate as if rental housing was stepping stone to homeownership or public housing is for warehousing the poor. Such assistance programs inadvertently underestimate the impact of rental housing as home of choice for a cross-section of Americans in the sub-housing market where millions of low income households are compelled to also look for housing. Thus, nonprofit organizations are indispensable to ensure social justice for the low income households in the housing market. This research therefore attempted to gain insight into how the housing assistance programs and services of the nonprofit organizations in Louisville metropolitan area complement public policy of leveraging households to gain access into the housing market. Those insights are used

to evaluate the extent those programs and services are developed to ensure social justice for the homeless and low-income households in the housing market as well. In the following chapter, the qualitative research method and instrument are both discussed.

Chapter 3: Research Method

Introduction

The purpose of this study was to gain some insights about how various housing assistance programs and the services were being provided by the nonprofits in the local housing market of metropolitan Louisville Kentucky. The insights gained were used to evaluate how those programs and services complement public policy of leveraging households to gain access into the local housing market to ensure social justice for those households whose incomes are below prevailing standard living conditions. From the previous chapter, it would be clear that the involvement of nonprofit organizations in various dimensions of the housing industry is indispensable to ensure that safe, decent, adequate, and affordable housing remains accessible to low-income households in the housing market. Therefore, it is important to understand how the programs and services of these organizations complement public policy to ensure social justice in the housing market. The focus is on the systemic issue of how the housing assistance programs and services of the nonprofits complement public policy of leveraging access into the housing market to ensure social justice for the homeless and low income households.

This called for qualitatively evaluating the existing programs and services of local nonprofit organizations engaged in the housing market based on the hypothesis that those programs and services are developed or adapted to ensure social justice for the homeless and low income households. Beyond the number of housing units and households that are being served, investigation involved identifying examples or operational (observable) propositions about (a) complementing public policy of leveraging households to gain

access into the housing market; and (b) ensuring social justice for the homeless and low income households in the larger context of the housing market. Gaining insights involved exploring how those housing assistance programs and services are developed or adapted so that low income households are able to gain access to the housing market through them. Ideally, the number of households moving from low-income and homelessness into the housing market should be an indication if there were no obvious dichotomy between market rate housing and public housing. However, it is not known if the homeless and low income households are perpetually depending on public subsidies or if they are being recycled between public housing (nonprofit assisted housing programs or services) and homelessness; and/or if those inadequately housed are being exploited as tenants by their landlords.

Research Approach and Design

The philosophical assumption underpinning this research is pragmatic and constructivist. It was pointed out in the Chapter 1 that the research is not an ideological position about social justice and free market. It is about what works in the real world in an attempt to reconcile the national culture of individualism, personal achievement, and competition. Social justice is conceptualized as a recognizable real-world phenomenon. It can be seen in the form of homeless and low-income households also being able to gain access to the housing market to acquire housing as capital resource for living and to enhance productive potential. The social justice phenomena exist not only “in the mind but are externally derived from the regularities and determinisms that surround us” (Huberman & Miles, 2002, p.1). Therefore, this research was based on the possibility of

qualitatively and quantitatively investigating how the programs or services of the nonprofit complement public policy in the metropolitan Louisville housing market to ensure social justice for the homeless and low income households. It involved investigating how housing assistance programs and services are conceptualized, developed, or adapted by nonprofit organizations to complement public policy in the housing market. It is assumed that if programs and services were developed to complement public policy of leveraging households in the housing market, the homeless and low income households would be able to gain access to the housing market in order to ensure social justice.

It is understood that it would depend on the mission of the nonprofit organizations, as well as how the issue of social justice in the context of public policy in the housing market is understood. The issue of social justice in meeting the housing needs of the homeless and low income households within the context of the housing market might be understood differently. If the issue of social justice in public policy is understood as systemic the focus would be on modifying the system to ensure it works for the homeless and low income households in a way that will enable them realize their productive potentials as well. On the other hand, if the issue is understood in terms of personal limitations of individual homeless or low income household the focus will be on charitable assistance to help meet their obvious physical need for living space, but not their need for housing to enhance their productive potentials. Nonprofit organizations could conceptualize and develop various forms of housing assistance programs and services within this spectrum of understanding of the issue of social justice for the

homeless and low income households in the context of public policy in the housing market. Hence, the extent to which various forms of housing assistance programs and services are conceptualized and developed within this spectrum of understanding were qualitatively explored with various propositional insights. Although a mixed methods approach that “attend closely to theoretical/paradigmatic issues” (Hanson, Plano Clark, Petska, Creswell & Creswell, 2005, p. 232) would have been appropriate to ascertain the perceived trend; that would have required developing a survey instrument for quantitative analysis in addition to the qualitative study. In view of the limited time and resources as well as lack of related research works with similar approach, a qualitative exploratory case study research design with substantial involvements of the researcher as part of the research instrument was used.

To design the research, various qualitative and quantitative approaches were considered including: phenomenological approach, narrative approach, grounded theory approach, ethnographic approach; systems study approach, quantitative survey approach, or quantitative experimental approach. Although “phenomenological researchers generally agree that our central concern is to return to embodied, experiential meanings aiming for a fresh, complex, rich description of a phenomenon as it is concretely lived” (Finlay, 2009, p. 6), the goal in this research is not to gain insight into social justice as a phenomenon. The systemic social justice phenomenon that is being investigated is not a “series of events/actions” (Creswell, 2007, p. 54) for narrative analysis. Grounded theory research approach “with its technique of constant comparison” (Eaves, 2001, p. 655) or describing and explaining “the system or behavior under study” (Cutcliffe, 2000, p.

1477) could not be used because the active systemic participants in the housing market are influenced more by spectrum of understanding about the systemic issue rather than response to the forces of supply and demand in the market. Similarly, an ethnographic research design was considered inapplicable because the goal is not to describe and interpret “the shared and learned patterns of values” (Creswell, 2007, p. 54) about social justice among the nonprofit organizations in metropolitan area of Louisville Kentucky. Systems investigation of public policy in the housing market would be required for “systematic evaluation” (Jokela, Karlsudd & Östlund, 2008, p. 198) showing how the nonprofit organizations complement public policy in metropolitan Louisville housing market in order to ensure social justice. However, such approach would have been building on the false premise that the public, including the policy makers, already recognized the systemic nature of their policy in the housing market. The domino effect studies (Logan, 2011; Durchholz, 2010) are similar to systems study of housing market but this study is focusing on a systemic issue of social justice. Appropriate quantitative survey instrument is not available and cannot be developed within the limited period and resources for this study. It is not known if there are housing assistance programs or services that have been developed exclusively for ensuring social justice for the homeless and low income households in the housing market for quantitative experimental research design.

As pointed out earlier, a mixed methods research design could have been very appropriate; but it could not be used because survey instrument for quantitative analysis would have to be developed in addition to this study. However, it has to be emphasized

that there are many aspects of this systemic issue of ensuring social justice for the homeless and low income households in the housing market that are best explained quantitatively, while some can be explained qualitatively. Hence, combining elements of quantitative and qualitative research approaches that enables the researcher to corroborate the breadth and depth of understanding of the systemic issue (Johnson, Onwuegbuzie & Turner, 2007) would probably have offered a more robust insight for social change. Since this mixed methods research design could not be used I attempted to first limit the investigation to a qualitative question. Hence, the focus was on how the existing housing assistance programs/services of the nonprofit organizations are conceptualized to complement the public policy of leveraging households to gain access into the housing market of Louisville metropolitan area of Kentucky in order to ensure social justice for the homeless and low income households. This systemic focus on the issue of social justice in the larger context of the housing market led to exploring a broad spectrum of perspectives as reflected in various forms of housing assistance programs and services. It is an indirect way of exploring the extent to which efforts to ensure social justice for the homeless and low income households might have been built into the objectives of some of the existing housing assistance programs and services though this might not have been the focus.

Qualitative case studies research design is considered most appropriate because of the rather large gap in literature about ensuring social justice for the homeless and low income households within the larger context of the housing market. The apparent dichotomy between public housing and the housing market seems to have become the

norm. However, since housing market institution can rightly be viewed as evolving natural institution in a democratic society it would be appropriate to clearly identify and describe from a holistic perspective the observations, concerns, and sensitivity of major systemic participants such the nonprofit organizations (Miles & Huberman, 1994).

Generally, Yin (2009) is of the view that a case study design may be considered appropriate when the study intends to answer how and why questions; the behaviors of research participants cannot be manipulated; the phenomenon under study is best investigated in the particular context; or even where the contextual boundaries of the phenomenon are not all that clear. Hence, it is thought that “instrumental” (Baxter & Jack, 2008, p. 549) case study of how various housing assistance programs and services of the nonprofit organizations in metropolitan Louisville compliment public policy of leveraging households to gain access into the housing market in order to ensure social justice for the homeless and low income households should be the focus of the investigation.

Thus, the qualitative case studies research design was be based on the assumption that every related nonprofit organization seeks to complement public policy of leveraging every household to gain access into the housing market in order to ensure social justice for the homeless and low income households within the context of Louisville metro housing market. It is understood that such assumption does not account for diverse mission goals of nonprofit organizations as well as the spectrum of understanding about the need to ensure social justice for the homeless and low income households in developing various forms of housing assistance programs and services in the larger

context of the housing market. Although descriptive study of how housing assistance programs and services for the homeless and low income households developed by nonprofit organizations gave some insights, it was still necessary to evaluate the extent to which the need to ensure social justice in order to complement public policy in the larger context of the housing market might have been built into developing such programs and services. Hence, various objectives of the housing assistance programs and services of the nonprofit organizations in Louisville metropolitan area were also qualitatively explored. Thus, in view of the complexities of the systemic social justice phenomena the exploration was both descriptive and explanatory (Yin (2009)). In addition to descriptive studies of housing assistance programs and services, the study involved interviewing the executive directors or program managers of nonprofit organizations about various objectives of their housing assistance programs and services rather than survey questionnaire about specific objectives.

To buttress this research method, qualitative case study research design has become well developed method of investigating social science phenomena. Generally, Creswell (2007) describe case study approach as “developing an in-depth description and analysis of a case or multiple cases” (p. 78) for the purposes of gaining deeper understanding or insights. The insights to be gained could be about the cases directly or a phenomenon issue that cut across cases. In this study, it is about the phenomenon issue of how the nonprofit organizations developed or adapted their housing assistance programs and services to complement public policy of leveraging households in the housing market in order to ensure social justice for the homeless and low income households. Yin (2009)

pointed out that case study should not be confused with specific method of data collection; it is not a scientific form of inquiry that “depend solely on ethnographies or participant-observer data” (p. 15). Baxter and Jack (2008) pointed out that case study “afford researchers opportunities to explore or describe a phenomenon in context using a variety of data sources” (p. 544). The goal in developing in-depth descriptions and analysis in this study is to gain some insights into how various objectives of the housing assistance programs and services are understood to fit into the larger context of the housing market in view of the broad spectrum of understanding by systemic participants. This approach made it possible to explore the systemic issue of social justice within its context and with “variety of lenses which allows for multiple facets of the phenomenon to be revealed and understood” (Baxter & Jack, 2008, p. 544). This case study approach also had the unique advantage of being able to include past and present data relating to the phenomenon. Research participants could not be manipulated by the researcher in the process of data collection and analysis, making the design particularly amenable.

Regarding this research design, it is based on the notion that the purpose is to show the logical sequence of specific things to be done in the research process so that it can be replicated to validate or corroborate research findings when necessary. There are various illustrations and descriptions of qualitative case study research design. Figure 1 below is based on the illustration of Yin (2009) where the research design is described as “a linear but interactive process” (p. 1). It required going back and forth between some specific activities in the process of this research. For example, it became necessary to modify preconceived design for data collection and analysis. Hence, interview questions

were not totally structured as in quantitative survey questionnaire. Similarly, analysis of empirical data could not be based on some preconceived statistical approach.

Despite those limitations the procedures for valid data collection were carefully observed in terms of interview questions and required documents for extracting examples or operational (observable) propositions as empirical data so that there was no going back once the design moved to actual data collections. It was envisaged that there could be need for back and forth between preparation stage and actual data collection or a pilot survey. In view the limited time and resources, pilot survey was built into the sample size and the interview questions since qualitative data analysis start with data collection. Furthermore, the design has already taken into account that the goal in collection and analysis of data is to maintain “chain of evidence” (Yin, 2009, p. 3) from examples or operational propositions in view of the inductive reasoning approach of the research design so that scholars can challenge or build on the findings from this study.

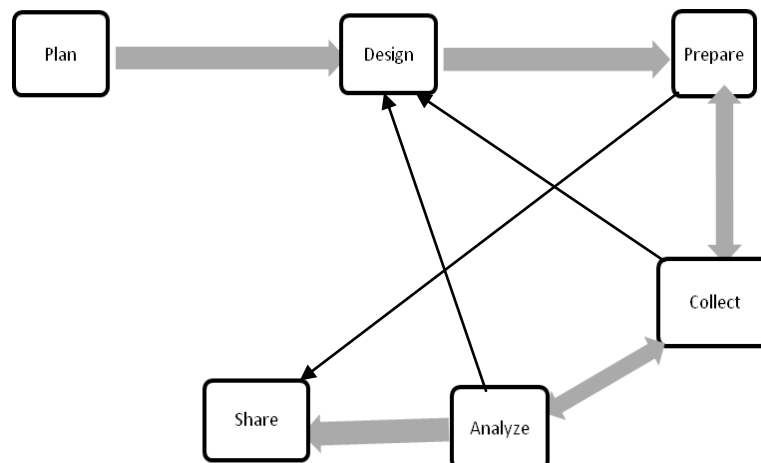


Figure 1. Design for a qualitative case study

The foregoing extensive descriptions of the design differentiate qualitative case study research design as a scientific method of investigating this systemic issue of social justice from a journalistic critique. This point has to be made in view of the close affinity of the issue with political ideologies and the “constructivist paradigm” (Baxter & Jack, 2008, p. 545) of this case study research design. Also, it should be emphasized that this is more of an instrumental case study seeking to “accomplish something other than understanding a particular situation” (Baxter & Jack, 2008, p. 549). Specifically, it attempts to link nonprofit sector and housing market. As Miles and Huberman (1994) rightly pointed out, it cannot be overemphasized that “to know how a researcher construes the shape of the social world and aims to give us a credible account of it is to know our conversational partner” (p. 4). It could be argued whether the nonprofits constitute the third sector of the economy, the need to complement public policy in the housing market of Louisville metropolitan area of Kentucky in order to ensure social justice for the homeless and low income households should be obvious.

Setting and Sample

The setting for this research is the housing market of Louisville metropolitan area of Kentucky. The US Census Bureau estimated the total number of housing units to be 270,928 as at 2010 with homeownership averaging 63% between 2007 and 2011. Between 2005 and 2007 it was estimated that 28.4% of homeowners spend 30% or more of their household incomes on mortgages. The multi-unit housing structures averaged about 29.5% of the total number of housing units between 2007 and 2011. The number of housing units estimated to be renter-occupied between 2005 and 2007 was 143,142 of

which 42.7% were spending 30% or more of their household incomes on rents. Those statistical highlights of the housing market of Louisville metropolitan area further reinforce the issue of social justice. Generally, it could be said that government policy is to directly and indirectly leverage households in the housing market. Therefore, it is reasonable to assume that nonprofit organizations assisting the homeless and low income households are complimenting this public policy in the housing market in order to ensure social justice. With the investigation based on this assumption, any nonprofit organizations that provide or help to make housing accessible to the homeless and low income households in one form or another should be considered for investigation. Organizations that seek to prevent homelessness can rightly be classified in the same category. Since the focus is the phenomenon of how the housing assistance programs of the nonprofit organizations complement public policy in the housing market in order to ensure social justice for the homeless and low income households; the unit of analysis is not necessarily the nonprofit organizations but their housing assistance programs and services.

Sampling Frame Population

There are various categories of nonprofit organizations that provide charitable social services to the homeless and low income households. It has been pointed out in the delimitation of this research that the systemic focus for investigation will be nonprofit organizations in the housing market of Louisville metropolitan area that provide or that are helping to make housing accessible to the homeless and low income households in one form or another. Some of these organizations focus almost exclusively on providing

or making housing accessible, especially to the low income households. To others making housing accessible to the homeless and low income households is only part of their mission goal. Each organization has an overarching mission goal or charitable purpose that includes housing the homeless and low income households.

The Great Nonprofits website listed 4,384 nonprofit organizations in Louisville metropolitan area that can be filtered under major issues such as housing and homeless; food; health; human services; economic development; job training; mental health; senior; veteran; women; microfinance; religion; civil rights; disabilities; education; children and youth; environment; technology; and others. There are 128 nonprofit organizations listed as having to do with the issue of housing and homelessness. By extrapolation, 21 of them also have to do with the issue of seniors; 11 of them have to do with the issue of human services; the mission goal of four of the nonprofit organizations probably combines housing with job training; similarly, four of the nonprofit organizations probably focus on supportive housing for people with mental health; and two of them combines other health issues. Probably two of the 128 nonprofit organizations are largely faith-based housing program. One nonprofit combines issues of the homeless, housing, and economic development. Other issues that seem to have been combined with the homeless and housing issues include disabilities, philanthropy, education, and children and youth. Although Great Nonprofits website has the most comprehensive list, there are other nonprofit organizations that have to do with the issues of housing and homelessness in Louisville metropolitan area that are not listed on the website. For example, the website of an organization, “Empowering Ex-offenders for Employment (E3),” provides directory

of 91 affordable housing programs, halfway houses, emergency shelter, and sex offenders housing of which about 46 of them were not listed on the website of Great Nonprofits. Similarly, the website of the Center for Nonprofit Excellence in Louisville listed 371 nonprofit organizations that are members. A list of nonprofit organizations can also be found in the website of the Affordable Housing Network in Louisville. By carefully going through these different sources a sampling frame with a population of 180 nonprofit organizations was estimated for this research. The classifications in the Great Nonprofits website also provided some guides for qualitative sampling of related nonprofit organizations in Louisville metropolitan area of Kentucky.

Sampling and Sampling Size

A qualitative case study research design requires careful deliberation on the issue of sampling and sample size. Not only are there wild variety of cases in social science research; there are different types of case studies that have sampling implications. The essence of this qualitative case study research is to gain some insights about the nature of the systemic issue of how nonprofit organizations compliment public policy in the housing market in order to ensure social justice for the homeless and low income households. While this does not require generalizing to the population, it does require being able to generalize some analytical propositions to similar cases. Yin (2009) aptly stated that “case studies, like experiments, are generalizable to theoretical propositions and not to populations or universes” (p. 15). Therefore, the case or manageable number of cases has to be typical or representative sample for valid as well as thick and rich empirical data. Also, a reasonable number of cases or sample size may be required for

“case-to-case transfer” or even “internal statistical generalization” (Onwuegbuzie & Leech, 2007, p. 241) for empirical data saturation in the process of analysis. Thus, Onwuegbuzie and Leech (2007) showed that the process of sampling and determining sample sizes even for qualitative studies should be made explicit in view of “many sampling schemes from which to choose” (p. 241). It is against this background that the sampling techniques and sample size used in this research is explained.

Although the classifications in the Great Nonprofits website provide some guidance for qualitative sampling techniques as pointed out earlier, those classifications cannot be totally relied upon for the purposes of this research. Those classifications are not mutually exclusive. An organization that have housing programs for the homeless and low income households could also have job training and human services programs. Such an organization could also be faith-based. The mission goal of each nonprofit organization varies wildly from one organization to another even where they have similar housing assistance related programs. Therefore, the sampling process was influenced more by critical factors such as the budget sizes of the organizations and how closely their mission goals are related to economic empowerment and housing of the homeless and low income households. Onwuegbuzie and Collins (2007) showed that non-random sampling is used most frequently in qualitative studies. The cases were selected purposively for their budget sizes and their mission statements with respect to housing the homeless and low income households. Other social services programs that organizations combine with housing related programs such as research and advocacy,

emergency or transitional housing, half-way housing, and health rehabilitation were also be taken into account.

It has to be emphasized that the phenomenon in this case study is contextual or systemic. The investigation was not about some opinion or perception of the management of the nonprofit organizations. Rather, it was about how various housing related assistance programs and services are conceptualized and developed by nonprofit organizations within the larger context of the housing market. It was an attempt to understand how the systemic issue of ensuring social justice for the homeless and low income households in the larger context of the housing market might have been built into the developments or adaptations of those housing assistance related programs and services. Hence, the focus of interview questions was not only about the housing assistance related programs and services but also about the objectives of those programs and services as understood by the management. Therefore, in selecting the sample for data collection, at least four organizational contexts were considered critical. They include nonprofit organizations that focus mainly on low income housing developments and financing; combine housing and economic empowerment of low income households; combine housing and human services programs including faith-based programs; or focus mainly on low income housing research and advocacy programs. Based on these criteria at least four nonprofit organizations were targeted for selection. Attempt was made have a sample size, though there is no standardized formula for predicting appropriate sample size for qualitative studies because the process of data collection and analysis are concurrent. A reasonable sample size was considered necessary mainly to ensure data

saturation in the process of analysis. Even then, this was only a pre-determined estimate needed because sample size could influence the “types of generalizations” (Onwuegbuzie and Leech, 2007, p. 242) that could be made in process of data analysis. Marshall (1996) identified convenience sample, judgment sample, and theoretical sample; whereas Onwuegbuzie and Leech (2007) identified parallel sampling designs, nested sampling designs, and multi-level sampling designs. Both classifications show that the purpose and the process have to be taken into account in estimating adequate sample size for qualitative investigation.

The sampling scheme, the research question, the preceding characteristics of the target population of cases, and the methods of data collection as well as data saturation point envisaged should all contribute to estimating the sample size for this research. Onwuegbuzie and Collins (2007) recommended that “the size of the sample should be informed primarily by the research objective, research question(s), and, subsequently, the research design” (p. 288). Although Creswell (2002) recommended 3-5 participants for qualitative case study, more participants was estimated for this research design in light of those sampling issues discussed. Also, it cannot be over-emphasized that the purpose of this research is not to investigate social justice as a phenomenon in nonprofit organizations. Hence, there was no interview question about social justice. Rather, attempt was made to investigate how the nonprofit sector as a sub-system directly or indirectly compliments public policy of leveraging households in the housing market so that the homeless and low income households could also gain access in order to ensure social justice. The approach is to assume that the nonprofit sector complements public

policy in the housing market rather than to prove that they do not. In view of the wide range of human services that are usually combined with low income housing, and to obtain sufficient breadth of qualitative data from innovative programs and services; it was estimated that the study would require selecting 8 to 10 nonprofit organizations as units of analysis since it will not involve studying each organization entire programs and activities. The executive director or program manager of each of the selected organization was interviewed and various forms of documents were used. Attempt was made to directly interview 8 to 10 participants. Only five were directly interviewed while the documents of other selected participants were obtained from their websites or other publications. Patton (2002) is of the view that larger sample size can be “helpful in exploring a phenomenon and trying to document diversity or variation” (p. 244). Also, it is estimated that 8 to 10 nonprofit organizations would be required so that interview questions could be variously modified for clarity in the process of data collection and analysis instead of conducting a pilot study separately. The modifications did not affect the substantive data I sought to collect. It was possible to obtain saturated data from just five organizations.

Data Collection and Analysis

The data collection and analysis for this research was given careful considerations to ensure qualitative reasoning and analysis that can be verified for reliability and/or validation. Since the focus of the research question is systemic the empirical data to be collected was in form of descriptive examples, operational (observable) propositions or statements, and pre-coded themes or concepts about how various assisted housing

programs and services may or may not be complementing public policy of leveraging households to gain access into the housing market to ensure social justice for the homeless and low income households. Data analysis was concurrent with data collection. Unlike quantitative data could be obtained from questionnaire survey, the qualitative data for this research was collected through recorded face-to-face interviews and relevant documents from selected nonprofit organizations. Although the focus is the systemic issue of how to ensure social justice, rather than asking questions relating to social justice as a phenomenon, the following are some questions the executive director or program manager were asked:

- How do the programs and services you provide in line with the mission of your organization relate to the housing needs of the homeless and/or low income households in Louisville Metro?
- Why does your organization consider assisted housing programs and services you provide for the homeless and/or low income households necessary?
- How are your programs and services helping the homeless and/or low income households meet their long-term needs in the housing market in terms of affordability? How else are the programs and services helping them?
- How do individuals or households qualify for your programs and services? How do you determine who to help based on your limited resources?
- How would you describe the objectives of each of the programs and services in relation to the mission of your organization? How have those objectives been formally developed; or how have those objectives evolved?

The foregoing shows an attempt to maintain focus on the systemic issue of how the assisted housing programs and services of the nonprofit organizations may or may not be complementing public policy of leveraging households to gain access into the housing market in order to ensure social justice for the homeless and low income households. Therefore, the analysis of the information collected was not to seek interpretation of linguistic expressions or to evaluate documents as artifacts. But as Prior (2008) argued, documents could be more than themes and contents. It could “take a variety of forms” (Bowen 2009, p. 27) as data sources for qualitative studies. Sources could be from “advertisements; agendas, attendance registers, and minutes of meetings; manuals; background papers; books and brochures; diaries and journals; event programs” (Bowen, 2009, p. 27) and many others. Even “previous studies are a source of data” (Bowen, 2009, p. 28) for qualitative studies though may not be listed as document particularly where such studies have been listed in the reference. Therefore, existing documents were used not only to enhance to interview questions but to interpret and better understand responses in the process of analysis.

The goal was to understand propositions, ideas, concepts, or statements communicated by research participants in various organizational contexts. For example, where the objective of the housing assistance program was to help homeless people transition into permanent housing, this was investigated further to know the type of permanent housing. It was more like basic applied research rather than a “summative evaluation” or “formative evaluation” (Patton, 2002, p. 213) since the goal was to gain insight by asking probing questions relating to the systemic issue of complimenting

public policy in the housing market in order to ensure social justice for the homeless and low income households. The responses of research participants involved substantive information about existing housing assistance programs and services of their nonprofit organizations. It was not about explaining or exploring some perceptions of the phenomenological issue of social justice. This distinction was made to focus on the research question about the systemic issue of how the nonprofit sector complement public policy of leveraging households to gain access into the housing market.

Interviews and Documents

Generally, the purpose of the face-to-face interview conducted was to gain insight into how various nonprofit organizations conceptualize their housing assistance programs and services for the homeless and low-income households. It involved collecting some information about how the programs and services were developed or structured in line with the mission goals of their various organizations on one hand; and their various objectives for helping the homeless and low income households meet housing needs on the other hand. The executive director or program manager was asked those questions. According to Patton (2002), qualitative research interview questions could include experience and behavior questions; opinion and value questions; feeling questions; knowledge questions; sensory questions; and background/demographic questions. In this study they can be largely subsumed as “knowledge question” (Patton, 2002, p. 350). However, in view of the complexity of the systemic issue of conceptualizing various assisted housing programs and services in the context of public policy in the housing market; some responses or information used as empirical evidence in the critical analysis

are more of opinion or value statements since participants were not asked directly how programs and services complement public policy to ensure social justice.

A number of predetermined interview questions were used as guide to capture essential information. Those interview questions are listed in Appendix A. All interview questions, some of which have been listed under data collection and analysis above, were generated inductively to answer the research question. The questions are open-ended and unstructured so that respondents can describe and/or provide documents about how the housing assistance programs and services of the nonprofit organization were conceptualized and developed. There were ancillary questions asking for clarifications and documentation of responses. Technical terms were avoided so that questions can be understood. For example, rather than ask respondents how programs were designed or structured they were asked how they started the program. Some questions are constructed so that respondents can express specific opinion such as stating that the question is not applicable to their organization or their program. Such response was followed by asking for explanation. Furthermore, face-to-face interview was adopted so that selected research participants could ask further clarifications to questions and challenge implied thought about the systemic issue. Every question is developed with the assumption that nonprofit organizations may not have formal informed knowledge of the housing market. This is in line with the view of Patton (2002) that researchers should remember respondents will answer questions as they understand them, not as the researcher may understand them. Hence, research participants were not asked to explain how a particular assisted housing program or service complements public policy of leveraging households

to gain access into the housing market. Neither were participants asked whether the programs or services have been developed to ensure social justice for the homeless and low income households. This is in line with the practice of experienced researchers who treat interview questions “as philosophically complex, contextually influenced and ethically difficult” (Price, 2002, p. 275) to ensure the validity and reliability in interpreting responses. Hence, interview questions were open ended subjected to further explanation in the face-face interview processes. Since researchers “bear the burden of demonstrating that our methods involve rigor and skill” (Patton, 2002, p. 340), not only had the predetermined interview questions been given considerable thought as explained in the instrumentation below; the method and processes of interviewing had been thought through as well. The method used to gain access to respondents is discussed under protection of human participants. The interview commenced as soon as the proposal was approved by the Institution Review Board (IRB). It was completed within 5 months after the approval. The IRB approval is # 07-09-14-0188767, expired on 7/8/15.

Data Management and Analysis

Data management was critical for thorough analysis and successful completion of this research. Housing is a critical capital resource asset for improved living conditions of every household. This fact and the extraordinary volume of interdisciplinary literatures consulted to conduct this research underscore the complexity of attempting to elucidate the systemic issue of how assisted housing programs and services of nonprofit organizations compliment public policy in order to ensure social justice for the homeless and low income households in the housing market. Data collection and analysis were

carried out concurrently. The process not only involved large amount of qualitative data from various research participants and documents; it required frequent visits to the stored data for analysis. Hence, computer software with considerable capability for storing and retrieval of information was invaluable for the data management and analysis.

NVivo 10 computer software was used to handle the data management. The computer-based software technology has, in fact, been developed with capability to handle every aspect of this research writing from one location in terms of all the resources and materials one might need since the software itself is Microsoft Word-based. To help one organize and analyze the enormous amounts of unstructured information needed when writing, the software is designed so that one could store, access, and keep track of the data and materials in variety of formats. One could import, create and edit a wide range of data whether in Microsoft Word documents or PDF. With the software variety of audio files, video files, digital photos and pictures, and web pages could be imported as needed while working on the project. One could also import Microsoft Excel spreadsheets and access database tables. Another powerful feature is the capability to interchange and share data, particularly being able to import and export IBM SPSS statistics. This makes it much easier to integrate both the qualitative and quantitative data in the final analysis though this feature was not utilized in this research. From their experience, Andrew, Salamonson, and Halcomb (2008) concluded that “the use of the NVivo software proved to be beneficial in facilitating the synthesis of the mixed methods data and enriched the findings of the study” (p. 42). Therefore, this

software was used to assist me in rigorous analysis of various forms of information that were collected.

While the NVivo 10 software could not be used for qualitative data analysis like SPSS would be used for quantitative data analysis; those capabilities already highlighted together with coding tools to make sense of information collected, query tools to interrogate data, and tools for smart searches to find items needed from different computer files and folders all combined to make NVivo 10 an invaluable analytical tool. Smyth (2006) concluded from experience in using the software, “first, NVivo is an appropriate tool for investigation consistent with the practical interest and, second, its memos, tracking, and modeling features enhance analysis of the extensive bulk of qualitative research data” (p. 10). Besides, with NVivo 10 software, one could create models, graphs, and word clouds to visualize patterns and connections in one’s data for the purposes of sound analysis. These features would make it easier to identify and modify themes, categories, content, and patterns for rigorous qualitative data analysis. According to Bowen (2009), “the qualitative researcher is expected to draw upon multiple (at least two) sources of evidence; that is, to seek convergence and corroboration through the use of different data sources and methods” (p. 28). Therefore, this software was particularly useful for this qualitative data analysis because it involved making inferences from variety of qualitative and quantitative data sources obtained during interviews. The issue of reliability and validity of research instruments is discussed below.

Since the goal in analyzing the qualitative data collected in this research is to gain some insights as in applied research; the analysis was directed towards answering the research question. Ritchie and Spencer (2002) identified four categories of research questions in using “framework as a method of qualitative data analysis” (p. 310). They include contextual, diagnostic, evaluative, or strategic categories. The research question in this study can be categorized as diagnostic, evaluative, and strategic. Interview questions in the diagnostic category were asked to explain how the housing assistance programs and services of the nonprofit organizations in Louisville metropolitan area fit into public policy of leveraging households in the larger context of the housing market. For example, subsidized rental housing programs are provided by nonprofit organizations for low income households. Questions in the evaluative and strategic categories were asked to explain how the programs and services are helping the homeless and low income households through innovative subsidy approaches in order to ensure social justice for them in the larger context of the housing market. The goal was to gain some insights into how the homeless and low income households are also being empowered to gain access into the housing market as active participants as opposed to perpetual beneficiaries of public housing subsidy programs. Hence, respondents were asked: how are your programs and services helping the homeless and/or low income households meet their long-term needs in the housing market in terms of affordability?

From the qualitative data collected for analysis it was possible to extract statements or phrases relevant to propositions about the priori issue as if conducting applied research for policy decisions. Srivastava and Thomson (2009) were of the view

that “framework analysis is better adapted to research that has specific questions, a limited time frame, a pre-designed sample and a priori issues” (p. 72). The priori issue in this case study is whether the objectives of the housing assistance programs and services are oriented to ensuring social justice for the homeless and low income households by complimenting public policy in the housing market. This approach to investigation is adopted since some elements of “serendipity” (Janesick, 2004, p. 108) on the substantive focus of this qualitative case study research are undeniable. It was pointed out that there is a large gap in literature about how nonprofit could complement public policy in the housing market in order to ensure social justice for the homeless and low income households. Hence, a cautious attempt has been made to identify the systemic issue in order to focus the research.

Inductive reasoning approach was used in data analysis. Information gathered during interviews and from documents were triangulated with knowledge from literature about housing market to gain some insights. This is explained further in chapter four. Since the hypothesis is that housing assistance programs and services of the nonprofit organizations were designed to complement public policy in the housing market to certain extent, the focus was derive propositions that confirm or disconfirm the hypothesis from the analysis. The analysis also took into account that organizations could range from exclusive focus on social services to more housing market-oriented nonprofits. It was envisaged that housing market-oriented the objectives of the nonprofits will be more applicable to public housing providers. However, it is not a guarantee that they were complementing public policy of leveraging households to gain access into the

housing market because the homeless and low-income households. It would depend on the conceptual understanding of the housing market in the United States and how individuals gain access into the local housing market. This is discussed in detail chapters 4 and 5 of this dissertation.

Instrumentation, Reliability and Validity

Apart from the foregoing, the research instrument had to be well developed to collect reliable information data for credible and valid analysis in this qualitative case study research design. Though data collection and analysis were concurrent, it was not feasible to be going back and forth to research participants for data collection. Therefore, as stated earlier, considerable thought had been given to the interview questions to ask research participants. Patton (2002) identified four “variations in interview instrumentation” (p. 349) including informal conversational interview; interview guide approach; standardized open-ended interview; and closed, fixed-response interview. Since the research focus is systemic, interview questions are mainly about descriptions of housing assistance programs and services; their possible objectives; and how those programs and services might have been developed or adapted to complement public policy to enable the homeless and low income households also gain access into the housing market in order to ensure social justice. I expected this line of questioning to stimulate internal organizational stories about how programs and services were developed or adapted to contract for public housing programs or seek grants.

Since I was particularly instrumental in the process of data collection in this research design, considerable thought was also given to how the data will be collected

and some ethical issues. Informal conversational and guided interview approaches (Patton, 2002) were combined. The questions listed were mainly to provide guidance for conversation. The questions were not always asked exactly as listed since they were based on some prior knowledge about selected nonprofit organizations. This became approach necessary not only to establish factual data but to also make questions very clear to research participants. Furthermore, the approach helped to establish rapport while maintaining neutrality in the process of interviewing. Actual questioning sometimes took the form of using illustrative examples; role-playing and simulation; presupposition; or prefatory statements and announcements as identified by Patton (2002). To enrich and deepen responses probing follow-up questions were used. Also, responses were reinforced to stimulate storytelling and enhance quality information data. This line of questioning made it possible to combine a number of questions and cover all the questions listed in appendix A within the set time-frame at every interview.

Although existing documents relating to selected nonprofit organizations were used extensively, capturing the actual words, phrases, and sentences of those interviewed shaped the reasoning and analysis in this research work to a large extent. The goal was to capture some propositions about the conceptual understanding that usually influence how nonprofit programs and services are developed, adapted, or executed. Apart from field notes, I relied on good tape recordings during the interviews to capture everything said and recollect thoughts and ideas while analyzing information from other sources.

Ethical challenges involved in using this data collection instrumentation and materials were taken into account. These are discussed under protection of human

participants' issues below. Maxwell (2005) argued that fruitfully comparing the issue of validity in qualitative and quantitative research approaches "depends on prior understanding of each of the two approaches in its own terms" (p. 41). The author then, identified five categories in qualitative research approach as: descriptive validity, interpretive validity, theoretical validity, generalizability, and evaluative validity. This is particularly relevant for judging the quality of this qualitative case research design. It is obvious that the checkered history of public policy in the housing market in United States has evolved into seeming dichotomy between public housing or social allocation of housing and market rate housing. Hence, the focus in this qualitative driven research approach is "factual accuracy" (Maxwell, 2005, p. 45) of various sources of information for analytically valid descriptions of insights to be gained rather than some theories about how the nonprofits compliment public policy in the housing market to ensure social justice for the homeless and low income households. The emphasis is on "credibility" (Patton, 2002, p. 542) of qualitative reasoning and analysis. This cannot be over-emphasized because it is not the usual phenomenological study. Although the interview instrumentation questions are not specifically directed at understanding Louisville metro housing market, they are structured as open-ended questions and did generate some relevant conversations. Also, the sequencing made comparing and triangulating easier when analyzing data. Pilot study was not conducted for validity and reliability of this instrument because interview questions were easily modified in various ways without significant impacts on the information data I sought to collect about the systemic

phenomenon. Besides, the issue of validity and reliability was taken into account in determining the sample size for this study as discussed earlier.

Protection of Human Participants

Protection of human participants as well as their respective nonprofit organizations has been given careful consideration in this research; not only to make it easy to gain access and establish rapport with respondents but to avoid any harm, risks, and legal liabilities as much as possible. Since this research is more about organizational contexts in which housing assistance programs and services are provided, there was no overt or covert behavior observation. The participants were fully informed about the purpose of the research. Patton (2002) recommends “full and complete disclosure” (p. 273), especially where it may appear to be a covert evaluation or investigation of a private organization. They were able to ask questions about anything they do not understand before and during interviews. Consent forms approved by the Institution Review Board (IRB) were sent ahead of interviews. The record is IRB approval for the study # 07-09-14-0188767, expired on 7/8/15. Research participants had the option to keep all information provided outside of published or public records confidential. This option was considered important because while some nonprofit organizations may view the research product as another way of gaining some publicity, others may view some information discussed confidential for management operations.

Generally, there were no anticipated risks, harm, or legal liability. It envisaged that in order to gain access to some of those to be interviewed there could be need to follow up with some gentle appeal over the telephone. When this became necessary, it

was usually very polite and friendly. Also, the ethical challenge of restricting discussions to contextual issues rather than political views had been given careful considerations. It was taken into account during interviews that “the purpose of a research interview is first and foremost to gather data, not change people” (Patton, 2002, p. 405). The neutral position of a pragmatic qualitative researcher was carefully maintained especially when the issue of entitlements was being discussed. The guiding questions in appendix A were followed strictly as discussed in the interview and instrumentation sections. There was no question probing into personnel management issues. There was no compensation offered to interviewees. It was possible to successfully interview with directors or program director in 5 of the 10 selected organizations.

Summary and Transition

In view of the systemic complexities of this research issue, the qualitative case study research method used is to strictly focus on a systemic research question; base the approach and design of investigating the systemic question on well known research tradition of exploratory case study; identify the nonprofit organizations with likely population of propositions relating to the systemic issue; select representative sample of those nonprofit organizations; collect information data describing or illustrating the population of those propositions relating to the systemic issue with research instrument of interview questions developed inductively; and analyze the information data in trustworthy manner. This qualitative case study approach led to some propositional insights into how the housing assistance programs and services of the nonprofit organizations in Louisville metro might or might not be complementing public policy of

leveraging the homeless and low income households to gain access into the local housing market in order to ensure social justice. It also led to developing a conceptual financial market structure for housing supply. Those results are in the following chapter.

Chapter 4: Results

Introduction

The purpose of this study was to gain some insights about how various housing assistance programs and the services were being provided by the nonprofits in the local housing market of metropolitan Louisville Kentucky. The insights gained were used to evaluate how those programs and services complement public policy of leveraging households to gain access into the local housing market to ensure social justice for those households whose incomes are below prevailing standard living conditions. The overarching research question was how the programs and services of the nonprofits complement the public policy of leveraging access to the local housing market in order to ensure social justice for the homeless and low-income households that current research literature does not address.

Demand and Supply in the Housing Market

The economic principles of the free market are based on the assumption that, all other things being equal, essential public goods such as water (Savenije & Zaag, 2002, p. 98), applicable also to landed property rights for housing, can be made equitably accessible to every household, irrespective of financial means. It could be inferred from the declaration of 1949 Housing Act and from the literature review of the checkered history of housing market in the United States that efforts were being made to ensure social justice in this regard. It could be said that policy makers have been struggling to maintain feasible and viable balance between encouraging competitive production on the supply side and stimulating healthy consumption while minimizing waste or excesses on

the demand side. Hence, it is legitimate to question and research housing conditions in cities such as the Louisville metro as public concern that should engage the nonprofit sector as well. Hence, the over-arching research question was asked. It is a legitimate question to ask because if housing market for leveraging households to gain access was created, it should equitably be accessible to the homeless and low-income households. To equitably ensure social justice in leveraging every household in such market institution, the focus has to be on the supply. The focus cannot be on supply and demand at the same time. It cannot be a dichotomous market institution to ensure social justice. It is logical fallacy to leverage a household to supply and leverage the same household to demand the same item. It is not how to create efficient market institution that is accessible to every household. However, the following results seem to demonstrate that such inefficient local housing market institution might have been created due to misconceptions about the public policy.

Dichotomous Housing Market Institutionalized

The following propositions summarized as titles for Tables 2 to 12 below were derived from critical interpretations and content analysis of interview transcripts along with information from various retrieved documents. They tend to reinforce the fact that, inadvertently, an ambivalent dichotomous local housing market might have been institutionalized in the nonprofit sector. Ten engaged local nonprofit organizations were selected, as proposed in Chapter 3. To answer the research questions about their housing assistance programs and services, I obtained various pertinent documents from the websites of all ten organizations. However, I interviewed only five directors, which

amounted to a 50% success rate. Each of them was interviewed for about 30 minutes. The information I obtained was sufficient for comparing statements or phrases extracted from different sources, corroborating those statement or phrases extracted, triangulating propositions derived with knowledge gained from literature review about housing market, and/or validating the fact of those propositions in the process of critical interpretation and content analysis of the transcripts and various documents. I also obtained some relevant publications from their administrative offices.

The operational annual budget of selected organizations ranged from \$1.5 million to \$33 million. Revenue sources are generally not classified as envisaged in the research instrument. Only one of those interviewed seem to be making significant efforts to address budget limitations, raise fund from the public, or broaden revenue base. Every organization receives government grant. Those organizations that engage in rehabilitation of existing homes for resale concentrate mainly on foreclosed properties donated by financial institutions or by the city in case of properties with substantial tax lien. None of the organizations interviewed seems to be aggressively concerned about meeting the demand for their programs and services in terms of the number of households that have housing needs. In fact, one director remarked that it will not be possible to meet demand if every qualified household was aware of their programs and services. The coalition for the homeless and similar nonprofit organizations that were selected seems to view their programs and services as social services rather than housing assistance programs and services to ensure social justice in the housing market. While such organizations measure performance in terms of number of people being served, it is usually not to link them

with demand in terms of housing needs in the local housing market. Thus, the foregoing demographic information itself reflect institutionalized dichotomous housing market comprising of market rate and public housing programs and services.

Propositional Insights about Housing Market

Contextual critical interpretation and analysis was used to derive some propositional insights, but the insights that could be gained are not exhaustive. This qualitative method of analysis is used because the research instrument was not designed with a pre-determined concept of housing market for ensuring social justice. Neither was it designed to assess the knowledge of the research participants of the same. This qualitative method of interpretation and analysis is considered valid and trustworthy not only because it provides chain of evidence that can be verified, it is also a pragmatic inductive reasoning approach to derive an evolving concept. It involves comparing and triangulating statements, phrases, words, terms, quotations, or even sub-contents that cut across original semi-structured research questions in the instrument to sensibly answer the over-arching research question from the extensive information collected. Thus, the following propositional insights are not directly derived from each of the questions in the research instrument specifically. A propositional insight may cut across questions. Rather than seeking to confirm a preconceived concept, the concept is allowed to validly emerge through logical inductive reasoning. Using this approach one could answer the over-arching research question about how programs and services are complementing the public policy to ensure social justice. Also, one could objectively evaluate the perceived hypothesis in the over-arching research question the extent to which programs and

services of the local nonprofit organizations may be complementing the public policy in the housing market to ensure social justice. Thus, one can reasonably assert that the housing assistance programs and services of engaged local nonprofit organizations in Louisville metro are not complementing the public policy in the housing market so as to ensure social justice for the homeless and low income households. The following propositions, illustrated in Tables 2 to 8 respectively, evaluate the implied hypothesis in the research question to corroborate the null hypothesis. The contents of the tables are statements, phrases, words, terms, summaries, or sub-contents quoted from interview transcripts compared with corresponding quotes from documents or publications and triangulated with knowledge of the housing market from literature review to derive logical titles proposed for respective tables as insights gained. Since they are extracted solely for the purpose of establishing how participants understand and tend to talk about issues correspond with documented information, references are provided as anonymous quotations (P1, P2, P3, P4, P5; D1, D2, D3, D4, D5). Published statements in the contents are also quoted as anonymous because they are retrieved from nonprofit organizations included in the study for purposes of comparisons for clearer understanding. They are coded differently however to maintain anonymity of interview respondents in the process of tabular comparisons.

(1) Tendency towards entitlement programs: Statement, phrase, or word found in interview transcripts or documents imply thinking of the housing assistance program as public service or charity to which everyone should be entitled as needed or without having to contribute to it. Found mostly in questions 1 and 2 contained in Table 2.

(2) Reinforcing the existing system that tends to exclude certain income levels: Statements, phrases, words contained in table 3 found mostly in Questions 3 and 4 of interview transcripts and other corresponding documents implying that household level of income is the constraint for being able to gain access into the housing market.

(3) Focusing on historical systemic limitation rather than active participation: This can be inferred from the content of table 4 extracted mostly from Questions 5 & 6 of interview transcripts and corresponding document implying that households are unable to gain access into local housing market for racial discrimination and related factors.

(4) Lack Focus on Innovative Leveraging of Participants: This can be inferred from the content of table 5 extracted mostly from Questions 1, 7, & 10 of interview transcripts and corresponding documents describing programs and services such as job training that may not necessarily leverage beneficiaries to gain access into the housing market.

(5) Excluding some rather including all in the housing market: This can be inferred from the content of Table 6 extracted mostly from Question 3 of interview transcripts and corresponding documents implying that households has to fall within certain income range to qualify for housing assistance program and services.

(6) Regulatory approaches rather than stimulating healthy consumption: This can be inferred from the content of Table 7 extracted mostly from Questions 4, 5 & 6 of interview transcripts and corresponding document implying that regulatory solutions are needed to gain access into the housing market.

(7) Tendency to equate capital value affordability to income level affordability:

This can be inferred from the content of table 8 extracted mostly from questions 7 of interview transcripts and corresponding documents implying that households must have to certain income level to qualify for housing in a neighborhood or location.

Table 2.

Conceptualizing Meeting of Housing Needs as Entitlements

Interview Participants	Statements from Documents
“I mean, God says that everybody should have a decent place to live for one thing. And everything we are doing comes from biblical principles” (P5).	“Everyone deserves a decent place to live” (D4)
“We don’t do any follow-up on purchasers. I have to disagree with you on something; I think some of these things should be entitlement. I think in the United of America every single individual should be housed or have affordable housing and; that it should be an entitlement of living; our policy should reflect that” (P3).	“Poverty or low-income status is not itself a protected class, but it is an unfortunate fact of life for a much higher proportion of people in protected classes than for the general local (or U.S.) population” (D1). Ensuring that all Americans have equitable access to healthy, opportunity-rich neighborhoods that fit their needs and preferences must be a fundamental goal at all levels of our government (D1).
“We make some people mad because it’s a very good buy; people have to qualify” (P4).	“Safe, decent, affordable housing is a basic human right” (D2).
“Having a stable home is normally a basic right. People should not have to worry about shelter” (P4).	“Additionally, barriers such as no or extremely low income, previous felonies histories and employment instability all contribute to the decrease in number of rental clients” (D5).
“Some people want to help people; who are people in public housing because for a lot of reasons; they need some sort of housing; they don’t have enough money” (P1). They don’t have enough money to rent at fair market rent. The families that come here are often times very desperate. They don’t have any other place to go. Most people who are in public housing are women and children; a lot of them are victims of domestic abuse. “There will always be need for public housing” (P1).	“The goal of the plan is to increase the number of affordable housing units, continue to serve public housing eligible families while decreasing the concentration of families at the lowest levels of income and create a new mixed-income rental and homeownership community which will economically, physically, and socially integrate the new Park DuValle neighborhood with the surrounding communities” (D3).

The contents of Table 2 above shows that the housing assistance programs and services of local nonprofit organization are usually developed in line with various

charitable missions of their organizations to provide some immediate help for those in need as entitlements. It is thought that some people want to help people just to be charitable.

Table 3.

Reinforcing the Existing System

Interview Participants	Statements From Documents
(Property management strategies) -- “feels intrusive; many estate agents don’t like working with us because it involves a lot of paper work, we don’t pay them that much” (P4).	“We purchase vacant and abandoned houses to rehab and put into productive re-use” (D2).
“We serve 25% to 50% of the area median income (AMI); we become their mortgage lender if you will” (P5). Donated vacant properties are rehabilitated (P5).	“It takes advantage of homes that have good bones already and just brings them back to life” (D4).
“The programs and services we offer are all designed to help make families become self-sufficient so that they don’t need public housing anymore; we are the housing of last resort; they have to be low income; they have to qualify” (P1).	“The Family Self-Sufficiency program is designed to provide Louisville Metro Housing Authority public housing and Section 8 residents with the programs, support and services needed to improve financial skills, achieve long-term employment and possibly buy a home” (D3).
They have to come to us ---- That why we only use nonprofits ---- well we make sure the housing is produced ----- we don’t do any follow-up on the purchasers (P3).	Louisville housing policies have clustered low-income people into limited geographic zones where rent-assisted housing is concentrated and where multi-family and affordable housing is permitted by zoning (D1).
“We help them clean their credit up so that they can purchase homes; or we help them overcome barriers that are keeping them from having stable housing” (P2)	---financial and fair housing education ---- understand and improve their credit score, set targeted, smart goals; ---utilize traditional banking product (D5)

Housing assistance programs and services are thought to be developed for certain protected class of low income households who need subsidies to gain access into the

housing market. It is usually thought that they have to attain certain self-sufficient level of income to gain access into the market.

Table 4.

Focusing on Limitations rather Active Participation

Interview Participants	Statements From Documents
“I think it is racially connected” (P3), ---- “we have places with diverse housing that are appreciating in value” (P3) -----	“Racial segregation in housing has not only endured but, along with increasing income segregation, has also created areas of concentrated poverty populated predominantly by minority residents” (D1).
“Almost 90% of our clients have incomes that fall below 80 % Area Median Income (AMI)” (P2).	---“provides assistance to families in need of better housing while combating housing inequities for low-to-moderate income households” (5).
“We work in neighborhoods where families can come in and feel their children will be save” (P4).	Where we are focused: (named) Road area of (specific zip code) (D2)
“They will never be able to qualify; we get our properties through a family selection committee” (P5).	---“agencies working together to create better outcome for Louisville’s young black men and boys” (D4). --- “currently working in Shawnee neighborhood” (D4)
We don’t market because we don’t have enough money;----they have to meet certain criteria (P1)	---a non-profit agency responsible for the development and management of federally subsidized housing in the Louisville Metro area. --- Ethnic breakdown: 85% black, 10% white, 5% other (D3)

Households are thought to be restricted to certain neighborhoods by virtue of race and/or level of income. The income of the household has to be certain percentage lower than area median income to qualify for housing assistance programs and services. Household qualify for programs and services because household income has to be subsidized, or the household needs down payment to subsidize capital value of asset.

Table 5.

Lack of Focus on Leveraging Beneficiaries

Interview Participants	Statements From Documents
“We think we have offered everything that people need to be self-sufficient” (P1)	---“continue to serve public housing eligible families while decreasing the concentration of families at the lowest levels of income and create a new mixed-income rental and homeownership community which will economically, physically, and socially integrate the new (named) neighborhood with the surrounding communities” (D3).
“Housing aligns with economically stable family; leveling the playing field” (P2) ---- -there are not enough quality affordable housing----we go into low-to-moderate income area, buy vacant properties, rehabilitate them -----we don’t have a lot of money to that---- (P2)	Approach --- (involves) ----fairly comprehensive survey of the geography and demography of the community – provides –“an idea of where its work is most needed and also where the work can be efficiently and effectively undertaken” (D5).
“There has to be an income in the household” (P4) --- we reach a very thin line of households --- they have to be able to qualify for mortgage, which means they must have good credit, ---work history---- no medical debt ----- (P4)	-----has produced close to 100 new single-family homes and 12 affordable senior apartments. ----- “Of the first 94 homes sold, 38% were sold to African-American families, 50% to white families, and 12% to families in other racial or ethnic groups. Just over half of families were female-headed households, and the average annual household income was \$26,722” (D2).
“Louisville has shortage affordable housing” (P2)	Financial empowerment; counseling (D5)
We sell these homes to these people ----- We become their lender --- zero interest, zero profit ---- “we do get a lot of in-kind donations” (P5)	--- “explore all private/public partnerships to stabilize values in those areas and offer economic development for residents. Equally important is the creation of affordable housing opportunities in areas with very low numbers of households in protected classes” (D4).

It is commonly thought that low income households need programs and services that include subsidies, not leveraging. Also, it is commonly thought that households need affordable housing, not leveraging, because levels of their household incomes are low.

Table 6.

Excluding Low-income Households from Active Participation

Interview Participants	Statements From Documents
“If everyone knew about our services we would not be able to serve them” (P2) ----	--- “a family with one full-time worker earning the minimum wage cannot afford the local Fair Market Rent for a two-bedroom apartment in Louisville” (D5)
We serve 25% to 50% of area median income -----“You never want to be told you are the best kept secret in town” (P5)	Housing of Louisville serve resident population with an area median income of 25% to 50% (D4)
----many don’t have income to support housing ----- many do not have sufficient income----- “they are just using the system” (P2)	“I never imagined in a thousand years that I would be a home owner” (D4)
I know you said you are not so much concerned about the homeless and low income households. There has to be an income in the house---- these are the income levels we work with ----- we do not have anything in this income range ---- “they must not have medical debt” (P4)	To qualify the buyer must: Meet Metro Housing Guidelines including: Qualify for a first mortgage with a financial institution Complete new homeowner training “Not exceed maximum household income guidelines” (D2)
“It will depend on the client and what their income can support” (P1)	After a lifetime of employment, she was discouraged. “Without [my case manager] I would not have had the enthusiasm to go out there and push myself.” Able to stay where she was and “...not have to go to a shelter or be on the street”, she persuaded her landlord to work with Homelessness Prevention and Rapid Re-Housing Program (HPRP) (D3).

Inadvertently, certain low income households are thought to be excluded from the housing market, or it is thought that their income level cannot support their housing needs though low income household is not necessarily a protected class. From literature, the

common belief is that living conditions of low income households can be improved by raising their wages without considering this systemic issue in the housing market. One organization thought that level of household income qualifying for programs and services could be pegged as low as 25% of area median income (AMI).

Table 7.

Focusing on Regulatory Approaches as Solution

Interview Participants	Statements From Documents
<p>“We educate them on the laws of fair housing” (P2) ----- We sit on different committees in the community, fair housing committee, ----- how to become advocates-----how to be involved in your community to protect yourself----- (P2)</p>	<p>Various organizations have advocated the enactment of stricter legislation to prohibit predatory lending. -----restrictions on prime as well as subprime lending. “Recently enacted predatory lending legislation in Kentucky applies” (D5)</p>
<p>They have to qualified; they have to be low income; they can’t be just anybody----- “they have to meet certain income threshold” (P5)-----</p>	<p>“If you do not currently reside in Louisville or have not had a Louisville Metro address for the past 12 months, you will have to lease up in the Louisville Metro area for at least one year” (D4). -----</p>
<p>We work with guidelines because we receive government grants; also because it is the right thing to do-----they cannot take loan against the house until after 5 years (P4)</p>	<p>The down payment assistance, set up as a soft second mortgage will be forgiven entirely after a period of time, but the homebuyer must live in the house, usually 10 to 15 years (D2).</p>
<p>----- we have changes to zoning, the land development code----that will allow multi-family in areas that will previously allow single family (P3)</p>	<p>These laws dictate where certain kinds of people are allowed to live and were instituted in times when segregation was an accepted practice (D1).</p>
<p>“They have to live in the house for at least five years” (P1)</p>	<p>However, there are three basic criteria that everyone uses: applicant need , applicant willingness to partner, and applicant ability to pay the mortgage on their new home (D3)</p>

It is commonly thought that profit motives of households have to be supplanted so that they do not take undue advantage of public subsidy. Capital value appreciation has to be protected by zoning regulations.

Table 8.

Struggling with Market Value and Income Relationships

Interview Participants	Statements From Documents
We set the market price----- from 0 to 25 % we can't help those because they don't have enough income make monthly payment ----- "we don't take section 8 voucher" (P5)	Income requirements vary from community to community. ---- "work in partnership to build or renovate houses for families in need in a particular area" (D4)
The rents people pay are based on income; All our properties are based on income; in certain sites there is a work requirement; (P1)	Not exceed maximum household income guidelines (1)\$35,750 (2)\$40,850 (3)\$45,950 ----- ---- (D3)
----- about 90% of our clients have income that fall below 80% of area median income ----- "Subsidized units is at a premium right now" --- (P2)	The revitalization was financed by public housing resources, investor capital from the sale of Low Income Housing Tax Credits,-- -- (D5)
There has to be an income in the house ---- ----they have to be able to qualify for mortgage----- (P4)	Inflated incomes that qualify borrowers for loans-----larger than they can afford to repay (D2).
It has to be affordable housing; that's why we only use nonprofit housing developer--- -----we generally make it 60% of Area Median Income ----- "affordable is for low income" ----- (P3)	"The practice of creating more low-income housing in low income neighborhoods is counter- productive. Increase in the debt-to-income ratio can greatly impact a potential buyer's ability to obtain financing" (D1).

It is commonly thought that household must have certain level of income to live in particular neighborhood because of the market value of properties in the neighborhood. Market value of properties is thought to be intertwined with level of household income. It is thought that a household income below 25% of area median income cannot benefit from certain housing assistance program.

Propositional Insights about Ensuring Social Justice

The implications of the foregoing ambivalent dichotomous concept of housing market is that housing needs are thought to be met through market rate, subsidy, and

charitable public assistance programs and services. Housing needs are not thought in terms of demand to be met from supply in the housing market. Therefore, housing assistance programs and services are not developed to ensure social justice for the homeless and low income households in the local housing market. Low income households are not being leveraged directly or indirectly to gain access into the housing market as intended by the public policy. This is illustrated by the following propositions in tables 9 to 13 respectively.

(1) Location and Design Solutions: This can be inferred from the content of table 9 extracted mostly from questions 2 & 3 of interview transcripts and corresponding document implying that housing needs of low income households can be met through improvement of properties to be allocated to them at subsidized market rates.

(2) Struggling to Preserve Market Value as Capital Asset: This can be inferred from the content of table 10 extracted mostly from questions 3 & 4 of interview transcripts and corresponding document implying that subsidies will always be needed to make local housing market accessible to low income households.

(3) Coercive Regulations to Enforce Maintenance: This can be inferred from the content of table 11 extracted mostly from questions 7 & 10 of interview transcripts and corresponding document implying that housing needs in terms of improved living conditions can be met by enforcing minimum maintenance standards.

(4) Lack of Creative Housing Solutions for Social Integration: This can be inferred from the content of table 12 extracted mostly from questions 1, 3 & 9 of interview transcripts and corresponding document implying that low income households

can only meet their housing needs if income level increased or they meet certain requirements to qualify for subsidy assistance.

(5) Excessive Focus on Income-Level-Solutions: Table 13 is actually an operational document that Louisville Metro Housing Authority uses to determine if households qualify for various housing subsidy programs and services. It contains specified area median income level by household sizes. Document is retrieved in response to question 4 of the research instrument.

Table 9.

Focusing on Location and Design Solutions

Interview Participants	Statements From Documents
Nobody wants to stay in public housing; they all want to move as soon as they are financially capable ---- there is not housing ----- “build more housing”----- (P1)	“Urban design, based on the principles of New Urbanism, which creates a coherent, pedestrian-friendly neighborhood with homes that are closely integrated with recreation, retail and civic spaces” (D3)
Louisville has shortage of affordable housing -----subsidized housing is at a premium in Louisville ----- “there is almost zero subsidized housing” (P2)	The six zip codes with the highest rates of foreclosures on mortgages with predatory characteristics ---- accounted for 46% of such foreclosures in our sample. Yet, ----- less than 9% of the owner-occupied dwellings -----“less than 8% of the owner-occupied dwellings with mortgages” (D5)
----we get in with our volunteer workers and put it into shape ----- make improvements ----- “we’ll be moving into another neighborhood where the need is much greater” ----- (P5)	Starting with the once-blighted Boston Court, -----has transformed the Court and is continuing to make a difference throughout the ----- “neighborhood on the west end of the city” (D4)
--“we work in neighborhoods where the people feel their children will be save --- We prioritize the neighborhoods---- close to the people we are dealing with” (P4)	Targeting resources and energy in limited number of defined geographic areas---- increase impact --- (D2)
Their financing has to be in place before coming to us ---- it can be homeownership --- rental ---- rehab---- but has to be affordable ----- “on application they state the addresses and what the income will be of people who will live there” --- (P3)	--- “recommends that the Land Development Code be revised to provide more opportunities for multifamily housing or housing on smaller lot sizes throughout Louisville and provide incentives for their creation at levels affordable to those at 50% of median income” (D1)

While location and design solutions may meet housing needs in terms of adequacy and decency, financial capability issue to ensure social justice is not being addressed. Low income households cannot gain access into the local housing market where choices could be made to meet housing needs. Housing assistance programs may

be restricted to certain neighborhoods because they are not actually developed with the housing need of the low income household in mind.

Table 10.

Struggling to Preserve Equity as Capital Asset

Interview Participants	Statements From Documents
--we think it is a terrible policy that treasury offers money to put low income housing in low income neighborhoods --- (housing market) shouldn't be different, what we should do is help people who can't afford modest rental housing – “It should be diverse housing in every part of Louisville metro--- I rather raise minimum wage” ----- (P3)	--- “change federal policies of Low Income Housing Tax Credit to eliminate bonus incentives to develop in (areas already with) more low income housing” --- (D1)
“We can take 10 to 20% off the sale prices of houses in the neighborhood” (P5)	----“helping low-to-moderate income families have access to quality housing within our historic urban neighborhoods” (D4)
They have to be low income --- they have to meet certain income level threshold --- we have a waiting list ----- prioritize (housing need)---- “there is not enough low income housing”----- (P1)	“Under the Moderate Rehab Program, you must be willing to live in one of the Moderate Rehab Apartments rather than being able to choose your own unit, as you would under the Section 8 Voucher Program” (D3).
--we have our ups and we have our downs from income standpoint like other nonprofit ---- vacant and abandoned properties we rehabilitate come mainly from banks – “from zero to twenty-five percent income level we cannot help” (P5)	-- “donated vacant properties----considered toxic assets by banks or investors --- community volunteers---contributed 326 hours” (P5)
--they may be livable properties when bought them, but will usually need substantial repairs in near future -- “often they are foreclosed properties” ---- (P4)	--Purchase vacant and abandoned houses to rehab----(purchaser's income must be) between 30% and 80% AMI (D4)

Housing assistance programs and services are not developed as capital assets that households are leveraged to acquire overtime. Therefore, there is a struggle with how to make local housing market accessible to low income households while preserving

equitable value of properties. Sometimes it may involve taking 10 to 20% off the sale prices.

Table 11.

Focusing on Coercive Maintenance Regulations

Interview Participants	Statements From Documents
“We have changes to zoning, the land development code (to ensure diverse housing throughout the metropolitan area)” (P3)	“Investigate how to protect long-term owners from gentrification with policies that create a property tax break for those who upgrade their property, so these owners have incentives to improve their properties” (D1)
We work hand-in-hand with the police department---“you have to live in the house for at least five years” (P1)	---(to qualify must be ineligible) for traditional underwriting standards in purchasing a home (D3)
-----“sometimes they are just a little bit over income threshold, --but the rule are the rules” (P4)	“Meet Metro Housing guidelines and this home could be yours with significant down payment assistance” (D2)
--- “we help them to understand the laws of fair housing----- (suppose) we can all have that mentality (of neighborhood maintenance)” (P2)	“Due to increasing tight credit standards, these clients may work longer with counselors to become mortgage ready” (D5).
They have to qualify ---- they have to be low income---“they can’t be just anybody” (P5)	“If you are determined ineligible you will receive written notice with information concerning your rights” (D4).

Housing programs and services are not developed as investment properties or capital assets that every household would normally seek to acquire overtime. They may be occupied without vested to preserve and maintain them. Therefore, various rules and regulations are required to enforce minimum level of maintenance. Programs funded from grants must adhere strictly to level of household income rule. Sometimes the household may be just a little bit over the income threshold. Low income household that manage to gain access into the local housing market are unable to maintain them because they are not being leveraged.

Table 12.

Lack of Creative Financial Leveraging Solutions

Interview Participants	Statements From Documents
--programs and services we offer are all designed to make families self-sufficient so they don't need public housing any more --- (they are not self-sufficient because) they don't have a lot of money (for housing) --- (help could go from) --- getting your GED or High School Diploma to getting a job ----- we've never been fully funded --- "the rents that (tenants) pay are based on income level" – (P1)	With these comments in hand, the architects were charged with creating a community that did not look like "cookie cutter" apartments. "Instead, their designs replicate the scale of the surrounding residential community resulting in a mixture of housing types - single-family homes, duplexes and small townhouse multi-family structures" (D3).
----"we don't do any follow-up on the purchasers"--- (P3)	"Investigate other tools to create a financing pool for housing and economic development" (D1)
---there is not a huge population that qualifies----- There has to be an income in the family -- -these are the numbers we work from--- they have to be able to qualify for mortgage -----"we are okay with the size we are" --- (P4)	---we are focused in Cane Run Road area. --- No amounts have been reflected in financial statements for donated services (D2)
---we help them clean their credit up so they can purchase their homes ---- we help them overcome barriers that are keeping them from having stable housing-- "we do not provide rent assistance but we partner other organizations"--- (P2)	Rental readiness; Budget and Credit Counseling; Home Ownership Training; Mortgage/Default/Delinquency; Homeowner Services (D5)
We serve people whose level of household income fall between 25% and 50% of AMI ---we provide people with homeownership opportunities, --- "we do not have rental properties –we become their lender at zero percent interest in addition to discount on sales price (zero profit)" (P5).	---sweat equity ----zero-percent-interest ----- -----"no-profit mortgage payment" (D4)

Local housing market is commonly conceptualized in terms of market rate and subsidized housing with public housing for meeting the housing needs of the homeless

and low income households. It is thought that certain level of household income is required to gain access into the local housing market. For example, programs are developed to help families become self-sufficient through getting GED. Real estate management solutions to leverage the low income households in the local market are generally lacking. Low income households are unable to gain access into the housing market to ensure social justice. This will be discussed further in Chapter 5.

Table 13.

Louisville Metro Qualifying Income and Family Size

Family Size	1	2	3	4	5	6	7	8
Gross Annual Income	\$21,650	\$24,750	\$27,850	\$30,900	\$33,400	\$35,850	\$38,350	\$40,800

Adapted from Louisville Metro Housing Authority (Document effective 5-17-2010)

Louisville Metro Housing Authority (LMHA) Priority of Service

1. Involuntary displacement for physical violence
2. Involuntary displacement - government action
3. Substandard housing
4. Families paying more than 50% of income (before taxes) for rent and utilities
5. Homelessness
6. Previous section 8 participant in the homeownership program

Table 13 and the list following it is adapted from the document of LMHA to show how decisions in housing allocation to low-income households are usually tied to levels of household of incomes and other social circumstances even in the nonprofit sector.

Conceptualizing Market Structure for Housing Supply

From the foregoing results, it is obvious that the nonprofit sector needs understandable financial market structure for housing supply rather than the current

ambivalent dichotomous housing market. Thus, the emerging concept of financial market structure from the foregoing propositions is illustrated in figure 2. The housing market structure illustrated below took into account the indispensable roles of the private, public, and nonprofit sectors for efficient financial market structure to meet the housing needs of every Louisville household including the homeless and low income households. The conceptualization of financial market structure for housing supply minimizes regulatory approaches to public policy in the housing market. It helps the nonprofit sector identify its role in various aspects of the housing industry. The ultimate goal is an integrated community for healthy housing consumption as illustrated in the figure 2 below. A particularly notable feature of this illustration is separating the supply roles of the for-profit and nonprofit sectors at the level of integrated community for housing consumption. This is because the role of the nonprofit sector is not to supplant profitable economic activities even at the retail level of individual households. Rather, the nonprofit sector interacts with for-profit sector as well as the fiscal policy section of the public sector to mutually ensure social justice for the homeless and low income households. While the nonprofit real estate management social enterprise may operate like any other private for-profit real estate company in terms of financial practices, its focus is to ensure social justice and build as well as preserve equitable values of real estate in the larger context of the housing market. The nonprofit sector role has to be distinguished because it still involves operating on the supply side for mutual benefits in the local housing market. Being a social enterprise, the focus is to include every level of household income in the leveraging of the housing market. Innovative approaches to leveraging are

inevitable to ensure social justice in the local housing market. This is because not only do income levels differ from one household to the other; housing needs and ability to build equity in their homes differ as well. Besides, households with similar income level may not have similar budgets for various economically valid reasons that are outside the scope of discussion in this dissertation. The concept of market structure for housing illustrated is further discussed in the following chapter.

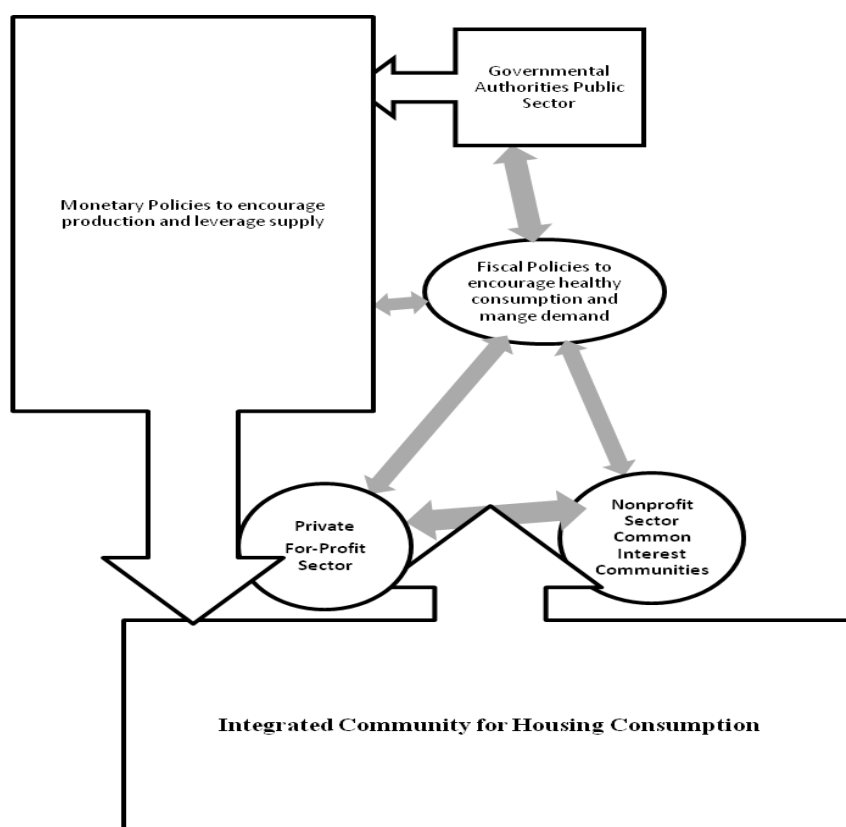


Figure 2. Conceptual market structure for the housing supply

Summary and Transition

The insights gained from this case study reflect how the housing assistance programs and services by the local nonprofit organizations might be reinforcing the existing ambivalent dichotomous housing market. Therefore, those programs and services are not necessarily complimenting the public policy in the housing market in order to ensure social justice for the homeless and low income households. The insights revealed that the nonprofits do design their housing assistance programs and services with clear understanding of the housing market. This confirms the null hypothesis. Thus, to engage the nonprofit sector a conceptual understanding of the public policy in the housing market emerged is needed. These insights and the concept are discussed in the following chapter leading to the conclusions and the recommendations for social change.

Chapter 5: Discussion, Conclusions, and Recommendation

Introduction

Since the purpose of this study was to gain those insights about how various housing assistance programs and the services were being provided by the nonprofits in the local housing market of metropolitan Louisville Kentucky, the insights are discussed further in this chapter. They are discussed with a view to evaluate how those programs and services complement public policy of leveraging households to gain access into the local housing market to ensure social justice for those households whose incomes are below prevailing standard living conditions. This confirmed the null hypothesis that the programs and services do not complement the public policy in the housing market.

Discussion

This research work focused on the systemic issue of how the housing assistance programs and services of local nonprofit organizations complement public policy of leveraging households in Louisville metro housing market in order to ensure social justice for the homeless and low income households. The over-arching research question is not just about attempting to identify different types of housing assistance programs and services by the nonprofit organizations in Louisville metropolitan area of Kentucky. It called for using qualitative reasoning and analysis to gain some insights, in form of propositions about how existing programs and services are provided in the context of the local nonprofit organizations as a case study in order to evaluate how they attempt to complement public policy in the local housing market. This was based on the hypothesis that, irrespective of their mission, nonprofit organizations would normally develop or

adapt various housing assistance programs and services to ensure social justice for the homeless and low income households in the housing market. This depends on how the needs of the homeless and low income households—in terms of supply and demand in the larger context of the housing market—are understood.

The null hypothesis would be that nonprofit organizations do not understand or have not identified the needs of the homeless and low-income households in terms of supply and demand in the larger context of the housing market. Therefore, nonprofit organizations usually do not conceptualize affordable housing as means of empowering the homeless and low income households to ensure social justice. When engaged, nonprofit organizations are not thinking of affordable housing as a means of promoting societal value or public interest of enhanced overall standard of living in the community. Although it is reasonable to assume that nonprofit organizations, as the third sector of the economy and social change agents, are usually free to develop, re-develop, adapt, or modify their programs and services like any other for-profit enterprise as the need arises, they have not identified this need. Based on this qualitative critical reasoning and analysis it could be inferred from the results in chapter four that the ambivalent dichotomous housing market has been institutionalized in the nonprofit sector. The results further show the implications of institutionalizing the ambivalent dichotomous concept of housing market in leveraging the homeless and low- income households to ensure social justice. This led to the emerging conceptualization of the housing market in terms of supply and demand. Thus, those propositional insights and how housing market should be conceptualized in terms of supply and demand are further discussed below.

Tendency towards Entitlement Programs

Housing assistance programs and services by the nonprofit organizations tend to be viewed as entitlements rather than valuable contributions to economic development and growth. Thus, in Table 2 statements such as “I think some of these things should be entitlements” (P3) or, “Everyone deserves a decent place to live” (D4) could be found in documents or interview transcripts. However, value is a societal creation as well as individual contributions. In light of the capitalist nature of market economy, houses are valuable investment properties to individuals as well as the community irrespective of those occupying them. To be viewed merely as shelter creates distortion in the housing market and defeats public policy of leveraging households to gain access into the market. Therefore, the role of the nonprofit sector in the housing market should not be to supplant profit in the housing market but to compliment public policy of leveraging households to gain access. Supplanting profit in the housing market becomes disincentive for essential economic contributions by individuals or wasting of valuable assets in form of vacant or abandoned residential properties.

Reinforcing Existing System of Excluding Low-income Households

Table 3 above shows that the programs and services of the nonprofit organizations serving the homeless and low income households tend to be reinforcing the existing ambivalent conceptualization of the market structure in terms of supply and demand. They commonly use certain income levels to determine who qualifies for their programs and services as in Table 13 above, implicitly excluding certain income levels from housing as capital asset. Inadvertently, the homeless and very low income households are

excluded from gaining access into this housing market. The implicit assumption is that low income households only need adequate shelter, not investments or capital assets. Housing needs of the homeless and low income households are met mainly in the rental housing market where their choices are limited and, they have to compete with a cross-section of middle and upper income level American households for their housing consumption on the demand side.

Focusing on historical systemic limitation

In Table 4, the programs and services of the nonprofit organizations serving the homeless and low income households tend to focus on historical systemic limitation such as racial discrimination in the housing market. Inadvertently, this tends to limit innovative approaches for leveraging low income households in the housing market. The focus tends to limit innovative approaches because housing assistance programs and services by local nonprofit organizations are generally viewed as entitlement programs and services for certain racial groups or protected classes. Therefore, local nonprofit organizations are not exploring innovative housing assistance programs and services compatible with the housing market. Also, local nonprofit organizations tend to view their role on the supply side of the housing market as competing with for-profit sector rather than seeking mutual benefits of market participants to ensure social justice, particularly for the homeless and low income households.

Table 5 shows that the programs and services by the nonprofit organizations serving the homeless and low income households tend to lack focus on how to leverage the population. This is because of the implicit assumption that they are excluded from the

housing market because their household income levels are too low. Also, it is generally assumed that their housing needs can only be met in the rental housing market or through public housing programs and services. These assumptions are reinforced by the institutionalized ambivalent dichotomous conception of housing market as comprising of market rate and subsidized housing units. In view of public policy to leverage every household to gain access to acquire housing as capital asset from their periodic incomes, housing market should be conceptualized in terms of supply and demand as capital assets through financial leveraging of supply. Subsidizing household incomes can be rationally determined in the nonprofit sector at the local housing market for mutual benefit of maintaining equitable values of real estate properties and for ensuring social justice for every household. Nonprofit organizations should operate as common interest community social enterprises. This could involve various forms of innovative leveraging as well as income subsidy housing assistance programs and services as real estate management tools in the larger context of the local housing market. Thus, the local housing market could function more efficiently through real estate management in the larger context of the housing market focusing on innovative leveraging of low income households.

Excluding Some Rather than Including All in the Housing Market

The programs and services of the nonprofit organizations serving the homeless and low income households tend to implicitly exclude the homeless and low income households from the housing market as shown in Table 6 in Chapter 4. Although the implicit assumption that certain levels of household incomes and credit worthiness are excluded from leveraging is the pragmatic business in for-profit financing, it is not public

policy. It is not unreasonable to consider household income-debt ratio and credit worthiness to minimize the number of loan defaulters. This is understandable because housing becomes private capital asset at individual household level. Hence, the role of the nonprofit sector as social enterprises at the local housing market becomes indispensable to ensure social justice. Being social enterprises that complement public policy in the larger context of the housing market, they should be able to operate on behalf of both the benefactors and beneficiaries at the local housing market level. The nonprofit social enterprises are not just directly involved in the local housing market; they understand that the housing market is essential for leveraging households to acquire housing as capital assets. Hence, they explore various innovative approaches compatible with the market coupled with strategic real estate management to include every household in the housing market leveraging, depending on the housing needs of individual households, in order to ensure social justice. Innovative leveraging approaches are needed because the homeless and low income households are in the same local housing market with a cross-section of Americans with various housing needs. Many of them are able to meet their housing needs directly in the for-profit sector of the housing market whether in the rental housing section of the market or through leveraging in the entire housing market.

Tendency to Regulate Rather than Encourage Participation

It would be seen in Table 7 in chapter four that the programs and services of the nonprofit organizations serving the homeless and low income households tend to rely on public regulations in the local housing market. However, such regulations tend to restrict

various innovative real estate market transactions with multiplying economic effects that beneficiaries of financial leveraging could have been using, in turn, among households in the local housing market. Such dynamic housing market could have continued to enhance equitable values of real estate for economic transactions in the market. The essence of free housing market is to encourage valuable contributions among various participants in the process of public policy attempting to leverage every household to gain access. Fewer regulations will be required and economic activities will be stimulated in its industry if housing is generally conceptualized as investment property or capital asset rather than merely as shelter.

Tendency to Equate Capital Value Affordability to Income Levels

The programs and services of the nonprofit organizations serving the homeless and low income households tend to equate capital value affordability to income level affordability thereby disregarding equitable values of real estate properties. Over time, equitable values of real estate result not only from down payments made at purchase and periodic payments; but also continual maintenance, both public and private improvements, time-value of money, as well as demand and supply in the housing market. Table 8 in the previous chapter shows how engaged local nonprofit organizations are still struggling with understanding the relationship between this capital value of real estate and household level of income required for monthly payments. The general assumption is that household has to attain certain level of income to leave in certain neighborhood. Hence, direct engagement of nonprofit organizations in the local housing market is inadvertently restricted to certain neighborhoods in form of rehabilitating

distressed real estate properties. Some of those neighborhoods are unable to attract for-profit investors because equitable values of many of their real estate properties have been discounted in the ambivalent dichotomous housing market. If the housing market was properly conceptualized in the nonprofit sector, organizations could work with the neighborhood home owners and investors to revise such trends. Currently, engagement of local nonprofit organizations in the housing market tend to be reinforcing the ambivalent dichotomous housing market comprising of market rate and subsidized housing units. Thus, current conceptual understanding of the housing market structure tends to limit innovative financial leveraging of the homeless and low income households in order to ensure social justice.

Implications of the Ambivalent Dichotomous Housing Market

Clearly, the foregoing propositions not only reinforce the ambivalent dichotomous concept of housing market; they result in various misconceptions about public policy in the housing market. The propositions confirm the null hypothesis that the programs and services by nonprofit organizations do not complement public policy of leveraging households to ensure social justice for the homeless and low income households. Thus, apart from consequent under-utilization of existing housing stock resulting from the grossly inefficient housing market, the implications as households attempt to leverage one another are further illustrated by the following propositions:

1. Location, Design and Construction Solutions;
2. Struggling to Preserve Market Value as Capital Asset;
3. Coercive Regulations to Enforce Maintenance;

4. Lack of Creative Housing Solutions for Social Integration; and
5. Excessive Focus on Income-Level-Solutions.

Location, Design and Construction Solutions

Table 9 in the previous chapter shows that nonprofit organizations tend to think of solutions in terms of location or rehabilitation of vacant and abandoned properties instead of how to leverage households financially. While land use planning and improved construction or architectural design solutions enhance the value of real estate, the public policy issue of leveraging low income household to gain access into the housing market remains unresolved. The public policy issues, for which to find complementary solutions in the housing market are not safety, adequacy, decency, quality, or even affordability; but how to fairly or equitably leverage every household to gain access into the market irrespective of level of household income. This is not to imply that safety, adequacy, decency, quality, and affordability of housing units at locations are not important public policy issues, but those issues would still have to be translated into how to finance the housing units in the market. To provide complementary solutions to the problem of how to equitably leverage every household in the housing market, engaged local nonprofit organizations should also conceptualize the market in terms of supply and demand for housing as capital assets.

Struggling to Preserve Market Value as Capital Asset

However, it would be seen in Table 10 in the previous chapter that existing housing assistance programs and services by local nonprofit organizations tend to merely conceptualize housing as shelter. Hence, the local nonprofit organizations are struggling

with how to develop housing assistance programs and services that help to preserve market values of residential properties as capital assets and provide shelters at the same time. The two concepts of housing cannot be separated in the housing market to effectively complement public policy in the market. If conceptualized merely as shelter, the tendency will be to assume that subsidizing low household income or discounting capital market value for the individual beneficiary seeking to gain access into the market is the solution. This approach tends to supplant profit motives at the expense of for-profit investors in the local housing market. The approach also limits economic activities needed to sustain the housing market for leveraging every household. However, if conceptualized as capital asset, a housing unit could be subdivided into various bundles of rights or leasehold arrangements to make the unit accessible to a low income household. This could also make innovative financing of the investment property possible. Therefore, housing has to be conceptualized both as shelter and as capital investment asset in the housing market.

Coercive Regulations to Enforce Maintenance

Furthermore, it would be seen from table 11 that housing tends to quickly deteriorate and become neglected because it is not conceptualized as capital asset in the institutionalized ambivalent dichotomous housing market. Therefore, the community has to depend largely on coercive public regulations and/or explore other public policies to encourage upgrading and maintenance of existing housing stock. Equitable values of residential properties resulting from various leveraging contributions among households should be encouraged and preserved in order to ensure sustained maintenance and

improved housing conditions. It is diversion of such equitable values in form refinancing in the money market that should be more stringent. Without being able to leverage one another in the local housing market it may not be possible for the homeless and low income households to gain access. Innovative financial leveraging strategies that may not be possible in the larger context of the housing market could be developed in a local housing market. Conceptualizing housing as capital asset is critical to the local housing market as much as it is critical to public policy in the larger context of the housing market.

Lack of Creative Leveraging Solutions for Social Integration

It would be seen in table 12 that existing housing assistance programs and services by local nonprofit organizations lack innovative strategies for financial leveraging of the homeless and low income households. This is because housing is not conceptualized as capital asset in the institutionalized ambivalent dichotomous housing market. The focus is on what Government can do rather what households can do for mutual benefits. While housing need as shelter is reasonably taken into account in developing assistance programs and services, the need to be socially integrated into the local housing market irrespective of level of household income is inadvertently overlooked. Housing has to be conceptualized as capital asset that every household would normally seek to acquire in the housing market in order to develop innovative strategies for financially leveraging all the households.

Excessive Focus on Income-Level-Solutions

Level of household income is strictly tied to various housing assistance programs and services by local nonprofit organizations because housing need is not commonly conceptualized in terms of need for capital asset but bundle of rights to housing units on the demand side of the housing market. This is illustrated with table 13 in the previous chapter. The tabulated median levels of household incomes are used to determine qualification for various housing assistance programs and services. Interestingly, critically analyzing the listed priority for serving those in need of housing could reveal conceptual struggles between housing as shelter and housing as private capital asset. Focusing excessively on income level solutions for gaining access into the housing market could result in various dimensions of housing needs being overlooked or undermined. Housing needs are increasingly dynamic calling for responsive management of housing as capital asset irrespective of the level of household income of occupants. Social justice implies that low income households also have attainable homeownership aspirations because adequate and decent shelter is needed for basic survival as much as it is needed for economic self-sufficient living conditions.

Conceptual Market Structure for Housing Supply and Demand

It could be seen from the foregoing that housing has to be conceptualized as capital asset needed by every household to be functional members of the community for public policy to evolve into a market structure in terms of supply and demand. Even then, it cannot be conceptualized in terms of simple supply and demand but series of supply and demand in the financial market structure with institutionalized interactions as

illustrated in figure 2 in the previous chapter. Hence, the arrows in the figure are deliberately overlapping. This is because the concept of housing market and public policy are intertwined as shown in the figure, though every individual does not usually perceive this interwoven relationship on the demand side of the local housing market.

Furthermore, it has to be distinguished from other consumable capital assets because the value of housing in terms of supply and demand is largely created by the public in the financial market, particularly in terms of location. The value referred to here should not be confused with real property value sometimes determined from cost perspectives in appraisal of real estate. It should be distinguished because conceptualizing housing as capital assets on the demand side tends to distort the internal and external costs of property values. Understandably, consumers conceptualize value in terms of their subjective personal needs. Besides, direct correlation of housing demand and consumption as capital asset with its production and supply may not be possible because these are two different conceptual processes. However, conceptual understanding of housing as capital asset that every household would normally seek to acquire overtime through financial leveraging is critical in formulating public policies. It is also critical in developing nonprofit programs and services that complement public policy to ensure social justice for the homeless and low income households.

If conceptualized as capital asset that every household would reasonably desire to acquire, one can see the rationale for injection of public fund into the primary mortgage market as monetary policy to stimulate and expand economic activities in the housing industry. This was done as far back as 1938 by establishing Fannie Mae as public agency.

It was done again in 1970 by establishing Freddie Mac as public agency. This has been discussed in the literature review. It is this rationale that informed the conceptual financial market structure for housing supply in Figure 2 in the previous chapter. If public policy had continued to depend on the traditional savings-and-loan-association it is not likely that housing market in the United States would have expanded as rapidly as it did or the labor market could have been more demanding in terms of living wages to meet housing needs. Even then, the traditional approach still shows that households depend on communal efforts to acquire housing as capital asset. The injection of public fund helped to stimulate and expand the communal efforts or economic activities to encourage supply of housing through leveraging of households with affordable mortgage loans. As the benefits of this leveraging trickle down the supply chain through various enterprises in for-profit private sector and sometimes nonprofit sector to private individual household, fiscal policies are needed to encourage healthy consumption and manage demand for housing. However, the indispensable conceptual role envisaged for the nonprofit sector here is both to ensure socially integrated community where every household is being leveraged and to help build and preserve private equity for individual household. This complementary role of the nonprofit sector enables local housing market to be conceptualized in terms of supply and demand for housing as capital assets for households.

Theoretically, every level of household income could be financially leveraged directly or indirectly based on this conceptual market structure for housing supply, unless the household has no income at all. I should point out immediately, however, that for

several other reasons in the labor market as well as in the housing market, which are outside the scope of this dissertation, it may not be practicable to leverage every level of household income even with this concept of market structure for housing consumption. For those same reasons increasing the minimum wage would not help low income households improve their living conditions with respect to housing. The homeless and low income households may continue to be excluded from the housing market even with the complementary role of the nonprofit sector without some other basic social services. Direct basic social services for individual well-being are essential ingredients of an egalitarian society and stable economy since welfare state economy became the norm. However, this conceptual market structure for housing consumption is to help identify and inform the neglected role of the nonprofit sector to stimulate innovative approaches for leveraging the homeless and low income households to ensure social justice. Otherwise, the housing market will continue to be grossly inefficient, featuring foreclosure crisis and abandoned vacant residential properties while homelessness and inadequate housing for low income households continue unabated.

Social Services in the Housing Market Financial Structure

Systemic conceptualization of housing financial market structure has to be holistic in order to develop pragmatic strategies of ensuring social justice for the homeless and low income households. Hence, the concept takes into account some personal limitations other than incomes contributing to inability to gain access into the housing market. This is one of the reasons for conceptually distinguishing the nonprofit sector and for-profit sector in figure 2 in the previous chapter. Social services, homelessness, supportive

housing, housing for the elderly, and similar affordable housing programs for low income households seem to have become closely aligned. This is because many low income households typically depend on other social support programs for some personal limitations that put them among protected classes. The foregoing conceptual market structure seeks to integrate many of those social support programs as much as possible. While it is inconceivable to duplicate them, it is envisaged that such programs could become part of the support services network of the nonprofit sector in this conceptual housing market structure. Therefore, it is assumed that many of the social support services the homeless and low income households now benefit from would remain or become enhanced by linking them directly to the housing needs of their beneficiaries. For example, many homeless shelters that are currently designed to provide transitional housing could have their services linked to the housing market. Similarly some rehabilitation programs could link their programs to the housing market. Generally, the goal is to integrate social support services to enhance living conditions and productive potentials of households.

Limitations of Study

Although it is largely unexplored, public policy in the housing market should actually be conceived an interdisciplinary subject matter as discussed in the literature review in Chapter 2. Therefore, limiting the focus of this research to a narrow aspect of public policy in the housing market has actually been an evolving process. It is more so using the qualitative case study research method. The study is limited to understanding how engaged nonprofit organizations attempt to complement the public policy of

financially leveraging households to gain access into the local housing market. This has been revised accordingly.

Conclusion

The public policy is to empower every household to gain access into the local housing market but not become dependent on subsidies. Therefore, to ensure social justice for the homeless and low income households, public policy in the housing market needs to be understood and conceptualized in terms of supply and demand rather than market rate and subsidized or public housing. Conceptualizing the housing market in terms of market rate and subsidized or public housing reinforces an ambivalent dichotomy. Dichotomous conceptualization of the housing market raises three major issues. First, the nonprofit sector tends to develop programs and services to meet housing needs as entitlements rather than leveraging households to compliment public policy in the housing market. Perhaps, it is because renting is commonly thought of as stepping stone to homeownership. It is not stepping stone for thousands of homeless and low income households systemically restricted to rental housing market. The original public housing program was intended to leverage few households as they transition into the housing market. Secondly, equitable property values for sustained maintenance and improvements are undermined in attempt to regulate profit motive while encouraging healthy housing consumption. Third, progressive economic activities on land for improved living standard are dampened as its competitive highest and best use is replaced with rational social allocation in land use planning. These rational propositions further confirm the null hypothesis that the programs and services by local nonprofit

organizations are usually not developed or adapted to compliment the public policy to ensure social justice for the homeless and low income households. Local nonprofit organizations do not seem to have conceptual understanding of the housing market financial structure to develop programs and services in terms of supply and demand that are mutually beneficial to local housing market participants.

The current ambivalent dichotomous conceptualization of the housing market leaves room for predatory investing that focus more on profit ultimately resulting in exploitation of the homeless and low income households who may have less direct access to the housing market for leveraging. They have less direct access partly because of the low levels of their household incomes and partly because of their credit worthiness as individual household. Despite these financial limitations, the homeless and low income households are, and should remain, in the same housing market with a cross-section of other American households who rent, lease, and purchase to own or purchase other investments in the housing market. Their financial limitations should not eliminate them from being leveraged because housing is needed not just as economic good but for basic survival. However, the programs and services of the local nonprofit organizations for the homeless and low income households are not leveraging or empowering them to gain access into the housing market. At the same time, currently institutionalized ambivalent dichotomous housing market is bedeviled with cycles of bubbles and bursts in foreclosure crisis resulting in vacant and abandoned properties. Income subsidy to rent is not leveraging because renting to own is not the same as renting to meet housing need for shelter. Direct income subsidies to purchase require long-term property management so

as not to amount to transfer payments or another entitlement program. Predatory investing in the housing market that focuses more on profit cannot be eliminated by regulations without discouraging healthy economic activities needed in the housing market institution of a free market economy. The solution is probably in innovative long-term property management by nonprofit organizations that understand their role as common interest communities conceptualized in the financial market structure for housing supply in Figure 2. Regulatory approaches are not likely to effectively minimize predatory lending. Besides, it could become difficult to invest in the housing market without damping healthy economic transactions that are needed in the market institution. However, if the conceptualized financial market structure is well understood, the nonprofit sector can effectively leverage the low income households to compliment public policy and minimize predatory lending and investing in the local housing market.

Housing market should be conceptualized in terms of its financial market structure or system for leveraging every household in the community to gain access to acquire desired housing unit as capital asset. Ambivalent dichotomous housing market comprising of market rate and subsidized housing units became institutionalized in the nonprofit sector because public policy in the housing market is generally misconceived. Housing programs for low income households are misconceived as low cost housing or low income neighborhood housing. Policy makers in the local housing market are in dilemma about integrating the homeless and low income households to ensure social justice. This further confirms the null hypothesis that existing programs and services by

nonprofit organizations engaged in the local housing market in Louisville metro are not complementing public policy of leveraging households to gain access.

Generally, the nonprofit organizations engaged in the local housing market do not understand or have not identified how it is a social justice issue to ensure that the homeless and low income households also gain access into the housing market through financial leveraging. The supply institutions of the nonprofit sector tend to conceive the housing needs of the homeless and low income households in terms of safety, decency, adequacy, and affordability of shelters rather than as capital asset investments. Inadvertently, the housing needs of the homeless and low income households are thought to be met through subsidies in public housing or public rental housing programs. Thus, the homeless and low income households are not being leveraged financially to gain access into the housing market. The general assumption is that household incomes have to be at certain levels to be leveraged in the housing market. This assumption perpetuates the homeless and low income households as consumers of public housing programs. It is contrary to public policy in the housing market which is to leverage every household to gain access. Leveraging every household to gain access into the local housing market is the public policy that engaged local nonprofit organizations could be set up to compliment in order to ensure social justice for the homeless and low-income households in metropolitan Louisville Kentucky.

Recommendations

The rational economic concept of the public policy in the housing market is in terms of financial leveraging of every household to participate in supply and demand to

acquire housing as capital asset. It is to encourage competitive production and supply as well as stimulates healthy consumption and demand for housing. Acquisition of housing as capital asset by every household is attainable public policy. It is in line with the capitalist structure of the market economy in the United States. Therefore, housing assistance programs and services for the homeless and low income households should complement the public policy for mutual benefits as in common interest communities. Engaged local nonprofit organizations should be operating as social-business enterprises. The goal of public policy in the housing market should not be to supplant profit making or create entitlement programs in view of the national culture of individualism, personal achievement, and competition.

While reinforcing existing complementary role of the nonprofits in various economic activities on the supply side, the complementary role viewing housing supply from the demand side should be innovative long-term real estate management in the local housing market. This could involve the nonprofits holding the capital assets in various forms of proprietary interests to manage the processes of leveraging low-income households through leasehold arrangements. Also, nonprofit organizations could engage in partnership or collaborative property management for small scale investors or landlords as well as individual household. As it is in other common interest communities, local nonprofits should be helping to build and preserve home equities and protect property values so as to maintain competitive production and healthy consumption coupled with improved standard of living in the community. This could be through education as well as direct involvements. Since the goal is not to dampen

individual incentives, this calls for harnessing local resources without coercion as well. Voluntary productive contributions, directly or indirectly, in cash or in kind could be built into the housing market structure. Societal value is created by everyone contributing to it, not just benefiting from it. It is the way to reconcile the national culture of individualism, personal achievement, and competition for mutual benefits. The gray area between profitable and unprofitable ventures in the housing market remains undefined because of its interwoven relationship with public policy in the financial market structure for housing supply. Therefore, generosity and non-coercive contributions on the part of every participant will still be required for a progressive housing market institution.

The market would be more efficient if the public policy focused on ensuring that every household is being leveraged, directly or indirectly, in the larger context of the housing market, rather than subsidizing low-income households perpetually as entitlement. The heterogeneous nature of real estate makes housing market structure a monopolistic competition in terms of supply and demand. Income subsidy and innovative leveraging of individual household to gain access could be used as property management tools to stimulate healthy consumption and encourage active participation in the local housing market. Therefore, the need to subsidize household income is best determined on individual basis involving various forms of private negotiation strategies. This calls for involvement of professional real estate management in the nonprofit sector. There are several real estate management strategies that could be explored by local nonprofit organizations to ensure that the homeless and low income households are also being leveraged within the larger context of the housing market. At the same time they can be

adequately housed and socially integrated without undermining private equity of individual homeowners or investors.

Zoning regulations in land use planning have to be updated based on more objective market values rather than rational social allocation based on the institutionalized ambivalent dichotomous housing market. Environmental regulations for improved living conditions should also be taken into account. Zoning regulations in efficient housing market could mutually promote social integration of the community and real estate market value without undermining environmental quality as well as historical regulations against racial discrimination. Many low-income households now live in the suburbs of metropolitan Louisville Kentucky. Therefore, local nonprofit organizations could be involved in long-term property management in various neighborhoods in the community throughout the metropolitan area. Rather than lobbying legislators for income-based exclusive zoning regulations, neighborhood associations will be able to focus more on mutual property management and maintenance that enhance property values. Land use planning combined with real estate management in the housing market could go a long way in addressing the issue of social justice for the homeless and low income households. Mutual nonprofit interventions will always be needed because of the tendency towards individualism of the national culture in the United States.

Implications

The Urban League rightly identified housing as the great equalizer. It remains the major capital asset that could be made accessible to every household. To achieve this requires engagement of the nonprofit sector in property management and maintenance in

the larger context of the housing market as a social enterprise. Property management and maintenance envisaged here would involve helping to build and preserve home-equities as well as encouraging innovative leveraging among households. This could minimize wasting valuable investments in form of vacant or abandoned units in the larger context of the local housing market. The goal would be to ensure socially integrated community for housing consumption. It could also be to ensure social justice for the homeless and low income households while preserving equitable values of residential properties in the housing market. However, in view of the fact that public policy in the housing market as identified in this research remains largely unexplored field of study, the focus is the narrow aspect of financial leveraging of households in the market. Therefore, much more research studies might be needed for existing nonprofit organizations to adapt, collaborate, or even initiate the role of the nonprofit sector envisaged in this dissertation. Nevertheless, the novelty of this dissertation is the attempt to point in the direction of nonprofit real estate management as a social enterprise in the larger context of local housing market for possible social change. The management of real estate as a social enterprise in the larger context of the local housing market for the mutual benefits of efficient and healthy housing consumption is the path to social change.

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Appendix A: Research Instrument

Qualitative Research Instrument

Please provide the following demographic information or indicate not available/applicable:

- a. Organization (optional) _____ Tel. _____
- b. Name/Position (optional) _____
- c. Total Annual Budget -----\$ _____
- d. Annual revenue (rents, repayments, program fees etc) \$ _____
- e. Annual grants/donations revenue sources ----\$ _____
- f. Grants/donations for housing assistance only if available ---\$ _____
- g. Loans relating to housing programs and services only -----\$ _____
- h. Annual repayments on relating to housing program only -----\$ _____
- i. Number served annually _____ Individuals/Households

1. How do the programs and services you have organized in line with the mission of your organization relate to the housing needs of the homeless and/or low income households in Louisville Metro?
2. Why does your organization consider the assisted housing programs and services you provide for the homeless and/or low income households necessary?
3. How are your programs and services helping the homeless and/or low income households meet their long-term needs in the housing market in terms of affordability? How else are the programs and services helping them?

4. How do individuals or households qualify for your programs and services? How do you determine who to help based on your limited resources?
5. How would you describe the objectives of each of the programs and services in relation to the mission of your organization? How have those objectives been formally developed; or how have those objectives evolved?
6. How would you describe the objectives of each of the programs and services in terms of number and characteristics of the people or households benefiting or attracted?
7. Does your organization see the housing problems of the homeless and low income households in terms of their personal limitations or insufficient low income housing in Louisville Metro?
8. How have budget constraints limited the programs and services of your organization?
9. How do the housing units in your programs and services differ from other housing units in Louisville metro? What accounts for those differences if any?
10. How do you think the homeless and low income households can be adequately housed? What have you or your organization thought about the issue?