

2017

The Effects of the Foreclosure Crisis on the Black and Hispanic Population in Lee County, Florida

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Walden University

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Stenia K. Reid-Hall

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2017

Abstract

The Effects of the Foreclosure Crisis on the Black and Hispanic Population in Lee
County, Florida

by

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MPA, Walden University, 2008

BA, Florida Atlantic University, 2001

Dissertation Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Philosophy

Public Policy and Administration

Walden University

May 2017

Abstract

The housing foreclosure crisis of 2007-2010 in the United States disproportionately affected persons of color. Some states, such as Florida, were heavily impacted by property value losses, yet there has been little research since about the experience of losing a home and recovering from that loss from the perspective of the homeowner. Using Carlson's conceptualization of resiliency theory, the purpose of this phenomenological study was to assess the impact of housing foreclosure and the experience of recovery from foreclosure on Black and Hispanic people in Lee County, Florida. Data were collected through in-depth interviews with 15 people in Lee County who experienced foreclosure and recovery. Interview data were inductively coded and then subjected to a thematic analysis procedure. Findings revealed that a common experience among participants was that they lacked knowledge about government programs that may have helped them avoid foreclosure, and only a few participants took advantage of emergency assistance offered through local or regional government organizations. In general, people experienced a sense of isolation and had little guidance on recovery options. The positive social change implications of this study include recommendations to government organizations on all levels to enhance outreach efforts to help struggling families avoid foreclosure, including considering creative funding mechanisms to offer assistance.

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Dedication

I would like to give thanks to my faith in God, because without my faith and patience this would not be possible. Next, I would like to thank my close family, especially my mother, Pauline, and my father, Clement. To my spouse, Rory: thank you for all the sacrifices. A heartfelt thank you to all my children, Abigail, Talia, and Ajani. Also, I would like to thank Kev, Dorcia, Des, Marsharee, Hilda, Liz, and one of my best friends forever, Atma. Thanks also to my co-workers and friends who kept pushing me. There were days I wanted to give up!

This journey started in September of 2009, two years later I took a leave of absence; then I later had to withdraw and re-apply in 2012 to the university. Almost 8 years later I finally made it. Life happens! The following verse is very fitting for the situation: “Fear not, for I have redeemed you; I have summoned you by name; you are mine. When you pass through the waters, I will be with you; and when you pass through the rivers, they will not sweep over you”. (Isaiah 43:1-3).

A heartfelt thanks to my committee chair Dr. Knight, my content member Dr. Telleria, and my university research reviewer Dr. Day for your feedback, multiple revisions, and constant motivation. Perseverance and the will to go on. One day at a time.

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Chapter 1: Introduction to the Study

Introduction

The national housing crisis of 2007-2010 resulted in more than 750,000 Florida households losing their homes due to foreclosures (Immergluck, 2011). The Pew Hispanic Center (as cited in Kochhar, Gonzalez-Barrera, & Dockterman, 2009) stated, “The boom and bust cycle in the U.S. housing market over the past decade and a half has generated greater gains and larger losses for minority groups than it has for whites” (p. 4). Furthermore, foreclosures were at an all-time high in Florida (RealtyTrac, 2009). According to RealtyTrac (2009), Florida ranked the highest in foreclosures during the height of the economic meltdown. Kochhar et al. (2009) stated, “The period of 2005 to 2009 was marked by a series of tumultuous economic developments” (p. 4). Furthermore, “the market collapsed in 2006 and triggered the housing stock market collapse in 2007-2008.” (Kochhar et al., 2009, p. 5). Multiple sources cited throughout this dissertation clearly stated that hundreds of thousands of individuals lost their homes during the aforementioned time period.

As a result of the foreclosure problems of 2007-2010, Florida has a housing problem; such as inadequate affordable housing units for the population. The interviews conducted indicated that people of color pay more than half of their monthly income towards housing. However, in this research, I focused on the housing and foreclosure problem in Lee County, Florida because the area had one of the highest foreclosure rates nationwide during the crisis (Kochhar et al, 2009). There was a need to document the lived experiences of foreclosure victims in order to explore the impact the foreclosure

crisis had on the African American and Hispanic American population. Throughout this dissertation researchers such as *The Pew Research Center* have presented the statistics of the foreclosure victims; however, there was no detailed documentation about the lived experiences of the residents of Lee County, Florida. I used Carlson's (2012) resilience, economic, and adaptive theories to guide my research. I will provide the results of the data and recommendations of the research to local housing policymakers in Lee County, Florida for possible implementation.

Background

The housing market in the United States took a downward turn in 2007 and plunged into crisis the following year (Schwartz, 2012a). Because of the economic recession of 2007-2010, an estimated 750,000 households in Florida lost their homes in the last 5 years due to mortgage foreclosures (Council on Homelessness, 2012). Lee County, Florida is located in the southwest area of the state and had an estimated over 30,000 foreclosed homes on the court dockets during 2008. (Gelpi & Lynne, 2009). Although mortgage interest rates are low and the federal government has established programs to address the crisis, the situation has scarcely improved (Schwartz, 2012b). House owners have tried to find housing in the state's rental housing market, with the added barrier of a foreclosure on their credit history (Council on Homelessness, 2012). However, the rental community is also struggling. During the economic crisis, the rental housing market had a low vacancy rate, and rent levels were rising (Council on Homelessness, 2012). A limited number of rental units were available to those households living on fixed incomes, government assistance, or minimum wage jobs

(Council on Homelessness, 2013). In the last few years, the cost of rent has increased while jobs have not kept up with rising housing costs (Council on Homelessness, 2013)

Theoretical Basis

The study was based on the foreclosure crisis in Florida and its effects on the African American and Hispanic American population. I used the resilience theoretical framework, (Carlson et al, 2012) such as economic and adaptive resilience, based on a qualitative phenomenological research. There are various definitions of the term *resilience*; however, for the purposes of this research, the term was defined “as the ability of an entity such as an organization, community or region to anticipate, resist, absorb, respond to adapt to, and recover from a disturbance” (Carlson et al., 2012, p. 4). Policymakers, practitioners, and academic researchers have agreed that resilience plays a role in assessing entities and critical infrastructure (Carlson et al., 2012). Additionally, when assessing resilience theory, communities’ stakeholders, operators, communities, regions, and the nation must be able to recover from adversities such as an economic and housing crisis (Carlson et al., 2012).

The main goal of this study was to explore the impact that the foreclosure crisis had on the African American and Hispanic American population in Lee County, Florida. I documented the lived experiences of African Americans and Hispanic Americans. Additionally, I provided alternative explanations and recommendations about the events that led up to the foreclosure crisis of 2007-2010. I asked detailed questions about the lived experiences of the participants and provided alternative interpretation of the foreclosure crisis of 2007-2010 that occurred in Lee County, Florida.

Creswell (2009b) stated that the main purpose for conducting any research is “to prove the reason for the study and justify the results of the research” (p. 171). In this study, the theoretical framework revolved around resilience, economic, and adaptive theories (Carlson et al., 2012). I conducted an inquiry to explore how the participants coped with life due to foreclosure during the economic meltdown of 2007-2010. Furthermore, I explored other factors that contributed toward foreclosure, including job loss during the housing crisis of 2007-2010. The research was based on a qualitative, phenomenological approach in which I explored the effects of the foreclosure crisis on Lee County, Florida. Resilience is a framework that provides an arena for understanding and generates ideas for various disciplines such as social science and natural sciences (Lambin, 2005). Resilience theory is applied to many public and social issues, especially disasters or major disturbances such as the national housing crisis that started around 2007 (Lambin, 2005). The resilience concept also refers to the capacity of a system, or a community, to absorb a disturbance and have the ability to reorganize (Walker, Holling, Carpenter, & Kinzig, 2004). Crises occur in many different forms; they can be abrupt, gradual, fast, slow, or even predictable or unpredictable. I applied resilience, economic, and adaptive theories throughout this study in an effort to inform about the impact the foreclosure crisis of 2007-2010 had on Lee County’s housing system for the African American and Hispanic American population.

Statement of the Problem

In Lee County, Florida, in December 2008, there were 20,000 houses on the court docket for foreclosure with another 30,000 expected over the coming year (Gelpi &

Lynne, 2009). According to the Lee County Homeless Coalition (2013), the county had experienced an increase in the homeless population during the height of the mortgage meltdown. The housing market started declining in 2007 and shortly thereafter plunged into crisis (Schwartz, 2012). In Florida, the foreclosures increased over 400% within 2 years. In reality, the figures rose from 74,000 in 2006 to 370,000 in 2008 (RealtyTrac, 2012). According to RealtyTrac (2012), 1 in every 396 house in Florida had received some form of foreclosure notice by 2012. Lee County was one of the top 10 cities with the highest number of foreclosures nationwide (RealtyTrac, 2012).

At the same time, Lee County observed an increase in homeless population. The Council on Homelessness (2012) indicated that the economic meltdown of 2008 contributed in the increase of homelessness. Furthermore, the Council on Homelessness also stated that on any particular day there were 54,300 individuals on the street or in an emergency shelter in the state of Florida. The Florida housing and homeless figures indicated how the state, as well as the county, fared during the economic meltdown. The Pew Research Center indicated that African Americans and Hispanic Americans were primarily affected by the foreclosure crisis. This study provided information about the lived experiences of foreclosure participants and the current economic state of the county. I collected data, analyzed current housing programs, and provided recommendations about Lee County housing.

Purpose of the Study

The purpose of this research was to provide recommendations about Lee County's foreclosure crisis of 2007-2010 while using resilience theory. A gap exists in the

literature on the foreclosure crisis of 2007-2010 that affected millions of homeowners.

Housing is a national public policy that I address throughout this dissertation.

Researchers such as Agarwal, (2001) and Aka (2012) have addressed the causes of the foreclosure crisis and various remedies; however, there was no literature on the homeowners' lived experiences during and after the foreclosure experience.

Research Questions

The research questions for this study were the following:

1. What impact did the foreclosure crisis in Lee County, Florida have on the African American and Hispanic American population?
2. What happened to the Lee County housing community during and after the foreclosure crisis of 2007-2010?
3. Did the county recover from being one of the highest foreclosure areas during the 2007 housing crisis?

This study provided recommendations to the phenomenon surrounding the foreclosure crisis of 2007-2010.

Significance of the Study

The foreclosure issue in Florida is a public policy issue for multiple reasons. Because of the economic crisis and the housing foreclosure in Florida, the Obama Administration implemented various programs to aid homeowners who were at risk of foreclosure or having difficulty paying their monthly mortgage (U.S. Department of Housing and Urban Development (USHUD), 2014). The foreclosure issue made national and international headlines over the years. A foreclosed home is a visible symbol of the

2007-2010 housing crisis. The number of homes in the United States with at least one foreclosure filing was 717,522 in 2006; this figure represented 0.6% of all housing units (RealtyTrac, 2009). Two years later in 2008 that figure increased to 2,330,483 which represented 1.8% of all housing units (RealtyTrac, 2009). RealtyTrac (2009) showed that the number of properties entering foreclosure continued to increase through the first quarter of 2009. Back in 2009, with no signs of an end to the recession, foreclosure activity was at a high level (Rukmana, 2010). However, since 2009, the national housing industry has seen some relief in the form of government regulations with the implementation of programs such as Home Affordable Refinance Program (HARP) (Rukmana, 2010).

Homelessness is also a public policy issue that affects millions of people in the United States. Rukmana stated “that homelessness has been a problematic problem for more than two decades” (p. 95). Federal programs and services were implemented in an effort to end homelessness; however, homelessness is still a national crisis (Rukmana, 2010). Homeless coalitions throughout the state of Florida counted 54,300 persons who were living on the street or staying in an emergency shelter (Council on Homelessness, 2012, p. 1). Furthermore, during the economic recession, an estimated 750,000 Florida households lost their homes over the last 5 years due to foreclosures (Council on Homelessness, 2012).

A prominent significance of this study was to inform and educate people about the home buying and retention process. The results of this study should be used to inform the public about Lee County’s foreclosure and homeowners’ lived experiences during

and after the period of 2007-2010. Nationwide communities were affected; however, Lee County, Florida made national headlines as one of the highest foreclosure areas in the nation (RealtyTrac, 2009). As one of the areas that had the highest foreclosure rates in the nation, it was imperative to conduct this study in an effort to inform the public about all the different steps involved in the home buying and retention process. This study will aid the local community in rebuilding local housing programs. Furthermore, the recommendations are available to educate prospective homeowners about the home buying process and provide financial guidance and transparency regarding financial information.

Research Limitations of the Study

Housing foreclosure is a national problem. During the housing crisis of 2007-2010, many people lost their homes and some states had higher foreclosures rates than others. According RealtyTrac (2009), the foreclosure crisis of 2007-2010 affected millions of people nationwide and produced one of the most serious economic meltdowns in U.S. history since the Great Depression. Conducting a study on the foreclosure crisis in every state in the United States would be a significant undertaking; therefore, I focused on the effects of the foreclosure crisis in Lee County, Florida. The primary states that suffered foreclosure were California, Florida, Arizona, and Nevada (RealtyTrac, 2011). One limitation of this research was that I focused on one particular geographic area in Florida even though data showed the entire state was impacted by foreclosures during 2007-2010. Another limitation that occurred during the data collection process was too much time had passed; the height of the foreclosure crisis occurred in 2009, and the data

were collected in 2016. The research participants were in the process of rebuilding their lives and did not wish to provide detailed information about their foreclosure experience. Florida led the nation in foreclosures (RealtyTrac, 2009); however, the gap that I identified in literature is that there were no data that directly addressed the lived conditions of Lee County's residents during the foreclosure crisis of 2007-2010. I conducted the research in Lee County, and upon final approval, I will share the results of the research with local public policy agencies and other communities in an effort to aid the local community

Definitions

A few definitions are used throughout the research. For understanding and continuity purposes, the definitions are stated below.

Annual percentage rate: Refers to the percentage a bank or lender charge on a loan (Oxford Dictionary, 2003).

Community Development Block Grant (CDBG) Program: A flexible program that provides communities with resources to address a wide range of unique community development needs (Lee County Human Resources, (n.d., para. 2).

Emergency Shelter Grants (ESG) Program: This program provides grants by formula to states, metropolitan cities, urban counties, and U.S. territories for eligible activities such as emergency shelters and homeless prevention programs (Lee County Human Resources, (2016, para. 3)

Florida's State Housing Initiatives Partnership program (SHIP): Provides funds to local governments as an incentive to create partnerships that produce and preserve

affordable homeownership and multifamily housing. The program was designed to serve very low, low, and moderate income families (Larsen, 2009).

Home Affordable Refinance Program (HARP): A federal program of the United States set up by the Federal Housing Finance Agency in March 2009 to help underwater and near-underwater homeowners refinance their mortgages (HARP, 2016)

Loan originators: An institution that works with a borrower to complete a mortgage transaction (USHUD, 2014).

Predatory lending: Refers to high interest rates, loan terms that negatively affect borrowers and aggressively market to minorities, elderly, and female borrowers (USHUD, 2014).

Protecting Tenants at Foreclosure Act of 2009 (PFTA): Signed into law in 2009 by President Obama to aid tenants in foreclosure proceedings (USHUD, 2014).

Redlining: The practice of denying credit to particular neighborhoods based on race while reverse redlining is the practice of flooding a minority community with exploitative loan products (CRL, 2012).

Special needs population: Identified as a person with a disability as defined by the USHUD or someone exiting foster care up to the age of 22 and require supportive living in order to live independently or maintain housing (USHUD, 2014).

Subprime loans: Refers to a type of loan that is offered at a rate above prime to individuals who do not qualify for prime rate loans (USHUD, 2014).

Nature of Study

According to Creswell (2009a), one of the key ideas surrounding qualitative research is to obtain information from participants and address the problem. Furthermore, a researcher conducting qualitative research collects information through observation, interviewing, and examining documents (Creswell, 2009a). In this study, I primarily focused on a phenomenological qualitative inquiry. From a qualitative inquiry standpoint, I investigated how the foreclosure crisis of 2007-2010 affected Lee County's African American and Hispanic American population. A qualitative inquiry focuses on different methods of collections such as interpreting data, images, and text information (Creswell, 2009b). Additionally, the research is built from the bottom up while working back and forth and focusing on different sources (Creswell, 2009b).

Types and Sources of Information or Data

I acquired data from peer-reviewed journals dated within the last 5 to 7 years in order to review the most up-to-date information. I analyzed and used public database housing information in Chapter 2, the literature review. I invited participants to volunteer for interviews. I conducted interviews with African Americans and Hispanics homeowners in an effort to document prospective participants' lived experiences during the foreclosure crisis in Lee County, Florida. I used secondary sources data and literature in an effort to document the research on the effects of Lee County, Florida, foreclosure crisis on the Black and Hispanic population.

Summary

In this study, I focused primarily on the effects of the housing crisis of 2007-2010 on people of color while focusing primarily on African and Hispanic Americans. *African Americans* or *Blacks*, and *Hispanic Americans* or *Latinos* are used interchangeably in this document. The study is about developing themes about the lived experiences of foreclosure victims. Carlson et al., (2012) resilience and economic resilience theory were used to address a phenomenological qualitative research. The dissertation was an academic journey that provided insight into homeowners lived experiences during and after the foreclosure experience. Topics discussed included lending regulations and housing programs that were implemented because of the foreclosure crisis. I sought answers to critical questions regarding how the housing crisis affected the local community. Lastly, recommendations are suggested in an effort to address and provide plausible solutions to the housing crisis problem.

Chapter 2: Literature Review

Introduction

This literature review provides a comprehensive background on the foreclosure crisis and the economic crisis in Lee County, Florida. Additionally, I conducted research about the effects of the foreclosure crisis on the area's minority population. I used economic and adaptive resilience theories in an effort to fulfill this research endeavor.

Many theorists such as Carlson et al., (2012) have stated that it can take years, if not decades, to recover from disasters. Over time, resiliency emerged as a major research framework in the area of economic crisis, and researchers have used it as a planning tool in studies (Santos & Partidario, 2011). Resilience allows a community to withstand disaster impacts and recover more rapidly. Immergluck and Smith (2006) defined resilience in terms of the "ability to recover quickly from the effect of an economic adversity such as a foreclosure crisis" (p. 95). The ability of a community or organization to adjust in the face of challenging conditions is viewed as strength. In this research, economic resilience related to the ability of a community to recover from economic downturn.

A resilient organization is a system embedded with hope and grounded in confidence by navigating successfully through challenges (Groopman, 2004). A resilient community or organization will attempt to adapt, innovate, network, and adjust their strategies or ideas to new situations (Simmie & Martin, 2010). Foreclosures also affect the community at large. According to Immergluck and Smith (2006), school districts,

cities, and counties lose tax revenues due to foreclosed properties. Therefore, housing and foreclosure are public policy matters.

I identified a gap in the literature on the foreclosure crisis in Lee County, Florida, and the African American and Hispanic American population. The intent of this study was to find plausible recommendations on the foreclosure crisis in Lee County, Florida of 2007-2010. Furthermore, I identified information that was not previously studied. The research questions for this study were the following:

1. What impact did the foreclosure crisis have on Lee County's African American and Hispanic American residents?
2. What happened to the Lee County housing community during and after the foreclosure crisis of 2007-2010?
3. Did the county recover from being one of the highest foreclosure areas during the 2007 housing crisis?

An ample amount of literature about the foreclosure crisis throughout the United States exists; however, I documented participants' lived experiences and provided an alternative perspective to the foreclosure crisis phenomenon.

Organization of the Literature Review

The dissertation journey initially started in the fall of 2012 when I re-applied to the program as Walden University. Upon successful completion of the courses, I obtained my initial approval notification from the Public Policy and Administration department chair to start the dissertation process. Shortly thereafter, I obtained a dissertation chair. From 2012 through 2016, I researched various academic databases including Walden's

Academic Search Premier, EBSCO, and Google Scholar. Additionally I searched peer reviewed journals from public, legal and social services database with a ten year publication date. I also used keywords such as foreclosure, different states and demographic population.

Florida's Housing Assistance Programs and Foreclosure Historical Information

In 1988, the Florida Legislature proclaimed that by 2010 affordable housing would be available for all its residents (Larsen, 2009). In 1992, 4 years after that initial proclamation, the legislators adopted the Sadowski Act. Larsen (2009) stated that the Sadowski Act was established to create a housing trust fund where funds are invested to aid local governments with housing initiatives. The act was implemented to serve as a cornerstone housing assistance program (Larsen, 2009). Also back in 1992, former Governor Lawton Chiles acknowledged the need for State Housing Initiatives Partnership Program otherwise known as SHIP (Larsen, 2009). On July 7, 1992, the Sadowski Act added a centerpiece; SHIP combined local regulation and accountability to ensure local flexibility with the program requirement (Ross, 1992). One of the roles of the State Housing Trust Fund is to use the program to fund ongoing solutions to the deficiencies in housing programs throughout the State (Larsen, 2009). One fundamental reason the program was implemented was to assess housing issues by targeting assistance households that may not otherwise receive assistance (Larsen, 2009). Since inception, SHIP has assisted different governments including rural and metropolitan cities throughout Florida (Larsen, 2009). However, one notable flaw of this program's rules is

that the state does not regulate how the funds are used at the local government level (Larsen, 2009).

Over the years, the state endured problems coordinating with local government and public officials at the county level due to various conditions and stipulations (Larsen, 2009). Counties with higher populations received more funding in comparison to smaller counties. This created a problem of uneven distribution among counties that resulted in loss of revenue for the different counties. Because of loss revenue, the counties were unable to fund essential programs such as housing assistance programs (Larsen, 2009). Larsen (2009) revealed that over the years since SHIP's inception, the program has provided balance among the different organizations and entities such as banking, construction, and real estate industry. SHIP is funded through a dedicated source, and lawmakers have threatened to terminate the program since a few years after its inception (Larsen, 2009). Furthermore, more challenges of the program involve internal tensions among legislative groups. For example, the program emphasizes homeownership while targeting very low income households. Another challenge involved inconsistencies between the program's goal at the state and local level (Larsen, 2009). Legislation has called to address and encourage partnership among private sector and nonprofit organizations at the local level; however, "quite a number of local government indicated that they do not use SHIP to fund non-profits, the partner that would assist with lower-income household needs" (Larsen, 2009, p.197). Local municipalities would like to see changes or modification to the program because there have been little or no change (Larsen, 2009).

As stated throughout Chapter 2, foreclosure statistics published by sources such as *RealtyTrac* and *The Pew Research Center* indicated that the foreclosure crisis affected mainly African Americans and Hispanic Americans in a critical manner. The mortgage crisis hit hard among Black Americans and Hispanic Americans. According to Cawthorne and Americans (2008), African Americans and Latinos are more than 3 times more likely to have high-cost or *subprime* loans than Whites. Since 2000, United for a Fair Economy (as cited in Cawthorne & Americans, 2008,) estimated “the total loss of wealth for people of color to be between \$164 billion and \$213 billion for sub-prime loans” (p. 1). In addition, the wages for Blacks and Hispanic families have not kept up with the rising cost of living. As a result, “the median African American family income decreased an average of 0.67 percent every year from 2000 to 2007; the median Hispanic family decreased an average of 0.46 percent each year from 2000 to 2007” (Cawthorne & Americans, 2008, p. 1). White Americans also saw their incomes decreased at “an average of 0.003 percentage points every year since 2000” (Cawthorne & Americans, 2008, p.1). During the economic recession period, income disparity among Whites, African Americans, and Hispanics was analyzed in the media constantly (Cawthorne & Americans, 2008). This media attention provided the public with information about how the recession affected different groups.

The recent economic recession started with the U.S. subprime mortgage crisis in 2006-2008. Kim (2010) stated, “The epicenter of the crisis was asset-backed securities collateralized with subprime mortgages; the main cause of the crisis can be attributed to the sudden housing market downturn that started in 2006” (p. 59). The irony of the recent

housing crisis is that the U.S. housing finance system was created mostly during the Great Depression, and that it had been heralded as one of the best in the world in promoting affordable home ownership (Kim, 2010). Since the 1930s, the 30-year-fixed interest mortgages gave homeowners affordable monthly payment in comparison to the 5-year balloon loan that was commonly used before the Great Depression (Kim, 2006). However, the pre-crisis institutional arrangements of the U.S. housing finance system and the corresponding incentives of the economic agents were not equipped to deal with recent developments that happened after 2000 (Kim, 2006).

As of August 2010, the U.S. economy was still struggling to climb out of the biggest recession since the Great Depression of the 1930s (Kim, 2010). Several factors led to the crisis, including but not limited to “the large global increase in investment demands, deregulation of the financial system, and political pressure to increase home ownership by low and moderate income households” (Kim, 2010, p. 59). Those factors created mortgage lending practices that led up to the economic recession in 2007. The federal government recognized the crisis as a systematic failure of the housing and finance market (Kim, 2010). Shortly thereafter, the United States government implemented policies to aid with the crisis (Kim, 2010). Policies included “short-term solutions such as homebuyer tax credit program and mortgage modification program, and proposed for a long-term reform in the housing finance system” (Kim, 2010, p. 59). However, these programs received mixed acceptance from different groups. Some families lost their source of income and, therefore, did not qualify for the programs. Statistics indicated that homeowners were frustrated with the programs that the

government implemented. One area that was predominantly affected by the foreclosure crisis was Lee County, Florida.

The primary states that suffered foreclosure were California, Florida, Arizona, and Nevada (RealtyTrac, 2011). The process of comparing counties across different geographical locations (Newman, 2010) defines foreclosure. During the economic and housing crisis of 2007-2010, lending practices changed and the Federal Reserve Bank sought to understand the impact of foreclosures on local communities (Newman, 2011). Furthermore, researchers such as Newman focused on gathering data on how foreclosure affects communities, and researchers showed increase in the number of foreclosures and the substantial involvement of subprime lenders as originators of loans in foreclosure (Newman, 2011).

Data showed that since 1995 there has been a reduction in the homeownership gap between Whites and all racial and ethnic minority groups (Kochhar et al., 2009). However, in 2008 a substantial gap in homeownership existed (Kochhar et al., 2009). As of 2008, 74.9% of Whites owned homes, compared with 59.1% of Asians, 48.9% of Hispanics, and 47.5% of Blacks (Kochhar et al., 2009). At the same time, Blacks and Latinos were more likely than Whites to borrow in the subprime market where loans were higher priced (Kochhar et al., 2009). In 2007, 33.5% of home purchase loans to Blacks and 27.6% to Hispanics were higher priced loans, in comparison with roughly 10.5% of home purchase loans to Whites that year (Kochhar et al., 2009). African American homeowners had a higher-priced mortgage, the typical annual percentage rate was about 3 percentage points greater than the rate on a typical 30-year, fixed-rate conventional

mortgage (Kochhar et al., 2009). Latinos had a higher-priced mortgage; the typical rate was about 2.5 percentage points higher than that of the conventional mortgage (Kochhar et al., 2009). Moreover, in 2007, Blacks and Hispanics borrowed higher amounts than Whites did with similar incomes level, therefore exposing themselves to greater debt relative to their incomes (Kochhar et al., 2009). On both counts, with the likelihood of higher-priced borrowing and higher debt relative to income, the gap between minorities and Whites was greater among high-income households than among low-income households (Kochhar et al., 2009). From 2006 to 2008, the national foreclosure rate tripled with an increase from 0.6% to 1.8%; the foreclosure rate was 5% or more in 33 of the nation's 3,141 counties (Kochhar et al., 2009). Of those 33 counties, California had 12 counties, Florida had 10 counties, and Virginia and Nevada accounted for three counties each, (RealtyTrac, 2009). The highest foreclosure rate in the nation was 12.0% in Florida's Lee County, which includes Fort Myers and Cape Coral (RealtyTrac, 2009). For this reason, I pursued research to analyze housing issues and identified information that was overlooked or understudied about the foreclosure crisis. A qualitative inquiry was used to answer the question: What impact did the foreclosure crisis in Lee County, Florida, have on the African American and Hispanic population?

To address the problem, USHUD introduced housing assistance programs such as HARP. These programs are administered through the U.S. Treasury Department and Housing and Urban Development (HUD). By October 1, 2011, and September 30, 2013, HUD prevented 700,000 homeowners from losing their primary residence (USHUD, 2014). In that 2-year period, the agency exceeded its target by 34% by assisting 238,734

more homeowners than originally planned (USHUD, 2014). Furthermore, HUD exceeded the loss mitigation by assisting 938,734 (USHUD, 2014, p. 2). HUD also performed well on its supporting measures. At the end of fiscal year 2013, the consolidated claims workout ratio of 65% exceeded the target, and the 6-month re-default rate was at its lowest point in the past 5 years, which is a decrease of 18 percentage points since 2009 (USHUD, 2014). USHUD (2014) indicated that to further address the success of the program, it takes an average of 6 months of successful on-time payments to be successful.

Researchers such as Newman (2010) indicated that since the mid-1990s, advocates and policymakers were concerned about whether foreclosures occur because of predatory lending. The term *predatory lending* refers to high interest rates, loan terms that negatively affect borrowers, and aggressive marketing to minorities, elderly, and female borrowers (USHUD, 2014). There is not an abundance of publicly accessible databases regarding foreclosures; most of the information regarding foreclosures is held on private databases (Newman, 2010). Understanding foreclosure is a difficult process because it that varies from state to state and sometimes even by county (Newman, 2010). Various states differ in how long borrowers must be delinquent before lenders can pursue foreclosure. Newman (2010) stated, For example, “New Jersey and Massachusetts requires borrowers to be past due for at least 90 days before lenders can pursue foreclosure” (p. 161). There is disparity from state to state. As another example, “the foreclosure process in Georgia takes an average of 37 days compared to an average of 445 days in New York” (Newman, 2010, p. 161).

Lee County, Florida's Demographic Data

Lee County is located directly to the north of Collier County in southwestern Florida. Lee County comprises of two major cities, Cape Coral and Fort Myers. According to the U.S. Census Bureau (2010), as of 2008, the population estimate was 623,725 residents, which makes it the eighth most populous county in Florida. Census records showed that as of 2007 demographic population breakdown included 84.8% Whites, 15.8% Hispanics, and 7.4% Blacks (U.S. Census Bureau, 2010). Also in 2007, Lee County had a median household income of \$49,742 and the median family income was \$57,475, and the per capita income was \$29,972 (U.S. Department of Labor, Bureau of Labor Statistics: Florida Occupational Employment and Wages, 2008). In 2007, a typical Lee County worker would earn an estimated \$37,380 annually (U.S. Department of Labor, Bureau of Labor Statistics: Florida Occupational Employment and Wages, 2008). Also, unemployment data indicated that the unemployment rate in 2007 was 4.6% and jumped to 7.7% in the period of January through October 2008, following the national trend (U.S. Department of Labor, Bureau of Labor Statistics: Florida Occupational Employment and Wages, 2008). A high unemployment rate was an indication that the economy was in turmoil, and workers were losing their primary source of income. Homeowners lost their primary source of income and often found it difficult to pay their mortgages on a limited income. According to US Department of Labor, unemployment only pays a portion of a workers income for a limited time (U.S. Department of Labor, Bureau of Labor Statistics: Florida Occupational Employment and Wages, 2008). As a result, losing one's income and/or receiving only a percentage of

one's income does have effect on one's ability to pay monthly bills such as a mortgage.

Lee's Investment for Everyone (Gelpi & Lynne, 2009) indicated that the real estate market in Lee County grew steadily beginning in 2000 and reached its peak in 2005.

However, Lee County housing started declining in 2006, and construction in 2007 slowed due to the impending foreclosure crisis (Gelpi & Lynne, 2009).

As the foreclosure crisis increased, another problem, homelessness, escalated.

According to the (USHUD, 2012), there is a homeless problem in this country.

Homelessness was increasing nationally as well as in the Florida. The national homeless figure stands at 564,708 (USHUD, 2012). Furthermore, the homeless problem in Florida creates a social, economic, and public policy matter that is crippling the local economy (USHUD, 2012). According to Florida's Council on Homelessness (2013), on any given day or night during of January 2013, local municipalities and communities counted 45,364 individuals who lived on the streets, or an emergency shelter in Florida. The previous sentence refers to statistical data covering 54 counties in Florida and included 28 reporting homeless continuum of care planning areas in the State. Thirteen counties did not conduct a count of the unsheltered homeless due to the lack of resources (Council on Homelessness, 2013). There was no direct information available regarding the homeless population in these unreported counties. In 2007 Florida's homeless population increased by 15% yielding 7,107 more Floridians who experienced homelessness in 2012 than in 2007, (Council on Homelessness, 2012). On the other hand, from 2007 to 2012, nationally homelessness decreased 5.7%; even though the national rate dropped, Florida continued to be the third highest in the country; statistics indicated 8.7% of the nation's

homeless live in Florida (Council on Homelessness, 2012). According to HUD (2012), Florida was the third in unsheltered homeless individuals.

Background Information on the Foreclosure Crisis

A mortgage is typically a consumer's largest financial obligation (Bricker, Brian, Kennickell, Mach, & Moore, 2012). During the 2008 labor and housing market recession, many families struggled to keep up with their mortgage payments. Additionally, by the middle of 2012 one in ten homeowners was past due on their mortgage (Robinson, 2012). Taking out a mortgage can be challenging even for a financially experienced consumer and consumers who are new to the market or lack financial literacy or numeracy skills may struggle even more. As stated throughout this document, millions of homeowners were at risk of losing their home. It is also common knowledge that for many minorities a home represents the "American Dream." A study conducted by a consumer-oriented organization stated that mortgage companies failed to provide counseling to borrowers. The study examined the rate at which "minority borrowers sought default counseling and the relationship between counseling and the probability that a borrower obtained a modification of his or her original mortgage contract terms" (Robinson, 2012, p. 290). Mortgage default and foreclosure are among the most financially damaging events that can happen to a consumer. Moreover, the harm extended beyond the individual homeowner to his or her surrounding community through declining property values and increased risk of default for neighboring properties (Agarwal et al., 2001). During the housing recession there were numerous reports regarding lending violations and consumer mistrust in the financial system. According to multiple sources, the foreclosure

process was plagued by violations of consumer protections (Federal Reserve System, 2011).

Furthermore, an interagency review of the foreclosure policies and practices of mortgage servicers conducted by the Federal Reserve System, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision found widespread “critical weaknesses” in all aspects of the foreclosure process that violated both state and federal law (Federal Reserve System, 2011). Figures show that between 2008 and mid-2012, over 2.5 million mortgage loans in the United States were modified (U.S. Department of Treasury, 2012). A modification is defined as a formal change in the loan contract; the process of modifying a loan is quite involved and can take months. However, prior research has shown that historically loans taken out by minority borrowers have less favorable terms than those taken out by White borrowers (Avery, Brevoort, & Canner, 2009). Whether the homeowner qualifies for the loan or not is determined by factors such as credit score and credit history. Some of the commonalities of households experiencing foreclosure are that many minorities had used subprime loans; however, unfortunately, the study had limitations and was not able to quantify what proportion of foreclosure affected minority households (Allen, 2011). Other factors relating to homeownership such as ownership status, household, and origin of birth are equally under-studied (Allen, 2011).

One particular area of the foreclosure crisis that was understudied is how the foreclosure process affects children. Little research study analyzed foreclosures and the presence of children within a household exists. For example, one study estimates that an

estimated 2 million children in the U.S. were affected by the foreclosure crisis in 2008 and 2009 (Lovell & Isaacs, 2008). However as of the date of this research there has been no study attempted to verify this estimate.

Historical Foreclosure Data

As stated previously in Chapter 1 of this document, the housing market started declining in 2007 and shortly thereafter went into crisis (Schwartz, 2012). The recession of the national economy started in September 2008; Lehman Brothers filed bankruptcy, and a proliferation of credit crisis from other financial institutions triggered the collapse of the housing market (Schwartz, 2012). According to various economic and financial sources, as of 2012, conditions remained dire (Schwartz, 2012). Statistical data indicated that in November 2008, home sales hit the first low of recession, and then in January 2009, home sales matched the previous low of the recession in November 2008 (Schwartz, 2012). In contrast, according to Schwartz (2012), sales surged shortly thereafter, mainly due to the government tax credit for new homebuyers. However, the tax credit expired in May 2010, and sales plunged shortly thereafter.

How the housing market reached its breaking point is a critical question? There are quite a few possibilities and a great deal of finger pointing within the financial and housing markets. Rules and regulations in place for years were supposed to prevent these issues from happening. Public policies established in 1977 included the Fair Housing or Equal Opportunity Act of 1968 and the Home Mortgage Disclosure Act (HMDA) of 1975 were implemented to prevent actions such as redlining particularly in minority and low-income neighborhoods (Bocain, Gruenstein, & Ernst, 2010; Gerardi & Willen,

2008; HUD, April 2000; Mayer, 2010; Petit & Droesch, 2008; Squires, 2010). These programs are regulated to report mortgage loan application information to the federal housing agency. Fannie Mae and Freddie Mac loans were charged with expanding affordable housing by providing capital to private lenders (Bocain et al., 2010). These public policy initiatives were blamed recently for exacerbating the foreclosure crisis, especially in the decision to purchase subprime securities from Wall Street (Bocain et al., 2010). The Financial Services Modernization Act of 1999 consolidated financial services providers, removed many post-depression era laws, and separated the branches of banking, insurance and securities (Bocain et al., 2010). That process made it easier for financial services to enter into these businesses. Furthermore, the federal government failed to regulate predatory lending practices that created disastrous loan products to consumers (Bocain et al., 2010). During the course of the housing crisis, many people had trouble in paying their monthly mortgages. The crisis was nationwide and made news headlines on a daily basis. It was public knowledge and it is stated throughout this document that Florida had a significant number of foreclosure filings.

In Florida, foreclosure filings increased in 2006 from an estimated 74,000 to over 370,000 in 2008, this represents a 400 percent. The courts were backlogged with foreclosure filings and insufficient resources to work the increasing cases (Press, 2010). Data obtained from the Washington Economic Group found: As stated due to Florida's growing population along with the increase in the number mortgage foreclosure cases, the court had backlog of cases (Press, 2010). Press (2010) stated that by the time the

Florida Supreme Court created a task force in March 2009, the situation had become severe.

Florida witnessed major foreclosure after the real estate bubble burst in 2007 (Mayer, 2010). The second half of the 2000's witnessed foreclosure plagues that had been spread nationwide, and Florida had one of the highest foreclosure rates (Mayer, 2010). The widespread plague was triggered by increase in foreclosure activities, foreclosure rates, and foreclosure filings. Foreclosure are counted based on the total number of properties that receives foreclosure documents each month (Mayer, 2010). For example, foreclosure rates are calculated by dividing the total housing units in the county, based on the most recent estimate from the U.S. Census Bureau (Mayer, 2010). Additionally, foreclosures comprise of notices that include auction sales, bank repossessions and default notices (Mayer, 2010). As the crisis continued, many different counties throughout Florida experienced foreclosures. As a result, houses were overpriced, and the job economy collapsed, leaving families to live on unemployment and public assistance (Mayer, 2010).

Home foreclosures are costly to lenders, borrowers, and communities, especially minority communities and neighborhoods (Aka, 2012). Black and Hispanic borrowers were hit particularly hard, and these groups of homeowners are usually less equipped to deal with the issue of foreclosure (Aka, 2012). As a result of the foreclosure crisis, many states suffered a loss of revenues in property taxes (Aka, 2012). Undoubtedly, foreclosures create less spending by an individual which causes a drop in sales revenues (RealtyTrac, 2009). Researchers conducted a quantitative study in a close metropolitan

city, Atlanta, Georgia. The results of the study indicated that other metropolitan areas experienced similar foreclosure problems during the recent economic meltdown. The study stated how the crisis affected the Atlanta, Georgia, area and the nation.

Furthermore, building permits and housing start-ups had slowed spending on building materials and furnishings due to a decline in financial markets (Rueben, 2008).

According to Walter Molony, a spokesman for the National Association of Realtors, national membership dropped from 1.3 million members in 2007 to a low of 1.2 million in 2008 (Rueben, 2008). The top ten cities with the highest foreclosure rates in order were Las Vegas, Nevada; Cape Coral and Fort Myers, Florida; Merced, California; Stockton, California; Modesto, California; Bakersfield, California; Phoenix-Mesa-Scottsdale, Arizona; and Orlando-Kissimmee, Florida (RealtyTrac, 2009). The list included four cities in Florida. According to the Center for Responsible Lending (CRL) studies (June 18, 2010), a majority of completed foreclosures resulted from predatory and subprime mortgages. Data showed that subprime share of origination was 22% in 2005 and increased to 63.6% in 2008 (Center for Responsible Lending [CRL], 2010).

Unfortunately, many foreclosures are not preventable. Investors are unlikely to want to hold onto a property where value has depreciated significantly. The same goes for some borrowers whose personal circumstances have changed, and they cannot realistically sustain homeownership (Bernanke, 2008). In contrast, if a foreclosure is preventable, and the borrower wants to stay in the home, the economic case for trying to avoid foreclosure is strong (Bernanke, 2008). Foreclosures are costly to both the borrower and lender; fees include administrative and legal fees property vacant for a

possibly extended period while trying to avoid foreclosure (Bernanke, 2008). According to Blaine (2011), one of the most common complaints from homeowners in foreclosure proceedings is that they are unable to reach a decision-maker at the mortgage servicing companies in an attempt to get assistance or resolve conflict (Blaine, 2011). In some cases the mortgage companies have been accused of mishandling documents during the foreclosure process (Blaine, 2011). During the foreclosure crisis, many homeowners lost their life savings and investments and had to find a way to rebuild and start over or move to other areas or in with families.

Florida is one of the several states that still require foreclosures filed and processed through the court system until the case is settled (Blaine, 2011). The judges and the courts have the power and jurisdiction, and the courts are divided into geographic districts (Blaine, 2011). One conflict is that it is not uncommon for a homeowner to be in foreclosure court as well as bankruptcy court simultaneously (Blaine, 2011). The reason for this is different jurisdiction; “foreclosures occur at the State level whereas bankruptcy occurs at the federal level and there is no coordination” (p. 2). However, there has been proposed legislation to take foreclosures outside the courts; this would alleviate the burden off the state’s finances (Blaine, 2011).

In the midst of the crisis comes a plausible solution or viable alternative. One alternative to buying a house is renting. The real estate rental market has seen dramatic changes since the mortgage meltdown (American Community Survey, 2011; U.S. Census Bureau, 2005). According to the 2013 Rental Market Study conducted by the University of Florida Shimberg Center for Housing, the number of Florida households that are

renting rose from 411,008 in 2000 to 710,790 in 2011, a nearly 73% increase (2013).

Also it is estimated that 29% of today's renters have low income, earn 60% of the area's median income or less (American Community Survey, 2011; U.S. Census Bureau, 2005).

Seventy-five percent of Extremely Low Income (ELI) households are cost burdened, this translate to households spending at least 40% their income on housing (Council on Homelessness, 2012). Between 2005 and 2011, the number of cost-burdened ELI renter households increased 24%, from 256,357 in 2005 to 317,990 in 2011 (Council on Homelessness, 2012). An individual making the minimum wage of \$7.79 per hour, working 40 hours a week, has a gross income (before taxes) of \$1,350 per month (Council on Homelessness, 2012). The reality of the situation is that there is not sufficient income in the household to sustain homeownership. Based on these numbers, families had difficulties to pay their housing needs. The average rent for a one-bedroom apartment in Florida is \$813. As a result, an individual making minimum wage will pay 60% of his or her monthly income for rent (Council on Homelessness, 2012).

Lee County, Florida, experienced housing problems during the housing crisis. According to multiple sources such as RealtyTrac (2009), Lee County was one of the highest counties in the state and country in foreclosures. A report in 2002 showed the hourly wage needed to buy a median priced home in Lee County priced at \$154,000 was \$25.87, which exceeded the \$14.86 a fire fighter and receptionist earned in Lee County (Altman et al., 2009). Furthermore, it was estimated that "Lee County will need 30,000 units of owner-occupied housing and 11,493 rental units by the year 2010" (Cook, Cooper, Nau, Rogers, & Stachler, 2002, p. 3). As a result, Lee County experienced

reduced economic opportunity such as transportation infrastructure, education, healthcare and direct and indirect social costs within the community (Cook et al., 2002). In Lee County, 29 percent or 50,000 households of all income levels pay more than 30 percent of their income on housing and lower-income residents have more of the cost burden, representing 2 out of every 3 cost burdened household (Cook et al., 2002).

Any sudden change in the individual's income such as a cutback in hours, uninsured medical expenses, or unanticipated car repairs may tip the scales and create a homeless household (Florida Department of Education, 2013). Unfortunately, families face an even greater challenge and are the fastest growing segment of the homeless in Florida. Since 2007, the Florida Department of Education has seen a 106% increase in homeless and unstably housed individuals (2013).

Tenant's Rights in the Foreclosure Process

Another critical issue in the mortgage meltdown crisis is tenants' rights. This section addresses laws that affect the rights of tenants who occupy foreclosed properties. "There is a general misconception by the general public that foreclosures only affect single families and owner occupied homes, but the reality is that foreclosures have also occurred on multiple family units and non-owner occupied homes in alarming numbers" (Williams, 2010, p. 1187). Typically, tenants are left financially stranded when a home is foreclosed, and the tenant is unaware. Records showed that tenants who lived in foreclosed properties and are faced with an eviction or ejection proceedings had no legal recourse against property owners and landlords (Williams, 2010). The reality is that foreclosure proceedings overburdened public resources thus potentially burdening

already strained social programs for the homeless and the impoverished (Williams, 2010). Foreclosures have been devastating for tenants and have especially hit hard in vulnerable low income and minority communities (Williams, 2010). In May 2009, the federal government took an unprecedented step into the landlord-tenant arena, which is traditionally and exclusively governed by state legislatures, when President Obama signed into law the Protecting Tenants at Foreclosure Act of 2009 (the “Act” or PFTA) (Williams, 2010, p. 1187). This monumental step “by the federal government indicates the ills tenants face when their leased premises are foreclosed upon” (Williams, 2010, p. 1188). The Act applies to all foreclosures of federally-related mortgages and other mortgages foreclosed after May 20, 2009 (Williams, 2010). Basically, the Act provides some protections to tenants not currently incorporated under schemes to the extent that any state law limits the protections, may be overturned under state law (Williams, 2010). However, it is up to individual states to implement any additional tenant protection rights under the provision or Act (Williams, 2010). During the economic recession public housing programs were implemented to help keep homeowners from losing their homes. Some individuals found the laws very bureaucratic because most of the programs were based on income, and some households had lost their income due to job loss. The programs were amended as time passed, and the changes yielded some positive results.

Before the PFTA, states had three primary approaches to dealing with the rights of tenants in foreclosure actions. First, a significant number of jurisdictions permit foreclosure purchasers to summarily evict or eject tenants without notice (Williams, 2010). Secondly, within the foreclosure spectrum, some States and local jurisdictions

requires “foreclosing parties provide tenants notices of foreclosure actions or require that tenants are parties to the foreclosure proceedings” (Williams, 2010, p. 1189). Thirdly, very few jurisdictions required an owner to show good or just cause before a tenant is evicted or ejected, under which foreclosure does not apply (Williams, 2010). There was no uniformity in foreclosure procedures.

Antipredatory Lending Laws

Multiple sources have compared the 2008 financial downturn to the Great Depression of the 1930s. Economists blamed the housing market and economic downturn on the subprime lending market (Williams, 2010). Former Chairman of the Federal Reserve Board, Ben Bernanke stated that prior to the housing crisis, subprime loans comprised of about 13% of the mortgage origination market (2010). Data in this Chapter further stated minority groups were predominantly affected by subprime loans. Additionally, affordable and decent housing had eluded many Americans. Data also showed homeownership rates for Asian, Blacks, and Hispanic Americans lag far behind those of other minority counterparts (Williams, 2010).

A major contributing factor to the foreclosure crisis and increase in homelessness during those years was income. For example, Hispanics derived nearly two-thirds of their net worth in 2005 from home equity and were more likely to reside in areas where the housing crisis was concentrated (Pew Research Center, 2011). Hispanic households decreased from “\$18,359 in 2005 to \$6,325 in 2009” (Pew Research Center, 2011, p. 3). The decline represented 66% which was the largest when compared to other groups (Pew Research Center, 2011, p. 3). On the other hand, the net worth of Black households also

fell from \$12,124 in 2005 to \$5,677 in 2009, which resulted in a decline 53 % decline (Pew Research Center, 2011, p. 4). To draw a comparison, like Hispanics, Blacks derive a large share of their net worth from home equity. As a result, the housing downturn had a major impact on their net worth. Furthermore, “in 2009 about a quarter (24%) of all Hispanics and Black households had no assets other than a vehicle, compared with just 6% of White households” (Pew Research Center, 2011, p. 4).

Generally, in the 1990s, mortgages were primarily held between the homebuyer and local banks; in 2008, it was a different scenario. Major banks such as “Bank of America, Wells Fargo, and Citigroup formed or acquired mortgage subsidiaries and often outsourced the mortgage management process to third party companies” (Blaine, 2011, p. 2). Therefore due to ongoing lawsuits by the Federal Housing Finance Agency are expected to seek billions of dollars in compensation from these companies (Blaine, 2011). The lawsuits were aimed at JP Morgan Chase (JPM), Bank of America (BAC), Goldman Sachs (GS), and Deutsche Bank (DB) and others. The Federal Housing Finance Agency is the regulator for mortgage giants such as Fannie Mae and Freddie Mac, which in 2008 was mainly responsible for the mortgage crisis (Blaine, 2011). Additionally, during the housing crisis, Fannie Mae and Freddie Mac reported over \$30 billion in losses as a result of the foreclosure crisis (Blaine, 2011). The lawsuit also alleged predatory lending was a contributing factor. Predatory lending is defined as high interest rates, loan terms that negatively affect borrowers and aggressively market to minorities, elderly and female borrowers (USHUD, 2013). The literature indicated many factors such as loans with bad terms and predatory lending contributed toward the housing crisis.

Phillip and VanderHoff performed a study to examine the impact of state Anti-Predatory Lending laws (APLs) on neighborhood foreclosure and delinquency rates using a set of panel data regression models (2004). There was strong evidence that neighborhoods have lower default rates in states with laws that extended federal coverage and/or restricted more mortgage contract terms (Phillip & VanderHoff, 2004). Additionally, states with broader coverage of subprime loans with high points and fees had more restrictive regulations on prepayment penalties (Phillips & VanderHoff, 2004). The length of the foreclosure process varied significantly across states, primarily due to different state foreclosure laws (Cutts & Merrill, 2008; Pennington-Cross, 2006). Using Freddie Mac's experience with lenders, Cutts and Merrill (2008) provided data across different states on the average time between the due date of the last paid mortgage installment and the foreclosure sale (Cutts & Merrill, 2008; Pennington-Cross, 2006).

One prominent financial institution, Wells Fargo, was sued by the City of Miami for predatory lending to minorities. The lawsuit cites major wrongdoings such as approving loans for minorities, with full knowledge that they could not afford the terms of the loan. The lawsuit as cited Wells Fargo, one of the largest mortgage lender in Miami area and its lending policies contributed to the foreclosure problem the City experienced starting in 2000 (CRL, 2012). Furthermore, the lawsuit alleged that between 1996 and 2006, discriminatory loan products, such as subprime loans, increased from \$97 billion to \$640 billion and predominantly targeted minorities (CRL, 2012). To clarify a few terms stated in the lawsuit, definitions of financial and or legal terms are explained. "Redlining is the practice of denying credit to particular neighborhoods based on race

while reverse redlining is the practice of flooding a minority community with exploitative loan products” (CRL, 2012, p.1).

Through its lending practices, Wells Fargo engaged in traditional redlining and reverse redlining; both of these practices are in violation of the Federal Housing Act (FHA) (CRL, 2012). The lawsuit further stated that “Wells Fargo engaged in reverse redlining by extending mortgage credit on predatory terms to minority borrowers in minority neighborhoods in Miami on the basis of race or ethnicity of its residents” (CRL, 2012, p.1). Due to the practice of predatory lending the bank approved loans for vulnerable residents that were unable to repay the loans (CRL, 2012). In summary the lawsuit stated Wells Fargo circumvented the system by selling a significant number of the mortgage loans to secondary market (CRL, 2012). The lawsuit stated a major reason for the lawsuit was based on deceptive lending practices.

Florida’s Homeless Data

During the foreclosure crisis that predominantly affected Florida, there was another crisis occurring: homelessness continued to be a growing concern in Florida. As a result, since 2007 Florida has had the largest increase in the rate of homelessness (Council on Homelessness, 2013). The 2012 Annual Homeless Report, issued by USHUD, indicated that 7,107 more Floridians experienced homelessness in 2012 than 2007 which is a 14.8% increase (2012). However, nationally, the rate of homelessness decreased 5.7% (Council on Homelessness, 2013). Florida continues to have the largest homeless population in the country; 8.7% of the nation’s homeless live in Florida (Council on Homelessness, 2013). Additionally, it has the third highest rate of

unsheltered homeless persons (64.1%) (Council on Homelessness, 2013). As homelessness increased throughout Florida, the market continued to plunge.

Homelessness is also a national public policy issue that has plagued the United States for years. According to USHUD, more than 1 million persons are served in HUD-supported emergency, transitional, and permanent housing programs each year (2013). There are four federally defined categories under which individuals and families may qualify as homeless: 1) literally homeless; 2) imminent risk of homelessness; 3) homeless under other Federal statutes; and 4) fleeing or attempting to flee domestic violence (USHUD, 2013).

Since 2008 there have been many challenges with Florida's housing, especially foreclosures. The housing issue caused 58,000 Floridians to move away during 2008-2009 which marked the state's first peacetime population decline since at least 1900 (Altman, Barovick, Fetini, Fitzpatrick, James, Romero, & Walt, 2009). Florida derives a large percentage of its income from sales and property taxes, which are closely linked to population size (Altman et al., 2009). Due to the recent increase in residents migrating out of the state, this could potentially put Florida at risk of losing some congressional seat. It also affects budget allocation and census counts (Altman et al., 2009).

According to Rukmana, author of "Gender Differences in the Residential Origins of the Homeless: Identification of Areas with High Risk of Homelessness," the rate of homelessness among men from an area increases with the proportion of Blacks and Hispanics (2010). Research also indicated the poverty level rates for Blacks and

Hispanics that lived in metropolitan areas were at a higher rate than non-Hispanic Whites (Altshuler, Mitchell, Morril, & Wolman, 1999).

Furthermore, local homeless laws in Florida may have adverse effects on the homeless population especially in a metropolitan area. Due to the lack of federal regulation of homelessness, local cities and states have the task of making decisions and managing homeless population (Liese, 2006). Therefore, many local governments have responded to the problems caused by homelessness by treating the problem as a criminal act (Liese, 2006). Homeless individuals were arrested for loitering, sleeping or begging in public places such as beaches or parks (Liese, 2006). Unfortunately, homelessness is most commonly a consequence due to unemployment, low wages, rising housing costs, or a combination (Liese, 2006).

One important factor in analyzing homelessness is how laws apply to the homeless population. Major cities such as Fort Lauderdale, Florida, implemented changes to combat the growing homeless population. Advocates for the homeless offered to educate police officers about the causes of homelessness and the need for alternatives other than enforcement action as a response to homelessness (Liese, 2006). In the past, Fort Lauderdale police officers regularly used any means possible to remove the homeless from public beaches and downtown areas (Liese, 2006). As a result of the “*Pottinger*” settlement case; this case protects the right of individuals who are involuntarily homeless to be free from arrest just for being homeless, and to have their property protected from arbitrary destruction (Liese, 2006). Also due to a subsequent \$1.5 million settlement in favor of the homeless, it became clear to Fort Lauderdale

officials that they were exposing themselves to a similar lawsuit, so they began to seek other ways of addressing homelessness (Liese, 2006). In conclusion, the overall local ordinances were amended to make necessary adjustment for the homeless population. The criminalization of homelessness inadequately balances a city's desire to create a hospitable environment for its tourists and citizens against the interests of the homeless in obtaining food, shelter, employment assistance, counseling for addiction or mental illness, and other social services (Liese, 2006).

Alternative Affordable Housing Options

Affordable alternative forms of housing such as public or low-income rental properties for people with little, fixed, or no income and special needs population are available. Special Needs Population is identified as a "person with a disability as defined by the U.S. HUD; or a young adult exiting foster care up to the age of 22 or other households requiring professional supportive living services in order to maintain their housing and or independent living skills" (Altman et al., 2009, p. 12). During the 2008 economic meltdown, many people lost their residence due to job loss or increase in mortgage or rental payments (Loftus-Farren, 2011). One plausible alternative form of housing was temporary housing, such as tents. Some local jurisdictions support the use of tents in their local communities while others oppose the idea or implementation of tents as a means of temporary housing. However, the idea of tent cities is not new. According to Loftus-Farren (2011), "tent cities have been in use for decades, even though their sizes increased in recent years, they are not a new phenomenon" (p. 1038). Tent city populations can range from two individuals to several hundred, and may be found on

vacant lots, under sheltered freeway underpasses, on church property, in public parks, or on privately donated land (Loftus-Farren, 2011). In 2011 tent cities may consisted of the chronic homeless, as well as more recent victims of the housing crisis or job loss (Loftus-Farren, 2011). However, public concerns, such as public safety and sanitary issues occurred.

The housing market downfall was compared to another catastrophic event that occurred in Florida over 20 years ago, Hurricane Andrew. In 1992, Hurricane Andrew was one of one of the most devastating natural disasters to hit the Sunshine State (Zhang & Peacock, 2010). Many people lost their homes due to the storm and had no place to go in the months following the hurricane. Records estimated the “total damages were \$26.5 billion in 1992, making it the costliest hurricane until Katrina came along in 2005” (Zang & Peacock, 2010, p.11). Moving forward to the housing crisis of 2008, and suddenly a new critical housing situation existed. Zhang and Peacock (2010) stated the recovery of the housing industry is subject to revitalizing communities after natural disasters; however there is little no or little empirical research on how housing recovery differs in markets with different socio-economic and demographic population. The key issues related in the assessment conducted by Zang and Peacock included owner-occupied single-family housing and how quickly an owner-occupied single-family housing would take to recover versus a rental single-family housing (Zang & Peacock, 2010). Another variable was income because neighborhood income has an association with single-family housing recovery. The data used to answer the research questions included Tax Appraisal data over 10 years, and the sample selection included residential structures such as

townhomes and condominiums (Zang & Peacock, 2010). The study examined three critical gaps in the literature by systematically examining long-term single-family housing recovery, housing sales, property abandonment, and residential land usage (Zang & Peacock, 2010). The results of the research stated that recovery was faster in White neighborhoods than Black neighborhoods (Zang & Peacock, 2010).

One organization, Habitat for Humanity, is seen as a positive organization in low-income housing options around the nation. Despite efforts over the past fifty years between the federal government and private sectors, the United States still struggles to meet its affordable housing (Smith, 2013). Habitat for Humanity is a local and international non-profit organization that focuses on providing low income or free housing to economically challenged recipients (Smith, 2013). Over the years this organization has grown large and was ranked sixth largest homebuilder as measured in number of units constructed in the United States (*Builder Magazine*, 2013). In Florida, there is criticism that Habitat is creating “ghetto neighborhoods” (Bierschek, 2008). Many people living near or next to these communities say they support Habitat’s mission of providing housing for low-income families; however, they are adamant that the homes be built on scattered sites rather than concentrated in Habitat-only subdivisions (Bierschek, 2008). The communities feared that subdivisions would potentially lead to decreased property values and increase crime (Bierschek, 2008). Unfortunately, the reality is that this is a sentiment that some communities endure.

For the purpose of this research, Affordable housing is classified as paying no more than “30 percent of its income on mortgages or rents, taxes, and utilities” (USHUD,

2013, para. 2). According to the National Low Income Housing Coalition, the affordable housing situation worsened since the turn of the 21st century, with the nation's low income housing supply currently at a deficit of almost seven million units (The Joint Center for Housing Studies of Harvard University, 2012). Furthermore figures indicated that in 2011, roughly 20.2 million homeowner and renter households pay an estimated 50 percent of their annual incomes on housing (The Joint Center for Housing Studies of Harvard University, 2012). Additionally, data revealed that the task of providing affordable housing for United States' poor and very poor remains a substantial challenge (Smith, 2013).

Over the years Public concern grew about affordable housing. Two main reasons for this concern is; housing is the single largest expenditure budget item for a family or an individual (Quigley & Raphael, 2004). Secondly, many large U.S. metropolitan cities experienced public increases in rent and housing prices (Quigley et al., 2004). For example, between 1995 and 2002, the median home price increased by 65 percent (in nominal terms) in the San Francisco Bay Area, 62 percent in Boston, 54 percent in San Diego, and 49 percent in Denver (Quigley et al., 2004). Data indicated that the cost for a standard two-bedroom apartment is 76 percent for San Francisco, 61 percent for Boston, 49 percent for San Diego, and 62 percent for Denver (Quigley & Raphael, 2004). According to data, while these metropolitan areas represent the extremes, median home prices and rents increased considerably in nearly all of the largest metropolitan areas (Quigley & Raphael, 2004).

The affordability of housing is a topic of concern for the bipartisan Millennial Housing Commission (2002). However, economists are wary, even uncomfortable, with the rhetoric of “affordability,” which jumbles together in a single term a number of disparate issues: “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”(Von Hoffman, 1996 p. 432). For example, the rapid increases in home prices made homeownership difficult for renters, while on the other side of the spectrum it also greatly reduced the financial costs of homeownership to a much larger group of existing homeowners by providing substantial capital gains (Von Hoffman, 1996). Among renters there is a large share of income devoted to housing and consumption of public goods. To reiterate renters would choose a lower quality of housing and poor neighborhoods in order to meet minimum social standards (Von Hoffman, 1996).

Throughout this document, I used various sources including publicly available data and peer-reviewed articles to show the impact of the foreclosure crisis on the U.S. housing economy.

Transitional Conclusion

The major purpose of this research was to answer one crucial question: What impact did the foreclosure crisis of 2007-2010 have on the African American and Hispanic population in Lee County, Florida? In recent years the housing and financial markets outlook have seen much volatility. Volatility includes housing foreclosures,

periodic stock market declines, financial distress, and high unemployment. Throughout this document I addressed the issue of sub-prime loans and predatory lending and their impact on the minority population. Prior research indicated that Florida had a significant number of foreclosure filings during the height of the economic meltdown. According to Dillihunt et al. (2010, p.6) in 2009, “a disproportionate share of families affected by the 3.4 million homes in foreclosure were people of color”. These groups did not qualify for regular loans and were systematically targeted by financial institutions for subprime and predatory loan products (Dillihunt et al., 2010). As a result of these staggering figures, I conducted research to provide plausible solutions that can aid local housing planning in Lee County, Florida.

The major focus of this research paper is to inform policymakers about the plausible recommendations that if implemented could make a positive difference in the local community of Lee County, Florida. Lee County, Florida, experienced a significant housing crisis during the economic loss that began in 2007. Furthermore, literature from various sources also indicated that minorities especially African Americans and Hispanics were largely affected by the foreclosure crisis. The foreclosures and job losses had a direct negative impact on the local economy. Throughout this document research reiterates that Blacks and Hispanics are over three times more likely to have high-cost or “subprime” loans than Whites. Since 2000, United for a Fair Economy estimated “the total loss of wealth for people of color to be between \$164 billion and \$213 billion for sub-prime loans” (Dillihunt et al., 2010 p. 36). Additionally, the loss was also referred to as one of the greatest economic loss for people of color (Dillihunt et al., 2010, p. 36)

Economic resilience has a very broad definition; however, for the purpose of this document economic resilience refers to the ability of a community to overcome adversity. From my perspective, resilience also means the ability to rise above the challenge. Some systems are not able to bounce back from adverse actions; however, the goal of creating a resilient community is to have the ability to adapt and prepare for turbulence.

Social change was also imperative in this study. The potential impact for social change will be positive for the local community. Social change can start from the smallest act and evolve into something huge. One of the primary reasons for conducting this research is to inform prospective readers about one community that endured during the foreclosure crisis of 2007. It is the hope that this study can contribute to social change by providing recommendations for positive change. It is possible this research can make a difference to the local community, and perhaps it can also be used as a stepping stone for other communities.

Chapter 3: Research Method

Qualitative Research Method

The use of qualitative research method for this study allowed the planning of the research by soliciting interviews and identifying participants. In addition, selecting and preparing research materials and data collection tools while formulating procedures was a critical component (Rudestam & Newton, 2007). Rudestam and Newton (2007) emphasized that qualitative researchers should focus on providing the audience information about the specific strategies they will use to collect the data for the study. The methodology of this study began with the research design and rationale for the study. This chapter clearly states the data analysis, sampling strategy, collection of data, ethical concerns, and the primary reason and role of the researcher.

Researchers channel their thoughts and personal belief systems through the study, the type of strategy or inquiry that relates to the investigator's beliefs, and particular kinds of investigations that enable the research procedure to become practicable (Creswell, 2009a; Patton, 2002; Rudestam & Newton, 2007).

From 2007 to 2010, the housing industry saw volatility and negative occurrences. The USHUD implemented different rules and regulation in an effort to assist homeowners who were negatively affected by the housing crisis of 2007(RealtyTrac, 2009). Minorities such as Blacks and Hispanics were affected drastically; their homes were foreclosed at higher rates than other groups (RealtyTrac, 2009). Throughout this document I explored foreclosure and its effect on the Black and Hispanic population in Lee County, Florida. Various peer-reviewed articles elaborated on how the banks and

financial institutions approved certain types of loans for minorities (Dillihunt et al., 2010). Furthermore, the participant's indicated there were incidences of predatory lending by certain organizations.

The theoretical framework explored was resilience and economic resilience theory. Resilience theory offers a way to view how a community or organization recovers from a disturbance (Carlson et al., 2012). Crisis can be used as an opportunity for change, renewal, or transformation. Also, crisis impacts a community and shapes new paths and solutions. I utilized qualitative phenomenological design by conducting face-to-face interviews with participants. Qualitative design "is an ongoing process that involves going back and forth between different components of the design, assessing the implications of goals, theories, research questions, methods, and validity threats for one another" (Maxwell, 2004, p. 3). I employed a qualitative inquiry based on phenomenological research, which is a strategy of inquiry where the researcher identifies the essence of human experiences about a phenomenon as described by participants (Creswell, 2009a). Furthermore, this type of research inquiry is described as "understanding the lived experiences about a phenomenon's a philosophy as well as a method, and the procedure involves studying a small number of subjects through extensive and prolonged engagement to develop patterns and relationships of meaning" (Moustakas, 1994, para. 1).

I gave participants a letter stating their rights and privacy would be protected. Walden's Institutional Review Board (IRB) granted approval for me to conduct interviews. I engaged the participants with a series of questions about their lived

experiences. Lee County, Florida, was one of the hardest hit areas with the foreclosure crisis (News Press, 2008) but the county showed a great deal of resiliency. A resilient organization is a hopeful system because hope is a confidence grounded in a realistic appraisal of the challenges in one's environment and one's capabilities for navigating around them (Groopman, 2004). Resilience also relies upon structures and practices that promote competence and restore growth (Sutcliffe & Vogus, 2003).

Research Procedures and Questions

By conducting a qualitative research, I sought answers to the following questions:

Q1. What impact did the foreclosure crisis in Lee County, Florida, have on the African American and Hispanic population?

Q2. What happened to the Lee County housing community during and after the foreclosure crisis of 2007-2010?

Q3. Did the county recover from being one of the highest foreclosure areas during the 2007 housing crisis?

I documented the participants' lived experiences during the economic crisis.

Resilience is used by policymakers, practitioners, and citizens in an effort to understand loss and how society or people achieve sustainability. Resilience is taken as the stepping stone to fight against threats and enhance opportunities and capacities. I sought to answer the research questions so that I could identify recommendations that will aid in positive implementation of housing policies and also promote social change. From a qualitative method point of view, I conducted in-depth interviews within Lee County, Florida.

Additionally, I analyzed public data available on foreclosures and housing in Lee County, Florida. During the study, there were limitations to the research-based participants' responses, volatility of the housing market, foreclosure data, and possible relocations of residents who endured foreclosure. This study will inform the general population about the lived experiences during and after the foreclosure crisis.

Role of the Researcher

In qualitative research, the researcher effectively interacts with participants and collects the data for the study through one-on-one interviews and observations. Creswell (2009) maintained that the qualitative researcher engages effectively with participants in their natural setting to share their experience and address potential "range of strategic, ethical, and personal issues" (p. 177) that may arise in the research process. Additionally, according to Newman et al. (2003), one of the basic principles for conducting any research is to examine or reexamine the past by interpreting or reinterpreting data and reexamine social, historical, and current social problems. The role of a researcher should be simple and informative. The researcher must ensure that a clean and ethical research occurs. Furthermore, in any research, it is the researcher's responsibility to ensure that prospective participants are fully aware of their rights and privacy. The undertaking of any research must prove the reason for the study and justify the results of the research. According to Creswell (2009), "the essentials of designing a research project involve identifying the research purpose, population and sample size" (p.171). Also thoroughly "analyzing the survey methods used, the relationship between variables, and the steps taken in order to analyze the data" (p.171).

The research must also properly address the results of the study such as whether the research was sufficient or deficiencies existed in the study. Furthermore, “the research must also clearly state the results of the study and the rationale for future use” (Creswell, 2009, p. 171). Analyzing foreclosure data and documenting the data collected is essential for this study. I conducted interviews with 15 participants to document their foreclosure experiences. Each interviewee was asked questions, and his or her responses were documented and analyzed. Phenomenological interviews allowed me to document the participants’ lived experiences during foreclosure while utilizing resilience theories.

Sampling Strategy

Purposeful or purposive sampling is the sampling strategy that was used to carefully select a small sample of individuals to conduct in-depth research on the phenomenon of this study. In purposeful sampling, I determined the number of participants’, the sites and individuals that I used in the study. Also, I determined that the sampling strategy was consistent with the information required by the strategy of inquiry selected for the study (Creswell, 2009).

According to Patton (2002), the qualitative inquiry does not have specific rules about what the sample size should be. Patton added that the sample size is grounded in "what you want to know, the purpose of the inquiry, what's at stake, what will be useful, what will have credibility, and what can be done with available time resources" (p. 224). However, the sample size for qualitative inquiry is usually smaller than a quantitative because the objective of the qualitative researcher is to select a sample that fits the purpose of the study specifically.

Ethical Procedure

The participants were informed of their rights and responsibilities; moreover, they have a right to their privacy and reserve the rights to anonymity. The validity of one's research is important for a successful research. According to Creswell (2009), validity refers to drawing useful and meaningful inferences from the instrument. The reliability of the research is another important factor. A researcher must clarify the data and the reliability of the data (Creswell, 2009a).

Data Analysis

I analyzed the data using hand coding, and I stored the data on encrypted software. I received permission from Walden's IRB on April 8, 2016. I conducted interviews, and I will store the results for the mandatory 5 years as required by law. I conducted all interviews by telephone or face-to-face in a public setting. I transcribed participants' responses to the questions on paper and then transferred the information to an encrypted password-protected flash disc for privacy and safe-keeping.

Types and Sources of Information or Data

I acquired data from peer-reviewed journals dated within the last 5 to 7 years in order to review the most up-to-date information. I analyzed and used public database housing information in Chapter 2, the literature review. I invited participants to volunteer for interviews. I conducted interviews with African Americans and Hispanics homeowners in an effort to document prospective participants' lived experiences during the foreclosure crisis in Lee County, Florida. I used secondary sources data and literature

in an effort to document the research on the effects of Lee County, Florida, foreclosure crisis on the Black and Hispanic population.

Coding Data

I utilized hand coding to interpret the data acquired during the interviewing stage. The interviews consisted of 15 participants of African American or Hispanic background who lost a house due to foreclosure during the economic recession of 2007-2010. According to Creswell (2009b), some researchers find it useful to hand code qualitative transcripts or information. I developed and analyzed themes and patterns of the interviews and shaped them into a general description of the foreclosure and housing crisis of 2007-2010.

Summary

I coded and summarized the interviews and preliminary information accordingly. I developed themes and patterns from the findings and experiences. From my perspective and various news headlines since 2010 there have been many changes in the homeless population and the housing markets (Gelpi & Lynne, 2009). Additionally, headlines have indicated that the housing market took a major hit during the economic recession (Gelpi & Lynne, 2009). Over the past 2 years I analyzed various peer-reviewed articles and conducted preliminary research for this document. According to Newman et al. (2003), there are nine fundamental reasons for conducting research: making predictions, confirming findings, reinterpreting data, measuring, understanding complex phenomena, generating new ideas, informing the public, and acknowledging past misunderstandings. I

examined past policies, generated new ideas, and will influence social change. Social change can start on the community level by assisting and volunteering locally in an effort to build a more resilient community.

Chapter 4: Results

Introduction

The main purpose for this research was to answer critical questions regarding the lived experiences of foreclosed individuals during the housing and economic crisis of 2007-2010 in Lee County, Florida. Following from the results of this research, I have provided recommendations to implement local policies that will aid the housing agencies and community. This research addresses local housing policies in Lee County, Florida. As stated previously, the research questions for this study were as follows:

1. What impact did the foreclosure crisis in Lee County, Florida have on the African American and Hispanic population?
2. What happened to the Lee County housing community during and after the foreclosure crisis of 2007-2010?
3. Did the County recover from being one of the highest foreclosures areas during the 2008 housing crisis?

This chapter provides an overview of the study findings. This chapter involves data gathering, analysis, and interpretation. Additionally, Chapter 4 provides a culmination of the findings while analyzing resilience theory. I received Walden's IRB approval on April 8, 2016 to collect data with approval number 04-08-16-0056808. I collected data pertaining to a phenomenological qualitative research study. A phenomenological research can be described as seeking to learn of one aspect of human experience not bounded by time or location (Walden University, 2016). A phenomenological approach is interpreted as having "been used in organizational and

consumer research in order to develop an understanding of complex issues that may not be immediately implicit in surface responses” (Walden University, 2016, para. 1).

The purpose of this study was to obtain lived conditions and experiences from participants about what happened during and after the foreclosure process and whether they were able to recover sufficiently afterward. Resiliency is having the ability to overcome adversity and rise above the challenges. Interviewing required me to establish contacts with potential participants whom I had never met in order to maintain impartiality and rule out potential bias. In order to solicit participants, I posted flyers, advertised on public communication mediums such as the local newspaper, educational institutions, social service agencies and social media sites, as well as handed out flyers to the general public. I explained consent information, and each participant signed a consent form before proceeding with each interview. I fully explained the reason for the research, which was for a dissertation to fulfill the requirements of a PhD program; however, the results of the research document may be shared with local housing agencies and community leaders. As required, I gave a copy of the signed consent form to each participant. During the interviews I asked participants to express their opinions about their lived experiences during and after the foreclosure process. I interviewed a total of 15 participants. To protect the identity of the participants, I assigned each participant a numerical number: P1 for Participant 1 through P15 for Participant 15.

The development of good interview questions requires insight, creativity, and also a fundamental understanding of the context of the research (Maxwell, 2004). The interview questions were used in order to gain a better understanding of how the Black

and Hispanic population lived during and after the housing crisis of 2007-2010. I interviewed 15 participants who identified themselves as Black or African American and Hispanic or Latino. Demographically, nine participants considered themselves Black or African American, and six participants considered themselves Hispanic or Latina/Latino. The participants were comprised of 10 females and 5 males. The interviews took place in the later part of May through July 2016. All interviewees acknowledged they were at least 18 years old; however, I did not inquire regarding specific ages of the interviewees. The interview questions are listed below.

1. As an individual from Hispanic or Black origin, explain the process you went through when you bought your house.
2. Do you know or understand what role the U.S. Department of Housing and Urban Development plays in the foreclosure process? In your own words do you think lending regulations were followed?
3. Explain your foreclosure experience; describe your day-to-day living situation once you lost your house.
4. Describe what changes happened in your life/family after your house was foreclosed.
5. How did you and/or your family cope with the loss of your house?
6. How were you able to “get back on your feet” after you lost your house? Describe what actions you took in order to accomplish it.
7. Explain the steps or actions you went through after you lost your house.
8. From your perspective, please describe what it takes to become a homeowner.

9. In your own words please explain why you made the decision to purchase a house. Explain your homeownership journey.
10. Now, looking back on the fact that your house was foreclosed, what advice do you have to offer someone who is getting ready or thinking about buying a house?

Interviews

The first task of this research was to conduct the interviews and record or transcribe participants' narratives to acquire a feeling for their ideas in order to understand them fully. After reading the interview transcripts, the next step is to code the statements. This requires identifying key words and sentences relating to the phenomenon under study. I analyzed the responses as they relate to the impact of the foreclosure crisis on the Black and Hispanic community in Lee County, Florida. Once the interview data were finalized and interpreted, I then attempted to formulate meanings for each of these significant statements. Often times, a researcher will repeat the data collection process such as conducting interviews to acquire recurrent meaningful themes. These themes and patterns may be validated by rechecking the informant's responses. After this, I was able to integrate the final themes into a phenomenon of the study. The next step is to reduce these themes to an essential structure that offers an explanation of the behavior. Finally, there was no need to return to the participants to conduct further interviews or elicit their opinions on the analysis in order to cross check the interpretation. These structures provided an understanding of the world that contributes towards the development of theory; phenomenology has its own unique characteristics and philosophy, which may be

beneficial in terms of theory building based on lived experiences, whether these are consumption or strategic decision making (Moustakas, 1994)

During the interview process, I interpreted various themes and patterns from the questions. Phenomenology is concerned with ideas and essences. The method of “reflection occurs throughout the phenomenological approach providing a logical, systematic, coherent resource for carrying out the analysis and synthesis needed to arrive at essential descriptions of experience” (Moustakas, 1994, p. 47). The process allows a researcher to look at the research as a whole by examining “entities from many sides, angles, and perspectives until a unified vision of the essences of phenomenon or experience is achieved” (Moustakas, 1994 p. 47).

As I proceeded with the data collection phase of this research, there are a few strategies or principles of phenomenological research that focus on what is true in nature and natural everyday living. This type of research focuses on the wholeness by examining different sides, angles, and perspectives seeking a unified vision or whole experience (Moustakas, 1994). In this research, I sought to find the complete experience with true meaning and purpose of the participants. Typically, in a phenomenological research, a researcher seeks a passionate interest in the subject matter (Moustakas, 1994).

During the interview process, I tied different themes to the original problem of how the foreclosure crisis in Lee County, Florida, affected the African American and Hispanic population. I further asserted that one of the most common themes throughout the interviews indicated participants were not fully prepared for home ownership. Another question was the ability to recover from foreclosure.

I documented the participants' lived experiences during the economic crisis. Preliminary interview answers from participants indicated they did not fully understand homeownership and made inept financial decisions that eventually led to them losing their house or properties. Some participants borrowed against the equity value of their properties; others had subprime loans or other high interest rate loans where the payment increased to the point the homeowners were not able to afford the monthly mortgage payments. This also points to the possibility of predatory lending; some participants considered themselves victims of this process. As discussed in Chapter 2, big banks such as Bank of America and Wells Fargo were accused of predatory lending (Blaine, 2011). The literature review also indicated lawsuits were settled and some are still pending (Blaine, 2011)

In looking at resilience theory (Carlson et al., 2012) and applying the theory to the participants' lived experiences, I found that the majority of participants were able to overcome the emotional distress of losing a house while others struggled to maintain financial stability. After years of going through financial difficulties, job losses, and other personal trials and tribulations, they were able to maintain some sort of self-sufficiency. To briefly reiterate, resilience and economic resilience theory is defined "as the ability of an entity such as an organization, community or region anticipate, resist, absorb, respond, adapt to, and recover from a disturbance" (Carlson et al., 2012 p. 517). The most common theme during the interviews was bad financial decisions led to foreclosure. Additionally, some participants did not recover; they lost their house and had to rent

instead of buy. Some were able to buy again after a long struggle and trying to correct their finances.

Interview Themes and Effects of Foreclosure

To answer this study's research questions, I analyzed each individual participant's responses to the interview questions and detected various themes throughout the data collection process. The first emerging theme observed during the interviewing process was that the majority of the participants faced economic struggles after they lost their houses. Interview Question 3 asked participants to describe their day-to-day living after foreclosure. The following findings tied back to the original questions of how the participants lived during the housing crisis. The information gathered during the data collection period showed the financial difficulties that someone endures after losing his or her house. The majority of the participants endured economic hardship due to foreclosure and lack of stable income. During data collection, I critically analyzed the answers from the participants and derived the following themes.

Theme 1: Economic Problems

Job loss was one of the factors for foreclosure. During the interviews, 11 of the 15 participants indicated that they had to move in with family temporarily while they tried to pick up the pieces and get on with their lives. P1 stated, "I moved in with my family and live in one room in their house." Another participant (P11) was practically homeless, "moving in and out of different relative's homes." Another theme that emerged from the responses to Interview Question 2 was lack of knowledge regarding housing programs operated by USHUD.

Theme 2: Lack of Knowledge Regarding HUD or Other Funded Programs

Seven out of the 15 participants had no knowledge of what HUD stood for or what purpose the organization serves. Five participants had limited knowledge about HUD; however, they did not utilize the program when purchasing their houses. Three participants received some form of assistance from HUD funded programs administered through the county. P9 stated, “I didn’t pay much attention to the government...I think they help people with public housing.” P10 stated, “No, I didn’t bother dealing with them; plus I don’t want the government in my business.”

The interviews demonstrated that the participants had little or no knowledge about public programs available regarding housing assistance. The next theme that emerged during the interviews was the cost of loans and monthly payment amount.

Theme 3: Inability to Make Loan Payments

Some participants indicated that their payments doubled within about 2 years of getting the house. The interest rates doubled, which increased their payments. This is a typical adjustable rate mortgage and possible predatory lending. They were not able to lower the payments and as a result lost the house. Some participants worked in the construction or housing industry and lost their jobs during the housing and economic recession and were not able to keep up with their mortgage payments.

Theme 4: Negative Financial Decisions

Some of the participants refinanced prior to the housing market going down. P4, P6, and P14 refinanced their houses and borrowed against their house values or equity. One participant (P6) borrowed against the value of the property to help family with their

restaurant business. Another (P4) also took money out of the property but did not go into details as to what the funds were used towards. P4 stated they “made the stupid mistake of taking money out and doing other things; then the property lost its value.” P14 took money out before the bust “to buy cars and paid off credit card debt, then in 2009 the values started going down.”

Theme 5: Homeownership Ended

The housing crisis escalated around 2008 and steadily increased until early 2009 before the implementation of housing relief programs. Of the 15 participants, seven (P1, P2, P10, P11, P12, P14, and P15) were no longer homeowners and were renting at the time of their interview. The foreclosure had an adverse effect on their credit, or some did not qualify for a loan at the time. For example, P1 moved in with family to save money and was now renting; P2 was simply taking it one day at a time and also renting; P10 was renting and stated they learned a valuable lesson, “do not rush into things.” P11 “actually lived in shelters for a couple of months after the foreclosure then moved in with family, got housing assistance and is currently renting.” P14 rented for many years but was able to buy again with some form of housing program assistance.

The overall theme of the interviews was that the majority of the participants was very emotional and made decisions that they regretted. Others were still struggling due to other reasons such as divorce or other personal problems. Six of the participants made voluntary decisions to walk away because they owed more than the houses were worth. I interpreted that nine of the participants were able to overcome adversity while six were still experiencing a difficult time moving forward. At the end of the interview process the

participants and residents of Lee County were partially resilient to the foreclosure crisis. By stating the people were partially resilient, they were not able to anticipate or resist the foreclosure crisis. However they were able to absorb or endured the crisis because they lived and stayed in the community throughout the foreclosure crisis. To summarize resilience theory and the theoretical framework applied throughout this research the people of Lee County, the people were able to adapt to the crisis by attempting to rebuild their lives. The participants indicated they went back to school to get a better skill in order to obtain and secure employment. Last but not least the people are still in recovery mode, the residents of the county are rebuilding their lives one day at a time.

Types of Phenomenological Research

From my point of view, the data collection and participant interviews were a combination of interpretive and descriptive research. The interview questions asked the participants the understanding of certain homeownership terms and to explain their day-to-day living situation during and after their foreclosure crisis. There were also some emotional experiences that the participants endured during and after the foreclosure process. Some of the participants endured life changing events such as temporary transitional housing experiences; some lived in shelters briefly while others lived with relatives while rebuilding their own lives. During the interview process I had a local pamphlet with local social services as a referral resource tool in case any one of the participants requested any services.

Phenomenological research is the ability of a researcher to document participants' lived experiences. Phenomenological research is broken down into two schools,

descriptive and interpretive research. Descriptive research “looks at how to transcend individual experiences by reducing the reported experiences from individuals into patterns and themes so the audiences can understand or transcend the commonalities” (Walden University, 2016, para.1). One researcher responsible, Amandeo Giorgi, has made significant contribution to the school of phenomenological research (Walden University, 2016, para. 1). On the other hand, interpretive phenomenological “looks at the same kinds of experiences and collects the same data as descriptive phenomenological but instead of reducing the reported experiences from individuals into patterns and themes, the researcher looks for the psychological or sociological factors that influenced the response” (Walden University, 2016, para.1). Another notable researcher, Moustakas, is associated with interpretive phenomenological research.

Analysis of Public Secondary Data

As I critiqued the data from the participants, the critical question is whether the research matches the original problem statement or research question. A partial answer to this question is 10 of the 15 participants showed they endured financial difficulties due to bad loans and employment loss. Some of the participants were uneducated about the home-buying process, and some took homeownership very lightly. Other participants did not fully understand the long-term consequences that homeownership had on their finances.

The research is grounded on the question: What impact did the foreclosure crisis affect the African American and Hispanics in Lee County, Florida? The research points out homeowners’ inability to pay their mortgages due to lack of knowledge of housing

programs available. During the interview process the participants revealed regrets, fear, and shame. Losing one's home is an emotional process.

After thorough examination of the data, I have found that some new theories have emerged regarding how to aid the local community's housing crisis. The phenomenological interview research did not fully support the research questions; however, it provided guidance and new school of thought regarding national and local housing issues. A total of 15 participants participated in the research project. How were they affected compared to over 2.5 million people who were also affected by the foreclosure crisis of 2007-2010 (CRL, 2012)? Therefore, the critical question is what makes Lee County different from the rest of the nation? Lee County was one of the top areas largely affected by the crisis. The area made headline news on a daily basis.

My prospective contribution to the field of public policy is simple: to inform the public about the housing crisis of 2007-2010 of Lee County residents while providing plausible recommendations and new theories regarding housing as a policy matter. A brief analysis of housing as a public policy matter indicated that Blacks and Hispanics lost twice as much as other groups. For example, in 2012 the CRL reported that shortly after the housing crash, of the borrowers across the country who took out loans between 2005 and 2008, 8% Blacks and Hispanics lost their homes to foreclosure compared to 4.5% Whites (CRL, 2012). There were an estimated 2.5 million foreclosures between 2007 and 2010 in the United States (CRL, 2012). As a result of the foreclosure crisis, various programs were implemented in an effort to aid homeowners and help the national economy recover from one of the worst housing crisis since the Great Depression. The

housing crisis was nationwide, and Lee County ranked second in the nation (RealtyTrac, 2009). Due to the housing crisis, the federal government enacted different programs in an effort to aid homeowners; however, homeowners still ended up in foreclosure.

The federal government responded to the nationwide housing crisis by implementing various stimulus packages in an effort to combat one of the biggest financial disasters. One such program was the Toxic Assets Relief Program (TARP), a program implemented to purchase troubled mortgage loans from banks and would then provide liquidity to banks (Dymi, 2010). Separately, the Federal Reserve launched its own programs to aid the banks. Programs included zero percent loans and more than two trillion dollars of asset purchases. Additionally, the Federal Reserve also added “Operation Twist which was a stimulus package in the form of an estimated \$267 billion dollars to stimulate the economy” (Dymi, 2010, p. 6). However, some of these programs had setbacks that prevented homeowners from recovering their home. For example, some of the federal policies that the federal government enacted to help major corporations such as big banks with zero percent loans translated into nearly zero percent returns on bank savings accounts (Dymi, 2010, p. 6). Other factors included homeowners’ inability to utilize the programs such as HARP and Home Affordable Modification Program (HAMP) because of no or insufficient income (Hyman, 2011).

On the state and local level, most state and local government in 2009 were also seeing sharp declines in revenues due to the economic and housing recession (Hyman, 2011). The revenue shortfalls were mainly due to reduced income and high unemployment rates (Hyman, 2011). Due to revenue shortfall, many states implemented

a procedure known as across-the-board spending in an effort to aid with the revenue shortfalls (Hyman, 2011). Local entities, including Lee County, Florida, rely on funding from the federal and state government for housing funding.

I analyzed local available public records of foreclosure filings from 2009-2010 (see Table 1) which illustrated a high number of filings each month during the height of the foreclosure epidemic. Additionally, an article written in *The Wall Street Journal* characterized Lee County's foreclosure cases in 2009 as "A Florida Court's 'Rocker Docket; Blasts Through Foreclosure Cases'" stated that the "housing crisis has been pounding the Florida court system like a category 5 hurricane" (Corkey, 2009, para. 3). In 2009, Florida had the highest number of default rates in the country along with a significant number of unemployed residents which also led to the County's foreclosure crisis in 2007-2010 (Corkey, 2009). Public records such as Lee County Clerk of Courts show the court system was backlogged with foreclosure case hearings. Table 1 shows the number of foreclosure filings from January 2009 through December 2010.

Table 1

Foreclosures from January 2009 to December 2010 in Lee County, Florida

Month	# of Foreclosures
01-2009	2074
02-2009	1966
03-2009	2022
04-2009	1908
05-2009	1808
06-2009	1656
07-2009	1908
08-2009	1625
09-2009	1555
10-2009	1407
11-2009	1616
12-2009	1321
01-2010	1396
02-2010	1143
03-2010	1143
04-2010	988
05-2010	834
06-2010	930
07-2010	781
08-2010	934
09-2010	566
10-2010	348
11-2010	401
12-2010	342

Note. Foreclosure cases filed Graph 2009 -2010- Lee County, Florida-Source (Lee County Courts Public Website).

Another important factor that led to the increase in foreclosures was the decrease in the value of the homes in Lee County. Home values plunged during the recession so homeowners had difficulty trying to refinance their mortgages. As stated in *The Wall Street Journal*, “Modern-day treasure seekers invaded this area during the recent housing boom, snapping up houses and parcels of land, hoping to flip them to retirees and working families”(Corkery, 2009, para. 3). An unaccredited program located in Cape Coral-Lee County, Florida, called “Millionaire University taught investors and speculators from around the country how to buy and sell properties for huge profits”(Corkery, 2009 para. 3). As a result of buying and selling properties, from 2000 to 2005 house prices in Cape Coral more than doubled then lost half their value during the recession making it difficult for homeowners to refinance or adjust their payments. Statistics indicated that the court system was heavily backlogged with cases due to the high number of monthly foreclosures (Lee County Courts, 2013). By the end of 2010, the number of foreclosures declined. One primary reason for the decline was the implementation of housing programs such as the HARP and HAMP. The HARP is a program that assisted homeowners with refinancing their mortgages even if they owed more than the property is worth. The HAMP program is also designed to assist homeowners with lower monthly payments making them sustainable and affordable for the long term (USHUD, 2016). These federally funded housing programs were able to assist homeowners refinance or modify their monthly mortgage payments.

In the preceding chapters of this dissertation, I briefly analyzed unemployment data as it relates to the economic and foreclosure crisis. A very visible sign the economy

had rebounded from one of the worst financial disasters is the unemployment rate. According to *Economy Policy Institute* article “The Impact of Full Employment on African American Employment Wages,” by the end of 2014, the U.S. economy experienced 58 consecutive months of growth and unemployment rates fell from a high of 10 percent in October 2009 to a low of 5.6 in 2014 (Wilson, 2015). A low unemployment rate translates to people working and being able to pay their bills, especially mortgages.

During this chapter of the dissertation, I analyzed participants’ responses to the interview questions and developed emerging themes that revolved around housing. Lee County foreclosure problem of 2007-2010 partly revolved around inadequate affordable housing. Additionally, homeowners were not informed about all the parameters involved in the home-buying process. The research questions focused on participants retelling their lived experiences during and after the foreclosure process. As this study moves forward in the next chapter, I will provide some limitations endured during the study and interpretation of the research findings. Additionally, I will provide recommendations regarding local housing policies that can potentially create social change within the community.

Chapter 5: Discussion, Conclusions, and Recommendations

Introduction

In economic literature, the term *resilience* was used as the “ability to recover from economic adversity” (Immergluck & Smith, 2006, p. 95). For example, a community such as Lee County, Florida endured prolonged housing crisis of 2007-2010. Growth occurs in different forms such as continued, or the same pace, at a slower pace, or no growth at all (Balsas, 2014). In this study, I determined that the Lee County housing community attained growth at a slower pace shortly after the foreclosure crisis of 2007-2010. Based on the interviews documenting the lived experiences of the participants, it took an average of about 5 years for the county to evolve from the foreclosure crisis. As of 2016, the economy was rebuilding. Based on the findings, I determined that for homeowners to achieve economic stability and overcome the adversity of foreclosures, public education regarding housing policies is critical. While documenting the participants’ lived experiences as they described what they went through with the foreclosure, I determined the majority of them did not know about or apply for some of the programs that the USHUD had offered. Some participants did not apply for the program because of “too much paperwork” or the assumption that they would be denied. Also, 50% of the participants lost their jobs and had no source of income to maintain paying a mortgage.

Limitations of the Study

I would like to acknowledge that there were limitations to using interviews from the general community as the primary source of data. While interviews can be an

excellent source to collect data, they can have errors and weak points. Some include the possibility that interviewees' responses may be biased due to various reasons such as personal beliefs and perceptions. For example, the nature of the subject matter was very sensitive, and some of the participants disclosed financial information such as filing for bankruptcy while undergoing the foreclosure process. The questions focused on the participants' lived experiences during and after foreclosure process.

One major limitation to the study was that some of the participants were a bit reluctant to go into details about their foreclosure experience. Eight of the participants disclosed specific information as to the reason why they ended up in foreclosure while others kept their answers short. I did not pursue these responses any further as participation was voluntarily, and the participants had a right to stop at any point if they did not feel comfortable. Additionally, at the time of the interviews, it had been almost 6 years since the major foreclosure situation occurred in Lee County, Florida and the participants did not want to go back into the past. Eleven out of the 15 participants had rebuilt their lives or were in the process of rebuilding their lives. On a side note, I initially developed this topic in 2010 when the housing crisis was undergoing major changes throughout the country. My journey started 6 years ago. Unfortunately, there were some delays mainly due to bureaucratic process. It is my opinion that this research would probably yield more rigorous phenomenological experiences if it had been written 2 or 3 years ago. From my perspective, too much time has elapsed since the housing crisis, and Lee County residents on a whole are rebuilding their financial lives. The residents of Lee County are still trying to overcome one of the hardest foreclosures that the county faced.

Another limitation was due to privacy reasons. Participants did not disclose specific financial information such as annual salaries or their purchasing price of the property that led to their houses being foreclosed.

Interpretation of Findings

During the interviews, I noticed that one program that was available in 2009 was not mentioned by the participants. Based on the findings during the data collection stage, I noted that housing programs were underutilized. Participants endured financial problems such as job loss and loans that had high interest rates and led to foreclosure. From my perspective, a widely critiqued program, HARP, was not known by the majority of participants. The “Home Affordable Refinance Program, also known as HARP, is a federal program of the United States, set up by the Federal Housing Finance Agency in March 2009 to help underwater and near-underwater homeowners refinance their mortgages” (USHUD, 2016, para. 2). According to USHUD (2016), interest rates levels are low and the HARP program assisted homeowners whose property was worth less than the value refinance to a lower percentage mortgage. One of the biggest changes to the HARP is that it raises the debt limit so borrowers can obtain a new mortgage (USHUD, 2016). For example, homeowners who owe more than 125% of their home’s value are now eligible whereas the previous limit for most government programs was 97% to 125% (USHUD, 2016). The refinance percentage ratio is also known as loan-to-value, and it reduces mortgage origination fees (USHUD, 2016). These programs would have been instrumental to the residents of Lee County during the foreclosure period of 2007 to 2010. Public education is fundamental to successful homeownership.

I further noticed the lack of public education regarding assistance programs available to the participants. Few of the participants took advantage of or sought emergency assistance offered locally. Lee County participates in the Emergency Shelter Grants (ESG) Program. This program provides grant assistance to states, urban counties, and metropolitan cities to aid in homeless prevention (Lee County Human Services, 2016). For example, Lee County Human Resources, (2016) department offers income-based program assistance to assist first-time homebuyers with purchasing a home. Most of the programs are federally funded and have income guidelines and restrictions. Programs include HOME investments and SHIP down payment assistance programs. Additionally, “there is a maximum purchase price of \$148,000 and the maximum assistance provided is 10% but does not exceed \$10,000.00” (Lee County Human Resources, 2016, para. 1). These programs are federally and state funded. Programs include The Community Development Block Grant (CDBG) program, which is “a flexible program that provides communities with resources to address a wide range of unique community development needs” (Lee County Human Resources, 2016, para. 1). The CDBG began in 1974 and is one of the longest continuously run programs at HUD. This program provides grants annually to help develop communities by providing affordable housing for low and moderate income families (Lee County Human Resources, 2016). The HOME Investments Partnership Program “provides grants to states and local governments to fund a wide range of activities including building, buying and or rehabilitating housing for rent or homeownership” (Lee County Human Resources, 2016, para. 1). The program also provides direct rental assistance to low-income families.

HOME is a federal block grant program for state and local governments designed exclusively to create affordable housing for low-income. The minimum qualification for the HOME program is that the prospective buyer must meet income requirements and buying either a townhouse, condominium or single family house in the county (Lee County Human Resources, 2016). Lee County also offers another program, the Emergency Solutions Grants Program; this program focuses on assisting residents regain stability in permanent housing after experiencing a housing crisis or homelessness (Lee County Human Resources, 2016). Housing grants are also distributed by using formulas and grants are disbursed to metropolitan cities, urban counties, territories, emergency shelters and homelessness prevention (Lee County Human Resources, 2016). During the data collection process, only three of the participants had knowledge about housing programs available locally. From my perspective, advertisement about these programs is needed in order to help prospective buyers make informed decisions.

Lee County has two major advisory councils that assist with human services, Community Action Agency/Neighborhood District Committee and the Community Human Services Council. The major functions of the community action agency are to “assist in planning, performance evaluation and public comment regarding housing programs such as HUD consolidated plan, Community Services Block Grant Action Plan, HUD Consolidated Plan, funding for projects within targeted neighborhoods districts” (Lee County Human Resources, 2016, para. 2). Furthermore, The Community Human Service Council consists of both public and private stakeholders who are responsible for various tasks that include implementing and designing local programs to aid in the

current and future needs of the local community (Lee County Human Resources, 2016). The Community Service Council stated that over the years federal funding has diminished, and costs and services have shifted to the local community. As a result of the decreased funding the county will need to prioritize the services provided and invest and coordinate in automation services (Lee County Human Resources, 2016).

Lee County was not resilient during the foreclosure crisis. Based on the data collected and statistical information the County was not able to anticipate or resist the foreclosure crisis. The county attempted to respond to the crisis however the response was ineffective. The county did not have the resources to fully aid the foreclosure victims of Lee County. The county had to adapt to the foreclosure but had limited programs. It has been almost 7 years since the crisis and the county is recovering and rebuilding. Based on the findings during the data collection and literature review, if the County should experience another foreclosure crisis I propose the following plausible recommendations in an effort to assist the county with future housing planning.

Plausible Recommendations

In conclusion, I conducted an assessment of all the previously mentioned information in Chapters 1 through 4. Furthermore, I analyzed various federal and state housing programs, and I found that the majority of housing assistance programs is based on need following federal, state, and local guidelines. Unfortunately, not all residents who have a need will qualify for these programs due to income restrictions. Below are my recommendations based on preliminary research and interviews.

Recommendation 1

Lee County should develop a countywide penny sales tax. There are other counties such as Highland County in South Carolina that have implemented a penny tax to aid in various revenue deficits (King, 2016). However, in this case the penny tax should be solely dedicated to assisting with short-term or long-term housing needs in the county. Housing programs are needs based and not every homeowner or prospective homeowner will meet the criteria.

Recommendation 2

To reiterate further, the penny tax will be used to establish “Lee County Housing Trust Fund.” This tax may get resistance from local board members or members of the general public. The penny tax would be generated from sales tax in the county. This would require a public vote by Lee County residents. Voters would have the choice to implement the tax or not. Funds from the trust would be used to help homeowners or prospective homeowners in purchasing a primary residence.

Recommendation 3

The county should explore purchasing vacant land that would hopefully be used towards affordable housing programs. If the penny tax is implemented on every resident, the county can utilize a portion of the funds for this purpose.

Recommendation 4

Lee County should rehabilitate the abandoned properties left vacant by foreclosures by working with lenders to establish a relationship with local realtors and other professional organizations such as employers. From my perspective, The Lee

County School Board and Lee Memorial Health Care Systems are two of the biggest employers in the county. These employers should implement local housing programs that aid their employees directly with purchasing or needed home renovations. This program should have limits so the employees cannot abuse the program. Mortgage payments can be paid directly by payroll deduction. This would create a sense of responsibility and promote employment stability.

Recommendation 5

The county creates local buyer awareness programs. Promote and advertise and educate people about available housing programs in the county. There should be weekly advertisement in the local papers and broadcast messages on the radio and television.

Recommendation 6

The county should also look into the possibly implementing a local county bank or nonprofit mortgage company that is fully operational by the county. The company would be in charge of making decisions locally, cutting out big banks. The county can create a partnership with local county bank or credit union to assist homeowners with direct lending process. I believe this would alleviate big banks from charging homeowners or prospective homeowners' high interest rates and other hidden fees. One of the biggest reasons homeowners lost their houses was due to adjustable rate mortgage or high-interest that yield balloon payments loans.

Recommendation 7

The county should implement a rent-to-own program. A rent-to own-program that is managed and operated by the county can assist potential homeowners with purchasing

a house. The county would be able to assist homeowners who have credit issues in rebuilding their credit while setting a timeline for them to be able to buy the house. The time limit should be 24 to 36 months. Additionally, the county should set aside a portion of the rental payments that can be used as a down payment or some other assistance to the potential buyer.

Recommendation 8

The county should look into different housing options such as location of the property and the price based on location. Additionally, the county should invest in improving desolate areas to attract potential buyers and possible new comers to the area. Lee County is also known nationally as a snowbird area. Part-time residents buy houses as a second home investment. County beautification can contribute toward tourist attractions.

Recommendation 9

The county should research and implement a plan to help owners that owe overdue taxes work out a plan that allows them to pay those taxes over a period of time. Property taxes assist counties with school funding. Loss of property taxes revenues can lead to insufficient funding for schools. Lost funding creates a domino effect in terms of school choices for parents. Prospective homeowners with children tend to research the school district before deciding to move to the area.

Recommendation 10

Throughout this research, I found wages and salaries of homeowners were a factor. Data indicated that some homeowners did not make enough money to purchase or

maintain homeownership. The county should work closely with work incentive programs or agencies such as Work Force One, or some of Lee County's biggest employers, namely Lee County School Board, Lee Memorial Health Systems and or the State University, Florida Gulf Coast University and other education systems to increase wages by offering incentive programs. Incentive programs will attract prospective residents and potentially increase the number of people wishing to purchase a house.

Implications for Social Change

One of the main reasons for this study was to provide an alternative explanation for the foreclosure crisis in Lee County, Florida. Additionally, resilience theory was utilized to show the impact of the downturn of the housing problem in Lee County. Participants' documented lived experiences indicated that in life, there are trials and tribulations and subsequent drive to make it back to some sense of normalcy. The study highlighted the downfall of Lee County housing during the foreclosure crisis. Social change is about bringing positive change to a community or organization. This study will be made available to local community leaders for potential use in future housing plans. The recommendations are plausible and can be implemented. Stakeholders, local business owners, and public institutions can assist with the changes. This study gives the public firsthand knowledge about the experiences of the African American and Hispanic population lived experiences. From my perspective, Lee County is on its way to becoming the vibrant and economically secure community it was before the economic-housing meltdown.

Conclusion

As I stated previously, my prospective contribution to the body of public administration is to hopefully publicize what the foreclosure victims endured. Additionally, it is the intent of this study to provide an alternative view point and recommendations in an effort to mobilize Lee County's housing industry. It has been almost eight years since the initial downfall of the housing industry. In 2016 there is clarity that the residents are rebounding, and the economy is uplifting. Throughout this document, I provided preliminary literature that indicated that throughout the Florida, minority homeowners mainly Blacks and Hispanics were adversely affected by the foreclosure crisis of 2007-2010. I then further conducted a phenomenological qualitative research in an effort to determine how the foreclosure crisis of 2007-2010 affected the Black and Hispanic population. I documented various interviews from Black and Hispanic homeowners who lost their houses. The crisis started around 2007, and ten years have passed, the initial question still is whether the community was and will be resilient and stand the test of time. According to today's local real estate listings and the Lee County Property assessment property values are increasing and the job market has improved (Lee County Property Appraiser, 2016). Additionally, according to the U.S. Department of Labor, Lee County's unemployment has decreased (U.S. Department of Labor & Statistics, 2016). As of May 2016, Lee County's unemployment rate is 4.8 % which is a significant decrease from the highs of 13.1% back in September 2009, which was during the height of the foreclosure crisis (U.S. Department of Labor & Statistics, 2016).

It is my hope that the participants' interviews and literature including the recommendations will be shared publicly with local housing and/or social service agencies. I contend that if the County adopt some of the recommendations such as the penny tax and implements a local housing trust that will aid homeowners and prospective homeowners in time of financial turmoil. Lee County can become one of the pioneers that assist homeowners directly instead of dealing with bureaucratic processes and big banks that don't put the consumer first. I intend on sharing the recommendations of the study with the Lee County Community Human Service Council. This organization is already responsible for local housing programs and can assist in coordinating services and strategic planning (Lee County Human Resources, 2016)

The purpose of this research is to be able to make a difference and contribute towards social change within the local community. Hopefully, the prospectus, literature review, proposal, data collection clearly supports the plausible recommendations. It is my opinion that I reached the goal of analyzing the data and producing a product that will be worthwhile to read. It is my goal that this research will be helpful in some manner to the local community. Social change can start at the local community level and mobilize into bigger changes, perhaps on the national level. It is my intent to conduct post-doctoral research on the topic of housing in Lee County, Florida. I will apply for any available research grants for funding of the prospective research. This research can be used as a helpful tool and will be shared with local housing agencies. This research topic initially started almost six years ago during the height of the foreclosure crisis; in 2017, the

housing market continues to recover and public citizens move forward toward economic growth and stability.

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Appendix A: Invitation to Participants

Hello,

My name is Stenia Reid-Hall and I am a doctoral student at Walden University. I am soliciting prospective participants for interviews; the interviews will be based on the effects of the foreclosure crisis on the minority population. Minorities are defined as Black or African American population, or Hispanic or Latino origin.

In order to participate, you must be at least 18 years of age and was or is homeless or lost a house to foreclosure during the economic recession period of 2007-2010. Your participation is voluntary. You may discontinue the interview at any time you choose.

The interview consists of a maximum of ten questions and should take approximately 15-30 minutes. The purpose of this study is to attempt to provide information to public agencies such as homeless shelters, public funded agencies in the State of Florida. The information provided has the potential to assist local and national agencies better understand how to manage public funds and housing regulations in the State.

Furthermore, I hope this research will be fundamentally helpful and provide vital information regarding planning and implementation of policies.

If you have any questions, please email me at XXXXXX.

Thank you for your time and have a great day.

Appendix B: Interview Questions

Prospective Interview Questions: The Effects of the Foreclosure crisis of 2007-2010 on the Minority Population of Lee County, Florida.

1. As an individual from Hispanic or Black origin, explain the process you went through when you bought your house.
2. Do you know or understand what role does the U.S. Department of housing play in the foreclosure process? In your own words do you think lending regulations were followed?
3. Explain your foreclosure experience; describe your day-to-day living situation once you lost your house.
4. Describe what changes happened in your life/family after your house was foreclosed?
5. How did you/and or your family cope with the lost of your house?
6. How were you able to “get back on your feet” after you lost your house? Describe what actions did you take in order to accomplish it?
7. Explain the steps or actions you went through after you lost your house.
8. From your perspective, please describe what it takes to become a homeowner.
9. In your own words please explain why you made the decision to purchase a house. Explain your homeownership journey.
10. Now, looking back on the fact that your house was foreclosed, what advise do you have to offer someone who is getting ready or thinking about buying a house?

Appendix C: Flyer

12/13/15

Attn: All

Walden University Ph. D student seek 15 participants who lost their homes in the foreclosure crisis of 2007-2010 to participate in an interview questionnaire about the foreclosure crisis in Lee County, Florida.



Participants must identify themselves as Hispanic or Latino/Latino, Black or African American) origin. Anyone interested please email: XXXXXXXX for additional information.

Appendix D: Newspaper Advertisement

Research Newspaper Ad

Walden University Ph. D dissertation student seeks participants age 18 or older of Hispanic or African American origin to participate in an interview about the foreclosure crisis that occurred in Lee County from around 2007-2010. Interested individuals please contact XXXXXXXX for additional information. Thank you.

Appendix E: Interview Transcripts

Interviewer P 1

1. As an individual from Hispanic or Black origin, explain the process you went through when you bought your house.

“I bought my house in 2006, I was working and making what I thought was good money at the time.”

2. Do you know or understand what role does the U.S. Department of housing play in the foreclosure process? “In your own words do you think lending regulations were followed? “Do not know much about the Dept. of housing; all I know is that they are supposed to help people get houses... I was able to get a loan with my income. “At first the loan payment was a good amount, I could afford it.” Then the payments doubled and I couldn’t afford it anymore.”

3. Explain your foreclosure experience; describe your day-to-day living situation once you lost your house. “Well I was living in the house, trying to make the payments.” “The bank would not work with me so after about a year of fighting with the bank I lost the house.” “I moved in with my family.” “We lived in one room in their house.”

4. Describe what changes happened in your life/family after your house was foreclosed? “My life was a total wreck, I was down, working trying to make ends meet and trying to save money for our own place.”

5. How did you/and or your family cope with the lost of your house?

“We tried to stay positive but it was hard.” “I felt ashamed after I lost my house”. “I worked so hard to buy the house and now it was gone.”

6. How were you able to “get back on your feet” after you lost your house? Describe what actions did you take in order to accomplish it? One day at a time, I lived with my family and was able to save up enough money to finally get a place where I could rent.”

7. Explain the steps or actions you went through after you lost your house.

“I had to find myself and pick up the pieces. I had to rebuild my family one day at a time.”

8. From your perspective, please describe what it takes to become a homeowner.

“It is hard work.” “Homeownership is hard.” “If something breaks then you have to fix it.” “Not everybody has an emergency fund.”

9. In your own words please explain why you made the decision to purchase a house.

Explain your homeownership journey. “I was trying to be the first one in my family to buy a house, for a black person that is quite an accomplishment.”

10. Now, looking back on the fact that your house was foreclosed, what advise do you have to offer someone who is getting ready or thinking about buying a house?

“Make sure you have enough in savings in case you lose your job to cover your expenses.” “Don’t buy more than you can afford.” “Spend wisely”.

Interview P 2

1. As an individual from Hispanic or Black origin, explain the process you went through when you bought your house.

“I was able to buy my house with my sister. We bought the house together. We were both working and wanted to a house for our family that involved two children.”

2. Do you know or understand what role does the U.S. Department of housing play in the foreclosure process? In your own words do you think lending regulations were followed?

“No not really, the lender helped us apply for grants and loans through the County.”

3. Explain your foreclosure experience; describe your day-to-day living situation once you lost your house. “It was tough, we tried to keep up with the payments however our loan payments balloon and the house lost its value so we couldn’t refinance.”

4. Describe what changes happened in your life/family after your house was foreclosed?

“Moved in with family, my sister went back to the Miami area to start over again.”

5. How did you/and or your family cope with the lost of your house? “It was hard but as time went by I realize it was just a house.” “I am still young and working.” “Hopefully one day I can buy again.”

6. How were you able to “get back on your feet” after you lost your house? Describe what actions did you take in order to accomplish it? “I am still trying to, taking it one day at a time.” “I am renting now.”

7. Explain the steps or actions you went through after you lost your house. “It was tough, getting my little one in school, living with family and trying to survive.”

8. From your perspective, please describe what it takes to become a homeowner.

“Homeownership is supposed to be the American dream, but it doesn’t always work out that way.”

9. In your own words please explain why you made the decision to purchase a house. Explain your homeownership journey.

“I wanted my mom to see that I achieved something in life but it didn’t work that way.”

10. Now, looking back on the fact that your house was foreclosed, what advise do you have to offer someone who is getting ready or thinking about buying a house?

“Don’t put all your eggs in one basket, save up enough money to get you thru the rough times.”

Interviewer P 3

1. As an individual from Hispanic or Black origin, explain the process you went through when you bought your house.

“I applied for a loan through my local bank. I needed a co-signer so I asked my mother to co-sign for me.”

2. Do you know or understand what role does the U.S. Department of housing play in the foreclosure process? In your own words do you think lending regulations were followed?

“Sort of, I believe the U.S. housing help people with their rent or help them with down payment on a house.”

3. Explain your foreclosure experience; describe your day-to-day living situation once you lost your house.

“When I lost my house my life turned upside down. I felt like a lost everything. I gave up everything and had to file for bankruptcy also.”

4. Describe what changes happened in your life/family after your house was foreclosed?

“Me and my kids moved back in with my mother, my credit is bad and my mother credit is now bad also.”

5. How did you/and or your family cope with the lost of your house? “We are living in my mother’s house and I had to save up for a long time to be able to afford my own place. I am now renting.”

6. How were you able to “get back on your feet” after you lost your house? Describe what actions did you take in order to accomplish it? “I saved up some money when I lived with my mother. I went back to school and got a better paying job.”

7. Explain the steps or actions you went through after you lost your house.

“I was miserable but had to put on a strong face for my kids. I had to be brave for them.”

8. From your perspective, please describe what it takes to become a homeowner.

“Homeownership is hard work. It involves having your money in order. Also having money in savings account for emergencies.”

9. In your own words please explain why you made the decision to purchase a house.

Explain your homeownership journey. “Buying a house for a Hispanic person is the American dream. My family is immigrants who came to this country with nothing and worked hard to make their way.”

10. Now, looking back on the fact that your house was foreclosed, what advise do you have to offer someone who is getting ready or thinking about buying a house?

“Do not buy more than you can afford, if you can only afford a two bedroom then do not buy a four bedroom house. Stay within your budget.”

Interviewer P 4

1. As an individual from Hispanic or Black origin, explain the process you went through when you bought your house.

“As a black woman who lived in Fort Myers all my life and grew up in the poorest neighborhood, I was so happy to be able to own a house. I bought a two bedroom house so I could one day start a family.”

2. Do you know or understand what role does the U.S. Department of housing play in the foreclosure process? In your own words do you think lending regulations were followed?

“I received help with the down payment of my house, my income allowed me to receive a grant that was applied to the loan. The money was paid directly to the lender. I bought my house in 2002 before the boom”.

3. Explain your foreclosure experience; describe your day-to-day living situation once you lost your house.

“I made the stupid mistake of refinancing and taking money out of the house. The value of the house increased and I got happy so I figured I could use some of the money to do other things. I never figured the market would crash and the house would lose its value. I lost the house because I made some foolish choices. I do not wish to go into details. I had to go back to renting instead of owning. I felt like I was worthless on some days.”

4. Describe what changes happened in your life/family after your house was foreclosed?

“Oh my life was busy, I tried to get back what I lost....my house my belongings.....I had to put stuff in storage but couldn't keep up with the payments. I went back to renting an apartment by myself.”

5. How did you/and or your family cope with the lost of your house?

“Well it was just me and I was pretty down sometimes.”

6. How were you able to “get back on your feet” after you lost your house? Describe what actions did you take in order to accomplish it?

“I think so, it took me a long time but I was able to get back on my feet. I was able to rent for about 4 years. I saved some money. I got a small raise on my job. I bought a condo, however I had a co-signed to help with the loan.”

7. Explain the steps or actions you went through after you lost your house.

“I went back to renting and tried to pay my bills on time to rebuild my credit.”

8. From your perspective, please describe what it takes to become a homeowner.

“Becoming a homeowner is hard work. You have to work hard, use your money wisely. Have money in savings for emergencies.”

9. In your own words please explain why you made the decision to purchase a house.

Explain your homeownership journey.

“It is the American dream, my parent’s owned their own home and I wanted to have that opportunity also.”

10. Now, looking back on the fact that your house was foreclosed, what advise do you have to offer someone who is getting ready or thinking about buying a house?

“Do not touch the equity in your house, let the value build. If you touch the equity use it wisely, do not use it for stupid things.”

Interviewer P 5

1. As an individual from Hispanic or Black origin, explain the process you went through when you bought your house.

“I felt like I was on top of the world when I bought my house. I had two little boys and I finally got my own house. I had work so hard over the years. I worked with a good company and I was able to save up for about 5 years to have my down payment.”

2. Do you know or understand what role does the U.S. Department of housing play in the foreclosure process? In your own words do you think lending regulations were followed?

“The U.S Department helps people with housing discrimination and sometimes down payment assistance programs. I did not get help from the U.S housing dept.”

3. Explain your foreclosure experience; describe your day-to-day living situation once you lost your house.

“I lost my house because of trying to help my family and doing stupid things. Also I lost my job; I was working with a construction company. When the market started going down the company went bankrupt and I lost my job.”

4. Describe what changes happened in your life/family after your house was foreclosed?

“I was on unemployment for a long time about two years, working odds and ends jobs”

5. How did you/and or your family cope with the lost of your house?

“My family was very helpful. I was able to find a small house for rent. They had a lot of houses renting. A lot of people had abandoned their homes. The value of the house went down so they were upside down.”

6. How were you able to “get back on your feet” after you lost your house? Describe what actions did you take in order to accomplish it? “Yes, I went back to school, worked part-time. I rented for three years then I was able to buy another house. Now I was able to

complete a two year program and get my Associates degree. I have been working steady for about three years.”

7. Explain the steps or actions you went through after you lost your house. “Hard-work and not giving up. Working part-time while going to school. Also depending on family to help with babysitting.”

8. From your perspective, please describe what it takes to become a homeowner.

“Being a homeowner is not an easy thing to accomplish. It is hard work. Every day I look back and see I hit rock bottom but I was able to get back up. Keep fighting. Owning a house can be a good thing but also a bad thing. You have to be responsible for a lot of things.”

9. In your own words please explain why you made the decision to purchase a house.

“Explain your homeownership journey. I’ve always wanted to own my own house especially one with a backyard. My journey has been that I have been to the mountain top but I’ve also been to the bottom of the valley. I try to stay positive and keep it moving.”

10. Now, looking back on the fact that your house was foreclosed, what advise do you have to offer someone who is getting ready or thinking about buying a house?

“Life happens; just take it one day at a time. In life you will have trials and tribulations to endure, just keep pushing and moving along.”

Interviewer P 6

1. As an individual from Hispanic or Black origin, explain the process you went through when you bought your house.

“I am Latina woman who came to this country as a young child from Cuba. I was a political refugee. I worked hard in my family’s restaurant. I went to school at night so I could become a hairstylist. That was my dream.”

2. Do you know or understand what role does the U.S. Department of housing play in the foreclosure process? In your own words do you think lending regulations were followed?

“Not really, I didn’t want to depend on anyone to get my American Dream. I was able to buy my house; my uncle co-signed the loan for me.”

3. Explain your foreclosure experience; describe your day-to-day living situation once you lost your house. “I lost my house because we borrowed money to help the restaurant. We were expanding, trying to make the family business bigger and instead of borrowing a business loan my family and I chose to dip into the value of our house.”

4. Describe what changes happened in your life/family after your house was foreclosed?

“After I lost the house, I went back to living with my relatives. I wasn’t the only one that lost the house. My spirit was down but I knew I could get back up. I was always a hard worker.”

5. How did you/and or your family cope with the lost of your house?

“Nothing didn’t change much. I had no kids so it was easy for me. I know a lot of people that had kids and lost their house. That hurt, they struggled for years.”

6. How were you able to “get back on your feet” after you lost your house? “Describe what actions did you take in order to accomplish it? I was always on my feet; I always worked hard trying to get everything I can. I worked two, three jobs to survive. I am a survivor. I know what it’s like to live off nothing.”

7. Explain the steps or actions you went through after you lost your house.

“Well, I learned from my mistakes, to me family is everything. So I started saving again, working almost 7 days per week in order to make it.”

8. From your perspective, please describe what it takes to become a homeowner.

“Homeowner is about the will and drive to have a better life. My family moved from Cuba, we lived in Miami then moved over to this area back in 2005.”

9. In your own words please explain why you made the decision to purchase a house.

Explain your homeownership journey.

“My family wanted a house for everyone. My mother and uncle were trying to help the family come to this country.”

10. Now, looking back on the fact that your house was foreclosed, what advise do you have to offer someone who is getting ready or thinking about buying a house?

“If you are going to but a house know and realize that it is a long term commitment, don't try and take money out, if you do invest it wisely. Save for emergencies. I am now a homeowner again but I learned my lesson the hard way. My credit was messed up for long time so I learned what not to do the second time around.” “The government needed to have something in place to help the local people, I would be willing to pay a little extra for some kind of help”

Interview P 7

1. As an individual from Hispanic or Black origin, explain the process you went through when you bought your house.

“I grew up in Ft. Myers. I spent all my life in Ft. Myers. For me this was a dream come true. I bought my house through First Home Builders, a local builder that is now bankrupt. Both me and my hubby was working and making good money. We have two kids. We rented for years. This was our first home together. We bought our house in 2001.”

2. Do you know or understand what role does the U.S. Department of housing play in the foreclosure process? In your own words do you think lending regulations were followed?

“Sort of but we didn’t qualify for any help because of our income plus we didn’t pay a down payment only closing costs.”

3. Explain your foreclosure experience; describe your day-to-day living situation once you lost your house. “Well my husband worked in construction and when the housing crisis hit he lost his job, he was barely working and collecting unemployment. I was still working but my income alone couldn’t keep up with all the bills. In 2009 we lost the house, we tried to refinance but because we didn’t have enough income we couldn’t.”

4. Describe what changes happened in your life/family after your house was foreclosed?

“We went back to renting in a small two bedroom duplex, rent was cheap because of all the foreclosed and abandon properties.”

5. How did you/and or your family cope with the lost of your house? “We rented a two bedroom duplex and lived there for about four years. I was working, my husband found steady work again in construction.”

6. How were you able to “get back on your feet” after you lost your house? Describe what actions did you take in order to accomplish it? “Never giving up, working everyday.

My husband never stopped looking for work. Everyday he worked and I worked to take care of the kids. We had to put some of our stuff in storage because the duplex was smaller than our house.” “ The county could not help us, there were no programs available for us”

7. Explain the steps or actions you went through after you lost your house.

“I would say we got smarter, worked harder never giving up. We always had a plan that we would own a house again. So we started saving, putting away as much as we could everyday. We lived on basic things, shop at thrift shops to save money.”

8. From your perspective, please describe what it takes to become a homeowner.

“A lot of hard work and determination. Getting a house is easy keeping one is hard.”

9. In your own words please explain why you made the decision to purchase a house.

“Always wanted my own back yard. I got my own back yard. Explain your homeownership journey. We were able to buy again last year, now we are more careful, watch every penny that we have.”

10. Now, looking back on the fact that your house was foreclosed, what advice do you have to offer someone who is getting ready or thinking about buying a house?

“Sometimes people go into foreclosure not because they were careless but because sometimes life happens, people get sick, people lose their jobs. It is hard. I would say have some money put away for a rainy day. Never give up on your dreams, if you want a house you can work hard enough to get it.”

Interview P 8

1. As an individual from Hispanic or Black origin, explain the process you went through when you bought your house.

“My family and I worked very hard to buy houses in Lee County. I was trying to flip some houses with some business partners.”

2. Do you know or understand what role does the U.S. Department of housing play in the foreclosure process? In your own words do you think lending regulations were followed?

“No, not really. I was trying to make money.”

3. Explain your foreclosure experience; describe your day-to-day living situation once you lost your house. “I lost one of my properties. I had three. I was renting them out. My tenants lost their jobs and couldn’t pay the rent anymore.”

4. Describe what changes happened in your life/family after your house was foreclosed?

“Nothing really, I still had my primary house that I lived in. Yes after I lost one of the properties I had a huge dent on my credit. I couldn’t afford to flip houses anymore. The housing market went down; the property lost its value.”

5. How did you/and or your family cope with the lost of your house? “We spent less, didn’t go out as much as we used to.”

6. How were you able to “get back on your feet” after you lost your house? “Describe what actions did you take in order to accomplish it? Well I was able to borrow some money from a family friend to buy some cheap properties. We worked on them and fix them up.”

7. Explain the steps or actions you went through after you lost your house.

“We rebuild our small flipping business. Now the area has stabilized. I own about 5 properties and I am more careful. I work hard everyday to keep my properties up. I also have people that I can count on that I employ to help me out.”

8. From your perspective, please describe what it takes to become a homeowner.

“Homeownership is hard, tough, and difficult. You have to work harder and harder everyday. Getting a loan is easier than keeping up with the payments.”

9. In your own words please explain why you made the decision to purchase a house.

Explain your homeownership journey.

“Well I buy houses because I am trying to lay the foundation for my family. I put money aside for my kids’ future and my retirement.”

10. Now, looking back on the fact that your house was foreclosed, what advise do you have to offer someone who is getting ready or thinking about buying a house?

“Don’t give up, keep going even when it seems like everything is falling apart. Pick yourself and move forward.” “There were no local programs that could help us avoid the foreclosure”.

Interviewer P 9

1. As an individual from Hispanic or Black origin, explain the process you went through when you bought your house.

“I moved from the Ft. Lauderdale area over to Cape Coral about 2004. I was able to buy a house because it was cheaper on this side of Town. I bought my house in 2005 before the prices went up so I was lucky. It was just me and little one”

2. Do you know or understand what role does the U.S. Department of housing play in the foreclosure process? In your own words do you think lending regulations were followed?

“I didn’t pay much attention to the government. I think they try and help people avoid

foreclosure or help them in other ways. I know there were so many different agencies and organizations.”

3. Explain your foreclosure experience; describe your day-to-day living situation once you lost your house. “Well I was living in my house for almost four years before I lost it. When the market started going down in 2007, 2008 you could see the impact on the economy. People started losing their jobs. Builders stopped building and people started panicking, couldn’t afford to pay their mortgages. I lost my house because I couldn’t keep up with the payments on two houses. I still had my condo on the east coast. So I had to let one go.”

4. Describe what changes happened in your life/family after your house was foreclosed? “Well I had to make the decision to stay over here or go back to the east coast.”

5. How did you/and or your family cope with the lost of your house? “Well, I was able to find another job back on the east coast. So I walked away from the house on this side and went back on the east cost.”

6. How were you able to “get back on your feet” after you lost your house? Describe what actions did you take in order to accomplish it? “Well my little one is much older now; yes the foreclosure messed up my credit for a long time. I lost it around 2010 so it has been almost six years”.

7. Explain the steps or actions you went through after you lost your house.

“After I lost this house I went back to the east coast and stay with my family for a little bit. I rented out my condo that I had to get some extra income.”

8. From your perspective, please describe what it takes to become a homeowner.

“Being from the Caribbean homeownership is everything to me. I work hard night and day to provide for my family. I will always work hard. I was trying to do some investments but it didn’t work out. But now I am older and wiser. I am still trying to buy another property but now I will do it with one of my sisters or brothers.”

9. In your own words please explain why you made the decision to purchase a house. Explain your homeownership journey.

“I had a house from before, this was my second house that I lost so it wasn’t as bad as those that lost their only house and had to go back to renting or move back in with family.”

10. Now, looking back on the fact that your house was foreclosed, what advise do you have to offer someone who is getting ready or thinking about buying a house?

“Be wiser with my money. I didn’t get back my deposit or closing cost that I invested plus I made payments on that house for a couple of years. Lesson learned. All I can do is move on. Now I know what it takes to be a business person. You need a backup plan.”

Interviewer P 10

1. As an individual from Hispanic or Black origin, explain the process you went through when you bought your house.

“Okay so I migrated from Nicaragua as a child with my parents. We lived in Miami for years until I moved over here after high school. I was working construction and making good money so I figured instead of renting I could buy a little place for me and my son when he comes over”

2. Do you know or understand what role does the U.S. Department of housing play in the foreclosure process? In your own words do you think lending regulations were followed?

“No I didn’t bother with dealing with them. I figure I could get it on my own, plus I don’t want the government all up in my business.”

3. Explain your foreclosure experience; describe your day-to-day living situation once you lost your house.

“Well I was in construction, and when the market went down well jobs went down. Some days I had no work. I was collecting unemployment and barely working. My savings was gone. If you have no permanent source of income then you cannot get help with your house loan”.

4. Describe what changes happened in your life/family after your house was foreclosed?

“Well, I move back in with my son’s mother. We talked it over and we decided to help out each other.”

5. How did you/and or your family cope with the lost of your house? “We help out each other. I help her out with the bills and other utilities.”

6. How were you able to “get back on your feet” after you lost your house? Describe what actions did you take in order to accomplish it? “Well I am still renting, the foreclosure teach me a very good lesson; don’t rush into anything. Wait, patience.”

7. Explain the steps or actions you went through after you lost your house.

“Well I move back in with my baby mother and we work it out. I help her out with the bills from my unemployment and little work that I got here and there.”

8. From your perspective, please describe what it takes to become a homeowner.

“Oh man, everybody wants the American Dream but it is tough. Now I am still renting. It didn’t work out with me and my son’s father in the long term but now I am taking things one day at a time.”

9. In your own words please explain why you made the decision to purchase a house. Explain your homeownership journey.

“I wanted a place for me and my son to play, eat and sleep with my family.”

10. Now, looking back on the fact that your house was foreclosed, what advise do you have to offer someone who is getting ready or thinking about buying a house?

“I think I bought too quickly; I didn’t look at the long term responsibility of owning a house. Now I know, it is tough, take it one step at time. I am saving for retirement.

Someday I want to go back to my country and live. So I am saving up to buy a house over there. I will keep renting here. It is cheaper for me right now to rent. It takes a lot to maintain a house”.

Interview P 11

1. As an individual from Hispanic or Black origin, explain the process you went through when you bought your house. “I am homegrown right here in Ft. Myers all my life.”

2. Do you know or understand what role does the U.S. Department of housing play in the foreclosure process? In your own words do you think lending regulations were followed?

“I grew up on public housing, all my life. As a child my mother lived on section 8 housing. I come from a big family.”

3. Explain your foreclosure experience; describe your day-to-day living situation once you lost your house.

“Well I was able to qualify for down payment assistance and I was able to buy my house for me and my three kids. However, I lost it because I lost my job and I was no longer receiving support from my kid’s father.”

4. Describe what changes happened in your life/family after your house was foreclosed?

“After I lost the house, I was just about homeless. We lived in a shelter for a couple of months, moved in with family here and there.”

5. How did you/and or your family cope with the lost of your house? “My family has always known what it is like not to have much. Like I said I grew up on public housing so for me to own a house in the first place was like a miracle. Not many people in my family own a house.”

6. How were you able to “get back on your feet” after you lost your house? Describe what actions did you take in order to accomplish it? “Eventually, after living in the shelter for a couple of months and moving in with family. I was able to get the waiting list for housing assistance. I am renting now with assistance. I work part-time and I am going to school for nursing.”

7. Explain the steps or actions you went through after you lost your house. “Wow, oh my god. I lost the house and everything just kept going down. I mean it was like one thing after the other. I had nowhere to turn that is how I ended up in the shelter for that time. It is not easy living in a shelter with young children.”

8. From your perspective, please describe what it takes to become a homeowner.

“I was able to get help with my down payment on the house, so that was not too bad plus I was working and the children’s father was paying child support so I was good.”

9. In your own words please explain why you made the decision to purchase a house.

Explain your homeownership journey. “Growing up poor all my life is not easy. I watch my mother struggle every day. I wanted a house because I was tired of renting and moving every year. Every time I had to move.”

10. Now, looking back on the fact that your house was foreclosed, what advise do you have to offer someone who is getting ready or thinking about buying a house?

“Be patient, just don’t jump into something. Do your research first, listen to what older folks are telling you about buying a house. My grandma was trying to explain to me but I wouldn’t listen. She told me to wait and save up some more money. Now I rent but I would like to buy again someday. I am still working trying to finish school secure a better paying job with my career move. I am hopefully one day I will own again. I need to end the cycle.”

Interview P 12

1. As an individual from Hispanic or Black origin, explain the process you went through when you bought your house.

“We lived in our house for many years, the house was falling apart so we refinanced and took money out to help fix up the house.”

2. Do you know or understand what role does the U.S. Department of housing play in the foreclosure process? In your own words do you think lending regulations were followed?

“We bought our house years ago; I know the housing department is there to help discrimination against people like myself when buying a house”.

3. Explain your foreclosure experience; describe your day-to-day living situation once you lost your house. “Well I was on my job for many years. My wife didn’t work much outside of the house. I got sick and could no longer work. I got injured on the job. I was getting workers comp.’
4. Describe what changes happened in your life/family after your house was foreclosed? “Well as a man who has always worked it hurt to lose something you work so hard for. I couldn’t refinance because worker’s comp only pays a certain percentage of my income. It turned out the investor that bought our house let us rent it’.
5. How did you/and or your family cope with the lost of your house? “It was hard having to rent a house you almost owned. I felt like a part of me was missing. But the investor signed us up with a rent to own program”
6. How were you able to “get back on your feet” after you lost your house? “Describe what actions did you take in order to accomplish it? Well we still lived in the house just renting it instead of buying the house”.
7. Explain the steps or actions you went through after you lost your house. “We became renters instead of homeowners”.
8. From your perspective, please describe what it takes to become a homeowner. “Oh I was a homeowner before all this happened, before the market crashed and all this other stuff. I lost the house because I got sick. I was also applying for disability benefits. I finally got approved after over a year.”
9. In your own words please explain why you made the decision to purchase a house. Explain your homeownership journey. “Oh I wasn’t some young buck that just wanted a

house; I had my house for years before I went through my crisis. Luckily the investor sold us back the house after renting it for almost three years. Of course the price went up but that is life”

10. Now, looking back on the fact that your house was foreclosed, what advise do you have to offer someone who is getting ready or thinking about buying a house?

“Well sometimes life doesn’t always turn out the way you planned it. Like I said I had my house for many years. I lived in Ft. Myers for many years and worked hard all my life. Luckily I was able to buy my house. I know family members that weren’t so lucky. They lost their life savings in their homes. Now we are back on our feet, yes I get disability well now retirement. My children help me out sometimes. We are a family and I have always worked hard to make a living. Thank goodness I worked hard my life to provide for my family. I was one of the lucky ones.”

Interview P 13

1. As an individual from Hispanic or Black origin, explain the process you went through when you bought your house. “I am a Hispanic woman who bought my house with my husband of many years.”

2. Do you know or understand what role does the U.S. Department of housing play in the foreclosure process? In your own words do you think lending regulations were followed?

“Somewhat, I think they help people fight discrimination”.

3. Explain your foreclosure experience; describe your day-to-day living situation once you lost your house. “Well I lost my house because I went through a divorce with my husband. I was angry at the time.”

4. Describe what changes happened in your life/family after your house was foreclosed?

“I couldn’t keep up the payments by myself and the divorce was bitter so he decided not to help pay the mortgage.”

5. How did you/and or your family cope with the lost of your house? “Well a house is a house. I can move on and I did. I moved in with my daughter and her kids, even though it was tough for me. Now I am living with my own child and my soon to be ex-husband was out just having his time of his life.”

6. How were you able to “get back on your feet” after you lost your house? Describe what actions did you take in order to accomplish it? “Well to be quite honest I am still trying to get on my feet. I lost everything, my husband the house we had together. Life goes on.”

7. Explain the steps or actions you went through after you lost your house.

“I was angry and mad.....my marriage was supposed to last. I was supposed to live in our house until like the vows said, until death do us part.”

8. From your perspective, please describe what it takes to become a homeowner.

“A lot of hard-work, we had the house for a long time. I never expected to get divorced. But life happens; now I am just living one day at a time.’

9. In your own words please explain why you made the decision to purchase a house.

Explain your homeownership journey.

“Oh I lived in Lee County for a long time, had my house before the bubble before prices skyrocketed. Over the years we kept refinancing in order to make ends meet sometimes then I got a divorce.”

10. Now, looking back on the fact that your house was foreclosed, what advise do you have to offer someone who is getting ready or thinking about buying a house?

“Never refinance because you never when your life can change.....save for the future.

Hide some money for emergencies because you never know when your life will turn.

Today I am renting, my divorce is final and I am moving on with my life.”

Interview P 14

1. As an individual from Hispanic or Black origin, explain the process you went through when you bought your house.

“We moved from the Miami area to Lehigh acres around 2004. We sold our condo in Miami and bought a bigger house for the family.”

2. Do you know or understand what role does the U.S. Department of housing play in the foreclosure process? In your own words do you think lending regulations were followed?

“Kind of, we think they help with discrimination, not sure. I know one of the forms we sign has to do something with the Department of housing”.

3. Explain your foreclosure experience; describe your day-to-day living situation once you lost your house.

“Well we moved over here because houses were cheaper on this side of town. My husband came over first and found a job then I later came over later and also found a good paying job.”

4. Describe what changes happened in your life/family after your house was foreclosed?

“We lost the house due to financial difficulties, the house value went up and we took money out, purchased some new cars and paid off some credit card debt. Then in 2009

the value went down, we were upside down so we walked away. The payments went up, our income went down.”

5. How did you/and or your family cope with the lost of your house?

“Well we moved out, the bank foreclosed on us, we were reckless with our equity. The neighborhood was empty. There were so many abandoned properties.”

6. How were you able to “get back on your feet” after you lost your house? Describe what actions did you take in order to accomplish it? “Well we started renting, some investors and companies had rent to own programs. We rented for about three years, and then we were able to buy again”.

7. Explain the steps or actions you went through after you lost your house.

“We rented for about three years in the same area.”

8. From your perspective, please describe what it takes to become a homeowner.

“It is hard work. Now we are more careful with our money. We bought within our means. We put away something for a rainy day.”

9. In your own words please explain why you made the decision to purchase a house. Explain your homeownership journey.

“We always were home homeowners we just fell down a little but we got back up.”

10. Now, looking back on the fact that your house was foreclosed, what advise do you have to offer someone who is getting ready or thinking about buying a house?

“Never ever refinance your house to pay off credit card debt or revolving debt. A house is just a house, move on pick up the pieces and life goes on”.

Interview P 15

1. As an individual from Hispanic or Black origin, explain the process you went through when you bought your house.

“I was young, worked hard after graduating college. I didn’t have a lot of student loan debt so I was able to save money fast and buy a house. I bought a three bedroom house even though I was by myself. I had dreams of growing my family one day.”

2. Do you know or understand what role does the U.S. Department of housing play in the foreclosure process? In your own words do you think lending regulations were followed?

“I learned something about HUD back in college, but I didn’t need them. I had savings and I was working in my profession.”

3. Explain your foreclosure experience; describe your day-to-day living situation once you lost your house.

“Well, everybody in the neighborhood was losing their houses left and right, the neighborhood became run down. There were so many empty houses in Lehigh acres. I stopped paying my mortgage because the house was worth less than it is worth. The lender would not drop the principal or refinance some other way. I just didn’t see the reason in paying a mortgage anymore. I felt like I could rent for the same price.”

4. Describe what changes happened in your life/family after your house was foreclosed?

“Well after about a year of back and forth with the mortgage company, I walked away from the house. I signed the deed over to avoid a lengthy foreclosure process. This still mess up my credit.

5. How did you/and or your family cope with the lost of your house?”

“Well I was by myself so I didn’t have much to lose. I lived in the house for about 2 ½ years but it was time to move on.....I didn’t feel like wasting my money anymore”.

6. How were you able to “get back on your feet” after you lost your house? “Describe what actions did you take in order to accomplish it? Well I lost the house that is huge dent on my credit, so I had to do a couple of things differently. I moved in with my parents that lived almost an hour away in another county. I was commuting back and forth to work.”

7. Explain the steps or actions you went through after you lost your house.

“So I was living with my parents, they didn’t like the fact that I just let the house go. They had their own house for years; I grew up in that house, their house. I had the opportunity to own a house and I blew it.”

8. From your perspective, please describe what it takes to become a homeowner.

“Well, looking back I was foolish walking away from the house. House prices are coming back up now. I could have rebuilt my equity in the house.”

9. In your own words please explain why you made the decision to purchase a house. Explain your homeownership journey.

“Well I wanted a house, I listened to bad advice from some people ho I shall remain nameless, next time I will be more careful with my choices.”

10. Now, looking back on the fact that your house was foreclosed, what advise do you have to offer someone who is getting ready or thinking about buying a house?

“I should have never walked away from that house, now almost six years later I regret my decision. I started over. I was able to buy a condo about one year ago. My parents co-

signed for me. So now I cannot walk away because then I will mess up their credit also and they are not having that. I was one of the lucky ones; some people didn't have parents to fall back on. To me life goes on, taking it one day at a time".