THE HOMEOWNERSHIP COMPLEX: THE ROLE OF HOUSING STAKEHOLDERS IN THE REMAKING OF THE U.S. HOUSING MARKET

BY

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DISSERTATION

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ABSTRACT

This dissertation focuses on the making of the U.S. housing market. In the United States, a flourishing housing market depends upon and reproduces the "American dream" of homeownership. Homeownership is a multivalent institution. It can provide shelter, be a mechanism of wealth accumulation, a measure of economic achievement, a driver of local, national, and global economies, a status symbol, an American dream. But as the U.S. mortgage crisis and global recession that racked economies, markets, and households a decade ago revealed, ever-increasing homeownership also creates financial instability and perpetuates inequality. I argue that homeownership's position as a source of social value and economic growth is precarious; it requires the work of multiple actors and agencies to be produced, naturalized, and sustained.

I use a historically grounded, mesoscale ethnography of differently positioned housing stakeholders active in the post-crisis housing market recovery in Chicago, Illinois to understand how homeownership's hegemony endures in spite of its pitfalls. Attention to the interstitial actions that knit together the gaps between global financial markets, national political agendas, local real estate markets, and individual household needs allows me to zero in on a key driver of the housing market's cycles of booms, busts, and recoveries: the homeownership complex. The homeownership complex is a nexus of actors and agencies that support and perpetuate homeownership as a cultural ideal and an economic good. This dissertation includes an analysis of the complex's constitutive parts, including government housing agencies, mortgage lending and real estate professionals; real estate investors, policymakers, and not-for-profit organizations that focus on meeting community housing needs.

The participants of the homeownership complex and the people, properties, and capital they bring together form a kind of housing value chain. At each phase in a property's movement from one link in the chain to another, value can be imbued and extracted, but that value is neither universally visible nor accessible. Through their participation in the U.S. homeownership complex, these diverse stakeholders make a housing market that sustains and naturalizes inequality rather than ameliorates it. Yet they experience "the market" that they help construct as self-perpetuating force over which they exercise little control. Because a homeownership-driven housing market offers opportunities to generate value for those stakeholders with the financial and social capital to access it, they help perpetuate the idea that the institution of homeownership is a universal social and economic good even after the ravages of the U.S. mortgage crisis of 2007-2009. Through an ethnographic analysis of the actors and agencies in the homeownership complex, this dissertation illuminates the work behind homeownership's framing as a universal and enduring "American dream" and pushes for the U.S. housing market's reconfiguration.

To my father, Mitch Youngling, for his kindness and curiosity, and to my husband, Elliott Bacon, for introducing me to Chicago and building a life with me there

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CHAPTER 1: INTRODUCTION

> [Homeownership] is the principal mechanism of wealth accumulation in [the United States]. And you look at a homeowner—average net worth is $200,000. You look at a renter—average net worth is $5,000. So obviously it's a worthy goal to get to, but if you put somebody in a house they can't afford, you're not doing them any favors because they lose their house, they lose their credit, and they lose their future opportunities…[Now we] have an opportunity to learn from those mistakes by exuberant people who perhaps didn't really think things through…[The role of the Department of Housing and Urban Development] is to provide affordable, safe, decent housing for the people of the United States and also to create a market that encourages the development of our people economically, as well as in every other way.
>
> —Secretary for the Dept of Housing and Urban Development Ben Carson, 2017[1]

> But it is the loss of a home, the most tangible symbol of a family's social status, that is truly the watershed event in the life cycle of downward mobility…Homeownership is America's most visible measure of economic achievement. Adults who have lost their homes –to foreclosure or distressed sales—have truly lost their membership to the middle class.
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> —Katherine Newman, 1993[2]

This dissertation examines the making and remaking of the U.S. housing market. In the United States, a flourishing housing market depends upon and reproduces the "American dream" of homeownership. Homeownership is a multivalent institution: it can be a form of shelter, a mechanism of wealth accumulation, a measure of economic achievement, a driver of local, national, and global economies, a symbol of class and status. These multiple resonances can make it a challenge to study ethnographically. Here, I take on the challenge through an analysis of the work of housing stakeholders, including government housing agencies, mortgage lending professionals, real estate brokers, housing investors, policymakers, and community organizers. I see these stakeholders as active participants in a complex of material and ideological investment in the institution of homeownership. This complex is shaped by and sustains the U.S. housing

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[1] From HUD Secretary Ben Carson's interview with CNBC Squawk Box, June 12, 2017.
[2] From *Falling From Grace: Downward Mobility in the Age of Affluence* (Newman 1993: 102)

market. But housing stakeholders participates in it for their own ends—ends that often perpetuate housing inequality. In order to grasp how homeownership became and continues to be a hegemonic institution in spite of the disparities it generates, we must deconstruct the homeownership complex and better understand the actors and agencies that construct it and operate within the housing market.

Origins

I did not initially set out to study housing stakeholders or to focus on the remaking of homeownership. I applied to graduate school in the fall of 2009, a year after the most dramatic days of the U.S. financial crisis of 2007-2009. In September 2008, I was a twenty-three year old paralegal working in the bankruptcy and commercial litigation departments of a large law firm. I saw the crisis and the recession that followed from the vantage point of the bankruptcy attorneys I worked for, who were eager to capitalize on a dramatic uptick in Chapter 11 commercial bankruptcy filings. But I also witnessed it as a low-level employee at a firm that was terminating employees and cutting benefits, ostensibly because their corporate clients were scaling back their legal needs. This was my first recognition of the simultaneity of economic crisis and opportunity. While the law partners I worked for in the bankruptcy group ordered Chapter 11 "pitch binders"[3] for new and existing clients so they could tap into the value-laden opportunities that the financial crisis generated, long-term secretaries packed up their desks, and the new attorneys fresh out of law school kept their heads down. The crisis brought new business, new

[3] A compilation of legal research and marketing materials that attorneys used in support of presentations they made to new and existing clients to demonstrate their preparedness to address a particular legal issue on the clients' behalf.

justifications for instituting public and private austerity measures, and new economic opportunities for those positioned to seize upon them.

In my family's life, too, I saw the simultaneity of crisis and opportunity. As I applied for graduate school, a cousin of mine living in Northern California was in the midst of a drawn-out foreclosure proceeding. While she was not the victim of predatory or subprime lending, her husband and she were, like many other households, overconfident in the sustainability of debt-financed homeownership. They bought a new suburban home just as my cousin's husband launched a new electrical contracting business that never found success. They stopped making mortgage payments in 2008, after all sources of bailout money from friends and family had been exhausted. In 2009, my cousin left her husband and moved into her brother and sister-in-law's home with her two children. She did so because after leaving the workforce years earlier to raise children, she could not afford to pay for a rental apartment of her own in the high-priced Bay Area housing market. My cousin struggled in her new circumstances, and she was diagnosed with breast cancer in the spring of 2010. Meanwhile, her estranged husband lived housing cost-free,[4] but besieged by creditors, in their family home. The bank finally repossessed the property in the winter of 2011. According to public sale records, the bank-appointed trustee who sold it after the foreclosure was finalized did so for $300,000 more than what my cousins had paid. The next owners held the property for three years before reselling it for almost $350,000 more than what they had paid for it. In a fourteen-year span that included a housing boom, bust, and recovery, my cousin's former home more than doubled in value. But their financial and familial

[4] Once a home goes into foreclosure, homeowners stop making mortgage payments. Even if they were in a position to pay, banks, their lenders often stop accepting money unless the full balance owed is paid. During the worst years of the housing crisis, this sometimes meant that foreclosed homeowners could live rent-free for years before their foreclosure was completed and the house was finally repossessed.

crises meant that they could not reap the benefits of this increase. Instead, their misfortunes allowed the investor who owned their mortgage to repossess a valuable asset and facilitate a sale in which the home became a new, well-capitalized owner's value-making opportunity.

In 2011, the summer after my first year of graduate school, I began preliminary ethnographic research eager to understand the plight of homeowners like my cousin. I assumed that the vast numbers[5] of households experiencing foreclosure would alter the cultural and economic significance of "home" in the United States. I was inspired by Katherine Newman's insight in that the loss of homeownership is "the watershed event in the lifecycle of downward mobility" (1993: 102). I supposed that if enough people experienced the loss of their homes, homeownership as an all-but-universal aspiration could not remain the same.

But, despite the ravages of the mortgage crisis, I found that the allure of homeownership, and the political and financial apparatuses that sustain and promote it, endured. By 2011, the community development agency in Chicago, Illinois where I conducted research with housing counselors was moving resources and staff away from foreclosure prevention work and back toward home pre-purchase classes and counseling. In 2012, the housing rights activists whose foreclosure defense work I studied in Oakland, California were grappling with foreclosures, a resurgent local housing market driven by the booming tech economy in nearby Silicon Valley, and fast-moving gentrification processes. And by the time I returned to Chicago to conduct my dissertation research in 2014, there was a widespread sense that the housing market was well on its way to recovery, even if large swathes of the city's South and West sides remained in dire straits. Many of the realtors and mortgage lenders I interviewed were optimistic about the future, real estate investment schemes were once again popular, and I found that most not-for-profit

[5] Between 2007 and 2016, banks foreclosed on 7.5 million homes (Boesel 2017).

housing agencies that had been devoting resources to foreclosure had shifted to housing market recovery and neighborhood renewal initiatives that prominently featured the promotion of new homeownership.

Initially, homeownership's endurance and the housing market recovery it allowed surprised and bewildered me. Instead of the mortgage crisis functioning as a watershed event, as I imagined it would, I found that the housing collapse had been refashioned as a site of *opportunity* to, as HUD Secretary Ben Carson put it, learn from "exuberant people's mistakes" and realize the institution's dual purpose—the development of markets and people (2017). Long before the financial crisis of 2007-2009, the ideology that real estate will always increase in value had become so embedded in U.S. cultural and economic life that homeownership, no matter when, where, or how it occurred, was taken for granted as natural, normal, and right—part of what Pierre Bourdieu terms *doxa* (1977: 164). Homeownership continues to hold cultural and economic appeal even after the financial crisis because of its real and imagined power to create and extract financial value and serve as a status marker, a driver of macroeconomic growth, and a pathway to securing and building household wealth in so doing. This dissertation illuminates of the complex of actors and agencies that have made owning a home *doxic* in the United States and continue to ensure its perpetuation. In so doing, I hope to deconstruct the complex and create space for a rethinking of the kinds of opportunities the U.S. housing market generates and forecloses and for whom.

The Homeownership Complex

To understand how homeownership can continue to be productive —even when its central premise as an institution that generates and sustains value has been called into question—

I use the concept of a "homeownership complex" as both an analytical and organizational framework. The homeownership complex is a nexus of actors and agencies whose interests and practices support and perpetuate homeownership as a cultural ideal and an economic good. The complex includes: (1) government agencies and the pro-ownership policies they deploy in response to a host of complex social and economic problems; (2) mortgage lending and real estate professionals that seek to profit from the universal promise of homeownership; (3) real estate investors and property owners who buy into and benefit from the opportunities homeownership sometimes offers; and (4) not-for-profit organizations who use the promise of homeownership to attract resources and clients and sustain their organizational missions. The participants of the homeownership complex and the people, properties, and capital they pull in and bring together form a kind of housing value chain. Much like the commodity value chain that Anna Tsing (2013) describes for the harvesting, pricing, shipping, and selling of mushrooms, value can be imbued within and extracted from this chain, but it is neither universally visible nor accessible (Rothstein 2017).

The homeownership complex is a useful analytical frame because it draws attention to the constructed nature of homeownership. The complex, and the value chain it brings into being, also highlight *where* construction takes place: in a middle space betwixt and between "the market" and "the household." This space, and the mesoscale analysis[6] it demands, is an under-theorized dimension of sociocultural and economic inquiry. But it is a useful way to get at the connective tissues of global and local domains. Mesoscale analysis allows national and global processes, ideas, and goods to be analyzed ethnographically without limiting one's scope to local

[6] Several scholars have used the mesoscale to explore the connections and frictions that exist between local actors and institutions and national and global ones (cf. Orta 2018, 2013; Scott 1998; Tsing 2005).

"particulars" (Tsing 2005: 2). Drawing on Pierre Bourdieu's notion of a social field in which actors both take positions and are constrained in relation to the position takings of others (1993: 30), the housing stakeholders whose work I track in this middle space are empowered as mediators between households and markets. But they are also constrained by the prevailing conditions of the market, the limits of their capital, understanding, and power, and the desires and capacities of the households whose interests they serve. Their perspectives and practices contribute to the nature and trajectory of the market in which they participate and also shape how their customers experience and interact with market forces. Attending to the mesoscale and to the homeownership complex operating within and across it allows me to reveal the value chain that stretches between and knits together disparate fields and actors.

The complex that supports and facilitates homeownership emerges out of a century-long investment of economic, social, and cultural capital in residential property ownership as a universally desirable and beneficial institution for individual households, communities, and the nation. This long history of pro-homeownership policies, which I trace in Chapter 2, *Inequality in U.S. Housing Policy from 1870 to the Present*, have cemented homeownership's status as a hegemonic institution in the United States. According to Pierre Bourdieu, "every established order tends to produce…the naturalization of its own arbitrariness" (1977: 164). Because homeownership has become a natural, normal part of the pursuing the "good life" (Berlant 2011) in the United States, even those who are not likely to access or benefit much from it remain deeply invested.[7] By examining the mid-range actors and actions that co-construct and reproduce

[7] This is because homeownership appears to offer a unique opportunity: a family can save for a down payment, buy a modest home, economize and make improvements, and, thirty or forty years hence, pass it on to the next generation. That this does not always happen, particularly for the lower-income families who are most reliant upon their home's success as a wealth-building vehicle, does not undercut or diminish homeownership's promise as a vehicle of transformation.

homeownership as an American Dream, I hope to strip the homeownership complex of its status as the common sense solution to every housing problem and as the ideal driver of national, local, and household-level flourishing in the United States. To deconstruct the homeownership complex, as this dissertation seeks to do, requires a recognition of the gaps between what the complex promises and what it actually produces on the ground for differently positioned housing market participants. It also demands an analysis of who mediates, obscures, and benefits from those gaps so that the dream of homeownership can endure.

The Complexities of the Complex

In using the term "complex" in conjunction with homeownership,[8] my analysis of the nexus of economic, ideological, public and private investment in private property ownership in the U.S. owes much to Angela Davis, who used the term "prison industrial complex" to critique the "masked racism" that created a society in which

> Imprisonment has become the response of first resort to far too many of the social problems that burden people who are ensconced in poverty. These problems often are veiled by being conveniently grouped together under the category "crime" and by the automatic attribution of criminal behavior to people of color. Homelessness, unemployment, drug addiction, mental illness, and illiteracy are

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Instead, those who fail to achieve or sustain homeownership are criticized and condemned for not being financially responsible enough to extract value from the housing chain (Joseph 2014).

[8] In their recent book *Singlewide: Chasing the American Dream in a Rural Trailer Park* (2017), Sonya Salamon and Katherine MacTavish describe a "mobile home industrial complex—a term [they] coined to capture the interlocked markets that make up this relatively misunderstood but commonplace rural housing form. For the mobile home industrial complex entrepreneurs, trailers and trailer parks represent high lucrative investments…Key to the investment attraction...is that the homeowners bear a personal risk—greater than that borne by the entrepreneurs who control the various enterprises that families encounter when they buy a mobile home" (14). My use of the complex differs from theirs and follows Angela Davis and Dwight D. Eisenhower, however, in that I include government policy as a constitutive part of the complex.

> only a few of the problems that disappear from public view when the human beings contending with them are relegated to cages. [1998]

Davis, in turn, borrowed the term from President Dwight D. Eisenhower who referred to the dangers of a "military-industrial complex" in his farewell presidential address in 1961. In that speech, Eisenhower warned that,

> In…government, we must guard against the acquisition of unwarranted influence, whether sought or unsought, by the military industrial complex. The potential for the disastrous rise of misplaced power exists and will persist. We must never let the weight of this combination endanger our liberties or democratic processes. We should take nothing for granted. Only an alert and knowledgeable citizenry can compel the proper meshing of the huge industrial and military machinery of defense with our peaceful methods and goals, so that security and liberty may prosper together. [1961]

Both Davis and Eisenhower use the idea of a complex to index the pernicious, self-perpetuating, and myopic nature of policies that not only do not solve the social problems they target, but also tend to obfuscate their root causes, making alternative approaches difficult to fathom.

Hugh Gusterson's work on nuclear weapons research and anti-nuclear activists in California provides us with an ethnographic illustration of how the military-industrial complex, and the massive weapons research and development field that fed into and was fueled by it, was sustained and contested during the Cold War period and beyond (1996, 2004). Gusterson's analysis highlights the extent to which military ideology and culture came to permeate both national and local understandings of insecurity and how to create security. He analyzes how differently positioned actors, including nuclear weapons scientists, politicians, private defense contractors, and the U.S. military, co-created a "nuclear complex" that expanded even as the geopolitical climate and national defense needs evolved and changed.

One of the key characteristics of a complex is that it can shape-shift and endure even when the impetus for its formation changes or disappears altogether. This characteristic helps explain why a nuclear industrial complex continues even after the Cold War ends. "As my research continued into the 1990s[,]" Gusterson writes, "…the Soviet Union collapsed, nuclear testing ended, bipolarity gave way to globalization, and rogue states replaced the Soviet Union as the locus of nuclear threat. Throughout these changes the nuclear complex…endured and adapted" (1996: xvi). The end of the Cold War could have negated the need for nuclear arsenals. Instead, a new justification for the weapons was produced: the threats posed by rogue states and terrorists. "As Lawrence Korb, a former Pentagon official in the Reagan administration put it, 'The Cold War is over and the military-industrial complex has won'" (Gusterson 1996: xviii). Many people in the United States now take the need for massive military spending as a given, even when doing so involves cuts to other programs.[9] Gusterson's work reveals how the military-industrial complex turns the conditions of the contemporary moment, whatever they may be, into more justification its continued existence and power.

The capacity of a complex to regenerate, no matter what the prevailing political, social or economic conditions may be, is also evident in the U.S. prison-industrial complex. The United States incarcerates more people per capita than any other country.[10] Social scientists have followed in Angela Davis's footsteps and sought to analyze and critique the ways in which rising crime statistics in the 1970s and '80s, themselves symptomatic of much deeper economic, social, and environmental inequalities, helped create and sustain a prison industrial complex and brought into being a prison pipeline that facilitates the incarceration of 2.2 million Americans (fifty-nine percent of whom are people of color) even as crime rates fall and new information regarding the social and financial costs and inefficiencies of mass incarceration have come to

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[9] A 2017 Pew survey found that only 8% of Republicans and 27% of Democrats supported cuts in U.S. military defense spending (Gramlich 2017).
[10] According to a States of Incarceration in Global Context 2016 report, 693 people per 100,000 are incarcerated in the United States (Wagner and Walsh 2016).

light. The endurance of nuclear arsenals, criminal justice systems that fuel mass incarceration, and material and ideological support for homeownership suggest that the capacity for reinvention and self-perpetuation in the face of transformation may be a complex's hallmark trait.

Because creating the conditions for rising homeownership rates requires the efforts of so many different actors and agencies, it is difficult to pinpoint who or what to blame when things do not proceed according to plan, just as it is challenging to anticipate what alchemy will lead to a flourishing housing sector. In the same vein, arguments are made for and against minute aspects of national security policy, and support waxes and wanes for new ways of approaching law enforcement and incarceration, but the broader complexes of which they are a part is never up for consideration for most members of U.S. society. They simply exist. Perhaps they are lamented, perhaps they are supported, but they are too embedded in the cultural and economic common sense of the United States to be imagined away entirely.

The mortgage crisis of 2007-2009 could have been read as a fatal flaw in the housing market and the financial system in which the homeownership complex flourished. Such a reading might have determined that ever-increasing homeownership rates are not only unsustainable but also dangerous for homeowners, renters, and for the global financial system as a whole (Sufi and Mian 2014). That is not what happened. Much as Gusterson described the continuation of the nuclear-industrial complex after the Cold War ended, the U.S. housing market collapsed, but the homeownership complex lived on. As Anne Shlay notes, in spite of widespread consensus that housing (and particularly housing finance and securitization practices) were the root of the financial crisis of 2007-2009, "reports of the death of global capitalism proved to be greatly exaggerated" (2015: 561).

The entanglements of residential property with political agendas, economic development plans, real estate investment strategies, the real estate, mortgage lending, and construction industries, and global financial markets mean that homeownership generates too much value for too many entities to be dismantled. Evidence of the homeownership complex's failings, such as the displaced people, vacant homes, and struggling communities left behind by the housing market's collapse can be ignored or explained away. In the United Sates, the "promise" of ownership promises to create too much value for too many powerful stakeholders to be easily deconstructed and reconfigured, even in the aftermath of a potentially transformative housing crisis.

Situating Homeownership in Cultural Context

While the institution of homeownership is formed and sustained by the work of differently positioned actors and agencies invested in its perpetuation, it is also resonates with key ideas and deeply held beliefs in the United States. This, too, is part of its enduring power.

Crisis and Value

A crisis, such as the global financial crisis of 2007-2009, also called the Great Recession, mortgage crisis, foreclosure crisis, subprime crisis, and housing market crash, is never an isolated or aberrant event. It may stand out as the culmination of a series of events that in retrospect are understood as precipitating it. But a crisis is not a moment that is wholly separate from what came before and after (Mirowski 2013). In order to understand the implications of the global financial crisis of 2007-2009 on the U.S. housing market and on the ideal of homeownership, it is imperative that we grasp the production of crisis as a social phenomenon embedded in a longer history, as well as understand what a declaration of crisis may produce and foreclose.

As geographer Neil Smith notes with respect to Hurricane Katrina, "there is no such thing as a natural disaster. In every phase and aspect of a disaster – causes, vulnerability, preparedness, results and response, and reconstruction – the contours of disaster and the difference between who lives and who dies is to a greater or lesser extent a social calculus" (2006). In the case of a hurricane, tornado, earthquake, or spate of wildfires, social commentators can critique both the human actions and decisions that intensify or even cause a crisis to occur, from global warming to oil drilling and unsafe building techniques. They can also point to disasters' disparate social effects, such as when, during Hurricane Katrina, television news anchors and audiences across the United States were shocked to see what they considered to be "third world" conditions in the aftermath in a U.S. city (Dominguez 2006). But what else can a "crisis" do, besides describe a series of events or give a name to a suddenly painfully visible disparity?

In *Anti Crisis* (2014), Janet Roitman critiques the category of crisis itself. She writes, "I suspend judgment about the expert claims to crisis so as to see how those very (expert) claims and (lay) accession to those claims serve not as radical change, as expected with crisis, but rather the affirmation of longstanding principles, thereby precluding certain thoughts and acts" (6). It is not that Roitman disputes the existence of terrible events, but rather that she sees assigning the "crisis" label to them as a way to claim a state of exception that may constrain the array of possible responses to the crisis's root causes and its social effects. Sometimes, the declaration of a crisis is used as justification that nothing can be done at all. This inaction might look like failure, or the retreat of the welfare state. But as Roitman and others have observed, sometimes doing nothing and letting the supposed root cause of the crisis event—whether it be a natural disaster, a market crash, a disease, or a violent conflict—take its course generates new forms of value for those who label and intervene upon it.

For example, the crisis designation produces and necessitates experts, who in turn can legitimize certain forms of intervention. Each new crisis allows them to demonstrate their value by managing its deleterious effects and sometimes making emergency preparedness and prevention plans to prevent catastrophe from recurring (Adams 2013; Ho 2009). The rise of the crisis expert and manager occurs even when the same people who rush in to fill these roles have a hand in creating the very conditions that helped produce the crisis event or make its effects more dire. I observed this pattern in the real estate industry, when brokers sought credentials and marketed themselves as "distressed property experts" and advertised themselves as professionals that could handle even those most challenging aspects of a housing market, and homeowners, in crisis mode.

In *Liquidated* (2009), Karen Ho suggests that this cycle, in which market crisis and opportunities for expert intervention are caught in a mutually-reinforcing relationship, is part of a larger shift in the way that economic value has come to be understood, measured, and created. As shareholder value has risen to the fore as the primary metric by which a company's performance and management is assessed, Ho details how investment bankers and consultants emerge to help companies produce value for their shareholders even if it comes at the expense of their long-term stability and success. She argues that the coterie of experts who are her interlocutors have successfully remade corporate definitions of value and success in their own image, creating an environment in which previous metrics of crisis, such as layoffs and downsizing, are refashioned into normal, desirable, and routine ways for companies to increase their stock price. From this perspective, economic crisis becomes a moment of opportunity to create and demonstrate value. It allows managers and financial experts to reconstitute corporate organizational structures, employment contracts, and future plans. In the case of the law firm where I worked, it gave managing partners an opportunity to lay-off support staff and other less valuable employees and cut benefits under the cover of crisis, even as they themselves profited from providing new kinds of legal services to other entities who were in “crisis mode” as well.

Economist Philip Mirowski notes how crisis declarations can lead to more of the same, and he questions the usefulness of crisis for fomenting radical change in economic thought, policy, and practice. In *Never Let a Serious Crisis Go to Waste* (2013), Mirowski notes that despite the opportunity that the global financial meltdown of 2007-2009 provided for a revolution in economics, most economists and the national governments that rely upon their expert advice have redoubled their commitment to the same ideas and values that led to a financial meltdown in the first place. We can see the effects of this enduring reliance on certain kinds of market experts and the economic agendas they produce in the U.S. housing market. As this dissertation addresses, the widespread foreclosures that might have signaled a need for a radical revision of homeownership have, instead, been used as a platform to promote and facilitate more homeownership. Yesterday’s devalued, foreclosed homes are tomorrow’s investment opportunity.

Value also emerges in relation to homeownership because becoming a homeowner or facilitating the property ownership of others through real estate brokerage or mortgage lending services, can increase and enhance multiple forms of value. Participation in homeownership, either for oneself or in support of someone else, promises to increase appraised property value, perceived community value, household wealth, and inculcate a broader economic flourishing at a community level and a national one. But how does one engage with and analyze these multiple forms of value in relation to homeownership?

Economic anthropologists and sociologists have long been interested in analyzing the social roots and lives of things, even when they are bought and sold as commodities without history or connection (Appadurai 1986; Caliskan and Callon 2010; Zelizer 2011). In noting that things have a life or “career” that exceeds the economic transactions in which they participate, scholars have argued that we cannot understand exchange, consumption, and value without attending to histories, cultural meanings, and the dense web of relationships that encircle the things we buy, sell, and own. Rather than suggesting that this social dimension exists in a parallel universe to the coldly economic, economic sociologists and anthropologists insist that “the social” is integral in the creation or dissolution of what we take to be things’ “pure” market value (Graeber 2011; Granovetter 1985; Zaloom 2005). As such, homeownership, and the housing value chain that it brings into being, makes for an ideal site to examine the ways in which different forms of value coalesce, conflict, undermine, and intersect with one another and are rendered accessible or illusive for the differently positioned actors and agencies who pursue them.

Risk and Opportunity

Risk, like crisis, can be economically productive for those who are well-positioned to make use of it. In *Against the Gods* (1996), investor Peter Bernstein asserts that “[t]he capacity to manage risk, and with it the appetite to take risk and make forward-looking choices, are key elements of the energy that drives the economy forward” (3). This is because risk presupposes an opportunity to turn uncertainty, and the possibility of loss, into a source of financial gain. In homeownership, risk and opportunity are concurrent. Property ownership entails risk, but ownership also promises opportunities for wealth building, both for home buyers and the housing professionals that support their transition into ownership. Mortgage lenders, real estate brokers, real estate investment gurus, and housing policy makers manage individuals' expectations and understandings of risk and opportunity in housing to position themselves as market experts, mediators, and gatekeepers, as well as to present the act of buying a home as a space of upward mobility and transformation.

Risk assessment and management, in particular, is a key aspect of mortgage lending professionals' work as housing market mediators that connect individual households with global financial capital. The belief that the risks of the housing market can be accurately measured and managed is what allows homeownership to be such an appealing investment opportunity for individuals, communities, and lenders. But in *Discriminating Risk* (2005: 5), Paul Langley cautions against the assumed effectiveness of risk management practices in mortgage lending, noting that

> The language of financial risk is an economic language, imbued with the legitimacy of 'formal rationality,' but the risk criteria used to decide who gets a mortgage and who does not lose their 'formal' patina when one investigates their origins and the way they are implemented. Their origins show that contemporary decision-making rules are a mix of rules of thumb, accepted norms, and theoretical assumptions imposed on reality.

The "formal patina" and "rationality" that we trust is at work in financial risk management allow individuals and institutions to engage with and assume risks without fearing that a catastrophe lies behind every corner. The willingness of households and financial institutions to make themselves party to thirty-year mortgage loan agreements speaks to the ways in which risk can be transformed into an opportunity to act and reap benefits in so doing. But, as Chapter 2, *Inequality in U.S. Housing Policy from 1870 to the Present*, reveals, the thirty-year, self-amortizing mortgage loan is the product of a particular set of historical events, economic circumstances, and political priorities in the United States. This confluence did not eliminate the risks that mortgagees and mortgagors assume when they enter into a legally binding contract to facilitate homeownership, but it did allow those risks to appear more manageable, commonplace, and worth assuming.

In the aggregate, the actions taken by differently positioned housing market participants on the basis of their confidence in effective risk management can, in turn, create greater risks. As Paul Langley (2008) and Donald Mackenzie (2006) both articulate with regard to risk management in mortgage lending and hedging practices, respectively, market actors' lack of understanding of the ways in which their individual decisions come together to produce "systemic risk" and "correlation default" may be a key factor in market failure. MacKenzie details the fall of Long-Term Capital Management (LTCM), a respected and successful hedge fund that started employing a new risk management technique to better balance its portfolio. What the managers and traders of LTCM did not foresee was the extent to which their respected position within the market would lead other hedge funds to adopt similar risk management tactics, eventually transforming their strategy to manage risk into one that compounded it (MacKenzie 2006).

Paul Langley describes a similar kind of market performativity at work in mortgage lending, in which a set of widely held "calculative devices," including "credit reporting, securitization, and interest-only and adjustable rate mortgages came into being…" (2008: 472), legitimized risk-based pricing,[11] and made subprime lending seem like a rational, financially sound form of market expansion. Echoing the concerns of Janet Roitman and others with respect

[11] Risk-based pricing is a lending model that serves financially diverse borrowers, but charges higher interest rates and fees for borrowers who are seen as less creditworthy (due to credit history, score, income, etc.).

to the use of the crisis label to turn the culmination of a series of practices, values, and beliefs into a culturally aberrant, unpredictable event, Langley disputes the popular belief that subprime lending practices were the root of the mortgage crisis. He notes that subprime lending cannot be separated from the larger trajectory of the calculative devices that allowed them to arise in the first place. This resonates with the experiences and perceptions of the market that mortgage lending professionals offer in Chapter 3, *Financing Dreams: Managing Mortgage Risk and Regulation*.

As Miranda Joseph notes in *Debt to Society: Accounting for Life Under Capitalism* (2014), key site for the intensification of household financial risk, "in addition to retirement savings invested in a volatile stock market, is of course the housing market, or, maybe more precisely, the mortgage market" (298). The financial risks and legal entangments assumed when purchasing a property are weighed against a longstanding idea that, in the long term at least, "real estate always goes up." But even if this were always the case in the aggregate, it does not mean that owners may not sometimes be faced with liquidity problems that require that they sell their assets at a time of price depreciation. Nonetheless, in the world of real estate investment seminars that I explore in Chapter 5, *Opportunity and Crisis in the U.S. Housing Market*, seminar presenters use the belief that real estate always goes up in concert with the opportunities to buy distressed residential properties that the financial crisis provided to lure prospective investors into the real estate market. They suggest that if real estate always goes up eventually, buyers will be able to take advantage of the market's cyclical ups and downs, purchase properties at a discount, and then reap a profit when the market, inevitably, goes up again.

In real estate investment seminars, one person's housing crisis can become another person's housing opportunity. But notions of risk and opportunity go hand in hand across social and economic life. Consider such aphorisms as “nothing ventured, nothing gained” and “no risk, no reward.” In the United States, the presumed simultaneity of risk and opportunity in the economy becomes a proving ground for those individuals with enough drive and confidence to “seize the day” and “make their own luck,” and “take the bull by the horns.” In order to become prototypical “self-made” men and women and tap into the housing value chain, one must first be willing to assume some level of risk. Real estate brokers and mortgage lending professionals do not only encourage current prospective homeowners to participate in housing market risk by facilitating the purchase or sale of property. They, too, assume risk when they choose to work in real estate. But this works allow them to tap into the housing value chain. However, their access is contingent upon their level of social and financial capital and where and when they enter the housing market. They can only extract value from the chain if they can fashion themselves into market mediators, gatekeepers, and middlemen in others’ risk-taking, and do so when the prevailing market conditions are good. As this dissertation will reveal, while homeownership and the housing value chain that encircles it appear to be an accessible way for mortgage lenders, realtors, real estate investors, policymakers, and home buyers and owners to access and generate economic wealth and human flourishing, housing market participants must assume and effectively manage risk in order to access it.

Freedom & Autonomy

In the United States and elsewhere (cf. Hartman 2017; Murphy 2015; Zhang 2011), the appeal of owning one’s own home is often linked to notions of freedom and autonomy. This connection relates to the bundle of legal rights that ownership provides, including possession, control, exclusion, disposition, and quiet enjoyment. Homeowners can use their homes as they see fit, keep others from accessing them, and lease, sell or pass them on as they wish. These are the rights that allow homeowners to feel that they are kings and queens of their castles and able to exercise sovereign power over their properties. As I will discuss in Chapter 2, *Inequality in U.S. Housing Policy from 1870 to the Present*" this dimension of ownership was particularly appealing to recently arrived immigrant and working-class households in the United States who had few opportunities to exercise control over other domains of their daily lives (Garb 2005). It was also used to lure settlers into new parts of the nascent United States through the Homestead Act, which promised land ownership to anyone willing to move to the frontier, claim land, and render it "productive" through farming and other capitalist value-generating endeavors (Bratt 2013).

Ideals of freedom and autonomy also permeated the descriptions that real estate brokers and mortgage lenders gave me of their reasons for choosing to work in their respective fields. As independent contractors, real estate brokers' compensation is directly tied to their ability to buy and sell homes for their clients at prices and volumes high enough to generate a steady stream of commissions. And while some mortgage-lending professionals have base salaries, most of them rely upon transaction-based commissions and fees for the bulk of their remuneration. While commissions-based compensation can render workers vulnerable to market ups and downs without a salary or benefits to fall back on, it can be repackaged as an opportunity to exercise autonomy as prototypically "self-made" men and women and "companies of one" (Lane 2011). In Chapter 5, *Opportunity and Crisis in the U.S. Housing Market*, I describe and analyze how real estate seminar speakers frame residential property investment as a way to achieve "financial freedom." This framing is all the more powerful because the speakers insisted that such freedom would be nearly impossible for audience members to achieve through the traditional paths of upward mobility: hard work, education, and thrift.

(I)nequality

Achieving homeownership, like pursuing a college education or gaining U.S. citizenship, is often framed as an effective, do-it-yourself socioeconomic equalizer. In the Department of Housing and Urban Development (HUD) secretary Ben Carson's comments in the epigraph, we see this understanding of homeownership's equalizing power at work. HUD supports homeownership, according to Carson, because homeownership supports "the development of our people economically and in every other way" (2017). According to this logic, expanding homeownership can be used as a tool to combat existing social and economic inequality, since becoming a homeowner will allow an individual to tap into a secure, enduring form of asset-based wealth while also providing their household with shelter and the social and psychological benefits of a secure place to call their own.

But expanding homeownership requires unequally distributed social and financial capital to access it, and more of the same to produce increasing home values. Policies aimed at increasing homeownership do not diminish inequality but rather ensures that homeowners are better off than their renting counterparts (Desmond 2016). Further, recent studies counter the truism that "real estate always goes up" and that owning a home improves the lives and financial trajectories of all owners (Salamon and MacTavish 2017; Shlay 2015). As I address in Chapter 6, *Homeownership as a Cure for Housing Vacancy*, accessing property ownership requires different forms of capital in different locales, but it also provides owners with different opportunities to extract value from their housing investments. In an area with appreciating property values but many homes in severe states of disrepair, for example, housing prices may be cheap, buyers may only be able to enter the marketplace if they can pay cash upfront. This limits the number of households who can access homeownership and possibly reap the benefits of buying low and selling high. In an area with low or depreciating home values, buyers may face similar challenges obtaining financing, and they may not reap any financial benefit from owning versus renting, as their home's value may not appreciate enough to cover the costs they incur when they decide to sell.

Still, as I explore in Chapter 2, *Making the Market: U.S. Housing Policy from 1870 to the Present* one of the key pathways of the homeownership complex, government housing policy, has framed homeownership as a universal path to household stability and economic flourishing. In my research I found that while homeownership may be a good investment and a powerful mobility tool for some households (in particular geographic contexts and times in larger global, national, and local economic cycles), it is by no means a universally beneficial or equalizing force. The institution of homeownership is predicated on and reproduces inequality. It creates opportunities for those who can invest and participate in the housing value chain and perpetuates disparities between renters and owners, rich and poor, and white and minority households (Desmond 2016; Jefferson 2013; Patillo-McCoy 1999; Shlay 2015).

Orientations

As I mention above, I initially set out to study the household-level effects of foreclosure and downward mobility after the mortgage crisis. But after conducting preliminary research on foreclosure prevention work in Chicago, Illinois in 2011 and Oakland, California in 2012, I noticed that the ways in which homeownership and the housing market were being talked about—in the media, by the housing not-for-profit staff I encountered, and by current and prospective homeowners themselves—did not match what I had anticipated. Homeownership was resurgent, and it seemed as if few people cared about foreclosures and foreclosed homeowners anymore. Instead, the housing stakeholders I encountered were committing themselves to facilitating and creating opportunities for the next crop of homeowners.

I followed the remaking of homeownership as a cultural ideal and economic good through my research methodology and choice of interlocutors. Even before I conceived of a homeownership complex or a housing value chain, I saw the reproduction of homeownership as an economic and cultural project that requires the work of multiple actors positioned at different points within a larger field (Bourdieu 1993). Instead of focusing on individual homeowners, I decided to spend time with people whose livelihood depended upon selling homeownership: real estate brokers, mortgage lenders, housing policymakers, not-for-profit staff and community organizers, and eventually, real estate investment seminar speakers. My project radiated out from the connections I made in my first few months in the field. I also took a real estate licensing course and became a real estate broker during my fieldwork, which placed me alongside aspiring real estate brokers as they planned for and attempted to launch new or re-establish past careers in real estate.

My decision to focus on the making (and the makers) of a housing market that relies on homeownership's cultural and economic value in the United States follows in the footsteps of Constance Perin's 1977 book, *Everything in Its Place: Social Order and Land Use in America*, which focuses on real estate developers, property owners, government officials, and city planners active in the shaping of real estate zoning laws, norms, and values in the United States. In the years since Perin's book was published, several other anthropologists have turned their attention to market-making processes. These ethnographies often focus on the making of financial markets (Fisher 2012; Ho 2009; Preda 2017; Riles 2011; Zaloom 2005) and attend to the entanglements of objects, people, and practices that traverse different regimes of value as they construct and tap into different kinds of value chains (Orta 2013; Thrift 2006; Tsing 2013, 2005). This dissertation also draws inspiration from classical and contemporary anthropologists and sociologists' approaches to the imbrications of economic and social value (Graeber 2011; Granovetter 1985; Malinowski 1984[1922]; Mauss 2000) and market performativity (Callon 1998; Callon and Caliskan 2010).

My study of homeownership's multiple dimensions and stakeholders took place over the course of several years. First, I studied foreclosure prevention work in Chicago, Illinois and Oakland, California in the summers of 2011 and 2012, respectively. My research in Oakland was funded by the University of Illinois Department of Anthropology. I then conducted fifteen months of dissertation fieldwork in Chicago, funded by the National Science Foundation, between June 2014 and September 2015. After the formal end of my dissertation research, I have continued to track the twists and turns of U.S. homeownership in the midst of a resurgent economy and housing market through housing industry publications and listservs, intermittent news from interlocutors, and informal monitoring of Chicago's housing market trends.

My research methods included participant observation, open-ended interviews with over eighty housing stakeholders, shadowing housing agency staff, realtors, and mortgage lending professionals, and textual analysis of real estate and mortgage lending education materials, trade publications, and accounts of the housing market in the popular press. Because of my involvement with the Program for Community Revitalization ("PCR"), a localized housing market recovery initiative that I describe in Chapter 6, *Homeownership as a Cure for Housing*

Vacancy, I spent time with PCR "sister" agency staff who worked in not-for-profit organizations in neighborhoods across Chicago's south and west sides, which allowed me to see how the same pro-homeownership policies were put into practice at the local level. My preliminary research on foreclosure prevention counseling and activism, as well as the relationships I developed with PCR participants, also gave me a window into the not-for-profit organizations that are the foot soldiers of government housing initiatives and agendas. My interviews and shadowing with realtors, mortgage lenders, and real estate investors brought me into other geographic, social, and economic orbits. Some of the people I encountered were successful and able to dictate where in the city they worked and with what types of clients. But many housing professionals I met were struggling to find their feet, either because they had just entered the field (as was the case with most of my real estate licensing classmates) or because they were finding it difficult to hold onto their careers in a changing, post-crisis marketplace.

I approached my research subjects as someone who was enthusiastic about the housing market and the future of homeownership, but by no means expertly informed. Following longstanding traditions of ethnographic fieldwork, I adopted the position of a novice eager to learn how the world worked from expert interlocutors (Malinowski 1984 [1922]; Searle 2016). Whenever possible, I embodied this status as a kind of research intern/volunteer, helping not-for-profit housing agencies with mundane tasks or assisting realtors with staging and open houses. Although I was twenty-nine when I began my research, I used my student status and self-presentation as a way to position myself as a non-threatening, curious, and respectful presence when I conducted participant observations in real estate transactions, mortgage lending processes, and housing market recovery initiative meetings and training sessions. I also used this status to deflect real estate broker and mortgage lenders' occasional attempts to sell me on becoming a homeowner myself.

Still, in spite of my best attempts to be unobtrusive and unobjectionable, my own gender, racial, and class identities in a highly segregated city occasionally came to the fore. As a married white woman, my husband's position as an attorney at a large law firm allowed me to live in one of the most affluent neighborhoods in Chicago during the course of my fieldwork. When my interlocutors asked where I lived, I was honest, but always quick to say that we rented and that we had gotten "a really good deal." Still, my attempts to conduct participant observation in housing markets throughout the city was sometimes met with skepticism, such as when I volunteered to assist with a vacant property survey in Davis Park, an experience I describe in Chapter 6. But there were other times when my racial and class privilege were useful in gaining the trust and confidence of white, middle-class housing policymakers, lenders, and realtors who felt free to speak openly about what they took to be the racial and class dimensions of widening homeownership opportunities and the roots of the mortgage crisis. I felt ambivalent about the times when aspects of my identity gave me easy access to people whose political and social views I did not share. But at the same time, as Laura Nader pointed out in her groundbreaking article on studying up in 1972, if we want to confront and dismantle inequality, we need to study the powerful and the privileged to do so.

Although I spoke with housing professionals with different racial, class, and ethnic identities and different political and market orientations and agendas, I mostly felt that I could be an empathetic audience for the trials and tribulations of all of my interlocutors, even if I did not agree with them. Over time, the training and insider knowledge I absorbed through classes, meetings, workshops and shadowing sessions helped me ask informed questions and grasp, to the best of my ability at least, "the [housing market] native's point of view, his relation to life, his world" (Malinowski 1984[1922]: 25). However, as with all studies of human beings, the worlds I grasped were partial. For example, because I focused on professional practices, values, and ideas, it was sometimes difficult to ask about and integrate personal information gathered in the course of my research with interlocutors' professional personae. Like Martha Kirchner,[12] a mortgage loan underwriter I feature in Chapter 3, I often felt that my dissertation research and analysis has been predicated on "searching for errant threads" and trying to stitch them together in a way that accurately reflects part of the underlying story of homeownership in the United States.

Framing Homeownership as a Cultural Phenomenon

Anthropologists study all dimensions of the human experience, and housing and the institutional apparatuses that bring it into being are undoubtedly part of that mosaic. And yet, until recently, relatively few anthropologists have made homeownership a central focus of their research (cf. Hartman 2017; Jefferson 2013; Murphy 2015; Stout 2016; Zhang 2010). To a large extent, housing questions in the United States have been ceded to policy-oriented urban planners, political scientists, economists, and to historians (Ball 2009; Garb 2005; Hornstein 2005; Jackson 1985; Rohe and Watson 2007; Satter 2010; Stuart 2003). These scholars have produced insightful work on the inner workings of housing finance and real estate, immigrant, minority, and white homeownership experiences, and the design and implementation of U.S. housing policy. I draw on much of this work throughout this dissertation.

[12] To product the privacy of the people who agreed to participate in my study, all interlocutor and agency names are pseudonyms.

But the ways that homeownership is valued, produced, and practiced is also culturally specific. As Edward Murphy notes in his study of the contested formalization of residential property rights in *For a Proper Home: Housing Rights in the Margins of Urban Chile: 1960-2010* (2015), "far from being a mere legal contract, property is a relationship that comes together at the intersection of domains generally treated as wholly separate: the social, the economic, the political, the cultural, and the spatial" (25). The particular version of property ownership that emerges out of this nexus is dependent upon the local context. In Latin American countries such as Chile and Mexico, enshrined constitutional rights to housing mean that citizens explicitly connect property rights to citizenship and use these connections to lobby their governments for housing access and ownership (Hartman 2017; Murphy 2015). In China, expanding private property ownership and its limitations indexes national and local struggles over who can achieve social and economic mobility under socialism (Zhang 2010). And in the United States, property ownership has been taken as evidence of good political and economic citizenship (Dudley 2000; Jefferson 2013; Perin 1977), moral discipline (Stout 2018) and as Katherine Newman and Ben Carson assert, respectively, a primary marker of "membership [in] the middle class" (1993: 102) and the key to "development of our people, economically and in every other way" (2017).

In *The Vanishing Hectare: Property and Value in Postsocialist Transylvania*, Katherine Verdery points out that property relations can be "about everything: power, practices, institutions, land, the transformation of value, social relations, privatization, class formation, and so on" (2003: 32). Given residential property's connections to multiple domains of social and economic life, it is an ideal subject for anthropological examination. But when I explained my disciplinary background to my interlocutors, or my project to friends and acquaintances in other fields, I was often met with surprise. Perhaps housing's associations with public policy and planning, economics, and demography make it seem better suited for other disciplinary approaches. Maybe those who own homes, however precariously debt-financed that ownership might be, are thought to be, by and large, too financially secure to warrant ethnographic championing. And although interest in economic practices and beliefs as cultural phenomena has been longstanding in anthropology, perhaps homeownership has been viewed as too pedestrian for the growing coterie of scholars interested in studying up the economic hierarchy with financial elites (Fisher 2012; Holmes 2013; Miyazaki 2013).

The problem with studying homeownership might be even more basic than that, however. As Katherine Verdery addressed in her assertion that property relations can be "about anything," homeownership might just hold too many meanings, and have become too much a part of the *doxa* of the United States and elsewhere, to be taken up as an object ethnographic inquiry. While I share Verdery's recognition that property relations involve and invoke a host of social, political, economic, and cultural questions, and believe that homeownership is deeply embedded in the cultural and economic life in the United States. I contend that homeownership is too important *not* to explore and analyze using anthropology's theoretical and methodological resources.

Roadmap

This dissertation is organized into seven chapters that are separated by three "frames" that introduce the theoretical and historical context for the chapters that follow them. In Frame I, *Making the Market*, I give an overview of the importance of history for understanding how, overtime, U.S. housing policy contributed to the formation of a homeownership complex and facilitated the creation of a particular version of homeownership and kind of housing market. In

Chapter 2, I use this historical lens to analyze key moments when a pro-homeownership agenda both responded to and shaped the social and economic landscape of the United States. These moments reveal how homeownership has long been promoted and used as a cure for a host of social problems, including overcrowding and disease, financial crises, low consumer confidence and spending, poor housing conditions, uneven economic development, and racial and ethnic inequality. Tracing the history of housing policy also reveals the ways in which homeownership, and the value it generates for some, is interconnected with racial, ethnic, and class-based inequality in the United States.

In Frame II, *Market Makers or Market Made*, I lay the groundwork for an analysis of mortgage lending professionals and real estate brokers as both active participants in the creation of homeownership and the U.S. housing market and constrained by the same. Chapter 3, *Financing Dreams: Managing Mortgage Risk and Regulation*, focuses on the experiences and perspectives of mortgage lending professionals and Chapter 4, *Selling Dreams: Realtors as Market Mediators*, does the same for real estate brokers. I see mortgage lending and real estate professionals as market mediators, gatekeepers, and middlemen who forge connections between different regimes of value and social action when they connect individual home buyers, sellers, and owners to one another and integrate them within the housing value chain. At the same time, I take my interlocutors' experiences of constraint seriously, acknowledging the ways in which they experience "the market" as both a space of autonomy and opportunity and a force that shapes their professional lives and the economy as a whole.

In Frame III, *More Ownership*!, I explore how and why creating new homeownership is put forward as a response to housing problems and economic crisis more generally in different settings. Chapter 5, *Opportunity and Crisis in the U.S. Housing Market*, and Chapter 6, *Homeownership as a Cure for Housing Vacancy*, analyze two arenas where residential real estate is framed as a source of household and community-level economic growth and opportunity: real estate investment seminars and a federally-funded, locally managed housing market recovery program. In both arenas, property ownership is held up as a site of potential opportunity for greater levels of autonomy, freedom, financial wellbeing, and revitalization. Little attention is paid to the effects of local context or to the ways in which different amounts of financial and social capital influence just how beneficial property ownership will be for individuals and communities.

The dissertation concludes with a discussion of what might lie ahead for U.S. homeownership in Chapter 7. It includes an analysis of the pitfalls of the current version of the homeownership complex, as well as a few lay recommendations for ways to better align the interests of the professional housing stakeholders with interests of households who need the shelter, stability, and opportunity that homeownership can provide. In the current moment, the homeownership complex is bent on producing new owners, not sustaining households or supporting community flourishing. But that does not mean we cannot create a framework that would make safe, affordable, and secure housing more accessible to all.

FRAME I: MAKING THE MARKET

The history of U.S. housing policy illuminates how longstanding disparities of class, race, national origin, religion, and ethnicity in the United States have undergird a universally promoted, but not universally achievable, dream of homeownership. While the United States achieved a dramatic rise in property ownership over the latter half of the 20th century,[13] not all households could participate in it equally. As Chapter 2 will show, this disparity in access to homeownership and the benefits it provides has been baked in through decades of biased policymaking and practice.

Whatever its stated intentions and goals, U.S. housing policy legitimized the redlining and abandonment of urban communities in favor of suburban growth and development (Gans 1967; Jackson 1985); allowed for non-existent, discriminatory, and predatory lending practices in immigrant communities and communities of color (Immergluck 2010; Satter 2010); and sanctioned, through inaction, the abysmal rental housing options available low-income and poor households who can not afford to become homeowners (Desmond 2016). All the while, the federal government has framed its interventions in the U.S. housing market as for the benefit and security of all households and in the interests of the economy as a whole. At certain times and for certain kinds of households, the promise of homeownership has delivered—but not always, and never for all.

As both instrumental to and a symbol of the "American Dream," homeownership has become a cornerstone economic, cultural, and political institution in the United States. Despite the financial and legal entailments it demands, it has also been framed as a path to freedom,

[13] The homeownership rate climbed from 43.6% in 1940 to a high of 69% in 2006, according to the U.S. census and the Federal Reserve Banks, respectively.

autonomy, and opportunity. As I laid out in the introduction, the existence of a homeownership complex has played an integral role in creating and sustaining homeownership's promise and power in the United States. In the chapter that follows, I focus on one key dimension of that complex: U.S. housing policy and the network of federal and local institutions that create, enact, and enforce it. By tracing the political, social, and economic dimensions of pro-ownership policies and their uneven effects over the last century and a half, I will provide a cultural history of homeownership's hegemony in the United States. I will also account for the ways in which national political goals have intersected with economic imperatives in ways that have profoundly shaped what homeownership means, and what material and ideological effects it produces, in different epochs.

CHAPTER 2: INEQUALITY IN U.S. HOUSING POLICY FROM 1870 TO THE PRESENT

> That our people should live in their own homes is a sentiment deep in the heart of our race and of American life. We know that as yet it is not universally possible to all. We know that many of our people must at times live under other conditions. But they never sing songs about a pile of rent receipts. To own one's own home is a physical expression of individualism, of enterprise, of independence, and of the freedom of spirit.
>
> —U.S. President Herbert Hoover, 1931[14]

> Today, all across the country, I say to millions of young working couples who are just starting out: By the time your children are ready to start the first grade, we want you to be able to own your own home. All of our country will reap enormous benefits if we achieve this goal. Home ownership encourages savings and investment. When a family buys a home, the ripple effect is enormous. It means new homeowner consumers. They need more durable goods, like washers and dryers, refrigerators and water heaters. And if more families could buy new homes or older homes, more hammers will be pounding, more saws will be buzzing. Homebuilders and home fixers will be put to work. When we boost the number of homeowners in our country, we strengthen our economy, create jobs, build up the middle class, and build better citizens.
>
> ––U.S. President Bill Clinton, 1995[15]

Long seen as instrumental to and a symbol of the “American Dream,” homeownership is a cornerstone institution in the United States. Despite the financial and legal entailments it demands, it has also been framed as a path to freedom, autonomy, and opportunity. As I laid out in the introduction, the existence of a homeownership complex has played an integral role in creating and sustaining homeownership’s promise and power in the United States. In the chapter that follows, I focus on one key dimension of that complex: U.S. housing policy and the network of federal and local institutions that create, enact and enforce it. By tracing the political, social, and economic dimensions of-pro-ownership policies and their uneven effects over the last

[14] Address to the White House Conference on Home Building and Homeownership, December 2, 1931
[15] Remarks on the National Homeownership Strategy, June 5, 1995

century and a half, I provide a cultural history of homeownership's hegemony in the United States. I also account for the ways in which political goals have intersected with economic imperatives in ways that have profoundly shaped what homeownership means, and what material and ideological effects it produces, in different epochs.

Homeownership and Citizenship in the Late 19th Century

While homeownership may now be taken for granted as an economic good and cultural ideal, its current position as the ideal form of physical shelter, vehicle for financial investment, and source of familial stability, and thus worthy of government support, was not inevitable. As historian Kenneth Jackson notes, "although housing involves the largest capital costs of any human necessity, for the first three centuries of urban settlement in North America the provision of shelter was not regarded as an appropriate responsibility of government" (Jackson 1985: 191).[16] Even before direct government support for homeownership, however, some groups

[16] This is not to argue that property ownership was unimportant in North America prior to the 20th century. Legal ownership over native lands on the basis of its "unproductive" status was an essential goal and ideological and material colonization strategy for European settlers and later, for citizens of the rapidly expanding territories of the United States (Bratt 2007; Locke 1993 [1689]). Beyond the encouragement and bankrolling of New World explorations and the exploitation of native peoples and lands that followed them, early U.S. government involvement in promoting land ownership took the form of grants and rewards for veterans and others who were willing to settle and farm in the United States' expanding Western territories. Under the Homestead Act of 1862, for example, citizens were awarded ownership rights over up to 160 acres of land west of the Mississippi River if they settled and cultivated it (Vale 2007). In addition to motivating white Americans to move into areas of the country where Native Americans were still prevalent and establish dominance there, the 1862 Act and the 1866 amendment that followed it were aimed to disrupt plantation-style land tenure and establish smaller farms that were not reliant upon slave labor. Similar to later government initiatives that promoted and facilitated property ownership, the Homestead Acts provided key opportunities for autonomy, upward mobility, and prosperity for some Americans. Although the Acts were open to African American applicants, for example, discrimination in the awarding of lands made it far more beneficial for white households than it was for black ones.

prioritized owning homes of their own. In the 1870s, when immigration, industrialization, and urbanization processes brought more people into cities to live and work, owning a home became an important economic survival strategy and part of a claim to full U.S. citizenship. Historian Margaret Garb attributes this to working-class immigrant households' tendencies to use their housing productively—by renting out extra rooms to boarders, growing large vegetable gardens in their backyards, taking in laundry and sewing, and using the house and land itself as collateral for multiple short-term loans that, in turn, facilitated sustained ownership. Such subsistence strategies were especially important given the job insecurity that many experienced when they moved to growing U.S. cities in the late 19th and early 20th centuries.

Garb illustrates the importance of homeownership for working-class immigrant households by analyzing an instance of working class, inter-ethnic solidarity that emerged in relation to housing rights after Chicago's Great Fire. In 1872, men of German, Scandinavian, and Irish descent gathered to protest against the city council's proposed prohibition against wood construction[17] homes within Chicago's city limits.

> Without assurances that that the men could rebuild in wood, many, unable to afford new houses of brick, believed they would find home ownership beyond their means. Home ownership, the men argued, secured their economic autonomy in the industrial city and signaled their hard-won status as independent Americans. European immigrants, ironically, were among the first Americans to claim urban home ownership, property rights in a single-family house set on a city lot, as the symbol of the 'American standard of living,' as the American Dream. [Garb 2005: 11]

In the late 1800s, homeownership served multiple purposes for Chicago's working classes. It provided security against layoffs and economic downturns by offering opportunities to augment household incomes; it gave the household a sense of independence and status that industrial labor

[17] Proponents of the ordinance cited that wooden homes were more likely to catch fire, but Garb points out that banning wooden homes was also a calculated attempt to undercut working class immigrant households' abilities to own property and raise their families in the city.

relations did not afford them; and it represented the equality of opportunity that many had left their home countries to pursue. But purchasing property was not an easy or straightforward process. Households that aspired to own property had to borrow from building associations, relatives, and moneylenders who charged high interest rates to purchase a small house that easily cost two to three times their yearly earnings. And in order to make loan payments on their properties, families often ended up with a lower standard-of-living than they would have experienced as renters. They made homeownership work by finding additional income sources, such as by renting out rooms and sending their children into the workforce early, or by forgoing basic household maintenance and making do without indoor plumbing facilities.

While many working-class immigrant households prioritized ownership despite these high costs and sacrifices, urban middle class households did not share their fervor. According to Garb, late 19th century Chicago was

> 'not a city of homeowners and America was not a nation that touted home ownership. In northern cities in the years following the Civil War, as manufacturing replaced land property as a source of wealth and housing competed with corporate stock and government bonds for capital investments of aspiring entrepreneurs and striving professionals, home ownership rates hovered around 25 percent in Cincinnati, Detroit, Pittsburgh, Philadelphia, St. Louis, and Chicago. Of course, residents needed shelter. But underlying the decision of whether to rent or own, or move to a multifamily apartment building or a single-family house, was the question of where and how to allocate household resources, whether putting significant portions of household income into residential property in the form of a down payment on a home would yield economic and social benefits for the household. [2005: 16-17]

Garb's description illustrates the constructed nature of homeownership's cultural and economic value in the United States. While owning a home eventually became a cornerstone of middle class status and household wealth building, in the 19th century, property ownership was only appealing to households if it would yield "economic and social benefits" not attainable elsewhere. Many middle class households preferred to spend their housing dollars on rental properties and furniture, and invest excess income in businesses or the stock market. With less social and financial capital and more of a need to establish themselves as citizens through property, homeownership provided more benefits to working class households than it did to more affluent families.

The transformation of homeownership from an immigrant, working class priority that was tied up with aspirations for financial security, autonomy and citizenship to a prerequisite for middle class status began with a new level of cultural concern with the social and physical effects of urban life in multifamily dwellings. Beginning in the 1880s, reformers in the nascent fields of social work and public health began promoting the benefits of single-family homes for household organization, cohesion, and physical wellbeing, contrasting them with the multifamily dwellings where working class, immigrant, and non-white households lived. Tenement-style multifamily housing, in particular, was portrayed as overcrowded and riddled with disease.

This new equation of single-family dwellings with healthful living conditions dovetailed with currents of xenophobic alarm at the rapid industrialization of American cities and the influx of immigrants and domestic migrants that accompanied it. New public health-driven housing policies disproportionately affected the working class and immigrant households who were most likely to use their homes intensively by renting out rooms, adding on, and doubling up with extended family members to lessen expensive housing costs, as well as least able to afford indoor plumbing. In the framing of public health and hygiene crusaders, multifamily living arrangements that allowed households to make ends meet, care for their families, and incrementally improve their economic and social positions came to be seen as pathological. Reformers claimed that such conditions were damaging to the moral fabric of the family (due to the lack of privacy and the frequency with which poor and immigrant women and children worked outside of the home) and dangerous to the public (because this type of housing was often seen as a fire-prone incubator of disease).

While the Tenement and Factory Ordinance of 1881 was ostensibly designed to better protect workers at home and on the factory floor, it was never implemented in an industrial context due to pushback from Chicago's business community. Its unequal implementation in housing, however, contributed to the legitimacy of class, ethnicity, and housing tenure hierarchies in the city. For example, the ordinance empowered Chicago's new sanitary police to enter and inspect any multifamily residential building between sunrise and sunset, and to remove individuals they believed were suffering from (and contributing to) communicable diseases against their will. They had no parallel authority over single-family housing, where more affluent, native-born families tended to live.

The association of substandard housing with the ethnic, racial, and class identities or perceived cultural deficiencies of its occupants has a long history in the United States and elsewhere (cf. Fennell 2016; Hirsch 1998; Lewis 1961; Murphy 2015; Satter 2010). Akin to Daniel Patrick Moynihan's deterministic use of a "culture of poverty" theory in his 1965 policy report on the plight of African American households, which in turn drew on anthropologist Oscar Lewis's ethnographic analysis of poor households in the United States and Mexico (1961; 1968), the hierarchical ordering of where and how people of different racial, national or class backgrounds live is part of the foundation of disparity upon which the homeownership complex was built. In 19^{th} century Chicago, the primary distinctions drawn were between native-born Chicagoans and different waves of emigrant arrivals. For example, in Chicago Health Commissioner DeWolf's housing framework,

> Native-born Americans lived in 'well-furnished' flats; Germans tended to occupy tenements that were 'comfortably built, but having less of the so-called modern

> conveniences.' That native-born and German workers tended to congregate in higher-skilled and better-paying jobs, thus enabling them to afford more comfortable housing, did not apparently occur to DeWolf. Instead, DeWolf blamed the inferior quality of the tenements occupied by Italian, Polish, and Bohemian immigrants on a mix of custom and biology. 'There are a great many buildings in this city which are unfit for habitation by civilized people,' he wrote. 'yet they are inhabited, and generally by Italians, Poles, Bohemians, and others, who, in their trans-Atlantic homes have been accustomed to live in crowded quarters, in close proximity to their domestic animals, which in this city are not allowed to kept in premises used for human habitation.' De Wolf added that it was difficult to enforce tenement-housing ordinances 'against such habitual and hereditary insanitary modes of living.' Since immigrants rarely understood health departments'' regulations, they required 'constant watching' by sanitary inspectors. [Garb 2005: 78-79]

DeWolf's linkage of housing conditions with people's standing in the U.S. ethnic hierarchy was not unique to Chicago. In both the 1901 New York Tenement House Law and in two subsequent publications, New York-based housing bureaucrat and reformer Lawrence Veiller attempted to "'promote the health, safety, and welfare of the people by regulating the light and ventilation, sanitation, fire protection, maintenance, alteration, improvement, and use of dwellings'" (Vale 2007: 18) in three classes: (1) private dwellings; (2) two-family dwellings; and (3) multiple dwellings. Through this hierarchical classification, he sought to "…encourage the erection of private dwellings and two-family houses and to discourage the erection of tenement houses and other forms of multiple dwellings by making provisions relative to the latter more stringent than those affecting the former classes'" (Ibid.18). Veiller used zoning codes and building requirements to promote one form of housing, the single family home, over another. Given that most of the occupants of the housing stock he found so distasteful were working class and foreign-born, there was undoubtedly a segregationist logic of exclusion at work in this particular housing vision—a thread that has run through many subsequent attempts to address U.S. housing problems in the decades since.

Veiller's plan had social and geographic effects. In the face of the increasing valorization of homeownership as a sign of one's social status and moral and physical hygiene and the economic turmoil of the 1870s that made other forms of investment appear more risky, middle-class households became more interested in investing in homeownership, particularly in areas removed from, but still accessible to, the downtown areas of American cities. At the same time, new tenement laws and social hygiene policies undercut working class families' access to homeownership as a form of shelter, an economic survival strategy, and a bastion of their right to autonomous citizenship. This combination of local housing policy changes, cultural shifts, and economic trends helped begin to create the now familiar version of U.S. homeownership as a middle-class institution.

The Federal Government Enters the Housing Market

While local ordinances targeting tenements and multifamily housing helped begin the consumer and producer-driven push for more single family, owner-occupied housing in urban and suburban areas, it was not until after World War I that the federal government began to take on a greater role in the housing market. Federal support for owner-occupied housing was, from the beginning, intertwined with U.S. commercial and ideological interests. Politicians, business leaders, and real estate men packaged homeownership, and the economic and social stability it afforded households, as a key defense against the threat of Communism sweeping into the United States via the labor union movement. Selling ordinary Americans on the virtues of private ownership was promoted as a way to keep their interests aligned with a capitalist system. The 1919 Own-Your-Own-Home Campaign, initially housed in the Department of Labor, was modeled after the National Association of Real Estate Board's 1917 "Own your own home" commercial crusade. While the campaign predated federally funded home finance programs by more than a decade, its goal, to make homeownership accessible for every family, speaks to an early governmental recognition of the role that widening homeownership might play "as a means to promote civic, social, and business betterment" (Vale 2007: 20).

When Herbert Hoover became Secretary of Commerce in 1921, he inherited the Own-Your-Own-Home agenda and connected its political dimensions with a pro-development and pro-homebuilding platform. Homeownership increased by more than three million households during the 1920s, buttressed by the pro-ownership propaganda of Hoover and others in concert with lobbying of the increasingly powerful homebuilding and real estate industries. During his tenure as commerce secretary, Hoover signed on as president of the "Better Homes in America" movement, which issued millions of how-to pamphlets for Americans interested in locating, financing, purchasing, and building their own homes, and he actively promoted homeownership in numerous oral and written presentations. As illustrated in his address to The White House Conference on Home Building and Homeownership quoted at the beginning of this chapter, Hoover saw homeownership as a manifestation of deeply held American values of "individualism, of enterprise, of independence, and of the freedom of spirit." To promote homeownership was to facilitate the "physical manifestation" of these same values.

With Hoover's support, the Better Homes campaign grew to include 7,200 local and 47 statewide committees. In 1931, the campaign published the *Better Homes Manual*, which linked the household-level economic benefits of homeownership with the creation of strong familial ties and moral values that would, in turn, support a flourishing American economy and social life:

> A family that owns its own home takes pride in it, maintains it better, gets more pleasure out of it, and has more wholesome, healthful, and happy atmosphere in which to bring up children. The homeowner has a constructive aim in life. He works harder outside of his home, he spends his leisure more profitably, and he

> and his family live a finer life and enjoy more of the comforts and cultivating influences of our modern civilization. A husband and wife who own their home are more apt to save. They have an interest in the advancement of a social system that permits the individual to store up the fruits of his labor. As direct taxpayers they [partake] of the finest instincts and aspirations of our people (Halbert 1931: 3, cited in Vale 2007: 24).

In this framing, as in the linkages between homeownership, familial wellbeing, and national economic growth and prosperity in the quotes from President Bill Clinton and Herbert Hoover in the epigraph of this chapter, we see how government policymaking in support of homeownership has become naturalized as tantamount to the government support for the flourishing of individual households, communities, and the nation.

The treatment of ownership as the foundation for the individual and collective advancement of people living in the United States apparent in the government-supported Better Homes campaign aligned with similar claims being made by the National Association of Real Estate Boards (NAREB), a national organization of real estate professionals founded in 1908. As I'll discuss in Chapter Three, real estate brokers, and their professional organizations, including the NAREB and the National Association of Realtors, have also played a significant role in the homeownership complex, shaping the priorities, policies, and the trajectory of the U.S. housing market. In NAREB's 1922 pamphlet, *A Home of Your Own*, they asserted that the decision to purchase a home was "'A QUESTION OF LIFE ITSELF' because, as 'the most valuable of all material possessions…[i]t has greater influence over life and character and greater effect upon success and happiness than any other single thing that can be bought with money." Such messages marked homeownership as not just a sound financial decision but also a "social and moral milestone" (Vale 2007: 26). It is this duality of significance that allowed the tentacles of the homeownership complex to spread across commercial, political, and cultural domains in the United States with unprecedented ease.

In spite of the enthusiasms of Herbert Hoover, the NAREB, and public-private collaborations such as Better Homes and the Own-Your-Own-Home campaign, homeownership did not reach the heights that housing boosters envisioned for it in the 1920s. But the Great Depression was a watershed moment for U.S. homeownership. Widespread foreclosures and a hard hit construction industry sapped homeowners and workers of their wealth and sense of wellbeing and stirred up political and social unrest. In response to these problems and building upon the linkages housing boosters had already made between increasing homeownership and economic growth, the federal government took on a much greater role in the housing market in the 1930s. That expanded role has endured well beyond the crisis moment of the Great Depression. It has shaped how, when, where, and why people living in the United States choose to make a homes and it has played an integral role in the creation and perpetuation of the homeownership complex.

Linking Homeownership to Economic Recovery and Prosperity

In 1931, a year that saw a then-record-high 193,800 non-farm foreclosures, President Hoover convened a home building and homeownership conference where he introduced plans for a national recovery driven by an expanding private housing market. Hoover suggested that "'the predicament of the real estate and construction industries was acting as a drag on the rest of the economy' that homeownership was 'both the foundation of a sound economic and social system and a guarantee that our country will continue to develop rationally as changing conditions demand'" (Jackson 1985: 193). Explicitly connecting the country's economic recovery to expanding homeownership, he made four recommendations: "(1) the creation of long-term, amortized mortgages; (2) the encouragement of low interest rates; (3) the institution of government aid to private efforts to house low-income families; and (4) the reduction of home construction costs." (ibid.194). While most of these recommendations were not successfully implemented during his presidency, Hoover's plan laid the groundwork for much of the housing legislation successfully implemented by his successor, Franklin Delano Roosevelt ("FDR").

Early on in his presidency, FDR recognized the need to tackle the nation's housing, unemployment, and growth problems simultaneously. Much like the more recent housing and financial crises of 2007 to 2009, the problems themselves were related. The stock market crash of 1929 and its fallout decimated the future-oriented building trades, unemployment in the construction industry was especially high, and many people who experienced financial distress due to unemployment and loss of wealth also experienced home loss due to foreclosure. Several key pieces of housing legislation and institutional frameworks were established under his leadership, including the Home Owners Loan Corporation (HOLC) the Federal Housing Act of 1934, the Federal Housing Administration (FHA), and the Federal National Mortgage Administration (FNMA, or "Fannie Mae"). These initiatives continue to powerfully shape the housing market into the present.

HOLC, Property Appraisal Practices, and the Reproduction of Housing Inequality

Founded in 1933, HOLC was designed to prevent foreclosures by refinancing mortgages that were in danger of or already in default. It did so by acquiring over a million mortgages and offering protections to almost twenty percent of U.S. homeowners. Prior to such programs, most homes were financed with short-term (five-to-ten year) loans that were not amortized—meaning that interest payments were due upfront instead of gradually tapering off as the borrower's level of equity in the property increased as is the case with most mortgage loans now, and that borrowers had to pay off the full remaining balance of their loan, which was mostly principal, at the end of the loan term. Similar to the variable interest rate and interest-only loans[18] that plagued homeowners during the mortgage crisis of 2007-2009, these products only worked if homeowners were able to refinance and extend their loans prior to the end of the loan term or had somehow gained the capital to pay off their loan in full when it came due. HOLC was revolutionary because it extended the standard mortgage loan term to twenty years, making combined monthly interest and principal payments feasible, and it "introduced, perfected, and proved in practice the feasibility of the long-term, self-amortizing mortgage with uniform payments spread over the whole life of the debt." (Jackson 1985: 196). Through its capital injections and refinancing efforts, HOLC is credited with helping preventing foreclosures in ten percent of all owner-occupied non-farm residences. However, over a million foreclosures still occurred after its creation, matching the million completed foreclosures that occurred during the first years of the Great Depression.

HOLC also had an impact on the ways in which property values were appraised by lenders. Prior to HOLC's standardization criteria, real estate appraisal was an idiosyncratic process that made it difficult to uphold uniform building codes and standards and to evaluate the underlying value of the assets for which buyers were seeking mortgage loans from banks. HOLC's new requirements for appraisals reduced banks' risk when extending loans, which freed up and encouraged residential real estate lending at a time when confidence in the housing

[18] Variable-interest rate loans, unlike fixed-interest rate loans, have interest rates that adjust, usually in alignment with a well-known index, such as the London Interbank Offered Rate (LIBOR). Variable loans often begin with a lower interest rate than fixed rate products and sometimes combine an initial fixed rate loan term of 1-10 years that is then followed by variable or "floating" interest rates for the remainder of the loan term. Interest-only loans begin with a period in which the borrower only pays "interest" on their loan without reducing the principal. After that initial period, a large "balloon" payment is often due and the borrower has to pay both interest and principal from then on.

market was at an all-time low. But the new appraisal standards were to have mixed social effects. Under HOLC, trained appraisers "divided cities into neighborhoods and developed elaborate questionnaires related to the occupation, income, and ethnicity of the inhabitants and the age, type of construction, price range, sales demand, and general state of repair of the housing stock…The ultimate aim was that one appraiser's judgment of value would have meaning to an investor located somewhere else." (Jackson 1985: 196). But in the process of developing this new, standardized ranking system, HOLC initiated the practice of redlining, formalizing racial and geographic hierarchies and legitimizing existing lending discrimination.

HOLC's new appraisal methods relied on a uniform numerical and color-coded ranking scheme to assess the "quality" of the neighborhoods in which the housing to be appraised was located. HOLC based its ranking on the age and condition of neighborhood buildings and the proximity of commercial and industrial zones and other more or less desirable types of infrastructure, but it also considered, and heavily weighted, the surrounding area's racial and ethnic homogeneity. New housing in residential areas that were inhabited by white, professional men and their families received the highest number and letter grades (first and green), while older neighborhoods that had even a small number of non-white families were consistently given the lowest possible grades (three and fours and yellows and reds). As Jackson notes,

> HOLC assumptions about urban neighborhoods were based on both an ecological conception of change and a socioeconomic one. Adopting a dynamic view of the city and assuming that change was inevitable, its appraisers accepted as given the proposition that the natural tendency of any area was to decline—in part because of the increasing age and obsolescence of the physical structures and in part because of the filtering down of the housing stock to families with even lower income [who also were more likely to be non-white.] The Home Owners Loan Corporation did not initiate the idea of considering race and ethnicity in real estate appraisal. Bigotry has a long history in the United States, and the individuals who bought and sold houses were no better or worse than the rest of their countrymen. [1985: 198]

While Jackson is correct to point out that the bureaucrats responsible for HOLC's appraisal ranking systems and texts did not create racism in the real estate market, like the crafters of the first anti-tenement (and de facto anti-immigrant) housing laws in the 19th and early 20th centuries, HOLC was in a particularly powerful position to make manifest those racist and xenophobic ideas on the American landscape. Drawing on the work of prominent University of Chicago sociologists Homer Hoyt and Robert Park regarding neighborhood change, which theorized that area property values would automatically and precipitously decline when lower-status residents entered a neighborhood, HOLC guidelines dictated that race and ethnicity be considered even more important than a building's condition and structure in the appraisal process. This governmental application of prevailing beliefs and academic theories regarding the importance of maintaining segregated communities to preserve property values meant that new, supposedly neutral real-estate-appraisal practices had the effect of institutionalizing racist housing policies and logics on a grand scale.

Ironically, HOLC itself did not discriminate against lower-graded neighborhoods in their mortgage refinance lending practices. They even noted better loan repayment rates in low-income and non-white neighborhoods than in more affluent areas. The social and economic damage came through "the influence of [HOLC's] appraisal system on the financial decisions of other institutions" (Jackson 1985: 203). In a questionnaire they circulated in the late 1930s, HOLC found that many lending institutions refused to lend to C and D areas altogether. In addition, the Federal Housing Administration, a government agency that did engage in discriminatory housing practices and pressured other market actors to do the same, adopted HOLC's appraisal methods and color-coded maps.

HOLC's efforts to standardize the real estate appraisal process may have been rooted in attempt to diminish risk and uncertainty in the mortgage lending and home buying process by ensuring that both lenders and borrowers had a clear picture of what a given property was worth. But the appraisal system's underlying assumptions about the nature of housing value and neighborhood change laid the groundwork for decades of housing discrimination and disinvestment in neighborhoods with non-white residents. The long-term consequences of those profoundly social and cultural processes remain. Non-white households' inability to obtain a mortgage from a bank because the properties that tended to be available to them were "devalued" by their association with other non-white households and thus ineligible for a government-backed mortgage loan, when coupled with racist covenants, attitudes and real estate practices, left many minority households out of the government-facilitated post-war homeownership boom and suburbanization process (Brooks and Rose 2013; Rothstein 2017). Further, it made them vulnerable to predatory mortgage brokers, property developers, landlords, and money lenders, and left the few neighborhoods where they were able to live bereft of the benefits of consistent commercial and residential property investment.

The FHA and Homeownership For Some

HOLC and its appraisal standards were not the only products of New Deal housing legislation that were to have an inequitable impact on the shape and trajectory of the U.S. housing market, and with it, U.S. economy and society as a whole. Another major piece of housing legislation that passed during the Roosevelt administration, the National Housing Act of 1934, established the Federal Housing Administration (FHA), which continues to play a substantial role in the private housing market by insuring mortgage lenders against the risk of borrower default. This government guarantee made banks more willing to lend to borrowers without demanding a large down payment.[19] By substantially lowering the down payment needed to purchase a property, the FHA put homeownership within the reach of lower-income households.[20] It also facilitated earlier entrances into homeownership, as families no longer had to save such substantial amounts to become owners. After WWII, this government intervention dovetailed nicely with the demographic explosion known as the "baby boom," which reversed Depression-era demographic trends of delaying marriage, household formation, and childbearing due to financial constraints.

In 1938, the government created the Federal National Mortgage Administration, known as Fannie Mae, which allowed it to intervene directly in the private housing market by purchasing mortgage loans that had been originated by private financial institutions. Fannie Mae's loan purchase program gave banks a steady injection of revenue designed to allow them to extend more loans than they would have been able to place on their balance sheets otherwise. Initially, Fannie Mae and its sister agencies, Freddie Mac and Ginnie Mae, merely purchased and held onto mortgage loans to free up the banks' balance sheets and reduce the amount of market risk they carried. Beginning in 1970, they began to bundle the mortgages they acquired and issue mortgage-backed securities for them. This practice, initially a pragmatic means to facilitate capital flows into housing finance in a way that private investors felt comfortable with, was to

[19] The average down payment requirement fell from 50%, on average, to 20% although now the required amount has fallen to 3% for an FHA loan and 0% for a VA loan.

[20] The FHA and VA's willingness to extend loans with lower and lower down payments from home buyers has also come under criticism, particularly in the wake of the mortgage crisis of 2008, when lower down payment requirements sometimes correlated with higher rates of mortgage default. Further, much like HOLC's appraisal standards influenced the requirements and valuation schemes of other government and private housing finance entities, lower down payments for government-backed FHA loans influenced the creation of lower down payment requirements for conventional and eventually subprime mortgages, as well.

have an enormous impact on the nature of housing finance and homeownership in the United States. By facilitating a housing value chain between individual homeowners and their properties and the private investors who purchased Fannie Mae-issued mortgage-backed securities, the U.S. government had made the fates of homeowners, financial markets, and the economy as a whole more inextricably linked than ever before.

It is worth exploring whether and how the prevailing social and cultural norms in support of homeownership changed during the Great Depression, a period that, much like the Great Recession, eroded the kind of public and private promulgation of homeownership that characterized the 1920s. While booster organizations such as the Better Homes in America campaign did temper their advocacy for homeownership in response to the massive waves of foreclosures during the Great Depression, issuing a "Financial Aspects of Homeownership" bulletin in 1936 that asserted that "'a house which a family cannot afford will never be a home'" they never suggested that Americans forgo property ownership altogether. Rather, they advised that home buyers consider purchasing smaller, more affordable properties (Home Information Service 1936, cited in Vale 2007: 35-36). Other voices were slightly more critical, but still suggested that the pitfalls of foreclosure could be avoided through financial prudence and foresight. An outlier in the midst of this tempered, but still supportive homeownership rhetoric was John P. Dean's book, *Homeownership: Is it Sound?* (1945). In it, Dean analyzes what he refers to as "'the ideology of homeownership,' observing that…'For *some* families *some* houses represent wise buys…but a culture and real estate industry that gives blanket endorsement to ownership fails to indicate *which* families and *which* houses.'" (Dean 1945, xiii, 7, 12, 13, 18, cited in Vale 2007: 37-38).

While acknowledging the powerful psychological pull that owning one's own home had for Americans steeped in long-standing traditions of rural property ownership, Dean suggests that the arguments in favor of ownership put forth by the real estate and building industries amounted to "propaganda" that treated any negative ownership experiences as "'unfortunate individual exceptions to a general rule'" (Dean 1945, 14-17, cited in Vale 2007: 38). The book identifies three dimensions of the homeownership ideology: cultural tradition, business self-interest, and government encouragement. As homeownership has become even more enmeshed in the national and global economy through a housing finance system that depends upon global financial market investment, his critical analysis of reasons for widespread public, private, and consumer support for owner-occupied housing has only become more prescient.

Whiteness, Inclusion, and Exclusion in U.S. Housing Policy and Practice

As Margaret Garb notes (2005), the "American Dream" of homeownership as we know it was first and most keenly felt by working-class European immigrants eager to establish themselves as legitimate, wholly independent citizens of their new country. Legal property rights were important to foreign-born households because they represented a departure from the longstanding, exploitive landlord-tenant relations in which many had been ensnared in their home countries (Ignatiev 1995) as well as a measure of their improved (although still precarious) status as industrial workers whose wages enabled them to become property owners (Walley 2013). For a time, they also had a socially integrative function, as immigrants from different parts of the European continent intermingled with native-born U.S. citizens in working-class neighborhoods with little distinction on the basis of country of origin or occupation.

While residential property rights sometimes functioned as socioeconomic equalizers, anthropologist Karen Brodkin details the ways in which housing tenure hierarchies have reflected, reinforced, and created racial and ethnic hierarchies, as well. In *How Jews Became White Folks and What That Says About Race in America* (1995), Brodkin describes how her parents' ability to move out of New York City and become homeowners in 1949 and buy a home in Valley Stream, a historically white suburb of New York, stood as both a symbol of their new identities as white Americans (as opposed to the Eastern European, Jewish identity of their parents' generation) and a means of solidifying that status during a period of shifting racial and ethnic categorization in the United States.

> For both my parents, to have their own house was an exciting opportunity to be seized. It was freedom from parental oversight and offered the promise of making their life as they would like it to be. There was no living culture to learn in the brand-new suburban neighborhoods, no place in the built environment of one-family houses for a socially recognized generation of elders, no duplexes, no flats with married daughters living upstairs from their mothers, as my father's sister Henrietta and her mother had in Coney Island. The generations were separate, connected only by telephone, the Belt Parkway, and the automobile. Ours was the first generation to inhabit those neighborhoods, and virtually all our neighbors were fairly young parents, one of each sex, with two young children. [Brodkin 1995: 9]

Writing about one of the most famous planned developments, Levittown, sociologist Herbert Gans describes similar motivations amongst "White ethnic" Italian, Polish, Irish, and Jewish first-generation immigrant households who became suburban homeowners in the 1940s and '50s in New Jersey, New York, and Pennsylvania (2017 [1967]). For these families, suburban homeownership opened up new social and economic possibilities and facilitated a greater degree of integration into the fabric of American society. But the transformative power of suburban homeownership as a whitening agent and source of immigrant and native-born admixture and (at least surface-level) working- and middle-class socioeconomic cohesion was always predicated on the exclusion of another growing minority in Northern cities: African Americans.

The development of U.S. homeownership after the Great Depression is intimately entangled with the establishment and growth of the suburbs. These new communities offered working-, lower-middle-, and upper-middle-class households the opportunity to provide geographically separate, highly gendered domestic spaces for their families even as they increasingly relied upon the economic resources available in burgeoning towns and cities to earn their livelihoods (Jackson 1985). But moving to the suburbs had other implications beyond altering the landscape. For European immigrants and their first and second-generation descendants, purchasing land and housing in planned, affordable suburban developments such as the series of Levittowns built in New York, Pennsylvania, and New Jersey (Gans 2017 [1967]), suburban living represented an opportunity for American integration that was denied them in the urban ethnic enclaves from whence they came (cf. Low 2003; Ortner 2003). That the suburbs were typically all-white spaces[21] only heightened their transformative powers for Russian, Polish, Irish or Italian Americans who wished to become "American"—no hyphens involved.

The growth of the suburbs provided more than a space for creating whiteness and dividing its new members from non-white others. When World War II drew to a close, the United States' economy, which had been bolstered by the New Deal's domestic stimulus policies and by the manufacturing and agricultural demands of the global war effort, needed a new engine. With the return of sixteen million military veterans, robust industrial capacities, and lots of vacant land surrounding growing metropolitan areas, a suburbs-focused housing boom seemed

[21]The racial homogeneity of U.S. suburbs was reinforced, as discussed above, by real estate appraisal practices and their preferential treatment of new, racially homogenous housing developments, as well as by racist housing covenants (Brooks and Rose 2013; Stuart 2005).

to fit the bill. Such growth would not have been possible without the groundwork laid by previous generations' growing preference for suburban, single-family living (Garb 2005); the housing finance mechanisms put into the place during the 1930s, and the government largesse of the GI Bill, a piece of legislation that enabled 7.8 million WWII veterans to complete an post-secondary educational program, and the Veterans' Administration, which had insured 2.4 million home loans by 1952 (Jackson 1985). While these conditions were not designed specifically to enable suburban homeownership, through the workings of the homeownership complex, they seemed to "naturally" coalesce to do exactly that.

Because the availability of FHA-insured, federally-backed mortgage loans often allowed households to purchase larger properties with lower monthly mortgage payments in the suburbs than the cost of cramped rental housing in the city, a suburban relocation often involved a move up in families' habits and level of consumption. Historian Elaine Tyler May argues that working- and middle-class households' growing capacity to purchase durable household goods—such as televisions, refrigerators, and washing machines—on credit or installment plan contributed to an "universal" middle-class American subjectivity almost as much as homeownership did (1988). Yet as sociologists Lillian Rubin (1972) and Judith Stacey (1990) have both noted, greater purchasing power and the bona fide social status associated with homeownership did not necessarily provide such households with the kind of psychic and financial security that they had been promised. The blue-collar jobs available to white working class men after World War II, while plentiful, were far from secure, and husbands and wives struggled to maintain gendered, classed divisions of labor and make ends meet on one income as opposed to two. Further, households' credit-facilitated purchasing power was a double-edged sword, allowing them to "move up" through suburban homeownership but also trapping them into long-term monthly payments that inhibited their ability to save or to invest money elsewhere. In other words, while the abundance of credit, building capacity, and land after World War II facilitated a boom in homeownership—rates skyrocketed from 44% to 63% between 1934 and 1972 (Jackson 1985: 205)—it also called forth and helped create enduring class anxieties and racializing logics. These divisive attitudes left their mark on the U.S. landscape and shaped the identities, aspirations, and trajectories of U.S. households for generations to come (Patillo-McCoy 1999; Williams 2005).

Racial Discrimination in Housing and Its Consequences

At precisely the same time that white households were leaving tenements and crowded inner cities and achieving "the American dream" in affordable, newly-built single-family homes in the blossoming American suburbs, a very different housing story was playing out for African Americans. Making opportunities of homeownership accessible to widening sectors of the U.S. population (Jews, Italians, Poles, etc., as well as growing numbers of the working classes) was rooted in and, to some extent, dependent upon the denial of these opportunities to non-white (in Chicago's case, primarily African American) households. This was due to the use and perpetuation of homeownership as both an act and a mark of hierarchical distinction (Bourdieu 1979).

From 1916 to 1970, close to seven million African Americans participated in the Great Migration when they fled the American south and the strictures of Jim Crow in search of new opportunities in the industrial boomtowns of the North. One of their primary destinations was Chicago. There, jobs were plentiful and Jim Crow did not apply. But the new arrivals were nonetheless met with a shockingly virulent array of *de facto* racial discrimination.

In *Black Metropolis* (2015 [1945]),[22] sociologists St. Clair Drake and Horace R. Cayton detail the tremendous costs of restricting a burgeoning African American population into an area that was then referred to as the city's "Black Belt." Unsurprisingly, restricting Chicago's growing number of black residents to a small area created housing challenges. These challenges related to and were compounded by the run-of-the-mill plights of any stigmatized urban population: limited access to city infrastructure and services, few employment opportunities, and public health and safety concerns associated with living in cheaply constructed and poorly maintained housing. The more African Americans flowed into the city (more than 500,000 new arrivals came between 1915 and 1970) the more difficult finding a place to live became. Drake and Cayton describe overcrowded, crumbling apartment buildings that were all-but-abandoned by their landlord owners. House fires were a frequent problem, and many Black Belt residents lost their lives to them. And yet, the continuing in-migration from the South meant that housing in any condition continued to be in high demand. For example, an anonymous black Chicagoan reported in a 1942 letter to the black-run newspaper *The Chicago Defender* that he had walked the entire length of the Black Belt for 35 days straight looking for an apartment without any success (Hirsh 1998: 2).

As novelist Richard Wright notes in the foreword to *Black Metropolis,*

> Lodged in the innermost heart of America is a fatal division of being, a war of impulses…An uneasiness haunts her consciousness, taints her moral preachments, lending an air of unreality to her actions, and rendering ineffectual the good deeds she feels compelled to do in the world. America is a nation of a riven consciousness. [Drake and Cayton 2015[1945]: xiii]

Chicago exemplified this division. The city's white elites relied upon African Americans to work in their factories and, when needed, to undercut the power of labor unions mostly comprised of

[22] A New Deal-funded masterwork on life in black Chicago in the 1930s and 1940s.

European migrants and their first- and second-generation descendants. But these same valuable workers were denied access to the freedom of movement and residence that other Chicagoans enjoyed.

Homeowners, managers, real estate brokers, and landlords played an outsized role in the enforcement of Chicago's color line. By refusing to show, rent, or sell houses and apartments to non-white families, they maintained divisions between white residential areas and black ones. Even when residential integration became inevitable, real estate speculators price gouged black households seeking housing in previously all-white areas, selling or renting them substandard housing for astronomically high prices. Housing discrimination also occurred through the use of restrictive covenants that transcended any individual owners' biases or open-mindedness regarding racial integration. "Like real estate covenants of all kinds, racial covenants were supposed to 'run with the land,' binding future owners as well as the original signatories; thus they were intended to have staying power for a neighborhood and to repel entry by unwanted new residents" (Brooks and Rose 2013: 4). Crafting and abiding by these secret instruments of segregation had the secondary effect of building cohesion in the middle and upper class communities where they were most often used. While white working class communities often fought the entrance of black families with an escalating array of threats, intimidation, and, in the worst cases, acts of violence and arson, more affluent neighborhoods preserved racial purity with contractual provisions and real estate steering.

Although the Supreme Court rejected these types of restrictive covenants in *Shelley vs. Kraemer* 334 US 1 (1948),[23] this decision did not put an end to discriminatory residential real

[23] In this decision, the Supreme Court held that the Equal Protection Clause meant that racially-restrictive real estate covenants were unenforceable by the courts, although they could be entered into by private parties.

estate practices, nor did it rid properties of provisions meant to restrict who could purchase and live in them. According to legal scholars Carol M. Rose and Richard R.W. Brooks, this lack of adherence to the *Shelley* decision reflected the fact that even after racist covenants became unenforceable,

> white social norms against integration continued. White homeowners had long feared that their properties would lose market value if minorities moved into the neighborhood, and they continued to believe this—and act on their belief—after the *Shelley* case. Given that set of beliefs, real estate professionals continued to reason that total real estate values would be higher if neighborhoods were segregated racially. [2013: 5]

These social norms against integration were legitimized and made manifest by the federal government through the FHA, which, in addition to having encouraged racial restrictions on its home loans since its founding, also continued to provide insurance for new residential subdivisions that included now-illegal racial covenants even after the *Shelley* ruling. *Shelley* was just one in a series of legal challenges to deeply engrained social patterns of residential segregation by race that failed to change the housing market's discriminatory and exclusionary status quo.

In 1968, the Fair Housing Act outlawed real estate professionals from providing "overt information about residential segregation," but old racial covenants continued to appear on property deeds and continued to signal the neighborhoods' historic (and often contemporary) preferences for racial division. Although no longer backed by law, such legacies continued to differentially shape the housing opportunities, and by extension, the life trajectories, of white and non-white households. Real estate discrimination, whether legally sanctioned or not, became a kind of self-fulfilling prophesy. Affluent and middle-class white neighborhoods that resisted integration held their value. Affluent and middle-class black neighborhoods struggled to secure mortgage financing and home insurance due to the racist appraisal standards promulgated by the federal government and the discriminatory lending practices of most mainstream financial institutions. The result was that black households paid more for less valuable housing stock and did not have access to the same returns on their investment that their white counterparts enjoyed. This sharp division in the financing options, geographic locations, and opportunities for asset appreciation available to white and black households was to have far-reaching consequences (Rothstein 2017).

In many, if not all, American cities, discriminatory restrictions on multifamily housing types, federally-backed real estate appraisal standards that favored racially homogeneous communities and penalized integrated or majority-minority neighborhoods, barriers to accessing the benefits of government-backed home mortgage loans, and restrictive real estate covenants meant that non-white and, at one time, white ethnic immigrant households, had a dramatically different housing experience than their white and native-born counterparts. Even after the worst of these barriers became illegal or at least unenforceable, the legacies of this difference have persisted and compounded. For example, vast disparities in household wealth between white and black Americans in the present—in 2017, white household wealth was seven times that of black households (Economic Policy Institute 2017)—can be traced, in large part, to black households' much later access to the full economic and social benefits of homeownership (Rothstein 2017). Such differences, and their material and psychic consequences, reinforce the uneven beneficence of private property ownership in the United States.

New Fair Housing Policies, Continuing Inequalities

As I outline above, federal housing policies to encourage and support residential property ownership were not equally accessible to all Americans, and the developments that such policies supported, such as the movement of white households out of urban areas to new housing stock in the suburbs, actually deepened existing racial inequalities and economic prospects in the United States. This was true even when African Americans, against all odds, succeeded in saving the money necessary to access homeownership. This was because the vast majority of U.S. banks refused to serve the African American community, regardless of their resources, income, and creditworthiness (Satter 2010).

The federal government did eventually did take steps to include fair access to the housing of one's choice as the right of every citizen, but it was a slow, incremental process. Legal changes were often ignored or "worked around" by lenders, brokers, and realtors loath to abandon their discriminatory (and often very lucrative) practices.[24] The first major piece of legislation to impact housing inequalities was the passage of the Civil Rights Act of 1968, which included Title VIII, known as the Fair Housing Act. (FaHA). The FaHA prohibited discrimination in housing markets, and in the U.S. Supreme Court case *Laufman v. Oakley*, the courts ruled that the prohibition applied to redlining, as well. But this did not mean that minorities' housing woes were immediately lifted. The FaHA and subsequent Supreme Court decision only applied to outright denials on the basis of the borrower's race. If the lender, seller, or landlord had a policy that had the effect of discriminating against black or low-income applicants, such as a high minimum loan amount, that did not count as racial bias. Even when

[24] For example, although the U.S. Supreme Court ruled that racial covenants in real estate transactions were illegal in 1948, the FHA continued to favor racially restrictive covenants in its underwriting processes until 1950, and it was only in 1962 that President Kennedy's Executive Order 11063, barring discrimination in federally funded or managed housing programs such as that of FHA and the VA went into effect. And none of these top-down changes was effective in stripping racist provisions from existing property deeds or prevented white homeowners and realtors from surreptitiously refusing to sell their homes to non-white buyers (Rose and Brooks 2013).

racial discrimination was clear, the original Fair Housing Act came with little enforcement power. "The Department of Housing and Urban Development (HUD)…was only allowed to engage in 'conference, conciliation, and persuasion'…[to enforce] the law" (Immergluck 2009: 51). FaHA's effectiveness was also hampered by its limited implementation. By 1976, only one regulator, the Federal Home Loan Bank Board, had issued final regulations, and the ones they created fell short of what fair housing advocates had hoped for. The other regulators proposed but did not enforce the adoption of nondiscrimination policies and the display of "equal opportunity" posters by the banks under their purview.

At the same time that the FaHA was slowly taking effect, advocates for fair credit access, for mortgages as well as for other loans, were also making their case. The Equal Credit Opportunity Act (ECOA), which prevented gender-based lending decisions, was passed in 1974, but expanded in 1976 to prevent discrimination on the basis of race and age, as well. According to housing finance scholar Dan Immergluck, the ECOA was a stronger law than the aforementioned Fair Housing Act in the sense that it applied to "disparate impact," meaning that a case for discrimination could be made even if a lender did not have a blatantly sexist or racist policy on its books.

Two other important pieces of fair housing legislation were passed in the 1970s: the Home Mortgage Disclosure Act (HMDA) in 1975 and the Community Reinvestment Act (CRA) of 1977. Both of these laws were the direct result of community activism to redress housing inequalities. In 1974, National People's Action, a Chicago-based community-organizing group, along with many others, lobbied for a HMDA bill that would mandate the collection and disclosure of data on the savings accounts and lending patterns of banks and thrifts[25]. The bill faced strong opposition from members of the banking industry, and it was amended to only require information on lending patterns at the census tract level in metropolitan areas.[26] Still, the data released revealed a strong linkage between discriminatory lending and redlining practices and neighborhood disinvestment and decline.

The CRA, passed in 1977, represented an attempt to hold banks and thrifts accountable for the kinds of discrimination that the HMDA data revealed. "The basic justification…for CRA was that banks and thrifts were given public charters in large part to serve the 'convenience and needs' of their communities and thus the public had a right to expect them to fulfill that obligation" (Immergluck 2009: 53), including in low-income and minority communities. After the passage of the CRA, all banks that receive Federal Deposit Insurance Corporation (FDIC) insurance became subject to examination by federal regulators for their lending records in all of the communities in which they are chartered. While not as contested as HDMA, politicians and industry groups opposed the CRA on the grounds that it amounted to "credit allocation" that was disruptive to banks and thrifts' lending criteria, risk assessments, and decision-making. Banking regulators were against the CRA for similar reasons: they believed its strong prescriptions undercut their discretionary authority to appropriately and effectively evaluate a bank's community reinvestment history as part of their institutional performance as a whole. And it was in that mindset that regulators appeared to conduct their CRA evaluations: through the 1980s, less than 2.4 percent of banks received failing grades (Fishbein 1993).

[25] A thrift is a savings and loan association that accepts consumer deposits and makes consumer loans. This is contrast to a commercial bank that has businesses as their primary clients.
[26] No data on savings account patterns, the race and gender of borrowers, or on lending patterns in rural areas, was included.

By examining the United States' series of fair housing laws and their partial implementations, we can see how governmental intervention in housing has evolved over time, but has failed to address existing racial, ethnic, and class inequalities until it faced political pressure to do so. The activism of civil rights leaders such as Martin Luther King, Jr., who marched for open housing and equal access to employment in Chicago from 1965 to 1967, eventually led to the passage of the Fair Housing Act of 1968. In the years that followed, community activist groups such as National People's Action, which was instrumental in the passage of the Home Mortgage Disclosure Act and the Community Reinvestment Act in 1974 and 1977, respectively, achieved an equally important goal by changing the laws that govern real estate and residential mortgage lending practices. While these were important legislative victories, they did not transform the foundational racial and class disparity that continues to shape who benefits most from homeownership in the United States. The homeownership complex continued to produce a housing market that generated more value for white homeowners and the real estate professionals who served them. Together with homeowners and landlords, housing professionals—including realtors, mortgage lenders, appraisers, and home insurance agents—continued to practice race and class discrimination in housing even after fair housing legislation went into effect.

Privatizing Housing Finance, Expanding Homeownership

The civil rights movement of the 1960s, and the fair housing legislation that was an outgrowth of it, succeeded in dismantling some of the more pernicious mechanisms that inhibited minority households' ability to access homeownership. Importantly, legislative attempts to expand homeownership as a civil rights matter were accompanied by new forms of government involvement in the private housing market. For example, in 1968, Fannie Mae, which had previously served as a conduit to the secondary market for the sale of FHA-insured loans, became a "government-sponsored enterprise" (GSE). This changed Fannie Mae's status to that of a for-profit, privately owned corporation that is subject to some—albeit limited—federal oversight and receives various forms of federal subsidy. As a GSE, Fannie gained the ability to raise capital through the sale of common stock to the public. The scope of its mission also expanded from providing liquidity for government-backed loans from the FHA, VA, and Department of Agriculture to doing the same for the non-GSE, or conventional, mortgage market. This expansion reconfigured a quasi-government agency into a profit-seeking, private-market-driven concern that changed the nature of the government's interest in promoting homeownership.

National macroeconomic policy shifts also played a role in reshaping the role of the federal government in the private housing market. In the 1970s, the United States fell into an economic recession.[27] The economic recession reduced housing construction rates and slashed U.S. employment inside and outside of the housing industry. It also limited access to consumer credit and raised the interest rates charged for borrowing—including for home loans. This was followed by the "stagflation" of the early 1980s, which drove mortgage interest rates up to unprecedented levels—effectively barring all but the wealthiest households from becoming homeowners—or even upgrading to a newer, larger home that would require a new mortgage.

To cope with these market conditions, home buyers engaged in creative strategies, such as rent-to-own contracts and mortgage assumptions with the sellers of their properties, as a way

[27] The recession was spurred in part by President Nixon's suspension of the gold standard, which sent the value of the dollar in a tailspin, as well as by the 1973 and 1979 oil crises and contractions in the U.S. industrial economy.

to become homeowners without paying the astronomically high mortgage interest rates of the period, which sometimes topped 20%. The challenge of maintaining or improving upon one's socioeconomic status that even professional middle-class households faced during this period highlight the extent to which the opportunities of homeownership, like other bids for upward mobility are temporally and structurally conditional. As social commentators and scholars have revealed, socioeconomic futures in the United States are based as much upon one's positioning within broader macroeconomic cycles and conditions of possibility as they are on individual aspiration and achievement (Ehrenreich 1989; Newman 2012, 1999, 1993).

Like its home buying customers, the mortgage industry sought ways to adapt to the economic challenges they faced in raising capital and extending mortgage loans. One of the primary ways this occurred was through the expansion of mortgage securitization strategies as a way to keep long-term loans from clogging up lenders' balance sheets, as well as to provide the capital necessary to fund future loans.

> Put most simply and broadly, securitization is a process in which funding of—or investments in—mortgage loans is separated from the origination (and originator) of the loans. The loans stand, together in pools with many other loans, 'on their own' and are no longer tied to the fate of the originating lender…Securitization led directly to the widespread 'vertical disintegration' of the lending process (Jacobides 2005)…Vertical disintegration meant that more contractual relationships were now required between originators, issuers of securities, investors that purchased the securities, credit rating agencies, servicers, and other mortgage market participants. [Immergluck 2009: 34]

The vertical disintegration that Immergluck describes can also be framed as an extenuation of the housing value chain to the point that the links of financial obligation that connect households, homes, capital, housing professionals, and investors are no longer visible. Three decades of financial market deregulation and tax policy changes led to the ever-expanding use of securitization as a tool to infuse liquidity into the residential mortgage market.

Although mortgage-backed securities received attention (and criticism) during the mortgage crisis of 2007-2009, it is important to note that mortgage loan securitization was not a new invention. Recall, for example, the role government-backed insurance against default played in jumpstarting the U.S. housing market during the tumultuous 1930s. The first entity to create and sell residential mortgage-backed securities (RMBS) to private investors was the Government National Mortgage Association (Ginnie Mae). In the same year, 1970, the Emergency Home Finance Act created the Federal Home Loan Mortgage Corporation, or Freddie Mac, to give Home Loan Bank system members access to the secondary market and bolster private conventional mortgage capital availability, as well.

The RMBS that the GSEs[28] began to package and sell were game changers, but they did not represent the first attempt by banks to increase liquidity by selling off the mortgages they had originated. The innovation of RMBS was that it was a less costly and speedier way for banks to turn originated mortgage loans into cash. Ginnie Mae, and later Fannie Mae and Freddie Mac purchased loans from lenders in different regions of the country, thus diversifying risk, and assembled similar types of loans from diverse origins into pools. They then issued bonds or "certificates" (called pass-through securities) for the pools. The cash flow generated by the loan payments received from the borrowers by loan servicers was passed through to investors, bypassing the originating lender altogether. In addition to protecting investors from an economic catastrophe in a particular region of the country, this type of RMBS also shielded investors from the repercussions of originating lender bankruptcy, because the pools of loans were either purchased or guaranteed by the GSEs who sold the certificates associated with them.

[28] Fannie Mae, Freddie Mac, and Ginnie Mae

Unlike later generations of RMBS, these early products were not organized into different layers, or "tranches" of risk with different credit ratings. They also did not protect investors from the losses associated with prepayment[29]. To overcome this issue and make RMBS more appealing to investors, Freddie Mac issued a new type of mortgage-backed security, called a collateralized mortgage obligation (CMO), in 1983. CMOs are a more complex type of RMBS in that they "…allocate prepayment risk across different investors—some of whom are more willing to accept such risks than others—by structuring the security into different segments that pay back over varying schedules" (Immergluck 2009: 36). Unlike RMBS, CMOs were hierarchically divided into tranches, or levels of risk and payment schedules, with each tranche receiving its own credit rating (AAA, BBB, B, etc.).

As readers and viewers of popular accounts of the financial and mortgage crises such as Michael Lewis's *The Big Short* (2010) will recall, CMOs are the type of security that are most closely associated with near-collapse of the U.S. financial system and housing market. However, when they were first introduced, they served an important purpose by helping banks meet home buyer demand for mortgage financing at a reasonable interest rate. According to Immergluck, they did this by separating "… various types and degrees of risk and allocat[ing them] to different classes of investors depending on their appetite and tolerance for different sorts of risk…[In this way], CMOs appealed to a broader segment of potential investors and drew more capital into mortgage markets" (2009: 39).

The creation of this more broadly appealing version of a RMBS—with a tranche for every investor's risk appetite and return on investment need—also had the affect of extending

[29] Prepayment occurs when the borrower pays off the outstanding balance of their loan before the end of the loan term. This reduces the amount of interest that the "owner" of the loan receives. Some loans have prepayment penalties associated with them to guard against this loss, but most do not.

access to credit to a wider spectrum of borrowers. Expanding access to credit was also a key government policy goal in a lending climate from which large segments of the U.S. population, particularly minorities and lower income households, had long been shut out. The invention of the CMO also marked an important transition in lenders' approaches to pricing credit. Previously ascribing to a system of "credit rationing," from which borrowers below a certain risk threshold were completely excluded, lenders now moved to a "risk-based pricing" model, which, at least initially, seemed to democratize access to credit by ensuring that even the most "high risk" borrower could obtain a mortgage if they were willing to pay a higher interest rate for it.[30] In theory, risk-based pricing appeared to widen people's access to the housing value chain. If more people could get be qualified to buy a home, so the logic went, more people would reap the benefits of homeownership (Bush 2002). But in practice, the primary beneficiaries of loosening mortgage-lending criteria were investors, lenders, and brokers (Immergluck 2009).

In addition to the infusions of capital into the mortgage markets brought about by new types of RMBS, regulatory changes that facilitated shifts in the composition of the mortgage market in response to the "tumultuous years of economic crisis and rapid inflation during the late 1970s and early 1980s" (Ball 1990: 3) also had an impact on the evolution of the mortgage finance system. Financial institutions facing a liquidity crisis in the early 1980s lobbied the federal government for changes in the regulatory structures governing different types of financial institutions, arguing that over-competition amongst local savings & loans banks and commercial investment banks for access to capital effectively created disincentives for *all* kinds of financial institutions' engagement in the bread-and-butter mortgage lending for which U.S. consumers

[30] Risk-based pricing was made more palatable to regulators and policymakers by the systematic use of the Fair Isaac & Co. (FICO) credit score and the development of automated underwriting software (Stuart 2003).

were clamoring. With residential mortgage interest rates peaking at 20% in 1980 due to the inflationary pressures brought about by the economic tumult of the late 1970s, it is no wonder that policy changes were deemed necessary.

Neoliberalism, Financial Deregulation and Housing Market Growth

A market-oriented and orientating political and economic logic, neoliberalism, also influenced the development of U.S. fiscal policy, and, by extension, the nature of the U.S. housing market. In the 1980s, the Ronald Reagan and Margaret Thatcher administrations both promoted deregulation in their home countries and abroad as a mechanism to stimulate growth in a sluggish global economy. A particularly important act of deregulation for the U.S. housing sector was the passage of the Depository Institutions Deregulation and Monetary Control Act (DIDMCA) of 1980, which effectively phased out state usury limits governing interest rates by 1986, allowing banks in low-regulation states to export their lower rates and compete more effectively in a national mortgage marketplace. DIDMCA also eliminated Regulation Q, which had limited the rates that federally insured depository institutions could pay on their deposits. The increased competition that S&Ls faced in the residential mortgage market incentivized them to enter into riskier commercial lending.

One of the consequences of financial deregulation was the loss of market share by Savings & Loans (S&Ls), the banks that served as *It's A Wonderful Life*-style depository institutions and providers of consumer credit, to mortgage companies who now had ready access to cash and were able to offer long-term, fixed-rate mortgages more cheaply and at higher volumes. And because they were not FDIC-insured, deposit-holding institutions, these companies were also subject to far less regulatory restriction and scrutiny. As Immergluck notes,

> By explicitly favoring the securitization circuit over the traditionally dominant S&L circuit, federal policymakers provided crucial help in shifting the structure of the mortgage industry from a predominantly local to a predominantly national system and from one in which most loans were made by relatively regulated lenders (S&Ls) to one in which predominantly unregulated mortgage companies and a growing set of essentially unregulated mortgage brokers dominated. Combined with the failure of policymakers and regulatory agencies to increase regulatory supervision over these emerging lenders, these moves meant that the path toward greater overall deregulation of the mortgage industry was indeed well paved by the middle to late 1980s. [2009: 41]

Because the Savings & Loan crisis reduced the liquidity of *all* financial markets, it was met with further deregulatory moves[31] rather than the reinstatement of more conservative financial principles. In the aftermath, the mortgage market's reliance on securitization increased, spurred on, in part, by the passage of the 1989 Financial Institutions Reform Recovery and Enforcement Act (FIRREA), a "bail-out" bill for S&Ls that required that they rid themselves of their loan portfolios entirely in favor of RMBS—supposedly to increase their liquidity and lower the risks associated with holding onto long-term, fixed-rate mortgage loans which could be prepaid or go into default.

Other changes were underway that would eventually made things harder for would-be homeowners. Although the Home Ownership and Equity Protection Act (HOPEA) was passed in

[31] Deregulatory legislation continued with the passage of the Alternative Mortgage Transaction Parity Act (AMTPA) in 1982, which dismantled barriers to large-scale, delocalized, and less-regulated mortgage lending operations. AMTPA also allowed non-depository institutions to compete with depository institutions more effectively. While both of these laws were initially designed to help struggling S&Ls, they effectively did the opposite by intensifying competition and enhancing non-depository institutions ability to engage in mortgage lending. In 1981, President Reagan launched the President's Commission on Housing. Based on the Commission's recommendations, Congress passed the 1984 Secondary Mortgage Market Enhancement Act (SMMEA), which furthered the use of "private-label (i.e. non-GSE) securitization by eliminating the state registration of RMBS and allowing banks and thrifts to list RMBS as assets on their balance sheets. With an increasingly hands-off regulatory structure, institutions were allowed to funnel depositors' money, backed by the federal government, into speculative investments" (Immergluck 2009: 9).

1994 with the intention of boosting disclosure requirements as a mechanism for consumer financial protection, it did little to prevent abusive or unsound lending practices for most mortgages. As described above, this pattern of well-meaning but ineffectual consumer lending regulation harkens back to the 1980s, when federal policies began chipping away at states' abilities to regulate consumer financial products, including mortgage loans, in an effort to bolster the growing private mortgage securitization market, and, by extension, bolster homeownership. At the same time, the federal government was "…doing little to nothing to create a new system of financial regulation, or even expanding existing regulatory resources, for…new…unregulated mortgage lenders that benefited from new secondary-market funding sources." (Immergluck 2009: 12). Further, by providing mortgage companies with access to cheaper secondary-market capital and freedom from the more extensive regulatory regime governing Savings & Loans, deregulatory policies hastened the demise of more conservative banks and encouraged the growth of what would become the subprime mortgage market.

Outside of the series of governmental reforms just described, another, even more global pattern was afoot in that had important and often deleterious implications for the stability and soundness of the U.S. home finance market: bank mergers and consolidations. According to housing economist Michael Ball, the economic turmoil of the 1970s and early '80s, when combined with loosening regulatory oversight over different kinds of commercial and retail financial institutions, meant that many large and small mortgage banks and retail banks merged, becoming part of larger "financial services" firms that offered customers everything "under one roof"—including non-banking services such as insurance, pensions" (1990: 2). These types of mergers, and the diversity of financial products they allowed single entities to manage, invest, and sell to consumers, was an important precursor to the 1999 repeal of the Glass Steagall Act of

1933 and the breakdown of the firewall between investment and commercial banking in the United States.

During the 1990s, continuing financial deregulation policies were coupled with Clinton-Era welfare reform, which, also drawing on neoliberal logic, advocated that the poor take greater "personal responsibility" for meeting their basic needs. This included devolving responsibility for finding and paying for a place to live (Newman 2009) and a push to dismantle the most visible form of state intervention in the housing market: public housing (Fennell 2016). As the Clinton Administration signed "welfare to work" legislation and supported the tearing down of public housing developments in Chicago and elsewhere, expanding homeownership was put forward as a panacea against the individual ills of urban poverty and social dependency and, as it had been after the Great Depression, a lever through which to expand consumer spending and grow the national economy. The Clinton and then the George W. Bush administrations sought to facilitate expanding homeownership in a variety of ways.[32] But although each administration saw initial successes, they came at a high cost. The dream of sustainable homeownership expansion was not realized.

When the dot.com crash occurred in the late 1990s, the private market for mortgage-backed securities kicked into overdrive. Investor money flew from technology stocks to a seemingly safer yet still highly lucrative mortgage securities market. As more capital flowed into

[32] The stated goals of both Clinton's 1995 National Homeownership Strategy and George W. Bush's 2002 Blueprint for the American Dream were to increase homeownership's accessibility for low and moderate-income households and for minorities. The mechanisms for achieving this shared, bipartisan goal included streamlining the mortgage lending process, increasing funding for homeownership education and counseling, increasing the supply of affordable housing for purchase, funding down payment assistance programs, increasing public awareness about the benefits of homeownership, and lowering the down payment required to receive an FHA-insured loan, which in turn influenced a decrease in down payment requirements in the conventional mortgage market.

mortgage-backed securities, non-bank mortgage companies such as Countrywide Financial, which had been steadily gaining market share since the 1980s, began to introduce more diverse loan products. Using algorithms and consumer credit scores to set risk-based pricing schemes that allowed them to serve a wider range of borrowers, and unhampered by the level of regulatory scrutiny their bank competitors faced, mortgage companies and other “non-bank entities” rapidly increased their lending operations to keep up with investor demand. Banks followed their lead. Risk-based pricing expanded borrowers’ access to mortgage and refinance loans and resulted in increased homeownership rates, but it was not sustainable. Lenders adopted risk-based pricing and expanded their product offerings not because they believed in the social and economic benefits of homeownership for individual households or the nation, but because it allowed them to meet the secondary market’s seemingly limitless appetite for mortgage-backed securities.

Risk-based pricing begat subprime loans with higher and often variable interest rates, prepayment penalties, and high origination fees, and they were disproportionately marketed to the same minority borrowers that had been denied access to consumer credit prior to the fair housing legislation of the 1960s. In the short term, the high costs associated with these types of loans, and the frequency with which many homeowners availed themselves of them, was obscured by rapidly increasing real estate values in much of the country. So long as properties rapidly appreciated, borrowers could refinance their loans when there was a spike in their interest rate, or sell their properties easily at a profit if they could no longer afford to make their payments. They could also use their home’s growing equity to finance other costly purchases, such as college educations, home repairs, or a new car, by taking out a home equity line of credit.

At the secondary market level, the expansion of the mortgage market was also an initial success. Investors in mortgage-backed securities received consistently high rates of return on mortgage-backed securities, and filled their balance sheets with them as a result. But housing boom participants, including the federal government and the GSEs, were operating under two dangerous assumptions: 1. that real estate tends to increase in value, and 2. that the real estate they were buying and selling and the mortgage loans they were using as securities collateral had been subjected to a thorough risk assessment. When it was revealed that both housing and the mortgage-backed securities market had been overvalued, and market participants at all levels of the securitization chain were overleveraged, the mortgage crisis began.

According to several scholars of mortgage finance (Ball 1990; Langley 2008; Schiller 2000), one of the fundamental problems with dismantling the New Deal-era housing finance system was that it ignored the key differences between home mortgage loans and other kinds of consumer finance. Financial deregulation resulted in a world in which “mortgage lending was treated no differently than markets for some mass-marketed consumer product. The politicians, regulators, and investment bankers gave little thought to the fundamentally different nature of real estate and housing, or to the impact of foreclosure on households’ long-term economic prospects and on neighborhoods and cities” (Immergluck 2009: 223).

While financial deregulation, risk-based pricing, and new mortgage and mortgage0backed securities products played a role in U.S. economic growth and expanding rates of homeownership during the 1990s and early 2000s, it also resulted in an increasingly complex problem of “default correlation” (Langley 2008: 481) that knit together local, national, and global financial markets in terrifying ways. But perhaps the issue was not that bankers, politicians and regulators did not recognize a distinction between home mortgage loans and other kinds of consumer products. Instead, their judgment may have been clouded by one of the tenets of the U.S. homeownership complex: homeownership, no matter where it occurs or how it is financed, is a social and economic that generates future value for those who facilitate and participate in it. In Frame II and Chapters 3 and 4, I explore how mortgage lending and real estate professionals contribute to, capitalize on, make sense of, and feel constrained by the housing value chain that the homeownership complex generates.

FRAME II: MARKET MAKERS OR MARKET MADE

As the history of government's role in the making of the U.S. housing market outlined in the previous chapter reveals, the institution of homeownership is neither natural nor inevitable. It requires a complex of interests, actors, resources, and actions to produce and sustain it. The preceding chapter placed the century-long entanglements of the government policies, the private housing market, mortgage finance, and historical and existing racial and ethnic inequalities in macro-level economic and cultural perspective. It also attended to how those policies shaped local understandings of homeownership's value through the workings of an emergent homeownership complex.

The following two chapters, which focus on mortgage lending professionals and real estate brokers, move from the macro-scale of government housing policymaking and its localized effects to a mesoscale of interstitial action and analysis. Here, mortgage lending and real estate professionals act as market middlemen, mediators, and gatekeepers. They strive to manage government policies, financial market opportunities and crises, and household-level preferences, interests, and ideals in order to connect their customers with the financial capital and properties they need to become homeowners. In so doing, they also give financial institutions and individuals access to the risks and opportunities involved in a housing value chain that stretches from Main Street to Wall Street and beyond.

The experiences of mortgage lenders and realtors as they navigate the housing market's ups and downs offers us a window into the dense configuration of interests, ideologies, and practices that make up and are reproduced by the homeownership complex. While the government initiatives to promote and facilitate homeownership that I describe in Chapter 2 were integral in creating a functioning financial and political infrastructure for widespread homeownership, mortgage lenders and realtors also play an essential role. They sell the dream of homeownership and their own expertise at translating the complicated financial and legal entailments of becoming a homeowner or selling a property into something that is understood by most people living in the United States as routine process and a form of good citizenship in a world that treats access to credit (alternatively framed as a capacity for debt) as an asset.

Understanding the work of realtors and brokers allows us to see how homeownership complex is brought into being by teasing out key links in the value chain required to transform individual homes into commodities that can be bought and sold (cf. Mintz 1985; Tsing 2013), and turn individual mortgage loans into collective fodder for the global securities market (Ball 1990; Immergluck 2009). My focus on market middlemen, rather than on financial elites, also offers a way to understand market performativity as the product of a wide variety of differently positioned participants. Mortgage lending professionals and real estate brokers I studied have less social, educational, and financial capital than the global elite that populate many recent social scientific studies of finance (Ho 2009; Holmes 2013; Riles 2011), and thus may appear to be less compelling protagonists. However, their position in the value chain betwixt and between local and global markets and risks makes them portent figures for understanding the interstitial spaces that knit together different social and economic domains and scales of action.

Just as the financial algorithms created by economists and elite financial professionals influence the very market space they strive to understand and control (Granovetter 1985; MacKenzie 2008; MacKenzie and Millo 2004), mortgage lenders and real estate brokers' ideas about "the market" and understandings of the risks, freedoms, and opportunities therein facilitate the buying and selling of residential property and shape the larger financial circuits in which they and their clients are imbricated (cf. Preda 2017; Zaloom 2006). At the same time, their positions as contributors to the housing value chain are also made, in the sense that they and their positions as market mediators are produced and shaped by the exigencies of the U.S. economy and the limits and opportunities available therein.

CHAPTER 3: FINANCING DREAMS: MANAGING MORTGAGE RISK AND REGULATION

> And when you mortgage a home, if you want to do something that's really great for the economy, it takes at least ten people on our side: appraisers, title companies, real estate agents… It creates jobs. It keeps people moving. In addition to that, after [they] buy their house, well, they go buy furniture. And now they're buying more products out in the market. And if they don't spend all their money on the home, they have more money to spend to work on the home…So that's why there's such a big focus on [mortgage industry] regulations to make sure we do it right and to keep the cost of money feasible to our consumers so that we can keep this market moving. Because we need it, we really do.
>
> —Mortgage Broker Mario Abruzzo, 2014

Above, mortgage broker Mario Abruzzo, a well-dressed, confident white man in his early thirties, proudly details the power of mortgage lending as a driver of the U.S. economy. His words echo the sentiments expressed by President Bill Clinton in the epigraph of Chapter 2. In his 1995 address unveiling the National Homeownership Strategy, Clinton promised that citizens who became homeowners would reap social and economic benefits and be key contributors, through the ripple effects of homeownership-driven consumer spending, to national economic growth. "When we boost the number of homeowners in our country, we strengthen our economy, create jobs, build up the middle class, and build better citizens," he said. Mario shared President Clinton's belief in the power of homeownership. But rather than placing homeowners as the primary figures in the creation of home-fueled consumer spending and market growth, he emphasized the essential role that housing professionals, like himself played in the creation of a flourishing housing market, and by, extension, a thriving economy. This dissertation, by centering on professional housing stakeholders instead of homeowners' more celebrated role in the creation and reproduction of homeownership, follows his lead.

Believing in a greater purpose for his work as a mortgage lender, as Mario did, allowed him to accept the increased scrutiny of his industry after the housing crash as a fair price to pay to “keep this market moving.” But many of the mortgage professionals I encountered in 2014 and 2015 were angry, defensive, or bewildered, and they had a very different attitude about the post-crisis regulation of their industry and its purpose. While “Wall Street” garnered public vitriol for fanning the flames of financial crisis for their own pecuniary gain, lower-level financial professionals in the mortgage lending and broking field were also scorned. As one mortgage broker put it bitterly, mortgage brokers were “the whipping boys” of the mortgage crisis; maligned for their role in financing an unsustainable housing boom by responding to the secondary market’s appetite for mortgage debt and U.S consumers’ appetite for homeownership, even though, from his perspective, they were the middlemen, selling the loan products the market offered to consumers who wanted to buy them.

Even as many in their mortgage industry pushed back against criticism by insisting that they were merely the mortgage loan salespeople rather than their creators or principal beneficiaries, other mortgage brokers, like Mario above, were quick to assert how essential they were in housing and economic prosperity more generally. In this chapter I strive to take both claims seriously. I take Mario’s claims about mortgage lending’s integral role “in keeping the market moving” and other mortgage brokers’ lamentations of the crushing weights of government regulation and market contraction and consolidation to be indicative of different visions of the housing market and mortgage lenders’ own place and power within it.

In this chapter, I consider mortgage professionals’ role in the brokering of the connections between Wall Street investment firms and Main Street consumers and the perspectives and understandings of “the market” and their own industry that this position affords them. I begin with an extended ethnographic vignette on the life of a mortgage loan as seen through the eyes of the various front and back office mortgage industry professionals that move it from the application phase to the closing table to an investor's balance sheet. I then explore mortgage brokers' experiences of the post-crisis housing landscape and the new regulations, economic conditions, and cultural shifts that shape it. I close with a discussion of how mortgage professionals reckon with "crisis" and see themselves as empowered and stigmatized market middlemen.

The Life of a Mortgage Loan

To originate and close a mortgage loan, you have to find a customer who wants one.[33] The loan originator, or "LO" (also called a loan officer, mortgage broker, or mortgage banker, depending where they work and how they are compensated, licensed, and regulated) helps the borrower fill out a loan application and authorization forms that allow the loan originator and his[34] colleagues to access the customer's financial information and credit score. They may also advise the borrower to "lock" the best possible interest rate that is currently available to them on the loan of their choice. This initial information is passed on to a loan opener, who enters the information that the originator gathered from the customer into their electronic lending database and retrieves the necessary documentation to create a complete loan file. Then a loan processor checks the veracity of the documentation and the calculations made by the loan originator to justify an approval for a specific type of loan product. As these steps of the process are going on,

[33] You need to find someone who needs a loan for the purchase of a home or a refinance of an existing mortgage. In Illinois in the winter of 2015, low interest rates and low season in the home buying market meant that refinance loans were more popular than purchase loans.
[34] According to my mortgage field interlocutors, "front office" mortgage loan originators tend to be men, and "back office" loan openers, processors, underwriters, and closers tend to be women.

the secondary markets department makes a reservation for the loan for which they anticipate the prospective borrower will qualify with an affiliate investor. Once the loan application has passed through the opening and processing departments and a reservation has been made with an investor for a specific type of loan, an underwriter reviews all of the material in the loan file to make sure that the numbers entered are correct and correspond with the criteria of the loan for which the customer has applied. Once the loan passes underwriting and the property has been appraised, it is "clear to close." At closing, the client signs all the necessary documents to receive their loan, and, if they are purchasing a new property, receives the keys to their new home. After the closing, the loan is prepared for sale and "shipped" to its investor. Right before it is shipped, it is reviewed again to make sure that it is still in compliance with the stated criteria and terms of the investor. The entire process, from the application to loan closing and shipping, can take anywhere from two weeks for a straightforward refinancing loan to six weeks for a new purchase loan.

In February 2015, I spent two weeks at a nationally chartered mortgage bank[35] in the Chicago suburbs. As a mortgage bank with an affiliated depositor institution as opposed to a mortgage brokerage that only sold loans, Darden Home Loan Bank ("Darden" hereafter) employed both "front office" loan originators (LOs)[36] and "back office" staff (including loan openers, processors, underwriters, secondary market liaisons, closers, and post-closing shippers). This characteristic is important for understanding how mortgage risk was managed at Darden.

[35] A mortgage bank differs from a mortgage brokerage in that it has a line of credit, which allows it to use its own funds to "originate" or "front" the money for a new mortgage loan. But it also differs from a traditional savings and loan-style bank in that it does not keep the mortgage loans it originates, but rather sells them within a couple of weeks of the closing date to a secondary market investor.

[36] Two dozen loan officers worked out of the Illinois branch of the bank, but many more were located in other parts of the country, including New York, Florida, Missouri, and Texas.

Unlike independent mortgage brokers who worked in isolation from other parts of the loan's life cycle from application to origination, Darden front office and back office staff assumed responsibility for mortgage loans' entire trajectories. This made them more attuned to the risks that existed at different levels of the mortgage value chain. After interviewing the president of Darden in the fall of 2014, I was given the opportunity to shadow people involved in each stage of the "life of the loan," from the application that a home buyer fills out with a LO to the signed documents and forms that the shipper packages up and sends to the mortgage loan investor after the deal has closed.

My first day at Darden was blanketed in snow. We had a major storm the evening before, and the streets were piled high. Even though my husband and I had dug out our car from the layers of snow and ice encasing it the night before in preparation for my drive, I couldn't get the car out of the parking spot without the assistance of a kind stranger. I was nervous I would be late for my first day of shadowing, but fortunately, the highways were clear on the way to the Darden office in one Chicago's affluent northwest suburbs.

I was relieved when I arrived at the address given to me by Don Guerello, a loan originator, vice president,[37] and area manager, but immediately became confused about where, exactly, his office was located. Eventually, I found the exact address and entered a two-story building in a small suburban office complex made to look like a neighborhood of identical colonial-style houses with white vinyl siding and black shutters arranged in winding cul-de-sacs. Inside, I found a carpeted, conservatively decorated lobby area with an empty reception desk. Again, I was confused: was I in the right place? Luckily, at that moment, Don, a tall, middle

[37] My understanding is that the "vice president" title is relatively meaningless in the mortgage lending field—its given as a courtesy to any experienced loan originator and doesn't reflect their degree of influence or an important position in the hierarchy of their place of employment.

aged man with salt and pepper hair and slightly stooped posture, emerged. I started to introduce myself, but soon noticed that he was on the phone, Bluetooth in his ear. He smiled and motioned for me to follow him back toward his windowless, sparsely decorated office.

Later, I learned that Don shared the office space with another Darden loan officer, Hank Cordon, who I had interviewed previously by phone. But Don told me that Hank mostly worked from home, and he was not in during the time I spent there. My initial impression, that the office was empty, is symbolic of the changing nature of the mortgage business as a whole. Don has been in the mortgage business for thirty-eight years, first at a few different large mortgage banks, then owning his own mortgage brokerage and title company, and finally, in his senior years, at Darden. Much has changed since he first started. He told me that "networking" used to involve taking a fresh stack of business cards and passing them out to all the businesses on Harlem Avenue[38], but that now he established and maintained most of his connections online. And while he used to meet with clients at his office all the time, now, he seldom interacts with them face-to-face, communicating with them by phone and email instead. This change in ways of doing business was facilitated by the advent of digital signature and verification software[39] that allows clients to apply for a mortgage without setting foot in a physical office until closing time. Even then, they can appoint a proxy to sign for them if they so choose, and many never meet their LO or any of the other people who work on their loan application other than their loan's closer on the day they complete their final paperwork and receive their set of house keys.

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[38] a main commercial strip in Chicago that used to house many realty and mortgage brokerage offices. It now hosts numerous used car lots.

[39] Digital signatures became legally binding through the passage of the E-Signatures in the Passage of Global and National Commerce (E-Sign) Act in 2000 and began to be used in the mortgage lending industry shortly thereafter (Maxie 2014).

Don seemed a bit wistful about these changes. He defined himself to me as a "people person through and through," and unlike some of the other Darden staff members who merely tolerated my presence, he seemed genuinely excited to talk and tell me about his work during our time together. In part, I think this was because he missed the camaraderie of a bustling office. He complained to me about the tediousness and inefficiency of emailing back and forth with clients and other Darden staff rather than picking up the phone. His attachment to his Bluetooth, which stayed in his ear for the entirety of our three days together, can be read as a commitment to the telephone, which from his perspective seemed to be a more direct form of faceless communication than text or email messages.

At the same time, Don did embrace some aspects of technological evolution in his industry. He proudly showed me a PowerPoint presentation on e-signing mortgage documents that he and Hank, the other broker in the office, had designed for techno-phobic clients. And technology also gave him immediate access to information that could help him get both new and repeat customers. He showed me ECustomerBase , a "relationship management" software that allowed him to keep track of all his current and prospective clients and quickly send birthday greetings, check-ins, and reminder emails from a single portal. He also showed me a U.S. Treasury Note yield ticker on Yahoo Finance that he always kept open on his computer desktop. The ticker allows him to track the direction that the markets are going and make predictions about interest rate changes. When the U.S. Treasury note yield goes up, he explained, mortgage interest rates go up, as well. A threshold of twenty-five to thirty ticks up or down will change the mortgage interest rate by an eighth of a percentage point. While I was there, the rate went up about fifty-five ticks, reaching the threshold for the 1/8 of percentage point change but not the more significant quarter of a point . In my first day with Don, he got an email from Darden's secondary markets department saying that if a customer requested an interest rate lock after 2 PM, the bank could not guarantee it. Don showed me the email proudly, saying "we knew that would happen" already by watching the treasury note yield.

I also saw his use of relationship management software in action. When I arrived on a Tuesday, Don told me he had already used E-CustomerBase to send out six personalized emails to clients with a snapshot of what their new monthly payments would be if they decided to refinance their loans[40]. By the time we discussed the software in more depth on Wednesday, he had heard back from four of the people he had emailed with requests for more information, and was already in the process of refinancing the mortgages of the other two people he had contacted. He said that refinances were a "great opportunity for repeat business" and that "there are always people who could use more money, but the conditions and the borrowers' circumstances had to be right for it." Interest rates had fallen dramatically since the peak of the housing market, yet only those homeowners that had some equity[41] in their homes could take advantage of the lower rates.

Watching U.S. Treasury Note yields and anticipating their effects on mortgage interest rates was one way that Don sought to add value as an indispensible market mediator. He explained to me that only a significant "global event" will really wreak havoc on interest rates and lead to a dramatic change. But markets shift incrementally for a variety of reasons, like the

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[40] A mortgage loan refinance involves transferring the existing balance of one's loan to new loan, usually at a lower interest rate. Some refinances also give the borrower "cash out" or a home equity line of credit to use, whereas others involve a change in the interest rate or in the length of the loan term only. All refinances involve processing fees, some of which go to the mortgage loan originator (in this case, Don).

[41] Equity refers here to the difference between the amount of money outstanding on the homeowners' mortgage loan(s) and the current assessed market value of their home. Many people had "negative" equity after the mortgage crisis, either because their falling home prices had negatively effected the assessed value of their property, they had refinanced their mortgage loans or borrowed against their home through a home equity line of credit, or both.

Federal Reserve releasing their quarterly minutes. Like his use of E-CustomerBase to stay in touch with clients so he could continue to offer his services to them, Don monitored financial markets in order to better anticipate market shifts that he could use to create new or repeat business for himself. He told me that what's good about his kind of proactive monitoring is that the markets open at 7:30 AM Central Time, but mortgage interest rates are not set until 10 o'clock in the morning. Don said that he knows (and can tell the loan originators he supervises) to start moving on a change (like a downturn in prices) before that change affects his customers. He explained to me that keeping track of price movements is a big way to "churn" the loans of existing clients. When interest rates drop enough below the rate the client currently has, Don or someone else on the sales team sends an email or makes a call, and shares how the change could impact the client, whether they want to refinance to lower their rate or get cash out.

According to Don, a mortgage loan refinance is good for the bank and good for the loan officer, but first and foremost it's good for the customer, allowing them to lower monthly payments, reduce the term of their loan, and/or get cash out. "It's a tool," he said. "Odds are, you're not like your great grandmother who lived and died in the same property." Don's insight speaks to the home's simultaneous identity as family dwelling and financial instrument. In *The Financialization of Everyday Life*, Randy Martin warns that "without significant capital, people are being asked to think like capitalists" (2002: 12). The implication of this observation seems to be that it is unreasonable, or even detrimental, for people to treat their lives as a kind of commercial venture and to make important decisions, such as when to buy, sell or refinance a house, on that basis. From the perspective of a mortgage professional like Don, however, homeowners with a mortgage *should* be thinking like capitalists if they want to, in the words of mortgage broker Mario at the beginning of the chapter, "leverage their money." That a mortgage lender will also receive another commission if existing clients chose to refinance their loan is not seen to be a conflict of interest so long as the refinance benefits the customer in some way, as well. Don told me that an interest rate reduction counts as one of the acceptable "net tangible benefits" that allow a LO to approach a borrower about the possibility of refinancing their loan[42].

As Don worked to serve his clients in the origination phase of the loan process, he was in near-constant communication with two types of "back office" Darden staff members: loan openers and processors. At Darden, each LO is assigned an opener and processor, ostensibly to facilitate clear communication, streamline the origination process, and better serve their clients. But from what I observed and heard from Don, the LO's relationship with back office workers was a delicate thing, subject to costly misunderstandings, resentments, and communication breakdowns if not treated with care and finesse by the loan officer. This was because the loan opener and processor represented the first two institutional checks against a loan officer's overzealous selling of loan products to potentially unqualified borrowers.

Once a loan application comes in, the loan officer gathers some preliminary documents from the prospective borrower, like their credit report, bank statements, pay stubs, W2s, and tax returns. The loan officer also runs the borrower's data (credit score, income, existing debt obligations, and proposed loan amount and type) through an automated underwriting system,[43]

[42] According to Don, before the mortgage crisis unscrupulous lenders would use frequent refinance offers to "churn the loan," scoring commissions and fees each time their cash-strapped customers refinanced. Some clients became caught up in a vicious cycle of adjustable and teaser rate mortgages that necessitated frequent refis to be sustainable. These mortgages went into default as soon as home values started to fall and consumer credit dried up.

[43] Automated underwriting began in the 1990s, when Fannie Mae and Freddie Mac developed the programs to quickly assess whether loans met their underwriting requirements before purchasing them for securitization purposes. Eventually, they became an industry standard. Lenders use automated underwriting to generate an initial approval, which confirms that the proposed loan meets basic underwriting requirements, such as Debt to Income ratio. But most

such as Automatic Underwriter or Loan Processor, to get an initial approval. Then the LO sends the loan application to an opener, who requests verifications of every piece of information that the borrower submitted, such as a verification of employment, social security number confirmation, and IRS tax return transcripts. The opener communicates with the borrower and with the loan officer to gather these verifications so that the file can move to the next phase, processing.

While the opener holds an essentially clerical role of collecting documents and entering them into the loan file in Darden's database, the processor is charged with doing a higher order of work. Her role consists of cross-checking the documents gathered by the loan officer and the opener against the representations made by the prospective borrower on the mortgage loan application and making sure that the loan officer's initial approval of the loan was based on accurate and correctly-interpreted information from the borrower. In this sense, although she and the loan officer are on the same team and working toward the same goal of origination and closing the loan, her responsibility to check the accuracy of his work make their relationship slightly adversarial.

After my days with Don, I moved to another one of Darden's branch offices where I spent the day with a Darden processor supervisor, Samantha Marsdale, a blonde white woman in her early forties whose office was covered with photos of herself and friends and family on various adventures and outings. Samantha played basketball in college and, while she was not particularly tall or physically imposing, she retained the calculating gaze and direct manner that I associate with a tough athletic competitor. One of the first things she told me, quite bluntly, was that she would never want to sell mortgages. Her father was a banker and, although she went to

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loan products also have additional criteria that must be manually checked even if the loan is approved by the automated program.

school to be a teacher, she changed her mind when she realized that they didn't make enough money. She started out in banking as a loan closer, then went into business-to-business sales for a while, then worked as a mortgage loan processor, eventually moving up to the supervisory role at Darden's processing department that she currently held. She said sales was not for her because "I always wanted to do what was best for the borrowers and what was best for the borrowers wasn't always selling." Salespeople's job was to sell, she explained, but "processors have a job because they make sure the paperwork is right in an industry with a lot of paperwork."

Pulling up a loan file to illustrate the nature of her work, Samantha told me that "the application gives me a full and complete picture of what these people *are*." Unlike Don, Samantha would likely never meet or speak with the borrowers whose files she reviewed. Her part in the lending process is to gather and crosscheck all supporting documentation to verify that the picture the borrower provides in their loan application is an accurate one. Some of the documents she reviews are the ones that the loan officer and opener gather from the borrower, while others come from third parties, such as verifications of employment or IRS tax return transcripts.[44] She told me that as a processor, "you need to make sure you don't see any 'misrepresentations,' or *fraud*, in the file. What happened before [the mortgage crisis of 2008] was that there were no third-party verifications." By this she means that many lenders treated the borrowers' stated income, assets, and debts to be what the borrower said they were, without checking with their bank, employer, or the IRS.

Samantha is an experienced member of Darden's back office team who takes her work very seriously, mentors and cajoles the loan openers and processors she supervises, and deals

[44] Tax return transcripts from the IRS have to be matched against the tax returns that the borrower submits to the loan officer to make sure that they actually filed what they claim they did.

with loan officers in a direct but respectful way. She recognizes that a processor owes a responsibility to multiple parties in the loan process, including the loan officer, the prospective borrower, and the bank where she works, but does not seem to see these as conflicting orientations. In fact, she told me that tying loan opener and processor compensation to the fate of the loan files they work on makes good sense and helps create a team atmosphere at the bank.[45] However, I did not get the impression that that meant that she would cut corners to appease a domineering loan officer's demands.

In the afternoon of my second day shadowing Samantha, she checked in with the two men who manage Darden's relationships with investors in the secondary markets department. I had the opportunity to meet with each of them briefly and hear about their part in the mortgage loan origination process, as well as the role their department plays once the loan is closed and ready to be sold to an investor. The first time they come into the picture is when a prospective borrower requests an interest rate lock. The secondary market department has to "go out into the market" on a virtual basis and find an investor with whom Darden has a relationship who is willing to purchase the type of loan that the borrower wants at the rate they have requested. Darden partners with approximately twenty secondary market investors, and new investors pitch them all the time. While the prospective borrower has no contact with this part of the origination process whatsoever, save being told that Darden will sell their loan once it closes, what the secondary market team does is absolutely essential for the loan to reach the closing table. They are the ones who bridge the gap between individual borrower applying for a mortgage loan for their own specific property that meets their needs and the global circulations of financial capital that buy, package, and turn mortgages into securities, which are then sold and circulated again.

[45] While loan openers and processors are employees rather than independent contractors, they receive a commission when the loan files they work on close.

Once a loan file has been reviewed and checked by a processor and a place has been reserved for it with a partner investor, it moves into underwriting. The underwriter's job is to make sure that the borrower presents an acceptable level of risk for the bank that will originate her loan[46] (in this case, Darden) and the investor who has agreed to purchase her loan once it has been finalized and closed. The presence of an in-house underwriting department is also one of the things that separates how lending works at Darden, a financial institution with the capacity to underwrite in-house and originate loans on its own line of credit, from how it works at mortgage brokerages, which employ brokers and processors to take in loan applications and quickly verify their underlying documentations but then rely on third-party underwriters employed by the different lending partners with whom they are affiliated and who possess the necessary capital and capacity to fund the loans they broker. While Darden sells the loans they make shortly after closing (the point at which money transfers from the buyer to the seller), the fact that they are responsible for the entire process until the closed loan is shipped to an investor affects the level of responsibility, fiscal and otherwise, that Darden assumes with regard to each loan. When loans cannot be sold or fail within the first three months and are "returned" to Darden by their lending partners, a problem loan committee figures out what to do with them.[47]

[46]To originate a loan means to make the initial outlay of money to purchase the property or refinance an existing loan. Shortly after Darden makes the origination, however, the loan is resold to a secondary market investor.

[47] During my time at Darden, the problem loan committee assessed the status of loans that, for one reason or another, they had had to "portfolio"—meaning keep on their balance sheets, thus diminishing their lending capacity and heightening their exposure to risk—because they had either been unable to sell them because of some defect that they did not discover until after they originated the loan, or because the borrower had defaulted within the first six months and they had had to buy the loan back from the investor to which they had sold it. They weighed the wisdom of selling the problem loans for pennies on the dollar to a subprime investor or keeping them and servicing them themselves until, if all went well, they could be brought into compliance, refinanced, and sold at their full value.

I learned from the loan originators I spoke to that there are benefits and drawbacks to working with in-house underwriters. On the benefit side, according to Don and Mario, who both had previous experiences working at brokerages without in-house underwriting, it is easier to communicate with and potentially easier to change the minds of the underwriter about the viability of a loan if they work at the same company that you do. But a drawback is that loan officers who work at financial institutions that underwrite and originate their own loans are often constrained by stricter underwriting parameters than loan originators who broker loans with a number of different lenders, at least some of which have very lenient underwriting requirements. However, there's a spectrum: large commercial banks such as Chase and Bank of America have even more stringent requirements because they originate loans and securitize them themselves. There is also a spectrum of risk and compensation associated with the different types of lending institutions where an LO can set up shop, although some of the high-risk, high-reward opportunities at the fringes of the market have been curtailed by post-crisis regulatory initiatives.

Although the underwriter I shadowed, Martha Kirchner, is an employee of Darden like Don and Samantha, her compensation is not tied to loan closings, and her responsibilities are not as divided. Martha is a white woman in her fifties with hair dyed an arrestingly magenta shade of red. She explained to me that her job is to protect the interests and financial wellbeing of Darden Bank, and only that. She also feels a strong moral responsibility to protect prospective borrowers from entering into mortgage loans they cannot afford. She did not articulate feeling any parallel sense of obligation to the loan officers whose loan' fates she determines.

Although she has been in the mortgage business for twenty-six years, Martha is a relative newcomer at Darden. She spent the majority of her career working at Countrywide and then Bank of America after Countrywide collapsed and was bought out. When we met at the bank in

2015, she had only been there for six months, and spent part of each week working from home. She is much less involved in the back-office culture and camaraderie than Samantha or the other openers and processors I observed, who seem to spend their days chatting and joking about their LOs, clients, and fellow back-office workers. This social distancing, it seems, is intentional, as Martha believes her work requires her complete attention and demands impartiality. She avoids speaking directly to borrowers or gossiping about the files with coworkers in order to ensure that her judgment of what is in each file remains clear.

Martha tells me that what she likes about underwriting is that "it's not an exact science" and that it "works both sides of her brain"—both the mathematical/analytical part and the abstract part. When reviewing a file, her job is to reconstruct "the story behind it." To do that she "connects the dots in a way that's not easy to explain." In part, it involves "catching some of the errant threads" and figuring out if the story in the file "sits well" with her or not. These acts of interpretation are an integral part of the risk assessment process, as Martha's decision-making is shaped by underwriting "guidelines," and by the loan file's contents as presented by the LO, but it is not determined by either. As Guy Stuart discovers from his observations of underwriters' risk assessment practices in *Discriminating Risk: The U.S. Mortgage Lending Industry in the Twentieth Century* (2003), "[i]n looking at the information before them and filling in the gaps, the underwriters engaged in a series of storytellings. Each piece of information in the file had a story behind it, which often could be checked by reference to another piece of information there." (121). Like the underwriters that Stuart shadowed, Martha seemed to acknowledge that the numbers and data points in the loan files she reviewed were only partial representations of the character, intentions, and financial wherewithal of the person applying for the loan. And yet she also seemed confident in her ability to pull together the file's "errant threads" in a way that allowed her to more accurately assess both the applicant's present circumstances and predict the part of their future that the bank cared about: whether they would pay their debts.

For example, Martha showed me a loan file that she had decided had to be denied due to the insufficient income. The borrower only earned $1,700 in gross income per month and had no consumer credit history.[48] In addition, she was not currently paying rent. On paper, none of these things were negatives, per se. But Martha felt that because there was no evidence of the woman taking on and managing consumer debt (no credit history) and was not paying for her housing, she had no basis for assessing the three basic criteria in whether or not to underwrite a loan: a borrower's willingness, ability, and capacity to pay. I asked how, if the file had passed through the hands of a loan originator and processor, she was the first one to come to that conclusion. She told me that the LO, the processor, and she had all calculated this woman's income differently. The borrower had just obtained a new job that might give her the opportunity to make more money in the future, so the LO had averaged her current and prospective future earnings to come up with the income he used to qualify her. But Martha told me that this is not the proper way to calculate qualifying income—you have to look at what the borrower's earnings are *now*. Approaching it that way, the woman's front-end debt to income ratio (DTI) was 49%, which barely qualified her for the loan in the Automatic Underwriting System. Further, Martha insisted that we needed to take into account the fact that her gross

[48] Introduced in 1989 by Fair, Isaac and Company, the consumer credit score is used by lender's to assess potential borrower's risk of credit default. The score is based on a numerical approximation of the consumer's credit history, which includes the amount of credit extended to them through trade lines (credit cards) and loans (student loan debt, mortgage loan debt) and their history of repayment. Ironically, in order to have a "good" credit score, one must have taken on (and routinely made payments on) multiple forms of consumer debt. Those who rent and do not have debt, for example, may not have sufficiently established credit histories to generate a useful credit score.

income is very low, so if anything goes wrong with the property, she will have very little cushion to pay unexpected expenses.

Martha explained to me that the different ways that the loan officer and she calculated the borrower's income made sense because while his job was to sell mortgages, her job was to protect the consumer and the bank. Brokers and underwriters may work together under the same roof, as they do at Darden, but as Guy Stuart notes, they both assess and present risk differently. While a broker is searching for a way to present the borrower as an acceptable risk, the underwriter searches for the risks that the broker ignores or obscures:

> [T]he application process itself contributes to the construction of the loan applicant as a good risk. This is done by both exclusion and inclusion. Both brokers and loan officers exclude those who they anticipate will not fit the rules. But once they decide to include them in the process they make effort to represent them in the best possible light. In doing so, they pull together information according to the requirements of the underwriting guidelines. They also include or omit information in order to construct a file that presents a good risk according to their reading of the guidelines. Then it is up to the underwriter to review that information and come up with a final decision based on those same guidelines. As a result a rejection is an indicator of a disagreement between the loan officer and the underwriter, based either on the discovery of new information during the processing of the loan or a difference in their readings of the file. [Stuart 2003: 110]

As Martha explained it, if she underwrites a loan that Darden cannot sell to its target investor because it does not fully comply with their underwriting criteria, or the borrower defaults in the first year, blame comes back to her as the underwriter. It also comes back to the bank, which will sometimes have to keep the rejected loan in its portfolio[49] or, if it is sold but did

[49] A loan that is in a lender's "portfolio" is still on its books. In the 1980s, lenders were encouraged to sell off the mortgage loans they made in order to reduce their risk exposure. However, some banks choose to keep difficult to place loans on their portfolio in order to comply with Community Reinvestment Act requirements or because they are high risk and thus hard to sell, but the lender has a relationship with the borrower they wish to maintain. For example, real estate developers' loans are portfolioed by banks until they are "seasoned." Some

not perform, buy it back from the investor at a premium. Plus, she told me that she does not want to set a borrower up to fail by putting them in a property with a mortgage they cannot afford. These calculations of risk and responsibility at the mescoscale (Orta 2018; Scott 199; Tsing 2005) help shape the U.S. housing market and the opportunities and pitfalls that the homeownership complex makes possible within it.

Like Don, Martha expressed frustration with some of the ways the nature of her work has changed as a result of technological innovation. She talked about how it was just easier for her to keep track of her notes on each loan file on paper, as I mention above, in part because it is sometimes difficult for her to recall her decision-making process and "catch an error on the backend" unless she has a written record on the file itself. She believes that virtual loan systems, which went into effect universally in 2005, are "not as transparent between the underwriter and investor." This is an issue because "if there's confusion about how something's calculated, [the investor] is not going to give you [the originating bank's underwriter] the benefit of the doubt." Martha sees herself as a gatekeeper who protects the borrower and the bank, although she "leans on the bank side to protect their assets." She said being a good underwriter requires that you "apply reason to the process, know the business, and have a sense of flow." Martha expressed skepticism throughout our time together about the ability of automated underwriting systems to completely replace a human underwriter in this process. Although not an avowed "people person," like Don the LO, she, too, seemed concerned about how technological innovations in her field had made human skills and capacities less valuable. "It's not an exact science," she told me, her implication being that as a human being, she was better equipped than an algorithm to sort through disparate pieces of a loan file and accurately assess risk.

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small community banks also keep loans in their portfolio and service them themselves in recognition of the value and importance of direct, long-term client relationships.

Once a loan has passed through underwriting, it is in the home stretch of its journey to the closing table. But another, parallel process is necessary to get the loan to closing: Darden must find a third-party investor that is willing to buy the loan from the bank once it has been closed, as they have a limited line of credit which they want to keep as free as possible—necessitating that most closed loans are sold within a couple of weeks of their origination date. The secondary market department, in collaboration with the loan officer, handles this aspect of the loan's passage. Assuming all goes well and the loan makes it to closing before its interest-rate lock expires, the penultimate phase of its lifecycle is overseen by Darden's loan closers. To understand this aspect of the loan process, I traveled to a Darden branch office in another Chicagoland suburb—this one less affluent than the branch where Samantha, Martha, and the secondary market staff worked. This office housed both back-office staff and a retail branch of the bank, staffed by bilingual Polish, Lithuanian, Italian, and English-speaking tellers in deference to the diverse white ethnic composition of its retail customer base.

Amy, a middle-aged white woman in her forties with the husky voice of a long-term smoker, is a closing manager at Darden. She was very warm and welcoming toward me, but also very busy. A closing was scheduled to start at ten in the morning, about ten minutes after I arrived, and there were lots of last-minute issues. The biggest problem was related to disclosures. Something had been disclosed to the borrower as an APR fee, but it was not in that category. Amy was worried that an error in the way that the origination fees were categorized was going to put them out of compliance with Truth in Lending Acting requirements, which stipulate that certain closing costs cannot vary from the projected amount given the borrower seventy-two hours before the closing date by more than ten percent of the loan, but the loan amount was large enough that it did not happen. Still, fixing the error was a hassle. All the forms that had already been submitted to the title agent had to be amended to reflect the revision. Amy called the title agent and they agreed that she could send the amended documents. Fortunately, Amy had not yet ordered the wire transfer from Darden to the seller's bank, which was good since the amount of money was now going to be slightly different. Amy called the processor on the loan file, Holly, who felt terrible about not catching the error before it reached the closing table. Amy was very calm and kind to her, telling her it was okay and that she would fix everything. This measured response matched what she said was her overall philosophy—that "getting all worked up usually doesn't make anything better." She said she learned that when she worked as a closer (as opposed to her current title, closing manager) but it is something that applies across the board in the lending business. She said that people in other parts of the bank often get upset with closing and with compliance, too, because they're always asking them to make corrections and fix mistakes, so "it helps to joke with people and be extra friendly if your job is to tell them they've messed something up."

She told me that this was her first time closing this type of mortgage, a 503K Homestyle loan that included an initial loan amount to be used for home repairs and then a loan for the mortgage itself, if the repairs brought up the property's appraised value sufficiently within the proscribed six-month-renovation period. As she worked on the various issues, she briefly described what she was doing and why. Someone emailed to ask about whether a LO could e-sign some document. It turned out he couldn't, which presented a problem because he was out of state, in Florida. So she emailed him the form and asked him to send it back. As she readied the wire transfer for the 503K loan (after correcting all the necessary forms with the updated fee schedule) she explained to me that every wire transfer that is sent has to be documented in order to comply with the Good Funds Act. "Closers need to make sure that all the rules, all the end rules are followed, and make sure we're verifying who the people actually are. We're the last line of defense [against mortgage fraud], kind of."

Her troubles with the 503K loan were not over, however. There were several 503K specific addenda that had to be filled out and, while she had filled them out and printed them the previous night, when she went to get them, she realized that the documents had printed blank—the file type was "read only," which meant that her work had not been saved. Two of the documents were Microsoft Word files so she could fill them in on the computer (although they weren't real forms—entering data displaced the little underscore they were using for a line). But one was a PDF that she could not type in. We looked for a typewriter tool but couldn't find one, so eventually she just had to print the document, handwrite the necessary information, and scan it. This all happened as the borrowers were sitting (presumably impatiently) at the closing table, but Amy stayed calm. The last problem was the wire transfer—the title company where the closing was taking place could not find it. They requested a federal reference number for the wire. With that information, they realized the problem—the title agent had been looking for the wrong amount.

As she went about her work, Amy continued to explain aspects of the closing process to me. Her work seemed stressful; she was constantly responding to problems that seemed to arise at the last possible moment, right before the loan could be closed, her co-workers could be compensated, and the bank could wave goodbye and close the file of another happy customer. But the troubleshooting she did to fix earlier errors and address last minute issues illustrated an important aspect of the mortgage lending process at Darden: it demanded team work and a host of double and triple checks, most of which were completely invisible to the borrower.

After a loan closes at Darden, it moves to the compliance department and then to its final stop, shipping.[50] When I initially saw "shipping" on the observation and interviewing schedule prepared for me, I thought it meant spending time in the mailroom where they boxed up the physical documents associated with each loan and sent them somewhere, something I did not expect to be relevant to my research. But I learned that the shipping department oversees what they hope will be the final part of Darden's role in the life of the loan and the borrower. After the loan closes, they inform the investor with which they have made an initial agreement to place the loan and make sure that the sale can go ahead as planned. 90% of the time, it can. But sometimes an error in some phase of the loan's life cycle at Darden, or an unanticipated shift in the borrower's circumstances that will affect their capacity to pay, such as a job loss or illness, or a recent change in investor's underwriting criteria, means that the loan cannot be sold to that investor as originally planned. In those circumstances, the shipping department works closely with the secondary market staff, the loan's original processor and underwriter, the loan officer, and the closer to find another home for the loan and get it off of Darden's balance sheet as quickly as possible. In rare cases, this cannot happen and the loan, crippled by a "fatal error" that puts it out of alignment with investor underwriting requirements, has to stay on the books for a period of time to be seasoned and then refinanced by Darden or, if all else fails, sold to a subprime investor for far less than originally planned. When Darden has to keep a problem loan, it diminishes its capacity to originate new loans, hurting everybody's bottom line. For this

[50] In the compliance phase, the closed loan goes through another series of checks, focusing specifically on the closing process, to ensure that the loan is still in compliance with all regulatory and investor requirements and is ready to leave the originating bank (Darden) and be sold to an investor. Although I was scheduled to meet with and shadow the supervisor of Darden's compliance department, I was unable to do so due to a death in her family during the time I was scheduled to do research.

reason, Darden staff work hard to ensure that the loans they originate will not be rejected or kicked back to them.

What should be clear in the above description of a loan's journey from application to closing and shipping is that this is a complex process of information collection, assessment, and interpretation. Divergent understandings of market and customer risk and opportunity must be brought into alignment before the process is complete. The Darden staff I met were experienced mortgage lending professionals who, at least during the time I observed them, seemed to work relatively well together, take their work seriously, and take pride in what they did. Darden's lending process, with its chain of differently positioned, trained, and empowered actors each taking responsibility for ensuring that the loans they sell and originate are sound, is instructive as a counterpoint to the predatory, fraud-filled nature of some corners of the mortgage lending industry prior to the mortgage crisis. It is also as an illustration of the layers of responsibility and the different orientations and interests that exist in the housing value chain of credit, debt, and securitization (Stout 2016).

Because Darden originates mortgage loans, several links of the securitization chain occur in-house, and the different priorities of brokers, underwriters, and the bank itself have to be managed and reconciled with one another in order for lending to occur. But mortgage brokerages that sell mortgage loans to consumers have no such internal reconciliation process: they sell the loan products that investors give them to sell. During the pre-crisis housing boom, this meant that the kinds of checks and double checks that I witnessed at Darden were not made high priorities for many mortgage professionals. Brokers could use automated underwriting to issue an initial approval of a client's loan application on the basis of a few key pieces of unverified information, such as their stated income, assets, credit score, and debts. Compensated based on the quantity of loans they sold rather than their underlying "quality," many passed on loan files with unsubstantiated numbers to outside underwriters, who were also compensated based on loan approval numbers, and thus had little incentive to dig any deeper than their baseline criteria required. The banks and non-bank entities that funded these loans with unsubstantiated borrower information then sold them to secondary market investors eager for securities fodder.

As economic geographer Paul Langley points out, there is nothing surprising in this lack of concern for the macro level risks such lending practices created; "systemic risk" was not on mortgage brokers' radar when they sold loans to customers because it did not have to be. Langley cautions against condemning subprime lending for creating the mortgage crisis because it leaves a much broader "ambiguous politics of calculation" untouched. He argues that pointing to subprime loans as the cause of the mortgage finance market's collapse may lead to a false confidence that the housing market's problems can be regulated away. Instead, he asserts that we need to "call into question not only those [lenders and borrowers] who seem to be implicated in [subprime's] excesses, but also the broader and seemingly secure 'prime' networks of mortgage and consumer finance" (Langley 2008: 490).

Although new regulations and compliance requirements under Dodd Frank and the CFPB have slowed the loan origination and securitization process down and introduced more checks against fraud, such as the third party verification requirements that Darden loan processor Samantha mentioned, the mortgage lending industry remains intimately tied up in and reliant upon financial markets to purchase the loans they sell. As such, the future of lending, and, with it, U.S. homeownership, depends upon mortgage loans continuing to be both an attractive and a relatively safe opportunity for both Wall Street investors and prospective borrowers. While the homeownership complex's aim is to produce homeownership, it also must sustain the machinery of housing finance. This means appealing to both borrowers and to financial markets: the home must simultaneously be a tangible vehicle of financial and social stability *and* it must be immediately transformable into a security with a good return on investment.   Mortgage banks like Darden and the lending professionals who work there sell products and services up and down the value chain of mortgage finance. Their work, when successful, sustains the financial component of the homeownership complex.

Mortgage Brokers Respond to Crisis and Regulation

The mortgage lending professionals I shadowed and interviewed at Darden seemed cocooned in a relatively safe and lucrative corner of the lending world. But I also spoke with a number of loan originators who worked for brokerages rather than banks, felt far more exposed to market and regulatory changes, and struggled to understand how they fit within and might make a decent living in the lending field. Social scientists who study finance have drawn on actor network theory to make sense of agencies and technologies of risk assessment, forms of securitization, and global financial circuits, and their economic and social effects (Callon 1998; Callon and Caliskan 2010, 2009; Langley 2009, 2008; LiPuma and Lee 2004). But academics are not the only ones invested in better understanding how the economy is produced and what it produces. Many of the mortgage brokers I encountered were struggling to navigate and make sense of the markets in which they worked and the effects of technological, cultural, economic, and regulatory change on the same. As the mortgage industry wrestled with the extent to which strategies that were once tacitly accepted have now become categorically illegal and ethically compromising under new regulatory guidelines, my interlocutors' readings of the market and the mortgage crisis of 2007-2009 varied. While some expressed dismay at colleagues whose behavior they saw as unethical, others pushed back against characterizations of their industry as corrupt and in need of reform. Some suggested that the real culprits of the financial crisis existed above them in the securitization food chain, in the secondary market. Others insisted that the federal government was to blame for prioritizing the creation of homeownership and interfering in mortgage finance to achieve this political goal.

The stakes of housing market failure, whatever its origin, were high for my mortgage broker interlocutors. Katherine Canter, one of only two women brokers whom I interviewed, turned to mortgage lending after her career in filmmaking began to falter.[51] Originally from Ohio, she moved to Chicago in the early 1990s to attend the School of the Art Institute and ended up earning a living making films that corporations used as promotional material during large conventions and trade conferences. After the September 11, 2001 terrorist attacks and the ensuing travel fears and economic contraction that followed it, her work, which was always freelance, dried up. With no prior interest in or knowledge of mortgage lending, she entered the business when an old acquaintance of hers called one day and asked,

> "What are you doing?" I said, "Well, I don't really know." He said, "Well, I'm a mortgage broker now and in the middle of a refi boom and I need some help" and I said, "What is a refi boom?" [She laughs.] And so he explained it to me, and I said, "what do you need me to do?" and basically it was the processing. It's a clerical position…after someone signs a loan application then you need to make sure that all that stuff that needs to take place before the closing gets done, so you look for the title, you have to order an appraisal, you have to make sure that you get all the documents you need from the client, everything has to all come together...And I did that for about six months and I did not like it at all, but I *understood* the business and I said to him that "Look, why don't you hire another processor and you and I will both originate loans." So he's like, "Alright, let's do it."

[51]Anecdotally I was told by many of my mortgage industry interviewees that theirs was a male-dominated field. Because mortgage lenders are a diffuse set of workers, I was not able to locate reliable statistics to back up or counter this impression.

She worked with him for another couple of years and then went out on her own and had good success. Although it was not a career she was passionate about, Katherine was a practical person. She had already made the compromise to focus on corporate projects instead of making her own films. When the corporate film industry contracted, selling mortgages gave her the income she needed and the flexibility and autonomy she wanted. And she found she liked helping people, particularly first time buyers, purchase a home.

But in 2008, she was faced with the same question she had had after September 11th—should she stick with a job with a less and less stable income, but the flexibility she wanted, or venture into something new once again? She recalled that moment vividly and somewhat bitterly.

> Well, I wanna know what happened [in the mortgage lending industry]. Because I was at a point in *my* life where I was like okay, I'm competent at this and I like helping people buy homes and people like working with me and I'm making good money—the best money I've ever made in my life, frankly, and I thought, okay, I can do this until I retire. And then the rug was pulled out from under me. And I think very few of us knew what was going on in the secondary market. I mean basically we knew that it existed. But what it did, and what they were doing was completely opaque to us. So that's where *Too Big to Fail* was really helpful to understand what was going on, or what happened.
>
> And I remember the day that it started. I could look back at it and go, okay. I can look back to that very day…I think it was in August. We got an email from operations that said "until further notice don't lock[52] any more loans with American Home." I thought, "hmm, I wonder why," [but] didn't really think much of it…And then in the following Monday I think it was, they said "we're not doing business with American Home anymore."…So I found out *later*, after doing some research… American Home Mortgage was, like many companies—they were packaging up their riskier loans into these—what do you call it—CDOs? And they were selling them on the market as "A" Paper. Well they weren't "A" Paper. And so somebody one day took a closer look and said, "Well

[52] A lock occurs when a loan officer enters into an agreement with an investor for the sale of a mortgage loan with a specific interest rate, term, and other conditions. When a borrower applies for a loan with a broker, the broker finds them a loan and identifies an investor who will buy it after the loan closes, but the loan is not sold until after the closing. During the crisis, these investors sometimes disappeared overnight, leaving brokers unable to fund (and thus close and be compensated for) the loans they currently had in process.

> this is junk! You should stop buying this!' So somebody somewhere decided they're not gonna buy anything more from American Home.

In her description of when she first recognized the mortgage crisis in her own profession, Katherine frames herself as a curious but relatively ignorant and powerless cog in a much larger mortgage finance securitization food chain. Unable to place her borrowers' loans with investors as the credit markets tightened up, seemingly overnight, Katherine left the field and cobbled together a modest income for herself selling insurance, but she missed the freedom and autonomy of mortgage broking. When I met her at a foreclosure prevention and home buying fair in 2013, she had recently re-entered the business, but was struggling with the challenges of obtaining financing for her borrowers and complying with new industry regulations. When I formally interviewed her six months later, she was already planning her next career move. She hoped to be able to make enough money in mortgages to sustain herself and put some savings aside and then leave the field once and for all. "Because it's really stressful. It's very stressful. I didn't really realize that when I was doing the refi thing, it wasn't as bad. But when somebody's buying a house, you're—their lives are in your hands, because if you screw up, they've—they've got somebody waiting to move into their house or rent their apartment. They've got movers lined up. I mean, they've got—everything's got to happen," she told me soberly.

While Katherine had not spent decades of her career in the mortgage industry before the crisis hit, her reaction was that of someone whose world had been turned upside down. In our interview, she revealed that she closely followed the contours of the mortgage crisis and different journalistic and expert diagnoses of its root cause, searching for ways to make sense of what had happened, who was to blame, and what the future might hold. Although Katherine seemed to have read more widely than a lot of the brokers I spoke to, others shared her sense of bewildered curiosity about what had happened to the housing market. Prior to the crisis, many of the brokers I met recalled feeling like they had made a relatively stable career for themselves. They believed they had found a way to help others and earn a good income. But the financial misdeeds on Wall Street and all their ripple effects, including intense new regulations of their industry, had changed that.

One mortgage broker I spoke to, Kip Bailey, mentioned that although he understood that the purpose of the Dodd-Frank Act was to increase transparency in mortgage lending, he felt that by following the new rules, he was losing business to other, less reputable and law-abiding brokerage firms. He complained specifically about a new policy mandating that loan originators (LOs) receive the same compensation regardless of the loan product they sell. He said this policy, while it aimed to protect the consumer, limited his ability to use his discretion to cut a borrower a better deal and forego some of his commission if he so chose. Because his brokerage sets the commission rate that LOs earn, he can no longer give a client a discount by cutting his commission, because they would be the ones losing money, not he, as they cannot change their compensation structures on a case-by-case basis. He gave an example of a client he liked who he had been working with to get a loan for six months. But before the loan application was complete, the guy shopped around with other lenders and got quoted a better rate that Kip's company (and by extension, Kip) could not compete with. Before, if he liked the client and wanted the business, he could reduce his commission and get the deal done. Now, he can't. He understood why—he mentioned steering, strong-arming, etc—but he felt it was an unfortunate and unintended side effect, one that cost him clients and potentially cost his clients' money.

But broker Mario Abruzzo had a very different attitude toward the compensation restrictions that Kip abhorred. According to Mario, post-crisis regulations had leveled the playing field and pushed unscrupulous actors out of mortgage lending. "We needed a cleansing *so bad,*" he told me, and related an incident that had made him see just how dangerously unregulated his industry had become.

> I was in Michigan at my sister's lake house. I got pulled over on a jet ski because I rode too close to a dock…probably 15-20 feet out. [When the boat policeman gave] me a ticket..[I asked him] "if I go online and get my boater's license, pass the boater's examination, will you waive this ticket" And he said "Absolutely." So I went to this automated system online, it took me longer to get my boater's approval than I ever had to spend, prior to the change in the market, to get my license to do real estate, to sell mortgages. And that's when I said, there's something wrong with this whole world. And as it was getting cleaned up and regulating and changing, I said this is great, this is something that we've *always* needed. And it's basically regulations coming in and standardizing what we need in order to lend comfortably…
>
> The biggest change was the way that loan officers like myself are compensated. I have to earn the same percentage on every dollar that I lend, whether it's to you or to the next person in line. The old school way was, if someone's not smart enough to shop their mortgage, you could charge them whatever you wanted, and if they were gullible enough to buy it, you could earn that commission…So by standardizing, after cleaning up the industry and only having limited mortgage products, then that scrubbed people out that couldn't have the right type of communication with real, qualified buyers. Then the standardization of how mortgage bankers were paid, also got another wave of guys out, because they would do two or three deals a month and make as much as someone like me who is doing 10 to 15 a month, and why should they be earning more for doing less work, they're not really—is there real value there?...And instead of me selling my interest rate, I'm selling how well I'm educated in this industry, and how well I know the banks that I work with to deliver a mortgage to close. And it's not about the rate. It's not about the fees that you're going to pay. It's more or less, how much does that cost, what is my rate, and what am I getting out of it? And that's what it should've been always, and that's where it's at today.

From Mario's perspective, standardizing broker compensation effectively "cleansed" the mortgage business because it eliminated brokers' ability to tap into the housing value chain in a way he deemed to be unethical. Mario had no problem with a regulation that made it impossible for other brokers to scam unsuspecting borrowers by steering them toward the most lucrative loan products even when the borrower qualified for something better. His attitude is related to the kinds of financial institutions where he had worked and the type of professional identity he had crafted for himself, both of which provided him with financial and social capital to which some of the other LOs I interviewed did not have access. That capital helped Mario feel comfortable taking a moral high ground when it came to compensation: he did not feel that competing for clients on the basis of the interest rates and fees was the best way to serve their interests or his own.

Craig Reiss, another broker, who, like Katherine, had left the industry during the recession because he could not make ends meet, felt regulations stymied risk-based pricing methods and undercut brokers' discretion. Craig believed that brokers were completely justified in charging different commissions and fees to different kinds of borrowers, because finding a loan was harder to do for some customers than it was for others. He insisted that "buyer beware" rule should apply to mortgages: it was not his job to tell people what they could afford. It used to be that "we could make as much as we wanted based on each transaction [i.e. based on the time each transaction took]…but the government in its infinite wisdom decided we're the bad guys," he lamented. "So now we have to make the same amount for every deal."

As Craig saw it, it was just common sense that the broker would get a higher commission from borrowers for loans that required more leg work to close. He viewed the new rule as a "slap on the wrist" rather than a form of consumer protection. "I resent being in sales and being told how I can get compensated," he told me, pointing out that car salesmen were allowed to charge higher prices for riskier buyers, and even grocery stores like Whole Foods could charge higher prices without being accused of harming consumers. Craig felt that mortgage brokers were being unfairly persecuted for standard sales practices, practices which would have stood them in fine stead if not for the fact that "people were getting loans that they shouldn't have." The fact that his industry was facilitating such ill-advised decisions did not change his sense that ultimately, it was the borrower's responsibility to make good decisions. "Just because Costco is offering a ninety-inch TV for $3,000 doesn't mean I should buy it," he remarked to me. For Craig, the housing market was like any other market. He seemed to feel no greater compunction about price gouging home buyers than he would have if he sold anything else.

The broker who felt that mortgage brokers were "whipping boys," Hank Cordon, expressed similar feelings to Craig with regard to brokers' limited responsibility for the mortgage crisis. He told me that mortgage industry had taken the fall because they lacked the resources of banks and the lobbying power of realtors, and that it was “the populist thing to do to shift blame and responsibility from the individual to the corporation.” Like Craig, he felt that mortgage brokers were salespeople, and thus bore less responsibility than either the big lenders who gave them mortgage products to sell or the customers to whom they sold them. He called the crisis a "cycle of irresponsibility," noting that "if you put a bunch of drugs on the street, you're going to find people to take them." Yet when I asked Hank for his opinion of the post crisis regulatory environment he said it was “way too strict and an extreme overreach” that was preventing the markets from correcting themselves in the way that they otherwise would. He held that the new rules were “perverting the risk management process” and that now lending decisions were “not based on risk, they’re based on government regulations. [It is] no longer risk-based, it’s compliance-based.”

At the heart of these different responses to market regulation was brokers’ understanding of how they fit within the larger universe of finance. Were they whipping boys and scapegoats, empowered actors or dupes? And what about the responsibility of their customers? In *Liquidated: An Ethnography of Wall Street* (2009), Karen Ho explores how the bankers and consultants who work at prestigious Wall Street investment banks and consulting firms develop, in concert with the alumni of Ivy League universities who they aggressively recruit, a "culture of smartness." Ho suggests that this culture allows them to project and produce a level of mastery over financial markets that, in turn, feeds into their sense of themselves as the best, indeed the only, people up to the task of guiding corporate decision-making, mergers, and restructurings. And if they are the best people, then their approach to their work cannot be wrong. Many of the brokers I met seemed to project a similar sense of their own infallibility in a marketplace filled with less financially savvy actors—even though they lacked the social and financial capital of Ho's interlocutors to back it up.

But for Mario, there was plenty of blame to go around. No housing market participant was infallible.

> You know, everybody's so good at pointing their finger in the wrong direction. I think it was everybody's fault who was in the industry. It doesn't matter if you're the mortgage banker, if you're the banks creating the products, if you're a private equity firm coming in with unique private mortgage products that you're leveraging other people's assets [for], it's all greed. And I think that…everybody had an impact on it. And naturally, we should've all been conservative and educational in leading people in the right direction, but there was so much greed around it, that even honest people didn't know that they were being greedy, or using greedy products, because they felt so natural. So it was really hard for people to gauge what was going on. And they thought that, if I'm approved, or this mortgage banker says I'm approved because some bank created a product for the mortgage broker to sell, then the banks must, because they're so conservative, they protect our money, so they must think it's okay for *me* to own a home. So everybody is relying on other people's perceptions. Me, because the banks are giving the product away, and the consumer, because the product the bank gave me, I was allowed to get them approved on, everybody has this perception that its okay because someone's willing to give it to me. And if someone's willing to give me all this money to buy a home, they must not see risk in me. So it was almost like this fictitious confidence that they were putting people in the environment that was toxic.

In Mario's framing of who bears responsibility for the mortgage crisis and why, the risk that each market participant assumes when they engage with the housing value chain is pushed aside because each entity imagines that a thorough and complete risk assessment is already underway at another level of the chain. From his perspective, it is not that brokers or borrowers knew that their actions were risky and did not care but, rather, that they assumed that, if the market allowed it, it must not be that risky after all. Recall Mario's story about getting his boaters' license to avoid a ticket and realizing that boating was more regulated than mortgage lending, an industry that facilitated the transfer of residential properties, household wealth, and financial capital. In hindsight, he and others in his industry recognized how ludicrously unregulated their activities were. But in the moment, they experienced these market conditions as natural, normal, and right.

Against a Crisis Narrative of Mortgage Lending and Risk

In their stories of the mortgage crisis and its aftermath, most of my mortgage broker interlocutors drew sharp lines between what their work was like before the crisis and what it had was like afterwards. If they had been in the industry for ten years or longer, they also harkened back to an even earlier era, before the rise of subprime, and talked about, as Hank Cordon described, the "perverting" of the risk management process after the mortgage crisis. At the time of our interviews, I took them at their word. But what if the crisis was not an aberration, but a recurrent part of the market itself?

As I described in the introduction, Janet Roitman's *Anti Crisis* (2013) examines when, how and why we declare a crisis, and what questions such a declaration allows and forecloses. In the book, Roitman declares that she will "consider how crisis is constituted as an object of knowledge...Through the term 'crisis,' the singularity of events is abstracted by a generic logic, making crisis a term that seems self-explanatory" (Roitman 2013: 3). For my mortgage professional interlocutors and myself, the mortgage crisis provided a neat, temporally bounded explanation for the conditions of what they and I perceived to be a transformed mortgage finance market. Yet mortgage professionals' own descriptions of their adaptive strategies for survival in the face of a constantly evolving mortgage finance market and customer base negates the crisis teleology.

While mortgage lender Hank Cordon insisted to me that the current climate of "extreme overreach" by government regulators is exceptional, he also acknowledged that the movement between deregulation and re-regulation of the mortgage industry is recurring. And he divided his own seventeen-year mortgage lending career into cycles, asserting that each new cycle makes his industry anew. "It’s not like a lawyer who can say he has seventeen years of experience, because he’s working in the same environment with most of the same laws year after year. In mortgage lending, there are “different fundamentals for every economic cycle” he explained. When I asked why and how these cycles occurred, he said that it was because of economic swings, but that “the fundamentals change time and again because politicians will regulate the hell out of the industry and then leave us alone.” Hank clearly resented when the pendulum swung toward more regulations, and, as a self-described believer in the free market, he saw market interventions as inefficient. But that did not mean he did not understand and rise to meet their challenge.

Similarly, mortgage lender Mario Abruzzo described how he had to "reinvent" himself after the crisis because his main client base, small business owners who tended to report losses on their tax returns to avoid taxes, could no longer obtain financing. Below, he explains how his approach to lending continues to evolve as he predicts what group of buyers he should target in the following year:

> What’s great is, as the refis fall out, coming into 2012, so 2011, my number one focus was to do less refinancings and more purchase loans. So in 2012 92.5% of my business was purchase loans. My competition was maybe doing 50% purchase loans, 50% refi and that real number, if you were to look at people’s production

> rather than what they tell you, was probably 80% refi 20% purchase. So I geared up early to spend my time building relationships with real estate agents. As the refis fall out, these other mortgage bankers are trying to build relationships with my [real estate] agents, but because they're just *now* getting into it, they're not as familiar on how to service those clients and that loan as well as I am. So I might lose a deal because that guys there, but he'll trip over his feet, which validates what I do. Right, and it makes that realtor go "wow, I didn't really realize how much *value* was in [Mario], and this guy reminded me." And then I see almost twice the amount of referrals this year than I did the previous year. Cause I took the time to look forward into the market and see where it's heading and change my approach to the business. You have to. So I just try to look as far forward as I can...I think [my secret] is being in it, all day, every day. If you have your eyes open, it's unavoidable. You know it's coming. You just have to mentally change and do it, and change.

What becomes clear in the market framings of Mario and Hank is that while the mortgage market and its customers evolve and change in response to broader economic transformations, mortgage professionals who are skilled market middlemen can assert themselves in the fray and find ways to earn an income by connecting the right types of borrowers with the financing opportunities currently available to them.

From this market making perspective, the mortgage crisis remains a relevant object of broker knowledge, but it is one that exists within, rather than outside of, recurring cycles of market expansion and freedom and market contraction and regulation. Mortgage brokers who reacted to these cycles rather than anticipated them struggled, as Craig Reiss and Kip Bailey did, with the sense that the odds are stacked against them and that they are being judged by a harsher standard than their peers. Like Katherine Canter, they sought to understand "what happened" in their industry and why they and their colleagues were being blamed for it. For them, the crisis was real and world transforming, rather than another cycle that could be anticipated, managed, and surmounted.

Just as the mortgage professionals at Darden Bank learned to comply with shifting federal regulations and stricter underwriting protocols in order to move their loans from the application phase to the closing table, successful mortgage brokers read the exigencies of the current market, hone the skills necessary to meet its challenges, and "change and do it" as the market demands. If they can adapt, as Mario did, they can continue to participate in the housing chain that stretches, through mortgage lending and securitization, from the individual homes and households to global circuits of financial capital (LiPuma and Lee 2004). But like the realtors I describe in the next chapter, the market that mortgage lending professionals help constitute as market middlemen also constrains and confounds them.

CHAPTER 4: SELLING DREAMS: REALTORS AS MARKET MEDIATORS

> In this country all men are realtors. As the prime symbol of our civilization, neither the pilgrim father, nor the pioneer, nor the captain of industry, suffices so well as the real estate man to explain certain habits of mind, certain ideals, and certain inconsistencies in the behavior of the American people.
>
> —Robert C. Binkeley, 1929

If mortgage lenders are market middlemen, connecting individual borrowers with the financial capital they need to access homeownership and Wall Street investors with the securities fodder they demand, realtors are mediators of the middle space where households, homes, and local and global economies intersect.[53] As such, they are crucial to both the perpetuation of the homeownership complex and especially vital to the taken-for-granted existence of homeownership as a social and economic good in the United States. Their work requires people skills, networking abilities, confidence, and technical expertise. It also demands the management of conflicting interests and identities up and down the housing value chain, as real estate brokers must forge close connections with their customers as well as maintain knowledge of and connections to other professionals in "the market," all while navigating the hierarchies of their industry and abiding by the codes of conduct and appearance that they proscribe.

Throughout the home buying and selling process, realtors manage and strive to control the gaps in resources, knowledge, and interests that exist between buyers, sellers, other brokers, mortgage professionals, appraisers, inspectors, and other housing market stakeholders. As the first point of contact for most buyers and sellers, they are uniquely positioned to guide their

[53] realtor® is registered trademark of the National Association of Realtors (NAR), the real estate industry's largest professional organization and lobbying group. The NAR defines the term as only applicable to a professional member of its organization who abides by its strict code of ethics. The more general term, real estate broker, is a person who acts as an agent for the sale and purchase of buildings and land. I use realtor here without the trademark because the term has become a part of the lexicon of the profession and is now used to describe non-NAR members.

customers through a series of market engagements and decisions, from what property to choose to what mortgage professional, attorney, and property inspector to work with. If the real estate broker does her job well and has strong relationships with the other players in the process, the customer will experience these engagements as a smooth, straightforward path that ends with the successful purchase or sale of a property. But thanks to the public real estate listing search engines and services now available via the Internet, real estate brokers' authority as the arbiters of market knowledge is now under threat. While most buyers and sellers still hire a real estate broker to manage their interactions with the housing market, and real estate brokers still maintain exclusive access to the Multiple Listing System, real estate brokers no longer have a monopoly on the information that their customers receive about what properties are available to them. [54] Buyers and sellers gather their own information and compare properties and prices on the Internet, undercutting key components of real estate brokers' value in navigating the housing market. Real estate may be a prototypically "American" career, but its vulnerability to economic, social, and technological change is also emblematic of the challenges of making a living in a service-based, consumer-driven economy that is moving toward a gig mode best suited for "companies of one" who have mastered the art of selling themselves (Gershon 2017; Lane 2011).

In this chapter, I briefly describe the evolution of real estate broking into an organized, reputable profession. From there, I use my own experience with real estate education and licensing to reflect on the accessibility and exclusivity of the real estate profession. I then move into a discussion of the role that creating and maintaining relationships plays in real estate brokers' successes and failures, which leads into an analysis of the professional trajectories of

[54] A shared, member-populated database of all properties for sale that allows dues-paying members to search for properties for their clients, research and generate comparative market analyses and other reports, and share commissions,

my interlocutors, in which I consider how their experiences in real estate has intersected with technological developments and economic shifts and the twists and turns of their own lives, which are in turn shaped by their racial, ethnic, and class identities (cf. Abelmann 2003). I close with a discussion of the ways in which some real estate brokers use real estate investment to hedge against their professional precarity and maintain a sense of freedom and autonomy.

Real Estate Broking as a Profession

While private property ownership has been a cornerstone of the United States' political and social organization and economic flourishing since the arrival of the first European settlers in North America in the 1600s, the buying, selling, and financing of real estate as an identifiable *profession* is a relatively new phenomenon. Real estate brokerages became professionalized at the turn of the 20th century, when a group of residential and commercial real estate brokers and developers "…made a concerted effort to organize their occupation into a 'profession' on the national level[,]…motivated both by their desire to rehabilitate real estate as a commodity in the wake of the depression of the 1890s and by their desire for 'unification of thought and purpose among the country's real estate interests,'" (Hornstein 2005: 1). Those early efforts have grown into a national organization that includes over 1.1 million dues-paying members and 1,222 local organizations.[55]

As historian of the industry Jeffrey Hornstein (2005) illuminates, real estate has long offered the kind of open-ended upward mobility that has long been appealing to aspiring members of the middle class in the United States. In a story published in the *Saturday Evening Post* in 1912, the author presents real estate as a field that "…a young man would find satisfying

[55] http://www.realtor.org/membership/historic-report

because it would both test him and allow him to express the full range of his talents. He could find in real estate brokerage the excitement, occupational autonomy, and potential pecuniary rewards of entrepreneurship, as well as the prestige and ethical standards of white collar 'head work'" (Hornstein 2005: 6). At the same time, as a commission-based sales field without the benefits and security associated with white-collar professions in the U.S. throughout the 20th century (Mills 1952), the real estate field has also been a refuge for those ill-suited, unqualified for, or shut out from other, more respectable and secure professions.[56] The peripatetic work histories of most real estate brokers are not unique (cf. Lane 2013; Newman 1999), but they do index the tradeoffs inherent in industries that require their workers to become "companies of one."

In the twentieth century, real estate organizations successfully created a professional image and code of ethics for themselves, standardized licensing and commissions requirements, and expanded their ranks considerably. In 1908, they had twenty local associations and 1,646 members. At the height of the real estate market in 2006, they had 1,445 local associations and 1,338,001 members.[57] From my own research with real estate brokers in Chicago in 2014 and 2015, I found that real estate drew in the entrepreneurially minded but not necessarily successful, disenchanted salesmen in information technology, advertising, insurance, and other fields, stymied low-level bankers, young, hopeful real estate investors, stalled mid-level managers and creative professionals, and ambitious but aimless twenty- and thirty-something men and women looking to launch a career without substantial investment in further training and education. Real

[56] For example, real estate was one of the first professions that was completely open to both married and single women, a distinction that facilitated women's upward mobility and financial independence and, as is often the case when professions become more "feminized," undoubtedly detracted from its prestige (cf. Freeman 2000; Lugo 2008).

[57] Data gathered from the National Association of Realtors Historic Membership Report.

estate brokers in the U.S. earned a median income of $42,500 in 2016,[58] more than $16,000 less than the median household income for the country as a whole.[59] While earning high levels of compensation is possible, and often seems tantalizingly within reach for real estate brokers who are just starting out, it is by no means guaranteed. At the same time, the process for becoming a real estate broker, which I outline below, is relatively inexpensive, quick, and straightforward. Real estate's ease of entry and its opportunities to access autonomy and financial reward through participation in the housing value chain continue to draw new entrants to the field. However, whether these entrants find success or not depends on their access to social and financial capital and their ability to navigate the conditions of their local housing market.

How to become a real estate broker

To become a real estate broker licensed by the state of Illinois, you must be at least 21 years of age and hold a high school diploma or G.E.D. equivalent. You must pay approximately $500 to enroll in and complete a ninety-hour, state-approved pre-licensing program, fifteen hours of which must be "interactive" in a classroom or webinar setting. Next, you must register and pay a $45 fee for a multiple-choice exam that is taken on a computer at a registered state licensing testing center. You will have three opportunities to pass. If you fail three times, you must re-enroll in a pre-licensing program. Once you pass the exam, you must pay a $115 licensing fee, which gives you a license for three years. You must also join a professional association of real estate brokers, such as the National Association of Real estate brokers (only members may call themselves Real estate brokers), or the Chicago Association of Real estate brokers, and join the aforementioned Multiple Listing System ("MLS") in order to have access to

[58] Data gathered from the National Association of Realtors Quick Real Estate Statistics 2017.
[59] Data gathered from the U.S. Census Bureau Household Income: 2016 Report

the professional network through which real estate professionals advertise their listings and find properties of interest to their clients. The combined cost of MLS access and association dues is approximately $1000 per year. You must also pay a fee to "hang a license" under a managing broker in the state of Illinois.[60] The cost of hanging a license varies, but on average real estate brokers pay anywhere from $250 to $500 a month. These are the fixed, necessary costs of doing business. Real estate brokers can also anticipate spending in excess of $1000 per year on marketing expenses, staging supplies, and so forth.

The school that I chose for my pre-licensing program was located in a small, family-owned real estate brokerage on the North Side of Chicago. All of the instructors were also licensed real estate brokers at this same brokerage firm. On the first day of class, a Tuesday evening in September 2014, I arrived and was directed to a somewhat cramped, beige carpeted area in the basement. I walked into an open area just down the stairs from the front lobby. Four rows of chairs with attached desks were arranged on either side of a central aisle and facing a digital projection screen. A faux wood table with a wheeled office chair behind it faced the desks. Behind the class space, I could see a few empty interior offices and small conference rooms. As we were underground, there was little to no natural light. It seemed to be a fitting, sleep-inducing setting for twelve weeks of real estate licensing instruction.

Having arrived a few minutes before the start time, I had the opportunity to glance around at my fellow students. On the first day, there were twenty-three of us: ten men and thirteen women. We ranged in age from our mid-twenties to mid-fifties. Our gender breakdown was

[60] Real estate brokers must have two years of experience and complete additional educational requirements before they can become managing brokers. Managing brokers accept sales commissions on the behalf of the brokers who work under them and take out a portion of those commissions (often 30%). In exchange, managing brokers provide errors and omissions insurance and an organizational umbrella, which may include office space, advertising materials, branding, email access, etc.

relatively close to the gender distribution of the field, which is now 63% women, according to the National Association of Realtors (NAR).[61] Most of us were white and U.S. born, but there were a few Latino and African American students in their twenties and thirties, as well as one South Asian man in his forties, a Polish woman in her fifties, and a man from Ireland in his late thirties. In 2016, NAR found that the average real estate broker age was fifty-three with ten years of experience, so the class skewed a bit younger than was typical of the field.[62]

Our instructor on that first day, and for much of the course, was named Bernard. A short, mustachioed white man with a rooster's swagger, he told us that our textbook, *Modern Real Estate* (Galaty et al. 2014), should be our bible for the duration of the course. He told us that we would need to know how to do math to pass the state exam, and asked, sarcastically, for a show of hands from people who couldn't do math. No one raised their hand, but he told us that we would all need to practice math anyway so we wouldn't be surprised when we had to do it for the exam. He also said there would be a lot of esoteric legal material to memorize, too, but added "My thought is that if you got out of 8th grade you should be able to be a real estate agent," a comment that seemed designed to both put us at ease and belittle our intellectual capacities.

The class format consisted of a review of the chapters assigned for that day and completion and grading of the end of the chapter quizzes, punctuated by advice and more or less relevant anecdotes about the real estate profession from our instructors. Bernard loved to tell stories from his own career. While they were meant to illustrate the principles and pitfalls of the real estate profession, his tales annoyed some of the other students, as did his brusque, strangely

[61] While real estate began as a male-dominated field (women made up only 2% of the total number of realtors in 1910), it became one of the first jobs that older married women held, and by 1980, the gender composition of the field was evenly split (Hornstein 2005: 200)
[62] Although real estate has long been an older field due to its "second career" appeal, this late average age and extensive average experience may also be symptomatic of the contraction of the field during the mortgage crisis and financial recession.

confrontational demeanor when they asked questions that he deemed irrelevant. In stark contrast to Bernard's embellishments, our other primary instructor, James, a slim white man in his mid-twenties who looked even younger than he was and favored bowties, read aloud to us from the textbook in a monotone voice, only pausing when someone asked a question. James was also the brokerage office manager, and had only recently obtained his own real estate license. To me, he was the least effective instructor, but my classmates Malcolm, an Irish American man in his early forties, and Sergio, a Latino man in his thirties, told me they appreciated James's straightforward approach.[63] For one thing, because we covered the textbook material and nothing else, we were always let out of class early when James taught.

The pre-licensing course I took, despite being taught in person rather than over the internet, required minimal class participation. Our instructors told us again and again that all we needed to know to pass the state exam could be found in our textbook. This emphasis on rote memorization made it easy to understand why many real estate licensing courses were now offered online, despite the fact that real estate is an interpersonal profession that seems to require an almost limitless amount of extroverted engagement, emotional labor, and keen perception. In each class we would cover two-to-three chapters from the textbook that we were supposed to have read beforehand but after a few weeks, I stopped preparing in this way. It seemed pointless, considering that the instructor would go over the material, if not word for word, as James did, then very close to it. Sergio told me that he did not read from the textbook at all until it was time to study for the exam. Another young white woman classmate, Kelly, who was from rural Indiana and had once been a retail banker but now worked as a bartender, reported that she

[63] Both Malcolm and Sergio held real estate licenses previously but left the field after the mortgage crisis. From their perspectives (and presumably those of other classmates) the real estate licensing classes were tedious hurdles in their professional trajectories, rather than the opportunities for participant observation that I found them to be.

stopped reading after the second class. Attendance was not mandatory and dwindled as the weeks went by. After starting with twenty-three students, after the first week our class size fluctuated around ten.

After meeting every Tuesday and Thursday from 6 PM to 9 PM for ten weeks, we took a hundred-question multiple-choice exam that covered the textbook contents, and, we were told, mirrored what we could expect on the state exam. We had to pass this test in order to move to the next and final phase of the licensing course. Several students did not pass on the first try and had to arrange to retake it on an alternate date. They could not register to take the state exam until they passed the in-class one and completed the last three weeks of the course, which consisted of fifteen hours of interactive instruction.

I was looking forward to the final phase of the course, which involved solving common real estate dilemmas, many of which had a professional ethics component, in a group setting. For this part of the course, in-person attendance was required. The dilemmas were meant to be interactive. We were told to talk amongst ourselves to find solutions to such complex problems as what to do if a client doesn't listen to your advice and wants your help in refusing to sell to a minority home buyer. However, the agenda was still tightly aligned with what kinds of questions the instructors felt we needed to be prepared for on the state exam, and what multiple choice answer would give us the points we needed to pass and obtain our license. They quickly dismissed the possibility that there might be multiple ways to resolve the complex issues presented to us.

From the perspective of the instructors, it seemed that the state exam, and the ninety hours of course instruction that was a prerequisite before taking it, were hoops to jump through rather than an opportunity to educate, shape the professional identities, and instill ethical standards in the next generation of real estate brokers. This is not to say that the instructors portrayed real estate as an easy or intuitive profession. Bernard especially was filled with stories of how inexperienced real estate brokers could get tripped up or taken advantage of by clients or other real estate brokers if they were not careful. But, in spite of his role as a licensing instructor, he seemed to be very much in the "experience is the best teacher" camp.[64]

The bureaucratic apparatus of the real estate profession, which includes the license and the state regulatory board that oversees it, the pre-licensing class, exam, continuing education hours requirements, and state licensing fees, the ethics board, the powerful professional membership organization that charges dues, helps real estate brokers construct an identity for themselves as professional, ethical, and educated. But it also creates temporal and financial hurdles that pose challenges for new real estate brokers hoping to enter the profession. Further, the expertise that real estate brokers cultivate and display in order to convince their clients that they are the right people to guide them through the complex process of buying or selling a home is not accessible through a book but, rather, through experience, professional savvy, social capital and networking abilities, and emotional labor.

Over the course of twelve weeks of twice-weekly meetings, we learned the basics of fair housing laws and how to avoid violating them.[65] We learned that real estate brokers have an agency relationship with their clients, and about real estate contracts and how to fill them out properly, as well about private property and inheritance laws that impact real estate sales

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[64] The establishment of professional licensing requirements, a state regulatory structure, and an educational program were key components in the 20th century development of real estate as respectable, middle class profession (Hornstein 2005). I found that in practice, realtors both resented their industry's rules and regulations, such as the licensing course, *and* relied upon the veneer of authority and knowledge they provided to convince clients of their own expertise and competency.

[65] Although the real estate licensing course I took was advertised as ninety hours of education, by my calculations, we only spent 72 hours together in the classroom.

transactions. We learned how to name a real estate parcel using metes and bounds measurements, and to calculate the area of a real estate lot, both of which, instructors assured us, we would most likely never do in our future careers.[66] We learned about the different professions one could pursue as a licensed real estate broker and their responsibilities, as well as our instructors' opinions about which of these positions was worth pursuing. Commercial real estate, we were told, was the most lucrative, but most of the people indicated they wanted to be residential real estate brokers. We found out how to calculate the return on investment for a commercial property. We discovered what other professionals, such as real estate attorneys, appraisers, and home inspectors, do in the sales process. We were lectured by a guest real estate attorney on the importance of not overstepping our roles and inadvertently practicing law without a license. We learned about the nature of the client-broker relationship and what we could and could not do when party to it. Some of the material we covered seemed relevant. Other parts seemed obscure. But it was all presented as facts to be memorized and filed away for retrieval on test day—even if we never used it again.

I had no problem with what the course required of me as a student and successfully passed the in-class test and the state exam. But the class and course content did present problems for many of my classmates. Complex material was presented to us in a rapid, top-down fashion, with little time or patience for follow-up questions or concerns. When students did ask questions, the instructor often deflected the query, gave a short, not very helpful answer, or openly mocked them for their ignorance. Students could, and sometimes did, ask questions of

[66] Metes and bounds are a surveyor's way of describing a parcel of real property "using carefully measured desistance, angles, and directions, which results in what is called a 'legal description of the land, as distinguished from merely a street address or parcel number" (The Legal Dictionary, Online Version)

the instructor privately during breaks or before or after class, or discussed difficult quiz problems among themselves. But it was not an environment with easy access to assistance. Perhaps this was good preparation for the field we were about to enter; Bernard warned us against providing information to clients or assistance to other housing professionals without obtaining compensation for it. This concern with protecting and restricting the flow of information, I discovered, was a key dimension of the way that real estate brokers were able to both "add value" as expert navigators of the housing market and "extract value" through the commissions they received from their clients.

When our real estate licensing class covered "Chapter 2: Agency," which outlined the duties that real estate brokers have as "agents," Bernard brought up a slide that explained that the Latin root of agent, *agere,* means "to do, to drive, to act." He said that a term most often associated with agent is "fiduciary," which also has Latin roots that link it to terms like "trust," "trustee," "to trust." The historical duties of an agent are "care, obedience, accounting, and disclosure," and an agent can be defined as "one who carries out the wishes of another in a faithful and trustworthy manner" (Galaty et al. 2014: 42).

Bernard stressed that the loyalty an agent owes to his client should "rise above any personal interests of the agent." "Some people have a problem with that," he said, disparagingly, because "we've been trained since birth to think 'me, me, me!'" At the same time, he insisted, real estate brokers do not owe all people they interact with the same level of care. Bernard described the amorphous difference between a consumer, a customer, and a client/principal. You can perform "ministerial services" for consumers—answering basic questions about a property at an open house, returning phone calls, etc., but the client is "the only one to whom you owe your loyalty, and whom you advise and counsel." For Bernard, real estate knowledge was a precious commodity not to be shared unless you were sure you would be compensated for it. "You gotta be careful," he told us, "because people walk around just getting free info from anyone they can…" To protect yourself from giving counsel to people who are not going to pay you, "Are you working with anybody?' should always be your first question…you want to get it straight with people before you jump in a car [and show them properties]."

In a commission-based field such as real estate, wasting time with customers who will not actually buy anything is a constant concern, and it made sense that Bernard would want to warn us against being too trusting of both customers and our competitors. "The important thing is for you to teach your client what [the broker-client agency relationship] means. When you don't do that, you run into trouble," he said. If a home buying client does not understand that working with you means he cannot have other agents show him properties, or understands but does not care, he may cast you aside for another agent at any moment. And, according to Bernard, other agents will be more than happy to serve your wayward client and screw you over in the process.

From Bernard's perspective, real estate brokers have to both educate their clients about the nature of the agency relationship *and* continually demonstrated the "value" they add through their services. But it is "more and more difficult to demonstrate your skills and expertise with Zillow [and other real estate internet sites]…If your buyer starts quoting you [listing information they got from] some site and doesn't listen to you, you gotta stop that quick," he said. You have to tell them that the MLS offers the most accurate and up-to-date information, and thus that they still need you, because only real estate brokers have access to the MLS. If you cannot make them understand your value, Bernard said "they're gonna lead you around like *this* [held his own nose between his fingers and walks around, demonstrating 'lead you around by the nose'] and then you're not an agent, you're a *sheep…* *You* have to counsel them and *you* have to teach them.

It's very difficult now."

While real estate has relatively low barriers to entry compared to other fields, the format and cost of the pre-licensing course and state exam perform a gate-keeping function for the industry. Licensed real estate brokers' state-regulated professional credential and exclusive access to the multiple listing service creates hierarchies of expertise and knowledge between real estate brokers and the public. But the requirement that prospective real estate brokers take a course, pass a one hundred question multiple-choice exam, and then pay a series of fees to become an active participant in real estate also creates barriers. Many people who graduate with a high school diploma or GED, the one formal educational prerequisite for a real estate license, do not have a firm grasp of basic mathematical concepts and lack strong reading comprehension skills. Some have learning disabilities that make it difficult to sit in a classroom for long periods of time or to memorize and retain large amounts of information. While some of these issues might affect their ability to eventually practice real estate and represent their clients' interests successfully, most of it was rote memorization that has very little to do with what is required of real estate brokers on a day-to-day basis. And yet the course and the exam depend upon people possessing these academic skills, even if most, if not all real estate brokers would agree that the *practice* of real estate requires a different set of capacities altogether.

According to Jeffrey Hornstein the real estate historian, early in the 20th century, wealthy, high-class real estate men sought to organize their profession in part to keep out land sharks and low class speculators from tarnishing their image. "Publicly, the real estate men declared a role for themselves as protectors of society—implicitly marked feminine, childlike, or working class—against the unscrupulous, nefarious swindler who populated the ranks of the commonplace real estate agent" (2005: 33). But in the process, they also created licensing requirements that kept aspiring real estate brokers with less social capital and disposable time and income from succeeding.

In addition to the hurdles of the licensing course and exam, entering the real estate profession comes with substantial upfront costs and potentially years of “paying one’s dues” if one does not have connections to client or referral sources and substantial capital to start. New real estate brokers are urged to have enough savings to sustain them for the first six months. This advice reflects the time lag of compensation in real estate transactions and the pecking order and insularity of the industry.[67] Most new real estate brokers begin their careers as “buyer’s agents,” meaning that they represent prospective home buyers looking for a new home rather than current home owners who wish to sell a property. This pattern has implications for the speed at which they will be compensated and the amount of work they will have to put in before they receive their first commission check. Buyer’s agents may show clients dozens of properties over the course of several weeks or months before the client even makes an offer.

Seller’s agents, in contrast, have much more control over the time commitments and costs of their work, and they have the opportunity to negotiate their compensation with the seller who is their client. They may host a few open houses, or enlist newer members of their real estate brokerage to do it for them. They may take buyer’s agents and their customers through their properties, or give them a key code and let the buyer’s agent let themselves in. And while there are, of course, exceptions to every rule, in general people do not list their properties for sale unless they intend to sell them. In contrast, many people begin looking to buy a home when they are not financially or psychologically prepared to do so. As a result, real estate brokers who

[67] Real estate brokers and mortgage lenders are compensated when the property sale they are working on closes, an event that is often scheduled a month to six weeks after first drawing up a sales contract.

represent sellers often have motivated clients who are more likely to conclude their transaction and compensate their real estate broker so long as she secures them an adequate sale price. More established agents are also able to restrict the geographic area in which they work, developing an expertise in specific neighborhoods or suburbs, types and price ranges of housing.[68] New real estate brokers, in contrast, are often so desperate for clients that they will spend their time and money taking buyers all around the city before they generate commission from a single sale.

On paper, becoming a real estate broker seems straightforward, something that, as Bernard told us, anyone with an 8th grade education could easily accomplish. But in Bernard's anecdotes and asides, the questions and conflicts of what practicing real estate meant in practice loomed. You can receive your real estate broker's license fairly easily if you have the time and financial resources to take a class, study for the exam, take it, and pay the licensing fee. The perceived opportunity of high commissions and a recovering housing market beckons many people to do just that. However, *being* a real estate broker requires much more financial and social capital than most of the aspiring real estate brokers I met had anticipated.

Twisting Career Paths

When I asked what drew my real estate broker interlocutors to real estate, they described it as a fallback option: they were dissatisfied with their current jobs and in need of a fresh start. Like some of the mortgage-lending professionals who I spoke to, many had interpersonal connections with those in the real estate field, and the success and autonomy they saw those connections enjoying seemed appealing. For those who entered the field during for the early

[68]For example, a realtor might specialize in one-bedroom condos in high-rise apartment buildings in Chicago's River North and Streeterville neighborhoods. If successful, she would not have to travel far or expend many resources to meet clients, show properties, and receive a steady stream of new and repeat business.

2000s housing boom, the autonomy they enjoyed became less than desirable when the financial crisis hit, their customers disappeared, and credit markets froze, making it next to impossible to maintain their previous levels of income.[69] Yet most of my interlocutors stayed in the field, weathering their income loss with the help of a spouse's income or a sideline, such as rental property leasing or management, to sustain them. Although most of my interviewees saw the market as on an upswing in 2014 and 2015, they were still grappling with changed market conditions and consumer expectations. In spite of these challenges, I also encountered several new entrants to the housing field: women and men who, like earlier generations of housing professionals before them, were drawn in by the prospect of "being one's own boss."

Like homeownership itself, residential real estate beckons individuals in search of an accessible portal to the upward mobility they imagine that the housing value chain can provide. Within the housing market, they can find opportunity and, if they are lucky, clever, and/or well-connected, substantial reward. That they promise their customers access to the same things through the commodity and ideal they sell, the house and homeownership, indexes their mutually constitutive relationship with the housing market. They make the housing market by packaging and selling the dream of ownership to their customers. Yet they themselves are also market made. They depend upon the housing market to sustain them financially, give them a sense of professional purpose and identity, and provide a space where they can exercise power, freedom, and autonomy.

Roberto, a short, powerfully built Puerto Rican man in his late forties who rides a motorcycle and dresses for the part in black leather jacket, boots, and dark jeans, became a real

[69] In the years following the crash, the National Association of Realtors lost close to 300,000 members from their ranks (NAR Historic Membership Report 2018).

estate broker after just about everyone else in his family had already become involved in the field. I met him through a friend who brought me to a meeting of a community and economic development group that focuses on strengthening the cultural and business impact of Puerto Ricans in Chicago. He graduated college with a degree in Political Science and a minor in Latin American History, and prior to becoming a realtor, he worked at a university-based institute focusing on improving Latino health outcomes and then as the director of a health-focused not-for-profit agency. He said he got into real estate in 1996 because he "wanted something different." Although he thought the work he had been doing was necessary and important, he was bogged down by funding and bureaucratic demands. He wanted more freedom, and felt he could serve his community in other ways.

He started at Century 21, where he worked for a year or a year and a half, and then moved to Re/Max.[70] While there, he got his managing broker's license and was asked to head up a new office in Chicago's Southwest Side. From 2000 to 2003 he managed a Re/Max office in Chicago's West Side, but in 2003, even though, according to him, he was successfully managing a brokerage with fifteen agents, Re/Max did not renew his franchise license. After that, he had his own brokerage with twenty-three agents under him. He did that until the bottom dropped out of the market in 2007-2008, and now he is on his own with no one working for him. He stayed in the industry through the mortgage crisis, but he is not reliant on his real estate sales commissions alone. He is also a licensed property inspector and owns some rental properties.

[70] Re/Max, LLC short for "real estate maximums," was founded in 1973 as a franchise-based real estate brokerage system that allowed realtors to keep almost all of their commissions and pay their managing broker a share of office expenses rather than a fixed percentage of their commissions. It is now an international company with over 100,000 members and 6,800 franchises.

He explained that these other activities, while also in real estate, allowed him to diversify his income sources and ride out the lean times.

Terrence, a mild-mannered, middle-aged white real estate broker, told me that he fell into real estate in his late 20s after coming to the conclusion that his passion, music, was not a sustainable career path for someone who wanted to provide for his family. He said he thought about going back to school, but looked at the successes of his stepdad, who had his own real estate brokerage, and decided to try it out. He said his stepdad was skeptical of him at first, because he didn't think Terrence had the personality to be a real estate broker. I could see what he might have meant—Terrence is quiet, low key. There is nothing of the hyper-confident, magnetic salesman in his demeanor. He himself had worried that real estate might not be for him—he thought it would be about research and paperwork and, while there is some of that, he said that it was more about relationships. To his surprise, he was good at it from the very beginning. He said that having connections to his stepdad and other people at the brokerage who were like family was helpful, but he was not " handed" business. In fact, he felt there was more pressure on him to succeed and prove himself to show people that he wasn't coasting as the boss's son. Yet he said there was pressure for anyone in this business, because "you can't float or you won't get paid."

Terrence attributed his success to "effort." "I try," he told me seriously. And he saw having a positive attitude as important, too. "If you get up and go to work every morning, something good will happen. And you can't get too down about stuff." He said he was lucky because when he started, his wife had a job with a good income and they didn't have kids yet, so he did not feel much pressure to be financially successful right away, which allowed him to put the work in and build up his business. I asked him what the market was like when he started, and he said he found it to be challenging, but later someone told him that he was lucky to be coming in then because the market was good. Years later he could see that it was on an "upswing." Then the market got "*really* good after I had enough experience," he said.

During the boom years Terrence said he was "just experienced enough to really get the ball rolling… And then it ended." I asked him how the crash affected his business, and he said it affected everything. "I literally remember the day the phone stopped ringing," he said. "It was in April or May. I had been super busy up to that point, so busy, in fact, that the phone used to ring off the hook and I was almost frustrated when someone called with another listing because I just didn't want to do any more. But then the phone stopped ringing, and didn't start again." In the beginning, he thought he could just change strategies. At this point, he had moved up from selling modest homes to more expensive properties in the upscale Northwest Suburbs. Because each listing was worth more, he could get by with fewer at a time. When the housing market started to slow down, he initially thought he could just revert back to his old approach. "At first, I thought I just need fifty listings instead of twenty [to make ends meet], so I went out and got more listings. But none would sell. It got to the point where I just didn't care." He said he got through that period by "not looking up, and at the end of the each year, even though it was really hard, I still did okay. Even after two good years (2013 and 2014), he said he still had that mentality, and told me he felt needed to "get out of that mindset" and be more optimistic.

Archie Dalton, a tall white man in his late thirties who projected the energy and earnestness of an overgrown kid, became a fulltime real estate broker after losing money and properties in his previous real estate pursuits, mortgage lending and real estate investing. While in college at a public university in Illinois, he had majored in accounting, and did two seasons of audit work at a large tax firm before he realized that the field was not for him. He could not pass his CPA exams, and he said he didn't want to be behind a desk all day. He got work elsewhere, but then fate intervened: his parents helped him buy a condo in Chicago, and one of his new neighbors was a mortgage broker who was about to start his own company. Initially he brought Archie in as a kind of office manager who handled all of the hiring, ordered office supplies and did book keeping. But eventually, his neighbor's partner in the business, Eddie, started to resent Archie and the salary he drew without bringing any direct revenue of his own. Archie recalls a pivotal moment when Eddie came into his office, brusquely asking him questions about what he brought to the table and making fun of his speech impediment, a mild stutter.

Archie told me that that encounter, in which Eddie belittled him, was a professional turning point. Partially to prove that Eddie was wrong about his lack of abilities, Archie quit his salaried job and asked a competitor for a job as a mortgage loan originator. From then on, Archie said, "he lived by the sword and died by the sword": his fortunes rose and fell with the housing market. Below, he recounts how he weathered the housing market's ups and downs:

> It was probably easier to enter that industry [in the early 2000s] than at other times…[because] lending standards were so low, and it wasn't hard to find a customer…[A few years later] I got introduced to a developer that was a client of the bank, and he says [Archie], you need to become a developer, the first thing we need to do is build you a single family house. This was kinda toward the end…of the real estate boom if you will. And uh, I said okay…I was doing well in money, so I went to the bank that he told me to go to, and said I guess we're going to build a 3500 square foot single family house right in Bucktown. So I was very happy, very excited. Yeah, so [the developer] was like my pseudo partner, nothing on paper, but he was kinda like my partner, mentor. So that [house] went up and during that time, I was buying up other properties as well and I got my real estate license so I could bird dog properties and make commissions off them, as well…So that's how, that's how I was able to hold, that's when I held two licenses…
>
> Well, [the housing market] crashed, right? So at the time I got—I was holding five properties... [J]ust to stay even on the properties was about $20,000 dollars, a month…I wasn't doing it—well at that time, I lost all my business, it was uh…so [tone changes to strangely chipper] foreclosure, bankruptcy…So once that happened [I was still standing and]… I had great support from my family, I

> moved back home in my thirties, for…almost a year. Got back on my feet. I was living in the basement of one of my foreclosed properties, one of them was a three unit, so, I was able to like, get rent out of a couple units, which is uh, an ethical battle inside of itself, you're going through foreclosure yet you're still collecting rent… [Y]ou're just fighting for your, you're fighting for your own, you own, you don't know, it's just so crazy. Uh, and then just, just, it's been three, four, five years now, you just kinda work yourself out of it. So here I am. I do mostly real estate now, probably about 95% real estate… I work for [Real Estate One], a great brand in Chicago, and…I keep on doubling my income…It's been four or five years now. I think we're—at least stabilized. I think I'm stabilized to say the least.

For Archie, real estate initially offered opportunities for freedom and wealth building that he could not find in more corporate structured setting. But his forays from mortgage lending to holding a real estate license and buying and developing his own investment properties—a common strategy I will discuss further in Chapter 5—also exposed him to increased levels of market risk.

Much like Roberto and Terrence, Archie's path in real estate began with interpersonal connections. He entered the field because others he knew were there, and seemed to be finding both financial success and fulfillment, ingredients that were missing in his own professional life. But unlike the other two real estate brokers, these connections eventually led Archie to over-invest in the housing market and extract value as an investor, developer, real estate broker, and a broker simultaneously. After foreclosures and bankruptcy, he was now focusing on one thing: being a real estate broker. He told me he liked being a real estate broker because he liked "making people happy." He described how his affable, "disarming" attitude helped diffuse tense negotiations between buyers and sellers, and explained that he was able to make his clients feel that they were being heard and respected. Unlike the frenetic pace of the housing market when he was in the mortgage lending business, he said that the market in 2014 was a more reasonable pace, allowing him to take the time to guide clients through the home buying process without strong-arming them.

Unlike professions such as law, medicine, or education that require an investment of time and financial resources to achieve the educational credentials necessary, real estate professionals enter their field quickly and with comparatively little upfront cost. "Neither a professional in the accepted sense nor a white-collar cog in a corporate machine or a strictly autonomous entrepreneur, the 'professional' real estate broker [once] hinted at a potential new paradigm for staking a claim to a middle-class identity" (Hornstein 2005: 8). But this new paradigm has come with pitfalls. As independent contractors, real estate brokers have no guaranteed salary or benefits. This does not matter when things are going well, but as Terrence, Roberto, and Archie's experiences during the recession illustrate, when the market contracts, so too does their ability to access and generate value in the housing market. While Terrence and Roberto were able to push through the crisis and remain in the field, their income from real estate broking declined significantly. Although Terrance has focused his energies on rebuilding his business, he had to re-tool his approach just to stay afloat. Roberto, burned by the end of his relationship with Re/Max and by the recession, now devotes more of his time and energy to real estate investing, although he keeps his license active. Archie had his real estate license prior to the crash, but it was not until the financial crisis hit and he had to rebuild his professional life in the aftermath that he decided to commit himself to being a real estate broker first and foremost.

Scholarship on the rise of "flexible" or contract-based employment and its effects on white-collar workers indicate that my interlocutors' experiences of precarity during and after the 2008 economic recession are by no means unique. But like the laid-off tech workers Carrie Lane encounters in Dallas (2011), the investment bankers Karen Ho works alongside in New York

(2009) and the amateur day traders that Alex Preda follows (2017), I found that real estate brokers often placed a higher value on their professional independence and sense of autonomy than they did on an old-fashioned notion of long-term job security. This was true even though they suffered more acutely than more elite, credentialed workers did when the housing market tanked. Without the steady paycheck, benefits, and severance packages that sustain white-collar workers through periods of market contraction and unemployment, real estate brokers, like the mortgage lending professionals I described in the last chapter, have to work constantly to access and maintain their position as valued mediators, guides, and gatekeepers in the home buying and selling process.

So why did people continue to work in real estate during and after the mortgage crisis? Based on my findings, many continued in the field because they did not have anywhere else to go. Unlike laid off bankers (Ho 2009) or computer network engineers (Lane 2011), real estate brokers had no reasonable expectation that, if things were not working out in one brokerage, they would be more successful elsewhere. Like day traders, their fortunes rise and fall with their ability to tap into the housing value chain and successfully navigate the market on their clients' behalf. As such, there is no escaping personal responsibility for success and failure. As Alex Preda (2017) and Caitlin Zaloom (2005) both note in their studies of "amateur" retail traders and professional futures traders, respectively, there is something terrifying and rewarding about jobs that involve the assumption and management of risk. Real estate brokers enter the market on behalf of their clients who wish to buy and sell real property. But they, too, engage in risk by tying their livelihoods to their ability to successfully navigate a complex, multifaceted marketplace. Further, as was the case with Roberto, Archie, and other real estate brokers I spoke with, they are compelled to involve themselves in the risks and opportunities of the market even more directly through becoming real estate investors themselves.

Navigating Real Estate Networks

Although real estate brokers operate outside of the confines of the corporate office environment, many continue to feel constrained by the hierarchical structures of compensation and representation in real estate and rely extensively on their relationships with others in the industry. Those who are successful draw on personal connections and existing or self-fashioned professional networks to draw the referrals necessary to propel their business forward. Those who struggle (as the majority of my interlocutors did) attribute their difficulties to a lack of social and economic capital, which makes it difficult for them to cultivate strong referral sources, participate in professional networks, and pay for the advertising and promotional materials they hope to use in lieu of referrals. In this sense, we can see real estate's accessibility as a bit misleading: it is easy-to-enter yet insular, network-reliant yet difficult for novices to establish themselves as members who count. While it has low barriers to entry, it has high barriers to success.

Part of the challenge is that while real estate brokers operate independently and have to reckon with relatively few authority figures in their day-to-day work, they are deeply dependent upon the referrals and square dealings of others in their industry to find customers, meet their needs, and close their deals. Once a real estate broker has a steady client base, this can work out well. Lindsey, a stylishly-dressed white woman real estate broker in her thirties who I interviewed on the recommendation of a colleague, said she had lucked out because, as soon as she got her license the real estate broker who had sold a house to her years ago and whom she had recommended to many friends retired. When he did, he sent most of his clients to her. He said he couldn't think of a more fitting way of repaying her for her referrals over the years than by sending them back her way. In her twelve years in the business, she said she has never had to do advertising or buy leads—it's all been built on word of mouth.[71] She said that "it's all about finding people who trust you and have a similar vibe to you" and that she worked with a lot of artists, musicians, schoolteachers, and professors that seemed to feel more comfortable with her than they would with a more slick, corporate type of real estate broker.

Lindsey told me that ninety percent of her clients are first-time home buyers, which she felt had to do with her time of life as much as anything else. She entered the field right as her friends and contemporaries were starting to purchase their first properties. She also reported that at her small brokerage in a hip section of Chicago, she had received great mentoring from the managing broker and from her more experienced co-workers. Lindsey's experience of real estate seemed shaped by the social capital she had brought into the field when she first entered it—strong relationships with people who were ready to purchase homes and ready to recommend her to their friends and colleagues, too, as well as her personal "vibe" or brand (Gershon 2017). And her experiences jived with a directive that my classmates and I received in our real estate licensing course: "start by selling your services as a real estate broker to people already in your network." If you have a good network, and you play your cards right, you might never have to worry about hunting down business outside of it.

[71] Real estate brokers in search of new customers can buy leads from real estate websites such as Zillow or Trulia, or from third party lead providers. The leads include a potential customer's name and contact info. While real estate brokers may buy leads to begin with, many feel that the practice is a waste of money and should be avoided once you have built your business can generate leads from your repeat customers and their referrals instead.

From Lindsey's own description of her entry into the business and her continued success, it sounds as if she had lived out the "it's all about who you know" principle of professional success. Unlike several of the other brokers I interviewed, I never felt that Lindsey slipped into pitch mode to "sell" me on homeownership or herself as a competent, successful real estate broker. She told me she got into real estate because she loved the experience of buying her own home and was genuinely interested in helping other people find the right home for them and getting to see inside all these different houses along the way. I believed her, and her origin story added to an appealing sense that she was a salesperson who was not just in it for the money but rather genuinely wanted to help people buy and sell homes. Lindsey was attractive, knowledgeable, and well-spoken, but not in aggressive way that might have been off putting to her target audience: hip, relatively affluent, urban first-time home buyers.

Other real estate brokers I spoke with had not had such an easy time. Lenny Escobar, a Colombian American real estate broker in his early thirties who entered real estate after finding that he disliked his chosen career path of elementary education, spent a lot of our time together complaining about the corrupt business practices of others in his field. "Only ten percent of real estate brokers are decent people," he told me, and labeled himself as among the decent ten percent due to his Christian values and his volunteer commitments as a coach and mentor. These attributes, he claimed, defined him far more than his professional identity as a real estate broker. Nonetheless, like Lindsey, he tried to use these attributes to market himself as a different, better version of a real estate broker; one that did not fit the slick, sleazy stereotype.

I met Lenny in my real estate licensing class, where he was quick to introduce himself and tell me that he had been through the class before and had years of real estate experience. He had obtained his real estate license previously and worked as a real estate broker from 2003 to

2007. Lenny got into the real estate business through a personal connection—his mother. As a recently divorced mother of two who had emigrated to the United States from Colombia years earlier, she started selling real estate in the 1990s, had success, and eventually opened her own brokerage. When Lenny started out as a real estate broker, he worked for her, and initially things went well. But in 2007, it started getting harder for his clients to obtain financing. He wasn't making enough money selling houses, so he switched to acting as a rental agent, but this was difficult, as well.[72] Eventually he left the field, first obtaining work as a benefits administrator and then finding a position as a real estate analyst within the REO property division of a major U.S. bank.[73] He decided to return real estate broking in 2014 because the market was improving and he was sick of dealing with the corporate banking world and the REO properties real estate niche, which he told me was rife with corrupt real estate dealings. His decision to return to work as a real estate broker was aided by his new marital status: his wife had a stable, steady income as a public school teacher, something he had not had the benefit of when he worked as a real estate broker previously.

Other real estate brokers expressed similar criticisms of their industry to Lenny's, and took pains to distinguish themselves and their working practices from the ways in which others did business. This differentiation might be a business strategy—in an industry with a sullied reputation as far as ethical business practices are concerned, it behooves real estate brokers to convince potential clients that they (1) have a strong sense of ethics; (2) that others in the field do

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[72] This was a common financial survival strategy for urban realtors during the recession. The commissions for a rental broker are much smaller (usually one month's rent), but when the credit markets were tight, the rental market boomed and provided real estate brokers a much-needed opportunity to earn compensation.

[73] Banks' REO divisions managed their inventory of "real estate owned," most of which were properties that the bank had repossessed after foreclosure proceedings. Real estate analysts like Lenny managed the sale of these properties by hiring outside real estate brokers and acting as the bank's representative in negotiating the sale of the REO properties.

not; and (3) that they can protect their clients from the bad faith dealings of other real estate brokers, buyers, sellers, and mortgage lenders. But their complaints about others' behavior also reflect discomfiture with the competitive nature of their field and their own sense of marginality within it.

My real estate classmate Kelly Burton had a college degree but was working as a bartender as she tried to establish herself in real estate. When I met up with her in February 2015, she had just passed the real estate licensing exam and told me excitedly that she had found a mentor, an older, more established male agent whom she knew through a friend of a friend. He had real estate licenses in Indiana, Michigan, and Wisconsin, and he'd based much of his business around the second home market. He said that if Kelly helped him out and handled his clients' transactions in Illinois, they could split the commissions. When I met her for coffee six months later, she was depressed about her future prospects in real estate and hoping to move to Colorado for a fresh start. She told me that her mentor had been anything but helpful, passing off his most difficult clients for her to deal with, hiring his buddies to do shoddy construction work and clean a client's house in preparation for listing photos, and then refusing to refund her when the client was dissatisfied and Kelly had already paid for the work out of her own pocket. Teaming up with him lost her business, she said, but she felt she lacked the connections, financial resources, and experience to do it on her own.

As a newcomer to real estate, Kelly told me she felt betrayed by someone she had considered a mentor and ignored by the other real estate brokers she'd met. When she'd do showings of a property, she'd ask the other real estate brokers for feedback and get no response. She said her brokerage had all these social events to promote networking within the brokerage, like golf outings and casino nights, but she didn't have the money to attend them. She'd already borrowed thousands of dollars from her dad to pay for the licensing class and to become a member of the National Association of Real estate brokers so she could get access to the MLS. She didn't want to spend more money with no hope of a return. When I checked in with her again several months later (and a little over a year after she'd passed her licensing exam) she told me she was moving back home to Indiana.

Another new real estate broker I met, Edison, was similarly frustrated by the behavior of others in his field. Edison is a black man in his late twenties who decided to pursue his real estate license after launching a men's clothing store and then a gourmet popcorn business that he hadn't been able to scale up successfully, then working as a manager for several years at a national rental car company. Edison had entrepreneurial and managerial experience and skills, but he said what had surprised him in his first month in real estate was the isolation.

"You're in this by yourself," he told me. "There are no people holding your hand or ensuring your success." He explained that he had sent out emails to the top four brokers in his office when he started working, introducing himself and offering himself up as someone who could assist them in exchange for some guidance. He even told them that they didn't have to split their commission with him: he would work for free. Two of them responded saying "good luck but I don't like to work with anyone else." The other two didn't respond at all. Then he sent emails to all 200 brokers in his firm, basically offering the same thing. Eight people responded and said welcome, good luck. But nobody took him up on his offer. Given that he had chosen to join that particular brokerage in part because of their reputation for professional development and mentorship, he was disappointed and already thinking about how to go out on his own as soon as possible.

Even real estate brokers who seemed relatively successful talked about other agents who backstabbed them, misrepresented properties, or refused to speak to them. Roberto Jimenez said he often didn't get callbacks on properties he'd inquire about for clients, a professional discourtesy he attributed in part to his Latino-sounding name. Lenny Escobar told me he thought his Latino heritage worked against him, as well. Bernard, one of the instructors from my real estate licensing course, frequently regaled our class with tales of other real estate brokers who tried to put one over on him or his clients. While younger real estate brokers like Kelly and Edison expressed dismay at other real estate brokers' behavior, Bernard seemed to consider his ability to ferret out shady dealings to be part of his skill set as an experienced professional.

Presentations of a Professional Self

Even as real estate brokers complained about others' unethical or unkind behavior, most presented a united façade of professional courtesy and competence when interacting with one another in front of clients. This "team" performance belied a far more vexing set of professional relationships and interests beneath the surface. Whatever their feelings about other members of their profession, or their identification, or lack thereof, with the professional organizational structures and norms of their industries, they must "perform" a professional identity that is in keeping with the accepted values, dispositions, and appearances that the general public expects of a member of their profession. As Erving Goffman writes "…one finds that service personnel, whether in profession, bureaucracy, or craft, enliven their manner with movements which express proficiency and integrity, but…often its major purpose is to establish a favorable definition of their service or product" (1959: 77). This need to maintain a unified professional front cuts against real estate brokers who find themselves in the unenviable position of being aware of professional misconduct or fraud in real estate transactions but being loathe to report it to their client, their professional organization, or to state authorities for fear of tarnishing an image of professional ethics that they themselves rely on to earn a livelihood.

Although we were told in our real estate licensing course how to report suspected instances of real estate misconduct or mortgage fraud, and those I spoke with named instances in which they were uncomfortable with the conduct of other housing professionals, no one told me that they had ever reported on a fellow real estate broker. Lenny Escobar talked about this at length with me, because he had many negative experiences, both when he was working as a real estate broker and managing the REO properties for a national bank and dealing with real estate brokers in that context. He even told me the names of people who he believed had done unethical things, such as covertly removed appliances from an REO property they were assigned by Lenny's bank to sell. Lenny said he could not do anything about these wrongdoings, because it was the type of industry where you would be blackballed if you were a whistleblower. But he seemed to think that I, as an outside researcher, could write a kind of exposé that would air all the dirty laundry, and called me a couple of times after our interviews when he was angry about what someone had done. While I got the impression that Lenny was a bit melodramatic, and I had to tell him that he should not expect a doctoral dissertation to right real estate's wrongs, his sense of anger and relative powerlessness is telling. Real estate brokers tacitly accept unethical, shoddy work from their fellow brokers, or from the home inspectors, mortgage lenders, and title companies to whom they refer their clients because they want to get their deals closed. In the short-term, whistleblowing gums up the works of home buying and selling and, as such, most real estate brokers avoid it. But *not* reporting bad behavior comes with its own pitfalls if you want your clients to value your expert guidance.

Even when they are interacting with customers, real estate brokers are faced with conflicting responsibilities to balance and perform. They must emphasize their professional expertise in order to present themselves as uniquely qualified for the work that they do. And yet they must also convey that they are willing to go above and to serve their clients and meet their emotional needs for support, encouragement, and validation in the home buying and selling processes. The emotional labor this self-presentation demands is akin to the work that Arlie Russell Hochschild notes is required of flight attendants in *The Managed Heart: Commercialization of Human Feeling* (1983), as real estate professionals must pivot between a deeply interpersonal, empathetic, "service" orientation toward their customers' wants and needs and an 'expert" stance through the enactment of technical competence and experience as negotiators, deal finders, and market-savvy, well-connected businesswomen and men.

Rosalyn, a white woman realtor in her sixties who came into the field after decades of running her own executive recruiting firm, strongly emphasized the "service" component of her job in our interview, and I observed her performing the dual roles of service provider and housing market expert in her interactions with clients. She had a way of authoritatively conveying important information to clients while making them feel that they themselves had already come to the same conclusion. For example, a prospective buyer once asked her about the high condo association assessments in an apartment where she was holding an open house. "You've noticed that this is a very well-maintained building," she replied. "The owners take a lot of pride in keeping it up, and they do not want to have to special assessments, so they like to keep strong association reserves. You understand, no one likes to be hit with a special assessment." She was representing the seller, and she told me that she knew that the building's high assessments were deterring buyers from what was a reasonably-priced condo. But she made the prospective buyer who questioned her feel that she was on their side, and in agreement with them about the importance of building upkeep and strong association reserves, so of course they understood, together, that the assessments had to be rather high. Rosalyn also skillfully built rapport with small talk; asking buyers where they were from, whether they had children, and praising them for their forethought in looking for a property like the one she was trying to sell them.

When a real estate broker is skillful and confident, like Rosalyn, she can handle clients and guide their expectations and preferences without them feeling that they are being strong-armed. But real estate brokers who are not in control of their clients (perhaps because they do not have the social capital and financial success to make them feel in control of their own financial destinies) must also hide their insecurities or go on the offensive when things are not going well. Archie, the real estate broker who had been a mortgage broker before the housing market crash, likened his relationships with clients to the perils of the dating world, noting that over time he had to become adept at "reading the signs" that the client was dissatisfied and wanted to end the relationship. He said that when the client went out of communication, or "went rogue" and stopped respecting his professional advice, the relationship was over. Bernard the real estate instructor told our class that we should never let ungrateful clients lead us around "by the nose." Real estate brokers that did not master these skills, he suggested, would end up asking "how do you like your coffee?" because they would be out of a job in real estate in short order.

Selling Indispensability in a Changing Marketplace

The balance that real estate brokers strive to maintain between presenting themselves as service-oriented and ready and willing to follow the client's instructions, and as experts capable of taking the reins from start to finish, has become difficult to manage in an age of rapid economic and technological change. In a world of consumers who fancy themselves educated in the inner workings of the real estate market by conducting research on the Internet or watching CNN, the ease with which someone can become a real estate broker or a broker presents these professions with an identity problem. How do you make something that seems easy to do and has few prerequisites apart from a high school degree and a passing grade on a multiple choice test seem like a legitimate career that requires intelligence, expert knowledge, business savvy, and experience?

The challenge real estate brokers face in proving their worth and value is by no means unique in the current service-based, consumption-driven iteration of the U.S economy. In *Down and Out in the New Economy: How People Find (or Don't Find) Work Today* (2017), Ilana Gershon explores the lengths to which job seekers and workers of all stripes must go to "sell" themselves and demonstrate their worth in an economy where one's "personal brand" and the appearance of professional success, skill, and mastery that it connotes, may matter far more than traditionally desirable worker attributes, such as educational background, employment history, work ethic, or the ability to learn new skills. In a way, a focus on self-presentation makes sense in a field that does not consider fancy credentials or exhaustive experience to be prerequisites for success. But effective presentations of oneself as a service-oriented advisor, expert negotiator, and industry gatekeeper become all the more fraught when the real estate broker trying to convey these things is struggling in an industry in the midst of a technology-driven transformation.

Real estate brokers perform a service in helping clients navigate the complex processes of buying and selling properties, and they receive commission-based compensation for their efforts. But their role as housing market mediators and deal finders is under threat from internet-based search engines and full service platforms like Redfin, which combine property listings, agents who will show clients properties on demand, and listing brokers who charge less commission because they receive part of their compensation from Redfin in the form of a salary. These companies offer the same basic suite of services that a real estate broker who is an independent contractor and works with a traditional brokerage provides, but in more convenient, well-advertised, and sometimes cheaper packages. In the face of such competition, real estate brokers spoke of the ever-greater necessity of proving their value to prospective clients, something that many (particularly those who were middle-aged and older) resented having to do after so many years in the profession. Real estate brokers had to fight to demonstrate the value of their services to cautious clients in a housing market still reeling from the mortgage crisis.

After accompanying Roberto on several property showings with his client, Marisol, who was looking to buy an investment property, he complained to me about the effects of real estate websites on the client-real estate broker relationship. He said that Marisol was constantly sending him listings from real estate search engines such as Zillow or Trulia and asking why he had not sent them to her himself through his MLS-generated search. She seemed to think he was slacking, but he said that the listings from those sites were often expired or filled with misinformation.

As much as Roberto resented Marisol's suggestions of properties to see, from my observations over the course of a couple of meetings with Roberto and observations of Roberto's interactions with Marisol in the fall 2014, he was indeed struggling to find a property that met her specifications. Marisol was paying cash thanks to an inheritance from her grandfather, who had also been a real estate investor, but this was to be her first property and she was planning to live in one unit and rent out the other units to tenants. This meant that she was more cautious and particular about the location and type of property she wanted than the typical rental property investor, and she ended up backing out of a home she had put in an offer on because after the inspection she determined that the sellers were being dishonest about the timeline of repairs they had made on the building. Roberto was an experienced realtor and Marisol was new to the housing market, but the balance of power in their interactions, at least those that I observed, suggested that Roberto felt his expertise was discounted. He said he was glad that clients were now more educated about the home buying process, but now "they want to control the whole transaction" and "think they know everything."

There are a number of converging trends that undermine real estate brokers' position as the trusted market mediators and gatekeepers that all home buyers and sellers need. The housing industry is still coping with the aftermath of a sharp market contraction. When an economic downturn occurs and workers are laid off (or in the case of real estate brokers, leave a field of their own volition because they cannot make enough money) the field often adjusts to be able to sustain itself with a smaller labor force. In real estate, this market contraction coincided with a period of technological change and a move toward Internet and app-based (often peer-to-peer) service-on-demand that has impacted many industries other than real estate (taxis, restaurants, rental cars, grocery stores, and the hospitality industry). For professionals who pride themselves on their ability to cultivate and maintain interpersonal relationships through phone calls, letters, and lunches, these developments, and their implications for the way many people now prefer to buy and sell homes, has been a rude awakening.

Some real estate brokers I interviewed have found ways to adjust to this new technologically-mediated housing landscape. No longer gatekeepers with exclusive access to property listings, real estate brokers have stressed their continued value as experienced dealmakers and client confidantes. And some have expanded the types of services they offer and the ways they present them to clients. One pair of white, middle-aged real estate brokers who operated an independent brokerage in one of Chicago's gentrifying far North Side neighborhoods I met offer current and prospective clients guided bike tours of historic Chicago neighborhoods. Another young Latina real estate broker, who complained about the stodgy, technologically adverse older real estate brokers in her brokerage, posts YouTube videos with home buying tips and advertises her listings on Twitter and Facebook. Many of the younger real estate brokers I have met use Facebook to post articles and stories related to home buying, as well as advertise their listings and call attention to the properties they have sold. Some also use "client testimonials," posted on Facebook or a personal website, to act as anonymous references that speak to the high quality of their services. Other real estate brokers drum up business by speaking at pre-purchase classes offered by housing counseling organizations or hosting them at their own offices. And one real estate broker I met embraced the changes in his industry wholeheartedly by joining a "cloud-based" brokerage. While his brokerage had no physical office or infrastructure, he participated in trainings and meetings with his fellow real estate brokers in a strange virtual world in which each real estate broker chose and operated their own avatar.

While not all real estate brokers and brokers are moving online, their industry is evolving in response to new technologies and new client expectations that have been shaped by both the 2008 crisis and by generational differences in technology use and consumption preferences. As the 2017 *Real Estate in a Digital Age Report* from the National Association of Realtors details,

> In 1981, 22 percent of home buyers read newspaper ads to find a home and eight percent used friends as an information source. In 2016, 44 percent looked for properties online first. The world we live in today is a digital one and searching for a home is no different. Buyers now have apps that let them search by location

> and neighborhoods. Online listings have virtual tours so viewers can look at a bunch of potential homes while narrowing down their search to a select few in the effort to save time. Online searching maximizes the ability to compare and contrast homes on the market by selected features. Most of this is done before a potential home buyer connects with a real estate agent. [NAR 2017]

Although the National Association of Realtors' report acknowledges that the ways information is disseminated has changed, they go on to stress that real estate brokers are still key figures the home buying and selling process, even though how they connect to and communicate with clients has changed. Successful real estate brokers, they suggest, are ones that find ways to engage with and embrace with the new horizons that "the digital age" presents.

> In 2016, buyers worked with an agent 88 percent of the time to find their home, so trust in a Realtor® is still king. While the initial process may start online, home buyers turn to the advice from a trusted real estate agent. The difference is that home buyers are entering the process more educated about the market before they speak to a home seller or an agent. n addition to the home buying process, Realtors® also utilize technology in their everyday business practices. Staying up to date with new technology is important, but also cited as one of the biggest challenges for firms in the next two years.
>
> Over 90 percent of real estate firms have websites, and the most common feature on their websites were property listings. Along with web use, Realtors® are also using their mobile devices for a multitude of different activities, with the primary being to communicate with their clients. [NAR 2017]

In spite of the NAR report's relative optimism about the future of their industry in the digital age, existential threats exist in the traditional model of real estate brokerages, which have long sought to limit buyers and sellers' access to information in order to maintain a high-value role for the real estate broker and the brokerage firm for which she works. As such, it is unsurprising that many of my real estate broker interlocutors were thinking about expanding their access to the housing value chain through becoming real estate investors, or had already taken the plunge.

Selling Real Estate as a Way Up and Out of the Wage-Based Economy

While many of my interviewees stressed the pleasure and sense of accomplishment they felt in helping others navigate the housing market, I found that the appeal of working in the real estate field endures in spite of market ups and downs because it can be used as launch pad/point of access for other, more lucrative prospects. Just as many of the real estate brokers and lenders I spoke with were coming from other lines of work, many had visions of what they could do afterward, as well. For example, most of the young real estate brokers I spoke with saw working as a real estate broker as a steppingstone into a future professional identity as a real estate investor and owner of rental buildings.

Edison Martin, the black real estate broker in his late twenties who was disappointed by the lack of mentorship at his brokerage told me that his end goal is not to be a broker, but he said he realized that "real estate is the best way to come up with capital to invest in real estate." For him, real estate offered autonomy. "I want to take my career in my own hands. I don't want to bug other people to make money. I want to be in control of my life," he said. His professional trajectory reflected this goal. He told that after he realized he could not scale up his popcorn business in the way that he would need to do if he wanted to take it to the next level, he decided to go work for a rental car company that had a strong management-training program. He said he knew he could have gone back to school for that kind of stuff, but he saw himself as a "hands-on learner, so [learning on the job] was good." He learned a lot at the rental car company, he said, but real estate was always in the back of his mind. When he had enough money saved up to pay for six months of living expenses without a paycheck, he took the leap and quit his job. He enrolled in a real estate licensing course, failed the course final twice and had to retake it, then took the state test, which he passed on his third try.

Edison told me he had a vision board where he lists out short-term and long-term goals so he knows what he needs to do. He said he only planned to be at his brokerage for two years.[74] After that, he would take the exam to become a managing broker and go out on his own. He said that he would run his own shop a little differently, but that selling real estate would eventually become a sort of sideline thing, second to his own real estate investments, and perhaps, eventually, real estate development. . His goal is just to "be successful," not just financially but to help people, and help his family. He talked about helping families get into properties in good neighborhoods where the schools would be good, ever an issue for mostly non-white Chicagoans living on the city's South and West Sides. Edison shared his real estate licensing instructor's advice:

> Use the first [commission] checks you get to pay forward on bills, so then if you don't get another check for three months, you're okay, you're not desperate. And then once you do that you start saving to invest in real estate. You start out by buying $20K buildings and fixing them up a little to make them rentable. And you just keep doing that, always paying cash, so your costs don't get too high. And then with the rentals, you have the steady income that real estate doesn't provide, but the real estate broking, if you're successful, is what gives you fairly quick access to the capital you need to start investing."

Sitting across from Edison in a South Side coffee shop, his enthusiasm was infectious. The plan seemed compellingly achievable to me, too: financial autonomy through a climb up the housing value chain. You began as real estate broker, moved up by investing in and renting out one, two, and then several rental properties, and then maybe climbed further still by becoming a developer. I had already interviewed Archie the failed real estate investor at this point, but it was easy to put his misfortunes out of my mind. Archie had been hapless, and relied on the advice of the wrong people. Edison, in contrast, laid out a plan I believed in.

[74] In Illinois, there are three levels of real estate licensure: rental real estate agent, real estate broker, and managing real estate broker. You must have your real estate broker license for two years before you can take additional courses and another exam in order to be a managing broker.

Another young real estate broker I interviewed, Vivian Hernandez, a Latina woman in her mid-twenties who dressed in formal, conservative pantsuits that contrasted with her youthful face, also saw her work as a real estate broker as a step toward her imagined future identity as a property investor. She came into the real estate field in 2010, after a couple of years working in retail sales. She did not have a car or savings, so it was a struggle in the beginning, and she's still struggling, although she's optimistic about the market improving. When I asked her if she thought that this was going to be her career in the long term, she said she goes back and forth about that, but she knows one way or another she wants to be involved in real estate. There are other investments, she acknowledged, "but not ones that appreciate like property."

Vivian's goal to be an investor means that she does not have as much free time or disposable income, but she knows what she wants, and it forces her to "be responsible." She also feels a sense of obligation to her parents, who she said "managed to raise four kids and send them to college [while living in] neighborhoods where that was very difficult." The most important thing to her, she said, is "freedom." Her parents didn't have much—they worked opposite shifts so someone could always be home with the kids, and they didn't have much spare time. And they are still working. She wants to alleviate that burden for them. In the next five years, she told me that she wants to buy and rent out two or three investment properties. She said she would like to be a cash buyer but now she will have to rely on mortgage financing. For her, the goal is owning and managing rentals—a home of her own is something for the down the road, after those go through and are working well.

Felix Abbott, a white real estate broker in his early thirties who previously worked for his uncle, a property investor and flipper who made a fortune buying and selling foreclosed properties in Hawaii, expressed a similar desire to achieve freedom and autonomy through real estate. He told me that his goal was to be able to buy up enough rental properties to generate sufficient passive income for his girlfriend and himself to move to Latin America, where he could go surfing and give back through charity work. He contrasted his own reasons for working as pecuniary compared to his girlfriend's vocation, medicine. To him, real estate broking was a means to tap into the housing market, make connections, and generate enough income through is commissions to buy investment properties, eventually putting him in a position where he would no longer have to work at all and could make his move southward.[75]

Many of the older, more established real estate brokers I met had already made the move into owning and managing rental properties, mostly successfully. While they still worked, owning rental properties provided them with a steady income stream that helped them through the lean times that all experienced once in awhile. Still, the frequency of my interlocutors' reports of their current and planned real estate investments speaks to the overlapping opportunities and uncertainties that housing professionals perceive and try to manage in the housing market they inhabit and help create. They want to become investors with income-generating rental properties because they believe that will insulate them from the ups and downs they experience as real estate brokers. And investing in real estate themselves offers them a way to benefit more directly from their market expertise and access. But becoming an investor also demands that they assume a much higher level of personal financial risk than acting on a buyer or seller's behalf.

That real estate is a fallback option that, in turn, may require that its practitioners develop still more fallback options to make ends meet or move to the next level economically indexes the

[75] I have stayed in loose touch with Felix through friends of friends and social media. He has not yet moved to Latin America, but he has switched jobs: now he works for a real estate investment firm that buys and sells foreclosed and devalued properties on Chicago's South and West sides.

insecurity many workers experience in the contemporary moment. The difficulties of finding and keeping clients, navigating insular real estate networks, fending off competition, and proving one's value shapes real estate brokers' attitudes about the market, their customers, and others in their profession. And these attitudes have consequences. Suspicious of other real estate brokers and acutely aware of their transgressions, my interlocutors were nonetheless loath to report anybody to the state real estate board's ethics committee, because they did not want to be seen as backstabbing a colleague. But by turning a blind eye to unethical behavior in their industry, real estate brokers hurt consumers and undermine their own professional integrity. Real estate brokerage's compensation structure also has the potential to harm consumers. Because real estate brokers are only paid commissions when their sale goes through, they may do everything in their power to see that deals close as fast as possible, even when waiting or backing out of the deal entirely may be more beneficial for their home buying client. This is because although they work "for" the buyer, their commission check actually comes from the property seller via the seller's real estate broker, creating a conflict between what real estate brokers purport to do, put their client's interests above their own, and what the structures of their profession encourage.

Although the housing market was improving during my research, many of my interlocutors were jaded, cynical, and frustrated: with their clients, with other real estate brokers, and with the mortgage brokers, appraisers, and inspectors who slowed down their deals. They were surviving, but they felt themselves besieged on all sides. And yet, as I mention above, many continued to see *investing* in real estate as a way to supplement and eventually supplant their incomes as real estate brokers. My interlocutors' visions of opportunity through real estate investment speaks to the continued power of the homeownership complex, but also to the ways in which shifting market conditions and attitudes toward ownership may affect the perspectives of actors integral to the complex's perpetuation, but do not necessarily undercut their deeply held belief in housing as a source of economic value. That real estate brokers, already engaged in the challenging work of managing and mediating real estate market risk for their clients, still aspire to invest their earnings in the same market they rely on for income is worthy of note. It suggests that real estate remains a space of real and imagined possibility in an often bleak and bewildering U.S. economic landscape, even for those who are intimately aware of its pitfalls. As Chapters 5 and 6 will illuminate, such spaces continue to be in high demand, both for ordinary folks hoping to build wealth and achieve financial freedom and for communities seeking a path to economic and social investment and revitalization.

FRAME III: MORE OWNERSHIP!

In Chapters 3 and 4, I illuminated the experiences and perspectives of mortgage and real estate professionals working at the mesoscale of the U.S. economy to broker connections between individual homeowners and national and global financial and political institutions. Both real estate brokers and mortgage lenders see the housing market as a space of possibility and freedom but also of risk, competition, and crisis. Their training and experiences as market middlemen, gatekeepers, and mediators prepares them to navigate the housing value chain and, if they have sufficient savvy, luck, and financial and social capital, to extract value from it by offering their services to home buyers and sellers in need of guidance. Their work does more than generate a livelihood; it is an integral component to the homeownership complex.

But mortgage finance and real estate are not the only arenas where housing stakeholders seek to leverage market knowledge to achieve their individual goals, yet also participate in the construction of the market itself (Granovetter 1985; Preda 2017; Zaloom 2005). In the next two chapters, I explore two other spaces in which the housing market is framed and constructed as a site of freedom and opportunity: real estate investment seminars and a community-based housing market recovery program in Chicago. As we saw in Chapter 2, residential property ownership has long been used as an engine for achieving household wealth and economic growth as well as a political response to intractable social problems. But how is an ownership solution packaged for sale on the private market today, and how is it received and taken up by people with different financial circumstances and in local contexts? This section explores what it means and does when the proffered answer to a stagnant local economy, a vacant property problem, or an individual financial woe is to buy residential properties and become a real estate investor or a homeowner.

The pro-homeownership ideology that circulates in investment seminars and in community development circles may, on the surface, seem to be worlds apart. After all, investment seminar attendees are looking to buy houses so that they can get rich through asset wealth, profiting off of others' unmet affordable housing needs or personal crises. Community development organizations, not-for-profits, and housing policymakers, on the other hand, promote homeownership as a solution to the intractable problems of urban disinvestment, poverty, and segregation. While their intents may be different, both groups use homeownership to address profound social and economic inequalities evident in the housing landscape. Yet more ownership is only a cure for those who can buy properties and become homeowners, real estate investors, or landlords in a time and place where property values will appreciate or at least stay steady. For prospective real estate investors that do not have the means to access conventional mortgage financing or the knowledge to make sound investment decisions, the chances of economic transformation and freedom through ownership are slim. Those chances may be even slimmer for the low-to-moderate income prospective first-time home buyers who are the targets of a Chicago housing market recovery program. These buyers must fit within narrow income criteria and purchase a home in a neighborhood that is already struggling with vacant buildings and depressed property values in order to qualify for the down payment assistance many require in order to become homeowners. Both arenas illustrate how the promise of homeownership as a cultural ideal and a source of economic benefit depends upon a baseline of inequality. Producing new homeowners, as the homeownership complex does, may generate opportunity, freedom, and growth for some individuals in some places and times, but it also perpetuates inequality.

CHAPTER 5: OPPORTUNITY AND CRISIS IN THE U.S. HOUSING MARKET

"How many people here have 401Ks?" The question reverberates through a half-filled hotel ballroom in a Southwestern suburb of Chicago in the spring of 2015. The questioner, Wendell, a tanned, barrel-chested white man in his fifties with slicked-back, salt-and-pepper hair and gleaming white teeth, pauses and waits for a response. Only ten people out of an audience of two hundred, mostly middle-aged and older, raise their hands. Wendell furrows his brow, not at the majority of his audience who lack private retirement accounts, but at the handful of people who raised their hands in the affirmative. "Do *rich* people have 401Ks?" he inquired, his voice half-incredulous, half-accusatory. "No?" the audience replied, a bit hesitantly. "What's the *rate of return* on a 401K?" he asked. When he didn't get an immediate answer, he provided us with one: "*Five to eight percent*," he said, then paused, waiting for those numbers to register with te audience as unacceptably low. "Is that *enough*?" he asked. "No!" The audience said decisively.

Although Wendell was disappointed with those audience members who had invested their retirement money at such a low rate of return, he said that he didn't blame us. We just hadn't learned that "saving and investing for retirement *are two different things*…We were taught to save, save, save and work, work, work and then retire at 65, but that's *not working*," he said with a grimace. Later on in the presentation, Wendell reiterated his plea for a new way of thinking about investing, asking the audience, "Why are *you* here today?" There were murmurs from the audience, but "the money" appeared to be the consensus answer. "That's fine," he said, "but what does [the money] *give* you?" After waiting a beat for a rousing response that didn't come, he answered for us: "financial *freedom*." He told us that having that freedom would mean things like no longer holding back bills or living paycheck to paycheck. "So long as you work for someone else, he said, “you’re working on someone *else’s* financial freedom, not yours… Entrepreneurship is the number one way to become financially successful.”

The particular pathway to financial freedom for which Wendell was shilling, residential real estate investment, is predicated on the expectation that “real estate always goes up,” and thus is a savvy financial decision, regardless of whatever the prevailing market conditions may be. This expectation has become a taken-for-granted part of the imperative toward ownership in the United States, an imperative fueled by the homeownership complex. But in the wake of an international mortgage meltdown that sent the global financial system into a tailspin and resulted in the loss of millions of homes and billions of dollars in household wealth, the ubiquity and resilience of Americans’ faith in ever-climbing real estate values on display at the real estate investment seminars I attended in 2014 and 2015 takes on a new valance.

Seminars such as the one where I encountered Wendell promise to teach ordinary folks “financial freedom” through the pursuit of a variety of real estate investing strategies, including house flipping, wholesaling, and investments in rental properties and tax liens. In the six seminars I observed across Chicagoland, presenters promised to teach audience members how to turn the devalued homes and ruined lives of the mortgage crisis into opportunities for their own mobility and wealth building. That they insisted that the post-crisis moment is the ideal time to invest aggressively in real estate speaks to longstanding ideas about the simultaneity of crisis and opportunity and to the valorization of “self-made” wealth in U.S. culture. As I described in the introduction, the success of the homeownership complex in the United States has turned residential real estate into a relatively safe, accessible, and respectable venue for individual households to invest and potentially grow wealth through the purchase and occupancy of a “family home.” But, as we will see, it has also played a part in emboldening ordinary folks to purchase residential property for investment purposes rather than to provide a home for themselves and their families, and to expect a good return on their investment.

As the United States has weathered the transition from an agrarian, to an industrial, and now a predominantly service-based economy where secure, well-paid jobs are a rarity for most, increased exposure to financial insecurity has often been met with a prescription for greater self-reliance and actualization (Franklin 2015 [1789]; Lane 2011; Newman 1993). While some workers have rejected this devolution of responsibility to the individual and reasserted the need for a safety net to help them weather macroeconomic change, others have embraced the call to become financially self-reliant wholeheartedly. Some of these entrepreneurially minded "companies of one" (Lane 2011: 45) have sought novel ways to improve their own economic standing outside of the confines of wage labor.

Real estate investment seminars tap into this moment of job insecurity and financial upheaval, capitalize on the continued valorization of the "self-made" man, and offer to help ordinary folks realize their full economic potential. It might seem strange to frame real estate as a path to "financial freedom" in the aftermath of a housing crisis, but the promise it makes—to help ordinary folks unlock the door to wealth, autonomy, and power is especially appealing during periods of economic flux. Real estate investment seminars offer their audiences an accessible, contemporary version of the rags-to-riches, Horatio Alger-style formula for economic transformation. When the familiar middle class pathways to stability and success—higher education, a solid work history, frugality, and careful investment strategies—seem precarious and uncertain, residential real estate emerges as an unique opportunity hidden in plain sight.

Social scientific analyses of high finance have observed that pervasive high-risk, high-reward messaging about how to be financially successful has far-reaching, often deleterious consequences for the national and global economy and its participants (Ho 2009; LiPuma and Lee 2004). Less attention has been paid to how, when, and where these calls to embrace financial insecurity circulate, or how they are taken up by the downwardly mobile middle and working classes as a rational response to systemic insecurity (cf. Dudley 2002; Ehrenreich 1989; Newman 1993). But in the face of layoffs, pay cuts, foreclosures, illnesses, and other hurdles, people with varying degrees of social and economic capital are being urged to "pull themselves up by their bootstraps" and turn risks and crises into opportunities for greater autonomy and economic self-determination (Dudley 1994; Zaloom 2003).

Some social commentators have suggested that the downwardly mobile are dupes when they spend their time, energy, and money pursuing the real estate version of "a get rich quick" scheme rather than petitioning for better societal and economic conditions for themselves and their fellow citizens (Ehrenreich 1989; Frank 2004). But we might also see the appeal of property ownership as evidence of a keen awareness of the limits of traditional paths to upward mobility, the unacknowledged "stickiness" of the U.S. socioeconomic hierarchy and the privileged place of property owners within it. Faith in the transformative potential of ownership may let corporate and government entities off the hook for their role in reproducing financial precarity *and also* potentially give people a hard-won sense of control over and optimism about their financial futures.

In this chapter, I focus on the ways in which an ideology of risk-embracing self-actualization finds fertile soil in the world of residential real estate investment, a world made all the more appealing by the machinations of the homeownership complex and the housing value chain it produces. In a post-recession United States, I argue that real estate investment seminars provide a space in which economic uncertainty can be refashioned into a site of economic opportunity for those willing to seize it by paying for and learning how to invest in real estate. By participating in the seminars, ordinary people can position themselves as active participants in market-making processes (cf. Orta 2018; Preda 2017; Zaloom 2006). By investing in real estate, passive consumers can become market makers and wealth creators. Through this logic, market crisis can become part of the natural order of things in a capitalist economy where there are always winners and losers, makers and takers, self-made men and women and lowly drones working paycheck to paycheck for others' benefit. Once this occurs, real estate can be repackaged and sold as a path to financial freedom for those with the knowledge and financial savvy (if not always the capital) to make use of it.

Making the Self-Made Man

A critical precursor to an economy where taking speculative financial risks is seen as a necessary, enabling condition for individual wealth creation is the development of a widespread belief that individuals are wholly responsible for their own economic successes and failures. In the United States, such a belief is longstanding, but it is made anew in different ways at different historical junctures. Early in the colonial history of the United States, it came from the intertwining of capitalism with the Protestant ethic, which dictated that our ultimate fates are predetermined yet opaque, making wealth accumulation through hard work and self-denial predictive of who was amongst God's chosen elect (Weber 2002 [1905]). Later generations of social scientists interested in explaining inequality in the United States have treated socioeconomic differences as a measure of differences in culture, natural ability, and, most recently "grit" (cf. Duckworth 2016; Hernstein and Murray 1996; Lewis 1961). However it is currently framed and justified, the ideology that economic success is due to an individual's drive and hard work, and economic failure is due to an individual's shortcomings, is central to the elision of structural inequality and class conflict that is the foundation of capitalism.

The current iteration of capitalist ideology at work in the United States holds that one's economic circumstances are infinitely malleable and in each person's control. This individual assumption of responsibility for one's successes and failures has important consequences for the ways that many people perceive and respond to their own economic circumstances and understand the circumstances of others. If character, hustle, charisma, desire, or discipline is what separates the haves and have-nots, the have-nots may feel they must always be on the cusp of transformation and blame themselves if they are not able to self-launch into a new socioeconomic category. Or they may be labeled as "losers" for failing to succeed in what is purported to be a free and open economy (Trump 2015). Belief in the ideology of the self-made man, then, is also an acceptance of inequality as part of the natural order of things.

Formulas for how individuals can make the best out of abysmal circumstances and achieve great things can be found in the popular psychology and self-help canons, which first captured the attentions and pocketbooks of a wide swathe of the U.S. population during the dark days of the Great Depression. But these works, most notably Dale Carnegie's *How to Win Friends and Influence People* (1937), built upon an enduring fascination with both real and fictional "rags to riches" narratives in the United States. While Horatio Alger offer a series of popular stories of ambitious men of modest means rising to the top, Benjamin Franklin and P.T. Barnum provided readers with their own autobiographies as instructive templates for pulling oneself out of poverty and obscurity and into wealth and fame (Alger 2008 [1868]; Barnum 1871; Franklin 2015 [1789]). In contrast to these exceptional cases of dramatic upward mobility, Carnegie suggested that the key to self-transformation was to project a positive image of extroverted success in order to seize control of their lives and make them feel and eventually *be* better. Still a bestseller, Carnegie's advice builds on a "Manifest Destiny-esque belief in the power of individuals to "achieve their maximum potential" and create the version of the world they desire through "making people like you" and "winning them over to your way of thinking" (1937: 3).

How to Win Friends and Influence People (Carnegie 1937) went through editions in its first year and went on to sell thirty million copies worldwide. In spite of, or perhaps because of, the bleakness of the U.S. labor market in the 1930s, Carnegie's central premise, that individuals have the power to will themselves into greater success and fulfillment, resonated and continues to resonate with audiences in search of a way to think their way out of bad economic circumstances and view setbacks and inequities as obstacles to be conquered individually rather than collectively dismantled. The individuation of success and failure has had important effects on the ways in which ordinary people perceive and respond to systemic problems, such as poverty, sexism, or racism.

Social commentator Barbara Ehrenreich suggests that the relentless imperative for positivity, as well as a belief in its transformative power, obscures human suffering (economic, psychic, and physical) and enables inequality. In *Bright-Sided* (2009), Ehrenreich describes how after the most recent recession, downsized workers were urged to embrace risk and insecurity.

> In the highly polarized 1920s, there had been plenty of labor organizers and radical activists to rail about the excesses of the rich and the misery of the poor. In the twenty-first century, a very different and more numerous breed of ideologues promulgated the opposite message—that all was well with our deeply unequal society, and, for those willing to make the effort, about to get much, much better. The motivators and other purveyors of positive thinking had good news for people facing economic ruin from the constant churning of the job market: embrace 'change,' no matter how terrifying; grasp it as an opportunity. A 2004 business self-help book by Harvey MacKay bore the defiant title *We Got Fired!...And It's the Best Thing That Ever Happened to Us.*" [180]

Ehrenreich makes an important point about the appeal of feeling in control of one's own economic destiny: it allows us to be positive and empowered rather than pessimistic and dejected about our economic circumstances. And for many, that feels good, at least to start with. What continues to be important in the self-help genre is that it honors the human impulse to do something concrete to change one's own fate. In this framing, economic misfortune is not something that individuals have to passively accept; rather, they are empowered to seize upon it as an opportunity for transformation *through* economic self-actualization. They are fired, yes, but they are now also free to pursue wealth in their own way and on their own terms.

According to Ehrenreich, who traces positivity in religion, psychology, self-help, public policy, and medicine after being confronted with relentless demands to be optimistic in the face of her own cancer diagnosis, messages of self-actualization resonate in the face of unanticipated and bewildering change. Carrie Lane describes how the laid-off tech workers and managers she studied in the early 2000s come to accept and even embrace a corporate culture in which company loyalty and long-term, secure employment are things of the past and not even worth mourning. One of her interlocutors, Daniel, critiqued what he saw as an old-fashioned reliance on a company to "take care" of its employees:

> I think some employees sometimes complain that their career growth isn't managed here [at his current company]. That always annoys me because I feel like, you guys aren't children. You need to manage your own careers. We can help you, but if you don't take responsibility for your career growth then you're hurting yourself. Why should a company have to do that for you? [Lane 2011: 44]

As Daniel's sentiment indicates, uncertainty, even for white-collar tech workers, has become normal. Lane identifies a new philosophy at work among her interlocutors—*career management*—which serves "…simultaneously as a mental model of work and the labor market, a set of behavioral guidelines, and a badge of identification for its loyal adherents…At its core, *career management* entails seeing oneself not as an employee, even when traditionally employed, but as an independent entrepreneur, as, in the words of one job-seeker, 'a company of one.'" (45).

The imperative that workers "manage" their own careers travels up and down the socioeconomic ladder and exists in good economic times as well in downturns. But it seems especially ubiquitous in moments of macroeconomic transition, when whole industries (and their workers) are abruptly made obsolete. For example, Kathryn Dudley finds these ideals thrust upon midwestern farmers during the farm crisis as well as on laid-off factory workers when U.S manufacturers move overseas (2000; 1994). Both farmers and factory workers are criticized for laziness, greed, and complacency for not having the foresight to know that change was on the horizon and prepare themselves for it beforehand. Some workers, such as the middle and upper-middle class professionals that Carrie Lane (2010), Ilana Gershon (2017), and Katherine Newman (1999) study, take this recriminating message to heart and incorporate into their sense of themselves and their responsibilities as workers who must consistently prove their value to climb the economic ladder. In these contexts, the attitudes that Ehrenreich identifies as "positivity" can also be read as a kind of pessimistic, one foot out the door pragmatism, borne out of experiences of economic insecurity and a material imperative to not only manage them, but use them as fodder for self advancement that is hindered rather than helped by a continued reliance on a paycheck. While accepting personal responsibility for structural inequality might seem to be a defeatist, self-sabotaging act, when combined with cultural and economic capital and entrepreneurial zeal, it may also feel refreshing, empowering, and transformational.

Thus far, the literature I've described focuses on the spread of "positivity" and its connection to neoliberal ideals of self-management and actualization in the context of a changing and increasingly insecure workplace. I now move to an analysis of how these messages continue to resonate outside of the wage labor context. While managerial seminars and self-help books might urge workers of all stripes to think and act *like* a manager, business owner, or successful entrepreneur, real estate investment seminars insist that even novice investors should be able to abandon their jobs in short order if they followed the program's dictates and have the drive to do so. In this way, the familiar meritocratic rhetoric of self-help and improvement are pushed outside the wage-stagnant and insecure workplace and into the still alluring frontiers of financial and real estate investment; typically the purview of the already wealthy and powerful. Ordinary folks can learn to be like the rich, leave the perils of wage dependency behind, and make money for themselves rather than enrich others as employees, so the logic goes.

As Seen on Reality TV

Houses have long been an object of fascination as a space for both the performance of one's social and economic status and site for achieving the transformation of the same. On television, elaborate rituals of home improvement, renovation, and decorating visually represent these feats. Initially, home-focused shows such as "This Old House" featured seasoned experts advising amateur carpenters, furniture refinishers, and do-it-yourselfers on how to take care of and improve their family homes. But in the late 1990s, a fledgling cable television network, Home and Garden Television ("HGTV"), began experimenting with a new kind of programming that had hitherto been restricted to youth-driven networks such as MTV and VH1: reality television. Unlike the use of the medium on other networks, which featured young, good-looking people thrown together in situations that all but guaranteed high emotions, drunkenness, and drama, HGTV initially featured the mundane "reality" of home improvement as performed by bland, middle-America relatable, white, middle class hosts. This formula began to change when shows started featuring the purchase and resale of homes as the central storyline. "House Hunters," launched in 1999, focused on homebuyers, most often couples, who were searching for their first family home. Viewers were educated by the buyers' preferences and compromises in the home buying process, which often seemed to reveal as much about the buyers' relationship as it did about the homes they toured. Shows ended with the new owners happily ensconced in their "dream homes," ready to begin their happy lives together in a property that was conducive to just that with respect to the number of bedrooms and bathrooms, proximity to work, schools, parks, and other "must haves." Although the house-hunting couples were buying homes to live in themselves, their concern with layout, finishes, location, and the like helped viewers begin to see their homes as investment vehicles they should tend to and modify with the expectation of financial appreciation and profit-driven resale in mind. On "House Hunters" and its ilk, buyers often rejected houses that were overly "customized" in favor of neutral, updated homes. After just a few episodes, viewers learned to participate in their decision-making processes vicariously, arguing with spouses, parents, and friends over which home the buyers should choose and why, and berating the shows' protagonists when they felt they did not choose the "right" home.[76]

Seizing upon a winning formula, HGTV and later A&E expanded their reality show offerings to shows that featured real estate investors (or, as they became widely known, "house flippers"). The extension made sense for a number of reasons, not least of all because it allowed producers to follow a single set of protagonists over the course of multiple buying, renovating,

[76] HGTV's target audience for "House Hunters" is women ages 25-54 (Steinberg 2010).

and selling experiences, each of which could be featured in a single half hour to an hour episode. Each episode featured at least one or two pitfalls, most typically some variation on the familiar "money pit" theme that the house purchased had more extensive problems than the house flipping team had anticipated. But much like the shows that followed the home buying process of first time buyers and other owner occupants, all problems were resolved and the homes were almost always sold for a good profit by the time each episode came to a close.

Just as "House Hunters" helped educate its viewership into viewing their housing as a commodity with attributes that could be easily discerned and weighted as price, location, size, and layout, "Flip This House" and the copycats and spinoffs it spawned showed viewers an accessible, commonsensical version of real estate investment that appealed to both their sense of aesthetics (how the home would be "finished" and furnished was always a featured element) and their armchair entrepreneurial zeal. Each episode walked viewers through a version of the steps and stages of residential real estate investment as an achievable strategy for building wealth rather than working for a paycheck. And although the genre was just as heavily produced and edited as other reality shows, the veneer of the "real" that house flipping shows projected gave viewers the sense that they understood the potential problems of home renovation and flipping as surely as if they had experienced these things themselves (. And sometimes it inspired them to do more than casually imagine themselves redoing the family rooms and "opening up" the kitchens of the houses featured on TV, but rather to enter into the world of real estate investment in real life.

I include this analysis of the real estate reality show genre because of its important role in making real estate investment seem approachable, achievable, and desirable for the average person (Maciak 2014). It was not enough for people in the United States to believe that "real estate always goes up" and thus that their purchase of a single family home for themselves and their families would inevitably be fiscally prudent as well as socially desirable. They also had to be willing to extend that logic beyond their own housing needs and into the realm of real estate investment as a wealth building strategy that could augment and even replace other forms of making ends meet and climbing the proverbial socioeconomic ladder. I suggest that the popularity of house flipping shows in the early 2000s played an important role in making speculative forms of real estate investment seem accessible, desirable, and importantly, fun to U.S. television viewers. As I will explain, by featuring real estate reality television stars as their spokespeople and founders, the real estate investment seminars I attended explicitly connected their offerings to the successes that they presumed their audience members were already familiar with from reality television.

Buying Homes and Building Wealth

I attended my first real estate investment seminar on a whim; a targeted advertisement for one popped up on my Facebook feed, presumably fueled by my many real estate-related Internet searches. But after one event, I was hooked. Here was a space where a re-instantiation of homeownership's value *and* the housing market's economic possibilities was taking place in real time. The seminars drew on existing ideas about real estate as the ideal vessel for financial investment that were themselves predicated on the failure of other types of investments. In urging the purchase of residential real estate for investment purposes rather than for owner occupancy, the seminars both built on the appeal of homeownership in the United States while also insisting that real estate's true potential as a vehicle for economic mobility lay beyond a home of one’s own. The seminar speakers urged attendees to buy multiple properties and build wealth as landlords, house flippers, and speculators.

Real estate investment seminars are sponsored by organizations billing themselves as “real estate education companies,” which often have a reality television personality from a real estate flipping or home renovation show as their dynamic (but hardly ever present) front man or woman. For example, one company whose events I attended, Fortune Builders, was founded in 2006 by Than Merrill, a Yale graduate and former football player with a brief career in the NFL who hosted three seasons of the New Haven-version of the A&E reality television series “Flip this House” in the mid 2000s. Another seminar boasted the now-ex-husband and wife team of “Flip or Flop” fame as their spokespeople.

Each real estate investment company has its own origin story, but all promise similar things to their audiences: come to us, learn how to be a real estate investor, and unlock the keys to potential wealth that will transform your life in a way that a job, higher education, or any other kind of financial investment simply cannot do. They advertise their free two-to-three-hour seminars on local radio and television stations, billboards, and via Facebook, and once you have attended one event, they also advertise through telemarketing (sometimes using your own area code as a way to improve their chances you will pick up) and glossy “invitations” and “tickets” for future events in your area that they send via U.S. mail. These first events, while billed as real estate seminars, are more akin to live-action infomercials and pitch sessions for the companies’ main offering: a 3-day real estate education course that ranges in price from a couple hundred dollars to over $1000. The companies also offer more select “coaching” plans for those who have the time and resources (around $35,000 for a Fortune Builders private coaching plan, for example). The idea of the free seminars is to give audiences just enough information to garner the excitement and enthusiasm necessary to pay for the next round of real estate education.

The six real estate investment seminars I attended were held in hotel ballrooms of various degrees of grandeur and size in the city of Chicago and surrounding suburbs. The seminar presenters, who, in my sample, were all white, middle-aged, carefully coiffed, and suntanned men, with the exception of one white woman in her mid-thirties, offer attendees an opportunity to enjoy "financial freedom" through the mastery of different strategies of largely speculative real estate investment. That amorphous term, "financial freedom," was widely used and variously defined by seminar speakers. But the core idea seems to be that those who achieve "financial freedom" are free from the constraints of wage labor and no longer dependent on government or corporate welfare for their long-term financial wellbeing. They can travel, spend time with family, or, as the seminar presenters claimed their reality television front men and women were doing, share their good fortune by passing along the gospel of real estate investment to seminar attendees.

Seminar speakers used the relatively fresh horrors of the 2008 financial crisis to convey the urgency of achieving financial freedom through becoming real estate investors to their audiences, as other income sources were, as evidenced by the crisis, insecure, but they also played on the culturally specific aspirations of "building one's own business" and "working for oneself rather than working for a paycheck." If they were dedicated and disciplined enough, attendees were promised a life of ease. For example, the lone woman presenter, Anastasia, whose dubious claim to fame in 2015 was that she had been a contestant on *The Apprentice*, showed us photos of herself and her fiancé vacationing in the Amalfi Coast while money from her real estate investments continued to pour in. She said that what made this possible was that as an investor, she need never be physically present to make money. Investors "make money while they sleep."

To illustrate what she meant, Anastasia put up a slide with four quadrants. On the left side were the letters E and S, and on the right side were the letters B and I. She asked if we knew what it was. When no one said they did, she explained that the letters stood for different ways to make an income: "E= Employee. You have a job. S=Self-employed. You own a job. B=Business Owner. You own a system that works for *you*! and I=Investor. *Money* works for *you*." She then asked the audience where we were now.

There were some people who were self-employed, some people who were business owners, and maybe one or two who identified as investors. But most of us were employees. "Could you be an employee and be a millionaire?" Anastasia asked. "Yes," we said, but she told us it wasn't common. She gave actors and athletes as examples of millionaire employees, but then cited some statistics on how many athletes file for bankruptcy after they retire, and she cited the actor Nicholas Cage's bankruptcy, too. She also cited how many lottery winners file for bankruptcy, asking us, "Can you imagine?" And "why do you think that is?" People said it was because they had too many hangers on and didn't know how to manage their money. She accepted this explanation. Then she cited a statistic that 87% to 97% of millionaires are real estate investors, implying, although not stating, that real estate was the bedrock of the wealthy people's financial success.

Anastasia told us that what separated real estate investment-based wealth from income-based wealth or owning a business or franchise is "the freedom. And if you want, you can outsource everything." Although Anastasia herself had been more hands on when she first started buying and managing real estate as an investment strategy, she told us that she now had several rental properties with long-term tenants, allowing her to collect rent through direct deposit and enjoy financial security and financial freedom simultaneously.

The idea that Anastasia and other seminar speakers put forward—that an ordinary person with no special skills or resources might be able to disentangle themselves from a workaday reliance upon a paycheck, a pension, or a 401K—is undeniably appealing. This is particularly true for the many people in the United States who possess few other avenues to reach long-term financial security. Most of the seminar attendees I observed appeared to be middle-aged and older, and many audience members self-identified as having little to no investing or ownership experience, limited or nonexistent savings, and poor credit. Yet according to the seminar speakers who elicited public confessions of the audience's financial insecurity by asking us, "How many people have a 401K? How many people own property? How many people have bad credit?' none of these issues are barriers to entry in the real estate investing field.

In fact, one of the first lessons that attendees were told they would learn is how to find and utilize "OPM" (an acronym for "Other People's Money") to achieve their financial goals. Suggested sources of OPM included hard moneylenders,[77] and other real estate investors like themselves that had the capital to buy properties but did not want to bother with finding them and arranging for their purchase.[78] For the latter group, seminar attendees could "flip the paper," a real estate transaction in which one party bids on and goes under contract for a property but

[77] Shadowy non-bank entities subject to few, if any, consumer protection regulations and charge high interest rates for short-term loans best suited for a quick property purchase, cosmetic rehab, and resale.

[78] Then-presidential candidate Donald Trump boasted about using OPM to fund his real estate developments on the campaign trail in the fall of 2016. While a variety of sources of OPM exist, their accessibility and usefulness depends heavily upon the borrowers' financial and social capital. Like entering the real estate profession and achieving homeownership itself, using OPM to launch a new investment scheme may be easy for some people at some times, but it is not as straightforward of an opportunity as it may initially appear.

then transfers their interest to another party before the sale goes through for a fee. The difficulties and risks of either sort of arrangement in order to gain access to other people's money were glossed over; what was conveyed to audience members was that they need not currently be rich, experienced, or even financially secure to enter the world of real estate and tap into the housing value chain that it offered. They need only be educated and have the right mindset, a mindset that was open to possibilities and opportunities and ready to seize the day.

Attendees were urged to make sure they surrounded themselves with other likeminded, supportive people, beginning with the person they chose to bring to the next round of real estate training (all seminars offered two admissions for the price of one deals). Aligning with the "positivity" message and the promises of bestselling self-help books like *The Secret* (Byrne 2006), in which readers were coached on how to unlock the power of visualization to make their dreams come true, seminar speakers suggested that the only real obstacle standing between them and real estate-based wealth accumulation were their own fears, doubts, and hang ups. Financial freedom was within reach if audience members were willing to grasp it. But the seminar speakers insisted to us that the time to do so was now. Immediate action was required. The audience needed to enroll and pay for the next round of seminars so that their real estate investment success could begin.

According to Anastasia, there were three keys to success: "Opportunity; Knowledge; and Action." To illustrate the importance of taking action, she held up a book on investment secrets and told the audience that while the book cost $99, she'd give it to the first person that "took action" and grabbed it. In an instance, three people leapt from their seats, and a man and a woman both grabbed it at the same time. She gave books to both of them. The third person lamented that he'd been "too polite," and the next time she showed us a book he stood up as if to grab it, even though she wasn't doing another "take action" offer.

To hammer her point home, Anastasia put up an inspirational quote from *Rich Dad Poor Dad* (Kiwosaki and Lechter 1996) self-help guru Robert Kiwosaki: "Knowing you need to make a change isn't enough. You've got to find the guts to do it." And with that, she revealed the next seminar's pricing scheme, $495 for a 3-day real estate investment training, $299 for the more general *Rich Dad* training, but on site, today, we could get both for $299 for us and a guest. She had told us about her own experiences and successes, demonstrated that fast actors reap rewards, and offered us a great deal on a set of trainings that held out the promise of self-transformation and financial freedom. How could we say no?

Becoming a Price Maker

The flip side of seminar speakers' message of empowerment, positivity and boundless opportunity lay in their diagnosis of the remainder of the U.S. economic landscape. They almost gleefully assured their audiences that the normative path to financial security—a college degree, a well-paying, secure job, and accruing retirement savings through a defined-benefit pension or a 401K—was no longer a viable option. And while the conclusion that real estate was the best place to invest might have been dubious, seminar speakers' assessments of the ways that other investment vehicles, the job market, and the government-backed social safety net have failed ordinary folks was accurate.

In fact, there is plenty of evidence upon which to make the case that traditional paths for achieving upward mobility or even financial security are narrowing or disappearing entirely for all but the most affluent. From 1979 to 2015, for example, real wages declined 5% for low-income households and only rose 6% for middle-income households. The top 10 percent of earners, in contrast, experienced a wage growth of 41%. After the Great Recession, journalists, academics, policymakers, and activist groups drew attention to the problem of rising income inequality (Gottesdiener 2013; Graeber 2011; Piketty 2013) and poked holes in the cherished meritocracy myth of the United States (McNamee and Miller 2009). And the financial recovery yielded far greater returns for the wealthy and for white households than for the poor and middle class or non-white households (Rothstein 2017).

However, in order to entice their audiences to pay $200 to $1000 for the next round of real estate education, real estate investment seminars also need to find ways to help audiences see themselves as nascent entrepreneurs who can rise above the fray and seize control of their own financial futures. The successful speakers I observed were skilled ego boosters; they seemed to realize that after their gloomy descriptions of the current economic landscape, they needed to quickly pivot to the opportunities that that same bleak space presents to those with the foresight and savvy to seek out and take advantages of opportunities where others fail.

In an investment seminar I attended in January 2015 in a Northern suburb of Chicago, the presenter, Michael, began the event with an overview of the roots of the financial crisis, which he attributed to the excesses of Wall Street, shoddy lending practices, and poor regulatory oversight. Standing in front of a slide entitled "crisis and opportunity," he told the audience that the time to buy property was here. He noted that the same Wall Street firms who blew up the economy were now creating real estate investment funds with thousands of properties, which they will hold onto and collect rent from until the market peaks, then sell for astronomical profits. Michael stressed that if Wall Street investors could create opportunity in the midst of crisis, so could ordinary people—it was all about having the confidence and foresight to buy low and sell high.

To demonstrate this strategy, he held a plastic water bottle aloft and asked the audience what it was. After we answered, he asked us how much it would cost us for this one bottle if we bought it in a pack of twenty-four at Costco or Sam's Club. Someone said 25 cents, and he lowered the bottle to knee height. Then he asked how much it would cost for this same bottle if a street vendor were selling it on the side of the road. Someone said a dollar. Someone else said two dollars. "I've been told it depends on the temperature, ha ha, but let's say $2," Michael said. He raised the bottle to his thighs. "What if you were to buy this same bottle of water at a Cubs or White Sox game?" he asked. "$5," someone said. He moved the bottle to his waist. "What about in one of those fancy hotel mini bars?" he asked. Someone said $10. "And probably for a smaller bottle, right?" Mike laughed. At this point he was holding the bottle high above his head. "Now," he said, "Let me ask you this: do people buy water for all these prices?" "Yes," the audience said. We were beginning to get what he was driving at. Sensing our understanding, he drove it home, asking "and do people buy *houses* at all of these prices?" as he gestured up and down the length of his body. "*Ye*s," we said, a little more forcefully. "Well," he told us, "that is what this seminar is all about: teaching you how to buy down *here*, wholesale" (he gestured at his feet with the bottle) "and sell at whatever point you want" (he moved the bottle up his body).

The analogy was powerful; I could feel the audience around me shifting in their seats, giving Michael more of their attention. With the water bottle, Michael illustrated the difference between being price takers, as all consumers are, and price *makers*, as he suggested we, the audience, could become, and he did so in a way that seemed to be both commonsensical and an insider secret. By referencing the current investing strategies of Wall Street firms in buying up large swathes of devalued residential real estate, Michael intimated that the escalating process he described was already underway, and if we wanted to avoid being the kind of dupes who were forced to buy five dollar bottles of water at the baseball game, we needed to get a hold of some properties *now*. In this visioning, the difficulties of real estate investing—finding properties, securing capital, finding tenants, finding new buyers, or managing rental properties—faded into the background. What mattered was that we, as investors, have the foresight to buy low and sell high. If we did that, others' losses would become our gain.

Turning Crisis into Opportunity

While the seminar speakers I observed did everything they could to convince their audiences of the boundless opportunities for wealth building that awaited us in real estate, they gave a bleak picture of the state of U.S. economy in general. Yet the lack of financial opportunities in the economy as a whole served to frame real estate investing as that much more essential of a wealth-building strategy. Explaining the benefits of rental property investment for those nearing retirement age, Lance, the speaker at a seminar I attended in the Western Suburbs of Chicago, insisted that "real estate is the only asset, [the only] commodity that we can really trust to go up. What are the other choices? Social security, 401ks, IRAs?" he scoffed.

But like the water bottle analogy, in which Michael suggested that we might become price makers rather than price takers with the appropriate know-how, the entrepreneurial pursuits that Lance went on to describe were predicated on a housing value chain that produced market *in*equality, inequality that generated the types of household-level economic crises that we, as investors, would be trained to seek out and make use of. The homeownership complex's successful framings of housing market gaps and breakdowns as opportunities to be seized echoes the practice of financial arbitrage, in which experienced traders (and increasingly, financial algorithms) find and exploit gaps in information, time, and space to make money (cf. Miyazaki 2013; Preda 2017; Zaloom 2005).

Arbitrage traders exploit gaps that are mediated by "the market," and therefore seem somewhat disconnected from the on-the-ground disparity that differences in market value represent. But real estate investment seminars promote a less-removed version of financial speculation when they advocate for preying upon the vulnerabilities of home-owning households. One of the insider tools that another seminar speaker, Wendell promised we would receive as part of our real estate education package was a compilation of sources for "distressed properties," culled from lists of real estate entangled in bankruptcies, evictions, delinquent taxes, probate courts, building code violations, and divorce decrees. Wendell suggested that rather than searching the multiple listing service for properties, a pathway available to anyone with a real estate license, these sources were a kind of "honey hole" that offered savvy investors the chance to acquire properties with "less competition and higher profits." Wendell's "honey hole" of property listings was predicated on finding legally, economically and socially vulnerable owners and convincing them that their best option would be to part with their holdings at a below-market value price.

To illustrate the success that might await us in pursuing this distressed property acquisition strategy, Wendell showed us a smiling photo and testimonial from a retirement-aged couple that had successfully purchased a property stuck in probate from an out-of-state owner and sold it for a $45,000 profit. The couple's catchphrase was "good deals and good deeds," Wendell said, because they were helping people by investing in real estate that its owners didn't have the resources or the desire to manage. "This isn't about reinventing the wheel," he reminded us. "This is about tapping into what's already going on."

Another seminar speaker offered audience members a chance to capitalize on other people's housing woes through a more extenuated form of real estate investment: tax liens. In many states, when a homeowner fails to pay their state property taxes, the state government puts a lien for the overdue amount against the property in question. Typically, the lien is paid off when the homeowner pays the back taxes off or when the house is sold and part of the owner's profit is diverted to paying off the lien (just as occurs when a house sale pays off the former owner's existing mortgage before going into their own bank account). But a secondary market exists for tax liens. Investors can buy a tax lien certificate from a state authority that gives them the right to charge the property owner interest on the amount of taxes they owe until the owner pays off the tax debt or sells the property. If a period of time elapses and the owner still does not pay their taxes and interest, tax lien certificate holders can also purchase the property outright from the state for the amount of back taxes owed.

During one of the seminars I attended, the real estate tax lien investment strategy was introduced at the tail end of the presentation. The tax lien investing champion, Carl, was a silver haired, bearded man in his sixties wearing a blue suit with an open-collared white shirt. He told us that the celebrity founders of the seminar program, Tarek and Christina of the reality television program "Flip or Flop," had asked him to come today to share a real estate investment strategy that was "one of the fastest strategies: three to seven days and two to six hours of work." He admitted that tax lien investing would not yield "…big profits, but what's nice is that I've been able to do 300 deals, and because they're small deals, they require less work." He said we could expect along the lines of $2000 to $8000 per month, but asked the audience, "wouldn't you agree that small deals add up?" "Yes," we said. In spite of the somewhat complicated nature of the strategy he pitched, the audience liked Carl. We were excited to hear what he had to tell us.

Carl told us that we were in the same position he was in before he became a tax lien investor. He was working as a construction worker in Providence, Rhode Island, and he had to borrow money from his sister to get started as a tax lien certificate investor. He was like us, he said, in that his wife and he built up their business from the smaller deals onward. He said this strategy was especially good for his wife and he because she was a stay-at-home mom and she could do this work while raising their children. He asked the audience how many of us liked the idea of working from home. Many people raised their hands.

Carl showed us a slide of a nice single family home, purchased through tax liens for $5,789.85. Next he put up a slide entitled "Tax Liens" with bullet points:

- Government guaranteed program
- Been around for 100s of years ("The wealthy have been keeping it very quiet, passing it down [amongst themselves] for hundreds of years," Carl said.)
- Banks, insurance companies and hedge funds (According to Carl, all of these entities invest in tax liens)
- Oldest recorded tax lien from 1629
- Best kept secret because most don't understand how to do it or how to work it

The next slide had some more facts:

- Government guaranteed 16-50% ROI
- Backed by free and clear properties
- Work from home 2-4 hours per week
- Need computer and phone (he emphasized again how ideal the strategy was for stay at home moms, people that "aren't mobile" or "don't want to leave the house."

Every year, Carl told us, seven to ten billion in tax lien certificates and properties become available in the United States. If we bought them, he said, "you're gonna basically move your family to the next level." And, he promised, we would learn how to do so if we signed up for the next round of his real estate investment seminar and put in the time and work required.

Tapping Into the Housing Value Chain

In the world of real estate investment seminars, fairly complex, speculative investing strategies, such as "flipping the deed" and the tax lien certificate investing strategy I just described, are turned into straightforward, commonsensical ways to turn other people's housing mistakes and misfortunes into your investment opportunities. Again and again, the seminar presenters I encountered framed the strategies they were explaining as things that those "in the know" were already doing. They were not asking audience members to embark on anything too new or scary, but rather to pay them for the knowledge and networks to identify opportunities and take action to seize them.

The "tapping in" that the seminar speakers advocated is a form of social arbitrage that is dependent upon existing, systemic inequality, inequality that is only made worse by the kinds of speculative real estate investment practices that the seminars advocated that their audiences pursue (cf. Orta 2018; Preda 2017). And there are layers of "tapping in" at work—both the imagined "tapping in" to others' misfortunes that these prospective investors will be trained to do, and the "tapping in" that the real estate investing seminars themselves accomplish by attracting prospective investors and selling them the tools of "financial freedom."

Instead of railing against the types of real estate practices that lead up to the crisis—house flipping, land speculation, predatory lending and reverse redlining—real estate investment seminars promise to let ordinary working and middle-class people into the game. Further, they suggest that such participation, almost all of which involves preying upon desperate or uninformed property owners' vulnerabilities, is actually productive—even a "good deed," as the happy and successful alums of a Fortune Builders seminar claim. Such a framing makes inequality, crisis and uncertainty seem productive, even for the economic vulnerable audience members of the seminars.

Real estate investment seminars' rhetoric relies upon the homeownership complex-facilitated approachability of residential real estate as a space for financial investment to draw in their audience members. But the kinds of investment they describe range from "vanilla" (buying and managing a few residential properties as rentals to earn a modest passive income and potentially generate a solid return on investment when sold many years down the road) to truly speculative (buying up deeds for back property taxes from states and municipalities that offer the highest rates of return for tax liens, "flipping the paper" by facilitating others' real estate transactions, or purchasing foreclosed properties or properties in probate for cash at auction, sight unseen, and then unloading them once minor cosmetic repairs have been completed). They outline strategies on both ends of the spectrum to illustrate that, just as was true in the mortgage-backed securities market prior to the mortgage crisis of 2008, there is a strategy for every type of appetite. In this sense, seminars make use of and reproduce the two qualities of the housing market that uneasily coexist with one another: the opportunities for wealth building that it provides, and the risks of catastrophic loss that exist alongside of and co-create those opportunities. What they purport to sell to their audience is the expertise to navigate and make use of the housing market's pitfalls in order to reap its ample rewards

While earlier generations of insecure financial subjects might have railed against the end of Fordist employment practices or blamed themselves for becoming expendable company men (Dudley 1994; Newman 1999), real estate investment seminars seem to speak to an audience embedded in and responding to a different iteration of inequality. This audience knows that the normative strategy to combat an uncertain financial future is not available for all, and comes with fewer and fewer guarantees. But that does not mean that "financial freedom" doesn't beckon to them. It just might require learning how to "tap into" (in exchange for a fee) the very inequities that may no longer seem worth the effort of combating.

Returning to Residential Real Estate—and Capitalism—as Usual

The Great Recession eviscerated social and financial investments that millions of people in the United States made in homeownership. As the breadth and depth of the crisis became known, newspaper articles, special programs, documentaries, feature films, and books on the bitter fruit of our overinvestment in real estate abounded. This was the handwringing, watershed moment that made me want to study homeownership in the aftermath of what I took to be a total, earth-shattering transformation. And yet, less than a decade passed before familiar messages about the housing market and the opportunities therein started to re-circulate. Mortgage interest rates were low; foreclosed, abandoned, and devalued homes were being sold on the cheap. Federal and state programs offering down payment assistance grants or first-time-home-buyer tax credits came into the market, as well. And buying homes started to seem safe, and natural, and fiscally prudent once again, particularly in the many cities (including Chicago) where rental prices were soaring. The risks and rewards of residential real estate, it seemed, were just too compelling to let go, and too deeply entrenched in our economy to be reworked.

The real estate investment seminars I observed in 2014 and 2015 tapped into this moment—a moment in which uncertainty reigned, traditional pathways to wealth-building seemed obsolete, and we suspect that other people are breaking free from the chains of a paycheck and making money doing something that seems simple and yet also exciting: buying and selling houses. Seminars promise audience members the tools to take hold of their own destinies, transform crisis into opportunity, and achieve financial freedom. I hold that that promise is dangerously familiar. It speaks to the homeownership complex's enduring, pervasive power, as well as the homeownership complex's complicity with inequality as long as one person's housing loss becomes the next buyer's golden opportunity. In the next chapter, I consider how the complex's power resonates in a program that promotes homeownership as a cure for widespread housing vacancy within communities on Chicago's South and West Sides.

CHAPTER 6: HOMEOWNERSHIP AS A CURE FOR HOUSING VACANCY

> The hope is that stabilization, like chaos, will radiate out to surrounding areas.
> -—Sam Lawson, 2014[79]

In order for real property investment to be a worthwhile proposition, as the real estate seminar speakers make clear, its value must increase over time. But it is not only the condition and attributes of the house itself that make up property value—the appraised and perceived values of residential and commercial property in the surrounding neighborhood impinge upon what an individual house is worth, and shape whether its value will rise or fall in the future. Widespread housing vacancy decreases property value—not just in the vacant property itself but in all of the properties that surround it, as well. As such, widespread vacancy can undercut homeownership by diminishing or destroying its value as an economic investment and cultural ideal. Yet a neighborhood-based housing market recovery initiative in Chicago, the Program for Community Revitalization (PCR), aims to turn the contagion of housing devaluation around and radiate "stabilization" through owner-occupied homeownership rather than the "chaos" associated with housing vacancy and blight. The PCR uses widening opportunities for homeownership through the reoccupation of vacant buildings as a cure for post-crisis housing vacancy and its deleterious effects on property values, community safety, wellbeing, and investment. How does a community's housing market failure become a platform to generate new homeownership? What can such an initiative tell us about the persistence of the homeownership complex through cycles of housing market expansion and contraction?

[79] Director of the Program for Community Revitalization

To answer these questions, I focus on the homeownership-focused vision and implementation of the PCR, a program that formed after the financial crisis of 2007-2009 to address Chicago's vacant building problem.[80] While locally managed and implemented, the PCR receives funds from federal agencies and is thus influenced by the national pro-ownership policy agenda I outlined in Chapter 2. It also draws inspiration from a Baltimore-based program that centered on promoting struggling neighborhoods' existing strengths and encouraging residential "pride of place" as a way of fomenting real estate value appreciation and investment (Ashton 2009).[81] In 2013, when the PCR chose to intervene in neighborhoods that were grappling with vacancy, foreclosure, and high unemployment rates, it targeted small geographic areas that had valuable features, such as parks, college campuses, or historically significant architecture, as well as a legacy of homeownership. Program creators believed that these assets could be used as to keep existing homeowners and renters in their homes and to attract new owners who would bring both social and financial capital into their neighborhoods and boost the perceived and appraised value of the housing stock in so doing.

Over the course of my research, I attended a variety of PCR events, partner meetings, housing fairs, trolley tours, and workshops that promoted the institution of homeownership (and, to a lesser extent, residential property investment) as the solution to Chicago's vacant building

[80] Chicago has struggled with population loss, economic disinvestment, and related property abandonment since the 1970s, but the mortgage crisis of 2007-2009 undoubtedly intensified the issue. After the mortgage crisis, the PCR was able to marshal public and private resources and attention to a growing (but by no means new) issue.

[81] Beginning in 1998, the program, Belair-Edison Neighborhood, Inc., "adopted a model for strengthening undervalued middle market communities developed by Healthy Neighborhoods, Inc., an intermediary community development organization in Baltimore. A central goal of the Healthy Neighborhoods approach is to drive a trend of real estate appreciation in undervalued middle market communities, beginning with the strongest blocks and assets in a community, while also creating programs that strengthen a neighborhood's social fabric and residents' pride of place" (Ashton 2009)

problem. I observed that the PCR trains and provides funding and technical support for neighborhood-based organizations to support and facilitate first-time low-income homeownership. In this regard, it performs one of the homeownership complex's central tenets: homeownership, no matter where or when it occurs or for whom, is an opportunity for economic growth, mobility, and freedom. But this performance butts up against Chicago's longstanding inequalities, inequalities that are embedded in the landscape and disrupt attempts to transform vacant housing into an equalizing platform for community revitalization.

I see the PCR's activities in Chicago as in line with the interventions described by Julia Elyachar in *Markets of Dispossession* (2005), in which the Egyptian government, international NGOs, and a global development agenda came together to encourage poor Egyptians to participate in NGO-led training and microfinance programs and become small-scale "entrepreneurs." The idea was that by teaching the poor how to become more active participants in a global marketplace, they would reap the benefits of globalization in new ways and become new kinds of citizens/market agents. Although PCR focused on homeownership as a lever for market growth and stability rather than on entrepreneurship, it was similarly interested creating both new markets and new market subjectivities. But, as happened in Elyachar's case, PCR architects and those charged with its implementation found that their target areas were more diverse and complex and that the objects of their intervention were less malleable than they had anticipated. The power and promise of homeownership as performed by the PCR did not ameliorate the material and social inequalities that shape Chicago's housing market. As such, the program largely fed into the nexus of opportunity and crisis essential to both the perpetuation of the homeownership complex and to elite capitalist profit making through the housing value chain. The PCR architects hoped to radiate "stability" through their interventions in the housing market, and in some areas, they succeeded. Vacancy rates declined, property values crept slowly up. But the PCR did not foment an inclusive, people-centered, neighborhood-driven recovery.

In this chapter, I describe the Program for Community Revitalization and what it does and frame it in the context of federal efforts to respond to the detritus of the mortgage crisis of 2007-2009. Next, I outline the role of measurement in the PCR's performance of a housing market recovery. After considering the particular challenge that vacancy poses to market recovery and homeownership more generally, I zoom out to offer a brief overview of federal housing recovery initiatives after the financial crisis, including the impetus for and structure of the PCR. From there, I use ethnographic snapshots from three different PCR target areas to show how the program's performances of opportunity-laden ownership obscure but cannot transform local histories and complexities.

The PCR

The PCR is a program with a variety of stakeholders, interests, resources, plans, and effects. As such, it is useful to think of it as an *agencement,* or bundle of human and non-human skills, capacities, and agencies (Callon 1995). Callon uses the *agencement* concept to highlight how people, practices, and ideas come together, sometimes solidify into institutional forms, and come to seem, in a sense akin to Bourdieu's notions of *doxa* and *habitus*, natural and inevitable. Callon draws attention to the mixing of human and non-human elements in agency to push back against the perceptions that *agencements* are inevitable. I am also interested in situating these bundles of human and non-human agency in place and time but, like Pierre Bourdieu and Antonio Gramsci (Boggs 1976), I am more concerned with understanding the political, cultural, and economic conditions through which *agencements* such as the PCR form and come to seen as legitimate, as well as what social and economic possibilities they produce.

The PCR provides modest funding for community-based "sister" agencies to conduct surveys, monitor, and address vacant buildings in 13 geographical areas; host events for prospective and current homeowners; and spread the word about the program and its benefits to locally active real estate brokers, bankers, and developers. Program staff also convene monthly meetings with each sister agency to gauge their progress and address problems, as well as quarterly program-wide trainings in which all sister agencies participate. They provide direct assistance in the form of forgivable loans for current homeowners' exterior property repairs and new homeowners' down payments if they purchased a vacant home within the target area.

While some PCR participants see the program as forming in response to a distinctly local set of housing problems and challenges related to the 2008 financial crisis, this is only part of the story. In 2011, the city of Chicago tried and failed to get the investors, government entities, and banks that held thousands of foreclosed and vacant houses to register and maintain them (Gallun and Maidenburg 2013). Neighborhood leaders, residents, police officers, and social scientists proclaimed that vacancy was a threat to neighborhood safety, public health, and property values (Podmolik 2013). And a longstanding ideology of ownership made an ownership-focused response to housing vacancy economically viable and politically appealing (Rohe and Watson 2007). Finally, federal money became available for housing recovery programs through the Troubled Asset Relief Fund.

While the PCR was created to respond to housing vacancy and promote neighborhood stabilization after the mortgage crisis of 2007-2009, the form it took, its funding sources, its agenda, capacities, and goals, and the "positions and position-takings" (Bourdieu 1983: 30) that it facilitated and foreclosed exceeded a particular post-crisis moment. In the introduction, I drew on Janet Roitman's critique of the ways in which applying a "crisis" label to a single event obscures the existence and impact of ongoing social and economic processes. If something is judged to be a "crisis," it becomes an aberration that could not have been reasonably anticipated and avoided. It may demand certain kinds of intervention while making deeper forms of critique, analysis, and transformation impossible to achieve. Across Chicago, widespread housing vacancy is an ongoing condition, symptomatic of deeply rooted racialized and racializing inequalities that can be mapped geographically as well as economically. It is not a sudden, abrupt event. And yet, by tying these problems to a crisis moment, the PCR marshaled some ownership-focused resources and solutions to vacancy, but did not disrupt the workings of the homeownership complex or challenge the ideology of ownership it produces and makes manifest.

Addressing Housing Vacancy as a Problem That Homeownership Can Solve

The first federal endeavor to address foreclosure-related abandoned, vacant housing in the United States, the Neighborhood Stabilization Program ("NSP"), involved an initial allocation of $3.92 billion dollars to purchase and rehab houses in areas with high numbers of vacant and abandoned properties. From its inception, NSP ran into difficulties. First, there was little federal-local coordination involved in choosing the properties to be purchased, rehabbed, and demolished. Second, there was minimal planning for how to maximize the strategic impact of the program. Local development groups applied for NSP funds, purchased, and rehabbed vacant properties, and then often watched them sit vacant or sell for a low price that reflected the surrounding property values rather enhanced them.

Sam Lawson, a middle-aged white man who has spent his career at the interstices of the public and private housing market as an architect, and now serves as the director of the PCR, said that the initial round of NSP funding in Chicago was a waste of resources because it was too scattershot in its approach. Because one third of Chicago was eligible, those agencies that received NSP money were buying properties and doing rehabs in a haphazard fashion. From his perspective, this lessened the effectiveness of the dollars they spent.

To Lawson, the housing crisis was "a perfect storm that snowballed…" and "cities were not prepared to absorb [federal aid] money in strategic ways." He said that those in charge of NSP were looking to acquire, rehab and reoccupy buildings, but because they did so without incorporating or attending to the neighborhood context, their efforts were often not sustainable. This is because of the powerful effect of the surrounding neighborhood on property value. For example, if an agency purchases and rehabs a vacant house with NSP funds but there are three foreclosures down the block, they will not be able to recoup their acquisition and rehab costs with a quick sale, and the new owner, if any, is more likely to get discouraged by their plummeting property values and empty neighborhood and may walk away, the homes nearby that are occupied will not see an increase in property values from your efforts, and the nearby vacant homes will remain vacant. And beyond its ineffectiveness, such an intervention is also incredibly expensive and time-consuming.

To address the problems observed with NSP, the city of Chicago developed the PCR. In 2012, the city received $169 million from the federal government through second and third rounds of NSP funding allocation and an additional $20 million from a private foundation to address its substantial housing problems—over 100,000 foreclosed properties, compounded by vast swathes of vacant buildings and land in the South and West Sides, areas that have been experiencing a population exodus since the 1970s. Because of limited funds, Gabriel Lautner, the city planner that oversaw the program's start, argued that since "[w]e can't do everything everywhere…Let's focus our resources, let's focus our activities and try and make *this* spot better." His plans are in alignment with asset-based community development theory (Krietzman and McKnight 1993), which urges communities to identify existing neighborhood assets and turn them into "anchor" institutions from which a broader community revitalization endeavor can be launched.

As Helen Mercer, in charge of data collection and assessment for the PCR, saw it, the PCR improved upon the NSP model by engaging in ongoing, collaborative relationships and focusing its efforts on small, manageable target areas where an impact could be made. "The program builds on existing community expertise and takes a block-by-block approach to the vacant property problem in specific areas of Chicago where a market turnaround was deemed to be *both necessary and achievable* [emphasis added]," she explained. But how can the conditions for a "necessary and achievable" housing market turnaround be adequately assessed?

Measuring and Performing Housing Recovery in Chicago

Just as labeling a longstanding, multifaceted problem as the product of a singular crisis shapes how we respond to it, measurement matters in the construction and performance of a housing market recovery plan. By tracking buildings' trajectories from occupied, to vacant, to boarded-up, demolished, or reoccupied, PCR makes certain housing market problems visible and actionable while obscuring others. This issue is compounded by the varying amounts, durations, and root causes of vacancy in PCR target areas. In the predominantly Latino and Eastern European immigrant community of Brickville, for example, high rates of vacancy were relatively short-lived and directly connected to the housing boom and bust that precipitated the 2007 to 2009 financial crisis. But in the predominantly African American neighborhood of Jamesville, on the other hand, vacancy was a long-term problem tied to white flight, red lining, the 1968 riots following the assassination of Dr. Martin Luther King, Jr., and decades of economic depression, property abandonment, and population loss.

In spite of the diverse nature of vacancy in the PCR's target areas, the Program offers the same tools as a solution to all areas. One of its primary tools is measurement. While the Program tracks a number of outcomes, its primary metric and goal is building reoccupation. But achieving reoccupation need not involve the PCR at all. Indeed, when a buyer purchases and reoccupies and/or resells or rents out a building without PCR assistance that is the most desirable end to the building's trajectory, according to Helen Mercer. This is true because it costs nothing and also is taken as evidence by program directors that the PCR has been successful in rehabilitating the image of its selected neighborhoods and making them appear "safe" for private investment. Ownership (and the occupancy of and care for the building and the community it implies, but does not always deliver) is the outcome that matters.

Why does measuring the number of building reoccupations matter more to the PCR than who buys, fixes, rents out, occupies, or tears these buildings down? As historian Theodore Porter points out, quantification is a "technology of distance" (1995: ix). By using reoccupation numbers to assess the program's success, PCR administrators smooth out, on paper at least, the variances between different target areas and the diverse reasons for their vacant building problems. Success can be measured within and between different PCR target areas and compared to reoccupation rates in areas outside of the program as well as citywide.

Helen Mercer held that the collection and analysis of quantitative housing data allowed the PCR to be evidence-based in its approach to housing recovery. She explained,

> Now what I think is really unique about [the PCR] is that it does leverage community groups, technical assistance providers, and all these folks individually working on different aspects of the community development and housing puzzle and helps them work with each other, share best practices, and gives them some resources and tools, and then pulls together a consolidated program that we have common goals, we share both our data and what's happening on program problem properties in the database, we have set outcomes we're shooting for, they're really tangible and quantifiable outcomes...And then [the University Housing Center] actually tracks market trends, so…we can kinda say, "Yeah, well actually the market picked up in this area," and we'd like to think we can look into it and say "Oh, we worked in this area, we reoccupied this number of properties, we assisted this many homeowners, and look what the market trend information is." So what's really cool to me is the program kinda goes from the beginning with very simple goals to this collaboration with all these groups, tools, technical outcomes, to tracking market trends, so I think that's cool and unique that it's very holistic.

For Helen, gathering and analyzing quantitative data allowed the PCR to continually check its efficacy and make a powerful case for the impact of its relatively modest investments of human and financial capital. From her perspective, if an action could not be counted and measured for its impact, it was not a real outcome. "There's a lot of feel good stuff [that organizations do], but then…people go, 'what was your outcome?' 'Oh, we held this great seminar.' Well great, but it's a seminar or sharing, that's not an outcome. Great outcomes might come of it, but [that's not an outcome in itself]."

In Helen's view, proper outcomes were tangible, numbers-based, and calculable. If something could not be measured, how could future groups replicate it? How could the PCR staff properly attribute their successes or failures? But like the work of other housing stakeholders I have discussed, the PCR's measurements and the numbers they produce also have performative power in the making of the housing market. The PCR's measurements highlight some characteristics of local housing markets and obscure others. Michel Callon notes, "[c]alculativeness couldn't exist without calculating tools…The most interesting element is to be found in the relationship between what is to be measured and the tools used to measure it. The latter do not merely record a reality independent of themselves, they contribute powerfully to shaping, simply by measuring it, the reality they measure" (1998: 23). By making vacant buildings its object and using human and non-human technologies to observe, measure, and record numerically what became of them, PCR did not merely measure the housing market. It also participated in its transformation (Merry 2016; Power 1999; Strathern 2000).

Houses in Place

A vacant house is a prime example of the social entanglements and contingencies involved in creating, sustaining, or reconstituting market value. It offers powerful evidence for the anthropological truism that "context matters." The power of social context in establishing the value of an individual home and the perceived appeal of its surrounding neighborhood is intimately tied to the role that race, ethnicity, and class has played in the U.S. housing market. As I described in Chapter Two, the history of U.S. homeownership is inextricably linked to racial, ethnic, and class inequality, and Chicago is in many ways emblematic of this toxic mix. In the 19^{th} century, Eastern European and Irish immigrants to the city were disparaged, monitored by public health officials, and often evicted and dispossessed of their properties for their "unhygienic" living habits in wooden-framed multifamily housing near Chicago's slaughterhouses, factories, and smelting plants. Despite social reformers and wealthy business owners' intense scrutiny of immigrant housing and daily habits, little attention was given to the social and economic forces that kept them isolated in substandard, often overcrowded dwellings. Instead, immigrants were subjected to housing discrimination and predation that only deepened their marginal position in Chicago's hierarchy and made it more difficult to maintain safe, secure housing (Garb 2005).

Several decades later, Chicago's swelling African American population from the Great Migration faced many of the same housing problems that newly arriving immigrants had faced in the late 1800s. But their troubles were made worse by the racial barriers that circumscribed where they could and could not live in the city even further than the economic, linguistic, and social barriers that had kept new immigrants in poor housing conditions when they first arrived in the United States. In *Black Metropolis* (Drake and Cayton 2015 [1945]), University of Chicago anthropologists explain that Chicago's "Black Belt" constituted "…a city within a city—a narrow tongue of land, seven miles in length and one and one-half in width, where more than 300,000 negroes are packed solidly—in the heart of Midwest Metropolis… Of Chicago's 337,000 Negroes, a bare 10 per cent are scattered among the white population" (2015 [1945]:12). The tight geographic boundaries of the Black Belt made overcrowding inevitable. In addition, African American households were subjected to price gouging by white landlords. Because so few neighborhoods were open to non-white households, landlords could charge outrageous amounts for poorly maintained apartments and get away with it because such places were scarce.

When Chicago's black population reached a tipping point and could no longer be contained in the Black Belt, those seeking to purchase homes in formerly white communities encountered real estate speculators who charged high prices for older properties that black families were forced to buy "on contract." Speculators seized upon a new scarcity problem—the refusal of financial institutions to lend money in black or racially mixed Chicago neighborhoods—and used it to extract high down payments from black buyers and then high monthly installments. If the buyers missed a single payment, the seller could evict them and keep their down payment money with no repercussions. Even though black buyers paid a premium for these properties, they were "devalued" to the point of near worthlessness by financial institutions and home insurers. Further, because paying for them was so costly, many households doubled up or failed to complete routine maintenance in order to make their home payments, which resulted in the physical deterioration of the properties they'd paid so dearly for and the continuation of their fall in value (Coates 2014; Satter 2010).

Although the fair housing legislation that I describe in Chapter 2 did offer new protections for minorities seeking access to adequate housing, it did not magically transform the housing stock in the communities where said minorities were forced to settle and do their best to maintain in Chicago. Homes in much of Chicago's South Side, where the majority of black families settled, continued to be worth less than homes in white areas, in part because their owners were housing cost burdened due to discrimination, and in part because discrimination kept the value of *all* properties in minority communities lower (Harris 1999). And then the housing boom of the late 1990s and early 2000s hit, sending up prices and appraised values and flooding these communities with predatory and subprime mortgage and refinancing loan products. When the market crashed, so the standard crisis narrative goes, all that new "value" suddenly disappeared and prices came tumbling back down.[82] Suddenly, long-term residents who had been edging closer to paying off initial, modest mortgages, owed $100,000 or more than their homes were worth. Owners who had bought at the height of the market with low or nonexistent down payments were similarly upside down[83] on their mortgages. And as their

[82] See Roitman 2014 for a critique of this framing of the mortgage crisis of 2007-2009 as a crisis of value.
[83] A homeowner is said to be "upside down" or "underwater" on their mortgage/house if they owe more on their mortgage loan than the house's current market value. If their financial circumstances change and they cannot make their mortgage loan payments, a foreclosure or a

neighbors lost their properties to foreclosure, their property values continued to fall, making the financial situation of even the most conservative property owners more and more precarious.

I offer this truncated recap of European immigrant and then racial and ethnic minority housing woes in Chicago to convey the extent to which social marginalization and racial exclusion is inextricably entangled with where and how vacancy occurs. It is no accident that all of the communities that PCR targeted had majority African American or Latino populations. Nor is the poor condition of the housing stock in many PCR target areas the natural result of less than conscientious property ownership by minority households. Rather, in Chicago and many segregated towns and cities in the United States, housing conditions both reflect and deepen existing geographical hierarchies of race, ethnicity, and class. These hierarchies do not destroy the housing value chain, but they do shape how and where can be extracted from it.

Even the most robust housing market intervention cannot cleanse urban inequality and start fresh. When the PCR attempted to spur recovery in its target areas, it acted within a landscape saturated with the signs and symptoms of racial and economic disparity. For example, PCR's sister agencies ran directly into the value problem created by housing's social and spatial entanglements. Before any house can be sold, it is subject to multiple assessments: by professional appraisers who work for financial institutions and home insurers, by the real estate agents who represent buyers and sellers, by home inspectors, and by the buyers and sellers themselves. On the basis of those assessments, some weighted more heavily than others, a value is assigned, a sale price is reached, and a purchase price is negotiated (or not). This process works much less smoothly for vacant properties. The owner/seller is likely to be either absent or atypical (i.e., a bank or individual investor who may never have laid eyes on the property). The

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short sale is all but inevitable as they cannot sell their home and pay off the mortgage loan in the process.

property may be stuck in legal limbo due to foreclosure, abandonment, or the owner's death without a legal will. And, if the property has been vacant for any length of time, it is likely to have problems that will make it difficult to appraise, and, as a result, to obtain mortgage financing for its purchase.

As such, the fate of vacant buildings is deeply dependent upon the social, inter-subjective practices of value creation, assessment, and negotiation. Vacancy, and the broken windows, overgrown lawns, and piles of mildewed mail that index it, may place them into a functionally "unsellable" category. And yet, that categorization also creates an opportunity, if not for a prototypical mortgage-financed home buyer, then for a real estate investor developer, a cash buyer, a community land bank, or a community development agency eager to acquire, rehab, and reoccupy them. Buyers' interest and ability to seize the opportunity vacancy presents is geographically contingent. A vacant building can be acquired far more easily in a neighborhood inundated with them than in a neighborhood with only a few such properties, and yet the easily acquired building also presents a far more challenging value proposition if the buyer is not both well financed and well informed.

While the PCR's commitment to market stabilization *through* vacant property reoccupation acknowledges the role that place plays in creating or undercutting property and community value, its practitioners are not empowered to critically engage with the historical causes of vacancy or disrupt the uneven effects of "market-driven" development. Below I offer examples of the PCR's activities and performances in different Chicago communities to give a sense of the ways in which history and social context impinge upon the imagined opportunities and market stabilizing effects of homeownership. In the first, Brickville, we see that a limited number of vacancies, while more easily absorbable by the private market, does not mean that the housing needs of existing community members can be met through PCR's toolkit. This is due to a mismatch in the market price of housing, even if vacant and in need of major repair, and the limited borrowing power of those who aspire to become first time homeowners in the neighborhood. In the second neighborhood, Davis Park, we learn that PCR intervention is ineffective in areas with very high vacancy rates, but with different consequences. In addition to the financial capacity problem outlined above, the experiences and opportunities of homeownership in Davis Park are distinct from those generated by homeownership in areas without high levels of vacancy. The last PCR area I discuss, Geneva Square, shares much in common with Davis Park in terms of its population and its long-term struggles with unemployment, property abandonment, and economic disinvestment, but is more geographically isolated and thus less often the target of public and private market intervention. However, Geneva Square's marginality may open possibilities for transformation that other PCR areas do not have.

Brickville

Brickville is a working-class neighborhood of Chicago's Northwest Side. Originally settled by Eastern European immigrants who worked in the brickyards and foundries that once clustered in this corner of Chicago, the neighborhood is now mostly Latino. It is still composed of blue-collar factory, construction, and service workers and their families. Brickville is a bit isolated, geographically, from other parts of the city. It lacks a train line, is primarily residential, and during my research period, seemed too far-flung to experience the waves of gentrification creeping into Chicago's Northwest side since the mid-1990s. And yet, it is a lovely neighborhood. Walking down its tree-lined, brick-bungalowed streets in the summer of 2014, it was a hard to picture why it had been chosen for inclusion in the PCR in the first place, as most of the housing stock was well maintained and appeared occupied.

Later, I learned that beneath its pleasant façade lurked some serious housing troubles. Brickville experienced a flurry of real estate activity and rapid price increases during the housing bubble of 2004-2006, and suffered from extremely high rates of foreclosure from 2007 to 2012, especially when compared to the city as a whole. And at the same time that property values were fluctuating, its residents, once stably lower-middle to middle class, lost economic ground in the form of income, and, with foreclosure, household wealth.

In spite of its residents' recent woes, Brickville had a solid housing stock of desirable single-family and two-to-three flat properties, several thriving commercial streets, a well-maintained park and field house, several churches of different denominations with large congregations, and a few relatively high-ranking neighborhood public elementary schools. In other words, the neighborhood had the infrastructure that the PCR saw as necessary for a successful housing recovery, which, instead of placing it lower on the list of neighborhoods in need of help, made it all the more desirable as a program target (cf. Ashton 2009). This application of asset-based community development theory makes sense in a world of fiscal austerity and limited political will for neighborhood intervention. But it can also reinforce residents' uneven access to housing opportunities and pitfalls in different parts of a segregated city.

My initial impression of the Brickville PCR was that it was a quiet neighborhood of mostly well-maintained bungalows, two and three-flat brick buildings, and larger corner apartment buildings. But Leo, the PCR coordinator who gave me a tour of his agency's portion of the PCR target area, was quick to point out what he took to be evidence of a neighborhood in crisis. This house had broken windows that were not properly boarded. That empty lot had housed a decrepit property that was recently demolished, he told me. Those houses with huge red X's across their facades were vacant and structurally unsound. While not yet on the city's long list of properties to be demolished, they would be near impossible to sell in that condition. And, that alley, he told me, is where a teenaged schoolgirl was dragged, beaten, and raped on her way to school on a December morning in 2013.

It was Leo's job as a coordinator to walk or drive through the PCR-designated section of Brickville and assess the occupancy status and condition of each house within it as part of the vacant property survey he was responsible for completing every month. He took photos of and made notes on any property that seemed to be vacant or visibly in need of repair. When he returned to his office, he entered in the information he collected into a database that served as both a compendium of vacant properties and a portal through which each target neighborhood's coordinator could communicate with the program-wide technical assistance and property acquisition teams, who researched the legal status of vacant properties that coordinators identified for possible purchase or demolition. This team assessed whether the selected buildings were suitable candidates for the program to acquire and then sell to an eligible first time home buyer, and if so, helped coordinate with the PCR's partner financing agency, which had a revolving loan fund for this purpose.

During the time I spent in Brickville, the property acquisition dimension of the PCR had yet to be realized. In the fall of 2014, I accompanied Leo when the PCR's real estate manager came to the neighborhood to check out a property that he thought might be suitable for PCR acquisition, rehab, and sale to a low-income home buyer. The house was a brick two flat with a full basement, was boarded up but looked to be in decent shape. [84] It had what looked to be original hardwood floors and wooden trim, with generously sized rooms—two bedrooms on the first floor and three on the second. The front bedroom on the second floor had a little balcony that looked out over the street. Not everything was perfect: the interior paint was peeling and the floors need to be cleaned and possibly refinished. The kitchens need to be redone, as did the bathrooms—one of which was missing a toilet. Pigeons were living, molting, and defecating in the upstairs unit's back porch.

None of these things seemed to deter the PCR real estate manager, until we went into the basement, which appeared to have smoke and fire damage. It was not a legal unit but it looked as if it had been used as a separate living space at one point—there was a kitchen and a bathroom and carpeting, although the carpet appeared to have been laid on top of cement dust, not a regular floor. The listing real estate broker, Leo and I were the first ones to see it, and the real estate broker got it into his head that maybe former residents or squatters had cooked methamphetamine there, and that would explain the smoke and fire damage all over the walls and ceilings and on the electrical boxes, too. I do not know on what basis, if any he was making that claim, or why, as a listing agent, he felt that sharing it would be a good thing to do with a prospective buyer. More likely, the damage was due to some kind of an electrical fire, but his assumptions, poorly founded or not, made the place seem creepier.

When we had finished the tour, the PCR real estate manager said she thought the price was way too high for the amount of work that needed to be done. She pointed out that the building's brick facade was crooked and tilted in places. I had not noticed, but from the side, there were places where the brick front was pulling away from the sides of the house. She said

[84] Flats are apartment units that usually take up an entire floor of a building. Two flats and three flats, some with legal basement, or "garden," units, are a common form of housing stock.

all that would have to be redone. There also appeared to be a water leak near the back, over the kitchen. She called it a gut rehab. She said if the PCR paid the asking price, they would have to price it in the $300Ks to break even after making all the necessary repairs. If they got it for half of the listing price (like $70k) maybe it would be workable, but you'd still need a very strong buyer who qualified for a $100k loan at minimum, because even with the rehab loan it wouldn't be enough to cover everything. And a strong buyer might make too much money to qualify for PCR's assistance. This was the issue that emerged again and again in Brickville: the buildings that were cheap enough for either the PCR or a PCR-qualified buyer to purchase were too run down to obtain financing, and often went to cash buyers, as a result. The market was moving toward recovery and vacant property reoccupation, but it was not moving in a way that matched the PCR's sister agencies' affordable homeownership goals.

When I shadowed Leo on his surveys of the Brickville target area in 2014, there were only a limited number of vacant properties, further complicating the PCR's effort to make a significant impact on the market through vacant homes. In the target area's ten-block radius, there were roughly a dozen vacant properties, the majority in decent shape. A few properties had boarded windows and doors, but in the world of PCR, being "boarded and secure" was a relatively desirable status to have—certainly better than "open."[85] There were fifteen or so occupied properties in visible need of some kind of repair, and Leo recounted trying to speak with the owners of these houses to explain that funds might be available to help them if they wanted to make exterior repairs[86] to their houses, such as fix their porches, roofs, or front steps.

[85] Open" meant that the property was accessible to anyone interested in spending time there, something that raised crime and safety concerns for neighbors and made it more difficult to sell.
[86] That PCR assistance was available to make repairs that would be visible from the street, but not for resolving issues in the homes' interiors speaks to the program's orientation toward

The other part of his job, foreclosure outreach, involved speaking with owners of properties that were on a list of foreclosure filings that he received each month from the PCR's technical assistance team. For him and for the other coordinators I met, foreclosure outreach and the home repair program seemed to be low on the list of PCR priorities, a fact that reflects the declining numbers of foreclosures at the time of my research, as well as the PCR's forward-looking program goal to generate new homeownership rather than sustain and support existing owners.[87]

In addition to community outreach, surveying and reporting tasks, Leo and the other coordinators were also charged with organizing events to promote homeownership and community development within their areas. A couple of weeks after we first met, Leo and the other PCR coordinator for Brickville, Raul, organized a home buying fair and trolley tour, which I describe below in order to illustrate how the PCR encouraged performances of housing opportunity rather than accessible pathways to the same.

On the July morning of Brickville's inaugural Housing Fair and Trolley Tour, it was pouring rain and unseasonably cold. I arrived a few minutes early to help the two neighborhood coordinators, Raul and Leo, set up, but found the church basement was already decked out with a large amount red and blue balloons. Registration was near the entrance, with space for invited community partners, including the Illinois State's Attorney's office, the Community and Economic Development Association for Cook County, and a utility company that had recently begun offering energy saving tips and products to its customers. In a larger room down the hall,

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spurring housing market growth by making the neighborhood an appealing place to new home buyers.

[87] Following Baudrillard's critique of the parallel concerns of Marxist and capitalist thinkers with production as the "only possible imaginary" in *The Mirror of Production* (), I assert that this focus on the future and on market perpetuation rather than stability is a hallmark of the homeownership complex and of capitalism, in general (Joseph 2014:

representatives from mortgage banks and real estate brokerages staffed half a dozen card tables festooned with their company insignia and promotional materials.

After a few speeches welcoming us to the event, which promoted first-time homeownership and the community of Brickville in order to solve the neighborhood's post-mortgage crisis vacant property problem, attendees were encouraged to speak to representatives involved in the key steps along the path to ownership. In fact, Raul and Leo had devised a scheme to make sure that people engaged with each step of the home buying process: in order to be eligible for entry for the raffle prizes at the end of the fair, they had to get stamps from a real estate broker, a mortgage banker, and the trolley tour driver on their event "passport."

Although I had come to the event with the understanding that I could help out if need be, I ended up being free to play prospective homebuyer and take the trolley tours with other fair attendees.[88] On the first tour, we saw two properties: a vacant brick bungalow that needed kitchen and bathroom updates and a crowded brick two flat building with a (probably illegal) basement unit.[89] The brick bungalow was listed at a good price, but the downstairs had an old-fashioned layout rather than the "open floor plan" that most 21st century buyers strongly prefer and the upstairs was awkwardly configured (Emrath 2017). Nobody in my group seemed too enthusiastic about it. The two-flat we saw was still partially occupied, in spite of its official "vacant" status. When we entered the kitchen of the first floor unit, we found a ten-year-old girl

[88] Preparations for the home buying fair and trolley tour marked the beginning of quasi-internships I maintained with several of the PCR's neighborhood partner agencies over the course of my fieldwork.

[89] Residential buildings are zoned by the number of legal units they contain. Many Chicago buildings are zoned as single family or two or three flats, but also have a second or third occupable space, either in the basement or the attic, that is used to generate additional rental income or as an "in-law" suite. Because this practice is so common, listing sheets with such additional spaces often state that the owner does not attest the legality of the extra unit (even when it is plain that they have been using it as such.

eating what might be the perfect kid lunch: a plate of French fries and a bowl of vanilla ice cream. She didn't seem perturbed by all the people traipsing through her home, but it was a little awkward. The owner (maybe the girl's father) told us that the property would make a great "family home," but it did not appear to be used that way at the present, as only the first floor seemed to be occupied by a single household. In the basement unit, we saw several single mattresses with tangled sheets and a small, cluttered kitchen. It seemed likely that the owner was using the space as a kind of boarding house for several tenants.[90] The second floor unit was vacant and in the process of being rehabbed. I sensed that most of the tour goers were looking for single-family homes rather than more expensive multifamily investments, so there was not much interest here, either.

The second tour, which covered the north side of Brickville, was more crowded. Feeling a little bolder than I had earlier in the day, I got into some conversations: first with a middle-aged Latina woman, Isamar, who wanted to buy her first home and move to a better area. She had gone through pre-purchase counseling and had a Section 8 voucher—so if she bought it would be through the Chicago Housing Authority's Choose to Own program.[91] She didn't like the first two

[90] Brickville has a large undocumented population, some of whom may live in arrangements such as the one we observed in the two flat with the illegal basement unit. The colloquial term for sharing housing in this manner is "doubling up," and agency partners often alluded to the doubling up phenomenon when discussing how low-income people had managed to stay in the area in spite of rising rents and home prices, as well as when discussing the chronic lack of street parking.

[91] The Choose to Own program allows Section 8 voucher holders in good standing to use their voucher (and some additional down payment assistance) to purchase a home and pay for a mortgage. According to a housing counselor I spoke with, one of the challenges of the program is that women with children are often eligible to receive a large enough amount to participate when their children are young, but when the children grow up and/or move out, their voucher amount shrinks and they can no longer afford their mortgage. The program is emblematic of what I call the "homeownership complex" in that it pushes even the most vulnerable into "choosing" ownership, even when such a status change may not be sustainable or make them more financially secure.

places we looked at, but she liked a third property, a $269K bungalow that was freshly painted, had more updated, high-end bathrooms and kitchen, and was billed as "move-in ready." I also talked to a Latino man in his 30s, Santos, and then to his wife as well. He and his wife, Alejandra, currently rent a two-bedroom condo in an adjacent neighborhood. Because they want to move away from Chicago after Alejandra's daughter graduates from high school, and they like the place they are renting, they are hesitant about buying a property. Given what they told me, it was unclear why they had chosen to go on the home buying tour.

For our next stop, we saw a house that served as a demonstration of what tour goers might be able to achieve through ownership: the home had been purchased with help from a now-defunct down-payment assistance program, City Lift, and with rehab assistance money from the PCR.[92] The homeowner, Sandra, told us how the PCR's sister agency had helped her family get ready to purchase a home, helped with a down payment, and helped with rehab, and that they wouldn't have been able to do it without that support. The warm, inviting interior of her home spoke for itself. After a morning of seeing empty, half-furnished, or cluttered homes that spoke to all the dangers lurking in ownership, this was an impressive, abundantly decorated and personalized property, and Sandra was obviously very proud of it. Tour goers (myself included) responded to that.

When we returned to the housing fair, a barbeque was in full swing. After lunch, we returned to the church basement for the announcement of the raffle prizes (including a tablet, Starbucks and Lowes' gift cards, and a gas station gift card). People were excited to hear the numbers read but, after the winners were announced, there was a feeling of letdown. The

[92] City LIFT is a City of Chicago program that began in 2012. In collaboration with lenders such as Wells Fargo, it offered forgivable down payment assistance loans to qualified households making less than 80% of the area median income ($59,600 for a family of four).

imaginings we had engaged in on the trolley tour—picturing how we would fix up this or that room for a mother, a son, or a sibling, and what we would do to the kitchen—were over, and so too was the prospect of winning anything in the raffle. The woman I'd chatted with on the trolley tour who hoped to buy a home through the Section 8 voucher program, Isamar, had been waiting around to hear the prize winners and left as soon as that was over, before I could say goodbye.

At the end of the event, I helped the staff clean up, and then debriefed with the coordinators and an urban planning friend of mine at a local bar. There was disagreement about how successful the fair had been. While there were one hundred attendees in spite of the heavy rain, staff lamented that there were few people in attendance seemed prepared for homeownership.[93] Given that observation, I wondered why the mortgage lenders and real estate brokers participated at all. When I asked Leo, the South Brickville neighborhood coordinator for the PCR, he said his friend who was a mortgage lender had told him that such community events were considered a waste of time, since no one was really ready to buy at them. It seemed that for most attendees and participants, the fair and home tours were a performance of affordable homeownership more than an actual pathway toward to it.

That the housing fair and trolley tour were unsuccessful in generating first time homeownership speaks to a mismatch between a fundable housing goal, generating new homeowners to solve a vacant property problem, and Chicago's ongoing, complex affordable housing needs. When I began my research in 2014, the housing crisis was winding down. Not-

[93] This was a recurring theme in my research with housing agency staff, who received federal funding to put on home buying fairs and offer home pre-purchase classes and counseling, but often felt that the participants in these offerings did not have the savings or credit scores to become homeowners. In the housing fair context, staff made the determination that people were not ready because few people engaged the mortgage bankers, housing counselors, and realtors in attendance in serious conversations;

for-profit agencies such as those that partnered with the PCR and, more importantly, their funders, were already pivoting toward a new agenda: homeownership. But the communities they served were not necessarily prepared to fulfill this new goal. Housing fair attendees were interested in exploring the concept of homeownership, trying out identities as homeowners via the open houses in the trolley tour, listening to success stories, and eating hamburgers and hot dogs alongside similarly situated people—but they were not ready, financially or psychologically, to doggedly pursue the actual achievement of ownership.

In the case of Brickville, rapidly increasing property values and high volumes of distressed property sales in the neighborhood compounded this lack of "buyer readiness." The properties that were priced affordably for the demographics PCR hoped to serve were often in bad shape and frequently could not pass the necessary inspections to secure mortgage financing. On the other end of the spectrum, the growing stock of post-investor purchase and rehab, "move-in ready" properties in the neighborhood were priced too high for those who were renting in the area and qualified for PCR help to afford. What made Brickville seem like an odd choice for market intervention, its desirable housing stock, leafy streets, good schools, and relative safety in the midst of a Northwest Side increasingly plagued by gang violence, also made it a difficult market to render accessible for first-time, often first-generation home buyers, a problem that would plague the PCR's housing agency partners again and again. In this regard, the Brickville PCR's struggle to match vacant buildings with new homeowners epitomizes the limits of an ownership-focused approach to Chicago's recovery. Vacant housing in PCR target areas does present an opportunity for buyers that have the cash to buy the property outright or who qualify for down payment assistance due to their income yet also have the financial wherewithal to become homeowners. But it is an opportunity that remains inaccessible for most people currently living and renting in PCR target areas.

Davis Park

From the very beginning of my research on the Chicago housing market, I encountered stories about the dire straits of Davis Park. The neighborhood was once a middle-class community on the South Side, but it lost more than fifty percent of its population between 1970 and 2000 as redlining and white flight spurred residential and commercial disinvestment and decline. It was now mostly referenced in relation to crime, gang activity, gun violence, school closures, and vacant housing and land. Yet it was also the site of a recent multimillion-dollar investment by the city and private entities in a new shopping district and community college campus and well connected by public transit and highways to Chicago's downtown. And because it had an abundance of vacant, cheap housing and land, it had potential, from the PCR's perspective, to be rehabilitated through the transformative power of new ownership and building reoccupation.

But Davis Park presented different challenges for the PCR than Brickville. It had such a significant vacancy problem that it was difficult just to manage and track its buildings, let alone find new owners for them.[94] In the spring of 2015, after attending many PCR events and speaking with several participants in the program, Helen Mercer, the PCR data manager, asked me if I'd like to assist Davis Park's overworked neighborhood coordinator, Jesse Madden, in surveying the area. After months of struggling to access the "action" of the housing recovery outside of Brickville, I accepted gladly.

[94] In 2011, 3,500 buildings were vacant in the larger Davis Park community area (Oliven and Mullen et al. 2011).

In our initial meeting at a PCR workshop, Jesse, who was in his late twenties at the time, struck me as quiet, smart, and thoughtful. He has a graduate degree in urban planning and seemed overqualified for his job. Most of the PCR coordinators I encountered were men in their twenties (although there were a few more senior men for whom the coordinator position was just one of many hats), and nearly all were Black, as Jesse was, or Latino.[95] But only a few had as much education in urban planning and policy as Jesse did.

Jesse and I met up at an independent coffee shop on one of Davis Park's main drags. I had been jittery in the drive down, wondering if I had been, in my effort to prove myself useful, too cavalier about the safety concerns, but was comforted (and embarrassed by my comfort) when I saw police cars parked on the street and a diverse group of people (women, men, white and black) calmly enjoying coffee and pastries inside.[96]

After a brief meeting, Jesse drove us to the beginning of the survey route. He parked his car on the South side of a two-block stretch that dead-ended at a little park tucked under the shadow of the highway. The area was eerily quiet, with few cars parked on the street and several vacant lots. We took our clipboards and walked down the block, pausing at each house, searching for its address on a spreadsheet printed on A1 paper that was maddeningly organized

[95] The racial and ethnic demographics made sense in that they matched the demographics of PCR's target communities, but the reasons for the gender disparity were a bit more opaque. Perhaps men were the ones interested in the positions. Perhaps the organizations that hired them (staffing decisions were made at the level of the sister agency, not by PCR administrators) believed that men would be less likely to be threatened or intimidated during their neighborhood survey duties.

[96] As I discuss in Chapter 1, my racial, class, and gender identity came into play when, at the encouragement of Helen Mercer, another white, middle class woman who was one of the key decision-makers at the PCR, I volunteered to assist with the Davis Park property survey. Perhaps because Davis Park is a predominantly African American community where white Chicagoans rarely go, Jesse's boss, an African American woman in her 50s, was skeptical of my ability and willingness to competently survey the neighborhood's vacant properties.

in numeric and alphabetical order rather than in the order of our route. At each house on the list, we conferred with each other regarding whether to mark it as occupied or vacant.

To determine whether a house is vacant or occupied requires observational and inferential skills. In areas with few vacancies, less skill is required. This is because vacant properties in neighborhoods with high occupancy rates announce themselves. They have boarded up windows and doors, padlocks, damp piles of junk mail on their front porches, or eviction and utility shutoff notices pinned to the door. They stand out from their occupied neighbors, and a surveyor can count them, take photos of them, keep tabs of them, and enter all of their particulars into the PCR database. From there, the coordinator can submit a request for research, and someone in the technical services division of the PCR can search other databases for information about their ownership, their legal status, and whether they are in foreclosure or not. During meetings of PCR directors and sister agency staff, possible plans can be discussed and crafted for these properties' futures, and sometimes, those plans can be put in motion and brought to completion. Because there are not too many vacant buildings, each one can be treated as an actionable opportunity, and the PCR, in partnership with its sister agencies, funders, and a network of real estate investors and affordable housing developers, creates pathways through which these actions can be taken.

Surveying in Davis Park, in contrast, Jesse and I were hard pressed to identify any houses that were obviously occupied. We spent time weighing justifications for how to classify almost every house we passed. One property we saw had a car (a sign of occupancy) but it was parked haphazardly in the bordering vacant lot and it did not have license plates. Jesse suggested that the lack of plates might indicate that the car was stolen and abandoned. There was no mail heaped by the front door, and the windows were not boarded, but they were covered with blankets. It looked still and, to me, empty. But based on Jesse's more seasoned impressions, we listed it as occupied.

In addition to determining whether each property was vacant, PCR surveyors are also supposed to assess if it is boarded and secure. Jesse said we could mark houses as "secure" if they had boarded-up windows on the first floor and if the front door appeared to be locked or otherwise inaccessible.[97] We were also supposed to check the rear of each building to see if it was open and/or if the back yards were being used as illegal garbage dumps. But during our surveys in Davis Park, citing safety concerns, Jesse said we would not fill out that category. He also did not take new pictures if the property already had a picture in database, even though PCR surveyors had been trained by Helen to take photos as a way to document changes to properties over time. When I asked about taking new photos, Jesse told me he did not want to spend too much time out in the open messing with his phone. The PCR's mobile app was slow, and he was concerned that neighbors might be suspicious or become aggressive if they saw him taking photos in their vicinity. As a result, the data that Jesse collected on each vacant property was relatively thin: vacant, occupied, or under construction. Most of his entries only had one or two blurry photos from the first time the property was surveyed.

To survey vacant houses in a way that turns their individual characteristics into an actionable problem, a problem that can be measured, tracked, and perhaps one day resolved, you have to keep track of them in a way that is legible across time and space. Keeping track of vacancy does not work, for example, if the only record of a vacant building exists in a filing cabinet in a PCR sister agency. A central database allows *all* the vacant properties in the PCR's target communities to be tracked, discussed, counted, and, if possible, acted upon. But someone

[97] One DIY board-up measure involved removing the stairs and porch leading up to the front door.

has to enter the observations and images that coordinators gather in their surveys into the forms and dropdown menu categories of the database. This work takes time and translation abilities. The PCR database mobile app existed, in theory, so that coordinators could quickly enter data and take and upload photos of each property they surveyed in real time. In practice, coordinators waited to enter their data until the survey was over and they could access the database with a computer. It was easier to navigate the database in this way, but often they let the information they had gathered from their surveys pile up before entering it. Once they did take the time to do the necessary data entry, sometimes they ran into roadblocks. To enter survey data into the database, you type the property addresses from the spreadsheet into a search box. Since the program started in 2013, each property in the PCR target areas was supposed to have its own record in the database. Coordinators had to search for the record, then upload a new photo and complete the status update. But when I attempted to do the data entry for Davis Park, many of the addresses of the properties on our survey list were not in the database. Some of the properties did not have Property Identification Numbers.[98] It is difficult to track buildings in a database that does not recognize their existence, more difficult, still, if they are not in the county tax records, either.

To survey vacant houses thoroughly, note all of their particulars, make plans for their futures, and take steps to bring those futures into being, the vast majority of the houses in the target area need to be occupied, or at least boarded and secure. But this was not true in Davis Park, and that meant the same surveying rules that were followed in other target areas could not apply. There was neither the time nor the resources to keep track of the vacancies with the same level of scrutiny, for one thing, and for another, what would be the point of such careful

[98] Property Identification Numbers are used for property tax identification purposes.

monitoring of properties in an area considered to be so undesirable? The level of property abandonment in Davis Park challenged the methods and goals of the PCR and the defining premise of the homeownership complex: that becoming an owner was an accessible opportunity to create and sustain value, both for oneself and for one's community. In Davis Park, a housing value chain surely still existed, but it seemed to require more repair than the PCR or its sister agencies could offer.

Geneva Square

Located on Chicago's West Side, the Geneva Square PCR had high unemployment and an abundance of vacant housing, but also beautiful, grand old homes that its boosters hoped might attract new buyers, close proximity to an express highway, if not to the affluent parts of Chicago proper, and lots of cheap, vacant commercial and residential property. I came to the community late in my research, after already spending time in several other PCR areas, including Brickville and Davis Park.[99] Geneva Square was no better or worse than these other places, but spending time there led me to some revisions in my assessments of the PCR and its ownership-centered response to Chicago's deep-seated housing vacancy problems.

On a Saturday in July 2015, I presided over an inflatable bounce house in the middle of a park in a target area that had been "rebranded" as Geneva Square by the PCR marketing director

[99] Brett Anderson, the director of the PCR sister agency in Oak Square, was a friend of a friend, and I contacted him when I was searching for additional points of contact with the PCR. I conducted a few interviews in the community, and attended monthly Oak Square PCR advisory council meetings and PCR community events, but my knowledge of the community was not as deep as it became in other parts of Chicago.

in consultation with the local sister agency.[100] I was there to attend the Geneva Square Housing Fair and Trolley Tour, the same type of event I had attended in several other PCR target areas in the year since I had begun my fieldwork. I had even attended a PCR housing fair and trolley tour in Brickville earlier that same day. But what I observed in Geneva Square was distinct from the homeownership events I had attended elsewhere. The components were the same. As in other PCR target areas, the Geneva Square event featured available, vacant real estate in a trolley tour, the PCR sister agency in the target area hosted a barbeque, and real estate brokers, bankers, and representatives from city programs were in attendance, as were a group of neighborhood residents. But the sister agency and the community it served turned a PCR-imposed and funded event to promote homeownership into something else.

Across an expanse of grass in one direction, I could see a group of teenage steppers performing on stage for a small crowd. A playground stood close by, and shoeless kids ran between the slide and swings and the bounce house. At the far end of the park, the barbeque was underway, and the smell of charred burgers permeated the heavy air. Between the barbeque and me, a few dozen people huddled in the shade, milling around card tables adorned with organizational logos and pamphlets.

I was silently berating myself for agreeing to staff the bounce house, which seemed worlds away from what I imagined to be the home buying related "action" of the fair. It was especially galling as I'd been in the park three days earlier, readying the space with a pointed trash collection stick and a rake, picking up soda and beer cans, empty cigarette packs, candy and chip wrappers, plastic and metal bottle caps, and lots of small plastic dime bags. The park was beautiful, and like many in Chicago, surrounded on all sides by stately homes, some in good

[100] One of PCR's tactics to generate interest in some stigmatized areas was to rename them (in consultation with neighborhood stakeholders). Oak Square was one such instance.

shape and some in disrepair. But there was a lot of trash. It had been hot that day, too, but I had been looking forward to a solid afternoon of observing the housing fair and securing interviews with housing professionals and potential home buyers. Instead, I was watching kids come in and out of the bounce house, warning them to remove their shoes and to be careful when jumping near younger children.

From where I stood I could see and hear what happened on the stage across the park. After several performances by high-school girls, who interspersed their dancing and singing with calls for the youth to take back their community, stay in school, and stand up against violence, a woman from the hosting not-for-profit took the mike. She said that the goal of the event was to "to bring residents and organizations together to stabilize the neighborhood." Next, the alderman said a few words about how she saw the festival "bringing together the community" and highlighting "programs for young people" and providing "resources" and "opportunities to network." Lastly a woman from one of the event's sponsoring banks told the crowd that "[our bank] supports this community. This is our home, and we want to make it shine again." As far as I could tell, no one mentioned homeownership, even though that was ostensibly the purpose of the event.

After an hour as bounce house monitor, I was relieved of my duties and made my way, finally, toward the main part of the housing fair. I meandered around the card tables, speaking with the not-for-profit and government workers and the real estate brokers and bankers who staffed them, collecting business cards, and shooting the breeze. The housing vendors did not have many other visitors or much of interest to say, so I ate a hot dog, drank some water, and embarked on a fixture of a PCR-sponsored housing fair: the trolley tour around the neighborhood. We visited two homes for sale, neither of which seemed to generate much attendee interest, and received an introduction to the neighborhood by two guides—one a not-for-profit organization administrator, the other a minister with a local congregation. Our guides pointed out schools, churches, and businesses, as well as the grand homes of several state government officials. They told us that Geneva Square was slated to receive money and technical assistance from a local university partner to redevelop a commercial corridor, and that it was home to one of the best public selective enrollment high schools in the state. We detoured into an adjacent suburb so that the guides could demonstrate the similarity of Geneva Square's housing stock and its proximity to suburban amenities such as the YMCA, grocery stores, shops, restaurants, parks, a skating rink, etc. We could have access to all this, the guides told us, for a fraction of a suburban purchase price and property tax bill. "Yeah, but with poor public schools and services" the man sitting next to me muttered. He later told me that he was a real estate broker.

When the trolley returned to the park, the housing fair was winding down, and vendors were packing away their pamphlets and card tables. But the social aspect of the event continued. I followed some other tour goers into a house that faced the park that was in the process of being fixed up but was not featured on the trolley tour. The owner seemed proud of the progress he had made. There were still plenty of children enjoying the playground and bounce house. Live music was to start in a few hours, and people were setting up their own charcoal grills and picnics in anticipation. Before leaving, I spoke briefly with Brett Anderson, the director of the PCR sister agency in Geneva Square. He had been involved in the planning of the day, and knew that I had attended the Brickville housing fair and trolley tour earlier in the day. He asked me how his neighborhood's event compared to the ones I'd seen in other neighborhoods over the course of my research. "I bet theirs were more 'homeownership-focused," he mused. "Yes," I replied cautiously, not wanting to offend him. "But I'm not sure how many vacant homes will be reoccupied as a result of it." He seemed neither offended nor flattered by my judgment, and moved on to talk to someone else.

Later, I recalled something Brett had said in the interview I had with him several months earlier. I will quote him at length, because what he says speaks to the problems of a homeownership-focused recovery program to combat vacancy and the problems that precede and follow it, and also explains why the Geneva Square housing fair and trolley tour felt different to me. In response to my question about why homeownership was important, Brett said,

> Homeownership is definitely a national policy agenda. And homeownership really ties into the health of the national economy. But really…neighborhood revitalization isn't—the economy, the national economy can be very healthy with lots of decaying neighborhoods around the country…but [the Program for Community Revitalization] tries to fuse the two. And they don't necessarily mesh well together. And it's like are you really—are we really trying to revitalize these neighborhoods or are we really trying to just get people to buy houses? …We're trying to like entice—you're saying like—[LY: You're saying you're enticing people that don't necessarily have a ton of resources toward ownership as this kind of--] Well…the likelihood of building wealth by buying a house, in [Geneva Square] is very low… it's an extremely risky action...And we're supposed to be…telling people like this is the opportunity, only, you gotta get in *now*. And so we turn into, in a way, we're kinda turning into the sleazy people.

Brett's concern that in promoting first-time affordable homeownership in a community with declining property values, his organization (and the PCR as a whole) might be "turning into the sleazy people" strikes me as a recognition of the self-perpetuating tendencies of the homeownership complex. While facilitating greater market participation, no matter what the terms, may be considered to be a boon for the poor and socially and economically marginalized (cf. Elyachar 2005; Williams 2004), it is a rarely a straightforward end to achieve, and even if achieved, may come with unanticipated and deleterious consequences. Homeownership might come with opportunities for freedom, stability, and asset-based economic growth and investment, but those opportunities are not equally available to all. Brett recognized that, and the tone of the housing fair and trolley tour, which included PCR's homeownership goals but did not oversell them, reflected his awareness.

During the time I spent attending PCR events, talking with PCR administrators and sister agency staff, and surveying vacant properties, I kept thinking about whether and how the PCR's array of homeownership-focused interventions responded to the complex effects of racial and economic inequality in Chicago's neighborhoods. It was not just that trying to transform vacant buildings into spaces of opportunity for market and household stabilization and flourishing was a challenging task. It was that the PCR's stock solution to vacancy, reoccupation through homeownership, was advertised and performed again and again in communities where the institution might be inaccessible or even detrimental to their social and economic wellbeing. As Miranda Joseph notes in *Debt to Society: Accounting for Life Under Capitalism* (2014), a focus on investing for "the future" is a privilege that the poor do not have, although they are often admonished for their lack of financial planning and forethought (74). Yet the PCR urges and does its best to facilitate new kinds of future-oriented market participation through homeownership, which they anticipate will encourage even more financial investment in the target areas in which they work.

At the beginning of the Chapter, I suggested that the vacancy that the PCR acts upon is evidence of market failure. But perhaps it is not failure, or at least, not of a kind that is debilitating to housing market reproduction. Just as in the real estate seminars I describe in Chapter 5, the PCR's devalued, vacant properties *do* present opportunities, although they may not be accessible to the first-time, low- and moderate-income buyers that the PCR imagined for them. Instead, long-term residential vacancies, and the market interventions they seem to require, may be opportunities for the reproduction of an unequal housing market: a market that facilitates the generation of household wealth and value in some communities, and forecloses it in others.

CHAPTER 7: CONCLUSION

> [P]roblems stemming from the housing market do not solely represent market dysfunction but epitomize how housing routinely functions in Americans' lives. Rethinking basic questions about renting and owning may allow consideration of how housing may play a more constructive and optimal role in pursing economic opportunities, redistribution, and justice in America.
>
> —Anne Shlay, 2015

This dissertation examines the work that housing stakeholders do to sustain the U.S. housing market, as well as how that market-making work is bound up with the real and imagined value of homeownership as a cultural ideal and economic good. I argued that homeownership's enduring hegemony depends upon a homeownership complex of market stakeholders that make investments in and tap into a housing value chain that stretches from individual households to housing professionals, investors, policymakers, and global financial markets. But homeownership's privileged position as part of the *doxa* of the United States does not mean that it is universally accessible or equally beneficial. The government policy agenda and private market imperative of ever-increasing homeownership has generated financial and social benefits for some, but it has also deepened and perpetuated race and class inequality in the United States.

Somehow, the appeal of homeownership continues in spite of the socioeconomic disparities that the housing market reflects and reproduces. I attribute this characteristic to the housing value chain's power to continually attract new participants, whether they are aspiring home buyers, homeowners, real estate brokers, mortgage lending professionals, real estate investors, or housing policymakers. As these diverse stakeholders access and tap into the housing value chain, they become a part of the homeownership complex and materially and ideologically invested in homeownership's perpetuation. Mortgage lending professionals and real estate brokers work to convince their customers that buying a home makes financial success at a household level and a national one. Real estate investment seminars hawk residential real estate investment as a clear pathway to "financial freedom" in the midst of an unstable economy. And housing policymakers and not-for-profit staff use the government's ideological and political investments in homeownership to draw resources to their communities in the name of homeownership. While many of the housing stakeholders that were my interlocutors had weathered the mortgage crisis and knew that increasing homeownership was not and could never be the solution to the myriad problems that households, local and national governments, and financial markets faced, there were also too deeply committed to sustaining homeownership as a value-generating institution to critique or dismantle it.

As Anne Shlay notes in this chapter's epigraph, housing market problems such as the mortgage crisis of 2007 to 2009 are not aberrant events, but rather "epitomize how housing routinely functions in people's lives" (2015: 563). In the United States, housing routinely functions in ways that benefit privileged, home-owning households and well-connected and financed housing market mediators (Desmond 2016; Perin 1977; Salamon and MacTavish 2016). In Chicago, for example, homeownership was ripped from the grasp of immigrant households who sought to use their properties productively to weather uncertain economic conditions and build household wealth, then denied and restricted for African American and other non-white households through government-sanctioned redlining practices, racist restrictive covenants, and predatory lending (Drake and Cayton 2015 [1945]; Garb 2005; Satter 2010). Unfortunately, Chicago's housing history indexes that inequality is as deeply embedded in the *doxa* of the United States as homeownership (Coates 2014). Indeed, the two are inextricably linked.

Deconstructing and Reconfiguring the U.S. Housing Market

I have worked to counter the idea that homeownership is a universal and equally accessible good through an ethnographic analysis of key stakeholders in the U.S. homeownership complex and housing value chain. In my observations, interviews, and shared activities with the mortgage lenders, real estate brokers, investors, housing organizers, and policymakers, I discovered that the scope and scale of the housing market, and my interlocutors' sense of their own marginality within it, created a kind of "silo effect" (Tett 2016). While the work my interlocutors did to produce and extract value from the housing market kept the homeownership complex in motion, they often insisted that real market-defining work happened elsewhere, upstream from them, and that they were powerless in the face of it. This reading of the housing market could be bewildering, such as when the mortgage brokers' whose experiences I highlighted in Chapter 3 struggled to understand how flawed risk assessment on Wall Street had destroyed their ability to secure financing for their customers and brought the housing market to a halt. But it also gave them a convenient alibi. Instead of taking responsibility for the parts they played in housing market's creation, meteoric growth, and crash or for the perpetuation of homeownership as a universal good, they foisted the blame elsewhere—to their naïve or greedy customers, to "Wall Street," or to overly permissive government-backed mortgage financing parameters.

But my findings from mesoscale, mid-level research and analysis on the remaking of the housing market in Chicago ran counter to my interlocutors' insistence that the reasons for the housing crash lay entirely elsewhere. First, some interlocutors willingly accepted that they and their industries *did* play an integral role in sustaining the housing market and bolstering the economy as a whole. "When you mortgage a home," mortgage lender Mario Abruzzo told me, "[you are doing] something that's really great for the economy. It takes at least ten people on our side: appraisers, title companies, real estate agents… It creates jobs. It keeps people moving." Second, I witnessed how ideas about the value of property ownership circulated amongst housing professionals and were transmitted to their customers through affirmations, encouragement, and threats of what their futures might look like if they missed out on the opportunity to buy low, sell high, and achieve "financial freedom" through the housing value chain. Whether they saw themselves as powerful actors or "whipping boys" the work that my interlocutors did mattered. It drove the housing market forward and it shaped the aspirations and the behavior of a wide range of market participants.

There is another reason to push back against my interlocutors' protestations that they bore little to no responsibility for what happened in the housing market. As Paul Langley (2008, 2009), Philip Mirowski (2016), and Janet Roitman (2013) cautioned with regard to the deflecting qualities of "crisis" narratives, it is dangerous to assume that catastrophic miscalculations, perverse incentives, and faulty risk assessment schemes are aberrant, singular occurrences that are the fault of a few bad actors. Such framings suggest straightforward fixes: more regulation, stricter licensing requirements, or more disclosure requirements. But they do not demand a reconfiguring of the market where the "crisis" events took place nor a deconstruction of the practices, agencies, and relationships through which they were created.

I have argued that deconstruction and reconfiguration are necessary and important for ensuring a more equitable and sustainable U.S. housing market. While the homeownership complex is a powerful force, I also, following Pierre Bourdieu, believe that all social actors participate in the making of their worlds and have some degree of power to impact the “structuring structures” therein (1990: 53). Below, I consider how housing stakeholders might reconfigure the homeownership complex to make the housing market’s “routine” function more equitable, open, and sustainable in the United States.

Preparing Consumers to Navigate the U.S. Housing Market

In Chapter 6, I describe how a well-intentioned, neighborhood-focused housing and economic recovery program, the PCR, failed to address the underlying, systemic inequalities that are manifest in urban housing markets in the United States. The PCR needed to recruit willing buyers to achieve its building reoccupation goals. But it did not have the resources to address the stumbling blocks that those buyers might face in neighborhoods that had been devastated by red lining, white flight, commercial disinvestment, population loss, and foreclosure. In the PCR’s figuring, recruiting new homeowners would increase property values and, by extension, tax bases, because the new owners would take over financial and legal responsibility for the vacant buildings and make improvements to them that would bolster property values across the surrounding neighborhood. But this plan required that new homeowners also assume a great deal of financial and personal risk by laying down their social and economic capital in places that “the market” had largely abandoned.

The PCR’s sister agencies did offer events, such as the home buying fairs I describe, and services, such as pre-purchase classes and counseling, to prepare prospective home buyers for some aspects of the home buying process. But these offerings did not prepare buyers to navigate the complexities of the housing market or to deal with the different housing professionals they would encounter along their path. And they also did not speak to the particular challenges of first-time urban homeownership in areas already struggling with housing vacancy. While I found much of the financial literacy and pre-purchase curricula to be informative, federal housing agencies and the local housing not-for-profit organizations they fund could do more to prepare consumers for the conflicting interests, priorities and particular power dynamics in play in the their local housing market.

For example, as I describe in Chapter 4, real estate brokers who work with buyers actually work *for* sellers in the sense that they only receive compensation for their time and effort when the buyer successfully purchases a home from a seller. This means that although they may present themselves as expert housing market mediators and guides, their interests are distinct from those of the customers they serve. The home-buying customer may be seeking the perfect home in the perfect neighborhood for the lowest possible price. The goal of the housing professionals with whom they work, in contrast, is a quick, straightforward sale that will generate future business, either from their customer or from the other housing professionals with whom they successfully work to close the deal.

An understanding of how real estate professionals are compensated through the housing value chain, and how that compensation scheme might affect the advice and counsel they give to their home buying clients, seems like it should be a foundational piece of knowledge for all people entering the housing market. The U.S. economy is predicated on consumer spending, much of it facilitated by consumer debt, yet most people understand very little about the financial commitments they make, beginning, for many, with the assumption of student loan or auto loan debt in their late teens or early twenties, and continuing through the purchase of home, providing for a family, and saving for retirement (Graeber 2011; Williams 2005). The financialization of daily life has been upon us for quite some time, and yet most of us remain ill-equipped to manage what that means individually or as a society (Aalbers 2008; Joseph 2014; Martin 2002).

Financial education, much like preventative public health measures such as communicable disease vaccinations and health education, needs to happen before people are confronted with whether or not to take on thousands of dollars of debt to make major purchase such as a college education, a car, or a home. Home pre-purchase and financial literacy classes and workshops make sense as refreshers to prepare people for dealing with particular economic events, but people need to acquire a base line knowledge of the economic landscape to effectively advocate for themselves and make informed financial decisions. Once they are ready to purchase a home or take on another major financial commitment, additional educational opportunities should be readily available to them.

Real Estate Broker Commissions and Ethics

One of the reasons why consumer education is so important is that although real estate professionals may say that they live to "serve" their clients, in reality, they must constantly balance their client's interests with their own short-term financial needs and long-term reputation in their field and with customers. While real estate brokers have a fiduciary duty to represent their client's interests above their own, and pleasing clients also matters for referrals and repeat business, this duty can run counter to their immediate economic interest in closing deals so that they can receive compensation.

Real estate brokers rely on commissions they receive when a property is sold and "closed." Brokers who work for buyers may pressure their clients into purchasing properties, or push them to ignore negative home inspection reports, so that they can be paid. They may also recommend that buyers use home inspectors and lenders who will be sure to get their mutual client to the closing table but may not be as thorough or offer as much information as other housing professionals might. This can cause a dilemma, as real estate brokers are constantly facing financial pressure to close deals in order to be successful even when doing so may go against their client's long-term best interest.

As I describe in Chapter 4, real estate brokers must establish themselves as successful housing market gatekeepers who expertly manage the buying and selling of homes in order to generate an income from the housing value chain. On the one hand, real estate brokerage services are helpful for buyers, especially when they are purchasing a home for the first time. But real estate brokers who take up the mantle of market expert sometimes conceal the ways in which their interests and their clients' interests diverge. This also comes into play when real estate brokers witness or learn of other housing professionals' misconduct, and choose not to report it. Even though unchecked misconduct hurts their customers, they may avoid reporting on fellow housing professionals due to the insular, referral-based nature of their field.

Compared to the mortgage lending professionals whose challenges I address below, real estate brokers emerged from the mortgage crisis with few new regulatory strictures on their industry. Yet as the gatekeepers of the housing market, their decisions, actions, and advice shape consumers' experiences, negative and positive, in the housing market. As such, real estate brokers' compensation structure and its ethical implications merit further scrutiny.

Although it would involve a major industry shift, commission-based real estate broker compensation could be reconfigured so that the interests of brokers and buyers coincide more directly. Some not-for-profit housing agencies have hired real estate brokers on a salaried basis to guide their first-time home buyer clients through the home buying process. These real estate brokers keep a small portion of the traditional commission, as well, which may motivate them to find properties quickly, but they are not beholden to commission-based compensation to make ends meet.

The new real estate search engine brokerage hybrid, Redfin, offers another possible model. Similarly, Redfin real estate brokers are paid a salary and receive only a small portion of the traditional real estate commission. Redfin does not have designated brokers who work exclusively with one home buying or selling client. Instead, a team shares client representation responsibilities and tasks, such as property showings and open houses. When sellers use Redfin to list their home, they pay less commission than they would if they used a traditional brokerage service because of Redfin's shared compensation structure. While there are certainly many real estate brokers who are able to act ethically and treat their fiduciary duty to their clients' seriously, I argue that the perverse incentives that existing commissions structures create need to be addressed. Changing how real estate brokers are compensated would fundamentally change their relationship to the housing value chain. If they no longer worked for commissions received at the closing table, they might be more capable of putting their client's needs above their own and ensuring that the housing market is more accessible and transparent for all.

Mortgage Lending, Risk, and Responsibility

After the U.S. mortgage crisis, intense scrutiny on the role of housing finance and mortgage securitization in the financial crash brought about the passage of the Dodd-Frank Act, which provided for the establishment of a new financial services regulatory and enforcement agency, the Consumer Financial Protection Bureau (CFPB), in 2010. The CFPB did much to curtail the worst excesses of predatory and subprime mortgage lending and establish a lending process that was more transparent and intelligible to ordinary consumers. Currently, the CFPB's regulatory and enforcement powers are under threat from within as acting-CFPB director Mick Mulvaney cuts his agency's operating budget and enforcement capacities, but during my research with mortgage lending professionals, the CFPB was a powerful, market-redefining force. I support the CFPB's mission and the need for tighter regulation of the mortgage lending industry, particularly non-banks that are not subjected to other forms of federal regulation from the Federal Depository Insurance Corporation (FDIC) or the Federal Reserve Bank. But I also came to understand the frustration that many mortgage loan officers experienced with respect to the regulation of their industry.

As I described in Chapter 3, mortgage lenders felt themselves to be constrained by heightened compliance, disclosure, and licensing requirements and lamented that their opportunities to receive compensation in the form of commissions and fees from lenders and borrowers had become far more narrow. My interlocutors who worked for mortgage brokerages tended to complain more than those who worked at mortgage banks, in part because they were more structurally vulnerable and had likely experienced a more extreme decline in their compensation with the advent of new regulatory restrictions on mortgage compensation schemes. But loan originators who worked for non-banks were also more likely to be oblivious to, and disconnected from, those above and below them in the mortgage securitization chain. They did not understand why they were being punished with stricter regulations and compensation parameters after the mortgage crisis because they did not seem to have fully understood their own crucial role within the housing market as market middlemen who connected individual borrowers to the circuits of global finance.

The existence of affordable, widely accessible mortgage loans in the United States is, in part, the product of a robust mortgage-backed securities market. At this point, that market depends on non-bank entities, such as mortgage brokerages, to connect consumers with the financial products they need to become homeowners. But the advent of one-touch, online only, non-bank mortgage lenders and digital mortgage purveyors also further extenuates the value chain of debt, credit, and obligation that stretches between homeowners and the diverse mix of private lenders and investors and government agencies that currently make their home purchases possible. Further, it obscures the mediating work that mortgage professionals do to connect the links of that chain in ways that make it difficult for loan originators and brokers to feel a sense of empowered responsibility for the financial lives and futures that pass through their hands.

We cannot roll back the evolution of mortgage finance without disrupting a crucial source of housing market capital and liquidity, but we can find ways to tie the professional successes and compensation streams of lending professionals to long-term borrower wellbeing. This already happens in mortgage banks, such as Darden, that underwrite and originate their own loans and in community banks that also portfolio and service the loans they make. However, as the share of loans made by non-bank entities grows, we should find alternative ways of ensuring shared long-term success for lenders and borrowers. As with the changes to commission structures for real estate brokers, changes that tie the financial wellbeing of mortgage lenders, loan originators, and homeowners together would alter how the housing value chain functions and generates value for differently positioned housing stakeholders. This could create greater stability for the U.S. housing market.

Changing Perceptions of Homeownership

The last dimension of homeownership in need of reconfiguration is how it is promoted and perceived. In real estate investment seminars, housing and community development meetings, and conversations with real estate brokers, mortgage lenders, and housing policymakers, I heard again and again about the promise of homeownership. In real estate investment seminars, for example, audience members were urged to do whatever it took to "tap into" the housing value chain, even if it meant over-leveraging themselves to become amateur house flippers, landlords, or property tax lien investors. In real estate development community meetings across Chicago, local homeowners critiqued mixed-income development proposals because they believed that the renting households would surely overcrowd schools, strain public services, and generate crime. A real estate broker I was interviewing looked askance at me when I told him that some Northern European countries provide long-term affordable rental housing for middle-class households rather than only offer public housing as a last resort for the desperately poor (Hirsch 1998). "Who would want *that*?" he asked me incredulously. "Isn't that just *socialism*?" The vast majority of the housing stakeholders I met saw the housing market as necessarily oriented toward the production of new homeownership.

Time and again over the course of my research, I heard about the economic and social value that homeownership brings to households, neighborhoods, cities, and the nation. Initially, all that pro-homeownership rhetoric seemed disingenuous, particularly from housing stakeholders who had seen and experienced the consequences of the mortgage crisis of 2007-2009. But eventually, I began to see the ubiquity of a homeownership agenda as indicative of both my interlocutors deep investment in the recovery of the U.S. housing market *and* their recognition of the lack of alternatives for building household wealth and providing housing in a sustainable and accessible fashion.

Due to the success of the homeownership complex and the importance of the housing value chain for individual households as well as local and national economies, this may be the current housing reality in the United States, but it need not be the preordained future. We can imagine and create other mechanisms to both meet households' diverse housing needs and offer reliable paths to invest in their own economic futures. It is true that in the current moment, owning a home is often the most obvious and sometimes the best way of accomplishing both of these ends. But it need not always be so.

The homeownership complex works and will continue to define U.S. housing policy and practice as long as homeownership remains culturally compelling and financially promising. If a different type of framework is required to meet the shifting housing needs, goals, and preferences of U.S. residents, we must imagine it and bring it into being. As Ronald Martin, a long-time housing activist and staff member at one of the not-for-profit housing agencies that partnered with Chicago's Program for Community Revitalization told me, "the goal should always be safe, secure, and affordable neighborhoods. Ownership is not a prerequisite for that." Homeownership is an enduring, hegemonic institution in the United States, but that does not mean it can never be reconfigured. With this dissertation, I have begun the analysis and deconstruction that are necessary precursors to change. I look toward a systemic transformation of what homeownership promises and delivers in the United States.

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