Identity Crisis: Searching for Personal Responsibility, Justice, and Community in the Real Estate Market Crash

Thomas A. Bryer, Ph.D.
Department of Public Administration
University of Central Florida
thomas.bryer@ucf.edu

Abstract

The author introduces the reader to his own and, to a different extent, society's identity crisis in the context of the real estate market crash. Through personal reflection and analysis of federal policies, four challenges are observed: (1) lack of community focus, (2) neglect of certain populations, (3) unambiguous devotion to encouraging personal responsibility, and (4) no clear statement of moral commitment. Policy and institutional changes are suggested to better address these challenges.

Introduction

Struggling to emerge from the worst economic downturn since the Great Depression, policymakers, public administrators, and citizens seem afflicted with what might be labeled an identity crisis. Faced with a burst housing bubble that still is deflating and property owners across income and education groups confronting foreclosure and possible bankruptcy, policymakers seek both relief from the downward spiral and creation of a more sustainable economic and social infrastructure. Some policies promote individual responsibility, whereas others allow for responsibility to take a backseat to easy credit and consumerism. Other policies promote justice and equity, but still others create divisions across people caught in similarly dire straits. Additional policies seem to promote stronger communities but simultaneously incentivize atomistic individualism.

My methodological training and practice allow me to consider elements of the current market and social situation from a unique perspective. In the crisis, I am a reluctant participant and ardent observer, a critical reflector, and institutional design theorist. Combining perspectives, through this article, I offer diagnoses of the crash and the response, and prescriptions for more positive outcomes in the future for individuals, families, communities, corporations, and governments.

The narrative is grounded in my family's experience. Through integration of a personal story with analysis of larger societal conditions, the article follows the lead of social scientists and philosophers who have recognized the importance of acknowledging bias in scholarship. McSwite (2002) invite scholars and practitioners to a life of public administration partially informed by the telling of their personal life and career journey. Rosaldo (1993) urges social scientists to openly acknowledge their biases before studying a social context. Likewise, Siplon (1999) questions whether she should identify herself as a scholar, witness, or activist in relation to her work with the AIDS community. She resolves that all three are possible at once, and it is vital that personal experiences within the research context be identified to ensure proper interpretation of research findings and observations. It is with these lessons and examples in mind that lead to the telling of my family's story.

My wife purchased a home in 2005 on a remote and very peaceful island in a mid-Atlantic state. Couched between two rivers, the home was purchased with an adjustable rate loan and a second mortgage. The second mortgage was set at a high, fixed rate for 15 years and was later re-financed at a high fixed rate for 30 years and manipulated a couple more times with the addition of my name to the loan in order to bring down the monthly cost. In 2007, I completed my Ph.D. and received a job offer from a university located several hundred miles away from the

property, thus necessitating a move. After a failed attempt to sell the home, my wife and I agreed to become what has been labeled in the popular media as a reluctant landlord (McQueen, 2009). In two years time, we cycled through three tenants, with the final tenant leaving before expiration of the lease due to concern about the roof structure of the house and possible mold damage in one segment of the home. Unable to pay for the estimated fifteen to twenty thousand dollars worth of repairs and with the house valued at approximately one hundred thousand dollars less than what was owed, we decided to place it on the market and try for a short sale (i.e., selling for less than what is owed, with the agreement of the lenders). Advised to skip payments on the mortgages and unable to make payments, we stood on the ledge of foreclosure and the need to deal with the repercussions (e.g., wrecked credit, potential recourse by lenders for money owed on the property, possible tax burden based on amount of loan forgiven).

This journey of stress, anguish, and contentment became a platform for reflection on personal responsibility, social justice, and community. Sensitive to what a colleague referred to as maintaining "middle class sensibilities," I vacillated emotionally and intellectually between a set of competing values: subservient citizenship versus active citizenship in pursuit of justice, selfishness versus selflessness in adhering to ideals of personal responsibility, and elitism versus proletarianism in perceiving myself uniquely or as part of a larger shared-interest population. The battle for decisive action to resolve the situation, and perhaps contribute to the betterment of others, was hamstrung by a search for identity. This identity search, and the same search observed in society writ large, is herein discussed.

The article proceeds as follows: first, issues of personal responsibility, justice, and community are addressed as they relate to governmental response to the real estate market crash.

Second, an analysis of governmental actions is presented with identification of institutional and policy design options.. Final thoughts and reflections are offered in conclusion.

Searching for Identity in Ethics and Institutions

The discussion in this section includes four topics. First, there is the concern for personal responsibility. From the classical liberal and contemporary conservative perspective of the rugged individual to the communitarian perspective of the individual embedded in community organizations, there are divergent ideas regarding the extent to which individuals ought to be held to account for and suffer the consequences of their actions within the context of a crashing real estate market. When the whip cracks, or when the house forecloses or short sales, who should be left holding the bag?

Second, there is the concern for justice, empathy, and equity. Again drawing on various philosophical perspectives, the question asked is not just whether social justice should be promoted at the expense of profit and free enterprise, but if it is promoted, by whom and for whom? Does it depend on the character of the person or family, or the situation in which they find themselves?

Third, institutional biases manifested through the relationship between regulations, laws, and other social institutions, on one hand, with the propensity for individuals to act in a manner that is selfless and community-oriented. How willing are individuals and families to be transparent in their needs and hardships, thus opening themselves to being labeled and defined outside their “middle class” cultural norm? Questions of trust, empathy, civility, and community can be considered within the context of a real estate market crash and institutional rules and norms that may not encourage such ideals.

Last, what are the lessons learned from this experience? Is there a way to restructure institutions to change the outcomes associated with inevitable financial and mental anguish and distress? In the end, there is need for discourse on a path forward, institutionally and ethically, to avoid the negative externalities associated with the accumulation of rational but self-interested and ultimately destructive decisions.

Personal Responsibility

Homeownership is an intensively private affair. When applying for a mortgage, individuals or couples provide a host of personal data, including social security number, income, and job history. To sift through dozens of pages of legal documents at a closing has been considered part of the American dream. Once the final signature is affixed to the documents, homeowners walk away with a sense of accomplishment and grand visions for the future. At least that was my experience when purchasing a first home in 2008. Unfortunately, as current events have shown, the loan she signed was excessively risky, particularly for a person not destined to live in that house for a long-term period. All financial transactions were private matters.

Property or mortgage related financial transactions are premised on the idea that individuals can willfully enter into any contractual obligation as they wish. Without coercion and with full freedom, the risk and reward are accepted by the individual. If the property rockets forward in value, the individual can cash out and enjoy the profit. If the property falls in value, the individual suffers the loss. In the current market crash, individuals who have designs to stay or the option of staying in their home may cringe at the lost value but, in the long-term, may not lose real or material wealth. On the other hand, individuals who willfully choose to leave the

home to pursue career opportunities may be saddled with a deteriorating asset (in value at least) and the need to sell at significant real or material loss.

Classical liberals and modern day libertarians (the latter classified as part of the radical right by Schumaker, 2008) celebrate the risk/reward scenarios. Free will guided individual decisions; those who were ill prepared for market or life possibilities suffer the consequences. Those who had sufficient savings or other resources to survive the value crash should be rewarded with continued rights regarding property occupancy and use. Above all, property rights need to be protected. If individuals fail to maintain or pay for their properties, they should lose whatever rights were associated with ownership.

The free market, protection of property rights, and preservation of free will allow the rugged individual to flourish. Rugged in demeanor and independence, the individual is someone who protects his or her self-interest. Fiercely independent, the individual takes responsibility for his or her actions while also ensuring that his or her actions do not limit another's independence. Independence and free will are hallmarks of United States history and political culture. Rosenblatt (1984, para. 1) summarizes the mystique of the rugged individual:

> More aggressive than mere individuality, less narcissistic than the 'me' decade, it does not refer to people who live in health clubs or on roller skates, or to the hotly cultivated yuppies who have come to mean so much to themselves. The 'rugged' saves 'rugged individualism' from shabbiness by implying not merely solitary but courageous action. Look. Here comes America. Davy Crockett, Thomas Edison, Teddy Roosevelt, Henry Ford. Those fellows built a nation with their hands.

For my wife and others like her, the mortgage transactions in the few years preceding the crash, were not reflections of rugged individualism. Missing from the transactions was

demonstration of responsibility and determination. Importantly, I do not imply that my wife (certainly), or necessarily other individuals who took out adjustable rate, zero down, interest only loans lacked fortitude and ambition. To the contrary, she has demonstrated strength and perseverance in launching and re-launching her own pet industry business. The reasonable and rational action of the consumer—perhaps the antithesis of the rugged individual—was to accept a mortgage loan for a highly-valued property at an exceedingly low cost. The system of creating the American dream, home buying experience transformed from encouraging the rugged, perseverant individual to accommodating demand for consumer-friendliness (Sugrue, 2009).

Individuals grew or were socialized to be less independently hard-working and self-interested, and more reliant on easy success. In the still emergent technological age of instant or rapid communication, it is not surprising to find less patience for delayed gratification. Whether justified through a desire for making home ownership a universal right (e.g. policies promoted under President Clinton and his Housing Secretary, Henry Cisneros, and continued under President Bush) or some other ideological objective, the reduction of the rugged individual to mere consumer can be faulted for the crash.

What does all this mean for the consequences of the crash and allocation of pain in the fallout? According to classical liberal and libertarian thought, the contract is king. Individuals who cannot afford to make payments on the property, and cannot sustain a tenant or tenants to cover costs, are showing deficiency. They must accept the full consequence, as there is an obligation to do so. This intense feeling of personal obligation is captured by a quote from a woman suffering in the crash: “I made a commitment to pay my loan and I want to pay my loan. I’m a hard working person and I want to make good on my loan, but there’s no way I possibly can in the situation the economy’s in right now” (White quoting Ross, 2009, p. 20)

Though not written into the contracts, the failure of the borrower was matched by the failure of the lender to ensure loans were being issued based on reasonable expectation of solvency and profit. As such, it may be reasonable to suggest that the consequences—lost real, material wealth—be shared with the lender, whether they are financial institutions and related employees or individual investors. As suggested, the reduced individualism may be more systemic than personal, institutionally derived rather than based in free will. This observation is consistent with a division of pain.

Federal government policies are consistent with this interpretation, up to a point. Above all, federal policies are aligned with the underlying foundation of the classical liberal society. Contracts will not, as of this writing, forcefully be re-written. The government will not unilaterally reduce the principal owed on a mortgage loan. The balance owed is the agreed upon term, which the borrower signed of his or her free will (within current institutional context, at least). Instead, agencies are incentivizing mortgage lenders to modify or re-structure loans to reduce agreed upon interest rates or, in some cases, reduce principal. Government policies are urging borrowers to pursue such modification arrangements, as a classical liberal response, even if borrowers are fully under water on their mortgage (White, 2009). Agencies are also providing incentives for lenders to accept short sales. Overall, incentives are being put in place to allow lenders to voluntarily share the pain with borrowers. However, if a lender chooses not to share the pain, the full consequence resides with the individual borrower. If the home forecloses, the lender or lenders, depending on the State in which the property exists, can seek re-payment of the deficiency or amount not collected from the foreclosure sale of the property. If the home short sales, the same applies.

Government itself is willing to not force borrowers to share the pain. If the home forecloses or short sales, and the lender or lenders voluntarily decide to forgive the debt, the borrower will receive an Internal Revenue Service Form 1099-Misc for the amount of debt forgiven. In other words, the forgiven debt will be treated as income, and borrowers will have to pay taxes on the income. The government has created a policy that allows borrowers in this situation to not pay taxes, but only under certain circumstances. If the home was the primary residence of the borrower, no taxes will be owed. If there is a second mortgage or home equity loan attached to the property, no taxes will be owed only if the loan was taken out and used to make property improvements. For me and my wife, the home was not a primary residence (though it was initially at time of purchase). Thus, we are (potentially) treated differently. These government policies seem to support the renewal of the rugged individual, a dampening of easy-consumer culture, and a set of rules and incentive systems to encourage individuals to work hard to maintain their obligations under agreed upon mortgages.

Justice, Empathy, and Equity

The real estate crash has shown the weakness of several aspects of American society. Individuals neglected, in some cases, personal responsibility in making decisions about financial investments and the incurring of debt. Governments failed to prevent the market crash, or see it coming, and their responses have vacillated between hope for individuals and families, and preservation of profit-making firms. Corporations and banks have presented messages of wanting to help individuals and families in need, but actions have not always matched the message. Corporate risk taking in pursuit of profit proved short sighted and ill conceived. Real estate agents and property appraisers, along with mortgage brokers, are similarly indicted for decisions that may have precipitated the emergence of the real estate bubble and subsequent crash.

When blame for the crash can be shared amongst individuals, governments, corporations, real estate agents, property appraisers, and mortgage brokers, is there a means through which to determine how the pain resulting from the crash should be distributed? As the government chose to save Bear Stearns but to let Lehman Brothers die (Paulson, 2010), should certain types of individuals be saved from debilitating hardship while others are left to suffer? If so, what criteria might be used? Is there a just resolution in the allocation of pain?

The federal government has largely remained neutral on this question, relying instead on casual suggestions regarding allocation of pain but placing no direct burden on one group of citizens or stakeholders. Libertarian liberal and utilitarian philosophy suggests that any policy pursued needs to maintain the happiness of individuals (Sandel, 1996; Schumaker 2009). Forcing one party or another to suffer financial loss, particularly if contrary to contractual obligations, harms the happiness of one party or the losing party; liberty and free will are restricted as contracts are forcefully re-written. On the other hand, egalitarian liberal and Kantian philosophy suggests that happiness can only be achieved for individuals if their basic needs as humans are met (Sandel, 1996; Kant, 1785). Respect for the human individual is the first priority; to the extent basic needs are met, individuals will be better able to pursue the good life however defined for themselves. Thus, from a policy perspective, it may be appropriate to forcefully rewrite contracts to ensure families are not kicked out of homes or that they need to choose between health care and mortgage payments.

Across both perspectives, the questions to pose: Is it worth the cost to many (i.e. taxpayers) to benefit the few (i.e. struggling homeowners)? Is it worth the cost to the few (i.e. struggling homeowners) to benefit the many (i.e. banks and investors as keepers of capitalist institutions and by extension taxpayers)? These moral and philosophical questions have been left

to the states or to individuals, allowing the federal government to remain neutral (Sandel, 1996). Government policies diverge across state governments as well as in voluntary cooperation standards implemented in federal laws.

First is the issue of recourse. Each State has its own policy regarding the ability for lending institutions to seek recourse for deficient funds following a short or foreclosure sale. Some States prohibit lenders from pursuing borrowers, thus alleviating borrowers from the stress and uncertainty associated with being pursued by a debt collector; other States allow such collection of debt, and those that do vary in the number of years lenders have to initiate such collection activity. For instance, in the state where my wife bought her property, lenders have up to three years to initiate collection activity on deficiencies, which, for all intents and purposes, freezes the borrower for that period of time, as he/she is unable or make other investment decisions or asset purchases for fear a debt collector might come knocking. As a result of the variety of policies, citizens are not treated in an equitable manner; there is no moral or philosophical grounding in divergent policies. Citizens are subject to the circumstances in which they found themselves, despite Tiebout's (1956) model that showed citizens can vote with their feet if they dislike local government policies. In choosing a state in which to live or purchase a house, buyers probably do not inquire about recourse laws in the event of short sale or foreclosure, and if presented with the information, they probably do not think much about it. By the time implications are known, it is too late to vote by moving.

The assortment of federal initiatives to help struggling homeowners, though designed to help meet the basic needs of individuals, are also subject to a wide variety of interpretations and implementation actions. These programs depend on the voluntary cooperation of lending institutions and mortgage servicers. Programs include the following:

- Hope for Homeowners. This program, initiated by the Bush Administration, encouraged lenders to reduce principal amounts on outstanding mortgages or to otherwise modify loans.
- Home Affordable Modification Program. This program, passed as part of the American Recovery and Reinvestment Act of 2009, also encouraged voluntary cooperation, though with added incentive of $1,000 payments to lenders who permanently modify loan terms for borrowers who could keep their homes with such modifications. The program also required quasi-government agencies, Fannie Mae and Freddie Mac, to modify loans for any borrower who qualified. Even such requirements might not result in the desired actions by lenders who have other fiscal and profit motives (Overby, 2010).
- Making Homes Affordable. This is a suite of programs, that includes the Home Affordable Modification Program, plus special assistance to unemployed borrowers who are struggling with their mortgage held or guaranteed by Fannie Mae or Freddie Mac.

One program expresses a non-neutral perspective: Homeless Prevention and Rapid Re-Housing Program. Recognizing the hardship faced by individuals who are forced from their homes due to foreclosure, the program seeks to ease the transition from delinquent borrower to reliable tenant. Basic needs of food and shelter are facilitated to allow individuals to pursue the good life, with a fresh start.

Community

Though homeownership is a mostly private affair, home stewardship—or the act of maintaining and beautifying a home—need not be so. Whether playing with kids or pets in the yard in the sight of neighbors, hosting a barbeque with friends, or completing gardening or yard work, living in a home provides opportunity for the development of deep relationships with other people. At the same time, the monetary side of homeownership is a deeply personal affair. White (2009, p. 20) summarizes the intensely personal side of financial hardship:

> People are less likely to default if doing so will make them feel like immoral or irresponsible persons—and are especially unlikely to default if they believe others will think of them as immoral or irresponsible persons. Guilt and shame are powerful motivators, and there is no doubt that many people who have faced foreclosure feel a great deal of both. As Linda, a single mom in Tampa who asked that her last name not be used, explained, 'As a mom, I feel like I let my children down… It's a terrible embarrassment, and it's humiliating.' Linda is not alone: a recent qualitative sociological study of the internal costs of foreclosure found that feelings of personal failure, shame, and embarrassment dominated the accounts of individuals who had lost their homes to foreclosure. Moreover, such feelings predominated even when individuals were not at fault for their predicament, but were victims of the declining economy and/or unethical practices by mortgage brokers.

Inner tension can be created when public worlds of yard work and play are kept separate from the kitchen table conversations of financial distress. Fear of being labeled immoral or irresponsible may push individuals or families into further distress, by not asking for help and/or by keeping up appearances with all the requisite spending habits of the financially responsible family. It is perhaps ironic, then, that should a family slip into foreclosure, their names are

published for the world to see in local newspapers. By that time, of course, it is too late to receive community support that might have allowed a family to resolve at least some of their financial dilemma.

My wife and I started our journey in this private world. We openly discussed with each other the "stigma" of defaulting on the mortgage; this is part of the reason we struggled as reluctant landlords through three tenants in two years. Soon, though, we opened up to family; I opened up to colleagues; of course, now, I am writing a manuscript! In the case of sharing thoughts and possible strategies regarding the financial distress with the property, I found quickly that the community of shared interest is quite large. It did not take long to find other faculty at my university who had similar predicaments—moving away from a home for career purposes and then saddled with debt on a formerly over-valued property. Opening one's personal affairs creates opportunities for building community and enhancing personal health, through the therapy of sharing and conversation.

The lack of community is a theme that runs parallel to the rise of the individual, either rugged or consumer. Communitarian philosophers point to the lack of community as a central concern for various aspects of society, including financial inequality, moral depravation, civic apathy, and social inequality. Civic communitarians and theorists, such as Putnam (1993) and Sandel (1996), urge strengthening of individual ties to civic organizations, which can be mechanisms for advanced civic involvement more generally. Traditional communitarians seek strengthening of family units, churches, and other civic society organizations to facilitate the internalization and institutionalization of community-based values. Though the streams of communitarian thought vary somewhat widely, the common core is the strengthening of the local, in pursuit of other objectives that are not grounded in the self or self-interest. To achieve

this strengthening, there needs to be more trust across segments of the community (Chaskin, Brown, Venkatesh, & Vidal, 2001), which includes trust in neighbors and community-based organizations to share what otherwise might be considered private information.

Governments have a long history of community re-development work, and this work continues with federal grant dollars to state and local governments. The Housing and Economic Recovery Act of 2008 and later the Neighborhood Stabilization Program created through the 2009 Recovery Act are grant programs, one formula-based and one competitive, that sought to deliver funding to state and local governments to purchase foreclosed properties, refurbish them, and sell them at low cost to low- and middle-income families using creative loan financing. Through these programs as well, governments have been empowered to demolish tracts of foreclosed properties and rebuild them as affordable single-family or rental units. Beyond these efforts to protect the geographic and physical aspects of community by ensuring occupants reside in abandoned properties, government policies have not, thus far, sought to lead society out of the real estate market crash and related recession, with a resurgence of inter-personal and organizational community.

Lessons Learned: Restructuring Institutions

What set of institutional arrangements are most desirable for the promotion of personal responsibility, justice and equity, and community development? Table 1 summarizes major federal initiatives created in response to the real estate market crash; initiatives are summarized according to how they encourage personal responsibility, address social justice, and enhance community. Overall, programs are individual focused, inconsistent in pursuit of justice, and ambiguous regarding personal responsibility.

[Table 1 Here]

Missing from existing federal initiatives are: (1) community focus, (2) neglect of certain populations, e.g. reluctant landlords, second home owners, investors/speculators (indeed, reluctant landlords are not a recognized legal class; one can either be a second homeowner or an investor), (3) unambiguous devotion to encouraging personal responsibility, and (4) broadly speaking, any clear statement of moral commitment. Below are suggested institutional and policy solutions that might address these shortcomings. They are not intended to be all-inclusive, nor are they intended to be non-controversial. They are instead offered to frame discussion and potentially encourage action to better address personal responsibility, social justice, and community.

To achieve more of a community focus, policies can go beyond neighborhood revitalization through single family home refurbishment followed by the placement of low- to middle-income families into those homes. These policies are in place through the Neighborhood Stabilization Program and serve to perpetuate individual isolation that impedes the development of social capital and trust across individuals and between individuals and institutions—relationships that have been shown to be necessary for thriving and sustainable communities (Oztas, 2004; Putnam, 1993). Alternatively, rather than distributing funds for re-filling abandoned and foreclosed homes with independent-minded and potentially isolated families, communities can be strengthened through the building of centers for art, culture, recreation, and camaraderie. Tracts of land filled with abandoned or foreclosed properties can be purchased for this purpose; tracts of land slated for development but left untouched due to the market crash can be purchased for this purpose. Such a re-dedication of funds can potentially strengthen ties within neighborhoods, which can allow neighbor to help neighbor (Gillette, 2010; Schukoske, 2000; Warren, 2001). They may even enable individuals to enhance their willingness to share

what they would otherwise consider to be personal details of hardship. Rather than trying to keep up with the Jonses, families may come to realize that the Jonses are suffering hardship as well.

While promoting policies that are focused on isolated individuals, federal actors have also crafted solutions that neglect certain populations. Some of those populations may deserve to be neglected in terms of assistance offered to relieve financial stress: for instance, speculators who bought numerous properties to "flip" them. Some speculators got stuck at the wrong end of the market, but they were operating as a business, thus taking calculated business risk. Second homeowners have also been neglected. Federal programs are designed to assist individuals suffering hardship in relation to their primary residence, including individuals victimized by predatory lenders. This neglect may be questionable. Lastly, programs have neglected "reluctant landlords"; these are individuals who moved from a primary residence for career or family purposes and subsequently entered the business of landlord/property management out of necessity rather than choice. Policy redesign in this area is challenging. Processes would need to be established to prevent fraud (i.e. rewarding speculators while trying to assist non-speculators; determining the "legitimacy" of a family moving from a primary residence for career or family purposes). Such considerations may be necessary to ensure individuals are treated in just manner, given the genuine needs that exist across the population.

A third missing element in federal policies is unambiguous devotion to personal responsibility. Simultaneously, officials are chastising individuals for treating homeownership too casually, thus helping lead to the creation of the housing bubble, and they are promoting programs that make home buying more affordable. The affordability program, specifically, is the homebuyer tax credit—first available as a $7,500 credit for 2008 first time home purchases but which needs to be paid back in $500 installments beginning in 2010; second available as a

$8,000 credit for first time buyers that did not need to be paid back; third available as the same $8,000 credit for first time home buyers, plus $6,500 for individuals who had not purchased a home in the last five years. While promoting these credits, Congress acted to outlaw nonprofit organizations that provided seller-financed down-payment assistance, arguing that such assistance would return the market to the conditions that lead to the bubble (Federal Housing Administration, 2010). Federal policies and official rhetoric need better alignment: personal responsibility or consumerism? What is the policy of the country?

Lastly, there is no clear statement of moral commitment in federal policies. Maintaining moral ambiguity in policies developed by the federal government allows for humans to be treated as means rather than ends in the implementation of those policies. By incentivizing rather than requiring private lender participation in modification programs, for instance, lenders get to determine permissible degrees of human suffering as a function of profit margin. Allowing lenders to seek deficiency judgments in some states but not others creates unequal treatment and significant variation in human suffering across the country. Firm mandates and uniform policies across the country and across lenders are necessary to ensure a common moral focus: human life and happiness (experienced at least through the meeting of basic needs) is the first obligation of Americans, as a people. Without such certainty, the country is a potential breeding ground for hate, injustice, hostility, and cynicism.

Conclusion

In this article, I introduced the reader to my own and, to a different extent, society's identity crisis as we strive to emerge stronger from the real estate market crash. Policymakers and administrators have a challenge of crafting programs that promote potentially competing values of personal responsibility, justice, and community. Future research and writing can

explore the voices of numerous other stakeholders, individuals, and families. Ethical and philosophical tensions, as well as institutional distortions, can be explored through the intertwining of critical self-reflection (for a writer who is experiencing these forces, or for one is a mere observer), relating of stories from interviews, and presentation of philosophical ideals. Given the national scope of the problem, and the nature of the banking industry as operating across state lines, Constitutionally, it is within the authority of the federal government to act with more consistency and with more definitive moral purpose. Without movement in this direction, we might fear the optimist:

> *Pessimist*: "We have hit rock bottom. Things cannot possibly get any worse."
>
> *Optimist:* "Yes they can!"

References

Chaskin, Robert J., Prudence Brown, Suhir Venkatesh and Avis Vidal. 2001. *Building Community Capacity*. New York: Aldine de Gruyte.

Federal Housing Administration. 2010. Down Payment Grants. Online. http://www.fha.com/fha_programs.cfm. Accessed August 11, 2010.

Gillette, Howard Jr. 2010. Civitas by Design: Building Better Communities from the Garden State to the New Urbanism. Philadelphia, PA: University of Pennsylvania Press.

Kant, Immanuel. 1785 (1964). *Groundwork for a Metaphysics of Morals*, translated by H. J. Paton. New York, NY: Harper Torchbooks.

McQueen, M. P. 2009. "The Reluctant Landlords," *Wall Street Journal*, September 9. Online. http://online.wsj.com/article/SB10001424052970204731804574388683272200844.html. Accessed November 8, 2009.

McSwite, O. C. 2002. *Invitation to Public Administration*. Armonk, NY: M.E. Sharpe.

Overby, Peter. 2010. “Consultant: Federal Aid Program Failing Homeowners,” *National Public Radio*. Online. http://www.npr.org/templates/story/story.php?storyId=129011474 Accessed August 9, 2010.

Oztas, Nail. 2004. “Neighborhood Network Structure of Social Capital: A Multilevel Analysis of the Los Angeles Experiment.” Doctoral Dissertation. Los Angeles, CA, University of Southern California.

Paulson, Henry M. 2010. *Against the Brink: Inside the Race to Stop the Collapse of the Global] Financial System*. New York, NY: Business Plus.

Putnam, Robert D. 1993. "The Prosperous Community: Social Capital and Public Life," *The American Prospect*, 13: 35-42.

Rosaldo, Renato. 1993. *Culture & Truth: The Remaking of Social Analysis*. Boston, MA, Beacon Press.

Rosenblatt, Roger. 1984. “The Rugged Individual Rides Again,” *Time*, October 15. Online. http://www.time.com/time/magazine/article/0,9171,923739,00.html. Accessed November 8, 2009.

Sandel, Michael J. 1996. *Democracy's Discontent*, Cambridge: Harvard University Press.

Schumaker, Paul. 2008. *From Ideologies to Public Philosophies: An Introduction to Political Theory*, Malden, MA: Blackwell Publishing

Schukoske, Jane E. 2000. “Community Development through Gardening: State and Local Policies Transforming Urban Space,” *New York University Journal of Legislation and Public Policy*, 3(2): 351-392.

Siplon, Patricia. 1999. “Scholar, Witness, or Activist? The Lessons and Dilemmas of an AIDS Research Agenda.” *PS: Political Science and Politics*, 32(3): 576-578.

Sugrue, Thomas J. 2009. "The New American Dream: Renting," *Wall Street Journal*, August 14. Online. http://online.wsj.com/article/SB10001424052970204409904574350432677038184.html. Accessed November 8, 2009.

Tiebout, Charles M. 1956. "A Pure Theory of Local Expenditures," *Journal of Political Economy*, 64(5): 416-424.

Warren, Mark R. 2001. *Dry Bones Rattling: Community Building to Revitalize American Democracy*. Princeton, NJ: Princeton University Press.

White, Brent T. 2009. *Underwater and Not Walking Away: Shame, Fear and the Social Management of the Housing Crisis*. Arizona Legal Studies Discussion Paper No. 09-35. The University of Arizona James E. Rogers College of Law.

Government Initiatives	Personal Responsibility	Social Justice	Community
Hope for Homeowners	• Assists individuals who did not recklessly get in over their head and who are not speculators	• Voluntary cooperation with lenders, thus potential for no equitable treatment across citizens	• Individual focused program
Making Homes Affordable	• Assists individuals particularly if the loan is with or guaranteed by Fannie Mae or Freddie Mac • Does not apply to speculators or non-primary residence owners	• Restricted to Fannie Mae/Freddie Mac or voluntary cooperation with other lenders or servicers • Assistance to unemployed	• Individual focused program
Home Affordable Modification Program	• Assists individuals particularly if the loan is with or guaranteed by Fannie Mae or Freddie Mac • Does not apply to speculators or non-primary residence owners	• Restricted to Fannie Mae/Freddie Mac or voluntary cooperation with other lenders or servicers	• Individual focused program
Toxic Asset Relief Program	• Focus on relieving banks of toxic assets, such as subprime mortgages; bailout of reckless lending and trading	• Potential cost to future generations to preserve banking sector ("too big to fail")	• Intended to spark lending to small business and others seeking loans
Neighborhood Stabilization Program/Emergency Assistance for Redevelopment of Abandoned and Foreclosed Homes	• Put low-to-moderate income individuals in foreclosed homes at low rates	• Facilitate stable and affordable housing for low-moderate residents	• Stabilize neighborhoods; prevent infrastructure deterioration; facilitate re-development
Homeless Prevention and Rapid Re-Housing Program	• Help individuals more past foreclosure by cushioning their fall	• Facilitate stable and affordable housing for dislocated	• Prevent homelessness and neighborhood deterioration
Homebuyer Tax Credits	• Consumer-focused	• Applies to individuals who can otherwise afford homeownership • Makes initial home investment more attractive and affordable	• Individual focused program; private transactions

Table 1—Analysis of Federal Policies