

House of Cards: The Foreclosure Crisis and its Impacts on the Wealth of Low-Income and Minority Homeowners

Thursday, November 5, 2009 at 10:15am
Marriott - 2nd floor - Ballroom B

In 2008, lenders initiated more than two and a quarter million foreclosures, yet due to data limitations, to date we have only anecdotal evidence on who has been affected by this foreclosure crisis, and what the long-term implications of the crisis will be for household assets. This panel presents three papers that assess the impacts of foreclosure on low-income and minority homeowners, and presents new evidence for how the foreclosure crisis is likely to contribute to the wealth gap between whites and minorities. Collectively, the papers shed light on the inter-relationships between race, access to mortgage products, homeownership and wealth, and provide important insights not only into the need for new regulations that can help to protect families from future lending abuses, but also on how to lay the foundation for a more sustainable and equitable asset building policy agenda going forward. This panel provides some of the first empirical evidence on the impact of the foreclosure crisis on low-income and minority households and discusses the implications of this research for asset building policy as well as financial services regulation.

Organizer: Carolina Reid, Federal Reserve Bank of San Francisco

Chair: Michael Collins, University of Wisconsin-Madison

Discussant(s): Jane Dokko, Federal Reserve Board of Governors

Paper 1:

The Untold Costs of Subprime Lending: Examining the Links among Higher-Priced Lending, Foreclosures and Race in California

Carolina Reid, Federal Reserve Bank of San Francisco

Paper 2:

Subprime Lending and the Loss of Wealth among Minority Households

Hannah Thomas, Brandeis University

Paper 3:

Effects of the Foreclosure Crisis on Household Assets among Existing Homeowners

Sarah Riley, University of North Carolina at Chapel Hill

Recrafting the American Dream: Evidence on Potential Homeownership Solutions in a Time of Crisis

Thursday, November 5, 2009 at 1:45pm
Marriott - 2nd floor - Ballroom E

The recent subprime and foreclosure crisis has called into question the soundness of promoting homeownership for low-income families; a failed homeownership experience can destabilize economically vulnerable families and leave them in worse financial condition than if they had stayed renters. Yet housing wealth is critical, making up over one-third of wealth for typical households at their peak and the largest form of private wealth for low-income families. Is there evidence of potential homeownership solutions in this time of crisis? The results are likely to reveal that traditional homeownership is not right for all families.

Organizer: Signe-Mary McKernan, The Urban Institute

Chair: Jeffrey Lubell, Center for Housing Policy

Discussant(s): James H. Carr, National Community Reinvestment Coalition, and Harold Simon, National Housing Institute

Paper 1:

How Well Do Individual Development Accounts Facilitate Successful Homeownership among Low and Moderate Income Households?

Ida Rademacher and Kasey Wiedrich, CFED

Signe-Mary McKernan, Caroline Ratcliffe, and Megan Gallagher, The Urban Institute

Paper 2:

Testing Long-Term Impacts of Individual Development Accounts and Asset Building on Homeownership

Michal Grinstein-Weiss, University of North Carolina at Chapel Hill

Michael Sherraden, Washington University in St. Louis

William G. Gale, Urban-Brookings Tax Policy Center

William M. Rohe, University of North Carolina at Chapel Hill

Paper 3:

Rent Subsidies and Homeownership: A Policy for the Current Housing Crisis and the Future

Robert Lerman, American University

Paper 4:

Evaluating the Asset Building Potential of Shared Equity Homeownership

Rick Jacobus, NCB Capital Impact

John E. Davis, Burlington Associates

Strategies that Influence Savings Behavior: Policy Insights from Evaluations

Friday, November 6, 2009 at 11:15am
Embassy Suites - Ambassador

As programs and policies designed to incentivize savings behavior and asset accumulation among low and moderate income households have proliferated in recent years, so too have research efforts to evaluate their effectiveness. This session showcases several recent evaluations ranging in scope from full-scale demonstration evaluations to targeted quasi-experimental research studies. In addition to presenting policy-relevant findings from the research, presenters and discussants will explore both the utility and limitations of different research methodologies in informing policy.

Organizer: Ida Rademacher, CFED

Chair: Stephen Crawford, CFED

Discussant(s): Daniel Schneider, Princeton University and Ray Boshara, Washington University in St. Louis

Paper 1:

Assets for Independence Act Evaluation Impact Study: Final Report

Gregory Mills, Harvard University

Ken Lam, Donna DeMarco, Christopher Rodger, and Bulbul Kaul, Abt Associates

Paper 2:

Just Keep My Money! Supporting Tax-time Savings with U.S. Savings Bonds

Peter Tufano, Harvard Business School

Paper 3:

Automating Savings in the Workplace: Insights from the AutoSave Pilot

Alejandra Lopez-Fernandini, New America Foundation

The Economic Crisis of 2008: What Will Happen to Retirees' Incomes?

Friday, November 6, 2009 at 1:00pm
Marriott - 2nd floor - Ballroom H

This panel will highlight how the 2008 economic crisis could affect future retirement incomes. Because compensation costs are often a company's most controllable operating expenses, employers typically respond to recessions by laying off workers, freezing pensions, and cutting or freezing salaries. In a 401(k) world, they may also cut back on or eliminate employer contributions and matches. Workers might respond to a recession by delaying their retirement, borrowing against their retirement savings, stopping contributions to their 401(k) plans, or reallocating their retirement portfolios away from risky assets. This panel will explore how employers and workers are responding to the downturn in the economy, and consider the implications for future retirement incomes.

Organizer: Barbara Butrica, The Urban Institute

Chair: Mauricio Soto, International Monetary Fund

Discussant(s): Mark Iwry, U.S. Department of Treasury

Paper 1:

Benefits in Crisis: An Employer Perspective

Michael Archer, Towers Perrin

Paper 2:

What the 2008 Stock Market Crash Means for Retirement Security

Barbara A. Butrica, Karen E. Smith, and Eric J. Toder, The Urban Institute

Paper 3:

Falling Stocks: What Will Happen to Retirees' Incomes? The Worker Perspective

Jack VanDerhei, Employee Benefit Research Institute

Paper 4:

Reverse Mortgages: What Do the Data Tell Us?

Hui Shan, Federal Reserve Board of Governors

Expanding Asset Policies to Include Low- and Moderate-Income Families

Saturday, November 7, 2009 at 8:45am
Marriott - 1st floor - Georgetown I

Asset building and saving are essential components of a strategy for promoting economic advancement and security. While public policy has focused on increasing income for low-income working families, far less has been done to encourage them to save. For example, just 3 percent of the more than \$400 billion in annual federal tax breaks subsidizing assets (such as the mortgage interest deduction) benefit the lowest-income 60 percent of households. In today's uncertain economy, putting something aside for the future is more important than ever. This panel will contribute to public policy by presenting and analyzing new strategies to increase low-income families' opportunities to save and build assets and by providing initial estimates of how one new approach—the EITC Savers Bonus—is affecting low-income families.

Organizer: Signe-Mary McKernan, The Urban Institute

Chair: Beadsie Woo, The Annie E. Casey Foundation

Discussant(s): Andrew Yarrow, Public Agenda and Derek Hyra, Virginia Tech

Paper 1:

A New Social Safety Net: Enabling Families to Weather Emergencies and Develop: The Role of Assets

Signe-Mary McKernan and Caroline Ratcliffe, The Urban Institute

Paper 2:

Innovations in Asset-Building: Findings from \$aveNYC

Cathleen Mahon and Caitlyn Brazill, NYC Department of Consumer Affairs

Janneke Ratcliffe, University of North Carolina (Chapel Hill), Center for Community Capital

Paper 3:

Rental Assistance Asset Accounts: An Opportunity to Support Work and Savings among Recipients of Federal Housing Assistance

Reid Cramer, New America Foundation

Jeffrey Lubell, Center for Housing Policy

Paper 4:

Recent Trends in Saving and Investment among African-American and White Households: Implications for Federal Policy to Increase Saving

Margaret Simms, The Urban Institute

Charles Betsey, Howard University

Savings, Assets, and Educational Outcomes

Saturday, November 7, 2009 at 10:30am
Marriott - 2nd floor - Thomas

The panel on “Savings, Assets, and Educational Outcomes” brings together research from applied settings as well as analysis of longitudinal data. Two applied studies, both with counterfactuals, examine savings accounts for children’s educational attainment—one study is in Head Start centers in the US, and another among children in Uganda. Two other studies employ secondary data to ask whether assets and liabilities in various forms are associated with educational enrollment, performance, and graduation. Many would agree that a very productive use of savings and assets is for education of the next generation. But what do we know about the efficacy of savings for education, and which types of savings and asset holdings are most likely to have positive educational effects? With proposals for universal child savings accounts, and inclusive innovations in State College Savings Plans, the topic of savings and assets for education is both timely and important, and the four papers in this panel bring together some of the leading research.

Organizer: Michael Sherraden, Washington University in St. Louis

Chair: Michael Sherraden, Washington University in St. Louis

Discussant(s): Duncan Lindsey, University of California, Los Angeles, and Ray Boshara, New America Foundation

Paper 1:

Child Development Accounts and Education: A Multi-Method Study

Trina Williams Shanks, University of Michigan

Deborah Adams, University of Kansas

Paper 2:

Asset Holding and Educational Attainment among African-American Youth

William Elliott III, Kevin Kim, and Hyunzee Jung, University of Pittsburgh

Min Zhan, University of Illinois

Paper 3:

An Asset-building Strategy to Reduce Gender Inequality in Education in Uganda

Jami Curley, Saint Louis University

Fred Ssewamala, New America Foundation

Chang-Keun Han, National University of Singapore

Paper 4:

Changing Roles of Parental Economic Resources in Children’s Educational Attainment

Jin Huang and Yunju Nam, Washington University in St. Louis