ARE LOW– AND MODERATE-INCOME HOMEOWNERSHIP AND NEIGHBORHOOD CONTEXT ASSOCIATED WITH SOCIAL CAPITAL?
A Multilevel Analysis

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Abstract

Today, now more than two-thirds of U.S. families own their own homes. Despite this growth, there have been relatively few studies that have examined the impact of homeownership on low-and moderate-income (LMI) households, specifically. Therefore, important questions related to the outcomes of homeownership among lower income and minority individuals and families have emerged. This study uniquely uses a sample of LMI homeowners and a comparison group of renters who participated in a quasi-experiment designed to investigate homeownership effects by income. To identify a relationship between LMI homeownership and social capital, and to disentangle the effects of such homeownership from neighborhood contextual factors, the present study uses hierarchical linear modeling to regress homeownership and neighborhood-level variables concurrently on social capital. We define social capital as a desirable social outcome that captures "resources" that can be drawn upon to solve problems. Results indicate a significant difference in the level of social capital between LMI homeowners and renters. At the neighborhood-level, economic disadvantage and neighborhood stability are significant predictors of social capital. Policy implications and future research directions are forwarded. Key words: homeownership; renters; tenure; social capital; resource generator; low-income; Self-Help; Community Advantage Home Loan Secondary Market Program

Introduction

The United States has been called "a nation of homeowners and people who aspire to be homeowners" (Katz, 2002, p. ix). To be sure, since the Great Depression, homeownership has become the primary goal of housing policy in the United States, playing an integral role in wealth and asset accumulation, community growth, and the promotion of positive social outcomes for individuals and families (Retsinas & Belsky, 2002; Rohe & Stewart, 1996; Shlay, 2005).

> *Homeownership is a commitment to strengthening families and good citizenship. Homeownership is a commitment to community. Homeownership helps stabilize neighborhoods and strengthen communities. It creates important local and individual incentives for maintaining and improving private property and public spaces* (Retsinas & Belsky, 2002).

This passage appears in the introduction to the National Homeownership Strategy (U.S. Department of Housing & Urban Development, 1995), and highlights the importance of the social as well as financial benefits derived from homeownership.

In light of the myriad potential benefits, government policies were put in place to promote homeownership that, over time, have resulted in the fact that more than two-thirds of U.S. families own their own homes. Unfortunately, due to multiple barriers to homeownership (e.g., financial obstacles, lack of information about the home buying process, shortage of affordable housing), a considerable homeownership gap between lower- and high-income households has emerged

(Herbert, Haurin, Rosenthal, & Duda, 2005). Therefore, in recent years homeownership policy has expanded its focus to include opportunities for low-income households as well as racial and ethnic minority households. As a result, in the last two decades low-income homeownership has become a nationwide policy goal at local, state and federal government levels (Shlay, 2005). However, despite this policy agenda, there have been relatively few studies that have examined the impact of homeownership on low-income households specifically. As a result, important questions related to the outcomes of homeownership among lower income individuals and families have emerged. For example, do low- and moderate-income (LMI) homeowners experience the same social and financial benefit as their upper-income counterparts?

Literature review

One of the frequently cited benefits of homeownership extends beyond the financial to the social (Rohe, Van Zandt, & McCarthy, 2002). Homeowners are often considered to be more invested citizens of neighborhoods and communities than their more transient renter counterparts. In fact, at one time, homeownership was conceived of as the "silver bullet" in urban redevelopment (Huff, 2005). The positive relationship between homeownership and social impacts has been documented in many studies with multiple neighborhood and community-level outcomes, including social and civic participation (DiPasquale & Glaeser, 1999; Kingston & Fries, 1994; Rohe & Basolo, 1997; Rohe & Stegman, 1994; Rohe, Van Zandt, & McCarthy, 2002; Rossi & Weber, 1996), residential mobility and property maintenance (Rohe & Stewart, 1996; Saunders, 1990; Scanlon & Page-

Adams, 2001; Sherraden, 1991), and neighborhood quality (Rohe, Van Zandt, & McCarthy, 2002; Van Zandt & Rohe, 2006). Such findings support the widespread belief that increased homeownership leads to more stable and vital communities (Herbert & Belsky, 2006).

Homeownership and social impacts

Economic theory is typically used to explore and explain the relationship between homeownership and the social impact in neighborhoods and communities. First, economic theory asserts that homeowners have a higher financial stake in their neighborhoods and communities because house values are directly related to neighborhood and community vitality. Thus, homeowners are more likely than renters to get involved in efforts to improve or maintain neighborhoods and communities in an effort to increase their own property values (Herbert & Belsky, 2006). Also related is the fact that moving is typically more costly for homeowners than renters. Therefore, homeowners are more likely to invest in neighborhoods and communities to improve or maintain than they are to move away (Herbert & Belsky, 2006).

Second, economic theory asserts that homeowners live in communities and neighborhoods for longer periods of time, and thus have greater personal and emotional connections to neighbors, their homes and the area, and that these connections motivate them to get involved (DiPasquale & Glaeser, 1999; Herbert & Belsky, 2006; Retsinas & Belsky, 2002). As evidence for the increased tenure of homeowners, Hansen, Formby and Smith (1998) note that more than 70 percent of renters live in their homes for less than four years, while more than

70 percent of homeowners live in their homes for more than four years. Homeowners have a variety of incentives to involve themselves in their neighborhoods and communities, and thus are more likely to do so than renters.

In recent years, there has been a growing interest in social capital as a specific type of social outcome that can arise in stable and vital neighborhoods and communities. In the early 1990s, political scientist Robert Putnam popularized the concept of social capital and America's disengagement from group life (1995). Definitions of social capital are numerous. For the purposes of this study, we use the definition provided by Lang & Hornburg (1998, p. 4), "Social capital generally refers to the stocks of trust, norms, and networks that people can draw upon to solve common problems." Social capital has been used to explain a variety of outcomes, including those at the micro or individual level, such as academic achievement (Hao, 1994) to macro-level outcomes, such as government efficiency (Putnam, 1993). However, we know less about how social capital is generated in neighborhoods and communities. Moreover, how social capital operates in LMI communities is also little explored. This study tests the hypothesis that homeownership is correlated with social capital in a sample of low- and moderate income homeowners and a comparison group of renters, while simultaneously controlling for both individual and neighborhood differences.

We are aware of no studies that have examined the relationship between homeownership and social capital using either the specific definition of social capital we use, or that have conceptualized social capital as an outcome of homeownership. However, several studies have previously established the

relationship between homeownership and social activity and civic engagement.

For example, Rohe and Stegman (1994) note that low-income homeowners are more likely than renters to be involved in neighborhood and block associations. Cox (1982 as cited in Hoff, 2005) demonstrates that homeowners are more likely to engage in neighborhood activism. Similarly, both Verba and colleagues (1995 as cited in Hoff, 2005) and DiPasquale and Glaeser (1999) find that homeowners are more likely to participate in local neighborhood activities (e.g., voting in local elections, belonging to nonprofessional organizations, contacting local officials).

Resource generator and social capital

For the purposes of this study, our definition of social capital goes beyond social activity and civic engagement in order to highlight the importance of establishing trusting relationships for solving common problems. Bothwell and colleagues (1998) emphasize the importance of such relationships as precursors to community involvement, "Before a person engages any community, s/he needs to make human contact" (p. 111). Therefore, this study operationalizes social capital as *resource generation*, or access to resources through the existence of social relationships. We use a modified version of Snijders' (1999) Resource Generator instrument, which was developed based on network theory (Lin, 1999), and conceives of social capital as an individual pool of resources embedded in personal networks. There are significant advantages to measuring social capital in this way as opposed to social activity and civic engagement. For example, the Resource Generator instrument facilitates the teasing out of the specific resources people have access to and which of these resources are

available to them because they are homeowners. The Resource Generator instrument also measures a set of probable proxy indicators of social connections and network ties rather than solely individual behaviors (e.g., voting in local elections).

Low- and moderate-income homeownership

Although the social impact of homeownership has been established, the use of LMI samples is relatively rare. Therefore, much of what we know about the benefits of homeownership pertains broadly to middle- and higher-income individuals and families. As such, whether the social benefits generalize to LMI homeowners remains relatively unanswered. This study uniquely addresses this question by using a sample of LMI homeowners and a comparison group of renters who took part in a quasi-experimental study specifically designed to investigate homeownership effects by income.

To identify a relationship between LMI homeownership and social capital, and to disentangle the effects of such homeownership from neighborhood contextual factors, the present study models homeownership and neighborhood-level variables concurrently on social capital using hierarchical linear modeling (HLM). This approach facilitates the separation of effects that different levels of a hierarchy have on an outcome variable (Raudenbush & Bryk, 2002). In addition, previous studies (e.g., Sampson, Raudenbush, & Earls, 1997) that have also examined both neighborhood-level and social capital-related variables have employed HLM. Therefore, HLM is an ideal analytic approach for demonstrating

a relationship between an individual's homeownership and access to resources above and beyond the effect of neighborhood conditions.

Method

Data and sample

This study utilizes multilevel data from the 2007 Community Advantage Program (CAP) panel survey for individual level information and the 1990 U.S. Census for neighborhood level information. CAP is a secondary-mortgage pilot program for low- and moderate-income (LMI) households, which enables borrowers with lower income, less cash to close, lower credit scores, or other less traditional profiles to obtain prime financing for homeownership. Started in 1994 in North Carolina by the Self-Help Ventures Fund, a community development financial institution, CAP expanded nationally in 1998 through a partnership with the Ford Foundation and Fannie Mae.

The goals of CAP are: (1) to demonstrate the credit worthiness of LMI borrowers to secondary mortgage lenders; and (2) to provide evidence to lenders, policy makers, and the secondary mortgage market that LMI borrows are "bankable." Further, CAP provides important information on the effects of LMI homeownership on a variety of economic and social outcomes. To qualify for CAP, applicants must meet at least one of the following three criteria: (a) have an income under 80% of the area median income (AMI); (b) have racial or ethnic minority status and income below 120% of AMI, or (c) purchase a home in a high minority (greater than 30% concentration of minority populations) or low-income census tract area (less than 80% AMI) and have an income below 120% of AMI.

Since inception, the program has funded more than 46,000 mortgages across the United States. The median loan amount is $78,800, and the median income of a CAP borrower is 60% of area median income. 39% of the borrowers are minority and 44% are female-headed households. More than half (52%) of the loans have an original loan to value of 97% or above; and 44% of the borrowers had a credit score below 660 at origination.

The CAP panel survey is an annual survey and employs a quasi-experimental design of data collection from a sample of the CAP homeowners and a comparison panel of LMI renters. The renter panel was chosen to mirror the homeowners in the owner panel in terms of neighborhood location and income criteria. The survey first started in 2003 for the homeowner panel, and in 2004 for the renter panel.

All data were collected by Research Triangle Institute, International (RTI), and represented twenty states and the District of Columbia in the samples. Because of the large number of study participants as well as the rigorous design, CAP provides an excellent opportunity to advance the assets-building knowledge base regarding loan performance and the many potential impacts of homeownership among LMI households.

The 2007 the Self-Help CAP panel survey included 2,071 respondents from the owner panel and 893 from the renter panel. Among them, respondents who changed homeownership status since the first wave of the CAP survey were removed from the analysis. Thus, the final sample in this study includes the respondents who were homeowners for at least four years or renters for at least

four years. Further, we excluded the respondents over age 65 from the analysis. Therefore, the final analysis sample includes 2,403 LMI respondents (1,782 homeowners and 701 renters) from 1844 census tract areas.

Measures

There are two dependent variables for this study; 1) resource generation "All", and 2) resource generation "Neighborhood." The Resource Generator instrument measures individual social capital. The tool was first proposed by a Dutch scholar, Snijders (1999), and was first used for the Social Survey on Networks of the Dutch. Snijders developed the Resource Generator instrument based on network theory (Lin, 1999), which views social capital as an individual pool of resources embedded in personal networks.

The original Resource Generator included 33 items focused on access to resources by social relationships. Since its development, different versions of the Resource Generator have been used in other countries by modifying the original scale to adjust for cultural and contextual differences of social resources in each country (Van der Gaag & Snijders, 2005). For example, Webber and Huxley (2007) developed the Resource Generator-U.K. scale with 27 items modified from the original Dutch scale. In Canada, a short seven-item Resource Generator was used to measure social support in the Connected Lives Study (Wellman et al., 2006).

In the 2007 CAP panel survey, a short, eight-item Resource Generator tool was used to measure 1) *resource generation "All"*, and 2) *resource generation "Neighborhood".* For resource generation "All," each item asked the

respondent to enumerate the number of individuals, outside the household, who would assist the respondent when s/he needed help regarding each item (see Table 2 for items). Response options ranged from 0 to 20, with a higher score indicating more individuals who would assist. For resource generator "Neighborhood," each item asked the respondent if s/he knew anyone outside the household, but within the neighborhood, who was available to assist the respondent regarding each item. Response options were dichotomous (yes/no). Factor analysis indicated that the eight items of both resource generation "All" and resource generation "Neighborhood" comprised a single factor. Therefore, a composite score for resource generation "All" (α =0.81) and another composite score for resource generation "Neighborhood" (α =0.80) were calculated for use as the dependent variables in this study.

The primary independent variable for this study is *homeownership*, which is a dichotomous measure (1=owners, 0=renters). Demographics include (a) *gender* (1=male; 0=female); (b) *age* (in years); (c) a set of dummy variables indicating *race/ethnicity*, White (the reference category), Black, Hispanic, and other race/ethnicity; (d) a set of dummy variables for *marital status*, partnered, married (the reference group), separated/divorced/widowed, and never married; (e) a set of dummy variables for *education level*, do not have high school diploma, have a high-school diploma or GED (the reference category), some college, and bachelor's degree or more; (e) a dichotomous variable for *the employment status* of respondent (1=employed; 0=non-employed); (f) *a number of adults* in the household; and (g) *a number of children* in the household.

Measures of economic status include (a) *the total household income*, which was defined as the total amount of annual income; (b) a dichotomous measure of *credit card ownership* (1=yes; 0=no); (c) a set of dummy variables for *the number of cars* in the household, no car (the reference group), one car, and two or more cars.

A set of dummy variables for *neighborhood boundary* is also included to control for how respondents define "neighborhood." The survey includes the question, "What do you consider to be your neighborhood?" Dummy variables include, a block or street you live on (the reference group), several blocks or streets in each direction, the area within a 15 minute walk, and larger than a 15 minute walk. Finally, a dichotomous measure of *moving to a new neighborhood* (1=yes; 0=no) since the last interview (conducted in the year 2006) is also included to adjust for the length of time living in the neighborhood.

In this study, neighborhood variables are measured at the census tract level based on the 2000 Census. Census data are assigned to each respondent based his/her address reported at the time of survey for that respondent. Neighborhood variables include: (1) concentrated economic disadvantage, (2) population stability, (3) proportion of non-white population, and (4) population density.

Concentrated economic disadvantage (CED) is defined by social structure and the relative economic conditions across neighborhoods (Caughy, Hayslett-McCall, & O'Campo, 2007; Sampson, Raudenbush, & Earls, 1997). The CED scale is constructed using the following four indicators: percent of individuals

below the poverty line, percent of people receiving public assistance, percent of people unemployed, and percent of female-headed households with children. To develop the CED scale, each indicator is first standardized, and then a composite score is divided by four, the number of indicators (α =.91).

Population stability scale (Swaroop, 2006; Morenoff, Sampson, & Raudenbush, 2001) is developed by incorporating two Census measures: percent of homeowners and percent of residents who lived in the same house for at least five years. These two measures are standardized to make a composite score, and this composite score is then divided by two (α =.68). *Proportion of non-white residents* is included to indicate residential racial segregation within neighborhoods. Both the concentrated economic disadvantage scale and stability scale are multiplied by 100 for analysis purposes.

Analytic plan

Because tenure may be correlated with unobserved variables that affect resource generation (i.e., endogeneity), we first conduct a treatment regression using the treatreg procedure in STATA. This procedure tests whether the error terms of the model predicting homeowners and the model predicting resource generation are correlated. Results show that the likelihood ratio test is nonsignificant, indicating that there is no endogeneity problem in our data.

To examine the association between tenure and resource generation, hierarchical linear modeling (HLM) is used. HLM facilitates the analysis of contextual or compositional effects, such as neighborhood effects. HLM also accounts for the nested structure of the data where individuals are nested within

neighborhoods (Raudenbush & Bryk, 2002; Sniijders & Bosker, 1999). The use

of HLM provides more efficient and less biased estimates than standard OLS

regression by including random effects associated with each high-level unit, such

as neighborhood (Guo, 2005; Raudenbush & Bryk, 2002). An "intercepts and

slopes as outcomes model" is tested in which all predictors are included to show

the association between tenure and resource generation by controlling for

individual and neighborhood differences. The final model is determined by

evaluating chi-square tests associated with the each random effect, likelihood

ratio tests, and Schwarz's Bayesian Criterion (BIC) between comparable models.

SAS Proc Mixed is used.

Results

Differences of sample characteristics between LMI homeowners and LMI

renters are presented in the Table 1. For all individual indicators, the differences

between homeowners and renters are significant. Homeowners have "higher?"

different socioeconomic profiles than renters. The majority of owners are male-

headed households, White, married, possess more than one car, and have a

credit card. However, the majority of renters are female, non-White, non-married,

possess only one car, and do not have a credit card. The average household

income for homeowners is $51,695, significantly higher ($p<.001$) than the income

for renters, $27,738. Further, 91 percent of homeowners are employed,

compared to a 57 percent employment rate among renters ($p<.001$). Regarding

census tract level indicators, homeowners live in less economically

disadvantaged ($p<.001$) and more stable ($p<.001$) neighborhoods than renters. In

addition, homeowners are more likely to live in neighborhoods with a lower proportion of non-White residents ($p<.001$) than renters.

TABLE 1 HERE

Table 2 presents resource generation differences between homeowners and renters. Homeowners have higher scores on resource generation "All" (M=41.73; p<.001) and resource generation "Neighborhood" (M=2.68; p<.001) than renters (M=28.23 resource generation "All"; M=2.10 resource generation "Neighborhood").

For resource generation "All," all eight items are significantly higher for homeowners than for renters. For example, homeowners report an average of 8.61 people who would help them move to a new home, which is significantly higher ($p<.001$) than the 5.51 person average for renters. The most significant difference between the two groups is the average number of people respondents reported who would lend them $500 if needed ($t=-14.06$, $p<.001$).

For resource generation "Neighborhood," most items are significantly higher for homeowners than renters as well. For example, about 31 percent of homeowners report that they know someone in the neighborhood who would lend them $500 if needed, compared to 19 percent among renters (p<.001). However, there is no significant difference between the two groups when asked if they 1) knew anyone in neighborhood who is good with computers, and 2) knew anyone in neighborhood who provides good advice about new job opportunities.

TABLE 2 HERE

Table 3 presents the results of final HLM models for the two outcomes. The results support the hypothesis that there is significant difference in the level of social capital (i.e., resource generation) between LMI homeowners and renters. After controlling for individual and neighborhood differences, homeowners score 0.3 points higher on resource generation "Neighborhood" ($p<.05$) and 5.7 points higher on resource generation "All" ($p<.01$).

Hispanics have lower resource generation scores for both "All" (*p*<.001) and "Neighborhood" (*p*<.05) compared to Whites. Education and neighborhood boundaries are also significantly associated for both outcomes. For example, individuals with a BA degree and more score 0.6 points higher (*p*<.001) for resource generation "Neighborhood" and 11.23 points higher ($p<.001$) for resource generation "All."

Age of respondent and moving to a new neighborhood are significantly related to the resource generation "Neighborhood" scores, but are not significantly related to the resource generation "All" scores. Respondents score 0.01 points more on resource generation "Neighborhood" with every one-year increase in age (*p*<.05). Respondents who moved to a new neighborhood score 0.35 points less on resource generation "Neighborhood" than respondents who did not move to a new neighborhood (*p*<.05).

Employment status, marital status, credit card ownership, and number of adults are significant predictors of resource generation "All". For example, employed respondents scored 5.37 points higher than non-employed respondents (p<.001). Respondents who are partnered, divorced or single have significantly lower resource generation "All" scores than married respondents (p<.05). Credit card ownership is a significant positive predictor of the resource generation "All" scores (p<.01).

None of census tract variables are related to scores on resource generation "All." However, at the community level, economic disadvantage and neighborhood stability are significant predictors for resource generation "Neighborhood" scores: Individuals living in more economically disadvantaged and more stable neighborhoods have higher scores on resource generation "Neighborhood" compared to their counterparts.

Table 3 provides the proportions of variance explained by both individual (level 1) predictors and neighborhood (level 2) predictors (Singer, 1998; Raudenbush & Bryk, 2002). Individual level predictors explain 3.68 percent and 10.29 percent of the variance in resource generation "Neighborhood" and resource generation "All," respectively. Neighborhood level predictors explain 28.08 percent of the variance in resource generation "Neighborhood" and 36.10 percent of the variance in resource generation "All." Testing for cross-level interactions by tenure and neighborhood level indicators yielded non-significant results for both outcomes.

TABLE 3 HERE

Discussion

This study examined resource generation as a social capital-related outcome of homeownership among a sample of low- and moderate-income (LMI) homeowners and a comparison panel of LMI renters. The sample was drawn from twenty states and the District of Columbia as part of the Community Advantage Program (CAP), a secondary-mortgage pilot program of a leading community development financial institution. We used HLM to conduct a multi-level analysis that examined differences in resource generation between renters and homeowners while controlling for both individual- and neighborhood-level variables. To date, only minimal research has evaluated the social outcomes of homeownership among LMI households while also controlling for neighborhood-level effects. Without HLM, the standard error of neighborhood effects would erroneously vary within the neighborhood, making the value lower, and therefore raising the likelihood of spurious significance. Therefore, our study contributes to this important area of emerging research by utilizing HLM to include neighborhood-level random effects.

We used resource generation as a measure of social capital (Snijders, 1999) that focuses on the degree to which respondents have access to various social and economic resources through social networks. First, we conducted an exploratory analysis to look at differences in sample characteristics and resource

generation in general and within homeowner and renter neighborhoods. Next, HLM was used to analyze the influence of household- and neighborhood-level variables on resource generation.

Several significant differences in characteristics between homeowners and renters were found. Homeowners were more likely to be white, male-headed households, married, possess more than one car, have a credit card, have greater income and live in less economically disadvantaged and more stable neighborhoods than renters. A tenure effect on resource generation was significant; homeowners had significantly higher levels of resource generation both in general and within their neighborhoods, even after controlling for individual- and neighborhood-level variables. These results suggest that an aspect of social capital – the use of social networks to gain access to needed resources – is associated with homeownership among LMI households.

Homeownership was related to benefits such as knowing more people who can help one move, lend money if needed, and provide advice on how to handle stress, both within one's neighborhood or anywhere. Consistent with our findings, Rohe et al (2002) cite literature that associates longer tenure among homeowners with increased informal interactions among neighbors and thus, more opportunities to benefit from social capital within social networks. The resource generation composite scores were comprised of items recognized as the four subtypes of social support (House, 1981). These include: emotional, instrumental, appraisal, and informational support. Thus, our study provides

evidence that homeownership is associated with social networking benefits for LMI households.

Level 1 predictors, or individual characteristics, such as race and marital status, explained far less of the observed variance for both types of resource generation than Level 2 predictors, or neighborhood-level characteristics. However, strong positive effects were found for resource generation "All" for individuals with college degrees or higher, the employed, and owners of credit cards. Respondents in more stable and more economically disadvantaged neighborhoods had significantly higher levels of resource generation within the neighborhood. Because stability was measured by the percentage of homeowners and residents who lived in their home for five or more years, it follows that such a definition would be associated with more opportunities for social relationships to form. An economic disadvantage effect may reflect informal bartering that is more likely among LMI households who lack resources to purchase services, such as home movers or professional counseling to cope with stress.

In contrast, Harkness and Newman (2003) found that residential stability and *less* economic disadvantage had a positive impact on long-term educational, social and income outcomes for children of homeowners, such as high school graduation rates and receipt of public assistance. Thus, the association between neighborhood-level economic disadvantage and social outcomes may depend on the nature of the social outcome(s) measured. LMI homeownership in neighborhoods with greater disadvantage is associated with resource generation,

which measured shorter-term benefits like accessing information and receiving help with basic needs.

The results of the study should be viewed in light of its limitations. First, this study was based on a cross-sectional design. A longitudinal design is required to more accurately measure the effect of tenure on social capital outcomes. Next, because of data limitations, this study did not include the actual length of time that respondents had lived in their home and neighborhood as an important covariate. Instead, we included a dichotomous measure of moving to a new neighborhood. Third, individual- (2007) and neighborhood-level variables (2000 Census) were collected at different points in time. Moreover, the neighborhood variables measured offered a limited conceptualization of neighborhood conditions that affect the social impacts we studied. Future research should incorporate a fuller set of neighborhood-level measures, such as, the homeownership rate, property values, property and violent crime incidence rates, domestic dispute calls, juvenile delinquency filings, and housing code violations, to better understand whether such indicators of neighborhood distress affect the relationship between resource generation and LMI homeownership. Accessing and using such non-Census data from numerous localities is a substantial methodological challenge, however.

Our finding that neighborhood boundaries predict both types of resource generation ("All" and "Neighborhood") also has implications for future research on social capital. The finding suggests that to some degree our neighborhood measurement of social capital depends on the definition of neighborhood.

Therefore, one of the implications for future social capital research concerns the way in which the construct of neighborhood is operationalized. In this study, neighborhood was defined as place (versus environment) and measured through structured interviews with respondents to assess social processes. Using residents' perceptions of neighborhood has been acknowledged as having the ability to produce more meaningful and germane definitions of the construct (Coulton, Korbin, Chan, & Su, 2001). However, such perceptions typically reflect differing realities with respect to how residents define the physical space of their neighborhood (Coulton, Korbin, Chan, & Su, 2001). As such, future social capital research should consider the myriad ways for defining neighborhood, and how this methodological challenge may influence results.

This study offers preliminary evidence in support of the decade-old assertion that "a critical mass of homeowners can turn around the dynamic of a distressed neighborhood" (Washington Post, April 12, 1997 as cited in Huff, 2005). More specifically, our results suggest that homeownership is associated with social outcomes for LMI households, which may in turn lead to neighborhood improvement. While we did not study longer-term economic and social impacts of LMI homeownership, we did find it is associated with greater likelihood of receiving informal help to meet basic needs and find new opportunities, perhaps lessening the need for public social welfare programs. Therefore, this finding may be encouraging for policy makers interested in homeownership for reasons beyond expected the economic impacts to an individual. In short, this study elucidates the potential for housing policy to

enhance social capital among low- and moderate-income individuals (Briggs, 1998).

Conversely, Rohe et al (2002) caution policy makers from relying too greatly on homeownership as a strategy to produce desirable social outcomes such as better schools resulting from increased civic participation among homeowners versus focusing directly on improving school quality in general. Within the LMI population in our study, renters were more disadvantaged in terms of income and assets than homeowners. Understanding that personal or family illness and/or disability, lack of health insurance and myriad other factors may make homeownership out of reach for some LMI households, policy makers should consider strategies other than homeownership to promote desired social outcomes among renters, such as civic participation and improved public education.

However, Harkness and Newman (2003) found that better neighborhoods do not result in positive outcomes for the children of renters and that in general, neighborhoods matter far less for the children of renters than of homeowners. The authors suggest that greater residential mobility observed among renters makes forming social relationships and accessing social capital less likely and thus argue for policies that help renters become homeowners in their existing neighborhoods versus policies that help them rent in less distressed neighborhoods.

Therefore, if homeownership is associated with residential stability and greater access to social capital and its benefits as we found in this study, policy

makers should consider strategies not just to promote LMI homeownership with responsible lending supports in general, but strategies to provide targeted assistance to renters who otherwise may not access mortgage markets, such as persons who have fixed and limited income from disability benefits.

Perhaps the sharp dichotomy between "owning" and "renting" that is reinforced through traditional financial relationships should be eschewed in favor of other arrangements that grant more LMI households opportunities to secure the tenure effect we observed in our study. This may require recognition by policy makers that the transient nature and volatility of renting for LMI households results in greater social disadvantage and a commitment do mitigate these effects. Policy makers should also note that the particular context in which homeownership occurred in the CAP differs from homeownership opportunities in a broader sense. As a secondary market intervention, CAP only purchases loans that conform to responsible lending criteria such as fixed rate, fully amortizing loan terms, full documentation of income, and the demonstrated ability to make mortgage payments, tax and insurance escrowing and full interior appraisals (Self Help Credit Union, 2008). Thus, the social impact findings of this study should be understood within the context of responsible lending. Conversely, testimony at 2008 congressional hearings on the impact of subprime lending on neighborhoods points to data linking foreclosures and subsequent property abandonment to blight and neighborhood decline (Neighborhoods, 2008).

This study did not examine a comprehensive set of neighborhood-level variables and observed social processes that might help explain the association

between homeownership and resource generation. Based on findings from other studies on social capital in low-income neighborhoods (Brisson & Usher, 2007; Temkin & Rohe, 1998), it is important to recognize that resource generation is likely affected by social processes, not just homeownership. Nonetheless, our finding that neighborhood-level variables explained a significant amount of variance in resource generation suggests that place, in the context of homeownership, matters, mirroring the findings of Harkness and Newman (2003). Thus, policies such as community policing and community development block grants which promote and/or facilitate community building efforts to promote neighborhood stability and the development of social capital should complement homeownership and related tenure-focused strategies for LMI households.

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Table 1: Sample Characteristics between Home Owners and Renters

	Home Owner (N=1,782)		Renter (N=701)		
	N / M	% / S.D.	N / M	% / S.D.	t/x^2
Individual level					
Male	902	50.62	181	25.82	125.79***
Age	34.75	9.89	41.73	12.67	13.12***
Race/Ethnicity					
White	1,179	66.16	334	47.65	99.30***
Black	332	18.63	259	36.95	
Hispanic	215	12.07	87	12.41	
Others	56	3.14	21	3.00	
Education					
Less than High school grad.	129	7.24	120	17.12	112.81***
High school grad.	433	24.30	219	31.24	
Some college	611	34.29	247	35.24	
BA and more	609	34.18	115	16.41	
Employed	1,613	90.52	397	56.63	374.55***
Marital Status					
Partnered	131	7.35	58	8.27	289.32***
Married	1,034	58.02	149	21.26	
Divorced/Separated/Widowed	319	17.90	272	38.80	
Single	298	16.72	222	31.67	
Car Ownership					
None	49	2.75	180	25.68	528.99***
1	506	28.40	349	49.79	
2 and more	1,227	68.86	172	24.54	
Credit card Ownership	1,427	80.08	285	40.66	365.20***
Household characteristics					
Number of children	1.18	1.20	0.85	1.13	-6.46***
Number of adults	1.81	0.66	1.63	0.94	-4.51***
Annual household income	52,694.89	27,991.07	22,738.03	16,346.76	-33.06***
Neighborhood Boundaries					
A block or street	375	21.04	173	24.68	11.72**
Several blocks or streets	407	22.84	124	17.69	
Within a 15 minute walk	610	34.23	229	32.67	
Larger than 15 minute walk	390	21.89	175	24.96	
Moved to New Neighborhood	186	10.44	176	25.11	86.93***
Census tract level					
Concentrated economic disadvantage scale	-0.09	0.84	0.27	1.00	8.35***
% Single parent	10.16	5.56	12.64	6.76	8.63***
% Unemployment	5.56	4.30	6.51	4.64	4.67***
% Public assistance	3.43	3.67	4.84	4.57	7.26***
% Poverty	12.06	8.99	16.21	10.88	8.97***
Neighborhood stability scale	0.17	0.80	-0.40	0.92	-14.41***
% living in the same house at least 5 years	53.34	11.02	48.17	11.77	-10.03***
% owners	69.66	17.34	56.26	20.80	-15.12***
Proportion Non-White	30.05	27.08	44.84	30.28	11.28***

*** $p<.001$

Table 2: Difference of the Resource Generator between Home Owners and Renters

	Home Owner (N=1,782)		Renter (N=701)		
	M	S.D.	M	S.D.	t
The Resource Generator All	41.73	26.53	28.23	24.69	-12.01***
The Resource generator in Neighborhood	2.68	2.32	2.10	2.13	-5.94***
The Resource Generator All					
How many people do you know					
who would help you move to a new home	8.61	5.85	5.51	5.06	-13.12***
who would bring you food or medicine if you were ill	9.45	6.48	6.15	5.78	-12.34***
who have good contacts with a local newspaper, or TV station	2.36	5.05	1.58	3.52	-4.73***
who are active in a political party	2.04	4.43	1.24	3.43	-4.79***
who give good advice on how to handle stress	4.75	5.10	3.56	4.72	-5.52***
who are good with computers	7.19	6.50	5.71	6.10	-5.31***
who provide good advice about new job opportunities	3.27	4.15	2.57	4.05	-3.82***
who would lend you $500 if you needed it	4.36	4.25	2.13	3.23	-14.06***
	N	%	N	%	x^2
The Resource Generator in Neighborhood					
Do you know anyone in your neighborhood					
who would help you move to a new home	845	47.74	237	33.86	39.28***
who would bring you food or medicine if you were ill	1059	59.56	345	49.57	20.35***
who have good contacts with a local newspaper, or TV station	332	18.89	95	13.71	9.26***
who are active in a political party	239	13.56	53	7.71	16.07***
who give good advice on how to handle stress	617	34.98	196	28.36	9.80**
who are good with computers	733	41.39	263	37.95	2.44
who provide good advice about new job opportunities	411	23.42	154	22.16	0.45
who would lend you $500 if you needed it	539	30.50	129	18.61	35.57***

** p<.01 ***p<.001

Table 3: Multi-level Analyses for the Resource Generator

Variable	Within Neighborhood		All	
	Estimate	S.E.	Estimate	S.E.
Fixed effects				
Individual-level				
Intercept	2.519***	0.045	37.928***	0.503
Tenure	0.262*	0.128	5.705***	1.446
Male	0.038	0.100	-1.017	1.128
Age	0.012*	0.005	-0.049	0.056
Race/Ethnicity				
(White)				
Black	-0.086	0.132	0.804	1.493
Hispanic	-0.391*	0.162	-8.445***	1.831
Others	-0.288	0.259	-2.560	2.922
Education				
(Less than HS grad.)				
High school grad.	0.291	0.174	2.783	1.971
Some college	0.324	0.176	4.715*	1.989
BA and More	0.575**	0.190	11.231***	2.140
Employed	0.112	0.136	5.368***	1.532
Marital Status				
Partnered	-0.245	0.178	-4.048*	2.005
(Married)				
Divorced/Separated/Widowed	-0.297	0.158	-3.583*	1.782
Single	-0.232	0.159	-3.983*	1.797
Car Ownership				
(None)				
One	-0.074	0.180	1.664	2.030
Two and more	-0.100	0.201	1.965	2.265
Credit Card Ownership	0.202	0.101	3.373**	1.240
Number of Adults	-0.102	0.063	-1.642*	0.793
Number of Children	0.075	0.070	0.425	0.485
Income (log)	0.034	0.053	0.859	0.602
Neighborhood Boundaries				
(A block or street)				
Several blocks or streets	0.011	0.136	2.353	1.540
Within a 15 min. walk	0.335**	0.122	2.425	1.379
Larger than 15 min. walk	1.205***	0.133	9.102***	1.497
New Neighborhood	-0.348**	0.130	2.112	1.466
Census tract-level				
Neighborhood Disadvantage	0.224**	0.074	1.303	0.831
Stability	0.215***	0.059	0.991	0.673
Proportion of Non-White	-0.019	0.253	-4.647	2.863
Random Effect				
Intercept	0.092	0.184	15.294	19.229

Variable	Within Neighborhood		All	
	Estimate	S.E.	Estimate	S.E.
Percentage of variance explained				
By Level 1 predictors	3.68%		10.29%	
By Level 2 predictors	28.08%		36.10%	
-2dll	10,949.9		22,989.5	
BIC	11,168.0		23,207.5	
N of Census Tract	1,844		1,844	
N of Households	2,483		2,483	

* P<.05 ** p<.01 ***p<.001