

Author's Accepted Manuscript

Measuring Foreclosure Impact Mitigation: Evidence from the Neighborhood Stabilization Program in Chicago

Xian F. Bak, Geoffrey J.D. Hewings



PII: S0166-0462(16)30138-7
DOI: <http://dx.doi.org/10.1016/j.regsciurbeco.2016.12.002>
Reference: REGEC3229

To appear in: *Regional Science and Urban Economics*

Received date: 7 August 2016
Revised date: 26 November 2016
Accepted date: 19 December 2016

Cite this article as: Xian F. Bak and Geoffrey J.D. Hewings, Measuring Foreclosure Impact Mitigation: Evidence from the Neighborhood Stabilization Program in Chicago, *Regional Science and Urban Economics* <http://dx.doi.org/10.1016/j.regsciurbeco.2016.12.002>

This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting galley proof before it is published in its final citable form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.

Measuring Foreclosure Impact Mitigation: Evidence from the Neighborhood Stabilization Program in Chicago

Xian F. Bak^{a*}, Geoffrey J.D. Hewings^a

^aRegional Economics Applications Laboratory and Department of Agricultural and Consumer Economics, University of Illinois, 607 S. Mathews, #318, Urbana, IL 61801-3671

*Corresponding author: fang21@illinois.edu

Abstract:

The *Neighborhood Stabilization Program* (NSP) is a \$7 billion nationwide government program that was established to reduce the negative impacts of the housing crisis in foreclosure-concentrated neighborhoods. NSP rehabilitations aim to bring foreclosed and abandoned properties back to productive use. Very few quantitative studies have evaluated NSP and provided policy suggestions for future stabilization. Furthermore, there is some ambiguity about the channels through which foreclosures influence neighboring properties. This study fills the gap in the literature by evaluating the effects of NSP acquisition and rehabilitation in terms of the impact on elevating *neighboring property values*. In addition, it provides evidence that disamenity effects are a source of the negative impacts of foreclosures on their neighbors. Using a 2008-2014 repeated cross-section dataset for housing sales in the city of Chicago, the difference-in-differences estimates reveal that the average sales prices of homes within 0.1 miles of the NSP projects increased by 14.3% and these effects do not appear until the completion of the rehabilitation. Furthermore, large program effects are found for normal homes but not for foreclosure-related homes. The results vary under different contexts of NSP implementation, but the analytical approach presented in this study is reproducible for NSP studies in other regions.

JEL Classification:

H81,H5,H7,R5,R3

Keyword: foreclosure impacts, mitigation, urban development, federal program, evaluation

Download English Version:

<https://daneshyari.com/en/article/5103731>

Download Persian Version:

<https://daneshyari.com/article/5103731>

[Daneshyari.com](https://daneshyari.com)