Foreclosures are known to lead to negative outcomes for neighborhoods and cities, such as increased vacancy, neighborhood price depreciation, and increased crime, where they occur in concentrated geographic areas. But research also suggests that there are differing outcomes based on the entity that is disposing of the property. For example, the Federal Housing Authority foreclosures and foreclosure sales do not lead to these problematic outcomes. This raises the question of what happens in the sale process itself in private market foreclosure sales, and more broadly the organizational context, that might lead to these negative outcomes. Using institutional ethnography, this dissertation will examine the foreclosure sale process to understand the linkage between how foreclosed properties are sold and negative outcomes. Data from interviews, sales documents, ethnographic observation and property sales data suggest that organizational decisions, particularly within the servicer, to limit risk exposure (risk of financial loss) lead to automated systems and processes that at national scales are unable to flexibly interact with the local real estate market. As a result outcomes such as vacant and abandoned buildings, depressed and volatile housing prices occur. These negative outcomes are a manifestation of risk in the neighborhood, risk deflected away from national and international entities and shifted to the local level.

The process whereby this risk deflection and risk shift occurs is a process of organized irresponsibility, where the organizations protecting themselves from risk do not anticipate or coordinate the negative outcomes. Organized irresponsibility is a concept articulated within the sociology of risk literature. The concept proposes that across systems organizations and individuals make decisions that system wide lead to negative outcomes. The negative outcomes from foreclosure sales are one such example of this. However the risk literature does not have a clearly articulated theory of how organized irresponsibility occurs. This dissertation adds detail to the risk literature in
understanding how organized irresponsibility occurs. The dissertation also adds to the foreclosure and policy literatures by clarifying the role of foreclosure sales in producing negative impacts and illuminating new leverage points where policy could intervene to prevent some of the negative outcomes that we have come to associate as necessary evils in the foreclosure process.