



Our vision: A world where everyone has a decent place to live.

Social Impact Series:

Pride in Homeownership: Within and Beyond the Home

By James Pérez Foster

Executive Summary:

A home serves as a vehicle for economic mobility, and embodies a foundation for families that has been shown to amplify social, emotional and behavioral benefits to homeowners. Homeownership has been proven to enhance an individual's sense of personal dignity and self-worth which has multi-generational impact. The cascading benefits of homeownership versus renters are also emerging and suggest they are even more reaching than previously estimated. Homeownership makes people more likely to immerse themselves in community activities, vote in local elections, join clubs and get involved with voluntary organizations thus contributing to stronger and more stabilized communities.

Key Findings:

- ❖ Studies now directly correlate homeownership with an individual's sense of pride and emotional well-being.
- ❖ Research shows homeownership can improve both physical and psychological health for all home residents including; having a better outlook on life, higher self-esteem and overall improved life satisfaction.
- ❖ Fannie Mae research finds that even during the housing crisis, the emotional investment in homeownership stood strong.
- ❖ Homeownership can contribute to an individual's higher sense of community belonging and overall civic participation.
- ❖ For children growing up in owner-occupied housing, studies show long-term benefits including; higher student test scores rate of high school graduation and increased employment earnings

Few things have captivated the heart of the American public as much as the concept of homeownership. Obtaining and living in the home you own is viewed by many as the basis of privilege and an American cultural definition of success. The vast majority of Americans, of all income levels and demographic groups also believe that owning a home is a safer long-term beneficial financial strategy than renting a home. Americans continue to hold on to this belief, despite historically low levels of personal savings, declining or stagnant incomes and an improving yet sensitive employment market for millions of Americans households.

Not even the worst economic recession in nearly nine decades which experienced unprecedented home foreclosure rates, and the eradication of trillions of dollars of home equity values, could convince most Americans that the risks and costs associated with becoming a homeowner could outweigh the benefits of homeownership. Despite the recent and historical volatile nature of the housing market, homeowners and non-owners still consider owning a home essential to achieving the American Dream.

According to a 2012 survey by the National Association of Home Builders, "The survey results show that Americans see beyond the immediate housing market to the enduring value of homeownership," Bob Nielsen, NAHB chairman, said. "An overwhelming 75% of the people who were polled said that owning a home is worth the risk of the fluctuations in the market, and 95% of the home owners said they are happy with their decision to own a home." According to the Federal National Mortgage Association (Fannie Mae) research cited that even during the housing crisis, "the emotional investment in homeownership stood strong."

Neil Newhouse, Partner with Public Opinion Strategies recently stated; "Homeownership is worth the risk, pure and simple. Even though the market is weak, people who don't own say they want to buy a house. Almost three-quarters of those who do not currently own a home, 73%, said owning a home is one of their goals. And among younger individuals who are most likely to be in the market for a home in the next few years, the percentages are even higher."

Pride of (Survival) Ownership: An Extension of Self Expression and Identity:

There are few things in life more meaningful than receiving the keys to your first home. When walking through the front door for the very first time - it is that pride of ownership feelings coupled with a soulful sense of personal accomplishment. It is the fabled pursuit and attainment of the American Dream which drives us to homeownership in the first place. People believe overwhelmingly that owning a home is an anchor to a stronger tomorrow, and a channel towards personal dignity and economic well-being.

“Homeownership is an investment in my future beyond monetary significance. Home is where I will make my family’s memories and build a foundation of behaviors that will feed my family’s confidence as well as its appetite. My home will validate me as I seek to promote and instill non-negotiable values and standards to my children. I am proud of my first home, it is comfortable and it will keep us secure.” (Anonymous)

More than two-thirds of individuals polled in a 2010 Fannie Mae survey felt that homeownership is preferable to renting because homeownership gives the family “more control” of life priorities, financial goals and sense of physical space.

One of the most basic needs is for human survival - shelter to protect our families. Homeownership meets this basic of needs. It also provides us with a haven of privacy, protection and self-expression. A home provides us with the opportunity to adorn our property with acquired artifacts - a behavior that stems from tribal instincts of marking territory and showing social status. While many of those behaviors still hold, in today’s standards, homes are now outfitted with technologies and gadgets - amenities for the purpose of enhancing convenience and relaxation and thus expressing the rights to enjoy the “fruits of labor.”

Often times, our homes are innate extensions of whom we are, where we come from and can express our personalities and values. Homes can define (and identify) our cultures, food and religious inclinations. Homes also express the homeowners desire to nurture and care for, often times the largest single investment they will make in their financial journeys. It is also important to understand that as a home owner - home maintenance is a necessity, not an option, keeping in mind that behaviors of routine maintenance also manifest in ones desire to preserve and sustain the real estate investment which also increases the value of the neighborhood which ultimately contributes to the perception and value of an entire community.

According to research by the National Association of Realtors, studies have shown that homeowners possess a higher propensity to believe that they can accomplish goals as well as anyone else, and they self-report higher ratings on their physical health. Research states, “Homeowners report higher self-esteem and happiness than renters, resulting in better overall health, both physically and psychologically.”

Stable Communities:

Experts agree that homeownership creates more involved citizens who care for their homes and their neighborhoods. Some suggest that the very act of buying a home implies that a homeowner has made a commitment beyond the house itself but also to a neighborhood and a community as well. A report from the National Association of Realtors identified the correlation between stable communities and homeownership. The report stated the findings of multiple researchers concluding that homeowners move far less frequently than renters, and are therefore imbedded into the same neighborhoods and communities for longer periods of time. According to a 2007 American Housing Survey, homeowners reside in the home for an average of nine years whereas renters move on average of every two years.

The dynamic of being imbedded within a neighborhood community allows for enhanced social cohesion, ultimately resulting in social benefits to the individual homeowner and the residential community. With a less transient community population, this contributes directly to stronger or more stabilized home valuations, job security and decreased incidences of crime.

Studies confirm that homeowners are more likely than renters to maintain their homes and lawns, and routinely address major repairs. Owners are more likely to remediate issues that might pose health risks or problems that, if left unabated, could harm their homes market value. Because owner-occupied homes also provide present values, like shelter and social status showcasing (as well as future economic benefits), homeowners often make improvements to their homes that might not increase the homes value at all. For example, homeowners may install swimming pools, upgrade kitchens and bathroom upgrades, even though surveys consistently show that owners will rarely recoup the value of those improvements when they seek to sell the home. Homeowners make these improvements to enjoy the fruits of their labor, and thus enhancing the feelings of self-esteem and self-worth.

“Happier Homes” Benefit Children:

Multiple studies suggest that owner-occupied housing generally is a happier and healthier environment in which to rear children and has been proven to enhance emotional stability for school-aged children of homeowners. Homeowners regularly report that owning their own home makes them “feel good” and that they believe that owning a home is better both emotionally and psychologically for their households, and that they derive pleasure from living in their particular home, or neighborhood.

Renters with young children are especially likely to aspire to become homeowners because of the belief that children of families who rent housing are deprived of valuable educational and societal benefits that automatically flow to homeowner’s children. Studies show that homeownership provides social, psychological, and emotional benefits for homeowner’s children that renters children do not receive. Data also confirms these academic disparities showing homeowners’ children perform better in school and on standardized tests than renter’s children. A report by the National Association of Realtors cites mathematics scores of the children of homeowners were 9% higher than those of renters’ children and reading levels were also 7% higher (income levels not factored). In another study homeowners’ children were 25% more likely to graduate from high school and more than twice as likely to go to university.

Homeownership Enhances Law Abiding Neighborhoods:

The benefits of home ownership extend beyond the home itself and encourage more stable, law-abiding neighborhoods than more transient communities. Multiple studies including research conducted by the New York City Mayor’s Office address neighborhood home-owning characteristics and impacts of crime and showed that the category of “home-ownership rate” ranked second only to income as an explanation for different crime rates in different neighborhoods within New York City.

Property crimes affect homeowners directly, but nonviolent property crimes can impact the property values of an entire neighborhood. As such, homeowners are more motivated to deter crime by forming and implementing voluntary crime prevention programs. In addition, it is easier for homeowners to recognize perpetrators in stable neighborhoods because of extensive social ties. Unstable neighborhoods often display social disorganization that can lead to higher levels of crime.

In Conclusion:

"The ideal of happiness has always taken material form in the house, whether cottage or castle."

(Simon de Beauvoir)

Dennis Hockman of Chesapeake Home eloquently stated, "The value of a home shouldn't be assessed by financial measurements alone, but by emotional, social and intellectual criteria. Viewed in this way, owning a home isn't just about dollars and cents; it's about freedom and independence. The kind of freedom I am talking about is more of the "king of my own castle variety." Your home may be the one place on earth where you call the shots. Characteristic of our national identity, owning one's home is, in part, the reason so many endured great hardship to start over in America." There is no denying the personal dignity and emotional and physical vastness imparted onto a families core rooting, so too does homeownership enhance a sense of responsibility and contribution at a community-level. A responsibility to manage and sustain an home asset with current and future value - and an ownership to advance and protect the community at large.

Resources:

Joint Center for Housing Studies, Harvard University, Donald Haurin et al. "*The Impact of Homeownership on Child Outcomes*", Mechele Dickerson, "*Homeownership and Americas Underclass: Flawed Premises, Broken Promises, New Prescriptions*", RIS Media, "*Homeownership and Stable Communities Go Hand in Hand*", Tony Guerra, "*Does Buying a Home Offer Stability and Security?*" Fannie Mae, Cathy Ericson, "*Housing Industry Forum, 'New Emotional Realty of Homeownership'*", Michelle Krueger, "*Pride of Ownership*", Dennis Hockman "*Home ownership as an act of pride and community-building*", The Economist Magazine, "*Shelter, or Burden? The social benefits of home ownership look more modest than they did and the economic costs much higher*", Rohe, Zandt, McCarthy, "*The Social Benefits and Costs of Homeownership: A critical assessment of the research*", The NY Times, Michelle Higgins, "*Homeownership, the Key to Happiness*", DS News, "*Homeownership Still Holds High Emotional Value.*"