

# **Social Benefits of Homeownership and Stable Housing**

**NATIONAL ASSOCIATION OF REALTORS®**

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## Social Benefits of Homeownership and Stable Housing

Research has consistently shown the importance of the housing market on the economy and the long-term financial benefits to individual homeowners. The economic benefits of the housing market and homeownership are immense and well documented. The housing sector directly accounted for 16 percent of total economic activity in 2005. Household real estate holdings totaled \$20.7 trillion in the third quarter of 2005. After subtracting for mortgage obligation, net real estate household equity totaled \$10.9 trillion. The median net worth of a renter was \$4,800 compared with \$171,700 for homeowners in 2001.

In addition to tangible financial benefits, homeownership is said to bring substantial social benefits for families, communities, and the country as a whole. Because of these purported societal benefits the leaders of Western democratic countries have frequently designed housing policies to promote homeownership.

During the war years President Franklin Delano Roosevelt once said that a nation of homeowners is unconquerable. Margaret Thatcher, with a mantra that homeowners become responsible citizens, privatized and moved 1.7 million families from public housing into private ownership. President Bill Clinton has stated his belief that homeownership and decent housing are an essential part of the American Dream and wanted to make the dream of homeownership a reality for all Americans. President George W. Bush has said ownership has the power to transform people. Thus, the promotion of homeownership has been an integral part of President Bush's vision of an "ownership society." Even in the earliest days of civilization, before the collection and touting of statistical data, Aristotle had argued that ownership promotes virtue and responsibility.

The purpose of this paper is to examine if and how homeownership actually does bring about positive social outcomes. Furthermore, the paper examines not only the ownership of homes, but also the impact of stable housing (as opposed to transitory housing and homelessness) on social outcomes. Specifically, the paper reviews existing academic literature to assess the relationship of *homeownership* and *stable housing* on the following outcome measures:

- Social stability;
- Educational achievement;
- Civic participation including voting and volunteerism;
- Health outcomes and the ability to pay for health care;
- Crime rates and domestic violence rates; and
- Participation in public assistance.

In general, research supports the view that homeownership and stable housing bring substantial social benefits. Because of these extensive social benefits - what economists call positive externalities - government assistance and subsidies for the housing industry are well justified.

Before examining the social outcome measures, the paper provides trends in homeownership and the factors associated with homeownership. There is a strong correlation between homeownership with income, education, age, marital status, and several other factors. Therefore, a strong correlation between homeownership and social outcome variables may simply be superfluous in that the correlation is simply capturing the impact of higher income, education, and the like. To isolate the impact solely attributable to homeownership and/or stable housing, it is important to control for factors that are generally present with homeownership (like higher income and older age). Policy makers will only then better appreciate the challenges of encouraging and promoting people into homeownership and providing stable housing.

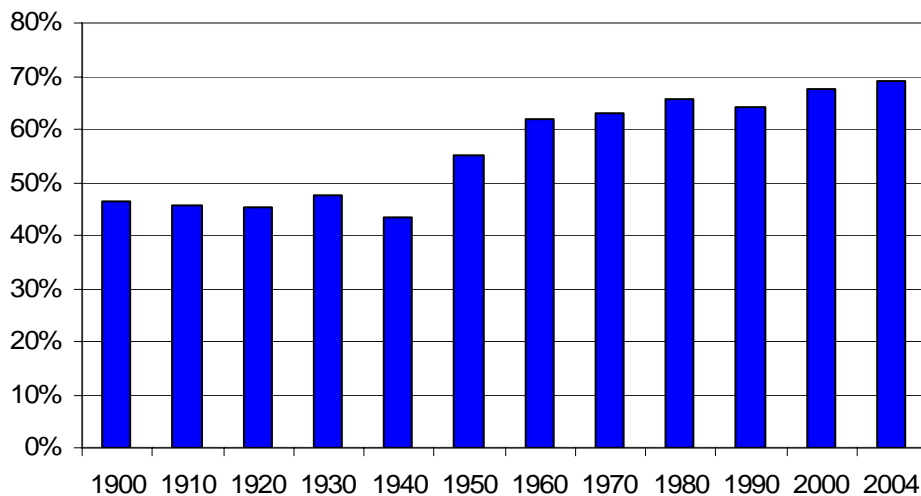
## Trends in Homeownership<sup>1</sup>

The prevalence of homeownership is not universal. Across different demographic groups and even within different regions of the country, the homeownership rate varies widely. Many of these gaps are long standing. Therefore, the social benefits of homeownership differ widely from community to community.

Less than half of Americans owned their homes at the beginning of the 20<sup>th</sup> century (see **Exhibit 1**). Homeownership remained fairly stable until the onset of the Great Depression during which many homeowners lost their homes. In the subsequent two decades, the homeownership rate rose dramatically with the rate easily topping 60 percent by 1960. Modest gains were made during the 1960s, 1970s and 1980s. But, during the early 1990s, the homeownership rate once again trended upward as mortgage rates steadily declined and the economy expanded at rates not experienced in many years. By 2004, 69 percent of Americans owned their homes – a record high. In 2005 housing prices soared far higher than income growth and many regions of the country encountered sharply deteriorating affordability conditions. Despite that the homeownership rate has remained essentially the same at about 69 percent.

### Exhibit 1

Homeownership Rate for Selected Years (1900 – 2004)



Source: U.S. Census Bureau

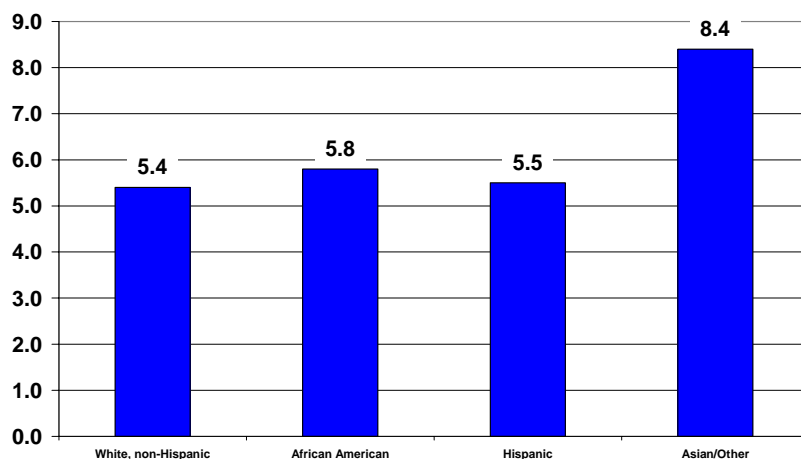
Minorities have made marked progress in homeownership in recent years (see **Exhibit 2**). But even with these gains, the homeownership rate among minorities still lags significantly below that of whites. In 2005, less than half of African-American and Hispanic households owned their homes. In contrast, over 76 percent of non-Hispanic whites were homeowners.

<sup>1</sup> This section draws largely from NAR Research section to the 2004 paper titled *The Next Decade for Housing and Mortgage Finance* by the Homeownership Alliance.

A large part of the gap in homeownership among minorities can be attributed to differences in economic circumstances and the age composition of minority populations. Income and wealth holdings among minorities are typically lower than that of whites. Furthermore, there is a disproportionately higher share of younger households – who are less likely to be homeowners – among minorities. Finally, a large number of minorities, particularly Asians and Hispanics, live in less affordable urban centers on both the East and West coasts. Estimates by the Joint Center for Housing Studies at Harvard University show that if income, age, and family type (but not location) of minorities were similar to that of whites, the homeownership gap would be reduced from roughly 25 percentage points to about 10 percentage points.<sup>2</sup> But, the existence of the gap, even after adjusting for financial and demographic factors, still implies that similarly situated minorities would have a lower homeownership rate than whites.

**Exhibit 2**

Percentage Point Gains in Homeownership Rate by Racial Group (1994 – 2003)



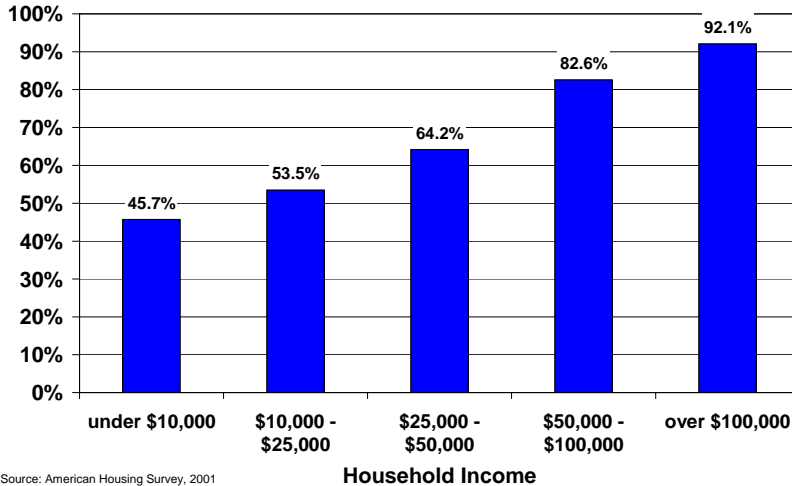
Source: U.S. Census Bureau

One of the primary drivers of homeownership is income. As **Exhibit 3** shows, the homeownership rate is less than 50 percent for households in the lowest income bracket while it surpasses 90 percent for those in the top income bracket. Higher income clearly widens the choice of available homes for purchase and increases the likelihood that a household will qualify for a mortgage. While homeownership is not limited to those with higher incomes, households with lower incomes face barriers such as too few homes in lower price ranges in locations near their place of employment.

<sup>2</sup> *State of the Nation's Housing 2003*, Joint Center for Housing Studies at Harvard University (p.16)

### Exhibit 3

#### Homeownership Rate by Income Level

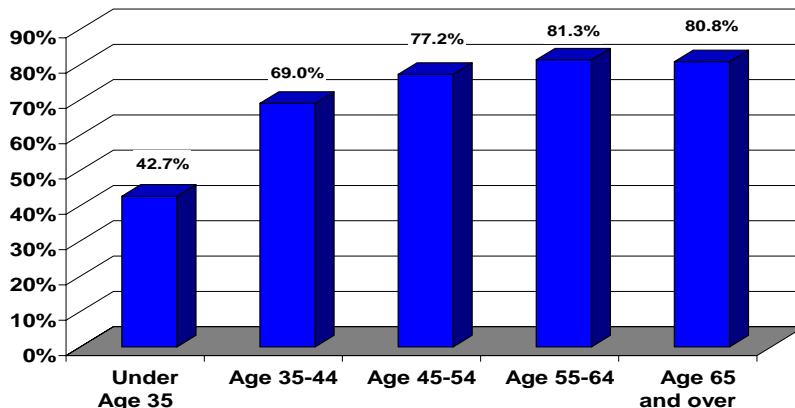


Source: American Housing Survey, 2001

A home purchase entails substantial transaction costs, as measured both in financial resources and search time; therefore it is rational for people who are expecting to move frequently to forego homeownership. Younger households are more mobile because they are more likely to be single and more likely to make a career change. As a result, mobility rates decline as age rises. According to the U.S. Census Bureau, about one-third of those aged 20 to 29 years moved during any one-year period while only 5 percent of those aged 55 and over moved. Higher mobility rates among young people contribute to lower homeownership rates for this group. In addition, due to the large upfront cost associated with purchasing a first home, households need time to accumulate necessary savings. Therefore, as **Exhibit 4** depicts, it is not surprising to see that the homeownership rates rise with the age of households.

### Exhibit 4

#### Homeownership Rate by Age



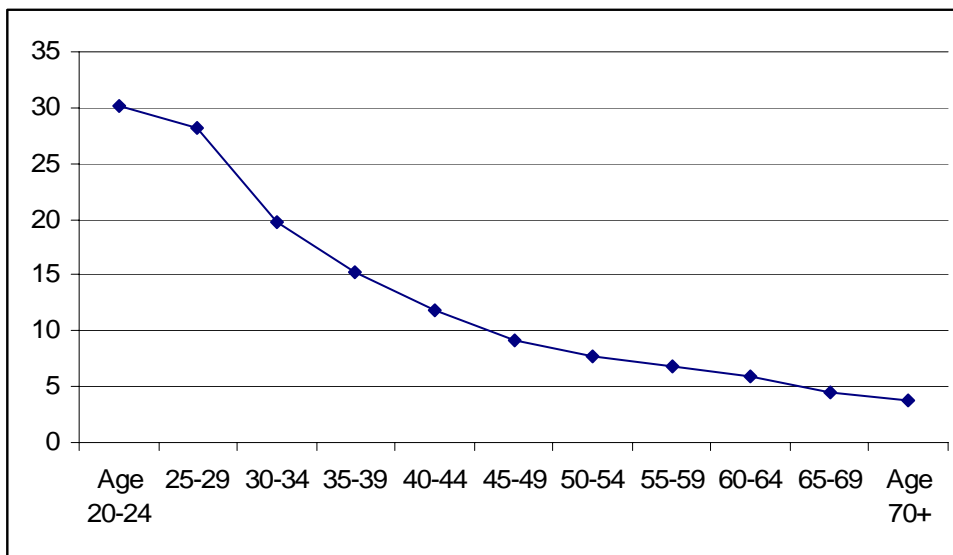
Source: U.S. Census Bureau, Fourth Quarter 2003

## Homeownership and Stable Housing

Homeownership and stable housing go hand-in-hand. Homeowners move far less frequently than renters, and hence are embedded into the same neighborhood and community for a longer period. While 7.4 percent of owner-occupied residents moved from 2002 to 2003, nearly one-third of renters changed residential location.<sup>3</sup> The key reason for the higher “mover rate” among renters is the fact that renters are younger – that is, changing and searching for ideal jobs, not yet married, and hence, literally, less committed. The mover rate or percentage of people changing residence, among 20-to-24 year-olds was 30.1 percent, and for 25-to-29 year-olds it was 28.1 percent, as shown in Exhibit 5. The mover rate then declines rapidly from 19.8 percent for those in their early 30s to less than 5 percent for those at the retirement age of 65.

### Exhibit 5

Mover Rate (percentage of people changing residence) by Age  
2002-2003



Source: U.S. Census Bureau

Poverty status and marital status also have strong relationships with mobility. The mover rate among those living below the poverty level was twice as high as those living above the poverty line. By contrast, the mover rate for married-couple family households was only half the rate as for those households living in other arrangements.

To determine the impact of homeownership on mobility, it is necessary to employ a mathematical regression model to isolate the impact of individual variables. Just because renters are five times more likely than homeowners to move, does not mean that the renters are moving because of their tenure status. High renter mobility could be a result of renters

<sup>3</sup> *Geographical Mobility: 2002 to 2003*, U.S. Census Bureau, March, 2004.

being young and not married. The Census report, after employing such a technique, found that homeownership does have a statistically significant impact of lowering the mover rate. That is, among people of the same age, same income, and same marital status, a person was significantly more likely to change residence in a given year if he or she was a renter rather than a homeowner.

As to why people move, the predominant reason given by survey respondents was housing-related. Slightly more than half (51.3 percent) said they moved to a better home, better neighborhood, or into cheaper housing. The second most popular reason cited was family-related at 26.3 percent. Work-related reasons (new job, lost job, easier commute, retired, etc.) were stated by only 15.6 percent of respondents. Very few indicated change of climate and health reasons for moving. Therefore, what is indisputable is that renters move far more frequently than homeowners and they do so to seek new housing. The renters, thus, bring less residential stability. Conversely, homeowners bring stability to neighborhood.

Many sociology studies have found that residential stability strengthens social ties with neighbors.<sup>4</sup> Other research has focused on how mobility diminishes the depth of social ties because there is less time to build long-term relationships. Sampson and his colleagues argue that social cohesion and strong ties are paths through which resources for social control are made.<sup>5</sup>

As we shall see, the purported benefits of homeownership may partly arise not directly from the ownership, but from greater housing stability and social ties associated with less frequent movements among homeowners. Therefore, policies to boost homeownership can raise positive social outcomes, but only to the extent that homeownership brings housing stability. Also, if it is in fact the case that housing stability matters more than homeownership in bringing social benefits, then the policy implication is not necessarily to promote homeownership but to assist in residential stability.

## **Stable Housing and Educational Achievement**

In this section several studies on the relationship between homeownership and educational achievement are discussed. Consistent findings are that homeownership does make a significant positive impact on educational achievement. What is less clear, however, is whether homeownership in itself, stable housing (less frequent residential change) or

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<sup>4</sup> Warner, B. and P. Roundtree, 1997, "Local social ties in a community and crime model: questioning the systematic nature of informal social control," *Social Problems* 44: pp. 521-536

<sup>5</sup> Sampson, R., S. Raudenbush, F. Earls. 1997. "Neighborhoods and Violent Crimes," *Science* 277: pp 918-24.

favorable neighborhood characteristics are the main underlying contributing factors for better educational outcomes.

Green and White found that homeowners have a significant effect on their children's success. The decision to stay in school by teenage students is higher for those raised by homeowners compared to those in renter households.<sup>6</sup> Furthermore, daughters of homeowners have a much lower incidence of teenage pregnancy. The authors point to certain behavioral characteristics required of homeowners that get passed onto their children. First, a home purchase naturally involves one of the largest financial commitments. Homeowners, therefore, tend to minimize bad behavior by their children and those of their neighbors that can negatively impact the value of homes in their neighborhood. Second, homeowners are required to take on a greater responsibility such as home maintenance and acquiring the financial skills to handle mortgage payments. These life management skills may get transferred to their children. However, the causation of impact on homeownership to improved schooling performance is not definitively clear. It could very well be that homeownership brings residential stability, and it is the stability that raises educational attainment. Such an interpretation would be consistent with a recent study by the New York Federal Reserve Bank which found that, though homeownership raises educational outcomes for children, neighborhood stability further enhanced the positive outcome.<sup>7</sup> In addition, a study by Hanushek, Kain, and Rivkin showed that changing schools negatively impacts children's educational outcomes particularly for minorities and low income families.<sup>8</sup>

Aaronson found that parental homeownership in low-income neighborhood has a positive impact on high school graduation.<sup>9</sup> But he cautioned that some of the positive effects may arise due to the greater neighborhood stability (less residential movements) and not necessarily to homeownership alone.

In another study, jointly authored by a sociologist and an economist, a higher overall quality of life among homeowners is believed to contribute to the well-being of both homeowners and their children in a number of ways. For example, young children of homeowners tend to have higher levels of achievement in math and reading and fewer behavioral problems (which often carry over into reducing deviant behavior in later years). Better social outcomes arise as parents provide a more supportive environment for their children. These factors, as well as many others, help explain increased educational

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<sup>6</sup> Green, Richard K. and Michelle J. White 1997. "Measuring the Benefits of Homeowning: Effects on Children," *Journal of Urban Economics* 41(3): 441-461.

<sup>7</sup> Harkness, J. and S. Newman, "Effects of Homeownership on Children: The Role of Neighborhood Characteristics and Family Income," *FRBNY Economic Policy Review*, June 2003.

<sup>8</sup> Hanushek, E., J. Kain, S. Rivkin, "The Cost of Switching Schools," Working Paper, University of Texas, 1999.

<sup>9</sup> Aaronson, D., A Note on the Benefits of Homeownership, *Journal of Urban Economics*, 47 (3): 356-369.

attainment and higher lifetime annual incomes of homeowners' children.<sup>10</sup> Research has also confirmed that access to economic and educational opportunities are more prevalent in neighborhoods with high rates of homeownership and community involvement.<sup>11</sup>

Because it appears that educational outcomes were strongly influenced by homeownership and residential stability, government policies that promote homeownership or residential stability should be considered in any strategy to improve education. The future of education does not rely solely on more expenditures for schools.

## **Stable Housing and Civic Participation**

Homeowners have a much greater financial stake in their neighborhoods than renters. With the median national home price in 2005 at \$209,000, even a 5 percent decline in home values will translate into a loss of more than \$10,000 for a typical homeowner. Because owners tend to remain in their homes longer, owners add a degree of stability to their neighborhood. Homeowners also reap the financial gains of any appreciation in the value of their home, so they also tend to spend more time and money maintaining their residence, which also contributes to the overall quality of the surrounding community.<sup>12,13</sup> Renters, with less wealth tied to a specific locality, have less incentive to participate to protect the property via the political process or other outlets. The right to pass property to an heir or to another person also provides motivation to upkeep the property. (Japan's 75 percent estate tax rate, where death often means government taking the deceased person's property, has greatly reduced the spending for home improvements in that country. Existing homes in Japan have a very short life. Most home sales are purely new home construction.)

The extent of community involvement and the benefits that accrue to society are hard to measure, but several researchers have found that homeowners tend to be more involved in

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<sup>10</sup> Haurin, Donald R., Toby L. Parcel and R. Jean Haurin 2001. "The Impact of Homeownership on Child Outcomes." Low-Income Homeownership Working Paper Series LIHO-01.14, Joint Center for Housing Studies of Harvard University.

<sup>11</sup> Ellen, Ingrid Gould and Margery Austin Turner 1997. "Does Neighborhood Matter? Assessing Recent Evidence," *Housing Policy Debate* 8(4): 833-866.

<sup>12</sup> Rossi, Peter H. and Eleanor Weber 1996. "The Social Benefits of Homeownership: Empirical Evidence from National Surveys," *Housing Policy Debate* 7(1) 1-35.

<sup>13</sup> Rohe, William M. and Leslie S. Stewart 1996. "Homeownership and Neighborhood Stability," *Housing Policy Debate* 7(1): 37-81.

their communities than renters. For example, homeowners were found to be more politically active than renters.<sup>14</sup> Homeowners participate in elections much more frequently than renters. A study by Glaeser and DiPasquale found that 77 percent of homeowners said they had at some point voted in local elections compared with 52 percent of renters.<sup>15</sup> The study also found a greater awareness of the political process among homeowners. About 38 percent of homeowners knew the name of their local school board representative, compared with only 20 percent of renters. The authors also found a higher incidence of membership in voluntary organizations and church attendance among homeowners.

As before, it is not clear if homeownership in itself determines more civic participation or if the correlated variable of residential stability is more responsible for higher civic participation. One study that directly attempted to disentangle the two impacts found length of residence to be more important than homeownership. Therefore, according to this study a renter household in a stable neighborhood is more likely to be engaged in a community and civic activity than a homeowner who frequently moves.

## **Stable Housing and Health Benefits**

Homeowners are happier and healthier than non-owners. But again, it would be incorrect to simply look at the correlation between homeownership and health outcomes to make a conclusion since homeownership is also correlated with such factors as income and education levels. And surely, higher income and education are associated with better health. Nonetheless, there are a few academic studies that provide proof of the positive impact of homeownership on health even after controlling for factors like income and education.

Rohe and Stegman found that low-income people who recently became homeowners reported higher life satisfaction, higher self-esteem, and higher perceived control over their lives.<sup>16</sup> But the authors cautioned on the interpretation of the causation since residential stability was not controlled for. Similarly, Rossi and Weber concluded that homeowners report higher self-esteem and happiness than renters.<sup>17</sup> For example, homeowners are more likely to believe that they can do things as well as anyone else, and they report higher self ratings on their physical health even after controlling for age and socioeconomic

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<sup>14</sup> Cox, K., 1982. "Housing Tenure and Neighborhood Activism," *Urban Affairs Quarterly* 18, pp. 107-29.

<sup>15</sup> DiPasquale, D. and E. Glaeser, 1998, "Incentives and Social Capital: Are Homeowners Better Citizens?," *Journal of Urban Economics* 45, 354-384.

<sup>16</sup> Rohe, W. and R. Stegman. 1994. "The Effects of Homeownership on Self Esteem, Perceived Control, and Life Satisfaction of Low Income People," *Journal of the American Planning Association*, 60(2), pp. 173-84.

<sup>17</sup> Rossi, P. and E. Weber. 1996. "The Social Benefits of Homeownership: Empirical Evidence from National Surveys," *Housing Policy Debate*, 7, pp. 1-15.

factors. In addition to being more satisfied with their own personal situation than renters, homeowners also enjoy better physical and psychological health.<sup>18</sup>

Homeowners are also well aware that they have the option of tapping into housing equity in case of health emergencies. Modern financial innovations have allowed easy borrowing via home equity loans and home equity lines of credit. Homeowners can also obtain needed cash through cash-out refinancing. About half of all refinancing from 2000 to 2005 involved cash-outs of at least 5 percent higher loan amount. Indeed, Rasmussen found in a 1997 study, even before the prevalent usage of home equity loans, that homeowners had a higher level of care and were in better health due to the ability to pay for medical bills by tapping into home equity.<sup>19</sup>

## **Stable Housing and Crime**

Homeowners have a lot more to lose financially than do renters. Property crimes directly result in financial losses to the victim. Furthermore, violent non-property crimes can impact the property values of the whole neighborhood. Therefore, homeowners have more incentive to deter crime by forming and implementing voluntary crime prevention programs.

Research on crime and homeownership shows that homeowners are far less likely to become crime victims. A study of both property and violent crime in New York City suburbs found that homeowners encountered significantly lower crime rates even after controlling for other socioeconomic variables<sup>20</sup>. Glaeser and Sacerdote also found a lower incidence of crime victims among homeowners.<sup>21</sup>

From sociological literature on social disorganization, a recent research by Miles-Doan showed residential mobility (unstable housing) as a contributing factor for the higher

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<sup>18</sup> Rohe, William M., Shannon Van Zandt and George McCarthy 2001. *The Social Benefits and Costs of Homeownership: A Critical Assessment of the Research*. Low-Income Homeownership Working Paper Series LIHO-01.12, Joint Center for Housing Studies of Harvard University.

<sup>19</sup> Rasmussen, 1997.

<sup>20</sup> Alba, R., J. Logan, P. Bellair. 1984. "Living with Crime: The Implications of Racial/Ethnic Differences in Suburban Location," *Social Forces* 73: pp. 395-434.

<sup>21</sup> Glaeser, E. and B. Sacerdote. 1999. "Why is there more crime in cities?" *Journal of Political Economy* 107: pp. s225-s258.

violence rate by spouses and intimates.<sup>22</sup> In a similar vein, a recent work by Kubin found that residential mobility is significantly positively related to homicides.<sup>23</sup>

The results are congruent with sociologists' theories of social disorganization, or a breakdown in social bonds, family and neighborhood association.<sup>24</sup> A high level of social disorganization is said to exist where there is a high level of deviance in social norms and a lack of community to realize common values. Crime, suicide, juvenile delinquency, teen pregnancy, drug usage are all the consequences of social disorganization. The generally accepted causes of social disorganization include poverty, low educational attainment, family disruption, and racial segregation in urban life. In addition, frequent residential mobility is also considered one of the key causes of social disorganization. The focus for this paper on social disorganization is strictly on residential mobility.

For example, one of the first college textbooks on the subject appropriately titled *Social Disorganization*, mentions crime, unemployment, divorce, venereal disease, illiteracy, undernourishment, and *mobility* and *transiency* (our emphasis) as indications of a disorganized society.<sup>25</sup> More recently, Bursik showed the link between mobility and crime.<sup>26</sup>

A stable neighborhood, independent of ownership structure, is also likely to reduce crime. It is easier to recognize a perpetrator of crime in a stable neighborhood with extensive social ties. Therefore, the empirical studies showing a lower crime rate among homeowners and people living in a stable housing environment are consistent with theories on social disorganization.

## Stable Housing and Public Assistance

We found earlier that housing stability lowers teenage pregnancy. There is vast literature on the link between teen pregnancy and the likelihood of receiving public assistance.<sup>27</sup>

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<sup>22</sup> Miles-Doan, Rebecca. 1998. "Violence Between Spouses and Intimates: Does Neighborhood Context Matter?", *Social Forces*, 1998, pp.623-645.

<sup>23</sup> Kubrin, Charis E., "Structural Covariates of Homicide Rates: Does Type of Homicide Matter?" *Journal of Research in Crime and Delinquenc*, 2003, pp. 139-170.

<sup>24</sup> Shaw, C. and H. McKay. 1942. *Juvenile Delinquency and Urban Areas*. Chicago: University of Chicago Press.

<sup>25</sup> Elliot, M. and F. Merrill, *Social Disorganization*, 1941, Harper & Brothers Publishers.

<sup>26</sup> Bursik, R.J., Jr. 1999. "The Informal Control of Crime through Neighborhood Networks," *Sociological Focus* 32: pp. 85-97.

<sup>27</sup> Sawhill, I., 1998. "Teen Pregnancy Prevention," Brookings Institute's Policy Brief #38.

Therefore, to the extent that homeownership and stable housing reduce teen pregnancy, one can expect a reduction in the incidence of public assistance among those living in stable housing in a stable neighborhood.

A study by Harkness and Newman examined the direct link between homeownership and the likelihood of being on welfare and found that homeownership significantly reduces the use of public assistance (after controlling for the usual socioeconomic factors). Furthermore, Page-Adams found that homeowners are better able to adjust after being laid off from a job due to their access to home equity credit lines, and hence, lessening their need for public assistance.<sup>28</sup>

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<sup>28</sup> Page-Adams, D., and N. Vosler. 1997. *Homeownership and Well-Being Among Blue-Collar Workers*, Washington University, School of Social Work.

## Summary and Conclusion

Owning a home embodies the promise of individual autonomy and is the aspiration of most American households. Homeownership allows households to accumulate wealth and social status, and is the basis for a number of positive social, economic, family and civic outcomes. Nearly 70 percent of all U.S. households who own their home currently are enjoying these benefits.

Homeownership brings many financial benefits. One of the surest paths to wealth accumulation, particularly among low- and moderate-income households, has been through increased home values. But in addition, as this paper has shown, there is compelling evidence of the benefits accruing to families, communities, and society as a whole. Stable housing boosts the educational performance of children, induces higher participation in civic and volunteering activity, improves health care outcomes, lowers crime rates and lessens welfare dependency. Because of the positive ripple effects of homeownership, or at least of stable housing, to the rest of the society (reduced crime and prison costs, more civil behavior, better-behaved children, higher educational attainment, etc.) a public subsidy is required to internalize these external benefits. Today's education systems receive substantial public money because of the widespread belief that an educated society brings social benefits. Without subsidies, too few people would acquire education. Likewise, without housing subsidies, there will be fewer homeowners and fewer stable housing environments in America.

Public subsidies to the housing sector include:

- Mortgage interest deductions from federal income tax;
- Local and state property tax deductions from federal income tax;
- Home equity loan interest deductions;
- Capital gains exemptions from the sale of a home;
- Large allowances before the estate tax;
- Down-payment assistance;
- Interest rate “subsidies” from Government Sponsored Enterprises (due to the perceived backing by the federal government);
- VA loans for veterans; and
- FHA loans for moderate-income households.

Other local assistance, such as development of new affordable housing units, should also be considered in the overall housing subsidy program. There is some evidence that homeownership programs may result in increased property values near subsidized or locally assisted homeownership sites and can, under the right circumstances, draw other

non-housing investment to the community.<sup>29</sup> Also new home construction in a depressed neighborhood was found to raise the sales price of existing homes in nearby areas.<sup>30, 31</sup>

Though positive social benefits from homeownership and stable housing are compelling, one consistent difficulty of many research studies is to separate the impact of homeownership from that of stable housing. As discussed, homeowners live in stable environments with far less residential changes than renters. But the direct cause is not clear. Are homeowners committed people to begin with and hence move less frequently? Or do stable neighborhoods permit easier and greater social ties and allow homeowners to stay put for the longer period? If the answer to the second question is “yes,” then the policy implication is not necessary to promote homeownership, but to assist in the development of a more stable residential environment.

Perhaps owning a home is different from renting. There is the pride of ownership and the sense of belonging in a community where one has a financial stake in the neighborhood. Perhaps, homeowners are “happier” just from having achieved the so-called “American Dream” -- a sense of accomplishment, a milestone. Also, ownership entails a greater individual responsibility, which may lead to character building. As discussed earlier, homeownership requires a large (if not the largest) financial outlay of a person’s life and often requires the responsibility of a mortgage spanning 30 years. Therefore, it is a long-term commitment, which may alter human behavior. Given such an opportunity, public policy makers would be wise to consider the apparent immense social benefits of homeownership and stable housing.

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<sup>29</sup> Ellen, Ingrid Gould, Scott Susin, Amy Ellen Schwartz, and Michael Schill 2001. “Do Homeownership Programs Increase Property Value in Low Income Neighborhoods?” *Low-Income Homeownership Working Paper Series LIHO-01.13*, Joint Center for Housing Studies of Harvard University

<sup>30</sup> Simons, R., R. Quercia, I. Maric, “The Value Impact of New Residential Construction and Neighborhood Disinvestment on Residential Sales Price,” *Journal of Real Estate Research*, 1998, pp. 147-161.

<sup>31</sup> Ding C., R. Simons, E. Baku, “The Effect of Residential Investment on Nearby Property Values: Evidence from Cleveland, Ohio,” *Journal of Real Estate Research*, 2000, pp. 23-48.