

PROMOTING HOMEOWNERSHIP AMONG LOW-INCOME HOUSEHOLDS IN AMERICA

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BACKGROUND

- Homeownership as a symbol of social mobility and concretization of the American Dream (Rohe, Van Zandt, & McCarthy, 2002).
- Homeowners are economically better off than renters (Bucks, Kennickell, Mach, & Moore, 2009; Glaeser, & Shapiro, 2003; Green & White, 1997; Rossi & Weber, 1996; Schwartz, 2012).

THEORETICAL FRAMEWORK

1. Shefrin and Thaler's (1988) *behavioral economic theory*
2. Mullainathan and Shafir's (2009) *behavioral perspective*
3. Sherraden's (1991) *institutional theory of savings*

LITERATURE REVIEW

- Scholarship on homeownership follows three paths:
 1. **Impact on children** (Green & White, 1997; Haurin, Parcel, & Haurin, 2002).
 2. **Self-esteem and life satisfaction** (Rohe & Basolo, 1997; Rohe & Stegman, 1994a; Rohe & Stegman, 1994b).
 3. **A factor of Individual Development Accounts** (Han et al., 2009; Grinstein-Weiss et al., 2006, 2008, 2010; Richards & Thyer, 2011).

STUDY RATIONALE

1. Narrow scope of existing literature
2. Understudied factors associated with homeownership

OBJECTIVES / PURPOSE

1. Examine the likelihood of savings and accumulation of possessions among low-income households in America
2. Contribute to the literature on homeownership
3. Inform policies

RESEARCH QUESTION

- What factors best explain the likelihood of homeownership among low-income households in America?

METHODOLOGY

1. Research Design: Quantitative / Panel

2. Data

- Survey of Income and Program Participation (2008 Panel)
- 15 wave of data collection

3. Sample

- 4,873 participants
- 18-65 years old
- 150 percent of federal poverty level

STUDY VARIABLES

1. Outcome variable: Homeownership
2. Predictors: family structure, age, race, metro status, citizenship, income, savings account, welfare receipt, disability, gender, ethnicity, nativity, and education

DATA ANALYSIS

- SPSS-Version 23
- Binary logistic regression
- Forced entry method

RESULTS-PART 1

- **Model explained 26 percent of the variance in homeownership**
- **Model improved correct classification from 54 percent in Block 0 (null hypothesis) to 69 percent in Block 1 (the model).**

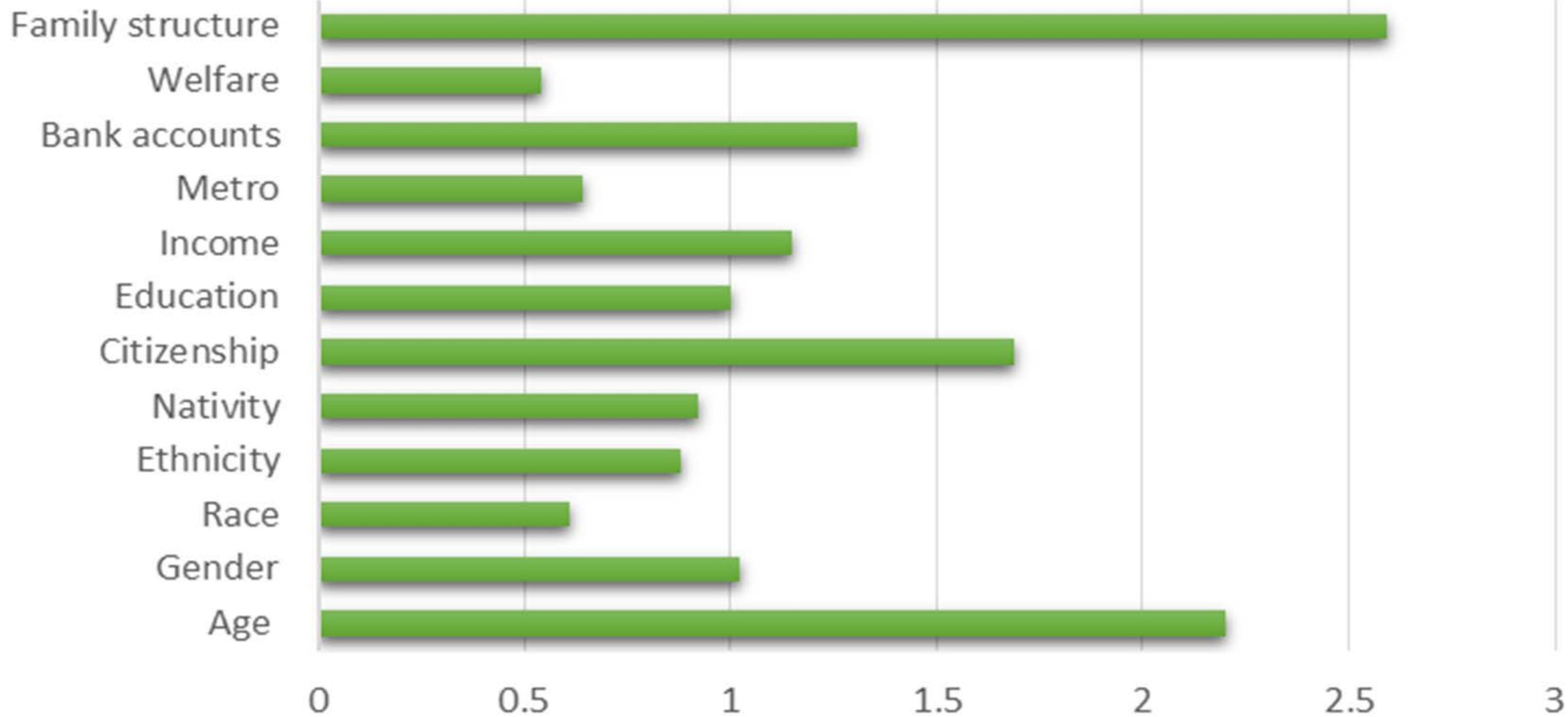
RESULTS-PART 2

Odds Ratios (OR)

Variable Codes

Household type (OR = 2.465)	1 = Married couple, 2 = single
Age (OR = 2.364)	1 = 40 and over, 2 = Less than 40
Race (OR = 1.940)	1 = White, 2 = Non-White
US citizenship (OR = 1.763)	1 = US citizens, 2 = Non-US citizens
Metro status (OR = .666)	1 = Metro areas, 2 = Non-metro areas
Hispanic ethnicity (OR = .734)	1 = Hispanic, 2 = Non-Hispanic
Welfare receipt (.542)	1 = Yes, 2 = No

Odds Ratios for Homeownership



IMPLICATIONS

- Housing and Urban Development
- Marriage Promotion Policy
- Immigration Policy
- Theories
- Future research

IMPLICATIONS (CONT..)

Policymakers should develop policies that promote (1) financial capability among emerging adults, (2) marriage formation namely through the third sector, (3) savings and assets accumulation among welfare recipients, and (4) housing subsidies for low-income households.

LIMITATIONS

- Lack of randomization
- Model limitation (binomial regression)
- Underreporting
- Not all homeownership variables were included

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