

Habitat homeowners Norma and Reyes Ornelas, and their sons Agustin, 18, and Adrian, 11, in front of their house in the Santa Fe, N.M., Habitat development Casas del Corazon II.

# Chapter 3: Benefits of homeownership for low-income families



Mike and Gladys Murphy have made a home for their daughters — Mikayla, Analiese and Kristiana — in the borough of Queens, N.Y.

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“ *The stability of homeowners can also stabilize the surrounding neighborhood, providing positive benefits to more than just one homeowner.* ”

Research studies show that homeowner benefits include wealth accumulation, improved safety and security for homeowner families and their neighborhoods, improved health for homeowners and their children, improved performance in education among homeowners’ children, better behavior and increased work productivity, as well as enhanced civic and political participation among homeowners. In addition, these research findings have been reinforced by the success of organizations like Habitat for Humanity. Homeownership success for low-income

families depends on targeting families that have a level of household income, wealth and job stability that makes a family able to meet mortgage payments and pay for repairs and maintenance to their homes over the medium and long term.

Habitat for Humanity’s homeownership model targets households that make 30 percent to 60 percent of area median income (AMI) for its subsidized homeownership programs. While families with incomes below 30 percent of AMI may not be suited for homeownership, most experts believe that households making above this



**Multi-family complexes are often built in cities and suburbs; this project will be home to 41 families in Brooklyn, N.Y.'s Ocean Hill-Brownsville neighborhood. It's one of the largest, and greenest, complexes ever built by a U.S. Habitat affiliate.**

level can succeed, given well-designed support like pre- and post-purchase financial counseling. For households in these income groups, the benefits of homeownership are likely to include, at a minimum, greater levels of residential satisfaction, higher levels of civic and political participation, and increased stability.<sup>29</sup>

### **A. Financial stability/wealth accumulation**

The question of whether and to what extent homeownership generates wealth for low-income households is critical given the central role that investment in homeownership plays in the financial portfolio of many low-income households. Several existing studies suggest that homeownership can be an important means of wealth accumulation for low-income households. A study by the Department of Housing and Urban Development (HUD) based on data from 1990 and 2000 found *non-housing* wealth accumulation for lower-income families is at best minor and, for minority families, is often negative. In fact, housing wealth may be the only way some low-income households are accumulating wealth.<sup>30</sup>

Although homeownership does not guarantee wealth accumulation, household wealth appears to be positively affected by homeownership. According to a HUD study, low-income and minority households experience significant increases in wealth through homeownership.<sup>31</sup> Most low-income homeowners do build wealth through homeownership;<sup>32</sup> low-income homeowners actually fared better than higher income groups from house price appreciation in the late 1990s and the first few years of the new millennium.<sup>33</sup> Whether these gains have held true in recent years, as more borrowers have shifted to higher-cost, variable mortgages and as housing and labor markets fell, is not yet clear.

Equity provides homeowners with financial stability in the event of a family emergency, with leverage for other financial goals and protects a family from economic hardship.<sup>34</sup> Households that do not have reserve assets, like home equity, are more vulnerable to high-cost debt and more likely to need to rely on public support.<sup>35</sup> Over the long term, the lack of financial assets, like equity, can undermine a family's opportunities for economic and social mobility, education and retirement.<sup>36</sup>

While homeownership is not for every family at every stage in life, homeownership can offer substantial financial benefits over renting. Homeownership insulates a household's risk against inflation in the rental market. This advantage was very relevant during the housing market boom of the last two decades, when renters in most parts of the country faced a tight supply of rental properties and increasing rent. Housing costs for low-income renters, as a percentage of household income, are often equal to, or higher than, those paid by homeowners, and do not have the financial benefit of creating home equity.<sup>37</sup> While alternative investments could potentially offer low-income households a better return on investment than homeownership,<sup>38</sup> many, if not most, low-income renter households lack the income — after paying housing costs — to make any investments.<sup>39</sup>

Wealth accumulation through homeownership may occur through several ways,<sup>40</sup> including saving for the initial down payment, the appreciation of home value and the repayment of the mortgage, which allows the homeowner to accumulate equity in the house over time and establish a strong credit history.

However, the most important financial impact of homeownership may be the accumulation of wealth across generations.<sup>41</sup> Research shows that children of homeowners are more likely to become homeowners themselves, and at a younger age, than are children of parents who did not own homes.<sup>42</sup> Buying a home at a younger age increases the probability that an investment will result in wealth accumulation over time.<sup>43</sup>

## A dream come true, a push to be something more



of that year (1989), I received word that my application was accepted, and I would be the proud new owner of a Rockford Habitat home. I cannot even now, after all these years, put into words or describe the feelings I experienced with that news. The generosity of Rockford Habitat allowed me the freedom to expand my life in directions that would probably never have been presented to me any other way.

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“I came to the United States in the summer of 1983 from a very small town in Mexico. I was unable at the time to read, speak or understand English, yet I longed to come to a country like the United States, where everyone has an equal chance to make a good life for themselves and their families. I moved to Rockford, Illinois, with my mother and two young sons. I found a small, one-bedroom apartment. While I worked two jobs, my mother kept an eye on the boys, and I kept an eye on the future of my family. We went from one apartment to another, always making some improvement with each move.

“I met a very nice lady who told me about Rockford Area Habitat for Humanity. I was skeptical, but I submitted the application anyway. In November

“With a house that had plenty of space, a yard for my boys to play in and a safe neighborhood, I was able to work during the day and go to school at night. I have since graduated college as a paralegal. My oldest son, Jose, works two jobs and has taken some college courses. Francisco, my younger son, is in the U.S. Navy and hopes to enter the Naval Academy and become an officer.

“I believe because of Rockford Habitat for Humanity, my total outlook, everything changed. It had always been my dream to someday be a homeowner, but I knew I couldn't afford it. It was always my dream to send my sons to a Catholic school. Because of Habitat, I was able to do it. I work hard, but Habitat gave me more push to become something more.”



Jeremie Whiting, 14, relaxes in the living room of his family's new Habitat house in Las Vegas, Nev. His mother, Jennifer, is a case worker at Shade Tree, a shelter for homeless and abused women and children.

### Forced savings

Forced savings are a significant potential benefit of homeownership and help to offset other financial losses and risks associated with homeownership. Unlike renters, homeowners may accumulate “forced savings” through mortgage payments and incremental investments in their house.<sup>44</sup> Instead of making rental payments to a landlord, most homeowners make monthly payments on their mortgage over a course of 15 to 30 years. Over time, some percentage of this monthly payment goes to principal on the loan resulting in a gradual accumulation of wealth that is not accessible to renters. For low-income homeowners working with programs like Habitat for Humanity that charge no or very low interest, the entire payment or nearly the entire monthly payment, after taxes and

house insurance, is put toward the principal. A 2008 study by the University of Southern Indiana reported that Habitat partner families felt increased confidence in their own financial security after owning a Habitat home. Overall, families in the study reported that after owning a Habitat house they could now cover a large, unexpected bill or assist a relative who was having financial problems. These homeowners also recognized the importance of saving for the future.<sup>45</sup>

By taking equity out of their houses to fund consumer and other expenses, e.g. through home equity loans and refinancing, many households in recent years may have undermined the wealth accumulation benefit of homeownership.<sup>46</sup> While the option of easy and inexpensive refinancing over the past decade may have benefited some households, by

allowing them to withdraw equity from their home to pay for emergency health costs, children's education costs or similar expenses, it also meant less “forced savings” through homeownership. Post-purchase homeownership counseling can be an important component of low-income homeownership. This counseling allows families that have access to new financial assets through homeownership to manage those assets in a beneficial way.

### Leveraging equity through homeownership

One of the primary attractions of homeownership as an investment is the possibility of leveraging equity.<sup>47</sup> When a family buys a house using traditional mortgage financing, it contributes a relatively small amount of the total sale price of the house into an actual equity

investment, the down payment. Over time, equity accrues in small increments through whatever portion of the mortgage payment is attributed to principal. The attraction of leveraging is, assuming that the value of the house continues to rise, the homeowner will realize exponential gains in wealth relative to the small amount of equity invested in the house.

The corresponding risk of the leveraging effect is that even a very small loss in housing values can damage a family's equity investment. If the family considers the house its homestead and plans to hold on to it for 10, 20 or 30 years, this short-term loss may not be of great consequence. However, if the family needs to sell its house in order to move, withdraw some of the equity in its house for an emergency, or if a homeowner becomes unable to make monthly mortgage payments because of a drop in household income or wealth levels, the family may not be able to leverage the equity investment. Understanding the equity investment and how equity can change over time is an important part of pre- and post-purchase financial counseling for any income.

### Increased wealth through repairs and maintenance

Higher levels of maintenance and repair among homeowners bring several benefits, including financial gain through increased equity and psychological gain through a sense of accomplishment and control over a family's living space. In addition, this higher level of home maintenance can enhance living environments<sup>48</sup> and have a positive impact on the neighborhood and community through higher home values, aesthetic appearances, and even reduced crime.<sup>49</sup>

## Helping others, helping her family, helping herself



A homeless person probably couldn't wish for a better housing counselor than Antoinette Brown.

"When people come in the door, I know just how they feel," Brown said. She also knows exactly how to help them get help.

That's because just a few years ago, Brown was unemployed and homeless herself. "I was in trouble," she said, living "with friends, different places, going back and forth." Her son, then 8, lived with his grandmother.

With steely determination, Brown pulled her life together. She went to a local nonprofit community

agency, Total Action Against Poverty (TAP) for job training. She worked for two years on repairing her credit status in order to qualify for a house with Habitat for Humanity of Roanoke, Va.

Today Brown is a certified housing counselor at TAP. She owns a four-bedroom house she built with Habitat, and is on her way to getting a degree in social

*"I'm trying to set the standard for them," she said. "I want them to see that if you work hard, you can have anything you want."*

work. She provides a stable home not only for her son, but also for three nieces who had been in foster care.

Brown is proud to be the first in her family to own a home. "It's still a big thing for me," she said. It's given her stability, she said, and "helps me to be more responsible."

And it's made a world of difference for her nieces, who had lived apart in different foster homes and were "so troubled" when they first went to live with Brown.

"I'm trying to set the standard for them," she said. "I want them to see that if you work hard, you can have anything you want."



EZRA MILLSTEIN

**New homeowner Luis Saenz in his family's nearly-completed Habitat home in Don Pedro Padillo in New Mexico.**

Homeowners have a financial incentive to improve the equity value of their home over time. As a result, homeowners tend to invest more in maintenance and repairs on their homes than do renters. Because of the leveraging effect discussed above, even a small increase in the house value can result in a large return on investment for the homeowner at the time of sale, while a small decrease in house value can result in a negative return

on investment at sale. Furthermore, homeowners can bequeath their ownership rights to heirs, which may prove an incentive to maintain and improve the physical status of the house over time. Homeowners also benefit directly from repairs and improvements made to their homes.

Homeownership counseling can make the responsibility of maintaining and repairing their homes less onerous to low-income families. First-time home buyers do not

always know the wisdom of investing in an adequate level of repairs and maintenance. This can cause expenses to snowball in the future and detract from the homeowner's ability to benefit from appreciation in house value over the medium to long term.<sup>50</sup> Pre- and post-purchase counseling and information can help prepare first-time homeowners for the responsibility of homeownership.

## B. Safety and neighborhood stability

Homeownership can have a positive effect on personal and neighborhood stability, safety and security. Homeowners are much more stable geographically than renters,<sup>51</sup> in part because of the higher level of transaction costs required for homeowners to move. These costs include realtor fees, financing fees and potential losses in equity. Homeowner stability can have positive social effects, including greater civic participation, increased social networks and gains in education and child welfare. The stability of homeowners can also stabilize the surrounding neighborhood, providing positive benefits to more than just one homeowner. Neighborhoods where homeowners have a shared interest in improving their environment show reduced levels of crime over time.<sup>52</sup>

### Neighborhood home values

Several studies have documented that well-implemented affordable housing developments tend to improve the value of nearby homes.<sup>53</sup> While homeownership alone may not reverse a neighborhood's decline, it can be an important component, even a cornerstone of revitalization.<sup>54</sup> A positive link between homeownership and neighborhood property values exists.<sup>55</sup> This increase in home value is related in part to the greater care that homeowners generally take of their houses and property. Owners take better care of their properties. As a result, communities with high homeownership rates are often more attractive than neighborhoods with few homeowners. In addition, the value of nearby properties often increases as homes in a neighborhood switch from rental units to owner-occupied housing.<sup>56</sup> When investments in infrastructure and services accompany low-income homeownership programs, the benefits for the neighborhood are even more likely to accrue.<sup>57</sup>

## Revitalizing Lynmore Estates takes homeowners, partnerships



The Macon Area Habitat for Humanity knew building a reborn Lynmore Estates wouldn't be easy. Nearly a third of the 435 houses in the South Macon neighborhood were abandoned and almost half of the rest rentals in deplorable shape. But after more than four years with 14 new Habitat Houses built and two under construction, Habitat executive director Harold Tessororf said he feels they're making progress. "They" would be a host of partners and volunteers joining the work in the neighborhood, including the city of Macon, the local police, federal government funds and a long list of other Macon institutions, nonprofits and local builders. Such a coalition, said Tessororf, a South African immigrant with a community development background, is needed for the hard, long, practical work of turning a neighborhood around.

Rev. William Rand, a dynamic African American who was called to pastor a small, mostly white church, explains: "It's just like the hand of God is on this neighborhood. We need something and God brings the right person, the partner." In the July heat, he hopes an air-conditioner might be next to arrive.

Rand and his congregation, the Southside Community Church, are really the vital neighborhood anchor for the revitalization. "The church will stay in the neighborhood. They're here everyday. They'll be here long after we're building someplace else," Tessororf said.

The church opens its family life center to offer GED classes, computer training and a place for Habitat volunteers, such as college students, to stay during

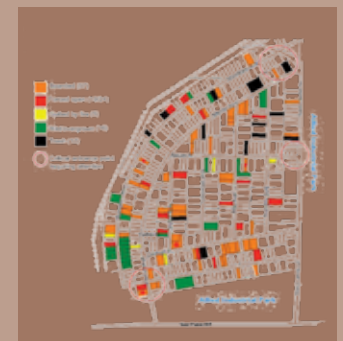
construction as well as space for other community meetings.

Macon Area Habitat hopes to build 20 houses in Lynmore Estates by the end of 2010, and then 26 more, through acquiring abandoned or condemned lots, demolishing the structures on those lots, and raising new ones in their place.

*It's just like the hand of God is on this neighborhood. We need something and God brings the right person, the partner.*

Encouraged by work to improve the neighborhood, several homeowners are fixing up or rebuilding themselves and deciding to stay. A better relationship between the community and police has decreased crime.

Georgia Ann Sanders moved into her new Habitat house on Valentine's Day 2009. She looks forward to spending more time in her kitchen, her favorite room. Since their move to their own home, Sanders' daughter Misty, 24, has started school to become a medical associate, building a better future for her daughter Tristan, 2.





Volunteers Alex Zimmerman (left) and Hal Arner from Albuquerque, N.M., install a door in a new Habitat home.

### Broader economic benefit

Fostering access to homeownership among low-income households may provide broader economic benefits as well. Increased home building and homeownership can result in more spending on home-related products. Homeowners also have the opportunity to leverage their housing assets for credit. Increased homebuilding and homeownership can also expand the base for local property tax revenues, which can then be invested in improvements to local infrastructure and services.

As the authors of a 2006 report by the Joint Center for Housing Studies (Harvard University) noted, “owner-occupied housing also has a beneficial effect on the local economy by increasing consumer spending, providing tax revenues and fees, and growing businesses and jobs. Building and rehabilitating homes requires additional employees, goods, and services from the general economy.”<sup>58</sup>

### C. Health

An additional benefit of homeownership is improved physical and mental health. When a family’s housing is improved through homeownership, improved physical health often follows.<sup>59</sup> Well-constructed and well-maintained affordable housing can reduce health problems by reducing exposure to lead paint, asbestos and allergens which can lead to asthma and other respiratory illnesses.<sup>60</sup>

In addition, the psychological benefits of homeownership, such as improved self-esteem, may lead to physiological benefits as well. Many researchers have pointed to a correlation between homeownership and increased psychological health, improved self-esteem and general sense of well-being.<sup>61</sup> Improvements in parents’ self-esteem, fostered by homeownership, may provide important benefits to children as well.<sup>62</sup> While the scientific research is still

in early stages, homeownership is associated with lower levels of problem behavior among children, which could indicate a greater level of mental and emotional stability among both parents and children and in improved health outcomes.

Home equity can also provide emergency funds in the event of a health crisis. While money paid into a house is often difficult to withdraw without considerable time and expense, by paying down principal over time, homeowners have an asset upon which to draw in hard times. A family may be able to afford to pay emergency or ongoing medical bills by taking out a loan using home equity as collateral.

There is also a relationship between homeownership and increased levels of life satisfaction and being happy with where one lives.<sup>63</sup> For example, a 2005 study in eight European countries tested the housing satisfaction levels of renters versus homeowners and found that, independent of other variables, satisfaction levels were higher for homeowners.<sup>64</sup> Homeowners may realize higher satisfaction levels for at least four reasons.<sup>65</sup>

- First, buying a home may be an important life goal, or even a rite of passage, for many people in the United States.
- Second, homeowners may feel personal empowerment in maintaining and/or improving their homes.
- Third, homeowners are better able to customize their housing environment to their own needs, resulting in greater satisfaction with their homes.
- Fourth, homeowners may feel satisfaction from their homes as investments because of equity cumulation and home value appreciation.

#### D. Improved education outcomes, behavioral changes and increased work productivity

Homeownership can lead to improvements in children's education, behavior and future work productivity. One reason that homeownership is good for children is because it often leads to a better physical home environment, which in turn leads to improvement in physical and mental health as well as safety and stability. Homeowners invest more in improvements, maintenance and repairs than renters and may create a better psychological home environment for children because homeowners gain esteem and satisfaction in their homes.<sup>66</sup> Better physical and mental health means children are able to attend school more regularly and have more energy for school work. A safer and more stable living environment means that children have more favorable conditions for school and work achievement.

Increased residential stability that comes with homeownership means that families that stay in one place for longer are able to develop important social capital that benefits their children. For example, increased stability means less frequent school changes for children, possibly more investment in local schools by homeowner families and longer-term relationships with neighbors and others who may be able to help support and watch out for children.<sup>67</sup>

Another reason is that children of homeowner families gain skills from observing, and sometimes helping, their parents take care of the physical and financial responsibilities associated with homeownership, such as repairs, maintenance and financing transactions.

While some researchers note that factors like neighborhood social conditions and family asset levels or security, mobility or neighborhood choice, have not been adequately distinguished from homeownership itself

## Berkeley grad, county supervisor got his start in Habitat house



“When you invest in a family, you're not helping just that family, but the whole community, and that investment comes back.” That's Efren Carrillo Jr.'s summary of the Habitat for Humanity message.

In the case of the Carrillo family, the investment payoff is clearly even more far-reaching. The eloquent 28-year-old University of California, Berkeley graduate grew up a house built with Habitat for Humanity of Sonoma County, California. Today he is a Sonoma County supervisor, a board member of the local Habitat for Humanity affiliate and an active member of a handful of other nonprofit organizations. “I like to think I'm still putting in my sweat equity,” he joked. Carrillo was 10 when his family built its three-bedroom house in Roseland. Buying a house under normal market conditions was beyond the means of the family of five, which had shared a one-bedroom apartment.

“I and my sister slept in the living room. I remember vividly the living conditions, and how excited I was to be able to be in a new home,” Carrillo said. “I was able to do my schoolwork. I had a home to go to. I had never really had that before.”

In 2001, Carrillo Sr. lost his manufacturing job while his oldest son was at UC Berkeley. “If my family hadn't been in a Habitat house, I don't know if I could have stayed in college,” Carrillo said. But because the house payments were low enough for the family to manage, he went on to get his degree in Environmental Economics and Policy. Carrillo Jr. was the first in his family to graduate from high school and to get a university degree. “I think it was a gift from Habitat,” he said of his education.

“I and my sister slept in the living room. I remember vividly the living conditions, and how excited I was to be able to be in a new home... I was able to do my schoolwork. I had a home to go to. I had never really had that before.”

Carrillo's parents also make sure the investment in the community is paying back. Emigrants from Mexico, Efren Carrillo Sr., a high school janitor, and his wife, Margarita, are well-known in the neighborhood for their civic-mindedness and their volunteer work.

“Owning your own home, it's truly the American dream,” said Carrillo Jr., who now owns his own house. “I can feel their pride,” he said of his parents. “They are great citizens, not just of the community, but of this country.”

# How one Habitat for Humanity affiliate partners with families

*From "The Journey Home," a publication of the Greater Greensboro (N.C.) Habitat for Humanity, Summer 2009.*



## Homeowner recruitment and training

The journey begins for a potential homeowner with the recruitment, application and qualification process. Out of every 10 applications received, Greater Greensboro Habitat ultimately qualifies just one homeowner. The number one reason homeowners fail to qualify is overwhelming debt and credit issues. Once qualified, a family works with the Family Services training and education team for six to 18 months. Habitat spends \$20,000 a year alone in specialized training courses for homeowners including classes in financial management and budgeting,

home and yard maintenance, legal issues around home ownership, community building and conflict resolution.

Additionally, Habitat's certified housing counselor, program staff and volunteers walk alongside the homeowners every step of the way ensuring that on that great day when the walls go up on their own house, the homeowners are ready for those exciting steps in their journey.

## Construction

While the homeowner in process is logging sweat-equity hours in training and building other people's homes, the Construction and Land Development department is working to prepare a lot for their home.

Purchasing, clearing, grading and preparing a single lot for building can take three months. Developing a subdivision can take up to two years.

Once construction on the house begins, the family and volunteers together will log 2,000 more hours working alongside the construction staff in the intensive hands-on construction phase. It typically takes 15 to 20 weeks to go from foundation to dedication — including raising walls, trusses, laying shingles, siding, putting in drywall, painting, trim work, cabinetry and all the details — until at last it's time to hand over the keys. Habitat dedication days are jubilant events — family, friends, volunteers, clergy, staff — all who have had a hand in the journey come out to give thanks for the blessing of the journey together and to bless

the house and the family's life there. For many, this seems like the journey's end, but, like vows at the altar, this is just the beginning of the transformation. In Greensboro, it costs \$112,500 to build the house and travel with the family to this milestone.

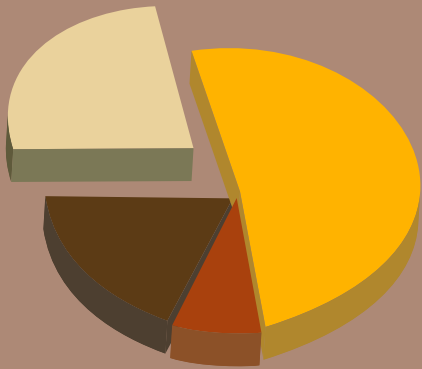
## Life of the loan

Once the house is completed, the longest leg of the journey begins — a 20-30 year marathon with Greater Greensboro Habitat's 0 percent financing program.



## SOURCES OF FUNDING

- SPONSOR CONTRIBUTION: \$60,000
- UNRESTRICTED DONATIONS: \$25,000
- CITY & FEDERAL FUNDING: \$18,000
- IN-KIND MATERIAL DONATIONS: \$9,500



Habitat is a bank like no other. Our interest-free mortgage program includes Life of the Loan services for a family. We take that responsibility and all it entails seriously. Habitat processes and tracks monthly payments, manages tax and insurance escrows, as well as maintenance escrow accounts, to help homeowners save and prepare for major home maintenance. We provide additional budget counseling and financial training, and intensive case management with negotiated payment plans and loan modifications when job loss, illness or other crises threaten to steer a family off track. Habitat provides Life of the Loan services to almost 300 current homeowners at a total cost of over \$150,000 per year.

### Neighborhood outreach and advocacy

Working in neighborhoods has always been a by-product of our ministry. We work in neighborhoods before we buy land, while we're building and after homeowners move in. Greater Greensboro Habitat has helped build a community center in Eastside Park, a playground in Stonegate Crossing and helped nurture neighborhood associations in other communities. With nearly 350 homes under Greater Greensboro's belt in more than a dozen neighborhoods, we're bringing more intention to this work.

We're actively working across the ministry and with partners and homeowners to explore ways we can continue to strengthen neighborhoods so that families living in Habitat homes can build the economic and social framework that can better their own lives and help their children break through the barriers and constraints of cyclical poverty.

### PRICES FROM THE GREATER GREENSBORO HABITAT

Box of nails	\$5
Hotdogs for neighborhood cook-out	\$75
Training classes for a homeowner	\$350
Annual servicing for one 0% loan	\$650
Land, labor & materials for a house	\$112,500
The journey home	priceless

### HOUSE COST

Land acquisition and development	\$18,000
Construction materials and subcontracted professional labor (electricians, plumbers, etc.)	\$54,400
Permits, fees, insurance	\$2,400
Warehouse, tools, equipment	\$7,500
Construction supervision, family selection and training, volunteer coordination	\$20,000
Construction, general administration and management	\$10,200
<b>Total House Cost</b>	<b>\$112,500</b>



An adobe house in Taos, N.M., built with Habitat for Humanity in 2006.



Jozette Boyd moved into a three-bedroom house in 2007, with her sons Gavin 5, above, and Kaleb, 7. She built the home with Greater Fairbanks Area Habitat for Humanity in Alaska.

as causing positive impacts on children,<sup>68</sup> the majority of research shows the link between homeownership and improvements in education and children's behavior.

According to a study tracking the effects of homeownership on children's educational achievements over time, parental homeownership caused children's math scores and reading scores to rise and behavioral problems to decrease.<sup>69</sup> These improvements helped to predict future school achievement and future earnings. This study also found that gains in educational achievement accumulated over time; the longer a child's parents owned their home, the more likely the child's educational and behavioral performances improved.<sup>70</sup>

Another study found a significant correlation between parental homeownership and the probability that their children will graduate from college.<sup>71</sup> Yet another study found that children of homeowners were more likely to remain in school until the age of 17 and were less likely to become teenage mothers,<sup>72</sup> with both of these effects more pronounced for children of low-income households.<sup>73</sup>

Together this research builds a strong case for the positive and valuable impact low-income homeownership has on children.

## E. Civic and political participation

Research also consistently supports a causal link between homeownership and increased participation in voluntary organizations and local political activity.<sup>74</sup> Indeed, a 2008 study by the University of Southern Indiana on Habitat for Humanity Evansville noted that families were more involved with neighborhood activities, attended church more regularly, and took pride in their neighborhood now that they own a Habitat home.<sup>75</sup>

The results of a seminal study in 1999 suggested that homeownership causes increased investment in social capital.<sup>76</sup> The authors found that much of this increase derived from higher levels of residential stability,<sup>77</sup> which in turn allowed homeowners to reap long-term benefits from investments in social capital.<sup>78</sup> Specifically, homeowners were 10 percent more likely to know the name of their U.S. congressional representative than were renters and 15 percent more likely to vote in local elections.<sup>79</sup>

Research indicates that homeownership provides social benefits in the form of greater property maintenance and neighborhood conditions, more successful children, and better civic behavior.<sup>80</sup> Many of these positives probably derive from increased residential stability; the longer a family stays in a neighborhood the more likely it is to participate in civic activities.<sup>81</sup>

ERNA MILLSTEIN