



What are the benefits of homeownership?

Improving affordable homeownership leads to numerous outcomes that extend beyond the house, such as greater economic stability, access to quality education, increased civic and social engagement, better health, and a reduced environmental footprint. This evidence brief provides an overview of how families can prosper with greater access to decent, affordable housing.

Homeownership is a catalyst to wealth building for U.S. households and represents a significant proportion of net wealth for low-income and Black and Hispanic/Latinx households.

- Research has shown a correlation between homeownership and increased wealth, with each year of homeownership tending to be associated with an additional \$9,500 in net wealth, on average.¹
- In 2019, net wealth was lower for lower-income (\$9,300), Black (\$24,100), and Hispanic/Latinx households (\$36,050) than for higher-income (\$1,589,300) and white households (\$189,100). Home equity represented a larger share of net wealth for low-income households and Black and Hispanic/Latinx households (see Figure 1).²

U.S. homeowners have an average net wealth that is 400% higher than that of renters with similar demographics and earnings, and home equity represents the largest proportion of wealth (34.5%) for U.S. households.^{3,4}

How Habitat contributes

- Habitat partners with families to lower barriers to affordable homeownership and create opportunities for those who may not otherwise have access to owning a home, enabling them to grow their net wealth through forced savings and property value appreciation.
- Habitat's focus on working with low- and moderate-income families and serving a diverse network of homeowners — in FY2020, 41% and 17% of families served by Habitat were Black and Hispanic/Latinx, respectively — means that the home equity Habitat families gain likely constitutes a large share of their overall net wealth.
- Habitat advocates for financial resources and public policy to make homeownership more accessible and affordable for lower-income households.

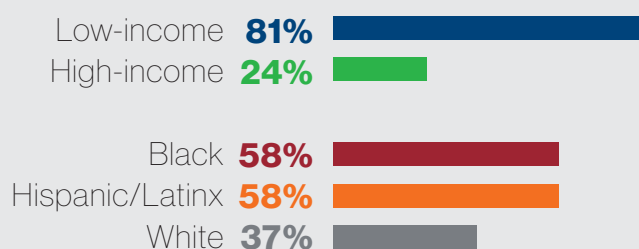
Homeownership leads to better test scores and higher rates of high school graduation and college attendance, especially among children of low-income homeowners.

- Homeownership contributes to higher standardized test scores in math, and for those with a longer homeownership tenure, increased test scores in reading.⁵
- Children of low-income homeowners are 11% more likely to graduate from high school and are 4.5% more likely to complete post-secondary education than children of low-income renters.⁶
- Homeowners can leverage their housing wealth to finance post-secondary education for their children, especially lower- and moderate-income households. For lower- and moderate-income households, a \$10,000 increase in housing wealth raises the probability of college attendance by 14%.⁷

How Habitat contributes

- Habitat helps families with children access homeownership. In FY2020, 77% of the families we served through new construction had dependents. By partnering with these families to enable their goal of homeownership, Habitat can help their children attain greater educational success and improve their chances of accessing post-secondary education.
- Habitat offers families stability through shelter, which benefits children through consistency in schooling and minimized disruptions to their education. Habitat also partners with families to provide affordable housing that matches their needs and may reduce overcrowding, thus facilitating more conducive study environments.
- Through our advocacy for homebuilding resources, portable housing assistance and land use reforms, Habitat helps families access communities with good schools and educational opportunities.

FIGURE 1: HOME EQUITY SHARE OF NET WORTH





Regardless of income level, homeownership promotes civic and social engagement.

- Homeowners are more likely to vote in local elections than renters in comparable neighborhoods, and this likelihood increases with the degree of neighborhood disadvantage in low-income urban areas.^{8,9}
- Regardless of the length of time they have owned a home, homeowners are 1.3 times more likely to become involved in a neighborhood group and to join a civic association than renters.⁹ The increased participation in neighborhood groups holds true in low-income neighborhoods as well.¹⁰
- Low- and moderate-income homeowners have more social capital resources, such as a larger social network within their community, than do renters at similar income levels.¹¹

How Habitat contributes

- Habitat requires future homeowners who partner with Habitat to contribute “sweat equity” by volunteering a certain number of hours on a build site (either for their home or another family’s home). This investment by families in both their home and their neighbors’ homes helps contribute to the sense of community among homeowners.
- Pre-purchase support programs, such as financial education classes, also help build networks among Habitat homeowners, and volunteer engagement on home builds and other Habitat events can strengthen relationships with the local community.
- Habitat engages families, volunteers and community members in civic decision-making through advocacy for policies and resources that help more people access a quality place to live in a thriving community.



Decent, affordable housing improves physical and mental health.

- Homeowners are more likely to occupy homes with fewer repair needs than renter households, and housing problems are more acute for low-income households.¹²
- The U.S. Centers for Disease Control and Prevention identified home improvement as one of six evidence-based, high-impact solutions for addressing social determinants of health. Improving housing quality improves general health status, respiratory health and mental health and reduces the risk of injury.^{13,14}
- Decreasing housing costs for cost-burdened households (those spending more than half of their household expenditures on housing) releases resources to spend on nutritious food and health care and limits overcrowding to minimize the spread of respiratory infectious diseases.^{15,16}
- According to Children's HealthWatch, unstable housing for families with children leads to \$111 billion in increased health and educational costs over 10 years.¹⁷



How Habitat contributes

- Habitat lowers the cost of homeownership and makes it easier for future homeowners to access quality housing. Thanks to their affordable mortgages, families who partner with Habitat have the ability to prioritize investing in their families' health and wellness.
- Habitat's repair programs offer homeowners the opportunity to affordably address acute housing problems and improve the quality of their homes. This is especially true for older homeowners — 54% of those served through Habitat's repair program — who are able to grow old in their home and continue to rely on their local community and support systems.
- In addition to support for homeowners, Habitat's neighborhood revitalization work focuses on community development strategies that empower residents to collectively act toward outcomes that improve quality of life. This work can range from development of green spaces to improving public safety, and it benefits residents throughout the community.
- Habitat advocates to expand public resources for programs that help lower-income households make needed home repairs and access healthy homes.



Affordable, sustainable homes reduce energy consumption, diminishing the energy burden for low-income households.

- Newer homes have greater energy efficiency than older homes. As of 2015, 17% of single-family homes built before 1980 lacked proper insulation, 21% of homes had heating systems at least 20 years old, and only 11% had received an energy audit. In contrast, only 1% of homes constructed after 2009 had substandard insulation, and nearly 90% had double- or triple-pane windows.¹⁸
- For older single-family homes, weatherization reduces low-income households' total energy costs by 12.4% within the first year.¹⁹ This is substantial given that low-income households have higher energy burdens, spending three times the share of their annual income (7.2%) on energy costs as compared with other households (2.3%).²⁰

How Habitat contributes

- Habitat builds new homes sustainably, using green building techniques and materials that increase the efficiency and durability of the home and use less resources. Many homes are Leadership in Energy and Environmental Design, or LEED, and Energy Star certified.
- Habitat partners with owners of existing homes to provide weatherization that helps improve energy efficiency and reduce utility costs, upgrades that Habitat families might otherwise not be able to access on their own.
- Habitat's energy-efficient designs and repair improvements generate financial savings for homeowners by lowering utility costs, which are typically the second greatest monthly expense after mortgage payments.
- Habitat advocates to expand public resources for programs that help lower-income homeowners make needed repairs and improve energy efficiency.

References

1. Herbert, C.E.; McCue, D.T.; and Sanchez-Moyano, R. *Is Homeownership Still an Effective Means of Building Wealth for Low-Income and Minority Households? (Was It Ever?)*. Harvard University, 2013. Accessed Sept. 17, 2020. <https://www.jchs.harvard.edu/sites/default/files/hbtl-06.pdf>.
2. Joint Center for Housing Studies. *The State of the Nation's Housing 2015*. Harvard University, 2015. Accessed Sept. 17, 2020. https://www.jchs.harvard.edu/sites/default/files/jchs-sonhr-2015-full_0.pdf.
3. Thompson, J.P., and Suarez, G.A. *Updating the Racial Wealth Gap*. Board of Governors of the Federal Reserve System, 2017. Accessed Sept. 17, 2020. <https://www.federalreserve.gov/econres/feds/files/2015076r1pap.pdf>.
4. Eggleston, J., and Munk, R. *Net Worth of Households: 2016*. U.S. Census Bureau, 2019. Accessed Sept. 17, 2020. <https://www.census.gov/content/dam/Census/library/publications/2019/demo/p70br-166.pdf>.
5. Haurin, D.; Parcel, T.; and Haurin, R. "The Impact of Home Ownership on Child Outcomes." *Low-Income Homeownership Working Paper Series*. Published online March 15, 2000. doi:10.2139/ssrn.218969.
6. Harkness, J.M., and Newman, S.J. "Effects of Homeownership on Children: The Role of Neighborhood Characteristics and Family Income." *Economic Policy Review*, 2003;9(2). <https://ssrn.com/abstract=790744>.
7. Lovenheim, M.F. "The Effect of Liquid Housing Wealth on College Enrollment." *Journal of Labor Economics*, 2011;29(4):741-771. doi:10.1086/660775.
8. Manturuk, K.; Lindblad, M.; and Quercia, R.G. "Homeownership and Local Voting in Disadvantaged Urban Neighborhoods." *Citiescape*. 2009;11(3):213-230.
9. McCabe, B.J. "Are Homeowners Better Citizens? Homeownership and Community Participation in the United States." *Social Forces*, 2013;91(3):929-954. doi:10.1093/sf/sos185.
10. Manturuk, K.; Lindblad, M.; and Quercia, R. "Homeownership and Civic Engagement in Low-Income Urban Neighborhoods: A Longitudinal Analysis." *Urban Affairs Review*, 2012;48(5):731-760. doi:10.1177/1078087412441772.
11. Grinstein-Weiss, M.; Yeo, Y.H.; Manturuk, K.R.; et al. "Social Capital and Homeownership in Low- to Moderate-Income Neighborhoods." *Social Work Research*, 2013;37(1):37-53. doi:10.1093/swr/svs035.
12. Divringi, E.; Wallace, E.; Wardrip, K.; and Nash, E. *Measuring and Understanding Home Repair Costs: A National Typology of Households*. Federal Reserve Bank of Philadelphia; 2019. Accessed Sept. 17, 2020. <https://www.philadelphiafed.org/-/media/community-development/publications/special-reports/home-repair-costs-national-report.pdf>.
13. U.S. Centers for Disease Control and Prevention. "The HI-5 Interventions." Published 2018. <https://www.cdc.gov/policy/hst/hi5/homeimprovement/index.html>.
14. Breyse, P.; Farr, N.; Galke, W.; Lanphear, B.; Morley, R.; and Bergofsky, L. "The Relationship Between Housing and Health: Children at Risk." *Environmental Health Perspectives*, 2004;112(15):1583-1588. doi:10.1289/ehp.7157.
15. Lipman, B.J. "Something's Gotta Give: Working Families and the Cost of Housing." *Center for Housing Policy*. 2005;5(2). <https://www.issueab.org/resources/671/671.pdf>.
16. Shannon, H.; Allen, C.; Davila, D.; et al. "Web Annex A. Report on the Systematic Review on the Effect of Household Crowding on Health." In: *WHO Housing and Health Guidelines*. World Health Organization; 2018. <https://apps.who.int/iris/bitstream/handle/10665/275838/WHO-CED-PHE-18.02-eng.pdf?ua=1>.
17. Poblacion, A.P.; Bovell-Ammon, A.; Sheward, R.; et al. *Stable Homes Make Healthy Families*. 2017. doi:10.13140/RG.2.2.33250.63680.
18. La Jeunesse, E. "Significant Improvements in Energy Efficiency Characteristics of the US Housing Stock." *Housing Perspectives*. Joint Center for Housing Studies. Published Aug. 7, 2017. <https://www.jchs.harvard.edu/blog/significant-improvements-in-energy-efficiency-characteristics-of-the-us-housing-stock/>.
19. Blasnik, M.; Dalhoff, G.; Pigg, S.; Mendyk, A.; Carroll, D.; and Ucar, F. *National Weatherization Assistance Program Impact Evaluation: Energy Impacts for Single Family Houses*. Oak Ridge National Laboratory, 2014. https://weatherization.ornl.gov/wp-content/uploads/pdf/WAPRetroEvalFinalReports/ORNL_TM-2015_13.pdf.
20. Drehtobl, A., and Ross, L. *Lifting the High Energy Burden in America's Largest Cities: How Energy Efficiency Can Improve Low Income and Underserved Communities*. American Council for an Energy-Efficient Economy; 2016. <https://www.aceee.org/sites/default/files/publications/researchreports/u1602.pdf>.

everyone

needs a place to call home

A Habitat for Humanity U.S. Research and Measurement Team evidence brief



285 Peachtree Center Ave. NE, Suite 2700, Atlanta, GA 30303-1220 USA
322 W. Lamar St., Americus, GA 31709-3543 USA
(800) 422-4828 fax (229) 928-8811 publicinfo@habitat.org habitat.org