

The Social-Psychological Effects of Affordable Homeownership

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The social-psychological benefits of owning versus renting a home have been extolled by policy makers for many years and there is substantial recent research to support those views. Research has tended to support the claim that homeownership has a positive impact on how people feel about themselves. It has, for example, been found to be positively associated with ones' self esteem and life satisfaction (Clark 1997, Rohe and Stegman 1992a, Rossi and Webber 1996). Homeownership, it is argued, is a sign of success in American society, thus, homeowners have a greater sense of accomplishment (Rohe, Van Zandt and McCarthy 2000). Other research has shown that homeownership is associated with participation in certain local voluntary organizations, particularly local neighborhood organizations (Rohe and Stegman 1992b; Rohe, Van Zandt and McCarthy 2000). Compared to

renters, homeowners are thought to have greater interests in society in general and in local neighborhood conditions in particular. Thus, they are more likely to join local voluntary organizations, which are important for the health of local communities (Smith 1966, Verba & Nie 1972).

That research, as well as the research on the economic impacts of homeownership, has been used to justify federal, state and local policies to encourage homeownership among modest income households. Over the past decade, Republican and Democratic administrations alike, have favored policies that support homeownership over those that support rental housing. In 1994, for example, the Clinton Administration launched a The National Homeownership Strategy, which sought to increase homeownership among underserved groups, such as minorities and single parent households. More recently, the Bush Administration's American Dream Downpayment initiative will provide first-time, low- income homebuyers with grants averaging \$5,000 for downpayments and closing costs. In a statement after the passage of this House bill Representative Bob Ney of Ohio, Chair of the Housing and Opportunity Subcommittee, said that studies show that "home owners are more attached to their communities and more active in community affairs: they take better care of their property; experience greater property value appreciation; and report higher life satisfaction and self-esteem."

Yet, the research supporting the benefits of homeownership has largely been conducted on general samples of homeowners, which are dominated by middle- and upper-income households. Compared to lower-income homeowners, higher-income ones are more likely to buy homes that are in better condition and located in more attractive neighborhoods. Moreover, higher-income households are better able to afford home repair and maintenance. Thus, low- and moderate-income homeowners may have a qualitatively different homeownership experience due to difficulties in keeping up with housing-related payments, differences in the quality of the homes being purchased and/or differences in the characteristics of the neighborhoods in which they buy homes.

STUDY OBJECTIVES

There were two major objectives of the research described in this chapter. First, we sought to assess the social-psychological impacts of buying a home on the program participants. The social-psychological impacts of homeownership on lower-income buyers may differ from higher-income buyers because lower-income buyers have more variable incomes and fewer savings. They also are more likely to buy older homes and homes in less desirable neighborhoods. More specifically, this research looks at the impacts of buying a home on life satisfaction, neighborhood satisfaction, self-esteem, participation in voluntary organizations, and the size and composition of social support networks of lower-income homebuyers.

Second, given that homeownership training courses are an important component of initiatives to expand homeownership among lower-income households, we sought to assess the proportion and characteristics of homeownership course graduates who go on to buy homes. Homeownership training courses are typically offered by nonprofit housing organizations and are designed to educate participants on the home buying process, the responsibilities of homeownership and on the credit, income and savings needed to qualify for a mortgage loan. We know very little, however, about the proportion and characteristics of class participants who go on to buy homes. How important are characteristics such as education, age, number of children, savings, amount of debt and other factors in determining who is able to buy a home and who is not? We hope that identifying the factors associated with successfully buying a home will help local program staffs assist their clients more effectively.

STUDY METHODOLOGY

To better understand the impacts of homeownership on low- and moderate-income persons and to identify the factors that predict who buys homes and who does not, we surveyed, at two points in time, persons who completed homeownership training courses offered by eight non-profit organizations across the country. Those eight organizations were chosen from the 70 organizations that participated in the NeighborWorks®

Homeownership Pilot program to achieve variation in the size and geography of the cities served as well as in the programmatic aspects of the Pilot program (See Table 1). The NeighborWorks® Pilot program provided these organizations with funding to expand their homeownership education programs as well as other services for first-time home buyers.

Table 1: Site Characteristics

Site	Funding Category	Region	City Size	Year Founded	Staff Size
NHS Salisbury	A	South	21,000	1994	4.5
NHS Richmond	A	South	200,000	1981	12
NHS Santa Fe	A	West	56,000	1992	12
NHS Milwaukee	A	Midwest	630,000	1993	20
Chattanooga Neighborhood Enterprise	B	South	150,000	1986	44
NHS New Britain	B	Northeast	75,000	1980	7
NHS New Orleans	B	South	500,000	1977	12
NHS Sacramento	B	West	375,000	1987	17

The first of the two surveys was administered by the trainers at the end of the homeownership training courses offered by the participating organizations between November 1999 and December 2000¹. A total of 1,433 surveys were completed by graduating participants. In August of 2002, a follow-up mail survey was sent to a total of 1,213 persons for whom we had addresses.² After repeated attempts to get study participants to return the surveys, we ended up with 477 completed surveys, a 33 percent response rate³.

Each survey included questions designed to assess the financial impacts of homeownership, including monthly housing costs, savings and debt, as well as questions designed to assess the social impacts of homeownership, including self-esteem, life and neighborhood satisfaction, social support networks and civic participation. Questions on the social

¹ Survey administrators were provided with one-on-one training by project researchers during site visits and were also provided with a video that provided instruction on how to administer the survey.

² Names and addresses were identified using several sources, most notably the U.S. Postal Service's National Change of Address Database, which provides current address on individuals and households who have filed "change of address" cards with the USPS. Other methods of locating respondents included contacting the organization who originally provided homeownership education to them—some organizations keep much better records than do others—and conducting internet and paper searches of phone directories.

³ Respondents received four contacts: a first mailing including the survey and a \$2 incentive payment; a follow-up thank-you postcard; a second complete mailing of the survey to addresses for which no response had been received; and a last chance postcard. To account for differences between those who responded to the baseline survey and those who responded to the follow-up survey, a weight was constructed using characteristics on which the two samples differed significantly: race, education, marital status, citizenship and whether the respondent had been more than 30 days late making a debt payment.

characteristics of the participants —such as income, marital status and age —were also included in each questionnaire.

The characteristics of persons in the sample at the time of the first survey are shown in Table 2. Almost two-thirds of the sample is women. The data on the racial and ethnic composition shows that 40 percent are black, 34 percent are white, 17 percent are Hispanic and the remainder is of other ethnicities. Looking at marital status, 40 percent are married, 27 percent were previously married and 33 percent have never been married. The data on education shows that eight percent do not have a high school degree, 25 percent only have a high school degree, 33 percent have some college, 19 percent have college degrees and 14 percent have graduate degrees. As might be expected, a full 84 percent of the sample has a full time job. The average household income of persons in the sample is \$28,499 and the average age is 38.

WHO BOUGHT HOMES?

Before we assess the social impacts of affordable homeownership, it is important to consider the characteristics of program graduates who actually purchased homes. Of the 477 persons in our sample, 343 persons (72 percent) became home owners by the time of the second survey, while 134 (28 percent) had not. It is not very likely, however, that such a large percentage of persons bought homes within two years of graduating from one of the

homeownership courses. This high percentage is likely due to a higher response rate for those who bought homes compared to those who did not. If we assume that all of the non-respondents were non-buyers, the rate of home purchase would be 24 percent. Thus, the actual percentage of home buyers is somewhere between 24 and 72 percent.

Table 2: Demographic Characteristics of Home Buyers and Continuing Renters

	Baseline (2000)		
	Buyer	Non-buyer	Total
Gender			
Male	133 (39.7%)	37 (26.6%)	170 (35.9%)
Female	202 (60.3%)	102 (73.4%)	304 (64.1%)
Race			
Black	113 (33.6%)	77 (55.4%)	190 (40.0%)
White	134 (39.9%)	26 (18.7%)	160 (33.7%)
Hispanic	55 (16.4%)	30 (21.5%)	85 (17.9%)
Other	34 (10.2%)	6 (4.4%)	40 (8.4%)
Marital Status			
Married	151 (45.1%)	39 (28.1%)	190 (40.1%)
Formerly Married	78 (23.6%)	49 (35.3%)	127 (27.0%)

Never Married	105 (31.3%)	51 (36.7%)	156 (32.9)
Number of Children	1.21	1.40	1.26
Education			
Some HS	26 (7.7%)	14 (10.1%)	40 (8.4%)
HS grad	77 (22.9%)	43 (30.9%)	120 (25.3%)
Some college	103 (30.7%)	53 (38.1%)	156 (32.8%)
College grad	75 (22.3%)	18 (12.9%)	93 (19.6%)
Grad School	55 (16.4%)	11 (7.9%)	66 (13.9%)
Employed			
Full-time	281 (85.2%)	109 (80.1%)	390 (83.7%)
Part-time or seasonally	14 (4.2%)	11 (8.1%)	25 (5.4%)
Unemployed	9 (1.7%)	5 (3.6%)	14 (3.0%)
Other	26 (7.8%)	11 (8.1%)	37 (7.9%)
Age	37.6	37.7	37.6
Average income	\$30,300	\$24,256	\$28,528
Average savings	\$3,402	\$2,158	\$3,037
Average monthly	\$398	\$431	\$408

debt payment			
Parents owned	239 (71.3%)	91 (65.5%)	330 (69.6%)
home			

HOW DO THE CHARACTERISTICS OF THE BUYERS AND NON-BUYERS DIFFER?

One of the goals of this research is to identify the factors that predict who buys a home and who does not. To address this question we first present simple descriptive statistics on the characteristics of the buyers and non-buyers. Then we enter those characteristics into a multiple regression model to see which characteristics are the most powerful predictors of home-buying.

The results of this analysis show that compared to those who did not buy homes, homebuyers were more likely to be male, white or of an “other” race, married, more highly educated and employed. They were also more likely to have grown up in a house that was owned by their parents. Home buyers also had higher incomes (\$30,262 vs. \$24,256), more savings (\$3,402 vs. \$2,158) and less debt (\$398 vs. \$431). As a group the homebuyers were no older than the non-buyers.

We used multiple regression analysis to identify the strongest predictors of home buying. The results of that analysis indicate that marital status, race, income and savings are the best predictors of home buying (See Table 3). Married persons and those with more income and

savings were significantly more likely to buy homes, while black persons were significantly less likely to purchase homes. The R-square of the preliminary model is a relatively low .147, however, indicating that only 15 percent of the variation in buying is explained by the model. This suggests that are many other unmeasured variables influence home buying.

Table 3: Predictors of Home Buying: Logistic Regression Results

Predictor	Model 1		
	B	Sig.	Exp(B)
Constant	-.165	.803	.848
High School Education	-.324	.170	.724
Married	.589	.022**	1.802
Black	-.551	.022**	.577
Working	.393	.172	1.481
Parents Owned Home	-.064	.791	.938
Male	.305	.220	1.356
Number of Children	-.133	.167	.875
Age	.010	.348	1.010
Monthly Debt Payment	.000	.408	1.000
Savings	.000	.052*	1.000

Annual Income	.000	.059*	1.000
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***p<0.01, **p<.05, *p<.1

THE SOCIAL IMPACTS OF AFFORDABLE HOMEOWNERSHIP

A second goal of this research was to assess the impacts of homeownership on several social-psychological variables including: (1) satisfaction with life; (2) satisfaction with neighborhood; (3) self-esteem; (4) social support networks; and (5) participation in voluntary organizations. The measures of these variables are presented in Figure 1.

To a greater or lesser extent the impact of homeownership on these variables has been addressed in previous research. That research, however, has two major limitations. First, most of it has relied on cross-sectional research designs that are not well-suited to establishing the causal direction of the relationships reported. It is not clear, for example, whether those who participate more in social and political groups are more likely to buy homes, whether those who buy homes are more likely to join groups or whether it is a reciprocal relationship. Second, most of the existing research on the social-psychological impacts of homeownership has relied on general samples of homeowners. The results of those studies may or may not apply to low-income homeowners because their homes and neighborhoods may not be as desirable and safe as those of higher-income homeowners.

Figure 1: Descriptions of Measures

Concept	Measure
Participation in Voluntary Organizations	Yes/No indicating participation in: School organizations (like the PTA); Church or Church-related organizations; Social or Civic organizations, (like sports leagues, Kiwanis, etc.); Neighborhood organizations (neighborhood associations or citizen watch groups); Professional organizations; Other types of organizations.
Neighborhood Satisfaction	Additive index from four point rating of: The general appearance of the streets, grounds and Buildings; The reputation of the neighborhood; The shopping convenience for everyday needs Neighborhood safety; The quality of schools; The neighborhood as a place to raise children; The helpfulness of your neighbors; The trustworthiness of your neighbors.
Life Satisfaction	Four-point scale from very satisfied to very dissatisfied
Self-Esteem	Additive index from four-point rating of agreement with: I am able to do things as well as most other people; I feel confident in my abilities; I usually succeed at the things I do;

Concept	Measure
	<p>I <u>rarely</u> accomplish goals I set for myself (direction of scale reversed for analysis);</p> <p>In general, I do <u>not</u> have the abilities necessary to succeed at most things (direction of scale reversed for analysis).</p>
Social Networks-Support	<p>Index using average number of people indicated in response to:</p> <p>Other than those people living with you, how many people do you know...</p> <p>Whom you would ask for a ride somewhere?</p> <p>Whom you would talk to about a personal issue?</p>
Social Networks-Leverage	<p>Index using average number of people indicated in response to:</p> <p>Other than those people living with you, how many people do you know...</p> <p>Who would be a good source of information about getting a better job?</p> <p>Whom you admire for achieving a major personal or professional goal (like earning an advanced college degree or starting a business?).</p>

In this study we have avoided these problems by drawing a sample of first time, predominantly lower-income buyers and utilizing a longitudinal research design. This research design allows us to assess the impacts of homeownership on the lower-income segment of the home buying population.

Moreover, the longitudinal design is much better suited to establishing the causal sequence of any relationships found. At the time of our first survey, everyone in our sample was a renter. Some of those persons went on to become homeowners while others continued to rent.

To evaluate differences between buyers and continuing renters, we first looked at bivariate differences using a simple t-test (indicated in each table as "no controls"). Then, we used multiple regression analysis to evaluate the impact of homeownership on each dependent variable, controlling for the following social characteristics: age, gender, marital status, education, race, employment, number of children, income, whether the respondent moved into a new neighborhood, and the value of the outcome variable at the time of the baseline survey.

We also conducted additional analysis on our sample of homebuyers to see if their ability to make needed repairs on their homes and their assessments of their neighborhoods as a good place to raise children affected each social-psychological construct considered. Nearly one-third of the homebuyers reported that they needed to undertake repairs that they could not afford, while one-fifth reported that they were either somewhat dissatisfied or very dissatisfied with their neighborhoods as a place to raise children. We ran additional multiple regression models that included these two variables along with socio-demographic control variables, including age, gender, number of children, marital status, race, employment, education and

income. The results of this analysis indicate whether homeowners who cannot afford repairs, or who are less satisfied with their neighborhoods as a place to raise children show significantly different levels of the social-psychological constructs considered.⁴

Homeownership and Satisfaction with Life and Neighborhood

Life satisfaction is defined as a person's level of contentment with all aspects of his or her life (Campbell 1976, Fernandez and Kulik 1981).

Neighborhood satisfaction, on the other hand, is defined as the degree to which a person is content or happy with the specific physical and social conditions in the area around his or her home.

Life Satisfaction. There are several reasons to believe that homeowners should express higher levels of life satisfaction. Studies have shown that buying a home is an important life goal for many Americans. Large majorities of renters express a desire to own a home at some point in their lives (Fannie Mae 1998, 1999). Thus, one would expect that achieving that goal would result in greater life satisfaction. Owning a home also allows individuals greater opportunities to customize their homes in ways that suit their tastes. This greater control over their living environments might also be expected to increase life satisfaction. Finally, homeownership is a sign of

⁴ The results of the multiple regression models that are the basis for the "with controls" significance levels shown in Tables 1 through 7 are available the first author.

social status in American society, thus achieving it might be expected to increase life satisfaction.

Prior research has shown that life satisfaction is related to many factors. Older persons generally express higher levels of satisfaction with their lives as do married persons, healthier persons and those who are more socially active (Rohe and Stegman 1994). Research has also found a positive relationship between homeownership and life satisfaction. Rossi and Webber (1996), for example, report a positive association between homeownership and both self-satisfaction and happiness in an analysis of data from the National Survey of Families and Households. Similarly, in a longitudinal study of the impacts of low-income homeowners and continuing renters, Rohe and his colleagues found that those who bought homes expressed higher levels of life satisfaction than those who did not (Rohe and Stegman 1994, Rohe and Basolo 1997).

In the present study, life satisfaction was measured by the question, “How satisfied are you with your life as a whole these days?” The four response categories ranged from “very satisfied” to “very dissatisfied.” The data show that the average level of life satisfaction among the home buyers in our sample fell slightly from the first to the second survey (see Table 4). Life satisfaction among the continuing renters, however, fell to a much greater extent. Moreover, the decline in life satisfaction was significantly greater among the non-buyers even after statistical controls were added. The

only control variable significantly related to life satisfaction is income. As expected, those with higher incomes reported higher levels of life satisfaction (See Table A1 in Appendix A).

Table 4: Ratings of Satisfaction with Life and Neighborhood for Home Buyers and Continuing Renters

	Buyers			Renters			Significance	
	T1	T2	Change	T1	T2	Change	No controls	With controls
Life								
Satisfaction	3.4	3.3	-3%	3.3	2.9	-12%	***	***
Neighborhood								
Satisfaction	24.7	26	5%	23.5	23.7	1%	***	***

*** p<0.01, ** p<0.05, * p<0.1

Although life satisfaction among homeowners compares favorably to that of continuing renters, it is interesting that buying a home did not increase life satisfaction. The most likely explanation for this result is that life satisfaction among the general population has been declining. Thus, it seems that an increase in satisfaction due to having bought a home offset a more general decline in life satisfaction across the population.

To assess the impacts of not being able to make needed repairs and of being less satisfied with their neighborhood as a place to raise children, we conducted additional analysis on the sample of home buyers (See Table A2). That analysis indicates that buyers who reported having difficulty paying for

needed repairs and those who were less satisfied with their neighborhoods as a place to raise children reported significantly lower levels of life satisfaction.

Neighborhood Satisfaction. Homeownership might also be expected to influence satisfaction with the neighborhood. There are two ways in which this influence might be exerted. First, because it is much more difficult and costly to move, home buyers are often more concerned about the characteristics of the surrounding neighborhood. Thus, they are more careful to choose an area with which they will be satisfied. Secondly, as discussed above, homeowners are more likely to get involved with neighborhood organizations which might have positive impacts on neighborhood characteristics and hence on satisfaction with their neighborhood.

In the present study, we measured neighborhood satisfaction with an eight-part question. The eight sub-questions asked about the neighborhood's general appearance, reputation, shopping convenience, safety and quality of schools (see Figure 1). They also asked about the helpfulness of residents, trustworthiness of residents and the quality of the neighborhood as a place to raise children. The answers to these questions were then combined into an overall measure of neighborhood satisfaction.

The results show that home buyers, compared to continuing renters, had a larger increase in neighborhood satisfaction (See Table 4). This increase was statistically significant both before and after the control

variables were introduced in a multiple regression analysis. The other variables that were significantly related to neighborhood satisfaction were marital status, income, education and having moved to a new neighborhood between the first and second survey (see Table A3).

Homeownership and Self-Esteem

Some authors have suggested that homeownership can enhance a person's self-esteem, which, in turn, can have positive impacts on other aspects of a person's life. Self-esteem is defined as an individual's personal judgment of his or her own worthiness (Coopersmith 1967). Homeownership might influence self-esteem through three mechanisms (Rohe and Stegman 1994a). First, given that homeowners are afforded higher status in American society they are likely to internalize this status in the form of higher self-esteem. Second, homeowners may take their housing tenure as an indication that they are doing better than many others in society. Third, having achieved an important life goal, homeowners may feel a sense of accomplishment.

The research on the association of homeownership and self-esteem shows mixed results. Several studies utilizing general population samples have found higher levels of self-esteem among homeowners (Balfour and Smith 1996, Rossi and Weber 1996, Clark 1997). Studies utilizing samples of lower income homebuyers, however, have not found a significant relationship

between home buying and self-esteem (Rohe and Stegman 1994a; Rohe and Basolo 1997).

In the current study, self-esteem was measured by having participants rate on a four-point scale how strongly they agree or disagree with five separate statements (See Figure 1). Their responses were then combined into an additive index of self-esteem (with a Cronbach's alpha of 0.70). The results of our analysis indicate a slight drop in self-esteem among the home buyers and a slight increase in self-esteem among the continuing renters (See Table 5). This difference was statistically significant before the introduction of control variables but was not significant once we introduced the control variables into the analysis (see Table A4). Age and income were the only two variables significantly related to self-esteem. Both younger and higher income persons reported significantly higher levels of self-esteem.

Table 5: Ratings of Self-Esteem for Home Buyers and Continuing Renters

	Buyers			Renters			Significance	
	T1	T2	Change	T1	T2	Change	No controls	With controls
Self-Esteem							**	
Index	17.5	17.1	-2%	16.8	17	1%		

*** p<0.01, ** p<0.05, * p<0.1

These results are consistent with earlier studies of low-income home buyers, which found no statistically significant relationship between buying a home and the self-esteem of the buyers (Rohe and Stegman 1994, Rohe and Basolo 1997).

Additional analysis assessing the influence of both perceptions of the ability to afford repairs and the neighborhood as a place to raise children indicate that both these factors affect the self-esteem of home buyers (See Table A5). In the analysis of the homebuyer sample, we found both variables to be positively and significantly related to self-esteem, suggesting that the ability to purchase a home in a safe neighborhood and to keep a house in good repair is essential if homeownership is to have a positive impact on self-esteem.

Homeownership and Social Networks

Each person's social support network is composed of persons who they rely on for companionship as well as emotional and material assistance. Social networks may serve two important purposes—support or leverage (Briggs 1997). Supportive relationships are used to cope with everyday tasks and for those living in poverty; these connections can be extremely important to survival. Leveraging relationships have the potential to change an individual's life circumstances by taking advantage of “who one knows.”

Moreover, research has shown that neighbors often make up a sizable portion of social support networks. Fischer (1982), for example, reports that compared to relatives, coworkers and friends, neighbors were the most often called upon for certain types of material support and the second most frequently called upon for certain types of companionship. Prior research has shown that education, income, age and other demographic factors influence the size of social networks (Marsden 1987).

There is reason to believe that homeownership may positively impact the size of both supportive and leveraging social networks. Due to the greater level of economic and social investment in their neighborhoods, homeowners might be more likely to get involved in either formal or informal neighborhood activities and thus get to know their neighbors. Fisher (1982) and Baum and Kingston (1984), for example, report a positive association between homeownership and informal neighboring. Similarly, research has consistently found that homeowners are more likely to participate in local voluntary associations such as neighborhood organizations (Baum and Kingston, Cox 1982, Lyons and Lowery 1989, Rohe and Stegman 1994, Rossi and Weber 1996).

In this study, social network measures were constructed from survey items that asked respondents about the number of non-family relationships they used for either social support or social leverage. The social support questions asked about the number of persons they knew who they could ask

for a ride somewhere and who they could talk with about a personal issue. The social leverage questions asked about the number of persons they knew who would be a good source of information about getting a better job and the number they admire for achieving a major personal or professional goal.

The results of our analysis show that home buying had a significant positive impact on social support network size. On average home buyers increased the size of their social support networks while those of the continuing renters stayed the same (See Table 6). This relationship remained significant at the 0.1 level when controls were introduced in the regression model (see Table A6). Thus, the act of buying a home does seem to result in more supportive social relationships. The follow-up analysis of the affect of not being able to afford repairs and of being less satisfied with the neighborhood as a place to raise children indicates these variables are not significantly related to the size of the social support networks among homeowners (see Table A7).

The results of the analysis of social leverage networks show that home buying was not significantly related to the size of those networks (see Table 6). Only education and income were positively related to the size of social leverage networks (see Table A8). Moreover, neither the ability to afford needed repairs nor satisfaction with the neighborhood as a place to raise children was significantly related to the size of social leverage networks among the home buyers (see Table A9). Thus, the results suggest that

homeownership expands the size of supportive social networks but not the size of leveraging social networks.

Table 6: Number of People in the Support and Leveraging Networks of Home Buyers and Continuing Renters

	Buyers			Renters			Significance	
	T1	T2	Change	T1	T2	Change	No Controls	With controls
Support								
Size	3	3.1	3%	2.6	2.6	0%	*	**
Leverage								
Size	2.9	2.8	-3%	2.7	2.6	-4%		

*** p<0.01, ** p<0.05, * p<0.1

Homeownership and Participation in Voluntary Organizations.

Voluntary organizations, such as neighborhood groups, school associations and civic leagues, play an important role in American society. They supplement the activities of more formal governmental organizations and often address issues or problems that are beyond the influence of governmental agencies. Voluntary organizations make important contributions to the health of our communities. To be effective, however, voluntary organizations need citizens who are willing to donate their labor

Why might homeowners be more likely to participate in voluntary organizations? Three explanations have been offered. First, homeowners have an economic investment in their homes and they seek to protect those investments by contributing to voluntary organizations that are working to keep communities healthy and attractive. Second, since owners tend to stay in their homes longer, they have a greater social attachment to their communities and this motivates them to participate in community-based voluntary associations. Third, certain persons may feel a civic duty to participate in voluntary associations and those persons are also more likely to purchase homes. This last explanation suggests that the relationship between homeownership and participation is spurious: It suggests that there is nothing about homeownership itself that leads to greater participation.

Previous research on homeownership and participation in voluntary organizations generally supports a positive relationship. After controlling for income, education and many other factors associated with homeownership, most studies still find a significant, positive association between homeownership and participation in voluntary organizations (Cox 1982, DiPasquale and Glaeser 1999, Kinston and Fries 1994, and Rohe and Stegman 1994b). But as mentioned above, most of this research relied on cross-sectional research designs and looked at all homeowners, not just lower-income homeowners. Thus, there is still some question as to whether

homeownership increases participation in voluntary organizations, particularly among lower-income homebuyers.

In the current study, we asked participants in both surveys if they participated in school organizations, church or church-related organizations, social or civic organizations, neighborhood organizations or professional organizations. The data indicate that compared to continuing renters, home buyers were more likely to participate in school and neighborhood associations and in any type of voluntary organization (see Table 7). Once we introduced the control variables, however, the only statistically significant relationship was between home buying and participation in neighborhood organizations (see Tables A10 - A16). Thus, recent homebuyers are more likely to participate in local neighborhood organizations but not other types of voluntary groups. These findings are consistent with those of Rohe and Stegman 1994b.

Table 7: Participation in Various Types of Voluntary Organizations by Home Buyers and Continuing Renters

	Number of Buyer Participants			Number of Renter Participants			Significance	
	T1	T2	Change	T1	T2	Change	No controls	With controls
School	69 (21%)	70 (21%)	1%	46 (33%)	28 (20%)	-13%	**	

Church	146(43%)	157(47%)	4%	63 (45%)	60 (43%)	-2%		
Social or civic	63 (19%)	67 (20%)	1%	11 (8%)	26 (19%)	11%	**	
Neighborhood	25 (7%)	45 (13%)	5%	19 (14%)	11 (8%)	-6%	***	**
Professional	87 (26%)	91 (27%)	1%	20 (14%)	23 (17%)	3%		
Other	30 (9%)	39 (12%)	5%	10 (7%)	15 (11%)	4%		
Any							*	
organization	251(75%)	269(80%)	7%	107(77%)	107(77%)	0%		

*** p<0.01, ** p<0.05, * p<0.1

CONCLUSIONS AND POLICY IMPLICATIONS

In recent years, policy makers have paid considerable attention to expanding homeownership opportunities for low- and moderate-income households. Among other arguments for promoting affordable homeownership, prior research suggests that homeowners are more satisfied with their lives and their neighborhoods, have higher levels of self-esteem, have larger social networks and participate more in voluntary organizations. Yet, research supporting these social-psychological benefits of homeownership has been conducted on general sample of homeowners, not affordable homeowners who are more likely to have trouble maintaining their homes and to buy homes in less desirable neighborhoods. Most prior research has also utilized cross-sectional research designs that are not well suited to establishing the causal order of relationships.

Efforts to expand opportunities for affordable homeownership often involve homeowner education courses that are designed to teach prospective homebuyers about the home buying process and about the responsibilities of homeownership. We know very little, however, about the number and characteristics of the persons who complete these programs and go on purchase homes. Thus, the objectives of this paper were, first, to assess the proportion and characteristics of persons who graduate from homeownership training course and go on to purchase homes and, second, to assess the

social-psychological impacts of home buying on lower-income, first-time home buyers.

The results of our analysis of surveys completed by prospective homebuyers at the end of home buying training sessions and again one to two years later, suggest that a minimum of one-quarter of the graduates of homeownership training programs go on to buy homes within one to two years of graduation. The actual proportion of buyers, however, is surely greater, but the large number of non-respondents precludes a precise estimate.

Homebuyers, compared to continuing renters, were more likely to be married and to have higher incomes and more savings. Moreover, even after controlling for income, savings, debt and many other variables black program graduates were less likely to have bought homes. This suggests that discrimination in the housing market is still having a negative impact on the ability of minority households to buy homes. Clearly, more needs to be done to equal the playing field for prospective black buyers.

Our comparison of homebuyers and continuing renters found that after controlling for many factors, affordable homebuyers were more satisfied with their lives. Having achieved the important life goal of buying a home and having greater control over their living environments seems to have generalized to positive feelings about their lives as a whole. This finding is

consistent with earlier research findings on both general samples of homeowners and lower-income homeowners (Rohe and Stegman 1994a, Rossi and Weber 1996).

A closer analysis of the homebuyer sample, however, found significantly lower levels of life satisfaction among buyers who could not afford to make needed repairs and among those who were less satisfied with their neighborhoods as places to raise children. This suggests that the positive impact of home buying on life satisfaction is dependent upon buyers having the means to make repairs on their homes and on buying homes in neighborhoods that are socially healthy.

Compared to the continuing renters, the affordable homebuyers were also more satisfied with their neighborhoods. This finding is also consistent with findings from research on general samples of homeowners (Austin and Baba 1990, Baldassare 1982, Galster and Hesser 1981). Purchasing a home appears to have allowed buyers to live in better quality neighborhoods.

Homebuyers, however, were not found to have higher levels of self-esteem when compared to continuing renters. Subsequent analysis of the homeowner sample indicates that self-esteem is related to the ability of homeowners to make needed repairs and to their satisfaction with their neighborhoods as a place to raise children. Thus, it seems that it is the condition of the house and neighborhood, rather than tenure status, which is

particularly important to a persons' self-esteem. This finding is consistent with that of Rohe and Stegman 1994a.

Compared to continuing renters, the homebuyers in our sample were also found to have expanded their social support networks. They reported a modest increase in the number of persons they could rely on for social support, such as being able to ask for a ride or talking about a personal issue. Given that research has shown a strong relationship between the size of social support networks and both psychological and physical health, homeownership would seem to have positive health impacts. We found no relationship, however, between the size of leveraging networks and home buying. This may be the result of the relative homogeneity of incomes within neighborhoods limiting the amount of contact affordable homebuyers have with higher income persons who are the most likely sources of leveraging social networks.

Finally, we found that home buying had a significant impact on participation in neighborhood organizations but not on participation in the other types of voluntary organizations considered. This is contrary to most of the existing findings on this topic. One explanation for this finding is that all the homebuyers in our sample had been in their homes less than two years. This may not have been long enough for them to get involved in other types of voluntary organizations. Low-income homebuyers may also find themselves working more hours to pay their mortgages, or spending more time making

repairs to their homes allowing less time for participation in voluntary organizations.

Policy Implications

This research suggests that affordable homeownership programs do have positive, albeit, modest impacts on several social-psychological constructs including life satisfaction, neighborhood satisfaction, the size of social support networks and participation in neighborhood organizations. This research also suggests, however, that homebuyers who cannot afford to make needed repairs or who are dissatisfied with their neighborhoods do not experience the same positive effects of homeownership.

Thus, organizations involved in affordable homeownership programs, including public, nonprofit, and for-profit organizations should be careful not to encourage prospective homebuyers without sufficient resources for home maintenance to purchase homes. This is particularly important because poorly maintained homes not only undermine the potentially positive social-psychological benefits of homeownership, but they also lessen the desirability of surrounding properties. Those involved in promoting affordable homeownership should carefully consider the amount of reserve funds buyers have after they pay the down payment and closing costs. In addition, homeownership counselors might put greater emphasis on educating prospective homebuyers for unanticipated home repair expenses.

The results of this research also suggest that funders and developers of affordable homes should carefully consider the social characteristics of the neighborhoods in which affordable homes are developed, since the satisfaction with the neighborhood appears to play an important role in the social-psychological benefits of affordable homeownership. Encouraging people to buy homes in neighborhoods that are not safe or attractive may be doing them a disservice. In addition, homeownership counselors should increase the attention they pay to teaching prospective buyers about the importance of neighborhood conditions in selecting a home.

Finally, although this research finds that affordable homeownership has positive social-psychological impacts on the homebuyers, these results should not be used to denigrate affordable rental housing. There is a great need for well-designed, well-managed rental housing for the millions of households who cannot afford to own a home. The promotion of affordable homeownership should not be pursued at the expense of badly needed rental housing.