

CHAPTER I INTRODUCTION

Housing comprises much of what is known as the built environment. But “home” is more than a building, a house, or an apartment. The importance of home is made known by the prevalence of its mention in story, poetry, and song. Home does not begin or end at the front door but extends to the street, neighborhood or beyond and likewise contracts towards one’s innermost personal emotions and perceptions. Dovey (1985) distinguished between the concepts of house and home in saying that home is perceived and valued not merely as a physical structure but rather the notion of home is a way of relating to the environment so that it may be transposed from place to place, orienting us in space, in time, and in society.

A counterpart to the distinction made between house and home is a differentiation made between house as commodity or property and house as “appropriated” territory. Dovey (1985) suggested that the house as a commodity trivializes the concept of home as a product to be consumed and that the home as “appropriation” implies a long term relationship to place that is grounded in every day experiences, control, freedom, and security of tenure. Commenting on this differentiation she said:

Housing rental creates a split between the dwelling experiences through which home emerges and the longer term legal freedoms of ownership...The issue of ownership and rental is not simple; there is great demand for rental housing, and a sense of home often emerges under such conditions. Yet the rationalistic idea that problems of housing and dwelling might be solved without addressing issues of ownership is incommensurable with our understanding of the phenomenon of home. (p. 54-55).

Studies of housing aspirations and expectations strongly indicate that American households almost without regard to income, occupational status, race, or ethnic background, desire ownership of a single-family home (Hohm, 1983; Morris, Winter, & Sward, 1984; Winter & Morris, 1982). Homeownership is the “American Dream.” It has also been called the “binding” that holds together a diverse America (Sternlieb & Hughes, 1982). Therefore, any declines in homeownership rates would suggest to many that housing was becoming less affordable, that living standards were decreasing, and the American dream was dimming (Hughes, 1996).

The homeownership rate in this country grew from a low of 63.9% in 1990 to 65.6% in the third quarter of 1996, which was the highest homeownership rate in this country since 1980 (National Association of Home Builders, 1997). Current news and media reports laud this upswing in the overall national homeownership rate. The context of these popular press

stories often presents the rising number of homeowners as evidence that the economy is improving and people are more optimistic about national and world events. But such reports depict only a partial view of homeownership in this country. The other part of the story is about who does not share in the American Dream of homeownership.

Homeownership rates began to decline for the first time in 35 years during the 1980s. Economic factors were the primary cause of this decline. Between 1970 and 1989, the cost of buying and maintaining a home more than doubled while real income increased only 6% (Koebel & Zappatini, 1993). The income required to buy a home in 1985 was 135% higher than the income required to buy a home in 1977. Also during this period, savings rates fell, which had an impact on mortgage rates, but also indicated that fewer people had enough money saved for a downpayment. As the 1980s progressed, fewer and fewer young households under the age of 34 years could afford to buy a home and were renting in larger numbers for increasing amounts of time (Burchell & Listokin, 1995). By 1990, homeownership declined to 42% among female-headed households¹ as rates increased to 79% for married-couple households and to 52% for single men with families.

By 1995, the housing market experienced moderately increased homeownership affordability as a result of recessionary slowing of the housing market in the early 1990s (Hughes, 1996). But similar contrasts of homeownership rates still existed among various population groups as seen in 1990 in that homeownership continued to be out of reach for many households. Although the homeownership rate increased to 65.1% of all households, which was the highest homeownership rate since 1980, single women still lagged far behind. Only 45.1% of all single women and only 19.2% of the single women under 35 with families owned their homes. This was in contrast to 79.6% of all married-couple households and 55.3% of all single men owning their homes (U.S. Dept. of Housing and Urban Development [HUD], 1996).

While a glance at recent literature in housing research shows that the topic of housing problems among single women with families is not treated lightly or ignored by housing specialists and researchers, there is little research available that looks specifically at the housing characteristics and other factors related to homeownership within this group. Many studies have focused on the sociodemographic and socioeconomic variables that affect this group's housing quality, rental status, and affordability (Cook, Bruin, & Winter, 1994), but few studies focus on single women as homeowners or the characteristics of the housing they buy.

¹ Households are made up of one or more persons (Myers, 1992). Therefore, a female-headed household refers to a single woman who is either widowed, divorced, separated, or never-married and may or may not have children or other persons occupying the home with her. Female household head and single woman are used interchangeably as they connote the same marital status.

Little is known about single women homeowners in terms of their norms, preferences, and achieved housing conditions as compared to the more traditional husband-and-wife households. Haurin and Kamara (1992) noted the lack of research on women homeowners when they said:

Although the number of female-headed households in the United States increased greatly after 1970, little research has focused on their housing choices. This lack of research is notable because public policies are often targeted toward groups that have high representation of female heads...The virtual absence of attention to the homeownership decision of female heads of households is surprising (pp. 293-307).

Lack of knowledge and understanding of the housing particular to single women has been attributed to female-headed households being eliminated from analysis, grouped with male-headed households, or classified with all other households that do not have both husband and wife present (Birch, 1989; Cook, Bruin, & Winter, 1994; Winter & Morris, 1982).

Problem Statement

The ill-housed of the United States, or those experiencing a housing problem, comprise about one third of all households (Mishel & Bernstein, 1993; Stone, 1993). The type of households vary but primarily consist of female-headed households. The definition of a housing problem is comprised of two main issues: housing quality and tenure status (Birch, 1989; Stone, 1990). Housing quality includes three measures for adequate housing: physical adequacy, the extent of overcrowding, and the level of affordability (Birch, 1989; Morris & Winter, 1996; Spain, 1990). Tenure status is simply recognizing a resident as a renter or an owner. Stone (1993) argued that in the United States, the cultural and social distinctions made between owners and renters has led to the general perception that rental tenure is less desirable and, therefore, problematic for renters because owners enjoy higher social status, greater security against displacement, and more control over the use and form of their dwellings.

Traditional family households (e.g., married-couples with children) are still the largest group but demographic studies indicate they are becoming a smaller proportion of all households as non-traditional family, single-person and single-parent, households continue to increase. The consequence of this difference between traditional family and non-traditional family households in terms of housing tenure is apparent in that the low incidence of female homeownership represents a housing problem for women (Birch, 1989; Spain, 1990).

Although researchers have identified the low incidence of homeownership among single women as a housing problem for this group, there is surprisingly little research that examines the characteristics of housing purchased by single women. Myers and Doyle (1990) suggested that characteristics of the local housing stock in small areas can have strong effects

on shaping the characteristics of the resident population. Research that examines the linkages between housing characteristics and specific population subgroups can provide knowledge of the development and form of the housing stock and its relationship to changes in neighborhood social composition (Myers & Doyle, 1990).

Various economic factors, such as permanent income and housing cost, are important in explaining ownership (Burgess, 1982; Megbolugbe & Linneman, 1993). Among demographic variables, significant factors influencing homeownership are age, education, marital status, race, and the number of children in the household (Gyourko & Linneman, 1997; Morris & Winter, 1996). Nevertheless, Haurin and Kamara (1992) found that after considering differences in values of these explanatory variables, the rates of home ownership among single women was lower than anticipated. To provide further insight into these lower-than-expected homeownership rates among women, they recommended there should be further research that focuses on women's access to financing, down payment accumulation, measurement of time and ownership costs, and expected mobility.

In addition to examining the processes by which women achieve homeownership, such as the sources and types of financing obtained (e.g., source of down payment, type of mortgage, and source of financing), it may also be instructive to study the socioeconomic and demographic characteristics of women homeowners and the characteristics of the housing they buy. Information is needed on the physical attributes of their housing choices in terms of structure type, size, purchase price, quality, and neighborhood adequacy, which may add to the ongoing discussion of the efficacy of linking specific demographic groups to physical characteristics of the housing supply.

Studying populations that move from renting to owning provides a rich context in which analyses can be made of the role of income, rent of previous dwelling, household characteristics, and marital status in the selection of housing within a given housing market (Clark, Deurloo, & Dieleman, 1997; Dieleman, Clark, & Deurloo, 1989). Additionally, by comparing present and previous housing of those households who transition from rental to ownership, it may be possible to develop a deeper understanding not only of households' choices in the marketplace but also of how ownership influences households' changes in housing and neighborhood characteristics when they enter into homeownership (Cho, Morris, & Winter, 1990).

Importance of the Study

The importance of this study was in its focus on single women as homeowners rather than the determinants of ownership for this group. There is a wide body of research that examines socioeconomic and demographic determinants of housing tenure choice, housing tenure differences found between married and unmarried households, and life-cycle and life-

course determinants of tenure choice. Additionally, most research relevant to women and housing focuses on issues of affordability, homelessness, housing quality, and low rates of homeownership. However, there is little research that focuses on single persons as homeowners, with even less research focusing on single women who own their homes. This lack of research is surprising given the extent to which federal policy encourages homeownership and the increasing numbers of households headed by single persons.

The need for housing policies that address the special needs of single person and single parent households has been recognized over the last two decades. This was first evident in the Housing Act of 1976 that provided eligibility for the first time to single persons for admission into federally-assisted housing (Nenno, 1989). Since then, the need for housing among single heads of households that is both affordable and adequate for their needs has continued to grow.

Homeownership as the preferred form of tenure has been the cornerstone of housing policy since the 1930s, which was when the federal government first entered the role as policy maker for the nation's housing. The National Recovery Act and the Housing Act of 1934 were enacted not only to rescue the nation's economy but also the ailing financial and building industries. The Housing Act of 1934 created the Federal Housing Administration (FHA) and a new way of financing the purchase of a home that enabled more middle-class families to become homeowners at relatively low cost. This legislation helped to revive banks and home building and set the stage for the dramatic expansion of both industries in the following decades. But it also laid the foundation for shaping communities and their populations in ways that would create social and economic differences between residents who were owners and those who were renters (Stone, 1993).

In 1995, HUD formed a public-private partnership, National Partners in Homeownership, as an effort to increase the national homeownership rate to an all time high by the end of the century. The National Partners in Homeownership recognized that to increase the homeownership rate, it was necessary to facilitate entry into this form of tenure by groups who traditionally have low rates of ownership. As a result, this partnership was joined in 1996 by Homeownership Opportunities for Women (HOW) which is an umbrella group of more than 30 national organizations that are committed to increasing rates of homeownership among women. The goals of this coalition include educating women about the home buying process, breaking down credit barriers, and educating lenders that women are reliable homeowners and mortgagees (HUD, 1996).

Recently, public policy has shifted from federal sources of assistance in providing low-income rental housing to that of encouraging low- and moderate-income renters to become homeowners. Privatization of public housing units and converting such units to ownership by residents and tenant organizations has had mixed results (Kinnard, 1994; Rohe & Stegman,

1992). Homeownership implies a long-term commitment that requires stability in household income and composition as well as diversity within the housing stock to serve the preferences and needs of households with varying social composition. Therefore, any policies and initiatives promoting homeownership should involve long-term commitment to success and not just the short term goal of initiating more low- and moderate-income households into ownership (Meyer, Yeager, & Burayidi, 1994).

As mentioned before, the low rates of homeownership among single female households as compared to other household types does represent a housing problem for women. By understanding more about women as homeowners, those organizations and institutions who administer and promote homeownership programs may develop policies and instruments that will be “gender sensitive” and better assist women in attaining homeownership. Additionally, since preferences for physical characteristics of housing differ among households of varied demographic composition (Morris & Winters, 1996; Myers & Doyle, 1990; Skaburskis, 1997), increasing awareness of housing stock choices made by differing households could enable housing developers and planning officials to make decisions that better serve the housing needs of a diverse population.

Birch (1989) recognized gender as an important new dimension that needed to be added to housing research in order to better understand housing trends and needs in this country and the importance of it as a factor in identifying and elaborating housing issues. In spite of this, however, few studies specifically examine housing characteristics, needs, and issues as they pertain to women as homeowners. Study in this particular area can add to the literature on gender and housing at a time when there is increasing concern for housing affordability, stagnating incomes, long term care of the elderly, and welfare reform, which are all issues that greatly affect women householders.

Purpose and Objectives of the Study

The purpose of this study was to gain knowledge of single women who had moved from rental to ownership tenure. Using data from the 1993 American Housing Survey (AHS), this specific population was examined in order to construct a demographic profile of single women homeowners that included description of choices made within the housing market and the type of housing they bought, the means by which they acquired it, and the changes made in their housing characteristics when they transition into homeownership. Additionally, this study attempted to determine which demographic and other independent variables were related to the housing characteristics chosen by women homeowners.

This research profiled women homeowners, described the housing they bought, the means by which they purchased their homes, and the relationships among demographic variables, characteristics of previous residences, reasons for choosing a particular residence,

and the resultant selected housing characteristics. Investigation of these factors associated with homeownership among women will increase understanding of women's needs and behaviors as owners and may also aid the efforts to increase ownership by this group.

Research Questions

The following research questions were used to direct this study:

- 1) What is the demographic profile of single-women homeowners in terms of geographic location, age, household size, family life-cycle stage, education, income, and race?
- 2) What is the profile of housing characteristics of single women homeowners in terms of structure type, structure size, expenditures, quality, and neighborhood adequacy?
- 3) What is the relationship between the independent variables (e.g., geographic location, age, household size, family life-cycle stage, marital status, race, income, education, previous housing and neighborhood characteristics, and reasons for moving and choosing the present housing and neighborhood) and the dependent variables of structure size, purchase price, quality, and neighborhood adequacy?
- 4) What is the relationship between the dependent variable structure type and:
 - a) single women homeowners' demographic characteristics (e.g., geographic location, age, household size, family life-cycle stage, marital status, race, income, and education);
 - b) single women homeowners' previous housing and neighborhood characteristics; and
 - c) single women homeowners' reasons for moving and choosing their present housing and neighborhoods?
- 5) What is the relationship between single women homeowners' previous housing and neighborhood characteristics and their reasons for moving and choosing their present homes and neighborhoods?
- 6) What is the relationship between single women homeowners' demographic characteristics (e.g., geographic location, age, household size, family life-cycle stage, marital status, race, income, and education) and:
 - a) their previous housing and neighborhood characteristics, and
 - b) their reasons for moving and choosing their present housing and neighborhood?

Assumptions, Delimitations, and Limitations

Assumptions of the Study

This study assumed that rates of homeownership for single women will continue to be low in comparison to single male and married couple households. This low rate of ownership will foster continued efforts among various organizations and institutions to promote and improve homeownership opportunities for single women. Therefore, it was also assumed that there will be a continued and growing need for research that is relevant to women and homeownership.

The data set used in this study, the 1993 American Housing Survey (AHS), was collected via personal interview by the U.S. Bureau of the Census for the U.S. Department of Housing and Urban Development. Originally the AHS was known as the Annual Housing Survey because it was conducted every year. Beginning in 1981, however, the AHS became known as the American Housing Survey and has since been conducted once every other year. At the time this study was started, data from the 1995 and 1997 AHS were not yet available. Although data for the AHS was collected in 1995, it takes the U.S. Bureau of Census two years to process the data and make it available for use. Data from the 1997 AHS will not be available until spring of 1999.

The following assumptions were made as a result of using pre-existing data for this study: a) interviewers were consistent in recording responses, b) those interviewed understood the interviewer's questions and gave accurate and truthful information, c) interviewers truthfully and accurately recorded responses, d) all statistical coding and management of the data by the U.S. Census Bureau was done correctly, and e) collected data was appropriately and accurately entered and analyzed in the resulting data base.

Delimitations of the Study

This study was delimited by selecting a sample that included only single women homeowners who have no spouse present in the household and who own their homes in their name only. This infers that this sample did not include single women who shared joint ownership of the home with other adult individuals (e.g., parents, relatives, non-relatives, or ex-spouse).

The data in the American Housing Survey is collected cross-sectionally at the same address each year the survey is conducted regardless of whether or not there has been a change in occupants (Hadden & Leger, 1990). However, the AHS contains a longitudinal mobility measure of occupants who have moved into the residence within the previous 12 months of when the survey was conducted. In order for this study to have contained an element of mobility and indications of choice within the housing market, the sample was comprised of single women homeowners who changed their tenure from rental to owner within the last 12

months of being interviewed for the AHS. Therefore, since the sample consisted of those who moved and/or made this tenure change, it is possible that the sample will not be representative of those population groups who traditionally have low rates of mobility such as the elderly.

Finally, the sampling for the AHS is highly dispersed throughout households across the United States. Problems of attaining a true random sample arises with highly dispersed samples when the research requires personal interaction with subjects (e.g., interviews). As a result, the data presented in this study may not be representative of a true random sample due to the fact that interviewers recorded responses of only those who could be contacted in person or by telephone (Pedhazur & Schmelkin, 1991).

Limitations of the Study

The AHS is a rich source of information on people and their housing with categories of data that include household composition, income, region, unit and neighborhood characteristics, unit quality, household equipment, utilities, housing costs, and mobility. While the data set offers a rich source of information, there are certain limitations associated with using an existing data set. In spite of the depth and richness of the data source, the limitations for this study were that a) the phrasing of questions and response choices for respondents was limited to what was available in the AHS and b) the selection of variables was limited to what was available within the AHS. Furthermore, while the sample used in the AHS accurately reflects the demographic and housing characteristics of the general public, generalizations of this particular study's findings can be made only to the specific sample frame within this study (e.g., single women homeowners) and not to broader population groups. This limitation may indicate the need for further research to replicate the study for other population groups.

Definitions

The following definitions were used for this study:

Single Woman/Female Homeowner

The U.S. Bureau of the Census commonly identifies four categories of single-persons: a) divorced, b) separated, c) widowed, and d) never-married (U.S. Bureau of Census, 1986). In 1980, the concept of "household head" was dropped by the Bureau of Census because the term was traditionally used to describe the person who was the primary income earner in the household and, among married couples, the husband was usually selected. The use of the term became mired in gender politics and was replaced with the term "householder" who is the reference person used to describe all other household member's relationships to the householder (Myers, 1992). In spite of this change in terminology, when referring to single women, researchers still commonly use the terms female head of household, female household

head, and female-headed households, which includes unmarried women who live alone as well as those who have children present in the home.

Therefore, for the purposes of this study, the term of single woman homeowner or single female homeowner indicated a marital status where the unmarried householder was a woman who was either divorced, separated, widowed, or never-married, had no spouse present in the home, and may or may not have children living with her in the home. In other words, for the purposes of this study, a single woman homeowner was a female household head that owned her home.

Geographical location

Data within the AHS on geographical location refers to the location of housing within U.S. Census regions and types of settlement areas. This study used the geographical location variables for region and settlement type area.

Region. There are four U.S. Census regions, which are a) the Northeast Region (i.e., Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont, New Jersey, New York, and Pennsylvania), b) the South Region (i.e., Delaware, District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia, Alabama, Kentucky, Mississippi, Tennessee, Arkansas, Louisiana, Oklahoma, Texas), c) the West Region (i.e., Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming, Alaska, California, Hawaii, Oregon, and Washington) and d) the Midwest Region (i.e., Illinois, Indiana, Michigan, Ohio, Wisconsin, Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, and South Dakota). A national file of the AHS was used for this study which contained data on housing in the four Census regions of Northeast, South, West, and Midwest.

Type of settlement area. National files of the American Housing Survey (AHS) also provide information on the type of settlement area. The different settlement areas are: central city of a SMSA², urbanized suburb, other urban suburb, rural suburb, non-metro urbanized area, non-metro other urban area, and rural non-metro.

Starting in 1985, the AHS introduced new codes in the variable METRO that showed whether housing units were in central cities or suburbs, whether units were in metropolitan or non-metropolitan areas, and whether suburban units were in urbanized, other urban, or rural

² SMSA refers to a Standard Metropolitan Statistical Area, which is a county or a group of contiguous counties that contains at least one central city of 50,000 or more inhabitants, or that contains "twin cities" with a combined population of at least 50,000. If contiguous counties are socially and economically integrated with the central city, then such counties are included in the SMSA. In New England States, SMSAs are comprised of towns and cities instead of counties. Each SMSA must contain at least one central city, and the title of a SMSA in Census data identifies the central city or cities (Myers, 1992; U.S. Bureau of the Census, 1995b). However, the variable METRO in the AHS National data files has a response for a central city of SMSA, which is for central cities of metropolitan areas with populations of more than 100,000 (Hadden & Leger, 1990).

areas. Metropolitan areas consist of political jurisdictions (e.g., cities and counties) and may include undeveloped areas. Urbanized areas are defined on the basis of population density. The central city of a SMSA is a central city in a metropolitan area of more than 100,000 inhabitants. Likewise, an urbanized suburb of a metropolitan area lies outside the central city and has a population greater than 100,000.

In non-metropolitan areas, an urbanized area contains a central city and a surrounding suburban area that together have a population greater than 50,000. Other urban areas are located outside an urbanized area and have more than 2,500 inhabitants. Rural areas are all areas not defined as urbanized or other urban areas (in both metropolitan and non-metropolitan areas).

Age

The age classification in the AHS refers to the age of the reference person as of their last birthday. This study used the age of respondents as recorded in the AHS.

Life-Cycle Stage

The family life-cycle stages of childbearing and childrearing typically dominate the years from age 25 to 50, with child-launching usually beginning around age 40 years and ending at about 60 years of age (Clark & Dieleman, 1996). Although these stages are related to age, they have strong implications for households' choice of housing within the marketplace (Clark & Dieleman, 1996; Morris & Winter, 1996).

Implied within the concept of life-cycle stage is the age of children. Parents with children under 6 years of age have very different demands upon their time and resources than do parents with school age children between the ages of 6 and 18 years of age. These differences among single women's children may have implications for their housing characteristics as well as the likelihood of being owners. For the purposes of this study, therefore, the following life-cycle stages were used: a) the presence of children in the household 6 years of age and under, b) the presence of children in the household 7 through 18 years of age, and c) and presence of children 19 years of age and older.

Marital Status

Generally, marital status refers to a person's situation of being married or not married. The U.S. Bureau of Census has five categories of marital status, which are married, widowed, divorced, separated, and never married. A person may be classified as "married" whether or not their spouse resides in the household. The classification of a person who is not married, or "unmarried" as used in the Census, refers to those who are without a legal spouse such as persons who are widowed, divorced, separated, and never married. The unmarried classifications for marital status were used for this study and included women who were widowed, divorced, separated, and never-married (Myers, 1992).

Household Size

A household is generally defined as consisting of one or more persons who occupy a housing unit (Myers, 1992). The AHS counts all persons occupying a unit and refers to a resident occupying “the usual place of residence” if that is where a person lives and sleeps most of the time. From data provided in the AHS, it is possible to categorize occupants in terms of their relationship to the reference person as well as for people not related to the reference person such as boarders or foster children (Hadden & Leger, 1990). For purposes of this study, household size referred to the number of occupants for which the housing unit was a usual place of residence regardless of their relationship to the reference person or other occupants.

Race

The AHS reports race according to the following categories: a) White, b) Black, c) American Indian, Aleutian, Eskimo, and d) Asian or Pacific Islander. The AHS also separates Hispanic minorities into White and Black and groups them accordingly (Hadden & Leger, 1990). This study used the same categories of race as found in the AHS.

Income

Income refers to the household’s annual income and includes all money income from all sources. The measure for income in this study was a recoded income measure provided by the AHS. This recoded income measure was based on a respondent’s income received in the 12 months prior to the interview and was the sum of income amounts reported for wage and salary income, net self-employment income, Social Security or railroad retirement income, public assistance or welfare payments, and all other money income.

Education

Education refers to the completed grade of school rather than the total number of years spent in school. The measure for education in the AHS refers to the last grade or year of school completed and this study used the same measure of education as found in the AHS.

Structure Type

One of the ways in which the AHS classifies structure types is in terms of the number of units in a structure. These classifications are noted as one-unit detached (e.g., single-family detached house), one-unit attached (e.g., townhouse, row house, etc.), a building containing two or more units (e.g., multifamily structures and apartments), a mobile home that is a single living unit, and a mobile home that is two or more units.

A one-unit structure home (otherwise known as single-family house) is considered “detached” if it is not adjoining another housing structure on any of its four sides. A housing unit is considered to be one-unit attached if any one side extending from ground to roof adjoins another unit (e.g., townhouses and row houses). If two or more living units share a common

roof, attic space, or foundation, in addition to having any one side of the unit attached to another unit, then the structure type is classified as having two or more units in the building (e.g., multifamily unit) (Hadden & Leger, 1990).

A mobile home is a housing unit that is constructed on a chassis, includes single- and double-wides, and may or may not be permanently affixed to a foundation. Beginning in 1984, the AHS classified mobile homes as having one or more permanent rooms. If any of these permanent rooms have been added to serve as a separate living quarter attached to the mobile home, then the mobile home unit is classified as having 2 or more units. This study used the 5 classifications of units in a structure to determine structure type.

Structure Size

Structure size is described in terms of number of rooms, number of bedrooms, or square-footage. While square-footage and total number of rooms are used to evaluate households' adequate space needs, households usually evaluate space in terms of the number of bedrooms needed within a dwelling unit (Morris & Winter, 1996). This is especially true of households who plan to move to a new dwelling. The AHS classifies bedrooms as those rooms that are used primarily for sleeping. Since the number of bedrooms is a common criteria in the choice of a new dwelling, this study used the number of bedrooms as measured in the AHS for an indicator of structure size.

Expenditure

Housing costs among homeowners include monthly expenditures for mortgage payments, property taxes, insurance, utilities, and maintenance. Expenditure for housing in terms of purchase price is another type of cost incurred by homeowners when they buy a home. The purchase price sets the basis on which mortgage payments and property taxes are computed. This study included measures of purchase price as well as total monthly housing costs as a percentage of income. Additionally, this study used measures pertaining to the financing of the home's purchase that included primary source of downpayment, the source of the primary mortgage, and the type of mortgage insurance, if required, that was used in purchasing the home.

Quality

Housing quality is a measure of a dwelling unit's desirability and can be evaluated in terms of physical adequacy, level of affordability, cost (e.g., market value), and tenure status (Birch, 1989; Morris & Winter, 1996; Spain, 1990; Stone, 1993). The AHS measures specific aspects of quality in terms of physical adequacy and provides a summary measure of housing quality adequacy. The summary measure is recoded into a three-point scale that is derived from other variables indicating the presence and condition of indoor plumbing, electrical

wiring, roofing, and structural components. For the purposes of this study, housing quality referred to physical adequacy and used the summary measure of quality from the AHS.

Neighborhood Adequacy

The manner in which housing is distributed in metropolitan and non-metropolitan areas establishes neighborhoods. The neighborhood can also determine a household's ability to fulfill non-housing goals such as schooling of children and availability of municipal services (Morris & Winter, 1996). The AHS contains data on neighborhood characteristics that include the presence of certain services and facilities, their adequacy, and the presence of detrimental conditions such as crime, noise, and heavy traffic. For the purposes of this study, neighborhood adequacy referred to the presence of desirable amenities such as convenient and adequate shopping facilities and schools as well as the absence of bothersome problems of noise, heavy traffic, and crime.

Residential Mobility

Morris and Winter (1996) referred to residential mobility as the change of residence within a local area or within a single housing market that is a response to housing and/or neighborhood deficits. Mobility is unlike migration that is the process of moving from one region or housing market to another. For the purposes of this study, residential mobility measured the mobility of single women homeowners who changed residence within the last 12 months of when the AHS was conducted.

Deficit

Morris and Winter (1996) used the concept of a deficit in their theory of housing adjustment and adaptation to describe a condition of a housing or neighborhood characteristic that is in disequilibrium with household needs or expectations. For example, a space deficit occurs when a household has either too much or too little dwelling space to adequately meet their needs. Housing deficits are the "triggers" that can cause a household to become dissatisfied with their housing; resulting in the desire to make some type of housing adjustment, adaptation, or move.

Summary of Chapter I

This chapter furnished a preface to the topic of homeownership among single women and the need for housing research that considers gender as an important dimension in clarifying housing trends and issues in this country. Demographic, social, and economic factors were presented to introduce these factors' association with rates of homeownership among single women. The purpose, importance of the study, specific research questions, and definitions, assumptions, limitations, and delimitations relevant to this study were also presented.

CHAPTER II

REVIEW OF LITERATURE

Almost all of the literature relevant to women and housing focused on issues of affordability, homelessness, housing quality, and low rates of homeownership. Few studies focused directly on women as homeowners and the characteristics of their housing. Additionally, numerous studies examined homeownership and its relationship to gender, income, age, education, marital status, and household size. Yet, many of these studies commonly concluded that the low rates of homeownership among single women are simply a function of lower income as compared to men and married couples. This consensus could easily give the impression that it is a moot point to study women and homeownership.

Due to the lack of research related directly to women and homeownership, the literature for this study focused on providing a background discussion of factors affecting homeownership among women, demographic and housing characteristics of homeowners in general, and the relationship between mobility and tenure change.

Background

Factors Affecting Homeownership Among Women

As mentioned before, the aspiration to own a home is common in the United States across all income, racial, and ethnic lines. Factors that are associated with the ownership of one's home are income, household composition, age, life-cycle stage, education, and marital status. The following section discusses how the factors of recent demographic changes, tenure trends, income and employment, and access to credit are related to the lower homeownership rates among single women.

Demographic Changes

There have been major shifts in housing demand over the last two decades that are related to life-style and household composition changes in our society. These changes are reflected in fewer married-couple families, more single-person households, and more female-headed households. These demographic changes are important because the housing needs and demands of single-person households and single-parent families are different than those of married-couple households.

Married-couple households in the United States declined from a high of 76% in the 1950s to only 56% in 1990 (Clark & Dieleman, 1996; Hughes, 1991). As noted by Hughes (1991), not only did married couples with children under the age of 18 years comprise only 27% of all households in 1990 but this shift in the composition of American households also

indicated that the traditional family with Mom and Dad living in a home with an average of “two point something children” is no longer the normative family structure.

Single-parent families have been increasing in proportion to all other family groups over the last two decades. The number of homes maintained by single-parents rose from 13% in 1970 to 30% in 1992. Most of this increase was due to the increase in households headed by single-women. During this time, there was also a dramatic shift in the marital status of single-mothers. In 1970, the majority of single-mother families (69%) were headed by women who were divorced or separated and 8% of the single-mother families were headed by women who had never married. By 1992, the proportion of families headed by women who had never married increased to 38% of all single-mother households (Lino, 1994).

As indicated previously, rather than considering whether a woman is simply married or unmarried, it is important to better define the marital status of single women when examining their housing. This is because the social and economic circumstances vary among those single women who never married, are divorced, or widowed along with whether or not they have children in the household. The varying social and economic circumstances among women of these types of marital status and household compositions can subsequently impact the probability of their owning homes (Burgess, 1982) as well as the characteristics of the housing they choose (Gers, 1985; Saegert, Liebman, & Melting, 1985).

The increase in the number of single-mother families and the variations found in their marital status has implications for the availability of units within the housing stock that meets single women’s housing needs and financial resources. Hayden (as cited in Spain, 1990) contends that single women, regardless of their household composition or marital status, have differing demands for their housing’s size, cost, and design than do married couples. Using the 1983 AHS, Spain (1990) compared the quality and affordability of single women’s housing to that of single men and married couples with respect to economic status, location, and residential mobility. She found that single women were the least likely to move from renting to owning their homes and that this group exhibited a demand for smaller, more affordable housing units that may be located in central cities and, as a result, may also be of lower quality (Spain, 1990).

Over the last two decades, not only was there a change in America’s demographic structure but also there occurred an alteration in the direction of change in real wages and constant-quality real home prices. Gyourko and Linneman (1993) conducted a study of the changes in housing affordability between 1960 and 1990. Using data from the decennial Census of Population and Housing and the American Housing Survey, they found that in 1989 low-density, single-family housing was affordable to only dual-income households and that low-skilled wage earners could afford to own only if the quality of their housing was lowered.

Furthermore, they contend that homes that were affordable in the 1960s to comparable households were unaffordable in 1989 as a result of decreasing real wages for middle- and low-income earners and rising constant-quality real home prices.

Commenting on the key trends evident in the changing demographics of America's population, Hughes (1991) said:

Married couples will still be the largest single market segment [of homeowners]. Nonetheless, in the aggregate, the future American population will be less married, more single, more divorced, and more remarried than it had been before now. This trend will presage further changes in life-style profiles, in the economic capacities of individual households, and in the shape and potential of homeownership....Demographic segmentation certainly has provided a wide range of market opportunities, but negative ramifications have also arisen...household fragmentation, due to its impact on incomes, certainly makes housing affordability and homeownership more critical problems than they have been before. (pp. 1230-1231).

Recent Tenure Trends Among Women

The importance of increasing numbers of families headed by single-mothers is in its relevance to housing issues that concern not only quality, affordability, and mobility but also tenure. As previously discussed, recent studies of changing demographics and homeownership rates indicate that female household heads lag behind in homeownership. Contrasted to the one third of all single mothers with children who own their homes are the nearly three fourths of married-couple households who are homeowners (Women and Housing Task Force, 1993). As a result, single women as a group, both with and without families, make up the majority of renters in this country and, as renters, are more likely than owners to suffer housing quality problems.

As renters, single mothers are also more likely to be cost-burdened or paying more than 30% of their income towards their housing costs (Birch, 1989; Koebel & Zappatini, 1993; Lino, 1994; Varady & Lipman, 1994). Among renters in general, more than 30% are cost-burdened and 15% live in physically inadequate shelter. Among female heads of households who are renters, 40% are cost-burdened and are twice as likely to live in housing of inadequate quality as compared to male heads of households (Cook, Bruin, & Laux, 1994; Cook, Bruin, & Winter, 1994). This is in contrast to only 15% of owners being cost-burdened and only 6% living in physically inadequate housing (Birch, 1989).

While women as a group tend to be homeowners more than minorities, this comparison is attributed to the higher percentage of elderly female homeowners who are most likely to be widows and whose home was also most likely purchased by their spouses' income. In 1993,

single women aged 65 years and older comprised 46% of all single-women homeowners (U.S. Bureau of the Census, 1995b). This group of elderly women homeowners is also the group showing the most dramatic expansion among female household heads (Birch, 1989). This may indicate that younger female household heads are more likely to be renters with children at home. Also, these younger female householders with children who make up an increasing percentage of renters are also those whose income is one third the median household income of a married-couple household (Hughes, 1991; Mishel & Bernstein, 1993).

Research also indicates that families headed by single women have higher residential mobility rates than other household types (Spain, 1990). This higher mobility rate is attributed to the larger number of single women who are renters: households who rent tend to move more often than do owner households. Additionally, mobility rates are higher for divorced persons than for married or never-married persons in almost every age group in this country (Long, 1992).

As indicated by these tenure trends, female-headed households are less likely to become owners than they are likely to be long-term renters. Female heads of households have a less than 50% chance of becoming homeowners; and if they are single mothers, less than 40% chance (Birch, 1989; Burgess, 1982). In 1981, they comprised 41% of all American renters, whereas just two years before in 1979, they comprised only 32% of all renters. In 1993, households headed by single women continued to account for 42% of all renter households (Bureau of the Census, 1995b). Also, renter households headed by single women are largely located in urban areas, which indicates the degree of choice for housing for this group, which indicates that they are more likely to be excluded from areas with better housing, better quality schools, lower crime rates, and other desirable neighborhood characteristics (Birch, 1989).

Households headed by single women have a more difficult time achieving their housing aspirations (e.g., home ownership) than do male-headed households (Winter & Morris, 1982). To understand these constraints associated with homeownership, it is helpful to study the determinants of ownership as well. Using data from the AHS, Burgess (1982) examined female-headed households and male-headed households to better understand the determinants of homeownership for these groups. The factors used in the study were those that have been identified as influential for traditional households as well as factors that might have particular impact upon non-traditional households. Among these factors were tenure status, income, marital status, age, family size, and location. The results indicated that those women who were divorced or never-married were the least likely to achieve ownership whereas those who were widowed were the most likely to be homeowners. The decrease in ownership rates among divorced and never-married women were cited as possibly being due to a lack of opportunity,

lower preference for ownership, lower incomes, greater difficulty in acquiring mortgage credit, lower needs-to-income ratio, and a greater likelihood of multiple difficulties.

Women's Education, Employment, and Income

Although there has been a recent return to favorable trends in homeownership, continued affordability will depend on low levels of inflation as well as on growth of real incomes for low- and middle-income households (Koebel & Zappatini, 1993). This is especially true of households headed by women. If homeownership is to be improved, economic opportunities must also be improved for women.

In general, female heads of households tend to be poor. In 1992, this group comprised about one half of poverty level homeowners and 63% of poverty level renters (Cook, Bruin, & Winter, 1994). Recent patterns of income growth indicate that only families with two income-earners experienced any growth in real income. The most dramatic decrease in income was for families headed by a single woman, whose median income was approximately 35% of the median household income for married couples (Hughes, 1991; Mishel & Bernstein, 1993). The implications of this trend indicate that homeownership is increasingly affordable only to dual-income households.

In spite of the increasing number of women professionals in high-paying careers such as law, medicine, and corporate executive positions, they are more the exception than the rule: fewer than 10% of all working women (Fisher, 1992; Kraft, 1994; Mulroy, 1988). Although today's women in general are better educated than their mothers were and are likely to have as much or more education than the men with whom they work, women still earn about 74 cents for every dollar a man earns (Fisher, 1992). In a study of 1,029 managers at 20 Fortune 500 companies representing 8 industries, Fisher (1992) found that women typically make less than men even when women have more education, the same or better qualifications, same length of experience, relocated just as often, taken less time off for personal reasons, and received the same number of promotions as men in the same level of occupations.

Although some large corporations are starting to recognize the benefits and need for rewarding and retaining the talent found in their female employees (Fisher, 1992), the majority of women workers are not likely to be in career-track managerial or professional positions. A phenomenon known as *occupational segregation*, or the gender-segregation of occupations, exists for the majority of occupations in this country (Mulroy, 1988). Women are more likely than men to be employed in service occupations, technical and administrative support, and secretarial positions, which all tend to pay less than managerial and professional positions, have fewer benefits, be structured for part-time employment, and provide less long term employment security (Kraft, 1994). Illustrating the extent to which occupational segregation exists, Mulroy (1988) calculated that to have equal gender representation throughout all

occupations, more than 60% of America's workforce would have to change jobs. Additionally, among women employees, single-mothers are more likely than married women to be employed in gender-segregated occupations, working as secretaries, service providers, or in blue collar jobs (Mulroy, 1988).

A counterpart to women's employment and income is the access to affordable quality child care. Annual child care costs can range from \$2,000 to more than \$6,500 per year (Mulroy, 1988). Since single mothers are more likely to be employed in low-paying secondary job market positions, few are able to cover the costs of full-time child care. The federal government attempted to subsidize the cost of child care through a child care tax credit. But a review by the House Ways and Means Committee found that out of all the working parents who claimed the tax credit, only 6% had low-incomes (Mulroy, 1988). The implication of this is that few working poor families benefit from such a tax credit. It may appear to some that part-time work may have advantages for single mothers in terms of child care but, realistically, part-time work does not provide benefits or a sustainable wage on which a household can be supported. As a result, single mothers are caught in the squeeze of having to work a full-time schedule, but not earning enough for quality child care.

The unemployment rates for single women with children tend to be one-and-a-half to two times greater than for all women workers. This is because single women with children, like minorities, are more likely to be employed in the less stable secondary job market that lacks the tenure and job security of the primary job market (Mulroy, 1988). As a result, single women are more likely to have less consistent employment and income histories that could negatively impact their access to credit.

Women's Access To Credit

Constraints in lending practices sometimes prevent women from gaining access to credit. Ordinarily, society does not think of single women as homeowners and the low representation of female lending agents sustains this continued social bias (Simmons, 1997). Many men with poor credit histories are often given additional loan reviews in which they can submit letters of recommendation from employers, business associates, and lending institutions to confirm them as a low risk lending customer. Women seldom are given the opportunity for additional loan reviews nor do they have the same access to influential people for credit references as do men. This often results in what is called a "thin file syndrome" whereby the credit histories of women and minorities are taken solely on face value (Women and Housing Task Force, 1996).

Raising the cash for the downpayment on the purchase of a home continues to be the greatest barrier or constraint to achieving homeownership. While most homebuyers use money from personal savings or sale of a previous residence, first-time homebuyers, minorities, and

single person households are those who have the greatest difficulty in raising enough money for a down-payment (Duca & Rosenthal, 1994; Martinson, 1993). Using data from the Survey of Consumer Finance, Duca and Rosenthal (1994) found that borrowing constraints can have a significant negative effect on homeownership rates and a significantly disproportionate effect on young, non-white, and single-headed households. Additionally, Duca and Rosenthal found that these constraints have continued to increase for some groups since the 1980s when home prices began to increase rapidly and have had a major effect on homeownership rates among female heads of households. This raises concerns that prospective first-time homebuyers are not able to meet down payment and income-to-payment requirements of most lenders.

Although, mortgage brokers must ensure that they do not discriminate on the basis of race, sex, or age, there continues to be instances of lending discrimination. In 1996, the U.S. Department of Justice reached a \$4 million settlement with the Long Beach Mortgage Company who was charged with discrimination against women, minorities, and the elderly (Seiberg, 1996). It was determined that the California-based company routinely charged women, minorities, and the elderly higher fees than they charged young, white male applicants. A portion of the settlement required the mortgage broker to pay \$3 million to 1,200 borrowers who were charged higher fees, plus an addition \$1 million was to be paid to consumer outreach and education programs about loan fee policies.

In 1994, the U.S. Department of Justice, Housing and Urban Development, and the Federal Reserve Board evaluated the practice of overages or charging higher mortgage prices for some loan applicants. While their report voiced little concern for some people paying more than others, they did show concern for women and minorities being treated differently in the loan application process and recommended that mortgage lenders carefully scrutinize the actions of their loan officers to ensure against discriminatory practices (Gallagher, 1994).

Mishel and Bernstein (1990) found that close to 70% of women work part-time jobs or have employment histories that have more and longer periods of part-time work than do men. Many lenders do not consider employees with part-time work histories to be good credit risks for home loans even though they show patterns of saving and responsible use of credit (Women and Housing Task Force, 1996). Additionally, few lenders count women's child support and alimony payments as income even when a regular schedule of payment can be proven. This often causes women who wish to obtain a home loan to talk to several lenders until they can find one that will count their part-time work, child support, and alimony as viable sources of income ("Crowning Achievement," 1997; "You've Come A Long Way," 1997).

Many women and minorities view the processes of homebuying and loan application as complex and unpredictable, sometimes resulting in confusion and frustration that prevents them from purchasing homes (Bradley & Zorn, 1996). However, new systems in loan processing

and underwriting may serve to eliminate much of this frustration. In 1995, Freddie Mac started using automated underwriting, which is the use of a computerized system, to evaluate loan applications. Proponents of automated underwriting claim that it provides a simpler, fairer, faster, and more inclusive means of evaluating loans and eliminates the subjective, and potentially discriminatory, evaluations made by lending representatives (Mahoney & Zorn, 1996).

Should automated underwriting be widely adopted by lenders, it could potentially aid in increasing homeownership among low-income and minority renters. Automated underwriting would achieve these homeownership gains by lowering closing costs, creating a perception of greater fairness among lenders (subsequently drawing more women and minorities into the homebuying process), giving lenders the confidence to provide more low-cost conventional mortgage financing, and replacing high risk, high default borrowers with those who are marginal but potentially good borrowing risks (Mahoney & Zorn, 1996). If automated underwriting is able to achieve these gains, it will provide a means for the industry to expand its services to a greater number of families and households without increasing risk exposure for lenders.

Benefits of Homeownership

If women are less likely to be homeowners than American households in general then, as a result, they are also less likely to receive the benefits afforded through homeownership. Ownership is not only beneficial to households' personal and financial circumstances, but there are also social benefits received by communities that have higher ownership rates. The following section reviews the tax, personal, social, and community benefits that are found to be associated with homeownership.

Tax Benefits

One of the fiscal impacts of tenure status involves the potential for homeowners to receive tax benefits. Homeownership provides two sources of tax savings for homeowners: 1) the allowance of an exclusion to be taken from capital gains realized in the appreciation of home values and 2) the allowance of mortgage interest and property taxes to be deducted from gross annual income. These tax advantages are available to homeowners to the exclusion of renters with comparable incomes and render a discrepancy in tax savings between different homeowners with comparable incomes (Struyk, 1977). These tax advantages are also most beneficial to households in high marginal tax brackets; those who could most afford to buy a home even if there were no tax advantages to ownership (Dolbeare, 1986; Duncan & Morgan, 1980).

The Tax Payer Relief Act of 1997 changed the rules governing tax treatment of gain realized on the sale of a home (Stevens, 1997). Under the new law, a homeowner may

exclude from income up to \$250,000 of gain that is realized on the sale of a principal residence. This exclusion rises to \$500,000 for married couples who file jointly and if either spouse meets an ownership test. The exclusion is available to one sale or exchange every two years and, unlike the old law, there is no longer an opportunity to roll over the gain into a new property and defer its taxation. However, the exclusion can be used again as long as the homeowner meets the requirement of occupying a new residence for at least two years. The new tax law will prove to be a bonanza to homesellers in the next two years when there may be an anticipated slowing in the growth of home prices (Cullen, 1997). Under the law's provisions, homeowners are being given an opportunity to benefit from the sale of their homes, trading down to a smaller and less expensive home, and not pay capital gains taxes on their profits.

Allowing mortgage interest and property tax payments to be deducted from gross annual income has long been purported by real estate and home building professionals to be the primary reason people buy homes. But a survey of homebuyers indicated that fewer than 30% of first-time homebuyers were buying their homes for tax reasons (Professional Builder's Consumer Survey, 1994). This survey result parallels the claim that although almost two thirds of American households are homeowners, less than one third of all homeowners ever claim mortgage interest and property tax deductions (Dolbeare, 1986).

Using data from the Panel Study of Income Dynamics, Duncan and Morgan (1980) found that about half of the distribution of tax savings is realized by households in the top seventh of the income distribution and that this group realizes the greatest effect of tax deductions that offset the costs of owning. Duncan and Morgan (1980) suggested that the true cost of owning is offset by a person's marginal tax rate and argued that a more equitable tax treatment would be one of a tax credit rather than a deduction, thereby lowering the costs of ownership by the same fraction for everyone regardless of their tax bracket.

In a study of homeownership among low- and moderate-income households, Capone (1995) found that household composition and marginal tax bracket impacted the effective user costs of owning. Among these households, differential tax-bracket levels and standard deductions gave a homeownership tax advantage only to singles and not to families who buy moderately priced homes. Although it appears that a greater tax advantage is currently realized by single-homeowners who buy moderately priced housing, results from this study indicate that should the present tax deductions be eliminated, single persons would experience greater difficulty in transitioning from renting to owning. Capone (1995) concluded that if Congress were to approve a flat tax system that eliminated homeowner tax deductions, the new system should not differentiate between household types; thereby not significantly altering ownership rates of low- and moderate-income households.

Increase in Personal Wealth

Another benefit of homeownership is the potential to increase personal wealth. Home equity is the largest form of wealth that most families ever accumulate in their lifetimes and it provides the owner with a significant asset as well as financial flexibility (Megbolugbe & Linneman, 1993). Financial flexibility can be provided by an owner's ability to borrow money against the home's worth or sell the home, thereby netting any accumulated equity.

Although the most common forms of income for elderly persons are pensions and annuities, social security, interest, rent, and earnings, the asset of home equity also provides a major source of money needed during retirement. Home equity accounts for more than 65% of the median net worth of elderly Americans over 65 years of age (Golant, 1992). The majority of elderly persons own their home without a mortgage and often benefit by increasing their income through home equity conversion plans with financing instruments such as reverse equity mortgages and home-equity lines of credit (Morgan, Megbolugbe, & Rasmussen, 1996; Schwenk, 1994).

Homeownership has also been found to have significant effects on overall household investment portfolios as well as overall level of savings. Using data from the Survey of Consumer Credit, Krumm and Kelly (1989) examined the causal effects of housing consumption decisions on the level and composition of household savings. Their results indicate that for households of comparable incomes, the total savings of homeowners is predicted to be about 180% of that for renters. While a renter household is predicted to have about the same level of nonhousing savings as a comparable owner household, homeownership can add close to twice the nonhousing savings amount in the form of home equity accumulation (Krumm & Kelly, 1989). This suggests that the housing consumption of owner-occupancy has a high positive effect on total household savings.

Personal and Social Benefits of Homeownership

Personal and social benefits have also been found to result from homeownership. Personal benefits concern the advantages, other than financial gains, received by individuals as a result of owning their home. These personal gains include increased perceptions of well-being, increased satisfaction with the residential environment, increased life satisfaction, and higher levels of affiliation with neighborhood residents (Rohe & Stegman, 1994; White & Schollaert, 1993).

The social benefits of homeownership include the benefits received by a community when there is a higher presence of owners living in a neighborhood. Homeowners are more likely to keep up individual dwelling units, participate in local affairs, vote in local and national elections, be members of churches and community organizations, exhibit recycling behavior, and be informed about local issues (Gilderbloom & Markham, 1995; Mainieri, Barnett,

Valdero, Unipan, & Oskamp, 1997; Megbolugbe & Linneman, 1993; Struyk, 1977).

Furthermore, these social and community benefits are found to be particularly strong among low- and moderate-income people (Page-Adams & Sherraden, 1997).

Among women homeowners, assets associated with ownership include higher levels of social status in the community and improved material conditions of their families (Naponen, 1992). The effects of asset accumulation on enhanced well-being and self-esteem have also been found to be particularly strong for women (Page-Adams & Sherraden, 1997). Additionally, women homeowners are significantly more likely than men homeowners to exhibit “green buying” behavior and participate in recycling of products (Mainieri, et al., 1997).

Studies that examine the social effects of tenure status reveal there is a positive effect on the children of homeowners. Green and White (1997) used data from the Panel Study of Income Dynamics (PSID) and the Public Use Microsample (PUMS) of the Census of Population to examine whether homeownership benefits children. Two indications of their results were that a) children of homeowners stay in school longer than do children of renters, and b) daughters of owners are less likely to become pregnant as teenagers than daughters of renters. Both of these effects were found to be strongest for low-income families.

Another study that used data from the PSID found that parents’ homeownership status significantly increased the probability of their children becoming homeowners (Henretta, 1984). The findings in this study also found that parental gifts (e.g., money for downpayment) had no significant effect on the likelihood of children owning homes. Parental income was positively associated with the value of children’s homes, but had no effect on the probability of children becoming owners. These results suggest that there is a socialization process that occurs in the parental home that influences a child’s expectations of a suitable standard of housing (e.g., tenure choice) (Henretta, 1984).

The above examples of the financial, personal, and social benefits of homeownership indicate that homeownership makes a difference and provides some justification of government policies that encourage homeownership. Some could argue that the difference between renters and homeowners arises from homeowners having a larger financial stake in their communities. In spite of the fact that homeowners do have more of their wealth invested in their homes, there is evidence that homeownership matters: for individuals, for children, for families, and for communities.

Demographic Characteristics of Homeowners

Geographical Location

Research indicates that rates of homeownership vary across regions in this country and among types of settlement areas (Gyourko & Linneman, 1993; Koebel & Zappatini, 1993). This variation is a function of a population's demographic characteristics (e.g., income, age, education, marital status, race, and the number of children in the household) and housing type and prices found within a given region or geographical area (Hughes, 1991; Koebel, Cavell, & Saraphis, 1995).

Differences in urbanization, availability of housing types in given areas, and preferences for housing characteristics also account for the varying homeownership rates found among geographical locations and settlement areas. Homeownership rates are lower in the Northeast and West than in either the Midwest or South (Koebel & Zappatini, 1993; Hughes, 1996). The higher urbanization of housing markets in the Northeast and West contribute to higher home values and the lower ownership rates as compared to the Midwest and South (Hughes, 1996). These differences in rates among the regions has remained fairly constant over the last two decades. Using data from the AHS and Current Population Survey, Koebel and Zappatini (1993) examined trends in America's housing between 1970 and 1990. Their results indicate that during that 20 year span, the West and Northeast regions consistently had homeownership rates below the national rate while the Midwest and South maintained ownership rates above the national rate.

Homeownership rates also consistently differ among central cities, suburbs, and non-metropolitan areas. The higher densities of central city areas translate into higher land costs and a greater proportion of multifamily structures, which in many areas have less appeal for ownership. In 1990, the homeownership rate for non-metropolitan areas was 73% compared to 61% in suburban areas and 48% in central city areas (Homeownership in the United States, 1997a). In a series of studies that examined the mobility of owners and renters between central city and suburban areas, Clark and Dieleman (1996) found that central cities are predominantly occupied by renters and that there is a "net flow" of owners out to suburban areas.

Burgess (1982) found that both geographic location and type of area were found to be significant determinants of homeownership among single men and women. Her results indicated that the probability of homeownership decreased 44.7% for single women and 53.1% for single men who resided in central cities. Living in the South increased the probability of homeownership by 11.3% for single women, while residence within this region had no significant effect for single men.

Age

Many studies have found that the age of the household head strongly influences tenure in that homeownership rates increase as age increases. The explanation for this relationship is seen in other factors also associated with age such as increasing income and household size. It is widely assumed that as people age and progress through the life-cycle, their incomes rise and household size increases as they establish families. However, the rate of increase in homeownership is found to be stronger for age than for income and that the household composition accounts for much of the effects of age on the likelihood of owning (Clark & Dieleman, 1996).

In the United States, over half of all heads of households become homeowners by their mid-thirties and the rate of increase continues until the age of 50 when it begins to level off; significant decline in the rate does not occur until later in the retirement years (Clark & Dieleman, 1996; Hughes, 1996). Traditionally, the age at which most households entered homeownership was when a young couple expected their first child; generally, this was a couple in their middle to late twenties. But since the early 1980s, homeownership rates for households under the age of 35 have been decreasing, which suggests that the more recent increase in the overall homeownership rate is due primarily to a maturing population (Hughes, 1996).

Additionally, age is not only associated with tenure but also with the type of housing that is occupied. Younger households are most likely to occupy multifamily housing as renters or own smaller detached or attached housing; this is in comparison to the housing of older households (e.g., age 45 years and older) who are most likely to be owners of larger single-family detached housing (Myers & Doyle, 1990).

Life-Cycle Stage

There is a large amount of literature that shows the relationship between life-cycle stages and the demand for housing. In his early studies of residential mobility, Rossi (1955) first introduced the concept of family life-cycles, which improved the understanding of housing demand in terms of more than just age alone. The family life-cycle is generally defined as the life events that individuals experience as they progress through life; these include such events as marriage, childbearing, childrearing, child launching, and marital dissolution (Morris & Winter, 1996; Sweet, 1990). As people progress through life, their changing household and life-style characteristics require changes in housing and neighborhood characteristics.

There is no consensus among researchers as to when specific life-cycle stages occur in terms of household heads' ages, but the various stages typically relate to stages of household and family formation, children's ages, and patterns of transitions made by everyone in society (Clark & Dieleman, 1996; Sweet, 1990). The family life-cycle stages of childbearing and

childrearing typically dominate the years from age 25 to 50, with child-launching usually beginning around age 40 years and ending at about 60 years of age (Clark & Dieleman, 1996). Although these stages are related to age, they have strong implications for households' choice of housing within the marketplace (Clark & Dieleman, 1996; Kendig, 1990; Morris & Winter, 1996).

One of the most important changes made by households is the transition from renting to owning a home (Kendig, 1990). Making this transition is a major event in the "housing careers" of households and is related to other important life events such as marriage or the birth of a child. Making a change to owning a home is not only associated with changes in marital status and household composition, but is also linked to a time in the household's life when a certain level of economic stability has been achieved (Dieleman & Everaers, 1994; Plaut, 1987).

Presence and age of children in the household has been shown to influence the transition from renting to owning. Married couples are most likely to enter homeownership at the stage of family formation (Morris & Winter, 1996) or sometime close to the arrival of the first child. Among single-person households, it was previously mentioned that the presence of preschool children in the household had no significant effect on the probability of ownership but the presence of school-aged children had a significant effect for both single women and men (Burgess, 1982).

Part of the explanation for the above mentioned results found in Burgess's (1982) study may concern the availability of housing services that are particular to owning. Desirable housing services such as single family housing, larger dwellings and access to schools, recreation facilities, and convenient location to shopping often are acquired only through ownership (Dieleman & Everaers, 1994). The consideration among single persons to purchase housing in neighborhoods that have schools and other convenient facilities may become more important when their children begin attending school. It also might take more time for single parents than married couples to acquire the resources to afford ownership.

Changes in demographic structure have resulted in changes in the life-cycle composition of the United States and the subsequent demand for housing. Sweet (1990) examined the changes in life-cycle composition of America's population and found that such changes have impacted aggregate demand for various housing types. He found that there is a great diversity of choice in housing demand as a function of life-cycle stage. His results indicate that the effects of the decrease in proportion of married-couple households and increase in proportion of single-person households has created a downward pressure on the demand for single-family detached housing and an increased demand for attached and multifamily rental housing.

Marital Status

Marital status is widely accepted to be an important determinant for homeownership, with married couples having the highest propensity to be homeowners. This is especially true for low- and moderate-income households, where it has been found that singles in this group are not likely to attain ownership of their homes (Clark & Dieleman, 1996). In 1995, approximately 80% of all married-couple families owned their home; this was in contrast to 55.3% of single men with families and 45.1% of single women with families who were homeowners (HUD, 1996).

Burgess (1982) contended that the inconsistent relationships found between determinants of homeownership and the probability of owning among non-husband and wife households indicated the need to examine ownership among the various types of single-adult headed households. Furthermore, Clark and Dieleman (1996) found that when combined with other factors, the various types of single marital status are important in creating patterns of choice within a housing market.

The rapid recent growth in the proportion of unmarried households as compared to married-couple households presents an opportunity to study the effects of various types of “unmarried” marital status on tenure and housing choice. Rather than combining all “unmarried” households into one category, further classification in terms of their more specific marital status, would serve to clarify tenure and housing trends for this group. Burgess (1982) recognized the importance of specific classifications of unmarried persons when she said:

The inconsistent relationship among non-husband-wife households between their determinants of homeownership and their probability of owning call for separate examinations of the various types of single adult headed households to better understand the interaction of homeownership determinants for these groups which are making up an increasing proportion of the households demanding housing (p. 89).

In their study of changes in homeownership rates across a ten year period, Haurin and Kamara (1992) classified unmarried women into those who were widowed, divorced, separated, and never married. By doing so, they were able to clarify differing trends in homeownership for the different groups of unmarried women. For example, they found that the level of household income for never-married, divorced and widowed women was about the same, but was less than one half of the household income of married women. When they found that among female heads of households divorced women had the highest ownership rates, Haurin and Kamara (1992) attributed this result to divorced women’s previous ownership while married.

Munroe and Smith (1989) examined the role of gender and marital status in the attainment of housing for young households (e.g., under the age of 25 years). Their results illustrate the effect of marital status in the attainment of homeownership. They found that for both men and women, early types of housing and tenure were strongly influenced by occupational status, financial assistance from family, and marital status. Among moderate-income, blue-collar working households, income from wives' earnings were a strong determinant of homeownership. Finally, they found that the probability of women being homeowners was heavily influenced by their being married and their spouse's occupational status.

Another example of a study that included gender and marital status as predictors of homeownership was Spain's (1990) study of housing quality and affordability among single women. Using data from the AHS, multivariate analyses were done to determine predictors of housing quality and affordability. Classifying households into "married" or "unmarried", she found that marital status among women had a significant but weak effect on homeownership that was independent of income or age (Spain, 1990).

Household Size

Among housing researchers, it is traditionally held that homeownership rates increase with increasing family size. Household size has undergone large demographic changes in the latter part of the twentieth century (Clark & Dieleman, 1995; Hughes, 1991), resulting in smaller household sizes, now averaging 2.6 persons per household (Bureau of the Census, 1995c). This is a 24% decrease from the average household size of the 1950s (Bureau of the Census, 1986). These changes have been attributed to lower fertility rates, increases in the number of single-person headed households, and the delaying of marriage and childbearing to later ages (Myers & Doyle, 1990). In spite of decreasing averages in household size, research indicates that this is a significant variable in households' propensity to move from renting to owning or from smaller attached housing units to larger single-family detached units.

Among married couples, the move to ownership often shortly precedes the life-event of the birth of a first child. Although modified by income, the presence of dependent children in the household increases the likelihood of homeownership. In a study that examined economic and demographic variables as determinants of tenure and housing type choice, Dieleman, et al. (1989) found that household size has a strong effect on housing type choice. Their results indicate that for renter households of three or more persons with incomes under \$20,000 per year, there is a tendency to avoid moving into multifamily housing, choosing rather to rent larger single-family homes. Out of households with children who moved from renting to owning, over 70% had household incomes greater than \$20,000 per year and chose to own

single-family detached homes. Dieleman, et al. (1989) argued that their results explain the role of income, household size, and characteristics of the previous residence in housing choice.

Although it is generally accepted that homeownership rates are higher for households with adequate income and the presence of children, this trend tends to be less consistent for non-husband and wife households. Using data from the AHS, Burgess (1982) found that household size and presence of school-aged children had significant effects on the probability of homeownership among single women and men. Household size increased the likelihood of ownership for both single women and men, with the effect being slightly stronger for women (10.7% more likely) than for men (8% more likely). It may appear that this result reflects the greater likelihood that single women have children present in the household, but the presence of school-aged children in single-men's homes had an effect about twice that for single women. The results showed a 17.3% increase in the likelihood of homeownership among single women with school-aged children (e.g., between the ages of 6 and 18 years); this is in contrast to a 35.2% increase in the probability of single men with the same household composition. The presence of preschool children had no significant effect for either group. Burgess (1982) concluded from these results that the higher likelihood of ownership among single men with school-aged children may reflect their greater ability via income to secure a mortgage.

Race

A large body of research confirms that race is a significant determinant of homeownership; showing that White households have a significantly higher rate of ownership than do non-White households. This disparity is attributed to lower household income averages among non-Whites and discrimination in the mortgage lending market, particularly against Blacks (Hughes, 1991; Zhu & Shelton, 1996). Additionally, recent studies that have examined this trend over the last several decades (for example, Hughes, 1996; Buist, Megbolugbe, & Trent, 1994) report that racial differences in rates of homeownership have held constant over time. Zhu and Shelton (1996) reported that the proportion of White homeowners is 158% that of non-Whites. A comparison of changes in the homeownership rates between 1985 and 1991 indicated that the rate for ownership among White households increased from 66.8% in 1985 to 67.9% in 1991; while the rates for Black and Hispanic households decreased from 43.5% to 42.8% and from 39.6% to 38.8% respectively (Homeownership in the United States, 1997b).

This difference in homeownership rates has been attributed to a variety of factors, including obvious as well as less apparent discriminatory practices. Factors that have been found to contribute to differing homeownership rates between Whites and non-Whites are: a) racial differences in the search for housing (Farley, 1996); b) discriminatory treatment in mortgage lending, especially toward Blacks (Shelton & Sillah, 1996); c) discriminatory

treatment of non-Whites in the marketing of properties (Turner, Struyk, & Yinger, 1991); and d) racial differences in socioeconomic status and credit history (Duca & Rosenthal, 1994; Gabriel & Rosenthal, 1991).

Fair housing legislation and regulation of the lending practices of banks have been enacted to reduce discriminatory practices among lenders and the housing industry. But in spite of efforts to reduce discrimination, decades of discriminatory practice have had a persistent effect on non-White households and a wide gap still exists between minority and White homeownership rates. Hughes (1996) examined economic shifts between 1980 and 1995 and the effects these shifts had on homeownership. He found that in comparison to homeownership rates of Whites, minorities' rates were significantly lower in 1980, fell significantly farther between 1982 and 1988, and rebounded much slower during the recovery period of 1988 to 1993. Hughes (1996) did find, however, that between 1980 and 1995 homeownership rates for Black married couples showed considerable improvement.

Although improved income has had some positive effect on homeownership rates for minorities, Clark and Dieleman (1996) suggest that minorities have limited opportunity to receive the asset gains afforded through homeownership due to delayed buying into the housing market. Furthermore, they argue that a spatially restricted housing market for minorities has been created in metropolitan areas as a result of the combination of past discrimination, lower income, and smaller asset-to-income ratios. Though there has been some recent improvement of racial integration into suburban areas, these factors contribute to a predominantly minority concentration of renters in central city areas (Clark & Dieleman, 1996).

Income

Numerous studies indicate that income is one of the strongest predictors of homeownership. Clearly, wealthier households enter the housing market earlier and at younger ages and tend to stay owners over a long period of time, despite disruptions in marital status or household composition (Clark & Dieleman, 1996). For low- and moderate-income households, the rate of increase in ownership over time is much slower, indicating that these households enter the housing market at later ages than do those with higher incomes.

Recent trends indicate that income is an increasingly important factor in tenure choice, surpassing the traditional demographic factors of marital status and presence of children in the household. Gyourko and Linneman (1997) found that the combination of income and education have become increasingly important factors influencing households' transition into homeownership. They attribute the connection between the two variables in terms of access to higher paying employment, which is more likely with increased levels of education.

Not only is the level of income an important factor in households' ability to own, but the presence of two income earners in the household (e.g., husband and wife) appear to

increase the likelihood of ownership (Gyourko & Linneman, 1993; Hughes, 1991). Myers (1985) identified connections between dual-income families and the increased number of women in the labor force to divisions in the housing market, indicating that homeownership is increasingly affordable only to dual income households. Analogous to this finding, Fortin's (1995) study of wives' contribution to household income found that a significant proportion of women's earnings supplement the cost of mortgage payments.

Brandt and Olson (1986) found that the process of changing from renting to owning is more complex than making a simple decision that considers the investment and consumption aspects of buying a home. However, complex the decision might be, the level of income is a primary determinant of households' ability to transition from renting to owning their homes. Clark and Dieleman (1996) discovered that not only is income level an important factor but also a positive income change in the year preceding the move further increased the probability that a household would transition into ownership.

Similar findings were made by Dieleman and Everaers (1994). In an analysis that followed households' move from renting to owning, they found not only that the higher the income, the more likely people will own a dwelling but also that many first-time buyers recently experienced a positive income change. Results from their study also indicated that household income stability is an important and significant factor for entry into homeownership along with household income level and income expectations.

Total household income has also been found to be a significant predictor of total house value. In her analysis of housing quality and affordability among single women, Spain (1990) found that every dollar of total household income of homeowners added about \$1.50 to housing value. The effect of income was found to be stronger than that of race and presence of children; and gender and marital status had no significant effect on house value.

Education

Traditionally, education level has not been an important factor in the attainment of homeownership over the life cycle of a household. In earlier decades, households of lower educational achievement were slower to enter the ownership market, but over time, and accounting for traditional demographic and economic determinants of homeownership, their rates of ownership converged with that of household heads who had a greater amount of education (Gyourko & Linneman, 1996).

Although there has always been a distinction in homeownership rates between those who are less and more educated, this gap was recently found to have widened and there is a decline in ownership among the least educated households. A study by Gyourko and Linneman (1997) demonstrated that education level is becoming an important factor in the attainment of homeownership. Using data from four decennial censuses of 1960, 1970, 1980,

and 1990, they discovered changing patterns of homeownership for key socioeconomic groups. They found that there was a slowing of ownership among the least educated households and that this slowing held constant across older age groups with comparable education levels. Commenting on the impact of these results, Gyuorko and Linneman (1997) said:

In sum, absolute and relative growth rates of ownership have fallen for non-high school graduates in the first half of their lives. This suggests the real possibility that there is now a group of poorly educated households that may never be owners to nearly the extent their counterparts achieved in the past (p. 13).

Housing Characteristics of Homeowners

Structure Type

Household demographic characteristics such as household size and ages of children are strongly associated with structure type as well as the number of bedrooms in the structure (Myers & Doyle, 1990). The connection between household life-cycle stage and the selection of housing structure type (e.g., single-family detached, single-family attached, multifamily unit, or mobile home) has been well documented in studies by Rossi (1955 & 1980). Morris and Winter (1996) contend that ownership of a single-family detached home is preferred by the majority of households, irrespective of household composition, income, race, or ethnicity. Although the single-family detached house comprises the majority of housing units in this country (Clark & Dieleman, 1996), the proportion of those who occupy this type of structure is not equally representative of all household types.

Sweet (1990) conducted a study that examined the changes in America's family life-cycle composition and the effect on housing demand. His analysis revealed that ownership of single-family housing became disproportionately represented by households who are older (e.g., over the age of 45 years) and that, as a result of this trend, future demand for single-family housing may weaken. Clark and Dieleman (1996) found similar results in that owners of single-family structures more heavily represent older households than those who occupy rental multifamily units.

Since the physical characteristics of the housing stock facilitate characteristics of the resident population (Myers & Doyle, 1990), one can understand differences found in resident populations between central-city neighborhoods, dominated by smaller attached and/or older housing units, and the suburbs where there is a dominance of larger detached houses that are likely to be newer. Not surprisingly, the majority of suburban residents are found to be married-couple family households of higher incomes as compared to central city

neighborhoods that mainly consist of lower-income renter households (Clark & Dieleman, 1996).

As housing costs continue to increase in relation to real income, the desire to own may be stronger than the aspiration for a single family detached home. This may be illustrated by the increasing numbers of households since the mid-1970s who buy condominiums or other forms of attached housing. Morris and Winter (1996) found that although the number of homebuyers who purchased housing in multifamily or attached units comprised a very small percentage of all units bought between the mid-1970s and 1992, they increased in proportion among all homebuyers from 11% in 1976 to 13% in 1992. Additionally, they report that out of all units occupied by owners, condominium and cooperative forms of ownership increased from .6% in 1970 to 4.3% in 1990.

Structure Size

Structure size refers to the amount of space in any given housing unit and is independent of the number of persons who reside in it. Structure size and its requirements can be established in terms of interior square footage of the entire unit, square footage of specific rooms, the total number of rooms, or the number of bedrooms (Morris & Winter, 1996). While the measurements of square footage and the total number of rooms are used by several entities (e.g., HUD, Bureau of Census, and FHA) for purposes of evaluating adequate space criteria, households usually evaluate space in terms of the number of bedrooms needed within a dwelling unit (Morris & Winter, 1996).

Structure size is tied to mobility in that there must be an equilibrium maintained between the amount of space available and the fit of the household to that space (Clark & Dieleman, 1996; Morris & Winter, 1996; Rossi, 1980). When a disequilibrium, or “deficit” occurs, the household will adjust their housing consumption (i.e., by making a move) to better meet their space needs. The desire to improve existing living conditions motivates many potential movers, and a residence change to a larger, more expensive unit characterizes most moves (Spain, 1990).

Morris and Winter (1996) argue that the desire for ownership of a single-family detached house could arise out of the desire for more space, which may not exist in apartments or other rental housing in a given market. In an analysis that compared the size of rented and owned housing units, Morris and Winter (1996) found that between 1970 and 1990, owned units were consistently larger (e.g., total number of rooms) than rented units and that the median number of rooms in single-family units is larger than that of housing with two or more units. Additionally, the size of single-family detached units was found to have increased over the 20 year period, while the size of housing with two or more units remained relatively constant.

In making the transition from renter to owner, many homebuyers increase their housing space. Cho, et al. (1990) found that in their transition to ownership, most new homeowners move from a multifamily or attached unit to a single-family detached unit with more space than their previous unit. The desire to increase space was also indicated in a recent homebuyer poll conducted by Professional Builder (A Pro Builder Plus Exclusive, 1997). Respondents' answers to several questions about reasons for moving indicated that the desire for more space and larger rooms were among the top priorities of most homebuyers.

The desire for more space and the ability to increase residential space through ownership is universal throughout the world (Clark & Dieleman, 1996; Morris & Winter, 1996). Clark and Dieleman (1996) analyzed American and European mobility processes and found that, in both locations, the number of rooms and amount of space are greater after a move than before. Their results indicate that the movement into homeownership is clearly related to increasing space for household members. In another study that used data from the AHS, Clark and Dieleman (1996) found that 72% of American movers increased their space when they moved and that those who move from renting to owning more significantly increased their space than did those who moved within the rental sector.

Expenditure

Within a given housing market, households maximize their housing consumption within the constraints of their financial resources (Clark & Dieleman, 1996; Morris & Winter, 1996). The relationship between housing costs and households' budget constraints is known to impact the access of various types of households to the different sections and types of the housing stock.

Expenditure, as it relates to housing, includes all the costs associated with the acquisition and maintenance of a dwelling unit. Expenditures that homeowners incur include the purchase price, mortgage and property tax payments, utilities, insurance, trash removal, water and sewer, and routine maintenance. The amount a household spends on their housing as a function of their household income exemplifies the concept of elasticities of housing demand. In other words, elasticity of housing demand measures the increased amount someone is willing to spend on their housing with an increase in income. While it is widely accepted that households are willing to pay more for housing out of extra income (Morris & Winter, 1996), demand for housing is found to be relatively "wealth inelastic," meaning that the demand for housing exists regardless of the income level (Glennon, 1989).

The association between wealth and income inelasticities of housing demand help to explain the difficulties low- and moderate-income households experience in acquiring housing, whether they are renters or buyers (Morris & Winter, 1996). It was previously mentioned that fewer homeowners are cost burdened than are renters; reflecting that homeowners have higher

incomes, in general, as compared to renters and, therefore, spend less proportionately on their housing. Because low- and moderate-income households spend proportionately more on housing, they are restricted from being able to save money, which could be used for a downpayment to purchase a home.

Higher debt-to-income ratios and lack of downpayment money are known as “borrowing constraints,” which have a significant negative effect on homeownership rates (Duca & Rosenthal, 1994). If a lender offers a mortgage that exceeds 80% of the purchase price, the borrower is required to buy mortgage insurance, which results in additional monthly mortgage costs ranging from \$20 to \$100 (Mitchell, 1997). While higher loan-to-value lending instruments (e.g., such as those found with FHA or VA loans) ease the burden of coming up with a 20% down payment, paying mortgage insurance costs increases homebuying expenditures for low- and moderate-income homebuyers.

Mortgage insurance programs have traditionally been supplied through government programs that supply low-downpayment (e.g., FHA) and no-downpayment (e.g., VA) financing. Recently, however, a private lender has created a no-downpayment mortgage program that targets low-income borrowers. Operating on the premise that low-income does not necessarily equate with poor credit, Bank of America and GE Capital Mortgage Insurance Corporation have created the first privately issued no-downpayment mortgage that competes with the traditional FHA 3% downpayment mortgage (Timmons, 1998). This loan program is a reflection of lenders recognizing the need to service low- and moderate-income borrowers, and easing their borrowing constraints by offering alternatives to paying mortgage insurance (Mitchell, 1997).

Quality

Morris and Winter (1996) commented that housing quality is difficult to define because as a measurement of “desirability” it “...involves the subjective reactions of people to attributes of a dwelling unit. Thus the definition and measurement of housing quality requires knowledge of the objective attributes that contribute to quality through the subjective reactions of families to those attributes (p. 123).” Nevertheless, in spite of the subjective nature of housing quality, research involving measures of housing quality have used tenure status, cost (e.g., market value), level of affordability, crowding, and physical adequacy as indicators of housing quality (Birch, 1989; Morris & Winter, 1996; Spain, 1990).

The two most widely used indicators of housing quality for research purposes are level of affordability and physical adequacy. A widely accepted standard of housing affordability, or cost burden, is set at a criterion level of 25 to 30% of monthly household income. In other words, if a household’s monthly housing cost exceeds 30% of their gross monthly income, they are considered to be cost burdened. In the United States, 8% of all homeowners are cost

burdened, which is in contrast to 17% of single women homeowners and 30% of all renters who are cost burdened (Koebel & Zappatini, 1993; Birch, 1989).

The measure of physical adequacy indicates the level of physical deficiencies found in a housing unit. The AHS provides information on about 30 types of physical deficiencies -- structural soundness, condition of indoor plumbing and electrical wiring, functioning heating systems and kitchen appliances -- which have been recoded into a 3-point measure of physical adequacy.

A large body of literature indicates that over the last 50 years, housing quality has improved in this country but there is also support for the assumption that owners reside in housing of higher physical quality than do renters and that non-Whites are more likely to suffer housing quality problems than are Whites. Owners remove quality deficits simply by the fact that they own rather than rent their homes (Morris & Winter, 1996; Spain, 1990). Owners also are willing to devote a larger share of extra income to increasing or maintaining the quality of their housing (Clark & Dieleman, 1996). The fact that owners have the means and willingness to spend more on housing maintenance may help to explain why fewer owners (6%) reside in physically inadequate homes as compared to renters (15%) (Birch, 1989; Struyk, 1977).

It is widely accepted that residential mobility serves to improve housing quality, but Spain (1990) found that residential mobility as a means for improving housing quality works better for married couples and single men than for single women. In other words, single women who move are least likely to improve any aspect of their housing quality. Additionally, married couples are more likely to use residential mobility to improve their housing quality than are single-person households.

Neighborhood

While there are many ways to define a neighborhood, common to most concepts of neighborhood is that it is a determinable area with an element of place-identity and is defined by physical boundaries that incorporate primarily a residential setting that may or may not have service areas. The importance of neighborhoods is associated with their residential quality. The overriding consideration in the concept of neighborhood is that it is, first and foremost, a residential area (Brower, 1996).

The manner in which housing is distributed throughout an area establishes neighborhoods and Clark and Dieleman (1996) contend that this pattern of distribution and the characteristics of neighborhoods provide a context for studying consumer choices in the housing market. The acquisition of housing includes the amenities, quality, characteristics, and ambiance of the neighborhood in which a house is located.

Housing is often chosen more on the basis of where it is located rather than on just the individual home's features. When choosing a neighborhood, a household considers whether a

location will enable the achievement of nonhousing goals, such as children's education, convenience to shopping and other facilities, efficiency of municipal services, and access to recreation and other nonhousing related activities. The characteristics commonly desired by households are the presence of good schools, convenient location to shopping areas, safety, some degree of social homogeneity, and lack of bothersome qualities such as noise, heavy traffic, or pollution (Morris & Winter, 1996).

Gober (1990) and Brower (1996) argue that among homebuyers the neighborhood receives primary consideration, followed by the dwelling unit within the neighborhood. This premise is supported by a consumer survey conducted by Professional Builder (A Pro Builder Plus Exclusive, 1997) that indicated homebuyers pick an area or neighborhood first, then look for housing within that location. This follows the assumption that the move from renting to owning is related to considerations in the consumption of housing services associated with owning. Desirable housing services such as larger and single-family detached dwellings, and access to schools, recreations facilities, and shopping, are often acquired only through ownership (Dieleman & Everaers, 1997).

Mobility and Tenure Change

Since Rossi's (1955) classic study of residential mobility, a countless amount of research has been done that examines the residential moves of individuals and households. This research added to the understanding of mobility trends and patterns among varying populations and clarified notions about factors that motivate people to move and change residence.

Research indicates that three main factors influence a household's propensity to move: changing from couple to family (Morris & Winter, 1996; Rossi, 1980), changing from one to two income earners in a household (Clark, et al., 1997), and increases in household income (Clark & Dieleman, 1996). All three of these factors are also strongly associated with a transition from rental to ownership tenure.

The change in status from renter to owner marks an important event in the lives of many individuals and households, creating a momentum of effects that continue for many years. Becoming a homeowner creates the possibility of increased assets and enjoyment of a broad spectrum of dwelling and neighborhood features. Clark and Dieleman (1996) argue that the context in which households make this transition offers a rich source of material that highlights the importance of household demographics, changes in household circumstances and previous housing characteristics, and the effect these factors have on choice in the housing market.

The significance of the pathways followed by individual households through the housing stock are illuminated by the impact of previous housing characteristics on the type of new housing that is chosen. Implicit in Morris and Winter's (1996) discussion of households' motivation to make an adjustment in their housing, is the context in which households evaluate their need to move: the current home's deficiencies in size, type, cost, and location are weighed in the consideration for what is needed in a new dwelling. Thus, the previous dwelling's characteristics, along with that of tenure, are important determinants of housing choice.

Conceptual Framework Development

The conceptual framework for this study was derived from the following two models of residential mobility and choice in the housing market: 1) Morris and Winter's (1996) model of residential mobility and 2) Mulder's (1993) model of the context of housing and tenure choice. Morris and Winter's model helps to explain factors that influence mobility at the microlevel -- the level of the individual and the household. Mulder's model, on the other hand, explains the context in which housing and tenure choices are made and considers factors at the macrolevel -- housing market and economic conditions -- that influence households' movement through the housing stock.

Morris and Winter's (1996) model of residential mobility is based on their broad theoretical model of housing adjustment. Essentially, the housing adjustment model depicts the process of a household's evaluation of their housing in terms of their levels of need for space and expenditure, and the desired characteristics of tenure, structure type, and neighborhood. Factors that can influence these levels of need and aspiration for certain housing characteristics are those of income, education, race and ethnicity, age, household size, and life-cycle stage.

According to Morris and Winter's (1996) theory of housing adjustment, when housing characteristics do not meet desired expectations or needs, a housing deficit occurs, leading to dissatisfaction with the current housing situation. The resulting dissatisfaction motivates the household to make an adjustment in their housing, which occurs in the form of either making adaptations to the current dwelling or moving to a new dwelling.

The model of residential mobility (Morris & Winter, 1996) depicts the influence of household demographic characteristics, housing and neighborhood deficits, and satisfaction on residential mobility (Figure 1). Another component in the model is that of the propensity to move, which is a tendency or likelihood of making a move. A predisposition towards moving