Homeownership Matters: Can homeownership promote engaged parenting practices in the home, school, and community?

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The impact of home ownership on children has been documented in numerous academic studies, many of which have found that home ownership has a wide range of positive effects. The positive outcomes include: better health; fewer behavioral problems; greater achievement in math and reading; lower high school dropout rates; fewer teen births; more years of schooling by age 25; and higher high school graduation rates. Although it is has been debated whether home ownership itself, or the residential stability and positive neighborhood characteristics that accompany it are the main underlying factors contributing to better outcomes; some research has shown that home ownership has a significant effect on children’s success. Those studies argue that it is the positive behavioral characteristics required of home owners that get passed onto their children which contribute to their success. Since a home purchase is one of the largest financial commitments most households will undertake, home owners are invested in minimizing bad behavior by their children and those of their neighbors that might negatively impact the value of homes in their neighborhood. Second, homeowners are required to take on a greater responsibility, including the duties associated with home maintenance and acquiring the necessary financial skills to handle mortgage payments. The life management skills they acquire through these responsibilities may get transferred to their children and may contribute to their success.

Others though argue that home ownership brings residential stability, and it is the stability that impacts children positively. And, some suggest that it is neighborhood quality which enhances the positive outcomes. They show that access to economic and educational opportunities are more prevalent in neighborhoods with high rates of home ownership and community involvement.

But in the last several years, with availability of better data and methods, researchers have begun questioning the existence of a home ownership effect. In other words, when they compared home owners and renters who had similar characteristics—income, education, length of time in the

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same residence, assets—they didn’t find a significant difference in the effects on children. These researchers concluded that home ownership did not have an independent effect on improved life of children, but rather that the impact is made through other factors such as home environment and neighborhood quality. The difficulty in analyzing this question is derived from the fact that home ownership is accompanied by a collection of characteristics, in addition to neighborhood characteristics and residential stability, that are difficult to disentangle. Additional characteristics that impact children are related to the home itself, including housing quality, crowding, the presence of subsidized assistance, and equity. It also includes characteristics of parents and/or caregivers, such as saving behavior, nurturing abilities, propensity to invest, and goal attainment. Yet, these personality traits of home owner characteristics are most often not captured in the available data. As a result, it may be that the positive impact on children is not directly related to home ownership, but is influenced by parents who are more involved with their children and are also more inclined to purchase a home.

A recent study by a group of researchers from the University of North Carolina at Chapel Hill and the University of Michigan approached this question from a different perspective. Instead of trying to account for unobserved characteristics of homeowners, they examined whether there is a relationship between home ownership and engaged parenting behaviors in the home, school, and wider community for low to moderate income households. The authors used survey data on families who purchased homes through the Community Advantage Program (CAP). CAP is a secondary mortgage market program developed through a partnership between the Ford Foundation, Fannie Mae, and Self-Help, a community development financial institution in North Carolina. The goal of this program was to underwrite 30-year fixed-rate mortgages for families who would have otherwise received a sub-prime mortgage or been unable to purchase a home.

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Researchers focused on four variables: parental school involvement, frequency of reading to child, child’s participation in organized activities, and child’s screen time (television viewing and playing videogames). Altogether, these measures reveal parenting behaviors broadly believed to be associated with positive child outcomes. The authors propose that home ownership provides for engaged parenting practices in two ways: economic and psycho-social. The economic impact of home ownership refers to the positive impact of nurturing neighborhoods. While both home owners and renters may aspire to be engaged parents, home owners likely live in neighborhoods with more opportunities for school involvement or participation in neighborhood activities. The psycho-social component refers to the idea that being a home owner may limit the severity of economic hardships and the degree to which financial hardships result in psycho-social stress and disengaged parenting. This idea works through two channels. First, low- to moderate-income households that are able to buy a home have already found ways to manage their limited finances in order to become eligible for a mortgage. If such effective strategies are sustained, it could help reduce economic pressure. Second, they have greater access to formal credit to sustain the household during times of economic hardship, putting less strain on familial relationships and parenting. Home owners in this study have higher adjusted net worth and liquid assets than renters. The authors, therefore, assume that home ownership promotes parental engagement by giving parents more options for managing financial hardships and reducing the severity of financial hardships when they do occur, thereby reducing stress and disengagement from children. It is important to emphasize, especially considering the housing crisis, that all of the homeowners studied received prime fixed-rate 30-year mortgages with a 38% debt-to-income criteria. Therefore, these home owners have not experienced the financial shocks of interest rate adjustments or the stress of excessively high interest rates associated with many sub-prime mortgages.

The results of the study suggest that children of selected home owners are more likely to participate in organized activities and have less screen time when compared with renters. However, home owners were found less likely to read to their children than renters. There was no effect of home ownership on parental school involvement. On the whole, their findings suggest that home ownership and financial stability may create opportunities for parents to engage in some positive parenting behavior. As noted, the group of home owners surveyed in this study was less likely than renters to report financial hardships. The authors suspected that these financial stressors may reduce
the ability of renters to afford organized activities for their child. Screen time, on the other hand, is relatively inexpensive for most families.

The findings of this research present more support for the idea that there are intangible benefits fostered through home ownership. And while these findings strengthen the policy case for encouraging sustainable and responsible home ownership, ultimately the question is how to arrive at sustainable and responsible home ownership. As the study reviewed here suggested, homeowners performed better financially because they were able to manage their limited resources. It appears that educating would-be homeowners in ways to effectively manage their resources may also help provide a positive environment for their children.

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