

# Kansas Housing Conference: Rethinking the Dream of Homeownership

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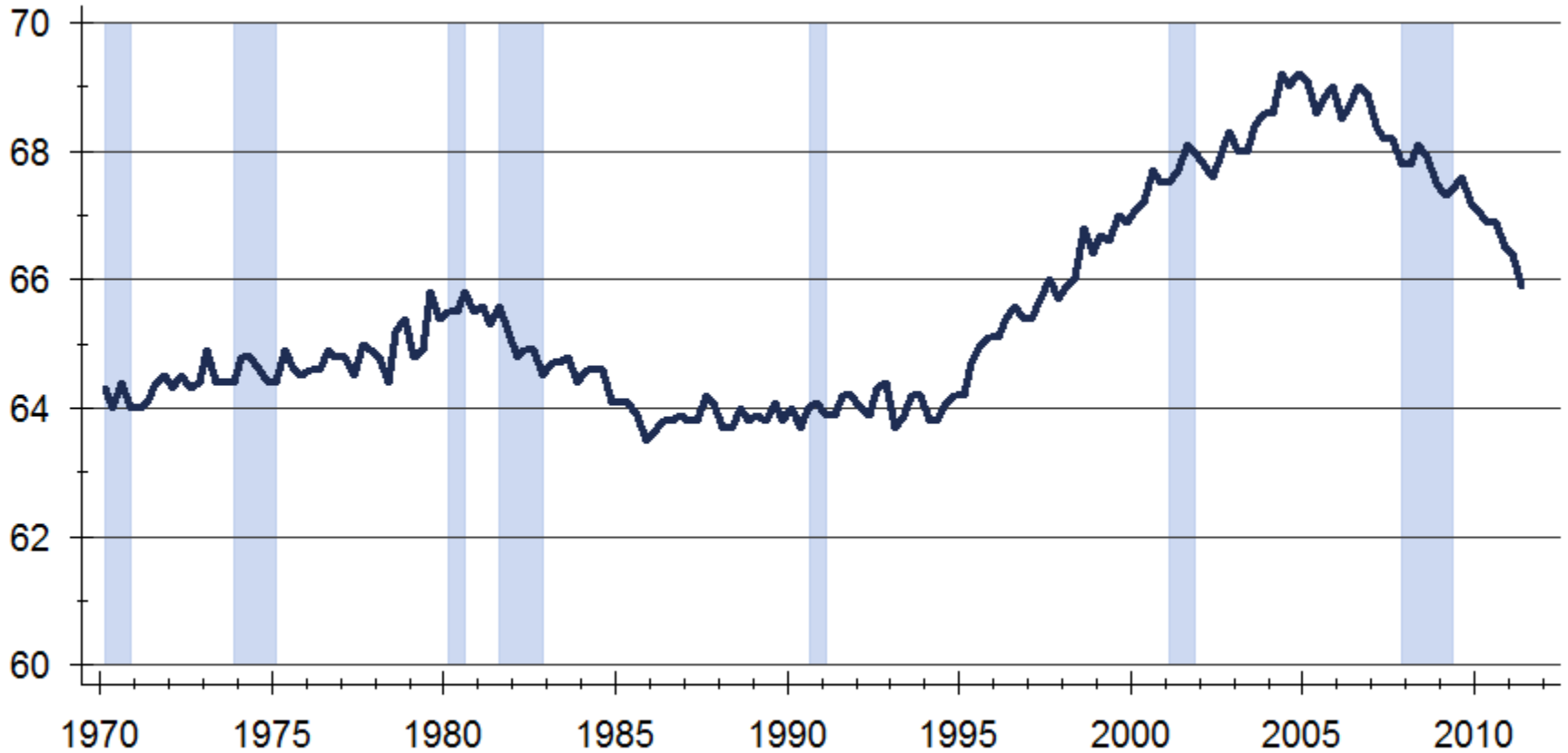
# Homeownership Benefits Society

- Homeownership is generally associated with positive social benefits
  - Owners have better incentives to maintain and improve their properties than landlords and their tenants
  - Children benefit from living in owner-occupied dwellings
  - Owners are more likely to be involved citizens
- Coulson & Lee (2011) suggest the spillover effects of homeownership exceed the cost of the subsidies for all but the most expensive houses

# Homeownership and Wealth

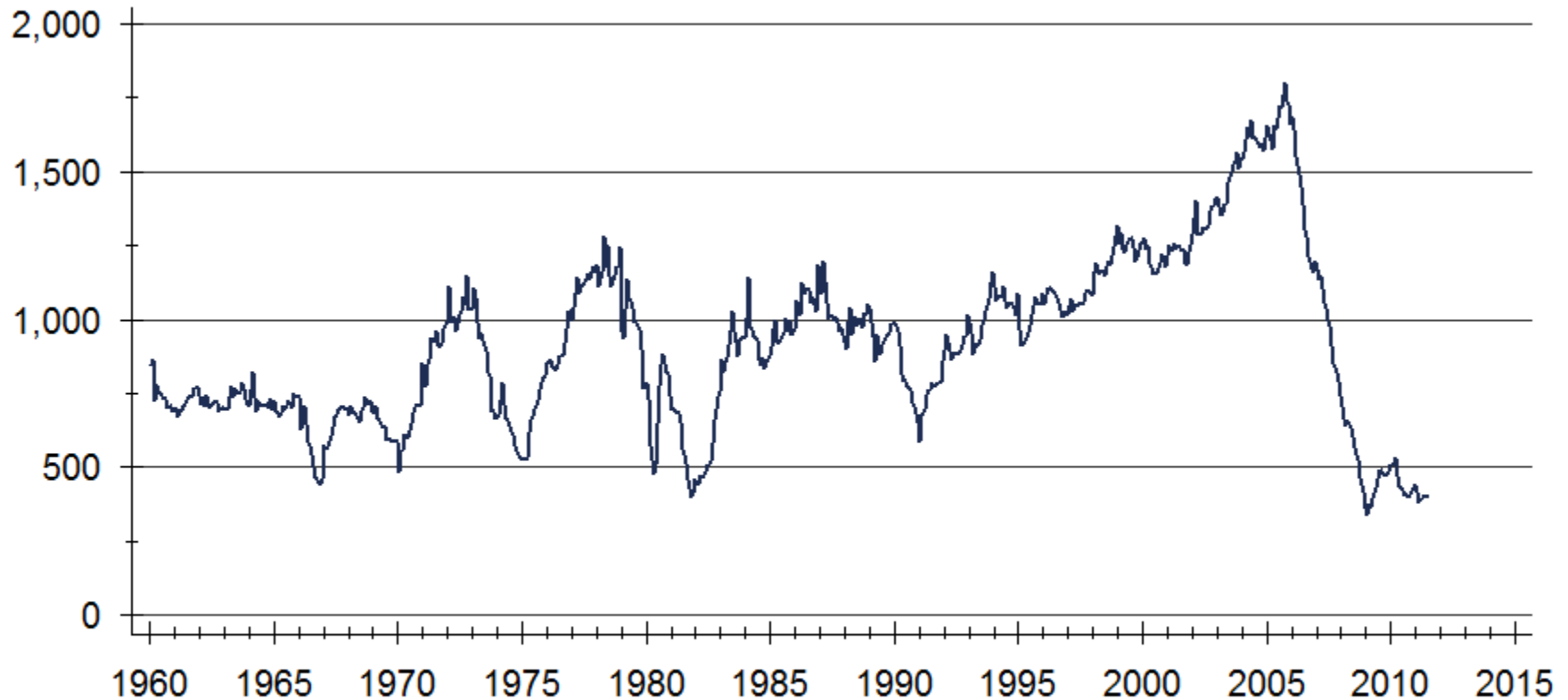
- The illiquidity of housing makes it a good avenue for building wealth
  - Regular investment through the payment of the mortgage
  - It is relatively hard to cash out of the investment
- Housing is not a pure investment good
  - When you buy a home, you also get to live in it
  - The return on the investment is living “rent free” once the mortgage is paid off

# U.S. Homeownership Rate



Source: U.S. Bureau of the Census

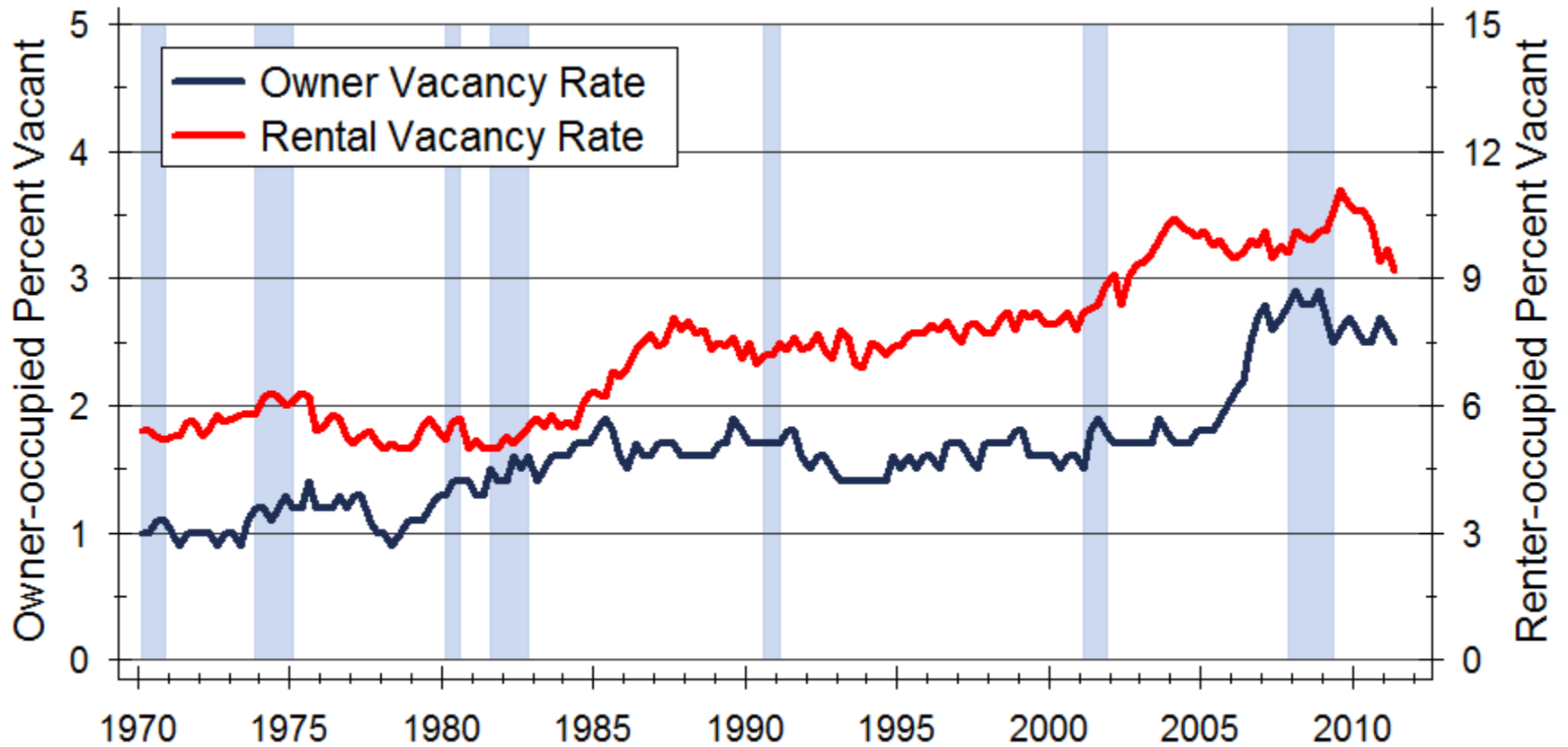
# U.S. New Sales and Construction



Source: U.S. Bureau of the Census

Data are seasonally-adjusted annual rates

# U.S. Vacancy Rates



Source: U.S. Bureau of the Census

# Rethinking Homeownership

- Not everyone should own a home
  - Locational stability
  - Financial stability
    - Stable income to cover housing costs
    - Ability to save for major repairs and maintenance
  - Willingness and ability to manage the property
- We should think about housing as a consumption good first and an investment second

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## Laying a Foundation for Real Estate in Kansas



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