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Home-ownership for low-income households: Outcomes for families and communities

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Executive Summary

Homeownership is often promoted as a goal for low-income families. Research has suggested that owning a home may contribute to household stability, social involvement, local political participation and activism, good health, low crime, and beneficial community characteristics. Homeownership is also viewed as a means of wealth accumulation that can be particularly important for low-income families. Homeownership, however, also has its drawbacks. For families earning very low wages, homeownership may not be the best solution since the higher costs can create greater short-run financial strain. For families that are time and credit constrained, this can lead to significant stress and hardship. However, credit counselling and financial literacy training may significantly increase the probability that low-income households will come out financially ahead through homeownership.

Wealth accumulation through Individual Development Accounts (IDAs) was implemented in Winnipeg in 2000. IDAs are savings accounts with matching funds provided by institutional sponsors. The Province of Manitoba, together with other sponsors, supported an IDA program through SEED Winnipeg, a Winnipeg community economic development agency. The project is based on the concept that wealth generation (or asset building) with financial education and counselling is an important step in moving families out of poverty. From 2000, when the program was established, until July 2008, some 90 individuals participated

in the program and declared that their asset goal was to purchase a home. Of these, as of July 2008, 47 successfully purchased homes and 24 were saving for the down payment to buy a home.

To better understand the impact of homeownership on low-income individuals, families and the broader community of Winnipeg, the Canadian Centre for Policy Alternatives – Manitoba with the cooperation of SEED Winnipeg, prepared this report. It reviews the research and arguments regarding the promotion of homeownership for low-income households, and documents the experience of the participants of the IDA program who have successfully purchased homes with the assistance of the program.

Existing Research on Low-income Homeownership

Strong correlations between homeownership and wealth development and the association of homeownership with a variety of positive individual and community outcomes has led many governments to implement or support legislation, programs and policies to promote homeownership by low-income families. However, a survey of the research into this topic indicates that homeownership may not have the predicted quantitative benefits. In particular, homeownership, when compared with renting and investing the difference between the rent and house payments in low-risk financial assets, is generally not financially beneficial. (However, through its forced saving effect, homeownership can lead to a greater build-up of home-equity wealth over time for low-income households.) Other drawbacks stem directly or indirectly from the increased financial burden of owning compared to renting in the short-run and higher maintenance demands. It is also not clear that homeownership leads to significant increases in civic participation, increases in happiness, or better health for adults.

Evidence does suggest that, due to their increased tenure in the neighbourhood, homeowners are more likely to be involved in local politics and in neighbourhood-based organizations when financial education and counselling are included. There is strong evidence to suggest that children benefit from the increased stability and the access to healthier and higher quality space for play and study that homeownership generates. Homeownership may also help families from racialized groups gain access to higher quality housing in situations where rental markets are racially discriminatory. While the statistical evidence to support the argument that homeownership leads to greater self-esteem, happiness and health is not strong, qualitative research has found that homeownership tends to make one feel more part of the community and has positive effects on the self-esteem of individuals, particularly for immigrant families. Research also shows that personal budgeting and financial training for low-income earners can significantly increase the odds of realizing the benefits and minimizing the potential negative impacts of homeownership.

Participant Statistics at Sign Up

According to their income statistics, the program participants who purchased homes through the IDA program for the most part can be generally classified as members of the working poor. Almost 39 per cent of the participants had full-time jobs at sign up, with an additional 27 per cent working part time. There was a significant reliance on government assistance amongst the successful participants at sign up, with 36 per cent of the households depending on government assistance for 20 per cent or more of their household income. The majority of participating households included children, although the average family size was small.

A significant proportion of the successful participants were from non-Aboriginal visible minority groups and were, in many cases, immigrants. Ten per cent of the successful participants were Aboriginal.

The average price of homes purchased by participants, adjusted to housing prices in August 2008, was $130,000, with a median purchase price of $127,000.

Participants had reasonably high levels of education, with almost three-quarters having some college or university, and almost two-thirds having completed a university degree (often at a non-Canadian institution).

Report on Interviews with Participants

Nineteen of the 47 participants who successfully purchased homes through the IDA program were interviewed. Seventeen of these participants were still in the homes they purchased through the IDA program. All of the families with children interviewed were still in the home purchased through the program. The interviewees were overwhelmingly satisfied with their choice to become homeowners and with the services they received from SEED Winnipeg. Stability, financial security, increased personal freedom and more living space were all repeatedly mentioned as positive benefits they had derived from homeownership.

All of the parents interviewed stated that homeownership had increased the stability in their children's lives and the majority had seen an increase in the space available for their children to play and study. Many noted that their children were more likely to have friends over, allowing them a greater opportunity to supervise their children.

Although the financial and maintenance demands of homeownership were creating unexpected challenges for some of the participants, these were generally described as manageable. Despite the difficulties, the vast majority of participants had very positive feelings about homeownership and its impact on their lives. These included higher levels of self-esteem, pride, security, optimism and sense of control. Many saw the hardships imposed by homeownership as a sort of rite of passage and consequence of the increased freedom and responsibility that accompanies homeownership. None expressed regret over buying their homes. It appears that the budgeting and financial training provided by SEED Winnipeg as a condition of participation in the IDA program has made homeownership a sustainable and thereby positive experience for the participants.

While it is often assumed that low-income homeownership programs will lead people to leave the inner city, the opposite was found to be the case with the IDA home purchasers. While at sign up 47 per cent of the participants were inner-city residents, 57 per cent bought homes in the inner city. These statistics suggest that the IDA homeownership program is attracting new resident homeowners to the inner city. This is a positive step in combating inner-city decline and should be commended.

Policy Implications

The review of the literature and the interviews with IDA program participants who purchased homes generate several policy suggestions regarding the promotion of homeownership for low-income households in Manitoba. This report recommends the following policy proposals, outlined in more detail in the report, to the provincial government:

1. More resources for financial education specific to home purchasing
2. More resources for education programs for low-income homeowners on renovations and maintenance contracting
3. More resources for education on home purchasing risks

4. Additional programs to support low-income homeowners experiencing unemployment
5. Additional programs to support low-income homeowners after purchase
6. Continued and additional support for comprehensive programs
7. Continued support for high-quality public/social housing
8. Continued but selective promotion of homeownership for low-income households

Introduction

Homeownership is often promoted as a goal for low-income families. Research has suggested that owning a home may to contribute to household stability, social involvement, local political participation and activism, good health, low crime, and the development of beneficial community characteristics. Homeownership is also viewed as an important means of wealth accumulation that can be particularly important for low-income families. Homeownership however also has its drawbacks. For families earning very low wages, homeownership may not be the best solution as the higher costs can lead to greater financial strain in the short-run. For families that are time and credit constrained, this can lead to significant stress and hardship.

Wealth accumulation through Individual Development Accounts (IDAs) was implemented in Winnipeg in 2000. IDAs are savings accounts with matching funds provided by institutional sponsors. The Province of Manitoba, together with other sponsors, supported an IDA program through SEED Winnipeg, a Winnipeg community economic development agency. This project is based on the concept that wealth generation (or asset building) with financial education and counselling is an important step in moving families out of poverty. Since the program's inception in 2000, 90 individuals have had an asset goal of home purchase, 47 successfully purchased homes and 24 are currently saving to buy a home.[1]

There has been a significant financial commitment by government and NGOs to assist low-income families purchase homes. There also exists a significant debate in the literature over the merits of homeownership for poor households. This report, prepared by the Canadian Centre for Policy Alternatives –Manitoba with the assistance of SEED Winnipeg, reviews the research and arguments regarding the promotion of homeownership for low-income households and documents the experience of the participants of the IDA program who have successfully purchased homes with the assistance of the program.

The questions this report seeks to answer are:

1) What difference has homeownership with training and counselling had on the IDA participants? Has their economic security and quality of life in general improved because of homeownership?

2) What other aspects of their lives have changed since buying the home?

3) Did participants purchase a home in the same neighbourhood where they were living, or did they move to a different neighbourhood? What neighbourhoods were chosen by participants, and why?

4) What challenges does homeownership present to the participants, and how do they deal with them?

5) What have other studies found with respect to the financial and personal benefits of homeownership, and in particular for low-income people?

6) What have other studies found with respect to the benefit to communities of high homeownership rates?

7) How do the experiences of SEED's IDA homeowners compare

1 As of July 2008.

with the results of other studies?

The rest of this report is organized into four sections: the first reviews research on the issue of homeownership and specifically, the impact of homeownership on low-income households; the second outlines SEED's IDA program and summarizes statistics on the participants who successfully saved and purchased homes through the IDA program; the third presents the results of the interviews with the program participants; and the concluding section puts forward a series of conclusions and policy proposals based on the interviews and the review of the literature.

Background on Homeownership as a Solution to Poverty

U.S. and Canadian governments have long promoted homeownership and have set up or sponsored institutions and legislation to support and insure mortgage lending. Since the Great Depression, the U.S. government sponsored the Federal National Mortgage Association (FNMA or "Fannie Mae"), the Federal Home Mortgage Corporation and the Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac") to issue and insure mortgage loans. The Canadian government set up the Central Mortgage and Housing Corporation (CMHC) in 1946 as a crown corporation. Now known as the Canada Mortgage and Housing Corporation, CMHC insures Canadian mortgages, conducts research on housing related issues, and is involved in the financing of public housing projects and the setting of housing standards. The U.S. government allows a tax deduction for mortgage interest and a specific tax credit to promote the development of homes for low-income earners (Balfour and Smith 1996). The tax deduction for mortgage interest alone amounts to over $50-billion of lost tax revenue (Hackworth and Wyly 2003). In the 1990s the U.S. also began enforcing previously neglected pieces of legislation, such as the Fair Housing Act and the Community Reinvestment Act, which promoted more equal access to mortgage lending.

It is only recently that homeownership has been promoted specifically as a solution to poverty. In the 1990s homeownership was promoted heavily in the United States for low-income households as a means to accumulate wealth (Belsky, Resinas and Duda 2005: 1)2 and many other countries later followed suit.

In the United States, a combination of social pressure and state intervention forced mortgage lenders to lend to low-income communities. New statistical methods were supposedly able to better assess borrowers and the likelihood of their defaulting. Over time, lending standards were relaxed and individuals, who in the past would have automatically been denied credit on the basis of their credit history, qualified for higher interest loans (Retsinas and Belsky 2002: 5-7). This led to low-income homeownership increasing 79 per cent between 1993 and 2000 in the U.S. Homeownership rates also increased significantly for single-parent households, with 50 per cent of female-headed households owning rather than renting (Retsinas and Belsky 2002: 4-5).

One of the main drivers behind the promotion of homeownership for low-income households was the fact that low-income renters generally have a significantly lower net worth than low-income homeowners. In 2001, the average net worth of households with an income of $20,000 or less was $72,750; rental households with the same income had an average net worth of $900 (Belsky, Resinas and Duda 2005). Home equity accounted for 72 per cent of the net household worth of U.S. homeowners with household incomes less than $20,000 per cent. For families with incomes between $20,000 and $49,999 homeownership accounted for 55 per cent of total wealth (Degiovanni 2002: 201). These statistics have been used to justify policies to promote homeownership (Boehm and Schlottmann 2004b).

Types of Programs Supporting Homeownership

Given the correlations between homeownership and wealth development, and the association

2 Because of the heavy promotion of homeownership by the U.S. government as a poverty fighting measure, a significant portion of existing high quality research on home-ownership for low-income families is based on U.S. data.

of homeownership with a variety of positive individual and community outcomes (see *Promoted Benefits and Drawbacks of Homeownership for Low Income Households* below), many governments have implemented programs and policies to promote homeownership that go beyond private mortgage acquisition assistance. Government, non-profit organizations and, occasionally, for-profit corporations offer programs to help low-income borrowers achieve homeownership. In the U.S. for example, the Department of Housing and Urban Development sells public housing units to tenants.

Mendelson (2005) surveyed existing Canadian programs designed to promote homeownership for low-income households and classified them into three categories: shared equity, rent to own, and programs with explicit grants or subsidies. In the shared equity models, the home seller or mortgage lender retains some equity in or rights over the home. The reduction in the purchase price and mortgage payments make the home more affordable. Depending on the arrangement, the equity is either paid back over time or when the home is sold. By reducing the degree of leveraging, these shared equity schemes generally reduce the risk to the homebuyer.

The rent-to-own scheme is fairly straightforward, with the lender or home seller being compensated with rent prior to the transfer of ownership. The explicit grant or subsidy models can take the form of forgivable grants to purchaser or builder, a repayable interest-free loan to purchaser, assisted or matched savings programs, sweat equity or community land trusts.

SEED Winnipeg's IDA program could be categorized as an explicit grant or subsidy program which also provides financial education and counselling. This type of program reduces the financial risk to the homebuyer by allowing for a larger down payment, although not as large as is provided in a shared equity scheme.

A Note on U.S. versus Canadian and Manitoban Mortgage and housing markets

The majority of academic research on low-income housing and homeownership has been based on the U.S. experience. Before applying that research in the Manitoba or Canadian context, some differences between the two countries with respect to homeownership should be pointed out.

The U.S. and Canadian mortgage markets were very similar up until the 1990s; mortgages were based on whether the borrower met a specific set of standards with respect to underwriting and credit history. This resulted in a generally uniform rate of interest combined with a set of terms for the different type of mortgages. In the 1990s, U.S. mortgage lenders began to relax their standards and diversified the interest rates that they offered to applicants based on their risk assessment (Belsky and Duda 2002a). High-risk applicants were charged higher rates of interest on their loans. Many of these higher risk loans were subprime mortgages (mortgages to lenders who have a poor credit evaluation with respect to loan payback) and were packaged and sold in secondary markets. The number of subprime mortgage loans increased significantly over the 1990s, in the range of 4.5 to 11 times, with the largest increase being to low-income earners (Belsky, Resinas and Duda 2005). These loans laid the foundation for the subprime crisis that was later to cripple the U.S. financial sector and begin a recession of broader economy in 2007 and 2008.

Canada did not follow the U.S. subprime mortgage and variable rate trend and maintained its system of uniform interest rates and more stringent underwriting standards. Canadian legislation (the *Bank Act*) prohibits lenders from advancing more than 80 per cent of the property's value without insuring the loan against default. After initially loosening standards in 2006, in July of 2008 the Government of Canada introduced additional restrictions requiring borrowers to make a minimum down payment of 5 per cent on insured mortgages and reducing the maximum amortization period to 35 years (Marr 2008). In 2007, in Canada subprime mortgages accounted for 5 per cent of all mortgages while in the U.S. they account for 21 per cent of mortgages (Campbell 2007).

Some have argued that Canada's mortgage market is heading in the same direction as the U.S. market. Gould (2008) notes that in the 2006 federal budget, the Conservative government opened up the Canadian mortgage market to U.S. mortgage insurance companies. This led to a "weakening in the standards for mortgage insurance" and allowed buyers to purchase homes previously beyond their credit range. These companies were in direct competition with CMHC, which was forced to reduce insuring standards to remain competitive. The result was that CMHC financed a higher proportion of riskier (higher interest rate, longer amortization, no down payment) mortgages. Gould argues that the Conservative government changes of 2008 essentially amounted to "closing the barn door after the horse has bolted". Her analysis suggests that low-income homeowners in Canada may now be at greater risk of losing their homes than was previously the case.

Others have reevaluated the stability of home prices in Canada in the context of the current financial crisis. Kirby (2008) points out that home prices in Canada have increased on average 75 per cent since the beginning of 2000 and are well out of proportion to rents. Housing prices in Winnipeg would have to drop 25 per cent to come into line with rental costs. He points out that the CMHC changed its regulations in 2004 to allow zero down payment mortgages and in 2006 extended the allowable amortization period from 25 to 40 years. He estimates that 75 per cent of all new mortgages are in the 35 to 40 year range; indicating homebuyers are pushing the boundaries of their credit limitations. This suggests that even a small drop in housing prices could leave many homeowners with negative home equity. As housing prices begin to drop, it is not unreasonable to anticipate a snowball effect, culminating in a significant drop in housing prices in the near future as people walk away from mortgages worth more than the value of their homes.

It is worth noting that a recent Corporation for Enterprise Development (2008) survey of community-based organizations working with low-income homebuyers has found only one foreclosure in 650 loans held by individual who funded their homes through individual development accounts similar to those supported by SEED Winnipeg. This success rate in the midst of the subprime crisis has been attributed to restrictions on the terms account holders were allowed to accept, financial training and the assets the participants accumulated prior to purchase (Corporation for Enterprise Development 2008).

Another significant difference between Canada and the U.S. is the tax deductibility of mortgage interest in the U.S. This credit, which directly lowers the cost of homeownership vis a vis renting, is not present in the Canadian system. However, critics of interest deductibility argue that the credit is highly skewed towards high-income earners (Lowenstein 2006), and is therefore likely to be of little or no benefit for low-income homeowners. Only 3 per cent of homeowners with incomes under $20,000 made use of this deduction in 1998 (Belsky, Resinas and Duda 2005).

Finally, U.S. mortgages often carry fixed rates for the life of the mortgage, while in Canada rates are generally fixed at most in the five- to ten-year range. This makes refinancing a more important option for the U.S. homeowner. Belsky, Retsinas and Duda (2005) note that low-income homeowners are less likely to refinance when it may be to their benefit, which can lead to much higher costs than if they would have refinanced.

All of the above needs to be kept in mind when looking at the results of U.S. studies on the financial costs and benefits of homeownership.

Homeownership in Manitoba is more likely to be beneficial for low-income households due to the province's relatively diverse economy and stable housing market. Recent projections suggest that, unlike in other regions of the country, Manitoba's housing market will remain relatively strong during the emerging financial crisis (McNeil 2008).

There is also reason to believe that the studies from the U.S. regarding the social and non-financial benefits of homeownership may not be directly applicable to the Canadian and Manitoban context due to institutional or cultural differences. DiPasquale and Glaeser (1999), for example, found that the relationship between homeownership and civic participation was significantly different in the U.S. and Germany. Similarly, Maxwell (2005) argues that many of the results demonstrating the benefits of homeownership in the U.S. do not apply in Britain. It is likely the differing social and cultural histories and contexts will mediate whatever effects homeownership may have. Results from the U.S. regarding the social and non-financial benefits of homeownership should be evaluated for their applicability to the Canadian/ Manitoban context. However, given the many cultural similarities at the community level of the U.S. and Canada, it is likely that many of these results are applicable.

Promoted Benefits and Drawbacks of Homeownership for Low-Income Households

Financial Benefits of Homeownership

The previous section outlined some of the strong correlations between homeownership and wealth. Correlation is however not equivalent to causation, and it is reasonable to expect that much of the association of higher wealth and homeownership is due to other characteristics of households that lead to both higher wealth and a higher likelihood of homeownership. For example, higher education or higher innate ability may lead a household to both accumulate more wealth and buy a house. It is quite likely the case that higher wealth leads to homeownership; if a household has more disposable wealth, then it is better equipped to make a large purchases such as a home and manage the risk associated with fluctuating house values. While both of the above may be true, there are reasons why one would expect that homeownership would also lead to higher wealth.

The first reason is mortgage payments amount to a form of forced savings. The requirement to pay off the principal of the mortgage or face possible foreclosure gives households a strong incentive to make their monthly payments and thereby continue to accumulate housing equity. Lacking this incentive, renters are more likely to access and spend their savings.

Second, homeownership insulates households from inflation in rental housing prices. The cost of the living space itself is effectively fixed for the owner for the duration of ownership if the owner has a fixed rate mortgage. The cost may not be fixed if the cost of borrowing fluctuates with interest rates and the owner has a variable rate mortgage.

The third reason is the potential for home value appreciation and a relatively large increase in housing equity. Mortgages allow low-income households to acquire a large asset with a relatively low initial investment (in other words, the investment is highly leveraged). When the value of the home appreciates, the result is a substantial return on the relatively small investment (Belsky, Resinas and Duda 2005). For example, a family purchasing a home for $100,000 with a $5,000 down payment would receive a 100 per cent rate of return ($5,000) on its investment if the house increased in value to $105,000 the next year.

Several studies that have analyzed the financial returns to homeownership are summarized below.

Belsky and Duda's (2002b) study of the housing markets on four major U.S. metropolitan areas (Boston, Chicago, Denver, Philadelphia) between 1982 to 1999 found that those who purchased homes within the price range associated with low-income homeowners were less likely to lose money on their homes, less likely to sell at a loss during a downturn, and were also more likely to sell at a profit during an upswing than owners of other types of homes. They propose that this may be because low-cost home purchasers may be priced out of the market as interest rates and prices rise during cyclical upswings. This may also be because low-value homes are more likely to be bought as an investment rather than a place of residence. Their analysis assumes all homeowners have the same mortgage rates and finance options and excludes all defaulted loans. Since low-income earners are more likely to face less favourable mortgage terms, and more likely to own low-cost homes and to default, these assumptions exaggerate the return on homes owned by low-income earners. Their analysis's tendency towards shorter-term home tenure biased the return to homeownership downward. They found that "homeowners frequently sell homes for less then they paid for them…and that especially large shares of them resell after experiencing real house price appreciation insufficient to cover even transaction costs" (232). Fifty-two per cent of the hypothetical homeowners in Philadelphia, 31 per cent in Chicago, 28 per cent in Boston and 13 per cent in Denver suffered capital losses.

Goetzmann and Spiegel (2002) found that the return to housing was "substantially less" than the appreciation of U.S. stocks, bonds and mortgage-backed securities (257). House value appreciation was only slightly above the rate of inflation. Investment in housing also entails significant financial risk. "Encouraging homeownership among low-income households will only increase the wealth gap in the United States" (272).

Belsky, Resinas and Duda (2005) compared simulated financial returns to homeownership from 1983-2005 with the return from investing the down payment elsewhere and renting, including various scenarios with respect to mortgage packages, taxation and refinancing options. The returns were highly variable and depend on a wide array of factors, the most significant being house price changes, mortgage interest rates and fees, mortgage terms, marginal tax rates, size of the of the mortgage relative to house value, maintenance and improvement expenses, property tax rates, the going rate of return on alternative investments, and length of tenure. They noted that since many of these variables were systematically different for low-income homeowners, the financial returns to low-income homeowners would likely differ systematically from other homeowners. In particular, low-income homeowners are more like to have less favourable mortgage terms and rates. Low-income homeowners must also generally spend more on home maintenance relative to house value due to the poorer state of the home upon purchase and generally spend less on improvements due to income constraints or a perceived lack of potential return on the improvements.

Belsky, Resinas and Duda's (2005) simulation compared the net financial returns on owning a home versus renting the same home in four different U.S. housing markets (Boston, Chicago, Denver and Washington D.C.). Under many of the scenarios, renting produced a higher net return than owning a home. Overall, the financial returns were marginally higher for renting.

For low-income earners, renting is significantly more financially favourable than homeownership. This is due to the fact that they cannot get preferential mortgage terms while the U.S. property tax and interest tax deductions favour high-, not low-income earners. They concluded that unless low-income homeowners can secure prime-rate mortgages, there is a high probability that they would be financially better off renting.

Mendelson's (2006) analysis of the financial returns to housing in Canada from 1981 to 2006 found that new housing prices grew more slowly than prices in the economy in general, with housing prices increasing by 95 per cent and the general price index increasing by 119 per cent. Mendelson's financial simulation study concluded that under many scenarios, homeownership results in a net loss compared to renting and investing in other assets. The results are strongly dependent on when the purchase is made: buying at the right time can result in significant gains due to the highly leveraged nature of home purchasing, buying at the wrong time can result in significant losses. He concludes that, as a financial asset, homeownership has all the characteristics of a bad investment (illiquid, high transaction cost, large single expenditure, unstable and unpredictable market, highly leveraged) and "is not likely the best way for low income households to acquire wealth" (34).

To summarize, a large majority of studies that simulated the financial returns to homeownership for low-income households found no significant benefit to ownership compared to renting and investing the cost difference in low-risk financial instruments. Some studies found renting to be financially superior to homeownership for low-income families.

Household Non-financial Benefits for Homeowners

This section summarises the results of various studies analyzing the relationship between homeownership and the non-financial benefits for the homeowners generally associated with homeownership such as greater health and happiness, better child development, lower racial discrimination.

Homeownership, Health and Happiness

Homeownership is highly correlated with mental and physical health. Part of this association is due to the strong positive relationship of homeownership with income and self-esteem. After controlling for these factors, MacIntyre, Der, Ford and Hunt (1998) show that homeownership still has a positive effect on health. They suggest that homeownership provides access to better and safer social and physical environments and may be a channel through which homeownership leads to better health and higher self-esteem. Cairney and Boyle's (2004) study implies that the mental health benefits are less pronounced for homeowners with mortgages. It has been shown that mortgage arrears have a significant association with declining mental and physical health (Nettleton and Burrows 1998) and that home repossession has a detrimental impact on social and physical health status (Nettleton and Burrows 2000). Since low-income homeowners are more likely to be in arrears and to have their home repossessed, it is likely that the health and happiness benefits of homeownership are lower for low-income homeowners.

Rohe and Stegman's (1994b) well-controlled experimental case study in Baltimore found that low-income homeowners did not experience any significant increase in self-esteem or sense of control relative to renters, although they did report increased life satisfaction. Housing conditions did have a positive effect on both life satisfaction and self-esteem.

In their study of the effect of homeownership on individuals and communities Rossi and Weber (1996) found homeowners generally express higher levels of life satisfaction and self-esteem than renters, although the difference between the two groups was small. Amongst married couples, there was no statistical difference between renters and homeowners with respect to marital happiness and ability to cope with marital relations. Owner couples, however, were more likely to have areas in which they disagreed with their spouses, have sex less often, and to cope less well with parenting. In other measures of marital and individual well-being and happiness, homeowners and renters were essentially the same. Their analysis held when the study was controlled for the effects of age, income, education and race. They also emphasized that one could not imply causality from their results, since homeownership may cause these differences or people who choose to buy homes may share some characteristics that make them more likely to have higher self-esteem and satisfaction.

Katz (2004) interviewed 55 low-income homeowners in Seattle, and found that, despite the financial hardship that homeownership imposed, many felt that purchasing the home was a good investment and was a source of great pride. Many of the immigrants in this group reported that homeownership made them feel more like a true citizen.

Dietz and Haurin (2003) argue that most studies examining self-perception and homeownership fail to adequately control for income and wealth, thereby drawing the above results into question. Dietz (2003) notes that many of the studies relating homeownership to health "suffer from weak statistical methodology that likely overstates the impact of ownership" (5). Dietz and Haurin (2003), after looking at the available studies, concluded, "well-grounded tests of whether homeownership directly affects physical health have not been conducted" (433). They noted there is a plausible causal relationship with homeowners being more likely to undertake renovations as well as system and structural repairs to correct for the negative impact of "defective water systems, unhygienic conditions, lead-based paint, and structural hazards" (433).

To summarize, the evidence on homeownership and its relation to health and happiness is mixed. While some studies show a positive relationship, it has been argued convincingly that many of these studies did not employ an adequate statistical methodology. There does not appear to be convincing statistical evidence to support the position that, in general, homeownership leads to better health and greater happiness, although it may likely lead to a greater sense of inclusion for marginalized groups, particularly immigrants. While there is not strong statistical evidence to support that homeownership leads to greater self-esteem, happiness and health, there is evidence that better housing conditions do. There is a strong logical argument supporting the idea that, in general, homeownership leads to better housing conditions. Therefore if homeownership leads to better housing conditions, it should also lead to increases in self-esteem, happiness and health.

Homeownership and Children

Green and White's (1997) statistical analysis found that the children of homeowners were more likely to stay in school longer than children of renters and that teenage daughters of homeowners were less likely to have children of their own compared to the teenage daughters of renters. These effects persisted after controlling for characteristics such as race, age, and income, as well as for other factors such as length of tenure at current residence and neighbourhood characteristics. They theorize that homeownership leads to these results through two distinct relations. The first is that homeowners, through owning, maintaining and hiring people to work on their home, develop a set of problem-solving and interpersonal skills that are transferable to successful child rearing. The second is that, due to the higher relative cost of moving and the larger financial stake in their neighbourhood for homeowners compared to renters, homeowners are more likely to diligently monitor the behaviour of children in the community. Longer tenure in a particular neighbourhood also gives home-owning parents an advantage in monitoring their children due to increased familiarity with their neighbourhood. Their results do suggest however that longer tenure for renters offsets some of the difference between the results for homeowners, implying that stability of residence may be responsible for all or a portion of the differential results. When Aaronson (2000) accounted for this fact, one half of Green and White's positive homeownership effect on child education disappeared. Rossi and Weber (1996) questioned an earlier version of Green and White's results, suggesting that owned residences are generally located in better neighbourhoods with more supportive school systems.

Harkness and Newman (2002) found that homeownership benefits children in all neighbourhood types, although more so in less distressed neighbourhoods. However, the proportion of homeowners to renters has no independent effect on child outcomes. They suggested that the benefits of moving to a new, better neighbourhood are often outweighed by the disruption this causes and that low-income earners would be better off purchasing homes in their existing neighbourhoods.

Boehm and Schlottmann (1999), using U.S. data, analysed the relationship between parental homeownership and child outcomes and found that children of homeowners are more likely to achieve higher levels of education and earnings. Dietz and Haurin (2003) imply that this result may not reliable because some unobserved characteristic of families that purchase homes were not accounted for in the control variables. Boehm and Schlottmann also do not account separately for the intermediate effects of homeownership such as higher quality housing and greater geographic stability.

Haurin, Parcel and Haurin (2002) found that homeownership "leads to a higher quality home environment, greater cognitive ability and fewer child behaviour problems" (635). They argue that this is due to two factors, one being the "stronger investment incentive" of owners, which leads to a higher quality home environment, and the other being longer housing tenure, which generates strong community connections and a more consistent school environment. Increased home quality is claimed to directly increase self-esteem and reduced parental anxiety and depression. This leaves them better able to parent their child, and lowers the chance that children will be exposed to household hazards such as lead poisoning. Their study effectively used homeownership as a proxy for the above factors and does not account for housing tenure separately. It is important to note that their study argued that homeownership leads to geographic stability and improved home quality that, in turn, leads to the improved child outcomes.

To summarize, there is strong evidence to suggest that homeownership for families indirectly leads to better outcomes for children in those families. The causal explanation is that homeownership, due to the higher transaction costs of moving, leads to greater geographical stability since home-owning families generally move less often.[3] This stability leads to less disruption for children with respect to school attendance and participation, and allows the families to become more acquainted with the neighbourhood and its residents, facilitating greater access to community resources and easier child supervision in the neighbourhood. This greater geographic stability also leads parents to invest more in their homes, creating a safer and higher quality environment for their children to live, study and play in. Some have made a stronger claim, namely that homeownership improves child outcomes directly by forcing parents to be become managers, which in turn makes them better parents, although the evidence to support this claim is limited.

3 This has been shown to be true empirically; see Haurin & Gill (2002).

Discrimination, Segregation and Homeownership

Research suggests that racialized groups face significant racism in Canada's housing markets (Darden and Kamel 2000). Some research suggests that home sales markets are less racially discriminatory than rental markets (Yinger 1998). This implies that households from racialized groups may be able to achieve higher quality housing though ownership relative to non-racialized groups.

While it is not clear that homeownership in general has an effect on racial segregation of neighbourhoods, if one accepts that home sales markets are less discriminatory than rental, increased homeownership for low-income households is likely to reduce segregation.

Homeownership and Increased Community and Civic Participation

Homeownership is often claimed to produce not only benefits for the individual, but for communities at large though increased civic and community participation.

Several studies looking at this phenomenon are summarized below.

Rohe and Stegman (1994a) looked at low-income homeowners and renters in Baltimore and found that homeowners less likely to spend evenings with neighbours, co-workers, and friends than renters, but were more likely to participate in neighbourhood or block associations. Renters and owners participated equally in other organizations. They also found that homeowners who perceived neighbourhood problems were no more likely to participate in local improvement organizations than renters. They argue that participation in neighbourhood groups may have little to do with goal achieving motives and more to do with a personal sense of civic duty or solidarity.

Rossi and Weber (1996) examined empirically the claims that homeownership leads to increased civic and community involvement, finding evidence to suggest that homeowners are more likely to be members of organizations, to be members of a nationality or youth group, to spend evenings with relatives, and to give help to others. Renters however were found more likely to spend evenings with neighbours, co-workers, and friends. Renters and homeowners showed no difference in their perceived safety of or satisfaction with their neighbourhood. They also found little difference in general political interest and participation, political affiliation, or political ideology, although homeowners were more like to be involved in local politics and think local politics were important, were more likely to be involved in groups trying to solve local problems, and more likely to be involved in community improvement activities. This evidence supports previous studies showing that homeowners are more likely to be involved in local politics and community improvement, but are less likely to socialize with their neighbours. For the vast majority of indicators of community and civic participation they looked at, Rossi and Weber found little difference between owners and renters, pointing out that there is little evidence to support the argument that policies to increase homeownership will drastically improve the quality of life and community cohesion.

Gilderbloom and Markam (1995) undertook a statistical analysis of the impact of homeownership on political beliefs. After controlling for a variety of other factors that have been hypothesized to affect political beliefs, they found little to no distinction between the political ideologies of homeowners and renters, although homeowners did tend to vote more often.

DiPasquale and Glaeser (1999) studied the relationship between homeownership and investment in local amenities and social capital in the U.S. Controlling for age, race, gender, marital status, children, income, education, type of dwelling, and city size, they found that homeownership is associated with various measures of "good citizenship" including local political participation and non-professional organizational membership. They are sceptical about assigning a casual relationship between the two, arguing that the increased length of stay at a particular residence is associated with homeownership likely leads to these types of behaviours. Their analysis of German data found the relationship between homeownership and community involvement variables to be minimal.

To summarize, there is mixed evidence with respect to homeownership leading to greater community and civic involvement. The evidence suggests that involvement in locally based politics and community organizations is higher for homeowners, while for other types of social, civic and political involvement, in general there appears to be little significant difference between the renters and owners. It is likely that this is due to the greater financial stake that individuals have in maintaining a high quality neighbourhood, as well as the greater geographic stability of homeowners. Studies suggest that increasing homeownership may not lead to significant increases in community cohesion.

Drawbacks

There are several drawbacks of homeownership for low-income households. In general they stem from the insecurity and precariousness caused by poverty.

Additional Financial and Personal Costs of Maintenance

Owned accommodations also come with additional responsibility for maintaining the residence and dealing with needed repair and servicing. These can impose additional financial and personal stress.

Higher Costs of Owning versus Renting

Once the mortgage has been paid off, homeownership may be cheaper than renting. In the short run, however, down payments, mortgage payments and higher utility costs, along with the costs of maintenance, lead to owned residences being more expensive than comparable rental residences. In Winnipeg, the cost differential alone, not including utility costs, has been pegged to be 25 per cent (Kirby 2008). It should be noted that this statistic is for all residences and may not be the same for low-cost housing. It also does not take into consideration discrimination in the rental market. Further research is required to determine if this is specifically the case for low-income households.

Homeownership places additional financial burden on families, which can be particularly problematic for low-income families and makes it difficult to keep up with mortgage payments.

Risk of Default and the Financial and Personal costs of Default

As low-income families generally have little or no savings and less access to formal or informal credit, these households are more vulnerable to "income shocks" or "budget shocks". These shocks can lead to the family defaulting on the mortgage, which can lead to a significant loss of capital and negative consequences for the family credit rating (Belsky, Resinas and Duda 2005: 2), compounding the personal disruption of losing one's home. Even if these families have enough of a financial cushion to give them time to sell the home, there is still the potential to lose money at sale due to decline in market value or failure to recoup transaction costs (Belsky, Resinas and Duda 2005, Katz, 2004). As credit is expanded to low-income families, the risk of default increases leaving low-income borrowers more vulnerable to cyclical downturns.

Homeownership for low-income individuals is particularly risky financially because a mortgage is a highly leveraged investment. Above it was noted that this could be considered a positive attribute, since it leads to a substantial increase in wealth relative to the initial investment if the house is increasing in value. However, the opposite is also true: if the value of the house falls, the homeowner can see a significant loss in wealth. For example, if a family purchases a home for $100,000 with a $5,000 down payment, and if the value of the house goes down 10 per cent to $90,000 the next year, the family loses its initial investment of $5,000 and now has less net wealth than it began with. If it tried to sell the home at this point for $90,000, it would be out its initial $5,000 and would owe an additional $5,000 (minus any principle payments, which would be negligible in the first year of the mortgage) after selling the house plus any transaction costs (which can be significant).

In general, most homes do appreciate in value over time, and as long as homeowners take care of the house and maintain ownership for long enough, they should be able to make money on the sale of the house. The homes that low-income households can afford are more likely to be in poor condition and to require major repairs, and are more likely to be in a less desirable neighbourhood. These homes are less likely to appreciate in value over time and thereby less likely to generate the financial gains attributed to homeownership in general. Low-income households also have a higher likelihood to give up homeownership and become renters again (1:4 for minority groups, 1:8 for whites over a nine-year period), and are unlikely to become homeowners again (only 37 per cent of low income minorities) (Boehm and Schlottmann 2004a, 2004b).

It is also reasonable to assume that low-income homeowners are more likely to sell their house to deal with a shortage of financial resources compared to higher income families. Since this is more likely to occur in an economic downturn, when unemployment is high and housing prices are low, this could result in lower returns to homeownership for low-income households.

Even over the long run, as noted above, renting and investing money in assets other than a house may yield higher returns than homeownership. This depends on factors such as the rate of interest on the mortgage, the return on alternative investments, and cost of renting relative to the cost of owning a home (Belsky and Duda 2002). The return to homeownership for low-income households is heavily dependant on trends in housing prices and rental rates, as well as mortgage terms and rates, how long the families maintain ownership, and whether and when the family refinances its mortgage (Belsky and Duda 2002a).

It important to note that previous research suggests that those that receive credit counselling defaulted less often, increased their financial literacy and understanding, and responded better to financial incentives when making decisions regarding refinancing and defaulting (Hartarska and Gonzalez-Vega, 2006). This suggests that credit counselling and financial literacy training may significantly increase the probability that low-income households will come out financially ahead through homeownership.

To summarize, due to low savings and precarious income sources, low-income people are generally financially vulnerable and are at greater risk of experiencing significant and often unpredictable shocks to their budget and incomes. Homeownership for low-income individuals is particularly risky financially due to the fact that a mortgage is a highly leveraged investment that can lead to huge losses in wealth in the case of falling housing prices. All of this leads to a greater probability that low-income owners will default on their mortgages or be forced to sell at a loss, leaving them worse off and back in the rental market. Credit counselling prior to purchasing may help offset this risk.

Reduced Mobility

While the greater geographic stability caused by homeownership has some positive benefits, the reduced mobility can also be a problem. Specifically, homeownership reduces the ability and/or inclination of low-income families to relocate for employment purposes. Given the often-precarious employment situation of many low-income earners, this can lead to increased unemployment.

Opportunity Costs of Committing Resources to Low-Income Homeownership

As economists love to point out, there is no such thing as a free lunch. Money and resources spent on low-income homeownership by government, non-profit organizations, charities and the individuals buying the homes have implicit costs.

Funding and efforts to promote low-income homeownership, particularly in the U.S., have often come at the expense of other housing supports for low-income individuals and families. This can be problematic if the programs that lose out are more effective at providing quality housing that may not be resident-owned or if these programs are better targeted at those most in need of support. Hackworth and Wyly (2003) argue that the promotion of homeownership leads to further polarization between the working poor (the "deserving" poor) and the workless poor (the "undeserving" poor) as resources for homeownership programs have often come at the expense of investment in and subsidies for low-income rental housing (149-150). While a minority of the poor, generally those who are better off, may benefit from the homeownership programs, many are made worse off, becoming saddled with debt or being denied access to quality affordable rental housing. Shlay (2006) similarly emphasised that, as homeownership has come to dominate the affordable housing dialogues and policy, more direct measures of housing support for low-income families has been "cut, battered, and denigrated" (527).

There are costs at the individual level as well. As noted above, homeownership through mortgage payments effectively leads to forced savings. Low-income families with children are often be struggling to meet their current needs; for these families saving may impede child development in the short term by reducing the money available to meet current needs. Mendelson (2005) notes that increasing a family's savings, even when taken in a life-course perspective, may not be the optimal policy choice at a given point in time and may reduce well-being in the long run. Policies that promote low-income homeownership and thereby promote more saving by low-income families need to be critically assessed to assure that current needs are being met first.

General Critique of the Effects of Homeownership

The above review of the positive and negative impacts of homeownership reveal that, contrary to popular belief, homeownership may not necessarily be well-being enhancing for low-income earners and their families. This section reviews the arguments as to why many studies have concluded that homeownership is beneficially to low-income earners, when this may not be the general case.

Transference of General Results to Low-Income Earners

One problem that has biased research in favour of homeownership for low-income earners is the transference of results for the population in general to low-income earners specifically. It appears to be the case that homeownership is beneficial for those who are already better off, but because of the unique circumstances and constraints faced by low-income earners, homeownership may not be beneficial for these families. Rohe, Van Zandt and McCarthy (2001) argue that caution is required when promoting homeownership for low-income households. Many of the purported benefits of homeownership may not apply equally to all homeowners, and the potential negative impacts of homeownership, such as psychological distress and potential default, need to also be considered. The promotion of homeownership by low-income families in unstable or distressed neighbourhoods puts great burden and risk on to these families. If homeownership is to be used as a community development strategy, they argue, it needs to be accompanied by investments in services and infrastructure to assure that the benefits of homeownership materialize. Katz (2004) found the benefits of homeownership are significantly lower for low-income families and minorities than for higher income and white families. It is the middle- and upper-class families that experience the proclaimed benefits of homeownership, such as increasing house values and access to better neighbourhoods. She emphasizes that research specifically looking at the experiences of low-income homeowners is required since their experience may be qualitatively different then homeowners in general.

It seems reasonable to expect that this is the case: low-income earners and families face a set of circumstances that lead them to experience homeownership differently then other income groups. The additional stress caused by poverty may make the additional financial and maintenance responsibilities of homeownership larger and more significant burdens than they are for higher income families.

Correlation Rather Than Causation

There is little doubt that homeowners are more likely to come out better on a wide range of indicators such as life satisfaction, health, income, wealth, happiness, civic and social participation, and to have healthier and more successful children. The problem is sorting out how much of this is due to homeownership, and how much is simply a correlation; in other words certain types of individuals or families are more likely to be homeowners and be more happy, be more financially well off, and so forth. Homeownership is correlated with many hard to measure variables that impact the type of outcome policymakers are interested in. Individuals who are more likely to be forward looking or have an investment-type personality are both more likely to be homeowners and to invest in the education of their children (Green and White 1997). Individuals with higher innate abilities are both more likely to raise successful children and own a home.

Dietz and Haurin's (2003) review of previous studies studying the effects of homeownership found methodological flaws in their statistical analyses that may have mistakenly assigned a direct consequence of homeownership. They identified two specific problems. One was a failure to sort out the direct and intermediate effects of homeownership on the outcome being studied. For example, if a study analysed the effect of homeownership on child outcomes without isolating the intermediate effects of greater geographic stability and housing quality, the study was at risk of misrepresenting what was causing the improved child outcomes; it may be the case that the greater stability and housing quality, not ownership per se, were leading to the improved child outcomes. This omission has important policy implications, as programs that increase homeownership but do not increase stability or quality will not have the desired effects. Furthermore, it may be more efficient to increase quality and stability directly rather than through homeownership. Dietz and Haurin identified Aaronson (2000), DiPasquale and Glaeser (1998), and Haurin, Parcel and Haurin (2002) as studies emphasizing intermediate effects.

The second problem Dietz and Haurin identified was the failure to control for the numerous factors that affect the likelihood of homeownership as well as the outcome being studied. Family wealth, for example, is often unavailable in statistical data sets. Greater family wealth increases the probability of homeownership and better child outcomes. If one does not control for wealth, the beneficial effect of wealth may be captured by the homeownership variable in the study, assigning a stronger beneficial effect to homeownership than is actually the case. Dietz and Haurin identified Aaronson (2000) and DiPasquale and Glaeser (1998) as two studies that have taken steps to address this problem. It is important to note that the omission of one of these relevant variables is enough to bias the results of the analysis.

Other authors have also referenced the causation/correlation problem with respect to homeownership. DiPasquale and Glaeser (1999), who found a strong relationship between social capital and homeownership, argue that that a large part of this effect is due homeowners having different characteristics than those who choose to rent. They note that their results should not be seen as an endorsement of homeownership promotion programs. Rossi and Weber (1996) note that the effects attributed to homeownership may simply be due to the fact that owner-occupied housing is more likely to be in more affluent neighbourhoods with stronger community networks and betters schools.

Conclusions Derived from Previous Research

To summarize, there is no clear evidence that homeownership is financially beneficial to low-income households, that homeownership leads to significant increases in community involvement, nor is it clear that homeownership leads to particularly higher levels of happiness or health for adults in the households. There is evidence to suggest that homeownership for low-income people, particularly immigrants, leads to higher levels of self-esteem and a sense of belonging within a community. There is significant evidence supporting the idea that homeownership improves child outcomes through increased stability and high-quality housing. Personal budgeting and financial training for low-income earners can significantly increase the odds of realizing the benefits and minimizing the potential negative impacts of homeownership.

Background on IDA program and Associated Money Management Training

Wealth accumulation through investment in Individual Development Accounts (IDAs) was implemented in Winnipeg in 2000. IDAs are savings accounts with matching funds provided by institutional sponsors.[4] They are intended to help participants save for a variety of goals including the purchase of furniture and appliances, and the costs associated with education and homeownership. The IDA program is one of the two asset building programs that SEED offers. Over 900 individuals have participated in these programs since 2000. The asset building programs use an asset ladder approach, with smaller goals at the bottom, such as saving for a needed household appliance or piece of furniture, and larger goals, such as the purchase of a home or saving to go back to school, at the top. Participants plug into steps that are appropriate for their particular circumstances, based on their current needs and financial resources.

The Government of Manitoba, together with other sponsors, supported the IDA program through SEED Winnipeg, a Winnipeg community economic development agency. This project is based on the idea that wealth generation (or asset building), when accompanied by financial education and counselling, is an important step in moving families out of poverty. The IDA Program provides support for low-income individuals and families to save toward housing, education, or small business and matches the savings of the participants on a three-to-one basis. To qualify for the program, participants must live in Winnipeg, have a family income at or below 120 per cent of Statistics Canada's Low Income Cut-Off (LICO) based on family size, demonstrate personal motivation to improve their financial future, and meet other criteria specific to their saving goal.

To date, the Province has directly contributed close to $570,000 to the IDA program. Of this amount, $141,000 directly went towards home purchases by participants. Since the program's inception in 2000, 90 individuals have identified the purchase of a home as their asset goal. Of these, 47 successfully purchased homes and 24 are currently saving

4 Information for this section was provided by representatives of SEED Winnipeg.

to buy a home. The financial support of the IDA program (for those who choose homeownership as their goal) is limited to helping save for the down payment on a mortgage. The funds are paid out upon purchase of a home.

Participants in the IDA program with the goal of homeownership go through SEED's Money Management training course. This course includes approximately 20 hours of facilitated instruction as well as self-directed homework activities. Particular attention is focused on assuring that the program and its materials meet the needs of adult learners with limited literacy and numeracy skills.

The program curriculum covers appropriate goal setting, how to gather personal financial information, how to make a budget, an introduction to credit unions and banks, credit, problem-solving skills, money-saving techniques, and an introduction to the concepts of community economic development.

The rest of this report looks only at the participants that have completed the program and purchased a home, and the term "participants" should be seen to refer solely to those participants in SEED's IDA program who have purchased homes.

Summary Statistics of Program Participants

The following tables are derived from the information provided by the participants at the time of registration with the IDA program and further monitoring by SEED Winnipeg. Tables 1 and 2 present statistics on various demographic and socio-economic indicators, as well as information on the price of the home that the participants purchased.

Family Size and Characteristics

Forty-seven per cent of the participants were married or in a common-law relationship. Thirty-one of the 47 households had children living in the household (this is not shown in the tables). The average and median number of adults and children in each household was 2 and 1 respectively.

Household Income

The average household income was just under $20,000, with the median family income being just above $20,000. Figure 1 breaks down the participants by income group.

Participant households, on average, depended on government assistance for 25 per cent of their income. Seventeen out of 47 households depended on government assistance for more than 20 per cent of their income (not in table). The

Table 1: Summary IDA Participant Statistics

	# of Participants Reporting	Average	Median	Max	Min
Adults in Household at sign up	47	2	2	3	1
Children (under 18) in Household at sign up	47	1	1	7	0
Self-reported Total Household Income at sign up	47	$19,357	$20,460	$37,703	$4,475
Gov't Assistance as a % of Total Income at Sign Up	47	25%	4%	100%	0%
% of Low income Cut Off	47	58%	56%	114%	0%
Total Net Assets at Sign Up	47	$1,346	$500	$14,042	-$11,900
Age at Sign Up	47	39	39	62	23
Home Purchase Price	45	$102,402	$94,500	$249,500	$15,000
Home Purchase Price, Adjusted for Inflation	45	$130,110	$127,407	$293,017	$18,703
Years at Job at Sign Up	21	2.53	1.00	14.00	0.01
Years at Home Address at Sign Up	29	3	2	20	0

Table 2: Summary IDA Participant Statistics

		Participants Reporting	% of Total
Married or Common Law	22	47	46.8
Aboriginal	4	41	9.8
Visible Minority	18	47	38.3
Immigrant	15	47	31.9
Disabled	3	47	6.4
On Employment and Income Assistance	3	31	9.7
Have Bank or CU account at sign up	32	45	71.1
Owns Car at sign up	24	46	52.2
Female	27	47	57.4

average family made only 58 per cent of the Low Income Cut Off, adjusted for family size.

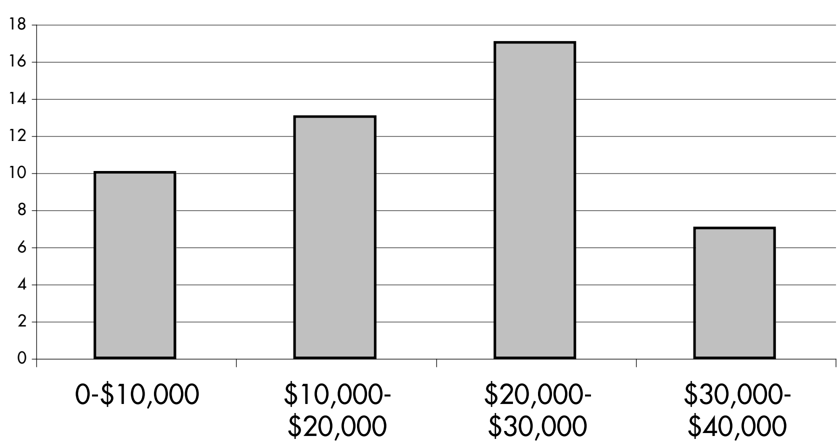
Employment

Table 3 outlines the employment status of 44 of the 47 participants. A significant proportion of the participants were employed, with 39 and 27 per cent being employed full-time and part-time respectively. Only 9 per cent of the program participants were unemployed or laid off, and another 9 per cent were not seeking employment. Thirteen point six per cent of the participants were participating in training or were in school at the time of enrolment in the IDA program. Only 3 of 31 reporting participants were receiving Employment and Income Assistance at the time of enrolment, however, 10 of the 44 participants who reported their total family income, indicated

Table 3: Employment Status of Participants at Sign Up

(44 participants reporting)		% of Total
Fulltime	17	38.6
Part-time	12	27.3
In school/ Training	6	13.6
Disabled, Not-seeking employment	2	4.5
Homemaker, Not seeking employment	2	4.5
Laid off, Waiting for call back	2	4.5
Currently Seeking Employment	2	4.5

Figure 1: Participant Self-Reported Total Family Income



that a household member had received Employment and Income Assistance in the previous year.

At the time of sign up, 21 of the 29 employed participants noted their length of employment at their current job. The average length of employment was 2.5 years at the current job, although the median was only one year, indicating that almost half the participants have been at their job for a year or less.

Demographics

Table 2 outlines some demographic characteristics of the program participants. A large proportion of the successful program participants are immigrants (32 per cent) or members of visible minority groups (38 per cent). Three of the 47 participants lived with some form of disability. Only 9.8 per cent of the successful home purchasers were Aboriginal, while 15.4 per cent of all IDA participants were Aboriginal and 18.3 per cent of participants with the goal of homeownership were Aboriginal. This difference is due to the fact that 35.7 per cent of early exits from the program with homeownership as a goal were Aboriginal. Future research may want to investigate if this is due to poorer socio-economic circumstances, cultural differences, or other factors.

Transience

Participants did not appear to be particularly stable with respect to their place of residence, with the average and median number of years at their address upon joining the program being three and two respectively.

Other Socioeconomic Indicators

Approximately 71 per cent of the participants had a bank or credit union account at the time of sign up and 52 per cent of participants owned a car.

Home Purchase Prices

The average price, adjusted for inflation (based on housing prices in August 2008), for homes purchased by program participants was $130,000, with the median price being approximately $127,000. Just under half of the participants purchased homes through the program that were worth more than $127,000 in August 2008. Before adjusting for inflation, the average and the median were $102,000 and $95,000 respectively. If the values of these followed general trends (this may not be the case), these numbers imply that there has been a significant increase in the values of the participants' homes over the life of the program. Figure 2 shows the number of houses that were purchased in each year of the program.

Figure 2: Year of Purchase

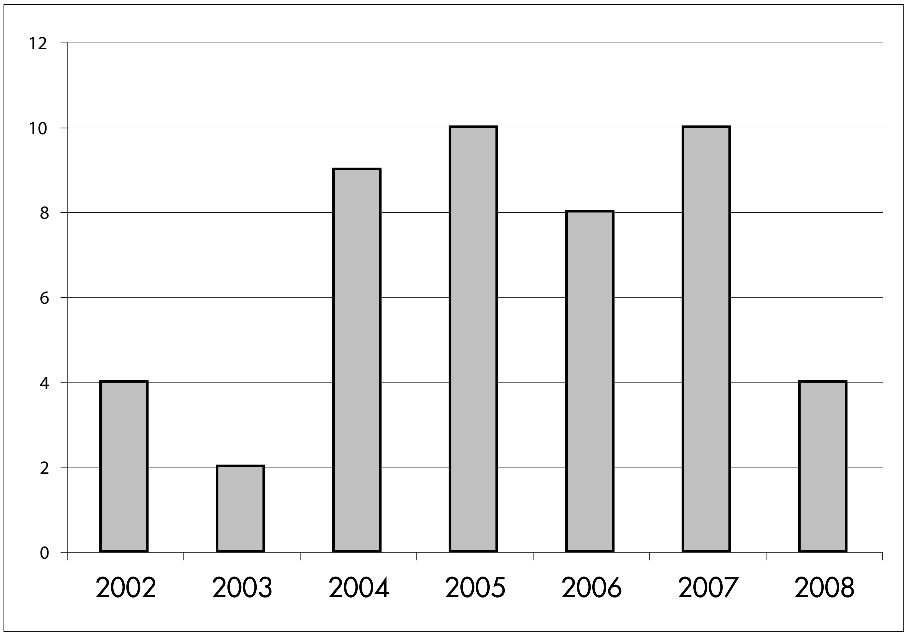


Figure 3: Purchase Price of Homes, Actual

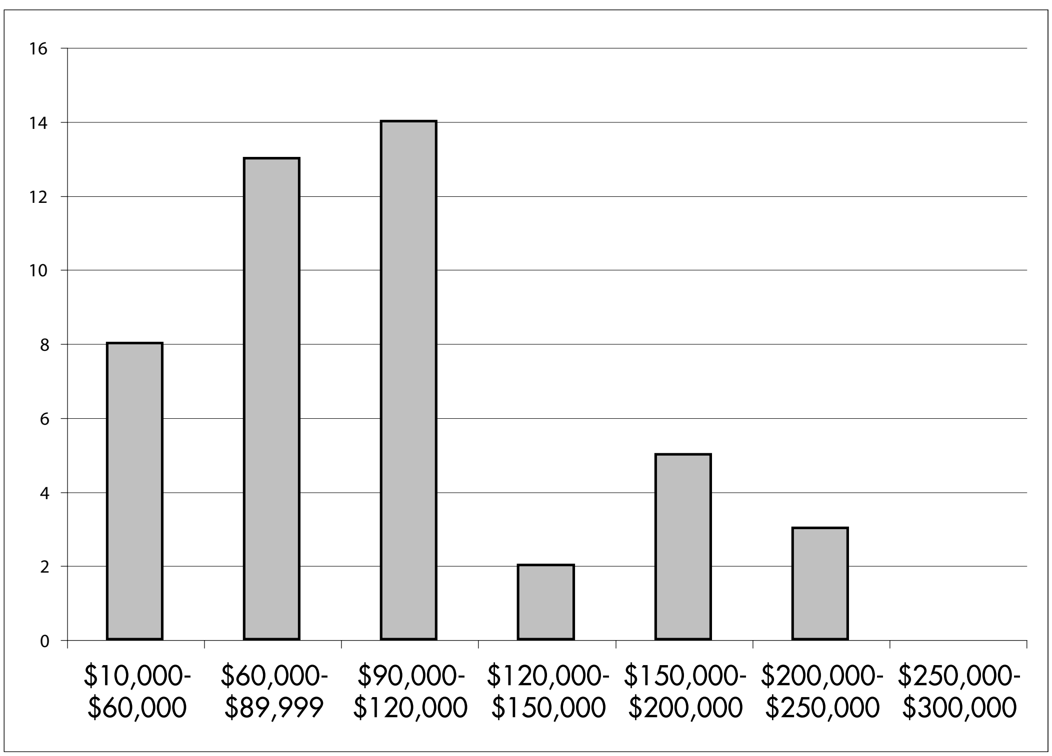


Figure 3 outlines the distribution of home values at time of purchase.

As can be seen, the majority of the participants paid less than $120,000 for their homes. Five participants purchased homes in the $150,000 to $200,000 range and another three purchased homes that cost more than $200,000. This indicates that some participants may have had access to greater financial resources than may be indicated by their income. It also may be the case that the immigrant families are purchasing larger homes for immediate and extended family members to reside in together—a possible explanation for the cost difference.

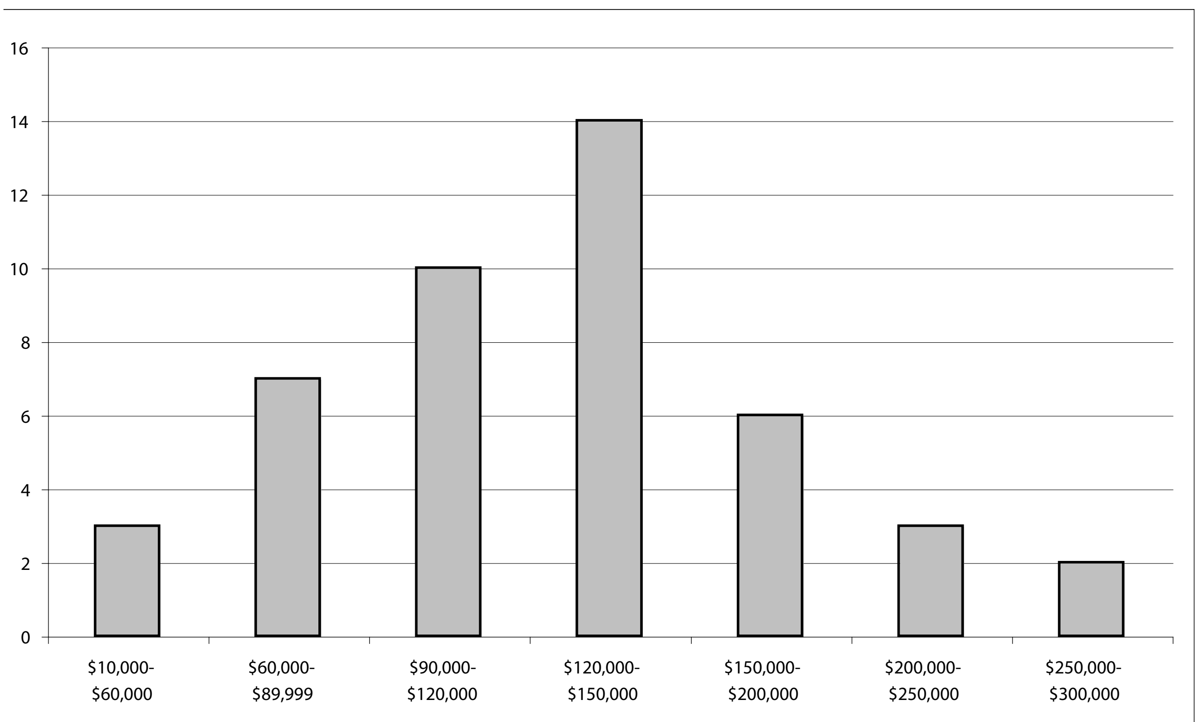
Figure 4 shows the estimated value, as of August 2008, of the homes purchased through the program, assuming that the value of the home followed general trends for Winnipeg home values.

Education Attainment

Figure 5 outlines the highest level of education completed by the participants who provided the information at sign up.

Seventy-three per cent of the participants had at least some university or college education, with 64 per cent of those having completed a degree. The majority (17) of the participants who had completed degrees were college as opposed

Figure 4: Purchase Price of Homes, Adjusted for Inflation (Based on Prices in August 2008)



to university graduates. Seven participants had completed graduate university degrees. All seven of these individuals were immigrants and it may well be the case that Canadian licensing bodies do not recognize their degrees. The average price of a home purchased by those with a graduate university degree was $40,000 more than the average for the group as a whole. This indicates that the university graduates, despite having a low income, are likely to have a higher earning potential or access to other financial resources.

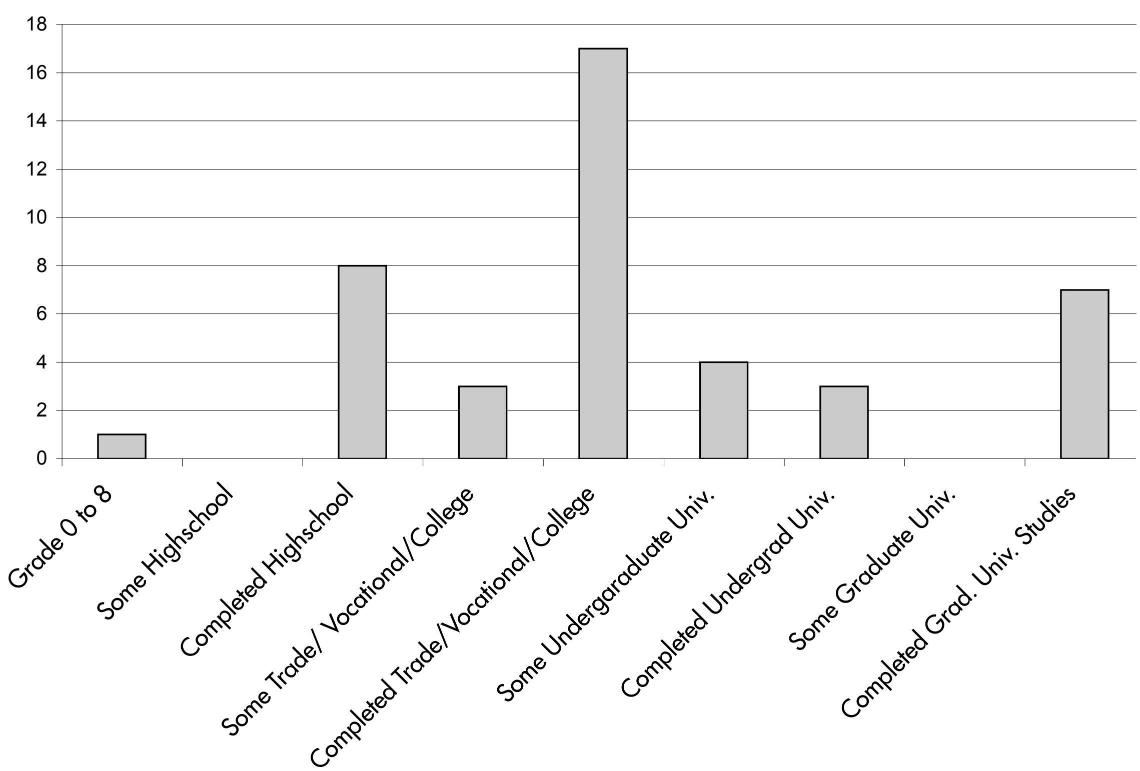
Locations of Previous Residence and New Home Purchased

Table 4 provides information on where the participant resided when joining the IDA program and where they purchased their home.

Table 4: Locations of Previous Residence and New Home Purchased

(all 47 participants)	Total	Percentage
Inner city at Sign up	22	47
Purchased in Inner city	27	57
Moved to Inner city	8	17
Stayed in Inner city	19	40
Stayed outside Inner city	17	36
Moved outside of Inner city	3	6

Figure 5: Highest Level of Education Attained (42 participants reporting)



At sign up 47 per cent of the participants were inner-city residents, while 57 per cent chose to buy their new homes in the inner city. These statistics suggest that the IDA homeownership program attracted new homeowners to the inner city. Seventeen per cent of the participants moved to the inner city, while only six per cent moved out of the inner city. The vast majority (76 per cent) purchased homes where they were previously located (inner city or non-inner city). This result is significant given other research that suggests that programs intended to increase homeownership by low-income people weakens low-income communities since home buyers tend to buy in other neighbourhoods.

Brief Review of Summary Statistics

The program participants who purchased homes through the IDA program can, for the most part, be classified as working poor. This is to be expected as to purchase a home the participants had to qualify for a mortgage, which would exclude those deeply impoverished. Almost 39 per cent of the participants had full-time jobs, with an additional 27 per cent working part time. There was a significant reliance on government assistance amongst the successful participants, with 36 per cent of the households depending on government assistance for 20 per cent or more of their household income. The majority of participating households did include children, although the average size of families was not large. With respect to targeting marginalized groups, a significant proportion of the successful participants were from non-Aboriginal visible minority groups with many of these being immigrants. However, only 10 per cent of the successful participants were Aboriginal.

The average home price, adjusted to housing prices in August of 2008, was $130,000, with a median purchase price of $127,000. This indicates that on average the homes being purchased are modestly priced homes. A further breakdown of the home price statistics shows that some of the participants are purchasing homes that are significantly above this range. This indicates that improved targetting may be required to exclude participants with access to more financial resources than those indicated by their income. An investigation of educational levels implies that the program participants have reasonably high levels of education, with almost three-quarters of the participants having some college or university, and almost two-thirds having completed a university degree. With respect to the location of homes purchased compared to previous residence, the IDA home purchasing program appears to be attracting resident homeowners to the inner city since more participants moved into the inner city from outside than vice versa. The vast majority of purchasers bought homes in the region of the city in which they already were living.

Report on Interviews with Participants

Methodology

To gain further insight into the effect of homeownership on low-income households, researchers attempted to interview the participants of the IDA program that had successfully saved and purchased a home using the matching funds provided by the IDA program for the down payment.

At the beginning of this evaluation, 47 participants of the IDA program had successfully purchased homes. When possible interviews were conducted in person at a location mutually agreed upon by the researcher and the participant. The bulk of the interviews were conducted over the summer of 2008 with a few final interviews conducted early in the fall. Interviews were recorded and transcribed.

Attempts to contact participants

SEED Winnipeg sent each of the participants a letter informing them that a researcher conducting interviews regarding their experience with the IDA program would contact them. Researchers then telephoned the participants to set up interviews with the participants. Researchers attempted contact at least five separate times at different times of the day. If a participant's phone number was no longer in service, a researcher visited the home to try to make contact. If unsuccessful, a note was left at the participant's address. Throughout the process it was emphasized that there was a $20 honorarium for participating and that participation was important for improving the SEED IDA program for future participants.

Nineteen interviews were eventually completed. Out of the 19 participants interviewed, 17 were still in the homes they purchased through the IDA program. Of the two interviewed participants that had moved, one of them moved in with their new spouse and sold their home, while the other bought a new home. None of the participants interviewed ended up back in rental housing. All of the interviewed families with children were still in the home they purchased through the IDA program.

Through in-person attempts to reach participants, it was discovered that two additional participants who were not interviewed were no longer living in their homes. In one case, the participant was renting the house to the current resident and in the other case the participant had sold the house several years earlier.

Interview Results

The participants, in general, were very positive when it came to evaluating their choice to become homeowners. Eighteen out of the 19 participants said homeownership has made a positive difference for their household and 17 said that buying a home has made them happier with their life. Sixteen out of the 19 report that they were "very satisfied" with being a homeowner while the remaining three said they were "somewhat satisfied". A variety of reasons were provided when the participants were asked to elaborate, but certain themes emerged. Stability and financial security were often cited, as were personal freedom and access to more living space. Five of the participants gave the following reasons when asked to elaborate on their positive assessment of homeownership:

> First of all you're building equity, so that gives you financial security…All the confidence comes from…[seeing] an example of why you're working hard.

> I love it because of the privacy. I always dreamt about a house for me and my kids and that's always what I was dreaming of for many years and thanks again to IDA. Without, without them I don't think I would be able to make it. And they did it.

> Security. Financial stability. It's an investment. I would say for years and

years it didn't matter. My last house that I lived in down the street, my step-dad owned it, I rented it. I never felt settled. Just being a homeowner I think it's an incentive that you'll want to stay…the feeling of being settled, especially after all the moving that I did with my son.

When you own your home you feel more well-rounded emotionally, spiritually, it's just 100 per cent better. It gives you some value—self-value.

I just feel that I have a lot more control over when things get fixed, how much the bills are going to cost because of when things get fixed. Generally, I like being self-reliant.

These results were confirmed through the responses to more specific interview questions. Table 5 outlines the participants' responses to a series of yes/no questions regarding homeownership.

Almost 90 per cent of the respondents stated that they were more confident about their future now that they were homeowners. A large proportion of the participants said they now felt more like part of the community (69 per cent) and more respected by their neighbours (47 per cent) now that they are homeowners. It appears that homeownership, for many of the participants interviewed, has led to higher self-esteem. This was supported by many of the qualitative responses given by the interviewees. For example, one participant said the

Table 5: Participant Responses to Selected Yes/No Questions

	Total Reporting	Yes	No	% Yes
Do you feel more confident about your future now that you own a home (when you owned a home)?	19	17	2	89
Do you feel that you are more a part of the local community as a homeowner?	19	12	7	63
Has homeownership lead to you being more involved in your community?	19	10	9	53
Are you treated with more respect by neighbours when they know that you own your home?	19	9	19	47
Has being a homeowner created greater stability for your children?	14	14	0	100
Do your children have more space to play and study compared to before you owned your home?	11	10	1	91
Do your children invite friends over more often now that you own a home?	13	9	4	69

following about her experience as a homeowner:

> It helped me develop my self-confidence. It helped me be more involved with a neighborhood and a community. It provided a sense of security…That sense of pride spilled over to more areas of my life. I also learned—I redid all the hardwood floors in there by hand with a belt sander. I learned how and I was down on my hands and knees and for three weeks I sanded and varnished. I learned how to lay tiling. I learned how to paint. I learned how to plaster. I learned some plumbing. A little bit of electrical. I learned a lot of things. It was like my test zone. If I messed it up then it was only me that messed it up.

For many participants this increase in self-confidence and more positive expectations about the future came from an increased sense of stability and control over their lives. One participant spoke of how being able to plant a garden that she will be able to tend for years has made a big difference in her life:

> I just know I am not going to have to go through all the effort and stress and unsettling parts of having to move again and also I'm able to make long-term plans. I have a yard with a garden; that is really important in my life. It's having a garden right there on my front steps and soon [on] my back steps. For me, that's really important and knowing I'm going to be there to enjoy it. Actually, I've never had a garden that I knew I was going to be able to enjoy over the long term so, for a gardener with a lot of special interests in gardening; that really means a lot to me. It's nice to be able to envision the future and know that, like to have some control over your future, like to know that there's something solid and stable…That's a big difference. I have plans and I can't do everything at once but I know it's going to happen, I want a dog, but before I get a dog I want my basement fixed but I know these things are going to happen.

Another participant elaborated on the positive impact that the program had on him and his family:

> I was beyond the thought of actually being able to own a home. And here I thought I was going to be living, raise my family, in an apartment which isn't really conducive for growing children… It was…a dead-end situation…That all changed as soon as I met SEED IDA, you know. If it wasn't for their help…I'd be still the same shy, little Filipino guy that's going term-by-term position at a company. It's a definite confidence builder and it's a very, very good growing experience. I'd highly recommend it, highly recommend it.

Just over half of the participants noted that they were more involved in the community now that they were homeowners. One participant articulated it as a process of discovery:

> I've gotten to know the people in the neighborhood even more. I become more familiar with the neighborhood and I can see the needs of the neighborhood and through the process of all this discovery I'm learning where I can fit in to that whole picture.

All of the families with children who purchased homes through the program reported that homeownership had resulted in greater stability in their children's lives. Over 90 per cent of the families with children noted that homeownership had provided their children with more space to study and play, and over two-thirds of the parents noted that their children are more likely to have friends over than before they owned their home.

While for almost all of the participants overall homeownership was a very positive experience, many experienced difficulties meeting the challenges that homeownership presented. Table 6 outlines some additional responses to yes/no questions asked of the participants.

Almost 90 per cent of the respondents noted that homeownership had created challenges that had added stress to their life. Fifty-eight per cent of the participants said that the bills that came with homeownership were higher than expected and almost 4 in 10 of the participants stated that repairs had been more frequent or costly than expected. Almost half of the participants said that these unexpected costs led to financial challenges for their household. In the words of one participant:

> I'm happy that I have achieved owning a home. But what hurts the most is in the wallet. You know, a lot of the repairs, the bills. You can't stop eating, you can't stop watching television, you can't stop entertaining yourself,…you can't stop having to look good, clean yourself, keep yourself, make a promise to yourself to stay as healthy and clean as possible. Or even your own family…you have to maintain that.

Table 6: Additional Participant Responses to Selected Yes/No Questions

	Total Reporting	Yes	No	% Yes
Has homeownership created challenges for you that have added stress to your life?	19	17	2	89
Are the bills higher than expected?	19	11	8	58
Have repairs been more frequent or costly than expected?	19	7	12	37
Do unexpected costs of homeownership create financial challenges?	19	9	10	47
Do you find it difficult to keep up with repairs/ yard work?	19	9	10	47

> You have a lot more pride, when it's your own house, you want to do things to keep it up. Of course you don't have money to do that. So you just dream about it.

While it is true that many of the participants faced financial challenges resulting from homeownership, many of them noted that this was not necessarily a bad thing since it taught them how to be better managers of their budgets and households. One participant said that homeownership "made us more responsible. We have to set the budget for everything. We can't buy anything that we want. We have to wait". One participant, when asked if he had anything else to add at the end of the interview, gave the following statement:

> This, to be honest with you, this makes you; when you have a house, you change and you change your life…This is your centre and everything, even though it is not easy sometimes because the bills and everything, but that's when the turnaround comes. Sometimes before we had nothing, we just threw the money around…but after you have the house, if [SEED] keeps doing this they're going to make a lot of people happy, a lot of kids happy. A lot of people will be more responsible. I'm talking from my experience. Before I had this house, I had nothing to live for. I just got my pay cheque and I didn't have a house. I didn't have many bills to pay. I used to live with my mother and before this program, I was in bad shape. So this is just very important for many people. Believe me… this educates many people.

Participants were overwhelmingly positive when asked about the IDA program and the support of SEED Winnipeg. When asked about the role that SEED Winnipeg played in assisting to purchase her home, one participant responded:

> They played an essential role…I truly can't think of how I could have done it without them. I was pretty stretched to the max in a lot of different ways and I don't know if I would have been able to put that down payment together to have it when I needed it; and also they did have supports and stuff there and you know what, even the simple fact of having to attend these classes on a regular basis was…constant reinforcement and commitment to carrying my plan through…I had personal circumstances happening and I got a lot of support that I felt I needed at the time. It was all an important part of me getting to where I am.

One participant noted the head start and directional focus that SEED provided her.

> It would have been probably several more years before I would have gotten a house, first of all. And then the tips they gave got me started in the right direction. It was great to be part of it. And it's great that there are programs like this in place to help people. And I hope that they continue!

Many participants noted that without the help of SEED, they would not likely have become homeowners:

> They helped us with part of the down payment for our house and they taught us a lot of money management things and how to handle our credit because… especially starting here in Winnipeg, there is a lot of people offering you a lot of credit cards…so they taught us how to handle those things…We are still carrying all the things that they taught us, it's in my mind and all, and without the help of the down payment, I don't think we will be able to buy this house.

When asked about the program, one participant responded:

> I've recommended it to other people and I feel they [should] also have the money saving program. I'd recommend it. I know a lot of single mothers, I've recommended it to them. I thought that staff was really wonderful at SEED… connecting with others and [being] part of the group. The whole program is a great program. I think I had read that up until now there was 47 homeowners from the program. That's pretty positive. It feels good to be part of that 47.

When asked to suggest changes or additions to the SEED IDA program, many participants noted more preparation for dealing with renovations and contractors would have been helpful. Many participants were caught off guard by the high cost of utilities and the maintenance of their home. In particular, many were unprepared for the expense of replacing large appliances such as a furnace, and for paying property tax and condo fees. Other unexpected challenges included the amount of paperwork necessary to complete the purchase of a home, and the difficulty of getting credit. Participants suggested ongoing money management courses after purchase, workshops geared at dealing with renovations and contractors, and preparation with what to look for in a house when purchasing. Other suggestions included grants specifically for individuals with disabilities, personal counselling and support, and language assistance.

Overall, the participants interviewed were overwhelmingly satisfied with their choice to become homeowners and with the services they received from SEED Winnipeg. Stability, financial security, increased personal freedom and more living space were all repeatedly mentioned as reasons why homeownership has made a positive impact on their lives. Families with children all reported increased stability in their children's lives, most noted that their children now have increased space to play and study, and many said that their children now have friends over more often. Many of the participants did report the costs of homeownership to be higher than previously anticipated and that this had led to financial difficulties. Several of the participants suggested additions to the program to prepare the potential homeowners for the responsibility of maintaining a home, to inform them about the types and magnitude of new costs that would be imposed along with homeownership, and how to approach tasks such as shopping for a house, obtaining credit and finding and hiring a contractor.

Comparing the Respondents to the Entire Group of Successful Home Purchasers

Table 7 outlines some characteristics of the participants who were interviewed compared to the averages for the entire group of participants who purchased homes through the IDA program.

Those who were interviewed reported, on average, a slightly higher income than those who did not. Given that the two groups had similar statistics with respect to date of sign up, there is no reason to believe this discrepancy is due to inflation. The interviewees, however, had significantly lower home purchase prices: $20,000 less in actual dollars and over $30,000 less in inflation-adjusted terms. The interviewees were also six per cent more likely to have purchased their homes in the inner city.

The total annual income of those interviewed increased, on average, by $22,000 from the date of sign up to the date of the interview. This amounted to an increase of more than 100 per cent. It may be the case that homeownership had some effect on these families that improved their earning potential, such as an increase in self-esteem. It is also likely that participation in the SEED IDA and money-management program along with the personal financial counselling

Table 7: Interviewee statistics versus all successful participants

	Interviewees	Non-Interviewees
Average self reported income at sign up	$21,235	$18,083
Median year of sign up	2003	2003
Average IDA home purchase price	$84, 509	$114,331
Average IDA home purchase price, Inflation Adjusted	$105,104	$146,783
Median year of purchase	2005	2005
Home purchased in Inner city	63%	57%
Average self reported income at time of interview	$44,431	n.a.

provided them with the tools and motivation to improve their situations. Additionally, it is possible that other factors led to this difference such as the participants being in a long period of unemployment at the time of sign up or the household may have gained additional income earners over time. Further research would be required to sort out the significance and magnitude of these effects.

Finally, because the interview group was not a statistically random sample, the results may not accurately represent the entire group.

Conclusions and Policy Implications

Previous research shows that homeownership for low-income households in general may not have the types of quantitative benefits often associated with it. In particular, homeownership is generally not financially beneficial compared to renting and saving the costs difference in low-risk financial assets, although through its forced saving effect homeownership can lead to a significant build up of home equity wealth over time for low-income households. Homeownership also has been shown to have its drawbacks, many of them indirectly or directly stemming from the increased financial burden of owning compared to renting in the short-run and higher maintenance demands. It is also not clear that homeownership leads to significant increases in civic participation for low-income earners, increases in happiness, or better health for adults.

It important to note that previous research suggests that those that receive credit counselling default less, increase their financial literacy and understanding, and respond better to financial incentives when making decisions regarding refinancing and defaulting (Hartarska and Gonzalez-Vega 2006). Money management training and financial counselling, such as that offered by SEED Winnipeg, therefore may significantly increase the probability that low-income households will come out financially ahead through homeownership and realize other anticipated gains stemming from ownership. This type of training gives households the tools to prepare and better weather financial and economic hard times and retain ownership of their homes.

Previous research suggests that homeowners are more likely to be involved in local politics and in neighbourhood-based organizations due to their increased tenure in the neighbourhood. There is strong evidence to suggest that children benefit though homeownership as a result of both the increased stability it generates and the increased and higher quality space available for play and study. Homeownership may also help families from racialized groups access higher quality housing when rental markets are racially discriminatory. Also, research has found the qualitative benefits of homeownership for low-income people to be very positive. Homeownership tends to make one feel more part of the community and have positive effects on self-esteem, particularly in the case of immigrant families.

The interviews confirmed many of the positive results from the existing literature. In particular, all of the parents interviewed found that homeownership had increase the stability in their children's lives and the majority had seen an increase in the space available for their children to play and study in. Many also noted that their children were more likely to have friends over once their parents had purchased a home, allowing them to better supervise their children. All of the above suggests that homeownership will lead to better outcomes for these children. The interviews also revealed that many of the participants were facing unexpected challenges in coping with the financial and maintenance demands that arise from homeownership, although these were generally manageable. Despite the difficulties, the vast majority of participants had very positive feelings about homeownership and its impact on their lives. In particular, higher levels of self-esteem, pride, security, optimism and sense of control were noted as a result of becoming homeowners. Many saw the hardship imposed by homeownership as a sort of rite of passage and consequence of the increased freedom and responsibility that homeownership brought. None of the interview participants expressed regret over buying their homes. It appears that the budgeting and financial training provided by SEED Winnipeg as a condition of participation in the IDA program has made homeownership a sustainable and thereby positive experience for the participants.

Another interesting finding of the study is that the IDA program attracted people to live in Winnipeg's inner city. While it is often assumed that low-income homeownership programs will lead people to leave the inner city, the opposite was found to be the case with the IDA home purchasers. At sign up 47 per cent of the participants were residents of the inner city, while 57 per cent chose to buy their new homes in the inner city. These statistics suggest that the IDA homeownership program is attracting new resident homeowners to the inner city. This is a positive step in combating inner-city decline and should be commended.

The above review of the literature and the interviews with IDA program participants who purchased homes generates several policy suggestions regarding the promotion of homeownership for low-income people in Winnipeg. The following policy proposals, some of which have been proposed by other studies, are directed to the Provincial Government:

1) *More resources for financial education specific to home purchasing*: This education could include: how mortgages work, what to expect with respect to bills and taxes, and the hidden or surprise costs of homeownership and how to prepare for these costs. This education should be available to new and existing homeowners (Belsky, Resinas and Duda 2005).

2) *More resources for education programs for low-income homeowners on renovations and maintenance contracting*: Multiple participants noted challenges dealing with required renovations and contractors, and suggested that additional education on how to find a contractor and do basic home maintenance would be very useful in making homeownership more sustainable.

3) *More resources for education on home purchasing risks*: Education of low-income homebuyers to inform them of the cyclical nature of housing prices

and risks associated with homeownership, particularly when purchasing homes late in the expansion phase of the economic cycle, is recommended (Belsky and Duda 2002b). The current financial crisis, slowing growth in housing prices, and the potential for a significant drop in home prices raises this recommendation in importance, although the fact that in Manitoba housing prices and the economy are relatively stable somewhat offsets its urgency.

4) *Additional programs to support low-income homeowners experiencing unemployment*: Programs to help low-income homeowners make it through economic downturns and unemployment so they do not end up selling in a slump and losing money are recommended (Belsky and Duda 2002b). One possible format this could take would be public insurance against housing price risk (Goetmann and Spiegel 2002). Another would be emergency funds (grants or preferential loans), run by community organizations that can appropriately assess borrower needs.

5) *Additional programs to support low-income homeowners after purchase*: This could include a mortgage interest subsidy (Goetmann and Spiegel 2002), as well as additional resources to support existing programs aimed only at new homeowners.

6) *Continued and additional support for comprehensive programs:* Research has shown that the stability and community participation that homeownership encourages in general may not be applicable to low-income earners unless a series of technical assistance and counselling services are provided before and after purchase (Balfour

and Smith 1996).[5] It is important to emphasize that a patchwork of programs may not be able to realize these gains. Therefore, it is recommended that comprehensive programs continue to be promoted and expanded.

7) *Continued support for high quality public/social housing*: One thing that is clear from the participant data is that those that are taking advantage of the IDA program are generally working poor and have enough income to secure a mortgage and save at least some funds for a down payment. Those who are worse off and do not have the disposable income to save or deal with the additional costs of ownership are still in dire need of quality housing. While homeownership appears to be making a significant positive impact in marginalized people's lives, if funding for it comes at the expense of public/social housing, equality will be negatively affected. It is also important to note that most of the benefits of homeownership stem from the reduced transience and higher quality housing it generates for the homeowners. It is possible that this can be generated just as efficiently through higher quality public/social housing.

8) *Continued but selective promotion of homeownership for low-income households:* Evidence from the interviews suggests that homeownership is having a significantly positive impact on these families and is increasing resident

5 One example of a comprehensive program of this type is the Cleveland Housing Network's collection of programs for low and moderate income families in need that would not qualify for traditional mortgages. The Network offers a lease-to-own program, a housing redevelopment program that sells directly to families, a program to assist new homeowners with weatherization, furnace replacement and electrical repair, and a family development program to help families become independent through education a labour market preparation (Balfour and Smith 1996).

homeownership in the inner city. However, the interviewees did attain and experience homeownership during strong economic times. Evidence from the recent U.S. recession and financial crisis indicates that many low-income earners who were enticed into homeownership while home prices were high lost their homes and were financially devastated when the good times came to an end (Rivera et al., 2008). Again, the relative stability of Manitoba's economy and housing market may make this less pressing than would be the case in other jurisdictions. The promotion of homeownership along with supports such as policy recommendations 1 to 6 above should realize the benefits of low-income homeownership while minimizing negative outcomes. Also, as the benefits of homeownership are particularly strong for child outcomes, it may be desirable to focus the program towards families with children.

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