

“Erasing the Advantage: Homeownership and the Impact of Financial Hardship on Health for Lower-Income Americans”

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Kim Manturuk is the senior research associate in financial services at the Center for Community Capital at the University of North Carolina–Chapel Hill. She also leads the center’s financial services research team. Her research focuses on the social and financial impacts of homeownership, new and innovative financial services and products, and behavior-based financial education with an emphasis on how to serve traditionally disadvantaged populations better. Manturuk has also conducted research on the risks and benefits of short-term credit products and has provided expert testimony to several state legislatures on this topic. She is the principal investigator on the *Manejo de Efectivo* (Effective Money Management) project, which brings financial coaching and access to banking services to the Latino community. Her recent work has appeared in *Socio-Economics*, the *Journal of Urban Affairs*, *Social Science Research*, and *City & Community*. She received a PhD in sociology from the University of North Carolina–Chapel Hill.

Summary and Findings: This paper examines whether there is a relationship between homeownership and health in lower-income communities. While past research has suggested that low-income homeowners may have better health outcomes than similar renters, the significant changes in the housing market since 2008 have necessitated revisiting that question. It may be that the health benefits associated with homeownership are no longer present in light of the high foreclosure rates in many lower-income urban neighborhoods.

In order to test whether there is a relationship between homeownership and health, I analyze data collected from a sample of lower-income homeowners in urban neighborhoods and a comparison group of renters in the same neighborhoods. I use propensity score matching to identify a subsample of similar owners and renters. The analysis reveals that homeowners do have a reduced risk of health problems when compared to renters. However, people experiencing financial hardship have an increased risk of health problems. Furthermore, there is an interaction effect such that homeowners experiencing financial hardship are at greater risk of a health problem than comparable renters.

Implications for Policy and Practice: This research offers some insight on how best to target policies aimed at providing help to homeowners experiencing financial hardship such as job loss or sudden medical expenses. Emergency assistance funds for people in these situations can not only help prevent mortgage delinquency and foreclosure but also help mitigate the health impacts that these stressful financial events can create. This research also highlights the need to improve the rental experience for lower-income families. Subsidies or tax incentives can be developed to give landlords a financial incentive to maintain high-quality rental properties. This can be cost-effective from both community development and public health perspectives.