Adequate, affordable housing is central to economic well-being. Government policies promote these objectives by encouraging homeownership and subsidizing the rents of low-income families. Keeping housing costs in check increases families’ purchasing power for other needs and for avoiding such material hardships as too little food, dilapidated housing, unmet health or dental needs, and an inability to pay utility bills.

Rent subsidies directly lower housing costs: average monthly rents of rent-subsidized households were only $283 in 2009, compared with $823 among unsubsidized renters. For homeowners, average monthly costs vary from $842 among those with home values exceeding their mortgage loans (including those with no mortgages) to $1,291 among those with mortgages exceeding their home values.

Homeowners with low mortgage payments might be expected to weather the storm and limit material hardship by drawing on home equity loans to overcome liquidity constraints. However, where mortgages exceed home values, no such loans are available: these underwater homeowners may have to allocate such a high share of their income to housing that they have too little for other needs.

This brief presents estimates of the association between homeownership, rent subsidies, and three indicators of material hardship: (1) inability to pay utility bills, (2) food insufficiency, and (3) any indicator (utility bills, food insufficiency, dilapidated housing, or unmet health or dental needs). Nearly 23 percent of households experienced one or more of these hardships in 2010–11. The data in this brief come from the 2008 panel of the US Census Bureau’s Survey of Income and Program Participation, which provides information on the same people and households from 2008 through 2011. The focus is on housing status as of 2009 (September–December) and hardship experienced between 2010 and 2011.
Homeowners are wealthier than renters on average and, not surprisingly, are less likely to experience material hardship. But does the homeownership advantage persist after controlling for income, income stability, liquid assets, age, race, educational attainment, and family structure? Do rent subsidies also shield families from material hardships? The graphs provide the answers: they reveal the reductions in hardship rates associated with homeownership and rent subsidies, relative to hardship levels experienced by unsubsidized renters.

Both homeownership and subsidized rent are associated with lower material hardship. The reductions are generally higher for homeowners than for subsidized renters. Moreover, even homeowners who bought after 2004 (0–4 years ago), just before the crash in home prices, experienced less hardship than unsubsidized renters. At the same time, long-term homeowners who bought homes before 2000 (10+ years ago) were most likely to avert material hardship.

Other findings (not in the graphs) are that white, black, and Hispanic homeowners all suffer less material hardship than their renting counterparts (whether unsubsidized or subsidized). The homeownership reduction in hardship is most pronounced among Hispanic families. Also, the estimates show that homeownership’s association with reduced hardship is large, even compared with that of income, education, and family structure.

**FIGURE 1**
Homeownership and Rent Subsidies Are Associated with Lower Material Hardship

*Percentage reduction in material hardship after controlling for income and other differences*

![Graph showing percentage reduction in material hardship for homeowners and subsidized renters for inability to pay utility bills, food insufficiency, and any hardship.](image-url)
FIGURE 2

Percentage Reductions in Material Hardship Linked to Timing of Home Purchase

Source: Regression analyses performed by authors using the 2008 panel of the Survey of Income and Program Participation. Regressions control for income, income stability, liquid assets, age, race, educational attainment, and family structure.

Notes: “Any hardship” refers to having experienced any of four hardships in 2010–11: inability to pay utility bills, food insufficiency, dilapidated housing, or unmet medical or dental needs. Housing status is measured as of 2009 (September–December).

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Acknowledgments

This brief draws from the January 2014 Urban Institute report *Do Homeownership and Rent Subsidies Protect Individuals from Material Hardship?* by Robert Lerman and Sisi Zhang. It was made possible through support from the Annie E. Casey Foundation and the Ford Foundation, and it is based on work funded by the Ford Foundation.