

Is Home Ownership Really the “American Dream?”

In 2016, then-presidential-candidate Donald Trump bemoaned the “lowest [US home ownership] rate in 51 years,” promising that “WE will bring back the ‘American Dream!’” In a 2019 “Memorandum on Federal Housing Finance Reform,” now-President Trump called on federal agencies to “make sustainable home ownership for American families our benchmark of success.”

Trump’s 2020 Democratic opponent, Joe Biden, pledges to “rebuild the middle class,” which he defines as “a value set which includes the ability to own your own home.” While his campaign platform also nods to tenant protections and affordable rental housing, it’s clear Biden agrees with former President Barack Obama that home ownership constitutes “the most tangible cornerstone that lies at the heart of the American Dream.”

Are they right? Is home ownership the embodiment of the “American Dream?” Are Trump and Biden trying, in their own ways, to deliver the goods for you? Or are they just beholden to special interests whose members make larger campaign contributions than you do — for example, realtors, developers, and mortgage lenders?

Maybe a little of both, but the latter is certainly a factor. It’s not obvious that home ownership is a good fit, or a wise investment, for everyone.

The case for home ownership includes things like building equity instead of flushing rent down the financial drain, and owning something that might (prior to the 2007 housing collapse, the conventional wisdom was “would”) appreciate in value.

Here’s the case for renting instead:

The average American moves 11.x times in his or her life. Given a life expectancy of 80 years, that’s a move every seven years or so — 23 years short of paying off a 30-year mortgage.

When we’re kids, we move where our parents go. As adults, we might move for school, for work, for marriage (or equivalent), after a divorce (or equivalent), into larger quarters when children come along, into smaller quarters when we retire ... we’ve got plenty of reasons.

A renter is almost always within less than a year of fulfilling a lease agreement, and isn’t likely to lose much by kicking out of that agreement. Selling a home for enough to pay off the mortgage and perhaps pocket some money is risky, speculative, and far from time-certain.

Got a great job offer requiring a 200-mile move? Did triplets arrive when you were

expecting (and had nursery space to accommodate) a single child? Divorcing under circumstances where splitting cash would entail less nastiness than splitting real estate? Is home ownership a net benefit or an anvil on your foot, holding you somewhere you no longer want to be?

And keep in mind that “owning” a home doesn’t eliminate rent. Even after the mortgage is paid off, a “homeowner” in most places pays rent to the government. It’s called “property tax,” but it’s rent — if you don’t pay, you’ll eventually be evicted.

If home ownership does suit you, that’s great. If not, keep in mind that politicians of both major parties want bigger campaign contributions and higher property tax takes, whether you truly benefit or not.