

# Benefits of Homeownership

*by Carla L. Davis*

Homeownership can bring with it many blessings. Yet, the idea of caring for and maintaining a home, as well as affording a mortgage can seem daunting, but let's review some of the many reasons that homeownership can be beneficial.

The most obvious benefit is building wealth. The U.S. Department of Housing and Urban Development (HUD) notes that "home equity is the largest single source of household wealth for most Americans."

What is home equity? Home equity is the difference between the home's fair market value and the outstanding balance of all liens on the property. Let's say you have a balance of \$100,000 left on your home's mortgage, but the property appraises for \$150,000. You now have \$50,000 worth of home equity.

And let's not forget about appreciation. While there is no set year-to-year rate that is considered normal, reports indicate that you can expect around a 6.5 percent average value increase in your home each year.

The National Homeownership Strategy cites that "through homeownership, a family ... invests in an asset that can grow in value and ... generate financial security." This is what sets homeowners apart from renters.

Other wealth builders to consider are tax breaks and tax credits, such as the deductibility of property taxes and mortgage interest and the exclusion of capital gains, and the \$8,000 first time home buyer and \$6,500 home buyer tax credits.

But beyond the numbers and the long term investment benefits, studies have shown that owning a home can actually make you healthier, and make your children happier.

Homeownership allows people to have greater control and inspires responsibility over their living environment. It helps stabilize and strengthen communities. And it helps generate jobs and stimulate the economy (National Homeownership Strategy)

The U.S. Department of Housing and Urban Development (HUD) reports: "Homeowners accumulate wealth as the investment in their homes grows, enjoy better living conditions, are often more involved in their communities, and have children who tend on average to do better in school and are less likely to become involved with crime. Communities benefit from real estate taxes homeowners pay, and from stable neighborhoods homeowners create"

And according to NAR's Social Benefits of Homeownership and Stable Housing, homeownership brings with it:

- Higher educational performance and better behavior of children
- Lower community crime rates

- Lessened welfare dependency among households
- More household participation in civic affairs
- Better household health

These wonderful benefits only graze the surface of the world of benefits that awaits you in homeownership. Be sure to talk to your real estate agent about what other good things come your way when you buy a home.