



“The Strength of a Nation Lies in the Homes of its People”

Spoken by Abraham Lincoln more than 140 years ago, those simple words eloquently convey a timeless truth. Homeownership and housing are essential to the strength and vitality of a nation; their value is virtually immeasurable.

Homeownership is the cornerstone of family security, stability and prosperity. It strengthens the nation's communities, encourages civic responsibility and provides a solid foundation from which Americans can work to support their families, enhance their communities and achieve their personal goals.

Equally important, housing is a crucial component in the nation's economy and in individual financial security. New home construction and remodeling provide millions of jobs and generate billions of dollars in wages and tax revenues each year. Furthermore, homeownership is a key to building personal wealth and financial security.

Housing's Contribution to Individual Wealth

Owning a home provides more than shelter and a stable place to raise a family. For the majority of American households, homeownership is the steppingstone to a future of financial security. In the past five years, the market value of homes owned by U.S. households has soared from \$8 trillion to stand at nearly \$12 trillion. Furthermore, housing equity – the value of a home minus any mortgage debt – increased by the same proportion over this time frame. Home equity accounts for more than half of the total net wealth of the typical home owning family, making homeownership the primary source of a household's net worth and the fundamental first step toward accumulating personal wealth.

For most people, a home provides not only a place to live, but also serves as a sound investment, producing a solid rate of return with a low risk of loss. Since 1980, home prices have increased at an average rate of about 5 percent annually and have never shown an annual loss. Although stock values increased at a higher rate, they were much more volatile, and the stock markets posted significant declines over the past two years. Moreover, a home is an investment in the future, a durable product that will provide services for many years.

Homeownership and its Benefits

Homeownership strengthens the social fabric of the nation. By encouraging civic participation and involvement in schools and communities, and inspiring the upkeep and improvement of the home, homeownership fosters good citizenship.

Safe, decent and comfortable housing in general, and homeownership in particular, are also a positive influence in children's lives. Children of home owners stay in school longer and are more likely to become productive citizens, according to a study by The University of Chicago.

The benefits to children are even more pronounced among low-income households, the study found.

The nation's homeownership rate has increased dramatically during the past 50 years. From about 44 percent at the end of World War II, it has grown to a record 67.8 percent. And although some other countries may have slightly higher homeownership rates, America's home owners live in houses that are larger, more comfortable, and have more amenities than homes in any other major country.

The value of housing and homeownership to the nation and its people just cannot be overstated. America's strength truly does lie in the homes of its people.