

EXPECTATIONS FOR FUTURE HOME OWNERSHIP

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ABSTRACT

The purpose of this paper is to analyze attitudes and expectations of young Americans about home ownership. A sample of 1011 university students was contacted in the fall of 1980. Multiple classification analysis is used to test the hypotheses of the study. The results show that students with larger family size goals, females, students from higher-income families, and students in business and the professional majors are more likely to expect to be home owners than are those with small family size goals, males, students from lower income families, and students in other majors.

THE LITERATURE ON HOUSING PREFERENCES

The recent literature on housing preferences commences with the work of Montgomery and Kivlin (1962), Michelson (1966; 1967; 1976) and Morris and Winter (1975; 1978). The work by Michelson clearly demonstrates that the preferences of most urban residents are not congruent with the collective wisdom of urban planners and architects. The single-family detached dwelling with a private yard is preferred by all demographic categories to multifamily units with shared open space in the city.

The work by Morris and Winter (1978) combined with that of Dillman et al. (1979) places housing preferences in a framework of basic cultural norms. Four of those norms are:

1. the norm for ownership
2. the norm for a detached dwelling type
3. the norm for private outdoor space
4. the norm for conventional construction

The only housing situation that meets all four cultural norms is ownership of a detached single-family unit.

Dillman, et al. (1979) found that as household size increases so does the preference for single-family homeownership. They also found that married respondents are more likely to prefer home ownership of a single-family dwelling than are respondents in other marital states.

Age proved to be their most important variable. They found that as age increases, the preference for owning a single-family home

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Housing and Society, Vol. 10, No. 1, 1983

declines dramatically. Finally, they found that income, education, and occupational rank are all positively related to the probability of preferring to own a single-family home.

In a later article (Dillman et al., 1980), they discussed the findings of a 1979 regional survey of Washington and Oregon residents which analyzed the relative strengths of the four housing norms (ownership, detached structure, private outside space, and conventional construction). When the respondents were asked which of the four norms they would be most willing to forego, conventional construction was the first norm to be sacrificed. The norm that was least readily foregone is private outside space. Dillman, et al. (1980) concluded that:

Tentatively, it appears that private outside space may be considerably more important than traditionally emphasized housing features, such as ownership and conventionality (p. 129).

Tremblay (1981) attempted to rank the four housing norms by analyzing sanctions, behavior, and preferences associated with the housing norms. His conclusions are somewhat tentative but home ownership is the strongest norm, single-family detached is second in strength, followed by private outside space, and conventionality. It is clear from a careful reading of Tremblay's (1981) paper that more research needs to be done to resolve the ambiguities in the studies of the relative importance of the norms.

A considerable portion of the literature on housing preferences encompasses a broad spectrum of society. Some of it focuses on the poor and disadvantaged (Ladd, 1972; Nathanson, 1974). Very little of the housing preference literature, however, focuses specifically on young adults. The Montgomery and Kivlin (1962) analysis of students at Oklahoma State University, and Hinshaw and Allott's (1972) study of a New York college sample analyzed preferences of young adults. Both of those studies are quite old.

Montgomery and Kivlin (1962) surveyed 1,910 college students who were enrolled in state-supported institutions located in western, midwestern, northeastern, and southern regions of the U.S. They tested the hypothesis that there are no significant differences between rural and urban students with regard to housing desires and expectations. Their hypothesis was, for the most part, supported. The sample was somewhat limited in the sense that it included a disproportionate number of home economics students and included no males.

Hinshaw and Allott's (1972) study of a New York college sample analyzed preferences of young adults. The sample size was somewhat small and included only first year students.

Focusing on the preferences and aspirations of young adults is important for a number of reasons. First, young adults are the future consumers of housing. Their expectations are obviously important with regard to the types of housing built and housing policy in general. The current cohort of young adults is expected to be faced with very high housing expenses. Third, the demand for

housing from now until the year 2000 is expected to be substantial due to household formation by young people (Goetze and Colton, 1980). Further, if change in housing preferences is imminent it will be detected among the young first.

When analyzing the current housing expectations of young people one might focus on what kinds of housing situations they foresee for themselves. For example, one might ask if they think they will be buying a home sometime in the future. Further, one could ask what kind of home might be purchased, i.e., whether it will be a single-family dwelling, a condominium or cooperative, a mobile home on one's own land, or a mobile home on rented land.

Economic realities would certainly have an impact on responses to those questions. For example, respondents might prefer owning a single-family dwelling to owning a condominium. However, since condominiums generally cost less to buy and operate, respondents might indicate that they will be purchasing a condominium in the future. Rather than preferences, we might refer to the above as "expectations." Given the consistency with which Americans have opted for owning a single-family dwelling, one might predict that a sample of young adults would envision themselves owning in the future and that the type of housing would be the single-family dwelling.

What independent variables might be associated with the aforementioned dependent variables? The previously discussed work of Dillman, et al. (1979) provides help in identifying explanatory variables. Married respondents should be more likely than others to expect to own a single-family dwelling. It will be remembered that as household size increases, preference for owning a single-family home also increases (Dillman, et al., 1979). Because young adults have, for the most part, not yet completed their families, expected completed family size might be employed instead. In another study based on the same data that are employed here, Hohm (1983) treated expected completed family size as a dependent variable and found that housing preference variables are associated with it. The causal order could also go the other way, i.e., we might expect respondents with greater family size goals to be more committed to the "American dream" of homeownership in general and owning a single-family dwelling in particular.

It was also shown that income, education, and occupational rank are all positively related to the probability of preferring to own a single-family home (Dillman, et al., 1979). Parents' income could be used as a factor explaining variation on the dependent variables. Whether one's parents own their home might also be related to the dependent variables. If one's parents own their home, one would probably be more likely to expect homeownership than if they do not.

Political variables such as how conservative or liberal one is should also be related to expectations. Kemeny (1977) has shown that a high rate of homeownership in a society is associated with conservatism. At the individual level, we could hypothesize that the more conservative individuals are more likely to expect ownership of a single-family dwelling.

One's academic major could be considered a reflection of conservatism. For example, business majors and professional-studies majors are generally more conservative than majors in the humanities, arts, and social sciences and would be likely to expect ownership of a single-family dwelling to a greater extent.

Sex might also be related to the dependent variables. One might expect females to be more inclined to view owning a single-family dwelling as important. Academic status (freshman, sophomore, etc.) is also utilized. Finally, other standard socio-demographic variables such as race are used.

METHODS

In the fall of 1980 a random sample of 1,011 students at San Diego State University was asked numerous questions on housing aspirations and expectations as well as various demographic, economic, and social factors. A comparison of frequency distributions with university administrative data demonstrated that the sample is quite representative of the university student body.

As for the degree to which the sample of college students is typical of college students in general, the university is not an elitist private institution populated by a wealthy student body. In fact, San Diego State University is part of the California State University system which does not charge tuition but only modest student fees. While there is no proof that the sample is representative of the United States college population, there is reason to believe that the sample is not more privileged than the normal U.S. college population.

One criticism of the sample might be the atypicality of college students, i.e., that their responses and aspirations are probably quite different from young people who do not attend college. This may be true, but college students will no doubt be more capable of purchasing a home than individuals who are not attending college and, therefore, if housing costs are prohibitive for people who have attended college, the cost would be even greater, relatively speaking, for people who did not attend college.

The dependent variables that are analyzed in this study and the precise wording of the questions are as follows: 1) "Do you think you will purchase a home sometime in the future?" with the possible responses being "no," "perhaps," and "definitely yes" and 2) "What kind of home do you think you might purchase?" with the possible responses being "Condominium or cooperative," "Mobile home on your own land," "Mobile home on rented land," "Single-family detached dwelling," and "Other. . .please specify."

Multiple classification analysis and the F statistic are used in hypothesis testing. Multiple classification analysis is appropriate to use when the dependent variable is interval and the independent variables are categorical (nominal or ordinal) (Andrews, et al., 1973). Whether a respondent expects to become a homeowner is an ordinal variable. According to Labovitz (1967), little error results from assigning numbers to categories of an ordinal variable and then treating that variable as an interval variable. Hence, for "whether a

respondent expects to become a homeowner," a response of "no" is assigned a zero, a response of "perhaps" is assigned a one, and a response of "definitely yes" a score of two. The scale then, for this variable, ranges from zero to two.

The kind of home the respondent expects to purchase is a nominal variable. For purposes of multiple classification analysis, this variable was dichotomized as follows: single-family detached dwelling and "other." Because so few respondents chose any of the other types of housing, that grouping makes methodological sense. According to Andrews, et al. (1973), multiple classification analysis can also be employed when the dependent variable is dichotomized, as long as the distribution is not characterized by very unequal frequencies. Andrews, et al. (1973) suggest that if the dependent variable is dichotomous, the category with the smaller frequency should at least contain ten percent of the cases. Because the kind of home the respondent plans to purchase meets that criterion, multiple classification analysis is utilized.

In general, the results of the analysis are reported in terms of the probability of a given result rather than use of a specific alpha level. However, no results with a probability greater than .20 are discussed.

A number of the analyses are characterized by a number of missing cases. If a case lacked data on any of the five independent variables or the dependent variable, it was not used in the analysis.

FINDINGS

General summary of percentage distributions

As one might expect, most of the respondents do not currently own a home (91% are non-owners). The respondents who did not yet own their homes were then asked whether they thought they would purchase a home sometime in the future. Only 6 percent indicated that they would not buy a home while 40 percent thought that "perhaps" they would purchase one. Over half of the group (54%) responded "definitely yes" to this question.

The 94 percent who answered "perhaps" or "definitely yes" were then asked what kind of home they might buy. The overwhelming majority (69%) indicated a single-family detached dwelling. Twenty-two percent thought they would buy a condominium or cooperative. Less than two percent (1.6%) stated that they would buy a mobile home on their own land while less than one percent (.5%) expect to own a mobile home on rented land. Finally, 7 percent suggested some "other" type of ownership arrangement. Even though Dillman, et al. (1979) dealt with preferences while this paper is focused on expectations, it is still interesting to compare the Dillman study with the findings here. Dillman, et al. (1979) found that 76.2 percent of their Washington sample preferred the single-family dwelling. Owning a mobile home on one's own lot is the second most popular choice (with 7.6 percent opting for that arrangement). Buying a townhouse (which is similar to the "condominium or cooperative" response in this study) ranked third with only 2.9 percent of their sample stating

that as their first choice.

While owning a condominium or cooperative came in a strong second in this study it was a weak third in Dillman, et al. (1979). Owning a mobile home, whether on rented land or one's own land, on the other hand is not as popular with students as it was for the Washington state sample. Perhaps this difference can be explained by the increasing presence of condominiums in California. The fact that the Dillman survey included a proportionate share of rural residents (who would be more apt to own their own lot on which a mobile home could be placed) might explain the difference.

Multiple classification analysis

The first dependent variable to be analyzed is whether the respondent expects to become a homeowner. The results of the multiple classification analysis for this variable are given in Table 1. The significance level of F for the overall model and for each independent variable is given, based on the analysis of variance with the same independent variables and the same dependent variable. The grand mean is 1.54. The scale ranges from 0 to 2 with 0 indicating no expectation of homeownership and 2 indicating a definite expectation of homeownership. The overall model is significant at the .001 level and the R is .319. Sex is significant at the .005 level. As predicted, females are more likely to predict homeownership for themselves (deviating .06 above the mean), while males are less likely to envision themselves as homeowners (deviating by .09 below the mean).

Major is related to whether one expects to become a homeowner. The F statistic for major is significant at the .05 level. The more conservative majors of business and professional studies and the undeclared majors are more likely to see themselves as homeowners (business majors being .12 above the grand mean; professional studies being .05 above the grand mean; and the undeclared being .09 above the grand mean). Majors in the humanities, arts, social sciences and those with "other" majors are the least likely to see themselves as homeowners.

Marital status is not statistically significant. As expected, parents' income is related to whether one expects to become a homeowner (F statistic is significant at the .05 level). Students with parents making less than \$25,000 are less likely to envision homeownership for themselves, deviating .13 below the grand mean. Those with parents making \$55,000 and over are the most likely to see themselves as homeowners (deviating .12 above the grand mean).

Predicted completed family size is also related to this dependent variable. It is statistically significant at the .001 level and had the highest eta in the model. Those who see themselves as childless are much less likely to view themselves as future homeowners (deviating by .29 below the grand mean of 1.4) while those who expect five or more children are the most likely to view themselves as homeowners. Respondents with expected completed family size goals between the extremes are characterized by deviation scores that one would expect.

Table 1. Multiple Classification Analysis of Whether the Respondent Expects to Become a Homeowner

Variable/Category	N	Deviation	Eta	Adjusted Deviation	Beta	Sig. of F
Sex						
Female	353	0.06		0.06		
Male	237	-0.09		-0.09		
			0.13		0.12	.004
Major						
Business School	125	0.12		0.12		
Sciences and Engineering	67	-0.06		-0.02		
Humanities, Arts, Social Sciences	151	-0.11		-0.09		
Professional Studies	155	0.05		0.02		
Other	41	-0.17		-0.15		
Undeclared	51	0.09		0.09		
			0.17		0.15	.017
Marital Status						
Married	43	0.09		0.11		
Divorced	20	-0.24		-0.12		
Single, Never Married	527	0.00		0.00		
			0.09		0.07	.260
Parents' Income						
\$0-24,999	162	-0.13		-0.10		
\$25,000-39,999	151	-0.01		-0.01		
\$40,000-54,999	133	0.04		0.04		
\$55,000 +	134	0.12		0.09		
			0.16		0.12	.043
Predicted Completed Family Size						
0	78	-0.29		-0.25		
1	33	-0.08		-0.06		
2	317	0.04		0.03		
3	105	0.07		0.04		
4	46	0.07		0.06		
5 +	11	0.28		0.27		
			0.21		0.18	.001
Multiple R²					0.102	.000
Grand Mean = 1.54						

The adjusted deviation scores in Table 1 show the deviation of particular categories of a dependent variable with the independent variables controlled. Each beta gives the association between an independent variable and the dependent variable with the other independent variables controlled. The adjusted deviations of the

variables in Table 1 are very close to the unadjusted deviations and the betas are very close to the etas.

Numerous additional models were tested with various combinations of independent variables. None of the other independent variables in the data set is statistically significant.

The second variable to be analyzed is the kind of home the respondent plans to purchase. The results of the multiple classification analysis for this dependent variable are shown in Table 2. The grand mean is .7 meaning that 70 percent of the respondents stated that they would buy a single-family detached dwelling and 30 percent opted for one of the other ownership arrangements. The overall model is significant at the .01 level and R is .265. It should be noted that only one of the five independent variables (whether respondent expects to become a homeowner) is significant at the .05 level. Academic status is significant at the .076 level. First year students are the least likely to opt for a single-family dwelling (.09 below the grand mean) while graduate students are most likely to expect this type of dwelling. In fact, the differences are even greater if one looks at the adjusted deviations. Here the deviation score for freshmen is -.08 while for graduate students the deviation score is .10.

Race is statistically significant at the .121 level. Even though it is not very significant, there are some interesting differences between the racial categories on this dependent variable. American-Orientals, Blacks, and "others" are less likely to expect a single-family dwelling than Caucasians or Hispanics. It should be noted however, that the adjusted deviation score for American-Orientals drops from -.12 to -.05 when the other variables are controlled.

Predicted completed family size is related to the kind of home the respondent plans to purchase, even though that relationship is not very significant (at the .198 level). As hypothesized, the more children expected, the higher the probability of envisioning a single-family dwelling. We can see the association most clearly at the extremes. Those who see themselves as childless have a deviation score of .12 below the grand mean while those who expect five or more children have a deviation score of .30 above the grand mean.

Whether one expects to become a homeowner is related to what kind of home one envisions. As indicated previously, the association between these two variables is significant at the .05 level. Those who definitely expect to become homeowners have a deviation score .05 above the grand mean (meaning that 75 percent of them expect to have a single-family dwelling) while those that are less sure of becoming a homeowner (saying "perhaps") are less likely to expect to have a single-family dwelling (deviating by .08 below the mean).

Whether one's parents own their own home is also related to the kind of home one plans to purchase. Even though the relationship is statistically significant at the .107 level, those with parents who do not own homes are less likely to expect to own a single-family dwelling. Their deviation score is -.13 indicating that only 57 percent of them (as compared to 70 percent for the total group) see themselves owning a single-family dwelling.

Table 2. Multiple Classification Analysis of the Kind of Home the Respondent Plans to Purchase

Variable/Category	N	Deviation	Eta	Adjusted Deviation	Beta	Sig. of F
Academic Status						
Freshman	91	-0.09		-0.08		
Sophomore	78	0.00		0.01		
Junior	165	0.06		0.05		
Senior	133	-0.04		-0.05		
Grad Student	48	0.07		0.10		
			0.13		0.13	.076
Race						
American Oriental	24	-0.12		-0.05		
Black	28	-0.17		-0.14		
Caucasian	401	0.03		0.02		
Hispanic	29	0.02		0.00		
Other	33	-0.16		-0.14		
			0.15		0.12	.121
Predicted Completed Family Size						
0	63	-0.12		-0.09		
1	24	0.05		0.02		
2	283	0.01		0.00		
3	92	-0.01		-0.01		
4	44	0.07		0.09		
5 +	9	0.30		0.26		
			0.13		0.12	.198
Whether Respondent Intends to Become a Homeowner						
Perhaps	197	-0.08		-0.06		
Definitely Yes	315	0.05		0.04		
			0.13		0.11	.041
Whether Parents Own Their Own Home						
No	47	-0.13		-0.10		
Yes	468	0.01		0.01		
			0.09		0.07	.107
Multiple R²					0.070	.002
Grand Mean = 0.70						

The adjusted deviations and betas in Table 2 show that for the most part, the independent variables continue to be related to the type of home one expects to own even after controls are instituted. The only exception is the lower adjusted deviation score for the American-Oriental category of race, which has already been discussed.

Numerous variations of the model were tested. Most of those variations did not show other independent variables in the data set to be significantly related to the dependent variable.

CONCLUSION

This study has shown that a sample of young Americans is very committed to the "American dream" of owning a single-family dwelling. Predicted completed family size proved to be one of the better explanatory variables. Respondents with greater family size goals are more likely to expect homeownership for themselves and also more likely to expect that the home will be a single-family dwelling. Females are more likely than males to expect homeownership. Sex is not, however, related to the kind of home expected. It is also found that married respondents are the most likely to envision themselves as owners of single-family dwellings while the divorced are the least likely to.

Parents' income, a proxy measure of social class, is positively related to the probability of expecting to become a homeowner. It is not however, related to the type of home one expects to own. One's academic major was found to be related to expectations for homeownership. As predicted, the more conservative majors such as business and professional studies are more likely to expect homeownership for themselves than the more liberal majors like the arts, humanities, and social sciences. Race is not related to whether one expects to become a homeowner but is related to the type of housing expected. American-Orientals, Blacks, and "others" are less likely than Caucasians and Hispanics to expect to own a single-family dwelling. Whether one's parents own their home was not related to one's general expectations for homeownership but was related to the kind of housing expected. Respondents who have parents who own their homes are more likely to expect to own a single-family dwelling. Finally, it was found that respondents who are more definite about their expectations to become homeowners are also more likely to expect to own a single-family dwelling rather than some other type of housing.

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