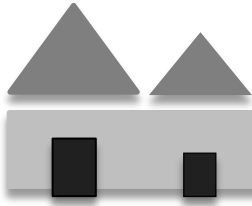


Executive Summary



Changes in Homeownership in Pennsylvania's Rural Municipalities

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This study focused on homeownership rates in rural Pennsylvania municipalities¹. Specifically, it analyzed the relationship between municipal demographic and market characteristics, and homeownership rates; modeled potential homeownership rates in 2020; classified municipalities based on changes in homeownership rates over time and analyzed if there were differences in municipal demographic and market characteristics in relation to homeownership rates; and, finally, examined whether homeownership rates and changes in homeownership rates were spatially distributed.

The research used t-tests, ANOVAs, multivariate regression models, projection models, and ArcGIS.

Results

The research indicated that rural municipalities experienced similar changes in homeownership rates as the state as a whole, with some variation between the types of rural municipalities.

Pennsylvania as a whole experienced a decline of about 2 percentage points in homeownership rates, and an increase of about 1 percent in the number of homeownership units from 2000 to 2015.

Overall, rural Pennsylvania municipalities experienced a decline of about 1 percentage point in homeownership rates, and an increase of about 3 percent in homeownership units during the same time period. The increase in units occurred in rural townships, which experienced an increase of about 4 percent in the number of

homeownership units; rural cities and boroughs experienced a decrease of almost 6 percent in the number of homeownership units. The research indicated that rural townships have higher homeownership rates than rural cities and boroughs, and that rural cities and boroughs have higher rates than their urban counterparts.

Regression models were more effective at explaining homeownership rates in rural municipalities in 2010 and 2015, but performed somewhat poorly at explaining homeownership changes from 2000 to 2010 and 2010 to 2015. The variables associated with higher homeownership rates in 2010 were higher levels of homes that were mortgaged, lower housing values, and newer homes. The variables associated with higher homeownership rates in 2015 were higher incomes, lower housing values, lower levels of the population between the ages of 18 and 35, and newer homes.

Rural cities and boroughs were classified into groups based on similar changes in homeownership between 2010 and 2015 in an effort to better understand the current characteristics and possible relationships to homeownership changes. The groups were defined based on the average and standard deviations of change in homeownership from 2010 to 2015. The analysis found differences in the following variables across the three groups of rural cities and boroughs: percent change in population, change in the percent of the population between 18 and 35 years old, change in percent of the population age 65 years old and over, percent change in income, percent of houses mortgaged, vacancy rates, and percent of vacant other housing.

The analysis also suggested that cities and boroughs with declining homeownership are

¹ The Center for Rural Pennsylvania's definitions of rural and urban municipalities were used.

likely to have larger and increasing portions of the population that are 18 to 35 years old, lower percentages of college graduates, lower and decreasing portions of the population age 65 years old and over, greater vacancy rates, increases in income, and decreasing unemployment rates. Cities and boroughs with increasing homeownership are likely to have larger and decreasing portions of the population that are 18 to 35 years old, higher percentages of college graduates, lower and decreasing portions of the population age 65 years old and over, lower vacancy rates, increases in income, and decreasing unemployment rates.

The results indicate a complex relationship between homeownership and possible explanatory demographic, socioeconomic, and housing variables in rural Pennsylvania. Rural cities and boroughs do not have the same characteristics as rural townships – nor are they experiencing the same type of changes. In addition, the experiences of rural municipalities vary from urban municipalities.

Based on the results, the researcher suggests that it is essential for researchers and government agencies to continue investigating these recent changes in homeownership, especially in the context of rural areas. Government efforts to stabilize or improve homeownership rates could focus on existing homeowners or on attracting first-time homeowners. Efforts could focus on assisting or preserving existing homeowners, such as senior citizens and low-and-moderate income homeowners, who are most likely to be negatively affected by changes in economic or housing conditions. Mortgage refinancing options may assist in maintaining housing affordability and reducing possible foreclosure risks. First-time homeownership may be encouraged or supported through programs such as down payment assistance, Individual Development Accounts (IDAs), direct subsidies, and low-cost loan options. Increased rental housing options may be useful in providing stability in housing markets and encourage households to transition to homeowners when financially able.

For a copy of the report, *Changes in Homeownership in Pennsylvania's Rural Municipalities*, visit www.rural.palegislature.us.

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