

A Comparison of Renters and Homeowners in Recent Decades

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Technical Appendix

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This analysis examines various trends for homeowners and renters and the policies put in place to alleviate financial burdens for low-to-middle income renters and low-to-high income owners. The time period of our analysis includes data from 1989 to 2021.

Data Sources

From the Federal Reserve we utilize data from the Survey of Consumer Finances for the years 1989 to 2019, and the [Survey of Household Economics and Decisionmaking](#) in the year 2020. From the Bureau of Labor Statistics, we use the Consumer Expenditure Survey for the years 2002-2019. From the Census we utilize the [Household Pulse Survey](#) for the August 19, 2020 to January 20th, 2021 iterations—these were conducted as part of the [second](#) and [third](#) phases of the survey.

Definitions

Survey of Consumer Finances (Figure 1):

- *Home equity in primary residence*: The total value of equity in primary residence of the household in 2019 dollars.

Consumer Expenditure Survey (Figures 2–4):

We include only those respondents who answered in four consecutive quarters of the year.

We define **housing expenditures** as the sum total of the following costs:

- *Shelter*: For renters this is rent payments and for homeowners this includes mortgage interest payments plus property taxes and maintenance expenses.
- *Utilities*: For renters and owners this includes payments like electricity, gas, water, trash, and any other kind of utility payment the household might encounter.
- *Other housing expenditures*: the sum of the following categories
 - Housing Operations: This includes domestic services operations like babysitting and child care and other non-child care related services like housekeeping supplies and services.
 - House Furnishings and Equipment: Home furnishings like furniture, floor coverings, small appliances and housewares, and major appliances.

Household spending was generated in the same way as The Hamilton Project's [prior work](#) on household expenditures. We define the following categories generated from the Consumer Expenditure Survey:

- *Housing*: defined above (housing expenditures).
- *Food*: total food expenditure in each quarter.
- *Transportation*: transportation expenditure in each quarter.
- *Healthcare*: health insurance, prescription drug, and medical service expenditure in each quarter
- *Clothing*: apparel and services (e.g., clothing rentals, shoe repair) in each quarter.
- *Other*: everything in total expenditures that is not accounted for by the previous categories.
- *Total expenditures*: food, alcoholic beverages, housing, apparel, transportation, health, entertainment, personal care, education, tobacco, reading materials, life insurance, cash contributions, retirement, and other miscellaneous expenditures in each quarter.

Income quantile categories from the Consumer Expenditure Survey in 2019 are defined as follows:

- *Low income*: Household self-reported a total pre-tax family income of less than \$35,000 in the last 12 months.
- *Middle income*: Household self-reported a total pre-tax family income of at least \$35,000 and less than \$85,000 in the last 12 months.
- *High income*: Households self-reported that a total pre-tax family income of greater than or equal to \$85,000 in the last 12 months.

Census Household Pulse Survey (Figure 5):

We utilize the following questions from the Household Pulse survey to define renters and owners caught up on mortgage/rent payments:

Q39 Is your house or apartment? Select only one answer.

1. Owned by you or someone in this household free and clear?
2. Owned by you or someone in this household with a mortgage or loan (including home equity loans)?
3. Rented?
4. Occupied without payment of rent?

If Q39=2 then,

Q40c Is this household currently caught up on mortgage payments? Select only one answer.

1. Yes
2. No

If Q39=3 then,

Q40b Is this household currently caught up on rent payments? Select only one answer.

1. Yes
2. No

We can then define renters and owners with mortgages as follows:

- *Renters*: Using the tenure variable, we keep only individuals who answered yes to renting and remove observations that occupied a residence without payment of rent.
- *Owners with mortgages*: Using the tenure variable, we keep only individuals who answered yes to owning with a mortgage and remove observations that owned their home free and clear.

Survey of Household Economics and Decisionmaking (SHED) (Figure 6):

- *Renters*: Using a housing tenure variable, we keep only individuals who reported paying rent
- *Owners with Mortgages*: Using a housing tenure variable, we keep only individuals who reported owning their home with a mortgage or a loan

Financial security break-outs come from the following questions detailed in the [SHED questionnaire](#).

Finding it difficult to get by:

- Overall, which one of the following best describes how well you are managing financially these days?
 - i. Finding it difficult to get by
 - ii. Just getting by
 - iii. Doing okay
 - iv. Living comfortably

Unable to pay all bills:

- Which best describes your ability to pay all of your bills **in full** in July?
 - i. Able to pay all bills (1)
 - ii. Can't pay some bills (0)

Unable to pay \$400 emergency expense with cash:

- Suppose that you have an emergency expense that costs \$400. **Based on your current financial situation**, how would you pay for this expense? *If you would use more than one method to cover this expense, please select all that apply.*
 - i. Put it on my credit card and pay it off in full at the next statement

- ii. Put it on my credit card and pay it off over time
- iii. With the money currently in my checking/savings account or with cash
- iv. Using money from a bank loan or line of credit
 - v. By borrowing from a friend or family member
- vi. Using a payday loan, deposit advance, or overdraft
- vii. By selling something
- viii. I wouldn't be able to pay for the expense right now

- *Children under 18 in the household:* Individual answered yes to children living with them and the child was between the ages of 0-17 (inclusive).
- *No children under 18 in the household:* Individual answered no to children living with them.

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