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MEMORANDUM

TO: WOODROW WILSON CENTER

FROM: DAVE SACKETT
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RE: KEY FINDINGS FROM NATIONAL SURVEY OF VOTERS

DATE: MAY 21, 2012

The Tarrance Group is pleased to present The Wilson Center with the key findings from a national survey of voters about homeownership and mortgage finance issues. These key findings are based on telephone interviews with N=1,000 registered "likely" voters nationally. Responses to this survey were gathered May 13-15, 2012, and the confidence interval associated with a sample of this type is ± 3.1%.

KEY FINDINGS

Profile of Homeownership

Seven out of ten (72%) registered likely voters nationally are current homeowners. Another 8% are past homeowners and 18% have always rented their place of residence. There was another 2% of responses that were captured as "other" which predominately included individuals that were living with family/friends.

- Current homeownership is slightly higher in the South (76%) and Central Plains (80%) regions as well as in rural (85%) and suburban (81%) areas. Those voters living in urban areas are more likely to either be a past homeowner (12%) or to have always rented (21%).

- Not surprisingly, homeownership increases with age from 38% among voters 18-34 to 77% among those 35-44 and then to over 80% among those over 45 years old. With a 12-point gap, women under 45 years old show a slightly higher tendency to be current homeowners (60%) than men under 45 years old (48%).

- Minority voters are more likely to have always been renters including African American (34%) and Hispanic (43%). Single voters are also more likely to have always been renters (50%). Only 36% of single voters are current homeowners compared to 87% of married voters.

- Current homeownership is directly reflective of income. Driving the population of renters are those with a household income under $30,000 annually (42%). The cutline appears at $30,000 annually, where homeownership increases to 65% among those with a household income of $30-50,000 annually. The increase in ownership continues to fully 92% among those voters with a household income of $100-150,000 annually.

- There is also a relationship between current homeownership and the rate of unemployment in the state. In states where unemployment is at 10% or higher, just 60% of voters are current owners. Homeownership increases to approximately 74% ownership in states with less than 10% unemployment.

Among those who are currently or were past homeowners, 63% indicated they purchased their first home with a 30 year fixed mortgage, 11% with a 15 year fixed mortgage and 6% with an adjustable rate mortgage (ARM). Only 6% of voters indicate they never had a mortgage on their first home.

It is important to note for the purposes of analysis, the category of "other" (15%) captured those who were "unsure" (7%) as well as those who described a loan other than a 30/15 year fixed most commonly including a 20 or 25 year fixed mortgage as well as those with a VA/GI loan.

- Voters in rural areas drive both the "other" loan types (25%) and those who never had a mortgage (17%), with only 54% who had either a 30 or 15 year fixed. By comparison, in suburban and urban areas, approximately 76% of voters had either a 30 or 15 year fixed.

- While fixed mortgages of 15 or 30 years are predominate, those most likely to have a loan captured as "other" are on opposite ends of the age spectrum with 21% of voters 18-34 years old and 23% of those over 65 years old indicating they have something other than a 15/30 year fixed or ARM. Consistent to the age polarization, those also more likely to have a mortgage captured as "other" are both non-working men (21%) and non-working women (19%), as well as single voters (21%) and those with an annual household income of less than $50,000 (20%).

Among current homeowners, a significant majority (67%) believe they have equity in the home they live in now, while just 9% feel they are "even" on equity to mortgage. Among voters, one-in-ten current homeowners (10%) indicate they have a mortgage that is higher than the current value of their home. Fourteen (14%) of homeowners were either unsure or refused to answer whether they have equity in their current home.

- Level of equity in their current home is fairly consistent across population segments. Those voters more likely to indicate they have equity in their home are in the South Central (75%) and Western (75%) regions as well as California (76%) and Texas (75%). Further, voters over 45 years old (70%), those who are married (72%), and those with a household income of more than $70,000 annually (78%) are the drivers of "equity in their home." It is also interesting to note that among those whose first mortgage was a 30 year fixed, 70% indicate they have equity in their home compared to 60% of those with a 15 year fixed or 64% of those with an ARM.

- Voters 18-45 years old drive both the "even on equity" (13%) and "mortgage higher than current value" (15%). Similarly, minority voters are less likely to have equity with 15% of Hispanic voters indicating they are "even" and 15% of both Hispanic and African American voters indicating their mortgage is higher than their home value. This same pattern is present among those homeowners with an ARM where 14% are "even" and 14% have a mortgage higher than their home value.

<u>Future Homeownership – Past Homeowners and Renters</u>

Among the 28% who are not current homeowners, there is a high level of optimism about future homeownership with 75% of these voters indicating they hope to purchase their own home sometime in the near future. Optimism is high regardless of unemployment levels in the state and household income level.

- Optimism about future homeownership is driven by younger voters, reaching over 90% among those under 45 years old. It is also strong among minority voters (African American – 80%, Hispanic – 94%), those who are single (85%) and those with children living at home (88%). Optimism toward future homeownership is the highest among fathers (94%).

- Voters who have previously owned a home are more likely to indicate they do not have plans to purchase a home in the near future (55%) as well as those voters who are living in rural and suburban areas (35%) and women who are not currently employed (47%).

Those voters who are not current homeowners were read a list to consider which was the single biggest factor keeping them from purchasing a home. As shown in the chart below, the single biggest factors keeping them from purchasing a home are salary/wage level (29%) and costs such as prices and down payment (23%).

Response (*Asked of N=280 voters*)	**Percentage**	
Salary or wage level	29%	
House prices	10%	
Down payment	9%	23% = Costs
Maintenance and insurance costs	4%	
Credit rating	14%	
No interest in owning home	13%	
Location – distance to work	3%	
Retirement / Too old	3%	
Settled in current situation	2%	
Don't find any I like	2%	18% = Other
Student	1%	
Health situation	1%	
Other	5%	
None	4%	

- Focus on salary or wage level is driven by voters in states with more than 7% unemployment (34%), women (33%), women under 45 years old (45%), Hispanic voters (38%), those with a household income of less than $30,000 annually (37%), and those who have always been renters (33%).

- Those who are more likely to focus on costs include those in states with less than 7% unemployment (30%), voters 45-64 years old (28%), those with a household income of $30-50,000 annually (31%) and past homeowners (27%).

Views of Homeownership

Voters personally put very high importance on homeownership. When asked to indicate on a scale of zero to ten where zero means homeownership is not at all important and ten means it is extremely important, voters rate the importance of homeownership as a mean score of 8.597.

- Fully 62% of all voters rated homeownership as a ten out of ten. Those most likely to indicate homeownership is extremely important are voters in states with lower unemployment rates as well as rural (71%) and urban (67%) areas.

- Importance placed on homeownership increases with age where just 53% of 18-44 years old indicate it is extremely important but 64% of those 45-64 and 72% of those over 65 years old would rate it as a ten out of ten.

- Also placing higher importance on homeownership are African American voters (69%), married voters (67%) and current homeowners (69%).

When asked to consider the importance of homeownership compared to five years ago, one-third of voters feel homeownership is more important (33%) and 51% feel it is just as important. Only 12% of voters say homeownership is less important than it was five years ago.

- Driving the view that homeownership is more important than five years ago are voters in states with less than 7% unemployment (38%), men under 45 years old (39%), African American voters (48%), Hispanic voters (39%) and voters who are single (36%).

- The driving difference in importance is primarily household income – with the cutline occurring at $70,000. While voters with a household income of less than $70,000 are more likely to feel homeownership is more important (approximately 38%), this decrease among those voters with a household income of more than $70,000 annually (approximately 26%). Those with a household income of $70-100,000 annually are more likely to feel homeownership is just as important.

- There are very limited drivers to the opinion that homeownership is less important than it was five years ago (12% nationally) although past homeowners (21%) and renters (18%) are slightly more likely to subscribe to this view than are current homeowners (10%).

Among the 84% of voters who felt that homeownership is more or just as important as it was five years ago, reasons for this importance are varied but focus on family (19%) and security (17%) in additional to the financial arguments of being a better choice than renting (19%) and resale value (12%). The chart below details the reasons and responses.

Response – Reason more or just as important (*Asked of N= 850 voters*)	**Percentage**	
Better financial choice than renting	19%	45% = Financial
Investment or resale value	12%	
Ownership	10%	
Tax break for mortgage interest	4%	
Better option for family	19%	44% = Personal
Security and safety	17%	
Privacy	8%	
Other	12%	

Among the 12% of voters who felt that homeownership is less important than it was five years ago, reasons for being less important are varied but a significant portion of voters focus on the costs involved with buying and owning a home (39%). The chart below details the reasons and responses.

Response – Reason less important (*Asked of N= 123 voters*)	**Percentage**	
House prices going down	18%	
Poor investment	13%	
Real estate and property taxes	14%	39% = Costs
Too expensive	12%	
Maintenance costs	7%	
Down payment too high	5%	
Insurance costs	1%	
Job flexibility	12%	16% = Work
Location – commuting to work	4%	
Other	13%	

A majority (54%) of voters believe that “increasing homeownership should be a national priority.” By comparison, voters universally (90%) believe that “homeownership is part of the American Dream.”

Impression	**Yes – Strongly**	**Yes**	**Unsure**	**No**	**No – Strongly**
Increasing homeownership – national priority	42%	12%	7%	13%	26%
Homeownership is part of the American Dream	81%	10%	1%	4%	5%

- Those voters who are more likely to believe that "increasing homeownership should be a national priority" are those who are less likely to be homeowners including non-working women (59%), voters 18-44 years old (63%), women under 45 years old (69%), minority voters (African American – 62%, Hispanic – 66%) and single voters (61%). Only a simple majority (51%) of current homeowners believe it should be a priority compared to more than 60% among past homeowners and those who have always rented.

- Agreement that "homeownership is part of the American Dream" is above 80% with every demographic group. Only the groups that stand out as less likely to believe this statement are men under 45 years old (16%), fathers (21%) and those with a household income of more than $150,000 annually (18%).

Role of Government in Homeownership

Respondents were read the names of two organizations and asked to indicate whether they had a favorable or unfavorable impression of each one. As shown in the chart below, both Fannie Mae and Freddie Mac are upside down on their favorable to unfavorable ratio and a majority of voters currently hold an unfavorable impression (approximately 50%).

Impression	Fav-to-Unfav Ratio	Favorable	Unfavorable	No Opinion	Never Heard of
Fannie Mae	0.4 : 1	22%	51%	18%	9%
Freddie Mac	0.3 : 1	17%	50%	19%	14%

There is a significant overlap in opinions of Fannie Mae and Freddie Mac. Voter segments driving both favorable and unfavorable impressions are consistent between organizations.

- Unfavorable impressions of both Fannie Mae and Freddie Mac are higher among voters in rural areas (+59%) and Florida (+62%). Also driving unfavorable impressions of both organizations are men (+58%) and in particular non-working men (+61%), men over 45 years old (63%) and fathers (+54%).

  Age is also a significant factor with unfavorable impressions of both organizations standing at 55% among those voters over 45 years old. However, voters under 45 years old are not more favorable but rather, more likely to have never heard of either organization (+15%). Unfavorable impressions of both organizations reach above 61% among voters with a household income of more than $100,000 annually.

- African American voters are slightly more likely to hold a favorable impression of both Fannie Mae (35%) and Freddie Mac (29%). Similarly, Hispanic voters also have more favorable impressions (Fannie Mae – 27%, Freddie Mac – 17%) as well as being more likely to have never heard of Fannie Mae (21%) or Freddie Mac – 38%).

Voters were asked, based on everything they had seen, read or heard, what their view is on the role of the federal government in the area of developing policies that help assist in homeownership. Voters were split with 42% who felt the federal government was too involved, 30% who felt the government was not involved enough and 21% felt it was just the right level of involvement.

On a second and separate measure, voters are similarly divided on the role of government in the area of developing policies regarding mortgages and financing of home purchases with 39% who felt the federal government was too involved, 33% who felt the government is not involved enough and 20% who felt involvement is just right.

- Demonstrating that the two measurements are linked together in the mind of voters, there is a high level of consistency in views toward the involvement of the federal government in assisting in homeownership and mortgages and financing of home purchases. Thirty five percent (35%) of voters consistently believe the federal government is too involved on both measurements, 13% feel the level of involvement is just right and 23% consistently believe the federal government is not involved enough. Only 26% of voters were mixed in their views.

- Driving the view that the federal government is too involved (on both measurements) are voters in the Central Plains region (41%) and rural areas (46%), as well as voters over 65 years old (42%), men over 45 years old (42%), married voters (40%), and fathers (42%).

- Those driving the view that the federal government is not involved enough are voters in the Mountain States (34%) and New York (29%), as well as voters 45-64 years old (28%), African American voters (41%) and Hispanic voters (32%), single (28%) and mothers (29%).

- Income is also a significant factor where those with an annual household income of more than $100,000 annually are more likely to feel consistently that the government is too involved, those with a household income of $70-100,000 feel consistently the involvement is just right, and those with a household income of less than $70,000 feel consistently that the involvement is not enough.

Finally, voters were asked on a basic uniformed ballot whether they would favor or oppose the federal government removing itself from mortgage finance. Initially, 49% favor the government removing itself while 39% oppose and 11% are unsure.

Respondents were then informed in a second ballot that "the federal government is the only entity with the resources to be able to insure or guarantee loans for "thirty year mortgages." If the federal government removed itself from mortgage finance, homebuyers would not be able to get a thirty year mortgage, and would only be able to get a fifteen year mortgage or an ARM, or adjustable rate mortgage which would increase the cost of a home loan." On the informed ballot, support for the federal government removing itself from mortgage finance drops 20-points to just 29% when told that this would mean the cost of a home loan would increase and 30 year mortgages would no longer be available. Opposition increases to 62%, and fully 47% strongly oppose.

- One third (35%) of voters both begin and stay opposed to the federal government removing itself. Those more likely to be consistently opposed are voters in the Mountain States (43%) and Western (41%) region, including California (40%), Florida (40%), Texas (41%) and New York (41%) in addition to urban areas (43%). Further, voters 18-34 years old (40%), minority voters (47%), single (41%), mothers (41%), those with a household income of $50-150,000 annually (41%) and past homeowners (40%) are more likely to be consistently opposed to the federal government removing itself from mortgage finance.

- Of the 27% of voters who move to oppose the federal government removing itself from mortgage finance on the informed ballot, those more likely to switch include the Midwest region (36%), employed women (32%), women under 45 years old (32%), Hispanic voters (34%), those with a household income of less than $50,000 annually (32%) and those who have always been renters (35%).

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