



Fannie Mae National Housing Survey 1997

**City Life, Homeownership,
and the American Dream**

Chairman's message

When we Americans think of the ideal place to live, few of us think of our great cities. This is perhaps not surprising, for after all, America has always been described in terms of spacious skies and amber waves of grain. Enduring symbols of America are more often found not in our great cities' monuments, but in the Monument Valley, in the prairie, or along the Continental Divide.

Earlier in our nation's history, our foremost artists painted landscapes, their inspiration flowing from America's abundant natural beauty. The quintessential American movie has always been the Western. Our national identity was forged in the story of Pilgrims conquering the wilderness, of wagon trains headed West.

Yet, over the past 400 years, one of the most significant events in world history has been the development of the American city. New York has long been the capital of the New World, its center of commerce and culture, at once the great Melting Pot and Fun City. Chicago, the City of Big Shoulders, not only beckoned generations of Eastern Europeans, but was the Promised Land for generations of African Americans seeking opportunity denied them in the rural South. Miami is not only the United States' southernmost large city, it is in many respects the capital of Latin America. Our cities gave birth to entire industries that have changed civilization: in Pittsburgh, steel; in Detroit, automobiles; in Los Angeles, dreams themselves.

For a generation, however, the image of the American city has been dominated by pictures of social dislocation, poverty, and crime. For too many, the very word "urban" became synonymous not with culture, or with opportunity, but with some of our nation's greatest problems: race relations, income inequality, and crime. For a generation, the dynamic of social movement in our nation has been dominated not by migration into cities, but by flight from them, as families have sought better schools and safer streets.

At Fannie Mae, the nation's largest source of home mortgage funds, how America's cities fare is of paramount importance. We're in the business of increasing homeownership opportunities, and we know that homeownership levels and the health of a community are inextricably linked.

For this reason, over the past three years, Fannie Mae has opened what we call Partnership Offices in more than 25 of America's largest cities. Our teams in these cities work with mortgage lenders, nonprofit organizations, and local governments to increase the homeownership rates in their communities. Since this effort began, we've committed more than \$80 billion in targeted financing plans developed by our Partnership Offices.



After a slight decline in the 1980s, the homeownership rate in America has risen in the 1990s — and importantly, it has risen in America’s cities. In fact, in cities throughout the nation, there have been very positive signs of recovery. For while homeownership rates are up, crime rates are down. And in many of our nation’s Gateway Cities — those cities identified as ports of entry for the greatest wave of immigration to America since the turn of the century — neighborhoods that had been thought to be declining are now recovering, in large measure because of the net inflow of new Americans.

In 1992, Fannie Mae began taking an annual national survey to gauge American attitudes about housing and homeownership. Working with pollsters Peter Hart and Robert Teeter, we’ve sought to explore trends in American attitudes, in part to determine how Americans think on issues that matter to us, and in part to find out what more we can do to help increase the nation’s homeownership rate. This year our focus is on cities.

We’re in the business of increasing homeownership opportunities, and we know that homeownership levels and the health of a community are inextricably linked.

From the beginning of our effort, our surveys have helped guide the work we do. For example, when we learned in 1992 that an absence of information about how to buy a home was a barrier to people achieving their dreams, we began providing renters with the information they need to become homeowners. Since we began public service outreach advertising in 1993, almost 3.5 million renters have requested and received, from Fannie Mae or the Fannie Mae Foundation, a free guide that can help them plot their course toward owning the home of their dreams. I am very pleased to say that Fannie Mae’s 1997 survey reveals that national awareness of this effort has almost doubled since 1995, when we began tracking it.

Our surveys have consistently shown that having sufficient money for a down payment and closing costs looms for many Americans as the single largest impediment to homeownership, which has reinforced our championing of low-down-payment mortgage lending. There is a direct link between the information gleaned from our surveys and the introduction of the Fannie 97 — a mortgage that requires only 3 percent down. This product, and others like it, have had a positive impact on the homeownership rate.

Last year, when our survey indicated that a dramatic rise in job insecurity was creating an impediment to homeownership, we created a new product, known as the Fannie Mae Mortgage Protection Plan, to provide for homeowners in the event that the principal borrower loses his or her job, becomes disabled, or dies. We hope to begin offering the Fannie Mae Mortgage Protection Plan to first-time home buyers later this year, and we believe it will have a very positive impact on removing an impediment to homeownership and on keeping people in their homes in the event of job loss or a catastrophic event.

Three years ago, we asked Peter and Bob to survey an oversample of renters, to find out more about why people choose to rent, not own, their homes. Two years ago, we asked them to take an oversample of immigrants to the United States, to determine what special needs and desires this group had.

This year, we wanted to find out what Americans think about the state of the nation's cities. We wanted to find out whether they perceive that city life has improved or declined. We wanted to find out whether people perceive cities as good places to live, and whether or not they have a stronger desire to live there than they once did. Because this is the first year Fannie Mae has attempted to gauge specific attitudes about cities, we do not have our own data to compare how attitudes have changed over time. Fortunately, Peter Hart had taken an

NBC/*Newsweek* survey at the beginning of the decade that asked several questions about Americans' attitudes toward our cities. We are grateful to NBC and *Newsweek* for the opportunity to compare attitudes from the spring of 1997 against those Peter Hart sampled for them in 1991.

What we learned from the 1997 Fannie Mae National Housing Survey is that, since the beginning of the decade, there has been an improvement in the image Americans have of our cities. There is greater recognition of cities as centers of culture and entertainment, as well as opportunity. Americans recognize that our cities have much to offer.

Yet, given how rooted American dreams are in vast spaces and natural, not man-made, beauty, it shouldn't be surprising that few among us — fewer than one in ten — view large cities as the ideal place to live. And given the length of time that our view of cities has been dominated by negative messages, and reinforced by statistical evidence of disarray, it shouldn't be surprising that our 1997 National Housing Survey shows that Americans have not yet internalized the recent positive trends in increased homeownership and lower crime. Quite simply, while Americans recognize positive reasons to visit our large cities, they don't really want to live there.

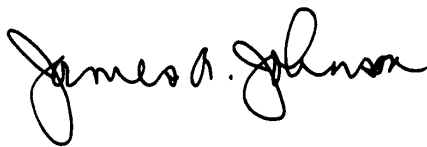
There are signs of hope. The most positive images of cities are held by young people age 18 to 24, who by a two-to-one margin think of cities as centers of progress, rather than centers of social problems. It is vital for young adults to have such attitudes if American cities are to thrive as we enter a new century. Those who own homes in cities are more likely than others to view cities positively — a reinforcement of the data we've seen previously showing that homeownership is an important element in giving someone a stake in his or her community.



As our surveys have shown us previously, as they've identified such important barriers to homeownership as discrimination and lack of information about how to buy a home, this year's survey shows us how much work all who care about our cities must do. The facts are that city life is improving. The perception is that it is not. We have ground to cover to make this case, to help persuade Americans that owning a home in a large city is desirable, with the competitive advantages of cities — culture and opportunity — outweighing the disadvantages — crime and congestion. There's no question in my mind that this is an important argument that needs to be made.

The Fannie Mae National Housing Survey is, once again, an important document for those interested in learning about how Americans view key elements of our economy and the quality of our lives. As we have been each year since 1992, we are grateful for the work done by our partners Peter Hart and Bob Teeter. Once again, special recognition should go to their colleagues Thom Riehle and David Iannelli, as well as Fannie Mae's John Buckley, who has guided every aspect of this project for the past six years.

We hope you find this survey of interest.



James A. Johnson
Chairman and Chief Executive Officer

**What we learned ...
is that, since the beginning of the decade, there has been an improvement in the image Americans have of our cities. There is greater recognition of cities as centers of culture and entertainment, as well as opportunity.**

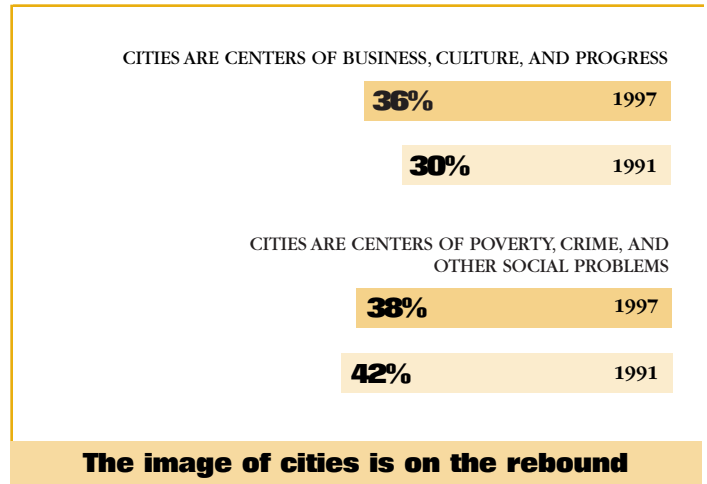
Major conclusions from the 1997 Fannie Mae National Housing Survey

The 1997 Fannie Mae National Housing Survey was conducted by the survey research firms of Peter D. Hart and Robert Teeter through 1,652 interviews, in all regions of the country, from April 18 to April 23, 1997. The survey included 231 adults who had moved to cities and 240 who had moved out of cities. It was weighted to reflect the approximately 35/65% split between those who rent and those who own their own homes. The margin of error for overall responses is less than 3%. Among Hart and Teeter's major findings:

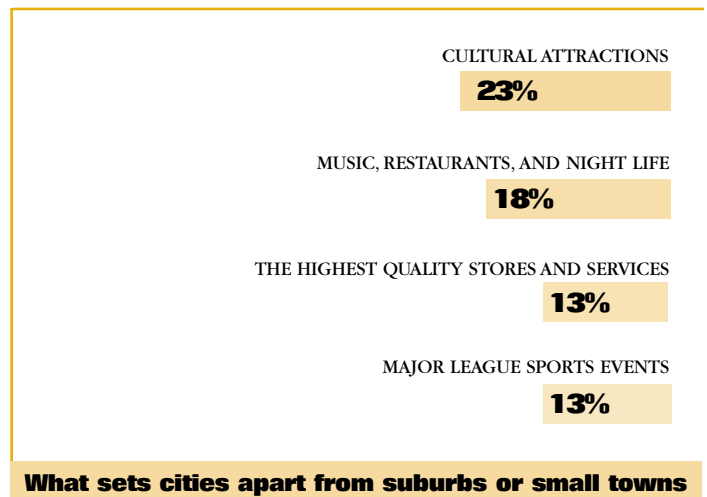
What Americans think about their cities

■ **The image Americans have of cities is on the rebound.** In 1991, Americans were far more likely to see cities as the source of problems, not progress. But today, Americans are evenly split between those who hold positive images of cities and those who hold negative images of them. In 1997, 36% of those surveyed say that cities are “centers of business, culture, and progress,” and 38% say cities are “centers of poverty, crime, and other social problems.” While attitudes are still evenly divided, this represents sharp improvement over attitudes expressed in an *NBC/Newsweek* survey taken by Peter Hart in 1991, when only 30% said cities were centers of progress and 42% said they were centers of social problems.

■ **What sets cities apart from suburbs or small towns is culture.** Twenty-three percent of all adults cite “cultural attractions” as the “one thing that most sets the cities apart from the suburbs, small towns, or rural areas.” This is followed by “music, restaurants, and night life” (18%), “high quality stores and services” (13%), and “major league sports events” (13%).



1997 1991

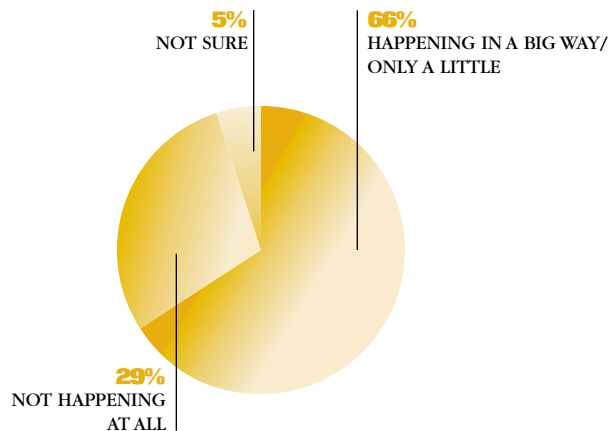


MAJOR CONCLUSIONS

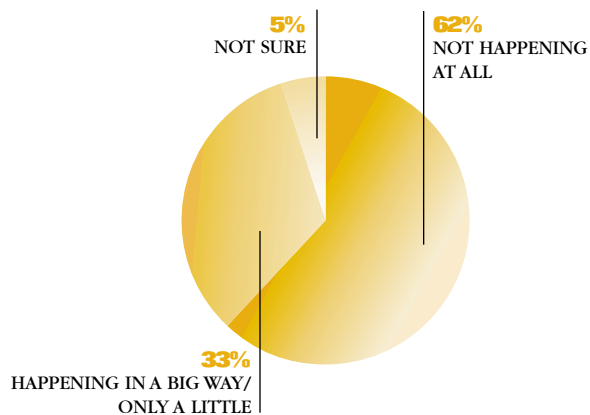
■ **Americans increasingly find reasons to visit cities, yet they are not more attracted to living there.** While 66% of all adults believe that “downtown areas in cities are more alive with more things to do,” 62% reject the notion that “major cities are becoming better places to live than they were five years ago.”

■ **A comparison of perceived trends in cities and in suburbs dramatically favors the suburbs, except in matters of job creation and culture and entertainment.** By a five-to-one margin, Americans believe overcrowding and congestion have increased more in the past five years in cities (71%) than in suburbs (14%) — this despite the fact that, in many parts of the country, cities have lost population at the expense of suburbs. By a nearly seven-to-one margin, Americans believe that “tensions among groups and racial tensions” have increased more in cities (66%) than in suburbs (10%). And despite the fact that, all across the nation, crime rates in cities have decreased, there still is a perception that they have increased more in cities than in suburbs: By a nearly four-to-one margin, Americans believe “crime, violence, and gangs” have increased more in cities (64%) than in suburbs (17%).

Yet, on the positive side for cities, by a better than two-to-one margin, Americans believe job opportunities have increased more in cities (57%) than in suburbs (24%). And by a four-to-one margin, respondents cited “the availability of entertainment and cultural events” as having increased more in cities (69%) than in suburbs (17%). Overall, the quality of life is perceived to have increased dramatically more in suburbs (66%) than in cities (13%). And suburbs (66%) are believed to be the site of a greater increase in home values than are cities (18%).



Downtown areas in cities are more alive with more things to do



Major cities are becoming better places to live than they were five years ago

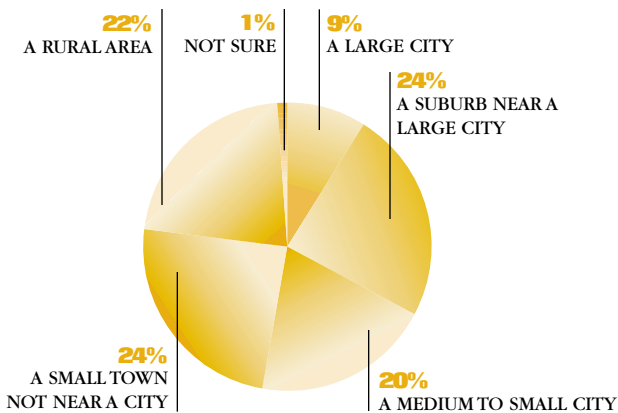
	Increased more in city (%)	Increased more in suburbs (%)
Overcrowding, traffic, and congestion	71	14
Availability of entertainment and cultural events	69	17
Tensions between groups and racial tensions	66	10
Crime, violence, and gangs	64	17
Job opportunities	57	24
Overdevelopment and environmental problems	50	31
Neighborliness and a sense of community	18	61
Home values	18	66
The quality of life	13	66

Trends favor the suburbs, except in job creation, culture, and entertainment

MAJOR CONCLUSIONS

■ **More Americans would consider living in a medium- to small-sized city than any other place, but fewer than one American in ten would choose to live in a large city, if given the choice; and six in ten Americans say they would not even consider buying a home in a large city.**

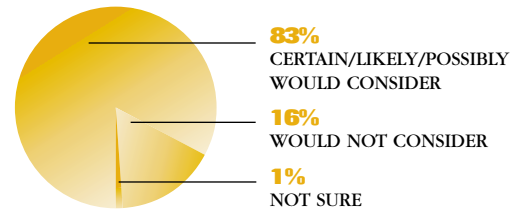
While suburbs, medium-sized cities, small towns, and rural areas are all desired as places to live by an even distribution of roughly one in five respondents, only 9% cited “a large city” as a place they would choose to live. When asked where they would consider buying a home, 59% say they “would not consider” buying a home in the “major city closest to where you live now,” and 63% say they wouldn’t consider living in a major city other than the one closest to where they currently live. At the same time, 83% would consider buying a home in a medium- to small-sized city, 72% would consider buying a home in a small town, 70% would consider buying a home in a suburb, and 66% would consider buying a home in a rural area.



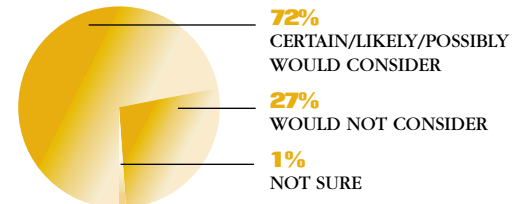
Americans would prefer to live in the suburbs

Where Americans would consider buying a home

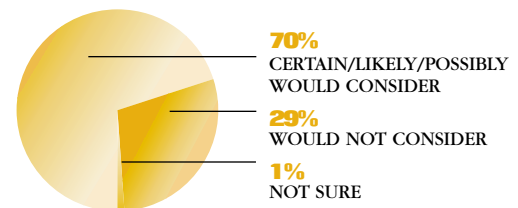
A medium to small city



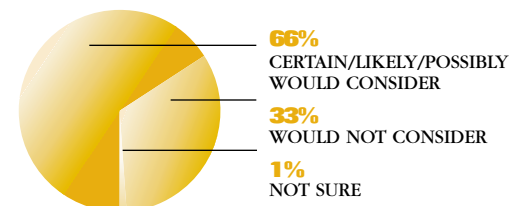
A small town not near a city



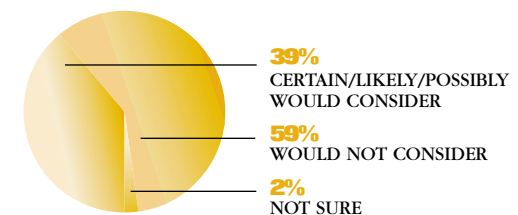
A suburb near a large city



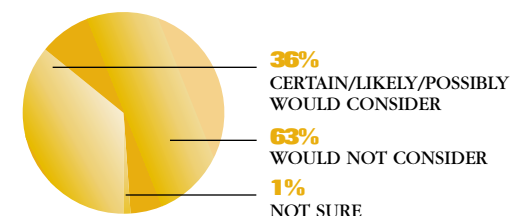
A rural area



The major city closest to where they live now



A major city other than the one closest to where they live now



MAJOR CONCLUSIONS

- **While city life clearly is not for everyone, cities are familiar places to most Americans, and most report that they personally find appealing the best aspects of city life.** Half (55%) of all Americans say they have lived in a large city at some point in their adult lives, and majorities say they personally find appealing the convenience of cities, with less time spent commuting; night life in the cities, such as restaurants, entertainment, and sports events, as well as museums and bookstores; and economic opportunities in the cities, including city businesses and job opportunities.

Other findings

- **The obstacles to homeownership have declined in the past year, as Americans have become more confident in the economy and in their economic security.** In 1997, economic insecurity is still more of a perceived factor in preventing Americans from owning a home than it was in the peak optimism periods of Spring 1993 and Spring 1994, but concerns about having enough confidence in one's job, having enough income, and having a good enough credit record to own a home have decreased markedly since one year ago.

Having enough money for a down payment still ranks as the single greatest obstacle to homeownership, but while 44% of respondents cite it as a "major obstacle," this is down from the 52% who cited it as such in 1996. "Being able to find a home you like and that you can afford" is this year's second leading obstacle to homeownership, but the percentage who cite this as a major concern has fallen from 49% to 42%. In 1996, 48% of Americans cited "confidence in the security of your job" as a "major obstacle to homeownership," which was an alarming increase over the 26% who cited this in 1995. In 1997, however, the percentage that cite job security fears as a major obstacle has declined to 36% — still meaningfully higher than in 1995 or any year previously, but lower than last year's peak. The percentage of Americans who cite "earning enough income to meet monthly mortgage payments" as a "major obstacle" to homeownership has fallen from 50% in 1996 to 34% in 1997.

Half of all Americans have lived in a large city

55%

Advantages of city living

LESS TIME SPENT COMMUTING

56%

NIGHT LIFE, RESTAURANTS, ENTERTAINMENT,
AND SPORTS EVENTS

56%

CLOSE TO MANY DIFFERENT BUSINESSES AND
JOB OPPORTUNITIES

53%

MORE BOOKSTORES, MUSEUMS, AND CULTURAL EVENTS

50%

HAVING ENOUGH MONEY FOR A DOWN PAYMENT
AND CLOSING COSTS

44% 1997

52% 1996

44% 1995

BEING ABLE TO FIND A HOME YOU LIKE
THAT YOU CAN AFFORD

42% 1997

49% 1996

40% 1995

HAVING ENOUGH CONFIDENCE IN JOB SECURITY

36% 1997

48% 1996

26% 1995

EARNING ENOUGH INCOME TO MEET MONTHLY
MORTGAGE PAYMENTS

34% 1997

50% 1996

41% 1995

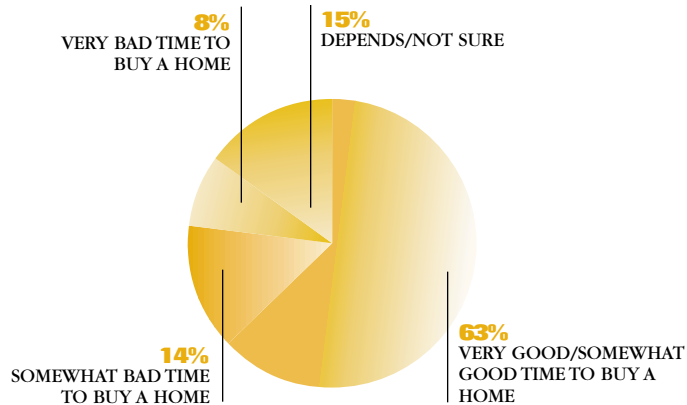
Obstacles to homeownership

1997 1996 1995

MAJOR CONCLUSIONS

■ **1997 is seen as a good year to buy a home, with attitudes relatively consistent with the findings of one year ago. While significantly higher than the findings in 1995, the belief that this is a “very good time to buy” is also markedly lower than it was during the peak levels of 1993/1994.** Sixty-three percent of adults believe this is a “somewhat” to “very good” time to buy a home, presaging a strong year for home buying. One year ago, 61% believed it was a good time to buy a home, which was an increase over 1995, when only 55% believed it was a good time to buy. In comparison to the spring of 1993 and 1994, however, the belief that this is a “very good time to buy a home” is considerably muted. In 1997, just one in four adults say this is the case, compared with approximately one in two adults who felt that way in 1993 and 1994.

■ **There has been virtually no change since 1996 in the percentage of Americans who believe the economy will improve in the next year, but there has been a meaningful increase in the percentage of Americans who believe that interest rates will be higher.** In 1997, 17% of Americans believe the economy will get “somewhat” to “much” better in the next year, which is identical to the percentage who believed this one year ago. However, there has been a meaningful increase in the percentage of Americans who believe that interest rates will be higher one year from now. In 1997, 62% of respondents say they believe interest rates will be “somewhat” to “much” higher on “major loans, such as home mortgages.” In 1996, this figure was 52%.



Now is a good time to buy a home

Outlook on the economy

WILL GET SOMEWHAT TO MUCH BETTER

17% 1997

17% 1996

Outlook on interest rates

WILL GET SOMEWHAT TO MUCH HIGHER

62% 1997

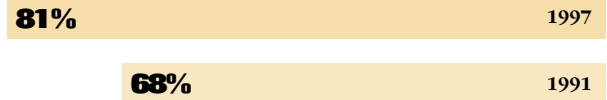
52% 1996

1997 1996

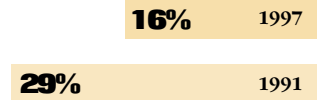
MAJOR CONCLUSIONS

- Americans are significantly more optimistic about their communities and their quality of life in 1997 than they were at the beginning of the decade.** While 81% of our 1997 respondents believe things are going “very well” or “fairly well” in the city or town in which they live, this figure was only 68% in 1991. When asked whether they believe “the quality of life where you live has been getting better, worse, or staying about the same over the past few years,” only 16% of respondents in 1997 say “getting worse,” compared with 29% who answered that way in 1991. When asked prospectively whether they expected the quality of life to get better or worse where they live, only 18% of 1997 respondents answered “will get worse,” compared with 26% who answered “will get worse” in 1991.
- The perception that African Americans and Hispanic Americans face discrimination when applying for a mortgage “all of the time or most of the time” has risen in the past year, after having declined.** Twenty-two percent of adults believe African Americans face discrimination in getting a mortgage “all of the time” or “most of the time” in 1997, an increase over the 17% who believed this to be the case in 1996. However, this is still far lower than the 36% of adults who believed this to be the case in 1993. In 1997, 21% of respondents believe Hispanic Americans face discrimination “all or most” of the time, compared with 16% who said so one year ago, and 31% who said so in 1993. This is a disturbing one-year jump, after the positive trend of declining percentages in previous years.

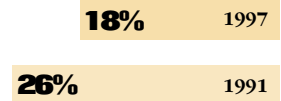
THINGS ARE GOING FAIRLY TO VERY WELL IN THE CITIES AND TOWNS IN WHICH AMERICANS LIVE



THE NUMBER OF PEOPLE WHO BELIEVE THE QUALITY OF LIFE IS GETTING WORSE HAS DECLINED



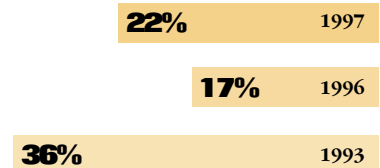
THE NUMBER OF PEOPLE WHO EXPECT THE QUALITY OF LIFE TO GET WORSE HAS DECLINED



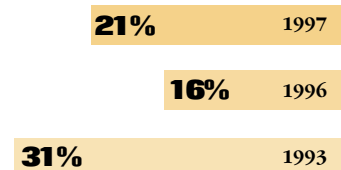
Community and quality of life

1997 1991

AFRICAN AMERICANS SUFFER FROM DISCRIMINATION “ALL OR MOST OF THE TIME”



HISPANIC AMERICANS SUFFER FROM DISCRIMINATION “ALL OR MOST OF THE TIME”



The percentage of Americans who believe that African Americans and Hispanic Americans suffer from discrimination “all or most of the time” has risen

1997 1996 1993



How Americans view our large cities

The image of the city is on the rebound. In 1991, Americans were far more likely to see cities as the source of problems, not progress. But today Americans are evenly split between those who see cities as the centers of business, progress, and culture, and those who see centers of social problems. That's a major improvement.

Cities will never be for everyone — about six in ten Americans would never seriously consider living in a city themselves — but cities will be more vibrant when they attract new residents and retain more of those who live there now. Young people just starting out in life and those who grew up in the suburbs prove to have a much higher appreciation for city life than others and could represent new blood for the cities. Traditional city residents — minorities and low- to moderate-income renters in particular — are more aware of the problems of cities than others, but they are also more appreciative of city life's advantages.

The crisis for cities arose from the dissatisfaction of city residents and their desire to leave, but in The 1997 National Housing Survey, we see evidence of both rising interest in city life among young people and rising satisfaction with city life among those living there now. If those trends continue, cities will do well. Most Americans recognize that there is much that is appealing about America's cities today: livelier downtowns and night life, more cultural opportunities, more job opportunities, less time spent commuting, and more shopping and better parking than in the past. All Americans continue to express serious concerns about city problems — crime, overcrowding, congestion, and the high cost of living — but the advantages of city life seem to be more widely appreciated as well.

Volunteered impressions of the advantages and disadvantages of city life

Americans have strongly held opinions about our cities. Four in five (78%) can volunteer off the top of their heads something uniquely positive about city life. Four in five (80%) can also volunteer something negative about it.

Cultural events and night life (mentioned by 35%) are what Americans volunteer first on the positive side, mentioning cultural events, entertainment, night life, and restaurants in cities.

Convenience (29%) is often volunteered — the advantages of being close to everything, of having so many things accessible, with easy access to public transportation.

Shopping (18%) is important as an advantage of city life today.

Jobs and job opportunities (15%) represent an important aspect of the positive image of cities, as do **better schools (3%)** and **better medical facilities (5%)**, mentioned by a few who consider those particularly important city advantages.

On the negative side, half of all Americans mention **crime (51%)** as the leading problem of living in the city.

Traffic/congestion/crowds (41%) are very important as well, with people complaining that there are just too many people, too much crowding, too much traffic, no privacy, and houses too close together.

Cost of living (9%) is mentioned by some, along with the perception that taxes and prices are too high in the city. **The pace of life (8%)** and **pollution (7%)** also detract.

Impressions of cities

Americans are evenly divided between 36% who say cities are centers of business, culture, and progress, and 38% who say cities are centers of poverty, crime, and other social problems. That represents a sharp improvement over attitudes expressed in an NBC News/*Newsweek* survey in 1991, when only 30% said cities were centers of progress, and 42% said they were centers of social problems.

- Young people age 18 to 24 tend to think of cities as centers of progress (53%) rather than centers of social problems (25%). People age 25 to 44 tend to split evenly, with 39% calling cities centers of progress, and 39% calling them centers of social problems. Adults age 45 and older tend to think of cities as centers of social problems (42%) rather than centers of progress (30%).

Ages 18-24

CITIES ARE CENTERS OF BUSINESS, CULTURE, AND PROGRESS

53%

CITIES ARE CENTERS OF POVERTY, CRIME, AND OTHER SOCIAL PROBLEMS

25%

Ages 25-44

CITIES ARE CENTERS OF BUSINESS, CULTURE, AND PROGRESS

39%

CITIES ARE CENTERS OF POVERTY, CRIME, AND OTHER SOCIAL PROBLEMS

39%

Impressions of cities by age group

How Americans view cities

CULTURAL EVENTS AND NIGHT LIFE

35%

CONVENIENCE, BEING CLOSE TO EVERYTHING

29%

SHOPPING

18%

JOBS AND CAREER OPPORTUNITIES

15%

Impressions of advantages of city life

SAFETY AND CRIME

51%

TRAFFIC, CONGESTION, AND CROWDS

41%

HIGHER COST OF LIVING

9%

PACE OF LIFE

8%

POLLUTION

7%

Impressions of disadvantages of city life

1997

36%
CITIES ARE CENTERS OF BUSINESS, CULTURE, AND PROGRESS

38%
CITIES ARE CENTERS OF POVERTY, CRIME, AND OTHER SOCIAL PROBLEMS

3%
NEITHER/NOT SURE

23%
SOME OF BOTH/DEPENDS

1991

30%
CITIES ARE CENTERS OF BUSINESS, CULTURE, AND PROGRESS

42%
CITIES ARE CENTERS OF POVERTY, CRIME, AND OTHER SOCIAL PROBLEMS

6%
NEITHER/NOT SURE

22%
SOME OF BOTH/DEPENDS

HOW AMERICANS VIEW LARGE CITIES

- Among other groups most likely to think of cities as centers of progress are current city homeowners (45%), those who say that if they could live anywhere their first choice would be either a city or else the suburb of a large city (49%), as well as the larger group who say they would at least consider buying a home in a large city (45%). Adults who grew up in the suburbs (46%) and young people under age 40 who have never been married (48%) are also among those most likely to see the appeal of cities.
- Among other groups most likely to think of cities as centers of social problems are African Americans (48%), adults with incomes under \$35,000 per year (47%), renters with children or other dependents in the home (55%), married renters (49%), as well as all those who say their first choice would be to live in a small town or rural area (47%), and those who currently live in small towns or rural areas (47%).

Movement to suburbs and to medium and small cities

During the lives of the generations living today, America has moved first from rural areas and small towns to the suburbs of large cities, and then to medium and small cities. The proportion of those describing where they live today as a large city (21%) roughly matches the 20% who say they grew up in a large city. That may not match official demographic data, which show a steady decline in city residents, but it does reflect how people think about where they live, regardless of official Census designations.

CURRENT CITY HOMEOWNERS

45%

THOSE FOR WHOM IF THEY COULD LIVE ANYWHERE, THE FIRST CHOICE WOULD BE A CITY OR SUBURB OF A LARGE CITY

49%

THOSE WHO WOULD CONSIDER BUYING A HOME IN A LARGE CITY

45%

ADULTS WHO GREW UP IN THE SUBURBS

46%

SINGLE ADULTS UNDER THE AGE OF 40

48%

Those most likely to think of cities as centers of progress

AFRICAN AMERICANS

48%

ADULTS WITH INCOMES UNDER \$35,000 PER YEAR

47%

RENTERS WITH CHILDREN OR OTHER DEPENDENTS

55%

MARRIED RENTERS

49%

THOSE WHOSE FIRST CHOICE WOULD BE TO LIVE IN A SMALL TOWN OR RURAL AREA

47%

THOSE WHO CURRENTLY LIVE IN SMALL TOWNS OR RURAL AREAS

47%

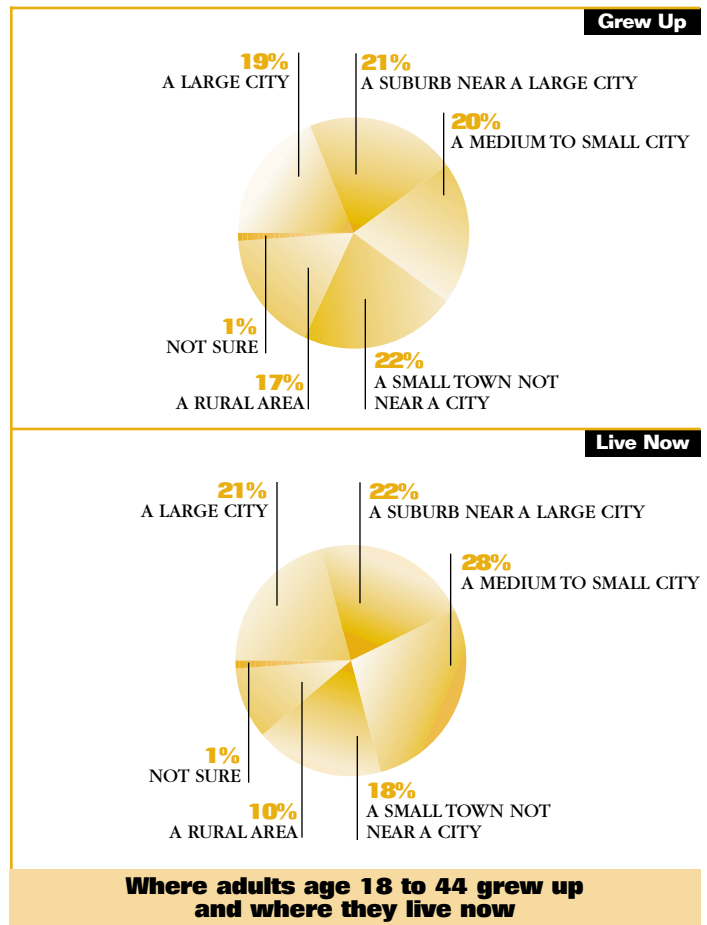
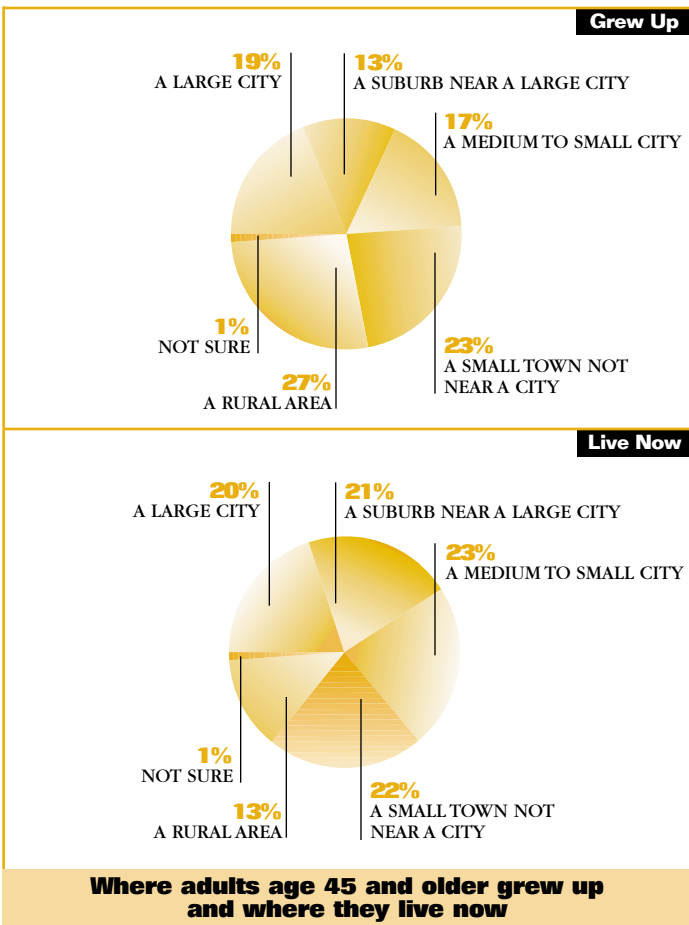
Those most likely to think of cities as centers of social problems

	Grew Up (%)	Live Now (%)
A large city	20	21
A suburb near a large city	17	21
A medium to small city	18	26
A small town not near a city	22	20
A rural area	22	11
Not sure	1	1

How adults describe where they grew up and where they live now

The movement of the generations age 45 and older today describes a path out of the small towns and rural areas where half of them (50%) grew up, and into medium to small cities, and to the suburbs near large cities, where nearly half (44%) live now.

In their lifetime, the net movement of adults age 18 to 44 has been out of rural areas and small towns (39% grew up there, but only 28% live there now) to medium and small cities (only 20% grew up there, but 28% live there now). The proportion of young adults living in large cities and in their suburbs today roughly matches the proportion of those who say they grew up there.



Where Americans would like to live

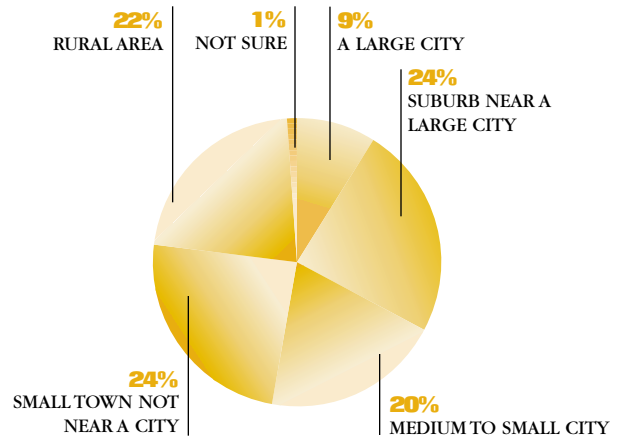
Despite the fact that about one in five Americans of all ages feel they grew up in large cities and about one in five feel they live in large cities today, looking ahead, only 9% say their first choice would be a large city if they could live anywhere in the U.S.

- Young people age 18 to 24, 18% of whom say they would choose a large city if they could live anywhere, prove twice as likely as adults overall to choose major city life.
- Only 31% of those now living in large cities would make that their first choice, as would only 3% of those now living in either suburbs or in small towns or rural areas. Only 6% of those now living in medium to small cities say they would choose to live in a large city. By comparison, half (49%) of those living in the suburbs say they would choose suburban life if they could live anywhere.

Signs of city rebirth

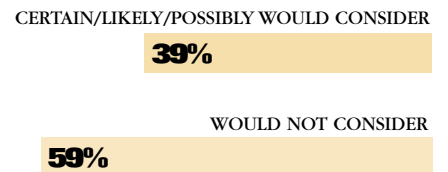
While fewer than one in ten Americans (9%) would make a large city their first choice of where to live, many more would be willing to consider it. Consistently, in their answers to several questions, between 30% and 40% of Americans would consider moving to a major city, but about 60% would not consider it.

That is reflected in the fact that one in three (33%) Americans say major cities are becoming better places to live than they were five years ago, although 62% disagree. More directly, 39% say it is possible that they would consider buying a home in the major city closest to where they live now (although only 19% would strongly consider such a move, and 59% would not consider it). Similarly, 36% would possibly consider buying a home in a major city other than the one closest to them (but only 14% would strongly consider it, and 63% would not).

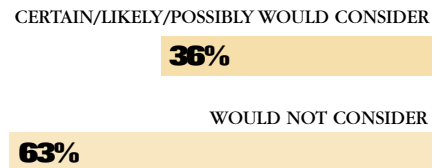


Where Americans would like to live

Would consider buying a home in the major city closest to where they live now



Would consider moving to a major city other than the one closest to them



Where Americans would consider buying a home

Why city dwellers choose city life

“I work here” is the main reason city residents give for their choice about where to live. When asked to volunteer in their own words why they live in a large city, city residents report:

Job or career (48%), mentioning that it is where they or a spouse works now, better paying jobs in general, or more job opportunities as a reason to live in the city.

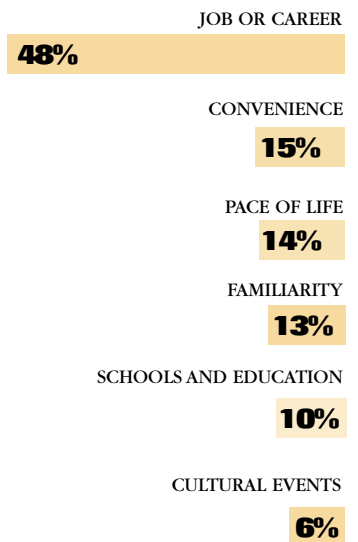
Convenience (15%) is often mentioned, citing the value of being close to everything, with transportation that makes it easy to get around.

Pace of life (14%) is also an important advantage, with residents mentioning that there is lots to do, a lot of excitement, big city life, and an exciting lifestyle.

Familiarity (13%) also represents an important source of satisfaction with city life, with residents saying the city is home, it’s what they are familiar with, and it is close to family and friends.

Schools and education (10%) prove an important advantage for cities, with residents saying they found better schools for their children or themselves by moving to the city.

Cultural events (6%) and cultural opportunities are often volunteered as well when people talk about the advantages of city life.



Why city dwellers choose city life



Schools and education prove an important advantage for cities, with residents saying they found better schools for their children or themselves by moving to the city.

Experience with large cities

There are no walls around America's cities, and nearly half (46%) of all Americans living in suburbs say they visit the city every week, as do 29% of those living in medium to small cities, small towns, and rural areas. Indeed, more than half of all Americans (55%) have *lived* in a large city at some point in their adult lives.

Why some move out of the city

It is the pace of life, the crowding and congestion, as much as the fear of crime, that people mention when asked why they do not choose to live in the city.

The pace of life (24%) is often mentioned, as respondents say they prefer small town life, do not like the hustle and bustle, just don't like cities, and want a slower and simpler life than they could find in the city.

Crowding/traffic/congestion (17%) also explains why people choose not to live in the city; they volunteer comments about crowding, too many people, too much traffic and congestion, and a lack of privacy.

Crime and safety (17%) are important, of course, as people say they feel safer and more secure living outside the city.

Jobs and careers (9%) and **familiarity and family ties (8%)** in places outside the city are sometimes cited as the reasons people live outside the city. Three other advantages to life outside the city — **cleaner environment (6%)**, **lower cost of living and lower taxes (6%)**, and **better schools (4%)** represent other reasons people choose to live outside the city.

Who visits the city every week

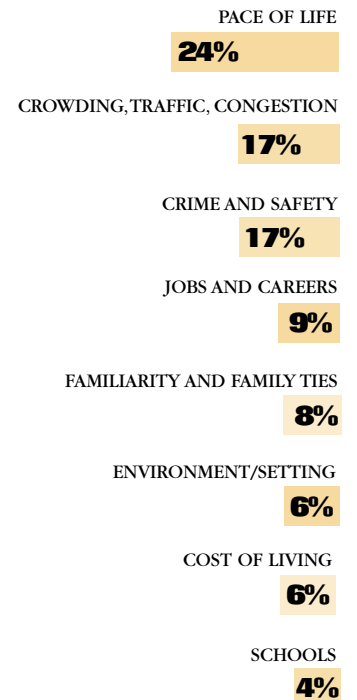
THOSE LIVING IN THE SUBURBS
46%

THOSE LIVING IN MEDIUM TO SMALL CITIES,
SMALL TOWNS, AND RURAL AREAS
29%

More than half of all Americans have lived in a large city at some point in their adult lives

55%

Experience with large cities



Why Americans do not choose city life

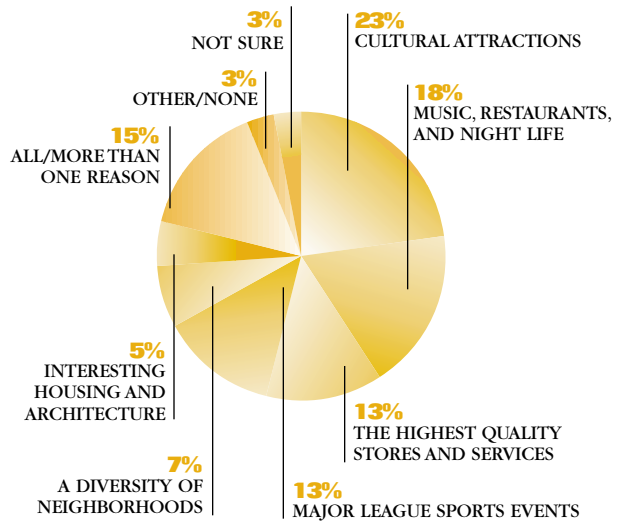
Cities: Alive with things to do

The biggest reason Americans refuse to write off city living is the allure of things to do. Indeed, two in three Americans (66%) say downtown areas of cities are becoming more alive now with more things to do. Young people, African Americans, renters, as well as people who grew up in large cities, and people who live there now are especially likely to report seeing signs of a rebirth of downtown life.

What sets cities apart

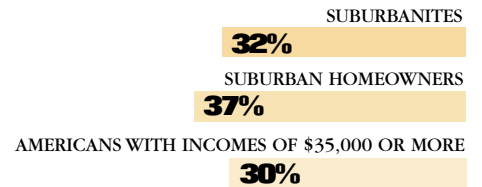
Cultural attractions (23%) and music, restaurants, and night life (18%) are the two things Americans cite as the attractions that most set large cities apart from other areas. Less often cited as special attractions of cities are the availability of the highest quality stores and services (13%), major league sports events (13%), the diversity of neighborhoods (7%), and interesting architecture (5%).

- Cultural attractions are seen as the main attraction setting cities apart from other areas by suburbanites (32%), especially suburban homeowners (37%), and by all Americans with incomes of \$35,000 or more (30%).
- Music, restaurants, and night life are the main attractions of cities for young people age 18 to 24 (27%) and renters under age 40 who have never been married (23%).
- Major league sports events are more important to men (18%) than women (9%).
- Diversity of neighborhoods is important to current city homeowners (15%), people who were not born in a big city but moved there (15%), Hispanics (14%), African Americans (11%), as well as young people age 18 to 24 (13%), and current city residents (13%), but not to others.

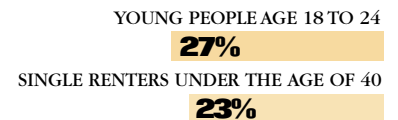


What sets cities apart

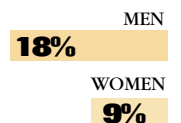
Cultural activities are seen as main attractions of cities



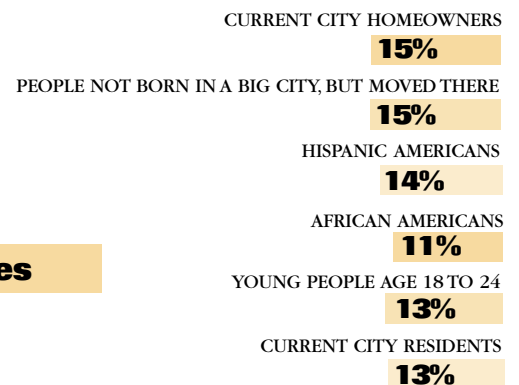
Music, restaurants, and night life are main attractions of cities



Major league sports are important city attractions for men



Diversity of neighborhoods is important



What Americans like about cities

Six things most Americans find appealing about city life

Majorities of all Americans say they personally find very appealing many aspects of city life, such as:

- the convenience of having shopping, schools, and public transportation within five to ten minutes of home (59% find that very or extremely appealing);
- restaurants, entertainment, sports events, and other night life nearby (56%);
- less commuting to work, and less time spent driving to errands or to visit people (56%);
- being close to many different businesses and job opportunities (53%);
- more bookstores, museums, and cultural events (50%); and
- neighbors who see each other around and get to know each other (49%).

What is remarkable is the breadth of the appeal of all six of those aspects of city life. Young and old, men and women, high-income and low-income, owners and renters, whites, African Americans, and Hispanic Americans, those who were born outside the big cities but live there now, those who were born in big cities but now live elsewhere, urbanites, suburbanites, and those living in medium and small cities — in most cases, majorities of each group find each of these six aspects of city life very appealing.

Two other aspects of city life prove to be acquired tastes — 34% find the variety of people of all ages and ethnic groups a very appealing aspect of city life, and 29% find the more interesting and exciting lifestyle in the cities very appealing.

- About 40% of young people, African Americans and Hispanics, renters, city homeowners, and those whose first choice would be to live in a large city or the suburb of a large city say that each of those represents an extremely or very appealing aspect of city life.
- Fewer than 25% of adults age 45 or older, those who currently live in small towns or rural areas, or those who would make a small town or rural area their first choice say diversity and excitement are extremely or very appealing aspects of city life for them.

CONVENIENCE OF SHOPPING, SCHOOLS, AND PUBLIC TRANSPORTATION

59%

RESTAURANTS, ENTERTAINMENT, SPORTS EVENTS, AND NIGHT LIFE

56%

LESS COMMUTING TO WORK, LESS TIME SPENT DRIVING TO ERRANDS OR TO VISIT

56%

BEING CLOSE TO BUSINESS AND JOB OPPORTUNITIES

53%

MORE BOOKSTORES, MUSEUMS, AND CULTURAL EVENTS

50%

NEIGHBORS GETTING TO KNOW EACH OTHER

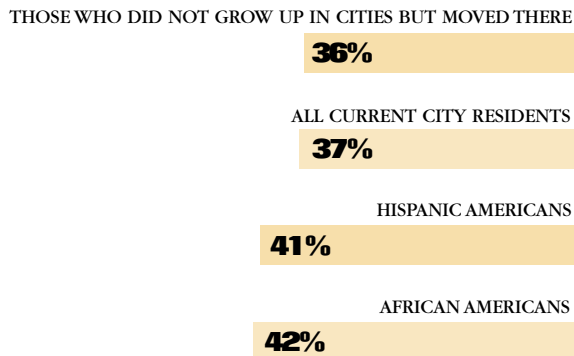
49%

Six things Americans find appealing about city life

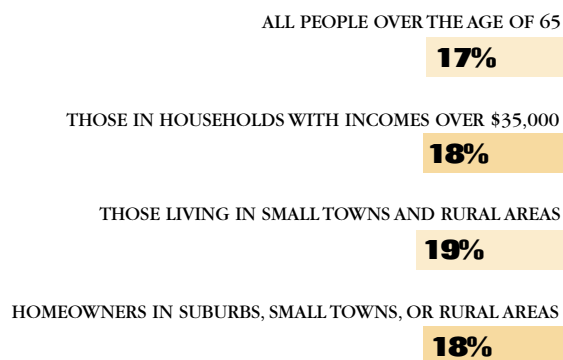
In *The American Enterprise* (November/December 1996), Philip Langdon, author of *A Better Place To Live: Reshaping the American Suburb*, praises traditional neighborhoods because they give greater freedom to older children and to teenagers too young to drive. Suburban children may seem to require a car ride to escape the cul-de-sac for every event away from home, while city children can walk to stores and lessons, or navigate public transportation on their own. Only 24% of all Americans consider that a very appealing aspect of city life, however.

- The exceptions: 36% of those who did not grow up in a city but moved there, 37% of all current city residents, as well as 41% of all Hispanic Americans and 42% of all African Americans prize that aspect of city life.
- Those least likely to find the freedom of older children and young teenagers very appealing: All people age 65 and older (17%), from households with total incomes over \$35,000 (18%), those living in small towns and rural areas (19%), and homeowners in suburbs, small towns, or rural areas (18%).

Those who view it as appealing



Those who do not find this appealing



The convenience of city life gives older children and teenagers more freedom. This is seen as both appealing and not appealing



...traditional neighborhoods ...give greater freedom to older children and to teenagers too young to drive.

Favorable trends in cities

When Americans identify the favorable trends they see the most in cities today, they cite the increasing number of cultural, entertainment, and sports events (35%), more stores and restaurants (21%), and more jobs being created (19%).

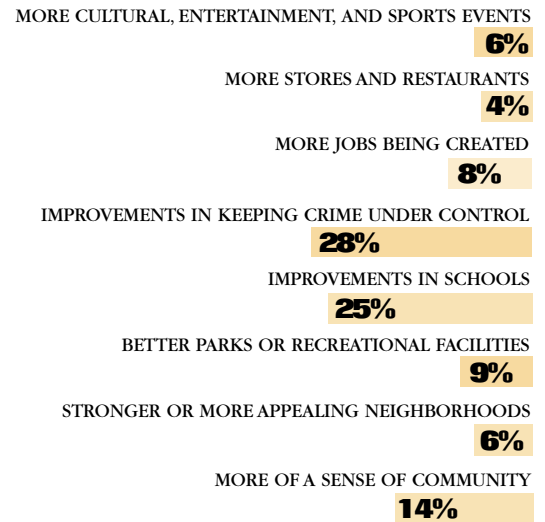
Some also cite improvements in crime control (14%) and city schools (12%) as the biggest positive trend in the cities, but in both cases, about twice as many, or more say those are areas in which improvements are rarest.

When it comes to stronger or more appealing neighborhoods and better parks or recreational facilities, Americans are split evenly between the number who report those as among the most common positive city trends and the number identifying them as the most infrequently seen.

Trends seen most



Trends seen least



Trends seen most and least in cities

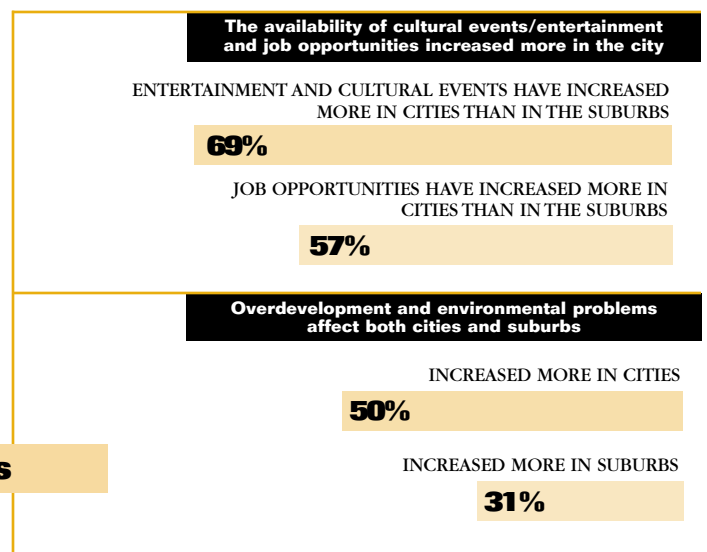
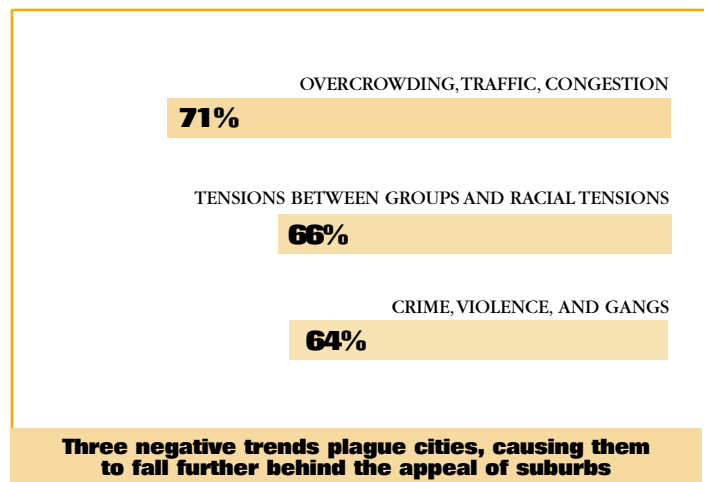
Cities and suburbs

The availability of cultural events and entertainment and job opportunities are two areas that Americans are far more likely to see as having increased in the cities in the past five years, rather than in the suburbs.

Environmental problems and overdevelopment may be following the population to the suburbs. While more see that as a negative trend affecting cities (50%) than see it as a mostly suburban problem (31%), the gap is narrow.

- The gap is especially narrow among suburban homeowners, with 43% saying that these problems are a negative trend that has increased more in the cities in the past five years, but 38% saying that they have been increasing more in the suburbs.
- People age 35 to 44 (46% see overdevelopment as a problem increasing more in the city, but 38% see it increasing more in the suburbs) and 45 to 64 (45% see the problem more in cities, but 33% more in suburbs) are the most likely to see erosion in the traditional advantage of suburbs as havens from pollution and overdevelopment. Younger and older people are far more likely to feel these are negative trends afflicting cities more than suburbs today.
- African Americans (55% say environmental problems and overdevelopment are growing more in the city, 28% the suburbs) and Hispanic Americans (56% a negative trend in cities, 30% suburbs) are more likely to see environmental trends favoring suburbs than are whites (48% say those are city problems, but 33% say they are increasingly suburban).
- Higher income people are *less* likely than lower income people to believe that trends in environmental problems and overdevelopment continue to favor suburbs over cities.

Three negative trends bedevil cities, causing cities to fall further and further behind the appeal of suburbs. Those negative trends — (1) traffic, congestion, and overcrowding; (2) tensions between groups and racial tensions; and (3) crime, violence, and gangs — explain why cities continue to languish, despite signs of an incipient rebirth of positive attitudes. Americans prove far more likely to identify each as a problem that has grown in the cities rather than in the suburbs over the past five years.



Trends: Cities versus suburbs

HOW AMERICANS VIEW LARGE CITIES

For that reason, Americans perceive home values as having increased more in the suburbs than in the cities in the past five years. Moreover, they are far more likely to perceive an increased quality of life and a growing sense of neighborliness and community in the suburbs than in the cities.

Indeed, majorities of Americans say crime, poor schools, and traffic are problems that are starting to get worse in the cities today. Large numbers also say the lack of grass and fresh air, high taxes for poor city services, tensions between different groups, high housing prices with limited availability, and a lack of privacy are problems that are getting worse in the cities. (Few, however, feel that shopping and parking problems — or, for that matter, lack of growth in city home values — are increasing problems for cities.)

Until cities bring those negative trends in check, the many aspects of cities that people find appealing will not be enough to convince people to move to a city.

QUALITY OF LIFE

66%

HOME VALUES

66%

NEIGHBORLINESS AND A SENSE OF COMMUNITY

61%

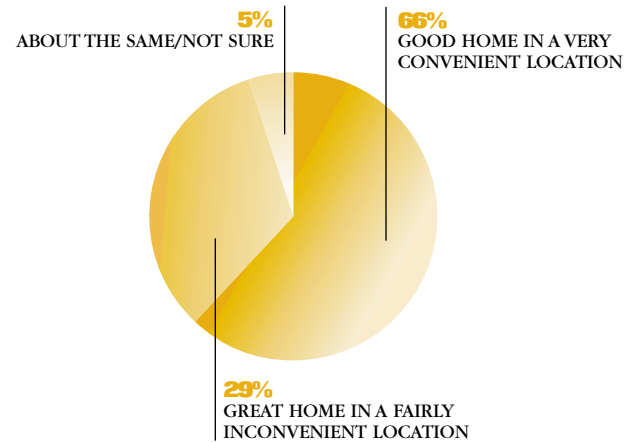
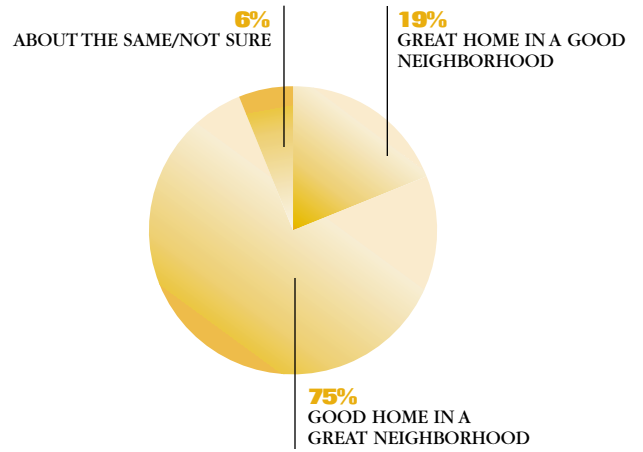
Increasing trends in suburbs



Majorities of Americans say crime, poor schools, and traffic are problems that are starting to get worse in the cities today.

Location, location, location

In the end, the greatest advantage Americans see in cities reflects the oldest advantages of the city — convenience and attractive neighborhoods. By overwhelming margins, Americans agree that they would prefer a merely good home in a great neighborhood or in a very convenient location to a great home in a merely good neighborhood or in a fairly inconvenient location. Physically, cities remain at the center of things, and historically, great neighborhoods have been an especially urban phenomenon. When cities can once again uncover those advantages from the many urban disadvantages that have overcome them, the foundation in public attitudes exists for a rebirth of cities.



Location is key — Americans' preferences



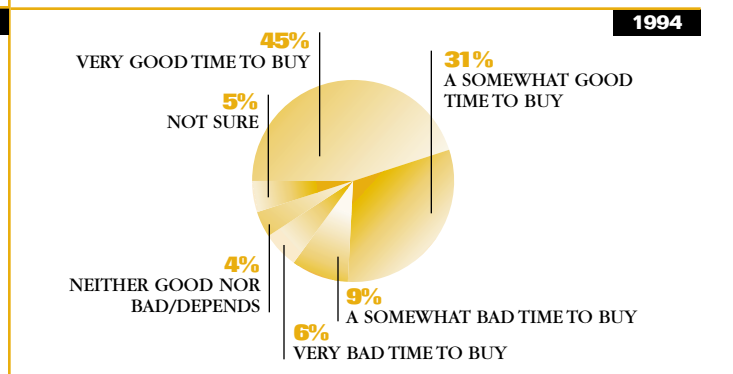
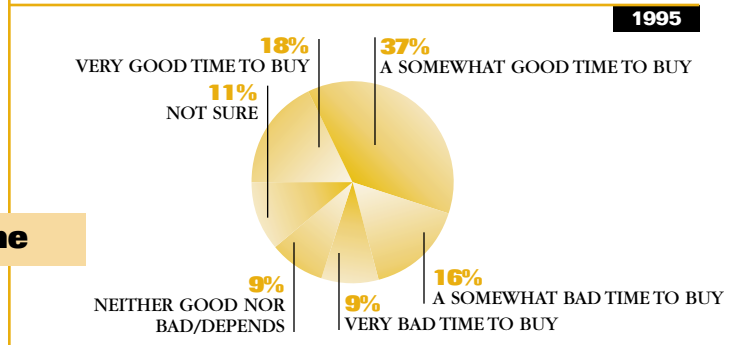
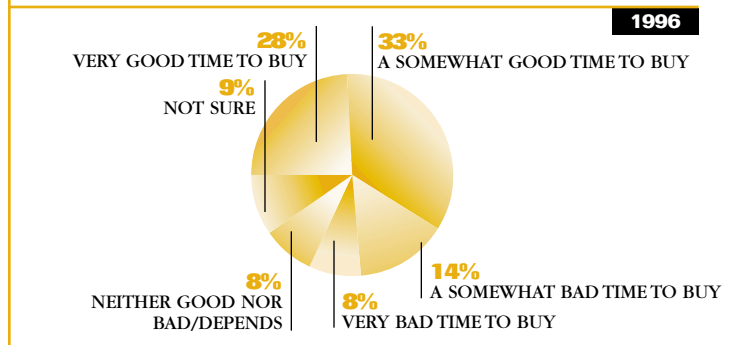
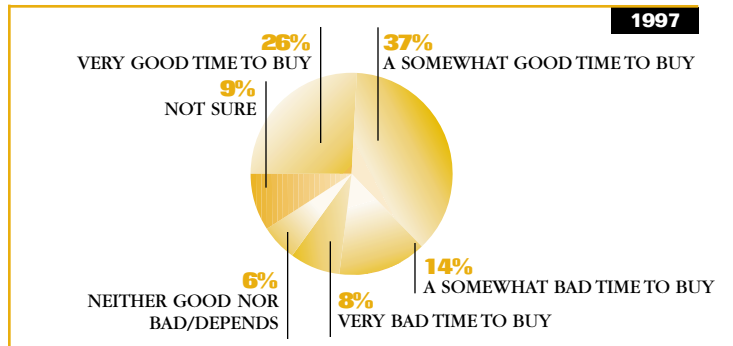
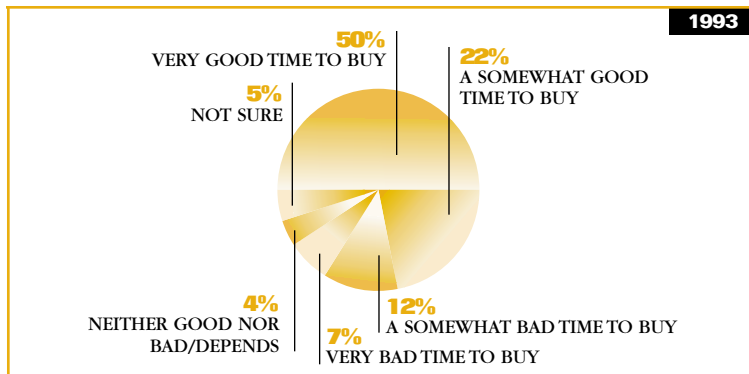
Degrees of optimism about homeownership and the American economy

Americans see 1997 as a good, though not a great, year to buy a home. The proportion of Americans (63%) who say “this is a good time to buy a home” has barely changed from last year, when 61% said so. However, there has been a slight decline in intensity in this view. In 1996, 28% said it was a “very good” time to buy a home. This year, only 26% believe it is a “very good” time. The proportion who see it as a bad time to buy a home remains low at 22%, unchanged from 1996.

- The positive perception of the housing market is consistent across almost all groups, with the exceptions of people age 18 to 24 and renters, among whom only 49% and 54%, respectively, think it is a good time to buy a home.

The overall assessments are neither the best nor the worst we have measured in the six years of the Fannie Mae National Housing Survey. In 1993, fully 72% said it was a good time to buy a home, compared to just 19% who said it was a bad time. In 1995, only 55% said it was a good time, and 25% said it was a bad time.

Now is a good time to buy a home

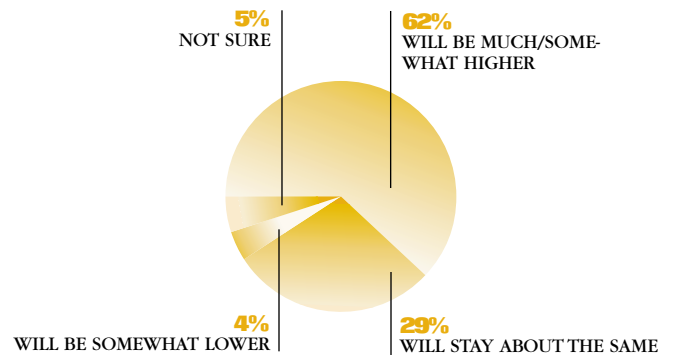


Interest rates are rising, but other barriers are declining

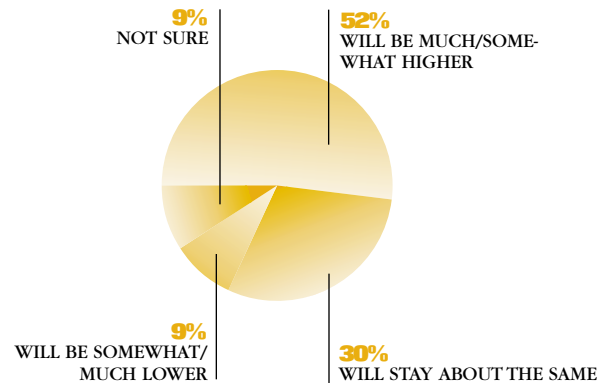
Pushing behind this assessment, we see that the public is balancing two opposing trends. The public's view that interest rates are going up is largely offset by its view that the strong economy continues to diminish other obstacles to homeownership.

In just the past year, there has been a dramatic change in expectations for interest rates. A lopsided 62% majority expect interest rates to be higher one year from now, including 13% who expect interest rates to be "much higher." Most notably, almost no one (just 4%) expects interest rates to decline. Nearly one in three (29%) expect interest rates next year to be at about the same level as they are today. These expectations represent a ten-point change from 1996 when a bare 52% majority expected rates to increase.

1997



1996



Outlook on interest rates

Beyond interest rates, other factors show little change

The current level of mortgage interest rates makes home buying significantly less attractive in 1997 than in 1996. Respondents were asked to use a ten-point scale to rate the attractiveness of various factors for potential home buyers. The average ratings for current mortgage interest rates declined from nearly “7” (6.9) in 1996 to just over “6” (6.2) in 1997. The proportion who rated the attractiveness of today’s interest rates as an “8” or higher fell from nearly half (46%) in 1996 to less than one-third (31%) in the current survey.

There was virtually no change in any of the other factors that were rated on the ten-point scale. Just as last year, one in four (26%) rated the attractiveness of the price of average single-family homes as an “8” or higher. The average rating was 5.9 on a ten-point scale. The average rating for the availability of homes for sale was 7.1 with roughly half (47%) offering a rating of “8” or higher. The tax advantages of homeownership was given an average rating of 6.3 (36% said “8” or higher). In each case, this is nearly unchanged from the prior year.

- People with lower incomes offer lower ratings for the attractiveness of each of these four factors than do people with higher incomes. In particular, the average rating of people with incomes under \$35,000 for the attractiveness of the tax advantages of homeownership (5.7) is a full point lower than the ratings given by those with higher incomes (6.7). Naturally, this is not surprising in that the tax advantages of homeownership are greater for higher income taxpayers.
- Similarly, half (49%) of people with incomes under \$35,000 give the attractiveness of current mortgage interest rates a rating of “5” or lower. Only 37% of people with higher incomes offer such low ratings.

	Attractive (Rating: 8-10)	(Rating: 4-7)	Unattractive (Rating: 1-3)
The availability of homes for sale			
1997	47%	47%	6%
1996	50	44	6
The tax advantages of homeownership			
1997	36	50	14
1996	38	49	13
Current mortgage interest rates			
1997	31	57	12
1996	46	46	8
The price of average single-family homes			
1997	26	58	16
1996	25	60	15

Ratings of factors affecting the attractiveness of home buying

Obstacles to homeownership are declining

While the current level of interest rates and pessimism about their future direction may dampen interest in home buying, other obstacles to homeownership seem to be moving in a more positive direction.

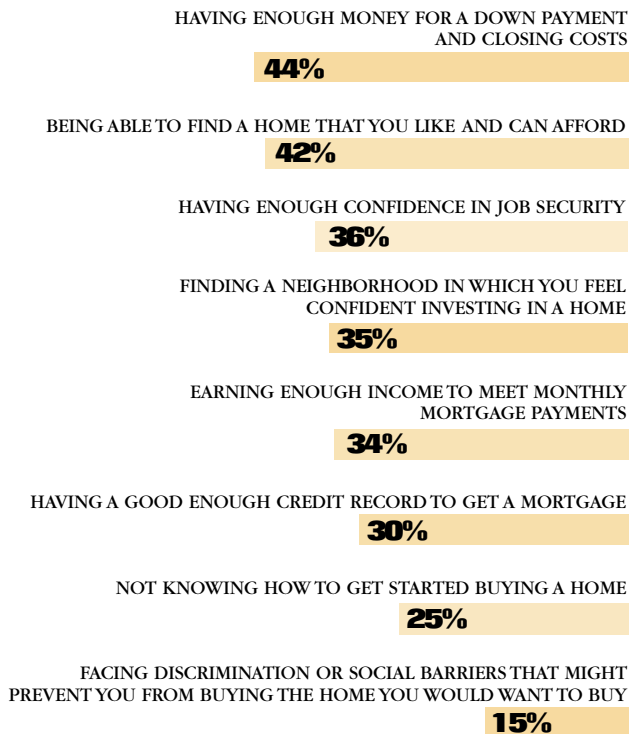
For most people, the greatest obstacle to homeownership is simply having enough money for a down payment and closing costs. In the current survey, 44% say this would be a “major obstacle” for them if they wanted to buy a home today. However, this represents a decline from the 52% who said so one year ago. In addition, there are several other indications that financial stumbling blocks to homeownership have lessened since last year.

In the 1996 survey, half (50%) said earning enough money to meet monthly mortgage payments would be a major obstacle for them. In the current survey, just one-third (34%) say the same. There has also been a decline in the number of people who say being able to find a home that they like and can afford is a major obstacle (from 49% in 1996 to 42% in 1997).

The continued strength of the economy probably underlies the lowering of several other barriers to homeownership as well. The proportion who say having enough confidence in the security of their job is a major obstacle to buying a home has declined from 48% in 1996 to 36% in 1997. The proportion who say having a good enough credit rating to get a mortgage is a major obstacle has declined from 38% in 1996 to 30% in 1997. There has also been a decline in the proportion who say a major obstacle to homeownership is finding a neighborhood in which they feel confident investing in a home, from 43% in 1996 to 35% in 1997.

Obstacles to homeownership are declining

Obstacles — 1997



Obstacles — 1996



■ While the financial barriers to homeownership are lower this year than last year, it is important to note that these barriers are substantially higher in the eyes of people with lower incomes and people who currently rent their homes, the two most important groups for achieving the goal of increasing national homeownership. For example, a 56% majority of current renters and 54% of people with incomes below \$35,000 say having enough money for a down payment and closing costs is a “major obstacle” to buying a home. This compares to just 38% of homeowners, and 37% of people with incomes of \$35,000 and over, who say the same thing.

Information and homeownership

In addition to the financial barriers, many potential homeowners say one obstacle is simply not knowing how to get started buying a home. Two-thirds (67%) of renters say this is an obstacle. This includes the one-third of all renters (34%) who say this is a “major obstacle.” Among all respondents, one-fourth (25%) say not knowing how to get started buying a home is a major obstacle, and an additional 29% say it is a “minor obstacle.” The decline in these number from last year (32% “major,” 32% “minor”) may reflect in part efforts by Fannie Mae and the Fannie Mae Foundation to address this problem in a major national public information campaign.

The Fannie Mae Foundation continues to make strides in informing people about its 800 telephone number and free booklet. In 1995, only 20% of respondents said they had read, seen, or heard advertisements for home buyers that offered a free booklet of basic information about how to qualify for a mortgage and buy a home. In 1996, that number climbed to 27%, and now 35% say they have read, seen, or heard advertising about the booklet. Awareness of the advertising is remarkably stable across all groups as no fewer than 30% of any group, except seniors (26%) and those who have a high school diploma or less (29%), say they have seen the advertising.

CURRENT RENTERS

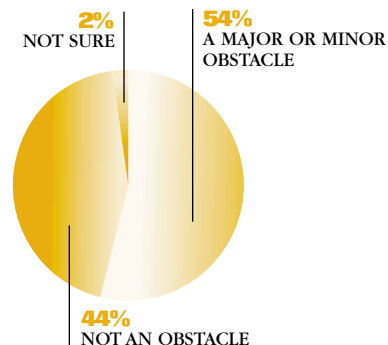
56%

THOSE WITH INCOMES BELOW \$35,000

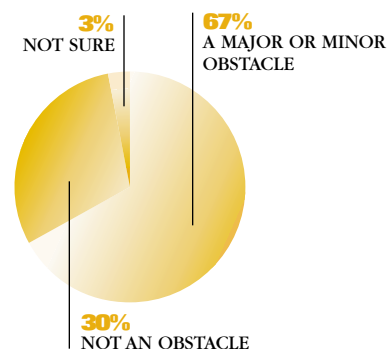
54%

Having enough money for a down payment is a major obstacle for some groups

All adults

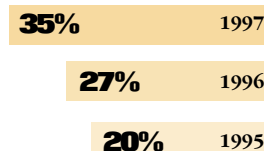


Renters



Not knowing how to get started is an obstacle to homeownership

Have seen advertising



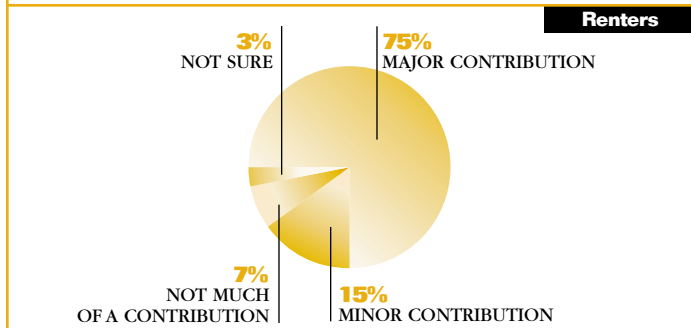
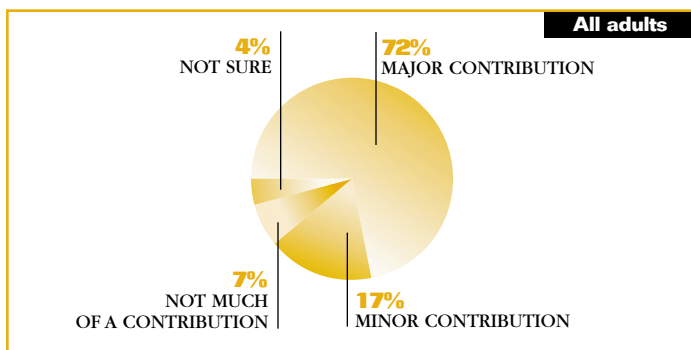
More and more people have heard, seen, or read advertising from the Fannie Mae Foundation

DEGREES OF OPTIMISM

The Fannie Mae Foundation ads are starting to reach their target. More than one-third (36%) of renters, 40% of renters who say they are very likely to buy a home in the next year, and as many as 46% of all people in the key 25 to 34 age group say they have seen the advertising.

Nonetheless, there is still a great deal of ground to cover. One-third (36%) of renters (and 25% of all respondents) say they are not at all comfortable with their knowledge and understanding of special terms related to housing such as escrow accounts, title insurance, and loan points. An additional 26% of renters say they are just “somewhat comfortable” with the terms.

The goals of the public information remain extremely popular, as more than seven in ten (72%) of adults overall and three-fourths (75%) of renters say an organization that provided basic information about how to qualify for a mortgage and buy a home would be making a “major contribution” to the ability of potential home buyers to succeed in buying a home. An additional 17% of the public say this is a minor contribution, bringing the total proportion who offer a positive assessment of the goals of the campaign up to 89%.

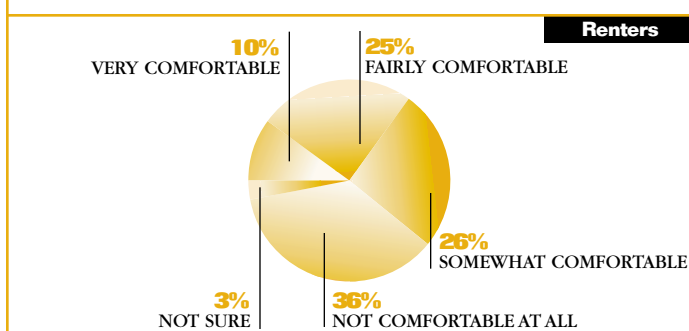
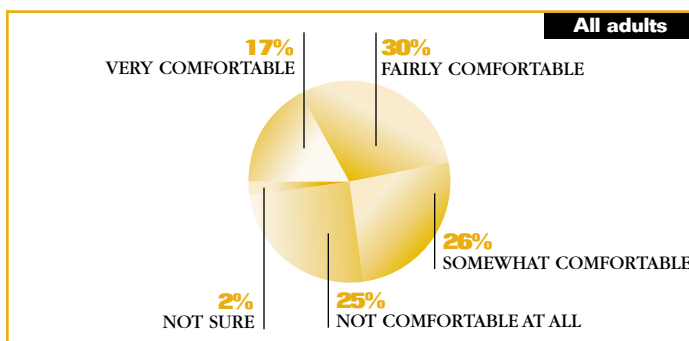


Receiving basic home-buying information is important

Information Flow Comparison: 1995-1997

	1997 %	1996 %	1995 %	Differential ('97-'95) ±
All Adults	35	27	20	+15
Buying Intentions				
Very likely	40	36	32	+8
Fairly/somewhat likely	36	32	22	+14
Age				
18 to 24	33	35	22	+11
25 to 34	46	29	23	+23
35 to 44	34	32	21	+13
45 to 64	35	25	19	+16
65 and over	26	19	14	+12
Race				
Whites	35	27	19	+16
African Americans	37	31	29	+8
Hispanic Americans	39	27	19	+20
Urban Residents	39	NA	23	+16

Fannie Mae Foundation ads are reaching their target



Knowledge and understanding of mortgage-related terms

Discrimination in housing

One additional barrier to homeownership is the discrimination and other social barriers some people face in trying to find a home. While only 15% of the public overall, and 11% of people who describe themselves as white, say this is a “major obstacle” for them, 23% of Hispanics and 39% of African Americans say it is a “major obstacle.”

Most Americans believe incidents of discrimination against many groups are fairly widespread. Two-thirds of the public (69%) say African Americans face housing discrimination at least “some of the time.” This includes 22% who say African Americans face housing discrimination at least “most of the time.” Of course, there is a great deal of difference among the races in the responses to this question. Nearly all African Americans (91%) say people of their race face discrimination “some of the time,” including 46% who say they face it “most of the time.”

Other groups are also thought to experience discrimination. Two-thirds (66%) of the public sees housing discrimination facing Americans of Hispanic descent at least “some of the time.” The public also sees discrimination in housing affecting Asian Americans (53%), women (56%), and immigrants (61%) at least some of the time. In general, these assessments are modestly higher than they were one year ago.

ALL ADULTS

15%

WHITES

11%

HISPANIC AMERICANS

23%

AFRICAN AMERICANS

39%

Percentage of Americans who say that discrimination is a major obstacle to home buying for them

	Almost All/Most of the Time	
	1997 %	1996 %
African Americans		
All Adults	22	17
African Americans	46	33
Hispanic Americans		
All Adults	21	16
Hispanic Americans	28	23
Women		
All Adults	17	14
Women	22	18
Asian Americans	12	8
Immigrants	25	23

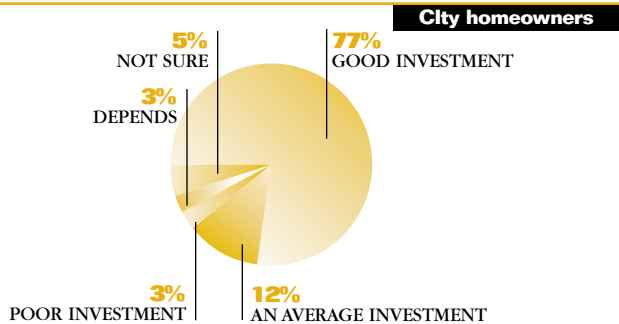
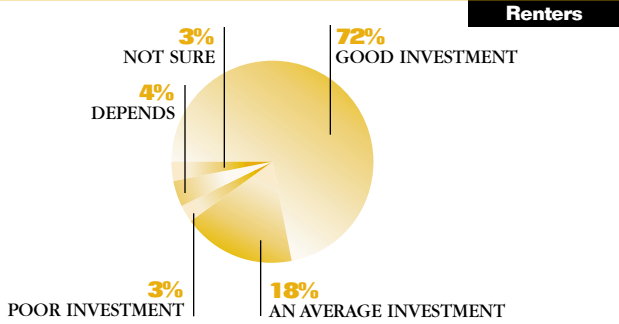
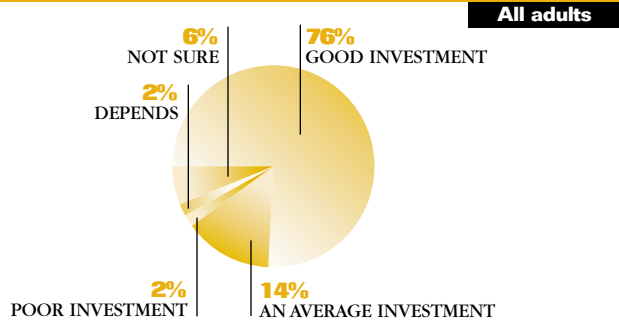
Perceived discrimination in the availability of mortgages

The housing landscape

Americans continue to think owning a home is a good investment. Overall, three-quarters of American adults think owning a home is a good investment (76%), rather than just an average investment (14%) or a poor investment (2%). At least two-thirds of people in all groups agree that owning a home is a good investment. City dwellers are no different. A 77% majority of people who own their homes in a city think owning a home is a good investment, as do 72% of people who rent in the city.

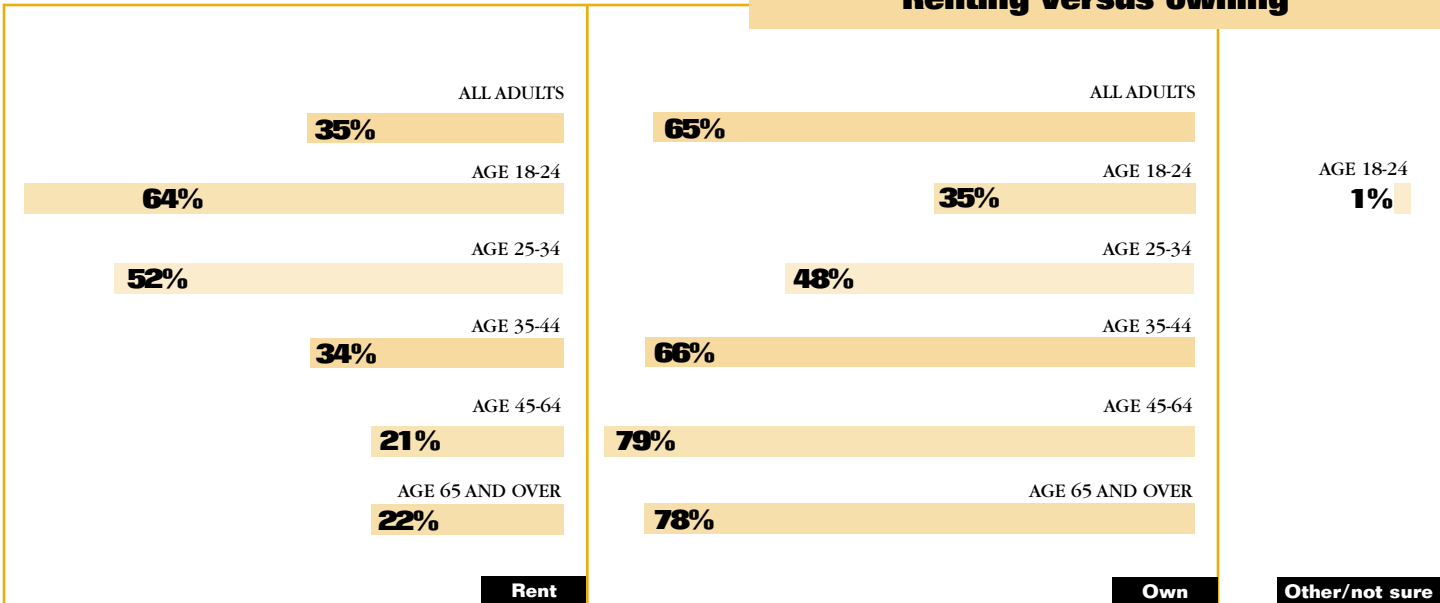
Consistent with past surveys, the majority of likely home buyers are moving from renting to owning. This year, a 51% majority of those most likely to buy a home in the next three years are renters, while 49% are current owners. Overall, nearly two-thirds of Americans (65%) own their current residence, while another 35% rent.

This shift from renting to buying has not gone unnoticed by the public. Asked the degree to which more people are buying homes and fewer are renting, 30% of Americans think it is happening in a big way and another 35% think it is happening only a little. Possibly seeing the change around them or speaking from their own experience, those very likely to buy a home in the next three years are more likely than average to think it is happening in a big way (37%). This is also true among those 25 to 34 years of age, among whom 35% think it is happening in a big way.



Owning a home is a good investment

Renting versus owning



The single-family home continues to be the most popular type of residence in the United States. It is both the most common residence in use in the nation today and the residence people are most likely to describe as “ideal” to their situation and circumstances if they were buying a new residence. A 60% majority of all American adults say that they live in a single-family home, and among owners, that proportion climbs to 78%. Even among urban owners, 75% say they live in a single-family home.


For most Americans, the single-family detached house with a yard on all sides is ideal to their situation and circumstances at the present time. A 71% majority describe it as ideal, while 28% say it is less than ideal. It ranks first among all groups and only among African Americans and adults age 18 to 24 or age 65 and over do fewer than two-thirds describe it as ideal. Majorities of Americans say they could accept a single-family attached townhouse or a duplex or two-family house with some or major reservations. While some could accept a traditional apartment building with reservations, majorities say they could not live in either a small or a large apartment building. Only 6% say either is ideal. Among owners living in the city, a single-family attached townhouse is the next most appealing residence after a single-family detached house and would be preferred over a duplex. Renters in the city put the duplex second, but the single-family attached townhouse trails closely.

	<u>Owners</u>		<u>Renters</u>	
	All adults	% City dwellers	All adults	% City dwellers
Single-family house	78	75	28	17
Attached home, townhouse, or garden apartment	2	4	5	4
Duplex or two-family house	3	5	14	16
Multiple family dwelling with less than 10 units	1	2	18	19
Multiple family dwelling with 10 or more units	3	6	30	39
Mobile home or trailer	12	8	4	3

Types of residences

	Ideal %	Accept With Reservations %	Could Not Live With %
Single-family detached house with a yard on all sides	71	23	5
Single-family attached townhouse	15	54	30
Duplex or two-family house	10	52	37
Multiple family dwelling with less than 10 units	6	41	52
Multiple family dwelling with 10 or more units	6	37	56

Attitudes toward different types of residences

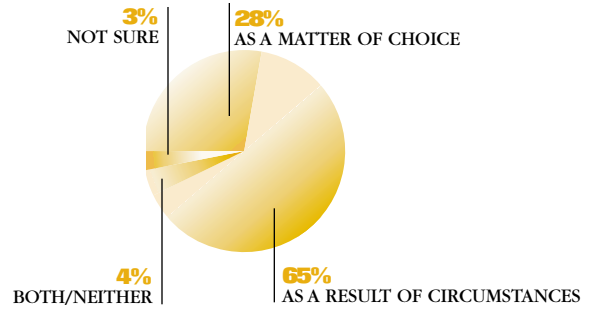


The single-family home continues to be the most popular type of residence in the United States.

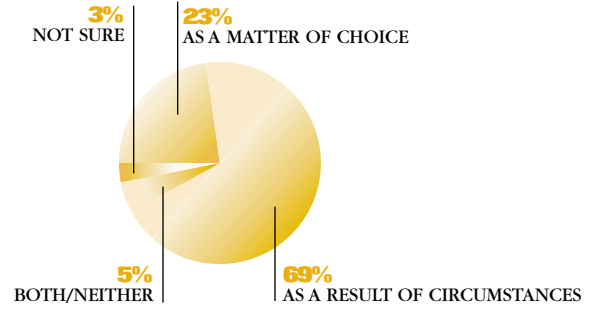
Most Americans who rent say they do so more as a result of circumstances than by choice. Almost two-thirds (65%) say they rent more as a result of circumstances, while 28% say they rent more as a matter of choice, an increase from 23% in 1996. While still in the minority, there are those groups that are more likely than other groups to rent as a matter of choice. They include people who make \$35,000 or more, unmarried renters with no dependents, people who currently live in the city, and people who grew up in the city.

Aside from the specific housing-related factors, people seem to have a generally positive perception of and outlook on the areas in which they live. An 81% majority of people think things in the city or town in which they live are going either very well (18%) or fairly well (63%). Also, while most people describe the quality of life in their areas as stable over the past few years and looking into the future, they are more likely to think things are getting better than getting worse. That margin is smaller, however, among target groups and in areas in which adults are more likely to think that things have gotten or will get worse.

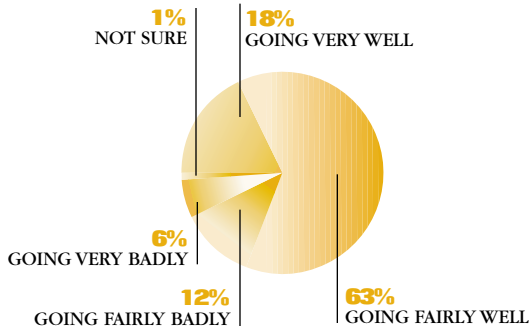
1997



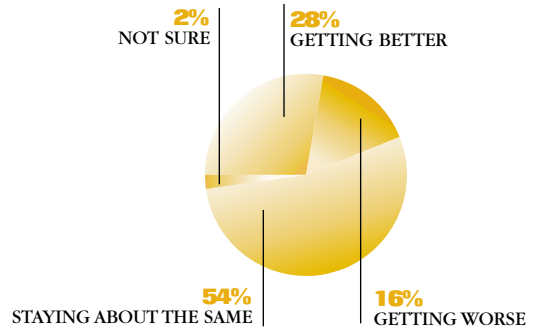
1996



Reasons for renting



Americans' perceptions about the quality of life in the city or town in which they currently live



Americans' perceptions about the future of the quality of life in the city or town in which they currently live



The sample

Data for this study were collected through 1,652 interviews conducted by telephone with adults nationwide. The main sample of 1,509 interviews provides a representative cross section of the population of the contiguous United States. It is based on recently released population estimates for the states and on 1990 population data and is of a multistage cluster design. The survey of the main sample of adults was carried out by conducting a maximum of four interviews at each of 390 randomly selected localities nationwide. In addition, an oversample of *current city residents who did not grow up in a large city* was based on current residents of the 110 largest cities in the U.S. (and drawn in the same fashion as the base sample), yielding a total of 231 interviews in the base sample and oversample. Also, an oversample of *former city residents who do not now live in a large city* was accomplished by using a standard national sample and then dropping out the 110 largest cities, and a total of 240 were interviewed when combined. Interviews were conducted between April 18 and 23, 1997.

The method for drawing the sample assures that the clusters used and the respondents selected accurately represent the national adult population as a whole. States were ranked by population size, then counties within each state were similarly ranked, and so on, down through the cities, towns, and other census subdivisions, and down to the census tract level in the major cities. Once sampling was completed, the entire sample was validated, cluster by cluster, using racial demographic data.

Out of the total of 1,652 unweighted interviews in the main sample and oversample, 371 were conducted in the East, 390 in the Midwest, 519 in the South, and 372 in the West. A total of 503 renters and 1,133 owners were interviewed; 754 men and 898 women; 1,251 whites, 169 African Americans, and 176 Hispanic Americans; 362 residents of large cities, 403 residents of small or medium cities, 353 suburbanites; and 520 residents of small towns, villages, or rural areas. The results accurately reflect the distribution of the entire adult population by age, race, sex, size of household, education, occupation, and other demographic factors, as a result of weighting.

Keep in mind that these results are subject to sampling error — that is, the difference between the results obtained from a randomly selected sample and those that would be obtained by a universal survey of all American adults. For this survey, the overall margin of error is approximately $\pm 2.6\%$, but that margin of error increases as the size of any subgroup analyzed decreases, and the margin of error is somewhat smaller to the extent the percentage response rate on any particular question varies from 50% (i.e., as it approaches either 0% or 100%).