

# Mobility-Tenure Decisions and Financial Credit: Do Mortgage Qualification Requirements Constrain Homeownership?

Peter M. Zorn

First published: March 1989

<https://doi.org/10.1111/1540-6229.00470>

## Abstract

Housing analysts have generally assumed that mortgage qualification requirements significantly constrain homeownership, however there has been no empirical evidence of this effect. By explicitly modeling and estimating the impact of mortgage qualification requirements on households' mobility and tenure decisions, this paper provides the first empirical evidence of the effect of these criteria on homeownership. The estimation results suggest that in 1986, mortgage qualification criteria did not provide a large constraint on homeownership. However, they also show that the impact of these criteria increases as the flow costs of owning decrease relative to those of renting. This implies that the nationwide significance of these constraints will vary with fluctuations in the macro economy, and that policies designed to limit the effect of these requirements will be more successful in economic environments favorable to homeownership.

## REFERENCES

[1] R. Artle and P. Varaiya. Life Cycle Consumption and Homeownership. *Journal of Economic Theory* 18: 38-58, 1978.

| [Web of Science®](#) | [Google Scholar](#) |

[2] J. Brueckner. The Downpayment Constraint. Tenure Choice, and Housing Demand. ORER Working Paper Number 15, 1985.

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#)

[Manage Preferences](#)

[Accept All](#)

[Reject Non-Essential](#)

[4] P. Chinloy. The Effect of Maintenance Expenditures on the Measurement of Depreciation in Housing. *Journal of Urban Economics* 8: 86–107, July 1980.

| [Web of Science®](#) | [Google Scholar](#) |

---

[5] A. Downs. *The Revolution in Real Estate Finance*. The Brookings Institution, 1985.

| [Google Scholar](#) |

---

[6] R. Gillingham and R. Hageman. Cross-Sectional Estimation of a Simultaneous Model of Tenure Choice and Housing Services Demand. *Journal of Urban Economics* 14: 16–39, July 1983.

| [Web of Science®](#) | [Google Scholar](#) |

---

[7] A. Goodman and M. Kawai. Permanent Income, Hedonic Prices, and the Demand for Housing. *Journal of Urban Economics* 12: 214–237, September 1982.

| [Web of Science®](#) | [Google Scholar](#) |

---

[8] D. Haurin and K. Lee. A Structural Model of the Demand for Owner-Occupied Housing. *Journal of Urban Economics*, forthcoming.

| [Google Scholar](#) |

---

[9] P. H. Hendershott and J. Slemrod. Taxes and the User Cost of Capital for Owner-Occupied Housing. *AREUEA Journal* 10: 375–93, Winter 1983.

| [Google Scholar](#) |

---

[10] K. Ihlanfeldt. An Intertemporal Empirical Analysis of the Renter's Decision to Purchase a Home. *AREUEA Journal* 8: 180–197, 1980.

| [Google Scholar](#) |

---

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#)

[Manage Preferences](#)

[Accept All](#)

[Reject Non-Essential](#)

[13] J. Slemrod. Down-Payment Constraints: Tax Policy Effects in a Growing Economy with Rental and Owner-Occupied Housing. *Public Finance Quarterly* 10: 193–217, 1982.

| [Web of Science®](#) | [Google Scholar](#) |

[14] P. Zorn. An Analysis of Household Mobility and Tenure Choice: An Empirical Study of Korea. *Journal of Urban Economics* 24: 113–128, September 1988.

| [Web of Science®](#) | [Google Scholar](#) |

[15] P. Zorn and J. Gerner. Incorporating the Permanent Income Hypothesis into Applied Studies of Disaggregate Demand. Unpublished working paper, 1987.

| [Google Scholar](#) |

## Citing Literature



[Download PDF](#)

### ABOUT WILEY ONLINE LIBRARY

[Privacy Policy](#)

[Terms of Use](#)

[About Cookies](#)

[Manage Cookies](#)

[Accessibility](#)

[Wiley Research DE&I Statement and Publishing Policies](#)

### HELP & SUPPORT

[Contact Us](#)

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#)

[Manage Preferences](#)

[Accept All](#)

[Reject Non-Essential](#)

Copyright © 1999-2026 John Wiley & Sons, Inc or related companies. All rights reserved, including rights for text and data mining and training of artificial intelligence technologies or similar technologies.

WILEY

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#)

[Manage Preferences](#)

[Accept All](#)

[Reject Non-Essential](#)