





< Working Papers

The Economics of Tenure Choice: 1955-79

Patric H. Hendershott & James D. Shilling



WORKING PAPER 0543

DOI 10.3386/w0543

ISSUE DATE September 1980

The aggregate homeownership rate in the United States has continued to rise throughout the 1970s despite rising inflation and the rapid growth of young and primary individual households with relatively low homeownership rates. This appears to be a result of a decline in the cost of homeownership relative to renting. The post 1965 decline in the real after-tax interest rate has acted to reduce the costs of both types of housing. However, inflation, and legislation induced increases in taxation of rental housing have largely offset the decline in the net real financing rate. Depreciation is based on historic cost and nominal capital gains are taxed. Moreover, this taxation was increased in 1969 and 1976 with the introduction and expansion of the minimum tax, the increased recapture of accelerated depreciation, and the amortization, rather than expensing, of construction period interest and property taxes. The decline in the cost of owner-occupied housing relative to rental housing is estimated to have sharply increased homeownership. In the absence of this decline 4.5 to 5 million fewer households would have been homeowners at the end of 1978. That is, the homeownership rate would have been 60 percent, rather than 65 percent.

Download a PDF

Information on access

Acknowledgements and Disclosures

Download Citation

Published Versions

Hendershott, Patric H. and Shilling, James D. "The Economics of Tenure Choice: 1955-79." Research in Real Estate, Vol. I, pp. 105-133. Greenwich, CT: JAI Press, 1982.

Related

TOPICS Macroeconomics

Public Economics

PROGRAMS Public Economics

More from the NBER

In addition to working papers, the NBER disseminates affiliates' latest findings through a range of free periodicals — the NBER Reporter, the NBER Digest, the Bulletin on Health, and the Bulletin on Entrepreneurship — as well as online conference reports, video lectures, and interviews.



2025, 17th Annual Feldstein Lecture, N. Gregory Mankiw," The Fiscal Future"

FELDSTEIN LECTURE

PRESENTER: N. GREGORY MANKIW

N. Gregory Mankiw, Robert M. Beren Professor of Economics at Harvard University, presented the 2025 Martin Feldstein...





Methods Lecture, Summer Institute 2025 Uncovering Causal Mechanisms: Mediation Analysis and Surrogate Indices

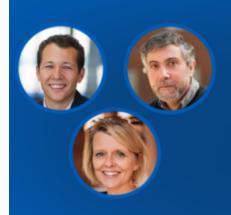
Raj Chetty, Harvard University and NBER Kosuke Imai, Harvard University July 24, 2025

<u>2025 Methods Lecture, Raj Chetty and Kosuke Imai, "Uncovering Causal Mechanisms: Mediation Analysis and Surrogate Indices"</u>

METHODS LECTURES

PRESENTERS: RAJ CHETTY & KOSUKE IMAI

SlidesBackground materials on mediationImai, Kosuke, Dustin Tingley, and Teppei Yamamoto. (2013). "Experimental Designs...



International Trade and Macroeconomics, Summer Institute 2025

Panel on The Future of the Global Economy

Oleg Itskhoki, Harvard University and NBER Paul Krugman, City University of New York and NBER Linda Tesar, University of Michigan and NBER July 8, 2025 PRESENTERS: OLEG ITSKHOKI, PAUL R. KRUGMAN & LINDA TESAR

Supported by the Alfred P. Sloan Foundation grant #G-2023-19633, the Lynde and Harry Bradley Foundation grant #20251294...

National Bureau of Economic Research

Contact Us
1050 Massachusetts Avenue
Cambridge, MA 02138
617-868-3900
info@nber.org
webaccessibility@nber.org

HOMEPAGE

Accessibility Policy
Diversity Policy
Privacy Policy

FOLLOW













© 2025 NATIONAL BUREAU OF ECONOMIC RESEARCH. ALL RIGHTS RESERVED.