

2008 FAIM Home Asset Retention Study

In 2008, a study was conducted by Becky Wochnick, independent consultant, and Catherine Solheim, faculty member at the University of Minnesota, to verify whether participants who had purchased homes between 2000 and 2004 through the Family Assets of Independence in Minnesota (FAIM) program had retained their home asset. Over those four years, 119 homes were purchased. At follow-up in 2008, data were found for 97 of the 119 properties (82%).

It is important to note that data could not be located for 22 of the 119 homes purchased (18%) due to incomplete FAIM records or county assessors' inability to locate information on the properties. This could result in an overestimation of either the positive or negative results of the study. Therefore, a cautionary interpretation of the findings is warranted.

Seventy-seven (77) of the 97 participants (79%) were still listed as owners of the homes they had purchased through FAIM. The 2008 estimated market value was found for 72 of the 77 homes, ranging from \$23,100 to \$236,000 (mean value approximately \$121,082). Increases in home values from time of purchase to 2008 were found for 58 of the 72 homes (81%). The average increase was approximately \$25,000. There were also decreases in home values found; 14 of the 72 homes (19%) realized a home value loss of approximately \$9,000. 2008 property taxes estimated for those 72 homes ranged from \$129 to \$2,774 (mean value approximately \$1,000).

At the time of this study, 20 of the 97 FAIM home purchasers (21%) were no longer listed as owners of the homes purchased through FAIM. Seventeen (17) had sold their homes (17%). Value gain was found for 14 home sales (mean gain approximately \$25,000). Value loss

was found for three home sales (mean loss approximately \$9,000). Three of the homes were listed as foreclosed which represents 3% of the 97 FAIM homes included in this study.

It should be noted that the sale of a home that realizes a gain in value demonstrates the benefit of asset ownership. If the 14 homes which realized a net value gain upon sale are added to the 77 homes retained by original FAIM purchasers, it could be concluded that 91 of the 97 FAIM participants in this study (94%) who purchased homes between 2000 and 2004 improved their economic well-being.