



Homeownership, dissatisfaction and voting

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ABSTRACT

This article explores the relationships between homeownership, dissatisfaction with city services, and voting turnout in local elections, using original survey data. Homeowners are more likely than renters to vote, but the pure effect of ownership is not robust to either basic socio-economic controls or an instrumental variable strategy. However, dissatisfaction has a positive, significant and robust effect on likelihood of voting. When interacting homeownership and dissatisfaction, the author finds that dissatisfied homeowners are significantly more likely to vote than both satisfied homeowners and all renters. This finding is consistent with Fischel's (2001) homevoter hypothesis.

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1. Introduction

Policies that aim to encourage homeownership have often been promoted on the grounds that homeowners make better citizens. Many of these policies have come under increasing scrutiny in light of the 2008–2010 recession, which is widely thought to have its roots in the housing sector. The potential role federal housing policies have played in artificially inflating housing prices calls for questioning the rationale behind these policies.

This paper explores several hypotheses related to voting turnout, homeownership and dissatisfaction. We begin by extending the model of DiPasquale and Glaeser (1999), who estimate the effects of homeownership and duration of stay on voting turnout (and on other dependent variables they thought represented examples of good citizenship) by including a measure of dissatisfaction with the respondent's locality. Dissatisfaction is an important concept in economic theories of exit (Hirschman, 1970) and sorting (Tiebout, 1956), as well as in the traditional

political participation literature,¹ but dissatisfaction is not well integrated in economic theories of voice (Banerjee and Somanathan, 2001), voting (Downs, 1957) or social capital provision (DiPasquale and Glaeser, 1999; Putnam, 2000).

Recently, Fischel (2001) has put forward a “homevoter” hypothesis, which does have an implication for homeownership, dissatisfaction and voting. If homeowners are dissatisfied with government service, they have a stronger incentive to make their voice heard (and one way to do this is through voting) than renters, as the level of government service affects the value of their home, which for most Americans is their single largest financial asset.

The same prediction with regard to homeownership, dissatisfaction and voting can be found in the public administration and political science literature. While voting itself has often been used by social scientists as a measure of good citizenship,² Lyons et al. (1992) suggest that another important dimension to social capital is a constructive response in the face of dissatisfaction; namely, being a “good citizen” means more than just voting. It also

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¹ A large literature relates emotions like dissatisfaction and trust to voting turnout. The classics in the political participation literature are Campbell et al. (1960) and Verba and Nie (1972).

² See DiPasquale and Glaeser (1999).

means that when problems arise, one becomes motivated to vote rather than alienated. Lyons et al. (1992) hypothesize that greater investment should invoke constructive and active responses in the face of dissatisfaction. This paper thus moves beyond previous economics studies of the effect of homeownership on civic behavior by testing this other version of “good civic behavior”. The issues at hand are relevant to a variety of interrelated literatures.

Our study employs data from the Silicon Valley Pulse, a survey of residents in San Jose, California, conducted by the Survey and Policy Research Institute – we will refer to this data as the SPRI data.³ These data improve upon prior surveys of citizen satisfaction and voting in terms of question wording and sample size, and provide fresh evidence on voting behavior. Also, the focus on a few jurisdictions minimizes the chance of misspecification due to unobserved heterogeneity, while enhancing our ability to make inferences based on our earlier unpublished estimates.

In the SPRI data, 72% of homeowners vote in local elections versus 55% of renters.⁴ The ordinary least-squares (OLS) estimates⁵ show the pure effect of ownership does not fall when controlling for duration of stay, but this ownership effect is not robust to either basic socio-economic controls or an instrumental variables strategy.⁶ However, dissatisfaction is positively and significantly correlated with turnout. And when interacting homeownership and dissatisfaction, we find that dissatisfied homeowners are significantly more likely to vote than satisfied homeowners and all renters. These results are robust to the inclusion of a variety of control variables, as well as an instrumental variables strategy. We can therefore say with a fair degree of confidence that dissatisfaction matters for voting turnout,⁷ as well as how the effect of dissatisfaction varies among homeowners and renters.

The next section provides theoretical background by briefly reviewing theories and empirical findings from the literature regarding homeownership, voting, and dissatisfaction. We then discuss methodology to test these theories in the next section, where we also describe the data and present results. A brief conclusion summarizes the findings of the study.

2. Background

Homeownership, it is argued, affects the likelihood of voting in two ways. First, there is an investment effect: the quality of governmental services impacts the rate of house price appreciation. Second, there is a consumption effect: homeownership discourages mobility, and long-term residents want high quality governmental services because they will receive the consumption benefits these services. Cox (1982, p. 113) writes, “...one could reasonably argue that the effect of homeownership is actually the effect of residential attachment. Homeowners are less likely to be residentially mobile and hence are more likely to develop a stronger attachment to the neighborhood than the more transient renter.”

However, renters can also be long-term residents. This suggests that the pure effect of ownership is separate from the pure effect of tenure length. The first hypothesis we will test, Hypothesis 1, is that homeowners will be more likely to vote than renters, but that this effect will be smaller after controlling for duration of stay. We will also be able to provide estimates of the relative size of the investment and consumption effects.

A moderate sized literature has explored the effects of homeownership on voting. This literature is reviewed in Dietz and Haurin (2003) who describe studies in a variety of disciplines, which “have conjectured that homeownership affects a household’s voting behavior, political ideology, political activism, and membership in community and religious organizations. However, social scientists have conducted relatively few well grounded empirical tests of homeownership as a social behavior influencing trait.” (p. 427)

While many studies find that homeowners vote at a higher rate than renters, recent work by DiPasquale and Glaeser (1999) is among the better grounded of these tests. Using data from US General Social Survey (GSS), they explored whether homeowners are likely to be better citizens – their measures of good citizenship ranged from voting in local elections to planting a garden. They found that, for most of their good citizenship variables, most of the homeownership effect is due to tenure length. This was least true with respect to voting in local elections, where they found an important pure effect of ownership.

DiPasquale and Glaeser (1999) did not explore the effect of dissatisfaction on turnout, even though a measure of dissatisfaction was available in their data.⁸ Broadly speaking, two main hypotheses relate the effect of dissatisfaction on voting in the social science literature: either dissatisfied voters become motivated, in what the literature has called “negative voting,” (Hypothesis 2) or they become alienated (Hypothesis 3). A vast literature describes the idea behind Hypotheses 2 and 3. Levi and Stoker (2000, p. 486) review a wide swath of social science literatures that have spelled out the logic behind these hypotheses.⁹

³ We have also estimated the same models with other data, and we discuss, but do not report, these results below.

⁴ Our sample population consists of registered voters and this explains part of the seemingly high reported turnout rates, but we cannot rule out false response bias. This seems to be inevitable in studies using survey data. “The main danger associated with non-representative sample respondents and false responses is the possibility of biased regression coefficients. This is a serious concern, but there is some evidence from vote validation studies that it is unlikely to have a material effect on most research that makes use of survey data...” (Matsusaka and Palda, 1999, pp. 433–434).

⁵ We use a linear probability model even though the dependent variable is dichotomous, following DiPasquale and Glaeser (1999). Unreported estimates found using a Probit model are quite similar to our noninstrumented ordinary least-squares estimates.

⁶ This is consistent with DiPasquale and Glaeser (1999), who found the estimated homeownership coefficient fell only slightly when controlling for duration of stay.

⁷ Matsusaka and Palda (1999) show that empirical studies of voter turnout often have low values of R². While dissatisfaction does not contribute to large values of R² in absolute terms in our regressions, its effect is large in relative terms—including dissatisfaction raises R² by more than duration of stay.

⁸ Subsequent research has explored dissatisfaction in the data used by DiPasquale and Glaeser (1999); see Holian (2010), and footnote 13 below.

⁹ The literature reviewed by Levi and Stoker (2000) is also closely related to the political participation literature, e.g. Campbell et al. (1960) and Verba and Nie (1972).

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