Research Question: In California are the dominating characteristics of renters' very different from that of homeowners, or do they share any similarities?

To answer this we examined data from the Census Bureau looking at the most populous counties in California for the year 2013.
Because homeownership is highly desirable and offers a great deal of pride to the individual, we'd like to confirm what groups are more successful in obtaining this status. Our goal is to expand off the basic theory of ‘the older a person is and the more education one has, higher income is the result.’ Applying this to the user cost formula of OWNER-occupied housing:

\[
(1 - T)(i + h) + d - g \] V, where “T” is the owner’ income tax rate

...we can see that with higher income and any variable that improves it (ie. age, education, household size) homeownership is the more cost effective choice. Essentially, what this formula shows is that as the income rate goes up, the total cost of owning a home goes down.

**Dependent variables:** Homeowners’ and Renters’ occupancy rates

**Independent variables:** Income, Age, Education, Household size
Is Income and Household size a factor?

Household incomes above $50,000 ownership percentage: 61.1%
Household incomes above $50,000 renter percentage: 31.2%

Independent Variable: Household size
Dependent Variable: Rent and ownership

Household incomes below $50,000 ownership percentage: 38.9%
Household incomes below $50,000 renter percentage: 68.8%
Does **AGE** play a factor in obtaining homeownership status?

**Observation:** The age group of 35-64 year olds are the most active in household occupancy (for both owners and renters), especially in Los Angeles where there is a noticeably higher population as shown in the graph.

The trend: The younger age individuals (15-34) are more likely to be renters, while those who are 35 and above are more likely to be home owners.
Does Education Matter?

- Education is a significant factor when purchasing a home. With higher education there's more opportunities for well paying jobs, than in comparison to lower education with lower paying jobs. This in turn creates a significant difference when owning a home.

- Renting is another alternative for people with high and low education levels. For those with high education, renting near the city (CBD) is preferred in order to commute less and live near work. But for those with low education level, renting may be the only option. This is why there are small gap levels with renting.

<table>
<thead>
<tr>
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<th>Average</th>
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<tbody>
<tr>
<td></td>
<td>High Edu.</td>
<td>Low Edu.</td>
</tr>
<tr>
<td>Own</td>
<td>62.34%</td>
<td>46.80%</td>
</tr>
<tr>
<td>Rent</td>
<td>38.02%</td>
<td>53.20%</td>
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Observation: Higher Education has a higher rate of ownership, in comparison to Lower Education that own.
Conclusion

- Homeownership does not come easily to the young; the chances of one owning later in life is greater, so learn to be patient!

- Households with dual incomes will have a greater chance of cementing that homeowner status so partner up! The additional income flow that results from dual income helps bring the user cost down for the homeowner.

- High income households make up the majority of ownerships. Low income households are more inclined to be renters.

- Education pays off in the long run. All those loans/debts are worth it because eventually you'll be able to own that mansion you've always dreamt about. So STUDY STUDY STUDY!

Anything and everything related to a person’s income will affect whether he will own or rent.

**Bottom line:** The user-cost formula works!