



Welcome Home

Creating Pathways to Sustainable Homeownership with Behavioral Insights

ideas42

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About ideas42



ideas42 is a nonprofit that applies insights from behavioral science—the study of how people make decisions and act in the real world—to improve lives and drive social change. Working globally, we reinvent the practices of institutions, and create more effective products and policies that can be scaled for maximum impact.

We also teach others, ultimately striving for a future where the universal application of behavioral science powers a world with optimal health, equitable wealth, and environments and systems that are sustainable and just for all.

For the past 15 years, we’ve been at the forefront of applying behavioral science to create a more equitable world. And as we’ve developed our expertise, we’ve helped to define an entire field. Our efforts have so far extended to 50+ countries as we’ve partnered with hundreds of governments, foundations, NGOs, private sector entities, and philanthropic leaders.

We want to hear from you—contact us at financialhealth@ideas42.org with questions. Visit ideas42.org/financial-health/ to learn more about our work.

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The views and opinions expressed in the report are those of the authors and do not necessarily reflect the views and opinions of JPMorganChase or its affiliates.

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Executive Summary

Credit plays an integral role in the financial lives of families in the United States. It can help people manage financial shocks, foster new businesses, invest in education, and—perhaps most central to the “American Dream”—enable access to homeownership. For many, homeownership constitutes a critical component of household wealth and serves as a symbol of security, stability, and independence. But credit access has long been unequal, with lasting impacts on access to homeownership and dramatic implications for household wealth. Today, families living with low-to-moderate incomes (LMI) face enormous barriers to accessing and sustaining homeownership.

Through the [Credit: Expanding Opportunity \(C:EO\) initiative](#), supported by JPMorganChase, ideas42 is engaging with mission-aligned partners to expand who can access and benefit from the credit system to build and sustain financial health. In 2025-26, the second year of the initiative, ideas42 is working to support people living with LMI to leverage and protect their credit in order to build wealth through homeownership.

As part of this initiative, ideas42 interviewed leading housing experts and reviewed dozens of research reports to better understand the context of homeownership for LMI individuals, the resources available, and the behavioral forces that may limit their efficacy. This brief summarizes the insights from this work, will inform our 2025-26 program partnerships, and offers a roadmap for organizations aiming to increase sustainable homeownership.

Addressing today’s housing crisis will likely require numerous systemic changes and policy reforms. However, our investigation also revealed promising products and programs that seek to help people access homeownership or stay in their homes. Presently, a number of factors are limiting their impact, including a complex and overwhelming mortgage process, opaque eligibility criteria, and people’s tendency toward familiar or easily accessible financial options. By using behavioral design to improve the context in which people are making decisions, we can open the door to homeownership—and its benefits—for more families.

Introduction

Homeownership has long played an extraordinary role in American society. A home is typically the most valuable asset for families that own their primary residence. Home equity accounts for 45% of net worth for a typical home-owning household.¹ Beyond being a vehicle to build wealth, homeownership can bring numerous advantages—a sense of community, pride in ownership, financial stability, access to education and civic opportunities, and more.

Yet access to homeownership, and the benefits it can bring, are highly unequal. Less than half (47%) of households in the bottom quintile of income own a home, compared with 81% of those in the top quintile.² Ownership inequities are further amplified by today's exorbitant housing costs and elevated interest rates, which can make the dream of homeownership seem inaccessible.

For some, that may be true, at least for the moment. But there are also millions of people who regularly pay rent on time, who have built their credit scores, and who dream of owning a home—and with access to the right tools and supports, that dream can become a reality.

This brief was informed by research across the domains of housing, credit, and behavioral science along with interviews with numerous experts in housing policy and practice. Over the course of 2025-26, ideas42 will partner with a cohort of organizations focused on homeownership to reveal and address behavioral challenges that constrain the impact of housing programs. By clearing behavioral hurdles, we can improve pathways to sustainable homeownership and unlock wealth-building opportunities for more Americans.

Applying a Behavioral Lens

Behavioral science provides an opportunity to better understand the choices that people make and the impact of context on those choices. Through the [C:EO initiative](#), ideas42 is applying a behavioral lens to the housing market, identifying addressable issues, and partnering with lenders, nonprofits, municipalities, and others to improve programs, products, and services.

Our research and interviews revealed certain behavioral forces that may be especially relevant in the context of housing, especially for households with limited wealth, low incomes, or limited experience with homeownership. These include:

- ▶ **Identity:** Some people may not see themselves as “homeowners,” especially those who have few people in their family or social circles who own homes, or may not feel “savvy” enough to understand and navigate the multifaceted decisions around homeownership. These individuals may be more likely to internalize setbacks or difficulties in the process, dropping out of the homebuying process as a result.
- ▶ **Misperceptions:** Misperceptions abound in the homebuying space, from down payment expectations to trustworthiness of lenders. Such misperceptions can lead prospective and current homeowners to disregard beneficial products or programs.
- ▶ **Choice overload:** An overwhelming number of choices can lead people to choose a poor option, or give up altogether. The bewildering array of options and difficulty making comparisons can contribute to people choosing services that conflict with their financial interest.
- ▶ **Scarcity:** A shortage of a resource, such as time or money, can cause people to focus on issues requiring immediate attention at the expense of longer-term decisions, especially when the shortage is chronic. People operating with limited incomes often feel forced to focus on urgent needs, making long-term planning and complex decision making especially difficult.
- ▶ **Hassle factors:** Hassles refer to inconveniences that can hinder action. Complicated eligibility, outdated websites, difficult-to-find information, and complex application processes can all contribute to drop out.

These factors show up at the moment of purchase and long afterward, with impacts throughout one’s homeownership journey. Left unaddressed, these forces can lead people to give up their dreams of homeownership or make choices that are counter to financial wellbeing, exacerbating already dramatic gaps in wealth.

Behavioral Results across Disciplines

- ***In the criminal legal system***, we applied a behavioral lens to the problem of court nonappearance by improving the design of the warrant form and sending reminders. This reduced arrests by an estimated **30,000 in three years**—and saved these individuals from losing jobs, apartments, and their freedom.
- ***Applying for college financial aid***, much like homeownership, asks families to navigate a complex landscape of programs and products they may or may not be eligible for. Behavioral solutions, such as simplified processes and improved communications, have demonstrably increased metrics like **program participation, aid receipt, and college persistence**. Changes like these have proven to help people achieve their educational goals and maintain their financial health.
- ideas42 is currently working with several partners on ***increasing loan repayment among LMI borrowers***. We are changing product descriptions and processes to increase price and fee transparency, while adding payment reminders to help prompt borrowers juggling multiple priorities to take action. We find that this transparency is valued by clients and contributes to enhanced payment behavior. **One such project** led to an increase in repayment, changes in call volume and quality, and, importantly, ensured clients had the full information to make choices that support their long-term financial health goals.

Tackling Homeownership Disparities with Behavioral Science

Accessing Homeownership

Even if families have spent significant time and effort to establish their credit scores, they face numerous barriers to accessing the financing and support they need, especially in a time of high housing prices and elevated interest rates. With lower net wealth, lower household incomes, and higher debt-to-income ratios on average, many LMI individuals struggle to attain the dream of homeownership. In addition, with less access to down payment help from friends and family members, first-generation buyers are more likely to take on additional debt or postpone buying a home for years.³

There are many mission-driven resources, products, and programs intended to make homeownership accessible to underserved families, including government-backed loans and other specialized loans and programs, along with down payment and closing cost assistance programs. Yet each carries different eligibility requirements, terms, and trade-offs, which can be intimidating, unclear, and replete with paperwork hassles. The complexity of the mortgage market can lead to choice overload, driving individuals to choose a more expensive option, or to back out of the homebuying process altogether. In addition, homebuyers may not be aware or understand how they can “stack” products, or use them in tandem, for even greater benefit. Many prospective homebuyers also carry misperceptions about requirements that could deter participation, particularly if they already harbor doubts that homeownership is attainable.⁴

Opportunities for Behavioral Design

Behavioral design is well equipped to tackle several of the common challenges that potential homeowners face.

For example, experts we interviewed suggested that some promising products don’t reach their intended audience, especially amid competition from lenders with larger marketing budgets. Others have faced challenges in finding a pipeline of mortgage-ready buyers. Meanwhile, consumers are struggling to navigate a complicated market filled with many financial products and confusing eligibility requirements. Behavioral design can help organizations design communications strategies that increase transparency, build trust, raise awareness, and help reach prospective homebuyers. It can also address hassles in the application process, helping to minimize drop off.

Additionally, while trusted partners like housing organizations, nonprofit institutions, legal support, and financial counselors play pivotal roles in helping people navigate the system, many are themselves operating in conditions of scarcity. With multiple constraints on their time and attention, staff may inadvertently present limited or incomplete options to prospective homebuyers. By creating easy-to-navigate systems and streamlining tasks, providers can relieve pressure on staff members, enabling them to effectively guide prospective homeowners through a confusing environment.

Preserving Homeownership and Increasing Home Value

The high cost of entry for LMI individuals to become homeowners can have ripple effects after purchase, making homeownership preservation far more difficult and hampering wealth creation.⁵

Some LMI homebuyers may deplete their financial resources to secure homeownership, leaving little available for necessary repairs or renovations. Homeowners who are vulnerable in the face of financial shocks also face an elevated risk of foreclosure.⁶ Products like mortgage reserve accounts, repair assistance programs, or even specialized loans can help families with low liquidity to manage costly repairs or other financial shocks—but only if homeowners are aware of them. Recent research of its members from the nonprofit SaverLife found that two-thirds of its homeowners were unaware of property tax assistance programs, and 55% were unaware of home repair subsidy programs.⁷

Further, while homebuyers are working toward the concrete, short-term goal of buying a home, homeowners must grapple with the less tangible, longer-term goal of retaining and building wealth. Home improvements may feel less immediately beneficial or necessary (e.g., “We just don’t use the sink that doesn’t work”), may only result in financial benefit at resale, or may require additional complexity (e.g., identifying a contractor in addition to securing financing).

LMI homeowners face challenges even when their home is inherited, as such houses are more likely to be inadequate and in need of repair.⁸ If the heirs lack a clear title, strong credit, or liquid reserves, the home may fall into disrepair or sell below value.⁹

Opportunities for Behavioral Design

Behavioral design can be leveraged to simplify processes and information, clarify requirements, and optimize communication strategies in order to increase product reach and uptake in this space. This can help homeowners confront immediate needs, such as a financial shock or urgent repair, and identify the right products vs “quick fixes.”

Further, many repair or remodeling programs face far greater demand than they can support. Some applicants may be discouraged from applying in the face of this high demand, while a distrust of existing systems and financial services may deter others from seeking support. Behavioral science has demonstrated the importance of transparency and careful messaging in building trust, and can guide organizations on level-setting expectations, building trust, and helping people navigate available resources.

Homeowners without a clear title to their homes may have trouble accessing home equity and public programs to make repairs or improvements to their homes.¹⁰ If they attempt to clear title and establish ownership, they must confront a time- and cost-intensive process that involves navigating a complicated legal system. Behavioral design can help homeowners understand their ownership status and the steps to a clear title to their home, while supporting them to navigate the newly unlocked resources available to them.

Conclusion

By applying a behavioral lens to homeownership, we can better understand what keeps promising products, programs, and solutions from enabling broader access to homeownership and its benefits for individuals with LMI. Through the C:EO initiative, ideas42 will work with a select set of nonprofits, lenders, and innovators to ease the many challenges in accessing homeownership and unleash its wealth-building benefits. By identifying and addressing these barriers, we can help providers better understand and meet the needs of their customer base, enabling successful homeownership and financial well-being for more families.

Endnotes

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