

# Singletary: Renting no longer carries stigma as financial failure

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For as long as I can remember, homeownership has been a home run on the American Dream scorecard.

When I graduated from college, my grandmother gave me two choices — live with her or buy a home. In her mind, to rent meant I was a failure financially.

“When you rent, you get nothing for your money,” Big Mama would lecture.

Since I didn’t have enough money saved for a home, I lived with my grandmother, who had been my guardian since I was 4. I hated that year of ridiculous rules. No shoes under the bed. Don’t turn the television knob to the left, only to the right (this was before remote controls). And Big Mama fretted I would be late for work, so she would wake me at 6 a.m. for a shift that didn’t start until 10 a.m.

After a year of this, I decided I had to move. But I still didn’t have enough money saved to buy a home. So I rented.

Every time I called my grandmother, she would berate me about renting. By the end of my lease, I had saved enough to buy a condo, thanks to a first-time homebuying program. I’ve never rented since.

I tell you this story for two reasons. I understand where my grandmother was coming from. Owning a home was the only way she knew of creating wealth for herself and our family. She didn’t trust investing in the stock market.

However, in the 2000s, the benefit of homeownership became twisted and too many people were persuaded to pay insane prices and take out unsustainable mortgages in the quest to fulfill the American Dream.

Then the housing crisis smacked people back to common sense.

I've never been supportive of stigmatizing renters as financial failures. Although it's true that homeownership has been the path to prosperity for most American families, it's not the only path. If you buy a home before you are economically ready, it can drag you down financially. As we saw with the drop in housing prices, you can be left without a home and your savings.

A just-released study by HelloWallet puts the debate of homebuying vs. renting in perspective. If the cost of renting is less than that of owning a home and you save well, you can accumulate just as much wealth as homeowners do, the study contends.

The question HelloWallet set out to answer was this: Could renters build more net wealth than homebuyers, while taking on much less risk, by forgoing homeownership and investing the yearly savings from renting in a tax-deferred retirement plan?

They could indeed, the study concluded.

“Over half of current homeowners, or over 40 million households, purchased their homes during time periods when average homebuyers would have been better off renting and investing,” the report noted.

For me, the take-away from the report is that buying a home is not a no-brainer. It never was. There's much to consider and the old rules of thumb aren't always true, including assuming that renting is a detriment to wealth-building.