How to Save the Dying American Dream of Homeownership

Opinions expressed by *Entrepreneur* contributors are their own.

A brief moment in recent history gave the housing market some hope: In early 2020, homeownership rates had hit their highest point since the 2008 housing market collapse.

Then things took a drastic turn. Now, nationwide housing shortages are driving prices up, with no signs of coming back down anytime soon. The "American dream" of homeownership has long been unattainable for many, but now it's moving further out of reach. What can we do? What *should* we do?

It's tough to be certain, and I don't claim to have all the answers, but I'd like to share some of the lessons I've learned on my personal and professional journey. It's my hope that with these learnings and others, we can help fix what's broken in the real estate industry.

Related: The Real-Estate Game Is Changing Fast. Are You Ready to Win?

Getting out of bad situations

Scarcity in the market will correct itself in time, as more homes are built to address increasing demand. However, affordability will likely remain the biggest and most difficult problem to solve in the housing market, and it's something I'm all too familiar with as the leading cause of people abandoning the homebuying process. It can be daunting

to watch prices climb year over year, thinking they'll eventually climb so high that you'll never be able to afford your own home, but there is a way through it.

After my parents got divorced when I was young, my mother had to ask my cousin to co-sign for us to qualify to get into our next house. That was our way forward then — and the promise of blockchain technology allowing for the fractionalization of homeownership between multiple parties will likely become a valid pathway in the near future — but we're not there yet.

For the moment, the biggest impact we can have on runaway pricing is lowering the fees associated with buying a home. In my mother's case, even with a co-signer, we still couldn't afford to actually live in the house and pay the mortgage, so we rented out the home itself while my mother, two sisters and I lived in the garage with no plumbing or HVAC for the better part of two years. Those were not easy days; it was a time of survival, and it's something no family should have to endure.

Related: Blockchain Technology Is Revolutionizing Real Estate. Are You Ready to Cash In?

Go your own way

The traditional real estate transaction includes fees for a 6% commission — 3% for each agent. Maybe that made sense once upon a time, back when real estate used to be a lot more work. However, technology has improved the process so much that this antiquated model often does not benefit the consumer. The average American needs help; they need someone to have their back.

Reducing or removing excess fees is the first and perhaps the most vital step toward democratizing homeownership. Along with such fees comes what I feel is unnecessary complexity that pervades the entire process of buying and selling a home. I long for the day when the homebuying experience has become so

efficient and streamlined that buying a home is no more complicated than buying a car (even though that process could stand to be made a little less stressful, too). Solving the problems of excessive fees and needless complexity is chief among the concerns of those working to rectify the industry's shortcomings.

While I would never recommend homeownership as a primary investment vehicle, getting into the market now can still make sense. Maybe it shouldn't be this way, but homeowners have a median net worth 40 times that of renters. However, homeownership is about more than just buying an asset that will accrue value. It's about finding and owning a place to live your life and create memories.

Related: Real-Estate Tips for Assisting Millennials Buying Their First Homes

Disrupt, innovate, improve

It's not enough to "move fast and break things." Innovation should benefit the consumer. Edison brought the lightbulb to the consumer market. Ford made affordable automobiles. They both made a lot of money as entrepreneurs, but they also made the lives of the average consumer better.

When the internet began bringing technology into the real estate market, sites and services were launched that many hoped would disrupt the industry by simplifying the process and making it easier to match sellers with buyers – and they did, for a while. However, in today's competitive market, iBuyers have emerged that are able to outbid and outmaneuver traditional homeowners by leveraging their liquidity to make cash offers that regular buyers can't compete with. Giving average buyers the ability to make competitive cash offers is one of the best tools the industry has at its disposal to restore a sense of fairness to the marketplace, and it's something I wholeheartedly support.

Over the past two years, we've gone through the most uncertain market this country has ever seen. Demand for housing reached all-time highs while housing supply hit all-time lows. As a result, housing has become so expensive that homeownership seems out of reach for those who want and need it the most. People don't want to sell because they're afraid of buying in this market. To put it bluntly, people feel stuck. This has many, myself included, asking, "Where do we go from here?"

I may not have all of the answers to that question, but I'm hopeful for the future. We can take what we've learned about getting out of bad situations, doing things differently, and disrupting the status quo to move forward. We can still help make homeownership dreams come true. It's just going to take more elbow grease than ever before.

https://www.entrepreneur.com/article/426703