Empirical Economics Letters, 25 (10): (October 2026), pp. 1-9 *ISSN 1681 8997*
https://doi.org/10.5281/zenodo.23265141

Persistent Home Improvement Behavior under Unobserved Heterogeneity

Herman Li

Department of Economics, California State University
Sacramento, California, USA
Email: herman.li@csus.edu

Abstract: Using data from the American Housing Survey, we seek to determine if there is any dynamic effect of previous improvement behavior on current period improvement behavior while controlling for unobserved heterogeneity. Our results show that longer improvement spells are due more in part to heterogeneous preferences than to previous period improvement activity. Policies where some amount of home improvement activity is subsidized with the (potentially misguided) expectation that it will cause homeowners to undertake more improvements on their own may need to be reevaluated.

Keywords: Homeownership, Home Improvements, Housing

JEL Classification Number: D15, R2