Literature Review

Philanthropic Giving in the Communities Where Donors Own a Second Home

Conducted by: Sue Carter Kahl, PhD

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Introduction

The purpose of this literature review is to identify studies that provide insight into the philanthropic giving of donors in the communities where they own a second home. These donors are referred to as second-home owners (SHO).

The review begins with an overview of second-home ownership in the target area and findings from the one study related directly to SHO giving. It then highlights findings about what little is known about the influence of geography on giving as well as psychological barriers to giving. It concludes with recommendations from scholars and consultants about the need for additional study about geography and giving.

Second Home Ownership in the Target Area

The geographic area of interest includes the Mountain West states of Nevada, Arizona, New Mexico, Colorado, Utah, Idaho, Montana, Wyoming, and Texas along with the South Central states of Oklahoma, Louisiana, Alabama, Mississippi, Kentucky, Tennessee, and Arkansas.

The National Association of Home Builders[1] estimates that there are 7.15 million second homes nationwide, as of 2020. Half of the second homes are in eight states: Florida, California, New York, Texas, Michigan, North Carolina, Arizona, and Pennsylvania.

Second homes account for at least half of the housing stock in nearly three dozen counties. The target area states that include one or more of these counties are: Colorado (five counties), Utah (two counties), Idaho (one county), and Texas (one county).

(Note: Estimates are based on homes that qualified for the home mortgage interest deduction and were non-rental properties that were not the taxpayer's primary residence.)

Second-Home Owner Study – Philanthropic Giving Literature

Only one report[2] specifically addressed the giving interests of donors in the communities where their second homes were located. It was conducted in October 2008 in Sullivan County, New York.

Second-home owners reported interest in offering the following types of support to nonprofits:

- 63% making a financial contribution
- 55% attending events
- 28% becoming a member
- 20% volunteering
- 12% donating product/service
- 5% helping organize fundraising events

The types of nonprofits they supported included:

- 72% open space preservation
- 57% emergency services
- 51% arts and culture
- 26% children's education programs
- 25% youth development

Factors that influenced their giving were:

- 60% personal experience or a philanthropic mission consistent with their priorities
- 27% event attendance
- 22% family or friend recommendations
- 7% media coverage
- 3% planned giving opportunities
- 2.5% celebrity endorsements

Related Literature: Donor Preferences, Residency, and Giving

The literature review only revealed one study that specifically addressed the giving interests of SHO. There were, however, several studies that were related to the topic. Although they are not a precise fit, the findings may be useful for informing the SHO donor study. The following section provides an overview of the relevant findings.

Donors Prefer to Give Locally

Scholars have determined that donors primarily give locally to their own communities[3]. Furthermore, they tend to support organizations or activities that they benefit from or use themselves[3,4][SC1].

A preference for local giving also is supported by more recent reports.

- 77.8% of high-net wealth donors reported their 2022 giving was at the local/community level[5].
- Survey and focus group participants of varying wealth levels across the U.S. indicated that a great deal of their giving was at the local and interpersonal level[6].
- For Fidelity Charitable donors nationwide, 39% of donor-recommended grants were made in cities where the donors lived. Local giving was even more common for the top 30 cities. Seventeen of these cities granted a higher percentage of

philanthropic dollars to local nonprofits (when compared to the national average)[7].

- Finally, a report on grants made by giving circles indicated that 70% of gifts were made in the home state of the group's members with 47% reporting that grants go to the city, town, or county where they are located[8].

The Fidelity report suggested that making local donations enables donors to witness the impact of their gifts on the community and neighbors[7].

Donor Residency and Charitable Giving
The prior studies found a strong preference for local giving. How then does changing location influence giving? That was the question at the center of an academic study conducted in 2010 on the giving of 470 older adults who moved to Wilmington, North Carolina. The study examined how geographic relocations (not dual-home ownership) influenced giving in the former and new home communities. The authors found that:

- The longer a respondent lived in a community, the more likely he or she was to give locally to secular organizations. Additionally, a larger proportion of their total and secular giving stayed local[9,10].
- Three communal factors influenced giving: sense of community, social networks, and regional cultures[9].
    - As individuals gained a stronger sense of community, they increased their local donations.
    - Larger social networks increased donation magnitude and volunteering.
    - Midwesterners moving to Wilmington gave more generously than Southerners. Initially, Northeasterners gave at lower amounts but after about 10 years increased the amount of their donations.

The authors reported in another article[11] that donors "try to replicate their giving and volunteering behaviors in [their] new community" and that some monetary donations are "sticky". In other words, people continued to donate to agencies where they previously lived.

Psychological Barriers to Giving
Thoughtful giving in one location can be a significant challenge, as evidenced by a new study[12] that identifies psychological barriers donors may encounter. Though the report authors did not extend their findings to donors living in two communities, it may be valuable to consider how psychological barriers apply to giving by SHO. Extending philanthropic donations to a new community may especially activate these psychological barriers:

- feeling overwhelmed with too many options,
- worrying that more information is needed to make a good decision,
- lacking trust in nonprofits,
- feeling uncomfortable with the risk and uncertainty that accompany not having relationships with local nonprofits, and/or
- operating with a scarcity mindset or sense of inadequate wealth when compared to external benchmarks.

Need for More Study About the Influence of Geography on Giving

Though there is some research about the locations of donors and their giving, there are relatively few studies that examine how geography affects giving. A team of scholars[10] observed that "little is known about how geographic movement influences philanthropic behavior." In a related article[9], they suggested that qualitative research could help illuminate the "complexities of personal giving stories and their relationship to time and place." A more recent study conducted about high-net wealth donors of color by Donors of Color Network[13] also suggested that a geographical lens would be useful to consider in future research. In summary, though many studies explore diverse demographics and motivations of donors, few address the role that geography plays in giving decisions.

References

[1] *The Nation’s Stock of Second Homes. National Association of Home Builders (NAHB). N. Zhao. May 13, 2022.*

The “analysis focuses on the number and location of second homes that would be qualified for the home mortgage interest deduction by individuals using the Census Bureau’s 2020 American Community Survey (ACS). NAHB estimates are based on the definition used for home mortgage interest deduction: a second home is a non-rental property that is not classified as taxpayer’s principal residence.”

[2] *Second Home Owner Study: Assessing Attitudes, Consumer Behavior, and Housing Tenure in Sullivan County. Division of Planning and Environmental Management. October 2008.*

The second home industry continues to play an economic and social role in Sullivan County. This report offers a comprehensive examination of this housing sector in the County to gauge concerns and tenure of second home owners (SHOs). The analysis focuses on the following aspects of second home owners in Sullivan County: 1) current demographic profile, and how it has changed over the past ten years; 2) insights on how SHOs got information about Sullivan County and why they bought here; 3) property location and use patterns; 4) evaluation of community attributes and quality of services; 5) travel behavior and frequence of stays; and 6) purchasing behavior and philanthropic giving among second home owners.

[3] *Social Participation and Charitable Giving: A Multivariate Analysis. P. G. Schervish and J. J. Havens. 1997. Voluntas.*

Rather than turning so readily to declarations about generosity, we must take into account the following: (1) The greatest portion of giving and volunteering takes place in one's own community and church and helps support activities from which the donor directly benefits. (2) The basis for higher measured giving and volunteering may have less to do with generosity than with the density and mix of the network of formal and informal association within one's local community and the breadth of one's associations beyond the local level. (3) This associational network reflects both the willingness of people to get involved as well as the obligations of involvement connected to certain types of engagements. (4) Therefore, higher or lower levels of measured giving of time and money do not necessarily reflect differences in individual generosity. (5) To understand these differences we must look at the communal analog of what William Julius Wilson and others refer to as resources of social capital available to particular groups. When it comes to measured philanthropy, it is a matter not just of moral capital in the form of generosity. It is perhaps more a matter of associational capital in the form of social networks of invitation and obligation.

[4] Patterns of Generosity in America: Who's Holding the Safety Net? *J. Wolpert. 1994.*

A summary of the findings for the eighty-five largest metropolitan areas and their respective thirty-six states shows the following: 1. American generosity varies significantly from place to place in both level and targeting of contributions. 2. Differences in giving levels have been declining, although principally due to the harsher economic environment in the more generous places rather than greater generosity in the more parsimonious places. 3. Giving rates are higher where per capita income is higher, distress levels and population numbers are lower, and the political and cultural ideology is liberal rather than conservative. 4. Higher giving rates are associated with greater targeting for services used by donors themselves rather than for the more charitable social welfare services. 5. Continued residential flight from impoverished center cities into socially homogeneous suburban communities is increasingly separating donor capacity from local centers of need and from the major nonprofit institutions that remain in the city centers.

[5] Charitable Giving by Affluent Households. *Indiana University Lilly Family School of Philanthropy and Bank of America. 2023.*

77.8% of respondents said their giving in 2022 was at the local/community level (compared to state, national, international). 2.8% of affluent donors reported that their giving decisions and strategies are driven by geographic areas compared to those citing giving is driven by organizations (50.9%), issues (38.2%), or other (8.1%).

[6] Everyday Actions, Extraordinary Potential: The Power of Giving and Volunteering. *The Generosity Commission/Hattaway Communications. 2024.*

The survey and focus groups revealed that a great deal of giving and volunteering happens on the local and interpersonal level. The most common giving actions included easy, personal, and local actions like donating clothes, food, or other resources (78%), giving money to strangers in need (57%), and giving money to or helping people the donor knows personally (64%). Focus group respondents described how local projects provide givers a window into how their actions directly affect another human or a cause, leaving them with a sense of fulfillment.

[7] 2023 Geography of Giving. *Fidelity Charitable.*

When Fidelity Charitable donors consider how to recommend grant dollars, many choose to prioritize nonprofits located where they live. By doing so, they can see firsthand the direct impact that their grant recommendations make on their communities and the everyday lives of their neighbors and fellow citizens. ...Nationwide, 39% of donor-recommended grant dollars in 2022 were sent to charities located in the cities where donors live. This holds nearly even with 2019, when approximately 42% of grant dollars went to local charities. Of Fidelity Charitable's top 30 cities for giving, more than half (17 of 30) granted a higher percentage of philanthropic dollars to local nonprofits than the national average. Donors in nine of the 30 cities increased their focus on local giving, recommending a higher percentage of grant dollars to local charities in 2022 than they did in 2019.

[8] In Abundance: An Analysis of the Thriving Landscape of Collective Giving in the U.S. *A. Loson-Ceballos and M. D. Layton. 2023.*

Collective giving is deeply invested in place-based philanthropy. A significant majority of survey respondents' groups (93%) drew members from a single locale or state. A localized approach is evident across funding activities, as well: 70% of leaders reported that their funds stay in their home state, and nearly half of all respondents (47%) reported making grants within the same city, town, or county.

[9] Place, Time, and Philanthropy: Exploring Geographic Mobility and Philanthropic Engagement. *R. M. Clerkin, L. E. Paarlberg, R. K. Christensen, R. A. Nesbit, and M. Tschirhart. 2012. Public Administration Review.*

Abstract: America is a nation of movers, and this has implications for public and nonprofit managers who rely on donations and volunteers to increase the capacity of nonprofits and to strengthen local communities. This article explores the impact of time and place on philanthropic engagement, focusing on how three aspects of community—sense of belonging, social connections, and regional culture—are related to volunteering and giving to local organizations. The authors find that geographic mobility affects philanthropic engagement. Drawing on a survey of active older Americans, the authors find that three community factors —sense of community, social networks, and regional cultures— are related to one or both types of philanthropic behavior. The authors conclude by offering thoughts for future research and practice.

[10] Philanthropic Mobility and the Influence of Duration of Donor Residency on Donation Choices. *R. A. Nesbit, R. K. Christensen, M. Tschirhart, R. M. Clerkin, and L. E. Paarlberg. 2015. Voluntas.*

Abstract: Scholars have long been interested in what influences philanthropic behavior. However, little is known about the effects of length of residency on charitable gifts to local and non-local organizations. Using 2010 survey data from 470 older individuals, we examine whether donors' geographic relocations influence philanthropic behavior and whether these moves are a bigger challenge for some types of nonprofits than others. We find variations in giving to specific types of nonprofits based on residency duration. The giving patterns we uncover add depth to our understanding of philanthropic behavior and inform nonprofit managers seeking to better understand older adults' giving to local and non-local religious, human services, arts, and education nonprofits.

[11] Packing and Unpacking Philanthropy: How Geographic Moves Affect Giving and Volunteering. *R. M. Clerkin, L. E. Paarlberg, R. K. Christensen, R. A. Nesbit, M. Tschirhart, and S. Myser. 2013. Academy of Management Proceedings.*

Abstract: In this paper, we seek to understand more about how geographic moves affect philanthropic behaviors, especially giving and volunteering. This is a mixed-methods study of a group of older Americans using both survey and interview data. Using a grounded-theory approach, we develop a conceptual model for how geographic moves affect philanthropic choices. We find strong support for continuity theory—that individuals try to replicate their giving and volunteering behaviors in the new community. Our findings also support role identity theory in that many respondents view themselves as a person who "always" volunteers or gives. Individuals with weak philanthropic habits are less successful at making philanthropic connections with local organizations. A host of factors affect the relative success of making these connections, such as the quality of the volunteer experience, major life events, and available resources.

[12] Overcoming Psychological Barriers to Giving. *P. Tantia, N. Tedesco, and B. Erickson. 2024. National Center for Family Philanthropy.*

Getting started with—and scaling up—philanthropic giving is hard. Even the most enthusiastic and driven donors often become overwhelmed and anxious, causing them to put off, stall, or curtail their efforts, which in turn hinders impact and strips the joy out of philanthropy. Why are so many otherwise accomplished individuals and families stuck? The answer is deceptively simple: giving triggers psychological barriers that can have a bigger impact on donors than we might think.

[13] Philanthropy Always Sounds Like Someone Else: A Portrait of High Net Worth Donors of Color. *Donors of Color Network. 2022.*

Until recently, Black, Indigenous, and people of color (BIPOC) with high net worth (HNW) and ultra-high net worth (UHNW) have been an apparitional presence across philanthropic and nonprofit sectors. Seen as anomalies rather than animators, their giving, values, and experiences as donors have not been appreciated or studied. Philanthropic research projects, like this one, have just begun to ask questions that include BIPOC individuals, and funding for these efforts remains insufficient. The leadership and voice of donors of color remains underrepresented in all existing donor networks. In general, nonprofits lack experience and strategies to engage effectively with this community of givers.