

Habitat for Humanity of Orange County, NC

Promoting Black Homeownership



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Acknowledgements

The Promoting Black Homeownership report would not have been possible without the generous support from our sponsors UNC Health and First Horizon Bank.

About Habitat for Humanity of Orange County, NC

Habitat addresses the need for safe and affordable housing through new home construction and home preservation. Since 1984, Habitat has built over 300 affordable homes for low-income households in Orange County. These homes are transformative for the families who own them. Homeownership is linked to better behavioral, educational, health, and employment outcomes. All Habitat homes are green-certified, support aging in place, and remain permanently affordable.



Since 2009, Habitat has completed repairs and accessibility modifications for over 200 low-income homeowners. Many homeowners, especially older adults or those living with disabilities, defer repairs because they are physically unable to complete the needed work and cannot afford to hire a professional. As deferred maintenance adds up, homes become unsafe due to failed plumbing, leaky roofs, mold, or asbestos. Habitat provides much needed support. These efforts preserve naturally occurring affordable housing and slow gentrification.

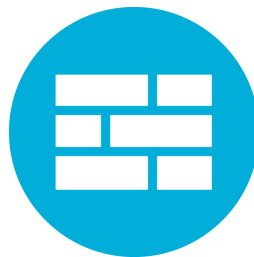
Habitat is dedicated to strengthening the communities it serves by building relationships and supporting revitalization initiatives. Habitat's work emphasizes partnering with neighborhood residents and stakeholders to help achieve the goals and aspirations of the community. To date, this work has included the development of community gardens, neighborhood cleanups, and aiding advocacy efforts for improved transit access and community amenities.

Executive Summary

Racial disparities in housing and wealth are preventing Black residents from attaining stable homeownership in Orange County, NC. This report provides an overview of current and past racial disparities, details how Habitat’s programs have impacted Black homeownership in Orange County, and presents policy solutions that can promote Black homeownership.

Key Findings

- 334 total Black families impacted through the Homeownership and Home Preservation programs.
- 23 Black homeowners paid off their mortgages.
- \$14,095,000 total home equity held by Black Habitat homeowners.
- 82% average property appreciation for Black-owned Habitat homes since purchase.
- 15 years is the average length of time that Black Habitat homeowners have lived in their homes.
- \$582,460 invested into Black-owned homes in Orange County through Home Preservation.



334 families

of Black families impacted through the Habitat's programs.

\$14,095,000

Total home equity held by Black Habitat homeowners.

\$582,460

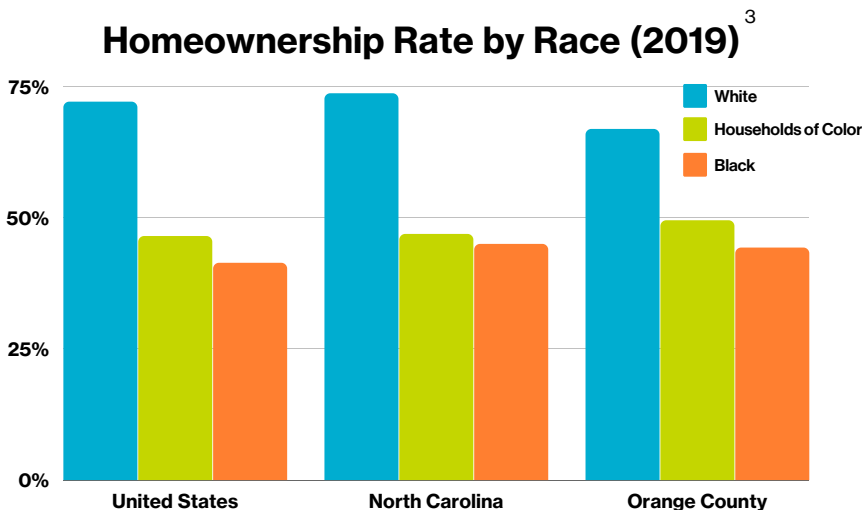
Amount invested into Black-owned homes through the Home Preservation program.

Racial Disparities in Housing

Habitat's vision is an Orange County where everyone has a decent place to live. This vision is attainable only by addressing centuries of racial discrimination in housing policy and lending practices. This legacy of systemic racism in housing created the dramatic disparities in housing opportunity and wealth building that persist today.¹

Racial Homeownership Gap

Ample research shows that homeownership creates life-changing impacts for families and communities.^{1,2} However, the significant disparities in homeownership rates between Black and white families indicate that owning a home is not a dream realized by all. In Orange County, NC, two-thirds (67%) of white households are homeowners while less than half (44%) of Black households own their homes.³

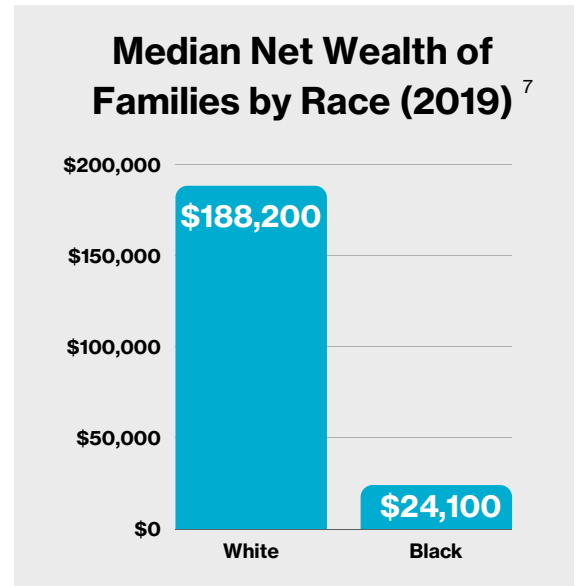


Brief History of Racial Inequities in Homeownership^{3, 4, 5, 6}

- **1917: Segregation Ordinances**
Supreme Court ends local ordinances which created all-Black and all-white sections in cities across the U.S.
- **1934: Redlining**
The Federal Housing Administration and Veteran Administration refuse to back mortgages to Black households.
- **1948: Restrictive Covenants**
Supreme Court bans property covenants that prohibit Black households access to buying or living in homes in white areas.
- **1968: Housing Discrimination**
The Fair Housing Act is passed, protecting people from discrimination in renting or buying a home.
- **1968-present: Exclusionary Zoning & Illegal Housing Discrimination**
Practices such as exclusionary zoning and illegal discrimination continue to limit households of color access to ownership.
- **2008: Subprime Mortgage Crisis**
Housing crisis spurred by subprime mortgage lending disproportionately impacts households of color.
- **Present: Covid-19 Pandemic**
Black households and households of color are more vulnerable to job losses and housing insecurity caused by Covid-19.

Racial Wealth Gap

For the majority of Americans, homeownership represents the single largest source of wealth.¹ Thus, racial gaps in homeownership rates serve as a primary driver for the nationwide racial wealth gap. In 2019, the median net wealth of white households was eight times greater than that of Black households (\$188,200 vs. \$24,100). These economic inequalities are perpetuated over generations as Black families have less access to the stability created by wealth.⁷




Unequal Need for Affordable Home Repair

Black households and households of color face steeper challenges to sustaining homeownership than white households.² Home maintenance and repair represent one of the many aspects of homeownership where barriers exist. A 2018 Federal Reserve Bank of Philadelphia Report found that it would cost \$126.9 billion to repair all housing deficiencies nationwide. This report found that Black-owned homes comprise a disproportionate amount of this need.⁸ Affordable and accessible home repair is critical to ensuring everyone has the opportunity to live in a safe, affordable home that appreciates in value over time.

PolicyMap's 2018 Findings: The Real Cost of Home Repairs⁸



\$126.9 billion
need for housing repairs



\$2,920 average cost
of repairs for houses in disrepair



More than 1/3
of occupied homes need repair



1 in 20
homes need more than \$5,000 in repairs

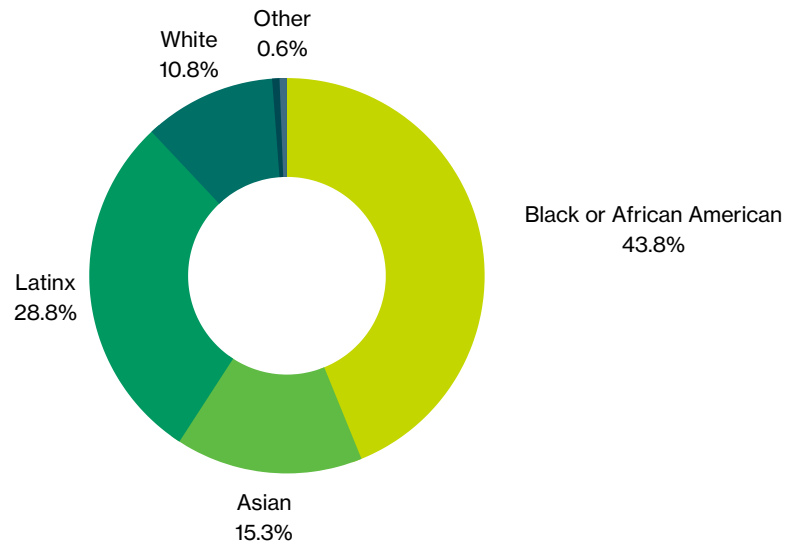
Adapted from PolicyMaps's The Real Cost of Home Repairs (2018)

Building Wealth: Homeownership Program

Program Demographics

Habitat’s homeownership program builds the wealth of Orange County residents. Since its founding in 1984, Orange County Habitat has served 334 households. 9 out of 10 (89%) of these families are households of color. Nearly half (44%) identify as Black or African American.⁸

Habitat Homeowners by Race



Spotlight: Mona

Mona and her four children moved into their Habitat home more than 20 years ago. For Mona, owning a home meant a safe and stable place to raise her family.

“My dream was to own a home before all of my children graduated high school. Thanks to Habitat, I had my own home before my first even went to high school,” said Mona.

Since her family moved into their home in 1996, Mona’s four children have graduated from high school and then from college, with three going on to earn advanced degrees.

In 2016, Mona paid off her mortgage. With that milestone behind her, she’s been taking on projects to give her home a facelift, like replacing cabinets, doors, and landscaping. She’s excited to make improvements that will allow her to continue to enjoy her home for many years to come.



Mortgage Profile of Black Homeowners

Habitat offers affordable mortgages for first-time homebuyers. At closing, mortgage payments (including escrow) will not exceed 30% of household gross monthly income, regardless of the appraised value of the home. Recent mortgage data indicate:

- 100 Black homeowners are actively paying their mortgages. On average, these homeowners are 2/3 of the way through paying off their mortgages.
- 23 homeowners have paid off their mortgages. These homeowners are building wealth with increased savings opportunities.
- 23 homeowners have sold their home for reasons including: job opportunities, changes in family size, or passing their home to the next generation.¹⁰

100
Actively Paying off
Mortgages

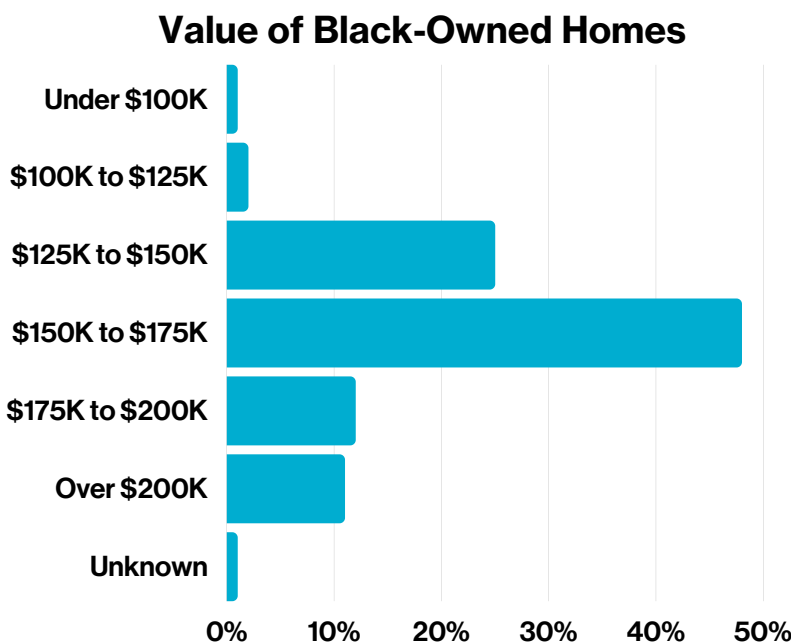
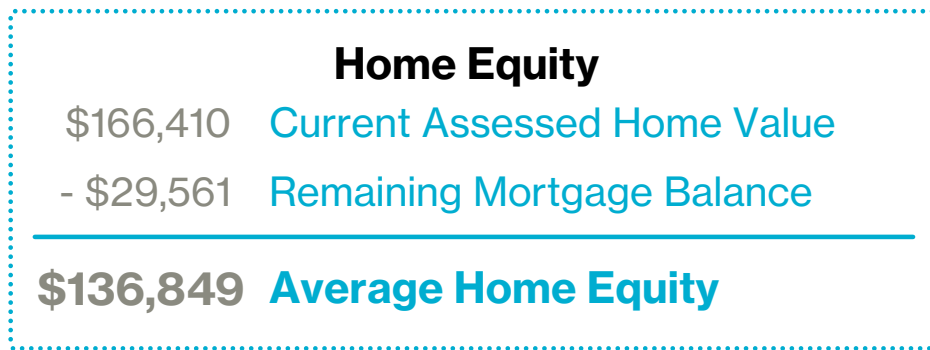
23
Paid off
Mortgages

23
Sold Home for New
Housing Opportunity



Property Characteristics

Habitat homeowners live in homes across Orange County, including Chapel Hill, Carrboro, Hillsborough, Efland, and Mebane. Black Habitat homeowners have lived in their homes for an average of 15 years, compared to the area average of 11 years.¹¹ The average assessed home value in 2020 was \$166,410. The average Black Habitat homeowner has \$136,849 in home equity. Altogether, Black Habitat homeowners own \$14,095,000 in home equity. Black-owned Habitat homes have appreciated by 82% on average since purchase, indicating this equity is expected to continue to increase over the next several years.¹²



Home Appreciation



Home Tenure

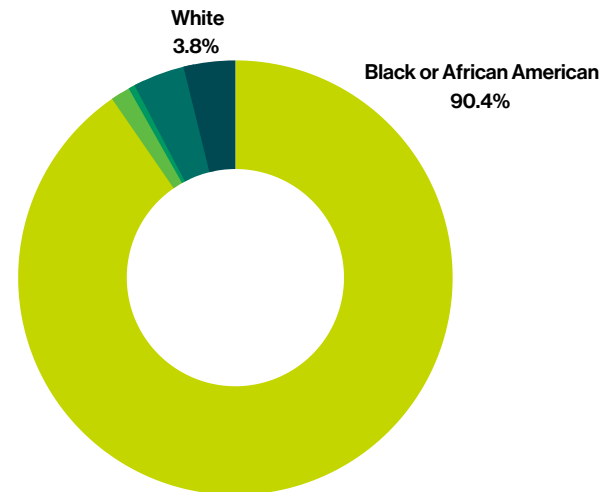


Preserving Wealth: Home Preservation Program

Program Demographics

Habitat’s home preservation program preserves the wealth of Orange County residents. Since the program started in 2009, Orange County Habitat has served 208 families. Majority (90.4%) of these families identified as Black or African American.¹³

Program Recipients by Race



Program Impact

Habitat’s home preservation program ensures homeowners stay rooted in their communities. Since 2009, Habitat has invested \$582,460 into Black-owned homes through repairs (including project materials and labor.) On average, each homeowner has received \$3,100 in repairs on their homes. This amount has steadily increased in recent years as the program seeks to meet critical needs. Common repairs include roof replacement, deck or porch replacement, bathroom modifications, heating or cooling, and accessibility ramps.

\$582,460

Total Amount
Invested

\$3,100

Average Repair
Amount

Most Common Type of Repairs

1. Roof Replacement or Repair
2. Deck or Porch Replacement
3. Bathroom Modification
4. Heating or Cooling
5. Accessibility Ramp

Spotlight: Robert

Robert is a life-long resident of Chapel Hill and a proud Army veteran. He recently retired from UNC Health as an Operation Room Technician. He now spends most of his free time with his two grandchildren and two great grandchildren.

Taking care of his great grandchildren was what initially made him take action to seek support for the critical repairs needed on his home. Robert's roof and bathroom were in desperate shape. His home also did not have any heat so he had to rely on heaters to keep warm during the cold winter months.

"Some rooms you would freeze, and some you would rely on space heaters. I knew the work needed to be done, but people aren't always financial able to think about it," said Robert.

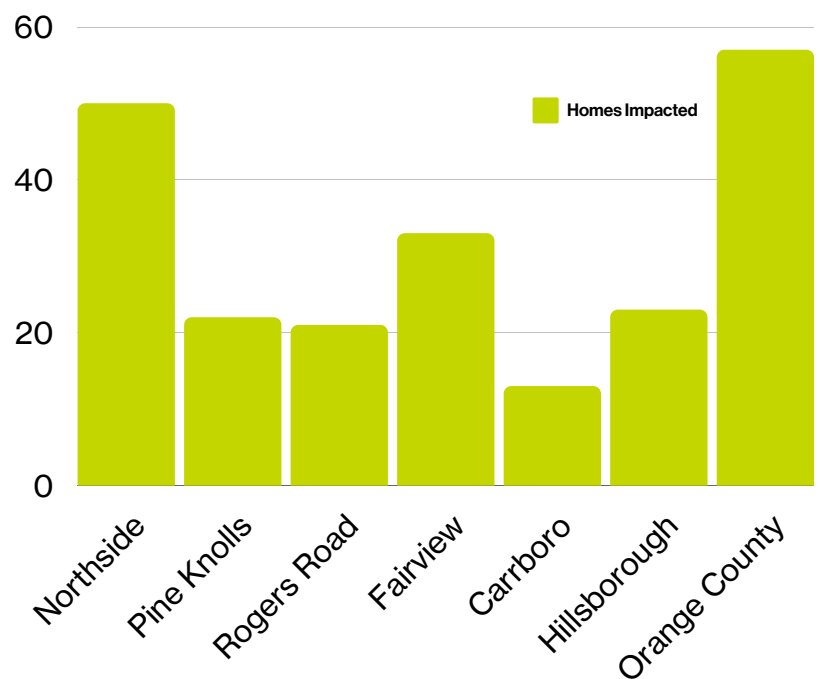
Robert learned about Habitat's program through the Jackson Center, who helped him fill out an application. Through the generous support of funders committed to serving veterans, Habitat was able to replace Robert's roof, repair his bathroom, and install a new heating system in the home.



Neighborhood Impact

Habitat is committed to strengthening the communities it serves. Habitat makes a concerted effort to repair the homes of residents living within specific neighborhoods around Orange County. In 2021, Habitat completed its 50th home repair project in the Northside neighborhood in Chapel Hill. Other focus neighborhoods include Roger's Road in Chapel Hill and Fairview in Hillsborough.

Focus Neighborhoods



Policies to Advance Racial Equity in Housing

Habitat's Role

Habitat for Humanity of Orange County recognizes that significant systemic work on the federal, state, and local level is needed to rectify past injustices and create solutions for a more just and equitable future. We also recognize that our role as a home builder, mortgage lender, and social support organization provides a platform and a duty in the racial equity movement to help contribute towards overcoming these challenges.

Habitat for Humanity International's Cost of Home campaign provides a framework for advocating for anti-racist housing and land-use policies at the local, state, and federal levels. In August 2020, Habitat for Humanity International released Racial Disparities and Housing Policy, a report that outlines five policy solutions to advance racial equity in housing.¹³ Our affiliate commends and supports these efforts as we work to advocate for these policies locally in Orange County, NC.

Habitat for Humanity International's 5 policy solutions to advance racial equity in housing

¹³



1. Increase Opportunities For Black Homeownership
 - a. Increasing Access To Down Payment Assistance For Black Homebuyers
 - b. Increasing Access To Affordable Credit For Black Homebuyers
 - c. Investing In Affordable Homeownership
 - d. Retargeting The Mortgage Interest Deduction To Make It More Equitable
2. Invest In Distressed, Racially Segregated Communities
3. Stop Perpetuating Segregation
4. Reforming Zoning To Allow Mixed-Income Communities
5. Increasing The Mobility Of Families With Housing Choice Vouchers
 - a. Invest In Affordable Rental Housing
 - b. Minimize The Damage Of Covid-19 On Black Households

Conclusion

Habitat envisions an Orange County where everyone has a decent place to live. This vision is only attainable through addressing the centuries of racial discrimination in housing policies and practices that led to the unequal wealth and housing opportunities that exist today.

Over nearly 40 years, Habitat has impacted over 330 Black families in Orange County through our homeownership and home preservation programs. One hundred Black Habitat homeowners are building wealth as they pay down their mortgages. Since 2010, Habitat has invested nearly \$600,000 in Black-owned homes across the county. This investment allows existing homeowners to age in place and preserve their home's wealth: wealth that will provide strength, stability, and self-reliance for generations to come.

Significant systemic changes are needed on the federal, state, and local levels to rectify historic injustices. Habitat for Humanity of Orange County, NC recognizes our important and unique role in advocating for policy solutions that will advance a more just and equitable future.

Appendices

Data

Data utilized in this report was collected through a variety of sources. Programmatic data, such as demographic data and program outcomes was collected from programmatic materials. Mortgage data and calculations were completed using the November 2021 mortgage report compiled by Habitat's mortgage servicer, Affiliate Mortgage Services (AMS). Property value information was accessed from December 2021 public records using Orange County's Geographic Information System.

Methods

This report uses descriptive analysis only. At certain points in the report, select benchmarks are used for comparison.

Calculations

This section provides more information on the calculations made in this report.

- Mortgage: Mortgage balance figures were calculated using available data from AMS. This data used only first or primary mortgage data. Information on 2nd, 3rd or residual mortgages was not available.
- Equity: Calculations for equity owned by a homeowner was calculated using [Current Assessed Value of Property] - [Remaining Mortgage Balance]. This calculation accounts for any appreciation that may have occurred over the course of a homeowner's mortgage payments.
- Property Appreciation: Property valuation figures were used by examining purchase price data and assessed values. Appreciation was calculated using the change in property value divided by the purchase price.

Authors

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