



Affordable Mortgage Products: Engines of Upward Mobility

The North Carolina Housing Finance Agency's mortgage products help first-time home buyers, working families, and other lower-income North Carolinians purchase affordable homes in quality neighborhoods. This opportunity launches buyers toward long-term financial security, which can pass on to their children.

BACKGROUND

Specialized mortgage products such as the NC Home Advantage Mortgage™ help lower-income families build wealth. Homeownership is a primary vehicle for building assets that pass from one generation to the next—but for many lower-income and minority families, traditional mortgage products are out of reach. The NC Home Advantage Mortgage™ effectively assists underserved buyers, pumping property value, tax revenue, and job support into the state economy in the process. Homeownership benefits buyers' children as well, even after they strike out on their own, as it is linked to improved health outcomes, increased educational attainment, and better job prospects and earnings as adults.^{1,2} This brief describes how the NC Home Advantage Mortgage™ puts low-income families and children on a path for success.

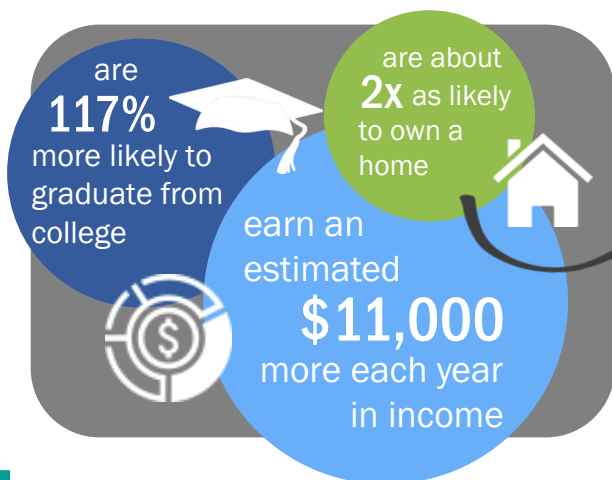
NC Home Advantage Mortgage™'s ECONOMIC IMPACT

18,900 home buyers assisted
\$2.8 BILLION in property value
\$41 MILLION in tax revenue
 9,000 jobs supported

AFFORDABLE MORTGAGE PRODUCTS GIVE FAMILIES GREATER OPPORTUNITY

Investing in homeownership pays off for multiple generations. The home is the largest store of wealth for most Americans—especially those with lower incomes. For families earning less than \$50,000 per year, home equity makes up 55-72% of total household assets, and the median wealth of low-income homeowners is 12 times that of renters with comparable incomes.³ While this wealth can be passed down to future generations, other benefits of homeownership accrue to children as well. Children raised in owned homes tend to have better reading and math scores, achieve higher levels of education, and experience greater upward mobility compared to their peers who grew up in rented homes.^{4,5} Children of homeowners earn an average of **\$11,000** more per year as adults than children of renters (in 2018 dollars).^{6,7} If every low-income renter family in North Carolina became homeowners, their children could add at least \$580 million to local economies annually.^{8,9} Individuals whose parents were homeowners are also more likely to someday own homes of their own.¹⁰

Children of homeowners...

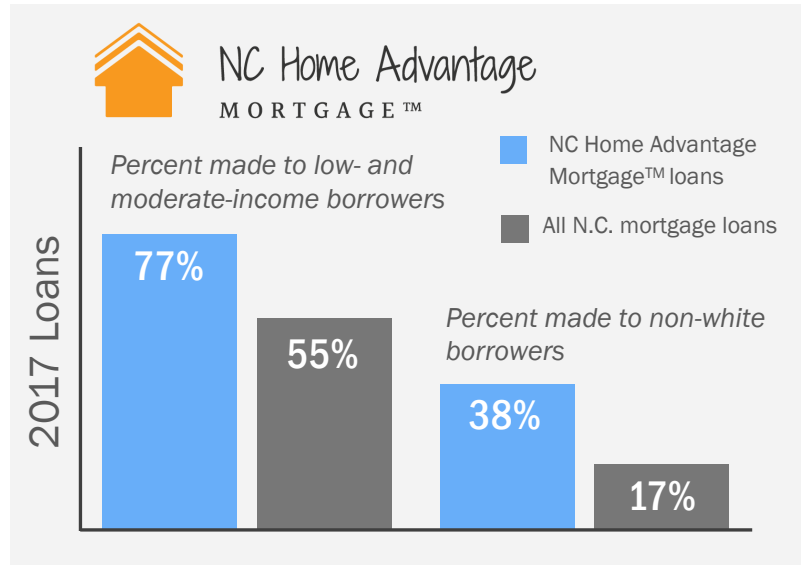


People with lower and middle incomes (\$20,000-\$60,000) are between **1.7** and **2.2 times more likely** to own homes by age 40 if their parents owned homes.

(Chacón, 2016)

...compared to children of renters

The NC Home Advantage Mortgage™ bridges the homeownership gap for underserved borrowers, boosting wealth for families and communities. In 2017, 77% of NC Home Advantage Mortgage™ loans were made to low- and moderate-income families (earning less than 120% of area median income). By comparison, only 55% of overall mortgage loans made in North Carolina went to borrowers in this income bracket. Similarly, about 38% of NC Home Advantage Mortgage™ loans went to minority (non-white) borrowers, versus just 17% of all mortgage loans in the state.^{11,12} Achieving homeownership with the NC Home Advantage Mortgage™ gives North Carolinians greater opportunity to build wealth. The value of homes purchased through the mortgage by low-income buyers (earning 50-80% of the area median income) grew by an average of \$9,700 per year (or 8% of the original value).¹³ This gain translates to equity for homeowners, which helps working families build financial stability over time. Local communities also benefit from growth in property values and tax revenues.



Affordable homeownership provides more than just shelter. Buyers build financial equity through their home purchase, while also investing in their families' future access to opportunity. At the same time, each dollar invested in a home purchase supports property values, tax revenues, and jobs within local communities.

- To learn more about the North Carolina Housing Finance Agency's homeownership programs, visit www.nchfa.com/home-buyers/buy-home.
- To learn more about our policy and research activities, visit www.nchfa.com/about-us/research-reporting-and-policy.

REFERENCES & NOTES

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9. "Low-income" defined as renter families earning no more than 80% of median family income. Calculation based on 53,018 low-income "large families" (5 or more related members), with the assumption that at least one of these family members is a child.
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12. FFIEC Home Mortgage Disclosure Act data were filtered by "Mortgages for first-lien, owner-occupied, 1-4 family homes (including manufactured housing)", for properties located in North Carolina and made for home purchase only (no home improvement or refinancing).
13. The estimated current value for each home in a random sample of 191 homes financed with the NC Home Advantage mortgage™ and sold to low-income borrowers (earning 50-80% of area median income) was obtained from Zillow (www.zillow.com). Appraised values at sale were obtained from the North Carolina Housing Finance Agency's internal data.

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