



The Impacts of Community-based Affordable Homeownership Programs

Each year, the North Carolina Housing Finance Agency’s community-based homeownership programs help more than 300 families become homeowners. The impact of these programs extends well beyond home buyer households by stabilizing neighborhoods and driving investment within local communities.

BACKGROUND

Community homeownership programs provide local economic benefits such as jobs and tax revenues. The North Carolina Housing Finance Agency offers two community-based homeownership programs: the Community Partners Loan Pool (CPLP) and the Self-Help Loan Pool (SHLP). These programs have cumulatively supported 8,400 jobs and generated \$48 million in state and local tax revenues. Every \$1 invested in CPLP or SHLP leverages \$4 of additional public and private funds, totaling \$498 million in property value.

Community home ownership’s **ECONOMIC IMPACT** in North Carolina



Affordable homeownership stabilizes neighborhoods and boosts resident engagement. Research shows that homeownership encourages property upkeep, which leads to higher home values, and that homeowners tend to be more civically engaged, volunteer in their communities, and live in their homes longer.¹

Homeownership opportunities can revitalize disinvested communities. Several of the Agency’s local government and nonprofit partners have strategically used CPLP and SHLP funds to spark broader community development work. Such initiatives bolster the stabilizing effects of homeownership by pulling additional public and private investment into neighborhoods.

IMPACT SNAPSHOT: NEIGHBORHOOD STABILITY

Affordable homeownership creates financial stability for low-income families, which leads to more stable communities. Rental housing costs in North Carolina are rising rapidly—the statewide median rent has increased 14% since 2010. In this market, home ownership is an especially valuable asset-building investment. On average, families who purchase Habitat for Humanity homes funded through SHLP pay **\$203 less** per month on their mortgage loans than they did in rent, and every dollar of principal paid goes back into their own pockets. In addition to benefitting home buyers, these savings return directly to the local economy when families use them to cover other household expenses such as groceries, medical appointments, child care, and transportation.

The savings and equity investments that SHLP and CPLP facilitate provide security for families that spans multiple generations. Children with homeowner parents are more likely to have higher math and reading scores, remain in school, and achieve higher levels of education, all of which increases their opportunities and earnings later in life.²

Another aspect of the SHLP and CPLP programs that builds financial stability is the requirement that home buyers participate in pre-purchase home ownership classes and counseling. This counseling improves participants’ credit and ultimately lowers delinquency rates on mortgage loans; the estimated cost savings attributable to pre-purchase counseling in preventing loan defaults comes to about \$1,000 per home buyer.³

The education and financial benefits that affordable homeownership provides to families ripples out to create vibrant communities. Compared to renters, homeowners feel their communities are stronger and safer, and they are more likely to know their neighbors.⁴ All this builds strong neighborhood networks—which can persist for generations, since homeownership boosts upward mobility for children of homeowners.⁵

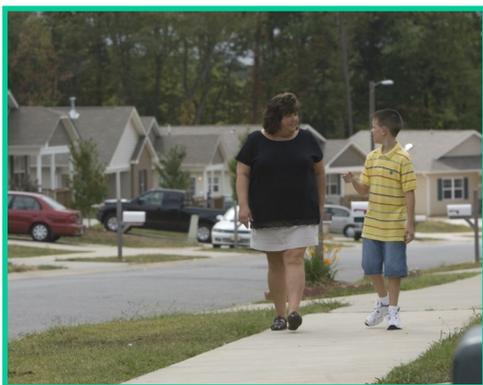


IMPACT SNAPSHOT: INVESTING IN COMMUNITIES

The city of Jacksonville, NC, used CPLP funds to help revitalize an entire neighborhood. Jacksonville's Downtown Housing Initiative worked with local builders to construct 12 homes in a previously disinvested neighborhood, which were sold to lower-income buyers with the help of CPLP down payment assistance. The city acquired decaying homes and vacant lots, which were converted into three- and four-bedroom homes with attractive design and durability features such as metal roofs and brick or fiber cement siding. Homes were built to SystemVision™ construction standards, which provide a guarantee of low monthly heating and cooling bills. The city also invested in nearby parks, walkways and other amenities that continue to attract private builders to the area.



Downtown Housing Initiative | Jacksonville, NC



Eddy Place | Mooresville, NC

Our Towns Habitat for Humanity used SHLP funds to build energy efficient, aging-friendly homes in Mooresville, NC. In 2005 and 2006, Our Towns Habitat for Humanity built a neighborhood of 29 homes that featured a combination of Universal Design and green building standards to maximize comfort and affordability. The homes' Universal Design features such as elevated electrical outlets and wide doorways allow home owners to remain in their homes as they age, while energy efficiency features such as tankless water heaters and low-bleed insulation help keep utility costs low. Development of the neighborhood was made possible through several public-private partnerships, including not only through Agency financing but investment from the Town of Mooresville for infrastructure improvements and donations from local businesses, churches and individuals, including land donation by a local couple.

Affordable homeownership opportunities provide significant social and economic benefits, not only to home buyers, but also to their families, neighbors and wider communities. Community-based homeownership programs such as those offered by the North Carolina Housing Finance Agency are particularly effective at stabilizing neighborhoods, both by providing financial security to individual home buyers and by attracting additional public and private investment to communities.

- To learn more about the North Carolina Housing Finance Agency's community homeownership programs, visit www.nchfa.com/homeownership-partners/community-partners.
- 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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