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Urban programming case study: USA

Advancing Black Homeownership

Model of intervention: Addressing Urban Inequality Through Targeted Housing

Overview of Urban Housing Context

In the United States (U.S.) there is a shortage of more than 7 million affordable homes, a reality that disproportionately impacts extremely low-income families. The number of cost-burdened homeowners, those who spend more than 30 percent of household income on housing and utilities, grew by 3 million people between 2019 and 2022, which is nearly one in four homeowners.) a system of intentional and systemic racial discrimination has for centuries prevented many Black families in the USA from owning homes, and as a result, the Black homeownership rate in the USA is now the lowest of any racial or ethnic group. While many homeowner families have been able to accrue wealth over generations of homeownership, federal, state and local policies have limited many Black families from accessing ownership to build wealth. In the 1930s, the federal government created maps showing where it was “safe” to insure mortgages. The maps outlined Black neighborhoods in red — the highest risk level — leading lenders to deny mortgages to Black households. As a result, more than 98% of the \$120 billion (about \$370 per person in the US) in federally backed mortgages between 1934 and 1962 have restricted Black households’ access to credit, a major factor contributing to this disparity. Black median interest rates are higher than those for white households making less than \$30,000. When refinancing their mortgage, Black homeowners face barriers like appraiser bias, higher interest rates, and inequitable credit scoring practices. These policies and practices reinforce generations of discrimination to keep excluding Black families from homeownership.

Detailed Overview of Project Area/Problem

Advancing Black Homeownership is Habitat’s explicit commitment to working to eliminate the racial homeownership gap in the USA. Under 45% of Black households own their home, compared to the 74% of white households, a nearly 30% difference. Homeownership is the most significant mechanism that those living in the US use to build generational wealth, yet the pervasive racial homeownership and wealth gap continues to plague the entire country. In 2021, white households had over 9 times more wealth than Black households, a gap that has continued to grow since then. Black families are also disproportionately exposed to barriers to transferring wealth between generations, as marked by issues such as tangled titles and lack of access to estate planning resources. In 2021, The Pew Charitable Trusts reported that in Philadelphia alone, over \$1.1 billion of wealth was at risk of being lost, particularly in Black and brown communities because of “tangled title” issues. In response, Habitat Philadelphia developed a program to offer free estate planning services.

Project Intervention

With the development of the Advancing Black Homeownership initiative, Habitat seeks to ensure Black homebuyers have the same access to homeownership that white Americans have had for so long; a commitment to resolve one of the greatest housing inequities of our time. Habitat increases Black homeownership by identifying and removing barriers for Black families to become a homeowner, working in partnership across sectors, and piloting innovative ways to reduce the racial homeownership gap. These interventions are then supported and scaled across the Habitat affiliate network. This work focuses not just on obtaining homeownership but also on homeownership preservation and the

generational wealth associated with it. As a result, Advancing Black Homeownership also includes efforts to support the transfer of homeownership assets through interventions such as culturally competent and trauma-informed estate planning. Habitat is partnering with organizations such as the National Fair Housing Alliance, Urban Institute, Harvard Joint Center for Housing Studies, and Race Forward to ensure a national conversation around reducing the racial homeownership gap.

Effect on Target Groups/Communities

The racial homeownership and wealth gap in the US has contributed to worse health, socioeconomic, educational, and safety outcomes in Black communities. The amount of wealth a child is born into has a direct correlation with insurance status, access to medical care, stress, and health status (RWJF). The experience of racism for people of color has a direct impact on the social determinants of health such as employment, education and wealth (CDC). Over 200 state and local governments in the United States that have deemed racism a public health crisis (APHA). Black families are least likely to own a home of any racial group, and the racial homeownership gap contributes significantly to health and wealth outcomes of Black Americans. Historic discrimination into, and present-day policies reflect an inequitable housing field from redlining to barriers in access to credit. Black median interest rates are higher than those for white households, while Black homebuyers also face appraisal bias. Habitat's Advancing Black Homeownership work contributes to the National Housing conference's 3by30 initiative's goal of working to create 3 million new Black homeowners by 2030. The number of Black homebuyers increased by over 204,000 from 2021 to 2022.

Housing Justice in the United States cannot be addressed without focusing on the racial inequities in historic and systemic housing policy and working to solve these inequities. Increasing the Black homeownership rate in the US and subsequently focusing on the creation and preservation of Black intergenerational wealth as it relates to homeownership is crucial. The impacts of Black homeownership and generational wealth extend far beyond increasing housing stability and affordability and affect many other aspects of community life including access to education, healthcare, and furthering civic engagement.

Project Innovation

Launched in June 2022, Advancing Black Homeownership is Habitat's formal commitment to working to eliminate the racial homeownership gap. This initiative makes our commitment to Black homeowners explicit, provides a strategy to deepen efforts, and injects millions of additional dollars into the ongoing work of local organizations and at the federal level. We do this work by identifying and removing barriers for Black homebuyers, working in partnership across sectors, and piloting innovative ways to reduce the racial homeownership gap. These interventions are then supported and scaled across the Habitat affiliate network. This work focuses not just on obtaining homeownership but also on homeownership preservation and the generational wealth associated with it. As a result, Advancing Black Homeownership also includes efforts to support the transfer of homeownership assets through interventions such as culturally competent and trauma-informed estate planning. Habitat is partnering with organizations such as the National Fair Housing Alliance, Urban Institute, Harvard Joint Center for Housing Studies, and Race Forward to ensure a national conversation around reducing the racial homeownership gap.

Some examples of our strategies include down payment assistance loans to increase access to homeownership, 0% interest loans and grants for home repair needs that support the larger goal of homeownership retention and to ensure seniors and people with disabilities can safely remain in their homes. A foundational element of this work is data analysis of affiliate's service area to identify gaps in which communities are being served and using this knowledge to develop outreach strategies in partnership with communities to ensure affirmative marketing efforts are utilized to reach those who are underserved. Other approaches include anti-displacement efforts such as preference policies which allow descendants of families displaced from neighborhoods due to urban renewal efforts to have preference in homeowner selection for homes in those neighborhoods. Additionally, Habitat International is designing a trauma-informed and person-centered financial coaching pilot that will be tested and scaled across the affiliate network.

Global relevance of community-level impact

SDG 11: This project directly contributes to **SDG 11** by ensuring that Black communities have access to inclusive, safe, and sustainable homes. Removing barriers to accessing homeownership and intergenerational wealth preservation directly contribute to this goal. Leveraging homeownership to reduce the racial wealth gap is one way that Habitat contributes directly to creating sustainable cities and communities outlined in SDG 11. Homeownership not only seeks to disrupt generational poverty, but it also stabilizes housing costs and families so that they can stay in the neighborhood of their choice and invest in the community where they live. In addition, Habitat's efforts to preserve homeownership by providing free or low-cost critical home repair contributes to sustaining the existing housing stock in the United States. Black families in the US tend to have less access to critical home repair and Habitat's ABH focus aims to reduce that barrier by targeting critical home repair in Black communities.

Moving Forward

Incorporate Innovative Technologies: As Habitat supports the affiliate network to innovate, emerging work and strategies will be evaluated for success and outcomes and best practices will be shared and scaled across the Habitat network, and among peer affordable housing organizations. We are presently engaging 20 affiliates to assess and innovate low-barrier internal policies as a strategy to increase access to Black homebuyers and the successes that emerge from this group will be disseminated widely.

Partnerships: Partnerships with Harvard's Joint Center for Housing Studies and the University of Chicago will enhance the participatory design process focused on Black intergenerational wealth by implementing quantitative and qualitative research that explores the racial inequities in generational wealth that is transferred through homeownership, the impact of culturally competent estate planning interventions, and decision-making around tapping into home equity late in life. In partnership with the Urban Institute, Habitat is embarking on a study of emerging consumer finance data focused on racial disparities in homeownership as it relates to wealth building, which will provide an evidence base for the need to focus explicitly on Black homeownership and will inform emerging strategies to close the homeownership and wealth gaps.

Exhibit: The "Black Homeownership Matters" exhibit launched at the 2024 Habitat for Humanity Affiliate Conference in Atlanta is an interactive art installation that tells the story of housing discrimination in the United States and describes the need for collective action to reduce racial inequities in the housing sector. The exhibit is currently touring the US – past events include the Congressional Black Caucus annual legislative conference, the National Association of Black Journalists, and future opportunities include Facing Race conference and SXSW 2025. This is an educational tool with great potential to move participants into action and the goal is to expand the reach of this exhibit.

Visual Documentation

